

Record Q1 top-line results with growth in all Segments

Dr. Roland Fischer, CEO

Jürg Fedier, CFO

Q1 2018 Business Update

May 2, 2018



1 Q1 2018 Business Update

2 Q1 2018 Financial Review

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1 Achieving record top-line growth

- Group order intake up 37.8 % – Group sales up 35.7 %
- Driven by steady growth in Surface Solutions (~9 %) and strong recovery in Manmade Fibers (>100 %) and Drive Systems (~20 %)

2 Improving Group EBITDA margin to over 15 %

- Group's EBITDA margin increased to 15.1 %, after investments in Additive Manufacturing business
- Surface Solutions sustained in guided corridor (19.1 %) and substantial improvement in Manmade Fibers (11.1 %) and Drive Systems (12.4 %)

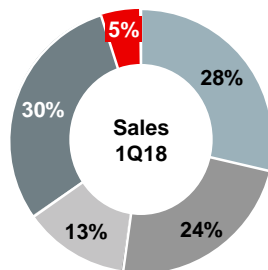
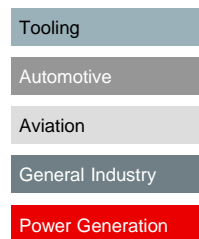
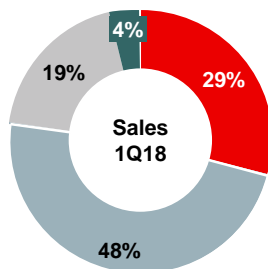
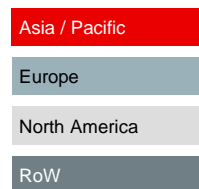
3 Delivering on strategy

- Two string-of-pearls acquisitions and new coating center in Malaysia to strengthen Surface Solutions' leadership position
- Secured large project wins in Manmade Fibers to fill project pipeline
- Successful positioning for growth in Drive Systems

4 Confirming growth and profitability guidance for 2018

- Group order intake expected to grow up to CHF 3.4 billion (~14 %) and sales to around CHF 3.2 billion (~14.5 %)
- Group's EBITDA margin to come in at around 15 %

Surface Solutions Segment – Delivering strong top-line growth and maintaining good profitability level



OPERATIONAL PERFORMANCE

- Profitable growth in orders and sales driven by General Industry, Tooling and Automotive
- Acquisitions and material surcharges in total added ~CHF 12 m to top-line in 1Q18
- Growth in coating services for tools, medical industry and precision components; strong increase in thermal spray materials and good demand in equipment
- Additive Manufacturing signed five-year agreement with Boeing and performed in line with expectations
- 1Q18 EBITDA profitability of 19.1 % well within guided corridor (Guidance 18 – 20 %)

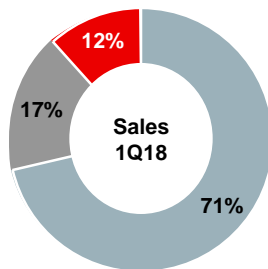
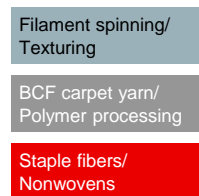
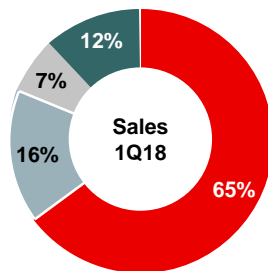
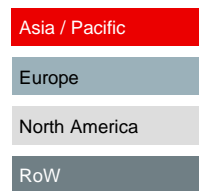
MARKET DEVELOPMENT

- Strong momentum in General Industry globally (IP¹)
- Tooling market with continued good demand in all regions, supported by strategic initiatives and adoption of new coating solutions
- Automotive business remains robust in Europe and Asia
- Aerospace market with continued growth
- Power Generation with ongoing challenging market environment, especially large gas turbines
- Europe with strong growth, good development in Asia (Japan and India in particular) and North America

in CHF million	1Q18	1Q17	y-o-y	y-o-y ex FX
Order intake	384	351	9.4%	7.4%
Sales (3 rd parties)	361	331	9.1%	7.2%
EBITDA	69	70	-1.4%	–
In % of sales	19.1%	21.1%	–	–
EBIT	36	40	-10.0%	–
In % of sales	10.0%	12.1%	–	–

¹ IP = Industrial Production

Manmade Fibers Segment – Record order intake across all major applications and regions



OPERATIONAL PERFORMANCE

- Excellent market position strengthened – maintaining leading position
- Record order intake driven by large filament project orders from China, India and Turkey and related texturing activities
- Strong order growth in BCF¹, good development in CP² and nonwovens
- Successful ramp-up in production capacities, supplier management and efficiency resulting in increased profitability, sequentially offset by project deliveries from early recovery phase
- EBITDA margin of 11.1 % heading towards guidance

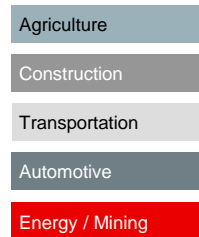
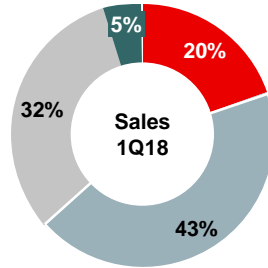
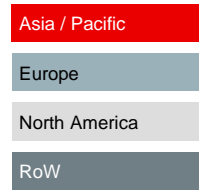
MARKET DEVELOPMENT

- Strong demand in filament equipment market in China driven by strategic decisions of Tier 1 customers (aiming for capacity, technology and efficiency leadership)
- Texturing equipment demand accelerated, in particular in China, as a result of increased filament activities
- Increasing demand in BCF¹ from the US and Turkey
- Project opportunities in staple fibers and nonwovens
- Increasing project landscape for integrated Melt-to-Yarn-to-Fibers solutions in APAC region
- Strong project pipeline increases lead times already well into 2020 – pricing continues to improve

in CHF million	1Q18	1Q17	y-o-y	y-o-y ex FX
Order intake	373	174	>100%	>100%
Sales (3 rd parties)	243	98	>100%	>100%
EBITDA	27	0	>100%	–
In % of sales	11.1%	-0.2%	–	–
EBIT	22	-5	n/a	–
In % of sales	8.9%	-5.4%	–	–

¹ Bulk continuous filament (carpet yarn); ² Continuous Polymerization

Drive Systems Segment – Positive growth momentum continues, driving top-line and profitability



OPERATIONAL PERFORMANCE

- Attractive new projects and innovation in the agriculture, transportation, automotive and construction markets
- Sales growth driven by agriculture (India, US, Europe), transportation (India, China) and automotive (including e-mobility)
- Sales growth in all regions, Asia (India, China) and the Americas contributing most to growth, Europe solid
- 1Q18 with further improved double-digit EBITDA margin (year-on-year and sequentially) due to higher volumes and sustainable benefit of reshaping measure

MARKET DEVELOPMENT

- Continued global improvement in agriculture; high levels in Europe; solid increase in the US and Asia
- Construction market remains strong in the US and Asia, especially India (infrastructure projects); Europe stable
- Transportation market with CV¹ strong in China and India; moderate increase in Europe; heavy trucks with high increases in the US while rail remains weak
- Automotive / e-vehicles with ongoing positive market sentiment and increased project pipeline
- Energy and mining market with slowly increasing demand at low levels; fracking activities noted

in CHF million	1Q18	1Q17	y-o-y	y-o-y ex FX
Order intake	217	182	19.2%	16.6%
Sales (3 rd parties)	209	170	22.9%	20.0%
EBITDA ²	26	14	85.7%	–
In % of sales	12.4%	8.4%	–	–
EBIT ²	14	3	>100%	–
In % of sales	6.6%	2.0%	–	–

¹ CV = Commercial Vehicles ² The US-insurance plan has been amended in Q1 2018, for which the assessment of the financial impact has not yet been finalized and hence was not included in the Q1 results. However, estimates indicate a potential positive impact on EBITDA in the magnitude of around CHF10 million.

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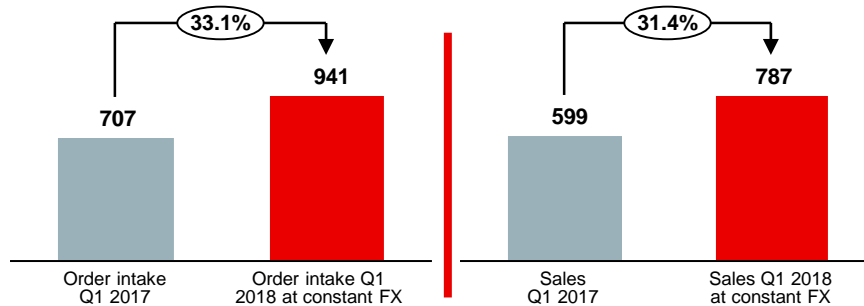
4 Appendix

Overall Group performance builds on strong top-line growth in all Segments

in CHF million	1Q18	1Q17	y-o-y	4Q17	q-o-q
Order intake	974	707	37.8%	825	18.1%
Sales (3 rd parties)	813	599	35.7%	815	-0.2%
EBITDA	123	86	43.0%	124	-0.8%
In % of sales	15.1%	14.3%	–	15.3%	–
EBIT	72	39	84.6%	73	-1.4%
In % of sales	8.9%	6.5%	–	9.0%	–

- Surface Solutions Segment with continued strong order intake and sustained high level of profitability
- Manmade Fibers with record order intake and strong sales growth; profitability moving towards guidance
- Drive Systems Segment with continued order and sales growth, profitability further improved
- All Segments and Group with book-to-bill >1 for 1Q18
- Currencies provided slight tailwinds on orders and sales

Top-line development at constant FX (y-o-y)

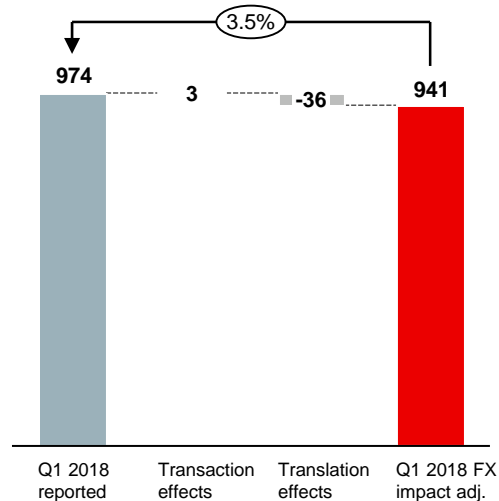


Sales growth	1Q18 vs. 1Q17 (y-o-y)	1Q18 vs. 4Q17 (q-o-q)
Reported	35.7%	-0.2%
Performance	31.0%	-2.2%
FX translation	4.7%	2.0%

FX impact on Orders, Sales and EBITDA in Q1 2018

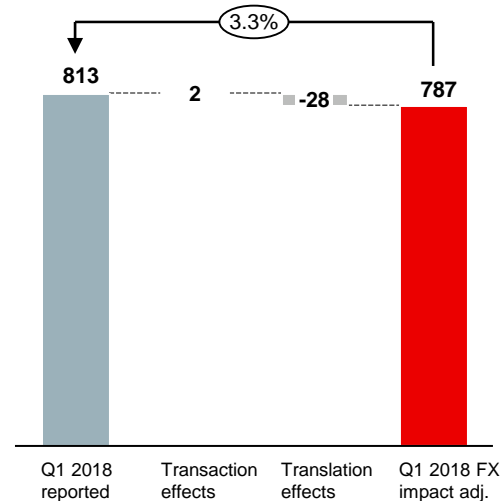
Order intake Q1 2018

In CHF million



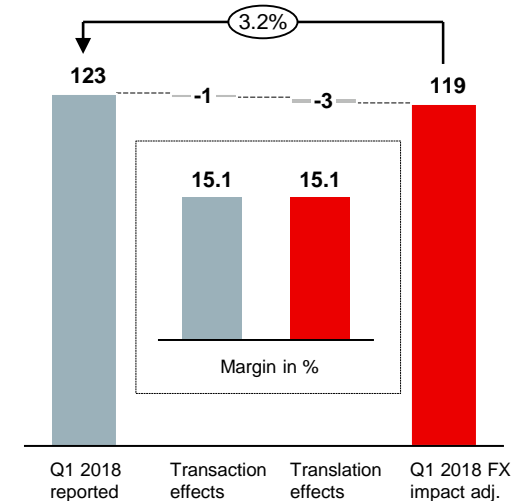
Sales Q1 2018

In CHF million



EBITDA Q1 2018

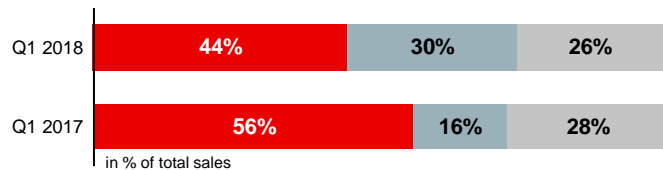
In CHF million



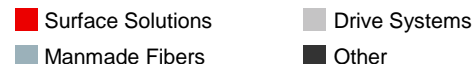
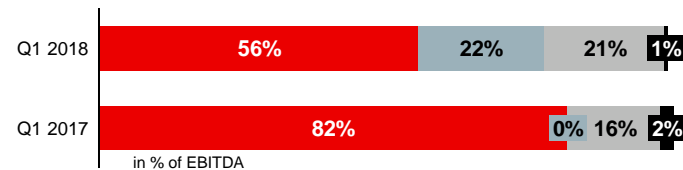
- Top-line impact mainly related to currency translation as a result of reporting currency CHF
- Appreciation of EUR and to a lesser extent CNY against CHF vs. devaluation of USD against CHF
- No impact on EBITDA margin

Business split – Improvement in Manmade Fibers and Drive Systems reflected in Group split

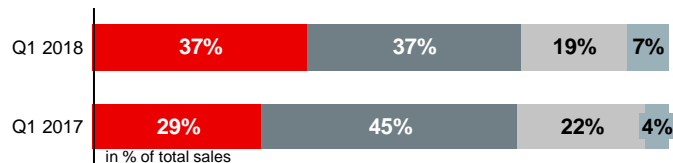
Segment sales split



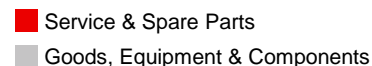
Segment EBITDA split



Regional sales split

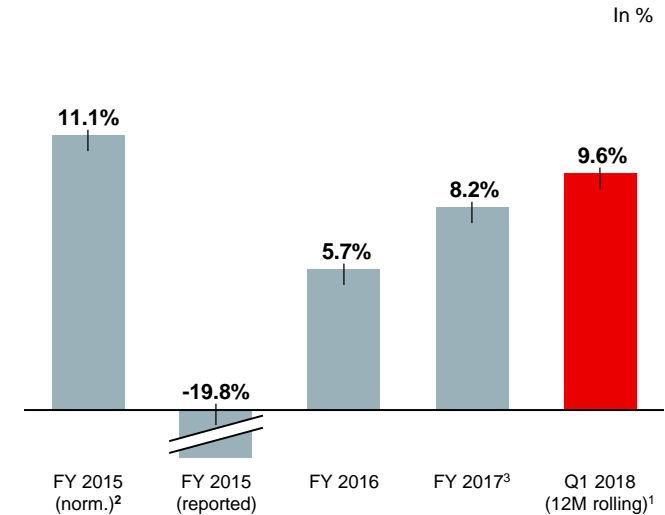


Service business



Return On Capital Employed (ROCE)

	Q1 2018 ¹	FY 2017 ³
EBIT	252	219
- Total current income tax	-79	-75
- Total deferred tax income	10	11
NOPAT	183	155
Net Operating Assets	1'963	1'949
+ Current income tax receivables	27	27
+ Deferred tax assets	153	151
- Current income tax payables	-70	-65
- Deferred Tax liabilities	-163	-165
Capital Employed	1'910	1'897



¹ 12-months rolling

² Normalized EBIT excl. one-time restructuring cost of CHF 112 million and impairments of CHF 476 million; Current income taxes adjusted accordingly

³ Restated for IFRS15

- Higher ROCE as a result of increased NOPAT → Mainly driven by higher profitability in Manmade Fibers and Drive Systems Segments
- Capital employed grew under-proportional

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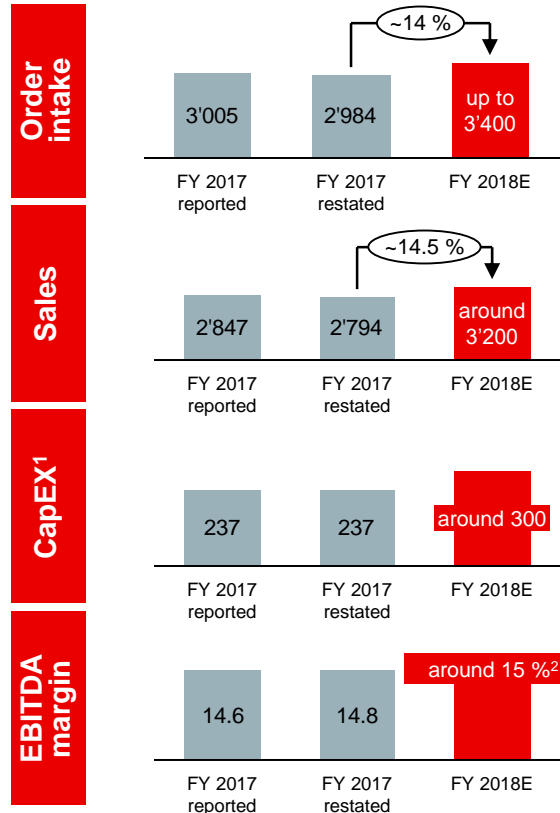
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2018 Group outlook confirmed – Strong top-line growth and defending an attractive profitability level



¹ Including around CHF 32 m (2017) and CHF 33m (2018) related to Additive Manufacturing (AM); ² Including full absorption of all related investment expenses in AM

Underlying Group / Segment assumptions

Oerlikon Group

- Guidance based on restated results 2017 (IFRS 15) – applicable in 2018
- Top-line growth of ~14 % in order intake and ~14.5 % in sales
- Sizeable CapEx for further growth
- EBITDA margin improving to ~15 %²
- Smaller acquisitions included in guidance

Surface Solutions Segment

- ~5 % order growth
- ~6 % sales growth driven by an overall positive regional and end-market environment
- Additive Manufacturing business and smaller acquisitions included
- Maintaining EBITDA margin in corridor of 20 – 22 % excluding AM investments (reported 18 – 20 % corridor)

Manmade Fibers Segment

- Order intake to increase to up to CHF 1.1 bn, due to orders announced in January and strong project pipeline
- Sales up to CHF 1.0 bn dependent on capacity ramp-up and project progress (POC)
- EBITDA margin at around 11.5 % – operating leverage / improvements, partly offset by projects from early recovery, higher cost (ramp-up)

Drive Systems Segment

- Order intake to increase to around CHF 800 m due to further recovery of end markets
- Sales to grow up to CHF 800 m
- Further improvement in EBITDA margin by up to 100 basis points as a result of continued execution of repositioning initiatives and increased volume

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IFRS 15 – Restated key financial figures (1/2)

in CHF million

Key financial figures (new standard)	2017 restated	Q1 2017 restated	Q2 2017 restated	Q3 2017 restated	Q4 2017 restated
Oerlikon Group					
Order intake	2'984	707	717	735	825
Order backlog	687	532	585	617	687
Sales (3 rd parties)	2'794	599	662	718	815
EBITDA	414	86	91	112	124
EBITDA margin	14.8 %	14.3 %	13.8 %	15.6 %	15.3 %
EBIT	218	39	43	63	73
EBIT margin	7.8 %	6.5 %	6.6 %	8.8 %	9.0 %
Surface Solutions Segment					
Order intake	1'412	351	340	348	373
Order backlog	124	100	102	115	124
Sales (3 rd parties)	1'370	331	338	335	366
EBITDA	276	70	70	69	67
EBITDA margin	20.1 %	21.1 %	20.7 %	20.4 %	18.2 %
EBIT	149	40	40	35	34
EBIT margin	10.8 %	12.1 %	11.6 %	10.4 %	9.2 %

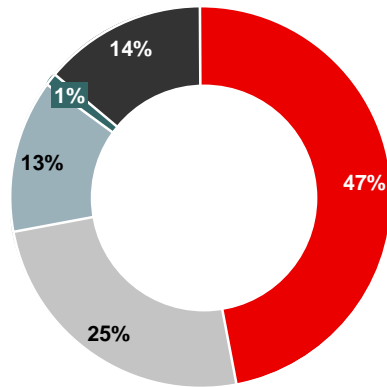
IFRS 15 – Restated key financial figures (2/2)

in CHF million

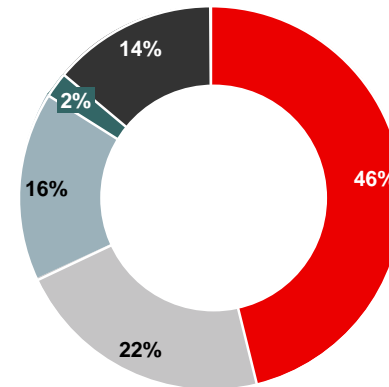
Key financial figures (new standard)	2017 restated	Q1 2017 restated	Q2 2017 restated	Q3 2017 restated	Q4 2017 restated
Manmade Fibers Segment					
Order intake	799	174	194	188	243
Order backlog	372	325	373	377	372
Sales (3 rd parties)	698	98	149	198	253
EBITDA	56	–	3	22	30
EBITDA margin	8.0 %	-0.2 %	2.2 %	11.2 %	12.2 %
EBIT	33	-5	-2	17	23
EBIT margin	4.7 %	-5.4%	-1.2 %	8.5 %	9.2 %
Drive Systems Segment					
Order intake	773	182	183	199	209
Order backlog	191	107	110	125	191
Sales (3 rd parties)	726	170	175	185	196
EBITDA	78	14	19	20	24
EBITDA margin	10.7 %	8.4 %	10.8 %	10.8 %	12.3 %
EBIT	36	3	8	11	14
EBIT margin	5.0 %	2.0 %	4.5 %	5.8 %	7.2 %

Balanced FX profile across the Group – Limited Swiss Franc exposure

Sales 3rd 2018 (e)



COGS 2018 (e)



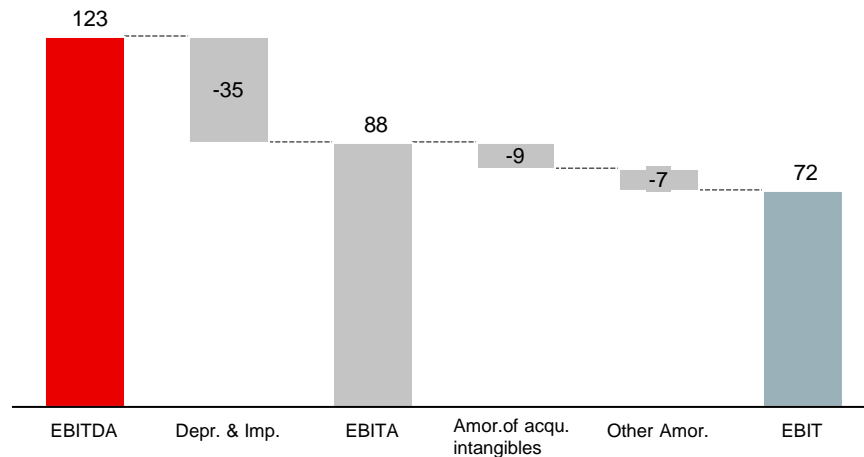
■ EUR ■ USD ■ CNY ■ CHF ■ Other

- No major currency mismatch – natural hedge in place
- Limited transaction risk; translation effects from reporting currency CHF
- Main currencies in “Others” are INR and JPY

EBITDA to EBIT bridge for Oerlikon Group

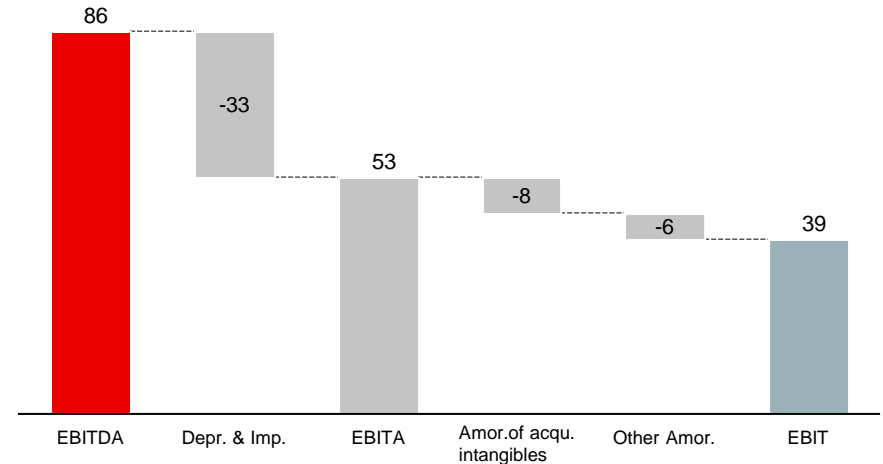
EBITDA to EBIT bridge – Q1 2018

In CHF million



EBITDA to EBIT bridge – Q1 2017

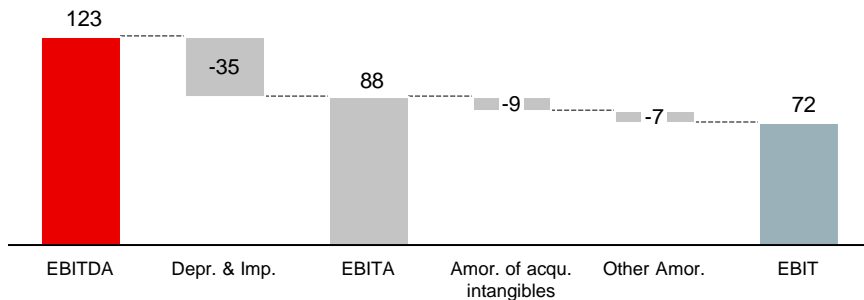
In CHF million



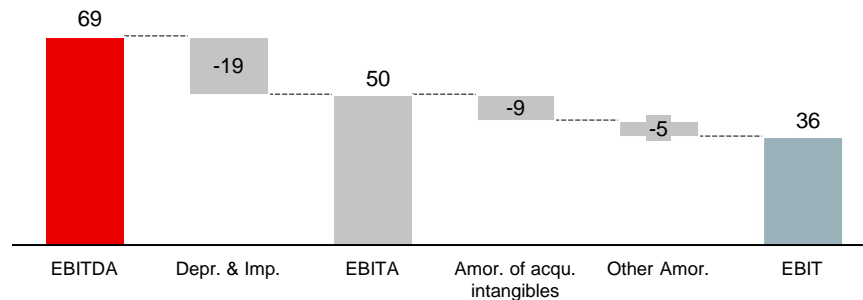
- Amortization of identified acquired intangible assets mainly attributable to Metco transaction

EBITDA to EBIT bridge per Segment – Q1 2018

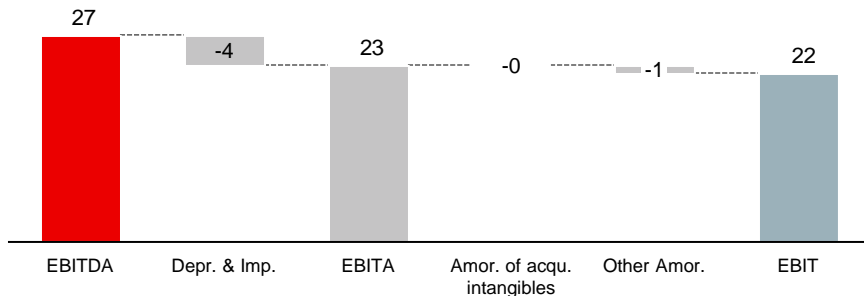
Oerlikon Group



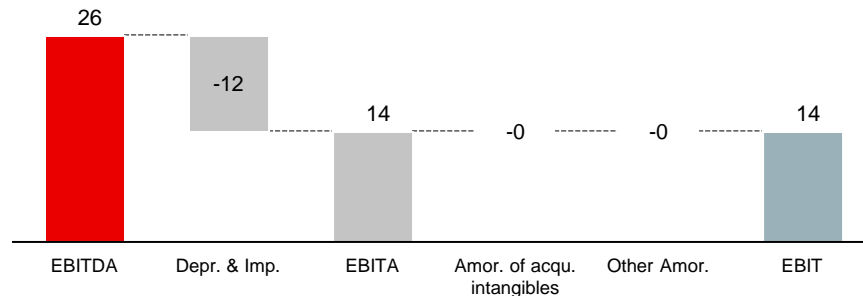
Surface Solutions Segment



Manmade Fibers Segment



Drive Systems Segment

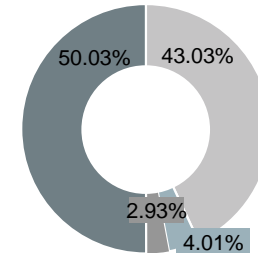
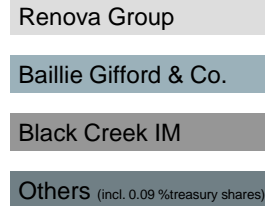


Oerlikon shares

- Listed on Swiss Exchange (SIX) since 1973
- Securities symbol: OERL
- Securities number 81 682
- ISIN: CH0000816824
- Number of shares outstanding: 339 758 576 shares
- Re-entry to Swiss SMIM (April 17, 2012)
- Addition to STOXX Europe 600 (June 18, 2012)

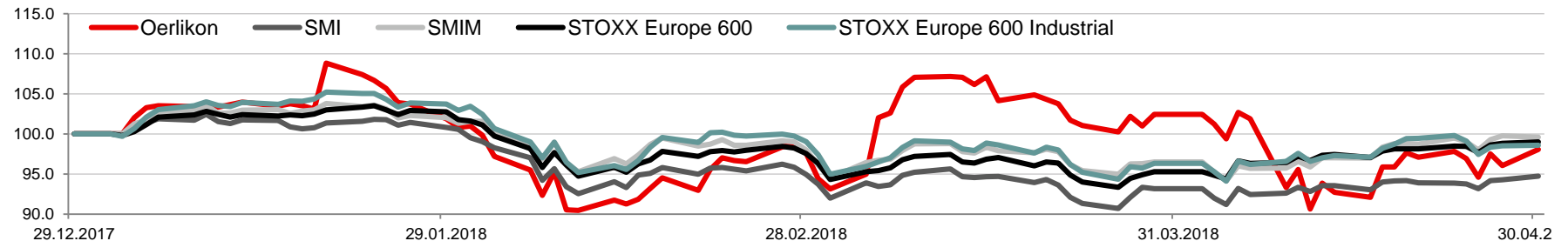
Oerlikon shareholder structure¹

as of April 30, 2018



Oerlikon share price development

as of April 30, 2018, indexed; 100 percent = closing price per December 29, 2017



¹ Based on latest notification by Renova (as of November 13, 2017 of 146 222 889 shares), Black Creek (as of January 20, 2018 of 9 966 654 voting rights) and Baillie Gifford (as of July 25, 2017, of 13 634 046 voting rights)

Coverage – 6 Buy / Add – 7 Hold / Neutral – 0 Sell / Underperform

Broker	Analyst	Recommendation	Date of last update	Target price
AlphaValue	Heinz Steffen	Add	05.04.2018	18.80
Baader Helvea	Reto Amstalden	Buy	07.03.2018	19.40
Berenberg Bank	Sebastian Künne	Hold	06.03.2018	13.00
Credit Suisse	Patrick Laager	Neutral	06.03.2018	16.50
Jefferies	Graham Phillips	Hold	07.03.2018	17.00
Kepler Cheuvreux	Torsten Sauter	Hold	27.04.2018	18.25
MainFirst	Alexander Hirsbrunner	Neutral	07.03.2018	17.50
Mirabaud	N.N.	Hold	06.11.2017	16.40
Octavian	Alessandro Foletti	Buy	07.03.2018	18.20
RBC Capital Markets	Wasi Rizvi	Outperform	09.03.2018	18.50
Societe Generale	Christophe Quarante	Hold	06.03.2018	18.50
UBS	Fabian Haecki	Buy	04.04.2018	19.00
Vontobel	Michael Foeth	Buy	30.04.2018	21.00
ZKB	Armin Rechberger	Marketweight	20.03.2018	-
Consensus				17.85

Financial Calendar 2018

May 2, 2018	Q1 2018 results - Media & Analyst Conference Call
August 7, 2018	Q2 / HY 2018 results and publication of Interim Report 2018 - Media & Analyst Conference Call
October 30, 2018	Q3 / 9M 2018 results - Media & Analyst Conference Call



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