

## First-quarter 2019 results

### Sales growth achieved in both segments in a challenging market environment

- Group sales increased by more than 3 %
- Group order intake lower year-over-year but represents the second highest Group order intake in four years. Book-to-bill ratio stands at 1.09
- Group EBITDA margin at 15.0 %
- Stable order intake and steady increase in sales in surface solutions business
- Operating profitability lower in Surface Solutions Segment as a result of product mix and the anticipated higher operating expenses from investments
- Maintained a high level of orders, sales and improved operating profitability in Manmade Fibers Segment
- Guidance for full year 2019 confirmed

Key figures of the Oerlikon Group as of March 31, 2019 (in CHF million)

	Q1 2019	Q1 2018	Δ
Order intake	680	757	-10.2 %
Order backlog	652	651	0.2 %
Sales	624	604	3.3 %
EBITDA	93	95	-2.1 %
EBITDA margin	15.0 %	15.7 %	–
EBIT	44	56	-21.4 %
EBIT margin	7.1 %	9.2 %	–
ROCE (rolling 12-month)	9.5 %	9.6 % <sup>1</sup>	–

<sup>1</sup> Not adjusted for the divestment of the Drive Systems Segment.

**Pfäffikon, Schwyz, Switzerland – May 7, 2019 – “In the first quarter, we increased Group sales by more than 3 % and delivered a healthy profit margin against an increasingly challenging market backdrop,” said Dr. Roland Fischer, CEO Oerlikon Group. “Particularly in the automotive industry, we have seen significant decreases in production volume, especially in China and the rest of Asia, which we were able to partially offset with structural growth initiatives.”**

**“Group orders were lower year-over-year but this order intake marks the second highest amount in four years, ensuring a high level of sales in the upcoming quarters,” added Dr. Fischer. “As announced, we continue to forge ahead with significant investments to secure future growth. The corresponding increases in operating expenses as well as a higher proportion of equipment and materials sales are reflected in the lower EBITDA margin for the quarter.”**

**“Our steady performance in maintaining a high level of orders, sales and operating profitability confirms our ability to deliver in a difficult market environment. Thus, we are affirming our guidance for the full year of 2019,” concluded Dr. Fischer.**

## Consistent top-line performance and healthy profitability achieved

The uncertainty in the global economy and unresolved trade tensions resulted in slower trade growth in the first quarter of 2019. The weakness was reflected in the industrial sector and end markets such as automotive, especially in China, where lower demand and production volumes were noted. These developments impacted Oerlikon's performance, particularly during the first two months of the year.

In this challenging environment, Oerlikon succeeded to increase Group sales by 3.3 % to CHF 624 million, mainly in North America and Asia. At constant exchange rates, Group sales grew by 4.3 % to CHF 630 million. Group order intake was maintained at a high level in the first quarter – marking the second highest in four years – and depicts a run rate that confirms the achievability of the 2019 target. Compared to last year, Group order intake was 10.2 % lower, attributed mainly to the exceptionally high level of order intake from the manmade fibers business in the same period of 2018. The Group book-to-bill ratio for the first quarter stood at 1.09.

Group EBITDA was sustained at a high level at CHF 93 million and a margin of 15.0 %. EBIT for Q1 2019 stood at CHF 44 million, or 7.1 % of sales. The first-quarter performance resulted in a rolling 12-month Oerlikon Group ROCE of 9.5 %. For the first quarter of 2019, Oerlikon generated 40.4 % of total Group sales (Q1 2018: 39.6 %) from services.

## 2019 outlook confirmed

The slowdown in global economic growth and uncertain geopolitical issues are impacting Oerlikon's key markets. In this difficult environment, Oerlikon delivered a steady performance in the first quarter. Supported by positive customer sentiment, a strong order backlog, and the performance improvement registered toward the end of the quarter, Oerlikon confirms its guidance for 2019 and expects order intake and sales to each exceed CHF 2.7 billion and the EBITDA margin, after offsetting operating expenses from investments, to be more than 16 %.

## Segment overview

### Surface Solutions Segment

Key figures of the Surface Solutions Segment as of March 31, 2019 (in CHF million)

	Q1 2019	Q1 2018	Δ
Order intake	385	384	0.3 %
Order backlog	205	144	42.4 %
Sales (to third parties)	371	361	2.8 %
EBITDA	61	69	-11.6 %
EBITDA margin	16.3 %	19.1 %	–

The Surface Solutions Segment remained on its growth path despite facing increasingly challenging markets. Sales increased by around 3 % and order intake went up slightly, attributed mainly to materials, tooling equipment and thermal spray services, particularly in the aviation sector and in the USA. The order backlog in the first quarter continued on its steady upward trend over the past quarters, culminating in a significant increase of over 40 % for Q1 2019, compared to the same quarter in 2018. A decline in demand, alongside production volume, was noted in the automotive sector, particularly in China and the rest of Asia.

The EBITDA margin was impacted by product mix and by operating expenses related to investments undertaken for future growth. As announced with the 2018 full-year results, further investments were made to advance additive manufacturing as an industrial solution and also in building up surface solutions products and services, such as in the highly promising SUMEBore solution, the ePD (embedded PVD for Design Parts) competence center and new centers for forming tools. EBIT for Q1 2019 stood at CHF 19 million (Q1 2018: CHF 36 million) and the EBIT margin was 5.2 % (Q1 2018: 10.0 %).

At the end of the first quarter, the Segment closed the acquisition of TeroLab Surface GmbH in Langenfeld, Germany, to expand the Segment's portfolio of thermal spray coating services for industries like agriculture, steel and automotive as well as to machine OEMs. Furthermore, the Segment expanded a customer coating center in Dongguan, China, to meet increasing demand for coatings of cutting and forming tools.

During the first quarter, Oerlikon Balzers launched the new BALIMED portfolio of coatings for medical and surgical tools and equipment. The portfolio comprises seven highly advanced coatings that enable low-friction, wear resistance, anti-glare, biocompatibility, antimicrobial, as well as chemically inert properties.

## Manmade Fibers Segment

Key figures of the Manmade Fibers Segment as of March 31, 2019 (in CHF million)

	Q1 2019	Q1 2018	Δ
Order intake	296	373	-20.6 %
Order backlog	447	507	-11.8 %
Sales (to third parties)	254	243	4.5 %
EBITDA	34	27	25.9 %
EBITDA margin	13.2 %	11.1 %	–

The Segment delivered a strong performance in the first quarter. The Segment's increase in sales was contributed mainly by the filament equipment and polymerization businesses and supported by sales at low double-digit millions for nonwoven systems. Sales growth was mainly led by business wins in China and the rest of Asia.

A high level of orders were sustained across all product lines, specifically in filament and texturing, while growth was registered for staple fiber systems compared to the previous year. Compared to last year, total order intake was lower due to the exceptionally high level of orders secured in the first quarter of 2018. However, the order intake amount was the second highest recorded since Q4 2011, which provides a strong basis for sustaining a high level of sales in the following quarters.

Supported by the steady high level of sales and disciplined cost management, the Segment improved EBITDA by over 25 % than in the previous year, which is also reflected in the higher EBITDA margin of 13.2 %. EBIT for Q1 2019 stood at CHF 27 million (Q1 2018: CHF 22 million) and the EBIT margin was 10.7 % (Q1 2018: 8.9 %).

To strengthen its position in the nonwoven market, the Segment has launched the Oerlikon Nonwoven brand. At the IDEA exhibition in Florida, USA, the brand was introduced and the Segment kicked-off its participation at the show with the signing of a contract with a renowned European specialist company for the manufacturing of nonwovens for filtration.

## Additional information

Oerlikon will present its results in English during its conference call today beginning at 14:00 hrs CEST. To participate, please dial the following numbers a few minutes before the start of the conference call:

Country	Local toll call numbers:
Switzerland	+41 (0) 58 310 50 00
UK	+44 (0) 207 107 06 13
USA	+1 (631) 570 56 13

The accompanying presentation can be viewed simultaneously by clicking [here](#).

Please find the media release including a full set of tables at [www.oerlikon.com/pressreleases](http://www.oerlikon.com/pressreleases) and [www.oerlikon.com/ir](http://www.oerlikon.com/ir).

## About Oerlikon

Oerlikon (SIX: OERL) engineers materials, equipment and surfaces and provides expert services to enable customers to have high-performance products and systems with extended lifespans. Drawing on its key technological competencies and strong financial foundation, the Group is sustaining mid-term growth by executing three strategic drivers: addressing attractive growth markets, securing structural growth and expanding through targeted mergers and acquisitions. A leading global technology and engineering Group, Oerlikon operates its business in two Segments – Surface Solutions and Manmade Fibers – and has a global footprint of more than 10 500 employees at 175 locations in 37 countries. In 2018, Oerlikon generated CHF 2.6 billion in sales and invested around CHF 120 million in R&D.

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