

First Quarter Results 2012

Oerlikon reports profitability increase in Q1 2012

- 7th consecutive profitable quarter for the Oerlikon Group
- Sales growth of 6 % to CHF 961 million
- EBIT margin of 15.8 % includes one-time effect of property sale
- EBIT margin increased to 11.8 % on a like-for-like basis (Q1 2011: 11.7 %)
- Strong margin improvement of Oerlikon Textile and Drive Systems
- Consistent execution of portfolio optimization measures
- Upside potential for 2012 outlook with improved business volume and profitability

Key Oerlikon Group figures as per March 31, 2012 (in CHF million)

	Q1 2012 ¹	Q1 2011 ²	Change	%
Order intake	996	1 126	-130	-12
Order backlog	1 345	1 693	-348	-21
Sales (to third parties)	961	906	55	6
EBIT	152	106	46	43
EBIT margin	15.8 %	11.7 %		
EBIT (excl. one-time effect) ³	113	106	7	7
EBIT margin (excl. one-time effect) ³	11.8 %	11.7 %		
ROCE ⁴	17.6 %	16.5 % ⁵		

¹Continued operations; ²Restated; ³Sale of Arbon property; ⁴NOPAT/Capital employed; ⁵ROCE FY 2011

Pfäffikon SZ, Switzerland – April 30, 2012 – The Oerlikon Group achieved another increase in profitability in Q1 2012: EBIT was CHF 152 million, corresponding to a margin of 15.8 % including a one-time effect from the sale of property in Arbon, Switzerland, of CHF 39 million. On a like-for-like basis, EBIT reached CHF 113 million (Q1 2011: CHF 106 million), reflecting a margin of 11.8 % (Q1 2011: 11.7 %). The overall result was driven by strong margin improvement at the Textile and Drive Systems Segments and continued high profitability in both Vacuum and Coating. CEO Dr. Michael Buscher said: “This is a good start to the year for Oerlikon. Continuous efficiency improvements coming from Operational Excellence programs across the organization have contributed to a further increase in profitability. For the full year, we see upside potential for business volume and profitability.”

Order intake and backlog on normalized levels

As predicted order intake at CHF 996 million was 12 % lower than the exceptionally high first quarter of 2011 (Q1 2011: CHF 1 126 million), when customers were restocking following the financial crisis. Orders normalized by the second half of 2011 and have continued at these levels in the first quarter of 2012. Order backlog for the first quarter of 2012 was CHF 1 345 million (Q1 2011: CHF 1 693 million).

Strong sales performance – US and Asia continued to grow

First quarter sales 2012 were 6 % higher at CHF 961 million (Q1 2011: CHF 906 million), with growth across all Segments other than Vacuum and Advanced Technologies, which were adversely affected by continued weakness in the solar market. The other Segments' increases were driven primarily by growth in the US and China. Q1 2012 sales were impacted by the strong Swiss Franc. Adjusted for currency effects compared to Q1 2011, sales would have reached CHF 1 005 million, reflecting a growth rate of 11 %. Market penetration was strong in Asia, particularly in China, with sales up 22 % to CHF 387 million (China: sales growth of 34 % to CHF 291 million).

Further profitability improvement

First quarter EBIT increased 43 % to CHF 152 million (Q1 2011: CHF 106 million), or to a margin of 15.8 % (Q1 2011: 11.7 %). These figures include the one-time CHF 39 million effect of the property sale in Arbon, Switzerland, and do not include the Solar Segment, which is now held as discontinued operations. Excluding this one-time effect, the EBIT margin improved to 11.8 % in Q1 2012 from 11.7 % in Q1 2011. The Q1 2012 EBIT margin also shows improvement over the full year 2011 (restated) margin of 11.1 %. This solid increase in profitability was primarily driven by higher efficiency due to Operational Excellence programs, margin improvements from innovative products and volume increases. The Company's performance resulted in a ROCE for Q1 2012 of 17.6 % compared to full year 2011 ROCE of 16.5 %.

Portfolio optimization

The first quarter also saw the consistent execution of portfolio optimization measures. In March 2012, Oerlikon announced the divestment of the Solar Segment to Tokyo Electron of Japan. The sale is a strategic move for Oerlikon to further streamline its portfolio and enable management to drive profitable growth by developing the larger, high performing businesses within the Group. The results for the Solar Segment are now reported under discontinued operations, with first quarter financials for 2012 and 2011 restated accordingly. The transaction is expected to close in the summer of 2012.

In April 2012, Oerlikon announced its exit from the optical disc equipment business, which had been in decline for some time. The Company also announced to streamline its Drive Systems' operations in Italy by consolidating the number of sites from seven to five. Furthermore, Oerlikon has sold its minority stake in Pilatus Flugzeugwerke AG which marks another step to focus the portfolio on operational growth businesses. The proceeds of the Pilatus transaction will be booked in the second quarter.

Outlook for 2012

Oerlikon will continue to focus on efficiency and underlying performance improvements through disciplined execution of Operational Excellence measures, expansion of market share through innovation, development of the global footprint through further regional expansion and optimization of the portfolio. The Company sees upside potential for the existing full year outlook 2012 with improved business volume and profitability.

Segment overview

Oerlikon Textile

Key figures Oerlikon Textile as per March 31, 2012 (in CHF million)

	Q1 2012	Q1 2011	Change	%
Order intake	504	626	-122	-19
Order backlog	1 031	1 394	-363	-26
Sales (to third parties)	496	458	38	8
EBIT	90	38	52	>100
EBIT margin	18.1 %	8.3 %		
EBIT (excl. one-time effect) ¹	51	38	13	34
EBIT margin (excl. one-time effect) ¹	10.3 %	8.3 %		

¹Sale of Arbon property

The Textile Segment reported significant increases in profitability for the first quarter of 2012, despite some weakness in the natural fiber market which is already showing first signs of recovery, as reflected in Q1 2012 order intake. EBIT, excluding the positive CHF 39 million one-time effect of the sale of the Segment's property in Arbon, Switzerland, grew strongly by 34 % to CHF 51 million, fueled by demand for Oerlikon's innovative product mix and the implementation of Operational Excellence measures. Like-for-like EBIT margin increased to 10.3 % compared to 8.3 % a year ago, a 24 % increase.

Order intake and order backlog for the quarter have normalized and were lower than in Q1 2011, a time in which there was exceptional demand as businesses recovered from the economic crises of 2008 - 2009. Sales in Q1 2012 increased by 8 % to CHF 496 million as demand for manmade fibers equipment offset the light weaknesses in the market for the natural fibers equipment. The service and component business remained good.

Oerlikon Textile continued to penetrate the market with latest new innovations and showcased these at the trade fair ITM 2012 in Turkey. The Autocoro 8 rotor spinning machine has been well received by the markets worldwide, and more than 150 units have been sold since its launch.

Oerlikon Drive Systems

Key figures Oerlikon Drive Systems as per March 31, 2012 (in CHF million)

	Q1 2012	Q1 2011	Change	%
Order intake	231	228	3	1
Order backlog	211	156	55	35
Sales (to third parties)	224	205	19	9
EBIT	19	11	8	73
EBIT margin	8.5 %	5.4 %		

Oerlikon Drive Systems showed solid improvement in the first quarter, with sustained strong order intake and order backlog up 35 %. Sales were 9 % higher, due to increased demand in the construction industry and stable demand in the mining, energy and agricultural sectors. Profitability continued to improve, with an EBIT margin of 8.5 %, up from 5.4 % in the first quarter of 2011, a 57 % increase. Production at the new Suzhou site in China is ramping up. In April the Segment also announced to streamline its manufacturing footprint in Italy, moving production away from its Garessio and Poretta Terme plants. Garessio will be closed, and a Letter of Intent has been signed with a private Italian company for the sale of Poretta Terme. This will reduce costs for the Segment and better optimize manufacturing capability in Italy.

In January 2012, the Segment presented the first prototypes of its revolutionary clutch-less multi-speed transmission for electric vehicles. This innovative transmission uses the principles of dual clutch transmissions to provide a four-speed system with seamless shifting and up to 15 % improvement in efficiency – meaning less power consumption and a higher range. The concept is scalable from city cars to light commercial vehicles.

Oerlikon Vacuum
Key figures Oerlikon Vacuum as per March 31, 2012 (in CHF million)

	Q1 2012	Q1 2011	Change	%
Order intake	103	120	-17	-14
Order backlog	80	102	-22	-22
Sales (to third parties)	98	102	-4	-4
EBIT	14	17	-3	-18
EBIT margin	14.1 %	16.3 %		

Oerlikon Vacuum reported lower order intake and order backlog in Q1 2012 than in the first quarter of 2011, which was exceptionally high following the recovery from the financial crisis. Compared to the previous quarter, the Segment has delivered improvements in both order intake and order backlog. Sales were 4 % lower than in the first quarter of 2011, as demand from the solar market continued to be weak. Improvement came late in the quarter from stabilization in pump sales to the worldwide coating industry. Profitability was at a high level of 14.1 %, although lower than the 16.3 % achieved in the first quarter of 2011 which was mainly influenced by a differing product mix necessary for project business. The Segment continues to focus on Operational Excellence.

In Q1, Oerlikon Vacuum extended the range of the DRYVAC, RUVAC and MAGINTEGRA product lines for use in various industrial applications.

Oerlikon Coating

Key figures Oerlikon Coating as per March 31, 2012 (in CHF million)

	Q1 2012	Q1 2011	Change	%
Order intake	127	125	2	2
Order backlog	–	–	–	–
Sales (to third parties)	127	125	2	2
EBIT	27	28	-1	-4
EBIT margin	21.3 %	22.4 %		

Sales at Oerlikon Coating continued to grow, up 2 % in the first quarter, due to market penetration in the automotive sector (tools and high-volume components) in Europe, the US and Japan. Equipment sales in Q1 2012 were according to plan but lower than the extraordinary Q1 2011. Profitability remained high with an EBIT margin of 21.3 %, slightly lower than the 22.4 % achieved in the first quarter of 2011.

The Segment continues to expand capacities, particularly in Asia, where it already has 27 centers. In February the Segment opened a large extension of its facility in Suzhou, China. It is now possible for customers to commission the coating of precision tools and precision components at the same location. The first ePD™ (embedded PVD) technology center worldwide was also opened at the Suzhou site. This makes Suzhou the second site – the pilot was in Germany – to offer this environment friendly and future-oriented coating technology for the metallization of plastic parts. Compared to conventional procedures the low-emission ePD™ technology acts entirely without environmentally harmful agents such as chromium or nickel. ePD™ offers also innovative qualities such as radar transparent metallization for distance sensor systems, lightweight construction and greater design diversity.

Oerlikon Advanced Technologies:
Key figures Advanced Technologies as per March 31, 2012 (in CHF million)

	Q1 2012	Q1 2011	Change	%
Order intake	31	27	4	15
Order backlog	23	41	-18	-44
Sales (to third parties)	16	16	-	-
EBIT	-2	-1	-1	
EBIT margin	n/a	n/a	n/a	

The market for solar and blu-ray remains difficult. However, order intake increased slightly over the first quarter of 2011, whereas order backlog was considerably lower. Sales were at the same level as the previous year. The demand in the semiconductor industry shows some first signs of recovery, which may positively impact overall growth patterns. The Segment made a significant structural change in April 2012, exiting the market for optical disc equipment, which had been in decline for some time. This will allow the Segment to focus on growth areas such as semiconductors and energy conversion, storage and efficiency management applications. Restructuring costs will be booked in Q2 2012.

For the third year in a row, Oerlikon Systems received a supplier award in Q1 from the ASE Group, the world's largest provider of independent semiconductor manufacturing services for assembly and testing.

About Oerlikon

Oerlikon (SIX: OERL) is a leading high-tech industrial group specializing in machine and plant engineering. The Company is a provider of innovative industrial solutions and cutting-edge technologies for textile manufacturing, drive, vacuum, thin film, coating, and advanced nanotechnology. A Swiss company with a tradition going back over 100 years, Oerlikon is a global player with more than 17 000 employees at over 150 locations in 38 countries and sales of CHF 4.2 billion in 2011. The Company invested in 2011 CHF 213 million in R&D, with over 1 200 specialists working on future products and services. In most areas, the operative businesses rank either first or second in their respective global markets.

Additional information

Oerlikon will present its results in German during its media conference call today starting at 10:00 am CET. To participate, please dial the following numbers a few minutes before the start:

Switzerland +41 (0)43 547 8001
Germany +49 (0)69 2222 34066
UK +44 (0)20 3106 7162
USA +1 646 254 3373
Confirmation Code: 5749476

The presentation can be viewed in parallel by opening the following link <http://webmeeting.adobeconnect.com/e5749476>. Please sign in as a guest.

During its analysts' conference call beginning at 2:00 pm CET Oerlikon will present its results in English. To participate, please dial the following numbers a few minutes before the start:

Switzerland +41 (0)43 547 8001
Germany +49 (0)69 2999 3285
UK +44 (0)20 7660 0009
USA +1 646 254 3371
Confirmation Code: 6948636

The presentation can be viewed in parallel by opening the following link <http://webmeeting.adobeconnect.com/e6948636>. Please sign in as a guest.

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