

Annual Results 2010

On the way to a sustainable Comeback

Oerlikon returns to profitability - newfound confidence in the future

- Oerlikon's substantial renewal and high market demand led to faster and stronger recovery than expected in 2010:
 - Order intake rose 51 % to CHF 4 520 million
 - Sales climbed 25 % to CHF 3 601 million
 - Operating profit improved to CHF 103 million (2009: CHF –280 million),
 while in 2010 EBIT rose to CHF 51 million (2009: CHF –589 million)
 - Net profit reached CHF 5 million (2009: CHF –592 million)
 - Operating cash flow improved to CHF 511 million (2009: CHF 90 million)
 - Robust balance sheet achieved with equity ratio of 32 % (2009: 11 %), net debt reduced to CHF 274 million (2009: CHF 1 646 million)
 - Restructuring program completed at Corporate level ahead of plan

Foreign exchange effects reduced sales by 6 % and EBIT by 27 %

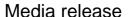
 Outlook: Profitability is expected to increase further based on 3 Year Business Plan with strong focus on return on net assets and aiming at best-in-class positions
 Targets for 2011: Sales growth up to 10 %; further growth in profitability, with levels nearing Oerlikon's operationally best years, with aim to exceed in future

Key figures of Oerlikon Group as per 31 December 2010 (in CHF millions)

	2010	2009	Change	Change (%)
Order intake	4 520	2 996	1 524	51 %
Orders on hand	1 702	997	705	71 %
Sales	3 601	2 877	724	25 %
Operating profit / loss*	103	-280	383	-
EBIT	51	-589	640	-
Net profit / loss	5	-592	597	•
Operating cash flow	511	90	421	-
Restructuring costs	- 49	-107	58	-
Employees	16 657	16 369	288	2 %

^{*}EBIT before restructuring costs and goodwill impairments.

Pfäffikon SZ, 23 March 2011 – In 2010, Oerlikon returned to profitability after two consecutive years of heavy losses and looks to the future with newfound confidence and optimism. The Group concluded 2010 on a solid financial base. It has made good progress under the new corporate leadership, both operationally as well as strategically, and is turning the market recovery into profitable growth. Oerlikon Textile, Vacuum, Coating, and Advanced Technologies contributed significantly to this positive result. For Oerlikon





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Drive Systems and Solar, specific measures have been initiated to fully unlock their market potential in future. Oerlikon also announced today details of its 3 Year Business Plan, which covers a series of initiatives aimed at further increasing profitability and achieving best-in-class positions mid-term. Dr. Michael Buscher, CEO of Oerlikon Group, said: "The consistent implementation of our operational and strategic measures is paying off. Our profitability is increasing faster than planned and we are well on our way to a sustainable comeback. We truly thank our shareholders, customers, employees and business partners for their loyalty during one of the most critical years in the history of Oerlikon. During 2011 we will continue our hard and disciplined work. Therefore we can already today optimistically look to the future." Oerlikon Group CFO Jürg Fedier said: "2010 was a year of substantial renewal. We succeeded in re-establishing the financial foundations for Oerlikon and are well placed to deliver sustainable and profitable growth going forward."

Asia and innovations drive growth

Order intake rose 51 percent in 2010 to CHF 4.5 billion, with orders on hand reaching CHF 1.7 billion, while the book-to-bill ratio increased from 1 to 1.3. Sales increased by 25 percent to CHF 3.6 billion in 2010 from CHF 2.9 billion in 2009, primarily driven by demand of Asian markets for the Group's innovative products. Foreign exchange effects reduced sales by 6 percent, or CHF 220 million, in 2010. While sales in North America remained flat and Europe saw a slight increase in 2010, total sales in Asia grew by 65 percent, with China and India making the largest contribution. Again sales in Asia accounted for the largest share of Group sales, rising to 44 percent of total sales in 2010 (2009: 34 percent), with Europe accounting for 30 percent (2009: 37 percent), and North America for 17 percent (2009: 22 percent). Growth was supported by Oerlikon's innovation pipeline, with R&D spend rising to CHF 239 million, up from CHF 210 million in 2009, resulting in a series of breakthrough products in 2010.

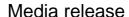
Substantial renewal delivers profitability

In 2010, Oerlikon's performance benefited from its substantial renewal that was delivered by financial restructuring, renewed corporate leadership and management

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structures as well Group-wide operational improvements and restructuring measures. Operating profit improved to CHF 103 million from a year-earlier loss of CHF 280 million. EBIT increased to CHF 51 million in 2010 from CHF –589 million in 2009, despite additional impairment charges for non-current assets of CHF 32 million. Foreign exchange effects reduced EBIT by 27 percent, or CHF 14 million. The net profit was slightly positive at CHF 5 million, compared to a CHF 592 million net loss in 2009, whereby one-time effects from divestments reduced the net loss by CHF 104 million in 2009.

Financial stability regained and improved by strong cash flow

The Group regained a solid financial base through the recapitalization that was part of the financing agreement concluded in 2010 between lenders, the Renova Group and Oerlikon. The agreement comprised a capital reduction of 95 percent with a subsequent capital increase of CHF 1 124 million, the sale of Oerlikon treasury shares to the lenders, a CHF 125 million waiver of debt and new credit facilities. In 2010, cash flow from operating activities improved significantly to CHF 511 million, compared to CHF 90 million in 2009, supported by low inventories and customers' advance payments. Cash flow from operating activities before changes in net increased CHF 354 million current assets to compared to CHF -92 million in 2009. Capital investments increased in 2010 to CHF 150 million, 15 percent more than the previous year. The cash flow from investing activities in 2010 was CHF -158 million, compared with CHF -18 million in 2009. The Group now has a solid balance sheet with an equity ratio of 32 percent, up from 11 percent in 2009. Net debt was reduced to CHF 274 million from CHF 1 646 million in 2009.

Restructuring program completed at Corporate level

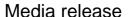
The restructuring program at the Corporate level was completed in 2010 ahead of plan, resulting in over CHF 350 million in cost savings with more than 90 percent of around 700 initiatives implemented. Restructuring costs amounted to CHF 49 million in 2010 after CHF 107 million in 2009. The remaining initiatives, which will generate additional cost savings of approximately CHF 50 million, are integrated into the 3 Year Business Plans of the respective Segments. They will be executed within the Segments and tracked closely by Corporate Headquarters in the regular review

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cycles. As a result, the original target of CHF 400 million in cost savings will be met as planned. Restructuring costs of around CHF 10 million are expected in 2011.

Leadership strengthened for the future

Oerlikon strengthened its corporate leadership in 2010 by expanding the Board of Directors to include two new independent members with industrial experience, by appointing three new members to the Executive Committee and by placing a greater focus on Human Resources development.

3 Year Business Plan aims for increased profitability

In close cooperation with the Segments, Oerlikon's new corporate leadership developed a 3 Year Business Plan (3YBP). This 3YBP defines the strategic guidelines and operational plans for achieving sustainable and profitable growth. The concept behind the 3YBP is to fully unlock the existing potential of Oerlikon's Segments. The goal is to manage the capital deployed effectively and to increase value. The return on net assets (RONA) will play a central role in corporate management. Oerlikon aims to achieve RONA values that generate attractive returns through the business cycles and rank amongst the best-in-class mid-term.

To achieve these objectives, the following five strategic initiatives were defined:

- Stakeholder Excellence focuses on systematically identifying long-term profitable markets and key customers, defining capture strategies to win customer confidence and orders, as well as establishing strong relations with external stakeholders such as shareholders and analysts.
- Portfolio Enhancement addresses value-based pricing, further process improvements to secure the development of profitable, sales-generating breakthrough innovations as well as improvements to the competitiveness of Oerlikon's product and service portfolio by increasing standardization.
- Value Chain Optimization targets the attractive positioning of each business
 within their respective value chain, improvements to production and supply chain
 capabilities as well as an enhancement of the governance structure.
- People Engagement places emphasis on further developing the corporate culture and on developing, recruiting and rewarding employees as well as securing modern Human Resources processes and systems.

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 Organization Development includes measures to further develop Oerlikon's global footprint and to ensure effective and efficient management structures.

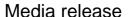
A systematic tracking of these initiatives' actions and metrics will lay the foundation for sustainable profitable growth.

As part of the 3YBP, Oerlikon renewed its Corporate Identity which comprises its Vision, Mission, Core Values and Tagline. Oerlikon's Identity builds on its traditional strengths: Oerlikon has over a hundred years of industrial experience, strong Swiss roots, a very international approach and is characterized by innovations. "We want to create one culture across all Segments encouraging our employees to contribute even more with innovations in all areas of our organization in order to increase value continuously," said Oerlikon CEO Buscher. The new Tagline was also announced today: «innovation has a name - Oerlikon».

Outlook 2011

2010 saw the creation of a solid foundation for a sustainable comeback and thus for profitable growth in most areas of the company, so that a further improvement in financial performance parameters is expected in 2011 and beyond. Oerlikon Textile and Coating expect markets to remain healthy and, as a result, forecast a solid sales increase in 2011. Oerlikon Drive Systems expects the recovery to continue. Oerlikon Solar is optimistic about the market competitiveness of the ThinFab technology. Assuming flat market demand, Oerlikon Vacuum and Advanced Technologies predict stable business for 2011.

In 2011, the Oerlikon Group will focus on delivering strong growth in profitability through continuous product innovation and further cost optimization. Following the peak in demand and order intake after the economic crisis, Oerlikon expects a slight reduction in order intake as overall market demand normalizes. Oerlikon expects in 2011 a sales growth of up to 10 percent and further growth in profitability, based on stable foreign exchange rates. Therefore, already in 2011 the Group expects profitability to reach performance levels nearing Oerlikon's operationally best years, principally delivered by Oerlikon Textile, Vacuum, Coating and Advanced Technologies. Oerlikon Drive Systems is expected to return to profitability, while Oerlikon Solar plans to break even in 2011. Oerlikon's business performance in the





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first two months of 2011 was strong, supporting the outlook for the whole year. In the coming years, Oerlikon Group aims to exceed its best margins. "We will consistently continue to further improve our financial performance. 2011 will be a year of transition, after which we will unlock Oerlikon's full operational potential," said CEO Buscher.

Segment overview

Oerlikon Textile: As the world's leading producer of textile machines, the Segment returned to profitability in 2010 with EBIT at CHF 21 million after CHF –424 million in 2009. Order intake totaled CHF 2 509 million, up 114 percent from the year-earlier period, with orders on hand reaching CHF 1 197 million, compared to CHF 489 million in the prior year. Sales climbed 58 percent to CHF 1 653 million on strong growth in Asia, primarily stemming from China, where Oerlikon's long-term investments continue to pay off. The Oerlikon Barmag Business Unit delivered a very strong performance, with already some orders first due for delivery in 2013. Oerlikon Schlafhorst and Oerlikon Neumag also gained ground in their markets. Due to the outstanding demand in 2010, Oerlikon Textile expects a lower order intake in 2011. Supported by a strong order backlog the Segment forecasts for 2011 further growth of sales and an increased profitability.

Oerlikon Drive Systems: In 2010, the Segment's order intake grew to CHF 792 million, up 39 percent on the previous year, with orders on hand reaching CHF 137 million, compared to CHF 93 million in 2009. Sales in 2010 rose 11 percent to CHF 733 million compared to the previous year. EBIT stood at CHF –27 million, compared to CHF –50 million the year before. In 2010, operating profit of CHF 7 million compared to an operating loss of CHF 34 million in 2009. To achieve a step change and substantially improve the Segment's performance a new strategy for profitable growth was implemented in late November 2010. This strategy is based on three pillars: first, tapping the synergy potential of Oerlikon Graziano and Oerlikon Fairfield through their full integration under Segment CEO Gary Lehman; second, faster and more extensive expansion in India and China; and third, further improvements to the Segment's cost structure and the successful execution of ongoing operational restructuring projects. Oerlikon Drive Systems expects





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continued growth in 2011, though it also expects some pressure on raw material and energy costs and material lead times as the industry moves into a positive cycle. The Segment expects to return to profitability.

Oerlikon Vacuum: The Segment returned to profitability in 2010, with EBIT increasing to CHF 30 million after an EBIT of CHF –3 million in 2009. Oerlikon Vacuum benefited from the launch of new products and the global recovery in its industries. The Segment increased its order intake by 35 percent to CHF 438 million in 2010. Orders on hand reached CHF 84 million compared to CHF 68 million in 2009, while sales rose 27 percent to CHF 410 million. As forecasted, growth slowed slightly during the second half of 2010, due to a considerable flattening out of market demand after it peaked in the first half of the year when customers back-filled their inventories. Whereas market demand in 2011 is expected to slow down, the Segment expects sales to remain stable and a further increase of profitability.

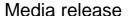
Oerlikon Solar: In September 2010 - earlier than originally announced - the Segment launched its new ThinFab production line, a highly competitive solution that positions the Segment again as cost and technology leader in the Solar industry. The Segment received the first upgrade orders for ThinFab components from current customers at the end of 2010. However, order intake for 2010 was down 55 percent year-on-year at CHF 230 million, with orders on hand amounting to CHF 255 million, down from CHF 317 million in 2009. Sales fell 43 percent to CHF 254 million. EBIT in 2010 was CHF –59 million so that the breakeven expected for the second half of the year was reached (EBIT in 1HY 2010: CHF –60 million; in 2HY 2010: CHF 1 million). Helmut Frankenberger was appointed as the Segment's new CEO in December 2010. As initial orders are expected in the first half of 2011, Oerlikon Solar plans sales to grow and to breakeven in 2011.

Oerlikon Coating: With an EBIT of CHF 52 million and a 12 percent EBIT margin, the Segment is back on a profitable growth course for 2010 after it posted an EBIT of CHF –4 million in 2009. Sales in 2010 grew 30 percent to CHF 422 million, benefiting from the Segment's early expansion in Asia, especially in China, where the number of centers increased to eight, totaling 85 globally. With the acquisition of Germany's Hartec Group in December 2010, the Segment expanded its market

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reach by gaining direct access to the special technologies for PVD coatings for plastics, thereby reinforcing its position as the undisputed global market leader. Oerlikon Coating expects continued growth for 2011, with a further increase in profitability.

Advanced Technologies: The Segment returned to profitability in 2010 as it reported an EBIT of CHF 10 million, compared to an EBIT of CHF –7 million in 2009. The Segment posted a 36 percent increase in order intake to CHF 129 million in 2010, driven by strong demand in the semiconductors and optical storage media sectors and delivered through its unique and innovative product portfolio. Orders on hand in 2010 totaled CHF 29 million, while sales rose 63 percent to CHF 129 million in 2010. The Segment expects sales volumes and EBIT to remain stable in 2011, despite high R&D amounts which will be invested to further unlock the Segment's future potential.

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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 16 500 employees at over 150 locations in 38 countries and sales of CHF 3.6 billion in 2010. The Company invested in 2010 CHF 239 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 discuss its results during its press conference today starting at 10.30am CET and during its analysts' conference beginning at 14.00 CET. The press and analyst conference will be broadcasted via internet webcast (www.oerlikon.com).

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