

Half-year Results 2011

Oerlikon reaches new profitability level

- Oerlikon's consistent focus on financial targets and operational discipline delivers underlying performance improvement with record margins
 - Order intake up by 12 % to CHF 2 344 million (H1 2010: CHF 2 101 million)
 - Sales rose by 29 % to CHF 2 033 million (H1 2010: CHF 1 573 million)
 - EBITDA increased significantly to CHF 276 million (H1 2010: CHF 71 million)
 - EBIT climbed steeply to CHF 187 million (H1 2010: CHF –31 million)
 - EBIT margin reached record 9 %

Normalized for currency impact: sales up 46 %, EBIT up at CHF 224 million

- Outlook: Guidance for 2011 confirmed, with some upside potential in profitability
Targets for 2011: Sales to grow by up to 10 %; order intake to decline by around 10 %; EBIT margin of between 8 and 9 %

Pfäffikon SZ, 17 August, 2011 – Oerlikon Group reached a new profitability level in the first half of 2011 on substantially higher sales and a significantly improved bottom-line performance across all the company's Segments. For the third straight quarter, EBIT improved with all Segments contributing to this achievement. The Group recorded its best-ever margin as Coating, Vacuum and Textile delivered record margins. Sales volumes were higher in Asia and across all Segments, with Textile, Drive Systems, Solar and Coating delivering strong double-digit growth, while order intake was better than originally expected.

Dr. Michael Buscher, CEO of Oerlikon Group, said: "We are executing our 3 Year Business Plan with great discipline and a strong focus on profitability by continuously increasing our operational excellence as well as developing innovative products and services in response to customer needs. The positive impact of this approach is highlighted by a half year of strong sales and margin growth. We will continue the disciplined execution of our plan to generate shareholder value in a sustainable manner." Oerlikon Group CFO Jürg Fedier said: "We also made continued good progress on generating cash flow to allow us to further reduce our net debt, underlining our firm commitment to sustain our financial stability and deliver on our financial targets."

With Oerlikon's robust balance sheet, geographic balance, innovative product portfolio, and initiatives to further improve operational excellence, the company is better positioned than before. This is even more important in light of the recent volatility of the financial markets and economic uncertainties. Oerlikon confirms its earlier guidance for full year 2011 (based on current foreign exchange rates), while seeing some upside potential in profitability. Therefore, for full year 2011 compared to 2010, Oerlikon Group expects sales to grow by up to 10 percent, order intake to decline by around 10 percent and an EBIT margin of between 8 and 9 percent.

Group Overview

Key figures of Oerlikon Group as per 30 June, 2011 (in CHF million)

	H1 2011	H1 2010	Change	Change (%)
Order intake	2 344	2 101	243	+12
Order backlog	1 912	1 430	482	+34
Sales	2 033	1 573	460	+29
EBITDA	276	71	205	+289
EBIT	187	-31	218	n/a
Net profit / loss	83	-50	133	n/a
Operating cash flow*	250	130	120	+92
Employees**	17 223	16 657	566	+3

*before changes in net current assets; **June 30, 2011 / December 31, 2010

Order growth continues in stabilizing markets

Order intake was better than originally expected, rising 12 percent to CHF 2.3 billion as demand for the Group's innovative products continues in its major markets. Order intake in the second half of 2010 reached CHF 2.4 billion, reflecting the stabilization in market demand. The book-to-bill ratio reached 1.2 (previous year's total: 1.3), signalling further growth in sales. Order backlog increased 34 percent year-on-year, highlighted by higher volumes in Textile and Drive Systems in particular.

All Segments and regions deliver sales growth

Sales rose by 29 percent year-over-year to CHF 2.0 billion, as all Segments delivered sales growth, with Textile, Drive Systems, Solar and Coating delivering strong double-digit growth year-on-year. Growing at 42 percent, Textile saw the strongest sales growth, followed by Coating, up 21 percent, while Drive Systems continued its recovery with a 13 percent increase year-on-year. The Group continued to invest consistently in R&D for the first half-year, with R&D spend amounting to CHF 111 million, compared with CHF 122 million in the prior period. This continued focus on R&D resulted in a series of breakthrough products in the first half of 2011.

Sales grew in all regions, led by Asia, up 49 percent, North America, up 7 percent, Europe, up 20 percent, with "other regions," rising 14 percent. Normalized for currency impact, the increase in first half-year sales would have been 46 percent, to reach CHF 2.3 billion. Overall, sales in Asia accounted for the largest share of

Group sales, rising to 48 percent of total sales in the first six months (2010: 41 percent), with Europe accounting for 30 percent (2010: 33 percent), and North America 14 percent (2010: 17 percent).

Profit focus delivers higher profits and record margins

Oerlikon Group's record EBIT margin and improved profitability demonstrates the success of the Group's intense focus on profitability and the benefits of restructuring measures implemented between 2008 and 2010. First half-year EBIT margin reached a record 9 percent as EBIT improved for the third quarter in a row to CHF 187 million. EBITDA rose to CHF 276 million, up from CHF 71 million a year ago, reflecting a 14 percent EBITDA margin. Net profit grew substantially to CHF 83 million, compared to a CHF 50 million net loss a year ago, on higher profits across five Segments, primarily from Textile. Normalized for currency effects, EBIT would have reached CHF 224 million, while the effect on the EBIT margin was minor, as it benefited from Oerlikon's natural geographic balance in its global network of production sites and suppliers.

Financial stability strengthened, robust balance sheet

Cash flow from operating activities almost doubled year-on-year to reach CHF 250 million. Capital investments increased 13 percent in the first half of 2011 to CHF 60 million. The Group's balance sheet remains robust with an equity ratio of 33 percent, up from 32 percent at year-end 2010, while net debt was reduced by CHF 12 million to CHF 262 million.

Management change

Following the operational achievements and successful completion of the restructuring program at the Corporate level, the position of Chief Restructuring Officer, specified by the recapitalization agreement, is being phased out as planned. Therefore, Raafat Morcos, who has held this position since June 2010, will leave Oerlikon in the fourth quarter. "We thank Raafat Morcos for his dedication and important contribution to the successful restructuring of Oerlikon and wish him all the best for the future", said Oerlikon CEO Michael Buscher.

Outlook 2011

With a 29 percent growth in sales and a 9 percent EBIT margin in the first half of the year, Oerlikon Group performed well and progressed to a new level of profitability. Looking forward, Oerlikon anticipates an overall stabilization and partial slow-down in the second half of 2011 in its main markets. Sales are expected to reflect an already strong order book.

With Oerlikon's robust balance sheet, geographic diversification, innovative product portfolio, and initiatives to further improve operational excellence, the company is better positioned than before. This is even more important in light of much recent uncertainty and volatility in the global economic outlook.

Oerlikon confirms its earlier guidance for full year 2011 (based on current foreign exchange rates), while seeing some upside potential in profitability. Therefore, for full year 2011 compared to 2010, Oerlikon Group expects:

- Sales to grow by up to 10 %
- Order intake to decline by around 10 %
- EBIT margin of between 8 and 9 %

Segment Overview

Key figures of Oerlikon Textile as per June 30, 2011 (in CHF million)

	H1 2011	H1 2010	Change	Change (%)
Order intake	1 195	1 210	-15	-1
Order backlog	1 339	954	385	40
Sales*	978	687	291	42
EBIT	76	-9	85	n/a

*to third parties

Oerlikon Textile: The world's leading producer of textile machines reported a record EBIT margin of 8 percent in the first half of 2011 as the Segment delivered a significantly higher EBIT of CHF 76 million on the systematic execution of far-reaching restructuring measures in recent years and strong earnings increases in its Barmag Business Unit. Sustained high demand for innovative man-made fiber solutions lifted profits at the Business Unit. Order intake in the first half of 2011

reached a level comparable with the prior year. The anticipated softening of demand in natural fibers was less than expected. Order backlog increased a year-on-year 40 percent on a robust order backlog at Oerlikon Barmag, which already has orders extending into 2014. Sales rose significantly by 42 percent year-on-year, driven primarily by the Schlafhorst Business Unit and business in Asia.

Key figures of Oerlikon Drive Systems as per June 30, 2011 (in CHF million)

	H1 2011	H1 2010	Change	Change (%)
Order intake	452	393	59	15
Order backlog	154	124	30	24
Sales*	416	367	49	13
EBIT	18	-15	33	n/a

*to third parties

Oerlikon Drive Systems: In the first half of 2011, the Segment returned to profitability with a 4 percent EBIT margin on an EBIT of CHF 18 million, reflecting the Segment's systematic execution of its strategy to accelerate profitable growth. The strong market recovery, particularly in the agriculture and energy sectors, triggered a 15 percent rise in order intake and a 13 percent increase in sales year-on-year. Order backlog increased 24 percent compared to the prior period. On a geographic basis growth was strongest in Asia, resulting primarily from increased business in India and China's domestic markets, alongside growing demand from European and American customers operating there.

Key figures of Oerlikon Vacuum as per June 30, 2011 (in CHF million)

	H1 2011	H1 2010	Change	Change (%)
Order intake	219	224	-5	-2
Order backlog	87	95	-8	-8
Sales*	209	193	16	8
EBIT	33	13	20	154

*to third parties

Oerlikon Vacuum: The Segment demonstrated its focus on improving profitability through cost and efficiency measures by achieving a record EBIT margin of 16 percent and more than doubling EBIT to CHF 33 million in the first half of 2011. Order intake declined 2 percent and order backlog came in lower at CHF 87 million, indicating the anticipated softening of market demand. Sales climbed 8 percent to CHF 209 million on higher demand in the process industry.

Key figures of Oerlikon Solar as per June 30, 2011 (in CHF million)

	H1 2011	H1 2010	Change	Change (%)
Order intake	185	11	174	>100
Order backlog	307	216	91	42
Sales*	133	74	59	80
EBIT	-12	-60	48	n/a

*to third parties

Oerlikon Solar: In line with the Group's expectations, EBIT reached CHF -12 million in the first half of 2011. Order intake increased significantly to CHF 185 million, lifted by the sale of the first ThinFab™ production line as well as several equipment orders. The Segment nearly doubled sales to CHF 133 million and sustained a healthy order backlog that totaled CHF 307 million, though markets remained restrained due to overcapacity in crystalline solar cells and applications.

Key figures of Oerlikon Coating as per June 30, 2011 (in CHF million)

	H1 2011	H1 2010	Change	Change (%)
Order intake	243	201	42	21
Order backlog	n/a	n/a	n/a	n/a
Sales*	243	201	42	21
EBIT	49	25	24	96

*to third parties

Oerlikon Coating: The Segment demonstrated the success of its strategy to expand in Asia and enlarge the industries it serves by delivering a record EBIT margin of 20 percent and an EBIT of CHF 49 million for the first half of 2011, a year-on-year increase of 96 percent. Sales rose 21 percent in the first half of 2011 to CHF 243 million on the continuing recovery of the automotive industry, particularly in Europe. During the period, Oerlikon Coating demonstrated the flexibility and global capability of its entire network of 87 coating centers around the world to meet the high demand of the global automotive industry. The Segment also realized the growth benefits of systematically tapping the Component business, with Components now making up about 20 percent of sales in Coating. Normalized for currency impacts, the Segment also posted record sales.

Key figures of Oerlikon Advanced Technologies as per June 30, 2011 (in CHF million)

	H1 2011	H1 2010	Change	Change (%)
Order intake	50	62	-12	-19
Order backlog	25	41	-16	-39
Sales*	54	51	3	6
EBIT	6	3	3	100

*to third parties

Advanced Technologies: The Segment significantly increased its profitability, delivering an 11 percent EBIT margin on operational improvements and higher sales as the Segment benefited from the continuing momentum in the semiconductor market. Order intake declined 19 percent in the first half of 2011, due to the weak market for optical storage media, while order backlog totaled CHF 25 million. Sales rose 6 percent in the first six months of 2011 on the back of a high order backlog.

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 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 10:30 am CET and during its analysts' conference beginning at 2 pm CET. The press and analyst conference will be broadcast via internet webcast (www.oerlikon.com).

Media release including a full set of tables: www.oerlikon.com/pressreleases

Half-year Report 2011: www.oerlikon.com/ir

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