

**Oerlikon accelerates Group transformation**

## **Oerlikon creates the global technology leader in Surface Solutions**

- **Oerlikon acquires Sulzer Metco**
- **Oerlikon Surface Solutions business to become the largest Segment of the Group, further balancing, strengthening and expanding its portfolio**
- **Complementary technologies and business models, with unique product and service offering**
- **Increased market access and new customer segments**
- **Closing is subject to merger control**

**Pfäffikon SZ, Switzerland – January 31, 2014 – Oerlikon has signed an agreement to acquire Metco, a division of Sulzer, for an enterprise value of CHF 1.0 billion. A combination of Metco with Oerlikon's existing Coating Segment will form the world technology leader in Surface Solutions. The combined business will have pro-forma sales of CHF 1.2 billion in 2012 and a unique global footprint with more than 110 coating centers worldwide. This acquisition expands Oerlikon's presence and capabilities in a core business segment. After careful portfolio shaping, this step marks Oerlikon's first major transaction to expand its business inorganically. On a pro-forma basis the Groups sales (full-year 2012) will increase by 24 % to CHF 3.6 billion.**

"This step marks an important milestone for the Oerlikon Group, creating the technologically leading global product and service company for Surface Solutions. We are actively using our financial health and flexibility to shape a high-performing portfolio, which secures long-term profitable growth and value creation for all stakeholders in a sustainably growing industrial business close to our core", said Oerlikon Group CEO Dr. Brice Koch.

Oerlikon Balzers is the global technology leader in the service-driven PVD (physical vapor deposition) business. Metco is the global technology leader in the thermal spray and surface applications business. The combination will expand Oerlikon's market in Surface Solutions to some CHF 9 billion. The two businesses are complementary in terms of their technological strengths, market access and geographical footprint, enabling them to increasingly meet customer requirements in the years to come. The combined businesses will operate some 130 facilities with over 110 coating centers in 35 countries around the world, employing around 6 000 people.

The combined businesses will form the new Surface Solutions Segment and have pro-forma sales of CHF 1.2 billion in 2012, constituting approximately 33 % of Group sales. It will be the largest Segment within the Oerlikon Group led by Dr. Hans Brändle as Segment CEO. Dr. Hans Brändle, CEO of Oerlikon Balzers said: "The combination of Balzers and Metco under one umbrella is a perfect fit of technologies, business models, R&D activities and market access for the benefit of our customers."

## Customer access, broad industry coverage, complementary business models

- The combination of Oerlikon Balzers and Metco will offer customers a unique product and solution portfolio across both thin-film and thermal spray surface technologies.
- Oerlikon Balzers' fast-growing components business will build on Metco's strong application know-how where customers require a tailored solution for specific applications.
- The acquisition will also deepen access in new end-markets such as aerospace, defense, power, oil & gas, and accelerates growth outside the traditional precision tooling and automotive sectors.
- Metco will access Oerlikon Balzers' well-established and highly successful service approach to further grow the thermal spray service business.
- Oerlikon Balzers' proven ability to replicate successful market penetration is a key enabler for acceleration of the thermal spray and plasma nitriding services and rapid geographic expansion – especially in emerging markets.

## Financing of transaction leaves flexibility for further steps

With nine strategic transactions since 2010 to shape the portfolio, and with significant underlying operational improvements, the Oerlikon Group has created a strong financial position with net liquidity of around CHF 1 billion. In line with the strategy to redeploy cash in a disciplined manner the transaction marks an important milestone in the long-term profitable growth of the Oerlikon Group. The acquisition will be financed via a combination of balance sheet cash and existing committed undrawn debt facilities.

## Merger control

The closing of the transaction is subject to the approval of merger control in various jurisdictions.

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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 manmade fibers manufacturing, drive systems, vacuum, coating and advanced nanotechnology. A Swiss company with a tradition going back over 100 years, Oerlikon is a global player with around 13 000 employees at around 160 locations in 34 countries and sales of CHF 2.9 billion in 2012. The Company invested in 2012 CHF 106 million in R&D, with over 1 000 specialists working on future products and services. In most areas, the operative businesses rank either first or second in their respective global markets.

## **About Oerlikon Balzers**

Oerlikon Balzers is one of the world's leading suppliers of surface technologies that significantly improve the performance and durability of precision components as well as tools for the metal and plastics processing industries. These coatings, marketed under the BALINIT and BALIQ brand names, are extremely thin and exceptionally hard. They significantly reduce friction and wear. Oerlikon Balzers also develops processes, manufactures and sells systems and production facilities, and offers contract coating services through a dynamically growing network of currently 93 coating centers in Europe, the Americas and Asia. Moreover, under the technology brand ePD, the company develops integrated services and solutions for the metallization of plastic parts with chrome effects. Oerlikon Balzers is a Business Unit of the Switzerland-based Oerlikon Group (SIX: OERL).

## **About Metco**

Metco enhances surfaces with coating solutions and equipment. Customers benefit from a uniquely broad range of surface technologies, coating solutions, equipment, materials, services, and specialized machining services and components. The innovative solutions improve performance and increase efficiency and reliability. Metco serves industries such as power generation, aviation, automotive, and other specialized markets.

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