

Capital Market Days 2011

August 23 - 24

Oerlikon Group – Disciplined Comeback to Financial Performance
Jürg Fedier, CFO

August 23, 2011

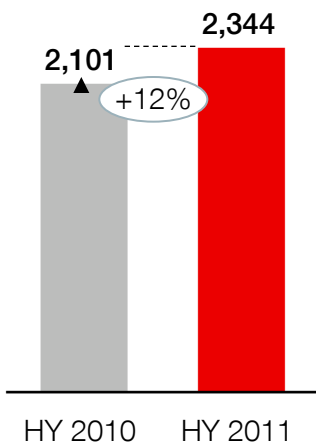


Financial achievements HY 2011

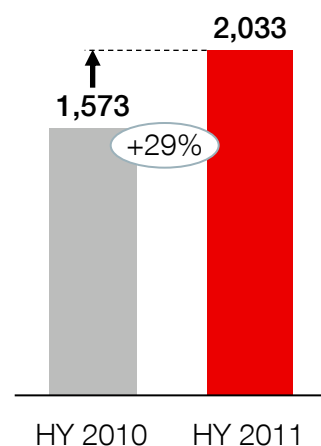
New profitability level

in CHF m

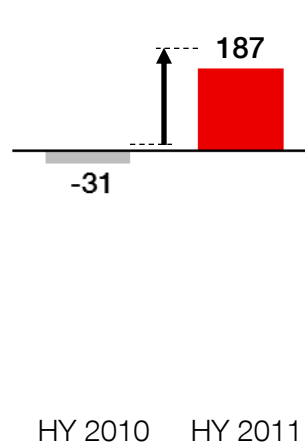
Order intake



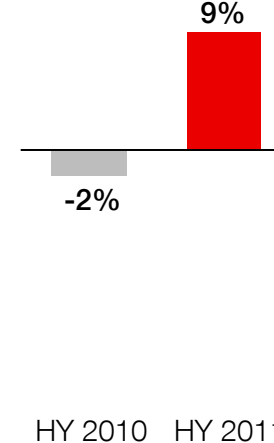
Sales



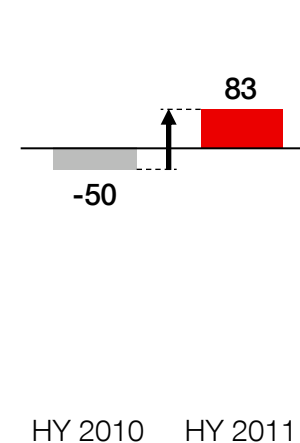
EBIT



EBIT margin



Net profit/loss



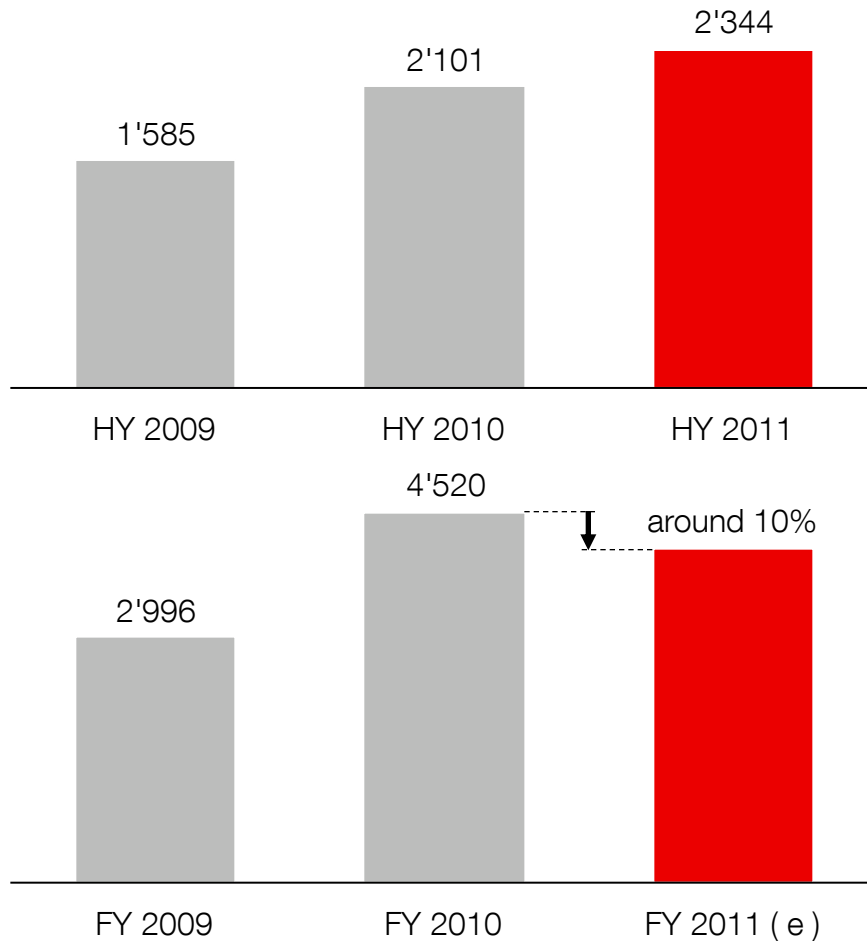
New level of profitability

- Oerlikon Group emerged from the crisis stronger than before
- All Segments delivered substantial improvement in sales and profitability
- Oerlikon Textile, Vacuum and Coating delivered record EBIT margins
- Strong focus on operational excellence enabled margin increase
- Asia remained growth engine
- Currency impact on profitability margin limited due to strong global footprint

Oerlikon benefited from a global footprint, innovative products and disciplined execution of continuous improvement programs defined in the 3 Year Business Plan

Oerlikon on the way to a sustainable comeback

Order Intake 2007 – 2011 (in CHF m)

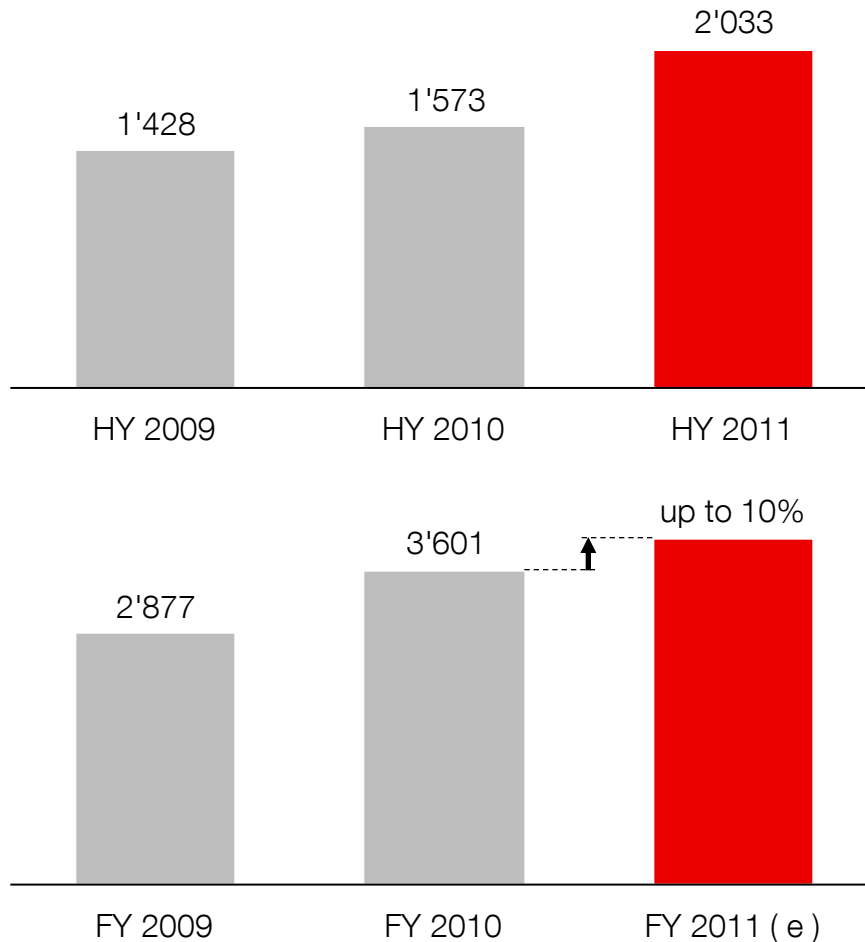


Comment

- Strong position in growth markets and innovative product portfolio fueled order intake after economic downturn
- Order intake stabilized on healthy level
- Book –to-bill ratio at 1.2 at HY 2011
- Overall stabilization and partial slowdown in main markets for H2 2011 expected
- Decline of around 10% for FY 2011 expected

Strong market environment and order book delivered sales growth

Sales 2007 – HY 2011 (in CHF m)

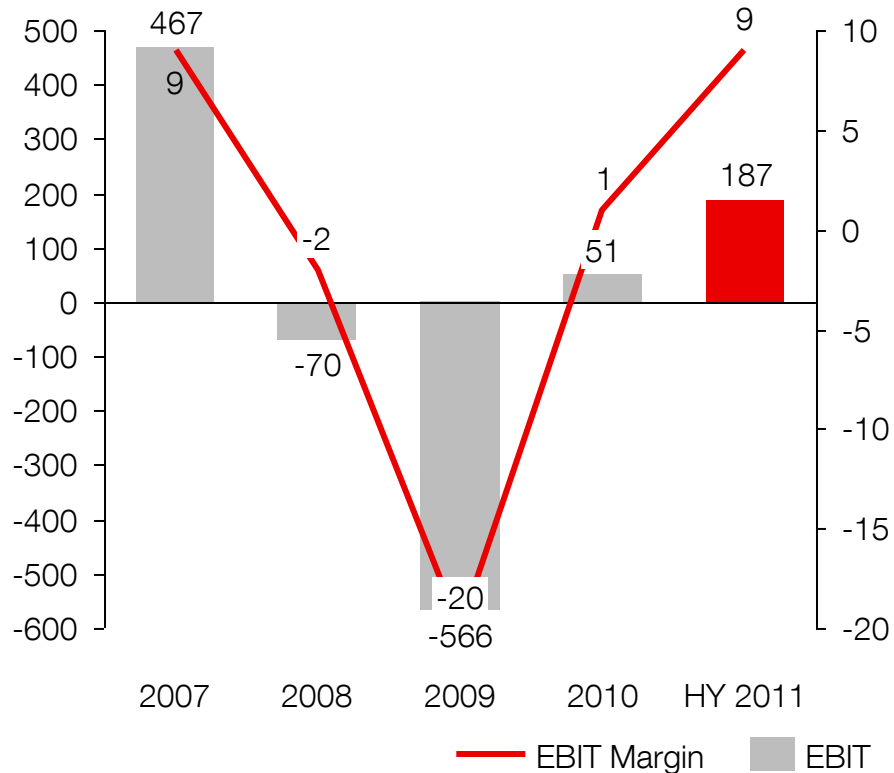


Comment

- Sales increased by 29% in HY 2011
- Strong positioning enabled participation in economic recovery
- Strong order book fueled sales
- All Segments contributed
- Textile, Drive Systems, Solar and Coating delivered double-digit growths
- Strong growth in Asian markets

Oerlikon reaches new profitability level

EBIT 2007 – HY 2011 and EBIT margin (in CHF m / in %)

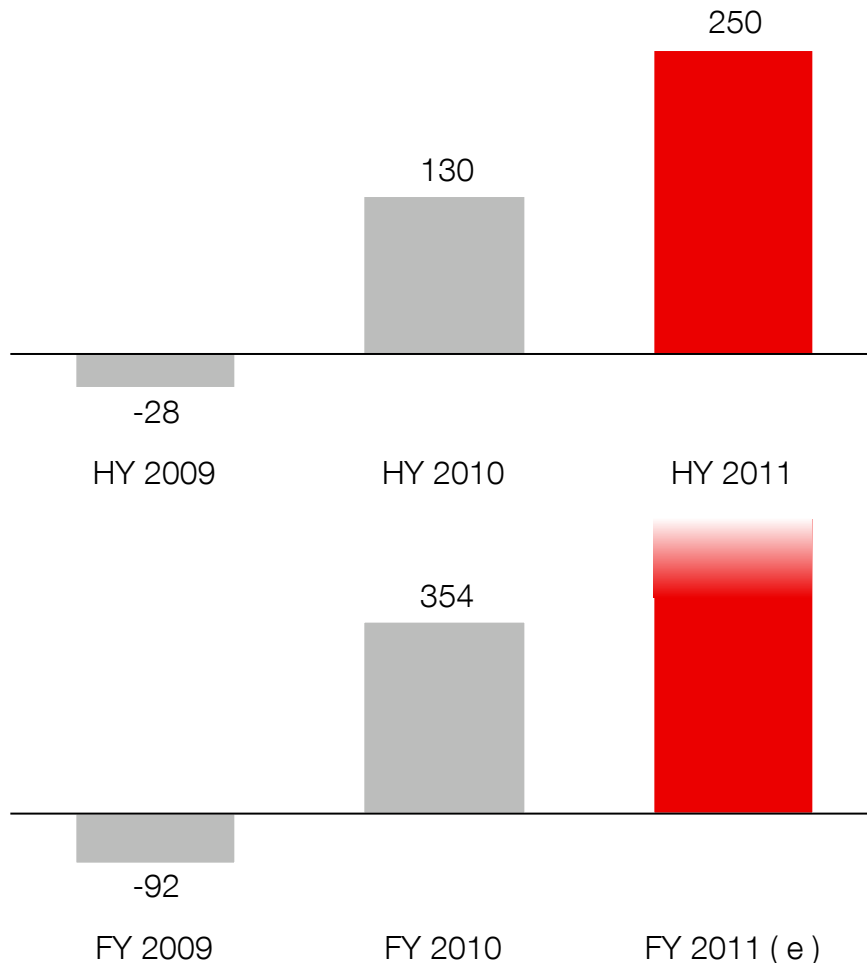


Comment

- HY 2011 was the third straight quarter of improved margins after heavy operational and financial restructuring
- Operational Excellence enables profitability
- Record margin of 9.2% in HY 2011
- All Segments contributed to improvement in HY 2011
- Oerlikon expects to maintain a new level of profitability in the range of 8 – 9% for 2011
- Strengthen the culture of operational discipline to secure and further increase profitability

Cash Flow significantly increased

Cash Flow from Operating activities* 2007 – HY 2011 (in CHF m)



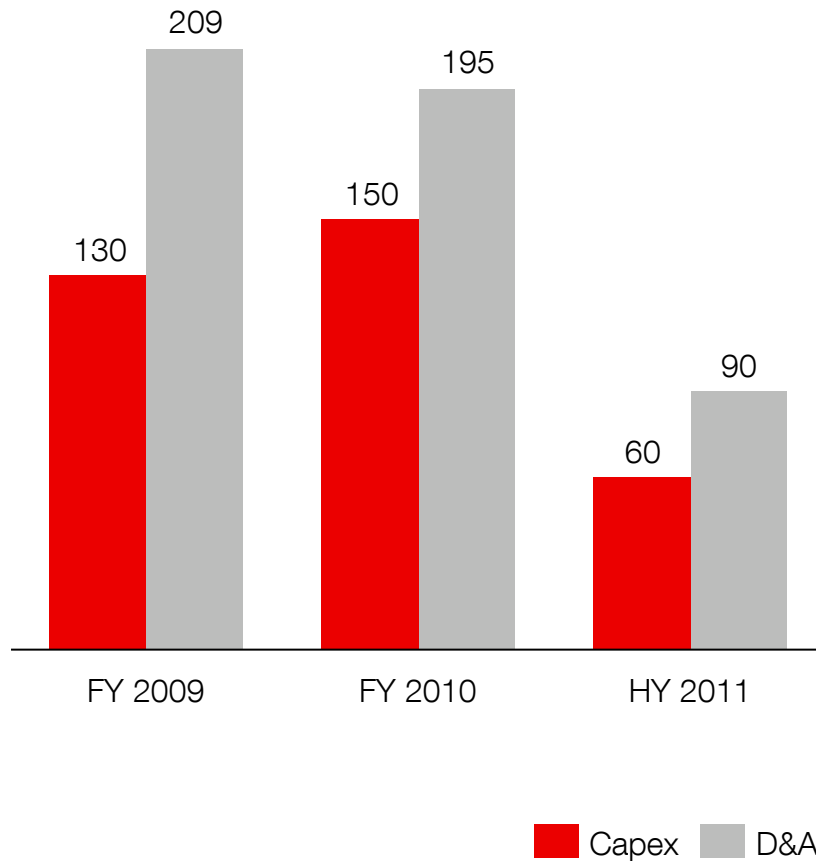
Comment

- Strong operational performance resulted in strong increase of cash flow, main contributions from margins
- Operational Excellence and improved Supply-Chain Management

*Operating Cash Flow before changes in net current assets

Capex nearing depreciation level

Capex and Depreciation & amortization (in CHF m)



Comment

- During and after financial restructuring cautious in ramp-up investments
- Strong investment focus in Asia
- Capex/depreciation & amortisation ratio at 0.67 in HY 2011
- Mid-term target corridor for C/D&A ratio at 1.00 to 1.20

Liquidity & Balance Sheet

- Maintain sufficient liquidity and regain solid balance sheet during period of restructuring and portfolio focusing
- Work towards improving equity base to provide financial flexibility

Operational Focus

NWC

CAPEX

2009

2010

Reduce NWC



Reduce / Optimize NWC



Reduce Capex to below depreciation



Maintain Capex well below depreciation



Strategic Focus

Debt

Equity

Amend credit facility agreement



Renegotiate credit facility agreement






Evaluate measures to strengthen equity base



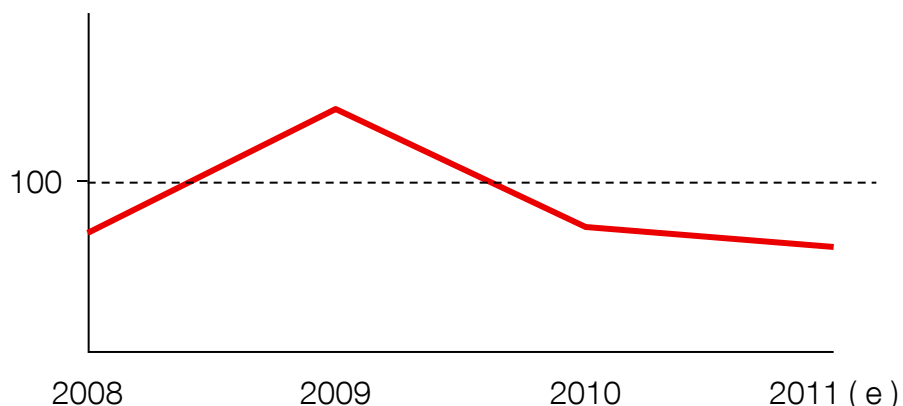
Conclude rights issue



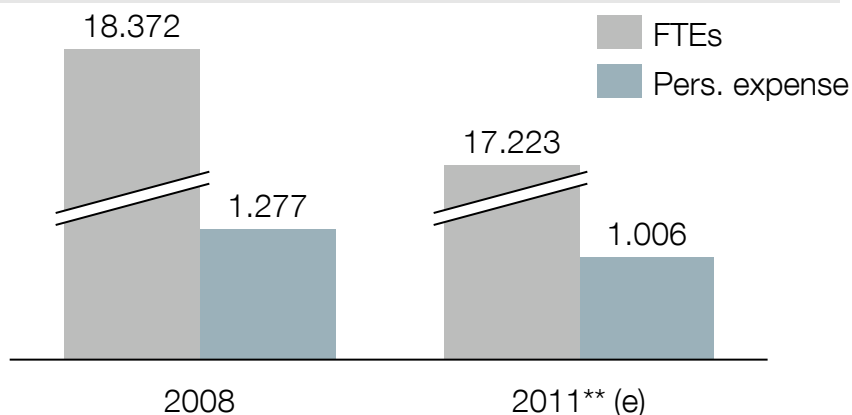
Value Creation	<ul style="list-style-type: none"> ▪ Focus on profitability (Break-Even Sales, EBIT, RONA) ▪ Earn premium over Cost of Capital ▪ Validate strategy on gearing and leverage 	
Operational Focus	2011	2012
Profitability	RONA, Operational Excellence, Cost Management 	Maintain financial discipline Improve value creation
Cash generating	On time delivery, Manage DSO/DPO 	Underlying performance improvement
Strategic Focus		
Sustainable Profitability	Break-even sales, Change in mindset (RONA) 	Break-even sales, Improve RONA
Debt	Amend credit facility, Evaluate options 	Refinancing and restructuring of credit facility

Focus on underlying performance improvement

Break-Even Sales in % of sales (Indexed in % of sales)



FTEs and personnel expenses (#, CHF m)



Achievements

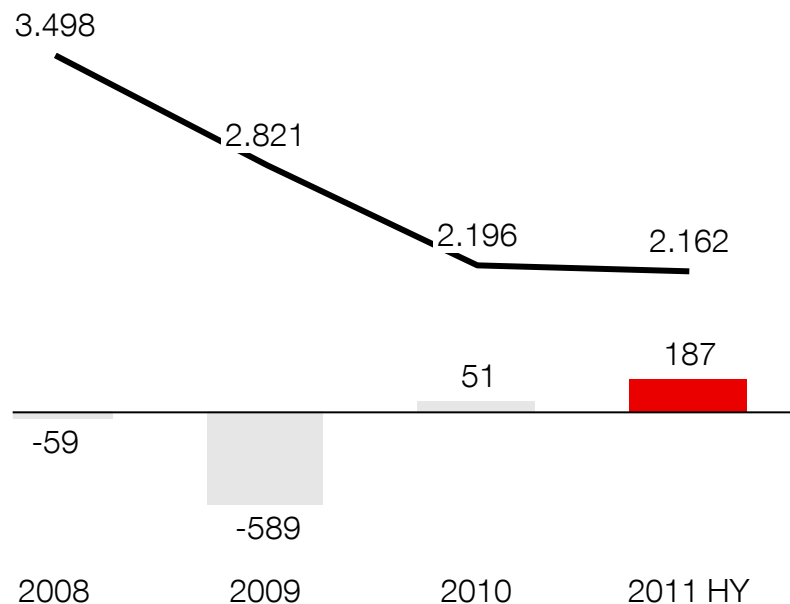
- In 2008, operational restructuring program with 700 initiatives started with the goal to reduce fixed costs and decrease break-even sales
- The restructuring achievements are reflected in the numbers of the first half year 2011 versus 2008:
 - Gross margin is 210 basis points higher
 - Operating* margin is 360 basis points higher
- Since 2008 FTEs decreased by 1'150 or -6% whereas personnel expenses decreased by -21% resulting in lower expenses/FTEs, mainly caused by the shift to Asia and the change in footprint
- Restructuring program completed in 2010 and continuous improvement program initiated in 2011 to further increase operational excellence and decrease break even sales

* EBIT before restructuring and goodwill impairment

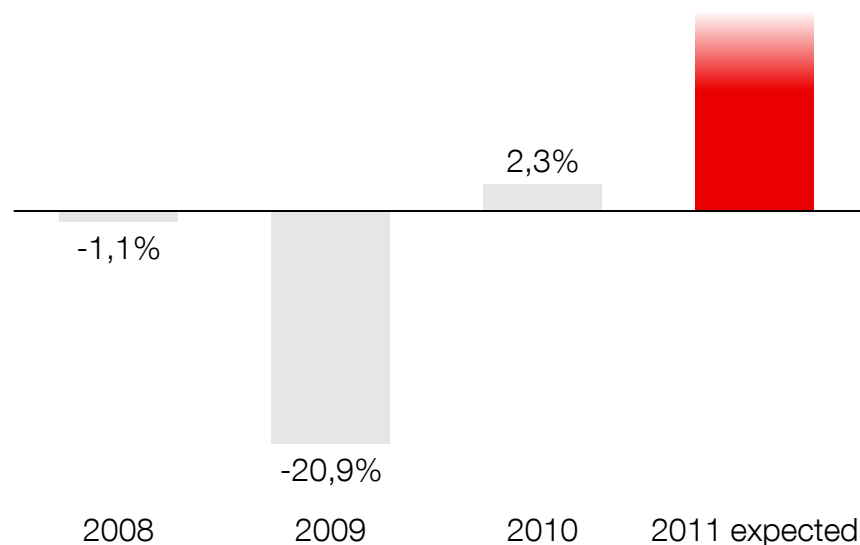
** FTEs as of June 30, 2011; expenses annualized

Strong improvement of Return on Net Assets (RONA)

EBIT and Net Operating Assets
(in CHF m)



RONA
(in %)



- After turn around in 2010, strong improvement of EBIT and RONA, whereas Net Assets are slightly decreasing
- Despite strong recovery, under proportional growth of net operating assets in first half 2011
- Stringent asset management and improved profitability led to improved RONA

Evaluating Option for credit facility

Current Credit Facility as of June 30, 2011

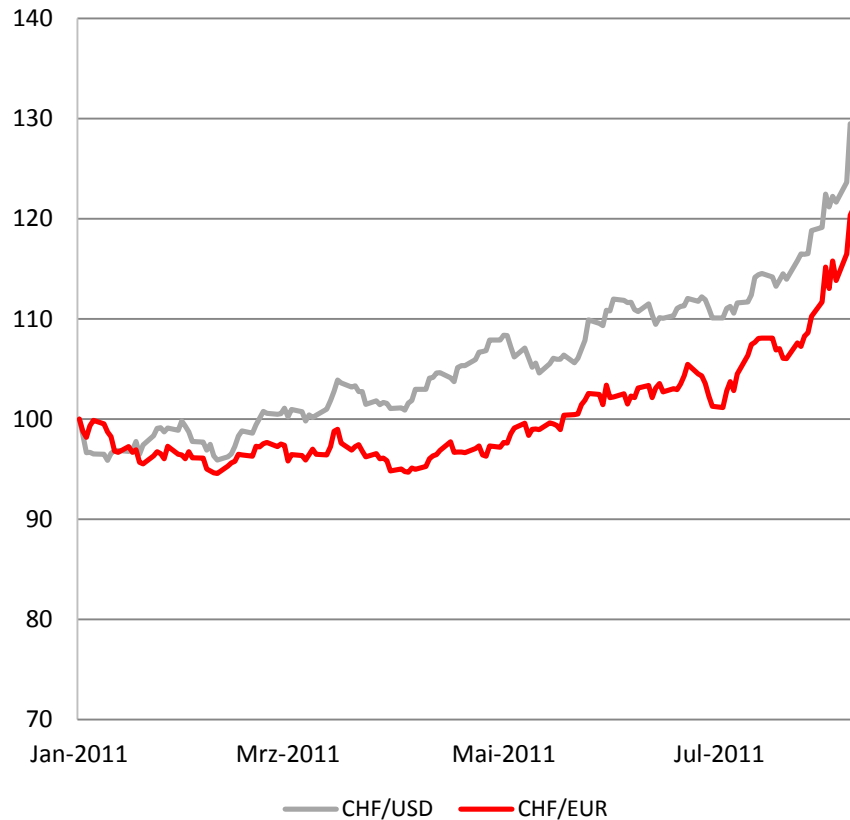
Evaluation of Options for Mid 2012

Facility	Currency	Interest Rate	Amount
Facility A*	CHF	LIBOR + 2%	506
Facility B	CHF	LIBOR + 2%	302
Facility B	EUR	LIBOR + 2%	99
Facility B	USD	LIBOR + 2%	54
Facility C	CHF	LIBOR + 11%	494
TOTAL Facility			1,455

- Financial Instruments
- Currencies
- Markets
- Structure of Syndicate

* Facility A consists of a revolving facility balance of CHF 68 million (totally unused) and an ancillary credit facility of CHF 438 million (thereof CHF 261 million used)

Strong Swiss Franc (indexed)



Effect on Oerlikon Group Sales

FY 2010

- Translation Effect: CHF 201 million
- Transaction Effect: CHF 19 million

HY 2011

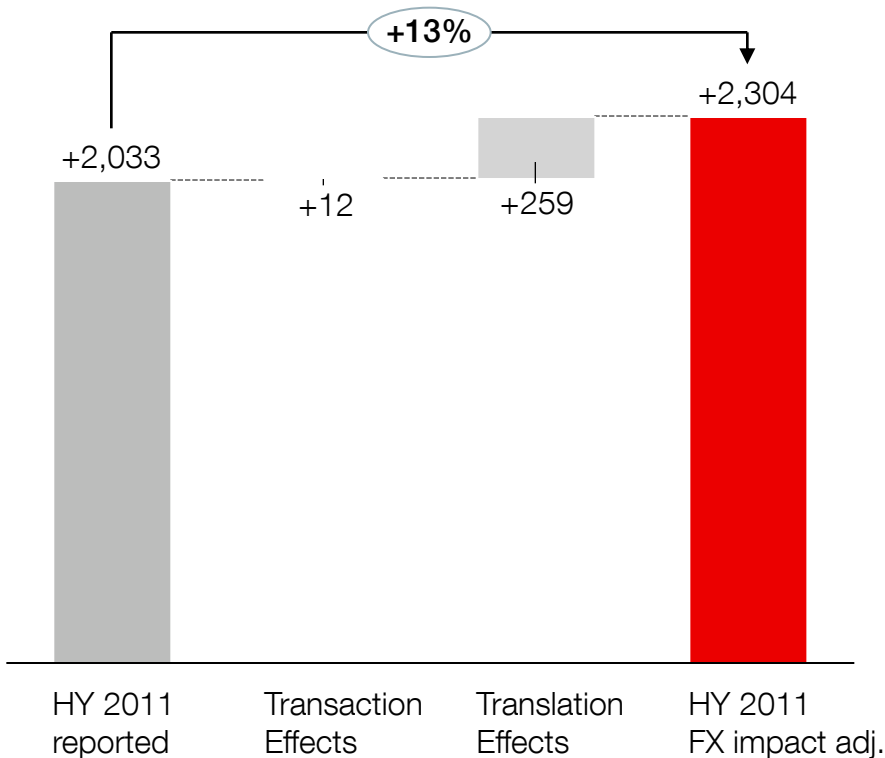
- Translation Effect: CHF 259 million
- Transaction Effect: CHF 12 million

Oerlikon benefits from natural balance of its global network of production sites and suppliers

FX impact on Sales, EBIT and EBIT Margin

Oerlikon Group Sales HY 2011

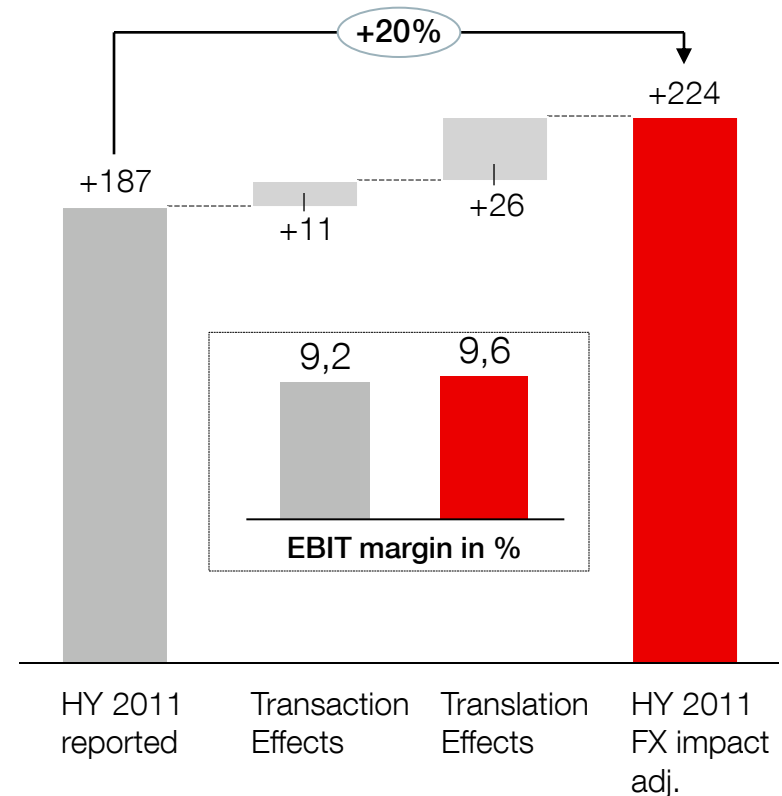
(in CHF m)



- 46% growth normalized for currency impact compared to HY 2010 (CHF 1,573)

Oerlikon Group EBIT HY 2011

(in CHF m)



- Only minor impact on EBIT margin

Guidance FY 2011

Expected change
from FY 2010 to FY
2011 based on
current currency
exchange rates and
stable economic and
market conditions

- Sales: Overall sales growth of up to 10 %
- Orders: Decline by around 10 %
- EBIT: Strong growth in profitability of 8 to 9 %

Oerlikon delivered on its financial targets and continues to execute on its strategy in a sustainable manner through a culture of discipline

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Oerlikon Group
Question & Answers

August 23, 2011



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