

First-quarter 2017 results

Surface solutions business with double-digit growth – Group guidance raised

- Increase in orders in all Segments – Group order intake up 21.1 %
- Strong growth in manmade fibers’ order intake confirms improvement in market sentiment
- Repositioning in drive business contributes to positive performance
- Group EBITDA margin at 14.2 %
- Group full-year guidance for 2017 raised

Key figures of the Oerlikon Group as of March 31, 2017 (in CHF million)

	Q1 2017	Q1 2016	Δ
Order intake	712	588	21.1 %
Order backlog	546	420	30.0 %
Sales	608	592	2.7 %
EBITDA	86	77	11.7 %
EBITDA margin	14.2 %	13.0 %	–
EBIT	39	32	21.9 %
EBIT margin	6.5 %	5.5 %	–
ROCE (rolling 12-month)	5.7 %	9.0 % ¹	–

¹ Normalized; excluding restructuring and impairment effects.

Pfäffikon, Schwyz, Switzerland – May 2, 2017 – “We have begun the year on a strong note with all our Segments and businesses realizing good results. Our core business, surface solutions, saw a double-digit improvement in organic orders and sales compared to the previous year. In our manmade fibers business, orders increased significantly, confirming the reviving investment climate in the filament equipment market. For our drive systems business, the repositioning efforts continue to bear fruit and have resulted in a positive uptick in orders in end markets that remain uncertain,” said Dr. Roland Fischer, CEO of the Oerlikon Group. **“The positive performance across the Segments also reflects the progress we have made in the execution of our strategy. We succeeded in capturing arising market opportunities and enlarging our customer base in some of our end markets such as automotive, aerospace, tooling and agriculture. In light of the first-quarter results, while bearing in mind that markets remain uncertain, we are raising the target of the Group’s sales and orders for the full year 2017 to around CHF 2.6 billion and our operating profitability (EBITDA) to approach 14 %, after absorbing the unchanged significant planned investment expenses in additive manufacturing. As we continue to execute our strategy, we are confident that we can further leverage our business model and unique competencies in surface solutions, advanced materials and materials processing. At the same time, we will further optimize our costs and investments to strengthen Oerlikon’s agility and make the company more productive.”**

Group sales, orders, and profitability higher than prior year

Market sentiment for the first quarter was supported by growing confidence in the global economy. The positive market sentiments in the first quarter were reflected in the higher-than-expected capital investments, especially toward the end of the quarter. All Oerlikon Segments benefited from the increase in investments and saw double-digit growth in order intake.

The surface solutions business recorded a pronounced increase in its year-on-year orders and sales in all of its end markets, particularly in aerospace and general industries. The manmade fibers market saw a significant improvement in year-on-year orders, driven mainly by the recovery of the China-led filament equipment market, while the lower sales are primarily related to project timing of orders, which correspond to the capacity schedules of key customers. For the Drive System Segment, orders and sales continue to show robust growth thanks to the Segment's efforts in repositioning its portfolio and winning customers and projects in the Asian automotive, Indian construction and Brazilian agricultural markets. On the whole, Group orders climbed 21.1 % to CHF 712 million and sales increased 2.7 % to CHF 608 million compared to the previous year. At constant exchange rates, sales stood at CHF 616 million.

On the back of the positive top-line performance and reinforced by disciplined cost management, the Group's year-on-year EBITDA increased to CHF 86 million, corresponding to an EBITDA margin of 14.2 %. EBIT for Q1 2017 stood at CHF 39 million, and the margin at 6.5 %. The first-quarter performance resulted in the rolling 12-month Oerlikon Group ROCE of 5.7 %, reflecting the cyclical nature of the businesses.

The Group continued to strengthen its focus on improving customer value and services. For the first quarter of 2017, the share of its service revenues was at 37.4 % of total Group sales (Q1 2016: 36.2 %).

2017 outlook raised

The positive momentum in the global economy has been building over the past months, fueling confidence and investments. Oerlikon anticipates that the global recovery will continue but a certain level of market uncertainty to remain, considering the ongoing political developments in European countries, China's ability to rebalance its economy and the impact of accelerated growth in the US economy through higher fiscal spending. Based on the Group's performance in the first quarter, Oerlikon expects the Group's growth to be slightly stronger than previously envisaged and is thus raising its outlook for the full year of 2017. Order intake and sales are expected to come in at around CHF 2.6 billion and the EBITDA margin to approach 14 %, after absorbing the unchanged planned financial outlay for investing in additive manufacturing.

Segment overview

Surface Solutions Segment

Key figures of the Surface Solutions Segment as of March 31, 2017 (in CHF million)

	Q1 2017	Q1 2016	Δ
Order intake	352	306	15.0 %
Order backlog	101	95	6.3 %
Sales (to third parties)	332	294	12.9 %
EBITDA	70	62	12.9 %
EBITDA margin	21.0 %	20.9 %	–

The Surface Solutions Segment delivered a strong performance in the first quarter, with double-digit organic growth in the top and bottom lines. Growth was propelled by positive developments in all of its end markets, from automotive and tooling to aerospace and energy, and reinforced by the Segment's strategic business development and market-leading position. In the first quarter, the coatings service business growth exceeded the global industrial production output.

With top-line growth and effective cost management, the Segment's EBITDA and EBITDA margin both increased year-on-year. The Q1 2017 EBITDA margin of 21.0 % represents the tenth consecutive quarter in which the Segment achieved an EBITDA margin of over 20 %. EBIT for Q1 2017 stood at CHF 40 million (Q1 2016: CHF 33 million) and the EBIT margin was 12.1% (Q1 2016: 11.3 %).

In the first quarter, the Segment acquired the assets, technologies and key team from Recentis Advanced Materials Inc., Canada, to strengthen its competence in material technologies and in mastering materials manufacturing at high temperatures (above 3 200°C), which opens up new applications in the fields of oil & gas, mining, steel, power and aviation, and increases the Segment's ability to offer enhanced solutions to critical wear problems faced by customers. It also announced the acquisition of Dépôts Métalliques Sous Vide (DMX), a French PVD coating service provider, to extend and improve its service offering in France and in the medical and forming tools market. To make the latest generation of tool coating technology available to customers in India, the Segment has started expanding and upgrading its plant in Pune, India.

For its additive manufacturing business, Oerlikon is building a state-of-the-art R&D and production facility for additively manufactured advanced components in the Charlotte metro area in North Carolina, USA. This production facility in the USA complements the advanced materials manufacturing facility in Plymouth Township, Michigan, USA and the acquired citim additive production facilities in Europe and in the USA. Additionally, Oerlikon has signed two partnerships – one with the Technical University of Munich in Germany, and a second one with the Skolkovo Institute of Science and Technology in Russia – to address and resolve the most pressing R&D challenges in additive manufacturing.

Manmade Fibers Segment

Key figures of the Manmade Fibers Segment as of March 31, 2017 (in CHF million)

	Q1 2017	Q1 2016	Δ
Order intake	178	124	43.5 %
Order backlog	338	219	54.3 %
Sales (to third parties)	106	139	-23.7 %
EBITDA	0.2	9	-97.8 %
EBITDA margin	0.2 %	6.2 %	–

The recovery of the filament equipment market was the main driver for the Segment's business performance and the significant growth in orders. The over 40 % increase in order intake was also

fortified with positive demand in the staple fibers market, for bulked continuous filaments systems (BCF – carpet yarn) including strong after-sales activities, and for texturing technologies for installed partially oriented yarn (POY) systems. Sales came in lower year-on-year as a number of projects are still ongoing. Due to the lower year-on-year sales, EBITDA was around 100 % lower than in the previous year. EBIT for Q1 2017 stood at CHF -5 million (Q1 2016: CHF 4 million) and the EBIT margin was - 4.7 % (Q1 2016: 3.0 %).

The Segment expects to see ongoing positive development in the filament equipment market as well as in its other end markets. The Segment is ramping up its capacity to meet increasing demand while still maintaining flexibility and cost discipline.

In the first quarter, the Segment entered into a strategic partnership with the Italian company Teknoweb Materials, aimed at extending its nonwovens production systems portfolio to include the attractive high-growth market for disposable nonwovens.

Drive Systems Segment

Key figures of the Drive Systems Segment as of March 31, 2017 (in CHF million)

	Q1 2017	Q1 2016	Δ
Order intake	182	158	15.2 %
Order backlog	107	106	0.9 %
Sales (to third parties)	170	159	6.9 %
EBITDA	14	9	55.6 %
EBITDA margin	8.4 %	5.8 %	–

Despite the uncertainty in its key end markets – agriculture, construction, transportation and energy/mining – the Segment managed to increase its year-on-year order intake and sales. The good performance is attributed to the Segments' success in repositioning its product portfolio and increasing its market reach in key markets, leading to it winning customers and projects in the U.S. transportation, Asian automotive, Indian construction and Brazilian agricultural markets. In this quarter, a pickup in demand for services in the energy/mining sector was also noted.

With higher sales but mainly thanks to measures taken to optimize its processes and restructure, the Segment increased its EBITDA by over 50 % compared to the same period in 2016. EBIT for Q1 2017 stood at CHF 3 million (Q1 2016: CHF -2 million) and the EBIT margin was 2.0 % (Q1 2016: -1.0 %).

Following the successful partnership with Ashwoods Electric Motors to develop innovative electric motors that are 20 % more efficient and up to 70% smaller and lighter than traditional motor technologies, the Segment decided to take a strategic stake in Ashwoods, enabling them to scale up their motor production and conduct further shared product development programs in order to jointly seize attractive opportunities in the e-mobility market.

Additional information

Oerlikon will present its results in English during its conference call today beginning at 14:00 hrs CEST. To participate, please dial the following numbers a few minutes before the start of the conference call:

Country	Toll-local:
Switzerland	+41 (0)58 310 50 00
UK	+44 (0)203 059 58 62
USA	+1 (631) 570 5613

The accompanying presentation can be viewed simultaneously by clicking [here](#).

Please find the media release including a full set of tables at www.oerlikon.com/pressreleases and www.oerlikon.com/ir.

About Oerlikon

Oerlikon (SIX: OERL) is a leading global technology Group, with a clear strategy to become a global powerhouse in surface solutions, advanced materials and materials processing. Backed by the key ability to intelligently engineer and process surface solutions and advanced materials, the Group is committed to invest in value-bringing technologies that provide customers with lighter, more durable, more efficient and environmentally sustainable products. A Swiss company with over 100 years of tradition, Oerlikon has a global footprint of over 13 500 employees at more than 180 locations in 37 countries and sales of CHF 2.3 billion in 2016. The company invested CHF 94 million in R&D in 2016 and has over 1 000 specialists developing innovative and customer-oriented products and services.

For further information, please contact:

Nicolas Weidmann
Head of Group Communications
Tel. +41 58 360 96 02
Fax. +41 58 360 98 02
pr@oerlikon.com

Andreas Schwarzwälder
Head of Investor Relations
Tel. +41 58 360 96 22
Fax. +41 58 360 98 22
ir@oerlikon.com

Disclaimer

OC Oerlikon Corporation AG, Pfäffikon together with its affiliates, hereinafter referred to as "Oerlikon", has made great efforts to include accurate and up-to-date information in this document. However, Oerlikon makes no representation or warranties, expressed or implied, as to the truth, accuracy or completeness of the information provided in this document. Neither Oerlikon nor any of its directors, officers, employees or advisors, nor any other person connected or otherwise associated with Oerlikon, shall have any liability whatsoever for loss howsoever arising, directly or indirectly, from any use of this document.

The contents of this document, including all statements made therein, are based on estimates, assumptions and other information currently available to the management of Oerlikon. This document contains certain statements related to the future business and financial performance or future events involving Oerlikon that may constitute forward-looking statements. The forward-looking statements contained herein could be substantially impacted by risks, influences and other factors, many of which are not foreseeable at present and/or are beyond Oerlikon's control, so that the actual results, including Oerlikon's financial results and operational results, may vary materially from and differ from those, expressly or implicitly, provided in the forward-looking statements, be they anticipated, expected or projected. Oerlikon does not give any assurance, representation or warranty, expressed or implied, that such forward-looking statements will be realized. Oerlikon is under no obligation to, and explicitly disclaims any obligation to, update or otherwise review its forward-looking statements, whether as a result of new information, future events or otherwise.

This document, including any and all information contained therein, is not intended as, and may not be construed as, an offer or solicitation by Oerlikon for the purchase or disposal of, trading or any transaction in any Oerlikon securities. Investors must not rely on this information for investment decisions and are solely responsible for forming their own investment decisions.