

Growth momentum continued in all businesses – guidance raised for full-year

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Q3/9M 2017 Business Update

October 31, 2017



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Positive performance continues across all Segments – Guidance raised

Q3 2017 at a glance

Execution of Group strategy (Invest – Manage – Fix)

- Smaller acquisition in Surface Solutions (pre- and post-treatment for tool optimization)
- Opening of Technology and Innovation Center for Additive Manufacturing in Munich
- Disciplined Manmade Fibers capacity ramp up to execute strong project order book
- Continued repositioning efforts in Drive Systems Segments delivered double-digit EBITDA profitability
- Executive Committee realigned – Managing Board established

Operational performance

- Strong order growth in all Segments – Group order intake up 29.2 % yoy
- Group sales increased by 31.5 %, or 30.1 % excluding FX
- Group book-to-bill of 1.02
- The Surface Solutions Segment saw double-digit growth in orders and sales
- Group EBITDA margin of 15.5 %, driven by recovery in Manmade Fibers Segment
- Share of service revenues amounting to 33 % of total Group sales (Q3 2016: 38 %)

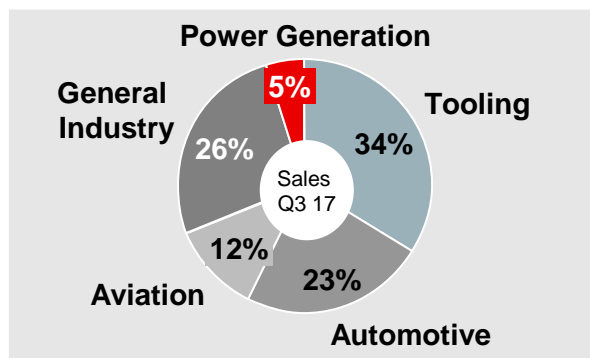
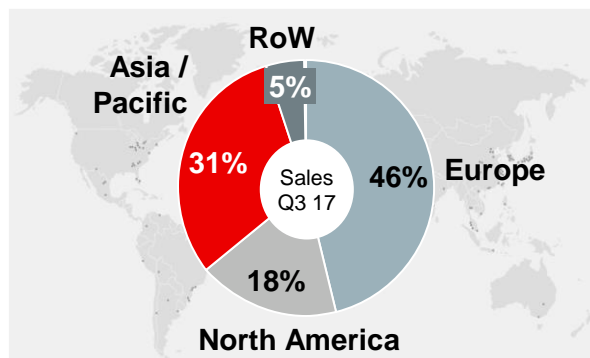
Guidance 2017 raised

- Group order intake expected to exceed CHF 2.8 billion and sales to come in around CHF 2.75 billion for the full year 2017 (vs. CHF 2.6 billion previously)
- Group's EBITDA margin is expected to be around the same level as in 2016 (14.3 %), even after absorbing the significant investments in the ramp-up of its additive manufacturing business

Surface Solutions Segment – Strong underlying profitable growth



in CHF million	Q3 17	Q3 16	y-o-y	y-o-y ex FX	9M 17	y-o-y	y-o-y ex FX
Order intake	349	300	16.3%	15.9%	1 043	13.7%	14.1%
Sales (3 rd parties)	337	305	10.5%	10.1%	1 009	10.3%	10.7%
EBITDA	69	74	-6.8%	–	209	1.5%	–
In % of sales	20.3%	24.1%	-3.8 pp	–	20.6%	-1.9 pp	–
EBIT	35	45	-22.2%	–	115	-5.0%	–
In % of sales	10.4%	14.8%	-4.4 pp	–	11.4%	-1.8 pp	–



Operational performance:

- Profitable growth in orders and sales driven by Tooling, Automotive and General Industry
- Acquisitions and material surcharges in total added ~CHF 6 m to top-line in Q3
- Growth in coating services for tooling, precision components, automotive as well as thermal spray materials and equipment
- EBITDA profitability above 20 % incl. AM ramp-up costs
- 2016 EBITDA included one-off of ~CHF 8 m (pension plans)

Market development:

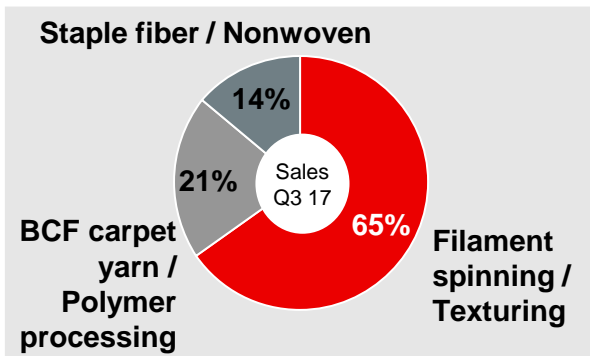
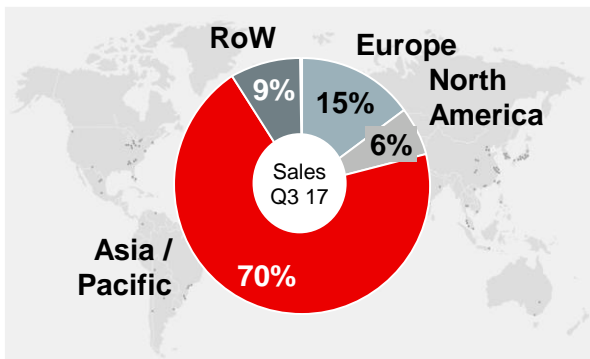
- Tooling market with strong demand in all regions, especially in Japan and Europe
- Maintained dynamic in general industries (IP¹)
- Continued positive trend in the automotive business in Asia
- Aerospace market with continued growth; Power Generation flattish
- Europe and Asia maintained positive momentum
- Munich Technology Conference on Additive Manufacturing

¹ IP = Industrial Production

Manmade Fibers Segment – Market recovery continues / Margin improvement



in CHF million	Q3 17	Q3 16	y-o-y	y-o-y ex FX	9M 17	y-o-y	y-o-y ex FX
Order intake	191	134	42.5%	38.8%	567	48.0%	48.7%
Sales (3 rd parties)	199	103	93.2%	90.1%	477	40.3%	40.9%
EBITDA	22	1	>100%	–	26	>100%	–
In % of sales	11.1%	0.6%	10.5 pp	–	5.5%	3.2 pp	–
EBIT	17	-4	>100%	–	11	>100%	–
In % of sales	8.4%	-4.1%	12.5 pp	–	2.2%	4.0 pp	–



Operational performance:

- Large filament project orders from China, India and Turkey
- Orders in BCF¹, CP², texturing, staple fibers
- Strong increase in sales as a result of increased capacity and project timings
- Successful ramp-up in production capacities and efficiency improvements → increased profitability
- EBITDA margin of 11.1 % in Q3

Market development:

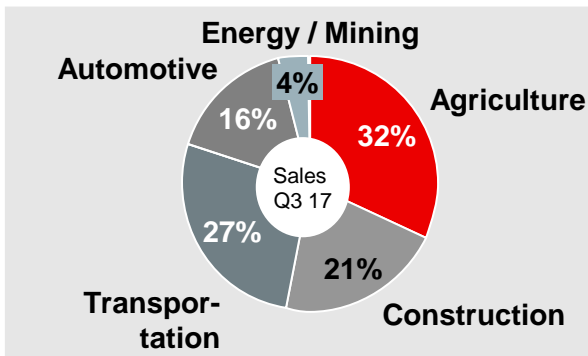
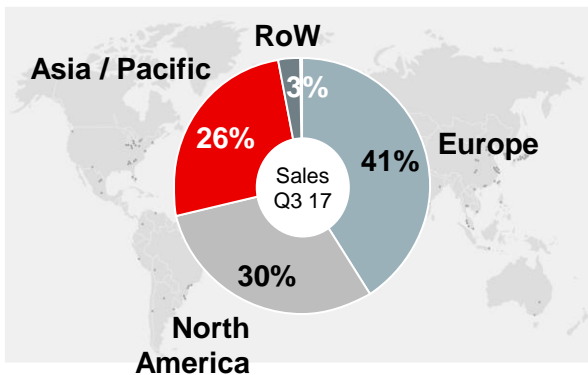
- Project activities by Tier 1 customers in filament market in China continue into 2018
- Pricing and lead times as key challenges in market recovery
- Positive market sentiment in staple fibers maintains
- BCF¹ business in the US and Turkey remains solid
- Stable project landscape in texturing
- Attractive projects for Melt-to-Yarn / Fiber solutions

¹ Bulked continuous filament (carpet yarn) ²Continuous Polymerization

Drive Systems Segment – Reshaping initiatives and end-markets drive top line and profitability



in CHF million	Q3 17	Q3 16	y-o-y	y-o-y ex FX	9M 17	y-o-y	y-o-y ex FX
Order intake	199	138	44.2%	42.2%	565	24.7%	24.3%
Sales (3 rd parties)	186	141	31.9%	29.7%	532	14.9%	14.5%
EBITDA	20	10	100.0%	–	53	71.0%	–
In % of sales	10.7%	7.3%	3.4 pp	–	10.0%	3.3 pp	–
EBIT	11	1	>100%	–	22	n.a.	–
In % of sales	5.7%	0.5%	5.2 pp	–	4.1%	4.1 pp	–



Operational performance:

- New customers and projects in the agriculture, transportation, automotive and construction markets
- Sales growth mainly driven by transportation (public transport in China) and agricultural (Brazil), construction and automotive (incl. e-mobility)
- All regions contributing to sales growth
- Double-digit EBITDA margin sustained → higher volumes and reshaping measure

Market development:

- Continued improvement in agricultural; exception still a decline in 100+ HPT¹ and large combines demand in the US
- Construction market positive in the US, Europe and China; slowdown in India (tax driven)
- Transportation market mixed – rail weak in the US; CV² strong in the US, China and India, moderate in Europe
- Energy and mining market maintain at low level
- Automotive/e-vehicles positive

¹ HPT = horsepower tractors; ² CV = Commercial Vehicles

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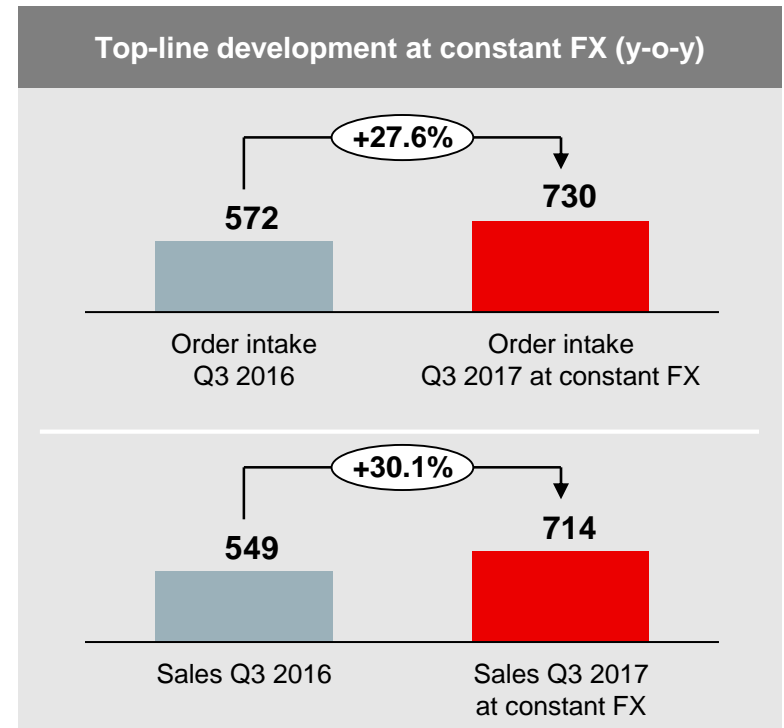
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Overall Group performance builds on good performance in all Segments

in CHF million ¹	Q3 17	Q3 16	y-o-y	9M 17	y-o-y
Order intake	739	572	29.2%	2 175	24.1%
Sales (3 rd parties)	722	549	31.5%	2 018	17.5%
EBITDA	112	81	38.3%	290	21.8%
In % of sales	15.5%	14.7%	0.8 pp	14.4%	0.6 pp
EBIT	63	37	70.3%	147	40.0%
In % of sales	8.7%	6.8%	1.9 pp	7.3%	1.2 pp

- Surface Solutions Segment with continued strong order and sales growth and sustainable profitability
→ 12th consecutive quarter with EBITDA margin >20%
- Manmade Fibers and Drive Systems Segments with improved order and sales sentiment
- Group book-to-bill >1

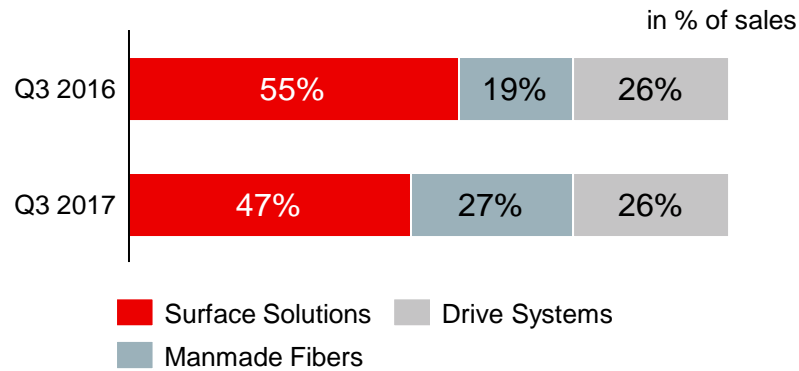
¹ Margins calculated on unrounded figures



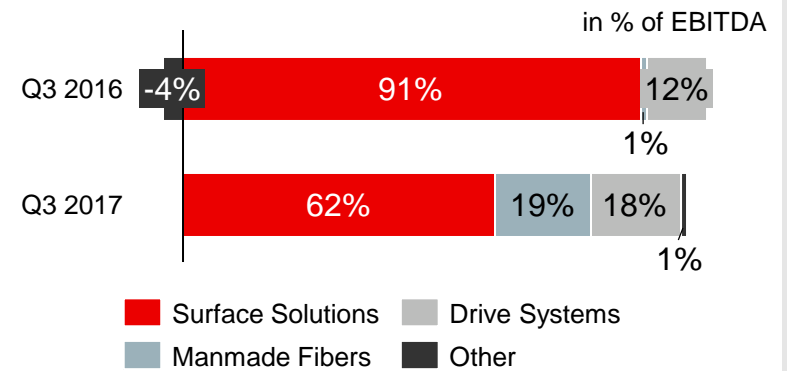
Sales growth	Q3 17 vs. Q3 16 (y-o-y)	Q3 17 vs. Q2 17 (q-o-q)
Reported	31.5%	4.8%
Performance	30.1%	3.2%
FX translation	1.4%	1.6%

Business split – Improvement in Manmade Fibers / Drive Systems reflected in Group split

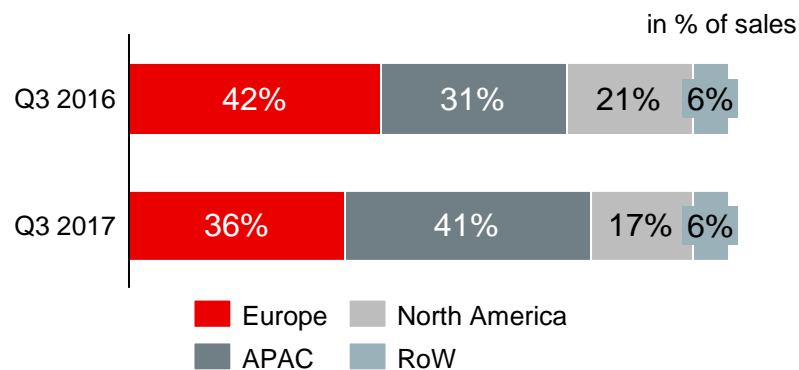
Segment sales split



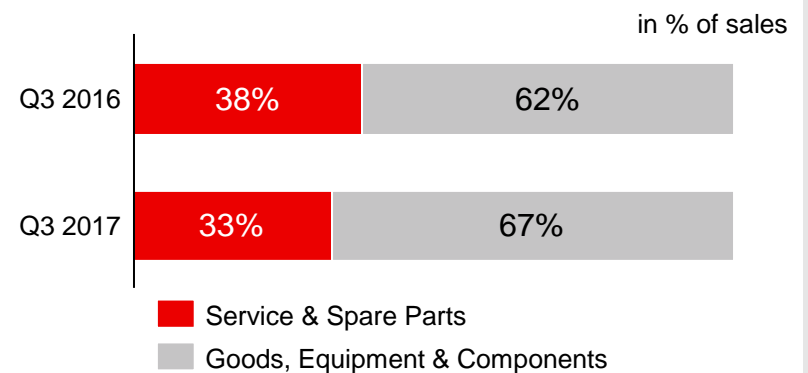
Segment EBITDA split



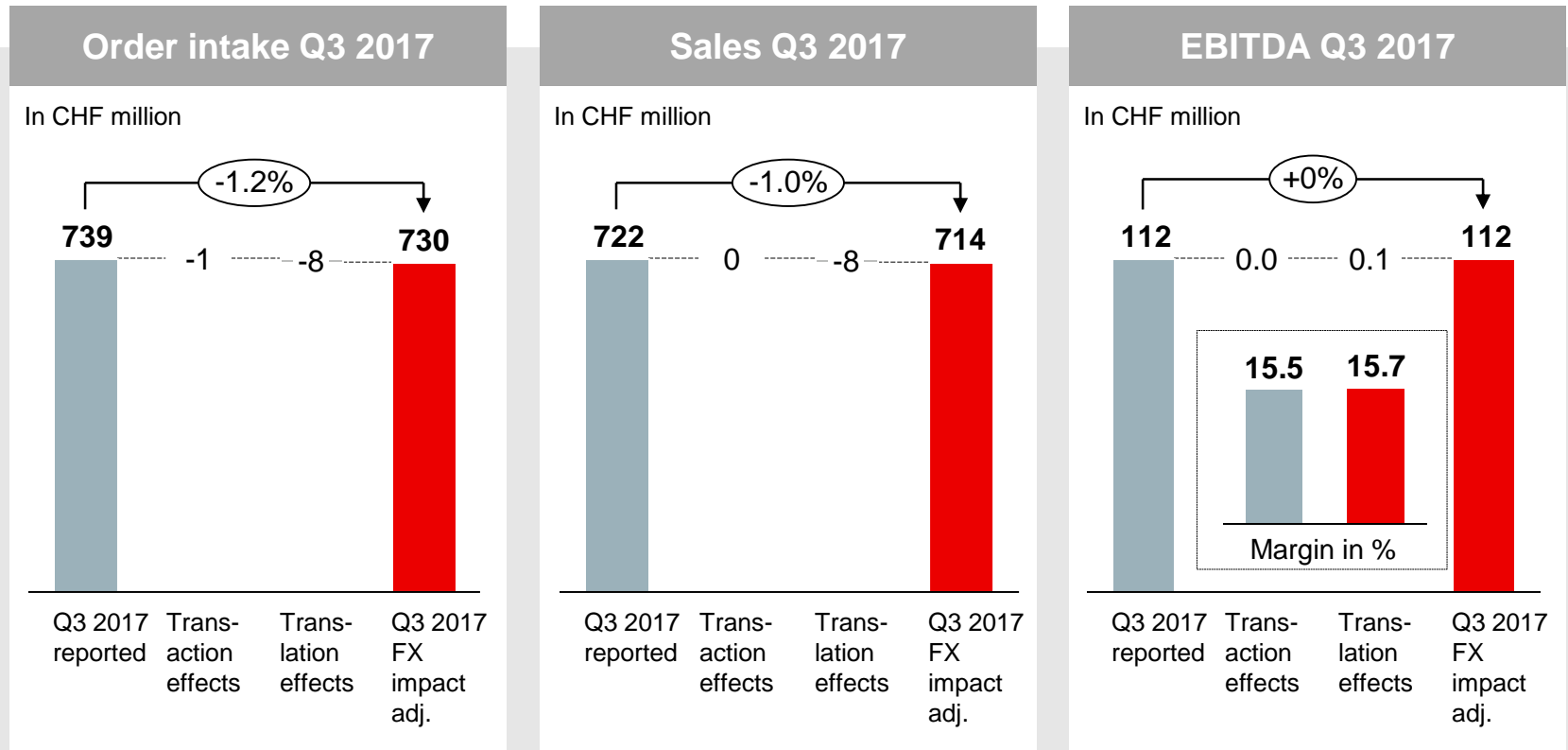
Regional sales split



Service business



FX impact on Orders, Sales and EBITDA in Q3 2017



- Top-line impact mainly related to currency translation as a result of reporting currency CHF
- Devaluation of CNY & JPY against CHF vs. appreciation of USD & INR against CHF
- Impact on EBITDA margin insignificant

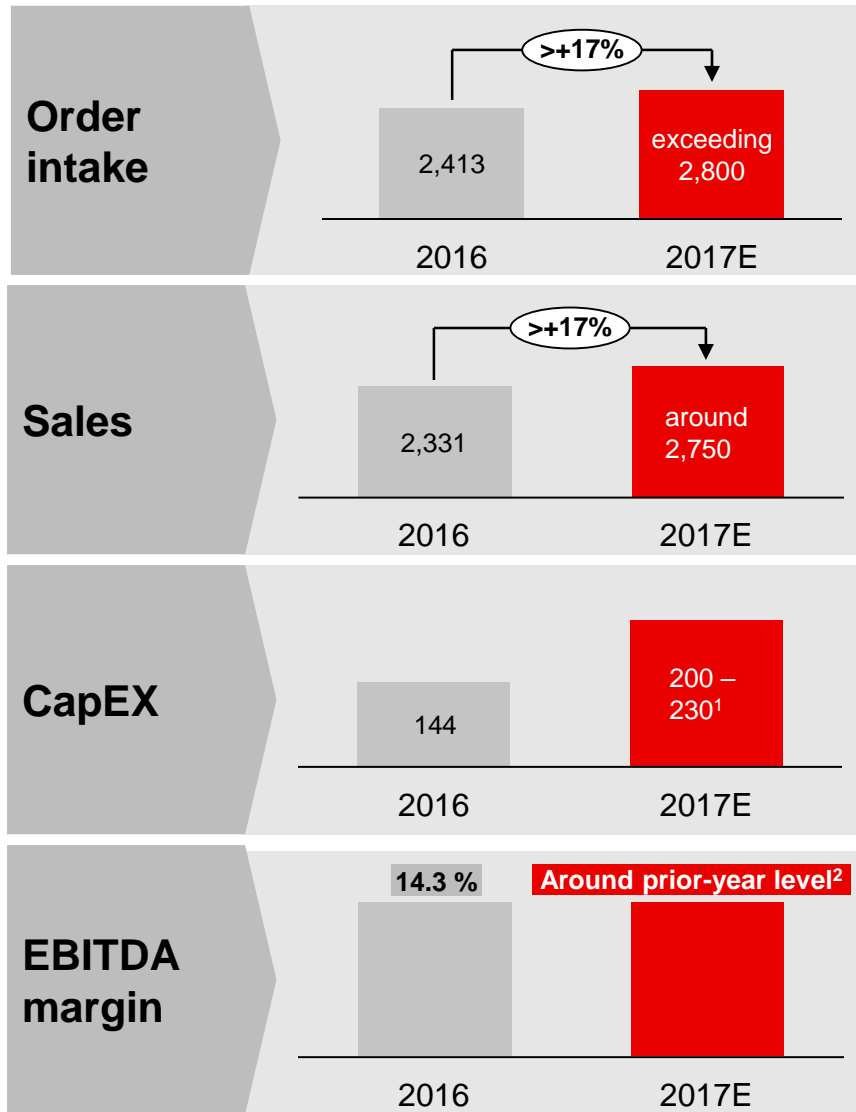
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2017 Group guidance further increased – Positive sentiment continued in Q3



Underlying Group / Segment assumptions

Oerlikon Group

- Macro-economic and global political environment to remain uncertain
- Over 17 % order and sales growth
- Reported EBITDA margin around prior-year level²
- Smaller acquisitions included in guidance

Surface Solutions Segment

- ~ 8% organic order and ~ 7 % organic sales growth (excluding AM and smaller acquisitions, reported ~ 8–9 %)
- Reaching upper end of EBITDA margin in corridor of 20–22 % excluding AM investments (reported upper end of 18–20 % corridor)

Manmade Fibers Segment

- Positive sentiment in filament and staple fibers equipment
- Order intake to increase to CHF 750 m to CHF 800 m
- Sales up around CHF 700 m
- Margin expected at 7.5 % as result of operating leverage and operational improvements

Drive Systems Segment

- Order intake to grow ~ 20 % due to new business wins and initial recovery of end markets
- Sales increase to around CHF 700 m
- Double-digit EBITDA margin as a result of continued execution of repositioning initiatives and increased volume

¹ Including around CHF 50 m related to Additive Manufacturing (AM); ² Including full absorption of all related unchanged investment expenses in AM

Summary – Strong operational performance and guidance increase

Create a global surface solutions and advanced materials powerhouse

1. Continued execution of Group strategy
2. Strong operational performance across all Segments in Q3 – top-line and profitability
3. 2017 guidance increased

Thank you.



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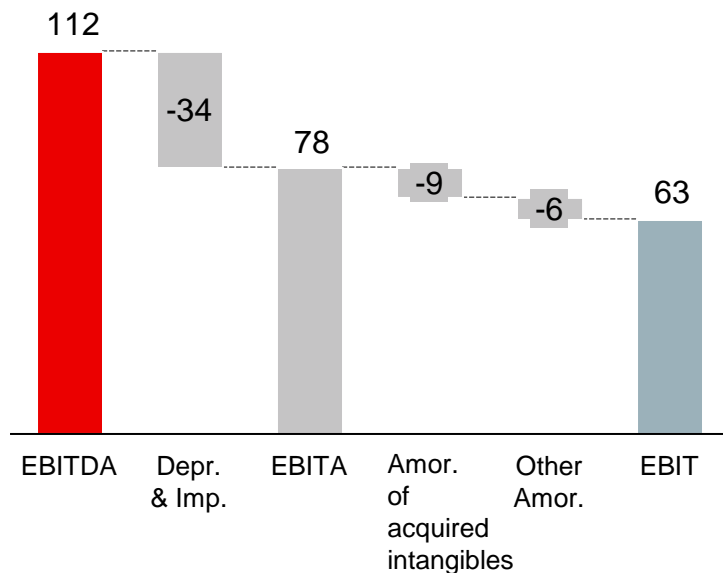
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EBITDA to EBIT bridge for Oerlikon Group

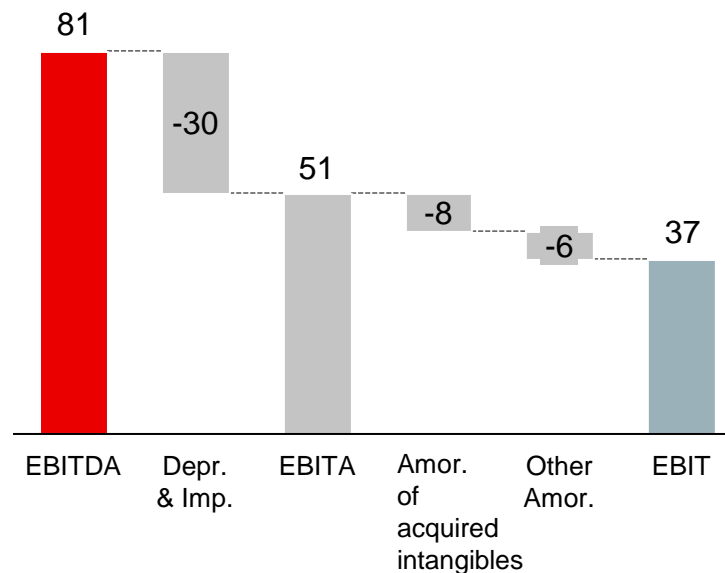
EBITDA to EBIT bridge – Q3 2017

In CHF million



EBITDA to EBIT bridge – Q3 2016

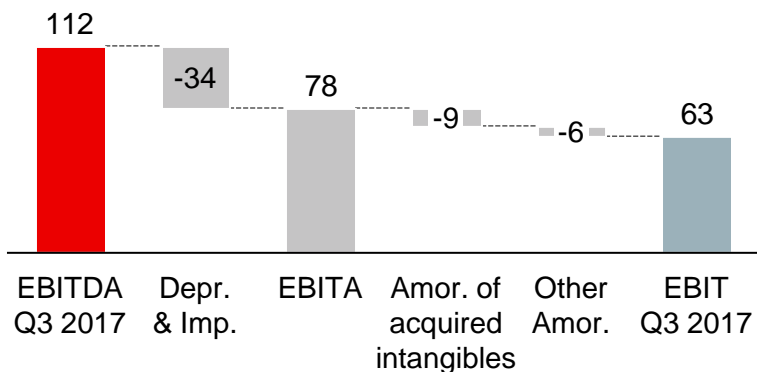
In CHF million



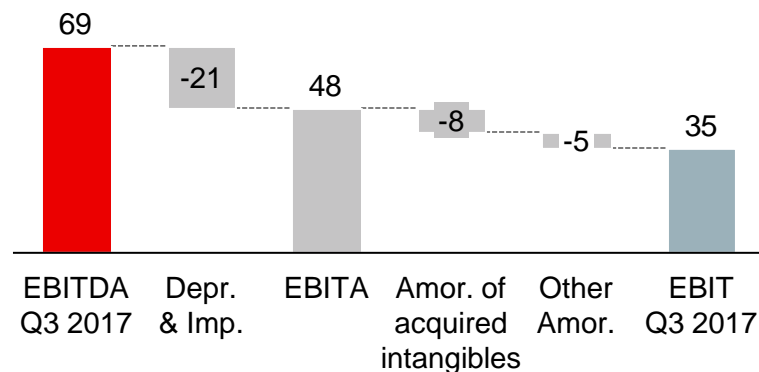
- Amortization of identified acquired intangible assets mainly attributable to Metco transaction

EBITDA to EBIT bridge per Segment Q3 2017

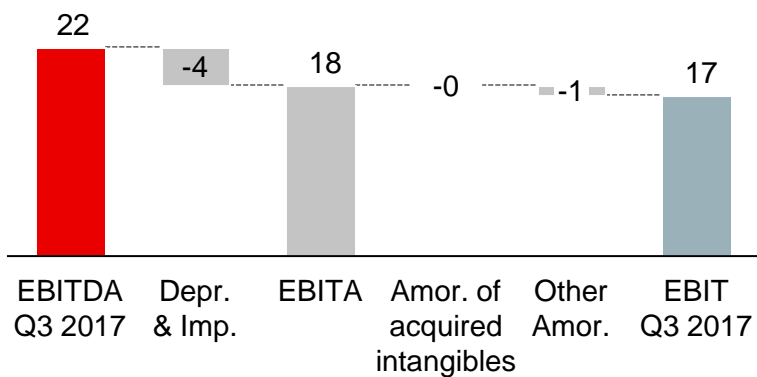
Oerlikon Group



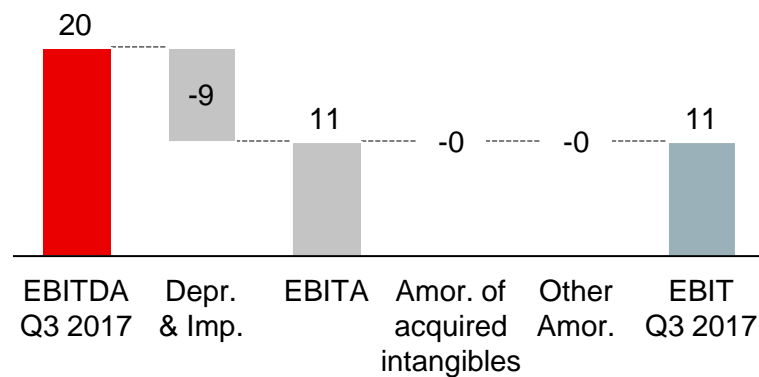
Surface Solutions Segment



Manmade Fibers Segment

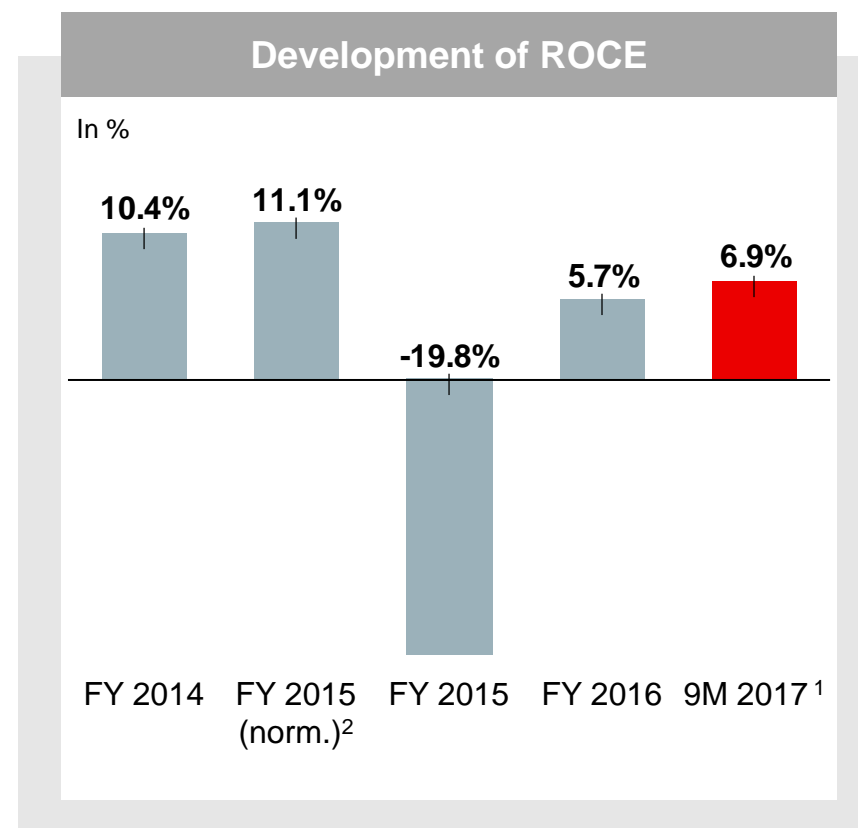


Drive Systems Segment



Return On Capital Employed (ROCE)

Oerlikon Definition of ROCE	9M 2017 ¹	FY 2016
EBIT	199	158
- Total current income tax	-76	-65
- Total deferred tax income	10	12
NOPAT	133	105
Net Operating Assets	1 943	1 867
+ Current income tax receivables	26	41
+ Deferred tax assets	156	159
- Current income tax payables	-54	-44
- Deferred tax liabilities	-159	-159
Capital Employed	1 912	1 864



- 9M 2017 ROCE¹: 6.9 % as result of higher NOPAT year-on year due improved operating profitability over a more or less stable asset base
- Sequentially higher ROCE compared to 6.2 % in H1 2017¹

¹ 12-months rolling

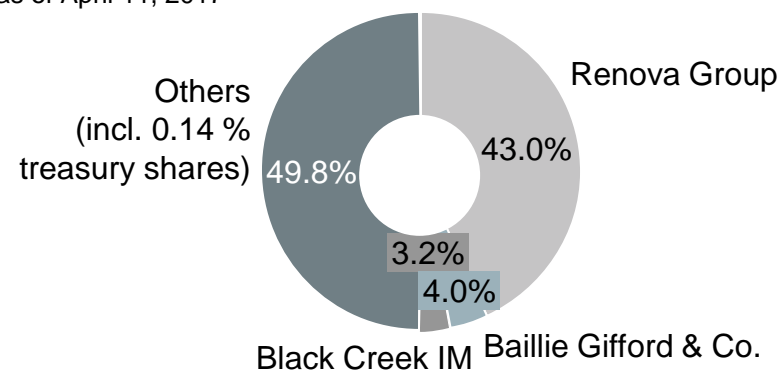
² Normalized EBIT excl. one-time restructuring costs of CHF 112 million and impairments of CHF 476 million; Current income taxes adjusted accordingly

Oerlikon shares

- Listed on Swiss Exchange (SIX) since 1973
- Securities symbol: OERL
- Securities number 81 682
- ISIN: CH0000816824
- No. of shares outstanding: 339 758 576 shares
- Re-entry to Swiss SMIM (April 17, 2012)
- Addition to STOXX Europe 600 (June 18, 2012)
- Addition to SPI Select Dividend 20 (Mach 20, 2017)

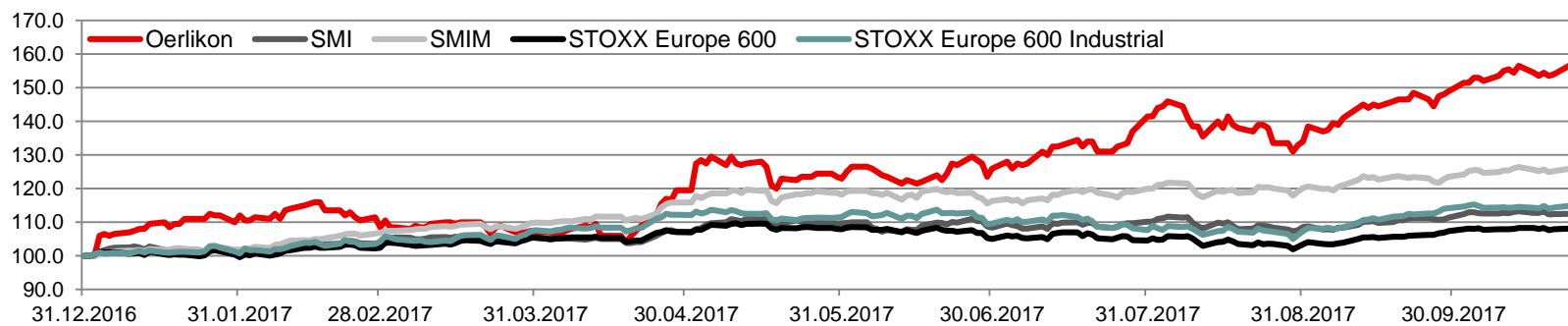
Oerlikon shareholder structure¹

as of April 11, 2017



Oerlikon share price development

as of October 26, 2017, indexed; 100 percent = closing price per December 31, 2016



¹ Based on latest notification by Renova (as of December 17, 2015 of 146 222 889 shares), Black Creek (as of April 11, 2017 of 10 875 500 voting rights) and Baillie Gifford (as of July 25, 2017, of 13 634 046 voting rights)

Coverage – 7 Buy / Accumulate 5 Hold / Neutral – 2 Underperform / Sell

Broker	Analyst	Recommendation	Date of last update	Target price
AlphaValue	Heinz Steffen	Reduce	26.10.2017	15.50
Baader Helvea	Reto Amstalden	Buy	13.10.2017	15.80
Berenberg Bank	Sebastian Künne	Hold	21.06.2017	13.00
Credit Suisse	Patrick Laager	Outperform	10.08.2017	16.00
Jefferies	Graham Phillips	Hold	06.09.2017	15.00
Kepler Cheuvreux	Torsten Sauter	Hold	26.10.2017	14.75
MainFirst	Sven-Erik Schipanski	Underperform	04.10.2017	12.60
Mirabaud	Thomas Baumann	Buy	05.10.2017	15.50
Octavian	Alessandro Foletti	Buy	10.08.2017	15.60
RBC Capital Markets	Wasi Rizvi	Outperform	09.10.2017	17.00
Societe Generale	Christophe Quarante	Hold	02.06.2017	13.50
UBS	Fabian Haecki	Buy	24.10.2017	17.00
Vontobel	Michael Foeth	Buy	27.10.2017	17.00
ZKB	Armin Rechberger	Marketweight	24.10.2017	-
Consensus		7 positive 5 neutral 2 negative		15.25

August 8, 2017	Q2 / HY 2017 results and publication of Interim Report 2017 - Media & Analyst Conference Call
October 31, 2017	Q3 / 9M 2017 results - Media & Analyst Conference Call
March 6, 2018	FY / Q4 results and publication of Annual Report 2017 - Media & Analyst Conference in Zurich
April 10, 2018	Annual General Meeting of Shareholders - KKL Lucerne
May 2, 2018	Q1 2018 results - Media & Analyst Conference Call
August 7, 2018	Q2 / HY 2018 results and publication of Interim Report 2018 - Media & Analyst Conference Call
October 30, 2018	Q3 / 9M 2018 results - Media & Analyst Conference Call

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