

Third quarter 2015 results

Oerlikon continued to deliver good profitability in a challenging market

- Strong profitability with an EBITDA margin of 16.3 % – 15th consecutive quarter with an EBITDA margin exceeding 15 %
- Orders and sales below previous year’s level impacted by headwinds in key markets and negative currency effects
- Surface Solutions Segment with solid business and high profitability
- Increased share of service revenues to 33.4 % of total Group sales
- Execution of investments in best-in-class businesses, operational excellence and cost measures on track and to be intensified
- 2015 top-line growth guidance aligned to new market realities while profitability target confirmed
- Investor Day scheduled for November 30, 2015

Key figures of the Oerlikon Group as of September 30, 2015 (in CHF million)

	Q3 2015	Q3 2014	Δ	9M 2015	9M 2014	Δ
Order intake	691	825	-16.2 %	2 214	2 227	-0.6 %
Order backlog	562	773	-27.3 %	562	773	-27.3 %
Sales	722	851	-15.2 %	2 284	2 342	-2.5 %
EBITDA	118	135	-12.6 %	381	389	-2.1 %
EBITDA margin	16.3 %	15.9 %	–	16.7 %	16.6 %	–
ROCE (rolling 12-month)	9.3 %	10.2 %	–	9.3 %	10.2 %	–

Pfäffikon, Schwyz, Switzerland – October 27, 2015 – “We delivered good profitability in the third quarter, increased the share of our service business and advanced in aligning the way forward for the Group. Acknowledging and addressing the demanding economic climate, we made further progress in managing our operational efficiency and costs,” said Dr. Brice Koch, CEO of the Oerlikon Group. “Our Surface Solutions business is developing well and successfully maintained strong profitability even when facing headwinds from some key markets. In order to mitigate the continuing market challenges, we will be intensifying our efforts to protect our profitability, strengthen our market competitiveness, and increase our operational agility and business resilience.”

Oerlikon Group third quarter review

In the third quarter of 2015, the Group's order intake came in at CHF 691 million, 16.2 % lower compared to the CHF 825 million seen in Q3 2014. Group sales were at CHF 722 million in Q3 2015, a decline of 15.2 % year-on-year. At constant exchange rates, sales stood at CHF 761 million, representing a negative currency impact of 5.4 %. Despite lower sales, the Group was able to achieve a solid EBITDA of CHF 118 million, correlating to an EBITDA margin of 16.3 %. This marks the 15th consecutive quarter with an EBITDA margin exceeding 15 %. EBIT for Q3 2015 stood at CHF 74 million (Q3 2014: CHF 88 million). The third quarter performance resulted in a rolling 12-month Oerlikon Group ROCE of 9.3 % versus 10.2 % in 2014.

The solid performance of the Surface Solutions Segment is based on its robust business model. Orders and sales came in marginally below the previous year's level and the Segment successfully maintained strong profitability year-on-year and sequentially, with an EBITDA margin of over 20 % for four consecutive quarters. The Manmade Fibers Segment was affected by accelerated market normalization, which became more evident due to the economic weakness and uncertainties in China, leading to postponements of orders for large scale projects. The Segment reported declines in orders and sales, but successfully maintained its EBITDA margin at over 16 %. The global market conditions in the oil and gas, agriculture and construction sectors continued to develop unfavorably, resulting in further declines in sales and orders for the Drive Systems Segment. The Segment maintained its EBITDA margin at around 10 %. The Vacuum Segment recorded lower orders, sales and EBITDA margin year-on-year as a result of weaknesses across its key markets.

In the third quarter of 2015, Oerlikon continued to strengthen its best-in-class businesses, specifically, the Surface Solutions and Manmade Fibers Segments. The increased focus on the Surface Solutions Segment contributed to reinforcing the Group's overall profitability and resilience to market cycles, while also providing further growth opportunities. Following the premiere of its joint technology service center in Canada for both competence brands – Oerlikon Balzers and Oerlikon Metco in July, the Surface Solutions Segment opened its first Europe-based automotive competence center in Slovakia. The Manmade Fibers Segment also continued to enhance its service offering as it began the construction of a new customer service center in Baroda, India, in addition to the previously announced opening of a new service center in Dalton, USA and a new technology center in Chemnitz, Germany. With its extended footprint and the improved proximity and service offering to customers, the Group increased its service business in the third quarter of 2015, with service revenues making up 33.4 % of total Group sales.

2015 outlook

The world economic situation remains demanding. The US economic outlook continues to be positive but an interest rates hike by the Federal Reserve is still expected. Asia is reeling as it tries to brace itself from the impacts of the uncertainty and low visibility surrounding China's ongoing downturn. And Europe still faces economic and political challenges. On an industry level, the automotive, agriculture and energy sectors are expected to remain demanding and unsettled. Considering the Group's performance in the third quarter of 2015 and the market developments in recent months, the Group is aligning its top line growth targets according to the recent assessments of the markets, but expects to maintain its level of profitability. The full-year guidance on the following key financial metrics at constant exchange rates is:

- Order intake to increase by low single digits
- Sales to be at prior-year level
- EBITDA margin to be sustained at prior-year level

An Investor Day is scheduled to take place on November 30, 2015. Further information can be found in this media release under "Additional information".

Surface Solutions Segment

Key figures of the Surface Solutions Segment as of September 30, 2015 (in CHF million)

	Q3 2015	Q3 2014	Δ	9M 2015	9M 2014	Δ
Order intake	299	317	-5.7 %	915	644	42.1 %
Order backlog	86	91	-5.5 %	86	91	-5.5 %
Sales (to third parties)	296	312	-5.1 %	904	639	41.5 %
EBITDA	63	46	37.0 %	193	108	78.7 %
EBITDA margin	21.3 %	14.6 %	–	21.3 %	16.8 %	–

The Surface Solutions Segment delivered a solid performance in the third quarter of 2015. Despite the weaker demand in the global automotive and tooling sectors and in the materials markets for the oil and gas business, order intake and sales came in marginally below prior-year level, at CHF 299 million and CHF 296 million, respectively. The aviation and power generation markets showed further signs of positive developments.

EBITDA for the third quarter amounted to CHF 63 million, corresponding to a margin of 21.3 %. This represents the fourth consecutive quarter in which the EBITDA margin for the Segment has been over 20 %. EBIT for Q3 2015 stood at CHF 38 million (Q3 2014: CHF 18 million). The strong operating profitability year-on-year reflects mainly the absorbed integration and transaction costs, the acquisition accounting effects, and the cost synergies gained from merging the relevant Oerlikon Balzers' and Oerlikon Metco's operations.

After the premiere of its joint technology service center in Guelph, Canada for both competence brands – Oerlikon Balzers and Oerlikon Metco in July, the Segment strengthened its market reach with the opening of its first automotive competence center in Europe, located in Slovakia. In this quarter, the Segment launched BALINIT® CROMA and BALINIT CROMA PLUS – this new family of surface solutions represents another “first” stemming from its integration of both competence brands, allowing customers to benefit from Oerlikon Metco's thin-film technology and Oerlikon Balzers' well-established service expertise and network.

Manmade Fibers Segment

Key figures of the Manmade Fibers Segment as of September 30, 2015 (in CHF million)

	Q3 2015	Q3 2014	Δ	9M 2015	9M 2014	Δ
Order intake	181	221	-18.1 %	582	689	-15.5 %
Order backlog	286	402	-28.9 %	286	402	-28.9 %
Sales (to third parties)	181	246	-26.4 %	598	816	-26.7 %
EBITDA	30	52	-42.3 %	103	175	-41.1 %
EBITDA margin	16.3 %	21.3 %	–	17.2 %	21.4 %	–

In addition to the ongoing market normalization, the growing economic and regulatory uncertainties, tightened financing and stock market stumble in China in the third quarter of 2015 have resulted in the postponements of large-scale projects and weaker customer demand. Compared to the previous year, order intake (-18.1 %) and sales (-26.4 %) both declined for the Manmade Fibers Segment.

Despite the lower top line and changed product mix, EBITDA came in at CHF 30 million, corresponding to a margin of 16.3 %. EBIT for Q3 2015 stood at CHF 25 million (Q3 2014: CHF 48 million).

The Segment is taking decisive measures to cope with the accelerated market normalization driven by the recent adverse developments in China. These measures include strengthening its service business, expanding its business in adjacent markets and in other regions, as well as accelerating cost-effective programs to maintain its market position and competitiveness.

Following the opening of a service center in Dalton, USA and a technology center in Chemnitz, Germany in this quarter, the Segment began the construction of a new customer service station in Baroda, India. For the upcoming ITMA 2015 exhibition in Milan from November 12 to 19, the Segment will be showcasing diverse new technologies: these range from comprehensive plant solutions for continuous polycondensation to the new members of the successful WINGS (Winding INtegrated Godet Solution) family: WINGS FDY PLUS (for fully drawn yarn) that provides highest yarn quality, a larger operation window and higher packages weights, and the new WINGS POY XS-Series (for partially oriented yarn) that offers various types for the modernization and upgrade of conventional spinning plants. Furthermore, the Segment will be presenting the new WinTape (for tapes and monofilaments) and new eco-friendly dope-dyeing solutions, as well as a new version of the Plant Operation Center (POC) – a complete software solution that manages the entire spinning and texturing production process, fully in line with Industry 4.0.

Drive Systems Segment

Key figures of the Drive Systems Segment as of September 30, 2015 (in CHF million)

	Q3 2015	Q3 2014	Δ	9M 2015	9M 2014	Δ
Order intake	129	190	-32.1 %	444	604	-26.5 %
Order backlog	121	200	-39.5 %	121	200	-39.5 %
Sales (to third parties)	157	194	-19.1 %	511	596	-14.3 %
EBITDA	16	20	-20.0 %	51	62	-17.7 %
EBITDA margin	10.1 %	10.3 %	–	10.0 %	10.5 %	–

The ongoing low demand in the oil and gas, mining and agriculture sectors resulted in lower orders and sales for the Drive Systems Segment for the third quarter of 2015. Order intake came in at CHF 129 million (-32.1 %) and sales amounted to CHF 157 million (-19.1 %).

Thanks to its ongoing efforts in cost savings initiatives, the Segment recorded an EBITDA of CHF 16 million, despite facing tough market conditions. EBIT for Q3 2015 was reported at CHF 6 million (Q3 2014: CHF 10 million). The Segment accelerated its operational excellence initiatives with the installation of additional robotic manufacturing cells that will enhance both quality and productivity.

Vacuum Segment

Key figures of the Vacuum Segment as of September 30, 2015 (in CHF million)

	Q3 2015	Q3 2014	Δ	9M 2015	9M 2014	Δ
Order intake	82	97	-15.5 %	273	290	-5.9%
Order backlog	69	80	-13.8 %	69	80	-13.8%
Sales (to third parties)	88	99	-11.1 %	271	291	-6.9%
EBITDA	6	11	-45.5 %	25	30	-16.7%
EBITDA margin	7.3 %	11.2 %	–	9.2 %	10.2 %	–

In Q3 2015, the Vacuum Segment faced a difficult market environment across key regions and industries. Accordingly, order intake (-15.5 %) and sales (-11.1 %) came in lower than the previous year.

Consequent to the impacts on the top line and despite operational excellence initiatives, EBITDA was lower at CHF 6 million and the margin stood at 7.3 %. EBIT for Q3 2015 amounted to CHF 3 million (Q3 2014: CHF 8 million).

In the third quarter, the Segment launched its new online shop in six languages, allowing customers in twelve countries to purchase selected vacuum technology products, accessories and after-sales

services over the Internet. The evaluation of strategic options for the future development of the Segment is ongoing.

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Additional information

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

Country	Toll-free:	Toll-local:
Switzerland	0800 005 207	+41 44 583 18 01
Germany	0800 62 70 746	+49 69 22 22 33 617
UK	0800 376 2961	+44 203 009 2453
USA	+1 855 402 7767	-

The accompanying presentation can be viewed simultaneously via the following link:
<http://event.mescdn.com/oerlikon/webcast-20151027>

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

Save the date: Investor Day

Oerlikon will be hosting an Investor Day at the Convention Point, SIX Swiss Exchange, Selnaustrasse 30, 8001 Zurich, Switzerland on November 30, 2015 at 14:00hrs CET. To participate, we kindly ask you to fill out the registration form at www.oerlikon.com/en/investorday2015

About Oerlikon

Oerlikon (SIX: OERL) is a leading global technology Group, focusing on providing market-leading technologies and services for surface solutions, manmade fibers manufacturing, drive systems and vacuum pumps and components in growth markets. These cutting-edge technologies benefit customers by improving their product performance, productivity, efficient use of energy and resources, and also by contributing to a more sustainable environment. A Swiss company with over 100 years of tradition, Oerlikon has a global footprint of over 15 500 employees at more than 200 locations in 36 countries and sales of CHF 3.2 billion in 2014. The company invested CHF 121 million in R&D in 2014 and has over 1 300 specialists developing innovative and customer-oriented products and services.

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