

Strong increase in Group orders and sales in second quarter 2017

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Q2/ H1 2017 Business Update

August 8, 2017



1 Q2 2017 Business Update

2 Q2 2017 Financial Review

3 Outlook

4 Appendix

Positive performance continues across all Segments – Confidence to deliver guidance

Q2 2017 at a glance

Execution of Group strategy (Invest – Manage – Fix)

- Organic investments in Surface Solutions (New centers in Japan and the US)
- Smaller acquisition in Surface Solutions (Materials Solutions)
- Organic investments and partnerships in Additive Manufacturing (Surface Solutions Segment)
- Disciplined Manmade Fibers capacity ramp up to execute strong project order book
- Continued repositioning efforts in Drive Systems Segments delivered double-digit EBITDA profitability

Operational performance

- Strong order growth in all Segments – Group Order Intake up 21.9 % yoy.
- Group Sales increased by 19.4 %, or 20.1 % excluding FX
- Group book-to-bill of 1.05
- The core business Surface Solutions saw double-digit growth in orders and 7.9 % in sales.
- Group EBITDA margin of 13.4 % impacted by expected ramp up costs in Additive Manufacturing and time-lag of contribution from Manmade Fibers => underlying margin profile above 14 %.
- Share of service revenues was 34.3 % of total Group sales (Q2 2016: 36.0 %).

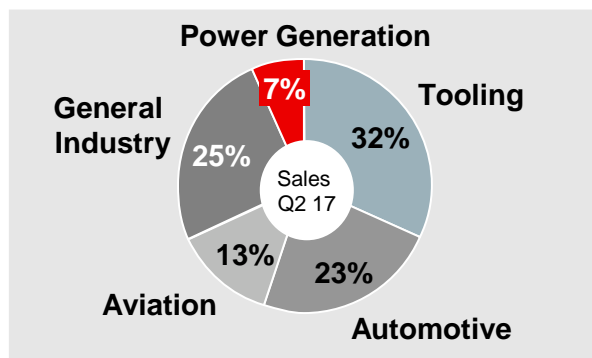
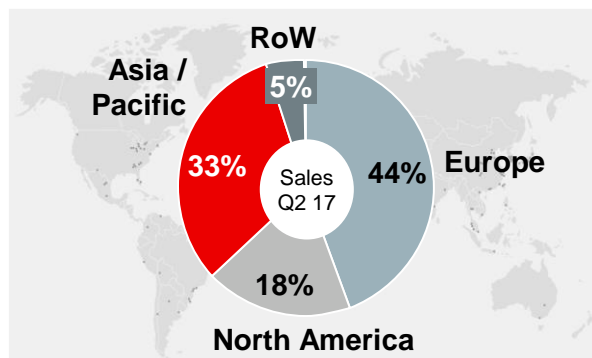
Guidance 2017 confirmed

- Confidence to deliver order intake and sales at around CHF 2.6 billion.
- Reported EBITDA margin guidance approaching 14 % with full absorption of the unchanged planned expenses for additive manufacturing ramp-up.

Surface Solutions Segment – Strong underlying profitable growth



in CHF million	Q2 17	Q2 16	y-o-y	y-o-y ex FX	H1 17	y-o-y	y-o-y ex FX
Order intake	342	311	10.0%	10.5%	694	12.5%	13.3%
Sales (3 rd parties)	340	315	7.9%	8.5%	672	10.3%	11.2%
EBITDA	70	71	-1.4%	–	141	6.0%	–
In % of sales	20.6%	22.4%	-1.8 pp	–	20.8%	-0.9 pp	–
EBIT	40	43	-7.0%	–	80	5.3%	–
In % of sales	11.6%	13.4%	-1.8 pp	–	11.8%	-0.6 pp	–



Operational performance:

- Profitable growth in orders and sales across all industries
- Acquisitions and material surcharges in total added ~CHF 6m to top-line in Q2
- Solid growth trends in coating services for tooling and automotive/friction systems
- EBITDA profitability above 20% incl. AM ramp up costs
- Key partnership agreement with GE Additive signed
- Technology acquisition in materials (Scoperta Inc.)

Market development:

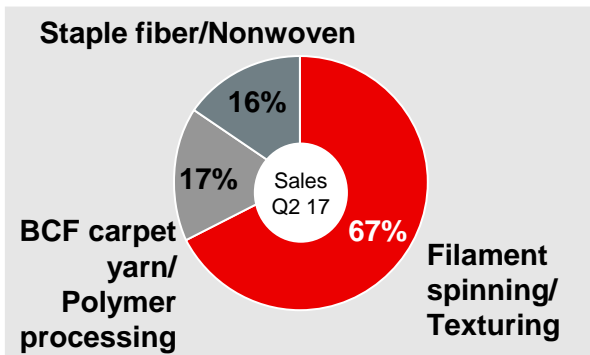
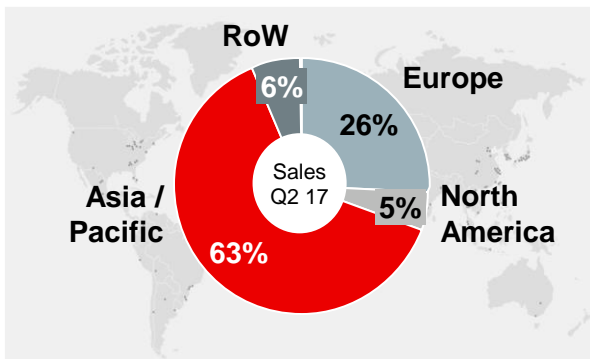
- Strong tooling market in all regions, especially strong demand from Asia/Japan
- Noticeable uptake in general industries (IP¹)
- Stable upward trend in automotive; Asia in particular
- Aerospace market remains healthy driven by new engine programs and MRO² business
- Power generation with slight industry growth
- Some recovery in oil & gas

¹ IP = Industrial Production ² MRO = Maintenance, Repair & Overhaul;

Manmade Fibers Segment – Market recovery continues / order book is translating into sales



in CHF million	Q2 17	Q2 16	y-o-y	y-o-y ex FX	H1 17	y-o-y	y-o-y ex FX
Order intake	198	125	58.4%	61.0%	377	51.4%	54.5%
Sales (3 rd parties)	173	98	76.5%	79.4%	279	17.7%	20.0%
EBITDA	4	-2	>100%	–	4	-42.9%	–
In % of sales	2.3%	-1.6%	3.9 pp	–	1.5%	-1.5 pp	–
EBIT	-1	-6	83.3%	–	-6	<-100%	–
In % of sales	-0.6%	-6.1%	5.5 pp	–	-2.2%	-1.4 pp	–



Operational performance:

- Large filament project orders from China, India, Turkey and South America.
- Orders in CP², texturing, staple fibers, BCF¹
- Sales pick up as a result of order book execution and project timings
- Ongoing ramp-up in production capacities with focus on quality of work, processes and costs
- EBITDA margin impacted by ramp up and project profiles → improvement in H2

Market development:

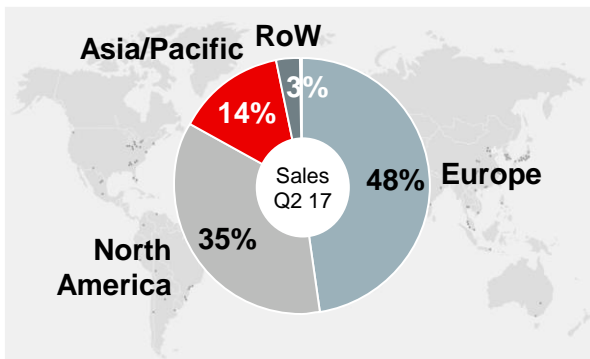
- Continued project activities by Tier 1 customers in Filament market in China
- Pricing improving, but remains challenging
- Positive market sentiment in staple fibers maintains
- Activities in BCF¹ (US / Turkey) exceeding expectations
- Positive trend in texturing continues
- Increased interest in 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	Q2 17	Q2 16	y-o-y	y-o-y ex FX	H1 17	y-o-y	y-o-y ex FX
Order intake	184	158	16.5%	16.1%	365	15.9%	16.2%
Sales (3 rd parties)	176	164	7.3%	7.0%	346	7.1%	7.5%
EBITDA	19	12	58.3%	–	33	57.1%	–
In % of sales	10.8%	7.1%	3.7 pp	–	9.6%	3.2 pp	–
EBIT	8	1	>100%	–	11	>100%	–
In % of sales	4.5%	0.6%	3.9 pp	–	3.3%	3.5 pp	–

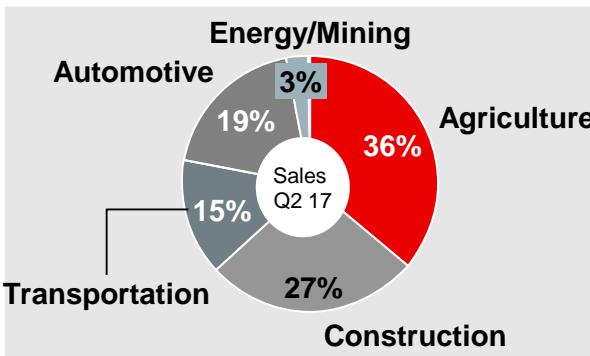


Operational performance:

- New customers and projects in the agriculture, construction, automotive and transportation markets
- Sales growth mainly driven by agricultural, construction and automotive (incl. e-mobility)
- All regions contributing to sales growth
- Higher volumes and reshaping measure lead to an improved EBITDA margin of 10.8%

Market development:

- Agricultural overall improving; with exception of 100+ HPT¹ and large combines in the US
- Construction recuperated with growth in the US and Europe and notably higher investments in China and India
- Transportation market mixed
- A slight increase in the US energy market through shale oil and gas
- Automotive with increasing activities in e-vehicles, good demand for high-perform. cars



¹ HPT = horsepower tractors

1 Q2 2017 Business Update

2 Q2 2017 Financial Review

3 Outlook

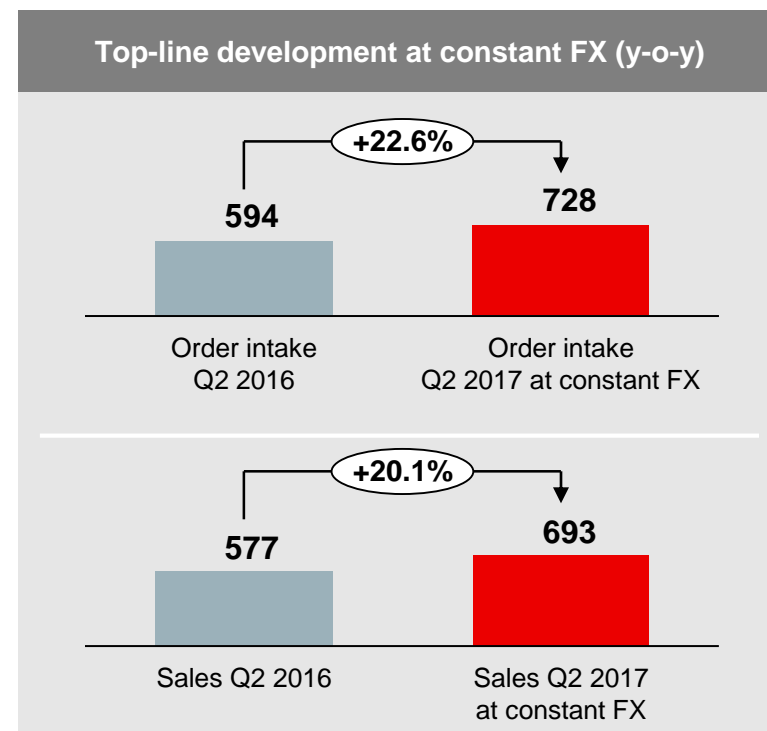
4 Appendix

Overall Group performance builds on good performance in all Segments

in CHF million ¹	Q2 17	Q2 16	y-o-y	H1 17	y-o-y
Order intake	724	594	21.9%	1 436	21.6%
Sales (3 rd parties)	689	577	19.4%	1 297	10.9%
EBITDA	92	80	15.0%	178	13.4%
In % of sales	13.4%	13.9%	-0.5 pp	13.7%	0.3 pp
EBIT	44	36	22.2%	84	23.5%
In % of sales	6.4%	6.2%	0.2 pp	6.5%	0.7 pp

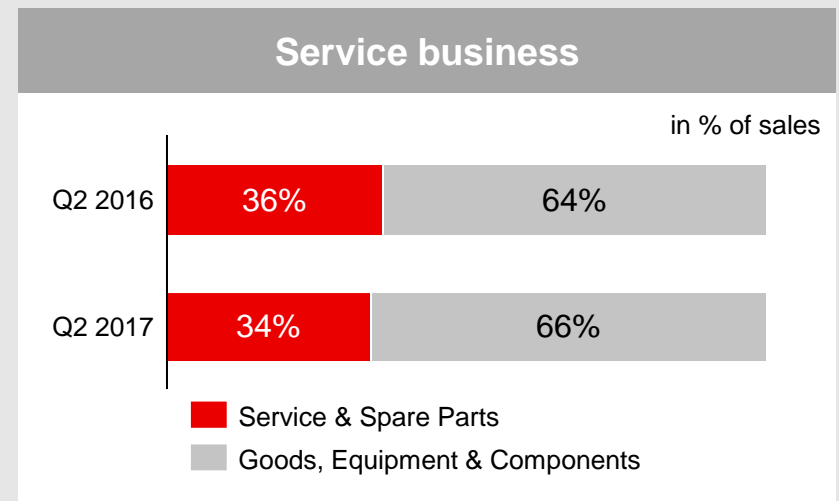
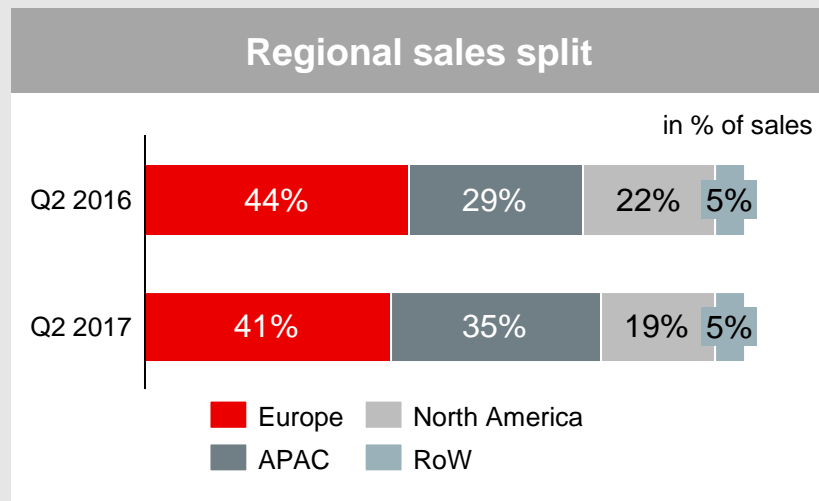
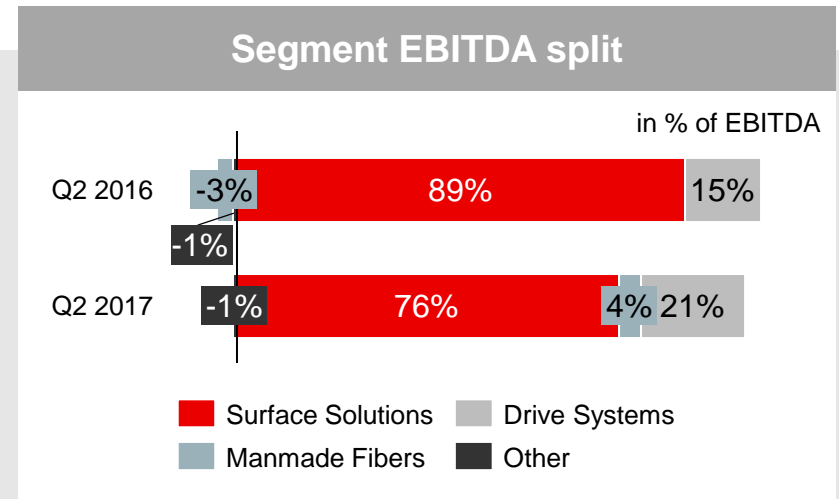
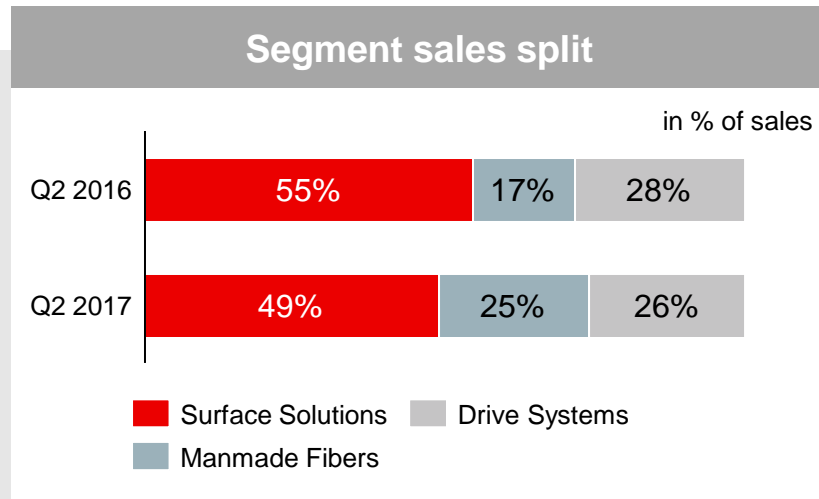
- Surface Solutions Segment with continued strong order and sales growth and sustainable profitability => 11th consecutive quarter with EBITDA margin >20%
- Manmade Fibers and Drive Systems Segments with improved order and sales sentiment
- Group book-to-bill clearly >1

¹ Margins calculated on unrounded figures



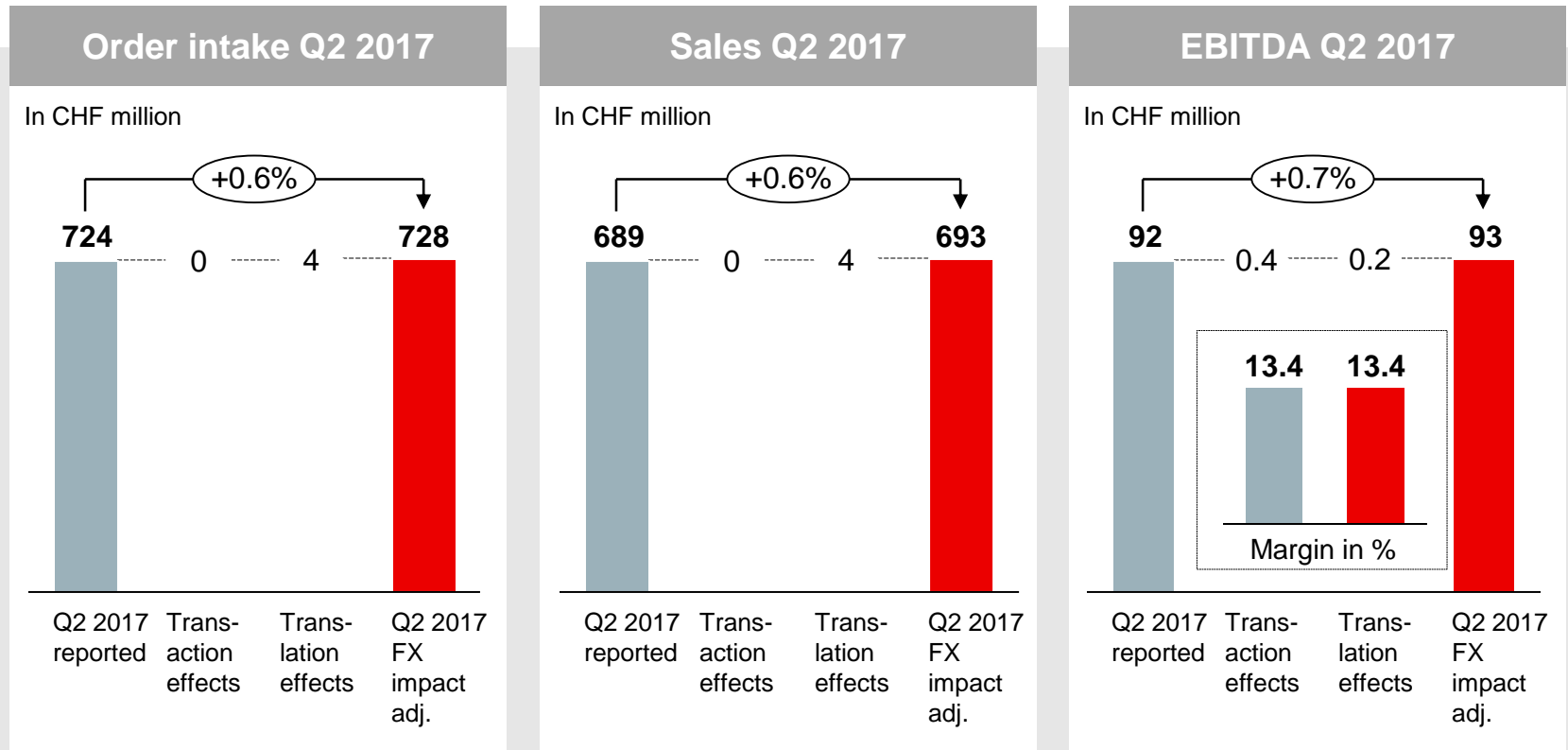
Sales growth	Q2 17 vs. Q2 16 (y-o-y)	Q2 17 vs. Q1 17 (q-o-q)
Reported	19.4%	13.3%
Performance	20.1%	13.0%
FX translation	-0.7%	0.3%

Business split¹ – Improvement in Manmade Fibers/Drive Systems reflected in Group split



¹ Continuing operations

FX impact on Orders, Sales and EBITDA in Q2 2017



- Top-line impact mainly related to currency translation as a result of reporting currency CHF
- Devaluation of CNY & EUR against CHF vs. appreciation of USD & INR against CHF
- No impact on EBITDA margin

Key figures Oerlikon Group – Strong performance in the first half of 2017



in CHF million	H1 2017	H1 2016	Δ
Order intake ¹	1 436	1 181	21.6%
Order backlog ¹	578	401	44.1%
Sales ¹	1 297	1 169	10.9%
EBITDA ¹ % of sales	178 13.7%	157 13.4%	13.4% 0.3 pp
EBIT ¹ % of sales	84 6.5%	68 5.8%	23.5% 0.7pp
Result from continuing operations ¹ % of sales	48 3.7%	31 2.7%	54.8%
Net income	48	43	11.6%
EPS	0.14	0.12	16.7%
Cash flow from operating activities ²	166	144	15.3%
Net operating assets (incl. goodwill and brands)	1 918	1 867 ³	+2.7%

¹ H1 2016 continuing operations, ² before changes in net current assets; ³ As of Dec. 31, 2016

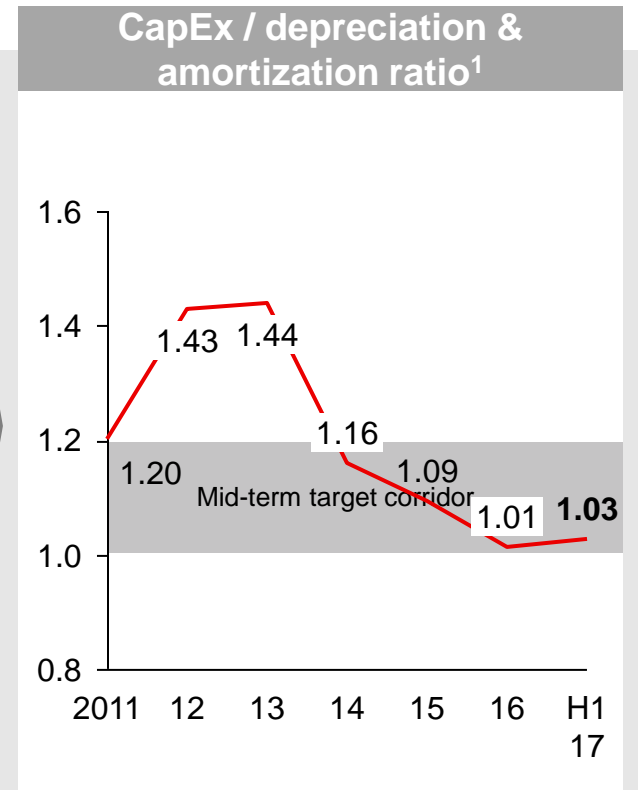
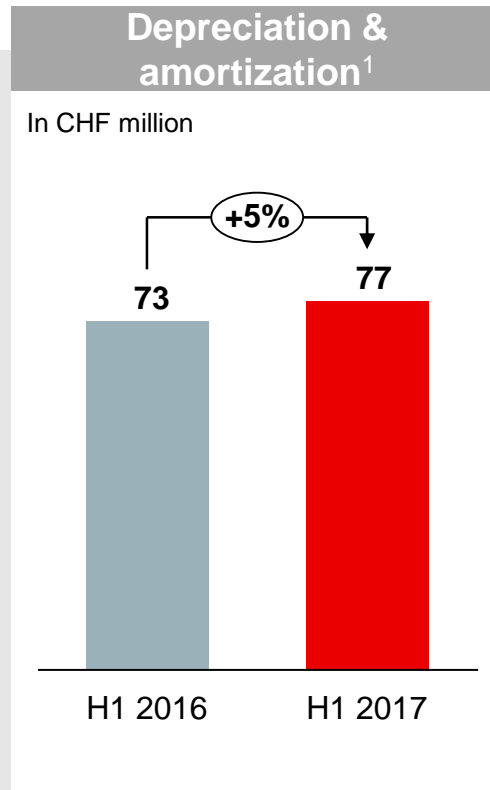
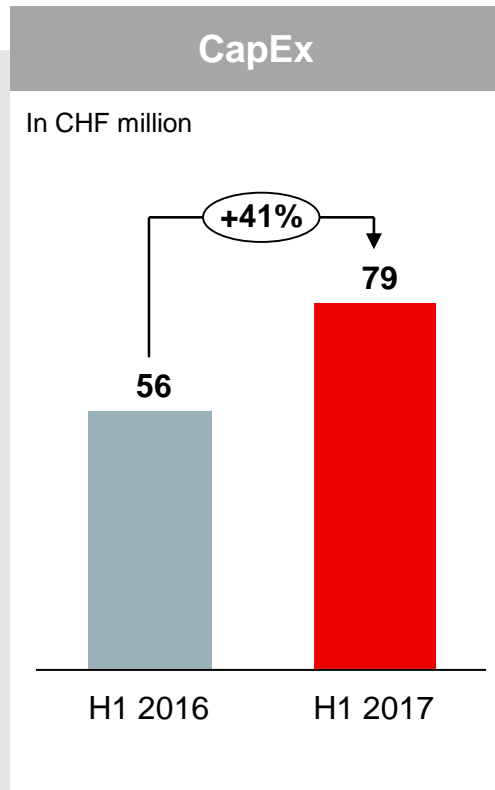
Net income positively impacted by higher profitability and lower financial expenses

in CHF million	H1 2017	H1 2016	Δ
Result before interest and taxes (EBIT) in % of sales	84 6.5%	68 5.8%	23.5% 0.7 pp
Financial result	-8	-13	38.5%
Result before taxes (EBT) in % of sales	76 5.9%	55 4.7%	38.2% 1.2 pp
Income taxes in % of EBT	-28 36.8%	-24 43.6%	-16.7% -6.8 pp
Result from continuing operations in % of sales	48 3.7%	31 2.7%	54.8% 1.0 pp
Result from discontinued operations	-	12	-100%
Net income	48	43	11.6%

Strong unleveraged balance sheet with an equity ratio of 46%

in CHF million	H1 2017	FY 2016
Cash and cash equivalents	691	751
Trade and trade notes receivables	403	369
Inventories	389	353
Property, plant and equipment	735	745
Goodwill and intangible assets	1 175	1 154
Total other assets	504	453
Total assets	3 897	3 825
Trade payables	277	239
Current customer advances	262	167
Non-current loans and borrowings	466	466
Non-current post-employment benefit liabilities	410	433
Total other liabilities	688	680
Total liabilities	2 103	1 985
Total equity	1 794	1 840
Total equity ratio	46%	48%
Net cash	309	401

Group CapEx / depreciation ratio within mid-term target corridor¹



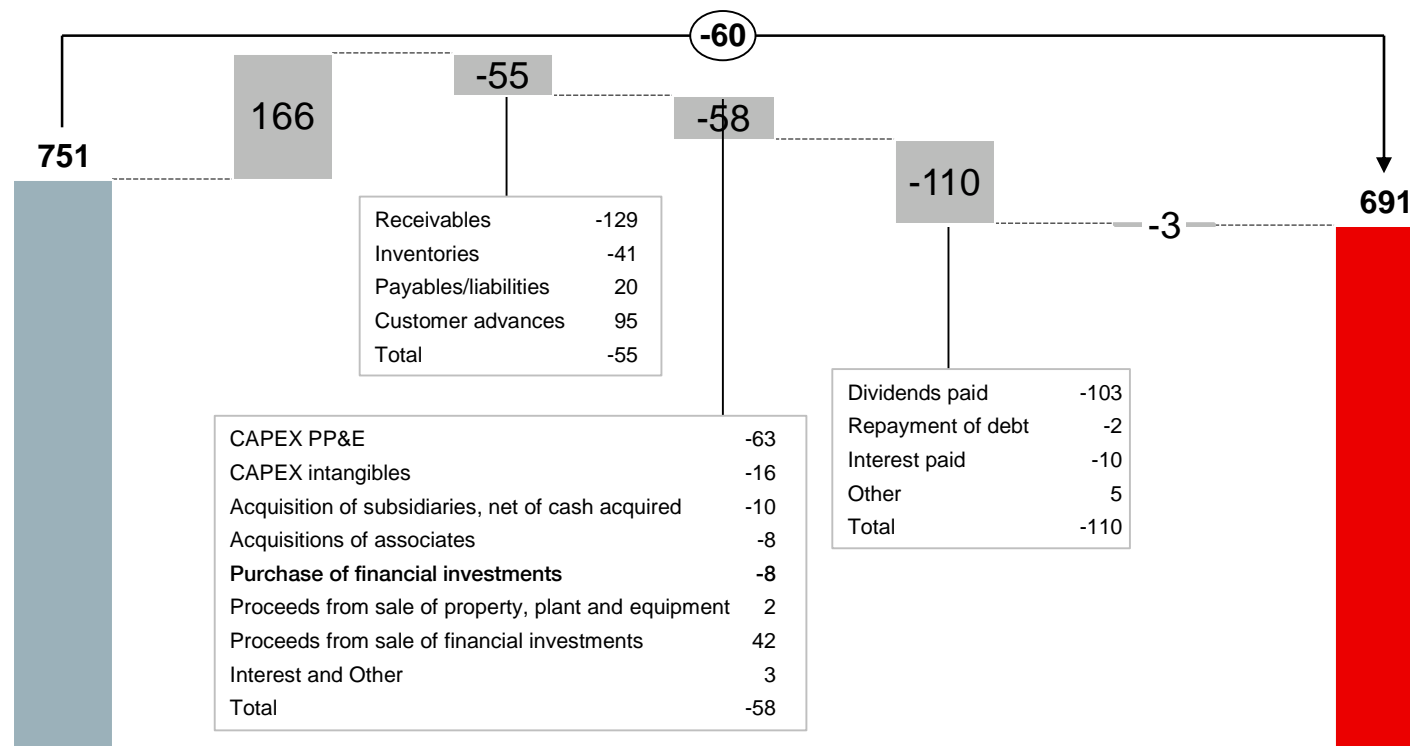
- Surface Solutions Segment ratio of 1.20 due to investments in additive manufacturing as well as capacity and footprint expansion
- Manmade Fibers Segment ratio of 0.60
- Drive Systems Segment ratio at 0.82

¹ Excluding amortization of acquired intangible assets (H1 2016: CHF 16m and H1 2017: CHF17m)

Solid operating cash flow in H1 2017

Consolidated cash flow statement H1 2017

In CHF million



Cash and cash equivalents at the beginning of the period

Operating activities before changes in net current assets

Changes in net current assets

Investing activities

Financing activities

Conversion adjustments to cash and cash equivalents

Cash and cash equivalents at the end of the period

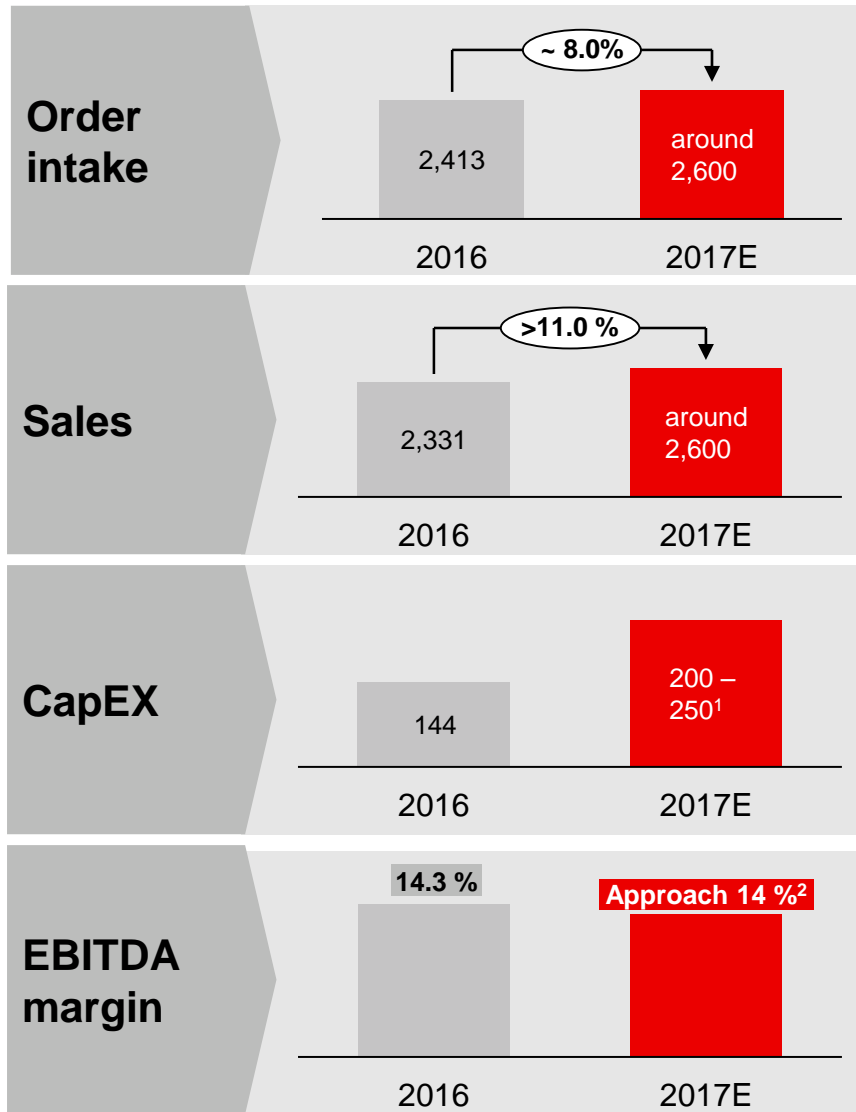
1 Q2 2017 Business Update

2 Q2 2017 Financial Review

3 Outlook

4 Appendix

2017 Group guidance confirmed– Positive sentiment continuous



Underlying Group/Segment assumptions

Oerlikon Group

- Economic and political environment to remain uncertain
- Around 8% order growth and >11% organic sales growth
- Reported EBITDA margin approach 14 %
- Smaller acquisitions included in guidance

Surface Solutions Segment

- ~ 5 % organic sales and order growth (excluding AM and smaller acquisitions, reported ~6 %)
- Confirming EBITDA margin in corridor of 20 – 22 % excluding AM investments (reported 18 – 20 %)

Manmade Fibers Segment

- Positive sentiment in filament and staple fibers equipment
- Order intake to increase to around CHF 650m
- Sales up to CHF 650m, dependent on project timings
- Margin expected at upper end of guided corridor of 4 - 6%

Drive Systems Segment

- Order intake to grow 5-7 % due to new business wins and potential recovery of end markets
- Sales increase of 4-5 %
- EBITDA margin improving towards double-digit figure as result of continued execution of repositioning initiatives

¹ Including CHF 70 - 75m related to Additive Manufacturing (AM); ² Including full absorption of all related unchanged investment expenses in AM

Summary – Strong performance and positive momentum expected to persist

Create a global surface solutions and advanced materials powerhouse

1. Continued execution of Group strategy
2. Strong operational performance across all Segments in Q2 – Book-to-Bill for H1 at 1.11
3. 2017 guidance confirmed

Oerlikon to host the inaugural convention of leading AM experts in October 2017

oerlikon

**1st munich
technology conference**

11–12 October 2017
TU Munich/Germany



Additive Manufacturing Industrialization, Applications, Business Models

This is an invitation only event. However, there are a limited number of seats available to interested applicants. Applications can be made under: munichtechconference.com

Thank you.



1 Q2 2017 Business Update

2 Q2 2017 Financial Review

3 Outlook

4 Appendix

H1 2017 key figures by Segment

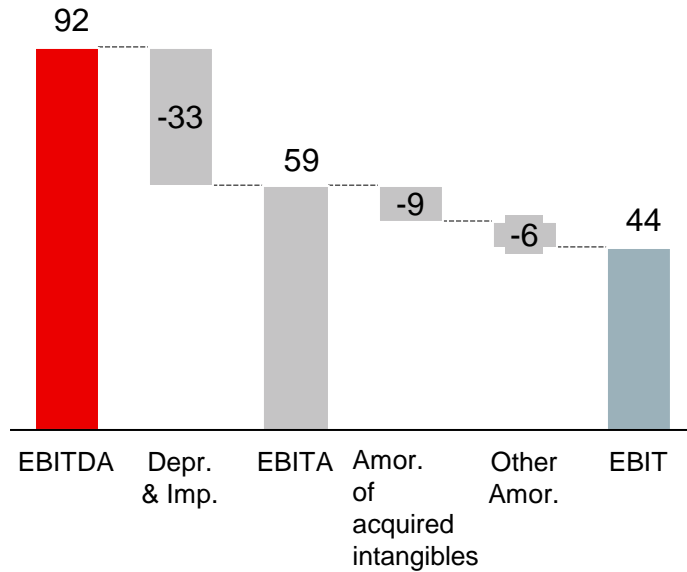
in CHF million	Surface Solutions	Manmade Fibers	Drive Systems
Order intake Δ to H1 2016	694 12.5%	377 51.4%	365 15.9%
Order backlog Δ to H1 2016	102 12.1%	366 75.1%	110 8.9%
Sales (to 3rd parties) Δ to H1 2016	672 10.3%	279 17.7%	346 7.1%
EBITDA Δ to H1 2016	141 6.0%	4 -42.9%	33 57.1%
EBITDA margin¹ Δ to H1 2016	20.8% -0.9 pp	1.5% -1.5 pp	9.6% 3.2 pp
EBIT Δ to H1 2016	80 5.3%	-6 <-100%	11 >100%
EBIT margin¹ Δ to H1 2016	11.8% -0.6 pp	-2.2% -1.4 pp	3.3% 3.5 pp
Net operating assets Δ to FY 2016	1 438 4.8%	153 -6.1%	359 -0.3%
No. of employees Δ to FY 2016	6 783 3.9%	2 319 1.8%	5 111 6.1%

¹ as % of sales

EBITDA to EBIT bridge for Oerlikon Group

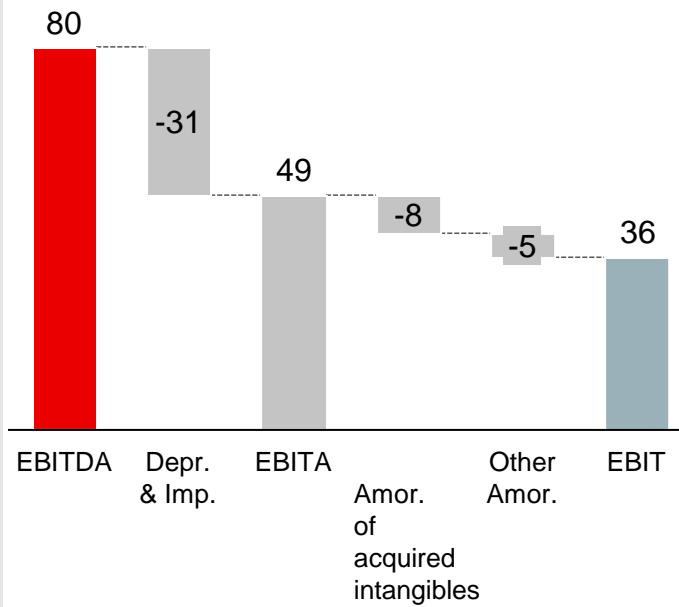
EBITDA to EBIT bridge – Q2 2017

In CHF million



EBITDA to EBIT bridge – Q2 2016

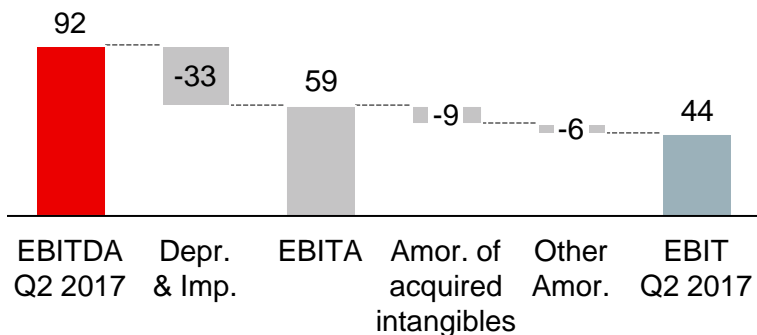
In CHF million



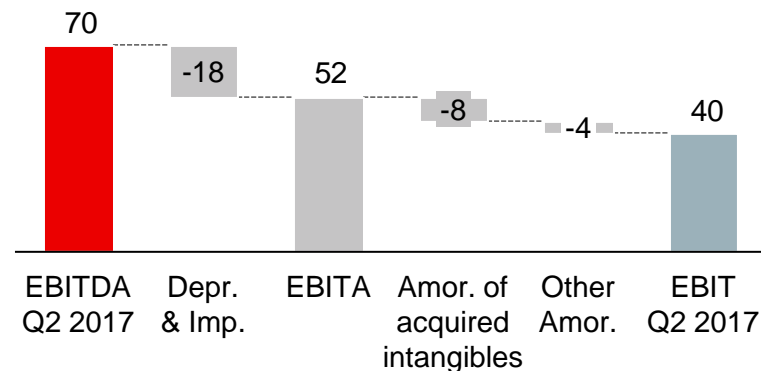
- Amortization of identified acquired intangible assets mainly attributable to Metco transaction

EBITDA to EBIT bridge per Segment Q2 2017

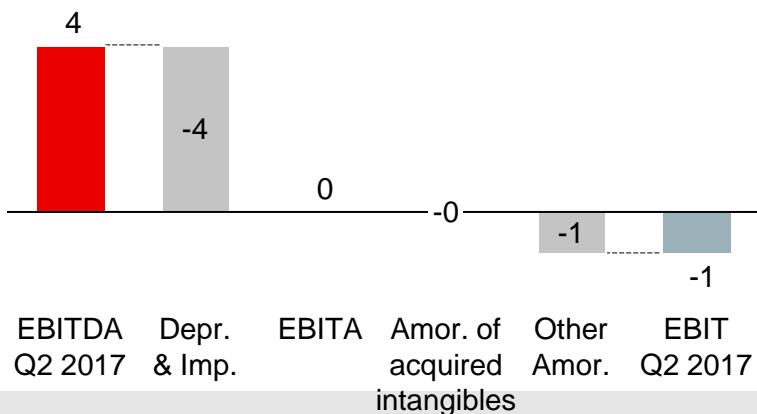
Oerlikon Group



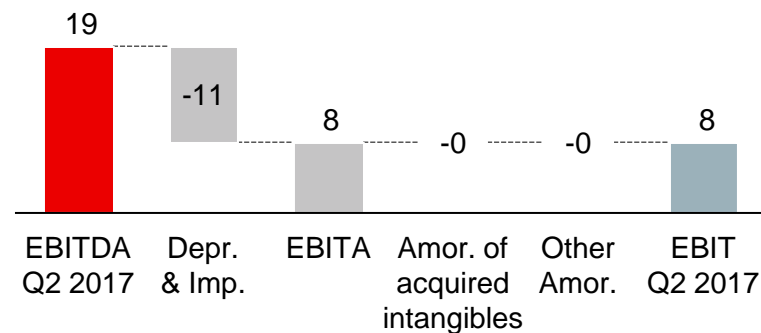
Surface Solutions Segment



Manmade Fibers Segment

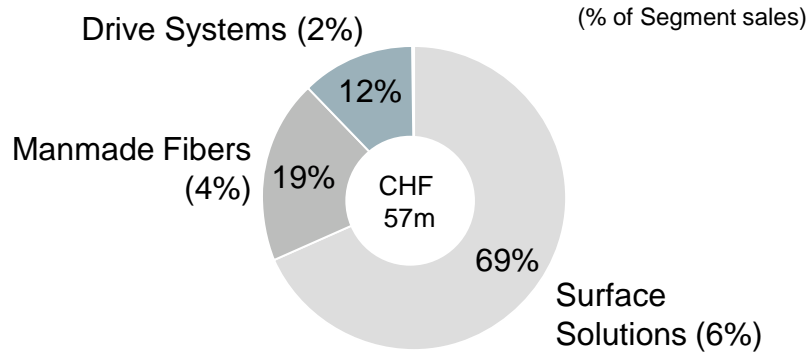


Drive Systems Segment

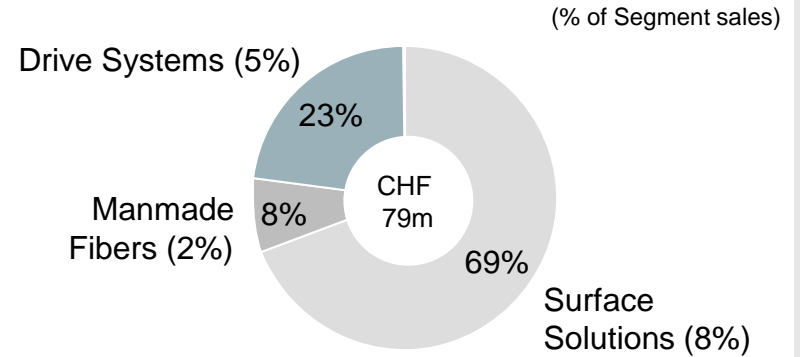


R&D and CapEx on Segment level

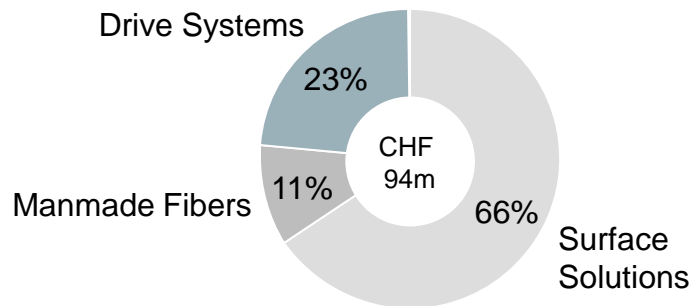
R&D expenses H1 2017



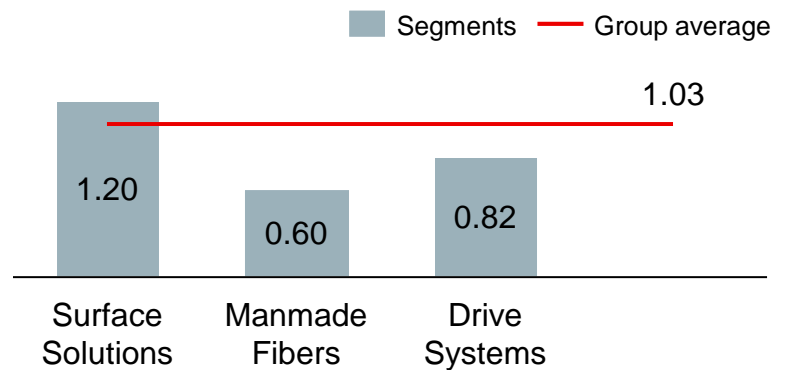
CapEx H1 2017



Depreciation & Amortization H1 2017¹



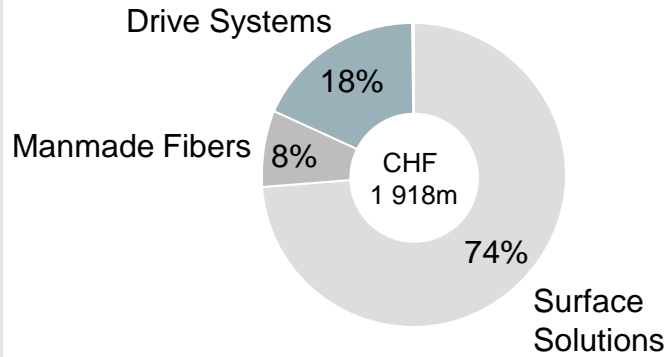
CapEx / Depr. & Amort. H1 2017²



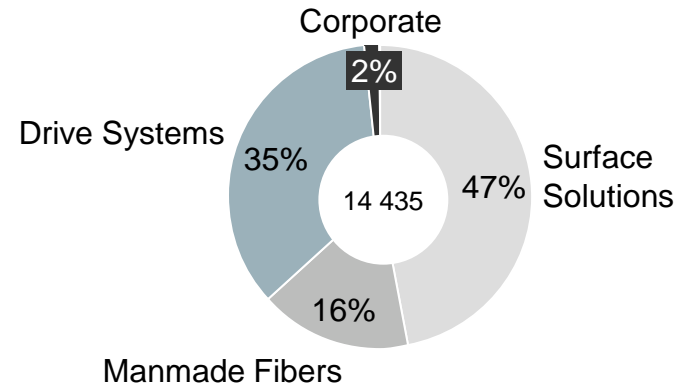
¹ Reported, ² Excluding CHF 16 million amortization of acquired intangible assets in Surface Solutions Segment

Asset allocation and employees on Segment level

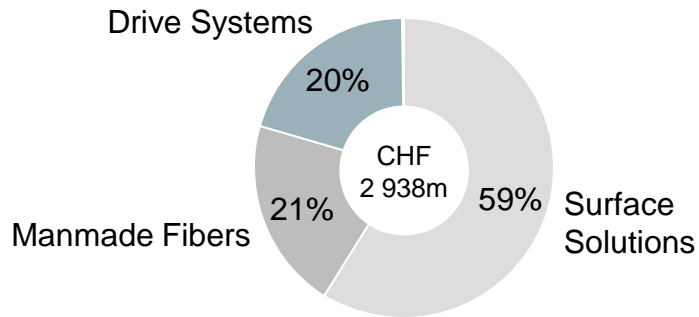
Net operating assets H1 2017



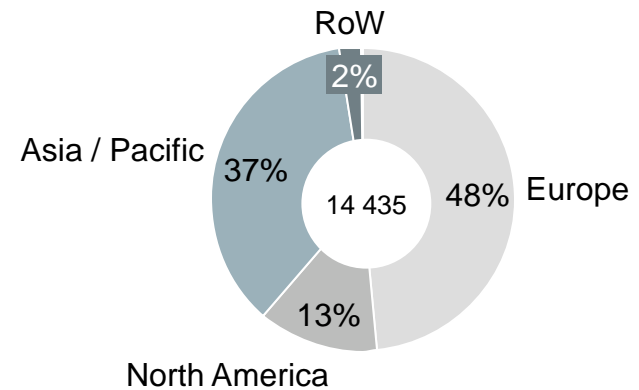
Employees (FTE) by Segment H1 2017



Operating Assets H1 2017

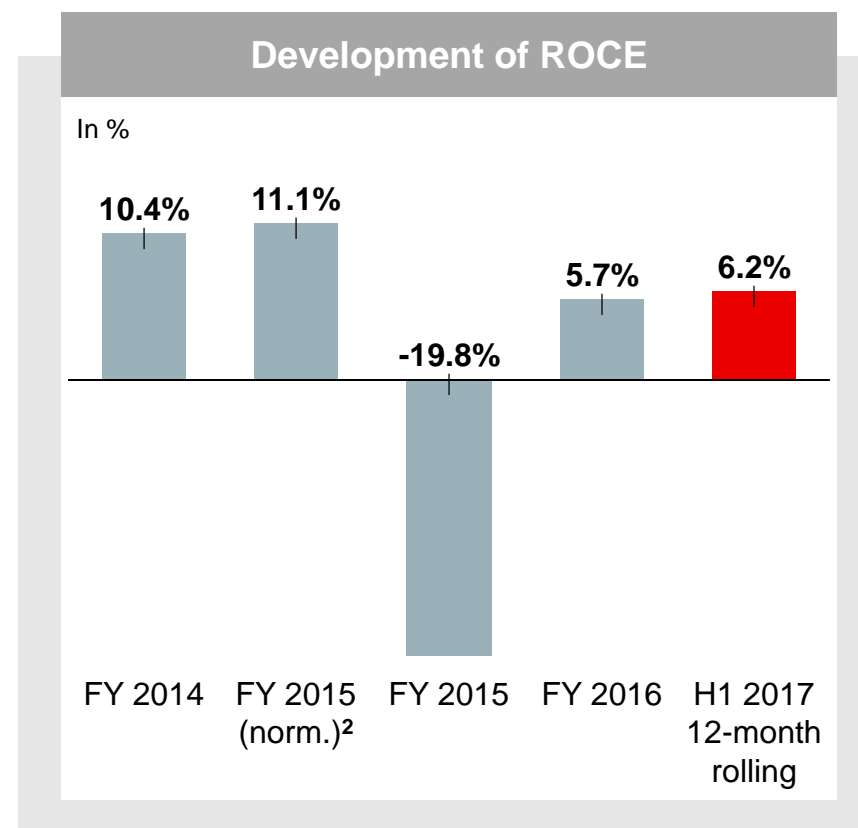


Employees (FTE) by Region H1 2017



Return On Capital Employed (ROCE)

Oerlikon Definition of ROCE	H1 2017 ¹	FY 2016
EBIT	174	158
- Total current income tax	-70	-65
- Total deferred tax income	13	12
NOPAT	117	105
Net Operating Assets	1 918	1 867
+ Current income tax receivables	27	41
+ Deferred tax assets	152	159
- Current income tax payables	-50	-44
- Deferred tax liabilities	-161	-159
Capital Employed	1 886	1 864



- H1 2017 ROCE¹: 6.2% 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 5.7% in Q1 2017¹

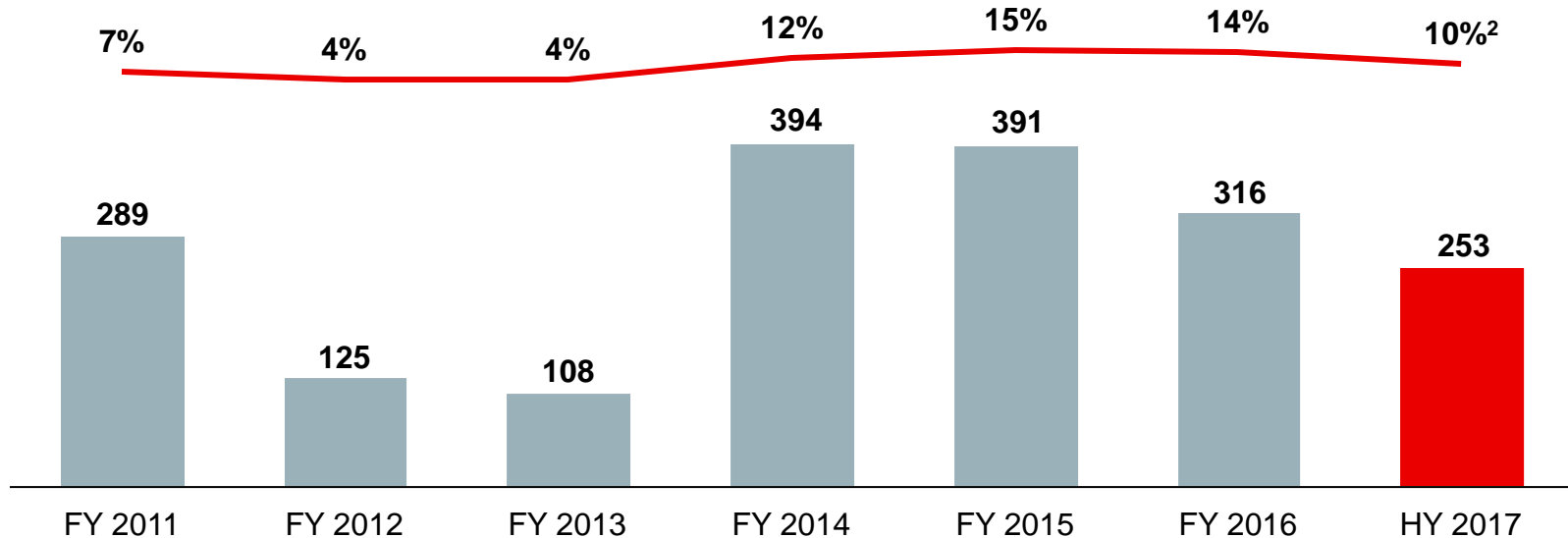
¹ 12-months rolling

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

Active net working capital management and increased customer advances

Net working capital¹ FY 2011 – HY 2017

In % of sales; in CHF million



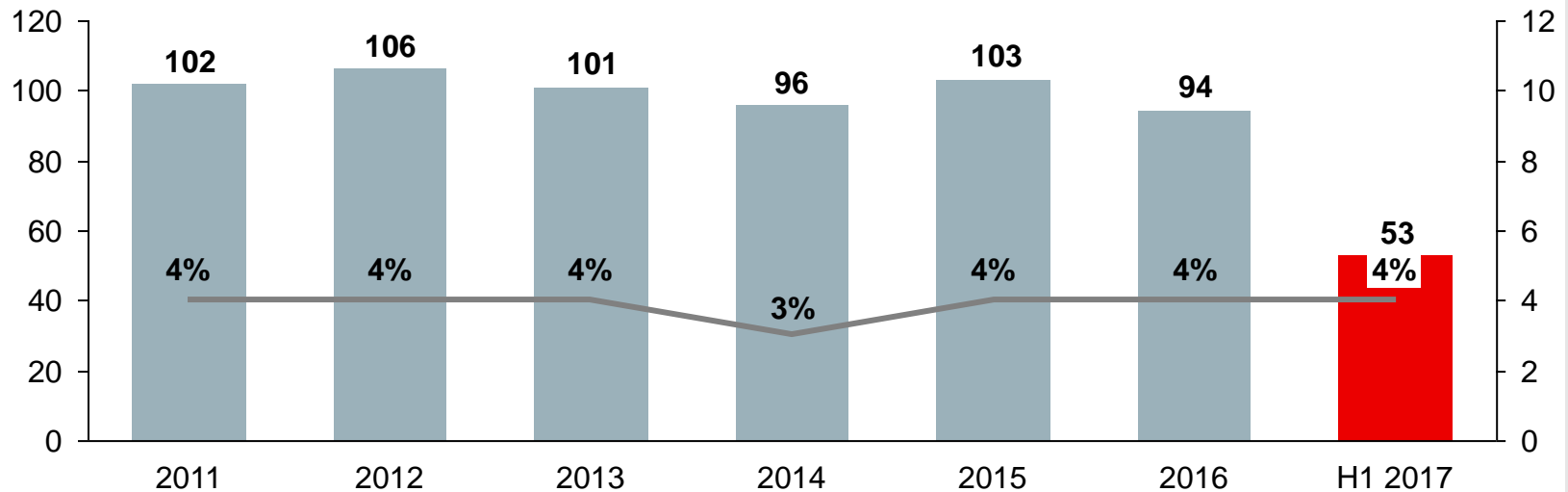
- Net working capital reduced by 20% compared to FY 2016 due to increased customer advances up by CHF 95 million to CHF 262 million mainly in the Manmade Fibers Segment
- Higher inventories (+ CHF 36m) mainly due to ramp up of production in Manmade Fiber Segment

¹ Net working capital is defined as trade receivables + inventories – trade payables – current customer advances ² 12-months rolling sales

Constant range of investments in R&D of around 4% of Group sales

Investments in R&D (expenditure) in the range of around 4 % of sales

In CHF million; as % of sales



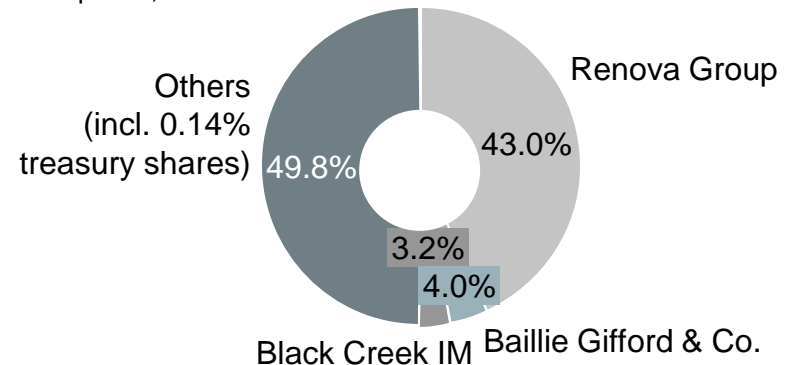
- R&D essential to secure technological leadership – R&D expenditures increased by 10% yoy
- Constant range of around 4 % of Group sales
- Focus on Surface Solutions Segment representing 69% of Group R&D expenses

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)

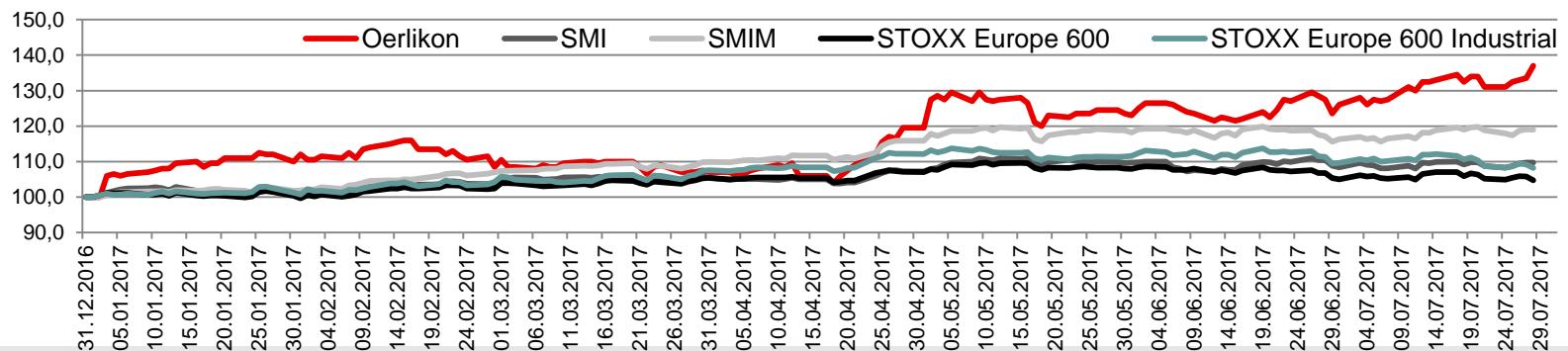
Oerlikon shareholder structure¹

as of April 19, 2017



Oerlikon share price development

as of July 28, 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 – 9 Buy/Accumulate & 5 Hold/Neutral

Broker	Analyst	Recommendation	Date of last update	Target price
AlphaValue	Heinz Steffen	Add	20.07.2017	14,80
Baader Helvea	Reto Amstalden	Buy	21.06.2017	13,50
Berenberg Bank	Sebastian Künne	Hold	21.06.2017	13,00
Credit Suisse	Patrick Laager	Outperform	10.05.2017	15,00
Jefferies	Graham Phillips	Hold	01.08.2017	15,00
Kepler Cheuvreux	Torsten Sauter	Hold	03.08.2017	14,75
MainFirst	N.N.	Outperform	03.05.2017	14,00
Mirabaud	Thomas Baumann	Buy	05.05.2017	13,50
Octavian	Alessandro Foletti	Buy	10.07.2017	14,00
RBC Capital Markets	Wasi Rizvi	Outperform	09.06.2017	14,00
Societe Generale	Christophe Quarante	Hold	02.06.2017	13,50
UBS	Fabian Haecki	Buy	05.05.2017	13,90
Vontobel	Michael Foeth	Buy	28.07.2017	17,00
ZKB	Armin Rechberger	Marketweight	04.07.2017	-
Consensus		9 positive 5 neutral		14,33

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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