

## 3.1 Manmade Fibers Segment



### Expanding the value chain

DPTL is an Indian company with an annual revenue of CHF 400 million, manufacturing bottle grade PET resins, which are sold globally to be used for packaging food and beverages, edible oil and pharmaceuticals. Oerlikon Barmag is the technology supplier for DPTL's second plant, which was commissioned in Haldia in West Bengal, India, in 2012. The plant has a sanctioned capacity of 600 metric tons per day and is the first continuous polymerization project undertaken by Oerlikon Barmag. The entire plant was set up from scratch, including the civil engineering works. DPTL's CEO Biswanath Chattopadhyay states: "Initially Oerlikon Barmag did not feature in our plans, as we first thought it was only a manmade fiber machine manufacturing company. But they offered to set up the entire plant, including the engineering, procurement, construction and even the commissioning of the project. The commitment and spirit of Oerlikon Barmag were impeccable, and the plant was up and running in only 23 months. You have to be a good sport when implementing a project of such magnitude, and Oerlikon Barmag was just that."

1. Segment reports historical best performance with further sales growth and high order intake.
2. Strong like-for-like profitability increase with an EBIT margin of 16.6% versus 13.4% in 2012.
3. Successful completion of divestment of the natural fibers businesses.

### Key figures<sup>1</sup>

in CHF million	2013	2012	Δ %
Order intake	1 073	1 039	3.3 %
Order backlog	541	602	-10.1 %
Sales	1 130	1 103	2.4 %
EBIT <sup>2</sup>	188	186	1.1 %
EBIT margin <sup>2</sup>	16.6 %	17.0 %	-

<sup>1</sup> Continuing operations.

<sup>2</sup> EBIT 2012 includes a one-time effect of CHF 39 million from the sale of property in Arbon, Switzerland.

### Best-in-Class

Oerlikon's Manmade Fibers Segment: 16.6% EBIT margin (2013); followed by Andritz AG: 6.5% EBIT margin (2012)

**oerlikon**  
barmag

**oerlikon**  
neumag

## Business performance

The Manmade Fibers Segment further increased its operational performance to a historical high. Sales in 2013 increased by 2.4% to CHF 1 130 million compared to CHF 1 103 million a year ago. The market for manmade fiber equipment and plant engineering posted ongoing strong demand, supported by underlying long-term growth drivers and fueled by continued Innovation from Oerlikon Barmag and Oerlikon Neumag. The Segment reported high order intake for 10 quarters in succession, indicating that the market normalization on the horizon did not impact the business in 2013. The order book already provides visibility into fiscal year 2015. For the period under review, order intake increased by 3.3% to CHF 1 073 million (2012: CHF 1 039 million), and order backlog was CHF 541 million (2012: CHF 602 million).

The Manmade Fibers Segment on a like-for-like basis saw another strong increase in profitability compared with the prior year, reporting an EBIT margin of 16.6% (2012: 13.4% excluding the one-time effect from the sale of property in Arbon, Switzerland). EBIT amounted to CHF 188 million compared to CHF 147 million on a like-for-like basis (CHF 186 million reported in 2012 including the one-time effect). The Segment continues to operate at a Best-in-Class level. The successful execution of operational excellence initiatives resulting in the increased efficiency of the existing production setup and a favorable

product mix with strong demand for carpet yarn (BCF: bulked continuous filament) equipment were the reasons behind the profitability performance. The strong underlying performance of the Manmade Fibers Segment more than compensated for some of the negative synergies related to the divestment of the Natural Fibers and Textile Components Business Units.

On July 4, 2013, Oerlikon announced the completion of the divestment of the Natural Fibers and Textile Components Business Units. This concluded the strategic transformation of the business activities in focusing on comprehensive solutions and services for the production of chemical filament yarns, carpet yarns, synthetic staple fibers and nonwovens. The Manmade Fibers Segment is the global market and technology leader in this market.

Asia and predominantly China remained the Segment's primary market. Asia represented 74% of Segment sales and reported growth of 1%. Due to high demand for BCF equipment, sales in North America posted the strongest growth for the year (+129%), accounting for 10% of total Segment sales. Sales in Europe represented 12% after an increase of 2% in 2013. Other regions accounted for the remaining 4% of the Segment sales.

## Key topics

### Realignment of the Segment structure

With the exit from the natural fibers businesses, Oerlikon's Manmade Fibers Segment had to manage the complex carve-out process divesting two Business Units (Natural Fibers/Textile Components) with sales of around CHF 1.0 billion (2012) and some 3800 employees. At the same time, the remaining Manmade Fibers Segment structure required an alignment to the new Segment size, ensuring the fulfillment of the service agreements with the Jinsheng Group of China.

### Innovation

The Segment continued to deliver on its Innovation pipeline in 2013 to sustain and underscore its technological leadership in developing and manufacturing complex spinning plants for the production of manmade fibers. Oerlikon Barmag has set a new benchmark for the efficient production of polyester filaments with its new winder WINGS POY 1800. The new winding unit boosts productivity by another 20% using virtually the same amount of production space as the previous model.

At the Techtextil 2013 trade fair, Manmade Fibers showcased Oerlikon Neumag's total solution for the production of spunbond for roofing membranes and geotextiles and Oerlikon Barmag's take-ups for aramid and carbon fibers.

Oerlikon Neumag introduced the new S+ BCF equipment for the efficient production of carpet yarn and enjoyed strong demand from the US, Turkey and Saudi Arabia. Significant cost savings, a high level of efficiency of 99% and outstanding yarn quality are the benefits of the new S+ plant. This solution, which combines tried-and-tested components incorporating winder design improvements and an optimized yarn path, can increase productivity by up to 25% and offers outstanding user-friendliness.

## Outlook

In 2014, the Manmade Fibers Segment expects to maintain its Best-in-Class position in the industry in a softening market environment.