

## 3.3 Vacuum Segment



### 20 % cost savings with steel degassing from Oerlikon

When it comes to state-of-the-art steel production, Oerlikon Leybold Vacuum is the perfect partner. The Mexican steelmaker Talleres y Aceros S.A. de C.V. (Tyasa) recently ordered a complete steelmaking plant from Siemens VAI, which will reduce costs by 20 % and CO<sub>2</sub> emissions by 30 % due to its brand-new electric arc furnace and plant layout. An essential part of this project is the latest steel-degassing solution from Oerlikon Leybold Vacuum, which removes unwanted elements or interfering substances while the steel is melted. This process is crucial to ensuring highest steel quality and requires 100 % reliability and cost efficiency. The innovative and highly flexible design of the Oerlikon vacuum solution needs 30 % less energy and thus benefits the whole plant. Oscar Chahín Trueba, CEO of Tyasa, commented on the relevance of this project as a reference for other companies in the world. The complete solution of Siemens for the compact steelmaking plant convinced Tyasa, and Oerlikon Leybold Vacuum contributed to this success.



1. Market share gains with sales and order intake growth in a difficult market environment.
2. Profitability affected by anticipatory investments in manufacturing, footprint and logistic optimization. The EBIT margin improved to 10.3 %, driven by higher sales volume and operational excellence initiatives.
3. Strengthening position as technology leader for high-performance vacuum solutions.

### Key figures

in CHF million	2013	2012	Δ %
Order intake	404	377	7.2 %
Order backlog	79	73	8.2 %
Sales <sup>1</sup>	400	377	6.1 %
EBIT	41	38	7.9 %
EBIT margin	10.3 %	10.2 %	–

<sup>1</sup> Sales include CHF 4 million intercompany sales in 2012 and 2013 (Q4: CHF 1 million).

### Best-in-Class

Atlas Copco: 20.3 % operating margin (2013)



## Business performance

In 2013, the Vacuum Segment delivered a solid performance. Order intake grew by 7.2% to CHF 404 million from CHF 377 million a year ago. Total sales increased by 6.1% to CHF 400 million from CHF 377 million in 2012. In light of an overall demanding market environment for vacuum applications, the Vacuum Segment was able to gain market share. Order backlog at the end of 2013 was CHF 79 million (2012: CHF 73 million). Demand in the global process industry, the most important market for the Segment, remained challenging. R&D, analytics and glass-coating markets performed well. Solar and semiconductor markets significantly underperformed. The Segment successfully marketed solutions in steel-degassing, energy and electronic applications to customers in Asia, Europe and the US.

Profitability increased slightly, despite difficult market conditions and anticipatory investments. EBIT grew by 7.9% to CHF 41 million, translating into a margin of 10.3% compared to CHF 38 million and a margin of 10.2% a year ago. The Segment invested in a new logistics center at its primary facility in Cologne, Germany, which commenced operations at the end of the reporting period. In addition, investments in new product launches and expansion of production capacity were initiated to support further growth and profitability improvement.

Asia, driven by China and South Korea, recorded a solid sales volume increase of 12%, representing 38% of total Segment sales. Europe accounted for 43% of Segment sales after an increase of 2% in the period under review. North America posted a sales growth of 8% and represented 17% of total Segment sales. The rest of the world delivered the remaining 2% of Segment sales.

## Key topics

### Solution competence

Oerlikon Leybold Vacuum substantiated its leading position in complex and technologically demanding vacuum solutions in various industrial and science applications:

- The Segment received a multitude of orders for its modular steel-degassing solutions, offering higher flexibility and reducing cost of ownership to the global customers.
- Oerlikon Leybold Vacuum has equipped the state-of-the-art display production line for a well-known East Asian display manufacturer to support its production of AMOLED (Active Matrix Organic Light Emitting Diode) display technology.
- A global manufacturer of uranium centrifuges used in nuclear power stations worldwide awarded Oerlikon Leybold Vacuum with the delivery of fore-vacuum equipment for 12 different subsystems used in a new plant in the US.

- CERN, the renowned science center for particle physics in Geneva, Switzerland, ordered mobile leak detection systems including the matching remote control system from Oerlikon Leybold Vacuum.

### Strengthening of sales channels

Expansion and alignment of sales activities around the world were at the top of the Segment's agenda. The Segment expanded its sales force in China and enlarged the footprint in India to further penetrate the local markets, and adjusted its set-up in Japan and the US. The reorganization of the distribution network in Brazil, achieved by establishing an internal sales organization, was concluded to accelerate business opportunities in South America. The agreements with Vacuumash, one of the leading Russian vacuum companies, are expected to facilitate the access to the Commonwealth of Independent States (CIS).

## Outlook

In 2014, the Segment expects growth in order intake and sales, and further margin improvement.