

Oerlikon concluded a further strategic milestone and delivered strong sales growth and solid profitability

Dr. Brice Koch, CEO

Jürg Fedier, CFO

Q2 / H1 2014 Business Update

August 5, 2014



1 Q2 2014 Business Update

2 H1 2014 Financial Result

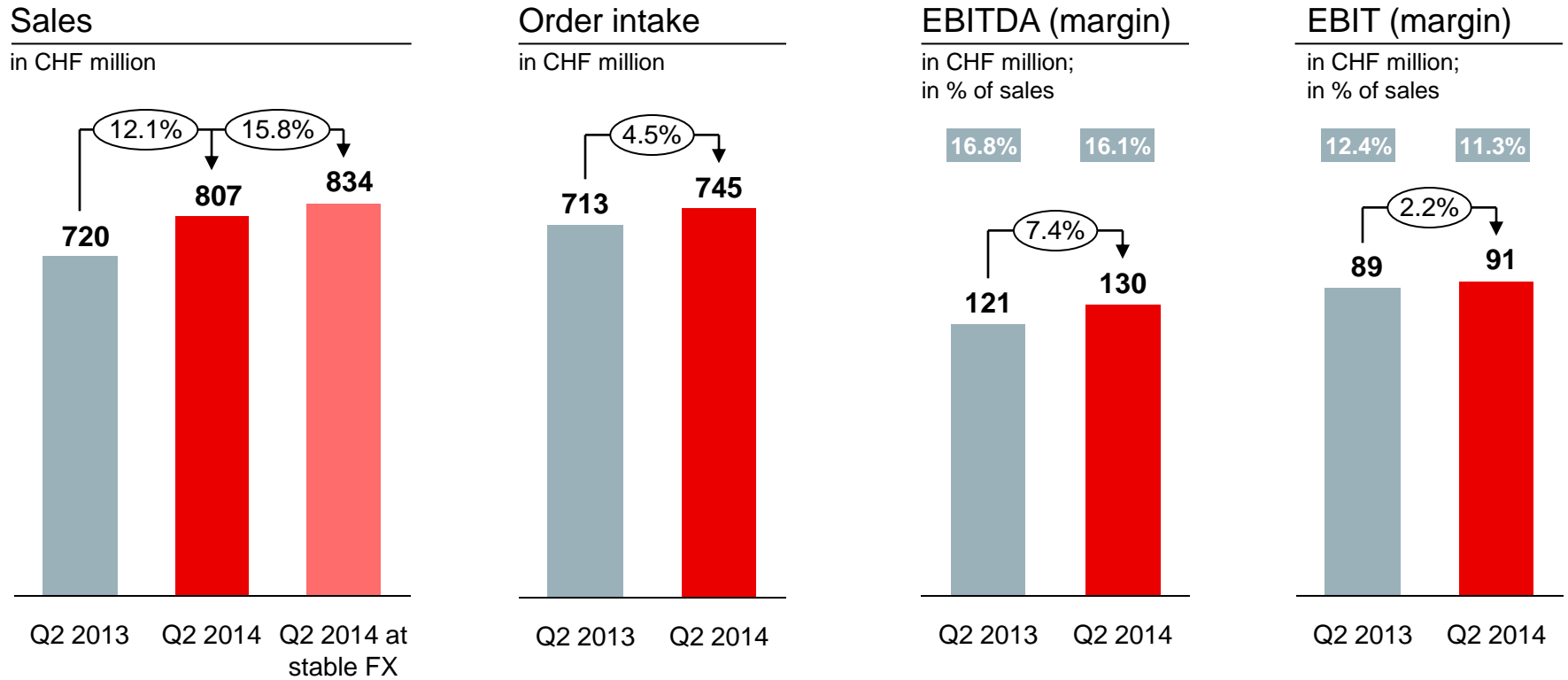
3 Outlook 2014

4 Appendix

Oerlikon Highlights Q2 2014 – Continuing the Group's value creation path

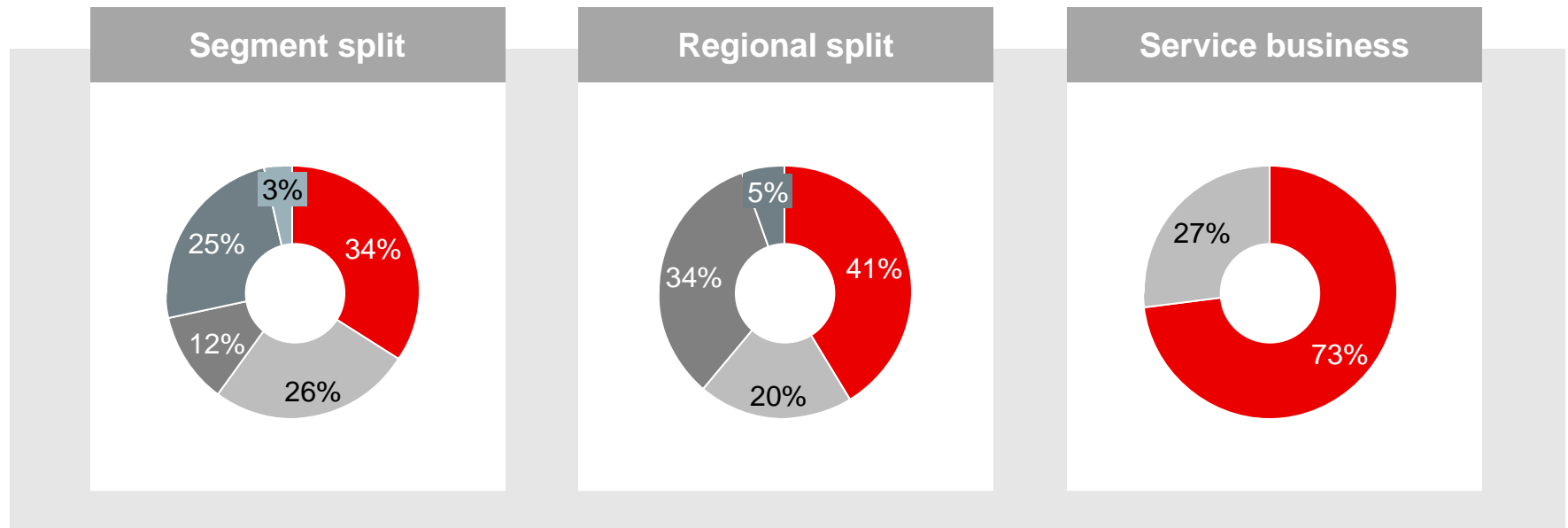
- ✓ Sales growth of 12.1 % year-over-year (15.8 % at stable FX)
- ✓ Solid profitability with EBITDA margin at 16.1 % and 10th consecutive quarter with double-digit EBIT margin (11.3 %)
- ✓ Successful closing of Metco ahead of schedule; Integration well on track
- ✓ Access to capital markets: Placement of two senior unsecured bonds and prolongation of syndicated credit facility
- ✓ Strong balance sheet
- ✓ Experienced Management Team in place
- ✓ FY 2014 outlook confirmed

Oerlikon delivered strong sales growth and solid profitability in Q2 2014



- Successful closing of Metco transaction; Metco consolidated for one month
- Attractive sales growth of 12.1 % and order intake up 4.5 % in Q2 2014
- 16.1 % EBITDA margin and 11.3 % EBIT margin impacted by acquisition accounting effects and one-off transaction costs related to Metco transaction

Sales split Q2 2014 – Further balanced Oerlikon portfolio¹



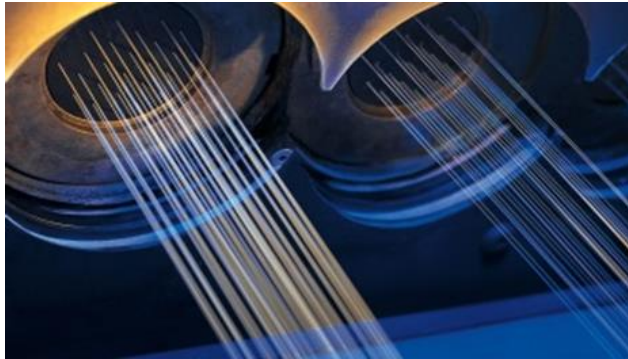
- Manmade Fibers
- Drive Systems
- Vacuum
- Surface Solutions
- Adv. Technologies

- Asia / Pacific
- North America
- Europe
- Rest of World

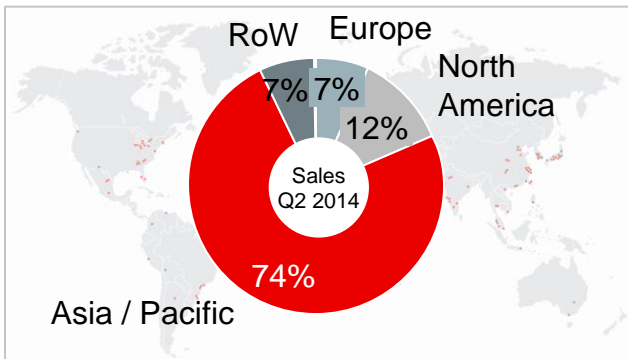
- Goods, Equipment & Components
- Service & Spare Parts

¹ Metco consolidated for 1 month

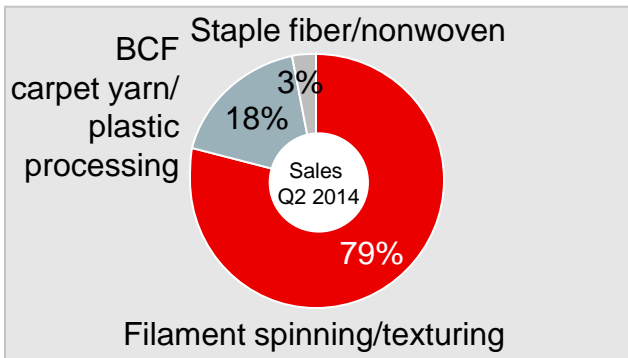
Manmade Fibers Segment – Q2 2014 performance



| Key figures | in CHF million | Q2 2014 | Q2 2013 | Δ |
|------------------------------------|----------------|---------|---------|---------|
| | Order intake | | 228 | 250 |
| Sales (to 3 rd parties) | | 274 | 256 | +7.0 % |
| EBITDA | | 58 | 45 | +28.9 % |
| EBITDA margin ¹ | | 21.0 % | 17.4 % | +3.6 pp |
| EBIT | | 53 | 40 | +32.5 % |
| EBIT margin ¹ | | 19.3 % | 15.5 % | +3.8 pp |



- ### Market development
- Filament equipment with high level of deliveries in Q2 2014
 - USA carpet yarn (BCF) market shows ongoing strong demand
 - Address opportunities along the value chain (from Melt to Yarn)



- ### Operational performance
- Declining order intake due to China market normalization
 - Sales in Q2 strong and on high level
 - High profitability due to product mix and variabilization of costs
 - Staple Force S 1000 launched at ITMA trade fair in Asia

¹ as % of sales

Drive Systems Segment – Q2 2014 performance



Key figures

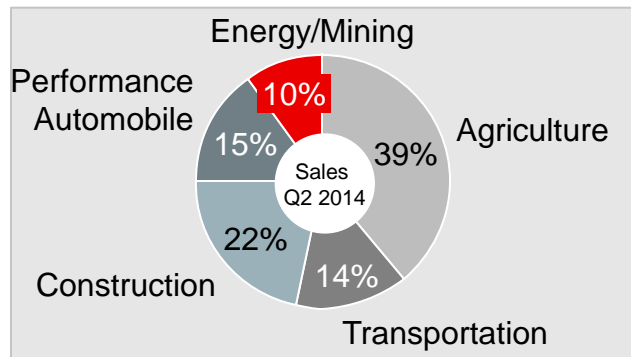
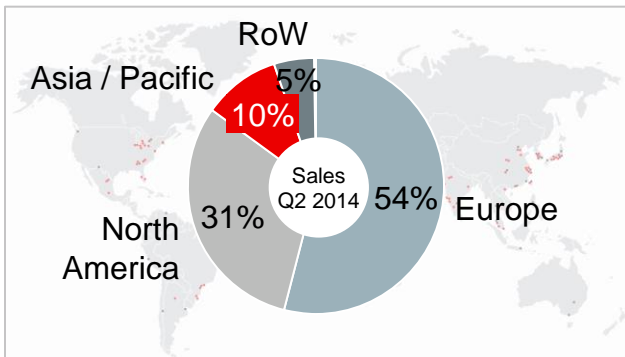
| in CHF million | Q2 2014 | Q2 2013 | Δ |
|------------------------------------|---------|---------|---------|
| Order intake | 205 | 205 | 0.0 % |
| Sales (to 3 rd parties) | 208 | 201 | +3.5 % |
| EBITDA | 23 | 19 | +21.1 % |
| EBITDA margin ¹ | 11.2 % | 9.4 % | +1.8 pp |
| EBIT | 12 | 8 | +50.0 % |
| EBIT margin ¹ | 5.6 % | 3.8 % | +1.8 pp |

Market development

- Construction market continues to strengthen in North America
- Slowdown in agriculture expected to continue
- Oil and gas sales strong (primarily Off-Shore)
- Mining market remains at a low point

Operational performance

- Sales growth and flat order intake
- Focus on operational performance and cost resulted in continuous margin improvements
- Review of Segment strategy under the leadership of new Segment CEO underway



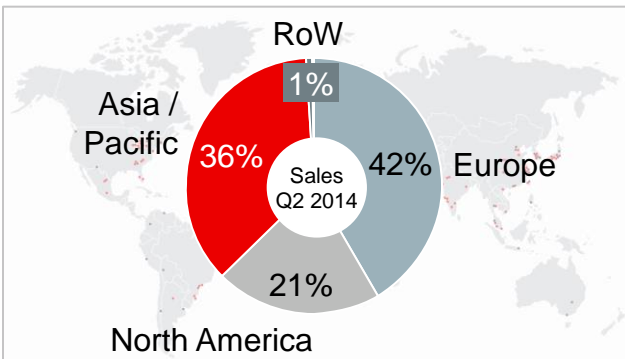
¹ as % of sales

Vacuum Segment – Q2 2014 performance



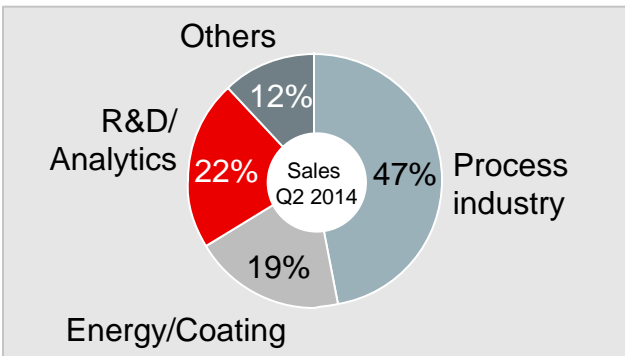
Key figures

| in CHF million | Q2 2014 | Q2 2013 | Δ |
|------------------------------------|---------|---------|---------|
| Order intake | 88 | 101 | -12.9 % |
| Sales (to 3 rd parties) | 96 | 102 | -5.9 % |
| EBITDA | 11 | 15 | -26.7 % |
| EBITDA margin ¹ | 11.1 % | 14.9 % | -3.8 pp |
| EBIT | 7 | 12 | -41.7 % |
| EBIT margin ¹ | 7.6 % | 11.7 % | -4.1 pp |



Market development

- Solar industry showing signs of recovery
- Display coating applications (mobile devices/electronics) in Asia weak due to postponed investments
- Generally hesitant market dynamics



Operational performance

- Declining order intake & sales
- Profitability impacted by sales volume
- Continued operational excellence initiatives and structural modifications
- New TURBOVAC i/iX family being launched worldwide

¹ as % of sales

Surface Solutions Segment – Q2 2014 performance



Key figures

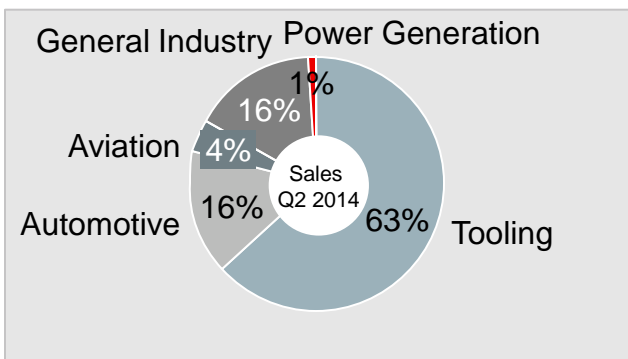
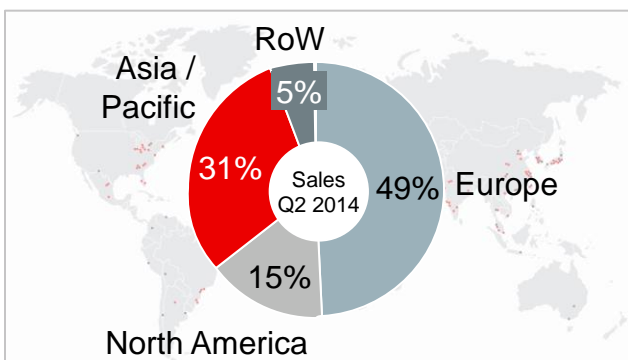
| in CHF million | Q2 2014 ² | Q2 2013 | Δ |
|------------------------------------|----------------------|---------|----------|
| Order intake | 203 | 127 | +59.8 % |
| Sales (to 3 rd parties) | 203 | 127 | +59.8 % |
| EBITDA | 26 | 36 | -27.8 % |
| EBITDA margin ¹ | 12.6 % | 29.1% | -16.5 pp |
| EBIT | 9 | 26 | -65.4 % |
| EBIT margin ¹ | 4.2 % | 20.1 % | -15.9 pp |

Market development

- Further growth in coating services
- Global automotive industry, general industries and aviation as drivers
- Order backlog in aero industry at record levels

Operational performance

- Strong underlying sales growth and continued high underlying profitability
- Segment profitability impacted by acquisition accounting effects and one-off transaction costs



¹ as % of sales; ² Metco consolidated for 1 month

Surface Solutions Segment – Financial impact and start of integration

oerlikon

Financial impact on Surface Solutions Segment Q2 accounts:

- Transaction costs of ~CHF 13 million
- Inventory step up of ~CHF 10 million
- Amortization of acquired identifiable intangible assets of ~CHF 3 million

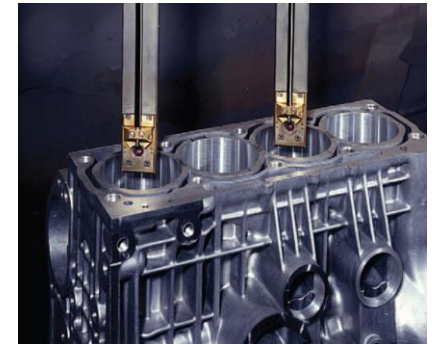
Integration:

- Global introduction of Oerlikon Metco brand
- Formation of joint leadership team
- Analysis of combined product portfolio and global footprint
- Definition/start of combined project teams to confirm and execute cost and top-line synergy potentials

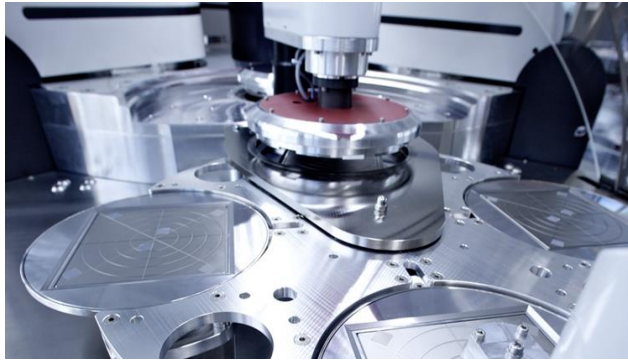


oerlikon
balzers

oerlikon
metco

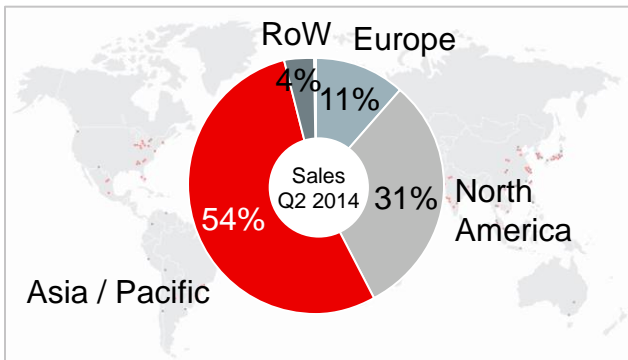


Advanced Technologies Segment – Q2 2014 performance



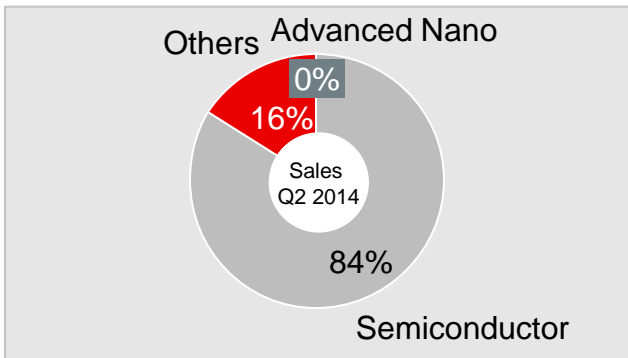
Key figures

| in CHF million | Q2 2014 | Q2 2013 | Δ |
|------------------------------------|---------|---------|---------|
| Order intake | 21 | 30 | -30.0 % |
| Sales (to 3 rd parties) | 26 | 34 | -23.5 % |
| EBITDA | -1 | 4 | >-100 % |
| EBITDA margin ¹ | n/a | 10.0 % | n/a |
| EBIT | -2 | 3 | >-100 % |
| EBIT margin ¹ | n/a | 7.3 % | n/a |



Market development

- Connectivity and Internet of Things drive Semiconductor equipment order intake
- Increased visibility of order pipeline shows positive trend for H2
- Investments in advanced nano markets postponed



Operational performance

- Sales and order intake lower due to phasing of projects
- Profitability mainly affected by ongoing R&D investments

¹ as % of sales

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Key figures Oerlikon Group



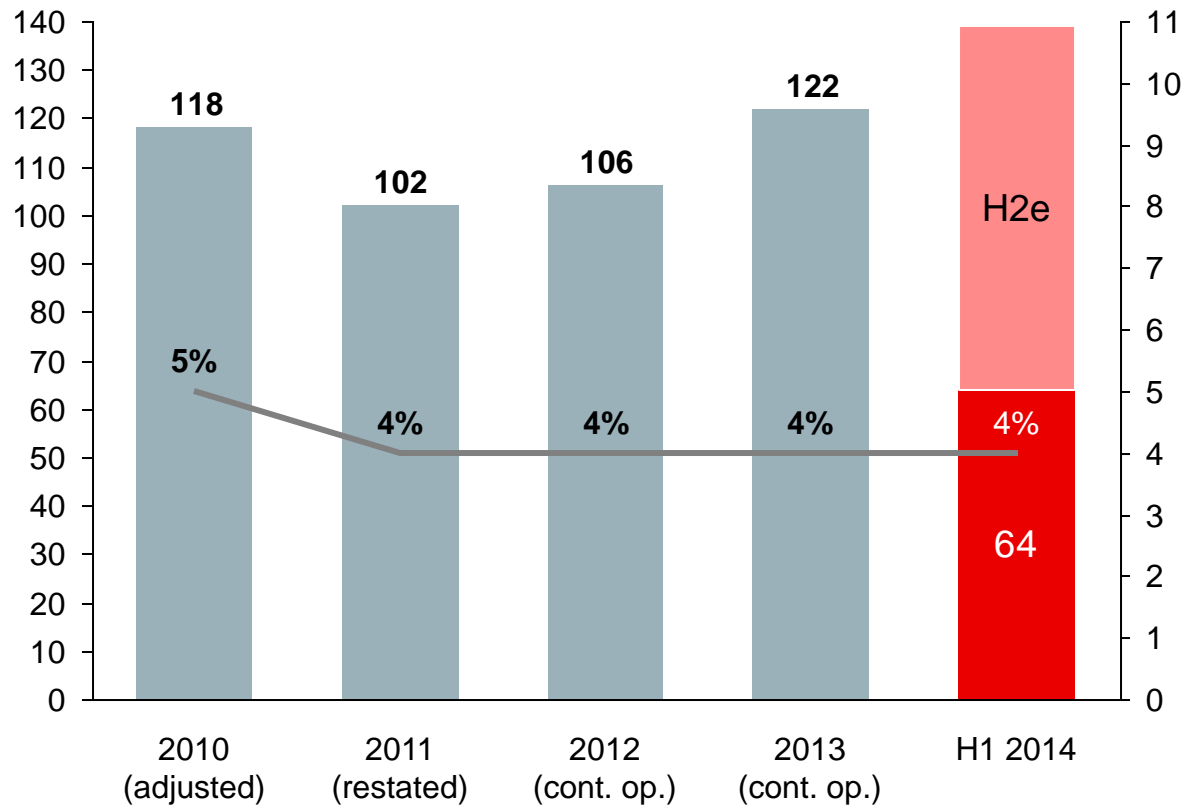
| in CHF million | H1 2014 ¹ | H1 2013 | Δ |
|---|----------------------|------------------|---------|
| Order intake | 1 442 | 1 476 | -2.3 % |
| Order backlog | 799 | 888 | -10.0 % |
| Sales | 1 527 | 1 443 | +5.8 % |
| EBITDA % of sales | 250 16.4 % | 239 16.5 % | +4.6 % |
| EBIT % of sales | 178 11.7 % | 174 12.1 % | +2.3 % |
| Result from continuing operations % of sales | 123 8.1 % | 109 7.6 % | +12.8 % |
| Net income | 122 | 146 ² | -16.4 % |
| EPS | 0.36 | 0.33 | +9.1 % |
| Cash flow from operating activities | 85 | 168 | -49.4 % |
| Net operating assets (incl. goodwill and brands) | 2 772 | 1 586 | +74.8 % |

¹ Metco consolidated for one month; ² Including CHF 37 million from discontinued operations

Constant level of investments in R&D

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

in CHF million / as % of sales

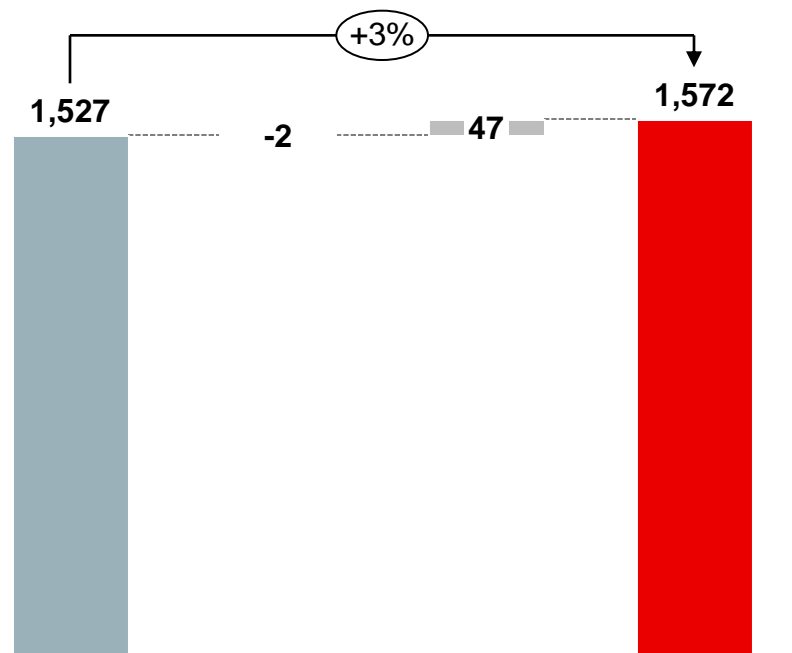


- R&D essential to secure technological leadership
- Constant investments of around 4 % of sales
- R&D expenditures expected to increase in H2 2014 (H2e)

FX impact on Sales, EBIT and EBIT margin

Oerlikon Group Sales H1 2014

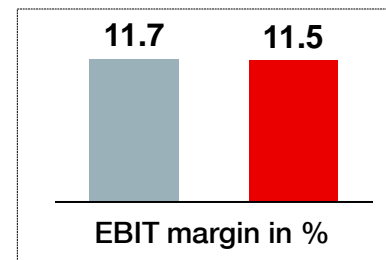
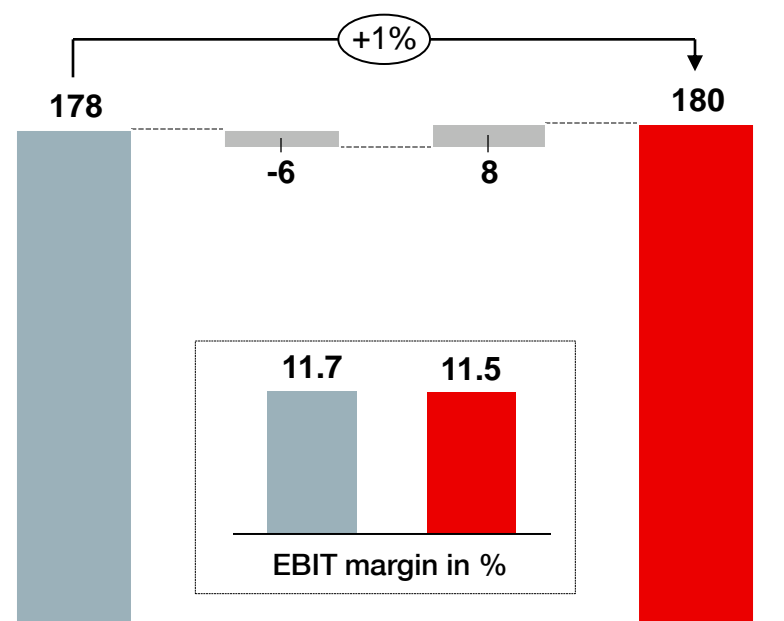
in CHF million



H1 2014 Transaction effects Translation effects H1 2014 FX impact adj.

Oerlikon Group EBIT H1 2014

in CHF million



H1 2014 Transaction effects Translation effects H1 2014 FX impact adj.

- Devaluation of currencies (INR, USD, CNY)
- EUR close to prior year level
- 3 % currency impact on sales

- Transaction and translation effects on nearly same level
- Impact on EBIT margin 20 bps

Result from continuing operations increased by 12.8 %

| in CHF million | H1 2014 ¹ | H1 2013 | Δ |
|--|----------------------|------------------|----------|
| Result before interest and taxes (EBIT) in % of sales | 178 11.7 % | 174 12.1 % | +2.3 % |
| Financial result | -12 | -15 | +20 % |
| Result before taxes (EBT) in % of sales | 166 10.9 % | 159 11.0 % | +4.4 % |
| Income taxes in % of EBT | -43 25.9 % | -50 31.4 % | +14.0 % |
| Result from continuing operations in % of sales | 123 8.1 % | 109 7.6 % | +12.8 % |
| Result from discontinued operations | -1 | 37 | -102.7 % |
| Net income (reported) | 122 | 146 ² | -16.4 % |

¹ Metco consolidated for one month; ² Including CHF 37 million from discontinued operations

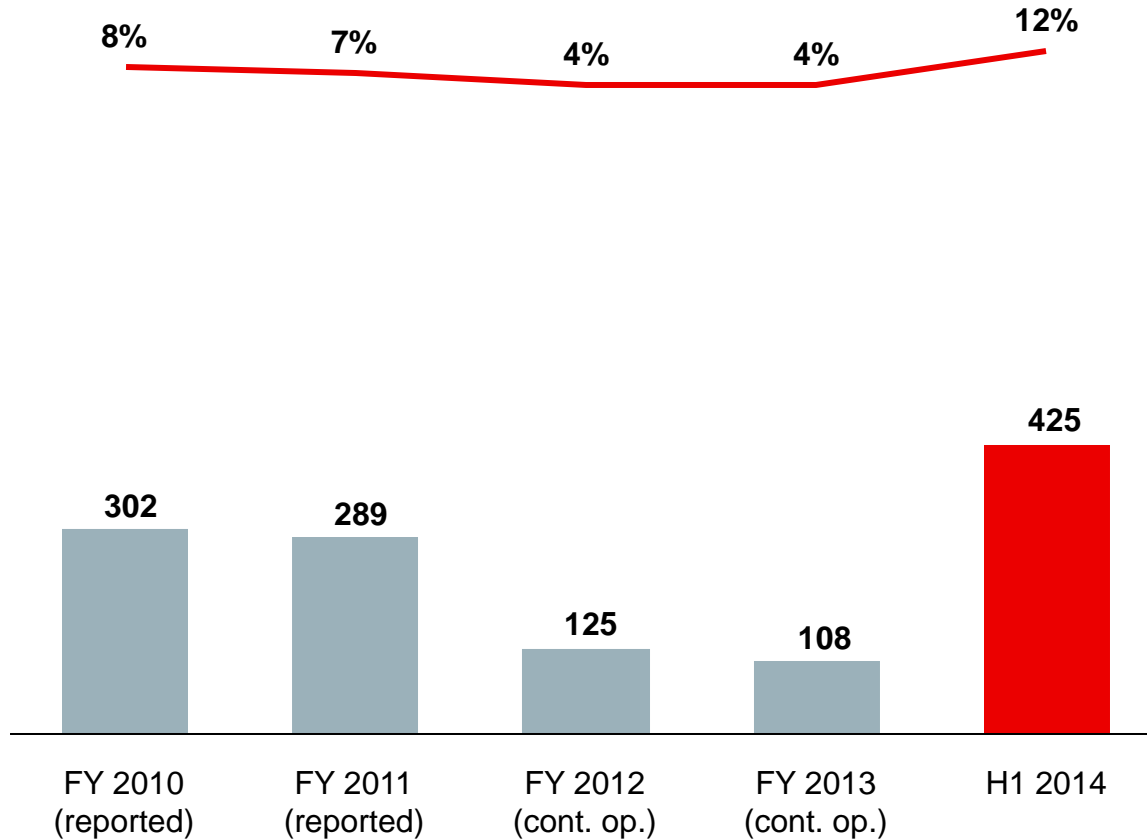
Strong balance sheet

| in CHF million | H1 2014 | FY 2013 |
|--|--------------|--------------|
| Cash and cash equivalents | 803 | 1 280 |
| Trade receivables | 536 | 425 |
| Inventories | 595 | 404 |
| Property, plant and equipment | 882 | 742 |
| Goodwill and intangible assets | 1 745 | 943 |
| Total other assets | 395 | 300 |
| Total assets | 4 956 | 4 094 |
| Trade payables | 370 | 314 |
| Current customer advances | 336 | 407 |
| Current and non-current loans and borrowings | 804 | 303 |
| Non-current post-employment benefit provisions | 569 | 546 |
| Total other liabilities | 735 | 440 |
| Total liabilities | 2 814 | 2 010 |
| Total equity | 2 142 | 2 084 |
| Total equity ratio | 43 % | 51 % |
| Net cash | 2 | 981 |

Net working capital expected to decrease in H2 2014

Net working capital¹ FY 2009 – H1 2014

in % of 12 months rolling sales (incl. Metco pro forma sales); in CHF million



- Higher asset base (Metco acquisition) and less customer advances led to increase in net working capital
- Customer advances at CHF 336 million (decrease mainly related to Manmade Fibers)
- Lower net working capital expected for H2 2014 due to active net working capital management

¹ Net working capital is defined as trade receivables + inventories – trade payables – current customer advances

CapEx allocation in 2014 to emphasize in H2 as planned – stabilize around targeted ratio

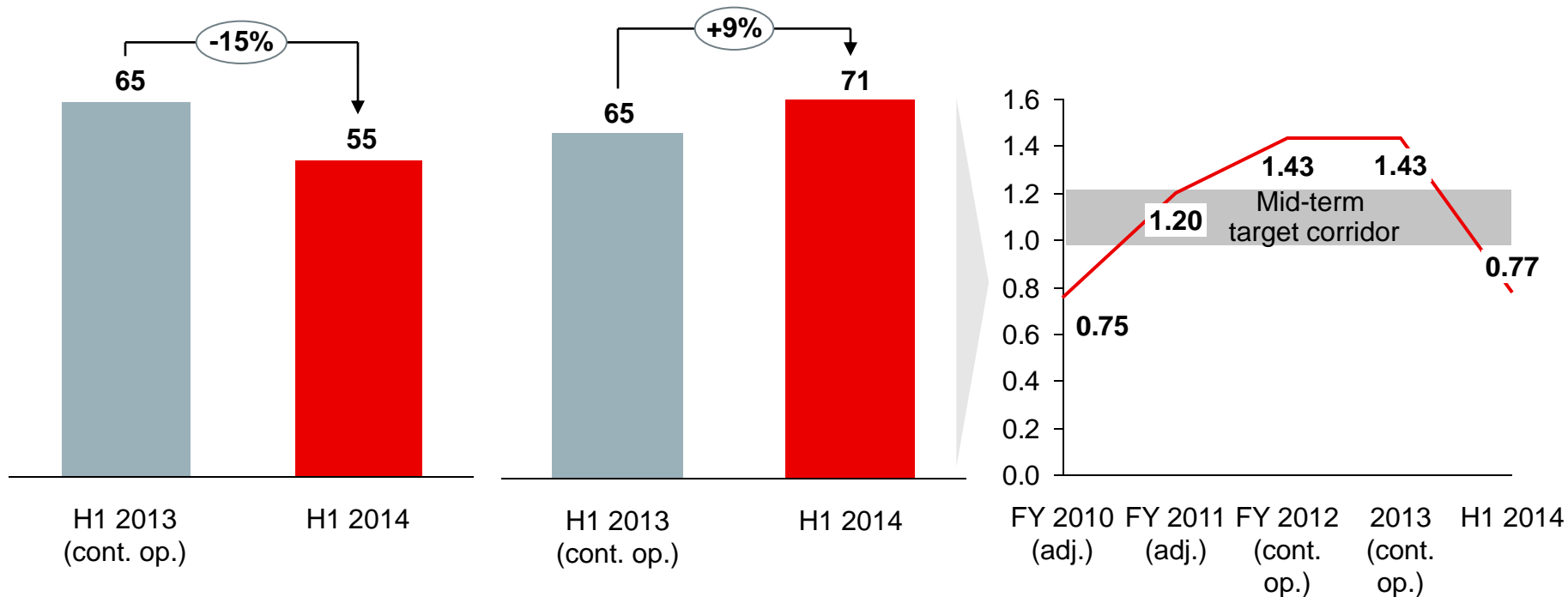
CapEx

in CHF million

Depreciation & amortization

in CHF million

CapEx / depreciation & amortization ratio¹

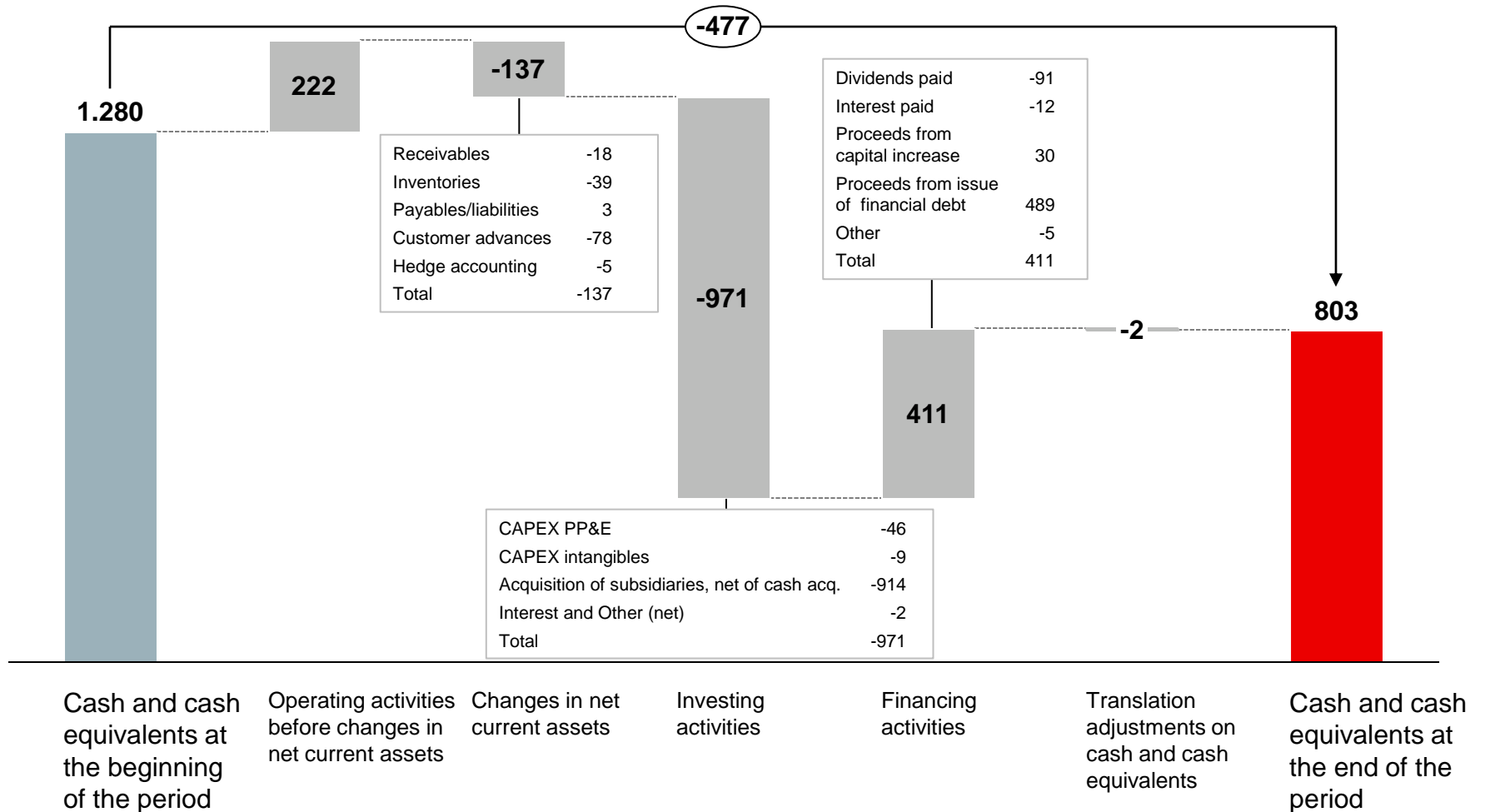


¹ Excluding impairment

Consolidated cash flow statement

Consolidated cash flow statement H1 2014

in CHF million

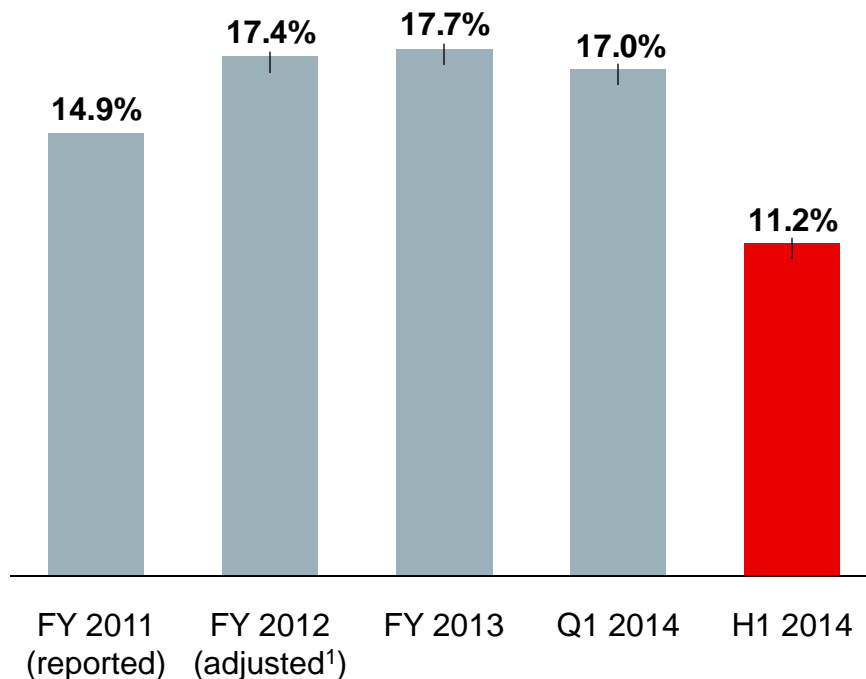


Return On Capital Employed (ROCE)

| Oerlikon Definition of ROCE | H1 2014 | FY 2013 |
|----------------------------------|--------------|--------------|
| EBIT | 370 | 366 |
| - Total current income tax | 90 | 89 |
| - Total deferred tax expense | -21 | -14 |
| NOPAT (12 months rolling) | 301 | 291 |
| Net Operating Assets | 2 772 | 1 586 |
| + Current tax receivables | 29 | 26 |
| + Deferred tax assets | 157 | 124 |
| - Current income tax payables | 60 | 47 |
| - Deferred tax liabilities | 198 | 48 |
| Capital Employed | 2 700 | 1 641 |

Development of ROCE

in %



- First time consolidation of Metco leads to strong increase in net operating assets but contributing only one month to NOPAT
- Stable EBIT despite significant one-time costs related to Metco acquisition

¹ EBIT excl. one-time effect of sale of Arbon property of CHF 39 million

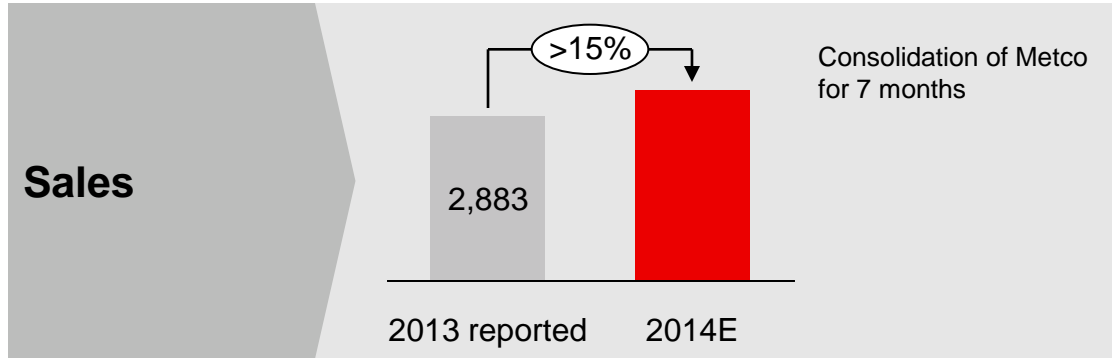
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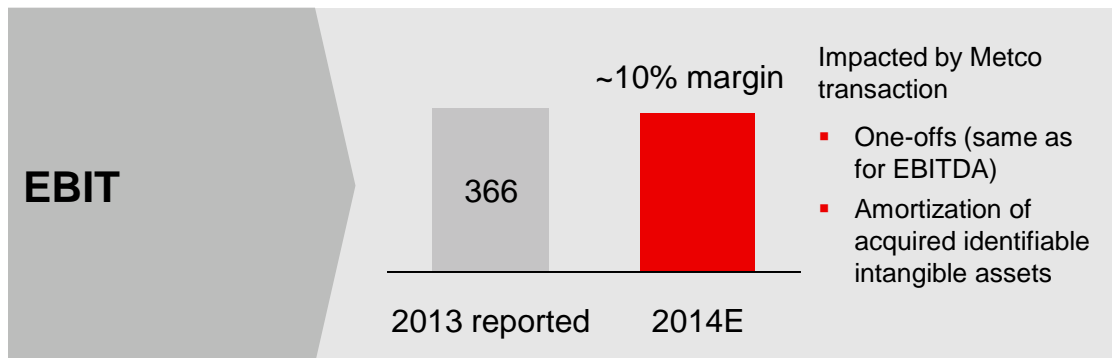
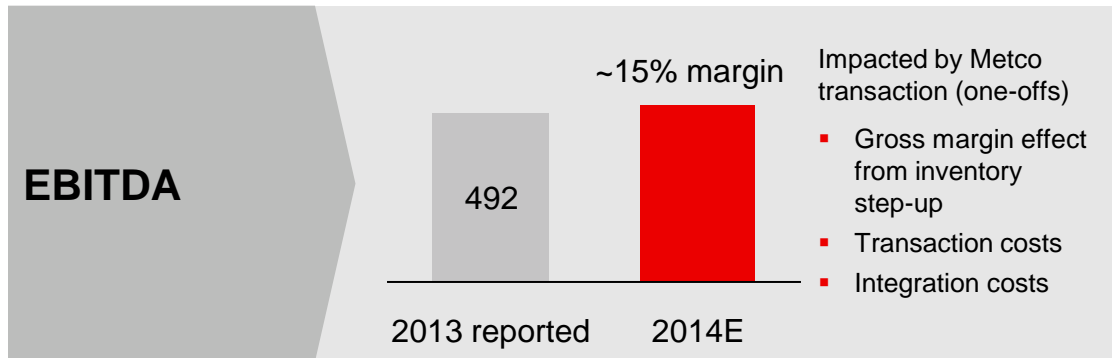
2014 Outlook confirmed – Maintaining a leading position amongst industrial peers



2014 Group Guidance

Consolidating Metco for seven months and with full absorption of Metco impacts, Oerlikon expects compared to 2013 reported figures:

- Order intake growth of ~ 10 %
- Sales growth exceeding 15 %
- EBIT¹ margin of ~ 10 %
- EBITDA¹ margin of ~ 15 %



¹ including full absorption of all related transaction/integration costs and acquisition accounting effects

Continued value creation path:

- Concluded a major strategic milestone
- Delivered strong sales growth and solid profitability
- Strong balance sheet / financial position
- Oerlikon on track – Full-year 2104 guidance confirmed



Thank you.



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H1 2014 key figures by Segment

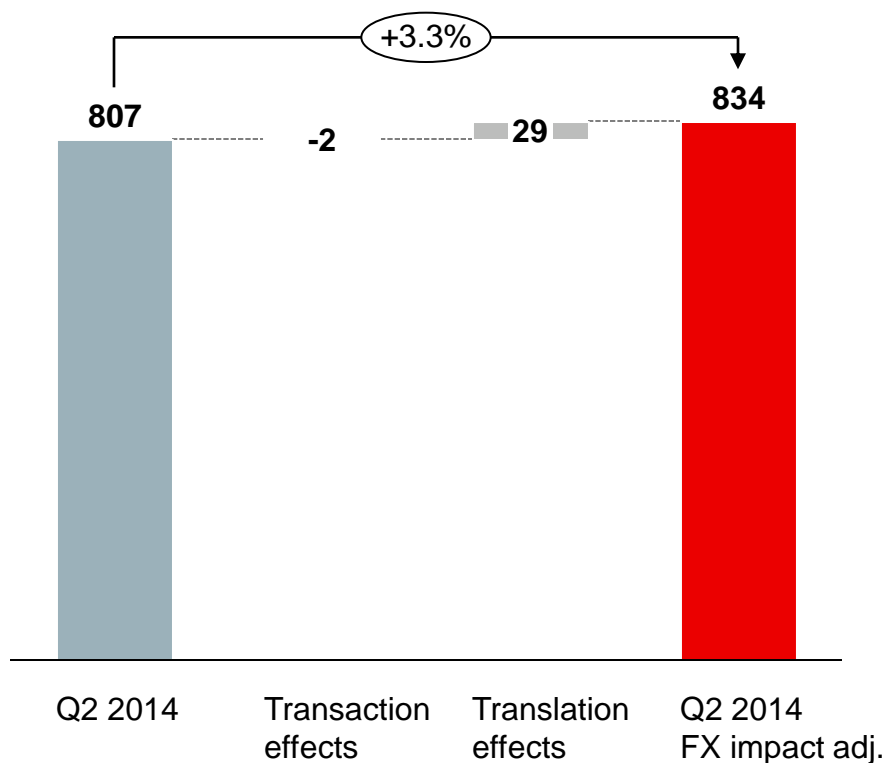
| in CHF million | Manmade Fibers | Drive Systems | Vacuum | Surface Solutions ² | Adv. Tech. |
|--|---------------------|---------------------|--------------------|--------------------------------|---------------|
| Order intake Δ to H1 2013 | 468 -13.3 % | 414 +1.5 % | 193 -6.3 % | 327 +30.3 % | 40 -43.7 % |
| Order backlog Δ to H1 2013 | 416 -30.6 % | 191 +25.7 % | 79 -7.1 % | 86 n/a | 27 -48.1 % |
| Sales (to third parties) Δ to H1 2013 | 570 +1.2 % | 402 +3.3 % | 192 -2.0 % | 328 +30.7 % | 35 -20.5 % |
| EBITDA Δ to H1 2013 | 123 +25.5 % | 42 +23.5 % | 19 -34.5 % | 62 -15.1 % | -6 >-100 % |
| EBITDA margin ¹ Δ to H1 2013 | 21.5 % +4.1 %pts | 10.5 % +1.9 %pts | 9.7 % -5.2 %pts | 18.8 % -10.3 %pts | n/a |
| EBIT Δ to H1 2013 | 113 +27.0 % | 20 +81.8 % | 12 -47.8 % | 33 -35.3 % | -8 >-100 % |
| EBIT margin ¹ Δ to H1 2013 | 19.9 % +4.2 %pts | 4.9 % +2.1 %pts | 6.2 % -5.3 %pts | 10.1 % -9.9 %pts | n/a |
| Operating assets Δ to H1 2013 | 650 -3.8 % | 1 153 +3.4 % | 289 +7.4 % | 1 690 >100 % | 119 -4.0 % |
| No. of employees Δ to H1 2013 | 2 519 +1.6 % | 5 319 +3.1 % | 1 578 +4.4 % | 5 944 +81.3 % | 196 -2.0 % |

¹ as % of sales; ² Metco consolidated for one month in H1 2014

FX impact on Sales, EBIT and EBIT margin

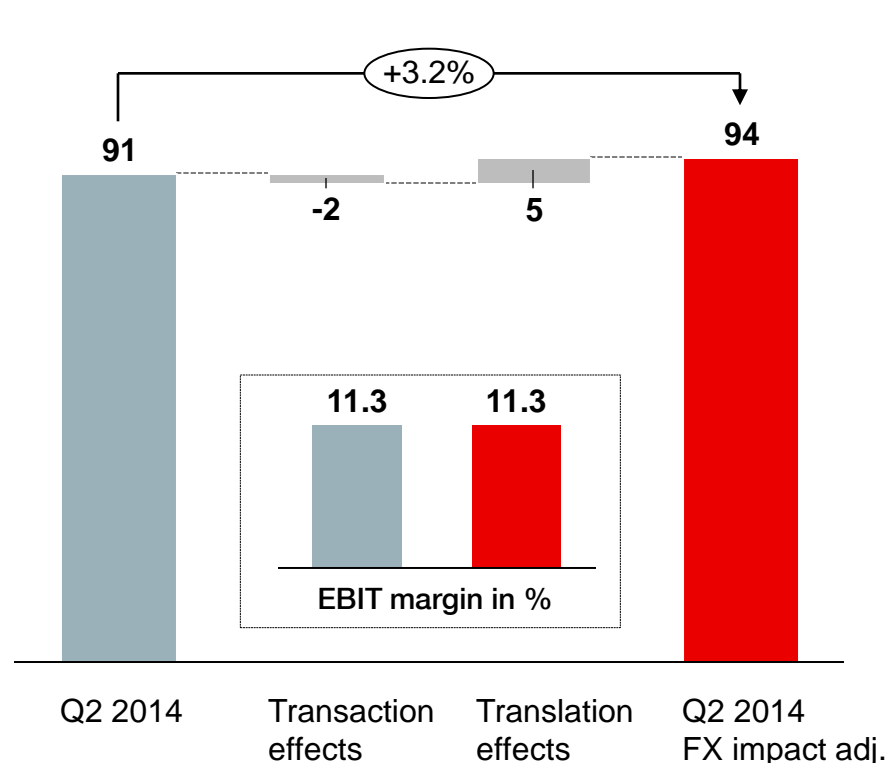
Oerlikon Group Sales Q2 2014

in CHF million



Oerlikon Group EBIT Q2 2014

in CHF million



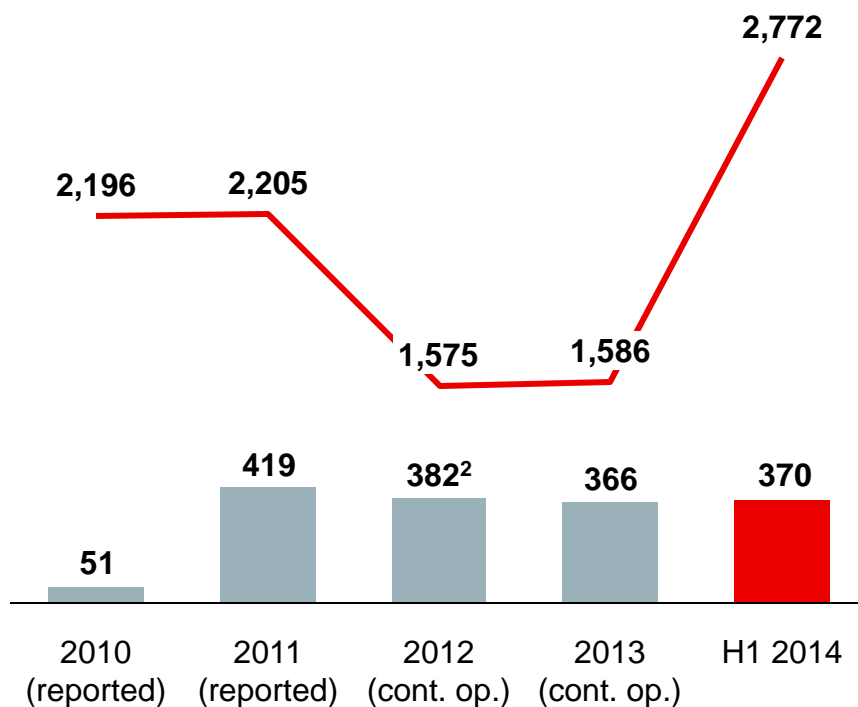
- Devaluation of currencies (INR, USD, CNY)
- EUR close to prior year level
- 3.3 % currency impact on sales

- Impact on EBIT margin negligible

Return on Net Assets at continued high level

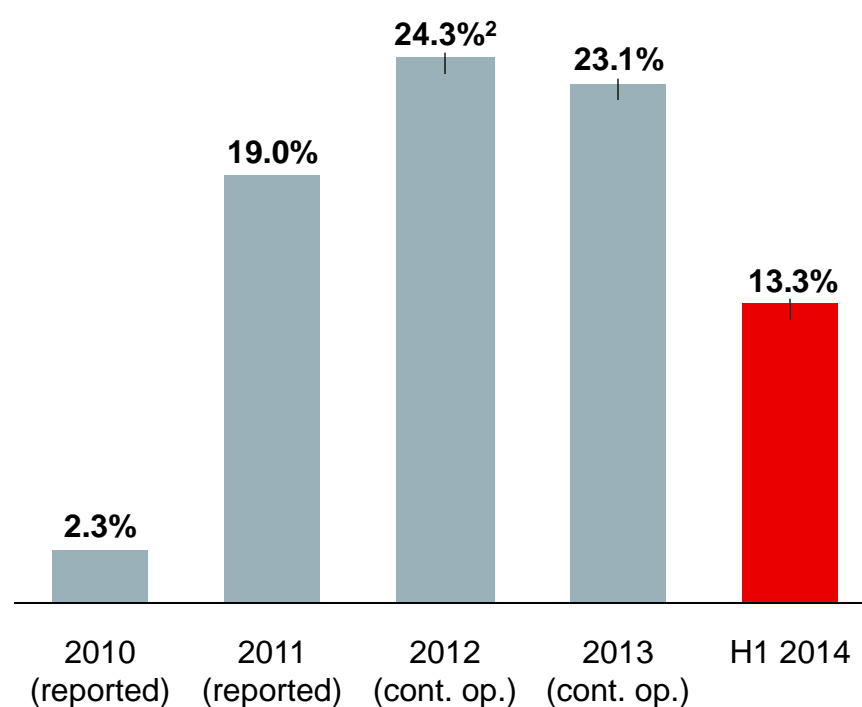
EBIT and Net Operating Assets¹

EBIT 12 months rolling; in CHF million



Return on Net Assets (RONA)¹

in %



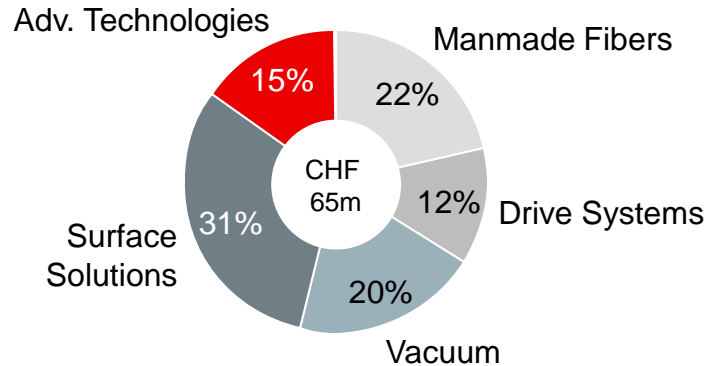
- Increased asset base (Metco acquisition); continued strong operational performance with only one month contribution of Metco
- Sustainable double digit RONA performance

¹ Net Operating Assets include goodwill and brands; RONA is defined as EBIT (12 months rolling) / Net Operating Assets including goodwill and brands

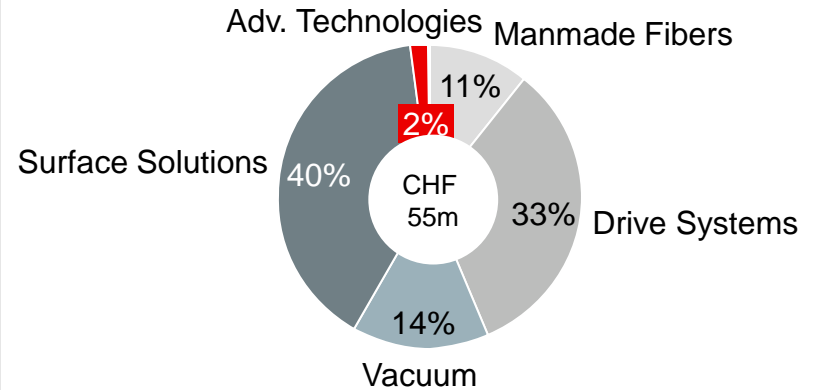
² EBIT excl. one-time effect of sale of Arbon property of CHF 39 million

R&D and Capex on Segment level

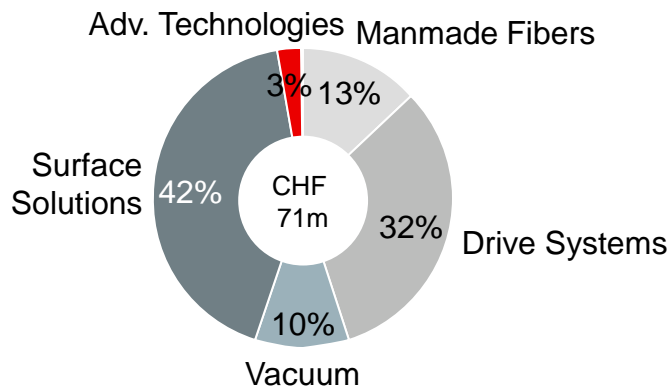
R&D expenses H1 2014



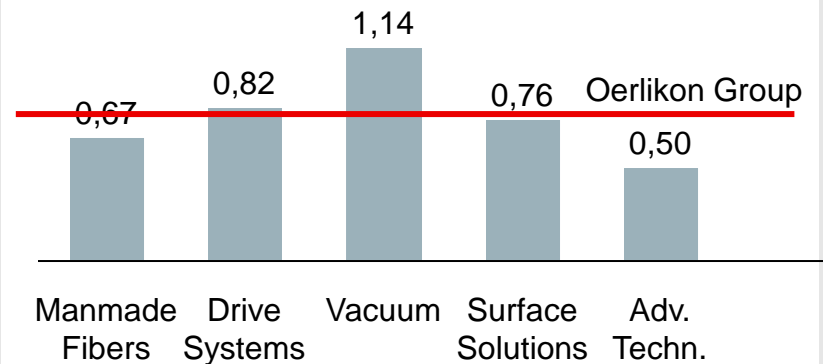
CapEx H1 2014



Depreciation & Amortization H1 2014

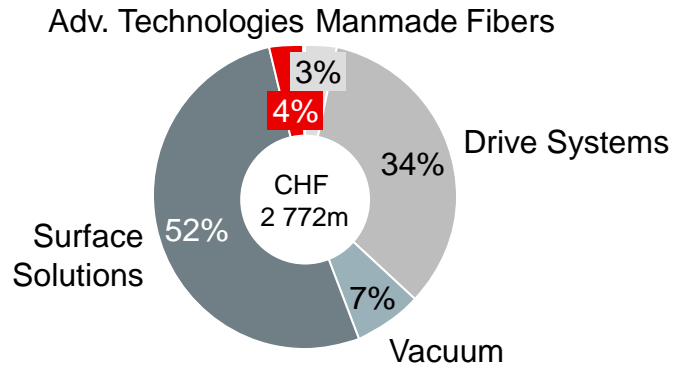


CapEx / Depreciation & Amortization H1 2014

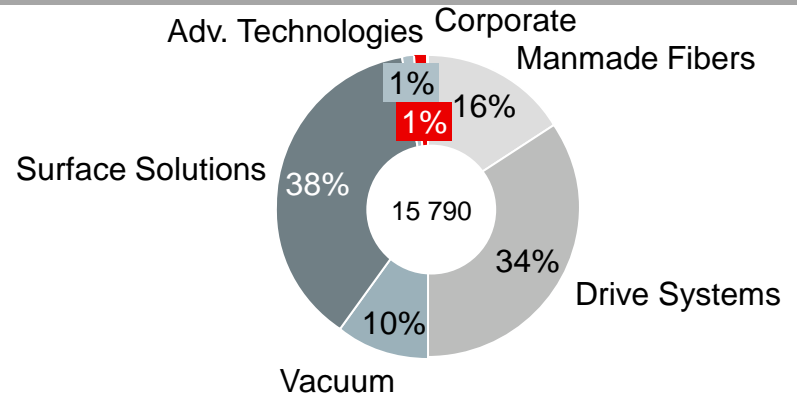


Asset allocation and employees on Segment level

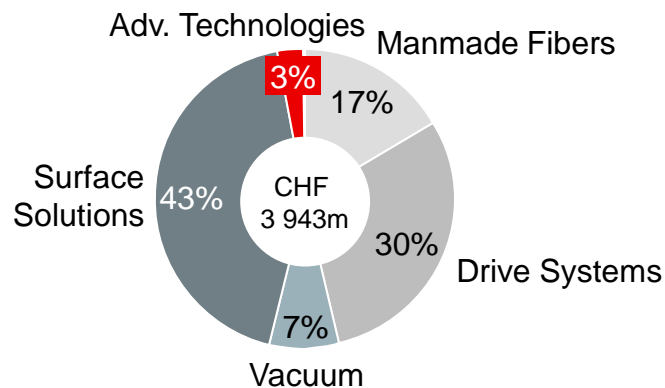
Net operating assets H1 2014



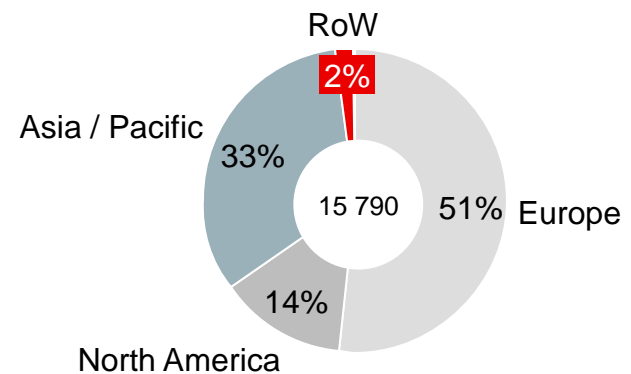
Employees (FTE) by Segment H1 2014



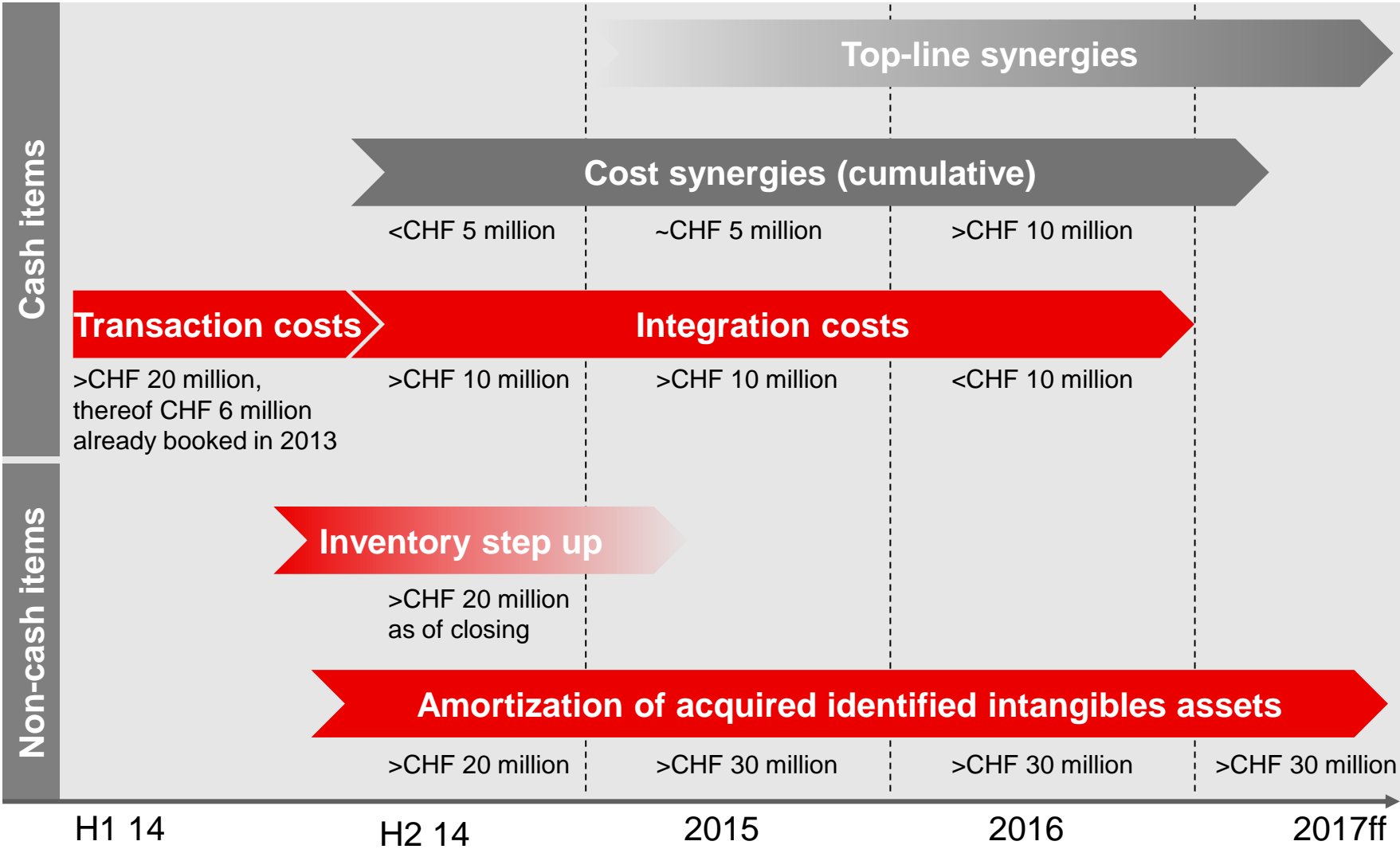
Operating Assets H1 2014



Employees (FTE) by Region H1 2014



Financial impact of Metco transaction

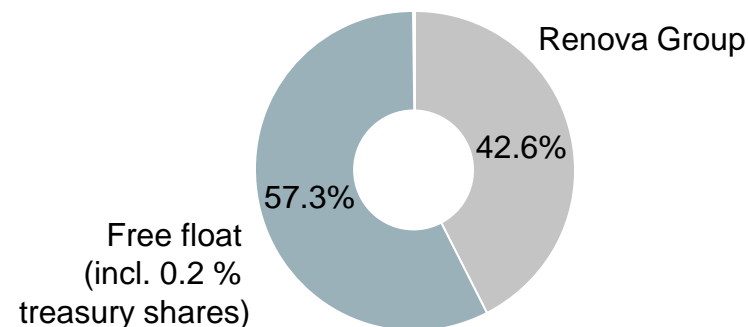


Oerlikon shares

- Listed on Swiss Exchange (SIX) since 1973
- Securities symbol: OERL
- Securities number 81 682
- ISIN: CH0000816824
- No. of shares outstanding: 339 758 576 shares (as of June 30, 2014)
- Re-entry to Swiss SMIM on April 17, 2012
- Addition to STOXX Europe 600 as of June 18, 2012

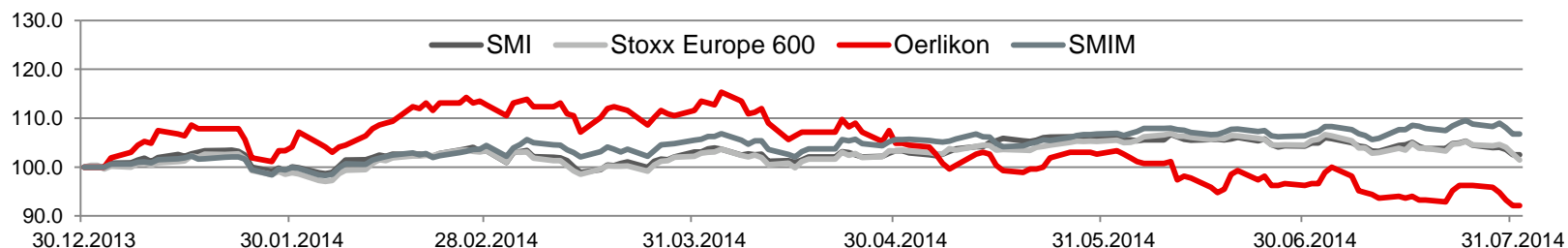
Oerlikon shareholder structure¹

as of June 30, 2014



Oerlikon share price development

as of August 1, 2014, indexed; 100 percent = closing price per December 30, 2013



¹ Based on 339 758 576 shares outstanding and latest notification by Renova (as of May 8, 2014 of 146 834 347 shares)

Coverage – 6 Buy/Accumulate & 4 Hold/Neutral

| Broker | Analyst | Recommendation | Date of last update | Target price |
|-------------------------|-----------------------|---------------------------------|---------------------|--------------|
| AlphaValue | Pierre-Yves Gauthier | Buy | 31.07.2014 | 16.20 |
| Bank am Bellevue | Alessandro Foletti | Hold | 04.06.2014 | 13.80 |
| Berenberg Bank | Benjamin Glaeser | Buy | 20.06.2014 | 16.00 |
| Credit Suisse | Patrick Laager | - | restricted | - |
| Helvea SA | Reto Amstalden | Neutral | 30.07.2014 | 14.90 |
| Kepler Cheuvreux | Martin Flückiger | - | suspended | - |
| MainFirst | Michael Inauen | Outperform | 25.07.2014 | 17.50 |
| Mirabaud Securities LLP | Thomas Baumann | Buy | 13.06.2014 | 16.50 |
| Société Générale | Patrick Jousseume | Hold | 05.06.2014 | 15.20 |
| UBS | André Rudolf von Rohr | Buy | 11.06.2014 | 16.50 |
| Vontobel | Michael Foeth | Buy | 30.07. 2014 | 17.00 |
| Zürcher Kantonalbank | Armin Rechberger | Marketweight | 31.07.2014 | - |
| Consensus | | 6 positive 4 neutral | | 15.96 |

Oerlikon Customer Base (Selection)

- Preferred technology supplier to technology leaders in their respective industries
- Global customer base and world-leading brand names
- Strong long-term customer relationships



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|--------------------------|--|
| February 25, 2014 | Q4 / FY 2013 results and publication of Annual Report 2013 - Annual Press Conference |
| April 15, 2014 | Annual General Meeting of Shareholders - KKL Lucerne |
| April 29, 2014 | Q1 2014 Results - Media & Analyst Conference Call |
| August 5, 2014 | Q2 / HY 2014 results and publication of Interim Report 2014 - Media & Analyst Conference Call |
| October 28, 2014 | Q3 / 9M 2014 results - Media & Analyst Conference Call |

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