Media Release

Q2 2012 results show significant increase in profitability

Oerlikon reports strong Q2 operating performance: guidance increased for FY 2012

- Q2 EBIT increased by 24 % to CHF 115 million – EBIT margin improved to 11.7 %
- Strong margin improvement in Textile, Drive Systems and Coating Segments
- Sales stable at CHF 990 million for the second quarter – solid sales increase in China
- Segment Textile: Order book filled for manmade fibers until 2014
- Strong cash flow from operations at CHF 205 million for H1 2012
- Strong balance sheet at June 30, 2012 with equity ratio up to 36 %
- Increased outlook for FY 2012: sales at 2011 levels and EBIT margin (excluding Arbon effect) of around 11.5 %, reported EBIT margin around 12.5 %; order intake guidance unchanged

Key Oerlikon Group figures as per June 30 (in CHF million)

	Q2 2012[1]	Q2 2011[2]	Δ	H1 2012[1]	H1 2011[2]	Δ
Order intake	956	1 033	-7 %	1 952	2 159	-10 %
Order backlog	1 319	1 605	-18 %	1 319	1 605	-18 %
Sales (to third parties)	990	994	-	1 951	1 900	3 %
EBITDA[6]	–	–	–	343	276	24 %
EBIT	115	93	24 %	267[3]	199	34 %
EBIT margin	11.7 %	9.4 %		13.7 %[3]	10.5 %	
Net income[6]	–	–	–	114	83	37 %
Operating cash flow[4,6]	–	–	–	205	250	-18 %
ROCE	17.5 %	16.5 %[5]		17.5 %	16.5 %[5]	

[1] Continuing operations; [2] Restated; [3] EBIT for H1 2012 excluding sales of Arbon property CHF 228 million, EBIT margin of 11.7 %;
[4] Before changes in net current assets; [5] ROCE FY 2011; [6] Only reported annually and semi-annually;
Margins calculated on unrounded figures

Pfäffikon SZ, Switzerland – August 3, 2012 – Oerlikon Group achieved another significant increase in profitability in Q2 2012: EBIT was up 24 % to CHF 115 million (EBIT margin of 11.7 %), compared to CHF 93 million (EBIT margin of 9.4 %) in Q2 2011. The overall result was driven by strong margin improvements in the Textile, Drive Systems and Coating Segments. Oerlikon CEO Michael Buscher said: "The systematic execution of our agenda with consistent focus on Operational Excellence, Innovation, market reach and portfolio optimization led to continued improvement in our profitability. The performance level we have achieved strengthens our position in an uncertain business environment". Based on the strong Q1 and Q2 performance, Oerlikon is increasing its outlook for FY 2012, now expecting sales to be at 2011 levels with an EBIT margin of around 11.5 % (excluding one-time effect of Arbon property sale). The reported EBIT margin is expected to reach around 12.5 %. Order intake guidance remains unchanged.

OC Oerlikon Management AG, Pfäffikon
Churerstrasse 120
P.O. Box
CH-8808 Pfäffikon SZ

Telephone: +41 58 360 96 96
Fax: +41 58 360 91 96
www.oerlikon.com

innovation has a name
oerlikon

Further profitability improvement

Second quarter EBIT grew 24 % to CHF 115 million (Q2 2011: CHF 93 million), with a margin of 11.7 % (Q2 2011: 9.4 %). These figures do not include the Solar Segment, which is held as discontinued operations. This solid increase in profitability was primarily driven by higher efficiency due to Operational Excellence programs, and margin improvements from innovative products as well as an optimized portfolio. Oerlikon Textile improved its margin from 7.3 % (Q2 2011) to 10.5 % (Q2 2012) with the strongest contribution from the manmade fiber business. Drive Systems margin rose from 3.3 % to 9.2 % and Coating from 17.6 % to 21.0 %. The Company's performance resulted in a ROCE at the end of Q2 2012 of 17.5 % compared a FY 2011 ROCE of 16.5 %.

Stable sales at Group level – China continues to grow

Group sales in the second quarter 2012 were stable at CHF 990 million (Q2 2011: CHF 994 million), with a negligible impact of currency effects. During the quarter, the Group continued to expand its Chinese market share reporting a growth rate of 17 %. In Q2 2012 China accounted for 31 % of total Group sales. North America also posted solid growth with 11 % above last year's level. Solid sales growth was achieved in the Drive Systems and the Coating Segments – both increased their turnover by 7 % – whereas Textile reported stable demand. Within Textile the manmade fiber business showed a continuous strong growth rate, representing the largest business of the Segment today. Vacuum saw postponements of sales projects in a market environment which was softening overall.

Order intake and backlog as expected

Order intake at CHF 956 million was 7 % lower than the strong second quarter of 2011 (Q2 2011: CHF 1 033 million) – as expected. Following the financial crisis in 2009, a strong level of order intake in 2011 had been reached, mainly driven by customers' restocking especially in the Textile area. Orders normalized during the second half of 2011 and have since then increased from these levels in the first and second quarter of 2012. Order backlog at the end of second quarter 2012 was CHF 1 319 million (Q2 2011: CHF 1 605 million).

Innovation

To maintain and strengthen its market position, Oerlikon continued to invest significantly in research and development (R&D). R&D expenditure in the first half of 2012 was maintained at a level of around 4 % of total sales – corresponding to a total of CHF 74 million.

Oerlikon Textile demonstrated its leading technology position at ITMA 2012 in Shanghai, the largest textile machinery trade fair for Asia. A new highlight was the new ring spinning machine ZinserImpact 71, providing automated production thanks to self-cleaning technology. With the market introduction of the WINGS FDY Manmade Fiber take-up winding machine end of last year the Segment set new standards in terms of energy savings up to 30 %. Based on increasing customer demand for this technology, the Segment has gained a market share above one quarter of the total spinning machine market.

Oerlikon Drive Systems launched the next generation of synchronizers which significantly support fuel saving and ease of shifting. By increasing the speed of the manual shift and the resulting reduction of the torque interruption, the engine is kept at an efficiency level 10 % higher than previously and saves fuel up to 5 %. This next generation synchronizer is to be fitted on the latest 9-speed and 14-speed premium gearboxes for heavy duty trucks.

With a new-tailor made solution based on standard components, Oerlikon Vacuum entered the new market of steel degassing applications being implemented at a major customer in Germany and one in India already. These customized systems, consisting of an innovative flexible array of high performance fore vacuum pumps, are the most compact mechanical solution in the market, resulting in higher yields for the customers.

The Coating Segment has launched BALINIT® LATUMA, a new coating for a broad variety of machining applications using inserts. Outstanding performance has been demonstrated for turning of stainless steel and Inconel, a high temperature resistant material used in applications such as turbine blades or millings. Deposition of BALINIT® LATUMA requires the new generation of arc evaporation source – a recent hardware development by the Segment. BALINIT® LATUMA recipes and the hardware upgrades have already been sold to major customers; in parallel production in our coating centers has started.

Comprehensive refinancing results in significant reduction in financing costs

In Q2 2012 Oerlikon successfully achieved a comprehensive refinancing in combination of a new syndicated credit facility and a domestic bond. The unsecured CHF 800 million credit facility reflects the Group's strong operational and financial performance over the last two years and consists of a CHF 700 million credit facility (Facility A) with an initial margin of LIBOR plus 250 basis points per year. Due to the successful placement of the Swiss Bond exceeding expectations, the twelve month CHF 100 million optional term loan will not become effective. The Swiss bond, which was issued at the top end of its volume target and successfully placed, amounts to CHF 300 million with a maturity of 4 years and a 4.25 % coupon. This finance package significantly reduces the annual cost of financing beginning from August 2012 by around CHF 40 million on an annual basis, provides greater flexibility at improved terms, does not require any securities, and diversifies funding sources. With the cancellation of the old Credit Facility two years ahead of maturity Oerlikon successfully concluded its refinancing as of July 20, 2012 with the repayment of its old facility.

Portfolio adjustments

In Q2 2012 Oerlikon continued its systematic execution of portfolio optimization measures. In April the Group sold its 13.97 % minority stake in the Swiss aircraft manufacturer Pilatus Flugzeugwerke AG to Pilatus Flugzeugwerke AG, to IHAG Holding, Zürich and to J.F. Burkart (Southfield Aircraft Ltd.). In June, Oerlikon Graziano completed the sale of its Porretta operations to the Italian company Paritel S.p.A, including the transfer of around 230 employees. Strategically important products for Oerlikon Graziano will be shifted to other company locations. Finally in June, Oerlikon divested the Textile Segment's Melco operations, the smallest Oerlikon Textile business.

Balance sheet strengthened with equity ratio increase to 36 %

The strong performance in the first half 2012 resulted in a further strengthening of Oerlikon's balance sheet as of June 30, 2012. As of record date, Group equity (attributable to shareholders) amounted to CHF 1 590 million representing an equity ratio of 36 % compared with 35 % at the end of 2011. During the quarter, Oerlikon continued to invest in its future: with capital expenditures of total CHF 74 million, the Group achieved a ratio of CAPEX/Depreciation of 0.93. A positive cash flow from operating activities before changes in net current assets of CHF 205 million led to a further reduced net debt position of CHF 61 million (FY 2011: net debt of CHF 86 million). The Group's gearing (net debt/equity) stood at 4 % compared to 5 % in FY 2011 and leveraging (net debt/EBITDA) is reported at 0.18 compared to 0.31 at the end of December 2011.

Increased Outlook for 2012

Based on the strong Q1 and Q2 performance and a sustainable basis from 2011, Oerlikon businesses are coming closer to Best-in-Class positions. Whereas Oerlikon Coating already operates on that level, the Textile and Drive Systems Segment significantly reduced the gap to its best peers. Despite an uncertain global economic environment, Oerlikon therefore is increasing its outlook for FY 2012. Assuming stable currencies and the closing of the Oerlikon solar transaction, the Group now forecasts for the FY 2012:

- sales to be at 2011 levels (before: up to minus 5 %).
- profitability to increase to an EBIT margin (excluding Arbon effect) of around 11.5 % (before: around 11 %). Reported EBIT margin is expected at around 12.5 % (before: around 12 %).
- order intake guidance remains unchanged.

OC Oerlikon Management AG, Pfäffikon
Churerstrasse 120
P.O. Box
CH-8808 Pfäffikon SZ

Telephone: +41 58 360 96 96
Fax: +41 58 360 91 96
www.oerlikon.com

innovation has a name
oerlikon

Segment overview

Segment Textile

Key figures Segment Textile as per June 30 (in CHF million)

	Q2 2012	Q2 2011	Δ	H1 2012	H1 2011	Δ
Order intake	496	569	-13 %	1 000	1 195	-16 %
Order backlog	1 012	1 339	-24 %	1 012	1 339	-24 %
Sales (to third parties)	520	520	-	1 015	978	4 %
EBIT	55	38	45 %	144	76	89 %
EBIT margin	10.5 %	7.3 %		14.2 %	7.8 %	
EBIT (excl. one-time effect[1])	55	38	45 %	105	76	38 %
EBIT margin (excl. one-time effect[1])	10.5 %	7.3 %		10.4 %	7.8 %	

[1] Sale of Arbon property

The Textile Segment reported a rise in sales and a significant increase in profitability for the second quarter of 2012 to an EBIT margin of 10.5 % from 7.3 % a year ago. This was fueled by higher demand for Oerlikon's innovative e-save product mix and the implementation of Operational Excellence measures. As expected, order intake and order backlog decreased for the quarter compared to a strong Q2 2011, where an exceptional demand arose following the economic crises. Whilst a weaker contribution from natural fibers was recorded, the market for manmade fiber equipment continues to remain strong, reporting its highest order intake for five consecutive quarters. The order book for manmade fibers is filled until 2014. With this continuous strong sales growth, the manmade fiber business has become the largest business within the segment. The Components business remained at previous quarter's level with a solid performance.

To optimize its product portfolio, the Segment divested its smallest business Melco to Mizar Holding Inc. US at the end of the quarter.

Segment Drive Systems

Key figures Segment Drive Systems as per June 30 (in CHF million)

	Q2 2012	Q2 2011	Δ	H1 2012	H1 2011	Δ
Order intake	213	224	-5 %	444	452	-2 %
Order backlog	202	154	31 %	202	154	31 %
Sales (to third parties)	225	211	7 %	449	416	8 %
EBIT	21	7	>100 %	39	18	>100 %
EBIT margin	9.2 %	3.3 %		8.8 %	4.3 %	

Oerlikon Drive Systems increased its sales in Q2 2012 by 7 % compared to previous year's period with a strong improvement in the quarter on profitability: EBIT margin rose by 590 basis points to 9.2 % from 3.3 % in Q2 2011, driven by increased sales and the sustainable impact of Operational Excellence measures. To optimize its manufacturing footprint in Italy, the Segment completed the sale of its Porretta operations to Paritel S.p.A., an Italian company, on June 29, 2012. In China, the Segment continues to

OC Oerlikon Management AG, Pfäffikon
Churerstrasse 120
P.O. Box
CH-8808 Pfäffikon SZ

Telephone: +41 58 360 96 96
Fax: +41 58 360 91 96
www.oerlikon.com

ramp up its production capabilities and align customer opportunities with those capabilities that are expected to come on stream in 2012.

Order intake fell 5 % whereas order backlog strongly increased by 31 %, due to the demand increase in the second half of 2011 reaching into the first quarter of 2012. EMEA and North America as the largest mature markets in agriculture, construction, mining and energy slowed, whereas the positive trend in Asia continued.

Within a slowing market environment the Segment increased sales in North America and Europe; Asia continued its turnover on last year's level.

Segment Vacuum

Key figures Segment Vacuum as per June 30 (in CHF million)

	Q2 2012	Q2 2011	Δ	H1 2012	H1 2011	Δ
Order intake	92	99	-7 %	195	219	-11 %
Order backlog	79	87	-9 %	79	87	-9 %
Sales (to third parties)	93	107	-13 %	191	209	-9 %
EBIT	10	16	-38 %	24	33	-27 %
EBIT margin	11.0 %	14.7 %		12.7 %	15.5 %	

Oerlikon Vacuum reported lower order intake and backlog, as well as lower sales compared to the strong second quarter in 2011 following the recovery from the financial crisis. The Segment recorded postponements of sales projects in an overall softening market environment. Demand from the solar market continued to be weak, specifically impacting the demand in Asian countries. In China, the decrease in the lighting market, the slow-down of solar projects and OLED/LED business impacted the sales pipelines. Realigning and compensating measures have been taken by focusing on new industries.

As a consequence of the market environment, continued investments in new product introductions, logistics and regional expansion and a delay of cost structure improvement measures, profitability was 11.0 % compared to 14.7 % a year ago. The Segment continued to focus on Operational Excellence to further increase efficiency and improve customer proximity especially in Asia. The Segment therefore opened a service center in India and extended its capabilities in Singapore.

Segment Coating

Key figures Segment Coating as per June 30 (in CHF million)

	Q2 2012	Q2 2011	Δ	H1 2012	H1 2011	Δ
Order intake	126	118	7 %	253	243	4 %
Order backlog	–	–	–	–	–	–
Sales (to third parties)	126	118	7 %	253	243	4 %
EBIT	27	21	29 %	53	49	8 %
EBIT margin	21.0 %	17.6 %		21.0 %	20.1 %	

The Segment reported a strong increase in profitability with an EBIT margin of 21.0 % clearly above the 17.6 % achieved in the second quarter of 2011. The continued focus on Operational Excellence and the stronger sales have been the main drivers for this development. With these results the Segment definitely operates at a Best-in-Class level.

Sales rose by 7 % in the second quarter thanks to a strong growth in the tools markets in Japan, Germany and the US. The Segment which currently operates 87 coating centers worldwide continues to increase capacity. The expansion of the global footprint in new geographical markets with additional coating centers is on-going, especially in Asia.

Continued success with new coating solutions for high volume automotive components – especially in the field of fuel-efficient injection systems – substantially supported the growth in Europe. A leading customer for these high-end systems chose Oerlikon Balzers to join its expansion to Thailand. After successfully applying the high quality and innovation standards from Germany to the existing local coating center, the next capacity build-up to meet the fast growing demand in Asia has already started.

The industrialization of the most recently introduced S3p™ technologies for extremely smooth coatings in tool applications as well as ePD™ as a clean substitution technology for chrome-plated plastic parts are progressing as planned.

Segment Advanced Technologies

Key figures Segment Advanced Technologies as per June 30 (in CHF million)

	Q2 2012	Q2 2011	Δ	H1 2012	H1 2011	Δ
Order intake	29	23	26 %	60	50	20 %
Order backlog	26	25	4 %	26	25	4 %
Sales (to third parties)	26	38	-32 %	43	54	-20 %
EBIT	0	7	n/a	-3	6	n/a
EBIT margin	n/a	18.4 %		n/a	11.1 %	

Order intake for the Segment Advanced Technologies increased strongly in the second quarter of 2012, with order backlog also slightly up. Sales were 32 % lower compared to Q2 2011 – the strongest quarter of last year. The positive trend in selected markets of the semiconductor industry continued, especially in Advanced Packaging for mobile applications. The overall demand in the semiconductor industry shows a seasonal slowdown in certain sectors while others continue to be strong.

Restructuring costs of CHF 1.5 million have been booked in Q2 2012. As a result of the lower sales and these restructuring measures due to the exit of the optical disc equipment business, the Segment reported a break-even EBIT.

OC Oerlikon Management AG, Pfäffikon
Churerstrasse 120
P.O. Box
CH-8808 Pfäffikon SZ

Telephone: +41 58 360 96 96
Fax: +41 58 360 91 96
www.oerlikon.com

About Oerlikon:
Oerlikon (SIX: OERL) is a leading high-tech industrial group specializing in machine and plant engineering. The Company is a provider of innovative industrial solutions and cutting-edge technologies for textile manufacturing, drive, vacuum, thin film, coating, and advanced nanotechnology. A Swiss company with a tradition going back over 100 years, Oerlikon is a global player with more than 17 000 employees at over 150 locations in 38 countries and sales of CHF 4.2 billion in 2011. The Company invested in 2011 CHF 213 million in R&D, with over 1 200 specialists working on future products and services. In most areas, the operative businesses rank either first or second in their respective global markets.

Additional information
Oerlikon will present its results in German during its media conference call today starting at 10:00 am CEST. To participate, please dial the following numbers a few minutes before the start:

Switzerland	+41 43 547 8001
Germany	+49 69 2222 34066
UK	+44 20 3106 7162
USA	+1 646 254 3374

Confirmation Code: 1914036
The accompanying presentation can be viewed in parallel by opening the following link http://webmeeting.adobeconnect.com/e1914036. Please sign in as a guest.

During its analysts' conference call beginning at 2:00 pm CEST Oerlikon will present its results in English. To participate, please dial the following numbers a few minutes before the start:

Switzerland	+41 43 547 8001
Germany	+49 69 2999 3285
UK	+44 20 3106 7162
USA	+1 646 254 3387

Confirmation Code: 8593484
The accompanying presentation can be viewed in parallel by opening the following link http://webmeeting.adobeconnect.com/e8593484. Please sign in as a guest.

Please find the media release including a full set of tables at www.oerlikon.com/pressreleases as well as the Half-year Report 2012 at www.oerlikon.com/ir

For further information please contact:
Burkhard Boendel
Head of Corporate Communications & IR
T +41 58 360 96 05
F +41 58 360 91 93
pr@oerlikon.com

Andreas Schwarzwälder
Head of Investor Relations
T +41 58 360 96 22
F +41 58 360 98 22
ir@oerlikon.com

Dr. Holger Schimanke
Head of Public Relations
T +41 58 360 9659
F +41 58 360 9859
pr@oerlikon.com

Disclaimer:
OC Oerlikon Corporation AG, Pfäffikon (together with its affiliates hereinafter referred to as “Oerlikon”) has made great efforts to include accurate and up-to-date information in this document. However, Oerlikon makes no representation or warranties, expressed or implied, as to the truth, accuracy or completeness of the information provided in this document and Oerlikon disclaims any liability whatsoever for the use of it.

This document (including all statements made therein) is based on estimates, assumptions and other information currently available to the management of Oerlikon. This document contains certain statements related to the future business and financial performance or future events involving Oerlikon that may constitute forward-looking statements. The forward-looking statements contained herein could be substantially impacted by risks, influences and other factors (many of which are not foreseeable at present and/or are beyond Oerlikon`s control), so that actual results, including Oerlikon`s financial results and results of operation, may vary materially from and be worse than those (expressly or implicitly) anticipated, expected or projected in the forward-looking statements. There can be no assurance and no representation or warranty, express or implied, is given that such forward-looking statements will be realized. Oerlikon is under no obligation to (and expressly disclaims any obligation to) update or otherwise review its forward-looking statements, whether as a result of new information, future events, or otherwise.

This document, including any and all information contained therein, is not intended as, and may not be construed as, an offer or solicitation by Oerlikon for the purchase or disposal, trading or any transaction in any Oerlikon securities. Investors must not rely on this information for investment decisions and are solely responsible for forming their own investment decisions.

OC Oerlikon Management AG, Pfäffikon
Churerstrasse 120
P.O. Box
CH-8808 Pfäffikon SZ

Telephone: +41 58 360 96 96
Fax: +41 58 360 91 96
www.oerlikon.com