

Opposing tendencies at Oerlikon Solar and Oerlikon Textile mark the first quarter

Volumes in the first quarter of 2008 – adjusted for conversion differences – are slightly above previous year’s level

- Sales amount to CHF 1.17 billion (-2.9 per cent compared to Q1 2007)
- Adjusted for conversion differences, sales rose by 2.6 per cent compared to the same period of 2007
- Order intake amounts to CHF 1.16 billion (-16.9 per cent)
- Successful delivery of Solar plants furthers demand – first large order for Oerlikon Solar from Mainland China
- Overall market slowdown in the global textile market was stronger than expected, with consequences for the entire group
- Adjustments to production capacities were initiated in anticipation of changed market requirements
- Ambitious sales and result goals for 2008 only attainable subject to improved market conditions

Key figures of Oerlikon Group as per 31.03.2008

In CHF billion	Q1/2008	Q1/2007	change
Order intake	1.16	1.34	-16.9%
Orders on hand	1.74 / 1.52*	1.72**	-11.7%
Sales	1.17	1.20	-2.9%

* Shown without Oerlikon Drive Systems for comparison with Q1/2007

** No values for 2007 for Oerlikon Drive Systems

Pfäffikon SZ, 23 April 2008 – In the first quarter of 2008, Oerlikon just managed to maintain the level of sales despite a clear slowdown in the market in global textile business, a restrained semi conductor market accompanied by unfavourable currency influences. Adjusted for conversion differences, the group’s sales showed some growth. „Volatility of this magnitude, particularly in the textile market, was not foreseeable“, says CEO Dr. Uwe Krüger. In the segments affected by the decreases, steps were already taken in the previous year to adjust production capacities to changed conditions. „Sales will continue to grow in 2008. But the profit goals for 2008 can only be achieved if market conditions improve“, says CEO Krüger. In particular, Oerlikon Solar’s above-average sales increase which is to be expected in the second half of the year will contribute to the positive development in the further course of the business year. A further large order was signed yesterday – with a first customer from Mainland China.

page 2 The sales of the Oerlikon Group showed a decrease in the first quarter of 2008 of –2.9 per cent to CHF 1.17 billion. The order intake amounting to CHF 1.16 billion was -16.9 per cent below that of the previous year. The orders on hand reached a value of about CHF 1.74 billion.

The clear market slowdown in the global textile market also led to a reduction in sales for Oerlikon Textile of –16.9 per cent. The cycle-related downswing in the semi conductor market caused sales to diminish considerably in the Business Unit Oerlikon Systems (Data Storage and Wafer) which is part of the Oerlikon Coating segment. The continued good to very good growth in the other segments and Business Units almost completely compensated for this development, whereby negative currency tendencies had a dampening effect. Oerlikon Solar almost doubled their sales to CHF 82.4 million. Oerlikon Drive Systems grew by 13.6 per cent to CHF 307.2 million, Oerlikon Vacuum increased sales by 4.5 per cent to CHF 121.1 million.

The results of the first quarter prompt the company to accelerate and to extend the restructuring and portfolio measures where were already initiated. The planned disinvestment of the Business Unit Oerlikon Optics is going according to plan. “We are consistently aligning the company to the market conditions and are taking all the measures necessary to strengthen our position also in difficult market situations”, emphasises CEO Krüger. In addition, the company started already last year to cushion the foreseeable developments in the textile market with an adjustment of production capacities and personnel resources, for instance with cutbacks at Oerlikon Textile Germany or at Group headquarters in Pfäffikon. “If the markets do not recover in the very near future, we shall resolutely take further measures”, says CEO Krüger. Future-orientated research and development projects in the segments and across the group will certainly not be stopped.

Outlook

Despite the slowdown in growth, Oerlikon remains optimistic for the medium- and long-term course of business. Over the whole year, Oerlikon still expects a further increase in sales. An increase in last year’s results only seems realistic with better macro-economic conditions and a revival of the textile market plus more favourable exchange rates.

Oerlikon Textile

In the first quarter, Oerlikon Textile achieved sales of CHF 468.4 million (- 16.9 per cent), an order intake of CHF 432.6 million (-38.9 per cent) and had orders on hand of CHF 734.5 million (-24.6 per cent). The results confirmed the surprisingly harsh downturn in the global textile market, in particular in the staple fiber sector. Targeted subsidies by the State, particularly in China and India, led to an exceptional boom in 2007 in this market segment with an increase in sales of 26.6 per cent for Oerlikon Textile compared to the previous year. In addition, delays in China in approving projects would indicate attempts by the government to dampen business.

In this market situation, Oerlikon Textile's technologically leading position becomes noticeably evident. The innovations presented at the end of 2007 at the textile machine trade fair ITMA were well received by the market despite general reluctance to invest, for instance the new POY platform WINGS or the Autoconer AC5. There was even an increase in demand for BCF carpet yarn plants in the Asian markets, in part due to the leading technology. Despite the general weakness of the market, Oerlikon Textiles could maintain their market shares at a high level. By the year-end, the segment expects a revival of the business.

Oerlikon Coating

The segment Oerlikon Coating did not achieve the previous year's results in the first quarter. Turnover dropped from CHF 169.1 million to CHF 145.9 million (-13.7 per cent), order intake from CHF 181.9 million to CHF 161.5 million (-11.2 per cent), orders on hand from CHF 94.7 million to CHF 64.5 million (-31.9 per cent). The reason for this is the Business Unit Systems (Wafer and Data Storage) which experienced sales losses of almost 60 per cent due to the weak trend in semi conductors and the unfavourable exchange rate of the USD to the Swiss franc.

But the Balzers Coating Services business, which corresponds to about 85 per cent of the segment's sales, achieved a sales growth of approx. 4 per cent. Exchange rate influences could be strongly felt here, stable exchange rates would have corresponded

page 4 to a growth increase of 9 per cent. Growth was spurred on by further market penetration with new processes such as the P3e™- and BALINIT-ALDURA technology plus the further regional expansion in particular in China, but also in Scandinavia with the acquirement of the local coating specialists, Suomen Plasmapiinta Oy. In the second half of the year, this trend will continue with the planned opening of further Coating Centers in Asia (India, Korea, Japan, China) and South America.

Oerlikon Solar

The new segment Oerlikon Solar already showed its enormous growth potential in the first quarter. Compared to the same period last year, sales increased from CHF 43.2 million by over 90 per cent to CHF 82.4 million, just as expected. Order intake amounted to CHF 17.6 million, orders on hand to CHF 403.2 million. The production line for the customer ersol Thin Film was successfully increased to full capacity and the goals set together with the customer were well exceeded. Together with Oerlikon service specialists, the Asian customer CMC started production of the first thin film silicon modules, and the first micromorph-tandem plant was delivered to Inventux. „So in the first quarter also, we proved we are capable of delivering turnkey solutions and of getting production started in the shortest time possible”, says Oerlikon CEO Krüger. Oerlikon Solar is extremely optimistic about the further course of business in 2008. The development of the location in Singapore is going according to plan. The high level of demand continues, and important market participants such as energy companies, semi conductor manufacturers and consortia are all showing increased interest. For the next quarters, the segment reckons with a further massive increase in sales and orders. In the first quarter, no major contracts were actually signed, but several large orders which require a great deal of time for financial and contractual clarification due to their intense complexity, are on the verge of being signed. These refer amongst others to framework contracts for several plants in Europe and Asia. Yesterday, a first large order from Mainland China was signed. Internal resources and production capacities have been organised to be able to accommodate the turnover goal of CHF 700 million. The current order book already ensures approx. 70 per cent of this goal.

The segment Segment Oerlikon Leybold Vacuum achieved a turnover growth of 4.5 per cent with CHF 121.1 million. The renewed high order intake was particularly satisfying, increasing by 9.6 per cent to CHF 129.6 million. The good ratio of order intake to sales (Book/Bill Ratio) plus the orders on hand which again increased by 36 per cent to CHF 85.4 million show Oerlikon Leybold Vacuum's excellent market position. The orders on hand grew for the successive fifth quarter, whereby Oerlikon Leybold Vacuum could gain further market shares.

The excellent position in particular in the booming solar business was decisive for the positive development – namely globally and for all processing steps in the manufacture of solar cells resp. thin film solar modules. The processing industry, too, for instance metatallurgy and kiln engineering, plus the field of research and development showed positive growth, plus the coating market in general. Asia and Europe were the regions with the greatest expansion. Oerlikon Leybold Vacuum is optimistic about the development of business for the rest of 2008.

Oerlikon Drive Systems

Oerlikon Drive Systems continued its positive development in the first quarter of 2008. Sales reached CHF 307.2 million – a plus of 13.6 per cent – order intake amounted to CHF 323.5 million (+ 19.6 per cent). The two Business Units - Oerlikon Graziano and Oerlikon Fairfield – contributed equally to this excellent result.

For Oerlikon Fairfield, the integration into the Oerlikon Group is having a more and more positive effect, in particular with regard to the worldwide expansion of the business. Here, Oerlikon Fairfield can fall back on the locations and resources of other segments. Substantial infrastructure projects in India and China led to an increased demand for components in construction machines. The transport sector, too, reported growing demand for the special transmission components from Oerlikon Fairfield. For the first time, a Chinese railway manufacturer – China CSR – ordered prototype components for locomotives which are to be manufactured on site. In the energy market, Oerlikon Fairfield benefited from rising energy prices which led to an increased number of orders

page 6 both in the sector of oil production and that of wind energy turbines. In the latter particularly, the Business Unit could improve its position and approach further customers. The agricultural market which is booming all over the world had a positive effect on Oerlikon Graziano. The excellent relationships with key customers such as CNH or John Deere meant that the segment participated in this development as a system supplier in an above-average way. The demand in the field of high performance cars and the requirements for construction machines – this particularly in Asia – remain high.

The further course of business with regard to sales growth looks very optimistic for Oerlikon Drive Systems. Increasing labour, material and logistics costs require great effort as far as productivity and efficiency are concerned in order to obtain the targeted profit margins.

Oerlikon Components

The segment Oerlikon Components, comprising the Business Units Oerlikon Space and Oerlikon Esec, also shows an extremely satisfactory turnover development with a plus of 25.2 per cent to CHF 55.1 million. Both Business Units contributed to this development.

The order intake decreased by 9.6 per cent to CHF 89.4 million. Whilst the order intake for Oerlikon Space remained practically unchanged, as was expected the current reluctance to invest by our semi conductor customers made itself noticeable at Oerlikon Esec. Starting in the second quarter, the Business Unit expects an upswing in business due to a seasonal revival and new innovative products such as the Wirebonder 3200 plus the completely newly developed Die Attach Platform 2100.

The press information given here consists of information based on the situation as it stands today. Unforeseeable risks and influences may possibly cause deviations from these statements. The declared values may differ due to rounding differences.

Due to the increasingly long-term nature of project business and the market-related degree of fluctuation, Oerlikon will in future issue sales figures semi-annually.

page 7 For further information, please contact:

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Oerlikon (SWX: OERL) is one of the world's most successful high-tech industrial groups specializing in machine and plant engineering. The company is a leader in the field of industrial solutions and innovative technologies for textile manufacture, thin-film solar and thin-film coating, drive, precision and vacuum systems. With roots in Switzerland and a long tradition stretching back 100 years, Oerlikon is a global player with a workforce of more than 19,000 at 170 locations in 35 different countries. The company's sales amounted to CHF 5.6 billion and it ranks either first or second in the respective global markets. In 2007, approx. 5 per cent of the turnover was invested in research and development (CHF 274 million).