

Oerlikon Textile:

Economy needs Ecology

Remscheid/ Shanghai, 12th. June 2012 – Anyone seeking financial success today must think ecologically, produce sustainably and be efficient and sparing with energy and resources. This trend can be exploited satisfactorily especially in the textile industry, above all in the production and marketing of natural cotton fibres.

A megatrend supports the initial arguments for this: population, industrialization and prosperity are growing in emerging markets such as China and India in particular. The huge energy requirement in these textile production centres pushes up global energy consumption. Estimates suggest that this will rise by around a third from over 500 to 700 quadrillion btu (1 btu = 1 055.05585 joules) by 2030. At the same time, climate change and related global protection agreements are putting the brakes on the utilization of fossil fuels, resources of which could be exhausted anyway in the foreseeable future. Nuclear power has only a limited future following the nuclear reactor catastrophe in Fukushima, while alternative renewable energy sources such as solar power and wind energy must first become better established economically.

These dynamics are making energy more expensive, causing local supply bottlenecks and amplifying the trend towards energy saving and the use of suitable technologies. Global textile machinery manufacturers such as Oerlikon Textile were quick to recognize this and introduced the “e-save” energy efficiency programme back in 2004 (www.e-save.oerlikontextile.com). Machines bearing this label now save significant energy compared with similar rival machines or older product generations. Other innovations are also being designed logically with a view to maximum efficiency and productivity and are market leaders for the most part. One big advantage of energy-intensive textile production is that if the manufacturing costs of a finished textile fabric are considered, energy is responsible for around a quarter of all the resources used including work, production means and consumables.

Page 2 Cost reduction and sustainability are necessary in the textile industry for natural fibres for other reasons too: in view of the historical price explosion for cotton in the last year, the global textile industry is adjusting to a higher average price level in future. In addition, forecasts indicate that the global acreage under cotton cultivation can only be enlarged to a limited extent due to the delimitation of usable agricultural areas to guarantee the supply of food and water. Both of these additionally weaken cotton in the competition with the markets for polyester and viscose, which are growing stronger anyway.

On the other hand, cotton should and can exploit its attractiveness as a natural fibre better now, because surveys prove that consumers regard natural fibres above all as environmentally friendly textiles, but not synthetic fibres. The sector has already reacted to this. In the space of four years, the production capacity for organic cotton has increased globally from 20,000 to 141,000 tonnes, for instance. Major textile dealers are now also establishing corresponding eco-labels to a growing extent. Studies suggest that over 60 organizations are now offering more than 75 eco-programmes and labels. For example, 2,800 participants in 54 countries are certified as complying with the globally recognized minimum standard for natural textiles, GOTS (Global Organic Textile Standard; source: The Fiber Year 2011).

It is increasingly important in this regard to take the entire value creation chain, from obtaining the raw material to packaging, into account. Ground still needs to be gained here: the manufacture of a pair of jeans or a kilogram of cotton still calls for 11,000 litres of water, often in countries where water is frequently in short supply. Rain only covers 41% of this requirement. Several kilograms of CO₂ are also consumed in the manufacture of a cotton T-shirt, for instance, due to the high consumption of chemicals in cotton cultivation.

Attention is focused more strongly on such socially significant ecological challenges following environmental disasters such as in 2011 in Japan or in 2010 in the Gulf of Mexico. Studies for Germany show that suitable sustainable action is an increasingly important factor for success on many levels. For example, around 38% of German companies that adopt a particularly sustainable business approach have increased their operating result (EBIT) for 2009 and have a better EBIT than their competitors. For 47%

Page 3 of managerial staff, the adoption by a company of an ecologically, socially and economically responsible approach to business is a crucial or very important factor in their choice of employment. And in 2013 it will be important or very important to 76 per cent of customers and employees that companies take an ecologically correct approach. Companies like Oerlikon that subscribe to the principles of economic, ecological and social sustainability are thus on track for lasting business success.

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.

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