

Oerlikon: A century of innovation

Formula One engines that set records with Oerlikon coatings; 70 percent of the global production of CDs and CD-ROMs is manufactured on Oerlikon equipment; research institutions such as CERN in Geneva work with Oerlikon vacuum systems: Oerlikon's hundred-year history is marked by a pioneering spirit and the aspiration for innovation and quality. After a period of decline in recent years, the company has regained its footing and is back on the road to success, setting new economic and technological standards – just in time for its centenary celebrations.

The year is 1906 – a world without motorways, the Internet or navigation systems. It is the heyday of industrialization, and factories and train connections have catapulted the quiet community of Oerlikon on the edge of Zurich into the new era of iron and steel.

This is the year in which the Oerlikon company is established: in September, the “**Schweizerische Werkzeugmaschinenfabrik Oerlikon (SWO)**” (Swiss Machine Tool Factory Oerlikon) is founded with 150 employees and a head office in Zurich-Oerlikon.

It acquires the machine tool division of the “**Maschinenfabrik Oerlikon**” (Machinery Manufacturing Company Oerlikon) – in a move that today would be called a classical spin-off. The company produces around 100 different machine tools, including lathes and drills, and the Oerlikon aircraft engine. Even then certain types of machine were already being exported.

Despite first-class products, the SWO fell into financial difficulties in the economic collapse following World War I. Only its takeover by the “**Magdeburger Werkzeugmaschinenfabrik**” (Magdeburg Machine Tool Factory) in 1923 saved it from bankruptcy.

In 1924, the new owners send the young Magdeburg businessman Emil Georg Bührle to Oerlikon with the task of turning around the SWO. It is soon clear that the company cannot survive by producing machine tools alone.

In the same year, however, the liquidation of “**Maschinenbau AG**”, an engineering works in neighboring Seebach, provides an opportunity to expand the product range. The firm functioned as a development center for **Becker**, a German steel producer working on anti-aircraft and anti-tank guns. The SWO acquires all of the firm's patents and manufacturing rights and keeps on its employees.

In the troubled inter-war years, when large parts of the economy suffer under the world's worst economic crisis, the new armaments division grows to become the mainstay of the company. SWO's reputation is based on its 20mm anti-aircraft guns, which become one of the company's successful export lines. In



1907

In September the Swiss Power Tool factory Oerlikon (SWO) is founded, with 150 employees in a factory in Zürich-Oerlikon (Switzerland).

this respect, SWO's operations are in line with the policy of the Swiss government, which builds on an export-oriented Swiss armaments industry that at the same time serves as a source of supplies for the Swiss army. In the 1930s, SWO expands to become the largest private armaments manufacturer in Switzerland, employing more than 2,000 people in 1939.

Emergence of a broadly diversified company

After acquiring a majority holding in the SWO in 1929, Emil Georg Bührle becomes the sole owner in 1936 and renames the company “**Werkzeugmaschinenfabrik Oerlikon Bührle & Co**” (Machine Tool Factory Oerlikon Bührle and Co). To spread his business risk, Emil Georg Bührle gradually acquires firms in other industries, thereby creating the basis of the broadly diversified Oerlikon-Bührle Group.

In 1939, he and partners found the “**Pilatus Flugzeugwerke**” (Pilatus Aircraft Ltd) in Stans, today a leading independent manufacturer of multi-purpose aircraft and training systems. In 1944, Oerlikon Bührle acquires **Contraves**, which was founded in Zurich eight years earlier for the study of technical and scientific problems in the field of anti-aircraft technology. In 1975, Contraves is awarded the contract for the payload fairing for Ariane 1, the first European booster rocket.

This marks the beginning of a successful tradition: to date Oerlikon has supplied more than 160 payload fairings for all generations of Ariane rockets. Nowadays, the company is also a supplier of NASA, the US space administra-

tion. Other businesses either set up or acquired in that epoch include the Swiss spinning mills **H. Kunz and Dietfurt** and the **Hotel Storchen** in Zurich.

The cornerstone of the present-day high-technology group

By far the most significant step in the company's diversification, however, takes place in 1946. Together with Max Auwärter, a physicist who had to give up his research laboratory at the Heraeus company in Germany, and Prince Franz Josef II of Liechtenstein, Emil Georg Bührle founds the “**Gerätebau-Anstalt**” (today Oerlikon Balzers Coating) in Balzers, Liechtenstein.

The company's objective is to make thin-film technology, then a little researched process, usable on an industrial scale. At the time, the company founders can hardly have realized that they were paving the way for one of the core technologies of Oerlikon as it exists today.

Thanks to the perseverance and far-sightedness of its founders, the “**Gerätebau-Anstalt**”, later renamed Balzers, grows from two provisional wooden huts into a leading-edge technological company.

Today its products are sold worldwide. In 1957, Balzers expands its operations into the field of vacuum technology and establishes its first factory for process systems in Truebbach, Switzerland.

This makes it possible to sell processes and the associated equipment as a single unit for the first time. With the start of the photography boom, Balzers supplies Japanese companies with the necessary know-how for the manufac-

ture of anti-reflex coatings together with the appropriate production equipment. Buyers include, among others, Nikon und Canon, who have remained leading camera manufacturers to this day.

IPO and restructuring

In 1973, the Bührle group comprises more than 100 companies; these are combined into a single corporate group under **Oerlikon-Bührle Holding** (OBH) – which goes public with a share capital of CHF 590 million.

After its IPO, OBH's situation improves rapidly. In 1977, OBH buys Bally, a shoe manufacturer. In 1989, the military division of **"Werkzeugmaschinenfabrik Oerlikon"** and Contraves merge to form Oerlikon Contraves.

In 1994, OBH acquires **Leybold Heraeus**, Balzers' leading competitor, based in Hanau, Germany. The two companies are combined to form the Balzers and Leybold Group, a world leader in thin-film coating systems and vacuum technology. Sales grow rapidly, and the OBH Group expands to become one of the largest employers in Switzerland. At its peak in 1980, the Group had 37,000 employees.

Toward the mid-1980s, however, the weaknesses of the broadly diversified conglomerate become increasingly obvious. In particular Bally and the defence division face regular crises.

Despite solid operations in the rest of the Group, sales stagnate and the Group's earnings deteriorate. After years of losses, in 1990 a start is made on restructuring the heavily indebted OBH Group. The size of the Group is drastically reduced and the number of employees almost halved.

Despite these steps, sales and earnings of important Group companies remain sluggish.

Finally, in 1999, the decision is taken to break up the conglomerate: Oerlikon Contraves Defence, Bally, Pilatus and Oerlikon Bührle Properties are sold. The Group refocuses on selected sectors in information technology and in 2000 purchases ESEC, a company that manufactures machinery and plant for the production of computer chips.

To underscore its corporate reorientation and focus on information technology, the holding company is renamed Unaxis in 2000. Despite the enormous efforts in research and development and a range of technologically cutting-edge products, Unaxis' hopes for a return to strong growth fail to materialize. The Group draws the consequences and downsizes further to just 6,400 employees in 2005.

The start of the new era

In mid 2005, the General Meeting of Unaxis appoints a new board of directors. Working with CEO Thomas Limberger and his new leadership, it succeeds in turning around the Group in record time.

The Group is able to harvest the first fruits its the root-and-branch restructuring already in the second half of 2005 and repeats this in the first half of 2006: a loss of CHF 116 million in the first half of 2005 is transformed into a profit of CHF 117.9 in the first six months of 2006.

This success is the result of the consistent focus on customers and markets, centralized management ("One Company"), tight cost management and the introduction of a new, performance-

oriented corporate culture. For the first time in its history, the Group is being run as a company and not, as was previously the case, as of group of more or less autonomous business units. In addition, the new management team invests in new, promising growth markets. The name change from Unaxis to Oerlikon marks the end of the reorganization and the beginning of a new success story.

Today, the outlook for Oerlikon in all of its fields of activity is bright. All of the Group's business activities are excellently positioned, growing faster than the market average and posting outstanding earnings.

Oerlikon's products mark it as a leader in innovation. Examples include the new thin film solar technology, optical data storage media ("Blu-Ray"), higher-performance hard disks, highly productive coating systems for the automotive industry, and biochips that enable fast, cost-effective analysis of biomaterial.

Thanks to its participation in Novalux, a Californian firm, Oerlikon is an industry leader in future-oriented laser-based solutions. And Oerlikon Solar is the first provider able to supply its customers with turnkey production lines for thin film solar cells. As they are noticeably cheaper than conventional solar cells, demand for them is particularly strong.

CEO Thomas Limberger puts it in a nutshell: "Renaming the Group Oerlikon turns over a new, successful leaf in our corporate history. The Oerlikon companies were always the jewels of the Swiss and German high-tech industry. We have restored their luster". ♦

World Zippers market to reach \$7.7 billion by 2015

Zippers are one of the most useful inventions in the modern era. Appropriate alternatives to zippers have not been identified as yet. The cost of a zipper is very low when compared to the total cost of the garment. However, in the event of zipper failure entire garment might become unusable until the zipper is repaired or replaced, potentially an expensive and difficult process. Usefulness of the product in daily life is likely to continue to drive the zipper market demand.

Asia is the largest regional market across the globe, both in terms of value and volume, as several major zipper manufacturers and consumers are based in the region. Asia is also the fastest growing region in the global zipper market. Japan generates largest amount of revenues from sale of zippers, as YKK, the largest zipper company, is domiciled in the country. YKK is the single largest player that dominates the global zipper market.

The company's two immediate competitors trail a long distance. China, the world's largest manufacturer of zippers, is also the largest exporter. Low prices have enabled the country's zippers to become famous all over the world. However, lately the country's suppliers have been struggling to compete on price, and hence are progressing to medium and high quality products.

Chinese zipper industry primarily depends on the downstream manufacturers engaged in the production of goods such as apparel, sporting equipment, luggage, shoes and bags. Growth in zipper industry is fuelled by the downstream industries relocation to the country and growth in domestic economy.

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