

SULZER

Stifel Virtual Swiss Equity Conference

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Note on Alternative Performance Measures (APM): all bridges from APM to reported figures can be found in the financial section of Sulzer’s reports.

Business performance Q1



ESG at Sulzer

Green Leadership

We at Sulzer are a responsible corporate citizen and aim to create value and improve our economic, social and environmental impact by:

- developing innovative, efficient and eco-friendly solutions for our customers and helping them manage and improve their entire product life cycle,
- providing our employees with a safe and healthy workplace and creating opportunities for professional development, and
- reducing the company’s environmental footprint in the areas of energy use, greenhouse gas emissions, water consumption and waste management.

ESG targets are part of our compensation framework.

Our ESG efforts are governed by Sulzer’s Board of Directors’ Strategy and Sustainability Committee and led by the newly appointed Chief Sustainability Officer, Armand Sohet.

Contributing to Global Goals



Sulzer is a long term signatory of UN Global Compact and adheres to the 10 principles of the initiative.



Modern Slavery Act 2015

Sulzer also complies with national initiatives aimed at reducing human trafficking and forced labor such as the California Transparency in Supply Chains Act, the Modern Slavery Act of 2015 and equivalent EU programs

ESG Rating of Sulzer



MSCI considers companies rated AA and AAA to be ESG Leaders



Sulzer in top 5% regarding CSR criteria

The background of the slide features a close-up, high-speed photograph of water splashing, creating a dynamic and textured blue and white pattern. The water droplets are in various stages of motion, with some appearing as sharp, crystalline shapes and others as soft, blurred trails.

Q1 2021 highlights

Orders: Q1 above expectations at 874m

- Sequentially +9.2% (+7.1% org.¹) vs. Q4 '20 (trough in Q3 '20)
- YoY -9.6% (-12.1% organic) vs. record (highest in 5 years!) Q1 2020
- March highest order month in over a year
- Pumps: +2.0% org. QoQ, Water largest segment (40% of orders)
- Service: +10.4% org. QoQ despite continuing access restrictions
- Chemtech: +7.0% org. QoQ on jump in Renewables, China
- Applicators: +12.6% org. QoQ, already above pre-pandemic level (+1.7% YoY)

Other KPIs: Q1 strong across the board

- Sales +7% organic YoY, book-to-bill 1.08
- Operational Profit, Profitability and FCF significantly above last year, for all 4 divisions
- All announced cost measures ahead of schedule

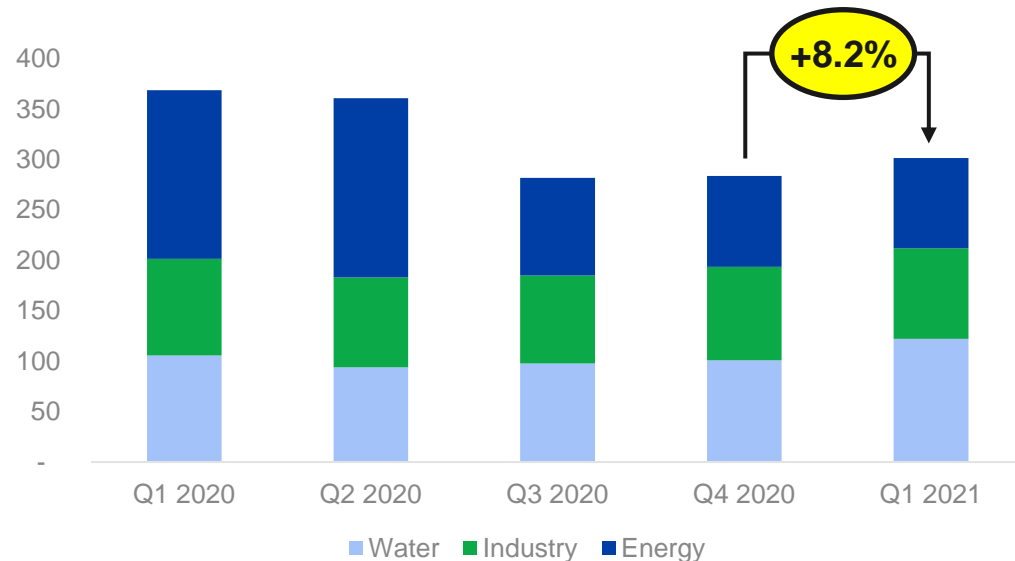
Pumps Equipment (PE)

Water largest segment with 40% of division orders

Order intake (in CHF millions)

Q1 21	Q1 20	YOY	adj. ¹	org. ²
302	382	-21.0%	-19.2%	-23.4%

Quarterly order intake (in CHF millions)³



Highlights

- Orders +2.0% org. QoQ⁴ (+8.2% incl. Nordic Water) in line with expectations. Acceleration expected in H2 21
- Order mix: Water 40%, Industry 30%, Energy 30%
- Water up 5% org. QoQ (+22% incl. Nordic Water)
- Industry -1% org. QoQ
- Energy up 2% org. QoQ, GM% successfully defended through cost actions and selectivity. Primed for rebound
- Restructuring progressing well = improving profit margin

1. Adjusted for currency effects
 2. Organic: adjusted for currency and acquisition effects
 3. In current FX
 4. QoQ: Q1 2021 compared to Q4 2020, org. QoQ: adjusted for acquisition impact

PE – Water segment

Water now largest segment after acquisition of Nordic Water

Nordic Water transaction rationale

- Leading provider of screening, sedimentation and filtration solutions for municipal and industrial water treatment
- Sales CHF80m and EBITDA 13m expected in 2021 with 200 people
- Completes our wastewater product portfolio (pumps, mixers, blowers, grinders, screens, sedimentation, filtration)
- Sales and aftermarket synergies as minimal product overlap and complementary geographies
- Water treatment growing at 4-6% per year
- EV CHF 128m. Closed February 1, 2021

Nordic Water products at every step of waste water plant process

Treatment step	Nordic Water solution	
Pre / primary		Screens
Secondary		Sedimentation
Tertiary		Filtration

Rotating Equipment Services (RES)

Pick-up in H1 '21 expected to accelerate in H2 '21

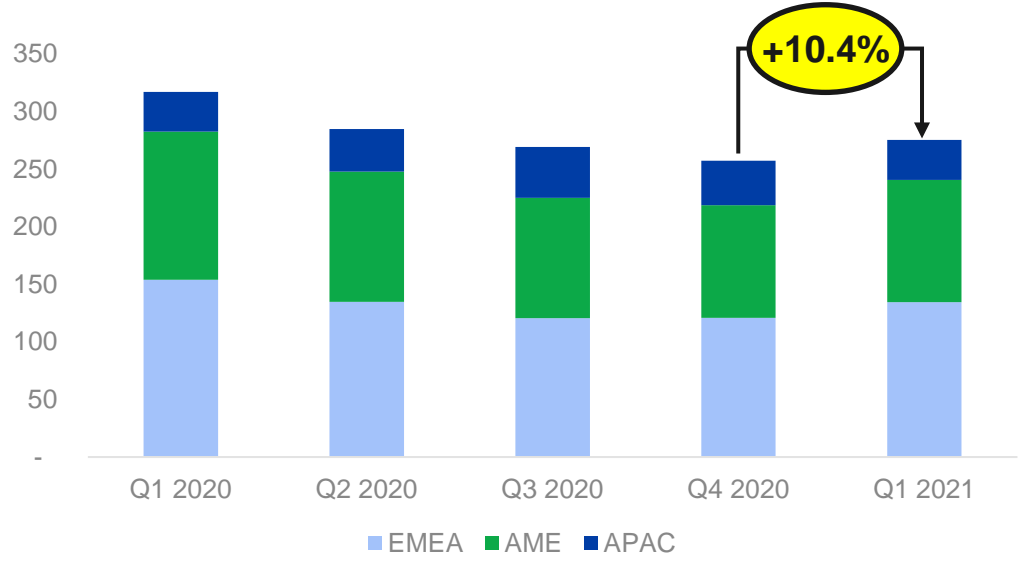
Order intake (in CHF millions)

Q1 21	Q1 20	YOY	adj. ¹	org. ²
275	332	-17.0%	-13.4%	-13.4%

Highlights

- Orders up 10.4% org. QoQ⁴ despite continued customer site access restrictions and winter storm Uri in the US
- H1 '21 expected above H2 '20 on maintenance services
- Growth acceleration expected in H2 '21 as customers start to consider longer term investments (upgrades, retrofits)

Quarterly order intake (in CHF millions)³



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RES – *in situ* services

Sulzer refurbishes 4 x 20 MW propulsion motors on cruise ships during pandemic

- Modern cruise ships are powered by highly efficient electric propulsion systems
- If one of a pair of motors develops a serious fault, vessel to remain at next port until repairs completed
- Motor OEM could only propose complete stator replacement, implying cutting out the hull in dry dock
- **Sulzer repaired the motors *in situ* turnkey**, pulling its specialized resources from worldwide service network
- Work performed in record time by technical team from Australia and the UK. High voltage coils were supplied by Sulzer's Birmingham coil shop
- Sulzer ensured the safety of its staff by keeping the engineers in their own 'bubble' while on the vessel
- Good example of how a **unique value proposition** with high customer NPV creates commercial opportunities



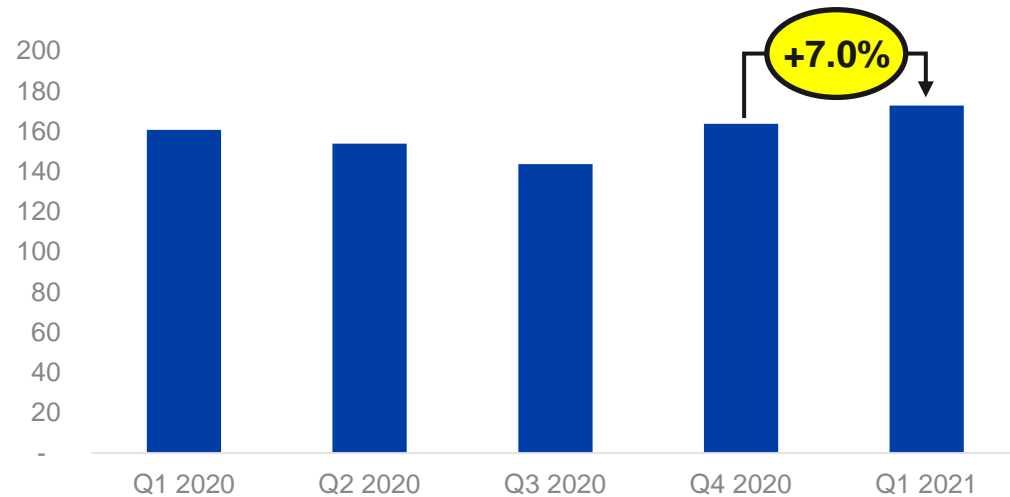
Chemtech (CT)

Renewable Technologies and China driving growth

Order intake (in CHF millions)

Q1 21	Q1 20	YOY	adj. ¹	org. ²
173	166	4.1%	6.5%	6.5%

Quarterly order intake (in CHF millions)³



Highlights

- Orders up 7.0% org. QoQ⁴
- Renewables (biopolymers) strong start into the year
- APAC significantly up YoY and QoQ on sustained China investments in petrochemicals
- Europe still depressed
- Middle East and India recovery underway with QoQ growth but still well below pre-pandemic levels

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CT – Renewable Technologies

Leader in biopolymers processes – converting sugar into bioplastics

Bioplastics from polylactic acid (PLA)

- Our proprietary separation technology for lactide production selected for Chinese B&F PLA in Bengbu, **first fully integrated sugar-to-PLA plant in China**
- Bioplastics from polylactic acid (PLA) are 100% recyclable and a sustainable alternative to conventional plastics
- Our processing equipment enables the production of large volumes of high-quality lactide from corn glucose (30'000 tons per year)
- The plant uses our innovative hybrid technology to reach high purity levels for outstanding thermal and mechanical bioplastic properties

B&F PLA plant, first integrated sugar-to-PLA plant in China



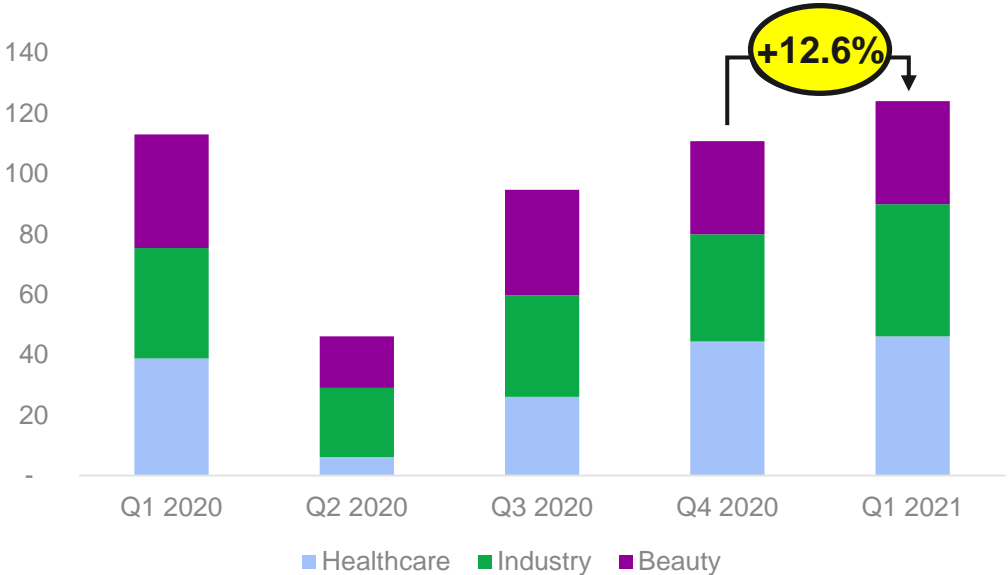
Applicator Systems (APS)

Orders already above pre-pandemic level

Order intake (in CHF millions)

Q1 21	Q1 20	YOY	adj. ¹	org. ²
124	114	8.4%	9.9%	1.7%

Quarterly order intake (in CHF millions)³



Highlights

- Orders up 12.6% org. QoQ⁴, up in all segments
- YoY orders up driven by strong Industry (adhesives) on buoyant electronics market; Beauty still 9% below pre-pandemic on continuing lockdowns
- Healthcare (drug delivery + surgery + dental) largest segment with 37% of division orders, Industry 35%, Beauty 28%
- Transformation of Beauty completed with Bamberg closed and production started in Bechhofen extension
- Received first commercial order for EcopaCC, an applicator which reduces packaging waste by 80%

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APS – Medical segment

Acquisition of Haselmeier boosts growth targets for medical segment

Haselmeier transaction rationale

- Designs and produces injection pens for subcutaneous application, e.g. fertility, growth hormones, diabetes, rare diseases
- Latest product (D-flex) allows for faster customization and certification
- Products based on **own IP** (~200 patents), not a CDMO
- Grow APS medical segment beyond Medmix medical device (bone & tissue repair) business **into drug delivery devices**
- Synergies through our expertise in precision injection molding
- Transaction closed on October 1, 2020
- **Targets for 2025:**
more than double sales from EUR 35m in 2019 to EUR 90m and increase EBITDA margin from 15% to 30%

Attractive and versatile product portfolio (own IP)



Spin-off of APS as  medmix

Spin-off of APS as medmix

- **APS** is a leader in high-precision delivery devices, **well positioned to succeed and grow as an independent entity**
- Sulzer has significantly diversified its **core flow control portfolio (PE/RES/CT)**, shifting away from energy towards **water, chemicals and biopolymers**, and a unique position as the **largest independent service provider** of rotating equipment
- In light of this evolution, Sulzer has decided to:
 - **Spin-off APS division** (to be renamed **medmix**) in the form of a symmetrical split¹, Sulzer shareholders get one medmix share in addition to each Sulzer share held
 - **Have medmix raise CHF 200-300m of capital (excluding subscription rights) at time of split**, to fund growth, increase trading liquidity and provide new healthcare-focused investors with an opportunity to invest in medmix
- **Transaction unanimously approved by Sulzer's Board of Directors**, including 3 Tiwel (48.8% of capital) reps
- Tiwel will not participate in the planned capital increase, which will **increase the free float of medmix**
- Listing of medmix on SIX and concurrent capital increase expected for late **Q3 or early Q4 2021** subject to Sulzer shareholder approval at EGM and market conditions

¹ according to Art. 31 para. 2a of the Swiss Merger Act

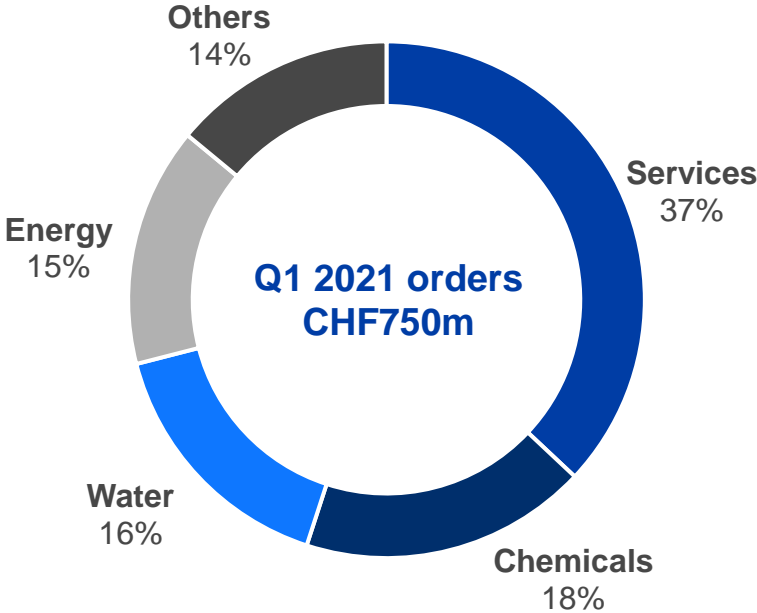
Transaction rationale

Two focused leaders for attractive end-markets

SULZER

Flow control specialist for water, chemical, industry and energy

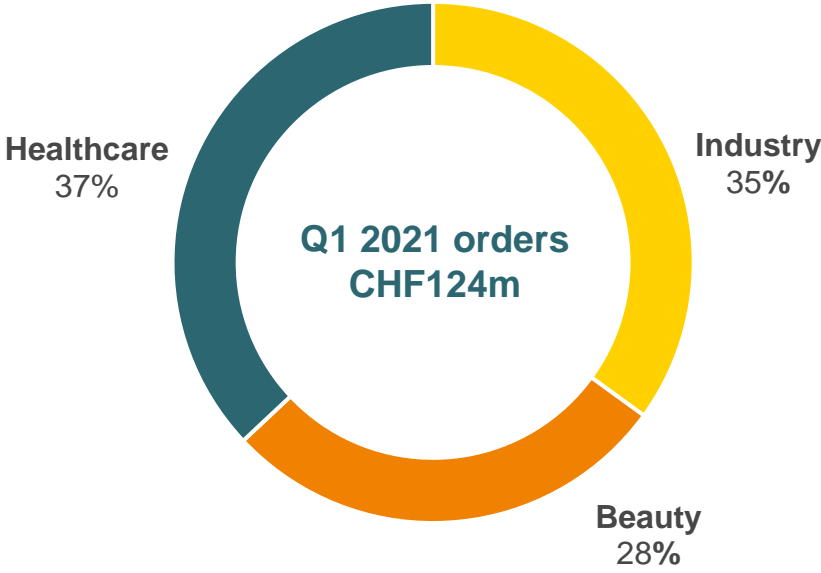
- A global leader in industrial flow control
- Continuous shift towards water and industrial applications in pumps
- Focus on growing biopolymers and recycling markets in separation
- Accelerated growth of services segment



medmix

Innovative, high-precision delivery devices

- Leading positions in dental, pharma, adhesives and beauty
- Strong own IP innovator across all segments (unlike CMO/CDMOs)
- Attractive mega trends, high entry barriers and lower price sensitivity
- Increasing shift towards high growth healthcare end-markets



medmix snapshot

Innovative, high-precision delivery devices serving attractive markets

Healthcare


Consumer and Industrial



Dental



Drug delivery



Surgery



Industry



Beauty



Gold standard in dental mixing device systems



Award winning, proprietary injection pen platform



Pioneer in bone cement mixing devices



Leader in industrial mixing and dispensing device systems



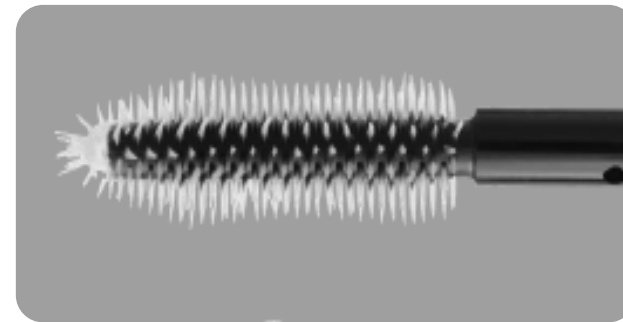
Leading microbrush specialist

medmix financial highlights

Attractive financial profile with substantial revenue growth and highly resilient margins



2021E sales
CHF 450m
 ~25% adj. EBITDA margin



High single digit sales growth

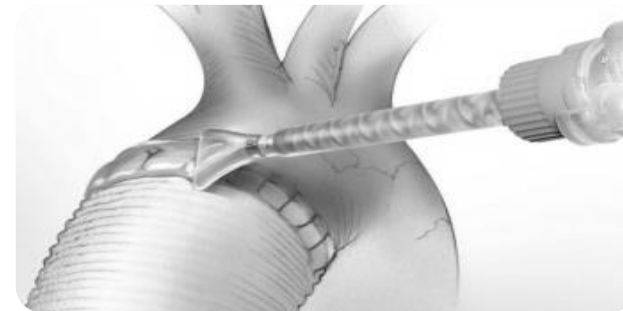
Healthcare share
>50%

EBITDA margin target
~30%

Mid-term targets



Expected leverage post capital increase (net debt / EBITDA)¹
~1 - 2x



¹ Leverage range reflects a capital increase size of CHF200-300m and EBITDA targets for 2021E

Vision for medmix

Diversified exposure to growing end-markets, with healthcare segments growing fastest

Niche leader

- Attractive and resilient B2B niche markets
- Exciting underlying macro growth trends
- Fragmented competitive landscape

Highly protected

- High entry barriers, e.g. regulation
- High IP protection through innovation
- High share of repeat business

Platform for growth

- Long-standing customer relationships
- Legacy of standard setting innovation
- Technology and quality leader in all segments

Attractive financial profile

- 2021E sales CHF450m, grow high single digits beyond
- adj. EBITDA margin¹ ~25% in 2021E, return to >26% in 2022E
- EBITDA margin mid-term objective of ~30%
- Healthcare to contribute >50% to medmix sales mid-term

Experienced management team

- Girts Cimermans (CEO), 25 years tenure including previous roles within HOYA Vision Care (CEO), Kavo Dental, and GE Healthcare
- Jennifer Dean (CFO), 26 years tenure including previous roles within GE, Alstom, ICI and KPMG



¹ corresponds to operational profitability (opEBITA margin) of ~19% 2021, >20% 2022 and mid-term of ~24%

Vision for Sulzer

Accelerate repositioning towards sustainable applications and push aftermarket > 50%

SULZER



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Capitalize on leadership in high-barrier-to-entry markets through **Sulzer's technology, service capabilities and proven digital advance**

Focus on **sustainable sectors** for mid-term growth, e.g. Water in Pumps and Biopolymers and Recycling in Chemtech

Higher margin potential through sector diversification, product mix and service growth

M&A in complementary markets with focus on technology and service. Build on successful track record of mid-size acquisitions

Pro-forma 2021 **revenues CHF 3bn** and operational profitability¹ **around 9%**
Mid-term profitability target 10-11%



¹ operational EBITA as % of sales

Indicative transaction timetable

15-Jun-2021	2021 Capital Markets Day
22-Jul-2021	Publication of H1 2021 results
Late Q3 2021	Extraordinary Shareholder Meeting
H2 2021	Spin-off and capital increase / first trading day of medmix at SIX

Outlook




Financial guidance 2021

As of May 27, 2021, adjusted for FX, including acquisitions already closed

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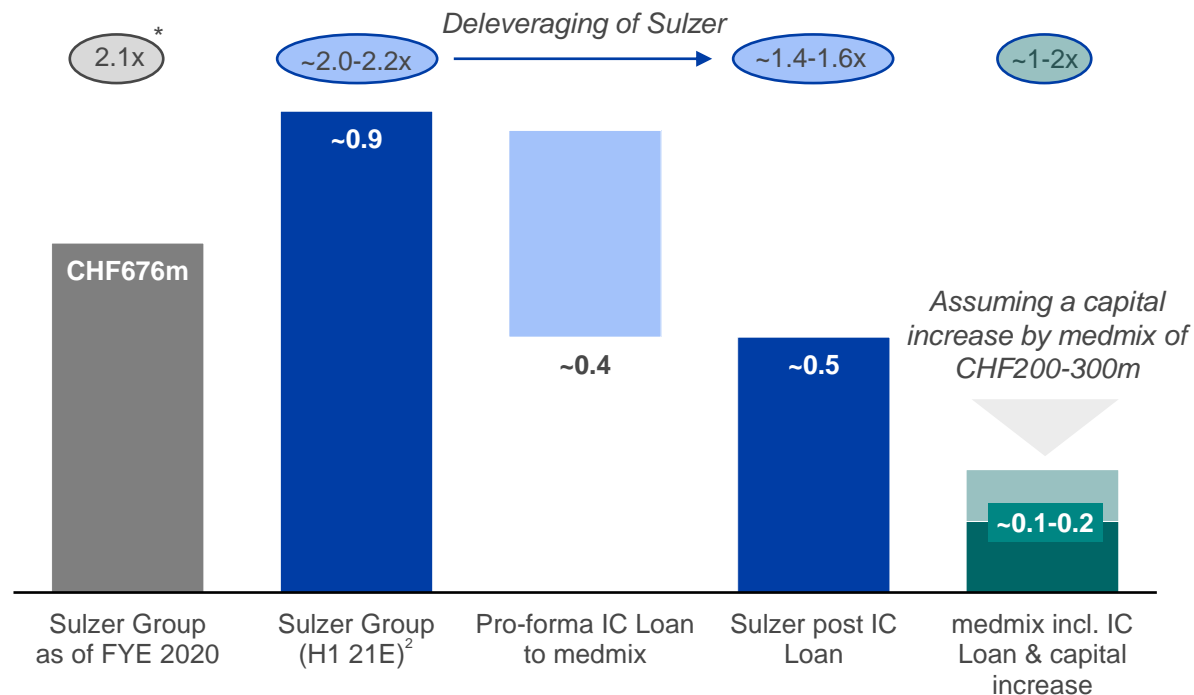
 **medmix**

	Sales (CHF)	Operational Profitability %
SULZER	~3bn	~9% opEBITA margin
 medmix	~450m	~25% adj. EBITDA margin <i>(equivalent to ~19% opEBITA margin)</i>

Leverage and capital increase considerations

Leverage ratio of ~1.4-1.6x for Sulzer and ~1-2x for medmix post Transaction

Net debt¹ (CHFbn) and leverage ratio (x) – illustrative as per H1 2021E



○ Leverage ratio defined as net financial debt at the time of the transaction / EBITDA 2021E
 * As per FYE 2020. Leverage ratio defined as net financial debt at FYE 2020 / EBITDA 2020

Considerations

- **Capital increase of CHF200-300m** concurrent with split (together "Transaction") intended to provide a sustainable capital structure for Sulzer and medmix
- medmix net debt at split of **~CHF400m intercompany loan ("IC Loan")** and a small portion of medmix lease liabilities and cash
- All existing financial liabilities will remain with Sulzer
- Sulzer net debt reflects **reduction by the IC Loan** to medmix
- medmix expects to refinance the IC Loan from Sulzer via **external financing after the Transaction**

Notes: Illustrative pro-forma financials as per H1 2021E; Sulzer = Sulzer ex medmix; Sulzer Group = Sulzer + medmix

1 Net debt = financial debt (incl. leases) minus cash and cash equivalent (including short term financial assets). Cash held on behalf of Tiwel in the amount of CHF261m (FYE 2020) and CHF303m (H1 2021E) not included in net debt

2 Includes projected FCF generation, confirmed bolt-on M&A and dividend payment from FYE 2020 until H1 2021E

Highlights on credit profile post Transaction

Sulzer and medmix expected to substantially benefit from the split and concurrent capital increase (the "Transaction")

Post Transaction, both Sulzer and medmix will have **lower leverage levels compared to Sulzer Group today**

Capital increase of **CHF200-300m** expected to result in a **~1-2x leverage for medmix**, similar to sector peers

Sulzer expected to retain leverage of **~1.4-1.6x net debt / EBITDA 2021E**, a **~0.6x deleveraging compared to Sulzer Group**

medmix planning to refinance IC Loan **via external financing after the Transaction**

The chosen transaction structure of a symmetrical split, according to the Swiss Merger Act allows for **maximum creditor protection**

Key takeaways

- Solid **orders in Q1**, with organic sequential growth in all divisions
 - Pumps largest segment is now **Water**. Energy focus remains on margin
 - Service back to sequential growth, acceleration expected in H2 '21
 - Chemtech growth driven by **Renewables (biopolymers)** and China
 - Applicator Systems above pre-pandemic. Healthcare largest segment
 - All other financial KPIs solid, ahead of assumptions
- Split into **two focused companies** with different end-markets via a separate stock market listing of medmix
- While medmix will **focus on healthcare** and further develop its industrial and consumer markets, Sulzer will become a **pure play flow control company**
- Transaction to **leverage the full potential** of both businesses, providing an **attractive value creation** opportunity for Sulzer shareholders
- Capital increase of medmix of CHF 200-300m simultaneous with listing planned to reinforce capital structure, fund growth initiatives and **increase free float**
- More details to be given on a **Capital Markets Day** on June 15, 2021

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