

The Sulzer logo is displayed in a bold, dark blue, sans-serif font. It is positioned in the upper right quadrant of a white rectangular area that serves as a background for the text.

**SULZER**

# **Record Q1 order intake – operations back to normal**

Greg Poux-Guillaume, CEO | Jill Lee, CFO | April 19, 2018

## **THE SAFE HARBOR STATEMENT UNDER THE US PRIVATE SECURITIES LITIGATION REFORM ACT 1995**

**This presentation may contain forward-looking statements, including but not limited to, projections of financial developments, market activities or future performance of products and solutions, containing risks and uncertainties. These forward-looking statements are subject to change based on known or unknown risks and various other factors, which could cause the actual results or performance to differ materially from the statements made herein.**

# Q1 order intake

## Growth across all divisions

### Key figures

In CHF millions	Q1 18	Q1 17	YOY	adj. <sup>1</sup>	org. <sup>2</sup>
Divisions	909	771	17.8%	17.6%	11.8%
Pumps Equipment	350	277	26.5%	25.0%	15.2%
Rotating Equipment Services	293	271	7.9%	9.1%	4.8%
Chemtech	147	123	19.8%	21.1%	21.1%
Applicator Systems	119	100	18.5%	16.0%	10.0%
Others	-8	-14			
<b>Total Sulzer</b>	<b>900</b>	<b>758</b>	<b>18.8%</b>	<b>18.6%</b>	<b>12.8%</b>

### Comments

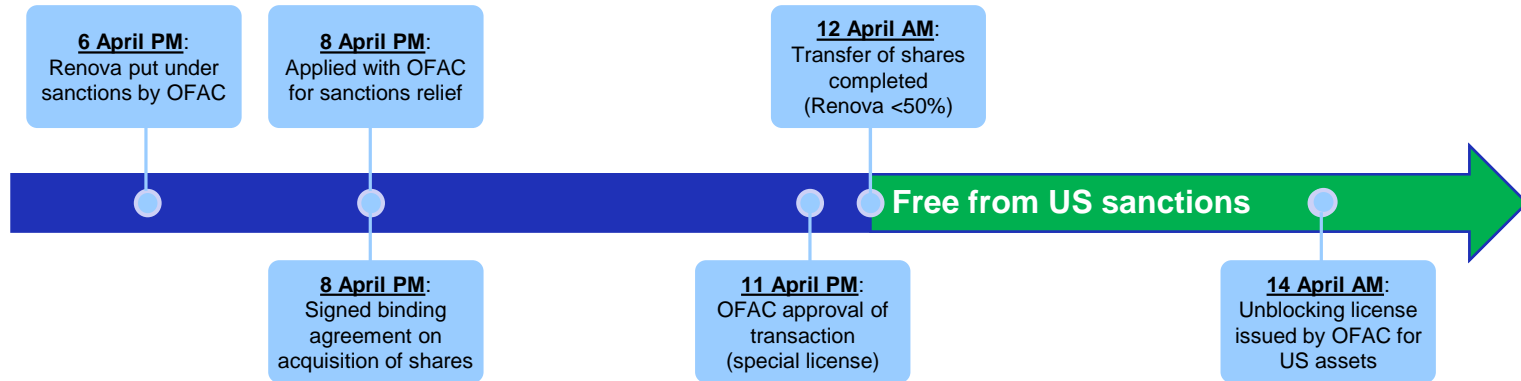
- Organic order growth driven by oil and gas and general industries
- Acquisitions contributed a total of CHF 44m
  - JWC CHF 21m
  - Ensival Moret CHF 6m
  - Rotec CHF 11m
  - Transcodent CHF 6m

1. Adjusted for currency effects

2. Organic: adjusted for currency and acquisition effects

# Sulzer free from US sanctions - timeline

## Timeline



## Highlights

- **Sulzer no longer subject to US sanctions**
- **All Sulzer assets unblocked (OFAC license)**
- **Sulzer owns 5 million shares** acquired from Renova for CHF 546m:
  - **Pricing CHF 109.13 per share** as per VWAP from 9 to 13 April 2018
  - **Full down-side protection** (if resale at lower price at later stage)
  - **No funding requirement** relating to purchase of shares for 180 days
- **Renova now 48.83% shareholder**, blocked from going back up

# Key terms of agreement with Renova

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## Dividends

- Dividend payments not due to Renova as long as sanction risk for Sulzer
- Cash stays in company and can be used for financing
- Includes 2017 dividend

## Proceeds and Funding

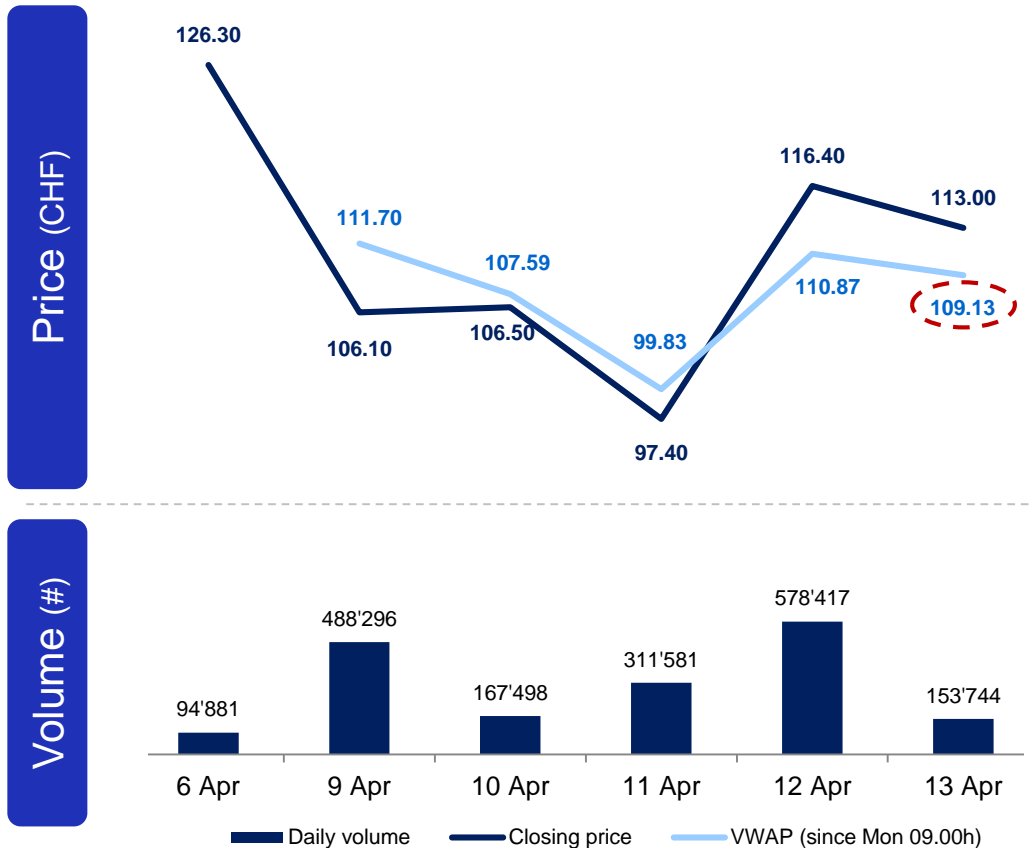
- Proceeds of share purchase not due for 180 days
- First 180 days: non-interest bearing payable to Renova (not debt)
- After 180 days: to be paid into US blocked account (raise financing)

## Price and Restrictions

- Full price adjustment mechanism in place, no time limit
- Sulzer fully compensated if share resale happens at lower price
- Renova blocked from purchasing financial instruments related to Sulzer

# Share price performance

## Share price development



## Highlights

- **Share price** dropped by **c. 16%** to **CHF 106.10** on first trading day following sanctions announcement
- **Trough** on Wednesday with share price at **CHF 97.40**
- **Recovered** following announcement of lifting of sanctions to **CHF 116.40**
- **Weeks closing** on Friday at **CHF 113.00** with an overall performance since 6 April of **-10.5%**
- **Reference transaction price** calculated based on VWAP from 9 to 13 April at CHF 109.13 per share
- **Transaction value CHF 546m**

Source: SIX Swiss Stock Exchange

## Status of business

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- **Sulzer no longer under US sanctions, all assets unblocked**
- Resumed normal operations globally
- Business activities were considerably disrupted during period under sanctions
- One-off costs from sanctions are estimated to be approx. CHF 10m
- Sanctions costs to be treated as a non-operational item in 2018
- **2018 guidance unchanged**
- **No long-term impact expected**
- All signs point to continued support of customers

# Financial guidance for 2018 confirmed

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<b>Order Intake<sup>1</sup></b>	<b>up 5% – 7%</b>
<b>Sales<sup>1</sup></b>	<b>up 4% – 6%</b>
<b>Operational ROSA<sup>2</sup> %</b>	<b>around 9.5%</b>

1. Adjusted for currency effects  
2. Operational EBITA divided by sales