

The Sulzer logo is the word "SULZER" in a bold, blue, sans-serif font. It is positioned in the upper right quadrant of a white rectangular area that also contains the title and speaker information. The background of the slide features a complex, abstract pattern of overlapping, semi-transparent blue and white geometric shapes, including squares and rectangles, arranged in a way that creates a sense of depth and movement, resembling a stylized globe or a network of connections.

Midyear 2017 Results Presentation

Greg Poux-Guillaume, CEO | Thomas Dittrich, CFO | July 27, 2017

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.

Agenda

1. Market review

2. Update on Sulzer Full Potential program

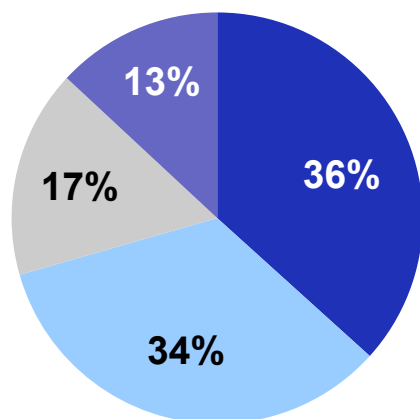
3. Financial review

4. Acquisitions

5. Outlook

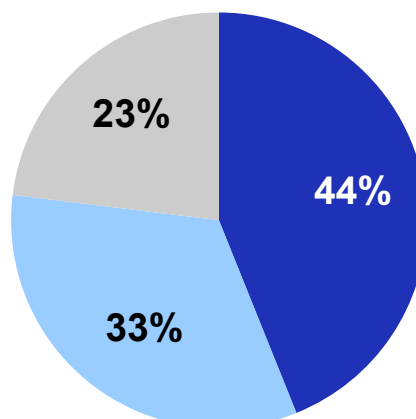
Divisional split shows new structure; Aftermarket 54%¹

**Order intake H1 17
by division**



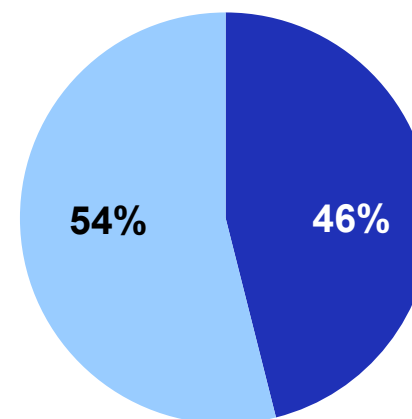
- Pumps Equipment
- Rotating Equipment Services
- Chemtech
- Applicator Systems

**Order intake H1 17
by region**



- Europe, Middle East, Africa
- Americas
- Asia-Pacific

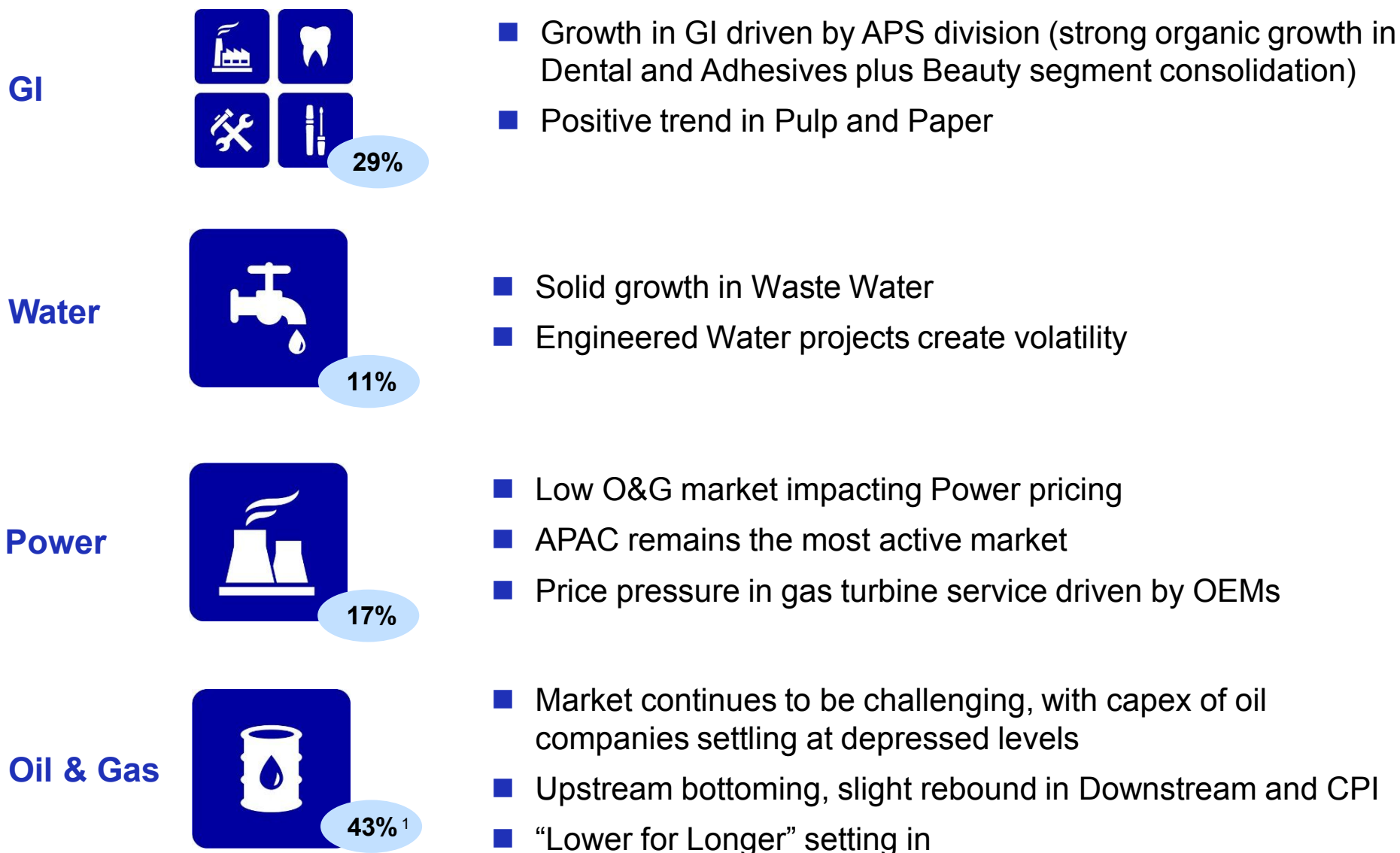
**Order intake H1 17
by type¹**



- Equipment
- Aftermarket

1. Excluding APS division

Rebalancing continues: O&G 43% of order intake in H1



1. Includes 7% Chemical Process Industry (CPI)

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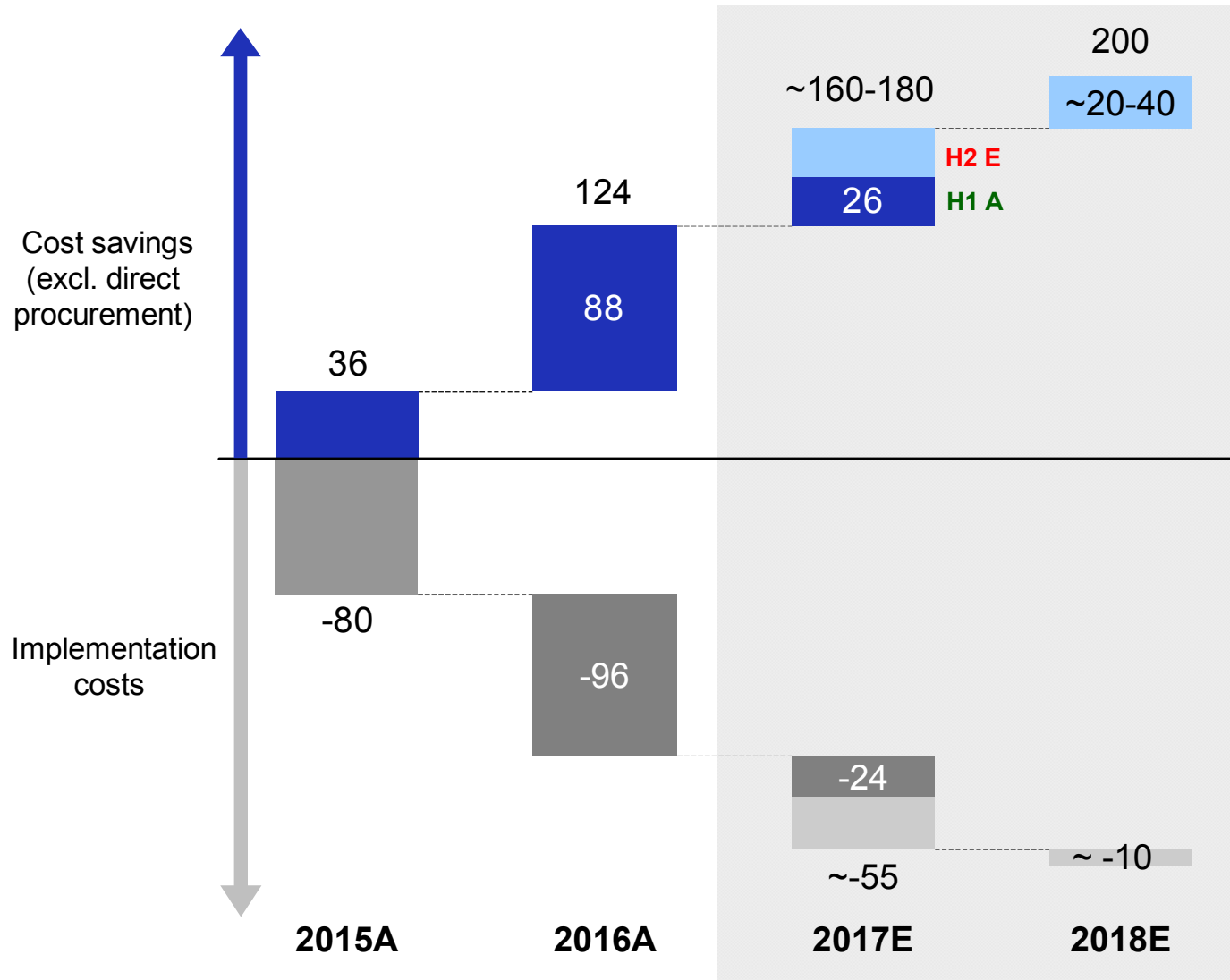
3. Financial review

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SFP ahead of schedule and on track for CHF 200m

(in CHF millions)



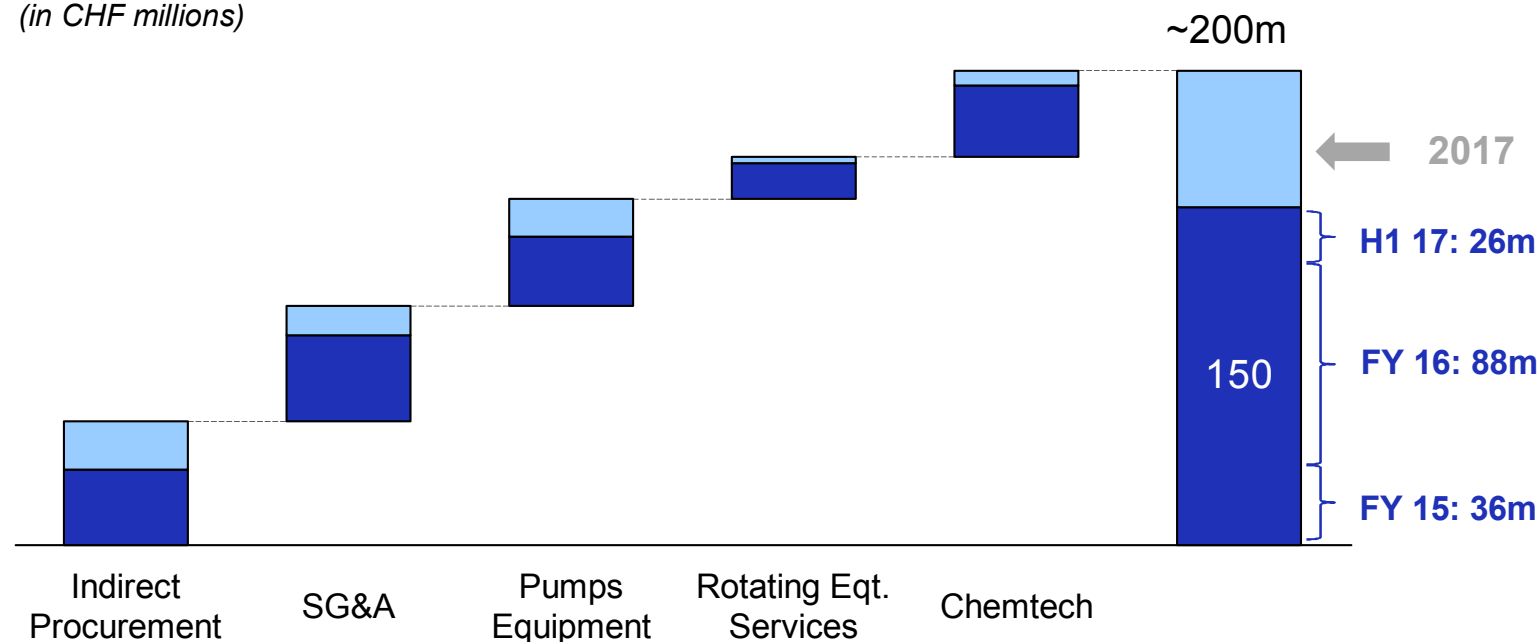
- CHF 150m P&L impact achieved to date
- All of the CHF 200m savings targeted by 2018¹ secured through actions already launched
- Cost vs. benefit ratio unchanged
- Timing risk decreasing

1. Gross savings, pre market impact

All SFP savings categories progressing well

Cost savings by lever

(in CHF millions)



Highlights H1 2017

- Procurement achieved considerable savings in direct (not included in SFP) and indirect
- SG&A: leaner and progressing in new setup (Finance BPO, HR, IT)
- Relocation of resources to low-cost countries improving overall cost structure
- Product value engineering continuing to drive competitiveness

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Order intake up 2% YOY organically for H1 and Q2

Key figures

<i>In CHF millions</i>	H1 17	H1 16	YOY	YOY adj. ¹	YOY org. ²
Order intake	1,595	1,423	12.0%	12.5%	1.9%
<i>Order intake gross margin</i>	34.2%	34.6%			
Order backlog (<i>Dec 31</i>)	1,649	1'381	14.6%		
Sales	1,429	1381	3.4%	3.7%	-6.7%
opEBITA	106	99	7.5%	7.7%	-1.0%
<i>opROSA %</i>	7.4%	7.1%			
EBIT	55	82³	-32.3%		
<i>ROS %</i>	3.9%	5.9%			
Core net income	76	63	20.1%		
Core EPS (in CHF)	2.2	1.9			
Free cash flow	-2.5	3.7	–		
FTEs (<i>Dec 31</i>)	15,027	14,005	7.3%		

Commentary

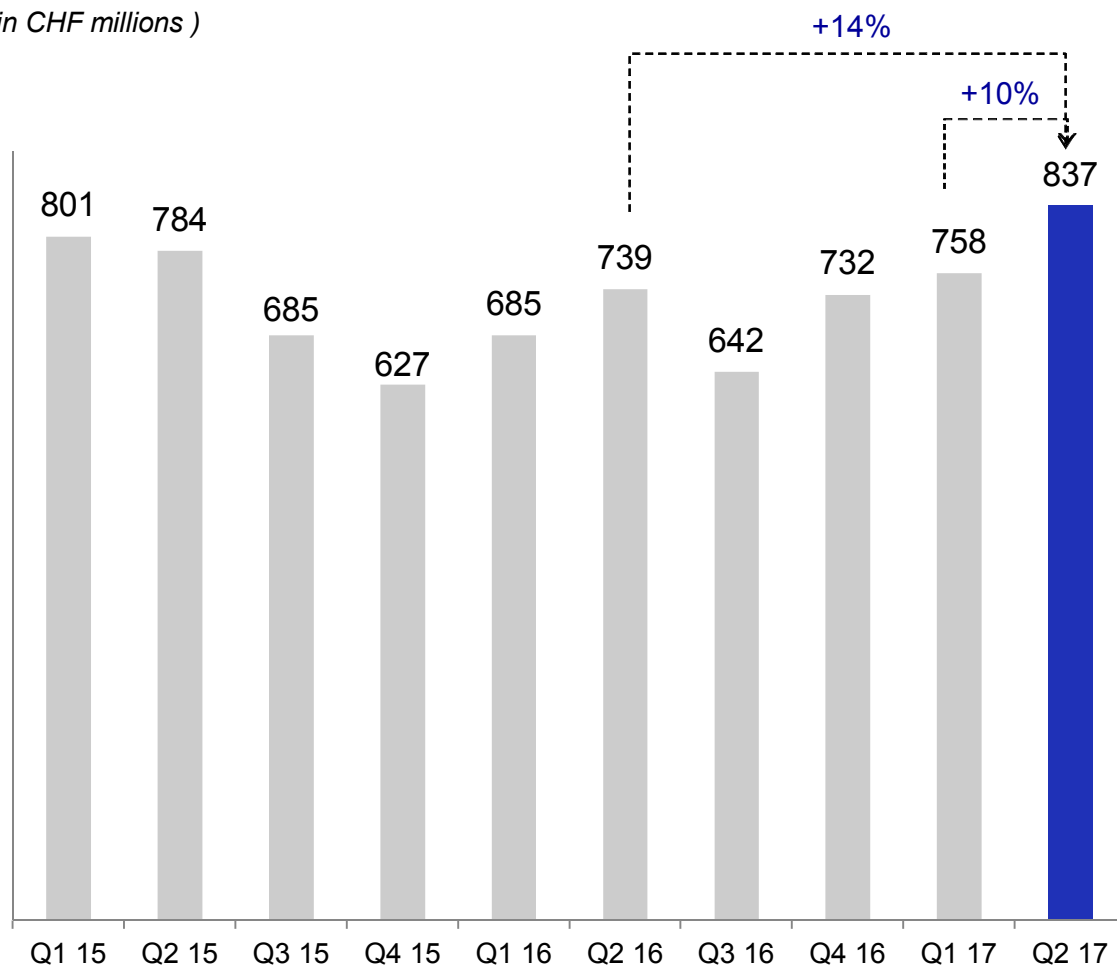
- Q2 Order intake up 2% YOY organically (10% adjusted)
- Order intake gross margin decreased on Oil & Gas and Power orders
- Sales declined because of lower starting backlog and timing of projects in Pumps Equipment
- opROSA improved despite lower organic volumes on positive SFP impact
- EBIT 2016 includes 35.4m Swiss pension plans gain
- FTE increase driven by acquisitions and APS

1. Adjusted for currency effects
2. Adjusted for currency and acquisitions effects
3. Includes CHF 35.4m pension gain

Q2 17 orders grew¹ by 14% YOY (2% organically)

Quarterly order intake

(in CHF millions)



Commentary on Q2

- Strong organic growth in Chemtech (+16%) and Applicator Systems (+11%)
- Aquisition impact of Geka, Ensival Moret, Rotec, VIEC (CHF88m in total)
- FX impact in Q2 CHF –3m

1. Adjusted for currency effects

Acquisitions more than offset organic sales decline

Sales

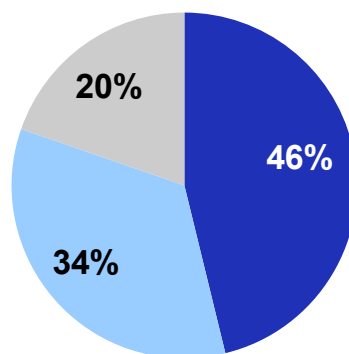
<i>In CHF millions</i>	H1 17	H1 16	YOY	YOY adj. ¹	YOY org. ²
Total Sulzer	1,429	1,381	3.4%	3.7%	-6.7%
Total Divisions	1,460	1,417	3.0%	3.3%	-6.8%
Pumps Equipment	529	603	-12.4%	-12.1%	-19.5%
Rotating Equipment Services	491	499	-1.6%	-1.5%	-1.5%
Chemtech	232	210	10.2%	10.4%	10.2%
Applicator Systems	209	105	98.7%	>100%	6.7%
Adj./Eliminations	-31	-36			

Commentary on H1

- Organic sales declined in PE based on lower order opening backlog and timing of projects
- Total effect from acquisitions: CHF 143m
- Total effect from currency translation: CHF -3.9m
- Share of sales from emerging markets: 40% (H1 16: 34%)

By region

- Europe, Middle East, Africa
- Americas
- Asia-Pacific



1. Adjusted for currency effects
 2. Adjusted for currency and acquisitions effects

OpEBITA increased

Operational EBITA

<i>In CHF millions</i>	H1 17	H1 16	YOY	YOY adj. ¹	YOY org. ²
Total Sulzer	106	99	7.5%	7.7%	-1.0%
<i>opROSA %</i>	7.4%	7.1%			
Divisions	105	96	8.9%	8.9%	
<i>opROSA %</i>	7.2%	6.8%			
Pumps Equipment	-13	1.2	–	–	–
<i>opROSA %</i>	-2.4%	0.2%			
Rotating Equipment Services	61	61	0.0%	0.8%	0.9%
<i>opROSA %</i>	12.4%	12.2%			
Chemtech	11	4.3	165%	163%	179%
<i>opROSA %</i>	4.9%	2.0%			
Applicator Systems	45	30	51.9 %	52.2%	14.4%
<i>opROSA %</i>	21.6%	28.3%			
Others	1.4	2.6			

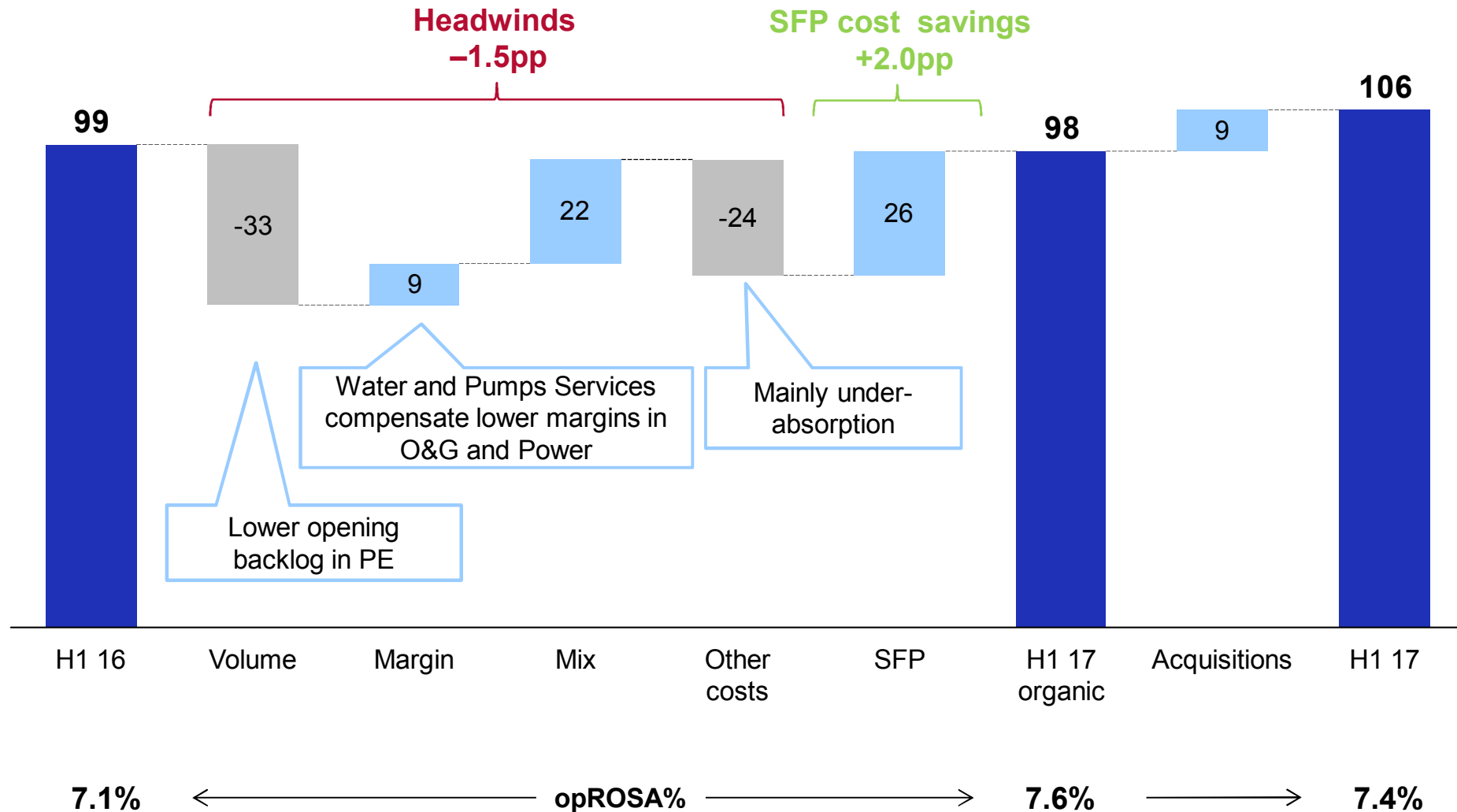
Commentary on H1

- PE with lower margins on lower volumes and pricing in O&G
- APS margins diluted by GEKA consolidation
- Total effect from currency translation CHF –0.2m

SFP savings offset headwinds

(in CHF millions)

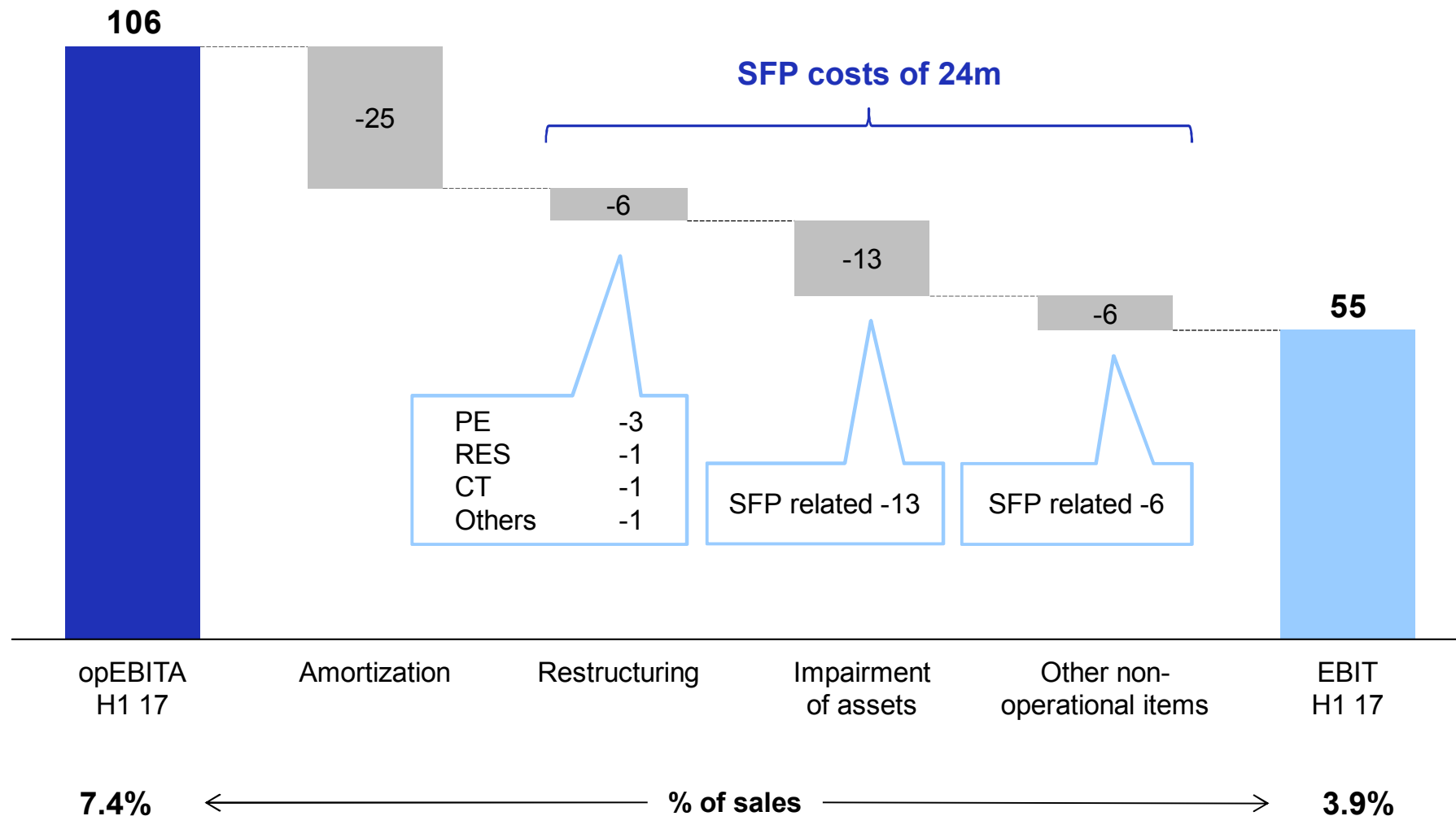
Operational EBITA



EBIT impacted by SFP costs of CHF 24m

(in CHF millions)

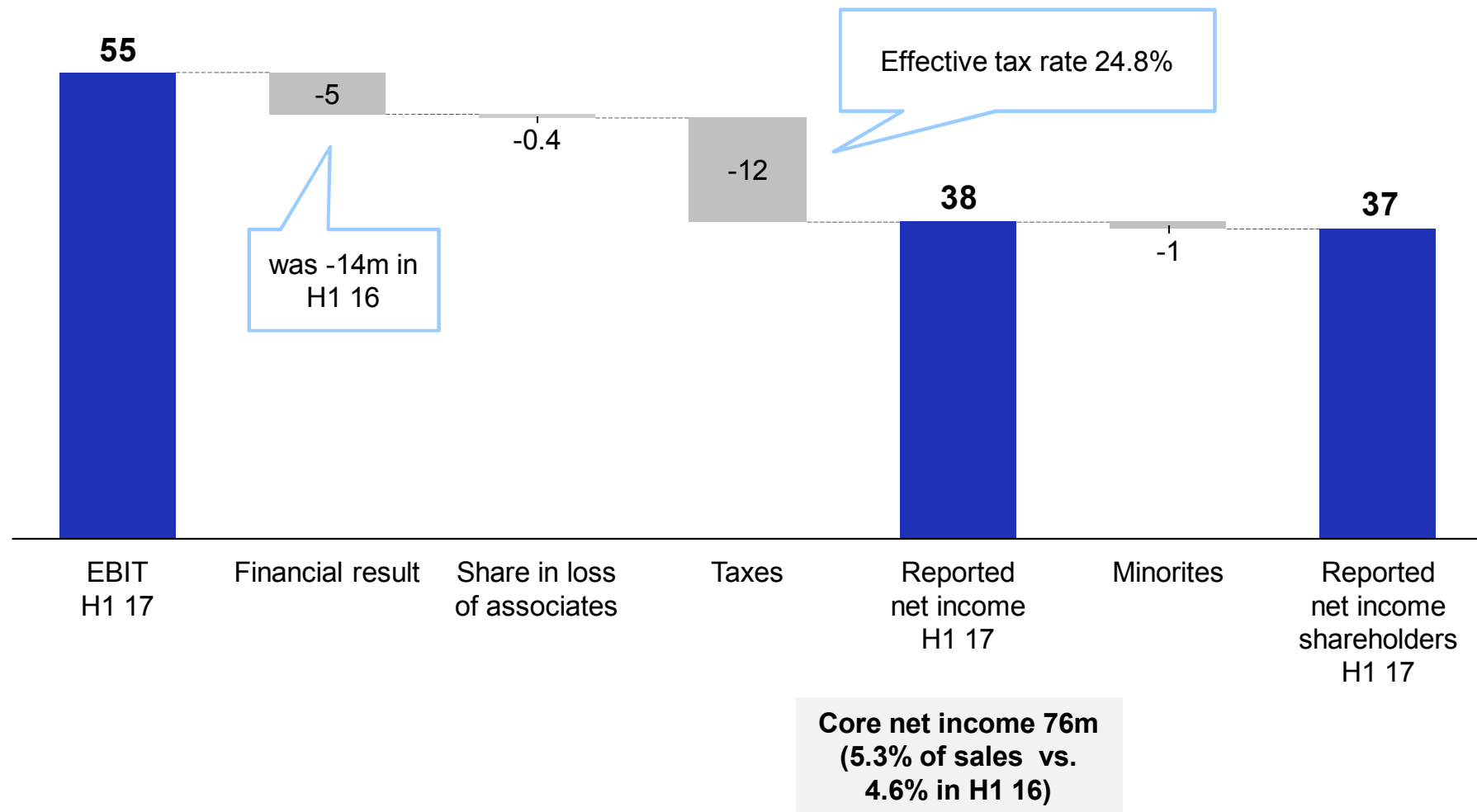
Operational EBITA to EBIT



Better financial result and slightly lower tax rate

(in CHF millions)

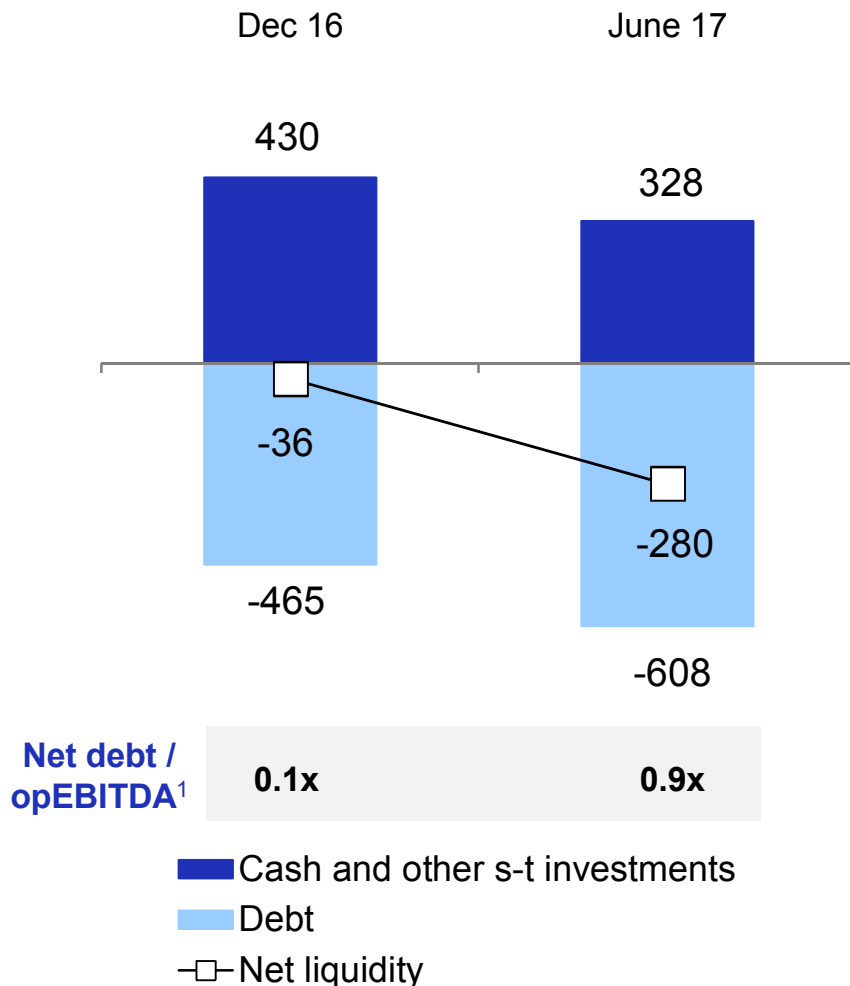
EBIT to Net income shareholders



Net liquidity distorted in half year: FCF back-end loaded to H2, dividend paid in H1

(in CHF millions)

Balance Sheet



Balance sheet June 2017:

- Total net debt of CHF 280m
- FCF of CHF -2.5m (vs CHF 3.7m in 2016)
- Ordinary dividend payment of CHF 119m
- Acquisition payments of CHF 84m
- Negative FX impact on cash CHF 12m

1. For June 2017 calculated on opEBITDA for the last 12 months







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Executing on bolt-on acquisitions

- Six transactions in the last 18 months
- Acquired at reasonable multiples
- Total acquired sales of CHF ~370m



(in CHF millions)						
Sales ¹	20	160	120	35	mid single digit	35
EBITDA margin	~16%	~18%	break even	~20%	—	~27%
EV paid	22	280	85	28	4	90
EV/EBITDA	7x	9.6x	—	4x	—	9.5x
Consolidated from	April 4 2016	August 23 2016	February 1 2017	June 30 2017	February 1 2017	expected Q3 2017

1. Sales in 2016: Cox 15m; Geka 63m;
Sales in H1 2017: Cox 6m; Geka 92m; Ensival Moret 45m; Rotec 0.2m; VIEC 0.4m

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Financial guidance 2017 as of July 27

Order Intake¹	new: up 7–10% (previously up 5–8%)
Sales¹	up 3–5%
Operational ROSA² %	around 8.5%

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

Summary

- **Order intake grew 2% organically in H1, 12% including acquisitions**
- **SFP program well on track to reach CHF 200m from 2018 onwards**
 - Achieved **additional CHF 26m savings in H1** bringing total to date to CHF150m
 - H1 SFP savings more than offset market headwinds for opEBITA margin of 7.4%
- **Solid growth in H1 – guidance increased for 2017 order intake**
 - **Guidance for order intake increased** to +7% to +10% from +5% to +8% previously
 - **Guidance confirmed for sales and opROSA**
 - Sales expected to be up 3% to 5%
 - opEBITA margin expected to be around 8.5%

Reconciliations and supplementary slides

Order intake by division

Order intake

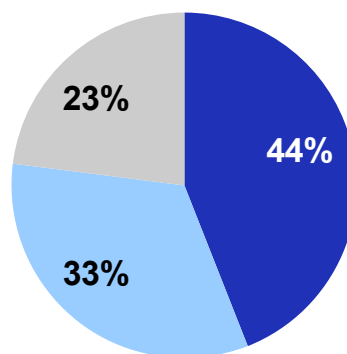
<i>In CHF millions</i>	H1 17	H1 16	YOY	YOY adj. ¹	YOY org. ²
Total Sulzer	1,595	1,423	12.0%	12.5%	1.9%
Total Divisions	1,616	1,444	11.9%	12.4%	2.0%
Pumps Equipment	591	566	4.4%	5.4%	-0.5%
Rotating Equipment Services	549	525	4.7%	4.2%	1.0%
Chemtech	266	247	7.6%	7.8%	7.6%
Applicator Systems	210	106	97.8%	100%	7.0%
Adj./Eliminations	-21	-20			

Commentary on H1

- FX impact CHF –6.3m
- Total acquisition impact CHF 150m

By region

- Europe, Middle East, Africa
- Americas
- Asia-Pacific



1. Adjusted for currency effects
 2. Adjusted for currency and acquisitions effects

OpEBITA to EBIT bridge for new structure FY2016

<i>In CHF millions</i>	PE	RES	CT	APS	Divisions	Others	Total
opEBITA 2016	13.0	139.5	18.0	64.1	234.6	4.3	238.9
<i>as % of sales</i>	<i>1.1%</i>	<i>13.4%</i>	<i>4.0%</i>	<i>23.6%</i>	<i>7.9%</i>		<i>8.3%</i>
Amortization	-17.9	-6.3	-6.3	-15.4	-45.9	-1.4	-47.3
Impairments	-8.8	-3.8	-5.4	-0.5	-18.5	0.0	-18.5
Restructuring	-40.3	0.5	-12.6	-3.5	-55.9	-1.1	-57.0
Non-operational items	-10.9	-0.7	3.8	-5.0	-12.7	12.0	-0.8
EBIT 2016	-64.8	129.2	-2.5	39.7	101.6	13.8	115.3
<i>as % of sales</i>	<i>-5.4%</i>	<i>12.4%</i>	<i>-0.6%</i>	<i>14.6%</i>	<i>3.4%</i>		<i>4.0%</i>