

## MEDIA RELEASE

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*Ad hoc announcement pursuant to Art. 53 LR*

July 29, 2022

### Substantial rise in orders on continuing momentum, further increased operational profitability

#### Midyear 2022 HIGHLIGHTS

- Orders up 11.4% (+10.9% organic) YOY, increased order backlog at CHF 1896.2m (+10.0% vs year end 2021)
- Sales +0.9% (+0.6% organic) in H1 driven by Chemtech and Services
- Operational Profitability (opEBITA%) at 9.0%, up 50 bps YOY
- Free Cash Flow CHF –78.2m on higher working capital and global supply chain constraints
- Decision to exit Russian market resulted in one-off write-down of Russian assets booked in H1
- 2022 guidance confirmed excluding the impact of exiting the Russian market

CEO Frederic Lalanne stated: “We navigated through a difficult market environment characterized by geopolitical uncertainties and inflationary pressures. Thanks to our diversified product portfolio, strong operational execution, and strict cost management, we managed to further increase operational profitability. Supported by our solid order backlog, we are well-positioned to capture the continuing momentum and yet again deliver on our guidance and continue our profitable growth.”

#### Key figures for the first half of 2022 (January 1 – June 30)

millions of CHF	2022	2021 <sup>1)</sup>	Change in +/-%	+/-% adjusted <sup>2)</sup>	+/-% organic <sup>3)</sup>
Order intake from continuing operations	1'734.1	1'551.5	11.8	11.4	10.9
Order intake gross margin from continuing operations	32.8%	33.1%			
Order backlog from continuing operations as of June 30 / December 31	1'896.2	1'724.1	10.0		
Sales from continuing operations	1'516.8	1'495.0	1.5	0.9	0.6
EBIT from continuing operations <sup>4)</sup>	–25.5	97.4	n/a		
Operational profit from continuing operations	135.8	127.6	6.5	4.9	4.7
Operational profitability from continuing operations	9.0%	8.5%			
Core net income from continuing operations	74.4	83.9	–11.3		
Net income from continuing operations	–48.8	60.8	n/a		
Basic earnings per share from continuing operations (in CHF)	–1.43	1.78	n/a		
Free cash flow (FCF)	–78.2	117.1	n/a		
Net debt as of June 30 / December 31	269.4	66.8	303.2		
Employees (number of full-time equivalents) as of June 30 / December 31	12'914	13'816	–6.5		

1) Comparative information has been re-presented due to discontinued operations (details are described in note 6 to the consolidated financial statements).

2) Adjusted for currency effects.

3) Adjusted for acquisition and currency effects.

4) Impacted by write-offs related to Russia and Poland.

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**Increased order intake in all three divisions**

Compared with the first half of 2021, order intake increased by a strong 11.4% to CHF 1'734.1 million, fueled by organic growth of 10.9% and CHF 7.0 million from net acquisitions. Currency translation effects had a positive impact on order intake of CHF 5.9 million. Order intake gross margin slightly decreased from 33.1% to 32.8%.

Within Flow Equipment all segments grew by double digits, leading to an increase of 14.0% (13.1% organically) in the division. Energy orders increased by 20.7% thanks to good market momentum and a low comparable base for the first half of last year. Industry orders also increased significantly by 12.7%, as did orders in the Water segment, which recorded growth of 10.4% (8.2% organically).

Order intake in the Services division grew by 2.7%, with organic growth of 2.4% being the main driver. A strong performance in the Americas and Asia-Pacific more than offset the drop in Europe, the Middle East and Africa (EMEA), impacted by the exit of the Russian market.

Chemtech's order intake increased by 20.8%, with strong commercial momentum in all regions and continuously growing demand in the Renewables segment (12.0% of the division's order intake).

Sulzer enters the second half of 2022 with a high order backlog of CHF 1'896.2 million (December 31, 2021: CHF 1'724.1 million). Negative currency translation effects totaled CHF 12.2 million.

**Stable sales in difficult environment**

Sales increased by 0.9% compared to the first half of 2021, reaching CHF 1'516.8 million. Organic growth amounted to 0.6%, with acquisitions adding CHF 4.6 million and positive currency translation effects amounting to CHF 8.3 million.

The Flow Equipment division saw a decline in sales of 4.4% (5.1% organically). The decline in Energy (-10.9%) was anticipated, as the business entered the year with a low order backlog. Sales in Industry were 2.5% lower than in the first half of 2021, whereas Water sales grew by 0.6%, also helped by CHF 4.5 million from acquisitions (1.4% organic decline).

Sales in Services grew strongly in the Americas, more than offsetting declines in the EMEA and Asia-Pacific regions. Overall, Services achieved year-on-year sales growth of 2.8% (2.4% organically).

In Chemtech, sales were significantly up by 9.2% (9.8% organically, impacted by a divestiture in Brazil) thanks to strong execution and stringent efforts to overcome Covid-19-related lockdowns in China.

**Increased operational profitability at 9.0%**

Operational profit from continuing operations amounted to CHF 135.8 million (excluding the impacts of write-offs) compared with CHF 127.6 million in the first half 2021, an increase of 4.9%. A better mix was further supported by savings from cost reduction measures in the Energy-related business and continued spending discipline.

Operational profitability from continuing operations reached 9.0% (H1 2021: 8.5%) for Sulzer. While operational profitability in the Services division remained flat, both Flow Equipment and Chemtech improved year-on-year:

- Flow Equipment increased to 5.3% compared with 5.0% in the first half of 2021
- Services at 13.3% compared with 13.4% in the first half of 2021
- Chemtech improved profitability to 9.9% compared with 9.1% in the first half of 2021

**Negative EBIT due to Russia and Poland write-offs**

Sulzer incurred one-off expenses of CHF 141.4 million, mainly consisting of write-offs in relation to the exit from Russia and closures in Poland which accounted for CHF 132.5 million at EBIT level.

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Therefore, EBIT amounted to CHF –25.5 million compared with CHF 97.4 million in the first half of 2021. Return on sales (ROS) was –1.7%, compared with 6.5% as of June 30, 2021. Excluding the Russian and Polish write-offs, EBIT would have been at CHF 107m (+10% YOY) and ROS above the H1 2021 level.

**Free cash flow impacted by global supply constraints**

Free cash flow amounted to CHF –78.2 million in the first half of 2022, a significant reduction compared to CHF 117.1 million reported in the same period last year, which still included the later spun-off APS division (CHF 33.6 million). Besides lower net income, this is attributable to higher working capital needs in a difficult global supply chain environment.

**Outlook 2022**

We expect continuing momentum in our markets despite prevailing macro and geopolitical uncertainties and increased volatility. We confirm our guidance for the full year expecting organic order growth of 3 to 5% year-on-year, organic sales growth of 2 to 4% (excluding the impact of exiting the Russian market), and operational profitability to continue on its upwards trajectory to reach close to 10% of sales.

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### Key figures divisions for the first half of 2022 (Jan 1 – June 30)

millions of CHF	2022	2021	Change in +/-%	+/-% adjusted <sup>1)</sup>	+/-% organic <sup>2)</sup>
<b>Flow Equipment</b>					
Order intake	709.1	626.8	13.1	14.0	13.1
Sales	631.9	663.9	-4.8	-4.4	-5.1
Operational profit	33.7	33.2	1.4	1.0	2.9
Operational profitability	5.3%	5.0%			
Employees (number of full-time equivalents) as of June 30 / December 31	5'229	5'325	-1.8		
<b>Services</b>					
Order intake	587.9	570.8	3.0	2.7	2.4
Sales	542.8	525.5	3.3	2.8	2.4
Operational profit	72.2	70.3	2.7	1.5	0.1
Operational profitability	13.3%	13.4%			
Employees (number of full-time equivalents) as of June 30 / December 31	4'446	4'571	-2.8		
<b>Chemtech</b>					
Order intake	437.1	353.9	23.5	20.8	20.9
Sales	342.0	305.6	11.9	9.2	9.8
Operational profit	33.8	27.7	22.2	18.4	18.6
Operational profitability	9.9%	9.1%			
Employees (number of full-time equivalents) as of June 30 / December 31	3'048	3'734	-18.4		

1) Adjusted for currency effects.

2) Adjusted for acquisition and currency effects.

Details on the performance of the divisions can be found in the [Sulzer Midyear Report 2022](#).

### Midyear presentation

Sulzer will hold a conference call on the publication of the midyear results 2022 today at 9.00 a.m. CEST.

The presentation can be followed by webcast (audio slides) or by dialing-in to the conference call. Please note that the moderator can only take questions from dialed-in participants. Please pre-register for the event to receive dedicated dial-in details to access the call easily and quickly:

**Link:** <https://services3.choruscall.ch/DiamondPassRegistration/register?confirmationNumber=6781893&linkSecurityString=8bb0021bd>

**Webcast:** <https://event.choruscall.com/mediaframe/webcast.html?webcastid=O4202fAA>

### Playback webcast

The playback of the webcast will be available shortly after the event under the same link.

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*Sulzer is a global leader in fluid engineering. We specialize in pumping, agitation, mixing, separation and purification technologies for fluids of all types. Our customers benefit from our commitment to innovation, performance and quality and from our responsive network of 180 world-class manufacturing facilities and service centers across the globe. Sulzer has been headquartered in Winterthur, Switzerland, since 1834. In 2021, our 13'800 employees delivered revenues of CHF 3.2 billion. Our shares are traded on the SIX Swiss Exchange (SIX: SUN). [www.sulzer.com](http://www.sulzer.com)*

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