SULZER

SCRIPT—THE SPOKEN WORD PREVAILS

April 4, 2018

Sulzer Ltd—Annual General Meeting 2018
Speech Greg Poux-Guillaume, Chief Executive Officer

Dear Shareholders,

[Last year I made the introduction in Swiss German. Although the feedback was positive, I decided not to repeat it today, as I have to admit that my progress in German has unfortunately been in stark contrast to the development of Sulzer.]

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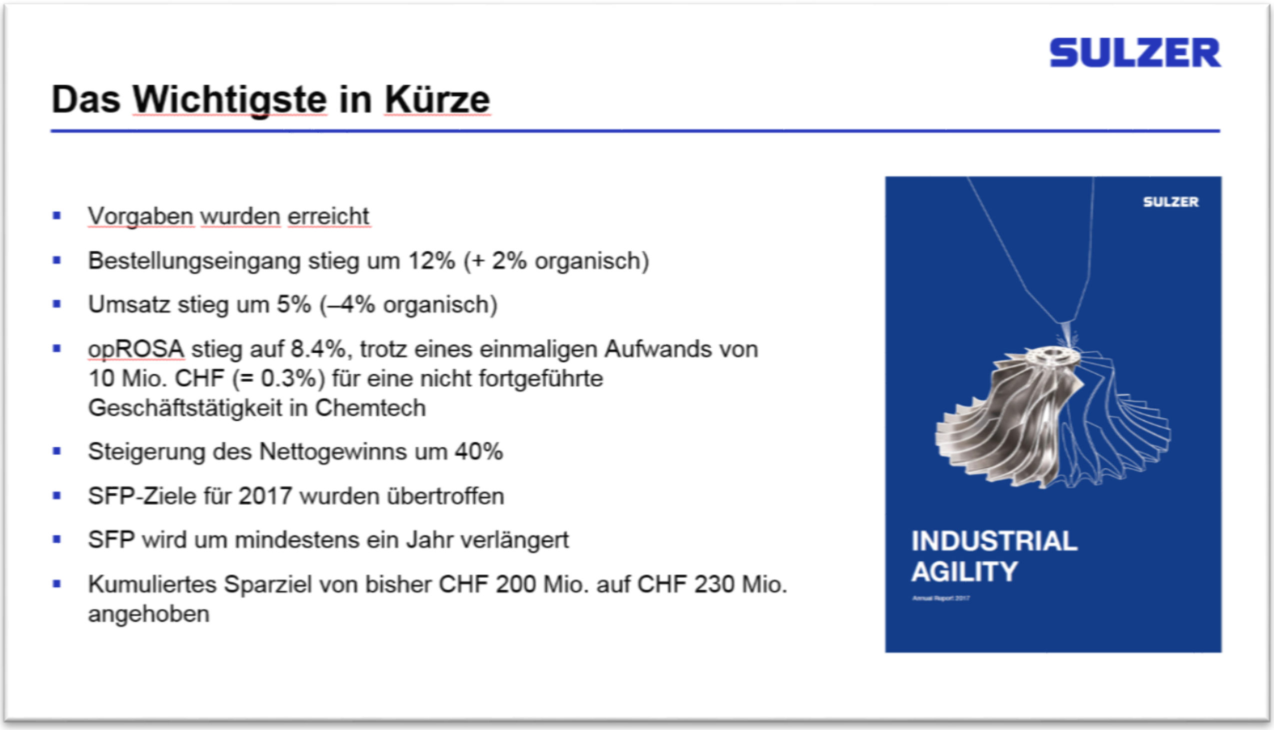

In 2017, we had significant commercial and operational successes and delivered on what we promised. We increased our order guidance twice during the year, and left our guidance for sales and operational EBITA unchanged since the beginning of 2017. If you follow our market, you know that we are one of the few companies that did not have to lower its guidance during 2017.

For order intake, we reported a 12% increase in 2017, of which 2% was organic. This puts us at the upper end of our guidance of 10 to 12% growth. The oil and gas markets remained challenging but downstream started rebounding. We see light at the end of the oil and gas tunnel.

For sales, we guided for an increase of 3-5% and reported a 5% rise, including acquisitions and an organic decline of 4%. The expected organic decline was due to the lower order intake in 2016, mainly in oil and gas, resulting in a low order backlog at the beginning of 2017. This is also the reason for an organic decline in our Pumps Equipment division that I will discuss shortly.

For the operational EBITA margin, we guided for around 8.5%. We reported 8.4%, which is within guidance, despite the impact of a one-off charge of 10m CHF that we took for a discontinued business activity within Tower Field Services in Chemtech. Excluding this charge, the margin would have been 8.7%.

Net income and earnings per share both increased by just over 40% in 2017, reflecting the operational improvement and lower implementation costs for our SFP program compared to the previous year.

I will give you the details on SFP a bit later, here I would only like to mention that we overachieved in 2017 and that we are extending the program by another year and increasing our savings target from 200m to 230m CHF.

Before stepping into the divisions, let me remind you of the shifts we have made between the divisions: Since the beginning of 2017 we report the pumps spare parts business in our Rotating Equipment Services division and not in the Pumps Equipment division anymore. We also brought Sulzer Mixpac Systems together with the acquired businesses of Geka, PC Cox and Transcodent into the new Applicator Systems division. Therefore, since the beginning of 2017, Chemtech consists only of the Separation Technology and Tower Field Services business. Please consider these changes when comparing the 2017 numbers with those from prior years.

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Pumps Equipment
Bestellungseingang wächst wieder organisch

SULZER

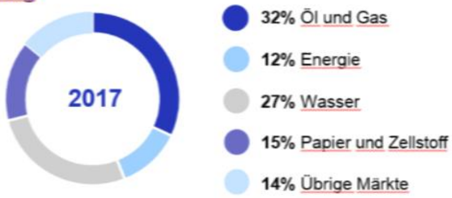
Highlights

- Organisches Wachstum im Bestellungseingang
- Umsatz ging aufgrund des geringeren Auftragsbestands zu Jahresbeginn und der Terminierung von Projekten zurück
- opROSA nahe bei Break-Even trotz signifikant geringerem Umsatz
- Übernahme von JWC im Januar 2018, Stärkung des Wasserportfolios
- Ensival Moret Integration schreitet voran; Rückkehr zur Profitabilität im Jahr 2018 wie geplant

Kennzahlen

In Mio. CHF	2017	2016	Δ% ber.[1]	Δ% org.[2]
Bestellungseingang	1'190	1'090	8.1%	1.5%
Umsatz	1'123	1'159	–4.3%	–12.9%
opEBITA	–3.6	13	n.m.	n.m.
opROSA	*–0.3%*	*1.1%*		

Bestellungseingang nach Markt



1) Bereinigt um Währungseffekte
2) Bereinigt um Währungs- und Akquisitionseffekte

In Pumps Equipment, order intake in 2017 returned to growth, even organically as oil and gas markets started to recover. Downstream continued to improve and upstream was up from very depressed levels. On the other hand, power suffered from fewer projects for new power plants in China. If we take oil and gas and power together, order intake was essentially flat. Our municipal water segment saw steady growth of 3%, and in pulp and paper we had a very successful year.

Pumps Equipment's sales declined by 13% organically. This was due to a significantly lower order intake in the division in 2016, particularly in oil and gas, resulting in a low order backlog at the start of 2017. Additionally we had also seen some shifts in projects that pushed deliveries back.

Despite the significantly lower organic sales volumes and a negative contribution from Ensival Moret, Pumps Equipment was close to break even in operational EBITA, supported by the SFP program.

We announced the acquisition of JWC at the very end of 2017 and we closed the transaction on January 10, 2018. With shredders, grinders and screens, JWC brings a complementary product portfolio to our waste water business. The company also improves our access to the key US municipal waste water market. And we can accelerate JWC's growth outside the US, selling their equipment through our established sales channels.

We closed the acquisition of Ensival Moret at the end of January 2017. The integration is progressing well. We have taken measures to improve profitability, including closing

Ensival Moret’s factories in China and Brazil. Through these measures, Ensival Moret should return to profitability in 2018.

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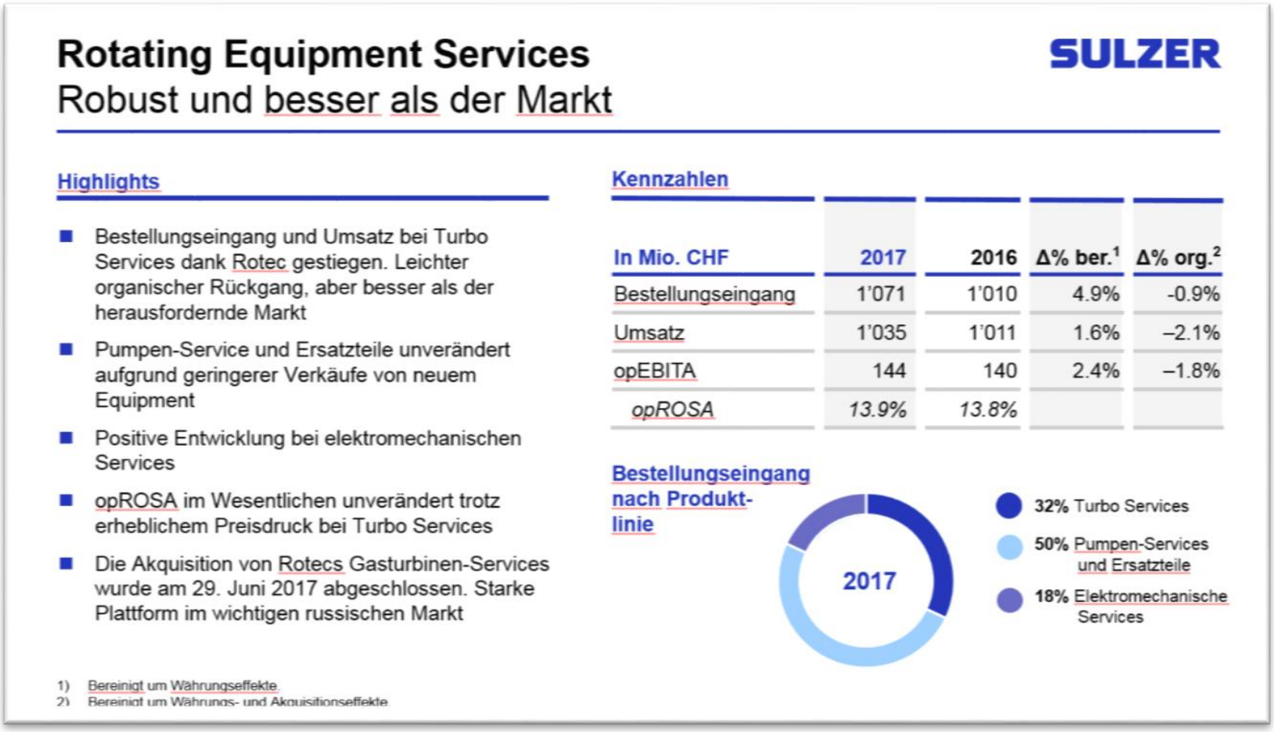

In the Rotating Equipment Services division, order intake in Turbo Services was up thanks to the acquisition of Rotec’s Gas Turbine Service business in Russia. Organically the business was slightly down, but clearly outperforming the market. Pumps Services and Spares were flat and Electromechanical Services grew.

Despite lower organic sales and price pressure from original equipment manufacturers, RES’s operational EBITA margin increased on cost savings and on the positive contribution of Rotec GT.

The acquisition of Rotec GT end of June 2017 allows Sulzer to build a strong platform for the Russian market. The integration was smooth and Rotec GT was commercially very successful in 2017. The business made significant contributions to order intake, sales and operational EBITA.

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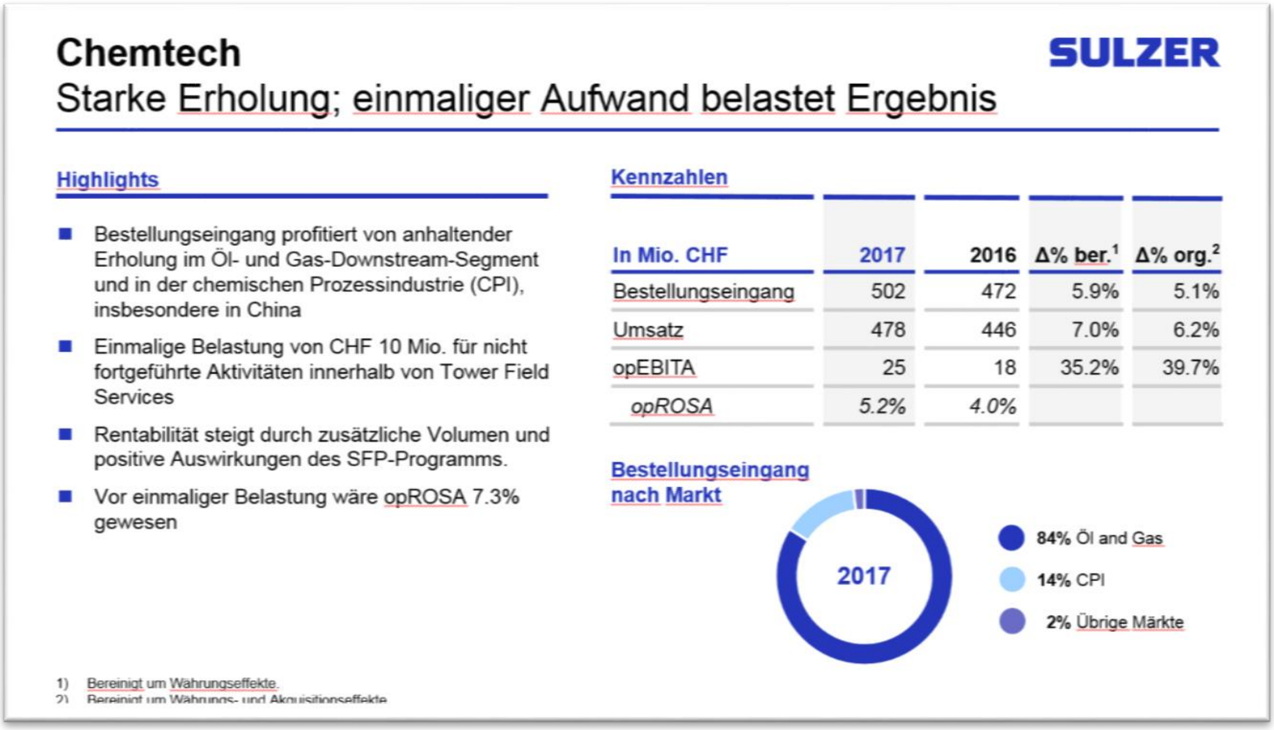

Chemtech enjoyed healthy order intake and sales growth in 2017 in both of its major end markets, oil and gas downstream and the Chemical Process Industry. This growth was driven particularly by a recovery in China, but also supported by the introduction of new technologies with promising commercial successes.

The division’s operational EBITA margin rebounded strongly but was impacted by the 10m CHF charge mentioned earlier. The charge relates to a discontinued business activity in Tower Field Services. Excluding the charge, Chemtech’s margin would have been 7.3%.

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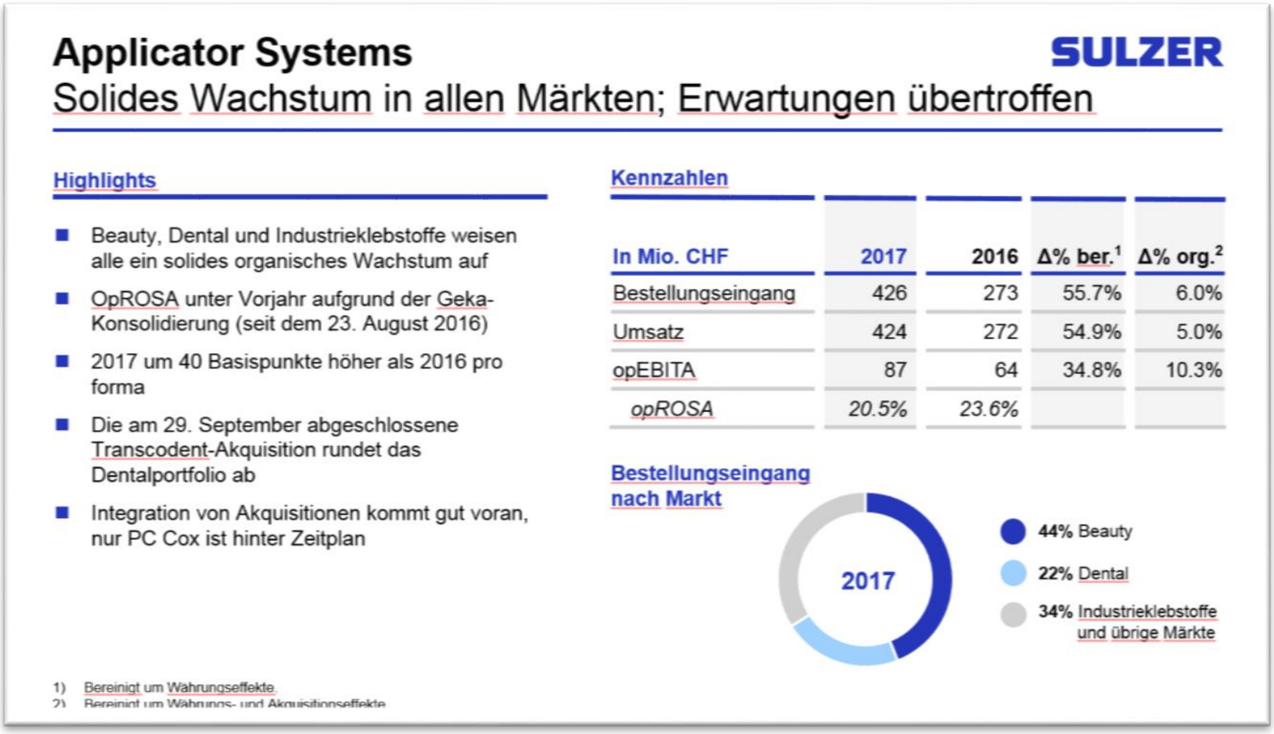

In our Applicator Systems division, order intake and sales were up in all markets, organically and with acquisitions.

The division's operational EBITA was up significantly in 2017, but the operational EBITA margin was lower in 2017. The reason is technical: we consolidated Geka for the full year in 2017 and only for four months in 2016.

If we include Geka on a pro-forma basis from January 1, 2016, the 2016 comparable margin for Applicator Systems would have been 20.1%. So comparing apples to apples, the margin has actually increased from 2016 to 2017 by 40 bps.

With the acquisition of Transcodent, we were able to round off APS's dental portfolio, adding multiple dose and unit dose applications systems, needles, tips and capsules for the dental market.

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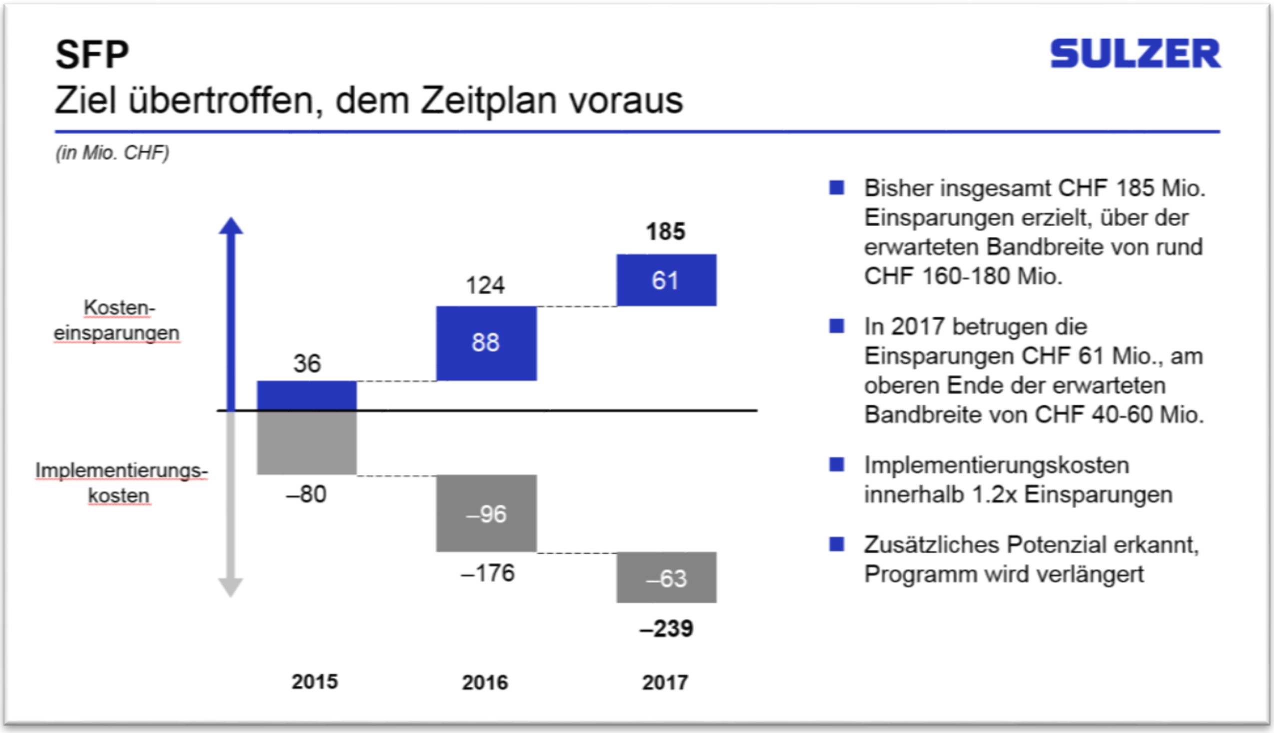

Now let me give you an update on SFP.

We overachieved our targets for 2017. We delivered incremental savings of 61m CHF in 2017, bringing total program savings from the start of the program to date to 185m CHF.

We have implemented all actions to achieve our original target of 200m CHF savings by the end of 2018. We have these savings secured. As we have more savings potential, we are extending the program by one year and increasing our total savings target from 200m to 230m CHF.

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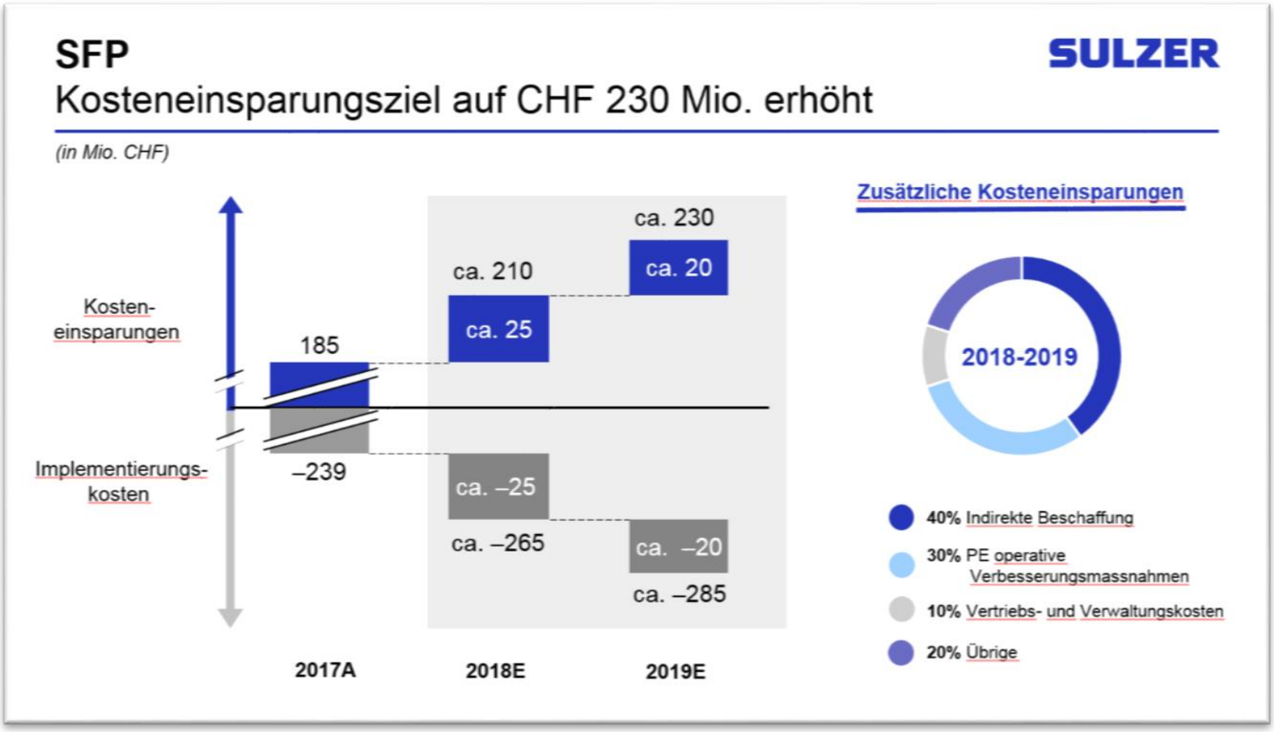

We see additional savings of around 25m Swiss francs in 2018 and a further 20m in 2019.

The additional savings also mean additional investments in terms of implementation costs. Overall we will remain within the 1.2x cost-to-savings envelope.

These savings are structural so they should have a strong basis for longevity once the market rebounds.

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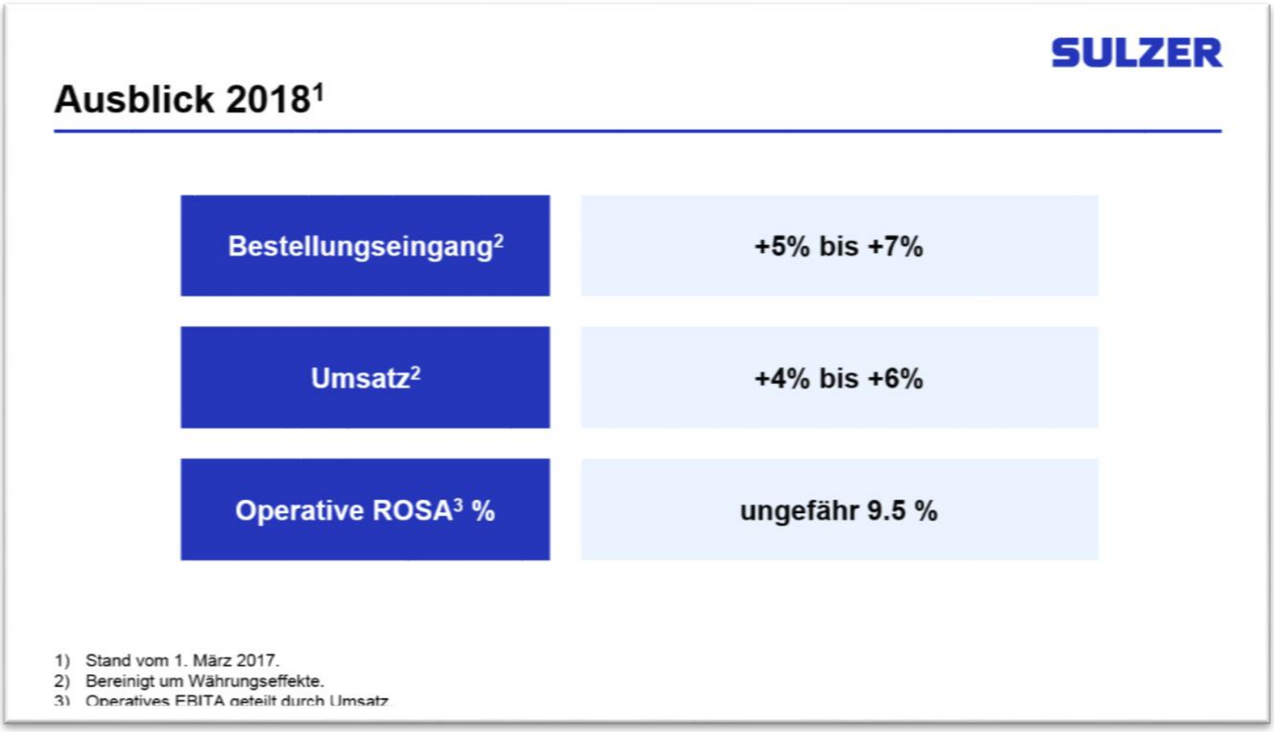

For 2018, we foresee continuing growth in General Industries. All of the APS markets, which are beauty, dental and industrial adhesives should show solid growth. We also expect a continuing positive trend in Pulp and Paper for our Pumps Equipment division.

We foresee water, and here I’m talking about Municipal Water, to grow steadily.

We expect the power market to decline. The reasons are twofold: on the gas turbine service side we expect continuing volume and price pressure and on the pumps side we are seeing fewer projects for power plants, particularly in coal.

And finally on oil and gas: we expect downstream to continue on its positive 2017 trend. In upstream, we are seeing more inquiries and requests for quotes, and we would expect that some of these will be converted into orders at some point. Therefore, we see light at the end of the tunnel but some uncertainty remains.

On the back of the expected market developments, we have guided as follows for 2018:

We expect our order intake to increase by 5 to 7%.
Our sales should be up in the range of 4 to 6%. And
We expect our operational EBITA margin to be around 9.5%

Note that this guidance adjusts for currency effects and includes the acquisitions announced in 2017, namely Transcodent and JWC.

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Dear shareholders, in 2017 we have delivered on what we promised: Our results were in line with or even at the upper end of our guidance range.

We have made very good progress with our SFP program, exceeding the target set for 2017, and we have discovered additional potential. We therefore decided to extend the program by another year and increase the cumulative savings target from 200m to 230m CHF.

Looking at our markets, we expect a stable or positive development for all of them with the exception of power. The guidance I gave you just a minute ago reflects the continuation of the commercial momentum we experienced in 2017: organic sales should rebound and the longevity of SFP savings should help us to achieve a significantly higher margin.

Dear Shareholders, thank you for your support and loyalty. We highly appreciate your continued faith in us and thank you for your attention.

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