

**Capital Market Day 2015****One Company**

Zurich | February 12, 2015



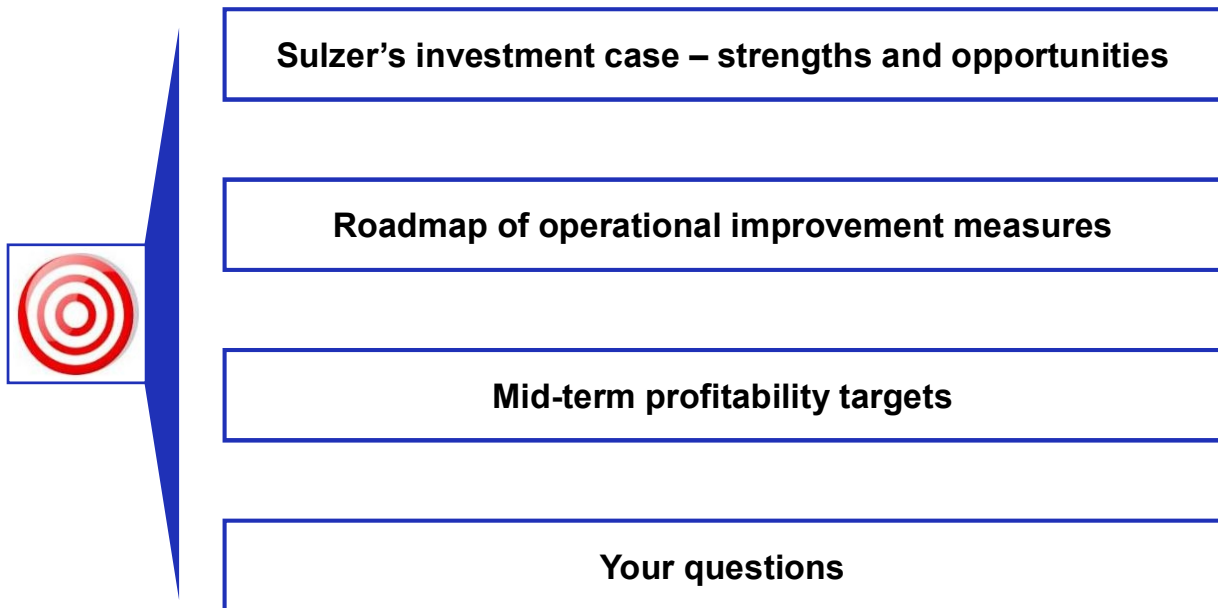
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**THE SAFE HARBOR STATEMENT UNDER THE US PRIVATE  
SECURITIES LITIGATION REFORM ACT 1995**

**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.**

## Why are we here today?

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## Agenda – Capital Market Day

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CEO Message

Klaus Stahlmann

CFO Message

Thomas Dittrich

Pumps Equipment

César Montenegro

Rotating Equipment Services

Peter Alexander

Chemtech

Oliver Bailer

Questions & Answers

All

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## CEO Message

Klaus Stahlmann, CEO | February 12, 2015



### Sulzer is an attractive investment with strong fundamentals

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**SULZER**

- **#1 or #2 positions** in long-term **attractive markets**
- Equipment and services for **performance-critical** applications
- **Global footprint** with a strong presence in **emerging markets**
- **Diversified business portfolio** with high **service share**
- Strong **balance sheet** and **capital discipline**
- Stock with **growth potential**



# Agenda – CEO Message

Sulzer Point of Departure

Sulzer Full Potential

Summary

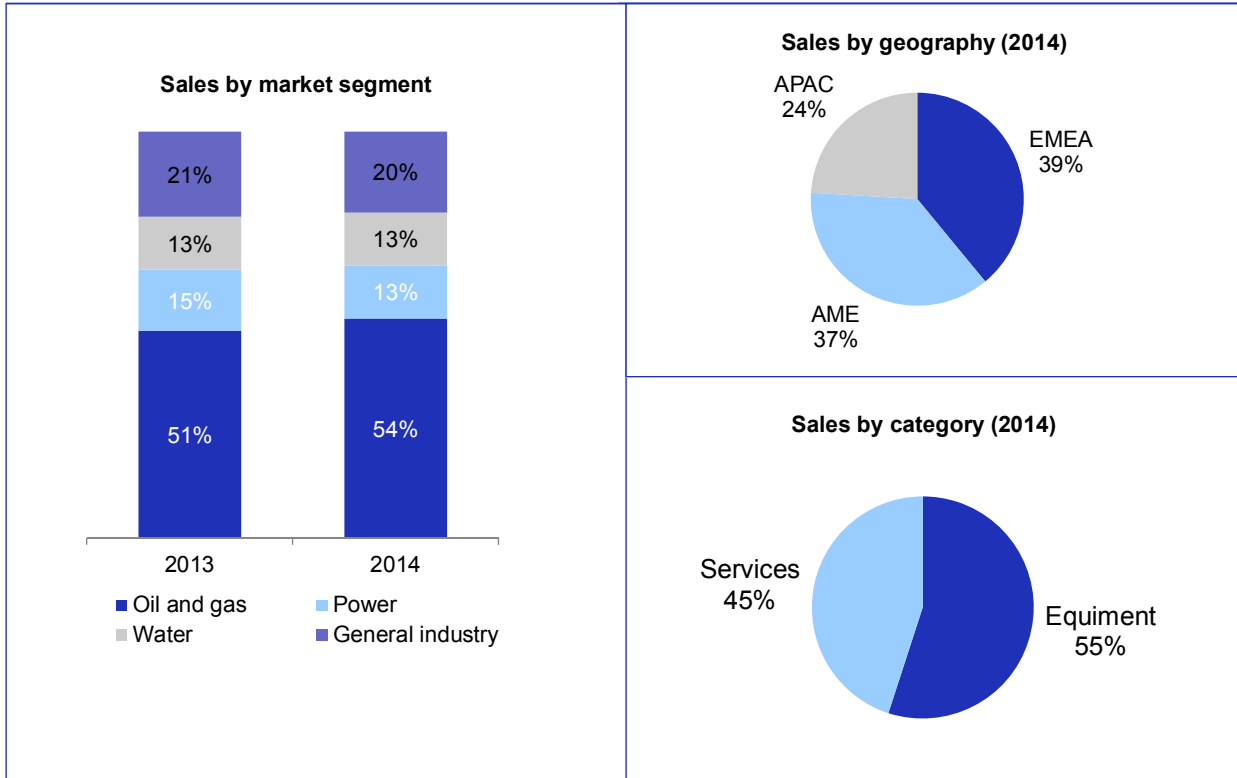
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## Operational Structure



Sales share 2014




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**Long-term fundamentals remain healthy, short-term caution in oil and gas** **SULZER**

**Population Growth – Urbanization – Sustainability – Energy Efficiency**

Oil and Gas	Power	Water	General Industry
 <p>~54%</p> <ul style="list-style-type: none"> <li>Depletion of easy resources</li> <li>Shale oil and gas</li> <li>Short-to-midterm oil price uncertainty and delayed capex investments</li> </ul>	 <p>~13%</p> <ul style="list-style-type: none"> <li>Cheap gas in US</li> <li>Aging OECD power plant infrastructure</li> <li>Environmental regulations and climate goals</li> </ul>	 <p>~13%</p> <ul style="list-style-type: none"> <li>Increased need for clean and wastewater management</li> <li>Tighter regulations</li> <li>Aging OECD water infrastructure</li> </ul>	 <p>~20%</p> <ul style="list-style-type: none"> <li>Predominantly positive developments in relevant segments</li> <li>APAC driving growth for many industrial sectors</li> </ul>

Sales share 2014

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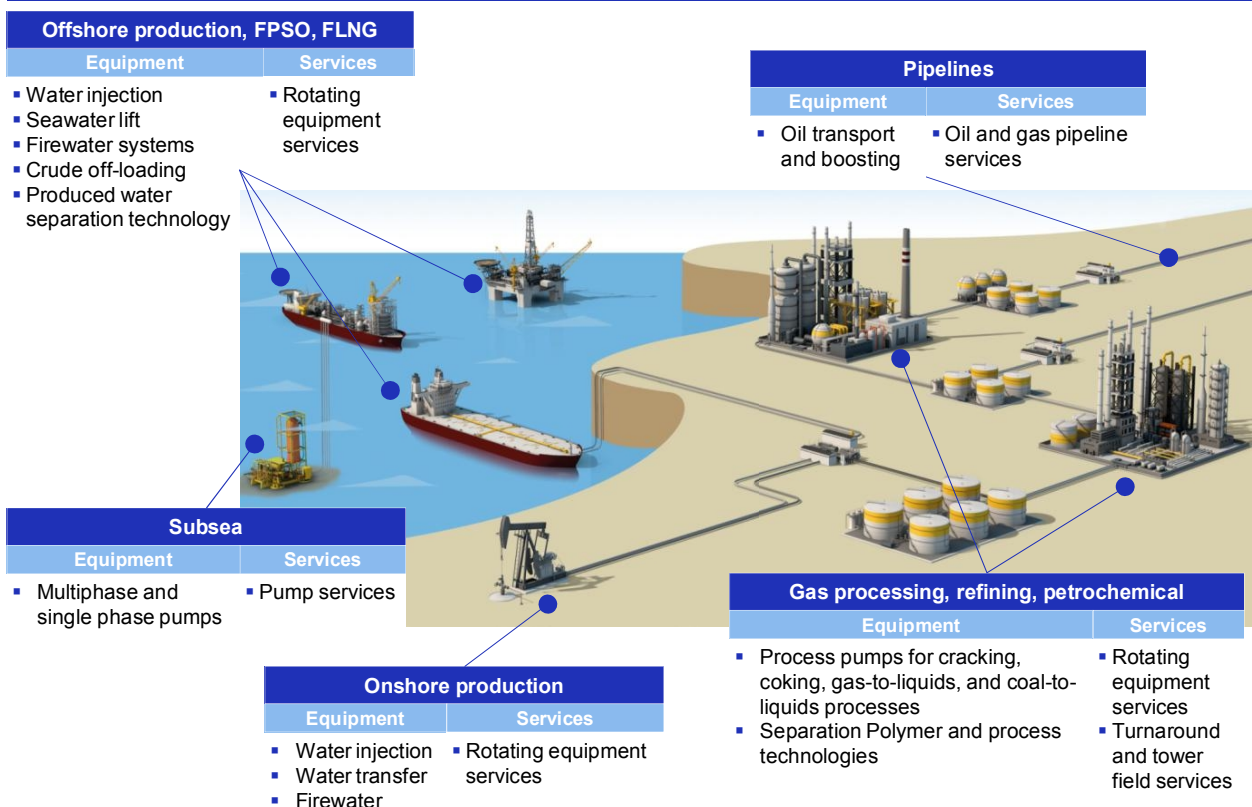
## Distinctive strengths to win in our key markets



- **Profitable positions** in attractive markets and ability to leverage capabilities
- Unique **global footprint** in manufacturing and service
- Unique **service portfolio**
- Long-term relationships with **loyal customers**
- **Technology / innovation leader** in many applications, with experienced workforce
- Solid **Swiss roots** and **strong brand**

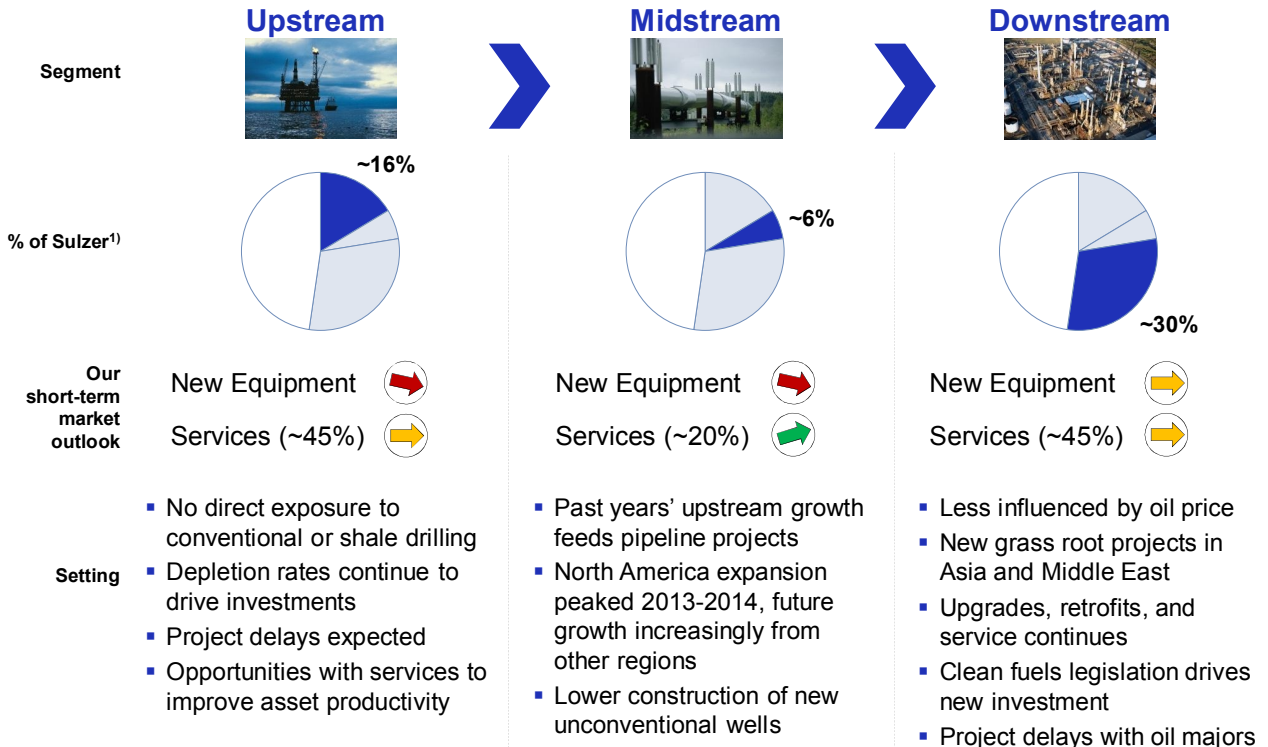
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## Performance-critical applications throughout oil and gas value chain **SULZER**



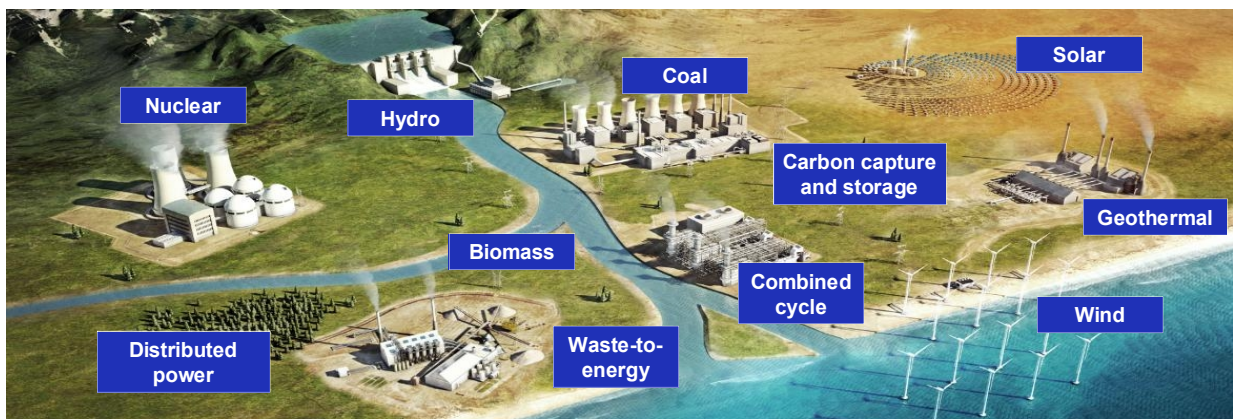
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# Oil and gas market segments expected to see different short-term impacts from oil price drop



<sup>1)</sup> Based on average order intake 2012-2014

# Performance-critical applications across power generation segments



## Solutions for power generation

Equipment	Services
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- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>Boiler feed water</li> <li>Cooling water</li> <li>Condensate extraction</li> <li>Molten salt circulation</li> <li>Carbon capture and storage</li> <li>Power recovery (reverse running pumps)</li> <li>Auxiliary pumps</li> </ul> | <ul style="list-style-type: none"> <li>Pumps</li> <li>Compressors</li> <li>Turbines</li> <li>Motors and engines</li> <li>Generators</li> </ul> |
|---|--|

# Serving the water cycle with mostly standard applications in wastewater



## Solutions for water

- Submersible pumps
- Mixers and agitators
- Aeration systems
- Compressors
- Vertical pumps
- High pressure pumps
- Control and monitoring

## Key applications

- Wastewater collection and treatment
- Clean water abstraction and transport
- Desalination
- Mine and construction dewatering

# Leading positions in selected general industry segments

## Pulp and Paper



- Market leader
- Tight customer relationships and references
- Strong process knowledge and long history
- Extensive installed base drives aftermarket business

## Health Care



- Leveraged Sulzer capability into health care
- Unique two-component mixing and dispensing systems
- Broad product portfolio
- Co-creating products with users
- State of the art application center



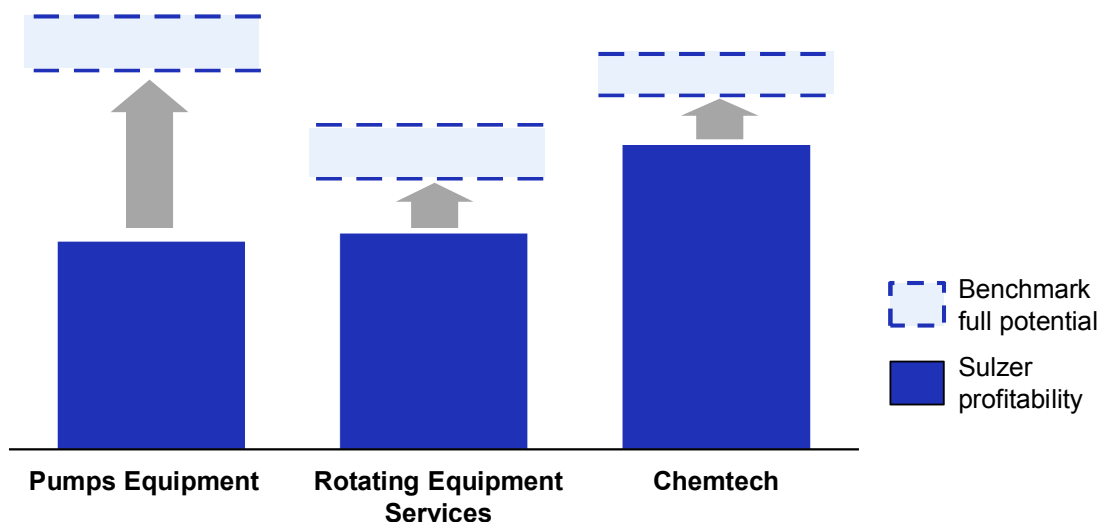
## Megatrends enhance our markets



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## Profitability performance gap identified

**Sulzer's current profitability vs. benchmark full potential**



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## Agenda – CEO Message

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Sulzer Point of Departure

Sulzer Full Potential

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## Vision to become a leading equipment and service provider

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We offer **customer-focused** solutions for **performance-critical** applications in key markets: **oil and gas, power, and water**



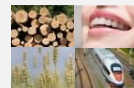
Oil and Gas



Power



Water



General Industry

**Equipment:**

Equipment for our selected markets

- Service intense, engineered, performance-critical → high margin
- Rotating and flow control equipment, process and separation technology

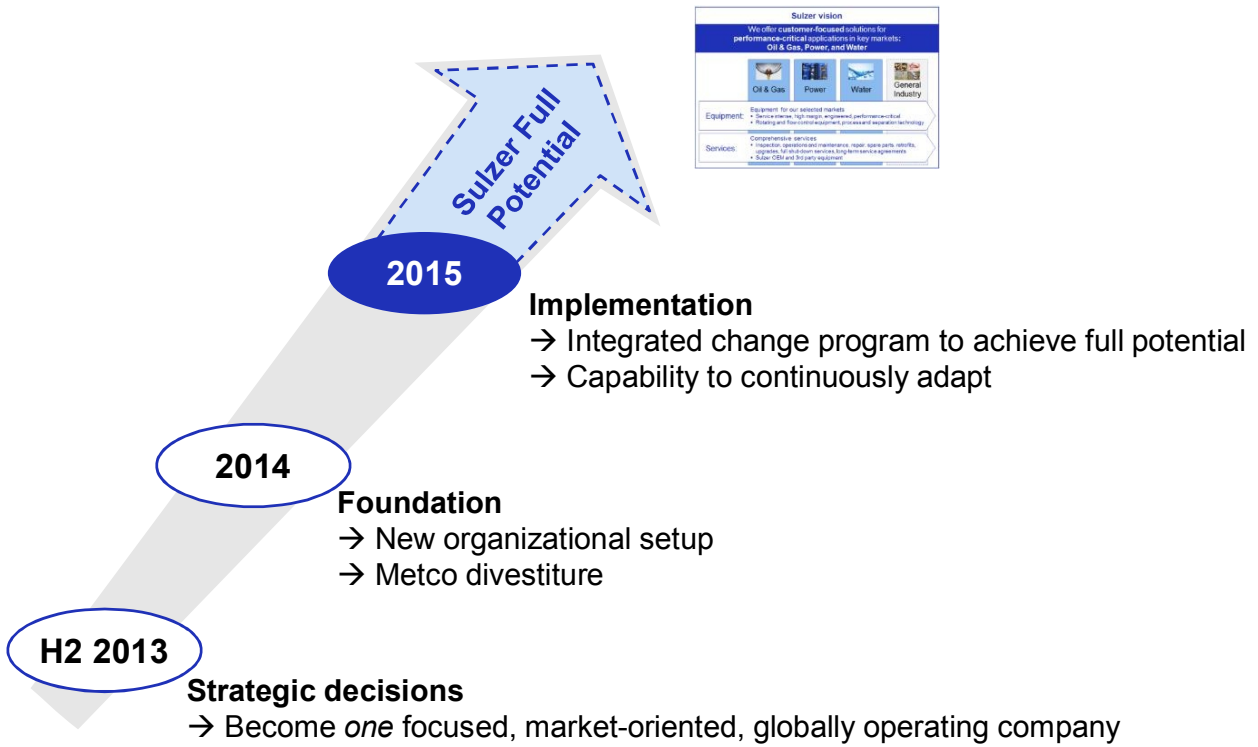
**Services:**

Comprehensive services

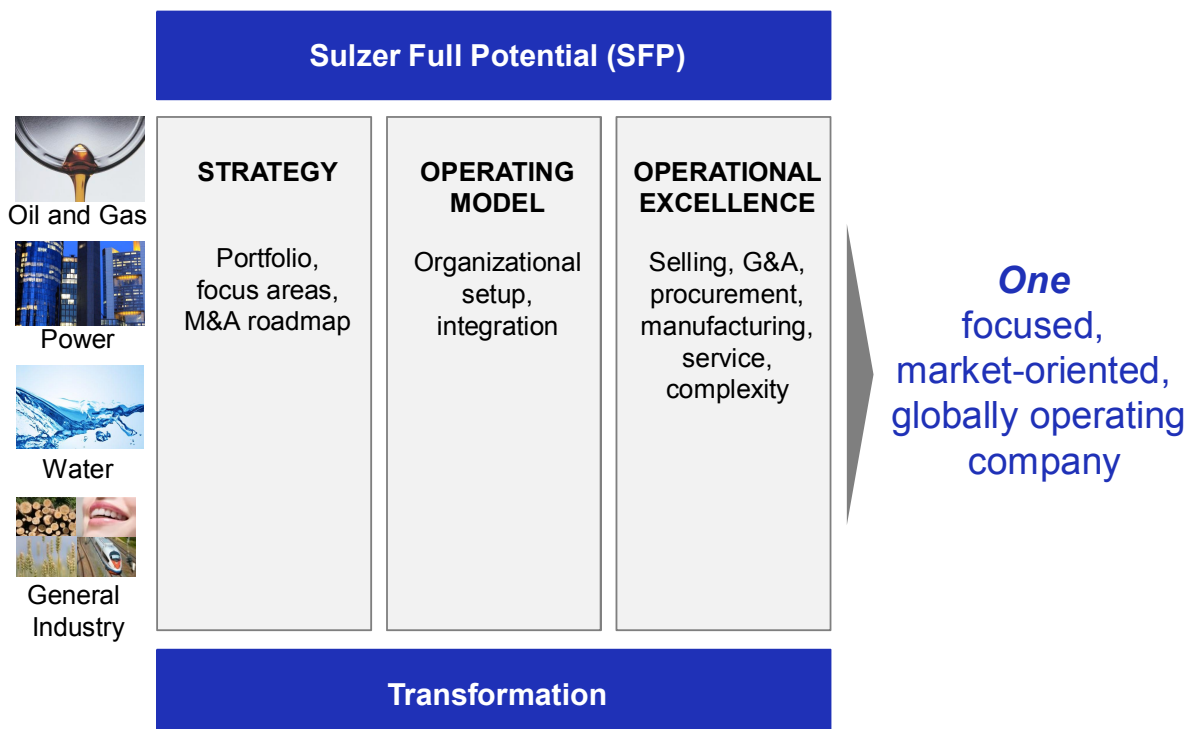
- Inspection, operations and maintenance, repair, spare parts, retrofits, upgrades, full shut-down services, long-term service agreements
- Sulzer OEM and 3rd party equipment

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# Sulzer Full Potential program to continue the transformation journey started in 2013



# Sulzer Full Potential program frames and accelerates our transformation



## Strategy is the first pillar of our program



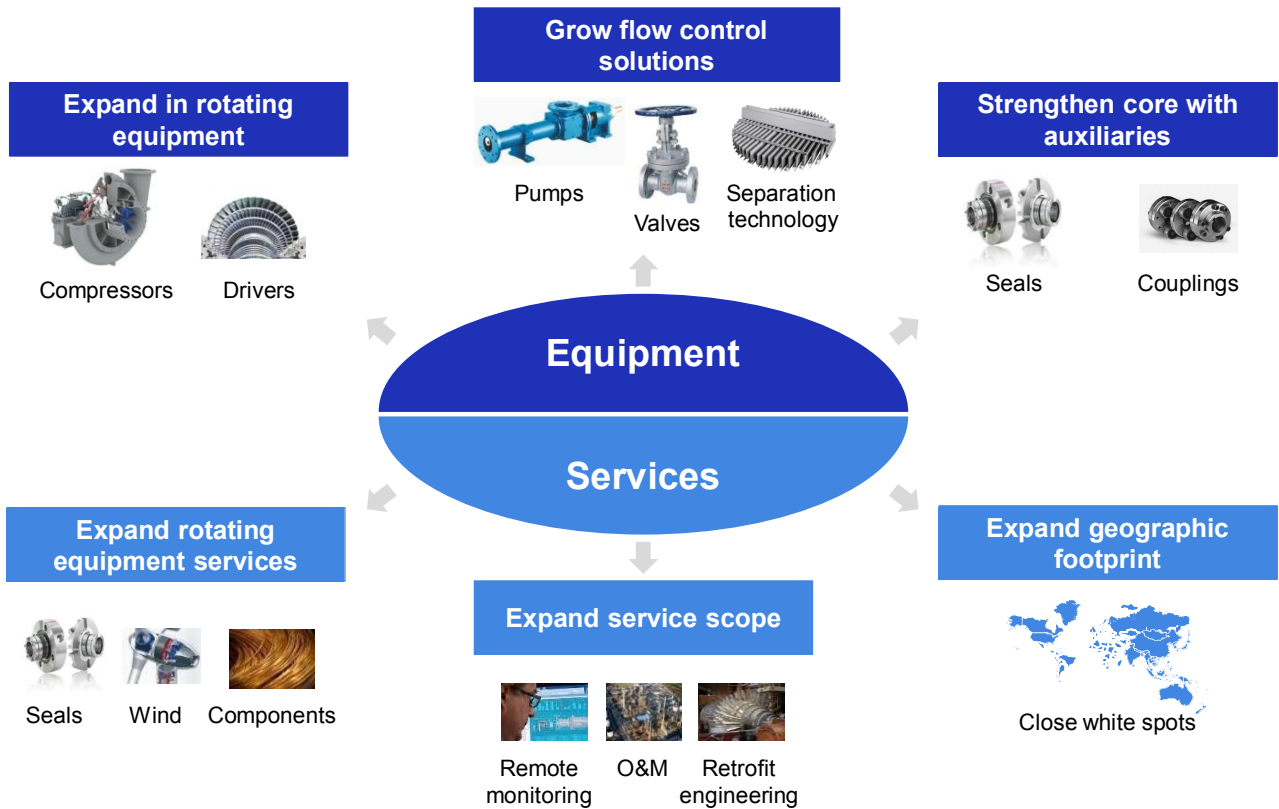
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## One focused, market-oriented, globally operating company



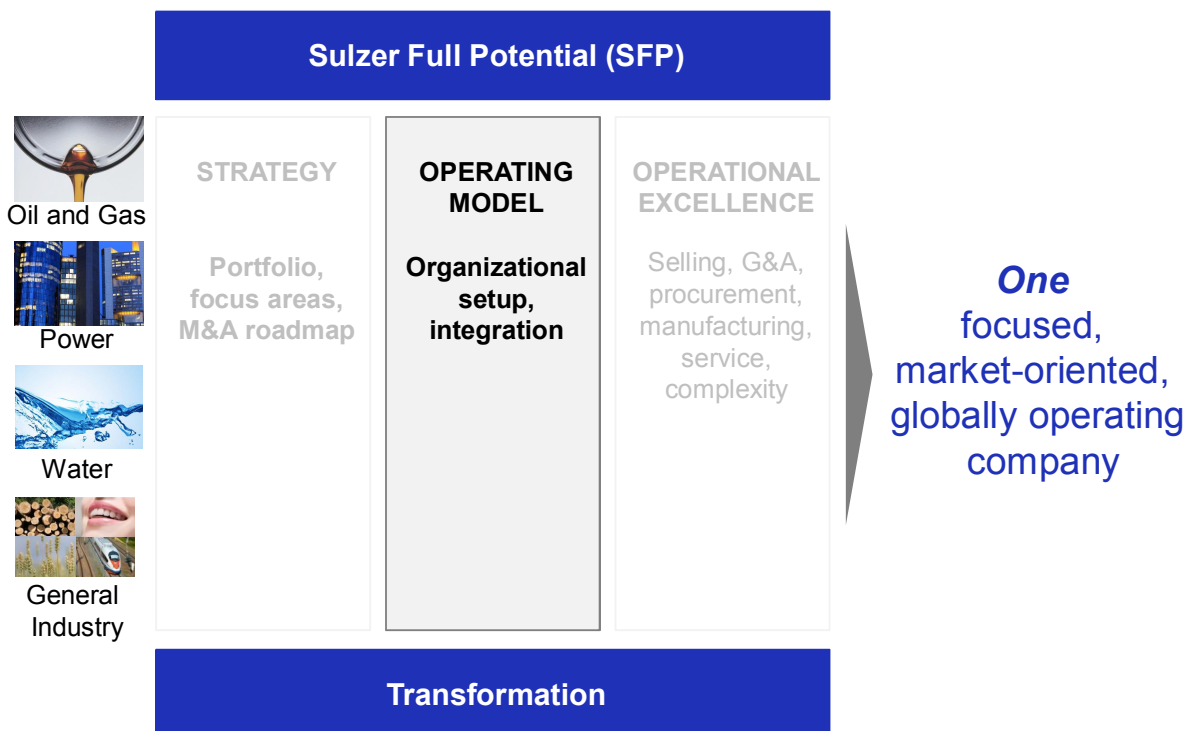
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## Growth opportunities for equipment and services



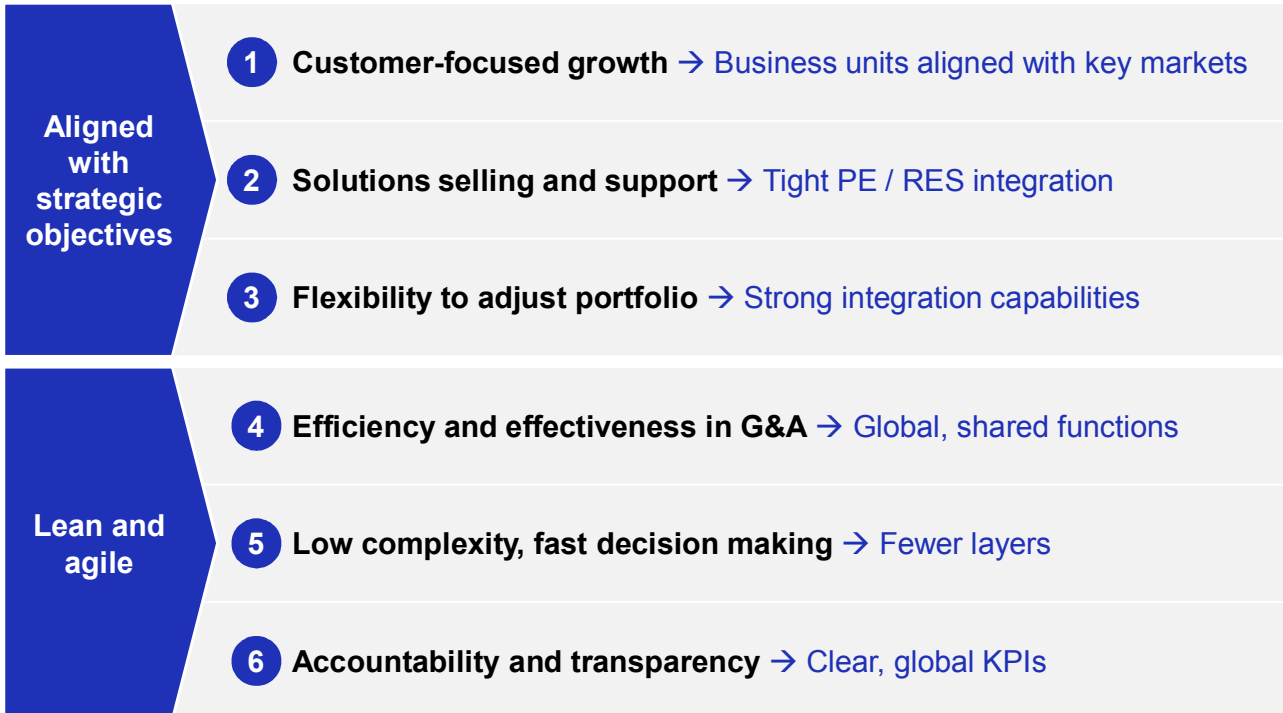
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## Operating model is the second pillar of our program



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## More effective and efficient organization



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# We evolve our structure to match the best competitors



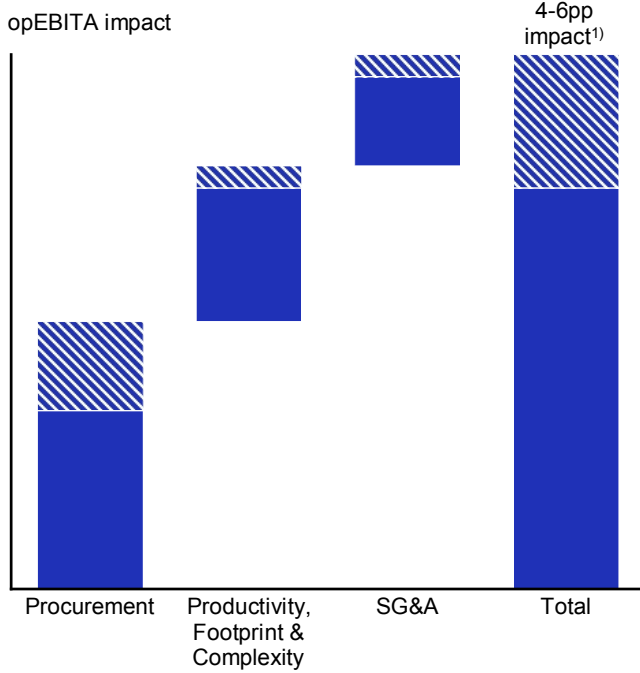
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Profitability improvement levers identified

Operational Improvement Levers	
<b>G&amp;A Functions</b> <ul style="list-style-type: none"> <li>Harmonization</li> <li>Shared Services</li> <li>Integration</li> </ul>	<b>Selling</b> <ul style="list-style-type: none"> <li>Performance management</li> <li>White spot filling</li> <li>Tools and processes</li> </ul>
<b>Manufacturing</b> <ul style="list-style-type: none"> <li>Site productivity</li> <li>Footprint options</li> <li>Fulfillment excellence</li> </ul>	<b>Procurement</b> <ul style="list-style-type: none"> <li>Direct and indirect</li> <li>Procurement organization</li> </ul>
<b>Service</b> <ul style="list-style-type: none"> <li>Branch performance</li> <li>Supply chain</li> <li>Spare parts growth</li> </ul>	<b>Complexity</b> <ul style="list-style-type: none"> <li>Standardization</li> <li>Phase-out</li> <li>Product attributes</li> </ul>

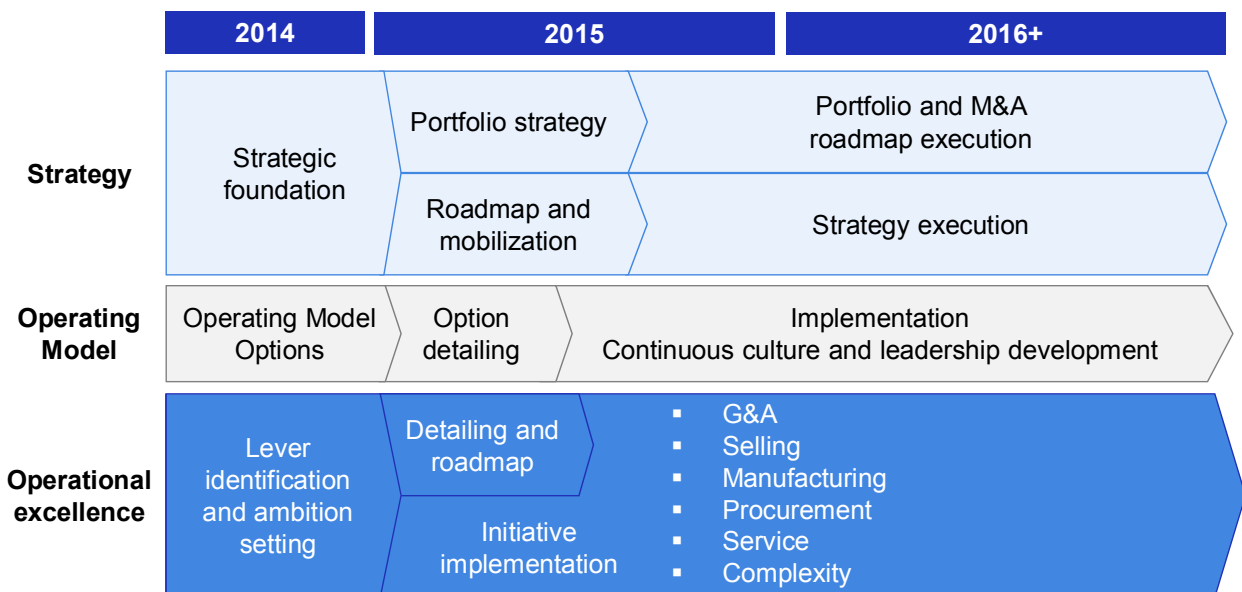
# Levers contributing to a total of 4-6 percentage point profitability impact from 2017 onwards<sup>1)</sup>



- Procurement:**  
 130 initiatives defined across categories. Global procurement structure.
- Productivity, footprint, and complexity:**  
 Globalize manufacturing footprint. Improvement within and across production sites.
- Selling, general, and administration costs:**  
 Focus on standardization and shared services.

1) Measured on operational ROSA

# Integrated roadmap to achieve full potential





## Agenda – CEO Message

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Sulzer Point of Departure

Sulzer Full Potential

Summary

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## Sulzer is an attractive and sustainable investment opportunity

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### Strong fundamentals

- **#1 or #2 positions** in long-term attractive markets
- Equipment and services for **performance critical** applications
- **Global footprint** with a strong presence in **emerging markets**
- **Diversified business portfolio** with high **service share**
- Strong **balance sheet** and **capital discipline**

### Attractive prospects

- **4 - 6 percentage points profitability improvement** from 2017 onwards
- Substantial **growth potential** in fundamentally attractive markets
- **Committed and dedicated management** team prepared to deliver

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