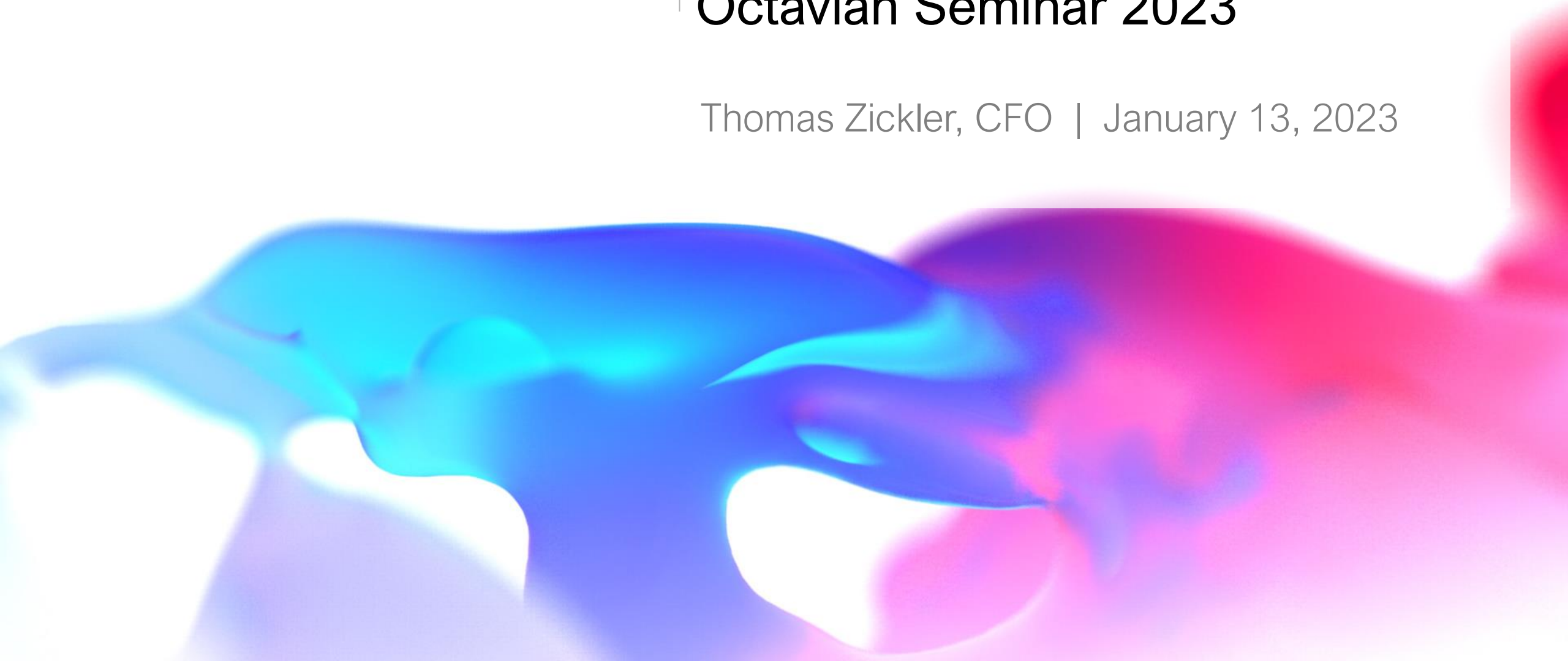
SULZER

Octavian Seminar 2023

Thomas Zickler, CFO | January 13, 2023



Disclaimer

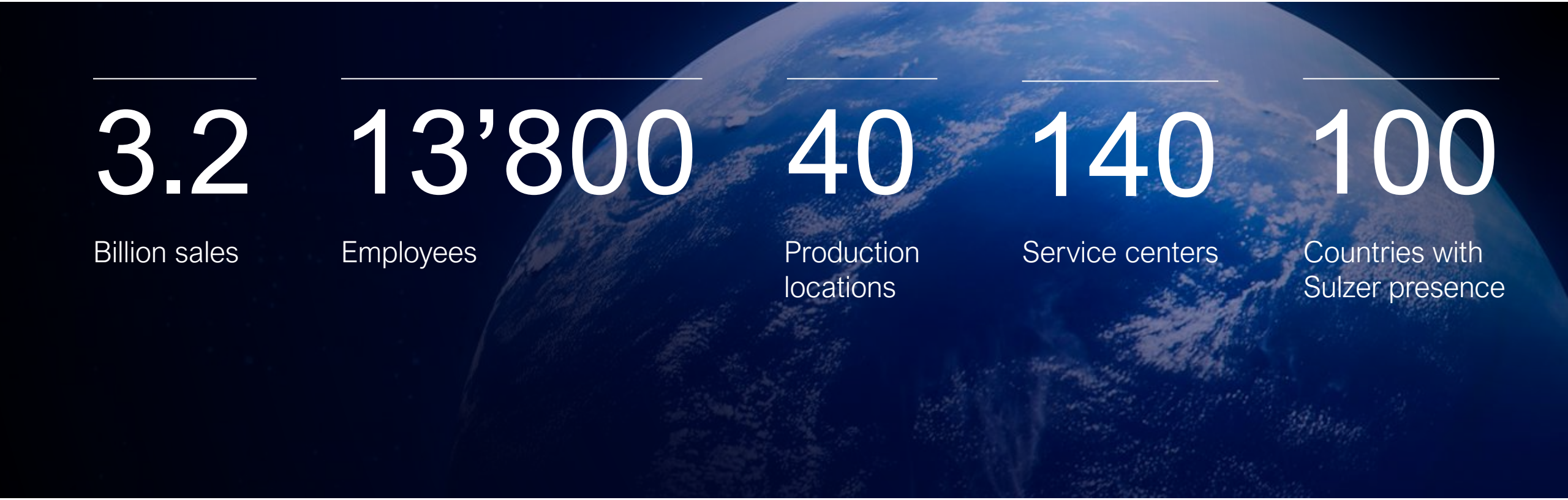
This presentation may contain forward-looking statements, including but not limited to, projections of financial developments, market activities or future performance of products and solutions, containing risks and uncertainties.

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.

Global and agile

We combine reach with responsiveness

Key numbers for 2021



3.2
Billion sales

13’800
Employees

40
Production locations

140
Service centers

100
Countries with Sulzer presence

Sulzer overview

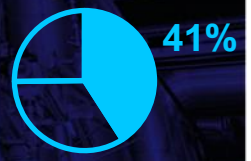
We are a flow control and chemical process applications company with an attractive technology portfolio in the circular economy

Order intake 9M 2022 (CHF)

Flow Equipment

Wide range of equipment and solutions for
- water treatment
- industrial markets
- energy markets

1’071m



Services

Service provider to maximize life-time value of customers’ equipment, using
- advanced data analytics
- digital solutions
- additive manufacturing

894m

Chemtech

Specialist for chemical process applications including
- biopolymers
- recycling
- carbon capture
- e-methanol

622m

Transition in energy sector

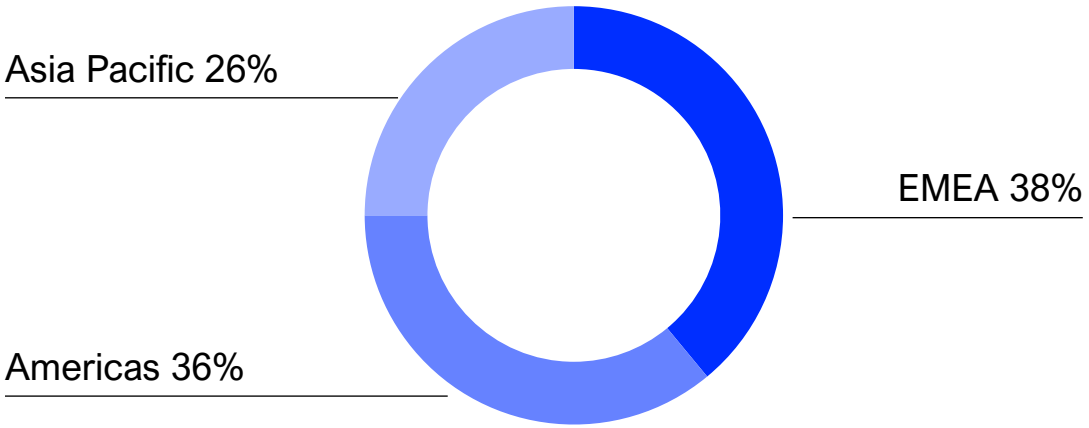
Positive market development to support Sulzer's core business

- Focus shifts to **energy security** and **energy sovereignty**
  - ➢ Short- to mid-term business opportunities
- **Support energy sector transition**
  - higher process efficiency to save energy
  - transition to low-carbon and renewables energy
  - ➢ Mid- to long-term business opportunities

Orders split Q3

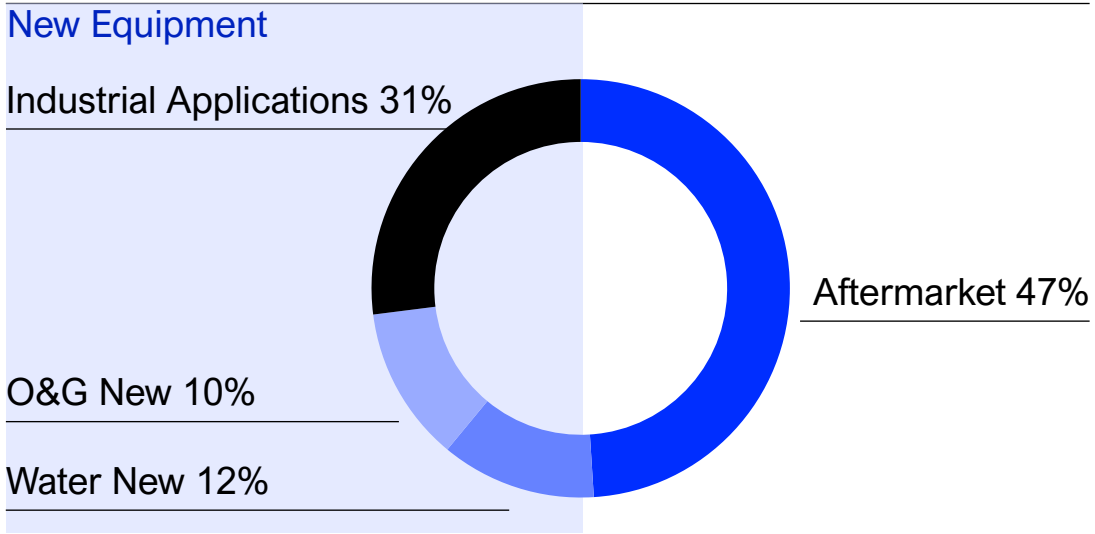
Regionally well balanced

Orders by region



Highly resilient through aftermarket and water business

Orders by activity



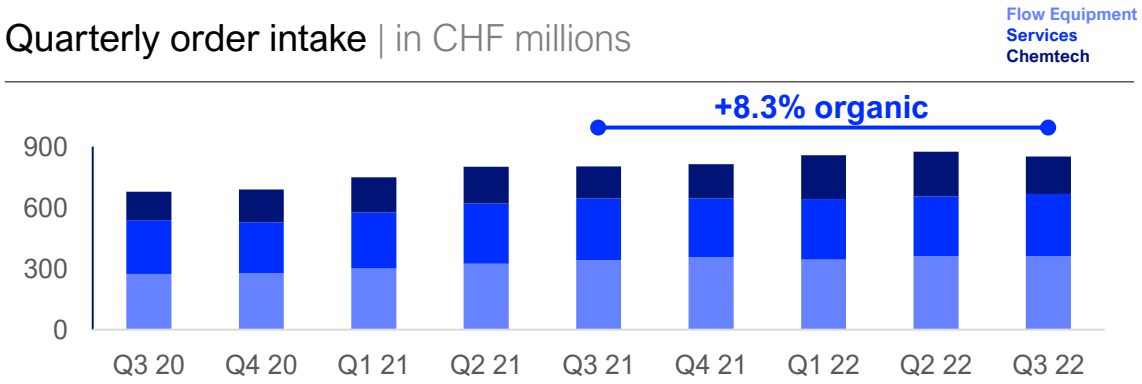
Q3 order intake - highlights

Continued order growth

Key figures | in CHF millions

	9M 22	9M 21	YOY	Adj.[1]	Org.[2]
Flow Equipment	1'071	969	10.5%	12.1%	11.5%
Services	894	874	2.3%	2.8%	2.6%
Chemtech	622	512	21.4%	19.3%	19.8%
Total Sulzer	2'586	2'354	9.8%	10.2%	10.0%

Quarterly order intake | in CHF millions



- Flow Equipment up 12% organic YTD (+9% Q3), driven by
  - Energy (+20% YTD; +18% Q3) and
  - Industry (+13% YTD; +14% Q3)
  - Water growing slower (+5% YTD; -2% Q3) due to delay of desalination projects
- Service up 3% organic YTD (+3% Q3), driven by Pump Services, while Other Services still negative YTD due to exit of Russian market
- Chemtech up 20% organic YTD (+17% Q3)
  - Double digit growth YTD in all business areas
  - Renewables (+40% YTD) and Water up strongly

[1] adjusted for FX
[2] adjusted for FX and acquisitions

Sustainability at Sulzer

Minimize – Enable – Engage

Minimize

our carbon footprint

We operate in a sustainable way

We reduce our carbon footprint 30% by 2030 and become neutral by 2050

Enable

A low carbon society

We contribute to a circular economy

We intensify our efforts and accelerate the shift towards CleanTech

Engage

Our employees and communities

We make life better for all of us

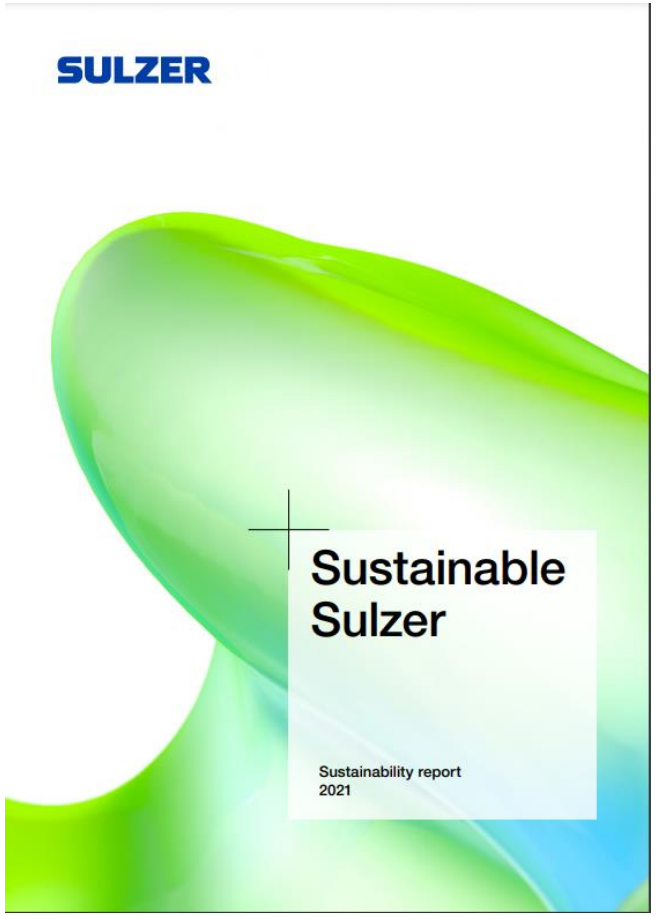
We deliver continuous improvements on all key indicators

Sustainability report 2021

Separate report published in July 2022

Highlights

- **Big step towards 30% CO2 reduction target by 2030:** We reduced our CO2 equivalent emissions by 25% in 2021 despite higher sales volumes
- **62% of waste recycled** in 2021 up from 57% in 2020 – on track to 80% target by 2025
- **We enable a low-carbon society** through our products and contributions to the circular economy such as carbon capture and innovative recycling processes



Carbon capture in Canada

Sulzer technology decarbonizes the power sector

- **Coal-fired power plant unit** located in Saskatchewan, Canada **uses carbon capture system with internals and packings from Sulzer**
- Direct capture of up to 90% of CO2 emissions possible
- Since start of the project in 2020, more than 4 million tonnes of CO2 captured
- **Captured CO2 used for enhanced oil recovery instead of water** on oil & gas fields nearby

Partnership with Blue Planet in California (US)

- Sulzer enables Blue Planet's innovative carbon mineralization process with **Chemtech's highly efficient carbon capture**, **utilization and storage (CCUS) solutions**
- **CO2 used as raw material for making carbonate rocks**. The carbonate rocks can **substitute natural limestone rock**. Limestone is the principal component of concrete
- Blue Planet's technology enables **complete offset of CO2 footprint** in cement production
- Global cement production responsible for around 7% of global CO2 emissions

Chemtech carbon capture solution helps lower emissions from cement industry

Power-to-X in Denmark

Sulzer enabling energy storage and production of renewable fuels with e-methanol plant

- European Energy's plant in Kassø, Denmark, will be **world's first commercial scale e-methanol plant**, using **Sulzer Chemtech's advanced separation technology**
- Power supplied by adjacent 300 MW solar park owned by European Energy
- **E-methanol produced from renewable energy** uses existing infrastructure and can be stored infinitely at room temperature
- **Transportation sector responsible for about 37% of global CO2 emissions**. E-methanol alternative to conventional fossil fuels, **reducing carbon emissions by up to 95%**

Plastics-to-Chemicals in Belgium

Chemical plastic recycling contributes to circular economy

- Today plastic mostly mechanically recycled by shredding and melting to get new (lower grade) plastic
- Chemical recycling uses **depolymerization processes to get again high-quality feedstock** for the chemical industry
- Chemtech is enabling Indaver's first plastic recycling plant, constructed in Antwerp, Belgium
- The Plastics-to-Chemicals (P2C) facility will produce 24'000 tonnes of **high-grade, widely used chemicals per year**

Waste-to-fuel in Nevada (US)

Sulzer enabling world's first commercial-scale waste-to-fuel plant with zero carbon emissions

- Sulzer supports Fulcrum BioEnergy's world's first commercial-scale production plant converting **solid household waste, into renewable transportation fuels**
- Plant will convert around 159'000 tonnes of waste into around 41.6 million liters of **renewable synthetic crude oil** per year
- The waste-to-fuel process can transform transportation industry with zero-carbon fuels
- Sulzer delivered a **full range of highly energy-efficient pumps** critical for site's energy generation circuit

Wastewater treatment in the Netherlands

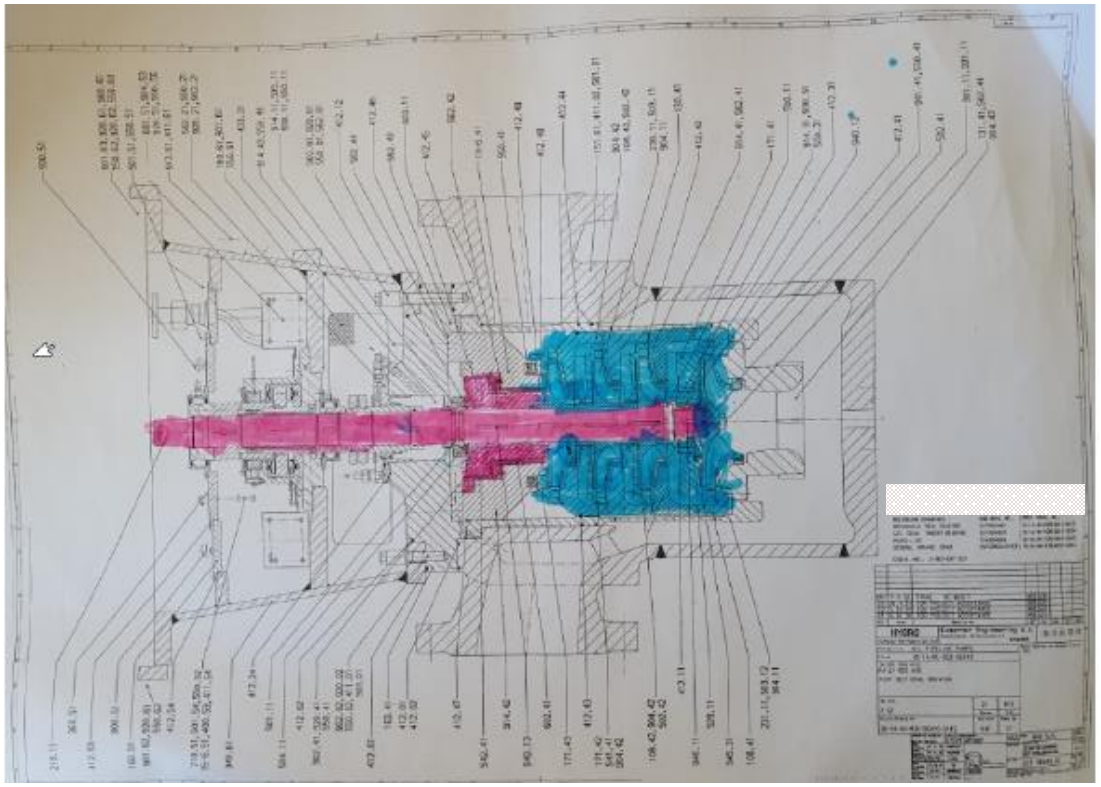
Sulzer technology enables energy neutrality by producing biogas from sludge

- Sulzer supplied equipment (pumps, agitators, turbo compressors, diffusers and flow boosters) and knowhow to innovative bio-power plant in the Energie Fabriek West, Sleeuwijk, The Netherlands
- The plant's process relies on highly complex flow-control system, **pumping sludge between different compartments and mixing it to prepare it for maximum biogas production**
- **Sulzer's customized solution increases biogas production by 20-30%, helping the utility to become energy neutral by 2030**

Pump retrofit in Norway

Re-rating of largely oversized pump

- Norwegian customer operated large pump for the last 30 years with an original duty of a throughput of 590m^3/h
- Situation has changed: for today's duty of a throughput of 150m^3/h, **pump was largely oversized and therefore inefficient**
- Sulzer retrofitted pump by changing internal parts
- Significant savings expected:
  - **Power Savings** of 900kW per hour
  - 4500 tonnes **of CO2 emissions** per year
  - **Norwegian carbon tax savings** of about NOK 3m (CHF 300k) a year



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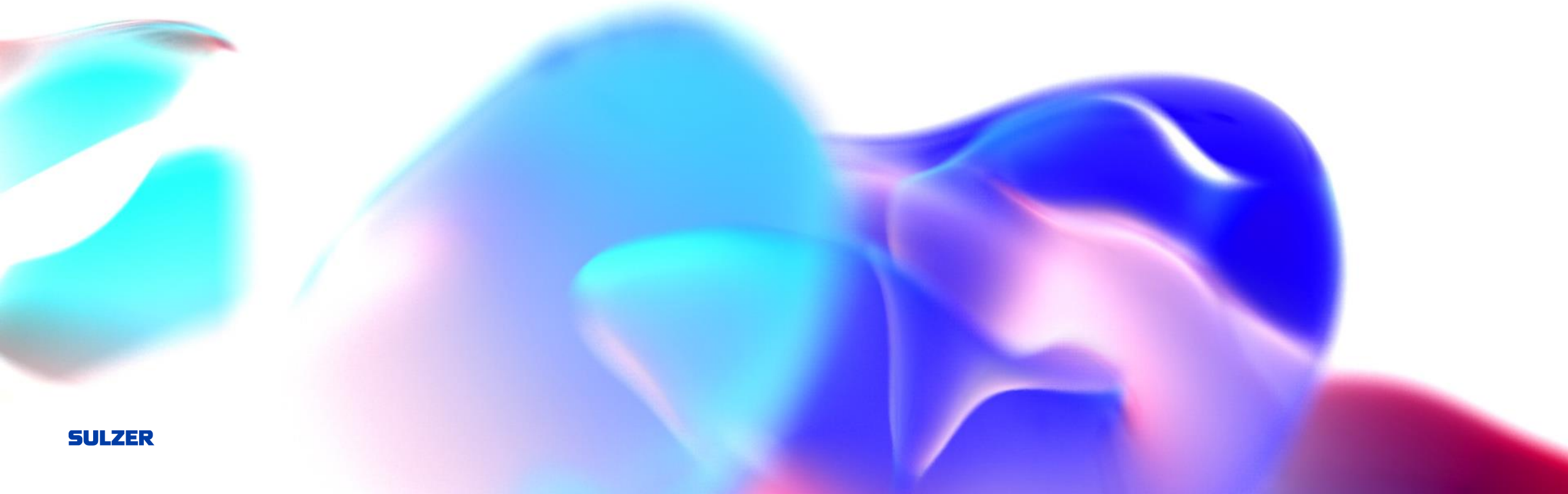
Financials and Guidance



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H1 2022 financials in short

Improved operational profitability

Key figures | in CHF millions

	H1 22	H1 21	YOY	Adj.[1]	Org.[2]
Order intake	**1'734**	**1'552**	11.8%	11.4%	10.9%
Order intake gross margin	32.8%	33.1%			
Order backlog (Dec 31)	1'896	1'724	10.0%		
Sales	**1'517**	**1'495**	1.5%	0.9%	0.6%
Op profit (opEBITA)	**136**	**128**	6.5%	4.9%	4.7%
Op profitability	**9.0%**	**8.5%**			
EBIT	-26	97			
Net income	-49	61			
EPS cont. operations (in CHF)	-1.43	1.78			
Free cash flow	**-78**	**84**			
FTEs (Dec 31)	12'914	13'816			

1. Adjusted for currency effects
2. Organic: adjusted for currency and acquisition effects

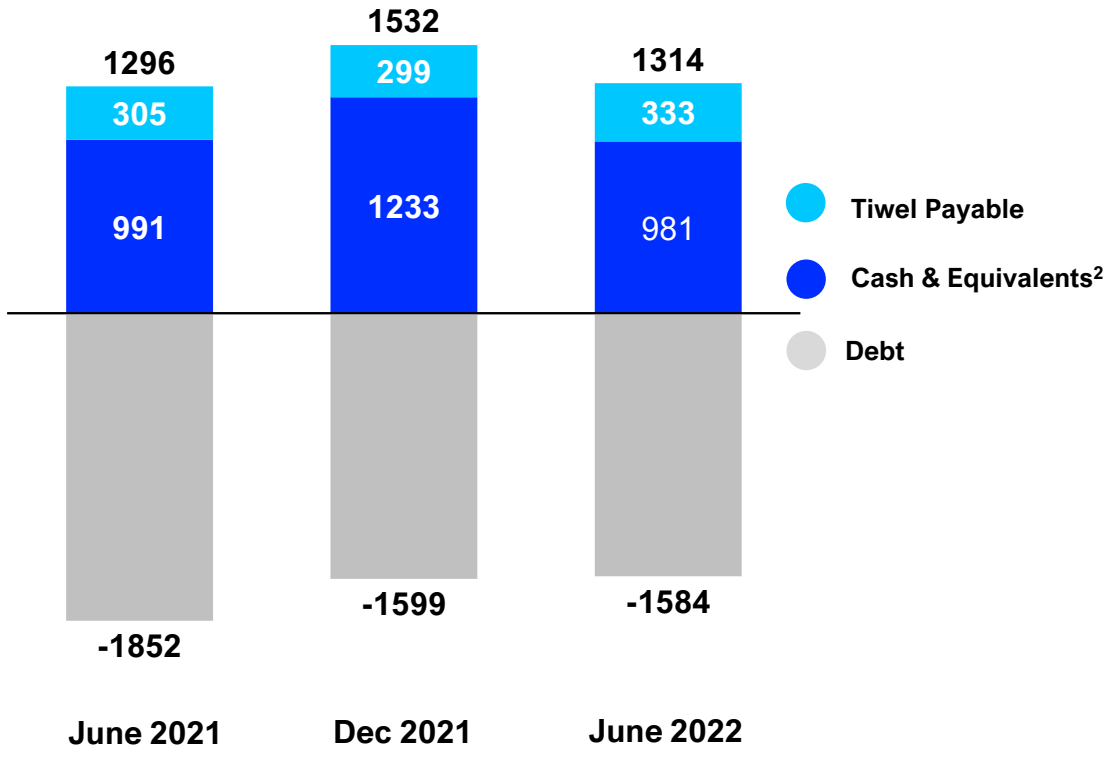
Highlights

- Order growth of 11% driven by Chemtech and Flow Equipment
- Order backlog increased by 10% despite de-booking of Russia orders (71m)
- Sales up +1% YOY in H1 driven by Chemtech and Services
- Operational profitability up 50 bps to 9.0% mainly driven by Chemtech and Flow Equipment
- Excluding impact from Russian and Polish write-offs,
  - EBIT at 107m vs 97m +10%; EBIT margin at 7.1% vs 6.5%
  - Net income at 70m vs 61m +15%
- FCF in H1 negative on higher net working capital (increased inventories and work in progress) due to supply chain challenges

Solid balance sheet

Net debt impacted mainly by free cash flow and dividend payment

(in CHF millions)



	June 2021	Dec 2021	June 2022
Net debt	557	67	269[1]
Net debt / EBITDA	1.3x	0.2x	1.0x[1]

Highlights

- Negative FCF of 78m; will get back into positive territory in H2
- Ordinary dividend payment of 81m (dividend to Tiwel held back)
- Withheld dividend increases Tiwel payable to 333m (not interest-bearing, no maturity)
- EBITDA impacted by Russian and Polish write-offs in H1 2022

[1] CHF 602m and 2.3x excluding 333 cash held on behalf of Tiwel
[2] incl. current financial assets, excl. Tiwel payable

2022 Guidance

Updated as of October 26, 2022 with Q3 publication; adjusted for FX

Order Intake growth (YoY adjusted for FX)	Sales growth (YoY adjusted for FX)	Operational Profitability[1] %
up 6% – 8% *(previously: up 3 – 5%)*	**stable vs FY2021** *(previously: up 2 – 4% excluding impact from Russia exit)*	**close to 10%** *(confirmed)*

1. Operational EBITA as a percentage of sales

Take aways

- Sulzer is a **global flow control and chemical process applications company** with a **regionally well-balanced business**
- **Our business model is highly resilient** as ~60% of our business is aftermarket and water
- We offer attractive solutions to growing markets, such as **wastewater treatment, chemical recycling, carbon capture and biopolymers**
- Sulzer has reported continued strong order intake in Q3, and **order backlog reached a record level of CHF 1.95bn end of Q3**
- Our markets **remained robust** in Q4 2022

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