

SULZER

Investor presentation

Octavian Virtual Swiss Equity Seminar

January 15, 2021



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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.

Who we are

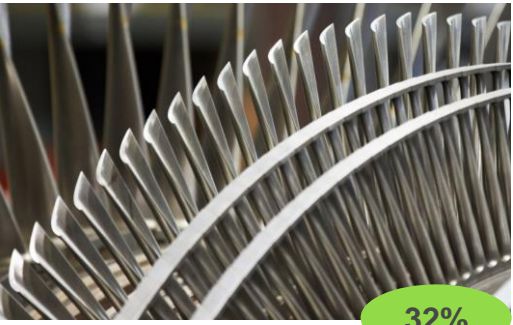


Sulzer overview

Sulzer offers products, services and know-how for a wide range of **fluid engineering** applications in many different markets



39%



32%



18%



11%



Pumps Equipment

From standard pumps to highly engineered pumps, covering Water, Oil & Gas, Power, Mining, Pulp & Paper, etc.

Rotating Equipment Services

Parts, service and refurbishment for pumps, turbines, compressors, motors & drives, etc.

Chemtech

Separation technology and associated services for the chemical processing and refining industries

Applicator Systems

Specialized fluid applicators for dental, healthcare, beauty, construction, adhesives, etc.



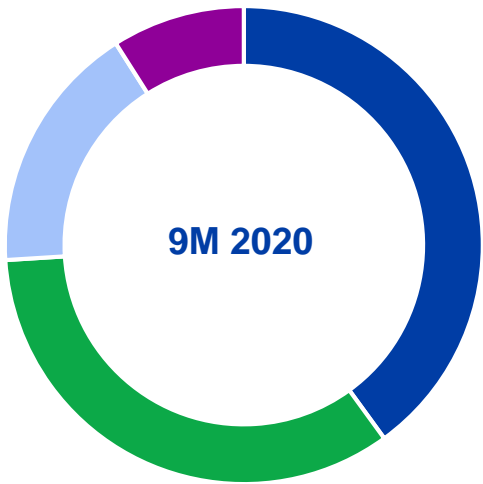
X% of total order intake 2019 of CHF 3'747m

y% of total divisional opEBITA 2019 of CHF 376m

Business equilibrium

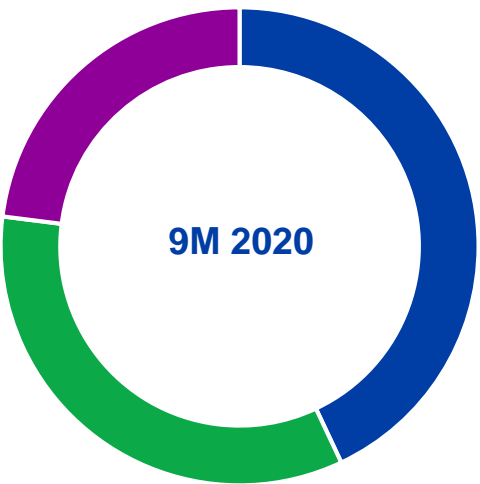
Geographically balanced and two-thirds low cyclical

Order intake by Division



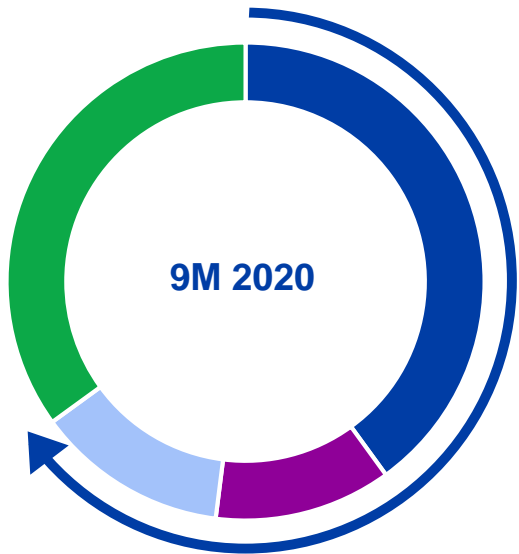
- 39% Pumps Equipment
- 34% Rotating Equipment Services
- 17% Chemtech
- 10% Applicator Systems

Order intake by region



- 42% Europe, Middle East, Africa
- 33% Americas
- 25% Asia-Pacific

Order intake by type



~ two thirds low cyclical

- 43% Aftermarket
- 10% APS
- 11% Water incl. Aftermarket
- 36% Other Equipment

ESG at Sulzer

Green Leadership

We at Sulzer are a responsible corporate citizen and aim to create value and improve our economic, social and environmental impact by:

- developing innovative, efficient and eco-friendly solutions for our customers and helping them manage and improve their entire product life cycle,
- providing our employees with a safe and healthy workplace and creating opportunities for professional development, and
- reducing the company’s environmental footprint in the areas of energy use, greenhouse gas emissions, water consumption and waste management.

ESG targets are part of our compensation framework.

Our ESG efforts are governed by Sulzer’s Board of Directors’ Strategy and Sustainability Committee.

Contributing to Global Goals



Sulzer is a long term signatory of UN Global Compact and adheres to the 10 principles of the initiative.



Modern Slavery Act 2015

Sulzer also complies with national initiatives aimed at reducing human trafficking and forced labor such as the California Transparency in Supply Chains Act, the Modern Slavery Act of 2015 and equivalent EU programs

ESG Rating of Sulzer



AA

MSCI considers companies rated AA and AAA to be ESG Leaders



Gold

Sulzer belongs to the top 5% companies regarding CSR criteria

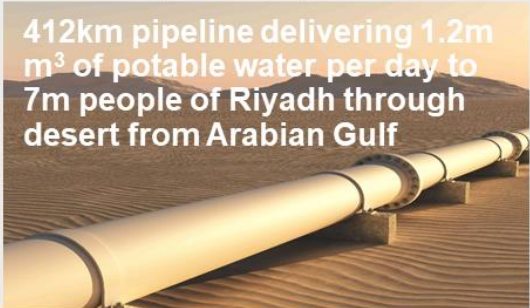


86 of 100

Sulzer achieves second highest score compared to its direct peers

Constant innovation for a sustainable future

Pumps Equipment



Rotating Equipment Services



Chemtech



Applicator Systems



Fresh Water for Riyadh

In Q1 2019, Sulzer received the order to supply highly efficient pumps for this water pipeline and an additional order for pumps for a desalination plant.

Together, the order volume was CHF42m.

Laser Metal Deposition



Selective Laser Melting



Recycling Hydrocarbons

Quantafuel developed a chemical recycling process **converting plastic polymers back into hydro-carbons.**

Sulzer Chemtech's Bio-Based and Renewable business designed, fabricated and installed the plant's flexible fractionation units.

Designing for Efficiency

Sulzer has won the world's most prestigious packaging innovation competition in the "**Resource efficiency**" category with ecopaCC™, a collapsible primary packaging for adhesives and sealants.

The revolutionary design **slashes costs, resources and waste.**

Enabling the textile circular economy

Sulzer is investor and strategic technology partner in Worn Again

The textile economy today

- Up to 85% of textiles going to landfill and incineration
- Less than 1% recycled back to new textiles
- Ever more blended fabrics (e.g. outdoor wear)

The recycling challenge

- Separate out dyes and other contaminants
- Separate blends of fibers e.g. polyester and cotton

Worn Again’s solution

- Separate, decontaminate and extract polyester and cellulose from non-reusable textiles to produce dual PET and cellulose outputs which can be reused
- Also works with polyester bottles and packaging
- Closed loop solvent based process

Where we are in the development

- Successful pilot plant testing, technical approach validated
- Currently validating scalability for full-size plant
- Sulzer and H&M recently led second round of financing, joint control with Sulzer assuming chairmanship from H&M



Acquisition of Haselmeier

Grow the medical segment of APS

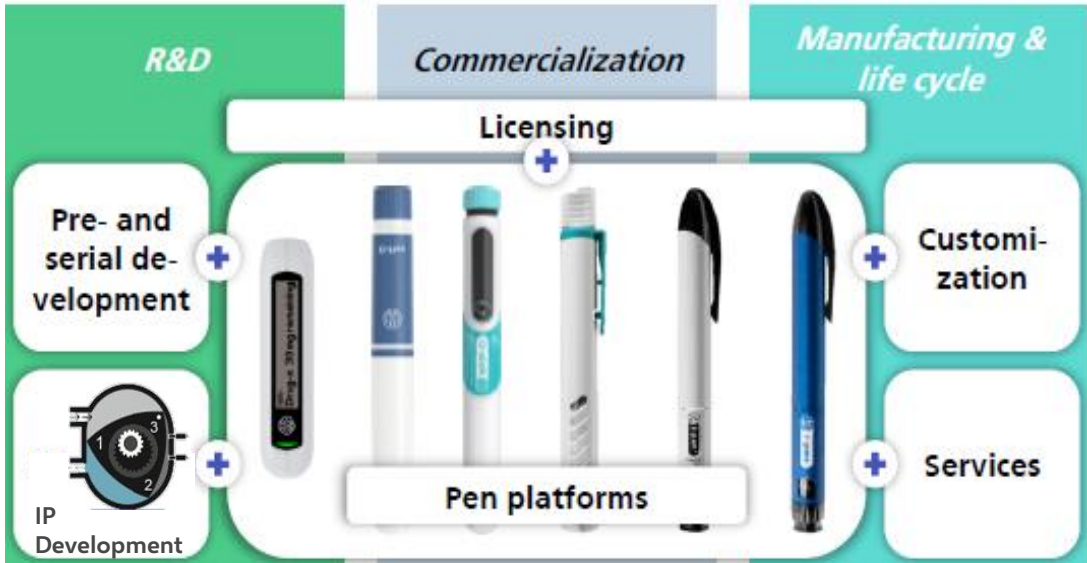
Business description

- Injection pens for subcutaneous application, e.g. fertility, growth hormones, diabetes, rare diseases
- Latest product (D-flex) allows for faster customization and certification
- Products based on **own IP** (~200 patents)

Rational & Transaction

- Grow APS medical segment beyond current Medmix medical device (bone & tissue repair) business **into drug delivery devices**
- Sulzer’s expertise in **precision injection molding** creates synergies in operations
- Transaction closed on October 1, 2020

Haselmeier’s offerings



Acquisition of Nordic Water

Growing Water in Pumps Equipment

Business description

- Headquartered in Sweden, Nordic Water employs 200 people at 13 sites in 6 countries. In 2021, sales of CHF80m and EBITDA of CHF13m expected
- Leading provider of screening, sedimentation and filtration solutions for municipal and industrial water & wastewater treatment

Rational & Transaction

- Minimal product overlap and a complementary geographic focus
- Significant sales and aftermarket synergies expected
- Sulzer has now one of the largest wastewater product offerings in the market (pumps, mixers, blowers, grinders and screens + now equipment from Nordic Water)
- Water treatment is growing at 4-6% a year
- With NW acquisition Sulzer’s Water business in Pumps Equipment becomes larger than the Energy business
- EV paid CHF 128m. Transaction closing expected in Q1

Solids Removal & Reduction (non organic)

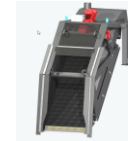
Size reduction



Grinders



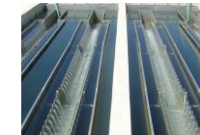
Large solids removal



Screens



Heavy solids removal



Sedimentation

Light solid removal



Dissolved Air Flotation



Small solids removal



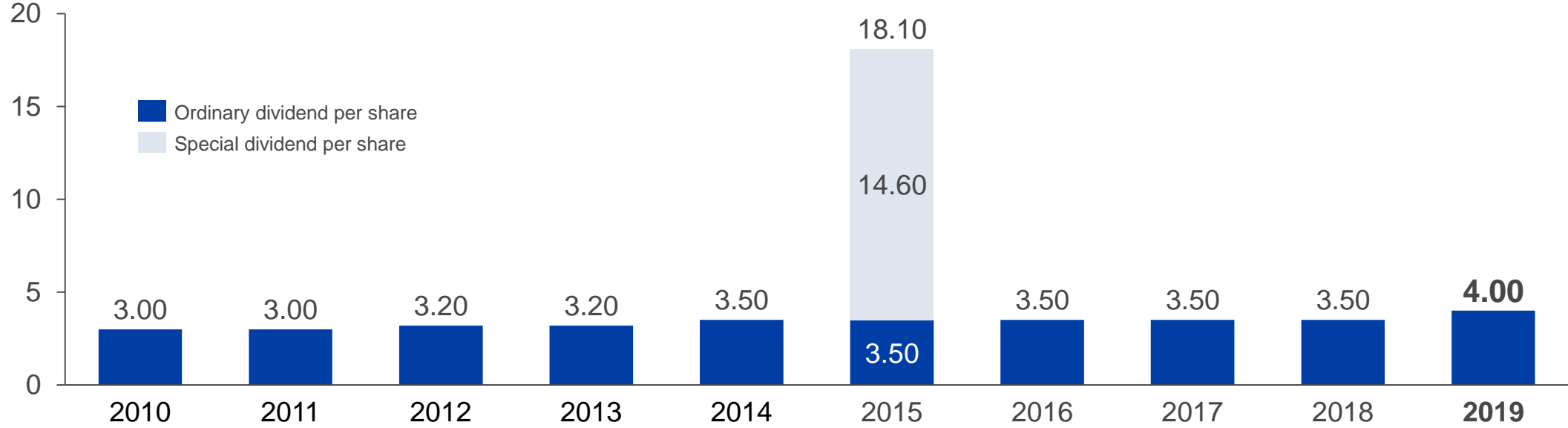
Filtration

 Nordic Water

Sulzer dividend

2019 dividend increased to CHF 4.00 (+14%) and paid out

Dividend (CHF)



9M performance

9M 2020 highlights

- YTD orders 2'614m, -2.0% FX adjusted, -3.6% organic
- Q3 orders 774m, -9.9% FX adjusted and organic
 - PE and RES bottomed out in July/Aug. on project shifts and site access restrictions, rebound in Sept. to continue in Q4
 - CT flat YoY in Q3 despite low July/Aug., rebound in Sept. and Q4
 - APS rebounding to pre-pandemic level faster than anticipated, Aug. and Sept. above 2019 levels
- COVID update: all sites operating, India with limitations
- OPEX squeeze on track for 60m in FY20
- Structural cost take-out on track, will yield recurring 70m savings in Energy-related activities to be delivered mostly in FY21
- FCF generation YTD > 100m ahead of last year

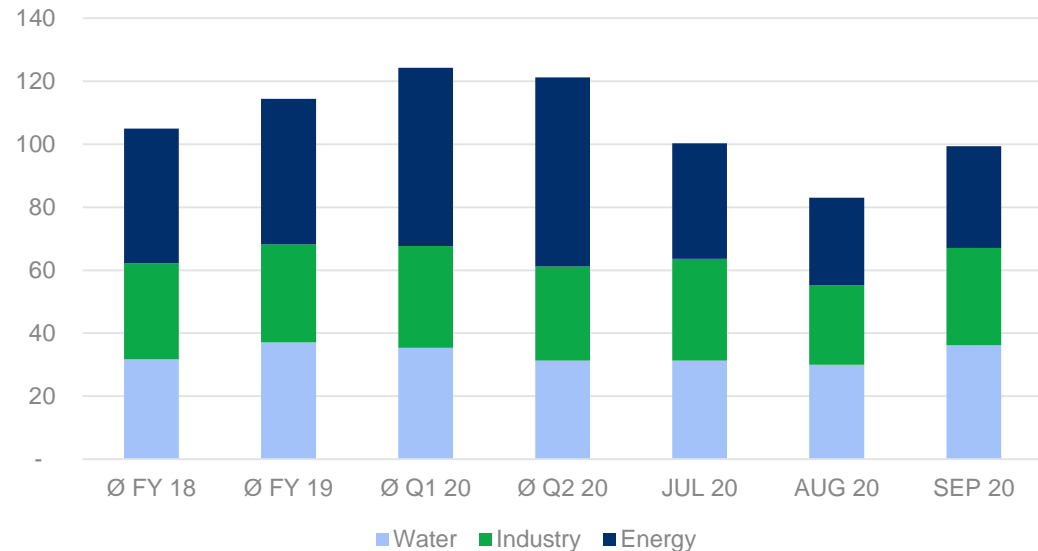
Pumps Equipment

Water and Industry performing well, Energy ramped down as anticipated

Order intake (in CHF millions)

9M 20	9M 19	YOY	adj. ¹	org. ²
1'019	1'119	-8.9%	-2.1%	-0.9%

Monthly order intake (in CHF millions)³



Highlights

- Q3 orders: 275m; -18.7% adj.; -17.8% org.
- Energy lower on global slowdown in O&G + price discipline given good backlog (order gross margin YTD 80bps above last year)
- Resizing in Energy running ahead of volume ramp-down, defending profitability targets
- Industry performing well apart from weak August
- Water up sequentially but lower YOY on fewer desalination projects; core municipal water market solid

1. Adjusted for currency effects
 2. Organic: adjusted for currency and acquisition effects
 3. in current FX

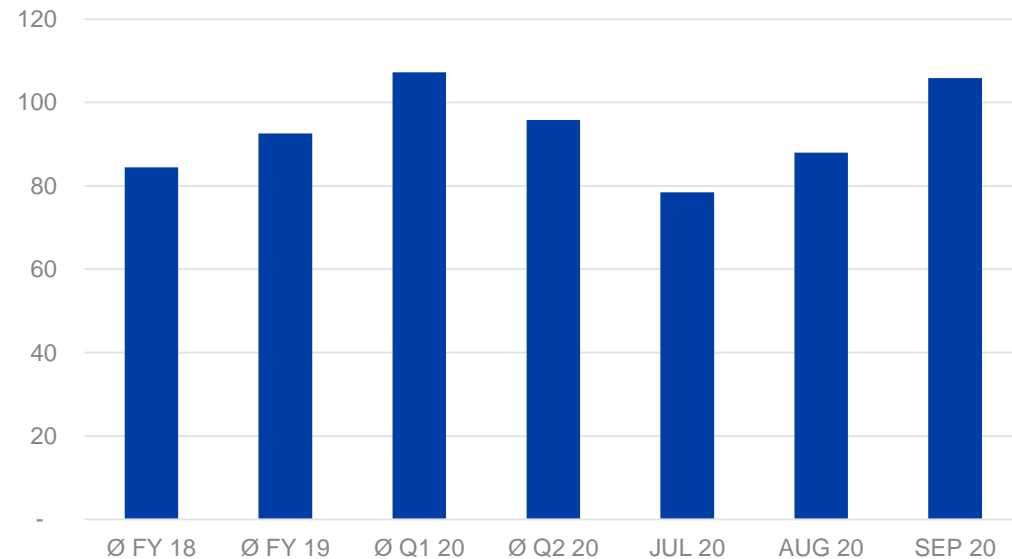
Rotating Equipment Services

Strong September after summer impacted by site access restrictions

Order intake (in CHF millions)

9M 20	9M 19	YOY	adj. ¹	org. ²
881	910	-3.2%	4.3%	1.7%

Monthly order intake (in CHF millions)³



Highlights

- Q3 orders: 264m; -7.1% adj. and org.
- Significant FX impact 22m in Q3 and 68m YTD
- Soft July and August due to
 - Baseline: large projects in Q3 19 (gas turbine orders)
 - Hurricane Laura in US gulf coast area
 - Pandemic driven site access restrictions shifting activity and outages to later dates
- Back on track in September
- YTD orders: organic growth in AME and APAC, EMEA flat
- RES expected up organically for full year despite pandemic

1. Adjusted for currency effects
 2. Organic: adjusted for currency and acquisition effects
 3. in current FX

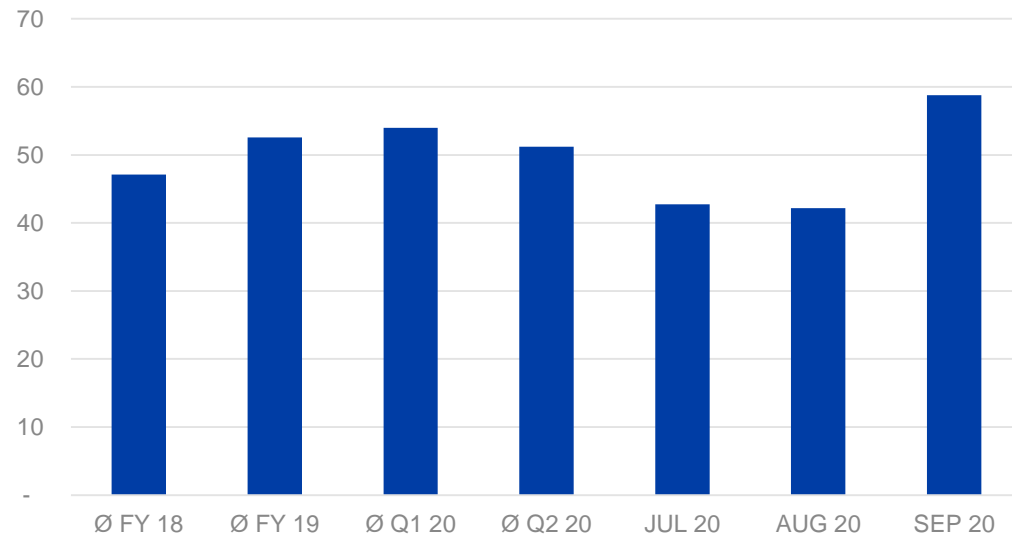
Chemtech

Q3 orders holding up on China growth

Order intake (in CHF millions)

9M 20	9M 19	YOY	adj. ¹	org. ²
459	500	-8.2%	-1.9%	-8.7%

Monthly order intake (in CHF millions)³



Highlights

- Q3 orders: 140m; +1.2% adj.; -0.9% org.
- Clear pick up of commercial projects in our Bio-Based and Renewable technologies group
- Tower Field Services lower on site access restriction
- Chemical market up 6% in Q3, good commercial pipeline into 2021
- China continues to outperform (orders +33% in Q3) on strong market, rest of Asia picking up
- Strong September orders
- Closed new financing round for Worn Again, our textile recycling technology venture with H&M

1. Adjusted for currency effects
 2. Organic: adjusted for currency and acquisition effects
 3. in current FX

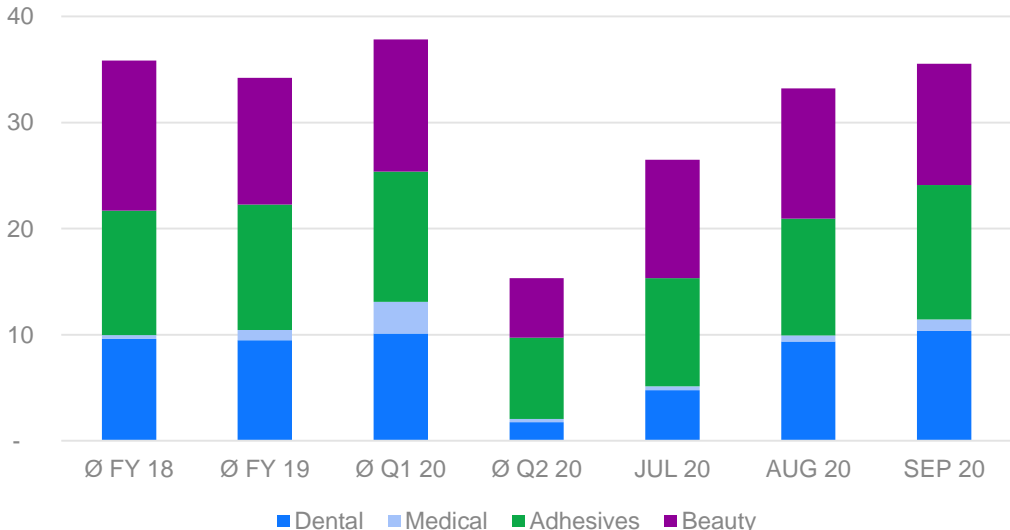
Applicator Systems

Last two months above 2019 levels

Order intake (in CHF millions)

9M 20	9M 19	YOY	adj. ¹	org. ²
255	329	-22.6%	-19.8%	-19.8%

Monthly order intake (in CHF millions)³



Highlights

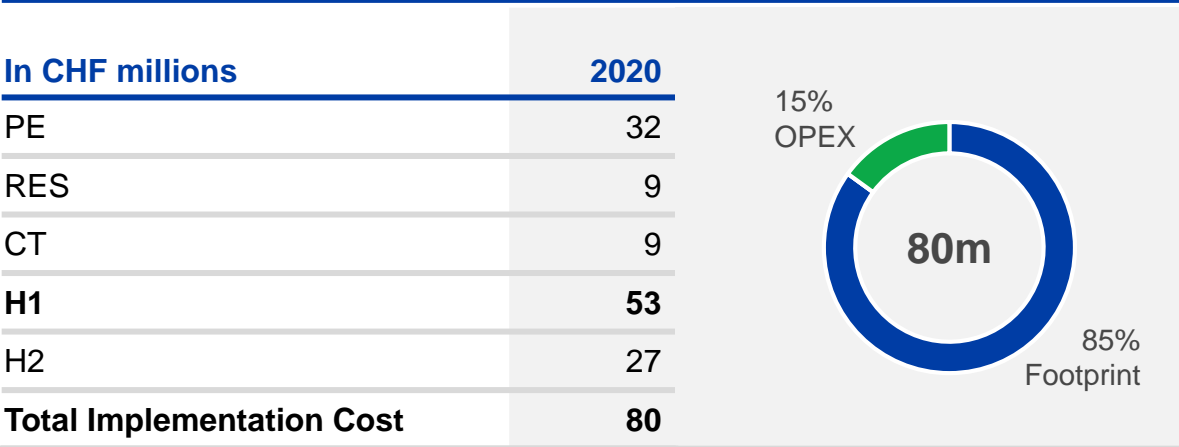
- Q3 orders at 95m (> 2x Q2); -2.9% adj. and org.
 - Beauty and Adhesives at Q3 2019 level
 - Dental at 90% of Q3 2019
- Aug. and Sept. above 2019 on continuing market reopening and restocking
- Acquisition of Haselmeier closed on October 1
- With Haselmeier and Medmix, APS now has ca. 50m sales in medical device and drug delivery market

1. Adjusted for currency effects
 2. Organic: adjusted for currency and acquisition effects
 3. in current FX

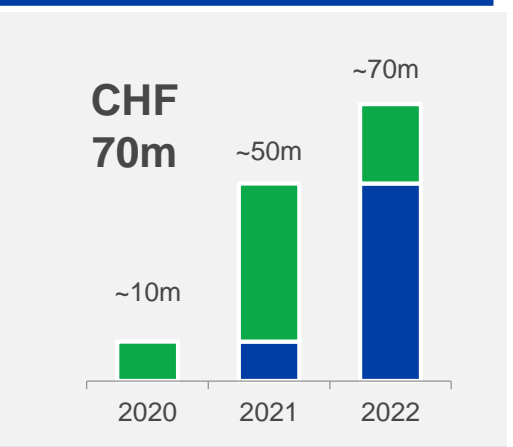
CHF 70m recurring savings

Structural cuts in Energy-related activities, P&L uplift mostly in 2021

Cost



Savings



Already announced / under discussion with social partners

- Closure of a PE Energy factory in Europe
- Resizing of a PE Energy factories in the USA and Brazil
- Closure of a CT factory in the USA
- Closure of a RES Turbo Service facility in Europe
- Resizing of Corporate and Divisions overheads
- Other local actions

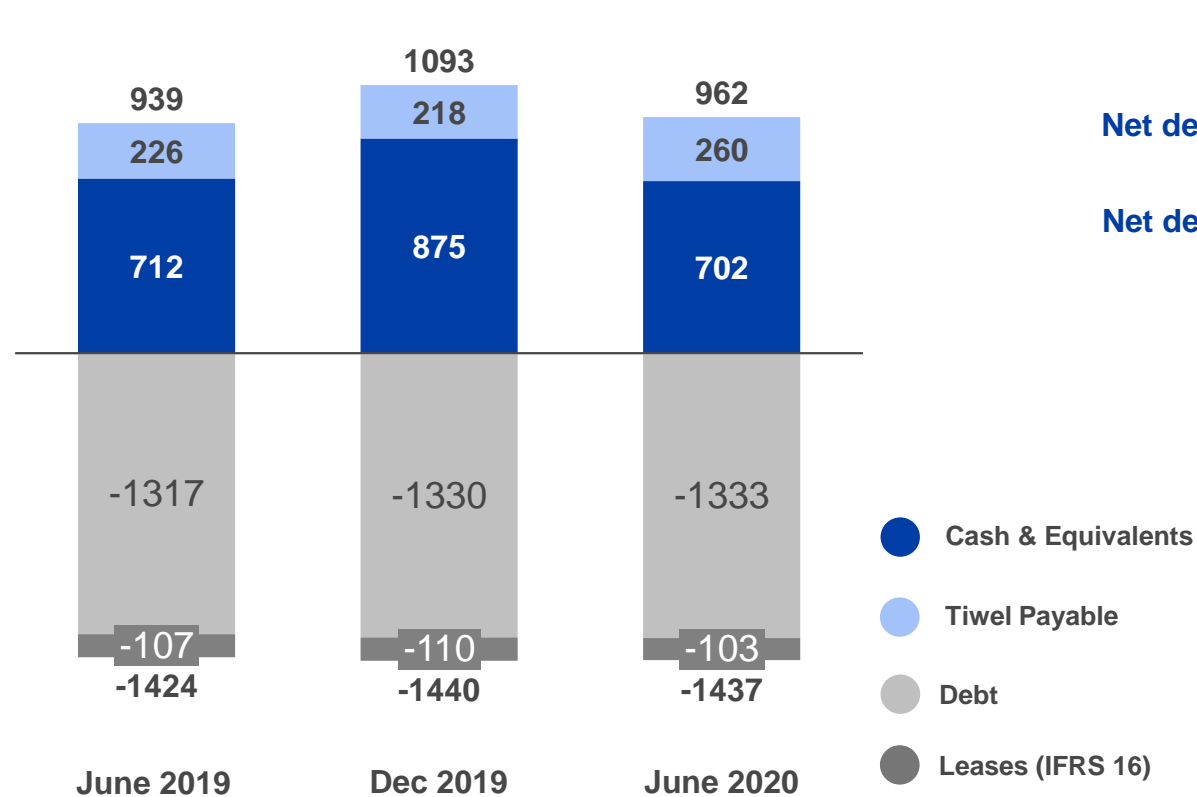
All actions launched, progressing ahead of plan

Savings to be recurring

Balance sheet (June 30, 2020)

Solid balance sheet continues to support selective acquisitions

(in CHF millions)



	June 2019	Dec 2019	June 2020
Net debt	485 / 711 ¹	347 / 565 ¹	475 / 736 ¹
Net debt / EBITDA	1.2x / 1.8x ¹	0.8x / 1.4x ¹	1.3x / 2.1x ¹

Balance sheet June 2020:

- Total net debt of: CHF 475m
- FCF of CHF 37m
- Ordinary dividend payment of CHF 93m (net dividend to Tiwel held back = CHF 43m)
- Acquisition payments of CHF 12m
- Non-interest bearing CHF 260m payable (including above CHF 43m) in favor of Tiwel linked to share repurchase and 2017/2018/2019/2020 dividends

Note: Tiwel is a 48.8% shareholder in Sulzer, for which Sulzer holds back the dividend
 (1) Excluding cash held on behalf of Tiwel

Summary & Outlook

- Orders bottomed over summer. Q4 orders sequentially up on strong APS rebound
- FY20 orders –3% to –4% org. on continuing rebound
- FY20 sales around –5% org.
- FY20 op. profitability confirmed near middle of “8.5 to 9.0%” range
- FY21 expected back around pre-pandemic op. profitability levels
- Two strategic acquisitions:
 - Haselmeier to grow the medical segment in APS
 - Nordic Water to grow Water segment in Pumps Equipment

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