

MEDIA RELEASE

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Market dynamics continue unabated

Excellent First Quarter: Order Intake Up 34%

Sulzer reported a very high order intake of CHF 844.9 million for the first quarter of 2006. The year-on-year growth rate of a nominal 34.0% (adjusted for acquisitions, divestitures, and currency effects +26.7%) is exceptional and exceeded expectations. For the coming months, Sulzer expects a good order situation.

The very favorable development in order intake in the first quarter of 2006 was accounted for mainly by the Sulzer Pumps and Sulzer Chemtech divisions. Both divisions reported brisk demand for capital goods. Orders—also important ones—were awarded more rapidly than anticipated. The currency effect was strongly positive due to the appreciation of the US Dollar.

Order Intake by Division

In the first quarter, **Sulzer Pumps** increased its order intake by a very high 38.1% to CHF 453.0 million (adjusted¹ +31.8%). All regions performed very well. The industrial sectors posted consistent, strong performance. Next to the oil and gas market, active since quite some time, the water segment was particularly successful with two large projects during the reporting quarter. The outlook for the division in the upcoming months remains good.

Compared with the same quarter last year, **Sulzer Metco** reported a 9.4% (adjusted¹ by 6.4%) increase in order intake to CHF 158.9 million.

Demand from the US was strong, with more modest demand reported in the other regions. Business in the aerospace industry and in the gas turbine sector showed a pleasing positive trend, while in the automotive industry order intake was somewhat weaker than forecasted. The division expects continued growth in orders over the coming months.

This quarter, **Sulzer Chemtech** posted an exceptionally large year-on-year increase in order intake of 90.9% (adjusted¹ +71.5%) to CHF 171.4 million. This development is attributable to the continuing high rate of capital investment in all regions. The receipt of orders for further major projects is anticipated over the coming months. Against this background, Sulzer Chemtech expects the positive business trend to continue for the next months.

¹ Adjusted for acquisitions, divestitures, and currency effects

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Sulzer Turbo Services reported a slight decline in order intake over the same quarter last year to CHF 60.9 million (–1.8%, adjusted¹ –7.2%). Order intake in North America was encouraging. In the very competitive Middle East market orders were taken only restrictively. Thanks to the good economic climate in its major markets, Sulzer Turbo Services expects order volume to grow again over the coming months.

Due to a higher consolidation entry for the elimination of intra-divisional business the order intake of **Other** fell back. Orders received for Sulzer Innotec were good.

Outlook

The extraordinary order intake in the first quarter reflects the still continuing high level of dynamics in some of the corporation's end markets. There are growing signs that, in particular, Sulzer Pumps and Sulzer Chemtech can expect a high order intake for some more months to come. Growth rates thus should remain good, but not on the exceptional level of the first quarter 2006. On the one hand, the baseline effect of the very strong second and third quarters of 2005 will leave its mark and on the other hand, if exchange rates remain unchanged positive currency impact will gradually decline. In view of the already good capacity load the sales figure will grow with some delay.

Order intake figures for the second quarter of 2006 will be published on July 13, 2006.

Order Intake for the First Quarter 2006 (January to March)

(in millions CHF)	1Q 2006	1Q 2005	Δ	Δ adjusted ¹
Core divisions	844.2	625.1	35.1%	27.7%
Sulzer Pumps	453.0	328.1	38.1%	31.8%
Sulzer Metco	158.9	145.2	9.4%	6.4%
Sulzer Chemtech	171.4	89.8	90.9%	71.5%
Sulzer Turbo Services	60.9	62.0	–1.8%	–7.2%
Other	0.7	5.3	–	–
Total	844.9	630.4	34.0%	26.7%

¹ Adjusted for acquisitions, divestitures, and currency effects

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