

MEDIA RELEASE

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Higher sales and earnings during the first half of 2007

Divisions Increase Operating Income by 46%

In the first half of 2007, Sulzer achieved strong growth and substantially higher results. Order intake, sales, operating income (EBIT), and net income were well above the previous year's results. All key markets and regions remained in a positive condition. The outlook for the full year is encouraging, with strong gains expected in order intake and sales. In 2007, results are anticipated to be above those of the previous year due to operating improvements and volume leverage.

For the first half of this year, order intake grew 28.9% compared with the first half of 2006 (adjusted¹ 24.6%). Sales rose significantly by 23.7% (adjusted¹ 18.6%) to CHF 1 653.7 million. The order backlog mounted to almost CHF 2 billion. Operating income (EBIT) of the divisions increased by 45.9% to CHF 188.3 million. This figure corresponds to a return on sales of 11.4%. All four divisions significantly improved profitability. Overall net income attributable to shareholders grew to CHF 131.8 million from CHF 104.3 million (+ 26.4%). Cash generation from operating activities was CHF 11.4 million. It was significantly influenced by an increase of net working capital triggered by the growth, as well as by higher tax payments due to the increased profit. The share buyback program reduced net liquidity by about CHF 122 million in the first half of 2007.

Individual Results of the Divisions

Sulzer Pumps continued to show double-digit growth. The division increased order intake by 19.5% (adjusted¹ 19.1%), and sales improved by 14.6% (adjusted¹ 14.7%) to CHF 768.8 million. Operating income rose by 24.3% to CHF 82.4 million; return on sales reached 10.7%. Activities in all segments and regions continued at high levels. As in recent years, both the new equipment and service businesses expanded, but the new equipment business continued to grow faster. Due to the favorable market conditions, order intake, sales, and operating income for the full year are expected to be clearly above 2006 results.

For **Sulzer Metco**, the first six months of 2007 depicted considerable impact from the operational improvement measures that were started some years ago. Order intake rose by 18.8% (adjusted¹ 17.3%), and sales improved by 23.1% (adjusted¹ 21.3%) to CHF 368.0 million. The operating income was up 64.8% to CHF 36.1 million. Return on sales reached

¹ Adjusted for acquisitions, divestitures, and currency effects

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9.8%, compared with 7.3% in the previous year's first half. The key segments were in a good condition. Although the positive trend is likely to continue over the next few years, Sulzer Metco does not expect to develop at the same pace as in this reporting period.

Sulzer Chemtech achieved exceptional organic growth and its results were additionally boosted by the acquisition of Mixpac, Werfo, and Mold. Order intake was 59.0% (adjusted¹ 39.2%) higher than in the previous year's period, and sales rose by 56.0% (adjusted¹ 29.5%) to CHF 376.7 million. Operating income grew by 83.9% to CHF 58.1 million, resulting in a return on sales of 15.4%. Markets remained buoyant in all segments and regions. Large projects were received in North America, China, and the Middle East. The division's outlook for 2007 remains positive. The level of customer investments is likely to continue—strong demand for energy and fuel being the major driver. Sulzer Chemtech expects to clearly exceed the order intake, sales, and operating income of 2006.

Sulzer Turbo Services started well in the first half of 2007; the operational improvement measures are showing initial results. The order intake showed healthy growth of 45.3% (adjusted¹ 45.3%) and sales climbed 10.0% (adjusted¹ 10.2%) to CHF 134.4 million. Operating income rose by 25.8% to CHF 11.7 million; return on sales reached 8.7%. The market environment was strong in Europe and even stronger in the Americas. Order intake in Asia was significantly better than that of last year. In the Middle East, expansion of the service sector is creating opportunities for the division. As a result of the significantly increased number of orders in the first half of this year, the division expects an increase in sales and operating income for 2007.

Operating income of **Other** amounted to CHF –10.9 million. Sulzer Real Estate had a relatively quiet start of the year compared with the exceptionally high sales level in the first half of 2006. Corporate Center costs exceeded those of the previous year due to increased project activities involving external support.

Outlook for 2007

Sulzer modified its midterm targets at the start of the year. The increased targets reflect the trust the company has in its end markets and operations today. The order intake of 2007 is predicted to be strong. Growth rates are likely to decline due to the base effect. Going forward sales should gradually catch up with new orders going. Positive nonrecurring items will in 2007 most likely be below those of 2006. Overall, earnings are expected to be well above those of the previous year due to operating improvements and volume leverage.

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Key Figures for the First Half of the Year 2007 (January to June)

Key Figures of the Corporation (in millions of CHF)

	1H 2007	1H 2006	Δ	Δ adjusted ¹
Order intake	2 132.9	1 654.8	28.9%	24.6%
Sales	1 653.7	1 336.6	23.7%	18.6%
Operating income (EBIT)	177.4	136.3	30.2%	–
Net income ²	131.8	104.3	26.4%	–
Basic earnings per share (in CHF) ²	38.51	29.29	31.5%	–
Order backlog (30.06./31.12.)	1 995.7	1 484.5	34.4%	–
Employees (30.06./31.12.)	11 604	10 393	–	–

Key Figures by Division (in millions of CHF)

Order intake	1H 2007	1H 2006	Δ	Δ adjusted ¹
Divisions	2 127.2	1 650.3	28.9%	24.6%
Sulzer Pumps	1 047.7	877.0	19.5%	19.1%
Sulzer Metco	395.0	332.6	18.8%	17.3%
Sulzer Chemtech	512.2	322.1	59.0%	39.2%
Sulzer Turbo Services	172.3	118.6	45.3%	45.3%
Other³	5.7	4.5	–	–
Total	2 132.9	1 654.8	28.9%	24.6%

¹ Adjusted for acquisitions, divestitures, and currency effects

² Attributable to shareholders of Sulzer Ltd

³ Other consists of: Real Estate, Sulzer Innotec, Corporate Center, and consolidation adjustments

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Key Figures for the First Half of the Year 2007 (January to June)

Key Figures by Division (in millions of CHF)

Sales	1H 2007	1H 2006	Δ	Δ adjust- ed ¹
Divisions	1 647.9	1 333.4	23.6%	18.5%
Sulzer Pumps	768.8	670.9	14.6%	14.7%
Sulzer Metco	368.0	298.9	23.1%	21.3%
Sulzer Chemtech	376.7	241.4	56.0%	29.5%
Sulzer Turbo Services	134.4	122.2	10.0%	10.2%
Other³	5.8	3.2	–	–
Total	1 653.7	1 336.6	23.7%	18.6%

Key Figures by Division (in millions of CHF)

Operating Income (EBIT)	1H 2007	1H 2006	Δ
Divisions	188.3	129.1	45.9%
Sulzer Pumps	82.4	66.3	24.3%
Sulzer Metco	36.1	21.9	64.8%
Sulzer Chemtech	58.1	31.6	83.9%
Sulzer Turbo Services	11.7	9.3	25.8%
Other³	-10.9	7.2	–
Total	177.4	136.3	30.2%

The Midyear Report 2007 is available on the Web at www.sulzer.com/midyearreport.

Sulzer was founded in 1834 in Winterthur, Switzerland, and today is active in machinery and equipment manufacturing and surface engineering at around 120 locations worldwide. The divisions are global leaders in their respective customer segments, which include the oil and gas, chemical process, power generation, pulp and paper, automotive, and aerospace industries.

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³ Other consists of: Real Estate, Sulzer Innotec, Corporate Center, and consolidation adjustments