

Midyear results 2011 – Conference call for analysts and investors

SULZER

Strong growth and improved profitability

July 21, 2011

An aerial photograph taken from an airplane, showing the wing and engine in the foreground. In the background, a city skyline is visible across a body of water, with the sun setting behind the horizon, creating a warm, golden glow over the scene.

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Agenda

Business review

Financial review

Outlook and Conclusion

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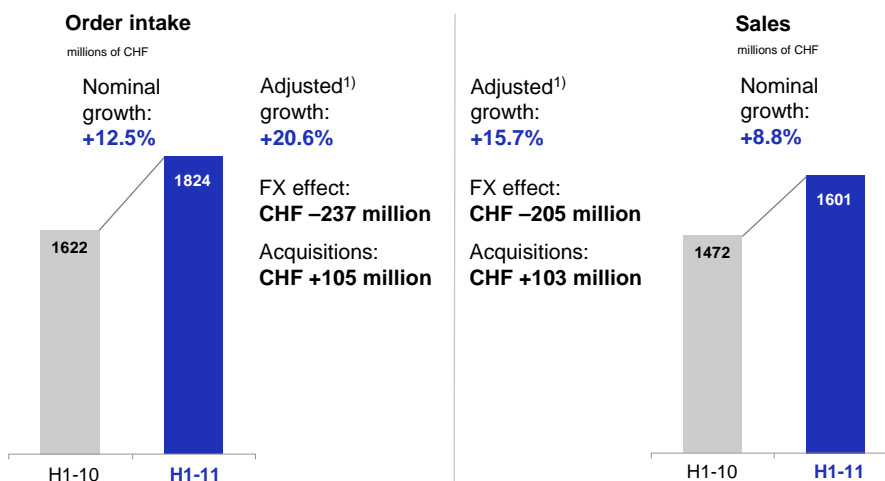
Strong operating performance and major acquisition announced



- Order intake was strong, up by 21% adjusted, based on recovery in some end markets
- Sales, operating income and return on sales increased
- Significant negative currency translation effects of more than CHF 200 million on volume due to strong Swiss franc; no material impact on ROS
- Major acquisition of Cardo Flow Solutions announced
- Successful launch of a CHF 500 million bond
- Further improvements in our five key focus areas
- Based on leading market positions, a focused strategy and continuous operational improvement efforts, Sulzer is well positioned for continued and sustainable success

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Strong adjusted growth of order intake and sales



H1 = January-June (first six months of the year)

¹⁾ Adjusted for currency effects as well as acquisitions and divestitures

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Order intake: increase based on further growth in early-cycle and some recovery in late cycle markets



All four divisions supported growth

millions of CHF	H1 2011	H1 2010	Δ %	Δ Adj. ¹⁾	FY 2010
Divisions	1 821.0	1 616.6	+12.6%	+20.9%	3 278.5
Sulzer Pumps	838.5	824.1	+1.7%	+16.2%	1 613.7
Sulzer Metco	347.1	310.9	+11.6%	+21.7%	643.1
Sulzer Chemtech	375.5	319.8	+17.4%	+27.1%	621.3
Sulzer Turbo Services	259.9	161.8	+60.6%	+31.4%	400.4
Others	3.4	5.4	–	–	10.2
Total	1 824.4	1 622.0	+12.5%	+20.6%	3 288.7

¹⁾ Adjusted for currency effects as well as acquisitions and divestitures

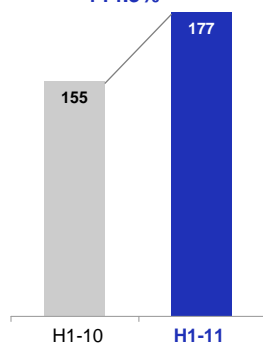
Operating income and profitability improved



Operating income (EBIT)

millions of CHF

Nominal growth:
+14.3%

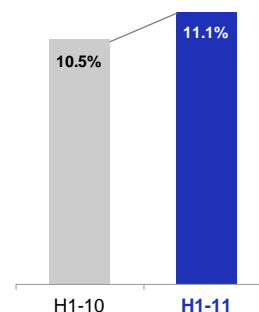


No material FX-impact on ROS due to natural hedge

Return on sales

In %

Increase:
+60bps



H1 = January-June (first six months of the year)

¹⁾ Adjusted for currency effects as well as acquisitions and divestitures

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Key figures Corporation					
millions of CHF	H1 2011	H1 2010	Δ %	Δ adj. % ³⁾	FY 2010
Order intake	1 824.4	1 622.0	+12.5%	+20.6%	3 288.7
Order backlog (as of Jun 30/Dec 31)	1 876.8	1 799.8	+4.3%		1 799.8
Sales	1 600.6	1 471.5	+8.8%	+15.7%	3 183.7
EBITDA	227.0	204.3	+11.2%		511.0
EBIT	177.1	154.9	+14.3%		406.4
ROS (EBIT/sales)	11.1%	10.5%			12.8%
Net income ¹⁾	124.8	111.7	+11.7%		300.4
EPS (in CHF)	3.69	3.32	+11.1%		8.92
Free cash flow ²⁾	-67.1	37.0			149.5
Net liquidity (as of Jun 30/Dec 31)	372.6	552.8	-32.6%		552.8
Employees (as of Jun 30/Dec 31)	14 809	13 740	+7.8%		13 740

¹⁾ Attributable to shareholders of Sulzer Ltd
²⁾ Cash flow from operating activities less capital expenditure plus sale of PP&E and intangible assets
³⁾ Adjusted for currency effects as well as acquisitions and divestitures

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Two smaller service acquisitions and the announcement of a large transaction: Cardo Flow Solutions					
<ul style="list-style-type: none"> ■ Sulzer has announced the intention to acquire Cardo Flow Solutions, a leading global pump company for the waste water market, for ~CHF 852 million ■ Regulatory approval process ongoing; expected to close in the third quarter 2011 ■ Two smaller service-related acquisitions by Sulzer Chemtech, of which one in Brazil ■ Including the intended acquisition of Cardo Flow Solutions, Sulzer has made 17 acquisitions and spent approximately CHF 1.5 billion 					
2007	2008	2009	2010	2011	Continued focus on further acquisitions
<ul style="list-style-type: none"> ■ Mixpac (end 2006) ■ Knitimesh 	<ul style="list-style-type: none"> ■ Capime 	<ul style="list-style-type: none"> ■ TowerTech ■ Freeze Tech ■ Kühni ■ Select Transmission ■ Borg Warner assets ■ SAB ■ Preu 	<ul style="list-style-type: none"> ■ Sulzer India (taken private) ■ Dentaco ■ Dowding & Mills ■ DLC from Bekaert 	<ul style="list-style-type: none"> ■ Black Magic Crew (BMC) ■ C.L. Engenharia ■ Cardo Flow Solutions (subject to regulatory approval; closing expected for Q3 2011) 	

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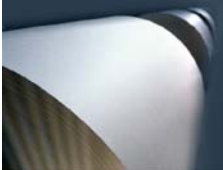
Further progress has been made in our five areas of focus

Area of focus	Achievements in H1 of 2011	
Corporation-wide operational excellence based on LEAN	>100 Number of LEAN workshops	
Health and safety	3.1 (-30%) Accident Frequency Rate (AFR)	
Increased and faster high-quality innovation	87 (increased) New innovations in launch phase	
Transition into emerging markets	40% % of sales in emerging/developing economies	
Increased focus on service	43% % of sales in service business	

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Continued recovery in early-cycle markets, some recovery in late-cycle activities

		
Oil and gas ~15%	Hydrocarbon processing ~24%	Power generation ~19%
Late-cycle, project-related businesses		
Earlier-cycle businesses		
		
Automotive ~7%	Aviation ~5%	Pulp and paper ~5%

% represents share of sales in FY 2010

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Sulzer Pumps

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H1-2011:

- Order intake: adjusted growth of 16.2%
- Sales: adjusted growth of 13.2%
- Return on sales: 11.5% (11.9% without acquisition-related costs)

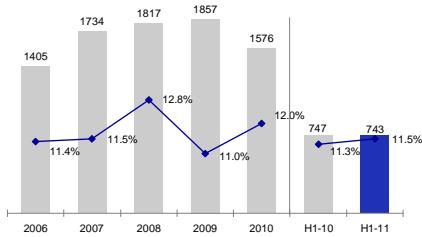
Sulzer Pumps
Strong growth in order intake

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millions of CHF	H1 2011	H1 2010	Δ %	Δ % adj. ¹⁾
Order intake	838.5	824.1	+1.7%	+16.2%
Order backlog (as of Jun 30/Dec 31)	1 319.6	1 336.6	-1.3%	
Sales	743.2	746.9	-0.5%	+13.2%
EBITDA	97.3	97.4	-0.1%	
EBIT	85.4	84.6	+0.9%	
ROS (EBIT/sales)	11.5%	11.3%		
Employees (as of Jun 30/Dec 31)	6 184	5 904	+4.7%	

Highlights H1 2011:

- Increased activities in oil and gas upstream market and recovery of general industry
- Power generation market bottomed while HPI still lackluster
- Major acquisition of Cardo Flow Solutions announced
 - Y-T-D acquisition-related costs of CHF 3 million charged to EBIT; ROS adjusted = 11.9%



Outlook full year 2011²⁾:

- Double-digit growth of order intake and sales on adjusted basis; ROS expected to remain double-digit

¹⁾ Adjusted for currency effects as well as acquisitions and divestitures

²⁾ Not including any effects from the intended acquisition of Cardo Flow Solutions

Sulzer Metco

H1-2011:

- Order intake: adjusted growth of 21.7%
- Sales: adjusted growth of 20.3%
- Return on sales: 10.5%

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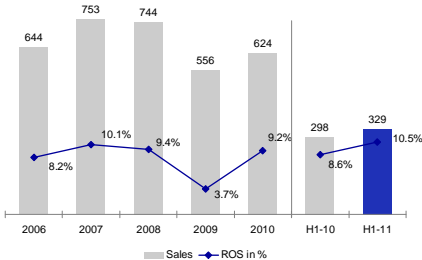


Sulzer Metco

Substantial growth and improvement of profitability

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millions of CHF	H1 2011	H1 2010	Δ %	Δ % adj. ¹⁾
Order intake	347.1	310.9	+11.6%	+21.7%
Order backlog (as of Jun 30/Dec 31)	84.5	71.3	+18.5%	
Sales	328.8	298.2	+10.3%	+20.3%
EBITDA	46.1	37.6	+22.6%	
EBIT	34.5	25.7	+34.2%	
ROS (EBIT/sales)	10.5%	8.6%		
Employees (as of Jun 30/Dec 31)	2 200	2 045	+7.6%	



Year	Sales (millions of CHF)	ROS in %
2006	644	8.2%
2007	753	10.1%
2008	744	9.4%
2009	556	3.7%
2010	624	9.2%
H1-10	298	8.6%
H1-11	329	10.5%

Highlights H1 2011:

- Organic growth driven by continued strong end markets and new innovations
- Increase raw material prices added to top-line
- Profitability double-digit as a result of internal improvements
- DLC-business acquired last year integrated successfully

Outlook full year 2011:

- Double-digit growth for order intake and sales on adjusted basis, albeit at a lower rate; ROS expected to remain double-digit

¹⁾ Adjusted for currency effects as well as acquisitions and divestitures

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Sulzer Chemtech

H1-2011:

- Order intake: adjusted growth of 27.1%
- Sales: adjusted growth of 18.9%
- Return on sales: 10.1%

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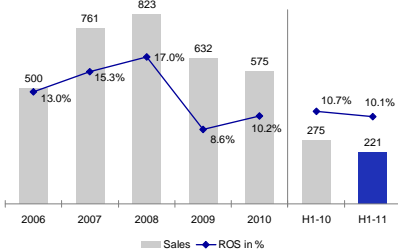


Sulzer Chemtech

Higher orders, sales, and operating income

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millions of CHF	H1 2011	H1 2010	Δ %	Δ % adj. ¹⁾
Order intake	375.5	319.8	+17.4%	+27.1%
Order backlog (as of Jun 30/Dec 31)	329.4	274.3	+20.1%	
Sales	302.9	274.9	+10.2%	+18.9%
EBITDA	47.8	47.0	+1.7%	
EBIT	30.7	29.3	+4.8%	
ROS (EBIT/sales)	10.1%	10.7%		
Employees (as of Jun 30/Dec 31)	3 513	2 943	+19.4%	



Year	Sales (millions of CHF)	ROS in %
2006	500	13.0%
2007	761	15.3%
2008	823	17.0%
2009	632	8.6%
2010	575	10.2%
H1-10	275	10.7%
H1-11	221	10.1%

Highlights H1 2011:

- Demand in HPI stabilized; large projects contributed to order growth
- Lower ROS due to changed product mix and capacity adaptations in Europe
- Two smaller service acquisitions made

Outlook full year 2011:

- Double-digit growth for order intake and sales on adjusted basis, albeit at a lower rate; ROS expected to remain double-digit

¹⁾ Adjusted for currency effects as well as acquisitions and divestitures



Sulzer Turbo Services

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H1-2011:

- Order intake: adjusted growth of 31.4%
- Sales: adjusted growth of 15.3%
- Return on sales: 10.2%

Sulzer Turbo Services

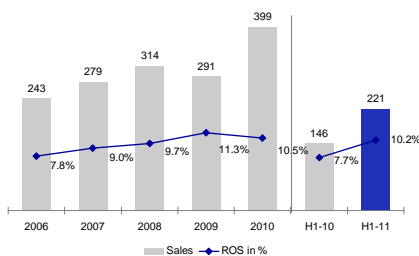
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Strong growth driven by acquisition and large projects

millions of CHF	H1 2011	H1 2010	Δ %	Δ % adj. ¹⁾
Order intake	259.9	161.8	+60.6%	+31.4%
Order backlog (as of Jun 30/Dec 31)	142.4	115.1	+23.7%	
Sales	220.5	145.8	+51.2%	+15.3%
EBITDA	30.7	15.7	+95.5%	
EBIT	22.6	11.3	+100.0%	
ROS (EBIT/sales)	10.2%	7.7%		
Employees (as of Jun 30/Dec 31)	2 680	2 587	+3.6%	

Highlights H1 2011:

- High demand for services in oil and gas, power generation, and other industrial markets
- Significant organic order growth, also driven by large projects
- Dowding & Mills (consolidated since June 2010) was successfully integrated



Outlook full year 2011:

- Double-digit growth for order intake and sales on adjusted basis, ROS expected to remain double-digit

¹⁾ Adjusted for currency effects as well as acquisitions and divestitures

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Financial review of the first six months of 2011

- Strong top-line growth on adjusted basis; all divisions contributed

- Strong Swiss franc resulted in significant currency translation effects; negative effects expected to persist in 2011, but due to the corporation's natural hedge, no material currency impact on profitability

- Operating income and profitability improved year-over-year

- Acquisition of Cardo Flow Solutions expected to close in the third quarter; minor deal costs occurred in H1 2011

- A CHF 500 million bond was initiated successfully in June

- Sulzer's balance sheet will remain strong after the acquisition and will allow for further growth through acquisitions

- Increased net working capital due to growth consumed some cash

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Further strengthening of Swiss franc against all major currencies

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in CHF	Average rate		Closing rate	
	H1-11	H1-10	Jun 30, 2011	Jun 30, 2010
1 EUR	1.27	1.44	1.21	1.33
1 GBP	1.46	1.65	1.33	1.63
1 USD	0.91	1.08	0.83	1.08
1 BRL	0.56	0.60	0.53	0.60
1 CAD	0.93	1.05	0.86	1.03
100 CNY	13.84	15.87	12.90	15.94

Sales H1 2011 – Currency split

- Further strengthening of the Swiss franc in H1 2011
- Strategy of natural hedging and defined limits for remaining transactional currency exposure
- Usage of standard instruments to hedge transactional exposure
- Significant currency translation effects likely to persist in 2011

Note: Sulzer's presentation currency is Swiss francs; Balance sheet translated into CHF by using closing rates; P&L and Cash Flow Statements translated by using average rates

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Order intake growth supported by all divisions

Currency effects concealed organic growth

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Order intake
millions of CHF

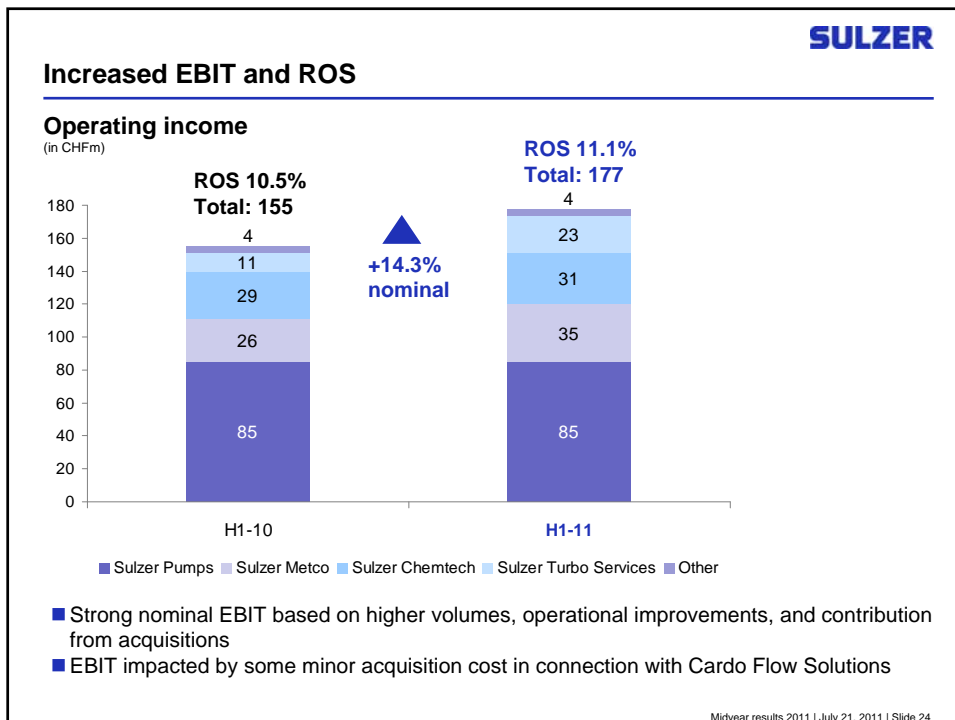
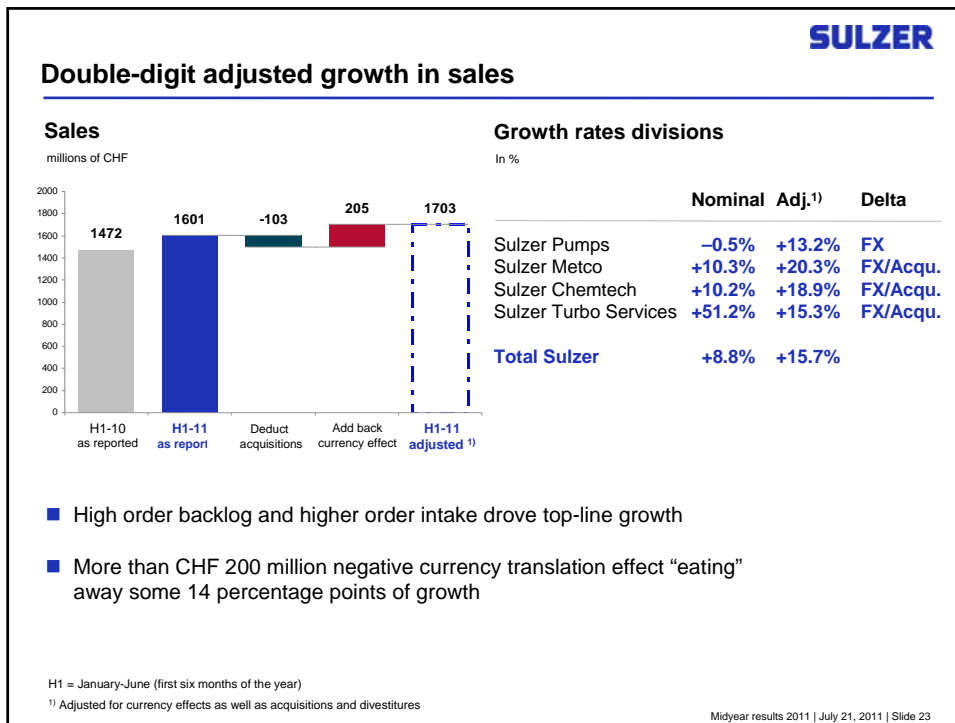
Growth rates divisions
In %

	Nominal	Adj. ¹⁾	Delta
Sulzer Pumps	+1.7%	+16.2%	FX
Sulzer Metco	+11.6%	+21.7%	FX/Acqu.
Sulzer Chemtech	+17.4%	+27.1%	FX/Acqu.
Sulzer Turbo Services	+60.6%	+31.4%	FX/Acqu.
Total Sulzer	+12.5%	+20.6%	

- Continued recovery of early-cycle businesses and initial recovery in oil and gas drove order intake growth
- More than CHF 230 million negative currency translation effect “eating” away some 15 percentage points of growth

H1 = January-June (first six months of the year)
¹⁾ Adjusted for currency effects as well as acquisitions and divestitures

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**Profitability increased:
all divisions reported double-digit levels**

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H1 2010			H1 2011	
Return on sales (ROS)			Return on sales (ROS)	
Divisions 10.3%			Divisions 10.9%	
Sulzer Pumps	11.3%	Volume growth	Sulzer Pumps	11.5%
Sulzer Metco	8.6%	Cost savings	Sulzer Metco	10.5%
Sulzer Chemtech	10.7%		Sulzer Chemtech	10.1%
Sulzer Turbo Services	7.7%		Sulzer Turbo Services	10.2%

- Higher volume and cost savings drove profitability
- Appreciation of raw material prices passed on to customers
- Gross margin with 31.8% by 0.5% lower than last year mainly due to changed product mix
- The negative currency translation effect had no material impact on ROS

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Below the EBIT line

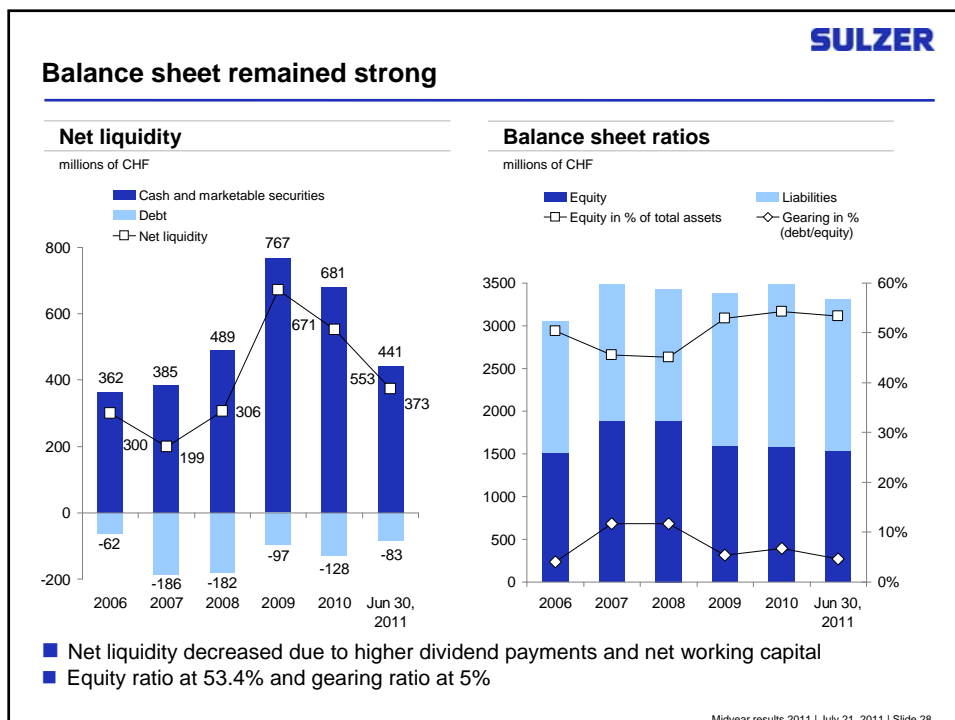
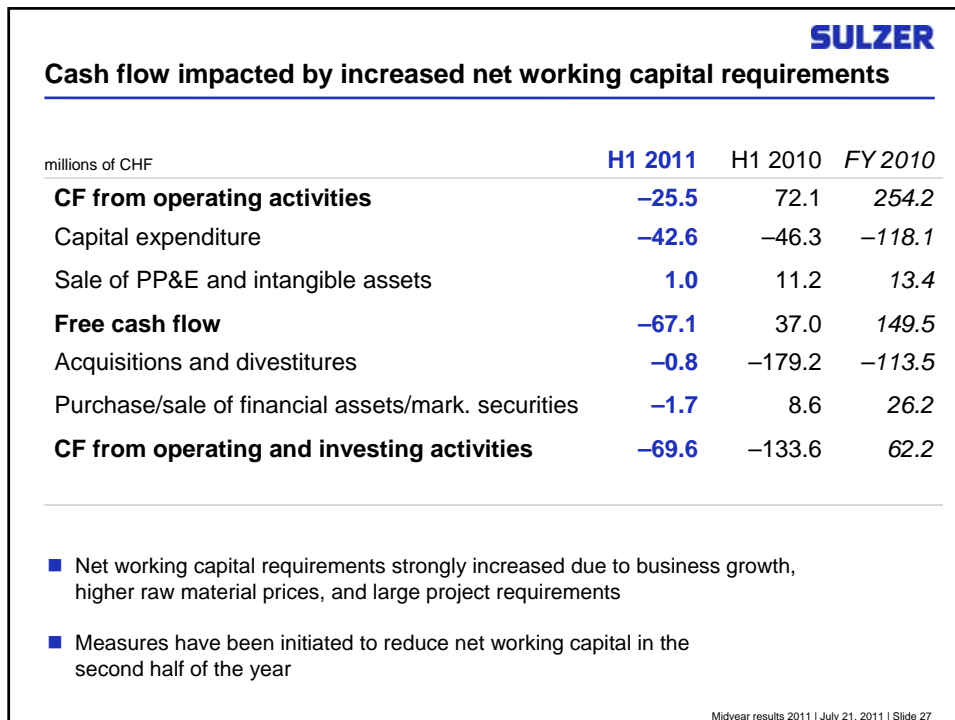
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Net income increased nominally despite higher tax rate and currency effects

millions of CHF	H1 2011	H1 2010	Δ %	FY 2010
Operating income (EBIT)	177.1	154.9	+14.3%	406.4
Financial income, net	0.2	-1.0		-4.4
Income tax expenses	-51.0	-41.0	-24.4%	-97.7
Tax rate in % (EBT)	28.8%	26.7%	+2.1%	24.3%
Net income	126.3	112.9	+11.9%	304.3
Attributable to shareholders	124.8	111.7	+11.7%	300.4
Attributable to non-contr. interests	1.5	1.2	+20%	3.9
<i>EPS in CHF</i>	3.69	3.32	11.1%	8.92

- Income tax expenses higher mainly due to lack of positive non-recurring items (like in previous year); in line with structural tax rate
- Significant currency translation effect on net income

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**Intended acquisition of Cardo Flow Solutions:
Status of closing and financing**



- After full clearance of the anti-trust approvals the closing of the acquisition of Cardo Flow Solutions is expected in the third quarter 2011
- A CHF 500 million bond with a 2.25 % coupon rate has been issued in the Swiss capital market; the proceeds will be used to finance a sizeable portion of the purchase price of CHF 852 million; the remainder will be financed through an existing bank loan facility and by own sources
- An integration team has been set-up in Sulzer Pumps to ensure a smooth and quick integration of the new business

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Financial discipline and excellence remain key focus



Strong financial foundation

- Good operational performance based on focused operational measures and well managed adaptation program
- High value-creating level
- Focused acquisitions
- Solid balance sheet

Focus going forward

- Support organic and acquisitive growth of business
- Continued operational improvement measures
- Lower net working capital in the second half of 2011
- Financial value creation
- Efforts to lower structural tax rate

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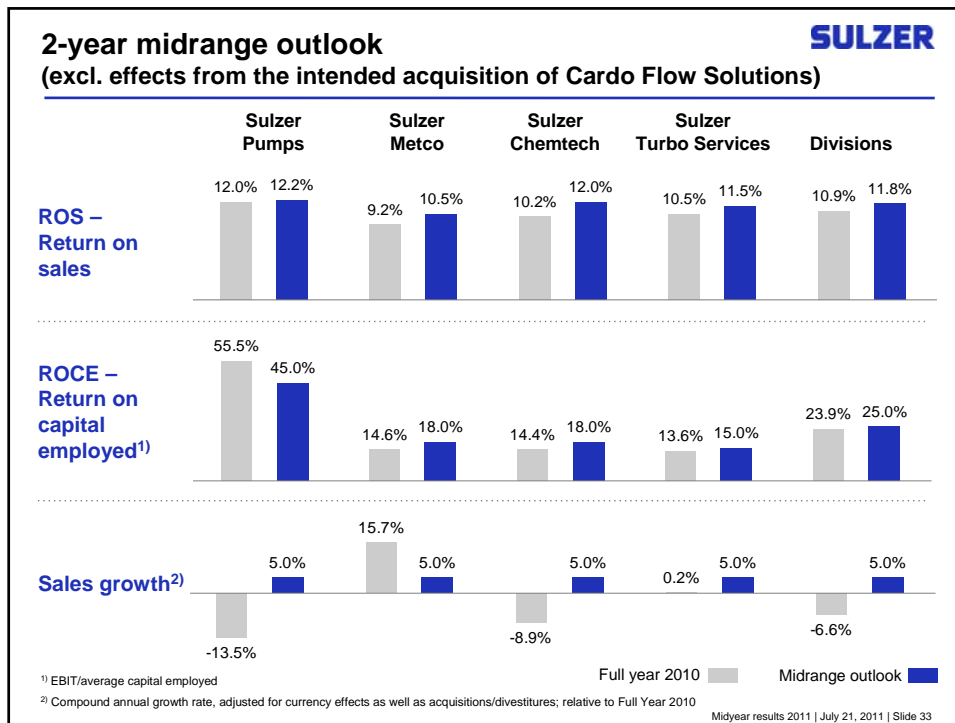
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Our end markets show good prospects for 2011 and beyond

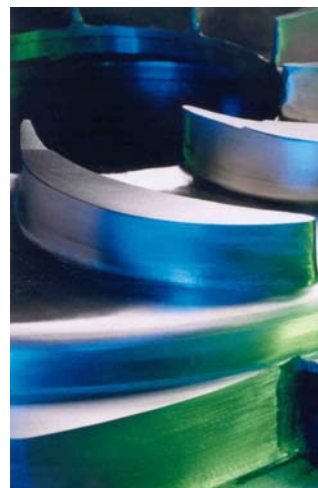
	Market conditions in 2009	Market conditions in 2010	Assessment for 2011
Oil and gas (upstream)	Clearly reduced project activity	Some recovery	Growth
Hydrocarbon processing	Clearly reduced project activity	Stabilizing	Stable (at low level)
Power generation	Reduced project activity	Reduced project activity	Stable (at low level)
Automotive	Transient	Growth	Modest growth
Aviation	Reduced activity	Stable	Growth
Pulp and paper	Weak	Growth	Growth

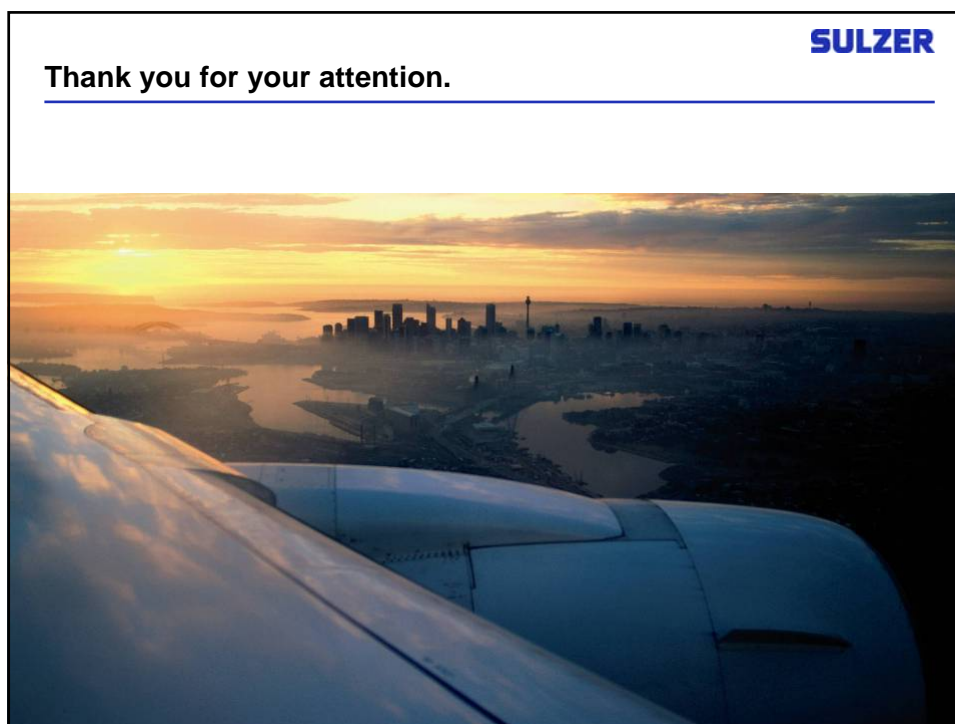
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Summary and conclusion: Sulzer is well positioned for future growth

- For the full year 2011, Sulzer expects
 - Double-digit adjusted growth for order intake and sales, albeit at a lower rate than in H1
 - Profitability to remain at a double-digit level
 - Positive cash flow from operating activities
- Significant negative currency translation effects due to strong Swiss franc to persist
- Closing of Cardo Flow Solutions expected in the third quarter 2011
- Continued efforts to further improve in the five key areas of focus remains
- Based on a healthy balance sheet, Sulzer will continue to pursue further acquisitions
- Based on leading market positions, a focused strategy, and continuous operational improvement efforts, Sulzer is well positioned for continued and sustainable success





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Contacts and event calendar

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Key dates in 2011:

July 21	Midyear Results 2011 (Analyst and investor call a.m.)
September 20	Sulzer at UBS Best of Switzerland Conference, Ermatingen, Switzerland
October 14	Order intake release Jan-Sep 2011 (media release)
October 17	Sulzer Capital Market Day 2011
October 20	Sulzer at Vontobel Midcap Conference, Paris, France
November 15	Sulzer at UBS Flagship Conference, London, UK
November 28	Sulzer at Credit Suisse Small & Midcap Conference, Zurich, Switzerland

Sulzer Ltd is listed on SIX Swiss Exchange:

Identifier	Number	Number of shares issued:	Largest shareholders (>3%):
SIX (security number)	3838891	34 262 370	Renova Group 31.2%
ISIN	CH 003 838891 1		
Ticker Symbol	SUN		
Bloomberg	SUN SW		
Reuters	SUN.S		

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

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