

MEDIA RELEASE

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Strong market positions maintained

Order Intake in 2009 of CHF 3 Billion

The global economic downturn affected virtually all of Sulzer's key markets and led to an adjusted¹ decrease in order intake of 24.3% (nominal 26.7%) to CHF 3 017.6 million in 2009 compared with the record levels of the previous year. Sulzer does not anticipate a quick recovery in its key markets. Overall, order intake in 2010 is expected to be lower than it was in 2009, but some markets are likely to stabilize.

Order Intake (millions of CHF)	2009	2008	Δ	Δ adjusted ¹
Divisions	3 006.7	4 098.1	-26.6%	-24.3%
Sulzer Pumps	1 684.5	2 308.7	-27.0%	-22.9%
Sulzer Metco	545.5	715.6	-23.8%	-21.4%
Sulzer Chemtech	498.4	770.4	-35.3%	-36.8%
Sulzer Turbo Services	278.3	303.4	-8.3%	-9.8%
Other	10.9	18.5	-	-
Total	3 017.6	4 116.6	-26.7%	-24.3%

In 2009, demand in virtually all key markets of Sulzer decreased significantly and led to a lower order intake compared with the extraordinary high levels of the previous year. However, Sulzer succeeded in maintaining its strong market position with its performance-critical solutions.

The global downturn particularly affected the oil and gas and the hydrocarbon processing industries. The power generation industry remained relatively strong but started to soften toward the end of the year. The aviation industry was relatively active but showed signs of weakness in recent months. Demand in the automotive market was low but increased toward the year-end. The activity level in the pulp and paper industry remained weak.

The service business was more resilient than market activity for new equipment. Virtually all regions were affected by the downturn, while activity in some emerging markets remained comparatively strong. The negative currency translation effect on the nominal growth rates continued, while acquisitions and divestitures had only a minor impact.

¹ Adjusted for currency effects, acquisitions and divestitures

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The adaptation of the cost structure and capacities was initiated at an early stage, and the actions are on track.

Outlook for 2010: Challenging market conditions continue

The long-term outlook for Sulzer's performance-critical solutions remains positive. Sulzer does not anticipate a quick recovery in its key markets. Overall, order intake in 2010 is expected to be lower than it was in 2009, but some markets are likely to stabilize. The decrease in order intake is likely to be driven by lower project activities in the power generation and hydrocarbon processing industries for Sulzer Pumps. For the oil and gas market, demand in 2010 is predicted to be at levels comparable with those of 2009. The activity in the aviation industry is expected to remain around the current level. The development of the automotive market is difficult to forecast after the phase-out of government stimulus programs. The pulp and paper industry is likely to remain at the low level of 2009. Market activity in Europe and North America is expected to remain low, whereas some of the emerging markets are likely to develop comparatively stronger.

Sulzer is well positioned for sustainable success based on its continually strengthened strategic focus areas, a still high order backlog, its solid financial situation and its adaptation measures started in 2009.

Order intake by division

The order intake of **Sulzer Pumps** decreased significantly compared with the prior year to a volume of CHF 1 684.5 million. This is a decrease of 22.9% on an adjusted¹ basis and 27.0% on a nominal basis. Demand in all of the division's key markets decreased significantly compared with the extraordinary levels of 2008. Activity in the oil and gas industry was particularly low as end customers postponed projects. With utilization ratios of many refineries at historical lows, project activity in the hydrocarbon processing industry also decreased notably. Demand in the power generation industry remained comparatively strong but started to soften toward the end of the year. The pulp and paper industry remained weak. Market activities were low on a global scale except for some emerging markets, which developed at comparatively robust levels. In a challenging environment, the division succeeded in maintaining its strong market position. In 2010, Sulzer Pumps anticipates a further decrease in order intake.

Orders received by **Sulzer Metco** totaled CHF 545.5 million, representing an adjusted¹ decrease of 21.4% and a nominal reduction of 23.8%. The challenging economic environment had a significant negative impact

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on the division's key markets throughout 2009. Demand was particularly low in the automotive and the general industrial markets. The aviation and the power generation industries were less affected but reported clearly reduced activity as well. The downturn was felt in all regions. Asia and Europe were particularly impacted, while activity in the Americas decreased less. Some positive signs became noticeable toward the year-end; in particular, demand for the division's innovative solutions in the automotive industry increased. Sulzer Metco expects the order intake to stabilize in 2010.

Sulzer Chemtech posted an adjusted¹ decrease in order intake of 36.8% (nominal -35.3%) to CHF 498.4 million. The hydrocarbon processing industry, which is the division's largest market, was impacted strongly by the economic downturn, mainly due to the related global overcapacity in the petrochemical industry. Demand for new equipment was significantly lower due to a decline in the consumption of oil, chemicals and plastics; activities of the tower field service unit remained relatively stable. Demand was lower in the dental and other industrial markets. Despite the challenging economic environment, the division maintained its strong market position. Activity declined in all regions but remained somewhat stronger in countries like China and India. In 2010, the division anticipates a stabilization of the order intake.

Sulzer Turbo Services achieved an order intake of CHF 278.3 million, which is a moderate decline of 9.8% on an adjusted¹ basis and 8.3% on a nominal basis. The market environment of the division has become more competitive due to the economic downturn. Demand in the oil and gas and the hydrocarbon processing industries declined. However, activity in the power generation market increased, with particularly high demand for the division's services for new-generation turbines. The Americas and the Asian-Pacific region remained healthy and offered continued business opportunities for the division. Activity in Europe weakened. In 2010, Sulzer Turbo Services expects a stable level of order intake.

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Sulzer was founded in 1834 in Winterthur, Switzerland, and today is active in machinery and equipment manufacturing and surface engineering at over 120 locations worldwide. The divisions are global leaders in their respective customer segments, which include the oil and gas, hydrocarbon processing, power generation, pulp and paper, aviation and automotive industries. www.sulzer.com

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