

Sulzer to acquire Cardo Flow Solutions

Investor Presentation – Acquisition of Cardo Flow Solutions

SULZER

Sulzer acquired Cardo's Flow Solutions business and will become a strong player in the attractive wastewater pumps market

Status: July 29, 2011



Sulzer to become a strong player in the attractive wastewater pump market

SULZER



Cardo Flow Solutions is:

- one of the main players in the wastewater pump market with total annual sales of CHF 463 million¹⁾
- a full line supplier of pumping equipment and services for the wastewater market
- serving the wastewater and dewatering markets and other general industries

Sulzer will:

- become a strong player in the highly attractive wastewater pump and related equipment market
- add water and wastewater to its key strategic end markets with some 16% of total sales (2010 pro-forma combined)
- enter an attractive market with strong underlying growth perspectives
- form a strong platform for further growth in the global wastewater market

¹⁾ 2010 as reported; assuming SEK/CHF exchange rate of 0.14550 (three months daily average)

Sulzer to acquire Cardo Flow Solutions

SULZER

Strategic fit, management ability to integrate, and financial value creation confirmed

<div style="background-color: #ccc; padding: 5px; text-align: center; margin-bottom: 10px;">Transaction</div>	<ul style="list-style-type: none"> Sulzer acquired Cardo's Flow Solutions business from Assa Abloy AB for a total cash consideration of SEK 5.9 billion/CHF 852 million AV/EBITDA: 12.8x (based on adj. EBITDA 2010²⁾)
<div style="background-color: #ccc; padding: 5px; text-align: center; margin-bottom: 10px;">Acquired business</div>	<ul style="list-style-type: none"> Annual sales of SEK 3.2 billion/CHF 463 million²⁾ EBITDA of SEK 461 million/CHF 67 million²⁾ EBITDA-margin of 14.5%²⁾
<div style="background-color: #ccc; padding: 5px; text-align: center; margin-bottom: 10px;">Financial impact</div>	<ul style="list-style-type: none"> First year EPS 'pre-amortization' accretive and EPS 'post-amortization' neutral Sulzer Corporation and Sulzer Pumps remain value-creating³⁾
<div style="background-color: #ccc; padding: 5px; text-align: center; margin-bottom: 10px;">Financing</div>	<ul style="list-style-type: none"> Usage of existing cash balance and debt capacity Maintain financial flexibility for further acquisitions
<div style="background-color: #ccc; padding: 5px; text-align: center; margin-bottom: 10px;">Timing</div>	<ul style="list-style-type: none"> Closing was on July 29, 2011 Integration into Sulzer Pumps division

¹⁾ Assuming SEK/CHF exchange rate of 0.14550 (three months daily average); cash free and debt free basis
²⁾ Assuming SEK/CHF exchange rate of 0.14550 (three months daily average); 2010 numbers as reported; EBITDA adjusted for restructuring expenses
³⁾ Above Sulzer's value creating threshold which refers to the pre-tax weighted average cost of capital: 12.5% Acquisition of Cardo Flow Solutions | July 29, 2011 | slide 3

SULZER

Cardo Flow Solutions at a glance (1)


<h4>Products and solutions</h4> <ul style="list-style-type: none"> Dry and submersible pumps Mixers and agitators Lifters Aerators Compressors Control and monitoring equipment Services 	<h4>Financials – as reported¹⁾</h4> <table border="1"> <thead> <tr> <th>In CHFm</th> <th>2008</th> <th>2009</th> <th>2010</th> </tr> </thead> <tbody> <tr> <td>Sales</td> <td>515</td> <td>497</td> <td>463</td> </tr> <tr> <td>EBITDA²⁾</td> <td>71</td> <td>57</td> <td>67</td> </tr> <tr> <td>EBITDA margin²⁾</td> <td>13.8%</td> <td>11.6%</td> <td>14.5%</td> </tr> <tr> <td>EBIT²⁾</td> <td>59</td> <td>45</td> <td>57</td> </tr> <tr> <td>EBIT margin²⁾</td> <td>11.5%</td> <td>9.1%</td> <td>12.3%</td> </tr> </tbody> </table> <p>Headquarter: Malmö, Sweden Employees: 1 871 (end of 2010)</p>	In CHFm	2008	2009	2010	Sales	515	497	463	EBITDA ²⁾	71	57	67	EBITDA margin ²⁾	13.8%	11.6%	14.5%	EBIT ²⁾	59	45	57	EBIT margin ²⁾	11.5%	9.1%	12.3%
In CHFm	2008	2009	2010																						
Sales	515	497	463																						
EBITDA ²⁾	71	57	67																						
EBITDA margin ²⁾	13.8%	11.6%	14.5%																						
EBIT ²⁾	59	45	57																						
EBIT margin ²⁾	11.5%	9.1%	12.3%																						

End market breakdown (2010)³⁾

■ Water/wastewater ■ General industries

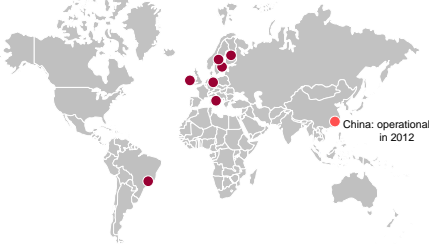
¹⁾ Assuming SEK/CHF exchange rate of 0.14550 (three months daily average)
²⁾ Years 2009/2010 adjusted for one-off items such as restructuring and footprint adaptations (CHF 11 million in 2009/CHF 9 million in 2010)
³⁾ Sulzer analysis Acquisition of Cardo Flow Solutions | July 29, 2011 | slide 4

Sulzer to acquire Cardo Flow Solutions



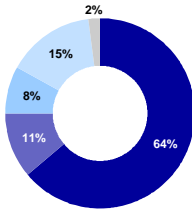
Cardo Flow Solutions at a glance (2)

Production facilities



Headquarters: Malmö, Sweden
Facilities: Sweden (2), Finland, Ireland, Germany, Italy, Brazil, China

Sales by geography (2010)



- Europe
- North America
- Central and South America
- Asia, Middle East, Australia
- Africa


Main competitors

- Grundfos
- ITT
- Wilo
- KSB

Customers

- Municipalities
- Private operations in wastewater treatment
- Public operations in wastewater treatment
- Other customers in general industries

Acquisition of Cardo Flow Solutions | July 29, 2011 | slide 5



Good complementary end-market fit between Sulzer and Cardo Flow Solutions in water markets

Pump markets (size in CHFm ¹)	Global water market – value chain	
Water Production/Transport (~CHF 3 billion)	<div style="border: 1px dashed blue; padding: 5px;"> Fresh Water Ground Water → Surface Water Water Treatment Plants </div>	<div style="border: 1px dashed blue; padding: 5px;"> Seawater Desalination Plants </div>
Water Usage (~CHF 13 billion)	Customers/ End Users Industrial Municipal Residential	
Wastewater (~CHF 4 billion)	<div style="border: 1px dashed red; padding: 5px;"> Water Recycling Plants ← Water Treatment Plants → Sewage Discharge </div>	

 Target markets of Sulzer Pumps
 Target markets of Cardo Flow Solutions

¹⁾ Average market size for new pumps and equipment; Sulzer analysis

Acquisition of Cardo Flow Solutions | July 29, 2011 | slide 6

Sulzer to acquire Cardo Flow Solutions

Cardo Flow Solutions offers complete solutions for the transportation and treatment of wastewater **SULZER**

Provides solutions across different stages of wastewater treatment, from the lifting station to the treatment plant, in addition solutions for dewatering

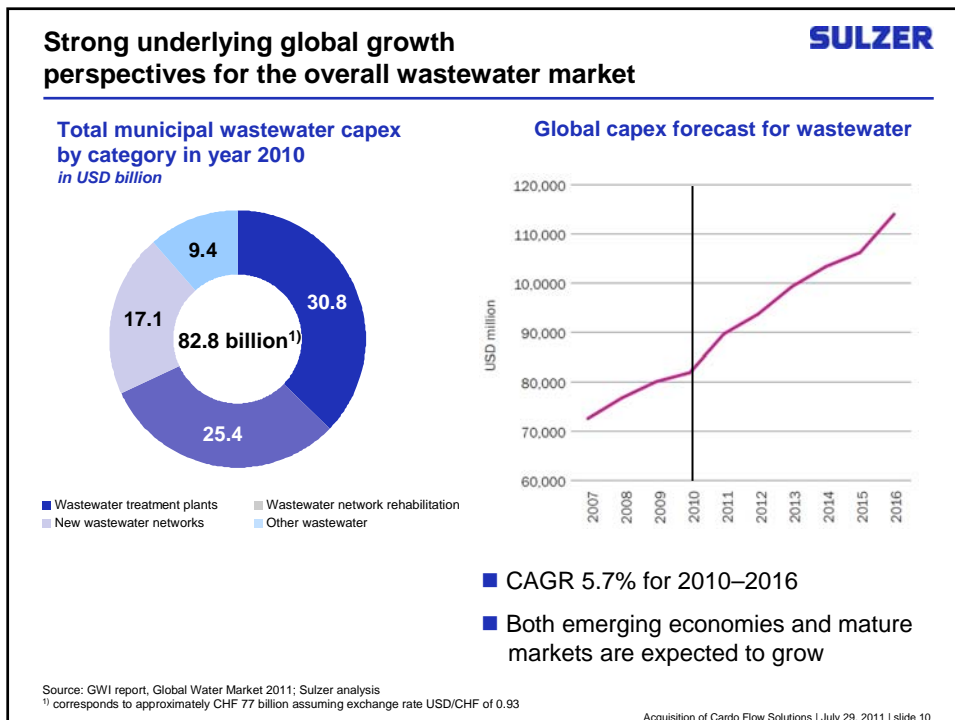
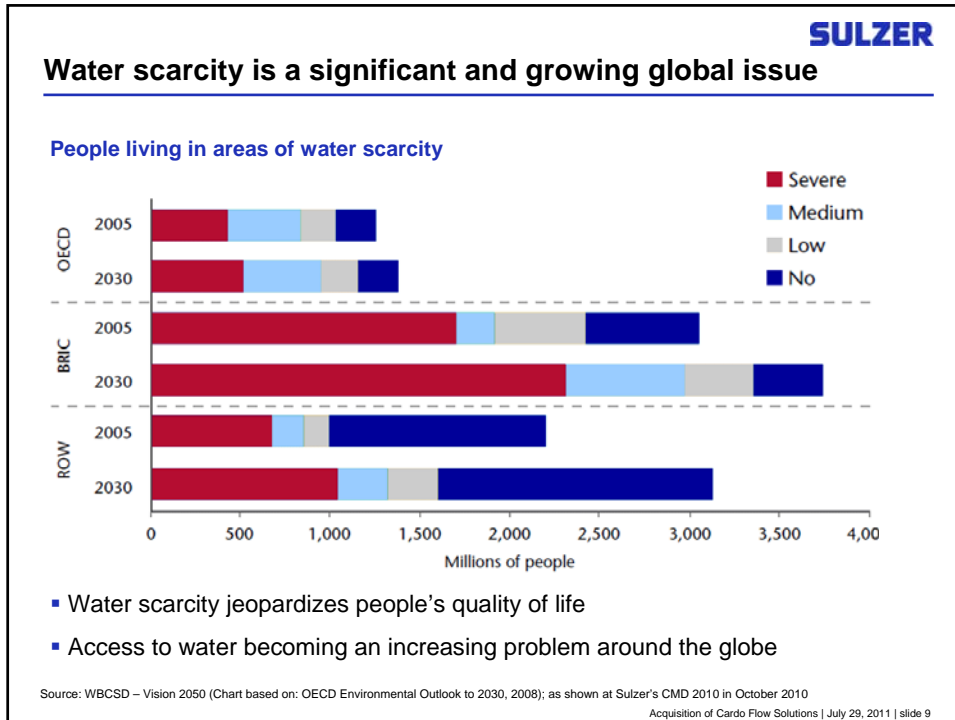
Source: Cardo Acquisition of Cardo Flow Solutions | July 29, 2011 | slide 7

Wastewater market has long-term growth prospects **SULZER**

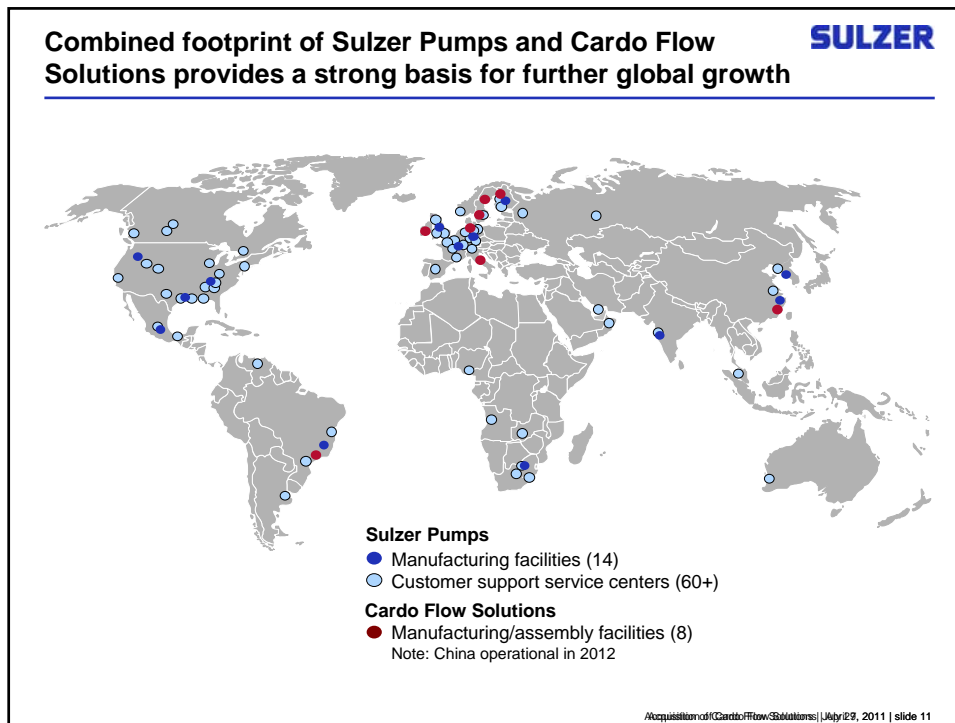
Megatrends relevant for wastewater markets	Growth drivers	Opportunities
Water scarcity	<ul style="list-style-type: none"> ▪ Population and economic growth ▪ Age of infrastructure ▪ New regulatory frameworks and environmental standards ▪ Global political agenda and increasing concerns about climate change ▪ Extreme weather events (dewatering requirement) 	<p>Emerging economies</p> <ul style="list-style-type: none"> ▪ New investments to cover growing demand
Urbanization		<p>Mature economies</p> <ul style="list-style-type: none"> ▪ Modernization and upgrades of existing infrastructure
Environmental protection		

Acquisition of Cardo Flow Solutions | July 29, 2011 | slide 8

Sulzer to acquire Cardo Flow Solutions

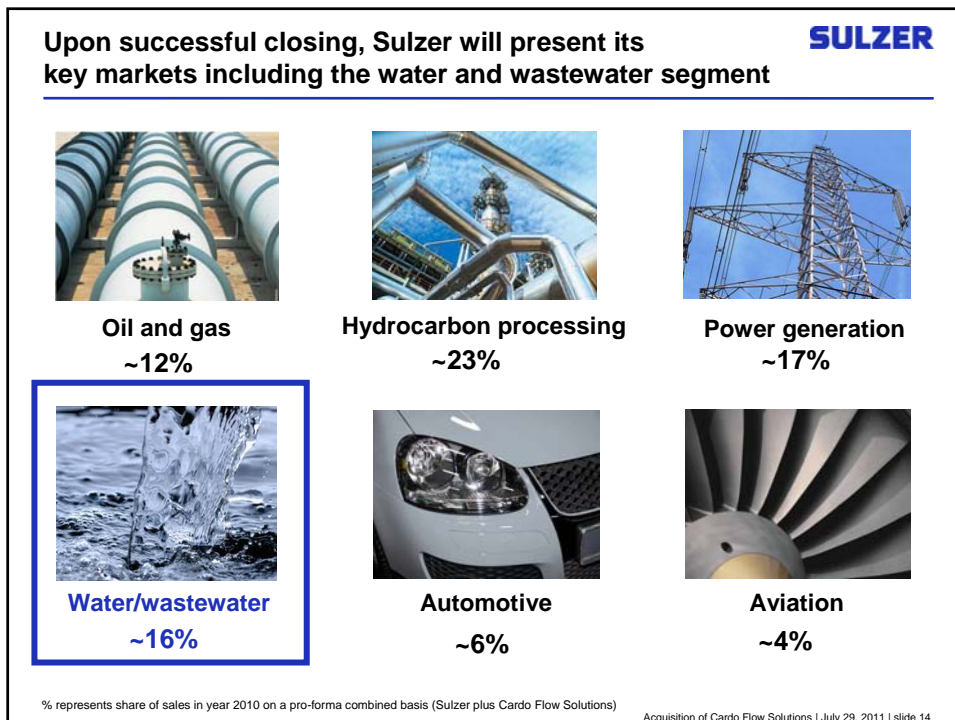
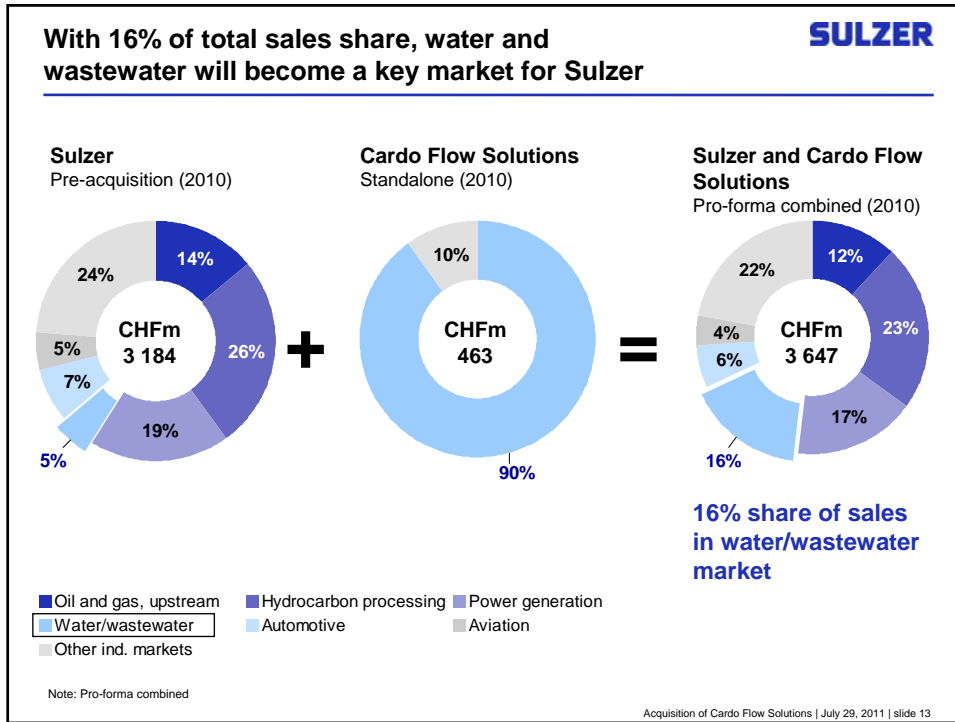


Sulzer to acquire Cardo Flow Solutions

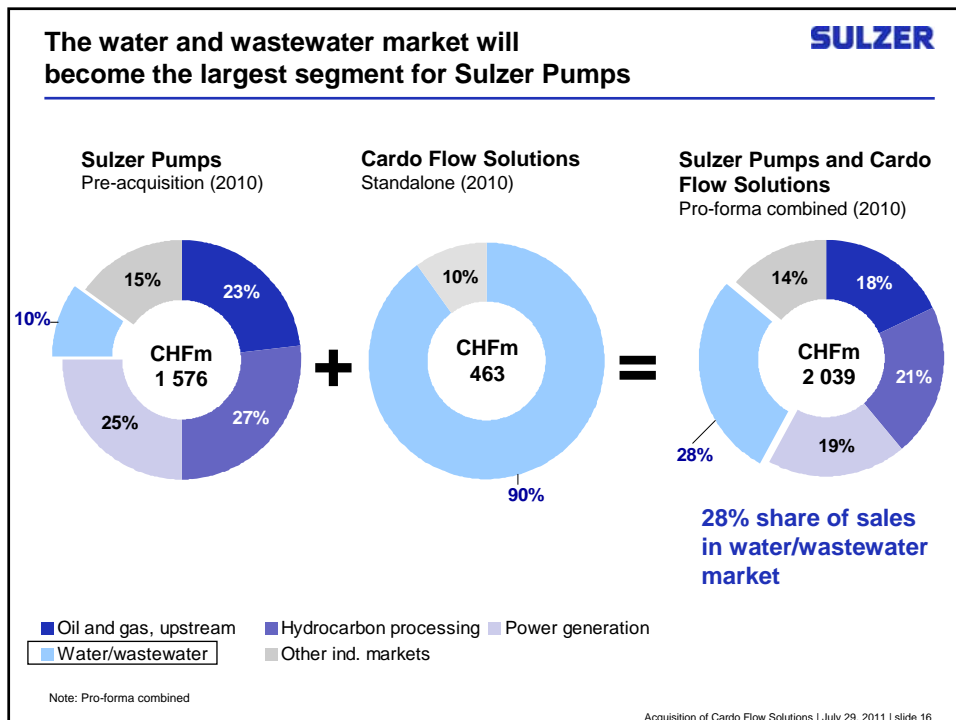
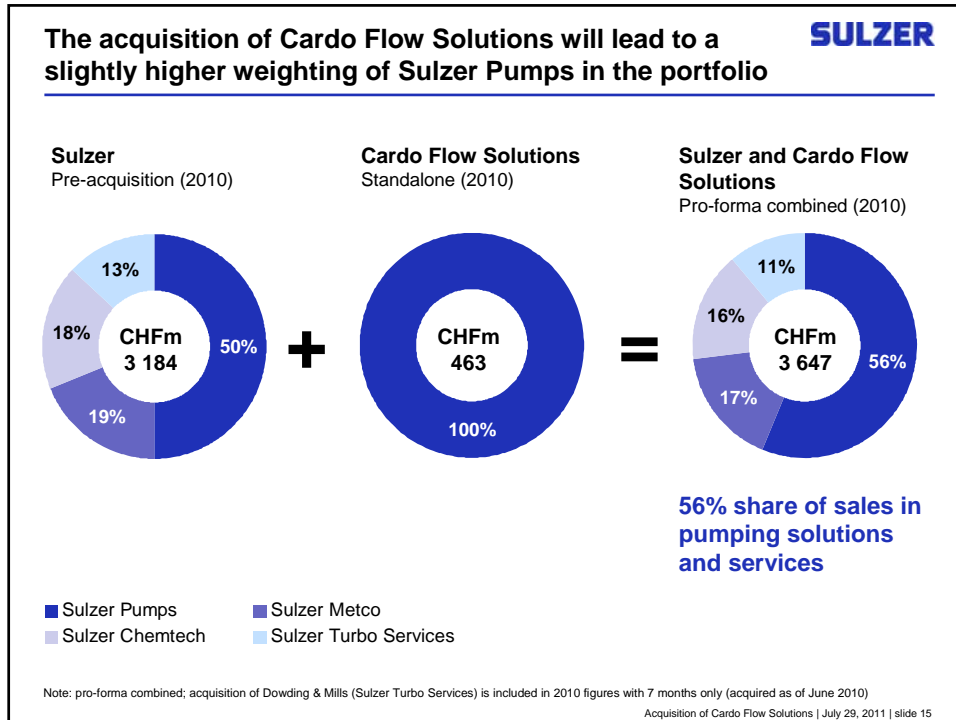


- Building a strong platform for further growth in wastewater** **SULZER**
- Integration of Cardo's wastewater business as an additional global business area within Sulzer Pumps
 - Integration of Cardo's process pumps business for the general industries segments into Sulzer Pumps' existing process pumps business
 - Grow market positions in Americas, Asia/Pacific, Middle East and Africa, supported by Sulzer Pumps' strong global presence
 - Good aftermarket opportunities leveraging Sulzer's strong global service network with more than 60 service sites
 - Complementary pump types of Cardo and Sulzer will allow the continued technological development of complete pumping solutions for wastewater customers
 - Cross-selling opportunities with combined product offering
- Acquisition of Cardo Flow Solutions | July 29, 2011 | slide 12

Sulzer to acquire Cardo Flow Solutions



Sulzer to acquire Cardo Flow Solutions



Sulzer to acquire Cardo Flow Solutions

SULZER

Financing

- Transaction has been financed with cash on hand and existing debt facilities
- As part of the financing, a CHF 500 million bond with a 2.25 % coupon rate has been issued in the Swiss capital market
- Sulzer's balance sheet will remain solid post the acquisition and will allow further external growth

Acquisition of Cardo Flow Solutions | July 29, 2011 | slide 17

SULZER

EPS 'pre-amortization' accretive and EPS 'post-amortization' neutral in first full year of ownership

- Value-creating deal¹⁾ – in year 1 of ownership
 - Sulzer Pumps' return on capital employed (ROCE) will remain above Sulzer's financial value creating threshold of 12.5%
 - The Sulzer Corporation will also remain value creating
- Synergy potential mainly through broader geographical presence, combined solutions, joint sourcing and shared services
 - Sales synergies (run rate) expected in the range of 10% of acquired sales by year 3
 - Cost synergies expected in the range of 5% of acquired sales by year 3
- Acquisition-related costs
 - Transaction costs²⁾ of approximately CHF 10 million
 - Integration costs of approximately CHF 25 million, distributed over three years
 - Acquisition-related non-cash purchase price accounting effects will occur in 2011 only
 - Amortization effects of other intangible assets are expected to be in the range of CHF 25 to 30 million p.a.³⁾

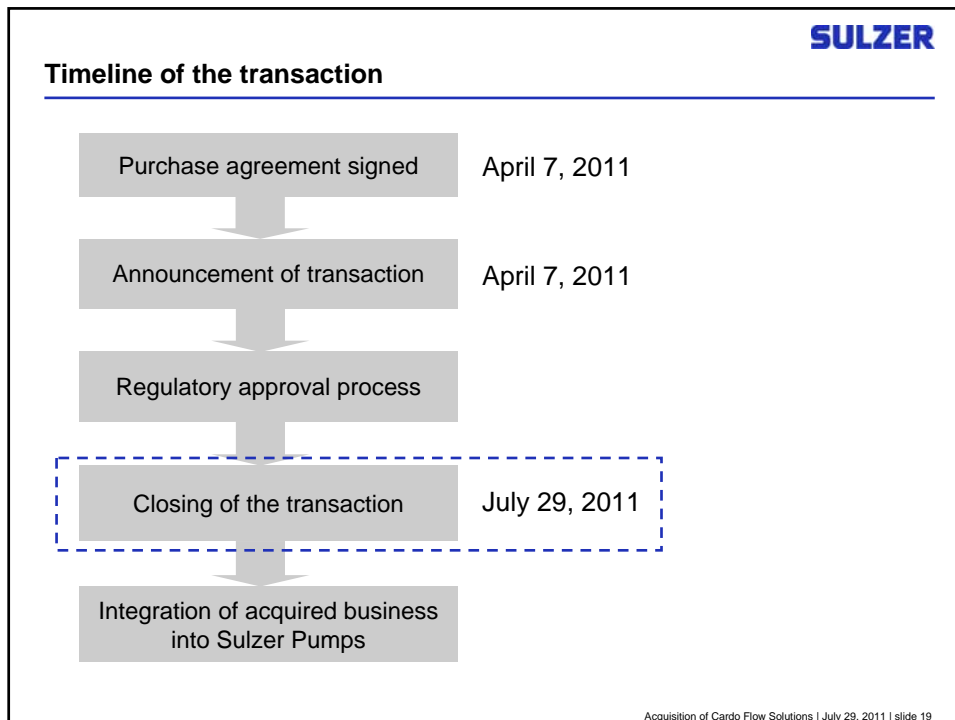
¹⁾ ROCE of 12.5% = Sulzer's value creating threshold which refers to the pre-tax weighted average cost of capital

²⁾ External advisors, internal costs

³⁾ on a pro-rata basis for 2011 and annual charges starting 2012; depending on category, over 7 and up to maximum of 15 years

Acquisition of Cardo Flow Solutions | July 29, 2011 | slide 18

Sulzer to acquire Cardo Flow Solutions



SULZER

**Acquisition of Cardo Flow Solutions:
A great fit with Sulzer and Sulzer Pumps**

- Acquisition makes Sulzer a strong player in the attractive wastewater pump market
- Water and wastewater becomes a strategic key market for Sulzer with some 16% of sales (2010 pro-forma combined)
- Strong platform for further growth in the wastewater business
- The transaction will create value for
 - Customers
 - Employees of both companies
 - Sulzer's shareholders

Further strengthening of Sulzer's market positions for sustainable future success

Acquisition of Cardo Flow Solutions | July 29, 2011 | slide 20

Sulzer to acquire Cardo Flow Solutions

SULZER

Thank you for your attention



SULZER

Contacts and event calendar

Investor Relations:

Philippe Dewitz
Phone +41 52 262 20 22
Fax +41 52 262 00 25
investor.relations@sulzer.com
www.sulzer.com/IR

Media Relations:

Verena Gölkel
Phone +41 52 262 26 82
Fax +41 52 262 00 25
news@sulzer.com

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		

Acquisition of Cardo Flow Solutions | July 29, 2011 | slide 22

Sulzer to acquire Cardo Flow Solutions



Backup slides

The following slides contain financial information on the Sulzer Corporation and its divisions on a standalone basis except for slide nr. 29 where pro-forma combined 2010 figures are shown.

For further information regarding our businesses please refer to our website download section for the standard IR presentation and further documents available: <http://www.sulzer.com/desktopdefault.aspx/tabid-530/>

Acquisition of Cardo Flow Solutions | July 29, 2011 | slide 23



Selected key figures Sulzer

in CHFm	FY 2010	FY 2009	Change +/-%	Change +/-% adj. ¹⁾
Order intake	3 288.7	3 017.6	+9.0%	+7.5%
Order backlog (Dec 31)	1 799.8	1 871.7	-3.8%	
Sales	3 183.7	3 350.4	-5.0%	-6.6%
EBITDA	511.0	479.2	+6.6%	
EBITR ¹⁾	410.3	416.6	-1.5%	
ROSR (EBITR/sales)	12.9%	12.4%	+50bps	
EBIT	406.4	368.0	+10.4%	
ROS (EBIT/sales)	12.8%	11.0%	+180bps	
ROCE (EBIT/capital employed)	28.1%	24.8%	+330bps	
Net income ²⁾	300.4	270.4	+11.1%	
EPS (in CHF)	8.92	8.06	+10.7%	
Free cash flow ³⁾	149.5	528.8	-71.7%	
Net liquidity (Dec 31)	552.8	670.6	-17.6%	
Employees (Dec 31)	13 740	12 183	+12.8%	

¹⁾ Operating income before restructuring expenses

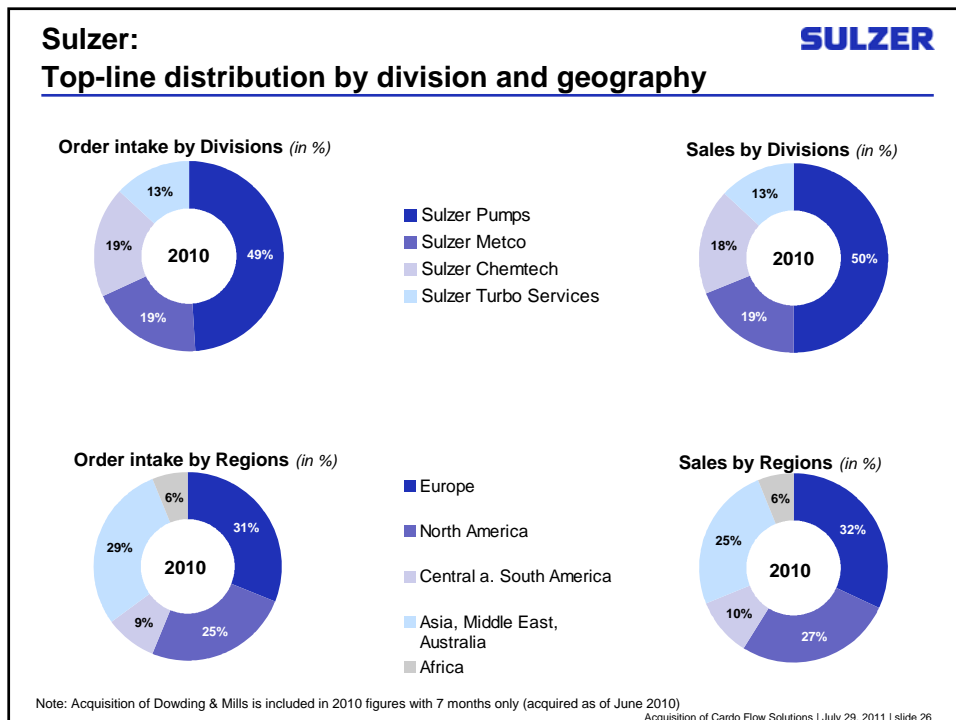
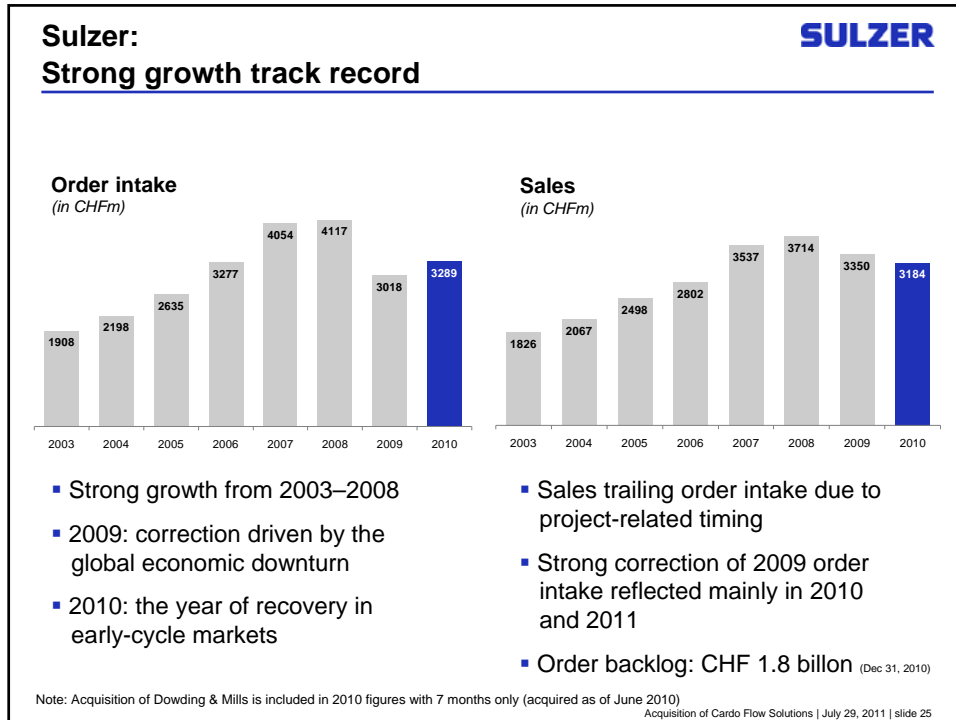
²⁾ Attributable to shareholders of Sulzer Ltd

³⁾ Cash flow from operating activities less capital expenditure plus sale of PP&E and intangible assets

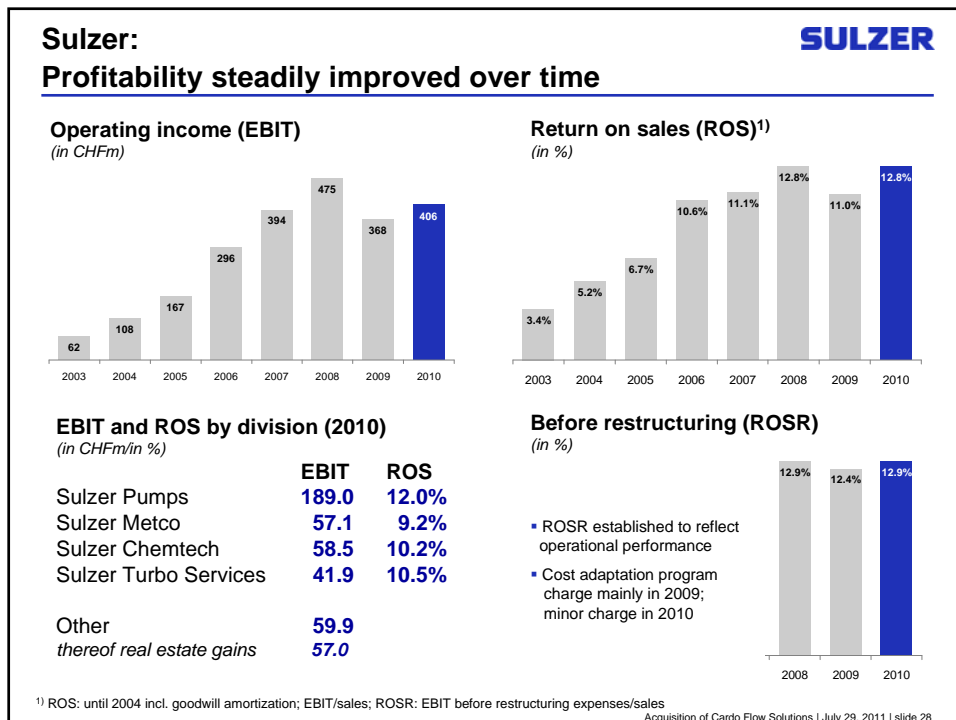
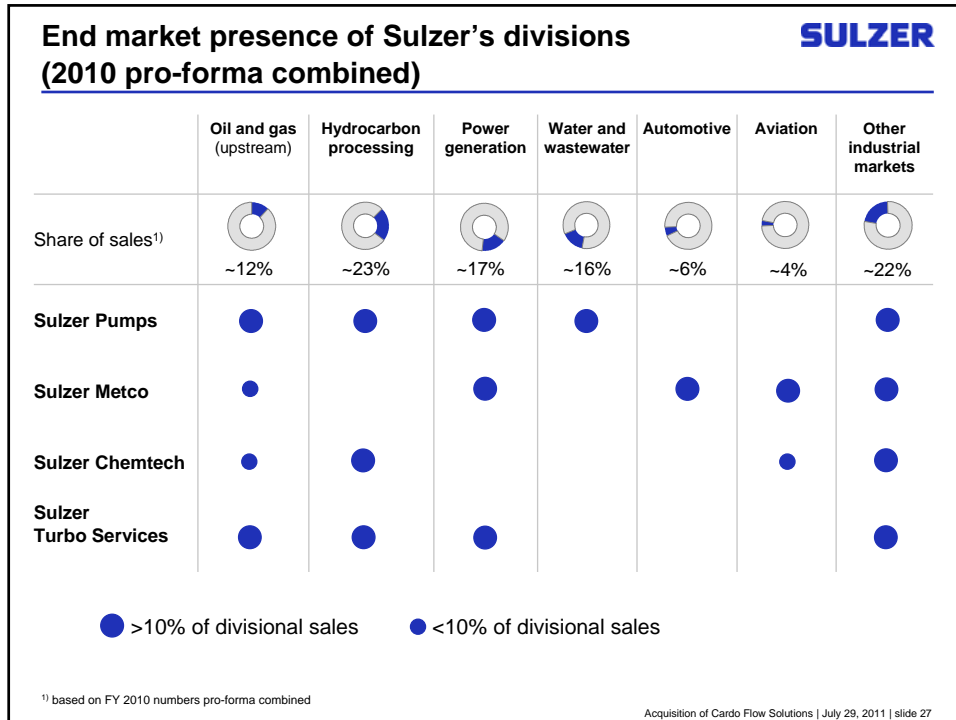
⁴⁾ Adjusted for currency effects as well as acquisitions/divestitures

Acquisition of Cardo Flow Solutions | July 29, 2011 | slide 24

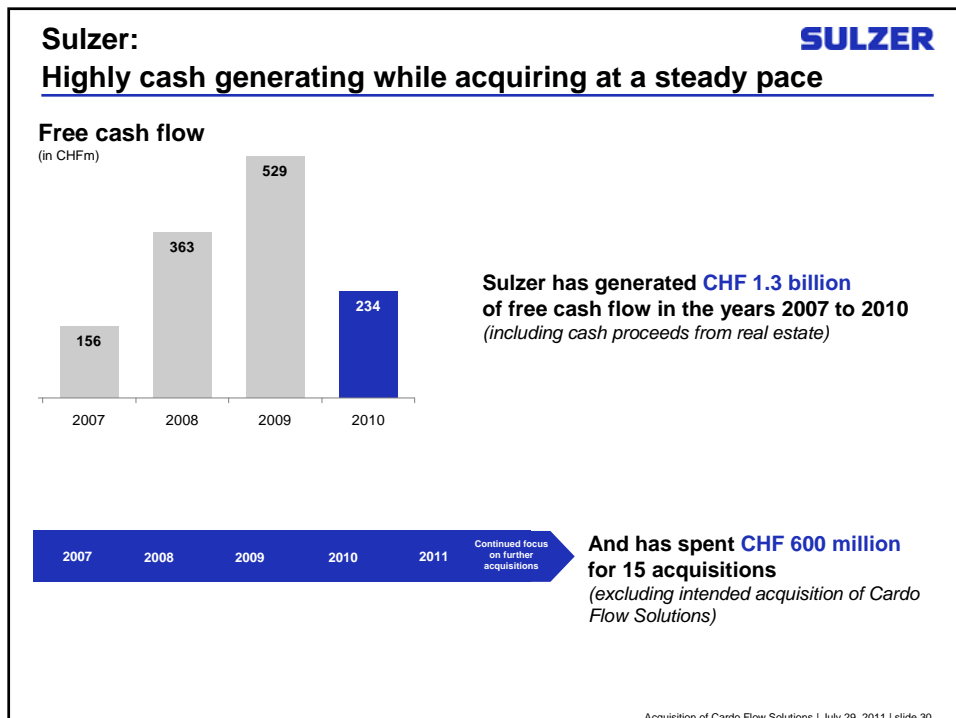
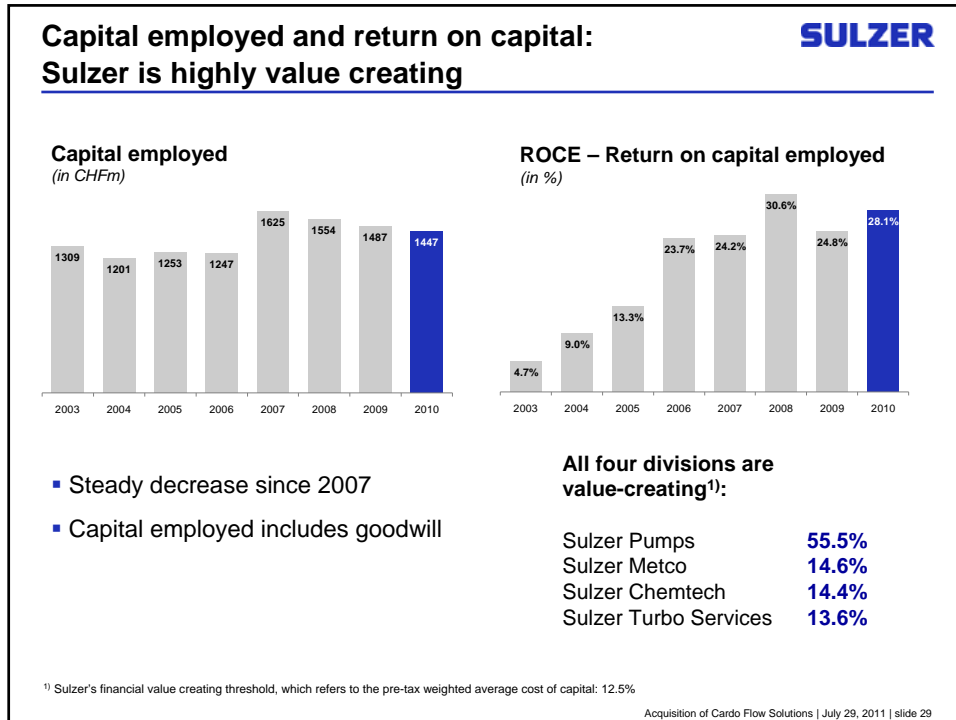
Sulzer to acquire Cardo Flow Solutions



Sulzer to acquire Cardo Flow Solutions



Sulzer to acquire Cardo Flow Solutions



Sulzer to acquire Cardo Flow Solutions

SULZER

Backup slides Cardo Flow Solutions

The following slide contains financial information on the Cardo Flow Solutions business on a standalone basis.

The data was taken from Cardo's last Annual Report 2010 and is shown in SEK.

Acquisition of Cardo Flow Solutions | July 29, 2011 | slide 31

SULZER

Cardo Flow Solutions (standalone pre-acquisition) Key figures over time

Inflow of orders

MSEK

Year	Inflow of orders (MSEK)
2006	~2,800
2007	~3,000
2008	~3,300
2009	~3,100
2010	~3,000

Net sales

MSEK

Year	Net sales (MSEK)
2006	~2,800
2007	~3,000
2008	~3,300
2009	~3,100
2010	~3,000

Operating earnings¹⁾

MSEK

Year	Operating earnings (MSEK)
2006	~250
2007	~320
2008	~380
2009	~280
2010	~360

¹⁾ Excluding items affecting comparability
Source: Cardo Annual Report 2010

Acquisition of Cardo Flow Solutions | July 29, 2011 | slide 32

Sulzer to acquire Cardo Flow Solutions

SULZER

Disclaimer / Safe Harbor Statement

This document (the "document") has been prepared for the sole purpose of providing certain information on the Cardo Flow Solutions business [contemplated to be acquired] by Sulzer Ltd. ("Sulzer") to Sulzer's current and prospective investors.

The information contained in the document has been obtained from Cardo Flow Solutions, its ultimate parent Assa Abloy AB (publ) and other third party sources. All estimates and projections contained herein, have been prepared by Sulzer based on information obtained from these sources, and involve significant elements of subjective judgement and analysis, which may or may not be correct. Sulzer and any other party involved make no representation or warranty, expressed or implied, as to the accuracy or completeness of the information contained in the document, and nothing contained herein is or shall be relied upon as a promise or representation, whether as to the past or the future.

This document is not and should not be construed as an offering of, or solicitation of offers to purchase or subscribe for securities or similar ownership interests, or as an offer to make an investment in Sulzer, but is provided for preliminary information and discussion purposes only. The information set forth herein does thus not purport to be complete and is only preliminary and thus subject to updating and amendment. Sulzer and any other party involved do not, however, accept any obligation to update or revise any information or to correct any inaccuracies in this document or to provide the current and prospective investors with additional information. The document is further not complete without the verbal comments.

Nothing in this document should be taken as legal, tax, regulatory, financial, accounting or investment advice. Investors are recommended to consult their own professional advisers regarding such matters and any investment in Sulzer.

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

This document 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.

Acquisition of Cardo Flow Solutions | July 29, 2011 | slide 33