

Midyear results 2009 **SULZER**

Strong results and well positioned for future success

August 24, 2009



SULZER

Agenda

Business review	Ton Büchner, CEO
Financial review	Peter Meier, CFO
Corporate Governance, outlook and summary	Ton Büchner, CEO

175
Experience Sulzer

Midyear results 2009 | August 24, 2009 | slide 2

SULZER

The first half of 2009 in brief

- Strong performance in the first six months of 2009
- Stable sales based on high order backlog and high return on sales
- Net liquidity increased, balance sheet further strengthened
- Smaller acquisitions to enhance service and portfolio
- Decline of activities in Sulzer's key markets and substantial decrease of order intake
- Initiation of a global cost reduction program

175
Experience Sulzer

Midyear results 2009 | August 24, 2009 | slide 3

SULZER

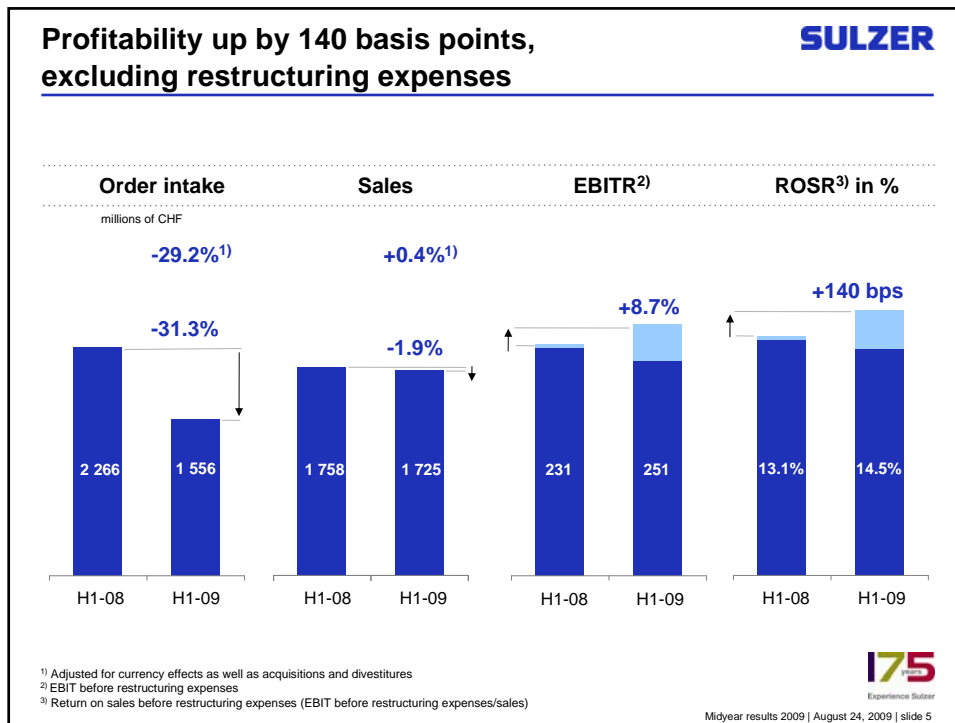
Substantially lower order intake, stable sales and high profitability

Order intake	Sales	EBIT	ROS ²⁾ in %								
millions of CHF											
-29.2%¹⁾	+0.4%¹⁾										
-31.3%	-1.9%	-5.7%	-50 bps								
<table style="width: 100%; border: none;"> <tr> <td style="width: 50%; text-align: center;">2 266</td> <td style="width: 50%; text-align: center;">1 556</td> </tr> </table>	2 266	1 556	<table style="width: 100%; border: none;"> <tr> <td style="width: 50%; text-align: center;">1 758</td> <td style="width: 50%; text-align: center;">1 725</td> </tr> </table>	1 758	1 725	<table style="width: 100%; border: none;"> <tr> <td style="width: 50%; text-align: center;">227</td> <td style="width: 50%; text-align: center;">214</td> </tr> </table>	227	214	<table style="width: 100%; border: none;"> <tr> <td style="width: 50%; text-align: center;">12.9%</td> <td style="width: 50%; text-align: center;">12.4%</td> </tr> </table>	12.9%	12.4%
2 266	1 556										
1 758	1 725										
227	214										
12.9%	12.4%										
H1-08 H1-09	H1-08 H1-09	H1-08 H1-09	H1-08 H1-09								

¹⁾ Adjusted for currency effects as well as acquisitions and divestitures
²⁾ Return on sales (EBIT/sales)

175
Experience Sulzer

Midyear results 2009 | August 24, 2009 | slide 4



Key figures January – June 2009

SULZER

millions of CHF	H1-2009	H1-2008	2008 Full Year	
Order intake	1 556.2	2 265.9	4 116.6	■ Stable sales based on high order backlog
Order backlog ¹⁾	2 084.2	2 350.7	2 100.2	■ High profitability including non-recurring items
Sales	1 724.7	1 757.6	3 713.5	■ Strong cash flow
EBITR ²⁾	250.5	230.5	478.5	■ Net liquidity further increased
ROSR ³⁾	14.5%	13.1%	12.9%	■ Order intake substantially lower
EBIT	214.4	227.4	475.1	
ROS ⁴⁾	12.4%	12.9%	12.8%	
Net income ⁵⁾	155.6	158.2	322.9	
EPS (in CHF)	4.64	4.70	9.59	
Cash flow ⁶⁾	174.8	141.5	251.9	
Net liquidity	357.9	228.5	306.1	
Employees ¹⁾	12 508	12 465	12 726	

¹⁾ As of June 30 resp. Dec. 31; employees: full-time equivalents
²⁾ Operating income before restructuring expenses
³⁾ Return on sales before restructuring expenses (EBIT before restructuring expenses/sales)
⁴⁾ Return on sales (EBIT/sales)
⁵⁾ Attributable to shareholders of Sulzer Ltd
⁶⁾ Cash flow from operating and investing activities

175
Experience Sulzer

Midyear results 2009 | August 24, 2009 | slide 6

SULZER

Six key markets

Automotive Industry

Aviation

Pulp and paper

Oil and gas (upstream)

HPI¹⁾ (oil and gas, downstream)

Power generation

175
Experience Sulzer

¹⁾ HPI: Hydrocarbon Processing Industry

Midyear results 2009 | August 24, 2009 | slide 7

SULZER

**Global cost reduction program¹⁾ –
adaptation to lower market demand**

Cost reduction program defined across the organization

- Measures ongoing
 - reduction of subcontracting activities
 - focused sourcing
 - continued net working capital management
 - short-time work
 - reduction of workforce
- Targeted annual cost savings of about CHF 110 million after completion
- Non-recurring charges of about CHF 55 million (CHF 36 million charged in H1-2009)
- FTE²⁾ reduction of approximately 1,400 people
- Implementation expected to be completed in first half of 2011

175
Experience Sulzer

¹⁾ As announced June 24, 2009
²⁾ Full time equivalents, relative to Dec. 31, 2008

Midyear results 2009 | August 24, 2009 | slide 8

SULZER

Key areas of focus for Sulzer






Corporation-wide operational excellence
based on **LEAN** principles

Health and safety

Increased and faster high-quality innovation

Transition into emerging markets

Increased focus on service

Midyear results 2009 | August 24, 2009 | slide 9

SULZER

Smaller acquisitions to strengthen service and portfolio extension

2009		Annual Sales millions of CHF
<p>Sulzer Chemtech</p> 	<ul style="list-style-type: none"> ■ SAB Technical Services Ltd., India Tower field service provider in India. Purchase price ~CHF 6 million. Closing July 31, 2009. ■ Kühni Ltd., Switzerland Extending the portfolio to offer world-wide thermal separation solutions. Closing April 30, 2009. ■ TowerTech, Australia Tower field service provider in Australia and Asia. Purchase price ~CHF 8 million. Closing January 15, 2009. 	<p>~5</p> <p>~37</p> <p>~8</p>
2008		
<p>Sulzer Turbo Services</p> 	<ul style="list-style-type: none"> ■ Capime, Argentina Turbomachinery service provider active in Latin America. Purchase price ~CHF 20 million. Closing December 2, 2008. 	<p>~13</p>




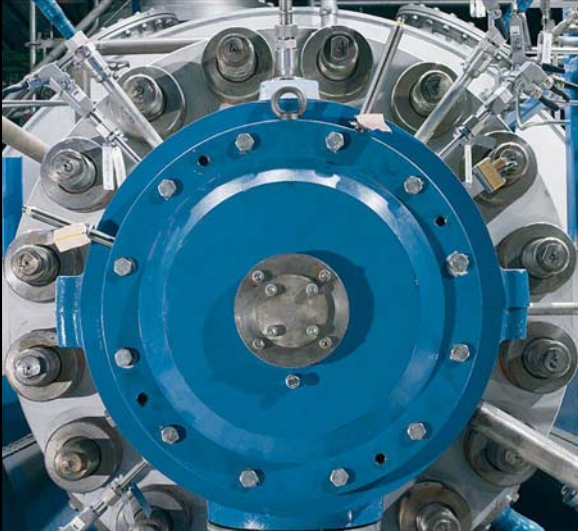

Midyear results 2009 | August 24, 2009 | slide 10

Sulzer Pumps

Market leader in pump technology and hydraulics

- No. 1: Pulp and paper
- No. 2: Oil and gas (upstream and HPI)
- No. 3: Power generation



Sulzer Pumps – Review January – June 2009

Increased sales and operating income

millions of CHF	H1-2009	H1-2008
Order intake	884.5	1 252.2
Order backlog <small>as of 06-30/12-31</small>	1 565.5	1 518.6
Sales	963.5	809.5
EBITDA	128.1	111.2
EBITR ¹⁾	125.4	99.1
ROSR ²⁾	13.0%	12.2%
EBIT	115.3	99.1
ROS ³⁾	12.0%	12.2%
Employees ⁴⁾ <small>as of 06-30/12-31</small>	6 166	6 239


- Strong market position maintained
- Restrained customer investments
- EBITR-margin up by 80 bps.
- Outlook 2009: further decline of new project activities


¹⁾ Operating income before restructuring expenses

²⁾ Return on sales before restructuring expenses (EBIT before restructuring expenses/sales)

³⁾ Return on sales (EBIT/sales)

⁴⁾ Full-time equivalents





Midyear results 2009 | August 24, 2009 | slide 12

Sulzer Metco

Leader in surface technology

- No. 1: Coating equipment
- No. 1: Coating materials
- No. 3: Coating services






Sulzer Metco – Review January – June 2009

Affected by the economic downturn

millions of CHF	H1-2009	H1-2008
Order intake	277.8	383.7
Order backlog <small>as of 06-30/12-31</small>	72.4	68.2
Sales	273.8	387.0
EBITDA	15.8	49.3
EBITR ¹⁾	15.9	38.9
ROSR ²⁾	5.8%	10.1%
EBIT	3.5	37.4
ROS ³⁾	1.3%	9.7%
Employees ⁴⁾ <small>as of 06-30/12-31</small>	1 977	2 105


- Overall low market activities, but high customer acceptance of our innovative solutions
- Strongly decreased profitability
- Focus on expansion of service offering and development of innovative solutions
- Outlook 2009: demand in automotive and other industrial markets to remain low; aviation likely to decrease in H2-2009


¹⁾ Operating income before restructuring expenses

²⁾ Return on sales before restructuring expenses (EBIT before restructuring expenses/sales)

³⁾ Return on sales (EBIT/sales)

⁴⁾ Full-time equivalents





Midyear results 2009 | August 24, 2009 | slide 14

Sulzer Chemtech **SULZER**

Components and services for separation technology and static mixing

- No. 1: Static mixers (at high viscosity)
- No. 1: Two component mixing and dispensing systems
- No. 2: Separation columns



Sulzer Chemtech – Review January – June 2009 **SULZER**

Strong impact of reduced end-market activities

millions of CHF	H1-2009	H1-2008
Order intake	244.9	466.1
Order backlog <small>as of 06-30/12-31</small>	275.3	347.9
Sales	344.8	402.8
EBITDA	54.4	83.1
EBITR ¹⁾	47.1	68.7
ROSR ²⁾	13.7%	17.1%
EBIT	37.6	68.3
ROS ³⁾	10.9%	16.9%
Employees ⁴⁾ <small>as of 06-30/12-31</small>	2 810	2 769

- Strong decline in demand for new equipment
- Customers cautious with capital investments
- Acquisitions: expansion of global service offering and process solutions
- Outlook 2009: market recovery expected to be slow

¹⁾ Operating income before restructuring expenses
²⁾ Return on sales before restructuring expenses (EBIT before restructuring expenses/sales)
³⁾ Return on sales (EBIT/sales)
⁴⁾ Full-time equivalents


175
Experience Sulzer



Midyear results 2009 | August 24, 2009 | slide 16

Sulzer Turbo Services

Leading independent service provider


- No. 1: Industrial gas turbines
- No. 1: Steam turbines
- No. 1: Turbo compressors



Sulzer Turbo Services – Review January – June 2009

North America stronger than Europe and Asia




millions of CHF	H1-2009	H1-2008	
Order intake	143.6	154.4	■ Economic downturn also affected service business
Order backlog <small>as of 06-30/12-31</small>	167.5	160.0	■ Acquisition of Capime will allow strengthening of position in Latin America
Sales	135.2	149.6	■ Expansion of long-term maintenance solutions
EBITDA	13.9	17.6	■ Outlook 2009: Softening in HPI and other industrial markets, whereas power generation should remain comparably stable
EBITR ¹⁾	13.9	14.9	
ROSR ²⁾	10.3%	10.0%	
EBIT	9.8	13.7	
ROS ³⁾	7.2%	9.2%	
Employees ⁴⁾ <small>as of 06-30/12-31</small>	1 255	1 314	

¹⁾ Operating income before restructuring expenses

²⁾ Return on sales before restructuring expenses (EBIT before restructuring expenses/sales)

³⁾ Return on sales (EBIT/sales)

⁴⁾ Full-time equivalents




Midyear results 2009 | August 24, 2009 | slide 18

SULZER

Agenda

Business review	Ton Büchner, CEO
Financial review	Peter Meier, CFO
Corporate Governance, outlook and summary	Ton Büchner, CEO

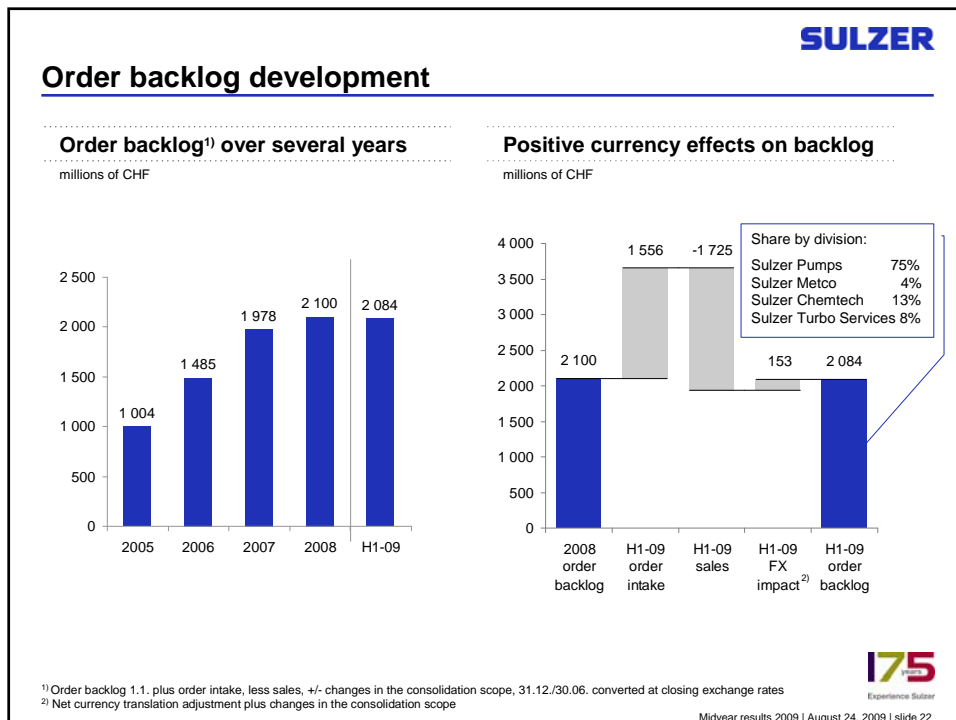
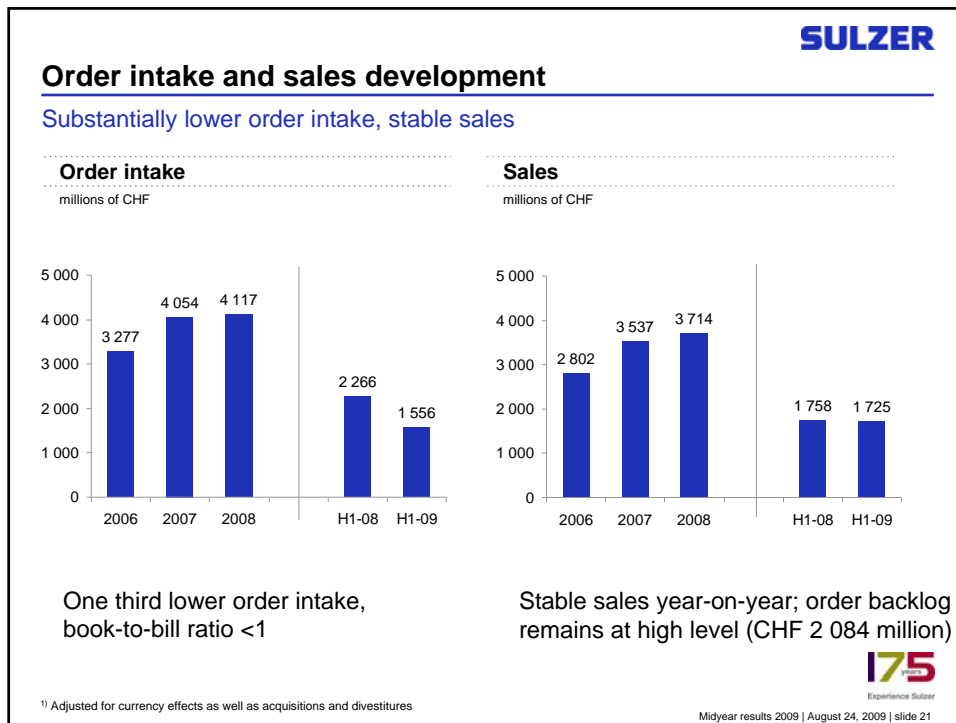

Midyear results 2009 | August 24, 2009 | slide 19

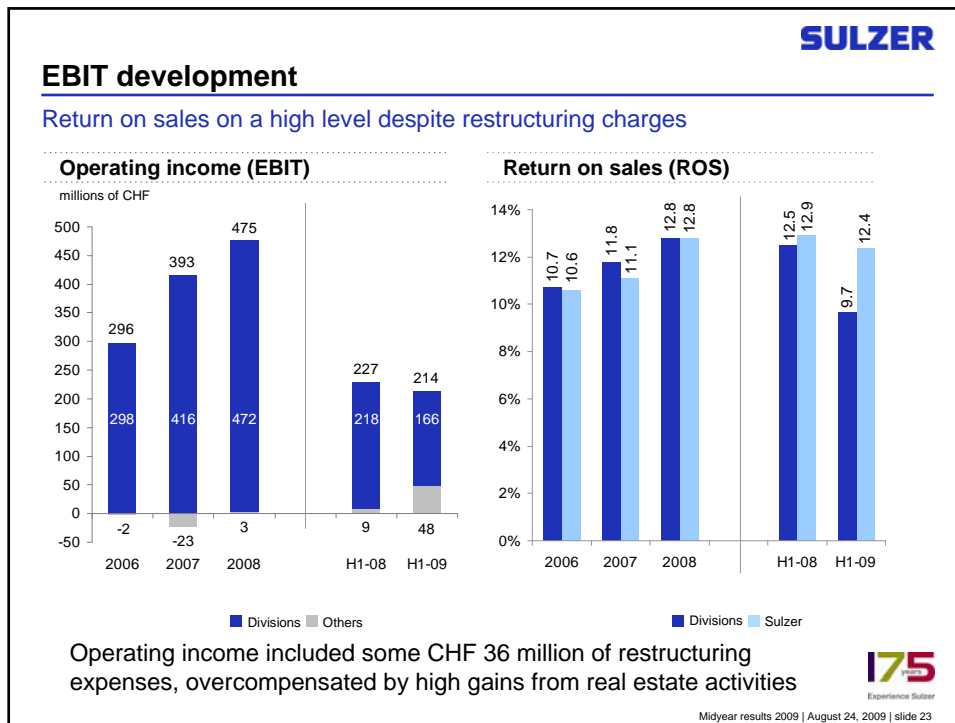
SULZER

Financial review

- High order backlog ensured good capacity utilization, mainly at Sulzer Pumps
- Currency translation effected
 - sales negatively by about CHF 53 million, and
 - order backlog positively by about CHF 150 million
- Sales contribution of acquisitions of some CHF 14 million
- CHF 36 million of restructuring costs charged to EBIT, extraordinary high gains from real estate of CHF 46 million
- Further increase of net liquidity to CHF 358 million
- Tax rate lower: 26.3%

Midyear results 2009 | August 24, 2009 | slide 20





SULZER

EBIT composition January – June 2009

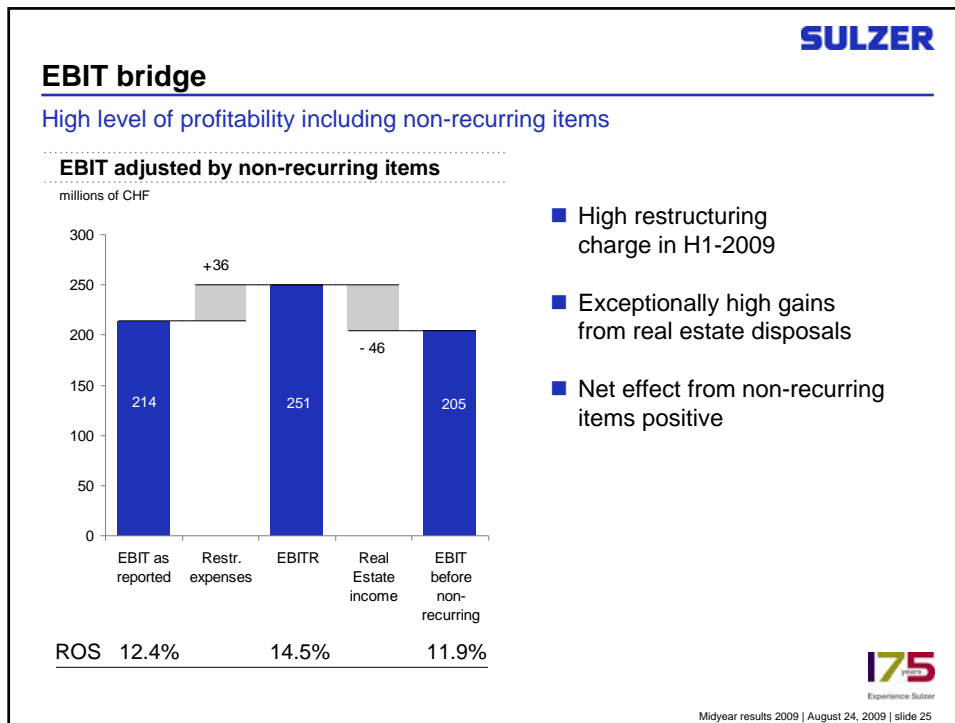
Restructuring charges of CHF 36 million in the first half of 2009

millions of CHF	EBITR H1-2009	EBITR Δ %	Restr. expenses	EBIT H1-2009	EBIT H1-2008	EBIT Δ %
Sulzer Pumps	125.4	+26.5	-10.1	115.3	99.1	+16.3
Sulzer Metco	15.9	-59.0	-12.4	3.5	37.4	-90.6
Sulzer Chemtech	47.1	-31.4	-9.5	37.6	68.3	-45.0
Sulzer Turbo Services	13.9	-6.7	-4.1	9.8	13.7	-28.5
Total divisions	202.3	-8.7	-36.1	166.2	218.5	-23.9
Others	48.2	-	-	48.2	8.9	-
Total Sulzer	250.5	+8.7	-36.1	214.4	227.4	-5.7

- EBIT before restructuring expenses 9% higher than in prior year
- All four divisions debited by restructuring expenses
- Restructuring expenses overcompensated by real estate gains

I75
Experience Sulzer

Midyear results 2009 | August 24, 2009 | slide 24



SULZER

Others January – June 2009

Operating profit: CHF 48.2 million (H1-08: CHF 8.9 million)

Sulzer Real Estate (Operationally non-essential)

- Properties sold for CHF 119 million (H1-08: CHF 13 million)
- EBIT incl. rental income of about CHF 46 million (H1-08: about CHF 7 million)
- EBIT contribution from disposal of properties was significant in H1-09.
- Book value June 30, 2009: CHF 85 million (December 31, 2008: CHF 134 million)

Sulzer Innotec

- Slightly negative operating income in H1-2009 (H1-08: positive contribution)
- Good development of innovative projects

Other Corporate

- Corporate expenses in line with previous year

i75
Experience Sulzer

Midyear results 2009 | August 24, 2009 | slide 26

SULZER

Operating income to net income January – June 2009

Net income stable despite restructuring charges

millions of CHF	H1-2009	H1-2008	△%
Operating income (EBIT)	214.4	227.4	-5.7
Financial income	-0.4	-3.4	-
Income tax expenses	-56.3	-63.6	+11.6
in % income before tax (EBT)	26.3%	28.4%	
Net income	157.7	160.4	-1.7
Attributable to shareholders of Sulzer Ltd	155.6	158.2	-1.6
Attributable to minority interests	2.1	2.2	-4.6
<i>Basic earnings per share in CHF (EPS)</i>	4.64	4.70	-1.3

- Better net financial income
- Tax rate positively influenced by real estate disposals taxed at a favorable Swiss tax rate

175
Experience Sulzer

Midyear results 2009 | August 24, 2009 | slide 27

SULZER

Cash flow statement January – June 2009

Higher cash flow than in same period of previous year

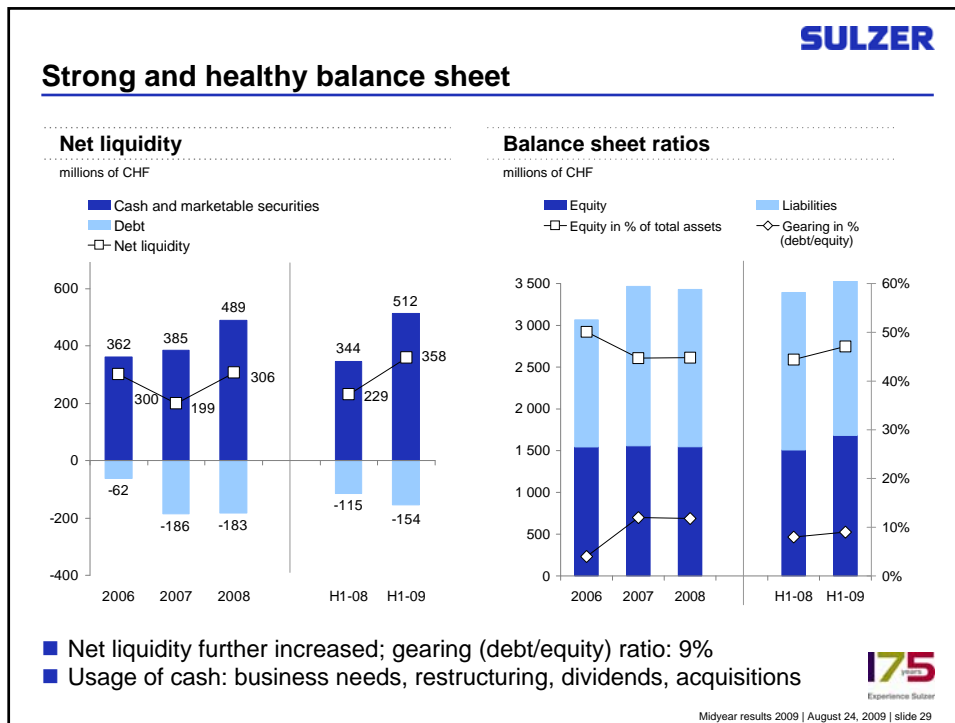
millions of CHF	H1-2009	H1-2008
EBITDA	264.6	275.9
Changes in net current assets/provisions	-29.5	-30.4
Interests and income tax paid	-61.8	-63.8
Reallocations to investing activities ¹⁾	-45.4	-5.4
Cash flow from operating activities	127.9	176.3
Capital expenditure net ¹⁾	74.7	-32.6
Acquisitions/divestitures	-35.0	-3.3
Purchase/sale fin. assets, mark. sec.	7.2	1.1
Cash flow from investing activities	46.9	-34.8
Cash flow from operating a. investing activities	174.8	141.5

- Exceptionally high cash contribution from real estate disposals
- Capital expenditure of CHF 48 million in line with prior year
- Payments for acquisitions of CHF 67 million, less CHF 32 million of cash acquired

175
Experience Sulzer

Midyear results 2009 | August 24, 2009 | slide 28

¹⁾ Including income from sale of real estate



SULZER

Financial outlook

A very solid financial situation

- Main portion of outstanding restructuring expenses expected for the second half of 2009
- No further major EBIT contribution from real estate expected for the remainder of the year
- Continued focus on net working capital management
- Full year tax rate expected to be higher than in first half of 2009
- Strong balance sheet, unused committed and uncommitted credit lines, and a high net liquidity build a solid foundation


175
Experience Sulzer

Midyear results 2009 | August 24, 2009 | slide 30

SULZER

Agenda






Business review	Ton Büchner, CEO
Financial review	Peter Meier, CFO
Corporate Governance, outlook and summary	Ton Büchner, CEO



Midyear results 2009 | August 24, 2009 | slide 31

SULZER

Corporate Governance
New board composition as of August 18, 2009

Jürgen Dormann	Vladimir V. Kuznetsov	Hans H. Lienhard	Urs A. Meyer
			
Chairman Sulzer board member since August 2009	Sulzer board member since December 2007	Sulzer board member since April 2002	Sulzer board member since December 2007
Luciano Respini	Daniel J. Sauter	Klaus Sturany	
			
Sulzer board member since April 2004	Sulzer board member since April 2002	Sulzer board member since August 2009	



Midyear results 2009 | August 24, 2009 | slide 32

SULZER

Market assessment

	Market condition in 2008	Assessment 2009
Oil and gas (upstream)	Very good	Clearly reduced project activity
HPI (Oil and gas, downstream)	Good	Clearly reduced project activity
Power generation	Very good	Reduced project activity
Pulp and paper	Weakening	Weak
Aviation	Stable	Reduced activity
Automotive industry	Weakening toward year-end	Transient

I75
Experience Sulzer

Midyear results 2009 | August 24, 2009 | slide 33

SULZER

Financial midrange outlook

Status: as announced in February, 2009

Key figures	Full Year 2008	H1-2009	Midrange outlook
ROSR - Return on sales bef. restr. ¹⁾	12.9%	14.5%	~10%
ROCE - Return on capital employed ²⁾	30.6%	not disclosed	>20%
Sales growth ³⁾	13.2%	0.4%	-5% to -8% (CAGR adj. ⁴⁾)

- Measures ongoing
- Non-recurring cost reduction charges of ~CHF 55 million expected⁵⁾
- Adaptation process to occur in a controlled and managed manner
- Measures expected to be completed in first half of 2011




¹⁾ EBIT before restructuring expenses/sales
²⁾ Average capital employed incl. goodwill at net book values
³⁾ Adjusted for currency effects as well as acquisitions and divestitures
⁴⁾ Compound annual growth rate, adjusted for currency effects as well as acquisitions and divestitures, relative to full year 2008
⁵⁾ As announced June 24, 2009

I75
Experience Sulzer

Midyear results 2009 | August 24, 2009 | slide 34

SULZER

Key areas of focus for Sulzer

<p>Corporation-wide operational excellence based on LEAN principles</p>	
<p>Health and safety</p>	
<p>Increased and faster high-quality innovation</p>	
<p>Transition into emerging markets</p>	
<p>Increased focus on service</p>	

Midyear results 2009 | August 24, 2009 | slide 35

SULZER

Summary

- No quick recovery of our key markets expected
- Some emerging markets in Asia and Latin America are likely to remain comparatively stronger
- Long-term prospects for our performance-critical solutions remain positive
- Substantially lower order intake and decreases in sales, operating income and profitability for 2009 compared to high 2008 expected
- Our strong market positions, order backlog, a solid balance sheet, and the cost adaption program will secure future success



Midyear results 2009 | August 24, 2009 | slide 36



SULZER

Contacts / Key dates 2009

<p>Company address: Sulzer Ltd Zürcherstrasse 14 8401 Winterthur, Switzerland www.sulzer.com</p>	<p>Key dates in 2009: October 19 Order intake Jan.-Sep. October 19/20 Capital Market Day</p>												
<p>Investor Relations: Philippe Dewitz Phone +41 52 262 20 22 Fax +41 52 262 00 25 investor.relations@sulzer.com</p>	<p>Share information:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%;">Identifier</td> <td style="width: 33%;">Number</td> </tr> <tr> <td>SIX (security number)</td> <td>3838891</td> </tr> <tr> <td>ISIN</td> <td>CH 003 838891 1</td> </tr> <tr> <td>Ticker Symbol</td> <td>SUN</td> </tr> <tr> <td>Bloomberg</td> <td>SUN SW</td> </tr> <tr> <td>Reuters</td> <td>SUN.S</td> </tr> </table>	Identifier	Number	SIX (security number)	3838891	ISIN	CH 003 838891 1	Ticker Symbol	SUN	Bloomberg	SUN SW	Reuters	SUN.S
Identifier	Number												
SIX (security number)	3838891												
ISIN	CH 003 838891 1												
Ticker Symbol	SUN												
Bloomberg	SUN SW												
Reuters	SUN.S												
<p>Media Relations: Verena Gölkel, Media Spokesperson Phone +41 52 262 72 72 Fax +41 52 262 00 25 news@sulzer.com</p>													

Experience Sulzer
 Midyear results 2009 | August 24, 2009 | slide 38

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

This presentation 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.