

April 1, 2015

**Sulzer Ltd—Annual General Meeting 2015**  
**Opening Remarks of Peter Löscher, Chairman of the Board of Directors**

Dear shareholders

I am pleased to welcome you to today's Annual General Meeting—for the first time in my role as Chairman of Sulzer Ltd.

As it has many times before during its 180-year history, Sulzer is currently undergoing a profound transformation. Because markets are changing just as profoundly, Sulzer needs to adapt in order to remain at the forefront—also in the coming decades. The necessary transformation to a focused, market-oriented, and globally operating company creates high demands on all employees and all levels of the organization. During my first year in office, I have seen on many occasions that the pioneering spirit, the high quality awareness, and the innovative skills are unbroken in this company. That gives me great confidence for the future, because the fundamental changes in markets and technologies will further challenge and keep us busy.

In 2014, we achieved a lot—strategically, operationally, and organizationally—even under challenging economic conditions. With the divestiture of Sulzer Metco, we completed the targeted strategic revision of our portfolio. Today, Sulzer is a company clearly focused on its core businesses. We have been able to stabilize sales on an adjusted basis and to increase our return on sales before goodwill impairment.

We will continue to follow the path consistently and energetically to become a company that is a global leader in its now clearly defined core businesses. We want to create an organization capable of adapting quickly and flexibly to changing market conditions. And we want to grow profitably. To reach these goals and to frame and accelerate our transformation journey, we have introduced a strategic program. This program, called Sulzer Full Potential, is based on three pillars: strategy, operating model, and operational excellence. Our CEO Klaus Stahlmann will later present detailed information on this program, which is a cornerstone of our future success.

Strengthening our core businesses is and remains our essential goal. Thus, we want to invest in organic and external growth.

At this point, I would like to further comment on external growth:

Our growth strategy is based on our overall strategy—with a focus on the three key markets oil and gas, power, and water. This opens opportunities for us to expand our portfolio with complementary offerings—for both equipment and services.

Acquisitions must add to the company's growth. They must create synergies and complement our existing offering and processes. And they have to support us in better using our existing sales channels to customers as well as our manufacturing and service footprint. This is the only way to increase customer benefit. We are

looking for either bigger or smaller so-called bolt-on acquisitions, which can be integrated into our company quickly and which will complement our business with new technologies or services. Two examples of bolt-on acquisitions from last year are ProLabNL and ASCOM, two small companies that complement Chemtech's separation technology portfolio ideally.

However, acquisitions also have to fit Sulzer's culture and compliance structure. This ensures successful integration and preserves our values and our identity, which are part of our competitiveness. Therefore, we will make every decision about acquisitions or mergers very carefully and very diligently. Maintaining financial discipline is of highest priority for us. We do not compete in value-destroying bidding wars. As you know, we were in discussions with the US company Dresser-Rand about a potential merger of equals last year. This could have been an opportunity to establish a globally unique company. However, because it is very important to us to maintain financial discipline, we ended these discussions. Otherwise, we would have given ourselves up. We are and will remain a Swiss company headquartered in Winterthur. That is our DNA, and we absolutely want to keep it that way.

With the current strategic direction, Sulzer is a strong brand with an excellent product and service offering, even after 180 years. We are able to improve further and to grow profitably. We are taking a holistic and long-term approach in our growth strategy and in the expansion of our portfolio. We regularly review our business, our strengths, and our competitive positions to know at all times where we stand on the global playing field and to be able to react quickly to changes. We also regularly examine where we can create synergies within the business. This supports us in identifying growth opportunities and in strengthening and expanding our leading positions in our markets.

The divestiture of Sulzer Metco was also based on these considerations. Sulzer Metco was active in markets that had only limited synergies with the rest of the business. We also saw no possibility of establishing the business as a future core business of Sulzer. The consistent focus on attractive market segments and defensible positions is also a strong driver of our M&A strategy. As was the case with Sulzer Metco, this can cause a separation from activities that no longer fit our defined strategy.

What does this mean for our portfolio?

In terms of equipment, we want to enhance our portfolio on the rotating equipment side or in the flow control space. On the service side, we want to improve our offering—for example, with more maintenance and long-term service agreements—to offer our customers complementary services.

Allow me to make a few general statements after these forward-looking thoughts.

Sulzer's current development is based on the foundation of an impressive industrial history, which has already lasted for 180 years. Since its establishment in 1834, Sulzer has always adapted successfully to economic, technological, and social changes. This is a remarkable form of continuity in these times of rapid change. Only

a few companies have succeeded in developing in such an extraordinary way. Generations of highly innovative pioneers and charismatic entrepreneurs who have worked for Sulzer and shaped the company have made this possible.

As you can read in the company history *Sulzer Through the Ages* (German original title: *Sulzer im Wandel*), which was published today, Sulzer employees not only relied on their own pioneering spirit. They also understood how to gather external stimuli and to integrate and perfect them. We still follow this formula for success as part of our growth strategy, including by working cooperatively with universities and research institutions.

Companies like Sulzer that have made industrial history have also been successful because the government created a framework that allowed industrial entrepreneurship to develop autonomously. Sulzer used this to make up for the disadvantages of an—at the time of its foundation—economically weak location. It compensated through innovation, pioneering spirit, and controlled risk taking. That's how Sulzer was able to build a leading position in the global market. At the same time, Sulzer contributed substantially to the development of a strong industrial base in Switzerland, which, in turn, helped build the foundation of growth during the past century. The company gave up domestic production at the right time—when it could no longer be sustained—to focus on knowledge-intensive service activities. As a result, Sulzer ultimately succeeded in maintaining its location in Switzerland, which is so vital to the company's culture and its worldwide reputation. It is important to highlight that this would not have been possible without social partnership playing a key role in Sulzer's company culture. It belongs to the success factors we want to hold onto in future.

National regulatory frameworks, which give companies as much entrepreneurial space as possible, as well as a growth- and profit-oriented but also socially responsible management will continue to be the foundation of Sulzer's success in the future. Along with all the employees, the Board of Directors and the Executive Committee will do everything in their power to ensure that Sulzer remains a predictable, innovative, and profitable technology company in Switzerland and in international markets. It is our goal to restore Sulzer to its former size and strength.

On behalf of the Board of Directors, I sincerely thank all employees for their strong commitment in a challenging environment. I thank you, dear shareholders, for your faith and loyalty. We really appreciate that.

When today's Annual General Meeting is finished, please pick up a copy of the book *Sulzer Through the Ages* at the door. This fascinating creation by Anna Bálint is the result of three years of intensive work. I hope you enjoy reading it.

Thank you for your attention. I will now turn to the attendance and the agenda of the Annual General Meeting.