

SCRIPT—THE SPOKEN WORD PREVAILS

April 7, 2016

**Sulzer Ltd—Annual General Meeting 2016
Speech of Peter Löscher, Chairman of the Board of Directors**

Dear Shareholders,
Ladies and Gentlemen,

Once again, the global market environment Sulzer is active in has been very challenging. Sulzer generates about half of its sales in the oil and gas market. In general, investments in this market are cyclical. In 2015, investments once again decreased after having increased for several years. It is not predictable how long this situation will continue. The oil price has reached its lowest level in 30 years, and we expect it to remain low for a longer period of time. This impacts our financial results and operational performance to a considerable degree.

We generate the other half of our sales in the power, water, and general industry markets; markets that developed positively. Hence, we are able to partially offset the negative effects largely stemming from the oil and gas market. Sulzer is present around the world with over 170 production and service locations in more than 40 countries. Our order intake in emerging markets amounts to a high 42%.

Our business consists of equipment and aftermarket solutions. The aftermarket business—service solutions and spare parts—grew compared with 2014 and amounts to 51% of order intake. The business with service solutions and spare parts is more resilient in the current challenging market environment and has higher margins than the new equipment business.

According to forecasts, the market environment remains challenging. Oil prices are likely to remain low in this year. In addition, Sulzer's business suffered from regional developments such as the economic slowdown in China and the recession in Brazil.

In times of change, it is vital for an organization to be able to react to changing market conditions flexibly and quickly. The Sulzer Full Potential (SFP) program serves to create such an organization. The program got off to a good start in 2015, and our goal is to deepen and accelerate it in 2016.

What have we achieved so far?

We reorganized our Pumps Equipment division and adapted our manufacturing footprint. We took structural measures in the Chemtech division and reorganized the service centers in our Rotating Equipment Services division. In addition, we created a global procurement organization that works across divisions, and we are simplifying our organization.

These measures will allow us to confront the market headwinds and to further narrow the profitability gap to our top-tier competitors. Later, our CEO Greg Poux-Guillaume will go into more details of the SFP program.

In its more than 180 years of history, Sulzer has always managed to adapt to the changing market conditions. Also in earlier times, one way of doing so was through capacity adjustments. No one knows this better than you, dear Shareholders, because many of you live in Winterthur.

During the past decades, changes in technology have led to closings of sites and relocations. Currently, the high location-related costs are the reason that manufacturing in Switzerland is—in many cases—not competitive any more. This situation is not likely to change over the next few years, amongst others because of the strong Swiss franc. Therefore, we are forced to close Chemtech's manufacturing site in Oberwinterthur next year. We regret this step very much. However, due to the profound change and the high location-related costs, we unfortunately have no alternative.

Such measures, as well as the implementation of our SFP program, ultimately serve the same goal: developing Sulzer's strengths. This is the only way to address global megatrends also in the future and to take advantage of them. For example, a greater need for clean water, growing air pollution, and increasing energy demand are global megatrends that are triggering both innovation and investments. Our excellent product and service offering enables us to face these rising needs successfully and provide the right answers. Our solutions support our customers today and will help them in the future in coping with water scarcity, mitigating air pollution, and reducing energy consumption.

Its core competencies, its innovative capacity, and its engineering expertise will allow Sulzer to come out of the crisis as a stronger company. By observing markets closely and addressing global megatrends, we set the foundation for our innovative technologies—the foundation for sustainable success.

Let me go into some corporate governance topics after these thoughts about the market environment:

In light of the challenges currently confronting Sulzer, having a strong anchor shareholder has many advantages; it backs the company up and protects it against takeovers. Last year, Renova increased its share to 63,42% of all Sulzer shares. That way, Renova has ensured stability in strategic questions and has given the management space to develop the business sustainably in the long run.

With its strong balance sheet and its potential, Sulzer is attractive to other companies that are looking for growth through acquisitions. So, I am convinced that Sulzer would not exist as an independent company any more without an anchor shareholder.

As a representative of the major shareholder, I would like to confirm Renova's long-term commitment to Sulzer. We will continue to maintain a balanced approach towards governance in the interest of all stakeholders. Renova does not intend to change Sulzer's strategic focus

and will continue to support Sulzer's Board and its management to carry out Sulzer's strategy and the SFP program successfully.

Dear Shareholders, we want you to take part in our thoughts and decisions. The Sulzer Board of Directors and the management considered Sulzer's capital structure in 2015, which is inefficient in the present interest rate environment. As such, we have decided to return a significant part of our excess cash to you. In addition to the ordinary dividend of CHF 3.50 per share, we are proposing a one-time special dividend of CHF 14.60 per share in the agenda item 2.

We have full confidence in the success of the ongoing SFP program and in the company's strong free cash flow generation. After the ordinary and the special dividend, Sulzer will continue to have a net cash position and one of the strongest balance sheets in its industry, allowing it to pursue all strategic options. This will allow us to have enough space for value-accretive acquisitions.

Regarding acquisitions, it is important to us that the target companies fit our strategic focus on the oil and gas, power, water, and general industry markets and that they strengthen our presence in the regions. We will concentrate on small and medium-sized acquisitions that can be integrated into our company quickly and that complement our business with new technologies or services.

In the context of this strategy, Sulzer acquired Expert International Pompe Services in Casablanca, Morocco, in 2015, enlarging its service offering in North Africa. With the acquisition of InterWeld Inc Ltd, Belfast, Northern Ireland, Sulzer added the full range of automated weld overlay services to its portfolio. Also in 2015, Sulzer acquired Precision Gas Turbine Inc., a leading independent service provider for gas turbines in Florida, USA. It thereby enhances the important field service offering for customers in the power market. Last but not least, Sulzer completed the acquisition of Saudi Pump Factory in 2015. It now serves Saudi Arabian and Gulf Cooperation Council customers.

I am convinced that Sulzer has not yet taken full advantage of its chances or its business potential. With the Sulzer Full Potential program, we are well underway to becoming even more competitive and to further narrowing the profitability gap to our competitors.

My special thanks go to all employees. They are supporting our transformation and doing outstanding work despite the highly challenging market environment.

On behalf of the Board of Directors and the Executive Committee, I thank you, dear Shareholders, for your loyalty that is very much appreciated.

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