
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.
Why are we here today?

- Sulzer’s investment case – strengths and opportunities
- Roadmap of operational improvement measures
- Mid-term profitability targets
- Your questions

Agenda – Capital Market Day

<table>
<thead>
<tr>
<th>Session</th>
<th>Presenter</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO Message</td>
<td>Klaus Stahlmann</td>
</tr>
<tr>
<td>CFO Message</td>
<td>Thomas Dittrich</td>
</tr>
<tr>
<td>Pumps Equipment</td>
<td>César Montenegro</td>
</tr>
<tr>
<td>Rotating Equipment Services</td>
<td>Peter Alexander</td>
</tr>
<tr>
<td>Chemtech</td>
<td>Oliver Bailer</td>
</tr>
<tr>
<td>Questions &amp; Answers</td>
<td>All</td>
</tr>
</tbody>
</table>
Sulzer is an attractive investment with strong fundamentals

- #1 or #2 positions in long-term attractive markets
- Equipment and services for performance-critical applications
- Global footprint with a strong presence in emerging markets
- Diversified business portfolio with high service share
- Strong balance sheet and capital discipline
- Stock with growth potential
Operational Structure

Central group functions

**Pumps Equipment**
- Pumps technology and solutions

- Market segment focus: 55%
- Sales (2014): CHF 1 755m
- FTEs: ~7 400

**Rotating Equipment Services**
- Repair and maintenance services for rotating equipment

- Regional focus: 22%
- Sales (2014): CHF 725m
- FTEs: ~3 700

**Chemtech**
- Separation, mixing and service solutions

- Market segment focus: 23%
- Sales (2014): CHF 742m
- FTEs: ~4 300

Setup to act as *one focused, market-oriented, globally operating company*
Long-term fundamentals remain healthy, short-term caution in oil and gas

Population Growth – Urbanization – Sustainability – Energy Efficiency

- Oil and Gas
  - Depletion of easy resources
  - Shale oil and gas
  - Short-to-midterm oil price uncertainty and delayed capex investments

- Power
  - Cheap gas in US
  - Aging OECD power plant infrastructure
  - Environmental regulations and climate goals

- Water
  - Increased need for clean and wastewater management
  - Tighter regulations
  - Aging OECD water infrastructure

- General Industry
  - Predominantly positive developments in relevant segments
  - APAC driving growth for many industrial sectors
Distinctive strengths to win in our key markets

- **Profitable positions** in attractive markets and ability to leverage capabilities
- **Unique global footprint** in manufacturing and service
- **Unique service portfolio**
- **Long-term relationships with loyal customers**
- **Technology / innovation leader** in many applications, with experienced workforce
- **Solid Swiss roots** and strong brand

Performance-critical applications throughout oil and gas value chain

- **Offshore production, FPSO, FLNG**
  - Equipment: Water injection, Seawater lift, Firewater systems, Crude off-loading, Produced water separation technology
  - Services: Rotating equipment services

- **Pipelines**
  - Equipment: Oil transport and boosting
  - Services: Oil and gas pipeline services

- **Subsea**
  - Equipment: Multiphase and single phase pumps
  - Services: Pump services

- **Gas processing, refining, petrochemical**
  - Equipment: Process pumps for cracking, coking, gas-to-liquids, and coal-to-liquids processes
  - Services: Rotating equipment services
  - Rotating equipment services
  - Turnaround and tower field services

- **Onshore production**
  - Equipment: Water injection, Water transfer, Firewater
  - Services: Rotating equipment services
Oil and gas market segments expected to see different short-term impacts from oil price drop

- **Upstream**
  - % of Sulzer: ~16%
  - New Equipment: ~45%
  - Services: ~45%
  - Setting:
    - No direct exposure to conventional or shale drilling
    - Depletion rates continue to drive investments
    - Project delays expected
    - Opportunities with services to improve asset productivity

- **Midstream**
  - % of Sulzer: ~6%
  - New Equipment: ~20%
  - Services: ~20%
  - Setting:
    - Past years’ upstream growth feeds pipeline projects
    - North America expansion peaked 2013-2014, future growth increasingly from other regions
    - Lower construction of new unconventional wells

- **Downstream**
  - % of Sulzer: ~30%
  - New Equipment: ~45%
  - Services: ~45%
  - Setting:
    - Less influenced by oil price
    - New grass root projects in Asia and Middle East
    - Upgrades, retrofits, and service continues
    - Clean fuels legislation drives new investment
    - Project delays with oil majors

---

Performance-critical applications across power generation segments

- **Nuclear**
- **Hydro**
- **Coal**
- **Biomass**
- **Waste-to-energy**
- **Geothermal**
- **Wind**
- **Solar**
- **Carbon capture and storage**
- **Combined cycle**
- **Distributed power**

### Solutions for power generation

<table>
<thead>
<tr>
<th>Equipment</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boiler feed water</td>
<td>Pumps</td>
</tr>
<tr>
<td>Cooling water</td>
<td>Compressors</td>
</tr>
<tr>
<td>Condensate extraction</td>
<td>Turbines</td>
</tr>
<tr>
<td>Molten salt circulation</td>
<td>Motors and engines</td>
</tr>
<tr>
<td>Carbon capture and storage</td>
<td>Generators</td>
</tr>
<tr>
<td>Power recovery (reverse running pumps)</td>
<td></td>
</tr>
<tr>
<td>Auxiliary pumps</td>
<td></td>
</tr>
</tbody>
</table>

---

1) Based on average order intake 2012-2014
Serving the water cycle with mostly standard applications in wastewater

- Domestic and commercial wastewater collection
- Municipal wastewater collection and flood protection
- Municipal wastewater treatment and storm water retention
- Municipal water intake
- Wastewater Treatment
- Municipal wastewater collection and flood protection
- Municipal water distribution
- Dewatering
- Industrial water and wastewater

Solutions for water
- Submersible pumps
- Mixers and agitators
- Aeration systems
- Compressors
- Vertical pumps
- High pressure pumps
- Control and monitoring

Key applications
- Wastewater collection and treatment
- Clean water abstraction and transport
- Desalination
- Mine and construction dewatering

Leading positions in selected general industry segments

Pulp and Paper
- Market leader
- Tight customer relationships and references
- Strong process knowledge and long history
- Extensive installed base drives aftermarket business

Health Care
- Leveraged Sulzer capability into health care
- Unique two-component mixing and dispensing systems
- Broad product portfolio
- Co-creating products with users
- State of the art application center
Megatrends enhance our markets

- Economic growth, emerging markets
- Megatrends drive growth in energy and water
- Short-term caution in upstream oil and gas

External environment supports future growth for Sulzer

Profitability performance gap identified

Sulzer's current profitability vs. benchmark full potential
Vision to become a leading equipment and service provider

We offer **customer-focused** solutions for **performance-critical** applications in key markets: **oil and gas, power, and water**

---

**Equipment:**
- Service intense, engineered, performance-critical → high margin
- Rotating and flow control equipment, process and separation technology

**Services:**
- Inspection, operations and maintenance, repair, spare parts, retrofits, upgrades, full shut-down services, long-term service agreements
- Sulzer OEM and 3rd party equipment
Sulzer Full Potential program to continue the transformation journey started in 2013

**Implementation**
- Integrated change program to achieve full potential
- Capability to continuously adapt

**Foundation**
- New organizational setup
- Metco divestiture

**Strategic decisions**
- Become one focused, market-oriented, globally operating company

CEO Message | Capital Market Day 2015 | Slide 21

Sulzer Full Potential program frames and accelerates our transformation

**Sulzer Full Potential (SFP)**

**STRATEGY**
- Portfolio, focus areas, M&A roadmap

**OPERATING MODEL**
- Organizational setup, integration

**OPERATIONAL EXCELLENCE**
- Selling, G&A, procurement, manufacturing, service, complexity

One focused, market-oriented, globally operating company

Transformation
Strategy is the first pillar of our program

Sulzer Full Potential (SFP)

- **STRATEGY**
  - Portfolio, focus areas, M&A roadmap

- **OPERATING MODEL**
  - Organizational setup, integration

- **OPERATIONAL EXCELLENCE**
  - Selling, G&A, procurement, manufacturing, service, complexity

### One focused, market-oriented, globally operating company

- **One company** approach globally
- **Focused**
- **Market-oriented**
- Attractive end markets
- Performance critical equipment and service solutions
- Technology and market leadership
- Business setup mirroring our customers
- Harmonized front-end, global back-end
- Knowhow and expertise leveraging
Growth opportunities for equipment and services

Expand in rotating equipment
- Compressors
- Drivers

Grow flow control solutions
- Pumps
- Valves
- Separation technology

Strengthen core with auxiliaries
- Seals
- Couplings

Expand rotating equipment services
- Seals
- Wind
- Components

Expand service scope
- Remote monitoring
- O&M
- Retrofit engineering

Expand geographic footprint
- Close white spots

Operating model is the second pillar of our program

Sulzer Full Potential (SFP)

STRATEGY
- Oil and Gas
- Power
- Water
- General Industry

OPERATING MODEL
- Portfolio, focus areas, M&A roadmap
- Organizational setup, integration

OPERATIONAL EXCELLENCE
- Selling, G&A, procurement, manufacturing, service, complexity

One focused, market-oriented, globally operating company
Operating model with customer-focused organization and efficient support functions

More effective and efficient organization

1. Customer-focused growth → Business units aligned with key markets
2. Solutions selling and support → Tight PE / RES integration
3. Flexibility to adjust portfolio → Strong integration capabilities

Lean and agile

4. Efficiency and effectiveness in G&A → Global, shared functions
5. Low complexity, fast decision making → Fewer layers
6. Accountability and transparency → Clear, global KPIs

We evolve our structure to match the best competitors

<table>
<thead>
<tr>
<th>FROM</th>
<th>TO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional PE organization</td>
<td>Market organization for PE (O&amp;G, Water, Power)</td>
</tr>
<tr>
<td>Regional / local ownership of PE factories</td>
<td>Global PE manufacturing organization</td>
</tr>
<tr>
<td>Distributed / transactional procurement</td>
<td>Global / strategic procurement organization</td>
</tr>
<tr>
<td>Local support functions</td>
<td>Regional shared services</td>
</tr>
<tr>
<td>Complex / fragmented operating model</td>
<td>Strong global guidance and clear decision rights</td>
</tr>
</tbody>
</table>
Operational excellence is the third pillar of our program

---

**Sulzer Full Potential (SFP)**

**STRATEGY**
- Portfolio, focus areas, M&A roadmap

**OPERATING MODEL**
- Organizational setup, integration

**OPERATIONAL EXCELLENCE**
- Selling, G&A, procurement, manufacturing, service, complexity

---

Transformation

---

**Profitability improvement levers identified**

---

**Operational Improvement Levers**

**G&A Functions**
- Harmonization
- Shared Services
- Integration

**Selling**
- Performance management
- White spot filling
- Tools and processes

**Manufacturing**
- Site productivity
- Footprint options
- Fulfillment excellence

**Procurement**
- Direct and indirect
- Procurement organization

**Service**
- Branch performance
- Supply chain
- Spare parts growth

**Complexity**
- Standardization
- Phase-out
- Product attributes
Levers contributing to a total of 4-6 percentage point profitability impact from 2017 onwards

- **Procurement:**
  130 initiatives defined across categories. Global procurement structure.

- **Productivity, footprint, and complexity:**
  Globalize manufacturing footprint. Improvement within and across production sites.

- **Selling, general, and administration costs:**
  Focus on standardization and shared services.

---

### Integrated roadmap to achieve full potential

<table>
<thead>
<tr>
<th>2014</th>
<th>2015</th>
<th>2016+</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strategy</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strategic foundation</td>
<td>Portfolio strategy</td>
<td>Portfolio and M&amp;A roadmap execution</td>
</tr>
<tr>
<td>Roadmap and mobilization</td>
<td>Strategy execution</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2014</th>
<th>2015</th>
<th>2016+</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Model</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Model Options</td>
<td>Option detailing</td>
<td>Continuous culture and leadership development</td>
</tr>
<tr>
<td>Initiative implementation</td>
<td>G&amp;A</td>
<td>Selling</td>
</tr>
<tr>
<td></td>
<td>Manufacturing</td>
<td>Procurement</td>
</tr>
<tr>
<td></td>
<td>Service</td>
<td>Complexity</td>
</tr>
</tbody>
</table>

1) Measured on operational ROSA
Sulzer is an attractive and sustainable investment opportunity

<table>
<thead>
<tr>
<th>Strong fundamentals</th>
<th>Attractive prospects</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ #1 or #2 positions in long-term attractive markets</td>
<td>▪ 4 - 6 percentage points profitability improvement from 2017 onwards</td>
</tr>
<tr>
<td>▪ Equipment and services for performance critical applications</td>
<td>▪ Substantial growth potential in fundamentally attractive markets</td>
</tr>
<tr>
<td>▪ Global footprint with a strong presence in emerging markets</td>
<td>▪ Committed and dedicated management team prepared to deliver</td>
</tr>
<tr>
<td>▪ Diversified business portfolio with high service share</td>
<td></td>
</tr>
<tr>
<td>▪ Strong balance sheet and capital discipline</td>
<td></td>
</tr>
</tbody>
</table>
This document may contain forward-looking statements, including, but not limited to, projections of financial developments and future performance of materials and products, containing risks and uncertainties. These statements are subject to change based on known and unknown risks and various other factors that could cause the actual results or performance to differ materially from the statements made herein. Furthermore, the information shown herein has been compiled to the best knowledge of the authors. However, Sulzer Ltd. and its affiliated companies, including all directors, officers and employees cannot assume any responsibility for the quality of the information, and therefore any representations or warranties (expressed or implied) as to the accuracy or completeness of the information is excluded.