Acquisition of GEKA GmbH

Creating a leader in high precision plastic injection molding technologies for innovative B2B mixing and applicator solutions

July 4, 2016
THE SAFE HARBOR STATEMENT UNDER THE US PRIVATE SECURITIES LITIGATION REFORM ACT 1995

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SMS+GEKA:
one industrial core, multiple end markets

SMS

GEKA
### Acquisition of GEKA GmbH

**Sulzer to double size of its most profitable business unit**

<table>
<thead>
<tr>
<th>Transaction summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Sulzer acquires GEKA GmbH for an EV of EUR 260m (CHF 282m(^1))</td>
</tr>
<tr>
<td>• Transaction expected to close in Q3, subject to customary regulatory approvals</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Strategic rationale</th>
</tr>
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<tbody>
<tr>
<td>• Creates a leader in high precision plastic injection molding technologies for <strong>innovative B2B mixing and applicator solutions</strong></td>
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<tr>
<td>• Brings an <strong>additional vertical market segment</strong> to Sulzer Mixpac System (SMS)</td>
</tr>
<tr>
<td>• Adds <strong>critical mass</strong> to SMS, Sulzer’s most profitable business unit</td>
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<tr>
<td>• Significant <strong>cost synergies</strong> through a <strong>shared industrial core</strong> in high precision plastic injection molding technologies</td>
</tr>
<tr>
<td>• Attractive top-line synergies through <strong>complementary regional manufacturing footprints</strong></td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>Financial effects</th>
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</thead>
<tbody>
<tr>
<td>• Transaction is <strong>immediately EPS accretive</strong></td>
</tr>
<tr>
<td>• GEKA is expected to generate 2016 sales of EUR ~150m with an EBITDA of EUR ~27m</td>
</tr>
<tr>
<td>• <strong>Cost synergies</strong> expected to be EUR ~9m</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financing</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Transaction is paid in cash by existing funds</td>
</tr>
</tbody>
</table>

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\(^1\) CHF/EUR 1.0829
SMS, the mixing and applicator solutions leader for the dental and industrial adhesives segments

<table>
<thead>
<tr>
<th>INDUSTRY VERTICAL</th>
<th>DENTAL VERTICAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image1.png" alt="Image" /></td>
<td><img src="image2.png" alt="Image" /></td>
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</tbody>
</table>

- SMS is a business unit within Sulzer’s Chemtech division specialized in **innovative high precision plastic injection molding technologies**

- SMS is the **leading provider of proprietary mixing and applicator solutions for the industrial adhesive and dental market segments**

- The core of SMS is its expertise in **fluid handling and application**, i.e. putting the right quantity of bulk or slurry in the right mixing ratio on a small surface in a repeatable way

- SMS offers solutions to industrial adhesives (e.g. Sika or Henkel) and dental product providers who address the end customer

- **Expanding** to other adjacent verticals like healthcare
GEKA, the applicator and packaging solutions leader for the cosmetics segment

- GEKA is a privately held business specialized in innovative high precision plastic injection molding technologies.

- GEKA is the leading provider of applicator solutions for the cosmetics market segment.

- The core of GEKA is its expertise in fluid handling and application, i.e. putting the right quantity of bulk or liquid on a small surface in a repeatable way.

- GEKA also provides packaging and filling expertise to its B2B customers.

- Expanding to other adjacent verticals like healthcare.
SMS+GEKA: creating the number one in specialized mixing and applicator solutions

Addressable market size (CHF bn)

<table>
<thead>
<tr>
<th>Industry</th>
<th>Dental</th>
<th>Healthcare</th>
<th>Cosmetics</th>
</tr>
</thead>
<tbody>
<tr>
<td>~0.4</td>
<td>~0.3</td>
<td>&gt;1.0</td>
<td>~0.5</td>
</tr>
</tbody>
</table>

Leading market positions

- Industry: ✔
- Dental: ✔
- Healthcare: ❌
- Cosmetics: ✔
SMS+GEKA: a shared industrial core in innovative high precision plastic injection molding

**Value chain**

**Product development**
- Development of innovative mixing and applicator solutions
- Support of clients in product development, formulation advice, user tests, design

**Tooling**
- Design and development of proprietary production tools for innovative high precision plastic injection molding

**Production**
- Fully automated production lines for innovative high precision plastic injection molding

**Finishing & Assembly**
- Surface decoration (e.g. metallization, hot foil stamping, screen printing, varnishing, pad printing)
- Automated assembly
SMS+GEKA: complementary manufacturing footprints

For simplicity, manufacturing sites of SMS (Cox) in UK and USA and SMS (Kroger) in Denmark not shown on chart.
Why GEKA is the right move for SMS – and Sulzer

✅ Creates the #1 player in innovative high precision plastic injection molding technologies for mixing and applicator solutions

✅ Leading market positions in dental, industrial adhesives and cosmetics B2B verticals

✅ Combined presence in healthcare to accelerate segment push

✅ Strong team with healthcare experience

✅ Shared industrial core in innovative high precision plastic injection molding

✅ Cosmetics vertical highly resilient

✅ Combination has differentiating scale and global presence

✅ Significant cost synergies

✅ SMS+GEKA: most profitable and resilient business in Sulzer

✅ Scale will lead to change in Sulzer’s reporting structure = visibility
SMS+GEKA:
Steady growth at high margins with very low cyclicality

<table>
<thead>
<tr>
<th></th>
<th>SMS(^1)</th>
<th>GEKA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales 2016</td>
<td>CHF ~200m</td>
<td>EUR ~150m</td>
</tr>
<tr>
<td>Average market growth</td>
<td>GDP</td>
<td>&gt;GDP</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>~28%</td>
<td>~18%</td>
</tr>
<tr>
<td>OpEBITA margin</td>
<td>~21%</td>
<td>~13%(^2)</td>
</tr>
</tbody>
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- Cost synergy run-rate of EUR ~9m within 3 years
- One-off costs to achieve synergies expected to be EUR ~10m spread over 3 years\(^3\)
- Top-line synergies through expanded geographical manufacturing presence not factored in

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\(^1\) Includes PC Cox acquired on April 4, 2016  
\(^2\) Expected implied tax rate on opEBITA ~15%  
\(^3\) Includes integration costs
Preview: making SMS+GEKA visible
New reporting structure as of January 1\textsuperscript{st} 2017

Sales 2015 in CHF m

<table>
<thead>
<tr>
<th>Category</th>
<th>Sales 2015 (CHF m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pumps Equipment</td>
<td>1621</td>
</tr>
<tr>
<td>Rotating Equipment Services</td>
<td>693</td>
</tr>
<tr>
<td>Chemtech</td>
<td>670</td>
</tr>
<tr>
<td>SMS+GEKA</td>
<td></td>
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</tbody>
</table>

Transfer of Pump Parts business to Service
Transfer of SMS into a new reporting unit
+ GEKA CHF ~162m
+ PC Cox CHF ~20m

Sulzer total sales 2015: CHF 2'971m
Key reporting dates 2016 and contacts

Financial Calendar

July 26th, 2016    H1 Report
October 20th, 2016 Q3 Order Intake

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