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.
Executive Team

Note:
D. Bischofberger from September 1
T. Wintergerste ad interim
Agenda

Market Review

Sulzer Full Potential

Financial Review

Outlook
Oil and gas market downturn continues

- No rebound expected before H2 2017 at best
- Project delays, re-bidding and pricing pressure

Upstream
- Customers squeezing costs
- Postponements of non-essential purchases also impact aftermarket
- Some early signs of resuming project activity

Midstream
- Down significantly vs. previous years
- Some opportunities in H2 (Americas)
- Regulatory and environmental concerns contribute to slowdown

Downstream
- Pockets of activity at steady levels (Middle East)
- Fierce price competition
- Capex constraints continue
- Slight pick-up from delayed maintenance

Order intake share H1 16

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Midyear 2016 results presentation
All other market segments up or flat

**Power**
- ~17%

**Water**
- ~13%

**General Industry**
- ~24%

- Overcapacity in fossil and slowdown in China
- US still driven by gas, some nuclear activity
- Pricing pressure carried over from O&G slump

- Municipal water stable in continental Europe, China and US
- Slight pick-up in Brazil
- Desalination active in Middle East

- Pulp & Paper solid in Europe and Americas, overcapacity in China
- Fertilizers and healthcare with positive outlooks
- Metals and Mining slump
Sulzer Full Potential continues to pick up speed

Cost savings by lever
(in CHF millions)

~200m

2017

2016

H1 16: 36m

FY 15: 36m

Indirect Procurement

Pumps Equipment

SG&A

Rotating Eqt. Service

Chemtech

2018 steady state

Highlights H1 2016

- Global procurement organization fully operational
- Advanced production planning tools increase flexibility; Acceleration of value engineering
- Closure of Oberwinterthur Chemtech plant announced
- SG&A: finance processes harmonized
SFP well on track to deliver cost savings of ~ CHF 200m by 2018

- CHF 72m achieved to date (P&L impact)
- 75% of CHF 200m secured through actions already launched
- All restructuring to be launched in 2016
- Main risk is timing

**(in CHF millions)**

- **Cost savings (excl. direct procurement)**
  - 2015A: 36
  - 2016E: 100-120
  - 2017E: ~160-200
  - 2018E: ~200

- **Implementation costs**
  - 2015A: 80
  - 2016E: ~80-90
  - 2017E: 40-60
  - 2018E: ~40-60

1 vs. 2014 baseline

Midyear 2016 results presentation
Agenda

Market Review

Sulzer Full Potential

Financial Review

Outlook
Stable sales and opEBITA despite oil & gas headwinds

<table>
<thead>
<tr>
<th>In CHF millions</th>
<th>H1 2016</th>
<th>H1 2015</th>
<th>YOY</th>
<th>YOY adj.¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order intake</td>
<td>1,423</td>
<td>1,584</td>
<td>-10.1%</td>
<td>-9.1%</td>
</tr>
<tr>
<td>Order intake gross margin</td>
<td>34.6%</td>
<td>32.9%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Order backlog (Dec 31)</td>
<td>1,548</td>
<td>1,511</td>
<td>2.5%</td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>1,381</td>
<td>1,393</td>
<td>-0.9%</td>
<td>-0.1%</td>
</tr>
<tr>
<td>opEBITA</td>
<td>98.7</td>
<td>98.3</td>
<td>0.4%</td>
<td>0.8%</td>
</tr>
<tr>
<td>opROSA %</td>
<td>7.1%</td>
<td>7.1%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBIT</td>
<td>81.7</td>
<td>47.6</td>
<td>71.6%</td>
<td></td>
</tr>
<tr>
<td>ROS %</td>
<td>5.9%</td>
<td>3.4%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td>50.5</td>
<td>27.8</td>
<td>81.7%</td>
<td></td>
</tr>
<tr>
<td>EPS (in CHF)</td>
<td>1.48</td>
<td>0.79</td>
<td>87.3%</td>
<td></td>
</tr>
<tr>
<td>Free cash flow</td>
<td>3.7</td>
<td>33.3</td>
<td>-88.9%</td>
<td></td>
</tr>
<tr>
<td>FTEs (June 30)</td>
<td>13,876</td>
<td>15,159</td>
<td>-8.5%</td>
<td></td>
</tr>
</tbody>
</table>

¹ Adjusted for currency effects

<table>
<thead>
<tr>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2 orders down 5% YOY¹, but up 8% QOQ</td>
</tr>
<tr>
<td>Order intake gross margin up on mix effect</td>
</tr>
<tr>
<td>Order backlog stabilized</td>
</tr>
<tr>
<td>Sales and opEBITA stable despite continued headwinds in O&amp;G market and significant price pressure</td>
</tr>
<tr>
<td>EBIT increased due to gain on pension plan of CHF 35.4m</td>
</tr>
<tr>
<td>FCF lower due to lower advance payments and net working capital timing</td>
</tr>
</tbody>
</table>
Orders up quarter-on-quarter

Quarterly order intake development

Commentary

- Drivers of Q2 order intake:
  - PE down 7% YOY\(^1\) on significant decline in O&G, but up sequentially (also in O&G)
  - RES down 5% YOY\(^1\), despite O&G slightly up (YOY and QOQ)
  - CT flat YOY\(^1\) and slightly up QOQ with a slight decline in O&G balanced by the other segments
  - FX impact in Q2 CHF –5.4m (CHF –16.6m for H1 16)
  - Acquisition effect in Q2 CHF 26.1m (CHF 35.5m for H1 16)

\(^1\) Adjusted for currency effects
Sales on last year’s level despite difficult market

<table>
<thead>
<tr>
<th>Sales</th>
<th>H1 2016</th>
<th>H1 2015</th>
<th>YOY</th>
<th>YOY adj.¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Sulzer</td>
<td>1,381</td>
<td>1,393</td>
<td>-0.9%</td>
<td>-0.1%</td>
</tr>
<tr>
<td>Total Divisions</td>
<td>1,385</td>
<td>1,400</td>
<td>-1.0%</td>
<td>-0.3%</td>
</tr>
<tr>
<td>Pumps Equipment</td>
<td>746</td>
<td>727</td>
<td>2.6%</td>
<td>3.3%</td>
</tr>
<tr>
<td>Rotating Equipment Services</td>
<td>325</td>
<td>334</td>
<td>-2.8%</td>
<td>-1.4%</td>
</tr>
<tr>
<td>Chemtech</td>
<td>315</td>
<td>339</td>
<td>-7.1%</td>
<td>-6.7%</td>
</tr>
<tr>
<td>Adj./Eliminations</td>
<td>-4</td>
<td>-6</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Total effect from acquisitions/divestitures: CHF 16.2m
- Total effect from currency translation: CHF –10.9m
- Share of sales from emerging markets: 34% (H1 2015: 38%)

¹ Adjusted for currency effects
SFP savings fully offsetting headwinds

Operational EBITA

(in CHF millions )

H1 15 | Volume | Margin | Mix | Other costs | SFP | H1 16
---|---|---|---|---|---|---
98 | -1 | -24 | -1 | -11 | 36 | 99

Headwinds ~2.6pp

SFP cost savings ~2.6pp

Significant price pressure in O&G

Mainly under-absorption

7.1% opROSA% unchanged → 7.1%

1 Calculated based on H1 2016 sales

Midyear 2016 results presentation

| July 26, 2016 |
OpEBITA stable across divisions

### Operational EBITA

<table>
<thead>
<tr>
<th></th>
<th>H1 2016</th>
<th>H1 2015</th>
<th>YOY</th>
<th>YOY adj.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Sulzer</td>
<td>98.7</td>
<td>98.3</td>
<td>0.4%</td>
<td>0.8%</td>
</tr>
<tr>
<td>opROSA %</td>
<td>7.1%</td>
<td>7.1%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Divisions</td>
<td>96.0</td>
<td>93.3</td>
<td>2.9%</td>
<td>3.4%</td>
</tr>
<tr>
<td>opROSA %</td>
<td>6.5%</td>
<td>6.3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pumps Equipment</td>
<td>31.7</td>
<td>31.7</td>
<td>0.0%</td>
<td>2.5%</td>
</tr>
<tr>
<td>opROSA %</td>
<td>4.3%</td>
<td>4.4%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rotating Equipment Services</td>
<td>30.3</td>
<td>27.8</td>
<td>9.0%</td>
<td>6.5%</td>
</tr>
<tr>
<td>opROSA %</td>
<td>9.3%</td>
<td>8.3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chemtech</td>
<td>34.0</td>
<td>33.8</td>
<td>0.6%</td>
<td>1.8%</td>
</tr>
<tr>
<td>opROSA %</td>
<td>10.8%</td>
<td>10.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>2.7</td>
<td>5.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

PE margin stable on stable volumes and SFP impact
RES margin up mainly on SFP impact
CT margin up mix and SFP impact

- Total effect from currency translation: CHF –0.8m

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1 Adjusted for currency effects
EBIT reflects SFP costs and one-time change in Swiss pension plan

Operational EBITA to EBIT

\[(\text{in CHF millions})\]

<table>
<thead>
<tr>
<th></th>
<th>opEBITA H1 16</th>
<th>Amortization</th>
<th>Restructuring</th>
<th>Impairment of assets</th>
<th>Other non-operational items</th>
<th>Changes in Swiss pension plans</th>
<th>EBIT H1 16</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>99</td>
<td>-21</td>
<td>-17</td>
<td>-6</td>
<td>-8</td>
<td>35</td>
<td>82</td>
</tr>
</tbody>
</table>

SFP costs of 31m

PE 4.3
RES 1.2
CT 10.1
Other 0.9

\[1\] Sulzer’s Swiss Pension Fund Board decided in June 2016, to reduce the guaranteed pension conversion rate by 1.0 percentage points over 4 years, beginning January 1, 2018.

The plan amendments, recognized as past service cost under IAS 19, have had a positive impact of CHF 35.4m.
Core net income stable, tax rate slightly down in H1 15

EBIT to Net income shareholders

(in CHF millions)

<table>
<thead>
<tr>
<th>EBIT H1 16</th>
<th>Financial result</th>
<th>Income from associates</th>
<th>Taxes</th>
<th>Reported net income H1 16</th>
<th>Minorites</th>
<th>Reported net income shareholders H1 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>82</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>50</td>
</tr>
<tr>
<td>-14</td>
<td></td>
<td></td>
<td></td>
<td>-17</td>
<td>51</td>
<td>0</td>
</tr>
</tbody>
</table>

Income tax rate: 25%

Core net income 63m  
(H1’15: 66m)
FCF down on lower customer advance payments and net working capital timing

### Free Cash Flow

*(in CHF millions)*

<table>
<thead>
<tr>
<th>Item</th>
<th>H1 16</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income</td>
<td>51</td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>-6</td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>-6</td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>-19</td>
<td></td>
</tr>
<tr>
<td>Net advance payments</td>
<td>-27</td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>62</td>
<td></td>
</tr>
<tr>
<td>Amortization</td>
<td>35</td>
<td></td>
</tr>
<tr>
<td>D&amp;A</td>
<td>-34</td>
<td></td>
</tr>
<tr>
<td>Capex</td>
<td>-17</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>4</td>
<td></td>
</tr>
</tbody>
</table>

- Fewer large projects
Net cash after special and regular dividends – one of the strongest balance sheets in our industry

Balance Sheet

(in CHF millions)

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>H1 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt</td>
<td>-522</td>
<td>-511</td>
</tr>
<tr>
<td>Cash and other s-t investments</td>
<td>1217</td>
<td>696</td>
</tr>
<tr>
<td>Acquisitions of CHF</td>
<td>571</td>
<td>60</td>
</tr>
</tbody>
</table>

Balance sheet June 2016:
- Total net cash of: CHF 60m
- FCF of CHF 4m
- Special dividend payment of CHF 498m
- Regular dividend payment of CHF 119m
- Acquisitions of CHF 19m

Before acquisition of Geka
Agenda

1. Market Review
2. Sulzer Full Potential
3. Financial Review
4. Outlook
Financial guidance 2016¹

Order Intake²
- At higher end of previously communicated range of “down 5–10%”

Sales²
- down 5–10%

Operational ROSA³ %
- around 8%

¹ As of July 26, 2016
² Adjusted for currency effects
³ Operational EBITA divided by sales
Doubling the size of SMS, Sulzer’s most profitable business

By acquiring Geka, we create a **leader in innovative B2B mixing and applicator solutions**

- Geka brings an **additional vertical market** segment to Sulzer Mixpac System (SMS)
- Geka adds **critical mass** to SMS
- **Significant cost synergies** through a shared industrial core in high-precision plastic injection molding technologies
- **Attractive top-line synergies** through complementary regional manufacturing footprints
- Geka is expected to generate **sales of CHF ~165m** in 2016 at a opEBITA margin of ~13%
- The transaction is expected to **close in Q3**
- We also acquired **PC Cox** on April 4, dispensers specialist with **CHF 20m sales** in 2016

Pro-forma 2016, SMS+GEKA+PC Cox

- CHF ~365m sales
- OpEBITA CHF ~63m (~17% opROSA)
- Broken out of Chemtech, will report to CEO at closing
Summary

- Order intake rebound despite continued challenging market conditions in O&G
  - Q2 8% above Q1, second sequential quarter of growing orders
  - H1 16 down 9.1% YOY\(^1\) but up 9.8% vs. H2 15
  - O&G orders up in Q2 versus Q1

- Sales and opEBITA stable despite headwinds
  - opROSA unchanged at 7.1% with SFP savings mitigating headwinds

- SFP progressing well
  - SFP savings in H1 of CHF 36m, bringing total SFP savings to date to CHF 72m
  - Accelerating SFP and making it more robust

- Outlook
  - Updated for order intake: higher end of previous range of “down 5–10%”
  - Confirmed for sales: down 5–10%
  - Confirmed for opROSA: around 8%

\(^1\) Adjusted for currency effects
Key reporting dates and contact

Financial Calendar

October 20, 2015  9M 2016 order intake

Your investor relations contact:

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Head of Investor Relations
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Mobile: +41 79 326 69 70
E-mail: christoph.ladner@sulzer.com

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Neuwiesenstrasse 15
8401 Winterthur
Switzerland
Reconciliations and supplementary slides
Exports from the UK are 6% of total Group sales, Imports into the UK are negligible (0.2%)
Headwinds in O&G continued to negatively impact order intake

### Order intake

<table>
<thead>
<tr>
<th>In CHF millions</th>
<th>H1 2016</th>
<th>H1 2015</th>
<th>YOY</th>
<th>YOY adj.¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Sulzer</td>
<td>1,423</td>
<td>1,584</td>
<td>-10.1%</td>
<td>-9.1%</td>
</tr>
<tr>
<td>Total Divisions</td>
<td>1,428</td>
<td>1,590</td>
<td>-10.2%</td>
<td>-9.1%</td>
</tr>
<tr>
<td>Pumps Equipment</td>
<td>731</td>
<td>835</td>
<td>-12.5%</td>
<td>-11.5%</td>
</tr>
<tr>
<td>Rotating Equipment Services</td>
<td>344</td>
<td>364</td>
<td>-5.4%</td>
<td>-3.7%</td>
</tr>
<tr>
<td>Chemtech</td>
<td>353</td>
<td>391</td>
<td>-9.7%</td>
<td>-9.1%</td>
</tr>
<tr>
<td>Adj./Eliminations</td>
<td>-5</td>
<td>-6</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Total effect from acquisitions/divestitures: CHF 35.5m
- Total effect from currency translation: CHF –16.6m
- Share of orders from emerging markets: 44% (H1 2015: 43%)

¹ Adjusted for currency effects

### by region

- Europe, Middle East, Africa: 44%
- Americas: 35%
- Asia-Pacific: 21%
### Operational EBITA to EBIT bridges for divisions

<table>
<thead>
<tr>
<th>In CHF millions</th>
<th>PE</th>
<th>RES</th>
<th>CT</th>
<th>Divisions</th>
<th>Others</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>opEBITA H1 2016</strong></td>
<td>31.7</td>
<td>30.3</td>
<td>34.0</td>
<td>96.0</td>
<td>2.7</td>
<td>98.7</td>
</tr>
<tr>
<td>Amortization</td>
<td>-9.0</td>
<td>-3.2</td>
<td>-8.3</td>
<td>-20.5</td>
<td>-0.9</td>
<td>-21.4</td>
</tr>
<tr>
<td>Restructuring costs</td>
<td>-4.3</td>
<td>-1.2</td>
<td>-10.1</td>
<td>-15.6</td>
<td>-0.9</td>
<td>-16.5</td>
</tr>
<tr>
<td>Impairments on tangible and intangible assets</td>
<td>–</td>
<td>-0.2</td>
<td>-5.4</td>
<td>-5.6</td>
<td>–</td>
<td>-5.6</td>
</tr>
<tr>
<td>Other</td>
<td>-3.2</td>
<td>-0.7</td>
<td>3.5</td>
<td>-0.4</td>
<td>26.9</td>
<td>26.5</td>
</tr>
<tr>
<td><strong>EBIT H1 2016</strong></td>
<td>15.2</td>
<td>25.0</td>
<td>13.7</td>
<td>53.9</td>
<td>27.8</td>
<td>81.7</td>
</tr>
<tr>
<td><em>as % of sales</em></td>
<td>2.0%</td>
<td>7.7%</td>
<td>4.4%</td>
<td>3.9%</td>
<td></td>
<td>5.9%</td>
</tr>
</tbody>
</table>
## Core net income

<table>
<thead>
<tr>
<th>In CHF millions</th>
<th>H1 2016</th>
<th>H1 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net income reported</strong></td>
<td>50.5</td>
<td>27.8</td>
</tr>
<tr>
<td>Impairment on tangible and intangible assets</td>
<td>5.6</td>
<td>0.0</td>
</tr>
<tr>
<td>Amortization</td>
<td>21.4</td>
<td>20.5</td>
</tr>
<tr>
<td>Restructuring expenses</td>
<td>16.5</td>
<td>7.9</td>
</tr>
<tr>
<td>Other non-operational items</td>
<td>-26.5</td>
<td>22.3</td>
</tr>
<tr>
<td>Tax impact</td>
<td>-4.2</td>
<td>-12.6</td>
</tr>
<tr>
<td><strong>Core net income</strong></td>
<td>63.3</td>
<td>65.9</td>
</tr>
</tbody>
</table>
Foreign exchange exposure

Sulzer FX exposure
H1 2016

- USD: 31%
- EUR: 17%
- GBP: 11%
- CHF: 9%
- BRL: 3%
- CNY: 6%
- Others: 23%

Midyear 2016 results presentation
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