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.

IFRS 16
Sulzer has adapted its reporting to reflect the new IFRS 16 standard. For comparability, the figures in this presentation are reported without consideration of IFRS 16, i.e. applying the same accounting policies as in the prior year. For a full discussion of the differences please refer to note 13 of the Midyear Report 2019.
Business Review
Financial Review
Outlook
Highlights H1 19

- **Order intake** up 8.7% (+7.5% organically) on active Water (PE) and Chemical (CT) markets
- **Sales** up 13.1% (+12.1% organically) on trading of higher backlog and healthy markets
- **OpEBITA** up 15.4% FX adjusted
- **Profitability** (opROSA) at 9.0%, up 20 bps YoY
- **FY guidance increased** for Orders and Sales
  - Orders “up 6% to 9%” (previously +2-5%)
  - Sales “up 7% to 9%” (previously +3-5%)
- **Acquisition** of GTC (CT) and Alba (RES) extending our reach to promising segments
- **Cash flow** generation in line with last year, solid balance sheet
Pumps Equipment
Strong order intake in Water, continued improvement in profitability

Key figures

<table>
<thead>
<tr>
<th>In CHF millions</th>
<th>H1 19</th>
<th>H1 18</th>
<th>YOY</th>
<th>adj.¹</th>
<th>org.²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order intake</td>
<td>753</td>
<td>720</td>
<td>4.5%</td>
<td>5.9%</td>
<td>5.5%</td>
</tr>
<tr>
<td>Sales</td>
<td>690</td>
<td>595</td>
<td>16.0%</td>
<td>17.8%</td>
<td>17.3%</td>
</tr>
<tr>
<td>opEBITA</td>
<td>19</td>
<td>7.7</td>
<td>&gt;100%</td>
<td>&gt;100%</td>
<td>&gt;100%</td>
</tr>
<tr>
<td>opROSA</td>
<td>2.7%</td>
<td>1.3%</td>
<td></td>
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</tr>
</tbody>
</table>

Order intake by market

- **Water**: 33%
- **Downstream**: 16%
- **Pulp & Paper**: 14%
- **Midstream**: 8%
- **Power**: 7%
- **Upstream**: 6%
- **Other**: 16%

Highlights

- **Orders**:
  - **Water** up 21% organically on two large projects for water transport and desalination
  - **O&G** up 7% on continued market momentum
  - **Power** down 25% on higher selectivity given lower margins
- **Sales** continued to ramp up on higher order backlog
- **opROSA** benefiting from higher volume and savings offsetting mix effect

1. Adjusted for currency effects
2. Organic: adjusted for currency and acquisition effects
Arbitrating the margin up in a rebounding market

- Market volume recovery well underway
- Hit rate recovery in late 2016 based on cost actions
- Margin trough in Q1 2018
- Start sacrificing hit rate (i.e. volume) for margin in early 2018
- Early signs of price uplift, mostly in the US, mid 2018
- 700 bps of margin on orders recovered, still ca. 500 bps off pre-downturn levels
Rotating Equipment Services
Growing in all product lines, margins holding up

Key figures

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<tr>
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<th>org.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order intake</td>
<td>602</td>
<td>572</td>
<td>5.3%</td>
<td>7.3%</td>
<td>6.2%</td>
</tr>
<tr>
<td>Sales</td>
<td>561</td>
<td>500</td>
<td>12.3%</td>
<td>14.9%</td>
<td>13.7%</td>
</tr>
<tr>
<td>opEBITA</td>
<td>67</td>
<td>61</td>
<td>9.5%</td>
<td>12.6%</td>
<td>12.3%</td>
</tr>
<tr>
<td>opROSA</td>
<td>12.0%</td>
<td>12.3%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Order intake by product line

- **Pumps Services and Spares** orders up 8% on lag of new equipment rebound
- **Turbo Services** orders up 8% on improved power market activity
- **Electromechanical Services** orders up 4%
- **OpEBITA** increased with higher sales
- **OpROSA** slightly lower on timing impact from lower-margin contracts (IFRS point-in-time revenue recognition)
- **Acquisition of Alba Power** enlarges Sulzer’s portfolio with aero-derivative gas turbines for distributed power

1. Adjusted for currency effects
2. Organic: adjusted for currency and acquisition effects
Chemtech
Exceptional growth driving improvement in profitability

Key figures

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<tr>
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<th>YOY</th>
<th>adj.¹</th>
<th>org.²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order intake</td>
<td>350</td>
<td>280</td>
<td>25.1%</td>
<td>25.9%</td>
<td>23.3%</td>
</tr>
<tr>
<td>Sales</td>
<td>304</td>
<td>268</td>
<td>13.5%</td>
<td>14.4%</td>
<td>13.0%</td>
</tr>
<tr>
<td>opEBITA</td>
<td>27</td>
<td>22</td>
<td>21.2%</td>
<td>24.1%</td>
<td>24.1%</td>
</tr>
<tr>
<td>opROSA</td>
<td>8.9%</td>
<td>8.3%</td>
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</tbody>
</table>

Order intake by market

Highlights

- **Separation Technology** orders and sales up double digit on petrochemical market
- **Tower Field Services** orders rebounding as activity refocus is completed
- **Profitability rebound continuing** to 8.9% opROSA on higher volumes and business mix (TFS 20% of CT on sales vs. 30% previously)
- **Acquisitions of GTC** expands Chemtech’s portfolio with proprietary process and systems for the production of aromatics and other petrochemicals. GTC generates annual revenues of around USD 50m and a high single-digit EBITA margin.

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1. Adjusted for currency effects
2. Organic: adjusted for currency and acquisition effects
Separation Technology “ST” (products), a good proxy for the chemical and, to a lesser extent, refinery market, continues to see increasing tendering activity.

Tower Field Services “TFS” (field service) tendering activity reflects our 2017 decision to refocus the business.
Applicator Systems
Stable order intake and higher profitability

Key figures

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<thead>
<tr>
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<th>YOY</th>
<th>adj.(^1)</th>
<th>org.(^2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order intake</td>
<td>228</td>
<td>230</td>
<td>-0.5%</td>
<td>0.1%</td>
<td>-2.1%</td>
</tr>
<tr>
<td>Sales</td>
<td>218</td>
<td>229</td>
<td>-4.7%</td>
<td>-4.3%</td>
<td>-5.9%</td>
</tr>
<tr>
<td>opEBITA</td>
<td>47</td>
<td>49</td>
<td>-3.1%</td>
<td>-3.2%</td>
<td>-5.3%</td>
</tr>
<tr>
<td>opROSA</td>
<td>21.5%</td>
<td>21.2%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Order intake by market

- **H1 19**
  - 36\% Beauty
  - 34\% Adhesives
  - 27\% Dental
  - 3\% Healthcare

Highlights

- **Dental, Adhesives and Healthcare** up 6.1\% (+2.5\% organically)
- **Promising start for Medmix**, our 2018 acquisition in healthcare
- **Beauty** volume (-9.0\%) and profitability impacted by baseline effect of 2018 customer product stop and ongoing shift of market towards “independents”
- **Profitability increased** on favorable mix given less Beauty
- Adapting Beauty’s industrial assets to needs of new market participants (“independents”): expand and retool Bechhofen, close Bamberg

1. Adjusted for currency effects
2. Organic: adjusted for currency and acquisition effects
Business Review
Financial Review
Outlook
# Overview
Growing volumes and profitability

## Key figures

<table>
<thead>
<tr>
<th>In CHF millions</th>
<th>H1 19</th>
<th>H1 18</th>
<th>YOY</th>
<th>adj.¹</th>
<th>org.²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order intake</td>
<td>1'933</td>
<td>1'801</td>
<td>7.3%</td>
<td>8.7%</td>
<td>7.5%</td>
</tr>
<tr>
<td>Order intake gross margin</td>
<td>33.8%</td>
<td>33.8%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Order backlog (June 30 / Dec 31)</td>
<td>1'935</td>
<td>1'787</td>
<td>8.3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>1'774</td>
<td>1'591</td>
<td>11.5%</td>
<td>13.1%</td>
<td>12.1%</td>
</tr>
<tr>
<td>opEBITA</td>
<td>159</td>
<td>140</td>
<td>13.6%</td>
<td>15.4%</td>
<td>14.4%</td>
</tr>
<tr>
<td>opROSA %</td>
<td>9.0%</td>
<td>8.8%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBIT</td>
<td>96</td>
<td>82</td>
<td>17.3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ROS %</td>
<td>5.4%</td>
<td>5.2%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Core net income</td>
<td>114</td>
<td>104</td>
<td>8.8%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Core EPS (in CHF)</td>
<td>3.3</td>
<td>3.3³</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Free cash flow</td>
<td>-28</td>
<td>-30</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FTEs (June 30 / Dec 31)</td>
<td>16'289</td>
<td>15'572</td>
<td>4.6%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## Comment
- **Order intake gross margins** stabilized despite negative mix effect
- **Sales** increased on higher opening backlog and favorable markets
- **opROSA** increased due to higher volumes, SFP savings and acquisitions, more than offsetting continued negative mix effects
- **FCF** on last year’s level despite volume-driven inventory buildup

1. Adjusted for currency effects
2. Organic: adjusted for currency and acquisition effects
3. Core EPS positively impacted by CHF 0.2 due to the purchase of own shares on April 12, 2018
Quarterly order development
Q2 2019 orders up 7.8%\(^1\) YOY and 6.6% organically\(^2\)

(comment)

- Q2 organic order intake driven by Chemtech (+32%) and RES (+6%);
  PE was flat (+1%) and APS was slightly negative (−2%)
- Growth driven by O&G (+17%), Power (+7%) and Water (+6%)
- FX impacted negatively (CHF −23m), acquisitions contributed CHF 11m

1. Adjusted for currency effects
2. Organic: adjusted for currency and acquisition effects
OpEBITA / opROSA
Strong volume and mix effects

(in CHF millions)

opROSA
8.8%

Market impact
0.1pp

SFP
0.1pp

9.0%
9.1%

Volume increase across all divisions but APS
Margin decline PE Power, APS Beauty

H1 18
Volume
Margin
Mix
Other costs
SFP
Acquisitions
H1 19
IFRS 16
H1 19 (incl. IFRS 16)
140
55
-3
-29
-16
11
1
159
3
162
opEBITA to EBIT

EBIT impacted mainly by APS related one-off costs

(in CHF millions)

<table>
<thead>
<tr>
<th>Component</th>
<th>Impact (CHF millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>opEBITA H1 19</td>
<td>159</td>
</tr>
<tr>
<td>Amortization</td>
<td>-31</td>
</tr>
<tr>
<td>Restructuring</td>
<td>-16</td>
</tr>
<tr>
<td>Impairment of assets</td>
<td>-1</td>
</tr>
<tr>
<td>Other non-operational items</td>
<td>-15</td>
</tr>
<tr>
<td>Bamberg closing</td>
<td>-14</td>
</tr>
<tr>
<td>SFP related Factory consolidation</td>
<td>-8</td>
</tr>
<tr>
<td>EBIT H1 19</td>
<td>96 (5.4%)</td>
</tr>
</tbody>
</table>
Effective tax rate 22.8% in H1 19 versus 22.9% in H1 2018

(in CHF millions)

EBIT to net income

<table>
<thead>
<tr>
<th>Component</th>
<th>CHF millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBIT H1 19</td>
<td>96</td>
</tr>
<tr>
<td>Financial result</td>
<td>-10</td>
</tr>
<tr>
<td>Income from associates</td>
<td>-1</td>
</tr>
<tr>
<td>Taxes</td>
<td>-20</td>
</tr>
<tr>
<td>Reported net income H1 19</td>
<td>65</td>
</tr>
<tr>
<td>Minorities</td>
<td>-1</td>
</tr>
<tr>
<td>Reported net income shareholders H1 19</td>
<td>64</td>
</tr>
</tbody>
</table>
**Balance Sheet**

Solid balance sheet continues to support bolt-on acquisitions

*(in CHF millions)*

<table>
<thead>
<tr>
<th></th>
<th>Jun 2018</th>
<th>Dec 2018</th>
<th>Jun 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net debt</strong></td>
<td>522</td>
<td>239 / 424</td>
<td>378 / 605</td>
</tr>
<tr>
<td><strong>Net debt / EBITDA</strong></td>
<td>1.8x</td>
<td>0.7x / 1.3x</td>
<td>1.1x / 1.8x</td>
</tr>
</tbody>
</table>

**Balance sheet June 2019:**

- Total net debt of: CHF 378m
- FCF of CHF –28m
- Ordinary dividend payment of CHF 78m (dividend to Renova held back, CHF 42m Payable)
- Acquisition payments of CHF 34m
- Non-interest bearing CHF 226m Payable in favor of Renova linked to share repurchase and outstanding dividends

1. Excluding cash owed to Renova
Business Review
Financial Review
Outlook
Updated financial guidance 2019 as of July 24

Order Intake\(^1\)
- up 6% – 9%
- of which 2% from acquisitions
  (previously: up 2% – 5% mostly organic)

Sales\(^1\)
- up 7% – 9%
- of which 2% from acquisitions
  (previously: up 3% – 5% mostly organic)

Operational ROSA\(^2\) %
- around 10%
  (unchanged)

1. Adjusted for currency effects, but including acquisitions
2. Operational EBITA divided by sales
Summary

- Sulzer markets remain healthy
  - Power and Beauty in transition
  - Industry shows signs of softening growth
  - Oil & Gas rebound continuing, some pricing uplift
  - Water, Aftermarket activities and Dental robust

- Sales volumes improving, lagging order intake by 9 to 12 months

- opEBITA margin up 20bp on higher volumes and SFP savings

- Guidance increased for order intake and sales, confirmed for opROSA