

**MEDIA RELEASE**

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*Ad hoc announcement pursuant to Art. 53 LR*

July 22, 2021

## Record profitability and cash flow on continuing sales momentum

### Midyear 2021 HIGHLIGHTS

- Orders up 11.7% (+7% organic) in Q2 YOY, +8.4% sequentially
- Sales up 9.2% (+6.1% organic) in H1, with all divisions growing
- Operational Profitability (opEBITA%) at H1 record of 10.0%, up 250 bps YOY
- Free Cash Flow tripled YOY to reach H1 record of CHF117m
- Planned Applicator Systems (APS) division spin-off to shareholders announced, to be renamed medmix and listed separately on SIX
- Orders in APS up more than 50% organically in H1, well above pre-pandemic levels
- Recently increased 2021 guidance confirmed

CEO Greg Poux-Guillaume stated: "We are reaping the benefits of the investments we made in our strategic growth markets, and the decisive cost actions we undertook last year. Together, they are helping us achieve this strong performance as the world moves back towards normality and our markets continue to recover. We are poised to capitalize on the considerable opportunities ahead of us."

### Key figures for the first half of 2021 (Jan 1 – June 30)

millions of CHF	2021	2020	Change in +/-%	+/-% adjusted <sup>1)</sup>	+/-% organic <sup>2)</sup>
Order intake	1'820.4	1'840.5	-1.1	0.2	-3.3
Order intake gross margin	35.3%	33.3%			
Order backlog as of June 30/ December 31	1'948.9	1'758.9	10.8		
Sales	1'723.3	1'598.5	7.8	9.2	6.1
EBIT (Operating income)	128.7	36.0	257.5		
Operational profit	171.6	120.2	42.8	43.5	38.0
Operational profitability	10.0%	7.5%			
Core net income	119.3	81.5	46.4		
Net income attributable to shareholders of Sulzer Ltd	85.7	15.4	454.6		
Basic earnings per share	2.53	0.45	457.8		
Free cash flow	117.1	36.8	218.3		
Net debt as of June 30/ December 31	556.8	414.5	34.3		
Employees (number of full-time equivalents) as of June 30/ December 31	15'574	15'054	3.5		

1) Adjusted for currency effects.

2) Adjusted for acquisition and currency effects.

If not otherwise indicated, changes from the previous year are based on currency-adjusted figures.

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**Continuing commercial momentum, positive mix effect**

Orders grew again (8% sequentially) in Q2 2021, delivering an H1 order intake of CHF 1'820.4 million, flat (0.2% increase) year-on-year despite a high comparable base in 2020. Acquisitions contributed CHF 67.4 million and currency translation effects had a negative impact of CHF 24.0 million. Order intake gross margin increased to 35.3%, well up from 33.3% in H1 2020 on a better mix.

In Pumps Equipment, order growth in Water and Industry only partially offset the programmed drop in Energy, leading to a decrease of 15.3% (-20.2% organically) for the division. Water orders increased by 25.2%, 7.0% of which was organic and CHF 39.4 million from the Nordic Water acquisition. Industry also had a strong H1 2021, with orders up 5.8%. Energy declined by half versus a very strong H1 2020, on a market correction for which we have already adjusted our cost base, and on continued order selectivity to defend the quality of our backlog.

In Q2 2021, Rotating Equipment Services recorded its highest quarterly order intake since Q1 2020, emphasizing the positive sequential momentum in all regions as customers begin to ease site access restrictions. Compared to the record high H1 2020, the division order intake declined 5.6% in H1 2021.

Chemtech's order intake increased by 12.8% in H1 2021, driven by a strengthening US chemical market and a continuing boom in China. Our Renewables segment also showed solid growth, with H1 orders approaching the level achieved for the full year 2020.

In the Applicator Systems division, orders reached a record level of CHF 268.9 million thanks to strong customer demand coupled with our ability to keep our supply chain up and running. The Haselmeier acquisition contributed CHF 25.5 million. Orders in H1 2021 increased by 69.4% (+53.3% organically) versus H1 2020 and are well above pre-pandemic levels.

We enter the second half of 2021 with a high order backlog of CHF 1'948.9 million (December 31, 2020: CHF 1'758.9 million). Positive currency translation effects totaled CHF 31.1 million.

**Sales ramp up in all divisions**

Sales increased by 9.2% compared to H1 2020, reaching CHF 1'723.3 million. Organic growth was 6.1% with acquisitions adding CHF 52.1 million, while negative currency translation effects amounted to CHF 22.3 million.

The Pumps Equipment division increased its sales by 8.8% (4.4% organically). Sales in Water increased by 23.7% including the successful Nordic Water acquisition, and 9.3% organically. Sales in Industry increased 12.6%. Overall, Water and Industry more than offset the sales decline in Energy (-4.7%), leading to a positive mix effect. Sales in Rotating Equipment Services were up 1.3% year-on-year, growing in all regions, in part due to the continued easing of customer site restrictions. In Chemtech, sales were up by 7.7% on strong execution in China and a reduced impact from lockdowns compared to last year, particularly for field services. Sales in Applicator Systems rebounded strongly with 38.4% growth in H1 2021 compared to H1 2020. The Haselmeier acquisition contributed CHF 21.3 million. Healthcare now represents 38.5% of Applicator Systems sales.

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**Operational profitability at 10%, a half-year record**

Operational profit amounted to CHF 171.6 million, compared with CHF 120.2 million in the first half of 2020, an increase of 43.5%. The higher gross profit from increased sales and a better mix was further supported by CHF 23 million of savings from implemented resizing measures in the Energy-related businesses and continued spending discipline.

Operational profitability reached a record H1 high of 10.0%, compared with 7.5% in H1 2020.

**Return on Sales of 7.5%**

One-off expenses in the first half of 2021 amounted to CHF 7.2 million, compared to CHF 52.6 million in H1 2020. The expenses relate to the structural actions to adapt Sulzer's Energy-related activities, initiated in the first half of 2020. EBIT amounted to CHF 128.7 million, compared with CHF 36.0 million in the first half of 2020. Return on sales (ROS) was 7.5% compared with 2.3% in the same period of 2020.

**Record free cash flow generation**

Free cash flow amounted to CHF 117.1 million in H1 2021, significantly up compared to the CHF 36.8 million reported in the same period last year, driven by higher net income and improved working capital efficiency.

**Proposed spin-off of Applicator Systems**

On May 27, Sulzer announced its intention to spin-off its Applicator Systems (APS) division through a 1:1 share split, subject to shareholder approval at the Sulzer EGM to be scheduled for Q3. Upon market introduction, APS will be renamed medmix and Sulzer shareholders will receive one medmix share in addition to each Sulzer share held. medmix's listing on the Swiss Exchange (SIX) is planned for late Q3 or early Q4 and is expected to be combined with a concurrent share capital increase by medmix in the amount of CHF 200-300 million without subscription rights for existing shareholders, also subject to shareholder approval. The spin-off will accelerate the profitable growth of both Sulzer and medmix.

**Outlook 2021**

The positive trend in order intake continued in Q2, with all divisions again seeing sequential growth. While Q3 is generally seasonally lower, we expect it to show a strong improvement compared to the previous year, driven by continued growth in Applicator Systems and Chemtech, along with a re-acceleration in Rotating Equipment Services and sustained growth in Water and Industry in Pumps Equipment.

We confirm the guidance that was increased on our Capital Markets Day in June. For the full year 2021, we expect orders to increase 4–6%<sup>1</sup>, sales to be up 8–10%<sup>1</sup>, and operational profitability between 10.0% and 10.5%.

Without medmix, Sulzer expects 2021 orders to be up 2–3%<sup>1</sup> and sales up 6–8%<sup>1</sup>. Operational profitability is expected to be around 9.0%, above pre-pandemic levels.

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<sup>1</sup> Adjusted for FX and including acquisitions already closed.

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**Key figures divisions for the first half of 2021 (Jan 1 – June 30)**

millions of CHF	2021	2020	Change in +/-%	+/-% adjusted <sup>1)</sup>	+/-% organic <sup>2)</sup>
<b>Pumps Equipment</b>					
Order intake	626.8	744.0	-15.8	-15.3	-20.2
Sales	663.9	616.6	7.7	8.8	4.4
Operational profit	33.2	19.2	72.9	70.5	56.8
Operational profitability	5.0%	3.1%			
Employees (number of full-time equivalents) as of June 30/ December 31	5'408	5'362	0.9		
<b>Rotating Equipment Services</b>					
Order intake	570.8	617.0	-7.5	-5.6	-6.0
Sales	525.5	528.1	-0.5	1.3	0.9
Operational profit	70.3	64.0	9.8	11.3	10.7
Operational profitability	13.4%	12.1%			
Employees (number of full-time equivalents) as of June 30/ December 31	4'510	4'449	1.4		
<b>Chemtech</b>					
Order intake	353.9	319.4	10.8	12.8	12.8
Sales	305.6	287.8	6.2	7.7	7.7
Operational profit	27.7	23.0	20.3	20.2	20.2
Operational profitability	9.1%	8.0%			
Employees (number of full-time equivalents) as of June 30/ December 31	3'536	3'221	9.8		
<b>Applicator Systems</b>					
Order intake	268.9	160.2	67.9	69.4	53.3
Sales	228.3	166.1	37.5	38.4	25.8
Operational profit	44.0	19.5	125.7	127.5	109.1
Operational profitability	19.3%	11.8%			
Employees (number of full-time equivalents) as of June 30/ December 31	1'945	1'857	4.7		

1) Adjusted for currency effects.

2) Adjusted for acquisition and currency effects.

 Details on the performance of the divisions can be found in the [Midyear Report 2021](#).

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**Midyear presentation**

Sulzer will hold a conference call on the occasion of the publication of the half year 2021 results today at 11.00 a.m. CEST.

The presentation can be followed by webcast (audio slides) or by dialing-in to the conference call. Please note that the moderator can only take questions from dialed-in participants. Please pre-register for the event to receive dedicated dial-in details to access the call easily and quickly:

**Link:**<https://services3.choruscall.ch/DiamondPassRegistration/register?confirmationNumber=1779807&linkSecurityString=1db427e80>

**Webcast:** <https://www.sulzer.com/h1-2021-webcast>

**Playback webcast**

The playback of the webcast will be available shortly after the event under the same link.

Sulzer is a global leader in fluid engineering. We specialize in pumping, agitation, mixing, separation and application technologies for fluids of all types. Our customers benefit from our commitment to innovation, performance and quality and from our responsive network of 180 world-class manufacturing facilities and service centers across the globe. Sulzer has been headquartered in Winterthur, Switzerland, since 1834. In 2020, our 15'000 employees delivered revenues of CHF 3.3 billion. Our shares are traded on the SIX Swiss Exchange (SIX: SUN). [www.sulzer.com](http://www.sulzer.com)

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