

## MEDIA RELEASE

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April 19, 2018

## Record first quarter order intake – operations back to normal

Order intake in the first quarter of 2018 grew strongly across all divisions, reaching CHF 900 million compared to CHF 758 million in the same period a year ago. Organic order growth of 12.8% was mainly driven by the oil and gas market. Five days after the complete unblocking of its assets, Sulzer's operations are back to normal and customers have remained loyal to Sulzer. The company estimates a one-off cost impact from sanctions of approximately CHF 10m, which will be treated as non-operational. The company expects no sanction impact beyond 2018. Sulzer confirms its 2018 guidance.

### Order intake

(millions of CHF)	Q1 2018	Q1 2017	Δ	Δ adjusted <sup>1</sup>	Δ organic <sup>2</sup>
Divisions	<b>908.6</b>	771.1	17.8%	17.6%	11.8%
Pumps Equipment	<b>350.1</b>	276.8	26.5%	25.0%	15.2%
Rotating Equipment Services	<b>292.6</b>	271.2	7.9%	9.1%	4.8%
Chemtech	<b>147.3</b>	123.0	19.8%	21.1%	21.1%
Applicator Systems	<b>118.6</b>	100.1	18.5%	16.0%	10.0%
Others <sup>3</sup>	<b>-8.4</b>	-13.5	-	-	-
<b>Total Sulzer</b>	<b>900.2</b>	<b>757.6</b>	<b>18.8%</b>	<b>18.6%</b>	<b>12.8%</b>

In the first quarter 2018, order intake increased by 18.6% on a currency-adjusted basis and by 12.8% organically. Currency impact was a positive 0.2% and acquisitions contributed CHF 44.4 million. Order intake was stronger than expected, driven by a higher number of larger orders in Pumps Equipment and Chemtech than in the same period a year ago.

Order intake from the oil and gas industry was up by 27% organically compared with the same period last year and also up significantly from the fourth quarter 2017, driven by a rebound in upstream. Orders from the power industry were only slightly down, supported by acquisition effects in the Rotating Equipment Services division. Orders in the water segment were up by 26% driven by the acquisition of JWC. Order intake from general industries also grew by double digits.

<sup>1</sup> Adjusted for currency effects.

<sup>2</sup> Adjusted for currency and acquisition effects.

<sup>3</sup> "Others" consists of the elimination of interdivisional business transactions.

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Orders increased across all regions. Growth was particularly strong in Asia-Pacific, followed by the Americas and Europe, the Middle East, and Africa (EMEA).

On January 11, 2018, Sulzer announced that it has completed the acquisition of JWC Environmental. JWC is a leading provider of highly engineered, mission-critical solids reduction and removal products such as grinders, screens, and dissolved air flotation system for municipal, industrial, and commercial wastewater applications. The transaction allows Sulzer to grow its wastewater treatment offering through complementary equipment as well as to improve its access to the municipal and industrial wastewater markets in North America.

**Sulzer free from sanctions since April 12, 2018 – global operations back to normal**

On Friday, April 6, 2018, Sulzer learned that the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) has identified Mr. V. Vekselberg and Renova Group, Moscow, as specially designated nationals pursuant to US sanctions rules with immediate effect. Based on OFAC's 50% rule, Sulzer was also deemed a sanctioned company. On Sunday, April 8, Sulzer signed a binding agreement with Renova to minimize disruptions to Sulzer's business, whereby Renova transferred the ownership to Sulzer of five million Sulzer shares and thereby reduced its shareholding to 48.83%. Upon OFAC approval on April 11, the transfer of the shares was completed, freeing Sulzer from any sanctions. A second OFAC license issued on Friday, April 13, fully unblocked Sulzer's US assets.

The purchase price for the five million shares Sulzer acquired, based on the volume-weighted average share price of the Sulzer shares as quoted on the SIX Swiss Exchange for the period from April 9, 2018, to (and including) April 13, 2018, came to CHF 109.13 for a transaction value of CHF 546 million.

Sulzer books the proceeds of the share purchase as a non-interest bearing payable not due for 180 days. The transaction also foresees a full price adjustment mechanism without time limit. Should Sulzer sell the shares for a lower price, it will be fully compensated.

**Outlook confirmed – no long-term impact of temporary sanctions**

Sulzer estimates a one-off cost impact from sanctions of approximately CHF 10 million, mainly related to defense expenses, and costs for temporary under-absorption and production catch-up in factories. These costs, which we are still in the process of estimating, will be treated as non-operational. Sulzer does not expect any longer-term impact to its businesses.

Sulzer is convinced that it will achieve its targets for 2018 and confirms its guidance for order intake growth of 5% to 7%, sales growth of 4% to 6%, and an operational EBITA margin of around 9.5%.

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**Sulzer conference call – Update on share transaction – Q1 2018 order intake**

Sulzer will host a presentation today at 09.00 a.m. CEST. The presentation can be followed by webcast (audio slides) or by dialing-in to the conference call. To access the webcast or to dial in to the conference call, use the following links and numbers, respectively:

**Webcast**

<https://www.sulzer.com/q1-results-2018>

**Dial-in**

Local – London, United Kingdom:	+44 (0) 207 107 0613
National free phone – United Kingdom:	0800 279 3956
Local – New York, United States of America:	+1 (1)631 570 5613
National free phone – United States of America:	001 (1)866 291 4166
Local – Geneva, Switzerland:	+41(0)58 310 5000
National free phone – Switzerland	080 000 1750

Please dial in 5 minutes before the start of the conference call.

**Playback webcast**

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

**Key dates in 2018**

July 25	Midyear results 2018
October 25	Order intake Q1 – Q3 2018

Sulzer's core strengths are flow control and applicators. We specialize in pumping solutions and services for rotating equipment, as well as separation, mixing and application technology. Our customers benefit from a network of over 180 production and service sites around the world. Sulzer has been headquartered in Winterthur, Switzerland, since 1834. In 2017, we achieved sales of roughly CHF 3 billion with around 14'700 employees. Our shares are traded on the SIX Swiss Exchange (SIX: SUN). [www.sulzer.com](http://www.sulzer.com)

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