

MEDIA RELEASE

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October 29, 2020

Commercial rebound under way

9M 2020 HIGHLIGHTS

- Orders -2% (-3.6% organic), September strong after summer trough
- Orders in Services up 4.3% (1.7% organic), demonstrating resilience
- Free cash flow CHF 100m ahead of last year
- CHF 60m OPEX squeeze will be fully achieved in FY 2020, CHF 45m realized YTD
- CHF 70m recurring structural savings on track, all actions progressing well
- Haselmeier acquisition closed on Oct. 1, boosting presence in drug delivery devices
- Full year outlook: orders -3% to -4% organic, sales -5% organic on a continuing rebound in Q4, operational profitability confirmed towards the middle of the 8.5-9.0% range and around pre-pandemic levels in 2021

Order intake

(millions of CHF)	Jan. – Sep. 2020	Jan. – Sep. 2019	Change	Change adjusted ¹	Change organic ²
Pumps Equipment	1'019.0	1'118.6	-8.9%	-2.1%	-0.9%
Rotating Equipment Services	881.3	910.0	-3.2%	4.3%	1.7%
Chemtech	459.3	500.2	-8.2%	-1.9%	-8.7%
Applicator Systems	254.7	329.3	-22.6%	-19.8%	-19.8%
Total Sulzer	2'614.3	2'858.0	-8.5%	-2.0%	-3.6%

CEO Greg Poux-Guillaume stated: “Our orders in the first nine months of 2020 declined by 2% as the global economy absorbed the full effect of the country lockdowns. Our aftermarket activities proved again resilient despite customer access restrictions which impacted our performance in Q3. Our Applicator System division strongly rebounded in the third quarter on continued market reopening and customer restocking. With the closing of the Haselmeier acquisition, we complemented our portfolio of healthcare applicators and are well positioned to seize growth opportunities in the fast-growing drug delivery devices market.”

In the first nine months of 2020, order intake declined by CHF 243 million, minus 2% currency-adjusted and minus 3.6% organic. Currency impact was a negative 6.5% and acquisitions contributed CHF 44.9 million.

Organic order intake in Sulzer’s end markets was mixed: orders from oil and gas grew organically by 1.7% compared with the same period a year ago, while chemicals were organically flat (-0.6%). The municipal water market held up well and our water segment was flat organically, excluding two large water infrastructure projects booked in the Middle East

¹ Adjusted for currency effects.

² Adjusted for acquisition and currency effects.

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last year. Orders from the power market were also flat for the nine-month period, dampened by pandemic-driven site access restrictions in our service business. In Applicator Systems, significant order growth in healthcare could not offset the impact of lockdowns on the beauty and dental markets, but all applicator segments rebounded strongly in Q3 on continuing market reopening, doubling sequentially.

Orders increased in Asia-Pacific (+3.1% organic) and declined in EMEA (-6.3% organic) and the Americas (-4.8 % organic).

Haselmeier acquisition

Sulzer completed its acquisition of drug delivery device developer and manufacturer Haselmeier on October 1, 2020.

The EUR 100 million transaction offers substantial value creation potential as Sulzer complements its healthcare portfolio and leverages its APS expertise in precision injection molding to seize growth opportunities in the fast-growing drug delivery device market. The integration of the acquired business is expected to generate cost synergies through insourcing and leveraging the scale of the combined businesses.

Outlook 2020

The current business environment continues to be characterized by high uncertainty, driven by the continued spread of COVID-19 and its economic impact. For the full year, we expect organic order intake to be down 3 to 4% and organic sales to be down around 5% on a continued rebound in the fourth quarter 2020.

Our ambitious cost measures are on track to deliver the targeted savings and mitigate the impact of the pandemic. We will deliver the full CHF 60m of our OPEX squeeze as planned in 2020, with CHF 45m already achieved. Furthermore, the structural measures to resize our energy business are on track to yield recurring savings of CHF 70m, most of which will impact our P&L in 2021. All actions are launched and progressing well. Corresponding costs of CHF 80m, mostly restructuring, will be recognized in 2020.

We confirm our guidance on operational profitability for the full year 2020, which we estimate to land towards the middle of the 8.5–9.0% range previously indicated, and our expected rebound around pre-pandemic levels for the full year 2021.

*Sulzer's CEO Greg Poux-Guillaume and CFO Jill Lee will hold a **conference call** following the publication of the nine months order intake 2020:*

Date: Thursday, October 29, 2020

Time: 11:00 a.m. CET

To access the conference call, please use the following numbers:

Dial-in for call

Switzerland: +41 (0) 58 310 50 00

United Kingdom: +44 (0) 207 107 0613

United States of America: +1 (1) 631 570 56 13

There will also be a webcast of the presentation at <https://www.sulzer.com/q3-2020-webcast>

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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 2019, our 16'500 employees delivered revenues of CHF3.7 billion. Our shares are traded on the SIX Swiss Exchange (SIX: SUN). www.sulzer.com

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