SCRIPT—THE SPOKEN WORD PREVAILS

April 3, 2019

Sulzer Ltd—Annual General Meeting 2019
Speech Greg Poux-Guillaume, Chief Executive Officer

SULZER

Das Wichtigste in Kürze

- Alle Ziele für 2018 wurden erreicht und übertroffen, trotz Sanktionen
- Bestellungseingang stieg um 12.5% (+ 8.4% organisch)
- Umsatz stieg um 11.9% (+ 7.8% organisch)
- opROSA stieg auf 9.5% gegenüber 8.4% im Vorjahr
- Steigerung des Nettogewinns um 36%
- SFP-Ziele für 2018 wurden übertroffen, wie schon 2017
- Der Free Cashflow stieg um 37%
- Akquisition von JWC, Medmix und Brithinee
- Nettoverschuldung zu EBITDA ist kleiner als 1
- Anzahl Mitarbeiter stieg um 6%

Dear Shareholders,

It's great to be able to address you today following another strong year for Sulzer. 2018 posed significant challenges for us: we were put under sanctions and we had to cope with tariffs and the closure of certain markets, to name but a few of the issues we faced.

But in spite of these hurdles, not only were we able to deliver on what we promised you at the beginning of last year, but we actually performed better than expected and increased our financial guidance twice for order intake and once for sales.

For 2018 we are proud to say that:

- our order intake increased by 12.5% adjusted for currencies and 8.4% organically.
- our sales increased by 11.9% adjusted for currencies and 7.8% organically, and

- our operational EBITA margin increased to 9.5% from 8.4% in the previous year.

Our net income went up by 36% and our free cash flow by 37%.

The Sulzer Full Potential program – or SFP – is in its last year and we have essentially already reached the target of 230m one year ahead of schedule. We expect another 10m savings this year before we stop reporting on SFP. As we buy and integrate businesses, we will continue to look at our manufacturing footprint to see if we can do things more efficiently. This is not the end of restructuring at Sulzer, cost remains a focus and we will have other changes down the road. They just won't be part of a multi-year program like SFP.

In 2018 we optimized our financing mix and took advantage of favorable market conditions. Between June and September, we issued 4 bonds with staggered maturities for a total of 860m. This will also support our strategy of making bolt-on acquisitions. In 2018 we acquired three businesses: JWC, Medmix and Brithinee Electric

JWC is a leading provider of highly engineered, mission-critical solids reduction and removal products such as grinders, screens and dissolved air floatation systems for municipal, industrial and commercial wastewater applications. JWC allowed us to grow our wastewater treatment offering through complementary equipment as well as to improve our access to the municipal and industrial wastewater market in North America.

Medmix provides applicators for tissue treatment, bone repair, oral surgery and drug delivery in the healthcare market. The acquisition extended our portfolio of mixing and dispensing devices in the Applicator Systems division, adding a healthcare segment to our leading positions in dental, adhesives and beauty.

With Brithinee Electric, our electromechanical service business in the Rotating Equipment Services division gained access to the Californian market, particularly for wind power.

Even after these acquisitions, our net debt-to-EBITDA ratio remains below 1.

You have also seen that our number of employees is increasing again — not only because of the acquired businesses but also because we have started selective hiring to support our growth, including in Switzerland.

Now let me take you through the performance of our four divisions:

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Pumps Equipment
Starkes Wachstum und Verbesserung der Profitabilität

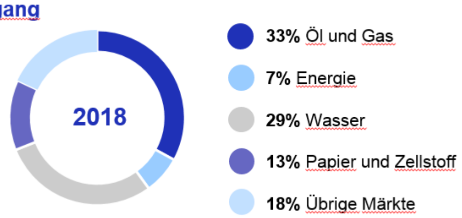
Highlights

- Starkes Wachstum basierend auf Erholung im Öl und Gas Markt ermöglicht grössere Auftragsselektivität
- Grösster Auftrag in Öl & Gas seit dem Abschwung (gebucht im Q3 2018)
- Akquisition von JWC stärkt das Wasserportfolio mit branchenführenden Mühlen, Schreddern und Sieben
- Höhere Volumina bei gleichzeitig geringerer Kostenbasis führen zu einer höheren opEBITA-Marge

Kennzahlen

In Mio. CHF	2018	2017	Δ% ber.[1]	Δ% org.[2]
Bestellungseingang	1'372	1'180	16.5%	8.6%
Umsatz	1'300	1'120	15.5%	7.5%
opEBITA	40	–3.7	n.m.	n.m.
opROSA	*3.1%*	*–0.3%*		

Bestellungseingang nach Markt



1) Bereinigt um Währungseffekte.
2) Bereinigt um Währungs- und Akquisitionseffekte.

Starting with the Pumps Equipment division:

Pumps Equipment benefitted from a rebound in the Oil & Gas market.
Oil & Gas orders were up by 39% with Upstream almost doubling. Downstream was also up and in Midstream we received our largest order since the downturn. This order was for a pipeline connecting the Permian basin to the Gulf coast.

We have started to be more selective on orders and therefore order intake gross margin in Energy, which includes Oil & Gas and Power, improved. However, it is substantially lower than in the rest of the business, resulting in a dilutive effect for the division and for Sulzer.

Organic sales growth was driven by Water and Oil & Gas.

The higher volumes in combination with a lower cost base had a significant impact on the operational EBITA margin, which increased to 3.1% from a negative 0.3% a year earlier.

As mentioned before, we have strengthened our Water business with the acquisition of JWC. This is the reason why our water exposure increased despite the rebound in Oil & Gas. As you can see from the doughnut chart to the right, Water is pretty much the same size as Oil & Gas in the Pumps Equipment division.

Turning to the next slide and the Rotating Equipment Services division

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Rotating Equipment Services
Anziehendes Pumpen-Servicegeschäft

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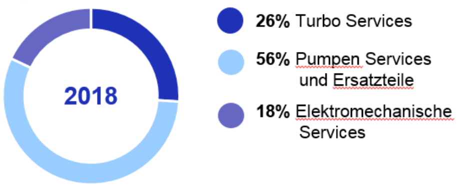
Highlights

- Starke Auftragsdynamik bei Pumpen Services und Elektromechanischen Services, die den Rückgang von 9% bei Turbo Services mehr als ausgleicht
- Pumpen-Services Aufträge getrieben von der Markterholung bei O&G
- OpEBITA stieg auf Basis des höheren Umsatzes
- OpROSA leicht rückläufig, beeinflusst durch Preisdruck in Turbo Services, insbesondere in Amerika.
- Übernahme von Brithinee im November erweitert elektromechanisches Angebot in Südkalifornien

Kennzahlen

In Mio. CHF	2018	2017	Δ% ber.[1]	Δ% org.[2]
Bestellungseingang	1'110	1'048	7.6%	5.8%
Umsatz	1'087	1'030	7.2%	5.2%
opEBITA	149	144	4.9%	3.0%
opROSA	*13.7%*	*13.9%*		

Bestellungseingang nach Produkt-linie



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RES had strong order momentum in Pumps Services, which is repairs and spare parts for our own pumps sold by the Pumps Equipment division, and Electromechanical Services. It's no surprise that Pumps Services orders were driven by the Oil & Gas market rebound.

Orders from the Power market were down by 9%, partly due to the continuing highly competitive environment, but also partly due to a high base. Remember that we booked a large 32m order in Q3 2017.

Sales increased along the lines of order intake.

OpEBITA was slightly up, but the margin slightly down. Main driver there was the competitive pricing environment that I just mentioned in Gas Turbine services.

We bought Brithinee Electric early November. This is a 10m sales business so the impact has been quite small. The remainder of the acquisition effects come from Rotec GT that we acquired in June 2017.

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Chemtech
Sehr starkes Wachstum und weiter verbesserte Profitabilität

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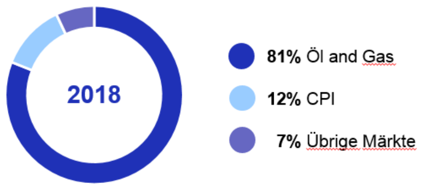
Highlights

- Sehr starkes Auftragswachstum in der Separationstechnik
- Tower Field Services wurde auf ca. CHF 100 Mio. verkleinert (Extended Scope Business ESB wurde eingestellt)
- Nicht fortgeführtes ESB führte zu Sonderbelastung, die als nicht-operativ verbucht wurde
- Deutliche Steigerung des opEBITA aufgrund höherer Volumina und gesteigerter Produktivität

Kennzahlen

In Mio. CHF	2018	2017	Δ% ber.[1]	Δ% org.[2]
Bestellungseingang	600	502	20.5%	20.5%
Umsatz	563	478	18.6%	18.6%
opEBITA	49	25	94.6%	94.7%
opROSA	*8.7%*	*5.2%*		

Bestellungseingang nach Markt



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Chemtech had a very good year on top-line and has also substantially improved its profitability.

Chemtech grew by 20% organically despite Tower Field Services shrinking by around 10% in order intake. As you may recall, in 2016 we discontinued The Extended Scope Business, which was part of Tower Field Services. In 2018, we incurred an exceptional, non-operational charge linked to winding down that business.

The weight of Separation Technology within Chemtech increased from 76% to 82%. So today, more than 80% of Chemtech is Separation Technology and this business grew by almost 30% in 2018, an exceptional level boosted by a number of large projects.

Operational EBITA increased disproportionally due to higher volumes, improved productivity and a favorable mix.

So, overall, we enjoyed good momentum in Chemtech.

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Applicator Systems
Starkes Dentalgeschäft gleicht Ausfall bei Beauty aus

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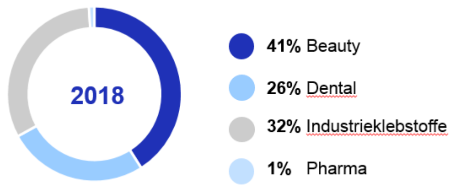
Highlights

- Organisches Auftragswachstum von 5% ohne Beauty
- Beauty-Volumen (–5%) und Profitabilität beeinflusst durch die Entscheidung eines Grosskunden, ein Produkt der ersten Generation vorzeitig zu stoppen, um 2019 zur zweiten Generation zu wechseln.
- OpEBITA stieg durch höhere Dentalvolumen
- Neues Werk in Polen eröffnet für Applikatoren für Industrieklebstoffe
- Übernahme von Medmix im August startet Pharma-Segment

Kennzahlen

In Mio. CHF	2018	2017	Δ% ber.[1]	Δ% org.[2]
Bestellungseingang	450	426	4.2%	0.3%
Umsatz	454	422	6.3%	2.4%
opEBITA	96	87	9.5%	5.7%
opROSA	*21.1%*	*20.5%*		

Bestellungseingang nach Markt



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In our Applicator Systems division, we grew in orders, sales and profits, despite a setback in Beauty.

Beauty was down by 5% in 2018. We were knocked slightly off balance by the decision of a significant customer to stop production of a generation 1 product early in 2018, to move to a generation 2 product in 2019. Our customer base is generally well diversified but the success of this customer led to an unusually concentrated product exposure, causing a bit of a stir in 2018. However, that is now behind us. All other segments were up by an average 5% organically, driven by the strong development of our Dental business.

Operational EBITA and margins increased thanks to strong Dental volumes, leading to a favorable mix.

As we expect growth to continue, we have increased our capacity by opening a new factory for Industrial Adhesives in Poland. We are also currently enlarging our production facilities for the Beauty business in Bechhofen.

With the acquisition of Medmix at the end of August 2018, we expanded the Applicator System divison’s healthcare business into pharma. We will continue to grow here organically and through acquisitions.

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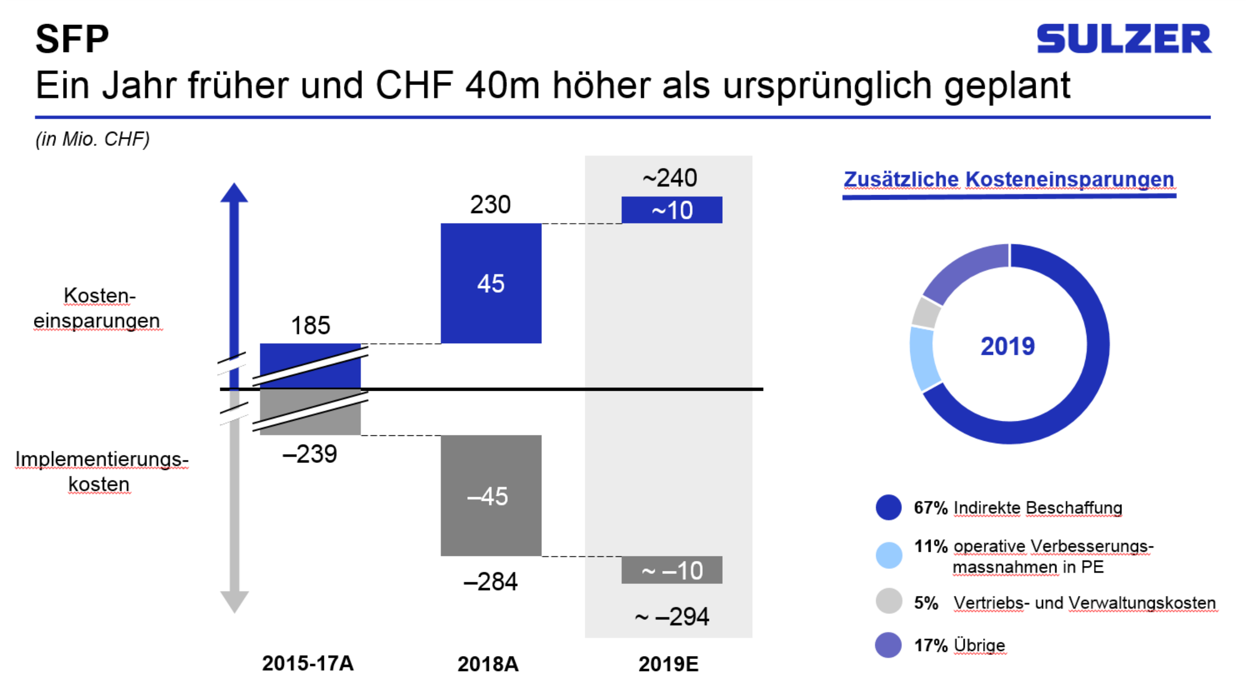

Now let me give you an update on our Sulzer Full Potential program or SFP.

We have entered the last year of SFP.

In 2018, we had savings of 45m, bringing total savings to the 230m that we targeted at the end of 2017. So, we are one year ahead of schedule, but there is still an additional 10m of savings to come through in 2019, bringing the cumulative total to 240m. We will also have additional costs in 2019 of around 10m.

As I hope you will see from our results, SFP savings are making their way to the bottom line.

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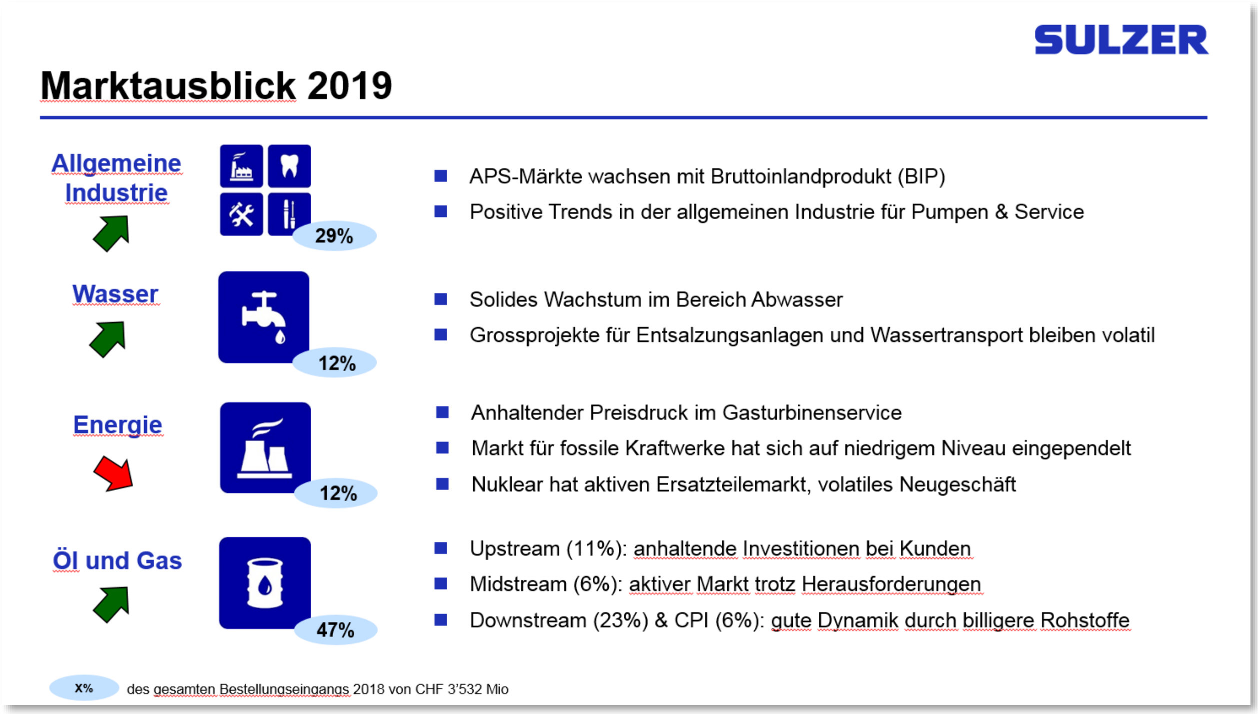

Before I get to our financial guidance for 2019, a few words about our markets:

Our early indicators do not show signs of an impending economic slowdown in our major markets. We therefore expect to continue our trend of organic growth and improved profitability.

We see continued potential for growth in Industry. All the markets served by our Applicator Systems division, namely beauty, dental and industrial adhesives should show solid growth, as these are GDP/GDP + markets. We also expect a continuing positive trend in the industry markets for our other divisions.

Water, and here I'm talking about Municipal Water, we also expect to continue developing positively in 2019.

We expect the power market to remain difficult. The reasons are twofold: continuing volume and price pressure on the gas turbine service side, and on the pumps side we expect fewer projects for power plants.
On the other hand, we are continuing to see opportunities in Nuclear, but these projects are lumpy.

And finally on Oil & Gas: we expect the good momentum in downstream to continue, as you can see from our Chemtech figures. In upstream, we have seen a rebound of orders from low levels and we expect this trend to continue in 2019. Our pipeline of Requests for Quotes remained very active throughout 2018 and we have no indication of a slowdown following the decline in oil price in the last quarter of 2018.

So, 88% of our markets are moving in the right direction.

What we do not know is how the macro-economic environment will develop, destabilized by external factors such as trade tensions between the US and China. Will the tariffs dispute be resolved or will the situation escalate? Depending on how things develop, it could open up opportunities for us in one market and dampen growth in another, for the moment we just don’t know.

With that let me come to our guidance:

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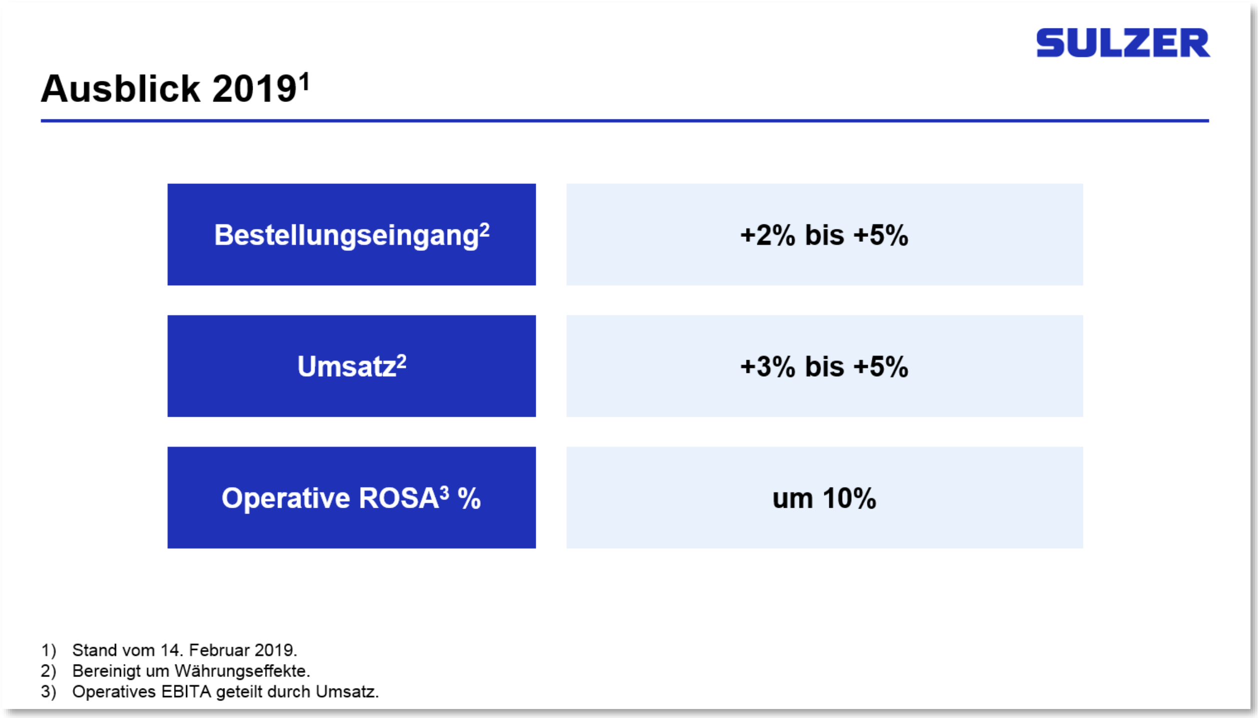

Based on our expected market developments, our guidance for 2019 is as follows.

We expect our order intake to increase by 2 to 5%.

Our sales should be up in the range of 3 to 5%.

We expect our opEBITA margin or operational ROSA to land at approximately 10%.

Note that this guidance adjusts for currency effects and is on an organic basis as the acquisition-impact of JWC, Medmix and Brithinee will be minimal.

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Dear shareholders, let me summarize by saying that we have again in 2018 delivered on what we promised: Our results were in line with or even better than our forecast, despite some significant challenges.

We have achieved the 230m SFP savings one year ahead of schedule and expect an additional 10m in 2019 — bringing the cumulative total to 240m.

Looking at our markets, we expect positive development for all of them with the exception of power. Our guidance reflects the continuation of the commercial momentum we experienced in 2018. 2019 will be a year where Sulzer continues to get stronger.

Dear Shareholders, thank you for your support and loyalty. We highly appreciate your continued faith in us and thank you for your attention.

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