

SULZER

Spin-off of APS as medmix

Roadshow presentation

June 2021



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Note on Alternative Performance Measures (APM): all bridges from APM to reported figures can be found in the financial section of Sulzer’s reports.

Today's presenters



Greg Poux-Guillaume
Chairman, medmix

- CEO of Sulzer since 2015
- Former CEO of GE Grid Solutions, EVP Alstom
- Ex. McKinsey, CVC Capital, Softbank
- Engineer Centrale Paris, Harvard MBA



Jill Lee
Director, medmix

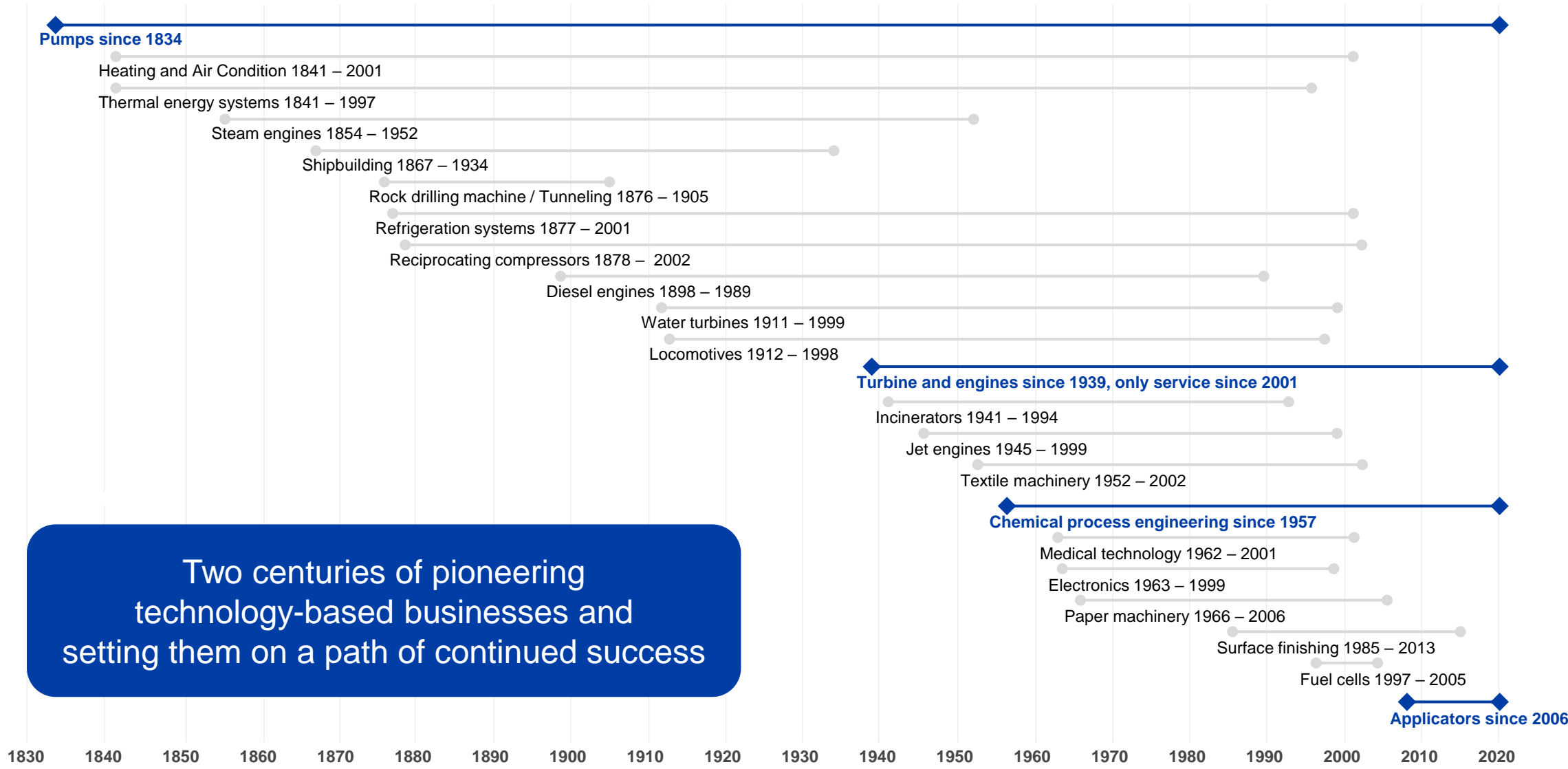
- CFO of Sulzer since 2018
- Former SVP/CFO ABB, Siemens
- Director, Schneider Electric (ex: Signify, Sulzer)
- BBA, NUS; MBA, NTU Singapore



Girts Cimermans
CEO, medmix

- Former CEO, Hoya Vision Care
- Former Pentax Medical president EMEA
- Ex. KaVo Dental (Danaher), GE Healthcare
- M.Sc., Stockholm School of Economics

Sulzer: technology incubator since 1834



Two centuries of pioneering technology-based businesses and setting them on a path of continued success

Transaction summary

- Sulzer has built **APS** into a leader in high-precision delivery devices, **now well positioned to succeed and grow as an independent entity**
- Sulzer has also significantly diversified its **core portfolio, shifting** away from energy towards **water, chemicals and biopolymers**, and a unique position as the **largest independent service provider** of rotating equipment
- In light of this evolution, Sulzer has decided to:
 - **Spin-off APS division** (to be named **medmix** going forward) in the form of a symmetrical split¹, Sulzer shareholders get one medmix share in addition to each Sulzer share held
 - **Have medmix raise CHF 200-300m of capital (excluding subscription rights) at time of split**, to fund growth initiatives, increase trading liquidity and provide new healthcare-focused investors with an opportunity to invest in medmix at the time of listing
- **Transaction unanimously approved by Sulzer's Board of Directors**, including 3 Tiwel (48.8% of capital) reps
- Tiwel will not participate in the planned capital increase, which will **increase the free float of medmix**
- Listing of medmix on Swiss Stock Exchange (SIX) and concurrent capital increase expected for late Q3 or early Q4 2021 subject to Sulzer shareholder approval at EGM and market conditions

¹ according to Art. 31 para. 2a of the Swiss Merger Act

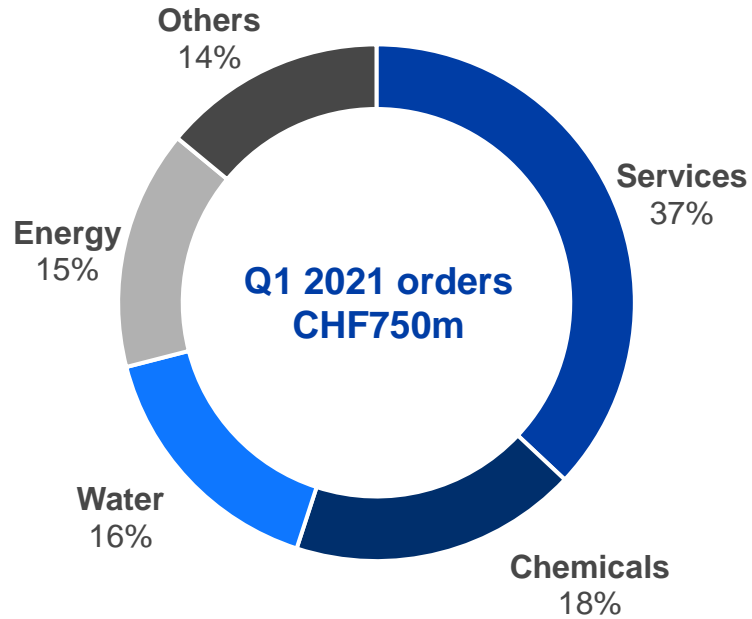
Transaction rationale

Two focused leaders for attractive end-markets



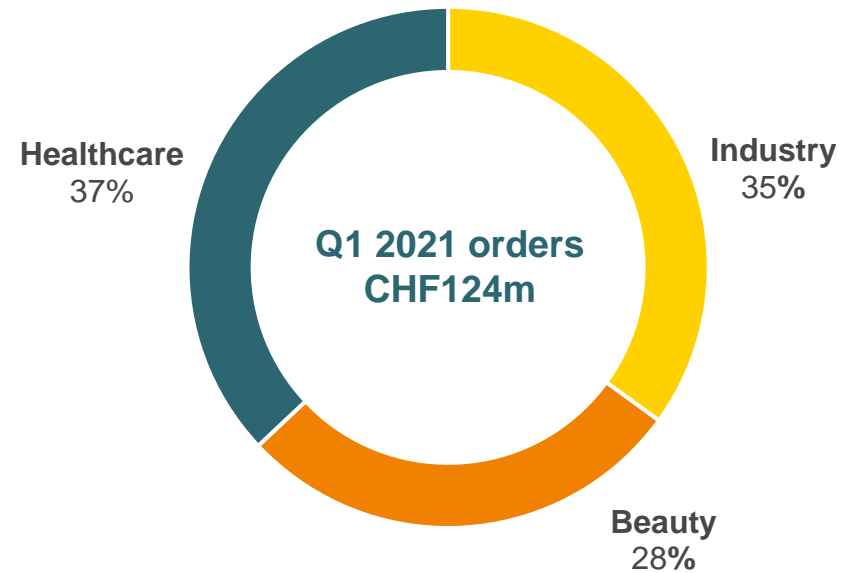
Flow control specialist for water, chemical, industry and energy

- A global leader in industrial flow control
- Continuous shift towards water and industrial applications in pumps
- Focus on growing biopolymers and recycling markets in separation
- Accelerated growth of services segment



Innovative, high-precision delivery devices

- Leading positions in dental, pharma, adhesives and beauty
- Strong own IP innovator across all segments (unlike CMO/CDMOs)
- Attractive mega trends, high entry barriers and lower price sensitivity
- Increasing shift towards high growth healthcare end-markets



medmix snapshot

Innovative, high-precision delivery devices serving attractive markets

Healthcare

Consumer and Industrial



Dental



Drug delivery



Surgery



Industry



Beauty



Gold standard in dental mixing device systems



Award winning, proprietary injection pen platform



Pioneer in bone cement mixing devices



Leader in industrial mixing and dispensing device systems



Leading microbrush specialist

medmix product success stories



Dental



Drug Delivery



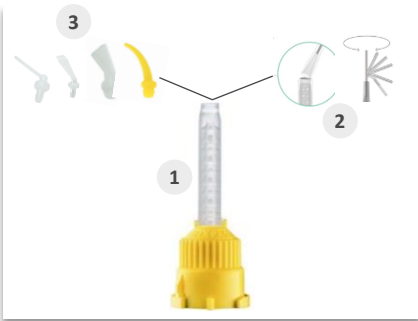
Surgery



Industry



Beauty



T-Mixer™ evolution

- Internally developed mixing tips and system solutions
- All-in-one solution
- The technology significantly changed the way to treat multicomponent materials



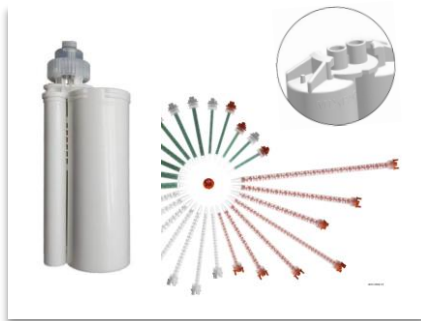
Axis-D™ Platform

- Disposable variable dose injection device
- Basis for Merck's successful fertility pen family



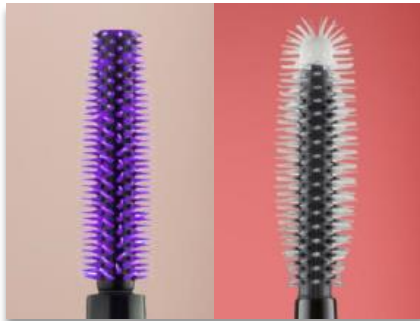
Medmix™ Prefilled Double Syringe System

- Leading double syringe application system
- Replacement of manual mixing in the operation room
- Used in more than 2 million cardiovascular procedures



Mixpac™ B&F system

- Leading dispensing systems
- Separated/coded outlets
- Performance & usability improvement



Bi-material mascara brushes

- Internally developed bi-material mascara brushes
- Soft material for the bristles
- Hard material for the core

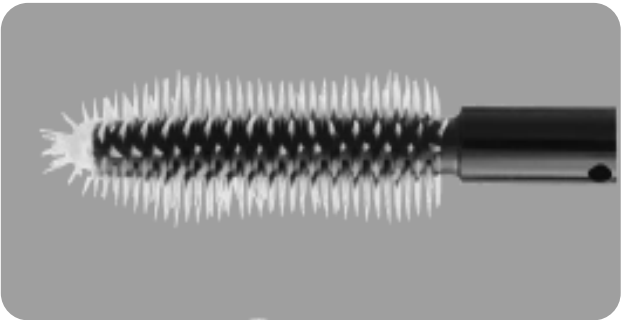
More than half of revenue based on patent protected products (930 active patents)

medmix financial highlights

Attractive financial profile with substantial revenue growth and highly resilient margins



2021E sales
CHF 450m
 ~25% adj. EBITDA margin



High single digit sales growth

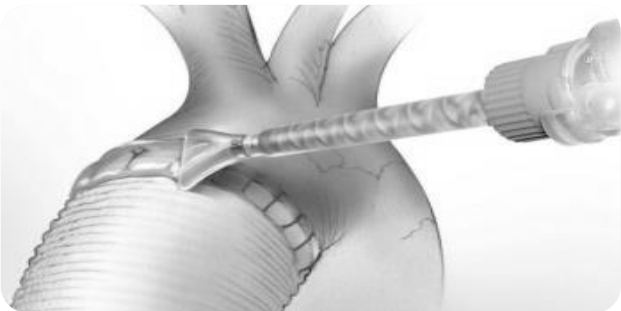
Healthcare share in sales
>50%

EBITDA margin target
~30%

Mid-term targets



Expected leverage post capital increase
 (net debt / EBITDA)¹
~1 - 2x



¹ Leverage range reflects a capital increase size of CHF200-300m and EBITDA targets for 2021E

Vision for medmix

Diversified exposure to growing end-markets, with healthcare segments growing fastest

- Niche leader**
- Highly protected**
- Platform for growth**
- Attractive financial profile**
- Experienced management team**

- Attractive and resilient B2B niche markets
- Exciting underlying macro growth trends
- Fragmented competitive landscape

- High entry barriers, e.g. regulation
- High IP protection through innovation
- High share of repeat business

- Long-standing customer relationships
- Legacy of standard setting innovation
- Technology and quality leader in all segments

- 2021E sales CHF450m, grow high single digits beyond
- adj. EBITDA margin¹ ~25% in 2021E, return to >26% in 2022E
- EBITDA margin mid-term objective of ~30%
- Healthcare to contribute >50% to medmix sales mid-term

- Girts Cimermans (CEO), 25 years tenure including previous roles within HOYA Vision Care (CEO), Kavo Dental, and GE Healthcare
- Jennifer Dean (CFO), 26 years tenure including previous roles within GE, Alstom, ICI and KPMG



¹ corresponds to operational profitability (opEBITA margin) of ~19% 2021, >20% 2022 and mid-term of ~24%

Vision for Sulzer

Accelerate repositioning towards sustainable applications and push aftermarket > 50%

SULZER



- ✓
- ✓
- ✓
- ✓
- ✓

Capitalize on leadership in high-barrier-to-entry markets through **Sulzer's technology, service capabilities and proven digital advance**

Focus on **sustainable sectors** for mid-term growth, e.g. Water in Pumps and Biopolymers and Recycling in Chemtech

Higher margin potential through sector diversification, product mix and service growth

M&A in complementary markets with focus on technology and service. Build on successful track record of mid-size acquisitions

Pro-forma 2021 **revenues CHF 3bn** and operational profitability¹ **around 9%**
Mid-term profitability target 10-11%



¹ operational EBITA as % of sales

Financial guidance 2021

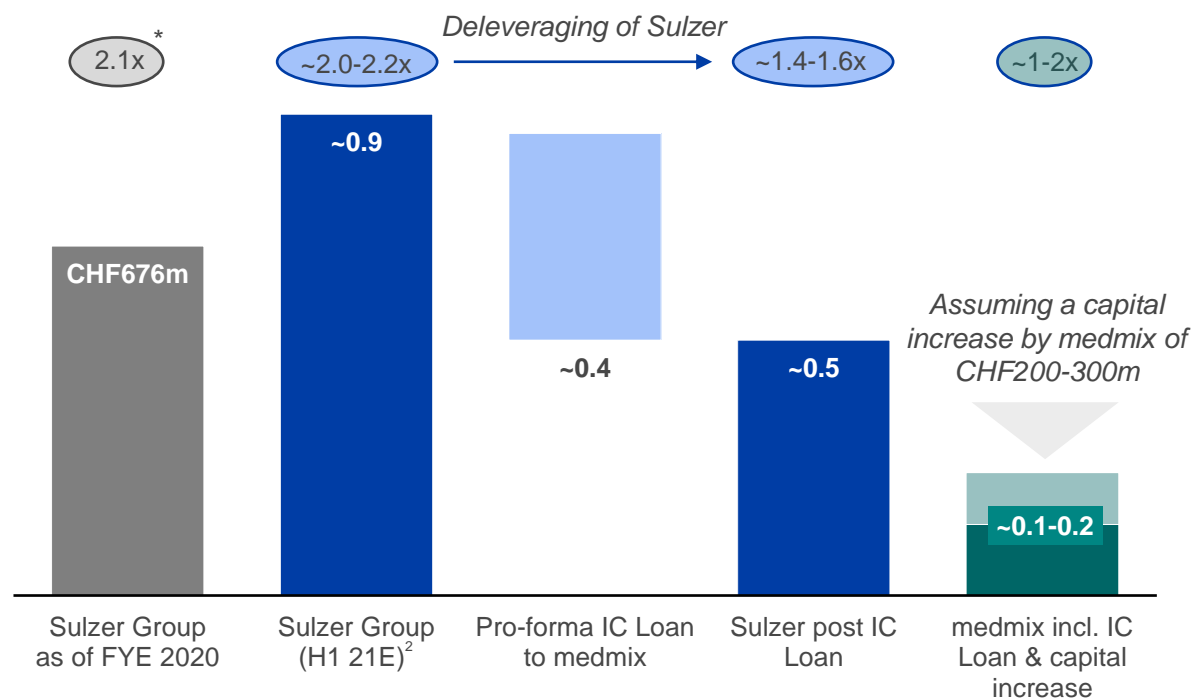
As of May 27, 2021, adjusted for FX, including acquisitions already closed

	Sales (CHF)	Operational Profitability %
SULZER	~3bn	~9% opEBITA margin
medmix	~450m	~25% adj. EBITDA margin <i>(equivalent to ~19% opEBITA margin)</i>

Leverage and capital increase considerations

Leverage ratio of ~1.4-1.6x for Sulzer and ~1-2x for medmix post Transaction

Net debt¹ (CHFbn) and leverage ratio (x) – illustrative as per H1 2021E



Leverage ratio defined as net financial debt at the time of the transaction / EBITDA 2021E

* As per FYE 2020. Leverage ratio defined as net financial debt at FYE 2020 / EBITDA 2020

Considerations

- **Capital increase of CHF200-300m** concurrent with split (together "Transaction") intended to provide a sustainable capital structure for Sulzer and medmix
- medmix net debt at split of **~CHF400m intercompany loan ("IC Loan")** and a small portion of medmix lease liabilities and cash
- All existing financial liabilities will remain with Sulzer
- Sulzer net debt reflects **reduction by the IC Loan** to medmix
- medmix expects to refinance the IC Loan from Sulzer via **external financing after the Transaction**

Notes: Illustrative pro-forma financials as per H1 2021E; Sulzer = Sulzer ex medmix; Sulzer Group = Sulzer + medmix

1 Net debt = financial debt (incl. leases) minus cash and cash equivalent (including short term financial assets). Cash held on behalf of Tiwel in the amount of CHF261m (FYE 2020) and CHF303m (H1 2021E) not included in net debt

2 Includes projected FCF generation, confirmed bolt-on M&A and dividend payment from FYE 2020 until H1 2021E

Highlights on credit profile post Transaction

Sulzer and medmix expected to substantially benefit from the split and concurrent capital increase (the "Transaction")

Post Transaction, both Sulzer and medmix will have **lower leverage levels compared to Sulzer Group today**

Capital increase of **CHF200-300m** expected to result in a **~1-2x leverage for medmix**, similar to sector peers

Sulzer expected to retain leverage of **~1.4-1.6x net debt / EBITDA 2021E**, a **~0.6x deleveraging compared to Sulzer Group**

medmix planning to refinance IC Loan **via external financing after the Transaction**

The chosen transaction structure of a symmetrical split, according to the Swiss Merger Act allows for **maximum creditor protection**

Indicative transaction timetable

15-Jun-2021	2021 Capital Markets Day
22-Jul-2021	Publication of H1 2021 results
Late Q3 2021	Extraordinary Shareholder Meeting
H2 2021	Spin-off and capital increase / first trading day of medmix at SIX

Key takeaways

- Split into **two focused companies** with different end-markets via a separate stock market listing of medmix
- While medmix will **focus on healthcare** and further develop its industrial and consumer markets, Sulzer will become a **pure play industrial flow control company**
- Transaction to **leverage the full potential** of both businesses, providing an **attractive value creation** opportunity for Sulzer shareholders
- Capital increase of medmix of CHF 200-300m simultaneous with listing planned to reinforce capital structure, fund growth initiatives and **increase free float**
- More details to be given on a **Capital Markets Day** on June 15, 2021

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