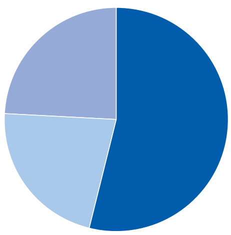
Midyear Report 2014

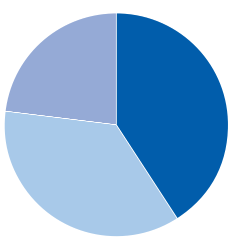
Sales by division



2014

Pumps Equipment	54%
Rotating Equipment Services	22%
Chemtech	24%

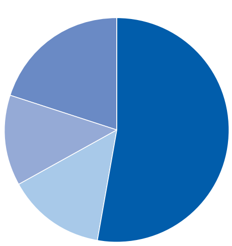
Sales by region



2014

Europe, Middle East, Africa	41%
Americas	36%
Asia-Pacific	23%

Sales by market segments



2014

Oil and Gas	53%
Power	14%
Water	13%
General Industry	20%

Key figures (January–June)

millions of CHF		2014	2013[1]	Changes in +/– %	+/– %[2]
Order intake		**1 583.4**	1 738.4	–8.9%	–3.7%
Order backlog as of June 30/December 31		**1 772.7**	1 672.1		
Sales		**1 491.7**	1 551.6	–3.9%	1.2%
Operating income before depreciation/amortization	EBITDA	**155.8**	166.7	–6.5%	
Operating income before restructuring	EBITR	**100.4**	114.0	–11.9%	
Operating income	EBIT	**99.2**	110.7	–10.4%	–5.5%
Return on sales before restructuring (EBITR/Sales)	ROSR	**6.7%**	7.3%		
Return on sales (EBIT/Sales)	ROS	**6.7%**	7.1%		
Net income attributable to shareholders of Sulzer Ltd[3]		**483.5**	99.5	385.9%	
Basic earnings per share (in CHF)		**14.23**	2.92	387.3%	
Free cash flow[3]		**–40.1**	51.2	–178.3%	
Net liquidity as of June 30/December 31[3]		**740.7**	–36.2		
Employees (number of full-time-equivalents) as of June 30/December 31		**15 282**	15 382		

[1] Key figures from continuing operations.

[2] Adjusted for currency effects as well as acquisitions and divestitures.

[3] Includes continuing and discontinued operations.

Share price development

- Sulzer share (CHF)
- Swiss Performance Index (indexed)
- SWX Industrial Machinery (indexed)

–13%
(performance since January 1, 2011)

Transforming Sulzer into a Market-Oriented Company

Order intake decreased by 3.7% on an adjusted basis. Adjusted sales increased by 1.2% and profitability for the divisions increased too. Sulzer is transforming itself from a regional to a global, market-oriented company.

- After a strong start into the year, order intake moderately decreased on an adjusted basis by 3.7%. It was affected by the lower demand in the second quarter, the delay of some projects for Pumps Equipment in the Americas and Europe, and reduced orders in the mass transfer and process technology businesses
- Adjusted sales increased slightly by 1.2%
- Operating income for the divisions increased on an adjusted basis by 5.9%. Operating income and profitability for total Sulzer decreased due to a positive impact from the reduction of real estate provisions in 2013
- Net income attributable to Sulzer shareholders amounted to CHF 483.5 million, mainly due to the divestiture of Metco
- The company wants to become a leading equipment and service provider in its three key markets—oil and gas, power, and water. The sale of the Metco division to Oerlikon, which closed in June this year, was a major step towards this goal
- At the beginning of this year, Sulzer combined the service offering of its pumps with that of its service division to become a leading service provider for rotating equipment in its key markets and an even more customer-focused company
- By the beginning of 2015, the company will have transformed its biggest division Pumps Equipment from a regional to a global, market-oriented organization. Pumps Equipment will be organized into three business units: an Oil and Gas unit, a Power unit, and a Water unit, to better support customers' needs
- Sulzer strengthened its product and service offering in its key markets by acquiring a 75% stake in Saudi Pump Factory, signing a joint venture agreement with China Huadian Corporation, and the acquisition of Grayson Armature
- Sulzer confirms its guidance for the full year on an adjusted basis and anticipates a stronger second half of 2014. Order intake, sales, and operating income before restructuring on an adjusted basis are expected to be slightly above last year's level

Order intake

CHF 1583m

(2013: CHF 1738m)

Sales

CHF 1492m

(2013: CHF 1552m)

Operating income

CHF 99m

(2013: CHF 111m)

Return on sales

6.7%

(2013: 7.1%)

Transforming Sulzer into a More Customer-Focused and Market-Oriented Company

Sulzer is transforming itself into a market-oriented company. The company strives to become a leading equipment and service provider in its key markets. Sulzer adapted its operational structure to become *one* integrated company and streamlined its portfolio by selling Metco.

“Our focus is to become a leading equipment and service provider in our three key markets—oil and gas, power, and water.”

Dear shareholder

At the beginning of this year, we combined the service offering of our pumps division with that of our service division to become a leading service provider for rotating equipment in our key markets and an even more customer-focused company. Furthermore, Sulzer adapted its operational structure to become *one* integrated company and streamlined its portfolio by selling Metco.

We are transforming our biggest division Pumps Equipment from a regional to a global, market-oriented organization. This transition should be completed by the beginning of 2015. Pumps Equipment will be organized in three business units: an Oil and Gas unit, a Power unit, and a Water unit, to better support customers’ needs.

Becoming a leading equipment and service provider

Our focus is to become a leading equipment and service provider in our three key markets—oil and gas, power, and water. The sale of the Metco division to Oerlikon, closed in June this year, was a major step towards this goal. Now almost 80% of our sales are in these three key markets. Sulzer intends to use the funds generated from the divestment for targeted acquisitions and further investments towards organic growth in these pivotal markets.

In February, Sulzer signed an agreement to acquire a 75% stake in Saudi Pump Factory. The new Sulzer pump factory will be the first complete manufacturing facility in Saudi Arabia for a global centrifugal pump manufacturer that serves one of the largest oil and gas markets worldwide.

In March 2014, Sulzer signed a joint venture agreement with China Huadian Corporation for the servicing of gas turbines including field service, component repair, and delivery of new capital parts. With this partnership, Sulzer has a strong foundation for securing business in China’s rapidly developing power market. In June, Sulzer acquired Grayson Armature in Houston, TX, USA. This acquisition greatly enhances our service competencies and turns us into one of the largest independent providers of electromechanical services in the important US Gulf Coast region.

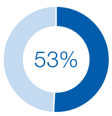
Performance in the first half of the year

To become a leading equipment and service provider, we intend to achieve a level of operational performance that allows us to grow profitably.

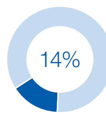
Providing equipment and services for three key markets [1)]



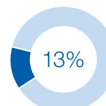
Oil and Gas



Power



Water



Equipment for flow management, separation and process technology

Comprehensive **services** for own and third-party equipment

[1)] Share of sales by market segment. The remaining 20% refers to the general industry.

After a strong start into the year, order intake decreased moderately by 3.7% on an adjusted basis. The decrease was affected by the lower demand in the second quarter of the year compared with a very strong second quarter in the previous year. It was further impacted by the delay of some projects for Pumps Equipment in the Americas and Europe. We expect these projects to materialize in the second half of 2014. Reduced orders in the process technology business and a lowered demand in the mass transfer technology business also influenced the order intake. Measures such as performance improvement programs are ongoing. The negative currency translation effect was CHF 92 million or 5.3%.

Demand in the oil and gas market was good. Activity in the power market was low. Demand in the water market and the general industry was mixed. Order intake in the Americas, particularly in North America, was comparatively stronger than in Asia-Pacific or in Europe, while the Middle East was strong too.

Compared with the first half of the previous year, adjusted sales increased by 1.2%. Operating income for the divisions improved by 5.9% on an adjusted basis. Operating income for total Sulzer decreased by 5.5% on an adjusted basis. Return on sales for the divisions increased slightly to 7.2%. Profitability for total Sulzer decreased slightly to 6.7% due to the positive impact from the reduction of real estate provisions in 2013. Net income attributable to Sulzer shareholders amounted to CHF 483.5 million, mainly due to the divestiture of Metco.

Changes in the Board and the management

Peter Löscher was elected to the Board of Directors at the Annual General Meeting and was appointed as the new Chairman. Vladimir Kuznetsov did not stand for re-election. Matthias Bichsel was elected as a new Member of the Board at the Annual General Meeting. The Board of Directors appointed Thomas Dittrich as new Chief Financial Officer. He will start on August 2, 2014, succeeding Jürgen Brandt. César Montenegro—former Division President of Metco—was appointed Division President of Pumps Equipment. He replaces Scot Smith who left Sulzer in April.

Outlook

Based on present knowledge and excluding major changes in the general economic conditions, activity levels for parts of the oil and gas market are expected to remain solid, in particular in the Americas. Activity in the power industry and in the general industry is forecast to continue at similar levels. Based on positive developments in selected regions, especially the Americas, some recovery is expected for the water market. The Americas, particularly North America, and the Asia-Pacific region are expected to be the growth drivers.

We confirm our guidance for the full year on an adjusted basis and anticipate a stronger second half of 2014. Order intake, sales, and operating income before restructuring on an adjusted basis are expected to be slightly above last year's level.

We are transforming ourselves from a regional to a market-oriented, integrated, and more customer-focused company. We are confident that we have made the right decisions that will enable us to become a leading equipment and service provider in our three key markets—oil and gas, power, and water.

Yours sincerely,

Peter Löscher,
Chairman of the Board

Klaus Stahlmann,
CEO

Divisional Operating Income Increased

Order intake was impacted by currency translation effects and lower bookings in Europe and Asia-Pacific, which resulted in a decrease of 3.7% on an adjusted basis. Adjusted sales increased by 1.2%. Profitability for the divisions increased from 6.9% for the first half of 2013 to 7.2% in 2014. The successful divestiture of Metco increased the cash position and generated additional income.

Earnings per share

CHF 14.23

(2013: CHF 2.92)

Divisional operating income[1)]

CHF 113.1m

(2013: CHF 106.8m)

[1)] Adjusted for currency effects as well as acquisitions and divestitures.

Lower order intake in the first half of 2014

Order intake decreased by a nominal 8.9% to CHF 1 583.4 million in the first half of 2014. Rotating Equipment Services was able to maintain last year's level of order intake, while Pumps Equipment and Chemtech registered lower order intake. The divisions reported the following growth rates:

- Pumps Equipment: –10.8% (adjusted –5.4%)
- Rotating Equipment Services: 1.8% (adjusted 8.0%)
- Chemtech: –13.9% (adjusted –10.0%)

Order intake in the Americas was comparatively stronger than in Europe or Asia-Pacific. The adjusted order intake decreased by 3.7%.

The stronger Swiss franc had a negative translation effect of CHF 91.7 million. The order backlog increased to CHF 1 772.7 million from CHF 1 672.1 million on December 31, 2013.

Adjusted sales increased slightly to last year and higher margin

The company generated sales of CHF 1 491.7 million. The negative translation effect of CHF 80.7 million explains the nominal decrease of 3.9% (adjusted +1.2%). The output in the Americas was on a high level while Asia-Pacific and Europe are behind previous year levels.

The divisions reported the following nominal growth rates:

- Pumps Equipment: –4.3% (adjusted 1.2%)
- Rotating Equipment Services: –5.2% (adjusted 0.0%)
- Chemtech: –1.7% (adjusted 2.3%)

The gross margin for the company increased to 31.3%. The 0.6 percentage point increase from the first half of 2013 was mainly attributable to more profitable execution in Chemtech.

Divisional operating income increased

The operating income for the divisions increased by a nominal 0.7% to CHF 107.5 million in the first half of 2014, driven by margin improvements. The adjusted divisional operating income increased by 5.9%. Total operating expenses were on similar levels to previous year at CHF 367.1 million (2013: CHF 366.0 million). Operating income for total Sulzer decreased by a nominal 10.4% to CHF 99.2 million, mainly due to the reduction of real estate provisions in the first half of 2013. For total Sulzer, the profitability slightly decreased to 6.7% (2013: 7.1%), while for the divisions the return on sales increased from 6.9% for the first half of 2013 to 7.2% in 2014.

Metco divestiture included in the net income

The net income from continuing operations is CHF 64.4 million, which is a nominal decrease of 12.6%, compared with the first half of 2013. The decrease in operating income was only partially offset by improved financial income.

Higher interest income and lower interest expenses improved the financial income to CHF –8.1 million compared with CHF –12.4 million in the first half of 2013.

The effective tax rate in the first half of 2014 increased by 4.3 percentage points to 29.3% mainly due to the different geographical distribution of profits. The divestiture of Metco contributed net income of CHF 420.2 million in 2014, which is CHF 12.36 basic earnings per share.

Net income attributable to Sulzer shareholders amounted to CHF 483.5 million mainly due to the net income from discontinued operations (2013: CHF 99.5 million). Basic earnings per share (EPS) increased to CHF 14.23 compared with CHF 2.92 for the first half of 2013.

Cash position and balance sheet improved

Total assets on June 30, 2014, amounted to CHF 4 756.3 million, which is CHF 212.4 million higher than in December 2013. This figure was mainly influenced by the Metco divestiture. The assets held for sale of CHF 568.9 million were sold and deconsolidated in June 2014. The cash proceeds from the Metco divestiture of CHF 954.0 million were registered.

Total current assets increased by CHF 252.1 million including the positive effects from the Metco divestiture and an increase in inventories of CHF 54.8 million compared to December 2013.

Total non-current assets decreased slightly by CHF 39.7 million. Goodwill decreased due to currency translation effects while property, plant, and equipment increased by CHF 3.5 million including investments of CHF 51.1 million and depreciations of CHF 36.4 million.

Sulzer's capital structure is very strong. The equity increased, mainly due to the Metco divestiture, to 57.6% (December 31, 2013: 51.4%). The gearing decreased to 20.1% (2013: 24.5%).

Total equity was CHF 2 743.8 million (December 31, 2013: CHF 2 340.7 million). Liabilities were CHF 2 012.5 million, which represents a decrease of CHF 190.7 million. The change is mainly attributable to the liabilities held for sale of CHF 157.7 million, which were deconsolidated after the closing of the Metco divestiture. Borrowings slightly decreased from CHF 572.5 million to CHF 549.6 million.

Increased cash flow from investing activity

Net cash in from the Metco divestiture, which was closed in June 2014, totaled CHF 920.0 million. Sulzer invested CHF 2.9 million for acquisitions compared with CHF 18.4 million for the first half of 2013.

Cash flow from operating activities was positive at CHF 9.6 million, but remained below the first half of 2013 (CHF 97.7 million). The inventory increased in the first half of 2014 and negatively affected the cash flow with CHF 65 million. With higher deliveries in the second half of the year, the inventory is expected to decrease by year-end. Income taxes paid increased from CHF 56.4 million in the first half of the prior year to CHF 57.7 million. Capital expenditures in property, plant, and equipment (CHF 51.1 million) were slightly higher than in the first half of the previous year (2013: CHF 46.4 million). The majority of capital expenditure projects were related to maintenance.

The free cash flow, consisting of cash flow from operating activity as well as capital expenditures, was negative at CHF 40.1 million (2013: CHF +51.2 million).

Cash outflow from financing activity came to CHF 138.6 million and includes the dividend payments of CHF 108.9 million to its shareholders (2013: CHF 108.7 million). The dividend of CHF 3.20 did not increase from last year. However, in the first half of 2013, the cash outflow was reduced by higher borrowings and was therefore lower, at CHF 93.1 million.

Outlook

Based on present knowledge and excluding major changes in the general economic conditions, activity levels for parts of the oil and gas market are expected to remain solid, in particular in the Americas. Activity in the power industry and in the general industry is forecast to continue at similar levels. Based on positive developments in selected regions, especially the Americas, some recovery is expected for the water market. The Americas, particularly North America, and the Asia-Pacific region are expected to be the growth drivers.

Sulzer confirms its guidance for the full year on an adjusted basis and anticipates a stronger second half of 2014. Order intake, sales, and operating income before restructuring on an adjusted basis are expected to be slightly above last year's level.

Key figures (January–June)

millions of CHF		2014	2013
Sales		**1 491.7**	1 551.6
Cost of goods sold		**–1 025.4**	–1 074.9
Gross profit		**466.3**	476.7
Selling, administrative, and development expenses		**–365.9**	–362.7
Operating income before restructuring		**100.4**	114.0
Restructuring expenses		**–1.2**	–3.3
Operating income	EBIT	**99.2**	110.7
Financial income, net		**–8.1**	–12.4
Income tax expenses		**–26.7**	–24.6
Net income from continuing operations		**64.4**	73.7
Net income from discontinued operations, net of income taxes		**420.2**	26.8
Net income		**484.6**	100.5
Free cash flow		**–40.1**	51.2
Net liquidity as of June 30/December 31		**740.7**	–36.2

From a Regional to a Market-Oriented Organization

The Pumps Equipment division is transforming itself from a regional to a market-oriented organization. On an adjusted basis order intake decreased while sales increased. Adjusted operating income and profitability were slightly lower.

Continued focus on three key markets

Since January 1, 2014, the division has been operating as Pumps Equipment. It offers new pumps and related systems, including spares, mainly for the oil and gas, power, and water markets. This year, the division is transforming itself from a regional to a market-oriented organization to better support customers' needs. By the beginning of 2015, Pumps Equipment will be organized into three business units: an Oil and Gas unit, a Power unit, and a Water unit. In February, Sulzer signed an agreement for the acquisition of a 75% stake in Saudi Pump Factory. This acquisition is in line with Sulzer's focus on the key markets—oil and gas, power, and water.

Key figures (January–June)

millions of CHF		2014	2013[1]	Changes in +/– %	+/– %[2]
Order intake		**851.3**	954.8	–10.8%	–5.4%
Sales		**809.5**	846.1	–4.3%	1.2%
Operating income before depreciation and amortization	EBITDA	**68.9**	73.7	–6.5%	
Operating income before restructuring	EBITR	**44.6**	49.3	–9.5%	
Operating income	EBIT	**43.4**	47.1	–7.9%	–2.5%
Return on sales before restructuring (EBITR/sales)	ROSR	**5.5%**	5.8%		
Return on sales (EBIT/sales)	ROS	**5.4%**	5.6%		

[1] Restated to represent the new organization of the company since January 1, 2014.

[2] Adjusted for currency effects as well as acquisitions and divestitures.

Decreased order intake

Order intake moderately decreased by 5.4% on an adjusted basis compared with the first half of 2013 due to the slippage of projects in the Americas and Europe. These projects are expected to materialize in the second half of 2014. The order intake particularly increased in the Asia-Pacific region.

Increased sales and lower operating income

Sales slightly increased on an adjusted basis compared with the first half of the previous year. In the Asia-Pacific region, sales were lower due to postponed shipments. In the Americas and Europe, sales were particularly strong. Adjusted operating income decreased by 2.5% and was impacted by lower sales and margins in Asia as well as lower volumes in the engineered water business. Profitability remained at similar level to the previous year.

The frequency and severity of accidents decreased compared with the same period of 2013.

Market outlook

Activity levels for parts of the oil and gas industry are expected to remain solid, in particular in the Americas. Activity in the power industry and in the general industry is forecast to continue at similar levels. Based on positive developments in selected regions, especially the Americas, further recovery is expected for the water market. Asia-Pacific shows some growth opportunities while the rest of the world is forecast to remain at similar levels.

Targeted Acquisition and Increased Order Intake

Sulzer acquired Grayson Armature and signed a joint venture with China Huadian Corporation. Order intake significantly increased on an adjusted basis while sales remained on the same level as in 2013. Adjusted operating income increased moderately.

Acquisition and joint venture adding value for customers

In the first quarter of this year, Sulzer signed a joint venture agreement with China Huadian Corporation for the service of gas turbines. With this partnership, Sulzer has a strong foundation for securing business in this rapidly developing market. In June, the company acquired Grayson Armature, which is based in Houston, TX, USA. Grayson Armature adds electromechanical capabilities to the division in the important US Gulf Coast region. This acquisition supports the strategy to offer comprehensive services.

Increase in order intake

Order intake increased significantly by 8.0% on an adjusted basis compared with the first half of the previous year. The oil and gas market was strong, particularly in the Americas, and was positive for Europe, the Middle East, and Africa. The power industry remained low in Europe.

Adjusted sales remained stable—operating income increased

Sales on an adjusted basis remained on the same level compared with the first half of the previous year. Project delays in the Americas were partly offset by increased sales in the Asia-Pacific region. The adjusted operating income increased moderately. Measures to further improve the business performance are ongoing. Profitability remained, with 7.4%, on a similar level as in the first semester of 2013 (7.2%).

The accident frequency rate increased, while the accident severity rate decreased.

Market outlook

The oil and gas, power, and water markets are forecast to grow moderately. For the full year, the power market is predicted to remain at its current level. The division anticipates slow growth in the general industry. Rotating Equipment Services expects some growth in North America, driven by the shale gas boom. In Europe, continued weakness is forecast. Some growth is likely in Asia-Pacific, especially in China.

Key figures (January–June)

millions of CHF		2014	2013[1]	Changes in +/– %	Changes in +/– %[2]
Order intake		**379.9**	373.2	1.8%	8.0%
Sales		**327.5**	345.4	–5.2%	0.0%
Operating income before depreciation and amortization	EBITDA	**33.5**	34.4	–2.6%	
Operating income before restructuring	EBITR	**24.1**	25.8	–6.6%	
Operating income	EBIT	**24.1**	24.7	–2.4%	3.9%
Return on sales before restructuring (EBITR/sales)	ROSR	**7.4%**	7.5%		
Return on sales (EBIT/sales)	ROS	**7.4%**	7.2%		

[1] Restated to represent the new organization of the company since January 1, 2014.

[2] Adjusted for currency effects as well as acquisitions and divestitures.

Decreased Order Intake and Increased Profitability

Sulzer acquired aixfotec to strengthen Chemtech's position as a technology leader and system supplier for polymer foams. Adjusted order intake decreased. Sales on an adjusted basis slightly increased, operating income, and profitability significantly increased.

Acquisition strengthens technology leadership—expansion in China

In April, Sulzer acquired aixfotec GmbH, a leading technology company in extrusion systems for the production of polymer foams. This acquisition widens Chemtech's portfolio in the field of polymer technology and strengthens its position as a technology leader and system supplier in plastics processing. In addition, the division further expands its manufacturing facilities of Sulzer Mixpac Systems in Shanghai to benefit from the fast-growing Asian market for two-component mixing and dispensing systems.

Key figures (January–June)				Changes in	
millions of CHF		**2014**	2013	+/– %	+/– %[1]
Order intake		**354.0**	411.0	–13.9%	–10.0%
Sales		**357.3**	363.5	–1.7%	2.3%
Operating income before depreciation and amortization	EBITDA	**59.2**	54.2	9.2%	
Operating income before restructuring	EBITR	**40.0**	35.0	14.3%	
Operating income	EBIT	**40.0**	35.0	14.3%	18.6%
Return on sales before restructuring (EBITR/sales)	ROSR	**11.2%**	9.6%		
Return on sales (EBIT/sales)	ROS	**11.2%**	9.6%		

[1] Adjusted for currency effects as well as acquisitions and divestitures.

Order intake decreased

Order intake decreased by 10.0% on an adjusted basis compared with the same period of the previous year. This decrease was mainly affected by reduced orders in the process technology business—due to the delay of some large projects—and a lowered demand in the mass transfer technology business. Activity in the oil and gas downstream market remained on the previous year's level. Demand in the general industry was stable on a high level. The Americas were strong with good orders in the tower field service business. Europe and Asia-Pacific lagged behind the same period in 2013.

Sales, operating income, and profitability increased

Adjusted sales slightly increased compared to the same period in 2013. Adjusted operating income significantly increased by 18.6% compared to the first half of 2013, driven by good contribution from the Sulzer Mixpac Systems and Mass Transfer Technology business units. Profitability significantly increased from 9.6% in the first half of 2013 to 11.2% in the same period this year, driven by continuing operational improvements in all units.

The frequency of accidents improved from last year, while the severity of accidents slightly increased.

Market outlook

For the full year, the division anticipates that the oil and gas market will stabilize at a high level. The general industry is expected to be stable with some growth opportunities. The Americas are likely to be the growth driver. Market activity in the rest of the world is predicted to remain at the current level.

Consolidated income statement

January–June millions of CHF	2014	2013[1]
Continuing operations		
Sales	**1 491.7**	1 551.6
Cost of goods sold	**–1 025.4**	–1 074.9
Gross profit	**466.3**	476.7
Selling and distribution expenses	**–161.2**	–170.9
General and administrative expenses	**–163.2**	–171.2
Research and development expenses	**–38.7**	–35.4
Other operating income	**7.8**	30.6
Other operating expenses	**–10.6**	–15.8
Operating income before restructuring	**100.4**	114.0
Restructuring expenses	**–1.2**	–3.3
Operating income	**99.2**	110.7
Interest and securities income	**3.2**	1.9
Interest expenses	**–10.4**	–11.3
Other financial income/(expenses)	**–0.9**	–3.0
Income before income tax expenses	**91.1**	98.3
Income tax expenses	**–26.7**	–24.6
Net income from continuing operations	**64.4**	73.7
Discontinued operations		
Net income from discontinued operations, net of income taxes[2]	**420.2**	26.8
Net income	**484.6**	100.5
Attributable to shareholders of Sulzer Ltd	**483.5**	99.5
Attributable to non-controlling interests	**1.1**	1.0
Earnings per share, attributable to a shareholder of Sulzer Ltd (in CHF)		
Basic earnings per share	**14.23**	2.92
Diluted earnings per share	**14.16**	2.91
Continuing operations		
Basic earnings per share continuing operations	**1.87**	2.14
Diluted earnings per share continuing operations	**1.85**	2.13
Discontinued operations		
Basic earnings per share discontinued operations	**12.36**	0.78
Diluted earnings per share discontinued operations	**12.31**	0.78

[1] Restatement of prior year figures, see note 04.

[2] Further details on “Discontinued operations”, see note 04.

Consolidated statement of comprehensive income

January–June millions of CHF	2014	2013
Net income	**484.6**	100.5
Items that may be reclassified subsequently to the income statement		
Cash flow hedge reserve, net of tax	**–0.3**	–7.6
Currency translation differences	**–28.8**	8.3
Currency translation differences reclassified to income statement[1]	**60.7**	–
Total of items that may be reclassified subsequently to the income statement	**31.6**	0.7
Items that will not be reclassified to the income statement		
Defined benefit cost recognized in other comprehensive income, net of tax	**–5.2**	15.8
Total of items that will not be reclassified to the income statement	**–5.2**	15.8
Total other comprehensive income for the period, net of tax	**26.4**	16.5
Total comprehensive income for the period	**511.0**	117.0
Attributable to shareholders of Sulzer Ltd	**509.7**	116.5
Attributable to non-controlling interests	**1.3**	0.5

[1] See note 04.

Consolidated balance sheet

millions of CHF	June 30 2014	December 31 2013	June 30 2013
Non-current assets			
Goodwill	**957.3**	978.4	1 103.0
Other intangible assets	**282.0**	303.8	345.1
Property, plant, and equipment	**495.5**	492.0	654.7
Other financial assets	**11.6**	11.1	8.0
Non-current receivables	**11.6**	13.8	25.2
Deferred income tax assets	**93.8**	92.4	119.8
Total non-current assets	**1 851.8**	1 891.5	2 255.8
Current assets			
Inventories	**491.3**	436.5	637.3
Advance payments to suppliers	**82.1**	87.4	83.4
Trade accounts receivable	**888.5**	877.5	994.4
Other accounts receivable and prepaid expenses	**152.3**	153.4	175.4
Assets held for sale	**–**	568.9	0.6
Other investments	**149.6**	–	5.8
Cash and cash equivalents	**1 140.7**	528.7	447.7
Total current assets	**2 904.5**	2 652.4	2 344.6
Total assets	**4 756.3**	4 543.9	4 600.4
Equity			
Share capital	**0.3**	0.3	0.3
Reserves	**2 737.1**	2 334.1	2 246.6
Equity attributable to shareholders of Sulzer Ltd	**2 737.4**	2 334.4	2 246.9
Non-controlling interest	**6.4**	6.3	6.1
Total equity	**2 743.8**	2 340.7	2 253.0
Non-current liabilities			
Long-term borrowings	**517.5**	515.9	540.1
Deferred income tax liabilities	**93.7**	101.5	112.0
Non-current income tax liabilities	**2.8**	3.8	8.5
Non-current provisions	**209.8**	202.2	276.7
Other non-current liabilities	**1.9**	1.9	2.7
Total non-current liabilities	**825.7**	825.3	940.0
Current liabilities			
Short-term borrowings	**32.1**	56.6	89.7
Current income tax liabilities	**76.1**	26.8	51.7
Current provisions	**121.6**	127.0	126.1
Trade accounts payable	**325.1**	345.6	398.2
Advance payments from customers	**261.5**	271.9	317.8
Liabilities held for sale	**–**	157.7	–
Other current and accrued liabilities	**370.4**	392.3	423.9
Total current liabilities	**1 186.8**	1 377.9	1 407.4
Total liabilities	**2 012.5**	2 203.2	2 347.4
Total equity and liabilities	**4 756.3**	4 543.9	4 600.4

Consolidated statement of changes in equity

January–June

millions of CHF	Share capital	Retained earnings	Treasury stock	Cash flow hedge reserve	Currency translation adjustment	Total	Non-controlling interest	Total equity
	Attributable to shareholders of Sulzer Ltd							
Equity as of January 1, 2013	**0.3**	**2521.8**	**–44.5**	**4.5**	**–265.5**	**2216.6**	**6.8**	**2223.4**
Comprehensive income for the period:								
Net income		99.5				99.5	1.0	100.5
Cash flow hedges, net of tax				–7.6		–7.6		–7.6
Defined benefit cost recognized in other comprehensive income, net of tax		15.8				15.8		15.8
Currency translation differences					8.8	8.8	–0.5	8.3
Total comprehensive income for the period		**115.3**	**–**	**–7.6**	**8.8**	**116.5**	**0.5**	**117.0**
Transactions with owners of the company:								
Transactions in treasury shares		–1.6	20.5			18.9		18.9
Share-based payments		4.5				4.5		4.5
Dividend		–109.6				–109.6	–1.2	–110.8
Total transactions with owners of the company	**–**	**–106.7**	**20.5**	**–**	**–**	**–86.2**	**–1.2**	**–87.4**
Equity as of June 30, 2013	**0.3**	**2530.4**	**–24.0**	**–3.1**	**–256.7**	**2246.9**	**6.1**	**2253.0**
Equity as of January 1, 2014	**0.3**	**2691.1**	**–26.9**	**2.3**	**–332.4**	**2334.4**	**6.3**	**2340.7**
Comprehensive income for the period:								
Net income		483.5				483.5	1.1	484.6
Cash flow hedges, net of tax				–0.3		–0.3		–0.3
Defined benefit cost recognized in other comprehensive income, net of tax		–5.2				–5.2		–5.2
Currency translation differences					31.7	31.7	0.2	31.9
Total comprehensive income for the period		**478.3**	**–**	**–0.3**	**31.7**	**509.7**	**1.3**	**511.0**
Transactions with owners of the company:								
Transactions in treasury shares		–6.3	4.1			–2.2		–2.2
Share-based payments		5.1				5.1		5.1
Dividend		–109.6				–109.6	–0.5	–110.1
Change in scope of consolidation						–	–0.7	–0.7
Total transactions with owners of the company	**–**	**–110.8**	**4.1**	**–**	**–**	**–106.7**	**–1.2**	**–107.9**
Equity as of June 30, 2014	**0.3**	**3058.6**	**–22.8**	**2.0**	**–300.7**	**2737.4**	**6.4**	**2743.8**

Consolidated statement of cash flows

January–June

millions of CHF	2014	2013
Cash and cash equivalents as of January 1	**549.9**	507.3
Cash flow from operating activities		
Net income	**484.6**	100.5
Interest and securities income	**–3.2**	–1.9
Interest expenses	**10.9**	11.3
Income tax expenses	**35.7**	34.7
Depreciation/amortization	**57.8**	68.8
Income from disposals of subsidiaries; property, plant, and equipment; and financial instruments	**–0.3**	–0.3
Gain on sale of discontinued operations, net of tax	**–394.0**	–
Changes in inventories	**–65.0**	–8.4
Changes in advance payments to suppliers	**4.1**	–3.6
Changes in trade accounts receivable	**–14.5**	19.1
Changes in advance payments from customers	**–8.1**	26.5
Changes in trade accounts payable	**–20.1**	–23.2
Changes in provisions	**–12.2**	–15.8
Changes in other net current assets	**–12.5**	–50.1
Other non-cash items	**3.3**	–2.0
Interest received	**3.4**	1.8
Interest paid	**–2.6**	–3.3
Income tax paid	**–57.7**	–56.4
Total cash flow from operating activities	**9.6**	97.7
Cash flow from investing activities		
Purchase of intangible assets	**–2.0**	–1.5
Sale of intangible assets	**–**	0.2
Purchase of property, plant, and equipment	**–51.1**	–46.4
Sale of property, plant, and equipment	**3.4**	1.2
Acquisitions of subsidiaries, net of cash acquired	**–2.9**	–18.4
Divestitures of subsidiaries	**920.0**	–
Purchase of financial assets	**–149.6**	–1.2
Sale of financial assets	**–**	1.6
Total cash flow from investing activities	**717.8**	–64.5
Cash flow from financing activities		
Dividend paid	**–108.9**	–108.7
Purchase/sale of treasury stock	**–3.0**	–1.5
Dividend paid to non-controlling interests	**–0.5**	–1.2
Additions in long-term borrowings	**0.5**	8.6
Repayment of long-term borrowings	**–1.8**	–3.0
Additions in short-term borrowings	**4.5**	31.5
Repayment in short-term borrowings	**–29.4**	–18.8
Total cash flow from financing activities	**–138.6**	–93.1
Exchange gains on cash and cash equivalents	**2.0**	0.3
Net change in cash and cash equivalents	**590.8**	–59.6
Cash and cash equivalents as of June 30	**1 140.7**	447.7

Notes to the financial statements

01 Accounting policies
This unaudited consolidated interim financial report as of and for the six months ending June 30, 2014, comprise Sulzer Ltd and its subsidiaries together referred to as the group and was prepared in accordance with the IAS 34 on Interim Financial Reporting.

Segment information has been adjusted to the new structure communicated in 2013. Reportable segments are the divisions Pumps Equipment (PE), Rotating Equipment Services (RES) and Chemtech (CT). Where PE and RES represent the new split of the former Pumps and Turbo Services divisions.

In preparing these interim financial report, management makes judgements, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgement and estimates were the same as those applied in the consolidated financial statements for the year 2013.

02 Changes in accounting policies
The accounting policies applied in this interim financial report are the same as those applied in the consolidated financial statements for the year 2013.

There are no IFRS standards or IFRIC interpretations that are effective for the first time for the financial year beginning on or after January 1, 2014, that would be expected to have a material impact on Sulzer's financial statements.

03 Significant changes in the scope of consolidation
All current figures related to business combinations in the reporting period are of temporary nature only as they can change during the measurement period. If estimates need to be revised, the allocation of the cost of the business combination is adjusted accordingly.

2014

Metco division

Sulzer has successfully completed the sale of its Metco division to Oerlikon. This sale was announced on January 31, 2014, and was closed on June 2, 2014. As a consequence, Metco is presented as discontinued operations and the assets and liabilities were classified as held for sale on December 31, 2013. Assets and liabilities have been deconsolidated as of June 2, 2014. The comparative consolidated income statement and statement of comprehensive income have been restated to show discontinued operations separately from continuing operations. For further details of the effects to the consolidated financial statements, see note 04.

Saudi Pump Factory

On February 2, 2014, Sulzer signed an agreement for the acquisition of a 75% stake in Saudi Pump Factory with Nabil Al Hashim, the owner and founder of the company. The agreed purchase price for the 75% stake is CHF 33 million. Saudi Pump Factory, located in Riyadh, Saudi Arabia, with a workforce of 170 employees, achieved sales of approximately CHF 25 million in 2012. Closing is expected to take place in the third quarter 2014.

aixfotec GmbH

On March 31, 2014, Sulzer acquired aixfotec GmbH, a leading technology company in extrusion systems for the production of polymer foams, based in Aachen, Germany. aixfotec GmbH generates sales in the single-digit million Euro range. This acquisition widens Sulzer Chemtech's portfolio in the field of polymer technology and strengthens its position as a technology leader and system supplier in plastics manufacturing. The goodwill is attributable to synergies from combined solutions and shared services.

Acquired net assets of aixfotec

millions of CHF	Fair value
Intangible assets	3.3
Property, plant, and equipment	0.1
Cash and cash equivalents	1.1
Trade accounts receivable	0.4
Other current assets	0.3
Liabilities with third parties	–1.5
Deferred tax liabilities	–0.8
Identified acquired net assets	**2.9**
Purchase price paid in cash	2.8
Contingent consideration	2.3
Goodwill	**2.2**

03 Significant changes in scope of consolidation (continued)

Grayson Armature

On June 13, 2014, Sulzer agreed to acquire both Grayson Armature businesses—Grayson Armature Large Motor Division, Inc. (Houston) and Grayson Armature Orange Texas, Inc.—for an enterprise value of USD 42 million (CHF 38 million). Grayson Armature expects revenues of USD 35 million (CHF 31 million) in 2014. Grayson Armature will add electromechanical capabilities to Sulzer's Rotating Equipment Services division, complementing its range of services for rotating equipment. Closing is expected to take place in the third quarter 2014.

2013

Krøger A/S

On February 5, 2013, Sulzer acquired 100% of the shares of Krøger A/S, a leading manufacturer of dispensers in Greve, Denmark. Krøger A/S achieved sales of CHF 9.0 million in 2012 with 34 employees. The acquisition expands the product portfolio of the business unit Sulzer Mixpac Systems. Transaction costs recognized in general and administrative expenses amounted to CHF 0.4 million. The goodwill is attributable to synergies from combined solutions and shared services.

Acquired net assets of Krøger A/S

millions of CHF	Fair value
Intangible assets	12.3
Property, plant, and equipment	0.7
Inventories	2.2
Trade accounts receivable	1.3
Other current assets	0.1
Liabilities with third parties	–7.8
Identified acquired net assets	**8.8**
Purchase price paid in cash	17.8
Contingent consideration	0.3
Goodwill	**9.3**

Tartek Oy

On October 31, 2013, Sulzer Pumps fully acquired Tartek Oy, a family owned company established in 1978, located in Rauma, Finland. Tartek Oy is a specialist in development, manufacture, repair and maintenance of high-quality mechanical seals. With this acquisition, Sulzer Pumps further expands its technology portfolio to provide extended seal offerings to customers in the pulp and paper, power, and water industries. The goodwill is attributable to synergies from additional and combined solutions. For the first half year 2014, the order intake totaled CHF 0.5 million, sales amounted to CHF 0.6 million, and the operating income totaled CHF 0.2 million.

Acquired net assets of Tartek Oy

millions of CHF	Fair value
Property, plant, and equipment	0.2
Current assets	0.1
Liabilities with third parties	–0.1
Identified acquired net assets	**0.2**
Purchase price paid in cash	4.7
Contingent consideration	1.5
Goodwill	**6.0**

Others

No changes to the provisional purchase price allocation disclosed in the Sulzer Annual Report 2013 had to be considered for acquisitions made in 2013.

04 Discontinued operations

Income statement from discontinued operations

millions of CHF	Jan-May 2014	Jan-Jun 2013
Sales	**301.7**	354.5
Expenses	**–265.6**	–317.0
Operating income	**36.1**	37.5
Financial result	**–0.5**	–0.6
Income before income tax expenses from operating activities	**35.6**	36.9
Income tax expenses	**–9.0**	–10.1
Income from operating activities of discontinued operations	**26.6**	26.8
Gain on sale of discontinued operations before reclassification of translation differences	**512.1**	–
Reclassification of translation differences	**–60.7**	–
Income tax on sale of discontinued operations	**–57.8**	–
Net income from discontinued operations	**420.2**	26.8
Attributable to shareholders of Sulzer Ltd	**420.2**	26.8
Attributable to non-controlling interests	**–**	–

Cash flows from discontinued operations

millions of CHF	Jan-May 2014	Jan-Jun 2013
Total cash flow from operating activities	**33.4**	10.6
Total cash flow from investing activities	**–8.0**	–12.1
Total cash flow from financing activities	**–21.0**	–18.9

04 Discontinued operations (continued)

Effect of disposal on the financial position of the Group

millions of CHF	June 2 2014
Cash and cash equivalents	–34.0
Inventories	–128.3
Advance payments to suppliers	–4.9
Trade accounts receivable	–108.0
Other accounts receivable and prepaid expenses	–15.9
Intangible assets	–132.7
Property, plant, and equipment	–152.7
Other financial assets	–0.1
Non-current receivables	–17.1
Deferred income tax assets	–13.8
Trade accounts payable	37.2
Advance payments from customers	11.6
Short-term borrowings	0.1
Current income tax liabilities	18.9
Current provisions	5.3
Other current and accrued liabilities	53.0
Long-term borrowings	11.8
Deferred income tax liabilities	4.1
Non-current provisions	29.2
Net assets	**–436.3**
Consideration received (cash and cash equivalents)	954.0
Cash and cash equivalents disposed of	–34.0
Net cash inflow	**920.0**

05 Currency exchange rates

	Average rate			Closing rate		
	Jan–Jun 2014	Jan–Jun 2013	Jan–Dec 2013	June 30 2014	June 30 2013	Dec 31 2013
1 EUR	1.22	1.23	1.23	1.22	1.23	1.23
1 GBP	1.49	1.45	1.45	1.52	1.44	1.47
1 USD	0.89	0.94	0.93	0.89	0.94	0.89
1 BRL	0.39	0.46	0.43	0.41	0.43	0.38
1 CAD	0.81	0.92	0.90	0.83	0.90	0.84
100 CNY	14.45	15.13	15.08	14.35	15.37	14.70
100 INR	1.47	1.70	1.59	1.48	1.58	1.44
100 MXN	6.80	7.47	7.27	6.87	7.27	6.81
100 SEK	13.64	14.41	14.23	13.23	14.04	13.86
1 SGD	0.71	0.75	0.74	0.71	0.75	0.70
100 ZAR	8.33	10.18	9.64	8.41	9.50	8.49

06 Financial instruments

The following tables present the carrying amounts and fair values of financial assets and liabilities as at June 30, 2014 and December 31, 2013, including their levels in the fair value hierarchy. For financial assets and financial liabilities not measured at fair value in the balance sheet, fair value information is not provided if the carrying amount is a reasonable approximation of fair value.

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities, or the outstanding bond) is based on quoted market prices at the balance sheet date. Such instruments (if any) are included in level 1.

The fair value of financial instruments that are not traded in an active market (e.g. over-the-counter derivatives) is determined by using valuation techniques. Forward exchange and other forward contracts are valued using a market comparison technique: the fair values are based on quoted or otherwise observable prices for similar instruments at the balance sheet date. Forward exchange and other forward contracts are included in level 2. Such short-term financial investments which are not traded in active markets are measured based on discounted cash flows and are included in level 2.

Contingent considerations (Level 3) are linked on the fulfillment of certain parameters, mainly related to technology transfer and retention of key personnel. The corporation considered the maximum amount and assumes the fulfillment of the defined clauses.

The following table presents the carrying amounts and fair values of financial assets and liabilities as at June 30, 2014.

millions of CHF	Carrying amount	**Fair value**	Level 1	Level 2	Level 3
Financial assets measured at fair value					
Financial assets at fair value through profit or loss	149.6	**149.6**	49.6	100.0	–
Derivative assets	8.9	**8.9**	–	8.9	–
Total financial assets measured at fair value	158.5	**158.5**	49.6	108.9	–
Financial assets not measured at fair value					
Loans and receivables	7.0				
Available-for-sale financial assets	4.6				
Non-current receivables (excluding derivative assets)	11.5				
Trade accounts receivables	888.5				
Other accounts receivables (excluding derivative assets)	131.0				
Cash and cash equivalents	1 140.7				
Total financial assets not measured at fair value	2 183.3	**–**	–	–	–
Financial liabilities measured at fair value					
Derivative liabilities	5.7	**5.7**	–	5.7	–
Contingent considerations	4.2	**4.2**	–	–	4.2
Total financial liabilities measured at fair value	9.9	**9.9**	–	5.7	4.2
Financial liabilities not measured at fair value					
Outstanding bond	498.5	**517.9**	517.9	–	–
Bank loans and other borrowings	51.1				
Trade accounts payable	325.1				
Total financial liabilities not measured at fair value	874.7	**517.9**	517.9	–	–

06 Financial instruments (continued)

The following table presents the carrying amounts and fair values of financial assets and liabilities as at December 31, 2013.

millions of CHF	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets measured at fair value					
Derivative assets	11.9	11.9	–	11.9	–
Total financial assets measured at fair value	11.9	11.9	–	11.9	–
Financial assets not measured at fair value					
Loans and receivables	6.6				
Available-for-sale financial assets	4.5				
Non-current receivables (excluding derivative assets)	13.4				
Trade accounts receivables	877.5				
Other accounts receivables (excluding derivative assets)	129.6				
Cash and cash equivalents	528.7				
Total financial assets not measured at fair value	1 560.3	–	–	–	–
Financial liabilities measured at fair value					
Derivative liabilities	5.4	5.4	–	5.4	–
Contingent considerations	2.3	2.3			2.3
Total financial liabilities measured at fair value	7.7	7.7	–	5.4	2.3
Financial liabilities not measured at fair value					
Outstanding bond	498.1	519.2	519.2	–	–
Bank loans and other borrowings	74.4				
Trade accounts payable	345.6				
Total financial liabilities not measured at fair value	918.1	519.2	519.2	–	–

Contingent consideration

millions of CHF	2014	2013
Balance as of January 1	2.3	3.4
Assumed in a business combination	2.3	1.8
Transfer to liabilities held for sale	–	–1.0
Release to other operating income	–	–0.9
Payment of contingent consideration	–0.4	–1.0
Total contingent consideration as of June 30/December 31	4.2	2.3

07 Subsequent events after the balance sheet date

The Board of Directors authorized these consolidated financial statements for issue on July 18, 2014. The Board of Directors and the Executive Committee are, at the time of completion of the corporation's consolidated financial statements on July 18, 2014, not aware of any further events that would materially affect these statements.

Segment information

millions of CHF		Pumps Equipment		Rotating Equipment Services		Chemtech	
		2014	2013[3]	2014	2013[3]	2014	2013
Orders							
Order intake		**851.3**	954.8	**379.9**	373.2	**354.0**	411.0
Nominal growth		**–10.8%**	n/a	**1.8%**	n/a	**–13.9%**	13.9%
Adjusted growth[1]		**–5.4%**	n/a	**8.0%**	n/a	**–10.0%**	9.9%
Order backlog as of June 30/December 31		**1 241.1**	1 190.9	**245.0**	190.7	**286.6**	290.5
Income statement							
Sales[2]		**809.5**	846.1	**327.5**	345.4	**357.3**	363.5
Nominal growth		**–4.3%**	n/a	**–5.2%**	n/a	**–1.7%**	0.2%
Adjusted growth[1]		**1.2%**	n/a	**0.0%**	n/a	**2.3%**	–3.6%
Research and development expenses		**19.8**	16.4	**1.1**	1.3	**17.8**	17.7
Operating income before depreciation/amortization	EBITDA	**68.9**	73.7	**33.5**	34.4	**59.2**	54.2
Depreciation/amortization		**–25.5**	–26.6	**–9.4**	–9.7	**–19.2**	–19.2
Operating income before restructuring	EBITR	**44.6**	49.3	**24.1**	25.8	**40.0**	35.0
Restructuring expenses		**–1.2**	–2.2	**–**	–1.1	**–**	–
Operating income	EBIT	**43.4**	47.1	**24.1**	24.7	**40.0**	35.0
Return on sales (EBIT/sales)	ROS	**5.4%**	5.6%	**7.4%**	7.2%	**11.2%**	9.6%
Return on sales before restructuring (EBITR/sales)	ROSR	**5.5%**	5.8%	**7.4%**	7.5%	**11.2%**	9.6%
Balance sheet							
Operating assets		**2054.1**	2 100.4	**623.4**	589.9	**633.3**	606.8
Unallocated assets		**–**	–	**–**	–	**–**	–
Total assets as of June 30/December 31		**2054.1**	2 100.4	**623.4**	589.9	**633.3**	606.8
Operating liabilities		**718.7**	774.7	**188.9**	179.8	**226.3**	230.3
Unallocated liabilities		**–**	–	**–**	–	**–**	–
Total liabilities as of June 30/December 31		**718.7**	774.7	**188.9**	179.8	**226.3**	230.3
Operating net assets		**1 335.4**	1 325.7	**434.5**	410.1	**407.0**	376.5
Unallocated net assets		**–**	–	**–**	–	**–**	–
Total net assets as of June 30/December 31		**1 335.4**	1 325.7	**434.5**	410.1	**407.0**	376.5
Capital expenditure		**23.0**	13.1	**8.3**	6.4	**13.1**	10.6
Employees (number of full-time equivalents) as of June 30/December 31		**7 417**	7 389	**3 627**	3 642	**4 106**	4 167

[1] Adjusted for currency effects as well as acquisitions and divestitures.

[2] Sales between segments are not material.

[3] Restated numbers according to new operational structure, effective since January 1, 2014.

millions of CHF		Total divisions		Others[2]		Total Sulzer	
		2014	2013	2014	2013	2014	2013[3]
Orders							
Order intake		1 585.2	1 739.0	–1.8	–0.6	1 583.4	1 738.4
Nominal growth		–8.8%	n/a	–	–	–8.9%	n/a
Adjusted growth[1]		–3.6%	n/a	–	–	–3.7%	n/a
Order backlog as of June 30/December 31		1 772.7	1 672.1	–	–	1 772.7	1 672.1
Income statement							
Sales		1 494.3	1 555.0	–2.6	–3.4	1 491.7	1 551.6
Nominal growth		–3.9%	n/a	–	–	–3.9%	n/a
Adjusted growth[1]		1.2%	n/a	–	–	1.2%	n/a
Research and development expenses		38.7	35.4	–	–	38.7	35.4
Operating income before depreciation/amortization	EBITDA	161.6	162.3	–5.8	4.4	155.8	166.7
Depreciation/amortization		–54.1	–55.5	–2.5	–0.5	–56.6	–56.0
Operating income before restructuring	EBITR	108.7	110.1	–8.3	3.9	100.4	114.0
Restructuring expenses		–1.2	–3.3	–	–	–1.2	–3.3
Operating income	EBIT	107.5	106.8	–8.3	3.9	99.2	110.7
Return on sales (EBIT/sales)	ROS	7.2%	6.9%	–	–	6.7%	7.1%
Return on sales before restructuring (EBITR/sales)	ROSR	7.3%	7.1%	–	–	6.7%	7.3%
Balance sheet							
Operating assets		3310.8	3 297.1	20.5	26.5	3 331.3	3 323.6
Unallocated assets		–	–	–	–	1 425.0	1 220.3
Total assets as of June 30/December 31		3310.8	3 297.1	20.5	26.5	4 756.3	4 543.9
Operating liabilities		1 133.9	1 184.8	63.3	74.3	1 197.2	1 259.1
Unallocated liabilities		–	–	–	–	815.3	944.1
Total liabilities as of June 30/December 31		1 133.9	1 184.8	63.3	74.3	2012.5	2 203.2
Operating net assets		2176.9	2 112.3	–42.8	–47.8	2134.1	2 064.5
Unallocated net assets		–	–	–	–	609.7	276.2
Total net assets as of June 30/December 31		2176.9	2 112.3	–42.8	–47.8	2743.8	2 340.7
Capital expenditure		44.4	30.1	8.7	5.1	53.1	35.2
Employees (number of full-time equivalents) as of June 30/December 31		15150	15 198	132	184	15282	15 382

[1] Adjusted for currency effects as well as acquisitions and divestitures.

[2] The most significant activities under "Others" are Corporate Center, and consolidation adjustments.

[3] Restated, includes only continuing operations.

Imprint

This document may contain forward-looking statements, including, but not limited to, projections of financial developments and future performance of materials and products, containing risks and uncertainties. These statements are subject to change based on known and unknown risks and various other factors that could cause the actual results or performance to differ materially from the statements made herein.

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