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Ad hoc announcement pursuant to Art. 53 LR

February 18, 2022

Record profitability and robust growth momentum

FULL YEAR 2021 HIGHLIGHTS

- Orders CHF 3'168m¹, +3.6% (+0.9% organic) on strong demand in all divisions
- Sales CHF 3'155m¹, +6.0% (+3.5% organic) driven by Water, Industry & Renewables
- Operational profitability of 9.3% (+70bps), record-high in every division
- Solid free cash flow of CHF 211m¹ at 6.7% of sales
- Sulzer refocused on flow control after medmix spin-off
- CFO Jill Lee to retire later in the year, Thomas Zickler named internal successor
- Dividend of CHF 3.50 per share proposed
- 2022 guidance: order growth of 3-5%, sales growth of 4-6% (excluding Energy, comparable +2-4%), operational profitability close to 10%

CEO Greg Poux-Guillaume stated: "Once again, Sulzer met or exceeded all its targets, continuing a trend of strong results regardless of the market environment. Our strategic growth initiatives in Renewables, Water and Service are paying off, and our one market that was struggling, Energy, has started to rebound. I am honored to have led the people of Sulzer and pleased to leave the company in very good shape, at the start of another strong phase of growth and with record-high profitability in every division. Our confidence in Sulzer's future is reflected in the proposed dividend of CHF 3.50 per share."

Key figures 2021

millions of CHF	2021	2020 ³	Change in +/-%	+/-% adjusted ²	+/-% organic ³
Order intake from continuing operations	3'167.6	3'049.2	3.9	3.6	0.9
Order intake gross margin from continuing operations	33.1%	32.6%			
Order backlog from continuing operations as of December 31	1'724.1	1'676.8	2.8		
Sales from continuing operations	3'155.3	2'967.8	6.3	6.0	3.5
EBIT from continuing operations	221.8	132.5	67.4		
Operational profit from continuing operations	293.3	255.0	15.1	14.1	10.9
Operational profitability from continuing operations	9.3%	8.6%			
Operational ROCEA from continuing operations	22.7%	21.3%			
Core net income from continuing operations	195.3	165.6	17.9		
Net income from continuing operations	140.7	71.5	96.7		
Basic earnings per share from continuing operations (in CHF)	4.10	2.00	104.9		
Free cash flow (FCF)	238.7	272.1	-12.3		
Net debt as of December 31	66.8	414.5	-83.9		
Employees (FTEs) from continuing operations as of December 31	13'816	13'197	4.7		

¹ Excluding discontinued business APS

² Adjusted for currency effects

³ Comparative information has been re-presented due to discontinued operations (details in note 7 to the consolidated financial statements)

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Note: If not otherwise indicated, changes from the previous year are based on currency-adjusted figures.

Strong order intake with positive mix

Order intake increased by 3.6% compared with 2020 to CHF 3'167.6 million, fueled by organic growth of 0.9% and CHF 82.9 million from acquisitions. Currency translation effects had a positive impact on order intake of CHF 8.8 million. Order intake gross margin increased nominally by 0.5 percentage points to 33.1%, influenced by a better mix.

Order intake growth in Water and Industry within Flow Equipment more than offset the expected drop in Energy, leading to an increase of 1.8% (–3.9% organically) in the division. Water orders increased significantly by 29.9%, equally driven by 11.4% organic growth and CHF 73.6 million from the Nordic Water acquisition. Orders in Industry were up 6.9%, while the Energy market segment declined by 22.6% due to softer market conditions and continued order selectivity. Order intake in the Services division grew by 2.8%, supported by organic growth of 2.0% and CHF 9.3 million from acquisitions. All regions grew except Asia-Pacific (APAC), where pandemic-related restrictions remained most pronounced. Chemtech's order intake increased by 8.8%, on strong increases in the US and China and the growing commercial success in the Renewables market segment, which now accounts for 13.6% of the division's order intake.

As of December 31, 2021, the order backlog amounted to CHF 1'724.1 million (December 31, 2020: CHF 1'676.8million). Currency translation effects added CHF 27.5 million.

Robust sales growth in all divisions

Sales increased by 6.0% compared to 2020, reaching CHF 3'155.3 million. Organic growth amounted to 3.5%, with acquisitions adding CHF 71.7 million and positive currency translation effects amounting to CHF 11.0 million.

The Flow Equipment division increased its sales by 6.9% (2.0% organically). Sales in Water increased strongly by 22.7%, including the contribution from the Nordic Water acquisition of CHF 63.6 million and solid organic growth of 7.0%. The Industry market segment also grew strongly, reaching 6.5% organic growth. The positive momentum in Water and Industry more than offset the sales decline in Energy (4.9%). Sales in Services grew in all regions except APAC, where pandemic containment measures muted the market. Despite this, Services achieved year-on-year sales growth of 3.5% (2.7% organically). In Chemtech, sales were significantly up by 8.4% on strong execution in China and a reduced impact from lockdowns compared to last year.

Gross profit margin increased to 30.0% (2020: 29.4%), thanks to operating leverage from higher sales volume, a larger share of high-margin business and the positive impact from implemented cost actions. Gross profit grew nominally CHF 74.5 million to CHF 946.9 million (2020: CHF 872.4 million).

Record operational profitability of 9.3%

Operational profit amounted to CHF 293.3 million compared with CHF 255.0 million in 2020, an increase of 14.1%. The higher gross profit from increased sales and a better mix was further supported by CHF 40 million savings from swift structural measures taken in the Energy-related businesses coupled with continued spending discipline.

Operational profitability from continuing operations reached a record high of 9.3% (2020: 8.6%) with all 3 divisions hitting new heights:

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- Flow Equipment reached 5.9% (2020: 4.3%), on a positive mix effect driven by strong sales in Water and Industry relative to lower Energy sales, and well supported by swift adaptation measures in Energy
- Services hit 14.2% (2020: 13.9%), on strict margin management in an active market where Sulzer was able to differentiate itself
- Chemtech reached 10.0% (2020: 9.6%), thanks to operational leverage on higher volumes

Higher core net income

In 2021, net income from continuing operations amounted to CHF 140.7 million compared with CHF 71.5 million in the previous year. Core net income from continuing operations excluding the tax-adjusted effects of non-operational items totaled CHF 195.3 million compared with CHF 165.6 million in 2020. Basic earnings per share from continuing operations increased from CHF 2.00 in 2020 to CHF 4.10 in 2021.

Continued solid free cash flow

Cash flow from operating activities amounted to CHF 315.9 million, compared with CHF 368.7 million in 2020. The contribution of discontinued operations was CHF 49.0 million (2020: CHF 50.6 million). Cash flow from operating activities was improved by higher net income (CHF 76.7 million – before gain on net assets derecognized) and favorable changes in current trade assets (CHF 18.8m net positive impact from change in accounts receivables, accounts payables, advances to suppliers and other net current assets). Due to sales growth, cash flow was impacted by higher inventories (CHF 20.8 million increase in 2021, compared with CHF 29.7 million of volume-related decrease in 2020), higher changes in net contract assets (CHF 29.0 million) as well as increased tax payments (CHF 14.9 million). The impact from change of provisions also reduced cash flow by CHF 50.3 million (mainly due to build-up of restructuring provisions in 2020 for the energy-related resizing activities).

Free cash flow amounted to a robust CHF 238.7 million (thereof CHF 28.2 million from discontinued operations), a modest growth-generated drop versus the record CHF 272.1 million in the prior year. The free cash flow of CHF 210.5 million from continuing business, reaching 6.7% of sales, underscores the strong cash flow generation of our flow control businesses.

The pre spin-off intercompany loan given to medmix has been fully repaid. Setting off cash retained by medmix's entities on carve-out, Sulzer gained a net cash inflow of CHF 344 million. Through this and strong cash generation, Sulzer's net debt has significantly reduced to CHF 66.8 million from CHF 414.5 million in 2020. Sulzer's robust balance sheet gives the company the financial agility to deliver on its strategic growth plans.

medmix spin-off

On September 20, 2021, the shareholders of Sulzer Ltd at their Extraordinary General Meeting approved the proposed 100% spin-off of the Applicator Systems division (later renamed to medmix) through a 1:1 share split, granting Sulzer shareholders one medmix share in addition to each Sulzer share held. medmix' shares started trading in an oversubscribed offering on September 30, 2021, on the SIX Swiss Exchange.

Sulzer has separated in its annual report the group's reported data for the current and prior years into "continuing" and "discontinued" operations. Discontinued operations include the operational results from the Applicator Systems division and certain corporate activities attributable to the Applicator Systems division prior to the spin-off on September 20, 2021.

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The shareholder approval to spin off the Applicator Systems division required the recognition of a distribution liability, measured at the fair value of the Applicator Systems division, and represented a deduction of retained earnings.

Net income from discontinued operations amounted to CHF 1'278.3 million, comprising a net income from discontinued business activities of CHF 23.2 million for the year up to the spin-off date and a gain on net assets derecognized of CHF 1'255.1 million. The details pertaining to the income statement, market segment information, as well as the balance sheet of the discontinued operations are presented in note 7 of the consolidated financial statements of the 2021 annual report.

CFO handover

After a distinguished international executive career and 11 years at Sulzer, first as a board member and then as Chief Financial Officer, Jill Lee has notified the board of directors of her intention to retire from executive roles and to leave Sulzer later this year. The board is thankful to Jill Lee for her outstanding contribution and fully supportive of her as she engages on the next phase of her professional life, focused on non-executive roles.

Sulzer's board of directors unanimously nominated Thomas Zickler to succeed Jill Lee. After different finance management positions at Daimler Chrysler and ABB, Thomas joined Sulzer in 2015 as Group Treasurer and was instrumental in implementing the company's transformation program. Thomas will take over from Jill later in 2022 after a handover process that will ensure a seamless transition.

Proposals by the Board of Directors at the Annual General Meeting

The Board of Directors will propose an ordinary dividend of CHF 3.50 per share at the Annual General Meeting on April 6, 2022, compared to a dividend of CHF 4.00 in 2021 including the APS division. This reflects our solid balance sheet and our confidence in Sulzer's future performance as a focused fluid engineering company.

As previously announced, Peter Löscher and Gerhard Roiss will not stand for re-election at the April 2022 AGM, after long and distinguished tenures at Sulzer. The Board of Directors will propose the election of Heike van de Kerkhoff and Markus Kammüller.

Furthermore, the Board will propose Suzanne Thoma (Chairperson), Matthias Bichsel, Mikhail Lifshitz, David Metzger, Alexey Moskov and Hanne Birgitte Breinbjerg Sørensen to be reelected for a one-year term of office at the Sulzer Annual General Meeting. All eight nominees are viewed as independent under the Swiss Code of Best Practice for Corporate Governance, whereas three candidates will continue to represent the principal shareholder (M. Lifshitz, A. Moskov and D. Metzger). It is currently intended to split the Nomination and Remuneration Committee into two different board committees from April 6, 2022 onwards. Hanne Birgitte Breinbjerg Sørensen (foreseen as chair of the Remuneration Committee), Suzanne Thoma, Heike van de Kerkhof and Alexey Moskov are proposed for election at the Annual General Meeting as members of the Remuneration Committee.

Outlook

We expect continued growth in our markets, despite uncertainties linked to the pandemic, bottlenecks in supply and logistics, increased input costs, monetary tightening and a volatile macro environment. Against this background, Sulzer has started the year with a high order backlog and a strong commercial momentum, fueled by our focus on growing Water and

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Industry in Flow Equipment, expanding our Services business and boosting Chemtech's leadership in Renewables.

For 2022, Sulzer expects orders to grow organically by 3 to 5%. Excluding Energy, we expect sales to grow organically by 4 to 6%. Year on year, sales are expected to grow organically by 2 to 4% (as Energy, which saw an order decline of 23% in 2021, will impact sales by a negative 2 percentage points). Operational profitability is expected to continue on its upwards trajectory to reach close to 10% of sales.

Key figures divisions

Details on the performance of the divisions can be found in the Annual Report 2021:

<https://report.sulzer.com/ar21>

Pumps Equipment

millions of CHF	2021	2020	Change in +/-%	+/-% adjusted ¹	+/-% organic ²
Order intake	1'324.7	1'297.6	2.1	1.8	-3.9
Order intake gross margin	30.0%	28.4%			
Order backlog as of December 31	811.5	845.0	-4.0		
Sales	1'389.0	1'296.3	7.1	6.9	2.0
EBIT	35.1	-16.1	n/a		
Operational profit	81.4	55.2	47.5	46.6	35.5
Operational profitability	5.9%	4.3%			
Employees (number of full-time equivalents) as of December 31	5'325	5'362	-0.7		

Services

Order intake	1'163.4	1'130.8	2.9	2.8	2.0
Order intake gross margin	38.0%	38.4%			
Order backlog as of December 31	479.5	435.0	10.2		
Sales	1'117.7	1'078.3	3.7	3.5	2.7
EBIT	148.2	126.3	17.3		
Operational profit	158.7	150.3	5.6	5.1	3.8
Operational profitability	14.2%	13.9%			
Employees (number of full-time equivalents) as of December 31	4'571	4'449	2.7		

Chemtech

Order intake	679.5	620.8	9.5	8.8	8.8
Order intake gross margin	30.7%	30.6%			
Order backlog as of December 31	433.2	396.9	9.1		
Sales	648.5	593.1	9.4	8.4	8.4
EBIT	53.6	35.9	49.2		

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Operational profit	64.8	56.9	13.8	11.5	11.5
Operational profitability	10.0%	9.6%			
Employees (number of full-time equivalents) as of December 31	3'734	3'221	15.9		

¹ Adjusted for currency effects.

² Adjusted for acquisition and currency effects.

Abbreviations:

EBIT: Earnings before interest and taxes

Annual results presentation

Due to the pandemic, we refrain from holding a physical meeting and will present our annual results 2021 as a webcast at 9am. Please note that the moderator can only take questions from dialed-in participants.

Please pre-register for the event to receive dedicated dial-in details to easily and quickly access the call:

Registration link:

<https://services3.choruscall.ch/DiamondPassRegistration/register?confirmationNumber=2558830&linkSecurityString=3243a6cbe>

Webcast: <https://services.choruscall.com/mediaframe/webcast.html?webcastid=QXyvuMEK>

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

The Annual Report 2021 as well as the presentation slides will be available to download from our website on the morning of the conference (from 06.00 a.m. CET) under www.sulzer.com/en/about-us/investors/financial-reporting.

Playback webcast

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

Key dates in 2022

April 6	Annual General Meeting 2022
April 11	Order intake Q1 2022
July 29	Midyear results 2022
October 26	Order intake nine months 2022

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 2020, our 15'000 employees delivered revenues of CHF 3.3 billion. Our shares are traded on the SIX Swiss Exchange (SIX: SUN). www.sulzer.com

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