

MEDIA RELEASE

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October 25, 2018

Organic growth in order intake further strengthened

Order intake in the first nine months of 2018 grew across all divisions, reaching CHF 2'676 million compared to CHF 2'385 million in the same period a year ago. Organic growth amounted to 7.2%, up from 6.5% reported in the first half of the year. In the third quarter, Sulzer achieved an order intake of CHF 874 million – an organic increase of 8.7% year on year. With the exception of the power market, Sulzer grew in all of its target markets with the oil and gas market being the strongest driver. In light of this good momentum, Sulzer increases its guidance¹ for 2018 order intake growth to 10 – 12%, up from 7 – 10% previously. Sulzer's guidance¹ for 2018 sales and opEBITA margin remains unchanged.

Order intake

(millions of CHF)	Jan. – Sept. 2018	Jan. – Sept. 2017	Change	Change adjusted ¹	Change organic ²
Pumps Equipment	1'043.8	880.1	18.6%	17.5%	9.0%
Rotating Equipment Services	841.1	820.2	2.5%	3.3%	1.1%
Chemtech	451.5	371.4	21.6%	21.3%	21.3%
Applicator Systems	339.2	312.9	8.4%	6.3%	1.5%
Total Sulzer	2'675.5	2'384.7	12.2%	11.7%	7.2%

In the first nine months of 2018, order intake rose by CHF 291 million, with currency-adjusted growth of 11.7% and organic growth of 7.2%. Currency impact was a positive 0.5% and acquisitions contributed CHF 107 million. Order intake grew in all of Sulzer's target markets with the exception of the power market. Some larger orders in Pumps Equipment and Chemtech also supported growth.

Order intake from the oil and gas industry was up by 21% organically compared with the same period last year. A rebound was noticeable in all segments and was particularly strong in upstream. Sulzer also recorded high organic growth rates in other markets, such as water (16%), CPI (24%), and dental (10%). In contrast, orders from the power industry decreased significantly (-22%).

Orders increased across all regions. Growth was particularly strong in the Americas, followed by Asia-Pacific and Europe, the Middle East, and Africa (EMEA).

¹ Adjusted for currency effects.

² Adjusted for acquisition and currency effects.

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Free float increased

On September 18, Sulzer placed all five million of its treasury shares with domestic and international investors, and increased the free float to 51%. The placement price of CHF 112 per share, calculated against the purchase price of CHF 109.13 per share in April 2018, resulted in a capital gain of around CHF 15 million that increases Sulzer's equity. Sulzer acquired the five million treasury shares from its former majority shareholder Renova.

Financing mix optimized

On June 19, Sulzer raised CHF 400 million in the Swiss capital market via a dual tranche issuance to optimize its financing mix. The first tranche of CHF 110 million has a term of two years and carries a coupon of 0.25% at a price of 100.00%. The second tranche of CHF 290 million has a term of five years and carries a coupon of 1.30% at a price of 100.00%.

Taking advantage of favorable market conditions, Sulzer raised another CHF 460 million in the Swiss capital market again via a dual tranche bond issuance on September 27. The first tranche of CHF 210 million has a term of three years and carries a coupon of 0.625% at a price of 100.0%. The second tranche of CHF 250 million has a term of six years and carries a coupon of 1.6% at a price of 100.1%. The additional bonds further optimize the maturity profile of Sulzer's financing mix. They will also support the company's bolt-on acquisition strategy.

Guidance increased for order intake and confirmed for sales and opEBITA margin

The order intake momentum is expected to extend into Q4. Sulzer therefore increases its guidance for 2018 order intake growth to 10-12%, up from 7-10% previously, including acquisitions and adjusted for currency effects. Sulzer's guidance for 2018 sales and opEBITA margin remains unchanged: sales are expected to grow by 6-8% and operational EBITA margin to be around 9.5%.

Sulzer expects that the above-mentioned guidance combined with lower non-operational expenses will result in a significantly higher growth rate for net income compared to the growth rate of opEBITA.

*Sulzer's CEO Greg Poux-Guillaume will hold a short **conference call** following the publication of the nine months order intake 2018:*

Date: Thursday, October 25, 2018

Time: 09:00 a.m. CET

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

Dial-in

Local – United Kingdom: +44 (0)207 107 0613

National free phone – United Kingdom: 800 279 3956

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

National free phone – United States of America: 001 (1)866 291 4166

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National free phone (mobile) – Switzerland: 080 000 1752

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

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Sulzer's core strengths are flow control and applicators. We specialize in pumping solutions and services for rotating equipment, as well as separation, mixing and application technology. Our customers benefit from a network of over 180 production and service sites around the world. Sulzer has been headquartered in Winterthur, Switzerland, since 1834. In 2017, we achieved sales of roughly CHF 3 billion with around 14'700 employees. Our shares are traded on the SIX Swiss Exchange (SIX: SUN). www.sulzer.com

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