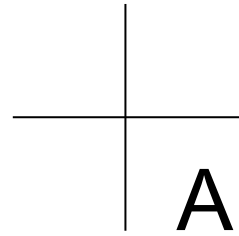


**SULZER**

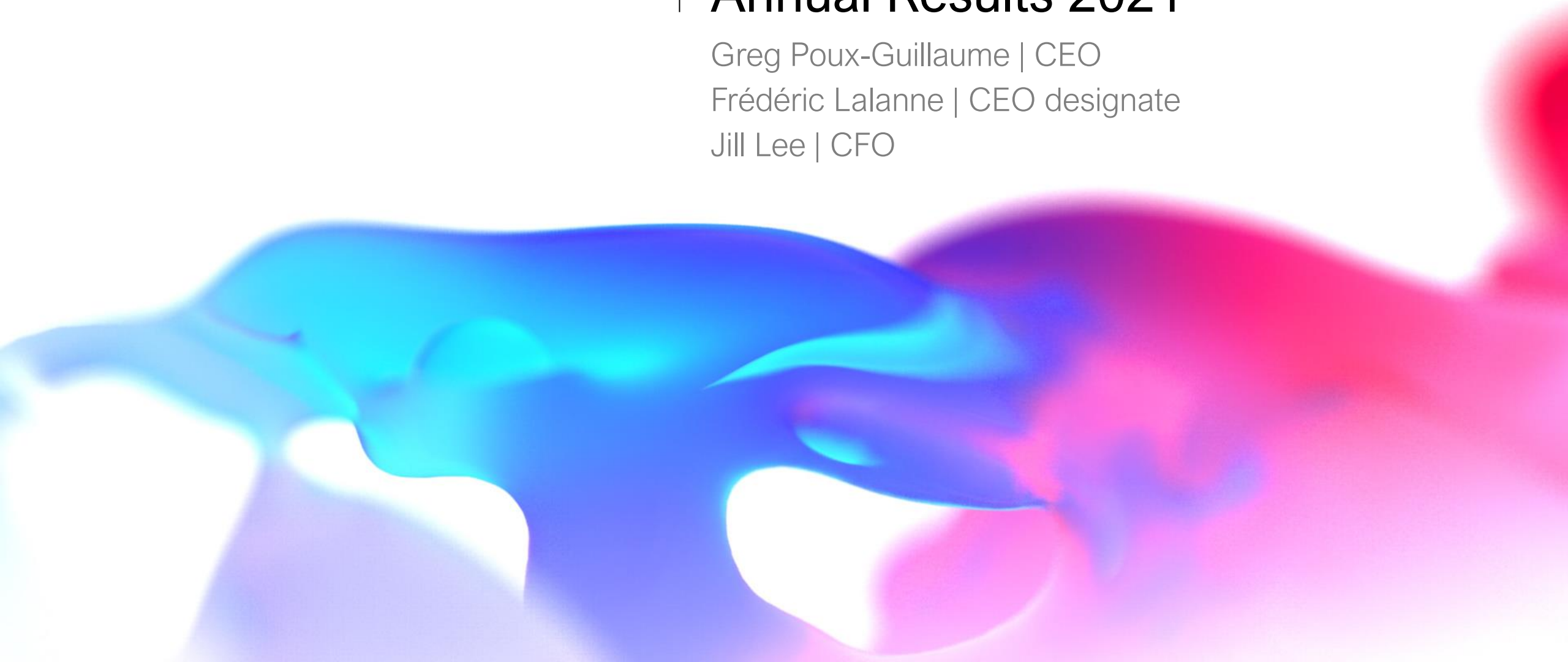


# Annual Results 2021

Greg Poux-Guillaume | CEO

Frédéric Lalanne | CEO designate

Jill Lee | CFO



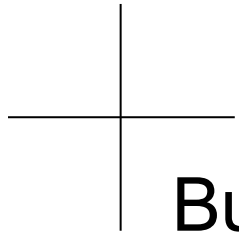


# Disclaimer



This presentation may contain forward-looking statements, including but not limited to, projections of financial developments, market activities or future performance of products and solutions, containing risks and uncertainties.

These forward-looking statements are subject to change based on known or unknown risks and various other factors, which could cause the actual results or performance to differ materially from the statements made herein.

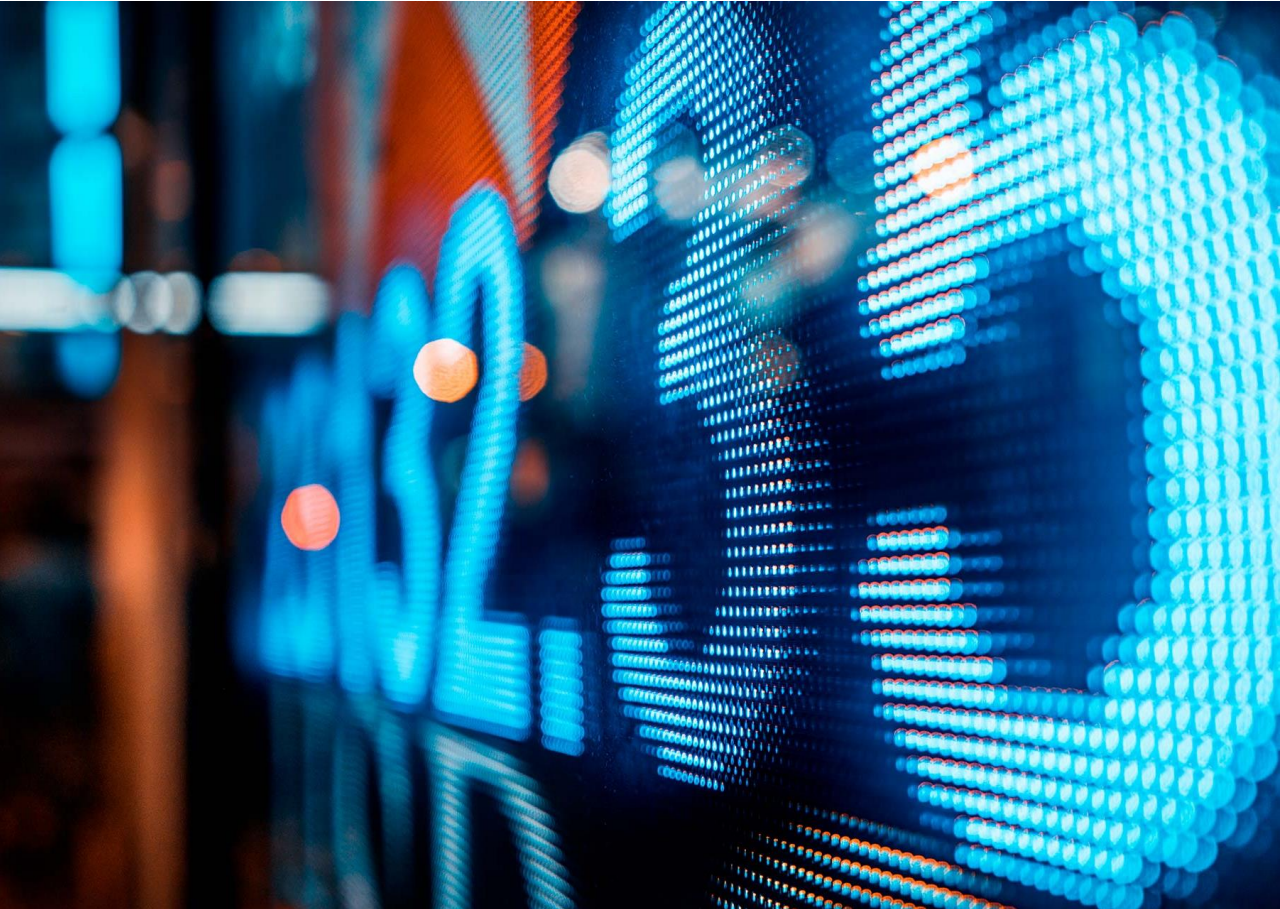


# Business performance

Greg Poux-Guillaume | CEO



# FY 2021 Highlights



- All financial targets achieved or beaten
  - Orders up 3.6% @ CHF 3'168m<sup>1</sup>
  - Sales up 6.0% @ CHF 3'155m<sup>1</sup>
  - Operational profitability at 9.3%<sup>1</sup>
  - FCF strong @ CHF 211m<sup>1</sup>, 6.7% of sales
- Refocused on Flow Control with APS spin-off
- Renamed divisions to reflect change in scope
- Water now largest business in Flow Equipment with the acquisition of Nordic Water
- Seamless 100% internal leadership transition
- Dividend of CHF 3.50 proposed to AGM





# Sulzer post split: new names for new ambitions



Pure play flow control company with attractive technology portfolio in growth markets driven by sustainability

## Flow Equipment

Changed from Pumps Equipment, because we now offer much more than pumps (compressors, grinders, filters, agitators and digital solutions).



Order intake 2021 (CHF)

## Services

Changed from Rotating Equipment Services. We are a full-service provider, using advanced data analytics, digital solutions and additive to maximize the life-time value of our customers' equipment. And we increasingly cover equipment that does not rotate.



Order intake 2021 (CHF)

## Chemtech

Unchanged at this point, but with a clear shift from chemical applications, which still represent more than half of what we do, towards renewable applications such as biopolymers, recycling, carbon capture.

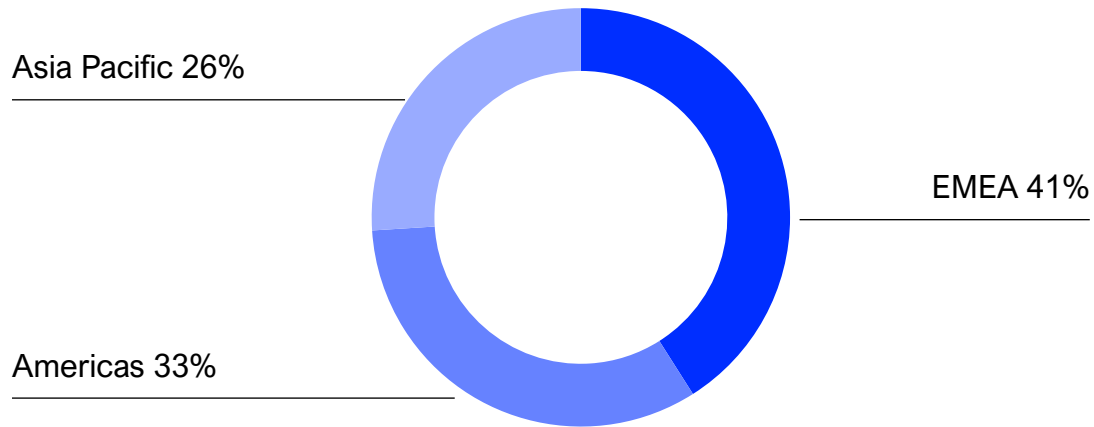


Order intake 2021 (CHF)



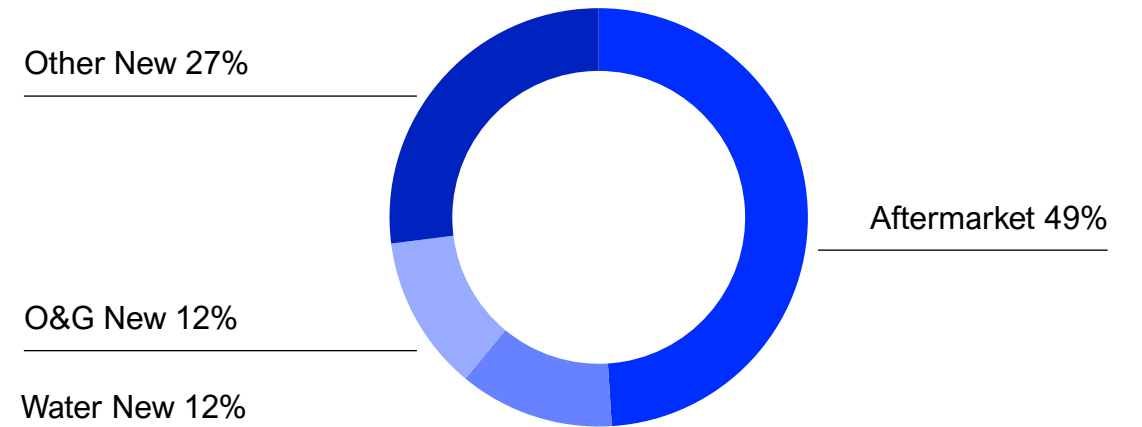
## 2021 orders split

Orders by region



Strong Aftermarket, rising Water New and declining O&G New exposure

Orders by activity

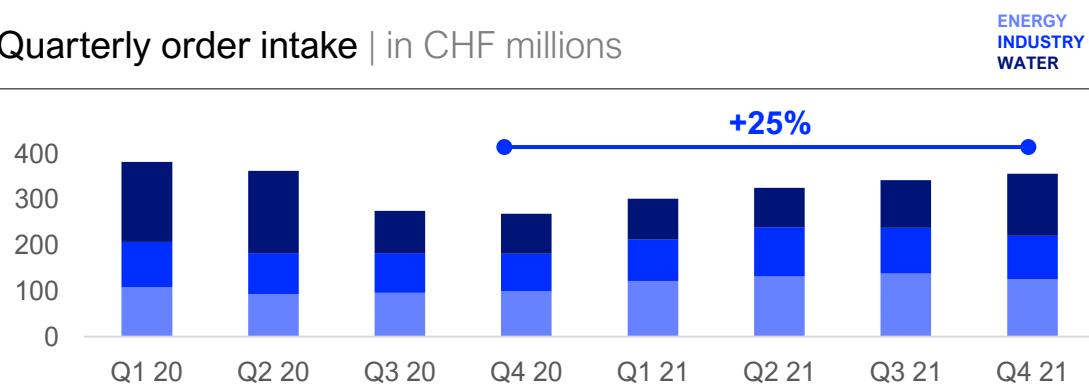


# Flow Equipment

Key figures | in CHF millions

	2021	2020	YOY	Adj. <sup>1</sup>	Org. <sup>2</sup>
<b>Order intake</b>	<b>1'325</b>	1'298	2.1%	1.8%	-3.9%
<b>Sales</b>	<b>1'389</b>	1'296	7.1%	6.9%	2.0%
EBIT	35	-16			
<b>Op Profit</b>	<b>81</b>	55	47.5%	46.6%	35.5%
<b>Op Profitability</b>	<b>5.9%</b>	4.3%			

Quarterly order intake | in CHF millions



Water largest segment in Flow with orders up 11% organic YOY

Highlights

- FY21 organic orders driven by Water +11%, Industry +7%. Energy -23% on soft markets in H1 and continued selectivity
- Q4 orders up 25% YOY FX adjusted and up 21% organic, with all segments contributing to growth: Water +13%, Energy +50% and Industry +3%
- Sales increased 7% FX adjusted and 2% organic with Water and Industry both up 7% and Energy down 5% (all organic)
- Operational profitability increased to 5.9% in FY21, up 160bps
- Logistics remains a challenge, causing delays in projects; raw material price inflation impact is manageable.

1. Adjusted for currency effects

2. Organic: adjusted for currency and acquisition effects



## Wastewater treatment



Sulzer technology enables energy neutrality by producing biogas from sludge

- Sulzer supplied equipment (pumps, agitators, turbocompressors, diffusers and a flow booster) and knowhow to an innovative bio-power scheme in the Energie Fabriek West, Sleenwijk, The Netherlands
- The plant's process relies on a highly complex flow-control system, pumping the sludge between different compartments and mixing it to prepare it for maximum biogas production
- Sulzer's customized solution allows to increase biogas production by 20-30%, helping the utility to become energy neutral by 2030

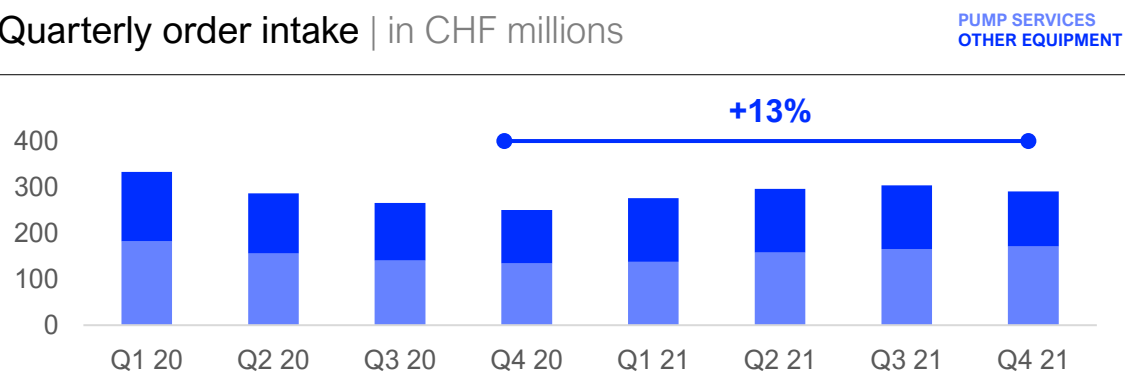


# Services

## Key figures | in CHF millions

	2021	2020	YOY	Adj. <sup>1</sup>	Org. <sup>2</sup>
<b>Order intake</b>	<b>1'163</b>	1'131	2.9%	2.8%	2.0%
<b>Sales</b>	<b>1'118</b>	1'078	3.7%	3.5%	2.7%
EBIT	148	126			
<b>Op Profit</b>	<b>159</b>	150	5.6%	5.1%	3.8%
<b>Op Profitability</b>	<b>14.2%</b>	13.9%			

## Quarterly order intake | in CHF millions



EMEA and Americas dynamic, APAC still to rebound

## Highlights

- FY21 orders up 2% with EMEA +5%, Americas +4% and APAC -12%
- Q4 orders up 13% YOY org. driven by Americas and EMEA, APAC slightly negative on continued site access restrictions
- Sales up 3% organic with same trends as seen in orders
- Operational profitability increased to 14.2% in FY21, up 30bps
- Local presence limits exposure to logistic bottlenecks

1. Adjusted for currency effects

2. Organic: adjusted for currency and acquisition effects



## Generator repair and refurbishment



## Sulzer maximizing efficiency of ageing equipment

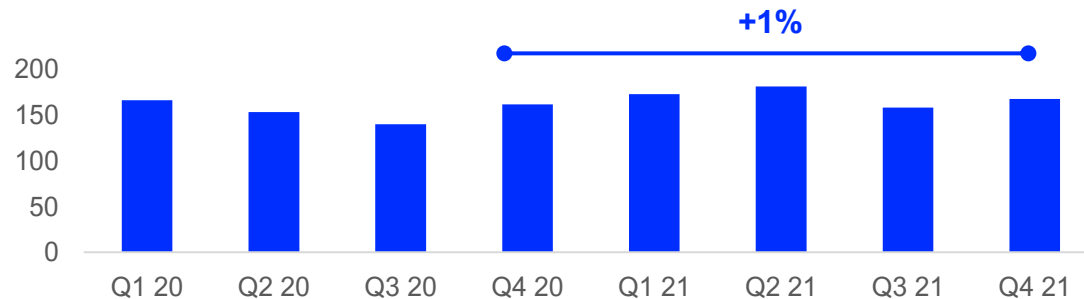
- The Dinas hydropower station features a single 13.5 MW generator to produce electricity
- This power station is part of the Rheidol hydropower plant in Wales, UK, which is the largest power plant of its kind in the UK and entered into operation in 1960
- Following a failure, Statkraft awarded Sulzer with the overhaul project for the complete repair and refurbishment of the Dinas generator
- All the work, including the rewinding had to be completed on site because of the size of the equipment
- Sulzer's ability to perform complex repairs on site is differentiating

# Chemtech

## Key figures | in CHF millions

	2021	2020	YOY	Adj. <sup>1</sup>	Org. <sup>2</sup>
<b>Order intake</b>	<b>680</b>	621	9.5%	8.8%	8.8%
<b>Sales</b>	<b>649</b>	593	9.4%	8.4%	8.4%
EBIT	54	36			
<b>Op Profit</b>	<b>65</b>	57	13.8%	11.5%	11.5%
<b>Op Profitability</b>	<b>10.0%</b>	9.6%			

## Quarterly order intake | in CHF millions



Renewables nearly doubled at 14% of Chemtech, driving growth

## Highlights

- FY21 orders up 9% mainly driven by Renewables (+95%) and Water (+51%)
- Renewables now 14% of total Chemtech orders
- Q4 orders flat (+1%) on high base
- Logistics a challenge, causing project delays. Material cost inflation manageable
- Renewables tendering very active, pipeline increasing

1. Adjusted for currency effects

2. Organic: adjusted for currency and acquisition effects





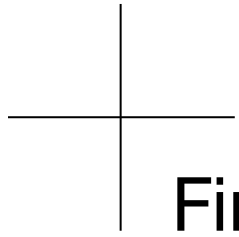
# Bioplastic



Enabling the drive towards bioplastics with market-leading PLA technology

- Sulzer is delivering customized state-of-the-art production technology to NatureWorks' latest biopolymer manufacturing facility at the Nakhon Sawan Biocomplex, Thailand
- NatureWorks is the world's leading manufacturer of low-carbon PLA biomaterials
- The new facility should deliver 75'000 tons of biopolymer annually
- Sulzer designs and supplies lactide purification, polymerization and devolatilization units
- Most of the world's PLA plants run on Sulzer technology





# Financials

Jill Lee | CFO

# Overview

## Key figures | in CHF millions

	2021	2020	YOY	Adj. <sup>1</sup>	Org. <sup>2</sup>
<b>Order intake</b>	<b>3'168</b>	<b>3'049</b>	3.9%	3.6%	0.9%
Order intake gross margin	33.1%	32.6%			
Order backlog (Dec 31)	1'724	1'677			
<b>Sales</b>	<b>3'155</b>	<b>2'968</b>	6.3%	6.0%	3.5%
<b>Op profit (opEBITA)</b>	<b>293</b>	<b>255</b>	15.1%	14.1%	10.9%
<b>Op profitability</b>	<b>9.3%</b>	<b>8.6%</b>			
EBIT	222	133			
ROS %	7.0%	4.5%			
Core net income (continuing)	195	166			
Core EPS (in CHF; continuing)	5.7	4.8			
<b>Free cash flow</b>	<b>239</b>	<b>272</b>			
FTEs (Dec 31)	13'816	13'197			

APS spin-off completed 20 Sept, reported as discontinued operations in income statement

## Highlights

- Q4 orders up 16% FX adjusted (+13% organic), with Flow and Services strongly up, Chemtech slightly up on high base
- Order backlog higher, good visibility on FY22 sales
- Sales up 6% FX adjusted in FY21, all divisions up. Flow +7%, Services +4% and Chemtech +8%
- All divisions hit by supply chain and logistic pressures on customers and Sulzer
- Operational profitability up 70bps to 9.3% on record profitability in all divisions
- FCF of 239m includes 28m of APS (211m excluding APS)
- The split of medmix led to a gain on net assets derecognized of 1'255m, which shows up in the reported net profit figure

1. Adjusted for currency effects

2. Organic: adjusted for currency and acquisition effects



# Operational profit



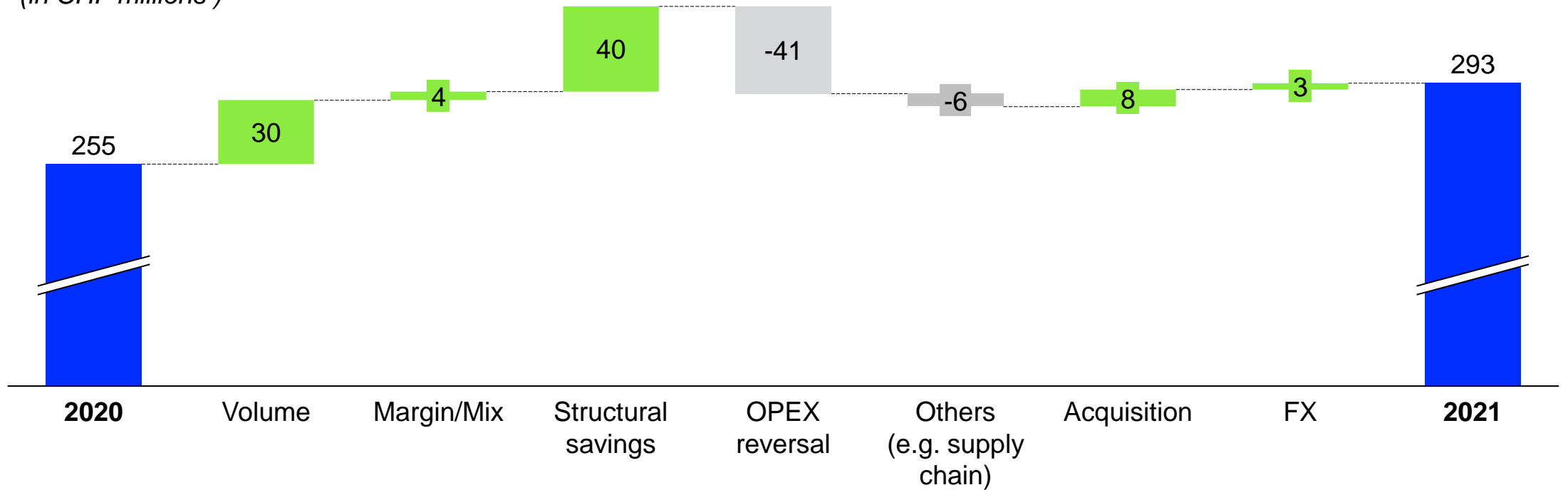
Operational profitability at 9.3%,  
record level for current scope

## Operational profitability

8.6%

9.3%

(in CHF millions)



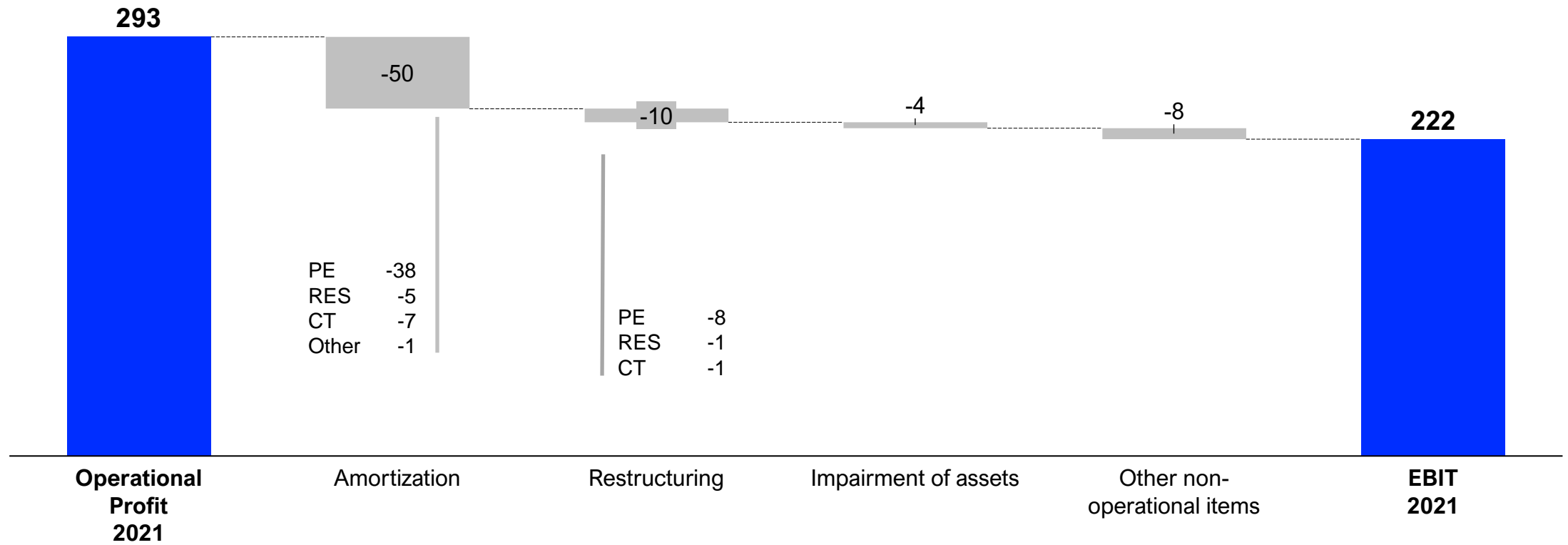


# Op. profit to EBIT



Lower restructuring expenses

(in CHF millions )

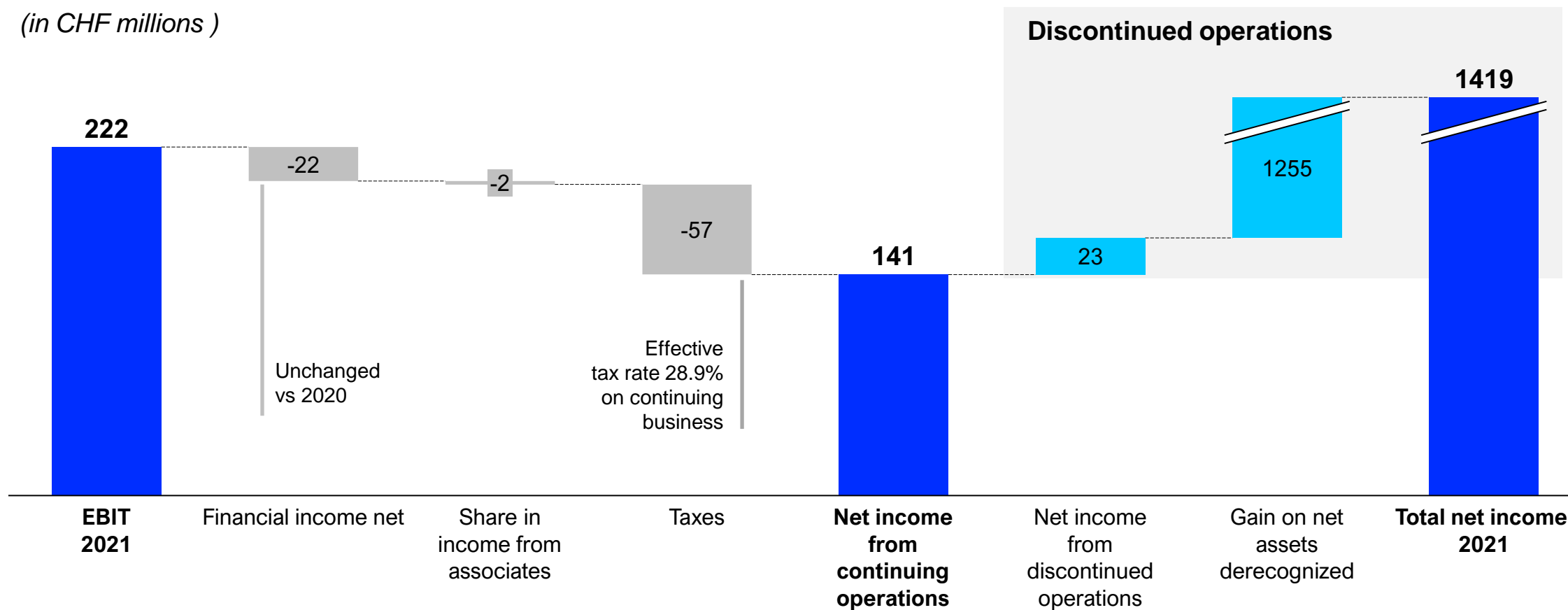




# EBIT to Net income

Excluding exceptional gain from APS spin-off, net income nearly doubled from previous year

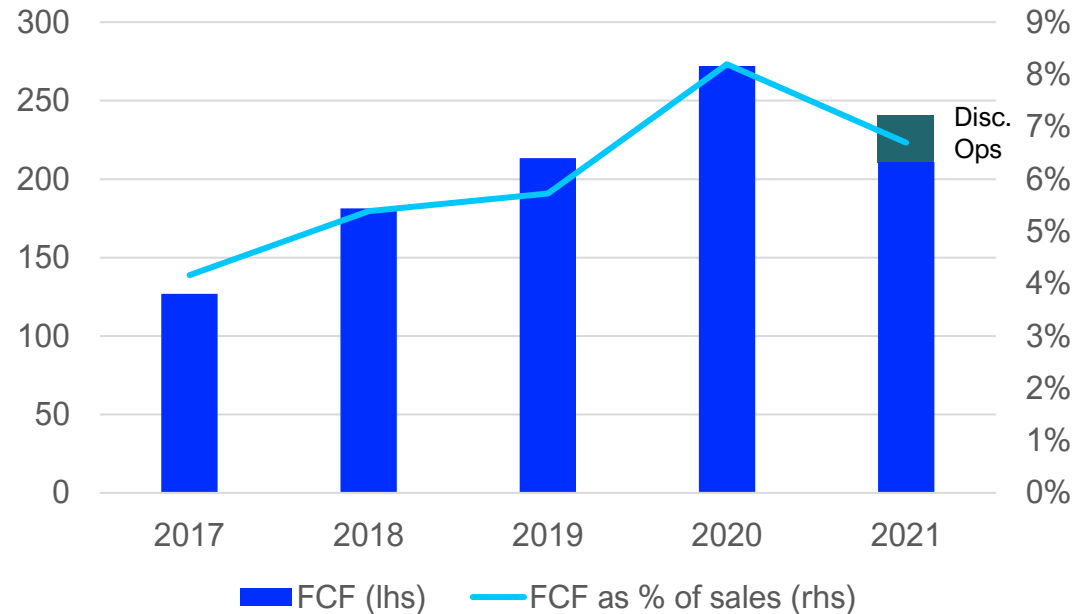
(in CHF millions)





# Free Cash Flow

FCF in CHF millions and FCF as % of sales



Post APS split, continuing strong FCF, reached 6.7% of sales in 2021

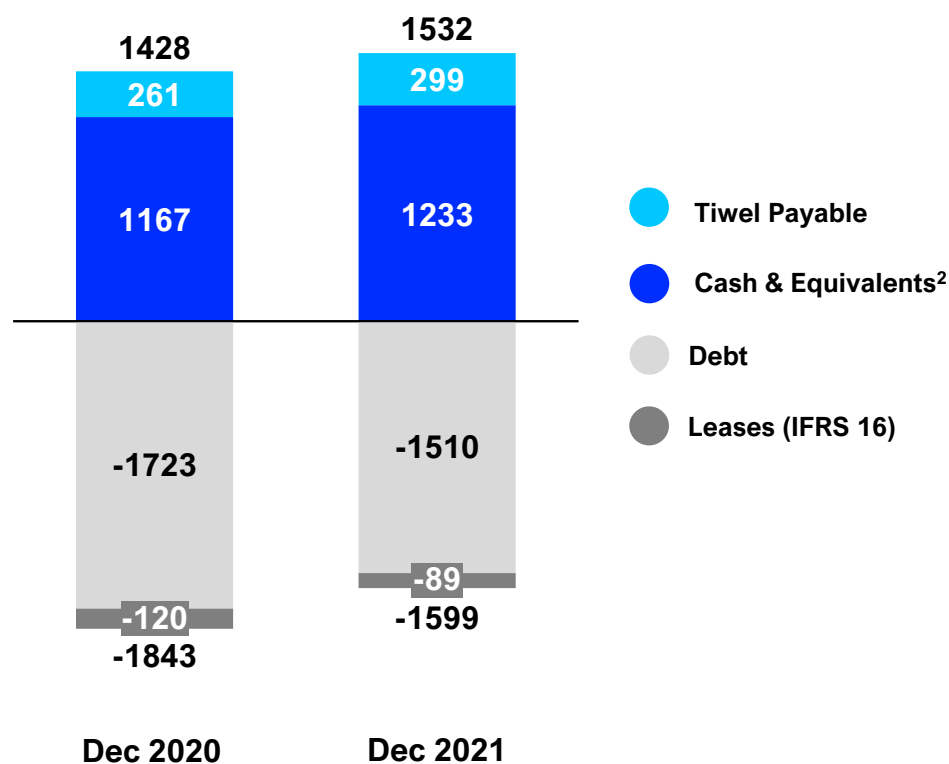
EBITDA to FCF (excluding discontinued operations)

<b>EBITDA</b>	<b>357</b>
Change in Net Working Capital <sup>1</sup>	-13
Capex	-64
Change in Others	25
Net interest	-18
Taxes	-77
<b>Free Cash Flow</b>	<b>211</b>

<sup>1</sup> Inventory, trade AR & AP including advances & accruals, net contract assets

# Balance sheet

(in CHF millions)



<sup>1</sup> CHF 366m and 1.0x excluding 299m cash held on behalf of Tiwel

<sup>2</sup> incl. current financial assets, excl. Tiwel payable

Balance sheet stronger than before split, continues to support acquisitions

	Dec 2020	Dec 2021
<b>Net debt</b>	<b>415</b>	<b>67<sup>1</sup></b>
<b>Net debt / EBITDA</b>	<b>1.3x</b>	<b>0.2x<sup>1</sup></b>

## Highlights

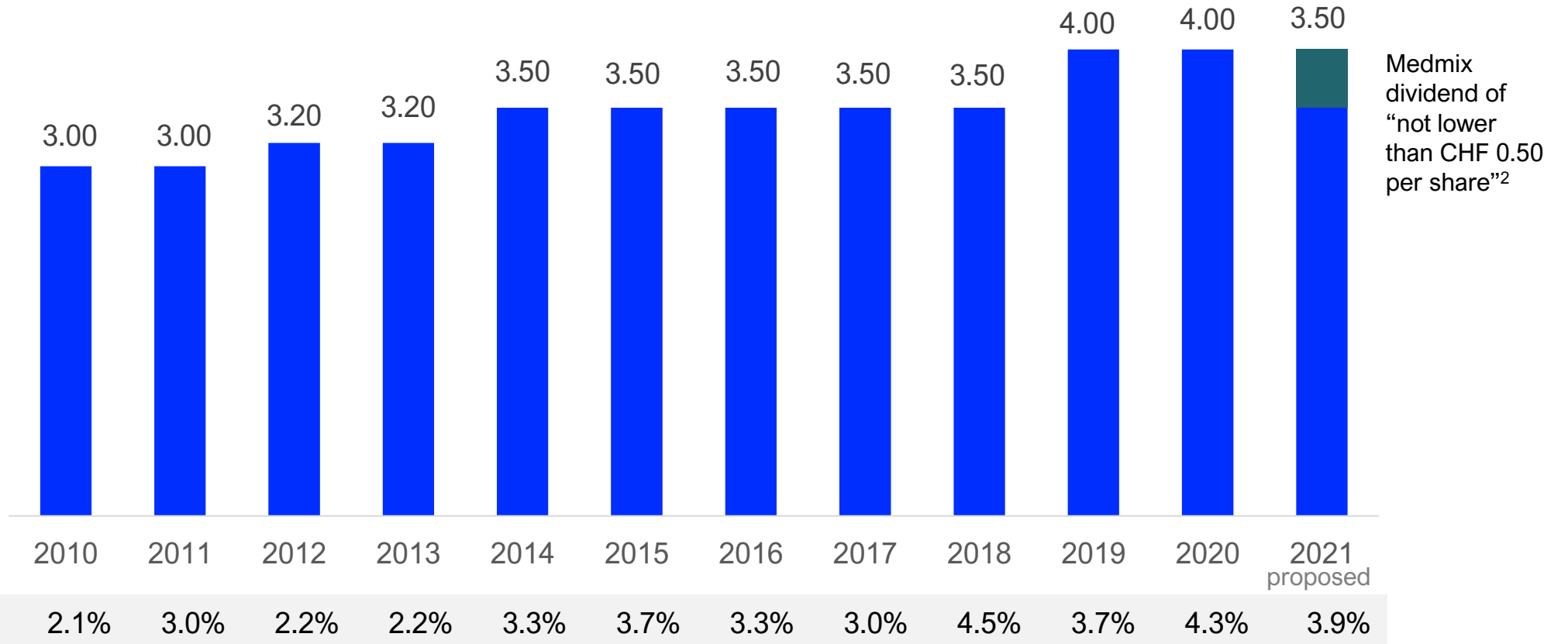
- FCF of 211m (continuing business) / 239m (as reported)
- Gross debt of CHF 1.6bn after
  - 210m Bond repayment
  - 52m Lease liabilities transferred to medmix
  - 344m from repayment of intercompany loan by medmix, net of cash transferred on split
- Tiwel payable 299m (not interest-bearing, no maturity)



# Dividend



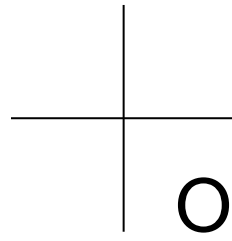
CHF 3.50 proposed



<sup>1</sup> Dividend yield = ordinary dividend per share / share price on Dec 31.

<sup>2</sup> as per listing prospectus





# Outlook

Frédéric Lalanne | CEO designate



# Sulzer strategy



We have a clear path to value creation,  
based on strong positions

---

1

Grow Water  
and Industry in  
Flow Equipment

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2

Leverage unique  
service proposition  
and digital / additive  
offering to win in  
Services

---

3

Defend Chemical  
leadership while  
boosting Biopolymers  
and Recycling in  
Chemtech

---

4

ESG focus as a key to  
strong, sustainable  
financial performance



# Sustainability at Sulzer



Minimize – Enable – Engage

**MSCI**  
ESG RATINGS



CCC	B	BB	BBB	A	<b>AA</b>	AAA
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as of December 2021

## Minimize

our carbon footprint

We operate in a sustainable way

We reduce our carbon footprint 30% by 2030 and become neutral by 2050

## Enable

A low carbon society

We contribute to a circular economy

We intensify our efforts and accelerate the shift towards CleanTech

## Engage

Our employees and communities

We make life better for those around us

We deliver year on year improvements across all key indicators



# 2022 Guidance



As of February 18, 2022  
adjusted for FX

Order Intake organic growth	Sales organic growth	Operational Profitability %
up 3% – 5%	up 4% – 6% (excl. Energy) up 2% – 4% (incl. Energy)	close to 10.0%

## Orders

- **Flow Equipment:** continued growth in Water and Industry, Energy to recover slowly
- **Services:** growth expected to be supported by easing site access in more countries
- **Chemtech:** further growth in Renewables, China expected to be stable on high level, while other regions grow

## Sales

- **Flow Equipment:** lower order intake in Energy in 2021 leads to lower sales in Energy 2022, compensated by growth in Water & Industry. Division sales expected to be flat.
- **Services and Chemtech** expected to grow

## Operational Profitability

- All three divisions expected to improve





# Mid-term targets



Confirmed as presented at the  
June 2021 Capital Markets Day

	Flow Equipment	Services	Chemtech	Sulzer
Sales Growth <sup>1</sup>	3-4%	3-5%	5-7%	4-5%
Operational Profitability <sup>2</sup>	7-8%	15%	11-12%	10-11%

1. Average sales growth p.a., FX adjusted
2. opEBITA margin as a percentage of sales



## Takeaways



- Post split, Sulzer is well-positioned as a pure play flow control leader to accelerate growth in markets driven by sustainability (e.g. Water in Flow Equipment, Renewables in Chemtech)
- High resilience of business demonstrated during pandemic
- Delivered on the guidance in 2021
- For 2022 Sulzer expects continued growth in orders and sales and a further step up in profitability
- Supply chain and logistics challenges still present, but expected to ease through the year
- New leadership internally proven, experienced and motivated
- On track with mid-term targets from Capital Markets Day





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