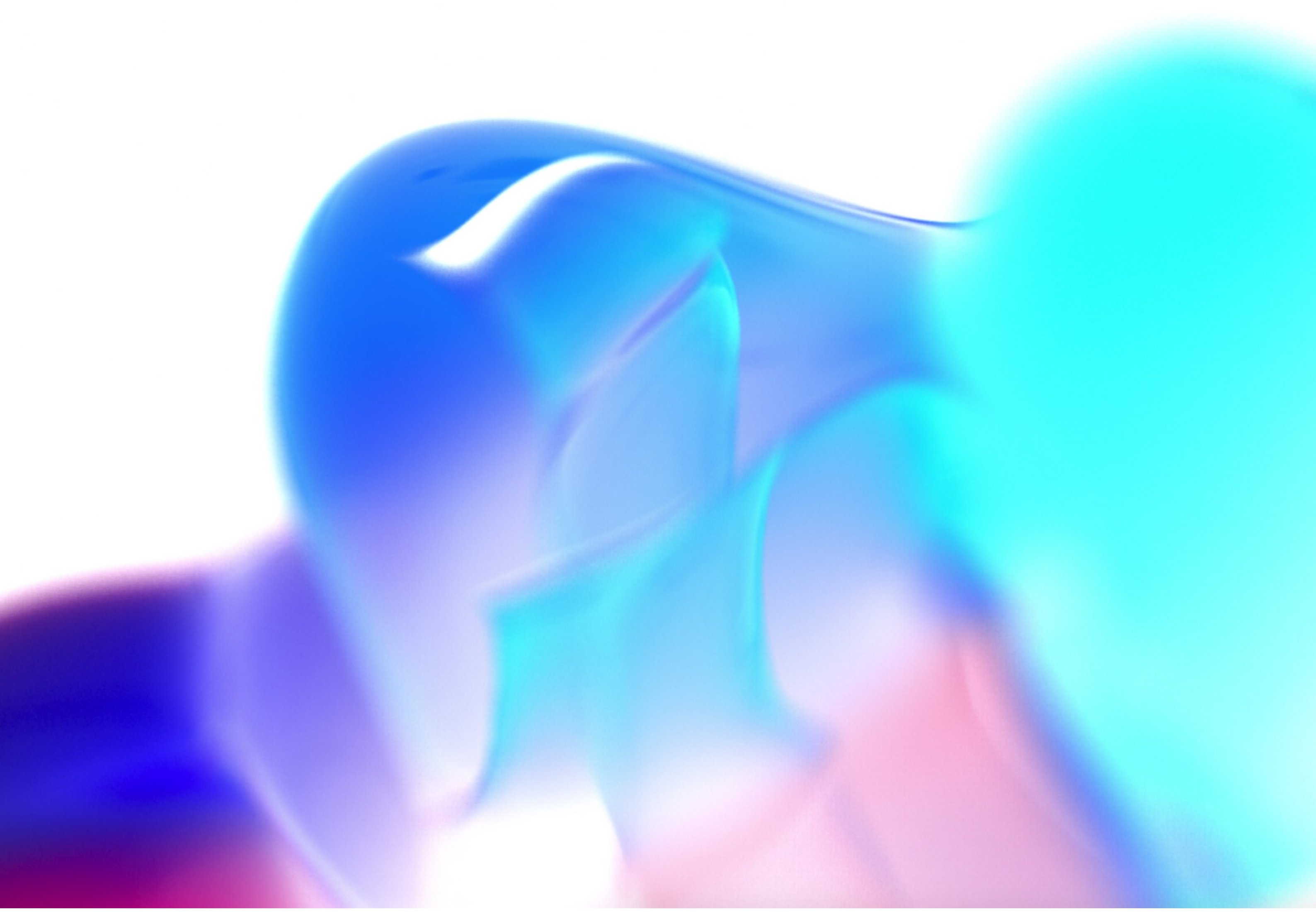


Business review

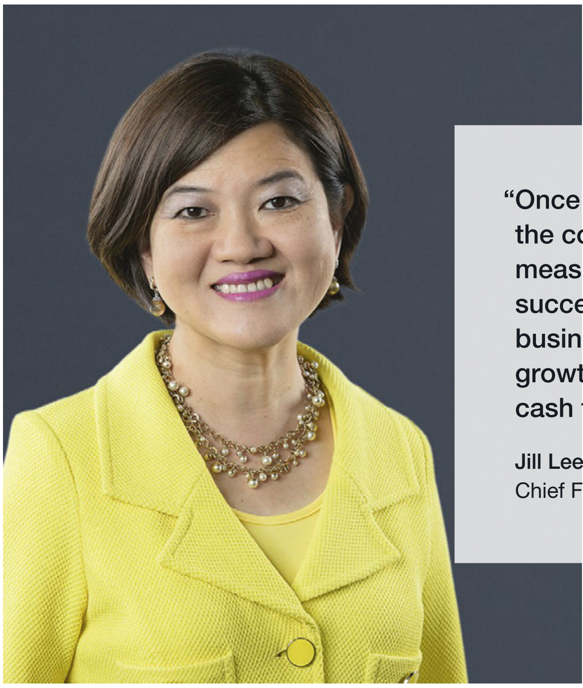
Strong sales and record profitability

Note: If not otherwise indicated, changes from the previous year are based on currency-adjusted figures and relate to continuing operations only. For balance sheet items and cash flow KPIs, the influence of discontinued operations is specifically outlined.

Order intake increased by 3.6% including acquisitions and 0.9% organically. Sales increased by 6.0% and by 3.5% excluding acquisitions, despite headwinds from supply chain disruptions. Operational profitability in all divisions reached new heights, leading to a record 9.3% operational profitability for Sulzer. Solid free cash flow amounted to CHF 238.7 million, including CHF 28.2 million from discontinued operations.

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.



“Once again, Sulzer successfully delivered strong results despite the continuing challenging environment in 2021. Our proactive measures to mitigate the anticipated drop in Energy proved to be successful, and we were agile in pushing growth in the other businesses. Our focused execution enabled us to achieve strong growth, record-high profitability and another year of robust free cash flow.”

Jill Lee
Chief Financial Officer

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.

Orders

millions of CHF	2021	2020 [1]
Order intake from continuing operations	3’167.6	3’049.2
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

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

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.

Higher gross profit margin

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 three divisions hitting new heights:

- 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

Bridge from EBIT to operational profit

millions of CHF	2021	2020 [2]
EBIT from continuing operations	**221.8**	**132.5**
Amortization	50.2	46.7
Impairments on tangible and intangible assets	4.2	9.4
Restructuring expenses	9.5	52.6
Non-operational items [1]	7.7	13.8
Operational profit from continuing operations	**293.3**	**255.0**

1) Non-operational items include significant acquisition-related expenses, gains and losses from the sale of businesses or real estate (including release of provisions), and certain non-operational items that are non-recurring or do not regularly occur in similar magnitude.
2) Comparative information has been re-presented due to discontinued operations (details are described in note 7 to the consolidated financial statements).

Calculation of return on sales (ROS) and operational profitability

millions of CHF	2021	2020 [1]
EBIT	221.8	132.5
Sales	3’155.3	2’967.8
ROS from continuing operations	**7.0%**	**4.5%**
Operational profit	293.3	255.0
Sales	3’155.3	2’967.8
Operational profitability from continuing operations	**9.3%**	**8.6%**

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

Return on sales of 7.0%

Sulzer incurred one-off expenses of CHF 21.4 million (2020: CHF 75.8 million). These were mainly related to the structural actions launched in early 2020 to resize Sulzer’s Energy-related footprint. EBIT amounted to CHF 221.8 million, increasing nominally by 67.4%, compared with CHF 132.5 million in 2020. Return on sales (ROS) was 7.0%, compared with 4.5% in 2020.

Financial income and expenses

Interest expenses on borrowings and lease liabilities increased to CHF 22.5 million (2020: CHF 20.6 million). As a result, total financial expenses increased to CHF 21.7 million (2020: CHF 20.5 million).

Lower effective tax rate

Income tax expenses increased to CHF 57.2 million (2020: CHF 39.8 million) due to higher pre-tax income. The effective tax rate decreased to 28.9% in 2021, from 35.8% in 2020, due to lower restructuring expenses with no corresponding tax effects and a slightly different geographical spread of profit before tax.

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.

Bridge from net income from continuing operations to core net income from continuing operations

millions of CHF	2021	2020 [2]
Net income from continuing operations	**140.7**	**71.5**
Amortization	50.2	46.7
Impairments on tangible and intangible assets	4.2	9.4
Restructuring expenses	9.5	52.6
Non-operational items [1]	7.7	13.8
Tax impact on above items	–17.0	–28.4
Core net income from continuing operations	**195.3**	**165.6**

1) Other non-operational items include significant acquisition-related expenses, gains and losses from the sale of businesses or real estate (including release of provisions), and certain non-operational items that are non-recurring or do not regularly occur in similar magnitude.
2) Comparative information has been re-presented due to discontinued operations (details are described in note 7 to the consolidated financial statements).

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 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.

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 1'255.1million. The gain on net assets derecognized is mainly the difference between the distribution liability of the Applicator Systems division of CHF 1'485.6 million and the division's net assets of CHF 244.2 million on the spin-off date. In the balance sheet, the equity is increased by the net income from discontinued operations of CHF 1'278.3 million and offset by the derecognition of the spin-off related distribution liability of CHF 1'485.6 million. The details pertaining to the income statement, segment information and balance sheet of the discontinued operations are presented in note 7 to the consolidated financial statements.

Bridge from net income from continuing operations to net income

millions of CHF	2021	2020
Net income from continuing operations	**140.7**	**71.5**
Net income from discontinued operations before gain on net assets derecognized	23.2	15.6
Gain on net assets derecognized [1]	1’255.1	–
Net income	**1’418.9**	**87.2**

1) Details are described in note 7 to the consolidated financial statements.

Key balance sheet positions after medmix spin-off

Note: Contrary to the prior paragraphs relating to orders and the income statement, both balance sheet and cash flow movements are influenced by discontinued operations. The respective amounts are specifically mentioned when significant, and further details are described in note 7 to the consolidated financial statements.

Total assets as of December 31, 2021, amounted to CHF 5’010.4 million, a decrease of CHF 356.5 million from December 31, 2020. Non-current assets decreased by CHF 445.7 million to CHF 1’834.2 million, whereof the medmix spin-off accounts for CHF 632.7 million. The most notable reductions attributable to the discontinued medmix operations are CHF 265.4 million in goodwill, CHF 143.9 million in other intangible assets, CHF 165.0 million in property, plant and equipment and CHF 51.6 million in lease assets. For continuing operations, the acquisitions undertaken in 2021 led to an increase in goodwill of CHF 56.6 million as well as CHF 79.7 million in other intangible assets. Other increases in continuing operations included property, plant and equipment (CHF 13.7 million) and lease assets (CHF 19.5 million).

Inventories decreased by CHF 39.5 million (of which CHF 71.8 million was medmix related), contract assets increased by CHF 84.5 million and trade accounts receivables decreased by CHF 49.9 million (CHF 40.7 million due to the medmix spin-off), whereas other current receivables and prepaid expenses decreased by CHF 7.8 million.

Cash and cash equivalents increased overall by CHF 382.2 million. Besides regular cash flow generation and acquisition-related cash-out, this was affected by the repayments of borrowings in the amount of CHF 430.2 million by medmix, CHF 85.9 million of cash and cash equivalents that were transferred to medmix, a decrease in current financial assets of CHF 278.4 million and a reduction in borrowings of CHF 213.0 million.

Total liabilities decreased by CHF 218.7 million to CHF 3’731.1 million as of December 31, 2021. Current and non-current borrowings combined reduced by CHF 213.0 million, mostly due to the repayment of a bond. Other drivers were the reduction of lease liabilities by CHF 30.9 million (of which CHF 51.1 million medmix related), an increase in undistributed dividends (CHF 43.5 million), an increase in accrued liabilities (CHF 64.8 million) and contract liabilities (CHF 24.0 million), a decrease in trade accounts payable (CHF 34.0 million, mainly medmix related) and a decrease in defined benefit obligations (CHF 47.3 million). An aggregate CHF 81.0 million reduction in current liabilities can be attributed to the medmix spin-off.

Equity decreased by CHF 137.8 million to CHF 1’279.3 million. This was mainly driven by a dividend distribution (CHF 137.4 million, of which CHF 2.1 million was for non-controlling interests), and the acquisition of non-controlling interests (CHF 17.3 million). Other equity changes comprised net income including discontinued operations of CHF 1’418.9 million, offset by the derecognition of a spin-off related distribution liability of CHF 1’485.6 million and the remeasurement of defined benefit plans (CHF 88.7 million).

Net debt decreased from CHF 414.5 million in 2020 to CHF 66.8 million in 2021, mainly due to higher cash and cash equivalents. Net debt to EBITDA decreased from 1.26 in 2020 to 0.15 in 2021, due to the increase in EBITDA and decrease in net debt.

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 of 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 the changes in provisions also reduced cash flow by CHF 50.3 million (mainly due to the build-up of restructuring provisions in 2020 for the energy-related resizing activities). Free cash flow amounted to CHF 238.7 million (thereof CHF 28.2 million from discontinued operations) compared with CHF 272.1 million in the prior year. The bridge from cash flow from operating activities to free cash flow is shown in the table below.

Bridge from cash flow from operating activities to free cash flow

millions of CHF	2021	2020
Cash flow from operating activities	**315.9**	**368.7**
- thereof discontinued operations	49.0	50.6
Purchase of intangible assets	–6.9	–7.5
Sale of intangible assets	0.2	0.1
Purchase of property, plant and equipment	–79.2	–98.0
Sale of property, plant and equipment	8.7	8.9
Free cash flow (FCF)	**238.7**	**272.1**
- thereof discontinued operations	28.2	9.5

The reported cash flow from investing activities (CHF +432.3 million, compared with CHF –461.8 million in the prior year) and cash flow from financing activities (CHF –382.5 million, compared with CHF +236.5 million in 2020) were significantly impacted by the intercompany debt split as part of the medmix spin-off and should therefore be seen in this context. Overall, this included repayments of borrowings in the amount of CHF 430.2 million by medmix, CHF 85.9 million of cash and cash equivalents that were transferred to medmix, a decrease in current financial assets by CHF 278.4 million and the repayment of a bond of CHF 210.0 million.

As for items unrelated to the medmix intercompany debt split, cash-out for acquisitions amounted to CHF 123.9 million, compared with CHF 108.2 million in 2020. Net capital expenditure for property, plant and equipment (including disposal of assets) amounted to CHF 70.5 million, below the CHF 89.1 million in 2020.

Dividend payments amounted to CHF 91.9 million, compared with CHF 92.6 million in 2020. Payments of lease liabilities amounted to CHF 41.1 million (2020: CHF 39.2 million). Exchange gains on cash amounted to CHF 16.5 million, compared with a loss of CHF 55.7 million in 2020. Overall, CHF 9.7 million (2020: CHF 4.4 million) of cash flow from investing activities and CHF 9.7 million (2020: CHF –42.9 million) cash flow from financing activities can be attributed to discontinued operations.

Outlook for 2022

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 strong commercial momentum, fueled by our focus on growing Water and 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.

Abbreviations

EBIT: Earnings before interest and taxes
ROS: Return on sales
EBITDA: Earnings before interest, taxes, depreciation and amortization
FCF: Free cash flow
For the definition of the alternative performance measures, please refer to “Supplementary information”

Business review 2021

Rising orders and sales, record operational profitability

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

In 2021, the Flow Equipment division returned a robust set of results, with orders up 1.8%, significant sales growth of 6.9% and a rise in operational profitability to a record 5.9%. The division also changed its name to Flow Equipment in 2021, representing our evolution far beyond the division's renowned pumps offering as well as our comprehensive portfolio of water treatment solutions.

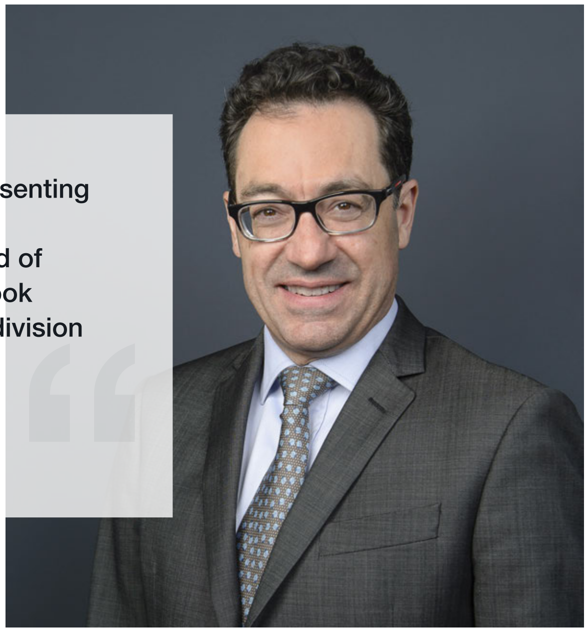
Changing division name to reflect portfolio evolution

As part of Sulzer's brand refresh and refocus on its core businesses as a pure play flow-control company, the Pumps Equipment division changed its name to Flow Equipment. The name change encompasses the division's evolution far beyond its market-leading pumps offering — to blowers, grinders, filters, agitators, digital and more. Flow Equipment also encapsulates our comprehensive portfolio of water treatment solutions. You can learn more in this report about how our solutions are helping to manage the entire water life cycle, bringing water to growing populations while helping to protect this precious natural resource.

At the beginning of February 2021, Sulzer closed its acquisition of Nordic Water, a leading supplier of water treatment technologies. With its broad water treatment solutions complementing Flow Equipment's portfolio, Water is now the largest single business in the Flow Equipment division, representing 39% of its order intake in 2021. As part of our strategic shift towards sustainable technologies and our continued order selectivity, our Energy business represented 31% of total orders in 2021, down from 41% in 2020.

"With profitability at record levels in 2021 and Water representing the largest share of the division's order intake, our transformation is yielding very positive results. I am proud of what Flow Equipment has achieved and become, and I look forward to using my experience leading Sulzer's largest division as CEO of the Company."

Frederic Lalanne
Division President Flow Equipment



Key figures Flow Equipment

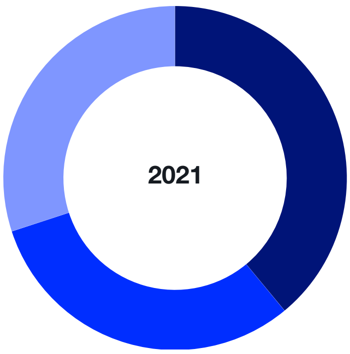
millions of CHF	2021	2020	Change in +/–%	+/–% adjusted [1]	+/–% organic [2]
Order intake	1’324.7	1’297.6	2.1	1.8	–3.9
Order intake gross margin	30.0%	28.4%			
Order backlog as of December 31	811.5	845.0	–4.0		
Sales	1’389.0	1’296.3	7.1	6.9	2.0
EBIT	35.1	–16.1	n/a		
Operational profit	81.4	55.2	47.5	46.6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

1) Adjusted for currency effects.
2) Adjusted for acquisition and currency effects.

Water and Industry driving strong order growth

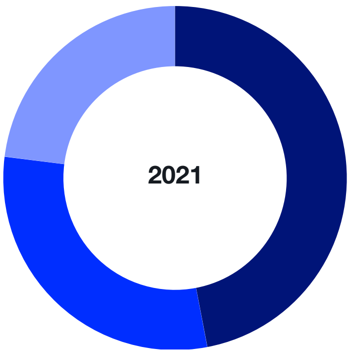
Flow Equipment’s orders increased by 1.8% including the Nordic Water acquisition (–3.9% organically). Our strategic shift towards sustainable solutions in the Flow Equipment division is yielding results, with Water and Industry growing by a significant 11.4% (organically) and 6.9% respectively. Pulp and Paper and Mining were the key contributors to the growth in Industry, while Wastewater drove the rise in our Water market segment. These strong increases were able to offset a decline in Energy orders (–22.6%), which fell due to the anticipated soft markets in 2021 and our continued order selectivity to protect our margins.

Order intake by market segment



- 39% Water
- 31% Energy
- 30% Industry

Order intake by region



- 47% Europe, the Middle East and Africa
- 30% Americas
- 23% Asia-Pacific

Significant sales increase and record profitability

In 2021, sales saw a significant increase of 6.9%, also thanks to Water and Industry’s strong performance which was able to more than offset the decline in Energy. Operational profitability reached record levels in 2021 with an increase to 5.9%, mainly driven by our focus on operational excellence in all business units and savings resulting from structural actions to resize our Energy business. We were also able to mitigate the adverse impact of supply chain pressures thanks to our agility in our procurement and manufacturing processes.

Safety performance in 2021

In 2021, Flow Equipment reported a slightly improved accident frequency rate (AFR) of 1.8 cases per million working hours compared to the previous year (2020: 2.0). The accident severity rate (ASR) decreased to 35 lost days per million working hours, from a high level of 51.1 in the previous year.

Thorough contingency planning and the application of continuously updated COVID-19 safe working processes during the pandemic were key in allowing us to keep serving our customers' needs. Through these efforts, all Flow Equipment facilities were able to maintain workshop operations throughout 2021.

Flow Equipment's Take Care safety campaign was released in Q4 of 2021 and early signs of improvements are encouraging. This campaign will continue into 2022.

Abbreviations

EBIT: Earnings before interest and taxes
For the definition of the alternative performance measures, please refer to "Supplementary information"

Business Review 2021

Order and sales growth, profitability at new heights

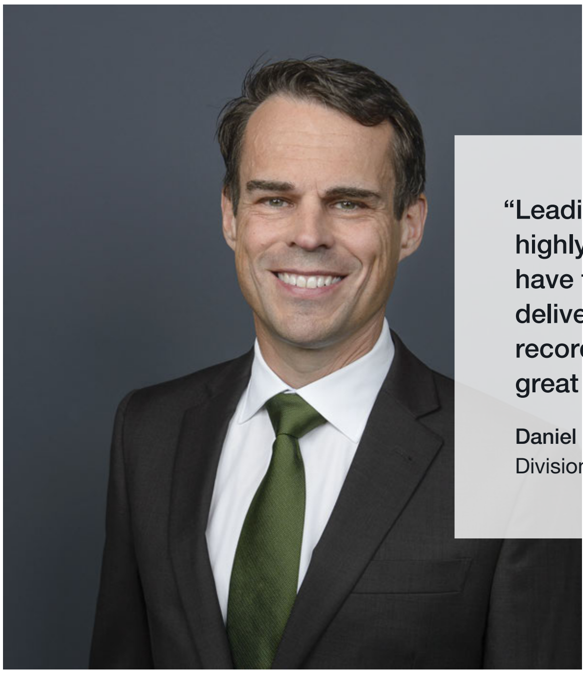
Note: If not otherwise indicated, changes from the previous year are based on currency-adjusted figures.

Order intake in the Services division grew by 2.8% in 2021 despite ongoing customer site access restrictions. Sales increased 3.5% while operational profitability rose to a record 14.2%. With the acquisition of Turbo Services Ltd., we further expanded our aero-derivatives portfolio to cover Pratt & Whitney engines. In 2021, the division changed its name to Services to reflect its expanded range of competencies. As part of Sulzer's strategic succession plan announced in 2021, Tim Schulten has succeeded Daniel Bischofberger as Division President.

A new name and leader for the Services division

In 2021, Sulzer initiated a brand refresh with new division names to better represent the expanding range of competencies and services we offer. Rotating Equipment Services therefore became **Services**, reflecting the growth of the division from providing parts and repair work for rotating equipment into a full-spectrum service provider. Using additive manufacturing and artificial intelligence, our customers look to us to maximize the lifetime value of a wide range of equipment — rotating and non-rotating.

As previously announced, Daniel Bischofberger, who joined Sulzer as Division President Services in 2016, is leaving the company to take on a role of CEO outside of Sulzer. Daniel's tenure over the last six years has been a great success for the division — he reorganized the business in regions, built a strong leadership team, was instrumental in the digitalization of our businesses, and expanded the division's reach with targeted acquisitions to adjacencies like aero-derivatives. We are excited for Daniel as he moves onto this next stage of his career and thank him for his outstanding contribution to Sulzer over the last six years.



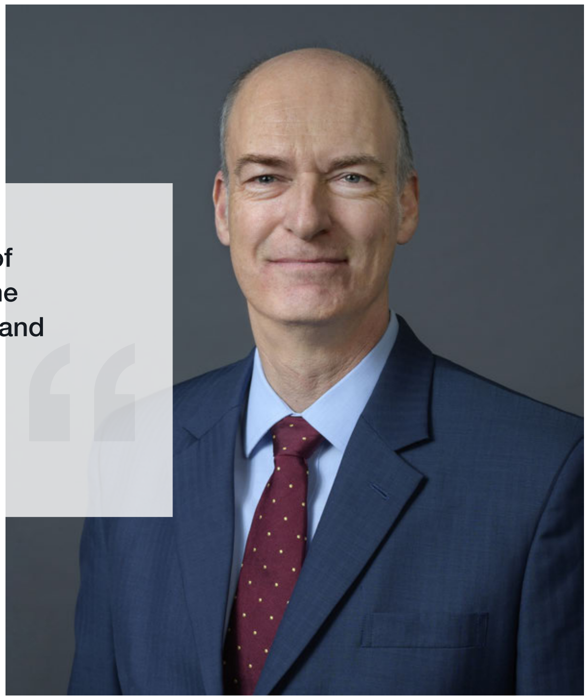
"Leading Sulzer's Services division has been a privilege and a highly enjoyable and successful period of my career. Together we have transformed the division, greatly expanding its offering and delivering a resilient performance over the years — now with record profitability. Tim Schulten is an excellent leader and a great fit to shape the next chapter for the Services division."

Daniel Bischofberger
Division President Services

The Board selected Tim Schulten, formerly Sulzer's Group Head of Strategy, Marketing and Digital to take over from Daniel as of January 1, 2022. Tim joined Sulzer in early 2021. At Caterpillar, where he spent most of his career, Tim acquired extensive experience running service and parts businesses. He was most recently the General Manager for Marketing and Product Support for the Electric Power business, responsible for marketing, channel development, pricing, business support, parts logistics and engineering. He was previously General Manager for Sales and Distribution of engine-maker MWM GmbH, in Mannheim. Tim holds an MSc in Mechanical Engineering from the Swiss Federal Institute of Technology (ETH), and an MBA from Harvard.

"I am proud and excited to be taking over the leadership of Sulzer's Services division. I look forward to building on the division's strong foundations and excellent performance and making it even stronger."

Tim Schulten
Division President Services (as of January 1, 2022)



Key figures Services

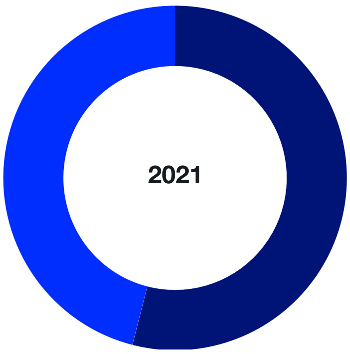
millions of CHF	2021	2020	Change in +/–%	+/–% adjusted [1]	+/–% organic [2]
Order intake	1’163.4	1’130.8	2.9	2.8	2.0
Order intake gross margin	38.0%	38.4%			
Order backlog as of December 31	479.5	435.0	10.2		
Sales	1’117.7	1’078.3	3.7	3.5	2.7
EBIT	148.2	126.3	17.3		
Operational profit	158.7	150.3	5.6	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		

1) Adjusted for currency effects.
2) Adjusted for acquisition and currency effects.

Increasing orders

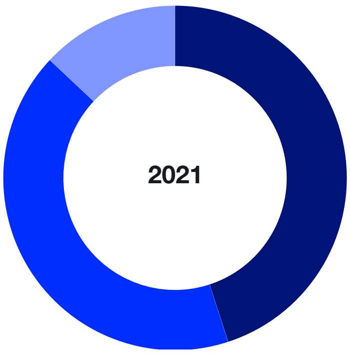
Orders in our Services division increased 2.8% (2.0% organically), with both Pumps Services and Other Equipment contributing equally. Regionally, Europe, the Middle East and Africa grew 5.2%, while the Americas increased by 5.0%. Asia-Pacific decreased 10.2% due to regional lockdowns causing access restrictions at customer sites, mainly in Southeast Asia.

Order intake by market segment



- 54% Pumps Services
- 46% Other Equipment

Order intake by region



- 45% Europe, the Middle East and Africa
- 42% Americas
- 13% Asia-Pacific

Rising sales and record profitability

In 2021, sales increased by 3.5% thanks to strong activity in the Americas (+8.2%) and Europe, the Middle East and Africa (+1.7%) regions, which was more than able to offset the decrease in Asia-Pacific (–4.3%) due to the continued impact of the pandemic. Operational profitability also rose to a record level of 14.2%, thanks to strong execution and strict margin and cost management.

Safety performance in 2021

In 2021, Services reported a substantially reduced accident frequency rate (AFR) of 1.0 case per million working hours, after an increase in 2020 up to 1.6. The accident severity rate (ASR) in 2021 increased to 34 lost days per million working hours, up from 24.2 in 2020. This increase was primarily due to three road-traffic accidents (where our drivers were not at fault) that caused more than 100 days of lost time in 2021.

Abbreviations

EBIT: Earnings before interest and taxes
For the definition of the alternative performance measures, please refer to "Supplementary information".

Business review 2021

Profitability at record 10%, Renewables orders almost doubled

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

In 2021, orders in the Chemtech division increased by a significant 8.8%, driven by strong activity in Chemicals and our Renewables business, which almost doubled. Sales saw a similar rise of 8.4%, with almost all of Chemtech's businesses contributing to the increase. Operational profitability reached 10%, a new record for the division. The Chemtech division continues to expand its offering in Renewables and a diverse range of circular solutions.

Fast-growing Renewables business

In 2021, Chemtech reached further milestones in its development of highly innovative and sustainable solutions that are helping companies and industries worldwide to reduce emissions and waste through the circular economy, carbon capture and storage, renewable fuels and materials and more. Successes in 2021 included developing a new method to recycle ocean-bound plastic waste for Tide Ocean S.A., and enabling Arbaflame to produce 70'000 tonnes of biomass-based combustible pellets per year — a carbon-neutral source of clean power that can be used to substitute coal in power plants. You can also discover in this report how Chemtech's technology is central to most production facilities for degradable PLA bioplastics worldwide, with two more significant orders in 2021 for large-scale PLA plants that will produce over 100'000 tons per year.

The division is experiencing strong demand across its Renewables businesses, with orders, sales and profitability significantly up in 2021 compared to the previous year. The renewables market is growing fast and continuously gaining momentum as the world accelerates its shift towards sustainable and circular solutions, and Renewables now account for 13.6% of Chemtech's total business in 2021. We continue to drive innovation in bio-based polymers, sustainable fuels and chemicals as well as the recycling of polymers, and are perfectly positioned to capture significant growth opportunities in these important and attractive markets.

In 2021, we also saw continued growth in the chemicals market across the world, with particularly strong demand in China. This was partly driven by a shift from gas and refining to chemicals, where Chemtech is well positioned with its current offerings and status as global market leader.

"The Chemtech division achieved exceptional results in 2021 — significant rises in orders and sales as well as record profitability. Our transition to Renewables is well underway — we are the market leader for the production technology of PLA, and with our innovation pipeline we are perfectly placed to capture growth opportunities across the Renewables market."

Torsten Wintergerste
Division President Chemtech

Key figures Chemtech

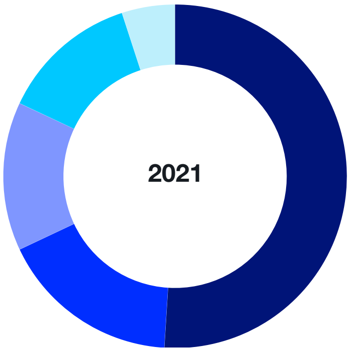
millions of CHF	2021	2020	Change in +/–%	+/–% adjusted [1]	+/–% organic [2]
Order intake	679.5	620.8	9.5	8.8	8.8
Order intake gross margin	30.7%	30.6%			
Order backlog as of December 31	433.2	396.9	9.1		
Sales	648.5	593.1	9.4	8.4	8.4
EBIT	53.6	35.9	49.2		
Operational profit	64.8	56.9	13.8	11.5	11.5
Operational 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.

Strong order growth

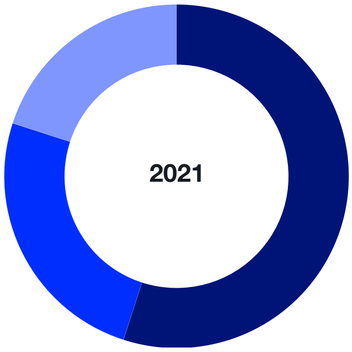
In 2021, Chemtech's orders increased significantly by 8.8% (both FX adjusted and organically). The increase was driven in large part by Renewables, which almost doubled, and continued growth in Chemicals. Regionally, the division saw particularly strong activity in China and the Americas, as our customers ramped up their operations over the course of 2021, recovering from the impacts of lockdowns.

Order intake by market segment



- 51% Chemicals
- 17% Gas and Refining
- 14% Renewables
- 13% Services
- 5% Water

Order intake by region



- 55% Asia-Pacific
- 25% Americas
- 20% Europe, the Middle East and Africa

Significantly rising sales and record profitability

Thanks to strong execution, we were able to achieve solid sales growth of 8.4%. We saw some project delays due to global supply chain disruptions, but these were more than offset by continued strong performance in China. Chemtech's operational profitability reached a new high of 10%, driven by the notable increase in volumes as well as good cost management.

Safety performance in 2021

Chemtech's accident frequency rate (AFR) remained stable at a very low 0.7 cases per million working hours, thanks to our maintaining the EYE 5 methodology to assess our process risks, executing Safety Through Observation Process (STOP) assessments, our Machine Safeguarding Awareness campaign and enhancing our Confined Spaces training. The accident severity rate (ASR) decreased to 17 lost days per million working hours, from 27.3 the year before.

In addition, significant work has been done to learn from the various health and safety audits performed in the division, leading to increased audit action closure rates. This allows us to tackle the root causes of any potential future incidents. A new initiative, Dispensation Tool, was launched in 2021 to support workers on Tower Field Services' various sites in implementing the Sulzer health and safety rules and generate management engagement when site conditions deviate from the requirements.

Abbreviations

EBIT: Earnings before interest and taxes
For the definition of the alternative performance measures, please refer to "Supplementary information".