



Dear Shareholder,

2021 was an eventful and pivotal year for Sulzer. All three of Sulzer's divisions reached record profitability in 2021 — an achievement rendered all the more impressive by the significant disruptions in global supply chains and the ongoing challenges caused by the pandemic. 2021 was also the year in which medmix was successfully spun off and made its debut on the SIX Swiss Exchange. The spin-off, and Sulzer's strong performance throughout the year, created close to CHF 2 billion in shareholder value. With Sulzer's transformation complete, renewed focus on its core businesses following the medmix demerger and the elevation of internal talent to form a new leadership team in December 2021 as part of our strategic succession plan, Sulzer is in a strong position to continue on its profitable growth path.

Record profitability

In 2021, Sulzer's order intake increased by 3.6%, ahead of our guidance. All businesses across Sulzer's three divisions grew except for Energy-related activities, which were affected by the anticipated softer market conditions. Our strategic focus markets, Water and Renewables, grew organically by 11.4% and 94.9% respectively.

Sales increased strongly by 6.0%, in line with our guidance, despite headwinds in supply chains and logistics. Operational profitability reached a record 9.3%, beating pre-pandemic levels, with all three divisions contributing to this outstanding achievement. In 2021, we once again generated strong free cash flow, reaching CHF 239 million, further strengthening our balance sheet.



“During my tenure as CEO, we have returned Sulzer to growth, expanded our activities with increasing focus on sustainable solutions and delivered record profitability for all three divisions. Sulzer is in great shape, and the medmix spin-off will stimulate accelerated profitable growth for both businesses. After six transformative and highly enjoyable years at Sulzer, I am excited to hand over the baton to Frederic Lalanne, who I have worked with for many years. I am confident that he will take the company from strength to strength.”

Greg Poux-Guillaume
CEO



Flow Equipment's largest single business — Water

In January 2021, we acquired Nordic Water, a leading supplier of water treatment technology. This acquisition has further strengthened our Water business — we have one of the largest complete portfolios of water pumping and treatment solutions, and Water now represents the biggest single market segment in the Flow Equipment division (39%). In this report, you can read more about our diverse range of [water treatment solutions and how we help to protect this most precious natural resource](#) throughout the entire water life cycle.

Sulzer's latest successful incubation: medmix

In 2021, medmix became the latest success story in Sulzer's proven track record of incubating businesses and industry-leading technologies. Applicator Systems began as a start-up in Sulzer's Chemtech division, a venture that culminated in its listing on the SIX Swiss Exchange as an independent company with an enterprise value of roughly CHF 2 billion.

The spin-off unlocked significant value for Sulzer shareholders. It has also allowed Sulzer to once again refocus and reinvent itself, as it has done so many times throughout its history. Sulzer is now a pure play flow-control company, using its expertise to improve lives and develop innovative and sustainable solutions to many of society's most pressing problems. You can read more in this report about Sulzer's long history as an evergreen incubator — how the company has remained relevant over two hundred years by developing pioneering technologies and businesses and consistently reinventing itself to take on the next challenge.

Refreshing the Sulzer brand

As part of Sulzer's latest recalibration and the renewed focus on our core flow-control business activities, in 2021 we decided to refresh the Sulzer brand and update our division names. The changes reflect our new positioning as well as the widened scope of solutions and services that our divisions have evolved to provide.

Pumps Equipment became **Flow Equipment** to encompass all of our offering, which expands far beyond pumps: compressors, grinders, agitators, digital and our comprehensive portfolio of water treatment solutions. Rotating Equipment Services became **Services**, encapsulating the growth of the business into a full-spectrum service provider — moving beyond equipment that rotates. **Chemtech** retained its name, but its journey towards renewable applications is well under way.

A new leadership team to shape the next phase of Sulzer's journey

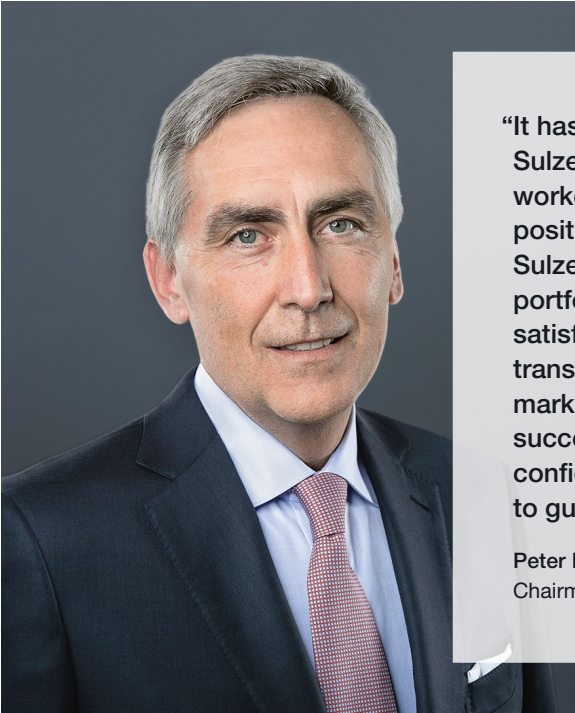
After a successful transformation under the leadership of Greg Poux-Guillaume and his team, we announced in 2021 that Sulzer would be elevating successors from within its own ranks, as part of its strategic succession planning. Sulzer has undergone a significant transformation over the last few years through a combination of strategic repositioning, significant operational improvement and value-creating management and acquisitions. Following the highly successful medmix spin-off and at the conclusion of a year of record performance, a number of our long-tenured leaders expressed the desire to hand over their responsibilities to a renewed leadership team that will shape the next stage of the company's development.

After eight years as the Chairman of Sulzer, Peter Löscher will not stand for reelection at the next annual general meeting (AGM) in April. The Board has voted to propose Dr. Suzanne Thoma to a shareholder vote as Sulzer's Chairwoman. Suzanne is an experienced business leader with a strong track record as the CEO of a publicly traded company. The Board is convinced that Suzanne, with her experience in the chemicals, energy and infrastructure services industries, is well-equipped to be an outstanding successor to Peter and to further develop Sulzer's strategy based on the company's strong momentum.

Greg Poux-Guillaume decided to step down as Sulzer's CEO. After six transformational years leading Sulzer, and with the company in great shape, he hands over his responsibilities to Frederic Lalanne, providing the perfect balance of experience and continuity. During his five years at Sulzer, Frederic led the turnaround of the Flow Equipment division from loss-making to an operational profitability of over 6%. He was also instrumental in Sulzer's portfolio repositioning, pushing the development of our Water business and expanding our offering far beyond the traditional pumps. He initially joined Sulzer in 2016 as Group Chief Commercial and Marketing Officer, a role in which he modernized and energized Sulzer's commercial approach and processes across all our businesses.

Daniel Bischofberger, President of the Services division, is stepping down to take on the role of CEO of ABB Turbocharging, after a successful tenure in charge of our re-energized Service business. Daniel has been replaced by Tim Schulten, formerly our Group Head of Strategy, Marketing and Digital. Tim has extensive experience in running service and parts businesses, gained during his tenure at Caterpillar and engine-maker MWM GmbH. With Daniel's support, he has hit the ground running.

While these changes are significant, they are part of our strategic succession-planning process. All replacements are internal, a testament to the good performance of Sulzer and to the quality of the leaders that we cultivate within the company.



“It has been an honour and a privilege to serve as Chairman of Sulzer for eight successful years. Under my leadership, the Board worked hand in hand with a re-energized executive team to position Sulzer in markets driven by sustainability. We leveraged Sulzer’s ability to innovate to transform the company’s business portfolio, its culture and its performance. It is my great personal satisfaction to see that our strategy, which our employees transformed into outstanding results, has been embraced by the markets and positions the company for long term, sustainable success. Sulzer now begins another chapter, and the Board is confident that we have a strong and highly capable set of leaders to guide the next stage of our development.”

Peter Löscher
Chairman of the Board of Directors



Sustainable Sulzer

The transformation and recalibration that Sulzer has undertaken over the last few years has been built with sustainability at its core. Much of our efforts are now focused on innovating to solve some of society’s most pressing environmental problems. Our technologies are helping companies and industries worldwide to reduce emissions and waste by enabling a circular economy, carbon capture and storage, renewable fuels and materials, recycling, cutting-edge techniques for energy production, and comprehensive water life-cycle management — while also creating value for our shareholders in these future-focused business areas.

In 2021, we launched a comprehensive new environmental, social and governance (ESG) strategy — Sustainable Sulzer. The plan is composed of three pillars, which target Sulzer’s own carbon footprint, fostering a greener society with our products and contributions to circular and renewable technologies, and engaging our employees and communities to build a safer, more inclusive, and more sustainable future. For our emissions, we set an ambitious target: 30 by 30, neutral by 50. We will reduce our carbon emissions 30% by 2030 (compared with 2019) and become carbon neutral by 2050.

Further reflecting our increasing focus on sustainability, Sulzer will now publish a dedicated sustainability report. This model will help us to report fully on all our sustainability activities, and to provide detailed updates to all our stakeholders on our progress against our targets. The first report will be published in the second quarter of 2022 and will follow the yearly reporting cycle thereafter.

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, fuelled by our focus on growing Water and Industry in Flow Equipment, expanding our Services business and boosting Chemtech’s leadership in Renewables.

Following another highly successful year for Sulzer, we take this opportunity to extend our heartfelt thanks to our employees for their commitment and excellent performance. We also thank our loyal customers, shareholders and partners for the ongoing trust in Sulzer and the fruitful collaboration of the last few years.

Kind regards,



Peter Löscher
Chairman of the Board



Greg Poux-Guillaume
CEO