Business review

Order growth and increased operational profitability

Note: If not otherwise indicated, changes from the previous year are based on organic figures (adjusted for currencies and acquisitions).

Order intake increased by 9.1%. In a difficult environment, sales saw a slight increase of 1.8%. While the Russia exit and Poland closure impacted Sulzer's bottom line, our operational profitability was unaffected, reaching 10.0%. Free cash flow, impacted by global supply chain challenges, amounted to CHF 58.3 million.

Continued strong growth in order intake

Compared with 2021, order intake was driven by organic growth of 9.1% to CHF 3'425.4 million. The net impact from acquisitions at Group level amounted to only CHF 1.9 million.

Currency translation effects had a negative impact on order intake of CHF 33.6 million. Order intake gross margin[1] increased nominally by 0.4 percentage points to 33.5%.

"This solid set of results is evidence of Sulzer's resilience in a market environment characterized by geopolitical tensions and uncertainties. The demand for our technologies also demonstrates that we are well positioned in markets fundamental to our society such as energy security and the transition to renewables, which we will continue to build on in the coming years."

Thomas Zickler
Chief Financial Officer

In the Flow Equipment division, order intake grew in all segments, leading to an overall increase of 8.9%. Double-digit growth in orders was recorded in Energy (11.0%) and Industry (12.8%). The Water segment continues to grow and increased its orders by 4.4%. Order intake in the Services division grew by 1.6% despite the impact from the exit from Russia, which caused a drop in Europe, the Middle East and Africa (EMEA) of 6.5%. This was more than offset by a strong performance in the Americas (11.1%) and solid order intake in Asia-Pacific (2.4%).

Order intake in the Chemtech division increased by 22.5%, with strong commercial momentum in all regions reflecting rebounds in the Americas, Europe, India and the Middle East. The Renewables segment within the Chemtech division grew strongly by 37.8%.

As of December 31, 2022, the order backlog amounted to CHF 1'844.7 million (December 31, 2021: CHF 1'724.1 million).

1) Order intake gross margin is defined as the expected gross profit of order intake divided by order intake.

Order intake

millions of CHF	2022	2021
Order intake from continuing operations	3’425.4	3’167.6
Order intake gross margin from continuing operations	33.5%	33.1%
Order backlog from continuing operations as of December 31	1’844.7	1’724.1

Sales growth in difficult environment

Sales increased by 1.8% compared to 2021, reaching CHF 3’179.9 million. Net impact from divestitures was CHF 5.9 million and negative currency translation effects amounted to CHF 26.0 million. This solid result was achieved despite continuing supply chain restrictions and multiple Covid-related factory lockdowns in China.

Sales in the Flow Equipment division declined by 3.4%, mainly due to a low order backlog in Energy at the beginning of the year. Sales in Industry (+0.5%) and Water (+0.7%) were stable. Services achieved overall year-on-year sales growth of 0.7%. A strong performance in the Americas (8.5% growth) more than offset the Russia-related decline in EMEA (6.0%). Sales in Asia-Pacific were stable (0.5%). In Chemtech, sales were up by 14.8% thanks to high order intake, strong execution and rigorous efforts to overcome Covid-related lockdowns in China.

Russia exit and Poland closure

As announced in H1 2022, the exit from the Russian market and the closure of our Polish entities were initially recorded in Sulzer’s midyear results with the recognition of impairments and other write-downs of assets in all affected businesses, and the classification as assets held for sale for the Russian entities. In February 2023, Sulzer signed an agreement to sell its business in Russia to a local third party. The transaction is subject to regulatory approvals by the Russian government subcommission for control over foreign investments and the Federal antimonopoly service (FAS). As of December 31, 2022, the total impact on net income from the closures amounted to CHF 133.7 million.

While a number of income statement KPIs and balance sheet positions are impacted, the write-offs are excluded from operational profit, which therefore provides a fair view of Sulzer’s operational performance. The impact of write-offs was partially mitigated by CHF 21.0 million of net financial income (shown below EBIT) mostly arising from foreign exchange movements on unhedged intercompany loans to Russia. Additionally, backlog adjustments of CHF 28.0 million associated with the exit from Russia were booked in the period up to December 31, 2022.

Gross profit margin

Reported gross profit margin amounted to 29.5% (2021: 30.0%), mainly affected by inventory write-offs in Russia. When excluding these extraordinary impacts, gross profit margins increased in all divisions. Overall gross profit declined by CHF 7.3 million to CHF 939.6 million (2021: CHF 946.9 million).

Increase in operational profitability

Operational profit – which excludes the impacts of exiting Russia and Poland – amounted to CHF 317.6 million compared to CHF 293.3 million by the end of 2021, an increase of 8.6%. Higher volumes, generally higher margins and continued spending discipline led to a year-on-year increase in operational profitability of 70 basis points to 10.0% (2021: 9.3%).

Whereas operational profitability remained stable in the Services division, both Flow Equipment and Chemtech improved year on year:

- Flow Equipment increased to 6.6% compared to 5.9% in 2021
- Services remained flat at 14.2%
- Chemtech improved operational profitability to 10.8% compared to 10.0% in 2021

Bridge from operational profit to EBIT

millions of CHF	2022	2021
Operational profit from continuing operations	**317.6**	**293.3**
Amortization	–38.8	–50.2
Impairments on tangible and intangible assets	–44.5	–4.2
– thereof Russia / Poland exit	–32.4	–
Restructuring expenses	–0.1	–9.5
Non-operational items [1]	–122.8	–7.7
– thereof Russia / Poland exit	–114.9	–
EBIT from continuing operations	**111.4**	**221.8**

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.

EBIT impacted by Russia and Poland exits

Expenses impacting EBIT and related to the exit from Russia and closures in Poland amounted to CHF 147.3 million, representing the vast majority of a total of CHF 167.4 million in one-off expenses recorded in 2022 (2021: CHF 21.4 million). Accordingly, EBIT amounted to CHF 111.4 million compared to CHF 221.8 million in 2021. Return on sales (ROS) was 3.5% compared to 7.0% by December 31, 2021.

Calculation of return on sales (ROS) and operational profitability

millions of CHF	2022	2021
EBIT from continuing operations	111.4	221.8
Sales from continuing operations	3’179.9	3’155.3
Return on sales (ROS) from continuing operations	**3.5%**	**7.0%**
Operational profit from continuing operations	317.6	293.3
Sales from continuing operations	3’179.9	3’155.3
Operational profitability from continuing operations	**10.0%**	**9.3%**

Financial result

Total net financial expenses amounted to CHF 1.6 million, compared with net financial expenses of CHF 21.7 million in 2021. Net interest expenses increased from CHF 15.3 million by December 31, 2021, to CHF 17.6 million for the same period in 2022. Fair value changes on financial assets and liabilities had a positive impact of CHF 24.0 million (CHF 1.3 million in 2021). Currency exchange losses amounted to CHF 6.6 million (CHF 6.0 million in 2021), including a positive foreign exchange effect of CHF 21.0 million arising from unhedged intercompany loans to Russian entities prior to their classification as held for sale. Other financial expenses amounted to CHF 1.5 million (CHF 1.6 million in 2021).

Effective tax rate influenced by write-offs

Income tax expenses amounted to CHF 79.0 million, compared with CHF 57.2 million in 2021. The increase was driven by higher operational profit levels, as well as the write-off of tax receivables and deferred tax assets in the Russian legal entities amounting to CHF 7.4 million. The effective tax rate (ETR) increased from 28.9% (2021) to 73.8% (2022) as a result of the higher income tax expenses described above compared to a lower profit before tax due to the costs related to the exit from the Russian and Polish business.

Net income and core net income

By Dec 31, 2022, net income amounted to CHF 28.0 million, compared with CHF 140.7 million in the previous year. Basic earnings per share therefore decreased from CHF 4.10 by Dec 31, 2021, to CHF 0.85 in 2022. Core net income excluding the tax-adjusted effects of non-operational items totaled CHF 213.1 million, compared with CHF 195.3 million in 2021.

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

millions of CHF	2022	2021
Net income from continuing operations	**28.0**	**140.7**
Amortization	38.8	50.2
Impairments on tangible and intangible assets	44.5	4.2
Restructuring expenses	0.1	9.5
Non-operational items [1)]	122.8	7.7
Tax impact [2)]	–21.1	–17.0
Core net income from continuing operations	**213.1**	**195.3**

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) Tax impact calculated using Weighted Average Tax Rate applied to tax relevant items in above calculation.

Bridge from net income from continuing operations to net income

millions of CHF	2022	2021
Net income from continuing operations	**28.0**	**140.7**
Net income from discontinued operations before gain on net assets derecognized	–	23.2
Gain on net assets derecognized [1]	–	1’255.1
Net income	**28.0**	**1’418.9**

1) Details are described in note 5 to the consolidated financial statements.

Key balance sheet positions

Total assets as of December 31, 2022, amounted to CHF 4’620.2 million, a decrease of CHF 390.3 million from December 31, 2021. Non-current assets decreased by CHF 250.0 million to CHF 1’584.2 million, with lower defined benefit assets for the pension funds in Switzerland (CHF 134.2 million) being the main driver. This decrease was triggered in the first half of 2022 by the remeasurement of the net pension assets, with IAS 19 asset ceiling rules limiting the balance sheet recognition of the surplus funding in the Swiss plans. Additionally, lower goodwill (CHF 50.4 million, with CHF 41.8 million arising from FX impacts and CHF 8.6 million due to the write-off in Russia), lower other intangible assets (CHF 42.2 million, of which CHF 6.7 million were for impairments in Russia) and lower property, plant and equipment (CHF 33.5 million, of which CHF 16.2 million was Russia-related) were recorded.

Current assets decreased by CHF 140.2 million. Excluding the CHF 28.6 million reclassified as held for sale, cash and cash equivalents decreased by CHF 280.5 million due to lower operational cash generation, continued investment in core and new business and the repayment of a bond. Difficulties in the supply-chain led to a significant increase in inventories (CHF 46.8 million, net of CHF –31.4 million related to the Russia exit) as did trade accounts receivable (CHF 36.3 million, net of CHF –8.6 million Russia related). Contract assets also saw a CHF 56.8 million increase (net of CHF –26.8 million related to Russia), largely offset by higher contract liabilities.

Total liabilities decreased by CHF 139.6 million to CHF 3’591.5 million as of December 31, 2022. Both current and non-current borrowings were reduced (CHF 154.8 million in total). In non-current liabilities deferred income tax liabilities decreased (CHF 31.1 million), as did defined benefit obligations (CHF 57.8 million). Amongst current liabilities, the largest change was an increase in contract liabilities (CHF 57.8 million). CHF 25.4 million of liabilities were classified as held for sale. Equity decreased by CHF 250.7 million to CHF 1028.6 million. This was driven by low net income (CHF 28.0 million), the remeasurement of defined benefit obligations net of deferred tax impacts (CHF –75.5 million), dividend distribution (CHF 120.3 million) and negative currency translation differences (CHF 60.3 million).

Free cash flow impacted by global supply chain constraints

Cash flow from operating activities declined to CHF 119.2 million due to a significant increase in working capital, needed to mitigate the difficult global supply chain environment. Free cash flow amounted to CHF 58.3 million, compared with CHF 210.5 million reported in the same period of the previous year (excluding Applicator Systems Divisions at CHF 28.2 million).

Bridge from cash flow from operating activities to free cash flow

millions of CHF	2022	2021
Cash flow from operating activities	**119.2**	**315.9**
– thereof discontinued operations	–	49.0
Purchase of intangible assets	–8.7	–6.9
Sale of intangible assets	0.0	0.2
Purchase of property, plant and equipment	–61.2	–79.2
Sale of property, plant and equipment	9.0	8.7
Free cash flow (FCF)	**58.3**	**238.7**
– thereof discontinued operations	–	28.2
– thereof continuing operations	58.3	210.5

Cash flow from investing activities totaled CHF–87.8 million, compared with CHF 432.3 million in 2021, with the latter including an impact from the Applicator Systems division spin-off (CHF 344.3 million net), and also CHF 302.6 million from net changes in financial assets. Cash-out for acquisitions and divestitures amounted to CHF 21.9 million in 2022, compared to CHF 131.9 million in the previous year. For the purchase and sale of property, plant and equipment, Sulzer paid net CHF 52.2 million in 2022 (2021: CHF 70.5 million).

Cash flow from financing activities totaled CHF –285.4 million compared with CHF –382.5 million by the end of 2021. In 2022, Sulzer reduced its borrowings by a net CHF 152.5 million and dividend payments to shareholders of Sulzer Ltd. amounted to CHF 80.6 million, compared with CHF 91.9 million in 2021. The net change in cash since January 1, 2022, amounted to CHF –280.5 million, including exchange losses on cash and cash equivalents of CHF 26.4 million. CHF 28.6 million of cash is being reclassified as held for sale.

Outlook for 2023

Sulzer has started the year with a strong order backlog and expects continued growth in its markets despite ongoing uncertainties. We believe that fundamental megatrends will continue to drive strong demand for Sulzer’s technologies.

For 2023, Sulzer expects orders to increase 3 to 6%. Sales are expected to grow by 7 to 9%. Operational profitability is expected to further improve to above 10.0%.

One-off effects have impacted net income negatively in 2022. As no comparable impacts are expected for 2023, Sulzer expects net income in 2023 to be significantly higher compared to 2022.

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”

Significant rise in order intake and profitability

Note: If not otherwise indicated, changes from the previous year are based on organic figures (adjusted for currencies and acquisitions).

The Flow Equipment division returned a strong performance in 2022. Order intake increased by 8.9%, despite the war in Ukraine, while profitability rose by a substantial 70 basis points year on year. Sales were impacted by corrections in the Energy market during the pandemic and fell by 3.4%. Effective January 2023, Jan Lüder took charge of Flow Equipment as its new Division President. The division continues to pursue its strategy of broadening its sustainability-enhancing and cleantech solutions. It closed the year with its best safety performance in over 15 years.

New Division President

On January 1, 2023, Jan Lüder took over the leadership of the Flow Equipment division as its new Division President. Jan brings extensive experience in leading successful international businesses – from 2019 to 2022 he was CEO of thyssenkrupp Mining Technologies, where he led the transformation of the EUR 1.2 billion business from loss-making to sustainable profit. Before that, he was CEO of various thyssenkrup entities, in addition to CEO roles at Primetals Technologies and Siemens Metals Technologies.

The Flow Equipment division has accelerated growth in energy transition applications, with fourfold growth in renewable and sustainable applications. The sectors with the highest growth rates were waste to energy, biofuels and solar, where Sulzer offers customers a combination of process knowledge, engineering expertise, product reliability and optimized lifecycle costs.

The division is also seeing successes in its carbon capture, utilization and storage (CCUS) projects, further increasing our contribution towards CO_2 reduction with new orders for specialized multistage, high pressure, supercritical CO_2 injection pumps. In 2022, Sulzer was awarded a project to provide the pumping solutions for one of the largest CCUS operations in the world, accounting for 20% of all human-made CO_2 captured in the world each year. Our technologies will enable the capture of the low-pressure CO_2 emissions being vented during the natural gas extraction process, and then compress them to sales-quality supercritical CO_2 for use in various applications.

Key figures Flow Equipment

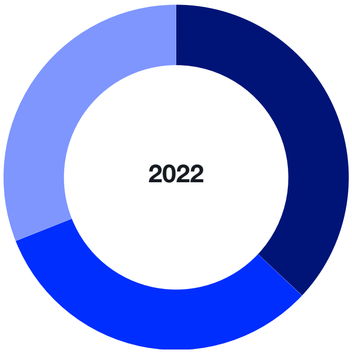
millions of CHF	2022	2021	Change in +/–%	+/–% adjusted [1]	+/–% organic [2]
Order intake	1’419.2	1’324.7	7.1	9.4	8.9
Order intake gross margin	30.2%	30.0%			
Order backlog as of December 31	850.1	811.5	4.8		
Sales	1’323.0	1’389.0	–4.8	–3.1	–3.4
EBIT [3]	32.6	35.1	–7.2		
Operational profit	87.4	81.4	7.3	6.8	7.5
Operational profitability	6.6%	5.9%			
Employees (number of full-time equivalents) as of December 31	5’263	5’325	–1.2		

1) Adjusted for currency effects.
2) Adjusted for acquisition and currency effects.
3) Impacted by write-offs related to Russia and Poland.

Strong order intake growth

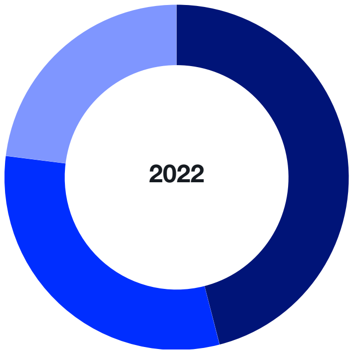
The Flow Equipment division continued its strong growth trajectory with orders increasing by a significant 8.9% in 2022, more than compensating for the impacts of the war and the subsequent exit from the Russian market. The growth was driven by the Industry and Energy business units in particular, which returned 12.8% and 11.0% growth respectively.

Order intake by market segment



- 37% Water
- 32% Energy
- 31% Industry

Order intake by region



- 46% Europe, the Middle East and Africa
- 31% Americas
- 23% Asia-Pacific

Rising profitability

Sales in the Flow Equipment division fell by 3.4%, largely due to a drop in Energy orders in 2021 associated with market corrections during the pandemic and ongoing supply chain difficulties. Profitability increased by 66 basis points from 5.9% to 6.6%, despite the slight drop in sales, thanks to well-implemented cost discipline and efficiency measures.

Safety performance in 2022

In 2022, Flow Equipment reported a significantly improved accident frequency rate (AFR) of 1.1 cases per million working hours compared to the previous year (2021: 1.9). The accident severity rate (ASR) decreased slightly to 33.3 lost days per million working hours, down from 35.4 in the previous year. Almost all business units delivered a good, sustained safety performance, most notably BU Water, to achieve these results. The “Take Care" campaign released in Q4 2021 continued to build momentum throughout 2022 and has had a very positive effect. In 2022, the Flow Equipment division had seven fewer lost time incidents compared to 2021. The 2022 safety performance of the Flow Equipment division was its best result for more than 15 years.

Abbreviations

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

Resilient performance on orders, sales and profitability

Note: If not otherwise indicated, changes from the previous year are based on organic figures (adjusted for currencies and acquisitions).

Order intake in the Services division rose by 1.6% in 2022, while profitability remained stable at a high 14.2%. Excluding the impact from the Russia exit, order intake would have been substantially higher. Sales remained basically flat (+0.7%), despite the division being worst affected by Sulzer's exit from the Russian market. The division continues to strengthen its portfolio of services as the most complete player in the market, maximizing the efficiency and life cycles of a diverse range of customers' equipment for critical applications.

Services strengthening its positioning as most complete player in the market

The Services division continues to strengthen its portfolio of services, technologies and coverage of products used in critical applications, now the most complete player in the market. We are applying the latest additive manufacturing and repair technologies for pumps, gas turbines and aeroderivative gas turbines. We are also developing low-emission solutions to bring older fleets up to the latest emissions standards – our improved offering allows us to provide faster, more sustainable and differentiated options to end-users and extend the life of our customers' equipment.

Furthermore, the division is developing and deploying energy diagnostic tools to further its leadership position in retrofit solutions – supporting its customers in many industries with their decarbonization goals. Sulzer's retrofit solutions along with digital monitoring can provide extraordinary efficiency and thus energy savings to customers across industries. One recent example: in 2022 the Services division was selected by a large desalination operator in Spain to upgrade their pumping system. The upgrade helped the plant to reduce its operational expenditure by CHF 400'000 per year and its CO_2 emissions by 1'571 tonnes per year. Sulzer continues to strengthen its position in the desalination market as the market leader for pump optimizations, driving progress in this traditionally energy-intensive industry.

Key figures Services

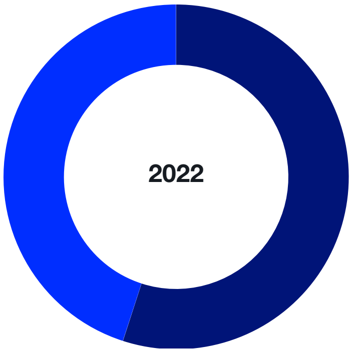
millions of CHF	2022	2021	Change in +/–%	+/–% adjusted [1]	+/–% organic [2]
Order intake	1'171.3	1'163.4	0.7	1.8	1.6
Order intake gross margin	38.9%	38.0%			
Order backlog as of December 31	492.9	479.5	2.8		
Sales	1'117.0	1'117.7	–0.1	0.8	0.7
EBIT [3]	54.0	148.2	–63.5		
Operational profit	159.0	158.7	0.2	1.4	0.8
Operational profitability	14.2%	14.2%			
Employees (number of full-time equivalents) as of December 31	4'559	4'571	–0.3		

1) Adjusted for currency effects.
2) Adjusted for acquisition and currency effects.
3) Impacted by write-offs related to Russia and Poland.

Order intake remains resilient

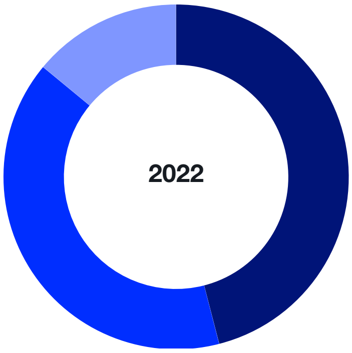
Order intake in the Services division rose by 1.6% compared with 2021. The Americas saw solid growth across all product lines (+11.1%), while the Asia-Pacific region also performed well (+2.4%), buoyed by particularly strong activity in Southeast Asia. Europe, the Middle East and Africa returned solid order intake, excluding the impact of Russia, driven by high orders in the Middle East in particular.

Order intake by market segment



- 55% Pumps Services
- 45% Other Equipment

Order intake by region



- 46% Americas
- 40% Europe, the Middle East and Africa
- 14% Asia-Pacific

Margins stable at high levels

Sales remained flat at CHF 1’117 million (+0.7%). Increased sales in the Americas and the Middle East were able to compensate for shortfall in sales caused by the Russian exit. Profitability remained unchanged at 14.2% thanks to proactive price management and strict cost control.

Safety performance in 2022

The Services division’s accident frequency rate remained at a very low level of 1.0 cases per million hours worked. The accident severity rate decreased significantly, down 34%, from 36 lost days per million working hours in 2021 to 23.7 lost days per million working hours in 2022. Over the course of 2022, the division increased the number of safety observations by 27% and the number of safety walks by 54%, reflecting the active participation in and commitment to safety amongst our employees.

In addition, progressive investment in machinery safeguarding upgrades continues to ensure safe conditions in our service centers. The division will keep focusing on reducing the number of accidents and their severity by improving safety awareness with pre-work planning and stop work authority.

Abbreviations

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

Record order intake, sales and profitability

Note: If not otherwise indicated, changes from the previous year are based on organic figures (adjusted for currencies and acquisitions).

The Chemtech division continued its strong performance in 2022, with order intake rising by 22.5% compared with 2021. Sales also saw strong growth of 14.8%, while profitability rose to 10.8%. The division continues to pursue its strategy of driving growth in its Renewables segment, which was up by 37.8%. The division is now under the leadership of Uwe Boltersdorf, who took over as Division President on January 1, 2023.

New Division President

Uwe Boltersdorf took over as the new Division President of the Chemtech division, effective January 1, 2023. Uwe brings a wealth of technical and commercial expertise and leadership experience – before his promotion to Division President he gained intricate knowledge of Chemtech's businesses as Global Head of Technologies and Operational Excellence for the division. Before joining Sulzer, Uwe held various management roles from 2014 to 2021 at thyssenkrupp Industrial Solutions in the EPC, plant engineering and licensing businesses, including as Chief Sales Officer for its chemical plant engineering business (formerly Uhde). Uwe has a PhD in Chemical Engineering from the University of Dortmund, Germany.

Continuing Chemtech's growth path in Renewables

The Chemtech division continued to drive growth and expand its offering across its Renewables businesses, supported by increased investment in R&D. The division is building on its expertise in biobased polymers, clean fuels and chemicals, polymer recycling, and carbon capture and storage. In 2022, the Chemtech division acquired a stake in CELLiCON to scale up its groundbreaking manufacturing technology for nano-structured cellulose – a highly sustainable, plant-based alternative to conventional polymers. The technology slashes the traditionally high costs and footprint associated with nanocellulose, allowing it to be scaled and used as a building block for a wide variety of everyday products, from textiles to glues. CELLiCON's technology thereby further expands the Chemtech division's offering in the development of biobased polymers and is helping to stimulate growth in this segment.

Storing renewable energy and decarbonizing shipping

The division supplies European Energy with a solution to one of renewable energy's greatest barriers: how to store the energy for later use. European Energy's groundbreaking process will use Sulzer's separation and mixing expertise to convert renewable electricity from solar panels and wind turbines into other forms of easier to store energy, namely e-methanol. Chemtech will provide separation technology for the purification of the e-methanol. The plant in Southern Denmark will be the world's first commercial-scale e-methanol plant and will produce green methanol for use in combustion engines and as a chemical feedstock. With a total output of 32'000 metric tonnes of carbon-neutral hydrocarbon-based fuels per year, the facility will help to progress the decarbonization of the global freight industry by fueling A.P. Moller – Maersk's first zero-carbon container ship.

Key figures Chemtech

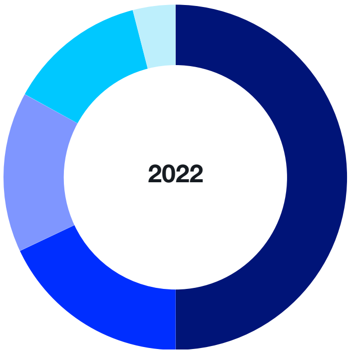
millions of CHF	2022	2021	Change in +/–%	+/–% adjusted [1]	+/–% organic [2]
Order intake	834.9	679.5	22.9	21.7	22.5
Order intake gross margin	31.7%	30.7%			
Order backlog as of December 31	501.7	433.2	15.8		
Sales	739.9	648.5	14.1	12.9	14.8
EBIT [3]	38.3	53.6	–28.6		
Operational profit	80.0	64.8	23.6	23.0	23.3
Operational profitability	10.8%	10.0%			
Employees (number of full-time equivalents) as of December 31	2'852	3'734	–23.6		

1) Adjusted for currency effects.
2) Adjusted for acquisition and currency effects.
3) Impacted by write-offs related to Russia.

Strong order growth

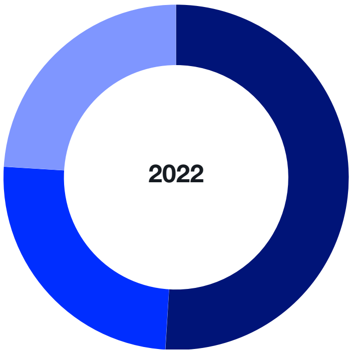
Orders in the Chemtech division continued on their strong growth path, rising 22.5% in 2022. The increase was driven by significant growth in most business segments, particularly in the Renewables business, which grew by 37.8%. Renewables accounted for 15.4% of Chemtech's business in 2022, up from 13.6% in 2021, evidencing the continued healthy growth of the segment with steady orders of all sizes.

Order intake by market segment



- 50% Chemicals
- 18% Gas and Refining
- 15% Renewables
- 13% Services
- 4% Water

Order intake by region



- 51% Asia-Pacific
- 25% Americas
- 24% Europe, the Middle East and Africa

Rising sales and profitability

Sales also grew by a significant 14.8%, with all of Chemtech's business units contributing to this substantial growth. The increase was driven by very strong execution and excellent work from Chemtech's teams to catch up following extended lockdowns in China. Profitability rose by 80 basis points to 10.8%, thanks to scaling effects and cost discipline.

Safety performance in 2022

Chemtech’s accident frequency rate (AFR) remained at a very low level of 0.8 cases per million working hours. The accident severity rate (ASR) increased to 44 lost days per million working hours, up from 17 the year before, due to two accidents with extended recovery periods. Accident severity has become a key focus point for the division’s accident prevention, with a particular focus on the human factor. The number of registered safety walks and safety observations recorded have increased significantly, with the insights and learnings from these providing a solid foundation for future accident prevention.

The division has also incorporated monitoring of the safety performance of non-Sulzer employees (i.e., contractors) into Chemtech’s reporting to focus on key areas with our partners and improve collaborative safety performance.

Abbreviations

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