



Dear Shareholder,

The first half of 2022 has brought a number of significant global challenges. Supply chain difficulties that began during the pandemic have persisted, and the outbreak of war in Ukraine has caused further disruption and exacerbated the spike in energy and raw materials prices. China also suffered renewed lockdowns that once again halted production for several weeks.

Despite these headwinds, Sulzer again demonstrated that it can rise to any challenge and returned a strong set of results for the first half of the year, with orders increasing by a substantial 11.4% compared with last year's H1 and stable sales and higher operational profitability.



“We continue to deliver on our strategy and have performed remarkably well to return this strong set of results despite the macroeconomic and geopolitical challenges — a strong testimony to our customers’ trust in Sulzer. I would like to take this opportunity to thank our employees for their resilience and dedication — each of them went above and beyond to serve our customers in these uncertain times.”

Frederic Lalanne
CEO



Swift reaction to geopolitical challenges

As the war in Ukraine began in February and companies started to pull out of Russia, Sulzer chose to wind down all cross-border business. In May, we took a step further and decided to exit the Russian market and initiate the sales process of our Russian business. We continue to prioritize finding the most suitable buyer that will ensure continuity for our employees and customers in Russia.

As a consequence, we will have a one-time impact of CHF 125 to 135 million at current exchange rates, with our assets in Russia as well as in our wound-down Polish operations to be written off. While this has not significantly impacted operational results, the write-off has affected our bottom line, with CHF 119.1 million booked in H1 2022.

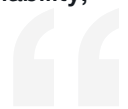
Significant rise in orders

Despite the global headwinds that the world is grappling with, our teams managed to deliver a strong set of results. Our orders increased by 11.4%, buoyed by significant rises in all our divisions, with particularly robust activity in Chemtech (+20.8% year-on-year) and Flow Equipment (+14.0% year-on-year). Our sales remained stable against last year, while our operational profitability rose by 50 basis points to 9% thanks to strong execution, product portfolio mix and strict cost discipline, allowing us to manage the negative impact of inflation on raw material and labor costs.



“Thanks to our technology leadership and our competencies, Sulzer is making a significant contribution to solving some of the defining societal challenges of our time. Our solutions bring together the interests of industry with those of sustainability, aligning the needs of society and the planet.”

Suzanne Thoma
Chairwoman of the Board of Directors



Strategy yielding results

We continue to focus on capturing growth opportunities in markets driven by sustainability, with significant positive results. Our wide variety of cleantech solutions are being used to address environmental challenges in areas like water, circular and renewable applications — and we have the innovation pipeline in place to capitalize on the upward trends in these markets. In June, we announced that we are [supporting Shell to produce 820'000 tonnes of biofuels from waste](#) at its new Rotterdam facility, enough to eliminate 2'800'000 tonnes of CO₂ emissions per year. Moreover, we continue to leverage our unique service position to strengthen and develop the business. In the first half of the year, we expanded our footprint in India by opening a state-of-the-art new service center, equipped with the latest cutting-edge machinery and advanced digital technologies.

Furthermore, our focus on ESG as an anchor for sustainable performance is also yielding results. Earlier this month, we published a standalone sustainability report, further underlining our increasing dedication to the topic. Among the highlights from the report are a 25% reduction in CO₂-equivalent emissions in 2021 and a five-fold increase in the adoption of decarbonized energy, setting us firmly on the path to achieving our ambitious targets.

Outlook

We expect continuing momentum in our markets despite prevailing macro and geopolitical uncertainties and increased volatility. We confirm our guidance for the full year; we expect organic order growth of 3 to 5% year on year, organic sales growth of 2 to 4% (excluding the impact of exiting the Russian market), and operational profitability to continue on its upwards trajectory to reach close to 10% of sales.

We would like to extend a warm word of thanks to our customers, partners and shareholders, whose loyalty has been unwavering and essential in these challenging times.

And finally, our gratitude goes to our employees, who have truly gone above and beyond in very difficult circumstances to deliver for our customers and produce these results. In every corner of our company, we see examples of our teams finding inventive solutions and going the extra mile to help Sulzer succeed. Your ongoing efforts are the key to our success — thank you.

Sincerely,



Suzanne Thoma
Chairwoman of the Board



Frederic Lalanne
CEO