SULZER

MIDYEAR REPORT 2020

Contents

Letter to the shareholders

Dear Shareholder,

After a strong start to 2020, COVID-19 turned the world upside down. The World Health Organization declared the coronavirus outbreak a pandemic on March 11, and professional and private life has since changed dramatically. The health and safety of our employees remained our number one priority in this unprecedented situation, as we reconfigured the Sulzer network on the fly to continue to provide uninterrupted support to our customers. Sulzer's broad regional presence, the balance between short and long-cycle businesses and our early actions to mitigate the impacts of COVID-19 were decisive factors that contributed to our resilience in the first half of 2020.

As an essential service provider, authorities around the world relied on Sulzer to continue to operate even during lockdowns. Our teams helped ensure that critical infrastructure, such as water and power utilities, transport systems and the healthcare sector, remained operational. We are proud of our people, who showed great dedication throughout these uncertain times and focused on serving our customers under the strictest safety precautions.

Strong order intake and a backlog reaching new heights

Overall order intake increased by 1.7% to CHF 1'840 million in the first six months of 2020. Our order backlog as of June 30 flirted with CHF 2 billion, a level not reached for many years and up 8.6% from the year before. Our aftermarket activities, which represent almost half of Sulzer, led the charge. With an increase in orders of 10.2%, Rotating Equipment Services continued its growth momentum across all product lines and regions, despite COVID-19-related access restrictions to customer sites.

Pumps Equipment reported growing orders of 6.0%, buoyed by its strong market position in the Middle East, China and Brazil and its negligible exposure to non-conventional oil (i.e. shale). We saw continued momentum in our Municipal and Waste Water activities, which grew by 2.5% organically.

Orders in Chemicals went up strongly by 27.1%, while they decreased by 6.3% in Industry as COVID-19 softened industrial production around the world.

Chemtech order intake was 3.2% lower in the first half of 2020 compared with the same period of last year. While the Chemical market remained dynamic, decisions on larger projects drifted and we were particularly impacted by the lockdown in India, where we have a significant presence. This was counterbalanced by a Chinese market that went from strength to strength as the country reemerged from lockdowns.

After a strong start to the year, particularly in Beauty, our Applicator Systems division grinded to a halt in March as our customers were forced to suspend operations, leading to an order intake drop of 27.3% for the first half of 2020. Beauty and Dental felt the immediate impact of closures of cosmetics retailers and dental practices around the world. The Adhesives segment, which serves a wide range of markets such as the automotive, aviation and electronics industries, was impacted by temporary factory closures of customers. With the lifting of lockdowns, order intake and sales in all Applicator Systems segments started to recover late in the first half of 2020, a trend that is expected to continue and accelerate in the second half of the year.

Sulzer has again proven its resilience, which is based on its broad regional presence and a balance between early and late-cyclical business. We launched ambitious structural cost measures early in the pandemic to be well positioned for the market recovery.

Greg Poux-Guillaume, CEO

Lockdowns impacting sales and profitability

The lockdowns led to a standstill of public life in many countries, limited access to customer sites, travel restrictions and challenges in supply chain and sales channels. In this context, our diversified portfolio of applications and our global presence limited the revenue decrease to 3.9% in the first half of 2020.

Our teams took swift action to ensure the business continuity of our customers while implementing cost measures. This helped mitigate the impact of lower sales volumes, temporary factory closures and supply chain disruptions, resulting in an operational EBITA of CHF 120.2 million and a margin (opROSA) of 7.5%.

Adapting to changing market conditions

The pandemic has shown that it is crucial for an organization to be agile, in order to respond quickly to changing market conditions. As we announced in April, we aim to reduce our 2020 operational expenses by CHF 60 million to mitigate the impact of market disruptions triggered by COVID-19. Through cost-out measures, we have already reduced OPEX by CHF 21 million in the first half of the year.

In addition, we launched structural actions to make our Energy-related businesses leaner, in anticipation of adverse conditions in the oil and gas market which we expect to continue well into 2021. These actions will generate substantial savings of around CHF 70 million that will be fully realized over the next two years, with most of the uplift coming as early as 2021.

While we do this, we double down on investments that prepare us for the future – in additive manufacturing, data platforms, remote systems and digital production methods that will make us faster and more flexible.

Strategic investments in sustainable technology leaders

More than ever, we work to broaden our portfolio of bio-based technologies and circular applications. We strategically invest in technology companies that complement our offering and excel in innovative solutions for a greener future.

In June, Sulzer acquired 25% of technology company Tamturbo Plc, with a path to control. Tamturbo is a manufacturer of oil-free industrial air compressor systems that offers disruptive solutions. It enables cleaner and more energy-efficient compressed air production, complementing Sulzer's market-leading low-pressure compressors for wastewater aeration. This positions us to serve a growing industrial automation market with increasing demand for oil-free compressed air, particularly for the food and beverage industry.

Sulzer also increased its investment in Worn Again, a company developing a unique polymer recycling process leveraging Sulzer technology to enable the recycling of textiles and polyester packaging. Sulzer and H&M, as strategic partners, control the company and are jointly betting on its future.

Through our leadership in process technology and energy-efficient solutions for various applications, Sulzer is forging ahead in developing sustainable solutions and fostering a circular economy.

Peter Löscher, Chairman of the Board of Directors

Outlook for 2020

The current business environment is characterized by high uncertainty, driven by COVID-19 and its economic fallout. Having initiated ambitious cost measures to mitigate the impacts of the pandemic, and based on our high order backlog, we are optimistic that we will continue to perform well. We expect the opEBITA margin (opROSA) to be at 8.5–9.0% for the full year 2020, and to return to around pre-pandemic levels for the full year 2021.

We want to thank our employees who, with their extraordinary commitment and dedication, have kept operations safe and running, living up to our deeply rooted culture of safety and service. We also express our sincere thanks to our loyal customers, our faithful partners and you, our shareholders, for your trust in this complicated period.

Stay healthy and safe.
Sincerely,

Peter Löscher
Chairman of the Board

Greg Poux-Guillaume
CEO

Resilient performance

Sulzer’s order intake remained strong in the first half of 2020 despite a significant COVID-19 impact. Compared with the same period of the prior year, order intake grew by 1.7% on good demand in Rotating Equipment Services and Pumps Equipment. Sales decreased by 3.9% due to lockdowns. The lower sales volume led to a decrease in operational EBITA and an operational ROSA of 7.5%. Sulzer took decisive measures early on to mitigate the impact of market disruptions.

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

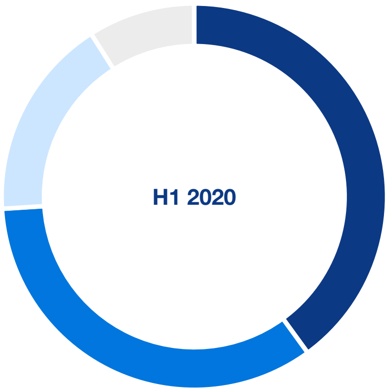
Key figures (January 1 – June 30)

millions of CHF	**2020**	**2019**	Change in +/–%	+/–% adjusted[1)]	+/–% organic[2)]
Order intake	1’840.5	1’933.3	–4.8	1.7	–0.6
Order intake gross margin	33.3%	33.8%			
Order backlog as of June 30/ December 31	1’946.2	1’792.6	8.6		
Sales	1’598.5	1’773.8	–9.9	–3.9	–5.5
EBIT	36.0	98.9	–63.6		
opEBITA	120.2	161.5	–25.6	–20.5	–22.5
opROSA	7.5%	9.1%			
Core net income	81.5	114.7	–28.9		
Net income attributable to shareholders of Sulzer Ltd	15.4	65.1	–76.3		
Basic earnings per share	0.5	1.9	–76.3		
Free cash flow	36.8	–7.8	n/a		
Net debt as of June 30/ December 31	474.6	346.9	36.8		
Employees (number of full-time equivalents) as of June 30/ December 31	15’600	16’506	–5.5		

1) Adjusted for currency effects.

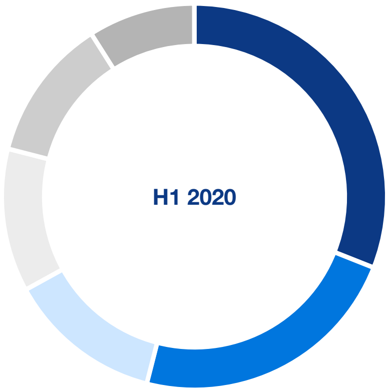
2) Adjusted for acquisition and currency effects.

Order intake by division



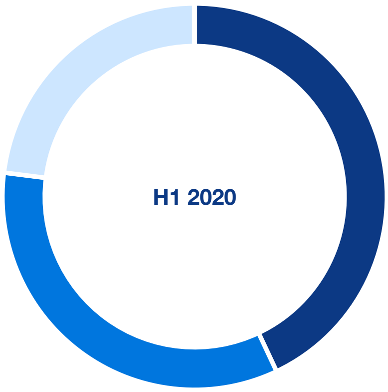
- **40%** Pumps Equipment
- **34%** Rotating Equipment Services
- **17%** Chemtech
- **9%** Applicator Systems

Order intake by segment



- **31%** Oil and Gas
- **23%** Chemicals
- **13%** General Industry
- **12%** Water
- **12%** Power
- **9%** Applicator Systems markets

Order intake by region



- **43%** Europe, the Middle East and Africa
- **34%** Americas
- **23%** Asia-Pacific

Business review

Robust performance amid pandemic

Order intake increased by 1.7% including acquisitions and remained stable organically. A drop in sales due to lockdowns triggered by the pandemic was limited to 3.9% compared with the same period of the previous year. The lower sales volume and an unfavorable mix effect, offset by CHF 21 million of year-on-year cost savings, led to an operational ROSA of 7.5%. Free cash flow generation amounted to a solid CHF 36.8 million, reflecting a year-on-year improvement of CHF 44.6 million.

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

Solid order momentum in Pumps Equipment and Rotating Equipment Services

Despite the pandemic, Sulzer continued to deliver order growth in the first half of 2020. Order intake totaled CHF 1’840.5 million, an increase of 1.7% compared with the same period last year. Organic order intake remained stable (–0.6%), while acquisitions added CHF 42.3 million. Order intake gross margin declined to 33.3% due to a mix impact from a lower relative share of orders from Applicator Systems.

For the first half year of 2020, Sulzer showed resilience in orders and free cash flow generation. Despite an extensive impact from the pandemic, we mitigated the reduction in sales and profitability with swift actions and cost-out measures.

Jill Lee, Chief Financial Officer

Order intake in the Pumps Equipment division increased strongly by 6.0%. Order activity in the Middle East more than offset a decline in the Industry segment of 6.3% which was hit by a COVID-19-related softening of market. Water orders saw an increase of 2.5% in the first half of 2020, excluding the high basis for comparison in the first half of 2019 due to two large projects of CHF 42 million for water transport and desalination. Order intake in Rotating Equipment Services grew by 10.2%, of which 3.9% stemmed from the Alba acquisition. Chemtech’s order intake was 3.2% lower than in the first half of 2019, due to customers postponing projects and a high basis for comparison in the first half of 2019. Acquisitions contributed CHF 29.6 million, of which GTC was CHF 20.1 million. Applicator Systems saw an abrupt drop in order intake of 27.3% as beauty stores and dental practices were forced to temporarily stop operations.

Currency translation effects had a negative impact on order intake amounting to CHF 125.8 million, due to the strengthening of the Swiss franc against other currencies.

As of June 30, 2020, order backlog increased by CHF 153.6 million to CHF 1’946.2 million from CHF 1’792.6 million on December 31, 2019. Negative currency translation effects totaled CHF 115.8 million.

Orders

millions of CHF	2020	2019
Order intake	1'840.5	1'933.3
Order intake gross margin	33.3%	33.8%
Order backlog as of June 30/ December 31	1'946.2	1'792.6

Lockdowns impacting sales

Sales amounted to CHF 1'598.5 million – a decrease of 3.9%. Compared with 2019, acquisitions added CHF 27.1 million, while negative currency translation effects reduced sales by CHF 106.8 million.

Customer confinement measures such as limited site access and temporary closures of factories and front-end outlets impacted sales. Pumps Equipment's sales declined by 4.4%. Higher sales in the Water segment could not offset the decrease in Energy and Industry. Sales in Rotating Equipment Services grew by 1.3%, supported by the Alba acquisition. In Chemtech, sales remained stable, despite a significant COVID-19 impact including the six-week lockdown of the Indian factory from the end of March until the beginning of May. In Applicator Systems, sales declined by 21.0%, caused by the abrupt closure of retail stores and dental clinics globally.

Lower volume and mix impacting gross margin

Gross margin remained stable at 29.8% compared with 30.0% in the same period last year, despite a higher relative share of Energy business within Pumps Equipment and a lower share of Applicator Systems business within the sales mix. Total gross profit decreased to CHF 476.0 million (first half of 2019: CHF 532.0 million) as a result.

Operational return on sales of 7.5%

Operational EBITA (opEBITA) amounted to CHF 120.2 million compared with CHF 161.5 million in the first half of 2019, a decrease of 20.5%. Lower gross margin and under-absorption arising from the decline in sales volume, as well as the unfavorable mix effect from lower share of Applicator Systems, were partially offset by savings from cost reduction measures of CHF 21 million.

Operating expenses excluding amortization, impairments on tangible and intangible assets, restructuring expenses, and other non-operational items decreased by CHF 21.7 million year-on-year. Lower organic Selling and G&A expenses were partially offset by operational expenses of the acquired companies.

Bridge from EBIT to opEBITA (January 1 – June 30)

millions of CHF	2020	2019
EBIT	**36.0**	**98.9**
Amortization	31.6	31.3
Impairments on tangible and intangible assets	4.2	0.5
Restructuring expenses	42.0	16.2
Non-operational items [1)]	6.4	14.6
opEBITA	**120.2**	**161.5**

1) Non-operational items include significant acquisition-related expenses, gains and losses from 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.

Operational EBITA margin (opROSA) decreased to 7.5% compared with 9.1% in the first half year of 2019.

ROS and opROSA calculation (January 1 – June 30)

millions of CHF	2020	2019
EBIT	36.0	98.9
Sales	1’598.5	1’773.8
ROS	**2.3%**	**5.6%**
opEBITA	120.2	161.5
Sales	1’598.5	1’773.8
opROSA	**7.5%**	**9.1%**

Structural actions

As announced earlier this year, Sulzer has initiated decisive measures to mitigate the impact of market disruptions on Energy-related business activities caused by the pandemic. Up to June 2020, one-off expenses of CHF 52.6 million were recorded, comprised of CHF 42.0 million restructuring expenses, CHF 6.4 million non-operational costs and CHF 4.2 million impairments. These mainly relate to the closure or resizing of sites in Europe and the USA, as well as the resizing of supporting resources.

Consequently, EBIT amounted to CHF 36.0 million, a decrease of 58.3% compared with CHF 98.9 million in the first half of 2019. Return on sales (ROS) was 2.3% compared with 5.6% in the first half of 2019.

Stable financial expenses

Total financial expenses amounted to CHF 12.3 million, compared with CHF 12.0 million in the first half of 2019.

Higher effective tax rate

Income tax expenses decreased to CHF 6.7 million (2019: CHF 19.6 million) mainly due to lower pre-tax income. The effective tax rate for the first half of 2020 increased to 28.4% compared with 22.8% in the first half of 2019. The effective income tax rate used for 2020 was impacted by restructuring expenses related to closed facilities with no corresponding tax effects.

Lower core net income

Net income decreased to CHF 16.8 million compared with CHF 66.5 million in the previous year. Core net income, which excludes restructuring expenses, amortization, impairments, non-operational items and the tax-adjusted effects of non-operational items, totaled CHF 81.5 million, compared with CHF 114.7 million in the first half of 2019. Basic earnings per share decreased from CHF 1.92 in the first half of 2019 to CHF 0.45 in the first half of 2020, primarily due to lower profit.

Bridge from net income to core net income

millions of CHF	2020	2019
Net income	**16.8**	**66.5**
Amortization	31.6	31.3
Impairments on tangible and intangible assets	4.2	0.5
Restructuring expenses	42.0	16.2
Non-operational items[1]	6.4	14.6
Tax impact on above items	–19.4	–14.5
Core net income	**81.5**	**114.7**

1) Other non-operational items include significant acquisition-related expenses, gains and losses from 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.

Key balance sheet positions

Total assets as of June 30, 2020, amounted to CHF 4’760.6 million, which is a nominal decrease of CHF 348.8 million from December 31, 2019. Non-current assets decreased nominally by CHF 69.3 million to CHF 2’102.7 million, because of lower goodwill (CHF 21.7 million), lower other intangible assets (CHF 36.7 million) and lower property, plant and equipment (CHF 7.0 million). Current assets decreased nominally by CHF 279.6 million through reductions on inventories (CHF 27.4 million), current financial assets (CHF 52.7 million), trade accounts receivables (CHF 87.1 million) and supplier advances (CHF 5.8 million), influenced by reduced sales. Cash and cash equivalents decreased by CHF 78.2 million.

Total liabilities nominally decreased by CHF 107.3 million to CHF 3’408.2 million as of June 30, 2020. The main reasons were a decrease in trade accounts payable (CHF 99.1 million) due to lower sales of transactional business, as well as contract liabilities (CHF 32.5 million) due to lower sales of project business.

Equity decreased nominally by CHF 241.5 million to CHF 1’352.4 million. This was mainly driven by dividend distribution (CHF 136.1 million), currency translation effects (CHF 91.1 million) and the remeasurement of the defined benefit obligation (CHF 21.0 million). These were only partly offset by net income (CHF 16.8 million).

Better working capital improving free cash flow

Free cash flow amounted to CHF 36.8 million in the first half of 2020, a significant improvement compared to CHF –7.8 million reported in the same period last year. Better net working capital management and lower net current assets contributed to this positive development.

Bridge from cash flow from operating activities to free cash flow (FCF)

millions of CHF	2020	2019
Cash flow from operating activities	**91.8**	**43.1**
Purchase of intangible assets	–5.4	–2.1
Sale of intangible assets	0.0	0.3
Purchase of property, plant and equipment	–54.3	–51.7
Sale of property, plant and equipment	4.7	2.5
Free cash flow	**36.8**	**–7.8**

Cash flow from investing activities totaled CHF –17.3 million compared with CHF –85.0 million in the first half of 2019. In the first half of 2020, cash flow from investing activities was influenced by CHF 49.7 million from net change in financial assets, CHF –54.3 million for purchases of property, plant and equipment and CHF –12.0 million related to investment in subsidiaries and associates. In the first half of 2019, cash flow from investing activities was driven by CHF –33.7 million for the acquisition of GTC and CHF –51.7 million for purchases of property, plant and equipment.

Cash flow from financing activities totaled CHF –120.6 million compared with CHF –110.8 million in the first half of 2019. In 2020, dividend payments amounted to CHF 92.6 million, compared with CHF 77.5 million in 2019. The net change in cash since January 1, 2020, amounted to CHF –78.2 million, including exchange losses on cash and cash equivalents of CHF 32.1 million.

Outlook for 2020

The current business environment is characterized by high uncertainty, driven by COVID-19 and its economic fallout. Having initiated ambitious cost measures to mitigate the impacts of the pandemic, and based on our high order backlog, we are optimistic that we will continue to perform well. We expect the opEBITA margin (opROSA) to be at 8.5–9.0% for the full year 2020, and to return to around pre-pandemic levels for the full year 2021.

Abbreviations

EBIT: Earnings before interest and taxes
ROS: Return on sales
opEBITA: Operational earnings before interest, taxes and amortization
opROSA: Operational return on sales adjusted
EBITDA: Earnings before interest, taxes, depreciation and amortization
FCF: Free cash flow
For the definition of the alternative performance measures, please refer to the Sulzer Annual Report 2019.

Order growth with improved profitability

In the first six months of 2020, Pumps Equipment (PE) recorded growing order intake compared with the same period of the previous year. The pandemic and the resulting market disruptions impacted sales and operational EBITA, while operational ROSA improved to 3.1% due to solid execution and cost discipline.

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

Swift response in unprecedented times

The team reacted quickly to the challenges caused by the pandemic and implemented measures early-on to ensure employee safety and business continuity.

The business was granted license from authorities around the world to continue operations during lockdowns in order to maintain power, water, hospitals, shipping, refineries and other essential infrastructure. PE's production facilities remained operational around the world throughout the crisis, while the teams swiftly managed disruptions in supply chain and logistics.

Because high oil stocks and lower demand are likely to impact investments in the energy market for some time, Sulzer announced structural actions to reduce the capacity in its Energy business by one-third, such as the intended consolidation of production and rightsizing of resources.

Pumps Equipment's performance remained resilient against adverse market conditions. Our quick and decisive reaction to the pandemic will help us soften the impact on our results going forward.

Frédéric Lalanne, Division President Pumps Equipment

Driving digitalization and diversification

Due to travel restrictions and difficulties accessing customer sites, Sulzer has fostered digitalization projects to support business continuity. The company has expanded its remote pump witness testing program, allowing for fast and efficient digital sign-off on pump engineering projects during the COVID-19 crisis, without customers having to travel. Becoming the preferred choice for clients going forward, it is also a clear step towards smart factories.

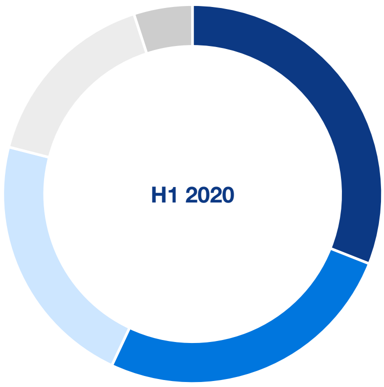
With a 25% investment in the Finnish technology company Tamturbo announced in June, Sulzer further diversified its business and complemented its existing offering of lower pressure compressors with oil-free industrial air compressor systems. Tamturbo's disruptive solutions enable cleaner, more energy-efficient and almost maintenance-free compressed air production.

Increase in order intake

Order intake increased by 6.0%, supported by its broad geographical presence including a strong market position in the Middle East. Excluding the two large orders totaling CHF 42 million in the first half of 2019, orders from the Water market increased by 2.5%. Order intake in General Industry segments decreased by 6.3% due to the COVID-19-related softening of markets.

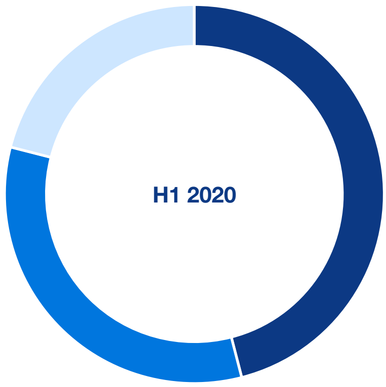
Regionally, order intake grew by 21.2% in the Americas and by 4.4% in Asia-Pacific. Excluding the high base of the same period in 2019 driven by the two large orders mentioned above, Europe, the Middle East and Africa saw an increase of 10.2%.

Order intake by segment



- **31%** Oil and Gas
- **26%** Water
- **22%** General Industry
- **16%** Chemicals
- **5%** Power

Order intake by region



- **46%** Europe, the Middle East and Africa
- **33%** Americas
- **21%** Asia-Pacific

Solid profitability on lower sales

Despite lockdowns leading to supply chain and logistics disruptions which impacted sales by 4.4%, profitability (opROSA) improved to 3.1%. Operational EBITA decreased on lower sales volumes, but operational ROSA improved owing to robust execution and cost measures.

Key figures Pumps Equipment (January 1 – June 30)

millions of CHF	2020	2019	Change in +/–%	+/–% adjusted[1]	+/–% organic[2]
Order intake	744.0	752.5	–1.1	6.0	7.3
Order intake gross margin	26.7%	27.4%			
Order backlog as of June 30/ December 31	999.1	924.3	8.1		
Sales	616.6	690.3	–10.7	–4.4	–3.1
EBIT	–27.1	–0.1	n/a		
opEBITA	19.2	20.0	–3.8	–4.5	6.3
opROSA	3.1%	2.9%			
Employees (number of full-time equivalents) as of June 30/ December 31	5’623	5’759	–2.4		

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

Abbreviations

EBIT: Earnings before interest and taxes
opEBITA: Operational earnings before interest, taxes and amortization
opROSA: Operational return on sales adjusted
For the definition of the alternative performance measures, please refer to the Sulzer Annual Report 2019.

Strong performance in an adverse market environment

In the first six months of 2020, Rotating Equipment Services (RES) grew orders, sales and operational EBITA compared with the first half of 2019, despite supply chain disruptions and limited access to customer sites. Operational ROSA remained stable at 12.1%. As an essential service provider, Sulzer's service teams helped ensure that critical infrastructure remained in operation throughout lockdowns.

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

Keeping essential services running

As the coronavirus spread around the world, Sulzer's service centers took quick and decisive action to protect their people and continue to serve customers. RES sites around the world swiftly implemented comprehensive contingency plans comprising strict social distancing, shift work, protective clothing and increased hygiene measures.

Designated an essential service provider by national governments, the service teams continued to provide support for crucial infrastructure during lockdowns, such as energy and water companies, transport systems and the healthcare sector. RES also offered pro bono support services for the maintenance of backup power supplies of hospitals, helping to ensure that patients received the stable care they needed – even if the main power supply failed.

Our service business played an essential role in ensuring functioning infrastructure during lockdowns. Thanks to the high commitment of our people to continue to serve our customers in these difficult times, we delivered a resilient H1 performance.

Daniel Bischofberger, Division President Rotating Equipment Services

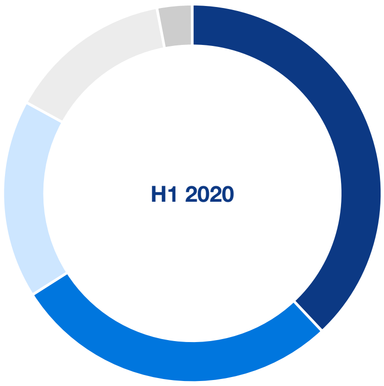
Robust aftermarket activities

Servicing many products in various market segments, Sulzer's business with spare parts and services is well-diversified. With roughly 100 service centers spread across the globe, the teams are close to customers and highly responsive to incoming projects. In an adverse market environment with country lockdowns and travel restrictions in place, the division's diversity and customer proximity were decisive success factors. Our people's dedication to serving clients quickly and pragmatically further strengthened customer relationships during these unprecedented times.

Strong order growth

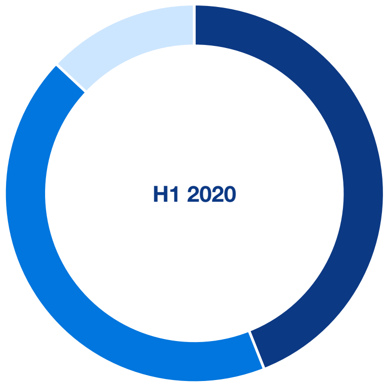
Amidst the pandemic, all regions were able to keep their service centers in operation and showed strong resilience. Order intake in the first half of 2020 increased by 10.2%, despite lockdown measures and supply chain disruptions. All product lines supported the order increase, with particularly strong growth in Turbo Services. Pumps Services also delivered strong growth on good project activity. Regionally, particularly the Americas contributed to growth.

Order intake by segment



- **38%** Oil and Gas
- **28%** Power
- **17%** Chemicals
- **14%** General Industry
- **3%** Water

Order intake by region



- **44%** Europe, the Middle East and Africa
- **43%** Americas
- **13%** Asia-Pacific

Sales growth and higher operational EBITA

In the first half of 2020, sales grew by 1.3% compared with the first six months of 2019, despite restricted access to customer sites, supply chain disruptions and customer travel restrictions.

Operational EBITA increased by 3.8% on strict cost control. Operational ROSA remained stable at 12.1%.

Key figures Rotating Equipment Services (January 1 – June 30)

millions of CHF	2020	2019	Change in +/–%	+/–% adjusted[1]	+/–% organic[2]
Order intake	617.0	602.2	2.5	10.2	6.3
Order intake gross margin	39.0%	39.4%			
Order backlog as of June 30/ December 31	485.0	422.2	14.9		
Sales	528.1	561.4	–5.9	1.3	–1.2
EBIT	51.2	64.1	–20.1		
opEBITA	64.0	67.9	–5.7	3.8	1.0
opROSA	12.1%	12.1%			
Employees (number of full-time equivalents) as of June 30/ December 31	4'795	4'900	–2.1		

1) Adjusted for currency effects.

2) Adjusted for acquisition and currency effects.

Abbreviations

EBIT: Earnings before interest and taxes
opEBITA: Operational earnings before interest, taxes and amortization
opROSA: Operational return on sales adjusted
For the definition of the alternative performance measures, please refer to the Sulzer Annual Report 2019.

Managing temporary disruptions

In the first six months of 2020, Chemtech's order intake decreased, due to market disruption and customers postponing projects in the wake of COVID-19. Sales remained stable, while operational EBITA and operational ROSA decreased as a consequence of the lockdowns. To adapt the business to the current situation and make it more resistant, Chemtech has introduced structural measures and reduced OPEX spend.

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

Ramping up capacities after temporary closures

Due to the quick implementation of business contingency plans during the lockdowns, Chemtech's Shanghai factory was able to reopen on February 10, 2020, among the first companies in the region to resume production. Manufacturing in India and Russia was also temporarily disrupted. By the beginning of May, all factories had recommenced operations in line with local governmental regulations. India is still impacted by governmental restrictions and has not yet reached full capacity.

While introducing the strictest possible safety measures to protect employees, Chemtech's separation technology played its part in speeding up the fight against COVID-19. The division supported Farmhispania Group to increase the production capacity of one of its drugs, which has been critical in the treatment of COVID-19 patients.

Supporting strategic direction towards sustainable business

As a technology partner for BEWiSynbra Group, one of Europe's leading producers of expandable polystyrene (EPS), Sulzer is helping to reach an ambitious target to collect and recycle 60'000 tonnes of EPS per year. Converting waste EPS into new EPS material used in building insulation or packaging, Chemtech's production line enables BEWiSynbra to achieve their circular economy aims while expanding their manufacturing capacity.

To further support Sulzer's clear strategic direction towards sustainable businesses, Chemtech strengthened its activities in this area and formed a global bio-based and renewables application development team in 2020. The team will lead innovation for the conversion of renewable feedstocks into oleochemicals, biofuels, biochemicals and biopolymers, in addition to driving the development of cutting-edge solutions for plastic recycling.

The temporary factory closures and customers postponing projects impacted our performance. We have launched decisive measures to adapt our business to the current market environment and make it more resistant.

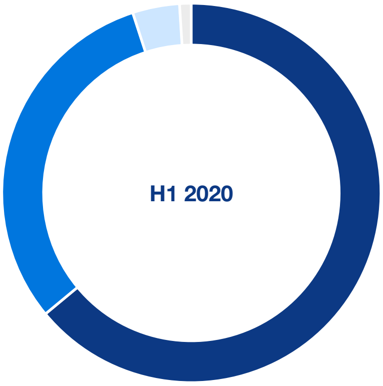
Torsten Wintergerste, Division President Chemtech

Lower order intake

Chemtech's order intake was 3.2% lower in the first half of 2020 compared with the same period last year. Market disruption, lower volumes in all areas except for China, limited site access and customers postponing projects as well as oil and gas turmoil impacted order intake and project execution.

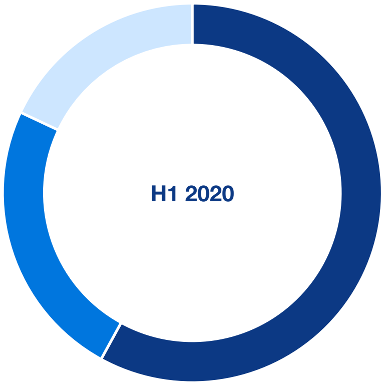
Order intake increased by 20.2% in the Asia-Pacific region, whereas it decreased by 25.8% in the Americas and by 22.1% in EMEA (Europe, the Middle East and Africa).

Order intake by segment



64% Chemicals
31% Oil and Gas
4% General Industry
1% Water

Order intake by region



58% Asia-Pacific
24% Europe, the Middle East and Africa
18% Americas

Temporary factory closures impacting sales and profitability

In the first six months of 2020, sales remained stable, mainly supported by the acquisition of GTC, despite the six-week lockdown of the Indian factory from the end of March until the beginning of May.

Operational EBITA decreased by 9.6% compared with the first half of 2019. The temporary closure of the India factory had a large impact on the performance of other regions such as Europe, Russia and Africa. Consequently, operational ROSA decreased to 8.0% in the first half of 2020 after a significant increase to 9.0% in the same period of 2019. Chemtech has initiated structural actions and reduced OPEX spend to adapt its business to the current market environment and make it more resistant.

Key figures Chemtech (January 1 – June 30)

millions of CHF	2020	2019	Change in +/–%	+/–% adjusted[1)]	+/–% organic[2)]
Order intake	319.4	350.3	–8.8	–3.2	–12.0
Order intake gross margin	30.5%	29.7%			
Order backlog as of June 30/ December 31	408.5	385.3	6.0		
Sales	287.8	303.8	–5.3	0.2	–7.7
EBIT	10.6	24.1	–56.0		
opEBITA	23.0	27.3	–15.8	–9.6	–22.3
opROSA	8.0%	9.0%			
Employees (number of full-time equivalents) as of June 30/ December 31	3’206	3’803	–15.7		

1) Adjusted for currency effects.

2) Adjusted for acquisition and currency effects.

Abbreviations

EBIT: Earnings before interest and taxes
opEBITA: Operational earnings before interest, taxes and amortization
opROSA: Operational return on sales adjusted
For the definition of the alternative performance measures, please refer to the Sulzer Annual Report 2019.

Pause in demand in the second quarter due to lockdowns

A strong start to the year was outweighed by an abrupt decrease in volumes in the second quarter – due to the closure of beauty stores, dental practices and factories amidst the pandemic. Applicator Systems (APS) reacted early on to take decisive steps on cost-out measures, which will manifest to their full extent in the second half of 2020.The lower volumes led to a sharp decrease of operational EBITA and operational ROSA. APS's business started to recover in June. The extension of its Bechhofen factory to enhance the positioning in the Beauty market is proceeding according to plan.

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

Suffering from the impact of lockdowns

The lockdowns imposed by authorities to fight the spread of the coronavirus led to closures of beauty stores and dental practices around the globe. Consequently, Beauty and Dental customers stopped placing orders immediately. Factory closures curbed demand in the Adhesives segment that serves a wide range of markets such as the automotive, aviation and electronics industries.

Transforming industrial base and growing portfolio

While taking measures to keep employees safe and to ensure business continuity throughout the pandemic, the Beauty segment continues to drive the transformation of its industrial base to better serve its evolving mix of customers and introduce process automation to increase flexibility.

In June 2020, Sulzer acquired Stamixco, a small Swiss company which developed and commercializes an innovative, high performance mixer for adhesives, filling a gap in Sulzer's static mixer portfolio.

Our business suffered from the lockdown measures in many countries of the world, leading to a collapse in demand as beauty stores and dental practices had to temporarily close. We have implemented decisive cost measures to mitigate the impact and are ready to seize the opportunities as the markets recover.

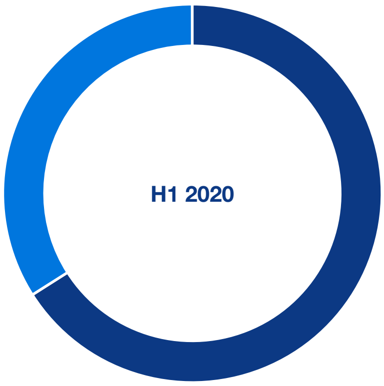
Girts Cimermans, Division President Applicator Systems

COVID-19 measures leading to fewer orders and sales

In the first half of 2020, order intake decreased by 27.3%. Double-digit growth in the Healthcare segment could not offset the decrease of other segments which were impacted by the temporary closures of cosmetics stores, dental practices and factories.

Due to the short-cycle nature of the business, the impact of the pandemic led to a sales decrease of 21.0% compared with the same period last year, negatively affecting all segments except for Healthcare.

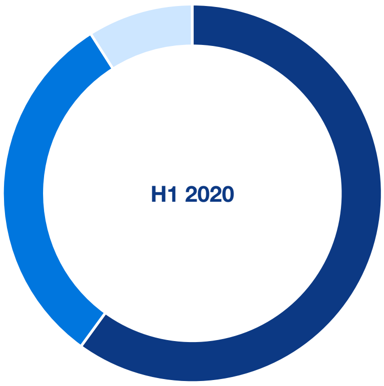
Order intake by segment



66% Adhesives, Dental, Healthcare

34% Beauty

Order intake by region



60% Europe, the Middle East and Africa

31% Americas

9% Asia-Pacific

Decrease of operational EBITA and operational ROSA

Operational EBITA was 58.3% lower than in the first six months of 2019. Higher opEBITA in Healthcare could not offset the under-absorption in APS' plants due to the abrupt fall in demand. Decisive cost-out measures subsequently launched will favorably affect the second half of 2020.

As a result, operational ROSA decreased to 11.8% in the first half of 2020 compared with 21.7% for the same period a year ago.

Key figures Applicator Systems (January 1 – June 30)

millions of CHF	2020	2019	Change in +/–%	+/–% adjusted[1]	+/–% organic[2]
Order intake	160.2	228.4	–29.9	–27.3	–27.3
Order intake gross margin	47.4%	46.4%			
Order backlog as of June 30/ December 31	53.6	60.8	–11.9		
Sales	166.1	218.2	–23.9	–21.0	–21.0
EBIT	9.0	15.9	–43.5		
opEBITA	19.5	47.3	–58.7	–58.3	–58.3
opROSA	11.8%	21.7%			
Employees (number of full-time equivalents) as of June 30/ December 31	1'769	1'821	–2.9		

1) Adjusted for currency effects.

2) Adjusted for acquisition and currency effects.

Abbreviations

EBIT: Earnings before interest and taxes
opEBITA: Operational earnings before interest, taxes and amortization
opROSA: Operational return on sales adjusted
For the definition of the alternative performance measures, please refer to the Sulzer Annual Report 2019.

Financial reporting

Consolidated income statement

January 1 – June 30

millions of CHF	Notes	2020	2019
Sales	3	1’598.5	1’773.8
Cost of goods sold		–1’122.5	–1’241.8
Gross profit		**476.0**	**532.0**
Selling and distribution expenses		–168.5	–187.4
General and administrative expenses		–189.5	–196.7
Research and development expenses		–41.7	–43.3
Other operating income and expenses, net	6	–40.3	–5.7
Operating income (EBIT)		**36.0**	**98.9**
Interest and securities income	7	2.5	2.9
Interest expenses	7	–11.7	–12.4
Other financial income and expenses, net	7	–3.0	–2.5
Share of profit and loss of associates		–0.3	–0.8
Income before income tax expenses		**23.5**	**86.2**
Income tax expenses	8	–6.7	–19.6
Net income		**16.8**	**66.5**
attributable to shareholders of Sulzer Ltd		15.4	65.1
attributable to non-controlling interests		1.4	1.4
Earnings per share (in CHF)			
Basic earnings per share		0.45	1.92
Diluted earnings per share		0.45	1.90

Consolidated statement of comprehensive income

January 1 – June 30

millions of CHF	Notes	2020	2019
Net income		**16.8**	**66.5**
Items that may be reclassified subsequently to the income statement			
Cash flow hedges, net of tax		–4.0	3.1
Currency translation differences		–91.1	–26.5
Total of items that may be reclassified subsequently to the income statement		**–95.1**	**–23.5**
Items that will not be reclassified to the income statement			
Remeasurements of defined benefit obligations, net of tax		–21.0	15.5
Total of items that will not be reclassified to the income statement		**–21.0**	**15.5**
Total other comprehensive income		**–116.1**	**–8.0**
Total comprehensive income for the period		**–99.3**	**58.6**
attributable to shareholders of Sulzer Ltd		–99.9	57.2
attributable to non-controlling interests		0.6	1.3

Consolidated balance sheet

millions of CHF	Notes	June 30, 2020	December 31, 2019	June 30, 2019
Non-current assets				
Goodwill		899.1	920.8	908.0
Other intangible assets		393.4	430.1	440.7
Property, plant and equipment		537.4	544.4	535.0
Lease assets		102.5	112.6	104.7
Associates		20.4	10.7	12.5
Other non-current financial assets		10.4	12.6	10.1
Non-current receivables		5.0	6.3	6.0
Deferred income tax assets		134.5	134.4	143.9
Total non-current assets		**2’102.7**	**2’172.0**	**2’160.9**
Current assets				
Inventories		547.5	574.9	690.8
Current income tax receivables		26.2	22.8	28.1
Advance payments to suppliers		67.8	73.6	87.0
Contract assets		350.6	355.2	335.6
Trade accounts receivable		558.8	645.9	601.7
Other current receivables and prepaid expenses		144.9	172.0	188.0
Current financial assets		4.8	57.5	–
Cash and cash equivalents		957.3	1’035.5	938.6
Total current assets		**2’657.9**	**2’937.5**	**2’869.8**
Total assets		**4’760.6**	**5’109.5**	**5’030.7**
Equity				
Share capital	9	0.3	0.3	0.3
Reserves		1’340.8	1’580.4	1’565.1
Equity attributable to shareholders of Sulzer Ltd		**1’341.1**	**1’580.7**	**1’565.4**
Non-controlling interests		11.3	13.1	11.5
Total equity		**1’352.4**	**1’593.9**	**1’576.9**
Non-current liabilities				
Non-current borrowings	10	1’199.3	1’199.2	1’308.9
Non-current lease liabilities		73.5	82.3	79.2
Deferred income tax liabilities		60.8	79.4	94.0
Non-current income tax liabilities		2.3	2.6	2.3
Defined benefit obligations		187.8	201.0	154.7
Non-current provisions	11	68.1	73.4	69.8
Other non-current liabilities		4.1	6.2	6.0
Total non-current liabilities		**1’595.9**	**1’644.1**	**1’714.8**
Current liabilities				
Current borrowings	10	134.0	131.0	7.7
Current lease liabilities		29.9	27.4	28.0
Current income tax liabilities		35.7	33.3	28.3
Current provisions	11	167.9	135.3	142.4
Contract liabilities		312.4	344.8	362.2
Trade accounts payable		423.3	522.4	468.1
Other current and accrued liabilities	12	709.2	677.3	702.3
Total current liabilities		**1’812.3**	**1’871.5**	**1’739.0**
Total liabilities		**3’408.2**	**3’515.6**	**3’453.8**
Total equity and liabilities		**4’760.6**	**5’109.5**	**5’030.7**

Consolidated statement of changes in equity

January 1 – June 30

		Attributable to shareholders of Sulzer Ltd							
millions of CHF	Notes	Share capital	Retained earnings	Treasury shares	Cash flow hedge reserve	Currency translation adjustment	**Total**	Non-controlling interests	**Total equity**
Equity as of January 1, 2019		**0.3**	**2'123.6**	**–34.0**	**–8.6**	**–451.4**	**1'629.9**	**11.2**	**1'641.0**
Comprehensive income for the period:									
Net income			65.1				65.1	1.4	66.5
– Cash flow hedges, net of tax					3.1		3.1		3.1
– Remeasurements of defined benefit obligations, net of tax			15.5				15.5		15.5
– Currency translation differences						–26.5	–26.5	–0.1	–26.5
Other comprehensive income			15.5		3.1	–26.5	–7.9	–0.1	–8.0
Total comprehensive income for the period		**–**	**80.6**	**–**	**3.1**	**–26.5**	**57.2**	**1.3**	**58.6**
Transactions with owners of the company:									
Allocation of treasury shares to share plan participants			–18.9	18.9	–	–	–		–
Purchase of treasury shares			–	–6.9	–	–	–6.9		–6.9
Share-based payments			4.5	–	–	–	4.5		4.5
Dividends	9		–119.2	–	–	–	–119.2	–1.0	–120.2
Equity as of June 30, 2019		**0.3**	**2'070.6**	**–22.1**	**–5.5**	**–477.9**	**1'565.4**	**11.5**	**1'576.9**
Equity as of January 1, 2020		**0.3**	**2'125.4**	**–25.6**	**–4.3**	**–515.1**	**1'580.7**	**13.1**	**1'593.9**
Comprehensive income for the period:									
Net income			15.4				15.4	1.4	16.8
– Cash flow hedges, net of tax		–	–	–	–4.0	–	–4.0	–	–4.0
– Remeasurements of defined benefit obligations, net of tax		–	–21.0	–	–	–	–21.0	–	–21.0
– Currency translation differences		–	–	–	–	–90.3	–90.3	–0.8	–91.1
Other comprehensive income		–	–21.0	–	–4.0	–90.3	–115.3	–0.8	–116.1
Total comprehensive income for the period		**–**	**–5.6**	**–**	**–4.0**	**–90.3**	**–99.9**	**0.6**	**–99.3**
Transactions with owners of the company:									
Allocation of treasury shares to share plan participants		–	–9.9	9.9	–	–	–		–
Purchase of treasury shares		–	–	–10.3	–	–	–10.3		–10.3
Share-based payments		–	6.7	–	–	–	6.7		6.7
Dividends	9	–	–136.1	–	–	–	–136.1	–2.4	–138.5
Equity as of June 30, 2020		**0.3**	**1'980.5**	**–26.0**	**–8.3**	**–605.5**	**1'341.1**	**11.3**	**1'352.4**

Consolidated statement of cash flows

January 1 – June 30

millions of CHF	Notes	2020	2019
Cash and cash equivalents as of January 1		**1’035.5**	**1’095.2**
Net income		16.8	66.5
Interest and securities income	7	–2.5	–2.9
Interest expenses	7	11.7	12.4
Income tax expenses	8	6.7	19.6
Depreciation, amortization and impairments		87.3	82.4
Income from disposals of property, plant and equipment	6	–0.3	–0.1
Changes in inventories		0.4	–30.8
Changes in advance payments to suppliers		8.3	–7.5
Changes in contract assets		–11.6	–122.1
Changes in trade accounts receivable		53.6	16.3
Changes in contract liabilities		–20.8	107.7
Changes in trade accounts payable		–77.0	–58.6
Change in provision for employee benefit plans		–28.8	9.4
Changes in provisions		35.9	–0.1
Changes in other net current assets		13.8	–24.3
Other non-cash items		26.6	7.8
Interest received		2.5	2.9
Interest paid		–4.5	–4.6
Income tax paid		–26.2	–31.0
Total cash flow from operating activities		**91.8**	**43.1**
Purchase of intangible assets		–5.4	–2.1
Sale of intangible assets		0.0	0.3
Purchase of property, plant and equipment		–54.3	–51.7
Sale of property, plant and equipment		4.7	2.5
Acquisitions of subsidiaries, net of cash acquired	4	–6.8	–33.7
Divestitures of subsidiaries		–	0.0
Acquisitions of associates		–5.2	0.0
Dividends from associates		–	0.1
Purchase of other non-current financial assets		–2.3	–0.5
Sale of other non-current financial assets		0.3	0.0
Purchase of current financial assets		–5.2	–
Sale of current financial assets		56.9	–
Total cash flow from investing activities		**–17.3**	**–85.0**
Dividend	9	–92.6	–77.5
Dividend paid to non-controlling interests		–2.4	–1.0
Purchase of treasury shares		–10.3	–6.9
Payments for leases		–19.5	–16.3
Additions in non-current borrowings	10	0.1	0.2
Repayment of non-current borrowings	10	–0.0	–0.0
Additions in current borrowings	10	43.2	59.6
Repayment of current borrowings	10	–39.0	–68.9
Total cash flow from financing activities		**–120.6**	**–110.8**
Exchange losses on cash and cash equivalents		–32.1	–3.9
Net change in cash and cash equivalents		**–78.2**	**–156.6**
Cash and cash equivalents as of June 30/ December 31		**957.3**	**938.6**

Notes to the consolidated financial statements

1 General information

Sulzer Ltd (the “company”) is a company domiciled in Switzerland. The address of the company’s registered office is Neuwiesenstrasse 15 in Winterthur, Switzerland. The unaudited consolidated interim financial statements for the six months ended June 30, 2020, comprise the company and its subsidiaries (together referred to as the “group” and individually as the “subsidiaries”) and the group’s interest in associates and joint ventures. The group specializes in pumping, agitation, mixing, separation and application technologies for fluids of all types. Sulzer was founded in 1834 in Winterthur, Switzerland, and employs around 15’600 people. The company serves clients in over 180 production and service sites around the world. Sulzer Ltd is listed on the SIX Swiss Exchange in Zurich, Switzerland (symbol: SUN).

The interim financial statements have been prepared in accordance with the requirements of IAS 34 “Interim financial reporting”. Details of the group’s accounting policies are described in note 13.

2 Significant events and transactions during the reporting period

The financial position and performance of the group was particularly affected by the following events and transactions during the reporting period:

- COVID-19 has dominated the world stage in the first half of 2020. The lockdowns led to a standstill of public life in many countries, limited access to customer sites, travel restrictions and challenges in supply chain and sales channels.
- The group has initiated measures to mitigate the impact of market disruptions on Energy-related business activities caused by the pandemic. Up to June 2020, the group recognized restructuring costs of CHF 43.2 million (half year 2019: CHF 16.7 million), partly offset by released restructuring provisions of CHF 1.2 million (2019: CHF 0.4 million). Restructuring costs mainly relate to the closure or resizing of sites in Europe and the USA, as well as the resizing of supporting resources. Associated with restructuring initiatives, the group further recognized impairments on tangible and intangible assets of CHF 4.2 million (half year 2019: CHF 0.5 million).

For a detailed discussion about the group’s performance and financial position please refer to the Business review.

3 Segment information

Segment information by divisions

	Pumps Equipment		Rotating Equipment Services		Chemtech		Applicator Systems	
millions of CHF	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Order intake[1]	**744.0**	**752.5**	**617.0**	**602.2**	**319.4**	**350.3**	**160.2**	**228.4**
Nominal growth	–1.1%	4.5%	2.5%	5.3%	–8.8%	25.1%	–29.9%	–0.5%
Currency-adjusted growth	6.0%	5.9%	10.2%	7.3%	–3.2%	25.9%	–27.3%	0.1%
Organic growth[2]	7.3%	5.5%	6.3%	6.2%	–12.0%	23.3%	–27.3%	–2.1%
Order backlog as of June 30/ December 31	999.1	924.3	485.0	422.2	408.5	385.3	53.6	60.8
Sales recognized at a point in time	389.4	466.6	431.5	463.6	182.4	181.5	166.1	218.2
Sales recognized over time	227.2	223.7	96.6	97.9	105.4	122.3	–	–
Sales[3]	**616.6**	**690.3**	**528.1**	**561.4**	**287.8**	**303.8**	**166.1**	**218.2**
Nominal growth	–10.7%	16.0%	–5.9%	12.3%	–5.3%	13.5%	–23.9%	–4.7%
Currency-adjusted growth	–4.4%	17.8%	1.3%	14.9%	0.2%	14.4%	–21.0%	–4.3%
Organic growth[2]	–3.1%	17.3%	–1.2%	13.7%	–7.7%	13.0%	–21.0%	–5.9%
opEBITA	**19.2**	**20.0**	**64.0**	**67.9**	**23.0**	**27.3**	**19.5**	**47.3**
opROSA	**3.1%**	**2.9%**	**12.1%**	**12.1%**	**8.0%**	**9.0%**	**11.8%**	**21.7%**
Restructuring expenses	–28.9	–0.5	–8.0	–0.4	–3.0	–0.4	–1.1	–14.4
Amortization	–14.8	–15.0	–3.9	–3.6	–3.3	–2.5	–9.0	–9.6
Impairments on tangible and intangible assets	–0.4	–0.1	–0.0	–0.0	–3.7	–0.0	–0.1	–0.4
Non-operational items	–2.2	–4.5	–0.8	0.2	–2.4	–0.2	–0.3	–6.9
EBIT	**–27.1**	**–0.1**	**51.2**	**64.1**	**10.6**	**24.1**	**9.0**	**15.9**
Depreciation	–17.3	–17.9	–14.9	–12.5	–6.6	–5.9	–11.3	–12.7
Operating assets	1'499.0	1'605.5	893.5	960.8	538.6	590.9	611.5	608.3
Unallocated assets	–	–	–	–	–	–	–	–
Total assets as of June 30/ December 31	**1'499.0**	**1'605.5**	**893.5**	**960.8**	**538.6**	**590.9**	**611.5**	**608.3**
Operating liabilities	655.7	730.6	352.2	363.2	320.1	364.5	94.2	108.6
Unallocated liabilities	–	–	–	–	–	–	–	–
Total liabilities as of June 30/ December 31	**655.7**	**730.6**	**352.2**	**363.2**	**320.1**	**364.5**	**94.2**	**108.6**
Operating net assets	843.3	874.9	541.3	597.6	218.6	226.4	517.4	499.7
Unallocated net assets	–	–	–	–	–	–	–	–
Total net assets as of June 30/ December 31	**843.3**	**874.9**	**541.3**	**597.6**	**218.6**	**226.4**	**517.4**	**499.7**
Capital expenditure (incl. lease assets)	–21.0	–16.9	–23.8	–14.5	–6.5	–9.2	–22.7	–18.7
Employees (number of full-time equivalents) as of June 30/ December 31	5'623	5'759	4'795	4'900	3'206	3'803	1'769	1'821

1) Order intake from external customers.

2) Adjusted for currency and acquisition effects.

3) Sales from external customers.

Segment information by divisions

	Total divisions		Others[4]		Total Sulzer	
millions of CHF	**2020**	2019	**2020**	2019	**2020**	2019
Order intake[1]	**1’840.5**	**1’933.3**	**–**	**–**	**1’840.5**	**1’933.3**
Nominal growth	–4.8%	7.3%	–	–	–4.8%	7.3%
Currency-adjusted growth	1.7%	8.7%	–	–	1.7%	8.7%
Organic growth[2]	–0.6%	7.5%	–	–	–0.6%	7.5%
Order backlog as of June 30/ December 31	1’946.2	1’792.6	–	–	1’946.2	1’792.6
Sales recognized at a point in time	1’169.4	1’329.9	–	–	1’169.4	1’329.9
Sales recognized over time	429.1	443.9	–	–	429.1	443.9
Sales[3]	**1’598.5**	**1’773.8**	**–**	**–**	**1’598.5**	**1’773.8**
Nominal growth	–9.9%	11.5%	–	–	–9.9%	11.5%
Currency-adjusted growth	–3.9%	13.1%	–	–	–3.9%	13.1%
Organic growth[2]	–5.5%	12.1%	–	–	–5.5%	12.1%
opEBITA	**125.8**	**162.5**	**–5.6**	**–0.9**	**120.2**	**161.5**
opROSA	**7.9%**	**9.2%**	**n/a**	**n/a**	**7.5%**	**9.1%**
Restructuring expenses	–41.0	–15.7	–1.0	–0.5	–42.0	–16.2
Amortization	–31.0	–30.8	–0.5	–0.5	–31.6	–31.3
Impairments on tangible and intangible assets	–4.2	–0.5	–	–	–4.2	–0.5
Non-operational items	–5.7	–11.4	–0.7	–3.2	–6.4	–14.6
EBIT	**43.8**	**104.0**	**–7.8**	**–5.1**	**36.0**	**98.9**
Depreciation	–50.1	–49.0	–1.5	–1.6	–51.6	–50.6
Operating assets	3’542.7	3’765.5	–1.1	35.6	3’541.6	3’801.1
Unallocated assets	–	–	1’219.0	1’308.4	1’219.0	1’308.4
Total assets as of June 30/ December 31	**3’542.7**	**3’765.5**	**1’218.0**	**1’344.0**	**4’760.7**	**5’109.5**
Operating liabilities	1’422.2	1’566.9	77.8	135.8	1’500.1	1’702.7
Unallocated liabilities	–	–	1’908.2	1’812.9	1’908.2	1’812.9
Total liabilities as of June 30/ December 31	**1’422.2**	**1’566.9**	**1’986.0**	**1’948.7**	**3’408.2**	**3’515.6**
Operating net assets	2’120.5	2’198.6	–78.9	–100.2	2’041.6	2’098.4
Unallocated net assets	–	–	–689.1	–504.5	–689.1	–504.5
Total net assets as of June 30/ December 31	**2’120.5**	**2’198.6**	**–768.0**	**–604.7**	**1’352.5**	**1’593.9**
Capital expenditure (incl. lease assets)	–74.0	–59.3	–1.2	–1.2	–75.1	–60.5
Employees (number of full-time equivalents) as of June 30/ December 31	15’393	16’284	207	222	15’600	16’506

1) Order intake from external customers.

2) Adjusted for currency and acquisition effects.

3) Sales from external customers.

4) The most significant activities under “Others” relate to Corporate Center.

For the definition of opEBITA, opROSA and adjustments for currency and acquisition effects, reference is made to the Sulzer Annual Report.

Information about reportable segments

Operating segments are determined based on the reports reviewed by the Chief Executive Officer that are used to measure performance, make strategic decisions and allocate resources to the segments. The business is managed on a divisional basis and the reported segments have been identified as follows:

Pumps Equipment

The Pumps Equipment division specializes in pumping solutions specifically engineered for the processes of its customers. The division provides pumps, agitators, compressors, grinders and screens developed through intensive research and development in fluid dynamics and advanced materials. The focus is on pumping solutions for water, oil and gas, power, chemicals and most industrial segments.

Rotating Equipment Services

Through a network of over 100 service sites around the world, the Rotating Equipment Services division provides cutting-edge parts as well as maintenance and repair solutions for pumps, turbines, compressors, motors and generators. The division services Sulzer original equipment, but also all associated third-party rotating equipment run by the customers, maximizing its sustainability and life cycle cost-effectiveness. The division’s technology-based solutions, fast execution and expertise in complex maintenance projects are available at its customers’ doorsteps.

Chemtech

The Chemtech division focuses on innovative mass transfer, static mixing and polymer solutions for petrochemicals, refining, LNG, biopolymers and biofuels. The division’s product offering ranges from process components to complete separation process plants, including licensing. Customer support covers engineering services and field services to tray and packing installation, tower maintenance, welding and plant turnaround projects.

Applicator Systems

Through its Mixpac, Cox, Transcodent and Geka brands, the Applicator Systems division develops and delivers innovative fluid applicators for the dental, adhesives, healthcare and beauty markets. The division’s IP-protected applicator solutions leverage its expertise in plastic-injection molding, micro-brushes and two-component mixing to make the customers’ products precise, safe, unique and more sustainable.

Others

Certain expenses related to the Corporate Center are not attributable to a particular segment and are reviewed as a whole across the group. Also included are the eliminations for operating assets and liabilities.

The Chief Executive Officer primarily uses opEBITA to assess the performance of the operating segments. However, the Chief Executive Officer also receives information about the segments’ order intake and backlog, sales, and operating assets and liabilities on a monthly basis.

Sales from external customers reported to the Chief Executive Officer are measured in a manner consistent with that in the income statement. There are no significant sales between the segments. No individual customer represents a significant portion of the group’s sales.

Operating assets and liabilities are assets or liabilities related to the operating activities of an entity and contributing to EBIT.

Segment information by region

The allocation of sales from external customers is based on the location of the customer.

Sales by region

					2020
millions of CHF	Pumps Equipment	Rotating Equipment Services	Chemtech	Applicator Systems	Total Sulzer
Europe, Middle East, Africa	**263.5**	**219.1**	**84.4**	**96.8**	**663.8**
– thereof Germany	30.8	23.8	13.3	37.8	105.7
– thereof United Kingdom	11.6	52.8	4.9	6.8	76.2
– thereof Saudi Arabia	35.3	11.4	17.0	0.0	63.7
– thereof Russia	16.4	30.8	5.5	1.0	53.7
– thereof France	14.1	9.8	2.3	12.0	38.3
Americas	**226.0**	**239.1**	**66.9**	**55.5**	**587.5**
– thereof USA	152.7	195.4	47.6	50.0	445.6
Asia-Pacific	**127.0**	**69.8**	**136.5**	**13.8**	**347.2**
– thereof China	93.8	10.2	89.5	6.4	199.9
Total	**616.6**	**528.1**	**287.8**	**166.1**	**1'598.5**

					2019
millions of CHF	Pumps Equipment	Rotating Equipment Services	Chemtech	Applicator Systems	Total Sulzer
Europe, Middle East, Africa	**277.3**	**248.7**	**81.9**	**122.5**	**730.4**
– thereof Germany	29.5	23.1	12.6	48.1	113.3
– thereof United Kingdom	12.0	60.6	3.4	11.4	87.3
– thereof Saudi Arabia	20.0	21.9	6.8	0.0	48.7
– thereof Russia	16.8	36.7	4.6	0.4	58.4
– thereof France	15.0	16.1	2.2	13.7	47.1
Americas	**250.8**	**238.7**	**75.0**	**80.6**	**645.1**
– thereof USA	173.6	188.4	49.3	57.0	468.3
Asia-Pacific	**162.3**	**74.0**	**146.9**	**15.1**	**398.2**
– thereof China	90.2	11.4	81.9	6.4	190.0
Total	**690.3**	**561.4**	**303.8**	**218.2**	**1'773.8**

Segment information by market segment

The following table shows the allocation of sales from external customers by market segment:

Sales by market segment

					2020
millions of CHF	Pumps Equipment	Rotating Equipment Services	Chemtech	Applicator Systems	Total Sulzer
Oil and gas	124.8	198.1	87.6	–	410.5
Chemicals	114.7	86.2	180.5	–	381.4
General industry	152.7	80.3	17.8	–	250.9
Water	181.2	15.0	1.2	–	197.4
Power	43.1	148.5	0.6	–	192.3
Adhesives, dental, healthcare	–	–	–	105.2	105.2
Beauty	–	–	–	60.8	60.8
Total	**616.6**	**528.1**	**287.8**	**166.1**	**1’598.5**

					2019
millions of CHF	Pumps Equipment	Rotating Equipment Services	Chemtech	Applicator Systems	Total Sulzer
Oil and gas	161.5	203.9	81.9	–	447.3
Chemicals	103.0	96.3	207.5	–	406.8
General industry	174.7	97.8	8.0	–	280.5
Water	193.6	18.5	0.3	–	212.4
Power	57.6	144.9	6.1	–	208.6
Adhesives, dental, healthcare	–	–	–	141.6	141.6
Beauty	–	–	–	76.6	76.6
Total	**690.3**	**561.4**	**303.8**	**218.2**	**1’773.8**

4 Acquisitions of subsidiaries

Cash flow from acquisitions of subsidiaries

millions of CHF	2020	2019
Cash consideration paid	–1.5	–39.9
Cash acquired	–	6.2
Payments for acquisitions in prior years	–5.3	–
Total cash flow from acquisitions, net of cash acquired	**–6.8**	**–33.7**

Contingent consideration

millions of CHF	2020	2019
Balance as of January 1	3.5	0.9
Assumed in a business combination	0.9	3.6
Release to other operating income	–	–0.9
Currency translation differences	0.4	–0.1
Total contingent consideration as of June 30/ December 31	**4.8**	**3.5**

5 Financial instruments

The following tables present the carrying amounts and fair values of financial assets and liabilities as of June 30, 2020, and December 31, 2019, including their levels in the fair value hierarchy. For financial assets and financial liabilities not measured at fair value in the balance sheet, fair value information is not provided if the carrying amount is a reasonable approximation of fair value.

Fair values are categorized into three different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

The fair value of financial instruments traded in active markets, including the outstanding bonds, is based on quoted market prices at the balance sheet date. Such instruments are included in level 1.

The fair values included in level 2 are based on valuation techniques using observable market input data. This may include discounted cash flow analysis, option pricing models or reference to other instruments that are substantially the same, while always making maximum use of market inputs and relying as little as possible on entity-specific inputs. The fair values of forward contracts are measured based on broker quotes for foreign exchange rates and interest rates.

Fair values measured using unobservable inputs are categorized within level 3 of the fair value hierarchy. This applies particularly to contingent considerations in business combinations.

Contingent considerations are linked to the fulfillment of certain parameters, mainly related to earnout clauses and technology transfer. For more information please refer to note 4.

Fair value table

		June 30, 2020								
		Carrying amount					Fair value			
millions of CHF	Notes	Fair value hedging instruments	Fair value through profit or loss	Financial assets at amortized cost	Other financial liabilities	**Total carrying amount**	Level 1	Level 2	Level 3	**Total fair value**
Financial assets measured at fair value										
Other non-current financial assets (at fair value)			8.3			8.3	0.3	–	8.0	8.3
Derivative assets – current		6.1				6.1	–	6.1	–	6.1
Current financial assets (at fair value)			0.0			0.0	–	0.0	–	0.0
Total financial assets measured at fair value		**6.1**	**8.3**	**–**	**–**	**14.4**	**0.3**	**6.1**	**8.0**	**14.4**
Financial assets not measured at fair value										
Other non-current financial assets (at amortized cost)				2.1		2.1				
Non-current receivables (excluding non-current derivative assets)				5.0		5.0				
Trade accounts receivable				558.8		558.8				
Other current receivables (excluding current derivative assets and other taxes)				73.8		73.8				
Current financial assets (at amortized cost)				4.8		4.8				
Cash and cash equivalents				957.3		957.3				
Total financial assets not measured at fair value		**–**	**–**	**1'601.7**	**–**	**1'601.7**				
Financial liabilities measured at fair value										
Derivative liabilities – non-current		0.0				0.0	–	0.0	–	0.0
Derivative liabilities – current		8.1				8.1	–	8.1	–	8.1
Contingent considerations	4		4.8			4.8	–	–	4.8	4.8
Total financial liabilities measured at fair value		**8.1**	**4.8**	**–**	**–**	**12.9**	**–**	**8.2**	**4.8**	**12.9**
Financial liabilities not measured at fair value										
Outstanding non-current bonds	10				1'199.3	1'199.3	1'215.6	–	–	1'215.6
Other non-current borrowings					0.0	0.0				
Other non-current liabilities (excluding non-current derivative liabilities)					4.1	4.1				
Outstanding current bonds	10				110.0	110.0	110.0	–	–	110.0
Other current borrowings and bank loans					24.0	24.0				
Trade accounts payable					423.3	423.3				
Other current liabilities (excluding current derivative liabilities, other taxes and contingent considerations)					318.3	318.3				
Total financial liabilities not measured at fair value		**–**	**–**	**–**	**2'079.0**	**2'079.0**				

Fair value table

						December 31, 2019				
		Carrying amount					Fair value			
millions of CHF	Notes	Fair value hedging instruments	Fair value through profit or loss	Financial assets at amortized cost	Other financial liabilities	**Total carrying amount**	Level 1	Level 2	Level 3	**Total fair value**
Financial assets measured at fair value										
Other non-current financial assets (at fair value)			10.3			10.3	0.3	–	10.0	10.3
Derivative assets – non-current		0.1				0.1	–	0.1	–	0.1
Derivative assets – current		6.7				6.7	–	6.7	–	6.7
Total financial assets measured at fair value		**6.8**	**10.3**	**–**	**–**	**17.1**	**0.3**	**6.8**	**10.0**	**17.1**
Financial assets not measured at fair value										
Other non-current financial assets (at amortized cost)				2.4		2.4				
Non-current receivables (excluding non-current derivative assets)				6.2		6.2				
Trade accounts receivable				645.9		645.9				
Other current receivables (excluding current derivative assets and other taxes)				87.9		87.9				
Current financial assets (at amortized cost)				57.5		57.5				
Cash and cash equivalents				1’035.5		1’035.5				
Total financial assets not measured at fair value		**–**	**–**	**1’835.3**	**–**	**1’835.3**				
Financial liabilities measured at fair value										
Derivative liabilities – current		8.2				8.2	–	8.2	–	8.2
Contingent considerations	4		3.5			3.5	–	–	3.5	3.5
Total financial liabilities measured at fair value		**8.2**	**3.5**	**–**	**–**	**11.7**	**–**	**8.2**	**3.5**	**11.7**
Financial liabilities not measured at fair value										
Outstanding non-current bonds	10				1’199.2	1’199.2	1’234.0	–	–	1’234.0
Other non-current liabilities (excluding non-current derivative liabilities)					6.2	6.2				
Outstanding current bonds	10				109.9	109.9	110.3	–	–	110.3
Other current borrowings and bank loans					21.1	21.1				
Trade accounts payable					522.4	522.4				
Other current liabilities (excluding current derivative liabilities, other taxes and contingent considerations)					257.8	257.8				
Total financial liabilities not measured at fair value		**–**	**–**	**–**	**2’116.7**	**2’116.7**				

6 Other operating income and expenses

millions of CHF	2020	2019
Gain from sale of property, plant and equipment	0.3	0.1
Operating currency exchange gains, net	–	2.4
Other operating income	7.4	9.4
Total other operating income	**7.7**	**12.0**
Restructuring expenses	–42.0	–16.2
Impairments on tangible and intangible assets	–4.2	–0.5
Cost for mergers and acquisitions	–0.2	–0.8
Loss from sale of property, plant and equipment	–0.1	–0.1
Operating currency exchange losses, net	–1.6	–
Total other operating expenses	**–48.1**	**–17.7**
Total other operating income and expenses, net	**–40.3**	**–5.7**

Other operating income includes income from litigation cases, government grants and incentives, and recharges to third parties not qualifying as sales from customers.

The group has initiated measures to mitigate the impact of market disruptions on Energy-related business activities caused by the pandemic. Up to June 2020, the group recognized restructuring costs of CHF 43.2 million (half year 2019: CHF 16.7 million), partly offset by released restructuring provisions of CHF 1.2 million (2019: CHF 0.4 million). Restructuring costs mainly relate to the closure or resizing of sites in Europe and the USA, as well as the resizing of supporting resources. The group further performed impairment tests on the related production machines and facilities leading to impairments of CHF 4.2 million (half year 2019: CHF 0.5 million).

The functional allocation of the total restructuring expenses and impairments is as follows: cost of goods sold CHF –32.3 million (half year 2019: CHF –12.0 million), selling and distribution expenses CHF –3.2 million (half year 2019: CHF –0.0 million), general and administrative expenses CHF –9.7 million (half year 2019: CHF –4.8 million) and research and development expenses CHF –1.0 million (half year 2019: CHF –0.0 million).

7 Financial income and expenses

millions of CHF	2020	2019
Interest and securities income	2.5	2.9
Total interest and securities income	**2.5**	**2.9**
Interest expenses on borrowings and lease liabilities	–10.3	–10.0
Interest expenses on employee benefit plans	–1.4	–2.4
Total interest expenses	**–11.7**	**–12.4**
Total interest income and expenses, net	**–9.3**	**–9.5**
Income from investments and other financial assets	0.0	0.0
Fair value changes	11.9	4.7
Other financial expenses	–1.3	–1.2
Currency exchange gains/losses, net	–13.6	–6.0
Total other financial income and expenses, net	**–3.0**	**–2.5**
Total financial income and expenses, net	**–12.3**	**–12.0**
– thereof fair value changes on financial assets at fair value through profit and loss	11.9	4.7
– thereof other income from financial assets at fair value through profit and loss	0.0	0.0
– thereof interest income on financial assets at amortized costs	2.5	2.9
– thereof other financial expenses	–1.3	–1.2
– thereof currency exchange gains/losses, net	–13.6	–6.0
– thereof interest expenses on borrowings	–9.1	–8.5
– thereof interest expenses on lease liabilities	–1.2	–1.5
– thereof interest expenses on employee benefit plans	–1.4	–2.4

Total financial expenses amounted to CHF 12.3 million, compared with CHF 12.0 million in the first half of 2019.

The “Fair value changes” are largely related to derivative financial instruments that are classified as financial assets or financial liabilities at fair value through profit and loss and that are used as hedging instruments to hedge foreign exchange risks.

8 Income taxes

Income tax expenses comprise current and deferred tax. Income tax expenses are recognized based on the estimated income tax rate for the full financial year. The estimated average annual tax rate used for the year 2020 is 28.4%, compared with 22.8% for the six months ended June 30, 2019. The effective income tax rate used for 2020 was impacted by restructuring expenses related to closed facilities with no corresponding tax effects.

9 Share capital

The share capital amounts to CHF 342’623.70, made up of 34’262’370 shares with dividend entitlement and a par value of CHF 0.01. All shares are fully paid in and registered.

Treasury shares

The total number of shares held by Sulzer Ltd as of June 30, 2020, amounted to 281’477 treasury shares (December 31, 2019: 240’924 shares).

The treasury shares are mainly held for the purpose of issuing shares under the management share-based payment programs.

Dividends

On April 15, 2020, the Annual General Meeting approved an ordinary dividend of CHF 4.00 (2019: ordinary dividend of CHF 3.50) per share to be paid out of reserves. The dividend was paid to shareholders on April 21, 2020. The total amount of the dividend to shareholders of Sulzer Ltd is CHF 136.1 million (2019: CHF 119.2 million), thereof paid dividends of CHF 92.6 million (2019: CHF 77.5 million) and unpaid dividends of CHF 43.5 million (2019: CHF 41.7 million). The unpaid dividends are reflected in the balance sheet position “other current and accrued liabilities” (see note 12).

10 Borrowings

			2020
millions of CHF	**Non-current borrowings**	**Current borrowings**	**Total**
Balance as of January 1	1’199.2	131.0	1’330.2
Additions (cash flow effective)	0.1	43.2	43.3
Repayments (cash flow effective)	–0.0	–39.0	–39.0
Currency translation differences	–0.0	–1.2	–1.2
Total borrowings as of June 30	**1’199.3**	**134.0**	**1’333.3**

			2019
millions of CHF	Non-current borrowings	Current borrowings	Total
Balance as of January 1	1’308.7	16.9	1’325.6
Acquired through business combination	0.4	-	0.4
Additions (cash flow effective)	0.3	153.8	154.1
Repayments (cash flow effective)	–0.0	–149.2	–149.2
Reclassifications	–110.1	110.1	–
Currency translation differences	–0.0	–0.7	–0.7
Total borrowings as of December 31	**1’199.2**	**131.0**	**1’330.2**

The group arranged a CHF 500 million syndicated credit facility with maturity date May 2022. The facility is available for general corporate purposes including financing of acquisitions. The facility is subject to financial covenants based on net financial indebtedness and EBITDA, which were adhered to throughout the reporting period. As of June 30, 2020, and December 31, 2019, the syndicated facility of CHF 500 million was not used.

Outstanding bonds

	2020		2019	
millions of CHF	Amortized costs	Nominal	Amortized costs	Nominal
0.375% 07/2016–07/2022	325.2	325.0	325.3	325.0
0.875% 07/2016–07/2026	125.0	125.0	125.0	125.0
0.250% 07/2018–07/2020	110.0	110.0	109.9	110.0
1.300% 07/2018–07/2023	289.6	290.0	289.4	290.0
0.625% 10/2018–10/2021	209.8	210.0	209.7	210.0
1.600% 10/2018–10/2024	249.8	250.0	249.8	250.0
Total as of June 30	**1’309.3**	**1’310.0**	**1’309.1**	**1’310.0**
– thereof non-current	1’199.3	1’200.0	1’199.2	1’200.0
– thereof current	110.0	110.0	109.9	110.0

All outstanding bonds are traded at the SIX Swiss Exchange.

11 Provisions

	2020					
millions of CHF	Other employee benefits	Warranties/ liabilities	Restructuring	Environmental	Other	Total
Balance as of January 1	54.4	67.6	20.0	14.7	51.9	208.7
Additions	6.7	15.4	43.2	–	17.8	83.0
Released as no longer required	–	–2.9	–1.2	–0.2	–2.0	–6.3
Utilized	–5.7	–7.7	–12.5	–0.3	–13.9	–40.2
Currency translation differences	–1.6	–3.5	–2.4	–0.4	–1.4	–9.3
Total provisions as of June 30	**53.8**	**68.9**	**47.1**	**13.7**	**52.4**	**236.0**
– thereof non-current	37.2	3.0	3.3	13.7	10.9	68.1
– thereof current	16.7	65.9	43.8	0.0	41.5	167.9

The category “Other employee benefits” includes provisions for jubilee gifts, early retirement of senior managers and other obligations to employees.

The category “Warranties/liabilities” includes provisions for warranties, customer claims, penalties, litigation and legal cases relating to goods delivered or services rendered.

The group has initiated measures to mitigate the impact of market disruptions on Energy-related business activities caused by the pandemic. Up to June 2020, the group recognized restructuring costs of CHF 43.2 million (half year 2019: CHF 16.7 million), partly offset by released restructuring provisions of CHF 1.2 million (2019: CHF 0.4 million). Restructuring costs mainly relate to the closure or resizing of sites in Europe and the USA, as well as the resizing of supporting resources. The remaining restructuring provision as of June 30, 2020, is CHF 47.1 million, of which CHF 43.8 million is expected to be utilized within one year.

“Environmental” mainly consists of expected costs related to inherited liabilities.

"Other" includes provisions that do not fit into the aforementioned categories. A large number of these provisions refer to indemnities, in particular related from divestitures. In addition, provisions for ongoing asbestos lawsuits and other legal claims are included. Based on the currently known facts, Sulzer is of the opinion that the resolution of the open cases will not have material effects on its liquidity or financial condition. Although Sulzer expects a large part of the category "Other" to be realized in one year, by their nature the amounts and timing of any cash outflows are difficult to predict.

12 Other current and accrued liabilities

millions of CHF	2020	2019
Liability related to the purchase of treasury shares	102.1	104.2
Outstanding dividend payments	157.6	114.1
Taxes (VAT, withholding tax)	34.1	29.4
Derivative financial instruments	8.1	8.2
Notes payable	7.8	9.3
Other current liabilities	55.5	30.2
Total other current liabilities as of June 30/ December 31	**365.3**	**295.5**
Contract-related costs	86.0	104.7
Salaries, wages and bonuses	79.2	113.7
Vacation and overtime claims	33.8	31.8
Other accrued liabilities	144.9	131.7
Total accrued liabilities as of June 30/ December 31	**343.9**	**381.8**
Total other current and accrued liabilities as of June 30/ December 31	**709.2**	**677.3**

The outstanding dividend payments amounted to CHF 157.6 million (2019: CHF 114.1 million), which is an increase of CHF 43.5 million. The details regarding the dividends are explained in note 9.

13 Accounting policies

13.1 Basis of preparation

The interim financial statements have been prepared in accordance with the requirements of IAS 34 Interim Financial Reporting. The accounting policies applied are consistent with those applied in the consolidated financial statements for the year 2019 and corresponding interim reporting period, except for the adoption of new and amended standards as set out below.

These interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, these financial statements are to be read in conjunction with the financial statements for the year ended December 31, 2019, and any public announcements made by Sulzer during the interim reporting period.

13.2 Change in accounting policies

a) Standards, amendments and interpretations which are effective for 2020

A number of new standards and amendments to standards have become effective as of January 1, 2020, but they do not have a material effect on the group's financial statements.

b) Standards, amendments and interpretations issued but not yet effective which the group has decided not to early adopt in 2020

There are no other IFRS standards or interpretations not yet effective that would be expected to have a material impact on the group.

14 Subsequent events after the balance sheet date

The Board of Directors authorized these consolidated interim financial statements for issue on July 22, 2020. At the time when these consolidated interim financial statements were authorized for issue, the Board of Directors and the Executive Committee were not aware of any other events that would materially affect these financial statements.

Investor contacts

Head of Investor Relations

Christoph Ladner
Head of Investor Relations

Sulzer Ltd
Neuwiesenstrasse 15
8401 Winterthur
Switzerland

Phone +41 52 262 30 22

Contact form | Route

Imprint

Published by:

Sulzer Ltd, Winterthur, Switzerland

Concept/Layout:

wirDesign, Berlin Braunschweig, Germany

Publishing system:

ns.wow by mms solutions AG, Zurich, Switzerland

Photographs/Video:

- Shutterstock/Pathos Media (Cover)
- Geri Krischker, Zurich, Switzerland (Management portrait, PDF p. 3)
- Sulzer (PDF p. 8)
- Getty Images/Morsa Images (PDF p. 23)

Disclaimer

This report may contain forward-looking statements, including, but not limited to, projections of financial developments and future performance of materials and products, containing risks and uncertainties. These statements are subject to change based on known and unknown risks and various other factors that could cause the actual results or performance to differ materially from the statements made herein.

Rounding

Due to rounding, numbers presented throughout this report may not add up precisely to the totals provided. All ratios, percentages and variances are calculated using the underlying amount rather than the presented rounded amount.

Tables

Within tables, blank fields generally indicate that the field is not applicable or not meaningful, or that information is not available as of the relevant date or for the relevant period. Dashes (–) generally indicate that the respective figure is zero on an actual or rounded basis.

Languages

Parts of the Sulzer Midyear Report 2020 have been translated into German. Please note that the English-language version of the Sulzer Midyear Report is the binding version.