

Sulzer AG—Annual General Meeting 2011

Address by Jürgen Dormann, Chairman of the Board of Directors

Dear Shareholders

Over the economic crisis of the last two years, Sulzer has demonstrated its great resilience. Sulzer is well positioned for the future. And with the acquisition of Cardo's wastewater pump business, which was announced a week ago, we are in the process of significantly expanding our activities in the attractive water market with its powerful long-term growth trends.

After the positive results posted for the anniversary year of 2009, Sulzer has once again underscored its resilience with the annual results for 2010. The company has again reported healthy, double-digit profitability and an increase of net income by more than 10 percent. At the beginning of 2009 we published a specific performance target, despite the uncertainties that then prevailed. We have now actually exceeded that performance target. This achievement is also reflected in the pleasing development of Sulzer's share price.

Our resilience is based on three factors: The long-term view of our senior management, the clear areas of strategic focus, and good operational implementation.

A long-term approach to company management is essential if economic crises are to be weathered well. But that in turn also means behaving sustainably in good times. This is something Sulzer has done exceptionally well in recent years. Production capacity has been expanded only cautiously, and the company overall has become more flexible. This in turn has made the process of adjusting to the lower demand of the last two years substantially easier.

A second important factor in our long-term success has been, and still is, establishing and implementing key strategic areas of focus. The company can only secure sustainable success by specifically aligning its investments and business development with areas that hold long-term potential.

An important building block for Sulzer here is expanding its global presence. By means of investments over decades, Sulzer has built up a broad global presence with a worldwide network of production facilities and service locations. Today, Europe, North and South America, and Asia make an almost equal contribution to overall sales. Developing and emerging markets are becoming increasingly

important, and already account for 42 percent of sales. This reduced the impact of the crisis on Sulzer significantly.

Above all, however, this development has opened up additional growth potential. Brazil, for example, is investing heavily in tapping oil and gas reserves, and is building up capacity within its own borders for downstream processing in refineries and petrochemical facilities. Our stronger local presence has resulted in a sharp increase in sales, particularly in the pumps business.

Another strategic success factor is innovation. Superior technologies are rapidly copied nowadays. This makes it all the more important to invest continually in research and development.

In the last five years, Sulzer has spent around 275 million Swiss francs on innovations, keeping research and development expenditure at a high level even during the economic crisis.

But only those innovations that provide genuine added value for the customer are ultimately successful. For that reason, our research and development activities take place close to our customers within the individual divisions. At the same time, Sulzer also cultivates an ongoing dialogue with higher education institutions that focus on the technologies of the future. For example, Sulzer has close and longstanding links with the Swiss Federal Institute of Technology in Zurich.

To complete the successful picture, the long-term approach and the targeted strategic focus must be well implemented from an operational standpoint. Our CEO Ton Büchner and the entire senior management of the company have done impressive work in this respect over the last few years.

Thanks to our solid balance sheet, we are able to strengthen our portfolio and our global presence further through acquisitions. Following a large number of smaller and medium-sized acquisitions, Sulzer will now take a major step by acquiring Cardo Flow Solutions.

We are confident that this acquisition will deliver value for our customers, for the employees of both companies, and not least for you, our valued shareholders.

As a result of this acquisition, the waste and wastewater area will become one of Sulzer's key markets. Sulzer is already an active player in the water market. Our pumps transport fresh water and are used in desalination plants. This business will now be combined with the high-volume sales activities of Cardo for the wastewater area. As a result, the share of the waste and wastewater area will rise to around 16 percent of Sulzer's overall sales.

Our CEO, Ton Büchner, will shortly explain to you in more detail the growth opportunities we see for the company by entering the wastewater market, and how precisely we intend to exploit these opportunities.

Even after this transaction, Sulzer's balance sheet will enable us to pursue other external growth opportunities.

Sulzer's success rests in great part on the important contributions made by our employees. It is with good reason that "committed employees" is one of our three values, alongside "customer partnership" and "operational excellence".

For long-term success it is important that a company develops a workforce that is diverse. In particular, this includes gender, cultural background, and demographics. Only with diversity at all levels can we truly reflect the global activities of the company and its worldwide customer base. Indeed, in this respect we are proposing a very concrete step to you today at the very highest level, namely the appointment of Jill Lee to the Board of Directors.

Another critical prerequisite for long-term, sustainable success is consistently good company management in line with modern corporate governance standards, as well as strict compliance with ethical conduct guidelines. With this in mind, we expanded our Code of Conduct in 2010 and asked all staff to commit themselves to it with their signature. Our Annual Report provides detailed information about our corporate governance practices.

This brings me to the end of my introductory remarks.

Sulzer is very well positioned for the future. We are operationally strong. We have a pronounced global presence. And our innovative power is impressive. With these foundations, the company can cope well in difficult markets, grow organically, and strengthen itself in a targeted way through acquisitions.

I am convinced that this combination will see Sulzer remain on the road to success in future.