

March 20, 2014

Sulzer AG—Annual General Meeting 2014

Address by Vladimir Kuznetsov, Interim Chairman of the Board of Directors

Dear Shareholders,

Last year held major challenges and changes for Sulzer, and the financial results of the year were not satisfactory either for the Board or for the shareholders.

The company faced operational challenges:

- we experienced a weak start into the year with underutilization of capacities and reduced profitability
- this made restructuring measures necessary.

We announced our new strategy:

- to focus on three key markets, and, therefore, to divest Sulzer Metco
- to leverage our assets and capabilities better and, therefore, to act as *one* company.

We introduced organizational changes to adapt the structure of the company to the new strategy. Our focus on the oil and gas, power, and water markets builds on our leading positions in these markets and on global megatrends such as population growth, urbanization, increasing energy demand, and scarcity of water. It is our aim to help society to address these challenges by providing the right solutions.

In 2014, Sulzer will continue toward its goal of repositioning itself as *one* market-oriented company.

With its new strategy, Sulzer has good potential to further leverage our assets and capabilities and grow profitably.

Based on good and sustainable cash flow and a strong financial foundation, the Board of Directors decided to maintain its stable dividend policy. We are proposing to pay you, the shareholder, an unchanged dividend of 3.20 Swiss francs per share under agenda item 2.

The solid balance sheet provides a sound basis for Sulzer's growth strategy based on two pillars:

- profitable organic growth and
- targeted acquisitions to support Sulzer's focus on the three key markets and further strengthen the company.

It is our clear goal to leverage the existing potential for sustainable profitable growth.

Initiating and overseeing strategic developments and establishing strong positions in important growth markets are key tasks of the Board of Directors. The decision to put the Metco division up for sale because of Sulzer's more focused market strategy was an important milestone.

At the end of January, Sulzer signed an agreement to sell Sulzer Metco to Oerlikon. Klaus Sturany, one of our independent board members, steered the process. Renova representatives were excluded from all discussions or negotiations related to the sales transaction—whether they took place within of the Board of Directors or outside of it.

Sulzer attracted a wide range of interested buyers for the Metco division and successfully signed an agreement to sell it at a price attractive to all Sulzer shareholders.

Enterprise Value was 1 billion Swiss francs; expected cash proceeds net of tax are some 850 million. The transaction is expected to close in Q3 2014 after customary regulatory approvals.

The Board of Directors and Executive Committee will tackle the challenge of this transformational year together with our committed employees. It will do its best to ensure that Sulzer remains on a successful path.

The staff of Sulzer made numerous important contributions in challenging times. The Board of Directors has expressed its deep gratitude to the entire workforce, including on behalf of you, our shareholders.

This brings me to my final points.

One year ago, the Swiss people approved the "Minder" popular initiative resulting in an ordinance that extends the powers of the shareholders. The Sulzer Board of Directors is therefore proposing to revise the Articles of Association accordingly, in order to fulfil the requirements of the ordinance. You received the proposed changes in detail with the invitation.

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For Sulzer, it is important to implement the spirit of these adaptations. We have tried to retain certain flexibility for the company to ensure that Sulzer remains able to steer the company in the best possible manner.

I would also like to use this opportunity to briefly introduce two new candidates for the Board of Directors: Peter Löscher and Matthias Bichsel. The Nominations Committee and the Board as a whole feel that through these two impeccable candidates, Sulzer will get the excellent support of two top-level professionals. Mr. Löscher brings with him extensive experience in managing large industrial companies, and Mr. Bichsel has decades of experience working for a leading oil and gas corporation, which will certainly contribute greatly to making Sulzer's focus on oil and gas a success.

On behalf of the Board of Directors, I personally thank you, our shareholders, for the trust you have placed in us and for your valuable support.
