

**SULZER**

# Spin-off of APS as medmix

Greg Poux-Guillaume, CEO | Jill Lee, CFO | May 27, 2021



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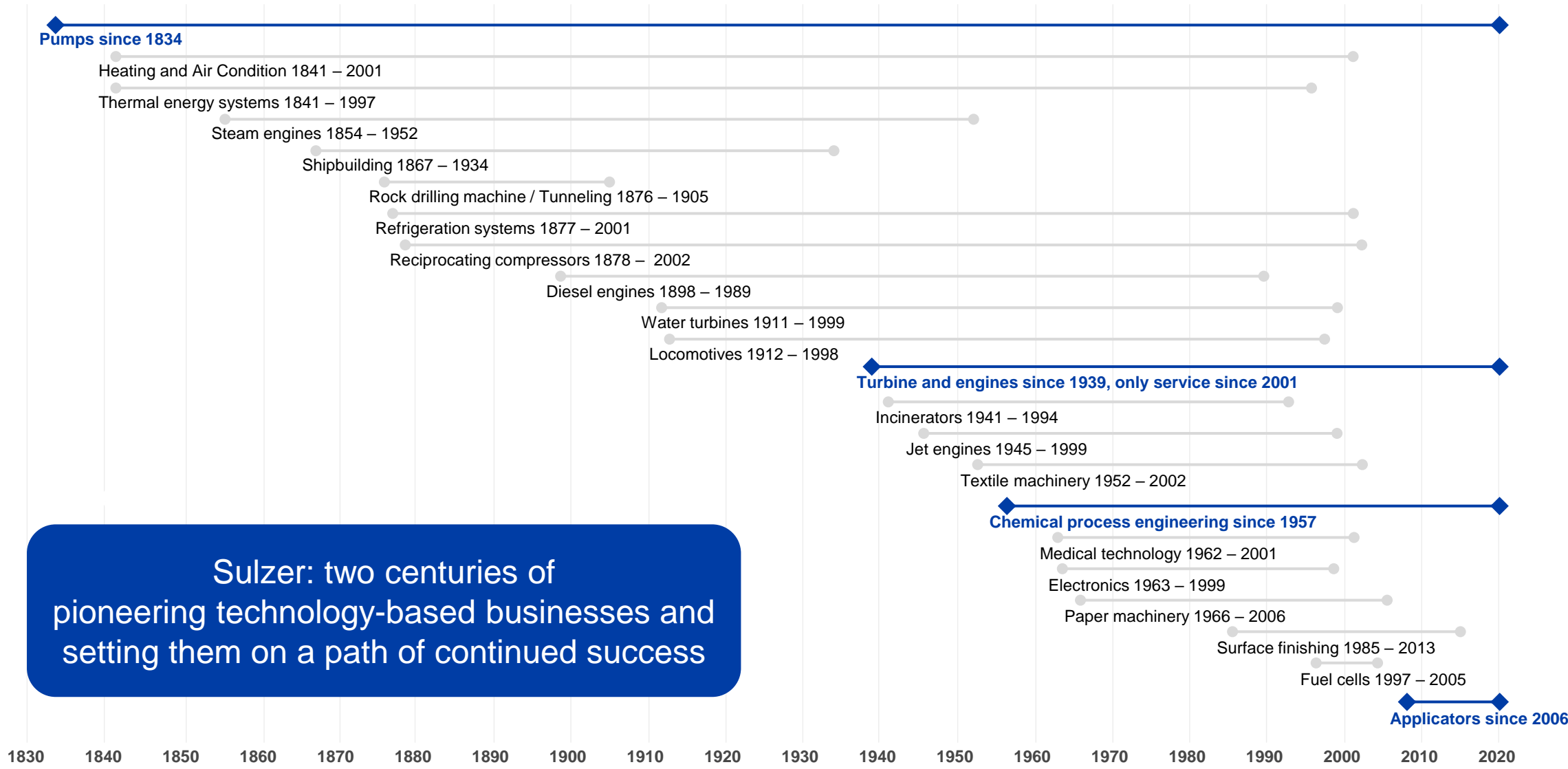
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*Note on Alternative Performance Measures (APM): all bridges from APM to reported figures can be found in the financial section of Sulzer’s reports.*

# Incubator of innovative technologies since 1834



Sulzer: two centuries of pioneering technology-based businesses and setting them on a path of continued success

# Transaction summary

- Sulzer has built **APS** into a leader in high-precision delivery devices, **now well positioned to succeed and grow as an independent entity**
- Sulzer has also significantly diversified its **core portfolio, shifting** away from energy towards **water, chemicals and biopolymers**, and a unique position as the **largest independent service provider** of rotating equipment
- In light of this evolution, Sulzer has decided to:
  - **Spin-off APS division** (to be named **medmix** going forward) in the form of a symmetrical split<sup>1</sup>, Sulzer shareholders get one medmix share in addition to each Sulzer share held
  - **Have medmix raise CHF 200-300m of capital (excluding subscription rights) at time of split**, to fund growth initiatives, increase trading liquidity and provide new healthcare-focused investors with an opportunity to invest in medmix at the time of listing
- **Transaction unanimously approved by Sulzer's Board of Directors, Tiwel confirmed to vote in favour** of the spin-off and capital increase
- Tiwel will not participate in the planned capital increase, which will **increase the free float of medmix**
- Listing of medmix on Swiss Stock Exchange (SIX) and concurrent capital increase expected for late Q3 or early Q4 2021 subject to Sulzer shareholder approval at EGM and market conditions

<sup>1</sup> according to Art. 31 para. 2a of the Swiss Merger Act

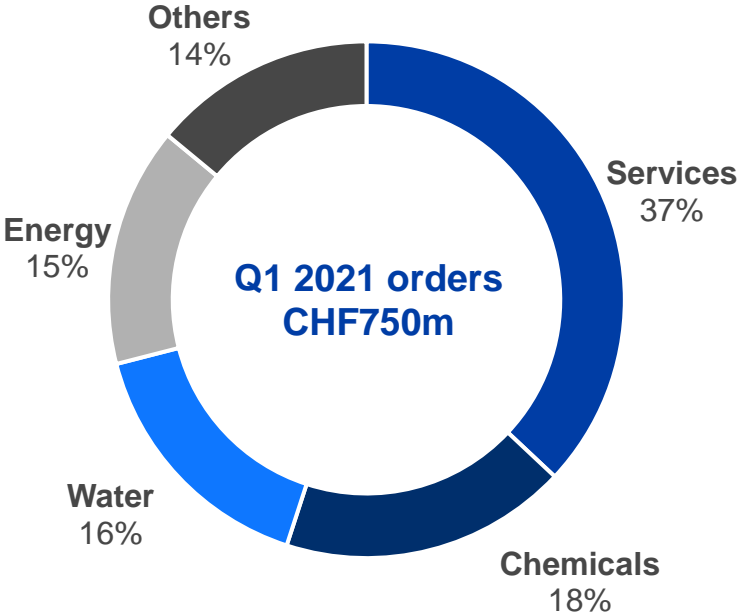
# Transaction rationale

Two focused leaders for attractive end-markets



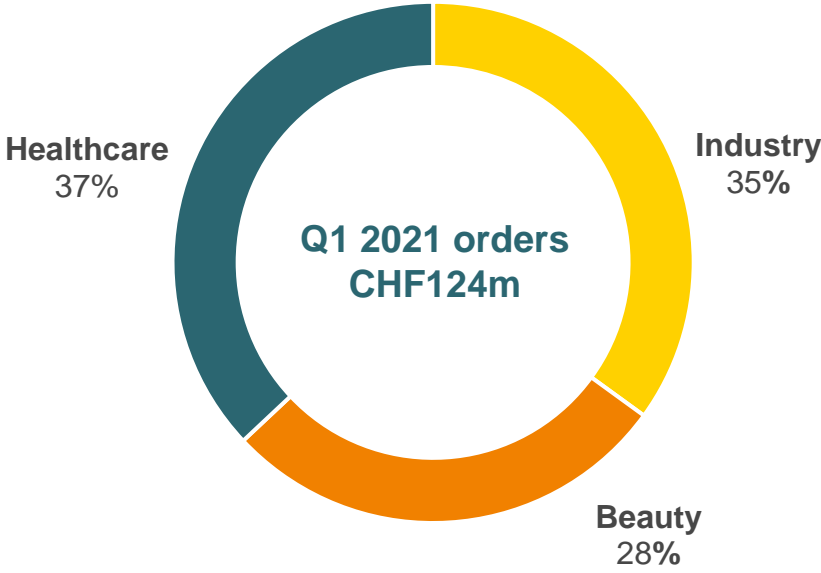
**Flow control specialist for water, chemical, industry and energy**

- A global leader in industrial flow control
- Continuous shift towards water and industrial applications in pumps
- Focus on growing biopolymers and recycling markets in separation
- Accelerated growth of services segment



**Innovative, high-precision delivery devices**

- Leading positions in dental, pharma, adhesives and beauty
- Strong own IP innovator across all segments (unlike CMO/CDMOs)
- Attractive mega trends, high entry barriers and lower price sensitivity
- Increasing shift towards high growth healthcare end-markets



# medmix snapshot

Innovative, high-precision delivery devices serving attractive markets

## Healthcare

## Consumer and Industrial



Dental



Drug delivery



Surgery



Industry



Beauty



Gold standard in dental mixing device systems



Award winning, proprietary injection pen platform



Pioneer in bone cement mixing devices



Leader in industrial mixing and dispensing device systems



Leading microbrush specialist

# Vision for medmix

Diversified exposure to growing end-markets, with healthcare segments growing fastest

**Niche leader**

- Attractive and resilient B2B niche markets
- Exciting underlying macro growth trends
- Fragmented competitive landscape

**Highly protected**

- High entry barriers, e.g. regulation
- High IP protection through innovation
- High share of repeat business

**Platform for growth**

- Long-standing customer relationships
- Legacy of standard setting innovation
- Technology and quality leader in all segments

**Attractive financial profile**

- 2021E sales CHF450m, grow high single digits beyond
- adj. EBITDA margin<sup>1</sup> ~25% in 2021E, return to >26% in 2022E
- EBITDA margin mid-term objective of ~30%
- Healthcare to contribute >50% to medmix sales mid-term



<sup>1</sup> corresponds to operational profitability (opEBITA margin) of ~19% 2021, >20% 2022 and mid-term of ~24%

# Vision for Sulzer

Accelerate repositioning towards sustainable applications and push aftermarket > 50%

# SULZER



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**Capitalize on leadership** in high-barrier-to-entry markets through **Sulzer's technology, service capabilities and proven digital advance**

Focus on **sustainable sectors** for mid-term growth, e.g. Water in Pumps and Biopolymers and Recycling in Chemtech

**Higher margin potential** through sector diversification, product mix and service growth

**M&A** in complementary markets with focus on technology and service. Build on successful track record of mid-size acquisitions

Pro-forma 2021 **revenues CHF 3bn** and operational profitability<sup>1</sup> **around 9%**  
**Mid-term profitability target 10-11%**



<sup>1</sup> operational EBITA as % of sales



# Indicative transaction timetable

15-Jun-2021	2021 Capital Markets Day
22-Jul-2021	Publication of H1 2021 results
Late Q3 2021	Extraordinary Shareholder Meeting
H2 2021	Spin-off and capital increase / first trading day of medmix at SIX

# Key takeaways

- Split into **two focused companies** with different end-markets via a separate stock market listing of medmix
- While medmix will **focus on healthcare** and further develop its industrial and consumer markets, Sulzer will become a **pure play industrial flow control company**
- Transaction to **leverage the full potential** of both businesses, providing an **attractive value creation** opportunity for Sulzer shareholders
- Capital increase of medmix of CHF 200-300m simultaneous with listing will reinforce capital structure, fund growth initiatives and **increase free float**
- More details to be given on a **Capital Markets Day** on June 15, 2021

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