
Ad hoc announcement pursuant to Art. 53 LR of November 1, 2022

Burckhardt Compression with exceptional increase in order intake, strong sales and EBIT growth

- **Exceptional increase in order intake to CHF 706.7 mn (+56.8% y-o-y)**
- **Strong delivery, with sales reaching CHF 335.8 mn, a growth of 25.1% versus prior-year period**
- **Overproportionate increase of EBIT to CHF 35.5 mn (+35.0% y-o-y) and earnings per share to CHF 7.23 (+37.7% y-o-y)**
- **Ongoing progress with sustainability activities and commitments**
- **Full-year outlook confirmed**

The first half of the current fiscal year 2022 was marked by an exceptionally high order intake, strong sales growth and a significant increase in profitability compared to the prior-year period. On the strategic and operational side, Burckhardt Compression continued to rapidly develop in the hydrogen mobility and energy market. The company also progressed on its sustainability agenda and developed a new mid-range plan for 2023–2027. While Burckhardt Compression expects supply chain challenges to continue, the company confirms its full-year guidance.

Strong global market momentum continues

Overall strong markets for new equipment were mainly driven by applications which support the development of more secure and sustainable energy sources. The petrochemical industry was again characterized by strong investment activities, especially for LDPE (Low-density polyethylene) and EVA (Ethylene-vinyl acetate) production, mainly for the solar panel industry in China. Investments in hydrogen for mobility and energy have increased significantly, mainly in the USA and China. Gas transport and storage saw a very strong demand, especially for LNG (Liquefied natural gas) import terminals, and LNG carriers.

The service markets were characterized by increasing global demand in all areas, including Spare Parts, Field Services, Engineering/Revamp/Repair, and Monitoring/Diagnostics.

Group: Strong growth in order intake, sales and profit

The Group's order intake increased to CHF 706.7 mn in the reporting period, up 56.8% versus the prior-year period, representing the highest half-year value in the history of Burckhardt Compression. At CHF 335.8 mn, sales were 25.1% higher than in the first half of fiscal year 2021. Gross profit of CHF 111.3 mn exceeded the previous year's value by 34.9%, yielding a gross profit margin of 33.2% (prior-year period: 30.7%).

Despite CHF 10 mn one-off costs and provisions for write-offs and other expenses in the context with the exit from the sanctioned Russian market, the operating income (EBIT) at Group-level strongly increased by 35.0% versus prior-year period to CHF 35.5 mn, yielding a double-digit EBIT margin of 10.6% (prior-year period: 9.8%).

With a tax rate of 25.2% and lower financial expenses versus prior-year period, the Group's net income increased to CHF 24.5 mn (+37.0% y-o-y), resulting in earnings per share of CHF 7.23.

Systems Division: Exceptional growth in order intake and further increase in profitability, despite one-off costs related to market exit from Russia

Order intake in the Systems Division increased from CHF 303.0 mn in the first half of fiscal year 2021 to CHF 531.5 mn in the reporting period (+75.4% y-o-y), due to a strong post-COVID market recovery and several exceptional large projects for LNG-marine-, solar-panel- and hydrogen-mobility-related applications. The ramp-up of deliveries continued, resulting in sales of CHF 180.5 mn (+28.9% y-o-y) on the back of the high order volumes over the past 18 months.

While challenges in the global supply chain continued to increase, Burckhardt Compression has been able to mitigate its effects for most of the first half of fiscal year 2022, thanks to a diversified supply network, frame agreements with suppliers and strong performance from the project execution teams. The pass-through of costs to the market, procurement savings in other categories and strong project and cost management helped compensate for the increase in costs related to energy and certain material categories. A temporary positive product mix effect and a high capacity utilization throughout the global manufacturing and assembly factories led to a gross profit of CHF 44.1 mn (+59.0% y-o-y) and a gross margin of 24.4% (+4.6 percentage points vs. prior-year period).

As previously communicated, Burckhardt Compression has not accepted any new orders from or for Russia since March 2022 and has been winding down existing projects within the sanction laws. The Group-wide exit from the Russian market has been completed, with no more goods being shipped or services provided post-July 2022. The exit from the Russian market has led to one-off costs and provisions in the amount of CHF 10 mn, CHF 3 mn above the upper range previously anticipated to cover possible write-offs, legal and other expenses.

Despite these one-off costs, the Systems Division delivered a 41.4% increase in EBIT versus prior-year period to CHF 8.0 mn, thanks to the higher gross profit and operational leverage on SG&A expenses resulting from higher sales. The resulting EBIT margin of 4.5% represents an increase of 0.4 percentage points compared to the previous year period.

Finally, following the nomination of Fabrice Billard as CEO as of April 1, 2022, the succession for the position of the Systems Division President has been completed with the nomination of Andreas Brautsch, who started on October 1, 2022.

Services Division: Continued strong growth and increase in profitability

The Services Division's order intake amounted to CHF 175.2 mn, 18.6% higher than the previous year period, with growth coming from all areas (Spare Parts, Field Services, Engineering/Revamp/Repair, Monitoring and Diagnostics). From a geographic perspective, all regions contributed, with very strong growth momentum in China, despite repeated COVID-related lockdowns. Service business with other brand compressors (OBC) has further increased to almost 30% of total order volume. Further progressing with the roll-out of digital customer solutions, the company could prove the benefits of Up! Remote Support in a reference project with BASF

PETRONAS Chemicals in Malaysia. The instant collaboration with the customer and quick diagnostic from the remote Burckhardt Compression team enabled to bring the compressor back to smooth operations within shortest time.

Sales rose by 21.0% year-on-year to CHF 155.3 mn. Gross profit increased by 22.8% to CHF 67.3 mn, resulting in a slightly higher gross margin of 43.3% versus the first half of fiscal year 2021. To date, cost increases in the supply chain have been mitigated largely by passing on higher costs to the market and by several saving measures. Thanks to the operational leverage resulting from higher sales, the EBIT in the first half of fiscal year 2022 increased by 33.9% to CHF 32.1 mn compared to the prior-year period, yielding an EBIT margin of 20.6% (prior-year period: 18.6%).

In the period under review, Burckhardt Compression successfully completed the integration of Mark van Schaick BV. Arkos Field Services continued to grow in the US downstream business and closed the half-year with a positive EBIT.

Further establishing presence in the expanding markets for hydrogen-based mobility and energy solutions

In the past months, Burckhardt Compression has made significant progress in its strategy to become a global leader in compressing hydrogen for mobility and energy applications. In particular, the Group won a large contract for hydrogen liquefaction plants in the US, sold several newly launched high-capacity, high-pressure non-lube compressors for pilot projects for the heavy-duty mobility market, and won several orders for diaphragm compressors for Hydrogen Refueling Solutions (HRS).

Continuous progress in sustainability activities, upgraded ESG ratings

Following the publication of the Group's Sustainability Report 2021, the Institutional Shareholder Services group of companies (ISS) has upgraded the Group's ESG reporting from D+ to C-, and MSCI from A to AA. On an operational level, improvement activities on eight priority ESG topics have continued, and the company has defined KPIs and targets for the coming years.

Mid-range plan 2023–2027

Following broad engagement with global teams, a new mid-range plan for 2023–2027 has been defined and approved by the Board of Directors. For more detailed information, please refer to the separate press release: www.burckhardtcompression.com/media-releases

Outlook for the fiscal year 2022 confirmed

While the company expects supply chain challenges to continue, Burckhardt Compression confirms its full-year guidance for Group sales of CHF 720–760 mn and an EBIT margin similar to the fiscal year 2021 level.

The half-year report 2022 and further information on the half-year results 2022 are available on the website on: www.burckhardtcompression.com/financial-reports

Information on the Capital Market Day 2022 and the Mid-Range Plan 2023-2027 are available on the website on: www.burckhardtcompression.com/investorday

Further information

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About Burckhardt Compression

Burckhardt Compression creates leading compression solutions for a sustainable energy future and the long-term success of its customers. Together with its brands Burckhardt Compression, PROGNOST, SAMR Métal Rouge and Shenyang Yuanda Compressor, the Group is the only global manufacturer that covers a full range of reciprocating compressor technologies and services. Its customized and modularized compressor systems are used in the Chemical/Petrochemical, Gas Transport & Storage, Hydrogen Mobility & Energy and Industrial Gas sectors as well as for applications in Refinery and Gas Gathering & Processing. Since 1844 its passionate, customer-oriented and solution-driven workforce has set the benchmark in the gas compression industry.

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Further information at www.burckhardtcompression.com, [Twitter](#), [LinkedIn](#)
