



FIRST-HALF RESULTS FOR FISCAL YEAR 2021

Compressors for a Lifetime™

PERFORMANCE IN FIRST HALF OF 2021

HALF-YEAR RESULTS WITH SIGNIFICANTLY HIGHER ORDER INTAKE AND HIGHER PROFIT MARGINS, SALES LOWER IN LINE WITH EXPECTATIONS

DEAR SHAREHOLDERS

The first half of the fiscal year 2021 (April to September) was marked by a significant increase in order intake as well as higher profit margins, both at gross profit and EBIT levels. As guided, sales did not match the previous half-year level because of the corona-related lower order intake of the first half of last year. EBIT and return on sales (ROS) were higher while net income was below last year's level, due to higher financial expenses. Earnings per share (EPS) attributable to Burckhardt Compression shareholders increased significantly due to the reduction in minority interests.

Global markets affected in different ways

Markets continued to recover in the wake of the various lockdowns imposed in all parts of the world during last year. Asian markets, especially China, but also Central Asia, continued to recover. The European business regained momentum as well, leading to some attractive orders. The US investment climate was still weak in the markets relevant to us, except for clean fuel technologies, such as hydrogen, which showed accelerating activities.

Group: significantly higher order intake

The Group's order intake came to CHF 450.7 mn in the first half of the fiscal year 2021, representing a 48.7% increase compared to the previous year (excluding the effects of currency translation +47.3%). Sales were -9.1% lower than a year earlier at CHF 268.5 mn (excluding the effects of currency translation -10.0%). Despite lower sales, gross profit of CHF 82.5 mn was

higher. The significantly higher share of the service business in Group sales as well as the higher capacity utilization in the service business resulted in a higher gross profit margin of 30.7% (prior-year 25.0%).

The operating income (EBIT) at Group level increased slightly to CHF 26.3 mn (prior-year CHF 26.0 mn), yielding an EBIT margin of 9.8% (prior-year 8.8%). The Group's net profit of CHF 17.9 mn was CHF -1.1 mn lower than a year before (CHF 19.0 mn). The reasons for this are higher financial expenses resulting from the CHF 100 mn bond issued in September 2020 as well as currency effects. Earnings per share attributable to Burckhardt Compression shareholders increased significantly from CHF 4.73 to CHF 5.25.

Global selling costs were higher compared to the previous year, due to increased market activity, especially for hydrogen applications as well as a slight increase in business travelling. Total selling, marketing and general administrative expenses came to CHF 51.9 mn (19.3% of sales), an increase of CHF 7.9 mn compared to last year. The first half of fiscal year 2020 included cost deductions in the amount of CHF 2.0 mn from Government subsidies in six countries. Research and development expenses rose by CHF 2.4 mn to CHF 9.3 mn in the first half year, due to the higher number of ongoing projects including innovative applications such as hydrogen-based mobility and energy.

Total assets at the end of September 2021 amounted to CHF 837.9 mn, 5.1% higher than at the end of March (close of 2020 fiscal year). This increase is mainly attributable to the higher cash position. The net financial position at the end of the reporting period improved to CHF -51.4 mn (CHF -82.4 mn at

Key figures

in CHF 1'000	April–Sept. 2021	April–Sept. 2020	Change 2021/2020	Fiscal year 2020
Order intake	450'666	303'023	48.7%	676'631
– Systems Division	302'987	170'221	78.0%	404'572
– Services Division	147'679	132'802	11.2%	272'059
Sales	268'480	295'221	–9.1%	658'580
Gross profit	82'511	73'719	11.9%	166'157
Operating income (EBIT)	26'297	25'973	1.2%	60'816
Net income	17'910	18'985	–5.7%	47'201
Total assets	837'901	853'483	–1.8%	797'497
Total equity	217'370	290'917	–25.3%	219'603
Earnings per share (in CHF)	5.25	4.73	11.0%	13.00
FTEs as per Sept. 30 / March 31	2'603	2'575	1.1%	2'538

the close of 2020 fiscal year). The capital invested in work in progress and advance payments to suppliers is fully financed by advance payments from customers, leaving a positive balance of CHF 50.4 mn, compared to CHF 11.5 mn at the end of last March. The equity ratio came to 25.9% at the end of September, slightly less than the 27.5% at the end of fiscal year 2020. By the end of fiscal year 2021, we aim to achieve an equity ratio of about 30%.

Systems Division: higher order intake, lower sales and EBIT

Order intake at the Systems Division increased 78.0% to CHF 303.0 mn. Business with the Petrochemical/Chemical, Gas Transport and Storage and Energy/Industrial Gases industries has recovered and exceeded the pre-pandemic level. We continued to receive orders in the maritime sector (LNGM and LPGM) in the period under review and were again successful with our newly developed compact marine compressor. Activities in the hydrogen (H₂) business – an application area that is of growing importance for Burckhardt Compression – continued to increase strongly, demonstrated by a contract to supply compressors for the world's largest hydrogen liquification plant. Sales of CHF 140.1 mn were, as expected, well below the strong prior-year level (–27.8%). The gross profit margin improved from 18.9% in the prior year to 19.8% while gross profit declined by CHF 8.9 mn to CHF 27.7 mn. The EBIT margin reached 4.1% (prior-year 8.8%).

For the second half of the fiscal year, we expect the Systems Division to achieve sales well above the level of the first half of the fiscal year. Based on the order backlog and the resulting higher capacity utilization, we also expect a higher EBIT margin for the second half of the year.

Services Division: higher order intake, sales and EBIT

The Services Division's order intake amounted to CHF 147.7 mn, an increase of 11.2% compared to the previous year (CHF 132.8 mn). The previous year included a long-term marine service contract over a period of ten years in the low double-digit million euro range. Corona-related travel restrictions continued to affect business, especially in Field Services and Engineering/Revamp/Repair. The midstream business of Arkos Field Services in the USA improved slowly, while the downstream business saw further improvements. Sales at the Services Division rose by 26.7% to CHF 128.4 mn. Gross profit went up from CHF 37.1 mn in the prior year to CHF 54.8 mn. The gross profit margin increased from 36.7% to 42.7%, mainly as a result of higher capacity utilization. The EBIT margin rose to 18.6% (prior-year 10.3%).

Based on the current order backlog, we believe sales at the Services Division to be significantly higher in the second half of the fiscal year. For the full year, we expect the EBIT margin to be at last year's level.

Search for new CEO initiated

After almost 40 years at Burckhardt Compression in various regions and positions, including the last ten years as CEO, Marcel Pawlicek and the Board of Directors decided the time has come to initiate the succession process. The search is likely to last until the end of the year, and the plan is to appoint the new CEO by the beginning of the fiscal year 2022, which begins on April 1, 2022.

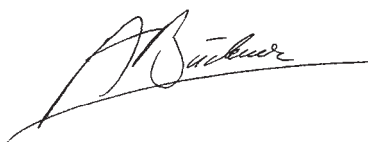
Outlook for fiscal year 2021 as a whole

Some supply chain and logistic challenges have increased during the first half of the fiscal year and are not expected to normalize before mid-2022. Based on expected delivery dates for orders received during the years 2019 and 2020, we currently expect group sales of CHF 620 mn to CHF 650 mn and higher profit margins for full fiscal year 2021. This assumes that there will be no further serious outbreaks of coronavirus in markets relevant to Burckhardt Compression and that the economy continues to recover.


Acknowledgements

We would like to sincerely thank our employees for their exceptional commitment, particularly over the recent months which demanded high flexibility given the fast recovery. We would also like to thank our shareholders and customers and suppliers for their continued support.

Yours sincerely,



Ton Büchner
Chairman of the
Board of Directors



Marcel Pawlicek
CEO

Winterthur, November 2, 2021

Dates for shareholders:

June 8, 2022	Annual Report 2021 (closing March 31, 2022)
July 1, 2022	Annual General Meeting

CONSOLIDATED INCOME STATEMENT

in CHF 1'000	First half 2021 April–Sept. 2021	First half 2020 April–Sept. 2020	2020 fiscal year April 2020–March 2021
Sales	268'480	295'221	658'580
Cost of goods sold	-185'969	-221'502	-492'423
Gross profit	82'511	73'719	166'157
Selling and marketing expenses	-27'687	-23'050	-47'997
General and administrative expenses	-24'187	-20'943	-45'064
Research and development expenses	-9'315	-6'926	-15'358
Other operating income	9'904	10'036	21'055
Other operating expenses	-4'929	-6'863	-17'977
Operating income	26'297	25'973	60'816
Share of results of associates	-	-	-
Financial income and expenses	-2'865	-1'053	-1'616
Earnings before taxes	23'432	24'920	59'200
Income tax expenses	-5'522	-5'935	-11'999
Net income	17'910	18'985	47'201
Share of net income attributable to shareholders of Burckhardt Compression Holding AG	17'794	16'020	44'034
Share of net income attributable to non-controlling interests	116	2'965	3'167
Basic earnings per share (in CHF)	5.25	4.73	13.00
Diluted earnings per share (in CHF)	5.25	4.73	13.00

CONSOLIDATED BALANCE SHEET

in CHF 1'000	First half 2021 09/30/2021	First half 2020 09/30/2020	2020 fiscal year 03/31/2021
Non-current assets			
Intangible assets	12'536	12'560	12'351
Property, plant and equipment	176'213	201'832	180'080
Deferred tax assets	14'497	14'209	14'514
Other financial assets	3'968	3'940	4'005
Total non-current assets	207'214	232'541	210'950
Current assets			
Inventories	214'581	247'094	190'435
Trade receivables	229'099	201'819	260'395
Other current receivables	56'309	26'020	56'981
Prepaid expenses and accrued income	4'110	5'713	3'366
Cash and cash equivalents	126'588	140'296	75'370
Total current assets	630'687	620'942	586'547
Total assets	837'901	853'483	797'497
Equity			
Share capital	8'500	8'500	8'500
Capital reserves	525	486	486
Treasury shares	-2'136	-2'206	-2'206
Retained earnings and other reserves	209'978	236'778	212'324
Equity attributable to shareholders of Burckhardt Compression Holding AG	216'867	243'558	219'104
Non-controlling interests	503	47'359	499
Total equity	217'370	290'917	219'603
Liabilities			
Non-current liabilities			
Non-current financial liabilities	134'027	193'662	133'070
Deferred tax liabilities	10'715	11'485	11'097
Non-current provisions	13'367	15'713	14'485
Other non-current liabilities	3'369	6'563	3'916
Total non-current liabilities	161'478	227'423	162'568
Current liabilities			
Current financial liabilities	43'954	14'662	24'726
Trade payables	89'626	81'057	92'474
Customers' advance payments	189'711	140'159	131'677
Other current liabilities	67'691	25'986	73'817
Accrued liabilities and deferred income	42'162	52'414	66'065
Current provisions	25'909	20'865	26'567
Total current liabilities	459'053	335'143	415'326
Total liabilities	620'531	562'566	577'894
Total equity and liabilities	837'901	853'483	797'497

CONSOLIDATED CASH FLOW STATEMENT

in CHF 1'000	First half 2021 April–Sept. 2021	First half 2020 April–Sept. 2020	2020 fiscal year April 2020–March 2021
Cash flow from operating activities			
Net income	17'910	18'985	47'201
Income tax expenses	5'522	5'935	11'999
Financial income and expenses	2'865	1'053	1'616
Depreciation	8'307	8'692	17'476
Amortization	1'587	1'835	3'632
Change in inventories	-24'687	17'239	77'305
Change in trade receivables	30'005	54'052	3'906
Change in other current assets	53	6'352	10'902
Change in trade payables	-2'575	-10'331	-1'448
Change in customers' advance payments	58'188	-5'017	-17'977
Change in provisions	-1'533	-944	4'045
Change in other liabilities	-28'092	-15'620	-20'517
Adjustment for non-cash items	3'052	2'181	6'435
Interest received	133	141	449
Interest paid	-1'546	-900	-2'365
Income taxes paid	-6'395	-6'706	-10'464
Total cash flow from operating activities	62'794	76'947	132'195
Cash flow from investing activities			
Purchase of property, plant and equipment	-6'043	-8'850	-17'425
Sale of property, plant and equipment	450	203	1'226
Purchase of intangible assets	-1'787	-1'438	-2'938
Acquisition of group companies net of cash acquired	-2'358	-21'227	-21'227
Total cash flow from investing activities	-9'738	-31'312	-40'364
Cash flow from financing activities			
Increase in financial liabilities	20'550	100'000	100'154
Decrease in financial liabilities	-	-72'108	-126'109
Purchase of treasury shares	-	-3'153	-3'153
Acquisition of non-controlling interests	-	-	-50'400
Dividends paid	-22'037	-20'180	-29'954
Total cash flow from financing activities	-1'487	4'559	-109'462
Currency translation differences on cash and cash equivalents	-351	-217	2'682
Net change in cash and cash equivalents	51'218	49'977	-14'949
Cash and cash equivalents at beginning of period	75'370	90'319	90'319
Cash and cash equivalents at end of period	126'588	140'296	75'370
Net change in cash and cash equivalents	51'218	49'977	-14'949

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Capital reserves	Treasury shares	Hedge reserve	Translation reserve	Goodwill offset	Other retained earnings	Equity attributable to shareholders of Burckhardt Compression Holding AG	Non-controlling interests	Total equity
in CHF 1'000										
Balance at April 1, 2020	8'500	435	-5'216	-616	-13'315	-121'835	405'529	273'482	44'024	317'506
Net income	-	-	-	-	-	-	16'020	16'020	2'965	18'985
Currency translation differences	-	-	-	-	-502	-	-	-502	370	-132
Changes of cash flow hedges	-	-	-	822	-	-	-	822	-	822
Dividends paid	-	-	-	-	-	-	-20'180	-20'180	-	-20'180
Purchase of treasury shares	-	-	-3'153	-	-	-	-	-3'153	-	-3'153
Share-based payments (distributed)	-	51	6'163	-	-	-	-6'214	-	-	-
Share-based payments (provision in equity)	-	-	-	-	-	-	1'941	1'941	-	1'941
Goodwill on acquisition	-	-	-	-	-	-24'872	-	-24'872	-	-24'872
Balance at September 30, 2020	8'500	486	-2'206	206	-13'817	-146'707	397'096	243'558	47'359	290'917
Balance at April 1, 2021	8'500	486	-2'206	-242	-3'129	-146'707	362'402	219'104	499	219'603
Net income	-	-	-	-	-	-	17'794	17'794	116	17'910
Currency translation differences	-	-	-	-	-1'649	-	-	-1'649	-112	-1'761
Changes of cash flow hedges	-	-	-	1'497	-	-	-	1'497	-	1'497
Dividends paid	-	-	-	-	-	-	-22'037	-22'037	-	-22'037
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-
Share-based payments (distributed)	-	39	70	-	-	-	-109	-	-	-
Share-based payments (provision in equity)	-	-	-	-	-	-	2'158	2'158	-	2'158
Balance at September 30, 2021	8'500	525	-2'136	1'255	-4'778	-146'707	360'208	216'867	503	217'370

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Basis of preparation

The unaudited interim consolidated financial statements, prepared in accordance with Swiss GAAP FER, were approved by the Board of Directors on October 27, 2021. This is a condensed interim report pursuant to Swiss GAAP FER 31 "Complementary recommendations for listed companies".

Since the consolidated interim financial statements do not include all the information contained in consolidated annual financial statements, they should be read in conjunction with the consolidated annual financial statements for the year ended March 31, 2021. The current accounting standards are congruent with the accounting standards used to prepare the 2020 financial statements.

2. Segment reporting

	Systems Division				Services Division			
in CHF 1'000	HY 2021 April–Sept. 2021	HY 2020 April–Sept. 2020	Change 2021/2020	FY 2020 April 2020– March 2021	HY 2021 April–Sept. 2021	HY 2020 April–Sept. 2020	Change 2021/2020	FY 2020 April 2020– March 2021
Sales	140'055	193'886	-27.8%	409'793	128'425	101'335	26.7%	248'787
Cost of goods sold	-112'338	-157'312	-	-350'731	-73'631	-64'190	-	-141'692
Gross profit	27'717	36'574	-24.2%	59'062	54'794	37'145	47.5%	107'095
Gross profit as % of sales	19.8%	18.9%	-	14.4%	42.7%	36.7%	-	43.0%
Operating income	5'684	17'087	-66.7%	16'182	23'933	10'468	128.6%	51'246
Operating income as % of sales	4.1%	8.8%	-	3.9%	18.6%	10.3%	-	20.6%

	Others				Total			
in CHF 1'000	HY 2021 April–Sept. 2021	HY 2020 April–Sept. 2020	Change 2021/2020	FY 2020 April 2020– March 2021	HY 2021 April–Sept. 2021	HY 2020 April–Sept. 2020	Change 2021/2020	FY 2020 April 2020– March 2021
Sales	-	-	-	-	268'480	295'221	-9.1%	658'580
Cost of goods sold	-	-	-	-	-185'969	-221'502	-	-492'423
Gross profit	-	-	-	-	82'511	73'719	11.9%	166'157
Gross profit as % of sales	-	-	-	-	30.7%	25.0%	-	25.2%
Operating income	-3'320	-1'582	109.9%	-6'612	26'297	25'973	1.2%	60'816
Operating income as % of sales	-	-	-	-	9.8%	8.8%	-	9.2%

3. Business combinations and other changes in the scope of consolidation

The Japan Steel Works Ltd. (Japan)

On July 5, 2021, the remaining payment of CHF 2.4 mn (deferred consideration) was made for the acquisition of the global compressor business from the Japan Steel Works Ltd. (JSW), Japan. The acquisition took place in fiscal year 2020.

On April 21, 2020, Burckhardt Compression acquired the global compressor business from the Japan Steel Works Ltd. (JSW), a Japanese business based in Tokyo, in an asset deal. With the acquisition of the global compressor business from JSW, Burckhardt Compression is strengthening its market presence in Japan.

The following table shows the fair value of assets and liabilities acquired at the acquisition date and the goodwill arising from this transaction.

in CHF 1'000	
Inventories	719
Non-current liabilities	-1'794
Current liabilities	-212
Net assets / liabilities acquired at fair value	-1'287
Goodwill from acquisition	24'872
Total purchase price	23'585
Less cash and cash equivalents acquired	-
Less purchase price not yet paid (deferred consideration)	-2'358
Net cash outflow on acquisition	21'227

Shenyang Yuanda Compressor Co. Ltd. (China)

On February 23, 2021 (as stated in our consolidated annual financial statements for the year ended March 31, 2021), Burckhardt Compression acquired the remaining 40% of the shares of Shenyang Yuanda Compressor Co. Ltd. Together with the already existing interest of 60%, Burckhardt Compression since then holds 100% of the Chinese company. The purchase price for the remaining 40% amounted to CHF 101.9 mn. The parties have agreed that the purchase price is paid in two

installments. CHF 50.4 mn was paid at closing and the remaining CHF 51.5 mn will be paid 12 months after the closing date. The acquisition led to a reduction of non-controlling interests in the consolidated statement of equity in the amount of CHF 37.2 mn. The difference of CHF 64.7 mn between the purchase price and the carrying value of the non-controlling interests was recognized in retained earnings.

4. Financial Liabilities

Burckhardt Compression has a bond in the amount of CHF 100 mn with a coupon of 1.50%. The issue price was 100% of the nominal value. It will be redeemed at par value on September 30, 2024. The bond is listed on the SIX Swiss Exchange.

5. Events after the balance sheet date

There were no significant events after the balance sheet date.

ABOUT BURCKHARDT COMPRESSION

Burckhardt Compression is the worldwide market leader for reciprocating compressor systems and the only manufacturer and service provider that covers a full range of reciprocating compressor technologies and services. Its customized compressor systems are used in the gas gathering and processing, gas transport and storage, refinery, chemical, petrochemical and industrial gas/hydrogen mobility and energy sectors. Burckhardt Compression's leading technology, broad portfolio of compressor components and the full range of services help customers around the world to find the optimized solution for their reciprocating compressor systems. Since 1844, its highly skilled workforce has crafted superior solutions and set the benchmark in the gas compression industry.

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

The 2021 interim report is also available in German, and both versions can be downloaded from our website at www.burckhardtcompression.com/financial-reports. The English version takes precedence in the event of a conflict.



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