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# FIRST-HALF RESULTS FOR FISCAL YEAR 2022

# DEAR SHAREHOLDERS,

Exceptional increase in order intake (+56.8% y-o-y) – Strong delivery, with sales growth of 25.1% versus prior-year period – Overproportionate increase of EBIT (+35.0% y-o-y) and earnings per share (+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. We also progressed on our sustainability agenda and developed a new mid-range plan for 2023–2027. While we expect supply chain challenges to continue, we confirm our 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 in 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 and 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).

# Key Figures

in CHF'000	April–Sept. 2022	April–Sept. 2021	Change 2022/2021	Fiscal year 2021
Order intake	706'737	450'666	56.8%	976'559
Systems Division	531'549	302'987	75.4%	651'062
Services Division	175'188	147'679	18.6%	325'497
<b>Sales</b>	<b>335'843</b>	<b>268'480</b>	<b>25.1%</b>	<b>650'698</b>
Gross profit	111'344	82'511	34.9%	190'844
Operating income (EBIT)	35'500	26'297	35.0%	70'336
<b>Net income</b>	<b>24'544</b>	<b>17'910</b>	<b>37.0%</b>	<b>50'399</b>
Total assets	853'459	784'689	8.8%	837'798
Total equity	234'059	217'370	7.7%	242'889
Earnings per share (in CHF)	7.23	5.25	37.7%	14.82
FTEs as per Sept. 30 / March 31	2'892	2'603	11.1%	2'732

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, and 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, we 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 our separate press release: [www.burckhardtcompression.com/media-releases](http://www.burckhardtcompression.com/media-releases)

## Outlook for the fiscal year 2022 confirmed

While we expect 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.

## Acknowledgements

We would like to thank our employees for their strong engagement and contributions to the positive operational and financial results of the first half of this fiscal year in an ongoing challenging external environment that requires a high degree of flexibility and resilience. We would also like to thank our shareholders, customers and suppliers for their continued trust.

Yours sincerely,



Ton Büchner  
Chairman of the Board of Directors



Fabrice Billard  
CEO

Winterthur, November 1, 2022

## Dates for shareholders:

June 6, 2023	Annual Report 2022 (closing March 31, 2023)
July 1, 2023	Annual General Meeting

# Consolidated income statement

in CHF '000	First half 2022 April–Sept. 2022	First half 2021 April–Sept. 2021	2021 fiscal year April 2021–March 2022
<b>Sales</b>	335'843	268'480	650'698
Cost of goods sold	-224'499	-185'969	-459'854
<b>Gross Profit</b>	111'344	82'511	190'844
Selling and marketing expenses	-29'392	-27'687	-57'188
General and administrative expenses	-26'178	-24'187	-49'735
Research and development expenses	-11'197	-9'315	-19'698
Other operating income	16'494	9'904	23'957
Other operating expenses	-25'571	-4'929	-17'844
<b>Operating income</b>	35'500	26'297	70'336
Financial income and expenses	-2'709	-2'865	-4'746
<b>Earnings before taxes</b>	32'791	23'432	65'590
Income tax expenses	-8'247	-5'522	-15'191
<b>Net income</b>	24'544	17'910	50'399
Share of net income attributable to shareholders of Burckhardt Compression Holding AG	24'522	17'794	50'244
Share of net income attributable to non-controlling interests	22	116	155
Basic earnings per share (in CHF)	7.23	5.25	14.82
Diluted earnings per share (in CHF)	7.23	5.25	14.82

# Consolidated balance sheet

in CHF 1'000	First half 2022 09/30/2022	First half 2021 09/30/2021*	2021 fiscal year 03/31/2022
<b>Non-current assets</b>			
Intangible assets	13'632	12'536	13'460
Property, plant and equipment	177'046	176'213	183'236
Deferred tax assets	16'610	14'497	16'225
Other financial assets	1'649	3'968	4'077
<b>Total non-current assets</b>	<b>208'937</b>	<b>207'214</b>	<b>216'998</b>
<b>Current assets</b>			
Inventories	217'356	161'369	192'362
Trade receivables	223'534	229'099	258'983
Other current receivables	63'344	56'309	65'177
Prepaid expenses and accrued income	4'269	4'110	3'262
Cash and cash equivalents	136'019	126'588	101'016
<b>Total current assets</b>	<b>644'522</b>	<b>577'475</b>	<b>620'800</b>
<b>Total assets</b>	<b>853'459</b>	<b>784'689</b>	<b>837'798</b>
<b>Equity</b>			
Share capital	8'500	8'500	8'500
Capital reserves	573	525	525
Treasury shares	-2'077	-2'136	-2'136
Retained earnings and other reserves	226'687	209'978	235'450
<b>Equity attributable to shareholders of Burckhardt Compression Holding AG</b>	<b>233'683</b>	<b>216'867</b>	<b>242'339</b>
Non-controlling interests	376	503	550
<b>Total equity</b>	<b>234'059</b>	<b>217'370</b>	<b>242'889</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Non-current financial liabilities	161'989	134'027	128'881
Deferred tax liabilities	12'326	10'715	11'502
Non-current provisions	12'056	13'367	12'920
Other non-current liabilities	3'196	3'369	3'306
<b>Total non-current liabilities</b>	<b>189'567</b>	<b>161'478</b>	<b>156'609</b>
<b>Current liabilities</b>			
Current financial liabilities	24'971	43'954	28'925
Trade payables	95'519	89'626	97'263
Customers' advance payments	173'703	136'499	162'656
Other current liabilities	37'383	67'691	36'131
Accrued liabilities and deferred income	66'633	42'162	84'853
Current provisions	31'624	25'909	28'472
<b>Total current liabilities</b>	<b>429'833</b>	<b>405'841</b>	<b>438'300</b>
<b>Total liabilities</b>	<b>619'400</b>	<b>567'319</b>	<b>594'909</b>
<b>Total equity and liabilities</b>	<b>853'459</b>	<b>784'689</b>	<b>837'798</b>

\* Prior period figures for inventories and customers' advance payments have been restated (see note 1).

# Consolidated cash flow statement

in CHF 1'000

	First half 2022 April–Sept. 2022	First half 2021 April–Sept. 2021*	2021 fiscal year April 2021–March 2022
<b>Cash flow from operating activities</b>			
Net income	24'544	17'910	50'399
Income tax expenses	8'247	5'522	15'191
Financial income and expenses	2'709	2'865	4'746
Depreciation	8'817	8'307	16'775
Amortization	2'009	1'587	3'232
Change in inventories	-32'142	-31'132	-41'350
Change in trade receivables	28'315	30'005	1'611
Change in other current assets	2'050	53	-10'837
Change in trade payables	1'625	-2'575	4'839
Change in customers' advance payments	17'442	64'633	70'382
Change in provisions	2'666	-1'533	874
Change in other liabilities	-12'713	-28'092	30'874
Adjustment for non-cash items	4'626	3'052	3'911
Interest received	190	133	57
Interest paid	-1'632	-1'546	-2'432
Income taxes paid	-7'977	-6'395	-13'513
<b>Total cash flow from operating activities</b>	<b>48'776</b>	<b>62'794</b>	<b>134'759</b>
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment	-10'427	-6'043	-17'662
Sale of property, plant and equipment	-	450	520
Purchase of intangible assets	-2'147	-1'787	-5'115
Decrease in financial assets	1'801	-	-
Acquisition of group companies net of cash acquired	-	-2'358	-11'820
<b>Total cash flow from investing activities</b>	<b>-10'773</b>	<b>-9'738</b>	<b>-34'077</b>
<b>Cash flow from financing activities</b>			
Increase in financial liabilities	27'735	20'550	22'350
Decrease in financial liabilities	-	-	-22'640
Acquisition of non-controlling interests	-	-	-51'500
Dividends paid	-25'430	-22'037	-22'152
<b>Total cash flow from financing activities</b>	<b>2'305</b>	<b>-1'487</b>	<b>-73'942</b>
Currency translation differences on cash and cash equivalents	-5'305	-351	-1'094
<b>Net change in cash and cash equivalents</b>	<b>35'003</b>	<b>51'218</b>	<b>25'646</b>
Cash and cash equivalents at beginning of period	101'016	75'370	75'370
Cash and cash equivalents at end of period	136'019	126'588	101'016
<b>Net change in cash and cash equivalents</b>	<b>35'003</b>	<b>51'218</b>	<b>25'646</b>

\* Prior period figures for inventories and customers' advance payments have been restated (see note 1).

# Consolidated statement of changes in equity

in CHF '000	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
<b>Balance at April 1, 2021</b>	<b>8'500</b>	<b>486</b>	<b>-2'206</b>	<b>-242</b>	<b>-3'129</b>	<b>-146'707</b>	<b>362'402</b>	<b>219'104</b>	<b>499</b>	<b>219'603</b>
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
Share-based payments (distributed)		39	70				-109			
Share-based payments (provision in equity)							2'158	2'158		2'158
<b>Balance at September 30, 2021</b>	<b>8'500</b>	<b>525</b>	<b>-2'136</b>	<b>1'255</b>	<b>-4'778</b>	<b>-146'707</b>	<b>360'208</b>	<b>216'867</b>	<b>503</b>	<b>217'370</b>
<b>Balance at April 1, 2022</b>	<b>8'500</b>	<b>525</b>	<b>-2'136</b>	<b>1'594</b>	<b>-5'034</b>	<b>-156'005</b>	<b>394'895</b>	<b>242'339</b>	<b>550</b>	<b>242'889</b>
Net income							24'522	24'522	22	24'544
Currency translation differences					-9'746			-9'746	-196	-9'942
Changes of cash flow hedges				-312				-312		-312
Dividends paid							-25'430	-25'430		-25'430
Share-based payments (distributed)		48	59				-107			
Share-based payments (provision in equity)							2'310	2'310		2'310
<b>Balance at September 30, 2022</b>	<b>8'500</b>	<b>573</b>	<b>-2'077</b>	<b>1'282</b>	<b>-14'780</b>	<b>-156'005</b>	<b>396'190</b>	<b>233'683</b>	<b>376</b>	<b>234'059</b>



# 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 26, 2022. 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, 2022. The current accounting standards are congruent with the accounting standards used to prepare the 2021 financial statements.

Burckhardt Compression changed the accounting policy for the presentation of inventories and customers' advance payments in its consolidated annual financial statements as of March 31, 2022. As a result of the change, Burckhardt Compression has restated the balance sheet items as of September 30, 2021, for inventories to CHF 161.4 mn (previously reported: CHF 214.6 mn) and customers' advance payments to CHF 136.5 mn (previously reported: CHF 189.7 mn). Additionally, Burckhardt Compression has restated changes in inventories to CHF -31.1 mn (previously reported: CHF -24.7 mn) and changes in customers' advance payments to CHF 64.6 mn (previously reported: CHF 58.2 mn) in the consolidated interim cash flow statement for the first half of 2021.

## 2. Segment reporting

in CHF 1'000	Systems Division				Service Division			
	HY 2022 April– Sept. 2022	HY 2021 April–Sept. 2021	Change 2022/2021	FY 2021 April 2021– March 2022	HY 2022 April– Sept. 2022	HY 2021 April–Sept. 2021	Change 2022/2021	FY 2021 April 2021– March 2022
<b>Sales</b>	180'499	140'055	28.9%	372'657	155'344	128'425	21.0%	278'041
Cost of goods sold	-136'421	-112'338	-	-301'384	-88'078	-73'631	-	-158'470
<b>Gross profit</b>	44'078	27'717	59.0%	71'273	67'266	54'794	22.8%	119'571
Gross profit as % of sales	24.4%	19.8%	-	19.1%	43.3%	42.7%	-	43.0%
<b>Operating income</b>	8'036	5'684	41.4%	21'108	32'058	23'933	33.9%	58'353
Operating income as % of sales	4.5%	4.1%	-	5.7%	20.6%	18.6%	-	21.0%

in CHF 1'000	Others				Total			
	HY 2022 April– Sept. 2022	HY 2021 April–Sept. 2021	Change 2022/2021	FY 2021 April 2021– March 2022	HY 2022 April– Sept. 2022	HY 2021 April–Sept. 2021	Change 2022/2021	FY 2021 April 2021– March 2022
<b>Sales</b>	-	-	-	-	335'843	268'480	25.1%	650'698
Cost of goods sold	-	-	-	-	-224'499	-185'969	-	-459'854
<b>Gross profit</b>	-	-	-	-	111'344	82'511	34.9%	190'844
Gross profit as % of sales	-	-	-	-	33.2%	30.7%	-	29.3%
<b>Operating income</b>	-4'594	-3'320	38.4%	-9'125	35'500	26'297	35.0%	70'336
Operating income as % of sales	-	-	-	-	10.6%	9.8%	-	10.8%

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

#### Shenyang Yuanda Compressor Co. Ltd. (China)

On March 11, 2022, the remaining payment of CHF 51.5 mn (deferred consideration) was made for the acquisition of the remaining 40% of the shares of Shenyang Yuanda Compressor Co. Ltd. The acquisition of the 40% minority interest took place in fiscal year 2020.

#### Mark van Schaick BV (Netherlands)

On December 21, 2021, Burckhardt Compression AG acquired 100% of the shares in Mark van Schaick BV, a company based in Rotterdam, Netherlands. The company has more than 20 years of experience in machining and is a leader in servicing complex repairs such as crankshafts.

With the acquisition of Mark van Schaick BV, Burckhardt Compression specifically complements its repair and service capabilities in Europe and further expands its presence in the service business for reciprocating compressors.

Burckhardt Compression hereby also gains highly specialized machining expertise and repair capabilities for the global customer base in the maritime and petrochemical industry. 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	
Property, plant and equipment	2'898
Inventories	7
Trade receivables and other receivables	955
Prepaid expenses and other current assets	35
Current liabilities	-3'543
Non-Current liabilities	-188
<b>Net assets/liabilities acquired at fair value</b>	<b>164</b>
Goodwill from acquisition	9'298
<b>Total purchase price</b>	<b>9'462</b>
Less cash and cash equivalents acquired	-
<b>Net cash outflow on acquisition</b>	<b>9'462</b>

#### 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.

### 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. Impacts of the conflict between Russia and Ukraine

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 after July 2022. The exit from the Russian market has led to one-off costs and provisions in the amount of CHF 10 mn for write-offs and other costs, all reported under other operating expenses in the Systems Division.

### 6. Events after the balance sheet date

There were no significant events after the balance sheet date.

## 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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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 2022 interim report is also available in German, and both versions can be downloaded from our website at [www.burckhardtcompression.com/financial-reports](http://www.burckhardtcompression.com/financial-reports). The English version takes precedence in the event of a conflict.



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