
YEAR-END RESULTS FISCAL YEAR 2021

JUNE 8, 2022, WINTERTHUR



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Delivering on strategic and operational priorities and unlocking further growth in the mid to long term

NEW CEO BACKGROUND

- French & Swiss citizen
- Aeronautics & space engineer
- 5 years Boston Consulting Group
 - Paris, Zurich
- 12 years Sulzer (CH, SG)
 - Pumps, Chemtech, Corporate
- 6 years Burckhardt compression
 - Division president Systems
 - Focus on profitability increase, then energy transition and related growth

STRONG FOUNDATIONS

- Engaged employees with passionate and pragmatic culture
- Large blue-chip customer base
- Scale and global reach - leading market position in key applications
- Integrated business model Systems + Services
- Financial discipline – on track to deliver MRP targets
- Well positioned to benefit from energy transition

FUTURE PRIORITIES

- Strengthen our position as employer of choice
- Defend core markets, reinforce leading niche positions
- Expand in new markets like H₂ mobility & energy
- Focus on operational excellence to further support profitable growth
- Drive customer centricity and innovation through digitalization
- Continue to embed sustainability into strategy and operations

Content

1. Key Highlights and Market Development	F. Billard	5
2. Operational Review	F. Billard	12
3. Financial Review	R. Braendli	17
4. Strategic Update and Outlook	F. Billard	24






1. KEY HIGHLIGHTS AND MARKET DEVELOPMENT

FABRICE BILLARD
CEO

Significantly higher order intake in FY 2021

Strong profitability improvements despite marginal decline in sales

 Order Intake (CHF mn) 976.6 +44.3%	 Group Sales (CHF mn) 650.7 -1.2%	 EBIT (CHF mn) 70.3 +15.7% EBIT (%) 10.8% +1.6pp	 Net income incl. minorities (CHF mn) 50.4 +6.8% EPS 14.82 +13.9%
<ul style="list-style-type: none"> Exceptionally high level <ul style="list-style-type: none"> Solar panel production in China driving strong demand for LDPE/EVA and polysilicon applications Large projects for hydrogen liquefaction plants 	<ul style="list-style-type: none"> At prior year level, as expected <ul style="list-style-type: none"> Due to lower Systems order intake in 1H FY 2020 related to Covid-19 	<ul style="list-style-type: none"> Significantly improved EBIT <ul style="list-style-type: none"> At group and divisional level, despite lower sales 	<ul style="list-style-type: none"> Proposed dividend of CHF 7.50 per share (+15.4% y-o-y)

Significant milestones achieved in the reporting period



- First successes with commercial digital solutions
 - Collaboration with PTC (US-based technology corporation) and Microsoft to offer remote support and develop remote & augmented reality service solutions



- Acquisition of Mark van Schaick (Netherlands) BV
 - Leading provider of complex repair services – including crankshafts
 - Acquisition expands BC's repair and service capabilities in Europe and in Marine business



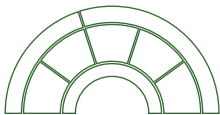
- Further momentum in Hydrogen
 - Shell New Energies partnership
 - Economical and ecological oil-free hydrogen compressor
 - Project for world's largest H₂ liquefaction plant in Korea



- Ongoing success with LNG
 - Orders for 60 compressors (new applications on LNG-fuelled ships)
 - Laby-GI recorded 1.5 mn operating hours on LNG carriers, reflecting its high level of reliability

Embedding sustainability into strategy and operations

Our approach and strategic framework



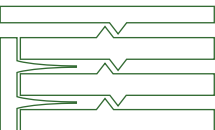
- Pragmatic and focused approach
- Link to Sustainable Development Goals

Our material sustainability topics



- 8 materiality topics
- Addressing scope 1,2 & (selected) 3
- Global data collection & KPIs

Our sustainability governance



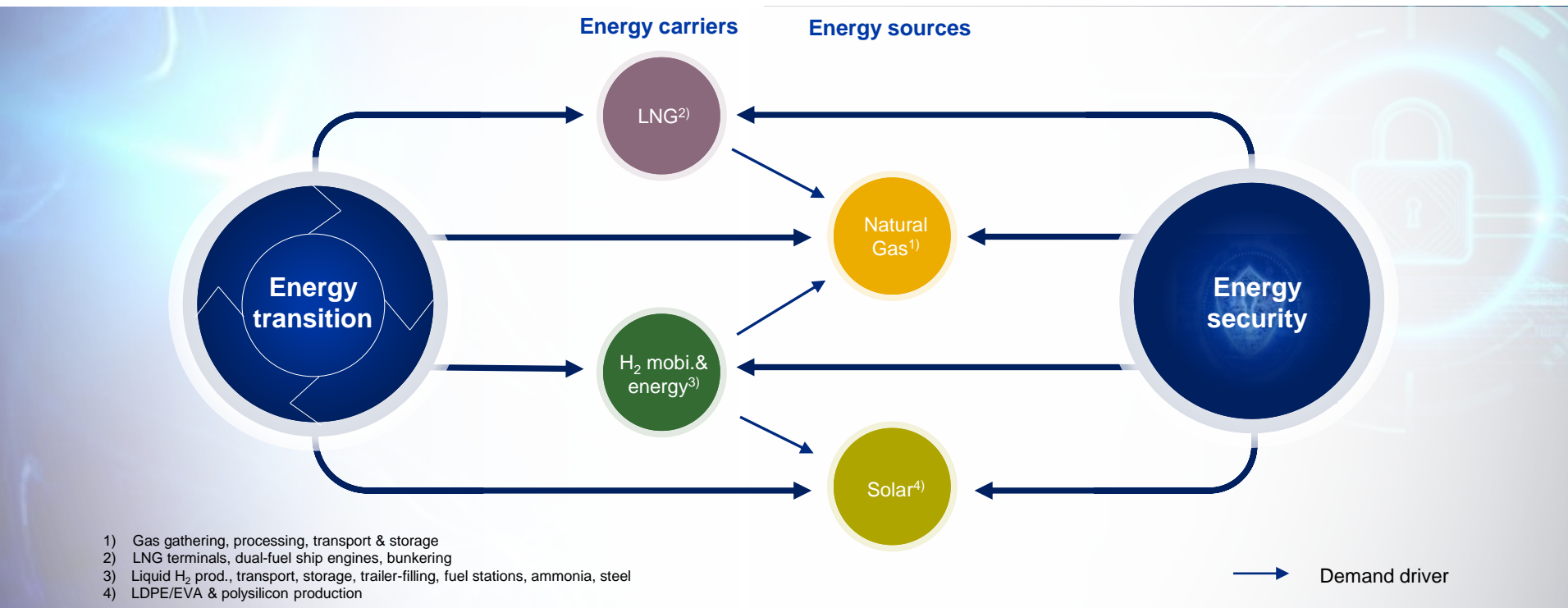
- Embedded into strategy process
- Strong leadership involvement
- Global employee engagement



Proactively navigating global challenges; resilience supported by employee commitment and business diversification

CHALLENGES	MITIGATING ACTIONS
Corona-related travel restrictions and local lock-downs (China)	<ul style="list-style-type: none">• Outstanding employee commitment and flexibility• Digital workplace and processes• Digital customer solutions (Up! Remote support)
Supply chain and logistical challenges persisting	<ul style="list-style-type: none">• Operational agility via global footprint and supply chain teams• Delays largely compensated or re-aligned with customer schedules• Raw material price increases mitigated with savings or passed on to customers
War in Ukraine	<ul style="list-style-type: none">• Only 2 to 5% of Group revenues in Russia in the past 5 years• Withdrawal from the Russian market as of mid-March 2022, with zero acceptance of new orders• Winding down backlog within limits of sanctions (ongoing). Expected one-off costs with projects from Russia with a possible EBIT impact of around CHF 5-7 million for the FY 2022 related to new sanctions imposed post the full year 2021 balance sheet closing date

Burckhardt's key markets at the crossroads of global energy trends



Market drivers remain supportive

BC continues to be well-positioned to capitalize on these trends

	Mid-Term Market drivers	Dynamics in FY 2021
Gas Gathering & Processing	<ul style="list-style-type: none"> US political support for domestic gas production Energy mix shift towards natural gas (lower CO₂ emissions) Growth of middle-class & need for natural gas-based products 	<ul style="list-style-type: none"> Re-start of investment in the USA
Gas Transport & Storage	<ul style="list-style-type: none"> Energy mix shift towards natural gas (lower CO₂ emissions) Regulations driving clean energy solutions / Feedstock for Petchem LNG as flexible source of energy to mitigate geopolitical tensions 	<ul style="list-style-type: none"> Strong demand for LNG-fueled merchant ships Sense of urgency for LNG investments
Refinery	<ul style="list-style-type: none"> Growing demand for clean fuels Flexibility to process in larger scale bio-fuels, next to different crude oil qualities / Importance of refining capacity for independent supply 	<ul style="list-style-type: none"> Some projects received for bio-fuels
Petchem/ Chemical Industry	<ul style="list-style-type: none"> Population-based demand growth for petchem/chemical products Production shift to lower feedstock price countries Increasing investment in China and CIS countries 	<ul style="list-style-type: none"> Demand peak for LDPE/EVA from solar panels (China)
Industrial Gas	<ul style="list-style-type: none"> Increasing demand for industrial gases from growth in world population Pressure to reduce CO₂ leading to commercial applications for CO₂ 	<ul style="list-style-type: none"> Strong demand for polysilicon (solar) in China
H₂ Mobility & Energy	<ul style="list-style-type: none"> Hydrogen (H₂) as fuel (buses, cars, trains, power plants) 	<ul style="list-style-type: none"> Demand for H₂ as fuel H₂ liquefaction plants

2. OPERATIONAL REVIEW

FABRICE BILLARD
CEO

Systems Division: Exceptionally high order intake

EBIT and gross profit margins up substantially despite lower sales

in CHF mn	FY 2021	FY 2020	Change
Order intake	651.1	404.6	60.9%
Sales	372.7	409.8	-9.1%
Gross profit	71.3	59.1	20.7%
In % of sales	19.1%	14.4%	4.7 pp
EBIT	21.1	16.2	30.4%
In % of sales	5.7%	3.9%	1.8 pp
Headcount (FTEs)	1'518	1'429	6.2%

- Order intake significantly above prior-year
 - Strong recovery from pandemic since early 2021, combined with an accelerated global energy transition
 - Exceptionally high order volume for LDPE/EVA & polysilicon applications driven by solar panel production in China (~CHF 150 mn)
 - Demand for applications in H₂ Mobility & Energy growing faster than expected
 - Acceleration in LNG-related applications due to global GDP growth, Marine emissions reduction regulations, high gas prices in Asia and geopolitical tensions
- Sales below prior year, as expected, due to lower (corona-related) order intake in 1HY FY 2020
- Gross profit up 20.7%, despite lower sales, due to a more favourable product mix and higher capacity utilization versus last year

Systems Division

Progress on MRP 2022 execution

		Strategic initiatives	Examples of progress in FY21
RESILIENCE & SUSTAINABLE GROWTH	NEW MARKETS TO REDUCE CYCLICALITY	<ul style="list-style-type: none"> • New Marine applications • High-Speed Compressors/BCS Compressor • Hydrogen mobility and energy • Bio-mass & CNG 	<ul style="list-style-type: none"> • Won orders for 60 compressors for new applications on LNG-fuelled ships • Entered European market for H₂ fuel stations • Orders for bio-refineries in US & Europe
	STRONGER DIFFERENTIATING CAPABILITIES	<ul style="list-style-type: none"> • Engineering excellence for demanding applications • Unique products with strong references • “Service-ready” digital products • Empower employees: “BC spirit” 	<ul style="list-style-type: none"> • Unique solution for high-pressure (550 bar), high-volume, non-lube H₂ • New cloud connected compressor under test at customer • Further increase in employee engagement & satisfaction
	OPERATIONAL EXCELLENCE	<ul style="list-style-type: none"> • Continue MRP initiatives • Transition to a modular offering • Digital processes and factory • Maintain operational flexibility to adjust to market changes 	<ul style="list-style-type: none"> • First standard products: diaphragm compressors for H₂ fuel stations • Strong ramp-up of production capacity with additional manpower & outsourcing • Material price increases largely offset by procurement savings & price increases

Services Division: Significantly higher order intake

Sales and EBIT higher

in CHF mn	FY 2021	FY 2020	Change
Order intake	325.5	272.1	19.6%
Sales	278.0	248.8	11.8%
Gross profit	119.6	107.1	11.6%
In % of sales	43.0%	43.0%	0.0 pp
EBIT	58.4	51.2	13.9%
In % of sales	21.0%	20.6%	0.4 pp
Headcount (FTEs)	1'198	1'095	9.4%

- Strong Order Intake growth
 - Strong demand for engineering solutions (revamp/upgrades)
 - Increasing demand from China, Europe and the US
- Sales increased by 11.8%
 - Fewer Corona-related travel limitations vs FY 2020
- Higher gross profit and stable gross margin
- Higher EBIT, yielding a slightly higher EBIT-margin of 21.0%
 - Largely volume driven
- Integration of acquisitions progressing
 - Arkos Field Services (USA) growing and improving profitability
 - Integration of JSW compressor business (Japan) completed successfully
 - Integration of Mark van Schaick BV business (Netherlands), acquired in December 2021, well underway

Services Division

Progress on MRP 2022 execution

		Strategic initiatives	Examples of progress in FY21
AREAS FOR GROWTH IN SERVICES	LOCAL BUSINESS	<ul style="list-style-type: none"> 60% of sales executed locally vs. centrally Authorized partners to enter fast-growing markets with low investment 	<ul style="list-style-type: none"> Further progress with Service setup in Southeast Asia (Vietnam & new agent in Brunei) Successful establishment of new subsidiary in Sweden
	SERVICE SOLUTIONS	<ul style="list-style-type: none"> More long-term service contracts for marine customers Condition assessment methodology (revamp offering) Digital solutions to support business execution 	<ul style="list-style-type: none"> Extended marine service offering & further long-term service agreements with total care packages Successful launch of first digital products Enhanced service offering following acquisition of crank gear repair provider
	OTHER BRAND COMPRESSORS	<ul style="list-style-type: none"> Engineering capabilities positioned as an entrance to the OBC business Improved global supply chain for non-OEM parts 	<ul style="list-style-type: none"> Strategic partnerships established with key 3rd party component providers – increasing access to installed base

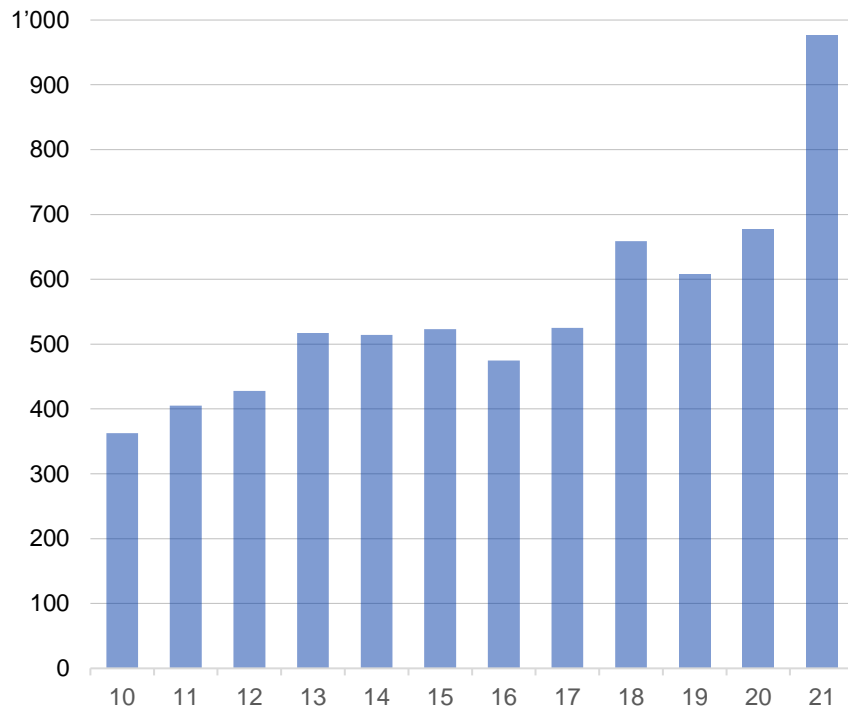


3. FINANCIAL REVIEW

ROLF BRAENDLI
CFO

Exceptionally high order intake, including a high number of large orders for LDPE/EVA and polysilicon applications

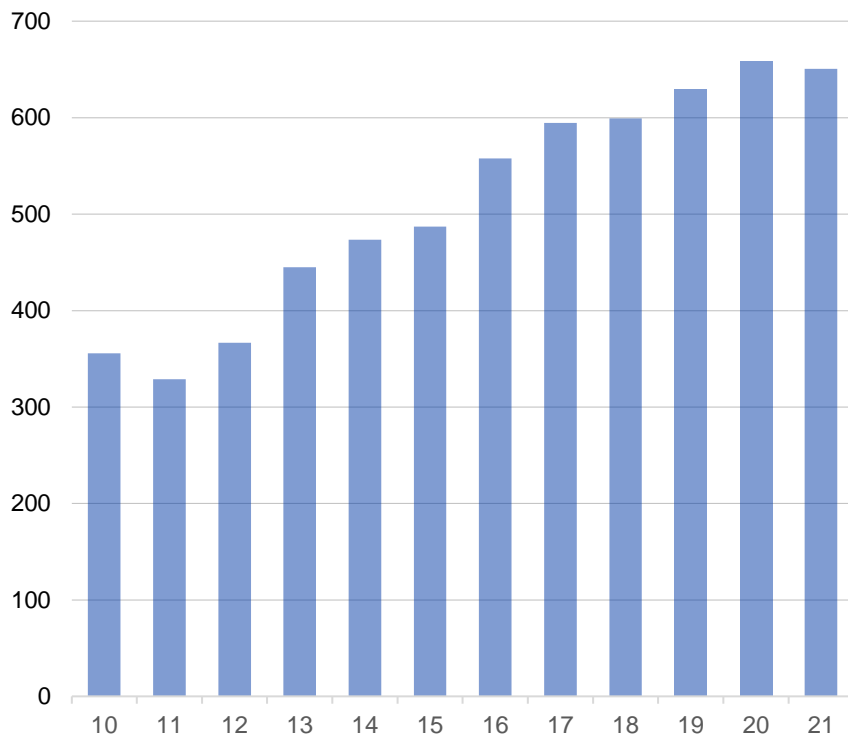
In CHF million



- Order intake at CHF 976.6 mn, 44.3% above prior-year level (42.6% net of currency translation effects and acquisitions)
- Systems Division: +60.9% to CHF 651.1 mn (+59.0% net of currency translation effects)
 - Exceptionally high order volume (~CHF 150 mn) from several orders for LDPE/EVA applications driven by solar panel production in China
 - Demand for applications in H₂ Mobility & Energy growing faster than expected
- Services Division: +19.6% to CHF 325.5 mn (+18.3% net of currency translation effects and acquisitions)
 - Previous year included a long-term service contract over 10 years in the low double-digit million amount

Overall sales at prior-year level; Lower Systems sales due to corona-impacted order intake in the first half of FY 2020

In CHF million



- Sales at CHF 650.7 mn, 1.2% less than in the prior year (-2.6% net of currency translation effects and acquisitions)
- Systems Division: -9.1% to CHF 372.7 mn
 - Sales as expected below prior year due to corona-impacted lower order intake in the first half of FY 2020
 - Shifting of some projects into FY 2022 following recent sanctions against Russia
- Services Division: +11.8% to CHF 278.0 mn (+10.9% net of acquisitions)
 - Higher sales mainly in spare parts but also field service and engineering/revamp/repair

Clear growth of EBIT and EPS in FY 2021

in CHF mn	FY 2021	FY 2020	Change
Order intake	976.6	676.6	44.3%
Sales	650.7	658.6	-1.2%
Gross profit	190.8	166.2	14.9%
In % of sales	29.3%	25.2%	4.1 pp
SG&A	-106.9	-93.1	14.9%
R&D	-19.7	-15.4	28.3%
Other operating income	6.1	3.1	98.6%
EBIT	70.3	60.8	15.7%
In % of sales	10.8%	9.2%	1.6 pp
EBT	65.6	59.2	10.8%
Income tax expenses	-15.2	-12.0	26.6%
Net income incl. minorities	50.4	47.2	6.8%
<i>Thereof minorities</i>	0.2	3.2	-93.8%
EPS	14.82	13.00	13.9%

- Gross margin up 4.1 percentage points
 - More favorable product mix leading to higher gross margin in Systems business
 - Higher share of Service business (43% in FY 2021 vs 38% in FY 2020)
- SG&A at 16.4% of sales (FY 2020: 14.1%)
 - Prior year includes cost deductions of CHF 8 mn from Corona-related Government subsidies
 - Increased sales activities especially in H₂ applications
- R&D up CHF 4.3 mn due to development and improvement of marine solutions, enhancing compressor solutions for H₂ applications and development of digital solutions
- Other operating income up CHF 3.0 mn due to non-recurring effects
- Tax rate at 23.2% (FY 2020: 20.3%) due to higher share of profit in countries with higher tax rates and non-refundable withholding tax on internal dividend distributions
- Clear growth in EPS: strongly reduced minority stake

Balance sheet bolstered by high volume of advance payments from customers; equity ratio close to 30%

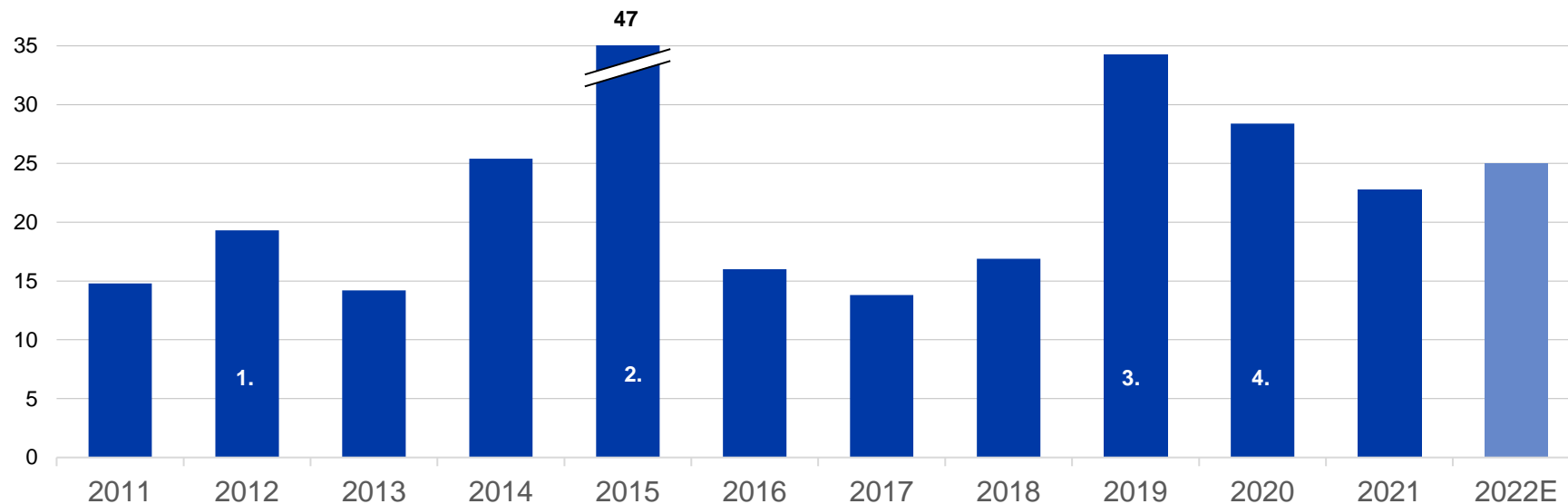
in CHF mn	FY 2021	FY 2020 ¹
Property, Plant & Equipment	183.2	180.1
Inventories	192.4	151.0
- Thereof WIP	82.9	61.2
- Thereof Adv. Payments to Suppliers	27.8	19.6
Trade Receivables	259.0	260.4
Trade Payables	97.3	92.5
Adv. Payments from Customers	162.7	92.3
Shareholders Equity in % of Total Balance Sheet	29%	29%
Net financial position	-56.8	-82.4

¹Inventory and customer advance payments have been restated accordingly due to a change in accounting policies.

- Property, Plant & Equipment stable at prior-year level
- Trade receivables at high prior-year level
 - 25% of the trade receivables overdue more than 90 days as per year-end (prior year: 24%)
 - Trade receivables overdue more than 90 days mainly related to projects in China.
- Balance between advance payments from customers and work in progress plus advance payments to suppliers increased significantly to CHF 52.0 mn (prior year CHF 11.5 mn)
- Equity ratio remained at 29%, slightly below the target level of 30% due to the higher balance sheet total and offsetting of goodwill from the Mark van Schaick BV acquisition against shareholders equity
- Net financial position improved by CHF 25.6 mn to CHF -56.8 mn
- Proposal to the AGM for FY 2021 dividend of CHF 7.50 per share (prior year: CHF 6.50 per share)

Capital Investments in FY 2021 below the past two years, close to CHF 23mn – similar level as depreciation & amortization

In CHF million



- 1) Including CHF 5.8 mn investments in real estate (construction of a new building of Prognost in Germany and several modifications to the factory in Winterthur)
- 2) Including assembly sites USA, South Korea and building expansion in Winterthur as well as early replacement of machining tools in Winterthur and globalization of IT infrastructure
- 3) Including CHF 17.0 mn assets under construction for the relocation project of Shenyang Yuanda Compressor (shown in balance sheet net of the related government subsidies)
- 4) Including CHF 13.9 mn for the relocation project of Shenyang Yuanda Compressor (shown in balance sheet net of the related government subsidies)

Net financial position improved further in FY 2021

in CHF mn	FY 2021	FY 2020
Cash Initial Balance	75.4	90.3
Cash Flow from Operating Activities	134.7	132.2
Cash Flow from Investing Activities	-34.1	-40.4
Cash Flow from Financing Activities	-73.9	-109.5
Currency Translation Differencies	-1.1	2.8
Cash Position	101.0	75.4
Borrowings	-157.8	-157.8
Net Financial Position	-56.8	-82.4

- Improved net financial position (net debt) of CHF -56.8 mn
 - Cash flow from **operating activities** at high level of CHF 134.7 mn, marginally above the prior year
 - Cash flow from **investing activities** includes CHF 9.4 mn cash out for the Mark van Schaick BV acquisition and regular CAPEX investments. FY 2020 also includes cash out of CHF 21.2 mn for the acquisition of JSW's compressor business (Japan)
 - Cash flow from **financing activities** includes the last installment of CHF 51.5 mn for the remaining 40% acquisition of Shenyang Yuanda Compressor (closing 23 February 2021) and a dividend payment of CHF 6.50 per share for FY 2020
 - Borrowings remain at the prior year level and includes a CHF 100 mn bond with a term until September 2024



4. STRATEGIC UPDATE AND OUTLOOK

FABRICE BILLARD
CEO

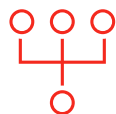
What has BC achieved to date in the context of its MRP 2022 targets

Focused on sustainable value creation for all stakeholders within MRP period and beyond



Geographical positioning & large customer base offer scale benefits for future growth

- Mitigated Covid-19 impact & geopolitical crises
- Strong backlog distributed over the existing production capacity



The integrated Systems and Services business model provides overall stability across the entire value chain

- Increasing installed base a driver for SERV growth
- Digital solutions developed jointly (SYST & SERV)



Well positioned to participate and benefit from new applications and the changing energy mix

- Solar panels, LNG and H₂ mobility key drivers for SYST growth
- Well positioned to further benefit from these trends



Committed to reach MRP 2022 group targets and further drive profitable growth

- MRP 22 targets within reach / stronger-than-expected SYST backlog provides visibility beyond current MRP with a different SYST/SERV mix
- Next MRP targets to be announced in FY 2022



Disciplined approach to capital allocation underpins strategic execution and value creation objectives

- RONOA close to 20%
- JSW & MvS acquisitions meet the Group's financial criteria / JSW integration completed; MvS on track

Key Priorities for FY 2022: Deliver on MRP 2022 target whilst monitoring and mitigating external challenges



Group

- Define new MRP directions and targets, next CMD planned for Nov 1st, 2022
- Attract, train and retain employees to deliver on the solid backlog
- Further embed sustainability and digitalization into our operations
- Prepare IT and data architecture for growth and digital businesses
- Continue to mitigate macro economic disruptions and Covid related lockdown



Systems Division

- Continue to mitigate sanctions, supply chain constraints and raw material price fluctuations
- Further push and establish solutions for solar panels, LNG and hydrogen mobility
- Further optimize product costs through procurement, process optimization and product modularization



Services Division

- Ongoing realization of service volume from recent acquisitions and increasing installed base
- Continued focus on financial performance improvement at Arkos
- Further develop and push digital products with tailor-made service and maintenance concepts

FY 2022 financial guidance

Guidance FY 2022*

Sales	CHF 720 – 760 mn
EBIT margin	At similar level as FY 2021

*Based on the following considerations:

- Russian projects in the order backlog cannot be invoiced in FY 2022
- One off costs in the range of CHF 5-7mn at EBIT-level in the context with projects from Russia in the order backlog.
- Clearly higher share of SYST business volume compared to FY 2021 and mid range plan



Glossary

- BC Burckhardt Compression
- OBC Other brand compressors
- OEM Original equipment manufacturer
- JSW The Japan Steel Works, Ltd.
- LdPE Low density polyethylene
- EVA Ethylene-Vinyl-Acetate
- LNG Liquefied natural gas
- CNG Compressed natural gas
- MRP Mid range plan
- EBIT Earnings before interest and taxes
- EBT Earnings before taxes
- EPS Earnings per share
- RONOA Return on net operating assets



Burckhardt Compression

Compressors for a Lifetime™