



# **BURCKHARDT COMPRESSION CAPITAL MARKETS DAY**

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**1 NOVEMBER 2022**

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# Agenda

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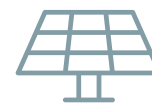




# INTRODUCTION

Fabrice Billard

# Burckhardt Compression solutions make gas usable and transportable for the industry and energy generation



Solar panels



Lubricant oil



Industrial plastic



Electrical power



Cosmetics



O<sub>2</sub>-bottles  
(pharma, industry)



Automotive parts



Consumer gas bottles



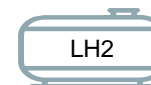
Pharmaceuticals



Transportation fuel  
(incl. renewables)



LNG

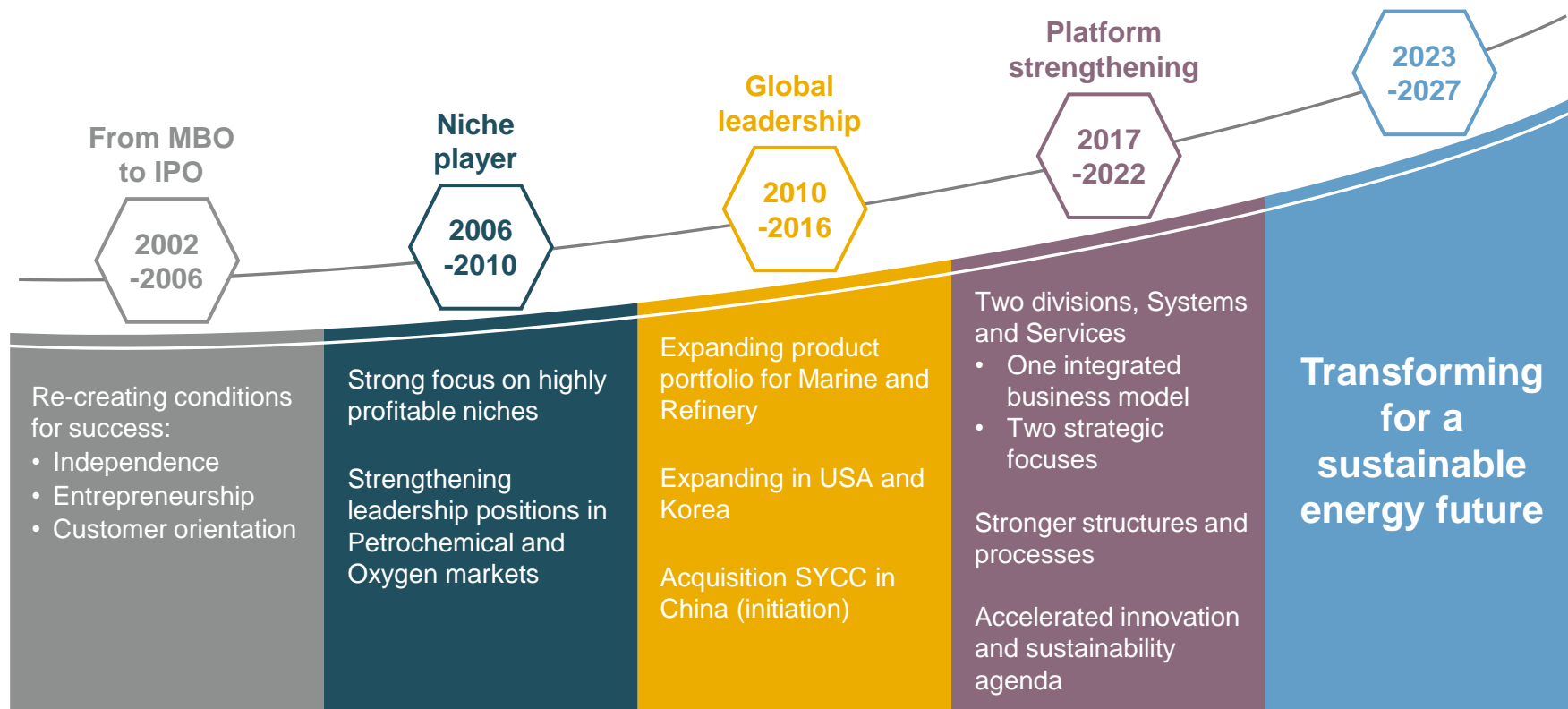


LH2



LPG

# Embracing the next chapter in the Company's growth agenda



# Leadership team - committed to advancing Burckhardt Compression to the next level



## GROUP CEO

**Fabrice Billard**

Years at BC: 6

Experience:

President Systems Division, BC  
Chief Strategy Officer, Sulzer



## GROUP CFO

**Rolf Braendli**

Years at BC: 14

Experience:

Head of Finance & Administration, Sulzer  
Brasil S.A.



## GROUP HR

**Vanessa Valentin**

Years at BC: Since June 2022

Experience:

Senior VP Human Resources, VAT Group



## PRESIDENT SYSTEMS DIVISION

**Andreas Brautsch**

Years at BC: Since October 2022

Experience:

Group Vice President, Global Lead  
Switchgear Business Hitachi Energy



## PRESIDENT SERVICES DIVISION

**Rainer Duebi**

Years at BC: 19

Experience:

Head of Design & Manufacturing, Senior  
Sales Manager, BC

# Burckhardt Compression looking forward

1. On track to deliver MRP 2022 targets – Raising the bar for 2027, aiming for CHF 1.1 bn sales and 12% - 15% EBIT margin
2. A highly dynamic market where BC is growing fast in applications related to the energy transition
3. A strong commitment to value creation (RONOA > 25%) and sustainable development



# Raising the bar

Financial targets		MRP 2022		MRP 2027
Group	Sales (CHF mn)	700	↗ ↗ ↗	1'100
	EBIT margin	10% - 15%	↗	12% - 15%
	EBIT range (CHF mn) <sup>1</sup>	70 - 105	↗ ↗ ↗	132 - 165
	RONOA	n/a		> 25%
	Dividend payout ratio	50% - 70%	→	50% - 70%
Systems	Sales (CHF mn)	340	↗ ↗ ↗	620
	EBIT margin	0% - 5%	↗ ↗ ↗	5% - 8%
	EBIT range (CHF mn)	0 - 17	↗ ↗ ↗	31 - 50
Services	Sales (CHF mn)	360	↗ ↗	480
	EBIT margin	20% - 25%	↗	22% - 25%
	EBIT range (CHF mn)	72 - 90	↗ ↗	106 - 120

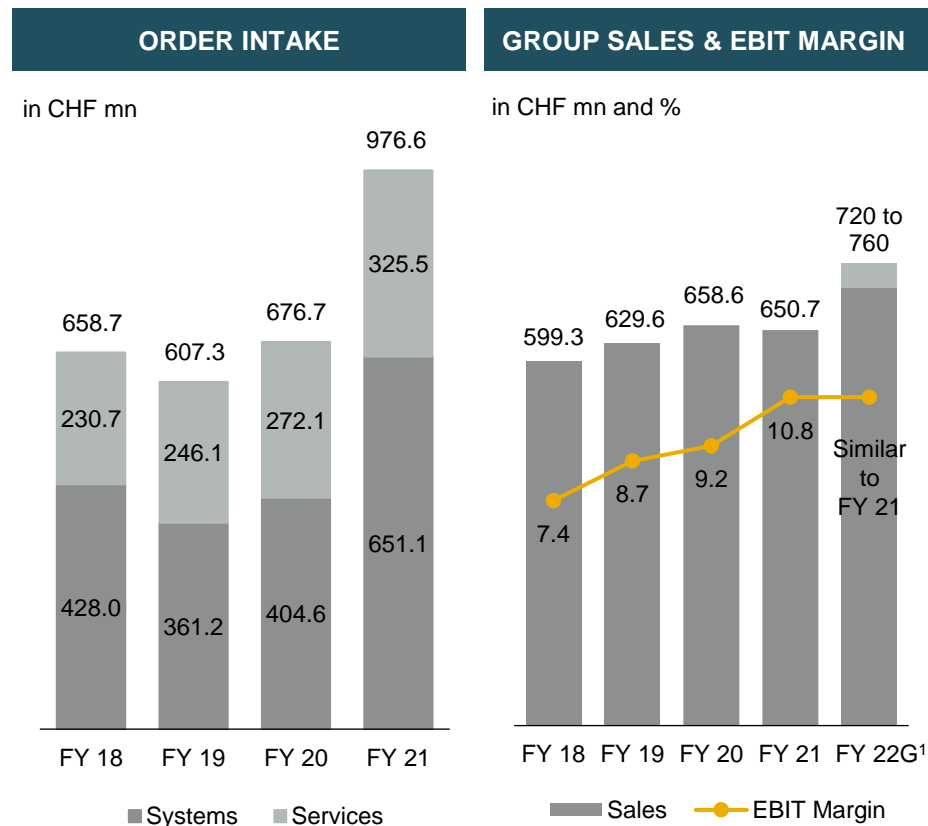


# STRONGER PLATFORM FOR SUCCESS

Fabrice Billard

# Demonstrated resilience and delivering on our MRP 2022 targets

1. On track to achieve target revenue growth (CHF 700 mn) & margin expansion (10% to 15% EBIT) ✓
2. Realized SYST profitability turnaround ✓
3. Grew SERV OBC & develop as full Service provider ✓
4. Developed Marine business & entered new markets (e.g., HME) ✓
5. Maintained financial discipline ✓
6. Prepared organization for future: Markets, Innovation & Sustainability ✓



# Established a stronger operational platform

## Selected examples

### GROUP FUNCTIONS

- ✓ New sustainability function & global data collection
- ✓ Global Support Center in India

#### SYST



#### SERV



#### Processes & quality

- ✓ New global processes ("Strong & Sustainable")
- ✓ New test beds in CH, CN and IN

- ✓ New global processes ("STREAM")
- ✓ Regional structure and business drive

#### Productivity & product costs

- ✓ New factory in China
- ✓ New strategic procurement function

- ✓ Arkos locations consolidated
- ✓ Operational excellence in spare parts supply

#### New business platforms

- ✓ New segment team Hydrogen Mobility & Energy
- ✓ Export team & process for SYCC compressors

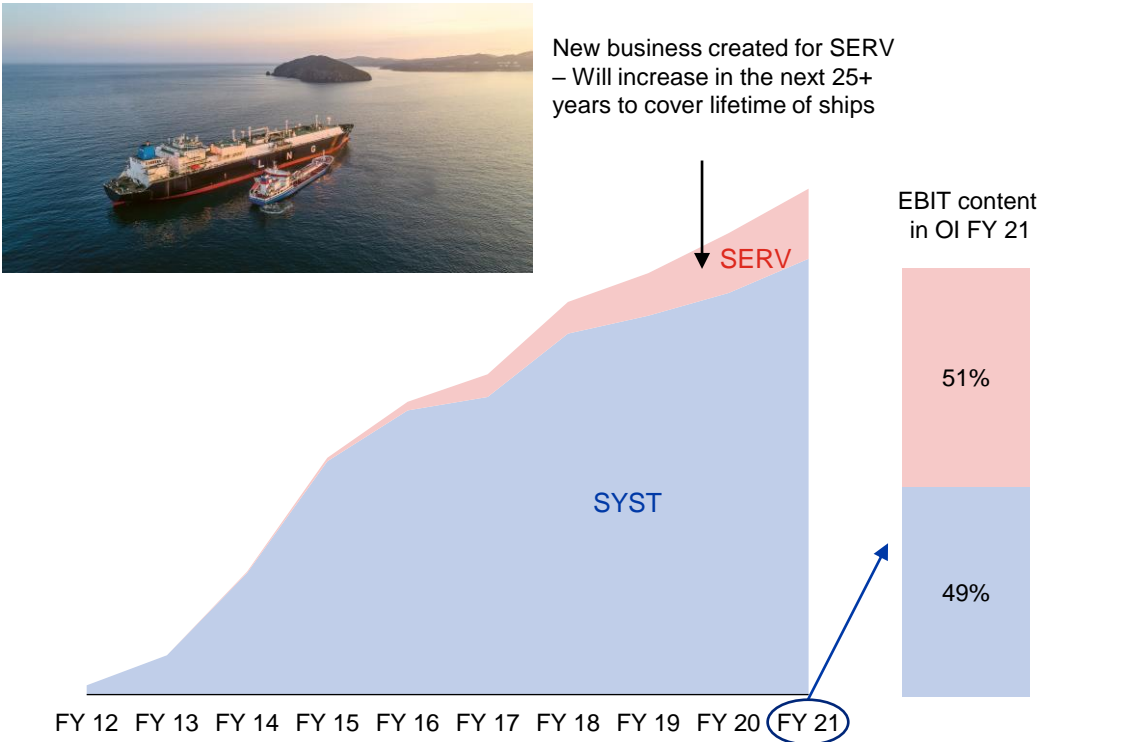
- ✓ Global marine organization established
- ✓ 24/7 Technical Support Center established



# Reinforced our integrated SYST/SERV business model





Duration	Phase	Division in charge	
1-3 years	Evaluation and start construction	Systems Division	
10-22 months	Manufacturing of compressor system		
1-12 months	Compressor installation	Systems Division supported by Services Division	
1-2 months	Start-up compressor		
2 years (avg)	Warranty period	Services Division	
20-40 years (avg)	Post warranty		

## EXAMPLE: LNGM BUSINESS 2012 - 2022 (OI CUMULATIVE)



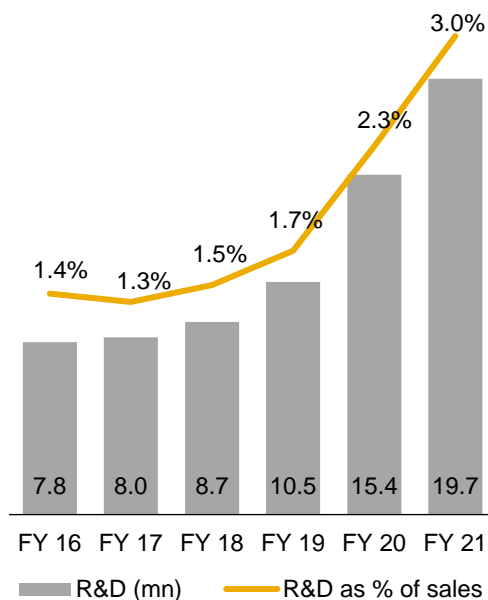
# Strengthened global footprint and market access through acquisitions

## TRACK - RECORD OF ACQUISITIONS

		ARKOS	SYCC	JSW	Mark van Schaick
	Date of completion (100%)	25/11/2019	23/02/2021	21/04/2020	21/12/2021
	Country	USA	China	Japan/Global	Europe
	Segments/Divisions/ Expertise	OBC, Midstream, Service network	Domestic/REF/PCI/ supply chain	PCI/Laby®	High-tech crankshaft repairs/Marine
Strategic pillars	Geographical expansion	✓	✓	✓	
	Offering expansion	✓	✓		✓
	Vertical integration		✓		✓
Financial/op discipline	Complexity of integration/ Completion status	*** 	*** 	** 	* 
	Returns (ROCE > WACC)	3 years	Ongoing	1 year	1 year

# Increased innovation to enter new markets

## REACHED TARGET & SUSTAINABLE R&D INVESTMENT LEVEL



## NEW GROWTH PRODUCTS CREATED



### Marine applications

- New Marine Compressor (NMC)
- Marine High-pressure (MHP)
- Laby®-GI non-lube

### Hydrogen Mobility & Energy (HME)

- Diaphragm compressor range
- High-pressure vertical compressors
- Non-lube sealing technology

## ENHANCED SERVICING CAPABILITIES



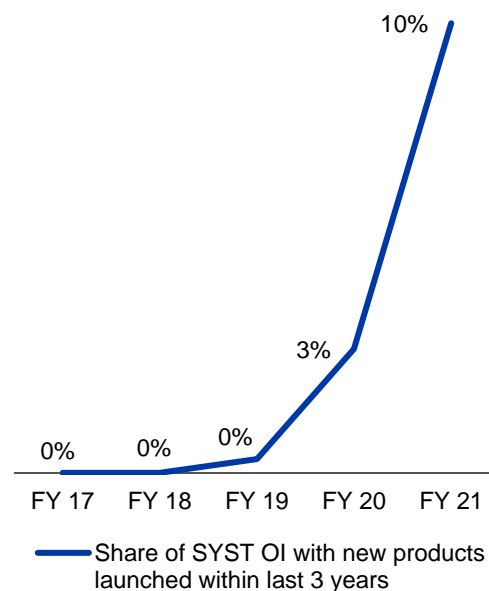
### Full-service solutions

- Marine Dry-Docks/LTSAs
- HME service packages
- Standardized upgrades incl. compressor health-assessment

### Digital services

- Up! Remote Support
- MyFleet customer portal

## NEW PRODUCTS CONTRIBUTING TO GROWTH



# Implementing a structured and impact-oriented sustainability agenda





# Burckhardt Compression today: A future-proof global leader

## KEY SUCCESS FACTORS

Capturing rapid market developments linked to the energy transition

Managing the SYST market cycles

Cost competitiveness and resilient supply chains

Ability to support customers over the compressor lifetime

Attracting, retaining & developing talent

## OUR COMPETITIVE EDGE

Focus on reciprocating compressors – “all eyes on the ball”  
Innovation culture combined with strong customer partnerships

Resilience provided by global presence, broad application portfolio and growing Service business

Innovative solutions with lowest Total Cost of Ownership. Strong presence in India and China. Mostly regional & local supply chains

Integrated operating model with two divisions  
Strongest global service network for recips, incl. for Marine





Top-rated employer with down-to-earth, people oriented and entrepreneurial culture



# TRANSFORMING MARKET; NEW OPPORTUNITIES

**Fabrice Billard**

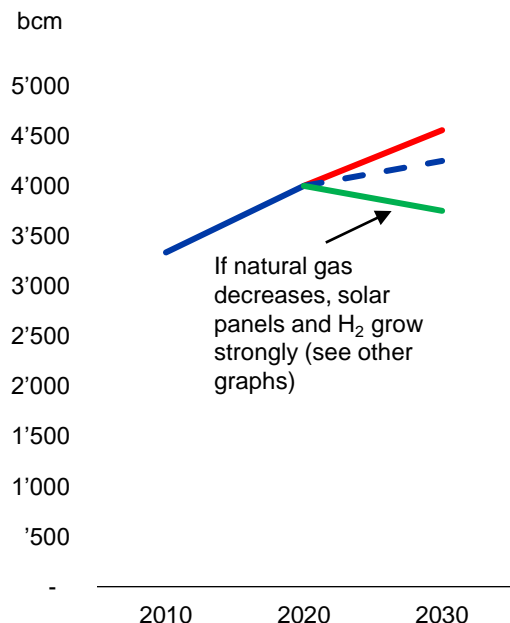
# Megatrends outlined in 2020 reinforced by the energy transition

	Demographics & Economic power 	Climate & Regulation 	Technology 	Regional Dynamics 
Stronger than 2020		<p>Hydrogen as a fuel</p> <p>Stricter environmental regulations = clean energy solutions in marine applications</p> <p>Clean fuels</p>	<p>Digitalization, IoT</p> <p>Phase out of less efficient technologies triggers replacement cycles</p>	<p>Shift of gas production to countries with lower feed stock price</p> <p>Additional LNG import terminals under planning/construction</p>
Unchanged since 2020	<p>World population growth = increasing demand for industrial gases</p> <p>Annual ~2% demand growth for Petchem/chemical products for industrial- and consumer products</p> <p>Growth of middle-class in emerging countries driving need for natural gas-based products</p>	<p>Changing energy mix</p> <p>USA political support for domestic gas production</p> <p>Natural gas as a cleaner and less expensive source of energy</p> <p>Environmental pressure to reduce CO<sub>2</sub></p>	<p>Flexibility to process different crude oil qualities and upgrading the bottom of the barrel (heavy crude oil)</p>	<p>Shift of gas production to countries with lower feed stock price</p> <p>Additional LNG import terminals under planning/construction</p>
Weaker than 2020	<p>Investments in Asia</p> <p>Increasing interest rates (new)</p>			<p>PCI investments in CIS countries and Russia</p> <p>China PCI capacities build-up</p>

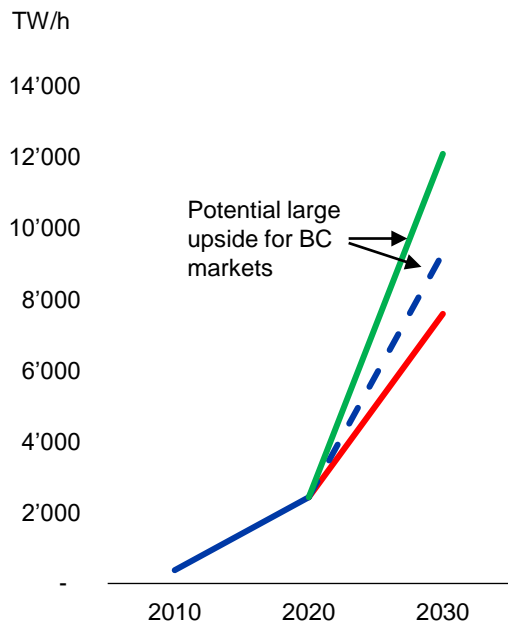
# Strong dynamics in market supporting the energy transition

## BC market expected to grow in any scenario

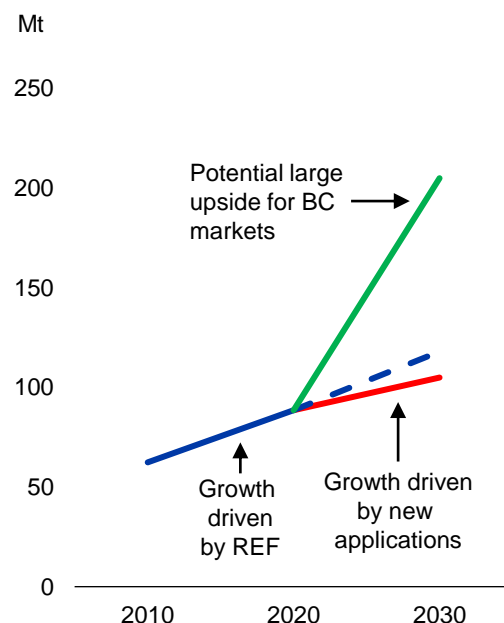
**NATURAL GAS DEMAND BY SCENARIO**



**SOLAR PV & WIND GENERATION BY SCENARIO**



**HYDROGEN DEMAND BY SCENARIO**



Historical

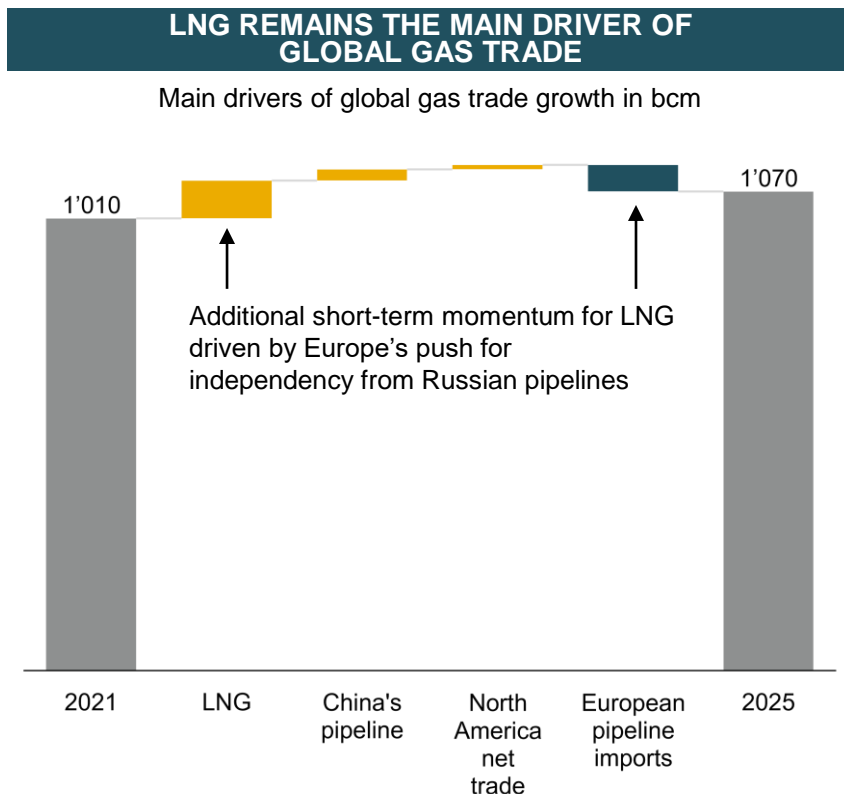
Stated Policies Scenario

Announced Pledges Scenario

Net Zero Scenario by 2050



# LNG remaining strong in the next few years



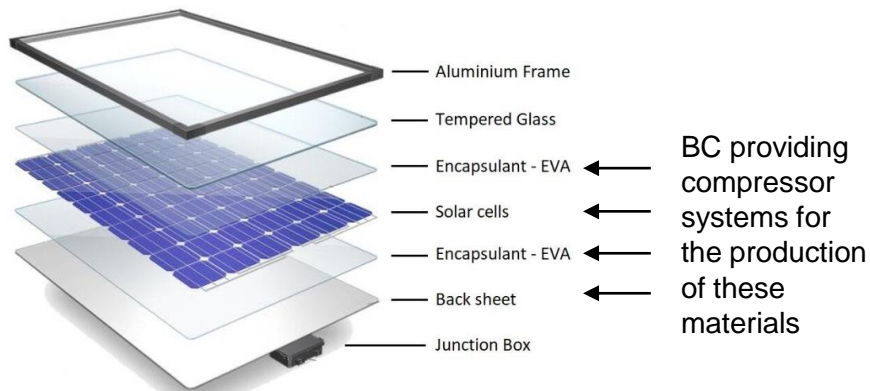
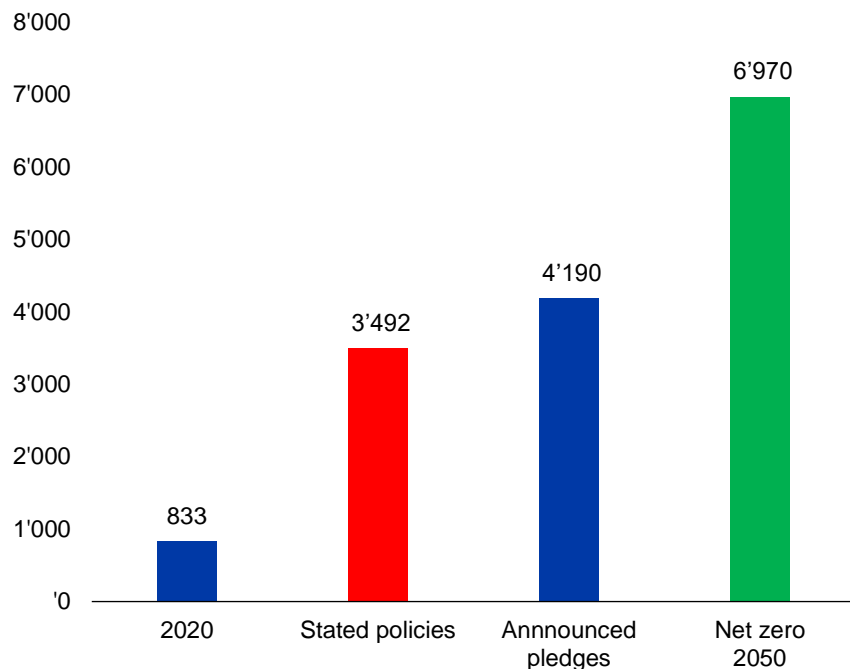
## Opportunities for BC:

- LNG import terminals, FSRUs
- LNG carriers (high-pressure technology)
- LNG carriers (low-pressure technology)
- LNG-fueled ships

Market potential: CHF 200 - 500 mn market p.a. depending on energy transition scenario

# Solar panel-related applications expected to grow strongly

ELECTRICITY GENERATION BY SOLAR PV  
BY SCENARIO IN 2030 (TWH)



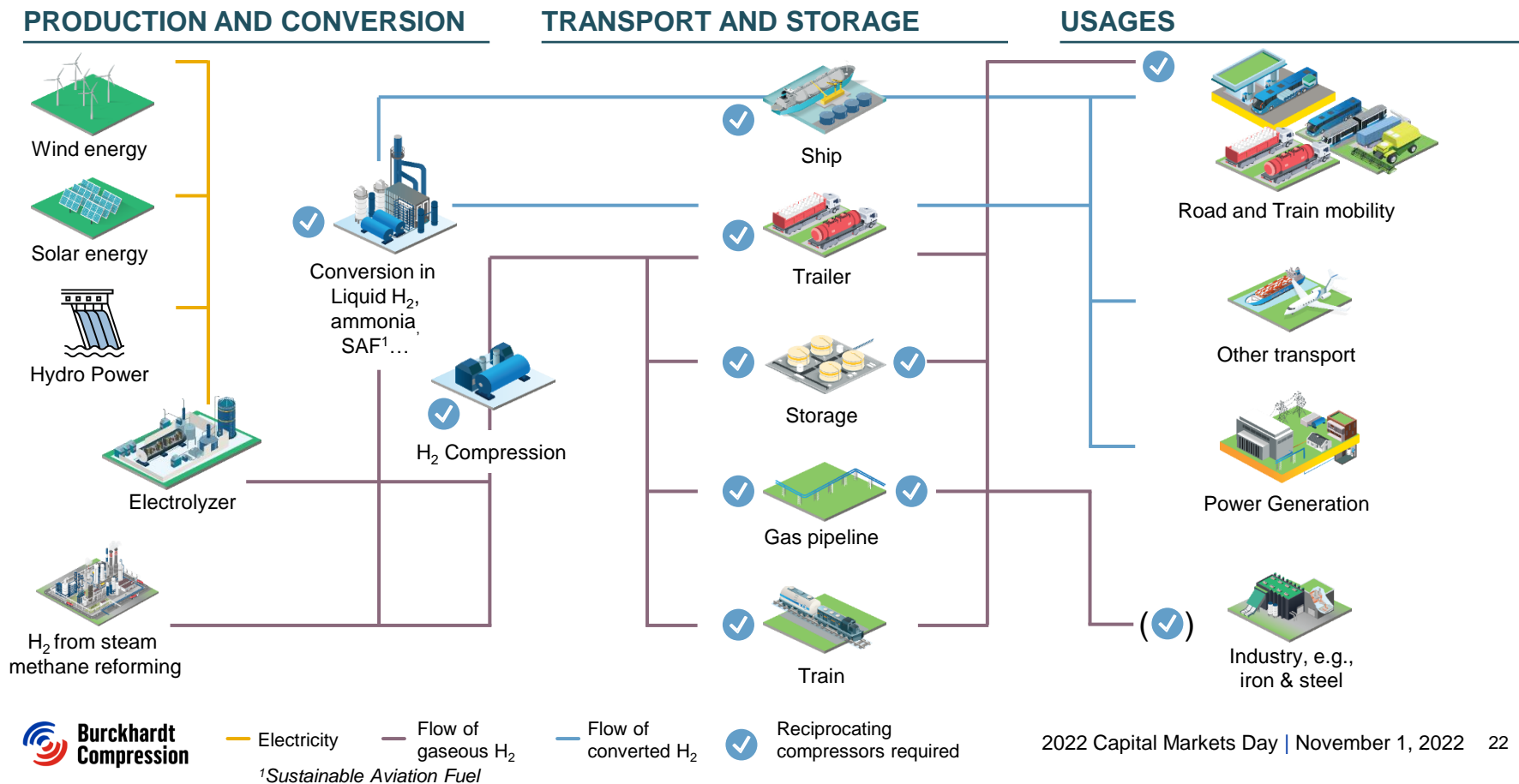
More new solar panel production capacity planned in next 10 years than built in past 20 years.

## Opportunities for BC:

- Hyper compressors for EVA production
- Compressors for polysilicon plants (solar cells)
- Compressors for polymer production (back-sheet)

Market potential: **CHF 200 - 400 mn** market p.a. depending on energy transition scenario

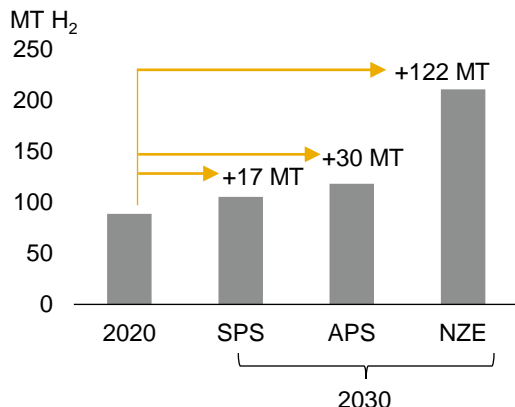
# The hydrogen value chain requires reciprocating compressors at different stages



# Entire hydrogen value chain offers opportunities for growth

## Est. total market size 2027: CHF 600 to 1'000 mn depending on scenario

### SIGNIFICANT H<sub>2</sub> PRODUCTION INCREASE IN ALL 3 SCENARIOS



#### Opportunities for BC

- Hydrogen liquefaction plants:  
1Mt annual capacity of LH<sub>2</sub>  
= ~30 LH<sub>2</sub> plants of 90t per day  
= CHF ~200 - 400 mn worth of compressors
- Hydrogen processing for Ammonia production based on green H<sub>2</sub>
- Hydrogen (and CO or CO<sub>2</sub>) processing for production of synthetic fuels (e.g., SAF)

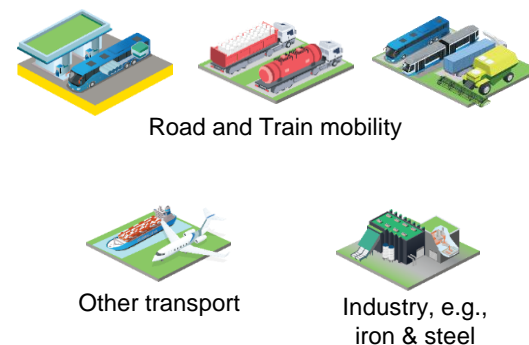
### TRANSPORT AND STORAGE INFRASTRUCTURE WILL REQUIRE COMPRESSORS

		Transport distance	Compressors needs
Pipelines	Retrofitted	<5000km	✓
	New		✓✓
Shipping	LH <sub>2</sub>	>1000km	✓✓
	NH <sub>3</sub>		✓✓
Trucking	LOHC	>1000km	-
	LH <sub>2</sub> Trucking		✓
	Gaseous trucking		✓✓✓

#### Opportunities for BC

- Pipeline injection & booster
- Trailer filling
- Hydrogen storage (liquid Boil-off gas)
- Hydrogen storage (gas injection)
- Boil-off-gas handling (H<sub>2</sub> or Ammonia) for storage and on ships

### USAGES WILL DEVELOP AT DIFFERENT SPEED AND OPEN NEW OPPORTUNITIES

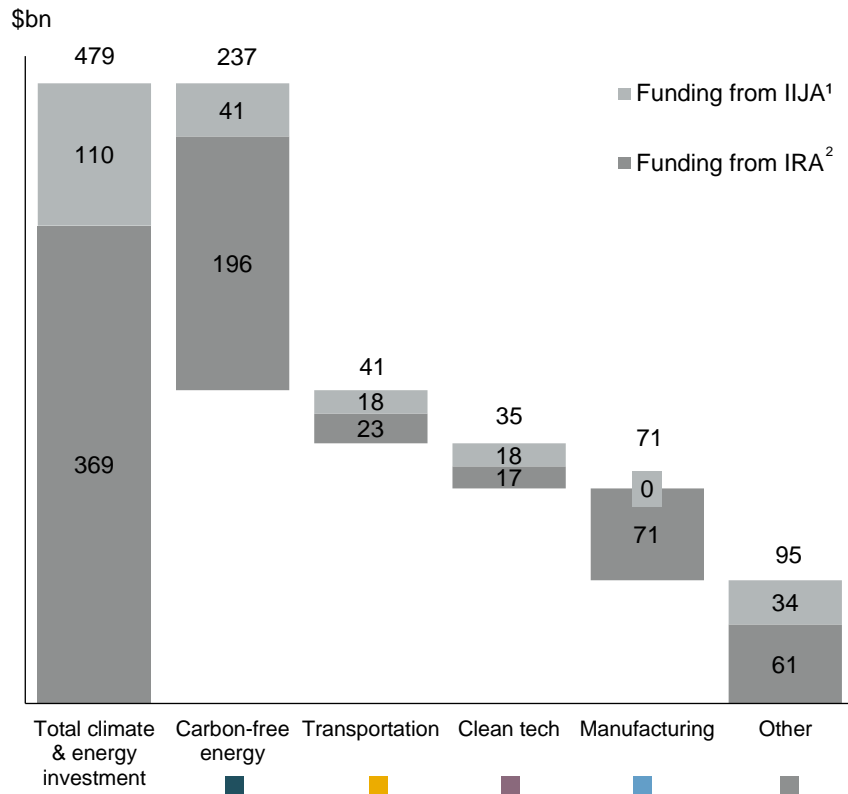


#### Opportunities for BC

- Re-fueling stations < 1 t per day
- Re-fueling stations > 1-40 t per day
- Hydrogen processing for industry (> 30 bar)



# Sense of urgency crystalizing into real investments (USA example)



## Investment agenda supports BC's positioning

Carbon-free energy	✓ Tax credits for investments in solar & storage ✓ Tax credits for producing wind & nuclear energy ✓ Tax credits for transmission interconnects related to these clean energy projects ✓ Funding for energy efficiency
Transportation	✓ Tax incentive for purchase of electric vehicles ✓ Funding for EV charging infrastructure
Clean tech	✓ Carbon capture tax credit for point source capture ✓ Carbon capture tax credit for direct air capture (DAC) ✓ Tax credit for production of clean hydrogen ✓ Funding for hydrogen and DAC hubs ✓ Funding for sustainable aviation fuels (SAF)
Manufacturing	✓ Funding for advanced manufacturing production ✓ Investment for advanced industrial facilities
Other	✓ Agriculture initiatives ✓ Methane emissions charge (revenue generating) ✓ Resilience investments (e.g., rural area dev.) ✓ Greenhouse gas reduction fund

# New applications are driving market growth

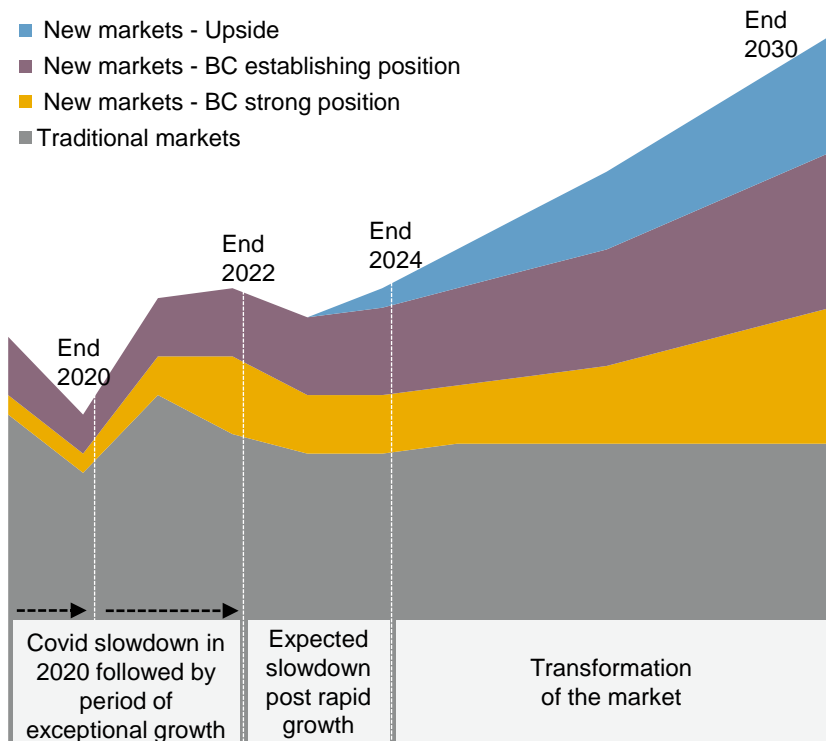
## Upside potential

Opportunity for BC Systems	Market size past 12 months	Short-term potential	Mid-term potential	Long-term potential
Traditional BC markets (PCI low pressure, REF, IG, ...)	▲ ▲ ▲ ▲	▲ ▲ ▲ ▲	▲ ▲ ▲ ▲	▲ ▲ ▲ ▲
Gas Gathering & Processing - High-speed	▲ ▲ ▲ ▲	▲ ▲ ▲ ▲	▲ ▲ ▲ ?	?
LNG	▲ ▲	▲ ▲	▲ ?	?
Solar panel applications	▲ ▲	▲	▲ ▲ ?	▲ ▲ ?
Hydrogen – Liquid production	▲	▲ ▲	▲ ▲	▲ ▲ ?
Hydrogen – Mobility applications	▲ ▲	▲ ▲ ▲	▲ ▲ ▲	▲ ▲ ▲ ▲
Refinery – Green fuels (SAF...)			▲	▲ ▲ ▲
Hydrogen – Industrial applications			?	▲ ▲
Hydrogen – Pipelines			??	▲
Hydrogen – Green ammonia			??	▲ ▲
Carbon Capture Utilization & Storage			?	▲ ▲
Total addressable market (CHF bn)	4-5	4-5	4-6	5-10

# SYST market to grow strongly after slow-down in FY 23-24

## Upside potential

### SYSTEMS MARKET SIZE - INDICATIVE



Upside outside MRP targets – To be monitored to trigger investments in capacity and drive growth



Establishing positions on future-oriented markets – Focus Hydrogen

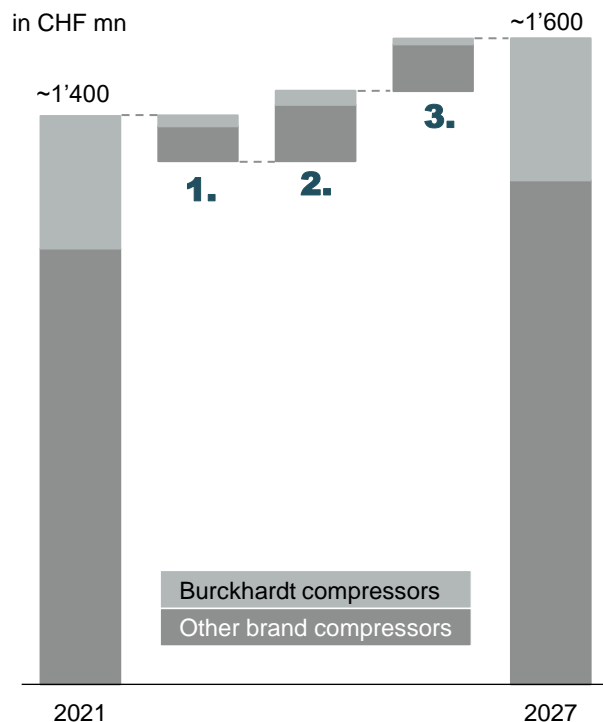


Traditional markets (e.g., REF) expected to flatten or slightly decline, replaced by markets where BC already has strong positions (e.g., solar panel, LNG and Liquid H<sub>2</sub> production applications)

Speed of transition from traditional to new markets uncertain but BC is “hedged”

# Service market growing, with opportunities on BC and OBC compressors

## ACCESSIBLE SERVICE MARKET



## GROWTH OPPORTUNITIES AND DRIVERS

- Service market is expected to grow at around **2.6% p.a.**, to **CHF 1'600 mn**
- Current market share: 60-70% for BC compressors and 8%-12% for OBC
- Ambition 2027: 70+% for BC compressors and 15+% for OBC

- 1.** Equipment taken out of operation, both BC and OBC will lead to reduced service potential
- 2.** New units installed during the last 4 years will create significant new business for services
- 3.** New business opportunities
  - Increasing demand for labor, consulting services and solutions for critical aging equipment (skill shortage at customers' sites)
  - Diagnostics and emission reduction upgrades on existing installed base
  - Extensive service requirements in Marine and HME
  - Digital services

# Wrap-up: A transforming market with new opportunities and upside potential

## Market dynamics



1. Strong dynamics in SYST markets supporting the energy transition



2. BC presence in key applications ensure growth in any scenario



3. Upside potential to be evaluated in next 2 - 3 years



4. Additional opportunities in Services emerging from sustainability agenda





# STRATEGIC FRAMEWORK & COMMITMENTS

**Fabrice Billard**





Our Purpose

**We create leading compression solutions  
for a sustainable energy future**

# Targets 2027: Doubling EBIT while transforming

## Key business objectives



Long-term  
**customer  
partnerships**



Approx. 40% of  
business  
supports  
**energy  
transition**



**Employer of  
choice**



Own GHG  
**emission  
intensity  
reduced by  
>50%**



**One  
connected  
company &  
customer  
oriented digital  
services**

## Financial targets 2027

**~1.1 bn**  
Sales  
(9% CAGR<sup>1</sup>)

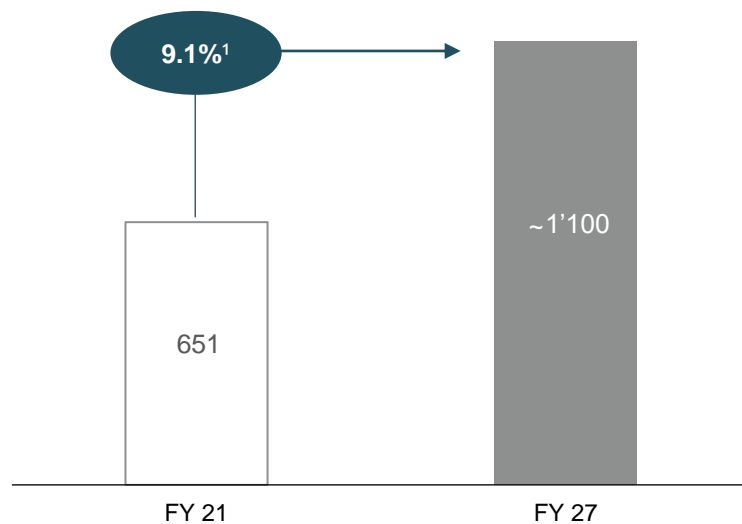
**12% - 15%**  
EBIT margin

**>25%**  
RONOA

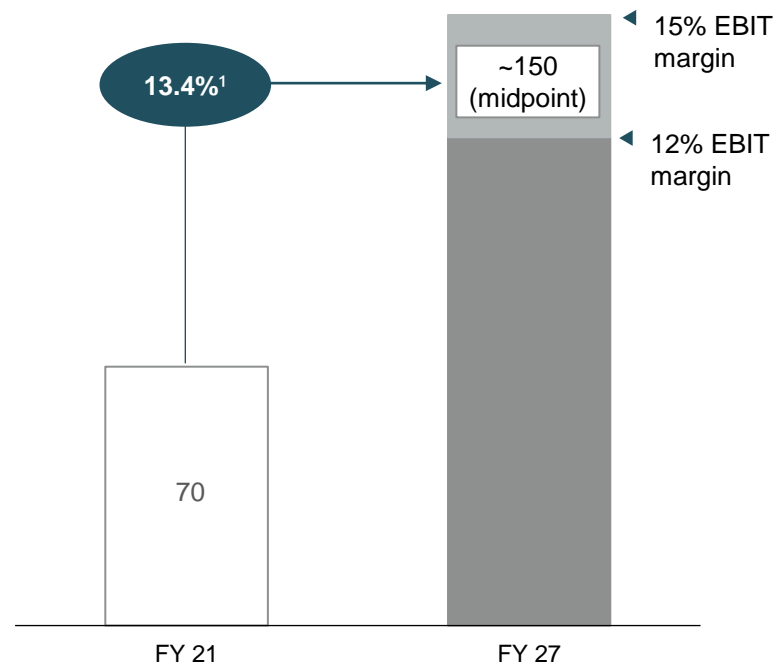
**50% - 70%** dividend payout ratio

# Strong sales growth and doubling of EBIT

## SALES (CHF MN) DEVELOPMENT



## EBIT (CHF MN) AND EBIT MARGIN DEVELOPMENT



# Four strategic levers to transform and deliver our new MRP targets



## Strengthen core business

- Consolidate market share in traditional SYST markets → Focus: China, USA, PCI, LNG, Solar
- Grow SERV as full-service provider → Focus: coverage of installed base, USA & Marine



## Operational excellence

- Improve product competitiveness
- Increase efficiency via automation & digital processes
- Leverage current footprint and SG&A



## Transform & build new growth avenues

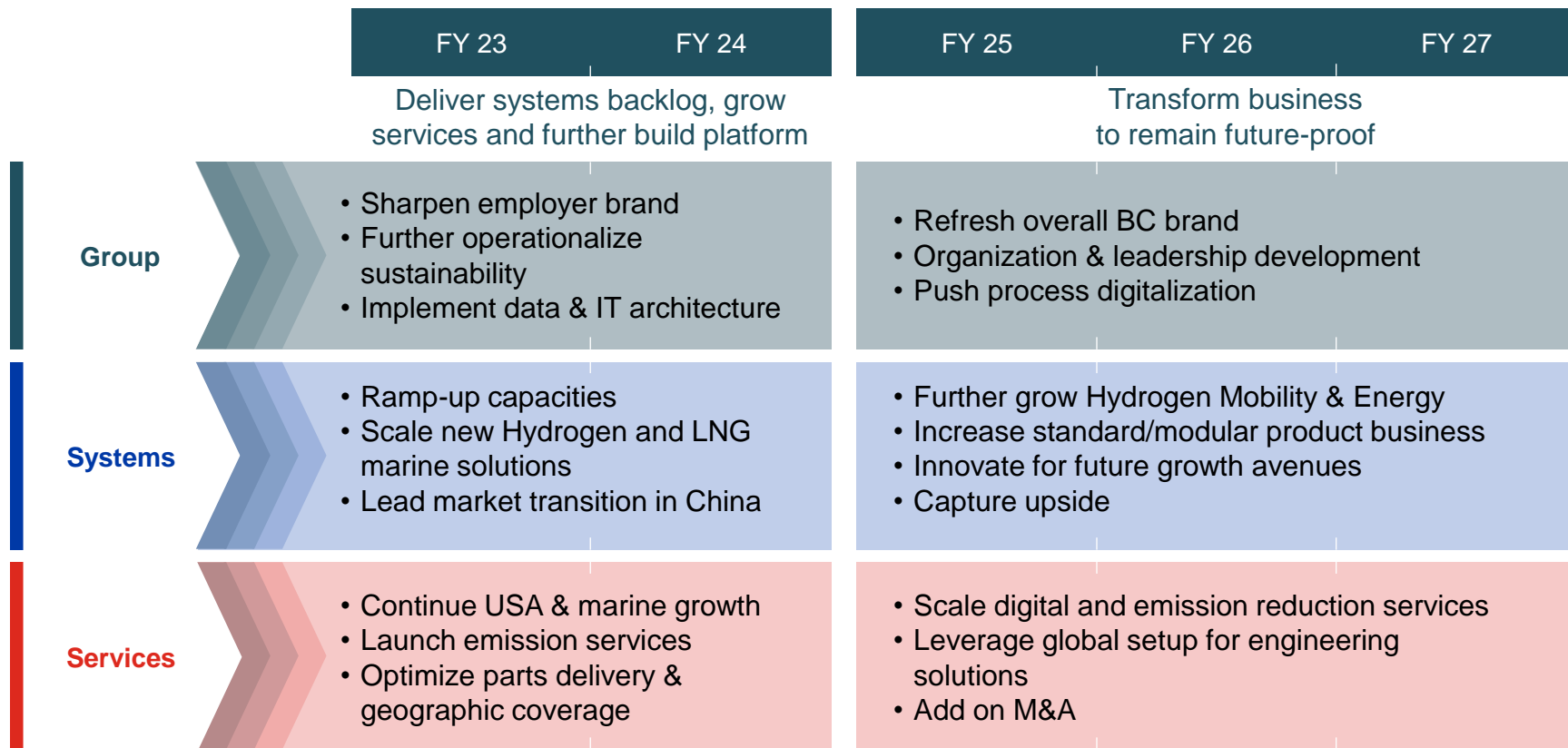
- Develop best combined SYST & SERV offering for Hydrogen Mobility & Energy
- Develop modular suite of digital customer offerings
- Leverage potential from internal digitization across functions



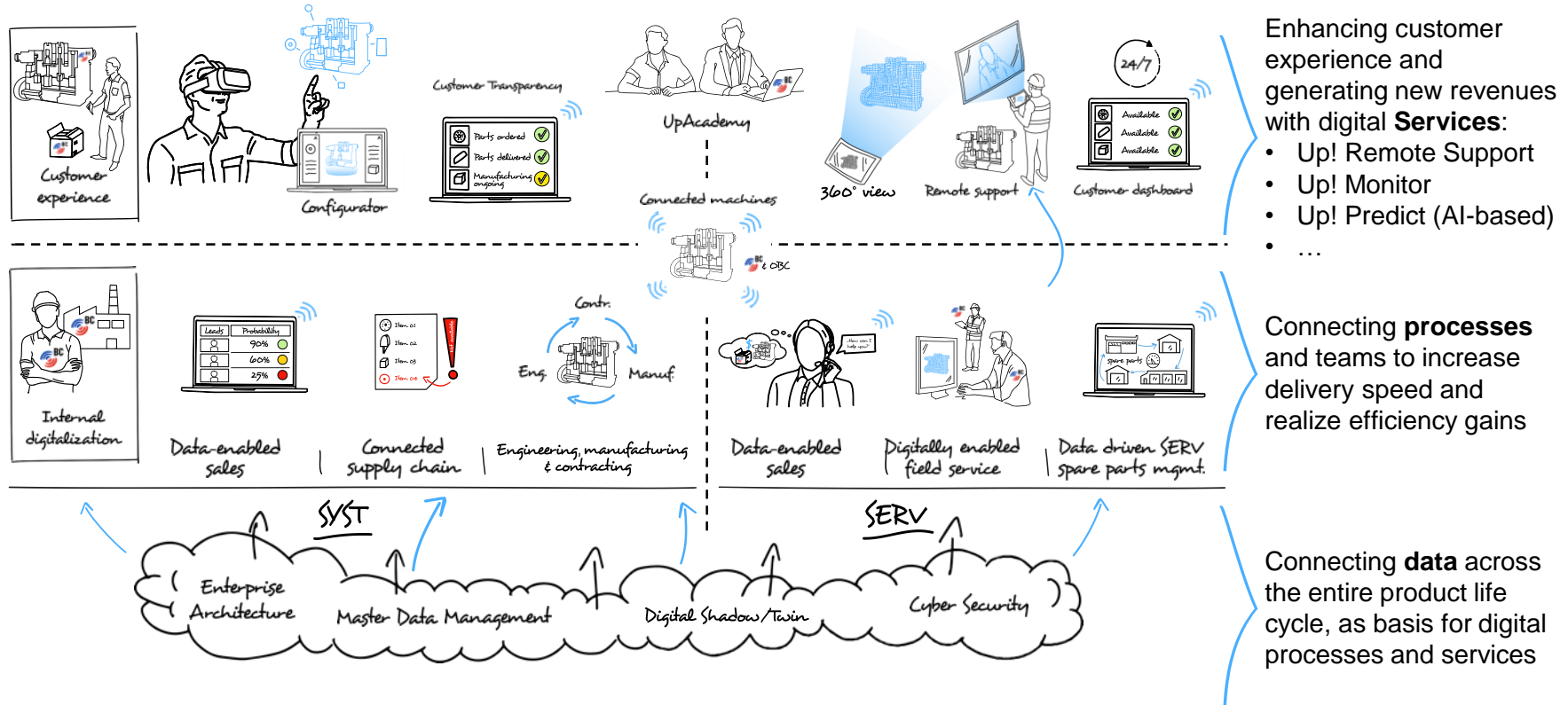
## Enhance business foundations

- Embrace BC purpose & further develop our culture
- Further develop attractive employer brand & customer experience
- Increase sustainability of operations & supply chain
- Streamline IT & data platform

# Two-phased approach to strategy execution




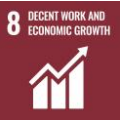











# Digitalization vision for customer value, operational excellence and employee engagement





# Impact oriented sustainability strategy with clear commitments to the UN Sustainable Development Goals

Material topic	KPI	UN SDG goals
 <b>GHG emissions &amp; climate change</b>	GHG emissions intensity scope 1 + 2	 <b>3 GOOD HEALTH AND WELL-BEING</b>
 <b>Energy use and - efficiency</b>	Share of renewable electricity in operations	 <b>8 DECENT WORK AND ECONOMIC GROWTH</b>
 <b>Longevity &amp; cyclability</b>	Sales in revamps & upgrades	 <b>13 CLIMATE ACTION</b>
 <b>Environmental impacts of application purpose</b>	Sustainability project rating	 <b>7 AFFORDABLE AND CLEAN ENERGY</b>
 <b>Working conditions</b>	Employee survey engagement score <sup>3</sup>	 <b>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</b>
 <b>Occupational health &amp; safety</b>	LTIR (lost time injury rate)	
 <b>Product safety</b>	Incidents related to product safety	
 <b>Business conduct</b>	Incidents related to corruption & antitrust	

Burckhardt Compression targets	
Environment	Approx. 40% of business supporting energy transition in 2027
	Reduce GHG emission intensity by 50% by 2027 <sup>2</sup>
	% of renewable electricity > 75% by 2027 <sup>2</sup>
	Aspirations for net-zero by 2035 <sup>1</sup>
Social & Governance	Product safety = maintain zero incidents
	Corruption/antitrust cases = zero

5.

# PEOPLE AND CULTURE

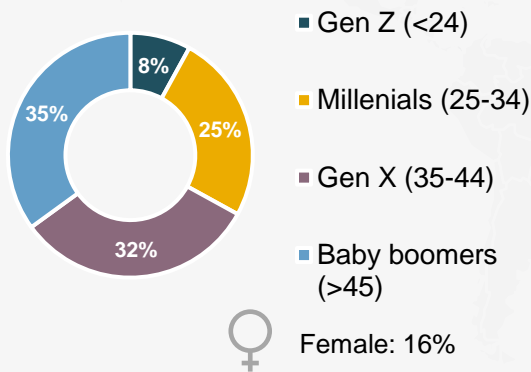
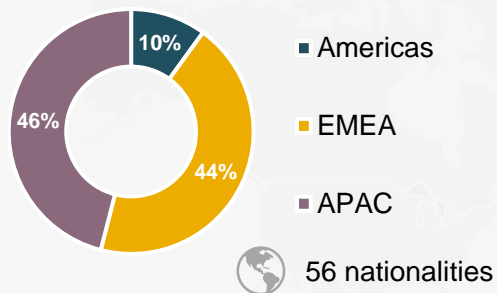
Vanessa Valentin

# Burckhardt Compression looking forward – HR perspective

1. Diverse, highly skilled, and engaged workforce ready to best serve our customers worldwide
2. Targeted and scalable FTE build up to support MRP ambitions
3. HR strategy leverages our strength and supports business transformation

# Diverse, highly skilled, and engaged workforce ready to best serve our customers worldwide

## HIGHLY DIVERSE TALENT BASE



## HIGHLY SKILLED WORKFORCE

3'000 qualified employees worldwide



Engineering and project management  
690 | 14 countries



Service center's and Field Service engineers  
575 | 20 countries



Manufacturing and Operations  
1'240 | 6 countries



R&D  
100 | 4 countries



Sales and Marketing  
380 | 20 countries

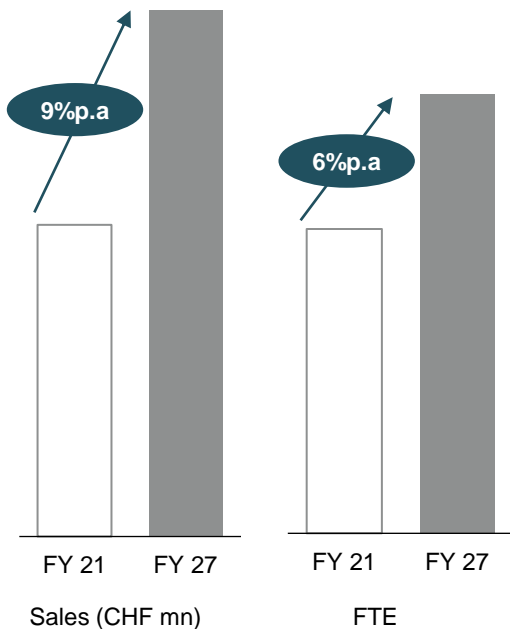
## TOP EMPLOYER WITH STRONG EMPLOYEE ENGAGEMENT

- Top 2% in Switzerland (among 1'500 employers with 200+ employees)<sup>1</sup>
- Continuously good results in BC global employee survey
- Investing in the future – globally 166 trainees and apprentices

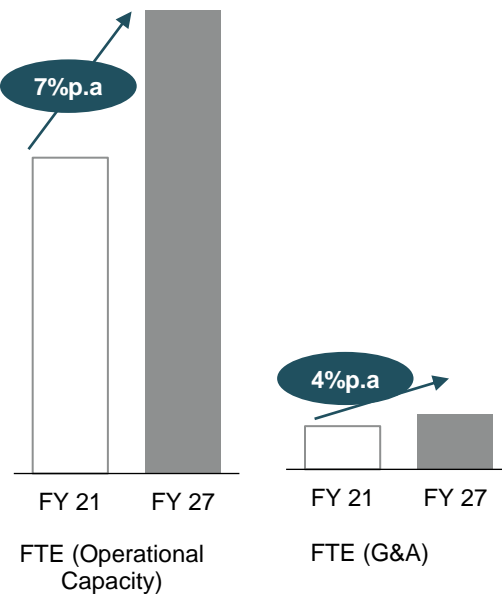


# Targeted FTE build up to support MRP ambitions, with embedded flexibility

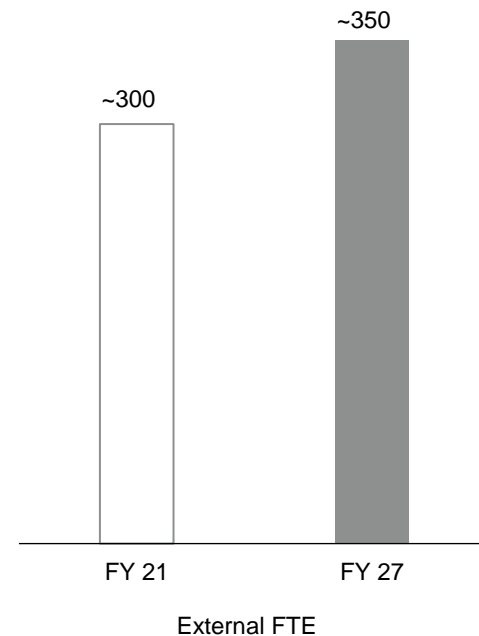
## UNDER PROPORTIONATE GROWTH IN FTE'S VS REVENUE GROWTH



## EXPANSION OF OPERATIONAL CAPACITY WITH LIMITED G&A



## EMBEDDED FLEXIBILITY



# Targets 2027: Enabling the business transformation

## Key business objectives



Long-term  
**customer  
partnerships**



Approx. 40% of  
business  
supports  
**energy  
transition**



**Employer of  
choice**



Own GHG  
**emission  
intensity  
reduced by  
>50%**



**One  
connected  
company &  
customer  
oriented digital  
services**

## HR focus

Nurture and evolve  
leadership & culture

**Partnership**

**Passion**



**Performance**

**Responsibility**

Focused organizational  
development



Foster share ownership of top  
70 managers - new LTI  
program starting FY23

**EPS**



**Sales  
ESG**

Target 50% GHG emissions  
intensity reduction by 2027



# Focused organizational development

- Purpose driven
- Employer branding
- Leadership & culture

- Leadership development
- Internal successions
- Embedded flexibility

## ATTRACT



## RETAIN



- Employee experience & engagement
- Talent management
- Future skills & market practices

## DEVELOP





6.

## SYSTEMS DIVISION

Andreas Brautsch

# Systems Division looking forward

1. Unmatched scale and technological leadership to support customers globally

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2. On track to overachieve MRP 2022 targets - Raising the bar for 2027

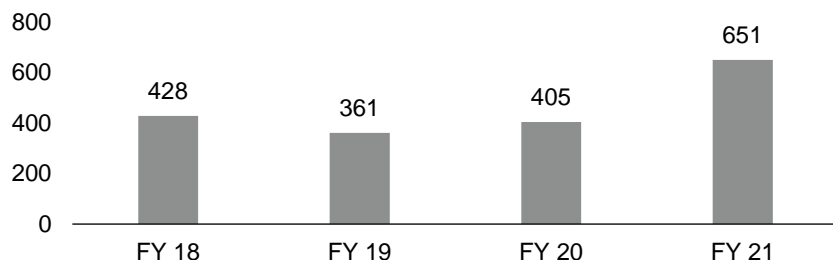
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3. First mover in fast-growing new market segments: Positioned to enable a sustainable energy future

---

# Strong global presence, leading positions in all segments

## STRONG ORDER INTAKE RECOVERY POST COVID

in CHF mn



## GLOBAL CUSTOMER BASE ACROSS ALL SEGMENTS



...over 100 individual customers in 2021

## STRONG GLOBAL FOOTPRINT IN KEY MARKETS

Presence in key markets	Countries	Production centers	Engineering centers	Employees
Europe	CH, IT	Winterthur	Winterthur, Monza	584
China	CN	Shenyang	Shanghai, Shenyang	760
India	IN	Pune	Pune	295
East Asia	KR	Busan (Assembly)	Busan	34
North America	US	Houston (Assembly)	Houston	25

## COMPETITIVE POSITIONING ACROSS ALL SEGMENTS

	T&S	REF	PCI	IG	HME
BC	#1	Top 5	#1	Top 3	Top 3
Competitor landscape	Specialists in selected applications, partially non-recip	Top 1-3 are specialists – CAPEX focus	Few specialists - challengers	Several specialists/ generalists - fragmented	Different specialists for different applications

# Unmatched scale and technological leadership to support customers globally

## KEY SUCCESS FACTORS

## OUR COMPETITIVE EDGE

Global references in each applications

Decades of experience in supplying reliable compressor systems: Standard products as well as engineered-to-order solutions

State-of-the-art technological and engineering capabilities

Leader in dry-running technology & highest-pressure applications  
Pioneer for HME solutions. Delivering customized solutions

Regional/local presence

Global set up for sales, manufacturing and project execution

World-class project execution

End-to-end project execution capabilities: Engineering, procurement, manufacturing, instrumentation and controls, installation and commissioning

Relationships with clients, licensors and contractors

Collaborative and integrated development of projects with customer engineering teams

# Targets 2027: Strong sales growth and doubling of EBIT

## Key business objectives



**Market leader**  
in all regions



**Balanced segment presence between traditional and new segments**



**Safe, lean & smart operations, sized to deliver business volume**



**Resilient and sustainable supply chain**

## Financial targets 2027

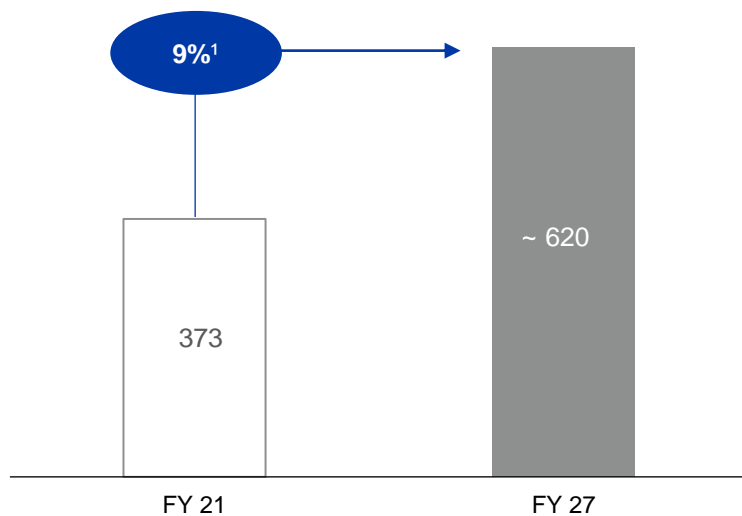
**~620 mn**  
Sales  
(9% CAGR<sup>1</sup>)

**5% - 8%**  
EBIT margin

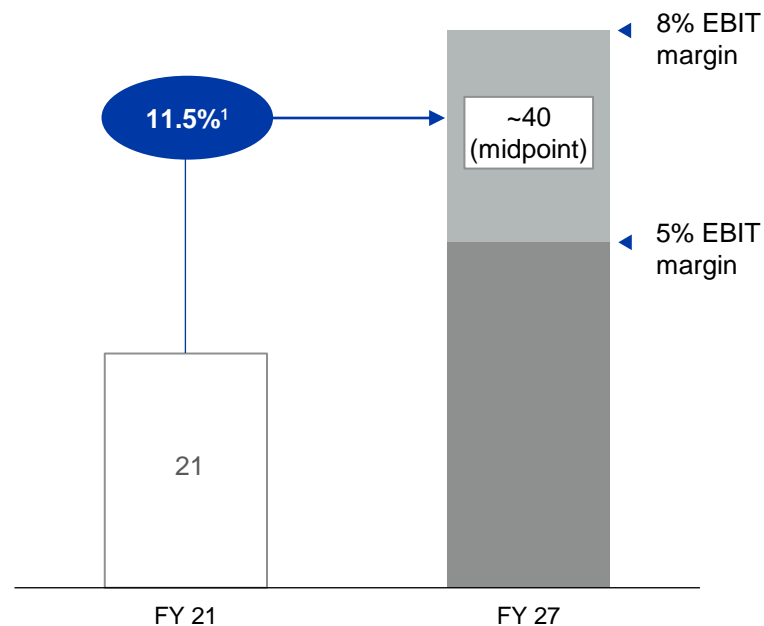


# Strong sales growth and overproportionate EBIT growth

## SALES (CHF MN) DEVELOPMENT



## EBIT (CHF MN) AND EBIT MARGIN DEVELOPMENT



# Four strategic levers to transform and deliver our new MRP targets



## Strengthen core business

- Increase market share in core segments, building on local presence and technological lead, e.g., invest in the USA
- Drive export from China, while protecting domestic lead
- Leverage current footprint and add limited capacity



## Operational excellence

- Improve productivity of factories with lean & smart processes
- Increase execution performance with digitalization
- Drive product competitiveness through standardization, variant management and value engineering



## Transform & build new growth avenues

- Be the first mover in future markets: Shape the ecosystem with customers and partners
- Hydrogen Mobility & Energy
- Low emission marine fuels
- Solar-industry driven applications
- Bio & renewable fuels



## Enhance business foundations

- Diverse and inclusive workforce to best serve our customers worldwide
- Future-ready enterprise IT-architecture and data management
- Sustainability in daily operations: Increase share of renewable energy consumption to 75% by 2027



# Ramping up: Leverage current footprint and add limited capacity

## FACTORY CAPACITY

Increasing capacity of existing infrastructure with operational excellence (lean & smart)

Investment for additional capacity linked to commercial trigger points (order intake)

- 3-phase expansion plan for India-new building ready in 1 year

Additional capacity in USA and Italy under investigation (focus hydrogen)

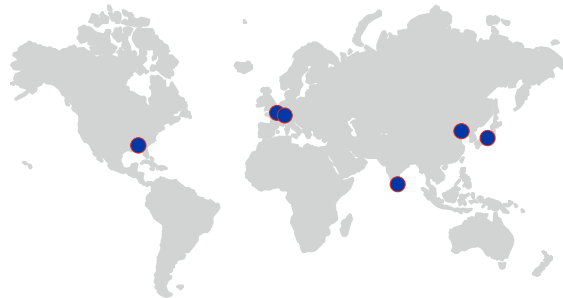


## RESOURCE RAMP UP

Planning to grow execution teams in CN, IN, CH, IT and US

Insourcing/outourcing operating model for flexibility

Keeping flexibility for regional shift and changing product mix



## SUPPLY CHAIN

Focus on resilient and scalable supply chain setup

Utilizing regional setup and global network

Increasing transparency and integration with digitalization





# Expand export from China, while maintaining domestic lead

## STATE-OF-ART FACTORY



## TANGIBLE PROGRESS ON EXPORT CAPABILITIES

- Dedicated process and teams for export projects implemented,
- New Testing Center in operation
- 25 projects delivered, 27 in execution
- 30 compressors already delivered to 8 countries:  
Poland, Hungary, France, Switzerland, South-Korea, Saudi Arabia, Russia, USA

**Global Design**



**Testing infrastructure in China**



**Delivery for export**





# Operational excellence: Seamless continuation of key initiatives

KEY INITIATIVES		STATUS UPDATE		ACHIEVEMENTS AND NEXT STEPS
		Ongoing Progress level	Expected completion	
Growth Readiness	Debottlenecking activities/Capacity management		Continuous	"Low-CAPEX" – measures running, in-/outsourcing
	Make-in-India factory expansion		2025	Phase 1 of 3 in work, increase capacity for global
	New factory SYCC		✓	Plant fully operational – "lean and smart" focus
Competitive Products	Value engineering		Continuous	Cost optimization focus for target products
	Standardization/Modularization		2027	With Variant mgmt. methodology – focus on HME, LNG
	Strategic procurement		✓	Organization in place – strategy deployment & risk mgmt.
Execution Excellence	Swiss factory efficiency – "Cell Machining"		2025	Cell concept – more automatization and improved flow
	Lean and smart factories/cooperation globally		2026	Lean foundation roll-out – leverage with digital potentials
	Digital execution process – Engineering & Manuf.		2027	Roadmap created – integration of data across functions
Operational Resilience	Project risk Management		2023	Project Risk assessment established
	Supply Chain risk Management		Continuous	Process and org. in place – active mitigation for VUCA



# Shaping the hydrogen ecosystem with customers and partners

## Current project examples

### H<sub>2</sub> PRODUCTION

- Large LH<sub>2</sub>-projects in execution for USA and South Korea
- Joint project development with customers for best solution selection
- Deliveries in 2022 and 2023



### H<sub>2</sub> TRANSPORT AND STORAGE

- First reference orders for heavy-duty applications
- Joint development activities with Shell for high pressure/high volume solutions
- Reference orders for pilot-installations with customers in Europe and USA



### H<sub>2</sub> USAGE

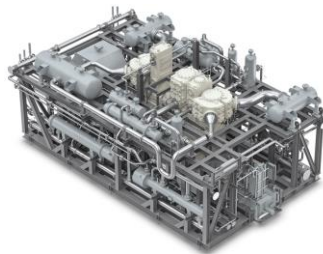
- First deliveries in target markets with scaling potentials
- Partnership with HRS for fuel station design and operation in Europe
- First reference orders in execution in USA, Europe and South Korea





# Maintaining leadership for LNG carriers and developing applications for LNG-fueled ships

## LNG CARRIERS



### The market

- Small number of large compressors
- Current focus on high pressure
- Oil free for lower costs and easier processing of gas
- Est. market size 2027: **CHF 250 - 300 mn**

### Current BC status

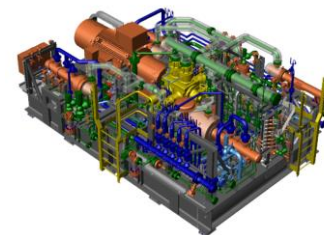
- New MEGI-dry running system solution launched
- First compressor successfully completed test-run in Korea, deliveries start in 2023
- High demand from Korean yards

## LNG-FUELED SHIPS: MERCHANT & CRUISE SHIPS

Low Pressure System



High Pressure System



### The market

- Large number of small compressors
- Both low pressure and high pressure
- LNG-fueled ships & bunker ships to feed them
- Est. market size 2027: **CHF 100 – 150 mn**

### Current BC status

- Marine High-Pressure Solution (MHP) and new LABY® compressors for low-pressure applications launched
- 100+ orders received, mostly in China and Korea
- First compressors in operation



# Systems Division: Summary

**We are your partner for high-performance compression solutions. Globally.**

- 1.** Unmatched scale & technological leadership to support customers globally
- 2.** On track to overachieve MRP 2022 targets - Raising the bar for 2027
- 3.** First mover in fast-growing new market segments: Positioned to enable a sustainable energy future





# SERVICES DIVISION

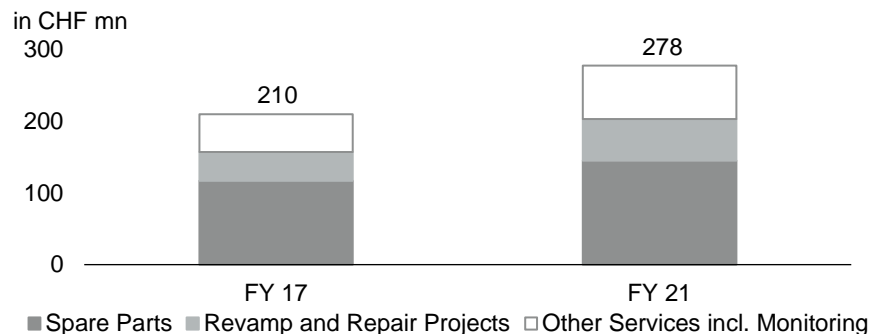
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# Services Division looking forward

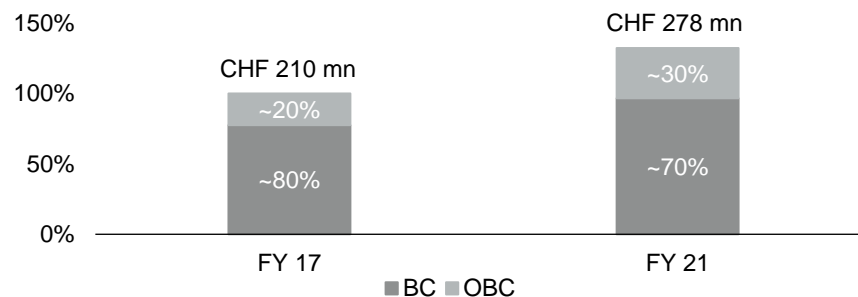
1. Market leader in attractive and growing end markets with unmatched footprint and unique technological expertise
2. Raising the bar to grow sales by 70% until 2027
3. Leading digital solutions and services to support customer's sustainability journey

# Transitioning from an OEM aftersales to a full-service provider for our customers

## SERVICE OFFERING GROWING IN ALL AREAS



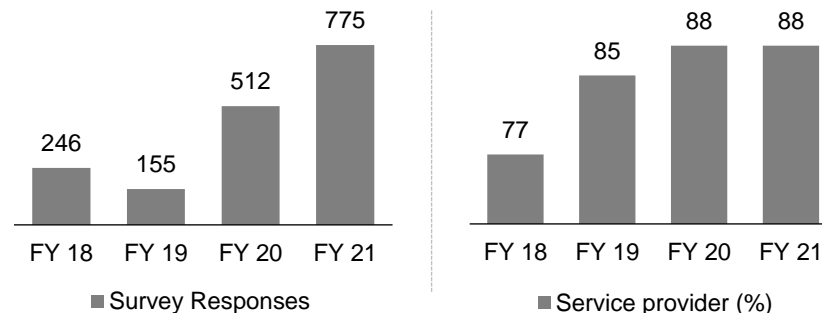
## FURTHER INCREASE IN OBC SALES (2017-2021)



## IMPROVED SERVICE SETUP & GLOBAL OFFERING

Presence in key markets		Employees	Total market Size <sup>1</sup> (CHF bn)	Market Share (%)
APAC		320	0.6	14%
Americas		270	0.2	15%
Europe /Marine		230	0.3	18%
MEA&EE		90	0.3	14%
Total inc. Global Functions		1'040	~1.4	18%

## POSITIVE SHIFT IN CUSTOMERS' PERCEPTION



# Market leader in attractive and growing end markets with unmatched footprint and unique technological expertise

## KEY SUCCESS FACTORS

Fast reaction time and local availability

In-depth understanding of customers' operations & changing needs

Reliable and profound technical competence

Flexible and state-of-the-art service solutions

Solutions to increase reliability and support energy transition

## OUR COMPETITIVE EDGE

Global positioning and expertise with close proximity to customers

Strong and long-lasting customer relationships

Technological leader and engineering knowhow for all brands

Unique innovation capabilities and global network

Fit for purpose offering for new markets and applications

# Targets 2027: Strong sales growth and doubling of EBIT

## Key business objectives



**Leading full-service provider** globally, with strong safety culture



Increase installed base **coverage** with enhanced **local presence**



Grow **LTSA**, solutions for **energy transition & digital services**



Global supply network based on **state-of-the-art IT platform**

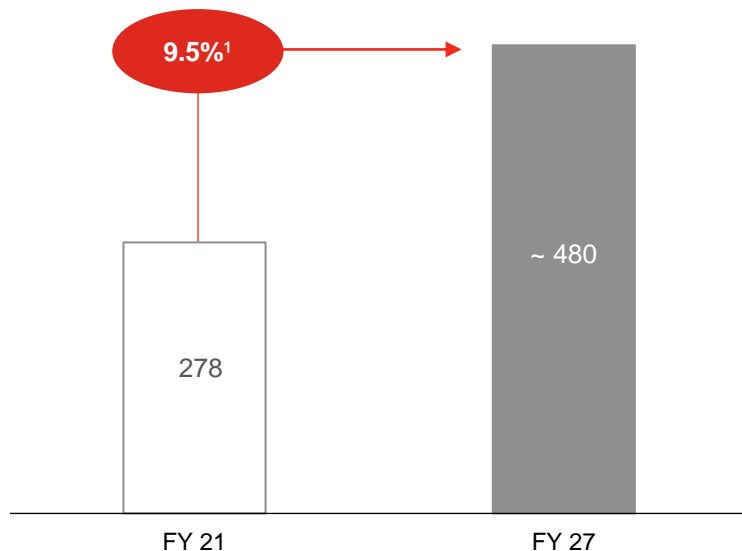
## Financial targets 2027

**~480 mn**  
Sales  
(9.5% CAGR<sup>1</sup>)

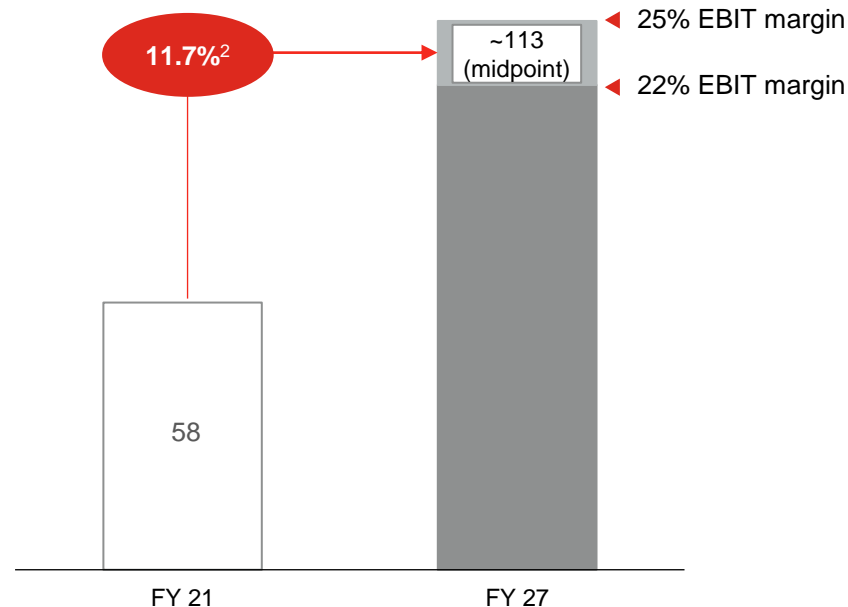
**22% - 25%**  
EBIT margin

# Strong sales growth and overproportionate EBIT growth

## SALES (CHF MN) DEVELOPMENT



## EBIT (CHF MN) AND EBIT MARGIN DEVELOPMENT





# Four strategic levers to transform and deliver our new MRP targets



## Strengthen core business

- Full-Service provider for gas compression solutions
- Improve coverage of installed base
- Increase presence in USA, APAC and selected white spots
- Expand Marine offering



## Operational excellence

- Improve process efficiency and realize digitalization potential
- Increase overall spare parts performance
- Globalize components production for BC and OBC
- Leverage S&GA



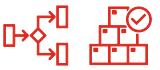
## Transform & build new growth avenues

- Develop network & organization to service HME and new marine
- Grow Service offerings addressing customer's operational excellence and sustainability agenda
- Develop new business models & offering, incl. digital solutions

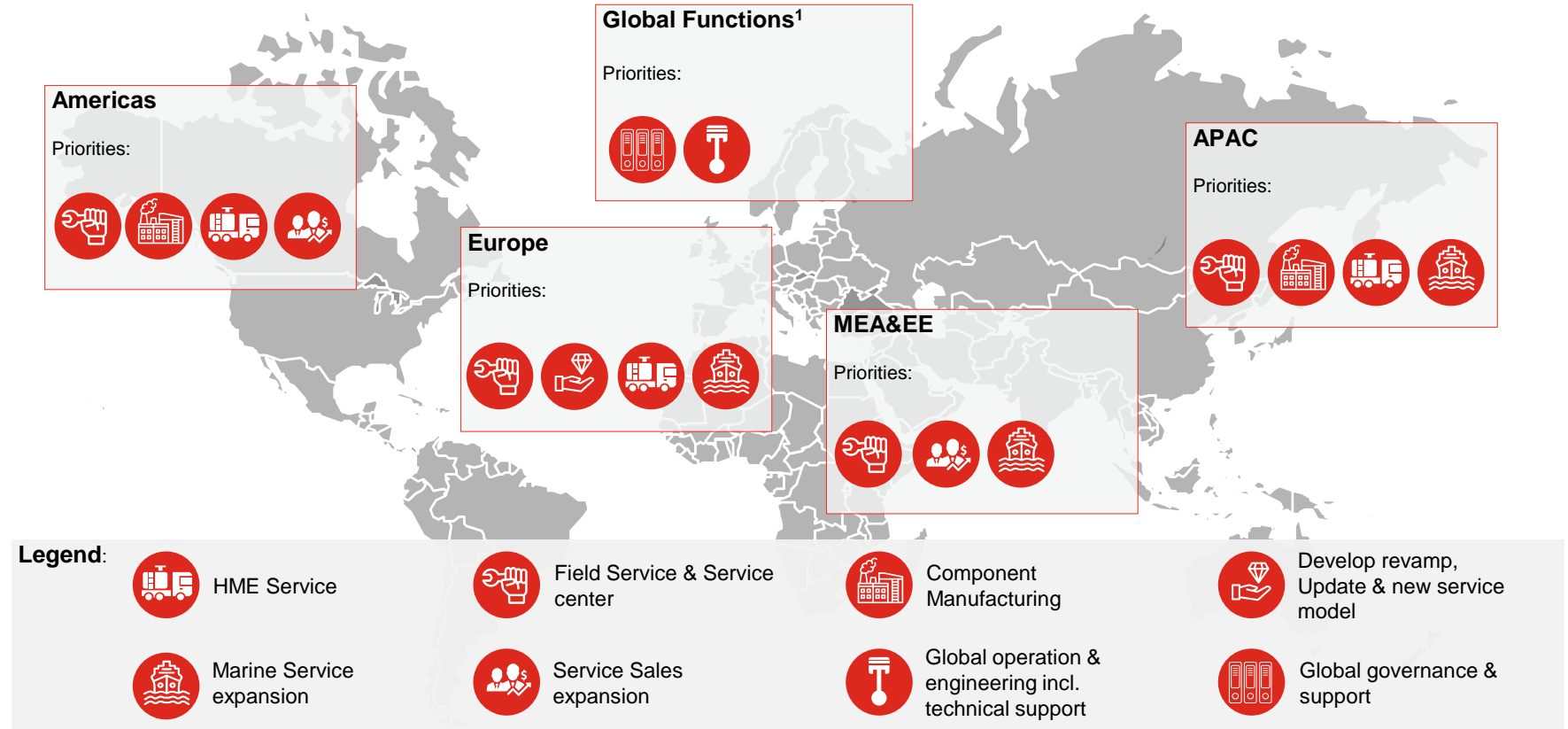


## Enhance business foundations

- Foster EOHS & service culture/purpose
- Expand regional execution and add capabilities for Digital business
- Establish global state-of-the-art IT platform for data availability and execution

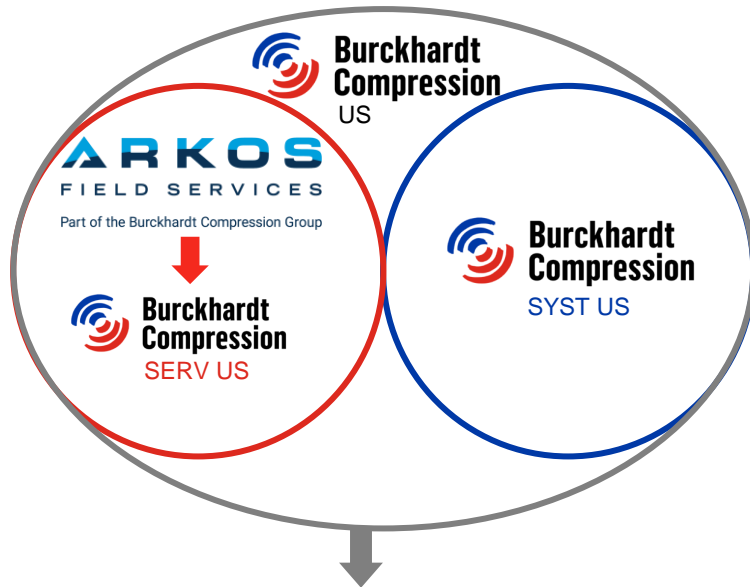


# Improve coverage of installed base and grow in selected white spots



# Combining forces to leverage downstream and HME opportunities in the US

## COMBINING THE 2 BUSINESSES UNDER ONE ORGANIZATION AND BRAND



**Objective to more than double  
business volume until 2027  
(SYST + SERV) and  
reach > CHF 150 mn Sales**

## STRATEGIC PRIORITIES FOR BCUS SERV

- 1.** Continued growth & financial improvement in midstream
  - Enhance profitable offerings such as spare parts (HS parts replacement) & repair capabilities
  - Capture high-speed compressor market through integrated SYST/SERV offering, partnerships and localized supply chain elements
- 2.** Further growth downstream services business via utilization of midstream assets & expansion of repair capabilities
- 3.** Establish localized material supply line for parts and services
- 4.** Capture Hydrogen Mobility & Energy compressor service market including strong partnership approach
- 5.** Lead through growth of environmental service offerings in both midstream and downstream



# Expand Marine offering

## Case study: Time-critical dry-dock overhaul of Creole Spirit



### Business challenge

- Major compressor service within tight timeframe (13-day dry-dock maintenance period)
- Coordination of sub contractors within the confines of the compressor machinery room
- Pandemic situation



### Solution delivered

- Tailored maintenance program
- Extensive planning and precision project management
- Own Center of Excellence in Singapore
- Complete 5-year service and overhaul



### Impact created

- On-time vessel departure from dry dock
- Flawless delivery within 13-day windows
- Improved life cycle costs and operational efficiency
- Zero incidents





# Grow Service offerings addressing customer's operational excellence and sustainability agenda

## STRONG EXPECTED BENEFIT OF DIGITALIZATION FOR OUR CUSTOMERS IN PCI



### Operations & production

**5% - 10% EBIT increase** through throughput increase, product mix optimization, coking reduction, feedstock selection, etc.



### Reliability & maintenance

Up to **100% reduction of unplanned downtime** in daily operations through real-time monitoring of production data



### Supply chain

**2% - 5% margin improvement** through optimization of planning and scheduling with respect to changing availabilities, prices and demand on the market

## EXAMPLES OF OUR SOLUTIONS

### Maintenance solutions beyond preventive concepts

- Compressor's health check
- Sealing and compressor valves solutions portfolio for reduced leakages and longer lifetimes
- Condition based maintenance
- Smart spare parts logistics solutions
- Predictive maintenance, etc.

### Digital tools developed with strong partners

- Solutions offering configurator
- MyFleet – customer portal with 360 view on customer interaction, equipment perf., etc.
- Up! Remote Support
- Up! Predict





# Develop new business models & offering, incl. digital solutions

## Case study: UP! Predict for a LNG carrier fleet



### Business challenge

- Unexpected compressor incidents can create interruption of gas system and lead to additional costs for the ship owner
- Planned proactive inspections lead to unnecessary, costly downtime



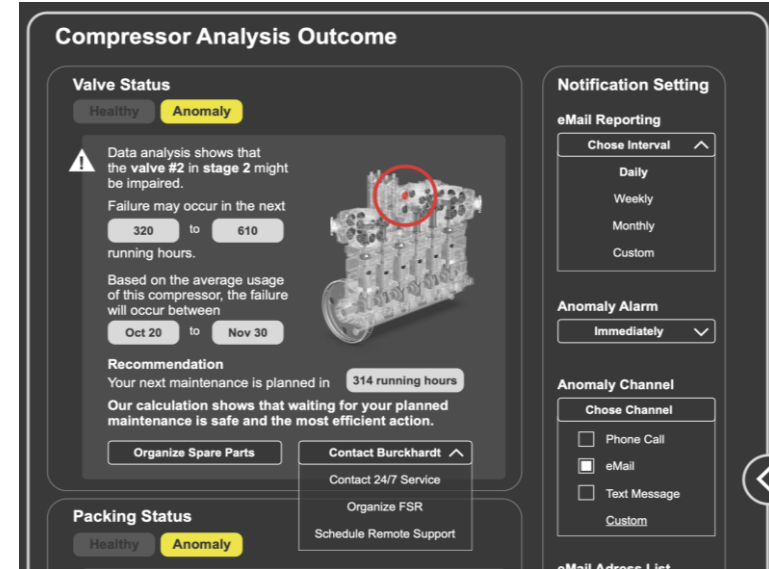
### Solution delivered

- Predictive maintenance: detection and Prediction of compressor incidents based on AI (patents filed)
- Performance optimization: reduction and optimization of total gas consumption on LNG vessels



### Impact created

- If anomalies are detected, a prediction is made and a maintenance intervention planned
  - system uptime is maximized
  - improved parts logistic and planning
- Optimize load levels of the system
- Reduce losses in reliquification system
- Optimize gas flow to engine



“Through access to our ship data and operational experience Burckhardt Compression can leverage their deep technical competence and AI to predict necessary service intervals. Thanks to UP! Predict, we can now plan maintenance work in a more cost-effective manner and avoid unforeseen shutdowns.”

**Harald Martin Myhre, Head of IT and Digitalization, BW LNG**

# Services Division: Summary

**We love to provide services that matter.  
Hands-on.**

- 1.** Market leader in attractive and growing end markets with unmatched footprint and unique technological expertise
- 2.** Raising the bar to grow sales by 70% until 2027
- 3.** Leading digital solution and service to support customer's sustainability journey





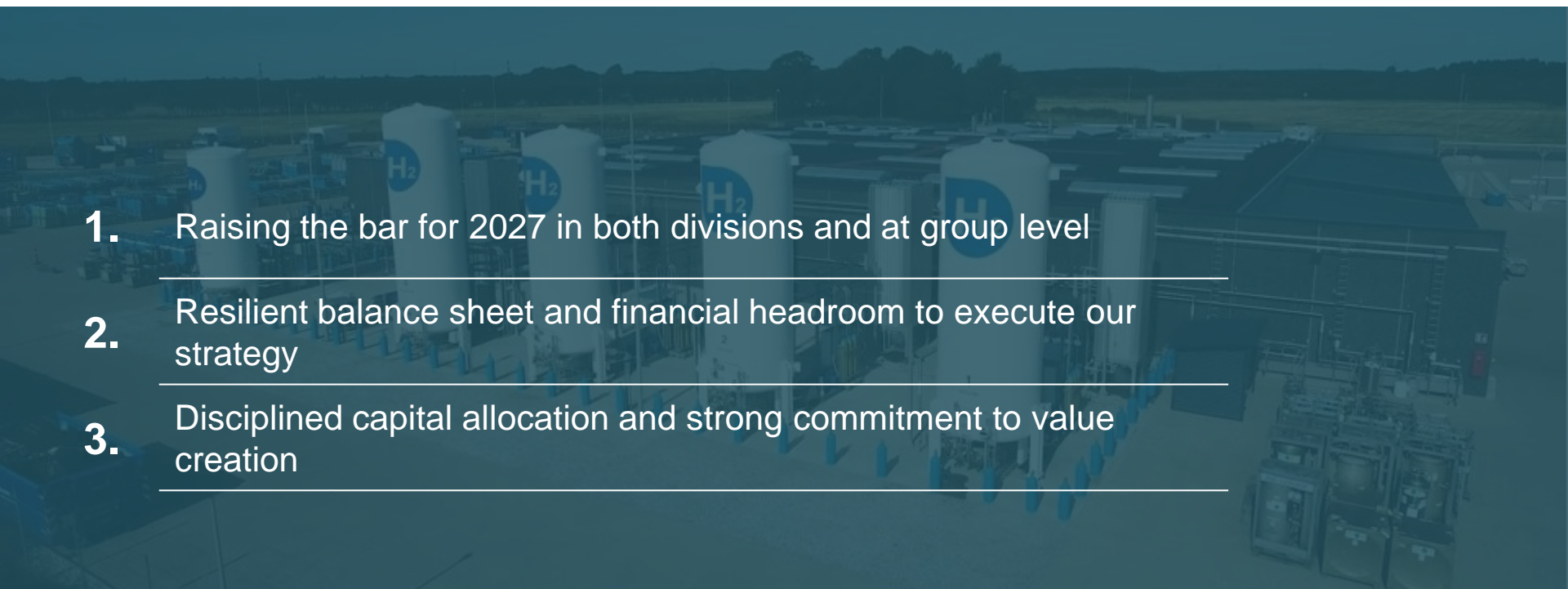


8.

# FINANCIAL PLAN

Rolf Braendli

# Burckhardt Compression looking forward – Financial perspective

- 
1. Raising the bar for 2027 in both divisions and at group level
  2. Resilient balance sheet and financial headroom to execute our strategy
  3. Disciplined capital allocation and strong commitment to value creation

# Raising the bar

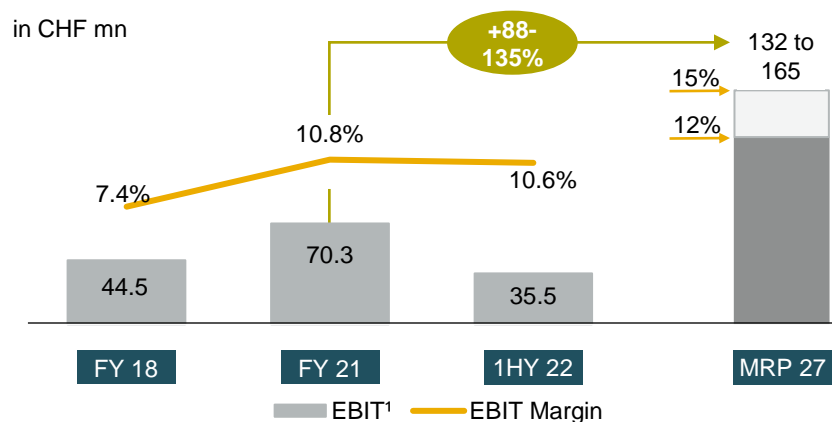
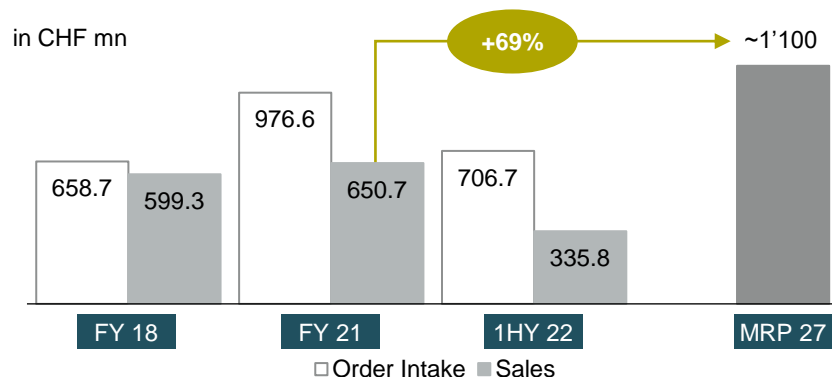
Financial targets		MRP 2022		MRP 2027
Group	Sales (CHF mn)	700	↗ ↗ ↗	1'100
	EBIT margin	10% - 15%	↗	12% - 15%
	EBIT range (CHF mn) <sup>1</sup>	70 - 105	↗ ↗ ↗	132 - 165
	RONOA	n/a		> 25%
	Dividend payout ratio	50% - 70%	→	50% - 70%
Systems	Sales (CHF mn)	340	↗ ↗ ↗	620
	EBIT margin	0% - 5%	↗ ↗	5% - 8%
	EBIT range (CHF mn)	0 - 17	↗ ↗ ↗	31 - 50
Services	Sales (CHF mn)	360	↗ ↗	480
	EBIT margin	20% - 25%	↗	22% - 25%
	EBIT range (CHF mn)	72 - 90	↗ ↗	106 - 120

# MRP 2023 – 2027 macro considerations

Challenges	Considerations in MRP 2023 – 2027	Mitigation measures
Uncertain development of <b>Inflation</b>	No inflation considered on cost or sales <sup>1</sup>	<ul style="list-style-type: none"> <li>• Cost-saving measures</li> <li>• Continue passing on higher cost to the market</li> </ul>
<b>Exchange Rate</b> fluctuations	No exchange rate fluctuations considered <sup>1</sup>	<ul style="list-style-type: none"> <li>• Natural hedge procedures on EUR/CHF in place</li> <li>• Continue transactional hedging in other currencies</li> </ul>
Rising <b>Interest Rates</b>	Slightly higher average financial expenses considered at group level	<ul style="list-style-type: none"> <li>• Further optimize net financial position and debt structure</li> </ul>
Economic <b>Sanctions</b>	No new sanctions beyond Russia and Iran, nor the lifting of any existing ones considered	<ul style="list-style-type: none"> <li>• Continue to build alternative regional/local supply chains</li> </ul>
<b>Global political / macroeconomic environment</b>	No major change in global political/ macroeconomic environment considered	<ul style="list-style-type: none"> <li>• Local presence in key markets – with on-site resources (already in place with further expansion potential)</li> </ul>

# GROUP – Strong growth momentum in early MRP phase

## Increasing EBIT margin in following years



### EXPECTED DEVELOPMENTS

#### Order Intake

- Exceptionally high order intake in SYST business in last 18 months leading to a ramp-up in order backlog

#### Sales

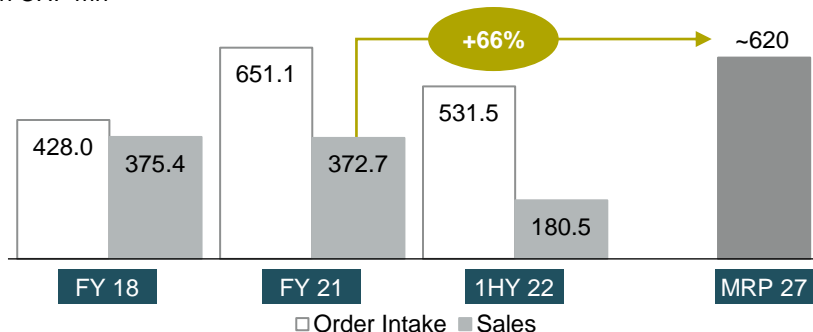
- Strong double-digit revenue growth expected at the start of MRP, with a time lag of approximately 12-18 months between order intake and sales
- Transition from traditional to new markets with overall moderate SYST sales growth in second half of the MRP
- SERV revenue expected to grow at a 9.5% CAGR

#### EBIT

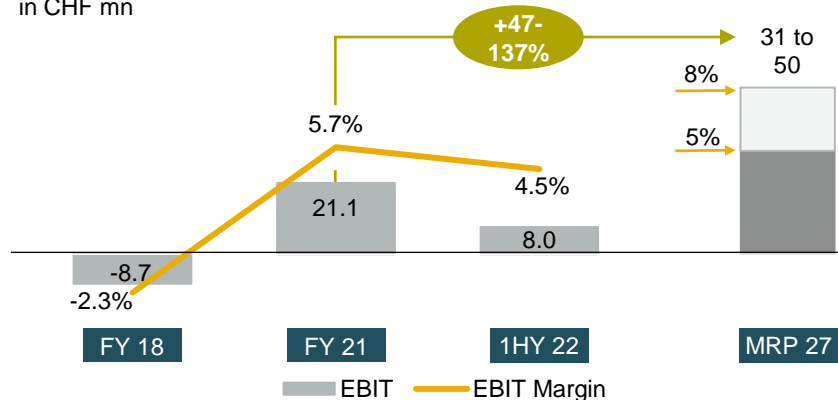
- 12% - 15% EBIT margin expected at the end of the MRP, supported by a higher EBIT-margin in both divisions
- Higher proportion of SYST revenue with a dilutive effect on Group EBIT-margin at the start of the MRP
- Constant increase of SERV revenue leading to more favorable sales mix and higher EBIT-margin in a later phase of the MRP

# SYSTEMS – Significant sales growth in early MRP phase; further increasing profitability

in CHF mn



in CHF mn



## SALES DRIVERS

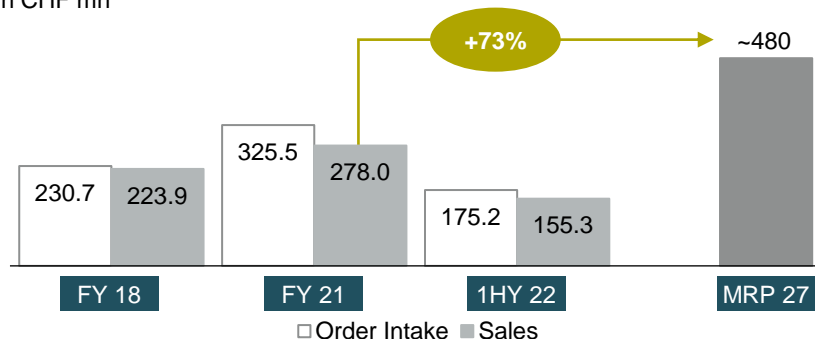
- Exceptionally strong order intake FY 21 & FY 22
- New opportunities linked to the energy transition
- Penetration of less covered areas (USA/East Asia)
- Leveraging existing footprint (e.g., export by SYCC)
- Regional presence/technological leadership and partnership

## EBIT DRIVERS

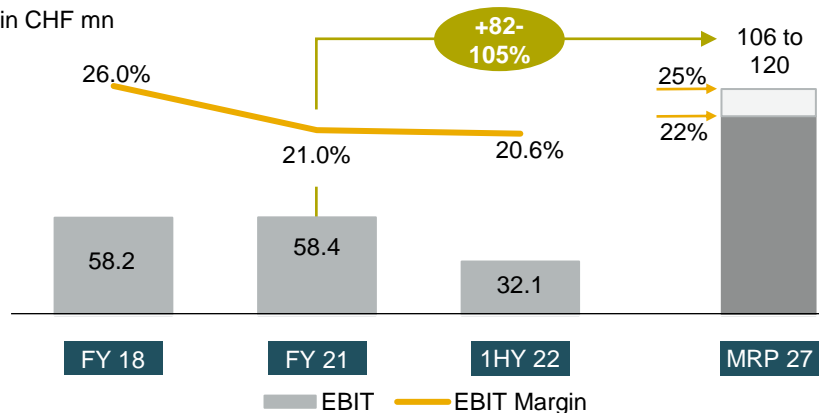
- Operational leverage
- Leverage of SG&A expenses; scale effects from divisional structure and global footprint
- Operational excellence
- R&D expenses planned to remain at 2.5% - 3% of sales

# SERVICES – Steady sales growth and profitability increase

in CHF mn



in CHF mn



## SALES DRIVERS

- Growth of installed base/OBC market share gains
- Expand marine offering and increase presence in USA, APAC and other selected markets
- Hydrogen Mobility and Energy (full-service solutions)
- New market opportunities arise from energy transition services in traditional markets (upgrade packages)
- Digital offering (New service solutions enabled by IoT)
- Bolt-on acquisitions

## EBIT DRIVERS

- Operational leverage
- Leverage of SG&A expenses; scale effects from divisional and regional structures
- Operational excellence and internal digitalization
- R&D expenses planned at a higher level than in past MRP; focus on digital offerings (Up! Solutions)

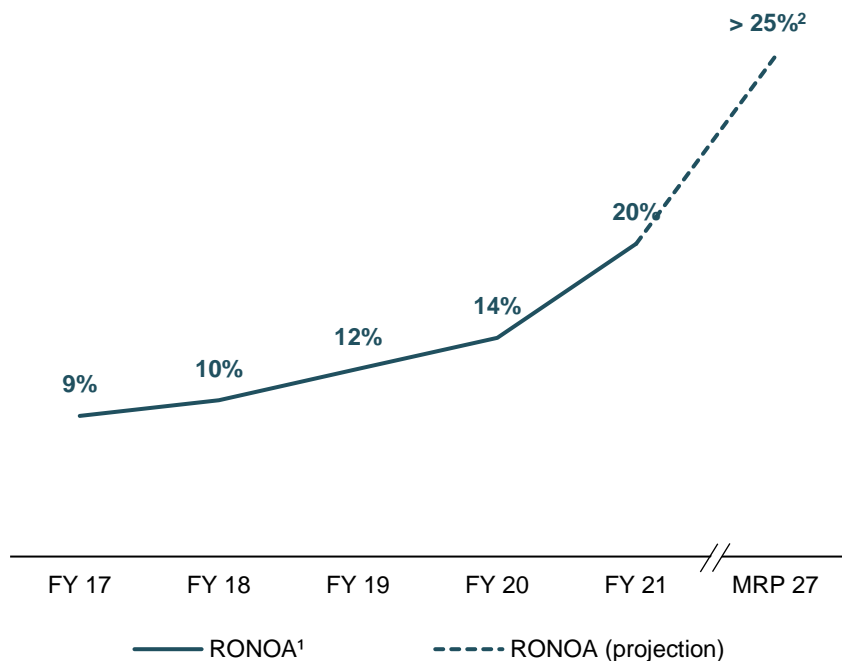


# Driving Free Cash Flow throughout the MRP

EBITDA	<ul style="list-style-type: none"><li>• EBIT as per MRP objectives</li><li>• Slightly higher depreciation and amortization in the second half of the MRP due to investments in growth initiatives</li></ul>
NWC Management	<ul style="list-style-type: none"><li>• Further reduction of overdue A/R, mainly in China</li><li>• Overall improvement of DSO (days of sales outstanding) by 30 days to 110 days by end of the MRP</li><li>• Work in progress financed by customers' advance payments</li></ul>
CAPEX	<ul style="list-style-type: none"><li>• Maintenance CAPEX similar to level of depreciation &amp; amortization</li><li>• Dedicated investments considered to support MRP initiatives: factory expansions, digitalization (digital business cases and IT architecture)</li><li>• RONOA &gt; WACC<sup>1</sup> as key criteria for CAPEX applications</li></ul>
Cash interest expenses	<ul style="list-style-type: none"><li>• Slightly higher interest costs have been factored into the MRP at group level (compared to FY 22)</li></ul>
Cash taxes	<ul style="list-style-type: none"><li>• Overall tax rate expected to remain equal to - or below 25%</li></ul>

# Focus on RONOA for substantial value creation

## RONOA<sup>1</sup> DEVELOPMENT



## KEY VALUE CREATION DRIVERS

- ✓ EBIT performance as per MRP objectives
- ✓ Focus on NOA/NWC management (DSO/DPO)
- ✓ Continue to balance advance payments from customers to finance work in progress
- ✓ Disciplined CAPEX and M&A process
- ✓ Tax rate  $\leq 25\%$

# Stringent and selective approach to acquisition



## Strategic Rationale

- Focus on reciprocating compressors
- Strengthening local/regional presence
- Adding on capabilities/product range



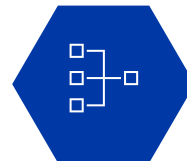
## Financial Rationale

- Adequate market and competitive dynamics (growth, entry barriers, etc.)
- Enterprise value and impact; (annual EBIT / Acquisition Price) > WACC (within 3 years post acquisition)



## Further M&A Criteria

- Committed management and key personnel
- Ability to integrate
- Similar culture and values as BC



## Systems

- Organic growth remains core priority but continual assessment of unique value-adding opportunities

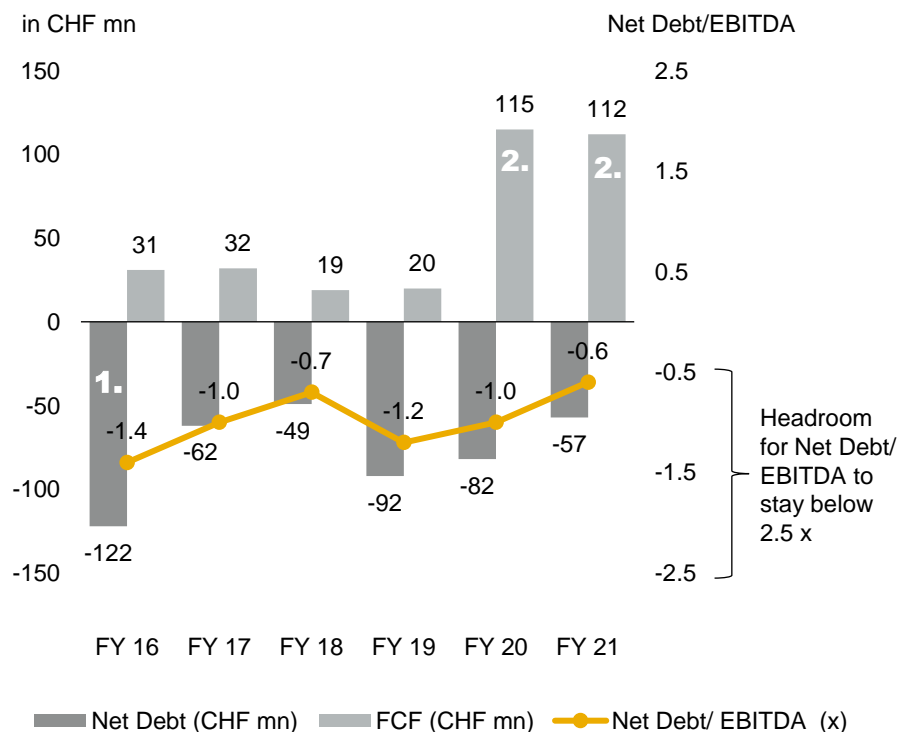


## Services

- Add-on acquisitions continue to be part of our overall SERV strategy and are considered in the financial MRP model

# Strong balance sheet and sufficient financing headroom

## STRONG BALANCE SHEET & ADEQUATE LEVERAGE



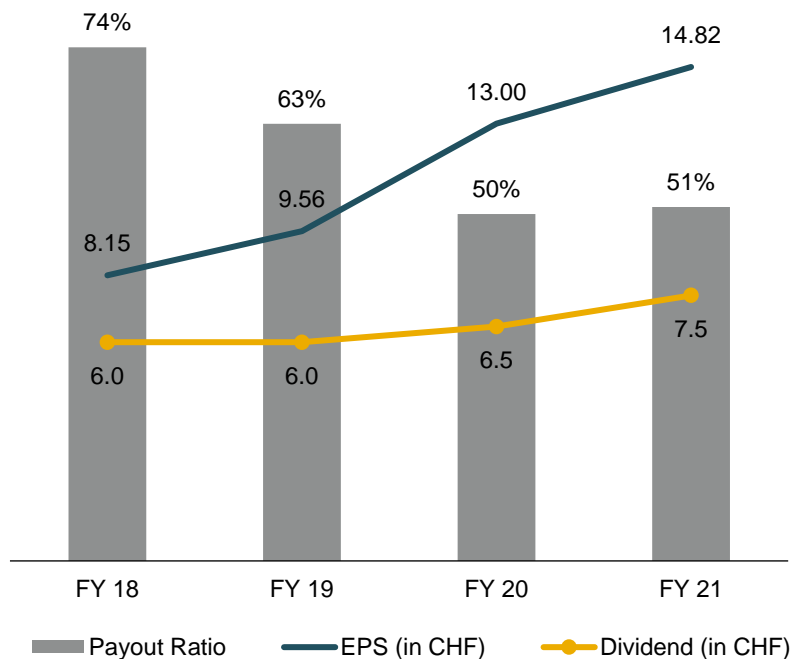
1. Net Cash turned into net debt in FY 16 with cash used for strategic acquisitions (SYCC/Arkos); staggered payments until FY 21
2. Very strong FCF generation in FY 2020/2021 mainly driven by favorable conditions in advance payments from customers on a high order intake

### Strong Balance Sheet

- B/S total of CHF ~1 bn projected towards the end of MRP
  - No major investments on top of maintenance CAPEX required to support the MRP
  - NWC increase considered, following high order intake
  - Aiming for equity ratio above 30% long-term<sup>1</sup>
  - Solid financing in place to support the MRP with moderate sensitivity to interest rates
- Broad access to further financing if necessary
  - Cash
  - Debt financing (mortgage loans, bank loans)
  - Refinancing of bond
  - Authorized capital

# Dividend remains an important part of the capital allocation strategy

## DIVIDEND & RESILIENCE THROUGH THE CYCLE



- 22.1% annual EPS growth since FY 18
- Dividend paid every year since the IPO in FY 2006, without exception
- 7.7% annual dividend growth since FY 18
- Dividend payout ratio throughout the MRP 2023-27 considered within a range of 50% – 70%, same as in the current Mid-Range Plan, taking into account a healthy equity ratio

# Disciplined and balanced approach to capital allocation with focus on RONO

## Organic growth CAPEX

- Maintenance CAPEX similar to level of depreciation & amortization
- Dedicated investments to support MRP initiatives (factory expansions, digitalization)
- $RONOA > WACC$  as key criteria for CAPEX applications

## Dividend

- Committed to redistributing profit back to shareholders
- Dividend policy implies payout ratio of 50% - 70% of EPS



## M&A

- Bolt-on acquisitions with selective and disciplined approach
- Strategic fit, management profile and financial track record as key initial considerations
- Clear financial mid-term guidelines:  $EBIT/Acquisition\ Price > WACC$

## Financial leverage

- Aiming for a long-term equity ratio above 30%<sup>1</sup>
- Optimizing debt structure and financial expenses

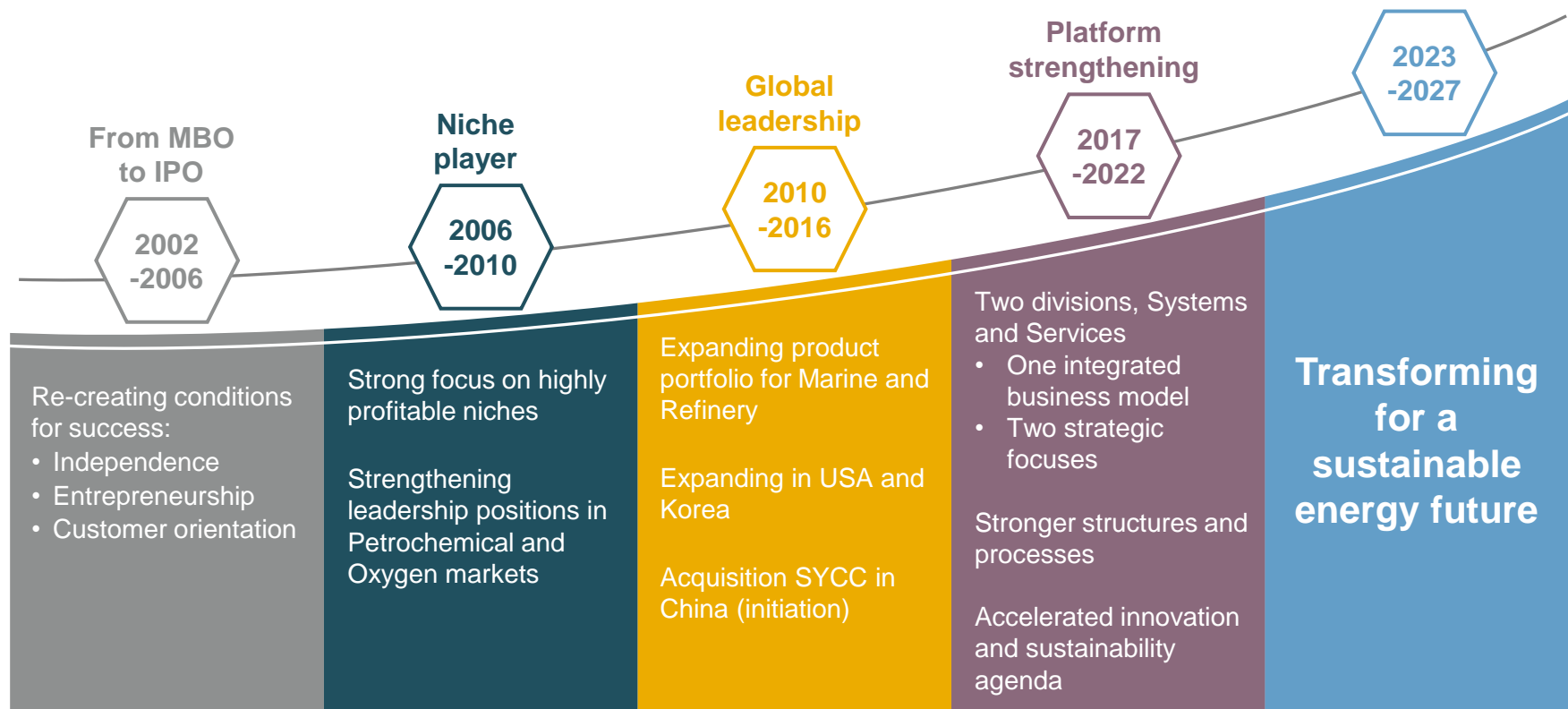


9.

## CONCLUSION AND Q&As



# Embracing the next chapter in the Company's growth agenda



# Burckhardt Compression looking forward

1. On track to deliver MRP 2022 targets – Raising the bar for 2027, aiming for CHF 1.1 bn sales and 12% - 15% EBIT margin
2. A highly dynamic market where BC is growing fast in applications related to the energy transition
3. A strong commitment to value creation (RONOA > 25%) and sustainable development

# Glossary

<b>A/R</b>	Accounts Receivable
<b>APS</b>	Announced Pledges Scenario
<b>BC</b>	Burckhardt Compression
<b>CAGR</b>	Compound Annual Growth Rate
<b>CAPEX</b>	Capital Expenditure
<b>CCUS</b>	Carbon Capture & Storage
<b>CH</b>	Switzerland
<b>CIS</b>	Commonwealth Of Independent States
<b>CN</b>	China
<b>DAC</b>	Direct Air Capture
<b>DPO</b>	Days Payable Outstanding
<b>DSO</b>	Days Sales Outstanding
<b>EBIT</b>	Earnings Before Interest and Taxes
<b>EBT</b>	Earnings Before Taxes
<b>EOHS</b>	Environment, Occupational Health and Safety
<b>EPC</b>	Engineering, Procurement and Construction
<b>EPS</b>	Earnings Per Share
<b>EVA</b>	Ethylene-Vinyl-Acetate
<b>FSRU</b>	Floating Storage and Regasification Unit
<b>FTE</b>	Full Time Employment
<b>G&amp;A</b>	General and Administrative
<b>GHG</b>	Greenhouse Gas
<b>HME</b>	Hydrogen Mobility & Energy
<b>IIJA</b>	Infrastructure Investment and Jobs Act
<b>IN</b>	India
<b>IoT</b>	Internet Of Things

<b>KR</b>	South Korea
<b>LNG</b>	Liquefied Natural Gas
<b>LTSAs</b>	Long-Term Service Agreements
<b>M&amp;A</b>	Mergers and Acquisitions
<b>MHP</b>	Marine High-Pressure
<b>NMC</b>	New Marine Compressor
<b>NOA</b>	Net Operating Assets
<b>NWC</b>	Net Working Capital
<b>NZE</b>	Net Zero Scenario By 2050
<b>OBC</b>	Other Brand Compressors
<b>OEM</b>	Original Equipment Manufacturer
<b>OI</b>	Order Intake
<b>PCI</b>	Petrochemical / Chemical Industry
<b>R&amp;D</b>	Research and Development
<b>REF</b>	Refinery
<b>RONOA</b>	Return On Net Operating Assets
<b>SAF</b>	Sustainable Aviation Fuels
<b>SERV</b>	Services Division
<b>SRM</b>	Supplier Relationship Management
<b>SPS</b>	Stated Policies Scenario
<b>SYCC</b>	Shenyang Yuanda Compressor Co. Ltd
<b>SYST</b>	Systems Division
<b>T&amp;S</b>	Gas Transport and Storage
<b>US</b>	United States
<b>VUCA</b>	Vision, Understanding, Clarity, Agility
<b>WACC</b>	Weighted Average Cost of Capital