Burckhardt Compression

HALF-YEAR RESULTS FISCAL YEAR 2022

NOVEMBER 1, 2022, WINTERTHUR

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Content

1. KEY HIGHLIGHTS AND MARKET DEVELOPMENT

FABRICE BILLARD
CEO

1HY FY 2022: Exceptional increase in order intake
Strong growth of sales, EBIT and net income

Order intake (in CHF mn)	Group sales (in CHF mn)	EBIT (in CHF mn)	EBIT (%)	Net income incl. minorities (in CHF mn)	EPS (CHF)
706.7	335.8	35.5	10.6%	24.5	7.23
+56.8%	+25.1%	+35.0%	+0.8pp	+37.0%	+37.7%

Order intake

- Strong global market momentum continued
- Continued strong SERV growth
- Exceptional increase in SYST order intake driven by
  - LDPE/EVA applications for solar panel production
  - LNG-related applications
  - Hydrogen for mobility and energy, mainly in the USA

Group sales

- Strong sales growth on the back of the high order volume received in the last 18 months

EBIT

- Overproportionate EBIT increase
  - At group and divisional level
  - Favorable temporary SYST product mix effect and high-capacity utilization
  - Operational leverage on SG&A expenses

Net income / EPS

- Financial expenses at similar level as prior-year period
- Tax rate at 25.2% (1HY FY 2021: 23.6%), due to higher share of profit in countries with higher tax rates

Key milestones achieved in the reporting period

Executive management team

- Recruitment and hand-over completed for succession of SYST Division President
- Andreas Brautsch started on October 1st, 2022

Service solutions & digitalization

- UP! Remote Support
  - Successful reference project at BASF Petronas chemicals with newly introduced UP! Solutions
- UP! Predict
  - Successful pilot of predictive algorithm based on artificial intelligence (AI) with customer BW, now being rolled out on 4 ships

New applications

- Further growing in H_2 mobility and energy markets
  - Milestone order in USA for H_2 liquefaction plants
  - Participating in world's largest H_2 project for Sinopec to produce 20'000 tons of green H_2 per year
  - Acceleration of partnership with HRS for large capacity H_2 fueling stations

Corporate responsibility

- Continuous progress in sustainability activities, reporting and commitments
  - Upgraded ESG ratings from ISS and MSCI
  - KPIs and targets defined for coming years

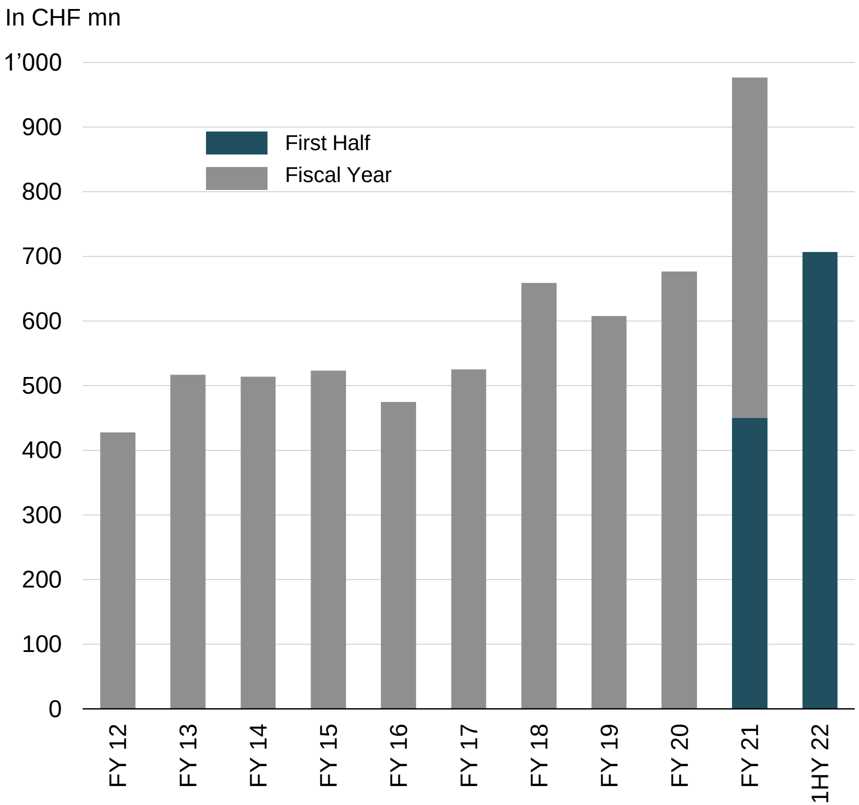
Macro and geopolitical environment remains challenging
Continuing to deploy mitigating actions

Challenges	Mitigating actions
Energy security and costs	• Energy costs marginal for own operations • Energy saving measures defined in Europe to minimize potential impact on operations in case of energy rationing imposed by authorities
Ongoing challenges in supply chain and logistics	• Operational agility via global footprint and supply chain teams • Material prices more stable and updated in our cost calculations • Further expanding diversified supplier base
Winding down Russian projects	• Exit from the Russian market now completed; no more goods being shipped, nor services provided beyond July 2022 • One-off costs and provisions in the amount of CHF 10 mn in 1HY FY 2022 to wind down orders signed before the sanctions

Strong global market momentum continued

	Dynamics in 1HY FY 2022
Petrochemical/ Chemical Industry	• Ongoing strong demand for LDPE/EVA for solar panel production in China • Large order received in the Middle East for low pressure applications
Gas Transport & Storage	• Very strong demand, especially for LNG carriers, LNG import terminals and FSRUs • Continuous demand for LNG-fueled ships
H_2 Mobility & Energy	• Investments increasing significantly, especially for H_2 liquefaction plants in the USA • Orders received for high-volume, high-pressure non-lube applications (e.g. trailer filling)
Industrial Gas	• Ongoing strong demand for polysilicon in China for solar panel production
Refinery	• Moderate activities; further opportunities in bio-fuels
Gas Gathering & Processing	• Re-start of investment in the USA only picking up gradually

Exceptionally high order intake

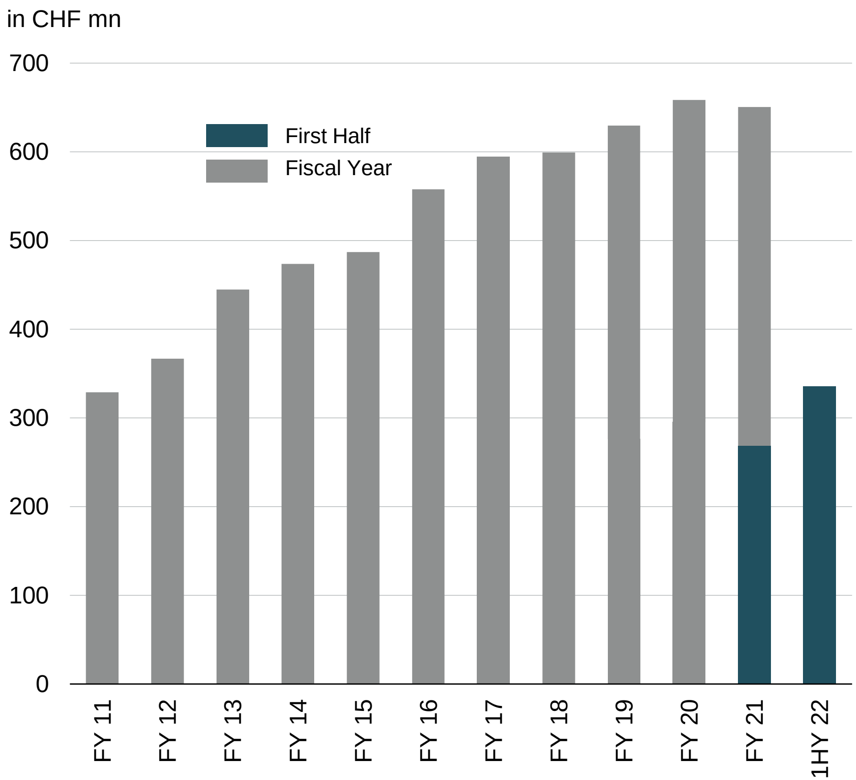


- Total order intake at CHF 706.7 mn, 56.8% above prior-year level (59.5% net of currency translation effects and acquisitions)
- Systems Division: +75.4% to CHF 531.5 mn (+79.0% net of currency translation effects), driven by exceptional, large projects:
  - Several orders for LDPE/EVA and polysilicon applications driven by solar panel production in China
  - Exceptional orders in LNG-related applications for delivery over the next few years
  - Increasing market activity in hydrogen for mobility and energy, especially in the USA
- Services Division: +18.6% to CHF 175.2 mn (+19.3% net of currency translation effects and acquisitions)
  - Mainly driven by spare parts and field service orders
  - Increasing demand for engineering / revamp solutions
  - Growth in all regions

2. FINANCIAL REVIEW

ROLF BRAENDLI
CFO

Sales higher than prior-year level driven by high order backlog



- Total sales at CHF 335.8 mn
- 25.1% higher than in the first half of fiscal year 2021 (+27.5% net of currency translation effects and acquisitions)
- Systems Division: +28.9% to CHF 180.5 mn
  - Strong sales growth on the back of the exceptionally high order volume received in the last 18 months
  - Main drivers: Gas Transport & Storage, Petrochemical/Chemical, Hydrogen Mobility and Energy
- Services Division: +21.0% to CHF 155.3 mn
  - Higher sales in all areas

Systems Division:
Exceptional growth in order intake and further increase in profitability

in CHF mn	1HY FY 2022	1HY FY 2021	Change
Order intake	**531.5**	**303.0**	**75.4%**
Sales	**180.5**	**140.1**	**28.9%**
Gross profit	44.1	27.7	59.0%
In % of sales	24.4%	19.8%	4.6 pp
EBIT	**8.0**	**5.7**	**41.4%**
In % of sales	4.5%	4.1%	0.4 pp
Headcount (FTEs)	1’789	1’638	9.2%

- Sales increase 28.9%
  - Strong sales growth on the back of the exceptionally high order volume received in the last 18 months
- Gross profit up 59.0%
  - Temporary positive product mix effects
  - High-capacity utilization
- EBIT increase 41.4%
  - EBIT-margin increased by 0.4pp
  - Higher gross margin and operational leverage on SG&A expenses
  - One-off costs and provisions in the amount of CHF 10 mn for Russian projects

Services Division: Continued strong growth and increase in profitability

in CHF mn	1HY FY 2022	1HY FY 2021	Change
Order intake	**175.2**	**147.7**	**18.6%**
Sales	**155.3**	**128.4**	**21.0%**
Gross profit	67.3	54.8	22.8%
In % of sales	43.3%	42.7%	0.6 pp
EBIT	**32.1**	**23.9**	**33.9%**
In % of sales	20.6%	18.6%	2.0 pp
Headcount (FTEs)	1’231	1’097	12.2%

- Sales increased by 21.0%
  - Higher sales in all areas
- Higher gross profit, with slightly higher gross margin as a result of product mix
- Higher EBIT, yielding a higher EBIT-margin of 20.6%
  - Largely volume driven, benefitting from operational leverage on SG&A
- Integration of acquisitions progressing
  - Integration of Mark van Schaick BV business (Netherlands) completed successfully
  - Arkos Field Services continued to grow in the USA downstream business and closed the half year with a positive EBIT

Overproportionate growth of EBIT and EPS

in CHF mn	1HY FY 2022	1HY FY 2021	Change
Order intake	706.7	450.7	56.8%
Sales	335.8	268.5	25.1%
Gross profit	111.3	82.5	34.9%
In % of sales	33.2%	30.7%	2.5 pp
SG&A	-55.6	-51.9	7.1%
R&D	-11.2	-9.3	20.4%
Other operating income	-9.1	5.0	
EBIT	35.5	26.3	35.0%
In % of sales	10.6%	9.8%	0.8 pp
EBT	32.8	23.4	40.0%
Income tax expenses	-8.2	-5.5	49.1%
Net income incl. minorities	24.5	17.9	37.0%
Thereof minorities	0.1	0.1	-81.0%
EPS	7.23	5.25	37.7%

- Gross margin up 2.5pp despite higher share of SYST business (54% in 1HY FY 2022 vs 52% in 1HY FY2021)
  - Temporary positive product mix effects in SYST
  - High-capacity utilization
- SG&A at 16.5% of sales (1HY FY 2021: 19.3%)
  - Operational leverage on SG&A expenses
- R&D up CHF 1.9 mn due to development/improvement of marine solutions, enhancing compressor solutions for H_2 applications and development of digital solutions
- Other operating income decreased by CHF 14.1 mn
  - One-off costs and provisions in the amount of CHF 10 mn for Russian projects
- Overproportionate growth in EPS (+37.7%)
  - Financial expenses at similar level as prior-year period
  - Tax rate at 25.2% (1HY FY 2021: 23.6%) due to higher share of profit in countries with higher tax rates

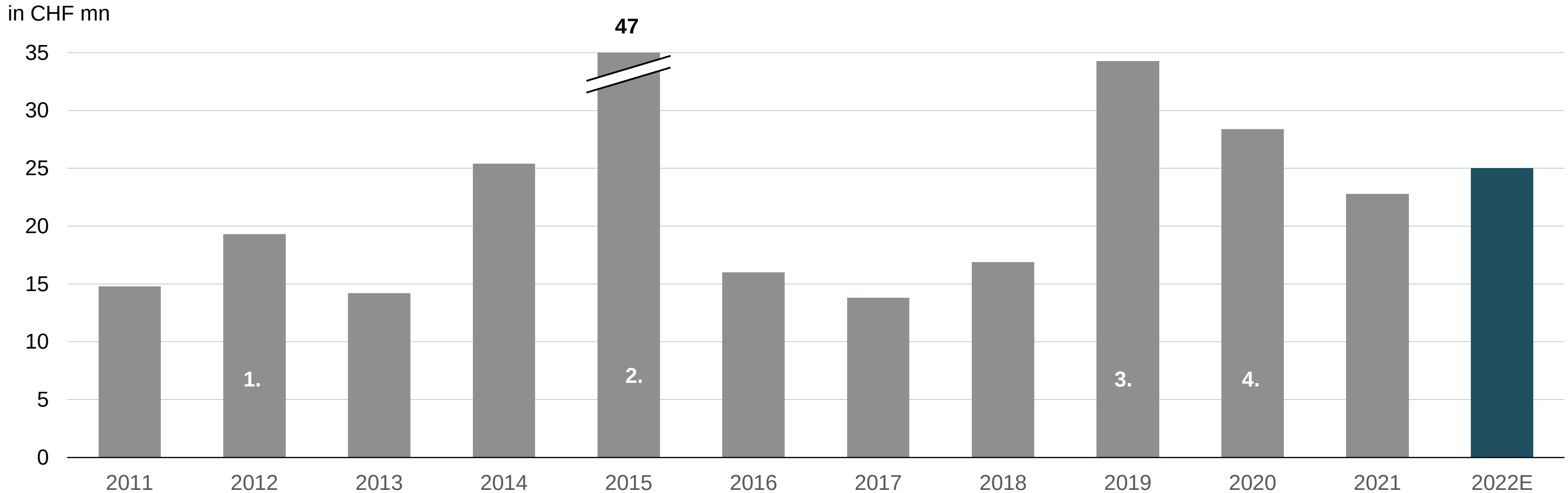
Balance sheet bolstered by high volume of advance payments from customers; solid equity ratio

in CHF mn	1HY FY 2022	1HY FY 2021[1]
Property, Plant & Equipment	177.0	176.2
Inventories	217.4	161.4
- Thereof WIP	102.4	54.3
- Thereof Adv. Payments to Suppliers	22.6	32.0
Trade Receivables	223.5	229.1
Trade Payables	95.5	89.6
Adv. Payments from Customers	173.7	136.5
Shareholders Equity in % of Total Balance Sheet	27.4%	27.7%
Net financial position	-50.9	-51.4

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

- Property, Plant & Equipment stable at prior-year level
- Trade receivables slightly decreased compared to 1HY FY 2021
  - 33.2% of the trade receivables overdue more than 90 days (1HY FY 2021: 39.1%)
  - Trade receivables overdue more than 90 days mainly related to projects in China, however overdue receivables from China decreasing
- Balance between advance payments from customers and work in progress plus advance payments to suppliers remained stable at CHF 48.7 mn (1HY FY 2021: CHF 50.2 mn)
- Equity ratio at 27.4% similar to 1HY FY 2021 and slightly below year-end FY 2021 (29.0%), net of FY 2021 dividend payment in July 2022
- Net financial position stable compared to 1HY FY 2021

Capital Investments in FY 2022 expected at CHF ~25 mn, similar level as depreciation & amortization



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)

Stable net financial position

in CHF mn	1HY FY 2022	1HY FY 2021[1]
Cash Initial Balance	**101.0**	**75.4**
Cash Flow from Operating Activities	48.8	62.8
Cash Flow from Investing Activities	-10.8	-9.7
Cash Flow from Financing Activities	2.3	-1.5
Currency Translation Differences	-5.3	-0.4
Cash Position	**136.0**	**126.6**
Borrowings	-186.9	-178.0
Net Financial Position	**-50.9**	**-51.4**

[1]Cash Flow from operating activities (Inventory and customer advance payments) have been restated due to a change in accounting policies

- Stable **net financial position** (net debt) of CHF -50.9 mn
  - Cash flow from **operating activities** at CHF 48.8 mn, lower than the high prior-year period which included a larger increase in advance payments from customers.
  - Cash flow from **investing activities** is mainly related to maintenance CAPEX investments
  - Cash flow from **financing activities** increased compared to prior-year period
    - Higher cash-in from financial liabilities (CHF +7.2 mn y-o-y)
    - Higher dividend payment of CHF 7.50 per share for FY 2021 (FY 2020: CHF 6.50) (CHF -3.4 mn y-o-y)
  - **Currency translation differences** mainly due to the translation effect of cash positions in subsidiaries in China and Korea in local currency vs. Swiss Franc
  - **Borrowings** slightly up vs. prior-year level and include a CHF 100 mn bond with a term until September 2024

3. OUTLOOK

FABRICE BILLARD
CEO

FY 2022 financial guidance confirmed

	Guidance FY 2022
Sales	CHF 720 – 760 mn
EBIT margin	At similar level as FY 2021

Glossary

• BC	Burckhardt Compression
• EBIT	Earnings before interest and taxes
• EBT	Earnings before taxes
• EPS	Earnings per share
• EVA	Ethylene-Vinyl-Acetate
• FSRU	Floating Storage and Regasification Unit
• LDPE	Low density polyethylene
• LNG	Liquefied natural gas
• MRP	Mid-range plan
• OBC	Other brand compressors
• OEM	Original equipment manufacturer
• pp	Percentage point
• R&D	Research and development
• RONOA	Return on net operating assets
• SERV	Services Division
• SG&A	Selling, general and admin cost
• SYST	Systems Division

Burckhardt Compression

Compressors for a Lifetime™