

FIRST-HALF RESULTS FOR FISCAL YEAR 2023



We create leading compression solutions
for a sustainable energy future

DEAR SHAREHOLDERS,

In the first half of 2023, Burckhardt Compression delivered a strong sales growth of 21% despite significant currency effects. We also substantially increased operating income by 26% and net income by 32%. For the fiscal year 2023, we confirm our guidance and remain on track to achieve our Mid-Range Plan 2023–2027.

Following a period of exceptional growth driven by a robust post-pandemic recovery and bolstered by upfront investments in the energy transition, our markets are normalizing. This is in line with our expectations and is reflected in the order intake for the period, which now excludes exceptional orders. In this dynamic market that is transitioning towards a sustainable energy future, we continue to innovate and benefit from the strong position of our compression solutions. From an operational standpoint, we remain focused on delivering the extraordinary volume of orders recorded in the past 18 months. This translated into considerable sales growth in the Systems Division and creates a positive operating leverage at Group level. The resulting operating profit and net income increased significantly compared to the previous year period. As stated before, due to the distribution of project deliveries, we expect to see a stronger second half of the year. We confirm our fiscal year guidance and remain on track to achieve our 2023–2027 Mid-Range Plan targets.

Markets are normalizing

Amidst a normalizing market environment backdrop, demand trends varied across our end markets and applications. The Hydrogen Mobility and Energy (HME) market has been advancing further, aided by growing clarity over the implementation of the Inflation Reduction Act in the US and the Delegation Act in Europe. Our progress in this market continues to support our ambitions to reinforce our position in applications supporting the energy transition and to rebalance our exposure towards the USA. As expected, the demand for low-density polyethylene (LDPE), ethylene-vinyl acetate (EVA), and polysilicon used for solar panels normalized from its peak, following unprecedented growth and capacity build-up. Similarly, demand for LNG (Liquefied Natural Gas) applications receded from its historical highs, especially on the marine side, as shipyards producing LNG tankers now stand fully loaded for the next couple of years. Conversely, the markets for LPG ships and Gas Gathering and Processing applications have grown significantly, buoyed by the rising global energy demand and the resulting need to transport gases from the producing countries to the consumption locations.

The service market continued to grow, with regional disparities reflecting the local economic situation. The USA, China, and India remained strong, while the European market decreased due to the economic slowdown, especially in Germany.

Group: Strong growth in sales, operating profit, and net income

For the first half of the fiscal year 2023, we could further grow our backlog with a strong Group order intake of CHF 581.3 mn. This order intake stands 17.8% below the exceptional previous year period. The impact of the stronger Swiss franc is clearly noticeable, with the decrease in order intake limited to -12.9% net of currency translation effects.

The strong sales growth of 21.4% to CHF 407.7 mn (+28.5% net of currency translation effects) is underpinned by a substantial ramp-up of deliveries in the Systems Division and a slight growth in the Services Division. The resulting higher share of the Systems business at Group level as well as a less favorable product mix within the Systems Division were two important factors impacting the gross margin. Gross profit of CHF 109.0 mn was 2.1% below the prior year period, yielding a gross profit margin of 26.7% (previous year: 33.2%).

Research & Development expenses increased by CHF 2.1 mn to CHF 13.3 mn (3.3% of Sales) as we continue to develop innovative solutions for the marine and Hydrogen Mobility and Energy markets, as well as for digital products and services. Within the Systems Division, these efforts have resulted in the launch of a new standard diaphragm compressor package for Europe to serve the hydrogen mobility market and a new generation of process gas compressors for hydrogen liquefaction plants.

Key figures

in CHF'000	April–Sept. 2023	April–Sept. 2022	Change 2023/2022	Fiscal year 2022
Order intake	581'279	706'737	-17.8%	1'268'270
Systems Division	409'403	531'549	-23.0%	911'159
Services Division	171'876	175'188	-1.9%	357'111
Sales	407'707	335'843	21.4%	829'701
Gross profit	108'965	111'344	-2.1%	244'467
Operating income (EBIT)	44'862	35'500	26.4%	94'963
Net income	32'443	24'544	32.2%	70'001
Total assets	1'004'594	853'459	17.7%	940'602
Total equity	247'174	234'059	5.6%	261'583
Earnings per share (in CHF)	9.61	7.23	32.9%	20.64
FTEs as per Sept. 30 / March 31	3'147	2'892	8.8%	2'973

Overall, consolidated operating income (EBIT) increased by 26.4% to CHF 44.9 mn, leading to an EBIT margin of 11.0%, slightly ahead of the previous year's period.

With slightly lower financial expenses than in the previous year period and a tax rate of 25.3% (previous year: 25.2%), the Group's net income strongly increased to CHF 32.4 mn (+32.2% year-on-year).

Systems Division: Strong ramp-up in deliveries and sales

After 18 months of an exceptionally high volume of orders, the Systems Division achieved a strong order intake of CHF 409.4 mn in the first half of the fiscal year 2023. This is 23.0% below the exceptionally high prior year period and down 18.5% net of currency translation effects. This figure includes a repeat order for large hydrogen compressors for Plug Power systems, which has positioned itself to become a leading supplier of liquid hydrogen systems in the US. It also incorporates a renewed growth of orders for LPG marine compressors after low activity in fiscal year 2022.

The Systems Division continued to increase capacity and automation as well as improve processes within its existing factories to ramp up project deliveries. This yielded sales of CHF 247.9 mn in the period under review, translating into a substantial growth of +37.3%. As expected, the temporary and highly favorable product mix that bolstered the gross margin in the previous year did not repeat. Moreover, additional costs were required to expand the capacity within existing factories and handle the strongly growing volume. These factors led to an 8.1% year-on-year decrease in gross profit and a gross margin of 16.3% (previous year: 24.4%).

The operating profit of the Systems Division reached CHF 13.6 mn, a 69.0% increase versus the previous year period, which at that time included one-off costs and provisions in the amount of CHF 10.0 mn related to the Group-wide exit from the Russian market. The resulting EBIT margin of 5.5% was slightly higher than in the previous year (4.5%).

Services Division: Further growth and substantial increase in profitability

In the first half of the fiscal year 2023, order intake for the Services Division fell by 1.9% to CHF 171.9 mn, predominately reflecting currency translation headwinds. Adjusting for currency translation effects, order intake grew by 4.1%. The main drivers for this growth were the USA, China, and India, while Europe and the Middle East were lower than in the previous year. Digital products and services performed well globally.

Sales rose 2.9% year-on-year to CHF 159.8 mn (+9.1% net of currency translation effects). Gross profit increased by 1.8% to CHF 68.5 mn, resulting in a gross margin of 42.8% (43.3% in the previous year). The EBIT in the first half of the fiscal year 2023 reached CHF 36.9 mn, a 15.1% increase compared to the previous year's period, primarily thanks to operational leverage resulting from higher sales in local currencies. This led to a substantial increase in the EBIT margin to 23.1% (previous year: 20.6%).

During the period under review, the Services Division strengthened its position in Asia by fully integrating the acquired team and business of its agent in Thailand. It also acquired thousands of drawings from an Indian compressor manufacturer to become the preferred service partner for more than 250 compressors in India. In line with our strategic objectives, this supports our ongoing efforts to grow in "white spot" areas, increase our presence in Asia, and improve our coverage of the installed base. In our ongoing endeavors to support our customers in their CO₂ emission reduction efforts, the division also launched the new service BC ACTIVATE, which provides customers with diagnostics of their installed base and invaluable insights to aid emission reduction and increase uptime. Finally, we expanded our digital customer portal myFleet with additional features and onboarded new customers to provide them with a seamless experience and a real-time overview of all their compressors.

Further progress on our sustainability roadmap

Sustainability continues to be at the center of our strategy, with implications on target markets, Research & Development projects, CAPEX investments, operational KPIs, and long-term incentive plans for senior management.

We successfully initiated the Group-wide Mid-Range Plan initiatives to reduce greenhouse gas emissions in our operations and drive energy efficiency. In our facility in China, we implemented a daily electricity monitoring and control system to capitalize on energy savings. We advanced several solar panel projects to the next stage, specifically in China and Switzerland, and completed a project on our facilities in Rheine, Germany, which covers around 40.0% of the site's electricity. Stringent and ongoing adherence to Health and Safety led to a Lost Time Injury Rate of 0.31, in the first half of calendar year 2023. This is well below our target of <0.7, which is a particular focus point during the ramp-up of our deliveries.


Outlook for the fiscal year 2023 confirmed

With the strong order intake of the first half-year, our backlog continued to grow, providing additional visibility and confidence in delivering on our fiscal year 2023 guidance. As we grow our sales, especially in the Systems Division, we will continue to focus on operational excellence. As previously communicated, we expect the second half of fiscal year 2023 to be stronger than the first half in terms of Group sales and EBIT due to the distribution of project deliveries. We confirm our guidance for Group sales of CHF 950 mn to 1 bn for the fiscal year 2023. We also expect to reach an EBIT margin similar to the previous fiscal year. Going forward, we will continue our journey towards a sustainable energy future by prioritizing customer orientation, innovation, and operational excellence to reach our Mid-Range Plan targets. We will also continue our proactive monitoring of the ever-changing global political situation and its potential impacts on our business.

Acknowledgments

Our employees' dedication worldwide has been instrumental in achieving these strong results. Their drive, passion, and commitment give us confidence as we incrementally advance toward our vision. We want to sincerely thank them on behalf of the Board of Directors and Executive Management team. We would also like to sincerely thank our shareholders and customers worldwide for their trust and for being part of our sustainable growth journey.

Kind regards,



Ton Büchner
Chairman of the Board of Directors



Fabrice Billard
CEO

Winterthur, October 31, 2023

Dates for shareholders:

June 4, 2024	Annual Report 2023 (closing March 31, 2024)
July 5, 2024	Annual General Meeting

Consolidated income statement

in CHF '000	First half 2023 April–Sept. 2023	First half 2022 April–Sept. 2022	2022 fiscal year April 2022–March 2023
Sales	407'707	335'843	829'701
Cost of goods sold	-298'742	-224'499	-585'234
Gross profit	108'965	111'344	244'467
Selling and marketing expenses	-34'181	-29'392	-62'742
General and administrative expenses	-24'957	-26'178	-54'277
Research and development expenses	-13'336	-11'197	-23'897
Other operating income	24'147	16'494	30'245
Other operating expenses	-15'776	-25'571	-38'833
Operating income	44'862	35'500	94'963
Financial income and expenses	-1'426	-2'709	-3'805
Earnings before taxes	43'436	32'791	91'158
Income tax expenses	-10'993	-8'247	-21'157
Net income	32'443	24'544	70'001
Share of net income attributable to shareholders of Burckhardt Compression Holding AG	32'416	24'522	69'942
Share of net income attributable to non-controlling interests	27	22	59
Basic earnings per share (in CHF)	9.61	7.23	20.64
Diluted earnings per share (in CHF)	9.61	7.23	20.64

Consolidated balance sheet

in CHF 1'000	First half 2023 09/30/2023	First half 2022 09/30/2022	2022 fiscal year 03/31/2023
Non-current assets			
Intangible assets	13'412	13'632	11'744
Property, plant and equipment	170'873	177'046	172'039
Deferred tax assets	17'137	16'610	17'915
Other assets	3'793	1'649	3'735
Total non-current assets	205'215	208'937	205'433
Current assets			
Inventories	334'361	217'356	286'246
Trade receivables	260'375	223'534	245'545
Other current receivables	72'493	63'344	68'522
Prepaid expenses and accrued income	5'926	4'269	5'777
Cash and cash equivalents	126'224	136'019	129'079
Total current assets	799'379	644'522	735'169
Total assets	1'004'594	853'459	940'602
Equity			
Share capital	8'500	8'500	8'500
Capital reserves	1'368	573	574
Treasury shares	-6'553	-2'077	-15'772
Retained earnings and other reserves	243'508	226'687	267'882
Equity attributable to shareholders of Burckhardt Compression Holding AG	246'823	233'683	261'184
Non-controlling interests	351	376	399
Total equity	247'174	234'059	261'583
Liabilities			
Non-current liabilities			
Non-current financial liabilities	161'369	161'989	132'000
Deferred tax liabilities	14'470	12'326	14'246
Non-current provisions	14'247	12'056	11'901
Other non-current liabilities	2'884	3'196	3'044
Total non-current liabilities	192'970	189'567	161'191
Current liabilities			
Current financial liabilities	16'816	24'971	4'214
Trade payables	116'933	95'519	109'073
Customers' advance payments	243'948	173'703	222'849
Other current liabilities	41'770	37'383	40'505
Accrued liabilities and deferred income	116'267	66'633	108'363
Current provisions	28'716	31'624	32'824
Total current liabilities	564'450	429'833	517'828
Total liabilities	757'420	619'400	679'019
Total equity and liabilities	1'004'594	853'459	940'602

Consolidated cash flow statement

in CHF 1'000

	First half 2023 April–Sept. 2023	First half 2022 April–Sept. 2022	2022 fiscal year April 2022–March 2023
Cash flow from operating activities			
Net income	32'443	24'544	70'001
Income tax expenses	10'993	8'247	21'157
Financial income and expenses	1'426	2'709	3'805
Depreciation	8'861	8'817	17'981
Amortization	2'253	2'009	3'788
Change in inventories	-53'287	-32'142	-86'565
Change in trade receivables	-22'705	28'315	585
Change in other current assets	-6'733	2'050	-9'922
Change in trade payables	11'512	1'625	17'058
Change in customers' advance payments	29'541	17'442	50'625
Change in provisions	-921	2'666	4'940
Change in other liabilities	12'020	-12'713	32'662
Change in provision in equity	4'496	2'310	4'288
Adjustment for non-cash items	-844	2'316	1'329
Interest received	814	190	1'028
Interest paid	-1'418	-1'632	-3'324
Income taxes paid	-12'278	-7'977	-18'804
Total cash flow from operating activities	16'173	48'776	110'632
Cash flow from investing activities			
Purchase of property, plant and equipment	-10'380	-10'427	-16'175
Sale of property, plant and equipment	179	-	4'165
Purchase of intangible assets	-3'644	-2'147	-4'282
Sale of financial assets	-	1'801	3'208
Total cash flow from investing activities	-13'845	-10'773	-13'084
Cash flow from financing activities			
Increase in financial liabilities	41'621	27'735	3'887
Decrease in financial liabilities	-	-	-25'779
Purchase of treasury shares	-526	-	-13'695
Dividends paid	-40'388	-25'430	-25'597
Total cash flow from financing activities	707	2'305	-61'184
Currency translation differences on cash and cash equivalents	-5'890	-5'305	-8'301
Net change in cash and cash equivalents	-2'855	35'003	28'063
Cash and cash equivalents at beginning of period	129'079	101'016	101'016
Cash and cash equivalents at end of period	126'224	136'019	129'079
Net change in cash and cash equivalents	-2'855	35'003	28'063

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
Balance at April 1, 2022	8'500	525	-2'136	1'594	-5'034	-156'005	394'895	242'339	550	242'889
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
Purchase of treasury shares			-							-
Share-based payments (distributed)		48	59				-107			
Share-based payments (provision in equity)							2'310	2'310		2'310
Balance at September 30, 2022	8'500	573	-2'077	1'282	-14'780	-156'005	396'190	233'683	376	234'059
Balance at April 1, 2023	8'500	574	-15'772	2'978	-22'678	-156'005	443'587	261'184	399	261'583
Net income							32'416	32'416	27	32'443
Currency translation differences					-10'537			-10'537	-75	-10'612
Changes of cash flow hedges				178				178		178
Dividends paid							-40'388	-40'388		-40'388
Purchase of treasury shares			-526					-526		-526
Share-based payments (distributed)		794	9'745				-10'539	-		-
Share-based payments (provision in equity)							4'496	4'496		4'496
Balance at September 30, 2023	8'500	1'368	-6'553	3'156	-33'215	-156'005	429'572	246'823	351	247'174

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, 2023. 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, 2023. The current accounting standards are congruent with the accounting standards used to prepare the 2022 financial statements.

2. Segment reporting

in CHF '000	Systems Division				Services Division			
	HY 2023 April– Sept. 2023	HY 2022 April–Sept. 2022	Change 2023/2022	FY 2022 April 2022– March 2023	HY 2023 April– Sept. 2023	HY 2022 April–Sept. 2022	Change 2023/2022	FY 2022 April 2022– March 2023
Sales	247'863	180'499	37.3%	489'663	159'844	155'344	2.9%	340'038
Cost of goods sold	-207'370	-136'421		-393'358	-91'372	-88'078		-191'876
Gross profit	40'493	44'078	-8.1%	96'305	68'472	67'266	1.8%	148'162
Gross profit as % of sales	16.3%	24.4%		19.7%	42.8%	43.3%		43.6%
Operating income	13'581	8'036	69.0%	30'294	36'903	32'058	15.1%	75'041
Operating income as % of sales	5.5%	4.5%		6.2%	23.1%	20.6%		22.1%

in CHF '000	Others				Total			
	HY 2023 April– Sept. 2023	HY 2022 April–Sept. 2022	Change 2023/2022	FY 2022 April 2022– March 2023	HY 2023 April– Sept. 2023	HY 2022 April–Sept. 2022	Change 2023/2022	FY 2022 April 2022– March 2023
Sales	–	–	–	–	407'707	335'843	21.4%	829'701
Cost of goods sold	–	–	–	–	-298'742	-224'499		-585'234
Gross profit	–	–	–	–	108'965	111'344	-2.1%	244'467
Gross profit as % of sales	–	–	–	–	26.7%	33.2%		29.5%
Operating income	-5'622	-4'594	22.4%	-10'372	44'862	35'500	26.4%	94'963
Operating income as % of sales	–	–	–	–	11.0%	10.6%		11.4%

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

There were no changes in the scope of consolidation in the first half year 2023 and 2022.

4. Financial liabilities

Burckhardt Compression has a bond in the amount of CHF 100 mn with a coupon of 1.5%. The issue price was 100.0% of the nominal value. It will be redeemed at par value on September 30, 2024. The bond is listed on the SIX Swiss Exchange.

5. Events after the balance sheet date

There were no significant events after the balance sheet date.

ABOUT BURCKHARDT COMPRESSION

Burckhardt Compression 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.

Contact:

Fabrice Billard, CEO

Tel. +41 52 261 55 00

fabrice.billard@burckhardtcompression.com

Rolf Brändli, CFO

Tel. +41 52 261 51 91

rolf.braendli@burckhardtcompression.com

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 2023 interim report is also available in German, and both versions can be downloaded from our website at www.burckhardtcompression.com/financial-reports. The English version takes precedence in the event of a conflict.



Publisher

Burckhardt Compression Holding AG, Winterthur

Concept/Design/Publication

Linkgroup AG, Zurich

Burckhardt Compression Holding AG

8404 Winterhur

Switzerland

Tel. +41 52 261 55 00

info@burckhardtcompression.com

www.burckhardtcompression.com

