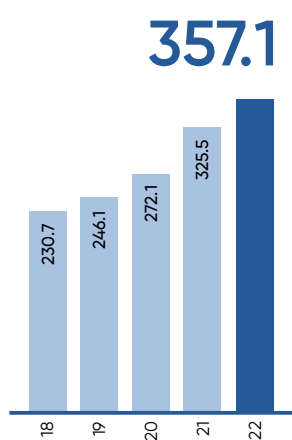
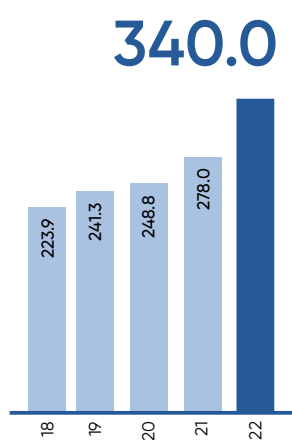


Services Division

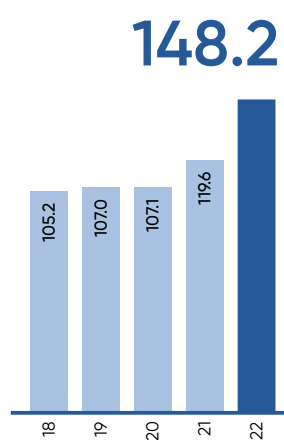
Order intake
in CHF mn



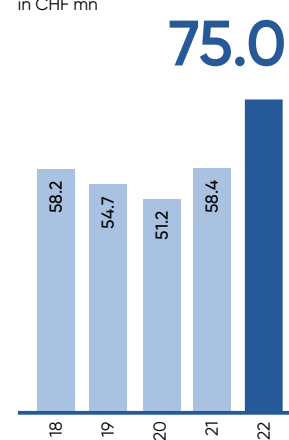
Sales
in CHF mn



Gross profit
in CHF mn



Operating income (EBIT)
in CHF mn



in CHF mn

| | 2022 | 2021 | Change 2022/2021 |
|--|--------------|--------------|---------------------|
| Order intake | 357.1 | 325.5 | 9.7% |
| Sales | 340.0 | 278.0 | 22.3% |
| Gross profit | 148.2 | 119.6 | 23.9% |
| in % of sales | 43.6% | 43.0% | |
| EBIT | 75.0 | 58.4 | 28.6% |
| in % of sales | 22.1% | 21.0% | |
| Headcount at end of fiscal year (FTE) | 1'275 | 1'198 | 6.4% |

The Services Division succeeded in significantly increasing its sales, driven by spare parts, revamp and repair solutions and digital products.

+22%

Services Division

Continuing its successful growth strategy, the Services Division reached new historical records for order intake, sales, gross profit and EBIT in fiscal year 2022. All regions have participated to this success and these results come close to the targets defined in the Mid-Range Plan 2018–2022.

Financials

The Services Division grew its order intake by 10% to CHF 357.1 mn in fiscal year 2022 and recorded a strong sales increase of 22% (21% net of the acquisition of Mark van Schaick) to CHF 340.0 mn. Gross profit grew by CHF 28.6 mn to CHF 148.2 mn, resulting in a gross margin of 43.6%, similar to the previous year (43.0%). EBIT strongly increased by 29% to CHF 75.0 mn thanks to higher sales, yielding an EBIT margin of 22.1%, which is 1.1 percentage points above the previous year. In the course of fiscal year 2022, Arkos Field Services (USA) was merged with Burckhardt Compression US Inc., after generating an EBIT margin of around 5%.

Market developments

The demand for complete solutions, on-site services, monitoring, and diagnostics was very strong in fiscal year 2022. This growth was mainly driven by Asia, Europe, and the USA. Asia-Pacific grew across products and applications and benefited from a large, newly installed base. In Western Europe, we grew thanks to large turnaround projects and considerable marine service interventions, which more than compensated the negative effects linked to the war in Ukraine. The exit of the Russian market was more than offset by an exceptionally high level of activity in Eastern Europe and by growth in the Middle East. The US market gained from positive market indicators mainly in gas gathering and processing as anticipated. One additional driver for our growth was the marine business with new, long-term service agreements won during the year. In this and other markets, we are benefiting from a clear trend among customers seeking not just a supplier, but a competent partner that can offer a full range of services.

With around 400 Field Service Representatives around the globe, we are ready to cover almost all needs in an appropriate time.

Spare Parts

Growth continued during the reporting period, thanks to an increasing installed base and a growing number of customer frame agreements.

Engineering/revamp/repair solutions

Substantially increased selling activities resulted in significant orders received from European and Asian customers. Thanks to the ongoing relaxation of Covid-19 restrictions, we were able to make better use of our capacity. The trend for long-term service contracts is continuing, and the requirement for complex engineering solutions for complete on-site overhauls (turnaround projects) reinforces this segment further. In the revamp business, the need for lower emission solutions opened up new opportunities.

Field Service

Highly skilled and professional field service technicians offer a variety of services to cover local requirements. With about 400 Field Service Representatives around the globe, we are ready to cover almost all needs in an appropriate time. This segment profited from the tendency of installation services being ordered together with new compressor systems, as well as from the relaxation of Covid-19 restrictions, especially in China.

Digital products and services

We achieved a record order intake for PROGNOST® monitoring products and services in fiscal year 2022. We further developed our digital services for connected compressors to support customers with predictive maintenance. In close collaboration with key customers, we achieved positive results with first pilot applications, such as UP! Remote Support and in the development of algorithms for failure prediction.

Customer satisfaction

Through the "Voice of Customer" initiative, we received more than 1'000 customer feedback responses, which will help to improve the way we provide services. One area of improvement is "convenience". To make it easier for customers to work with us, we have further developed our customer portal solution, which can be used to order parts, ask for support, and see installed assets including drawings. Another important element for facilitating collaboration are the long-term service agreements, which clarify the spirit of partnership between the customer and ourselves, with defined terms and conditions, and scope of supply.

We are transforming and building new growth avenues by developing a network and organization to service the hydrogen mobility and energy market and marine customers.

Infrastructure and capacity

We invested in service capabilities in China and built new service workshops in France, Turkey, and Singapore. We also strengthened our presence in Asia by integrating the acquired assets and the employees of SPAN Maintenance and Service Co. Ltd. into the newly established subsidiary Burckhardt Compression (Thailand) Co. Ltd. as of April 1st, 2023. In France, we purchased the land and building of Société d'Application du Métal Rouge (SAMR), and plan further investments in the machine park to increase capacity for sliding bearings.

Acquisitions

With the complete integration of Arkos Field Services in the USA, and merging the legal entity with Burckhardt Compression US Inc. as of January 1st, 2023, we now have one BCUS organization consisting of Systems and Services under one legal entity. We have streamlined the local set-ups, sold the Houma Service Center in Louisiana, and have integrated its service business in our new Service Center in New Iberia. The integration of the business of Mark van Schaick BV was successfully completed and renamed in Burckhardt Compression (Nederland) BV.

Research and development

In May 2022, UP! Remote Support was released for sale, to support customers even better and faster on site. The new service provides clear benefits such as fast support by eliminating travel time, easier access to expert knowledge, shorter machine downtime, and reduced operating costs. First orders for UP! Remote Support were recorded. In fiscal year 2022, we also introduced the new product PROGNOST[®]-Wireless, a cost-effective wireless sensor add-on for condition monitoring of a large number of equipment.

Outlook

The strategic focus of our Mid-Range Plan 2023 to 2027 is to strengthen our core business by becoming a full-service provider for gas compression solutions, improving coverage of the installed base, and increasing our presence in the USA, Asia and selected white spots. At the same time, we will expand our marine service offering.

We will further improve our process efficiency and realize our digitalization potential, while increasing our spare parts performance. We will globalize our components production for Burckhardt Compression and other brand compressors and leverage our selling, general, and administrative expenses.

We are transforming and building new growth avenues by developing a network and organization to service the hydrogen mobility and energy market and marine customers. We will grow service offerings addressing customers' operational excellence and sustainability agendas, develop new business models and offerings including digital solutions, and enhance our business foundations by fostering EOHS (Environment, Occupational Health, and Safety) and a service culture.