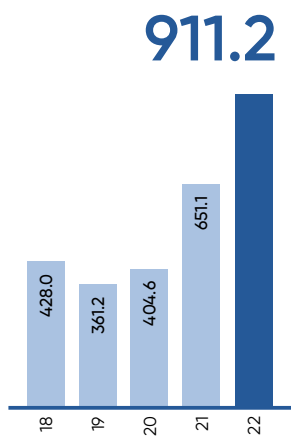
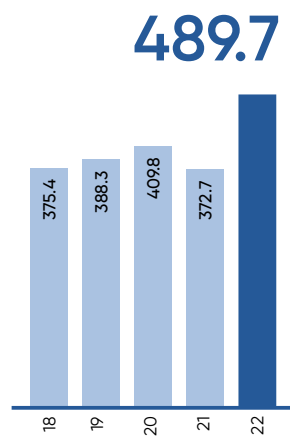


Systems Division

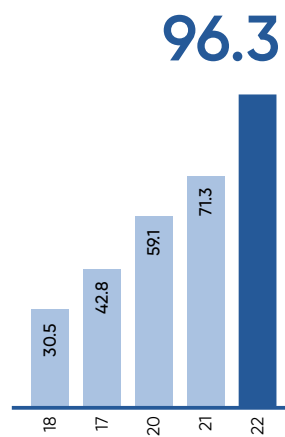
Order intake
in CHF mn



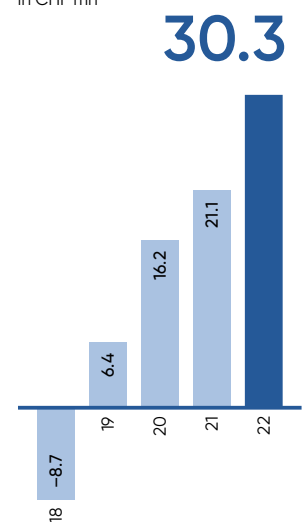
Sales
in CHF mn



Gross profit
in CHF mn



Operating income (EBIT)
in CHF mn



| in CHF mn | 2022 | 2021 | Change 2022/2021 |
|--|--------------|--------------|------------------|
| Order intake | 911.2 | 651.1 | 39.9% |
| Sales | 489.7 | 372.7 | 31.4% |
| Gross profit | 96.3 | 71.3 | 35.1% |
| in % of sales | 19.7% | 19.1% | |
| EBIT | 30.3 | 21.1 | 43.5% |
| in % of sales | 6.2% | 5.7% | |
| Headcount at end of fiscal year (FTE) | 1'684 | 1'518 | 10.9% |

Exceptionally strong order
intake, growing by

+40%

Systems Division

In a challenging market environment affected by trade sanctions and supply chain disruptions, the Systems Division looks back at a very successful fiscal year 2022. The division has further expanded its already strong market position, and reached new historical records for order intake, sales, gross profit, and EBIT. These results represent a strong over-achievement compared to the targets defined in the Mid-Range Plan 2018–2022.

Financials

Order intake of the Systems Division stood at CHF 911.2 mn, representing an increase of 40% after an increase of 61% in the previous year. The division also recorded a substantial increase in sales of 31% to CHF 489.7 mn on the back of the high order intake of the past two years. Proactive measures to expedite the supply chains combined with a certain stabilization of global logistics allowed to deliver large projects in the final weeks of fiscal year 2022, some of them even ahead of schedule. Gross profit increased by 35% to CHF 96.3 mn, resulting in a slightly higher gross margin of 19.7%, supported by the high utilization of production capacities, a favorable product mix and robust project execution. EBIT grew by 44% to CHF 30.3 mn, owing to higher volumes and slightly improved gross margins. This resulted in an EBIT margin of 6.2% (previous year: 5.7%), despite CHF 7.1 mn one-off costs and provisions for write-offs and other expenses in the context of the exit from the sanctioned Russian market.

Market developments

The extraordinary order growth was driven by the strong position of the Systems Division in the ecosystem of new market segments, like the rising solar panel production, Liquefied Natural Gas (LNG) use in marine applications and in hydrogen mobility and energy applications. By being a first mover in those market segments, the division was able to shape the specifications with its customers, supporting them towards a technically and economically optimized solution. In particular, the division won large orders of non-lube Laby[®]-GI for LNG carriers as well as Hyper and Booster-Primary Compressors for low density polyethylene (LDPE)/ethylene-vinyl acetate (EVA) production. In the

The hydrogen mobility and energy continues its rapid growth worldwide.

hydrogen mobility and energy sector, the growth was driven by the US and European markets. At the same time, the division defended its strong market share in established market segments.

Chemical and petrochemical industry

The Systems Division benefited significantly from a strong market position in the chemical and petrochemical industry segment, where an extraordinary high demand for LDPE/EVA compressors arose in 2022. EVA production capacity in particular is increasing in support of the solar panel industry, which has been growing globally. 2022 has most likely been an extraordinary peak for LDPE/EVA compressor orders, yet the Systems Division will maintain its strong market share even in a slightly cooled-down market environment.

Gas transport and storage

The order intake in the gas transport and storage segment benefited from a boom of demand for Laby[®]-GI compressors for LNG carriers. A significant amount of these orders has been preponed from fiscal year 2023 and will be delivered over several years. Going forward, China will become an important market for merchant shipping and LNG carriers, and we will benefit from our strong position in this country. Finally, the marine LPG application has seen a clear decrease in fiscal year 2022.

Hydrogen mobility and energy

The hydrogen mobility and energy market continues its rapid growth worldwide, driven by a fruitful combination of strong political support, public and private investments, and maturing technologies. Burckhardt Compression took an early mover position and developed the ecosystem with other suppliers and strategic customers in Europe, USA, and China, thanks to our portfolio of reciprocating and diaphragm compressors for trailer filling stations, hydrogen refueling stations, and hydrogen liquefaction plants. Our partnership with Shell New Energies to develop heavy-duty hydrogen refueling station compressor systems was reinforced in 2022 with a pilot project for feed compressors. The strategically important customer Plug Process Systems (PPS) in the USA trusted us with a significant order for hydrogen liquefaction plants. We also partnered with Hydrogen-Refueling-Solutions (HRS) to supply diaphragm compressors for hydrogen refueling stations in Europe.

Industrial gas

Shenyang Yuanda Compressor gained a strong share of the growing compressor market for polysilicon production in China supporting the solar panel industry. The rest of the global industrial gas market remained stable.

Refinery

The refinery market was impacted by a limited number of new projects announcements, delayed projects, as well as the withdrawal from the Russian market.

Alongside the focus on hydrogen mobility and energy, we will strengthen our market share in low-emission marine fuels and solar-industry-driven applications.

Gas gathering and processing

Gas gathering and processing remained active in the period under review but represents a small share of our total order intake.

Infrastructure and capacity

The increase of the Systems Division's delivery capacity is a core priority: Every step along the value chain has been assessed and required measures for capacity extension have been defined. For instance, we completed a logistics expansion project, including new high-bay racking in our Swiss manufacturing facility. Moreover, we are continuing with our machine-shop upgrades in Switzerland, which includes a semi-automated machining cell put into operation for component handling via robot, and 3D-scanning equipment to replace manual processes. In India, we are expanding our existing premises with an upgrade of the test beds to increase capacity and enable the assembly and testing of larger process gas compressors. In Korea, we are building an additional floor on top of the office building to strengthen our capacities in East Asia. In the USA, the existing assembly and testing infrastructure is being upgraded to ramp up capacity and expand the compressor portfolio. Finally, Shenyang Yuanda Compressor has inaugurated a new testing facility for diaphragm compressors.

Research and development

The research and development activities of the last fiscal year focused on solutions for new markets, as well as on the improvement of the competitiveness of our existing portfolio. For the hydrogen market, we have extended our product portfolio with heavy-duty, high-pressure solutions for trailer filling. We have launched new products for the LNG marine markets, especially addressing the growing demand for LNG-powered merchant ships. Finally, we have upgraded some of our solutions for the petrochemical market, further strengthening our technology leadership in this segment.

Outlook

In recent years, the Systems Division has reinforced its position as a market leader and has clearly exceeded its Mid-Range Plan targets for 2022. Going forward, the energy transition presents many new opportunities. While the speed of the transition remains uncertain, Burckhardt Compression is intrinsically hedged for all scenarios, with strong positions in both traditional and new applications. By fiscal year 2027, we aim to reach 40% of our order intake from applications that support the world's energy transition and are prepared to capture a potential upside when the energy transition towards a net-zero scenario accelerates.

The Systems Division will maintain its share in traditional markets whilst growing stronger in new markets. Alongside the focus on hydrogen mobility and energy, the fastest-growing segment, we will strengthen our market share in low-emission marine fuels and solar-industry-driven applications. From a regional perspective, we will maintain our leading position in China and accelerate our growth in the USA and East Asia. We will realize this transformation by building on customer partnerships, technological leadership, and a strong regional service presence.

Strong sales growth is expected in an early phase of the Mid-Range Plan, on the back of the exceptionally high order volume of the past two years. From an operational perspective, delivering on this is a key priority and will be supported by leveraging the existing factories and supply chain, via flexible project allocation between sites.