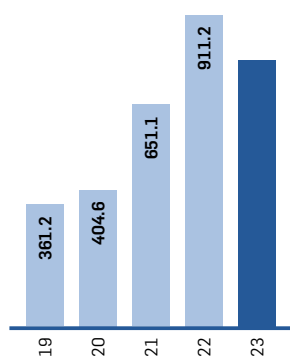


# Systems Division

## Order intake

in CHF mn

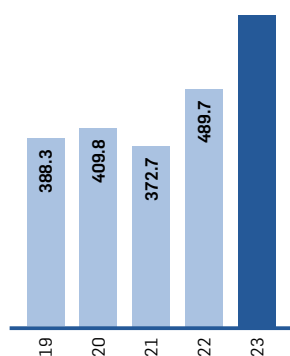
**780.2**



## Sales

in CHF mn

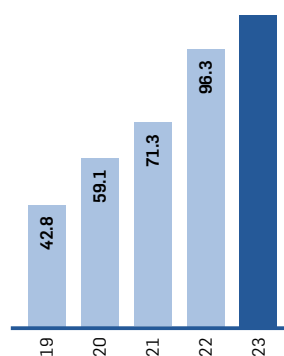
**642.8**



## Gross profit

in CHF mn

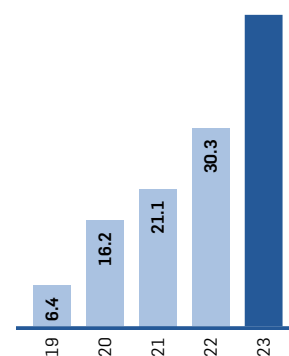
**108.3**



## Operating income (EBIT)

in CHF mn

**47.6**



in CHF mn

Order intake

Sales

Gross profit

in % of sales

**EBIT**

in % of sales

**Headcount at end of fiscal year (FTE)**

**2023**

**2022**

**Change  
2023/2022**

780.2

911.2

-14.4%

642.8

489.7

31.3%

108.3

96.3

12.5%

16.9

19.7

**47.6**

**30.3**

**57.1%**

7.4

6.2

**1'863**

**1'684**

**10.6%**

Further profit increase based  
on strong sales growth  
and operational excellence

+57%  
operating  
income

In a challenging market environment affected by currency headwinds, the Systems Division looks back at a very successful fiscal year 2023. The division recorded its second-highest yearly order intake and won the largest order in the company's history. It also achieved a new record for the number of compressors sold, thereby increasing its share in a market which is normalizing after a post-pandemic peak in the previous year. The division has in particular expanded its already strong position in applications related to the energy transition and reached new historical records for sales, gross profit, and operating income. Based on these strong results and on a positive outlook, the division is raising its sales and profitability guidance for fiscal year 2027.

### Financials

Order intake of the Systems Division stood with CHF 780.2 mn again at a high level but could not match the exceptionally high value of the previous year with a decrease of 14.4%, including 4.6 pp negative currency translation effects. On the back of the high order intake of the past two years, the division recorded a substantial increase in sales of 31.3% to CHF 642.8 mn. Proactive measures to expedite the supply chains combined with a further stabilization of global logistics allowed to deliver large projects in the second half of the fiscal year 2023, some of them ahead of schedule. On the other hand, the currency translation effects had a noticeably negative impact also on sales, accounting for 8.5 pp. On the gross margin side, the high utilization of production capacities combined with robust project execution could not fully compensate the effect of the highly favorable product mix in the previous year. The division increased its gross profit by 12.5% to CHF 108.3 mn, resulting in a gross margin of 16.9% (prior year 19.7%). The operating profit margin further increased to 7.4% (previous year: 6.2%) thanks to the leverage on selling, general, and administrative expenses and to the positive development of other operating income (the prior year contained some one-off provisions). As a result, the operating profit grew by 57.1% to a new record of CHF 47.6 mn.

**Breakthrough orders for biogas, green ammonia and sustainable aviation fuel applications.**

### Market developments

As anticipated, markets have been normalizing after a record year 2022. Order intake of the division decreased but remained at a high level. This achievement was supported by a growth of applications supporting the energy transition in all market segments. In particular, the division secured large orders for Hyper Compressors used in solar panel production and grew further in the hydrogen mobility and energy segment. It also won breakthrough orders in biogas applications, green ammonia import terminals and for compressors for the production of sustainable aviation fuels.

#### Chemical and petrochemical industry

The division benefited from its strong market position in this segment. Driven by the global GDP growth and expected exponential demand for solar panels in the coming decade, the extraordinary high demand for Hyper Compressors used for low-density polyethylene (LDPE) and ethylene-vinyl acetate (EVA) production continued in fiscal year 2023. In this strong market, the division won a record number of Hyper Compressors, which will be installed and commissioned in the coming two to three years.

In addition, orders for low-pressure Laby® Compressors were at a good level, following petrochemical capacity expansions linked to global GDP growth.

#### Gas transport and storage

The market for Liquefied Natural Gas (LNG) onshore terminals and LNG-fueled ships remained strong. On the other hand, compressor orders for new high-pressure LNG carriers were low in fiscal year 2023, after the peak observed in 2022, which filled up the Korean yard capacities for several years. Going forward, China will become an important market for merchant shipping and LNG carriers, and Burckhardt Compression is expected to benefit from its strong position in this country.

In addition, the demand for new Liquefied Petroleum Gas (LPG) carriers increased again, driven by the need to transport LPG from production locations to countries using it as energy source or as feedstock. It is also to be noted that many of the newly ordered LPG tankers are ready to transport green ammonia in the future, and this new application is expected to provide an additional demand for Laby® Compressors.

#### Hydrogen mobility and energy

The hydrogen mobility and energy market has continued its growth worldwide, but at a lower rate than in the previous two years. The demand is driven by a combination of political support, private investments, and maturing technologies. It contributes to the decarbonization of transportation and industry sectors. On the other hand, the market growth was slowed down by still high energy costs in Europe, still high interest rates globally and a slow clarification of the conditions for public support in Europe and the USA. In this highly dynamic segment, Burckhardt Compression seized an early advantage, developing the ecosystem in collaboration with other suppliers and strategic customers in Europe, USA, and China. The Group is benefiting

### The division increases its sales guidance by 16% for fiscal year 2027.

from a strong position in this ecosystem, thanks to its comprehensive portfolio of innovative reciprocating and diaphragm compressors. The division won large orders for hydrogen liquefaction plants in the USA, breakthrough orders for green hydrogen pipeline and trailer applications in Europe, as well numerous orders for hydrogen fuel stations. In addition, it won significant orders for green ammonia import terminals in Europe. The division will continue to innovate with the development of new products for technically demanding applications, such as high-pressure, high-capacity, non-lubricated hydrogen compressors.

#### Industrial gas

Burckhardt Compression is well positioned in the polysilicon production related applications, supporting the solar panel industry. Shenyang Yuanda Compressor continued to benefit from an active Chinese market at the beginning of the year. Additionally, the division was awarded several compressors for India's first polysilicon production plant. The rest of the market remained stable.

#### Refinery

The refinery market showed moderate activity, with projects taking time after announcement and study phase. In this overall stagnating market, the division focuses on sustainable energy applications and won a breakthrough order for a sustainable aviation fuel refinery in Europe.

#### Gas gathering and processing

Gas gathering and processing remained active in the period under review, and the division won a sizeable project for High-Speed Compressors in Asia. The division also focused on sustainable energy applications in this segment and won orders for more than 80 compressors for biogas (waste-to-energy) production plants in Asia.

#### Infrastructure and capacity

The installed production capacity was further enhanced to ensure deliveries. The workforce was increased and trained in line with the demand, and working shifts were intensified. In Switzerland, the Systems Division created additional assembly space for large Process Gas Compressors. Working shifts were increased to guarantee the delivery of a record number of Hyper Compressors and to meet the high demand for Laby® Compressors. In Korea, deliveries of Laby®-GI Compressors were doubled by optimizing processes based on lean principles and by increasing the number of employees.

Furthermore, investments were made in the plant in India, which included the construction of an additional test bed for Process Gas Compressors as well as a space increase for pressure testing and painting components. The Global Service Center in India grew its number of employees by more than 50%, in order to provide various engineering, IT and administrative services to other countries. In the USA, the division expanded its logistics infrastructure, including heavy machinery lifting devices, to facilitate parallel assembly of large compressors.

Finally, new suppliers for castings in Europe and India were selected and qualified to strengthen the supply chain for critical components, and the portfolio of machining partners for castings and forgings was expanded to meet the additional demand.

#### Research and development

Further solutions were developed for the growing market of high-pressure hydrogen compressors. Additionally, progress was made in developing new large non-lubricated compressors for hydrogen liquefaction, pipeline feed or for industrial usage. For the established petrochemical industry market, the capacity of our largest Laby Compressor was expanded to fulfill the market requirements of larger production facilities. In addition, the cost structure of several compressor products was optimized through the application of value engineering principles, standardization, and modularization.

#### Outlook

Going forward, all customer segments are moving towards sustainable energies, which present many new opportunities. For instance, green ammonia is becoming more important for hydrogen mobility and energy, while the market segment refinery is adapting to the global trend towards biofuels and synfuels. Biogas is gaining prominence in the segments gas gathering and processing and gas transportation and storage. To capitalize on these opportunities, and to win a significant share in these new markets in the coming years, Burckhardt Compression proactively develops related solutions in collaboration with its customers. From a geographical standpoint, the division aims to maintain its leading position in China and accelerate its growth in the USA, Europe, and East Asia. Based on the stronger than expected order intake in the past two years and on clear signs that all market segments are now providing new growth opportunities linked to the energy transition, the division is raising the bar for fiscal year 2027. It is increasing its sales guidance by 16%, from CHF 620 mn to CHF 720 mn. Owing to the progress already achieved and to the further potential linked to operational leverage, the operating margin guidance of the division is also increased from 5%–8% to 6%–9% by fiscal year 2027.