

Accelleron reports strong financial performance and lays new foundation for future prospects

- Successful first full financial year as an independent company
- Standalone process concluded fully according to plan
- OMT acquisition provides access to fast-developing fuel injection market, key for decarbonization
- Revenues at USD 915 million, growing 17.2% (15.5% organic)
- Operational EBITA increases by 16.3% to USD 223 million
- Operational EBITA margin at 24.4%
- Free cash flow conversion significantly improved year-on-year to 99.2%

Continued strong momentum on revenues

Accelleron, a global leader in heavy-duty turbocharging, reports a very successful 2023 financial year with continued strong momentum: in its first full year as an independent company, revenues achieved a year-on-year growth of 17.2% (15.5% organic), reaching USD 915 million.

Revenue growth was supported by a growing demand in merchant marine for Accelleron's products and services as well as a strong pipeline of shipbuilding orders driving increased demand for dual-fuel installations.

The energy sector also developed positively, with strong demand for Accelleron products and services, particularly from gas compression plants in the US. Demand for Accelleron's products and services also increased in high-speed power applications, while the service business grew in medium-speed power applications, without recovery in the corresponding product business.

Strong operational EBITA achieved against challenges from standalone setup

Operational EBITA grew strongly by 16.3% to reach USD 223 million. The attractive operational EBITA margin of 24.4% (2022: 24.6%) was achieved in a challenging inflationary environment and despite supply chain challenges and the significant full-year impact of additional expenses due to the set-up of standalone capabilities. Continued cost inflation in materials and labor was largely offset by price increases.

The build-up of independent functions and systems resulted in one-time costs of USD 82 million (USD 75.0 million excluding OMT), which was well in line with guidance and had a significant impact on net income, which was USD 110.0 million or 15.3% below the prior year. Thanks to strong cash collections and stabilization of inventory levels, Accelleron's highly cash-generative business model was reflected in a high free cash flow conversion of 99.2%. Free cash flow generation was USD 109.1 million in 2023, up from USD 99.3 million in the previous year despite strong growth, higher one-time costs and supply-chain challenges.

High Speed segment

Revenues in the High Speed segment rose by USD 36.1 million, or 16.9% (+17.8% organically), to USD 249.9 million compared to the previous year. The segment benefited from a further strengthening demand related to the gas-compression business in the United States and price increases.

Operational EBITA in the High Speed segment increased by USD 18.3 million, or 44.6%, to USD 59.3 million compared to the previous year. The increase was driven by strong operating leverage, pricing measures and a significantly lower level of warranty costs. These effects more than offset the additional expenses arising from the standalone setup and cost inflation. Consequently, the operational EBITA margin increased by 4.5 percentage points to 23.7% in 2023.

Medium & Low Speed segment

Revenues in the Medium & Low Speed segment increased by USD 98.2 million, or 17.3% (+14.6% organic), to USD 664.9 million compared to the previous year. This increase mainly results from a further strengthening of the demand in merchant marine, as well as price increases compared to the previous year. USD 23.5 million were contributed through the acquisition of OMT.

Operational EBITA in the Medium & Low Speed segment increased by USD 12.9 million, or 8.5%, to USD 163.8 million compared to the previous year. The operational EBITA margin decreased by 2.0 percentage points to 24.6% in 2023 due to additional expenses arising from the standalone setup, inefficiencies resulting from supply chain challenges and the ongoing cost inflation which was largely offset by price increases. The acquisition of OMT did not have any material impact on the profitability of the segment.

OMT acquisition supports growth and innovation strategy, key for decarbonization

The acquisition of OMT, the market leader in two-stroke fuel injection, was a major milestone for Accelleron and another highlight in the Company's first year of independence. This transaction reinforces Accelleron's position as the partner of choice for OEM engine builders and leading innovator in the development of technologies for alternative fuel applications (such as hydrogen, methanol and ammonia) for large marine engines and other heavy-duty applications. It also expands Accelleron's technology and services offering, enabling the Company to deliver advanced solutions for decarbonization and adaptation to new fuels, which will give an additional boost to the fuel injection market.

Within the 2023 financial year, Accelleron also expanded service and digital offerings to ensure efficient engine operation and to protect the asset value of vessels, by providing solutions that are helping to improve IMO carbon intensity ratings (in short CII) for ships. The focus on emerging business and technology opportunities, particularly in digital solutions, has led to valuable collaborations and investments that will fuel Accelleron's growth and innovation pipeline.

Next-generation turbocharger introduced

Accelleron continued to invest in a strong innovation pipeline with USD 57.4 million dedicated to research and development in 2023. In June, Accelleron unveiled the next generation of turbochargers for two-stroke main propulsion engines, the ACCX300-L series. The platform-based concept provides improved efficiency over the total load range and easy service. It is complemented by Accelleron's Turbo Insights digital technology, which sets a new benchmark for turbocharging that will offer ship operators flexibility in responding to uncertainty around the fuels they will use and the way they will operate their vessels in the future.

The Company's extended technology portfolio, improved service offerings and progress in digitalization is expected to have a long-lasting positive effect on its market penetration. In 2023, Accelleron continued to expand the coverage of its installed base with service agreements.

Sustainability

Accelleron is committed to being a place where people work together to strengthen social and environmental impacts and where sustainability principles play an integral part in the business. In 2023, Accelleron introduced a company purpose “Accelerating sustainability in marine and energy industries”, placing sustainability at the core of its long-term direction. In 2023, Accelleron committed to the Science-Based-Targets initiative (SBTi) and undertook a number of important initiatives to pave the way towards reaching its 2030 sustainability targets. Accelleron reduced the carbon footprint of the Company’s operations by 8% (scope 1 and 2). In addition, Accelleron commissioned a photovoltaic system at its headquarters in Baden, Switzerland, which will produce an estimated 1 GWh per year, covering 10% of the Company’s electricity demand in Baden. Other sites around the world are in the process of shifting to a higher share of renewable energy supply. To drive progress in sustainability at every level, as from 2024 executive incentives are linked to carbon emissions targets, including some elements of scope 3. Every employee eligible for the global short-term incentive plan has at least one yearly sustainability target. For the first time, the Company will publish an annual report including both financial and sustainability results.

Management confident on outlook, expecting to stay in line with mid-term guidance in 2024

The Company expects to reach a revenue growth of between 4% and 6% (OMT contributing with about four percentage points) for the full year. At the same time, the Company is confident that it will maintain its profitability (operational EBITA margin) at around 24.5% amid macroeconomic and geopolitical uncertainties. Due to the continuously improving supply chain, the free cash flow conversion is expected to be in the range of 90% to 100% for the full year.

“We made remarkable progress in the 2023 financial year, completing the transition to a standalone company and further improving our resilience and operational robustness,” says Daniel Bischofberger, Chief Executive Officer of Accelleron. “This all would not have been possible without our fantastic and passionate colleagues around the globe. They have not just walked the extra mile – they have run the extra marathon. With the acquisition of OMT and focused innovation efforts, we have strengthened our market position and are increasingly contributing to the decarbonization of the marine and energy industries. We are well positioned and confident that we will continue gaining further market shares in our markets.”

A dividend of CHF 0.85 per share will be proposed to the Annual General Meeting on May 7, 2024 (+16.4%; previous year: CHF 0.73 per share).

The 2023 Full Year Annual Report and further information are available on the website at <https://accelleron-industries.com/content/dam/accelleronind/documents/investors/accelleron-industries-annual-report-2023.pdf>.



Accelleron is a global leader in turbocharging technologies and optimization solutions for 0.5 to 80+ MW engines, helping to provide sustainable, efficient and reliable power to the marine, energy, rail and off-highway sectors. Through its innovative product offerings and research leadership, the Company accelerates the decarbonization of the industries it operates in. Accelleron has an installed base of approximately 180,000 turbochargers and a network of more than 100 service stations across 50 countries worldwide (www.acceleron-industries.com).

Twelve-month period ended December 31,

(USD in millions)	2023	2022	Change in +/- %	Organic ¹
Revenues	914.9	780.5	17.2%	15.5%
Gross profit	385.9	352.8	9.4%	
as % of revenues	42.2%	45.2%	(3.0) ppts	
Income from Operations	141.3	157.0	(10.0%)	
Operational EBITA ¹	223.1	191.8	16.3%	
as % of revenues	24.4%	24.6%	(0.2) ppts	
Net income	110.0	129.8	(15.3%)	
as % of revenues	12.0%	16.6%	(4.6) ppts	
Cash flow from operating activities	145.2	133.4	8.8%	
Free cash flow ¹	109.1	99.3	9.9%	
Free cash flow conversion ¹	99.2%	76.5%	22.7 ppts	
Basic earnings per share (USD)	1.08	1.31	(23.0%)	
Net leverage ¹	1.0	0.6	40.0%	

¹ Certain alternative performance measures are used by the Company to evaluate performance. Please refer to the "Supplemental information" section of the Annual Report for a detailed description.

Key dates 2024

March 27, 2024	Publication of the Annual Report 2023 and Annual Media & Investors Conference
May 7, 2024	Ordinary Annual General Meeting of Shareholders
August 27, 2024	Publication of the Half-Year Financial Report 2024 and Investor & Analyst Webcast

Media information

Images and other digital assets are available at www.acceleron-industries.com

Accelleron shares

The registered shares of Accelleron Industries AG are listed on SIX Swiss Exchange, Zurich under ticker symbol "ACLN" (ISIN: CH1169360919/Swiss security number: 116936091).

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Alternative performance measures:

In this press release, we use certain non-GAAP financial measures and alternative performance measures that are not required by, or presented in accordance with, US GAAP. Accelleron presents non-GAAP financial measures and alternative performance measures because they are used by management in monitoring the business and because Accelleron believes that these non-GAAP financial measures and similar measures are frequently used by securities analysts, investors and other interested parties in evaluating companies in its industry. This provides better transparency and year-on-year comparability. A list of the definitions of the non-GAAP financial measures and alternative performance measures as used by Accelleron in general and in this press release can be found on <https://acceleron-industries.com/investors/performance-measures>.

Disclaimer

This ad hoc announcement includes forward-looking information and statements, including statements concerning the outlook for Accelleron's businesses. These statements are based on current expectations, estimates and projections about the factors that may affect the Company's future performance, including global economic conditions, and the economic conditions of the regions and industries that are major markets for Accelleron. There are numerous risks, uncertainties and other factors, many of which are beyond Accelleron's control, that could cause the Company's actual results to differ materially from the forward-looking information and statements made in this announcement and which could affect the Company's ability to achieve its stated targets. Although Accelleron believes that its expectations reflected in any such forward-looking statement are based upon reasonable assumptions, it can give no assurance that those expectations will be achieved.