

AD HOC ANNOUNCEMENT PURSUANT TO ART. 53 LR

Annual Results 2022

March 29, 2023

Accelleron with increased revenues, higher operational EBITA, exceeding guidance

- Revenues at USD 780.5 Mio., +3.2% (+11.8% on constant currency basis)
- Operational EBITA increases by 2.2% to USD 191.8 Mio.
- Operational EBITA margin at 24.6%
- Free cash flow conversion at 77%
- Proposed dividend of CHF 0.73

Strong momentum on revenue and cash flow

Accelleron, a global leader in heavy-duty turbocharging, is looking back on a positive first financial year as an independent company and started with good momentum: Year-on-year growth was 3.2% (11.8% on constant currency basis) and the company closed the year with revenues of USD 780.5 million. Accelleron recorded increased demand for products and services across marine and energy (mainly gas compression) industries in all relevant geographies. In a challenging inflationary environment, operational EBITA grew by 2.2% to USD 191.8 million. Operational EBITA margin reached 24.6%, despite general cost inflation and additional expenses resulting from the company's standalone setup since October 3, 2022.

Net income of USD 129.8 million was 10% lower than the previous year due to one-off costs related to the spin-off from ABB Group. At year-end, free cash flow stood at USD 99.3 million. Free cash flow conversion reached a robust 77% (up from 39% in H1/2022), against headwinds from the challenging global supply chain situation which resulted in higher inventories.

Subject to approval by the shareholders, Accelleron plans to pay out its first dividend of CHF 0.73 per share, in May 2023.

High Speed Segment

Revenues in the High Speed segment increased by USD 7.9 million, or 3.9% to USD 213.8 million in 2022 compared to the prior fiscal year. This is primarily linked to a strong demand related to the gas compression business primarily in the United States and price increases. Operational EBITA in the segment decreased by USD 8.7 million, or 17.5% to USD 41.0 million in 2022 compared to the prior fiscal year. The decline is the result of an adverse product mix and warranty charges. Consequently, operational EBITA margin decreased by 4.9 percentage points, to 19.2% in 2022.

Medium & Low Speed Segment

Revenues in the Medium & Low Speed segment increased by USD 16.1 million, or 2.9% to USD 566.7 million in 2022 compared to the prior fiscal year. This increase mainly results from a further strengthening of the demand in merchant marine and the service demand in the cruise business as well as price increases compared to the prior-year period. The segment's operational EBITA increased by USD 12.9 million, or 9.3% to USD 150.8 million in 2022 compared to the prior fiscal year. The increase in Operational EBITA is largely the result of operating leverage and operational EBITA margin increased by 1.6 percentage points to 26.6% in 2022.

Innovation

Accelleron continues to maintain a strong innovation pipeline with approximately 6 to 7% of revenues dedicated to research & development. Test facilities in Baden, Switzerland, have been recently upgraded to provide enhanced testing using biodiesel and hydrogen in turbocharging as well as fuel cells. In the application of innovative engine technologies, Accelleron is the partner of choice: Wärtsilä's first methanol-fueled newbuild engines are turbocharged by Accelleron. "Green" methanol is among the potential and a promising future fuel candidates.

Outlook

Accelleron aims to leading the decarbonization journey in its core markets on a long-term base and by that growing faster than its competitors. Already today, Accelleron is highly successful in turbocharging with transitional fuels such as natural gas which has a up to 30% lower CO2 emission versus diesel. Clear proof to this is that Accelleron turbochargers were specified on the vast majority (approx. 85%) of LNG carriers contracted in the year 2022.

The company expects overall demand to be supported by a strong order backlog in shipyards, shift to LNG and green fuels, global trade, and growing power demand. Accelleron's "full cover" service model offers customers within both reporting segments lifetime service agreements and digital offerings to increase both efficiency and uptime.

The investments for the buildup of Accelleron's standalone functions and systems resulted in one off-costs in financial year 2022 which were lower than anticipated, leading to higher one-off costs in financial year 2023.

Management confident and maintains mid-term-guidance

Under the assumption of a normalized business environment, Accelleron is expecting organic revenue growth of 2 to 4% and an increase in operational EBITA for the financial year 2023. Operational EBITA margin, free cash flow conversion, net leverage and dividend pay-out ratio are expected to remain within the corridor of the company's current mid-term guidance, as expressed during the Capital Markets Day, August 2022.

"With our annual results 2022, we underlined that Accelleron is fully on track," says Daniel Bischofberger, CEO of Accelleron. "Our autonomy provides us with new strategic options to accelerate the decarbonization in Marine & Energy and add value to our customers' operations, which we will tap into with determination and passion."

The annual report 2022 and further information on the fiscal year 2022 are available on the website on: <https://accelleron-industries.com/content/dam/accelleronind/documents/investors/accelleron-industries-annual-report-2022.pdf>



Acce/eron 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. Acce/eron has an installed base of approximately 180,000 turbochargers and a network of more than 100 service stations across 50 countries worldwide (www.acce/eron-industries.com).

(USD in millions)	2022	2021	Change in	Organic ¹
Revenues	780.5	756.5	3.2%	11.8%
Gross profit	352.8	355.7	-0.8%	
<i>as % of revenues</i>	45.2%	47.0%	-1.8 ppts	
Income from Operations	157.0	185.6	-15.4%	
Operational EBITA ¹	191.8	187.6	2.2%	
<i>as % of revenues</i>	24.6%	24.8%	-0.2 ppts	
Net income	129.8	144.3	-10.1%	
<i>as % of revenues</i>	16.6%	19.1%	-2.5 ppts	
Cash flow from operating activities	133.4	163.3	-18.3%	
Free cash flow ¹	99.3	135.5	-26.7%	
Free cash flow conversion ¹	76.5%	93.9%	-17.4 ppts	
Basic earnings per share	1.3	n/a	n/a	
Net leverage ¹	0.6	n/a	n/a	

¹ Organic revenue growth is defined as revenue growth at constant currency and adjusted for M&A-related effects.

Key dates

May 9, 2023	Ordinary Annual General Meeting of Shareholders
May 23, 2023	Ex-Date for dividend payment
May 25, 2023	Dividend Payment
September 5, 2023	Publication Half-year Report 2023

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-U.S. GAAP financial measures and alternative performance measures that are not required by, or presented in accordance with, U.S. GAAP. Accelleron presents non-U.S. GAAP financial measures and alternative performance measures because they are used by management in monitoring the business and because Accelleron believes that these non-U.S. 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-U.S. 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.