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Results for the first half of fiscal year 2014: More orders – higher sales – higher profit

Burckhardt Compression, one of the world's leading manufacturers of reciprocating compressors, recorded a 14% increase in order intake during the first half of fiscal year 2014 (April to September). Sales were 10% higher than in the first half of the preceding fiscal year. EBIT amounted to CHF 27.9 mn (+11%), net income CHF 21.5 mn (+12%). For the year as a whole Burckhardt Compression is expecting a higher order intake and materially higher sales compared to the previous year. Operating profit and net income for the entire fiscal year should both be significantly higher because of the substantial improvement in profits forecasted for the second half of the current fiscal year.

Sustained upturn in order intake

Orders received in the first half of 2014 amounted to CHF 270.0 mn, which is 14.0% more than the order intake of CHF 236.8 mn reported for the first half of 2013. Orders for applications in the gas transport and storage and in the petrochemical industry accounted for much of the 13.4% growth in order intake at the Compressor Systems (CS) segment to CHF 192.7 mn. The Components, Services & Support (CSS) business area increased its order intake by 15.5% to CHF 77.3 mn. Most of that growth came from orders for spare parts.

Higher sales and profit

The 10.0% year-on-year increase in total sales to CHF 196.1 mn is primarily attributable to the Compressor Systems segment. The CSS business area also recorded significantly higher sales in the reporting period compared to the first half of 2013.

Gross profit amounted to CHF 63.9 mn, an increase of 7.9% compared to the first half of 2013, and the resulting gross profit margin was 32.6% (33.2% in the year-ago period). The slight contraction in the CS business area's gross profit margin to 22.3% (24.4% in the year-ago period) can be traced to a shift in product mix. At the CSS business area, the gross profit margin edged higher to 51.0% (48.2% in the previous year's period).

Selling, marketing and general administrative expenses rose by CHF 2.5 mn or 8.2% to CHF 32.9 mn in the first half of 2014 due to the expansion of sales and logistics operations in both business areas, with an emphasis on the CSS business area. Based on the higher level of gross operating profit, operating profit at the mid-year mark was 10.7% higher year-on-year at CHF 27.9 mn. Measured as a percent of sales, this resulted in a virtually unchanged operating profit margin of 14.2%. Net income improved to CHF 21.5 mn, which corresponds to a net income margin of 11.0% and net income per share of CHF 6.32 (CHF 5.66 in the previous year's period).

Solid balance sheet

Total assets at the end of September 2014 stood at CHF 639.3 mn, a year-on-year increase of 11.0%. Shareholders' equity amounted to CHF 325.2 mn and the corresponding equity ratio was a solid 50.9%. An adjustment to the Swiss pension plan required under IAS 19 had a negative impact of CHF -15.9 mn on shareholders' equity. The net financial position was slightly higher year-on-year (vs. September 30, 2013), having increased by CHF 1.3 mn to CHF 122.6 mn.

Continued strengthening of market presence

Burckhardt Compression has been steadily and systematically expanding its global market presence during the past several years in order to offer even better local customer services. After establishing new subsidiaries with service centers in Singapore and South Africa last year, preparations to establish another operating site with a service center in Saudi Arabia were initiated during the period under review.

Outlook

The markets addressed by Burckhardt Compression continue to prosper despite various economic and geopolitical uncertainties. From today's standpoint, management expects order intake for the entire fiscal year (closing March 31, 2015) to be higher at both the CS and CSS business areas, and sales should be significantly higher compared to the previous fiscal year. Operating profit and net income for the entire fiscal year should both be significantly higher because of the substantial improvement in profits forecasted for the second half of the current fiscal year. The operating profit margin for the fiscal year 2014 should be within the lower third of the targeted long-term range of 15% to 20%. The targeted payout ratio of 50% to 70% is reiterated.

About Burckhardt Compression

Burckhardt Compression is a global market leader in the field of reciprocating compressors. It is the only manufacturer that covers a complete range of reciprocating compressor technologies. Compressor systems are designed and manufactured to meet specific customer requirements in the oil & gas, gas transport and storage, refinery, chemicals and petrochemicals industries as well as for industrial gas applications. Burckhardt Compression's leading technology, high-quality compressor components and full range of services help customers to minimize the life cycle costs of their reciprocating compressor systems. Since 1844 its highly skilled workforce has crafted superior solutions and set the benchmark in the gas compression industry.

Key figures for the first half of fiscal year 2014 (April – September 2014)

CHF mn	April- Sept. 2014	April- Sept. 2013	Change 2014/2013	Fiscal year 2013
Order intake	270.0	236.8	+14.0%	517.1
Sales	196.1	178.2	+10.0%	445.0
Gross profit	63.9	59.2	+7.9%	139.2
Operating profit (EBIT) in % of sales	27.9 14.2%	25.2 14.1%	+10.7%	70.2 15.8%
Net income in % of sales	21.5 11.0%	19.2 10.8%	+12.0%	53.9 12.1%
Total assets	639.3	576.2	+11.0%	645.9
Shareholders' equity in % of total assets	325.2 50.9%	323.2 56.1%	+0.6%	358.5 55.5%
Earnings per share (in CHF)	6.32	5.66	+11.7%	15.87
Headcount as per Sept. 30 / March 31	1'308	1'160	+12.8%	1'232

Contact:

Marcel Pawlicek, CEO
 Tel.: +41 (0)52 262 55 00
 Fax: +41 (0)52 262 00 51
 marcel.pawlicek@burckhardtcompression.com
 www.burckhardtcompression.com

Rolf Brändli, CFO
 Tel.: +41 (0)52 262 55 00
 Fax: +41 (0)52 262 04 08
 rolf.braendli@burckhardtcompression.com

Additional information on the interim results for the 2014 fiscal year has been published on our website at www.burckhardtcompression.com/midyearresults.

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