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## **Burckhardt Compression: Market developments addressed with a package of measures**

**The worldwide slowdown in Burckhardt Compression's markets observed during the final quarter of the past fiscal year has continued in the early months of the new fiscal year. Currently there are no indications of a recovery in the near to medium-term future. In light of this situation Burckhardt Compression is implementing a set of measures designed to adjust its capacity and reduce its costs. In Winterthur 54 jobs will be shed, 24 of which through notice of termination. A redundancy program has been established for all affected employees. Besides the cost-reduction measures, proactive measures are concurrently being initiated on the sales front and in product development.**

The worldwide slowdown in Burckhardt Compression's markets referred to at the annual results press conference on June 9 has continued in the initial months of the new fiscal year. Currently there are no indications of a recovery in the near to medium-term future. In view of this situation, immediate actions were already taken in the fourth quarter of the past fiscal year (closing March 31, 2009). For instance, the number of temporary staff was reduced, outsourced manufacturing processes were reinstated in-house and overtime hours were reduced. The latter measure is required prior to the introduction of working short hours. As the general outlook has not changed in the meantime, Burckhardt Compression is now initiating a package of measures drawn up earlier that will adjust its capacity and reduce its costs in an appropriate response to this situation. These measures were drawn up in consultation with employee representatives.

Besides the measures to reduce material, personnel and service costs in Winterthur, this package of measures includes proactive initiatives for sales and development activities which, for example, will strengthen the sales front by transferring staff from other areas with customer contact, lowering material costs, bring forward product development projects and strengthen development teams with the aim of shortening the development times of projects already in progress. Burckhardt Compression is, as already communicated at the annual results press conference, likewise prepared to accept a reduction in its profitability in order to mitigate the need for cost-cutting. Staff members and management will forego part or all of their variable pay. There are plans to introduce working short hours in certain areas of the company after the summer holidays. All of these measures including the introduction of working short hours will, however, be unable to fully compensate for the decline in order intake, leaving Burckhardt Compression with no option but to dismiss 54 of its 494 employees in Winterthur. Thereof twenty-four employees will receive a notice of termination. A redundancy program has been drawn up for all affected employees. The employees whose employment contracts are being terminated will be accompanied by the company until they have found a new job.



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CEO Valentin Vogt: "We expect a further decline in the sales volumes for fiscal year 2010, therefore an adjustment in headcount is inevitable. Working short hours, by itself, will not be enough to offset the lower sales volumes. I deeply regret these unavoidable job cuts. The employees concerned will be supported to the best of our abilities." Vogt also emphasized: "Besides reducing costs, proactive initiatives in sales and development are critical elements of the set of measures. They will help to secure the long-term success of the company and sharpen our competitive edge."

Burckhardt Compression will report its interim results (as of September 30, 2009) on November 10, 2009.

## About Burckhardt Compression

Burckhardt Compression is one of the worldwide market leaders in the field of reciprocating compressors and the only manufacturer that offers a complete range of Laby® (labyrinth piston), Process Gas, and Hyper Compressors. The compressors are used to compress, cool or liquefy gases. Burckhardt Compression's customers include multinational companies active in the chemical, petrochemical, refinery, industrial gas and gas transport and storage industries. With the leading compressor technology, the high-quality compressor components and the comprehensive range of services Burckhardt Compression supports its customers in their effort to minimize the life cycle costs of their reciprocating compressor systems.

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