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**Media Release of February 10, 2015**

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## **Expectations for fiscal year 2014 adjusted – positive outlook for fiscal year 2015**

**The decision by the Swiss National Bank will have an impact on Burckhardt Compression's operating results for the current fiscal year (closing March 31, 2015). Management is now expecting sales for fiscal year 2014 to be about 10% higher. Operating profit and net income should be around the levels reported for the previous fiscal year. Measures to reduce the company's vulnerability to exchange-rate fluctuations that had already been initiated before the SNB announcement are producing the intended results. The recent trend in oil prices has a limited impact on Burckhardt Compression's business activities because only a small share of its business is with crude oil producers. Burckhardt Compression expects overall orders received in the current fiscal year to reach the level from the previous financial year. It maintains a positive outlook for fiscal year 2015.**

### **Change in the currency situation**

On January 15, 2015, the Swiss National Bank decided to abandon the minimum exchange rate of CHF 1.20 to the euro. This decision will have an impact on Burckhardt Compression's operating results for the current fiscal year (closing March 31, 2015). Management's revised guidance is based on an exchange rate of CHF 1.00 to the euro and CHF 0.93 to the US dollar.

### **Higher sales year-on-year**

Management is now expecting sales for fiscal year 2014 to be about 10% higher. This guidance takes into consideration decreased sales from projects that will still be invoiced in euros and the expected currency translation effects arising from the appreciation of the Swiss franc. Likewise included are the postponements customers requested in the delivery of two larger projects, which pushes the resulting sales from this fiscal year to the next.

### **Operating profit and net income around previous year's levels**

Operating profit and net income should be around the levels reported for the previous fiscal year. This forecast includes a one-time reduction of approximately CHF 8.0 million in operating profit resulting from the static currency translation of various items on the balance sheet. The net effect of the withdrawal of the EUR/CHF floor on gross profit, which concerns the unbilled projects still in progress, amounts to about CHF -1 million. The targeted payout ratio of 50%–70% is reiterated.

### **Impact of de-pegged Swiss franc and oil prices**

The measures taken since the euro crisis of 2011, ranging from productivity improvements to increased sourcing from euro and US dollar regions, have proven their value in the current environment. Already today, about 50% of Burckhardt Compression Group's total operating expenses are no longer incurred in Swiss francs. From a short-term perspective, competing companies from the euro area might have a cost advantage after the recent currency shift. Past experience has shown that Burckhardt Compression is capable of reversing such disadvantages

over a medium-term horizon. Burckhardt Compression's solutions, products and services offer customers tangible value added and the lowest possible life cycle costs.

New assembly plants are under construction in South Korea and the USA and local service and components operations are being expanded worldwide. Such action will reduce the company's exposure to exchange-rate fluctuations even further. Burckhardt Compression's manufacturing hub in Switzerland will retain its prominent position.

The low oil price has a limited impact on Burckhardt Compression's business because few of the applications it offers are directly involved with oil extraction processes. In the upstream oil and gas segment, projects designed to improve oil extraction rates have been postponed due to the reduced cost benefit.

Conversely, in the natural gas production and processing segment, the market has shown little inclination to scale back projects. In gas transport and gas storage segment, business activity remains high. New environmental regulations are promoting the use of natural gas as a source of energy. Natural gas has been substituted for crude oil in various fields as an energy source or raw input material.

In the petrochemical/chemical industry, LDPE production projects are past their peak but new production facilities are still being planned thanks to the low costs of energy and raw materials.

#### **Order intake at prior-year level**

Burckhardt Compression expects orders received in the current fiscal year to reach the level from the previous financial year. In Compressor Systems (CS) order intake will be less than in the previous year. The Components, Services & Support (CSS) business area will show a significantly higher order intake compared to the previous year.

#### **Outlook for fiscal year 2015**

The markets addressed by Burckhardt Compression continue to show positive trends despite various economic and geopolitical uncertainties. At the present time Burckhardt Compression is expecting fiscal year 2015 sales to exceed the amount reported for the previous fiscal year. The operating profit and net income margins will be considerably higher compared to the levels from the fiscal year 2014. The EBIT margin is expected to be near the middle of the long-term target range of 15% to 20%.

The 2014 annual report including the annual financial statements (closing March 31, 2015) will be published on June 9, 2015 and the conference for analysts and media representatives will be held that same day.

## About Burckhardt Compression

Burckhardt Compression is one of the worldwide market leaders in the field of reciprocating compressors and the only manufacturer that covers a complete range of reciprocating compressor technologies. Its customized compressor systems are used in the upstream oil & gas, gas transport and storage, refinery, chemical, petrochemical and industrial gas sectors. Burckhardt Compression's leading technology, high-quality compressor components and the full range of services help customers to minimize life cycle costs of their reciprocating compressor systems around the world. Since 1844 its highly skilled workforce has crafted superior solutions and set the benchmark in the gas compression industry.

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