Burckhardt Compression

FIRST-HALF RESULTS FOR FISCAL 2011

Compressors for a Lifetime™

FIRST-HALF RESULTS FOR FISCAL 2011

DEAR SHAREHOLDERS

The economic recovery continued in the markets of relevance to Burckhardt Compression and the Group received significantly more orders than in the first half of the previous fiscal year despite the adverse currency situation. In addition to the pleasing order inflow in the new machines business and in Customer Support Service (CSS), orders were also higher in the compressor components activities. Exchange-rate movements, however, had a negative impact on the Group's operating results.

Key figures

in CHF million	April–Sept. 2011	April–Sept. 2010	Change 2010/2011	Fiscal year 2010
Order intake	197.8	164.3	+20.4%	362.5
– New machines	120.1	100.0	+20.1%	235.9
– CSS (Customer Support Service)	62.6	51.0	+22.7%	96.1
– Compressor components	15.1	13.3	+13.5%	30.5
Sales	144.4	173.9	–17.0%	355.6
Gross profit	52.7	59.5	–11.4%	115.6
Operating income (EBIT)	21.2	30.9	–31.4%	61.5
Net income	14.8	22.8	–35.1%	45.1
Balance sheet total	493.3	469.8	+5.0%	502.4
Shareholders' equity	247.8	238.0	+4.1%	258.0
Earnings per share (CHF)	4.40	6.85	–35.8%	13.56
Headcount as per 30.09/31.03	940	910	+3.3%	917

Order intake well above prior-year level

Burckhardt Compression received significantly more new orders in all of its business areas during the first half. Compared to the year-ago level, total order intake rose by 20.4% to CHF 197.8 million. Incoming orders for new machines advanced 20.1% to CHF 120.1 million. The CSS segment reported a likewise pleasing 22.7% increase in new orders to CHF 62.6 million while the compressor components business reported a high 13.5% increase in new orders to CHF 15.1 million.

The upturn in the new machine business during the period under review was fueled by various orders for applications in the petrochemicals industry, for gas transport and storage systems, as well as for refineries and other applications. In the CSS business, orders received in both the spare parts and the engineering/revamp and repairs business were high. In the compressor components business, order inflow was boosted in particular by monitoring and diagnostics systems.

Lower sales and profits

As announced earlier this year, sales in the first half were subdued primarily because of the delivery schedules for new machines specified by customers and declined by 17.0% from the previous fiscal year to CHF 144.4 million. At constant exchange rates, sales were down 12.8%. Gross profit showed a proportionately smaller decline of 11.4% to CHF 52.7 million compared to the first half of the previous fiscal year, resulting in a gross profit margin of 36.5% (34.2% in the prior-year period). The main reasons for the margin expansion, in the face of adverse currency movements, are the lower share of new machine sales as a percentage of overall sales and the higher margins achieved in the CSS and compressor components business.

Selling and administrative expenses rose by CHF 1.8 million or 7.7% compared to the prior-year period because of the continued expansion of our distribution structure. Product development expenses rose as planned. Burckhardt Compression aims to further increase its order and sales volumes in the coming years and thereby expand its market position through these investments. Operating income for the first half amounted to CHF 21.2 million, a decline of 31.4% from the prior-year period. This resulted in a lower EBIT margin of 14.7% (17.8% in the year-ago period). Net income declined by 35.1%, earnings per share by 35.8%.

Sound balance sheet

Total balance sheet assets at the end of September 2011 amounted to CHF 493.3 million and the equity ratio was a solid 50.2%. Holdings of cash and cash equivalents increased by CHF 38.3 million to CHF 146.3 million compared to the previous year (September 30, 2010).

Adverse currency situation

Despite the action taken by the Swiss National Bank during the period under review, the situation remains difficult for Burckhardt Compression due to the strength of the Swiss franc. Measures taken early on to improve the operating results will be further intensified. This will primarily entail increased sourcing in EUR and USD regions and greater efforts to improve efficiency. Burckhardt Compression is firmly committed to its manufacturing base in Switzerland. Measures to enhance efficiency will be introduced in its manufacturing, logistics, administrative and engineering operations. From a medium-term perspective, the company's exposure to exchange-rate fluctuations will be reduced through new products and applications and by generating more value added at its subsidiaries in growing markets and further expanding the CSS and components businesses.

Consolidation of valve and sealing components activities in Oberwinterthur

The activities of MT Sealing Technology in Ohringen, a subsidiary of Burckhardt Compression since 2007, will be merged with the valves activities in Oberwinterthur. Besides efficiency improvements and process simplifications, bringing these two units together will allow them to deepen their ongoing cooperation and ultimately bring us closer to the realization of our medium-term growth targets.

First market success of extended product line of Process Gas Compressors

As expected, the extension of the product line of Process Gas Compressors at the high end of the performance range was met with considerable market interest. A key reference project was secured during the period under review. Numerous outstanding offers should lead to further orders.

Outlook

The markets of relevance to Burckhardt Compression continue to show a positive development. New orders received in the current fiscal year (ending March 31, 2012) are expected to exceed the order intake of the previous fiscal year. As announced earlier this year, Burckhardt Compression expects sales in the 2011 fiscal year to amount to approximately CHF 330 million with an operating profit margin near the middle of its targeted long-term range of 10% to 20%. The positive trend in new orders during the current year will lead to higher sales in the following year (fiscal 2012) with similar margins as in the 2011 fiscal year.

A word of thanks

On behalf of the Board of Directors and the Executive Board, we thank all employees for their tremendous efforts as well as our shareholders for their confidence and loyalty. The trust that our customers have placed in us and their commitment to our long-term partnership are also deeply appreciated. We are continuously striving to become better at what we do and to expand our market position. Our primary objective as a company with sound finances and above-average profitability is to be a reliable long-term partner for our customers, suppliers, employees and shareholders.

Yours sincerely,

Valentin Vogt Chairman of the Board of Directors	Marcel Pawlicek CEO

Winterthur, November 8, 2011

IR calendar:

June 5, 2012	Results for fiscal 2011 (as per March 31, 2012)
June 29, 2012	Annual General Meeting

CONDENSED INCOME STATEMENT

in CHF million	First half 2011 April–Sept. 2011	First half 2010 April–Sept. 2010	2010 fiscal year April 2010–March 2011
Sales	144.4	173.9	355.6
Cost of goods sold	–91.7	–114.4	–240.0
Gross profit	**52.7**	**59.5**	**115.6**
Selling, marketing and general administrative expenses	–25.2	–23.4	–48.7
Research and development expenses	–3.7	–3.0	–6.6
Other operating income/expenses	–2.6	–2.2	1.2
Operating income (EBIT)	**21.2**	**30.9**	**61.5**
Finance costs	–1.5	–0.9	–2.1
Other financial income/expenses	–0.1	–0.1	–0.1
Profit before income taxes	**19.6**	**29.9**	**59.3**
Income tax expenses	–4.8	–7.1	–14.2
Net income	**14.8**	**22.8**	**45.1**
Basic earnings per share (in CHF)	4.40	6.85	13.56
Diluted earnings per share (in CHF)	4.40	6.85	13.56

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

in CHF million	First half 2011 April–Sept. 2011	First half 2010 April–Sept 2010	2010 fiscal year April 2010–March 2011
Net income	14.8	22.8	45.1
Adjustments of financial instruments	–3.9	1.3	1.6
Currency translation differences	–2.1	–2.5	–4.4
Total comprehensive income for the period	**8.8**	**21.6**	**42.3**

CONDENSED BALANCE SHEET

in CHF million	First half 2011 09/30/11	First half 2010 09/30/10	2010 fiscal year 03/31/11
Non-current assets			
Intangible assets	29.0	30.8	30.1
Property, plant and equipment	121.8	123.4	123.6
Financial assets	1.4	1.6	1.5
Deferred tax assets	1.3	1.0	1.0
Total	**153.5**	**156.8**	**156.2**
Current assets			
Inventories	107.9	112.7	98.3
Trade and other receivables	85.6	92.3	98.8
Marketable securities	25.7	5.5	5.3
Cash and cash equivalents	120.6	102.5	143.8
Total	**339.8**	**313.0**	**346.2**
Total assets	**493.3**	**469.8**	**502.4**
Total equity	**247.8**	**238.0**	**258.0**
Liabilities			
Non-current borrowings	43.6	46.8	44.3
Other non-current liabilities	23.0	24.2	22.9
Current borrowings	8.5	7.3	9.8
Other current liabilities	170.4	153.5	167.4
Total	**245.5**	**231.8**	**244.4**
Total equity and liabilities	**493.3**	**469.8**	**502.4**

CONDENSED CASH FLOW STATEMENT

in CHF million	First half 2011 April–Sept. 2011	First half 2011 April–Sept. 2011	2010 fiscal year April 2010–March 2011
Cash flow from operating activities			
Operating income	21.2	30.9	61.5
Depreciation and amortization	4.9	5.0	9.9
Change in net current assets and provisions	8.3	–10.0	6.2
Net interest and tax paid	–12.1	–12.7	–16.0
Total	**22.3**	**13.2**	**61.6**
Cash flow from investing activities			
Acquisition/disposal of intangible assets, property, plant and equipment	–3.2	–6.7	–12.9
Acquisition/disposal of subsidiaries	0.0	0.0	0.0
Purchase/sale of financial assets and marketable securities	–20.7	0.0	0.0
Total	**–23.9**	**–6.7**	**–12.9**
Cash flow from financing activities			
Decrease/increase of borrowings	–0.7	1.2	2.8
Dividends paid	–16.6	–16.6	–16.7
Purchase of treasury shares	–3.7	–1.8	–3.7
Total	**–21.0**	**–17.2**	**–17.6**
Currency translation differences	–0.6	–0.6	–0.9
Net change in cash and cash equivalents	**–23.2**	**–11.3**	**30.0**
Cash and cash equivalents at 01.04.	143.8	113.8	113.8
Cash and cash equivalents at 30.09./31.03.	120.6	102.5	143.8

CONDENSED STATEMENT OF SHAREHOLDERS' EQUITY

in CHF million	Share capital	Other reserves	Treasury shares	Financial instruments	Currency translation differences	Net income	Total
First half of 2010 (April 2010–Sept. 2010)							
Total equity at 03/31/10	8.5	**184.6**	**–10.2**	**0.7**	**–4.8**	**56.0**	**234.8**
Total comprehensive income April–Sept. 2010				1.3	–2.5	22.8	21.6
Purchase of treasury shares			–1.8				–1.8
Share based payments							0.0
Dividends						–16.6	–16.6
Allocation of net income		39.4				–39.4	0.0
Total equity at 09/31/10	**8.5**	**224.0**	**–12.0**	**2.0**	**–7.3**	**22.8**	**238.0**
First half of 2011 (April 2011–Sept. 2011)							
Total equity at 03/31/11	8.5	**225.0**	**–13.8**	**2.3**	**–9.1**	**45.1**	**258.0**
Total comprehensive income April–Sept. 2011				–3.9	–2.1	14.8	8.8
Net change in treasury shares		–2.2	–0.3				–2.5
Share based payments		0.1					0.1
Dividends						–16.6	–16.6
Allocation of net income		28.4				–28.4	0.0
Total equity at 09/31/11	**8.5**	**251.3**	**–14.1**	**–1.6**	**–11.2**	**14.9**	**247.8**

NOTES TO THE UNAUDITED GROUP ACCOUNTS FOR THE FIRST HALF OF FISCAL 2011

1. Basis of presentation

The unaudited consolidated half-year financial statements were prepared in conformity with IAS 34 (Interim Financial Reporting). The financial statements are in compliance with the requirements of the Swiss Code of Obligations and the SIX Exchange Regulations. The consolidated half-year financial statements are presented in a condensed form and should be read together with the consolidated financial statements for fiscal year 2010. The applied accounting principles and valuation standards as well as calculation methods are in accordance with those mentioned in the Annual Report 2010.

Several new or revised IFRS standards and interpretations came into effect during the reporting period. Burckhardt Compression has assessed these new standards and interpretations and concluded that none of them have any material effect on the presented consolidated half-year financial statements.

2. Significant changes in the scope of consolidation

There were no changes in the scope of consolidation during the period under review.

3. Events after the balance-sheet date

No events have occurred subsequent to the balance-sheet date that would have a material effect on the half-year accounts. The condensed version of the consolidated interim report was approved for publication by the Board of Directors on November 2, 2011.

4. Sales and gross profit

in Mio. CHF		First half 2011 April–Sept. 2011	%	First half 2010 April–Sept. 2010	%	2010 fiscal year April 2010–March 2011	%
New machines	Sales	85.8		114.0		222.5	
	Gross profit	22.1	25.8	31.2	27.4	51.9	23.3
CSS (Customer Support Service)	Sales	45.1		45.5		105.0	
	Gross profit	23.3	51.7	21.5	47.3	50.0	47.6
Compressor components	Sales	13.5		14.4		28.1	
	Gross profit	7.3	54.1	6.8	47.2	13.7	48.8
Total	**Sales**	**144.4**		**173.9**		**355.6**	
	Gross profit	**52.7**	**36.5**	**59.5**	**34.2**	**115.6**	**32.5**

This document may contain forward-looking statements, including but not limited to projections of financial results and statements about potential future developments regarding materials and products. These statements are subject to risks and uncertainties and may be modified if the projected results or developments described herein are influenced by known or unknown risks and other factors.

The 2011 interim report is also available in German and can be downloaded from our website at www.burckhardtcompression.com/finanzberichte. The original version is German.

ABOUT BURCKHARDT COMPRESSION

Burckhardt Compression is one of the market leaders worldwide 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.

Burckhardt Compression Holding AG
Im Link 5
8404 Winterthur
Switzerland

Contact: Rolf Brändli, CFO
Telephone: +41 (0)52 262 55 00
Fax: +41 (0)52 262 04 08
E-mail: rolf.braendli@burckhardtcompression.com
Internet: www.burckhardtcompression.com

Burckhardt Compression

Burckhardt Compression Holding AG
CH-8404 Winterthur, Switzerland
Tel. +41 (0)52 262 55 00
Fax +41 (0)52 262 00 51
info@burckhardtcompression.com
www.burckhardtcompression.com