

Media Release of November 5, 2013

Burckhardt Compression results for the first half of fiscal year 2013: Order intake and sales sharply higher, lower margins

Burckhardt Compression, one of the world's leading manufacturers of reciprocating compressors, experienced pleasing growth in the first half of fiscal year 2013 (April to September). Order intake increased by 23% and sales grew 11%. The EBIT margin of 14% was below average; the net income margin stood at 11%. Burckhardt Compression expects sales for the year to grow by nearly 20% on a year-on-year basis. Order intake is expected to exceed the full-year sales figure for 2013. The operating income margin will be in the lower third of the long-term target range of 15% to 20%.

Order intake well above prior-year level

Order intake of CHF 236.8 million for the first half of fiscal year 2013 was 23.1% above the prior-year figure of CHF 192.4 million. In the Compressor Systems (CS) business area order intake soared 60.6% to CHF 169.9 million. Order intake of CHF 66.9 million in the Components, Services & Support (CSS) business area was less than the very high figure reported for the year-ago period, when several large engineering/revamp orders were received, but it was virtually unchanged (-2.3%) from the level reported for the second half of fiscal year 2012.

Higher sales thanks to compressor systems, lower margins

The 10.9% increase in consolidated sales to CHF 178.2 million was driven by the compressor system business. Sales in the CSS business were 12.6% below the level achieved in the prior-year reporting period, due to the uneven inflow of large-scale engineering and revamp projects.

Gross profit amounted to CHF 59.2 million or CHF 0.9 million more than in the first half of fiscal year 2012. This resulted in a gross profit margin of 33.2% (36.3% in the prior-year period). As announced in September, the CS margin contraction compared to fiscal year 2012 is mainly attributable to two large compressor systems projects that will presumably be concluded with negative margins and for which corresponding provisions have been created. The gross margins in the CSS business were somewhat lower than in the previous year.

Selling and administrative expenses rose by CHF 4.0 million or 15.2% compared to the prior-year period due, as in the year-ago period, to the expansion of distribution and logistics operations. Mainly due to the decline in gross profit, operating income of CHF 25.2 million was 14.3% lower than in the first half of the fiscal year 2012. This resulted in a lower operating margin of 14.1% (18.3% in the prior-year period). Net income amounted to CHF 19.2 million, which corresponds to 10.8% of sales and earnings per share of CHF 5.66 (CHF 6.58 in the prior-year period).

Balance sheet remains strong

Total balance sheet assets at the end of September 2013 amounted to CHF 576.2 million (plus 4.3%) and the equity ratio of 56.1% surpassed the prior-year ratio of 48.6%. Holdings of cash and cash equivalents increased by CHF 11.1 million to CHF 161.5 million compared to the previous year's figure (Sept. 30, 2012).

Continued expansion of market presence

A local presence, competent customer service and flawless execution of service activities are crucial for the ongoing expansion of our business. Therefore, the CSS activities of our subsidiaries were expanded and strengthened over the past several years. After making such investments in South Korea and Turkey in fiscal year 2012, it was decided during the first half of fiscal year 2013 to open new subsidiaries and Services Centers in Singapore, South Africa and Saudi Arabia.

More market success in the new application areas

Major orders were received for Laby®-GI fuel gas compressors for dual fuel propulsion systems that will be used on LNG tankers and for compressors in the new application area of upstream oil and gas. Further success was also achieved in the extended product line of Process Gas Compressors at the high end of the performance range.

Outlook

Most of the markets addressed by Burckhardt Compression continue to display positive momentum. As announced in September, management is guiding for a nearly 20% year-on-year increase in sales for fiscal year 2013. Order intake is expected to exceed the full-year sales figure for 2013. The operating income margin for fiscal year 2013 will be in the lower third of the long-term target range of 15% to 20%. Net income for fiscal year 2013 is expected to be about the same as in the previous fiscal year. Consequently, net income will be significantly higher in the second half of the current fiscal year. The targeted payout ratio for the dividend payment remains unchanged at 50% to 70%.

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.

Key figures for the first half of fiscal year 2013 (April – September 2013)

CHF million	April- Sept. 2013	April- Sept. 2012	Change 2013/2012	Fiscal year 2012
Order intake	236.8	192.4	+23.1%	427.8
Sales	178.2	160.7	+10.9%	366.7
Gross profit	59.2	58.3	+1.5%	136.0
Operating profit (EBIT) ¹	25.2	29.4	-14.3%	73.4
in % of sales	14.1%	18.3%		20.0%
Net income ¹	19.2	21.9	-12.3%	54.8
in % of sales	10.8%	13.6%		14.9%
Total assets ¹	576.2	552.5	+4.3%	594.4
Shareholders' equity ¹	323.2	268.7	+20.3%	325.4
in % of total assets	56.1%	48.6%		54.7%
Earnings per share (in CHF) ¹	5.66	6.58	-14.0%	16.39
Headcount as per Sept. 30 / March 31	1'160	1'031	+12.5%	1'078

¹ Restatement of prior-year figures regarding IAS 19 revised, see note 3 of the mid year results report 2013

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Additional information on the interim results for the 2013 fiscal year has been published on our website at www.burckhardtcompression.com/midyearresults.

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