

Media Release of June 10, 2014

Fiscal year 2013: Order intake at all-time high – strong sales growth – net income slightly lower than in prior year – dividend increased – outlook positive

Orders received by Burckhardt Compression, one of the world's leading manufacturers of reciprocating compressors, rose 21% to a new record high in fiscal 2013 (ending March 31, 2014). Sales rose 21% and also reached a new all-time high. Operating profit and net income remained strong slightly below the levels achieved in the previous year. A CHF 1.00 increase in the dividend to CHF 10.00 per share will be proposed to shareholders at the annual general meeting. For the current fiscal year management expects an increase in order intake and substantial sales growth. Operating and net profit are likewise expected to be clearly higher.

Annual order intake exceeds half a billion francs for the first time

Order intake of CHF 517.1 mn topped the previous record high set in fiscal year 2012 (CHF 427.8 mn) by 20.9% (22.8% at constant exchange rates) and exceeded the CHF 500 million mark for the first time. This strong growth was driven by a surge in business at Compressor Systems (CS), where orders received jumped 41.7% to CHF 386.3 mn. The Components, Services & Support (CSS) business area was unable to repeat its strong performance from the previous year as its order intake declined 15.7% to CHF 130.8 mn. This was mainly due to the absence of new contracts for major revamp/engineering projects.

Strong sales growth thanks to Compressor Systems

Full-year sales of CHF 445.0 mn (plus 21.3%, at constant exchange rates plus 22.4%) marked the highest full-year sales figure Burckhardt Compression has ever achieved in its entire history. As in the preceding two years, sales were higher in the second half than in the first half due to the compressor systems delivery schedules set by our customers. The Components, Services & Support business area achieved marginal sales growth of 0.7% to CHF 152.1 mn. The strong sales growth is largely attributable to the Compressor Systems business (plus 35.8% to CHF 292.9 mn).

Shift in product mix with lower margins

Gross income of CHF 139.2 mn was 2.4% higher than in the previous year. This resulted in a gross profit margin of 31.3% (37.1% in the previous year). A shift in product mix and two larger compressor systems projects that closed with a negative margin prevented both the CS and CSS business areas from maintaining their high gross profit margins from the previous year. Operating profit of CHF 70.2 mn was 4.3% less than in the previous year, mainly because of the only slight increase in gross profit, and the operating profit margin slipped to 15.8% (20.0% in the previous year). Net income declined by 1.8% to CHF 53.9 mn and net income per share amounted to CHF 15.87 (CHF 16.42 in the previous year).

Balance sheet remains strong

The equity ratio rose once again to a high 55.5% at the end of the reporting period (54.7% in the previous year). The net financial position increased by CHF 15.0 mn to CHF 165.8 mn (March 31, 2014).

Expansion of market presence

Burckhardt Compression's global footprint was further expanded in fiscal year 2013 with the aim of enhancing local business relations and providing customers with first-class service capabilities. The new subsidiaries with Service Centers in Singapore and South Africa and soon in Saudi Arabia plus the new Service Center in Calcutta, India, bring the company even closer to where its customers are and will allow it to provide more efficient compressor operation and maintenance services for its own products as well as for those made by other manufacturers.

Further success in new application areas

In the year under review Burckhardt Compression sold a large number of Laby[®]-GI boil-off gas compressor systems for use on LNG carriers. Orders were also received for a smaller version of Laby[®]-GI for use on smaller-sized LNG tankers. With this new product the company now offers compressor solutions for all sizes of LNG carriers. Its subsidiary in Korea is being expanded to enhance the technical expertise offered to Korean shipbuilders. Further growth was achieved in the oil and gas production industry with orders for sour gas compressors that are used to improve oil recovery.

Change in the Board of Directors

Dr. Stephan Bross will be proposed for election to the Board of Directors at the upcoming annual general meeting as the successor to Urs Fankhauser, who passed away in February. Dr. Bross, Head of the Pump division at KSB AG in Frankenthal (Germany), will actively support Burckhardt Compression in building up its service business with his knowledge and international experience.

Workforce expanded in line with organic growth

The workforce was increased by another 154 full-time employees, or 14.3%, to 1'232. Almost half of these new positions were created abroad with the objective of further expanding the local service and components business. The remaining jobs were created in Winterthur, primarily to increase production capacity.

Positive outlook for fiscal year 2014

Most of the markets Burckhardt Compression is active in continue to show positive developments, especially the application areas petrochemical industry and gas transport and storage. From today's standpoint, Burckhardt Compression expects both the CS and CSS business areas to increase their order intake. We also expect a renewed substantial increase in sales compared to the year under review. Operating and net profit are likewise expected to be clearly higher. The second half year will be clearly stronger than the first half year in terms of sales, operating and net profit.

Higher dividend payment

The Board of Directors will propose a dividend of CHF 10.00 (previous year CHF 9.00) per share at the upcoming annual general meeting. This corresponds to a payout ratio of 63.0% (previous year 54.8%) of net income per share, which is in the middle of the targeted payout range of 50% to 70%.

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.

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Attachments:

- Key figures at a glance
- Consolidated income statement
- Consolidated balance sheet
- Consolidated cash flow statement
- Key dates in 2014 and 2015

The 2013 annual report and additional information on the results for the fiscal year 2013 have been published on our website at www.burckhardtcompression.com/financial-reports.

FIGURES AT A GLANCE

	2011	2012	2013	Change 2012/2013
in CHF mn				
Order intake:				
– Compressor Systems (CS)	259.3	272.7	386.3	+41.7%
– Components, Services & Support (CSS)	145.6	155.1	130.8	–15.7%
Total	404.9	427.8	517.1	+20.9%
Sales and gross profit:				
– Compressor Systems				
Sales	206.0	215.7	292.9	+35.8%
Gross profit	59.2	57.6	68.2	+18.4%
in % of sales	28.7%	26.7%	23.3%	
– Components, Services & Support				
Sales	122.9	151.0	152.1	+0.7%
Gross profit	63.1	78.4	71.0	–9.4%
in % of sales	51.3%	51.9%	46.7%	
Total				
Sales	328.9	366.7	445.0	+21.3%
Gross profit	122.3	136.0	139.2	+2.4%
in % of sales	37.2%	37.1%	31.3%	
Operating income (EBIT)	64.8	73.3 ¹	70.2	–4.3%
in % of sales	19.7%	20.0% ¹	15.8%	
Net income	50.5	54.9 ¹	53.9	–1.8%
in % of sales	15.4%	15.0% ¹	12.1%	
Depreciation and amortization	10.6	11.1	11.8	+6.3%
Cash flow:				
– from operating activities	74.5	36.3	58.2	+60.5%
– from investing activities	–9.2	–19.3	–14.2	
– from financing activities (incl. translation differences)	–24.2	–12.0	–32.0	
Total	41.1	5.0	12.0	
Balance sheet total	530.7	594.4 ¹	645.9	+8.7%
Non-current assets	156.6	167.1 ¹	165.9	–0.7%
Current assets	374.1	427.3 ¹	480.0	+12.3%
Shareholders' equity	282.8	325.4 ¹	358.5	+10.2%
in % of balance sheet total	53.3%	54.7% ¹	55.5%	
Net financial position	135.4	150.8	165.8	+9.9%
Headcount as per end of fiscal year (full-time equivalents)	983	1'078	1'232	+14.3%
Total remuneration non-executive members of the Board of Directors (5 persons) (in TCHF)	422.0	520.1	498.3	–4.2%
Total remuneration Executive Board (11 persons in FY 2011, 12 persons in FY 2012 and 13 persons in FY 2013) (in TCHF)	3'466.0	4'629.5	4'889.0	+5.6%
Share price as per end of fiscal year (in CHF)	247.50	355.25	460.0	
Market capitalization (in CHF mn)	841.5	1'207.9	1'564.0	
Market capitalization/shareholders' equity (ratio)	3.0	3.7 ¹	4.4	
Net income per share (EPS) (in CHF)	15.22	16.42 ¹	15.87	–3.3%
Dividend per share (in CHF)	7.00	9.00	10.00	+11.1%

¹Restatement due to a change in the accounting standards (IAS 19) for pension plans.

CONSOLIDATED INCOME STATEMENT

	2013	2012
in CHF 1'000		
Sales	444'962	366'677
Cost of goods sold	-305'720	-230'696
Gross Profit	139'242	135'981
Selling and marketing expenses	-43'947	-39'448
General and administrative expenses	-19'835	-18'740
Research and development expenses	-8'809	-7'731
Other operating income ¹	21'133	25'586
Other operating expenses ¹	-17'598	-22'303
Operating income¹	70'186	73'345
Finance costs	-1'088	-1'419
Other financial income/expenses	72	157
Profit before income tax¹	69'170	72'083
Income tax expenses ¹	-15'244	-17'227
Net income¹	53'926	54'856
Earnings per share for profit attributable to shareholders of Burckhardt Compression Holding AG (in CHF)¹		
– Basic ¹	15.87	16.42
– Diluted ¹	15.87	16.42

¹ Restatement due to a change in the accounting standards (IAS 19) for pension plans.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2013	2012
in CHF 1'000		
Net income¹	53'926	54'856
Adjustments for cash flow hedges	5'935	560
Tax effect on adjustments of cash flow hedges	-1'250	-143
Currency translation differences	-4'301	274
Total of items that may be reclassified to the income statement¹	54'310	55'547
Defined benefit cost recognized in other comprehensive income ¹	9'050	-3'921
Tax effect on defined benefit cost recognized in other comprehensive income ¹	-1'900	996
Total of items that will not be reclassified to the income statement¹	7'150	-2'925
Total comprehensive income for the period¹	61'460	52'622

¹ Restatement due to a change in the accounting standards (IAS 19) for pension plans.

CONSOLIDATED BALANCE SHEET

	03/31/2014	03/31/2013
in CHF 1'000		
Non-current assets		
Intangible assets	27'472	28'218
Property, plant and equipment	134'015	134'296
Derivative financial instruments	1'135	13
Other receivables	1'156	848
Deferred tax assets ¹	2'157	3'770
Total	165'935	167'145
Current assets		
Inventories	148'570	118'189
Trade and other receivables ¹	126'106	119'011
Derivative financial instruments	3'344	90
Cash and cash equivalents	201'987	189'994
Total	480'007	427'284
Total assets	645'942	594'429
Equity		
Share capital	8'500	8'500
Retained earnings and other reserves ¹	362'899	333'241
Treasury shares	-213	-3'230
Cash flow hedging reserve	2'865	-1'820
Currency translation differences	-15'566	-11'265
Total	358'485	325'426
Liabilities		
Non-current liabilities		
Borrowings	24'891	34'971
Derivative financial instruments	1	814
Deferred tax liabilities ¹	14'533	12'841
Provisions ¹	14'773	25'524
Total	54'198	74'150
Current liabilities		
Borrowings	11'321	4'186
Trade accounts payable	52'453	24'302
Current income tax liabilities	14'035	14'570
Customers' advance payments	102'071	96'009
Derivative financial instruments	468	3'277
Other current and accrued liabilities	44'990	38'833
Provisions ¹	7'921	13'676
Total	233'259	194'853
Total	287'457	269'003
Total equity and liabilities¹	645'942	594'429

¹ Restatement due to a change in the accounting standards (IAS 19) for pension plans.

CONSOLIDATED CASH FLOW STATEMENT

	2013	2012
in CHF 1'000		
Cash flow from operating activities		
Net income¹	53'926	54'856
Income tax expenses ¹	15'244	17'227
Other financial income/expenses	-72	-157
Finance costs	1'088	1'419
Operating income¹	70'186	73'345
Depreciation	9'507	8'960
Amortization	2'290	2'115
Change in inventories	-32'011	-26'322
Change in trade receivables	-9'281	-25'795
Change in other net current assets	37'487	17'919
Change in provisions	-8'201	1'031
Other non-monetary items ¹	706	1'434
Interest received	80	171
Interest paid	-907	-1'316
Income tax paid	-11'606	-15'255
Total	58'250	36'287
Cash flow from investing activities		
Purchase of property, plant and equipment	-12'370	-16'474
Sale of property plant and equipment	0	0
Purchase of intangible assets	-1'863	-2'820
Sale of marketable securities	0	27
Purchase of marketable securities	0	0
Total	-14'233	-19'267
Cash flow from financing activities		
Increase in borrowings	298	1'832
Repayment of borrowings	-3'239	-12'479
Sales of treasury shares	3'017	21'605
Purchase of treasury shares	0	0
Dividends paid	-30'593	-23'266
Total	-30'517	-12'308
Currency translation differences on cash and cash equivalents	-1'507	317
Net change in cash and cash equivalents	11'993	5'029
Cash and cash equivalents at 04/01/2013 / 04/01/2012	189'994	184'965
Cash and cash equivalents at 03/31/2014 / 03/31/2013	201'987	189'994
Net change in cash and cash equivalents	11'993	5'029

¹ Restatement due to a change in the accounting standards (IAS 19) for pension plans.

KEY DATES FOR 2014 AND 2015

July 4, 2014

Annual General Meeting

November 4, 2014

Results for the first half of fiscal year 2014 (as per September 30, 2014)

June 9, 2015

Results for fiscal year 2014 (as per March 31, 2015)

July 4, 2015

Annual General Meeting