

First-half results for fiscal 2010

Dear Shareholders

Today we present you the fifth interim report since the company was listed on the stock market in 2006. During the period under review we have witnessed a strong recovery in order inflow from the disappointing level of the second half of the previous fiscal year. Order intake at Customer Support Service (CSS) and the compressor component business continued to grow while orders received for new machines in the first half of the current fiscal year fell still short of our expectations.

Order intake slightly higher than in the prior-year period

Compared with the same period a year ago BC Group's order intake in the first six months of the current fiscal year increased slightly by 0.4% to CHF 164.3 million. Orders for new machines were down another 8.6% on a year over year basis but improved significantly by CHF 38.1 million (+61.6%) compared with the second half of the previous fiscal year. Order intake at CSS remained on a growth path, advancing by 15.4%. The compressor components business also experienced pleasing new order growth of 33.0% during the period under review. As in previous periods, a large number of process gas compressor orders for refinery applications were received. We successfully sold two Laby®-GIs for new applications. Order intake at CSS recovered, driven to a large extent by the spare parts business. The compressor components business reported an increase in new orders in all three areas of activity – sealing elements, monitoring systems and valves.

Sales slightly lower

Burckhardt Compression's consolidated sales declined as expected to CHF 173.9 million or by 4.7% compared to the prior-year figure. Gross profit was down 5.0% to CHF 59.5 million, resulting in a gross profit margin of 34.2% (34.3% in the prior-year period). Gross profit in the new machine business declined both in absolute terms and as a percentage of sales due to changes in the product mix. The greater percentage of Group sales generated at CSS and in the compressor components business had a positive effect on the overall gross profit margin.

Key figures

	April-Sept. 2010	April-Sept. 2009	Change 2009/2010	Fiscal year 2009
in CHF million				
Order intake	164.3	163.6	+0.4%	285.9
- New machines	100.0	109.4	-8.6%	171.3
- CSS (Customer Support Service)	51.0	44.2	+15.4%	90.9
- Compressor components	13.3	10.0	+33.0%	23.7
Sales	173.9	182.5	-4.7%	343.2
Gross profit	59.5	62.6	-5.0%	126.9
Operating income (EBIT)	30.9	35.0	-11.7%	74.2
Net income	22.8	26.3	-13.3%	56.0
Balance sheet total	470.0	468.2	+0.4%	470.0
Shareholders' equity	238.0	211.3	+12.6%	234.9
Earnings per share (CHF)	6.85	7.82	-12.4%	16.68
Headcount as per 30.09./31.03.	910	919	-1.0%	891

Sales and administrative expenses increased by CHF 1.8 million or 8.3% compared to the first half of the previous fiscal year. This increase is attributable solely to the ongoing expansion of sales infrastructure in the CSS and compressor components businesses. We are confident that these preparatory measures will positively impact future order and sales volumes during the years ahead.

Operating income in the first half of the fiscal year amounted to CHF 30.9 million, an 11.7% decline from the year-ago figure, resulting in a lower EBIT margin of 17.8% (19.2% in prior-year period). Net income declined by 13.3%, earnings per share by 12.4%.

Short-time work

As we continued to work off the order backlog, reduced working hours were expanded at virtually all departments except marketing and sales and related units in early 2010.

Market Launch of Extended Process Gas Compressor Product Line

The proactive initiatives for sales and development activities are already paying off. At the end of September Burckhardt Compression has launched its extended range of Process Gas Compressors. This performance enhancement sharpens Burckhardt Compression's competitive edge and will strengthen its market position in the fields of oil refining and petrochemical applications. The accompanying sales activities met with positive reactions on the customer side. Also the order intake of the service business could be increased comparing with the previous period due to intensified sales activities.

New subsidiary in Dubai

Burckhardt Compression's most recently established subsidiary, which includes a service center, was officially inaugurated in mid-June 2010 and has commenced operations. This geographic expansion improves our local presence in serving the growing number of customers in the Middle East.

Expansion of assembly capacity at head office

In May 2010 the new assembly hall in Winterthur was inaugurated after the completion of a building conversion project. This expansion made it possible to reduce the number of assembly sites in Winterthur from two to one. The testing facilities for research and development activities were also completely upgraded.

Appreciation of the Swiss franc

In the short term the Euro's depreciation against the Swiss franc is a negative factor for Burckhardt Compression, especially in comparison with EUR-based competitors. However, very many components and accessories are sourced in the Eurozone, which clearly mitigates the negative impact on profitability.

End of share buyback program

December 15, 2008 the company started a share buyback program, which was extended in December 2009 by one year until December 16, 2010. Under this program Burckhardt Compression has the possibility to repurchase up to 170'000 shares of the outstanding shares (BCHN) or 5% of the company's share

capital on the regular market. As of September 30, 2010, the company had repurchased 75'317 shares, or 2.2% of the company's share capital. The shares held by the company may be used by the Board of Directors for acquisitions. The Board of Directors has decided not to extend the share buyback program beyond December 16, 2010, since the original objective, to have roughly shares in the value of about CHF 20 mn available for acquisitions, has been nearly achieved.

Outlook

From the company's prospective the low point in the markets relevant to Burckhardt Compression is behind us. There are clear signs that the order intake for new machines, compared to the first-half year level will further improve. Full-year sales for fiscal year 2010 are expected to exceed CHF 350 mn and the EBIT margin should range between 15% to 20%.

Thanks to all our stakeholders

The Board of Directors and the Executive Board thank all employees for their efforts and commitment. Today's difficult times with short-time work and sudden fluctuations in the work load demand a particularly high degree of flexibility from all employees. Our goal is to remain a well financed company with better-than-average profitability and, as such, a reliable partner for our long-term-oriented customers, suppliers, employees and shareholders. We thank you for your continued support in these difficult economic times.

Yours sincerely,



Hans Hess
Chairman of the
Board of Directors



Valentin Vogt
CEO & Executive Member
of the Board of Directors

Winterthur, November 9, 2010

IR calendar:

June 7, 2011	2010 Annual Report (closing March 31, 2011)
July 2, 2011	Annual General Meeting

Condensed income statement

in CHF million	First half 2010 April – Sept. 2010	First half 2009 April – Sept. 2009	2009 fiscal year April 2009 – March 2010
Sales	173.9	182.5	343.2
Cost of goods sold	-114.4	-119.9	-216.3
Gross profit	59.5	62.6	126.9
Selling, marketing and general administrative expenses	-23.4	-21.6	-46.0
Research and development expenses	-3.0	-3.5	-6.7
Other operating income/expenses	-2.2	-2.5	0.0
Operating income (EBIT)	30.9	35.0	74.2
Finance costs	-0.9	-0.9	-1.8
Other financial income	-0.1	0.4	1.4
Profit before income taxes	29.9	34.5	73.8
Income tax expense	-7.1	-8.2	-17.8
Net income	22.8	26.3	56.0
Basic earnings per share (in CHF)	6.85	7.82	16.68
Diluted earnings per share (in CHF)	6.85	7.82	16.68

Condensed statement of comprehensive income

in CHF million	First half 2010 April – Sept. 2010	First half 2009 April – Sept. 2009	2009 fiscal year April 2009 – March 2010
Net income	22.8	26.3	56.0
Adjustments of financial instruments	1.3	2.4	1.5
Currency translation differences	-2.5	-0.7	-0.7
Total comprehensive income for the period	21.6	28.0	56.8

Condensed balance sheet

in CHF million	First half 2010 30.09.10	First half 2009 30.09.09	2009 fiscal year 31.03.10
Non-current assets:			
Intangible assets	30.8	32.7	32.8
Property, plant and equipment	123.4	119.2	121.8
Financial assets	1.6	2.9	1.7
Deferred tax assets	1.0	1.1	1.0
Total	156.8	155.9	157.3
Current assets:			
Inventories	112.7	121.5	120.7
Trade and other receivables	92.3	62.6	72.7
Marketable securities	5.5	5.5	5.5
Cash and cash equivalents	102.5	122.7	113.8
Total	313.0	312.3	312.7
Total assets	469.8	468.2	470.0
Total equity	238.0	211.3	234.9
Liabilities:			
Non-current borrowings	46.8	47.4	47.7
Other non-current liabilities	24.2	22.9	23.8
Current borrowings	7.3	4.0	5.4
Other current liabilities	153.5	182.6	158.2
Total	231.8	256.9	235.1
Total equity and liabilities	469.8	468.2	470.0

Condensed cash flow statement

in CHF million	First half 2010 April – Sept. 2010	First half 2009 April – Sept. 2009	2009 fiscal year April 2009 – March 2010
Cash flow from operating activities:			
Operating income	30.9	35.0	74.2
Depreciation and amortization	5.0	4.6	9.5
Change in net current assets and provisions	-10.0	23.8	-11.5
Net interest and tax paid	-12.7	-7.9	-13.4
Total	13.2	55.5	58.8
Cash flow from investing activities:			
Acquisition/disposal of intangible assets, property, plant and equipment	-6.7	-81.9	-88.8
Acquisition/disposal of subsidiaries	0.0	0.0	0.0
Purchase/sale of financial assets and marketable securities	0.0	0.1	0.0
Total	-6.7	-81.8	-88.8
Cash flow from financing activities:			
Increase of borrowings	1.2	44.3	44.7
Dividends paid	-16.6	-20.2	-20.2
Purchase of treasury shares	-1.8	-0.4	-6.2
Total	-17.2	23.7	18.3
Currency translation differences	-0.6	-0.3	-0.1
Net change in cash and cash equivalents	-11.3	-2.9	-11.8
Cash and cash equivalents at 01.04.	113.8	125.6	125.6
Cash and cash equivalents at 30.09./31.03.	102.5	122.7	113.8

Condensed statement of shareholders' equity

First half of 2009 (April 2009 – Sept. 2009)

	Share capital	Other reserves	Treasury shares	Financial instruments	Currency translation differences	Net income	Total
in CHF million							
Total equity at 31.03.09	8.5	131.4	-3.9	-0.5	-4.4	72.8	203.9
Total comprehensive income April – Sept. 2009				2.4	-0.7	26.3	28.0
Share buyback program			-0.4				-0.4
Dividends						-20.2	-20.2
Allocation of net income		52.6				-52.6	0.0
Total equity at 30.09.09	8.5	184.0	-4.3	1.9	-5.1	26.3	211.3

First half of 2010 (April 2010 – Sept. 2010)

	Share capital	Other reserves	Treasury shares	Financial instruments	Currency translation differences	Net income	Total
in CHF million							
Total equity at 31.03.10	8.5	184.6	-10.2	0.7	-4.8	56.0	234.9
Total comprehensive income April – Sept. 2010				1.3	-2.5	22.8	21.6
Share buyback program			-1.8				-1.8
Dividends						-16.6	-16.6
Allocation of net income		39.4				-39.4	0.0
Total equity at 30.09.10	8.5	224.0	-12.0	2.0	-7.3	22.8	238.0

Notes to the unaudited Group accounts for the first half of fiscal 2010

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 2009. The applied accounting principles and valuation standards as well as calculation methods are in accordance with those mentioned in the Annual Report 2009.

During the period under review some new or revised IFRS standards and interpretations have become effective. Burckhardt Compression has assessed these new standards and interpretations and concluded that none of them has 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 1, 2010.

4. Sales and gross profit

in CHF million		First half 2010		First half 2009		2009 fiscal year	
		April – Sept. 2010	%	April – Sept. 2009	%	April 2009 – March 2010	%
New machines	Sales	114.0		130.5		241.5	
	Gross profit	31.2	27.4	39.8	30.5	80.7	33.4
CSS (Customer Support Service)	Sales	45.5		42.4		80.8	
	Gross profit	21.5	47.3	18.9	44.6	36.7	45.4
Compressor components	Sales	14.4		9.6		20.9	
	Gross profit	6.8	47.2	3.9	40.6	9.5	45.5
Total	Sales	173.9		182.5		343.2	
	Gross profit	59.5	34.2	62.6	34.3	126.9	37.0

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 2010 interim report is also available in German and can be downloaded from our website at www.burckhardtcompression.com/midyearresults. 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