
FIRST-HALF RESULTS FOR FISCAL YEAR 2015

Compressors for a Lifetime™

RESULTS FOR THE FIRST HALF OF 2015

SLIGHT DECLINE IN ORDER INTAKE – HIGHER SALES – HIGHER PROFITS

DEAR SHAREHOLDERS

Burckhardt Compression's order intake for the first half of the fiscal year 2015 (ending September 30) was slightly below (–5.8%) the exceptionally high level attained in the first half of the previous year amid persisting macroeconomic challenges. The various markets addressed by Burckhardt Compression displayed divergent trends. Compared to the first half of 2014, profits were higher on sales growth of 23.9%. As already communicated in June of this year, sales and profits are expected to be better in the second half.

Key figures

in CHF mn	April–Sept. 2015	April–Sept. 2014	Change 2015/2014	Fiscal year 2014
Order intake	254.2	270.0	–5.8%	514.1
– Compressor Systems (CS)	167.9	192.7	–12.9%	355.6
– Components, Services & Support (CSS)	86.3	77.3	+11.6%	158.5
Sales	243.0	196.1	+23.9%	473.6
Gross profit	73.0	63.9	+14.2%	152.8
Operating income (EBIT)	32.8	27.9	+17.6%	74.6
In % of sales	13.5%	14.2%	–0.7%	15.7%
Net income	25.1	21.5	+16.7%	57.6
Total assets	657.0	639.3	+2.8%	681.4
Shareholders' equity	336.3	325.2	+3.4%	338.6
Earnings per share (in CHF)	7.40	6.32	+17.1%	16.93
Headcount as per Sept 30/March 31	1'438	1'308	+9.9%	1'385

Higher order intake in Components, Services & Support (CSS) business

Orders received in the first half of 2015 amounted to CHF 254.2 mn, slightly below the exceptionally high intake reported for the first half of 2014. Orders for the Compressor Systems (CS) business primarily originated in the gas transport and storage, refining and petrochemical industries; total order intake at CS amounted to CHF 167.9 mn (–12.9%). The Components, Services & Support (CSS) business increased its order intake by 11.6% to CHF 86.3 mn. Most of this growth was fueled by spare parts orders and revamp and modernization projects.

Renewed increase in sales and profits

The substantial increase in consolidated sales of 23.9% y-o-y to CHF 243.0 mn is primarily attributable to the Compressor Systems business area (+34.3%). Sales in the CSS business area rose by 5.4%.

Gross profit amounted to CHF 73.0 mn, an increase of 14.2% compared to the first half of 2014, and the resulting gross profit margin was 30.0% (32.6% in the year-ago period). A slight contraction in the CS business area's gross profit margin to 21.9% (22.3% in the year-ago period) can be traced to the shift in the product mix of the projects concluded during the first half. At the CSS business area, the gross profit margin of 48.7% was slightly below the very high margin reported for the prior-year period (51.0%).

Selling, marketing and general administrative expenses rose by CHF 2.5 mn or 7.6% y-o-y to CHF 35.4 mn in the first half of 2015, which, as in the previous year, is attributable to the ongoing expansion of sales and logistics operations in both business areas, with an emphasis on the CSS business area. Research and development expenses of CHF 6.1 mn were CHF 0.9 mn or 17.3% higher than the year-ago figure of CHF 5.2 mn. The CHF 0.8 mn decrease in other operating income to CHF 1.3 mn largely consists of operating income generated by the property management unit as well as realized and unrealized capital gains, offset by an accounting charge for an adjustment to the company's Swiss pension plan in accordance with IAS 19.

Owing primarily to the higher level of gross profit, operating profit at the mid-year mark increased by 17.6% y-o-y to CHF 32.8 mn. Measured as a percentage of sales, this resulted in an operating profit margin of 13.5% (14.2% in the prior-year period). Net income rose by 16.7% to CHF 25.1 mn and corresponded to 10.3% of sales or CHF 7.40 per share (CHF 6.32 in the prior-year period).

Solid balance sheet

Total assets at the end of September 2015 stood at CHF 657.0 mn (+2.8%). Shareholders' equity of CHF 336.3 mn corresponds to a solid equity ratio of 51.2%, slightly higher than in the previous year. The net financial position declined slightly by CHF 3.4 mn compared to the reporting date for the previous year and amounted to CHF 119.2 mn.

Setup of new assembly plants on schedule

Assembly of Laby®-GI Compressors at the new plant in Busan, South Korea, commenced at the end of August. The official inauguration of this new plant will take place in November. Already in September this year, the expansion of the factory in Winterthur was successfully completed. In June 2015 the foundation stone was laid for a new assembly plant for Process Gas Compressors in Houston, Texas. First compressors will be assembled there tentatively beginning of January 2016.

Outlook

The various markets addressed by Burckhardt Compression are showing rather divergent trends. Projects are plentiful but the extremely competitive environment is putting pressure on margins. From today's standpoint, we continue to expect order intake for the fiscal year 2015 (closing March 31, 2016) to be around the level reached in the previous year, and sales should exceed CHF 500 mn. Operating profit and net income for the full fiscal year are expected to be around the level reached in the previous year. The operating profit margin for the fiscal year 2015 is likely to be at the low end of the targeted long-term range of 15% to 20%. The targeted payout ratio of 50% to 70% is reiterated.


A word of thanks

On behalf of the Board of Directors and the Executive Board we thank all employees for their untiring efforts. The loyalty of our shareholders is also deeply appreciated, and we thank our customers for their trust in Burckhardt Compression. We will continue doing everything in our power to be an absolutely reliable partner for all stakeholders.

Yours sincerely,



Valentin Vogt
Chairman of the
Board of Directors



Marcel Pawlicek
CEO

Winterthur, November 3, 2015

IR calendar:

June 7, 2016	2015 Annual Report (as per March 31, 2016)
July 1, 2016	Annual General Meeting

CONDENSED INCOME STATEMENT

in CHF mn	First half 2015 April–Sept. 2015	First half 2014 April–Sept. 2014	2014 fiscal year April 2014–March 2015
Sales	243.0	196.1	473.6
Cost of goods sold	-170.0	-132.2	-320.8
Gross profit	73.0	63.9	152.8
Selling, marketing and general administrative expenses	-35.4	-32.9	-69.3
Research and development expenses	-6.1	-5.2	-10.7
Other operating income/expenses	1.3	2.1	1.8
Operating income (EBIT)	32.8	27.9	74.6
Finance costs	-0.4	-0.5	-0.9
Other financial income/expenses	0.1	0.0	0.1
Profit before income taxes	32.5	27.4	73.8
Income tax expenses	-7.4	-5.9	-16.2
Net income	25.1	21.5	57.6
Net income per share (in CHF)	7.40	6.32	16.93

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

in CHF mn	First half 2015 April–Sept. 2015	First half 2014 April–Sept. 2014	2014 fiscal year April 2014–March 2015
Net income	25.1	21.5	57.6
Adjustments for cash flow hedges, net of tax	-0.8	-7.7	-6.7
Currency translation differences	-0.3	1.8	-1.5
Total of items that may be reclassified subsequently to the income statement	-1.1	15.6	-8.2
Defined benefit cost recognized in other comprehensive income, net of tax	7.6	-15.9	-36.5
Total of items that will not be reclassified to the income statement	7.6	-15.9	-36.5
Total comprehensive income for the period	31.6	-0.3	12.9

CONDENSED BALANCE SHEET

in CHF mn	First half 2015 09/30/15	First half 2014 09/30/14	2014 fiscal year 03/31/15
Non-current assets			
Intangible assets	32.0	30.1	32.8
Property, plant and equipment	152.0	137.8	138.3
Financial assets	1.2	1.2	1.3
Deferred tax assets	10.0	6.7	11.4
Total	195.2	175.8	183.8
Current assets			
Inventories	175.3	186.5	175.0
Trade and other receivables	139.2	124.7	140.1
Marketable securities	1.8	1.6	4.0
Cash and cash equivalent	145.5	150.7	178.5
Total	461.8	463.5	497.6
Total assets	657.0	639.3	681.4
Total equity	336.3	325.2	338.6
Liabilities			
Non-current borrowings	24.0	24.9	23.5
Other non-current liabilities	62.6	48.2	71.2
Current borrowing	2.3	3.2	3.7
Other current liabilities	231.8	237.8	244.4
Total	320.7	314.1	342.8
Total equity and liabilities	657.0	639.3	681.4

CONDENSED CASH FLOW STATEMENT

in CHF mn	First half 2015 April–Sept. 2015	First half 2014 April–Sept. 2014	2014 fiscal year April 2014–March 2015
Cash flow from operating activities			
Operating income	32.8	27.9	74.6
Depreciation and amortization	7.4	6.8	14.4
Change in net current assets and provisions	-8.5	-20.4	-25.2
Net interest and tax paid	-9.6	-10.4	-17.0
Total	22.1	3.9	46.8
Cash flow from investing activities			
Acquisition/disposal of intangible assets, property, plant and equipment	-20.1	-12.2	-23.7
Acquisition of subsidiaries net of cash required	0.0	0.0	-2.9
Total	-20.1	-12.2	-26.6
Cash flow from financing activities			
Decrease/increase of borrowings	-1.0	-8.1	-9.1
Dividends paid	-34.0	-34.0	-34.0
Purchase/sale of treasury shares	0.2	0.0	0.1
Total	-34.8	-42.1	-43.0
Currency translation differences	-0.1	-0.9	-0.8
Net change in cash and cash equivalents	-33.0	-51.3	-23.5
Cash and cash equivalents at 04.01	178.5	202.0	202.0
Cash and cash equivalents at 09.30/03.31	145.5	150.7	178.5

CONDENSED STATEMENT OF SHAREHOLDERS' EQUITY

	Share capital	Retained earnings and other reserves	Treasury shares	Cash flow hedging reserve	Currency translation differences	IAS 19 revaluation	Net income	Total
in CHF mn								
First half of 2014 (April 2014–Sept. 2014)								
Total equity at 03/31/14	8.5	304.8	-0.2	2.9	-15.6	4.2	53.9	358.5
Total comprehensive income April–Sept. 2014				-7.7	1.8	-15.9	21.5	-0.3
Net change in treasury shares		0.1						0.1
Share-based payments		0.9						0.9
Dividends							-34.0	-34.0
Allocation of net income		19.9					-19.9	0.0
Total equity at 09/30/14	8.5	325.7	-0.2	-4.8	-13.8	-11.7	21.5	325.2
First half of 2015 (April 2015–Sept. 2015)								
Total equity at 03/31/15	8.5	325.8	-0.2	-3.9	-17.0	-32.3	57.6	338.6
Total comprehensive income April–Sept. 2015				-0.8	-0.3	7.6	25.1	31.6
Net change in treasury shares			0.2					0.2
Share-based payments								0.0
Dividends							-34.0	-34.0
Allocation of net income		23.6					-23.6	0.0
Total equity at 09/30/15	8.5	349.4	0.0	-4.7	-17.3	-24.7	25.1	336.3

NOTES TO THE UNAUDITED GROUP ACCOUNTS FOR THE FIRST HALF OF FISCAL YEAR 2015

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 2014. The applied accounting principles and valuation standards as well as calculation methods are in accordance with those mentioned in the Annual Report 2014.

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 significant changes in the scope of consolidation during the period under review.

3. Sales and gross profit

in CHF mn		First half 2015 April–Sept. 2015	%	First half 2014 April–Sept. 2014	%	2014 fiscal year April 2014–March 2015	%
Compressor Systems (CS)	Sales	168.8		125.7		327.1	
	Gross profit	36.9	21.9	28.0	22.3	78.2	23.9
Components, Services & Support (CSS)	Sales	74.2		70.4		146.5	
	Gross profit	36.1	48.7	35.9	51.0	74.6	50.9
Total	Sales	243.0		196.1		473.6	
	Gross profit	73.0	30.0	63.9	32.6	152.8	32.3

4. 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 October 23, 2015.

ABOUT BURCKHARDT COMPRESSION

Burckhardt Compression is one of the global 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 oil & gas, gas transport and storage, refinery, chemical and petrochemical and industrial gas sectors. 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 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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This document may contain forward-looking statements, including but not limited to projections of financial results, market activity and future product developments. These forward-looking statements are subject to change based on known or unknown risks and various other factors that could cause actual results or performance to differ materially from the statements made herein.

The 2015 interim report is also available in German, and both versions can be downloaded from our website at www.burckhardtcompression.com/finanzberichte. The German version takes precedence in the event of a conflict.



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