



FIRST-HALF RESULTS FOR FISCAL YEAR 2014

Compressors for a Lifetime™

FIRST-HALF RESULTS FOR FISCAL YEAR 2014

MORE ORDERS – HIGHER SALES – HIGHER PROFIT

DEAR SHAREHOLDERS

Despite a challenging environment of political and economic uncertainty across the globe, Burckhardt Compression is pleased to report a 14.0% increase in order intake for the first half of the fiscal year (closing September 30). The markets remain robust overall. First-half sales rose by 10.0% compared to the first half of the previous years and profits were also higher. As already communicated in June 2014, a significant improvement in sales and profits is forecasted for the second half.

Key figures

in CHF mn	April–Sept. 2014	April–Sept. 2013	Change 2014/2013	Fiscal year 2013
Order intake	270.0	236.8	+14.0%	517.1
– Compressor Systems (CS)	192.7	169.9	+13.4%	386.3
– Components, Services & Support (CSS)	77.3	66.9	+15.5%	130.8
Sales	196.1	178.2	+10.0%	445.0
Gross profit	63.9	59.2	+7.9%	139.2
Operating income (EBIT)	27.9	25.2	+10.7%	70.2
In % of sales	14.2%	14.1%		15.8%
Net income	21.5	19.2	+12.0%	53.9
Balance sheet total	639.3	576.2	+11.0%	645.9
Shareholders' equity	325.2	323.2	+0.6%	358.5
Earnings per share (in CHF)	6.32	5.66	+11.7%	15.87
Headcount as per 09.30/03.31	1'308	1'160	+12.8%	1'232

Sustained upturn in order intake

Orders received in the first half of 2014 amounted to CHF 270.0 mn, which is 14.0% more than the order intake of CHF 236.8 mn reported for the first half of 2013. Orders for applications in the gas transport and storage and in the petrochemical industry accounted for much of the 13.4% growth in order intake at the Compressor Systems (CS) segment to CHF 192.7 mn. The Components, Services & Support (CSS) business area increased its order intake by 15.5% to CHF 77.3 mn. Most of that growth came from orders for spare parts.

Higher sales and profit

The 10.0% year-on-year increase in total sales to CHF 196.1 mn is primarily attributable to the Compressor Systems business. In contrast to the first half of 2013, the CSS business area also recorded significantly higher sales in the reporting period.

Gross profit amounted to CHF 63.9 mn, an increase of 7.9% compared to the first half of 2013, and the resulting gross profit margin was 32.6% (33.2% in the year-ago period). The slight contraction in the CS business area's gross profit margin to 22.3% (24.4% in the year-ago period) can be traced to a shift in product mix. At the CSS business area, the gross profit margin edged higher to 51.0% (48.2% in the previous year's period).

Selling, marketing and general administrative expenses rose by CHF 2.5 mn or 8.2% to CHF 32.9 mn in the first half of 2014 due to the expansion of sales and logistics operations in both business areas, with an emphasis on the CSS business area. Research and development expense of CHF 5.2 mn was CHF 1.0 mn or 23.8% higher than the year-ago figure. The CHF 1.5 mn increase in other operating income to CHF 2.1 mn largely consists of operating income generated by the property management unit, realized and unrealized capital gains and an accounting charge for the adjustment to the company's Swiss pension plan in accordance with IAS 19.

Based by the higher level of gross operating profit, operating profit at the mid-year mark was 10.7% higher year-on-year at CHF 27.9 mn. Measured as a percent of sales, this resulted in a virtually unchanged operating profit margin of 14.2%. Net income improved to CHF 21.5 mn, which corresponds to a net income margin of 11.0% and net income per share of CHF 6.32 (CHF 5.66 in the previous year's period).

Solid balance sheet

Total assets at the end of September 2014 stood at CHF 639.3 mn, a year-on-year increase of 11.0%. Shareholders' equity amounted to CHF 325.2 mn, and the corresponding equity ratio was a solid 50.9%. An adjustment to the Swiss pension plan required under IAS 19 had a negative impact of CHF –15.9 mn on shareholders' equity. The net financial position was slightly higher year-on-year (vs. September 30, 2013), having increased by CHF 1.3 mn to CHF 122.6 mn.

Continued strengthening of market presence

Burckhardt Compression has been steadily and systematically expanding its global market presence during the past several years in order to offer even better local customer services. After establishing new subsidiaries with service centers in Singapore and South Africa last year, preparations to establish another operating site with a service center in Saudi Arabia were initiated during the period under review.

Outlook

The markets addressed by Burckhardt Compression continue to prosper despite various economic and geopolitical uncertainties. From today's standpoint, we expect order intake for the current fiscal year (closing March 31, 2015) to be higher at both the CS and CSS business areas, and sales should be significantly higher compared to the previous fiscal year. Strong growth is likewise expected at the operating profit and net income lines because of the substantial improvement in profits forecast for the second half of the current fiscal year. The operating profit margin for the 2014 fiscal year should be within the lower third 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 again thank all employees for their untiring efforts. We thank our shareholders for their continued trust in the company, and we thank our customers for their ongoing loyalty in the products and solutions we offer. Our overriding objective remains the same: We strive to be a reliable partner for all stakeholders in all matters at all times.

Yours sincerely,



Valentin Vogt
Chairman of the
Board of Directors



Marcel Pawlicek
CEO

Winterthur, November 4, 2014

IR calendar:

June 9, 2015	2014 Annual Report (as per March 31, 2015)
July 4, 2015	Annual General Meeting

CONDENSED INCOME STATEMENT

in CHF mn	First half 2014 April–Sept. 2014	First half 2013 April–Sept. 2013	2013 fiscal year April 2013–March 2014
Sales	196.1	178.2	445.0
Cost of goods sold	–132.2	–119.0	–305.8
Gross profit	63.9	59.2	139.2
Selling, marketing and general administrative expenses	–32.9	–30.4	–63.8
Research and development expenses	–5.2	–4.2	–8.8
Other operating income/expenses	2.1	0.6	3.6
Operating income (EBIT)	27.9	25.2	70.2
Finance costs	–0.5	–0.5	–1.1
Other financial income/expenses	0.0	0.0	0.1
Profit before income taxes	27.4	24.7	69.2
Income tax expenses	–5.9	–5.5	–15.3
Net income	21.5	19.2	53.9
Basic earnings per share (in CHF)	6.32	5.66	15.87
Diluted earnings per share (in CHF)	6.32	5.66	15.87

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

in CHF mn	First half 2014 April–Sept. 2014	First half 2013 April–Sept. 2013	2013 fiscal year April 2013–March 2014
Net income	21.5	19.2	53.9
Adjustments for cash flow hedges, net of tax	–7.7	4.1	4.7
Currency translation differences	1.8	–3.6	–4.3
Total of items that may be reclassified subsequently to the income statement	15.6	19.7	54.3
Defined benefit cost recognized in other comprehensive income, net of tax	–15.9	7.9	7.2
Total of items that will not be reclassified to the income statement	–15.9	7.9	7.2
Total comprehensive income for the period	–0.3	27.6	61.5

CONDENSED BALANCE SHEET

in CHF mn	First half 2014 09/30/14	First half 2013 09/30/13	2013 fiscal year 03/31/14
Non-current assets			
Intangible assets	30.1	26.5	27.5
Property, plant and equipment	137.8	133.5	134.0
Financial assets	1.2	2.1	2.2
Deferred tax assets	6.7	1.9	2.2
Total	175.8	164.0	165.9
Current assets			
Inventories	186.5	152.2	148.6
Trade and other receivables	124.7	98.5	126.1
Marketable securities	1.6	2.3	3.3
Cash and cash equivalent	150.7	159.2	202.0
Total	463.5	412.2	480.0
Total assets	639.3	576.2	645.9
Total equity	325.2	323.2	358.5
Liabilities			
Non-current borrowings	24.9	27.5	24.9
Other non-current liabilities	48.2	28.2	29.2
Current borrowing	3.2	10.5	11.3
Other current liabilities	237.8	186.8	222.0
Total	314.1	253.0	287.4
Total equity and liabilities	639.3	576.2	645.9

CONDENSED CASH FLOW STATEMENT

in CHF mn	First half 2014 April–Sept. 2014	First half 2013 April–Sept. 2013	2013 fiscal year April 2013–March 2014
Cash flow from operating activities			
Operating income	27.9	25.2	70.2
Depreciation and amortization	6.8	6.0	11.8
Change in net current assets and provisions	-20.4	-13.1	-11.4
Net interest and tax paid	-10.4	-10.3	-12.4
Total	3.9	7.8	58.2
Cash flow from investing activities			
Acquisition/disposal of intangible assets, property, plant and equipment	-12.2	-6.1	-14.2
Total	-12.2	-6.1	-14.2
Cash flow from financing activities			
Decrease/increase of borrowings	-8.1	-0.9	-2.9
Dividends paid	-34.0	-30.6	-30.6
Purchase/sale of treasury shares	0.0	0.0	3.0
Total	-42.1	-31.5	-30.5
Currency translation differences	-0.9	-0.9	-1.5
Net change in cash and cash equivalents	-51.3	-30.7	12.0
Cash and cash equivalents at 04.01	202.0	190.0	190.0
Cash and cash equivalents at 09.30/03.31	150.7	159.3	202.0

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 2013 (April 2013–Sept. 2013)								
Total equity at 03/31/13	8.5	278.4	–3.2	–1.8	–11.3	0.0	54.8	325.4
Total comprehensive income April–Sept. 2013				4.1	–3.6	7.9	19.2	27.6
Net change in treasury shares		–2.4	2.8					0.4
Share-based payments		0.4						0.4
Dividends							–30.6	–30.6
Allocation of net income		24.1					–24.1	0.0
Total equity at 09/30/13	8.5	300.6	–0.4	2.3	–14.9	7.9	19.2	323.2
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

NOTES TO THE UNAUDITED GROUP ACCOUNTS FOR THE FIRST HALF OF FISCAL YEAR 2014

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 2013. The applied accounting principles and valuation standards as well as calculation methods are in accordance with those mentioned in the Annual Report 2013.

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 2014 April–Sept. 2014	%	First half 2013 April–Sept. 2013	%	2013 fiscal year April 2013–March 2014	%
Compressor Systems (CS)	Sales	125.7		112.3		292.9	
	Gross profit	28.0	22.3	27.4	24.4	68.2	23.3
Components, Services & Support (CSS)	Sales	70.4		65.9		152.1	
	Gross profit	35.9	51.0	31.8	48.2	71.0	46.7
Total							
	Sales	196.1		178.2		445.0	
	Gross profit	63.9	32.6	59.2	33.2	139.2	31.3

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 29, 2014.

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.

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This document may contain forward-looking statements, including but not limited to projections of financial results and market activity and statements regarding future product developments. These statements can be affected by known or unknown risks and numerous other factors, and the actual results or outcomes may differ materially from those expressed in the forward-looking statements in this document.

The 2014 interim report is also available in German, and both versions can be viewed online at www.burckhardtcompression.com/finanzberichte. The German version takes precedence in the event of a conflict.

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