



Burckhardt Compression AG
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Burckhardt Compression results for fiscal year 2010: Considerable increase in order intake – higher sales – lower profits

Orders received by Burckhardt Compression, one of the world's leading manufacturers of reciprocating compressors, during fiscal year 2010 (ending March 31, 2011) increased considerably by 27%. Sales rose by 4%. The preceding downtrend in order inflow from January 2009 until March 2010 had a negative impact on the profitability of the late-cyclical business of Burckhardt Compression, but its profit margins are nevertheless still excellent compared to other industrial companies. Net income for the year declined 20%. An unchanged dividend of CHF 5.00 per share will be proposed at the Annual General Meeting. For the current 2011 fiscal year, management expects an increase in order intake, higher sales and profit margins similar to the levels achieved in the previous year.

Total orders received advanced 26.8% to CHF 362.5 million. Order intake of the new machine business rose even faster, by 37.7% to CHF 235.9 million. The services business (CSS) reported a 5.7% increase in new orders to CHF 96.1 million. Order inflow was also high for the compressor components business, surging by 28.7% to CHF 30.5 million.

The order backlog from the previous years led to a 3.6% increase in sales to CHF 355.6 million. Sales growth in local currency amounted to 4.5%. Sales consisted of CHF 222.5 million from new machines, CHF 105.0 million from CSS and CHF 28.1 million from compressor components.

Lower profitability but still better than industry average

Gross profit declined by 8.9% to CHF 115.6 million, bringing the gross profit margin to 32.5% (previous year 37.0%). This margin contraction can be traced to the considerably lower gross margin of the new machine business, for which there are three main reasons. First, unlike in the previous year, the actual purchase costs for sourced materials did not benefit to the same extent from favorable conditions on the supply markets. Second, utilization rates at the production plants were low over the year as a whole. And third, due to the large fluctuations in exchange rates during the course of the year, some of the gross profit generated got shifted into other operating income.



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Because of the decline in gross profit, operating profit was likewise lower, declining by 17.1% or CHF 12.7 million from the prior-year level. This lowered the operating profit margin to 17.3% (21.6% in the year-ago period). Net income amounted to CHF 45.1 million (CHF 56.0 million in the previous year), which is still substantial considering the difficult market environment. Earnings per share amounted to CHF 13.56 (previous year CHF 16.68).

Adverse currency situation

The sudden and turbulent movements on the currency front during the past fiscal year left their mark on the company's financial statements for the year. Despite extensive efforts to mitigate the situation, it was not possible to completely offset the effect of the tremendous appreciation in the value of the Swiss franc versus the euro and the US dollar.

Strong balance sheet

Burckhardt Compression's capital base has been further strengthened and shareholders' equity as per March 31, 2011 amounted to CHF 258.0 million, which corresponds to a solid 51.3% of the balance sheet total. Holdings of cash and cash equivalents grew as well and stood at CHF 149.1 million at the end of the reporting year (previous year: CHF 119.3 million).

New CEO and Chairman of the Board

After being elected President of Swissmem, Hans Hess relinquished the Chairmanship of the Board of Directors of Burckhardt Compression to former CEO Valentin Vogt, effective March 31, 2011, but Hans Hess will retain a seat on the Board of Directors. Marcel Pawlicek, formerly the Executive Board member responsible for Design & Manufacturing, was nominated as the new CEO as of April 1, 2011.

Outlook for the 2011 fiscal year

Burckhardt Compression expects order intake at all business activities to be higher in the current fiscal year. In view of the good order backlog, sales are also expected to be slightly higher. Profit margins are expected to be comparable to the levels achieved during the reporting year because currency translation is again likely to diminish the financial results. Sales and, consequently, the operating results for the first half of fiscal year 2011 (ending September 30, 2011) will be considerably weaker than in the second half due to the scheduled delivery dates of new machines. Through the measures taken to reduce costs and the preparations for the market upswing, the company considers itself to be strategically and operationally well positioned to meet the future challenges.



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Unchanged dividend payout

The Board of Directors will propose an unchanged dividend of CHF 5.00 per share (compared to the previous year) at the Annual General Meeting. This corresponds to a payout ratio of 37% (previous year 30%).

About Burckhardt Compression

Burckhardt Compression is one of the worldwide market leaders 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.

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Key figures at a glance

in CHF million	2008 fiscal year*	2009 fiscal year*	2010 fiscal year*	Change 2009/2010
Order intake	389.9	285.9	362.5	+26.8%
Sales	424.5	343.2	355.6	+3.6%
Gross profit	146.2	126.9	115.6	-8.9%
Operating profit (EBIT)	94.3	74.2	61.5	-17.1%
As a % of sales	22.2%	21.6%	17.3%	
Net income	72.8	56.0	45.1	-19.5%
As a % of sales	17.1%	16.3%	12.7%	
Balance sheet total	431.0	470.0	502.4	+6.9%
Shareholders' equity	203.9	234.9	258.0	+9.8%
As a % of total assets	47.3%	50.0%	51.3%	
Earnings per share (in CHF)	21.46	16.68	13.56	-18.7%
Headcount (end of fiscal year)	916	891	917	+2.9%

* 1 April to 31 March of the following calendar year

Additional information on fiscal 2010 has been published on our website at www.burckhardtcompression.com/financial-reports