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Media release from November 10, 2009 / Page 1 of 3

## **Burckhardt Compression results for the first half of 2009: Order intake down – solid operating performance – package of measures implemented**

**Burckhardt Compression, one of the world's leading manufacturers of reciprocating compressors, experienced a 17% decline in orders received during the first half of 2009 (April to September) due to the deteriorating market environment. Sales were not as weak thanks to the high order backlog. With an EBIT margin of 19% and a 14% net income margin, the company maintained its better than average profitability, although earnings were below the levels reported in the previous year. Full-year sales should reach approximately CHF 350 million, which should enable an EBIT margin of well over 15%.**

The uncertainty that was observed during the final quarter of the past fiscal year persisted during the first six months of the current fiscal year. Orders received declined by 17% to CHF 163.6 million during the first half of 2009 compared to the first half of fiscal 2008. The effect of exchange rate movements was minimal. Orders for new machines were down 20% to CHF 109.4 million, while incoming orders in the service business stabilized at a slightly lower level of CHF 44.2 million (-4%). In the compressor components business, disclosed separately for the first time, orders received amounted to CHF 10.0 million (-25%).

### **Only a slight decline in sales thanks to high order backlog**

Thanks to the high order backlog Group sales declined by 12% to CHF 182.5 million during the period under review. Gross profit declined by 7% to CHF 62.6 million, which corresponds to a gross profit margin of 34.3%. Sales and administrative expenses were stable compared to the first half of 2008 (+1.4%).

Operating income in the first half amounted to CHF 35.0 million, a 19% decline from the year-ago figure, resulting in an EBIT margin of 19.2% (20.9% in the previous year period). Net income declined by 21% to CHF 26.3 million and earnings per share were down by 20% to CHF 7.82. As of the end of September, Burckhardt Compression had 919 employees on its payroll.



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Media release from November 10, 2009 / Page 2 of 3

## **Package of measures implemented**

As Burckhardt Compression does not expect its markets to recover in the near future, management decided to take various measures to adjust capacity and lower costs. In Winterthur 54 jobs will be shed, for which a social plan has been drawn up. Provisions for the related costs were already set aside in the first-half accounts. In addition, short time work was introduced at various departments at the Winterthur location beginning in October.

In addition to these cost-reduction measures, pro-active measures were initiated on the sales front and in product development. These included strengthening our sales front by transferring staff from other areas with customer contact, bringing forward product development projects and strengthening development teams to shorten the development times of projects already in progress.

## **Outlook**

Due to the obvious deterioration in the general market environment and the limited visibility, reliable statements regarding future order intake cannot be made. Sales for fiscal 2009 as a whole should reach approximately CHF 350 million and enable an EBIT margin of well over 15%.

## **Share buyback program**

As of September 30, 2009, 33,063 shares had been repurchased within the scope of the share buyback program announced a year ago authorizing Burckhardt Compression to buy back up to 170,000 shares or 5% of its share capital. The shares held by the company may be used by the Board of Directors to fund acquisitions. Further action regarding this program will be decided no later than December 15, 2009.

## **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<sup>®</sup> (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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Media release from November 10, 2009 / Page 3 of 3

## Key figures for the first half (April – September 2009) of the 2009 fiscal year

CHF million	April- Sept. 2009	April- Sept. 2008	Change 2008/2009	Fiscal year 2008
Order intake	163.6	197.0	-17.0%	389.9
- New machines	109.4	137.4 <sup>1)</sup>	-20.4%	277.6 <sup>1)</sup>
- CSS (Customer Support Service)	44.2	46.2 <sup>1)</sup>	-4.3%	88.0 <sup>1)</sup>
- Compressor components	10.0	13.4 <sup>1)</sup>	-25.4%	24.3 <sup>1)</sup>
Sales	182.5	207.0	-11.8%	424.5
Gross profit	62.6	67.6	-7.4%	146.2
Operating income (EBIT)	35.0	43.3	-19.2%	94.3
as % of sales	19.2%	20.9%		22.2%
Net income	26.3	33.1	-20.5%	72.8
as % of sales	14.4%	16.0%		17.1%
Total assets	468.2 <sup>2)</sup>	358.6	30.6%	431.0
Shareholders' equity	211.3	170.9	23.6%	203.9
as % of total assets	45.1%	47.7%		47.3%
Earnings per share (in CHF)	7.82	9.73	-19.6%	21.46
Headcount as per 30.9. / 31.3.	919	881	4.3%	916

1) Restated split of order intake

2) Including CHF 77 million land and buildings from the acquired real estate in Winterthur

The 2009 mid year report is online at [www.burckhardtcompression.com/midyearresults](http://www.burckhardtcompression.com/midyearresults)

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