



FIRST-HALF RESULTS FOR FISCAL YEAR 2016

Compressors for a Lifetime™

RESULTS FOR THE FIRST HALF OF 2016

THRIVING SERVICES BUSINESS – DRASTIC DECLINE IN GAS TRANSPORT AND STORAGE ORDERS IN SYSTEMS DIVISION – OPERATING INCOME AT PRIOR-YEAR LEVEL

DEAR SHAREHOLDERS

Order intake at Burckhardt Compression's two divisions showed divergent developments during the first six months of the current fiscal year. The Services Division experienced a strong first half while order intake at the Systems Division had to record a strong cutback, particularly due to the slump in the gas transport and storage business by more than half. Total orders received by Burckhardt Compression amounted to CHF 222.8 mn, a decline of 12.4% from the comparable prior-year period. This figure includes orders received by Shenyang Yuanda Compressor, Burckhardt Compression's majority-owned subsidiary as of May 2016. Adjusted for acquisitions, new orders amounted to CHF 190.3 mn, which is 25.1% below the comparable prior-year figure. Burckhardt Compression generated sales of CHF 269.6 mn (+11.0%) in the period under review; first-half sales adjusted for acquisitions amounted to CHF 228.6 mn, 5.9% less than in the prior-year period. Operating profit (-2.3%) and net income (-17.5%) were also lower than the figures reported a year ago. The capacity cuts announced in August were initiated and will produce initial cost savings already in the second half of the current fiscal year. The integration of Shenyang Yuanda Compressor and the cooperation with Arkos are proceeding as planned.

Key figures

in CHF mn	April–Sept. 2016	April–Sept. 2015	Change 2016/2015	Fiscal year 2015
Order intake	222.8	254.2	-12.4%	523.2
– Systems Division	123.6	167.9	-26.4%	351.4
– Services Division	99.2	86.3	+14.9%	171.8
Sales	269.6	243.0	+11.0%	487.2
Gross profit	61.6	73.0	-15.5%	151.7
Operating income (EBIT)	32.1	32.8	-2.3%	73.0
EBIT in % of sales	11.9%	13.5%	-12.0%	15.0%
Net income after non-controlling interests	20.7	25.1	-17.5%	55.5
Total assets	918.1	657.0	+39.7%	708.0
Shareholder's equity	321.4	336.3	-4.4%	355.1
Earnings per share (in CHF)	6.08	7.40	-17.8%	16.34
Headcount as per Sept. 30 / March 31	2'071	1'438	+44.0%	1'432

Business in main application areas varies

Our main application areas displayed divergent trends during the period under review. There was a massive downturn in the marine business of the gas transport and storage market. Several orders were also cancelled, which is highly unusual in the compressor

manufacturing business, and some customers did not make full use of their framework procurement agreements. Meanwhile, a positive trend was observed in refineries and the petrochemical and chemical industry and we were pleased to receive our first large order from Africa. Order activity in the Middle East also showed very positive trends.

Lower order intake at the Systems Division

Despite the difficult market environment Burckhardt Compression asserted its leading market position. At CHF 123.6 mn, incoming orders at the Systems Division including Shenyang Yuanda Compressor were 26.4% below the level from the prior-year period. This amount includes orders worth CHF 28.4 mn received by Shenyang Yuanda Compressor during the five months from May to September 2016. Sales including Shenyang Yuanda Compressor amounted to CHF 186.2 mn, topping the prior-year figure of CHF 168.8 mn by 10.3%; excluding this acquisition, first-half sales amounted to CHF 151.6 mn (-10.2%).

Pleasing uptrend in the Services Division

In the Services Division order intake including Shenyang Yuanda Compressor rose by 14.9% to CHF 99.2 mn; excluding Shenyang Yuanda Compressor, divisional order intake rose by 10.2% to CHF 95.1 mn. Sales including Shenyang Yuanda Compressor were substantially higher at +12.4% versus the prior-year period and amounted to CHF 83.4 mn. Adjusted for acquisitions, sales growth amounted to 3.6% (CHF 76.9 mn). Services thus set a new sales record for a half-year period. This performance shows that the new organizational structure, which is allowing Burckhardt Compression to address individual customer needs even better than before, is starting to deliver the expected benefits. Furthermore, the Services Division is reaping greater rewards from the significantly larger installed base of compressor systems.

Gross profit slightly lower y-o-y

Gross profit amounted to CHF 61.6 mn, a decline of 15.5% from the prior-year figure of CHF 73.0 mn, and the gross profit margin came in at 22.9% (30.0% in the previous year). In the Services Division, the gross margin climbed from 48.7% to 53.0%, while the Systems Division's gross margin of 9.4% was significantly lower compared to the prior-year level (21.9%), mainly due to the invoicing of projects that had been initiated in the previous year in a highly competitive market environment. This is compounded by the fact that the changed product mix in the business with compressor systems has led to lower capacity utilization in manufacturing.

Selling, marketing and general administrative expenses rose by CHF 6.1 mn or 17.2% y-o-y to CHF 41.5 mn, due to the first-time consolidation of the corresponding expenses of

Shenyang Yuanda Compressor and the additional nonrecurring consulting expenses in connection with the closing and the first-time consolidation of Shenyang Yuanda Compressor. Research and development expenses of CHF 3.8 mn were CHF 2.3 mn less than in the prior-year period. Other operating income amounted to CHF 15.8 mn, significantly more than in the prior-year period (CHF 1.3 mn). This primarily reflects an adjustment to the company's Swiss pension plan in accordance with IAS 19.

Operating profit unchanged from previous year

Operating profit for the first half of the year declined y-o-y from CHF 32.8 mn to CHF 32.1 mn and thus remained almost at the prior-year level and the resulting operating profit margin was 11.9% (13.5% in the first half of the previous year). Operating profit includes pension fund adjustments of CHF 16.9 mn (net). Net income of CHF 20.7 mn was also less than the year-ago figure (CHF 25.1 mn). Earnings per share amounted to CHF 6.08 (previous year CHF 7.40).

Marked change in the balance sheet

Total assets at the end of September amounted to CHF 918.1 mn, an increase of 29.7% compared to the figure reported at the end of the fiscal year 2015. Equity decreased mainly due to the recognition of a put option in the amount of CHF 50.7 mn that has been issued to the minority shareholders of Shenyang Yuanda Compressor. Combined with the partial financing of the acquisition of Shenyang Yuanda Compressor, this led to a decrease in the equity ratio from 50.2% (at the end of the fiscal year 2015) to 35.0%. In the same period, non-current assets increased by a total of CHF 131.0 mn to CHF 378.2 mn, mainly due to the acquisition of Shenyang Yuanda Compressor. The positive net financial position of CHF 93.2 mn reported at the end of the previous fiscal year declined by CHF 161.2 mn to an operating net debt position of CHF 68.0 mn mainly due to the acquisition of Shenyang Yuanda Compressor.

Announced capacity cuts already initiated

The capacity adjustments and resulting job cuts announced at the end of August due to the adverse market environment for the compressor manufacturing business were initiated. These measures will have a favorable impact on costs already in the second half of the current fiscal year.

Acquisitions on track

The integration of Shenyang Yuanda Compressor is proceeding according to plan and will be concluded at the end of the 2017 calendar year. The cooperation with the US company Arkos Field Services, in which Burckhardt Compression holds a minority stake, is also going according to plan. Arkos now occupies part of Burckhardt Compression's new plant in Houston and has set up a modern, highly efficient service and repair center. These transactions and the recent acquisition of IKS Industrie- und Kompressorenservice GmbH in September have strengthened Burckhardt Compression's local presence in the services business in the three core markets of China, the US and Germany significantly and broadened its footprint in China to include new market segments.

Outlook


Fiscal year 2016 We are expecting a further increase in orders received at the Services Division but do not expect a recovery in order inflow from the gas transport and storage market in the Systems Division. Overall order intake for fiscal year 2016 is projected to range from CHF 450 to 500 mn (including Shenyang Yuanda Compressor). Group sales (including Shenyang Yuanda Compressor) will exceed CHF 600 mn. The operating profit margin (including Shenyang Yuanda Compressor) is expected to be between 10% and 12%, which in absolute terms is slightly lower than in the previous year.

Fiscal year 2017 From today's standpoint, the Services Division should continue its pleasing growth in fiscal year 2017 while the Systems Division is not expected to experience an upturn in orders received until fiscal year 2018. We expect consolidated sales to decline by about CHF 100 mn in fiscal year 2017. An improvement in the operating profit margin is therefore not expected in the coming fiscal year. We anticipate an improvement in the operating profit margin in fiscal year 2018.

Thank you

On behalf of the Board of Directors and the Executive Board, we thank our employees for their hard work. The loyalty of our shareholders is also greatly appreciated and we thank our customers for their continued trust in Burckhardt Compression. We will continue to do our utmost to serve our stakeholders as a responsible and reliable partner.

Yours sincerely,



Valentin Vogt
Chairman of the
Board of Directors



Marcel Pawlicek
CEO

Winterthur, November 8, 2016

IR calendar:

December 6, 2016	Investor Day
June 6, 2017	2016 Annual Report (as per March 31, 2017)
July 1, 2017	Annual General Meeting

CONDENSED CONSOLIDATED INCOME STATEMENT

in CHF mn	First half 2016 April–Sept. 2016	First half 2015 April–Sept. 2015	2015 fiscal year April 2015–March 2016
Sales	269.6	243.0	487.2
Cost of goods sold	-208.0	-170.0	-335.5
Gross profit	61.6	73.0	151.7
Selling and marketing expenses	-24.7	-23.6	-49.4
General and administrative expenses	-16.8	-11.8	-29.2
Research and development expenses	-3.8	-6.1	-11.6
Other operating income and expenses	15.8	1.3	11.5
Operating income (EBIT)	32.1	32.8	73.0
Share of results of associates	-0.8	-	-0.7
Financial income and expenses	-2.6	-0.3	-1.0
Profit before income taxes (EBT)	28.7	32.5	71.3
Income tax expenses	-7.4	-7.4	-15.8
Net income	21.3	25.1	55.5
Share of net income attributable to shareholders of Burckhardt Compression Holding AG	20.7	25.1	55.5
Share of net income attributable to non-controlling interests	0.6	-	-
Basic and diluted earnings per share (in CHF)	6.08	7.40	16.34

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in CHF mn	First half 2016 April–Sept. 2016	First half 2015 April–Sept. 2015	2015 fiscal year April 2015–March 2016
Net income	21.3	25.1	55.5
Adjustments for cash flow hedges, net of tax	2.0	-0.8	-0.8
Currency translation differences	-12.1	-0.3	-1.9
Total of items that may be reclassified subsequently to the income statement	-10.1	-1.1	-2.7
Defined benefit cost recognized in other comprehensive income, net of tax	-7.8	7.6	-1.5
Total of items that will not be reclassified to the income statement	-7.8	7.6	-1.5
Total comprehensive income for the period	3.4	31.6	51.3
Share of comprehensive income attributable to shareholders of Burckhardt Compression Holding AG	4.8	31.6	51.3
Share of comprehensive income attributable to non-controlling interests	-1.4	-	-

CONDENSED CONSOLIDATED BALANCE SHEET

in CHF mn	First half 2016 09/30/16	First half 2015 09/30/15	2015 fiscal year 03/31/16
Non-current assets			
Intangible assets	121.8	32.0	34.8
Property, plant and equipment	202.6	152.0	164.5
Investment in associates	16.3	–	16.6
Financial assets	22.5	1.2	18.7
Deferred tax assets	15.0	10.0	12.4
Total non-current assets	378.2	195.2	247.2
Current assets			
Inventories	250.0	175.3	199.6
Trade and other receivables	219.4	139.2	133.3
Financial assets	0.7	1.8	2.6
Cash and cash equivalents	69.8	145.5	125.3
Total current assets	539.9	461.8	460.8
Total assets	918.1	657.0	708.0
Equity			
Share capital	8.5	8.5	8.5
Reserves	267.5	327.8	346.6
Equity attributable to shareholders of Burckhardt Compression Holding AG	276.0	336.3	355.1
Non-controlling interests	45.4	–	–
Total equity	321.4	336.3	355.1
Liabilities			
Non-current financial liabilities	110.8	24.0	30.3
Other non-current liabilities	84.7	62.6	80.5
Current financial liabilities	78.6	2.3	1.7
Other current liabilities	322.6	231.8	240.4
Total liabilities	596.7	320.7	352.9
Total equity and liabilities	918.1	657.0	708.0

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

in CHF mn	First half 2016 April–Sept. 2016	First half 2015 April–Sept. 2015	2015 fiscal year April 2015–March 2016
Cash flow from operating activities			
Operating income	32.1	32.8	73.0
Depreciation and amortization	11.4	7.4	15.3
Change in net current assets and provisions	–9.3	–8.5	–32.3
Net interest and tax paid	–4.3	–9.6	–15.3
Total cash flow from operating activities	29.9	22.1	40.7
Cash flow from investing activities			
Acquisitions/disposals of intangible assets, property, plant and equipment	–8.2	–20.1	–45.2
Acquisitions of subsidiaries net of cash acquired	–129.6	–	–
Investments in associates	–	–	–17.9
Total cash flow from investing activities	–137.8	–20.1	–63.1
Cash flow from financing activities			
Decrease/increase of borrowings	86.3	–1.0	4.9
Dividends paid	–34.0	–34.0	–34.0
Purchase/sale of treasury shares	–	0.2	–1.8
Total cash flow from financing activities	52.3	–34.8	–30.9
Currency translation differences on cash and cash equivalents	0.1	–0.1	0.1
Net change in cash and cash equivalents	–55.5	–33.0	–53.2
Cash and cash equivalents as at 04/01	125.3	178.5	178.5
Cash and cash equivalents as at 09/30 / 03/31	69.8	145.5	125.3

CONDENSED CONSOLIDATED 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	Equity attributable to shareholders of Burckhardt Compression Holding AG	Non-controlling interests	Total equity
in CHF mn										
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	338.5	-	338.5
Total comprehensive income April–Sept. 2015				-0.8	-0.3	7.6	25.1	31.6		31.6
Net change in treasury shares			0.2					0.2		0.2
Share-based payments								-		-
Dividends							-34.0	-34.0		-34.0
Allocation of net income		23.6					-23.6	-		-
Total equity at 09/30/15	8.5	349.4	-	-4.7	-17.3	-24.7	25.1	336.3	-	336.3
First half of 2016 (April 2016–Sept. 2016)										
Total equity at 03/31/16	8.5	350.1	-1.6	-4.7	-18.9	-33.8	55.5	355.1	-	355.1
Total comprehensive income April–Sept. 2016				2.0	-10.1	-7.8	20.7	4.8	-1.4	3.4
Additions from acquisitions of subsidiaries								-	46.8	46.8
Transactions with non-controlling interests		-50.7						-50.7		-50.7
Net change in treasury shares			0.2					0.2		0.2
Share-based payments		0.6						0.6		0.6
Dividends							-34.0	-34.0		-34.0
Allocation of net income		21.5					-21.5	-		-
Total equity at 09/30/16	8.5	321.5	-1.4	-2.7	-29.0	-41.6	20.7	276.0	45.4	321.4

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST HALF OF FISCAL YEAR 2016

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 2015. The applied accounting principles and valuation standards as well as calculation methods are in accordance with those mentioned in the Annual Report 2015.

For the preparation of its Annual Report 2015, Burckhardt Compression chose to early adopt the amendments to IFRS 10 and IAS 28 (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture). Burckhardt Compression omitted to disclose this early application in its Annual Report 2015. Further information on the effect of this early application on the consolidated financial statements 2015 of Burckhardt Compression is disclosed in note 7 of these half-year financial statements.

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

In May 2016, Burckhardt Compression Holding AG completed the acquisition of a 60% stake in Shenyang Yuanda Compressor Co. Ltd., the leading manufacturer of reciprocating compressors in China. Further information on this acquisition is provided in note 5 of these half-year financial statements.

In June 2016, Burckhardt Compression AG, a wholly owned subsidiary of Burckhardt Compression Holding AG, established Burckhardt Compression Tehran, Iran, a sales and service organization in the legal form of a private joint stock company, by means of a contribution in cash.

3. Segment information

As of June 1, 2016, Burckhardt Compression has introduced a new organizational structure. It has established a divisional structure with two divisions: Systems and Services.

Operating segments requiring to be reported according to IFRS 8 are determined on the basis of the management approach. Accordingly, external segment reporting reflects the internal organizational and management structure used within Burckhardt Compression as well as internal financial reporting to the Chief Operating Decision Maker. The segment information disclosed is in line with that reported in the internal reporting system. The reported segments have been identified as follows:

Systems Division The Systems Division of Burckhardt Compression is 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 competence helps customers to minimize life cycle costs of their reciprocating compressor systems around the world.

Services Division Burckhardt Compression's Services Division is a reliable one-stop provider of a full range of services for reciprocating compressors and stands for top-quality, high-performance components for all makes of reciprocating compressors, as replacement parts, or to repair or upgrade existing installations. Original spare parts backed by Burckhardt Compression's manufacturing guarantees stand for superior quality and ensure together with various complementary service modules both low life cycle costs as well as the optimal operation of compressor systems.

Others Certain expenses related to the corporate center are not attributable to a particular segment and they are reviewed and reported in the column "Others". Furthermore, "Others" includes adjustments made regarding the pension plans (IAS 19) and the income and expenses of Burckhardt Compression's real estate company.

In these half-year financial statements, segment results are disclosed as gross profit minus selling and marketing expenses. Within the scope of the introduction of the divisional structure, the management approach will be expanded over the next months to include the allocation of all income and expenses above operating income (EBIT). Corresponding figures are expected to be available and disclosed as part of the year-end financial statements as of March 31, 2017.

	Systems Division		Services Division		Others		Total	
in CHF mn	FH 2016 April–Sept.	FH 2015 April–Sept.	FH 2016 April–Sept.	FH 2015 April–Sept.	FH 2016 April–Sept.	FH 2015 April–Sept.	FH 2016 April–Sept.	FH 2015 April–Sept.
Sales	186.2	168.8	83.4	74.2	–	–	269.6	243.0
Cost of goods sold	–168.8	–131.9	–39.2	–38.1	–	–	–208.0	–170.0
Gross profit	17.4	36.9	44.2	36.1	–	–	61.6	73.0
Gross profit as % of sales	9.4%	21.9%	53.0%	48.7%	–	–	22.9%	30.0%
Selling and marketing expenses	–10.6	–9.7	–14.1	–13.9	–	–	–24.7	–23.6
Segment result	6.8	27.2	30.1	22.2	–	–	36.9	49.4

On the level of the segment result, the segment "Others" did not account for any income or expenses.

4. Other operating income and expenses

In June 2016, the board of trustees of the two pension funds for employees of which Burckhardt Compression in Switzerland is part decided to reduce the guaranteed pension conversion rate by 1.0 percentage point over four years, beginning January 1, 2018. The plan amendments, recognized as past service cost, had a positive impact of CHF 18.5 mn on the income statement. As plan amendments in prior year periods they were accounted for as other income.

5. Business combinations

During the first half of the fiscal year 2016, Burckhardt Compression completed the following acquisition:

Shenyang Yuanda Compressor Co. Ltd.

in CHF 1'000	2016
	Fair value of acquired net assets
Intangible assets	28'716
Property, plant and equipment	39'617
Investments in associates	239
Inventories	64'511
Trade and other receivables	100'755
Cash and cash equivalents	5'320
Non-current liabilities	–10'287
Current liabilities	–111'864
Total net assets	117'007
Non-controlling interests	–46'803
Goodwill	64'701
Purchase consideration	134'905
Purchase price paid in cash	134'905
Cash and cash equivalents in subsidiary acquired	5'320
Cash outflow on transaction	129'585

On May 13, 2016, Burckhardt Compression Holding AG completed the acquisition of 60% of the shares of Shenyang Yuanda Compressor Co. Ltd., the leading manufacturer of reciprocating compressors in China. With this acquisition, Burckhardt Compression gains local market reach in additional market segments, expands its product portfolio to cover the diverse market requirements and gets direct access to a well-established local supply chain. The acquired receivables include trade receivables with a fair value of CHF 81.1 mn (gross contractual amounts receivable: CHF 91.2 mn / bad debt reserve: CHF 10.1 mn). The goodwill is attributable to access to additional markets and segments (primarily in China), access to a well-established additional supply chain, and Shenyang Yuanda Compressor Co. Ltd.'s workforce. Non-controlling interests have been recognized as a proportion of net assets acquired.

The purchase price allocation for the acquisition of Shenyang Yuanda Compressor Co. Ltd. is preliminary for up to 12 months after the acquisition date and is subject to refinement as more detailed analysis is completed and additional information about the fair values of the assets and liabilities becomes available. The allocation of the consideration transferred may therefore change in the subsequent period.

Since the acquisition date, the Shenyang Yuanda Compressor Co. Ltd. contributed sales of CHF 41.0 mn and net income of CHF 1.5 mn to the Burckhardt Compression Group. The net income includes depreciations of CHF 3.1 mn that have to be conducted within the limits of a purchasing price allocation.

If the acquisitions of Shenyang Yuanda Compressor Co. Ltd. and IKS Industrie- und Kompressorenservice GmbH (see note 8) had occurred on April 1, 2016, management estimates that consolidated sales would have amounted to CHF 277.9 mn, and consolidated net income of Burckhardt Compression would have amounted to CHF 21.7 mn.

6. Transactions with non-controlling interests

As part of the agreement regarding the acquisition of 60% of the shares of Shenyang Yuanda Compressor Co. Ltd., Burckhardt Compression agreed on the conditions of the potential transfer of the remaining 40% of the shares of Shenyang Yuanda Compressor Co. Ltd. with the current shareholders of those shares. On the one hand, Burckhardt Compression has received a call option on the remaining 40% of the shares of Shenyang Yuanda Compressor Co. Ltd. On the other hand, Burckhardt Compression has issued a put option on the remaining 40% of the shares of Shenyang Yuanda Compressor Co. Ltd. None of the options are currently exercisable. As the call option does not meet the criteria for recognition as financial asset, it is not shown on Burckhardt Compression's balance sheet. The present value of the exercise price of the put option is accounted for as financial liability on Burckhardt Compression's balance sheet. At the date of the granting of the put option, the present value of the exercise price of the put option amounted to CHF 50.7 mn. It was initially accounted for against retained earnings.

7. Related parties

In note 7 of the consolidated financial statements 2015 of Burckhardt Compression, a book gain of CHF 12.0 mn resulting from a transaction with Arkos Field Services LP was commented on. Burckhardt Compression owns 40% of Arkos Field Services LP. Consequently, Arkos Field Services LP is a related party to Burckhardt Compression, and the transaction is to be considered as a transaction with a related party.

Burckhardt Compression sold its entire service business in the US to Arkos. Therefore, in line with IAS 28p31A, the gain resulting from this downstream transaction between Burckhardt Compression and its associate (Arkos Field Services LP) was recognized in full in Burckhardt Compression's consolidated income statement 2015.

Burckhardt Compression's service business in the US, which was sold to Arkos, had sales amounting to CHF 12.3 mn and a local gross profit amounting to CHF 3.2 mn in the year prior to the transaction. As part of the transaction, Burckhardt Compression transferred assets (including goodwill) with a carrying amount of CHF 5.2 mn to Arkos Field Services LP. No liabilities were transferred as part of the transaction.

Furthermore, Burckhardt Compression has agreed on the conditions of the potential transfer of the remaining 60% position of Arkos Group LLC with the current owner. On the one hand, Burckhardt Compression has received call options on the remaining 60% position of Arkos Group LLC. On the other hand, Burckhardt Compression has issued put options on the remaining 60% position of Arkos Group LLC. None of the options are currently exercisable. As neither the call options nor the put options meet the criteria for recognition as financial instrument, they are not recognized on Burckhardt Compression's consolidated balance sheet.

8. Events after the balance sheet date

On October 4, 2016, Burckhardt Compression (Deutschland) GmbH, a wholly owned subsidiary of Burckhardt Compression Holding AG, acquired 100% of the shares of IKS Industrie- und Kompressorenservice GmbH (IKS).

IKS Industrie- und Kompressorenservice GmbH (IKS)

in CHF '000	2016
	Fair value of acquired net assets
Intangible assets	1'090
Property, plant and equipment	93
Inventories	247
Trade and other receivables	680
Cash and cash equivalents	–
Non-current liabilities	–160
Current liabilities	–593
Total net assets	1'357
Goodwill	2'131
Purchase consideration	3'488
Purchase price paid in cash	2'093
Purchase price payable in cash at a later date	1'395
Purchase consideration	3'488
Purchase price paid in cash	2'093
Cash and cash equivalents in subsidiary acquired	–
Cash outflow on transaction	2'093

IKS offers its clients a full range of compressor maintenance services. The acquisition of IKS will make Burckhardt Compression a leading provider of reciprocating compressor services in German-speaking markets. In addition to its highly qualified service specialists, IKS has a well-established service network in Germany. The goodwill is attributable to joint benefits regarding the "other brand compressor" business and IKS's workforce.

The purchase price allocation for the acquisition of IKS is preliminary for up to 12 months after the acquisition date and is subject to refinement as more detailed analysis is completed and additional information about the fair values of the assets and liabilities becomes available. The allocation of the consideration transferred may therefore change in the subsequent period.

No other 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 4, 2016.

ABOUT BURCKHARDT COMPRESSION

Burckhardt Compression is the worldwide market leader for reciprocating compressors systems. As single manufacturer and service provider that covers a complete range of reciprocating compressor technologies and services. 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, 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 2016 interim report is also available in German, and both versions can be downloaded from our website at www.burckhardtcompression.com/financial-reports. The German version takes precedence in the event of a conflict.



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