



ANNUAL REPORT 2015

Compressors for a Lifetime™

ABOUT US

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 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.

CONTENTS

2	About us
3	Contents
4	To our shareholders
6	Milestones 2015
8	Figures at a glance

10	Our company
10	History, Vision, Mission, Guiding principles
11	Strategy and Mid Range Plan, Main application areas
13	Customers, Compressor systems
14	Service and components business, Product development and innovation, Burckhardt Compression brand

28	Review of the fiscal year
28	Financial performance
30	Markets
32	Capacity, Acquisitions, Research and development
33	Brand management

34	Sustainability report
34	Commitment and leadership, Economic sustainability
38	Social sustainability
40	Environmental sustainability

56	Corporate governance
56	Group structure and shareholders
57	Capital structure
58	Board of Directors
62	Executive Board
67	Compensation, shareholdings and loans, Shareholders' participation rights, Changes of control and defense measures, Auditors
68	Information policy

69	Compensation report
69	Basis, Compensation policy, Organization, duties and powers, Compensation system
71	Compensation paid with comparative figures for the previous year
73	Overview of shareholdings and allocated/distributed shares
75	Transactions with the Board of Directors, the Executive Board and related parties, Motions for the Annual General Meeting, Evaluation of the compensation system
76	Auditor's report of the compensation report

78	Financial report
78	Comments on financial report
80	Consolidated income statement, consolidated statement of comprehensive income
81	Consolidated balance sheet
82	Consolidated statement of changes in equity
83	Consolidated cash flow statement
84	Notes to the consolidated financial statements

120	Financial statements of Burckhardt Compression Holding AG
------------	------------------------------------------------------------------

128	Imprint
------------	----------------

Flap	Overview key figures
-------------	-----------------------------

QUALITY AS A CORPORATE PHILOSOPHY

16
OUR APPROACH
TO QUALITY

18
OUR LONG HISTORY
OF QUALITY

42
OUR GLOBAL
UNDERSTANDING OF
QUALITY

52
DELIVERING QUALITY
TO OUR CUSTOMERS

TO OUR SHAREHOLDERS

DEAR SHAREHOLDERS

Positive business trends despite headwinds Burckhardt Compression Group profited from the continuing positive trends in most of its markets during the fiscal year 2015, despite economic and geopolitical uncertainties across all parts of the world. Overall order intake increased slightly from the previous year. Orders received by the Compressor Systems (CS) business were around the level reported in the previous fiscal year while the Components, Services and Support (CSS) business reported a significant increase in new orders. Sales were up in both business areas and profit margins were just below the previous-year levels.

Order intake slightly higher than the previous year Order intake at Burckhardt Compression again passed the CHF 500 million mark and, at CHF 523.2 mn, exceeded the figure reported for the previous year (CHF 514.1 mn). Incoming orders at the CS business were slightly lower at CHF 351.4 mn (CHF 355.6 mn), while the CSS business reported an increase of 8.4% to CHF 171.8 mn (previous year CHF 158.5 mn). Growth at the CSS business was mainly driven by orders for retrofit and engineering services as well as new customers.

Renewed sales growth Burckhardt Compression's sales hit another record high of CHF 487.2 mn in the fiscal year 2015 (plus 2.9%, at constant exchange rates plus 3.9%). Unlike in the previous years, sales were fairly evenly divided between the first and second half of the reporting period. CSS reported a 5.7% increase in sales from CHF 146.5 mn to CHF 154.8 mn, fueled by replacement part orders. Sales at the CS business area grew by 1.6% to CHF 332.4 mn. Gross profit amounted to CHF 151.7 mn, incrementally below the figure of CHF 152.8 mn reported for the previous year. The resulting gross profit margin was 31.1%, compared to 32.3% in the previous year. The margin at the CS business declined, whereas the CSS business remained at prior year level.

Slight decrease in operating income Operating income declined by 2.1% year-on-year, from CHF 74.6 mn to CHF 73.0 mn. Net income amounted to CHF 55.5 mn, a decline of 3.6% from the prior-year level (CHF 57.6 mn), and the resulting net income margin was 11.4%. Net income per share amounted to CHF 16.34 (previous year CHF 16.93).

Strong balance sheet Total assets rose by 3.9% to CHF 708.0 mn in the fiscal year 2015. Shareholders' equity increased by 4.9%, leading to a slightly higher equity ratio of 50.2% compared to 49.7% in the previous fiscal year. Non-current assets rose by a total of CHF 63.4 mn to CHF 247.2 mn, primarily due to the construction of the two new assembly plants in South Korea and the US. The CHF 58.1 mn decline in the net financial position to CHF 93.2 mn is attributed primarily to the investments made in connection with the increase in manufacturing capacity in the US and South Korea, and to the purchase of a minority interest in Arkos Field Service.

Market position expanded In December 2015, Burckhardt Compression acquired a 40% stake in Arkos Field Services, a highly experienced provider of compressor services and components to the natural gas industry. Acquiring a stake in the US based Arkos improves our access to the US compressor services market which is the world's largest installed base of reciprocating compressors.

In March 2016, the company signed an agreement to acquire a majority interest in Shenyang Yuanda Compressor, the number one manufacturer of reciprocating compressors in China. This acquisition extends Burckhardt Compression's local presence in China to new segments of the market, widens its product range so it can address a broader range of market needs, and gives it direct access to a well-established local supply network from which its other manufacturing sites can benefit.

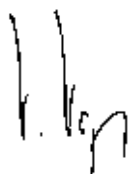
Growth of the company requires new organizational structure The company's growth in recent years requires a revision of its organizational structure. In order to meet customer needs even better, Burckhardt Compression will adopt a new divisional structure consisting of two divisions, effective June 1, 2016. The Systems Division (new compressor business) and the Services Division (service and components business) will be managed by COOs who will report directly to the CEO. At the same time the size of the Executive Board will be reduced from eleven to five members. It will comprise the CEO, the CFO, the CHRO and the two division heads. Sandra Pitt was hired as the new CHRO on June 1, 2015.

Outlook for the fiscal year 2016 Our key markets continue to show positive trends despite economic and geopolitical uncertainties. Full-year order intake for Burckhardt Compression Group (excl. Shenyang Yuanda Compressor) is projected to be around the level of the previous year. Group sales are forecast to be well above CHF 500 mn and the operating profit margin (excl. Shenyang Yuanda Compressor) is expected to recede temporarily to 11% to 13% in the fiscal year 2016 before rising again in the fiscal year 2017 (excl. Shenyang Yuanda Compressor) to 14% to 16%. A more detailed financial outlook (including Shenyang Yuanda Compressor) will follow in the coming months when we have made more progress with the implementation of the new organizational structure and the integration of Shenyang Yuanda Compressor.

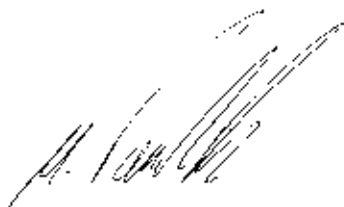
Unchanged dividend The Board of Directors will propose an unchanged dividend of CHF 10.00 per share at the Annual General Meeting. This corresponds to a payout ratio of 61.2% (previous year 59.1%) of net income, which is in the middle of the targeted payout range of 50% to 70%.

A word of thanks The Board of Directors and the Executive Board thank all employees for their efforts and dedication throughout the past year. We thank our shareholders for their sustained loyalty and our customers and suppliers for the good and often long-standing partnerships we share.

Yours sincerely,



Valentin Vogt
Chairman of the Board of Directors



Marcel Pawlicek
CEO

Winterthur, June 7, 2016



Valentin Vogt



Marcel Pawlicek

MILESTONES 2015



Another record sales year and further growth in the service business

Having generated CHF 487.2 mn in sales, Burckhardt Compression set another all-time sales high, with much of the growth coming from the Components, Services & Support (CSS) business area. Incoming orders at the CSS business were also up, increasing by nearly 8.4% to CHF 171.8 mn. This growth was mainly driven by numerous smaller orders for retrofit and engineering services.

→ Page 28



Most powerful LDPE facility

Burckhardt Compression has been awarded to deliver a Hyper Compressor and a Process Gas Compressor API 618 for a plant in the US that produces low density polyethylene (LDPE). The Hyper Compressor, equipped with a 34'000 kW electric motor, is the most powerful in the world. Hyper Compressors stand out for their long operational life and high safety standards. Burckhardt Compression is the global market leader in this field with more than 60 years of experience. An impressive list of reference projects helped it to win this contract.

→ Page 31



Success with dual-fuel ship propulsion systems

Burckhardt Compression received more orders for its patented Laby®-GI Compressor System. The system is used to inject boil-off gas directly into the diesel engines of LNG (Liquefied Natural Gas) carrier. Designed as a multipurpose system, these compressors are used to feed fuel gas to marine engines and auxiliary power units and to reliquefy boil-off gas. The owners of the tankers equipped with these systems have chosen the most fuel-efficient propulsion solution with the lowest emission levels.

→ Page 30



New assembly plant in South Korea goes into operation

Almost one year to the day after the ground-breaking ceremony, Burckhardt Compression inaugurated its new assembly plant in Busan, South Korea, which will manufacture Laby®-GI Compressor systems for the shipping industry. Given its proximity to the country's shipyards, the targeted customer group, this new assembly plant will become the Group's center of excellence for fuel-gas compressor solutions. The first testing facility for bringing the compressors up to operating temperature is a highlight. The first compressor for an eco-friendly marine dual-fuel propulsion system has already been delivered.

→ Page 32



Strengthening of the service business in the US

In December 2015, Burckhardt Compression acquired a 40% stake in Arkos Field Services, a highly experienced provider of compressor services and components to the natural gas industry. Arkos is based in the United States, which boasts the world's largest installed base of reciprocating compressors. Acquiring a stake in Arkos improves our access to the US compressor services market.

→ Page 32



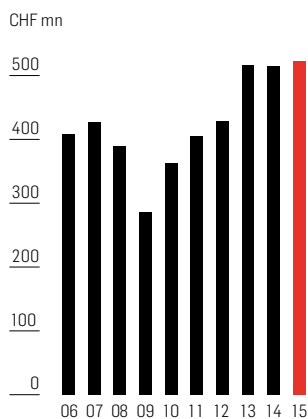
Strategic move in China

In March 2016, Burckhardt Compression signed an agreement to acquire a majority interest in Shenyang Yuanda Compressor, the leading manufacturer of reciprocating compressors in China. This acquisition extends Burckhardt Compression's local presence in China to new segments of the market, widens its product range so it can address a broader range of market needs, and gives it direct access to a well-established local supply network from which its other manufacturing sites can benefit.

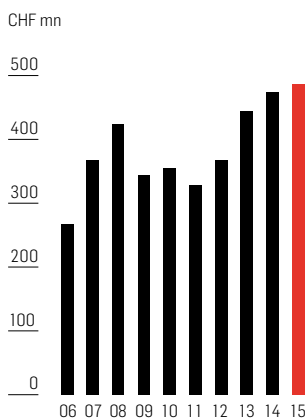
→ Page 32

FIGURES AT A GLANCE

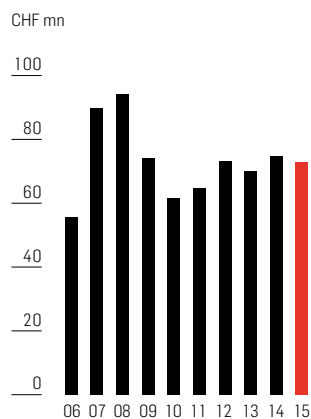
ORDER INTAKE



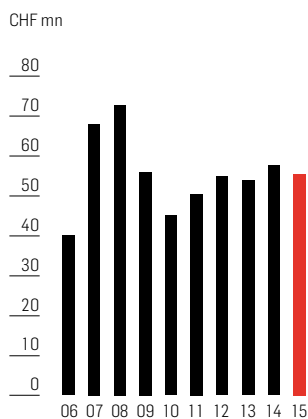
SALES



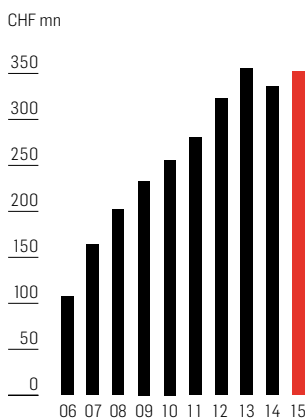
OPERATING INCOME (EBIT)



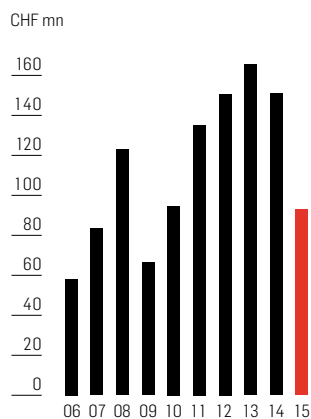
NET INCOME



SHAREHOLDERS' EQUITY



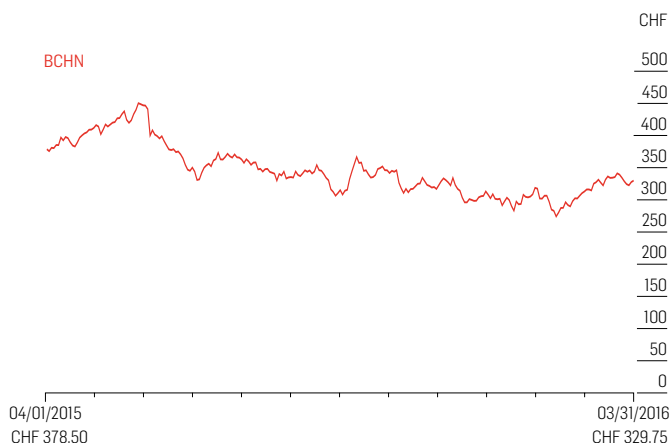
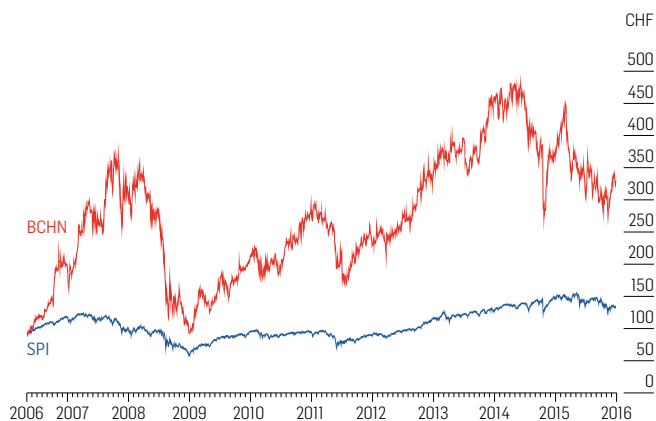
NET FINANCIAL POSITION



SHARE PRICE

SINCE IPO

FISCAL YEAR 2015



		2013	2014	2015	Change 2014/2015
in CHF mn					
Order intake:					
– Compressor Systems (CS)		386.3	355.6	351.4	–1.2%
– Components, Services & Support (CSS)		130.8	158.5	171.8	+8.4%
Total		517.1	514.1	523.2	+1.8%
Sales and gross profit:					
– Compressor Systems	Sales	292.9	327.1	332.4	+1.6%
	Gross profit	68.2	78.2	73.0	–6.6%
	in % of sales	23.3%	23.9%	22.0%	
– Components, Services & Support	Sales	152.1	146.5	154.8	+5.7%
	Gross profit	71.0	74.6	78.7	+5.5%
	in % of sales	46.7%	50.9%	50.8%	
Total	Sales	445.0	473.6	487.2	+2.9%
	Gross profit	139.2	152.8	151.7	–0.7%
	in % of sales	31.3%	32.3%	31.1%	
Operating income (EBIT)		70.2	74.6	73.0	–2.1%
in % of sales		15.8%	15.7%	15.0%	
Net income		53.9	57.6	55.5	–3.6%
in % of sales		12.1%	12.2%	11.4%	
Depreciation and amortization		11.8	14.4	15.3	+6.3%
Cash flow:					
– from operating activities		58.2	46.8	40.7	–13.0%
– from investing activities		–14.2	–26.6	–63.1	
– from financing activities (incl. translation differences)		–32.0	–43.7	–30.8	
Total		12.0	–23.5	–53.2	
Total balance sheet assets		645.9	681.4	708.0	+3.9%
Non-current assets		165.9	183.8	247.2	+34.5%
Current assets		480.0	497.5	460.8	–7.4%
Shareholders' equity		358.5	338.6	355.1	+4.9%
in % of total balance sheet assets		55.5%	49.7%	50.2%	
Net financial position		165.8	151.3	93.2	–38.4%
Headcount as per end of fiscal year (full-time equivalents)		1'232	1'385	1'432	+3.4%
Total remuneration Board of Directors (5 persons) (in TCHF)		498.3	504.0	513.0	+1.8%
Total remuneration Executive Board (12 persons in FY 2015, 13 persons in FY 2014) (in TCHF)		4'889.0	4'911.0	4'472.0	–8.9%
Share price as per end of fiscal year (in CHF)		460.0	375.5	329.75	–12.2%
Market capitalization (in CHF mn)		1'564.0	1'276.7	1'121.2	–12.2%
Market capitalization/shareholders' equity (ratio)		4.4	3.8	3.2	–15.8%
Net income per share (EPS) (in CHF)		15.87	16.93	16.34	–3.5%
Dividend per share (in CHF)		10.00	10.00	10.00	

OUR COMPANY

HISTORY

Our company history goes back 170 years. On January 9, 1844, founder Franz Burckhardt laid the foundation for success by purchasing the first company premises in Basle. In its early years, Burckhardt's mechanics workshop manufactured machines for the textile industry. Over the years, Burckhardt expanded his field of activity to general mechanical engineering. In 1856, the company started producing steam engines. In 1878, the first reciprocating compressor was developed and the first sales recorded in 1883. As additional funds were needed to finance the construction of the new factory on Dornacherstrasse in Basle, the "Engineering Works Burckhardt Ltd." was established in Basle in 1890 by August Burckhardt, who had taken over the company from his deceased father Franz.

Another milestone was achieved in 1913 with the delivery of the first ammonia synthesis compressor with an end pressure of 300 bar to BASF in Ludwigshafen, Germany – a customer that had purchased one of Burckhardt's first compressors back in 1885. In 1935, Sulzer supplied the Hürliemann Brewery in Zurich with the first Sulzer Labyrinth Piston Compressor and in 1951, the company received an order from Imperial Chemical Industries (ICI) for 11 Hyper Compressors for the production of low-density polyethylene (LDPE) with an end pressure of 1'500 bar. After several years' cooperation, the Engineering Works Burckhardt was taken over by Sulzer and became a subsidiary of the Sulzer Group on May 8, 1969. In 1982, as part of an intensified cooperation, the reciprocating compressor activities of the Sulzer Group were consolidated under one legal entity, the Sulzer-Burckhardt Engineering Works Ltd. In 1994, the company celebrated its 150th anniversary. In the process of restructuring the entire Group in 1999, Sulzer decided to consolidate the activities of Sulzer-Burckhardt Switzerland in Winterthur. Activities in Basle were relocated to Winterthur and the building on Dornacherstrasse in Basle was sold.

In 2000, Sulzer decided to concentrate its activities on four divisions. As Sulzer-Burckhardt did not fit in with this new strategy, the decision was made to divest Sulzer-Burckhardt. Together with the financial investor Zurmont Finanz AG, five members of management purchased Sulzer-Burckhardt Engineering Works Ltd. on April 30, 2002. In the course of separating from Sulzer, Sulzer-Burckhardt became Burckhardt Compression in May 2002. In 2006, Zurmont decided to divest its shares in Burckhardt Compression by means of an IPO. Our company has been listed on the SIX Swiss Exchange since June 26, 2006 and it was one of the 75 largest listed companies in Switzerland at the end of the fiscal year (by market capitalization). SIX Swiss Exchange added the shares of Burckhardt Compression Holding AG to its SPI Select Dividend 20 Index in March of 2015 and confirmed their inclusion in March 2016. This

index comprises 20 out of the more than 200 stocks in the SPI that boast the highest dividend yields, stable dividend track records, and solid profitability.

VISION

We are committed to becoming the first choice manufacturer for reciprocating compressors. Through our global organization we provide all of the components and services that are needed throughout the life cycle of a reciprocating compressor.

MISSION

Our mission centers on the sustainable growth of Burckhardt Compression's business. Sustainable means setting up and conducting our business activities in such a way that sustainable and balanced growth is achieved for all stakeholders. Continued development of the reciprocating compressor business and a constant quest for improvement are at the heart of everything we do. Particular attention is being devoted to the expansion of the service and components business, the development of promising new applications and the extension of our geographic reach.

GUIDING PRINCIPLES

The "BC Code" sums up the basic principles of our corporate culture. We believe that our well-established corporate culture is the source of our competitiveness. The reputation enjoyed by Burckhardt Compression, and the trust bestowed upon us, largely depend on the integrity and conduct of each and every one of us. A fair and careful balance in our dealings with others is key – be it with employees, customers, shareholders, suppliers or other business partners. The management of Burckhardt Compression exemplifies the corporate culture in day-to-day business.

STRATEGY AND MID RANGE PLAN

Burckhardt Compression is one of the world's leading providers of reciprocating compressors, operating in the two business areas of Compressor Systems (CS) and Components, Services & Support (CSS). According to our own market research, our company has grown in recent years to become the largest supplier of reciprocating compressors and it is a major provider of related services.

In the past fiscal year we continued to implement the revised strategy and Mid Range Plan announced in 2011. Our basic intention is to strengthen our strategic position in both business areas during the years ahead through organic growth as well as selective acquisitions, while also maintaining better-than-average profitability compared to the sector, thereby ensuring our financial independence. The targeted, purely organic growth rate for sales and order intake is 5% to 8% p.a. over the coming years and the targeted medium-term EBIT margin range is 15% to 20%.

Management is tasked with the continuing roll-out and implementation of the parent company's well-functioning processes at all Group subsidiaries. Burckhardt Compression will strengthen its geographic reach, particularly in the service and components business, to bring it even closer to its customers. In the compressor systems business we will selectively expand our activities with new applications. We have built new factories in South Korea and the US to provide certain segments of the market with even better local support. Uncompromising quality and lowest life cycle costs will remain one of the overriding aims of Burckhardt Compression. Because we cover all aspects of reciprocating compressor technology in-house, we consistently offer our customers competent advisory services and support they can rely on.

MAIN APPLICATION AREAS

Upstream oil & gas

Growing global demand for energy is spurring efforts to discover new deposits of oil and gas as well as new ways of improving recovery from existing wells. Although market development has been stalled by the very depressed prices for crude oil and natural gas lately, in the long run, business will be driven by the following trends:

- Exploration and development of new deep sea fields
- Better exploitation of existing fields
- Exploration and development of new formations, especially tar sands and shale gas and shale oil

Moreover, producers must comply with increasingly stringent regulations requiring the environmentally responsible disposal of toxic and non-toxic gases that arise during extraction and production.

Burckhardt Compression offers on- and offshore solutions for a select range of applications. High-quality, low-speed reciprocating compressors (compliant with API standard 618) have been developed for these applications, which include enhanced oil recovery methods (EOR). EOR is a technique where pressurized gas is injected into productive fields either directly through existing well bores (gas lift) or through separate well bores (gas injection), resulting in significantly higher recovery rates. Recovery rates are typically around 30% using conventional production methods and can often be increased to more than 60% using EOR methods. Natural gas is used to enhance recovery rates and it is often mixed with other gases. EOR methods can also be combined with environmentally responsible methods for disposing of unwanted gases, which in the past were usually just flared, polluting the surrounding environment and atmosphere. These gases contain aggressive, sulfuric components and Burckhardt Compression is an expert at building compressors for compressing such gases. In deepwater applications off the coast of Brazil, CO₂ injection is also used for EOR methods with pressure levels of up to 600 bar. On-site preprocessing applications in the oil and gas industries offer additional opportunities for Burckhardt Compression. In these applications individual components of extracted gas are separated at the wellhead to facilitate the subsequent gas transport through the gathering lines to centralized points. Thick, viscous tar oil is mixed with naphtha and other diluents to create a fluid capable of transportation by pipeline.

Large-scale production of shale gas began in 2009, and the ramp-up of shale oil production shortly afterwards. Together with OPEC's firm stance on maintaining its production output, this led to a global oversupply of oil and gas which, in turn, triggered a steep correction in prices from mid-2014 on. It is difficult to predict how long this situation will last. It has since triggered a shakeout among US shale drillers and drained the budgets of Russia and oil- and gas-producing countries in the Middle East, which should lead to a reduction of supply in the not-too-distant future and push up prices again. From this perspective, the projected market developments have been delayed rather than fundamentally altered in the wake of the steep drop in oil prices.

Gas transport and storage

Demand for environmentally friendly natural gas as a fossil fuel will continue to increase over the long term. Replacing the liquid fossil fuels of diesel, gasoline and oil with natural gas would reduce global carbon dioxide emissions by about 25%. That fact and more stringent emissions regulations, especially in the maritime shipping industry, are additional incentives to switch to natural gas as a source of fuel. Moreover, coal-fired and nuclear power plants are increasingly being substituted by gas power plants amid widespread efforts to decarbonize growing economies and to diversify energy supply in many regions of the world. The development of new sources of natural gas such as shale gas deposits, which is widening the gap in prices between oil- and gas-producing regions in North America and the Middle East and the gas-importing countries in Asia and Europe, has increased international trade in natural gas, and gas transport and storage volumes are likewise growing. This is especially evident in the non-pipeline mode of gas transportation via LNG (Liquefied Natural Gas) carriers.

More than 40% of total natural gas transport volumes traded and transported worldwide is liquefied, which reduces transport volumes by a factor of 600. The LNG process chain consists of natural gas production, purification and liquefaction, ship loading, transportation and subsequent off-loading, storage and regasification, and, ultimately, injection into a gas distribution grid. Burckhardt Compression offers unique, economical solutions for compressing and reliquefying boil-off gas (BOG) from liquid gases, for gas injection systems for two- or four-stroke marine diesel engines, and for recovering or storing natural gas and other hydrocarbons at land or offshore installations.

Refinery

Refineries process crude oil into products such as gasoline, kerosene, diesel, liquefied petroleum gas (LPG) as well as solvents and lubricants. Worldwide demand for these products will continue to grow over the long term and most of the growth in demand will stem from non-OECD countries. Additional factors encouraging investment in the refining industry are more stringent environmental regulations, cost reduction considerations, plant expansion trends and the need to process both lower-quality grades of crude oil and, in technologically more advanced processes, heavy petroleum by-products. New refineries are being built in areas where new reserves of crude oil as well as tar sands and shale gas are being developed, requiring additional processing facilities. For state-owned refineries, strategic issues regarding location and supply security are also of considerable importance. Burckhardt Compression offers

Process Gas Compressors with the highest possible availability and lowest life cycle costs for all relevant oil refining processes that require gas (mostly hydrocarbon gas/hydrocarbon mixtures).

Petrochemical/chemical industry

The production of a vast range of petrochemical and chemical products such as polyolefins (polymers), lacquers, synthetic rubbers, adhesives and dyes, solvents, paints, fertilizer, detergents or textiles entails, among other things, the processing of oil, natural gas and even coal. Demand for petrochemical and chemical products, especially for polyolefins, will steadily increase worldwide over the long term. In this application area, too, companies will continue their efforts to reduce costs by replacing smaller scale plants with larger ones, establishing strategic production sites, and extending value-added chains. In China, a country with vast coal reserves, advanced technologies are being used to produce various polyolefins from coal and new production facilities must therefore be built to meet the fast growing local demand. An additional source of growth is the growing production of natural gas from shale formations worldwide. In terms of potential, the US is the leading market in this segment. Burckhardt Compression offers several product lines with individual, reliable and benchmark-setting reciprocating compressor solutions for a broad spectrum of applications.

Industrial gases

Industrial gases such as argon, helium, carbon dioxide, carbon monoxide, oxygen, nitrogen and hydrogen are produced in air separation or hydrogen generation plants. The end market for industrial gases is quite broad, encompassing industries as diverse as metalworking and metallurgy, chemical companies, energy technology, food manufacturing, green technology, glass manufacturing, electronics, construction, rubber and plastics processing, and healthcare. Growth drivers are regional growth and industry-specific growth. Companies that supply the energy sector (refineries) with hydrogen are expected to be a particularly strong growth driver. This is another example of an application area where Burckhardt Compression is profiting from the increased extraction of shale gas deposits, especially in the US. Burckhardt Compression's dependable compressors are used in a wide variety of applications to process industrial gases.

CUSTOMERS

The customers we serve include some of the largest companies in the world active in the oil and gas industry, in the petrochemical/chemical industry and in the industrial gas sector as well as a considerable number of engineering companies that design and construct plants and industrial complexes for our end customers.

COMPRESSOR SYSTEMS

Burckhardt Compression's reciprocating compressors are the key part of compressor systems which, in turn, are part of large-scale processing plants.

Laby® – Labyrinth Piston Compressors

The Labyrinth Piston Compressor offers unrivalled reliability and availability thanks to its unique labyrinth sealing system on piston and piston rod gland, which enables oil-free and contact-free compression. The result is an extended MTBO (mean time between overhaul), which has a positive impact on reliability and operating cost. This prevents piston ring debris from contaminating the gas as well as friction-induced hot spots. The Laby® Compressor is designed to compress bone-dry, dirty, abrasive and other gases. The gastight casing reduces gas emissions and losses to the environment to virtually zero. The Laby® Compressor easily manages the compression of LNG boil-off gas at suction temperatures down to minus -160°C (-250°F).

Laby®-GI Compressors

The Laby®-GI Compressor has a fully balanced design that eliminates unbalanced moments and forces, so it can be used on offshore vessels and installations. Strict guidelines for offshore applications regarding maximum allowable vibration levels on deck structures must be observed. The Laby®-GI Compressor is mostly used for compression of LNG boil-off gas and it features the proven labyrinth sealing system, widely acknowledged for its extremely high reliability and unexcelled availability. The unique combination of labyrinth seal design and tried-and-tested ring seal technology makes Laby®-GI Compressors the solution of choice for both low-temperature and high-pressure applications. The proven technology is a guarantee for maximum efficiency and lowest life cycle cost. Depending on the operating conditions, Laby®-GI Compressors can feature either lubricated or non-lubricated compression.

Process Gas Compressors API 618

Process Gas Compressors built by Burckhardt Compression are synonymous with unrivalled availability and long operating times. Optimal sizing and the use of top quality compressor components ensure low operating and maintenance costs. The design, the advanced Swiss technology and superb quality together with the robust construction translate into unexcelled reliability and ultralow life cycle costs.

The Process Gas Compressor is built to individual application specifications in accordance with the API standard 618 (Fifth Edition). Burckhardt Compression offers non-lubricated and lubricated Process Gas Compressors, horizontal and vertical. They are especially suited for high-pressure compression of hydrogen, hydrocarbon and corrosive gases.

Hyper Compressors

The Hyper Compressor is a high-pressure reciprocating compressor for low density polyethylene (LDPE) plants with a discharge pressure of up to 3'500 bar. Burckhardt Compression has established an outstanding track record with more than 55 years of experience in building Hyper Compressors. These compressors are distinguished by a long operational life and high safety standards, which can be traced to their unique construction design and Burckhardt Compression's global one-stop maintenance and service capabilities.

The most powerful compressor in the world, driven by a 27'500 kW (36'900 HP) electric motor and compressing 160 tons of ethylene per hour, was built by Burckhardt Compression in 2007. Burckhardt Compression is the world market leader for Hyper Compressors.

Standard High Pressure Compressors

Standard High Pressure Compressors from Burckhardt Compression are extremely robust and reliable reciprocating compressors with a compact design and low weight. They are delivered skid-mounted with structural supports that dampen vibrations, so there is no need for a special foundation. Due to the low-pressure conditions per compressor speed range, greater piston displacement can be achieved at lower compression temperatures. The result is high compression efficiency, low wear and less maintenance expense. The air-cooled compressors are used to compress air as well as gases such as hydrogen, nitrogen, helium, argon, natural gas and other non-corrosive gases and gas mixtures.

The Standard High Pressure Compressors are smaller than the other compressors in Burckhardt Compression's portfolio of reciprocating compressors, offering a maximum power of 220 kW and discharge pressure of up to 400 bar with suction volumes of up to 1'600 Nm³/h.

SERVICE AND COMPONENTS BUSINESS

Burckhardt Compression's Components, Services & Support business area (CSS) is a reliable provider of a full range of services for reciprocating compressors. Various complementary service modules are offered for all reciprocating compressors. Original spare parts backed by Burckhardt Compression's manufacturing guarantees stand for superior quality and ensure both low life cycle costs as well as the optimal operation of compressor systems. In the services business, Burckhardt Compression also differentiates itself from other manufacturers and service providers through its comprehensive offering of in-house expertise. Our internal specialists for every technical field, supported by proprietary, advanced software tools which can be used to model, calculate and optimize reciprocating compressors made by other manufacturers as well, are very proficient in resolving even highly complex technical problems cost-effectively and efficiently. A highly motivated team carries out refurbishment projects of any complexity to the full satisfaction of customers and can prolong the operating life of older compressors by retrofitting them with the latest technology.

Reliability, availability and cost-effectiveness are crucial for companies operating reciprocating compressors. Preventive maintenance and service using state-of-the-art diagnostic systems is necessary to optimize these three factors. High quality compressor components tailored to the system-specific requirements are equally important.

Compressor components such as valves or seals are subject to wear and tear, so these parts largely determine the duration of service intervals and operational availability and, ultimately, the overall life cycle costs of reciprocating compressors. Burckhardt Compression is steadfastly expanding its components activities. Together with its full range of services, this strategy offers promising potential for repeat orders from operators of reciprocating compressors.

Condition monitoring and diagnostic systems for reciprocating compressors are valuable instruments for enhancing operating safety and prolonging service intervals. Permanent machine diagnosis detects faults at an early stage and thus helps to avoid costly and unscheduled downtime. Other advantages include the optimization of operating parameters and central control and monitoring of compressors that are in operation at different sites. The diagnostic systems made by our subsidiary PROGNOST Systems GmbH are designed for use with reciprocating compressors as well as with many other types of rotating machines. They are equipped with globally leading technology and offer international corporations in the oil, gas and chemicals industry value for money and operational reliability day after day.

PRODUCT DEVELOPMENT AND INNOVATION

Systematic product development and management serves to strengthen our competitive position and optimally address new applications for reciprocating compressors by providing customer-oriented solutions. Burckhardt Compression's prime objective is to develop reciprocating compressors and components with the lowest life cycle costs and to extend its technology leadership in the market for reciprocating compressors. Quality, technology, materials and design specifications are all geared to provide high operational reliability, long service intervals and easy maintenance – the overall aim being to achieve the lowest possible operating costs.

Burckhardt Compression's product development activities have been guided by a stage-gate process for a number of years. This process is first applied in the idea generation and screening phase and continues during the initial evaluation of product viability and market attractiveness followed by the elaboration of product performance specifications, market analysis and then the actual development and subsequent launch of the product. After a product has been successfully developed and placed into operation, a concluding review of the development project is conducted. All milestones in the stage-gate process must be presented to and accepted by the "Innovation Review Team," which is headed by the members of the Executive Board.

BURCKHARDT COMPRESSION BRAND

Burckhardt Compression and its umbrella brand Burckhardt stand for quality and worldwide leadership in innovative reciprocating compressor systems and technology. The brand image is supported by technology that is distinguished by lowest life cycle costs, Burckhardt Compression's globally recognized specialists in the various technical fields with outstanding problem-solving competencies and an unyielding commitment to premium quality – be it in new compressor systems, compressor components or service and maintenance. Our collaboration with external and internal customers is dedicated, solutions-oriented and distinguished by genuine enthusiasm for our reciprocating compressors, which is plain to see in the execution of all our products, solutions and services.

The umbrella brand Burckhardt and corresponding graphic mark in the form of the red-blue, stylized compressor valve plate have been internationally registered for many years. Burckhardt Compression's brand and patent attorneys will vigorously and steadfastly defend the company against any imitations, counterfeiting or patent infringements. There are clear

rules governing the use of Burckhardt Compression brands and their perception is developed and promoted through active usage in our corporate and marketing communication activities.

OUR APPROACH TO QUALITY



Offering customers premium quality is one of the central tenets of Burckhardt Compression's business philosophy. We will never compromise or cut corners when it comes to quality. Discover more about our commitment to quality in the pages that follow.

OUR LONG HISTORY OF QUALITY



Burckhardt Compression's highly qualified employees have been setting benchmarks in the gas compression industry since 1844.

Pages 18–27

OUR GLOBAL UNDERSTANDING OF QUALITY



Asia has become the global hub of the shipbuilding industry, which is why we established a local assembly plant in Busan, South Korea, in 2015.

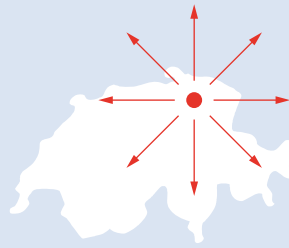
Pages 42–51

DELIVERING QUALITY TO OUR CUSTOMERS



Providing consistently reliable and prompt on-site customer service around the world is obviously a challenge and, for us, a source of inspiration and motivation.

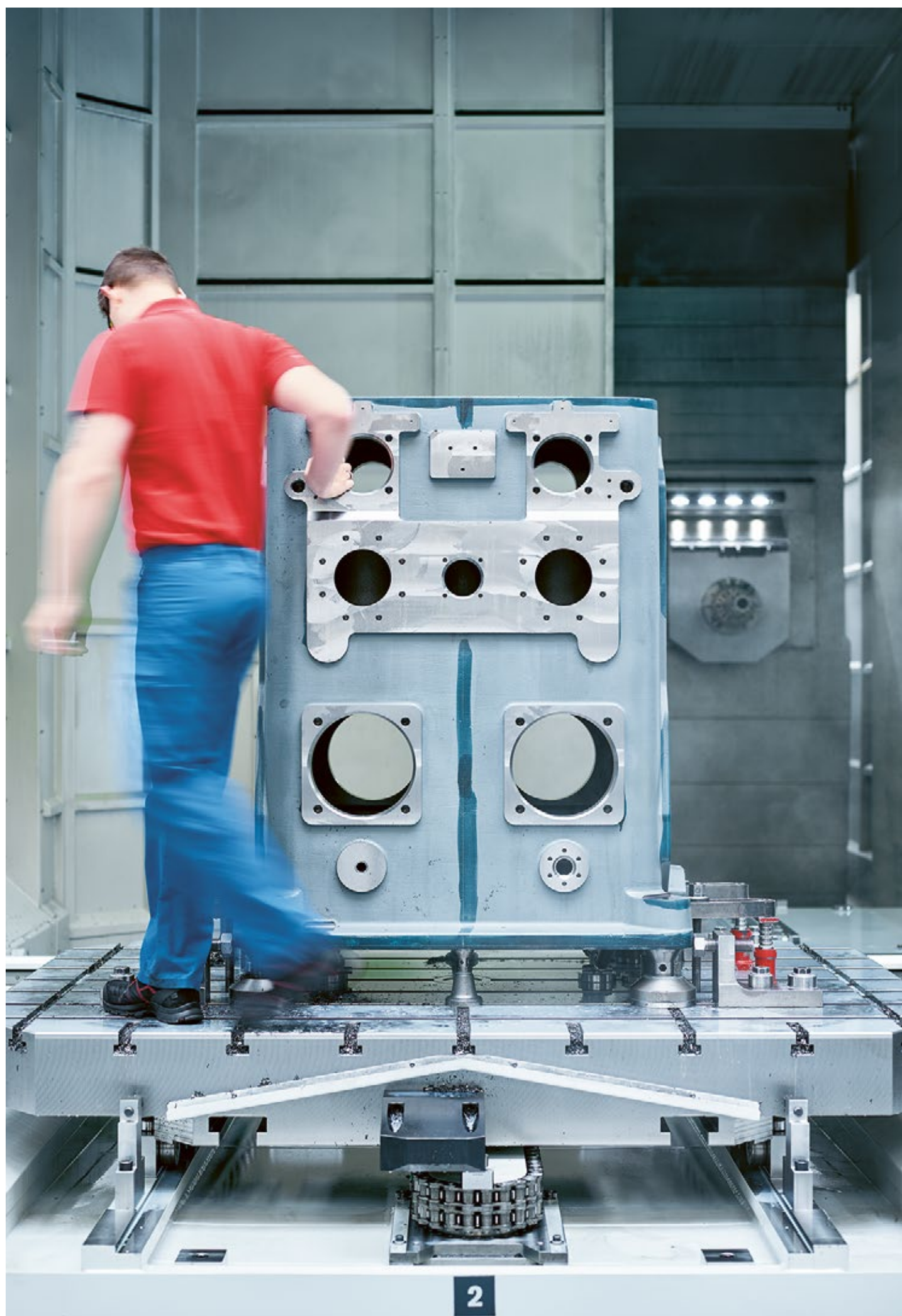
Pages 52–55



Switzerland
Burckhardt Compression, Winterthur
733 Employees

OUR LONG HISTORY OF QUALITY

A strong commitment to quality is evident throughout our long history. It has become part of our corporate DNA. At the product or process level. At every company site. Worldwide. Quality you can trust.





The laser measuring room is kept cooled to a constant 19 °C (66 °F) to ensure precise results.



PUTTING OUR COMMITMENT TO QUALITY TO THE TEST

Compressors that function reliably for decades, smooth order process flows and adherence to the given cost and delivery guidelines – that is our quality promise.

The highest of standards everywhere. Burckhardt Compression is committed to upholding the highest of standards, in acknowledgement that there is no better way to maintain our position as one of the world's leading manufacturers of reciprocating compressors over the long run. Our quality assurance systems monitor every stage of the business, from product development and manufacturing to the final inspection prior to commissioning, which is sometimes performed under the eyes of our customers. Our quality standards are binding at all Group factories and locations worldwide. Whether in Europe, Asia or North America.

Rigorous hardness tests. Every part of every reciprocating compressor that Burckhardt Compression makes is tailored to individual customer specifications and then manufactured in-house or sourced from reliable suppliers. From the tiniest screw to massive castings. A variety of quality-related tests are embedded directly into the manufacturing processes. Individual components will likewise undergo numerous tests. A time schedule is set for every stage of the work process and it is continuously monitored so customers can always count on delivery according to schedule.

Quality translates into satisfied customers. Our far-reaching quality concept ensures that the compressors we deliver to our customers will meet all performance specifications for decades to come. Reliability, ultra-high availability and superior cost-effectiveness keep life cycle costs extremely low. Burckhardt Compression also stands ready to handle whatever problems may arise in the field, at customer sites around the world. A fast and reliable partner.

DID YOU KNOW ...

30–50

Burckhardt Compression's compressors have an average **SERVICE LIFE** of 30 to 50 years!



More than 60 years of **EXPERIENCE** in making high-pressure reciprocating compressors capable of up to 3'500 bar, as used for example in the manufacture of plastics.



Our compressor solutions

www.burckhardtcompression.com/compressor-solutions



“People, not systems, are the starting point for quality”

Interview with René Guthauser,
Vice President Quality & Infrastructure

You have been working for Burckhardt Compression as Chief Quality Officer for 12 years now. Do you need to be a stickler for rules and details in your line of work?

Quality consists of many different factors. Exactness is one of them. Throughout my entire professional career, as an engineering design technician, a project manager and in sales, precision has always been part of my job. But there are other aspects of quality management that I find interesting, too, such as analyzing processes or having the opportunity to work with so many different people.

What do you find most fascinating in your field of work?

Completely different specialties and disciplines come into play during the QA process. Quality is important at every stage of production, whether receiving goods and materials, making sure all deliveries are correct and on time, or conducting a final inspection of the finished product, when every function is again thoroughly inspected and compliance with customer specifications confirmed. Customer satisfaction with our products and services is our overriding objective.

What exactly do you mean by “quality” in a reciprocating compressor?

Quality determines the operational life and the life cycle costs of a reciprocating compressor. A low-quality compressor will require considerable maintenance, which can lead to additional service costs or even production shutdowns. Reciprocating compressors made by Burckhardt Compression are known for their exceptionally low life cycle costs.

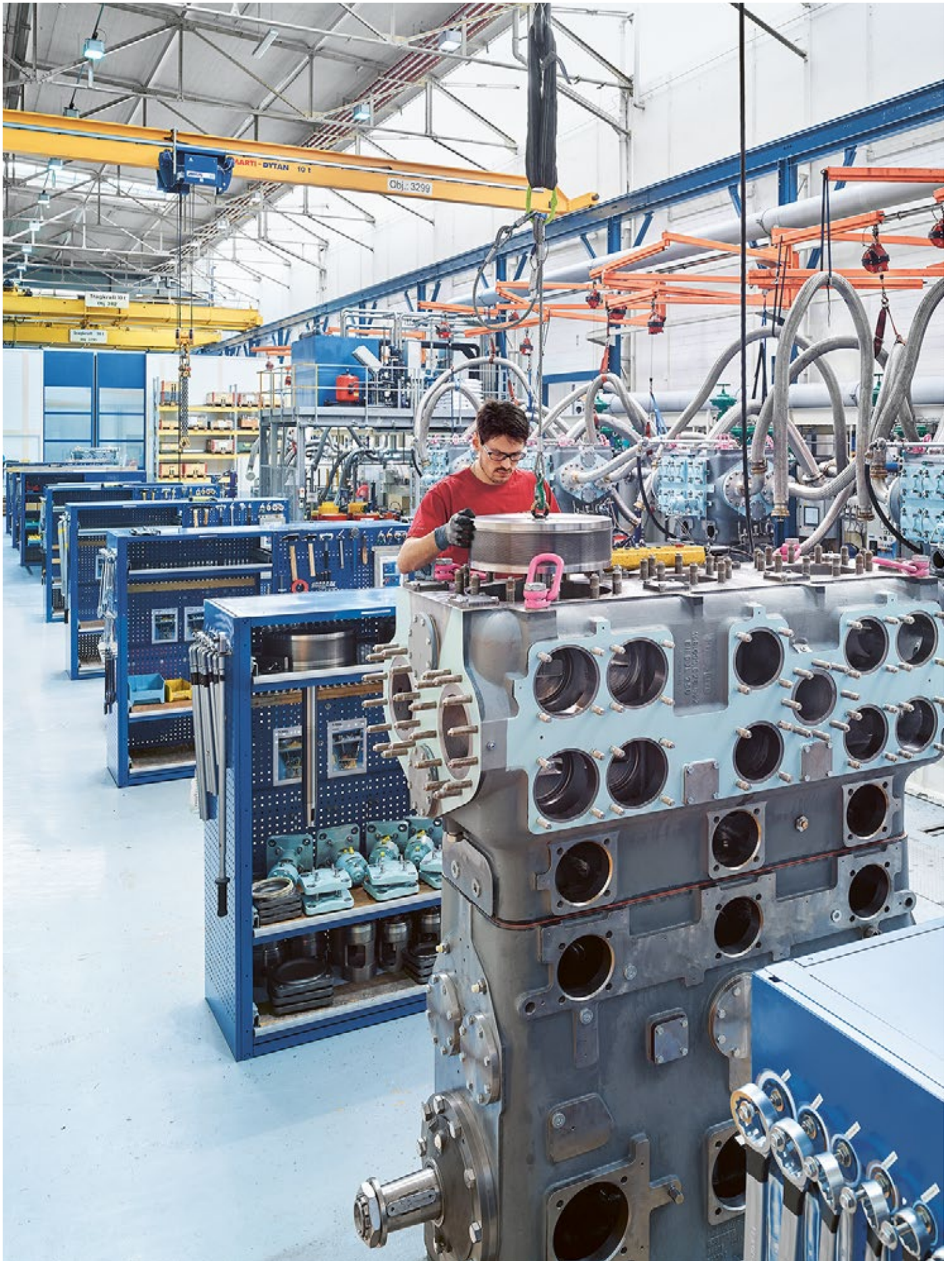
Will compressors be self-testing at some point in the future?

Thorough and effective testing processes and procedures that are defined and continuously monitored by people are still needed on the manufacturing floor. Beyond the manufacturing stage, though, some compressors already offer self-testing functionality. Integrated sensors detect whether tolerances with regard to vibration, pressure or temperature levels, for example, have been exceeded and that information is then reported to a monitoring and diagnostics system. Service technicians analyze the data and advise compressor operators on what to do to avoid unscheduled downtimes and protect the compressor from possible damage.

People and technology: How do they come together at Burckhardt Compression?

People, not systems, are the starting point for quality because so much of what we do involves quality-related issues that employees can influence. That said, the better the interplay between people and technology, the smoother production will be. We are pleased to have many talented, long-serving employees who are extremely good and efficient at building our products using state-of-the-art tools.

As a mountain biker, René Guthauser places very high demands on the equipment and technology he uses. He knows he needs reliable equipment to successfully ride challenging trails.



All compressors are tested on a test bench. This is also where customer acceptance takes place.



TO KEEP DOING A GOOD JOB, WE NEED TO ALWAYS GET BETTER

PULL@BCAG is not some secret code, it stands for team-based process quality and as such represents a work philosophy.

DID YOU KNOW ...



-90%

90% **REDUCTION IN TIME** needed to process small parts thanks to a decentralized Kanban-based storage strategy of stockpiling parts right where they are needed.



10 INFO BOARDS AT 8 DEPARTMENTS

The predefined key data points are easily obtained and informative and are used to increase transparency.

Focus on shorter lead times. The program was launched in 2009 and is now a fixed part of our Design & Manufacturing unit. Supervisors and employees receive some basic training in lean and change management but most of the program activities revolve around project teams and their workshops. These interdepartmental teams work on creating specific solutions together with lean coordinators and then implement these solutions in their everyday work. The main objective is to constantly reduce lead times through sustained business improvements. Each project is described in detail and project outcomes are measured against clearly defined criteria.

One example of the many benefits this program has provided is workspace optimization. Instead of keeping certain tools at a central warehouse, for example, many workspaces are now individually equipped with the tools that are needed to get the job done. No more time is lost walking back and forth for tools, employee satisfaction has increased and efficiency has improved. Together with a new planning concept, a significant reduction in lead times has been achieved.

Furthermore, a one-piece flow or continuous connected workflow method consisting of five steps was introduced for certain stages of the manufacturing process. Groups of employees work on one compressor at a set pace as it passes through various production stages and they have a certain degree of autonomy in how they organize their work. This change also led to a reduction in calculated standard times and therefore reduced lead times while increasing output.

The introduction of the Shopfloor Management and Ship It tools improved transparency at various points of the order processing flow. Planning details, work in progress, and interfaces are posted on information boards and status reports are reviewed daily. Traffic light labels provide an immediate





1



2

- 1 Joint solutions are developed in various workshops.
- 2 Teamwork is at the heart of PULL@BCAG and holds the key to fully exploiting the potential for optimization.



overview of delivery schedule adherence, lead times and efficiency. This serves as a coordination tool during shift changes or in brief workgroup meetings, and the given KPIs are used to target further improvement potential.

The common objective of every project is to reduce lead times, improve efficiency and ensure delivery schedule adherence while maintaining if not improving overall quality. This concurrently promotes a greater sense of cohesion in the workforce. The most striking evidence of the success of PULL@BCAG is the large number of projects that have already been implemented.



1

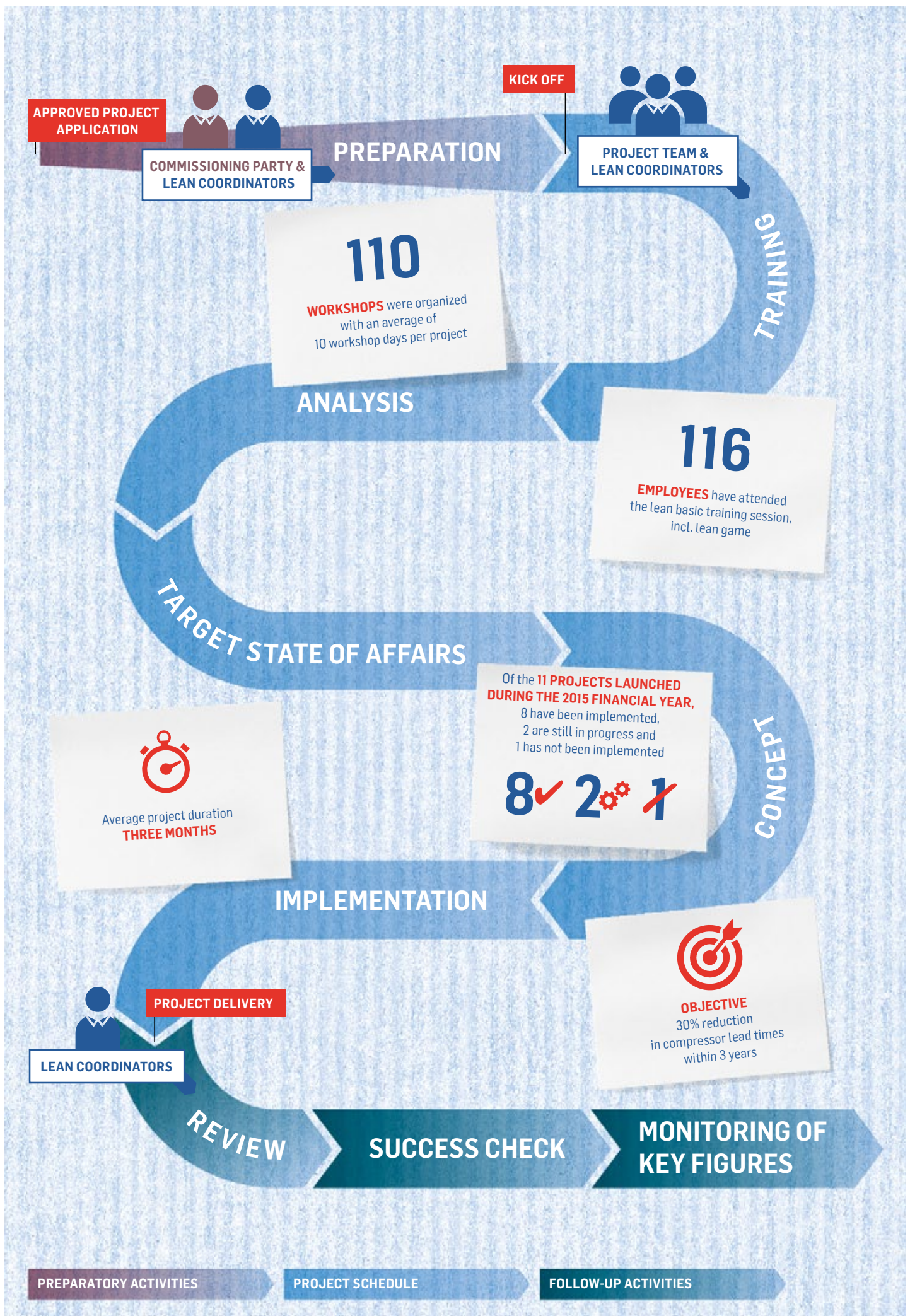


2



3

- 1 The compressors are assembled on the test bench and put through their paces in the subsequent test run.
- 2 The individual stages in the process and the testing procedures are logged in reports.
- 3 Each component is tested individually.



REVIEW OF THE FISCAL YEAR

FINANCIAL PERFORMANCE

Positive business trends despite headwinds

Burckhardt Compression Group profited from the continuing positive trends in most of its markets during the fiscal year 2015, despite economic and geopolitical uncertainties across all parts of the world. Overall order intake increased slightly from the previous year. Orders received by the Compressor Systems (CS) business were around the level reported in the previous fiscal year while the Components, Services and Support (CSS) business reported a significant increase in new orders. Sales were up in both business areas and profit margins were just below the previous-year levels.

Order intake slightly higher than the previous year

Order intake at Burckhardt Compression again passed the CHF 500 million mark and, at CHF 523.2 mn, exceeded the figure reported for the previous year (CHF 514.1 mn). Incoming orders at the CS business were slightly lower at CHF 351.4 mn (CHF 355.6 mn), while the CSS business reported an increase of 8.4% to CHF 171.8 mn (previous year CHF 158.5 mn). Growth at the CSS business was mainly driven by orders for retrofit and engineering services as well as new customers.

Renewed sales growth

Burckhardt Compression's sales hit another record high of CHF 487.2 mn in the fiscal year 2015 (plus 2.9%, at constant exchange rates plus 3.9%). Unlike in the previous years, sales were fairly evenly divided between the first and second half of the reporting period. CSS reported a 5.7% increase in sales from CHF 146.5 mn to CHF 154.8 mn, fueled by replacement part orders. Sales at the CS business area grew by 1.6% to CHF 332.4 mn. Gross profit amounted to CHF 151.7 mn, incrementally below the figure of CHF 152.8 mn reported for the previous year. The resulting gross profit margin was 31.1%, compared to 32.3% in the previous year. The margin at the CS business declined, whereas the CSS business remained at prior-year level.

Selling, general and administrative expenses increased by CHF 9.3 mn or 13.5% compared to 2014 and amounted to CHF 78.6 mn. Most of this increase is due to one-off expenses in connection with two major acquisitions mainly in the US and in South Korea and the geographic expansion of the company's market presence.

Slight decrease in operating income

Operating income declined by 2.1% year-on-year, from CHF 74.6 mn to CHF 73.0 mn. Net income amounted to CHF 55.5 mn, a decline of 3.6% from the prior-year level (CHF 57.6 mn), and the resulting net income margin was 11.4%. Net income per share amounted to CHF 16.34 (previous year CHF 16.93).

Reduced exposure to currency fluctuations

The additional measures Burckhardt Compression has taken since the euro crisis broke in 2011, ranging from productivity improvements to greater sourcing in EUR and USD, have proven their value in the current environment. Today, some 50% of Burckhardt Compression Group's total operating expenses are no longer incurred in Swiss francs. Competing companies from the euro area might have a cost advantage in the short term but past experience has shown that Burckhardt Compression is capable of offsetting such disadvantages over a medium-term horizon. Burckhardt Compression's solutions, products and services offer customers tangible value added in addition to the lowest possible life cycle costs. The new factories in South Korea and the US will reduce the company's exposure to currency fluctuations even further. Switzerland will still remain crucial for the company as a manufacturing base.

Limited impact of oil prices

Today's low oil prices have a limited impact on Burckhardt Compression's business because few of the applications it offers are directly related to oil extraction. In the oil and gas production industry, projects designed to improve oil recovery rates have been postponed due to the inadequate returns. Natural gas producers and processors have generally been scaling back their operations. Business activity in the gas transport and storage segment remains high. New environmental regulations are encouraging the use of natural gas as a source of energy. In recent years natural gas has been substituted for crude oil as an energy source or raw input material in numerous areas. In the petrochemical/chemical industry, LDPE production projects have admittedly passed their cyclical peak but new production facilities are still being planned thanks to the low energy and feedstock costs.

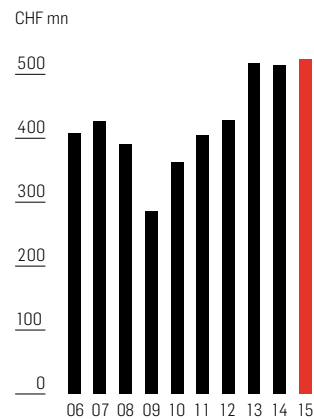
Strong balance sheet

Total assets rose by 3.9% to CHF 708.0 mn in the fiscal year 2015. Shareholders' equity increased by 4.9%, leading to a slightly higher equity ratio of 50.2% compared to 49.7% in the previous fiscal year. Non-current assets rose by a total of CHF 63.4 mn to CHF 247.2 mn, primarily due to the construction of the two new assembly plants in South Korea and the US. The CHF 58.1 mn decline in the net financial position to CHF 93.2 mn is attributed primarily to the investments made in connection with the increase in manufacturing capacity in the US and South Korea, and to the purchase of a minority interest in Arkos Field Service.

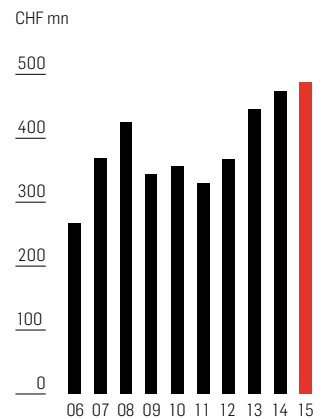
Further increase in headcount

The number of employees rose by another 47 or 3.4% to 1'432 full-time equivalents during the reporting year. This number also reflects the transfer of 21 employees from Burckhardt Compression (US) Inc. to Arkos as of March 2016. New jobs were created outside of Switzerland with the objective of further expanding the local services and components business as well as local manufacturing activities. Additional jobs were created in Switzerland to increase production capacity. At the end of March 2016, 733 employees (51.2%) were based in Switzerland, 357 (24.9%) in BRIC countries and 342 (23.9%) in other countries.

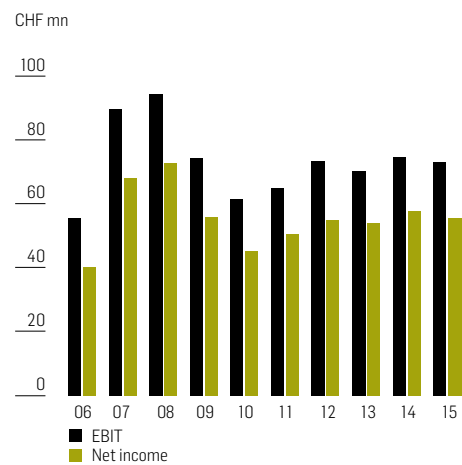
ORDER INTAKE



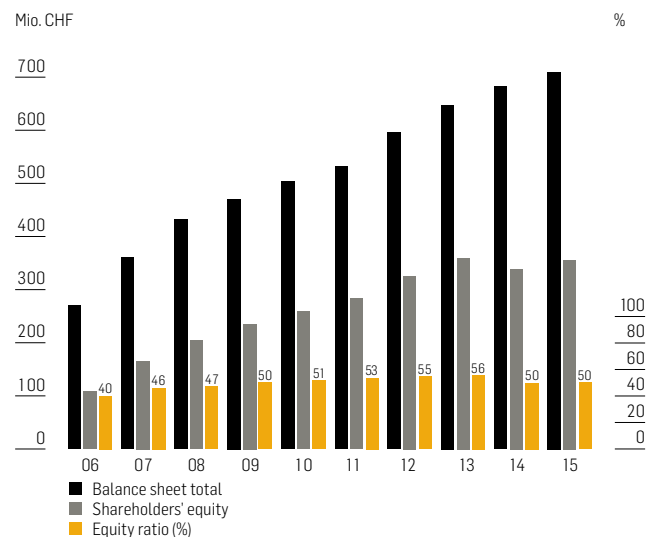
SALES



EBIT AND NET INCOME



EQUITY RATIO



MARKETS

New orders for compressor systems at high previous-year level

New order volumes reached the high level from the previous year. Overall market volume declined, so Burckhardt Compression was able to increase its share of the market again. A renewed downturn in China was offset by strong growth in the marine compressor business. Positive trends in the petrochemical business, particularly in the US, and in the refinery business in Southeast Asia and Mexico sustained the incoming order flow.

The impact of the collapse in oil prices that began during the summer of 2014, and of the falling prices for natural gas observed shortly afterwards, on the markets addressed by Burckhardt Compression varied. Investment activity by oil and gas producers came to a virtual standstill due to the steep drop in oil prices but investments continued to be made in gas transport and storage applications and low feedstock costs remained a positive factor for petrochemical and refining applications. Burckhardt Compression offers solutions for the following application areas:

- Upstream oil & gas
- Gas transport and storage
- Petrochemical/chemical industry
- Refinery
- Industrial gases

Upstream oil & gas

In some enhanced oil recovery techniques, unwanted gas flowing up through well tubing and gases that arise during the processing of crude oil but that cannot be productively used is re-injected underground. Declining oil fields where oil and gas deposits are difficult to extract can be exploited much more effectively using these techniques. Thanks to its extensive experience in handling demanding gases under high pressure, Burckhardt Compression offers customers substantial value added in these application areas.

While low oil prices do represent a temporary setback for applications required to refine Canadian tar sands oil, we are also involved in a number of EOR projects and other projects for environmentally safe handling of difficult gases in the Middle East.

The only business area where Burckhardt Compression was negatively affected by low oil prices was in upstream oil & gas.

Gas transport and storage

The market for natural gas as an inexpensive and clean source of energy was divided along regional or continental lines until just a few short years ago because of the inability to transport large volumes of natural gas by tanker through shipping lanes. That is changing with the buildup of infrastructure for liquefying, transporting and storing liquefied natural gas (LNG). LNG export and receiving terminals with cryogenic storage tanks that can store LNG at atmospheric pressure and at -160°C (-250°F) are required, as are specially designed gas carriers with insulated LNG tanks.

This technology allows LNG to be increasingly traded and transported across the world. The long-term point-to-point delivery contracts that used to be standard in this business are now being supplanted by a rapidly growing spot market. As the spot market grows, it is having an impact on infrastructure needs, and demand for LNG carrier vessels is growing given the flexibility that they offer.

Demand for dual-fuel propulsion systems remains high due to stricter environmental regulations.

LNG accounts for more than 40% of all natural gas volumes traded worldwide today and this share is rapidly increasing. Transportation capacity from the US Gulf Coast to Asia via the Panama Canal is set to double during the course of 2016. The main export markets are China, Japan, South Korea and, increasingly (taking the direct route across the Atlantic), Europe. In addition to the US, Middle Eastern countries are significantly expanding their LNG export capacity. Australia and several African nations are also building up their export capacity for LNG. LNG carriers are increasingly using boil-off gas (BOG) as a fuel for propulsion systems.

Burckhardt Compression grew this business during the year under review by supplying South Korean shipyards, using dual-fuel marine diesel engines as a propulsion system with its Laby®-GI Compressors, which directly inject cryogenic boil-off gas into the diesel engines of LNG carriers. Stricter environmental regulations have stoked demand for new propulsion systems and these systems clearly had a positive impact on Burckhardt Compression's order intake in the fiscal year 2015. The first large-scale LNG carrier with this dual-fuel propulsion system was delivered in February 2016 and is now being used to export LNG from the US. The propulsion system has proven to be very reliable, economical and eco-friendly during daily operation.

With this product, Burckhardt Compression has demonstrated that growth-enhancing innovation is a decisive factor, even in industries with a somewhat conservative reputation, and has put itself in an excellent market position.

Burning natural gas reduces carbon emissions by 25% compared to oil, so dual-fuel engines are being deployed worldwide, also, for example, in trucks, buses, trains and in other ships besides LNG carriers.

Petrochemical and chemical industry

World investment volumes in petrochemical assets consolidated during the past year in the wake of a large-scale investment boom, particularly in China. Worldwide only one contract for a large LDPE (low-density polyethylene) production plant was announced last year. It featured the world's most powerful compressor ever built. Burckhardt Compression was also able to defend its strong market position in low-pressure compressor applications.

Business with the petrochemical industry displayed signs of strength in the US, where Burckhardt Compression was involved in the expansion and modernization of several plants.

Refinery

New extraction methods and ever stricter environmental regulations for gasoline and diesel are creating new challenges for refineries in different regions of the world. These new challenges pertain to both the refining capacity and flexibility to handle different grades of oil. Most of the refineries in the US still operate with technology from the 1970s, and they can generally process only one specific grade of crude oil. These refineries will have to be adjusted in order to process crude oil of different grades. In China, capacity is mainly being expanded to meet the fast growing domestic demand. Additional capacity is also being built in Southeast Asia, the Middle East and in South Asia, the aim being to capture a greater share of value creation across the entire process chain for the respective national oil companies.

Increasing demand for clean fuel is leading to increasing demand for hydrogen, which is required in the desulfurization process for crude oil. The required production assets are being built by the refineries themselves or, increasingly, are operated by industrial gas suppliers.

Burckhardt Compression was able to further expand its position in North America and Mexico during the year under review. Its new API 618 Process Gas Compressor plant in Houston, which commenced operation in the spring of 2016, strengthened Burckhardt Compression's standing in this market as a local US manufacturer.

In China, domestic reciprocating compressor manufacturers cover the refining industry, including the recently acquired Shenyang Yuanda Compressor.

During the year under review Burckhardt Compression won a major contract to supply 25 compressors of different sizes to a refinery customer in Malaysia.

Industrial gases

While large-volume air separation plants use rotating compressors to produce industrial oxygen, smaller plants use reciprocating compressors. For cost reasons, these are supplied as fully operational, skid-mounted standard packages with all the necessary peripherals.

Burckhardt Compression operated successfully in this market segment, thanks in particular to the products made in India (standard high-pressure compressors and Laby® Standard Packages). Together with our high global quality standards, we have established a good position in this market with these products.

Service and components business – further growth and start of “BC goes Service”

The past year was highlighted by the implementation of “BC goes Service.” This global service initiative supports Burckhardt Compression's strategy to become the preferred services provider for all types of reciprocating compressors. Further milestones were achieved during the past year to completely separate the service business from the new machine business. An autonomous business division with a market-oriented service culture and customized infrastructure will help us to address customer needs even faster and more efficiently.

In conformity with this strategy, the global service network was selectively expanded in the past fiscal year. A service center was opened in Xi'an, China, and the existing service facilities in Brazil (São Paulo) and Canada (Mississauga/Edmonton) were expanded and modernized. We strengthened our service business in the US through the purchase of a minority interest in Arkos Field Services, a US provider of compressor services and components to the natural gas industry (see page 32).

CAPACITY

In September 2015, Burckhardt Compression inaugurated a new manufacturing facility in Winterthur with a total floor space of about 2'500 m² (27'000 sq. ft.). All manufacturing activities are now located on the grounds of the company's main office again and additional manufacturing capacity was added at the same time. A new assembly plant also went into operation in Busan, South Korea, strengthening our local marine compressor activities. Construction of the new plant in Houston, Texas, was completed in early 2016 and the first process gas compressors for the US market have been commissioned. Production capacity in Winterthur was further modernized and expanded with the latest generation of manufacturing tools and equipment.

ACQUISITIONS

In December 2015, Burckhardt Compression acquired a 40% stake in Arkos Field Services, a highly experienced provider of compressor services and components to the natural gas industry. Acquiring a stake in the US based Arkos improves the access to the US compressor services market, which is the world's largest installed base of reciprocating compressors.

The acquisition of Arkos Field Services clearly strengthened our presence in the US services market.

In March 2016, Burckhardt Compression signed an agreement to acquire a majority interest in Shenyang Yuanda Compressor, the leading manufacturer of reciprocating compressors in China, currently the world's largest market for new machine business. This acquisition extends our local reach to additional segments of the Chinese market, widens our product range so we can address a broader range of market needs, and gives us direct access to a well-established local supply network from which our other manufacturing sites can benefit.

RESEARCH AND DEVELOPMENT

Materials development

The construction of a modern lab for the analysis of synthetic materials has taken our development activities for high-performance polymers to the next level. Burckhardt Compression now covers the entire value chain for developing and producing sealing elements in-house, beginning with the mixing of polymer compounds and the sintering and mechanical processing of those compounds to the quality management process for all of the relevant properties.

Compressor test bed for hydrogen at 200 bar

Burckhardt Compression modernized its compressor testing facility and doubled its operating pressure from 100 bar to 200 bar so it can strengthen its position as the world market leader for unlubricated hydrogen compressors. This new testing facility enables our specialists to ready our technology for the promising market of unlubricated hydrogen compressors for high-pressure applications. Examples of such applications include hydrogen-powered trains, buses and cars.

Analysis of load distribution in a high-pressure Hyper compressor cylinder

Burckhardt Compression specialists working together with a customer conducted an analysis of load distribution in the high-pressure packings of a Hyper compressor cylinder. Valuable insights on the reduction of dynamic pressure in the packings were gained that will help to further improve the performance and the lifetime of our in-house high-pressure sealing solutions.

Successful trial with Laby®-GI fuel gas compressor system

The Laby®-GI fuel gas compressor system built by Burckhardt Compression successfully completed all tests conducted during the trial voyage of the LNG carrier "Creole Spirit." The "Creole Spirit" is currently the most efficient LNG carrier in the world with the lowest unit freight cost. Distinguishing features of Burckhardt Compression's fuel-gas compressor system are its high level of flexibility during operation and ultralow energy consumption.

BRAND MANAGEMENT

Burckhardt Compression is constantly striving to optimize and strengthen the international positioning of its "Burckhardt Compression" brand. Our corporate identity and long-term brand strategy express the organization's values and principles and highlight Burckhardt Compression's position as a unique, long-term partner with a strong Swiss tradition.

We redesigned our website in the year under review. The new website features a responsive design (programmed for mobile devices) and stands out for its eye-catching visuals and user-friendliness, and several new functions such as navigation tools to help find the nearest service center were added.

Two new trademarks, Persisto® for wear-resistant sealing ring materials and Razor Blade® for a new, patented technology for high-performance hybrid oil scrapers, were registered internationally. This is yet another example of our efforts to support customers around the world in their quest to reduce the life cycle costs of the reciprocating compressors to a minimum.

SUSTAINABILITY REPORT

COMMITMENT AND LEADERSHIP

Burckhardt Compression has made a long-term commitment to the economy, society and the environment. Our aim is to create all the right conditions to preserve and continue the company's more than 170-year tradition of success. This can only be achieved if a balance is found between the different and sometimes opposing interests of the individual stakeholders.

We are committed to transparency. Only by knowing exactly where things stand can appropriate goals be set and the right measures initiated to achieve them. Regular management reviews and appropriate controlling instruments ensure that we achieve the goals we set. Burckhardt Compression's sustainability credentials are evaluated by an external specialist (GAM) on a regular basis. After the assessment conducted in 2015, our aim to exceed the average rating for a selected group of comparable Swiss companies was achieved again.

ECONOMIC SUSTAINABILITY

Objective

Our company's primary objective is to achieve our financial goals, since failure to meet these goals could have a profound impact on the future of our company. The continued existence of Burckhardt Compression over the long term is ensured only if we manage to achieve financial results that at least average those of our direct competitors.

Investors

We maintain an open and transparent dialogue with our investors and interested parties. The aim of our Investor Relations is to accurately portray our company to enable a fair valuation of Burckhardt Compression stock. Our Investor Relations are evaluated by independent firms and receive consistently very good ratings considering the size of our company.

The leading Swiss business newspaper "Finanz und Wirtschaft" gives us an A- rating (A being the highest rating) for Investor Relations and transparency.

In the annual ranking of annual reports conducted by HarbourClub and the business magazine "Bilanz," the already very high ranking of 24 for our 2013 Annual Report in the category Value Reporting (Print) improved to 20 (out of a total of 220 companies) in the 2014 ranking. Our 2014 Annual Report placed 41st in the category Design (Print).

The annual Obermatt survey measures the performance of listed companies and here Burckhardt Compression was rated 24th in the "combined performance ranking" of mid-cap companies for 2015. In this survey, operating performance (profit growth, 14th place), growth performance (sales growth, 13th place) and investment performance (share price return) are indexed and measured relative to peers.

In the 2015 survey of company boards carried out by zRating in collaboration with the "Finanz und Wirtschaft" Burckhardt Compression was ranked 14th out of a total of 165 Swiss listed companies. This survey comprised 27 criteria based on the principles of good corporate governance, statutory requirements and instruments of self-regulation.

Burckhardt Compression Holding AG shares have been in the SPI Select Dividend 20 Index since March 2015. This index comprises 20 out of the more than 200 stocks in the SPI that boast the highest dividend yields, stable dividend track records, and solid profitability. To be admitted to the index, companies must have also paid out a dividend in at least four of the past five fiscal years. Return on capital (ROC) is also measured to screen out the highest-yielding stocks with sustainable profitability levels. ABB, Nestlé, Swisscom and Roche are among the companies that have been admitted to this index. Admission to this index confirms Burckhardt Compression's attractive positioning in the capital market.

Customers

Burckhardt Compression seeks long-term customer relations. The average useful life of our compressors is 30–50 years. Following the project phase, we provide our customers with the necessary services and components they need throughout the entire life cycle of our compressors. Our longest standing customer relationship dates back to 1885, when we supplied BASF in Ludwigshafen with one of the first compressors ever built by our company.

The various business activities of Burckhardt Compression also call for a variety of tools for measuring customer satisfaction. Here a distinction is made between direct and indirect key performance indicators (KPI), which are measured and evaluated. The evaluation of customer satisfaction is discussed in customer satisfaction and operation meetings, which are integrated into the management process. Appropriate measures are then introduced and implemented based on the results of the evaluation.

Competition

Lower life cycle costs distinguish us from our competitors in our sales markets. The investment required for our products is offset against significantly lower operating expenses over the entire product life cycle.

We are committed to fair competition, in which there is no room for price fixing, cartels or other activities that distort competition. We value our corporate and business know-how, especially our technical and commercial know-how, and are constantly safeguarding it against loss or unauthorized access.

**We have developed a distinct profile
as a manufacturer of compressors with
low life cycle costs.**

Suppliers

A well-functioning supply chain ensures our continual product development and manufacturing activities. Burckhardt Compression buys its products from various global and regional suppliers. We cooperate closely with them as early as the development stage and aspire to establish long-lasting partnerships. We continuously apply the principles set out in the "BC Code" (Burckhardt Compression's Code of Conduct) in our dealings with our suppliers. We systematically test their suitability and annually assess their performance by means of visits and audits, and by measuring key performance indicators.

The topic of procurement is an integral part of Burckhardt Compression's management cycle. Those responsible for procurement report regularly on key changes. Decisions are made together with management to ensure a smooth-running supply chain. Every year, we reward the best suppliers in the various categories, to encourage them to achieve even more.

Process improvement

The quest for continuous improvement by Burckhardt Compression's executives and employees forms the foundation on which the company is based. Operational progress, which is reflected in above-average profitability, is fostered on the one hand by a structured improvement and sustainability process for employees and executives and, on the other, through systematic application of operating methods and procedures. We consider our successful, constructive approach to interfaces, where the greatest potential for improvement can usually be found, as one of our company's core capabilities.

Every year, the personal objectives of our executives and employees include implementing continuous improvement projects. These projects are implemented using methods developed by Burckhardt Compression and evaluated by its executives. We

also work with suppliers, universities, institutions and advisors worldwide to develop and improve products or processes in areas where we do not have the necessary expertise. Collaboration with external experts and specialists fosters new ideas and maximizes creative potential, also within the company.

Capital expenditures

In the past five years Burckhardt Compression has invested CHF 118.4 mn. A considerable amount of capital was invested in the construction of two new assembly plants in Busan (South Korea) and Houston (US) and in the expansion of our manufacturing site in Winterthur. Establishing manufacturing capacity in the respective regional markets facilitates further productivity and efficiency gains, for example, by enabling the gradual replacement of plant and equipment at the Winterthur and Pune sites.

Investments were also made to open new service centers and expand existing ones. Software programs were bought or updated and IT infrastructure was upgraded to further globalize our business processes.

Value-based management

We measure the value generated for our shareholders in two ways:

- Market capitalization as a percentage of equity
- Change in earnings per share

Market cap divided by shareholder equity at the end of the reporting year resulted in a quotient of 3.2 (previous year 3.8). This clearly shows that we generate substantial value for our shareholders with the capital employed. Net income per share amounted to CHF 16.34 (previous year CHF 16.93). We aim to further increase this figure.

As mentioned earlier in this report, Burckhardt Compression made two acquisitions in the period under review, acquiring a 40% interest in services provider Arkos in the US and a 60% majority interest in Shenyang Yuanda Compressor in China. Both acquisitions were largely financed with non-operational cash.

All acquisition targets must meet three specific criteria: 1) The acquired activities must be a good strategic fit for our company; 2) the price must be in accord with our expectations; 3) the corporate culture of the target company must be compatible with our own.

Risk management

As one of the world's leading manufacturers of reciprocating compressors, Burckhardt Compression is exposed to a number of risks. We have developed a comprehensive risk management plan for our company and integrated it into our existing planning and management process.

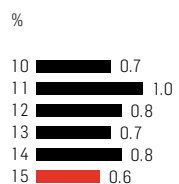
The Executive Board's assessment of risks is discussed with the Audit Committee twice a year. We distinguish between two categories of risk:

1. Internal: Risks that Burckhardt Compression can directly influence.
2. External: Risks over which Burckhardt Compression has little or no influence.

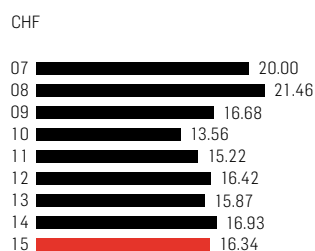
The objectives of our risk management activities are:

- to systematically detect special risks;
- to establish processes for monitoring, reducing and, in a best case, preventing risks;
- achieving a balance between risks and rewards for our business.

EFFECTIVE WARRANTY COSTS AS A PERCENTAGE OF SALES



NET INCOME PER SHARE



SOCIAL SUSTAINABILITY

Corporate culture

"We believe that a well-founded and sound corporate culture is a key factor, if not the original source, of a company's competitiveness. The reputation that precedes our company, and the trust bestowed upon us, depend to a great extent on the integrity and conduct of each and every one of us. A fair and careful balance in our dealings with others – be it with customers, suppliers, co-workers, shareholders or other business partners – is just as important as the sustainable conduct of our business." (Extract from the "BC Code")

All employees are taught the values set out in our global Code of Conduct, the "BC Code." This helps us ensure that all employees are familiar with our corporate culture and act in accordance with our beliefs and values. Our executives in particular are expected to set an example, also with regard to our corporate culture, in their daily work.

The BC Code was written in 2001 and is currently under revision. Our corporate values and rules of conduct are being updated to reflect the new organizational structure with the objective of helping all employees overcome current and future challenges in the performance of their duties.

Sustainable HR policy

Only satisfied employees are willing to go that extra mile to meet the needs of our customers. That's why we are committed to a sustainable HR policy. We actively promote the right balance of employees in regard to gender and age. Loyalty and the ability to identify with the company are confirmed by the fact that the average employee has been with the company for nine years.

We participate in the largest national survey of employees on a regular basis with the twin objective of gathering input for further improvement and verifying the results of past measures.

We have a responsibility to ensure the expertise of our employees and promote knowledge transfer. Our systematic orientation programs ensure that new employees are familiarized with their area of work and our corporate culture. Personal development is part of our annual appraisal and performance reviews and it is also financed by Burckhardt Compression. We have developed a modular Corporate Training Program with various focus areas to enhance employee skills and abilities and to ensure that we maintain our technology leadership. Training courses are organized for the entire Burckhardt Compression Group twice a year.

Burckhardt Compression conducts an annual appraisal and performance review of each employee suited to the particular level of hierarchy, comprising personal development goals and suggestions for continuous improvement. Part of this system involves reviews as to the status of individual objectives, and corresponding measures. Women make up 12.4% (12.1% in the previous year) of our global work force and we aim to raise this percentage to 15% over the coming years. Both men and women are working on the Board of Directors and the Executive Board of our company. This meets one of the recommendations from the Code of Best Practice for Corporate Governance published by *economiesuisse* but, more than that, we are convinced that mixed-gender teams perform better.

Our employees are regularly informed about the course of business and other corporate developments by their superiors, Burckhardt Compression employees in Switzerland every quarter by the CEO himself. These efforts are one reason why Burckhardt Compression has a low employee turnover ratio of 5.4% (4.4% in the previous year).

**Apprenticeship programs are important to us.
That's why we offer vocational training
to young people not only in Switzerland but
also in India.**

Promoting new talent and career development

We actively promote and support new talent at all levels and we are committed to the Swiss system of apprentice training. There are currently 67 apprentices in Switzerland and 18 in India receiving vocational training in eight different trades. We are a founding member of the initiative launched under the auspices of the Swiss Federal Office for Professional Education and Technology and the Swiss-Indian Chamber of Commerce to establish an apprenticeship system of learning in India patterned after the Swiss model and we are a corporate sponsor of the AZW Training Center in Winterthur for industrial-vocational career pathways. Apprentices with a good performance record are generally retained by Burckhardt Compression upon completion of their apprenticeship. Burckhardt Compression's annual spending on apprenticeship training programs (cash out) amounts to about CHF 1.4 mn. Vacant job positions at all levels will also be advertised internally. External as well as internal candidates must go through a proprietary screening process. The systematic evaluation and development of the company's future managers, which we have practiced internally with success for many years, enabled us to again fill various management vacancies during the past year with internal candidates. If there are no suitable candidates available in-house to suc-

ceed a departing executive or to fill a new management-level position, we are in a good position to recruit well-qualified external candidates, not least due to our company profile and image.

Occupational health & safety

Safety at work is very important to Burckhardt Compression. We believe it is important that all employees are informed of the risks involved in their work and aware of the accident prevention measures. Regular training is provided on the topic of safety at work. Work safety audits and safety inspections are carried out annually by external professionals and the findings are implemented accordingly.

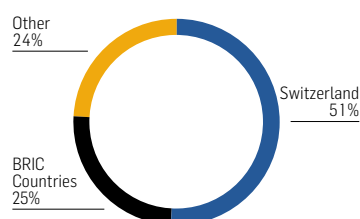
The health and general well-being of our employees are important to us. Physical and mental health are closely linked to performance. An extensive range of physical activities, preventative measures and measures on specific topics help improve employee satisfaction, health and motivation, and reduce absences. We have systematically reduced the average number of working days lost because of illness in recent years. In the year under review the average number of days off per employee was 6.4 days, which represents a significant reduction compared to the figure of 7.1 days in the previous year. Our aim is to bring this down to less than 6.0 days. Measures have been introduced to help us achieve this goal.

Social environment

We are well established in our social environment. We actively cooperate with citizens and the authorities at all locations. Our company supports employees who are committed to doing good for the community. Therefore, we support the engagement of our executives and employees in political and charitable aspirations with the aim of alleviating problems facing society. For example, our Board Chairman has presided over the Swiss Employer's Association (honorary office) for five years and the CEO is the honorary chair of the Swiss-CIS/Georgia Chamber of Commerce. To strengthen local social networks, we run programs at the locations of our biggest companies in Switzerland and India that support local social and cultural projects. In doing so, we specifically encourage our employees to become personally involved in such projects.

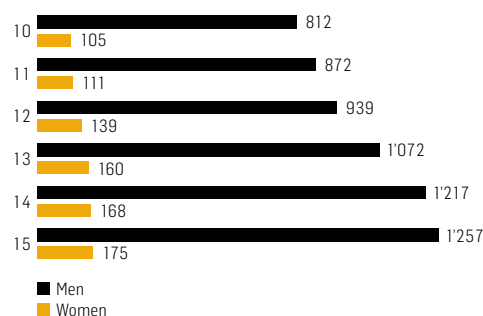
GEOGRAPHIC BREAKDOWN OF THE WORKFORCE, 2015 100% = 1'432

Employees (full-time equivalents)

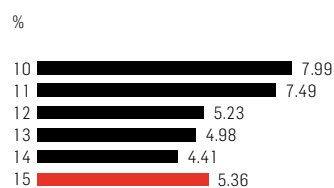


GLOBAL WORKFORCE BY GENDER

Employees (full-time equivalents)



EMPLOYEE TURNOVER RATIO



ENVIRONMENTAL SUSTAINABILITY

"We are a company that cares about the environment and that strongly supports responsible and prudent consumption of energy and our planet's finite natural resources. By exercising foresight and prudence, we help to minimize the use of energy, water and chemicals of all kinds while addressing the issue of harmful emissions." ("BC Code")

Innovation

Environmental protection starts with product design and development. Here, the focus is on sustainable and efficient development, taking into account the entire life cycle of a product. Whenever it makes sense, our customers are included early on in the development stage of new products, in order to find joint innovative solutions and verify ideas.

Lower life cycle costs distinguish Burckhardt Compression from the competition. We make a conscious effort to lengthen servicing intervals. We set great store by this when developing our compressors and we use compressor components – wherever possible, from our own product portfolio – to optimize maintenance cycles. "Compressors for a Lifetime™" is not just a saying but a philosophy we live by. Around 75% of the compressors we have manufactured since 1883 are still in use.

Products

Highly functional products enable our compressor systems to run optimally. The following newly developed products and solutions promise to offer customers greater benefits while improving our environmental footprint:

- Laby®-GI compressors: The diesel propulsion system for LNG carriers can also run on environmentally friendly natural gas. The Laby®-GI fuel gas compressors by Burckhardt Compression compress the boil-off gas from the LNG tanks, which is then injected directly into a diesel engine. The dual-fuel propulsion system for LNG carriers significantly reduces CO₂ and SO_x emissions when powered by natural gas.
- Process Gas Compressors API 618: These compressors are used specifically in industrial processes for the desulphurization of fuels.
- PROGNOST®-SILver: Systems for monitoring and diagnosing the condition of reciprocating compressors are key tools for increasing operational safety, lengthening service intervals and preventing fault events.

Procurement

We draw on the experience of our suppliers to help us continuously improve our products. Much of the value creation is performed by them. Therefore, we place the same high demands on them as we do on ourselves. They are integrated into our environmental and quality policy. Checks are made on site or when goods arrive to ensure adherence to specifications and verified by reviewing the required audit reports.

Manufacturing and logistics

In our efforts to transfer knowledge and production know-how between our various production and engineering centers, we are also transferring safe, efficient and environmentally friendly production and engineering processes. We have optimized our internal logistics processes and transportation operations through the PULL@BCAG program. We are also reducing the number of transport runs by consolidating deliveries and deploying more container delivery solutions. PULL@BCAG is not merely one of countless projects but rather an offshoot of our work philosophy. Local procurement of machine accessories brings us even closer to our customers and allows us to reduce transport runs.

We have improved our internal logistics processes and delivery operations through our PULL@BCAG initiative.

Buildings and fixtures

Thanks to the new 2'300 m² manufacturing hall that became operational in September 2015, we were able to give up some of our rented workspace despite the increased level of incoming orders. Great attention was paid to environmental protection and energy efficiency during the construction of the new manufacturing area. For example, waste heat generated in the paint shop and testing facility is recovered by ceiling panels and pumped to a storage unit. The stored heat can then be returned directly to the underfloor heating system. This has reduced the need for district heating by up to 60%. The ventilation system and drying systems in the paint shop also have their own integrated heat recovery system. Thanks to these heat exchangers, 77% of the heat required is returned to the cabins. The new manufacturing area is also equipped with the state-of-the-art LED technology. Daylight sensors dim the lights automatically or switch them off altogether. The LED light bulbs use 60% less energy than conventional vapor lamps. Their greater lifespan of 50'000 hours also means that the expensive process of changing the bulbs has also been minimized. Energy for heating the offices and production facilities in Winterthur comes from the

heat generated by a nearby waste incineration plant. Highly energy-efficient external doors, and where necessary additional air locks, have been installed almost everywhere at the manufacturing facilities in Winterthur. Over recent years we have renewed our machine tools on an ongoing basis. The new machines are much more powerful but consume much less energy.

During the year under review we fitted solar panels covering a total area of 4'500 m² at our plant in Pune, India. These will generate around 300'000 KWh per year. Our Pune plant will be launching various other "GreenCo" environmental initiatives over the next three years. GreenCo is a rating system established by the Confederation of Indian Industry (CII), which takes a holistic approach to measuring the results of companies' environmental initiatives.

We received good ratings from external agencies (GAM) during the year under review for areas including investment & infrastructure and procurement & waste disposal.

In November 2015, we also received an award from the Carbon Disclosure Project (CDP) for making the greatest improvement of any company in Switzerland. CDP takes all the information about a company's electricity and water consumption, waste volumes and mobility, and converts this data into the equivalent quantity of carbon dioxide. One Austrian and two German companies won awards alongside Burckhardt Compression.

Recycling and disposal

We ensure that as much of our waste as possible can be sent for recycling. Internal collection points help our employees sort and dispose of waste correctly so that most of it can be recycled. The rest is sent to a nearby waste incineration plant which generates district heating for water and space heating. Specialist companies are used to ensure that certain materials (e.g. metals) are recycled in the proper, most environmentally friendly way.

The waste disposal concept introduced last year in collaboration with an external specialist was continued and expanded. Among other things it facilitates even more rigorous separation of waste. The higher order intake, multiple shifts and the leasing of additional space led to an increase in water consumption and waste during the year under review.

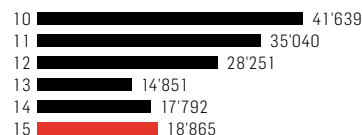
ELECTRICITY CONSUMPTION

MWh



WATER CONSUMPTION

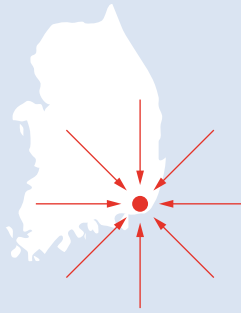
m³



WASTE

t





South Korea
Burckhardt Compression, Busan
25 Employees

OUR GLOBAL UNDERSTANDING OF QUALITY

Our quality standards are crucial for our success. Therefore they must be adhered to worldwide, at every company site. Which includes our new assembly plant in South Korea focused on Asia's growing marine compressor market.





The first compressor of our assembly plant in Busan is prepared for loading. It will be used onboard a ship.



QUALITY TRANSCENDS BORDERS

The construction of our new assembly plant in Busan, South Korea, provided an opportunity to design the entire site in accordance with the principles of lean management right from the beginning.

We were able to integrate the positive results achieved through the PULL@BCAG program in Winterthur in the preconstruction planning phase. Production lines are based on the one-piece flow principle and are absolutely lean.

This is but one of many aspects that ensure that our assembly plant in Busan meets the same quality standards as in Winterthur. Employee training is equally important. South Korea has a long machinery manufacturing tradition, particularly in building ship engines. The employees there are therefore well qualified and have considerable technical know-how.

Before the assembly plant was completed, a group of these South Korean employees attended an intensive two-month training program in Winterthur. They first received introductory training at our in-house training center and then worked with employees on the assembly plant floor, where they were also familiarized with all the details of our reporting and operating processes. Direct integration of continuous quality control at the very start of the production process was an important aspect of this training. This method guarantees continual quality control in addition to individual inspections of quality at the end of key stages of the compressor manufacturing process. It helps to anchor the aspect of quality as an integral part of the production process.

DID YOU KNOW ...

2'000²

square meters of **FLOOR SPACE** dedicated to assembling Laby®-GI compressor systems for Asian shipbuilders. The first testing system for bringing Laby®-GI compressors up to operating temperature globally.



In November 2015:
the new factory in Busan
WENT INTO OPERATION after
a one-year construction period.



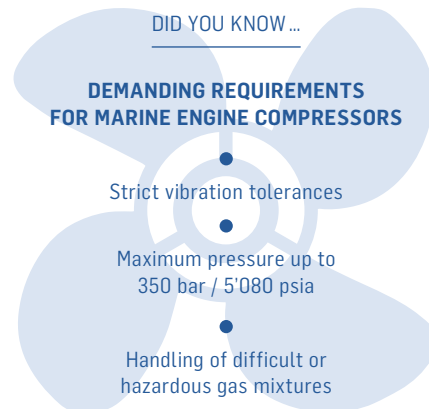
Your local contact

www.burckhardtdcompression.com/locations



The team in South Korea is now operating independently and efficiently. Every employee is responsible for the quality of their work. Thanks to the targeted promotion of quality awareness and ongoing training, the quality standards at Busan are identical with those in Winterthur. The employees in Busan can, of course, still count on the full support of their colleagues at the Winterthur headquarters in the event of any problems or uncertainties.

Our philosophy of continuous improvement is also practiced at the Busan site. Its operating procedures and production processes are reviewed and optimized on a continual basis, just like at every other Group site worldwide. Employee suggestions for improvement are also welcome as an integral part of the quality management process.



1

- 1 Teamwork and individual responsibility play an important part in successful cooperation.
- 2 Ultimately, it is the employees who are responsible for quality. Measuring equipment can only provide support.
- 3 Quality consciousness is a top priority in South Korea, just as it is at any other branch of Burckhardt Compression.
- 4 Our bright assembly shop in Busan boasts state-of-the-art infrastructure.



2



3



4



“I was impressed by the know-how”

Interview with Youngsoo Ye,
Technical Department Manager
Burckhardt Compression Busan

You have been working for a Swiss-based company for more than one year now. What cultural differences do you see between Swiss and South Koreans?

A big difference is that we have more freedom in our daily work here at Burckhardt Compression in Busan than employees of other South Korean companies do, but more freedom also means more responsibility. Each of us is judged by the quality of his and her daily work and that equates with more responsibility. I have always worked in the ship engine industry but I have never experienced this kind of a working atmosphere nor have I ever been given so much responsibility. I am not being constantly controlled by my supervisor either. I appreciate that very much. Having this responsibility motivates me to do my best and therefore I set high standards for the quality of the work that I do.

You were a team member right from the beginning of the buildup, even before the factory in Busan was finished. What were your experiences during the construction phase?

When I started working for Burckhardt Compression on March 1, 2015, the factory was not yet completed so I was able to contribute some input during the final phase of construction. We had many meetings with our colleagues from Winterthur and shared our know-how and experience. It was impressive to see how much has to be done to have a fully functional factory up and running. We collaborated very well and I was impressed to see how committed everybody was. This was an extremely good experience for me.

Are you proud of being one of the first employees at the assembly plant in Busan?

I am very proud of this. We started with a small team of ten people and nine are still with Burckhardt Compression. This ensures that the know-how stays within the company and stable processes can be implemented. Some of us received more than two months of training in Winterthur before we started working in Busan.

Youngsoo Ye likes to play golf during his time off. Good tactics, the right choice of club and precision shots are his key to success. Motivation and personal responsibility are essential, just as they are in his everyday work.

You received training in Switzerland when you worked for Burckhardt Compression. What were your impressions from this training?

I was impressed by the know-how. I knew that Switzerland is famous for a high level of technical excellence, one need only think of Swiss watches. I was trained to use the Laser Tracker, for example, an incredibly precise measuring instrument that we are now also using in Busan. This measuring instrument has a standard tolerance of less than 15 µm and also happens to be made in Switzerland.



The Tracker's laser beam detects the reflector on the workpiece to be measured itself. This allows measurements to be taken quickly and with extremely high precision.





**THE FIRST COMPRESSOR
BUILT IN BUSAN,
A LP250, WILL BE USED
IN A LNG CARRIER.**



Worldwide
Burckhardt Compression
1'432 Employees

DELIVERING QUALITY TO OUR CUSTOMERS

Being close to our customers means
we can guarantee ultrarapid response times and
top-quality service.





“I believe teamwork is essential”

Interview with Benjamin Grice,
Technical Support Engineer

What is the number one challenge in the service business?

A quick response time is critical because downtime or, if worse comes to worst, a complete shutdown of production can have serious repercussions for our customers. So it's very important for us to be close to where our customers are and to offer them solutions tailored to their needs.

What can you say about Burckhardt Compression's relationships with its service customers?

Knowledge sharing is important for understanding each customer's process-specific needs. We have built strong and deep partnerships with many of our customers, especially those who've been operating our compressors for 30 years or more. This leads to a win-win situation. Often these long-standing relationships have fostered good friendships as well.

How do you prevent mistakes from being repeated?

We have two main processes that ensure the reliability and quality of our products. One is the 8D process, the other the knowledge-sharing meetings. Knowledge-sharing meetings help us to feed field experience and practical know-how into our continuous improvement process. The 8D process, which is also used in the automobile industry, is initiated through a root cause analysis or in response to a particular customer specification. It is a cross-functional process used to formulate defect elimination measures and process modifications that are then presented to customers.

So working on teams and with different departments is very important to you?

I believe teamwork is essential for meeting today's customer demands. Without smooth and efficient collaboration between our different operating units, our service response times would not be as fast as they are nor would the quality of our solutions be as good as it is. I was recently talking with a customer in Sweden about Burckhardt Compression's reputation and was pleased to hear that we are one of their top three service providers. He especially praised the close collaboration we have and our customer commitment!

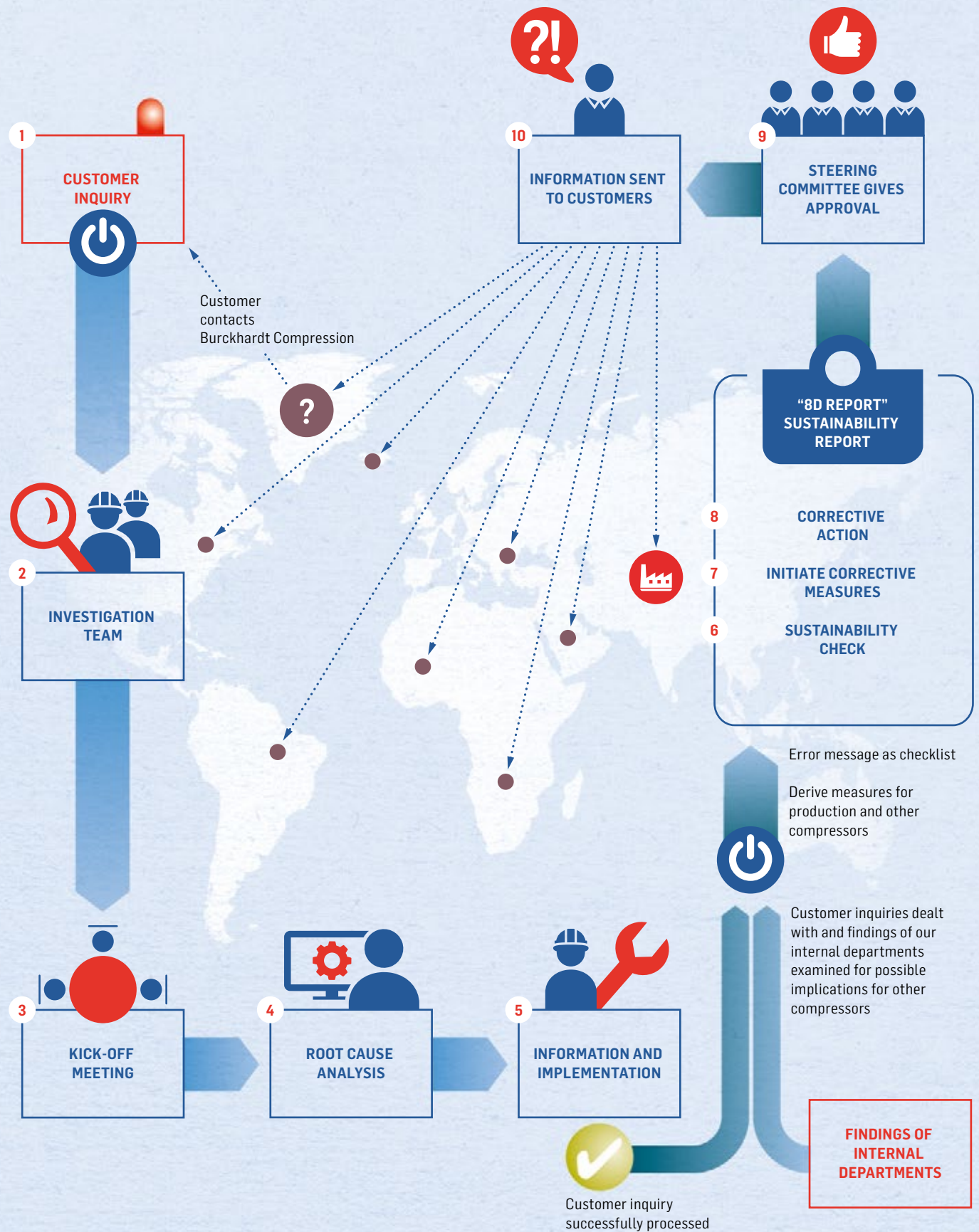
Benjamin Grice likes to go freeriding in the mountains and surfing during his time off and his professional attitude to work carries over to these hobbies. Good preparation, flexibility and a reliable back-up plan are vital.



Your next service center

www.burckhardtcompression.com/service-center

CONTINUOUS IMPROVEMENT PROCESS



- 1** Customer inquiry assigned to appropriate evaluation team
- 3** Kick-off meeting held to discuss how to successfully process inquiry. Conclusions set out in analysis of causes (**4**)
- 6-8** Countermeasures or process changes defined in 8D report
- 10** Customers and Burckhardt Compression subsidiaries informed of changes and provided with appropriate training

CORPORATE GOVERNANCE

Burckhardt Compression is committed to responsible corporate governance. The company adheres to the Directive on Information Relating to Corporate Governance (DCG) issued by SIX Swiss Exchange, where applicable to Burckhardt Compression, and the "Swiss Code of Best Practice for Corporate Governance" issued by *economiesuisse*.

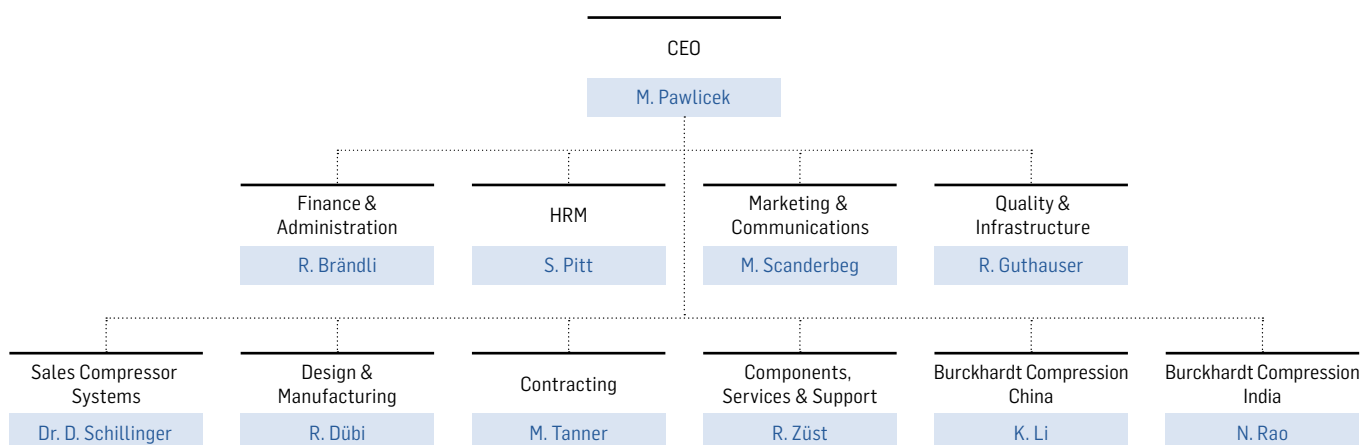
This report is structured in accordance with the DCG's outline and numbering. Unless otherwise noted, the information presented reflects the situation on March 31, 2016.

1. GROUP STRUCTURE AND SHAREHOLDERS

1.1. Group structure

1.1.1. Management structure

The management structure of the Burckhardt Compression Group is given in the organizational chart below:



1.1.2. Listed Group companies

Burckhardt Compression Holding AG, a corporation organized under the laws of Switzerland with legal domicile in Winterthur, is the only listed Group company. Burckhardt Compression registered shares (BCHN) are listed on the SIX Swiss Exchange in Zurich (ISIN: CH0025536027; security number 002553602). Its market capitalization as per March 31, 2016 amounted to CHF 1'121'150'000.

1.1.3. Unlisted Group companies

Information on the unlisted companies included in the scope of consolidation of Burckhardt Compression Holding AG is given in the financial report on page 116, in Note 31 "Subsidiaries."

With the exception of Burckhardt Compression Holding AG, none of the companies included in the scope of consolidation hold any BCHN shares.

Name	Country	% of shares
MBO shareholder pool	CH	12.4
NN Groep N.V.	NL	6.9
TIAA-CREF Investment Management	US	5.4
Mondrian Investment Partners	UK	5.0
J O Hambro Capital Management Limited	UK	3.7
Oppenheimer Funds	US	3.5
Ameriprise Financial Inc.	US	3.1
UBS Fund Management (Switzerland) AG	CH	3.0

More detailed information on the disclosure notifications is available on the website of the SIX Swiss Exchange's Disclosure Office (<https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html>).

1.2. Significant shareholders

According to information available to the company from the disclosure notifications of the SIX Swiss Exchange AG, the shareholders listed in the following table reported shareholdings of at least 3% of the voting rights as per March 31, 2016. In accordance with the company's Bylaws, the voting rights of NN Groep N.V., TIAA-CREF Investment Management and Mondrian Investment Partners are limited in each case to 5% of the total number of BCHN registered shares recorded in the commercial register:

1.3. Cross-shareholdings

Burckhardt Compression Holding AG has no cross-shareholdings with any other company or group of companies.

2. CAPITAL STRUCTURE

2.1. Capital

The issued share capital of Burckhardt Compression Holding AG amounts to CHF 8'500'000, comprising 3'400'000 fully paid registered shares with a nominal value of CHF 2.50 each.

2.2. Details on authorized and conditional capital

The Board of Directors is empowered to increase the Company's share capital by a maximum of CHF 1'275'000 at any time until July 1, 2017 by issuing a maximum of 510'000 fully paid registered shares with a nominal value of CHF 2.50 each (authorized share capital). The date and amount of the issuance, the time of dividend entitlement and, if applicable, the type of contribution shall be determined by the Board of Directors. Partial increases in capital are permitted. The transferability of the shares shall be subject to the registration restrictions set forth in the Bylaws, if any. The Board of Directors is authorized to exclude shareholders' subscription rights, in part or whole, in favor of third parties if the new shares are used to i) acquire companies through an exchange of shares or ii) to finance the purchase of companies in whole or part. The Board of Directors is also authorized to exclude subscription rights of shareholders if the newly created shares are issued by means of a public offering. Shares for which subscription rights have been granted but not exercised will be allotted by the Board of Directors at its own discretion. Apart from the above, Burckhardt Compression Holding AG has no other authorized and/or conditional share capital.

2.3. Changes in capital

There has been no movement in share capital since the IPO in June 2006.

2.4. Shares and participation certificates

Voting rights may only be exercised after the shareholder has been registered in the Share Register. All shares are entitled to full dividend rights. Voting rights per shareholder are restricted to 5% of the total number of the registered shares recorded in the commercial register. This does not apply to shareholders who were in possession of more than 5% of the shares of Burckhardt Compression Holding AG before the Initial Public Offering (IPO). The voting rights of treasury shares – held by Burckhardt Compression Holding AG – will be suspended. The company has not issued any participation certificates.

2.5. Dividend-right certificates

The company has not issued any dividend-right certificates.

2.6. Limitations on transferability and nominee registrations

No person will be registered in the Share Register as shareholder with voting rights with respect to more than 5% of the issued share capital. This entry restriction is also applicable to persons whose shares are held, in whole or part, by Nominees. This restriction is also valid if shares are acquired through the exercise of subscription, option or conversion rights, with the exception of shares acquired through inheritance, division of an estate or marital property law.

Legal entities and partnerships associated with each other by uniformly managed capital or votes or in any other way, as well as private and legal entities or partnerships which form an association to evade registration restrictions are regarded as one person.

Individual persons who have not expressly declared in their registration application that they hold the shares for their own account (Nominees) will be entered in the Share Register with voting rights if the Nominee concerned provides proof that he is subject to supervision by an accredited bank and financial market regulator and if he has concluded an agreement with the Board of Directors concerning his status. Nominees holding up to two percent of the issued shares will be entered in the Share Register with voting rights without having signed an agreement with the Board of Directors. Nominees holding more than two percent of the issued shares will be entered in the Share Register with two percent voting rights and, for the remaining shares, without voting rights. Above this two percent cap, the Board of Directors may have Nominees entered in the Share Register with voting rights if they disclose the names, the addresses, the nationalities and the shareholdings of the persons for whom they hold more than two percent of the issued share capital.

2.7. Convertible bonds and options

The company does not have any outstanding convertible bonds and has not issued any option rights.



From left: Urs Leinhäuser, Dr. Monika Krüsi, Valentin Vogt, Hans Hess, Dr. Stephan Bross

3. BOARD OF DIRECTORS

3.1. Members and

3.2. Other activities and commitments

The Bylaws stipulate that the Board of Directors consists of a minimum of three and a maximum of seven members. At present, the composition of the Board of Directors is as follows:

Name	Nationality	Function	First elected	Term expires
Valentin Vogt	CH	Chairman, non-executive, Chairman SC	2002	2016
Hans Hess	CH	Deputy Chairman, non-executive, Chairman NCC	2006	2016
Dr. Monika Krüsi	CH/IT	Member, non-executive, member SC, member AC	2012	2016
Urs Leinhäuser	CH	Member, non-executive, Chairman AC	2007	2016
Dr. Stephan Bross	DE	Member, non-executive, member NCC	2014	2016

AC = Audit Committee

NCC = Nomination and Compensation Committee

SC = Strategy Committee

Valentin Vogt was CEO of Burckhardt Compression Group from the year 2000 until March 31, 2011. No other Board member has served as a member of the Executive Board of a Burckhardt Compression Group company. None of the directors have material business relationships with a Burckhardt Compression Group company.

Biographical details and information on other activities and commitments of the individual members of the Board of Directors are given below:

VALENTIN VOGT (1960)**Education**

Lic. oec. HSG St. Gallen, Switzerland

Professional background

Since 2011 self-employed, Switzerland

2000–2011 CEO, Burckhardt

Compression Group, Switzerland

1992–2000 General Manager,

Sulzer Metco AG, Switzerland

1989–1992 CFO, Sulzer Metco AG,

Switzerland

1986–1989 CFO, Alloy Metals, USA

1985–1986 Controller, Sulzer AG,

Switzerland

**Duties and responsibilities as a
director of Burckhardt Compression
Holding AG**

- Chairman of the Board of Directors
- Chairman of the Strategy Committee

Other activities and commitments

- Board member, Bucher Industries AG, Switzerland
- Board member, Kistler Holding AG, Switzerland
- Board member, Ernst Göhner Stiftung Beteiligungen AG, Switzerland
- Chairman of the Swiss Employers' Association, Switzerland
- Member of the Economic Advisory Board, Swiss National Bank, Switzerland

HANS HESS (1955)**Education**

Master's degree in Materials Science & Engineering, ETH Zurich, Switzerland, MBA University of Southern California, USA

Professional background

Since 2006 self-employed,

Hanesco AG, Switzerland

1996–2005 Delegate of the Board of

Directors and CEO, Leica

Geosystems AG, Switzerland

1993–1996 President, Leica Optronics

Group, Switzerland

1989–1993 Vice President, Leica

Microscopy Group, Switzerland

1983–1988 Head of Polyurethane

Division, Huber & Suhner AG,

Switzerland

1981–1983 Development Engineer,

Sulzer AG, Switzerland

**Duties and responsibilities as a
director of Burckhardt Compression
Holding AG**

- Deputy Chairman of the Board of Directors
- Chairman of the Nomination and Compensation Committee

Other activities and commitments

- Chairman of the Board, COMET Holding AG, Switzerland
- Chairman of the Board, Reichle & DeMassari AG, Switzerland
- Board member, dorma+kaba Holding AG, Switzerland
- Chairman Swissmem, Switzerland
- Vice President, economiesuisse, Switzerland
- Trustee, Vontobel Foundation, Switzerland
- Trustee, Swisscontact, Switzerland
- Trustee, Technorama, Switzerland

DR. MONIKA KRÜSI (1962)**Education**

Ph.D. in Business Informatics, MBA,
University of Zurich, Switzerland

Professional background

Since 2003 Partner, MKP
Consulting AG, Switzerland

2001–2003 Partner, Venture
Incubator Partners AG, Switzerland

1991–2001 Associated Partner,
McKinsey & Co., Inc., Switzerland

1986–1990 Credit Suisse, Switzerland

**Duties and responsibilities as a
director of Burckhardt Compression
Holding AG**

- Member of the Board of Directors
- Member of the Strategy Committee
- Member of the Audit Committee

Other activities and commitments

- Board member, ACP, Switzerland
- Board member, Emch AG, Switzerland
- Board member, CP Pumpen AG,
Switzerland
- Board member, Technopark Luzern,
Switzerland
- Board member, 360°, Switzerland

URS LEINHÄUSER (1959)**Education**

Degree in Business Administration,
University of Applied Sciences, Zurich,
Switzerland

IMD Lausanne (SSE)

Professional background

Since 2014 self-employed, Switzerland

2011–2014 CFO and Deputy CEO,

Member of Group Executive Board,
Autoneum Holding AG, Switzerland

2003–2011 CFO and Head Corporate
Center, Member of Group Executive
Committee, Rieter Holding AG,
Switzerland

1999–2003 CFO, Member of Group
Executive Committee, Mövenpick
Holding, Switzerland

1997–1999 Head of Finance and
Controlling, Piping Systems Division,
Georg Fischer AG, Switzerland

1995–1997 Head of Corporate
Controlling, Georg Fischer AG,
Switzerland

1988–1994 Group Controller,
Cerberus AG, Switzerland

1992 Managing Director, Cerberus,
Denmark

1986–1988 Tax Consultant, Deputy
Head, Tax Consultancy Department,
Refidar Moore Stephens, Switzerland

1983–1986 Tax Inspector, Cantonal Tax
Department SH, Switzerland

**Duties and responsibilities as a
director of Burckhardt Compression
Holding AG**

- Member of the Board of Directors
- Chairman of the Audit Committee

Other activities and commitments

- Board member, Ammann Group Hold-
ing AG, Switzerland
- Board member, Liechtensteinische
Landesbank AG, Liechtenstein
- Board member, Ascom Holding AG,
Switzerland
- Board member, VAT Group AG,
Switzerland
- Member of the Board of Trustees of
the IFF Institute of the University of
St Gallen, Switzerland

DR. STEPHAN BROSS (1962)**Education**

Engineering degree, University of
Braunschweig, Germany

Professional background

Since 2014 Senior Vice President,
Pumps, KSB AG, Germany

2007–2013 Senior Vice President,
Service, KSB AG, Germany

2002–2007 Head Product Management
and Development Engineered Pumps,
KSB AG, Germany

1997–2001 Head Development and
Services Fluid Flow Technical Systems,
KSB AG, Germany

1996–1997 Head of Fluid Mechanics
Research, KSB AG, Germany

1993–1996 R&D Engineer, KSB AG,
Germany

**Duties and responsibilities as a
director of Burckhardt Compression
Holding AG**

- Member of the Board of Directors
- Member of the Nomination and
Compensation Committee

3.3. Rules in the Bylaws concerning the number of permitted activities

Members of the Board of Directors may not hold more than ten (10) additional board memberships, whereof not more than four (4) in listed companies.

3.4. Election and term of office

Each member of the Board of Directors, the Board Chairman, and each member of the Nomination and Compensation Committee are elected annually by the Annual General Meeting. The members of the Board of Directors shall be automatically retired from the Board of Directors in the year in which they reach the age of 70.

3.5. Internal organization

The Board of Directors has the final responsibility for the business strategy and the management of the Burckhardt Compression Group. It has final authority and defines the guidelines regarding strategy, organization, financial planning and accounting for the Burckhardt Compression Group. The Board of Directors has delegated executive management responsibility to the CEO of Burckhardt Compression Group. The Board of Directors appoints a secretary for the Board and for the Company. The secretary does not need to be a member of the Board. The CFO of the company acted as secretary until February 29, 2016; the company's Legal Counsel has performed this role since then.

The Board of Directors meets as often as business requires, but at least four times per year. In fiscal year 2015 the Board of Directors held six meetings, with each meeting lasting from half a day to one day. Furthermore the Board of Directors held four telephone conferences during fiscal year 2015, each one lasting one to two hours. The Board of Directors has a quorum when the majority of the members are present. Decisions are passed by a simple majority. In the event of a tie, the Chairman has the casting vote.

The VPs of Sales Compressor Systems, Components, Services & Support, Design & Manufacturing, Contracting, Human Resources Management (HRM), the CFO and the Legal Counsel, who acts as secretary, are regularly invited to Board meetings to report on the activities in their fields. The Board of Directors has set up the following committees:

Audit Committee The Audit Committee advises and supports the Board in all matters related to external and internal audits, risk management, accounting policies and practices and compliance with accounting standards issued. In fiscal year 2015, the Audit Committee held two half-day meetings. The CEO, the CFO and two representatives of the auditors participated in those meetings. Members are Urs Leinhäuser (Chairman) and Dr. Monika Krüsi.

Nomination and Compensation Committee This committee advises and assists the Board of Directors on appointments and dismissals to and from the Executive Board and draws up proposals for the appointment, assessment or dismissal of members of the Board of Directors. Furthermore the Nomination and Compensation Committee advises and assists the Board of Directors on questions relating to the compensation of the Board members and the Executive Board. The Nomination and Compensation Committee held three meetings in fiscal year 2015. The meetings lasted half a day each. The CEO and the Head of Human Resources Management participated in those meetings as well. Members are Hans Hess (Chairman) and Dr. Stephan Bross – both were elected at the AGM for the period from July 4, 2015 to July 1, 2016.

Strategy Committee The Strategy Committee supports the CEO in developing corporate strategy and advises the Board of Directors in strategic matters such as acquisitions and divestments. It evaluates the implementation of company strategy on a regular basis and submits proposals to the Board of Directors if adjustments or other measures are deemed necessary. There were no formal meetings of the Strategy Committee during the fiscal year 2015, given that the strategic focus in the year under review was centered on the acquisition of Arkos Field Services and Shenyang Yuanda Compressor. Both members of the Strategy Committee actively supported the acquisition team and participated in internal meetings, telephone conferences and in the negotiations. Members are Valentin Vogt (Chairman) and Dr. Monika Krüsi.

3.6. Definition of areas of responsibility

The Board of Directors has delegated the executive management of the company and the Group to the CEO of Burckhardt Compression Group, with the exception of the following matters:

- Definition of the business policies and strategy of the Group
- Definition of the top-level organizational structure of the Group
- Approval of the periodic forecasts, the annual report and of reporting and accounting policies
- Ensuring adequate internal control systems based on recommendations of the Audit Committee
- Determination of the appropriate capital structure
- Appointment and dismissal of members to and from the Executive Board, as well as compensation of the Executive Board
- Decisions on new subsidiaries, major capital expenditure projects, acquisitions, financing transactions, insurance concepts and the provision of guarantees if such decisions exceed the powers conferred on the CEO.

The powers of the Executive Board and of the Group company executives are listed in detail in the delegation of authority.

3.7. Information and control instruments relating to the Executive Board

Order intake, liquidity and liquidity planning are reported and consolidated on a monthly basis. The income statement, balance sheet, cash flow, headcount, personnel costs and capital expenditure are consolidated and annotated nine times annually. A rolling forecast for the coming twelve months is prepared and annotated four times a year (April, July, October and January). These rolling forecasts are part of a management model based on the principles of the so-called "beyond budgeting" model. Instead of an annual budget with fixed targets, this model sets relative targets. The financial report and the forecasts are distributed to the members of the Executive Board and the Managing Directors of the Burckhardt Compression subsidiaries as well as to all members of the Board of Directors. At every Board meeting, the CEO, the CFO and other Executive Board members report on the course of business and on all issues of relevance to the Group. The statutory auditor assesses the effectiveness of the internal control system (ICS) in a written report submitted to the Audit Committee and the Board of Directors once a year.

The Internal Group Audit unit reports to the Chairman of the Board of Directors' Audit Committee. Technical management responsibility has been delegated to the CFO, who is also responsible for coordination and practical performance of the audits. The CFO is responsible for coordination between the Audit Committee and the technical manager of the Internal Group Audit. The internal audit team consists of qualified staff

from the finance and controlling departments of Burckhardt Compression AG and several financial specialists from the subsidiaries. These employees perform the internal audit duties assigned to them in addition to their regular duties in the area of finance and controlling and in this additional capacity they report directly to the Head of Internal Group Audit, who in turn reports to the Chairman of the Board of Directors' Audit Committee. This efficient organization is tailored to the needs and size of Burckhardt Compression Group and fosters an active exchange of information and best practices with the objective of creating sustained value added for Burckhardt Compression Group by means of continual process improvement. The internal auditors undergo regular training for the performance of their tasks. The training received is coordinated by the Head of Internal Group Audit. The schedule for internal audits is determined by the Audit Committee of the Board of Directors on an annual basis and may be changed or expanded by the Audit Committee as and when required. Four internal audits were carried out in fiscal year 2015. The internal auditors' reports were distributed to the members of the Audit Committee of the Board of Directors, the management of the audited company, the Executive Board member responsible for the Group company and to the external company auditors.

The management of risks is integrated into the existing planning and management processes. The CEO reports on the assessment of the operational and financial risks to the Audit Committee and the Board of Directors twice a year. The Board of Directors assesses strategic risks on a regular basis.

4. EXECUTIVE BOARD

4.1. Members of the Executive Board and

4.2. Other activities and commitments

Name	Nationality	Function
Marcel Pawlicek	CH	CEO
Rolf Brändli	CH	CFO
Rainer Dübi	CH	VP Design & Manufacturing
René Guthauser	CH	VP Quality & Infrastructure
Keven Li	CN	MD Burckhardt Compression (Shanghai) Co., Ltd.
Sandra Pitt	DE	VP Human Resources Management
Narasimha Rao	IN	MD Burckhardt Compression (India) Pvt. Ltd.
Marco Scanderbeg	CH	VP Marketing & Communications
Dr. Daniel Schillinger	CH	VP Sales Compressor Systems
Matthias Tanner	CH	VP Contracting
Robert Züst	CH	VP Components, Services & Support

Biographical details and information on other activities and commitments of the members of the Executive Board are given below:



MARCEL PAWLICEK (1963)

Education

Degree in Mechanical Engineering, HTL Winterthur, Switzerland, MBA Marketing and International Business, Fordham University, New York, USA

Professional background

Since 2011 CEO, Burckhardt Compression Group, Switzerland
2008–2011 Head of Design & Manufacturing, Burckhardt Compression AG, Switzerland
2001–2008 Head of CSS, Burckhardt Compression AG, Switzerland
1999–2001 Head Sales and Contracting HPI, Sulzer-Burckhardt AG, Switzerland
1989–1999 Project Manager and Marketing & Sales Manager for Burckhardt compressors, Sulzer Inc., USA
1986–1989 Design Engineer, Sulzer-Burckhardt AG, Switzerland

Other activities and commitments

- President of the Swiss-CIS/Georgia Chamber of Commerce
- Vice President of AZW Winterthur, Switzerland



ROLF BRÄNDLI (1968)

Education

Degree in Business Administration, HWV Zurich, Switzerland

Professional background

Since 2008 CFO, Burckhardt Compression Group, Switzerland
2001–2008 Head of Finance & Administration, Sulzer Brasil S.A., São Paulo, Brazil; Regional Controller Sulzer Pumps South America & South Africa
1997–2001 Regional Controller Asia/Pacific, Sulzer International Ltd.; General Manager, Sulzer Hong Kong Ltd., Hong Kong, SAR China
1994–1997 Management Consultant, OBT Treuhand AG Zurich, Switzerland



RAINER DÜBI (1969)

Education

Degree in Mechanical Engineering, HTL Winterthur, MASBA, School of Management, Switzerland

Professional background

Since 2012 Head of Design & Manufacturing, Burckhardt Compression AG, Switzerland
2010–2012 Senior Sales Manager, Burckhardt Compression AG, Switzerland
2007–2010 Manager Sizing, Burckhardt Compression AG, Switzerland
2003–2007 Sizing Project Engineer, Burckhardt Compression AG, Switzerland
2001–2003 Commissioning Lead Engineer, Alstom, Switzerland
1999–2001 Commissioning Engineer, ABB, Switzerland



RENÉ GUTHÄUSER (1965)

Education

Engineer TS, Switzerland, Quality System Manager SAQ, Switzerland

Professional background

Since 2005 Head of Quality & Infrastructure, Burckhardt

Compression AG, Switzerland

2002–2005 Team Leader Contracting, Burckhardt Compression AG, Switzerland

1998–2002 Sales Engineer, Sulzer-Burckhardt AG, Switzerland

1989–1998 Project and Construction Engineer, Sulzer-Burckhardt AG, Switzerland and Sulzer Inc., USA

Other activities and commitments

– Vice President Chamber of Commerce and Employer's Federation Winterthur HAW, Switzerland



KEVEN LI (1970)

Education

Degree in Machinery Engineering, Shanghai Engineering Technology University, China, EMBA, Olin Business School, Washington University, USA

Professional background

Since 2007 Managing Director Burckhardt Compression (Shanghai) Co. Ltd., China

2003–2007 Business Manager Industrial Products, General Manager BOC Huangyang CO2 JV BOC (China) Holding Company, China

2002–2003 Marketing and Sales Manager, Praxair (China) Investment Co. Ltd., China

2001–2002 General Manager, TAIHASE (China) Co. Ltd., China

1997–2001 Marketing Manager, Exxon-Mobil (China) Investment Co. Ltd., China

1995–1997 Sales Manager Machinery Dept., DAEWOO Corp., China



SANDRA PITT (1971)

Education

Degree in Business Administration/ Business Informatics, Germany, MBA International Finance/International HR, American University Washington, USA

Professional background

Since June 2015 Head of Human Resources Management, Burckhardt Compression AG, Switzerland

2013–2015 Head Corporate HR, AFG Management AG, Switzerland

2012–2013 Head Personal Central Europe, Holcim (Schweiz) AG, Switzerland

2010–2012 Head Personal, Holcim (Schweiz) AG, Switzerland

2007–2009 Head Personal BASF Group Switzerland, BASF Schweiz AG, Switzerland

2006–2007 HR Director Europe, BASF AG, Division Europe, Germany

2003–2006 Internal Consultant Performance Management, BASF AG, Division Personal Global, Germany

2002–2003 HR Coordinator Europe, BASF AG, Division Personal Global, Germany



NARASIMHA RAO (1962)

Education

Degree in Mechanical Engineering, Jawaharlal Nehru Technological University, Hyderabad, India, Master's degree in Industrial Engineering, NITIE, Mumbai, India

Professional background

Since 2005 Managing Director, Burckhardt Compression (India) Pvt. Ltd., India
1999–2004 General Manager Manufacturing and Vice President Compressor Division, Sulzer India Ltd., India
1995–1998 Assistant Director, Venture Capital, Pathfinder Investment Co. Ltd., India
1993–1995 Materials Manager, Marico Industries Ltd., India
1986–1993 Planning, Manufacturing and QA Manager, Sulzer India Ltd., India
1985–1986 Management Trainee, Ceat Tyres of India Ltd., India

Other activities and commitments

– Member of the Board of Directors, Swiss-Indian Chamber of Commerce, Zurich



MARCO SCANDERBEG (1966)

Education

Degree in Mechanical Engineering, HTL Winterthur, Switzerland
 Federal Diploma for Marketing Directors, Switzerland

Professional background

Since 2006 Head of Marketing & Communications, Burckhardt Compression AG, Switzerland
2003–2006 Marketing Manager, Burckhardt Compression AG, Switzerland
2002–2003 Business Development Manager, Bühler AG, Switzerland
2000–2002 Market Segment Manager, Bühler AG, Switzerland
1999–2000 Executive Director Sales, Telsonic AG, Switzerland
1992–1999 Project and Sales Engineer, Sulzer Chemtech AG, Switzerland



DR. DANIEL SCHILLINGER (1959)

Education

Degree in Electrical Engineering Ph.D., Federal Institute of Technology, Zurich, Switzerland

Professional background

Since 2012 Head of Sales Compressor Systems, Burckhardt Compression AG, Switzerland
2009–2012 Head of Sales and Marketing, EAO AG, Switzerland
2002–2009 Head of Marketing, Business Area Direct Fastening, Hilti AG, Liechtenstein
2000–2002 Head of Laboratory Division, Mettler Toledo AG, Switzerland
1995–1999 General Manager, Sales Germany/Region Central Europe, Grundfos, Germany
1993–1995 General Manager, Energy Management Germany, Landis & Gyr, Germany
1991–1993 General Manager, Building Control Systems Denmark, Landis & Gyr, Denmark
1987–1990 R&D Manager, Process Control Systems, ABB, Switzerland



MATTHIAS TANNER (1964)

Education

Degree in Mechanical Engineering,
HTL MuttENZ, Switzerland

Professional background

Since 2007 Head of Contracting,
Burckhardt Compression AG,
Switzerland

2002–2007 Head of Sizing, Burckhardt
Compression AG, Switzerland

1998–2002 Head of Technology
Process and Hyper Compressors,
Sulzer-Burckhardt AG, Switzerland

1995–1998 Sales Engineer,
Sulzer-Burckhardt AG, Switzerland



ROBERT ZÜST (1963)

Education

Federal Diploma in Logistics,
Switzerland

Professional background

Since 2008 Head of Components,
Services & Support, Burckhardt
Compression AG, Switzerland

2001–2008 Head of Production
Logistics, Burckhardt Compression AG,
Switzerland

1996–2001 Head of Planning, Ferag AG,
Switzerland

1993–1995 Team Leader Logistics, ABB
Verkehrssysteme AG, Switzerland

1991–1993 Team Leader Production
Control, Ascom Zelcom AG, Switzerland

1986–1991 Material Planning and
Subcontracting, Ascom Zelcom AG,
Switzerland

1983–1986 Assembly Mechanic, G & W
Maschinen AG, Switzerland

4.3. Rules in the Bylaws concerning the number of permitted activities

In the course of the implementation of the Swiss Federal Ordinance Against Excessive Compensation in listed companies (OAE), the Annual General Meeting of July 4, 2015 approved an amendment to Article 28 of the company's Bylaws.

Following this amendment, members of the Executive Board may not hold more than five (5) additional board memberships, whereof no more than two (2) in listed companies.

4.4. Management contracts

There are no management contracts with third parties.

5. COMPENSATION, SHAREHOLDINGS AND LOANS

The principles and elements of compensation paid to members of the Board of Directors and the Executive Board as well as the authority and the mechanisms used to determine such compensation are explained in the Compensation Report on pages 69 to 77.

The shareholdings of the members of the Board of Directors and the Executive Board in Burckhardt Compression Holding AG are listed in the Compensation Report on pages 69 to 77 and in the financial report, note 28 "Transactions with the Board of Directors, the Executive Board and related parties" on page 113.

Burckhardt Compression Group did not grant any loans, credit or collateral to any of the members of the Board of Directors or the Executive Board in fiscal year 2015 and there are no arrangements of this nature outstanding.

6. SHAREHOLDERS' PARTICIPATION RIGHTS

6.1. Voting rights restrictions and representation of voting rights

No person or company will be registered as a shareholder in the Share Register for more than 5% of the registered share capital. This entry restriction is also applicable to persons whose shares are held, in whole or part, by Nominees. This restriction is also valid if shares are acquired through the exercise of subscription, option or conversion rights. This restriction on voting rights does not apply to shareholders who were in possession of more than 5% of the shares of Burckhardt Compression Holding AG before the IPO. There is no provision for measures to remove restrictions.

A shareholder may be represented at the Annual General Meeting by his/her legal representative, another shareholder with the right to vote, or the independent proxy holder. All shares held by a shareholder may be represented by only one person.

6.2. Statutory quorums

A majority of at least two-thirds of the voting rights represented is required for changes to the company's Bylaws.

6.3. Convocation of the General Meeting of Shareholders

None of the applicable rules deviate from the law.

6.4. Inclusion of an item on the agenda

Shareholders who together represent at least 10% of the share capital or shares with a nominal value of at least CHF 1.0 mn can ask for an item to be included on the agenda of the General Meeting. The Board of Directors must receive written proposals for items to be included on the agenda, specifying the issue to be discussed and the shareholders' proposals, at least 40 days before the date of the General Meeting.

6.5. Entries in the Share Register

The record date for registered shareholders to be entered in the Share Register prior to an Annual General Meeting will be stated in the invitation to the Annual General Meeting.

7. CHANGES OF CONTROL AND DEFENSE MEASURES

7.1. Obligation to make an offer

Once a shareholder acquires 33⅓% of share capital and voting rights, he/she will be under an obligation to submit a public tender offer. The Bylaws contain neither an opting-out nor an opting-up clause.

7.2. Clauses on change of control

There are no provisions for special severance payments for members of the Board of Directors or members of the Executive Board in the event of a change of control over Burckhardt Compression Holding AG.

8. AUDITORS

8.1. Duration of mandate and term of office of the auditor in charge

PricewaterhouseCoopers AG (PwC) has been the statutory auditor of Burckhardt Compression Holding AG since 2002 and is also in charge of the audit of the consolidated financial statements. The statutory auditor is elected by the General Meeting of Shareholders for one year at a time. The auditor in charge will be changed after a maximum period of seven years. Beat Inauen has served as auditor in charge since the 2013 reporting period.

8.2. Auditor's fees

Total fees for auditing services provided by PwC worldwide during fiscal year 2015 amounted to TCHF 305 (previous year TCHF 256).

8.3. Additional fees

The additional fees for services provided by PwC worldwide during fiscal year 2015 amounted to TCHF 233 (previous year TCHF 224), TCHF 164 of which for services related to due diligence for two acquisition projects, TCHF 54 for tax consulting and TCHF 15 for other consulting services. The services rendered by PwC beyond the auditing tasks are compatible with its auditing responsibilities. To reduce the ratio of the additional fees to the total auditor's fees in the future, respective measures have been identified and implemented.

8.4. Information tools of the external auditors

The Audit Committee assists the Board of Directors in monitoring the company's accounting and financial reporting. It assesses the internal control procedures, the management of business risks, the audit plan and scope, the conduct of the audits and their results. The Audit Committee also reviews the auditor's fees. The statutory auditor is present during the examination of the consolidated annual and semi-annual financial statements. Once a year, the members of the Audit Committee receive from the statutory auditor a summary of the audit findings and suggested improvements. The Audit Committee held two half-day meetings during the 2015 reporting period, in which the auditor in charge and another representative of the auditor took part.

9. INFORMATION POLICY

Burckhardt Compression Holding AG reports order intake, sales, operating results, balance sheet, cash flow and changes in shareholders' equity on a semi-annual basis, together with comments on the trend of business and the outlook for the future. Burckhardt Compression Holding AG provides share-price-sensitive information in accordance with the ad hoc disclosure requirements set out in the Listing Rules of the SIX Swiss Exchange. Burckhardt Compression Holding AG will send potentially share price-sensitive information to all interested parties via an e-mail distribution list. Financial reports are available on our website (www.burckhardtcompression.com) and will be delivered to interested parties on request.

Key dates for 2016 and 2017

July 1, 2016

Annual General Meeting

November 8, 2016

Results for the first half of 2016 (as per September 30, 2016)

June 6, 2017

2016 Annual Report (as per March 31, 2017)

July 1, 2017

Annual General Meeting

Details of these dates, possible changes, the company profile, current share prices, presentations and contact addresses can be found at www.burckhardtcompression.com, where interested parties can also subscribe to the e-mail distribution list.

COMPENSATION REPORT

1. BASIS

This Compensation Report describes the policies and system in place for the compensation of the Board of Directors and the Executive Board of Burckhardt Compression and it contains information on their annual compensation. This report was prepared in accordance with the provisions of the Swiss federal Ordinance Against Excessive Compensation in Listed Companies (OAEC), the Directive on Information relating to Corporate Governance (DCG) issued by the SIX Swiss Exchange, and the Bylaws of Burckhardt Compression Holding AG.

2. COMPENSATION POLICY

Burckhardt Compression has established a transparent and long-term-oriented compensation system. The objectives pursued with this system are to ensure that the compensation of the Board of Directors and the company executives is market competitive and to achieve a good balance between the interests of the shareholders, the directors and executive management. Market-competitive pay is a basic prerequisite for attracting well qualified directors and executives and ensuring that they remain with the company for the long run.

3. ORGANIZATION, DUTIES AND POWERS

The Nomination and Compensation Committee (NCC) is comprised of at least two members of the Board of Directors. The members of the NCC are elected individually and annually by the Annual General Meeting and their term of office shall expire at the end of the next Annual General Meeting. The Annual General Meeting of July 4, 2015 elected Hans Hess and Dr. Stephan Bross to the Nomination and Compensation Committee. The Board of Directors appointed Hans Hess Chairman of the Nomination and Compensation Committee.

The NCC meets at least twice a year. The CEO and Head of HRM attend these meetings in an advisory capacity, except during deliberation of meeting topics that pertain to themselves. The Nomination and Compensation Committee held three meetings during the year under review.

The duties and powers of the NCC are set forth in the Bylaws and in the Organizational Regulations of the company. The NCC supports the Board of Directors in the performance of its duties pertaining to the compensation and personnel policies of the company and the entire Group as prescribed by law or the company's Bylaws. The most important duties and powers of the NCC with regard to compensation are as shown in the table below.

The Annual General Meeting of Burckhardt Compression Holding AG casts the following votes in relation to the compensation of the Board of Directors and Executive Board:

- A prospective and individual vote on the maximum aggregate amount of fixed compensation for the Board of Directors and the Executive Board for the annual reporting period following the Annual General Meeting
- A retrospective and individual vote on the maximum aggregate amount of variable compensation for the Board of Directors and the Executive Board for the annual reporting period preceding the Annual General Meeting.

Furthermore the Annual General Meeting casts a consultative vote on the Compensation Report.

4. COMPENSATION SYSTEM

Burckhardt Compression Holding AG's compensation system consists of a mix of fixed and variable components. In accordance with the Bylaws of Burckhardt Compression Holding AG, variable compensation can be paid in whole or part in the form of shares, conditional rights to receive shares, or in comparable instruments of the company.

4.1. Compensation system for the Board of Directors

Compensation paid comprises a fixed cash component, an additional cash payment for directors serving on a formal Board committee, and a variable profit-related component distributed as shares (free shares).

Topic	Proposal/recommendation by	Approval authority
Compensation principles and guidelines	NCC	Board of Directors
Compensation Report	NCC	Board of Directors
Compensation of Board of Directors	NCC	Board of Directors
Compensation of CEO	NCC	Board of Directors
Aggregate compensation of Executive Board	NCC	Board of Directors
Compensation per member of Executive Board (excl. CEO)	CEO	NCC
Loans and additional pension benefits for Executive Board (excl. CEO)	CEO	NCC

The fixed cash component amounts to CHF 55'000 for members of the Board of Directors and CHF 110'000 for the Chairman. The additional cash payment for directors serving on a formal Board committee amounts to CHF 10'000 a year.

As of fiscal year 2013, variable compensation is based on the attainment of the net income targets as specified in the Mid Range Plan for the fiscal years 2013 to 2016 and will be calculated in two allotments as a percentage of cumulative net income for the fiscal years 2013 and 2014 and for the fiscal years 2015 and 2016, respectively. The percentage rate used for the members of the Board of Directors is 0.04% of net income; a percentage rate of 0.06% of net income is used for the Chairman of the Board of Directors. A maximum amount in absolute terms has been set as an upper limit on the awardable variable compensation for each allotment. For members of the Board of Directors the maximum amount for each two-year period is CHF 65'000; for the Chairman of the Board of Directors the maximum amount for each two-year period is CHF 100'000. If the minimum absolute amount of net income for a two-year period (CHF 90 mn) is not attained, entitlement to the variable compensation for the corresponding two-period will lapse. At the time the compensation system for the Board of Directors (2013–2016) was implemented in 2012, variable compensation of the Board of Directors was standard practice. Furthermore, the awardable amount of variable compensation corresponds to less than 25% of total compensation and a maximum amount of variable compensation has been defined in absolute terms. The amount calculated based on the defined percentage of net income will be paid out in the form of free shares. The number of shares awarded will be based on the average share price for the periods from the announcement of the full-year results to the Annual General Meetings for the fiscal years 2014 and 2016, respectively. The number of shares awarded will be derived from the calculated amount of the variable pay component divided by the average share price for the period. The free shares for the fiscal years 2013 and 2014 were distributed at the end of July 2015. The free shares for the fiscal years 2015 and 2016 will be distributed at the end of July 2017, subject to approval by the Annual General Meeting. All shares received will not be subject to any restrictions upon the date of transfer.

4.2. Compensation system for the Executive Board

Compensation of the Executive Board consists of three components:

- A fixed base salary;
- a variable performance- and profit-related annual bonus paid in cash;
- variable performance- and profit-related long-term incentive pay awarded in the form of free shares.

Base salary The members of the Executive Board are assigned to so-called Global Grades as defined by a global executive grading system (Towers Watson Global Grading System). Country-specific market data for each Global Grade and the results of annual executive performance appraisals are taken into consideration when determining the fixed base salary of the members of the Executive Board.

Annual Bonus The members of the Executive Board receive a variable performance- and profit-related bonus in addition to their base salaries in cash. The annual bonus is calculated based on a predefined percentage of net income generated by the Burckhardt Compression Group and is contingent on the attainment of minimum financial targets. The percentage rate applied for the CEO is 0.28%. For the members of the Executive Board, the predefined fixed percentage rate varies from 0.04% to 0.12% of net income, depending on their Global Grade and country classification (based on purchasing power). If the minimum financial target with regard to the net income margin (7.5%) is not achieved, entitlement to the variable pay component for the corresponding business year will lapse. If the financial target is at least reached and the net income margin (7.5%) is equal to or higher than the returns achieved by the benchmark group, entitlement to the full variable pay will be granted; if not, the variable pay will be reduced by 50%.

The benchmark group consists of one direct competitor for compressor systems, one direct competitor for compressor components, and one company that sells products in the same market as Burckhardt Compression Group. Specifically, the benchmark group consists of the following three companies or corporate units:

- Sulzer Chemtech
- Neuman & Esser
- EnPro Industries, Engineered Products Division

A maximum amount in absolute terms has not been set for the annual bonus because:

- the annual bonus accounts for less than 20% of the total compensation of the Executive Board;
- in accordance with the current compensation guidelines, the Board of Directors is empowered to adjust the guidelines and the annual bonus entitlements in the event of major change (e.g. mergers, acquisitions, fundamental change in the economic environment). This represents an implied restriction of the annual bonus.

Long-term incentive pay Members of the Executive Board additionally receive long-term incentive pay awarded in the form of free shares. Long-term incentive pay is based on the attainment of the Mid Range Plan targets set for the fiscal years 2013 to 2016 (organic sales growth and net income of Burckhardt Compression Group).

The basis upon which the long-term incentive pay is calculated consists of a fixed, predefined amount per Global Grade and country group (purchasing power adjusted). If the sales and

net income targets set in the Mid Range Plan are attained by the end of the fiscal year 2016, this fixed amount will be multiplied by a factor of 1.0 (0.5 each for sales and net income) and awarded in the form of shares (free shares). The targeted amount of the long-term bonus for the entire 4-year period is CHF 600'000 for the CEO and for the members of the Executive Board, depending on their Global Grade and country group (based on purchasing power), between CHF 135'000 and CHF 300'000. The sales target in the Mid Range Plan (aggregate) for the 4 years amounts to CHF 1'850 mn, the net income target is CHF 250 mn. If the targets are only partially achieved, the factors will be reduced by a corresponding amount. Minimum financial targets have been defined for both cumulative sales and for cumulative net income. If sales or net income fall short of these minimum thresholds, the corresponding factor will be reduced to zero. If the Mid Range Plan targets for sales or net income are exceeded, the corresponding factors will be increased up to a maximum amount of 0.6 each (1.2 in total).

An interim evaluation of the attained targets was conducted after two years. Members of the Executive Board whose employment with the company had not been terminated as of July 31, 2015 were awarded a fixed number of free shares for the fiscal years 2013 and 2014 on that date. These free shares will be distributed at the end of July 2017. The factors

used for the multiplication of the fixed amount in the interim evaluation are limited to 0.25 each (total 0.5). The second allotment of free shares for the fiscal years 2015 and 2016 will be awarded and distributed at the end of July 2017, subject to approval by the Annual General Meeting and provided that the employment contract for the respective Executive Board members has not been terminated. Persons subsequently appointed to the Executive Board will be entitled to long-time incentive pay on a pro rata basis. The number of shares awarded will be based on the average share price for the periods from the announcement of the full-year results to the annual general meetings for the fiscal years 2014 and 2016, respectively.

All shares received will not be subject to any restrictions upon the date of transfer.

5. COMPENSATION PAID WITH COMPARATIVE FIGURES FOR THE PREVIOUS YEAR

5.1. Compensation paid to the Board of Directors

The following aggregate compensation was paid to the members of the Board of Directors for the fiscal years 2015 and 2014:

in CHF 1'000								2015
Name	Function	Fees	Social insurance contributions and other benefits	Total fixed compensation (gross)	Share-based payments ¹	Social insurance contributions and other benefits	Total variable compensation (gross)	Total
Members of the Board of Directors								
Valentin Vogt	Chairman	120	9	129	25	2	27	156
Hans Hess	Deputy Chairman	65	4	69	17	4	21	90
Dr. Stephan Bross	Member	65	0	65	17	0	17	82
Dr. Monika Krüsi	Member	75	5	80	17	1	18	98
Urs Leinhäuser	Member	65	5	70	17	0	17	87
Total		390	23	413	93	7	100	513
Approved for fiscal year 2015 by the 2015 AGM				425²				

in CHF 1'000								2014
Name	Function	Fees	Social insurance contributions and other benefits	Total fixed compensation (gross)	Share-based payments ¹	Social insurance contributions and other benefits	Total variable compensation (gross)	Total
Members of the Board of Directors								
Valentin Vogt	Chairman	120	8	128	31	4	35	163
Hans Hess	Deputy Chairman	65	0	65	20	0	20	85
Dr. Stephan Bross ³	Member	44	3	47	14	2	16	63
Dr. Monika Krüsi	Member	75	5	80	20	2	22	102
Urs Leinhäuser	Member	65	4	69	20	2	22	91
Total		369	20	389	105	10	115	504

¹ Variable compensation paid to members of the Board of Directors (free shares)

² This amount includes a contingency reserve of CHF 10'000

³ From July 4, 2014

The aggregate amount of fixed compensation for the period under review is CHF 24'000 more than in the previous period. This is because the compensation of Dr. Stephan Bross for the year under review was for the first time for the entire period, and because social insurance contributions are now paid for Hans Hess as of the fiscal year 2015 (as is the practice for the other members of the Board of Directors). The Annual General Meeting of July 4, 2015 has approved aggregate fixed compensation in the amount of CHF 425'000 (gross, including social insurance contributions) for the Board of Directors (5 persons) for fiscal year 2015.

5.2. Compensation paid to the Executive Board

The following compensation was paid to the members of the Executive Board for the fiscal years 2015 and 2014:

in CHF 1'000									2015
Name	Function	Fixed base salary, cash	Social insurance contributions and other benefits	Total fixed compensation (gross)	Variable annual bonus, cash	Share-based long-term incentive pay	Social insurance contributions and other benefits	Total variable compensation (gross)	Total
Executive Board									
Marcel Pawlicek	CEO	424	118	542	155	108	54	317	859
Other members of the Executive Board ²		2'084	470	2'554	485	448	153	1'086	3'640
Total		2'508	588	3'096	640	556	207	1'403	4'499
Approved for fiscal year 2015 by the 2015 AGM				3'430 ¹					

in CHF 1'000									2014
Name	Function	Fixed base salary, cash	Social insurance contributions and other benefits	Total fixed compensation (gross)	Variable annual bonus, cash	Share-based long-term incentive pay	Social insurance contributions and other benefits	Total variable compensation (gross)	Total
Executive Board									
Marcel Pawlicek	CEO	414	99	513	182	85	54	321	834
Other members of the Executive Board ³		2'206	455	2'661	749	468	199	1'416	4'077
Total		2'620	554	3'174	931	553	253	1'737	4'911

¹ Including an amount of CHF 250'000 for a possible additional appointee to the Executive Board

² 11 persons, including the VP Business Development who left per end of 2015

³ 12 persons, including the MD Burckhardt Components AG who left per end of 2014

Following an adjustment of the base salary in the course of the previous year (pro rata), the CEO's fixed remuneration for the reporting period is slightly higher than the comparable prior-year figure. The total amount of the fixed remuneration of the other members of the Executive Board is slightly lower than in the prior-year period. It should be noted that during the 2015 financial year, the size of the Executive Board was reduced by one member (VP Business Development) as of the end of December 2015 from the previous total of 12 to 11 persons (including the CEO). The Annual General Meeting of July 4, 2015 approved a total sum of CHF 3'430'000 (gross, including social security contributions) for the fixed remuneration of the entire Executive Board in the 2015 financial year. This sum includes

CHF 250'000 for a possible additional member of the Executive Board. The remuneration actually paid (gross, after social security contributions) was CHF 334'000 less than the approved sum. The additional amount for a possible additional member of the Executive Board was not required in the current organizational structure.

6. OVERVIEW OF SHAREHOLDINGS AND ALLOCATED/DISTRIBUTED SHARES

6.1. Detailed overview of allocated and distributed shares

In the fiscal years 2014 and 2015 the following shares were allocated and distributed:

Name	Function	Shares allocated in FY 2014	Shares allocated in FY 2015	Shares distributed in FY 2014	Shares distributed in FY 2015
Members of the Board of Directors					
Valentin Vogt	Chairman	0	177	0	177
Hans Hess	Deputy Chairman	0	118	0	118
Dr. Stephan Bross ¹	Member	0	45	0	45
Dr. Monika Krüsi	Member	0	118	0	118
Urs Leinhäuser	Member	0	118	0	118
Total		0	576	0	576
Executive Board					
Marcel Pawlicek	CEO	0	622	0	0
Other members of the Executive Board ²		0	2'318	0	0
Total		0	2'940	0	0
Total		0	3'516	0	576

¹ From July 4, 2014

² FY 2015: 11 persons, FY 2014: 12 persons

6.2. Detailed overview of shareholdings

As per March 31, 2016, the members of the Executive Board and the Board of Directors (and related persons) owned the following numbers of shares of Burckhardt Compression Holding AG:

		03/31/2016	03/31/2015
Name	Function	Total shares	Total shares
Members of the Board of Directors			
Valentin Vogt	Chairman	203'026	202'849
Hans Hess	Deputy Chairman	5'493	10'375
Dr. Stephan Bross	Member	45	0
Dr. Monika Krüsi	Member	815	697
Urs Leinhäuser	Member	710	592
Total		210'089	214'513
Executive Board			
Marcel Pawlicek	CEO	44'045	44'045
Rolf Brändli	CFO	1'054	1'054
Rainer Dübi	VP Design & Manufacturing	202	202
René Guthauser	VP Quality & Infrastructure	603	603
Martin Heller ¹	VP Business Development	N/A	54'500
Keven Li	MD Burckhardt Compression (Shanghai) Co., Ltd.	765	765
Susan Lütolf ²	VP Human Resources Management	N/A	78
Sandra Pitt	VP Human Resources Management	0	N/A
Narasimha Rao	MD Burckhardt Compression (India) Pvt. Ltd.	150	150
Marco Scanderbeg	VP Marketing & Communications	500	700
Dr. Daniel Schillinger	VP Sales Compressor Systems	157	157
Matthias Tanner	VP Contracting	37	637
Robert Züst	VP Components, Services & Support	872	872
Total		48'385	103'763
Total		258'474	318'276
As a % of all outstanding shares		7.6%	9.4%

¹Member of Executive Board until December 31, 2015

²Member of Executive Board until March 31, 2015

7. TRANSACTIONS WITH THE BOARD OF DIRECTORS, THE EXECUTIVE BOARD AND RELATED PARTIES

No other payments or fees for additional services were paid to the members of the Board of Directors or the Executive Board or to related parties during the fiscal year 2015. No loans, credit lines or pension benefits over and above those provided by mandatory occupational pension plans have been extended to members of the company's boards.

8. MOTIONS FOR THE ANNUAL GENERAL MEETING

8.1. Approval of the maximum aggregate amount of variable compensation for the Board of Directors

The Board of Directors proposes that a maximum aggregate amount of CHF 100'000 (gross, including social insurance contributions and other benefits) be approved as variable compensation for the Board of Directors for fiscal year 2015.

8.2. Approval of the maximum aggregate amount of variable compensation for the Executive Board

The Board of Directors proposes that a maximum aggregate amount of CHF 1'403'000 (gross, including social insurance contributions and other benefits) be approved as variable compensation for the Executive Board for fiscal year 2015.

8.3. Consultative vote on the Compensation Report for fiscal year 2015

The Board of Directors proposes that shareholders approve the Compensation Report for fiscal year 2015 in a consultative vote.

8.4. Approval of the maximum aggregate amount of fixed compensation for the members of the Executive Board

The Board of Directors proposes that a maximum aggregate amount of CHF 2'130'000 (gross, including social insurance contributions and other benefits) be approved as fixed compensation for the members of the Executive Board for fiscal year 2017. The proposed fixed compensation is significantly lower because the Executive Board consists of only 5 members as of June 1, 2016 compared to 11 persons in the previous period. The proposed amount includes a planned salary increase of maximum 3% and a reserve of CHF 200'000.

Note

There is no motion to the fixed compensation of the members of the Board of Directors for the fiscal year 2017. For the Annual General Meeting 2017, it is planned to adjust the compensation system for the Board of Directors, together with with an according change of the Bylaws.

9. EVALUATION OF THE COMPENSATION SYSTEM

In 2010 Burckhardt Compression took part in a survey performed by the University of St. Gallen. Several compensation systems were compared under the direction of Prof. Dr. Martin Hilb. The compensation system of Burckhardt Compression was awarded best-in-class of the participating companies, followed by Nestlé, Straumann, SIKA and Hilti. Burckhardt Compression was also rated among the top 30 out of 150 analyzed companies for its compensation model and stock-award plan by zRating, an independent asset management firm, in a corporate governance study performed in 2013. These awards confirm that Burckhardt Compression introduced a simple, transparent, fair and integrated compensation system in 2008.

The material difference arising from the modification of the performance- and profit-related long-term incentive pay plan in fiscal year 2013 compared to the previous program stems from the inclusion of an additional component based on the attainment of the targets (organic growth) set in the Mid Range Plan. All other aspects of the overall compensation system were basically unchanged.



Report of the statutory auditor
to the General Meeting
Burckhardt Compression Holding AG
Winterthur

We have audited chapter 5 to 7 of the remuneration report of Burckhardt Compression Holding AG for the year ended 31 March 2016. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) on pages 71 to 75 of the remuneration report.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the remuneration report of Burckhardt Compression Holding AG for the year ended 31 March 2016 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

Beat Inauen

Andreas Fontanive

Audit expert

Auditor in charge

Audit expert

Zürich, 19 May 2016

PricewaterhouseCoopers AG, Birchstrasse 160, Postfach, CH-8050 Zürich, Switzerland
 Telefon: +41 58 792 44 00, Telefax: +41 58 792 44 10, www.pwc.ch

FINANCIAL REPORT

Burckhardt Compression Holding AG's fiscal year 2015 comprises the period from April 1, 2015 to March 31, 2016.

COMMENTS ON FINANCIAL REPORT

Summary

	2015	2014
in CHF 1'000		
Order intake	523'233	514'140
Sales	487'235	473'644
Gross profit	151'675	152'819
Operating income	72'978	74'592
Net income	55'505	57'555
Balance sheet total	708'013	681'359
Shareholders' equity	355'092	338'554
Net income per share (in CHF)	16.34	16.93
Headcount as per end of fiscal year	1'432	1'385

SALES AND GROSS PROFIT

Sales rose by 2.9% to CHF 487.2 mn in the 2015 fiscal year. At constant exchange rates, sales rose by 3.9% versus the previous year. Sales in the Compressor Systems (CS) business were up by 1.6% at CHF 332.4 mn. This figure was slightly less than expected due to shifted shipping dates for several CS projects. Sales from the delayed contracts will not be recognized until fiscal year 2016 because Burckhardt Compression does not apply the percentage of completion (POC) method for sales recognition. Components, Services & Support (CSS) sales were up by 5.7% from the previous year. Most of this growth was fueled by the replacement parts business. The Other Brand Compressor (OBC) business also delivered renewed year-on-year growth. Viewed by region (country of installation), sales growth was strongest in the US and in countries belonging to the European Union, followed by Latin American and African countries. Sales growth in the Asia, Australia and Middle East region was much lower in comparison, mainly because of the contraction in investment spending in China.

The total gross profit margin for the year stood at 31.1% (previous year 32.3%). This slight contraction compared to the previous fiscal year can be traced to the approximately two percentage-point decline in the gross profit margin in the CS business. The gross profit margin in the CSS business stood at 50.8%, which is near the same high level as in the previous year.

OPERATING INCOME

Operating income declined by 2.1% from the previous year to CHF 73.0 mn, resulting in an EBIT margin of 15.0% (previous year 15.7%). This decline is attributed to the slightly lower gross profit and a disproportionate increase in general administrative expenses, which included non-recurring costs in the amount of some CHF 2.5 mn associated with the two large acquisition projects as well as costs for the geographic expansion of the Company's presence (especially in the US and South Korea). The item Other Operating Income included a book gain of CHF 12.0 mn on the transfer of Burckhardt Compression's service business in North America to Arkos as well as currency translation gains in the amount of CHF 2.1 mn and the operating income of CHF 3.2 mn generated by the Company's real estate company (Burckhardt Compression Immobilien AG). The single largest negative position under Other Operating Expenses was an amount of CHF -3.4 mn resulting from an adjustment to employee benefit plans in accordance with IAS 19. Research and development costs for the period under review were up by 7.4% to CHF 11.6 mn (2.4% of sales).

FINANCIAL INCOME AND TAX EXPENSES

The share of results of associates, stemming from the 40% interest in Arkos, was a negative CHF -0.7 mn, which reflects seasonal effects typical for the US service business in the first quarter of the year. Financial expenses primarily comprised the mortgages on Company property in Winterthur while the increase in financing costs can be traced to the higher interest cost on employee benefit plans (IAS 19). The tax rate stood at 22.1%, virtually unchanged from the previous year (22.0%).

NET INCOME

Net income declined by CHF 2.1 mn to CHF 55.5 mn, resulting in a net income margin of 11.4% (previous year: 12.2%). This resulted in net income per share of CHF 16.34 (previous year: CHF 16.93).

BALANCE SHEET

Total assets rose by 3.9% to CHF 708.0 mn in the fiscal year 2015. Shareholders' equity increased by 4.9%, leading to a slightly higher equity ratio of 50.2% compared to 49.7% in the previous fiscal year. Non-current assets increased by CHF 63.4 mn to CHF 247.2 mn, largely as a result of the investments in the two new assembly plants in the US and South Korea, and a future receivable in the amount of CHF 18.0 mn arising from the transfer of Burckhardt Compression's North American service business to Arkos. An industrial site in Winterthur was also acquired as a strategic land reserve at a cost of CHF 6.2 mn. Inventories and work in progress rose by CHF 24.6 mn. In the previous year, advance payments from customers exceeded work in progress and advance payments to suppliers by CHF 10.1 mn, whereas in the year under review the resulting balance was a negative CHF 49.2 mn. This temporary shift in the project financing profile as of the reporting date is largely attributable to poorer terms of payment with several larger contracts in China and to various CS projects that are running behind schedule. The CHF 58.1 mn decline in the net financial position to CHF 93.2 mn resulted from the aforementioned investments and the purchase of the 40% stake in Arkos.

CASH FLOW

Cash and cash equivalents as of the reporting date declined by CHF 53.2 mn versus the previous year to CHF 125.3 mn. Cash flow from operating activities amounted to CHF 40.7 mn (previous year CHF 46.8 mn). Cash outflow from investing activities amounted to CHF 63.1 mn, which is significantly higher than in the previous year (CHF 26.6 mn) due to the investments in the two new assembly plants, the purchase of the strategic land reserve in Winterthur and the acquisition of the interest in Arkos. Cash outflow from financing activities amounted to CHF 30.9 mn and includes a net inflow of CHF 4.9 mn from bank loans, which largely reflects the partial funding of the costs for the new manufacturing plant in the US through local bank loans.

CONSOLIDATED INCOME STATEMENT

	Notes	2015	2014
in CHF 1'000			
Sales	3	487'235	473'644
Cost of goods sold		-335'560	-320'825
Gross Profit	4	151'675	152'819
Selling and marketing expenses		-49'436	-48'602
General and administrative expenses		-29'181	-20'678
Research and development expenses	6	-11'618	-10'752
Other operating income	7	36'762	26'540
Other operating expenses	7	-25'224	-24'735
Operating income		72'978	74'592
Share of results of associates	12	-651	0
Interest expenses	8	-1'235	-866
Other financial income (+) and expenses (-)	8	199	61
Profit before income tax		71'291	73'787
Income tax expenses	9	-15'786	-16'232
Net income		55'505	57'555
Earnings per share for profit attributable to shareholders of Burckhardt Compression Holding AG (in CHF)			
- Basic	18	16.34	16.93
- Diluted	18	16.34	16.93

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	2015	2014
in CHF 1'000			
Net income		55'505	57'555
Adjustments for cash flow hedges		-1'008	-8'688
Tax effect on adjustments of cash flow hedges	9	205	1'955
Currency translation differences		-1'879	-1'475
Total of items that may be reclassified to the income statement		-2'682	-8'208
Defined benefit cost recognized in other comprehensive income	5	-1'986	-46'187
Tax effect on defined benefit cost recognized in other comprehensive income	9	437	9'699
Total of items that will not be reclassified to the income statement		-1'549	-36'488
Total comprehensive income for the period		51'274	12'859

The notes to the consolidated financial statements are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

	Notes	03/31/2016	03/31/2015
in CHF 1'000			
Non-current assets			
Intangible assets	10	34'841	32'825
Property, plant and equipment	11	164'533	138'343
Investment in associates	12	16'636	0
Derivative financial instruments	22	74	12
Other receivables	14	18'649	1'233
Deferred tax assets	9	12'441	11'401
Total non-current assets		247'174	183'814
Current assets			
Inventories	13	199'649	175'034
Trade and other receivables	14	133'291	140'039
Derivative financial instruments	22	2'623	3'993
Cash and cash equivalents	16	125'276	178'479
Total current assets		460'839	497'545
Total assets		708'013	681'359
Equity			
Share capital	18	8'500	8'500
Retained earnings and other reserves		371'822	351'124
Treasury shares		-1'639	-161
Cash flow hedging reserve		-4'671	-3'868
Currency translation differences		-18'920	-17'041
Total equity		355'092	338'554
Liabilities			
Non-current liabilities			
Borrowings	19	30'302	23'500
Derivative financial instruments	22	566	878
Deferred tax liabilities	9	17'358	13'378
Retirement benefit obligations	5	51'610	45'915
Provisions	20	10'985	11'010
Total non-current liabilities		110'821	94'681
Current liabilities			
Borrowings	19	1'739	3'661
Trade accounts payable		49'151	35'043
Current income tax liabilities		12'964	14'113
Customers' advance payments		106'406	135'886
Derivative financial instruments	22	4'832	9'093
Other current and accrued liabilities	21	48'820	42'759
Provisions	20	18'188	7'569
Total current liabilities		242'100	248'124
Total liabilities		352'921	342'805
Total equity and liabilities		708'013	681'359

The notes to the consolidated financial statements are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to shareholders of Burckhardt Compression Holding AG									
	Notes	Share capital	Retained earnings and other reserves	Treasury shares	Cash flow hedging reserve	Currency translation differences	IAS 19 revaluation	Net income	Total
in CHF 1'000									
Balance at 04/01/2014	18	8'500	304'748	-213	2'865	-15'566	4'225	53'926	358'485
Total comprehensive income					-6'733	-1'475	-36'488	57'555	12'859
Changes in treasury shares			-269	52					-217
Share-based payments	27 / 28		1'421						1'421
Dividends								-33'994	-33'994
Allocation of net income			19'932					-19'932	0
Balance at 03/31/2015		8'500	325'832	-161	-3'868	-17'041	-32'263	57'555	338'554
Balance at 04/01/2015	18	8'500	325'832	-161	-3'868	-17'041	-32'263	57'555	338'554
Total comprehensive income					-803	-1'879	-1'549	55'505	51'274
Changes in treasury shares			-88	-1'478					-1'566
Share-based payments	27 / 28		825						825
Dividends								-33'995	-33'995
Allocation of net income			23'560					-23'560	0
Balance at 03/31/2016		8'500	350'129	-1'639	-4'671	-18'920	-33'812	55'505	355'092

The notes to the consolidated financial statements are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

	Notes	2015	2014
in CHF 1'000			
Cash flow from operating activities			
Net income		55'505	57'555
Income tax expenses		15'786	16'232
Other financial income/expenses		-199	-61
Interest expenses		1'235	866
Share of results of associates		651	0
Operating income		72'978	74'592
Depreciation	11	11'850	10'808
Amortization	10	3'414	3'577
Change in inventories		-27'883	-27'086
Change in trade and other receivables		3'948	-11'172
Change in other net current assets		-11'114	13'503
Change in retirement benefit obligations		3'369	-5'947
Change in provisions		11'762	2'612
Change in other non-monetary items		-12'362	2'990
Interest received		49	129
Interest paid		-765	-872
Income tax paid		-14'520	-16'292
Total		40'726	46'842
Cash flow from investing activities			
Purchase of property, plant and equipment	11	-41'293	-17'176
Sale of property plant and equipment		1'468	-272
Purchase of intangible assets	10	-5'402	-6'207
Acquisition of subsidiaries net of cash acquired	26	0	-2'934
Investments in associates	12	-17'856	0
Total		-63'083	-26'589
Cash flow from financing activities			
Increase in borrowings		8'193	0
Repayment of borrowings		-3'313	-9'051
Sales of treasury shares		0	52
Purchase of treasury shares		-1'823	0
Dividends paid	18	-33'995	-33'994
Total		-30'938	-42'993
Currency translation differences on cash and cash equivalents		92	-768
Net change in cash and cash equivalents		-53'203	-23'508
Cash and cash equivalents at 04/01/2015 / 04/01/2014	16	178'479	201'987
Cash and cash equivalents at 03/31/2016 / 03/31/2015	16	125'276	178'479
Net change in cash and cash equivalents		-53'203	-23'508

The notes to the consolidated financial statements are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Burckhardt Compression is one of the market leaders worldwide 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.

Burckhardt Compression Holding AG is a company limited by shares incorporated and domiciled in Switzerland. The address of its registered office is: Im Link 5, 8404 Winterthur/Switzerland. Burckhardt Compression registered shares (BCHN) are listed on the SIX Swiss Stock Exchange in Zurich (ISIN: CH0025536027).

Burckhardt Compression Holding AG's fiscal year 2015 comprises the period from April 1, 2015 to March 31, 2016. These consolidated financial statements were authorized for issue by the Board of Directors on May 19, 2016 and will be submitted to shareholders for approval at the Annual General Meeting scheduled on July 1, 2016.

2. ACCOUNTING PRINCIPLES

2.1. Basis of presentation

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. Unless otherwise stated, the policies described have been consistently applied to all the reporting periods presented.

The 2015 consolidated financial statements of Burckhardt Compression Holding AG were prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations of International Accounting Standards Board (IASB) and are based on the individual financial statements of the group companies as per March 31, 2016. The consolidated financial statements are prepared on a historical cost basis with the exception of available-for-sale financial assets measured at fair value and financial assets and financial liabilities including derivative financial instruments measured at fair value through profit or loss.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain estimates. It also requires management to exercise its judgment in the process of applying the company-wide accounting policies. Areas involving a higher degree of judgment or complexity, or areas

where assumptions and estimates are significant to the consolidated financial statements are disclosed in section 4, "Critical accounting estimates and judgments".

2.2. Changes in accounting policies

Standards, interpretations and amendments to published standards effective in 2015 As per closing date of March 31, 2016, the following standards, interpretations and amendments to issued standards were applied by Burckhardt Compression for the first time. None of these have a material impact on the results or financial position of the Burckhardt Compression Group.

Standard	Name
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions
Various	Annual Improvements to IFRS 2010-2012
Various	Annual Improvements to IFRS 2011-2013

Standards, interpretations and amendments issued but not yet effective, whose application is not yet mandatory The following standards, interpretations and amendments to already issued standards will be applicable for annual reporting periods commencing on or after April 1, 2016:

Standard	Name	Effective from
IFRS 9	Financial Instruments	January 1, 2018
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities Applying Consolidation Exception	January 1, 2016
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations	January 1, 2016
IFRS 15	Revenue from Contracts with Customers	January 1, 2018
IFRS 16	Leases	January 1, 2019
Amendments to IAS 19	Presentation of Financial Statements	January 1, 2016
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortization	January 1, 2016
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants	January 1, 2016
Amendments to IAS 27	Separate Financial Statements	January 1, 2016
Various	Annual Improvements to IFRS 2012-2014	January 1, 2016

Burckhardt Compression has not opted for early adoption of these new standards, interpretations and amendments. Management will assess and adopt them at the specified time provided they are relevant to the Burckhardt Compression Group.

2.3. Principles in consolidation

Subsidiaries The consolidated financial statements include all entities where Burckhardt Compression Holding AG has the power to control the financial and operating policy, usually as a result of owning more than 50% of the voting rights. New group companies are fully consolidated from the date on which control passes to Burckhardt Compression and deconsolidated from the date on which control ceases. Assets and liabilities, income and expenses, are recognized in full. Minority interests are presented separately in the balance sheet and income statement. All material intercompany transactions and balances, including unrealized gains and losses of transactions between group companies, are eliminated. The group companies are listed in the section "Investments as per March 31, 2016". As per March 31, 2016, there are no minority interests.

Investments in associates Associates are those entities in which Burckhardt Compression has significant influence, but no control, over the financial and operating policies. Significant influence is generally presumed to exist when Burckhardt Compression holds, directly or indirectly, between 20% and 50% of the voting rights. Associates are accounted for using the equity method and are initially recognized at cost.

2.4. Foreign currency translation

Items included in the financial statements of each group company are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are prepared in Swiss francs (CHF), which is the functional and the reporting currency of Burckhardt Compression Holding AG as most of the labor and material expenses arise in that currency.

In the single-entity financial statements of group companies, foreign-currency income and expenses are translated at the rates prevailing at the transaction date and foreign-currency assets and liabilities at year-end rates. The resulting foreign exchange gains or losses are recognized as profit or loss. Also foreign currency exchange gains and losses can arise on settlement of transactions and are recognized in the income statement. Only foreign currency exchange gains and losses on monetary assets and liabilities affect the income statement, except if they refer to cash flow hedges and qualifying net investment hedges.

For consolidation purposes, items in the balance sheets of foreign group companies are translated at year-end rates, while income statement items are translated at average rates for the period. The resulting currency translation differences are recognized in other comprehensive income (OCI) and, in the event of an entity's deconsolidation, transferred to the income statement as part of the gain or loss on the entity's disposal or liquidation.

2.5. Intangible fixed assets

Intangible assets include material customer lists, licenses, patents, trademarks and similar rights acquired from third parties.

They are amortized on a straight-line basis over their expected useful lives, over a period not exceeding 10 years. Immaterial purchased patents, licenses or trademarks and any internally generated intangible assets are expensed as incurred. Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized on a straight-line basis over their estimated useful life (three to five years). Internal costs associated with developing or maintaining computer software programs are recognized as an expense as incurred.

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets, liabilities and contingent liabilities of the acquired entity at the date of the acquisition. Goodwill arising on acquisitions is recognized under intangible assets. Goodwill recognized is tested annually for impairment and carried at cost less accumulated impairment losses. If there is objective evidence of a possible impairment, an additional impairment test will be performed immediately. Gains and losses arising on an entity's disposal comprise the carrying amount of the goodwill allocated to the entity being disposed of. Goodwill is allocated to cash-generating units for the purpose of the impairment test. It is allocated to those cash-generating units that are expected to benefit from the business combination on which the goodwill arose. The goodwill resulting from purchasing minority interests is recognized directly in equity according to the Economic Entity Method.

2.6. Property, plant and equipment

Items of property, plant and equipment are stated at cost less depreciation and write-downs for impairment, if required. They are depreciated on a straight-line basis over their estimated useful lives. Land is stated at cost and only written down when impaired. The estimated useful lives are as follows:

Buildings	20 to 50 years
Machinery	5 to 15 years
Technical equipment	5 to 10 years
Other non-current assets	max. 5 years

2.7. Impairment of non-financial assets

Goodwill and other intangible assets with an indefinite life are tested annually for impairment. Fixed assets and other non-current assets, including intangible assets with an identifiable useful life, are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Value in use is calculated based on the estimated future cash flows, usually over a period of five years, and the projections for subsequent years. The results are discounted at an appropriate long-term interest rate. For the purpose of the impairment test, assets are grouped at the lowest level for which there are separately identifiable cash flows (so called "cash-generating units").

2.8. Inventories

Raw materials, supplies and consumables are stated at the lower of cost or net realizable value. Finished products and work in progress are stated at the lower of manufacturing cost or net realizable value. The cost of finished products and work in progress comprises material costs, direct and indirect production costs and other order-related production costs. Inventories are stated at weighted average costs based on their type and use. Valuation allowances are recognized for slow-moving and excess inventory items.

2.9. Trade and other accounts receivable

Trade and other accounts receivable are non-interest-bearing and stated at their nominal amount less valuation allowances for doubtful amounts. Impairments are assessed case by case. An impairment loss is recognized when there is objective evidence that the group will not be able to collect the full amount due. Impairment losses are recognized in the income statement. The carrying amounts thus determined correspond to an approximation of fair value.

2.10. Financial assets

Financial assets are divided into the following categories:

- **Financial assets “at fair value through profit or loss”** This category has two sub-categories: Financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is assigned to this category if acquired principally for the purpose of selling in the short-term or if designated as such by management. Derivatives are also assigned to this category unless they are designated as hedges. Assets in this category are presented as current assets if they are either held for trading or are expected to be realized within 12 months after the balance sheet date. As per March 31, 2016 Burckhardt Compression Group did not hold any investments in this category.
- **Loans and receivables** are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets unless the maturity date is more than 12 months after the balance sheet date, in which case they are presented as non-current assets. Loans and receivables are carried in the balance sheet under trade and other receivables.
- **Held-to-maturity investments** are non-derivative financial assets with fixed or determinable payments and fixed maturities that management intends to hold to maturity. As per March 31, 2016 Burckhardt Compression Group did not hold any investments in this category.
- **Available-for-sale financial assets** are non-derivative financial assets that are either classified as such or not assigned to any of the other categories. They are included in non-current assets unless management intends to dispose them

within 12 months after the balance sheet date. As per March 31, 2016 Burckhardt Compression Group did not hold any investments in this category.

Regular purchases and sales of financial assets are recognized on trade date, on which Burckhardt Compression commits to purchase or sell the asset. Financial assets not classified as at fair value through profit or loss are initially stated at fair value plus transaction costs. Financial assets classified as at fair value through profit or loss are initially stated at fair value, with the related transaction costs recognized in the income statement. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or been transferred and Burckhardt Compression has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and assets classified as at fair value through profit or loss are subsequently measured at fair value. Loans and receivables and held-to-maturity investments are carried at amortized cost using the effective interest method.

Gains or losses arising on financial assets measured at fair value through profit or loss, including interest and dividend income, are presented in the income statement on a net basis within other financial income/expenses in the period in which they arise.

In the event of changes in the fair value of monetary items that are classified as available for sale, currency translation differences resulting from changes in amortized cost are recognized in the income statement and other changes in carrying amount are recognized directly in equity.

Changes in the fair value of non-monetary assets classified as available-for-sale are taken to the balance sheet. If available-for-sale assets are sold or impaired, the accumulated fair value changes previously carried in the balance sheet are taken to the income statement. Dividends on available-for-sale equity instruments are recognized in the income statement when the right to receive payment is established.

The fair value of quoted investments (fair value hierarchy 1) is based on current bid prices. If there is no active market for a financial asset or if the asset is not quoted (fair value hierarchy 2), fair value is determined using suitable valuation methods. These include the use of recent arm's length transactions, reference to other instruments that are essentially the same, discounted cash flow analysis and option pricing models based as far as possible on market data and as little as possible on company-specific data.

At each reporting date, the group assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. If there is evidence that an available-for-sale asset is impaired, the cumulative loss (measured as the difference between the acquisition cost and current fair value less any impairment loss on that asset previously recognized in the income statement) is eliminated from equity and recognized in the income statement.

– **Derivative financial instruments** Burckhardt Compression uses derivative financial instruments exclusively as hedges of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability or a highly probable future transaction (cash flow hedges). At inception of the hedge, Burckhardt Compression documents the hedging relationship between the hedging instrument and the hedged item, its risk management objective and the underlying strategy for undertaking the hedge. At inception of the hedge and on an ongoing basis, it also documents its assessment of whether the derivatives used in the hedging relationship are highly effective in offsetting changes in the fair value or cash flows of the hedged item. The fair values of the various derivative financial instruments used for hedging purposes are listed in note 22 "Derivative financial instruments". The full fair value of derivative financial instruments designated as hedging instruments is presented as a non-current asset or non-current liability if, as of the balance sheet date, the remaining term of the hedged item exceeds 12 months and as a current asset or current liability if the remaining term is shorter. Derivative financial instruments held for trading are presented as current assets or current liabilities.

The effective portion of changes in the fair value of derivatives qualifying as cash flow hedges is recognized in other comprehensive income. The ineffective portion of such fair value changes is recognized in the income statement net, within other operating income/expenses. Amounts recognized directly in equity are reclassified into profit or loss and recognized as income or expense in the same period in which the hedged item affects profit or loss (e.g. on the date on which a hedged future sale takes place).

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, the cumulative gain or loss existing in equity at that time remains in equity and is only taken to the income statement when the hedged future transaction occurs. When a future transaction is no longer expected to occur, the cumulative gain or loss recognized directly in equity is immediately transferred to the income statement.

2.11. Cash and cash equivalents

In the consolidated cash flow statement, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities.

2.12. Trade accounts payable, customers' advance payments and other liabilities

Trade accounts payable, customers' advance payments and other liabilities are stated at amortized cost.

2.13. Borrowings

Bank and other financial debts are initially recognized at fair value, net of any transaction cost incurred. In subsequent periods, they are measured at amortized cost. Any difference between the amount borrowed (after deduction of transaction cost) and the repayment amount is reported in the income statement over the period of the financial debt, using the effective interest method. Liabilities under financial debts are classified as current liabilities unless Burckhardt Compression has an unconditional right to defer settlement for at least 12 months after the balance sheet date.

2.14. Provisions

Provisions are recognized for warranty obligations, personnel expenses and various commercial risks where Burckhardt Compression has an obligation towards third parties arising from past events, the amount of the liability can be reliably measured and it is probable that the settlement will result in an outflow of resources. The amount of the provisions is based on the expected expenditures required to cover all obligations and liabilities. Provisions for which the expected outflow of resources is not expected to take place within the next 24 months are discounted to their present value. No provisions are recognized for future operating losses.

2.15. Employee benefits

– **Post-employment benefits** The Burckhardt Compression Group operates various pension plans based on the local conditions in the respective countries. Burckhardt Compression operates defined benefit plans in Switzerland and Germany and defined contribution plans in the other countries. Whereas the Swiss pension plan's assets and liabilities are held by entities legally separate from the Burckhardt Compression group, the pension plan of Burckhardt Compression (Deutschland) GmbH is unfunded. Defined benefit plans typically define the amount of the pension benefits an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation, while, under defined contribution plans, fixed amounts are paid to an entity not belonging to the Burckhardt Compression group (insurance companies or funds).

The provision recognized in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation (DBO) at the balance sheet date less the fair value of the plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets and the effect on the asset ceiling, are recognized immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expenses and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs. In the case of the defined contribution plans, Burckhardt Compression contributes to public or private pension plans either due to a legal or contractual obligation or voluntarily. Above and beyond paying contributions, Burckhardt Compression does not have any further payment obligations. The contributions are recognized as employee benefit expense at the due date. Pre-paid contributions are recognized as assets to the extent that a right to receive a repayment or a reduction in future payments has been established.

– **Variable compensation plans** The group recognizes a liability and an expense for variable compensation plans based on a formula that takes into consideration the achievement of financial objectives. A provision is recognized in the consolidated financial statements in cases where the group has a contractual obligation or where past practice has resulted in a constructive obligation.

– **Share-based payments with compensation through equity instruments (equity settled)** Share-based payments with compensation through equity instruments are recognized at fair value as of the allocation date in the income statement. The expenses are distributed over the vesting periods. Further information is given in "Remuneration of the Board of Directors and Executive Board" and in the compensation report.

– **Other employment benefits** Other employment benefits include primarily anniversaries and severance payments, which are recognized on an accrual basis as a provision in the balance sheet.

2.16. Revenue recognition

Burckhardt Compression supplies compressor systems that are built into large, complex installations and provides compressor components and spare parts as well as services that are essential for consistent compressor performance. The compressor systems consist of modular compressors, supplemented with drive units, gas dampers and control and monitoring systems

tailored to the customer's specifications. The majority of the costs to design and manufacture such compressor systems accrue during the last four to six months prior to delivery to the customer.

Burckhardt Compression recognizes revenue arising from the sale of goods and the rendering of services upon completion of the contract, net of sales or value-added taxes, credits, discounts and rebates and after elimination of intra-group sales. Under this method, revenue and the related cost of goods sold are recognized in the accounts when the risks and rewards have passed to the customers subject to the conditions of sale and the flow of future revenues is probable. The following conditions must be met in this regard:

- A good has been delivered or a contractually agreed service rendered.
- The basic items of a delivery have been accepted by the customer.
- The amount of revenues, or the contractually agreed selling price, can be reliably measured.
- The costs (including those yet to be incurred) can be reliably measured.

The group recognizes provisions for anticipated losses on contracts.

2.17. Research and development expenses

Research costs are recognized as expenses in the period in which they arise. Development costs are recognized as intangible assets if it is highly probable that the project in question will be commercially successful is technically feasible and the related costs can be reliably measured. All other research and development costs are recognized as expenses as incurred.

2.18. Deferred taxes

Using the liability method, deferred tax is provided for all temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements prepared in accordance with IFRS. However, if the deferred tax arises from initial recognition of an asset or a liability in a transaction other than a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss), it is not accounted for. Deferred taxes are measured using the tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available, against which the temporary differences can be utilized.

Deferred tax liabilities are recognized for temporary differences associated with investments in subsidiaries and associates, except where Burckhardt Compression is able to control the timing of the reversal of the temporary differences and when it is probable that the temporary differences will not reverse in the foreseeable future.

2.19. Leasing

Lease agreements in which a substantial portion of the risks and rewards associated with ownership of the leased asset remain with the lessor are classified as operating leases. Payments under operating leases are debited to the income statement on a straight-line basis over the duration of the lease.

2.20. Dividend distribution

Dividends distributed to the shareholders of Burckhardt Compression Holding AG are recognized as a liability in the period in which they are approved by the company's shareholders.

2.21. Treasury shares

If a group company acquires treasury shares, the value of the paid consideration, including directly attributable additional costs (net of taxes) is subtracted from the shareholders' equity until the shares are redeemed, reissued or sold. If such shares are subsequently reissued or sold, the consideration received, after subtracting directly attributable additional transaction costs and associated taxes, is recognized as shareholders' equity. With the exception of Burckhardt Compression Holding AG, none of the companies included in the scope of consolidation hold any treasury shares.

– **Liquidity risks** Each Burckhardt Compression group company is responsible for managing its liquidity so that day-to-day business can be handled smoothly, while the group treasury is responsible for maintaining the group's overall liquidity. Some of the group subsidiaries may secure loans from local creditors within the limits approved by the group management. The group treasury provides the local group companies with the necessary funds or invests their excess liquidity. The group treasury maintains sufficient liquidity reserves and open credit and guarantee lines to fulfill the financial obligations at all times.

Burckhardt Compression follows the principle of security before return in the investment of financial resources. The liquidity is invested mainly on current accounts and occasionally in the money market (time deposits with first class financial institutions).

The actual and future cash flows and cash reserves are compiled monthly in a rolling liquidity forecast. The Executive Board and the Board of Directors are informed about the liquidity situation and outlook with the regular financial reporting.

Cash and cash equivalents held by Burckhardt Compression and free credit facilities as per the balance sheet date were as follows:

	03/31/2016	03/31/2015
in CHF 1'000		
Cash and cash equivalents	125'276	178'479
Free credit facilities	70'323	95'000
Total	195'599	273'479

The decrease in free cash facilities mainly results from an increased allocation of facilities to bank guarantees.

3. FINANCIAL RISK MANAGEMENT

– **Basic principles** The goal of the group-wide risk management policy is to minimize the negative impact of changes in the financing structure and financial markets, particularly with regard to currency fluctuations. Derivative financial instruments such as foreign exchange contracts may be used to address the respective risks. Burckhardt Compression pursues a conservative, risk averse financial policy. Financial risk management is based on the principles and regulations established by the Board of Directors. These govern Burckhardt Compression's financial policy and outline the conduct and powers of the group's treasury department, which is responsible for the group-wide management of financial risks. The financial principles and regulations govern areas such as financing policy, the management of foreign currency risk, the use of derivative financial instruments and the investment policy applicable to financial resources not required for operational purposes.

The contractual maturities of financial liabilities including estimated interest payments are as follows:

Financial liabilities as per 03/31/2016	Total carrying amount	Contractual payments				
in CHF 1'000		less than 1 year	in 2 nd year	in 3 rd to 5 th year	more than 5 years	Total cash flow
Current and non-current financial borrowings	32'041	2'845	1'578	28'604	204	33'231
Trade accounts payable	49'151	49'151				49'151
Other current liabilities	3'852	3'852				3'852
Total	85'044	55'848	1'578	28'604	204	86'234

Financial liabilities as per 03/31/2015	Total carrying amount	Contractual payments				
in CHF 1'000		less than 1 year	in 2 nd year	in 3 rd to 5 th year	more than 5 years	Total cash flow
Current and non-current financial borrowings	27'161	3'961	10'560	14'845	0	29'366
Liabilities from supply and services	35'043	35'043				35'043
Other current liabilities	8'252	8'252				8'252
Total	70'456	47'256	10'560	14'845	0	72'661

The table below discloses cash flows of the forward foreign exchange contracts as per the balance sheet date. The amounts disclosed correspond to the contractual non-discounted cash flows.

Forward foreign exchange contracts as per 03/31/2016	Cash flow				
in CHF 1'000	less than 1 year	in 2 nd year	in 3 rd to 5 th year	more than 5 years	Total
Cash flow hedge outflow	334'545	25'318	4'324	0	364'187
Cash flow hedge inflow	332'346	24'987	4'194	0	361'527

Forward foreign exchange contracts as per 03/31/2015	Cash flow				
in CHF 1'000	less than 1 year	in 2 nd year	in 3 rd to 5 th year	more than 5 years	Total
Cash flow hedge outflow	127'262	35'322	11'662	0	174'246
Cash flow hedge inflow	130'417	35'293	11'373	0	177'083

– **Currency risks** Burckhardt Compression hedges all major USD-denominated sales transactions of its Swiss entity (Burckhardt Compression AG). EUR-denominated sales and purchase transactions of the Swiss company are fairly evenly balanced when viewed over a period of 1–2 years and are therefore, to a certain extent, naturally hedged at the net profit level over said period. These foreign-exchange flows are regularly monitored by the group treasury; if there is evidence of a sustained shift in these flows, major sales and purchase transactions will be hedged on a case-by-case basis. For this, the group treasury normally uses forward exchange contracts. The other companies belonging to Burckhardt Compression group may, after consultation with group treasury, hedge the foreign-exchange risks of their sales and purchase

transactions through local qualified institutions or group treasury, the objective being the optimization of the net profit of each group company as reported in its functional local currency. The group management regularly monitors the changes in the most important currencies and may adjust the hedging policy accordingly in the future.

As a globally active corporation, Burckhardt Compression is also exposed to currency risks resulting from the translation into Swiss francs of items in the balance sheets of the foreign group companies. Based on income and invested capital, the following currencies are primarily relevant: EUR, USD, CNY and INR. Burckhardt Compression Holding AG does not hedge these translation risks.

As per balance sheet date, the following hypothetical foreign currency exchange rate risks existed:

03/31/2016

Exchange rate	EUR/ CHF	INR/ CHF	USD/ CHF	CNY/ CHF
Change of exchange rate (hypothetical) ¹	20%	20%	20%	20%

in CHF 1'000

Effect on result

– with increase of exchange rate against CHF	4'832	731	731	90
– with decrease of exchange rate against CHF	–4'832	–731	–731	–90

Effect on equity²

– with increase of exchange rate against CHF	0	0	–30'649	24'074
– with decrease of exchange rate against CHF	0	0	30'649	–24'074

¹ The hypothetical fluctuations in exchange rates expressed in percent were based on fluctuation scenarios of the respective foreign currencies against the Swiss franc as observed during recent reporting periods.

² The hypothetical effect on equity is a result of fair value changes of derivative financial instruments designated as hedges of future cash flow in foreign currency.

03/31/2015

Exchange rate	EUR/ CHF	INR/ CHF	USD/ CHF	CNY/ CHF
Change of exchange rate (hypothetical) ¹	20%	20%	20%	20%

in CHF 1'000

Effect on result

– with increase of exchange rate against CHF	3'032	170	885	122
– with decrease of exchange rate against CHF	–3'032	–170	–885	–122

Effect on equity²

– with increase of exchange rate against CHF	0	0	–26'625	0
– with decrease of exchange rate against CHF	0	0	26'625	0

– **Risks from customer contracts** Financial risks due to the execution of major and critical customer contracts are minimized through the established project control tools and processes.

– **Credit risk** Credit risk in respect of trade receivables is limited due to the diverse nature and quality of the customer base. Such risk is minimized by means of regular credit checks, advance payments, letters of credit and other tools. There is no concentration of customer-related risks within Burckhardt Compression Group as the most important customers in the project business, which accounts for a large share of Burckhardt Compression's overall business, vary from one year to the next. In past years Burckhardt Compression experienced no major impairments of receivables due to customer risks.

Credit risks of banks and financial institutions are monitored and managed centrally. Generally, only independently rated parties with a strong credit rating are accepted, and the total volume of transactions is split among several banks to reduce the individual risk with one bank.

– **Interest rate risk** Burckhardt Compression had mortgage loans of CHF 23.4 mn as per March 31, 2016. The mortgage loans have fixed terms of 1 to 6 years and fixed interest rates. Burckhardt Compression (US) Inc. had bank loans of CHF 7.3 mn as per March 31, 2016 at variable interest rates. Burckhardt Compression does not have any other major borrowings. Liquid assets not required for operational purposes are deposited in current accounts or occasionally in short-term money

market instruments and therefore are only exposed to the fluctuations of short-term interest rates. For this reason Burckhardt Compression has not performed a sensitivity analysis.

On December 18, 2014 the Swiss National Bank (SNB) imposed negative interest rates on sight deposit account balances at the SNB. Since that decision by the SNB, Burckhardt Compressions' house banks have set maximum limits for interest free cash deposits. As of March 31, 2016 there are no cash deposits bearing negative interest rates.

– **Capital risk** The capital managed by Burckhardt Compression is its consolidated equity. With regard to its capital management policies, Burckhardt Compression seeks to secure the continuation of its business activities, to achieve an acceptable return for the shareholders and to finance the growth of the business to a certain extent from own cash flow. In order to achieve these objectives Burckhardt Compression can adjust the dividend payments, repay share capital, issue new shares or divest parts of the assets.

Burckhardt Compression monitors and manages its capital and capital returns based on the following ratios:

Ratio	Definition
Equity base	Equity as percentage of balance sheet total (equity ratio)
Net financial position	Marketable securities, cash and cash equivalents less short- and long-term bank loans

As a long-term oriented industrial company exposed to cyclical market developments, Burckhardt Compression aims to keep a strong equity base and a solid net financial position. As per the balance sheet date those ratios showed the following values:

	03/31/2016	03/31/2015
Equity ratio	50.2%	49.7%
Net financial position (CHF 1'000)	93'235	151'318

Overview of financial assets and liabilities

Carrying amount and fair value of financial assets and liabilities (carrying amount corresponds mainly to fair value)

	Fair value hierarchy	Notes	03/31/2016	03/31/2015
in CHF 1'000				
Cash and cash equivalents	N/A	16	125'276	178'479
Loans and receivables				
Trade receivables	N/A	14	124'105	124'906
Other receivables	N/A	14	24'796	12'654
Total			148'901	137'560
Derivative financial instruments from hedge accounting (assets)	2	22	2'697	4'005
Liabilities stated at amortized cost				
Trade accounts payables	N/A		49'151	35'043
Other current liabilities	N/A	21	3'852	8'252
Current financial liabilities	N/A	19	1'739	3'661
Non-current financial liabilities	2	19	30'302	23'500
Total			85'044	70'456
Derivative financial instruments from hedge accounting (liabilities)	2	22	5'398	9'971

Fair value hierarchy:

Level 1 Instruments with quoted prices and active markets.

Level 2 Instruments with quoted prices for comparable assets or liabilities in active markets, and instruments which can be valued using valuation methods based on observable market data.

Level 3 Instruments which are valued using valuation methods whose inputs are not based on observable market data.

The general valuation method is outlined in point 2.10 Accounting Principles.

As per the end of fiscal years 2015 and 2014, Burckhardt Compression had no financial assets in the fair value category 3.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Burckhardt Compression makes estimates and assumptions concerning the future. The resulting estimates will, by definition, seldom equal the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are discussed below:

- **Impairment of goodwill** Burckhardt Compression tests goodwill for impairment on an annual basis in accordance with the accounting policy outlined under "Impairment of non-financial assets". The recoverable amounts of cash-generating units (CGU) are determined based on value-in-use calculations. These calculations require the use of assumptions. The group management defines budgeted gross margins based on developments in the past and on own expectations and industry predictions for future market development. The discount rates applied are pre-tax interest rates and reflect the specific risks of the respective segments. Further details to the impairment test are stated in the note 10.
- **Provisions** Provisions contain the anticipated cash outflows, at their present value at the balance sheet date, for warranty and other claims, and onerous contracts. Every year the provisions set aside for warranties and guarantees are compared with the actual guarantee-related expenses incurred during the reporting period and adjusted accordingly in the event of sustained deviation. Actual payments may differ from these estimates.
- **Accruals** Income and expenses are accounted for on an accruals basis so that they are recognized in the periods to which they relate. Accruals include items for any additional expenses relating to outstanding commissioning costs and potential liquidated damages on contracts already billed. As the actual work involved is difficult to estimate, actual costs may differ from the accrued liabilities recognized for the work.
- **Income taxes** Burckhardt Compression is obliged to pay income taxes in various countries and is therefore required to make significant assumptions in order to calculate its worldwide tax provision. In the case of a number of transactions and calculations, the final tax liability cannot be ultimately determined during the normal course of business. Where the final tax liability arising from these transactions differs from the initial assumption, this will affect current and deferred taxes in the period in which the tax liability is ultimately determined.
- **Pension liabilities** Pension liabilities are calculated on the balance sheet date using an actuarial-based procedure. For these projections assumptions must be made regarding interest rates, expected yields from assets, wage rises, staff fluctuations, etc. Changing the assumptions mentioned could lead to significant deviations because of the long-term nature of these calculations.

5. EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

01 Significant changes in the scope of consolidation

In September 2015 Burckhardt Components AG, a wholly owned subsidiary of Burckhardt Compression AG, was merged with Burckhardt Compression AG in the course of the "BC goes Service" initiative, in order to streamline processes.

In March 2015 Burckhardt Compression AG, a wholly owned subsidiary of Burckhardt Compression Holding AG, established Burckhardt Compression (Saudi Arabia) LLC by means of a contribution in cash. This new company employed 1 full time employee at the end of the fiscal year 2014.

In December 2014 Compressor Tech Holding AG, a wholly owned subsidiary of Burckhardt Compression Holding AG, acquired SAMR Société d'Application du Métal Rouge SAS, located in France. SAMR is a specialist enterprise that has designed and manufactured high-end, durable sliding bearings for rotating machinery such as reciprocating compressors, turbo compressors, turbines, combustion engines, gears and pumps since 1947. Its products are used in the chemicals and petrochemicals, power generation, shipping, railroad, steel and cement industries.

In June 2014, PROGNOST Systems GmbH (PSG), a subsidiary of Burckhardt Compression Holding AG, and Monitoring Technology LLC (Fairfax, VA) agreed on the acquisition of certain assets related to the Espresso vibration monitoring business and technology from the company's monitoring portfolio. The Espresso monitoring system is applied by users in the petrochemical, cement and paper industries and offers a wide range of specialized frequency analysis and automatic diagnostic features.

02 Currency exchange rates

	Average rates		Year-end rates	
	2015	2014	03/31/2016	03/31/2015
1 EUR	1.07	1.18	1.09	1.04
1 GBP	1.47	1.50	1.39	1.42
1 USD	0.97	0.93	0.96	0.96
1 CAD	0.74	0.82	0.74	0.76
1 AED	0.26	0.25	0.26	0.26
100 BRL	27.33	37.90	26.50	29.40
100 JPY	0.81	0.85	0.86	0.80
100 CNY	15.24	15.00	14.86	15.50
100 INR	1.49	1.52	1.45	1.54
100 KRW	0.08	0.09	0.08	0.09
1 TRY	0.34	0.41	0.34	0.37
1 SGD	0.70	0.72	0.71	0.70
1 ZAR	0.07	0.08	0.06	0.08

03 Segment reporting

Burckhardt Compression is one of the market leaders worldwide in reciprocating compressors and has only one reportable segment (compressor business). The information for this segment is identical to the data in the consolidated financial statements. Management did not identify any other reportable segments to which specific risks and benefits could be allocated or for which there is regular and consistent internal reporting to facilitate management decision-making processes. Furthermore management believes that group investments cannot be feasibly allocated to product lines, markets or geographic regions. Management has therefore concluded that at the present time segment reporting by product line, market or geographic region would not improve the interpretation of group results or the company's risks and profitability.

Geographic information

Sales by country of installation	2015	2014
in CHF 1'000		
Europe:		
– EU	147'703	132'418
– Switzerland	4'311	4'051
– Other European countries	69'087	73'453
Total Europe	221'101	209'922
North America	80'543	33'842
South America	21'923	18'951
Asia, Australia, Middle East	156'363	207'891
Africa	7'305	3'038
Total	487'235	473'644

Sales by customer location	2015	2014
in CHF 1'000		
Europe:		
– EU	165'770	146'336
– Switzerland	13'301	24'438
– Other European countries	70'711	59'611
Total Europe	249'782	230'385
North America	63'123	22'552
South America	9'005	17'888
Asia, Australia, Middle East	161'920	199'760
Africa	3'405	3'059
Total	487'235	473'644

Carrying amount of assets by location of assets	03/31/2016	03/31/2015
in CHF 1'000		
Europe:		
– EU	35'774	29'222
– Switzerland	520'769	565'073
Total Europe	556'543	594'295
North America	87'818	33'824
South America	1'108	1'266
Asia, Australia, Middle East	62'544	51'974
Total	708'013	681'359

Capital expenditure for property, plant and equipment	2015	2014
in CHF 1'000		
Europe:		
– EU	993	398
– Switzerland	21'184	13'093
Total Europe	22'177	13'491
North America	9'576	1'898
South America	144	4
Asia, Australia, Middle East	9'396	1'783
Total	41'293	17'176

04 Additional information regarding the income statement

Sales and gross profit		2015	2014
in CHF 1'000			
Compressor Systems	Sales	332'416	327'194
	Gross profit	72'987	78'219
Components, Service & Support	Sales	154'819	146'450
	Gross profit	78'688	74'600
Total	Sales	487'235	473'644
	Gross profit	151'675	152'819

Expenses by nature ¹		2015	2014
in CHF 1'000			
Raw materials and consumables		-221'058	-242'789
Personnel expenses	Salaries and wages	-113'528	-104'739
	Defined benefit plans	-11'218	-1'485
	Defined contribution plans	-1'943	-10'344
	Other social benefits	-7'533	-6'828
	Other personnel costs	-14'381	-15'574
Total personnel expenses		-148'603	-138'970
Depreciation		-11'850	-10'808
Amortization		-3'414	-3'577

¹The amounts shown under expenses by nature are related to the costs of goods manufactured (not cost of goods sold) during the respective fiscal year. The shift towards lower costs for raw materials and consumables and higher personnel expenses results from a different product mix. Furthermore, the increase in salaries and wages is line with the increase in the headcount to 1'432 as per March 31, 2016 compared to 1'385 as per March 31, 2015.

05 Employee benefit plans

Burckhardt Compression operates defined benefit pension plans in Switzerland and Germany.

The plans in Switzerland consist of two independent pension funds ("Sulzer Vorsorgeeinrichtung", a base plan for all employees and "Johann Jakob Sulzer Stiftung" a plan for employees with salaries exceeding a certain limit). The majority of the active participants in the two pension funds are employed at companies not belonging to Burckhardt Compression. The board of trustees for the base plan comprises ten employee and ten employer representatives of the contributing companies and is responsible for the investment of the assets and the risk management. The insurance plans of the "Sulzer Vorsorgeeinrichtung" and of the "Johann Jakob Sulzer Stiftung" are contribution-based and are classified as defined benefit plans according to IAS 19. The plans contain a cash balance benefit formula. Under Swiss law, the pension funds guarantee the vested benefit amount as confirmed annually to members. Interest may be added to member balances at the discretion of the board of trustees. At retirement date, members have the right to take their retirement benefit as a lump sum, an annuity or part as a lump sum with the balance converted to a fixed annuity at the rates defined in the rules of the pension funds. These plans are funded through a legally separate trustee administered pension fund ("Sulzer Vorsorgeeinrichtung" and "Johann Jakob Sulzer

Stiftung"). The pension funds are able to adapt the contribution and benefits at any time. In case of underfunding, this may involve special payments from the employer.

In the course of reporting period the pension Board decided to gradually reduce the conversion rate for new retirees.

The disclosed sensitivities have been determined by changing the discount rate and the rate of salary increase by +/-0.25% resp. making an adjustment to the mortality rates so that the longevity increased/decreased by one year. The cash funding of these plans is designed to ensure that present and future contributions should be sufficient to meet future liabilities. Employer and employee contributions are defined in terms of an age related sliding scale of percentages of the insured salary.

The financing of pension plans in Germany is made by means of provisions accrued in the accounting records of the companies affected.

in CHF 1'000	Funded plans	Unfunded plans	2015	2014
Reconciliation of the amount recognized in the balance sheet				
Present value of funded defined benefit obligation	-289'553	0	-289'553	-269'722
Fair value of plan assets	240'159	0	240'159	226'094
Overfunding (+)/underfunding (-)	-49'394	0	-49'394	-43'628
Present value of unfunded defined benefit obligation	0	-2'216	-2'216	-2'287
Adjustment to asset ceiling ¹	0	0	0	0
Asset (+)/liability (-) recognized in the balance sheet	-49'394	-2'216	-51'610	-45'915
– thereof as liabilities under non-current provisions	-49'394	-2'216	-51'610	-45'915
– thereof as prepaid expenses	0	0	0	0
– thereof as liabilities held for sale	0	0	0	0
Reconciliation of effect of asset ceiling				
Adjustment to asset ceiling at April 1			0	1'123
Interest expense/(income) on effect of asset ceiling			0	26
Change in effect of asset ceiling excl. interest expense/(income)			0	-1'149
Adjustment to asset ceiling at March 31			0	0
Reconciliation of asset (+)/liability (-) recognized in the balance sheet				
Asset (+)/liability (-) recognized at April 1			-45'915	-5'834
Defined Benefit cost recognized in profit or loss			-11'128	-1'485
Defined Benefit cost recognized in OCI			-1'986	-46'028
Contributions by the employer/benefits paid directly by the employer			7'526	7'052
Currency translation differences			-107	380
Asset (+)/liability (-) recognized at March 31			-51'610	-45'915
Components of defined benefit cost in profit or loss				
Current service cost (employer)			-10'734	-6'737
Interest cost			-2'021	-4'977
Interest income on plan assets			1'657	4'884
Past service cost			0	5'397
Interest expense/(income) on effect of asset ceiling			0	-26
Other administrative cost			-30	-26
Expense recognized in profit or loss			-11'128	-1'485
– thereof as personnel expenses			-7'395	-7'313
– thereof as other operating income (+)/expenses (-)			-3'369	5'947
– thereof as financial income (+)/expenses (-)			-364	-119
Components of defined benefit cost in OCI				
Actuarial (loss)/gain on defined benefit obligation			-6'226	-49'807
Return on plan assets excl. interest income			4'240	2'630
Change in effect of asset ceiling excl. interest expense/income			0	1'149
Cost recognized in OCI			-1'986	-46'028

¹ Legal requirements, particularly those in Switzerland, restrict the utilization of overfunded amounts in separate legal benefit plans. Only amounts for which the future economic benefit to the employer is imminent are capitalized in the consolidated balance sheet.

	2015	2014
in CHF 1'000		
Reconciliation of defined benefit obligation		
Defined benefit obligation as of April 1	272'009	210'816
Interest cost	2'021	4'977
Current service cost (employer)	10'734	6'737
Contributions by plan participants	5'270	4'878
Past service cost	0	-5'397
Benefits paid (deposited)	-4'628	545
Other administrative cost	30	26
Actuarial gain (-)/loss (+) on obligation	6'226	49'807
Currency translation differences	107	-380
Defined benefit obligation as of March 31	291'769	272'009
Reconciliation of the fair value of plan assets		
Fair value of plan assets as of April 1	226'094	206'105
Interest income on plan assets	1'657	4'884
Contributions by the employer/benefits paid directly by the employer	7'526	7'052
Contributions by plan participants	5'270	4'878
Benefits paid (deposited)	-4'628	545
Return on plan assets excl. interest income	4'240	2'630
Fair value of plan assets as of March 31	240'159	226'094
Total plan assets at fair value – Quoted market price		
Cash and cash equivalents	20'310	19'748
Equity instruments third parties	51'490	49'265
Debt instruments third parties	98'215	96'274
Real Estate funds	4'353	3'732
Other	0	4'287
Total assets at fair value – Quoted market price as of March 31	174'368	173'306
Total plan assets at fair value – Non-quoted market price		
Properties occupied by or used by third-parties (Real Estate)	53'547	46'595
Other	12'244	6'193
Total assets at fair value – Non-quoted market price as of March 31	65'791	52'788

	2015	2014
in CHF 1'000		
Best estimate of contributions for upcoming financial year		
Contributions by the employer/benefits paid directly by the employer	7'604	7'149
Contributions by plan participants	5'388	4'977
Components of Defined Benefit Obligation, split (\$137)		
Defined Benefit Obligation at March 31 for active members	169'924	162'376
Defined Benefit Obligation at March 31 for pensioners	121'845	109'633
Total Defined Benefit Obligation at March 31	291'769	272'009
Components of actuarial (gain)/losses on obligations (\$141 lit. c)		
Actuarial (gain)/loss arising from changes in financial assumptions	-1'875	57'108
Actuarial (gain)/loss arising from changes in demogr. assumptions	0	-5'435
Actuarial (gain)/loss arising from experience adjustments	8'101	-1'866
Actuarial (gain)/loss on defined benefit obligation	6'226	49'807
Maturity profile of defined benefit obligation (\$147 lit. c)		
Weighted average duration of defined benefit obligation in years	16.3	16.0
Sensitivity analysis of Defined Benefit Obligation		
Discount rate (decrease 0.25%)	304'215	283'652
Discount rate (increase 0.25%)	280'189	261'423
Future salary growth (decrease 0.25%)	290'498	270'808
Future salary growth (increase 0.25%)	293'080	273'264
Life expectancy (decrease 1 year)	283'923	264'936
Life expectancy (increase 1 year)	299'499	278'960
Principal actuarial assumptions as of March 31		
Discount rate	0.52%	0.72%
Future salary increases	1.00%	1.00%
Future pension increases	0.00%	0.00%
Expected average remaining working lives in years	9.9	9.8
Life expectancy at retirement age (male/female) in years	21.6 / 24.1	21.5 / 24.0

06 Research and development expenses

Research and development activities in the fiscal year 2015 centered on enhancing certain types of compressors, developing mechatronic and non-metallic products, product standardization as well as research in the field of tribology.

In fiscal year 2015, development expenses amounting to CHF 1.2 mn were capitalized at PROGNOST Systems GmbH for the development of an enhanced product line. No research and development expenses were capitalized in the fiscal year 2014.

07 Other operating income and expenses

	2015	2014
in CHF 1'000		
Currency exchange gains	17'817	13'561
Other operating income	18'945	12'979
Total other operating income	36'762	26'540
Currency exchange losses	-15'675	-19'917
Other operating expenses	-9'549	-4'818
Total other operating expenses	-25'224	-24'735
Total	11'538	1'805

On March 18, 2016, Burckhardt Compression and Arkos Field Services LP signed an agreement regarding the transfer of certain assets (mainly trade receivables and inventory) from Burckhardt Compression to Arkos in order to consolidate the service business in the United States. This transaction resulted in a book gain amounting to CHF 12.0 mn. Furthermore, other operating income was positively affected by foreign exchange gains amounting to CHF 2.1 mn and an operating profit of CHF 3.2 mn (prior year: CHF 3.2 mn) from the real estate company (Burckhardt Compression Immobilien AG). As for other operating expenses, the largest single negative impact (CHF -3.4 mn) resulted from employee benefit plans under IAS 19.

08 Financial result

	2015	2014
in CHF 1'000		
Interest expenses	-1'235	-866
Interest income	155	75
Other financial income (+) and expenses (-)	44	-14
Total	-1'036	-805

Most of the interest expenses are attributable to mortgages for the commercial real estate in Winterthur and to a minor extent the local bank funding secured by other subsidiaries as well as to interest expenses in relation with employee benefit plans (IAS 19). The increase in finance costs is mainly due to the increase in interest expenses for employee benefit plans.

As a result of the persisting low level of interest rates, interest income basically remained at the low prior year level.

09 Taxes

Income taxes

	2015	2014
in CHF 1'000		
Current income taxes	-13'399	-14'977
Deferred taxes	-2'387	-1'255
Total	-15'786	-16'232

Reconciliation of income tax expense

	2015	2014
in CHF 1'000		
Profit before income taxes	71'291	73'787
Income tax expenses at the local tax rates in the respective countries	-15'537	-15'496
Effect of share of results of associates	143	0
Effect of non-recognition of tax loss carry-forwards	-460	-354
Effect of recognition and offset of tax loss carry-forwards not recognized in prior years	68	0
Adjustment in respect of prior years	0	-382
Total income tax expenses	-15'786	-16'232
as % of profit before income taxes	22.1%	22.0%

The expected tax rate of Burckhardt Compression Group corresponds to the weighted average tax rate based on the income (loss) before taxes and the tax rate of each group company. The tax rate in the period under review is at 22.1%, slightly above prior year (22.0%) and in line with the average of the last four years (21.8%).

Deferred taxes

	2015	2014
in CHF 1'000		
Total changes in net deferred tax liabilities:		
Balance as per 04/01/2015 / 04/01/2014	1'977	12'376
Charged to the income statement	2'387	1'255
Deferred taxes recognized in equity	758	-9'699
Taxes charged to equity for hedging reserves	-205	-1'955
Balance as per 03/31/2016 / 03/31/2015	4'917	1'977

The deferred tax liabilities (net) increased by CHF 2.9 mn mainly due the use of tax loss carry-forwards and the corresponding decrease in deferred tax assets.

Breakdown of deferred taxes in the balance sheet

	03/31/2016		03/31/2015	
in CHF 1'000	Assets	Liabilities	Assets	Liabilities
Intangible assets	0	1'728	0	1'357
Property, plant and equipment	34	7'039	4	5'889
Inventories	45	2'573	34	2'753
Trade and other receivables	21	3'451	0	3'973
Financial assets	195	22	0	11
Derivative financial instruments (liabilities)	127	0	201	0
Non-current provisions	11'435	1'860	9'950	1'560
Trade accounts payable	489	2'302	646	0
Other current and accrued liabilities	402	0	359	0
Tax loss carry forwards	1'310	0	2'372	0
Total deferred taxes (gross)	14'058	18'975	13'566	15'543
Offset	-1'617	-1'617	-2'165	-2'165
Total deferred taxes (net)	12'441	17'358	11'401	13'378

In accordance with the exemption in IAS 12 the group does not provide for deferred income tax on investments in group companies.

Tax loss carry forwards

	03/31/2016	03/31/2015
in CHF 1'000		
Expiring in the next 3 years	292	646
Expiring in 4 years or later	6'558	13'826
Total tax loss carry forwards	6'850	14'472
Potential tax assets calculated	1'897	3'035
Valuation allowance	-587	-663
Deferred tax assets	1'310	2'372

Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which they can be utilized.

10 Intangible assets

Acquisition costs

in CHF 1'000	Goodwill	Customer lists	Other intangible assets	2015 Total	Goodwill	Customer lists	Other intangible assets	2014 Total
Balance as per 04/01/2015 / 04/01/2014	20'994	7'739	19'591	48'324	19'785	7'661	13'728	41'174
Changes in the consolidation scope					1'932		50	1'982
Additions			5'402	5'402		516	5'691	6'207
Disposals	-1'325	-2'269	-223	-3'817			-1'219	-1'219
Reclassifications			1'220	1'220			1'870	1'870
Currency translation differences	133	166	128	427	-723	-438	-529	-1'690
Balance as per 03/31/2016 / 03/31/2015	19'802	5'636	26'118	51'556	20'994	7'739	19'591	48'324

Accumulated amortization

in CHF 1'000	Goodwill	Customer lists	Other intangible assets	2015 Total	Goodwill	Customer lists	Other intangible assets	2014 Total
Balance as per 04/01/2014 / 04/01/2013	0	-6'454	-9'045	-15'499	0	-5'817	-7'885	-13'702
Changes in the consolidation scope							-38	-38
Additions		-489	-2'925	-3'414		-1'015	-2'562	-3'577
Disposals		2'155	222	2'377			1'218	1'218
Reclassifications								
Currency translation differences		-142	-37	-179		378	222	600
Balance as per 03/31/2015 / 03/31/2014	0	-4'930	-11'785	-16'715	0	-6'454	-9'045	-15'499

Net book value

As per 04/01/2015 / 04/01/2014	20'994	1'285	10'546	32'825	19'785	1'844	5'843	27'472
As per 03/31/2016 / 03/31/2015	19'802	706	14'333	34'841	20'994	1'285	10'546	32'825

Other intangible assets Other intangible assets mainly consist of investments in software and IT licences as well as the capitalization of development expenses at PROGNOST Systems GmbH.

Disposals The disposals of goodwill and customer lists are primarily in connection with the sale of certain assets from Burckhardt Compression to Arkos in order to consolidate the service business in the United States (see note 7).

Impairment tests for goodwill Goodwill is allocated to the identifiable cash-generating units of the Burckhardt Compression Group (Crosshead Piston Compressors and Standard High Pressure Compressors). Goodwill was tested for impairment in the fourth quarter of the fiscal year 2015. The recoverable amount of a cash-generating unit is determined by calculating its value in use. These calculations are based on cash flows projection. For this purpose five planning years are taken into consideration, applying the parameters listed below as well as a terminal value with no growth at all. Management estimated

the planned gross profit margin based on past developments and the expectations regarding future market developments. Growth rates were adjusted where necessary. Historical data were used to make cautious assumptions. The assumptions listed below were used in the analysis of each cash-generating unit. No impairment losses were recognized for fiscal years 2015 and 2014. Sensitivity analyses were done using parameters such as growth rate and pre-tax discount rate.

For the cash-generating unit "Crosshead piston compressors" the sensitivity analysis indicated that an impairment can be reasonably considered unlikely. For the cash-generating unit "Standard High Pressure Compressors" an increase of the pre-tax discount rate from 9.9% to 10.7% or a reduction of the growth rate from 7.9% to 7.2% would result in a value in use equal to the carrying amount.

	Crosshead Piston Compressors	Standard High Pressure Compressors	Total
in CHF 1'000			
Goodwill as per 03/31/2016	16'423	3'379	19'802
The test is based on the following assumptions:			
– Growth rate for sales	5.1%	7.9%	
– Gross margin as % of sales	28.4%	23.8%	
– Pre-tax discount rate	9.9%	9.9%	
Goodwill as per 03/31/2015	17'405	3'589	20'994
The test is based on the following assumptions:			
– Growth rate for sales	3.2%	1.5%	
– Gross margin as % of sales	30.5%	26.9%	
– Pre-tax discount rate	9.9%	9.9%	

The discount rate for discounting projected cash flows equals the rate which is used for similar purposes in the day-to-day business. The discount rate applied in the previous fiscal year for discounting projected cash flows was 9.9%.

11 Property, plant and equipment

	Land and buildings	Machinery and equipment	Other assets	Assets under construction	2015 Total	Land and buildings	Machinery and equipment	Other assets	Assets under construction	2014 Total
in CHF 1'000										
Acquisition costs										
Balance as per 04/01/2015 / 04/01/2014	97'163	80'594	18'503	9'632	205'892	96'796	76'373	18'491	5'746	197'406
Changes in the consolidation scope						300	1'627	144		2'071
Additions	15'170	9'806	2'825	13'492	41'293	48	5'545	2'070	9'513	17'176
Disposals	-712	-1'939	-2'696	-345	-5'692	-61	-5'719	-2'048		-7'828
Reclassifications	6'276	2'362	275	-10'133	-1'220	735	2'952	109	-5'666	-1'870
Currency translation differences	-58	-211	-134	-107	-510	-655	-184	-263	39	-1'063
Balance as per 03/31/2016 / 03/31/2015	117'839	90'612	18'773	12'539	239'763	97'163	80'594	18'503	9'632	205'892
Accumulated depreciation										
Balance as per 04/01/2015 / 04/01/2014	-12'188	-43'547	-11'814	0	-67'549	-9'626	-42'271	-11'494	0	-63'391
Changes in the consolidation scope						-228	-1'212	-97		-1'537
Additions	-2'487	-7'195	-2'168		-11'850	-2'388	-5'945	-2'475		-10'808
Disposals	37	2'036	1'938		4'011		5'704	2'029		7'733
Reclassifications							-11	11		
Currency translation differences	31	71	56		158	54	188	212		454
Balance as per 03/31/2015 / 03/31/2015	-14'607	-48'635	-11'988	0	-75'230	-12'188	-43'547	11'814	0	-67'549
Net book value										
As per 04/01/2015 / 04/01/2014	84'975	37'047	6'689	9'632	138'343	87'170	34'102	6'997	5'746	134'015
As per 03/31/2016 / 03/31/2015	103'232	41'977	6'785	12'539	164'533	84'975	37'047	6'689	9'632	138'343

The additions recorded in category "Land and buildings" during fiscal year 2015 contain the building extension in Winterthur, the purchase of a strategically located building in the immediate vicinity of Burckhardt Compression's facilities in Winterthur as well as the construction of a new assembly facility in South Korea.

The additions recorded in category "Machinery and equipment" can primarily be traced to the modernization and replacement of machining tools both for compressor equipment and components production capacity in Winterthur, as well as for equipping the assembly facility in South Korea.

The additions recorded in category "Assets under construction" during fiscal year 2015 mainly relate to the new assembly facility in the United States.

In the fiscal years 2015 and 2014 no traded assets are capitalized.

12 Investments in associates

	2015	2014
in CHF 1'000		
Balance as per 04/01/2015 / 04/01/2014	0	0
Additions	17'856	0
Share of net results	-651	0
Currency translation differences	-569	0
Balance as per 03/31/2016 / 03/31/2015	16'636	0

On December 21, 2015, Burckhardt Compression signed and closed an agreement in which Burckhardt Compression acquired a 40% position in Arkos Group LLC, holding company of Arkos Field Services, an experienced US-based compression and equipment service provider. Arkos Field Services serves its customers throughout fifteen strategically positioned service centers.

The following table provides selected summarised unaudited key financial data of Arkos:

	2015
in CHF 1'000	
Income statement	
Sales	67'953
Operating income ¹	-3'835
Net income ¹	-4'161
Balance sheet as per March 31	
Current assets	42'384
Non-current assets	42'238
Current liabilities	9'900
Non-current liabilities	27'116
Equity	47'606

¹ Includes one-off expenses for the transaction with Burckhardt Compression amounting to TCHF 1'612

13 Inventories

in CHF 1'000	03/31/2016	03/31/2015
Acquisition costs		
Raw materials, supplies and consumables	13'958	17'408
Work in progress	137'287	115'150
Finished products and trade merchandise	40'109	40'976
Advance payments to suppliers	18'281	10'696
Valuation allowances	-9'986	-9'196
Total	199'649	175'034

in CHF 1'000	2015	2014
Valuation allowances		
Balance as per 04/01/2015 / 04/01/2014	-9'196	-9'104
Utilized due to disposals	27	875
Additions	-818	-970
Currency translation differences	1	3
Balance as per 03/31/2016 / 03/31/2015	-9'986	-9'196

The high order backlog as of March 31, 2016, led to an increase in work in progress of CHF 22.1 mn compared to the prior year. The capital invested in work in progress and advance payments to suppliers is to a large extent financed by advance payments from customers, leaving a negative balance as of March 31, 2016 of CHF -49.2 mn (previous year CHF 10.0 mn).

14 Trade and other receivables

in CHF 1'000	03/31/2016	03/31/2015
Trade receivables	124'546	125'376
Allowance for bad debts	-441	-470
Other receivables	6'147	11'421
Prepaid expenses and accrued income	3'039	3'712
Total current receivables	133'291	140'039
Other receivables	18'649	1'233
Total non-current receivables	18'649	1'233
Total	151'940	141'272

in CHF 1'000	2015	2014
Allowance for bad debts		
Balance as per 04/01/2015 / 04/01/2014	-470	-416
Additions	-61	-302
Released	76	28
Utilization	15	220
Currency translation differences	-1	0
Balance as per 03/31/2016 / 03/31/2015	-441	-470

Other non-current receivables as of March 31, 2016 include a promissory note from Arkos Group LLC and Arkos Field Services LP resulting from the asset transfer from Burckhardt Compression to Arkos Field Services LP (see note 7).

The allowance for bad debts at the end of the 2015 and 2014 fiscal years was entirely related to accounts receivable which were more than 90 days overdue as per the closing date.

	03/31/2016		03/31/2015	
in CHF 1'000				
Age profile of trade receivables				
Not due	75'442	60.8%	80'294	64.3%
Overdue 1–30 days	12'818	10.3%	18'985	15.2%
Overdue 31–60 days	6'020	4.9%	11'282	9.0%
Overdue 61–90 days	5'291	4.3%	1'461	1.2%
Overdue more than 90 days	24'534	19.8%	12'884	10.3%
Balance as per 03/31/2016 / 03/31/2015	124'105	100.0%	124'906	100.0%

	03/31/2016	03/31/2015
in CHF 1'000		
Trade receivables broken down into currencies		
CHF	42'665	46'699
EUR	32'082	19'346
USD	32'584	44'299
GBP	966	1'066
JPY	258	360
INR	4'672	5'875
BRL	210	208
KRW	96	7
CAD	3'548	696
CNY	3'505	4'742
Other	3'519	1'608
Total (after allowance for bad debts)	124'105	124'906

Burckhardt Compression is not exposed to major credit risks as it has a large and globally diverse customer base. The single largest account receivable represents 9% (prior year: 10%) of total trade and other receivables. The risk of default among Burckhardt Compression customers is limited; a high share of the accounts receivable are secured by letters of credit. Trade account receivables remained relatively stable compared to year-end 2014. Long-term overdue positions (overdue more than 90 days) were amounting to 19.8% of total account receivables (last year 10.3%). This increase is mainly related to projects in China where customers do not yet need the compressor equipment due to delayed project schedules. The percentage of accounts receivables not due decreased by 3.5 percentage points to 60.8%.

15 Marketable securities

There were no holdings of marketable securities as of the balance sheet date.

16 Cash and cash equivalents

Cash was primarily held in current accounts. Most of the cash and cash equivalents were held in Swiss francs to reduce currency exchange risk.

	03/31/2016	03/31/2015
in CHF 1'000		
Cash	737	991
Bank deposits	124'263	177'210
Short-term deposits	276	278
Total cash and cash equivalents	125'276	178'479

17 Pledged assets

Burckhardt Compression Immobilien AG granted a Swiss bank a senior mortgage lien on the commercial property in Winterthur, which was valued at CHF 76.1 mn (prior year CHF 72.4 mn) in the balance sheet at the end of the reporting period. PROGNOT System GmbH, granted a German bank a senior mortgage lien on the commercial property in Rheine, Germany, which was valued at CHF 3.8 mn (prior year CHF 3.7 mn) in the balance sheet at the end of the reporting period. Furthermore PROGNOT has pledged cash in the amount of CHF 0.5 mn as collateral for guarantees provided by a local bank. Burckhardt Compression (India) Private Ltd. has pledged property, inventories and receivables in the amount of CHF 3.8 mn (previous year CHF 4.1 mn) as collateral for the credit lines and guarantee facilities provided by local banks. No other assets were pledged as collateral in the fiscal year 2015.

18 Share capital

	03/31/2016	03/31/2015
Number of shares issued	3'400'000	3'400'000

The nominal value per share amounts to CHF 2.50. All shares are registered shares and are paid in full. The breakdown of equity into its individual components is shown in the statement of changes in equity. The Board of Directors is empowered to increase the company's share capital by a maximum of CHF 1'275'000 at any time until July 1, 2017 by issuing a maximum of 510'000 fully paid registered shares with a nominal value of CHF 2.50 each (authorized capital).

	03/31/2016	03/31/2015
Number of treasury shares	5'016	490

All treasury shares held at the end of fiscal year 2015 were used for the share based long-term incentive program within the Burckhardt Compression Group.

Earnings per share

	2015	2014
in CHF 1'000		
Net income attributable to shareholders of Burckhardt Compression Holding AG ¹	55'505	57'555
Average number of outstanding shares	3'397'780	3'399'396
Average number of outstanding shares for the calculation of earnings per share	3'397'780	3'399'396
Earnings per share (in CHF)	16.34	16.93
Diluted earnings per share (in CHF)	16.34	16.93
Dividend per share (in CHF) ¹	10.00	10.00

¹ The Board of Directors will propose to the Annual General Meeting a dividend of CHF 10.00 per share, to be paid in July 2016.

The average number of outstanding shares is calculated based on the issued shares minus the weighted average number of treasury shares. There are no conversion or option rights outstanding; therefore there is no potential dilution of earnings per share.

19 Borrowings

in CHF 1'000	Current	Non-current	Total 03/31/2016	Total 03/31/2015
Bank loans and leasing commitments	1'739	29'652	31'391	27'161
Other	0	650	650	0
Total	1'739	30'302	32'041	27'161

The bank loans as per March 31, 2016 included mortgage loans of CHF 23.4 mn, of which CHF 1.3 mn is due in less than 12 months, as well as a bank loan at Burckhardt Compression (US) Inc. of CHF 7.3 mn as per March 31, 2016. The average effective interest rate amounted to 2.5% in fiscal year 2015 and 3.3% in the previous fiscal year.

As per March 31, 2016, Burckhardt Compression AG has committed bank facilities totaling CHF 234.8 mn (excluding mortgage loans), thereof CHF 111.9 mn in cash credit lines (previous year total bank facilities amounted to CHF 227.6 mn, thereof CHF 107.6 mn in cash credit lines).

Operating leases are disclosed on the note 25 (Other financial commitments).

20 Provisions

in CHF 1'000	Employee benefits	Warranties, penalties, unprofitable contracts	Other	2015 Total	Employee benefits	Warranties, penalties, unprofitable contracts	Other	2014 Total
Balance as per 04/01/2015 / 04/01/2014	3'705	13'671	1'203	18'579	5'331	10'452	1'077	16'860
Additions	1'063	15'568	1'162	17'793	2'724	6'255	1'076	10'055
Released as no longer required	-125	-1'066	-130	-1'321	-615	-943	-84	-1'642
Released for utilization	-456	-4'499	-786	-5'741	-3'204	-2'046	-800	-6'050
Currency translation differences	-14	-109	-14	-137	-531	-47	-66	-644
Total as per 03/31/2016 / 03/31/2015	4'173	23'565	1'435	29'173	3'705	13'671	1'203	18'579
Thereof current	976	15'777	1'435	18'188	1'011	5'355	1'203	7'569
Thereof non-current	3'197	7'788	0	10'985	2'694	8'316	0	11'010

The employee benefits category includes mainly provisions for long-service awards and ordinary termination benefits. The "Warranties, penalties, unprofitable contracts" category comprises provisions based on historical experience for work performed under warranties, as well as penalties and losses arising from new machine projects at the expense of Burckhardt Compression. The amount reported under "additions" is mainly related to a number of unprofitable strategic projects.

21 Other current and accrued liabilities

	03/31/2016	03/31/2015
in CHF 1'000		
Other current liabilities		
Social security institutions	457	1'896
Tax liabilities (excl. income taxes)	2'282	4'890
Miscellaneous	1'113	1'466
Total	3'852	8'252
Accrued liabilities		
Vacation and overtime	3'278	3'785
Salaries, wages and bonus payments	7'833	7'994
Contract related liabilities	27'011	20'918
Miscellaneous	6'846	1'810
Total	44'968	34'507
Total other current and accrued liabilities	48'820	42'759

The accrued contract-related liabilities increased by CHF 6.1 mn compared to the previous year, mainly as a result of the higher volume of pending invoices from suppliers on invoiced compressor systems projects.

22 Derivative financial instruments

	03/31/2016		03/31/2015	
	Positive fair values	Negative fair values	Positive fair values	Negative fair values
in CHF 1'000				
Forward foreign exchange contracts (Cash flow hedges)	2'697	5'398	4'005	9'971
Thereof current	2'623	4'832	3'993	9'093
Thereof non-current	74	566	12	878

The fair value of the derivative assets quantifies the maximum loss that would occur if the counterparties failed to meet their obligations. The counterparties consist solely of prime-rated financial institutions. There is no excessive concentration of risk.

As per March 31, 2016 the contract value of the open derivative financial instruments amounted to TCHF 364'206; as per March 31, 2015 it totaled TCHF 183'062. The significant increase in contract value is mainly related the hedging of the projected payables for the acquisition of a majority stake in Shenyang Yuanda Compressor Co. Ltd., and to a lesser extent to the higher volume of business transactions to be hedged as of the closing date.

In the fiscal years 2015 and 2014 no significant ineffective portions of cash flow hedges were recognized in the income statement.

23 Outstanding guarantees

in CHF 1'000	Limited maturity	Unlimited maturity	Total 03/31/2016	Total 03/31/2015
Total pending guarantees	94'150	2'598	96'748	117'082
Thereof from Swiss banks	59'649	1'008	60'657	107'059
Thereof from foreign banks	34'501	1'590	36'091	10'023

Burckhardt Compression issues guarantees essentially for securing customer advance payments and for eventual warranty claims from customers. Outstanding bank guarantees as of March 31, 2016 decreased from the previous year mainly due to the decrease in advance customer payments.

24 Contingent liabilities

Burckhardt Compression did not have any contingent liabilities as per March 31, 2016 and as per March 31, 2015.

25 Other financial commitments

Liabilities from operating leases

in CHF 1'000	Thereof due in less than 1 year	Thereof due in 1 to 5 years	Thereof due in more than 5 years	Total 03/31/2016	Total 03/31/2015
Buildings	809	976	0	1'785	2'306
Cars	288	719	0	1'007	801
Other	15	227	0	242	59
Total	1'112	1'922	0	3'034	3'166

Burckhardt Compression has no financial leases.

Other financial obligations The most significant capital expenditure for which there are purchase commitments as per March 31, 2016 comprise TCHF 8'190 for the new assembly plant in South Korea, TCHF 3'382 for IT infrastructure, TCHF 1'287 for new machinery at Burckhardt Compression AG in Winterthur, TCHF 576 for the new assembly plant in the United States and TCHF 535 for various building improvements in Winterthur.

26 Business combinations

Burckhardt Compression did not acquire any companies in the 2015 reporting period. On March 10, 2016, Burckhardt Compression signed an agreement to acquire a 60% stake in Shenyang Yuanda Compressor Co. Ltd., the leading reciprocating compressor manufacturer in China. However, as per March 31, 2016, the closing had not yet taken place. For further information, refer to note 30 ("Events after the balance sheet date").

During the fiscal year 2014, Burckhardt Compression companies made the following acquisitions:

Société d'Application du Metal Rouge SAS (SAMR)

in CHF 1'000	2015
	Fair value of acquired net assets
Intangible assets	12
Property, plant and equipment	549
Inventories	653
Account receivables	662
Cash and cash equivalents	635
Total Assets	2'511
Non-current liabilities	430
Current liabilities	492
Total liabilities	922
Net assets	1'588
Goodwill	1'981
Purchase price	3'569
Purchase considerations in cash	3'569
Cash and cash equivalents in subsidiary acquired	635
Cash outflow on acquisition	2'934

On December 19, 2014 Compressor Tech Holding AG, a wholly owned subsidiary of Burckhardt Compression Holding AG, acquired 100% of the shares of the French sliding bearing manufacturer SAMR Société d'Application du Métal Rouge SAS. SAMR is located southeast of Paris and is internationally active as a developer and manufacturer of premium sliding bearings for reciprocating compressors, turbo compressors, turbines, combustion engines, gears and pumps.

Because of this acquisition sales of Burckhardt Compression in fiscal year 2014 increased by TCHF 951 and profit for the period increased by TCHF 155.

If the acquisition of SAMR, Société d'Application du Métal Rouge SAS, had occurred as per April 1, 2014 instead of as per December 19, 2014, sales and profit for the period of Burckhardt Compression would have amounted to TCHF 2'703 and to TCHF 211 respectively.

Espresso vibration monitoring business and technology from Monitoring Technology LLC (Fairfax, VA)

in CHF 1'000	2015
	Fair value of acquired net assets
Intangible assets	3'395
Property, plant and equipment	6
Inventories	141
Account receivables	0
Cash and cash equivalents	0
Total Assets	3'542
Non-current liabilities	0
Current liabilities	86
Total liabilities	86
Net assets	3'456
Goodwill	0
Purchase price	3'456
Purchase considerations in cash	3'456
Cash and cash equivalents in subsidiary acquired	0
Cash outflow on acquisition	3'456

On June 26, 2014, Prognost Systems GmbH (PSG), a subsidiary of Burckhardt Compression Holding AG, and Monitoring Technology LLC (Fairfax, VA) agreed on the acquisition of certain assets related to the Espresso vibration monitoring business and technology from the company's monitoring portfolio. The Espresso monitoring system is applied by users in the petrochemical, cement and paper industries and offers a wide range of specialized frequency analysis and automatic diagnostic features.

Espresso's four employees as well as the acquired technology have been integrated into PROGNOST Systems GmbH, the center of competence for condition monitoring and diagnostic systems of Burckhardt Compression Holding AG.

27 Remuneration of the Board of Directors and the Executive Board

The principles and basic elements of the compensation policy for members of the Board of Directors and Executive Board are explained in the compensation report on pages 69 to 77.

The following aggregate compensation was paid to the members of the Board of Directors for the fiscal years 2015 and 2014:

in CHF 1'000										2015
Name	Function	Fees	Fixed base salary, cash	Social insurance contributions and other benefits	Total fixed compensation (gross)	Variable annual bonus, cash	Share-based payments ¹	Social insurance contributions and other benefits	Total variable compensation (gross)	Total
Members of the Board of Directors										
Valentin Vogt	Chairman	120		9	129		25	2	27	156
Hans Hess	Deputy Chairman	65		4	69		17	4	21	90
Dr. Stephan Bross	Member	65		0	65		17	0	17	82
Dr. Monika Krüsi	Member	75		5	80		17	1	18	98
Urs Leinhäuser	Member	65		5	70		17	0	17	87
Total		390		23	413		93	7	100	513
Executive Board										
Marcel Pawlicek	CEO		424	118	542	151	108	54	313	855
Other members of the Executive Board ²			2'084	470	2'554	464	448	151	1'063	3'617
Total			2'508	588	3'096	615	566	205	1'376	4'472

¹ Long-term bonus pay to the eligible members of the Executive Board and variable pay for the members of the Board of Directors (free shares)

² 11 persons, including the VP Business Development who left the company during fiscal year 2015

in CHF 1'000										2014
Name	Function	Fees	Fixed base salary, cash	Social insurance contributions and other benefits	Total fixed compensation (gross)	Variable annual bonus, cash	Share-based payments ¹	Social insurance contributions and other benefits	Total variable compensation (gross)	Total
Members of the Board of Directors										
Valentin Vogt	Chairman	120		8	128		31	4	35	163
Hans Hess	Deputy Chairman	65		0	65		20	0	20	85
Dr. Stephan Bross ²	Member	44		3	47		14	2	16	63
Dr. Monika Krüsi	Member	75		5	80		20	2	22	102
Urs Leinhäuser	Member	65		4	69		20	2	22	91
Total		369		20	389		105	10	115	504
Executive Board										
Marcel Pawlicek	CEO		414	99	513	182	85	54	321	834
Other members of the Executive Board ³			2'206	455	2'661	749	468	199	1'416	4'077
Total			2'620	554	3'174	931	553	253	1'737	4'911

¹ Long-term bonus pay to the eligible members of the Executive Board and variable pay for the members of the Board of Directors (free shares)

² From July 4, 2014

³ 12 persons, including the MD Burckhardt Components AG who left the company during fiscal year 2014

The aggregate amount of fixed compensation for the period under review is CHF 24'000 more than in the previous period. This is because the compensation of Dr. Stephan Bross for the year under review was for the first time for the entire period, and because social insurance contributions are now paid for Hans Hess as of the fiscal year 2015 (as is the practice for the other members of the Board of Directors).

Following an adjustment of the basic salary in the course of the previous year (pro-rata), the CEO's fixed remuneration for the reporting period is slightly higher than the comparable prior-year figure. The total amount of the fixed remuneration of the other members of the Executive Board is slightly lower than in the prior-year period. It should be noted that during the 2015 financial year, the size of the Executive Board was reduced by one member (VP Business Development) as of the end of December 2015 from the previous total of 13 to 12 persons (including the CEO).

Allocated and distributed free shares In fiscal year 2015 a total of 576 shares were allocated and distributed to five eligible members of the Board of Directors and a total of 2'904 shares were allocated to ten eligible members of the Executive Board. In fiscal year 2014 no shares were distributed or allocated.

Name	Function	Shares allocated in FY 2014	Shares allocated in FY 2015	Shares distributed in FY 2014	Shares distributed in FY 2015
Members of the Board of Directors					
Valentin Vogt	Chairman	0	177	0	177
Hans Hess	Deputy Chairman	0	118	0	118
Dr. Stephan Bross ¹	Member	0	45	0	45
Dr. Monika Krüsi	Member	0	118	0	118
Urs Leinhäuser	Member	0	118	0	118
Total		0	576	0	576
Executive Board					
Marcel Pawlicek	CEO	0	622	0	0
Other members of the Executive Board ²		0	2'318	0	0
Total		0	2'940	0	0
Total		0	3'516	0	576

¹ From July 4, 2014

² FY 2015: 11 persons; FY 2014: 12 persons

28 Transactions with the Board of Directors, the Executive Board and related parties

No other payments or fees for additional services were paid to the members of the Board of Directors or the Executive Board or to related parties during the fiscal year 2015. There are no pending loans in favor of the members of the Board of Directors and Executive Board as per March 31, 2016.

As per March 31, 2016 the members of the Executive Board and the non-executive members of the Board of Directors (and related persons), owned the following numbers of shares of Burckhardt Compression Holding AG:

		03/31/2016	03/31/2015
Name	Function	Total shares	Total shares
Members of the Board of Directors			
Valentin Vogt	Chairman	203'026	202'849
Hans Hess	Deputy Chairman	5'493	10'375
Dr. Stephan Bross	Member	45	0
Dr. Monika Krüsi	Member	815	697
Urs Leinhäuser	Member	710	592
Total		210'089	214'513
Executive Board			
Marcel Pawliczek	CEO	44'045	44'045
Rolf Brändli	CFO	1'054	1'054
Rainer Dübi	VP Design & Manufacturing	202	202
René Guthauser	VP Quality & Infrastructure	603	603
Martin Heller ¹	VP Business Development	N/A	54'500
Keven Li	MD Burckhardt Compression (Shanghai) Co., Ltd.	765	765
Susan Lütolf ²	VP Human Resources Management	N/A	78
Sandra Pitt	VP Human Resources Management	0	N/A
Narasimha Rao	MD Burckhardt Compression (India) Pvt. Ltd.	150	150
Marco Scanderbeg	VP Marketing & Communications	500	700
Dr. Daniel Schillinger	VP Sales Compressor Systems	157	157
Matthias Tanner	VP Contracting	37	637
Robert Züst	VP Components, Services & Support	872	872
Total		48'385	103'763
Total		258'474	318'276
In % of total shares		7.6%	9.4%

¹ Member of the Executive Board until December 31, 2015

² Member of the Executive Board until March 31, 2015

29 Risk management

Burckhardt Compression has an integrated risk management policy. In a two steps process, the Board of Directors identifies key risks in an early stage and assigns them into categories of strategic, financial and operational risks. The risks are then assessed and processed and consistently monitored, avoided or reduced through adequate risk management measures. The first step consists of a continuous risk management process where risks are systematically identified and assessed in a periodic leadership cycle at the larger locations of the Burckhardt Compression Group in order to define and monitor the necessary measures with responsible people and deadlines for the according implementation. The second step consists of a periodic management review which takes place as part of the semi-

annual meeting of the Audit Committee of the Board of Directors. For this purpose the CEO prepares an overview of the key risks the Burckhardt Compression Group is exposed to and presents an assessment of the probability of such risks to happen and the impact they could have on the group. The presentation is given to the Audit Committee of the Board of Directors together with adequate measures and responsible people and deadlines to implement these measures. The Audit Committee then informs the full Board about the findings of the risk management review.

30 Events after the balance sheet date

On March 10, 2016, Burckhardt Compression signed an agreement to acquire a 60% stake in Shenyang Yuanda Compressor Co. Ltd., the leading compressor manufacturer in China. The acquisition was completed on May 13, 2016. The purchase consideration for the 60% stake in Shenyang Yuanda Compressor amounted to TCHF 134'905 and was paid in cash. 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. Shenyang Yuanda Compressor has 650 employees.

At the time the consolidated financial statements of Burckhardt Compression were authorized for issue, the Group had not yet completed the accounting for the acquisition of Shenyang Yuanda Compressor. The two working days between the completion date and the board meeting in which these consolidated financial statements were authorized for issue did now allow to complete any disclosures except for the ones below.

The following tables provide selected summarized financial data of Shenyang Yuanda Compressor. The underlying financial statements were compiled using Chinese accounting standards (not International Financial Reporting Standards).

Consolidated balance sheet

	31/12/2015
in CHF 1'000	
Current assets	157'477
Non-current assets	43'200
Current liabilities	113'051
Non-current liabilities	5'206
Equity	82'420

Consolidated income statement

	01/01/2015–31/12/2015
in CHF 1'000	
Sales	109'688
Net income	8'764

31 Subsidiaries

**Group companies of
Burckhardt Compression Holding AG
Winterthur, Switzerland**

Listed on SIX Swiss Exchange
ISIN CH0025536027
Share capital CHF 8'500'000
Market capitalization CHF 1'121'150'000

	Subsidiary of	Abbreviation	Research and development	Engineering & manufacturing	Contracting	Sales	Service	Share capital participation
Burckhardt Compression AG Winterthur, Switzerland CEO Marcel Pawlicek	1	BCAG	•	•	•	•	•	CHF 2'000'000 100%
Compressor Tech Holding AG Zug, Switzerland Managing Director Rolf Brändli	1	CTH						CHF 200'000 100%
Burckhardt Compression Immobilien AG Winterthur, Switzerland Managing Director Rolf Brändli	1	BCOW						CHF 5'000'000 100%
Burckhardt Compression (Deutschland) GmbH Neuss, Germany Managing Director Holger Korn	2	BCDE				•	•	EUR 30'000 100%
PROGNOST Systems GmbH Rheine, Germany Managing Director Eike Drewes	2	PSG	•	•	•	•	•	EUR 200'000 100%
Burckhardt Compression (Italia) S.r.l. Milan, Italy Managing Director Emiliano Maianti	2	BCIT				•	•	EUR 400'000 100%
Burckhardt Compression (France) S.A.S. Cergy Saint Christophe, France Managing Director François Bouziguet	2	BCFR				•	•	EUR 300'000 100%
Burckhardt Compression (España) S.A. Madrid, Spain Managing Director Javier Cuevas Martin	2	BCES				•	•	EUR 550'000 100%
Burckhardt Compression (UK) Ltd. Bicester, United Kingdom Managing Director Colin Webb	2	BCGB				•	•	GBP 250'000 100%
Burckhardt Compression (US) Inc. Houston, USA Managing Director a.i. Alvin Pierce	2	BCUS				•	•	USD 250'000 100%
PROGNOST Systems Inc. Houston, USA Managing Director Edward D. Morrison Jr.	4	PSI				•	•	USD 240'000 100%
Burckhardt Compression (Canada) Inc. Brampton, Canada Managing Director Peter Tim Lillak	2	BCCA				•	•	CAD 200'000 100%

1 = subsidiary of Burckhardt Compression Holding AG

2 = subsidiary of Burckhardt Compression AG

3 = subsidiary of Compressor Tech Holding AG

4 = subsidiary of PROGNOST Systems GmbH

5 = subsidiary of Burckhardt Compression (US) Inc

	Subsidiary of	Abbreviation	Research & development	Engineering & manufacturing	Contracting	Sales	Service	Share capital Participation
Burckhardt Compression (Japan) Ltd. Tokyo, Japan Managing Director Kazuki Suzuki	2	BCJP					• •	JPY 50'000'000 100%
Burckhardt Compression (Shanghai) Co. Ltd. Shanghai, People's Republic of China Managing Director Keven Li	2	BCCN		•	•	•	•	CNY 14'198'000 100%
Burckhardt Compression (India) Private Ltd. Pune, India Managing Director Narasimha Rao	2	BCIN	•	•	•	•	•	INR 331'140'000 100%
Burckhardt Compression (Brasil) Ltda. São Paulo, Brazil Managing Director Ricardo Coco	2	BCBR			•	•	•	BRL 5'818'000 100%
Burckhardt Compression (US/Ca) Inc. Valencia, USA Managing Director a.i. Alvin Pierce	5	SET				•	•	USD 10'000 100%
Burckhardt Compression (Middle East) FZE Dubai, United Arab Emirates Managing Director Beat Jäggi	2	BCAE				•	•	AED 2'000'000 100%
Burckhardt Compression Korea Ltd. Seoul, South Korea Managing Director a.i. Seung-Kweon Lee	2	BCKR				•	•	KRW 250'000 100%
Burckhardt Kompresör San. ve Tic. Ltd. Istanbul, Turkey Managing Director Sakir Cakin	2	BCTR				•	•	TRY 800'000 100%
Burckhardt Compression Singapore Pte Ltd. Singapore, Singapore Managing Director Patrick Chong	2	BCSG				•	•	SGD 700'000 100%
Burckhardt Compression South Africa (Pty) Ltd. Sunnyrock, South Africa Managing Director René Müller	2	BCZA				•	•	ZAR 3'000'000 100%
Burckhardt Compression Korea Busan Ltd. Busan, South Korea Managing Director Alexandros Pirounakis	2	BCKB		•	•			KRW 7'000'000'000 100%
Burckhardt Compression (Saudi Arabia) LLC Dammam, Saudi Arabia Managing Director Beat Jäggi	2	BCSA				•	•	SAR 1'000'000 100%
Société d'Application du Metal Rouge SAS Pont Sainte Marie Cedex, France Managing Director Lionel Pellevoisin	3	SAMR	•	•		•	•	EUR 501'000 100%
Burckhardt Compression North America Services LLC Wilmington, Delaware, USA Managing Director Rolf Brändli	5	BCNS						USD 1'800'000 100%



Report of the statutory auditor
to the General Meeting of
Burckhardt Compression Holding AG
Winterthur

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Burckhardt Compression Holding AG, which comprise the balance sheet, income statement, statement of comprehensive income, cash flow statement, statement of changes in equity and notes (pages 80 to 114 and 116 to 117), for the year ended 31 March 2016.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended 31 March 2016 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

PricewaterhouseCoopers AG, Birchstrasse 160, Postfach, CH-8050 Zürich, Switzerland
 Telefon: +41 58 792 44 00, Telefax: +41 58 792 44 10, www.pwc.ch



Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

A handwritten signature in blue ink, appearing to read 'B Inauen'.

Beat Inauen
Audit expert
Auditor in charge

A handwritten signature in blue ink, appearing to read 'A Fontanive'.

Andreas Fontanive
Audit expert

Zürich, 19 May 2016

FINANCIAL STATEMENTS OF BURCKHARDT COMPRESSION HOLDING AG

BALANCE SHEET

	Notes	03/31/2016	03/31/2015
in CHF 1'000			
Current assets			
Cash and cash equivalents		30'846	32'146
Other current receivables due from third parties		3	9
Short-term loans to group companies		29'800	0
Total		60'649	32'155
Non-current assets			
Financial assets			
– Long-term loans to group companies		106'600	169'925
– Investments in group companies	102	36'877	36'876
Total		143'477	206'801
Total assets		204'126	238'956
Short-term liabilities			
Trade payables due to third parties		2	2
Other short-term liabilities due to third parties		0	-5
Accrued expenses and deferred income		269	255
Short-term provisions		349	934
Total		620	1'186
Equity			
Share capital	103	8'500	8'500
Legal reserves from retained earnings		1'700	1'700
Free reserves from retained earnings			
– Profit brought forward		193'736	202'072
– Net income		1'209	25'659
Treasury shares	104	-1'639	-161
Total		203'506	237'931
Total equity and liabilities		204'126	239'117

INCOME STATEMENT

	2015	2014
in CHF 1'000		
Income		
Dividend income from group companies	0	20'000
Interest income from group companies	2'270	6'677
Income from services provided to group companies	192	192
Total	2'462	26'869
Expenses		
Operating expenses	-1'311	-1'243
Direct Taxes	58	33
Total	-1'253	-1'210
Net income	1'209	25'659

NOTES TO THE FINANCIAL STATEMENTS OF BURCKHARDT COMPRESSION HOLDING AG

101 Accounting policies

The financial statements as per March 31, 2016 are in compliance with the requirements of Swiss corporate law.

The financial statement has been prepared in accordance with the provisions of commercial accounting as set out in the Swiss Code of Obligations (Art. 957 to 963b CO, effective since 1 January 2013). The previous year's disclosures were restated to reflect the structure of the New Financial Reporting Act.

The following disclosures are not being made separately in the statutory financial statement pursuant to Art. 961d (1) CO as Burckhardt Compression Holding AG is presenting consolidated financial information according to IFRS:

- Additional disclosures in the notes (auditor's fee; disclosure on non-current interest-bearing liabilities)
- Cash flow statement
- Management report

The treasury shares are recorded at cost and are shown as minus position in equity.

Burckhardt Compression Holding AG uses derivative financial instruments exclusively as hedges of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability or a highly probable future transaction (cash flow hedges). At inception of the hedge, Burckhardt Compression Holding AG documents the hedging relationship and the effectiveness between the hedging instrument and the hedged item.

The derivative financial instruments are off-balance sheet items.

All the values in the annual financial statements are reported in thousand Swiss Francs (TCHF) unless otherwise indicated.

Burckhardt Compression Holding AG's fiscal year 2015 comprises the period from April 1, 2015 to March 31, 2016.

102 Subsidiaries

The equity interests held directly and indirectly by Burckhardt Compression Holding AG are shown in note 31 "Subsidiaries" and note 12 "Investments in associates".

103 Share capital and shareholders

The share capital amounts to CHF 8'500'000 and is composed of 3'400'000 shares, each with a nominal value of CHF 2.50. All shares are registered shares and are paid in full. The Board of Directors is empowered to increase the company's share capital by a maximum of CHF 1'275'000 at any time until July 1, 2017 by issuing a maximum of 510'000 fully paid registered shares with a nominal value of CHF 2.50 each (authorized capital).

No person will be registered in the Share Register as shareholder with voting rights with respect to more than five percent of the issued share capital. This entry restriction is also applicable to persons whose shares are totally or partially held by nominees. This restriction is also valid if shares are purchased when practicing subscription, warrant and conversion rights, with the exception of shares acquired by succession, distribution of inheritance or matrimonial regime. Legal entities and partnerships associated with each other by uniformly managed capital or votes or in any other way, as well as private and legal entities or partnerships, which form an association to evade the entry restriction, are regarded as one person.

Individual persons who have not expressly declared in the application of entry that they hold the shares for their own account (Nominees), will be entered in the Share Register with voting rights if the Nominee concerned establishes his subordination to an accredited banking supervision and securities authority, and if he/she has concluded an agreement with the Board of Directors of the company concerning his/her position. Nominees holding two or less than two percent of the issued shares will be entered in the Share Register with voting rights without an agreement with the Board of Directors. Nominees holding more than two percent of the issued shares will be entered in the Share Register with two percent voting rights and, for the remaining shares, without voting right. Above this limit of two percent, the Board of Directors may enter in the Share Register Nominees with voting rights if they disclose the names, addresses, nationality, and share holdings of the persons for whom they hold more than two percent of the issued shares.

As of March 31, 2016, there is no such declaration between a nominee-shareholder and the board of directors.

Shareholder groups which had existed before June 23, 2006 are excluded from the voting rights restrictions.

According to information available to the company from the disclosure notifications of the SIX Swiss Exchange Ltd., the following shareholders reported shareholdings of at least 3% of the share capital and voting rights as of March 31, 2016 (according to the statutory bylaws the voting rights of ING Groep N.V., TIAA-CREF Investment Management and Mondrian Investment Partners are limited to 5% of the total number of the registered BCHN shares recorded in the commercial register):

Shareholders		03/31/2016	03/31/2015
	Country	as % of total shares	as % of total shares
MBO shareholder pool	CH	12.4	12.4
NN Groep N.V.	NL	6.9	6.2
TIAA-CREF Investment Management	US	5.4	5.4
Atlantic Value General Partner Limited (Mondrian)	UK	5.0	5.0
J O Hambro Capital Management Limited	UK	3.7	3.7
Oppenheimer Funds	US	3.5	3.5
Ameriprise Financial Inc.	US	3.1	3.2
UBS Fund Management (Switzerland) AG	CH	3.0	3.0

The shareholdings of the members of the Executive Board and the non-executive members of the Board of Directors are shown in note 28 "Transactions with the Board of Directors, the Executive Board and related parties".

104 Treasury shares

	2015/2016	2014/2015
Number at 04/01	490	648
Purchases	5'445	0
Sales	-919	-158
Number at 03/31	5'016	490

The treasury shares have been purchased at an average price of CHF 334.78 per share. The average selling price did amount to CHF 347.92.

Further disclosures pursuant to Article 959c par. 2 of the Swiss Code of Obligations:

Full-time employees

Burckhardt Compression Holding AG does not employ any employees.

Liabilities to pension funds

	03/31/2016	03/31/2015
in CHF 1'000		
Total liabilities to pension funds	0	0

Net release of undisclosed reserves

	03/31/2016	03/31/2015
in CHF 1'000		
Net release of undisclosed reserves	0	0

Derivative financial instruments

	03/31/2016	03/31/2015
in CHF 1'000		
Forward foreign exchange contracts (negative current fair value on cash flow hedge)	-2'676	0

Guarantees

	03/31/2016	03/31/2015
in CHF 1'000		
Guarantees	112'435	0

Burckhardt Compression Holding AG issues advance payment guarantees and performance bonds in the name of Burckhardt Compression AG and in favor of a small number of selected customers. In addition, standing guarantees have been given to secure credit lines and guarantee limits granted by foreign banks.

The credit lines and guarantee facilities extended to Burckhardt Compression AG by financial institutions do not require any assets or shares of Burckhardt Compression Holding AG to be pledged as collateral.

Remuneration of the Board of Directors and the Executive Board

Type and amount of remuneration of the members of the Board of Directors and the Executive Board as well as the number of shares of Burckhardt Compression Holding AG which the members of the Board of Directors and the Executive Board owned as per March 31, 2016 are disclosed in Note 26 "Remuneration of the Board of Directors and the Executive Board" and in Note 28 "Transactions with the Board of Directors, the Executive Board and related parties". The principles and basic elements of the company's compensation policy are explained in the compensation report on pages 69 to 77.

Events after the balance sheet date

On May 13, 2016, Burckhardt Compression Holding AG closed the acquisition of a 60% stake in Shenyang Yuanda Compressor Co., Ltd. Further details are given in Note 30 "Events after the balance sheet date".

Carry-forward and appropriation of earnings

	2015	2014
in CHF 1'000		
Retained earnings at the beginning of the period	193'731	202'066
Undistributed dividend on treasury shares	5	6
Net income of the year	1'209	25'659
Retained earnings at the disposal of the Annual General Meeting	194'945	227'731
The Board of Directors proposes the following appropriation		
– Gross dividend	–34'000	–34'000
Retained earnings carried forward	160'945	193'731

The Board of Directors will propose payment of a gross dividend of CHF 10.00 per registered share at the Annual General Meeting of Shareholders on July 1, 2016.

	2015	2014	2013
Gross dividend	10.00	10.00	10.00
Less 35% withholding tax	–3.50	–3.50	–3.50
Net dividend	6.50	6.50	6.50

Annual General Meeting of Shareholders

The Annual General Meeting of Shareholders will take place at 4:00 pm on Friday, July 1, 2016 at the Park Arena, Barbara-Reinhart-Strasse 24, 8404 Winterthur, Switzerland.



Report of the statutory auditor
to the General Meeting of
Burckhardt Compression Holding AG
Winterthur

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Burckhardt Compression Holding AG, which comprise the balance sheet, income statement and notes (pages 120 to 124), for the year ended 31 March 2016.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 March 2016 comply with Swiss law and the company's articles of incorporation.



Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

A handwritten signature in blue ink, appearing to read 'I Inauen'.

Beat Inauen
Audit expert
Auditor in charge

A handwritten signature in blue ink, appearing to read 'A Fontanive'.

Andreas Fontanive
Audit expert

Zürich, 19 May 2016

IMPRINT

The statements in this review relating to matters that are not historical facts are forward-looking statements that are not guarantees of future performance and involve risks and uncertainties, including but not limited to: future global economic conditions, foreign exchange rates, regulatory rules, market conditions, the actions of competitors and other factors beyond the control of the company.

This Annual Report is published in German and English and is also available on the internet under www.burckhardtcompression.com/financial-reports as an online version. The printed German version is binding. The financial report is available in English only.

**Publisher:**

Burckhardt Compression Holding AG,
Winterthur

Concept/Layout:

Source Associates AG, Zurich

Photography:


SCANDERBEG SAUER PHOTOGRAPHY,
Zurich

PR consultant:

PEPR, Oetwil am See

Printing:

Mattenbach AG, Winterthur

 Overview key figures

OVERVIEW KEY FIGURES

	2006	2007	2008	2009	2010
in CHF mn					
Order intake:					
– Compressor Systems (CS)	311.3	326.5	296.8	171.3	235.9
– Components, Services & Support (CSS)	96.9	100.2	93.1	114.6	126.6
Total	408.2	426.7	389.9	285.9	362.5
Sales and gross profit:					
– Compressor Systems					
Sales	173.6	260.8	308.7	241.5	222.5
Gross profit	52.7	85.9	87.6	80.7	51.9
in % of sales	30.4%	32.9%	28.4%	33.4%	23.3%
– Components, Services & Support					
Sales	93.1	107.2	115.8	101.7	133.1
Gross profit	46.5	50.7	58.6	46.2	63.7
in % of sales	49.9%	47.3%	50.6%	45.4%	47.9%
Total					
Sales	266.7	368.0	424.5	343.2	355.6
Gross profit	99.2	136.6	146.2	126.9	115.6
in % of sales	37.2%	37.1%	34.4%	37.0%	32.5%
Operating income (EBIT)	55.6	89.8	94.3	74.2	61.5
in % of sales	20.8%	24.4%	22.2%	21.6%	17.3%
Net income	40.1	68.0	72.8	56.0	45.1
in % of sales	15.0%	18.5%	17.1%	16.3%	12.7%
Depreciation and amortization	5.2	5.4	6.9	9.5	9.9
Cash flow:					
– from operating activities	47.7	66.9	82.5	58.8	61.6
– from investing activities	–11.5	–57.7	6.5	–88.8	–12.9
– from financing activities (incl. translation differences)	–10.7	–5.3	–22.4	18.1	–18.6
Total	25.5	3.9	66.6	–11.8	30.1
Total balance sheet assets	270.1	359.7	431.0	470.0	502.4
Non-current assets	50.7	71.3	79.1	157.3	156.2
Current assets	219.3	288.5	351.9	312.7	346.2
Shareholders' equity	108.3	165.5	203.9	234.9	258.0
in % of total balance sheet assets	40.1%	46.0%	47.3%	50.0%	51.3%
Net financial position	58.2	83.7	123.3	66.5	95.0
Headcount as per end of fiscal year (full-time equivalents)	712	819	916	891	917
Total remuneration Board of Directors (in TCHF)	167.0	230.0	306.0	373.0	435.0
Total remuneration Executive Board (in TCHF)	4'591.0	3'231.0	3'696.0	3'345.0	3'949.0
Share price as per end of fiscal year (in CHF)	199.50	317.00	106.00	208.00	289.25
Market capitalization (in CHF mn)	678.3	1'077.8	360.4	707.2	983.5
Market capitalization/shareholders' equity (ratio)	6.3	6.5	1.8	3.0	3.8
Net income per share (EPS) (in CHF)	11.80	20.00	21.46	16.68	13.56
Dividend per share (in CHF)	3.00	6.00	6.00	5.00	5.00

	2011	2012	2013	2014	2015
in CHF mn					
Order intake:					
– Compressor Systems (CS)	259.3	272.7	386.3	355.6	351.4
– Components, Services & Support (CSS)	145.6	155.1	130.8	158.5	171.8
Total	404.9	427.8	517.1	514.1	523.2
Sales and gross profit:					
– Compressor Systems					
Sales	206.0	215.7	292.9	327.1	332.4
Gross profit	59.2	57.6	68.2	78.2	73.0
in % of sales	28.7%	26.7%	23.3%	23.9%	22.0%
– Components, Services & Support					
Sales	122.9	151.0	152.1	146.5	154.8
Gross profit	63.1	78.4	71.0	74.6	78.7
in % of sales	51.3%	51.9%	46.7%	50.9%	50.8%
Total					
Sales	328.9	366.7	445.0	473.6	487.2
Gross profit	122.3	136.0	139.2	152.8	151.7
in % of sales	37.2%	37.1%	31.3%	32.3%	31.1%
Operating income (EBIT)	64.8	73.3	70.2	74.6	73.0
in % of sales	19.7%	20.0%	15.8%	15.7%	15.0%
Net income	50.5	54.9	53.9	57.6	55.5
in % of sales	15.4%	15.0%	12.1%	12.2%	11.4%
Depreciation and amortization	10.6	11.1	11.8	14.4	15.3
Cash flow:					
– from operating activities	74.5	36.3	58.2	46.8	40.7
– from investing activities	–9.2	–19.3	–14.2	–26.6	–63.1
– from financing activities (incl. translation differences)	–24.2	–12.0	–32.0	–43.7	–30.8
Total	41.1	5.0	12.0	–23.5	–53.2
Total balance sheet assets	530.7	594.4	645.9	681.4	708.0
Non-current assets	156.6	167.1	165.9	183.8	247.2
Current assets	374.1	427.3	480.0	497.5	460.8
Shareholders' equity	282.8	325.4	358.5	338.6	355.1
in % of total balance sheet assets	53.3%	54.7%	55.5%	49.7%	50.2%
Net financial position	135.4	150.8	165.8	151.3	93.2
Headcount as per end of fiscal year (full-time equivalents)	983	1'078	1'232	1'385	1'432
Total remuneration Board of Directors (in TCHF)	422.0	520.1	498.3	504.0	513.0
Total remuneration Executive Board (in TCHF)	3'466.0	4'629.5	4'889.0	4'911.0	4'472.0
Share price as per end of fiscal year (in CHF)	247.50	355.25	460.00	375.50	329.75
Market capitalization (in CHF mn)	841.5	1'207.9	1'564.0	1'276.7	1'121.2
Market capitalization/shareholders' equity (ratio)	3.0	3.7	4.4	3.8	3.2
Net income per share (EPS) (in CHF)	15.22	16.42	15.87	16.93	16.34
Dividend per share (in CHF)	7.00	9.00	10.00	10.00	10.00

Burckhardt Compression Holding AG

CH-8404 Winterthur, Switzerland

Tel. +41 52 262 55 00

Fax +41 52 262 00 51

info@burckhardtcompression.com

www.burckhardtcompression.com

