

WELCOME TO THE SECOND INVESTOR DAY AT BURCKHARDT COMPRESSION

January 9, 2018
Marcel Pawlicek
CEO

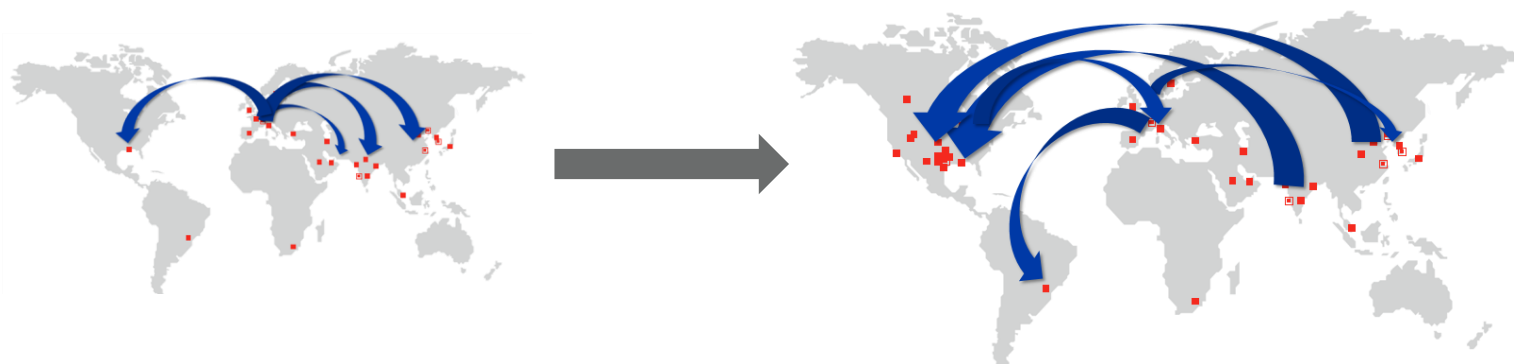
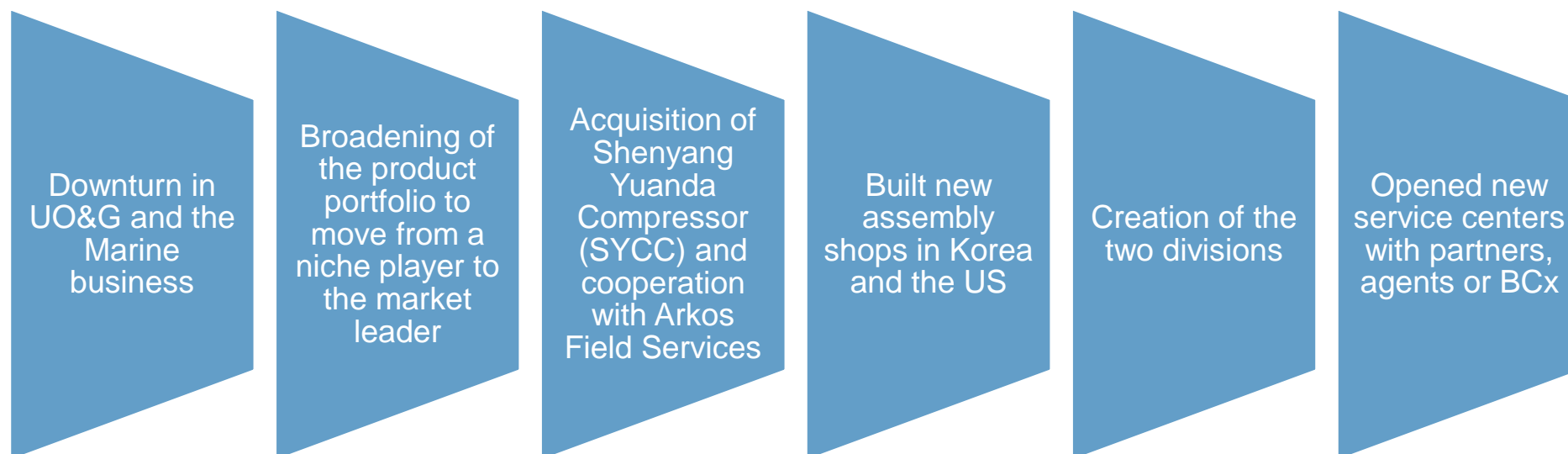
Investor Day Jan. 9, 2018 at Burckhardt Compression Program

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CHAIRMAN'S NOTE

Valentin Vogt
Chairman of the Board of Directors

Six Fundamental Changes within the Last 3 Years



Transition from a Swiss-based company with international footprint to an international company with Swiss origin

Global Presence, Closeness to the Customer

Our 2022 plan: Invest in sustainable growth for Burckhardt Compression, based on broad experience in gas compression challenge and driven by strengthened global capabilities plus one strong brand

Trends...

Key markets reached bottom and start recovering

Supportive energy megatrends
in the long-run, energy consumption expected to grow

Challenges remain
in short to mid-term; oil price to remain “lower for longer”

New emerging applications
From H₂, CO₂ to digitalization

Focus...

Customers' first choice for gas compression solutions

Increased agility
With divisional setup

Keep leading position in Systems Division
Projects with focus on operational excellence initiated

Become leading service provider
Grow market share

Results...

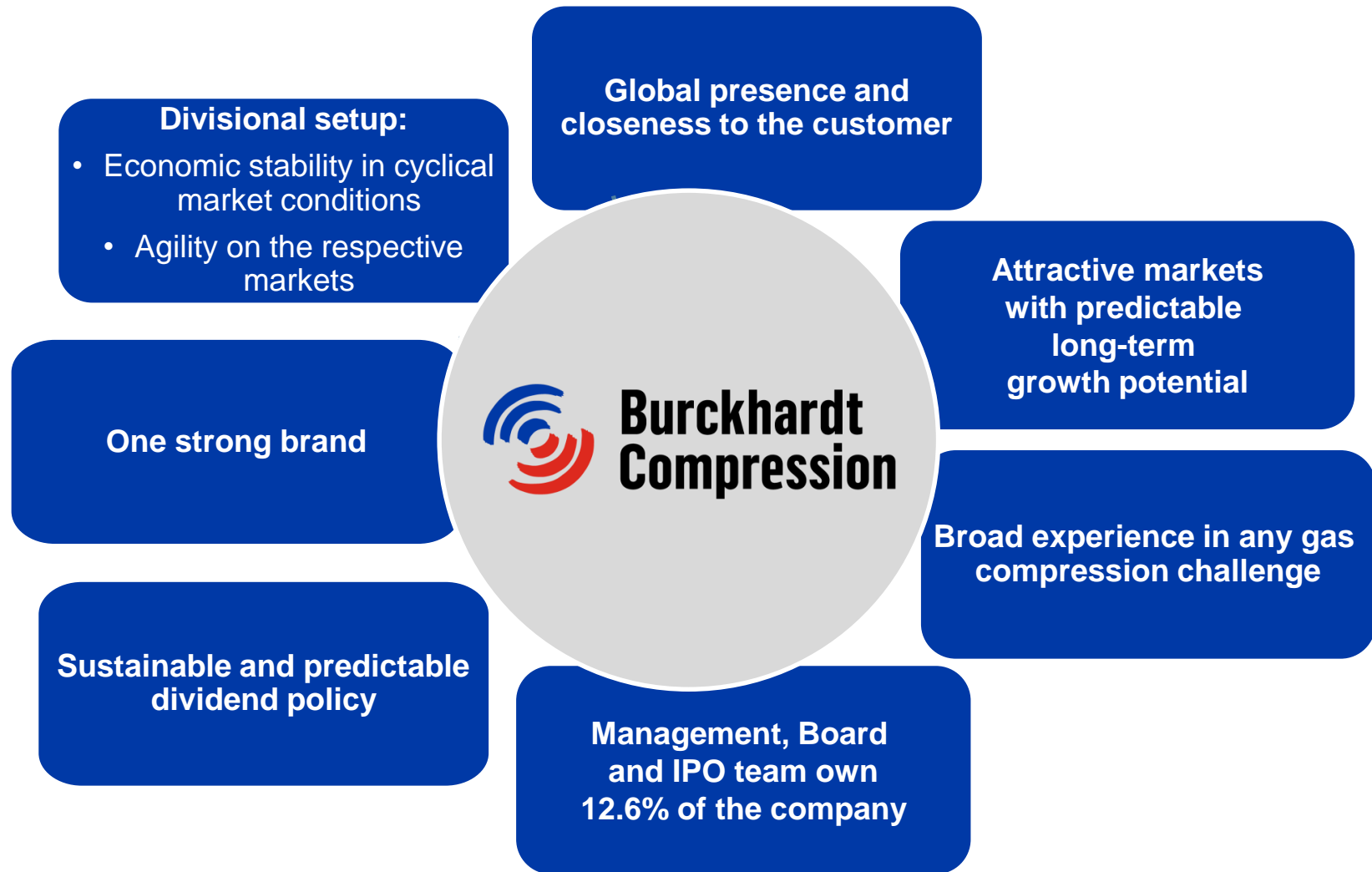
Sustainable, predictable long-term shareholder returns

Sales of CHF 700 mn

50% of revenue from Services Division

EBIT margin of 10 - 15%

Seven Good Reasons to Invest in Burckhardt Compression



MEGATRENDS

Marcel Pawlicek
CEO

Megatrends and Market Developments Impacting Our Business

Energy Megatrends are supporting our markets in the long-run

- Despite strong energy savings and “decarbonization”, energy consumption expected to grow
- Energy mix is expected to shift towards natural gas (and renewables)
- This trend will support an increase of gas trading, transportation and storage
- Middle-class growth in emerging countries will increase demand for REF, PCI...

In the short to mid-term, challenges remain

- Oil price is expected to remain “lower for longer” and will keep pressure on customers’ CAPEX
- Equipment manufacturers have strongly reduced their cost base, and prices will remain under pressure

Many potential emerging applications influenced by technology, economics and politics

- H₂, CO₂ as industrial gas, CO₂ capture, natural gas storage, energy storage, etc.
- Many competing technologies and players, difficult to predict today which ones will win
- Digitalization offers new solutions to deliver value to customers and improve our processes

Why Is the Demand for Energy Increasing?

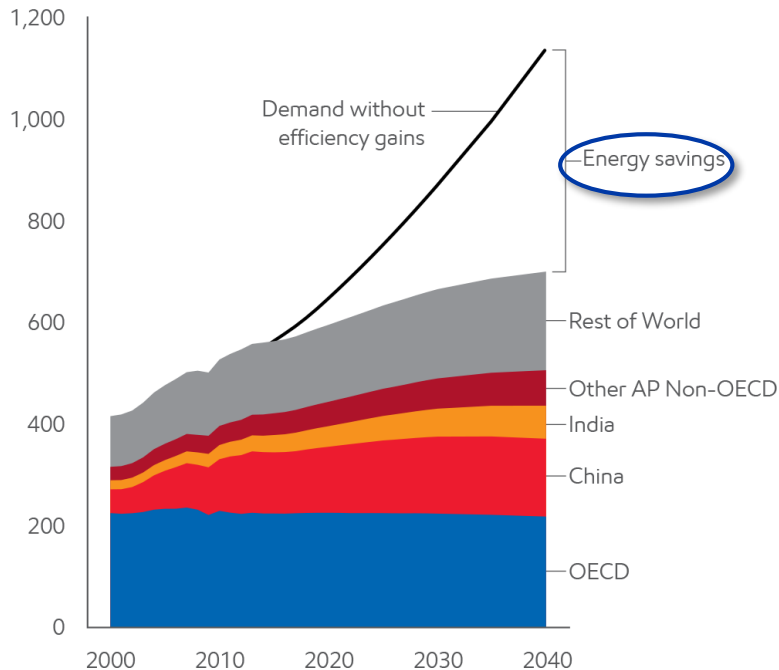
- Because of resource scarcity and growing population
- Changing production processes
 - Recycling of resources
 - Waste water and sea water treatment
- Increasing demand for energy for
 - IT infrastructure
 - Transportation
 - Fertilizer production
 - etc.
- Physics cannot be put out of order by politicians



Energy Megatrends Are Supporting Our Markets in the Long-Run (5 – 20 Years)

Energy consumption

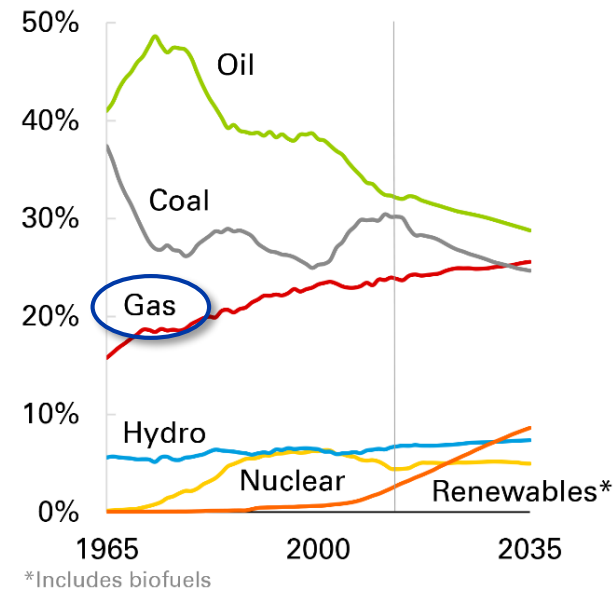
Quadrillion BTUs



Source: Exxon Energy Outlook 2017

- **Efficiency improvement will disconnect energy demand growth from World GDP growth but energy consumption will continue to grow**

Shares of primary energy

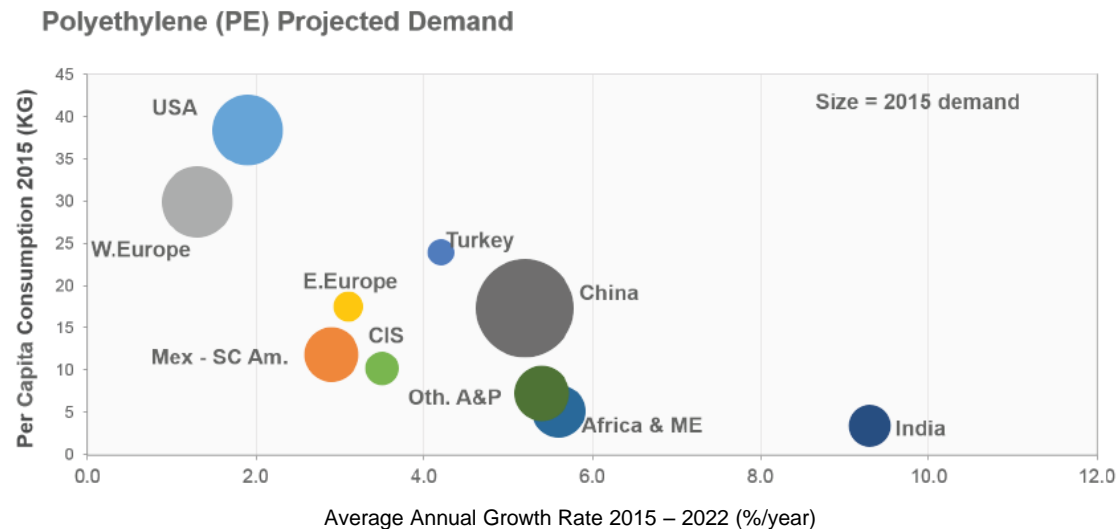


Source: Exxon Energy Outlook 2017

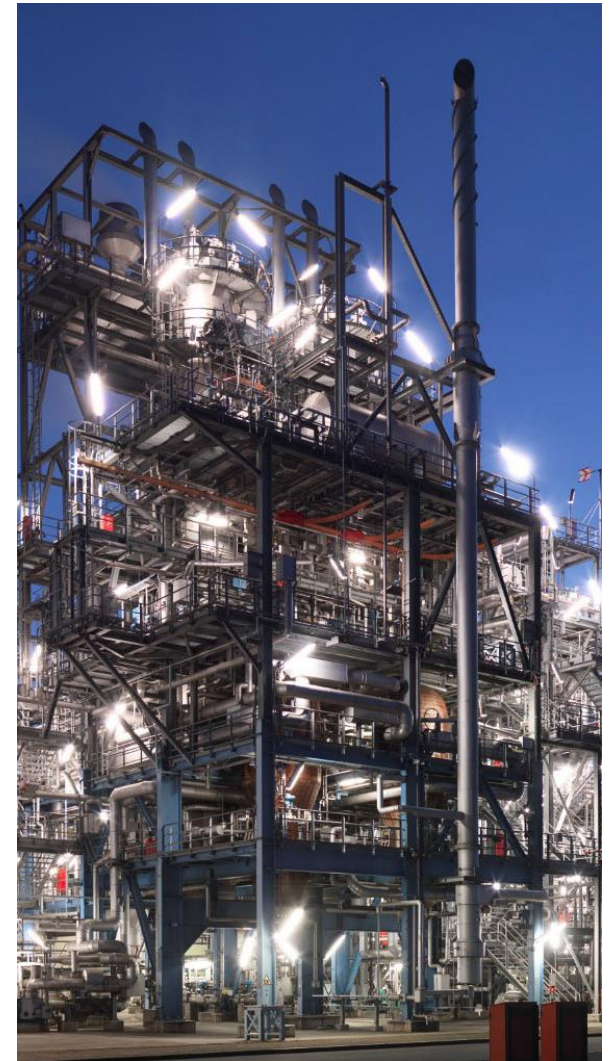
- **Energy mix shift towards natural gas (and renewables)**

Also Demographic Megatrends Are Supporting Our Markets in the Long-Run (5 – 20 Years)

Plastic consumption per capita with significant growth potential in China and India
(expected growth of 3 - 4% p.a.)



Source: ICIS Supply and Demand Database



MARKETS

Marcel Pawlicek
CEO

We Are Active in All Market Segments

**Upstream
Oil & Gas**



**Gas Transport
and Storage**



Refinery



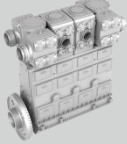
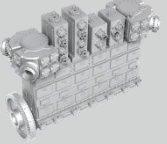
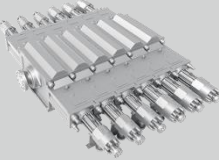
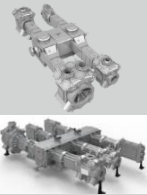


**Petro-
chemical/
Chemical
Industry**



Industrial Gas

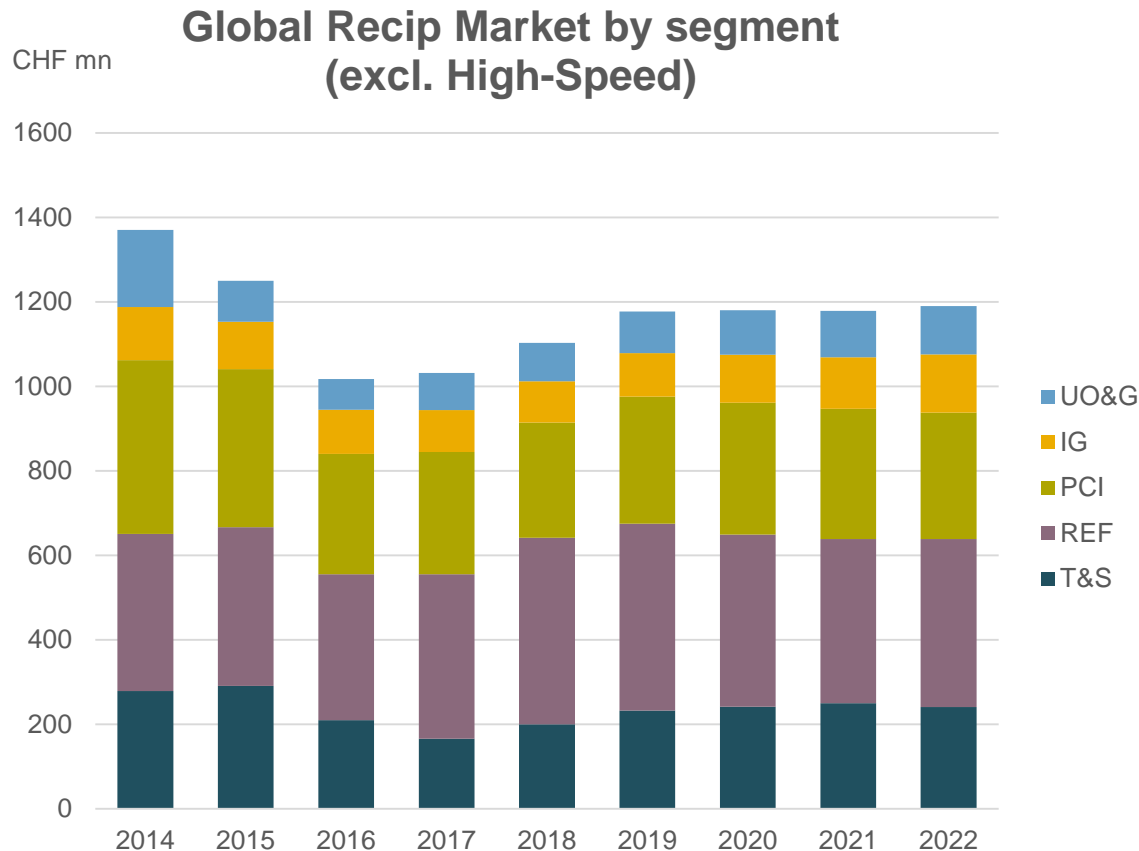


A Broad Product and Service Portfolio

		← Keep #1 market position →			← Increase market share →		
	Products				 BC SYCC		
	Market	Laby® Compressors	Laby®-GI Compressors	Hyper Compressors	Process Gas Compressors API 618	Standard High Pressure Compressors	Components and Service
Upstream Oil & Gas (UO&G)		●	●		●	●	●
Gas Transport and Storage (T&S)		●	●		●	●	●
Refinery (REF)					●		●
Petrochemical / Chemical Industry (PCI)		●		●	●		●
Industrial Gases (IG)		●			●	●	●

Recip Market Outlook

2016 – 2017 Expected to Be the Bottom of the Cycle

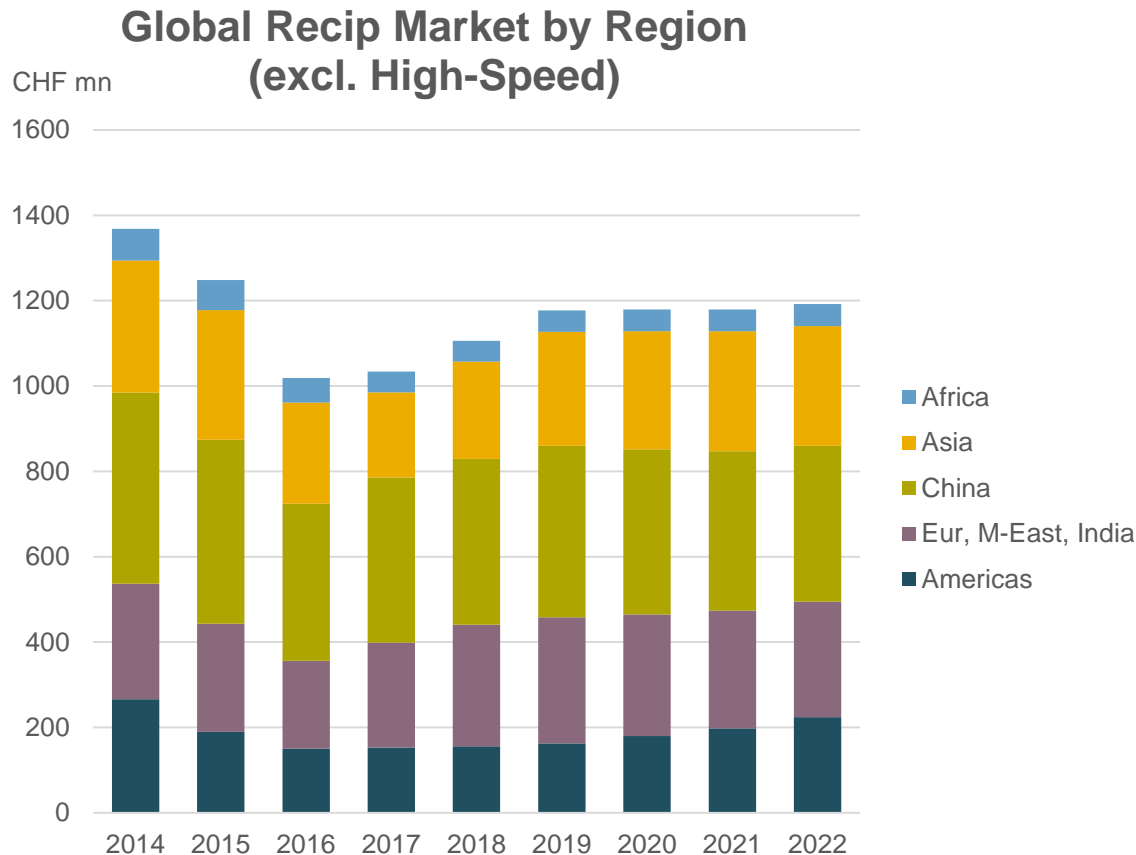


- Oil price reduction impacted CAPEX in UO&G, REF and PCI in 2015-16
- A partially speculative LNGM market collapsed in 2016-17
- Market recovery in 2018-19 driven by LPDE, REF and Marine
- Then stagnation expected, with reduction of REF due to overcapacity

Sources: Global Data Market Intelligence, Clarkson's, Danish Ship Finance 12/16, IGU Report 2017, BC

Recip Market Outlook

China Expected to Remain Largest Market



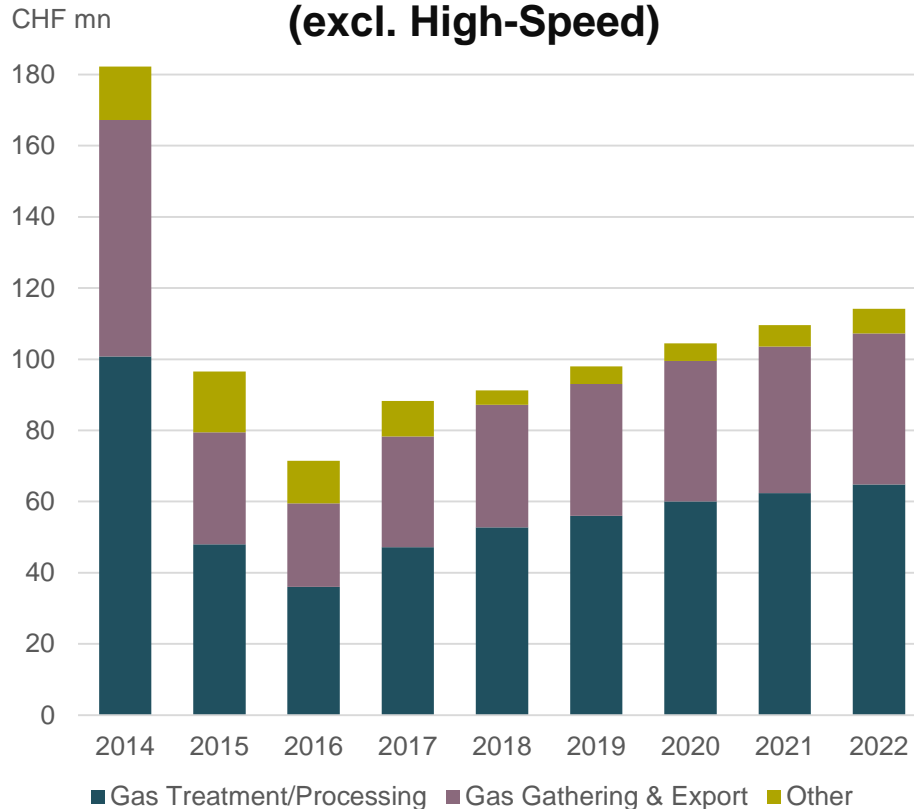
- China represents almost 40% of the global market
- North-East Asia (incl. Marine) will remain #2, expected to recover 2018 – 2020
- Middle-East #3
- India (REF) attractive due to change of regulations for gasoline, but not sustainable
- NAM with tangible growth in 2020-22, driven by new investments in PCI

Sources: Global Data Market Intelligence, Clarkson's, Danish Ship Finance 12/16, IGU Report 2017, BC

Upstream Oil & Gas

Recovery Is Expected to Continue

**Market Size 2014 – 2022
(excl. High-Speed)**



Market Drivers & Trends

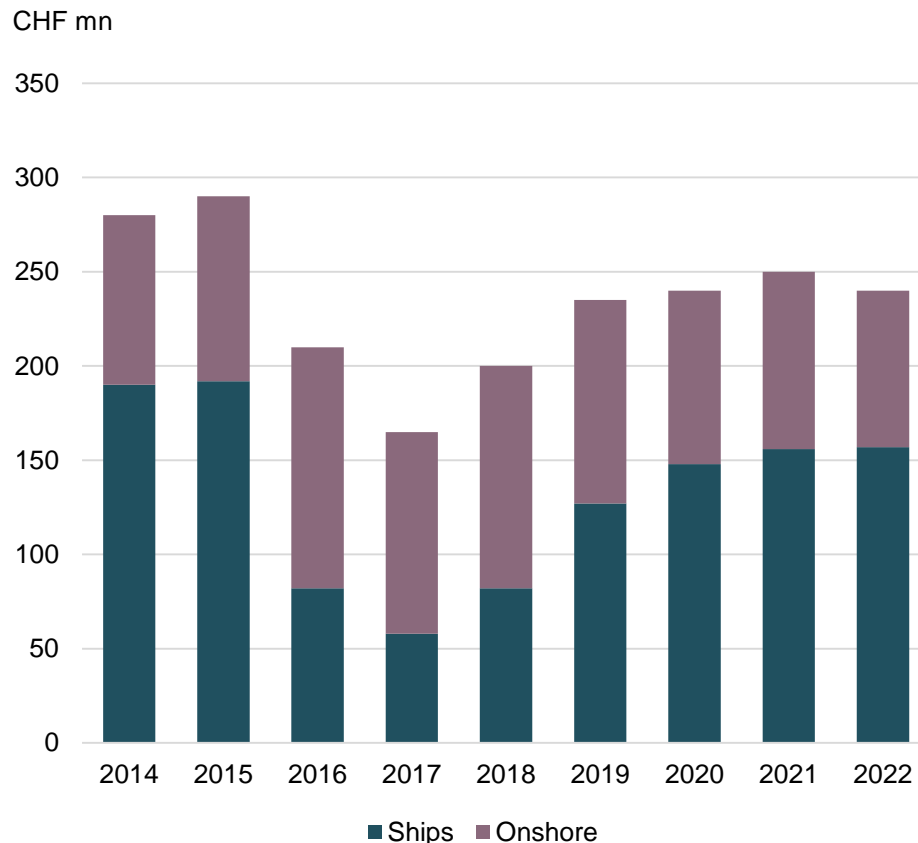
- + US political support for domestic gas production
- + Productivity improvements in Enhanced Oil Recovery (EOR)
- + Changing energy mix leads to a globally increasing demand for gas
- + Positive oil price development
- + Growth of middle-class in emerging countries driving the need for natural gas-based products
- Negative oil price development
- Environmental regulations

Sources: Global Data Market Intelligence, Douglas & Westwood report 2017, BC

Gas Transport & Storage

Ship Transport Expected to Strongly Recover

Market Size 2014 – 2022



Sources: Clarkson's, Danish Ship Finance 12/16, IGU Report 2017, BC

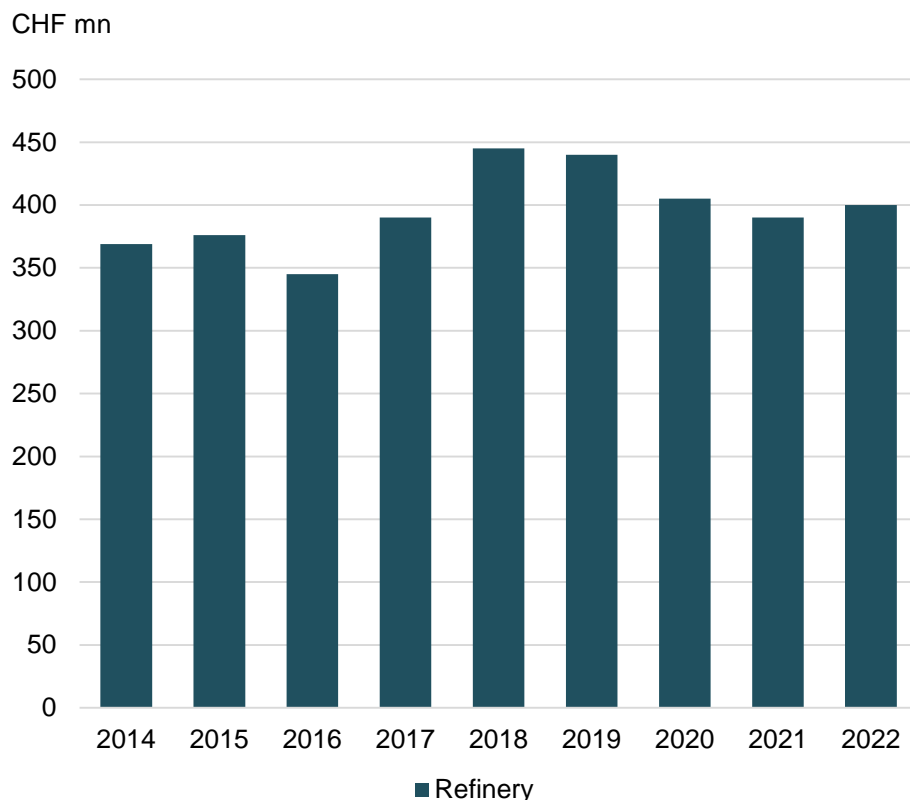
Market Drivers and Trends

- + Changing global energy mix towards gas
- + PCI feedstock changing to low-cost LPG/LEG (e.g. from the US)
- + Many additional LNG import terminals under construction in several countries
- Over-investment in gas tankers for LNG, LPG and LEG has led to an oversupply of gas tankers
- ME-GI/X-DF market share distribution uncertain

Refinery

Asia and New Regulations are Temporarily Boosting New Projects

Market Size 2014 – 2022



Sources: Global Data Market Intelligence, BP Energy Outlook 2016, Exxon Energy Outlook 2017, BC

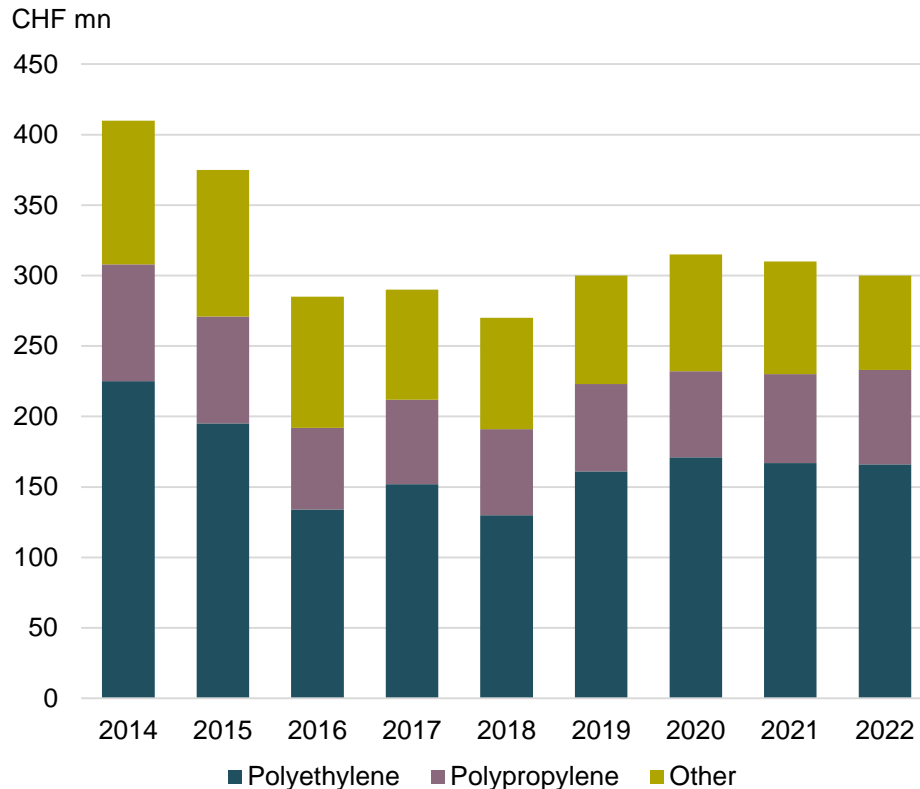
Market Drivers and Trends

- + Large projects in Asia
- + A shake-out process of older/less efficient technologies triggers new equipment or replacement of existing
- + Oil price and refiners' margin expected to recover until 2020
- + New regulations for oil quality (e.g. Euro V & VI)
- Low oil price impacting refiners' cash flow and ability to further invest in the short-term
- The planned refinery capacity increases will cover the demand for 1 - 2 decades
- Large plant sizes prefer centrifugals over recip

Petrochemical- / Chemical Industry

China Is and Will Remain a Key Market

Market Size 2014 – 2022



Sources: Global Data Market Intelligence, Platts Supply/Demand Outlook for PE and PP, LDPE Symposium Insights, BC

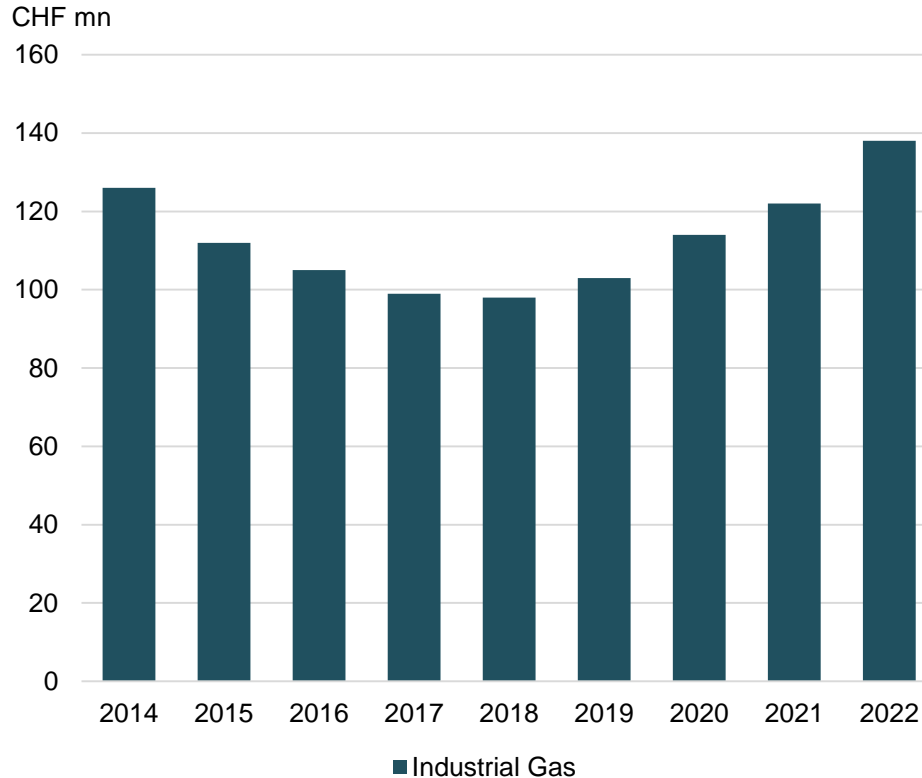
Market Drivers and Trends

- + Annual ~2% demand growth for plastics based on increased world population & middle class growth in India and China
- + China to increase PCI capacities to cover their own demand
- + Excessive low-cost ethane as by-product of US shale gas
- + In LDPE, older technologies/less efficient plants will be replaced by state-of-the-art facilities which are more profitable
- Long-term trend towards reducing plastic consumption (e.g. recycling)
- More than 50% of the available market is very much CAPEX-oriented

Industrial Gas

The Demand Will Recover

Market Size 2014 – 2022

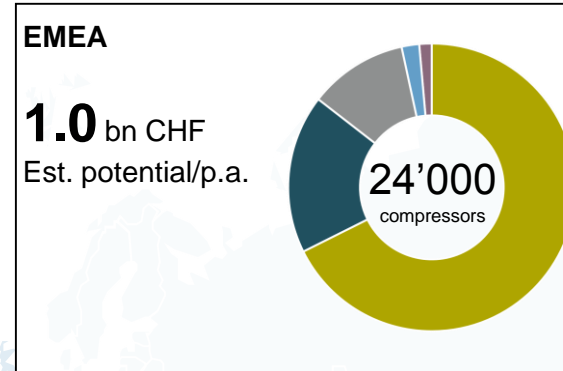
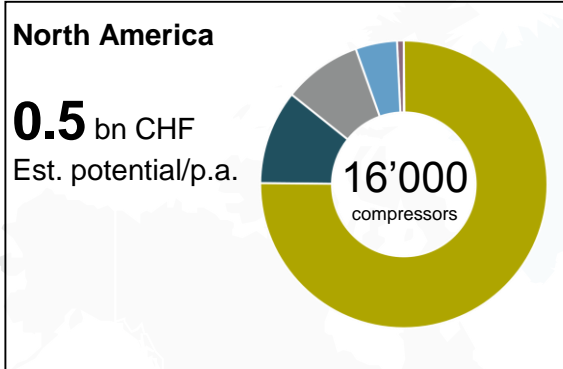


Sources: Global Data Market Intelligence, Global IG Market Research Report 09/16, Clarkson's, BC

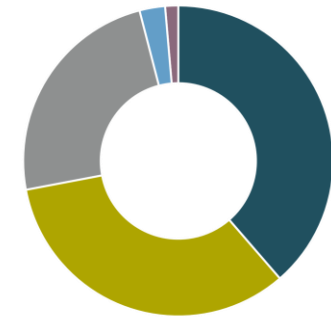
Market Drivers and Trends

- + World population growth leads to increasing demand for industrial gases (e.g. medical, food & beverage, fertilizer (CO₂), inert gas)
- + Hydrogen to be used as fuel (busses, cars, trains, fuel cell power plants)
- + Solar industry (China) is requiring H₂ for polysilicon production
- Steel production overcapacities limiting demand for O₂
- Mostly CAPEX-oriented market

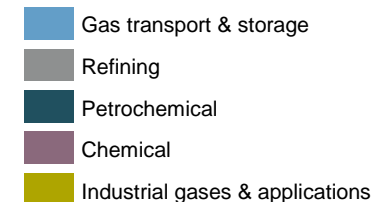
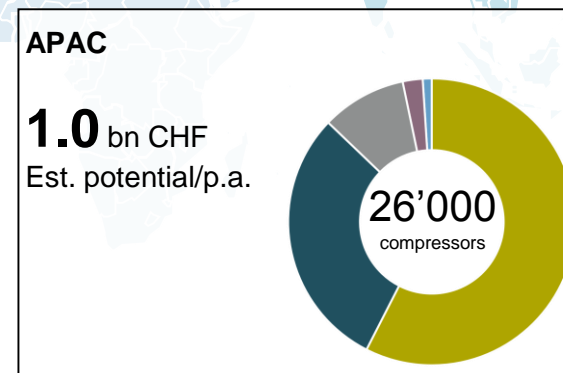
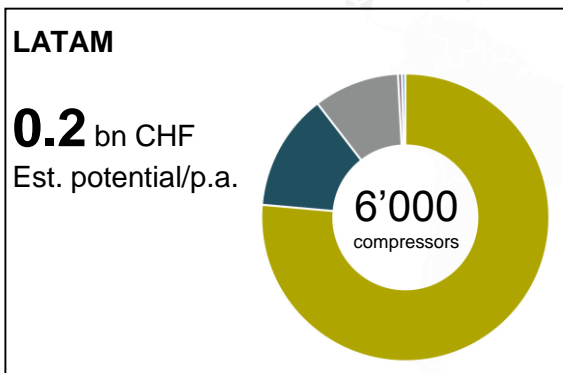
The Recip Service Market Size is about CHF 2.7 bn p.a. or 72'000 Compressors



2.7 bn
Total market (CHF/p.a.)



7.6%
Market share
(80% is BC business)



Market Summary

Bottom of the Cycle Reached

Overall market
will recover

Both UO&G and
Marine cycles
have (almost)
reached bottom
and start
recovering

Plastic and
industrial gases
consumption
expected to
grow faster than
GDP

Mid to long-term
gas
consumption
and trade will
increase over-
proportionally in
energy mix

USA, Middle-
East, Australia,
and Russia are
expected to
account for
highest gas
production
growth

WAY FORWARD → MRP 2018 – 2022

Marcel Pawlicek
CEO

Burckhardt Compression at the IPO 2006



- Burckhardt Compression Manufacturing/Assembly Locations
- Burckhardt Compression Subsidiaries and Service Centers

...and Today

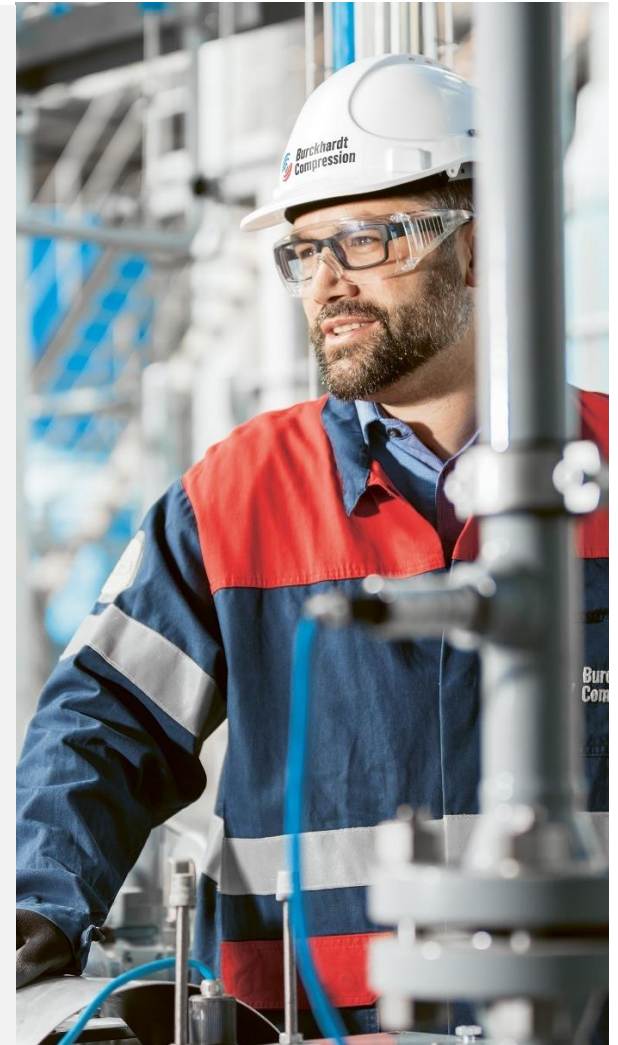
A Network of Qualified Employees Around the World



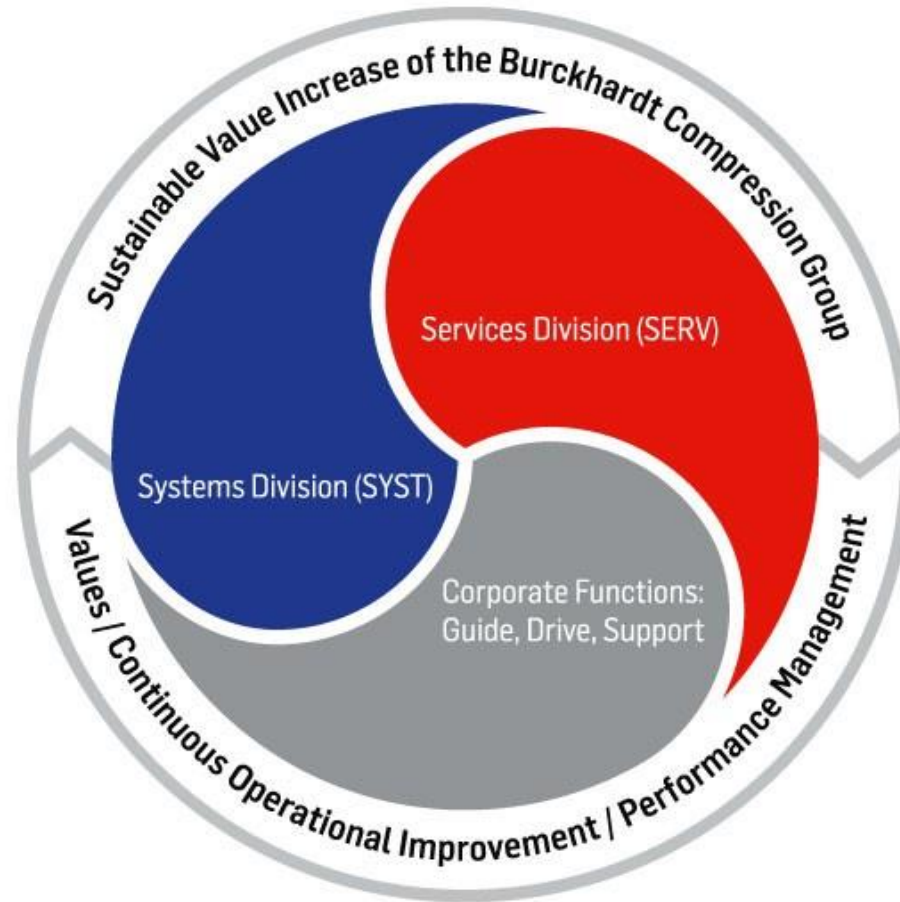
Our Vision

Customers at The Core of Our Business

***"We are customers' first choice
for gas compression solutions
across the entire
product life cycle."***



Way Forward BC Group 2022



Way Forward, BC Group Targets 2022 (SERV incl. Arkos)

BC Group

- Sales CHF 700 mn
- Keep leading market position in Systems Division
- Become a leading Services provider
- Strengthen global capabilities
- Live Values & Behaviors
- Improve overall profitability
- EBIT Margin of 10 - 15%
- Sustainable value increase

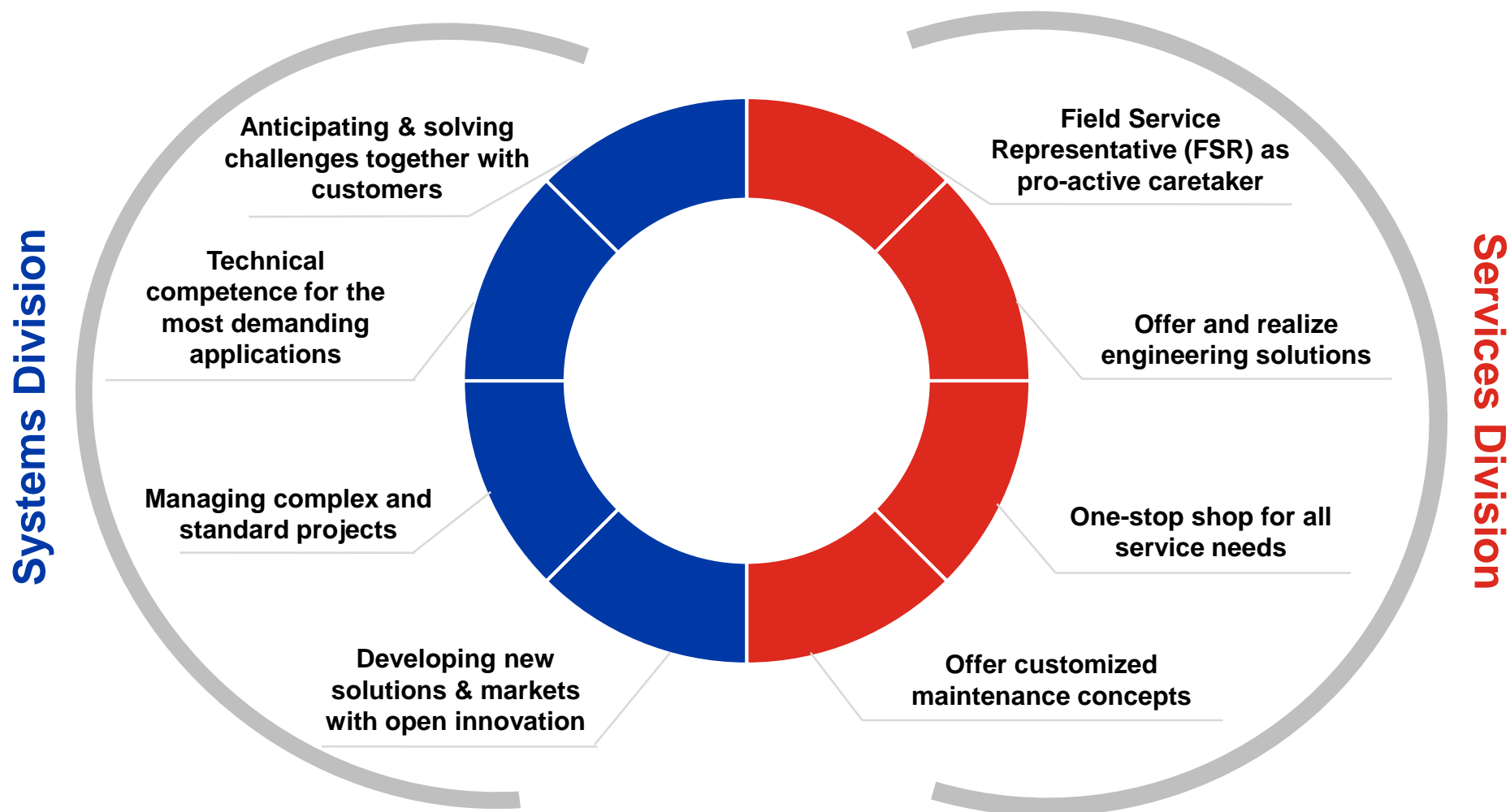
Systems Division

- Sales CHF 340 mn
- Keep leading market position in all segments
- Use strong global presence and Shenyang Yuanda Compressor
- Focus on operational excellence
- EBIT Margin of 0 - 5%

Services Division

- Sales CHF 360 mn
- Grow 6 - 8% per year
- Organic growth on BC and OBC business
- Further growth through acquisitions (OBC)
- EBIT Margin of 20 - 25%

Our Key Capabilities for Success Lie in Differentiation



SYSTEMS DIVISION

WAY FORWARD MRP 2018 – 2022

Fabrice Billard
President Systems Division

Systems Division

Way Forward – Targets

Systems Division

- Sales CHF 340 mn
- Keep leading market position in all segments
- Use strong global presence and Shenyang Yuanda Compressor
- Focus on operational excellence
- EBIT Margin of 0 - 5%

Systems Division

Short-Term Challenges but Strong Basis for the Future

First half-year not good but as expected

- Profitability currently negative: Down-cycle + learning curve LNGM
- Good progress on improvement program
- New orders are picking up: good Q2 and Q3 after low Q1

BC is #1 globally in recip market

BC is #1 in the largest market China: Dual brand strategy with SYCC

We have a large potential to increase competitiveness

We have strategically well-located factories and a strong product line for the future

- High-end factory in Winterthur to develop and produce the most demanding compressors
- Lower cost factories in India and China to ensure cost competitiveness and to cover local market
- Market-oriented assembly and test facilities in the US and in South Korea
- Broad product range extended with SYCC High-speed Compressors and Process Gas Compressors

Systems Division – Outlook

Keep Leading Market Position and Improve Margin

Focus on operational excellence

- 5 key improvement projects with focus on operational excellence
- Reduced already FTE by 10% in CH, good level for current forecast
- Optimization of processes and operations through digitalization

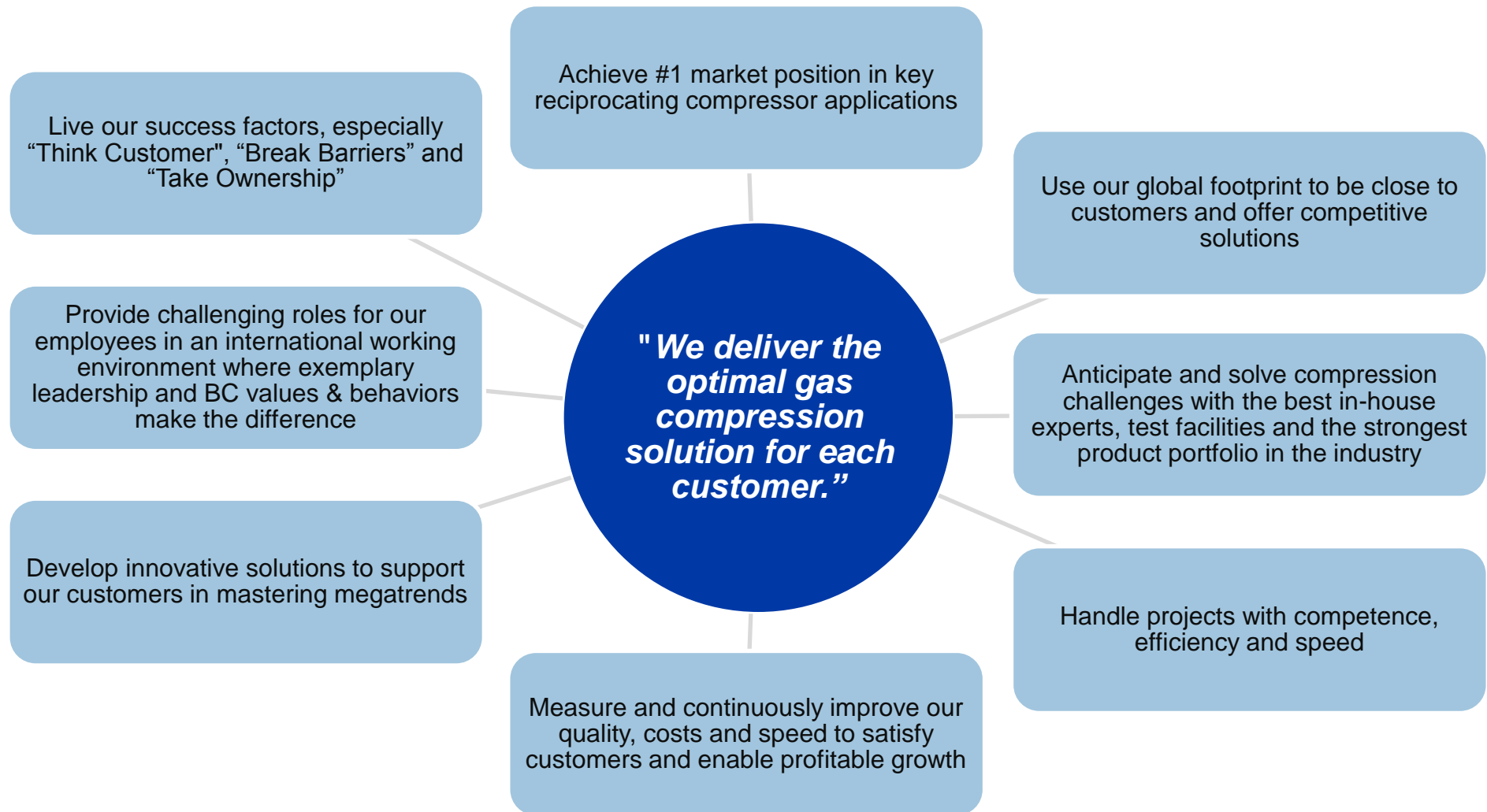
Market strategy to maintain leading position

- Markets are expected to pick-up in 2018 - 2019, esp. Marine
- Defend and reinforce our position in our market strongholds Marine and PCI
- Establish a stronger base and stability by increasing our share of the larger markets REF, IG and UO&G with a more cost competitive Process Gas Compressor product line

→ Slight market share gain and sustainable delivery of 0 to 5% EBIT-Margin

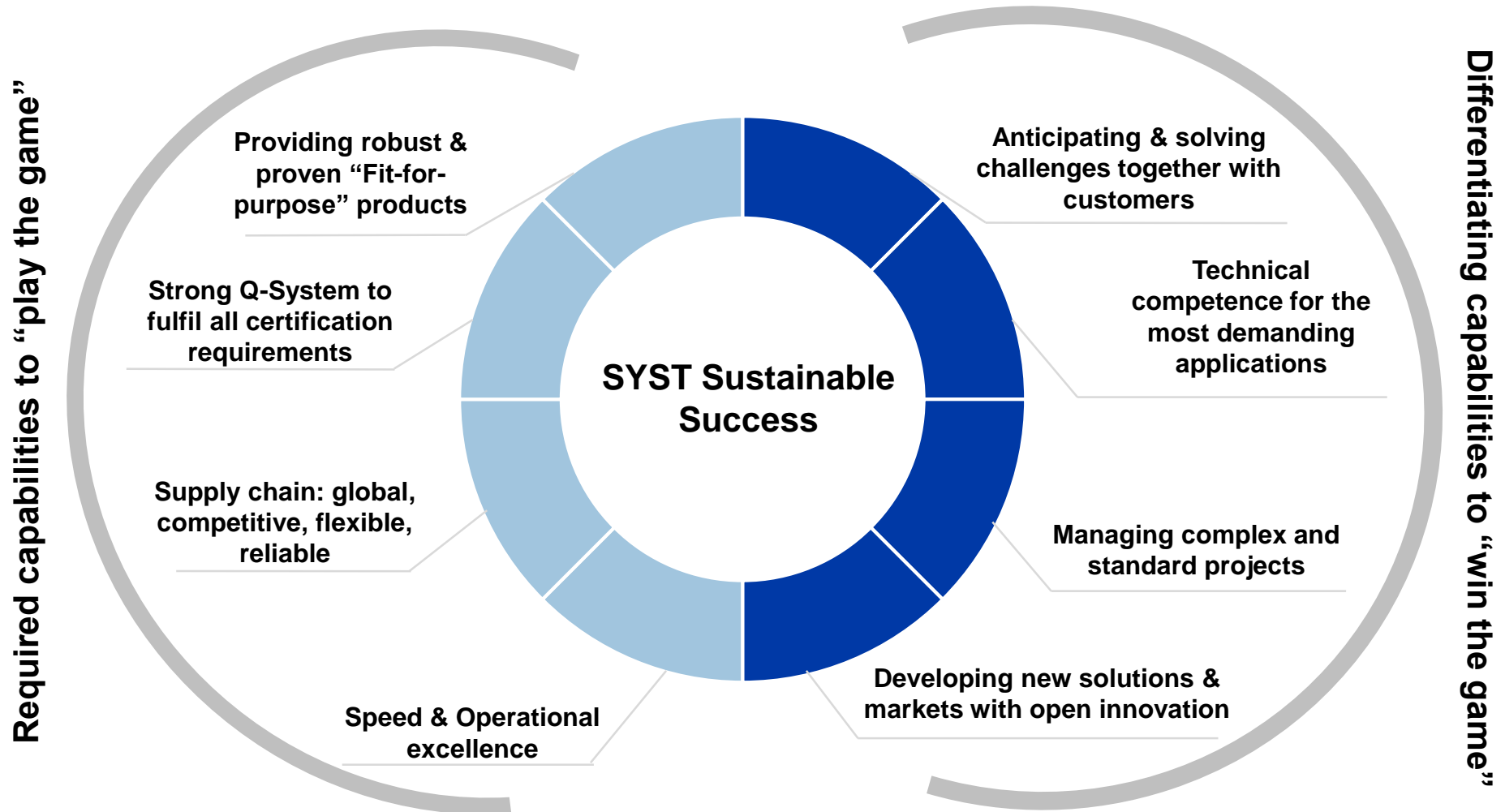
Systems Division – Our Mission

The Optimal Gas Compression Solution for Each Customer



Systems Division

Eight Key Capabilities for Success



Systems Division

Strategic Directions Mid-Range Plan 2018 – 2022

Defend position in Marine market

- Strengthen customer care
- Reduce Laby®-GI costs
- Develop new solutions

Build on leading position in PCI

- Key account management for selected licensors, EPCs, National and International Oil Companies
- Defend market share on PE/PP applications
- Increase market share for Process Gas Compressors

Profitable growth in large markets

- REF: Focus North America, India, M-Line launch
- UO&G: Entry high-speed market
- IG: Global push SHP from India and M-Line

Reinforce our differentiating capabilities

- Technical competence for the most demanding applications
- Managing complex and standard projects
- Developing new solutions & markets with open innovation

Build-up required capabilities to “play the game”

- Speed and Operational Excellence
- Supply Chain
- Strong Q-System
- Providing robust & proven «Fit-for-purpose» products

Optimize costs for non-critical activities

- Reduction of complexity
- Reducing support level & costs to “good enough” when customer are not ready to pay

Market strategy

Building capabilities selectively



Systems Division

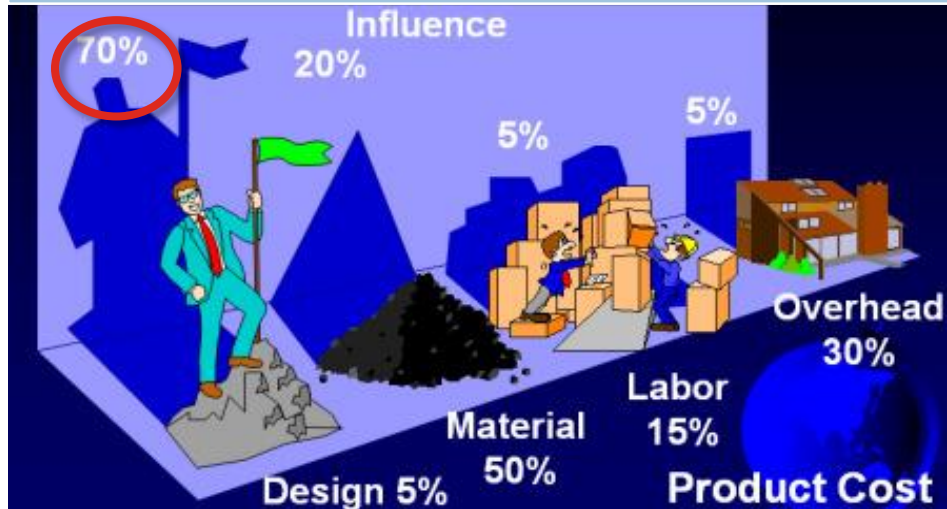
Top 5 Initiatives to Implement the Strategic Directions

	Boost global procurement	Launch M-Line (SYCC product outside China)	Push value engineering	Expand Global Support Center in Pune	Develop new solutions for Marine
Defend position in Marine market	●		●	●	●
Build on leading position in PCI	●	●	●	●	
Profitable growth in large markets	●	●	●	●	
Reinforce our differentiating capabilities					●
Build-up required capabilities to “play the game”	●	●	●	●	
Optimize costs for non-critical activities	●	●	●	●	

● Direct contribution
 ● Indirect contribution

Systems Division – Key Initiative Value Engineering

Understanding the cost influencers



Voice of the customer



Brainstorming



Cross-functional international teams, incl. suppliers



20+% cost reduction possible on selected product line

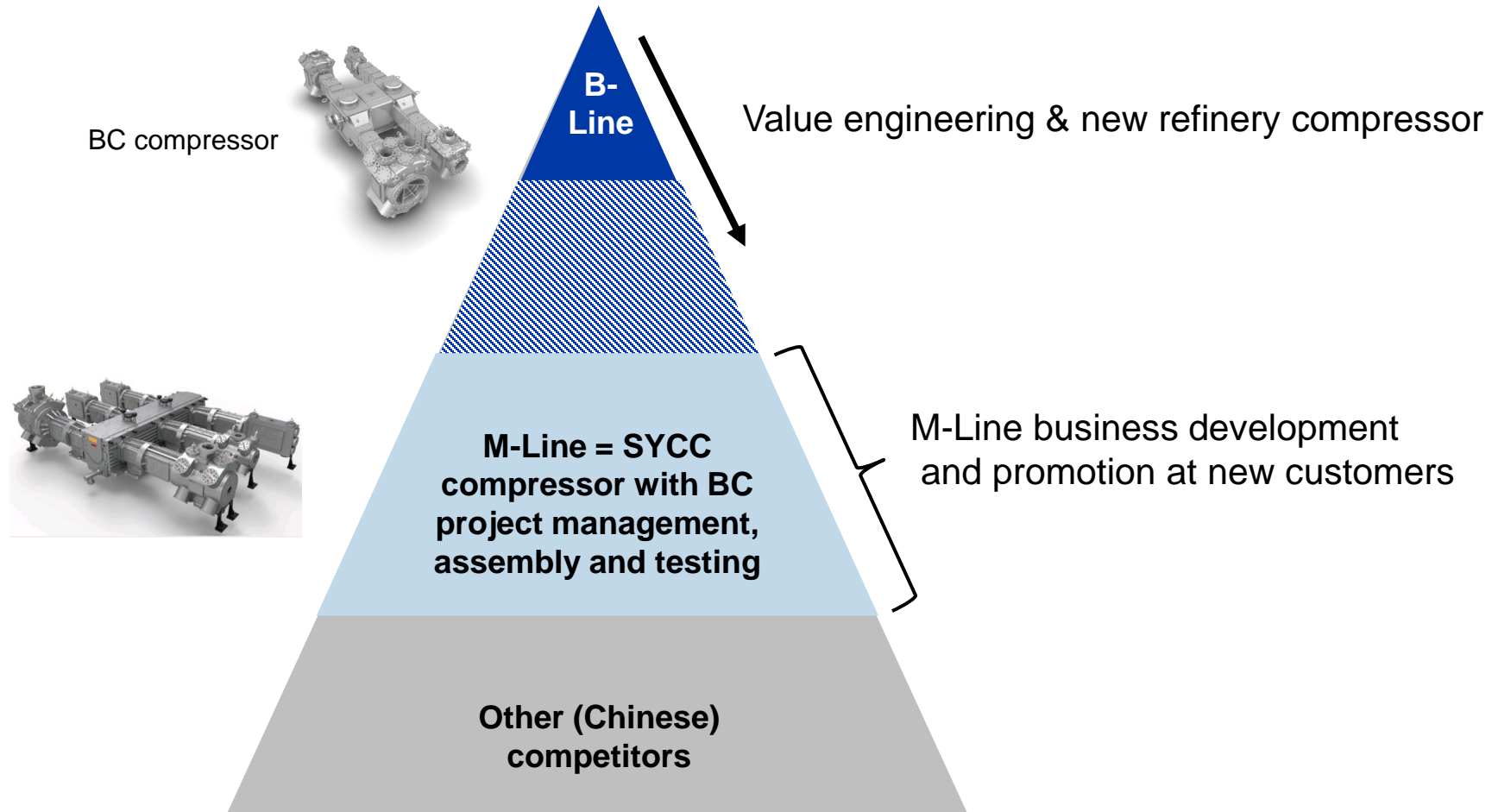
Systems Division – Key Initiative

Global Support Center (GSC) in Pune, Opening Aug. 2017



Systems Division – Key Initiative

M-Line Launch as a Second Product Line in API 618 Market Outside China



Systems Division – Top 5 Initiatives

Concrete Improvements over the Next 12 Months

Initiative	Expected status
Procurement boost	<ul style="list-style-type: none"> • Global strategic procurement team in place, incl. members in India and China • Category strategies defined and implementation started for top 5 categories • Number of suppliers reduced by 15%
M-Line launch	<ul style="list-style-type: none"> • Pilot project finalized and internal processes in place • First orders sold and in execution
Value engineering	<ul style="list-style-type: none"> • 12% cost reduction fully realized on first product line • 2 other product lines starting implementation of improvements
Global Support Center Pune	<ul style="list-style-type: none"> • Team in Pune > 60 FTE • All management processes and KPIs in place • Team utilization > 75%
New Marine solutions	<ul style="list-style-type: none"> • Optimized Laby®-GI system available • Oilfree Laby®-GI launched • 2 new solutions launched for LNG-fuelled ships

Systems Division Summary

- **Market outlook**
 - Total market expected to grow in 2018 – 2019, then stabilizes
 - LDPE (Hyper Compressor) expected to recover in 2017 – 2019, because of rise in plastics consumption in China and SEA
 - Ongoing strong refinery market and recovery in industrial gas
 - Marine segment is recovering in 2018 – 2020
- **Maintain leading position through focus on operational excellence and extended product portfolio**
- **Financial targets**
 - Increase order intake in line with growing market
 - Sales: CHF 340 mn (FY 2016: CHF 367 mn)
 - EBIT-Margin: 0 – 5% (FY 2016: 0%)

SERVICES DIVISION

WAY FORWARD MRP 2018 – 2022

Martin Wendel
President Services Division

Services Division (incl. Arkos)

Way Forward – Targets

Services Division

- Sales CHF 360 mn
- Grow 6 - 8% per year
- Organic growth on BC and OBC business
- Further growth through acquisitions (OBC)
- EBIT Margin of 20 - 25%

Services Division

Our Offering – Service, Expertise, Hands-on

Customer Service Cases

- ✓ Preventive maintenance
- ✓ Corrective maintenance
- ✓ Overhaul & repair
- ✓ Engineering & revamp
- ✓ Monitoring & diagnostics
- ✓ Spare parts
- ✓ Installation & commissioning

Our Service Products

- Wear and capital parts
- Field service
- Component repair in BC Service Center
- Technical support & troubleshooting
- Engineering services
- Condition monitoring and diagnostics (equipment and service contracts)
- Customer training
- Turnkey overhaul & revamp
- Preventive and corrective long term maintenance contracts



Services Division

Strong OEM Image and Potential to Grow

First half-year according to expectation, full year on track

- Strong sales
- Lower gross profit margin due to changed product mix
- Strengthened local presence through acquisitions and collaborations such as CSM (Canada) and Kompressortechnik (Sweden)

BC has a strong OEM image (in a positive and negative sense), but is not well-known as the “all brand” service provider

Prognost is perceived as the high-end expert in monitoring of critical recipes of all brands

We have a strong growth potential in the OBC business for the future

- Today, BC’s market share in OBC is limited
- Our OEM capabilities are a sound basis for expansion to OBC
- Our competitive environment stays mainly unchanged but offers potential for consolidation with local parts and service providers
- As OEM we have today a solid global presence in key markets
- Market for service on BC products has limited growth, consequently only improvement of our service offering will generate additional sales

We have a wide BC service offering, focus on OBC products & services has to be strengthened

Services Division – Outlook

Become a Leading Service Provider and Hold Margin

Develop service organization

- 5 key initiatives to support growth, streamline global processes and develop the service mentality
- Implement global processes and IT applications to enable efficiency and growth potential
- Manage and develop competences of people is crucial for growing organization

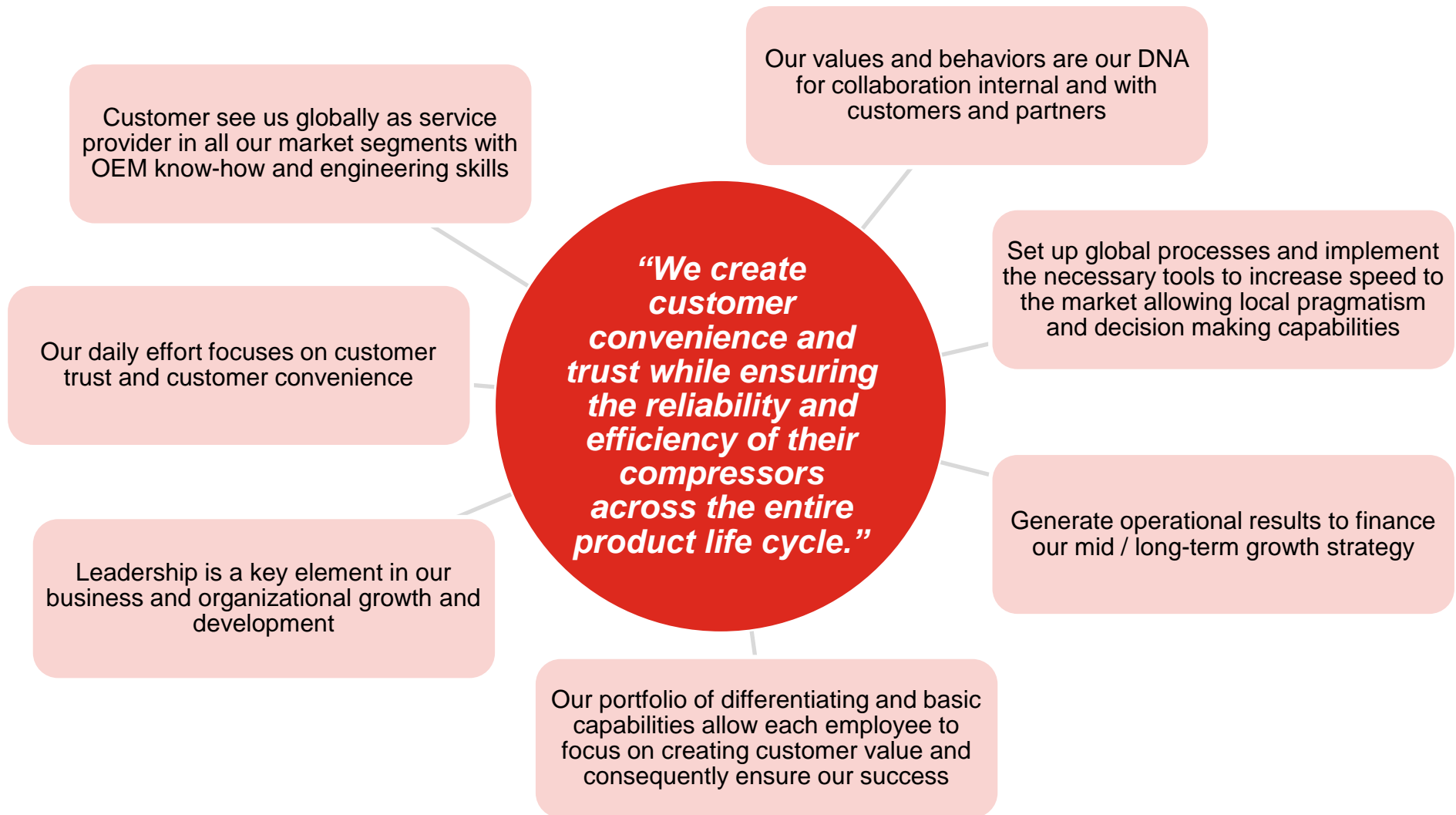
Further grow order intake and sales by 6 - 8% per year

- Enlarge our market share in the OBC service market, moderate growth for service of BC machines
- Intensify service offerings as e.g. Long Term Service Agreements
- Climate change results in demand for capacity reductions or efficiency/emission improvements demand service solutions
- Impact of digitalization: data accessibility and use, communication and business processes

→ Hold a sustainable EBIT-Margin of 20 to 25%

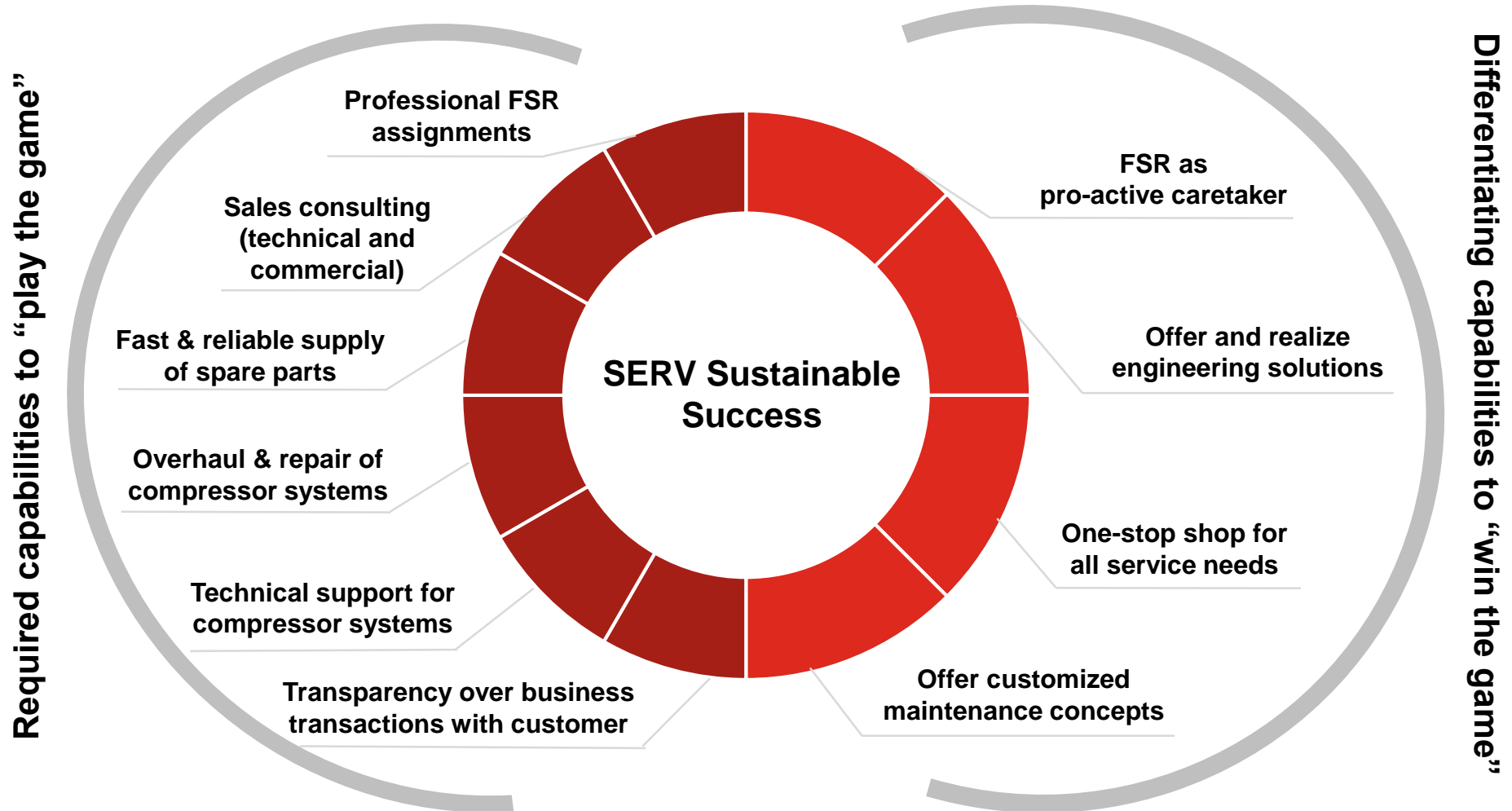
Services Division – Our Mission

We Create Customer Convenience and Trust



Services Division

Ten Key Capabilities for Success



Services Division

Strategic Directions Mid-Range Plan 2018 – 2022

Enhance differentiating capabilities

Focus on improvement of our differentiating capabilities

Improve speed to market

Implement global processes and systems as ERP/CRM

Think customer, act service

Improve internal customer orientation and therefore customer satisfaction

Develop service setup & offering

Sharpen regional/local service setups and develop new (digital) service offerings

Develop service brand

Develop the BC brand to a brand for service for all types of reciprocating compressors

Services Division

Top 5 Initiatives to Implement the Strategic Directions

	Global ERP/CRM platform	Global service setup	Professional customer care	Global engineering & project management	Marine service
Enhance differentiating capabilities		●	●	●	
Improve speed to market	●	●			
Think customer, act service			●		
Develop service setup & offering	●	●		●	●
Develop service brand		●	●	●	

● Direct contribution
● Indirect contribution

Services Division – Key Initiative

Global Engineering and Project Management

Revamp of BC Hyper Compressor in LDPE plant

Maximize plant capacity,
approx. +50%

Increase mass flow
from 46t/h to 63t/h

Revamp of the
whole compressor
systems with
shortest possible
down-time for
project execution

Customer Benefits

- Increased reliability
- Lower lifecycle costs
- Environmental improvements in process technology



Services Division – Key Initiative

Global Engineering and Project Management

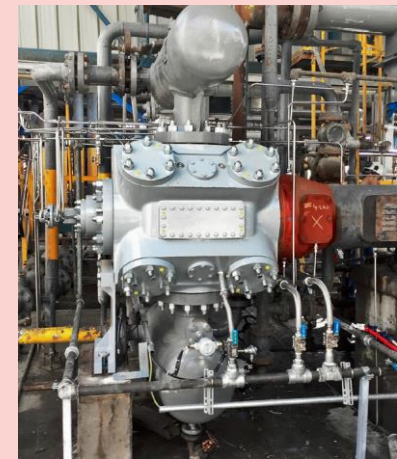
Revamp of a hydrogen gas compression system of Ingersoll Rand

Tightened Health,
Safety &
Environment
regulation

High leakage of the
machine became a
problem

Customer Benefits

- Leakage rate down to zero
- Complete compressor revamp with latest technology and API 618 conformity, increased reliability and reduced MTBO (mean time between overhaul)
- Lower investment costs and shorter execution compared to a new compressor system
- Modern capacity control system



Services Division – Top 5 Initiatives

Concrete Improvements over the Next 12 Months

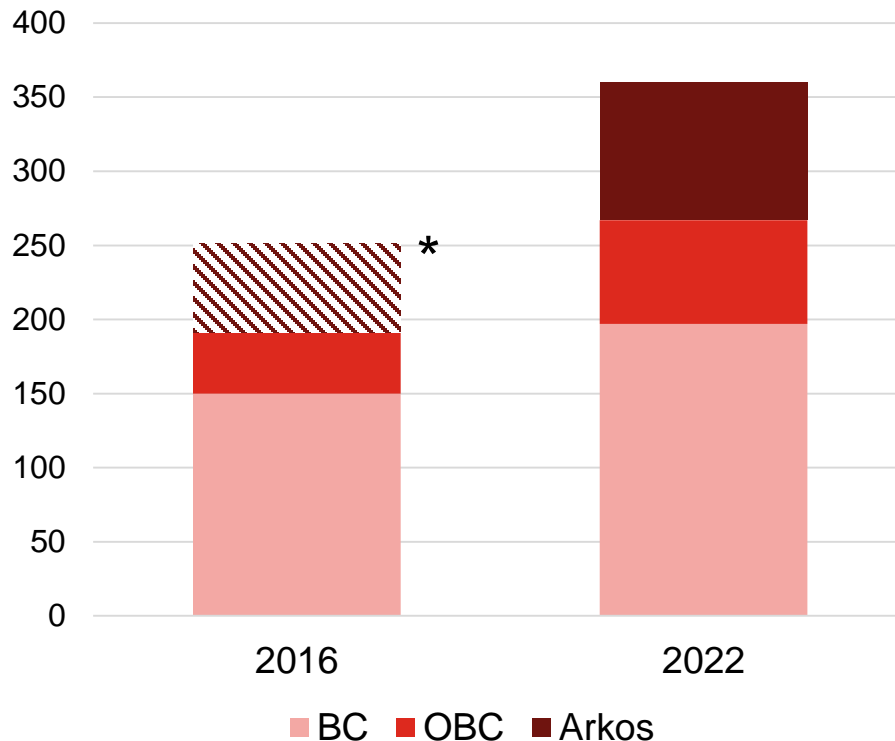
Initiative	Expected status
Build up global ERP/CRM	<ul style="list-style-type: none"> • Global Template finalized • First roll-out in Germany executed • Global roll-out scheduled
Further develop the global service setup	<ul style="list-style-type: none"> • New agent concept / agreements rolled out • Gain first experiences with cooperation setup in Sweden • Further roll-out of limited setups in developing markets
Build up global engineering & project management excellence	<ul style="list-style-type: none"> • Competence and responsibility concept developed and rolled out • KPI and risk management concept established • Resources globally adjusted
Strengthen our professional customer care	<ul style="list-style-type: none"> • Field Service and customer trainings significantly enhanced • Soft skill training with OBC implemented • Global capacity planning and availability increased (skill matrix)
Build up structure for Marine service	<ul style="list-style-type: none"> • 24/7 support structure established • Hotspots worldwide operational • Capacity build up plan to fulfil growing demand

Services Division

Sales Target – Strong Growth with OBC

Sales

CHF mn



*Arkos not consolidated in FY 2016

- Target of 11% CAGR on reported sales 2016 – 2022
- Sales excl. Arkos to grow by 6% CAGR
 - Both BC and OBC driven mostly by engineering and project management, field service and long term service contract – less growth in spare parts
- Arkos fully consolidated

WORKSHOP TOUR

Moritz Hochlehnert
Head of Assembly

Workshop Tour – Positions

Position	What	Who
1	US Market (BCUS and Arkos)	Mike O’Neil, Danny Cannon
2	Service Engineering	Sabine Gams, Samuel Rimann
3	China, SYCC (M-Line)	Xiwen Ren, Keven Li, Paolo Collaro
4	India, BCIN, GSC	Milind Wagle, Jochen Ehmer
5	Service Setup (Global, Regional, Local)	Jiri Rus, Colin Webb

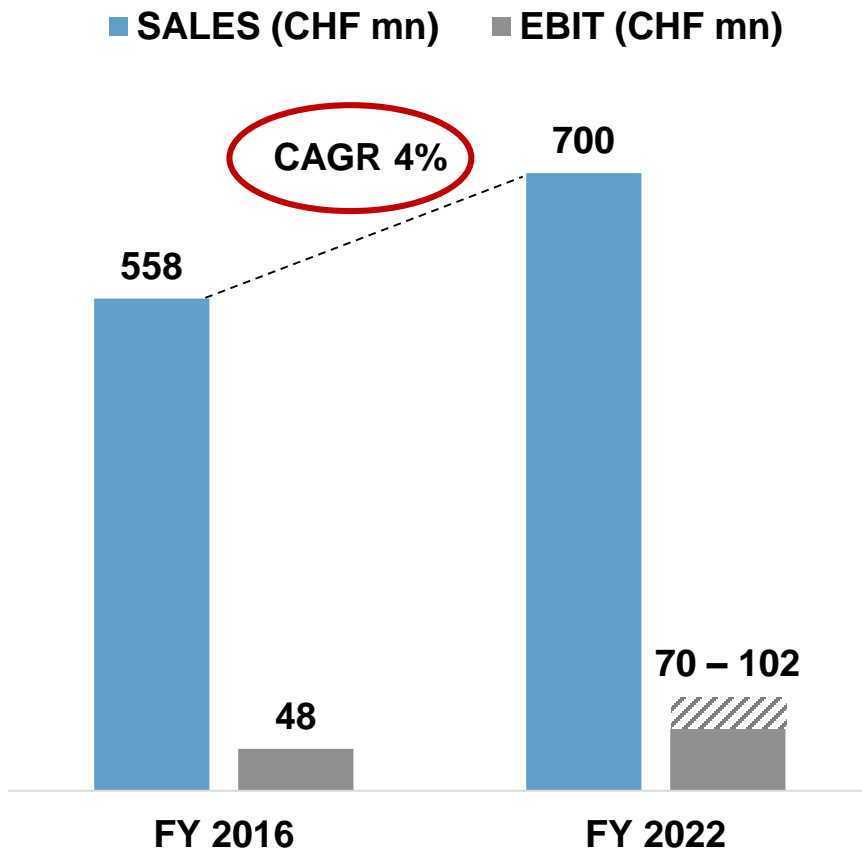
15 min each with 5 min Transfer

FINANCIALS

Rolf Braendli
CFO

Sales and EBIT Targets BC Group

FY 2016 (Actual) → FY 2022 (MRP)



FY 2016 in accordance with Swiss GAAP FER

SGA:

15 – 17% of sales (FY 2016: 14%)

- Over-proportional growth in Services, including Arkos
- Stable SGA in SYST
- Lean Corporate Structure (CHF 4 – 5 mn, including income from real estate)

R&D expenses:

CHF 10 – 12 mn (FY 2016: CHF 9 mn)

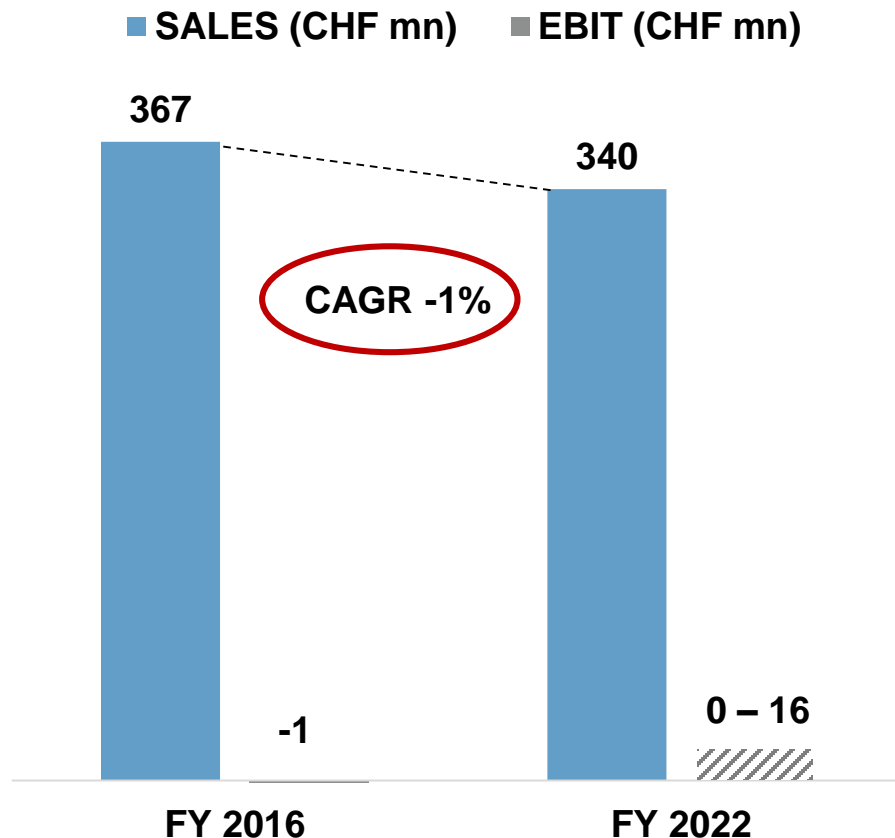
- Focus on value engineering
- Selective product development

EBIT-Margin: 10 – 15% (FY 2016: 9%)

Tax rate: ~25% (FY 2016: 25%)

Sales and EBIT Targets Systems Division

FY 2016 (Actual) → FY 2022 (MRP)



FY 2016 in accordance with Swiss GAAP FER

Sales:

- Keep leading market position
- Backlog decreases FY 2016 – FY 2018
- Global launch of selected SYCC products

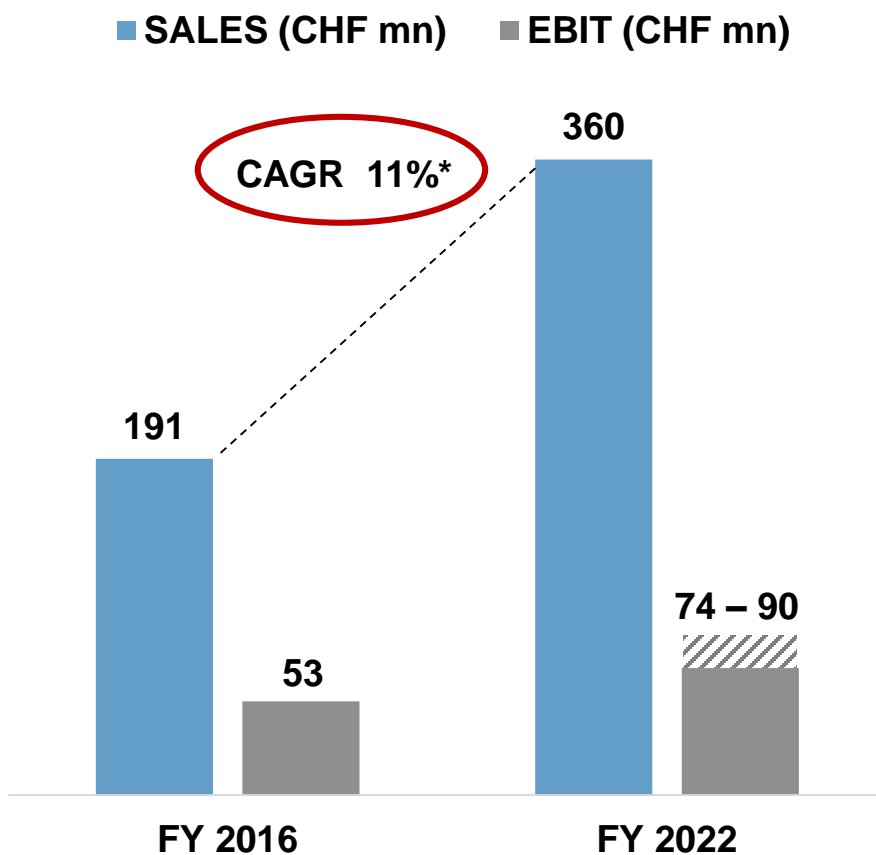
EBIT-Margin:

0 – 5% (FY 2016: 0%)

- **Cost reductions from:**
 - Procurement excellence
 - Value engineering
 - Use of best-cost-countries including SYCC and global support center India
 - Optimization of product portfolio to reduce complexity

Sales and EBIT Targets Services Division

FY 2016 (Actual) → FY 2022 (MRP)



FY 2016 in accordance with Swiss GAAP FER

* CAGR before Arkos: 6%

Sales:

- Moderate growth of spare parts sales on installed BC compressor base
- Further growth in:
 - OBC
 - SYCC service business in China
 - Engineering services and project management, both BC and OBC

EBIT-Margin:

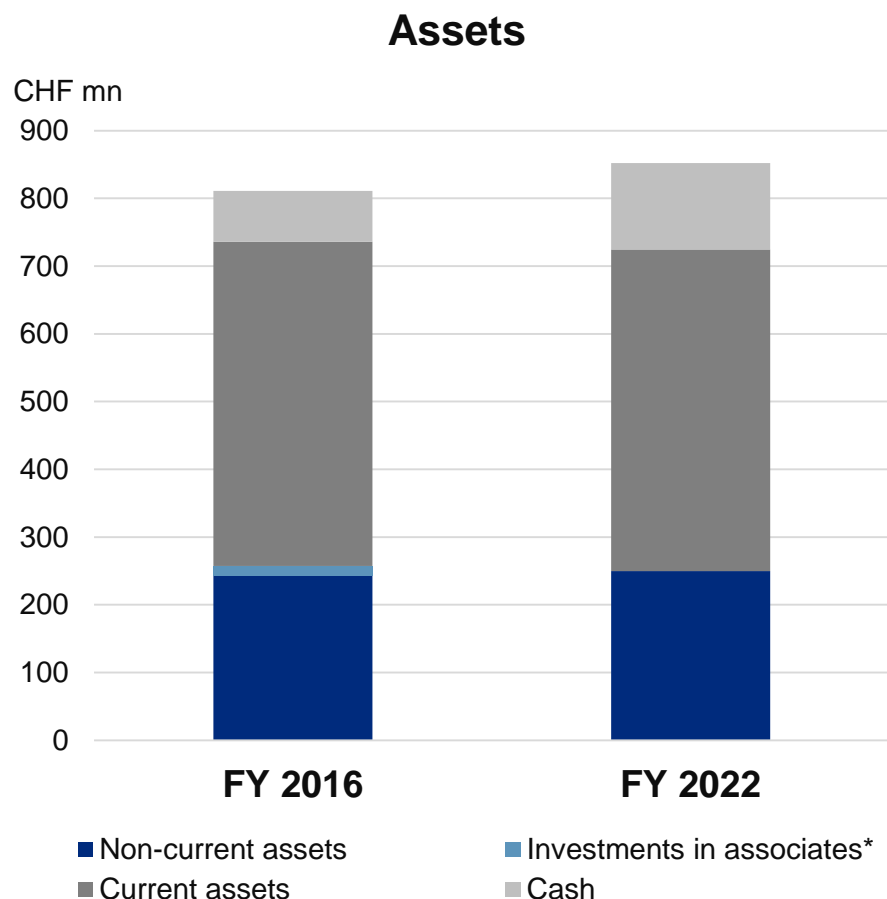
20 – 25% (FY 2016: 28%)

- Slightly lower EBIT-Margin due to higher share of OBC and Arkos business

Potential acquisitions other than Arkos are not reflected on the projected P/L

Balance Sheet BC Group – Assets

FY 2016 (Actual) → FY 2022 (MRP)



* Arkos, USA

Stable level of current assets and net working capital

- Normalization of (overdue) accounts receivables, mainly in China
- Improvement of currently negative balance of project financing

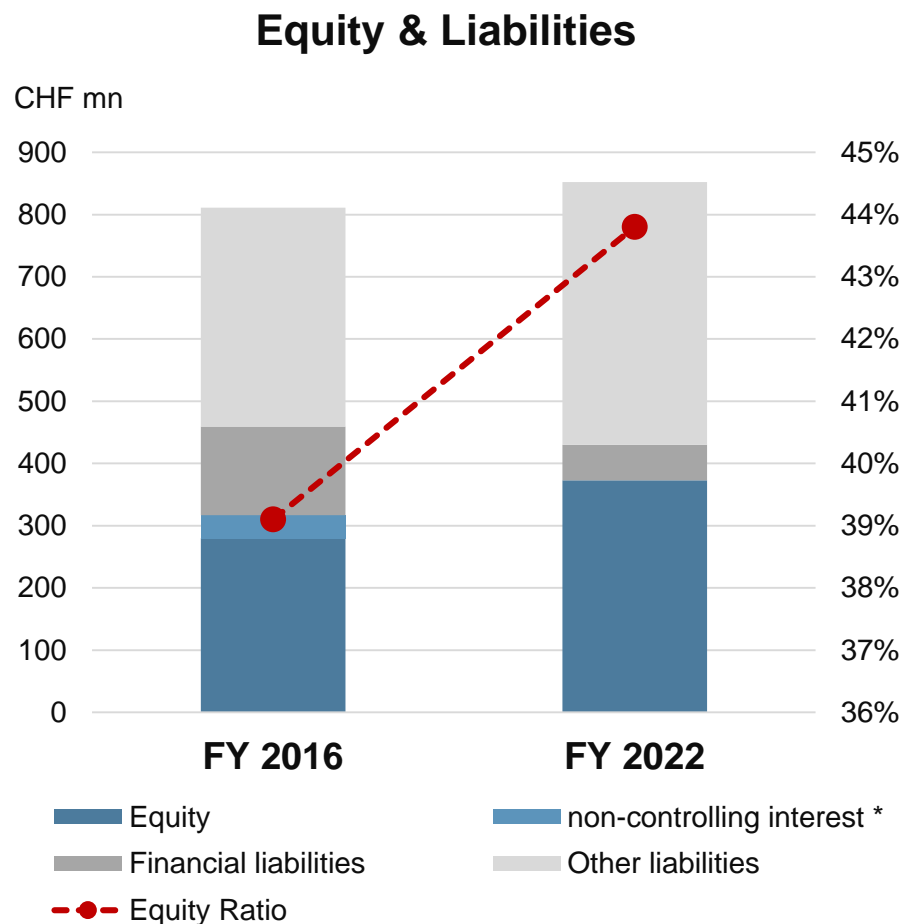
Stable level of non-current assets

- No major investments planned → Capex of CHF ~20 mn p.a., similar to the level of depreciation

Potential acquisitions other than SYCC and Arkos are not reflected on the projected balance sheet

Balance Sheet BC Group – Equity & Liabilities

FY 2016 (Actual) → FY 2022 (MRP)



Moderate increase of balance sheet total by 5%

- Including full consolidation of Arkos (net impact CHF ~40 mn)
- Repayment of bank loans considered, except for some mortgage loans with flexible terms

Increase of equity ratio to a range of

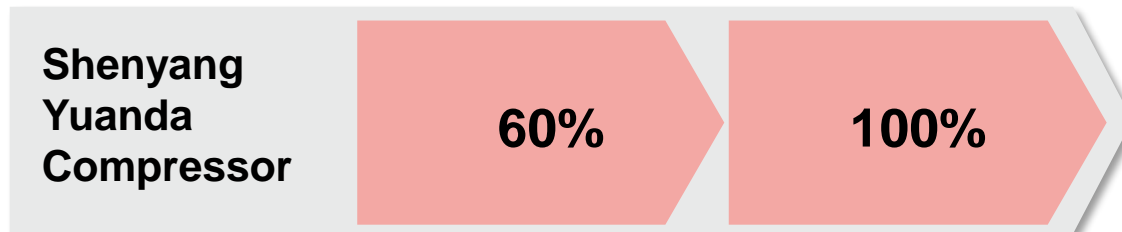
43 - 45%

- Dividend pay-out ratio within a range of 60 - 70% considered

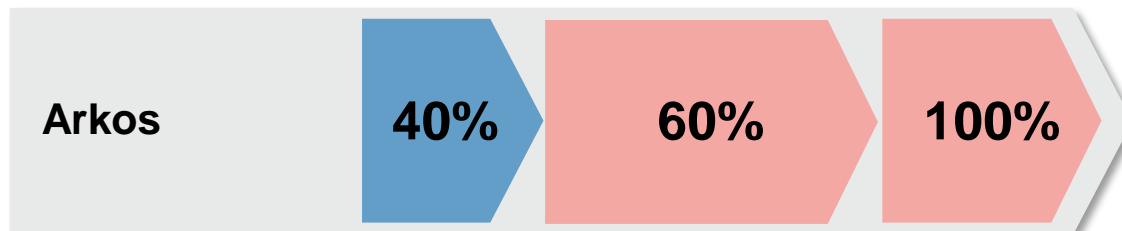
* SYCC, China

M&A Considerations

Planned Execution of Call Options SYCC & Arkos



- Call and put option structure in place, based on a pre-agreed EBITDA multiple
- Call option executable from FY 2020 onwards



- Call and put option structure in place, based on a pre-agreed EBITDA multiple
- Call option executable from the end of FY 2018 onwards



M&A Considerations

Other Acquisitions

Systems

- Acquisitions other than the remaining 40% SYCC are not part of the strategic direction of the MRP
- We will certainly look into opportunities as they appear

Services

- Add-on acquisitions continue to be part of the OBC strategy but are not included in the financial model

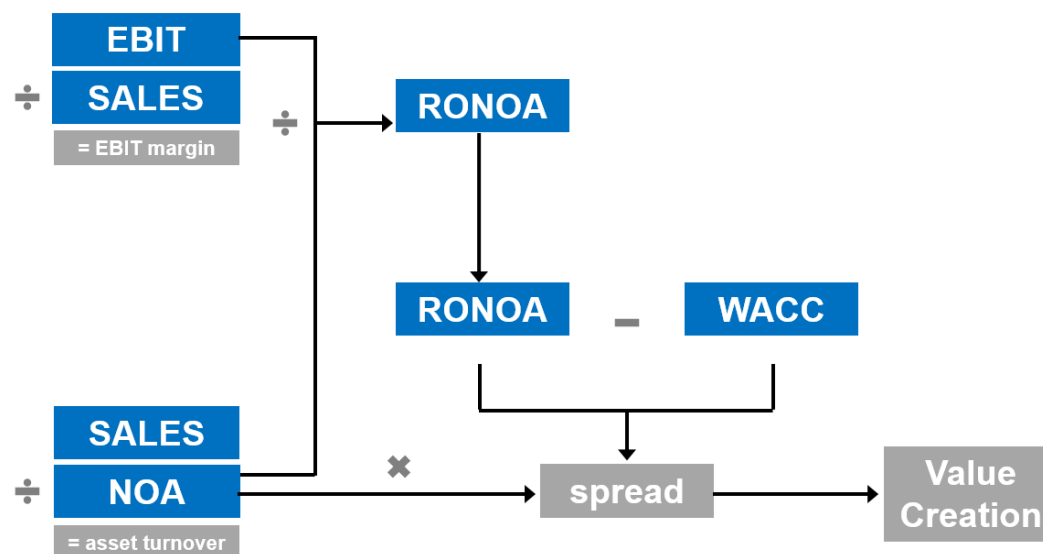
Broad access to potential financing sources would be available if necessary

- Cash
- Debt financing / mortgage loans
- Authorized capital / potential bond financing

RONOA (Return on Net Operating Assets) Implementation

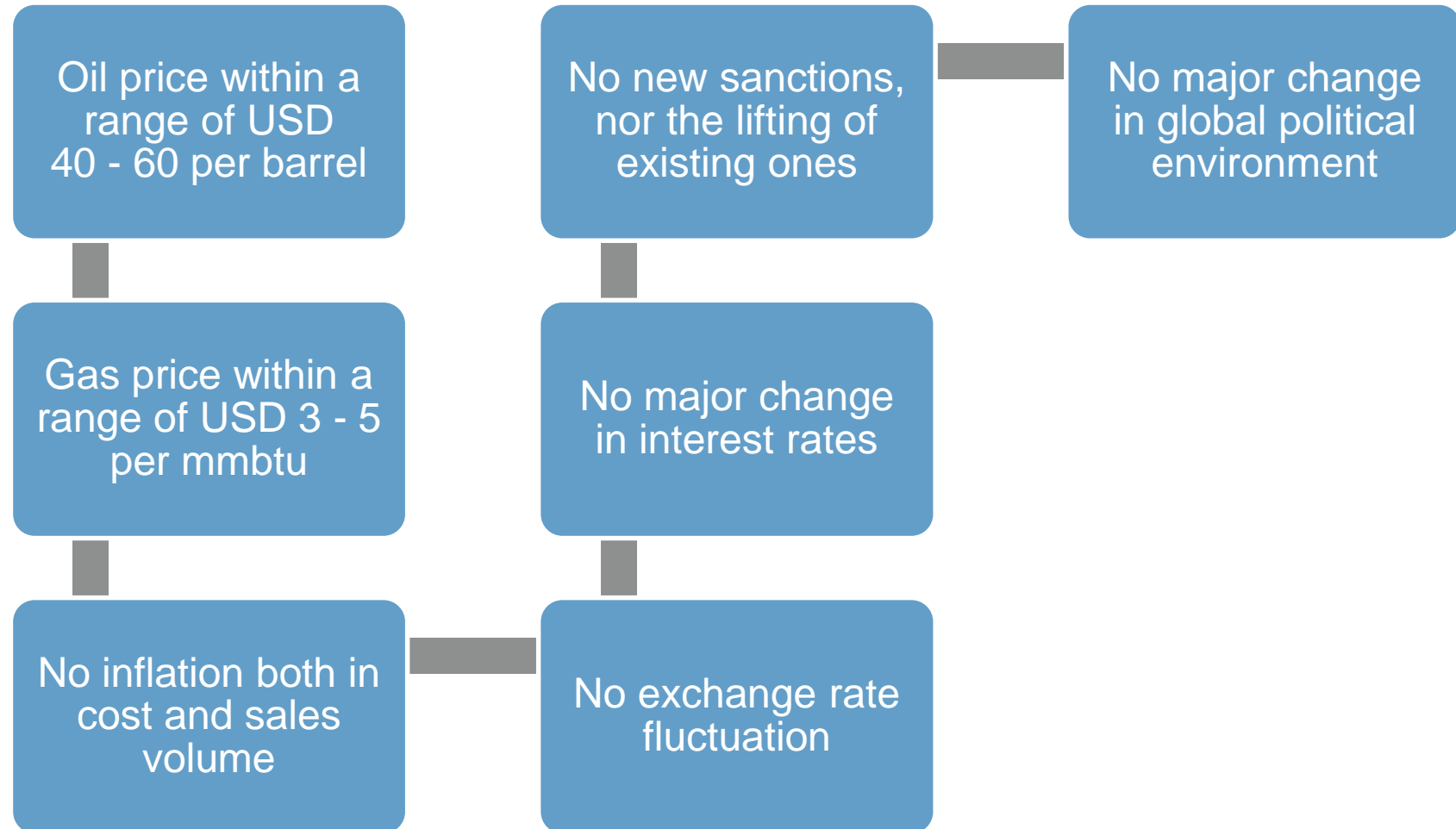
Burckhardt Compression will introduce **RONOA** as a KPI in the course of the MRP.

- **Optimization of NOA**
 - Break-down of assets by category and Division (Systems and Services)*
 - Target setting and performance management
 - Enhanced NWC cockpit
- **Integration of the RONO A concept into the CAPEX application- and approval process**
- **Pilot project in Switzerland FY 2018 and roll-out to the BC Group**
- **Definition and communication of RONO A target FY 2022 within FY 2018**



* BC will continue to operate on *shared* platforms (legal entities with one common balance sheet for both Divisions)

External Boundary Conditions / Assumptions to the Mid-Range Plan 2018 – 2022



Financial Targets FY 2017

Guidance Confirmed

	Guidance FY 2017
Order Intake	<ul style="list-style-type: none"> • No upturn in the Systems Division order intake expected until FY 2018 at the earliest • Continued growth in the Services Division
Sales	<ul style="list-style-type: none"> • At prior year level
Gross Margin	<ul style="list-style-type: none"> • Systems Division 8 - 10% • Services Division 45 - 50%
EBIT	<ul style="list-style-type: none"> • EBIT-Margin 6 - 9% • Higher EBIT-Margin expected from FY 2018 on
Dividend Policy	<ul style="list-style-type: none"> • Payout ratio between 50 - 70% of net profits

HUMAN RESOURCES

Sandra Pitt
CHRO

Rapid Globalization Over the Last 15 Years



2002 (MBO)
400 employees
3/4 in Switzerland

2017
approx. 2'300 employees
1/3 in Switzerland

Our Goal

Encourage our Employees to Enhance Their Potential

1 Leadership Training One Voice
Leadership training based on the
Values and Behaviors of
Burckhardt Compression Level 1-4

**Internal Management
Development Program
(IMDP)**

Talent program for
leaders

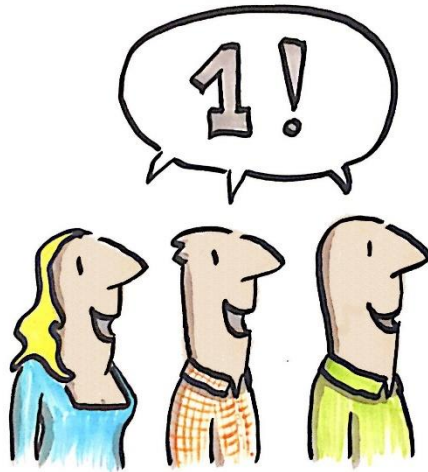
5 Local Training
English, Project
Management, Customer
Training, Lean Management
etc.

4 Sales Training
Training for Sales Managers
and for Sales Force

Technical Training
Field Service Training, Laby[®],
Laby[®]-GI, Process Gas
Compressor, Hyper Compressor
etc.



One Voice – We Are Ready to Change!



One Voice: We all speak the same language!

- Global leadership training for all leaders
- Focus – Leading change & integration of Values and Behaviors of BC
- Mix of divisions, regions, subsidiaries
- Strong involvement of Executive Board
- Start in summer 2017 – ongoing until 2019

- 2-day training with internal and external facilitation
- Intensive exchange between the divisions on the subject of BC Values and Behaviors, leadership and change
- Common understanding of how a leader should lead in change
- Fostering of an open and direct feedback culture
- Strong alignment to the opportunities and challenges of each leader

1

IMDP – Promote Talents and Generate Value!

IMDP: Prepare the new generation of leaders

- Global program of 18 months
- 15 nominated participants from base & middle management
- Mix of divisions, regions, subsidiaries
- Members of top management act as mentors



We will rock it in 2018!

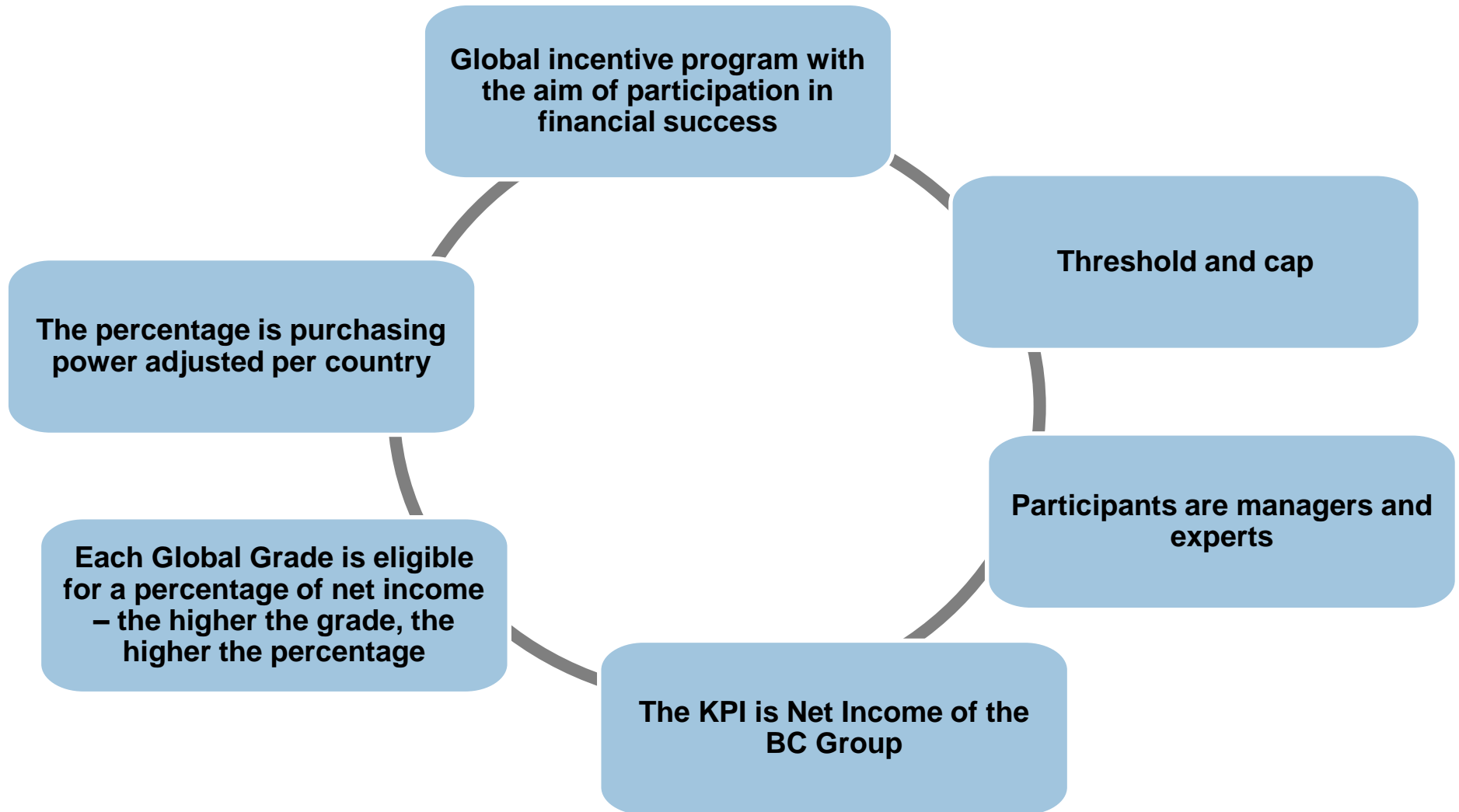
Strong link to business!

- Every participant obtains a real business project of BC with a clear goal for contribution
- The participants are trained in project management, leadership skills, financial know how, operations, presentation skills etc.
- Internal and external facilitation in 3 modules
- Mentoring between the modules
- Final presentation of results in Management Team Meeting

2

Short-Term Incentive BC Group

Participation in the Financial Success



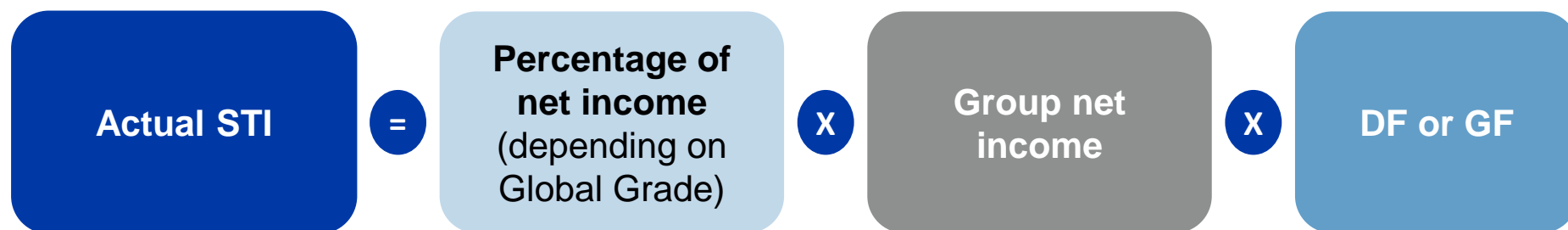
Short-Term Incentive BC Group

Participation in the Financial Success

- In addition, a quantitative factor on both group and divisional level is applied:

- Group Factor RONO (GF): 0.5x – 1.5x

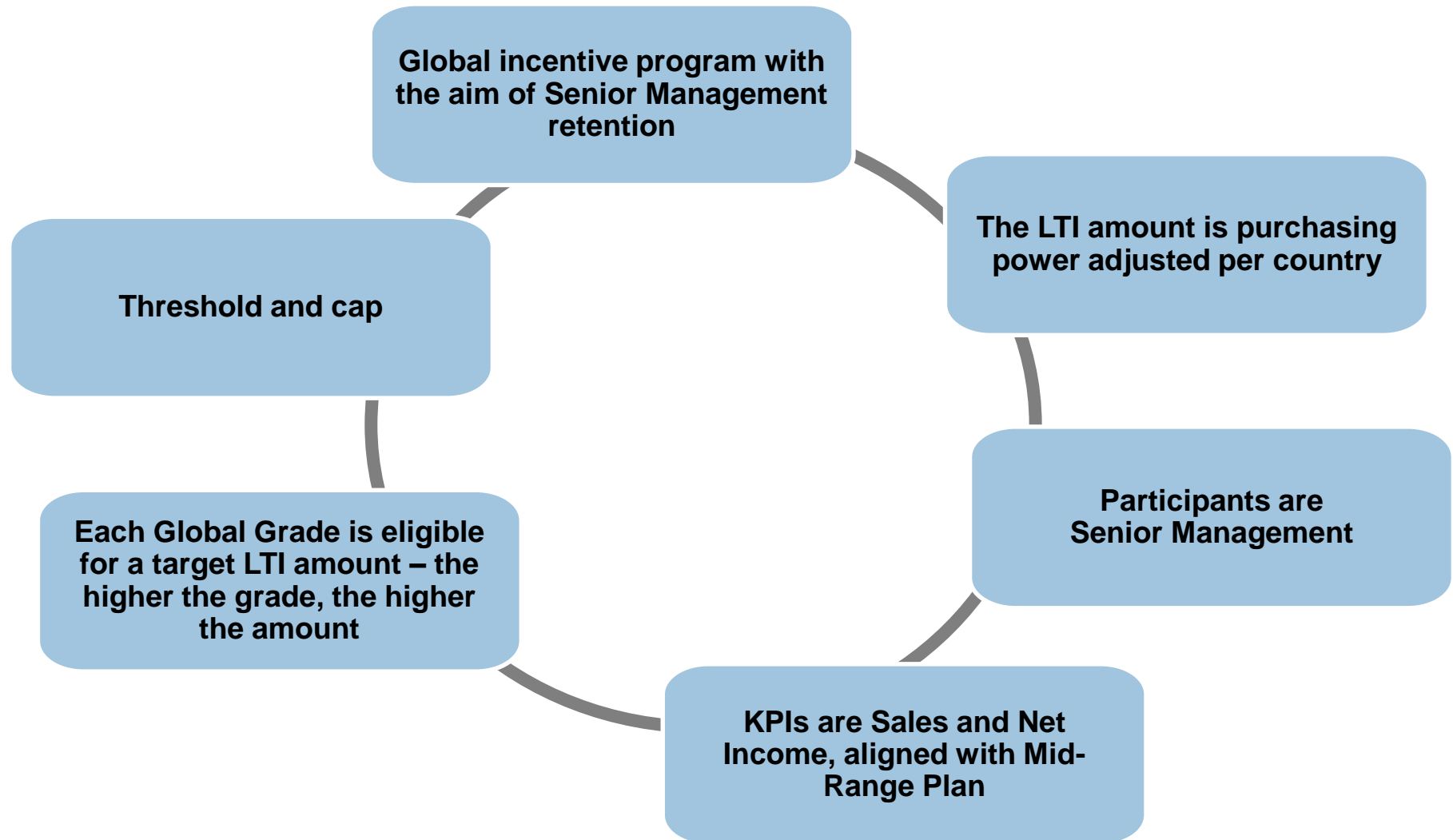
- Divisional Factor EBIT (DF): 0.5x – 1.5x



- The basis for the quantitative factors RONO and Divisional EBIT is the January forecast of each fiscal year
- The factor range of 0.5 – 1.5 is applied in a linear manner
- If the achieved EBIT / RONO is below the defined value for factor 0.5, a factor of 0 is applied resulting in no STI payout
- Pay out in cash, cap of pay out at 50% of base salary

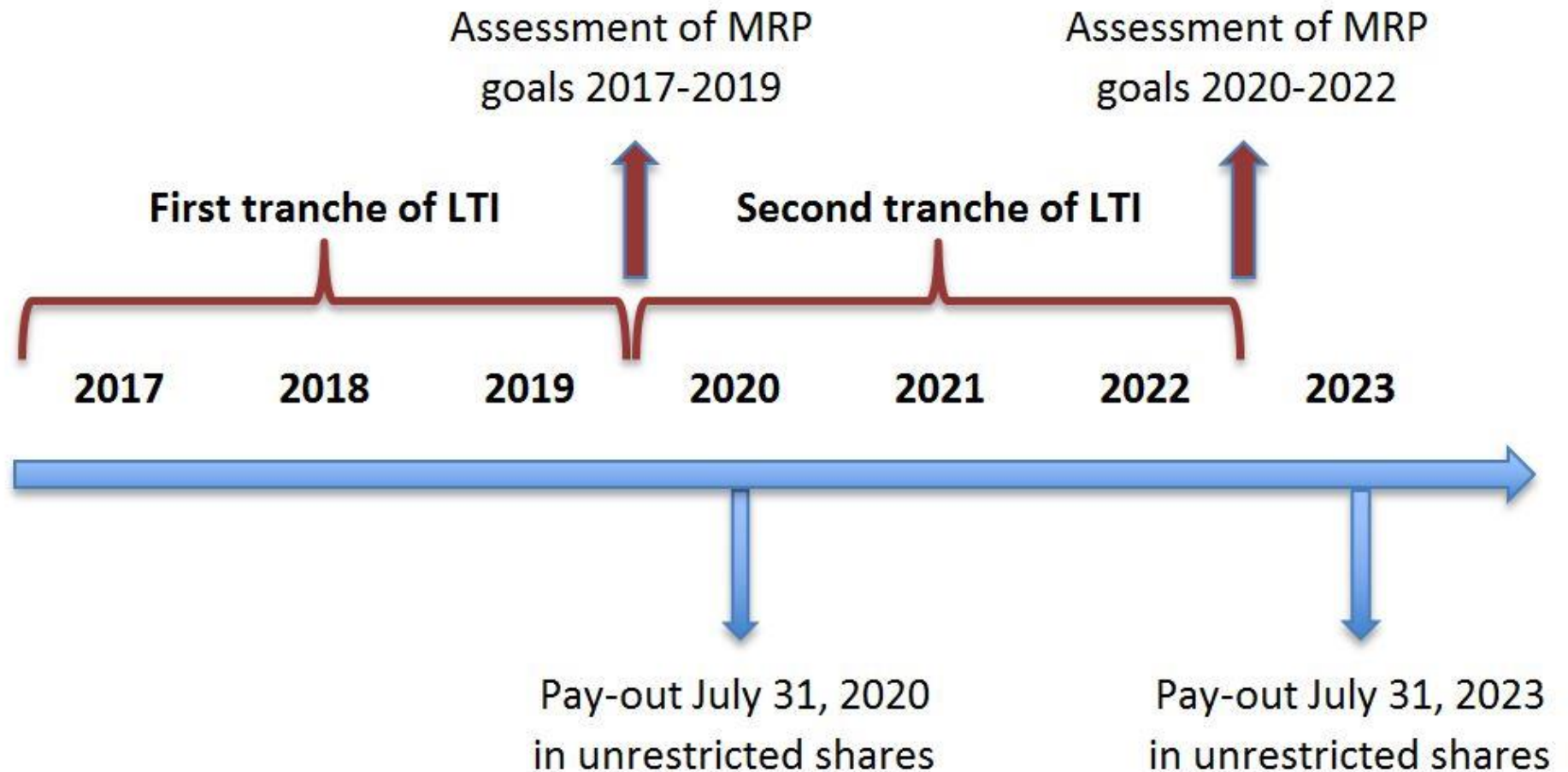
Long-Term Incentive BC Group

Part of Senior Management Compensation



Long-Term Incentive BC Group

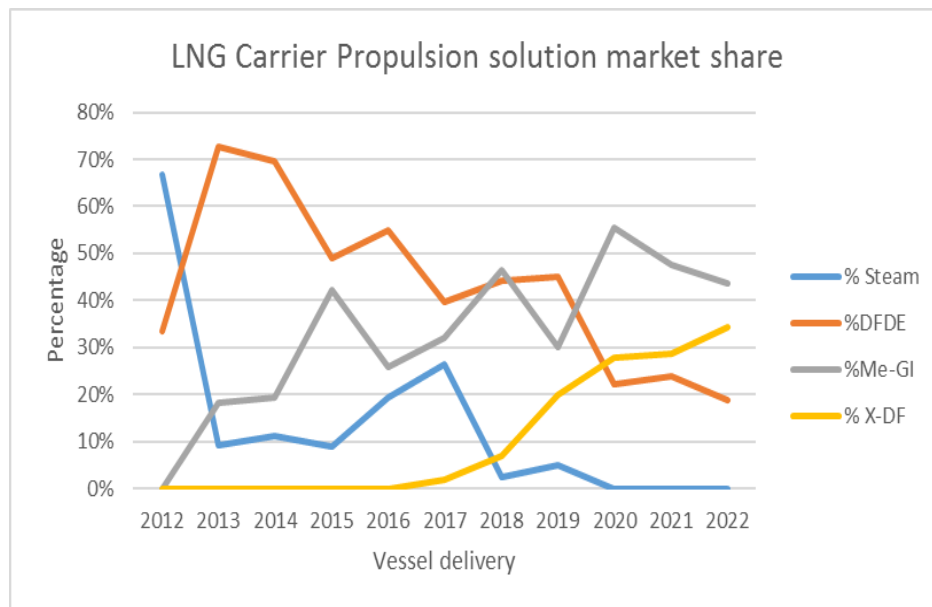
Part of Senior Management Compensation



MARINE APPLICATIONS BOIL-OFF GAS (BOG) MANAGEMENT SYSTEMS DIVISION

Daniel Grötzing
Segment Manager Gas Transport & Storage

Marine BOG Management Compressors on Large LNG Carriers → A Success Story



- **Feb. 2013: 1st order for a Laby[®]-GI used as fuel gas compressor on a dual fueled 174'000 m³ LNG Carrier**
- **Since 2013, total 44 LNG carriers with MAN ME-GI engines and Laby[®]-GI compressors have been ordered**

- **Until Dec. 2017, 9 vessels with total 11 compressors and more than 50'000 running hours in operation**
- **Korean yards received few orders for LNG carriers in 2016 due to low LNG price**
- **Recovery of the market for LNG carriers expected in 2018**

Marine BOG Management Compressors

Market Drivers

LNG carriers

- More LNG carriers will be required to cover the increasing LNG trade
- Small LNG carriers and bunker vessels are becoming an additional market

Merchant shipping

- New environment regulation will be in place by 2020
 - IMO MARPOL Annex IV → Sulfur emission has to be reduced
- An attractive option to comply with new rules is to use LNG as marine fuel
 - A significant share of LNG fueled merchant ships will be ordered
 - Revamp of existing vessels to LNG fueled propulsion solutions is observed
 - To fuel the upcoming LNG powered merchant ships, an increasing fleet of LNG bunker vessels is on order
- Beyond a certain duration of voyage, investing in a fuel gas compressor is more attractive than investing in the insulation of the LNG tank

Overview of Marine Propulsion Alternatives

LPG and LNG Likely to Be the Most Competitive

Post 2020 Marine fuel solutions	Advantages	Disadvantages
Low sulfur MGO (0.5%)	<ul style="list-style-type: none"> • No additional CAPEX needed 	<ul style="list-style-type: none"> • High fuel costs (OPEX)
High sulfur HFO (3.5%) + SCR (Scrubber)	<ul style="list-style-type: none"> • Existing FGSS remains, additional CAPEX for scrubber needed 	<ul style="list-style-type: none"> • Additional space for scrubber needed • High OPEX for scrubber maintenance and sulfur disposal needed
LPG	<ul style="list-style-type: none"> • Low fuel costs • Low investment in tank technology • Availability of LPG 	<ul style="list-style-type: none"> • Slightly higher fuel costs compared to LNG
LNG	<ul style="list-style-type: none"> • Lowest fuel costs long mid-term outlook • Availability of LNG improving 	<ul style="list-style-type: none"> • High invest in tank and fuel gas system
Ethane	<ul style="list-style-type: none"> • Suitable for Ethane carriers 	<ul style="list-style-type: none"> • Availability low for other than ethane carrier
Methanol	<ul style="list-style-type: none"> • Low CAPEX spending on tank and fuel system 	<ul style="list-style-type: none"> • High fuel costs (OPEX) • Availability low for other than chemical (methanol) tankers

Different Types of LNG Fueled Ships Are Entering the Market



BC Can Deliver Optimal Compression Solutions for all Marine BOG Management Applications

- **Burckhardt Compression is market leader in boil-off gas (BOG) management compressor solutions**
- **We offer a portfolio of compressor solutions for all types of vessels**



**Laby® 8 –
20 bar**



**Laby®-GI
for 310 bar**



**Marine High and Low
Pressure Compressors
8, 18 and 310 bar**

- **Compressor solutions depend on:**
 - LNG tank size/technology (Suction pressure, LNG boil-off rate (tank size, quality of tank insulation))
 - BOG consumers on board → 2- or 4-stroke engines (discharge pressure, 8, 18, 310 barg)
- **New solutions will be added during Mid-Range Plan**

Gas Carriers

Our Traditional Markets

- **LPG Carriers (since 1970)**
 - Order book 11/2017: 75
 - New vessel orders 2017: 19
 - Market size for fuel gas BOG management compressors per year: CHF 20 – 30 mn

- **Large LNG Carriers (since 2013)**
 - Order book 11/2017: 110
 - New vessel orders 2017: 13
 - Market size for fuel gas BOG management compressors per year: CHF 70 – 80 mn



BC with First References with Bunker Vessels and Small LNG Carriers

- **LNG bunker vessels/small LNG carriers**
 - Order book 11/2017: 9
 - New vessel orders 2017: 4
- **New projects for BC in 2017**
 - 1x 7'500 m³ LNG bunker vessel (2x Marine High-Pressure Compressor)
 - 2x 7'500 m³ small LNG carrier (2x Laby[®])



Merchant Shipping as a Developing Market

- First projects under discussion with yards and owners
- USP's of Burckhardt Compression Laby[®] compressors
 - Cold gas capable compressor
 - No gas pre-heating needed
 - Oil-free, no contamination of down stream equipment with oil
 - No oil filtration needed
 - Gas tight design, no Methane leakage
 - Minimized maintenance, due to labyrinth sealed pistons



Assembly and Test Location Busan, Korea

Inaugurated November 2015 for the Marine Market



Busan, Korea

Number of employees: 25

Workshop area: 2'000 m²

Local content, assembly, test and packaging for local market

Focus Marine market → close to the top Korean shipyards



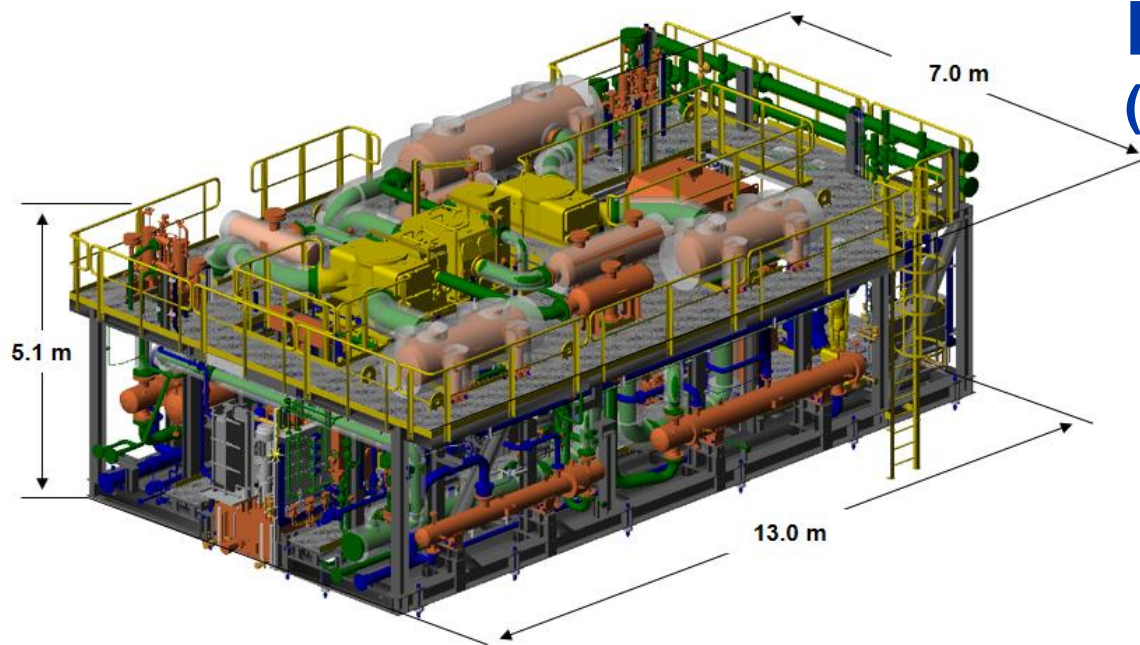
MARINE SERVICE «TOTAL CARE» SERVICES DIVISION

René Brunner
Manager Business Development Marine

What Burckhardt Compression Offers

- **Dry dock realization for entire HiCom Skid (2.5 and 5 year dock)**
- **Condition monitoring and shut down prevention by Prognost**
- **24/7/365 Emergency Hotline**
- **Spare part holding at Burckhardt Compression**
- **Global field service organization**
- **Hot spot service**
- **Training: class room and hands on**

Laby[®]-GI and Laby[®] Compressors



Laby[®]-GI
(LNG application)



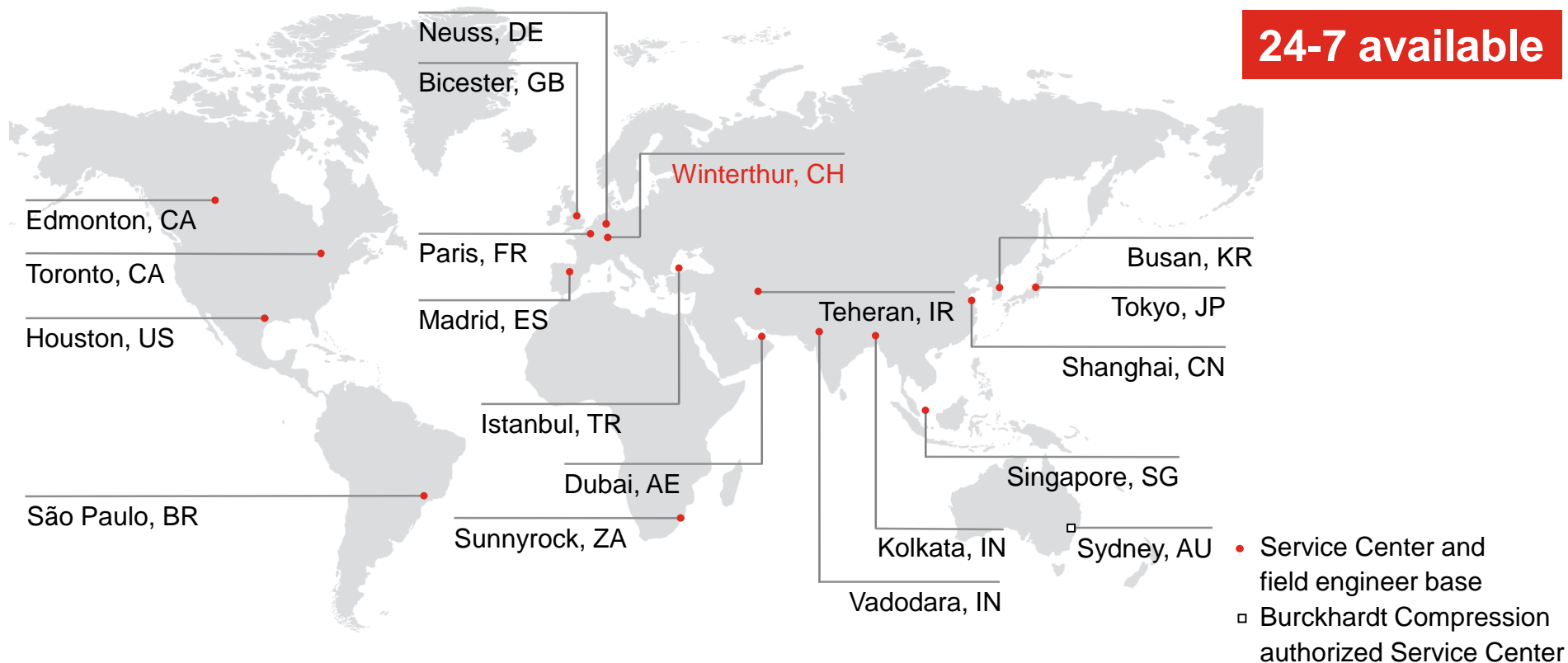
Laby[®]
(LPG application)

Today's Service Experience with LNG

- 9 ships with a total of 11 compressor systems in full operation
- 4 ships with 4 compressor systems have completed gas trial
- More than **50'000 operating hours** recorded
- Compressor systems more than 80% operational (average)
→ expected annual operating hours: **7'000 – 8'000 hours**



Service Center Setup to Support Marine Business



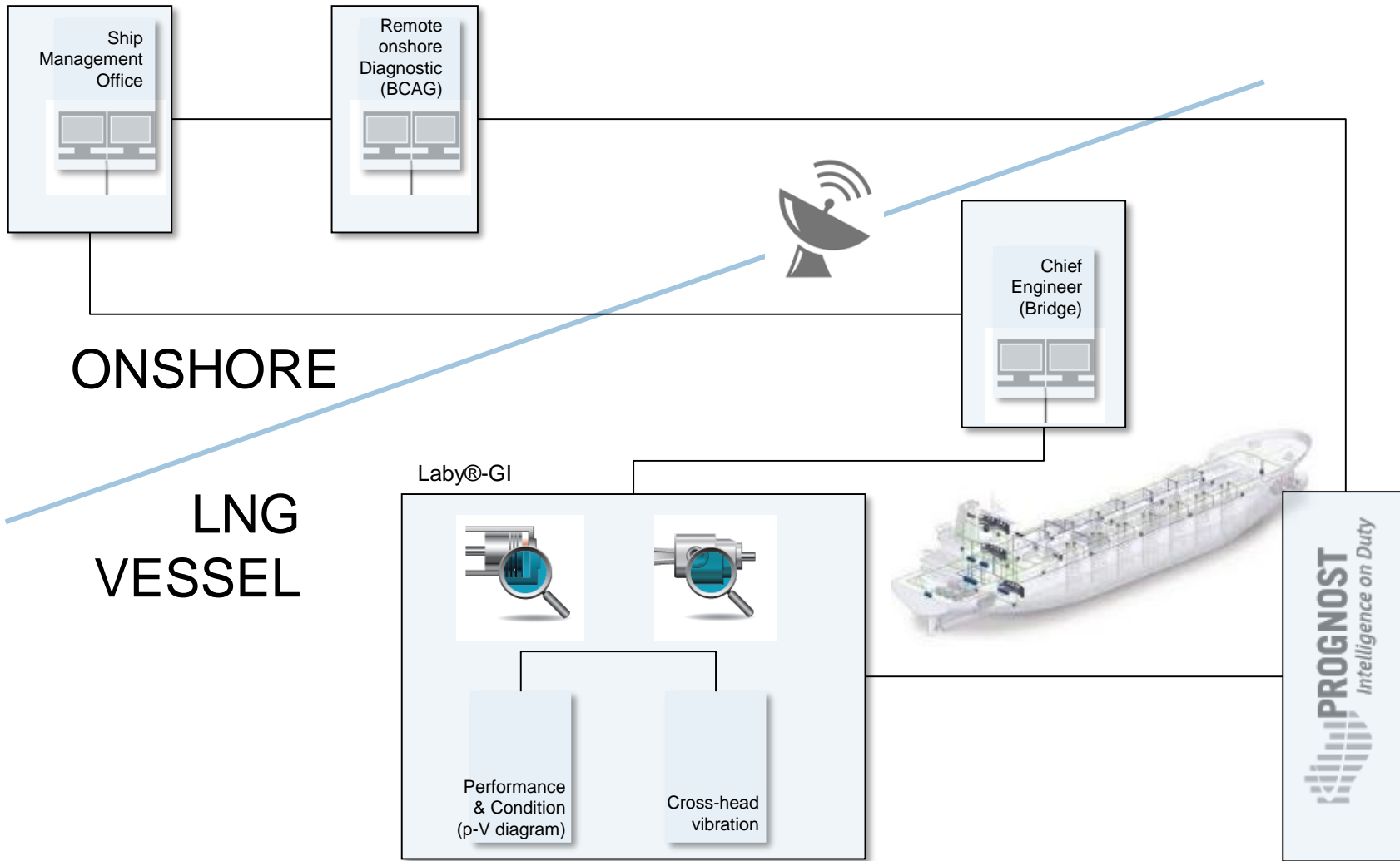
→ 24-7 availability

→ Know-how and experience

→ Full range service provider

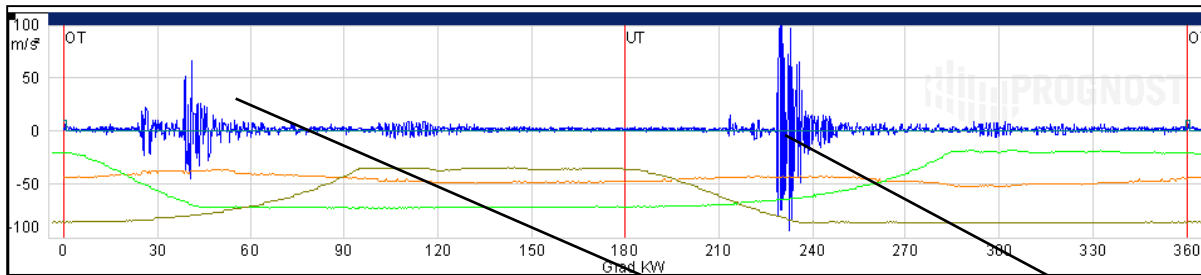
→ Reliability and quality

Prognost MT (Marine Technology) System Architecture Ready to Go

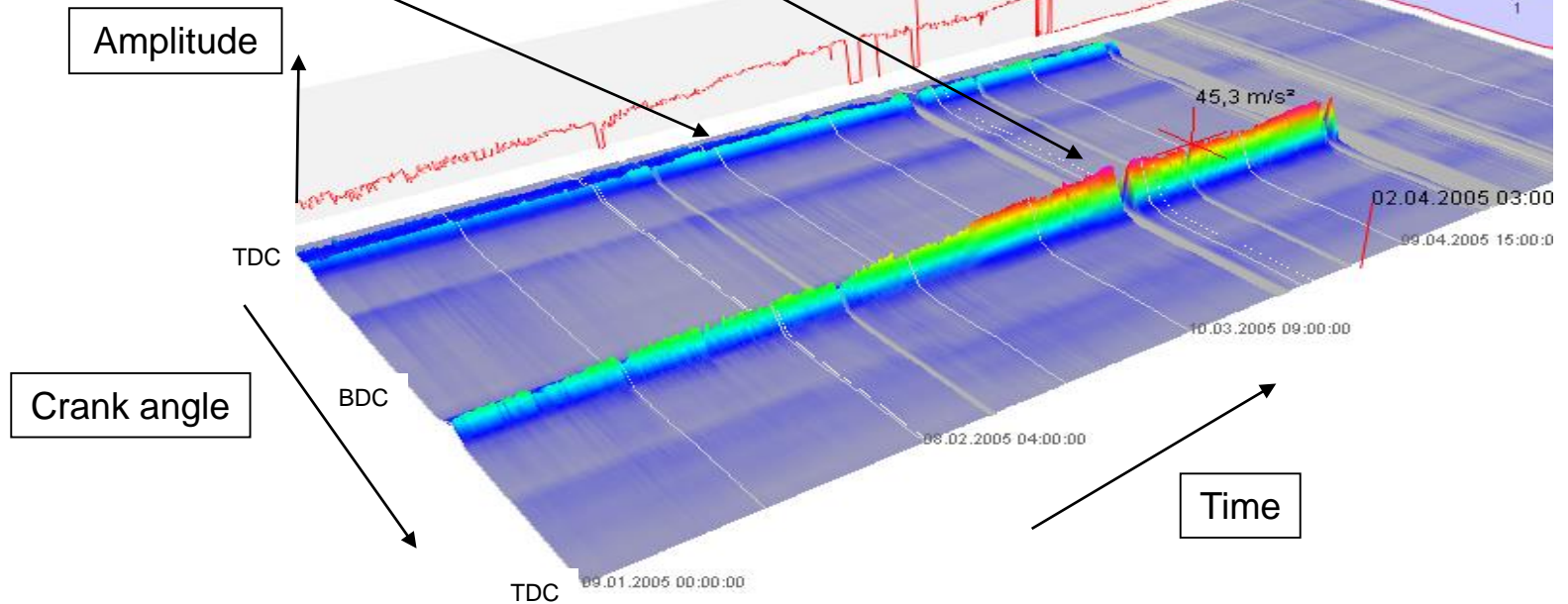


Early Failure Detection of Loose Piston Rod-Crosshead Connection

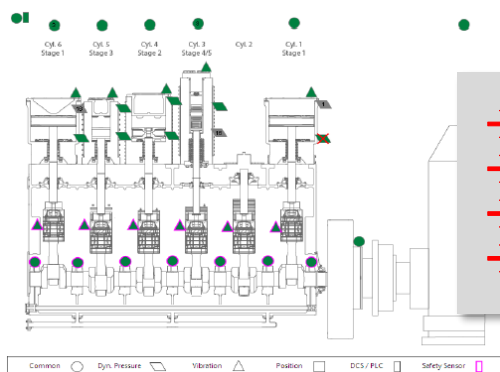
Online crosshead plot



Waterfall trend



Monthly Machine Condition Reports



- Remote access
- Compressor health analysis
- Feedback to crew
- "Safe next sail"

4. Operating Condition / Run Time Information

4.1. Run Time Information

	H2407
Analysis Period	January 01, 2017 – January 31, 2017
Number of machine starts	6
Operating hours	734 h
Non-Operating hours	6 h
Operational	99,1 %

Piston mileage	
Average speed of machine	

Operating hours in total	
Note:	
• Information is based on minute averages	

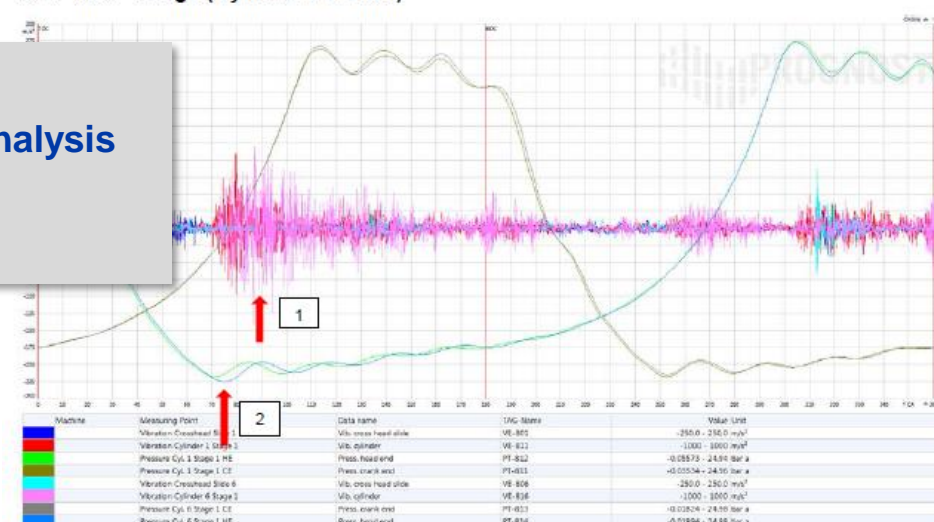
4. Operating Condition / Run Time Information

4.1. Run Time Information

	H2407
Analysis Period	February 01, 2017 – February 28, 2017
Number of machine starts	12
Operating hours	505 h
Non-Operating hours	164 h
Operational	75,4 %
Piston mileage	3565,3 km
Average speed of machine	509,0 rpm
Operating hours since installation of the compressor	6486 h (2016-02-19 to 2017-02-28)
Operating hours in total	669 h

Note:	
• Information is based on minute averages trend.	

7.1. All 1st Stage (Cylinders 1 and 6)



Findings:

- 1) Higher vibration caused by the suction valve 1st stage, cylinder 6 HE.
- 2) Further re-expansion for suction valve opening is needed.

- Early stage high suction valve opening inertia
- The suction valve issue is probably caused by fluids (e.g. oil) or little sticking in the valve.

No immediate action is necessary now. The issue should be monitored further on.

→ **CMC – Compressor Monitoring Concept**

BC EQUITY STORY

Marcel Pawlicek
CEO

BC Is Well-Positioned in Attractive Markets

2016 – 2017 Expected to Be the Bottom of the Cycle

Attractive market

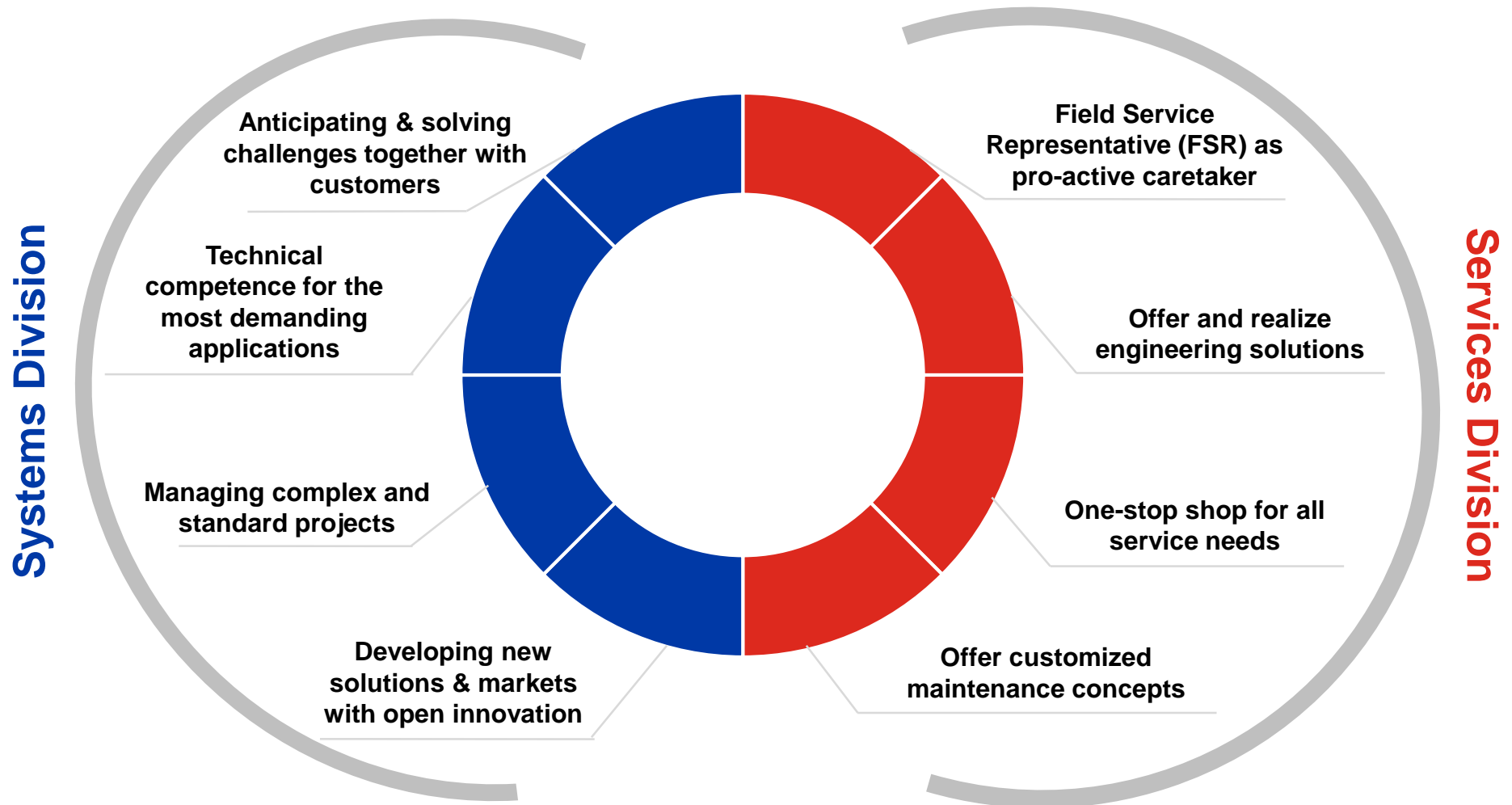
- The overall industry has reached bottom and starts recovering
- Chemicals, petrochemicals and industrial gases consumption expected to grow faster than GDP
- Changing global energy mix towards gas
- Other gas based sources to generate energy are explored for example hydrogen as fuel

Well-positioned in major growth markets

- China represents almost 40% of the global market
- North-East Asia (incl. Marine) will remain #2

Key Capabilities for Success

Differentiating Capabilities to Win the Game

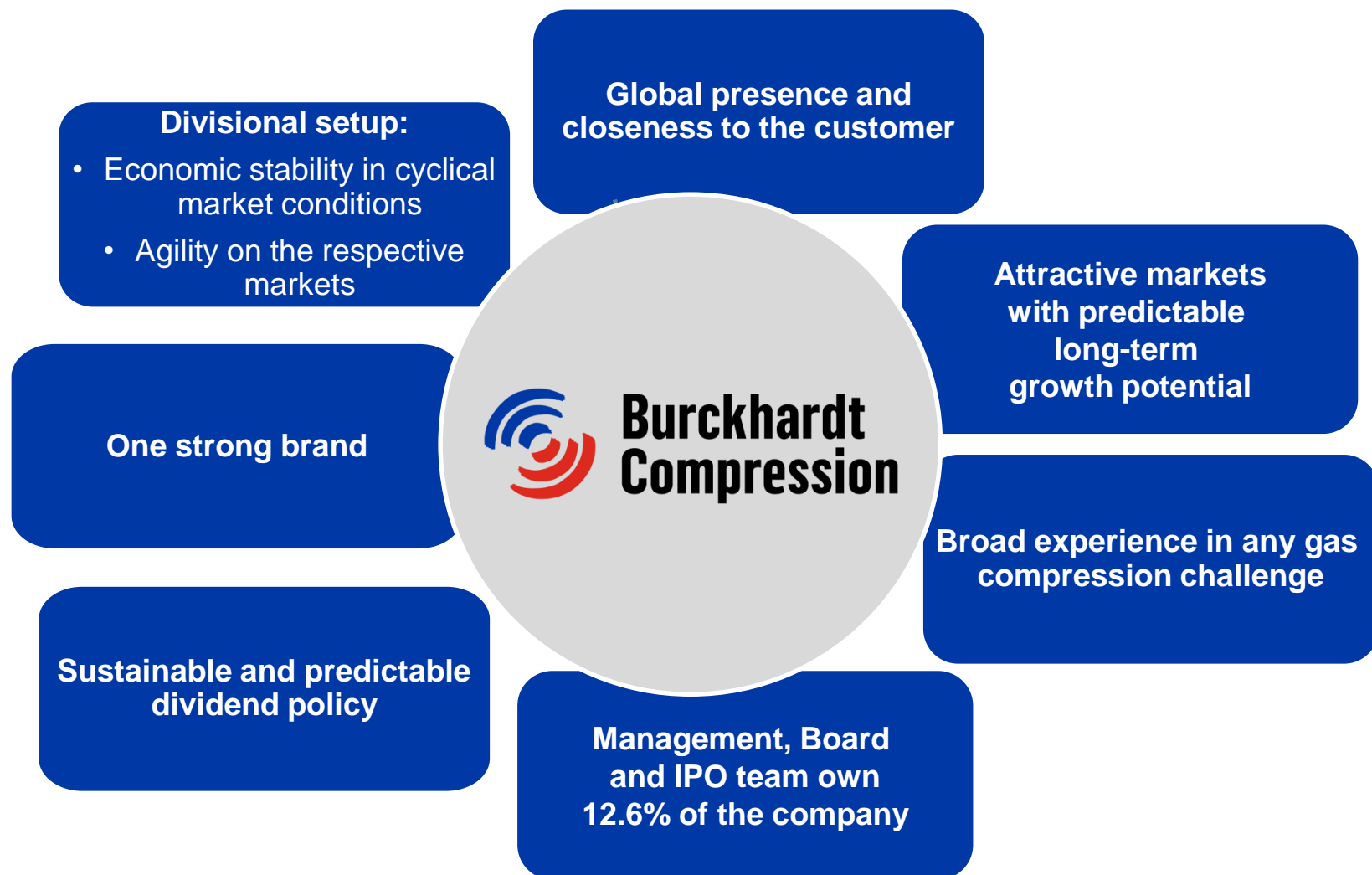


Two Divisions – One Company



1+1=3

Seven Good Reasons to Invest





Burckhardt Compression

Compressors for a Lifetime™