

## Media Release of May 28, 2019

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# Burckhardt Compression: renewed growth in both divisions, margin improves

**The results for the fiscal year 2018 met the overall expectation Burckhardt Compression provided during the course of the year. Order intake rose sharply, sales were slightly above the figure reported for the previous year. Operating income and net income increased but have not yet reached the levels Burckhardt Compression has targeted for the coming years.**

### **Order intake: Renewed rise at both divisions**

Group order intake totaled CHF 658.7 mn and exceeded the prior-year figure by a pleasing 25.4%; excluding currency translation effects, incoming orders were up 25.6%. Orders received reached all-time highs at both divisions. The Systems Division accounted for CHF 428.0 mn of the new orders, which represents an increase of 33.8% from the previous year. All targeted market segments contributed to this order growth. Orders received in the Services Division rose by 12.3% to CHF 230.7 mn. Spare parts and engineering services accounted for much of this order growth.

### **Sales at prior-year level**

Consolidated sales for fiscal year 2018 edged 0.8% higher to CHF 599.3 mn; excluding currency translation effects, sales were up 0.9% year-on-year. Sales were 6.5% higher in the Services Division and 2.3% lower in the Systems Division.

### **Operating margin improves**

Gross profit of CHF 135.7 mn was 8.5% more than the prior-year figure of CHF 125.1 mn and the resulting gross profit margin was 22.6% (previous year: 21.0%). The Systems Division's gross margin improved to 8.1% (previous year: 7.1%). Gross profit at the Services Division rose 7.5% to CHF 105.2 mn, bringing its gross profit margin to 47.0%, slightly above the 46.6% margin reported for the previous fiscal year.

Operating income amounted to CHF 44.5 mn or 7.4 percent of sales (previous year: 7.0%) and exceeded the prior-year figure by CHF 2.8 mn. Because of the substantial additional costs incurred in its LNGM business, the Systems Division closed fiscal year 2018 with an operating loss of CHF –8.7 mn (previous year: CHF –9.0 mn), while the Services Division increased its operating income from CHF 54.4 mn in the previous year to CHF 58.2 mn in fiscal year 2018.

Consolidated net income amounted to CHF 32.2 mn, 10.9% more than in the previous fiscal year. As a result of a strong contribution of Shenyang Yuanda Compressor (40% still owned by the founder) to the Groups result, the net income per share decreased by 4.2% to CHF 8.15.

**Equity remains strong**

Total assets on the balance sheet closing date amounted to CHF 848.7 mn, an increase of CHF 51.1 mn or 6.4% compared to the previous fiscal year. This increase is mainly attributed to invoicing activity in the final quarter of the fiscal year, which led to a considerable increase in accounts receivable. The equity ratio at the end of fiscal year 2018 was 40.7% (previous year: 42.0%). The net financial position at year-end amounted to CHF –49.4 mn, an improvement of CHF 12.7 mn compared to the end of March 2018.

**Realization of the projects of the Mid-Range Plan 2018–2022 on track**

The execution of projects detailed in the Mid-Range Plan that was approved in December 2017 is proceeding as planned. Having achieved growth in all of its targeted market segments, the Systems Division was able to defend its leading market position. It continued to successfully execute projects to lower its operating costs and optimize business processes to bring about the necessary improvement in profitability. The Systems Division replaced its formerly centralized sales organization with a decentralized sales structure so it can process the clearly higher level of inquiries being received by customers more efficiently.

The Services Division continued to successfully pursue its growth strategy and strengthen its market position, especially in engineering and spare parts. We are effectively leveraging our compressor manufacturing expertise in the Services Division through our engineering solutions, which are obviously appreciated by our customers. This valuable know-how is also opening new windows of opportunity in the OBC (Other Brand Compressors) business, where considerable growth potential can be tapped.

**New factory in Shenyang**

Planning for a new manufacturing site for Shenyang Yuanda in China has begun. It is scheduled to be operational in the autumn of 2020 and will replace the company's current site. This relocation project can be traced to a decision by Shenyang city officials to convert the company's existing manufacturing site, which has been completely engulfed by the rapidly growing city of Shenyang, to residential use. Shenyang Yuanda Compressor signed an agreement on the terms of its factory relocation with local government officials during the period under review. The consolidation of two separate sites at the new, larger site and the redesign of business processes in conformity with the latest standards and best practices will further improve Shenyang Yuanda's operating efficiency.

**Change in Board of Directors**

Hans Hess, a member of the Board of Directors of Burckhardt Compression Holding AG since 2006, will not be standing for re-election at the Annual General Meeting of July 6, 2019. Hans Hess became a director immediately after Burckhardt Compression Holding AG went public and was the listed company's first chairman until 2011. Burckhardt Compression thanks Hans Hess for his extraordinary engagement for the company. The Board of Directors will propose the election of David Dean, member of the Board of Directors of Bossard Group, to the Board of Directors.

**Outlook for fiscal year 2019**

Burckhardt Compression expects the general environment in the key markets to remain positive in the current fiscal year as customers maintain high levels of capital expenditure. Full-year sales are

forecasted to range between CHF 600 mn and 640 mn. Substantial additional costs associated with the LNGM business are likely to be incurred for the last time in fiscal year 2019. Nevertheless, Burckhardt Compression expects to report a slight increase in profit margins.

**Dividend**

The Board of Directors will propose an unchanged dividend of CHF 6.00 per share at the Annual General Meeting. This corresponds to a payout ratio of 73.6% of net income per share (previous year: 70.5%), which is slightly above the targeted range of 50% to 70%.

The annual report 2018 and further information on the fiscal year 2018 are available on the website on: [report.burckhardtcompression.com](http://report.burckhardtcompression.com).

**Further information:**

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**About Burckhardt Compression**

Burckhardt Compression is the worldwide market leader for reciprocating compressor systems and the only manufacturer and service provider that covers a full range of reciprocating compressor technologies and services. Its customized compressor systems are used in the upstream oil & gas, gas transport and storage, refinery, chemical, petrochemical and industrial gas sectors. Burckhardt Compression's leading technology, broad portfolio of compressor components and the full range of services help customers around the world to find the optimized solution for their reciprocating compressor systems. For 175 years its highly skilled workforce has crafted superior solutions and set the benchmark in the gas compression industry.

SIX Swiss Exchange: BCHN

For further information please visit [www.burckhardtcompression.com](http://www.burckhardtcompression.com)

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**Attachments:**

- Figures at a glance
- Consolidated income statement
- Consolidated balance sheet
- Consolidated cash flow statement
- Consolidated statement of changes in equity
- Segment reporting
- Key dates for 2019 and 2020

## FIGURES AT A GLANCE

in CHF mn	2018	2017	Change 2017/2018
Order intake:			
– Systems Division	428.0	319.8	33.8%
– Services Division	230.7	205.4	12.3%
Total	658.7	525.2	25.4%
Sales and gross profit:			
– Systems Division			
Sales	375.4	384.4	–2.3%
Gross profit	30.5	27.2	12.1%
in % of sales	8.1%	7.1%	
– Services Division			
Sales	223.9	210.2	6.5%
Gross profit	105.2	97.9	7.5%
in % of sales	47.0%	46.6%	
Total			
Sales	599.3	594.6	0.8%
Gross profit	135.7	125.1	8.5%
in % of sales	22.6%	21.0%	
Operating income (EBIT)	44.5	41.7	6.8%
in % of sales	7.4%	7.0%	
Net income	32.2	29.0	10.9%
in % of sales	5.4%	4.9%	
Depreciation and amortization	21.8	21.3	2.5%
Cash flow:			
– from operating activities	41.8	44.4	–5.9%
– from investing activities	–7.8	–17.2	
– from financing activities (incl. translation differences)	–26.1	–27.0	
Total	7.9	0.2	
Total balance sheet assets	848.7	797.6	6.4%
Non-current assets	250.8	251.8	–0.4%
Current assets	597.9	545.8	9.5%
Shareholders' equity	345.0	335.2	2.9%
in % of total balance sheet assets	40.7%	42.0%	
Net financial position (in CHF mn)	–49.4	–62.1	
Headcount as per end of fiscal year (full-time equivalents)	2'346	2'214	6.0%
Total remuneration Board of Directors (in TCHF)	569	569	0.0%
Total remuneration Executive Board (in TCHF)	2'557	2'378	7.5%
Share price as per end of fiscal year (in CHF)	271.00	304.80	–11.1%
Market capitalization (in CHF mn)	921.4	1'036.3	–11.1%
Market capitalization/shareholders' equity (ratio)	2.7	3.1	–13.6%
Net income per share (EPS) (in CHF)	8.15	8.51	–4.2%
Dividend per share (in CHF)	6.00 <sup>1</sup>	6.00	0.0%
Number of issued shares	3'400'000	3'400'000	

<sup>1</sup> Motion to the Annual General Meeting

## CONSOLIDATED INCOME STATEMENT

	2018	2017
in CHF 1'000		
<b>Sales</b>	<b>599'280</b>	<b>594'574</b>
Cost of goods sold	-463'603	-469'514
<b>Gross Profit</b>	<b>135'677</b>	<b>125'060</b>
Selling and marketing expenses	-48'952	-45'341
General and administrative expenses	-37'589	-35'127
Research and development expenses	-8'711	-8'004
Other operating income	28'651	25'158
Other operating expenses	-24'569	-20'064
<b>Operating income</b>	<b>44'507</b>	<b>41'682</b>
Share of results of associates	-1'208	-1'888
Financial income and expenses	-2'238	-1'867
<b>Earnings before taxes</b>	<b>41'061</b>	<b>37'927</b>
Income tax expenses	-8'860	-8'904
<b>Net income</b>	<b>32'201</b>	<b>29'023</b>
Share of net income attributable to shareholders of Burckhardt Compression Holding AG	27'644	28'837
Share of net income attributable to non-controlling interests	4'557	186
Basic earnings per share in CHF	8.15	8.51
Diluted earnings per share in CHF	8.15	8.51

## CONSOLIDATED BALANCE SHEET

	03/31/2019	03/31/2018
in CHF 1'000		
<b>Non-current assets</b>		
Intangible assets	11'369	13'200
Property, plant and equipment	191'188	193'170
Investment in associates	11'539	12'249
Deferred tax assets	9'061	7'871
Other financial assets	27'689	25'313
<b>Total non-current assets</b>	<b>250'846</b>	<b>251'803</b>
<b>Current assets</b>		
Inventories	222'045	210'703
Trade receivables	261'113	227'699
Other current receivables	28'482	29'546
Prepaid expenses and accrued income	3'236	2'755
Cash and cash equivalents	83'010	75'077
<b>Total current assets</b>	<b>597'886</b>	<b>545'780</b>
<b>Total assets</b>	<b>848'732</b>	<b>797'583</b>
<b>Equity</b>		
Share capital	8'500	8'500
Capital reserves	446	421
Treasury shares	-1'582	-1'652
Retained earnings and other reserves	295'100	288'798
<b>Equity attributable to shareholders of Burckhardt Compression Holding AG</b>	<b>302'464</b>	<b>296'067</b>
Non-controlling interests	42'570	39'133
<b>Total equity</b>	<b>345'034</b>	<b>335'200</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Non-current financial liabilities	64'742	65'599
Deferred tax liabilities	15'348	14'599
Non-current provisions	14'074	14'249
Other non-current liabilities	7'401	5'900
<b>Total non-current liabilities</b>	<b>101'565</b>	<b>100'347</b>
<b>Current liabilities</b>		
Current financial liabilities	67'666	71'538
Trade payables	86'731	65'294
Customers' advance payments	129'233	120'642
Other current liabilities	36'510	21'373
Accrued liabilities and deferred income	60'881	63'340
Current provisions	21'112	19'849
<b>Total current liabilities</b>	<b>402'133</b>	<b>362'036</b>
<b>Total liabilities</b>	<b>503'698</b>	<b>462'383</b>
<b>Total equity and liabilities</b>	<b>848'732</b>	<b>797'583</b>

## CONSOLIDATED CASH FLOW STATEMENT

	2018	2017
in CHF 1'000		
<b>Cash flow from operating activities</b>		
Net income	32'201	29'023
Income tax expenses	8'860	8'904
Financial income and expenses	2'238	1'867
Share of results of associates	1'208	1'888
Depreciation	17'667	17'411
Amortization	4'170	3'897
Change in inventories	-13'736	42'029
Change in trade receivables	-37'991	-10'412
Change in other current assets	317	-10'627
Change in trade payables	22'730	3'452
Change in customers' advance payments	10'298	-46'169
Change in provisions	1'160	2'037
Change in other liabilities	4'767	19'119
Adjustment for non-cash items	2'093	1'082
Interest received	568	578
Interest paid	-1'883	-1'743
Income taxes paid	-12'872	-17'977
<b>Total cash flow from operating activities</b>	<b>41'795</b>	<b>44'359</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	-22'384	-8'730
Sale of property, plant and equipment	18'490	810
Purchase of intangible assets	-2'546	-5'101
Increase in Financial Assets	-1'485	-
Acquisition of group companies net of cash acquired	-	-4'197
Disposal of group companies	144	-
<b>Total cash flow from investing activities</b>	<b>-7'781</b>	<b>-17'218</b>
<b>Cash flow from financing activities</b>		
Increase in financial liabilities	367	2'322
Decrease in financial liabilities	-5'096	-6'961
Dividends paid	-20'361	-23'859
Transactions with non-controlling interests	-	299
<b>Total cash flow from financing activities</b>	<b>-25'090</b>	<b>-28'199</b>
Currency translation differences on cash and cash equivalents	-991	1'243
<b>Net change in cash and cash equivalents</b>	<b>7'933</b>	<b>185</b>
Cash and cash equivalents at beginning of period	75'077	74'892
Cash and cash equivalents at end of period	83'010	75'077
<b>Net change in cash and cash equivalents</b>	<b>7'933</b>	<b>185</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in CHF 1'000										Total equity
	Share capital	Capital reserves	Treasury shares	Hedge reserve	Translation reserve	Goodwill offset	Other retained earnings	Equity attributable to sharehold- ers of Burck- hardt Com- pression Holding AG	Non- controlling interests	
<b>Balance at 04/01/2017</b>	<b>8'500</b>	-	<b>-6'582</b>	<b>-5'788</b>	<b>-993</b>	<b>-103'267</b>	<b>388'177</b>	<b>280'047</b>	<b>37'056</b>	<b>317'103</b>
Result for the period							28'837	<b>28'837</b>	186	29'023
Currency translation differences					3'138			<b>3'138</b>	1'827	4'965
Changes of cash flow hedges				5'354				<b>5'354</b>		5'354
Dividends paid							-23'624	<b>-23'624</b>	-235	-23'859
Transactions with non-controlling interests								-	299	299
Share-based payments (distributed)		421	4'930				-5'351	-		-
Share-based payments (allocated)							2'878	<b>2'878</b>		2'878
Goodwill on acquisition						-563		<b>-563</b>		-563
<b>Balance at 03/31/2018</b>	<b>8'500</b>	<b>421</b>	<b>-1'652</b>	<b>-434</b>	<b>2'145</b>	<b>-103'830</b>	<b>390'917</b>	<b>296'067</b>	<b>39'133</b>	<b>335'200</b>
<b>Balance at 04/01/2018</b>	<b>8'500</b>	<b>421</b>	<b>-1'652</b>	<b>-434</b>	<b>2'145</b>	<b>-103'830</b>	<b>390'917</b>	<b>296'067</b>	<b>39'133</b>	<b>335'200</b>
Result for the period							27'644	<b>27'644</b>	4'557	32'201
Currency translation differences					-1'778			<b>-1'778</b>	-1'120	-2'898
Changes of cash flow hedges				-971				<b>-971</b>	-	-971
Dividends paid							-20'361	<b>-20'361</b>	-	-20'361
Share-based payments (distributed)		25	70				-95	-		-
Share-based payments (allocated)							1'863	<b>1'863</b>		1'863
<b>Balance at 03/31/2019</b>	<b>8'500</b>	<b>446</b>	<b>-1'582</b>	<b>-1'405</b>	<b>367</b>	<b>-103'830</b>	<b>399'968</b>	<b>302'464</b>	<b>42'570</b>	<b>345'034</b>



## SEGMENT REPORTING

in CHF '000	Systems Division		Services Division		Others		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
<b>Sales</b>	<b>375'400</b>	<b>384'392</b>	<b>223'880</b>	<b>210'182</b>	–	–	<b>599'280</b>	<b>594'574</b>
Cost of goods sold	–344'906	–357'201	–118'697	–112'313	–	–	–463'603	–469'514
<b>Gross profit</b>	<b>30'494</b>	<b>27'191</b>	<b>105'183</b>	<b>97'869</b>	–	–	<b>135'677</b>	<b>125'060</b>
Gross profit as % of sales	8.1%	7.1%	47.0%	46.6%	–	–	22.6%	21.0%
<b>Operating income</b>	<b>–8'669</b>	<b>–8'974</b>	<b>58'185</b>	<b>54'352</b>	<b>–5'009</b>	<b>–3'696</b>	<b>44'507</b>	<b>41'682</b>
Operating income as % of sales	–2.3%	–2.3%	26.0%	25.9%	–	–	7.4%	7.0%

## KEY DATES FOR 2019 AND 2020

### July 6, 2019

Annual General Meeting of Shareholders

### November 5, 2019

Results for the first half of 2019

(as per September 30, 2019)

### June 2, 2020

2019 Annual Report (as per March 31, 2020)

### July 3, 2020

Annual General Meeting of Shareholders