



EXECUTIVE REPORT 2018

Compressors for a Lifetime™

TO OUR SHAREHOLDERS

DEAR SHAREHOLDERS

The results for the fiscal year 2018 met our overall expectation we 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 we have 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. We thank Hans Hess for his extraordinary engagement for Burckhardt Compression. 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 We expect the general environment in our 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, we expect 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%.

A word of thanks We wish to thank our 2'400 employees around the world for their continued hard work and dedication over the past year and our approximately 4'000 shareholders for their enduring support. We are also grateful for the working partnerships we share with our customers and suppliers, some of which go back many years.

Yours sincerely,



Valentin Vogt
Chairman of the Board of Directors



Marcel Pawlicek
CEO



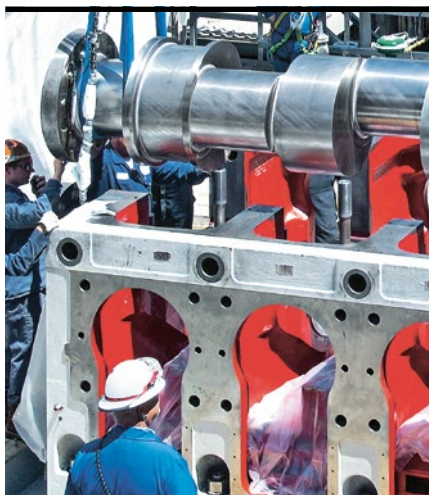
Valentin Vogt



Marcel Pawlicek

Winterthur, May 28, 2019

MILESTONES 2018



Three major projects won in China

Burckhardt Compression was selected to provide compressors for three LDPE (low-density polyethylene) production lines in China during the year under review. Hyper Compressors and booster/primary compressors were ordered. Annual production output will be 300 and 400 kilotons, respectively. LDPE is used to manufacture products such as foils and films, insulation for electrical wire and cable, and floor coverings. Hyper Compressors are highly specialized high-pressure compressors with a discharge pressure of up to 3'500 bar.



First standard high-pressure compressors sold to a Canadian customer

Burckhardt Compression sold its first standard high-pressure compressors built by its plant in India to a customer in Canada. Canada's stringent regulations were met despite a tight production schedule. The customer was quite satisfied with the result and more orders have been received from Canada in the meantime.



First compressor order for cruise ship

Burckhardt Compression received its first compressor order for a cruise ship equipped with an alternative liquid natural gas-powered propulsion system. Natural gas emits virtually no sulfur dioxide and CO₂ emissions are more than 20% lower compared to the equivalent level of engine performance using conventional marine diesel and heavy fuel oil, so many ship operators are transitioning to this innovative propulsion system as they seek to comply with increasingly strict environmental regulations. The Laby® compressor installed for this contract is ideal for boil-off gas applications because of its high operational efficiency. What's more, routine compressor maintenance can be performed by the ship's crew.



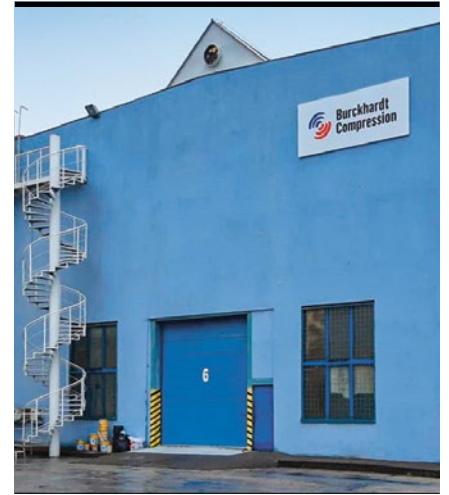
Compressors built to order in record time

A fire at a facility of one of our customers that produces polysilicon for solar cells using a competitor's compressors caused extensive damage and had to be rebuilt as quickly as possible to keep downtime to a minimum. Burckhardt Compression managed to deliver two compressors in record time. Good coordination and short decision-making pathways, both internally and externally, were instrumental for this successful project outcome.



Training program for customers

The customer training sessions Burckhardt Compression offered last year were very well booked. Our in-house specialists are highly familiar with compressor life cycles and they provided valuable insights into topics that most conventional training courses do not cover. Our training center is equipped with modern technical equipment for theoretical and practical instruction. It is located right next to the compressor manufacturing and testing facilities in Winterthur, which yields further opportunities to deepen our customer relationships.

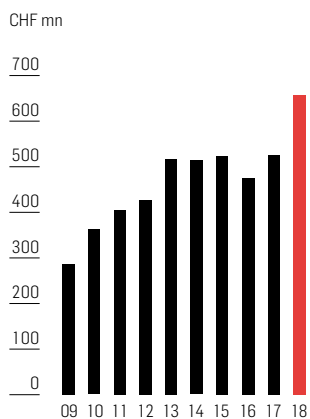


Service center in Slovakia opened

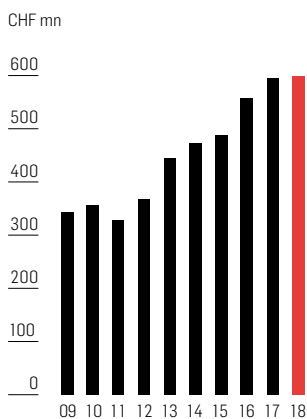
Burckhardt Compression together with its local partner Sultrade opened a service center in Slovakia. Customers in the Czech Republic, Hungary, Poland and Austria are also being served from this new fully equipped and modern service center, which offers a full range of services and repairs for all brands of reciprocating compressors, including hyper compressor services.

FIGURES AT A GLANCE

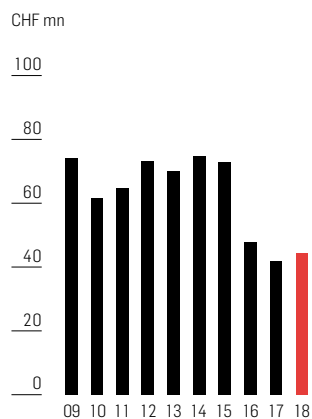
ORDER INTAKE



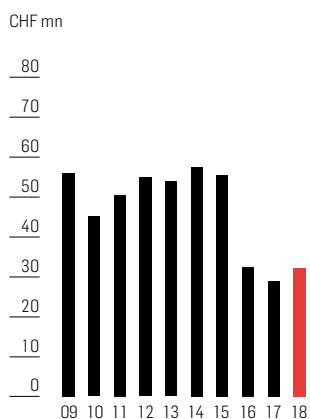
SALES



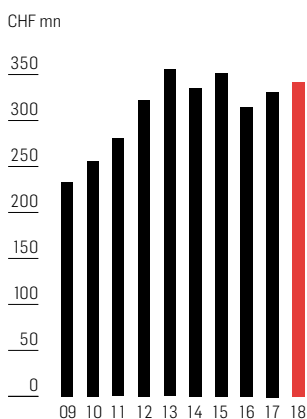
OPERATING INCOME (EBIT)



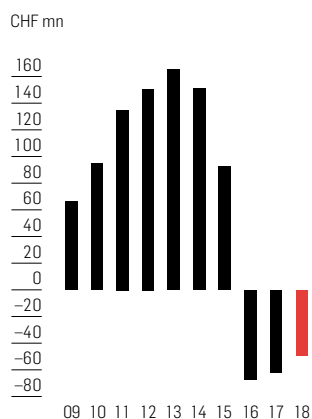
NET INCOME



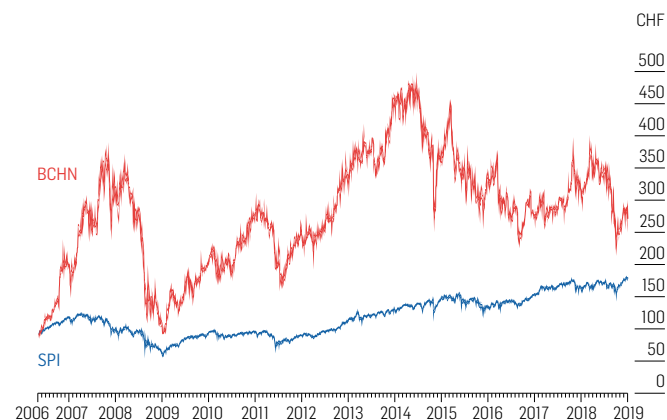
SHAREHOLDERS' EQUITY



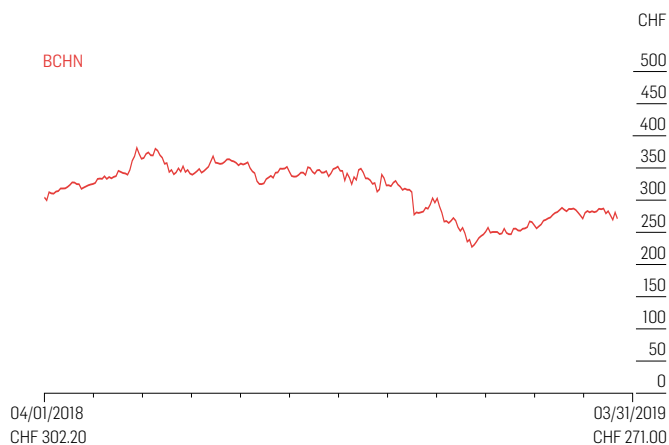
NET FINANCIAL POSITION



SHARE PRICE SINCE IPO



FISCAL YEAR 2018

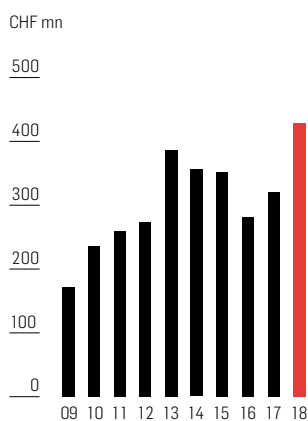


	2017	2018	Change 2017/2018
in CHF mn			
Order intake:			
– Systems Division	319.8	428.0	33.8%
– Services Division	205.4	230.7	12.3%
Total	525.2	658.7	25.4%
Sales and gross profit:			
– Systems Division			
Sales	384.4	375.4	–2.3%
Gross profit	27.2	30.5	12.1%
in % of sales	7.1%	8.1%	
– Services Division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

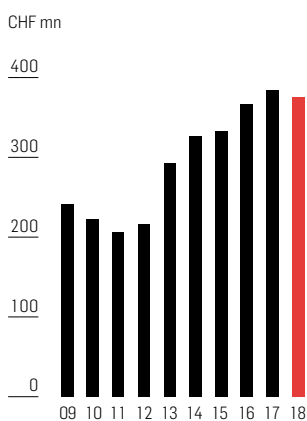
¹ Motion to the Annual General Meeting

REVIEW OF THE FISCAL YEAR SYSTEMS DIVISION

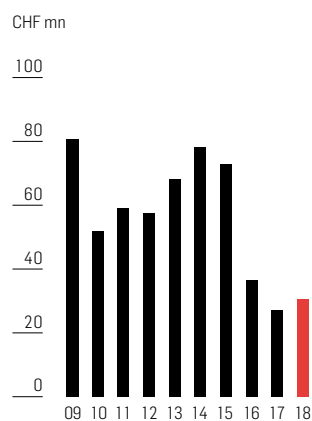
ORDER INTAKE



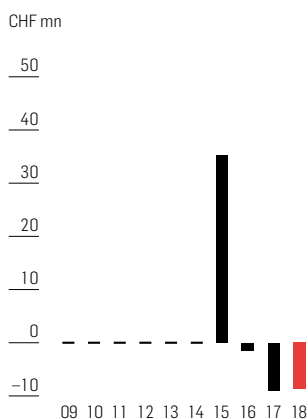
SALES



GROSS PROFIT



OPERATING INCOME (EBIT)¹



FIGURES

	2016	2017	2018	Change 2017/2018
in CHF mn				
Order intake	280.6	319.8	428.0	33.8%
Sales and gross profit				
Sales	367.2	384.4	375.4	-2.3%
Gross profit	36.5	27.2	30.5	12.1%
in % of sales	9.9%	7.1%	8.1%	
Operating income (EBIT)	-1.5	-9.0	-8.7	
in % of sales	-0.4%	-2.3%	-2.3%	
Headcount as per end of fiscal year (full-time equivalents)	1'446	1'425	1'506	5.7%

¹ Before fiscal year 2015, no EBIT was reported at divisional level.

FINANCIAL PERFORMANCE

All-time high order intake

Full-year order intake at the Systems Division reached an all-time high of CHF 428.0 mn, which represents a 33.8% increase year-on-year. This pleasing growth was largely driven by robust market demand, as well as by Burckhardt Compression's leading position in all key applications in the petrochemical, refinery and maritime market segments. Divisional sales of CHF 375.4 mn were slightly lower (–2.3%) than in the previous year. The resulting gross profit was up by 12.1% year-on-year but still unsatisfactory at CHF 30.5 mn, which corresponds to a gross profit margin of 8.1% (previous year: 7.1%). Gross profit was diminished by additional costs related to the ramp-up of the LNGM business, while further progress was made in reducing other cost items. More action plans aimed at improving profitability were devised within the scope of the "Pulling Systems Together" program. The division's full-year operating loss of CHF –8.7 mn was slightly less than in the previous fiscal year (CHF –9.0 mn).

MARKETS

Burckhardt Compression offers compressor system solutions for the following application areas:

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

Burckhardt Compression performed well during the past fiscal year in the face of unrelenting competitive pressure. In China, for example, we won contracts to supply compressors for three LDPE production lines, which comes on the heels of several other large orders placed by Chinese customers in the previous fiscal year. This represents a renewed strengthening of the division's already strong market position in this segment.

Upstream oil & gas

Overdue investments in upstream production were observed during the year under review after several years of suppressed capex caused by low prices for oil and natural gas. This is the only application area targeted by Burckhardt Compression that is impacted by crude oil prices.

Gas transport and storage

The LNG (liquefied natural gas) market clearly gained momentum in 2018 after showing signs of a tepid recovery in the previous fiscal year. The number of new LNG tankers under construction showed pleasing growth and reflects increasing global demand for greener and more cost-effective sources of energy. Operators of both container and cruise ships must comply with increasingly strict environmental regulations; for example, sulfur dioxide and nitrogen oxide emissions will be capped at

significantly lower levels beginning in 2020. Technology that enables different types of vessels to be equipped with environmentally cleaner propulsion systems will further develop in the market. Burckhardt Compression introduced more solutions in the year under review to address market demand and won its first order to equip a cruise ship with compressors. A framework agreement was also signed with an important Korean shipyard for large-scale LNG tankers, and Burckhardt Compression is proud to occupy a leading position in this attractive market. New orders for LNG terminals in China were another highlight of the fiscal year and will create significant growth opportunities in years to come.

Refinery

Business momentum in this segment remained positive during the period under review, buoyed by the double-digit growth of the underlying global market volume. Growth has been quality-driven as all classes of fossil fuels must now be virtually sulfur-free in all major world markets. Looking ahead, the two large markets of China and India are expected to generate further quantitative growth. These positive trends in the refinery market have also been driven by the long-term strategies being pursued in major countries to increase domestic value creation, thereby reducing their dependency on imported refinery products. Our compressor business is benefiting from these efforts. Burckhardt Compression received major orders for process gas compressors from customers in the Middle East and, for the first time ever, the US. We also note that Shenyang Yuanda Compressor claims a significant share of the refinery market in China.

Petrochemical and chemical industry

Business in this segment was pleasing. Burckhardt Compression's Laby compressors for low-pressure PCI applications sold well, particularly in China, Southeast Asia, the Middle East and the USA. Orders to supply compressors for three LDPE production lines in China were received. Growing global demand for plastic products represents a long-term growth driver for the petrochemical and chemical industries. The petrochemical industry is adding production capacity at a fast clip due to the strong demand and government policies to increase domestic value creation.

Industrial gases

Given the vast range of applications for industrial gases, this segment also displayed good growth. We expect that the various targeted industries will grow at least in step with global GDP growth, if not slightly faster, so demand for compressors is likewise expected to increase. The very first order for our new diaphragm compressor designed for use in the promising market of hydrogen fuel production was the highlight of the year in this segment.

SALES/DISTRIBUTION

In the year under review, the sales organization for new compressor systems was decentralized. Responsibility for customer relationship management and project negotiations (front sales) was transferred to the respective regions and offices for preparing and processing technical proposals and quotes (application engineering) were set up in each region. This process of decentralization is nearing completion and is already providing a payback in terms of risk management and quality assurance. Furthermore, it has enabled the Systems Division to handle the higher order flows within the required timelines in close collaboration with its customers. The two geographic regions of Southeast Asia and Eastern Europe/Central Asia were established as autonomous sales regions for new compressor systems with the corresponding sales offices in Bangkok and Winterthur. This clear delegation of responsibility gives us a stronger regional presence.

An agreement was reached with our external agents in countries where we do not employ our own sales staff to work on a project-specific basis, which will make our collaboration with externals more efficient and effective.

INFRASTRUCTURE

Planning for a new manufacturing site for Shenyang Yuanda in China began during the period under review. The new site 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 current 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.

Considerable infrastructure investments were also made at various other sites last year. In India, we concluded a project to expand production capacity for mid-scale process gas compressors. Our Global Support Center in the country was also expanded and, given the increase in order inflow, the headcount in Design & Manufacturing and Contracting was increased at every manufacturing site.

"PULLING SYSTEMS TOGETHER" FOR POSITIVE CHANGE

A sweeping process- and cost-optimization program was initiated in the Systems Division at the end of 2016 to improve its ability to respond to sudden fluctuations in order volumes and to bring about a significant and lasting improvement in its operational excellence over the medium term. Approximately 30 separate projects are being pursued in the "Pulling Systems Together" program and they affect every unit in the division, including its design, procurement, production workflow, project management, logistics and capacity management activities.

Considerable progress was made last year and most of the projects have been completed. Besides the aforementioned expansion of the Global Support Center in India and the decentralization of the divisional sales organization, the changes made in its procurement unit during the previous year yielded further significant cost savings.

OUTLOOK

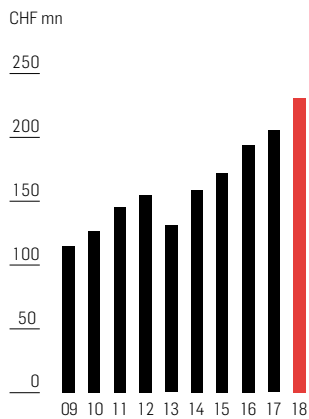
The Systems Division expects a stable market environment in fiscal year 2019. All of its targeted application areas should benefit from this. The strong growth witnessed in the maritime business during the past fiscal year should continue in the current year. Further growth is expected in the petrochemical market given the growing consumption of plastics in China and across Southeast Asia. Demand for compressors is also expected to continue growing in the refinery segment, primarily fueled by demand for cleaner fossil fuels. In the industrial gases segment, a steady increase in overall demand is expected thanks to the wide range of consuming industries, many of which have historically grown in line with the general economy.

Our marine business should continue to grow in 2019.

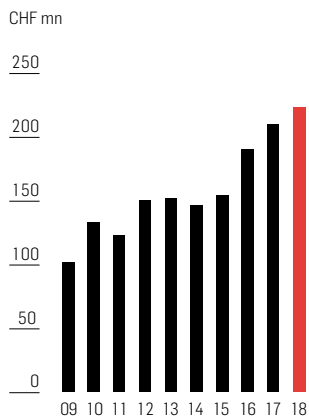
The top priority of the Systems Division in the current year remains unchanged: achieving a significant improvement in its profitability while maintaining its global market leadership. Under the current Mid-Range Plan for 2018 to 2022, sales are targeted to reach CHF 340 mn in fiscal year 2022 with an EBIT margin of 0% to 5%. This sales figure has already been realized in the year under review and will further rise in 2019. The measures that have been implemented to improve every process step, including the procurement activities, have already improved the divisional profitability but the operating loss for the year was still clearly unsatisfactory. This is attributed to additional costs that were incurred to expand our presence in the LNGM business.

REVIEW OF THE FISCAL YEAR SERVICES DIVISION

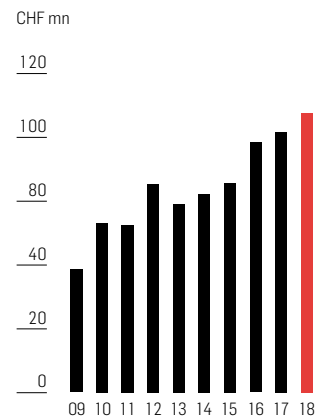
ORDER INTAKE



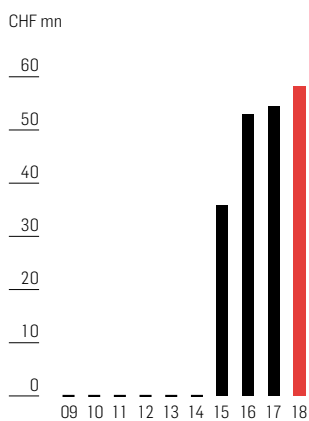
SALES



GROSS PROFIT



OPERATING INCOME (EBIT)¹



FIGURES

	2016	2017	2018	Change 2017/2018
in CHF mn				
Order intake	194.3	205.4	230.7	12.3%
Sales and gross profit				
Sales	190.5	210.2	223.9	6.5%
Gross profit	94.0	97.9	105.2	7.5%
in % of sales	49.4%	46.6%	47.0%	
Operating income (EBIT)	53.0	54.4	58.2	7.0%
in % of sales	27.8%	25.9%	26.0%	
Headcount as per end of fiscal year (full-time equivalents)	649	778	830	6.7%

¹ Before fiscal year 2015, no EBIT was reported at divisional level.

FINANCIAL PERFORMANCE

On track for further growth

The Services Division maintained its growth trajectory in 2018. Orders received amounted to CHF 230.7 mn, which topped the figure for the previous fiscal year by 12.3% and marked a new all-time high for the division. Sales also rose, by a pleasing 6.5% to CHF 223.9 mn, and now account for 37% of the Group's consolidated sales. Canada was a strong growth driver thanks to CSM Compressor Supply & Machine Works Ltd, the services provider acquired during the previous year, as well as countries in the Middle East and Eastern Europe. Gross profit for the Services Division increased by 7.5% to CHF 105.2 mn, resulting in a gross profit margin of 47.0% (46.6% in the prior-year period). Operating income amounted to CHF 58.2 mn, an increase of 7.0% from the prior year (CHF 54.4 mn).

Incoming orders also reached an all-time high at the Services Division and were up by about 12% from the previous year.

MARKETS

Burckhardt Compression's services cover the following areas:

- Spare Parts
- Engineering/Revamp/Repair
- Field Service
- Monitoring/Diagnostics

Major contracts were received from customers in Singapore, China and elsewhere during the year under review. On the innovation front, new sealing materials for piston rings were added to the portfolio and new diagnostic and analysis tools and technology for older compressor systems were developed, along with guidelines for modernizing, retrofitting and overhauling such systems.

Spare Parts

There was another pleasing increase in orders for spare parts in fiscal year 2018. Customers are increasingly ordering spare parts for compressors made by Burckhardt Compression and other manufacturers with the services we provide. The market response to our strategy of growing this business to include spare parts for other brands remained positive.

Engineering/Revamp/Repair

The growth trend in large-scale compressor overhaul and modernization projects remained intact in fiscal year 2018 but smaller and mid-scale projects accounted for a larger share of the overall business in this segment than in fiscal year 2017. Long-term service contracts are a sound platform for future growth in the Services Division. Major engineering projects were acquired in the Middle East and Eastern Europe.

Field Service

Burckhardt Compression profited from the commissioning of numerous new systems in the US and China last year and LNGM vessels already in operation were another source of growth. Our preventive maintenance services for Burckhardt Compression and other-brand compressors continued to deliver good growth too.

Monitoring/Diagnostics

Sales of new monitoring and diagnostics systems were slightly lower year-on-year but the services business continued to grow. Demand was particularly high for gas transport & storage and petrochemical applications.

SALES STRUCTURES STRENGTHENED

The centralized management system introduced in the previous year to oversee quote and order processes and the realization of service engineering solutions proved its worth in 2018. Regional sales structures were strengthened too. Our local Field Service Representatives are highly qualified employees who are also responsible for managing customer relationships and assessing local market opportunities. A new partnership model to provide services as a local player close to customers in smaller but fast-growing markets was introduced through a limited investment.

NEW SERVICE CENTERS

We continued to expand our geographic reach during the year under review. In December 2018, Burckhardt Compression opened a new service center in Slovakia with its local partner Sultrade Compressor Services (SCS) for the Central Europe region. This enables it to offer compressor operators in Slovakia, the Czech Republic, Hungary, Poland and Austria a full range of services and repairs for all reciprocating compressor brands as well as Hyper Compressor services. The new location brings Burckhardt Compression closer to its customers in the region and enables it to respond to customer needs and inquiries more quickly.

Another service center was opened in Thailand in collaboration with local partner SPAN Maintenance and Service. It offers compressor valve services and repairs. The new service center in Sweden was officially inaugurated together with our strategic local partner Kompressortechnik ML AB.

In China, Burckhardt Compression expanded its component manufacturing capacity at its existing site in Shanghai. Besides valves, it now manufactures rings and packings to address increasing market demand in China attributable, among other factors, to our cooperation with Shenyang Yuanda – customers are increasingly ordering Burckhardt Compression's spare parts for their other brand compressors.

OUTLOOK

The outlook for growth in our services business remains attractive:

- More and more customers are outsourcing service-related operations.
- The installed base of compressor units continues to grow.
- Compressor operators are seeking efficiency gains to sharpen their competitive profile, which requires retrofit and overhaul services.
- Preventive maintenance in conjunction with the continuous condition monitoring of compressor systems is growing in importance.

In view of the growing number of LNG tankers, we established a services organization that addresses the specific needs of the marine business.

Therefore we believe that the demand for a full range of compressor services from a single source will grow more strongly than the spare parts business alone. Customers are increasingly expecting engineering solutions, competent onsite advisory services and tailor-made maintenance concepts.

In our Mid-Range Plan for 2018 to 2022, we expect the Services Division to achieve annual organic growth of 6% to 8%. Including the expected consolidation of Arkos Field Services, the divisional sales target for 2022 is CHF 360 mn. The target range for its EBIT margin is 20% to 25%. Growth priorities are services for compressors made by other manufacturers and people-driven services. To ensure success in this business, Burckhardt Compression has launched operational initiatives to strengthen customer relationship management, for example, and expand its local and regional service capabilities. Other measures include the expansion of its engineering and project management resources in the Services Division and the implementation of global processes for all service center locations. In view of the growing number of LNG tankers equipped with Laby®-GI fuel gas supply compressors, we will establish a services organization that addresses the specific needs and requirements of the marine business. Digitalization will also be used to create new services and applications. The main aims here are to improve access to company and customer data and the utilization thereof, foster transparent communication, and optimize business processes. Stricter cost controls will also be imposed.

Last year's achievements indicate that the Services Division is on the right track. The market response to the expansion of our service presence and our engineering and project management resources was very positive. Numerous engineering specialists and sales staff were hired to strengthen this unit. We also offered more training courses and resources, not only for our own employees but also for our customers' service and maintenance technicians.

A large-scale customer satisfaction survey conducted for the first time in 2018 confirmed that we are moving in the right direction with our latest strategic initiatives. The target groups of this survey were our customers' service and maintenance technicians and other employees with a technical background as well as procurement specialists. The survey showed that our customers are very satisfied with the competence of our field service specialists and the quality of the spare parts we make. These findings were evaluated with inputs from all of our country organizations and specialist units and corrective measures were taken where necessary. This survey will now be conducted on a periodical basis.

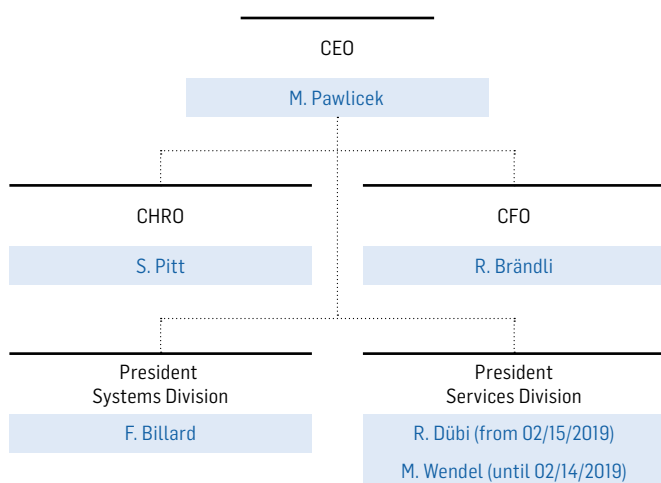
EXTRACT FROM THE CORPORATE GOVERNANCE REPORT

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.

GROUP STRUCTURE AND SHAREHOLDERS

Organizational group structure

Burckhardt Compression is managed through a divisional organizational structure consisting of two divisions, the Systems Division (compressor manufacturing business) and the Services Division (compressor services and components). The management structure of the Burckhardt Compression Group is given in the organizational chart below:



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, 2019. In accordance with the company's Bylaws, the voting rights of NN Group N.V., J O Hambro Capital Management Limited and Atlantic Value General Partner Limited are limited in each case to 5.0% of the total number of BCHN registered shares recorded in the commercial register:

Name	Country	% of shares
MBO shareholder pool	CH	12.4
NN Groep N.V.	NL	6.9
J O Hambro Capital Management Limited	UK	6.1
Atlantic Value General Partner Limited (Mondrian)	UK	5.0
Ameriprise Financial Inc.	US	3.5
Credit Suisse Funds AG	CH	3.0
Massachusetts Mutual Life Insurance Company (Oppenheimer)	US	3.0
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/de/home/publications/significant-shareholders.html>).

BOARD OF DIRECTORS

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	2018
Hans Hess	CH	Deputy Chairman, non-executive, Chairman NCC	2006	2018
Dr. Monika Krüsi	CH/IT	Member, non-executive, member SC, member AC	2012	2018
Urs Leinhäuser	CH	Member, non-executive, Chairman AC	2007	2018
Dr. Stephan Bross	DE	Member, non-executive, member NCC	2014	2018

AC = Audit Committee

NCC = Nomination and Compensation Committee

SC = Strategy Committee

EXTRACT FROM THE COMPENSATION REPORT

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 2018 and 2017:

in CHF 1'000				2018
Name	Function	Fees	Social insurance contributions and other benefits	Total
Members of the Board of Directors				
Valentin Vogt	Chairman	144	17	161
Hans Hess	Deputy Chairman	91	10	101
Dr. Stephan Bross	Member	91	4	95
Dr. Monika Krüsi	Member	101	10	111
Urs Leinhäuser	Member	91	10	101
Total		518	51	569
Approved by the 2017 AGM for fiscal year 2018				580¹

in CHF 1'000				2017
Name	Function	Fees	Social insurance contributions and other benefits	Total
Members of the Board of Directors				
Valentin Vogt	Chairman	144	17	161
Hans Hess	Deputy Chairman	91	10	101
Dr. Stephan Bross	Member	91	4	95
Dr. Monika Krüsi	Member	101	10	111
Urs Leinhäuser	Member	91	10	101
Total		518	51	569
Approved by the 2016 AGM for fiscal year 2017				580¹

¹ This amount includes a contingency reserve of CHF 9'000.

The total fixed compensation in the fiscal year under review is unchanged from the previous fiscal year. The Annual General Meeting of July 1, 2017 approved aggregate fixed compensation in the amount of CHF 580'000 (gross, incl. social insurance contributions) for the Board of Directors (5 persons) for fiscal year 2018. The amount of compensation actually paid was CHF 11'000 less than the approved amount.

Compensation paid to the Executive Board

The following compensation was paid to the members of the Executive Board for the fiscal years 2018 and 2017:

in CHF 1'000									2018
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	425	116	541	84	105	40	229	770
Other members of the Executive Board		1'117	268	1'385	161	177	65	403	1'788 ¹
Total		1'542	384	1'926	245	282	105	632	2'558
Approved by the 2017 AGM for fiscal year 2018				2'120²					

in CHF 1'000									2017
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	425	116	541	64	75	29	168	709
Other members of the Executive Board ²		1'066	260	1'326	118	172	53	343	1'669
Total		1'491	376	1'867	182	247	82	511	2'378
Approved by the 2016 AGM for fiscal year 2017				2'130³					

¹This amount includes Martin Wendel's compensation for the 2018 fiscal year and Rainer Dübi's pro rata compensation as of February 15, 2019.

²This amount includes a contingency reserve of CHF 250'000.

³This amount includes a contingency reserve of CHF 200'000.

The CEO's fixed base salary for the period under review is comparable to the level from the previous fiscal year. The total amount of fixed base salary for the other members of the Executive Board is CHF 51'000 more than in the prior-year period. The Annual General Meeting of July 1, 2017 approved a total sum of CHF 2'120'000 (gross, including social insurance contributions) for the fixed compensation of the entire Executive Board for the fiscal year 2018. The amount of fixed compensation actually paid (gross, including social insurance contributions) was CHF 194'000 less than the approved amount.

The annual bonus for the Executive Board in fiscal year 2018 was CHF 63'000 more than in the previous year. This is because of the increase in reported net profit, which serves as the basis for the annual bonus, and because the targets set in conjunction with the Group and Divisional factors described above were exceeded. Personnel expenses for the Executive Board's long-term bonus were CHF 35'000 more than in the previous year. The provision made for the long-term bonus has been adjusted for two reasons: firstly, on the basis of an assessment of business performance over a multi-year period; secondly, in accordance with Swiss GAAP FER, the related expenses must be allocated over the program's vesting period, which can lead to adjustments within individual fiscal years.

Detailed overview of shareholdings

As per March 31, 2019, 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:

		03/31/2019	03/31/2018
Name	Position	Total shares	Total shares
Members of the Board of Directors			
Valentin Vogt	Chairman	203'288	203'213
Hans Hess	Deputy Chairman	5'663	5'618
Dr. Stephan Bross	Member	215	170
Dr. Monika Krüsi	Member	985	940
Urs Leinhäuser	Member	1'080	1'035
Total		211'231	210'976
Executive Board			
Marcel Pawlicek	CEO	42'111	42'111
Rolf Brändli	CFO	1'702	1'702
Sandra Pitt	CHRO	278	278
Fabrice Billard	President Systems Division	400	400
Rainer Dübi ²	President Services Division	600	n/a
Martin Wendel ¹	President Services Division	n/a	231
Total		45'091	44'722
Total		256'553	255'698
In % of total shares		7.5%	7.5%

¹ Member of the Executive Board until February 14, 2019

² Member of the Executive Board as from February 15, 2019

EXTRACT FROM THE FINANCIAL REPORT

CONSOLIDATED INCOME STATEMENT

	2018	2017
in CHF 1'000		
Sales	599'280	594'574
Cost of goods sold	-463'603	-469'514
Gross Profit	135'677	125'060
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
Operating income	44'507	41'682
Share of results of associates	-1'208	-1'888
Financial income and expenses	-2'238	-1'867
Earnings before taxes	41'061	37'927
Income tax expenses	-8'860	-8'904
Net income	32'201	29'023
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		
Non-current assets		
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
Total non-current assets	250'846	251'803
Current assets		
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
Total current assets	597'886	545'780
Total assets	848'732	797'583
Equity		
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
Equity attributable to shareholders of Burckhardt Compression Holding AG	302'464	296'067
Non-controlling interests	42'570	39'133
Total equity	345'034	335'200
Liabilities		
Non-current liabilities		
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
Total non-current liabilities	101'565	100'347
Current liabilities		
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
Total current liabilities	402'133	362'036
Total liabilities	503'698	462'383
Total equity and liabilities	848'732	797'583

CONSOLIDATED CASH FLOW STATEMENT

	2018	2017
in CHF 1'000		
Cash flow from operating activities		
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
Total cash flow from operating activities	41'795	44'359
Cash flow from investing activities		
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	-
Total cash flow from investing activities	-7'781	-17'218
Cash flow from financing activities		
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
Total cash flow from financing activities	-25'090	-28'199
Currency translation differences on cash and cash equivalents	-991	1'243
Net change in cash and cash equivalents	7'933	185
Cash and cash equivalents at beginning of period	75'077	74'892
Cash and cash equivalents at end of period	83'010	75'077
Net change in cash and cash equivalents	7'933	185

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 shareholders of Burckhardt Compression Holding AG	Non-controlling interests	
Balance at 04/01/2017	8'500	–	–6'582	–5'788	–993	–103'267	388'177	280'047	37'056	317'103
Result for the period							28'837	28'837	186	29'023
Currency translation differences					3'138			3'138	1'827	4'965
Changes of cash flow hedges				5'354				5'354		5'354
Dividends paid							–23'624	–23'624	–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	2'878		2'878
Goodwill on acquisition						–563		–563		–563
Balance at 03/31/2018	8'500	421	–1'652	–434	2'145	–103'830	390'917	296'067	39'133	335'200
Balance at 04/01/2018	8'500	421	–1'652	–434	2'145	–103'830	390'917	296'067	39'133	335'200
Result for the period							27'644	27'644	4'557	32'201
Currency translation differences					–1'778			–1'778	–1'120	–2'898
Changes of cash flow hedges				–971				–971	–	–971
Dividends paid							–20'361	–20'361	–	–20'361
Share-based payments (distributed)		25	70				–95	–		–
Share-based payments (allocated)							1'863	1'863		1'863
Balance at 03/31/2019	8'500	446	–1'582	–1'405	367	–103'830	399'968	302'464	42'570	345'034

GROUP COMPANIES AND ASSOCIATES

Company	Registered office	Registered capital	Interest in capital	Research & development	Manufacturing & engineering	Contracting	Sales	Service
Burckhardt Compression AG ¹	Winterthur, Switzerland	CHF 2'000'000	100%	•	•	•	•	•
Burckhardt Compression Immobilien AG ¹	Winterthur, Switzerland	CHF 5'000'000	100%					
Burckhardt Compression (Deutschland) GmbH	Neuss, Germany	EUR 30'000	100%				•	•
Burckhardt Compression (Italia) S.r.l.	Milan, Italy	EUR 400'000	100%			•	•	•
Burckhardt Compression (France) S.A.S.	Cergy Saint Christophe, France	EUR 300'000	100%				•	•
Burckhardt Compression (España) S.A.	Madrid, Spain	EUR 550'000	100%				•	•
Burckhardt Compression (UK) Ltd.	Bicester, United Kingdom	GBP 250'000	100%				•	•
Burckhardt Compression (US) Inc.	Houston, USA	USD 18'250'000	100%		•	•	•	
Burckhardt Compression (Canada) Inc.	Mississauga, Canada	CAD 200'000	100%			•	•	•
Burckhardt Compression (Japan) Ltd.	Tokyo, Japan	JPY 50'000'000	100%				•	•
Burckhardt Compression (Shanghai) Co. Ltd.	Shanghai, China	CNY 14'198'000	100%		•	•	•	•
Burckhardt Compression (India) Private Ltd.	Pune, India	INR 331'140'000	100%	•	•	•	•	•
Burckhardt Compression (Brasil) Ltda.	São Paulo, Brazil	BRL 5'818'000	100%				•	•
Burckhardt Compression (Middle East) FZE	Dubai, United Arab Emirates	AED 2'000'000	100%				•	•
Burckhardt Compression Korea Ltd.	Seoul, South Korea	KRW 250'000'000	100%				•	•
Burckhardt Kompresör San. ve Tic. Ltd.	Istanbul, Turkey	TRY 800'000	100%				•	•
Burckhardt Compression Singapore Pte Ltd.	Singapore, Singapore	SGD 700'000	100%				•	•
Burckhardt Compression South Africa (Pty) Ltd.	Sunnyrock, South Africa	ZAR 3'000'000	100%				•	•
Burckhardt Compression Korea Busan Ltd.	Busan, South Korea	KRW 7'000'000'000	100%		•	•	•	
Burckhardt Compression (Saudi Arabia) LLC	Dammam, Saudi Arabia	SAR 1'000'000	100%				•	•
Burckhardt Compression North America Service LLC	Wilmington, USA	USD 1'800'000	100%					
CSM Compressor Inc.	Edmonton, Canada	CAD 10'000	100%				•	•

Company	Registered office	Registered capital	Interest in capital	Research & development	Manufacturing & engineering	Contracting	Sales	Service
Shenyang Yuanda Compressor Co. Ltd. ¹	Shenyang, China	CNY 100'000'000	60%	•	•	•	•	•
Liaoning Yuanyu Industrial Machinery Co. Ltd.	Kaiyuan, China	CNY 39'000'000	60%	•	•			
Shenyang Yuanda Compressor Automatic Control System Co. Ltd.	Shenyang, China	CNY 5'000'000	36%			•	•	•
Shenyang Yuanda Compressor Energy Service Co. Ltd.	Shenyang, China	CNY 1'000'000	60%				•	•
Shenyang Yuanda Compressor Import and Export Co. Ltd.	Shenyang, China	CNY 1'000'000	60%				•	•
Shenyang Yuanda Shengda Turbine Compressor Co. Ltd. ²	Shenyang, China	CNY 100'000'000	24%			•	•	•
Shunyu Resources Recycling Equipment Industry (Liaoning) Co. Ltd. ²	Shenyang, China	CNY 65'000'000	24%				•	•
Compressor Tech Holding AG ¹	Zug, Switzerland	CHF 200'000	100%					
PROGNOST Systems GmbH	Rheine, Germany	EUR 200'000	100%	•	•	•	•	•
PROGNOST Systems Inc.	Houston, USA	USD 240'000	100%		•		•	•
Société d'Application du Métal Rouge SAS	Pont Sainte Marie Cedex, France	EUR 501'000	100%	•	•		•	•
Arkos Group LLC ²	Houston, USA	USD 26'250'000	40%					
Arkos Field Services LP ²	Houston, USA	–	40%	•	•	•	•	•
Arkos Realty & Investments LP ²	Houston, USA	–	40%					
Precision Arkos Machine, LP ²	Houston, USA	–	28%				•	•

¹ Company is directly held by Burckhardt Compression Holding AG.

All other companies are indirectly held by Burckhardt Compression Holding AG.

² Company is accounted for using the equity method.

All other companies are fully consolidated.

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

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.

The Executive Report is published in German and English and is together with the Annual Report available on the internet under report.burckhardtcompression.com as an online version.

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

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