



FIRST-HALF RESULTS FOR FISCAL YEAR 2019

Compressors for a Lifetime™

# RESULTS FOR THE FIRST HALF OF 2019

## HIGHER ORDER INTAKE AND SALES – OPERATING INCOME AND NET INCOME WELL ABOVE PREVIOUS YEAR'S FIGURES – GUIDANCE FOR THE FULL YEAR CONFIRMED

### DEAR SHAREHOLDERS

Order intake and sales for the first half (April to September 2019) were above the figures from the same period last year while operating profit and net profit were both sharply higher year-on-year. We continue to guide for sales of CHF 600 to 640 mn for the entire 2019 fiscal year and a slight increase in margins.

#### Higher order intake

Group order intake for the first half of the 2019 fiscal year increased by 8.7% from the prior-year period to CHF 329.5 mn. The Systems Division experienced strong new order growth of 16.4% to CHF 213.1 mn. Orders from customers in the petrochemicals and chemicals industry remained at a very high level, followed by gas transport and storage and refinery orders. Business in China continued to grow and, along with Shenyang Yuanda Compressor, we managed to extend our leadership position in this market.

The Services Division almost reached its very strong performance from the year-ago period as its first-half order intake of CHF 116.5 mn was 3.2% lower year-on-year. We expect the Services Division to report a slightly higher order intake in the second half of the year.

### Key figures

in CHF 1'000	April–Sept. 2019	April–Sept. 2018	Change 2019/2018	Fiscal year 2018
Order intake	329'516	303'254	8.7%	658'675
– Systems Division	213'051	183'001	16.4%	428'023
– Services Division	116'465	120'253	–3.2%	230'652
Sales	276'225	258'120	7.0%	599'280
Gross profit	64'828	49'161	31.9%	135'677
Operating income (EBIT)	16'651	5'628	195.9%	44'507
Net income	11'751	2'386	392.5%	32'201
Total assets	815'841	747'930	9.1%	848'732
Total equity	325'525	307'604	5.8%	345'034
Earnings per share (in CHF)	2.17	0.16	1'256.3%	8.15
FTEs as per Sept. 30 / March 31	2'430	2'306	5.4%	2'346

#### Positive sales trends in both divisions

Consolidated Group sales of CHF 276.2 mn for the first half surpassed the figure for the prior-year period by 7.0%. First-half sales in the Systems Division amounted to CHF 172.6 mn, an increase of 8.9%, and in the Services Division sales rose by 4.0% year-on-year to CHF 103.6 mn. Scheduled order deliveries in the Systems Division will lead to another asymmetrical sales pattern with sales weighted to the second half.

#### Significant increase in gross profit from Systems Division

Consolidated gross profit for the first half of the fiscal year amounted to CHF 64.8 mn (prior-year period: CHF 49.2 mn), resulting in a gross profit margin of 23.5% (prior-year period: 19.0%). Gross profit in the Systems Division amounted to CHF 16.4 mn (prior-year period: CHF 5.6 mn) and the corresponding gross profit margin was 9.5% (prior-year period: 3.6%). Although additional costs were incurred in the LNGM business, the Systems Division was able to slash its overall operating losses compared to the prior-year period.

Gross profit in the Services Division rose from CHF 43.5 mn to CHF 48.4 mn and its gross profit margin rose from 43.7% to 46.7%.

### Operating income and net income significantly higher year-on-year

Selling, marketing and general administrative expenses amounted to CHF 45.1 mn (16.3% of sales), which is CHF 3.8 mn or 9.1% more than in the prior-year period (16.0% of sales). This figure includes the expenses related to the further expansion of the services organisation in the Middle East and the services organisation for the LNG marine customers worldwide. Research and development expenses rose by CHF 0.2 mn to CHF 4.2 mn. Other operating income and expenses amounted to CHF 1.1 mn, a decline of CHF 0.6 mn from the prior-year period, largely attributable to exchange-rate fluctuations.

Group operating income (EBIT) for the first half amounted to CHF 16.7 mn, an increase of CHF 11.0 mn compared to the prior-year period, and the resulting EBIT margin was 6.0% (prior-year period: 2.2%). This margin expansion was mainly driven by the significant reduction in the Systems Division's operating loss from CHF -13.6 mn to CHF -4.9 mn. The operating performance of the Systems Division should continue to improve during the second half. EBIT in the Services Division increased by CHF 2.7 mn to CHF 23.3 mn, resulting in an EBIT margin of 22.5% (prior-year period: 20.7%). Group net income of CHF 11.8 mn exceeded the prior-year figure by no less than CHF 9.4 mn. Earnings per share showed disproportionately strong growth from CHF 0.16 (prior-year period) to CHF 2.17 amongst others due to a sharp decline in the minority share of consolidated net income.

### Equity ratio at previous-year level

Total assets at the end of September 2019 amounted to CHF 815.8 mn, which corresponds to a decline of CHF 32.9 mn or 3.9% compared to the end of March (the close of the 2018 fiscal year). This reduction is mainly attributed to a decline in receivables. The net cash position at the end of the reporting period amounted to CHF -70.1 mn (CHF -49.4 mn at the end of the 2018 fiscal year). Besides the dividend payout of CHF 20.4 mn, there was a further increase in work in progress during the reporting period. Work in progress not financed by customer payments increased by CHF 13.9 mn compared to the end of the 2018 fiscal year. The equity ratio of 39.9% as per the end of September was slightly less than the figure at the end of the 2018 fiscal year (40.7%).

### Guidance for the 2019 fiscal year confirmed

We reiterate our full-year guidance of CHF 600 to 640 mn in sales and slightly higher margins.

### Thank you

The Board of Directors and the Executive Board thank all employees for their untiring dedication. We also deeply appreciate the trust and loyalty of our shareholders and of our customers around the world.

Yours sincerely,



Valentin Vogt  
Chairman of the  
Board of Directors



Marcel Pawlicek  
CEO

Winterthur, November 5, 2019

### IR calendar:

June 2, 2020	2019 Annual Report (as per March 31, 2020)
June 17, 2020	Investors Day
July 3, 2020	Annual General Meeting

## CONSOLIDATED INCOME STATEMENT

in CHF 1'000	First half 2019 April–Sept. 2019	First half 2018 April–Sept. 2018	2018 fiscal year April 2018–March 2019
<b>Sales</b>	<b>276'225</b>	<b>258'120</b>	<b>599'280</b>
Cost of goods sold	–211'397	–208'959	–463'603
<b>Gross profit</b>	<b>64'828</b>	<b>49'161</b>	<b>135'677</b>
Selling and marketing expenses	–24'775	–23'454	–48'952
General and administrative expenses	–20'275	–17'838	–37'589
Research and development expenses	–4'214	–3'966	–8'711
Other operating income	12'322	12'846	28'651
Other operating expenses	–11'235	–11'121	–24'569
<b>Operating income</b>	<b>16'651</b>	<b>5'628</b>	<b>44'507</b>
Share of results of associates	–547	–366	–1'208
Financial income and expenses	–1'980	–2'152	–2'238
<b>Earnings before taxes</b>	<b>14'124</b>	<b>3'110</b>	<b>41'061</b>
Income tax expenses	–2'373	–724	–8'860
<b>Net income</b>	<b>11'751</b>	<b>2'386</b>	<b>32'201</b>
Share of net income attributable to shareholders of Burckhardt Compression Holding AG	7'338	552	27'644
Share of net income attributable to non-controlling interests	4'413	1'834	4'557
Basic earnings per share in CHF	2.17	0.16	8.15
Diluted earnings per share in CHF	2.17	0.16	8.15

## CONSOLIDATED BALANCE SHEET

in CHF 1'000	First half 2019 09/30/2019	First half 2018 09/30/2018	2018 fiscal year 03/31/2019
<b>Non-current assets</b>			
Intangible assets	11'219	13'115	11'369
Property, plant and equipment	185'701	179'444	191'188
Investments in associates	10'913	12'012	11'539
Deferred tax assets	10'278	7'937	9'061
Other financial assets	27'577	26'731	27'689
<b>Total non-current assets</b>	<b>245'688</b>	<b>239'239</b>	<b>250'846</b>
<b>Current assets</b>			
Inventories	258'452	217'748	222'045
Trade receivables	212'898	190'483	261'113
Other current receivables	19'385	31'496	28'482
Prepaid expenses and accrued income	4'869	3'609	3'236
Cash and cash equivalents	74'549	65'355	83'010
<b>Total current assets</b>	<b>570'153</b>	<b>508'691</b>	<b>597'886</b>
<b>Total assets</b>	<b>815'841</b>	<b>747'930</b>	<b>848'732</b>
<b>Equity</b>			
Share capital	8'500	8'500	8'500
Capital reserves	435	421	446
Treasury shares	-3'829	-1'581	-1'582
Retained earnings and other reserves	276'012	262'257	295'100
<b>Equity attributable to shareholders of Burckhardt Compression Holding AG</b>	<b>281'118</b>	<b>269'597</b>	<b>302'464</b>
Non-controlling interests	44'407	38'007	42'570
<b>Total equity</b>	<b>325'525</b>	<b>307'604</b>	<b>345'034</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Non-current financial liabilities	71'156	64'705	64'742
Deferred tax liabilities	12'602	12'912	15'348
Non-current provisions	13'997	13'961	14'074
Other non-current liabilities	9'848	9'292	7'401
<b>Total non-current liabilities</b>	<b>107'603</b>	<b>100'870</b>	<b>101'565</b>
<b>Current liabilities</b>			
Current financial liabilities	73'530	38'039	67'666
Trade payables	79'651	62'294	86'731
Customers' advance payments	142'910	147'042	129'233
Other current liabilities	16'019	18'875	36'510
Accrued liabilities and deferred income	47'293	54'619	60'881
Current provisions	23'310	18'587	21'112
<b>Total current liabilities</b>	<b>382'713</b>	<b>339'456</b>	<b>402'133</b>
<b>Total liabilities</b>	<b>490'316</b>	<b>440'326</b>	<b>503'698</b>
<b>Total equity and liabilities</b>	<b>815'841</b>	<b>747'930</b>	<b>848'732</b>

## CONSOLIDATED CASH FLOW STATEMENT

in CHF 1'000	First half 2019 April–Sept. 2019	First half 2018 April–Sept. 2018	2018 fiscal year April 2018–March 2019
<b>Cash flow from operating activities</b>			
Net income	11'751	2'386	32'201
Income tax expenses	2'373	724	8'860
Financial income and expenses	1'980	2'152	2'238
Share of results of associates	547	366	1'208
Depreciation	8'609	8'797	17'667
Amortization	1'601	2'177	4'170
Change in inventories	–42'129	–13'039	–13'736
Change in trade receivables	40'183	26'910	–37'991
Change in other current assets	6'670	–4'339	317
Change in trade payables	–5'086	–327	22'730
Change in customers' advance payments	17'220	32'002	10'298
Change in provisions	2'648	–809	1'160
Change in other liabilities	–22'091	–6'122	4'767
Adjustment for non-cash items	829	–304	2'093
Interest received	325	140	568
Interest paid	–1'219	–1'082	–1'883
Income taxes paid	–5'195	–5'317	–12'872
<b>Total cash flow from operating activities</b>	<b>19'016</b>	<b>44'315</b>	<b>41'795</b>
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment	–14'062	–3'437	–22'384
Sale of property, plant and equipment	–	9'130	18'490
Purchase of intangible assets	–1'526	–2'142	–2'546
Sale of intangible assets	–	2	–
Increase in financial assets	–219	–1'455	–1'485
Disposal of group companies	–	–	144
<b>Total cash flow from investing activities</b>	<b>–15'807</b>	<b>2'098</b>	<b>–7'781</b>
<b>Cash flow from financing activities</b>			
Increase in financial liabilities	13'174	–	367
Decrease in financial liabilities	–	–33'650	–5'096
Purchase of treasury shares	–2'348	–	–
Dividends paid	–20'364	–20'361	–20'361
<b>Total cash flow from financing activities</b>	<b>–9'538</b>	<b>–54'011</b>	<b>–25'090</b>
Currency translation differences on cash and cash equivalents	–2'131	–2'124	–991
<b>Net change in cash and cash equivalents</b>	<b>–8'461</b>	<b>–9'722</b>	<b>7'933</b>
Cash and cash equivalents at beginning of period	83'010	75'077	75'077
Cash and cash equivalents at end of period	74'549	65'355	83'010
<b>Net change in cash and cash equivalents</b>	<b>–8'461</b>	<b>–9'722</b>	<b>7'933</b>

## CONSOLIDATED STATEMENT OF CHANGES IN 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	Total equity
in CHF 1'000										
<b>Balance at April 1, 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>
Net income	–	–	–	–	–	–	552	552	1'834	2'386
Currency translation differences	–	–	–	–	-5'960	–	–	-5'960	-2'960	-8'920
Changes of cash flow hedges	–	–	–	-377	–	–	–	-377	–	-377
Dividends paid	–	–	–	–	–	–	-20'361	-20'361	–	-20'361
Share-based payments (distributed)	–	–	71	–	–	–	–	71	–	71
Share-based payments (allocated)	–	–	–	–	–	–	-395	-395	–	-395
<b>Balance at September 30, 2018</b>	<b>8'500</b>	<b>421</b>	<b>-1'581</b>	<b>-811</b>	<b>-3'815</b>	<b>-103'830</b>	<b>370'713</b>	<b>269'597</b>	<b>38'007</b>	<b>307'604</b>
<b>Balance at April 1, 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>
Net income	–	–	–	–	–	–	7'338	7'338	4'413	11'751
Currency translation differences	–	–	–	–	-7'093	–	–	-7'093	-2'576	-9'669
Changes of cash flow hedges	–	–	–	127	–	–	–	127	–	127
Dividends paid	–	–	–	–	–	–	-20'364	-20'364	–	-20'364
Purchase of treasury shares	–	–	-2'348	–	–	–	–	-2'348	–	-2'348
Share-based payments (distributed)	–	-11	101	–	–	–	-90	–	–	–
Share-based payments (allocated)	–	–	–	–	–	–	994	994	–	994
<b>Balance at September 30, 2019</b>	<b>8'500</b>	<b>435</b>	<b>-3'829</b>	<b>-1'278</b>	<b>-6'726</b>	<b>-103'830</b>	<b>387'846</b>	<b>281'118</b>	<b>44'407</b>	<b>325'525</b>

## NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 1. Basis of preparation

The unaudited interim consolidated financial statements, prepared in accordance with Swiss GAAP FER, were approved by the Board of Directors on October 31, 2019. This is a condensed interim report pursuant to Swiss GAAP FER 31 "Complementary recommendations for listed companies".

Since the consolidated interim financial statements do not include all the information contained in consolidated annual financial statements, they should be read in conjunction with the consolidated annual financial statements for the year ended 31 March 2019. The current accounting standards are congruent with the accounting standards used to prepare the 2018 financial statements.

### 2. Segment reporting

	Systems Division				Services Division			
in CHF 1'000	HY 2019 April–Sept. 2019	HY 2018 April–Sept. 2018	Change 2019/2018	FY 2018 April 2018– March 2019	HY 2019 April–Sept. 2019	HY 2018 April–Sept. 2018	Change 2019/2018	FY 2018 April 2018– March 2019
<b>Sales</b>	<b>172'625</b>	<b>158'546</b>	<b>8.9%</b>	<b>375'400</b>	<b>103'600</b>	<b>99'574</b>	<b>4.0%</b>	<b>223'880</b>
Cost of goods sold	–156'186	–152'916	–	–344'906	–55'211	–56'043	–	–118'697
<b>Gross profit</b>	<b>16'439</b>	<b>5'630</b>	<b>192.0%</b>	<b>30'494</b>	<b>48'389</b>	<b>43'531</b>	<b>11.2%</b>	<b>105'183</b>
Gross profit as % of sales	9.5%	3.6%	–	8.1%	46.7%	43.7%	–	47.0%
<b>Operating income</b>	<b>–4'878</b>	<b>–13'630</b>	<b>–64.2%</b>	<b>–8'669</b>	<b>23'311</b>	<b>20'633</b>	<b>13.0%</b>	<b>58'185</b>
Operating income as % of sales	–2.8%	–8.6%	–	–2.3%	22.5%	20.7%	–	26.0%

	Others				Total			
in CHF 1'000	HY 2019 April–Sept. 2019	HY 2018 April–Sept. 2018	Change 2019/2018	FY 2018 April 2018– March 2019	HY 2019 April–Sept. 2019	HY 2018 April–Sept. 2018	Change 2019/2018	FY 2018 April 2018– March 2019
<b>Sales</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>276'225</b>	<b>258'120</b>	<b>7.0%</b>	<b>599'280</b>
Cost of goods sold	–	–	–	–	–211'397	–208'959	–	–463'603
<b>Gross profit</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>64'828</b>	<b>49'161</b>	<b>31.9%</b>	<b>135'677</b>
Gross profit as % of sales	–	–	–	–	23.5%	19.0%	–	22.6%
<b>Operating income</b>	<b>–1'782</b>	<b>–1'375</b>	<b>29.6%</b>	<b>–5'009</b>	<b>16'651</b>	<b>5'628</b>	<b>195.9%</b>	<b>44'507</b>
Operating income as % of sales	–	–	–	–	6.0%	2.2%	–	7.4%

### 3. Additional information

On 19 May 2019, the Swiss electorate passed the Federal Act on Tax Reform and AHV Financing (TRAF). The Federal Act will enter into force on 1 January 2020 and reduce the tax rate for operating group companies domiciled in the Canton of Zurich. In the first half of 2019, this led to a one-off reduction in income tax expenses due to the release of provisions for deferred income taxes in the amount of CHF 0.8 mn.

### 4. Events after the balance sheet date

There were no significant events after the balance sheet date.

## 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. Since 1844, 175 years and counting, its highly skilled workforce has crafted superior solutions and set the benchmark in the gas compression industry.

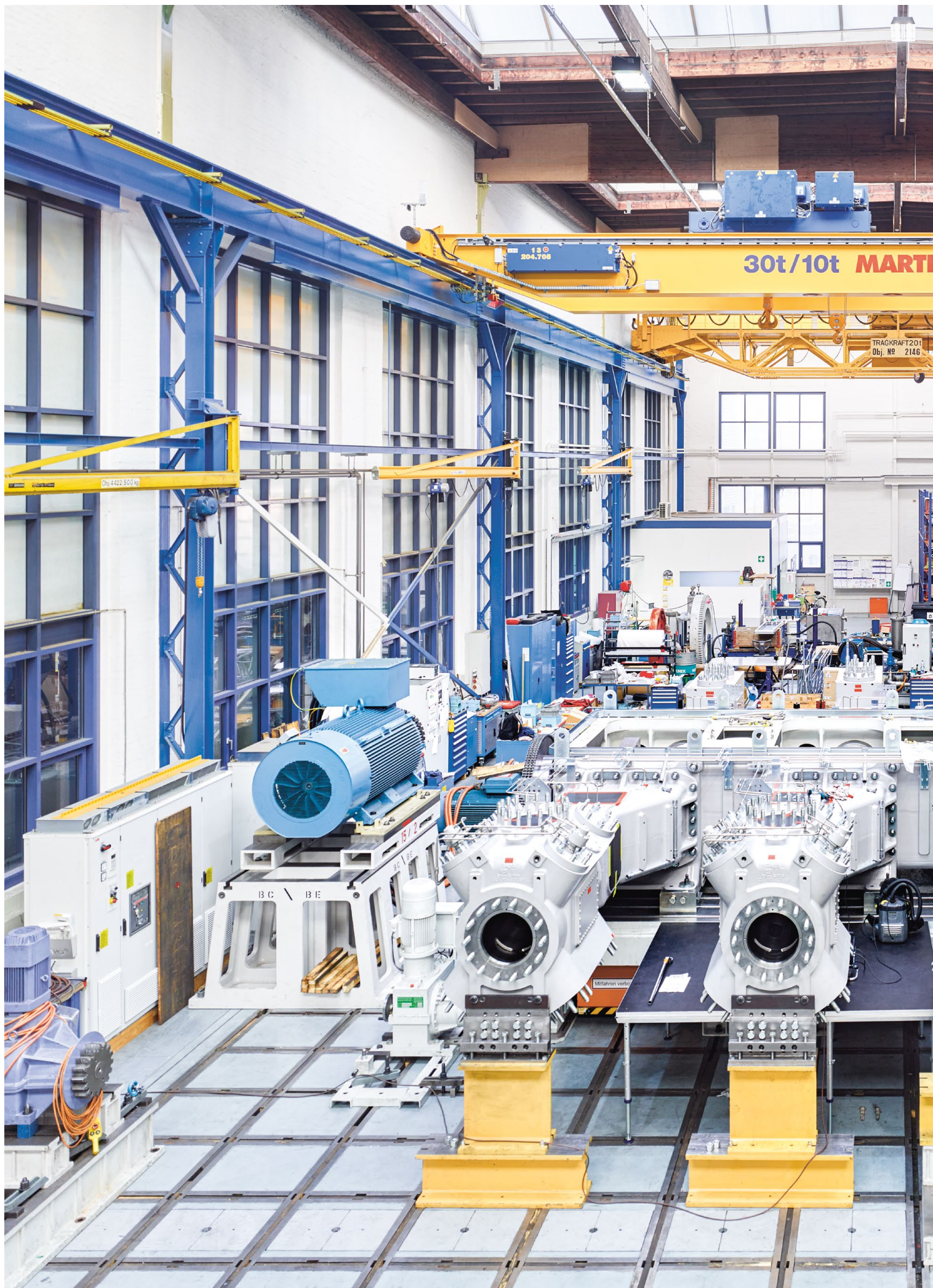
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This document may contain forward-looking statements, including but not limited to projections of financial results, market activity and future product developments. These forward-looking statements are subject to change based on known or unknown risks and various other factors that could cause actual results or performance to differ materially from the statements made herein.

The 2019 interim report is also available in German, and both versions can be downloaded from our website at [report.burckhardtcompression.com](http://report.burckhardtcompression.com). The German version takes precedence in the event of a conflict.





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