

## Media Release of November 5, 2019

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# Higher order intake and sales – operating income and net income well above previous year's figures – guidance for the full year confirmed

**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. Burckhardt Compression continues 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, Burckhardt Compression managed to extend its 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. Burckhardt Compression expects the Services Division to report a slightly higher order intake in the second half of the year.

### 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 organization in the Middle East and the services organization 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**

Burckhardt Compression reiterates the full-year guidance of CHF 600 to 640 mn in sales and slightly higher margins.

## Key figures for the first half of fiscal year 2019 (April – September 2019)

### KEY FIGURES

in CHF l'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

Additional information on the interim results for fiscal year 2019 has been published on our website at [www.burckhardtcompression.com/financial-reports](http://www.burckhardtcompression.com/financial-reports).

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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.

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