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Burckhardt Compression has entered into a memorandum of understanding to acquire the remaining 40% of Shenyang Yuanda Compressor

Burckhardt Compression has entered into a memorandum of understanding to acquire the remaining 40% of Shenyang Yuanda Compressor. Burckhardt Compression initially purchased a 60% interest in Shenyang Yuanda Compressor, a Chinese compressor manufacturer based in Shenyang, in March of 2016 and both companies have collaborated closely in the meantime. To finance the acquisition, Burckhardt Compression plans to issue a bond in the Swiss capital market.

Burckhardt Compression has held a call option to acquire the remaining 40% of Shenyang Yuanda Compressor's outstanding shares since May 2020. The company plans to exercise this call option in November of 2020. Burckhardt Compression intends to further strengthen its leading market position in China by acquiring the remaining 40% of Shenyang Yuanda Compressor. In the years since the initial interest in Shenyang Yuanda Compressor was acquired, the company has expanded into more segments of the market, the product portfolio has been broadened to address a wider range of market needs, and Burckhardt Compression has gained direct access to a well-established local supply chain. Compressors manufactured by Shenyang Yuanda Compressor have been available in selected export markets through Burckhardt Compression's sales and distribution channels since 2019. Shenyang Yuanda Compressor employs approximately 650 people in China and generated sales of CHF 100 million in 2019. Burckhardt Compression is planning a maiden bond issue to be listed on the Swiss market to finance the acquisition of the 40% interest in Shenyang Yuanda Compressor.

New factory in Shenyang will commence operations at the end of September

The new plant in Shenyang will be commissioned as planned at the end of September, despite a six-week standstill earlier in the year due to the outbreak of the coronavirus. It will comprise a production area of 86,000 m² on a total land area of 153,000 m² and thus has approx. 60% more production floor space than the two former sites combined. The new plant replaces both sites, which were engulfed by Shenyang's rapid urban growth and are now located in the middle of the city. The land of the current sites will be handed back to the government. Construction costs for the new plant and the relocation costs will therefore be reimbursed by the Chinese government. The new plant marks an investment in the company's future business development. Operations at the former two locations are being combined at the new site, where workflows and processes have been aligned with the latest standards and best practices to improve operational efficiency even more.

Outlook confirmed

Burckhardt Compression confirms its guidance for fiscal year 2020 and expects more than CHF 650 mn in sales as well as stable profit margins.

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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. Cutting-edge compressor technology, a vast portfolio of components and full services capability make Burckhardt Compression an ideal partner for customers around the world who want highly reliable, custom-tailored solutions for their reciprocating compressor systems. Since 1844, 175 years and counting, its skilled workforce has crafted superior solutions and set the benchmark in the gas compression industry.

SIX Swiss Exchange: BCHN
Further information at www.burckhardtcompression.com

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