



Analyst presentation Q2 2014

29 August 2014

AEG
POWER SOLUTIONS

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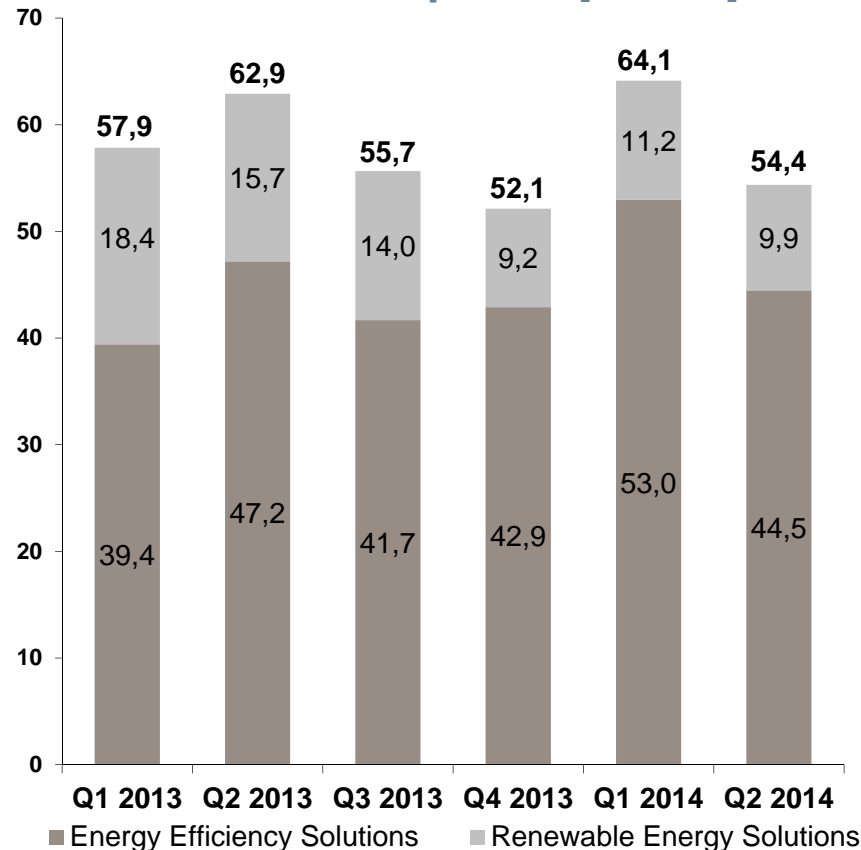
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Financials
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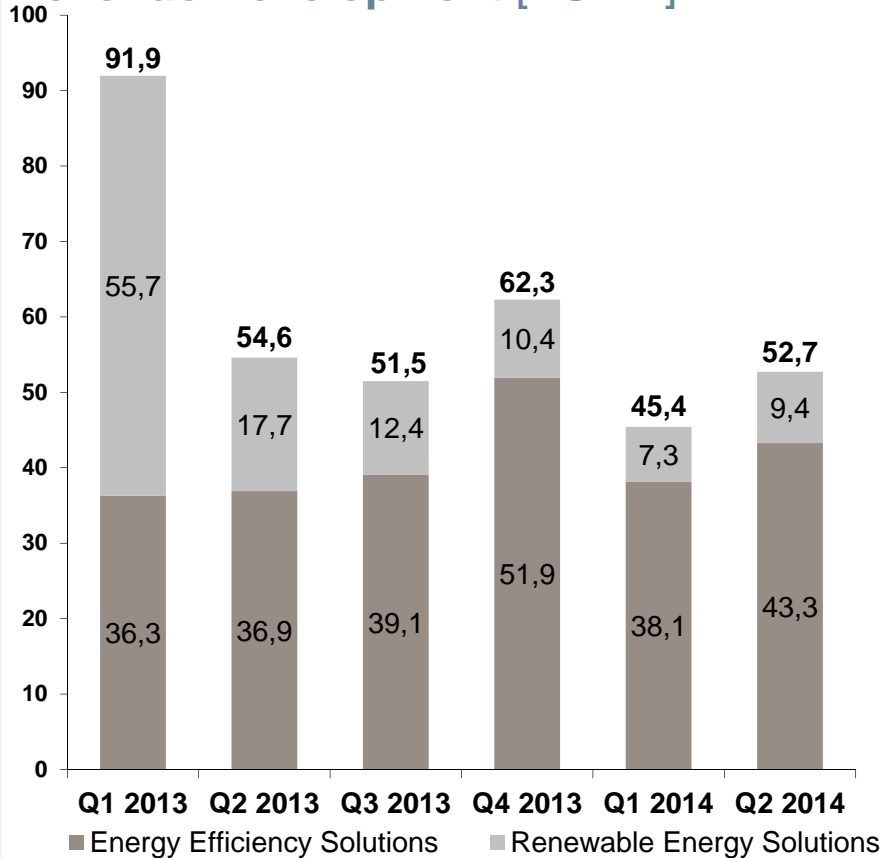
Order Intake Development [EURm]



Comments

- Q2 2014 orders were €54.4m, down 13.6% y-o-y (Q2 2013: €62.9m)
- Q2 RES orders were €9.9m, down 37.0% y-o-y (Q2 2013: €15.7m), driven by the difficult market environment in Solar, closing down the Dallas operation and the sale of skytron as well as Indian and South Africa operations
- The POC order intake was affected by the sale of the POC module business to Advanced Energy Industries
- Q2 EES orders were €44.5m, down 5.8% y-o-y (Q2 2013: €47.2m)
- EES backlog of €87.3 million predicts a solid revenue development also for the next quarter

Revenue Development [EURm]

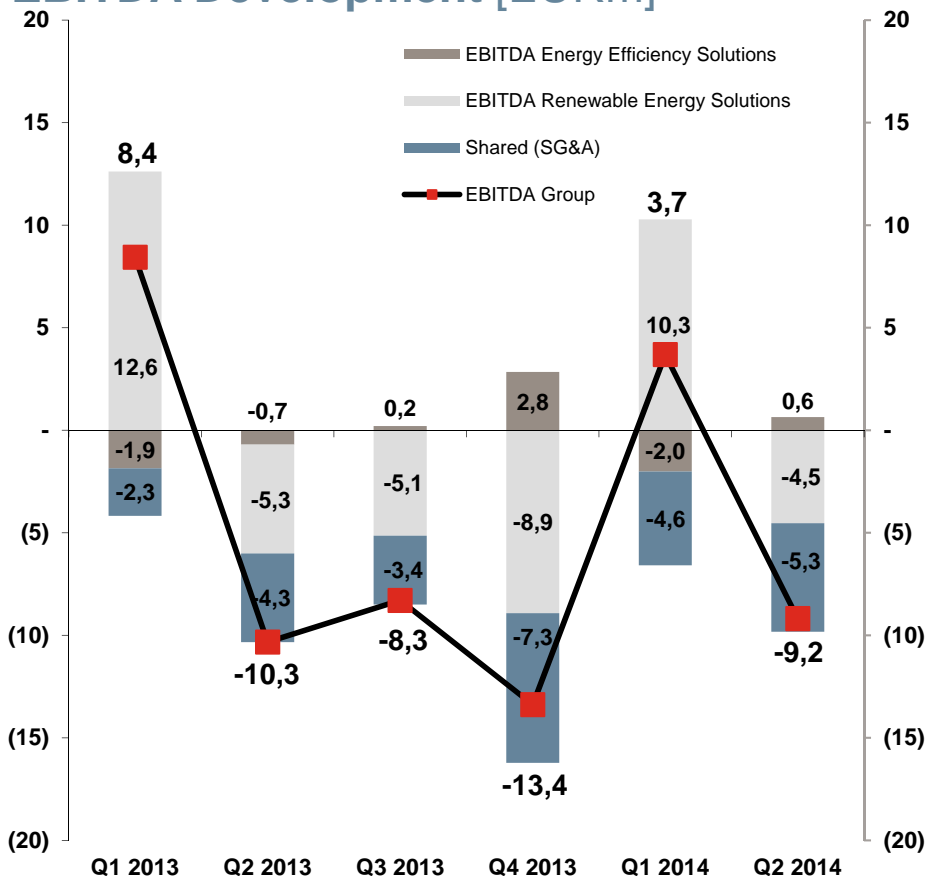


Comments

- Q2 2014 revenues were €52.7m, down 3.5% y-o-y (Q2 2013: €54.6m)
- Q2 RES revenues were €9.4m, down 46.6% y-o-y (Q2 2013: €17.7m) as a result of the drop in Solar and POC revenue
- Q2 EES revenues were €43.3m, up 17.2% y-o-y (Q2 2013: €36.9m), following the high order intake in Industrial Power Solutions in Q1 2014
- Variance is expected and mainly driven by the difficult market environment in Solar and the impact of certain closures and divestitures

AEG PS GROUP – EBITDA development

EBITDA Development [EURm]



Comments

- Q2 EBITDA was -€9.2m, up 11.1% y-o-y (Q2 2013: -€10.3m)
- This reflects low RES revenue and provisions for certain renegotiated payment conditions with suppliers, high one time inventory and bad debt reserves and provisions
- Positively, the quarter just reflects the first savings gained from restructuring and reductions in the overall operating expenses
- Normalized EBITDA was -€5.4m up 36.8% y-o-y (Q2 2013: -€8.6); normalized EBITDA excludes capital gains and restructuring costs
- Q2 RES EBITDA was -€4.5m compared to -€5.3m y-o-y
- Q2 EES EBITDA was €0.6m, up from -€0.7m y-o-y

Outlook AEG Power Solutions Group



- In the medium-term the goal remains to have top line growth in mid-single digits and an EBITDA margin of 5-10%. Sales for the full year 2014 estimated to be EUR 190-210m.
- Further measures including additional reduction of central costs, business process redesign in the core industrial business, further operational improvements and discontinuation of certain non-core business activities must be implemented in the next six months
- Restoring confidence with business partners remains of utmost importance to the Company.
- The objective is to reach a base of activities where the Company can sustainably and profitably compete

Strategic direction
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Our Competitive Strengths



AEG PS Group provides high quality electrical power supply for mission critical applications

- Expertise in engineering and design of complex, customer specific systems and solutions
- High quality assembly, installation, commissioning, and field service
- R&D excellence and proven ability to bring new technologies and applications to market
- Large installed base and potential for growing services
- Strong brand recognition
- Certified supplier by major customers
- Know-how of energy storage technology

Key Business Activities



Systems & Solutions

Energy Efficiency Solutions (EES)

- Uninterruptible Power Supply (UPS)
- Chargers & DC Systems
- Rectifiers
- Services

Renewable Energy Solutions (RES)

- Power Controls
- Energy Storage
- Solar Inverters
- Micro Grid Solutions

Markets

- Industry & Infrastructure
 - Oil & Gas
 - Transportation
 - Power Generation
 - General Industries
- Commercial
 - Data / IT
 - Facilities

- Industrial processes requiring precise heat or power over time
- Distributed Power Generation
- Network Management
- Solar and other renewables
- Applications following mega trends (ballast water treatment, energy storage, grid stabilisation)

Key Product Offering



Industrial & Commercial Power Supplies

Systems & Solutions

UPS



Battery charger/
DC Systems



Advanced Power Systems

Power 2 Gas
rectifier
system



Voltage
controller

Solar
Inverter



BESS

Applications

Oil &
Gas



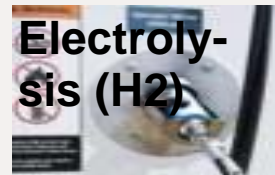
Power
Generation



Data & IT



Electroly-
sis (H2)



Polysilicon



Power
Plants



General
Industry



Transportation



Telecom



Grid
Stabi-
lization



Commer-
cial



Selected Customers



Selected New Industrial Projects Q1 and Q2 2014

AEG PS continues to build its strong position in Oil & Gas, Transportation and Power Generation

ITALY

- Owner: Total E&P Italia
- AEG Contract Value: Ca. €1.8m
- EPC: Tecnimont
- Products: 10 redundant AC UPS and 7 redundant DC UPS systems, NiCd batteries and services
- Application: Central control room, substation
- Project: Tempa Rossa



MIDDLE EAST

- Owner: Major oil & gas company in Saudi Arabia
- AEG Contract Value: Ca. €2.5m
- Via our partner INMA Trading
- Products: 245 24 VDC systems, NiCd batteries, GRP battery box
- Application: Remote power back-up
- Project: Pipeline control system / RTU unit



GERMANY

- Owner: Ministry of Energy Kurdistan
- AEG Contract Value: Ca. €2.2m
- EPC: Siemens Turkiye
- Products: More than 220 MIP DC systems, NiCd batteries and services
- Application: Substation communication systems



MIDDLE EAST

- Owner: Utility company in Qatar
- AEG Contract Value: Ca. €1.7m
- EPC: Siemens
- Products: Several AC (P8 inv) & DC systems, batteries and services
- Application: Substation switchgear protection
- Project: Phase 11



Selected New Industrial Projects Q1 and Q2 2014 (Continued)

SINGAPORE

- Owner: Vietnam railways for Metro
- AEG Contract Value: Ca. €1m
- EPC: HITACHI
- Products: Several DC, all with NiCd batteries and services
- Application: Signaling and substation
- Project: Ho Chi Minh City MRT



MIDDLE EAST

- Owner: Electricity company in Saudi Arabia
- AEG Contract Value: Ca. €1m
- Via our partners INMA Trading and Powerline Solutions
- Products: Several DC systems, NiCd batteries
- Application: Substation switchgear protection
- Project: Saudi 2022



UK

- Owner: Network Rail
- AEG Contract Value: £1.2m
- Delivery: January – May 2014
- Products: SMi2000FE 48VDC power systems
- Application: Power extensions to provide mobile network connectivity
- Project: FTNX



UK

- Owner: Crossrail Ltd (Rail for London)
- Europe's largest construction project
- AEG Contract Value: £3.7m
- Delivery: 2014 – 2018
- Products: Protect 3, Protect 4 AC UPS
- Application: Station emergency lighting and communications
- Project: New rail link through London



**Restructuring program
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First Achievements of the Operational Restructuring Program



Governance	<ul style="list-style-type: none">✓ New ownership structure✓ New committed board with relevant experience✓ Appointment of CRO with control over allocation of resources✓ Establishment of restructuring committee✓ Removal of costs and establishment of clear responsibilities of management
Structural	<ul style="list-style-type: none">✓ Sale of non-strategic assets✓ Closing of unprofitable / cash-consuming operations
Operational	<ul style="list-style-type: none">✓ Allocation of resources to core UPS business✓ Drastic overhead cost reductions✓ Agreement on and partial implementation of workforce reductions✓ Reinforcement of global sales activities in industrial markets

Remaining Operational Restructuring Steps



- First phase headcount and cost reduction initiatives complete; second phase underway
- Prioritise and focus R&D activities
- Continue the implementation of the business process redesign
 - Upgrade and enhance selling skills, processes, directions and disciplines
 - Establish operational excellence regarding supply chain and manufacturing
 - Further improve financial discipline and cost control mechanisms throughout the organisation
 - Apply best practices to workforce management
 - Introduce up-to-date IT architectures
- Upgrade management functions and capabilities
- Focus and incentivise on cash generation

Results of Financial Restructuring Measures




Rights Offering to Shareholders

- Capital increase of €4m successfully accomplished
- Offering was fully underwritten, all 25,109,731 new shares issued could be placed
- Subscription rate amounted to approx. 78%
- Rights not exercised by existing shareholders were sold as private placements to those conducting the underwrite
- Price of the rights offer was €0.16 per share
- Rights offer shares are scheduled to be included in the existing shares listing on 29 August 2014

Exchange Offer to Bondholders

- Creditors of the old bond exercised their acquisition rights to the new shares amounting to approx. 82 % and to the new notes amounting to approx. 84 %
- New shares and new notes for which no acquisition rights were exercised or creditors of the old bond chose cash compensation have been offered in an accelerated bookbuilding on 25/26 August 2014; placement price for these shares was set at €0.26 and for these notes was set at 70%, i.e. €350
- Inclusion of new notes to trading effective already since 27 August 2014 by way of trading on terms of issue; rights offer shares are scheduled to be included in the existing shares listing on 29 August 2014

 After successful closing of the financial restructuring, the Company can now focus exclusively on the continued operational improvement initiatives

Appendix
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AEG PS GROUP – Key Performance Indicators



EURm	Q2 2014	Q2 2013	% change	Q2 2014	Q1 2014	% change
Backlog	104.0	93.8	10.9%	104.0	101.9	2.0%
Orders	54.4	62.9	-13.6%	54.4	64.1	-15.2%
Revenue	52.7	54.6	-3.5%	52.7	45.4	16.1%
Book to Bill	1.03	1.15	-10.5%	1.03	1.41	-27.0%
EBITDA	(9.2)	(10.3)	11.1%	(9.2)	3.7	
<i>% of revenue</i>	<i>-17.4%</i>	<i>-18.9%</i>		<i>-17.4%</i>	<i>8.1%</i>	
Normalized EBITDA	(5.4)	(8.6)	36.8%	(5.4)	(12.9)	58.1%
<i>% of revenue</i>	<i>-10.3%</i>	<i>-15.8%</i>		<i>-10.3%</i>	<i>-28.4%</i>	

%-changes are not shown if considered not to be helpful in the understanding of the KPIs.

Rounding differences may occur.

Historical numbers have been represented to reflect the change in classification of the telecom converter business (CVT/LED).

It is included in the reported financials.

RES – Key Performance Indicators



EURm	Q2 2014	Q2 2013	% change	Q2 2014	Q1 2014	% change
Backlog	16.7	16.5	1.0%	16.7	17.2	-2.9%
Orders	9.9	15.7	-37.0%	9.9	11.2	-11.6%
Revenue	9.4	17.7	-46.6%	9.4	7.3	28.8%
Book to Bill	1.05	0.89	17.9%	1.05	1.54	-31.8%
EBITDA	(4.5)	(5.3)	14.7%	(4.5)	10.3	
<i>% of revenue</i>	<i>-48.0%</i>	<i>-30.0%</i>		<i>-48.0%</i>	<i>141.4%</i>	
Normalized EBITDA	(4.0)	(5.3)	25.1%	(4.0)	(8.2)	51.2%
<i>% of revenue</i>	<i>-42.1%</i>	<i>-30.0%</i>		<i>-42.1%</i>	<i>-113.5%</i>	

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EES – Key Performance Indicators



EURm	Q2 2014	Q2 2013	% change	Q2 2014	Q1 2014	% change
Backlog	87.3	77.3	13.0%	87.3	84.7	3.0%
Orders	44.5	47.2	-5.8%	44.5	53.0	-16.0%
Revenue	43.3	36.9	17.2%	43.3	38.1	13.6%
Book to Bill	1.03	1.28	-19.6%	1.03	1.39	-25.9%
EBITDA	0.6	(0.7)		0.6	(2.0)	
<i>% of revenue</i>	1.5%	-1.9%		1.5%	-5.3%	
Normalized EBITDA	1.3	(0.5)		1.3	(0.7)	
<i>% of revenue</i>	3.1%	-1.4%		3.1%	-1.8%	

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AEG PS GROUP – Derivations & Reconciliations



Reconc. from Reported EBIT to Adj. EBIT, [EURm]	Q2 2014	Derivation of Normalized EBITDA, [EURm]	Q2 2014
Reported EBIT	(12.8)	Adjusted EBIT	(7.4)
Amortization of intangibles on acquisition	1.7	Depreciation charge on tangible assets	1.0
Restructuring costs	1.7	Deprecation charge on intangible assets	0.3
Professional consultancy and other fees	2.0	Other	0.7
Adjusted EBIT	(7.4)	Normalized EBITDA	(5.4)

Derivation of EBITDA, [EURm]	Q2 2014	Reconc. from Reported Net Income to Adj. Net Income, [EURm]	Q2 2014
Reported EBIT	(12.8)	Reported net income	(11.7)
Amortization and impairment of intangibles on acquisition	1.7	Amortization of intangibles on acquisition	1.6
Depreciation charge on tangible assets	0.9	Restructuring costs	1.7
Amortization charge on intangible assets	0.3	Professional consultancy and other costs	2.0
Other	0.7	Estimate tax effect on the above	(1.4)
EBITDA	(9.2)	Adjusted net income	(7.8)

Rounding differences may occur.

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