



Analyst presentation  
Q4 2014 / FY 2014

26 March 2015

**AEG**  
POWER SOLUTIONS

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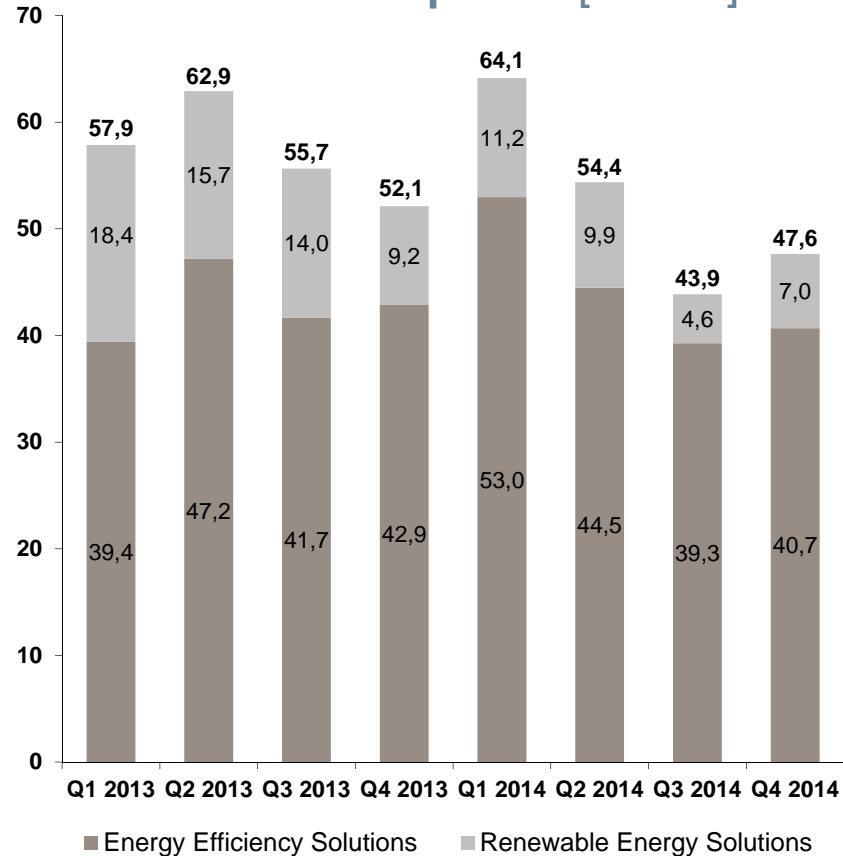
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**Financials**

**Analyst presentation Q4 2014 / FY 2014**

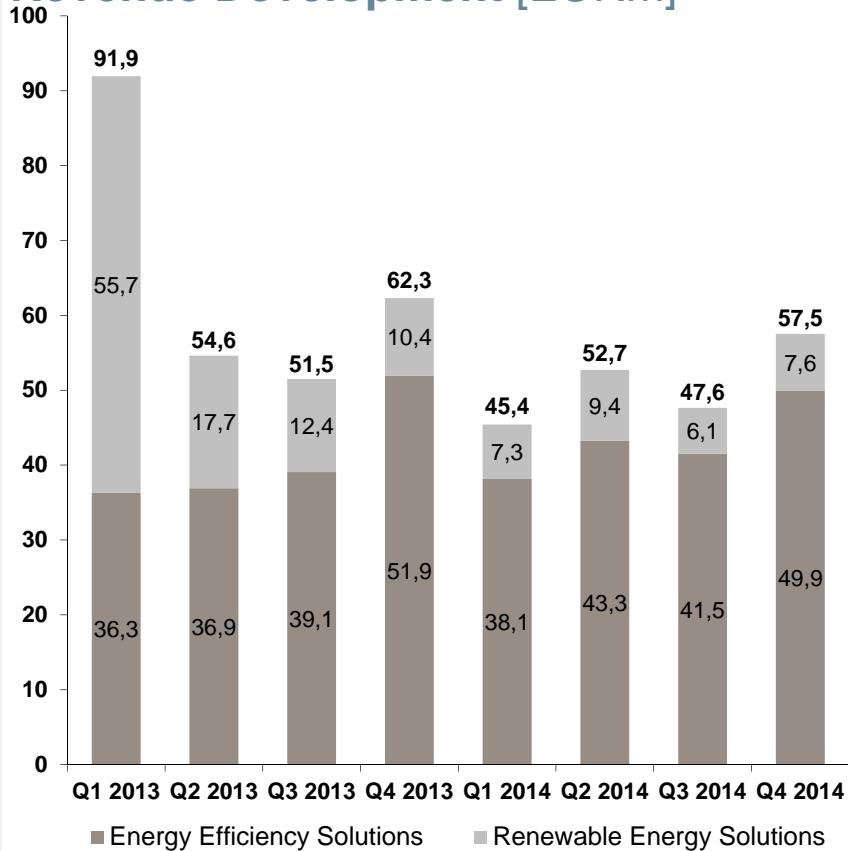
## Order Intake Development [EURm]



## Comments

- Q4 2014 new orders were €47.6m, down 8.6% y-o-y (Q4 2013: €52.1m)
- Q4 2014 order intake was however up 8.6% compared to Q3 2014 (€43.9m)
- Q4 2014 RES orders were €7.0m, down 24.4% y-o-y (Q4 2013: €9.2m), due to restructuring measures taken and the weak market situation
- Q4 2014 EES orders were €40.7m, down 5.2% y-o-y (Q4 2013: €42.9m) but positively affected by the industrial business
- The overall decrease was expected and resulted largely from the comprehensive restructuring, including certain closures and divestitures, as well as the difficult macroeconomic environment

## Revenue Development [EURm]



## Comments

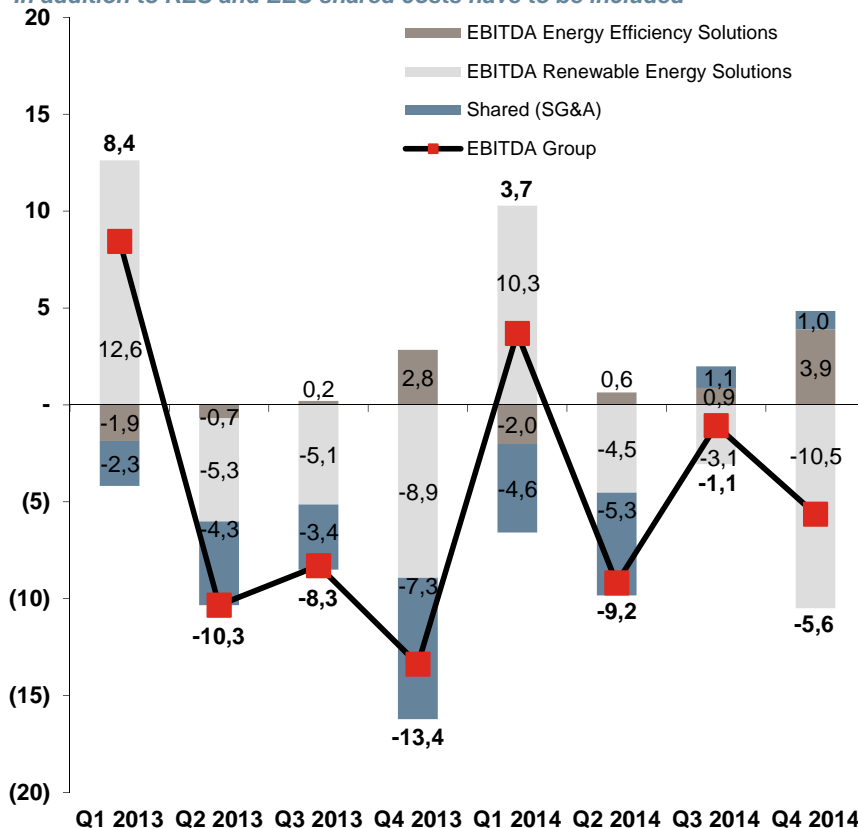
- Q4 2014 revenues were €57.5m, down 7.7% y-o-y (Q4 2013: €62.3m)
- Q4 2014 revenues increased 20.8% against Q3 2014 (47.6m)
- Q4 2014 RES revenues were €7.6m, down 26.5% y-o-y (Q4 2013: €10.4m) as a result of the drop in underlying Solar and POC markets as well as the Group's divestments
- Q4 2014 EES revenues were €49.9m, down 3.9% compared with a strong Q4 2013 (€51.9m)
- With full year 2014 revenues of €203.3m the Company fulfilled its guidance which had been provided following the financial restructuring in mid-2014

# AEG PS GROUP – EBITDA development



## EBITDA Development [EURm]

In addition to RES and EES shared costs have to be included



## Comments

- Q4 2014 EBITDA was - €5.6m, up 57.8% y-o-y (Q4 2013: - €13.4m)
- Q4 2014 Normalized EBITDA was positive with €1.8m (Q4 2013: €1.8m), demonstrating the Company's ability for achieving profits in operating business; normalized EBITDA excludes capital gains and restructuring costs
- Q4 2014 RES EBITDA was - €10.5m, down 17.6% y-o-y (Q4 2013: - €8.9m)
- Q4 2014 EES EBITDA was €3.9m, up 36.9% y-o-y (Q4 2013: €2.8m)
- Most important driver for the Group's profit situation was the restructuring
- In full year 2014 total costs were reduced by €25.2m on a like for like basis (excluding sold assets / discontinued operations)

# OUTLOOK AEG POWER SOLUTIONS GROUP



- Financial and operational restructuring resulted in a strengthened balance sheet with a solid equity ratio of 22.5% (€44.0m) and improved position of cash and cash equivalents of €29.9m as at 31 December 2014.
- The effects of the operational improvements are narrowing the losses and provide evidence that the Company continues to recover and is stabilizing its position.
- Following successful restructuring of the Group's financials, asset sales and closing of affiliates, the Company is focused on internal measures for achieving continuous improvement and to expand market share.
- A future challenge will be to develop and implement a customer-facing organization that is proactive, receptive to input and adaptive to changing commercial environments.
- The unrectified situation in Russia and Ukraine, the volatility and decline in oil price as well as an uncertain economic perspective is having an impact on current trading.
- The Company expects revenue for 2015 to be in line with the revenues of 2014 on a like for like basis.

**Strategic direction**

**Analyst presentation Q4 2014 / FY 2014**



# OUR COMPETITIVE STRENGTHS



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

- Best in class 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 PRODUCT OFFERING



## Industrial & Commercial Power Supplies

Systems & Solutions

UPS



Battery charger/  
DC Systems



Applications

Oil &  
Gas



Power  
Generation



Data & IT



Electrolysis  
(H<sub>2</sub>)



Polysilicon



Power Plants



General  
Industry



Transportation



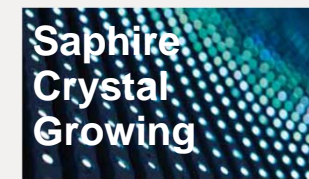
Telecom



Grid stabi-  
lization



Sapphire  
Crystal  
Growing



Commercial



## Advanced Power Systems

Power to  
Gas rectifier  
system



Voltage  
controller



BESS

Solar  
Inverter



# SELECTED CUSTOMERS



# MAJOR PROJECTS – Selected New & Ongoing Industrial Projects Q4 2014

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

### France

- Owner: Institut Laue Langevin
- AEG Contract Value: Ca.0.2m €
- Products: Seismic proof Chargers and inverters
- Application: Neutron research facility power supply



### Middle East

- Owner :Emirates Nuclear Energy Corporation/TRANSCO Abu Dhabi Transmission and Dispatching Company
- AEG Contract Value: Ca. €0.8m Via our partner MDS
- Products: Protect RSC
- Application: control system and the monitoring station of the power distribution center
- Project: Nuclear Power Plant



### Germany

- Owner: Ministry of Energy Kurdistan
- AEG PS 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 PS Contract Value: Ca. €1.7m
- EPC: Siemens
- Product: Several AC (P8 inv) & DC systems, batteries and services
- Application: Substation switchgear protection
- Project: Phase 11



# MAJOR PROJECTS – Ongoing Industrial Projects Q4 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 spa
- Products: 15 AC UPS, 4 DC UPS systems, 6 combined A.C. and D.C. systems, NiCd batteries and services
- Application: Central control room, substation
- Project: Tempa Rossa



# MAJOR PROJECTS – Selected New Industrial Projects Q4 2014 & Q1 2015

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

### China / Germany

- Owner: Chinese Nuclear Power Engineering Company (CNPEC)
- AEG PS Contract Value: Ca. €0.7m
- Products: 8 + 9 Seismic proof inverters and services
- Application: E qualified power supplies
- Project: Daya Bay/Ling Ao



### Middle East

- Owner: BP
- AEG PS Contract Value: Ca. €2.7m
- EPC: Petrofac
- Products: Dual Protect 8 AC & DC UPS systems with VRLA AGM battery content. 7 AC units and 7 DC units
- Application: critical operations
- Project: BP Khazzan project (Oman)



### Germany

- Owner: Bombardier
- AEG Contract Value: Undisclosed-frame contract possibly until 2023
- First phase: 130 locomotives to be equipped
- Products: on-board battery chargers, inverters and DC/DC converters
- Application: Locomotives on board power supply



### Middle East

- Owner: Saudi Arabian Major Oil player
- AEG PS Contract value: Ca. €1.4m
- Products: AC UPS and VRLA batteries
- Application: Hospital
- Project: Social corporate initiative



# MAJOR PROJECTS – New Advanced Systems Projects Q4 2014 / Q1 2015

## AEG PS innovates and builds pilot and operational projects in off-grid and on-grid energy storage

### Spain

- Owner: Iberdrola
- Project value: €0.5m
- R&D Consortium with Tecnalia & Iberdrola
- Products: Full on-grid energy storage solution (BESS) including Batteries, Wireless Battery Management system, Storage Converter (SC AEG PS range) and Local Monitoring Unit
- Application: Grid stabilization and energy storage for renewables and smart grids networks
- Project: SAGER 600 Kwh



### Africa

- Owner: Electricité de Mali (EDM)
- AEG PS Contract Value: Ca. €3.2m
- Via our partner ZED SA
- Products: Full Hybrid off-grid power plant
- Application: Power generation and storage
- Project: Cities of Nara, Diema and Ansongo



**Restructuring program**  
**Analyst presentation Q4 2014 / FY 2014**



# 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 were 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 since 27 August 2014 by way of trading on terms of issue; rights offer shares were included in the existing shares listing on 29 August 2014

 After successful closing of the financial restructuring, the Company is focused exclusively on the continued operational improvement initiatives

# RESULTS OF FINANCIAL RESTRUCTURING MEASURES



- Successful conversion of the bond resulted in:
  - Reduction in loans from €100m to €50m in exchange for 45.200.000 new shares (debt to equity)
  - Reduced interest expense from 9.25% p.a. (flat) to an initial rate of 4.00% p.a. with annual step up of 2% per year to a maximum of 12.00% p.a.
  - Extended maturity to 29 August 2019
  - New bond is freely pre-payable at any time
- Cash capital increase from authorized capital and successful placement of 25,109,731 new shares at a price of €0.16 means cash inflow of about €4 million

The conversion of the bond and the capital increase resulted in a substantial improvement of the Company's equity which represented 22.5% of the total balance sheet as at 31 December 2014

**Appendix**

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## AEG PS GROUP – Key Performance Indicators



EURm	Quarter to December			Twelve months to December		
	Q4 2014	Q4 2013	% change	2014	2013	% change
Order backlog	85.7	85.2	0.6%	85.7	85.2	0.6%
Orders	47.6	52.1	-8.6%	210.0	228.5	-8.1%
Revenue	57.5	62.3	-7.7%	203.3	260.3	-21.9%
Book to Bill	0.83	0.84	-1.0%	1.03	0.88	17.7%
EBITDA	(5.6)	(13.4)	57.8%	(12.2)	(23.6)	48.2%
<i>% of revenue</i>	-9.8%	-21.5%		-6.0%	-9.1%	
Normalized EBITDA	1.8	1.8	1.8%	(17.7)	(5.3)	
<i>% of revenue</i>	3.1%	2.9%		-8.7%	-2.0%	

%-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 for comparative purposes.

## RES – Key Performance Indicators



EURm	Quarter to December			Twelve months to December		
	Q4 2014	Q4 2013	% change	2014	2013	% change
Backlog	8.0	14.1	-42.9%	8.0	14.1	-42.9%
Orders	7.0	9.2	-24.4%	32.6	57.4	-43.1%
Revenue	7.6	10.4	-26.5%	30.5	96.1	-68.3%
Book to bill	0.92	0.89	2.9%	1.07	0.60	79.5%
EBITDA	(10.5)	(8.9)	-17.6%	(7.8)	(6.8)	-15.4%
<i>% of revenue</i>	<i>-137.7%</i>	<i>-86.0%</i>		<i>-25.6%</i>	<i>-7.0%</i>	
Normalized EBITDA	(0.6)	(1.1)	45.8%	(18.7)	1.2	<i>na</i>
<i>% of revenue</i>	<i>-7.9%</i>	<i>-10.8%</i>		<i>-61.4%</i>	<i>1.2%</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 for comparative purposes.

## EES – Key Performance Indicators



EURm	Quarter to December			Twelve months to December		
	Q4 2014	Q4 2013	% change	2014	2013	% change
Backlog	77.7	71.1	9.2%	77.7	71.1	9.2%
Orders	40.7	42.9	-5.2%	177.4	171.2	3.6%
Revenue	49.9	51.9	-3.9%	172.8	164.2	5.3%
Book to bill	0.82	0.83	-1.3%	1.03	1.04	-1.5%
EBITDA	3.9	2.8	36.9%	3.4	0.5	
<i>% of revenue</i>	7.8%	5.5%		2.0%	0.3%	
Normalized EBITDA	2.4	6.7	-63.8%	3.6	5.7	-35.9%
<i>% of revenue</i>	4.9%	13.0%		2.1%	3.5%	

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# AEG PS GROUP – Balance Sheet



ASSETS, [EURm]	December 31, 2014	December 31, 2013	OWNER'S EQUITY / LIABILITIES, [EURm]	December 31, 2014	December 31, 2013
Property, plant and equipment	26.8	30.2	Share capital	0.8	12.5
Intangible assets	33.9	54.4	Share premium	418.8	383.8
Goodwill	12.0	13.1	Retained earnings	(354.5)	(359.3)
Other non-current financial assets	1.7	3.6	Reserve for own shares	(22.9)	(22.9)
Deferred tax assets	1.4	-	Cumulative translation adjustment	1.7	3.6
<b>Total non-current assets</b>	<b>75.7</b>	<b>101.3</b>	<b>Total equity attrib. to equity holders</b>	<b>44.0</b>	<b>17.8</b>
Inventories	32.3	45.9	Loans and borrowings	37.8	99.3
Trade and other receivables	54.6	60.7	Employee benefits	28.6	26.1
Prepayments	2.8	0.6	Deferred tax liabilities	-	3.8
Cash and cash equivalents	29.9	32.7	Provisions	12.0	6.4
<b>Total current assets</b>	<b>119.6</b>	<b>139.9</b>	<b>Total non-current liabilities</b>	<b>78.3</b>	<b>135.6</b>
<b>Total assets</b>	<b>195.3</b>	<b>241.2</b>	Loans and borrowings	2.6	6.2
			Trade and other payables	56.9	69.4
			Income tax liabilities	0.1	0.8
			Deferred income	5.6	5.8
			Provisions	7.7	5.5
			<b>Total current liabilities</b>	<b>73.0</b>	<b>87.8</b>
			<b>Total equity and liabilities</b>	<b>195.3</b>	<b>241.2</b>

Rounding differences may occur.

# AEG PS GROUP – Derivations & Reconciliations



Reconc. from Reported EBIT to Adj. EBIT, [EURm]		2014	Derivation of Normalized EBITDA, [EURm]		2014
<b>Reported EBIT</b>		<b>(34.6)</b>	<b>Adjusted EBIT</b>		<b>(25.3)</b>
Amortization of intangibles on acquisition		6.5	Depreciation charge on tangible assets		3.7
Accelerated amortization of intangibles on acquisition		7.7	Deprecation charge on intangible assets		1.1
Impairment of goodwill and intangibles on acquisition		1.1	Other		2.9
Restructuring charge/(release)		11.3	<b>Normalized EBITDA</b>		<b>(17.7)</b>
Capital gain on sale of POC Modules		(18.3)	<b>Reconc. from Reported Net Income to Adj. Net Income, [EURm]</b>		<b>2014</b>
Reversal of) impairment of tangible assets		(1.5)	<b>Reported net income</b>		<b>7.5</b>
Impairment of intangible assets		1.0	Regular amortization of intangibles on acquisition		6.5
(Reversal of) impairment of working capital		(0.9)	Accelerated amortization of intangibles on acquisition		7.7
Professional consultancy and other costs		2.4	Impairment of goodwill and intangibles on acquisition		1.1
<b>Adjusted EBIT</b>		<b>(25.3)</b>	Restructuring charge/(release)		11.3
<b>Derivation of EBITDA, [EURm]</b>		<b>2014</b>	Capital gain on sale of POC Modules		(18.3)
<b>Reported EBIT</b>		<b>(34.6)</b>	Professional consultancy and other costs		2.4
Amortization and impairment of intangibles on acquisition		15.3	(Reversal of) impairment of tangible assets		(1.5)
Depreciation charge on tangible assets		2.1	(Reversal of) impairment of intangible assets		1.0
Amortization charge on intangible assets		1.0	(Reversal of) impairment of working capital		(0.9)
Other		4.0	Estimate tax effect on the above		(7.2)
<b>EBITDA</b>		<b>(12.2)</b>	<b>Adjusted net income</b>		<b>9.6</b>

Rounding differences may occur.



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