



Bondholders' Meeting

April 9th, 2014

AEG
POWER SOLUTIONS

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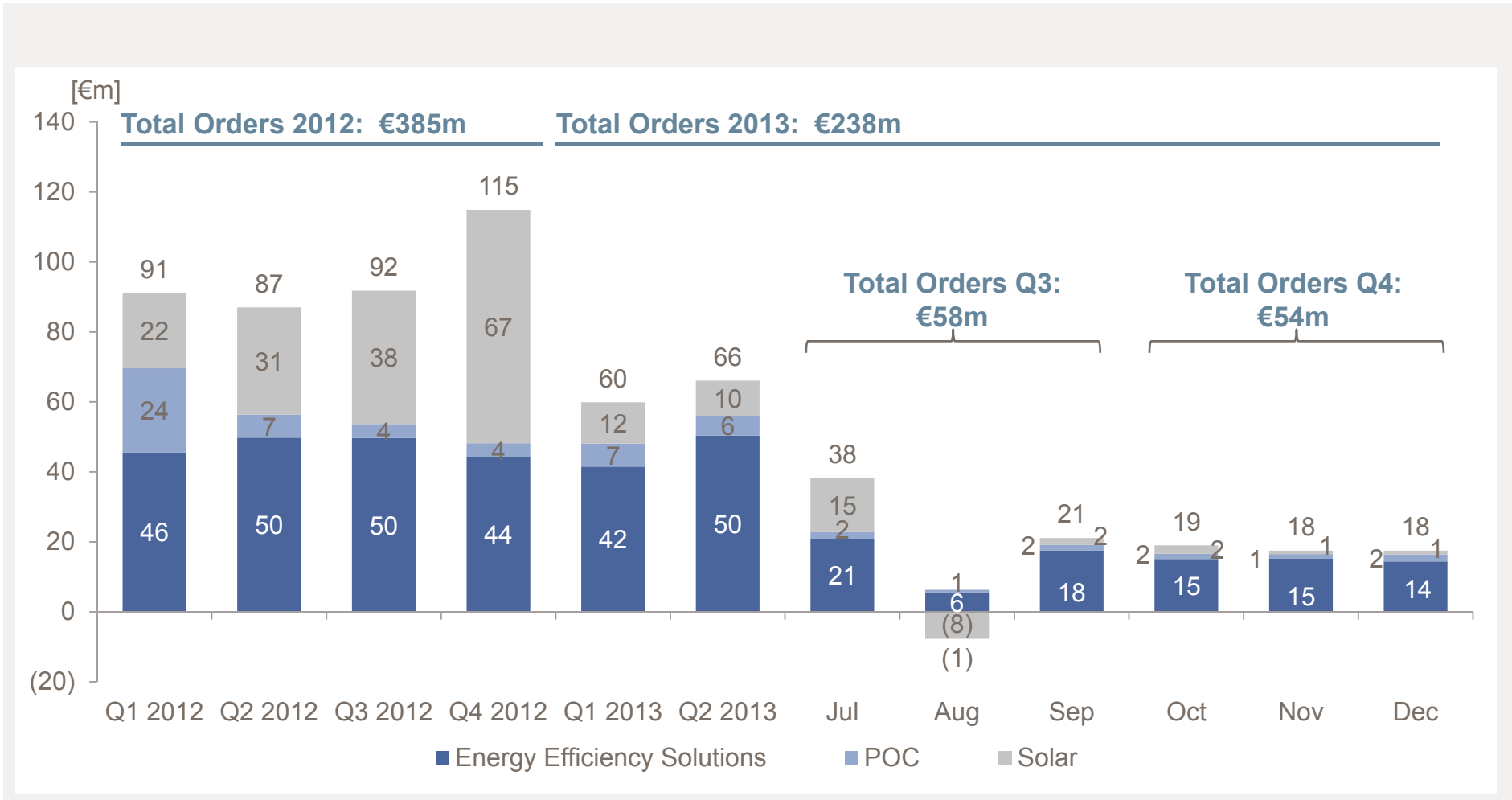


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I. Situation



Order Intake



Analysis of the Crisis



Business Downturn 2011 – 2013

- Deterioration of business situation since end of 2011 principally in Solar and POC
- Failure to adjust fixed costs to reduced business opportunities
- No previous achievement of operational improvements
- Increase in number of loss making activities

Complex Management Structure

- Multidimensional management organisation diffusing responsibilities and accumulating costs
- Low attention to comprehensive business redesign
- Lack of adequate investments in IT architecture

Inappropriate Capital Structure

- Current capital structure not suitable for Company's assets, performance, profitability or future outlook
- Current gross debt at ca. €125 million.
- Annual bond coupon of €9.3 million puts large strain on Company's liquidity

Customer and Supplier Uncertainty

- General market uncertainty about the solvency of AEG PS
- Orders not awarded or cancelled because of financial situation
- Worsening payment conditions by suppliers
- Inability to obtain credit insurance and performance bonds to fund core operations

Implications for the Restructuring



A comprehensive restructuring approach must address all dimensions of the Company

Financial

- Restructure the bond
- Re-establish bankability (e.g., performance bonds)
- Restore trust by credit insurers and business partners
- Focus on cash generation

Operations

- Redesign business processes with focus on efficiency
- Focus business resources on core business (UPS)
- Close / divest non-core or loss-making activities
- Right-size operational headcount
- Prioritise and focus R&D activities

Overhead

- Shift selected headquarter functions to operational units
- Establish clear, lean and empowered management structure
- Reduce headcount
- Upgrade business processes in sales, marketing, IT, HR, finance etc.

Illustrative Gives and Gets Analysis



The stakeholders have to contribute to the turnaround to make it a success

Stakeholder	Gives	Gets
Company	<ul style="list-style-type: none"> • Rightsizing • Focus on core business • Process improvements 	<ul style="list-style-type: none"> • Mid-term recovery • Acceptance in the market place • Liquidity to conduct the business
Management	<ul style="list-style-type: none"> • Restructuring efforts • Hard work 	<ul style="list-style-type: none"> • Path to growth and success • Incentive scheme aligning to Company goals
Existing Shareholders	<ul style="list-style-type: none"> • Substantial dilution • Provision of fresh investment money 	<ul style="list-style-type: none"> • Possibility of share price appreciation • Opportunity to invest
Bondholders	<ul style="list-style-type: none"> • Reduction of nominal • Interest rate adjustment • Extension of maturity 	<ul style="list-style-type: none"> • Additional security • Equity participation • Attractive recovery potential
Suppliers	<ul style="list-style-type: none"> • Abandon restrictive payment terms 	<ul style="list-style-type: none"> • Future business relationship • Strong partner
Customers	<ul style="list-style-type: none"> • Loyalty 	<ul style="list-style-type: none"> • Top class products • Stable business relationship
Employees	<ul style="list-style-type: none"> • Redundancies / social agreements • Commitment to change 	<ul style="list-style-type: none"> • Improved job security

II. Financial Restructuring Measures



Key Objectives of the Financial Restructuring



The proposed financial restructuring is essential for the survival of AEG PS

- De-leveraging of the Company to a sustainable level
- Attractive recovery for bondholders with chance to exceed 100%
- Investment opportunity for committed shareholders
- Alignment of management and bondholder interests

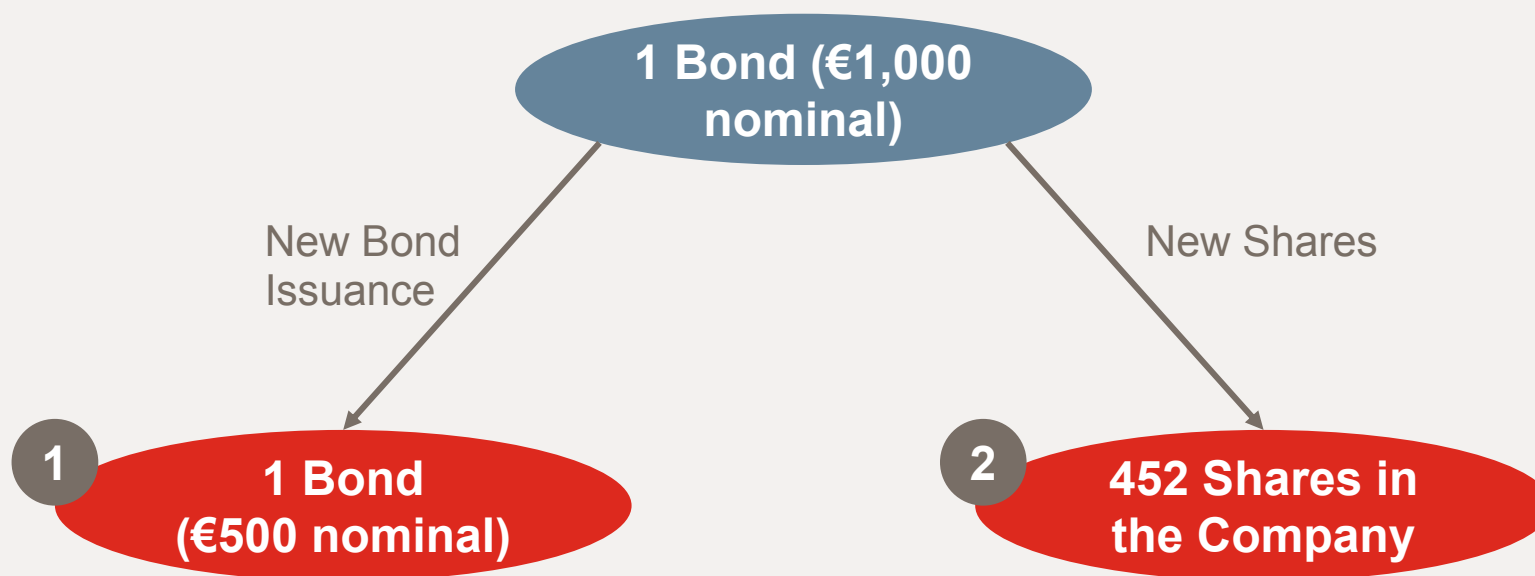


The financial restructuring sets the stage for the successful future of AEG PS

Summary Restructuring Proposal



Each existing bond exchanges into a new bond plus 452 shares in the Company



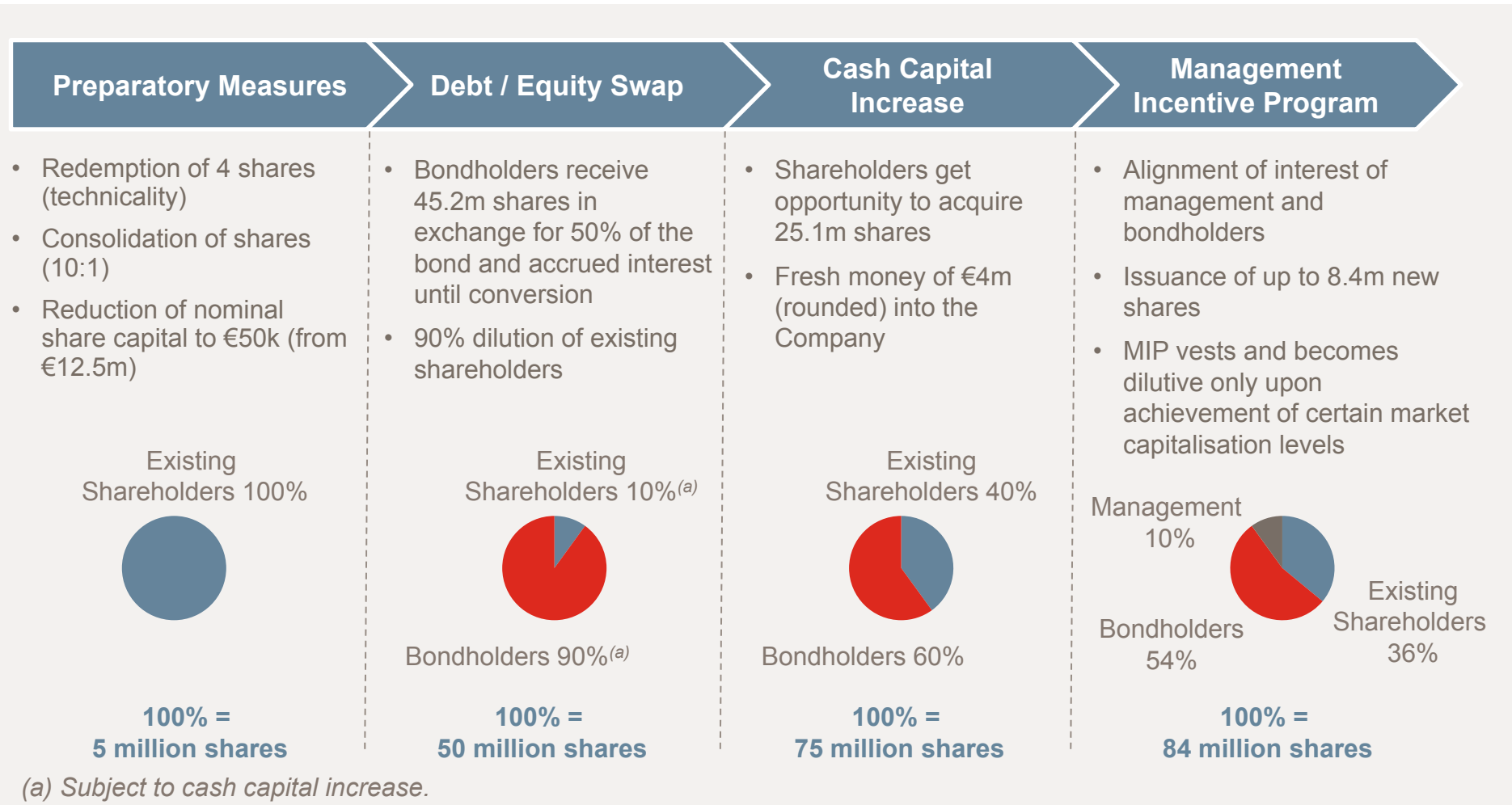
Key Terms of New Bond



Bondholders receive better security in exchange for market-adjusted interest rates and extended repayment terms

#	Criteria	Key Terms
1.	Issuer	<ul style="list-style-type: none"> 3W Power SA, Luxembourg, or legal successor
2.	Guarantor	<ul style="list-style-type: none"> Guarantees from subsidiaries of the Issuer constituting more than 85% of Group sales
3.	Nominal	<ul style="list-style-type: none"> €50 million
4.	Maturity	<ul style="list-style-type: none"> Five years after issuance
5.	Interest	<ul style="list-style-type: none"> Interest rate of 4% in year 1 Interest rate increases by 2 percentage points each year (rate of 12% in year 5) Semi-annual payment
6.	Security	<ul style="list-style-type: none"> Share pledge of subsidiaries of the Issuer constituting more than 85% of Group sales Current accounts of Issuer and claims from intercompany loans by parent companies to pledged subsidiaries
7.	Other	<ul style="list-style-type: none"> Team Treuhand GmbH is Common Representative and has information rights toward the Issuer

Capital Measures – Step-by-Step



Illustrative Economic Analysis of Bondholders' Recovery



The restructuring proposal offers bondholders the potential for full recovery

[€m]	25	50	95	139
Market Capitalisation				
Implied Share Price	€0.33	€0.65	€1.16	€1.66
Ownership				
<i>Bondholders</i>	60.0%	58.5%	55.5%	54.0%
<i>Existing Shareholders</i>	40.0%	39.0%	37.0%	36.0%
<i>Management</i>	0.0%	2.5%	7.5%	10.0%
New Bond	50	50	50	50
Equity Value for Bondholders	15	29	53	75
Total Value to Bondholders	65	79	103	125
Recovery	65%	79%	103%	125%

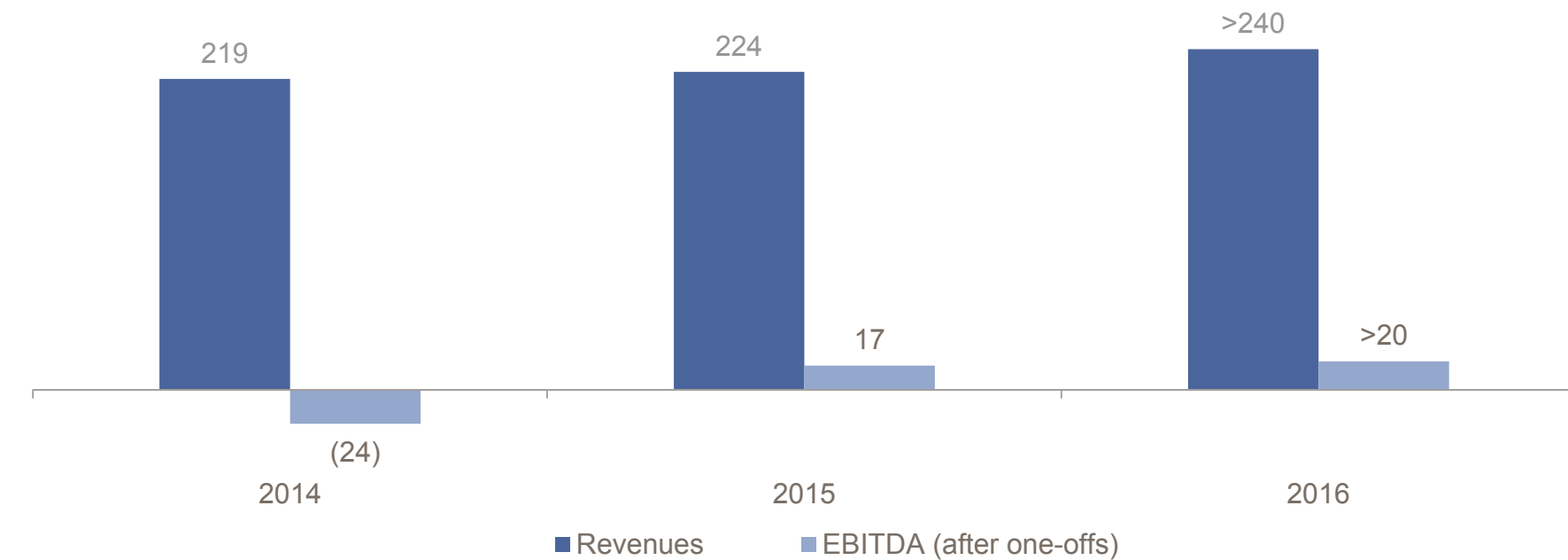
Financial Outlook 2014 – 2016



By 2015, AEG will regain profitability

After successful restructuring

[€m]



III. Key Operational Elements of the Future AEG PS



First Achievements of the Operational Restructuring Program



Governance	<ul style="list-style-type: none">✓ Change in 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 in 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



- Complete non-strategic asset divestitures
- Complete started and agreed headcount and cost reduction initiatives
- 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 practice in workforce management
 - Introduce up to date IT architecture
- Upgrade management functions and capabilities
- Focus and incentivise on cash generation

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



	<u>Industrial & Commercial Power Supplies</u>	<u>Advanced Power Systems</u>
Systems & Solutions	<ul style="list-style-type: none">• Uninterruptible Power Supply (UPS)• Chargers & DC Systems• Rectifiers• Services	<ul style="list-style-type: none">• Power Controls• Energy Storage• Solar Inverters• Micro Grid Solutions
Markets	<ul style="list-style-type: none">• Industry & Infrastructure<ul style="list-style-type: none">– Oil & Gas– Transportation– Power Generation– General Industries• Commercial<ul style="list-style-type: none">– Data / IT– Facilities	<ul style="list-style-type: none">• 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)

Selected Customers



IV. Next Steps



Next Steps



First Bondholders' Meeting

- Wednesday, **April 9th, 2014**
- Voting on the Financial Restructuring Plan including the authorisation of Team Treuhand GmbH as common representative in connection with the exchange of the Bond
- **Quorum of 50%** (not achieved)
- 75% majority required

Second Bondholders' Meeting

- Monday, **May 5th, 2014**
- Voting on the Financial Restructuring Plan including the authorisation of Team Treuhand GmbH as common representative in connection with the exchange of the Bond
- **Quorum of 25% necessary**
- 75% majority required

Implementation

- **Late Summer 2014**
- Shareholders' Meeting after Bondholders' resolutions are executable
- Implementation of capital measures
 - Share Split
 - Capital Reduction
 - Debt / Equity Swap
 - Cash Capital Increase
- Issuance of new bond

Please exercise your voting rights and help the restructuring succeed.

Thank you for your support!

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