Interim Management Statement

May 13, 2015

3W Power/AEG Power Solutions reports results for Q1 2015

- **Core business is stable once adjusted for restructuring measures and continued reduction of operating costs**
- **Results are impacted by project cancellations and postponements in areas of turmoil in the Middle East and lower volumes tied to the drop in oil prices**
- **Group continues to rebuild and strengthen management personnel who are driving results**
- **Segment reporting adjusted to better reflect the change in organizational structure**
- **Authorized share capital to be increased at upcoming EGM to retain flexibility and seize potential opportunities**

Luxembourg / Zwanenburg, The Netherlands – May 13, 2015. 3W Power S.A. (ISIN LU1072910919, 3W9K), the holding company of AEG Power Solutions Group, a global provider of UPS systems and power electronic solutions for industrial, commercial, renewable and distributed energy markets, today announced its results for Q1 2015.

Change in reportable segments

The Group will no longer distinguish its operating results between product clusters divided into the previous segments "Renewable Energy Solutions" (RES) and "Energy Efficiency Solutions" (EES), but will have just one reportable business segment – "Industrial Products and Services" (IPS) – going forward, in combination with a reportable unallocated segment ("Unallocated") that represents non business related expenses (corporate-and holding companies related expenses, e.g. listing and Group audit fees). In addition to the reportable IPS segment, the Group reviews its business activities through analyzing the key vertical markets and develops product and service offerings to address these needs. The geographical allocation of customers' locations provides information on the demand side as well as on underlying economic and political developments that may affect demand. This set of data will contribute to the Company's growth ambitions in the coming years.

Change in organizational structure

The restructuring measures taken in 2014 resulted into dedicated focus on the Company's core business activities offering Industrial and commercial UPS solutions across key vertical markets in critical infrastructure such as Oil & Gas, Power Generation (including Nuclear), Transportation and Data & IT. In addition, the Company continues to pursue key new technology innovation in Grid & Storage applications including power to gas/heat and battery energy storage solutions (BESS). In line with this vertical market end-customer structure the Company is reinforcing and building out the organization to better meet and serve the needs of its customers. To reflect this business approach AEG Power Solutions Group has made a change to its reportable segment structure starting with the current Q1 2015 publication of its operating results.

Group results

(in € million)	Q1 2015	Q1 2014	Δ in %	Q1 2015	Q4 2014	Δ in %
Order backlog	88.0	101.9	-13.6	88.0	85.7	2.7
Orders	43.4	64.1	-32.3	43.4	47.6	-8.8
Revenue	38.4	45.4	-15.4	38.4	57.5	-33.2
Book to Bill	1.1	1.4	-20.0	1.1	0.8	36.5
EBITDA	(3.4)	3.7	na	(3.4)	(5.6)	39.3
EBITDA margin	-8.9%	8.1%		-8.9%	-9.7%	
Normalized EBITDA	(3.7)	(12.9)	71.3	(3.7)	1.8	na
Normalized EBITDA margin	-9.6%	-28.4%		-9.6%	3.1%	

Industrial Products and Services (IPS) [1]

(in € million)	Q1 2015	Q1 2014	Δ in %	Q1 2015	Q4 2014	Δ in %
Order backlog	88.0	94.8	-7.2	88.0	85.7	2.7
Orders	43.4	59.8	-27.4	43.4	47.6	-8.8
Revenue	38.4	41.6	-7.7	38.4	57.5	-33.2
Book to Bill	1.1	1.4	-21.4	1.1	0.8	36.5
EBITDA	(1.4)	8.9	Na	(1.4)	(5.2)	73.1
EBITDA margin	-3.6%	21.4%		-3.6%	-9.0%	
Normalized EBITDA	(2.6)	(8.5)	69.4	(2.6)	3.2	na
Normalized EBITDA margin	-6.8%	-20.4%		-6.8%	5.6%	

[1]For the IPS segment, Q1 2015 orders and revenue numbers correspond to those of the Group, historical numbers of Q1 2014 and Q4 2014 have been adjusted by adding the previous reportable RES and EES segments, adjusted for the operating results of discontinued operations (sale of Skytron and India), enabling a like-for-like comparison of the Company's operating activities.

Unallocated

(in € million)	Q1 2015	Q1 2014	Δ in %	Q1 2015	Q4 2014	Δ in %
EBITDA	(2.0)	(4.6)	*56.4*	(2.0)	1.0	*na*
Normalized EBITDA	(1.1)	(4.0)	*72.5*	(1.1)	0.0	*na*

Geographical allocation

(in € million)	Q1 2015	Q1 2014	Δ in %	Q1 2015	Q4 2014	Δ in %
Orders						
Europe excl. Germany	24.7	23.4	*5.6*	24.7	16.1	*53.4*
Germany	9.0	10.4	*-13.5*	9.0	15.0	*-40.0*
Asia	7.8	11.9	*-34.5*	7.8	6.0	*30.0*
Africa/Middle East	1.2	12.0	*-90.0*	1.2	8.7	*-86.2*
Rest of the world	0.7	2.1	*-66.7*	0.7	1.8	*-61.1*
Total orders	**43.4**	**59.8**	***-27.4***	**43.4**	**47.6**	***-8.8***
thereof products	*29.7*	*44.8*	*-33.7*	*29.7*	31.9	*-6.9*
thereof services	*13.7*	*15.0*	*-8.7*	*13.7*	15.7	*-12.7*
Revenue						
Europe excl. Germany	14.6	18.6	*-21.5*	14.6	20.6	*-29.1*
Germany	10.1	11.4	*-11.4*	10.1	14.9	*-32.2*
Asia	5.9	6.6	*-10.6*	5.9	12.2	*-51.6*
Africa/Middle East	6.3	3.9	*61.5*	6.3	7.7	*-18.2*
Rest of the world	1.5	1.1	*36.4*	1.5	2.1	*-28.6*
Total revenue	**38.4**	**41.6**	***-7.7***	**38.4**	**57.5**	***-33.2***
thereof products	*26.5*	*29.2*	*-9.2*	*26.5*	*41.8*	*-36.6*
thereof services	*11.9*	*12.4*	*-4.0*	*11.9*	*15.7*	*-24.2*

AEG Power Solutions finished Q1 2015 with €43.4 million in orders. Compared to Q1 2014, orders were down 32.3% (Q1 2014: €64.1 million), compared to Q4 2014, orders were down 8.8% (Q4 2014: €47.6 million). The Group was affected by a change in product mix; Q1 2015 order intake included €1.2 million for POC and SOLAR solutions compared to Q1 2014 €11.2 million and Q4 2014 €3.6 million. Adjusted for these numbers, the order intake for core IPS business activities was as follows; Q1 2015 €42.2 million; Q1 2014 €52.9 million (down 20.2%) and Q4 2014 €44.0 million (down 4.1%). The remaining difference with Q1 2014 of €10.7 million is attributable to large orders received in Q1 2014 in the Oil and Gas segment (Middle East €4.9 million and Rest of Europe €2.1 million) and in the Transportation segment (Asia €0.8 million). The macroeconomic situation resulting from the military conflicts in Africa/Middle East and the decline in oil prices are affecting the Company's order intake in projects in the Oil and Gas segment as several orders expected in the Middle East region are suspended. The Oil and Gas segment represents about 25% of our total business. The Transportation Segment included for Q1 2014 a signed frame agreement with Bombardier and the order from Crossrail following the signed frame agreement in 2014. Q4 2014 adjusted order intake included a one-time €3.5 million order for a battery energy storage systems solution from a customer located at Mali. The Revenue of this project will be recognized in Q2 2015.

Group revenue in Q1 2015 was €38.4 million, down 15.4% year-on-year (Q1 2014: €45.4 million) and down 33.2% compared to Q4 2014 (€57.5 million). Adjusted for the aforementioned change in the product mix Q1 2015 revenue included €2.4 million for POC and SOLAR solutions; Q1 2014 €7.3 million and Q4 2014 €7.6 million. The revenue for core IPS business activities in Q1 2015 was €36.0 million, Q1 2014 €34.3 million (up 4.7%) and Q4 2014 €49.9 million (down 28.0%). The Q4 2014 deviation is mainly affected by the seasonal revenue pattern. Revenue recognized in the Transportation segment is promising; all other segments are in line or just below expectations.

Q1 2015 EBITDA came to - €3.4 million (Normalized EBITDA, which is EBITDA impacted by one-time transactions, was - €3.7 million), compared to Q1 2014 EBITDA of €3.7 million (Q1 2014 Normalized EBITDA: - €12.9 million). The reported EBITDA for Q1 2014, however, included a €18.2 million one-time capital gain resulting from the sale of the POC modules business to Advanced Energy Systems in February 2014 (Q1 2015 included €1.0 million capital gain from Advanced Energy Systems).

Adjusted for this extraordinary effect in the previous year, losses have narrowed substantially in the period under review, as positive one-time effects of just €1.0 million on balance were included in Q1 2015 EBITDA. The significant reduction in fixed operating costs deriving from the operational restructuring measures contributed to this development. Q1 is typically the weakest quarter of the year.

The Group's cash position on March 31, 2015 closed at €25.8 million, €3.5 million lower than at the end of fiscal 2014.

The separate disclosure of service-related orders and revenue moreover reveals management's objective of shaping the various services activities into an established services business. The reason for this is that services contribute to the defined growth objectives, independently of the defined growth in markets. In general, services allow the Group to develop the installed customer base and present opportunities to offer a full set of products, especially post completion of large project transactions.

The Group is in the midst of a difficult business transformation and development path that requires sustained effort to overcome the obstacles and foster the structural improvements necessary to create a sustained and profitable business. Creating a customer-facing organization that is proactive, receptive to input and adaptive to changing commercial environments is a necessity for achieving the intended goals. This includes the transformation of a previously uncompetitive structure into a customer-centric, lean and flexible organization. Moreover, the Company wants to enter into selective initiatives that increase its footprint for delivering projects and services in key markets where opportunities exist.

Recent business developments, the opening of the Houston sales office in close proximity to our Oil and Gas customers, successful project wins across all key markets such as the recent award of a marine order in Italy and a transportation order following the signed frame agreement in the UK underscores the strength of the Group's competitive position and the reputation that it maintains.

Additions to the management team of several new leaders in the Middle East, UK and Germany in sales, finance and product management are having a material impact on the improvement of the business.

Outlook

For full fiscal year 2015, the Group reiterates its revenue guidance to be in line with the revenues of 2014 on a like-for-like basis. Reaching this performance level will require a predicted uptake in orders and sales in the second half of the year. The medium-term goal remains having top-line growth in the mid-single digits and an EBITDA margin of 5% to 10%.

By making carefully selected investments, the Company may see opportunities to accelerate its cash-generating capability and therefore to further strengthen its overall recovery to the benefit of all stakeholders. For this reason, the agenda for the upcoming extraordinary general meeting contains a proposal for the approval of a renewal and increase in authorized share capital. The aggregate amount of the Company's share capital will total €1.5 million if shareholders agree to the proposal. The envisaged measure aims mainly to retain flexibility in case opportunities arise that would be beneficial for the Company.

Jeffrey Casper, CEO, explains the proposed increase in authorized capital as follows: "Only if we can act as opportunities arise will we be able to meet our objectives. An increased authorized share capital therefore means significant potential for future value creation for 3W Power/AEG Power Solutions and all of its stakeholders." Dr. Dirk Wolfertz, Chairman of the Board of Directors, also appreciates this intention: "Our Company needs a certain degree of flexibility in its capital structure in order to successfully restore its competitiveness. I would therefore like to ask our shareholders to attend the extraordinary general meeting in Luxembourg on May 19, 2015, or alternatively to submit their votes in advance by proxy."

-- End of Announcement --

Characters: approx. 11,500

About 3W Power/AEG Power Solutions:
3W Power S.A. (WKN A114Z9 / ISIN LU1072910919), based in Luxembourg, is the holding company of AEG Power Solutions Group. The Group is headquartered in Zwanenburg in the Netherlands. The shares of 3W Power are admitted to trading on Frankfurt Stock Exchange (ticker symbol: 3W9K).

For more information, visit www.aegps.com

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