

Press Release

May 11, 2016

3W Power/AEG Power Solutions reports results for Q1 2016

- **Orders €51.5 million, 18.8% increase year on year, 1.39 book to bill ratio**
- **Revenue €37.1 million, flat year on year on a like-for-like basis**
- **Expected profitability improvement as cost savings take hold**

Luxembourg / Zwanenburg, The Netherlands – May 11, 2016. 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 2016.

Group results *

(in Euro million)	Q1 2016	Q1 2015	Δ in %	Q1 2016	Q4 2015	Δ in %
Order backlog	92.6	88.0	5.2	92.6	83.3	11.1
Orders	51.5	43.4	18.8	51.5	41.4	24.5
Revenue	37.1	38.4	-3.2	37.1	51.1	-27.3
Book to Bill	1.39	1.13		1.39	0.81	
EBITDA	0.4	(3.4)	111.7	0.4	(2.5)	116.2
EBITDA margin	1.1%	-8.8%		1.1%	-4.8%	
Normalized EBITDA	(3.6)	(3.7)	3.2	(3.6)	0.5	
Normalized EBITDA margin	-9.7%	-9.7%		-9.7%	0.9%	

Industrial Products and Services (IPS) *

(in Euro million)	Q1 2016	Q1 2015	Δ in %	Q1 2016	Q4 2015	Δ in %
Order backlog	92.6	88.0	5.2	92.6	83.3	11.1
Orders	51.5	43.4	18.8	51.5	41.4	24.5
Revenue	37.1	38.4	-3.2	37.1	51.1	-27.3
Book to Bill	1.39	1.13		1.39	0.81	
EBITDA	(2.9)	(1.4)	-105.7	(2.9)	(2.6)	-9.7
EBITDA margin	-7.8%	-3.7%		-7.8%	-5.2%	
Normalized EBITDA	(2.6)	(2.6)	2.2	(2.6)	1.0	
Normalized EBITDA margin	-7.1%	-6.8%		-7.1%	2.0%	

Unallocated *

(in Euro million)	Q1 2016	Q1 2015	Δ in %	Q1 2016	Q4 2015	Δ in %
EBITDA	3.3	(2.0)		3.3	0.2	
Normalized EBITDA	(1.0)	(1.1)	5.7	(1.0)	(0.6)	-71.2

Orders by geographical area (Quarterly comparison) *

(in Euro million)	Q1 2016	Q1 2015	Δ in %	Q1 2016	Q4 2015	Δ in %
Orders						
Europe excl. Germany	27.5	19.9	38.3	27.5	13.0	110.8
Germany	9.7	9.0	7.7	9.7	10.3	-5.9
Asia	8.0	7.8	2.8	8.0	9.0	-10.2
Africa/Middle East	5.0	6.0	-16.8	5.0	6.8	-26.0
Rest of the world	1.3	0.7	102.5	1.3	2.3	-42.6
Order total	51.5	43.4	18.8	51.5	41.4	24.5
Of which Products	35.6	29.7	19.9	35.6	28.4	25.4
Of which Services	15.9	13.7	16.1	15.9	13.0	22.3

Revenue by geographical area (Quarterly comparison) *

(in Euro million)	Q1 2016	Q1 2015	Δ in %	Q1 2016	Q4 2015	Δ in %
Revenue						
Europe excl. Germany	13.0	14.6	-10.3	13.0	18.0	-27.2
Germany	7.8	10.1	-23.1	7.8	13.0	-40.4
Asia	9.0	5.9	52.0	9.0	10.2	-12.1
Africa/Middle East	5.5	6.3	-13.1	5.5	8.1	-31.8
Rest of the world	1.8	1.5	22.1	1.8	1.8	1.2
Revenue total	37.1	38.4	-3.2	37.1	51.1	-27.3
Of which Products	26.4	26.5	-0.4	26.4	35.6	-25.8
Of which Services	10.7	11.9	-10.1	10.7	15.5	-31.0

- All numbers are rounded to millions.

AEG Power Solutions finished Q1 2016 with €51.5 million in orders and €37.1 million in revenue. Compared to Q1 2015, orders were up 18.8% (Q1 2015: €43.4 million) and revenue was down 3.2% (Q1 2015: €38.4 million). Despite challenging market conditions, the Company posted its highest order intake since Q2 2014. On a like-for-like basis (excluding orders and sales from Fluxpower GmbH and Primetech Srl., which were sold on February 5, 2016), orders for Q1 2016 were €50.7 million up 22.3% (Q1 2015: €41.4 million) and revenue was equal to the prior year at €36.7 million (Q1 2015: €36.7million).

Group EBITDA for Q1 2016 was €0.4 million compared to Q1 2015 EBITDA of - €3.4 million. The first quarter Normalized EBITDA, which is EBITDA adjusted for one-time transactions was -€3.6 million, up 3.2% compared to -€3.7 million in Q1 2015. The reported EBITDA of Q1 2016 includes a capital gain from the sale of Fluxpower GmbH and Primetech Srl. of €4.9 million in February 2016 (Q1 2015 included €1.0 million capital gain from Advanced Energy Systems). The Group's cash position was €31.2 million as at 31 March 2016, compared to €30.3 million as at December 31, 2015 (March 31, 2015: €25.8 million).

There is a certain resiliency in the Oil & Gas markets but the company definitely observes a shift to Gas infrastructure. There is also a much greater activity amongst EPC's based in middle east/far east including China vs traditional western participants. The company benefits from good diversification both in terms of product offering and geographic reach which contributes to a certain stability. Still, "quarterly results do not indicate a trend" says Jeffrey Casper, CEO. "One must look at 2-3 quarters of data to get

a realistic view of the overall direction of our business. We are encouraged by the strong order intake for Q1, we have a healthy backlog. Our margins will improve as we focus on continuous improvement in processes and cost optimization.”

Outlook

The company expects to achieve modest growth in its industrial activities. Management anticipates further improvement in margins for the remainder of the year, with both like-for-like growth in 2016 and an improvement in profitability as substantial savings from completed restructuring plans and other cost-cutting measures will take effect. The medium term objective continues to be achieve double digit revenue growth and EBITDA margin approaching 10%.

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