Interim Management Statement

November 19, 2014

3W Power/AEG Power Solutions reports results for Q3 2014

- **Financial restructuring results in a strengthened balance sheet**
- **Decrease in orders and revenue in line with expectations due to closures of subsidiaries and divestments**
- **Q3 EBITDA improves from - €8.3 million to - €1.1 million year-on-year, evidence of positive effects of operational restructuring**
- **Revenue guidance of €200 to €210 million for 2014**

(in € million)	Q3 2014	Q3 2013	Δ in %	Q3 2014	Q2 2014	Δ in %
Order backlog	99.9	100.4	*-0.5*	99.9	104.0	*-4.0*
Orders	43.9	55.7	*-21.2*	43.9	54.4	*-19.3*
Revenue	47.6	51.5	*-7.5*	47.6	52.7	*-9.6*
Book to Bill	0.92	1.08	*-14.8*	0.92	1.03	*-10.7*
EBITDA	(1.1)	(8.3)	*87.1*	(1.1)	(9.2)	*88.4*
EBITDA margin	*-2.2%*	*-16.1%*		*-2.2%*	*-17.4%*	
Normalized EBITDA	(1.2)	(6.0)	*80.4*	(1.2)	(5.4)	*78.5*
Normalized EBITDA margin	*-2.5%*	*-11.6%*		*-2.5%*	*-10.3%*	

Luxembourg/ Zwanenburg, The Netherlands – November 19, 2014. 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 results for Q3 2014.

Group results for Q3 2014

AEG Power Solutions finished Q3 2014 with €43.9 million in orders and €47.6 million in revenue. Compared to Q3 2013, orders were €55.7million, down 21.2% and revenue was €51.5 million, down 7.5%. Variance was in line with expectations and impacted by certain closures and divestitures as well as the difficult macroeconomic environment.

EBITDA came to - €1.1 million (Normalized EBITDA, which excludes capital gains and restructuring costs, was - €1.2 million), an improvement of 87.1% over Q3 2013 EBITDA of - €8.3 million (Q3 2013

Normalized EBITDA: - €6.0 million), moving closer to breakeven. Group EBITDA includes several one-time items amounting to a positive net effect of €2.4 million. Savings created through operational restructuring and reductions in total operating expenses resulted in a lower cost base of €4.8 million for the Quarter. The effects of the operational improvements is narrowing the losses and provides evidence that the Company continues to recover and is stabilizing its position.

Two major divestments were completed in July 2014 with the sale of the subsidiary Skytron and the Group's affiliate in Bangalore, India. On August 26, 2014, 3W Power S.A. also announced the final results of its comprehensive financial restructuring measures. The successful conversion of the bond resulted in a reduction in loans from €100 million to €50 million in exchange for 45.200.000 new shares (debt to equity). The new €50 million bond extends its maturity to August 29, 2019 and reduces interest expense from the former fixed annual rate of 9.25% to an initial rate of 4.00% p.a. with an annual step up of 2% per year to a maximum of 12.00% p.a. The new bond is freely pre-payable at any time. The Company also issued 25,109,731 new shares in connection with its cash capital increase from authorized capital and successfully placed them all at a price of €0.16, completing a capital increase of approximately €4 million.

The conversion of the bond and the capital increase resulted in a substantial improvement of the company's equity which now represents some *30 % (€68 million)* of the total balance sheet.

In addition, as a result of the operational and financial measures including asset sales, the Group improved its position of cash and cash equivalents to €36.8 million as at September 30, 2014. Cash and cash equivalents was €23.9 million on June 30, 2014.

Several external factors, including the political crises in Russia and Ukraine as well as the conflicts in the Middle East, placed a burden on the operating business during the reporting period. These negatively affected projects and orders in the core industrial markets. Moreover, the slowness in European economies, downgraded growth prospects and a decline in oil prices bring a high degree of uncertainty to the markets for industrial goods and infrastructure investment in the important oil & gas market. All these macroeconomic factors negatively affected order intake and caused the Group's Book to Bill to decline to 0.92 in Q3 2014 (Q3 2013: 1.08).

Renewable Energy Solutions (RES)

(in € million)	Q3 2014	Q3 2013	Δ in %	Q3 2014	Q2 2014	Δ in %
Order backlog	13.3	17.0	-21.4	13.3	16.7	-20.1
Orders	4.6	14.0	-67.1	4.6	9.9	-53.6
Revenue	6.1	12.4	-50.7	6.1	9.4	-35.1
Book to Bill	0.75	1.13	-33.4	0.75	1.05	-28.4
EBITDA	(3.1)	(5.1)	40.6	(3.1)	(4.5)	32.6
EBITDA margin	-49.9%	-41.4%		-49.9%	-48.0%	
Normalized EBITDA	(5.9)	(3.9)	-50.7	(5.9)	(4.0)	-47.3
Normalized EBITDA margin	-95.7%	-31.3%		-95.7%	-42.1%	

Orders in RES were €4.6 million in Q3 2014, down 67.1% year-on-year (Q3 2013: €14.0 million). This decrease was the result of the weak market situation in Solar, the political developments in Eastern Europe and the divestitures and closures of several of the Group's subsidiaries and operations in 2014. Order intake in POC was affected by the sale of the POC modules business at the beginning of this year and the weak market situation in Polysilicon. Power Control systems continued to record growth in orders in new markets. RES order backlog was €13.3 million in Q3 2014, down 21.4% year-on-year (Q3 2013: €17.0 million). RES revenue was €6.1 million in Q3 2014, down 50.7% compared to the previous year (Q3 2013: €12.4 million). This development was significantly driven by the drop in underlying Solar and POC markets as well as divestments of non-core units within the Group.

RES EBITDA was - €3.1 million (Normalized EBITDA: - €5.9 million) in Q3 2014, up 40.6% from EBITDA of - €5.1 million in Q3 2013 (Q3 2013 Normalized EBITDA: - €3.9 million).

Energy Efficiency Solutions (EES)

(in € million)	Q3 2014	Q3 2013	Δ in %	Q3 2014	Q2 2014	Δ in %
Order backlog	86.5	83.4	*3.7*	86.5	87.3	*-0.9*
Orders	39.3	41.7	*-5.8*	39.3	44.5	*-11.7*
Revenue	41.5	39.1	*6.3*	41.5	43.3	*-4.1*
Book to Bill	0.95	1.07	*-11.3*	0.95	1.03	*-8.0*
EBITDA	0.9	0.2		0.9	0.6	*35.3*
EBITDA margin	*2.1%*	*0.5%*		*2.1%*	*1.5%*	
Normalized EBITDA	0.6	1.3	*-55.3*	0.6	1.3	*-56.3*
Normalized EBITDA margin	*1.4%*	*3.3%*		*1.4%*	*3.1%*	

Orders in EES were €39.3 million in Q3 2014, down 5.8% year-on-year (Q3 2013: €41.7 million). Order backlog stood at €86.5 million in Q3 2014, up 3.7% year-on-year (Q3 2013: €83.4 million). EES order intake was mainly driven by orders in the Industrial Power Solutions business. Additional order intake was partially hindered by the macro developments in the Middle East. Orders in the Telecom business allow for incidental growth as a result of large projects. EES revenue was €41.5 million in Q3 2014, up 6.3% in a year-on-year comparison (Q3 2013: €39.1 million), following high order intake in Industrial Power Solutions during the first half of 2014. As a result, EES reported a year-on-year increase in revenue for the third consecutive quarter. The resulting EES backlog as at September 30, 2014 indicates that solid revenue development will continue in Q4 2014.

EES EBITDA was €0.9 million (Normalized EBITDA: €0.6 million) in Q3 2014, up from €0.2 million in Q3 2013 (Q3 2013 Normalized EBITDA: €1.3 million). The improvement in earnings is the result of the Group's efforts aimed at returning to a sound business operation, demonstrating that the measures chosen have started having the intended effects.

Outlook

Asset sales, the closing of affiliates and the restructuring of the Group's financials were largely completed during the first nine months of 2014. However, a great deal of potential for further improvement still remains and will be tapped in Q4 2014 and beyond. A foundation for this has been laid following the completion of the structural and financial changes, and the Company can now focus its full efforts exclusively on internal measures for achieving continuous improvement and to expand market share. This also includes carefully selected investments to grow the business .The Company has managed to retain key customers and suppliers through the difficult period of financial distress and business relations remain strong. The Core businesses report solid order intake and backlog, demonstrating that customers value our business solutions approach. The drive for continuous improvement and implementation of restructuring measures show that the Company is moving forward from historically loss-making operations into a stable and prospectively profitable position.

We will continue to focus on the Group's turnaround and need to address all business disciplines and efforts. Consequently current CRO Jeffrey Casper has been appointed CEO by the Board of Directors effective immediately in addition to his existing duties as CFO and will lead the Group's further recovery. He will be supported in this capacity by Dietrich Ehrmanntraut, who was has been appointed COO with immediate effect. The Company informed the public about these appointments as well as additional key personnel decisions for reporting/accounting and business controlling in a separate release on November 18, 2014. In addition, two new Sales Vice-Presidents were added in October 2014 in order to strengthen the team and drive business development. Internal product management teams were also recently established to further improve quality and the Company's focus on core markets.

Further improvements in earnings are expected for Q4 2014 compared to previous quarters. Assuming that the macroeconomic environment does not substantially deteriorate, the Company expects revenue for 2014 to be in the range of €200 to €210 million in combination with a negative Normalized EBITDA. Further progress is expected for business year 2015. The medium term goal remains to have top line growth in the mid-single digits and an EBITDA margin of 5% to 10%.

Jeffrey Casper, CEO: "Although considerable progress has been made, a lot remains to be done. Additional reduction of overhead costs, business process redesign in the core industrial business and continuous improvement are main tasks for the Company's final recovery. Overall, however, our new COO Dietrich Ehrmanntraut and I are fully convinced that our Group will accomplish a successful turnaround in both operational and financial terms".

Dr. Dirk Wolfertz, Chairman of the Board of Directors, commented: "Q3 2014 was an extremely important quarter for the Company as we achieved a break through to overcome most of the financial burdens from the past, especially with the successful restructuring of the bond. Now that we have a solid equity basis, we can continue to improve existing operations complemented by new attractive opportunities we are faced with in the challenging markets we serve."

-- End of Announcement --

Characters: c. 10,500

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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