

## 3W Power/AEG Power Solutions reports results for 9M and Q3 2016

- Order intake for 9M €134.3m, a slight increase year on year, but weak in Q3
- Revenue for 9M €119m, close to last year period on a like-for-like basis
- Fixed cost reduction program on track
- Solid order intake for services on a like-for-like basis.

Luxembourg / Zwanenburg, The Netherlands – November 10, 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, announced today its results for first 9 Months (9M) and Q3 2016.

### Group results\*

(in € million)	9M 2016	9M 2015	Δ in %	Q3 2016	Q3 2015	Δ in %
Order backlog	94.1	97.2	-3.2%	94.1	97.2	-3.2%
Orders	134.3	137.2	-2.1%	39.6	50.3	-21.2%
Revenue	119.0	126.3	-5.8%	39.3	42.2	-6.9%
Book to Bill	1.13	1.09	3.9%	1.01	1.19	-15.4%
EBITDA	(0.5)	(7.4)	93.4%	(1.6)	(2.6)	40.2%
EBITDA margin	-0.4%	-5.8%		-4.0%	-6.2%	
Normalized EBITDA	(4.3)	(4.5)	na	(0.6)	0.1	na
Normalized EBITDA margin	-3.6%	-3.6%		-1.5%	0.2%	

### Industrial Products and Services (IPS)\*

(in € million)	9M 2016	9M 2015	Δ in %	Q3 2016	Q3 2015	Δ in %
Order backlog	94.1	97.2	-3.2%	94.1	97.2	-3.2%
Orders	134.3	137.2	-2.1%	39.6	50.3	-21.2%
Revenue	119.0	126.3	-5.8%	39.3	42.2	-6.9%
Book to Bill	1.13	1.09	3.9%	1.01	1.19	-15.4%
EBITDA	2.6	(4.4)	158.8%	(0.4)	(1.7)	78.2%
EBITDA margin	2.2%	-3.5%		-0.9%	-4.0%	
Normalized EBITDA	(1.3)	(1.5)	18.6%	0.4	0.9	-58.7%
Normalized EBITDA margin	-1.1%	-1.2%		1.0%	2.2%	

### Unallocated\*

(in € million)	9M 2016	9M 2015	Δ in %	Q3 2016	Q3 2015	Δ in %
EBITDA	(3.1)	(2.9)	-5.4%	(1.2)	(0.9)	-31.0%
Normalized EBITDA	(3.0)	(3.0)	-1.1%	(1.0)	(0.9)	-12.3%

### Orders by geographical area (Quarterly comparison)\*

(in € million)	9M 2016	9M 2015	Δ in %	Q3 2016	Q3 2015	Δ in %
<b>Orders</b>						
Europe excl. Germany	61.0	56.3	8.4%	15.1	17.1	-12.2%
Germany	29.0	30.9	-6.1%	10.0	10.9	-8.2%
Asia	25.2	28.1	-10.3%	8.1	10.0	-19.0%
Africa/Middle East	15.8	19.3	-18.1%	4.9	11.1	-55.9%
Rest of the world	3.4	2.6	30.8%	1.5	1.2	25.0%
<b>Total orders</b>	<b>134.3</b>	<b>137.2</b>	<b>-2.1%</b>	<b>39.6</b>	<b>50.3</b>	<b>-21.3%</b>
<i>thereof products</i>	91.8	93.6	-1.9%	26.7	36.3	-26.5%
<i>thereof services</i>	42.6	43.6	-2.3%	13.0	14.0	-7.1%
<b>(like-for-like)**</b>						
Of which Products	91.5	91.3	0.2%	26.7	35.3	-24.4%
Of which Services	42.0	39.3	6.9%	13.0	12.6	3.2%

\*\* like-for-like : excluding orders and sales from Fluxpower GmbH and Primetech s.r.l., which were sold on February 5, 2016.

### Revenue by geographical area (Quarterly comparison)\*

(in € million)	9M 2016	9M 2015	Δ in %	Q3 2016	Q3 2015	Δ in %
<b>Revenue</b>						
Europe excl. Germany	46.9	46.8	0.21%	15.7	15.7	0.0%
Germany	26.2	32.4	-19.1%	9.0	10.9	-17.4%
Asia	25.7	23.2	10.8%	8.2	6.9	18.8%
Africa/Middle East	17.2	20.9	-17.7%	6.0	8.0	-25.0%
Rest of the world	3.0	3.0	0.0%	0.4	0.7	-42.9%
<b>Total revenue</b>	<b>119.0</b>	<b>126.3</b>	<b>-5.8%</b>	<b>39.3</b>	<b>42.2</b>	<b>-6.9%</b>
<i>thereof products</i>	83.7	87.4	-4.2%	27.3	28.6	-4.6%
<i>thereof services</i>	35.5	38.9	-8.7%	12.2	13.6	-10.3%
<b>(like-for-like)**</b>						
Of which Products	83.6	85.4	-2.1%	27.3	28.0	-2.5%
Of which Services	35.2	35.1	0.3%	12.2	12.3	0.8%

- All numbers are rounded to millions.

AEG Power Solutions finished 9M 2016 with €134.3 million in orders and €119.0 million in revenue. Compared to 9M 2015, orders were slightly down 2.1% (9M 2015: €137.2 million) and revenue was down 5.8% (9M 2015: €126.3 million). Order recognition in the last quarter was affected by continued weakness in capital investment in Oil & Gas markets. The Middle East decreased 55.9% compared to Q3 2015. The company experienced project delays, notably in the United Kingdom as a result of the UK's decision to leave the EU as indicated in the referendum held in late June 2016.

On a like-for-like basis (excluding orders and sales from Fluxpower GmbH and Primetech s.r.l., which were sold on February 5, 2016), orders in services for 9M 2016 were €42.0 million, a 6.9% increase (9M 2015: €39.3 million) and orders for products were €91.5 million, a 0.2% increase (9M 2015: €91.3 million). Revenue for services for 9M 2016 were €35.2 million up 0.3% (9M 2015: €35.1 million) and revenue for products €83.6 million slightly down 2.1% (9M 2015: €85.4 million).

The Group has a stable order backlog in 9M 2016 reaching €94.1 million, slightly down 3.2% compared to 9M 2015 (9M 2015: €97.2 million). The backlog is diversified and generally healthy which should help revenue generation in the last quarter of 2016.

Group EBITDA for 9M 2016 was -€0.5 million compared to 9M 2015 EBITDA of -€7.4 million. Improvement in EBITDA is primarily driven by the capital gain following the sale of Fluxpower and Primetech and the achieved savings in the overall operating expenses. Normalized EBITDA for 9M 2016, which is EBITDA adjusted for one-time transactions was -€4.3 million, a 5.6% increase (9M 2015:

-€4.5 million) while Q3 2016 Normalized EBITDA was -€0.6 million slightly down compared to Q3 2015 (Q3 2015: €0.1 million) albeit with lower revenues.

The Group cash position was €15.4 million as at 30 September 2016, an utilization of €7.3 million compared to €22.9m at June 30, 2016; interest payment of €1.3m, restructuring payments of €2.0m and working capital utilization of €3.9m were the main areas of outflow. The company is actively pursuing multiple options to ensure adequate short and medium term liquidity and to implement longer term refinancing plans for its debt. The company's ability to grow and to achieve positive cash flow is dependent in part on lower financing costs, the normalization of working capital and additional cash investment.

The Group is in process of changing its structure from a product driven model towards a business focused on markets, customers and the services they require. In addition to focusing on the core critical infrastructure business activities for both Industrial and Data & IT, there continues to show tremendous promise in new emerging areas of energy storage and grid management. There is an observable shift towards EPC's based in the Middle East/Far East including China vs traditional western participants. Despite challenging market conditions and continued weakness in Oil & Gas, the company benefits from good diversification both in terms of product offering and geographic reach which contributes to a certain stability.

## **Outlook**

The challenge to grow in Q3 means that the group will not achieve like for like growth year on year. The medium term objective remains that of achieving double-digit revenue growth and an EBITDA margin approaching 10%. The Group expects better margins and savings from the completion of restructuring plans and other cost-cutting measures take full effect. The Group expects savings in its fixed-cost. Those savings continued to take effect in Q3 2016, with €4.9 million realized to date. More savings will gain traction in the forthcoming quarter (Q4 2016). Furthermore, the Group continues to invest in their ability to compete through investments in new products which follow the technology trends.

-- End of Announcement --



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](http://www.aegps.com)

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