# SHAREHOLDER INFORMATION FOR THE 1ST HALF-YEAR 2017

# HALF-YEAR FINANCIAL REPORT

Every b is an innovation

For You and Planet Blue.

BWT BEST WATER TECHNOLOGY

# MANAGEMENT REPORT FOR THE FIRST HALF-YEAR OF 2017

In the first half of 2017, the consolidated revenues of the BWT – Best Water Technology – Group increased by 10.2% year on year from €308.7 million to €340.1 million. Adjusted for Group structure and exchange rate changes, consolidated revenues increased by 7.2% on the previous year's level. After the first six months of the year, EBIT amounted to €8.4 million, down €9.8 million on the previous year's figure of €18.1 million. Consolidated earnings after non-controlling interests amounted to €5.9 million as at the end of June 2017 (previous year: €12.7 million). The BWT Group invested €9.7 million in intangible assets and property, plant and equipment in the first six months of 2017 (previous year: €6.5 million). The net debt ratio was 11.0% (previous year: 0.2%), while the equity ratio was the same as in June of the previous year at 39.3%.

As the current interim reporting period (1 January 2017 to 30 June 2017) corresponds to the entire period from the start of the current financial year to the end of the interim reporting period, only the financial position and performance for the first half of 2017 (including comparative figures) are described below.

## Business performance in the first half of the year

**Consolidated revenues in HY1: €340.1 million, up 10.2% on the previous year, up 7.2% adjusted for Group structure and exchange rate changes**

After the first two quarters of 2017, the BWT Group's consolidated revenues rose by 10.2% from €308.7 million to €340.1 million. The change in Group structure contributed 1.7% to growth, and positive effects from exchange rate changes (particularly EUR/RUB) also contributed (1.3%) to growth. Adjusted for these two effects, revenue growth in the first six months of the year was up 7.2% on the previous year's level.

The individual segments developed as follows:

| Segment revenues (in million €) | 1st half year 2017 | 1st half year 2016 | + / - % |
|---|---|---|---|
| Austria / Germany | 123,8 | 121,5 | 1,9% |
| France / Benelux / UK | 71,9 | 69,2 | 3,9% |
| Scandinavia | 37,4 | 33,0 | 13,4% |
| Italy / Spain | 25,2 | 19,1 | 32,1% |
| Switzerland / Others | 81,8 | 65,9 | 24,1% |
| **BWT Group** | **340,1** | **308,7** | **10,2%** |

Revenues in the Austria / Germany segment amounted to €123.8 million in the first six months of 2017, an increase of 1.9%. Positive developments in the traditional domestic technology business and increased revenues in the service and spare parts business compensated for decreased revenues in pharmaceutical plant engineering.

The 3.9% rise in revenues to €71.9 million (previous year: €69.2 million) in the France / Benelux / UK segment is primarily the result of increased revenues in project business. EUR/GBP exchange rate changes had a negative impact.

The Scandinavia segment made a strong contribution to the Group's growth, with its revenues for the first two quarters of 2017 climbing by 13.4% from €33.0 million in the previous year to €37.4 million. Revenues in this segment developed particularly well at the Danish subsidiary thanks to Point of Entry products and at a Swedish subsidiary specialising in pharmaceutical plant engineering as well as in the service and spare parts business.

Revenues in the Italy / Spain segment benefited above all from an acquisition in Spain and amounted to €25.2 million in the first half of 2017 (previous year: €19.1 million). Revenues in this segment climbed by 32.1% overall.

Revenues in the Switzerland / Others segments came to €81.8 million in the first half of 2017 (previous year: €65.9 million). This equates to an increase of 24.1%, which is mainly attributable to increased revenues in the volatile project business. Unlike in the previous year, the EUR/CHF and EUR/RUB exchange rates had a positive effect on consolidated revenues in the first six months of 2017.

Revenues from Point of Entry products rose by €19.3 million in the first half of 2017 to €212.8 million. This product segment thus accounted for 62.6% (previous year: 62.7%) of consolidated revenues. Point of Use business is continuing to gain in significance within the BWT Group: At €61.9 million, the previous year's revenues were outstripped by 15.2%, and its share of total revenues is 18.2% (previous year: 17.4%). Service and spare parts business accounted for 19.2% of consolidated revenues as at the end of June 2017 (previous year: 19.9%); it generated total revenues of €65.5 million in the first six months of the year (previous year: €61.5 million).

## Earnings

**EBITDA in HY1: €16.4 million, down 37.3% on the previous year**
**EBIT in HY1: €8.4 million, down 53.9% on the previous year**
**Consolidated earnings after non-controlling interests in HY1: €5.9 million, down 53.6% on the previous year**

EBITDA decreased by 37.3%, from €26.2 million to €16.4 million, in the first six months of 2017. This downturn in earnings can be explained primarily by an increase in the material ratio and greater advertising expenditure.

The cost of materials, including changes in inventories, accounted for 38.7% of revenues in the first half of 2017. The cost of materials ratio had been 38.2% in the first six months of 2016.

Personnel expenses increased moderately by 6.0% in the first half of the year from €97.2 million to €103.0 million. The number of employees rose by 176 year on year from 3,272 to 3,448 (full-time equivalents as at 30 June). One of the reasons for this increase is the higher headcount in production and in the service business.

Net other operating expenses and income climbed from €-67.4 million to €-89.1 million in the first half of 2017. In relation to revenues, this figure has increased from 21.8% to 26.2%. Advertising expenditure in particular was higher than in the first half of the previous year. Implementation of BWT's strategy requires additional investments in developing the "BWT" brand, firstly to generate more growth in the PoU segment and secondly to secure growth in the PoE segment in the long term.

Expenses for depreciation, amortisation and impairment losses amounted to €8.1 million after the first six months of 2017, on par with the previous year.

EBIT fell by -53.9% from €18.1 million to €8.4 million in the first half of 2017, driving the EBIT margin down from 5.9% to 2.5%.

EBIT in the individual segments developed as follows in the first half of 2017:

| Segment EBIT (in million €) | 1st half year 2017 | 1st half year 2016 | + / - % |
|---|---|---|---|
| Austria / Germany | -9,7 | 0,4 | n/a |
| France / Benelux / UK | 4,0 | 5,9 | -31,8% |
| Scandinavia | 6,1 | 5,7 | 7,1% |
| Italy / Spain | 1,7 | 1,0 | 66,3% |
| Switzerland / Others | 6,2 | 5,1 | 21,2% |
| **BWT Group** | **8,4** | **18,1** | **-53,9%** |

Earnings in the Austria / Germany segment amounted to €-9.7 million in the first half of the year (previous year: €0.4 million) and were characterised by greater advertising expenditure.

In the France / Benelux / UK segment, EBIT declined from €5.9 million to €4.0 million, with higher advertising expenditure also having a negative impact in this segment.

The Scandinavia segment recorded positive development in EBIT. Higher revenues in this segment drove EBIT up by 7.1% to €6.1 million.

Earnings in the Italy / Spain segment amounted to €1.7 million for the first six months of 2017, compared with €1.0 million for the first six months of 2016. EBIT growth in this segment was boosted by an acquisition.

EBIT in the Switzerland / Others segment went up from €5.1 million in the first six months of the previous year to €6.2 million in 2017. Higher advertising expenditure in 2017 resulted in increased revenues in the Point of Use segment, and an upturn in revenues was also recorded in the volatile project business.

The Group reported a net financial result of €-0.9 million after the first two quarters (previous year: €+0.8 million). This change can be attributed to negative exchange rate effects, in addition to lower investment income and other financial income.

Earnings before taxes amounted to €7.5 million after the first half of 2017 (previous year: €18.9 million). The Group’s tax rate went down from 34.3% for the same period of 2016 to 31.7%.

The BWT Group generated cumulative consolidated earnings after non-controlling interests of €5.9 million after the first six months of the year (previous year: €12.7 million), a decrease of 53.6%. Earnings per share amounted to €0.35 in the first half of 2017 compared with earnings per share of €0.76 in the first six months of the previous year.

## Net assets and financial position

**Cash flow from operating activities in HY1: €-7.6 million (previous year: €12.2 million)**
**Investment in intangible assets and property, plant and equipment in HY1: €9.7 million (previous year: €6.5 million)**
**Gearing on 30 June: 11.0% (previous year: 0.2%)**
**Equity ratio on 30 June: 39.3% (previous year: 39.3%)**

The lower figure for cash flow from result can be explained primarily by an increase in the material ratio and by greater expenditure for advertising activities. An increase in working capital in the first six months of 2017 also drove operating cash flow down from €12.2 million in the previous year to €-7.6 million as at 30 June 2017. Annual marketing expenditure had a negative impact as its deferred expenses led to a rise in other receivables.

Cash flow from investing activities amounted to €-22.0 million in the first half of 2017 (previous year: €-4.9 million). In the first six months of 2017, the BWT Group spent €12.8 million on investments in intangible assets and property, plant and equipment compared with €7.1 million in the previous year, with the first half-year characterised by expenditure for property investments. The acquisition in Spain also impacted cash flow from investing activities in the first half of the year in the amount of €-9.4 million.

Cash flow from financing activities is due to the payment of a dividend to non-controlling interests and amounted to €-0.2 million as at the end of June 2017. In the same period of the previous year, repayments of financial liabilities also impacted cash flow from financing activities (€-1.2 million).

The BWT Group's net debt climbed from €0.4 million as at 30 June of the previous year to €21.8 million; its gearing (ratio of net financial liabilities to equity) was 11.0% as at the end of the interim reporting period (previous year: 0.2%).

Equity increased from €194.4 million as at 31 December 2016 to €198.7 million as at 30 June 2017; it had been €192.5 million as at 30 June 2016. The equity ratio as reported in BWT's consolidated statement of financial position was 39.3% as at the end of the interim reporting period compared with 41.0% as at the end of 2016 and 39.3% as at 30 June 2016. The decline in the equity ratio as at 30 June 2017 compared with the end of 2016 is mainly due to higher total assets. Other comprehensive income reduced equity by €0.6 million, with the positive effects from the measurement of financial assets failing to offset the negative effects of foreign currency translation.

## Employees on 30 June 2017 (FTE): 3,448 (previous year: 3,272)

The BWT Group employed 3,448 people in total (full-time equivalents) as at the end of June 2017. The employee headcount went up compared with 31 December 2016 (3,326 people) and compared with 30 June 2016. One of the reasons for this increase is the higher headcount in production and in the service business.

## Outlook

At the request of WAB Privatstiftung as majority shareholder of BWT Aktiengesellschaft, the Annual General Meeting of BWT Aktiengesellschaft on 14 August 2017 resolved upon the squeeze-out of the minority shareholders pursuant to Section 1 (1) of the Austrian Squeeze-Out Act (Gesellschafterausschlussgesetz – GesAusG) against payment of an appropriate cash compensation of €16.51 per share. The squeeze-out will be registered by the relevant companies registry once the one-month objection period has expired. The Annual General Meeting also resolved on a dividend of €0.20 per share, which was paid out on 21 August 2017.

The decision to expand the Management Board by appointing Gerald Steger and Ralf Weber is expected to drive forward BWT's internationalisation, especially on the promising Asian markets. Joint ventures in Taiwan and Hong Kong/China have already been established.

Efforts in connection with the development of the "BWT" brand with the brand message "For You and Planet Blue" as the leading water brand with long-term advertising commitments are being stepped up again in 2017 with increased sports sponsorship activities.

The BWT Group is forecasting growth of over 5% in operating revenues for the current 2017 financial year. Implementation of BWT's growth strategy requires additional investments in developing the "BWT" brand, not to mention investments in R&D, production and sales. The increased costs will drive down the Group's consolidated earnings.

Mondsee, 12 September 2017
The Management Board

| | | | |
|---|---|---|---|
| Andreas Weißenbacher<br>Chief Executive Officer | Ralf Weber<br>Chief Financial Officer | Gerhard Speigner<br>Member of the<br>Management Board | Gerald Steger<br>Member of the<br>Management Board |

Disclaimer: This report contains forward-looking statements, which are made based on the current assumptions, plans and forecasts of BWT Aktiengesellschaft. Forward-looking statements contain words such as "plans", "expects", "forecasts" and similar, and represent estimates that are made based on information that is available at the time they are published. Actual developments can differ from the forecasts made here.

This interim consolidated report was prepared with the utmost care. Nevertheless, rounding, typesetting and transmission errors cannot be excluded.

For You and Planet Blue. | BWT BEST WATER TECHNOLOGY

# BWT Aktiengesellschaft

Walter-Simmer-Straße 4
5310 Mondsee/Österreich

# Unaudited Consolidated Financial Statements

**as at 30th June 2017**

# I. Consolidated income statement for financial first half-year

| | 1st half-year 2017 unaudited T€ | 1st half-year 2016 unaudited T€ |
|---|---|---|
| **Revenues** | **340.142,0** | **308.683,8** |
| Other operating income | 4.085,6 | 3.841,3 |
| Changes in inventories of finished goods and work in progress | -1.331,5 | 242,0 |
| Other own work capitalised | 130,0 | 155,0 |
| Cost of materials and cost of purchased services | -130.268,8 | -118.090,3 |
| Personnel expenses | -102.984,3 | -97.194,7 |
| Other operating expenses | -93.346,0 | -71.418,6 |
| **Earnings before interest, taxes, depreciation and amortisation (EBITDA)** | **16.427,0** | **26.218,6** |
| Depreciation and amortisation | -8.059,6 | -8.083,7 |
| **Earnings before interest and taxes (EBIT)** | **8.367,4** | **18.134,8** |
| Income/expense from associates | 140,8 | 112,1 |
| Financial income | 440,7 | 1.737,7 |
| Financial expenses | -1.491,6 | -1.056,6 |
| **Earnings before taxes** | **7.457,3** | **18.928,0** |
| Taxes on income | -2.366,3 | -6.486,9 |
| **Earnings for the period** | **5.091,0** | **12.441,1** |
| Thereof: | | |
| Shareholders of the parent company | 5.915,0 | 12.747,1 |
| Non-controlling interests | -824,0 | -306,0 |

| | 1st half-year 2017 unaudited | 1st half-year 2016 unaudited |
|---|---|---|
| Earnings per share (in €): undiluted = diluted | 0,35 | 0,76 |
| Average number of shares outstanding | 16.760.082 | 16.760.082 |

## II. Consolidated statement of comprehensive income for the first half-year

| | | 1st half-year 2017 unaudited T€ | 1st half-year 2016 unaudited T€ |
|---|---|---|---|
| **Profit/loss for the period** | | **5.091,0** | **12.441,1** |
| **Other comprehensive interest** | | | |
| Items of other comprehensive income that are not subsequently reclassified to profit or loss for the period: | | | |
| Remeasurement of the net defined benefit liability in accordance with IAS 19 | (11) | 0,0 | -7.046,0 |
| Associated taxes | | 0,0 | 1.668,6 |
| | | 0,0 | -5.377,4 |
| Items of other comprehensive income that are subsequently reclassified to profit or loss for the period as long as certain conditions are met: | | | |
| Measurement of "available-for-sale" financial assets, pursuant to IAS 39 | | 1.711,9 | -87,0 |
| Associated taxes | | -428,0 | 21,7 |
| Foreign currency translation | | -1.886,9 | 2.409,3 |
| | | -603,0 | 2.344,1 |
| **Total of other comprehensive income** | | **-603,0** | **-3.033,3** |
| **Total comprehensive income** | | **4.488,0** | **9.407,8** |
| Thereof: | | | |
| Shareholders of the parent company | | 5.785,1 | 9.698,2 |
| Non-controlling interests | | -1.297,1 | -290,4 |

## III. Consolidated balance sheet as at June 30, 2017

| ASSETS | | As at 30/06/2017 unaudited T€ | As at 31/12/2016 audited T€ |
|---|---|---|---|
| Goodwill | (7) | 22.813,2 | 18.676,7 |
| Other intangible assets | (6) | 8.929,5 | 8.796,4 |
| Property, plant and equipment | (6) | 144.529,2 | 144.090,0 |
| Investment property | | 476,1 | 490,0 |
| Financial investments | | 5.275,7 | 3.704,6 |
| Investments in associates | | 471,2 | 379,4 |
| Other receivables from third parties | | 2.046,7 | 2.548,0 |
| Deferred tax assets | | 11.757,6 | 9.994,2 |
| **Non-current assets** | | **196.299,3** | **188.679,2** |
| Inventories | | 93.138,3 | 83.136,7 |
| Trade receivables | | 104.436,1 | 77.144,5 |
| Receivables from construction contracts | | 14.978,1 | 12.026,6 |
| Income tax assets | | 3.691,9 | 3.773,3 |
| Other receivables from third parties | | 24.436,7 | 10.346,2 |
| Cash and cash equivalents | | 68.684,6 | 99.497,8 |
| **Current assets** | | **309.365,5** | **285.925,1** |
| **TOTAL ASSETS** | | **505.664,8** | **474.604,3** |

## Consolidated balance sheet as at June 30, 2017

| EQUITY and LIABILITIES | | As at 30/06/2017 unaudited T€ | As at 31/12/2016 audited T€ |
|---|---|---|---|
| Share capital | | 17.833,5 | 17.833,5 |
| Capital reserves | | 17.095,8 | 17.095,8 |
| Retained earnings | | | |
| Accumulated earnings | | 170.012,8 | 164.097,8 |
| Foreign currency translation | | 3.937,1 | 5.350,9 |
| Available-for-sale financial assets | | 1.382,3 | 98,3 |
| Treasury shares | | -19.399,3 | -19.399,3 |
| Total equity of shareholders of the parent company | | 190.862,1 | 185.076,9 |
| Non-controlling interests | | 7.852,4 | 9.323,4 |
| **Equity** | | **198.714,5** | **194.400,3** |
| Provisions for social capital | (11) | 46.242,3 | 46.193,8 |
| Deferred tax liabilities | | 734,9 | 743,0 |
| Other provisions | | 1.118,0 | 1.069,2 |
| Interest-bearing financial liabilities | (8) | 76.477,8 | 77.102,8 |
| Other liabilities | | 203,0 | 246,1 |
| **Non-current liabilities** | | **124.776,1** | **125.355,0** |
| Current income tax liabilities | | 2.429,0 | 1.819,4 |
| Other provisions | | 36.203,8 | 34.222,9 |
| Interest-bearing financial liabilities | (8) | 14.021,2 | 13.513,1 |
| Trade liabilities | | 54.990,5 | 39.473,3 |
| Liabilities for construction contracts | | 8.154,3 | 11.829,4 |
| Other liabilities | | 66.375,4 | 53.990,9 |
| **Current liabilites** | | **182.174,2** | **154.849,0** |
| **TOTAL EQUITY and LIABILITIES** | | **505.664,8** | **474.604,3** |

## IV. Condensed consolidated cash flow statement for the first half-year 2017

| | | 1st half-year 2017 unaudited T€ | 1st half-year 2016 unaudited T€ |
|---|---|---|---|
| | Earnings before tax | 7.457,3 | 18.928,0 |
| + | Depreciation and amortisation of property, plant and equipment and intangible assets | 8.059,6 | 8.083,7 |
| -/+ | Income/expense of financial result | 494,5 | 89,8 |
| + | Interest received/paid | -464,9 | -343,4 |
| + | Dividends received | 139,0 | 310,5 |
| +/- | Others | 333,9 | 470,5 |
| +/- | Changes in working capital | -19.637,7 | -9.963,2 |
| - | Income tax paid | -3.949,5 | -5.374,5 |
| | **CASH FLOW from operating activities** | **-7.567,8** | **12.201,5** |
| - | Payments for property, plant and equipment, intangible assets and financial investments | -12.841,1 | -7.115,6 |
| + | Proceeds from disposal of property, plant and equipment and intangible assets | 286,1 | 2.240,3 |
| - | Payments for acquistion of subsidiaries less acquired cash and cash equivalents | -9.395,7 | 0,0 |
| +/- | Other payments attributable to cash flow from investing activities | -36,4 | -60,5 |
| | **CASH FLOW from investing activities** | **-21.987,1** | **-4.935,8** |
| - | Distributions to non-controlling interests | -173,8 | -168,0 |
| +/- | Increase/redemption in/of financial liabilities | -9,5 | -1.057,5 |
| +/- | Changes from other financing activities | -6,3 | 7,1 |
| | **CASH FLOW from financing activities** | **-189,6** | **-1.218,3** |
| | **Change in cash and cash equivalents** | **-29.744,5** | **6.047,3** |
| + | Opening balance of cash and cash equivalents 1.1. | 99.497,8 | 91.531,0 |
| +/- | Effects of change in foreign exchange rates | -1.068,7 | 1.776,0 |
| | **Closing balance of cash and cash equivalents 30.6.** | **68.684,6** | **99.354,3** |

## V. Consolidated changes in equity for the first half-year 2017

| | Share capital | Capital reserves | Retained earnings<br>Accumulated earnings | <br>Foreign currency translation | <br>Assets available for sale | Treasury shares | **Total** | Non-controlling interests | **Total** |
|---|---|---|---|---|---|---|---|---|---|
| | T€ | T€ | T€ | T€ | T€ | T€ | **T€** | T€ | **T€** |
| **As at 01/01/2017** | **17.833,5** | **17.095,8** | **164.097,8** | **5.350,9** | **98,3** | **-19.399,3** | **185.076,9** | **9.323,4** | **194.400,3** |
| *Profit/loss for the period* | *0,0* | *0,0* | *5.915,0* | *0,0* | *0,0* | *0,0* | ***5.915,0*** | *-824,0* | ***5.091,0*** |
| *Other comprehensive income* | *0,0* | *0,0* | *0,0* | *-1.413,8* | *1.283,9* | *0,0* | ***-129,9*** | *-473,1* | ***-603,0*** |
| **Total comprehensive income** | **0,0** | **0,0** | **5.915,0** | **-1.413,8** | **1.283,9** | **0,0** | **5.785,1** | **-1.297,1** | **4.488,0** |
| Distributions | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | **0,0** | -173,8 | **-173,8** |
| **As at 30/06/2017 (unaudited)** | **17.833,5** | **17.095,8** | **170.012,8** | **3.937,1** | **1.382,3** | **-19.399,3** | **190.862,1** | **7.852,4** | **198.714,5** |

| | Share capital | Capital reserves | Retained earnings<br>Accumulated earnings | <br>Foreign currency translation | <br>Assets available for sale | Treasury shares | **Total** | Non-controlling interests | **Total** |
|---|---|---|---|---|---|---|---|---|---|
| | T€ | T€ | T€ | T€ | T€ | T€ | **T€** | T€ | **T€** |
| **As at 01/01/2016** | **17.833,5** | **17.095,8** | **157.100,2** | **674,4** | **158,8** | **-19.399,3** | **173.463,2** | **9.801,8** | **183.265,0** |
| *Profit/loss for the period* | *0,0* | *0,0* | *12.747,1* | *0,0* | *0,0* | *0,0* | ***12.747,1*** | -306,0 | ***12.441,1*** |
| *Other comprehensive income* | *0,0* | *0,0* | *-5.377,4* | *2.393,7* | *-65,2* | *0,0* | ***-3.048,9*** | *15,6* | ***-3.033,3*** |
| **Total comprehensive income** | **0,0** | **0,0** | **7.369,7** | **2.393,7** | **-65,2** | **0,0** | **9.698,2** | **-290,4** | **9.407,8** |
| Distributions | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | **0,0** | -168,0 | **-168,0** |
| **As at 30/06/2016 (unaudited)** | **17.833,5** | **17.095,8** | **164.469,9** | **3.068,1** | **93,6** | **-19.399,3** | **183.161,4** | **9.343,4** | **192.504,7** |

## VI. Notes to the interim consolidated financial statements as at 30 June 2017

### 1. General information and principles

These interim consolidated financial statements of BWT Aktiengesellschaft, with its registered office at Walter-Simmer-Strasse 4, 5310 Mondsee, Austria, were prepared in accordance with the principles of the International Financial Reporting Standards, the provisions on interim reporting (IAS 34) and the additional requirements of Section 245a (1) of the Austrian Commercial Code (Unternehmensgesetzbuch – UGB), under the responsibility of the Management Board, and were approved for publication by way of Management Board resolution on 12 September 2017.

The interim consolidated financial statements do not include all the information and data required for the annual consolidated financial statements. Accordingly, the interim financial statements should also be read in conjunction with the most recent annual consolidated financial statements as at 31 December 2016, particularly with reference to the fact that the same accounting policies are applied unchanged.

The current interim reporting period (1 January 2017 to 30 June 2017) corresponds to the entire period from the start of the current financial year to the end of the interim reporting period. These interim financial statements therefore include only the information for the first half of the year and no data for the second quarter.

The number of companies in the consolidated group has decreased by one company, from 52 to 51, since 31 December 2016. In addition to BWT AG itself, the separate financial statements of 48 companies were fully consolidated in the interim consolidated financial statements as at 30 June 2017 (31 December 2016: 49 companies). Two companies (31 December 2016: two companies) were included using the equity method as at the end of the interim reporting period.

The changes in fully consolidated companies are as follows: In Spain, ATH Aplicaciones Tecnicas Hidraulicas, S.L. was acquired on 28 March 2017 and included in the consolidated financial statements of the BWT Group for the first time as at 1 April 2017. The Italian subsidiary Easy Aqua Italia S.R.L. was merged with BWT ITALIA S.r.l. Die Manufactur für Glas und Spiegel GmbH, Austria, was deconsolidated during the first half of 2017.

### 2. Seasonal nature of business

Shifts in the product mix, new product launches, advertising campaigns, the measurement of assets and liabilities, and first-time consolidation and deconsolidation can lead to fluctuation in the breakdown of revenues and earnings by periods.

### 3. Dividend payments

No dividend was paid to the shareholders of BWT Aktiengesellschaft in the first half of 2017. The Annual General Meeting on 14 August 2017 resolved a dividend of €0.20 per share, T€3,353.2 in total, which was paid to shareholders on 21 August 2017. The payout was T€3,353.2 (€0.20 per share) in the previous year as well.

### 4. Financial result

The Group reported a net financial result of €-0.9 million after the first two quarters (previous year: €+0.8 million). This change can be attributed to negative exchange rate effects, in addition to lower investment income and other financial income.

## 5. Segment reporting

| 1/1/ - 30/06/2017 (unaudited) | Austria / Germany T€ | France / Benelux / UK T€ | Scandinavia T€ | Italy / Spain T€ | Switzer-land / Others T€ | Elimination T€ | Total T€ |
|---|---|---|---|---|---|---|---|
| Revenue from sales | 123.763,2 | 71.899,6 | 37.419,1 | 25.219,7 | 81.840,4 | | 340.142,0 |
| Internal revenues | 15.974,8 | 4.301,2 | 661,4 | 84,1 | 6.763,6 | -27.785,1 | 0,0 |
| **Total** | **139.738,0** | **76.200,8** | **38.080,5** | **25.303,8** | **88.604,0** | **-27.785,1** | **340.142,0** |
| **Segment result (EBIT)** | **-9.691,0** | **4.025,5** | **6.129,0** | **1.717,3** | **6.186,5** | | **8.367,4** |

| 1/1/ - 30/06/2016 (unaudited) | Austria / Germany T€ | France / Benelux / UK T€ | Scandinavia T€ | Italy / Spain T€ | Switzer-land / Others T€ | Elimination T€ | Total T€ |
|---|---|---|---|---|---|---|---|
| Revenue from sales | 121.489,7 | 69.180,5 | 32.997,7 | 19.088,4 | 65.927,6 | | 308.683,8 |
| Internal revenues | 14.210,0 | 4.018,4 | 565,8 | 77,0 | 6.755,1 | -25.626,3 | 0,0 |
| **Total** | **135.699,7** | **73.199,0** | **33.563,5** | **19.165,4** | **72.682,7** | **-25.626,3** | **308.683,8** |
| **Segment result (EBIT)** | **368,6** | **5.905,1** | **5.724,5** | **1.032,8** | **5.103,8** | | **18.134,8** |

The table below shows the assets and liabilities of the Group's segments as at 30 June 2017 and 31 December 2016. The increase in the Italy / Spain segment is chiefly attributable to the acquisition of a Spanish subsidiary.

| | Austria / Germany T€ | France / Benelux / UK T€ | Scandinavia T€ | Italy / Spain T€ | Switzer-land / Others T€ | Elimination T€ | Total T€ |
|---|---|---|---|---|---|---|---|
| **Segment assets** | | | | | | | |
| As at 30/06/2017 (unaudited) | 265.123,4 | 69.671,9 | 36.703,8 | 42.502,5 | 130.892,1 | -39.229,0 | 505.664,8 |
| As at 31/12/2016 (audited) | 248.054,1 | 61.282,6 | 34.424,0 | 25.797,4 | 131.514,1 | -26.467,8 | 474.604,3 |
| **Segment liabilities** | | | | | | | |
| As at 30/06/2017 (unaudited) | 183.781,5 | 44.652,7 | 18.119,3 | 25.056,4 | 74.570,5 | -39.229,0 | 306.951,3 |
| As at 31/12/2016 (audited) | 162.515,4 | 38.306,3 | 18.734,1 | 18.381,0 | 68.735,0 | -26.467,8 | 280.204,0 |

## 6. Fixed assets

In the first six months of the 2017 financial year, the BWT Group invested T€9,700.6 (previous year: T€6,458.3) in total in property, plant and equipment and intangible assets.

Assets disposals with a residual carrying amount of T€355.4 (previous year: T€617.3) resulted in a total loss of T€69.2. Gains of T€37.7 were generated in the previous year.

## 7. Company additions

At the end of March, BWT AG, Mondsee, acquired 100% of the members' shares in ATH Aplicaciones Tecnicas Hidraulicas, S.L., Barcelona ("ATH") with a view to bolstering its market position in Spain. This move will expand the BWT Group's presence in Southern European countries at the same time as strengthening its market position in Spain. Synergy effects are also expected to boost the expansion of the Point of Entry business in Southern Europe in particular. The date of acquisition was determined as 1 April 2017 since any deviations from 28 March 2017, the date on which control was assumed, are estimated as immaterial. At the date of first consolidation, the fair value of ascertainable assets and liabilities was as follows:

| ASSETS | Fair value at the time of acquisition T€ |
|---|---:|
| Property, plant and equipment and other non-current assets | 446.0 |
| **Non-current assets** | **446.0** |
| Inventories | 3,845.8 |
| Receivables | 5,179.5 |
| Cash and cash equivalents | 950.7 |
| **Current assets** | **9,976.0** |
| **TOTAL** | **10,422.0** |

| LIABILITIES | Fair value at the time of acquisition T€ |
|---|---:|
| Current income tax liabilities | 46.6 |
| Trade payables | 3,395.7 |
| Other liabilities | 639.9 |
| **Current liabilities** | **4,082.2** |
| **TOTAL** | **4,082.2** |
| | |
| **Total identifiable net assets at fair value** | **6,339.8** |

The fair value of trade receivables and other receivables amounts to T€5,179.5. The gross amount of trade receivables and other receivables amounts to T€5,878.0. The valuation allowance for provisionally uncollectable trade receivables amounts to T€698.5. No warranties and guarantees that have to be recognised pursuant to IFRS 3 were assumed within the scope of the acquisition.

The amount presented in cash flow from investing activities under the item "Payments for acquisition of subsidiaries less acquired cash and cash equivalents" mainly comprises the total purchase price of T€10,476.3 less acquired cash and cash equivalents. Goodwill, which mainly results from the expected synergies, comes to T€4,136.5.

In the three months leading up to 30 June 2017, ATH contributed revenues of €5.4 million and earnings for the period of €0.2 million. Had the acquisition taken place on 1 January 2017, ATH's revenues up to the interim results date would have come to approximately €10.0 million and its earnings for the period would have totalled €0.4 million.

## 8. Financing activities

In the first six months of the year, interest-bearing financial liabilities declined by T€116.9 as against 31 December 2016.

## 9. Other liabilities and contingent liabilities

Large amounts of the provisions for extended liabilities from company disposals recognised in previous years are still outstanding.

The utilisation of all other customary warranties and guarantees is considered remote as at the end of the interim reporting period.

## 10. Fair value

### Disclosures on the fair value of financial instruments

The fair value of financial instruments essentially reflects their carrying amounts as at 30 June 2017. As in the previous year, interest-bearing financial liabilities are an exception to this. Their fair value is T€91,710.0 (carrying amount: T€90,499.0). The fair value of interest-bearing financial liabilities was T€100,707.7 in the previous year, while their carrying amount was T€99,746.9. A further exception – also as in the previous year – are investments in equity instruments, which are measured at amortised cost in accordance with IAS 39.

### Fair value hierarchy

The following table shows the fair values of financial instruments measured at fair value:

| **30/06/2017 (unaudited)** | Level 1<br>T€ | Level 2<br>T€ | Level 3<br>T€ | **Total**<br>**T€** |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Financial investments | 3.237,8 | 0,0 | 0,0 | **3.237,8** |

| **30/06/2016 (unaudited)** | Level 1<br>T€ | Level 2<br>T€ | Level 3<br>T€ | **Total**<br>**T€** |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Financial investments | 1.487,6 | 0,0 | 0,0 | **1.487,6** |
| **Current assets** | | | | |
| Other receivables from third parties | 0,0 | 61,3 | 0,0 | **61,3** |

Financial investments reported as level 1 include listed equities and funds units. The financial instruments reported under other receivables last year, which were shown as level 2, resulted from the measurement of outstanding derivative foreign exchange transactions (see note 12). Their fair value was calculated using bank valuations based on the forward rates as at the end of the reporting period (interbank middle rates).

There were no reclassifications between level 1 and level 2 in the first half of 2017. There was no change in the accounting policy.

### 11. Provisions for social capital

Social capital provisions are calculated using the projected unit credit method. Provisions are calculated on the basis of an actuarial opinion as at the date of the annual financial statements, 31 December. The discount rate in the first half of 2017 was not materially different from the discount rate applied as at 31 December 2016, which is why no effect was recorded as at 30 June 2017. Last year, BWT took account of the change in the discount rate in the first half of 2016 and recognised the remeasurement of the obligations in other comprehensive income.

### 12. Derivative financial instruments

The BWT Group uses currency futures in its normal business operations to hedge its exchange rate risk. There are no outstanding derivative financial instruments as at the end of the interim reporting period. The outstanding derivative financial instruments had no significant market value as at 30 June 2016 (see note 10).

### 13. Related party disclosures

In the first six months of 2017, the BWT Group received total materials and services from associates of T€2,122.6 (previous year: T€2,313.0) and provided associates with total materials and services of T€63.2 (previous year: T€70.8). As at the end of the interim reporting period, the BWT Group reported receivables from associates of T€12.9 (previous year: T€24.2) and liabilities to associates of T€396.7 (previous year: T€384.9). Dividend income of T€49.0 (previous year: none) was also generated.

In the first six months of 2017, the BWT Group received total materials and services from unconsolidated subsidiaries of T€1,958.7 (previous year: T€1,588.7) and provided unconsolidated subsidiaries with total materials and services of T€160.5 (previous year: T€138.1). As at the end of the interim reporting period, the BWT Group's receivables from and other assets in unconsolidated subsidiaries amounted to T€340.7 (previous year: T€275.0) and its liabilities totalled T€41.9 (previous year: T€120.9).

In the first six months of 2017, the BWT Group received total materials and services from other related parties of T€842.6 (previous year: T€909.4) and provided other related parties with total materials and services of T€321.2 (previous year: T€3,692.0). As at the end of the interim reporting period, the BWT Group reported receivables from other related parties of T€86.7 (previous year: T€567.1), liabilities of T€303.4 (previous year: T€263.2) and provisions of T€93.0 (previous year: T€91.3).

Transactions with unconsolidated subsidiaries, associates and other related parties were carried out at standard market conditions.

As at the date of the interim financial statements, there are no contingent liabilities to unconsolidated subsidiaries, associates or related parties for which the Management Board deems the likelihood of utilisation to be more than remote.

## 14. Other information

**Material events after the end of the interim reporting period**

At the request of WAB Privatstiftung as majority shareholder of BWT Aktiengesellschaft, the Annual General Meeting of BWT Aktiengesellschaft on 14 August 2017 resolved upon the squeeze-out of the minority shareholders pursuant to Section 1 (1) of the Austrian Squeeze-Out Act (Gesellschafterausschlussgesetz – GesAusG) against payment of an appropriate cash compensation of €16.51 per share. The squeeze-out will be registered by the relevant companies registry once the one-month objection period has expired.

In June 2017, the Supreme Court annulled the resolution adopted by the 25th Ordinary Annual General Meeting of the company on 25 August 2015 on the merger of the company with its wholly owned subsidiary BWT Holding AG and the associated delisting of the company. The decision of the Supreme Court is final. The financial consequences have already been recognised in the interim financial statements.

No other significant events occurred after the end of the interim reporting period.

**Mandatory information on waiver of audit review**

These interim consolidated financial statements were neither audited nor reviewed by an auditor.

**Statement of all members of the Management Board pursuant to Section 87 of the Stock Exchange Act (Börsegesetz – BörseG)**

We confirm to the best of our knowledge that the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as required by the applicable accounting standards and that the Group's half-year management report gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, of important events that have occurred during the first six months of the financial year and their impact on the interim consolidated financial statements, of the principal risks and uncertainties for the remaining six months of the financial year and of the major related party transactions disclosed.

Mondsee, 12 September 2017
The Management Board

| | | | |
|---|---|---|---|
| Andreas Weißenbacher | Ralf Weber | Gerhard Speigner | Gerald Steger |
| Chief Executive Officer | Chief Financial Officer | Member of the Management Board | Member of the Management Board |

Disclaimer: This report contains forward-looking statements, which are made based on the current assumptions, plans and forecasts of BWT Aktiengesellschaft. Forward-looking statements contain words such as "plans", "expects", "forecasts" and similar, and represent estimates that are made based on information that is available at the time they are published. Actual developments can differ from the forecasts made here.

This interim consolidated report was prepared with the utmost care. Nevertheless, rounding, typesetting and transmission errors cannot be excluded.

**Information and inquiries:**

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