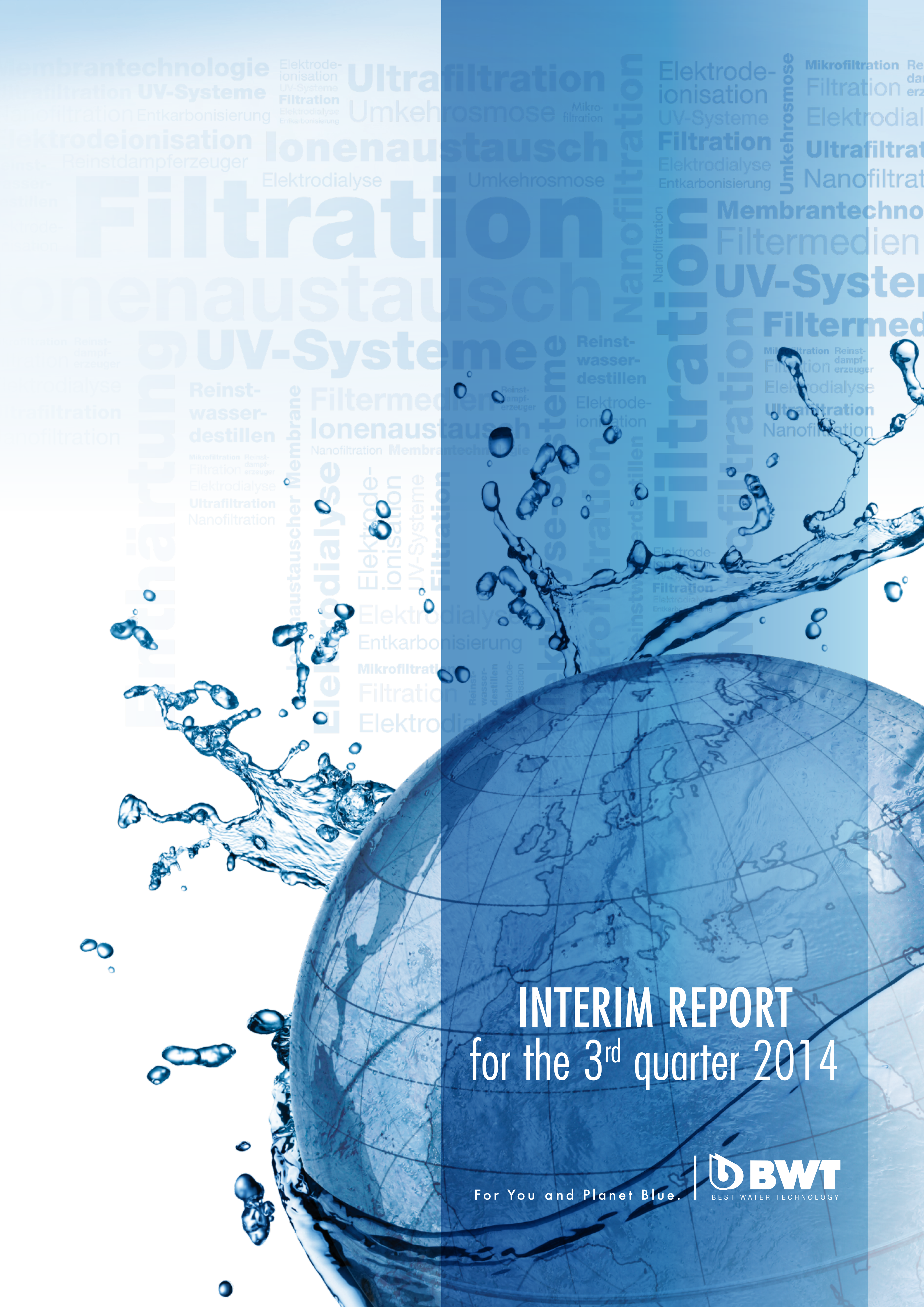

INTERIM REPORT
for the 3rd quarter 2014

For You and Planet Blue.

BEST WATER TECHNOLOGY

Interim Report of BWT Aktiengesellschaft, Mondsee for the third quarter of 2014

This interim report provides information on the business performance of the BWT Group, whose controlling company is BWT Aktiengesellschaft with its registered office in Austria at 5310 Mondsee, Walter-Simmer-Straße 4. Given that the BWT share changed from the Prime Market segment to the Standard Market Auction segment of the Vienna Stock Exchange last year, reporting for the first and third quarters of each financial year will be in the form of an interim report from 2014 onwards. The company prepared a half-year financial report for the second quarter.

As at the end of September 2014, the consolidated revenues of the BWT – Best Water Technology – Group declined by 0.2% year on year to €384.4 million. Adjusted for changes to the Group structure, consolidated revenues were up 5.9 % on the previous year's level. EBIT decreased by 10.7% from €19.3 million to €17.3 million due primarily to higher advertising expenditure and guarantees as well as increased asset depreciation. The Group's consolidated net earnings before minority interests fell by €1.7 million to €9.2 million.

BUSINESS PERFORMANCE

Consolidated revenues €384.4 million, down 0.2% on the previous year, figure adjusted for changes to the Group structure up 5.9% on the previous year

In the first three quarters of 2014, the BWT Group's consolidated revenues dipped by 0.2%, from €385.3 million to €384.4 million. In March 2014, a company not directly connected to the core business of the BWT Group was sold and deconsolidated. The municipal plant engineering business in Austria was also sold as part of the strategic reorganisation of the pool business. The swimming pool plant engineering business in Germany and the "Neher" glass shower business were sold in October last year. Following the acquisition of 3.33% additional shares in the Russian subsidiary in the second quarter of 2014, another 10.0% shares were acquired in the third quarter, thus reducing the non-controlling interest from 20% as at 31 December 2013 to 6.67% as at 30 September 2014. The difference between the purchase price and the disposal of the non-controlling interests was recognised directly in equity under accumulated earnings.

Taking into account all changes, with a comparable Group structure consolidated revenues as at the end of September were up 5.9% on the previous year's level.

All of these company disposals impacted earnings in the Austria / Germany segment. Consequently, this segment posted an absolute drop in revenues from January to September 2014 of €7.7 million to €155.5 million. However, adjusted for company disposals the segment performed well, achieving an increase in revenues of 10.5% in the first nine months of 2014.

Revenues in the France / Benelux / UK segment as at September rose from €96.4 million in the previous year to €97.2 million in the current financial year. Declines in the Industrial business were offset by gains in the Point of Use and Service business.

In the Scandinavia segment, revenues fell by 2.2% in the first three quarters of 2014, amounting to €38.4 million as at 30 September 2014 (previous year: €39.3 million). This development is due to a decline in customer-specific plant engineering business in the third quarter.

In Southern Europe, revenues in the Italy / Spain segment stagnated in the third quarter as well and came to €23.5 million (previous year: €23.4 million).

The Switzerland / Others segment benefitted in particular from the revenues development in Switzerland. The revenues growth of 10.9% to €69.8 million is predominantly the result of developments in both the Pharmaceutical Water and the Service business.

Overall, in the first nine months of the year the Point of Entry business accounted for the largest share of consolidated revenues at 67.9% (previous year: 69.8%). The Point of Use business posted cumulative growth in revenues of 16.4%, thus increasing its share of the Group's consolidated revenues to 10.9% (previous year: 9.4%). The Service and Spare Parts business also reported a slight upturn and thus accounted for 21.2% (previous year: 20.8%) of the Group's consolidated revenues.

EARNINGS

EBITDA €29.4 million, down 3.9% on the previous year
EBIT €17.3 million, down 10.7% on the previous year
Consolidated earnings after non-controlling interests €9.2 million, down 16.0% on the previous year

In the first three quarters of the year, the earnings situation of the BWT Group was characterised by increases in advertising expenditure and asset depreciation as well as by provisions for guarantees and liabilities.

EBITDA of €29.4 million was achieved in the first three quarters of 2014, €1.2 million less than in the comparable period of the previous year, while EBIT declined by €2.1 million to €17.3 million.

Cost of materials including changes in inventories amounted to €153.1 million (previous year: €152.9 million). At 39.8%, the material ratio (including changes in inventories) was at a similar level as in the previous year.

Personnel expenses decreased by 2.1% in the first nine months of 2014 from €125.8 million to €123.1 million. This was as a result of the decline in employee numbers at the BWT Group on account of company disposals.

Other operating expenses increased from €80.1 million in the previous year to €83.6 million in the first nine months of 2014. The BWT Group spent €3.8 million more on advertising, and additional cost increases were posted in the areas of freight and warehousing as well as purchased services. On the other hand, cost savings were generated as a result of the aforementioned company disposals.

Other operating income inched up slightly from €3.8 million in the previous year to €4.6 million in the first nine months of 2014.

Depreciation and amortisation increased from €11.2 million to €12.1 million due to the implementation of expansion investments in Mondsee and Bietigheim-Bissingen.

The deterioration of the financial result from €-1.6 million to €-4.2 million (year on year) was mainly as a result of expenditure attributable to company disposals.

Pre-tax income was 26.5% below the previous year's figure and totalled €13.1 million for the first three quarters of 2014 (previous year: €17.8 million). At 29.7%, the Group tax rate was below the previous year's level of 38.5%. The Group's consolidated net earnings before minority interests came to €9.2 million compared with €10.9 million in the previous year. Earnings per share stood at €0.54 (previous year: €0.64).

NET ASSETS AND FINANCIAL POSITION

Cash flow from operating activities €22.2 million (previous year: €12.2 million)
Investment in property, plant and equipment and intangible fixed assets €18.2 million (previous year: €26.3 million)
Gearing 16.9% (previous year: 22.3%)
Equity ratio 46.2% (previous year: 45.7%)

After the first nine months of 2014, cash flow from operating activities was up €10.0 million on the previous year and totalled €22.2 million (previous year: €12.2 million). The lower cash flow from earnings was more than offset by reduced working capital and increased provisions.

The expansion of production and logistics facilities at the Mondsee site was mostly completed. Investment in property, plant and equipment and fixed assets went down from €26.3 million to €18.2 million and capital expenditure outgoings fell from €24.3 million in the previous year to €20.5 million in the first three quarters of 2014. In addition to the reduced investment expenditure, proceeds from the disposal of subsidiaries also had a positive effect on cash flow from investing activities. This item came to €-17.2 million after the first nine months of the year (previous year: €-24.3 million).

The positive change in cash flow from operating activities as well as the reduced capital expenditure year on year allowed for the repayment of financial liabilities. Cash flow from financing activities amounted to €-4.0 million (previous year: €+11.2 million). As in the previous year, €4.7 million was paid out in dividends to our shareholders.

The BWT Group's net debt decreased year on year from €38.7 million to €29.9 million. As at 30 September 2014, gearing stood at 16.9 % compared with 16.2% as at 31 December 2013 and 22.3 % a year ago.

As at 30 September 2014, the BWT Group's consolidated balance sheet showed an equity ratio of 46.2% compared with 45.7% in September of last year and 47.9% as at the end of 2013. Equity increased against 31 December 2013 in absolute figures from €172.6 million to €176.7 million. Despite the company disposals, the BWT Group's consolidated balance sheet total increased against the 2013 balance sheet date from €360.1 million to €382.6 million. This was on account of the high level of capital expenditure and the expected higher working capital during the period.

EMPLOYEES

Employees as at 30 September 2014: 2,587 employees (previous year: 2,739)

As at the end of September, the BWT Group's total workforce on the basis of full-time equivalents went down year on year from 2,739 employees to 2,587 employees. Compared with 31 December 2013, the employee headcount fell by 56 employees. The decrease can be attributed to company disposals.

ORDER SITUATION

As at the end of September, the BWT Group's order backlog amounted to €75.9 million, down 12.2% on the previous year's figure of €86.5 million. Taking into account the business segments disposed, the order backlog was down 2.2% on the previous year.

OUTLOOK FOR 2014

The development of the "BWT" brand with the brand message "BWT – For You and Planet Blue" as the leading water brand remains the core focus of the BWT growth strategy. The extensive advertising measures implemented in pursuit of this aim concern both the Point of Use business (water treatment directly before water use) and the BWT Group's core business – water treatment products, facilities and services at the 'Point of Entry'.

The increased advertising expenditure, the start-up costs for the new plants in Mondsee (Austria) and Bietigheim-Bissingen (Germany), and the costs associated with company disposals will negatively impact the result for 2014.

With promissory note loans (Schuldschein loans) totalling €70 million at the start of the fourth quarter, the BWT Group reorganised its financing structure towards longer-term financing.

The Management Board still anticipates that the Group will achieve consolidated revenues in the region of €500 million and consolidated net earnings of approximately €10 million, and is planning to propose a dividend of €0.10 per share to next year's Annual General Meeting (previous year: €0.28).

No significant reportable events occurred after the balance sheet date of 30 September 2014.

SELECTED KEY FIGURES FOR THE BWT GROUP

		1st – 3rd quarter of 2014	1st – 3rd quarter of 2013
Revenues	€ million	384.4	385.3
Operating earnings before amortisation/depreciation (EBITDA)	€ million	29.4	30.6
Operating earnings (EBIT)	€ million	17.3	19.3
Earnings before taxes	€ million	13.1	17.8
Earnings for the period (before minority interests)	€ million	9.2	10.9
Cash flow from operating activities	€ million	22.2	12.2
Cash flow from investing activities	€ million	-17.2	-24.3
Cash flow from financing activities	€ million	-4.0	11.2
Investments	€ million	18.2	26.3
Equity ratio	%	46.2	45.7
Gearing	%	16.9	22.3
Order backlog	€ million as at the balance sheet date	75.9	86.5
Employees	Number as at the balance sheet date	2,587	2,739

Mondsee, 27th October 2014
The Management Board

Andreas Weissenbacher
Chief Executive Officer

Gerhard Speigner
Chief Financial Officer

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 may differ from the forecasts made here.

This Group Interim Report was prepared with the utmost diligence. Nevertheless, rounding, typesetting and transmission errors cannot be excluded.

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