

Interim Report of BWT Aktiengesellschaft, Mondsee, for the first 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 now on. The company will continue to prepare a half-year financial report for the second quarter.

In the first quarter of 2014, the consolidated revenues of the BWT – Best Water Technology – Group declined by 0.5% year on year to €119.3 million. Adjusted for changes to the Group structure, consolidated revenues were up 5.8% on the previous year's level. EBIT decreased by 21.7% from €6.0 million to €4.7 million due primarily to higher advertising expenditure. The Group's consolidated net earnings fell by €1.1 million to €2.5 million.

BUSINESS PERFORMANCE IN THE FIRST QUARTER

In the first quarter of 2014, the BWT Group's consolidated revenues decreased by €0.5 million, from €119.8 million to €119.3 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 as of October last year. Taking into account all changes to the Group structure compared with the previous year, consolidated revenues were up 5.8% on the previous year's level.

All of these company disposals impacted revenues in the Austria / Germany segment. Consequently, this segment posted an absolute drop in revenues of €1.5 million to €46.8 million in the first quarter of 2014. However, adjusted for company disposals the segment performed well.

In the first three months of 2014, revenues in the France / Benelux / UK segment declined from €33.6 million in the previous year to €32.7 million. The decrease can be attributed mainly to the industrial plant engineering business in France.

After posting revenues of €11.0 million in the previous year, the Scandinavia segment saw its revenues increase by 7.7% to €11.8 million in the first quarter of 2014. These positive developments can be attributed to both the Point of Use business and the Service business. The persistent difficult market conditions in Southern Europe meant that revenues in the Italy / Spain segment stagnated at €7.3 million in the first three months of the year.

The Switzerland / Others segment benefitted from pleasing revenues development at the Swiss subsidiary. The revenues growth of +5.2% to €20.7 million is predominantly the result of positive developments in both the Pharma business and the Service business.

Overall, the Point of Entry business continues to account for the largest share of consolidated revenues at 66.2% (previous year: 68.2%). The Point of Use business posted cumulative growth in revenues of 14.8%, thus increasing its share of the Group's consolidated revenues to 11.4% (previous year: 9.9%). The Service and Spare parts business also reported a slight upturn and thus accounts for 22.4% (previous year: 21.9%) of the Group's consolidated revenues.

Consolidated revenues
€119.3 million, down 0.5%
on the previous year, figure
adjusted for changes to the
Group structure up 5.8% on
the previous year

EARNINGS

The earnings situation of the BWT Group was characterised by planned increases in advertising expenditure in the first quarter. EBITDA of €8.5 million was achieved in the first quarter of 2014, €1.2 million less than in the first quarter of 2013, while EBIT declined by €1.3 million to €4.7 million.

Cost of materials including changes in inventories amounting to €41.8 million decreased from 36.7% to 35.1% compared with the first quarter of the previous year. This is chiefly attributable to the changes in the Group structure. Adjusted for company disposals, the BWT Group's cost of materials ratio (including changes in inventories) was more or less unchanged against the previous year in the first three months of 2014.

Personnel expenses remained largely the same at €41.7 million (previous year: €42.0 million).

The increase in other operating expenses, from €25.2 million to €28.6 million, is due to the almost €4 million rise in advertising expenditure. Other operating income increased slightly from €1.0 million in the previous year to €1.2 million in the first quarter of 2014. This was due to one-off effects.

Depreciation and amortisation increased marginally to €3.8 million (previous year: €3.7 million).

The deterioration of the financial result, from €-0.9 million to €-1.0 million, can be explained primarily by the higher expenditure as a result of company disposals. This includes losses from company disposals in the first quarter of 2014 amounting to €0.6 million (previous year: €0.4 million).

Pre-tax income is thus €1.5 million below the previous year's figure and amounts to €3.7 million in the first quarter of 2014. The Group tax rate increased from 30.6% to 31.9%. This resulted in consolidated net earnings after minority interests of €2.5 million, down €1.1 million on the previous year's figure of €3.6 million.

NET ASSETS AND FINANCIAL POSITION

The lower cash flow from earnings was offset in the first quarter of 2014 by optimised working capital and improved slightly from €-9.6 million in the previous year to €-9.5 million.

The expansion of production and logistics facilities at the Mondsee site will largely be completed in the first half of 2014. This and construction measures relating to a new plant for membrane production and pharmaceutical water activities in Germany were the key factors contributing to an increase in the level of investment in the first quarter of 2014. Despite higher investment expenditure, cash flow from investing activities came to €-7.2 million in the first three months of the year (previous year: €-7.7 million). Proceeds from the disposal of subsidiaries had a positive effect here.

Negative cash flow from operating activities together with the planned high level of investment expenditure resulted in increased utilisation of existing credit lines. Nevertheless, cash flow from financing activities of €14.7 million remained down on the previous year's level of €22.4 million. This is because the Group's cash on hand was used increasingly for financing purposes.

EBITDA €8.5 million, down 12.5% on the previous year
 EBIT €4.7 million, down 21.7% on the previous year
 Consolidated earnings after non-controlling interests €2.5 million, down 30.1% on the previous year

Cash flow from operating activities €-9.5 million (previous year: €-9.6 million)
 Investment in property, plant and equipment and intangible fixed assets €8.3 million (previous year: €7.5 million)
 Gearing 25.8% (previous year: 22.4%)
 Equity ratio 46.6% (previous year: 45.0%)

The BWT Group's net debt (defined as the net total of bank balances and interest-bearing financial liabilities) rose year on year from €38.4 million to €45.2 million. This represented an increase of €17.3 million against 31 December 2013 (previous year: €15.4 million). As at 31 March 2014, gearing stood at 25.8% compared with 16.2% as at 31 December 2013 and 22.4% a year ago.

As at 31 March 2014, the BWT Group's consolidated balance sheet showed an equity ratio of 46.6% compared with 45.0% in March of last year and 47.9% as at the end of 2013. Equity went up against 31 December 2013 in absolute figures from €172.6 million to €175.0 million. The BWT Group's consolidated balance sheet total increased against the 2013 balance sheet date from €360.1 million to €375.4 million on account of capital expenditure and higher working capital.

EMPLOYEES

Employee headcount as at 31
March 2014: 2,575 employees
(previous year: 2,735 employees)

As at the end of March, the BWT Group's employee headcount went down year on year from 2,735 employees to 2,575 employees. The decrease can be attributed to company disposals that were made.

ORDER SITUATION

As at the end of March, the BWT Group's order backlog amounted to €80.8 million compared with €81.9 million for the same period of the previous year. Taking into account the business segments disposed, the order backlog was up 6.3% on the previous year.

OUTLOOK FOR 2014

The extensive measures in connection with the development of the "BWT" brand with the brand message "BWT – For You and Planet Blue" as the leading water brand will be rigorously continued in 2014. The advertising measures associated with this aim not only to boost growth in the Point of Use business but also to bolster the BWT Group's core business – water treatment products, facilities and services at the 'point of entry' – in the long term. However, the increased advertising expenditure means that little to no increase in earnings is expected for the 2014 financial year overall.

The programme of investment at the Mondsee site is scheduled for completion in the first half of 2014 and in Germany the new Fumatech membrane production plant at the Bietigheim-Bissingen site will go into operation over the course of the year.

The upcoming Annual General Meeting on 19 May 2014 will be presented a resolution on the payment of a dividend in the amount of €0.28 per share.

No significant reportable events occurred after the balance sheet date of 31 March 2014.

SELECTED KEY FIGURES FOR THE BWT GROUP

		First quarter of 2014	First quarter of 2013
Revenues	€ million	119.3	119.8
Operating earnings before amortisation/depreciation (EBITDA)	€ million	8.5	9.7
Operating earnings (EBIT)	€ million	4.7	6.0
Earnings before taxes	€ million	3.7	5.1
Earnings for the period	€ million	2.5	3.6
Cash flow from operating activities	€ million	-9.5	-9.6
Cash flow from investing activities	€ million	-7.2	-7.7
Cash flow from financing activities	€ million	14.7	22.4
Investments	€ million	8.3	7.5
Equity ratio	%	46.6	45.0
Gearing	%	25.8	22.4
Order backlog	€ million as at the balance sheet date	80.8	81.9
Employees	Number as at the balance sheet date	2,575	2,735

Mondsee, 2nd May 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.

Financial Calendar 2014

19.05.2014..... Annual General Meeting
23.05.2014..... Share trades ex dividend
28.05.2014..... Dividend payment
08.08.2014..... First Half Year results 2014
07.11.2014..... Interim Report third quarter 2014

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