

**Interim Report 1st quarter**

**TWO  
THOUSAND  
FIFTEEN**

# Interim report for the first quarter of 2015 of ATB Austria Antriebstechnik AG

Dear Shareholders and Readers,

In the first quarter of 2015, ATB Austria Antriebstechnik AG continued to suffer from the weak economy, the collapse in oil prices, a steep decline in demand for coal mining and the effects of the crises in Russia and the Middle East. The project business reflected a significantly muted readiness to invest in several target industries, which brought along delays in major projects. In the ATB Group's important oil and gas segment – which is responsible for 23.4% of revenues – no new orders were received due to the fact that many companies in the oil and gas industry have significantly curbed their investments because of lower oil prices. Despite comprehensive countermeasures, we did not succeed in mitigating this negative development. We have been forced to accept declines in both revenues as well as in key performance indicators.

## Market trend

Looking back on the first quarter of the current year, new orders in the electrical industry in Germany, one of the ATB Group's most important sales markets, suffered only a slight decrease of 0.2%, remaining approximately at prior-year level. German electrical companies on the other hand incurred a decrease of 6.3% in domestic orders. Revenues rose by 3.6% in January and February compared to the first two months of the previous year.

## New orders and order backlog

New orders declined by 26.0% to TEUR 77,759 compared to the first quarter of 2014 (Q1 2014: TEUR 105,033). This can be attributed to such factors as the award of a major project and the resulting above-average level of new orders in the comparison period of the previous year. In the current quarter, the Low Voltage division generated significantly better results than the High Voltage division, with an increase of 3% year-on-year from TEUR 31,602 to TEUR 32,564. With new orders of TEUR 33,247, the High Voltage division remained behind the first quarter of 2014 (TEUR 61,975) by 46.4% this year. As at the 31 March 2015 reporting date, order backlog at TEUR 132,479 was 1.9% below the 2014 amount (TEUR 135,033). The Low Voltage division also performed better here and attained year-on-year growth of 3% to TEUR 32,564 compared to March 31 of the previous year (TEUR 31,602). In contrast, the High Voltage division incurred a decline of 5.8% compared to the previous year's level (TEUR 112,556), reaching an order backlog of TEUR 105,995.

## Revenues and result

The tense overall economic situation in the ATB Group's key markets strained the Company's revenues and results of operations in the past quarter. Thus, revenues after the first three months of the current reporting period amounted to TEUR 83,579 compared to TEUR 85,525 in the first quarter of 2014. The slight decrease of 2.3% was due on one hand to the persistently weak economy and on the other hand to the economic and political crises in the sales markets. The various segments showed very different trends. The Low Voltage division increased its revenues from TEUR 32,787 in the first quarter of 2014 to TEUR 33,049 in the current reporting period. In the High Voltage division,

however, we had to accept a year-on-year decline in revenues from TEUR 41,979 in the previous year to TEUR 36,022 in the current quarter.

The fall in revenues in the project business resulted from economically disadvantageous and instable situations in many of the High Voltage division's target industries and countries. The resulting caution among customers regarding investments led to project delays and therefore to a postponement of revenues into the coming months. Losses continued to take place until the end of the period and could not completely be compensated for by short-term savings measures. Furthermore, increased raw material costs led to higher cost of sales. In light of this, the ATB Group's EBITDA in the first three months decreased to TEUR 2,188 after TEUR 5,516 in the first quarter of 2014. The losses are again exclusively attributable to the project business, with an EBITDA of TEUR -208 in the current reporting period in comparison to TEUR 2,511 in 2014. The Low Voltage division was able to achieve growth of TEUR 47 in comparison to the first quarter of the previous year. EBIT for the entire Group declined in the first three months of the current year to TEUR -882, after TEUR 2,684 in the prior-year comparative period. The Low Voltage division recorded an increase of TEUR 167, yet did not succeed in mitigating the adverse developments in the High Voltage division. At the same time, the ATB Group's profit for the period fell from TEUR 1,107 in the first quarter of the previous year to a loss of TEUR -1,546 in the current reporting period.

## Financial position and cash flows

Total assets of TEUR 394,806 as at the 31 March 2015 reporting date were TEUR 8,567 higher than the comparative amount at the end of the previous year (31 December 2014: TEUR 386,238). The equity ratio increased by 0.6% to attain the approximate level of the previous year's reporting date, reaching 34.6% (31 December 2014: 33.9%).

## Cash flow from operating activities

Cash flow from operating activities improved in the first three months of the current financial year by TEUR 1,099. At TEUR -959, it was considerably above the previous year's level (first quarter 2014: TEUR -2,058). This can be attributed to fluctuations in inventory levels at multiple sites. Changes in cash flows from trade receivables and payables also resulted in an improvement in cash flow from operating activities.

## Investments

Capital expenditure in the period from January to March 2015 totalled TEUR 3,601 and was thus 15.6% below the previous year's level (Q1 2014: TEUR 4,275). Total capital expenditure therefore amounted to 4.3% of revenues. Capital expenditure in the reporting period related to product developments that will produce a significant effect in the form of own work capitalised in the amount of TEUR 1,210 (Q1 2014: TEUR 1,619). Investments in technical equipment and machinery were also made at a number of sites in the amount of TEUR 445 (Q1 2014: TEUR 559). Prepayments for initiated expansion and modernisation projects amounted to TEUR 1,729 (Q1 2014: TEUR 1,571), of which a majority (TEUR 1,055) was directed to the High Voltage division for the purchase of a testing facility and a paint shop, while the Low Voltage division purchased load and testing facilities and other equipment.

## Employees

As at the 31 March 2015 reporting date the ATB Group had 3,710 employees. This corresponds to a decrease of 2.8% compared to the number of employees at the end of the first quarter of the previous year (31 March 2014: 3,817).

## ATB share

ATB Austria Antriebstechnik AG's shares were quoted at EUR 4.9 on the Vienna Stock Exchange in the Standard Market Auction as at the 31 March 2015 reporting date (closing price on 27 March 2015). On 31 December 2014, the price was EUR 4.08. As a result of the majority shareholder's large shareholding, only 1.07% of share capital is in free float. Due to this low level of free float, even a small amount of activity in the stock market can cause high volatility in the share price. The trade volume in the first quarter of 2015 amounted to EUR 14,694.47 and 3,047 shares (single counting).

## Outlook 2015

The European Commission published growth forecasts that presented the first positive outlook for the EU and the euro zone since the crisis of 2007. According to the winter forecast, real GDP growth should be 1.7% in the EU and 1.3% in the euro zone. GDP growth of 1.5% is expected for Germany in 2015\*\*.

The management at ATB remains slightly sceptical of this assessment due to the unfavourable situation in the project business, i.e. the order situation in the High Voltage division, which could be improved. Due to the fact that this segment has long lead times of over six months, we cannot expect a complete recovery of revenues in this division over the short term.

Nevertheless, the ATB Group remains optimistic and assumes that there will be further growth this year because a number of projects are scheduled to be launched soon, and we expect rising revenues from the High Voltage division. In light of the results for the 2014 financial year and the first quarter of 2015, a series of countermeasures and optimisation projects were launched to bring the Group back on to a successful path.

In this context, the Company has optimised its product portfolio by applying the value engineering approach. Sales structures were oriented towards the Low and High Voltage divisions, and manpower has been adjusted accordingly. The Group will enter new markets and new segments this year to tap additional potential. An international sales conference that will be held in late April will translate these strategies into specific measures and action plans.

Despite the economically difficult situation, the management at the ATB Group believes that it is in a position to stabilise revenue and key earnings figures in the High Voltage division once again.

## ATB Austria Antriebstechnik AG – selected key figures

in TEUR	01-03/2015	01-03/2014	Change in %
Revenues	83,579	85,525	-2.3%
EBITDA	2,188	5,516	-60.3%
Operating profit (EBIT)	-882	2,684	-132.8%
EBIT margin	-1.1%	3.1%	-133.6%
Profit/loss before tax (EBT)	-1,905	987	-292.8%
Profit/loss for the period	-1,546	1,107	-239.5%
New orders	77,759	105,033	-26.0%
Order backlog (as at 31 March 2015)	132,479	135,033	-1.9%
Capital expenditure	3,601	4,275	-15.6%
Employees (as at 31 March 2015)	3,710	3,817	-2.8%

Vienna, 29 April 2015

### Note

This report includes statements about possible future events. These statements have been prepared based on information currently available. They reflect the Managing Board's current assessment of future events and should not be taken as guarantees of future performance; they include risks and uncertainties which are difficult to predict. A wide variety of reasons could cause actual results or circumstances to differ fundamentally from the assumptions made in the statements.