

Interim Report 3rd Quarter

**TWO
THOUSAND
FIFTEEN**



Interim report for the third quarter of 2015 of ATB Austria Antriebstechnik AG

Dear Shareholders and Readers,

ATB Austria Antriebstechnik AG's results in the third quarter reflect the currently challenging market environment. The ATB Groups's High Voltage division is especially impacted by the reduction of new orders (-17.8% compared to the previous year), stemming from the developments in the oil and gas sector. Hence, the trend thus far in 2015 – which was already apparent in the preceding quarter – continues. Accordingly, revenues in the first nine months of 2015 decreased year-on-year by 6.5%. This circumstance can be attributed to the crises in Russia and the Middle East, continuing weak demand in the coal mining industry and the low price of oil. Considering the technology transfer in the amount of EUR 6.7 million, ATB was able to generate a positive operating profit in the third quarter (TEUR 2,454) as well as a net profit for the current year. In order to counter existing developments, miscellaneous measures were defined and in part already realised in order to master the difficult situation.

Market trends

In its most recent economic outlook, the OECD (Organisation for Economic Co-operation and Development) presented a mixed view of the global situation. Although GDP (gross domestic product) grew in real terms, it fell short of expectations. Thus, an increase in consumption may have been realised, but it is still not reflected in investments. The trend in the Chinese economy represents another factor in this regard that reverberated around the world and also presented a factor of insecurity for future expectations¹.

In its report dated 12 October 2015, OPEC (Organization of the Petroleum Exporting Countries) paints an unchanged picture of the oil price trend. The currently low price will remain in place, since the decrease in the supply from the American market can be cushioned by an increase in output on the part of OPEC as well as due to developments in Iran^{2,3}.

In the German market for electrical drives – the most important sales market for the ATB Group – the trend of mixed prospects continues. According to the October issue of the ZVEI (German Electrical and Electronic Manufacturers' Association), an increase in orders and revenues may have been recorded, but it can be attributed to the foreign market. The developments in production remained at the previous level and the negative trend of the business climate continued⁴.

New orders and order backlog

As previously at the half-year, the ATB Group had to accept a decrease from TEUR 275,940 (2014) to TEUR 233,749 (2015) with respect to new orders due to the negative impact of the lower price of oil. This trend is also reflected in the current quarter with a decrease of 17.8%.

At TEUR 130,764, the order book was down by 6.6% at the reporting date from its value in 2014 (TEUR 140,016).

¹ Source: OECD, Interim Global Economic Assessment, 16 September 2015

² Source: OPEC Monthly Oil Market Report, 12 October 2015: http://www.opec.org/opec_web/en/publications/338.htm

³ Source: Wall Street Journal, 23 September 2015: <http://www.wsj.com/articles/oil-price-forecast-to-stay-below-60-through-next-year-1442937035>

⁴ Source: ZVEI, German Electrical and Electronic Manufacturers' Association: ZVEI Economic Barometer, October 2015

Revenues and profits

As a result of economic influences, the revenues realised in the first nine months of the current year decreased by 6.5% from TEUR 253,143 to TEUR 236,617. In contrast, EBITDA recorded a plus of 13.3% (2014: TEUR 11,720; 2015: TEUR 13,283). This development is reflected in the operating profit, which increased by 51.9% from TEUR 3,089 (2014) to TEUR 4,691 (2015). Although net profit for the period decreased by 98.4%, it nevertheless remained positive with TEUR 35. This development can be attributed to the technology transfer in the amount of EUR 8.7 million.

The path chosen two years ago in the Low Voltage segment (LV segment), which includes the optimisation of processes and cost structure, has led to the expected results. Revenues and profit figures improved accordingly. Revenues increased compared to the previous year, which can also be seen in EBITDA with an increase from TEUR 3,330 to TEUR 6,293. This becomes evident with respect to EBIT, which rose from TEUR 376 to TEUR 3,111. The EBIT margin increased accordingly from 0.4% to 3.0%.

The Low Voltage segment also increased its revenues in the third quarter, but this increase was not carried over to net profit. Thus, net profit for the period (TEUR 31) compared to the previous year (TEUR 2,531) remained below expectations. Overall, a market success can be recorded in this segment, which can be attributed to the implemented restructuring measures.

The High Voltage segment (HV segment) remained below the previous year's figures for the reasons stated, in particular due to the situation in the oil and gas sector. Comparing the first nine months, EBITDA decreased from TEUR 3,543 (2014) to TEUR 3,017 (2015). The EBIT margin decreased accordingly from -0.9% to -1.2%. The net loss for the period could not escape this trend and decreased further from TEUR -3,035 to TEUR -4,218. These developments can be attributed in particular to the sharp plunge in the oil and gas sector, which represents the most important sales market in this segment.

From the perspective of the quarter, we can point to a slight improvement in EBITDA, which increased as a result of the technology transfer from TEUR -249 to TEUR -241, while expenses were simultaneously incurred for personnel measures. EBIT also improved from TEUR -1,934 to TEUR -1,157; consequently, the EBIT margin also increased in the relevant period of comparison from -4.5% to -3.3%. Nevertheless, the net loss for the period increased from TEUR -2,418 to TEUR -2,789. In contrast, measures have already been implemented with respect to both sales as well as the operations in order to counter these developments.

The ATB Group was unable to increase its revenues in the current quarter due to new orders, which decreased from TEUR 81,713 to TEUR 77,142, signifying a decline of 5.6%. Nevertheless, EBITDA increased from TEUR 2,597 to TEUR 4,870, and EBIT also increased from TEUR 337 to TEUR 2,454. As a result of the setbacks in the HV segment in combination with the current global economic situation the net profit or loss for the period decreased from TEUR 1,729 to TEUR -532.

Selected key figures of ATB Austria Antriebstechnik AG

TEUR	06–09/2015	06–09/2014	% Change	01–09/2015	01–09/2014	% Change
Revenues	77,142	81,713	–5.6%	236,617	253,143	–6.5%
EBITDA	4,870	2,597	87.5%	13,283	11,720	13.3%
Net operating profit or loss (EBIT)	2,454	–337	828.2%	4,691	3,089	51.9%
EBIT margin	3.2%	–0.4%	871.3%	2.0%	1.2%	62.5%
Profit or loss before taxes (EBT)	1,021	–1,851	–155.2%	537	–1,647	–132.6%
Net profit or loss for the period	–532	1,729	–130.8%	35	2,141	–98.4%
New orders	67,373	81,915	–17.8%	233,749	275,940	–15.3%
Order backlog (as at 30 September 2015)				130,764	140,016	–6.6%
Capital expenditure	8,378	5,573	50.3%	15,189	14,768	2.9%
Employees (as at 30 September 2015)				3,764	3,744	0.5%

Vienna, 27 October 2015

Segment information

TEUR	Reporting segments				
	Low Voltage segment	High Voltage segment	Other segments	Consolidation	ATB Group
Revenues from third parties	92,566	98,585	37,307	0	228,458
Revenues within the segments	12,154	9,571	4776	-18,342	8,159
EBITDA	6,293	3,017	4,165	-192	13,283
Depreciation and amortisation	-3,182	-4,313	-188	-909	-8,592
Net operating profit or loss (EBIT)	3,111	-1,296	3,977	-1,101	4,691
Financial result	-383	-2,982	-59	-730	-4,154
Profit or loss before taxes (EBT)	2,727	-4,278	3,919	-1,831	537
Income tax	-128	60	-874	440	-502
Net profit or loss for the period	2,599	-4,218	3,045	-1,391	35
Capital expenditure	4,916	4,187	123	5,963	15,189

TEUR	Reporting segments				
	Low Voltage segment	High Voltage segment	Other segments	Consolidation	ATB Group
Revenues from third parties	88,860	129,525	34,709	0	253,094
Revenues within the segments	10,497	3,445	1,005	-14,898	49
EBITDA	3,330	3,543	-5,097	9,944	11,720
Depreciation and amortisation	-2,954	-4,710	-96	-871	-8,631
Net operating profit or loss (EBIT)	376	-1,167	-5,193	9,073	3,089
Financial result	-702	-3,729	57	-363	-4,736
Profit or loss before taxes (EBT)	-325	-4,896	-5,136	8,710	-1,647
Income tax	2,398	1,861	-401	-70	3,789
Net profit or loss for the period	2,072	-3,035	-5,537	8,641	2,141
Capital expenditure	5,215	8,225	137	1,191	14,768

Q3 2015**Reporting segments**

TEUR	Low Voltage segment	High Voltage segment	Other segments	Consolidation	ATB Group
Revenues from third parties	28,371	31,851	11,998	0	72,220
Revenues within the segments	3,902	2,924	4,767	-6,671	4,922
EBITDA	1,730	-241	2,273	1,108	4,870
Depreciation and amortisation	-1,081	-915	-118	-302	-2,416
Net operating profit or loss (EBIT)	650	-1,157	2,155	806	2,454
Financial result	-116	-962	-113	-242	-1,433
Profit or loss before taxes (EBT)	533	-2,118	2,042	564	1,021
Income tax	-502	-671	-509	129	-1,553
Net profit or loss for the period	31	-2,789	1,533	693	-532
Capital expenditure	1,645	791	33	5,909	8,378

Q3 2014**Reporting segments**

TEUR	Low Voltage segment	High Voltage segment	Other segments	Consolidation	ATB Group
Revenues from third parties	27,177	42,123	12,385	0	81,686
Revenues within the segments	3,045	1,219	952	-5,189	27
EBITDA	1,053	-249	-6,772	8,565	2,597
Depreciation and amortisation	-928	-1,685	-31	-290	-2,934
Net operating profit or loss (EBIT)	125	-1,934	-6,802	8,274	-337
Financial result	-235	-1,548	184	86	-1,514
Profit or loss before taxes (EBT)	-111	-3,482	-6,619	8,361	-1,851
Income tax	2,642	1,064	-42	-85	3,580
Net profit or loss for the period	2,531	-2,418	-6,660	8,276	1,729
Capital expenditure	2,019	2,547	32	976	5,573

30/9/2015**Reporting segments**

TEUR	Low Voltage segment	High Voltage segment	Other segments	Consolidation	ATB Group
Assets	131,825	257,868	82,490	-73,361	398,823
Liabilities	65,936	171,629	21,269	-1,064	257,770

30/9/2014**Reporting segments**

TEUR	Low Voltage segment	High Voltage segment	Other segments	Consolidation	ATB Group
Assets	126,409	249,756	30,398	-20,324	386,239
Liabilities	59,822	151,701	13,101	30,536	255,160

Financial position

Compared to the end of 2014, balance sheet total increased from TEUR 386,239 to TEUR 398,823 (as at 30 September 2015). The equity ratio, which rose from 33.9% (31 December 2014) to 35.4%, also shows the same trend. This increase can be attributed primarily to an increase in the revaluation reserve in connection with two companies' measurement of land and buildings at fair value.

Cash flow performance

Cash flows from operating activities increased year-on-year from TEUR -4,233 to TEUR 89 as a result of better cash management.

Cash flows from investing activities in the reporting period amounted to TEUR -14,643 (Q3 2014: TEUR -17,202); including investments in assets and machinery for the new production site "ATB Motors (Shaoxing) Co., Ltd."

Cash flows from financing activities decreased in the first nine months of this year from TEUR 10,788 (2014) to TEUR -11,587 (2015), which can be mainly attributed to the repayment of bank loans and the lower amount borrowed compared to the previous year.

Capital expenditure

Capital expenditure in the first three quarters of the reporting period did not increase substantially compared to the previous year (TEUR 421). A large part of the capital expenditure in the third quarter of 2015 (TEUR 5,103) related to the purchase of technical equipment and machinery for the newly established manufacturing plant ATB Motors (Shaoxing) Co., Ltd. in which ATB Holding holds 51% of the interest. In addition, capital expenditure in technical equipment and machinery increased by TEUR 4,889 compared to the first nine months of 2014.

Advance payments on property, plant and equipment decreased by TEUR 1,193 and capitalised development costs decreased by TEUR 1,893 compared to the previous year. TEUR 113 (previous year: TEUR 643) was invested in land and buildings, and TEUR 413 (previous year: TEUR 748) in other office equipment.

Capital expenditure in the period from January to September 2015 totalled TEUR 15,189 and was thus 2.9% above the previous year's amount (Q3 2014: TEUR 14,768). Total capital expenditure therefore corresponded to 6.4% of the revenues generated.

Personnel

The ATB Group had 3,764 employees on the reporting date (30 September 2015). This represents a modest increase compared to the previous year (2014: 3,744), which can be attributed to the developments at ATB Sever and the consolidation of the joint venture ATB Shaoxing, which more than offset the reduction in personnel at ATB Schorch.

The ATB share

ATB share performance	01-09/2015	01-09/2014
High	8,18	5,499
Low	4,06	2,60
End of the reporting period	7,611	5,499

ATB Austria Antriebstechnik AG's share was quoted at EUR 7.611 on the Vienna Stock Exchange in the Standard Market Option at the 30 September 2015 reporting date (closing price on 28 September 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 the share capital is in free float. Due to this low level of free float, even low trading volumes can lead to high volatility in the share price.

In accordance with the Austrian Squeeze-Out Act (GesAusG), the Commercial Court of Vienna entered the squeeze-out of minority shareholders resolved in the Annual General Meeting of ATB Austria Antriebstechnik AG held on 18 August 2015 in the commercial register of the Commercial Court of Vienna effective 23 October 2015. With the entry of this resolution, all non-controlling interests (shares) in the Company were transferred to the principal shareholder WOLONG INVESTMENT GmbH.

If securities were issued in connection with these shareholder rights, they only certify the right to cash compensation beginning with 23 October 2015. As a result of the entry of the squeeze-out of minority shareholders in the commercial register of the Commercial Court of Vienna, the shares of ATB (ISIN AT0000617832) listed on the Vienna Stock Exchange were delisted with a notice from Börse Wien AG dated 23 October 2015.

Annual general meeting

On 22 May 2015, ATB Austria Antriebstechnik Aktiengesellschaft, Vienna/Austria, held its ordinary annual general meeting at which all motions relating to the agenda items were adopted.

On 18 August 2015, ATB Austria Antriebstechnik Aktiengesellschaft held an extraordinary general meeting in which a resolution was adopted on the transfer of all non-controlling interests of ATB Austria Antriebstechnik AG to WOLONG INVESTMENT GmbH as the principle shareholder in exchange for reasonable cash compensation in the amount of EUR 7.60 per no-par value share.

Risk management

As part of its business activities, and in view of their diversity, the ATB Group is exposed to a number of risks which may have a negative influence on financial performance. The ATB Group depends on multiple risk management and monitoring systems in order to early identify major risks and manage them successfully.

Details on the risk factors and how they are mitigated with suitable control and management systems can be found in the 2014 Annual Financial Report of ATB Austria Antriebstechnik AG, which has been published online at www.atb-motors.com.

Outlook 2015

The expectations regarding the further development in the oil and gas market remain modest for the next quarters. Thus, it can be presumed that the market conditions will remain challenging for much of 2016.

Nevertheless, we are working intensively within the ATB Group to adapt the Group's structure to the existing operating environment. Accordingly, steps are being taken in two respects. On the one hand, efforts to further develop & optimise the sales organisation, and on the other hand, rigorous cost management measures are being accelerated.

In addition, the relaxation of sanctions against Iran expected in the first quarter of 2016 represents an opportunity for the ATB Group. Furthermore, we can confidently look forward to the marketing of new products and the further optimisation and expansion of the product portfolio. These measures are taken in order to ensure positive development for the ATB Group for the coming periods in order to correspondingly adapt the entire Group to the existing market environment.

ATB Austria Antriebstechnik Aktiengesellschaft
Vienna, 27 October 2015



Mag. Andreas Schindler
Chairman of the Managing Board
(Chief Executive Officer)



Jianbo Wu
Member of the Managing Board
(Chief Financial Officer)



Harald Lutz
Member of the Managing Board
(Chief Integration Officer)

Consolidated income statement

TEUR	06-09/2015	06-09/2014	01-09/2015	01-09/2014
	unaudited	unaudited	unaudited	unaudited
Revenues	77,142	81,713	236,617	253,143
Change in inventory	2,075	373	3,724	-570
Own work capitalised	1,094	2,052	3,902	5,809
Cost of materials and other purchased manufacturing services	-39,134	-38,101	-117,126	-119,980
Personnel expenses	-33,728	-33,829	-96,158	-100,059
Depreciation and amortisation of non-current assets	-2,416	-2,934	-8,592	-8,631
Other operating income	7,640	670	10,728	1,998
Other operating expenses	-10,219	-10,281	-28,404	-28,621
EBITDA			13,283	11,720
Operating profit	2,454	-337	4,691	3,089
Borrowing costs	-1,538	-1,555	-4,198	-4,801
Financial income	105	41	44	65
Financial result	-1,433	-1,514	-4,154	-4,736
Net profit or loss before taxes	1,021	-1,851	537	-1,647
Income tax	-1,553	3,580	-502	3,788
Net profit or loss from continuing operations	-532	1,729	35	2,141
Net profit or loss from discontinued operations			0	0
Net profit or loss for the period	-532	1,729	35	2,141
of which profit or loss attributable to non-controlling interests	325	372	542	670
of which profit or loss attributable to the shareholders of the parent company	-857	1,357	-507	1,471
Diluted and basic earnings per share of the shareholders of the parent company	-0.08	0.12	-0.05	0.13

Consolidated statement of comprehensive income

TEUR	06-09/2015	06-09/2014	01-09/2015	01-09/2014
	unaudited	unaudited	unaudited	unaudited
Net profit or loss for the period	-532	1,729	35	2,141
Items that will never be reclassified to profit or loss	679	2	2,357	61
Items that were or may be reclassified to profit or loss	-3,935	2,616	3,734	5,025
Other comprehensive income	-3,256	2,618	6,091	5,086
Total comprehensive income	-3,788	4,347	6,126	7,227
of which profit or loss attributable to non-controlling interests	-173	780	817	1,231
of which profit or loss attributable to the shareholders of the parent company	-3,616	3,567	5,309	5,996

Consolidated balance sheet

ASSETS		
TEUR	30/9/2015	31/12/2014
	unaudited	audited
Non-current assets		
Property, plant and equipment	122,085	114,118
Goodwill and intangible assets	57,291	53,939
Available-for-sale financial assets	1,622	853
Other non-current financial assets	504	220
Non-current financial assets accounted for using the equity method	372	478
Deferred tax assets	21,904	21,260
	203,778	190,868
Current assets		
Inventories	60,645	53,560
Trade receivables and other receivables	78,272	75,790
Receivables from associated companies	15,900	3,795
Receivables from construction contracts	23,671	19,845
Other financial assets	75	52
Cash and cash equivalents	16,482	42,329
	195,045	195,371
Assets from discontinued operations		
TOTAL ASSETS	398,823	386,239

EQUITY & LIABILITIES		
TEUR	unaudited	audited
Equity		
Share capital	26,657	26,657
Share premium	251,544	251,544
Adjusting item from currency translation	2,596	-863
Cumulative income and expenses recognised directly in equity	8,117	5,760
Cumulative profit or loss	-168,108	-167,554
Equity attributable to the shareholders of the parent company	120,806	115,544
Non-controlling interests	20,247	15,535
Equity	141,053	131,079
Non-current liabilities		
Liabilities to associated companies	17,600	24,351
Non-current obligations to employees	58,684	58,285
Non-current financial liabilities	69,677	77,124
Other non-current provisions	488	896
Deferred tax liabilities	6,578	6,428
	153,027	167,084
Current liabilities		
Trade payables	31,694	31,952
Liabilities from construction contracts and advance payments	2,713	3,166
Liabilities to associated companies	27,974	6,476
Current provisions	1,522	2,895
Other current liabilities	14,012	12,817
Current tax liabilities	616	147
Current financial liabilities	26,212	30,623
	104,743	88,076
Liabilities from discontinued operations	0	0
TOTAL EQUITY AND LIABILITIES	398,823	386,239

Consolidated statement of changes in equity

	Share capital	Share premium	Retained earnings	Currency translation	Fair value reserve for available-for-sale securities	Revaluation reserve	Revaluation of net liabilities from pension and termination benefit obligations	Cumulative profit or loss	Majority shareholder's interests	Non-controlling interests	Equity
TEUR											
As at 1 January 2014	26,657	251,544	0	-5,476	-15	17,395	-7,234	-178,398	104,472	10,341	114,813
Net profit or loss for the period	0	0	0	0	0	0	0	1,471	1,471	670	2,141
Other comprehensive income	0	0	0	4,465	0	60	0	0	4,525	561	5,086
Total comprehensive income	0	0	0	4,465	0	60	0	1,471	5,996	1,231	7,227
Shareholder contributions/Dividend payments	0	0	0	0	0	0	0	92	92	-92	0
Change in acquisitions	0	0	6	0	0	0	0	-22	-16	3,501	3,485
As at 30 September 2014	26,657	251,544	6	-1,011	-15	17,455	-7,234	-176,857	110,545	15,535	131,079
As at 1 January 2015	26,657	251,544	0	-863	31	17,455	-11,726	-167,554	115,544	15,535	131,079
Net profit or loss for the period	0	0	0	0	0	0	0	-507	-507	542	35
Other comprehensive income	0	0	0	3,459	0	2,357	0	0	5,816	275	6,091
Total comprehensive income	0	0	0	3,459	0	2,357		-507	5,309	817	6,126
Shareholder contributions/Dividend payments	0	0	0	0	0	0	0	-47	-47	-11	-58
Change in acquisitions	0	0	0	0	0	0	0	0	0	3,920	3,920
Purchase of shares of LJ	0	0	0	0	0	0	0	0	0	-14	-14
As at 30 September 2015	26,656	251,544	0	2,596	31	19,812	-11,725	-168,108	120,806	20,247	141,053

Consolidated cash flow statement

TEUR	01-09/2015	01-09/2014
	unaudited	unaudited
Cash flows from operating activities	89	-4,233
Cash flows from investing activities	-14,643	-17,202
Cash flows from financing activities	-11,587	10,788
Cash and cash equivalents at beginning of the period	42,329	27,167
Decrease/increase in cash and cash equivalents	-26,141	-10,647
Effect of changes in exchange rates on cash and cash equivalents	294	608
Cash inflow from acquisitions	0	600
Cash and cash equivalents at end of period	16,482	17,728

Notes to the condensed consolidated interim financial statements

General principles and information

The quarterly report for the nine months, having ended 30 September 2015, has been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU for interim financial reporting (IAS 34).

The accounting policies applicable on 31 December 2014 have been applied without change.

The condensed consolidated interim financial statements do not include all the information and disclosures contained in the annual report and should therefore be read in conjunction with the consolidated financial statements for the year ended 31 December 2014.

The accompanying interim financial report for the period ended 30 September 2015 has not been audited or reviewed by an auditor. Further information on accounting policies can be found in the consolidated financial statements for the year ended 31 December 2014, on the basis of which the accompanying interim financial report has been prepared.

Seasonal and/or economic influences

The manifold entrepreneurial activities of the ATB Group may not depend on the season, but are nevertheless subject to the general macroeconomic trends and influences due to the nature of the product.

Significant related-party transactions

There have been no significant related-party transactions since 30 September 2015.

Significant events after the reporting date

There have been no significant events since 30 September 2015.

ATB Austria Antriebstechnik Aktiengesellschaft
Vienna, 27 October 2015



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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.