BWT Annual Report 2013

For You and Planet Blue.

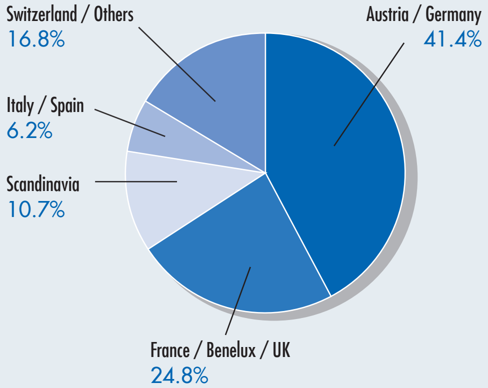
BEST WATER TECHNOLOGY

Overview		IFRS 2013	IFRS 2012	IFRS 2011
Consolidated group sales	million €	507.7	502.3	478.9
EBITDA	million €	41.0	40.8	39.1
EBIT	million €	23.1	22.2	21.7
Earnings before taxes	million €	18.1	20.7	19.9
Consolidated net earnings	million €	10.8	14.4	13.8
Cash flow from operating activities	million €	31.5	30.1	26.4
Number of shares as of 31/12 (excl. own shares)	million	16.8	16.8	16.8
Earnings per share	€	0.64	0.87	0.80
Dividends and bonus per share	€	0.28*	0.28	0.28
Investment in tangible and intangible assets	million €	34.7	36.3	21.6
Equity	million €	172.6	168.4	162.6
Employees as of 31/12	persons	2,643	2,726	2,689

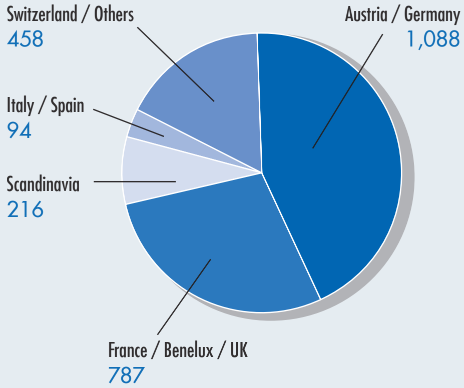
*) Proposal to the AGM

Summary of balance sheet	2013		2012	
ASSETS	million €	%	million €	%
Non-current assets	182.1	50.6	170.4	48.3
Current assets	178.1	49.4	182.4	51.7
TOTAL ASSETS	360.1	100.0	352.7	100.0
EQUITY AND LIABILITIES	million €	%	million €	%
Equity	172.6	47.9	168.4	47.7
Non-current liabilities	69.5	19.3	61.1	17.3
Current liabilities	118.1	32.8	123.2	35.0
BALANCE SHEET TOTAL	360.1	100.0	352.7	100.0

Sales 2013 by business segment (in %)



Employees by business segment as of 31/12/2013



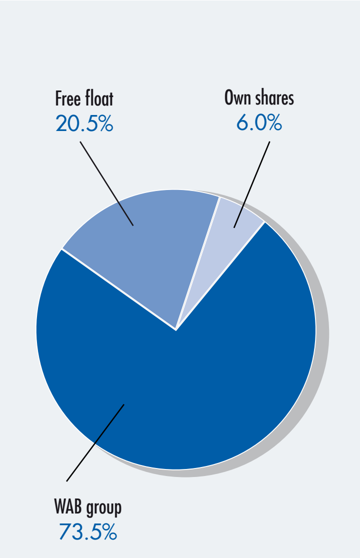
IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
2010	2009	2008	2007	2006	2005**	2004	2003
460.7	400.7	410.2	397.5	362.0	463.5	488.1	416.0
47.2	45.7	40.2	45.3	40.9	36.8	37.8	28.0
31.5	26.8	29.2	36.3	32.6	27.0	24.9	13.6
31.2	30.3	27.0	35.3	31.8	25.7	22.9	11.4
22.8	23.1	20.6	26.3	22.2	19.0	17.1	7.7
34.3	49.7	28.1	22.5	26.9	26.4	33.9	28.7
17.2	17.4	17.5	17.8	17.8	17.8	17.8	17.8
1.32	1.32	1.16	1.48	1.24	1.06	0.96	0.43
0.40	0.40	0.38	0.38	0.35	0.30	0.27	0.24
14.9	9.7	16.6	13.9	10.2	11.2	10.3	6.3
163.9	152.8	138.2	129.6	109.2	93.3	137.7	124.3
2,820	2,701	2,389	2,354	2,202	2,007	2,780	2,688

**) Spin-off of AST-segment as of end October 2005

Share price		2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
High	€	17.17	16.03	22.62	23.22	21.84	35.94	53.69	36.63	36.15	27.84	14.84
Low	€	12.1	12.17	10.90	17.97	10.26	10.00	31.54	21.78	21.65	15.25	8.60
Closing price	€	15.25	16.00	13.06	22.00	19.39	11.00	36.40	36.50	23.25	27.84	14.79
P/E (closing price)	€	16.2	18.4	16.3	16.7	14.7	9.5	24.6	29.4	21.9	29.0	34.4
Market cap in million	€	272	285	233	392	346	196	649	651	415	496	264

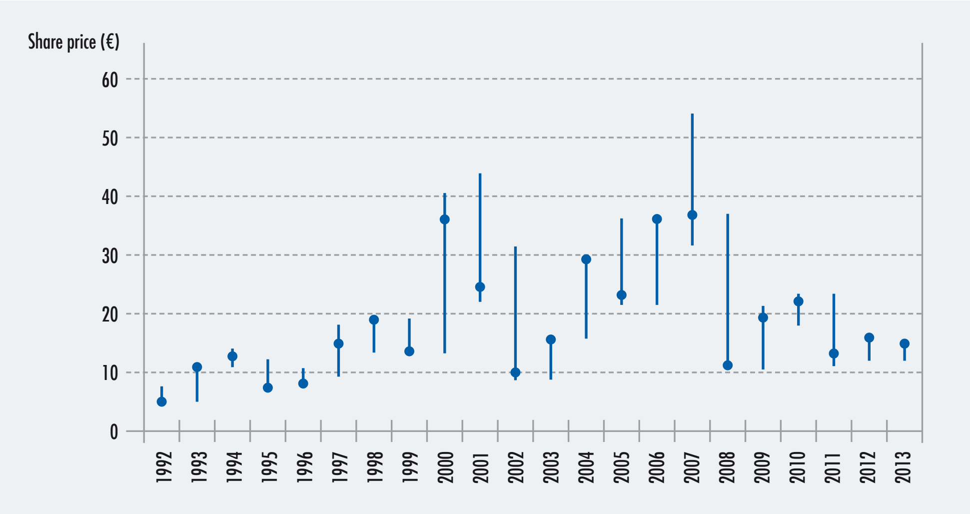
IPO price 1992: € 7.45

Shareholder structure*



*as at February 2014

Share price chart 1992–2013



Source: Wiener Börse AG

Foreword by the Chairman of the Executive Board

Dear Shareholders,
esteemed Business Partners,

"BWT does that for me!" – with this strapline BWT launched the biggest ever advertising campaign in the German and Austrian water treatment market in 2013. The campaign was a resounding success. With the involvement of thousands of our drinking water professionals (BWT installation partners), we succeeded in inspiring new customers in these key markets with a new "day-by-day water experience" and significantly raising the profile of our BWT brand among end-consumers.

We are pursuing an extraordinary strategy in an extraordinary market. Rediscover water with BWT. Water is our future and, thanks to our technologies, it provides us with considerable opportunities for growth. BWT products deliver a water quality that is far superior to that of its competitors in households and businesses as well as in the catering and hotel sectors. Whether water is used for drinking, cooking, showering, doing the laundry or cleaning, BWT technology ensures safety, hygiene and health as well as superior taste and enjoyment in people's daily contact with the elixir of life – H_2O.

BWT – Best Water Technology: this is our company, our aim, our mission and our approach all summarised into one word. One aim and one strategy, one strong brand, and an associated philosophy and values that we have trusted since our company was founded back in 1990.

Rediscover water with us – a new quality, a new, never-before-experienced pleasure. With BWT water, coffee and tea connoisseurs enjoy a "eureka" experience and discover the significance of this valuable resource and elixir of life. Athletes and health-conscious consumers discover our magnesium water. Our "pearl water strategy" has become a movement and is taking on a real community character.

Hence, more and more consumers are realising that BWT water makes the difference because not all water is the same: fresh-tasting BWT Mg^{2+} mineralised water, wonderfully aromatic tea and coffee, soft skin and silky-smooth hair or even soft laundry, sparkling clean glasses and dishes, and protected valuable household appliances and investments – "BWT does that for me!" – "for you!"

We want to leverage this tremendous opportunity derived from innovative technologies for best water and to transform today's market leader in Europe into tomorrow's leading international water technology group. "For You and Planet Blue" conveys our philosophy to produce economical and ecological products that benefit all stakeholders including our customers, partners and the environment.

We rigorously continued our future strategy in 2013 with marketing and infrastructure investments well in excess of €50 million. The main production facility in Mondsee, Austria, with a particular emphasis on the Point of Use business and a new location in Bietigheim-Bissingen, Germany, were the focal points of our investments. Since the start of 2014, our German Pharma & Biotech division and BWT FuMA-Tech have been headquartered in Bietigheim-Bissingen near Stuttgart at one of the most state-of-the-art production facilities for fuel cells and other specialist membranes in the world.

In tandem with our growth focus on Point of Use, in 2013 we worked hard to optimise our strategic positioning in the water technology market. Despite the substantial level of investment and only a small change in sales, the balance sheet is healthy as at the end of 2013 and represents a solid economic basis for the implementation of our strategy. The financial stability and independence of the BWT Group are top priorities for us.

We are in the fortunate position of being able to implement this strategy despite a difficult general economic situation. Our economic environment is characterised by severe levels of debt in many countries, ongoing recession and a monetary policy that reflects an exceptional situation in which people are playing for time. Many people work a great many hours and have little money to show for it and many people have no work at all. Around halfway through 2013, a moderate economic recovery took root in Europe with a continuing divergent trend in some countries. The economic performance of the euro zone declined by 0.4% in terms of GDP in 2013 according to provisional figures, on a similar level to the previous year. Germany and Austria held up well with +0.4% and +0.3% respectively, but the economy stagnated in other regions with Italy and Spain suffering ongoing recession. The USA achieved growth in GDP of over 2%, while China exceeded 7%.

With organic growth in revenues of 1.1%, the BWT Group generated total revenues of €507.7 million. Posting growth of over 17%, the Point of Use business was again an important driver of growth and is already contributing close to 10% to our revenues. On a regional level, Asia reported strong revenues growth. The Austria / Germany segment posted a moderate decline in revenues due to the strategic decision to withdraw from less attractive market segments. The Scandinavia segment also experienced somewhat of a fall in revenues, mainly owing to a major export project from the previous year.

Despite investment in the Point of Use business and increased marketing expenditure, EBIT moved up 4.1% to €23.1 million.

On the other hand, annual earnings fell by 25.1% to €10.8 million owing to a lower financial result and a higher tax rate of 40.4%. Earnings per share declined from €0.87 in the previous year to €0.64. However, operating cash flow rose from €30.1 million to €31.5 million.

In 2013, we repurchased 520 treasury shares. At the end of 2013, holdings of our own shares totalled 1,073,418 or 6.02% of shares issued. To the end of the year, the market value of treasury shares amounted to €16.4 million.

In spite of major investment in excess of €34.7 million and a dividend payment of €4.7 million, the balance sheet position was little changed as at the end of December. The equity ratio even improved slightly from 47.7% to 47.9%. Net debt rose from €23.1 million to €27.9 million, giving a figure for gearing (the ratio of net debt to equity) of 16.2% after 13.7% in the previous year.

We continued to present global technological innovations in 2013 as well. Our direct expenditure on research and development came to €8.2 million over the year. A new, pioneering innovation was used for the first time in BWT Bestmax filters for coffee machines and drinking water treatment devices: a newly developed material removes silver during the filter cycle, thus providing drinking water that has no traces of silver. The new Bestmax Balance filter range provides drinking water that is not only silver-free but also has a balanced pH value. The Bestmax Balance filter achieves this higher pH value without the addition of sodium.

The ULTRA-SAFE filter was developed for drinking water treatment particularly in countries where drinking water is laden with dangerous bacteria. BWT's ULTRA-SAFE filter uses an ultrafiltration membrane with a cut-off of approximately 100 kD, which equates to an average pore size of around 0.02 µm. In conventional filters, this value is around 0.2 µm.

In the Point of Entry segment, the BWT Multi C and BWT Multi S filters were developed, primarily for the Asian region. Both filter types are used at the point where the water enters the household to filter minute particles and remove chlorine and organic substances in the water. In these countries, drinking water is usually collected in tanks on the roof and distributed via these tanks. The high storage temperature gives rise to particular requirements with regard to hygiene, and disinfection is essential. A new UV range called BEWADES CN was specially developed in-house to meet this requirement. What is more, two new water softeners, the AQA basic II and the AQA Smart C, round off the BWT pearl water filter range.

BWT again received prestigious awards for a number of its important products. In addition to the AQA perla water softening system, BWT has now also been awarded the internationally renowned Plus X Award – the world's biggest innovation prize for technology – for the E1 single-lever filter as well. This outstanding BWT product should also bear the "Best Product of 2013" seal in future.

The BWT Group is now the market leader for water technology in Europe. Our focus on the element of water gives us a globally unrivalled technological expertise in the fields of water for the pharma and biotechnology industry to businesses, hotels, hospitals and many other facilities, all the way to water treatment for households. This positioning and our comprehensive portfolio of technologies provide us with unique opportunities that we wish to exploit. For this reason, we are planning to continue our investment in the expansion of the BWT brand among our end consumers to generate sustainable growth for our fledgling business segments as well as our Point of Entry business, marketed in conjunction with our partners, which is already galvanising thousands of people throughout the whole of Europe.

I would like to take this opportunity to thank our Supervisory Board for its valuable and constructive cooperation over the past year. I would also like to offer all our highly motivated and dedicated employees my warm thanks for their commitment in what is an extremely challenging phase for us all.

To BWT's shareholders, business partners and friends, I offer my sincere thanks to you all for your fair and trusting collaboration to date. BWT – For You and Planet Blue is on the way to becoming an internationally visible and recognised brand for first-class water. I very much hope that you will continue to support us on this journey.

Yours Andreas Weißenbacher

Who softens my bath and shower water, making my skin glow and my hair shine?

BWT does that – for me!

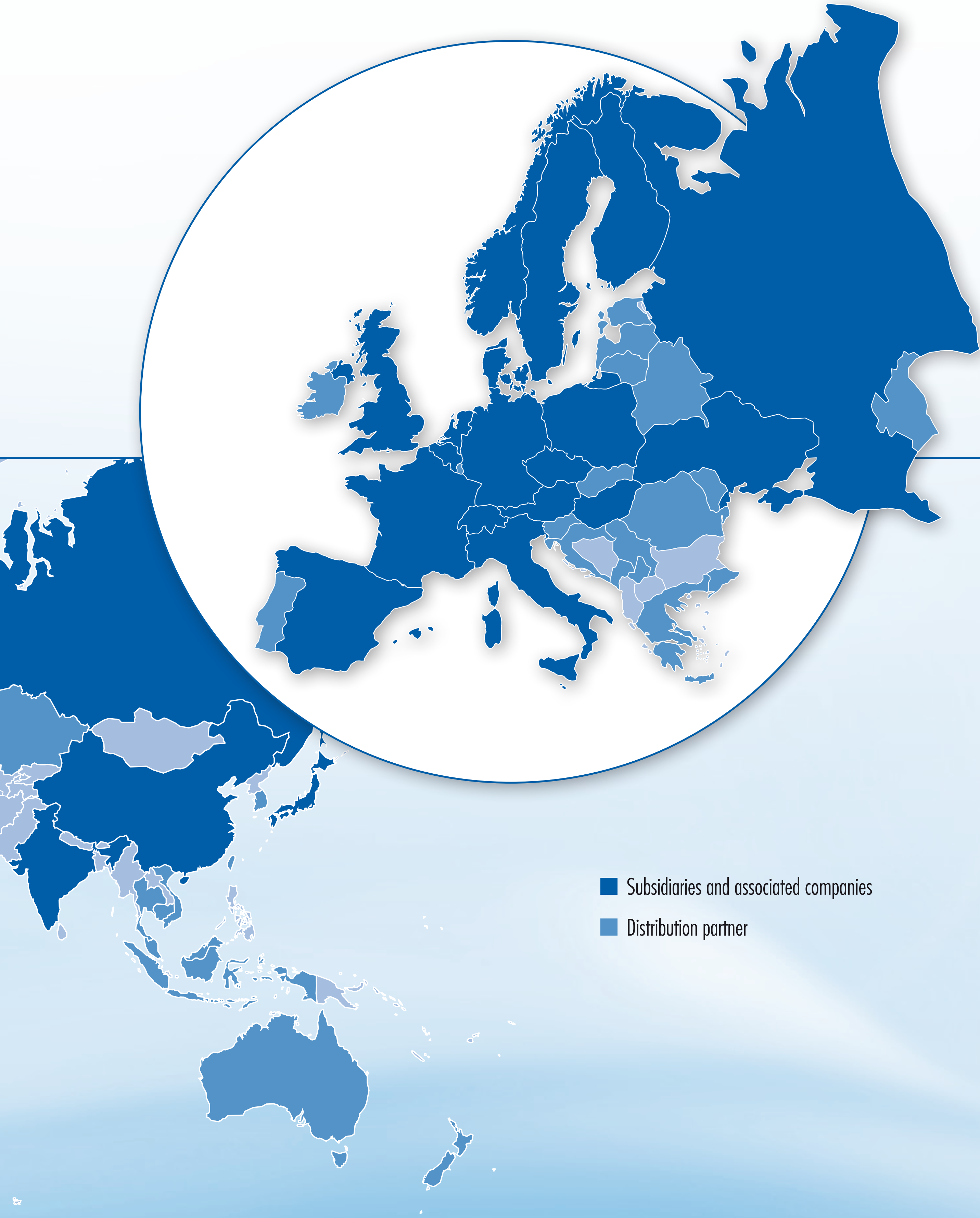
The AQA perla water softener from BWT removes the hardness from the water to keep your shower sparkling clean. You'll also enjoy the unique sensation of silky pearl water for noticeably softer skin and smoother hair, while your weekly wash will come out all light and fluffy.

For You and Planet Blue. | BWT BEST WATER TECHNOLOGY

BEST WATER TECHNOLOGY

BWT – Europe's leading water technology group

- **68 subsidiaries and associated companies**
- **4 production locations**
- **2,643 employees**
- **508 million € sales**
- **Research and development departments in France, Germany, Switzerland and Austria**
- **World leading know-how in all areas of water treatment**


Subsidiaries and associated companies
Distribution partner

Supervisory Board

from left to right: Dipl.-Vw. Ekkehard Reicher, Mag. Dr. Leopold Bednar, Gerda Egger, Dr. Helmut Schützeneder, Dr. Wolfgang Hochsteger

Dipl.-Vw. Ekkehard Reicher, Oberalm
Consultant; member of the Supervisory Board of BWT AG since 1996.

Mag. Dr. Leopold Bednar, Vienna – Chairman
Senior partner of CONplementation Unternehmensberatung GmbH.
Chairman of the Supervisory Board of BWT AG since 1991.

Gerda Egger, Golling
Management Board of the WAB trust;
member of the Supervisory Board of BWT AG since 1996.

Dr. Helmut Schützeneder, Linz
Consultant to the Management Board of Raiffeisen Landesbank Oberösterreich (until December 31, 2013); member of the Supervisory Board of BWT AG since 2011.

Dr. Wolfgang Hochsteger, Hallein – Deputy chairman
Lawyer and partner of law firm Hochsteger Perz Wallner Warga;
Deputy Chairman of the Supervisory Board of BWT AG since 1991.

Management Board

Andreas Weissenbacher
Chief Executive Officer (CEO)
since 1991

responsible for the operating business and the departments Research & Development, Purchasing, Human Resources, Marketing and Investor & Public Relations.

Gerhard Speigner
Chief Financial Officer (CFO)
since 1996

responsible for the departments Finance & Controlling, Treasury, Information Technology, Law, Taxes and Risk Management.

Who enriches
my drinking water
with magnesium,
for added daily vitality?

BWT does that – for me!

With BWT's Gourmet table water filter you'll enjoy magnesium-enriched drinking water that's free from calcium and taste-affecting substances. Not only does it taste naturally fresh, but it brings out the full flavour of your tea and coffee.

For You and Planet Blue. | BWT BEST WATER TECHNOLOGY

Water – a life-sustaining resource

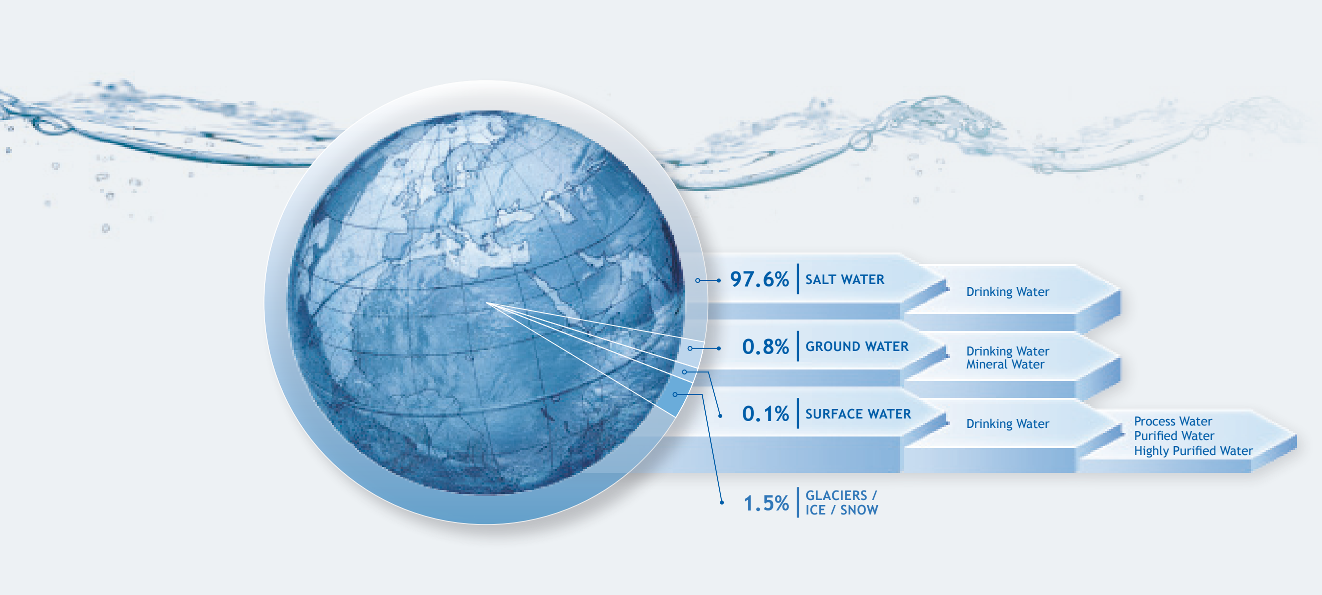
"The principle of all things is water because water is everything and everything returns to water."
Thales von Milet, Greek philosopher, 624 – 547 BC

There is no life without water – if there were no water then the world as we know it would not exist. Water covers over 70% of the Earth's surface. The human body is mostly made up of water. Water makes up around 75% of a baby's body and around 60% of a human adult body. For nature to thrive, it requires a plentiful and regular supply of water. Vegetation withers and dies without a water supply and gives way to a desert landscape. Last but not least, the economy and the production of material goods, which shape our everyday lives, rely on water.

But what exactly is this water that is so essential for humans and nature and is part of our everyday lives in so many different ways? From a chemical point of view, water is made up of two parts hydrogen and one part oxygen (H_2O). Water can be found in all three fundamental states of matter – liquid, solid and gas. This diverse nature is one of the fundamental reasons why water plays a key role in so many areas of our lives.

There are alternative sources of energy, but there are no alternatives to water. Global water resources are limited, equalling some 1.386 billion cubic kilometres. This seemingly almost inexhaustible supply of water is put into stark perspective by the fact that around 97.6% is salt water. Another 1.5% of global water resources are retained in glaciers. This ultimately leaves not even a hundredth of the original quantity that is available to people as life-sustaining drinking water.

The earth´s water reserves



The demand for and consumption of water is evident every day in the household. According to an investigation by the Austrian Ministry of Life, average household water consumption in 2011 was 135 litres per person. Extrapolating this data gives an annual water demand of around 197,000 litres for a four-person household in Austria. Of this amount, around 6,000 litres are used for drinking water, making coffee or tea, and cooking. Another roughly 12,000 litres are used in the kitchen to wash the dishes. Approximately 67,000 litres of water are used for showering and bathing.

However, the value that can be read off the water metre in your home is merely a fraction of the water quantities actually consumed by society. Almost every product requires water indirectly during the manufacturing, transportation, packaging and disposal processes. We live today in the belief that we only consume 135 litres of water per day, but the actual figure could be thirty to forty times this amount – up to 4,500 (Europe) and 5,600 (USA) litres a day per capita. These calculations are the work of British professor John Anthony Allan, who coined the term "virtual water" back in the 1990s and whose approach is widely accepted today.

Virtual water waste in litres

The chart illustrates very clearly what we lose sight of in our everyday lives – the consumption of goods is also the consumption of water. Industrial products such as cars stand out, not least because the complex production processes involve immense masses of "hidden" water. This amount is naturally made relative considering that these goods are longer-term purchases. But even everyday products require vast quantities of water. For meat products, this is primarily due to the high quantity of feeding for the animals. What is more, fruit and vegetables often require vast amounts of watering and even luxury foods such as wine or coffee, whose production regions often have low levels of precipitation, require lots of water.

Water – an integral part of legal principles and directives

"Water is not a mere trade commodity, but an inherited resource that must be conserved, protected and suitably treated."
European Water Directive establishing a framework of Community action in the field of water policy, 2000

The considerable significance that water holds in people's lives makes it the subject of extensive regulations and laws. Around the globe, there are around 4,000 unilateral, bilateral or multilateral declarations and agreements on the subject of water.

The quality of drinking water is essentially defined by standards set by the World Health Organisation (WHO, Guidelines for Drinking Water Quality), on which the EU's Drinking Water Directive (EU Directive 83/98) and national regulations on drinking water are based. The WHO has defined 200 substance recommendations and testing parameters for water quality.

In 2000, water was a major influencing factor during the drafting of the Millennium Development Goals. At the turn of the millennium, over one billion people had no access to clean drinking water and more than two billion people had no access to sanitary facilities. This means that these people have little chance of participating in social, economic and political life. Contaminated drinking water is the main cause of cholera and dysentery worldwide, and in developing and emerging countries these diseases are often fatal. Based on current figures, around 3.5 million people continue to die every year as a result of contaminated drinking water. In 2010, the United Nations General Assembly adopted a resolution recognising access to safe, clean drinking water and to sanitary facilities as a human right.

At European level, EU regulations on drinking water have been in place since 1975. The European Water Framework Directive entered into force in 2000. It sets environmental objectives for all surface water and groundwater sources in Europe. The directive aims to protect these water sources, prevent their degradation, and protect and improve the condition of terrestrial ecosystems and wetlands that depend directly on the water balance of these sources. Pursuant to the EU Drinking Water Directive, 48 microbiological and chemical parameters are tested regularly.

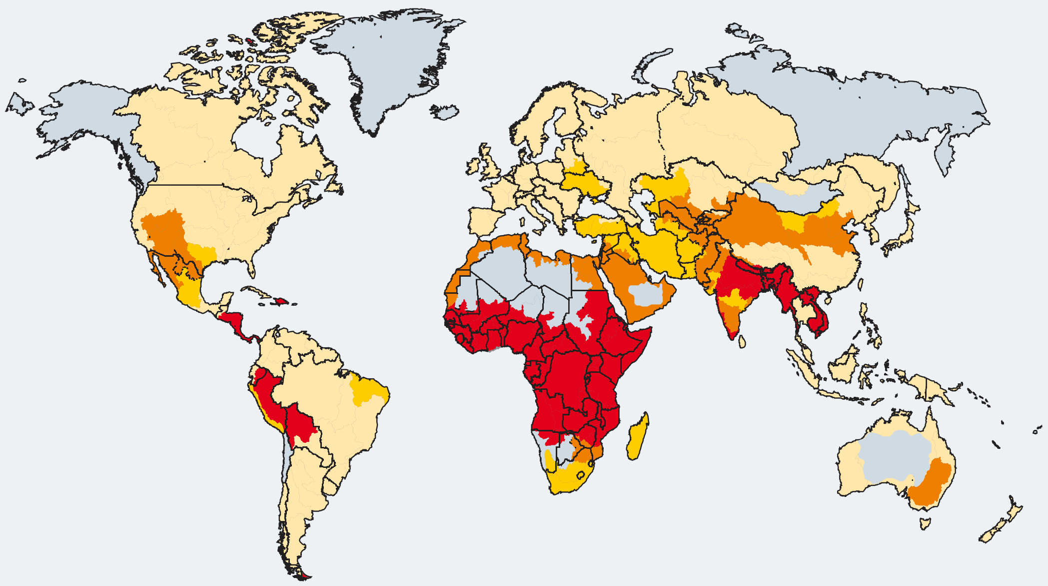
The approach to water is also regulated by national law, for example in Germany through the German Drinking Water Ordinance or in Austria through the Austrian Water Act.

Water – the global challenge of the 21st century

"Even springs and wells dry up if one draws too much from them too often."
Domesthenes, Greek orator, 384 – 322 BC

Considering the projections that have been made concerning water, we can assume that the significance of water will grow considerably in future years from a political, social and economic perspective. With regard to the United Nations World Water Development Report, it is expected that global demand for water will rise significantly in all relevant sectors – particularly agriculture, industry and energy generation. Whereas water consumption per capita is falling in most industrialised countries, global water consumption continues to rise. This can mainly be attributed to increased demand in emerging and developing countries. Paradoxically, it is precisely these world regions that already suffer the most from a scarcity of water, whereas the wealthy nations for the most part experience little to no water shortages. This continues to exacerbate the already tense situation in the arid regions of the world.

Global physical and economic water scarcity



Source: UN World Water Development Report

These developments lead to what is known as "water stress" or "water shortage". "Water stress" relates to the availability of water reserves. According to the United Nations definition, a region suffers from water stress if the annual supply of available water falls below the threshold of 1,000 m^3 per person. "Absolute water stress" is when this amount falls below 500 m^3 a year per person. However, this definition does not take into account the fact that having sufficient water resources does not necessarily mean that people have access to water.

The term "water shortage" considers water availability in a more varied way. Whereas the term "water stress" measures the availability of water, the term "water shortage" also records access to water at the same time. The following categories are formed:

Physical water scarcity refers to all regions that suffer from an acute water shortage and hence is largely synonymous with the definition of water stress.

Imminent physical water scarcity refers to regions that will suffer from an acute physical water shortage in the near future.

Economic water scarcity refers to regions where water is available but is not developed for economic or institutional reasons. This particularly relates to poor and politically unstable regions of the world such as Africa or Southeast Asia.

It can be assumed that the situation will intensify dramatically in the coming years and decades. Water is the global challenge of the 21st century and this assumption is supported by a number of environmental, social, political and economic influencing factors.

Social challenges

Population growth

In its report for this year, the UN has revised its global growth forecasts upwards. According to this, the world's population will grow from its current figure of almost 7.2 billion people to an expected 9.6 billion people by 2050. The population is growing the fastest in the poorest countries of the world, whereas the population in Europe is set to decline. An intensification of the already extremely precarious water situation is thus anticipated. Already today, around 900 million people still do not have a clean water supply to live decently and some 2.6 billion people have no access to sanitary facilities.

Urbanisation

The number of cities with a population of over a million continues to rise rapidly. According to UN report "World Economic and Social Survey 2013", in 2010 there were already 449 cities with over one million inhabitants and this figure is on the rise. Half of these people are already city-dwellers and the current forecast suggests that this will increase to 65% by 2050. 80% of city-dwellers in 2050 will live in today's developing and emerging countries, particularly in Africa and Asia. Water supply and disposal problems are inevitable. Cities obtain most of their water from groundwater reserves. In many cases, the volume withdrawn exceeds the natural ability of the sources to regenerate, and the groundwater level drops. Around 80% of urban wastewater is released untreated into the surrounding rivers, lakes or the ocean.

Food security

Around the globe, the largest quantities of water are required for agriculture. Approximately two thirds of extracted groundwater is used in this sector, whereas 22% is consumed by households and 11% by industry. Up to now, only around a fifth of all agricultural land is irrigated. Irrigation generates crop yields that are considerably higher, 2.7 times higher on average than when rainwater is used. In connection with population growth (around 70% more food will be needed worldwide by 2050) and the simultaneous reduction in usable agricultural land, it will become necessary to utilise the available land more intensively and irrigation will become a requirement.

Energy supply

Not only the demand for food is set to rise but energy demand too is rising in line with the growing population and growing affluence. It is estimated that global energy demand will increase by 40% by 2050. With a share of around 15% in global electricity generation, water power is currently the most important renewable source of energy. Biofuels are becoming increasingly popular, although the production of biofuels is extremely water intensive. It is anticipated that 10% of the existing cropland will be required for the production of biofuels by 2050.

Environmental challenges

Water stress and water shortage

In industrialised nations, the demand for irrigation of agricultural land is often low, whereas in less-developed countries it is often very high. Paradoxically, however, these countries are the ones that already suffer severely from a shortage of water. In many regions, the dropping of the groundwater level has already taken on dramatic proportions. According to the most recent estimates, 1.4 billion people live in river basins that are in danger of drying up. Some of the once powerful rivers now only carry a fraction of the water volume they once did, mainly as a direct consequence of intensive irrigation.

Water pollution

Research carried out in some European countries has shown that, in spite of the construction of waste-water treatment plants, problematic chemicals continue to enter water. Toxic nitrogen compounds like nitrites and ammonium, pesticides and nitrates appear more frequently in the outflows of treatment plants when there is heavy rainfall. A further problem is that of new substances and compounds (e.g. nanoparticles) and endocrine substances, which pollute water sources.

Climate change

Over the coming decades, the global water balance will change tangibly in many regions. According to the Intergovernmental Panel on Climate Change, drought areas will continue to expand, heavy precipitation events will rise, and glaciers and snow regions will progressively disappear. Mountainous areas will largely lose their storage function as a result of climate change. A further threat to freshwater resources is the global decline of forest areas. Forests play an essential role in the regulation of freshwater streams and in maintaining water quality.

Degraded soils

Every year, around 6 million hectares of usable agricultural land is lost. The main reasons for this are settlement and the erosion of fertile soils. Much of the land has since become irrevocably damaged and barren, robbing the surrounding populations of their livelihood. Roughly 1.5 billion people are affected by the problem of unfertile soils. Around half of these people live in the poorest regions of the world, primarily in the South Sahara and in India.

Political and economic challenges

Stricter limits on water contaminants

The improvement of safety standards for water and water installations are reflected in a dynamic legislation, especially in reducing limits and introduction of new limits for contaminants in water. International and trans-national cooperation on a political and economic level must also be intensified. There are 276 trans-national river basin development areas around the world and 148 countries are involved in developing them. Many of the existing and potential conflicts involving the precious resource of water can only be resolved through international cooperation.

Water and energy efficiency

Water is the medium par excellence in energy transfer for cooling and heating. The significance of good water quality for energy efficiency and for the protection of costly investments in households and businesses is being increasingly acknowledged, resulting in strongly growing demand for heating water treatment. The use of processing and cooling water in industry also needs to be optimised in terms of resources.

Ageing infrastructure

Developing and emerging countries are faced with the immense challenge of developing a functioning infrastructure for water supply and disposal. However, in the industrialised nations where supply networks were developed back at the start of the 20th century, there is a considerable need for action too. Drinking water and waste water pipelines have a useful life of 60 to 80 years and have, in many cases, reached the end of their ability to function properly. In buildings too, damage may occur to pipes, fittings and devices (corrosion, limescale) if water is not treated appropriately.

Water – our mission

We see all of these macro-economic challenges as a mission for us to work even harder. BWT's vision is to go from being the market leader in Europe to become the leading international water technology group. This vision will be facilitated by a clear growth strategy – growth through innovation, geographic expansion and continuous process optimizations, and, in existing markets, by existing technology. Hygiene, safety and health with the elixir of life, water, is at the centre of BWT.

Our philosophy "BWT – For You and Planet Blue" is aimed at people's needs for high-quality drinking water, health and well-being. BWT offers a broad range of state-of-the-art water treatment systems and services for drinking water; tea, coffee and other hot beverages; water for vaccines, medicines and cosmetics; processing water for hospital use; heating and cooling water as well as water for swimming pools, spas, hotels and many other facilities. 2,700 employees work to ensure the highest degree of safety, hygiene and health in people's daily contact with water, the elixir of life, using innovative, economical and ecological water technologies. Another key aspect is compliance with all legal requirements as water is the most strictly controlled food substance in many countries and is subject to national and international laws.

In addition to the macro-economic challenges pertaining to water, there are a number of individual trends that present considerable growth potential in the water business for BWT.

Increasing requirements for water quality

Aside from the lack of water availability, the inadequate quality of this water is another particularly significant problem. Nitrate, arsenic, heavy metals and bacteria contaminate surface water and groundwater in many regions of the world, which is why many people buy bottled water instead. The global market for bottled water is currently worth around USD 60 billion and is expected to grow at an annual rate of 8% between 2010 and 2016. With the help of professional water treatment, undrinkable water can be transformed into high-quality drinking water.

Consumption patterns

Eating and consumption habits are changing as income rises. The production of food and consumer goods requires a certain amount of water usage. In a highly-developed country such as Germany, according to current figures, 149 litres of coffee, 100 litres of beer and 87 kilograms of meat are consumed per capita every year. Global consumption of coffee rose by 25% between 2000 and 2009. Meat consumption is heavily dependent on affluence and is rising rapidly throughout the world. This will correlate to an increased demand for and consumption of virtual water.

Water quality as a competitive factor

As a result of increasing consumer requirements, water is used more and more as a factor for differentiation and competition. The hotel, catering and wellness industries in particular rely heavily on the very highest water quality. From drinking water and bathing water to the taste of coffee and tea in bars and restaurants, water quality plays a decisive role in ensuring success with customers.

Water – a market with considerable growth potential

According to Global Water Intelligence and studies by Deutsche Bank (2010) and Goldman Sachs (2008), the global water business is worth between USD 375 and USD 500 billion and has a long-term growth trend of between 4% and 6%. The European Commission is even basing its assumptions on estimates for 2012 that the global water market will reach a volume of USD 1 trillion by 2020.

An underlying characteristic of this market is the large number of subsectors that break down into different submarkets, technologies and services. Public water supply and wastewater treatment make up a large percentage of the market – around 50%. Pumps and valves account for approximately 17% of the market volume. The global market volume of water treatment technologies, including the residential and business/commercial areas that are relevant to BWT but also non-relevant industrial end markets, is worth approximately USD 40 billion. A surge in demand for efficient irrigation technologies, desalination plants for seawater and treatment plants, technical equipment, filtration plants and disinfection processes is likely. According to the World Business Council for Sustainable Development, small and compact water treatment products are becoming the norm.

In the industrialized nations, within the next few years, growth of 3% to 5% (US and Western Europe) is expected due to improvements in existing water and wastewater infrastructure, while in developing markets growth of 10% and more is expected (China and India) due to the construction of new water and wastewater infrastructure. The largest growth is being seen in the technologically more challenging area of water treatment through filtration, ultrafiltration, desalination, recycling and water testing.

The target market of the BWT Group comprises small, compact water treatment products for households, buildings and the pharmaceutical industry, a market that is worth about USD 11 billion globally and whose average annual growth is about 3-5%. The market structure is mostly dominated by local providers; BWT is one of the companies operating internationally, being the market leader in Europe.


Who keeps my drinking water clean and my household plumbing fully protected?
BWT does that – for me!
The E1 Single Lever filter from BWT is the perfect solution for protecting your household plumbing, while putting you in charge of the quality of your drinking water – the filter element takes just seconds to replace. It's never been more straightforward, safe or hygienic.
For You and Planet Blue.
BWT
BEST WATER TECHNOLOGY

Highlights 2013

- Ongoing brand launch and implementation of the BWT Consumer Strategy
- Investment programme with focus on Point of Use
- Innovations in water technology
- Revenues € 507.7 million, EBIT € 23.1 million, net result € 10.8 million
- Healthy balance sheet: equity ratio 47.9%, gearing 16.2%
- Treasury shares: 1,073,418 (6.0%)
- Dividend: 0.28* € per share

* Proposal to the Annual General Meeting

BWT Value Strategy

VISION
BWT – The Leading International Water Technology Group

STRATEGY
Growth
- through innovation
- through geographical expansion
- in existing markets with existing technologies
- through continously improving processes

FINANCING OF GROWTH
Long-term from organic cash flow

ECONOMIC ENVIRONMENT

After the recession came to an end around halfway through 2013, a moderate economic recovery took root in Europe with very different starting points and continuing divergent trends in individual countries. Central and Eastern Europe as well as Asia also showed signs of improved economic development. In terms of GDP, the real economic performance of the euro zone declined by 0.4% in 2013, according to provisional figures, as in the previous year. Germany recorded moderate growth of around 0.4% (2012: +1.0%), while growth in Austrian GDP slowed to around 0.3% in 2013 (compared with +0.5% in the previous year). Some countries on the periphery of Europe continued to suffer a recession. France stagnated in 2013 (0.2% against 0.1% in 2012) whereas the UK registered noticeable growth of +1.4% compared with -0.1% in the previous year. Italy (-1.7%) like Spain (-1.2%) remained stuck in recession. In contrast, Scandinavia again posted slight growth (between 0.4% and 0.9%) and Switzerland achieved growth of +1.9%. Although average growth was somewhat weaker than in 2012, the Eastern European economy performed well in 2013. For example, growth rates were 0.6% for Romania and 1.4% for Poland and Russia. Only the Czech Republic (-1.0%) and Hungary were (still) unable to shake off the recession.

The USA registered surprising GDP growth of 2.2% in 2012, and forecasts suggest that it has grown by 1.7% in 2013 as well. Estimated economic growth in China was 7.7% in 2013, similar to 2012.

GDP Growth in %	2011	2012	2013*	2014*
Austria	2.7	0.5	0.3	1.3
Germany	3.1	1.0	0.4	1.7
France	1.7	0.1	0.2	0.5
Italy	0.6	–2.1	–1.7	0.2
Great Britain	0.9	–0.1	1.4	2.2
Spain	0.4	–1.4	–1.2	1.0
Switzerland	1.9	1.0	1.9	2.0
Poland	4.3	2.1	1.4	3.2
Eurozone	1.4	–0.4	–0.4	0.9
USA	2.6	2.2	1.7	2.8
Japan	–0.7	1.6	1.9	1.8
China	9.3	7.5	7.7	7.5

Inflation in %	2011	2012*	2013*	2014*
Austria	3.6	2.5	2.0	1.8
Germany	2.5	2.1	1.5	1.7
France	2.3	2.3	0.9	1.3
Italy	2.9	3.3	1.3	1.2
Great Britain	4.5	2.9	2.5	2.0
Spain	3.1	2.5	1.5	0.3
Switzerland	0.2	-0.6	-0.2	0.5
Poland	4.3	3.7	1.1	2.2
Eurozone	2.7	1.4	1.4	1.0
USA	3.1	2.2	1.5	1.5
Japan	-0.3	0.0	0.2	2.0
China	5.4	2.7	2.5	3.5

**) Estimated or preliminary figures; source: Commerzbank*

In 2013, the situation in the employment markets did not ease in the euro zone and a large gap was still evident. Greece and Spain had unemployment rates of around 27%, while even France (10.9%) and Italy (12.5%) suffered from high unemployment figures. Germany and Austria posted the lowest rates, with 5.2% respectively. Towards the end of the year, the EU average remained more or less stable at approximately 11%. Youth unemployment continues to give cause for concern and even increased slightly year on year in the EU at 23.7% (euro zone: 24.4%).

However, the rise in consumer prices slowed further in 2013, with provisional calculations putting price increases in Germany at 1.5% compared with 2.1% in 2012. Price increases in the euro zone were around 1.4% as in the previous year.

In 2013, the European Central Bank (ECB) lowered the main refinancing rate in two stages to 0.25% as at the end of December.

The EUR to USD exchange rate fluctuated within what was a historically narrow range of 10 cents in 2013 between 1.28 EUR/USD and 1.38 EUR/USD. Although it ended the year close to the annual high of 1.38 EUR/USD, it was still barely higher than at the beginning of the year. As has been the case in recent years, exchange rates were driven by the European debt crisis and the central bank policies of the ECB and the Fed. Key European currencies like the Swiss franc also moved largely sideways.

In 2013, commodity markets did not experience any consistent trend. While oil traded within a 20% price range, the prices of key industrial metals such as copper, nickel and zinc ended up between 10% and 20% weaker than at the start of the year. Copper traded as high as USD 8,600 per tonne in 2012, but fell towards the middle of the year to around USD 6,700 before picking up again to USD 7,300 at the end of 2013.

INDUSTRY ENVIRONMENT

For 2013, the industry environment across Europe can be characterised as largely weak. Consumer spending of private households and public spending saw only a marginal rise. Construction volumes in Europe are expected to grow by 0.9%.

It is anticipated that the sanitary industry will undergo its fourth successive year of growth. According to the forecast of the Ifo Institute, revenues of the economic sector in Germany that is dominated by SMEs are expected to have increased by around 2% in nominal terms to €21.6 billion. Domestic and foreign business contribute to this in approximately the same measure. The positive property cycle and the significant need for renovation that still remains have a positive impact. As revealed by consumer research company GfK, there are 21.5 million baths in Germany with an average age of almost two decades (19.2 years) still awaiting their first complete overhaul.

We estimate the volume of the European market for water treatment systems in the "residential" sector at approximately €1.6 billion, which indicates long-term average annual growth of between 3% and 5%. In contrast to the Point of Entry (PoE) segment, where traditional water treatment is applied to the water pipeline entering a building, the Point of Use (PoU) segment, where water is treated at the tapping point, still has a smaller market volume in Europe, although with higher growth rates. Outside Europe, particularly in emerging-market countries with inadequate water quality, an above-average rate of growth can also be expected.

COURSE OF BUSINESS IN 2013

The BWT Group again succeeded in surpassing the €500 million revenues threshold in 2013. At €507.7 million, revenues were €5.4 million up on the previous year (+1.1%). However, the ongoing and substantial expenditure associated with the development of the "BWT – For You and Planet Blue" brand, the measures to establish and expand the Point of Use (PoU) product segment, which are being implemented at the same time with unwavering vigour, and the costs in connection with the strategic measures to optimise and streamline the Group's locations and product portfolio had a dampening effect on the income situation.

EBITDA increased only slightly by 0.3% to €41.0 million, whereas EBIT improved by 4.1% to €23.1 million (previous year: €22.2 million). The Group's consolidated net earnings before minority interests suffered from a lower financial result and a higher tax rate, amounting to €10.8 million. This is 25.1% down on the previous year's figure of €14.4 million. Cash flow from operating activities improved to €31.5 million (previous year: €30.1 million) and the debt ratio (net financial liabilities to equity ratio) increased only slightly from 13.7% to 16.2% despite continued substantial capital expenditure. This was due to the Group's significant internal financing strength. The equity ratio even improved slightly from 47.7% to 47.9%.

The Management Board would like to express its gratitude to all BWT employees for the contribution they have made to the further development of our corporate group, which is only possible when an outstanding level of dedication is shown by so many BWT employees.

Revenues development

In the 2013 financial year, the BWT Group's consolidated revenues reached €507.7 million, exceeding the previous year's revenues of €502.3 million by €5.4 million, or 1.1%.

The individual business segments developed as follows:

Segment revenues (in million €)	2013	2012	+ / – %
Austria / Germany	210.2	211.7	–0.7%
France / Benelux / UK	126.1	118.7	+6.3%
Scandinavia	54.5	57.6	–5.4%
Italy / Spain	31.4	30.8	+1.8%
Switzerland / Others	85.5	83.5	+2.4%
BWT Group	507.7	502.3	+1.1%

The Austria / Germany segment generated €210.2 million in revenues in 2013, which equates to a slight fall in revenues of -0.7%. The decrease can primarily be attributed to the difficult market situation in the Municipal business. As a result, BWT made the strategic decision to largely withdraw from this business in Germany at the start of October. This and the disposal of the Neher business in Austria resulted in revenues declining by €8.8 million year on year. Growth in Point of Use products exceeding 22% and double-digit percentage growth in revenues for BWT Germany did not entirely offset this adverse effect. The traditional Point of Entry Domestic Technology business (+4.1%) and the Service and Spare Parts business (+6.0%) reported a positive trend in the reporting year.

The France / Benelux / UK segment posted positive development across all product segments, achieving overall revenues growth of €7.4 million (+6.2%) compared with the previous year. The Point of Entry segment registered growth of +6.2%, mainly due to the upturn in the commercial and industrial water treatment plant engineering business in France. The Point of Use business posted growth of +11.9% and the Service business +4.4%.

In 2013, the Scandinavia segment contributed a total of €54.5 million to consolidated revenues compared with segment revenues of €57.6 million in the previous year. This equates to a decrease of 5.4%. The PoE business, which still included a major export project for a drinking water treatment system in the Seychelles last year, declined by 11.7% and the Service business posted a slight downturn of 1.6%. The Point of Use segment continued to perform exceptionally well, generating revenues growth of +32.8%, primarily with Bestmax coffee machine filters.

Despite the difficult market conditions in Southern Europe, in the Italy / Spain segment BWT managed to close the 2013 financial year 1.8% up (€+0.6 million) on the revenues level of 2012. The PoE business posted a slight decline of -1.0%, whereas the Point of Use business (+13.0%) and the Service and Spare Parts business (+6.1%) continued the positive development from the previous year.

The Switzerland / Others segment was negatively impacted by the sale of the Irish subsidiary as at 1 January 2013, with total revenues growth of only €2.0 million, or +2.4% up on the previous year. Without this deconsolidation effect amounting to €5.9 million, segment growth would have been 10.2%. Revenues in the Point of Entry segment moved up by 3.1%, the Point of Use business generated growth of 11.5% and the Service business declined by 2.1% on account of the sale of a company.

In the financial year, the BWT Group generated revenues of €24.9 million with customers in Eastern European countries, compared with €25.2 million in the previous year. Europe accounts for 92.9% of BWT's consolidated revenues (previous year: 92.5%). In 2013, Asia accounts for 4.3% or €21.6 million (previous year: 3.5% or €17.5 million). The growth of 23.6% can be attributed to the continuous expansion of the distributor network for series products and the successful development of the Pharma business. The rest of the world contributed 2.8% to the Group's consolidated revenues in 2013 compared with 4.0% in the previous year.

Overall, revenues generated by Point of Entry products fell by 1.2% from €356.1 million in the previous year to €351.9 million mainly due to the aforementioned strategic streamlining. Hence, in 2013 this product segment accounted for 69.3% of the Group's consolidated revenues (previous year: 70.9%). The intense efforts to further expand the strategically important Point of Use business were again successful in 2013. At €49.1 million, the previous year's revenues were exceeded by 17.4%, increasing the percentage of total revenues to 9.7% (previous year: 8.3%). The BWT Group generated €106.7 million in revenues in the Service and Spare Parts business in 2013, exceeding the previous year's figure of €104.4 million by 2.2%. This business accounts for 21.0% of the Group's consolidated revenues (previous year: 20.8%).

As at 31 December 2013, the BWT Group had an order backlog of €70.2 million compared with €78.3 million for the same period of the previous year. The decrease of €8.0 million, or -10.3%, is primarily due to the sale of the Municipal business.

Earnings development

In 2013, the operating result again inched up only slightly against the previous year. This was due to the continued substantial expenditure related to the extension of the "BWT" brand and the extensive measures intended to develop and expand the Point of Use product segment. EBITDA rose by 0.3% to €41.0 million and EBIT by 4.1% from €22.2 million to €23.1 million. The Group's consolidated net earnings before minority interests dropped by 25.1% to €10.8 million on account of the significantly lower financial result and the higher income tax rate. Earnings per share declined from €0.87 in the previous year to €0.64.

Other operating income decreased from €6.3 million to €6.0 million (-5.5%). The decline in income from asset disposals from €1.4 million to €0.3 million was not fully offset by higher bonuses received and R&D subsidies.

Capitalised labour, overheads and material also decreased slightly from €0.7 million to €0.5 million and principally consist of development costs to be capitalised.

The cost of materials, including changes in inventories, in relation to revenues decreased year on year from 40.0% to 39.2%.

Personnel expenses rose from €164.0 million to €167.4 million (+2.1%). This was impacted, on the one hand, by increases in collectively negotiated wage levels and the additional capacity created predominantly in production and service, and, on the other hand, by cost savings generated through the sale of the Irish business, the Municipal business in Germany and the Neher business in Austria.

Other operating expenses rose by 3.1% from €103.4 million in the previous year to €106.5 million. This is mainly attributable to increased advertising expenditure (€+0.9 million), freight and warehousing (€+0.9 million) and risks on receivables (€+2.0 million). In the measurement of receivables, an additional portfolio-based allowance for impairment losses on receivables more than 60 days past due was broken down for the first time by country risk and length of time past due, which resulted in additional expenditure of €0.9 million in 2013. Considerable savings were made in office and telephone costs as well as consulting expenditure.

EBITDA (earnings before interest, taxes, depreciation and amortisation) went up slightly by 0.3% from €40.8 million to €41.0 million on account of the aforementioned effects.

In 2013, depreciation and amortisation declined by 4.2% from €18.6 million to €17.8 million. In the previous year, the acquisition of a property near Budapest, Hungary, caused an extraordinary write-down of €0.9 million due to the decreased market value. Due to the upgrade of the "BWT" brand, other trademark rights amounting to €0.9 million were additionally written down in 2013. In the previous year, total impairment of €1.0 million was taken on intangible rights. Goodwill was impaired by €2.3 million in 2013 compared with €2.0 million in the previous year. Normal depreciation and amortisation was virtually unchanged against 2012.

EBIT increased by 4.1% from €22.2 million to €23.1 million due to the 0.3% rise in EBITDA and lower write-downs. The EBIT margin moved up slightly from 4.4% to 4.6% of revenues.

The BWT Group's financial result deteriorated year on year from €-1.5 million to €-5.0 million. Financial income increased by €0.5 million owing to the increased dividend payments of investees. Financial expenses rose from €4.0 million to €6.4 million. The additional costs resulted primarily from the disposals of companies made in 2013 (Ireland, Municipal business in Germany and Neher business in Austria).

The lower financial result resulted in earnings before taxes declining by -12.3% from €20.7 million to €18.1 million. The Group tax rate increased from 30.3% to 40.4%, with the BWT Group's annual earnings before minority interests falling by -25.1% from €14.4 million to €10.8 million. The rise in the tax rate is due to one-off tax arrears, the increase in non-deductible expenses and value adjustments on deferred tax assets.

Return on revenues decreased as a result to 2.1% (previous year: 2.9%). The share in earnings of minority shareholders amounts to €+0.1 million (previous year: €-0.1 million) so that at €10.7 million the BWT Group's consolidated net earnings after minority interests are 25.9% down on the previous year's figure of €14.5 million.

A small number of additional treasury shares were repurchased in the 2013 financial year. The average number of outstanding shares decreased from 16,771,902 in the previous year to 16,760,455. Earnings per share were €0.64 compared with €0.87 in the previous year (-25.9%).

Despite the Group's decreased consolidated earnings, the Management Board will submit a proposal to the next Annual General Meeting to keep the dividend payment unchanged at €0.28 per share on account of the satisfactory operating cash flow and low debt ratio.

Segment earnings

EBITDA (earnings from operating activities before depreciation and amortisation) in the individual business segments were as follows compared with the previous year:

Segment EBITDA (in million €)	2013	2012	+ / – %
Austria / Germany	11.5	8.7	+31.7%
France / Benelux / UK	6.2	7.3	–14.6%
Scandinavia	8.2	9.3	–12.1%
Italy / Spain	2.1	2.8	–23.8%
Switzerland / Others	13.0	12.7	+1.6%
BWT Group	41.0	40.8	+0.3%

Deducting depreciation, amortisation and impairment gives the following EBIT:

Segment EBIT (in million €)	2013	2012	+ / – %
Austria / Germany	3.3	–2.6	–
France / Benelux / UK	2.0	4.6	–56.2%
Scandinavia	6.5	8.6	–24.0%
Italy / Spain	2.0	2.7	–24.7%
Switzerland / Others	9.3	9.0	+3.7%
BWT Group	23.1	22.2	+4.1%

Increases in operating income in the Point of Entry business – mainly due to the systematic implementation of the "pearl water strategy" in Germany and the introduction of the new E1 single-level filter – and the absence of goodwill impairment reported in this segment in the previous year both contributed to a significant EBIT improvement in the Austria / Germany segment. However, reorganisation expenditure in the Municipal business and the efforts to develop the BWT brand and further expand the Point of Use business had a dampening effect on segment earnings.

The France / Benelux / UK segment saw EBIT decrease from €4.6 million to €2.0 million. The decrease was primarily caused by extraordinary goodwill impairment of €1.3 million and the absence of profits of €1.0 million gained from the disposal of a property in France in the previous year.

EBIT in the Scandinavia segment dropped by -24.0% from €8.6 million in 2012 to €6.5 million. This is due primarily to declining revenues in the Project business in Denmark – in the previous year the major portion of an export project in the Seychelles was invoiced – and an extraordinary write-down of the HOH brand amounting to €1.0 million.

The earnings situation in the Italy / Spain segment deteriorated due to the tense situation on the market, despite posting a slight revenues upturn. EBIT fell by 24.7% from €2.7 million to €2.0 million, mainly as a result of general pressure on margins and additional expenditure associated with expanding the Point of Use business.

The continuing positive development in Switzerland and a significantly improved earnings situation in the Pharma business in China saw EBIT improve by 3.7% to €9.3 million in the Switzerland / Others segment. In Hungary, impairment on goodwill of €1.0 million was taken. In addition, there was no BWT Ireland, which had been sold as at 1 January 2013. However, these negative factors were partially offset by the absence of a (partial) write-down on the Hungarian property amounting to €0.9 million, which was reported in the previous year.

Development of the financial position

The net assets and financial position of the BWT Group remain solid at the end of the 2013 financial year, despite what were again intensive investments.

Cash flow from operating activities rose from €30.1 million in the previous year to €31.5 million, which equates to an increase of 4.6%. Cash flow from earnings increased by €0.2 million, while the rest comes from optimised working capital.

Cash flow from investing activities was once again affected by capital expenditure in 2013, and deteriorated from €-30.3 million in the previous year to €-32.8 million. The Company spent €34.7 million on investments in intangible assets and property, plant and equipment (previous year: €36.3 million). The expansion of production and logistics capacities for Point of Use products at the main site in Mondsee, Austria, and the construction of production and office facilities for the membrane production of Fumatech GmbH in Bietigheim-Bissingen, Germany, with BWT Pharma also receiving new, modern premises, were the most important investment projects in the 2013 financial year. In the previous year, a cash inflow of €6.3 million was generated from the disposal of assets. In 2013, the figure was €0.9 million.

Cash flow from financing activities went from €+3.8 million in the previous year to €-1.8 million in 2013. While dividend payments of €4.7 million remained at the previous year's level, €8.1 million was spent on the redemption of financial debt. In the previous year, this figure was €1.6 million.

Net debt of the Group excluding social capital provisions amounted to €27.9 million as at 31 December 2013, against €23.1 million in the previous year, on account of the consistently high level of capital expenditure. Gearing (the net debt to equity ratio) increased from 13.7% to 16.2%. Despite higher revenues, net current assets decreased once again in 2013 from €58.6 million to €56.6 million, amounting to 11.2% of revenues (previous year: 11.7%).

The consolidated balance sheet total of the BWT Group rose by 2.1% year on year from €352.7 million as at the end of 2012 to €360.1 million. This is primarily attributable to higher fixed assets. As at 31 December 2013, Group equity amounted to €172.6 million compared with €168.4 million for the same date of the previous year. The equity ratio thus improved from 47.7% to 47.9%. Under IFRS provisions, the share buy-backs of €19.4 million (previous year: €19.4 million) are shown as a deduction under equity.

Return on capital employed amounted to 7.0% in 2013 against the previous year's figure of 8.3%. Return on equity declined from 8.7% to 6.3% on account of the lower consolidated earnings.

Employees

The BWT Group believes firmly that employees constitute the key success factor. The success of BWT lies, on the one hand, in the enthusiasm for innovative water technology that we invest in our products and technology and, on the other hand, in the dedication and solidarity demonstrated by our employees.

From product developers and process engineers through production workers and fitters to the staff in the internal service departments – in our company, people with technical or business qualifications are assigned a wide range of tasks in all areas of activity. BWT has a flat organisational structure that allows for direct, face-to-face communication.

As at 31 December 2013, the BWT Group employed a total workforce based on FTE (full-time equivalents) of 2,643 people (previous year: 2,726). The decrease can be explained primarily by the sale of the majority stake in the Municipal business in Germany and the Irish subsidiary. Additional jobs were created mainly in the areas of customer service and series production.

1,088 people are employed in the Austria / Germany segment (previous year: 1,191), 787 people in the France / Benelux / UK segment (previous year: 770), 216 people in the Scandinavia segment (previous year: 213), 94 people in the Italy / Spain segment (previous year: 89), and 458 people in the Switzerland / Others segment (previous year: 463).

As is the case every year, there were no strikes or labour disputes in 2013 either. Social benefits vary from company to company and include well-equipped workplaces, canteens, various company events, personal insurance benefits, free drinks at the workplace and similar schemes. There is no stock option programme at BWT. Management, field staff and other key employees participate in various profit share and bonus schemes, which vary locally.

Personnel management tasks are carried out by local companies, in line with the decentralised structure, while strategic human resources tasks are the direct responsibility of the CEO. In 2013, the BWT Group spent a total of €775 thousand (previous year: €772 thousand) on training.

Our employees stand out due to their qualifications, commitment, responsibility, discipline, loyalty and mutual respect in a family style working environment. They are the key to the further positive, sustainable development of our company.

Sustainability (corporate social responsibility)

BWT has firmly anchored sustainability in the corporate strategy with the three key areas of economic, environmental and social sustainability. The managements of the Group companies in the particular functional responsibilities and the Management Board are chiefly responsible for its implementation. The coordinating body of CSR is the Investor Relations department, which is responsible for developing a CSR mechanism, performing CSR controlling and conveying proposals to the management. The internationally recognised GRI template serves as the reporting standard, which has been incorporated in the present Reporting and Controlling Management System. Current certificates, standards and management systems (e.g. ISO 9001, ISO 14001, SA 8000) are major points of reference. Further measures include the further development of the CSR indicator system, regular dialogue with stakeholders and a definition of CSR area objectives. The most important sustainability strategies throughout the Group include the BWT brand and product development strategy, innovation and production processes for economic and environmental optimisation in the manufacturing process as well as in the product, application and product lifecycle, and the focus on people's safety, hygiene and health in their approach to and contact with water – the elixir of life. Recording of important basic data on the Group companies was continued in the 2013 financial year.

Research & development

BWT is a group of companies involved in research, with a focus on processes, products and materials. Direct expenses for R&D projects in 2013 amounted to €8.2 million (previous year: €8.8 million).

Research and development are key elements of our growth strategy. With new and innovative products, processes and materials, we aim to live up to our slogan "For You and Planet Blue". BWT not only develops new processes and products but also conducts intensive basic research.

In 2013, a newly developed material was used for the first time in BWT Bestmax filters for coffee machines and drinking water treatment devices. The material removes silver during the filter cycle, thus providing drinking water that has no traces of silver. The new Bestmax Balance filter range provides drinking water that is not only silver-free but also has a balanced pH value. The Bestmax Balance filter achieves this higher pH value without the addition of sodium.

The ULTRA-SAFE filter was developed for drinking water treatment particularly in countries such as the BRICS where drinking water is laden with dangerous bacteria. The ULTRA-SAFE filter uses an ultrafiltration membrane with a cut-off of approximately 100 kD, which equates to an average pore size of around 0.02 μm. In conventional filters, this value is around 0.2 μm.

In the PoE segment, the BWT Multi C and BWT Multi S filters were developed, primarily for the Asian region. Both filter types are used at the point where the water enters the household to filter minute particles and remove chlorine and organic substances in the water. In these countries, drinking water is usually collected in tanks on the roof and distributed via these tanks. The high storage temperature gives rise to particular requirements with regard to hygiene, and disinfection is essential. To meet these requirements, a UV range called BEWADES CN was specially developed for the Chinese market. 2013 also saw the completion of development on two new water softeners, the AQA basic II and the AQA Smart C, in the Domestic Technology product segment. These two models round off the range of BWT water softening systems.

Reporting on key features of the internal control system with regard to the accounting process

The internal control system (ICS) defines all processes to ensure that the accounting process is efficient and orderly. It reduces errors in transactions, protects assets from losses due to damages and fraud, and guarantees that corporate procedures comply with the Company's statute, the Group's policies and applicable laws. The control environment for the accounting process is characterised by a clear organisational structure and process organisation in which individual functions are clearly assigned to particular people, for example, in financial accounting, treasury or controlling. The employees assigned to the accounting process have the required professional qualifications and standard accounting software is predominantly used.

BWT Group policies are based on the BWT Code of Conduct and Compliance Guidelines, as well as on the Management Rules of Procedure in place for all companies in the BWT Group. These provisions are revised as required in accordance with the compliance provisions and explained to the relevant management personnel in detail. Local management is responsible for compliance with the guidelines in its own respective BWT subsidiary. Among other things, the Management Rules of Procedure underline the necessity for strict compliance with the provisions outlined in the Management Handbook and define a list of business cases that require Group management approval. The BWT Group Management Handbook includes necessary information pertaining to the accounting process and provisions such as the Accounting Handbook (reporting guidelines, reporting and accounting procedures), Treasury Guidelines and IT Guidelines.

The uniform monthly reporting process, which is governed by the Accounting Handbook and applied Group-wide, together with the PM 10 reporting software used to record and analyse data, ensures regular checks of the assets development and earnings performance of the individual members of the Group. Standard reports and ad hoc evaluations allow for quick analysis of any deviation from budgeted values and values from the previous year. The information is then grouped together by the Group Finance department and is regularly brought to the attention of the Management Board. In the 2013 financial year, the Group-wide data warehouse "Smart" was again promoted in particular in this area to provide key detailed data on developments in revenues and margins for products, customers, purchasing and inventory information. The settlement of longer-term construction contracts is subject to a Group-wide project controlling process. Information gathered on an ongoing basis by the treasury system "Bellin" (e.g. automatic reading of bank account statements) allows for a weekly bank account status update and monitoring of credit lines, bank signature authorisations and current liabilities. Furthermore, intra-group payments are monitored by a netting system and inter-company balances are regularly recorded.

Consolidated results of the Group are provided to the Supervisory Board and the shareholders on a quarterly basis in accordance with IFRS reporting standards. The annual financial statements are subject to an extensive external audit by the Group's annual auditor, which guarantees uniform auditing standards through its international network. The audit takes place in close coordination with the Supervisory Board and the Audit Committee. Standardised monthly management reporting covers all the individual companies in the consolidated BWT Group.

The Supervisory Board of BWT AG keeps itself regularly informed about the internal control system during its meetings and the Audit Committee has the task of monitoring the effectiveness of the control system. The control environment for the accounting process is characterised by a clear organisational structure.

In the course of the annual reporting process for 2013, the key internal control processes of the individual Group companies were again queried in a "Minimum Control Report". The effectiveness and regularity of the processes were confirmed in writing by the local chief financial officers and general managers.

Risk management

The BWT Group's risk management system is applied to all processes in order to systematically identify, record, evaluate and regulate significant operating and strategic corporate risks.

The BWT Group's risk policy is in line with its basic objective to increase the value of the Company in a sustainable manner while avoiding any excessive risk. Risk management is part of the implementation of this strategy and falls within the remit of the Management Board, which defines risk as a threat but also an opportunity for positive deviation from pre-determined company objectives.

The BWT Group's risk management system is based on a Group-wide risk management policy. The risk management process is supported by web-based reporting software called PM 10. Quarterly reporting is designed to enable early identification of existing and potential risks. In this way, risks are periodically identified in a structured process. Risks are evaluated and regulated, taking into account both qualitative and quantitative features, according to their impact on the individual subsidiaries and the probability of them occurring. When risks are identified together with relevant countermeasures, responsibilities are defined and material risks are catalogued by the Risk Management department and reported to the Management Board. The Supervisory Board also receives a summary report at its regular meetings. In keeping with the decentralised organisational structure of the BWT Group, the competent local managers are responsible for implementing and supervising the risk management system.

Material risks

The main types of risk that could adversely affect the Group's assets, financial position and earnings remain essentially unchanged compared with prior periods as follows:

Development risk

As a leader in technology, we are regularly developing new products, processes and materials that are based on basic research and new methods, which in some cases can only be implemented and manufactured with the use of complex, newly developed and expensive production technologies. Despite extensive testing, malfunctions cannot be ruled out and it may be that investments prove not to be worthwhile. Besides the loss of investments made, existing customers and potential compensation claims, this could also affect the reliability rating of the Company's products and services and lead to a decline in demand in the business area concerned.

Risk when acquiring and establishing new companies

BWT has in the past carried out a series of acquisitions and established a number of new companies. We assume that there will be further purchases in the future and/or that more new companies will be established. There is an inherent risk that companies that have already been acquired or established and/or that are acquired or established in the future fail to achieve the anticipated results. In particular here, there is a risk of failure to integrate companies that have already been acquired or that are acquired in the future successfully into BWT's business operations and company structure, and to achieve the anticipated positive synergy effects.

Personnel risk

A significant part of BWT's success is based on the experience, contacts and knowledge accumulated by the Company's managers and key employees. If managers or key employees resign, it cannot be guaranteed that the Company will succeed in recruiting staff within a reasonable period of time and on competitive terms who are sufficiently qualified and possess comparable expertise, and who thus ensure continued successful management of the Company. A similar risk also pertains to the management of BWT's subsidiaries.

Liquidity risk/financing risk

Liquidity relates on the one hand to the ability to obtain sufficient financial resources in the form of cash and/or lines of credit at any given time to make due payments or to obtain necessary guarantees and suretyships from banks. On the other hand, it should also be guaranteed that available liquidity and financial investments are provided or can be accessed by the Company without risk and at short notice. A corporate-wide financing company operating within the Group, which also holds the existing cash pools, is available to control and optimise liquidity. The BWT Group's investment strategy is oriented towards cooperating with financial partners of impeccable credit standing.

The BWT Group has access to sufficient bank credit lines. Due to the BWT Group's good credit standing and its continued low level of net debt despite the ongoing investment programme, at present we consider the current economic conditions to have no direct impact on its access to credit lines.

Interest rate risk

As part of BWT's business activities, it is necessary to use borrowed capital to finance operating resources, investments and possible company expansions. The current borrowed capital has both fixed and variable interest rates and is both current and medium-term. Short-term fixed and variable interest loans are exposed to a standard market interest rate risk.

Currency risk

BWT partly finances its operating resources, investments and possible expansion in foreign currencies. This is directly related to the international character of its operations. Covering transactions are carried out in the Group's central treasury for cash flows in foreign currencies and these reduce the negative effects of exchange rate fluctuations. Necessary interest and currency hedging from the operating activities in the BWT Group were carried out by BWT Group Services GmbH.

Default/solvency risk

BWT's business activities are exposed to a risk that customers will not be able to fulfil, partially or completely, their payment obligations to the BWT Group. In line with standard market practices and after weighing up the costs and benefits, the BWT Group attempts to reduce this risk by, for example, obtaining payment guarantees from banks and export credit agencies. In addition, whenever necessary, the Company covers risks in the Project business with international credit insurers. The management ensures that BWT Group companies obtain information about the credit standing of customers before signing agreements with them, for example by obtaining company information from reputable agencies. However, with a more difficult environment in individual countries, despite careful examination, increasing defaults of accounts receivable are to be expected. This was taken into account in 2013 with the first-ever recognition of a portfolio-based allowance for impairment losses on receivables.

IT risk

Many Company operations are supported by the use of IT systems (hardware and software). Management decisions are dependent on information that is produced by these systems. The malfunction of IT systems presents a risk that is to be minimised as much as possible by complying with provisions for data and infrastructure protection, outlined in the IT Guidelines.

Overall risk

Risks posing a threat to the BWT Group are monitored to the best possible standards by the resources and measures described above. BWT does not currently envisage any risks that could endanger the Company's continued existence.

Information under Section 243a of the Austrian Commercial Code

BWT's share capital consists of 17,833,500 no-par value shares (previous year: 17,833,500), each of which represents an equal share in the share capital.

The Management Board does not know of any restrictions relating to voting rights or to the transfer of shares.

WAB Privatstiftung, a private trust within the meaning of the ÜbG that is controlled by Andreas Weißenbacher, the longstanding CEO of BWT AG, and its subsidiary Fiba GmbH together hold 13,104,717 shares as at 31 December 2013. This equates to 73.5% of BWT AG's total share capital. Around 20.5% of the share capital is in the free float. The remaining 6.0% are BWT AG treasury shares. As at 31 December 2013, BWT AG had purchased a total of 1,073,418 company shares in the course of its share buy-back programme. The free float is held by Austrian and international investors. BWT's shares are listed on the Standard Market Auction of the Vienna Stock Exchange under International Security Identification No. AT0000737705. In the USA, BWT's shares are traded on the OTC market via a Sponsored Level 1 ADR Programme operated by the Bank of New York, which will end on 30 April 2014.

There are no known substantial blocks of shares held by employees of the BWT Group. Like any other shareholder, employees holding shares are free to exercise their voting rights at the Annual General Meeting.

There are no regulations regarding the appointment and recall of members of the Management Board and the Supervisory Board or amendments to the Company's statute that are not derived directly from the law.

Based on the statute of BWT Aktiengesellschaft, the Annual General Meeting resolution dated 23 May 2013 authorises the Management Board to increase the Company's share capital by up to a further €8,916,500.00 to €26,750,000.00 by 22 May 2018. This is to be achieved by issuing new shares.

Resolutions of the Annual General Meetings held on 20 May 2008, 26 May 2010 and 24 May 2012 authorised the Management Board to buy back and (with the approval of the Supervisory Board) resell the Company's own shares by other means than via the stock exchange or through a public offering, and also disapplying existing shareholders' subscription rights. In 2013, the Management Board exercised the buy-back authorisation and, in the course of the year, acquired a further 520 treasury shares (the last acquisition to date was on 20 September 2013). Together with the 1,072,898 shares it purchased in previous years, BWT AG therefore held a total of 1,073,418 treasury shares as at the balance sheet date of 31 December 2013. To the end of the year, the market value of treasury shares amounted to €16.4 million. The full cost of the acquisition amounting to €19.4 million (previous year: €19.4 million) was recorded in the consolidated balance sheet as a deduction from equity, as required under IFRS provisions.

The Management Board knows of no significant agreements to which BWT is party that will become effective if control of the Company changes hands as a result of a takeover bid.

There are also no compensation agreements between the Company and its Management Board and Supervisory Board members or employees in the event of a public takeover bid.

Outlook

The BWT Group's extensive programme of investment, which was started in 2011, was implemented further as planned in the 2013 financial year. On the one hand, the investments and advertising expenditure aim to develop the BWT brand as the leading water brand with the brand message "For You and Planet Blue" and, on the other hand, to establish the additional development, production and logistics capacities required, especially for the Point of Use product segment. The investment programme at the Mondsee site will be completed in the first half of 2014 once the new production and logistics facilities get up and running. The new Fumatech membrane production plant will go into operation in Germany in the course of 2014. The efforts to expand the BWT brand will be stepped up even further in 2014, and the further increased advertising expenditure associated with this means that little to no increase in earnings is expected.

The BWT Group's continuing solid balance sheet structure with low debt leverage and high level of capital, its internal financing strength and, in particular, its technological leadership in the water treatment business form a basis for the continued positive development of BWT Aktiengesellschaft and its subsidiaries in the global water treatment market.

No other reportable events occurred after the balance sheet date.

Mondsee, 18 February 2014

The Management Board

Andreas Weissenbacher

Gerhard Speigner


Who ensures the supply of efficient, sustainable energy for the 21st Century?
BWT does that – for me!
SCHUBERG PHILIS
TUDelft
H2
BWT
EY
bürkert
Chroma
The hydrogen-powered FORZE VI – which stands for 'Formula Zero' emission-free racing – was developed by a team of researchers from the Delft University of Technology and has a top speed of 220km/hr. Weighing in at 880kg, the car features a fuel cell system with a BWT FUMATECH high-performance membrane – a key function in totally emission-free energy conversion.
For You and Planet Blue.
BWT
BEST WATER TECHNOLOGY

Clean energy –
Battery and fuel cell membrane technologies from BWT

Water, hydrogen and oxygen – Water and energy are as closely linked as H_2O – two atoms of hydrogen and one atom of oxygen. And hydrogen is the energy source of the future. With the BWT FUMATECH fuel cell membrane technologies, BWT is helping to shape the development of alternative, sustainable energy solutions. Alongside the management of water resources, this one of the biggest challenges of our age.

Membrane technologies are a special focus within BWT's technology centres, since they are used not only in water treatment but also in energy generation and storage applications. BWT technologies offer clean, efficient and reliable energy for virtually any application that requires electrical power. The BWT membrane competence centre, FUMATECH, sees itself as a technological pioneer in the production of ion exchange membranes. It possesses extensive expertise in areas ranging from the synthesis of raw materials and consumables, through the processing of these materials to create membranes, to their technical application.

The new 'Zero Emission' motorsport-class fuel cell with BWT-FuMA Tech membrane power 'inside' the FORZE VI.

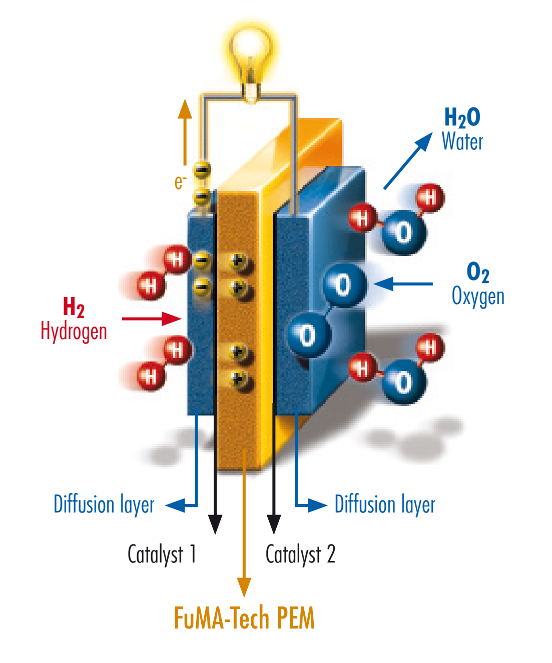
Hydrogen – the perfect energy source

The fact that hydrogen contains more than three times the energy of any fossil fuel – including wood, coal or oil – makes it a perfect source of energy. Hydrogen is also the "fuel" for fuel cells. Even in small-scale systems, fuel cells exceed the electrical efficiency of conventional systems. Depending on the operating temperature and technology, it can convert up to 65% of the fuel used into electricity – better even than state-of-the-art, large-scale gas and steam turbine power plants. Fuel cell vehicles have a tank-to-wheel efficiency of up to 40% (modern petrol engine: 20% to 23%). In addition, the combustion of hydrogen does not generate any harmful greenhouse gases but instead just water. While the underlying principle discovered back in 1839 by Sir William Robert Grove and known as "cold combustion" was for a long time used in more exotic applications such as the operation of satellites, it is now becoming increasingly popular.

Climate change

A new energy age – the age of hydrogen – allied with renewables is the key to combating climate change. Just how urgently measures to curb CO_2 emissions are needed is demonstrated by recent climate data (November 2013): in 2012, global CO_2 emissions reached an all-time high for the third year running. With figures of 34.43 billion tonnes (2011: around 33.99 billion tonnes), never before has so much carbon dioxide from fossil fuels been pumped into the atmosphere, reported the Institute of the renewable energy industry (IWR – Internationales Wirtschaftsforum Regenerative Energien). This means that for the first time ever CO_2 emissions in 2012 were more than 50% up on levels in 1990 (22.7 billion tonnes), the basis year for the Kyoto Protocol.

Dr. Norbert Allnoch, Director of the IWR: *"Successful climate protection requires global investment competition for green technologies, not endless political wrangling over upper CO_2 limits".*



In PEM fuel cells, hydrogen and oxygen – which are separated by a proton-conductive, gas-impermeable membrane – are combined to form water, with energy being released in the process. (cold combustion). This means that fuel cells are the optimal method of converting chemical energy in an electrochemical process directly to power and heat. The fact that no intermediate steps are involved makes fuel cells exceptionally efficient.

The know-how of FUMATECH in the field of polymer synthesis, experience in the manufacture of foils and membranes and the qualification of these membranes in technical products are applied in the development and mass production of proton-conducting membranes for all well-known polymer electrolyte membrane (PEM) fuel cells and batteries. With its own coating plants for the continuous manufacture of membranes, FUMATECH is already equipped to supply membranes on both a pilot and production scale.

FUMATECH's core competence focuses on the heart of the fuel cell: the proton-conducting membrane fumapem®. New applications for fumapem® membranes can be found in the market for renewable energy storage, e.g. in large-scale electrochemical storage devices such as vanadium redox batteries as well as in the production and storage of hydrogen right up to carbon dioxide separation for the new concepts of methanation in the area power-to-gas. The storage of energy, for example in the form of hydrogen through the electrolysis of water, represents a highly promising solution to one of the biggest challenges of the energy revolution. This hydrogen could then be admixed to natural gas for calorific value conditioning. According to the DVGW[1]-G 260 worksheet "Gas Quality", the admixture of 5% by volume of hydrogen to natural gas is currently permitted. Under this provision, therefore, 4.3 billion qm of hydrogen or 5 GW to 15 GW of renewable energy could be converted to natural gas. According to more recent studies from Volkswagen-Audi, this hydrogen could also be converted to methane with surplus carbon dioxide. Power-to-gas concepts like these could pave the way to CO_2-neutral fuel.

[1]German Technical and Scientific Association for Gas and Water

PEM cells dominate the market

From a commercial perspective, the PEM (Polymer Electrolyte Membrane) fuel cell is the most important type of cell in global fuel cell activities as it accounts for 88% of all deliveries. The PEM cell is a representative of the low-temperature fuel cells (PEFC, DMFC direct methanol fuel cell) with operating temperatures of 70°C to 170°C. This places less exacting demands on the material of the cell and stack components, which in term leads to lower material costs. However, a potential disadvantage compared with high temperature fuel cells (MCFC: molten carbonate fuel cell; SOFC: solid oxide fuel cell) is that the gas purity of the fuel needs to be higher. But for the majority of current commercial applications of the PEM, which involve the use of pure hydrogen, this is not an issue – which accounts for the higher level of commercialization. While PEM fuel cells are increasingly being used in the small-capacity range for numerous mobile applications and reaching a wide range of niche markets as a result, the focus of MCFC and SOFC is more on applications in small power stations. This is due not only to the prevailing high temperatures (650°C – 1,000°C), but also their suitability for combined heat and power generation.

Market trends in 2013 and applications

According to current figures from Fuel Cell Today, 2012 saw the sale of 45,700 fuel cells, an increase of 86% on 2011. The electrical output was around 167 MW. With a volume of 24,100 systems and a total output of around 125 MW, stationary applications currently dominate. With 2,700 units, sales for mobile applications were up on 2011, although much stronger sales are expected as of 2015. At 18,900 units, sales of portable systems have increased almost threefold. In terms of regions, Asia – with 28,000 systems (61% globally) and an output of around 86 MW – now leads the way, overtaking the USA (37%). For 2013, an increase to a total of 66,800 units (215 MW) is expected, the majority of sales being for stationary applications.

Stationary applications

The market for stationary applications can be divided into three segments: large-scale units in the megawatt range for primary energy generation, for example in combination with wind turbines, backup and standby systems for telecommunications and key infrastructural facilities, and combined heat and power generation systems such as those used in homes.

The growth of alternative energies (solar, wind, water, biomass) in particular offers excellent prospects not only for fuel cells, but also for high-performance batteries (redox flow batteries with liquid vanadium electrolytes, for example, metal-air batteries such as zinc-air or lithium-air batteries). The electricity generated irregularly by 'green' methods can be stored either chemically in the form of hydrogen or electrically in batteries, and accessed as needed at any time. In chemical storage, the hydrogen is generated from pure water by means of electrolysis and either saved in gaseous form in gas caverns for subsequent reconversion, methanated with carbon dioxide or fed directly into the existing natural gas network in order to raise the calorific value.

Acceptance of fuel cell applications is rising because the systems already installed are working reliably and the need for an electricity supply which is not dependent on a grid is increasing (Japan, USA). In addition, financial incentives and feed-in tariffs support the high efficiency of the systems in combined power and heat operation. The benefit in domestic applications lies in using the existing gas supply infrastructure. The micro-combined heat and power generation systems simultaneously generate heat and power with comparatively high efficiency levels. According to estimates, this facilitates a reduction of around 30% in CO_2 emissions.

As part of the government-supported Ene-Farm project in Japan, which went commercial at the end of 2009, around 42,000 systems have already been sold and installed for private households. They demonstrate excellent reliability and durability (40,000 hours, 10-year guarantee) with 87%

efficiency. The systems are scheduled for launch in Europe from 2015. As part of the Callux project, around 350 fuel cell heaters are currently being trialled in Germany. However, the original plan was to trial 800 units in 2012, but this figure had to be scaled down due to technical delays. Key suppliers include Baxi Innotech, Hexis, Vaillant, Ceramic Fuel Cells and Elcore. In parallel with these projects, new partnerships (e.g. Viessmann-Panasonic) and a new European initiative ("ene.field") involving 27 project partners and 9 fuel cell manufacturers have also been launched. Over the next five years, 1,000 systems are to be installed in the 12 member states taking part in this initiative. When it comes to output, the latest trend is towards small systems that can more effectively meet the energy requirements of detached and semi-detached homes. Typical outputs are between around 0.9 kW and 3.0 kW, around one third of which is electricity and two thirds heat.

Mobile applications

Mobile applications will pave the way towards real mass adoption of fuel cell technology, whereby the issue of ever more stringent legal regulations regarding eco-friendliness will play a key role. The field of transportation encompasses fuel cells for motor vehicles, which has fluctuated strongly over the past few years depending on the results of demonstration projects. The niche market for materials handling vehicles (fork-lift trucks etc.) is now seeing a number of successful projects (mainly in the USA), while in the passenger car segment preparations for market launch are underway. The year 2013 saw the forming of three major alliances: BMW with Toyota, Renault-Nissan with the Automotive Fuel Cell Cooperation (AFCC – Daimler and Ford), and General Motors with Honda. Here, the first products are expected to be launched between 2015 and 2017. And with its collaboration with Volkswagen, Ballard too has returned to the automotive industry. Hyundai is planning a series of 1,000 vehicles for as early as 2014.

Fuel-cell-driven vehicles are superior to battery-driven vehicles: they are faster and, above all, have a much longer range – ranges of 400 kilometres or more are no longer a problem. And instead of requiring several hours to recharge, they only have to be connected to a hydrogen fuel pump for a couple of minutes. But massive investment is required in order to increase the availability of hydrogen, preferably from sustainable production.

Thanks to the H_2 Mobility initiative, plans to expand Germany's network of hydrogen filling stations have recently been given a new lease of life. In collaboration with five major partners, Daimler is planning to construct almost 400 hydrogen filling stations in Germany. Around EUR 350 million is expected to be invested by 2023, with the first 100 filling stations expected to enter operation over the next four years. Currently, only 15 such stations exist.

Portable applications

Typical applications include anything from chargers, mobile phones and notebooks to portable ower generators for leisure applications. In these small systems, the hydrogen can be transported in the pressure cylinder or in a metal hydride storage system. Some manufacturers of electronic devices also use methanol as a fuel, which – as several companies such as Serenergy have shown – can be reformed to hydrogen, or – as Smart Energy has shown – can be converted directly to electricity in a direct methanol fuel cell.

Products

As a producer of polymers and membranes for energy storage, FUMATECH can offer tested products for all applications. Both perfluorosulfonic acid and non-fluorinated hydrocarbon membranes are used in various fuel cells. Chemically stable anion exchange membranes are produced specifically for redox batteries, but also find application in platinum-free fuel cells and alkaline water electrolysis.

Membrane type	Operating temperature	Product	Energy carrier	Applications
Low temperature (Type 1)	up to 85°C	fumapem® F, S	H_2	stationary, portable
Medium temperature (Type 2)	up to 120°C	fumapem® FZP, S	H_2	stationary, mobile
High temperature (Type 3)	up to 170°C	fumapem® AM	H_2, reformate	mobile, stationary
Direct methanol fuel cell (Type 4)	up to 70°C	fumapem® ST, P	CH_3OH	portable
Battery separators	up to 45°C	fumasep® FAP, AM	Vanadium, zinc	stationary, portable
PEM water electrolysis	up to 60°C	fumea® EF	Water	stationary, mobile
Alkaline water electrolysis	up to 130 °C	fumasep® FAA	Water	stationary

FUMATECH has strategically positioned itself as component supplier. Its potential customer group involves primarily well-established manufacturers of membrane electrode assemblies (MEA) and battery manufacturers. This strategic positioning allows the company to successfully combine the strengths of innovative development and a wide variety of patents with manufacturing experience related to the production of membranes for water treatment, a clear distribution-oriented approach, and minimum risk exposure.

FUMATECH in 2013

New location

BWT FuMA-Tech is investing around EUR 20 million in its new Bietigheim-Bissingen site in Germany, thereby laying the foundations for a new phase of growth. In addition to new R&D and laboratory capacity, the production facilities are also being expanded and a new production standard is being set. From 2014, around 100 employees will work at the new BWT site.

Research partnerships continued

To ensure the sustainability of work at FUMATECH and secure a stable market position in the long term, the current development projects and research partnerships established in 2013 are being continued. RWTH Aachen, the Jülich research centre and the Institute Charles Gerhardt de Montpellier will continue to act as key research and development partners. In addition, a bilateral partnership with the HySA research centres of the Department of Science and Technology of the Republic of South Africa is supported in the field of fuel cells and water electrolysis.

Current research and development work encompasses systems designed to save, convert and store energy.

In the area of energy saving, the focus of research is on low-energy membrane processes for treating and disinfecting water. Energy-saving measures in small-scale consumption systems include, for example, the recovery of latent heat from waste air flows from low-energy houses using enthalpy exchangers.

In the area of energy conversion, an international consortium is developing new materials and membrane electrode units for automotive application of fuel cells at higher temperatures and unmoistened operation. Alongside this, the "Integrated Salinity Gradient Power Initiative" is looking into the recovery of energy from salty water such as seawater.

However, the biggest research and development efforts are currently being made in the field of energy storage. For example, membranes and membrane electrode units are being developed for PEM electrolysis and alkaline electrolysis for recovering hydrogen. This hydrogen can be fed to a methanation system with carbon dioxide, supplied directly to the natural gas grid to increase the calorific value and used ideally in decentralised systems as a direct energy source for electromobility solutions. In addition to chemical energy storage, the even more efficient storage of energy in batteries is also an option. Here, FUMATECH is focusing on developing separators for large-scale electrochemical storage devices in the MW range and developing membranes for redox flow batteries and metal-air batteries. In a flagship project with DECHEMA as well as the Universities of Hamburg, Aachen and Erlangen, separators for a new type of tubular battery are being developed. In 2013, the vanadium redox battery (VRB) in particular achieved major commercial importance for storing solar electricity in household applications and above all for storing regenerative energy from wind turbine and solar plants in the MW range. The short-term market potential of VRB is already estimated at 200 MW.

Innovative and sustainable disinfection = fumaGen® LSHC generators

This brand-new, patented membrane-based electrolysis chamber in fumaGen® generators makes it possible to produce a salt-free hypochlorous acid, which is initially being used for "cleaning-in-place" (CIP) facilities in the food and beverages industry.

In the wake of the biocide regulation, it currently has excellent sales potential primarily in non-European sales markets. This is primarily thanks to the environmental benefits, safety and system service life compared with conventional competitor systems. Thanks to sustainable disinfection (significant savings of water, chemicals and energy), a major global soft drinks manufacturer certified the system for global use in the production sites. A globally operating brewery group also decided to use the fumaGen® technology. The system has also been recognised by manufacturers of filling systems and certified for use.


Who gives my coffee
the fullest flavour
and a perfect crema?
BWT does that – for me!
BWT
BWT bestmax M
Good coffee needs top quality water. As the main ingredient in coffee (98% of its volume), water is an immensely important factor in maintaining consistency in the quality of speciality coffees. BWT bestmax BALANCE, the world's first filter cartridge, produces delicious ultrapure water that not only ensures a constant pH balance but also protects your coffee machine from limescale deposits and the risk of silver corrosion.
For You and Planet Blue.
BWT
BEST WATER TECHNOLOGY

Sustainability – For You and Planet Blue.

The mission of BWT – For You and Planet Blue.
Water is the global challenge of the 21st century. With our rich corporate culture and broad range of water treatment systems and services for a wide variety of applications, we do our bit to meet people's needs for high-quality drinking water, health and well-being. Ever since the company was founded in 1990, the letters BWT – Best Water Technology – have represented the goal, mission and solution of our global challenge – water treatment with responsibility.

"BWT – For You and Planet Blue." conveys our claim to take ecological, economic and social responsibility to offer our partners and customers the best products, facilities, technologies and services across all water treatment applications and at the same time to make a valuable contribution to protecting the worldwide resources of our blue planet. We are convinced that sustainability is a major driver of innovation.

Values, which **unite** us – Values, which **touch** us!

Our Vision

"BWT – the international leading water technology group"

we are realizing with the development of BWT to the global WATER BRAND – innovative, unique and worldwide leading.

Common corporate and brand values create an open-minded, likeable, growth-oriented corporate culture which motivates our employees to give their best.

Employees
Creativity Fairness Discipline Commitment Persistence Efficiency

Company
Innovation Dynamics Sustainability

Products
Safety Hygiene Health

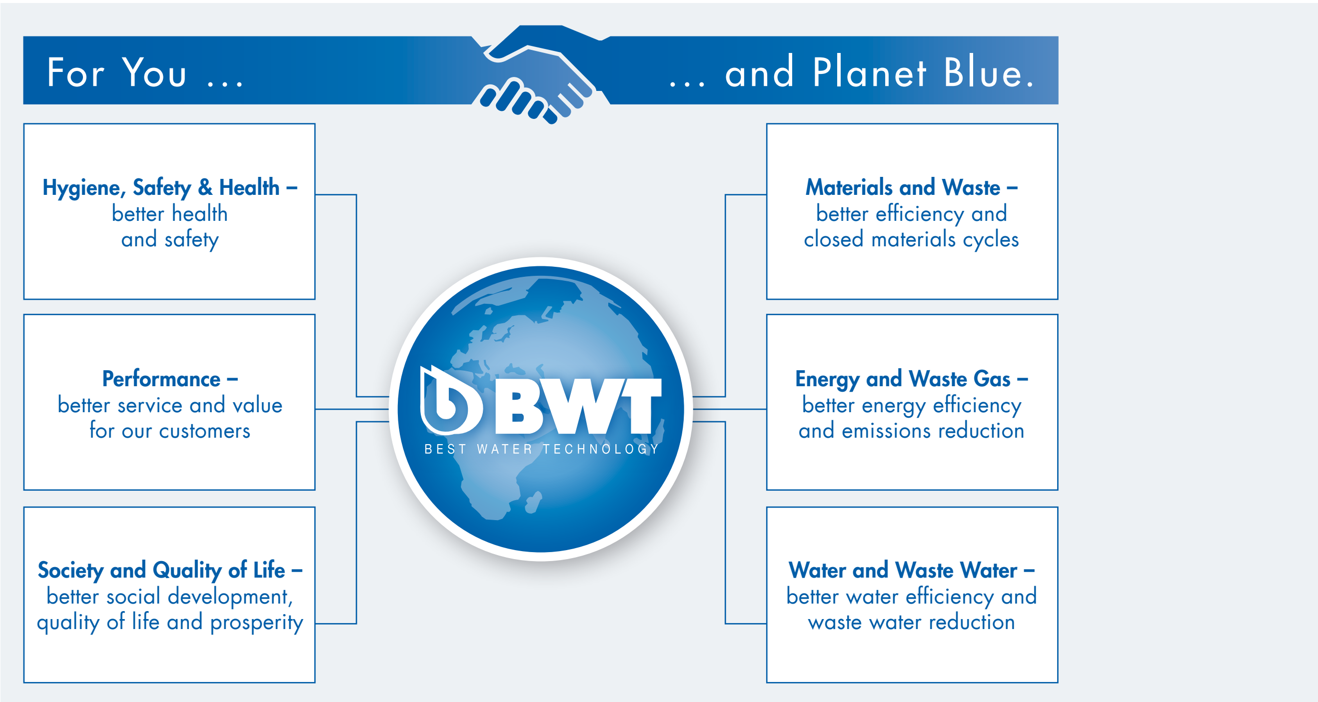
Sustainability forms part of our corporate culture

BWT´s corporate culture represents our basic values that we trust on in particular. Closely associated with this is our goal of pursuing long-term, entrepreneurial sustainability in all activities throughout the value chain. Along the path to this goal, we have anchored our mission in our company concept, which encapsulates our corporate and brand values and serves as a guiding light to our 2,700 employees.

Considering the projections that have been made, we can assume that the significance of the raw material that is water will grow considerably in future years from a political, social and economic perspective. In society as a whole, ever-faster population growth combined with the increased demand for food and energy as well as increased water contamination pose challenges that must be overcome. At an individual level, changing consumer behaviour combined with more stringent water quality requirements are key growth drivers in the water industry. However, in many regions the supply of freshwater from the ecosystem is reaching its limits ("water stress") due to overuse. The global task essential in order to preserve sustainable life on Earth is therefore to break the link between growth and quality of life on the one hand and emissions and the consumption of resources on the other. Our contribution as a company lies in the development of water technology products and services aimed at supplying the best possible water, regardless of source, using fewer and fewer resources while maintaining or improving service levels.

For You and Planet Blue in our areas of activity

In keeping with our mission, we have therefore defined six strategic areas of activity by which to measure our actions. The category "For You" encompasses our social and economic sustainability and comprises the provision of products and services as well as initiatives relating to hygiene, health and safety, quality of life and society. For You is therefore directed towards all our stakeholders. The category "and Planet Blue" integrates the ecological dimension of sustainability. The conservation of resources measured by material input and waste, energy and emissions as well as water and wastewater act as guidelines governing our business operations.



In the area of technology innovation and product development, this model forms an important foundation. It helps us to establish whether advantages can be gained either over existing, in-house products or competitor products in at least one of these areas of activity and whether further development work appears to make sense. The model is supplemented by the BWT Group's Code of Conduct, which sets out clear guidelines for our employees regarding our moral and ethical values in accordance with which we perform our daily work. Where necessary, the Code of Conduct is supplemented by further-reaching voluntary and statutory regulations, including the BWT Compliance Guidelines, the Corporate Governance Regulations according to the Austrian Working Group for Corporate Governance, the Management Handbook, the IT Policy and several other international and locally applicable guidelines.

Compliance

The goal of our compliance system is to ensure the best possible organisation for the realisation of current statutory regulations as well as our voluntary, company-specific guidelines within the Group. The purpose of this is not just to avoid risks (liabilities, penalties and fines), but also create a positive public image for the Company and its employees. Compliance is looked after at the highest level, i.e. in the Management Board, by Gerhard Speigner (CFO) in his role as Compliance Officer. He heads the compliance organisation, including those responsible for compliance in the holding company as well as in the Group itself.

Our stakeholders

It is essential that we consider the interests of all our key stakeholders to ensure the long-term success of our company. The BWT Group has identified its stakeholders and maintains close dialogue with all of its key stakeholders.

Our most important stakeholders are customers and partners such as wholesalers, installers, planners and architects, employees, suppliers, the environment, society (authorities, social security associations, the public) and capital providers such as investor and banks. The following overview shows the company departments engaged in dialogue with stakeholders along with the stakeholders in question:

BWT operating function	Stakeholder	BWT stakeholder and their dimension
Finance	Capital providers (Investors, Banks)	One major shareholder, 74%, free float around 20%, some institutional investors, and retail investors, banks; total €6.2 million in dividends, interest and share buy-back
Personnel	Employees	2,643 employees (FTE) worldwide, 98% in Europe, staff costs: €167.4 million
Research & Development	Environment (Product effects)	Economically and ecologically optimised water treatment products and processes, direct R&D expenditure €8.2 million
Purchasing	Market partners (Suppliers)	Procurement volume: €305.1 million, several thousand suppliers
Production	Environment	Four main production sites: Mondsee (A), Schriesheim (D), Paris (F), Aesch (CH); new investment: €34,7 million
Marketing & Service	Customers and distribution partners	Revenues: €507.7 million from wholesale, retail, industry and municipality customers as well as planners and architects, municipalities
BWT Group overall	Society	Authorities, social insurance providers; taxes, statutory payroll and social security charges, financial contribution: €39,1 million

Sustainability Progress Report 2013

"BWT does that – for me!": under this slogan, BWT launched in autumn the biggest promotional and sales initiative ever seen in the industry. The aim of the campaign is to consolidate the "BWT" brand and boost BWT's profile among end customers in order to strengthen our market position over the long term.

In the reporting year, the BWT Group's extensive investment programme was pursued with continuing resolve. The new Pharma & Biotech and FuMA-Tech site in Germany and the extensions at the Mondsee site are in line with high ecological standards. Our innovations in the field of R&D once again proved highly valuable – after all, it is our research work that ensures our technological leadership. In 2013 too, we implemented numerous product developments and innovations offering important customer and environmental benefits.

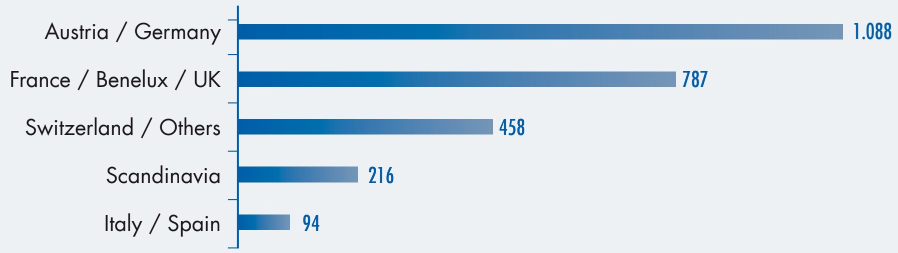
Our employees are our company's most important asset. BWT offers a range of challenging and fascinating career opportunities. As such, it is important for us that our employees receive the right training. The number of employees who took part in internal and/or external further training schemes increased significantly in the reporting year.

Employees
At the end of 2013, the BWT Group's workforce totalled 2,643 people (in full-time equivalents), down 83 on the previous year. This decrease can be explained primarily by the sale of the majority stake in the Municipal business in Germany and the Irish subsidiary. More than 40% of the workforce is located in Austria and Germany and 30% in France, Benelux and the UK. The remaining percentage is distributed across the remaining regions.

BWT does that – for progress!

BWT has committed itself to a pioneering role in the industry – and not just in the field of conventional water treatment. The hydrogen-driven fuel cell racing car FORZE VI ("Formula Zero" means zero-emissions racing) was developed by a team of researcher from the Delft University of Technology. This 880 kg car is equipped with a fuel cell system featuring a BWT FUMATECH high-performance membrane, which plays a key role in achieving zero-emission energy conversion. The electricity generated powers two electric motors, which together achieve a total output of 190 kW (260 hp). The racing car has a top speed of 220 km/h and can accelerate to 100 km/h in just 4 seconds.

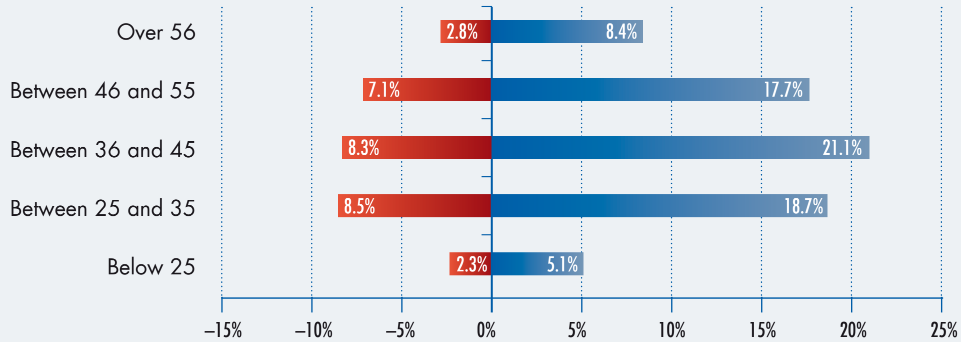
Employees, regional breakdown



BWT offers challenging, interesting and wide-ranging job profiles. According to interim figures, the percentage of female employees has increased slightly to around 29%. However, at around 71%, the percentage of male employees remains considerably higher, due most likely to the mainly technical nature of our business. It goes without saying that the BWT Group recognises equal opportunities at work and equal treatment of employees. Measures to provide opportunities for women include a special focus on women in internal training and support schemes, opportunities designed to facilitate the work–life balance through flexible working time models (e.g. part time work) and the option of working from home.

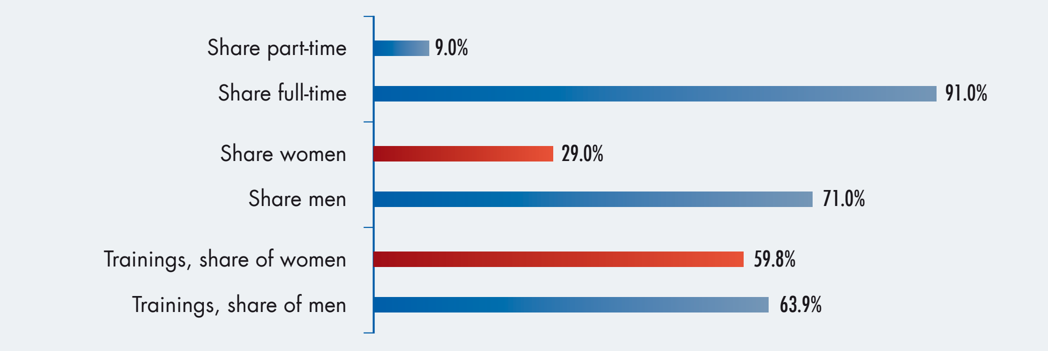
The average age of the workforce is around 40 for women and around 42 for men. And when it comes to gender distribution among the various age categories, only slight differences can be seen. The majority of employees are aged between 25 and 55. According to provisional figures, the fluctuation rate remained almost unchanged at around 10%.

Employees, age structure by gender, share of staff



The percentage of part-time employees increased slightly on the previous year and is now around 9%. The percentage of employees who took part in training courses increased significantly. According to provisional figures, 2013 saw more than 60% of the workforce take part in internal and/or external further training schemes. At the Schriesheim site, a company-wide employee training initiative has been launched. This initiative aims to give all 320 employees – regardless of role and hierarchical position – the opportunity to learn about the latest company and product expertise and to deepen their existing knowledge. The absenteeism rate due to illness fell slightly on the previous year to an average of seven days per employee. Key tasks of the future include continuing to implement occupational health and safety measures and reduce fluctuation.

Employees by gender



In the BWT Groups, Workplace Councils ensure that employees' interests are adequately represented. Continuing in the tradition of the years since the company's founding, 2013 did not see any strike action or industrial disputes. To appeal to as many young people as possible, BWT goes into schools and organises company tours, provides support to teachers of specialist subjects and gives talks on specialised topics. Parallel to this, long-standing partnerships exist with vocational training colleges and universities.

The group-wide Code of Conduct provides employees with a guideline on legally compliant and ethically correct behaviour, including regulations on the acceptance of gifts and on dealings with employees and business partners. The regulations are implemented at local level and are the responsibility of middle management within the framework of the compliance organisation. An e-learning tool is used to support compliance training. A comprehensive Management Handbook includes all the regulations applicable to the BWT Group for the benefit of the group's management.

BWT does that – for its employees!

As part of the investment programme at its site in Mondsee, BWT has created new spaces offering modern employee catering facilities. Since November 2013, the roughly 500 employees at the site can choose between different menus and can pay conveniently using their employee card. The food is freshly prepared on the premises. The new employee restaurant can accommodate up to 250 people. In addition to a spacious kitchen area featuring state-of-the-art equipment and attractive, light-filled recreation rooms, the "BWT water bar" is a real highlight that gives guests the opportunity to experience for themselves the benefits of perfectly treated water in a gastronomic environment. The also newly opened BWT Cafeteria has already become a favourite meeting place for employees.

Customers

Under the slogan "BWT does that – for me!", BWT launched in autumn the biggest ever promotional and sales initiative on the German and Austrian water market. This all-encompassing initiative focuses on TV advertisements, promotional packages for sales partners, print advertisements as well as PR and social media campaigns. The products at the centre of this promotional campaign are the E1 single-lever filter, the AQA perla water softening system and the Mg^{2+} gourmet table water filter. The campaign aims to enhance the brand profile of BWT among end customers.

The extension of the "BWT" consumer brand among our end consumers and the associated development and expansion of the Point of Use business form an integral part of the BWT sustainability strategy. Point of Use thus acts as a catalyst for the BWT Group as a whole and is implemented at all levels of the company to provide impetus for development. The specific intention is for all the other product segments and partners to benefit from the new Point of Use business segments as well as a greater brand awareness for BWT ("push-pull strategy").

Our customers include wholesalers, installers, architects, planners and a large number of businesses and industrial companies from virtually all sectors, including the pharmaceutical industry and municipalities (e.g. hospitals), which are served by our local branches, sales centres and service staff who

BWT does that – for our customers!

To ensure that its customers benefit from the very highest level of safety, hygiene and health in their daily water usage, BWT depends on strong partners. The BWT drinking water professionals are selected premium sales partners of BWT, from whom end customers can buy BWT products. These premium partners possess the knowledge and expertise needed for offering end customers water treatment solutions that are perfectly tailored to individual needs. The network currently comprises 2,400 BWT drinking water professionals in Germany and Austria. Along with another 1,000 partner companies, field employees, service employees and hygiene experts, they together form the BWT water partner network.

are trained at BWT in-house training centres. In the export markets, there is a dynamic and growing network of partners among general importers and wholesalers. In our Point of Use activities, end consumers and retailers are now playing an increasing role.

The development and expansion of our ("drinking water professionals") partner network in the PoE product areas has been massively expanded. The network now comprises 2,400 BWT drinking water professionals in Germany and Austria. The expansion of sales in the PoU area is continuing apace.

Certifications give business partners and customers the confidence that we work to the very highest standards. Group-wide in the reporting year, 16 locations were certified in accordance with quality management system ISO 9001 and six in accordance with environmental management system ISO 14001. The systematic increase in customer satisfaction continued, leading to excellent results throughout.

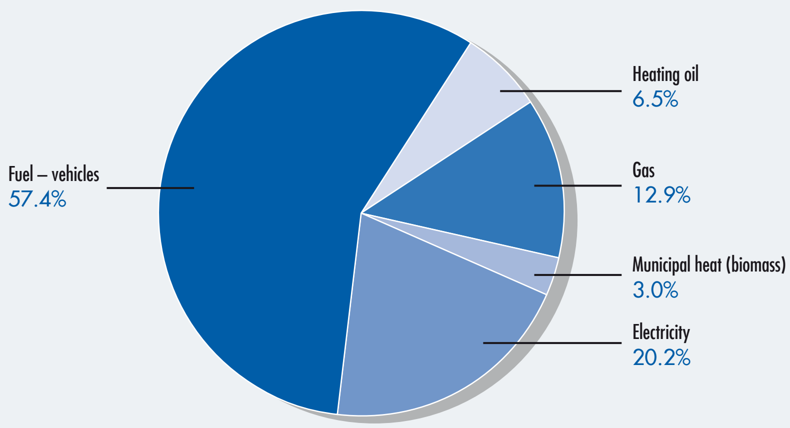
Suppliers

Adherence to BWT sustainability principles is safeguarded throughout the entire value chain. The appraisal of suppliers is based on sustainable dialogue and partnership, and helps them to improve their performance even further. Procurement is carried out by means of a centrally-coordinated Group procurement mechanism on the one hand and, at local or regional level, by the procurement departments of local Group companies on the other. Procurement terms and conditions also include ethical and environmental standards. They include a ban on child labour, discrimination and corruption as well as environmental compliance, particularly with regard to packaging. A system of regular audits of suppliers is being developed.

Environment

Within the context of the existing quality and environmental management certification (ISO 9001 and ISO 14001), a particular emphasis is placed on energy consumption, waste prevention and recycling. Despite major successes achieved through the use of reusable packaging and logistics optimisation, it is likely that energy consumption will increase further due to expansion (particularly at the Mondsee site), although sustainable energies will be used here. An especially high proportion of recycling has been achieved with the brass we procure (approximately 65%) and with cardboard packaging. However, recycling of other input materials (e.g. plastics) still has significant room for improvement. According to provisional figures, the total volume of waste in 2013 was 2,540 tonnes. BWT has agreements with licensed scrap material companies for the collection and environmentally sound disposal of waste in all countries where its production plants are based. At the Mondsee location, an internal environmental protection project was launched involving the analysis of waste separation, disposal and recycling.

Energy use in the BWT Group (%)



According to provisional figures, energy consumption within the BWT Group in 2013 was 56.2 GWh (previous year: 57.3 GWh). At 57%, the lion's share of this can be attributed to fuel consumption for the company's large fleet of vehicles. The remaining percentage can be attributed to our electricity and heating requirements, each accounting for around one fifth of overall energy consumption. As regards CO_2 emissions, the biggest percentage – around 60% – can again be largely attributed to the company's fleet of vehicles, while most of the remainder can be attributed to the building's heating systems.

The percentage of renewable energy sources used for our electricity requirements continues to increase thanks to investment as well as construction and conversion work in Austria. The figure for the main site in Mondsee currently stands at more than 70%. The new location in Bietigheim-Bissingen fulfils high ecological standards thanks to excellent insulation and intelligent building technology, including a system that draws energy from the production facilities to heat office space in winter and a grass-covered roof that keeps the building cool in summer.

In 2013, a total of around 14,200 tonnes of CO_2 were emitted, 11,000 tonnes of which were emitted directly and 3,200 tonnes indirectly. Due to the ongoing expansion-related investment program-

BWT does that – for the environment!

As a bottling plant operator, rely on the highest standards of hygiene during bottling operations for absolute germ-free beverages, thanks to BWT fumaGen® as disinfectant in your bottling plant. BWT fumaGen® technology allows sustainable and safe disinfection, with a significant shortening of the necessary cleaning intervals and consequently greater system availability. The novel membrane electrolysis in BWT fumaGen® leads to significant savings of water, energy and process chemicals. The on-site and demand-optimised production of highly effective disinfectants provides the necessary microbiological safety for both the products and the manufacturer. The unique membrane electrolysis cells offer excellent protection against corrosion and troublesome by-products. Energy consumption is reduced and the transport and storage of disinfectants becomes superfluous.

me, a further increase in CO_2 emissions in absolute figures is likely. Relatively speaking, however, new and more efficient vehicles for the company fleet and our newly constructed, state-of-the-art buildings should enable us to cut emissions.

Research and development are key pillars of our growth strategy and so form the basis for the long-term economic and ecological success of our company. BWT develops state-of-the-art processes for water technology products, which not only represent the very latest in technology but also, in many cases, set new standards in safety, health and hygiene. In 2013, EUR 8.2 million was invested in R&D. In the reporting year, a newly developed material was used for the first time in BWT Bestmax filters for coffee machines and drinking water treatment devices. The material removes silver during the filter cycle, thus providing drinking water that has no traces of silver. The ULTRA-SAFE filter, which features an ultrafiltration membrane, was developed for treating drinking water particularly in countries where the water is contaminated with harmful bacteria. In the reporting year, we once again received a number of prizes and awards for our research work.

The economy

From an economic perspective too, sustainability is one of the great challenges of our time. The corporate mindset of the BWT Group takes a long-term perspective. A solid balance sheet position, low debt, a high equity ratio and investments in R&D to consolidate our technological leadership represent a firm basis for optimally leveraging our potential in the growth market for water treatment systems.

Society

In 2013, the BWT Group paid approximately 40% (previous year: 30%) of its earnings in taxes (EUR 7.3 million). In addition, other taxes and charges amounted to EUR 3.2 million (previous year: EUR 3.1 million) and statutory social security contributions amounted to EUR 29.6 million (previous year: EUR 29.2 million). We therefore paid EUR 40.1 million directly to public sector authorities and social entities. As in previous years, the company supported various relief projects in 2013, making financial donations and assisting projects in emerging countries (e.g. building wells in Cambodia) as well as helping employees and others in need in the region. In addition, it also supported sporting clubs and young sportspeople through sponsoring initiatives.

Hygiene, safety and health and an assured supply of drinking water are of key importance to the development of our society. As a supplier of state-of-the-art water technologies, BWT makes a significant contribution in this area.

BWT does that – for society!

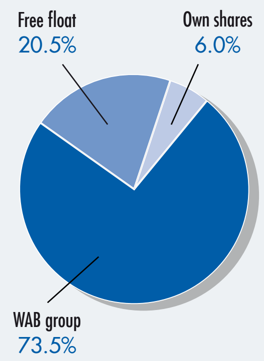
True to the spirit of the slogan "For You and Planet Blue.", BWT is also committed to social responsibility. As part of its Christmas 2013 campaign, BWT supported needy people who have been badly hit by fate as well as people disadvantaged through impairment. EUR 50,000 was donated to the "Light into the Dark" campaign and another EUR 50,000 was donated to the "Neighbours in Need" campaign, which reached regions hit by the appalling typhoon "Haiyan" in the Philippines. The storm hit on 7 November, claiming several thousand lives and making more than four million people homeless.


Who provides clinically pure water where it most matters?
BWT does that – for me!
Water is an essential basic commodity for the manufacture of pharmaceuticals, biotech products and medical devices. Which is why the world's leading manufacturers of drugs, vaccines and cosmetics rely on BWT's SEPTRON® Biosafe electrodeionisation module to produce ultrapure water that conforms with the strict requirements of the Pharmacopoeia.
For You and Planet Blue.
BWT
BEST WATER TECHNOLOGY

The BWT Share

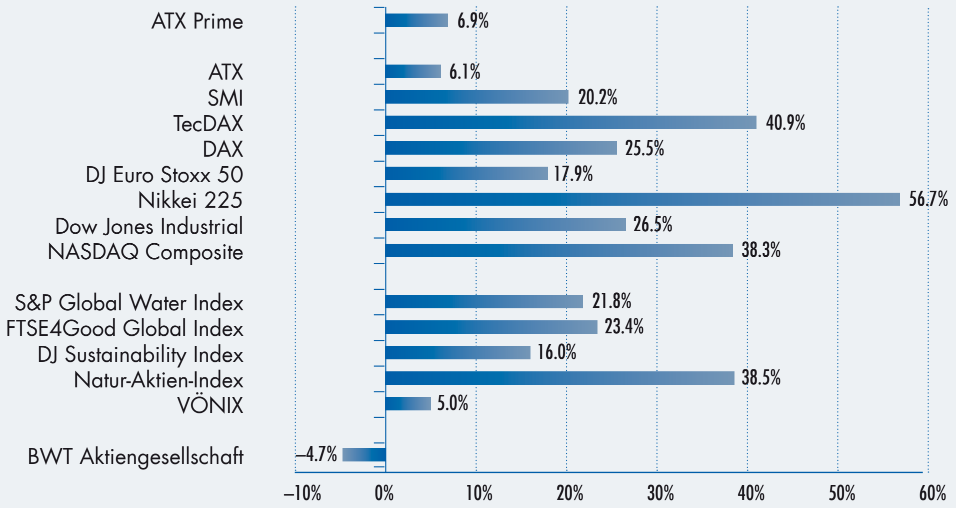
Data and facts about the BWT share	
Number of shares	17,833,500 shares* issued to bearer
Free float (31 Dec. 2013)	20.5%
ISIN	AT0000737705
Bloomberg code	BWT AV
Reuters code	BWTV.VI
Main trading center	Vienna Stock Exchange
2013 low	€12.10 (as at 2 Jul. 2013; 2012: €12.17)
Average price 2013	€14.56 (2012: €14.33)
2013 high	€17.17 (as at 11 Feb. 2013; 2012: €16.03)
Year-end price 2013	€15.25 (2012: €16.00)
Market capitalization	€272 million (as at 27 Dec. 2013; 29 Dec. 2012: €285 million)
Trading volume per day	7,608 shares (double counting, Vienna Stock Exchange, 2013)
Trading turnover per day	€111,397 (double counting, Vienna Stock Exchange, 2013)
Index membership	WBI, S&P Global Water Index, NX-25 (ÖKO-INVEST, until 2013), NAI (Natur-Aktien-Index), VÖNIX

Shareholder structure (Feb. 2014)



** Thereof 1,073,418 treasury shares as at 31 December 2013. More information on the BWT share buyback at www.bwt-group.com in the Investor Relations section.*

Index performance 2013



Information per share	2013	2012	Change
Earnings (€)	0.64	0.87	–26.4%
Dividend (€)	0.28*	0.28	+/–0%
Book value (€)	9.68	9.44	+2.5%
P/E maximum	18.3	18.4	–
P/E minimum	12.9	14.0	–
P/E year-end	16.2	18.4	–

** Proposal to the Annual General Meeting*

The BWT share in 2013

Expectations for the global economy showed a consistent slightly positive trend in all global regions at the start of 2013 compared with 2012. The global economy then performed somewhat weaker in 2013 than forecast at the start of the year, at roughly the same level as in 2012. Particularly in China, but also in the USA, growth lagged somewhat behind expectations. Even so, the most important equity markets performed strongly across the board, some of them even posting record-breaking performances. This development was facilitated by economic and monetary policy measures in the USA, Europe and Japan, which drove equity indices upwards. In contrast, the threat of state crises such as the budget dispute in the USA or the ongoing risk of a euro crisis in Europe had little impact on investors.

At the beginning of March, the Dow Jones Industrial index moved over 14,220 points for the first time, thus surpassing its record. The share price gained to close the year at around 16,576 points, posting the annual high at the same time. This means that compared with the approximately 13,100 points at the start of the year, which also constituted the annual low in 2013, the leading index on the US Stock Exchange improved by around 26.5% over the course of the year. Considering the year as a whole, this marked the largest increase since 1995. This outstanding year was favoured by the extremely relaxed monetary policy of the US Federal Reserve, which encouraged investors to invest on the back of expansive multi-billion bond purchases. On the other hand, there was virtually no impact from the ongoing US budget dispute, which included the issue of exceeding the debt ceiling. The German share index (the DAX) also posted an extremely strong performance in 2013. After starting the year at 7,612 points the index did not gain any real momentum, hitting its trough of 2013 in mid-April with 7,460 points. At the mid-year point, the DAX posted an upward trend, achieving its all-time high of 9,589 points just before the end of the year before finally closing the year at 9,552 points. This equates to a gain of around 25.5% over the course of the year for the German share index, against an increase of 29% in 2012. Here too, an important role was played by the relaxed monetary policy of the central banks in Europe and the United States, whereas the risks of a euro crisis seem not to have influenced investors in any way whatsoever.

The leading index on the Vienna Stock Exchange (the ATX) did not keep up with the international stock exchanges such as New York or Frankfurt in 2013. After an annual performance of just under 27% in 2012, the ATX closed the year in 2013 with 2,546.54 points, which represents a comparatively moderate rise of around 6%. The ATX reached its low of 2,170.86 points on 24 June. From the middle of the year onwards, the ATX picked up again before finally achieving the annual high of 2,665.66 points on 6 November. Following a negative trend in December, the ATX ended the year at 2,546.54 points.

The number of trading members directly admitted to the Vienna Stock Exchange in 2013 was 91, a slight decline on last year's figure of 96. As at the end of 2013 market capitalisation was €85.4 billion, up on the figure posted at the end of 2012 (€80.43 billion). Trading volume in cash terms for domestic shares continued to improve slightly by around 7% to €38.4 billion after the strong declines posted in recent years (as at the end of 2012: €35.8 billion). However, the share trading volume was down by around 8%.

The sustainability indexes posted consistent gains in the reporting year. The VÖNIX posted the lowest gain of 5% in line with the Vienna Stock Exchange. The Natur-Aktien-Index posted the highest gain of over 38%. The major water investment funds also enjoyed a successful year, reporting gains of between 13% and 25%. After a difficult previous year, the wind and solar industry had a very successful year in 2013.

The number of sustainable public funds in German-speaking countries (Germany, Austria, Switzerland) increased slightly in 2013 to 372. Overall, these funds contain a volume of around €38 billion. In 2012, there were around 350 sustainable public funds with a volume of around €34 billion. In 2013, across Europe there was a supply of 922 sustainable public funds with a volume of around €108 billion.

From a political perspective, the UN Climate Change Conference held in Warsaw (Poland) in November 2013 was nerve-wracking for the actors involved. It was only thanks to a last-minute deadline extension right at the end of the conference that a compromise was reached and a failure of the conference averted. However, a grand design for a common global climate change policy has again failed to materialise. The states of emergency relating to the climate declared in the previous year, most notably the devastating Typhoon Haiyan in the Philippines and the record flood levels in Central Europe, did not generate any decisive impetus for far-reaching climate policy decisions either.

The BWT share began the year in 2013 at a share price of €16.00. The end of the extension period for the public mandatory offer (Section 93 (2) BörseG – Stock Exchange Act) saw the share price rise to its annual high of €17.17 on 11 February. The reduction of the free float and the associated loss of liquidity resulted in the BWT share switching segments on the Vienna Stock Exchange. On 2 April, the BWT share left the ATX Prime and switched to the Standard Market Continuous segment. The share has been listed on the Standard Market Auction since 2 May. Towards the middle of the year on 2 July, the share hit its low of €12.10. Over the second half of the year the share price picked up again, before closing the year at €15.25. This equates to a decline of 4.7% compared with the year-end price in 2012. This development was still influenced by the takeover bid.

On 14 September 2012, Aquivest GmbH, a company indirectly controlled by WAB Privatstiftung, announced a public mandatory offer in accordance with Sections 22 et seq. of the Übernahmegesetz (ÜbG – Austrian Takeover Act). This meant that, together with its preceding legal entities, it exceeded a total voting interest of 30%. The offer period ran from 19 October 2012 to 6 November 2012 with an extension to 8 February 2013. The offer price was €16.00 per share. When the extension period ended, Aquivest GmbH directly acquired a further 2,555,799 BWT shares as at 18 February 2013. This equates to around 14.33% of shares granting voting rights in BWT Aktiengesellschaft. At the end of 2013, the direct and indirect interest attributable to WAB-Privatstiftung came to around 73.5%. This represents an adjusted proportion of the voting rights of around 78.2%. In light of the takeover bid, the free float had decreased to around 20.5% by the end of 2013. The remaining 6.0% are BWT AG treasury shares.

On account of Aquivest GmbH's takeover bid, the trading volume decreased around €26.2 million. Share liquidity declined as a result by around 70% and the trading volume per share went down by roughly 69%. The average daily trading volume fell to 7,608 shares, down around 68% on the previous year.

The BWT Group is committed to a stable dividends policy. On average, during the past 10 years, roughly 30% of the net profit has been paid out to shareholders. In 2013, the payout ratio was 32%, equivalent to €4.7 million paid out to shareholders. Based on earnings of €0.64 per share and the ongoing high level of investment, the Management Board will propose a dividend of €0.28 per share to the Annual General Meeting in May 2014 – the same dividend per share as last year.

On 13 September 2013, the Management Board of BWT Aktiengesellschaft resolved to utilise the share buyback programme resolved at the Annual General Meeting on 24 May 2012. The fifth share buyback programme of BWT Aktiengesellschaft was concluded on 9 January 2014. As part of the share buyback programme, a total of 520 treasury shares equating to 0.0029% of the outstanding shares were repurchased at a share price of €14.00. Including the shares from previous share buyback programmes, BWT Aktiengesellschaft has invested €19.4 million and as at the end of 2013 now holds 1,073,418 shares, or 6.0% of the total outstanding shares. The average price is €18.06.

Investor Relations

As a listed public limited company, BWT AG offers all interested investors the opportunity of participating in the area of water and in our development as the leading company in water technology. The objective of our IR work is to present as true and fair a picture as possible of the company and its potential for development in its markets, therefore creating a good basis of information on which to arrive at a sustainable decision to invest in our company. A transparent information policy, our commitment to the Austrian Corporate Governance Code and an active approach towards investors form an integral part of this strategy.

Sustainability and corporate social responsibility have become an ever more important aspect of our IR work in recent years. In the reporting year, BWT Aktiengesellschaft was again represented on the VÖNIX (VBV Austrian Sustainability Index). VÖNIX analyses around 60 Austrian companies listed on the Vienna Stock Exchange and rates them according to some 100 criteria, taking into account their ecological and social objectives. 22 companies are currently included in the VÖNIX. The BWT share has been listed on the sustainability index without interruption since VÖNIX was established in June 2005.

BWT share performance chart for 2013

Source: Wiener Börse AG

Information and contact:

Website: www.bwt-group.com/en/investors
Investor Relations: Josef Nussdorfer
Shareholder telephone: +43 (0) 6232/5011-1113
E-Mail: investor.relations@bwt-group.com

Corporate Governance Report

pursuant to para. 243b UGB (Company Act)

BWT – For You and Planet Blue is also evidenced by responsible management including a high degree of visibility for all stakeholders. Since going public in 1992, BWT has been pursuing the goal of sustainable ecologically and economically-oriented value generation.

BWT complies with the Austrian Corporate Governance Code, a regulation framework of standards for sound management and supervision of the company. This includes the standards of good corporate management common in international practice (OECD Principles, EU Transparency Directive) but also the important significant provisions of Austrian corporation law in this respect (Börsegesetz, Gesellschaftsrechtsänderungsgesetz 2013, Unternehmensrechtsänderungsgesetz 2008). This enables a high level of transparency for all stakeholders of the company. The Code is publicly accessible on the homepage of the Austrian Working Group for Corporate Governance on www.corporate-governance.at.

To avoid insider trading, since 2002 a policy based on the Emittenten-Compliance-Verordnung (ECV – Regulation on Compliance for Issuers) of the Austrian Financial Market Authority is implemented in the company by the Compliance Officer. The Code of Conduct which was amended in 2010 aimed at all employees and includes all the principles of conduct. It provides guidance on the fundamental ethical and legal duties of BWT employees.

Following two updates in 2012, the new Corporate Governance Code 2012 has now come into force – an evolution of the first version formulated in 2002 and amended in 2006, 2009 and 2010. The improvements primarily relate to the diversity rule of the Supervisory Board and new rules to improve the co-operation of the Supervisory Board and the Auditors. Further changes refer to fighting corruption and the restriction of former Management Board Members to take Supervisory Board positions.

The Code comprises three rule categories:

1. Legal requirement ("L") – including compulsory regulations
2. The "C" rules (Comply or Explain) in the Austrian Code of Corporate Governance are to be followed; any deviation must be explained and the reasons stated in order to comply with the Code
3. Recommendation rules ("R")

BWT applies the Corporate Governance Code in the version July 2012 in full with the following explanations:

The Executive Board

The Management Board consists of Mr. Andreas Weissenbacher, born 1959, Chairman of the Executive Board since 8/1/1991 of BWT AG; Mr. Weissenbacher is responsible for the operational business and for the departments Research & Development, Purchasing, Human Resources, Marketing and Investor & Public Relations. Mr. Gerhard Speigner, born 1960, since 1/5/1996 Chief Financial Officer is managing the departments Finance, Controlling, Treasury, Information Technology, Law, Taxes & Risk Management. Both members of the Management Board are appointed until 20/9/2015. This organization allows a high flexibility and an efficient operation in the Management Board.

The Supervisory Board

The Supervisory Board is composed of five members with high and long term personal qualification and experience in business administration and legal affairs elected by the General Meeting. All members are Austrian citizens.

Supervisory Board member	First appointed	End of current term
Dr. Leopold Bednar (chairman, born 1948)	5 July 1991	AGM 2016
Dr. Wolfgang Hochsteger (vice chairman, born 1950)	5 July 1991	AGM 2016
Gerda Egger (born 1964)	24 May 1996	AGM 2016
Dipl. Vw. Ekkehard Reicher (born 1941)	24 May 1996	AGM 2016
Dr. Helmut Schützeneder (born 1944)	25 May 2011	AGM 2016

Dr. Schützeneder was Member of the Supervisory Board of Fabasoft AG till July 1, 2013. None of the Members of the Supervisory Board of BWT AG assumed supervisory board mandates or similar functions in domestic or foreign stock listed companies in the period under review.

Independency of the Supervisory Board

"Independent" in the sense of the blanket clause of Rule 53 refers to Members of the Supervisory Board whose business or personal relationship with BWT AG or its Management Board does not constitute a material conflict of interest allowing the Member's behaviour to be influenced. The criteria for independence are set in accordance with the guidelines of the Corporate Governance Code (Annex 1). The Supervisory Board thus comprises the following independent members: Dr. Leopold Bednar, Dr. Helmut Schützeneder.

Committees and activities of the Supervisory Board

The Supervisory Board of BWT AG is made up of experts of various disciplines with regular meetings on issues like strategy, balance sheet and personnel of the Group. Within this scope, the Supervisory Board of BWT AG is also involved in important decisions of the Management Board as an advisory body.

Apart from the Audit Committee there is no committee established by the Supervisory Board of BWT AG. The following persons of the Supervisory Board form part of the Audit Committee: Dr. Bednar as Chairman, Ms. Egger and Mr. Reicher. The Audit Committee held 2 meetings in the year 2013 at which the year-end accounts and analysis and the internal control, revision and risk systems were discussed. The auditors attended both meetings.

In the year 2013, the Supervisory Board held 4 ordinary meetings. The average rate of presence was 95%. The main activities of the Supervisory Board in the reporting period are detailed in the Report of the Supervisory Board.

Internal auditing

The internal auditing duties are being performed by the Group Finance (Group Controlling and Group Treasury) and Risk Management departments. The Management and Supervisory Boards are given regular reports about important results of these activities.

Report on the compensation of the Management Board

Management Board compensation is determined by the scope of duties, responsibility and the personal performance of the Board Member as well as the achievement of company targets, size and the economic health of the company. At BWT AG performance-related compensation is not made with share options, but dependent on long-term and sustainable performance criteria. These include predefined goals regarding company results, qualitative and quantitative goals.

In 2013, 74.6% of the total remuneration of the Management Board was fixed and 25.4% performance-related. No value has been determined for the variable maximum. The compensation of Mr. Andreas Weissenbacher amounted to €592.5 thousand and of Mr. Gerhard Speigner to €320.6 thousand. There is no company pension plan. There are also no Management Board entitlements or individual legal rights should the function be terminated. There is a valid liability insurance protection for the management of the Group (D&O insurance).

The duties of the Remuneration Committee are assumed by the entire Supervisory Board. Relevant knowledge and experience about compensation policy is contributed in particular by Dr. Bednar.

Report on the compensation of the Supervisory Board

Compensation of the Members of the Supervisory Board was determined by the Annual General Meeting on May 23, 2013, for the financial year 2013. The members of the Supervisory Board received expense reimbursements totalling €60,000 for the activities during the 2013 financial year (2012: €55,000). The basic remuneration for the Members of the Supervisory Board amounts to €10,000 (2011: € 7,500) per person, for the Chairman €30,000 (previous year: €25,000). One Supervisory Board member declined reimbursement for expenses. Beyond that, there were compensations of travel costs.

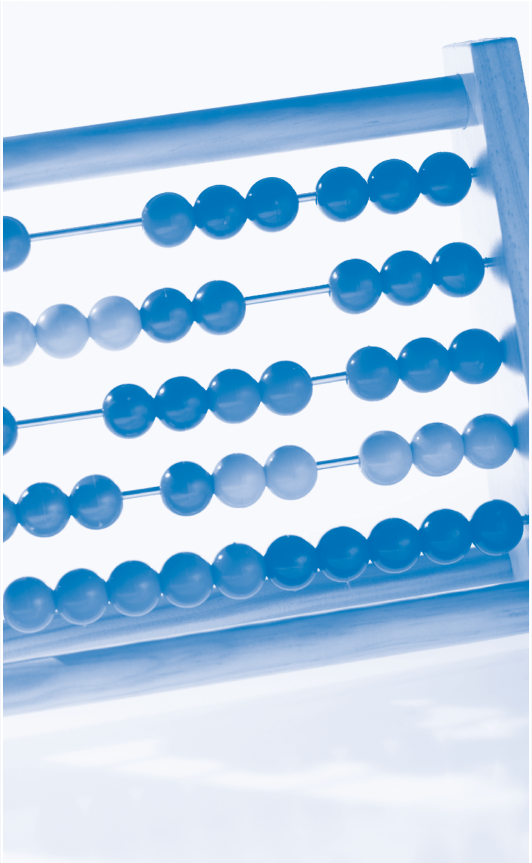
Measures to provide opportunities for women in the Management Board, Supervisory Board and in top management positions

It goes without saying that BWT acknowledges equal opportunities at work and equal treatment of employees. Measures to provide opportunities for women include a special focus on women in internal training and support schemes and opportunities to facilitate the balance of work and family life through flexible working time models (e.g. part time work) and home office options. Female employees make up roughly 27% of the workforce of the BWT Group, roughly 10% of the management and 20% of the Supervisory Board.

BWT Aktiengesellschaft

CONSOLIDATED FINANCIAL STATEMENTS

in accordance with International Financial Reporting Standards



2013

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I. Consolidated income statement for financial year 2013

	Note	2013 T€	2012 T€
Revenues	(1)	507,743.4	502,298.9
Other operating income	(2)	5,961.4	6,308.1
Changes in inventories of finished goods and work in progress		–754.7	775.4
Other own work capitalized	(2)	491.4	664.3
Raw materials supplies and purchased merchandise	(3)	–198,572.5	–201,877.6
Personnel expenses	(4)	–167,386.5	–163,965.8
Other operating expenses	(6)	–106,530.0	–103,376.2
Operating earnings before amortisation/depreciation		40,952.5	40,827.1
Depreciation and amortisation	(5)	–17,821.5	–18,602.6
Operating earnings		23,131.0	22,224.5
Financial income	(7)	1,438.4	909.8
Financial expenses	(7)	–6,420.6	–2,438.5
Earnings before taxes		18,148.8	20,695.8
Income taxes	(8), (18)	–7,341.1	–6,273.9
Earnings for the period		10,807.7	14,422.0
Of which:			
Shareholders of the parent company		10,747.6	14,511.6
Minority interest	(19)	60.0	–89.6
Earnings per share (in €): basic = diluted	(28)	0.64	0.87
Number of shares issued		16,760,455	16,771,902

II. Consolidated statement of comprehensive income for financial year 2013

	Note	2013 T€	2012 T€
Earnings for the period		10,807.7	14,422.0
Other earnings			
Items of other comprehensive income that are not subsequently reclassified to profit or loss for the period:			
Remeasurements of the net defined benefit liability in accordance with IAS 19	(20)	–1,022.6	–5,166.4
Taxes thereon	(8)	372.7	1,311.2
		–649.9	–3,855.2
Items of other comprehensive income that are subsequently reclassified to profit or loss for the period as long as certain conditions are met:			
Valuation of securities ("available-for-sale", pursuant to IAS 39)	(11), (26)	–249.2	–290.5
Taxes thereon	(8)	62.3	72.6
Foreign currency translation		–988.6	618.8
		–1,175.4	400.9
Total amount of other earnings		–1,825.3	–3,454.3
Total earnings for the period		8,982.4	10,967.7
Of which:			
Shareholders of the parent company		8,925.9	11,058.2
Minority interest	(19)	56.5	–90.5

III. Consolidated balance sheet as at December 31, 2013

ASSETS	Note	As at 31.12.2013 T€	As at 31.12.2012 T€
Goodwill	(9)	27,348.6	28,989.2
Other intangible assets	(9)	13,772.7	17,868.5
Fixed assets	(9)	127,449.3	109,208.1
Property, plant and equipment	(10)	970.1	0.0
Financial investments	(11)	3,822.1	4,385.2
Other receivables from third parties	(14)	421.7	1,268.0
Deferred tax assets	(18)	8,284.2	8,634.5
Non-current assets		182,068.7	170,353.5
Inventories	(13)	71,019.7	75,594.2
Trade receivables	(14)	67,060.5	67,407.9
Receivables from construction contracts	(14), (15)	12,800.7	12,393.6
Income tax assets	(14)	1,828.0	929.9
Other receivables from third parties	(14)	7,640.7	8,105.6
Cash and cash equivalents	(16)	14,467.5	17,954.6
Assets held for sale	(17)	3,263.7	0.0
Current assets		178,080.7	182,385.8
BALANCE SHEET TOTAL		360,149.4	352,739.3

Consolidated balance sheet as at December 31, 2013

EQUITY and LIABILITIES	Note	As at 31.12.2013 T€	As at 31.12.2012 T€
Subscribed capital		17,833.5	17,833.5
Capital reserves		17,095.8	17,095.8
Revenue reserves			
Accumulated profit/loss		154,444.3	149,176.0
Foreign currency translation		2,117.2	3,102.2
Available-for-sale financial assets		52.7	239.6
Own shares		–19,399.3	–19,392.1
Total to shareholders of parent company		172,144.1	168,054.9
Minority interest	(19)	458.4	357.1
Equity	(19)	172,602.5	168,412.1
Provisions for social capital	(20)	33,919.9	33,433.1
Deferred tax liabilities	(18)	1,417.7	1,315.2
Other provisions	(21)	1,806.2	1,602.0
Interest-bearing financial liabilities	(22), (26)	31,319.6	23,677.0
Other liabilities	(22)	1,020.9	1,102.5
Non-current liabilities		69,484.3	61,129.8
Current income tax liabilities		1,928.6	1,637.4
Other provisions	(21)	11,412.6	9,730.7
Interest-bearing financial liabilities	(22), (26)	11,085.3	17,330.7
Trade liabilities	(22)	38,835.5	42,231.2
Liabilities from construction orders	(15)	3,909.8	4,053.3
Other liabilities	(22)	50,890.9	48,214.1
Current liabilities		118,062.7	123,197.4
BALANCE SHEET TOTAL		360,149.4	352,739.3

IV. Consolidated statement of cash flows for financial year 2013

		Note	2013 (T€)	2012 (T€)
+	Earnings before taxes		18,148.8	20,695.8
–/+	Interest income (–) / Interest expense (+)		1,295.6	763.3
–	Dividend income		–1,198.4	–565.8
+	Interest received		239.9	191.5
–	Interest paid		–1,177.9	–931.4
+	Dividends received		1,198.4	565.8
–/+	Gain / losses from sale of property, plant and equipment and financial assets		1,661.9	–1,344.5
+	Depreciation of tangible assets		10,106.7	11,597.0
+	Depreciation and impairment of intangible assets		7,714.7	7,007.3
+	Wirte-downs of financial investments		400.2	87.1
–/+	Increase (+decrease) of inventories		2,522.6	–5,667.8
–/+	Increase (+decrease) of accounts receivables		–3,715.9	2,987.3
+/–	Increase (–decrease) of accounts payables and other liabilities		–322.5	5,191.2
+/–	Increase (–decrease) of provisions		2,078.6	–81.5
–	Income tax paid		–7,461.0	–10,392.5
	Cash flow from operating activities	(22)	31,491.8	30,102.9
–	Disbursements for property, plant and equipment and intangible assets		–34,732.7	–36,297.8
–	Disbursements for financial investments		–86.1	–400.0
+	Proceeds from disposal of property, plant and equipment and intangible assets		910.8	6,330.2
+	Proceeds from disposal of financial investments		0.0	24.3
+	Proceeds from disposals of subsidiaries excl. liquid funds		1,127.2	0.0
	Cash flow from investment activities	(23)	–32,780.8	–30,343.3
–	Dividends paid		–4,693.0	–4,693.0
–	Disbursements to minority shareholders		–91.9	–154.4
–	Share buy-back		–7.3	–434.4
+/–	Change in notes payables		1,165.3	–601.5
+	Increase in financial debt		10,000.0	11,274.7
–	Redemption of financial debt		–8,172.1	–1,635.9
	Cash flow from financing activities		–1,798.9	3,755.5
+/–	Cash flow from operating activities		31,491.8	30,102.9
+/–	Cash flow from investment activities		–32,780.8	–30,343.3
+/–	Cash flow from financing activities		–1,798.9	3,755.5
	Change in cash and cash equivalents		–3,087.9	3,515.1
+	Opening balance of cash and cash equivalents		17,954.6	14,286.6
+/–	Effects of changes in exchange rates		–399.3	152.9
	Closing balance of cash and cash equivalents		14,467.5	17,954.6
	Composition of cash and cash equivalents	(16)		
	Cash-in-hand		88.7	107.1
	Bank balances, cheques		14,378.8	17,847.5
			14,467.5	17,954.6

V. Consolidated changes in equity

	Subscribed capital	Capital reserves	Revenue reserves			Own shares	Total to parent company	Minority interest	Total
			Accumu-lated earnings	Foreign currency translation	Financial asset available-for-sale				
	T€	T€	T€	T€	T€	T€	T€	T€	T€
As at 01.01.2012	17,833.5	17,095.8	143,212.6	2,482.5	457.5	–18,957.7	162,124.1	523.0	162,647.2
Earnings for the period	0.0	0.0	14,511.6	0.0	0.0	0.0	14,511.6	–89.6	14,422.0
Other earnings	0.0	0.0	–3,855.2	619.7	–217.9	0.0	–3,453.4	–0.9	–3,454.3
Total earnings for the period	0.0	0.0	10,656.4	619.7	–217.9	0.0	11,058.2	–90.5	10,967.7
Dividends	0.0	0.0	–4,693.0	0.0	0.0	0.0	–4,693.0	–154.4	–4,847.4
Share buy-back 2012	0.0	0.0	0.0	0.0	0.0	–434.4	–434.4	0.0	–434.4
Other Changes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	79.0	79.0
As at 31.12.2012	17,833.5	17,095.8	149,176.0	3,102.2	239.6	–19,392.1	168,054.9	357.1	168,412.1
Earnings for the period	0.0	0.0	10,747.6	0.0	0.0	0.0	10,747.6	60.0	10,807.7
Other earnings	0.0	0.0	–649.9	–985.0	–186.9	0.0	–1,821.7	–3.5	–1,825.3
Total earnings for the period	0.0	0.0	10,097.8	–985.0	–186.9	0.0	8,925.9	56.5	8,982.4
Dividends	0.0	0.0	–4,693.0	0.0	0.0	0.0	–4,693.0	–91.9	–4,784.9
Share buy-back 2013	0.0	0.0	0.0	0.0	0.0	–7.2	–7.2	0.0	–7.2
Other Changes	0.0	0.0	–136.6	0.0	0.0	0.0	–136.6	136.7	0.1
As at 31.12.2013	17,833.5	17,095.8	154,444.3	2,117.2	52.7	–19,399.3	172,144.1	458.4	172,602.5

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VI. Notes for 2013

General comments

The consolidated annual financial statements of BWT Aktiengesellschaft (BWT AG) with its registered office in Austria, 5310 Mondsee, Walter-Simmer-Strasse 4, were drawn up in accordance with International Financial Reporting Standards (IFRS) as applicable in the EU and with the Management Board being responsible for their preparation. The additional requirements of Section 245a of the Austrian Commercial Code (UGB) were observed.

BWT – Best Water Technology Group – was established in 1990 as a result of a management buyout and is now Europe's leading water technology supplier in the "residential" sector. The goal of BWT employees is to provide its customers from private households, businesses and local authorities with innovative technologies, ensuring the highest levels of safety, hygiene and health in their daily contact with water – the elixir of life.

BWT Aktiengesellschaft is represented around the world by 43 consolidated subsidiaries and employed 2,643 employees as at 31 December 2013 (previous year: 2,726) based on full-time equivalents.

The accounting policies applied in the case of companies included in the consolidated financial statements follow the uniform financial accounting regulations of the BWT Group, which are based on IFRS as applicable in the EU.

The balance sheet date of the consolidated financial statements is the reporting date of the parent company, in accordance with IAS 27. The annual financial statements of companies included as a result of full consolidation were prepared as at the date of the consolidated financial statements.

In accordance with IAS 1, the consolidated balance sheet is broken down by maturities. Assets are classified as current if they are expected to be realised or paid within twelve months of the balance sheet date. Liabilities are classified as current if they are expected to be paid within the Group's normal operating cycle or within twelve months of the balance sheet date and the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. All reporting for financial years 2013 and 2012 was prepared in T€ (€,000) (rounded in accordance with the commercial rounding method). Calculation differences related to rounding may occur for totals of the rounded amounts and percentages due to the application of automatic calculation aids.

The consolidated annual financial statements are essentially prepared according to the cost method. This does not apply to derivative financial instruments (held for trading purposes) or to the disposal of available-for-sale financial assets, which are recognised at fair value.

Application of new and revised standards and interpretations

As at 1 January 2013, the Group applied the new and revised IFRS standards and interpretations listed below:

- Amendments to IAS 1 Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income, adopted on 5 June 2012, to be applied starting from 1 July 2012.
- Amendments to IFRS 7: Offsetting Financial Assets and Financial Liabilities, adopted on 11 December 2012, to be applied starting from 1 January 2013.
- Amendments to IAS 19: Employee Benefits, adopted on 5 June 2012, to be applied starting from 1 January 2013.
- IFRS 13: Fair Value Measurement, adopted on 11 December 2012, to be applied starting from 1 January 2013.
- IFRIC 20: Stripping Costs in the Production Phase of a Surface Mine, adopted on 11 December 2012, to be applied starting from 1 January 2013.
- Amendments to IFRS 1 First-time Adoption: Government Loans, adopted on 4 March 2013, to be applied starting from 1 January 2013.
- Amendments to IFRS 1 First-time Adoption: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters, adopted on 11 December 2012, to be applied starting from 1 January 2013.

- Amendments to IAS 12 Income Taxes: Deferred Tax: Recovery of Underlying Assets, adopted on 11 December 2012, to be applied starting from 1 January 2013.
- Annual "Improvements to IFRSs" 2009-2011, adopted on 27 March 2013, to be applied starting from 1 January 2013.
- Amendments to IAS 36: Recoverable Amount Disclosures for Non-Financial Assets, adopted on 19 December 2013, to be applied starting from 1 January 2014. Earlier adoption is permitted in connection with the adoption of IFRS 13.

With the exception of Amendments to IAS 36: Recoverable Amount Disclosures for Non-Financial Assets (adopted on 19 December 2013), new and revised IFRS standards and interpretations will be applied starting from the consolidated financial statements that are provided for in the implementing regulation. The Amendments to IAS 36 result in changes to disclosures and have no further effect on the net assets, financial position and results of operations of the Group.

The Amendments to IAS 1 result in an adjustment in the breakdown of the Consolidated Statement of Comprehensive Income. The supplementary disclosures of "Items of other comprehensive income that are not subsequently reclassified to profit or loss for the period" and "Items of other comprehensive income that are subsequently reclassified to profit or loss for the period as long as certain conditions are met" were added to items under "Other comprehensive income". The comparative information was adjusted as necessary.

The Amendments to IAS 19 Employee Benefits (see Note 20) cover significant changes related to the accounting of post-employment benefits with regard to the removal of options and equalisation mechanisms. This has no material impact on the net assets, financial position and results of operations of the Group since the remeasurements of the net defined benefit liability in accordance with IAS 19 in the case of pension provisions, provisions for similar obligations and severance pay obligations were already recognised under "Other earnings" before IAS 19 was adopted. Furthermore, plan assets in Switzerland were already calculated as having the same return expectations as the actuarial discount rate in the previous year. The adjustment to the interest rate of the plan assets on the discount interest rate of the corresponding defined benefit pension obligations in the countries of the euro zone has only a minimal impact on the BWT Group's consolidated financial statements. The Amendments to IAS 19 result in more detailed disclosures and a changed representation, for example sensitivity analyses. In accordance with the transition provisions, no comparative information for new disclosures (e.g. sensitivity analyses) was given where relevant in these consolidated financial statements pursuant to IAS 19.

The Amendments to IFRS 13 result in more detailed disclosures. This relates in particular to disclosures on the fair value hierarchy for financial and non-financial assets and liabilities and to the description of accounting policies used. The extent of the disclosure depends on the allocation within the fair value hierarchy and on whether they are measured on a recurring basis (see Note 11) or at fair value on a non-recurring basis (see Note 12), or whether they are only disclosed in a note to the statements (see Note 10, Note 11).

The other newly applied standards and interpretations had no effect on the net assets, financial position and results of operations of the Group.

Published standards and interpretations which have not yet been applied

At the time of the release of these financial statements for publication, in addition to the standards and interpretations applied by the Group, the following provisions had already been published and adopted by the EU, the application of which was, however, not yet mandatory:

- IFRS 10: Consolidated Financial Statements, adopted on 11 December 2012, to be applied starting from 1 January 2014.
- IFRS 11: Joint Arrangements, adopted on 11 December 2012, to be applied starting from 1 January 2014.
- IFRS 12: Disclosure of Interests in Other Entities, adopted on 11 December 2012, to be applied starting from 1 January 2014.
- IAS 27: Separate Financial Statements, adopted on 11 December 2012, to be applied starting from 1 January 2014.
- IAS 28: Investments in Associates and Joint Ventures, adopted on 11 December 2012, to be applied starting from 1 January 2014.
- Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12), adopted on 4 April 2013, to be applied starting from 1 January 2014.
- Amendments to IFRS 10, IFRS 12 and IAS 27: Investment Entities, adopted on 20 November 2013, to be applied starting from 1 January 2014.
- Amendments to IAS 32: Offsetting Financial Assets and Financial Liabilities, adopted on 13 December 2012, to be applied starting from 1 January 2014.
- Amendments to IAS 39: Novation of Derivatives, adopted on 19 December 2013, to be applied starting from 1 January 2014.

The Management Board assumes that the aforementioned standards will be applied starting from the consolidated financial statements that are provided for in the implementing regulation, and that the application of these standards will not have any material impact on equity and income as recognised in the consolidated financial statements in the year of their first-time application.

An examination into the impact of the mandatory standards to be applied starting from 1 January 2014 (IFRS 10, 11 and 12, including amendments to other standards issued in relation to them, on the BWT Group's scope of consolidation did not yield any findings. However, there will be an impact on the presentation and scope of disclosures. For the consolidated financial statements of the BWT Group, these additional disclosures relate to subsidiaries with material non-controlling interests such as dividends paid to non-controlling investors or summary investments that show the significance of the non-controlling interest within the BWT Group. For equity method associates, further summary financial information is required such as cash, depreciation and amortisation, and interest.

Scope of consolidation

An overview of the material fully-consolidated companies and equity method associates is enclosed in Appendix V.1. The protective provision pursuant to Section 265 UGB is exercised.

As a result of full consolidation, the consolidated financial statements as at 31 December 2013 include the separate financial statements of 42 (previous year: 46) subsidiaries, apart from BWT AG itself. As at the balance sheet date, 1 (previous year: 0) company was consolidated according to the equity method.

There is also a 50% interest in HOH Seychelles Desalination Company Limited, Seychelles, as well as 100% interests in Waterside Limited, UK, Aqua Dial Limited, UK, Liff Holdings Limited, UK, Bayhall (UK) Limited, UK, and BWT UK Pension Trustees Limited, UK. These companies are carried at amortised cost since they have little significance for the BWT Group.

In the reporting year, two subsidiaries in Switzerland were merged. In addition, Best Water Technology (Ireland) Ltd. was sold as at 1 January 2013. In the fourth quarter of 2013, the BWT Group's interest in WTA – Wassertechnischer Anlagenbau Plauen GmbH was reduced from 100% to 49%. The company was deconsolidated as at 1 October 2013 and is now included in the BWT Group's consolidated financial statements according to the equity method.

The scope of consolidation developed as follows in reporting year 2013:

As at 01.01.2013	47
Incorporated for the first time in the reporting year	–2
Deconsolidated in the reporting year	–1
As at 31.12.2013	44

Shares held in those companies that have been included but which do not confer a controlling influence on them are presented as a separate item. Shares in earnings attributable to other shareholders included in net income for the entire period are presented separately in the consolidated statement of comprehensive income and in the statement of comprehensive income.

Company disposals in 2013

In the first quarter of 2013, Best Water Technology (Ireland) Ltd. was sold and deconsolidated. In addition, the BWT Group's interest in WTA – Wassertechnischer Anlagenbau Plauen GmbH was reduced to 49% at the beginning of October 2013 and deconsolidated due to the loss of control with effect from 1 October 2013. The residual interest is recognised under "Investments in associates" as at 31 December 2013 (see Note 12). It was measured at fair value. Also in the fourth quarter, the operative business of Manufactur für Glas & Spiegel GmbH ("Neher" business) was transferred in an asset deal. The sale price for all transactions was paid in cash and losses from company disposals were recognised under "Financial expenses".

At the time of the deconsolidation, Best Water Technology (Ireland) Ltd. had assets with a carrying amount of T€3,019.9, mainly comprising T€1,506.9 in trade receivables and T€521.2 in cash and cash equivalents. As part of the deconsolidation, a further T€263.4 in goodwill from consolidation was disposed. Liabilities were reported at a carrying amount of T€2,593.0. This relates entirely to current liabilities. The loss from the deconsolidation amounts to T€390.3.

At the time of the disposal, the carrying amount of the assets of WTA – Wassertechnischer Anlagenbau Plauen GmbH was T€4,492.2. This included T€2,213.2 in trade receivables and T€21.3 in cash and cash equivalents. The remaining amount breaks down into T€898.0 in non-current assets and T€1,359.8 in current assets. The carrying amount of liabilities was T€3,107.6, mainly comprising current liabilities. The loss from the disposal recognised in the consolidated financial statements of the BWT Group (including the measurement of extended liabilities assumed) came to T€2,684.6.

The disposal of the operative business of Manufactur für Glas & Spiegel GmbH ("Neher" business) was part of an asset deal with effect from 1 October 2013. The carrying amount of assets disposed was T€1,438.3. This comprised non-current assets of T€299.6 and current assets of T€1,138.7. The liabilities disposed amounting to T€537.4 mainly comprise non-current liabilities. The obligations assumed as part of the asset deal were measured at T€837.4. The total loss resulting from the disposal of the operative business amounts to T€368.5.

Business combinations / disposals in 2012

No business combinations/disposals within the meaning of IFRS 3 took place in the 2012 reporting year.

Consolidation method

Business combinations are accounted for using the purchase method. The acquisition costs of a company acquisition are based on the total of the transferred consideration, measured at fair value at the time of acquisition, and in terms of the non-controlling interest in the acquired company. The acquisition date is the date on which control of the Group is transferred. Control is the power to govern the financial and operating policies of an economic activity so as to obtain benefits from it. For each business combination, the purchaser measures the non-controlling interest in the acquired company either at fair value or in terms of the corresponding acquirer's interest in the identifiable net assets of the acquired company. Costs incurred in connection with a business combination are expensed.

Initially, goodwill is measured at cost, being the excess of the transferred consideration and non-controlling interests over the identifiable assets acquired and the liabilities assumed of the group. If this consideration is less than the fair value of the net assets of the acquired subsidiary, the difference is recognised in the consolidated statement of comprehensive income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of the impairment test, the goodwill acquired in connection with a business combination is allocated to the cash-generating units of the Group which are expected to profit from the business combination starting from the time of acquisition. This applies regardless of whether other assets or liabilities of the acquired company are assigned to these cash-generating units.

Subsidiaries

Subsidiaries are companies controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control is gained until the date on which control ceases. When the Group loses control, it derecognises the assets and liabilities of the subsidiary, non-controlling interests and other components of owner's equity in the subsidiary. Any surplus or loss resulting from the loss of control is recognised in profit or loss.

Investments in associates (investments accounted for using the equity method)

Associates are entities for which the Group has a significant influence over their financial and operating policies. Investments in associates are accounted for using the equity method and usually recognised at cost. If inclusion under the equity method is due to the loss of control in a previous subsidiary, the residual interest at the time of transitional consolidation is measured at fair value. Subsequently, the retained interest is accounted for in the consolidated financial statements using the equity method (see Note 12).

The consolidated financial statements include the Group's share of profit or loss and other income in the entity, which is accounted for using the equity method from the date on which the significant influence is gained until the date on which the significant influence ceases.

Transactions eliminated during consolidation

Intra-Group receivables and liabilities, expenses and income, as well as interim results, are eliminated.

Foreign currency translation within the Group

Foreign currency translation in respect of foreign financial statements is performed in accordance with the functional currency concept. For all other companies with the exception of one, this is the respective domestic currency for companies conducting their operations independently in financial, economic and organisational terms.

Apart from equity items, all balance sheet items are translated to the reporting currency using the middle spot exchange rate as at 31 December 2013. Items in the consolidated statement of comprehensive income related to foreign consolidated companies are translated using average exchange rates for the period. Intra-Group dividends are recognised at the payment rate. Differences from currency translation are recognised in other income. If the foreign operation is not a subsidiary fully owned by the parent company, the corresponding share of the exchange difference is assigned to the non-controlling share. In the case of the withdrawal of a foreign business from the scope of consolidation, such currency differences are recognised in profit or loss.

The exchange rates of material currencies, adopted for currency translations, developed as follows:

	Period-end exchange rate		Average annual exchange rate	
	31.12.2013	31.12.2012	2013	2012
Swiss franc	1.23	1.21	1.23	1.20
Polish zloty	4.15	4.07	4.21	4.17
Hungarian forint	297.04	292.30	297.93	288.21
Czech krone	27.43	25.15	26.03	25.14
US dollar	1.38	1.32	1.33	1.29
Swedish krone	8.86	8.58	8.67	8.68
Danish krone	7.46	7.46	7.46	7.45
Norwegian krone	8.36	7.35	7.87	7.46
Chinese renminbi	8.35	8.22	8.17	8.15
Pound sterling	0.83	0.82	0.85	0.81
Ukrainian hryvnia	11.34	10.62	10.85	10.46
Russian ruble	45.32	40.33	42.62	40.11
Seychellois rupee	16.62	17.28	16.04	17.76

Accounting and valuation principles

Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are stated at cost, less cumulative depreciation and impairment. Production costs include both direct costs and reasonable portions of material and production overheads. General administrative expenses are not capitalised. Material borrowing costs that are directly attributable to the asset are capitalised if the asset fulfils the prerequisites of a qualifying asset in accordance with IAS 23. Assets are depreciated/amortised starting from the time they are ready to use. Depreciation/amortisation is carried out according to the straight-line method over the anticipated useful life of a given asset. When establishing the anticipated useful life of property, plant and equipment, the expected economic useful life is taken into consideration.

In order to determine possible declines in the value of property, plant and equipment and of intangible assets, an impairment test is carried out if appropriate indications exist. Goodwill, intangible assets with an indefinite useful life and intangible assets in development are essentially tested for impairment once a year). The higher of the two values (recoverable amount), net selling price or value in use, which is calculated as cash equivalent of future cash inflows and outflows, is compared with the existing carrying amount as written down thus far. If it is not possible to carry out the estimations on the basis of a separate valuation, it is carried out on the basis of the superior "cash-generating unit (CGU)". Cash-generating units (CGU) are defined on the basis of the smallest identifiable group of assets which generate cash inflows, and which are largely independent of the cash inflows of other assets or other groups of assets. The definition of the CGUs corresponds essentially to the "legal entities". If the carrying amount is higher, it is written down to the recoverable amount.The impairment is recognised under "Depreciation, amortisation and impairment" in the year in which the event occurs. If the reasons giving rise to impairment no longer exist, the impairment loss is reversed (excluding goodwill), up to no more than the level of regular amortised cost. It is recognised under "Other operating income". No impairment losses were recognised in the BWT Group's consolidated financial statements – as in the previous year. Maintenance measures are expensed. In order to determine the useful life, the expected future cash flows are discounted to their cash value on the basis of a discount rate before taxes, which reflects current market expectations regarding the interest effect and the specific risks of the asset

A positive difference in value resulting from a business combination is recognised as goodwill. Goodwill is tested for impairment on each balance sheet date from the point of view of its economic benefit. Decreases in the future benefit are booked as value impairment.

In the case of self-developed intangible assets, the production period is broken down into a research and a development phase. Costs incurred during the research phase are immediately recognised in profit or loss. Expenses in the development phase are capitalised as intangible assets (in accordance with IAS 38), provided that they meet certain assumptions confirming the future usefulness of the planned expenditure, primarily the technical feasibility of the developed product or process. Valuation of self-developed intangible assets is carried out at production cost, less depreciation and impairment. Amortisation of intangible assets and depreciation of property, plant and equipment is carried out using the straight-line method over the expected economic useful life of a given item. For the calculation of depreciation rates, the useful life periods adopted were unchanged, with the exception of office equipment. Under office equipment, the previous useful life period of 3 – 10 years was extended to 3 – 12 years as a useful life of 12 years was assumed for the new canteen at the Mondsee site.

Useful life in years	from	to
Intangible assets		
Software	3	5
Patents, trademark rights	5	15
Property, plant and equipment		
Buildings	20	50
Investments in third-party buildings	10	20
Machinery	3	15
Office equipment	3	12

Leased and rented assets

Leasing and rental contracts, in which all risks and rewards arising from the use of assets are transferred to the Group, are treated as finance leases. Assets underlying respective leasing or rent contracts are capitalised at the current value of the capitalised leasing or rental instalments at the time of acquisition and depreciated over their useful life. The capitalised assets are offset by the present value of the liability arising from the outstanding leasing or rental instalments as at the balance sheet date.

Assets made available under any other leasing or rental contracts are treated as operating leases. Rental payments are expensed.

Investment property

Investment properties (see Note 10) are held to earn rentals or for capital appreciation and are not intended for use in the production of suppliers, the provision of services or for administrative purposes.

Investment properties are measured using the cost method, less any cumulative depreciation. Depreciation is written off on a straight-line basis based on a useful life of 20 – 50 years.

Financial investments

Financial assets (see Note 11) are not held for trading purposes. Securities and investments reported under "Financial investments" are recognised as available for sale. Financial assets are recognised as available for sale if they do not fulfil the prerequisites for loans and receivables, are not held until maturity and are not recognised in profit or loss at their market value. This category includes, in particular, securities for covering pension provisions and equity interests, which are not traded as securities held for trading purposes.

They are recognised at cost (fair value) at the time of their acquisition and in later periods at their respective current market values. Market values of securities and investments are their stock exchange prices as at the balance sheet date. Other investments for which it is not possible to establish a market value are carried at cost less any impairment. If the reasons for the writing down of a financial asset no longer apply, the asset is written up to a value no higher than its cost. Financial assets are recognised or derecognised as at the date on which they are traded. Financial assets are tested for impairment on each balance sheet date. The Group derecognises financial assets only if the contractual rights to cash flows from a financial asset expire, or if it assigns the financial asset and all opportunities and risks fundamentally associated with it to a third party.

Investments in associates

Investments in associates are accounted for using the equity method. An associate is an entity over which the Group has a significant influence.

Investments in an associate are recognised in the consolidated balance sheet at cost using the equity method, including any changes to the Group's share of the net asset value of the associate occurring after acquisition. When control is lost due to a reduction of the investment in a subsidiary, the associate is recognised at fair value.

The consolidated statement of comprehensive income contains the Group's share in the results of operations of the associate. If the Group's share in the losses exceeds the value of its investment in an associate, the carrying amount of this investment, including all long-term interests attributable to it, are reduced to zero. Further losses are no longer recognised, except to the extent that the Group has made an obligation or payments on behalf of the investee.

Inventories

Inventories are recognised at cost or at the lower net selling price. Consumption of primary energy and raw materials and supplies is calculated using the average-cost method. Low turnover frequency of inventories is used as an indicator for calculating the net selling price.

Receivables

Loans and receivables are non-derivative financial assets with defined or identifiable considerations not quoted on a market. In particular, these include trade receivables and considerations as well as other loans granted and receivables. Trade receivables as well as other current receivables carried as financial instruments are recognised at fair value for the first time. The subsequent valuation is at amortised cost, applying the effective interest rate method.

Tax receivables are presented offset against tax liabilities if they relate to the same tax authority and there is both the right and intention to offset them.

In the case of some categories of financial assets (for example, trade receivables), assets for which no impairment is established on an individual basis are tested for any impairment requirement on a portfolio basis.

Receivables from construction contracts

In accordance with IAS 11, for all construction contracts for which it was possible to reliably determine the degree of completion, total costs and total proceeds, the realisation of profits is calculated using the contracts costs incurred to date in relation to total estimated costs (percentage-of-completion method). When the percentage-of-completion method is applied, a realisation of profits thus occurs at a point in time at which no claim to a corresponding payment that can be asserted in law yet exists. The BWT Group determined the percentage of completion in relation to the ratio of the costs incurred until the balance sheet date to the estimated total costs (cost-to-cost method). The costs incurred thus far are taken from parallel calculations agreed with the accounting department and time recording.

Cash and cash equivalents

The balance sheet item "Cash and cash equivalents" comprises cash at hand, bank balances and short-term deposits with an original term of less than three months. For the purpose of the consolidated cash flow statement, the aforementioned payment means are included in "Composition of liquid funds".

Assets held for sale

Non-current assets are classified as assets held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The condition is only deemed to be fulfilled if the sale is highly probable and the non-current asset is available for immediate sale in its current state. Assets that are classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. There is no continuation of depreciation.

Government grants

A government grant is recognised when there is reasonable assurance that the grant will be received and that the company will comply with the conditions attached to it. Resource-related grants are recognised as income over the period for which the expense also occurred. In accordance with IAS 20, grants related to assets are recognised as a reduction in acquisition and production costs and result in a corresponding reduction in depreciation in subsequent periods.

Employee benefits

At the Austrian BWT Group companies and at foreign consolidated companies in Germany and Switzerland, there are direct pension obligations in respect of certain employees on the basis of individual commitments.

Due to legal obligations, employees of the Austrian, French and Italian consolidated companies receive a one-off severance payment in the event of termination of employment or retirement. This depends on the number of years of service and on their relevant salary for severance pay purposes. In Austria, severance only applies to employees excluded from the employee benefit plan system.

The provision for long-service bonuses was established for employees of certain Austrian and French consolidated companies.

Pension provisions and provisions for similar obligations, as well as for severance payment and long-service bonus obligations, are measured in accordance with IAS 19 in line with the projected unit credit method. Under this method, the expected benefits to be paid by the company are attributed to the number of years of service. Salary increases expected in the future are taken into consideration. The provision amounts are calculated by an actuary for each reporting date in the form of an actuarial certificate.

In accordance with IAS 19, remeasurements of the net defined benefit liability in the case of pension provisions, provisions for similar obligations and severance pay obligations are recognised under "Other earnings" in the statement of comprehensive income, whereas provisions for long-service bonus obligations are recognised in profit or loss through personnel expenses.

Defined contribution plans exist at various consolidated companies on the basis of legal obligations. These mainly relate to the company employee pension scheme (MVK) in Austria. For defined contribution plans, the contributions are recognised as expenses in the period for which they are paid.

Further information on employee benefits in accordance with IAS 19 can be found in Note 4 and Note 20.

Provisions

Other provisions were created respectively in the amount of the uncertain obligations using the best possible estimate of the expense necessary for fulfilment. Non-current provisions are stated at present value if the interest effect is material.

Liabilities

Financial liabilities are initially measured at fair value. The subsequent valuation is at amortised cost, applying the effective interest rate method.

Derivative financial instruments

Derivative financial instruments are held in order to hedge economic risks. As the criteria for hedge accounting are not fulfilled, these instruments are recognised as held for trading purposes in accordance with IAS 39 and recognised in profit or loss at fair value.

Translation into functional currency

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the middle spot exchange rate on the reporting date, whereas non-monetary items are translated at the currency buy rate. Write-ups and write-downs resulting from foreign currency valuations are recognised in profit or loss.

Revenue recognition

Revenues from trading are earned if all material risks and opportunities arising from the goods or services delivered have passed to the purchaser.

In order for the progress of orders and the performance of the company to be reflected accurately in the appropriate periods, profit from construction contracts is realised using the percentage-of-completion method, in accordance with IAS 11, on the basis of a reliable estimate of the degree of completion, total costs and total revenues.

Dividend income is recognised when a legal claim to payment arises. Interest income and interest expense are recognised in accordance with the effective interest rate method.

Taxes

For individual companies, income tax expenses reported for the financial year comprise the income tax calculated on the basis of their taxable income multiplied by the tax rate to be applied in their respective countries ("actual taxes") and the changes in deferred tax items. As at 31 December 2013, a taxable group of companies as defined in Article 9 Austrian Corporation Tax Act (KStG) exists comprising the Group companies in Austria, through which tax profits and losses of the parent company (BWT AG) can be offset in accordance with statutory provisions. Tax is allocated according to the load method.

The calculation of deferred tax items is carried out using the balance sheet liability method for all temporary differences between the values of the balance sheet items in IFRS consolidated financial statements and their tax values recorded at the individual companies. Furthermore, the likely tax advantages to be gained from existing loss carryforwards are included in the calculation. Differences from non-tax deductible goodwill and from the first-time recognition of an asset or debt are not included in deferred tax items, provided that certain conditions are met.

Deferred tax assets and liabilities for financial year 2013 are based on the following tax rates:

Country	Tax rate	Country	Tax rate
Austria	25 %	Great Britain	20 %
Germany	28 %	Hungary	10 %
France	34 %	Ukraine	18 %
Italy	37 %	Czech Republic	19 %
Spain	30 %	Poland	19 %
Denmark	25 %	China	25 %
Sweden	22 %	Russia	20 %
Norway	27 %	Belgium	34 %
Switzerland	21 %	Finland	20 %

The following tax rates were applied in financial year 2012:

Country	Tax rate	Country	Tax rate
Austria	25 %	Great Britain	23 %
Germany	28 %	Hungary	10 %
France	34 %	Ukraine	21 %
Italy	37 %	Czech Republic	19 %
Spain	30 %	Poland	19 %
Denmark	25 %	China	25 %
Sweden	22 %	Russia	20 %
Norway	28 %	Malta	35 %
Switzerland	21 %	Ireland	13 %
Seychelles	25 %		

Earnings per share

Earnings per share are calculated by dividing Group profit due to the shareholders of the parent company by the weighted number of issued shares.

Estimates and discretionary assumptions

For the purposes of preparing the consolidated financial statements, some estimates and assumptions have to be made that influence the value of assets and liabilities as recognised in the balance sheet, the statement of other liabilities on the balance sheet date and the reporting of income and expenses for the reporting period. The actual amounts may deviate from these estimates.

Estimates and underlying assumptions are examined on an ongoing basis. Revisions of accounting estimates are recognised in the period in which the estimates are revised and in all related future periods.

In particular, there are sources of estimation uncertainty in respect to determination of useful value in impairment tests (see Note 9) and the deferred tax liabilities, due to deviations from expected income in the future. The recognised estimates are made on a going concern basis, are based on past experience and take into account remaining uncertainty in an appropriate manner. Deferred tax assets are recognised for all unused tax loss carryforwards to the extent that it is probable that taxable income will be available in this regard (see Note 18). For the calculation of deferred tax assets which qualify for capitalisation, the financial planning of each Group company is assessed individually (time frame for tax planning being 3 to 5 years). Management judgement is the key factor for the expected timing and amounts of taxable income and future tax planning strategies.

Development costs are capitalised in keeping with the accounting policies described. The initial capitalisation of costs is based on the assessment of management that technical feasibility and commercial viability are demonstrable (see Note 9).

In inventory measurement, the opinions of management regarding pricing and market trends are necessary to establish the amount of the values recognised (see Note 13).

In the case of receivables, assumptions regarding the probability of default are necessary (see Note 14 and Note 26). The BWT Group takes into account indications of impairment in relation to trade receivables both at the level of the single asset and at a portfolio level. Impairment that is assessed on a portfolio basis is based on the maturities of the amounts receivable and a country risk, which is determined on the basis of external credit rating agencies.

In the case of POC receivables, the expected total costs per project are estimated in accordance with IAS 11. These estimations are reached by the respective project managers together with management in consideration of the development of costs. A project's percentage of completion is calculated from the estimates and from this the POC receivables position or, in the case of advance payments, POC liabilities (see Note 15).

Furthermore, the preparation of the consolidated annual financial statements requires the determination of future developments in relation to the recognition of provisions. For example, for the measurement of existing social capital obligations, assumptions are used in respect of the discount rate, retirement age, life expectancy and future salary and pension increases (see Note 20). The discount rate estimate is determined by reference to market yields at the end of the reporting period on high quality corporate bonds in accordance with IAS 19. This is determined depending on the maturity date of the obligation (average discount rate in relation to duration) per currency unit (EUR und CHF). Future salary and pension increases are calculated on the basis of historical data, taking into account estimates of future inflation rates and net wage trends. Biometric data follows general patterns; there is no company-specific modification.

The amount set aside for warranty provisions is the present value, based on a best possible estimate of such costs as derived from past experience (see Note 21).

Furthermore, warranties and guarantees assumed through company transactions require judgements and estimates with regard to the impact of the obligation and the probability of it occurring. Moreover, the classification of financial instruments also requires judgement (see Note 26). The BWT Group determines the classification at initial recognition, using comparative financial instruments and medium-term strategic company planning as a guideline.

When applying the accounting methods of the Group, management has applied the following judgement, which has a material effect on the amounts recognised in the consolidated financial statements:

Obligations arising from operating leases – Group as lessee

The Group has concluded lease agreements for properties, plant and equipment as well as vehicles. On the basis of an analysis of the terms of the lease, it was established that the risks and opportunities associated with ownership were essentially not transferred to the Group. Accordingly, these leases are carried in the balance sheet as operating leases.

Measuring fair value

A number of accounting methods and disclosures of the Group require the measurement of fair value for financial and non-financial assets and liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is therefore derived from market information available at the balance sheet date. Due to varying influencing factors, the values presented in these consolidated financial statements may differ from values realised later. All material fair value disclosures (Level 1 to Level 3) are monitored on an ongoing basis by a measurement team that reports directly to the Chief Financial Officer. Input parameters that are not based on observable market data are regularly re-estimated.

Observable parameters are used in the Group, where possible, to measure fair value. The Group uses the following hierarchy to determine and disclose the fair value depending on the valuation method:

Level 1: (unadjusted) prices listed on active markets for similar assets or liabilities.

Level 2: procedures in which all input parameters that substantially affect fair value are either directly or indirectly observable.

Level 3: procedures which use input parameters that substantially affect the ascertained fair value and are not based on observable market data.

Transfers between the levels of the fair value hierarchy are reported at the end of the period in which the change occurred.

Further information on assumptions made in the measurement of fair value can be found in Note 10 (Investment property), Note 11 (Financial investments), Note 12 (Investments in associates) and Note 26 (Financial instruments).

Segment reporting

Operating segment reporting is defined in terms of regional responsibilities, with the following divisions being determined in accordance with the internal management information system:

- Austria / Germany
- France / Benelux / UK
- Scandinavia
- Italy / Spain
- Switzerland / Others

The elimination column contains the consolidation entries for the individual segments. The internal management information system is based on the same values, which are used to prepare the consolidated annual financial statements. Other equity interests are not assigned to specific segments as they are managed at Group level.

Transactions with external customers are correspondingly assigned to the registered office of the selling company. No more than 10% of total revenues are generated with any external customer.

After reporting strong revenues growth in the previous year, the Austria / Germany segment posted a slight decline in revenues of -0.7% in 2013. The decline is particularly evident in the Project business and is also due to the disposal of the stake in WTA – Wassertechnischer Anlagenbau Plauen GmbH as at 1 October 2013. In contrast, the Point of Use segment (+22%) and the standard Domestic Technology product segment (+4.1%) reported significant growth in revenues. Revenues growth of 6.3% in the France / Benelux / UK segment continued to be driven mainly by the Commercial/Industrial Technology segment, but the Point of Use business and Service and Spare Parts business also posted increased revenues. The cumulative decline in revenues of 5.3% in the Scandinavia segment can be explained by a major contract that has since been completed by the Danish BWT subsidiary. Despite the ongoing difficult market situation in the region, revenues growth of 1.8% was achieved in the Italy / Spain segment in 2013. Revenues in the Switzerland / Others segment are up 2.4% on the previous year. The moderate growth is mainly attributable to the sale of the Irish BWT subsidiary concluded in the first quarter of 2013.

Settlements between the individual segments are normally effected in accordance with the arm's length principle. Group products and services are distributed in all segments. BWT offers state-of-the-art water treatment technologies and services for drinking water, pharma water, process water, heating water, boiler water, cooling water, water for air-conditioning systems and swimming pool water. With table water filters for preparing tea or coffee, filters for optimising water for coffee machines, water filters for baking, steam ovens and vending machines, under-the-sink particle filters as well as water dispensers, reverse osmosis and UV devices, BWT offers compact and innovative Point of Use products to end consumers for the highest water quality.

2013	Austria/ Germany T€	France/ Benelux/UK T€	Scandinavia T€	Italy/Spain T€	Switzerland/ Others T€	Elimination T€	Total T€
External sales	210,204.7	126,130.4	54,478.2	31,383.6	85,546.5	–	507,743.4
Internal sales	20,539.4	4,536.7	1,231.4	91.8	7,879.9	–34,279.3	0.0
Total	230,744.1	130,667.1	55,709.6	31,475.4	93,426.4	–34,279.3	507,743.4
Segment earnings (EBIT)	3,256.5	2,026.3	6,532.2	2,011.6	9,304.5	–	23,131.0
Interest income	449.3	7.4	65.4	56.2	42.7	–360.7	260.3
Interest expense	–1,997.2	–299.1	–15.9	–118.6	–505.6	360.7	–2,575.6
Income from participations							–2,666.9
Income taxes	–851.6	–1,072.9	–1,865.6	–1,194.5	–2,356.4	–	–7,341.1
Minority interest							–60.0
Annual results of the parent company shareholders							10,747.6
Earnings per share in €							0.64
Segment assets	195,459.5	64,211.3	25,716.9	20,953.4	87,511.2	–33,702.8	360,149.4
Segment liabilities	109,563.5	39,533.0	11,791.6	13,033.1	47,328.6	–33,702.8	187,547.0
Investments	32,288.7	2,911.7	362.6	127.4	1,297.0	–	36,987.4
Depreciation/ Amortisation	–8,258.0	–2,875.6	–653.9	–108.0	–2,682.3	–	–14,577.8
Impairment charges	–	–1,335.1	–957.0	–	–951.6	–	–3,243.7

2012	Austria/ Germany T€	France/ Benelux/UK T€	Scandinavia T€	Italy/Spain T€	Switzerland/ Others T€	Elimination T€	Total T€
External sales	211,677.1	118,690.1	57,556.6	30,818.1	83,557.0	–	502,298.9
Internal sales	19,942.3	4,210.6	1,084.1	167.1	8,372.2	–33,776.3	0.0
Total	231,619.4	122,900.7	58,640.7	30,985.2	91,929.2	–33,776.3	502,298.9
Segment earnings (EBIT)	–2,644.9	4,630.7	8,596.8	2,670.5	8,971.4	–	22,224.5
Interest income	564.3	3.0	94.1	98.0	65.2	–480.7	344.0
Interest expense	–1,845.2	–373.3	–21.5	–138.7	–540.5	480.7	–2,438.5
Income from participations							565.8
Income taxes	235.9	–1,342.2	–2,220.1	–1,149.4	–1,798.0	–	–6,273.9
Minority interest							89.6
Annual results of the parent company shareholders							14,511.5
Earnings per share in €							0.87
Segment assets	184,277.0	64,667.4	28,231.2	21,662.9	95,072.3	–41,171.6	352,739.3
Segment liabilities	107,849.9	38,736.4	12,510.0	11,998.8	54,403.7	–41,171.6	184,327.2
Investments	23,998.8	2,020.0	529.7	118.1	10,292.4	–	36,959.1
Depreciation/ Amortisation	–8,601.2	–2,675.8	–669.7	–112.7	–2,607.5	–	–14,666.9
Impairment charges	–2,786.0	–	–	–	–1,149.7	–	–3,935.7

Geographical information

The following geographical information shows revenues and non-current assets (goodwill, intangible assets, property, plant and equipment, and investment property) allocated domestically and internationally. Revenues were allocated depending on the geographical location of the customers and segment assets were broken down according to the geographical location of the assets.

External sales	2013	2012
Domestic	63.540,1	68.101,4
International		
Germany	115.837,1	116.038,6
France	91.243,1	86.290,5
Switzerland	54.991,4	51.446,9
Others	182.131,7	180.421,5
	507.743,4	502.298,9

Non-current assets	31.12.2013	31.12.2012
Domestic	73.646,5	59.650,0
International		
Germany	27.972,9	19.453,1
France	15.448,5	15.797,6
Switzerland	33.119,2	34.678,5
Others	19.353,6	26.486,7
	169.540,7	156.065,8

Notes to the consolidated income statement

The consolidated statement of comprehensive income is presented in accordance with the nature of expense method.

NOTE 1: Revenues

The BWT Group's consolidated revenues increased year on year by €5.4 million to €507.7 million. This equates to growth of 1.1%.

The product segment that contributed the most to revenues, 69.3% (previous year: 70.9%), was once again the Point of Entry business. It generated €351.9 million in revenues (previous year: €356.1 million). The Point of Use business again posted strong growth rates in 2013 with revenues increasing by 17.4% to €49.1 million, thus accounting for 9.7% of the Group's total revenues (previous year: 8.3%). The revenues of the Service and Spare Parts business improved by 2.2% in 2013, moving from €104.4 million to €106.7 million and thus contributing 21.0% to the Group's total revenues (previous year: 20.8%).

NOTE 2: Other operating income and capitalised labour, overheads and materials

The other operating income is as follows:

	2013 T€	2012 T€
Income from disposal of property, plant and equipment	251.1	1,414.9
Rental/leasing and licence income	862.7	784.9
Income from bonus/commission agreements	1,741.3	1,115.6
Income from insurance damages	204.1	467.3
Income from further charging of transportation costs	1,249.8	1,256.0
Income from further charging of services	1,073.6	1,001.6
Income from written-down receivables and impairment losses	40.8	40.6
Other income	537.7	227.3
	5,961.4	6,308.1

The item "Other income" also includes proceeds from the sale of raw materials and revenues from prior periods.

Capitalised labour, overheads and material amounting to T€491.4 (previous year: T€664.3) principally consist of development costs to be capitalised according to IFRS.

NOTE 3: Raw materials supplies and purchased merchandise

	2013 T€	2012 T€
Material expenses	184,182.2	183,152.8
Expenditure on services	14,390.2	18,724.9
	198,572.5	201,877.6

NOTE 4: Personnel expenses

	2013 T€	2012 T€
Wages	15,343.9	16,676.4
Salaries	114,723.8	111,272.9
Expenses for severance payments and pensions	4,342.7	3,122.1
Statutory social security contributions	29,608.6	29,180.5
Other social expenses	3,367.5	3,713.9
	167,386.5	163,965.8

Defined contribution employee-benefits expenses in financial year 2013 amounted to T€504.3 (previous year: T€460.9).

The average number of employees developed as follows:

	2013	2012
White collar workers	1,981	1,985
Blue collar workers	683	674
Apprentices	50	47
	2,714	2,706

Part–time employees have been included in this table on a pro-rata basis.

NOTE 5: Depreciation/amortisation charges and impairment losses on intangible assets and property, plant and equipment

	2013 T€	2012 T€
Scheduled depreciation/amortisation on property, plant and equipment and on other intangible assets	14,577.8	14,666.9
Impairment losses	3,243.7	3,935.7
	17,821.5	18,602.6

The impairment losses principally concern impairment of goodwill and intangible assets. Goodwill impairment was attributable to a changed situation on the market and new estimates of financial performance. Impairment of intangible assets relates to new estimates concerning BWT's financial performance and brand strategy.

NOTE 6: Other operating expenses

	2013 T€	2012 T€
Advertising expenses incl. entertainment costs	22,677.9	21,768.7
Fleet and travel expenses	14,192.6	14,371.5
Freight and warehousing	13,347.6	12,414.7
External staff	6,262.8	6,406.1
Rental and leasing expenses	12,601.6	12,876.6
Consultancy costs	3,020.3	3,582.2
Office, postal and telephone expenses	4,385.3	4,826.9
Commissions	5,870.4	5,669.4
Licence expenses	384.0	359.2
Insurance	1,834.6	1,954.1
Maintenance	6,012.2	6,079.8
Energy and fuel	2,866.2	2,608.5
Risks on receivables	2,498.8	526.9
Other taxes and fees	3,200.9	3,126.6
Cleaning expenses	1,461.1	1,403.7
Banking charges and other third-party costs	1,197.1	1,169.8
Exchange rate difference	179.6	–102.2
Other	4,537.0	4,333.7
	106,530.0	103,376.2

In the 2013 financial year, expenditure on services provided by the Group auditors Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. in Austria amounted to T€150.5 (previous year: T€158.6). Of this amount, T€138.7 (previous year: T€127.5) related to auditing costs and T€11.8 (previous year: T€31.1) to other services.

The rise in risks on receivables is as a result of the first-time addition of a portfolio-based allowance for impairment losses on receivables (see Note 14).

Other expenses mainly comprise expenditure on safety, technical support and events resulting in damage.

NOTE 7: Financial income and financial expenses

	2013 T€	2012 T€
Profit distributions from equity interests	1,178.1	565.8
Income from other securities	20.3	15.5
Other interest and similar Income	239.9	328.5
	1,438.4	909.8
Expenses from equity interests	3,443.5	0.0
Impairment losses of financial investments	401.5	95.9
Interest expense for social capital pursuant to IAS 19	1,040.1	1,235.4
Interest and similar expenses	1,535.5	1,107.2
	6,420.6	2,438.5

Financial income includes interest, dividends and similar income arising from the investing of financial resources and from investing in financial assets. The change from the previous year is due to the higher dividend payments of investees. Under financial income, a principal amount of T€1,259.6 (previous year: T€662.7) is entered in the "available for sale" valuation category and T€132.8 (previous year: T€197.3) in "loans and receivables".

Financial expenses cover interest incurred on loans and expenses similar to interest. Expenses from equity interests contain losses from company disposals, including the resulting obligations for the BWT Group. Under financial expenses, a principal amount of T€401.5 (previous year: T€95.9) is entered in the "available for sale" valuation category, T€357.6 (previous year: T€0.0) in "loans and receivables", and T€1,062.1 (previous year: T€1,062.5) in "liabilities at amortised cost".

NOTE 8: Income tax

The effective tax rate is approximately 40.4% for the 2013 financial year and approximately 30.3% for the 2012 financial year. The increase against the previous year is due to one-off tax arrears and value adjustments on deferred tax assets as well as permanent differences from non-deductible expenses.

The main elements of the income tax expense are as follows:

	2013 T€	2012 T€
Actual income taxes:		
Actual tax expense	5,943.9	7,220.9
Tax expense for previous years	509.4	–27.1
Deferred income taxes:		
Changes in tax assets and liabilities	887.8	–919.9
	7,341.1	6,273.9

Deferred income taxes from items recorded in "Other income" during the financial year:

	2013 T€	2012 T€
Remeasurements of the net defined benefit liability in accordance with IAS 19	–372.7	–1,311.2
On valuation of securities available for sale pursuant to IAS 39	–62.3	–72.6
	–435.0	–1,383.8

"

The reconciliation of the income tax liability applying the Austrian corporate tax rate of 25% (previous year: 25%) to the effective tax rate for the reporting period results in the following:

	2013 T€	2012 T€
Earnings before taxes	18,148.8	20,695.8
Income tax expense at tax rate of 25% (previous year: 25%)	4,537.2	5,174.0
Different foreign tax rates	–38.5	235.0
Tax-free income from equity interests	–280.0	–119.6
Effects of local tax rate changes	54.4	27.2
Effect of non-recognised loss carryforwards	177.5	223.2
Frist-time capitalization of previously non-recognised loss carryforwards	–126.7	–78.5
Tax expense for previous years	939.2	–287.8
Adjustments of capitalised loss carryforwards	831.4	367.0
Permanent differences	1,246.7	733.4
Effective tax liability	7,341.1	6,273.9
Effective tax rate	40.4%	30.3%

The item "Permanent differences" principally includes non-deductible expenses, particularly in connection with write-downs for the capital consolidation of capitalised goodwill.

Notes to the balance sheet

NOTE 9: Intangible assets and property, plant and equipment

A detailed breakdown of the developments in this regard is presented in the statement of changes in assets, which forms an integral part of these consolidated financial statements. The effects of changes within the scope of consolidated companies and resulting from the disposal of an operative business are presented in a separate column. Those amounts that arise from differences in the translation of assets applying the exchange rate prevailing at the beginning and at the end of the reporting year for foreign companies are reported as currency-related differences.

Goodwill impairment tests:
Goodwill is allocated to the cash generating units that are expected to profit from the synergies arising from the business combination and that represent the lowest level at which goodwill is monitored for internal management purposes.

In testing for recoverability, the recoverable value of cash generating units or individual companies is determined based on the calculation of useful life, applying cash flow forecasts. Cash flow forecasts are based on financial plans prepared by the management for a period of three years. The discount rate applied for cash flow forecasts is 6.68%, and for the terminal value 7.76% (2012: 7.08% / 8.18%). The discount rate is calculated on the basis of current market data for comparable companies operating in the same industry. Cash flows occurring after the period of three years are extrapolated assuming expected average long-term industry growth rates of 1% (2012: between 1.0% and 2.0%). A sensitivity analysis in which the discount rates were set at around 50 basis points higher in each case would not result in any further write-down of goodwill of cash generating units. There are sources of estimation uncertainty in respect to the assumption made relating to revenues, changes in working capital, investment plans and discount rate.

The main goodwill concerns BWT Aqua in Switzerland with T€10,861.3 (previous year: T€10,861.3), the cash generating unit Pharma (P&LS) with T€7,141.8 (previous year: T€7,141.8) and BWT France with T€7,319.9 (previous year: T€7,319.9). For explanations of the impairments recognised, please see Note 5.

Development costs are only capitalised to the extent to which the necessary conditions in accordance with IAS 38 are fulfilled, in particular when the technical useful life is regarded as applicable. Expenses for research and development projects amounted to €8.2 million (previous year: €8.8 million), of which T€475.7 (previous year: T€550.3) were capitalised.

The balance sheet item "Land and buildings" comprises property with a value of T€22,419 (previous year: T€24,510.3).

Mortgage collateral amounts to T€17,219.0 (previous year: T€12,425.4). Purchase commitments for major investment projects totalled T€10,998.9 (previous year: T€18,800.7) as at 31 December 2013.

NOTE 10: Investment property

A detailed breakdown of the developments in this regard is presented in the statement of changes in assets, which forms an integral part of these consolidated financial statements.

In the reporting year, property under "property, plant and equipment" was transferred to "investment property" on account of deconsolidation. They were transferred at amortised cost at the time of deconsolidation. As at 31 December 2013, property with a carrying amount of T€970.1 was reported under "Investment property". The fair value, which is classified as Level 2, is T€1,187.0. This measurement was derived from the valuation of the property by independent valuers external to the Group and from the cost of the new parts of the building.

Rental income of T€16.3 results from the leasing of investment property. In the reporting year, no directly attributable expenses were incurred.

NOTE 11: Financial investments

	31.12.2013 T€	31.12.2012 T€
Investments	2,345.7	2,985.3
Securities	1,476.4	1,399.9
	3,822.1	4,385.2

Investments relate to equity interests held in the following companies:

Company	Interest	Book value 31.12.2013 T€	Book value 31.12.2012 T€
Nomura Micro Science Co. Ltd., Japan	3.50%	943.9	1,193.0
Wiener Börse AG, Austria	0.79%	274.6	274.6
Origе, France	8.85%	299.2	299.2
INET, Czech Republik	49.00%	214.4	214.4
Syclope, France	11.94%	140.5	140.5
Alpha Industries, France	49.00%	19.6	19.6
Christ Nishotech Water Systems Pte. Ltd, India	39.00%	127.5	127.5
Others		326.0	716.5
		2,345.7	2,985.3

INET (equity as at 31 December 2012: CZK 19,548 thousand (previous year: CZK 19,688 thousand); annual earnings in 2012: CKZ 1,217 thousand (previous year: CZK 1,232 thousand)) is carried at amortised cost since the company is managed independently by the 20% shareholder and BWT has no significant influence over it – as was the case in the previous year. Christ Nishotech (equity as at 31 March 2013: INR 67,609 thousand (previous year: INR 51,897 thousand); annual earnings from 1 April 2012 to 31 March 2013: INR 15,712 thousand (previous year: INR 9,441 thousand)) is carried at amortised cost since the majority shareholder is responsible for the company's management and the BWT Group therefore has no involvement in the decision-making processes concerning Christ Nishotech. The BWT Group hence has no significant influence over the company – as in the previous year. Alpha Industries (equity as at 31 December 2012: €280.5 thousand (previous year: €234.6 thousand); annual earnings in 2012: €95.9 thousand (previous year: €92.9 thousand)) is carried at amortised cost since the BWT Group has no significant influence over the operating and financial policies of this company – as was the case in the previous year.

The securities comprise the following:

	31.12.2013 T€	31.12.2012 T€
Fund participations	488.9	412.3
Other securities	987.5	987.5
	1,476.4	1,399.9

As far as it was possible to determine market values for the financial investments, material changes in value were recognised in "Other income". Value impairments are recognised in profit or loss in the consolidated statement of comprehensive income.

Note 12: Investments in associates

In the fourth quarter of 2013, the BWT Group's interest in WTA – Wassertechnischer Anlagenbau GmbH, Plauen, was reduced to 49%. As at 31 December 2013, the company, which was fully consolidated up until 30 September 2013, was thus included in the consolidated financial statements according to the equity method. The fair value of the residual interest at the time control was lost was used as the basis for recognition of these investments in associates according to the equity method. The fair value measurement of €1 was classified as Level 2. Level 2 fair value was determined on the basis of a similar transaction with an external third party on an inactive market.

The BWT Group has unrecognised pro rata losses that relate to its investments in associates of €-338.7 thousand for the period from 1 October 2013 to 31 December 2013.

The table below contains summarised financial information concerning associates that are recognised according to the equity method, whereby the information relates to 100% of the associates and not the investment held by BWT in the associates.

	31.12.2013 T€
Non-current assets	537.8
Current assets	2,688.8
Non-current liabilities	7.4
Current liabilities	2,699.6

	1.10. - 31.12.2013 T€
Revenues	396.4
Profit or loss for the period after tax	–691.1
Pro rata earnings for the period (49%) from associates after tax	–338.7

NOTE 13: Inventories

	31.12.2013 T€	31.12.2012 T€
Raw materials and supplies	25,246.6	27,679.6
Unfinished goods and performances	11,162.0	12,784.5
Finished goods and products	32,829.9	34,123.1
Prepayments	1,781.2	1,007.0
	71,019.7	75,594.2

In the consolidated statement of comprehensive income, the valuation allowances on inventories are expensed in the amount of T€1,416.6 (previous year: T€399.6).

NOTE 14: Receivables and other assets

31.12.2013	Total T€	of which current T€	of which non-current T€
Trade receivables	67,060.5	67,060.5	–
Receivables from construction contracts	12,800.7	12,800.7	–
Income tax assets	1,828.0	1,828.0	–
Other third-party receivables	8,062.4	7,640.7	421.7
	89,751.6	89,329.9	421.7

31.12.2012	Total T€	of which current T€	of which non-current T€
Trade receivables	67,407.9	67,407.9	–
Receivables from construction contracts	12,393.6	12,393.6	–
Income tax assets	929.9	929.9	–
Other third-party receivables	9,373.7	8,105.6	1,268.0
	90,105.1	88,837.0	1,268.0

Maturity structure of trade receivables:

in T€	Total gross receivables	Neither past due nor impaired	Past due and impaired	Past due but not impaired		
				< 60 days	60 - 90 days	> 90 days
31.12.2013	70,842.5	51,692.5	7,143.9	12,006.1	0.0	0.0
31.12.2012	70,656.0	51,725.5	3,978.5	10,965.1	1,101.0	2,885.9

Change of impairment losses on trade receivables:

	2013 T€	2012 T€
Start of year	3,248.1	3,467.0
Impairments of receivables	2,010.4	890.9
Amounts written down due to uncollectability	–152.6	–328.9
Amounts from receivables written down received during the financial year	–7.4	–225.7
Impairment losses	–1,316.5	–552.3
Accrued interest	0.0	–2.9
End of year	3,782.0	3,248.1

If no definitive event of default has occurred, allowances are recognised when necessary. Receivables are only written down once the default has become effective.

As at 31 December 2013, trade receivables were impaired to T€3,782.0 (previous year: T€3,248.1). Such impairments are partially based on the reminder level. Moreover, the Company runs individual impairment tests for material past due receivables. We have no indications of default in the case of receivables which are not yet due. In addition, there was the first-time addition of a portfolio-based allowance for impairment losses on receivables in the reporting year on the basis of not impaired receivables starting at 60 days past due. The "Impairment losses on trade receivables" item therefore includes T€923.4 (previous year: T€0.0) for additions of portfolio-based allowances for impairment losses on receivables. The remaining changes in impairment losses on trade receivables consist entirely of specific impairment allowances.

There was no securitisation of receivables in the form of bills of exchange as at the balance sheet date.

NOTE 15: Receivables from construction contracts

	2013 T€	2012 T€
Contract revenues in the financial year	36,538.5	45,556.9
Cumulative costs until 31.12.	48,634.5	51,774.4
Cumulative profits realized until 31.12.	9,889.9	9,840.5
Cumulated losses realized until 31.12.	343.1	238.0
Prepayments received	49,693.8	53,373.2

Prepayments received were offset against receivables from construction contracts.

Construction contracts with debit balances in relation to customers amounted to T€3,909.8 (previous year: T€4,053.0).

NOTE 16: Cash and cash equivalents

	31.12.2013 T€	31.12.2012 T€
Bank balances	13,916.8	17,256.3
Cash at hand	88.7	107.1
Cheques	462.0	591.2
Total = cash and cash equivalents (net) in the cash flow statement	14,467.5	17,954.6

NOTE 17: Assets held for sale

It was decided in the fourth quarter of 2013 to sell two properties in the Austria / Germany and France / Benelux / UK segments that were no longer in use. The reporting requirements pursuant to IFRS 5 were met as at 31 December 2013. The properties were measured at their carrying amount as at 31 December 2013.

NOTE 18: Tax deferrals

Deferred taxes result from the following timing and accounting differences between carrying amounts in IFRS financial statements and from the respective assessment bases for taxation purposes and are as follows:

	31.12.2013 T€	31.12.2012 T€
Deferred tax assets:		
Social capital provisions	3,816.9	3,526.0
Deferred tax claims arising from tax loss carryforwards	5,586.1	6,761.2
Various tax write-downs of property, plant and equipment and immaterial assets	1,440.1	1,331.4
Various tax write-downs of non-current assets	272.6	0.0
Non-tax deductable revaluation of receivables	592.7	760.3
Other (temporary valuation differences)	377.3	299.2
	12,085.7	12,678.2
Deferred tax liabilities:		
Capitalized R&D	842.6	961.3
Various tax write-downs of property, plant and equipment and immaterial assets	465.2	232.7
Revaluation of financial assets available for sale	1,089.4	1,151.7
Various taxation of land property	644.3	659.9
Differences due to production orders (POC)	1,679.6	1,422.3
Revaluation of assets within the framework of acquisition price assignment	186.1	253.8
Other (temporary valuation differences)	312.0	677.2
	5,219.2	5,358.9
Deferred tax assets / liabilities	6,866.5	7,319.3
Recorded as follows in the balance sheet:		
Deferred tax claims	8,284.2	8,634.5
Deferred tax liabilities	–1,417.7	–1,315.2
Deferred tax assets / liabilities	6,866.5	7,319.3

With regard to deferred tax claims and tax liabilities, the items have been presented net across the Group for each underlying cause. In accordance with IAS 12, deferred taxes on existing losses carried forward amounting to T€5,586.1 (previous year: T€6,761.2) were capitalised as these are expected to be netted against future taxable profits. For deferred taxes on existing losses carried forward, any time limitation regarding the use of loss carryforwards was accounted for in the respective countries. Moreover, loss carryforwards for which no deferred tax claims were stated amount to T€5,430.3 (previous year: T€4,158.1), thereof T€879.0 expiring in 9 years and T€2,549.3 expiring in 15 years (previous year: T€1,788.0 in 15 years).

Deferred tax liabilities of T€3,877.9 arising from the difference between the carrying amount of the investments in the tax accounts and the net assets in accordance with the IFRS financial statements are not recognised. This is because the parent company is able to control the timing of the recognition of the temporary differences and it is probable that they will not be reversed in the foreseeable future.

NOTE 19: Equity

The composition and development of the equity recognised in the balance sheet is presented in the consolidated statement of changes in equity.

BWT's share capital consists of 17,833,500 no-par value shares (previous year: 17,833,500), each of which represents an equal share in the share capital. All issued shares are fully paid-up.

WAB Privatstiftung, a private trust within the meaning of the ÜbG that is controlled by Andreas Weißenbacher, the longstanding CEO of BWT AG, and its subsidiary Fiba GmbH together hold 13,104,717 shares as at 31 December 2013. This equates to 73.5% of BWT AG's total share capital. Around 20.5% of the share capital is in the free float. The remaining 6.0% are BWT AG treasury shares. As at 31 December 2013, BWT AG had purchased a total of 1,073,418 company shares in the course of its share buy-back programme. The free float is held by Austrian and international investors. BWT's shares are listed on the Standard Market Auction of the Vienna Stock Exchange under International Security Identification No. AT0000737705. In the USA, BWT's shares are traded on the OTC market via a Sponsored Level 1 ADR Programme operated by the Bank of New York, which will end on 30 April 2014.

The tied-up capital reserves of BWT Aktiengesellschaft, the parent company, amounting to T€17,095.8 are not distributable but result from the premium on the 1994 share issue and are presented in the capital reserves.

The revenue reserves include the cumulative profit or loss for the period and cumulative other earnings (remeasurements of the net defined benefit liability in accordance with IAS 19). In addition, the measurement of financial assets held for sale and currency translation differences are also reported in the revenue reserves.

Losses are then also allocated to the non-controlling interest if this results in a negative balance.

The resolutions of the Annual General Meetings of 24 May 2007, 20 May 2008, 26 May 2010 and 24 May 2012 authorised the Management Board to buy back the Company's own shares. Between 2008 and 2012, the Management Board exercised this right by conducting a total of four programmes and a total of 1,072,898 treasury shares were acquired. In September 2013, 520 treasury shares were acquired as part of a fifth programme. The transaction costs are negligible. In total, 1,073,418 treasury shares (equivalent to 6.0% of the share capital) were thus acquired at a cost of €19,399.3. The weighted purchase price was thus €18.07 per share.

A dividend payment of T€4,693.0 was distributed for outstanding shares in the 2013 financial year (previous year: T€4,693.0), which corresponds to €0.28 per share (previous year: €0.28).

The other changes reported in the reporting year relate to a unilateral capital contribution with no shifts in investor stakes.

NOTE 20: Provisions for social capital

The calculation of social capital provisions (pension, severance payment and long-service bonus provision) was made in accordance with the provisions of IAS 19.

PROVISIONS FOR PENSIONS

Within the BWT Group, there are two key groups of pension plans for pensions and similar obligations determined by national regulations or voluntary agreements. They relate to Austria, Germany and Switzerland.

Pension plans in Austria and Germany are defined benefit pension plans. These pension plans take into account length of service and partially prescribed salary/wages. All actuarial and investment risks are borne by the employer.

Another defined benefit pension plan relates to employees insured in the Swiss subsidiary. Under the Swiss Federal Law on Occupational Old-Age, Survivors and Invalidity Pensions (BVG), every employer must provide a level of post-employment benefit for employees entitled to such benefits. Under the pension plan, all benefits in accordance with the regulations are fully covered by Swiss Life AG in a relevant agreement. Swiss Life AG invests the pension capital and provides a 100% capital and interest guarantee. Within the meaning of IAS 19, the Swiss auditing committee (KWP) and its accounting sub-committee also consider "fully insured" occupational pension plans to be defined benefit plans.

The following parameters were applied in performing calculations using the projected unit credit method:

Biometric calculation bases	2013	2012
Actuarial discount rate Eurozone	3.50%	3.75%
Actuarial discount rate Switzerland	2.00%	2.00%
Wage/salary trend Eurozone	0.00%	3.00%
Wage/salary trend Switzerland	1.00%	1.50%
Pension trend Eurozone	1.70%	1.00%
Pension trend Switzerland	0.00%	0.00%

The euro zone wage/salary trend is no longer relevant as of 2013. Hence, it was applied at 0%. Retirement age was established on the basis of the legal provisions in force in the individual countries. In Austria, biometric calculation bases (AVÖ 2008-P) were assumed. In Germany, the biometric calculation bases are based on the 2005 G von Heubeck mortality tables. The demographic data in Switzerland is based on the technical assumptions of BVG 2010. The turnover rate in Switzerland is based on BVG 2010, whereas the turnover rate in the euro zone varied from 0% to 2% depending on age – as in the previous year.

Changes in the present value of defined benefit obligations of the respective plans, divided into plans with and without plan assets, are as follows:

	2013			2012		
in T€	Without plan assets	With plan assets	Total	Without plan assets	With plan assets	Total
Present value of the pension obligations as at 1 January	19,620.1	34,311.5	53,931.6	17,292.6	32,076.8	49,369.4
Change in scope of consolidation	0.0	–59.3	–59.3	0.0	0.0	0.0
Expenses arising from time in service	104.9	1,436.6	1,541.5	97.3	1,275.5	1,372.8
Contributions of participants in the plan	0.0	2,824.4	2,824.4	0.0	3,348.6	3,348.6
Interest expenses	718.0	569.0	1,287.0	843.4	678.1	1,521.5
Pension payments	–1,169.8	–1,918.7	–3,088.5	–1,121.9	–3,379.7	–4,501.6
Remeasurements of the net defined benefit liability	2,018.3	–1,168.7	849.6	2,508.7	110.7	2,619.4
Exchange rate differences	0.0	–567.1	–567.1	0.0	201.6	201.6
Present value of pension obligations as at 31 December	21,291.5	35,427.6	56,719.1	19,620.1	34,311.5	53,931.6
Plan assets	0.0	–31,523.5	–31,523.5	0.0	–29,017.8	–29,017.8
Provisions for pensions	21,291.5	3,904.1	25,195.6	19,620.1	5,293.7	24,913.8

The "Service costs" item includes past service costs amounting to T€87.0 (previous year: T€0.0).

Remeasurements of the net defined benefit liability were recognised in "Other earnings" in accordance with IAS 19. The interest expense was recognised in the financial result. The remaining components are included in personnel expenses.

The following table shows a quantitative sensitivity analysis for material actuarial assumptions as at 31 December 2013. With the other assumptions remaining constant, the defined benefit obligation would have been affected by changes in one of the material actuarial assumptions that were reasonably expected at the balance sheet date by the following amounts. No possible interdependencies between the individual actuarial assumptions were taken into consideration.

Assumptions	Discount rate		Wage/salary trend		Pension trend	
Sensitivity level	0.50%	–0.50%	0.50%	–0.50%	0.50%	–0.50%
Influence on the present value						
as at 31.12.2013 in T€	–1,372.6	1,521.7	106.3	–106.3	1,055.2	–974.5

The changes in the fair value of the plan assets are as follows:

	2013 T€	2012 T€
Fair value of plan assets as at 1st January	29,017.8	28,434.9
Change in scope of consolidation	–53.9	0.0
Expected yield	569.0	679.0
Employer contributions	1,435.0	1,354.5
Contributions of participants in the plan	2,824.3	3,348.6
Benefits paid out	–1,918.7	–3,379.7
Actuarial profits/losses	127.7	–1,601.2
Currency differences	–477.7	181.7
Fair value of plan assets as at 31 December	31,523.5	29,017.8

The plan assets comprise the following:

	2013 T€	2012 T€
Fixed term deposits (listing on active market)	43.7	33.4
Insurance contract (no listing on active market)	31,479.8	28,984.4
	31,523.5	29,017.8

The actual yield for the plan assets is the expected yield plus positive/negative remeasurements of the net defined benefit liability in accordance with IAS 19.

Employer contributions estimated for the next financial year are expected to have a similar value to those paid in the 2013 financial year.

In 2013, the negative remeasurements of the net defined benefit liability in the case of pension provisions recognised in accordance with IAS 19 amount to T€-721.9. Of this amount, T€286.6 relates to experience-based adjustments and T€-1,008.5 to the adjustment of financial assumptions. The remeasurements of the net defined benefit liability in the case of plan assets included in this amount relate entirely to experience-based adjustments. The accumulated remeasurements of the net defined benefit liability relating to pension and severance pay provisions recognised in "Other earnings" in accordance with IAS 19 amount to T€-8,955.0 (previous year: T€-8,305.1) after taxes.

The average term of the pension provisions is 11.7 years.

PROVISIONS FOR SEVERANCE PAYMENTS

The following parameters were applied in performing calculations using the projected unit credit method:

Biometric calculation bases	2013	2012
Acturial discount rate	3.50%	3.75%
Wage/salary trend	3.00%	3.00%

Retirement age was established on the basis of the legal provisions in force in the individual countries. In Austria and Italy, biometric calculation bases (AVÖ 2008-P) were assumed. In France, the biometric calculation bases are based on the TH 00-02 and TF 00-02 mortality tables. A turnover rate of between 0.0% and 8.3 % was selected, depending on age. Changes in the present value of defined benefit obligations of the respective plans, divided into plans with and without plan assets, are as follows:

in T€	2013 Without plan assets	2013 With plan assets	2013 Total	2012 Without plan assets	2012 With plan assets	2012 Total
Present value of obligations (DBO) as at 1st January	5,127.0	2,614.2	7,741.3	4,813.4	2,167.7	6,981.1
Change in scope of consolidation	–374.9	0.0	–374.9	0.0	0.0	0.0
Expenses arising from time in service	287.9	175.6	463.5	279.8	143.5	423.3
Interest expense	189.3	102.4	291.7	238.4	112.7	351.2
Severance payments	–485.0	–59.0	–544.0	–983.4	–45.7	–1,029.0
Remeasurements of the net defined benefit liability	272.1	58.1	330.3	778.7	236.0	1,014.7
Present value of obligations (DBO) as at 31st December	5,016.4	2,891.4	7,907.8	5,127.0	2,614.2	7,741.3
Plan assets	0.0	–644.7	–644.7	0.0	–594.3	–594.3
Provisions for severance payments	5,016.4	2,246.7	7,263.1	5,127.0	2,020.0	7,147.0

Remeasurements of the net defined benefit liability were recognised in "Other earnings" in accordance with IAS 19. The interest expense was recognised in the financial result. The remaining components are included in personnel expenses. Changes to the plan assets are recognised in a similar way.

The following table shows a quantitative sensitivity analysis for material actuarial assumptions as at 31 December 2013. With the other assumptions remaining constant, the defined benefit obligation would have been affected by changes in one of the material actuarial assumptions that were reasonably expected at the balance sheet date by the following amounts. No possible interdependencies between the individual actuarial assumptions were taken into consideration.

Assumptions	Discount rate		Wage/salary trend	
Sensitivity level	0.50%	–0.50%	0.50%	–0.50%
Influence on the present value				
as at 31.12.2013 in T€	– 347.0	376.0	405.9	– 377.8

The plan assets consist entirely of insurance policies covering future pension obligations (no listing on active market), 90% of which are invested in Euro Fonds with a guaranteed minimum interest rate. The changes in the fair value of the plan assets are as follows:

	2013 T€	2012 T€
Fair value of plan assets as at 1st January	594.3	586.4
Expected yield	20.8	20.5
Benefits paid-out	0.0	0.0
Actuarial gains and losses	29.6	– 12.6
Fair value of plan assets as at 31st December	644.7	594.3

The actual yield for the plan assets is the expected yield plus positive/negative remeasurements of the net defined benefit liability in accordance with IAS 19.

Employer contributions estimated for the next financial year are expected to have a similar value to those paid in the 2013 financial year – as in the previous year.

In 2013, the negative remeasurements of the net defined benefit liability in the case of severance pay provisions recognised in accordance with IAS 19 amount to T€-300.7. Of this amount, T€-89.7 relates to experience-based adjustments, T€-175.5 to the adjustment of financial assumptions and T€-35.5 to the adjustment of demographic assumptions. The remeasurements of the net defined benefit liability in the case of plan assets included in this amount relate entirely to the adjustment of financial assumptions.

The average term of the severance pay provisions is 9.4 years.

ANNIVERSARY BONUS PROVISIONS

The following parameters were applied in performing calculations using the projected unit credit method:

Biometric calculation bases	2013	2012
Discount rate	3.50%	3.75%
Wage/salary trend	3.00%	3.00%

Retirement age was established on the basis of the legal provisions in force in the individual countries. A turnover rate of between 0.0% and 15.3% was selected, depending on age.

Changes in the present value of defined benefit obligations are as follows:

	2013 T€	2012 T€
Present value of obligations (DBO) on 1.1.	1,372.4	1,229.1
Change in scope of consolidation	–54.2	0.0
Service costs	121.1	112.5
Interest expense	51.2	62.3
Anniversary bonus payments	–48.3	–99.1
Remeasurements of the net defined benefit liability	19.0	67.6
Present value of obligations (DBO) on 31.12.	1,461.2	1,372.4

Remeasurements of the net defined benefit liability were recorded as "Service costs" under personnel expenses in accordance with IAS 19. The interest expense was recognised in the financial result. The remaining components are included in personnel expenses.

NOTE 21: Other provisions

The development of other provisions, which were recognised according to IAS 37, is presented in the table below:

	01.01.2013 T€	Change in scope of consolidation T€	Currency difference T€	Utilisation T€	Release T€	Addition T€	31.12.2013 T€	of which non-current T€
Guarantees	3,967.1	–213.3	–23.5	–2,641.6	–104.2	2,718.0	3,702.6	636.0
Bonuses, rebates	2,078.7	0.0	–3.9	–2,193.7	–193.1	2,310.0	1,998.0	0.0
Annual financial statement costs	416.7	–16.5	–2.8	–375.1	–0.9	370.5	391.8	0.0
Litigation	227.9	–9.7	–2.2	–90.3	–72.7	125.8	178.9	0.0
Events causing damage	494.5	0.0	–0.3	–326.0	–21.0	359.0	506.2	0.0
Other	4,147.8	–399.4	–20.1	–2,423.5	–138.1	5,274.5	6,441.3	1,170.1
	11,332.7	–638.9	–52.8	–8,050.2	–529.9	11,157.7	13,218.7	1,806.2

	01.01.2012	Change in scope of consolidation	Currency difference	Utilisation	Release	Addition	31.12.2012	of which non-current
	T€	T€	T€	T€	T€	T€	T€	T€
Guarantees	3,818.9	0.0	9.2	–2,969.4	–108.9	3,217.3	3,967.1	501.5
Bonuses, rebates	1,433.7	0.0	4.1	–1,613.8	0.0	2,254.7	2,078.7	0.0
Annual financial statement costs	389.8	0.0	1.5	–378.7	–7.6	411.7	416.7	0.0
Litigation	234.3	0.0	0.6	–142.5	–59.2	194.7	227.9	0.0
Events causing damage	569.4	0.0	0.1	–302.0	–20.0	246.9	494.5	0.0
Other	4,676.5	0.0	10.7	–3,155.7	–360.0	2,976.3	4,147.8	1,100.5
	11,122.7	0.0	26.2	–8,562.2	–555.7	9,301.7	11,332.7	1,602.0

The provisions for guarantees concern the costs of expected complaints relating to products which are still under guarantee. It is expected that most of these costs will be incurred within the next financial year and in the case of guarantee provisions within the guarantee period of essentially up to three years after the balance sheet date.

Other provisions include the provision for sale representatives' severance claims. Owing to the nature of the provision, the timing cannot be predicted. The increase in other provisions is primarily due to provisions for extended liabilities, which the BWT Group assumed in the context of company disposals.

NOTE 22: Liabilities

31.12.2013	Total	Residual maturity of less than 1 year	Residual maturity between 1 year and 5 years	Residual maturity of more than 5 years	Collateralised
	T€	T€	T€	T€	T€
Interest-bearing financial liabilities (repayments)	42,404.9	11,085.3	26,007.1	5,312.5	17,219.0
Trade liabilities	38,835.5	38,835.5	0.0	0.0	0.0
Other liabilities	51,911.8	50,890.9	1,020.9	0.0	0.0
Of which					
Payments on account	10,589.2	10,589.2	0.0	0.0	0.0
Liabilities from acceptance of bills of exchange drawn and from own bills of exchange issued	2,351.4	2,351.4	0.0	0.0	0.0
Other liabilities	38,971.2	37,950.3	1,020.9	0.0	0.0
	133,152.2	100,811.7	27,028.0	5,312.5	17,219.0
Existing interest payment obligations for interest-bearing financial liabilities	2,279.4	745.3	1,324.9	209.2	0.0
Non-discounted liabilities in accordance with IFRS 7.39 (a) (b)	135,431.6	101,557.0	28,352.9	5,521.7	17,219.0

31.12.2012	Total T€	Residual maturity of less than 1 year T€	Residual maturity between 1 year and 5 years T€	Residual maturity of more than 5 years T€	Collateralised T€
Interest-bearing financial liabilities (repayments)	41,007.7	17,330.7	23,677.0	0.0	12,425.4
Trade liabilities	42,231.2	42,231.2	0.0	0.0	0.0
Other liabilities	49,316.5	48,214.0	1,102.5	0.0	0.0
Of which					
Payments on account	10,686.2	10,686.2	0.0	0.0	0.0
Liabilities from acceptance of bills of exchange drawn and from own bills of exchange issued	1,186.0	1,186.0	0.0	0.0	0.0
Other liabilities	37,444.2	36,341.7	1,102.5	0.0	
	132,555.4	107,775.9	24,779.5	0.0	12,425.4
Existing interest payment obligations for interest-bearing financial liabilities	1,702.6	632.4	1,070.2	0.0	0.0
Non-discounted liabilities in accordance with IFRS 7.39 (a) (b)	134,258.0	108,408.3	25,849.7	0.0	12,425.4

Other liabilities include other tax liabilities of T€7,825.6 (previous year: T€8,504.3) and other social security liabilities of T€3,211.5 (previous year: T€3,475.0).

Collateral in rem mainly consists of mortgage rights.

NOTE 23: Other liabilities and contingent liabilities

RENTAL AND LEASE AGREEMENTS

The BWT Group has concluded operating rental and lease agreements with a number of contractual partners, which mainly relate to the use of buildings, offices and cars. The minimum amounts payable under those agreements in the future are as follows:

2013	T€
2014	10,457.0
2015-2018	13,308.4
thereafter	16.4

2012	T€
2013	10,853.9
2014-2017	13,881.0
thereafter	335.4

Total rental and leasing expenses in the financial year amounted to T€12,601.6 (previous year: T€12,876.6).

No significant finance lease agreements were concluded.

WARRANTIES AND GUARANTEES

The Company has assumed the customary warranties and guarantees in its business operations – as in the previous year.

In 2013, the BWT Group assumed extended liabilities in the context of company disposals. The Management Board estimates the financial impact of these contingent liabilities, which were deemed to be not unlikely as at the balance sheet date of 31 December 2013, at T€750.0.

PENDING LITIGATION

No legal disputes of extraordinary significance exist. For legal proceedings which are at a stage where the outcome can be predicted with a reasonable degree of certainty, a corresponding provision in line with IAS 37 was established. The management expects that the other disputes will have no significant impact on the net assets, financial position and results of operations of the BWT Group.

Notes to the consolidated cash flow statement

The consolidated cash flow statement shows how the funds of the Group changed during the reporting year as a result of cash inflows and outflows. The effects of company purchases or disposals were eliminated and are detailed in the items "Payments for the acquisition of subsidiaries less acquired cash and cash equivalents" and "Proceeds from the disposal of subsidiaries less disposed cash and cash equivalents". The cash flow statement distinguishes between operating, investing and financing activities.

NOTE 24: Cash flow from operating activities

Cash flow from operating activities shows the cash flows arising from transactions made and received in goods and services carried out during the financial year. Cash flows from current operating activities of T€31,491.8 (previous year: T€30,102.9) include changes in working capital.

NOTE 25: Cash flow from investing activities

As at the balance sheet date, there are outstanding liabilities for investments in property, plant and equipment, intangible assets and financial assets amounting to T€5,003.9 (previous year: T€2,749.2).

As at the balance sheet date, there are no outstanding receivables for the disposal of property, plant and equipment, intangible assets and financial assets – as in the previous year.

NOTE 26: Financial instruments

Financial risk management

The Group treasury performs services for business segments and coordinates access to national and international financial markets. It also monitors and controls financial risks associated with the Group's business segments. Interest and currency risks are considered to be considerable market risks.

Interest rate risk

As part of the company's business activities, it is necessary to use borrowed capital to finance current assets, investments and possible company expansions. The current borrowed capital has both fixed and variable interest rates and is short-, medium and long-term. Loans with a short-term fixed interest rate and variable interest loans are exposed to a standard market interest rate risk. The Management Board assesses the interest rate risk for the financial instruments shown in the consolidated balance sheet as low. Possible risks which may result from changes in the interest rate are regularly evaluated as part of the Group's financing activities.

The following interest rate sensitivity analysis was prepared assuming that with variable interest rates and short-term fixed interest rates (cash advances), interest rates in the reporting period would be 50 basis points higher or lower in all currencies. This represents the assessment of the company's management in terms of a justified possible change in interest rates.

As a base case, the interest rate risk exposure of derivative and non-derivative instruments as at the balance sheet date was determined by assuming that the liabilities or receivables outstanding as at the balance sheet date were outstanding for the entire year.

If interest rates were 50 basis points higher, and all other variables remained constant, net interest income would be T€5.2 lower (previous year: T€29.3 lower). If interest rates were 50 basis points lower, and all other variables remained constant, net interest income would be T€5.2 higher (previous year: T€29.3 higher). The tested interest rate fluctuations have no direct impact on equity.

Exchange rate risks

The company partly finances its operating resources, investments and possible expansion in foreign currencies. This is directly related to the international character of its operations. Covering transactions are carried out in the Group's central treasury for cash flows in foreign currencies and these reduce the negative repercussions of exchange rate fluctuations.

EUR/CHF and EUR/USD were identified as the most relevant currency pairs for the Group in the long term. The EUR/PLN currency pair risk is classed as no longer significant due to the reduced volume of the Polish subsidiary. The EUR/CHF risk is primarily related to the Swiss companies' EUR balance sheet items from operating activities as well as CHF balance sheet items of EUR companies. The EUR/USD risk arises from USD balance sheet items. The following currency sensitivity analysis investigates the effects of an increase or decrease in the relevant currency pairs by 5% on the valuation of financial instruments as at the balance sheet date. This relates to the balance sheet date at 31 December. The tested interest rate fluctuations have no direct impact on equity.

Impact on 2013 EBIT	Increase 5% in T€	Decrease 5% in T€
EUR/CHF exchange rate	–161.6	253.9
EUR/USD exchange rate	–70.2	77.6

Impact on 2012 EBIT	Increase 5% in T€	Decrease 5% in T€
EUR/CHF exchange rate	235.7	–260.6
EUR/USD exchange rate	–91.2	100.8

Liquidity risk/financing risk

Liquidity relates on the one hand to the ability to obtain sufficient financial resources in the form of cash and/or lines of credit at any given time to make due payments or to obtain necessary guarantees and suretyships from banks. On the other hand, it should also be guaranteed that available liquidity and financial investments are provided or can be accessed by the company practically without risk and at short notice.

A corporate-wide financing company operating within the Group, which also holds the existing cash pools, is available to control and optimise liquidity. The BWT Group's investment strategy is orientated towards cooperating with financial partners of impeccable credit standing.

The BWT Group has access to sufficient bank credit lines. Due to the Group's good credit standing and its low level of net debt, at present we consider the current economic conditions to have no direct impact on its access to credit lines.

Non-discounted cash flow is detailed in Note 22.

Customer default/solvency risk

BWT's business activities are exposed to a risk that customers will not be able to fulfil, partially or completely, their payment obligations to the BWT Group.

In line with standard market practices, the BWT Group attempts to reduce this risk by, for example, obtaining payment guarantees from banks and export credit agencies. Moreover, whenever necessary, the company covers risks in the project business with international credit insurers. The management makes sure that BWT Group companies obtain information about the credit standing of customers before signing agreements with them, for example by obtaining company information from reputable agencies.

Default risk management
The BWT Group has trade receivables from a large number of customers distributed across various industries and regions. Credit assessments regarding the financial status of the receivables are carried out on an ongoing basis. Default insurance is taken out where appropriate. The default risk is limited to the recognised amount. As at 31 December 2013, the total of the five largest balances of outstanding receivables from individual customers amounted to T€5,163.7, equating to 7.7% of outstanding trade receivables. As at 31 December 2012, that figure was T€5,506.7, or 8.2%. Receivables from affiliated companies were not included in this figure, as made clear in Note 27.

Primary financial instruments
Primary financial instruments are presented in the consolidated balance sheet. On the assets side, they include investments in securities, liquid funds, trade receivables and other receivables. On the liabilities side, they include trade liabilities, other liabilities and interest-bearing financial liabilities. The carrying amount of primary financial instruments in the consolidated balance sheet basically reflects their market or fair value. On the assets side, the recorded amounts also reflect the maximum default and solvency risk as there are no global set-off agreements. The impact of potential default of receivables on the Group's earnings is regarded as low because the creditworthiness of new and existing customers is continually monitored and no more than 5% of total receivables are outstanding from any one customer.

Credit risk related to cash investments and securities is limited as only a small number of securities are held, primarily in Austrian companies, and the BWT Group only cooperates with financial partners that have impeccable creditworthiness.

Due to the decentralised character of the BWT Group in Europe, loans for current assets are also taken out in the respective currencies of local companies. Exchange rate risks are therefore very limited as outgoing invoices of foreign companies are mainly issued in the respective local currency.

Valuation categories of financial instruments

2013 in T€	Book value as at 31.12.2013	Loans and receivables	Liabilities at amortised cost	Available for sale	Held for trading purposes	Book value of financial instruments as at 31.12.2013	Not financial-instrument
Non-current assets							
Financial investments	3,822.1	0.0	0.0	3,822.1	0.0	3,822.1	0.0
Other receivables from third parties	421.7	421.7	0.0	0.0	0.0	421.7	0.0
Current assets							
Trade receivables	67,060.5	67,060.5	0.0	0.0	0.0	67,060.5	0.0
Other receivables from third parties	7,640.7	3,382.4	0.0	0.0	42.4	3,424.8	4,215.9
Cash & Cash equivalents	14,467.5	14,467.5	0.0	0.0	0.0	14,467.5	0.0
Non-current liabilities							
Interest-bearing financial liabilities	31,319.6	0.0	31,319.6	0.0	0.0	31,319.6	0.0
Other liabilities	1,020.9	0.0	1,020.9	0.0	0.0	1,020.9	0.0
Current liabilities							
Interest-bearing financial liabilities	11,085.3	0.0	11,085.3	0.0	0.0	11,085.3	0.0
Trade liabilities	38,835.5	0.0	38,835.5	0.0	0.0	38,835.5	0.0
Other liabilities	50,890.9	0.0	13,323.7	0.0	24.3	13,348.0	37,542.9

The fair value of financial instruments (including interest-bearing financial instruments) essentially reflects the carrying amounts as at the balance sheet date of 31 December 2013. The fair value of the interest-bearing financial liabilities is classified as Level 3. This was determined on the basis of comparable bank offers – as was the case in the previous year. The credit standing of the BWT Group has not changed significantly and thus has no influence on the fair value calculation.

As at 31 December 2013, there was no material offset of financial assets and financial liabilities.

2012 in T€	Book value as at 31.12.2012	Loans and receivables	Liabilities at amortised cost	Available for sale	Held for trading purposes	Book value of financial instruments as at 31.12.2012	Not financial-instrument
Non-current assets							
Financial investments	4,385.2	0.0	0.0	4,385.2	0.0	4,385.2	0.0
Other receivables from third parties	1,268.0	1,268.0	0.0	0.0	0.0	1,268.0	0.0
Current assets							
Trade receivables	67,407.9	67,407.9	0.0	0.0	0.0	67,407.9	0.0
Other receivables from third parties	8,105.5	3,297.8	0.0	0.0	24.7	3,322.5	4,783.0
Cash & Cash equivalents	17,954.6	17,954.6	0.0	0.0	0.0	17,954.6	0.0
Non-current liabilities							
Interest-bearing financial liabilities	23,677.0	0.0	23,677.0	0.0	0.0	23,677.0	0.0
Other liabilities	1,102.5	0.0	1,102.5	0.0	0.0	1,102.5	0.0
Current liabilities							
Interest-bearing financial liabilities	17,330.7	0.0	17,330.7	0.0	0.0	17,330.7	0.0
Trade liabilities	42,231.2	0.0	42,231.2	0.0	0.0	42,231.2	0.0
Other liabilities	48,214.0	0.0	8,340.9	0.0	19.3	8,360.2	39,853.8

The fair value of financial instruments as at 31 December 2012 essentially reflects the carrying amounts as at the balance sheet date. An exception is interest-bearing financial liabilities with a fair value of T€41,460.0 (carrying amount T€41,007.7).

Disclosures regarding fair value of financial instruments

The following table shows the fair values of financial instruments that were measured at fair value in the BWT Group's consolidated financial statements as at the balance sheet date.

Fair Value Hierarchy

31.12.2013	Level 1 T€	Level 2 T€	Level 3 T€	Total T€
Non-current assets				
Financial investments	1,432.8	0.0	0.0	1,432.8
Current assets				
Other receivables from 3rd parties	0.0	42.4	0.0	42.4
Current liabilities				
Other liabilities	0.0	24.3	0.0	24.3

31.12.2012	Level 1 T€	Level 2 T€	Level 3 T€	Total T€
Non-current assets				
Financial investments	1,605.4	0.0	0.0	1,605.4
Current assets				
Other receivables from 3rd parties	0.0	24.7	0.0	24.7
Current liabilities				
Other liabilities	0.0	19.3	0.0	19.3

Financial investments designated Level 1 (see Note 11) include listed shares and fund units – as in the previous year. Other receivables (see Note 14) and other liabilities (see Note 22) designated Level 2 result from the measurement of outstanding derivative foreign exchange transactions – as in the previous year. As in the previous year, fair value was determined using bank valuations on the basis of the futures rates as at the balance sheet date (interbank middle rate prices).

In 2013, as in the previous year, there were no changes between Level 1 and Level 2 and vice-versa. There was no change in the accounting policy.

Capital management

The primary objective of capital management in the Group is to make sure that it maintains a high credit rating and high equity ratio to support its business activities. The Management Board's objective is to maintain the equity ratio above 35%. Moreover, net debt and gearing in particular are monitored on a regular basis, the aim being to maintain gearing below 50%. Capital management is checked regularly to determine if it needs to be adjusted to current developments.

Net debt

Net debt (gearing) at the end of the year was as follows:

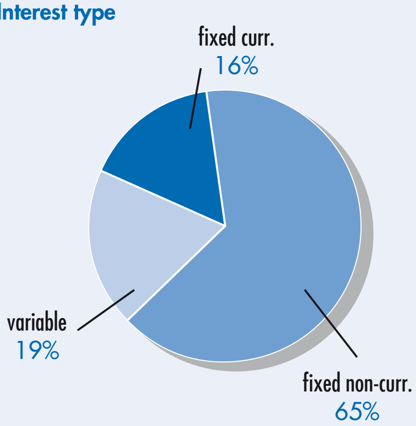
	31.12.2013 T€	31.12.2012 T€
Interest-bearing financial liabilities	42,404.9	41,007.7
less cash and cash equivalents	–14,467.5	–17,954.6
Net debt	27,937.5	23,053.1
Equity	172,602.5	168,412.1
Net debt in relation to equity	16.2%	13.7%

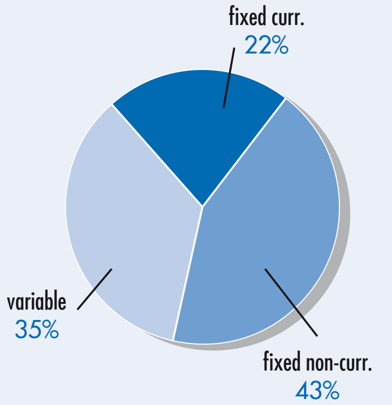
Interest-bearing financial liabilities

The effective interest rate on the interest-bearing liabilities at a total of T€42,404.9(previous year: T€41,007.7) was 2.05% (previous year: 2.01%) at the balance sheet date and can be broken down as follows:

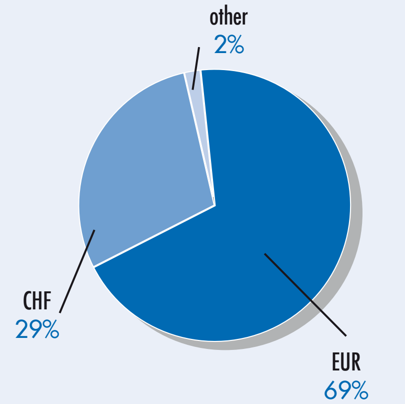
31.12.2013	31.12.2012

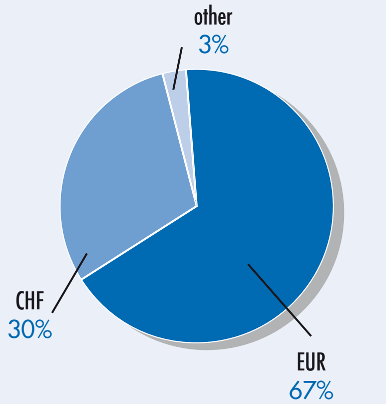
Interest type



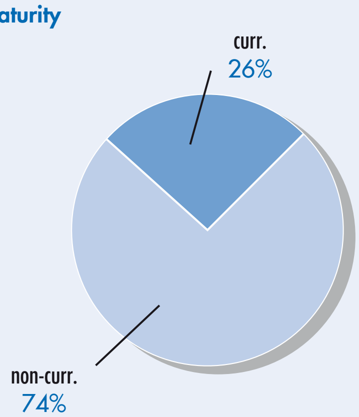


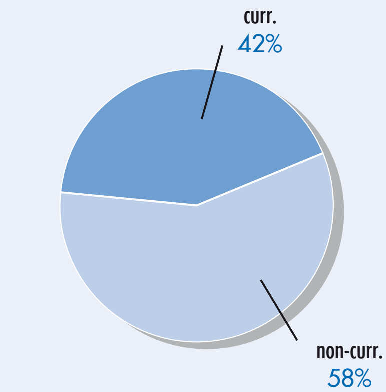
Currencies





Maturity





Derivative financial instruments

In order to secure exchange rate risk, BWT Group concluded the following currency futures contracts:

	Currency	31.12.2013 Nominal amount in thausand	31.12.2013 Market value T€	31.12.2012 Nominal amount in thausand	31.12.2012 Market value T€
Purchase of CHF futures against EUR	TCHF	8,090.0	0.6	3,250.0	2.4
Sale of CHF futures against EUR	TCHF	–6,000.0	16.2	6,000.0	10.9
Purchase of SEK futures against EUR	TSEK	3,500.0	7.4	8,000.0	7.9
Purchase of USD futures against EUR	TUSD	1,600.0	–8.8	2,213.1	–13.0
Purchase of GBP futures against EUR	TGBP	355.0	5.3	260.0	1.5
Purchase of RUB futures against EUR	TRUB	20,000.0	–2.5	0.0	0.0
Purchase of DKK futures against EUR	TDDK	2,200.0	0.0	0.0	0.0
Sale of USD futures against EUR	TUSD	0.0	0.0	135.0	1.2
Purchase of USD futures against GBP	TUSD	0,0	0,0	459.5	–5.6

The remaining terms of the currency futures contracts are all less than one year. The carrying amounts of the financial assets correspond to the maximal loss risk to the balance sheet date. The market values of all currency futures contracts were recorded in net income as other current receivables or other liabilities. Hedge accounting is not used.

NOTE 27: Related party disclosures

In 2013, the BWT Group provided materials and services amounting to T€19.5 to associates. As at the balance sheet date of 31 December 2013, the BWT Group's receivables from associates amounted to T€45.9, its liabilities amounted to T€1.2 and its provisions amounted to T€1,300.0.

In 2013, the BWT Group received materials and services from affiliated companies and persons totalling T€1,216.2 (previous year: T€938.4) and provided affiliated companies and persons with materials and services amounting to T€4,539.8 (previous year: T€4,620.9). As at the balance sheet date of 31 December 2013, the BWT Group's receivables from affiliated companies and persons amounted to T€128.1 (previous year: T€290.7) and its liabilities amounted to T€190.4 (previous year: T€198.5).

Transactions with associates and other affiliated companies and persons were carried out on normal regular market terms.

Liability was assumed for loans totalling T€325.9 (previous year: T€325.9) for two managing directors of a subsidiary on normal market terms. There are contingent liabilities for associates amounting to T€4,458.4, of which T€750.0 relates to a claim that is deemed to be not unlikely.

Total remuneration of Management Board members at BWT AG mainly consisted of short-term benefits and amounted in the financial year to T€913.2 (previous year: T€737.9). No payments were made to former members of the Management Board or to the survivors of such former members.

NOTE 28: Other information

Material events after the balance sheet date
No other reportable events occurred after the balance sheet date which would be significant for the valuation as at the balance sheet date.

Information on corporate bodies
Members of the Supervisory Board received reimbursement for compensation and expenses for their activities of T€60.0 (previous year: T€55.0) in financial year 2013. There are no loans or credit guarantees granted to Management Board or Supervisory Board members.

The following persons were appointed as members of the Management Board in financial year 2013:

- Mr. Andreas Weissenbacher (CEO)
- Mr. Gerhard Speigner

The Supervisory Board consisted of the following members in financial year 2013:

- Dr. Leopold Bednar (Chairman)
- Dr. Wolfgang Hochsteger (Vice-chairman)
- Dipl. Vw. Ekkehard Reicher
- Ms. Gerda Egger
- Dr. Helmut Schützeneder

Earnings per share
Basic = diluted earnings per share are calculated by dividing the Group earnings by the weighted number of outstanding ordinary shares during the year.

	2013	2012
Annual earnings in T€ attributable to shareholders of the parent company	10,747.6	14,511.6
Weighted number of shares in circulation	16,760.455	16,771.902
Earnings per share in €	0.64	0.87

Proposal for profit distribution
Pursuant to the provisions of the Austrian Stock Corporation Act (Aktiengesetz), the separate financial statements of BWT AG as at 31 December 2013, drawn up in accordance with Austrian accounting regulations, provide the basis for the payment of dividends.

The Management Board proposes the following profit distribution to the Annual General Meeting of Shareholders to be held on 19 May 2014:

a) A dividend payment of €0.28 per share for outstanding shares.
b) Carrying forward the remaining amount to the new financial year.

The consolidated financial statements as at 31 December 2013, drawn up in accordance with IFRS as applicable in the EU, were approved by the Management Board on 18 February 2014.

Mondsee, 18 February 2014

Andreas Weissenbacher CEO	Gerhard Speigner CFO

Overview of the material participations (appendix V.1.)

As of December 31 2013, the scope of consolidation comprises the following companies:

Abbreviation	Company, location	Total in %	Indirectly in %	via	Consolidation
BWT AG	BWT Aktiengesellschaft, Mondsee				
BWT AT	BWT Austria GmbH, Mondsee	100.0%			F
Manufactur	Manufactur für Glas und Spiegel GmbH, Villach	100.0%	100.0%	BWT AT	F
BWT Pool AT	BWT Pool & Water Technology GmbH	100.0%			F
AS Bet	Aqua Service Beteiligungen GmbH, Mondsee	100.0%			F
IAM	IAM - Immobilien Asset Management GmbH, Mondsee	100.0%	100.0%	AS Bet	F
BWT GS	BWT Group Services GmbH, Mondsee	100.0%	100.0%	AS Bet	F
BWT MT Hold	BWT Malta Holdings Ltd., Msida	100.0%	100.0%	BWTGS	F
BWT Int Trad	BWT International Trading Ltd, Msida	100.0%	100.0%	BWT MT Hold	F
Arcana	Arcana Pool Systems GmbH, Gerasdorf	100.0%			F
BWT DE	BWT Wassertechnik GmbH, Schriesheim	100.0%			F
Fuma Tech	FuMA-Tech GmbH, St. Ingbert	100.0%	100.0%	BWT DE	F
W+M AT	BWT water + more GmbH, Mondsee	100.0%			F
W+M DE	BWT water + more Deutschland GmbH, Wiesbaden	100.0%	100.0%	BWT DE	F
W+M IT	BWT WATER & MORE ITALIA S.R.L., Bergamo	100.0%	99.8%	W+M DE	F
			0.2%	CCI	F
W+M ES	BWT Water and More Iberica S.L., Barcelona	100.0%	99.8%	W+M DE	F
			0.2%	Cilit ES	F
BWT HU	BWT Hungaria KFT, Budaörs	93.0%			F
Mimo	Mimo Park Kft, Budaörs	74.0%			F
hobbypool	hobby-pool technologies GmbH, Großzöberitz	100.0%	100.0%	BWT DE	F
BWT BE	BWT Belgium nv/sa, Zaventem	100.0%	100.0%	BWT DE	F
BWT FR	BWT France S.A.S., St. Denis	100.0%			F
BWT Aqua	BWT AQUA AG, Aesch	100.0%			F
CCI	Cillichemie Italiana S.R.L., Mailand	100.0%			F
Cilit ES	Cilit S.A., Barcelona	100.0%	100.0%	CCI	F
BWT PL	BWT Polska Sp.z.o.o., Warschau	100.0%			F
BWT UA	BWT Ukraine, Kiev	100.0%	100.0%	BWT PL	F
BWT CZ	BWT Ceska Republika s.r.o., Prag	100.0%			F
BWT DK	BWT HOH A/S, Greve	100.0%			F
BWT SC	BWT (Seychelles) Limited, Victoria	100.0%	99.0%	BWT DK	F
			1.0%	BWT SE	F
BWT SE	BWT Vattenteknik AB, Malmö	100.0%	100.0%	BWT DK	F
BWT NO	BWT Birger Christensen AS, Rud	100.0%	100.0%	BWT DK	F
BWT FI	BWT Separtec OY, Raisio	100.0%	100.0%	BWT DK	F
BWT CN	BWT Water Technology (Shanghai) Co. Ltd., Shanghai	100.0%			F
BWT NL	BWT Nederland BV, Zoeterwoude	100.0%			F
BWT RU	OOO BWT, Moskau	80.0%			F
BWT UK	BWT UK Limited, High Wycombe	100.0%			F
PLS Hold	P & LS Holding GmbH, Mondsee	100.0%			F
Pharma DE	BWT Pharma & Biotech GmbH, Vaihingen	100.0%	100.0%	PLS Hold	F
Pharma SE	BWT Pharma & Biotech AB, Malmö	100.0%	100.0%	PLS Hold	F
Pharma CN	Christ Aqua Pharma & Biotech (Shanghai) Ltd, Shanghai	100.0%	100.0%	PLS Hold	F
WTA	WTA Wassertechnischer Anlagenbau Plauen GmbH, Plauen	49.0%	49.0%	BWT Pool AT	E
BWT Int AG	BWT International AG, Aesch				
Pharma CH	BWT Pharma & Biotech AG, Aesch				
BWT IE	Best Water Technology (Ireland) Ltd., Ashourne				

F = fully consolidated, E = At-Equity consolidated

As of December 31 2012, the scope of consolidation comprises the following companies:

Abbreviation	Company, location	Total in %	Indirectly in %	via	Consoli-dation
BWT AG	BWT Aktiengesellschaft, Mondsee				
BWT AT	BWT Austria GmbH, Mondsee	100.0%			F
Manufactur	Manufactur für Glas und Spiegel GmbH, Villach	100.0%	100.0%	BWT AT	F
BWT Pool AT	BWT Pool & Water Technology GmbH	100.0%			F
AS Bet	Aqua Service Beteiligungen GmbH, Mondsee	100.0%			F
IAM	IAM - Immobilien Asset Management GmbH, Mondsee	100.0%	100.0%	AS Bet	F
BWT GS	BWT Group Services GmbH, Mondsee	100.0%	100.0%	AS Bet	F
BWT MT Hold	BWT Malta Holdings Ltd., Msida	100.0%	100.0%	BWTGS	F
BWT Int Trad	BWT International Trading Ltd, Msida	100.0%	100.0%	BWT MT Hold	F
Arcana	Arcana Pool Systems GmbH, Gerasdorf	100.0%			F
BWT DE	BWT Wassertechnik GmbH, Schriesheim	100.0%			F
Fuma Tech	FuMA-Tech GmbH, St. Ingbert	100.0%	100.0%	BWT DE	F
W+M AT	BWT water + more GmbH, Mondsee	100.0%			F
W+M DE	BWT water + more Deutschland GmbH, Wiesbaden	100.0%	100.0%	BWT DE	F
W+M IT	BWT WATER & MORE ITALIA S.R.L., Bergamo	100.0%	99.8%	W+M DE	F
			0.2%	CCI	F
W+M ES	BWT Water and More Iberica S.L., Barcelona	100.0%	99.8%	W+M DE	F
			0.2%	Cilit ES	F
BWT HU	BWT Hungaria KFT, Budaörs	93.0%			F
Mimo	Mimo Park Kft, Budaörs	74.0%			F
hobbypool	hobby-pool technologies GmbH, Großzöberitz	100.0%	100.0%	BWT DE	F
BWT BE	BWT Belgium nv/sa, Zaventem	100.0%	100.0%	BWT DE	F
BWT FR	BWT France S.A.S., St. Denis	100.0%			F
BWT Aqua	BWT AQUA AG, Aesch	100.0%			F
CCI	Cillichemie Italiana S.R.L., Mailand	100.0%			F
Cilit ES	Cilit S.A., Barcelona	100.0%	100.0%	CCI	F
BWT PL	BWT Polska Sp.z.o.o., Warschau	100.0%			F
BWT UA	BWT Ukraine, Kiev	99.8%	99.8%	BWT PL	F
BWT CZ	BWT Ceska Republika s.r.o., Prag	100.0%			F
BWT DK	BWT HOH A/S, Greve	100.0%			F
BWT SC	BWT (Seychelles) Limited, Victoria	100.0%	99.0%	BWT DK	F
			1.0%	BWT SE	F
BWT SE	BWT Vattenteknik AB, Malmö	100.0%	100.0%	BWT DK	F
BWT NO	BWT Birger Christensen AS, Rud	100.0%	100.0%	BWT DK	F
BWT FI	BWT Separtec OY, Raisio	100.0%	100.0%	BWT DK	F
BWT CN	BWT Water Technology (Shanghai) Co. Ltd., Shanghai	100.0%			F
BWT NL	BWT Nederland BV, Zoeterwoude	100.0%			F
BWT RU	OOO BWT, Moskau	80.0%			F
BWT UK	BWT UK Limited, High Wycombe	100.0%			F
PLS Hold	P & LS Holding GmbH, Mondsee	100.0%			F
Pharma DE	BWT Pharma & Biotech GmbH, Vaihingen	100.0%	100.0%	PLS Hold	F
Pharma SE	BWT Pharma & Biotech AB, Malmö	100.0%	100.0%	PLS Hold	F
Pharma CN	Christ Aqua Pharma & Biotech (Shanghai) Ltd, Shanghai	100.0%	100.0%	PLS Hold	F
WTA	WTA Wassertechnischer Anlagenbau Plauen GmbH, Plauen	100.0%	100.0%	BWT AT	F
BWT Int AG	BWT International AG, Aesch	100.0%			F
Pharma CH	BWT Pharma & Biotech AG, Aesch	100.0%			F
BWT IE	Best Water Technology (Ireland) Ltd., Ashourne	100.0%			F

F = fully consolidated

Development of fixed assets (Appendix V.2.)

2013 in T€	ACQUISITION/PRODUCTION COST							
	1.1.2013	Currency difference	Reclassi-fication	Reclassifi-cation in accordance with IFRS 5	Additions	Disposals	Company disposals	31.12.13
Intangible assets	89,583.6	–63.5	411.2	0.0	1,994.8	6,043.6	945.8	84,936.7
Goodwill	33,663.1					1,489.0	263.4	31,910.6
Other intangible assets	55,920.5	–63.5	411.2	0.0	1,994.8	4,554.5	682.4	53,026.1
Concessions, rights, licenses	41,562.1	–59.4	411.2	0.0	1,519.1	4,454.5	569.5	38,409.1
Development costs	14,358.4	–4.1	0.0	0.0	475.7	100.0	113.0	14,617.0
Tangible assets	200,842.5	–969.2	–2,005.3	–4,285.5	34,992.6	4,976.9	6,949.1	216,649.3
Land and Buildings	99,127.6	–555.9	–1,510.5	–4,285.5	1,052.2	48.9	1,374.7	92,404.4
Land	24,510.3	–188.0	–237.0	–1,927.6	23.8	0.0	0.0	22,181.6
Buildings	74,617.3	–367.9	–1,273.5	–2,357.9	1,028.4	48.9	1,374.7	70,222.8
Technical equipment and machinery	44,656.1	–37.1	456.3	0.0	2,268.2	753.9	1,915.2	44,674.3
Factory and office equipment	40,760.9	–375.9	1,290.8	0.0	3,911.0	4,172.1	3,569.2	37,845.4
Prepayments and construction in progress	16,297.9	–0.3	–2,241.8	0.0	27,761.3	2.0	89.9	41,725.2
Investment property (IAS 40)	0.0	0.0	1,594.1	0.0	0.0	0.0	0.0	1,594.1
TOTAL	290,426.1	–1,032.7	0.0	–4,285.5	36,987.5	11,020.5	7,894.9	303,180.0

2012 in T€	ACQUISITION/PRODUCTION COST							
	1.1.2012	Currency difference	Reclassi-fication	Reclassifi-cation in accordance with IFRS 5	Additions	Disposals	Company disposals	31.12.12
Intangible assets	92,202.2	47.8	659.3	0.0	2,020.5	5,346.3	0.0	89,583.6
Goodwill	37,955.9	0.0	0.0	0.0	0.0	4,292.8	0.0	33,663.1
Other intangible assets	54,246.4	47.8	659.3	0.0	2,020.5	1,053.5	0.0	55,920.5
Concessions, rights, licenses	40,160.4	46.1	659.3	0.0	1,470.2	773.9	0.0	41,562.1
Development costs	14,086.0	1.7	0.0	0.0	550.3	279.6	0.0	14,358.4
Tangible assets	173,252.4	779.4	–659.3	0.0	34,411.2	6,941.1	0.0	200,842.5
Land and Buildings	85,531.9	460.4	3,739.0	0.0	11,572.5	2,176.2	0.0	99,127.6
Land	21,382.9	96.5	382.3	0.0	3,262.7	614.0	0.0	24,510.3
Buildings	64,149.0	363.9	3,356.7	0.0	8,309.8	1,562.2	0.0	74,617.3
Technical equipment and machinery	40,698.9	45.6	1,652.1	0.0	2,906.6	647.0	0.0	44,656.1
Factory and office equipment	39,362.2	272.5	537.2	0.0	4,707.0	4,118.0	0.0	40,760.9
Prepayments and construction in progress	7,659.4	0.8	–6,587.5	0.0	15,225.2	0.0	0.0	16,297.9
Investment property (IAS 40)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	265,454.6	827.2	0.0	0.0	36,431.7	12,287.4	0.0	290,426.1

AMORTIZATION/DEPRECIATION									BOOK VALUE	
1.1.2013	Currency difference	Reclassification	Reclassification in accordance with IFRS 5	Zugänge	Depreciations	Disposals	Company disposals	31.12.13	31.12.13	31.12.12
42,725.9	–42.2	0.0	0.0	4,471.0	3,243.7	6,038.7	544.3	43,815.4	41,121.3	46,857.7
4,673.9	0.0	0.0	0.0	0.0	1,377.2	1,489.0		4,562.0	27,348.6	28,989.2
38,052.0	–42.2	0.0	0.0	4,471.0	1,866.5	4,549.6	544.3	39,253.4	13,772.7	17,868.5
26,817.6	–38.0	0.0	0.0	3,585.0	1,866.5	4,449.6	499.9	27,281.4	11,127.7	14,744.6
11,234.4	–4.1	0.0	0.0	886.1		100.0	44.4	11,972.0	2,645.1	3,124.0
91,634.4	–401.2	–612.5	–1,021.8	10,095.3	0.0	4,752.6	5,741.6	89,199.9	127,449.3	109,208.1
30,571.1	–89.2	–612.5	–1,021.8	2,668.6	0.0	20.7	913.0	30,582.6	61,821.8	68,556.5
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	22,181.6	24,510.3
30,571.1	–89.2	–612.5	–1,021.8	2,668.6	0.0	20.7	913.0	30,582.6	39,640.2	44,046.1
30,554.8	–23.0	0.0	0.0	3,202.7	0.0	716.5	1,600.3	31,417.7	13,256.6	14,101.4
30,418.6	–289.1	0.0	0.0	4,224.0	0.0	4,015.5	3,138.4	27,199.6	10,645.7	10,342.3
89.9	0.0	0.0	0.0	0.0	0.0	0.0	89.9	0.0	41,725.2	16,208.0
0.0	0.0	612.5	0.0	11.5	0.0	0.0	0.0	624.0	970.1	0.0
134,360.2	–443.4	0.0	–1,021.8	14,577.8	3,243.7	10,791.3	6,286.0	133,639.3	169,540.7	156,065.8

AMORTIZATION/DEPRECIATION									BOOK VALUE	
1.1.2012	Currency difference	Reclassification	Reclassification in accordance with IFRS 5	Zugänge	Depreciations	Disposals	Company disposals	31.12.12	31.12.12	31.12.11
41,030.0	34.7	0.0	0.0	4,299.5	2,706.1	5,344.5	0.0	42,725.9	46,857.7	51,172.2
6,954.8	0.0	0.0	0.0	0.0	2,011.9	4,292.8	0.0	4,673.9	28,989.2	31,001.1
34,075.2	34.7	0.0	0.0	4,299.5	694.2	1,051.7	0.0	38,052.0	17,868.5	20,171.2
23,345.8	33.0	0.0	0.0	3,516.7	694.2	772.1	0.0	26,817.6	14,744.6	16,814.6
10,729.4	1.7	0.0	0.0	782.8	0.0	279.6	0.0	11,234.4	3,124.0	3,356.6
85,210.1	326.6	0.0	0.0	10,367.3	1,229.7	5,499.4	0.0	91,634.4	109,208.1	88,042.2
27,576.0	84.5	5.0	0.0	2,724.3	1,229.7	1,048.4	0.0	30,571.1	68,556.5	57,956.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	24,510.3	21,382.9
27,576.0	84.5	5.0	0.0	2,724.3	1,229.7	1,048.4	0.0	30,571.1	44,046.1	36,573.1
27,702.9	19.9	36.4	0.0	3,410.0	0.0	614.5	0.0	30,554.8	14,101.4	12,995.9
29,841.3	222.2	–41.4	0.0	4,233.0	0.0	3,836.5	0.0	30,418.6	10,342.3	9,520.9
89.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	89.9	16,208.0	7,569.5
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
126,240.2	361.3	0.0	0.0	14,666.8	3,935.8	10,843.8	0.0	134,360.2	156,065.8	139,214.5

Statement of all Legal Representatives

We confirm to the best of our knowledge that the 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 management report gives a true and fair view of the development and performance of the business and the position of the group, together with a description of the principal risks and uncertainties the group faces.

We confirm to the best of our knowledge that the separate financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the parent company as required by the applicable accounting standards and that the management report gives a true and fair view of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties the company faces.

Mondsee, 18th February 2014

Andreas Weissenbacher

Chief Executive Officer, responsible for Operations, R&D, Purchasing, Human Resources, Marketing and IR & PR.

Gerhard Speigner

Chief Financial Officer, responsible for Finance & Controlling, Treasury, IT, Legal Affairs, Taxes and Risk Management.

Auditor´s report (translation)*

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of BWT Aktiengesellschaft, Mondsee, for the fiscal year from January 1, 2013 to December 31, 2013. These consolidated financial statements comprise the consolidated balance sheet as of December 31, 2013, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the fiscal year ended December 31, 2013, and the notes.

Management's Responsibility for the Consolidated Financial Statements and for the Accounting System

The Company's management is responsible for the group accounting system and for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU, and the additional requirements under Section 245a UGB. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility and Description of Type and Scope of the Statutory Audit

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing, as well as in accordance with International Standards on Auditing (ISAs), issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as of December 31, 2013 and of its financial performance and its cash flows for the fiscal year from January 1, 2013 to December 31, 2013 in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU.

Comments on the consolidated Management Report

Pursuant to statutory provisions, the consolidated management report is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the consolidated management report is consistent with the consolidated financial statements and whether the disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

In our opinion, the consolidated management report is consistent with the consolidated financial statements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Linz, 18th February 2014

Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H.

Mag. Stefan Uher mp
Certified Auditor

ppa DI (FH) Hans Seidel mp
Certified Auditor

*) This report is a translation of the original report in German, which is solely valid. Publication of the consolidated financial statements together with our auditor's opinion may only be made if the consolidated financial statements and the consolidated management report are identical with the audited version attached to this report. Section 281 paragraph 2 UGB (Austrian Commercial Code) applies.

Supervisory Board Report

During the 2013 financial year, the Supervisory Board of BWT AG performed the duties required of it under the statutory provisions and the Company's statute. The Supervisory Board did not appoint any committees except for the Audit Committee. All tasks are performed by the Supervisory Board as a whole.

During the 2013 financial year, the Supervisory Board held four ordinary meetings at which it informed itself of the business position and plans of BWT AG and the BWT Group, and discussed and took decisions on company strategy and items of business requiring approval as per the Management Rules of Procedure. Ongoing communication between the Supervisory Board, the Management Board and the auditors was secured by two meetings of the Audit Committee (to which three of the five Supervisory Board members belong) as well as by the informal verbal and written exchange of information.

At the Audit Committee meeting at the beginning of March 2013, the annual financial statements of BWT Aktiengesellschaft as the controlling company of the Group and the consolidated financial statements of the BWT Group for the 2012 financial year were analysed in detail in conjunction with the Management Board and the auditors. The auditors also presented the results of their annual audits. The Audit Committee recommended that the whole Supervisory Board approve the annual financial statements of BWT AG and the BWT Group for 2012, which were presented to it, as well as the proposal on the appropriation of net profit. At the Audit Committee meeting held in October 2013, the scope, timetable and priorities for the upcoming 2013 annual audit were discussed and fixed.

During the course of its four ordinary meetings held in 2013, with a 95% attendance rate, in addition to the ongoing monitoring of business development and the most important results and business indicators within the Group, the BWT Supervisory Board also dealt with preparations for the Annual General Meeting, accompanying measures for the expansion of the Point of Use business and the ongoing major investment programmes in Mondsee, Austria, and Bietigheim-Bissingen, Germany. The Supervisory Board placed particular emphasis on the further development of risk management, including related quarterly reporting. The requirements in relation to the new enforcement provisions were also discussed. Key special projects in 2013 included the decision to dispose of the Neher business in Austria and the decision to largely withdraw from the Municipal Plant Engineering business in Germany. As is the case every year, the auditing and approval of next year's budget for the BWT Group was the focal point of the December meeting.

Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H., Linz, the auditors appointed on 23 May 2013 at the 23rd Ordinary Annual General Meeting, audited the annual financial statements, including the management report of BWT Aktiengesellschaft as at 31 December 2013, as well as the consolidated financial statements, and issued the following opinion on the basis of that audit:

a) Separate financial statements: "Our audit did not give rise to any objections. In our assessment, on the basis of findings obtained during the audit, the annual financial statements comply with the statutory regulations and provide a true and fair picture of the financial and asset position of BWT Aktiengesellschaft as at 31 December 2013, as well as of the results of the Company for the accounting year from 1 January 2013 to 31 December 2013, in accordance with the Austrian principles of adequate and orderly accounting." "In our opinion, the management report is congruent with the annual financial statements. The statement pursuant to § 243a UGB (Austrian Commercial Code) is appropriate."

b) Consolidated financial statements: "Our audit did not give rise to any objections. In our assessment, on the basis of findings obtained during the audit, the consolidated financial statements comply with the statutory regulations and provide a true and fair picture of the financial and asset position of the Group as at 31 December 2013, as well as of the results and cash flows of the Group for the accounting year from 1 January 2013 to 31 December 2013, in accordance with the International Financial Reporting Standards (IFRSs) applicable in the EU." "In our opinion, the Group's management report is congruent with the consolidated financial statements. The statement pursuant to § 243a UGB (Austrian Commercial Code) is appropriate."

The Supervisory Board approves the annual financial statements of BWT Aktiengesellschaft, as well as the consolidated financial statements as at 31 December 2013, drawn up by the Management Board. The accounts are therefore adopted in accordance with § 96 section 4 Aktiengesetz (Stock Corporation Act). Moreover, the Supervisory Board supports the proposal of the Management Board regarding the utilisation of the annual result.

Vienna, 6 March 2014

Dr. Leopold BEDNAR
Chairman of the Supervisory Board

Financial definitions

Book value per share	Equity per share
Capital costs	Price for the allocation of capital in a broader sense
Capital Employed (CE)	Average used capital in the company defined by equity + net debt
Cash Management	Management of currencies/equivalent net assets of a company with the objective of an efficient use of these assets keeping the company solvent
Depreciation	Depreciation for fixed assets considered in the income statement (profit and loss account)
EBIT	Earnings Before Interest and Taxes
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
EBIT- / EBITDA-margin	EBIT / EBITDA in relation to turnover
Equity ratio	Ratio of equity capital in relation to all assets (balance sheet total)
Equity return	Result after taxes in relation to average equity capital; indicates the equity yield rate
EPS	Earnings per Share; group results divided by the weighted number of shares minus own shares
Equity-method	Group accounting policy for interests for which the Group has a significant influence over their financial and operating policies.
Forward exchange transaction	Currency transaction, where the fulfillment takes place not immediately after transaction, but at a later time; for hedging changes in currency exchange rates
Gearing	Net debt in relation to equity capital inclusive minority interests; a measure for the amount of debt
Goodwill	Positive difference between the price and net assets of an acquired company
Hedging	Measures of financial risk management in order to limit or avoid negative market value changes in the interest, currency, market price or raw material prices
IFRS	International Financial Reporting Standards
Market capitalization	The number of shares multiplied by the share price.
Net debt	Balance from financial liabilities minus liquid assets
NOPAT	Net Operating Profit After Tax
Operational cashflow	Operating cashflow is a flow of funds that generates cash inflow from business operations within a period.
P/E	Price-earnings-ratio; measure for the valuation of a share on the equity market
Risk management	Systematic approach in order to identify and to evaluate potential risks and select and implement measures for risk handling
ROCE	"Return on Capital Employed"; NOPAT in relation to the capital employed = net yield on the capital employed: EBIT - group taxes in relation to average capital employed
Tax accruals/deferrals	Temporally deviating estimated values in IFRS accounting and tax accounting of the subsidiaries and from consolidation procedures
Treasury	Company function for securing the financing, the financial risk and cash management (see there) of the company

Water technology definitions

Absorption	Uptake or dissolving of one substance in another. In the process, substances taken up penetrate into the sorbent.
Adsorption	Accretion of gases or dissolved substances on the surface of a solid substance. This enrichment takes place on the surface only, and is caused by van der Waals' forces. An example is the adsorption of pesticides from water on activated carbon.
Activated carbon	Collective term for a group of synthesized, porous carbons with a spongy structure. This highly porous pure carbon is characterized by a large specific surface area (up to 1100 m^2 per gram). Activated carbon adsorbs organic matters from water and air.
Disinfection	Disinfection means the gradation or inactivation of pathogenic microorganisms by chemical agents (disinfectants) or physical processes resulting in disinfection (heat [e.g. steam of 100°C, boiling water], ultraviolet radiation - UV disinfection, ionising radiation).
Softening	Hardness components (calcium ions) are exchanged for sodium ions with the aid of ion exchange resins which after depletion are regenerated back by sodium chloride solution. As the sodium salts formed in this way are easily water soluble, no limescale deposits develop in devices or pipes in the process of water heating. The new BWT Mg^{2+} technology replaces Sodium with Magnesium and improves the taste.
Desalination	Process leading to elimination of dissolved ionic compounds from water by ion exchange, reverse osmosis or electrodialysis.
Deacidification	Refers almost exclusively to the elimination of aggressive carbonic acid which is aggressive to materials and can dissolve metals (iron, lead, zinc, cadmium, copper) from water pipes.
Filtration	Mechanical separation process resulting in separation of a suspension in its components, solid and liquid. As filter material, porous materials e.g. silica sand, filter cloths etc. are used.
Flocculation	Synthetic formation of flocs. In the process, colloids and other particles suspended in water, as e.g. alumina or sludge particles are removed. These particles mostly carry an electric charge, thus they must be destabilized before their separation by adding a flocculating agent.
Hardness	The quantity of hardness components in water, i.e. the sum of carbonate and non-carbonate hardness. Hardness components are primarily the ions of the alkaline earth metal calcium, because they form hardly soluble deposits with carbonate and partly also with sulfations (the metals barium, strontium und radium which are also counted among the alkaline earth group occur in natural waters mostly in trace amounts only). In natural waters, carbonate hardness constitutes the main part of the total hardness. It is consistent with the proportion of alkaline earth ions which are present in water as hydrocarbonate and carbonate. The residual hardness components which are present e.g. as sulphates or chlorides are referred to as non-carbonate hardness.
Hard water	Hard water causes calcination of domestic appliances, increases the consumption of detergents, affects the taste and look of sensitive meals and drinks (e.g. tea). Hard water originates from regions in which sandstones and limestones predominate.
Lime and carbonic acid equilibrium	Calcite saturation; formerly: lime and carbonic acid equilibrium. The state of calcite or calcium carbonate saturation in water is achieved when in contact with calcite it tends neither to dissolve nor to precipitate calcium carbonate. If, due to carbonic acid excess, a water falls below its own pH-value of calcite saturation, it has a calcite dissolving effect; in contrast, if the pH-value is exceeded, it causes oversaturation (calcite precipitation). According to the provisions of the Drinking Water Directive, drinking water should not be calcite dissolving, otherwise calcareous materials (e.g. concrete) may be attacked, moreover, the formation of protective layer on metallic surfaces is inhibited. Hence, it is necessary to remove excessive carbonic acid from calcite-dissolving drinking water by deacidification.
Bacterial count	Colony count; expression for the number of visible and countable germinal colonies which have grown from a liquid or solid substance containing bacteria after incubation by mixing with a first liquefied, and then re-solidified medium.

Corrosion	Chemical reactions which develop when metalic materials come into contact with water are called corrosion. The most noted form of corrosion is the formation of rust on iron and metal. For instance, a corrosion form of copper is known by the name of verdigris.
Legionella	Legionellas are rod-shaped bacteria. Apart from legionella pneumophila, the most important species from epidemiological perspective, there are more than 30 further species of which at least 17 are "human pathogenic".
Membranes	Natural or synthesized flat formations which are able to separate fluid phases or even two volumes of a phase with different composition from each other, and their ability consists in enabling mass transfer between them. Depending on the dividing line, a distinction is made between microfiltration, ultrafiltration, nanofiltration and reverse osmosis.
Microfiltration	Membrane separation process (pore size 0.05 to 1.0 µm; usually 0.2 µm) with low pressure (0.5 to 1.5 bar). Both particles and bacteria can be retained.
Nanofiltration	Is a special membrane separation process which retains particles from the size of ca. 1 nanometre (1 nm).
Oxidation	In the process of chemical oxidation, the element or compound oxidised releases electrons and changes into a higher valence stage. Generally speaking, oxidation means the uptake of oxygen. Typical oxidation reactions in water treatment technology are iron and manganese removal, wastewater from chemical and electroplating industries, but also the reduction of organic ingredients.
Ozone	Oxygen molecule formed by three oxygen atoms. It is the strongest oxidising agent used in water treatment which is durable for a short time only.
pH-value	Measured value for the hydrogen ion concentration contained in aqueous solutions, thus the measure for the acid, neutral or basic reaction of a solution. The pH-value ranges from 0 to 14. Acids have a pH-value below 7, and bases above 7. Water in its original form has a pH-value of 7 (neutral). According to the Drinking Water Directive, drinking water must not show a pH-value below 6.5, and not above 9.5.
Process water	Water for the operation or maintenance of an industrial process; the water can come into direct contact with other substances and partly dissolve them or take up undissolved. The requirements on the quality of process water depend on the particular process.
Ultrapure water	Ultrapure water: Highly purified water used, for example, in pharmaceutical applications. According to the European Pharmacopeia, this water must have an electrical conductivity (mass of dissolved salts) of less than 1.1µS/ cm. The manufacturing processes of reverse osmosis and distillation are used.
Pure water	Purified water manufactured by means of ion exchangers, reverse osmosis systems or distillation which still shows a certain residual salt content (e.g. 1 µS/cm or more).
Drinking water	Water which is suitable for human consumption/use and complies with the Drinking Water Directive is referred to as drinking water. The drinking water requirements are defined in EU Guidelines and in the Drinking Water Directive.
Ultrafiltration	Membrane separation process (pore size ca. 0.005 to 0.05 µm) under pressure (2 to 10 bar). Particles from submicron range (bacteria, viruses, giardias, cryptosporidia) through to macromolecules can be retained.
Reverse osmosis	Membrane separation process; salt concentrate (brine) forming on the water side of pipes is discharged as wastewater. Water which flowed through the membrane (permeate) is low in salt. The retention rate for dissolved salts amounts 95 to 99%.
UV irradiation	Ultraviolet (UV) radiation is a short-wave, energy-rich, electromagnetic radiation unvisible for the human eye which is used for disinfection in drinking water treatment.

BWT Group Locations

Headquarters

BWT Aktiengesellschaft
A-5310 Mondsee
Walter-Simmer-Straße 4
Tel.: +43/6232/5011-0
Fax: +43/6232/4058
E-Mail: office@bwt-group.com
www.bwt-group.com
www.bwt.at

BWT locations

AUSTRIA

BWT Austria GmbH
A-5310 Mondsee
Walter-Simmer-Straße 4
Tel.: +43/6232/5011-0
Fax: +43/6232/4058
E-Mail: office@bwt.at
www.bwt.at

BWT water + more GmbH
A-5310 Mondsee
Walter-Simmer-Straße 4
Tel.: +43/6232/5011-0
Fax: +43/6232/4058
E-Mail: infowm@bwt-group.com
www.bwt.at

BWT Pool & Water Technology GmbH
A-5310 Mondsee
Walter-Simmer-Straße 4
Tel.: +43/6232/5011-0
Fax: +43/6232/4058
E-Mail: office@bwt.at
www.bwt.at

arcana pool systems gmbh
A-2201 Gerasdorf bei Wien
Brünner Straße 186
Tel.: +43/2246/28555-0
Fax: +43/2246/28555-10
E-Mail: office@arcanapoolsystems.at
www.arcanapoolsystems.com
www.mypool.at

BELGIUM

BWT Belgium NV/SA
B-1930 Zaventem
Leuvensesteenweg 633
Tel.: +32/2/758 03 10
Fax: +32/2/758 03 33
E-Mail: bwt@bwt.be
www.bwt.be

Office:
BWT water+more Belgium NV
B-1930 Zaventem
Leuvensesteenweg 633
Tel.: +32/2/758 03 10
Fax: +32/2/758 03 33
E-Mail: info.water-and-more@bwt.be
www.bwtwaterandmore.com

DENMARK

BWT HOH A/S
DK-2670 Greve
Geminivej 24
Tel.: +45/43/600 500
Fax: +45/43/600 900
E-Mail: bwt@bwt.dk
www.bwt.dk

Office:
water+more Denmark
c/o BWT HOH A/S
DK-2670 Greve
Geminivej 24
Tel.: +45/43/600 500
Fax: +45/43/600 900
www.bwt.dk
www.waterandmore.dk

GERMANY

BWT Wassertechnik GmbH
D-69198 Schriesheim
Industriestraße 7
Tel.: +49/6203/73-0
Fax: +49/6203/73-102
E-Mail: bwt@bwt.de
www.bwt.de

BWT water+more Deutschland GmbH
D-65183 Wiesbaden
Spiegelgasse 13
Tel.: +49/611/580 19-0
Fax: +49/611/580 19-22
E-Mail: info@water-and-more.de
www.bwt-water-and-more.com

FuMA-Tech Gesellschaft für funktionelle Membranen und Anlagentechnologie GmbH
D-74321 Bietigheim-Bissingen
Carl-Benz-Straße 4
Tel.: +49/7142/37 37-900
Fax: +49/7142/37 37-999
E-Mail: office@fumatech.de
www.fumatech.de

BWT Pharma & Biotech GmbH
D-74321 Bietigheim-Bissingen
Carl-Benz-Straße 4
Tel.: +49/7142/37 37-500
Fax: +49/7142/37 37-700
E-Mail: office@bwt-pharma.com
www.bwt-pharma.com

FINLAND

BWT Separtec Oy
FI-21201 Raisio
P.O. Box 19
Varppeenkatu 28
Tel.: +358/2/4367-300
Fax: +358/2/4367-355
E-Mail: info@bwtwater.fi
www.bwtwater.fi

FRANCE

BWT France SAS
F-93206 Saint-Denis Cedex
103, rue Charles Michels
Tel.: +33/1/49 22 45-00
Fax: +33/1/49 22 45-45
E-Mail: bwt@bwt.fr
www.bwt.fr

Office:
BWT PERMO
F-93206 Saint-Denis Cedex
103, rue Charles Michels
Tel.: +33/1/49 22 46-46
Fax: +33/1/49 22 46-50
E-Mail: bwt@bwt.fr
www.bwtpermo.fr

Office:
Cillit
F-67013 Strasbourg Cedex
15 a, Avenue de l'Europe
B.P. 80045 - Schiltigheim
Tel.: +33/3/90 20 04 20,
Fax: +33/3/88 83 50 90
E-Mail: cillit@cillit.tm.fr
www.cillit.tm.fr

Office:
BWT France SAS
Division water+more
F-93206 Saint-Denis Cedex
103, rue Charles Michels
Tel.: +33/1/49 22 27-20
Fax: +33/1/64 77 25-03
E-Mail: info@water-and-more.de
www.bwt-wam.com

ITALY

Cillichemie Italiana Srl
I-20129 Milano, Via Plinio, 59
Tel.: +39/02/2046343
Fax: +39/02/201058
E-Mail: cillichemie@cibemi.it
www.cillichemie.com

BWT water+more Italia Srl
I-24124 Bergamo
Viale Giulio Cesare 20
Tel.: +39/035/210738
Fax: +39/035/3830272
www.water-and-more.com

MALTA

BWT International Trading Ltd.
Tower Gate Place, Tal-Qroqq Street
Msida MSD 1703, Malta
Tel.: +356/2131/3060
Fax: +356/2131/3064
E-Mail: International.trading@bwtmalta.com.mt

NETHERLANDS
BWT Nederland B.V.
NL-2382 NA Zoeterwoude
Energieweg 9
Tel.: +31/0/88 750 9000
Fax: +31/0/88 750 9090
E-Mail: sales@bwtnederland.nl
www.bwtnederland.nl

NORWAY
BWT Birger Christensen AS
N-1386 Asker
Røykenveien 142 A

Postanschrift:
N-1371 Asker
P.O. Box 136
Tel.: +47/67/17 70 00
Fax: +47/67/17 70 01
E-Mail: info@bwtwater.no
www.hoh.no

POLAND
BWT Polska Sp. z o.o.
PL 01-304 Warszawa
ul. Połczyńska 116
Tel.: +48/22/533 57 00
Fax: +48/22/533 57 19
E-Mail: bwt@bwt.pl
www.bwt.pl

RUSSIA
OOO BWT
129 301 Moscow
Ul. Kasatkina 3A
Russische Föderation
Tel.: +7/495/686 6264
Fax: +7/495/686 7465
E-Mail: info@bwt.ru
www.bwt.ru

SWEDEN
BWT Vattenteknik AB
P.O. Box 9226
S-200 39 Malmö (Postadresse)
Kantyxegatan 25A
S-213 76 Malmö (Warenanlieferung)
Tel.: +46 40 691 45 00
Fax: +46 40 21 20 55
E-Mail: info@bwtwater.se
www.bwtwater.se

BWT Pharma & Biotech AB
Kantyxegatan 25A
P.O. Box 9226
S-213 76 Malmö
Tel.: +46/4031/5440
Fax: +46/4031/5449
E-Mail: nordic@bwt-pharma.com
www.bwt-pharma.com

SWITZERLAND
BWT AQUA AG
CH-4147 Aesch / BL
Hauptstraße 192
Postfach 127
Tel.: +41/61/755 88 99
Fax: +41/61/755 88 90
E-Mail: info@bwt-aqua.ch
www.bwt-aqua.ch, www.bwt-aquadrink.ch

SPAIN
Cilit SA
E-08940 Cornellá de Llobregat, Barcelona
Silici, 71
Poligono Industrial del Este
Tel.: +34/934/740 494
Fax: +34/934/744 730
E-Mail: cilit@cilit.com
www.cilit.com

BWT water and more Ibérica S.L.
E-08302 Mataró (Barcelona)
Av. Ernest Lluch, 32
TCM 2, Planta 5ª – Oficina 1
Tel.: +34/93/702 32 04
Fax: +34/93/702 32 05
www.water-and-more.com

CZECH REPUBLIC
BWT Česká republika s.r.o.
CZ-251 01 Říčany
Lipová 196 – Čestlice
Tel. +420/272/680 300
Fax +420/272/680 299
E-Mail: office@bwt.cz
www.bwt.cz

HUNGARY
BWT Hungária Kft.
Keleti utca 7
2040 Budaörs (Budapark) Hungary
Tel.: +36/23/430 480
Fax: +36/23/430 482
E-Mail: bwt@bwt.hu
www.bwt.hu

UKRAINE
BWT Ukraine Ltd.
UA 03680 Kiev, Ukraine
8, Radyshcheva Lane
Tel.: +38/044/390 76 18
Fax: +38/044/390 76 19
E-Mail: info@bwt.ua
www.bwt.ua

UNITED KINGDOOM OF GREAT BRITAIN
AND NORTHERN IRELAND
BWT UK Limited
BWT House, The Gateway Centre,
Coronation Road, High Wycombe
Buckinghamshire. HP12 3SU
United Kingdom
Tel.: +44/0/1494/838100
Fax: +44/0/1494/838101
E-Mail: enquiries@bwt-uk.co.uk
www.bwt-uk.co.uk

Office:
BWT United Kingdom
Division water+more
BWT House, The Gateway Centre,
Coronation Road, High Wycombe
Buckinghamshire. HP12 3SU
United Kingdom
Tel.: +44/0/1494/838100
Fax: +44/0/1494/838104
E-Mail: info@water-and-more.uk
www.bwt-wam.com

CHINA
BWT Water Technology (Shanghai) Co., Ltd.
No. 248, Xintuan Rd., Building #12,
Qingpu Ind. Zone, 201707 Shanghai, P.R.C.
Tel.: +86/21/5986 7100
Fax: +86/21/5986 7201
E-Mail: info@bwt.cn
www.bwt-pharma.com

Financial Calendar 2014

09.05.2014............ First Quarter results 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............ Third Quarter results 2014

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Offset 5020 Druckerei & Verlag GmbH
Bayernstrasse 27
5071 Wals-Siezenheim

Information and Inquiries:
BWT Aktiengesellschaft
A-5310 Mondsee
Walter-Simmer-Strasse 4
Phone: +43-6232-5011-1113
Fax: +43-6232-5011-1109
E-Mail: investor.relations@bwt-group.com
www.bwt-group.com