

Water Technologies for a Better Life



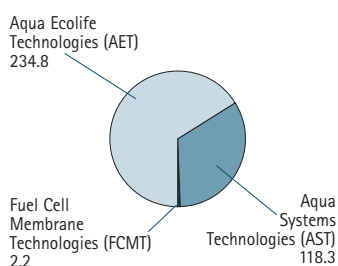
SHAREHOLDER-  
INFORMATION  
on the 3<sup>rd</sup> quarter of 04

## BWT Group continues on road to success Sales increase by 20.8%, consolidated earnings up by 91.4%

The BWT Best Water Technology Group, European market leader in water treatment, has closed the third quarter with clear increases in sales and earnings as against the previous year and expects record results for the 2004 financial year. In particular, the Aqua Ecolife Technologies (AET) segment has contributed to this positive development.

In the first nine months of this year, consolidated BWT Group sales exceeded the previous year's by 20.8%, with total sales of € 355.3 million (2003: € 294.1 million). The Aqua Ecolife Technologies segment grew by 22.3% to € 234.8 million and Aqua Systems Technologies business by 16.0% to € 118.3 million. In the Fuel Cell Membrane Technologies segment, the turnover was € 2.2 million. In the third quarter, sales amounted to € 112.6 million in total (2003: € 100.7 million), therefore marking growth of 11.9%.

**Sales: € 355.3 million,  
+20.8% y.o.y.**



Sales in € million	Qu. 1-3/2004	Qu. 1-3/2003	+/- %
Aqua Ecolife Technologies (AET)	234.8	191.9	+22.3%
Aqua Systems Technologies (AST)	118.3	102.0	+16.0%
Fuel Cell Membrane Technologies (FCMT)	2.2	0.2	x
<b>Total</b>	<b>355.3</b>	<b>294.1</b>	<b>+20.8%</b>

The clear increase in sales in the AET segment has been derived on the one hand from Scandinavian HOH, which was acquired in July 2003 and successfully integrated into the BWT Group; by the end of September of 2004, it had already contributed € 27.3 million to Group sales. Especially encouraging is the fact that organic market growth amounted to 8%. BWT companies in Germany, France and Belgium have strengthened their leading market positions and achieved double-digit growth. The service and spare parts business, a strategic focus for BWT, increased by 35% on the previous year and now represents more than 18% of sales in the AET segment.

Positive developments in the Aqua Systems Technologies (AST) industrial segment during the first half of 2004 did not continue into the third quarter. At € 35 million, sales were slightly under the previous year's level and pressure on margins for industrial plant construction remains high.

In the Fuel Cell Membrane Technologies (FCMT) segment, Fumatech GmbH, a pioneer in research and development as well as in the production of membranes for fuel cells, generated a turnover of € 2.2 million (2003: € 0.2 million). The largest proportion of this was achieved with special membrane technology plants. However, the industrialisation of fuel cells is not to be expected in the short term.

**Order book level: € 113.4 million,  
-2.1% y.o.y.**

In the third quarter, the order intake remained below expectations due to the deferment of important investment decisions in the AST segment; as a result, at € 113.4 million, the order book level of the BWT Group on 30 September 2004 was around 2.1% below the comparative figure for the previous year.

**Order intake: € 364.0 million,  
+24.9% y.o.y.**

For the AET segment in the first nine months of this year, the order intake with a total of € 241.6 million shows 20% growth on the previous year. In the AST segment, an increase from € 90 million to € 120 million (+33%) was achieved, contributed to in particular by order intakes from the pharmaceutical and semiconductor industries. For the fourth quarter of 2004, a distinct improvement in the order intake in comparison with the third quarter is being anticipated for the AST segment, due to the high number of offers submitted to clients.

**EBIT € 21.6 million,  
+81.1% y.o.y.**

BWT was able to continue the encouraging EBIT growth of the first half of the year, with an increase on the previous year of more than 80%. This is the result of earnings development in the AET segment, where the previous year's figure was exceeded by 23.5%, or € 27.1 million (11.5% of sales). In the third quarter, EBIT reached 12.3% of sales at € 9.4 million. The increase in earnings in France and Germany resulting from this sales performance, as well as the successful HOH integration, made this encouraging performance possible. In the AST segment, low operating performance in the third quarter led to an operating loss of some € 4 million. In the FCMT segment, the operating loss was distinctly reduced in comparison with the previous year as a result of earnings achieved in the membrane plant business, despite development activity being continued at a high level.

EBIT in € million	Qu. 1-3/2004	Qu. 1-3/2003	+/- %
Aqua Ecolife Technologies (AET)	27.071	21.928	+23.5%
Aqua Systems Technologies (AST)	-5.031	-9.181	+45.2%
Fuel Cell Membrane Technologies (FCMT)	-0.472	-0.866	+45.5%
Aqua Finance (AFI)	-0.012	0.022	x
<b>Total</b>	<b>21.556</b>	<b>11.903</b>	<b>+81.1%</b>

Inventory changes taken into account, the cost of material increased by 45.1% to 47.1% of sales, whereas fixed costs declined in relation to sales. Personnel costs were reduced from 31.4% to 29.7%, depreciation from 3.4% to 2.9%. The net total of other operating expenses and earnings declined from 16.0% to 14.3% of sales. EBIT for the Group increased about 81.1% (€ 21.6 million, 2003: € 11,9 million) to 6.1% of sales, compared with 4.0% in the same period of the previous year.

**Consolidated earnings € 12.0,  
+91.4% y.o.y.**

The financial result improved by 18.2% to € -1.3 million; earnings before tax at € 20.3 million (2003: € 10.3 million) almost doubled as against the previous year. The consolidated tax ratio increased from 38% to 40%, whereby earnings after tax of € 12.1 million were about 87.6% above the previous year's figure of € 6.4 million. Consolidated earnings after minorities rose by 91.4% to € 12.0 million and earnings per share were € 0.67 (PY: € 0.35).

**Cash flow from the result € 21.2 million  
(PY: € 16.3 million)**

Improved consolidated earnings led to an increased cash flow from the result of 30% to € 21.2 million (2003: € 16.3 million). Changes in working capital remained neutral despite the noticeably higher sales. Consequently, at € 20.1 million cash flow from operations was at the same level as in the previous year. The intensified investment activity and the payment of a dividend of € 4.3 million resulted in net debt of just under € 80 million. Gearing was further improved to 60.3% (2003: 69.2%). Group equity as of 30 September 2004 increased by 7.5% to € 132.5 million, therefore amounting to 35.1% of the balance sheet total.

**Cash flow from operations € 20.1 million  
(PY: € 20.1 million)**

**Gearing improved to 60.3%**

**Investments in fixed assets of € 4.7 million  
(PY: € 3.8 million)**

By September, BWT Group had invested a total of € 4.7 million in fixed assets – 24% more than in the previous year. € 3.3 million of this was in the AET segment, € 1.1 million in the AST segment and € 0.3 million in the fuel cell segment. The most important investment projects for the current year are the setting up of a modern customer service center at BWT Germany, further upgrading of IT equipment and the acquisition of test facilities for fuel cell membranes.

**Number of employees  
as of 30 September 2004: 2,723**

As of the end of September, the total number of employees in BWT Group amounted to 2,723. One year ago, 2,454 people were employed and on 31 December 2003, this figure was 2,688. 1,954 people (2003: 1,714) were employed in the AET segment, 757 (2003: 726) were employed in the AST segment and 12 (2003: 14) in the FCMT segment. The increase in comparison with the previous year is attributable to the acquisition of HOH and the expansion of AST operations in Asia.

**Outlook: targets (€ 450 million sales, € 15 million consolidated earnings) will be exceeded**

The Management Board anticipates consolidated Group sales of more than € 450 million for the current financial year and consolidated earnings of more than € 15 million. This means that the original forecasts for 2004 will be exceeded and record earnings in the history of BWT achieved. On the basis of this encouraging earnings outlook and in line with current dividend policy, the Management Board will propose to the next Annual General Meeting that the dividend be increased from previously € 0.24 per share to € 0.27 per share (+12.5%).

For the Aqua Ecolife Technologies segment, in addition to the growth attributable to the consolidation of HOH – consolidation took effect as of 1 July 2003 – an increase distinctly above that of European market developments is to be expected for the current financial year. In particular, positive developments in Germany and France and promising new developments in drinking water and industrial water treatment systems are contributing to these sales developments, which are the basis for further sustainable increases in earnings for the AET segment.

In the underperforming AST segment, Group organisation will be adjusted in order to meet market requirements. The Pharma & Life Science segment, Semiconductor and Power business (ultra pure water), the Food & Beverage segment and the municipal business will be run in future as separate legal and organisational business units within the AST segment. A turnaround in the AST segment will be spurred on in particular through an increased focus on the pharmaceutical industry as well as on the service business throughout all segments, so that noticeably positive earnings should be generated once again in 2005.

Mondsee, November 2004

The Management Board



Andreas Weissenbacher  
Chief Executive Officer



Gerhard Speigner  
Chief Financial Officer



Karl Michael Millauer  
Chief Operating Officer

## Consolidated profit and loss account for the first three quarters

in € 1000's	Qu. 1-3/2004		Qu. 1-3/2003		+/- %
	Amount	%	Amount	%	
SALES	355,331.8	100.0	294,145.6	100.0	20.8
Other operating income	3,334.5	0.9	2,416.6	0.8	38.0
Changes in inventory of finished and unfinished products	2,206.9	0.6	-137.7	0.0	-1.702.7
Other capitalised labour, overheads and material	491.7	0.1	1,026.4	0.3	-52.1
Cost of materials	-169,518.3	-47.7	-132,619.8	-45.1	27.8
Personnel costs	-105,422.9	-29.7	-92,475.4	-31.4	14.0
Depreciation of fixed assets	-7,797.8	-2.2	-7,703.2	-2.6	1.2
Depreciation of goodwill	-2,335.2	-0.7	-2,268.0	-0.8	3.0
Other operating expenses	-54,735.1	-15.4	-50,481.1	-17.2	8.4
<b>RESULT FROM OPERATING ACTIVITIES</b>	<b>21,555.6</b>	<b>6.1</b>	<b>11,903.4</b>	<b>4.0</b>	<b>81.1</b>
Result from interest	-1,892.2	-0.5	-1,974.6	-0.7	-4.2
Income from group companies	589.3	0.2	381.6	0.1	54.4
<b>EARNINGS BEFORE TAX</b>	<b>20,252.7</b>	<b>5.7</b>	<b>10,310.4</b>	<b>3.5</b>	<b>96.4</b>
Taxes on income	-8,196.3	-2.3	-3,883.5	-1.3	111.1
<b>EARNINGS AFTER TAX</b>	<b>12,056.4</b>	<b>3.4</b>	<b>6,426.9</b>	<b>2.2</b>	<b>87.6</b>
Income from minority shareholders	-98.7	0.0	-179.0	-0.1	x
<b>RESULT FROM ORDINARY BUSINESS ACTIVITIES</b>	<b>11,957.7</b>	<b>3.4</b>	<b>6,247.9</b>	<b>2.1</b>	<b>91.4</b>
Extraordinary positions	0.0	0.0	0.0	0.0	x
<b>CONSOLIDATED EARNINGS</b>	<b>11,957.7</b>	<b>3.4</b>	<b>6,247.9</b>	<b>2.1</b>	<b>91.4</b>
Earnings per share (in €)		0.67		0.35	91.4
Average number of outstanding shares		17,833,500		17,833,500	

## Segment results

in € 1000's	Qu. 1-3/2004			Qu. 1-3/2003		
	Sales	EBIT	%	Sales	EBIT	%
Aqua Ecolife Technologies	234,781	27,071	11.5	191,953	21,928	11.4
Aqua Systems Technologies	118,289	-5,031	-4.3	101,967	-9,181	-9.0
Fuel Cell Membrane Technologies	2,262	-472	x	226	-866	x
Aqua Finance	0	-12	x	0	22	x
<b>BWT Group</b>	<b>355,332</b>	<b>21,556</b>	<b>6.1</b>	<b>294,146</b>	<b>11,903</b>	<b>4.0</b>

## Consolidated profit and loss account for the third quarter

in € 1000's	3 <sup>rd</sup> quarter 2004		3 <sup>rd</sup> quarter 2003		+/- %
	Amount	%	Amount	%	
SALES	112,633.9	100.0	100,688.9	100.0	11.9
Other operating income	1,324.0	1.2	532.6	0.5	148.6
Changes in inventory of finished and unfinished products	361.2	0.3	-616.3	-0.6	-158.6
Other capitalised labour, overheads and material	179.2	0.2	713.7	0.7	-74.9
Cost of materials	-54,083.6	-48.0	-50,555.7	-50.2	7.0
Personnel costs	-34,102.6	-30.3	-30,664.4	-30.5	11.2
Depreciation of fixed assets	-2,371.3	-2.1	-2,633.7	-2.6	-10.0
Depreciation of goodwill	-767.7	-0.7	-756.0	-0.8	1.5
Other operating expenses	-17,906.2	-15.9	-13,804.8	-13.7	29.7
<b>RESULT FROM OPERATING ACTIVITIES</b>	<b>5,266.9</b>	<b>4.7</b>	<b>2,904.3</b>	<b>2.9</b>	<b>81.3</b>
Result from interest	-547.1	-0.5	-677.2	-0.7	-19.2
Income from group companies	339.5	0.3	306.7	0.3	10.7
<b>EARNINGS BEFORE TAX</b>	<b>5,059.3</b>	<b>4.5</b>	<b>2,533.8</b>	<b>2.5</b>	<b>99.7</b>
Taxes on income	-1,886.9	-1.7	-847.1	-0.8	122.7
<b>EARNINGS AFTER TAX</b>	<b>3,172.4</b>	<b>2.8</b>	<b>1,686.7</b>	<b>1.7</b>	<b>88.1</b>
Income from minority shareholders	45.5	0.0	-25.4	0.0	x
<b>RESULT FROM ORDINARY BUSINESS ACTIVITIES</b>	<b>3,217.9</b>	<b>2.9</b>	<b>1,661.3</b>	<b>1.6</b>	<b>93.7</b>
Extraordinary positions	0.0	0.0	0.0	0.0	x
<b>CONSOLIDATED EARNINGS</b>	<b>3,217.9</b>	<b>2.9</b>	<b>1,661.3</b>	<b>1.6</b>	<b>93.7</b>
Earnings per share (in €)		0.18		0.09	93.7
Average number of outstanding shares		17,833,500		17,833,500	

## Segment results

in € 1000's	3 <sup>rd</sup> quarter 2004			3 <sup>rd</sup> quarter 2003		
	Sales	EBIT	%	Sales	EBIT	%
Aqua Ecolife Technologies	76,658	9,438	12.3	64,692	6,802	10.5
Aqua Systems Technologies	35,138	-4,117	-11.7	35,952	-3,631	-10.1
Fuel Cell Membrane Technologies	838	-19	x	45	-252	x
Aqua Finance	0	-35	x	0	-15	x
<b>BWT Group</b>	<b>112,634</b>	<b>5,267</b>	<b>4.7</b>	<b>100,689</b>	<b>2,904</b>	<b>2.9</b>



## Changes in shareholders' equity

in € 1000's	Share capital	Capital reserve	Earnings reserve	Difference from currency translation	Total
<b>As of 31 December 2003</b>	<b>17,833.5</b>	<b>17,095.8</b>	<b>90,431.2</b>	<b>-1,056.6</b>	<b>124,303.9</b>
Consolidated income	0.0	0.0	11,957.7	0.0	11,957.7
Dividend payment	0.0	0.0	-4,280.0	0.0	-4,280.0
Currency translation	0.0	0.0	0.0	389.8	389.8
Capital increase	0.0	0.0	0.0	0.0	0.0
Claims - minorities	0.0	0.0	105.6	0.0	105.6
<b>As of 30 September 2004</b>	<b>17,833.5</b>	<b>17,095.8</b>	<b>98,214.5</b>	<b>-666.8</b>	<b>132,477.0</b>

in € 1000's	Share capital	Capital reserve	Earnings reserve	Difference from currency translation	Total
<b>As of 31 December 2002</b>	<b>17,833.5</b>	<b>17,095.8</b>	<b>87,040.1</b>	<b>1,427.2</b>	<b>123,396.6</b>
Consolidated income	0.0	0.0	6,247.9	0.0	6,247.9
Dividend payment	0.0	0.0	-4,280.0	0.0	-4,280.0
Currency translation	0.0	0.0	0.0	-2,128.2	-2,128.2
Capital increase	0.0	0.0	0.0	0.0	0.0
Claims - minorities	0.0	0.0	41.4	0.0	41.4
<b>Stand 30. 9. 2003</b>	<b>17,833.5</b>	<b>17,095.8</b>	<b>89,049.4</b>	<b>-701.0</b>	<b>123,277.7</b>

### Financial Calendar 2005:

2004 Preliminary Results	03 March 2005
2004 Annual Results	08 April 2005
Annual General Meeting	20 May 2005, Vienna
Ex-dividend date	25 May 2005
Dividend payment	30 May 2005
Letter to Shareholders I/2005	13 May 2005
Letter to Shareholders II/2005	05 August 2005
Letter to Shareholders III/2005	11 November 2005

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