

Planning. Together.

Annual Report 2015/16







The **WTE Group** plans, builds, finances and operates facilities for waste water disposal, drinking water supply and energy generation.

As one of **Europe's leading full-service suppliers**, we possess a unique set of know-how. We employ our knowledge to create **future-assured solutions** that set international standards in terms of energy efficiency, use of resources and investment costs.

Our objective of building facilities that operate efficiently, while at the same time being ecologically compatible, is attained by **effectively blending the elements of Water and Energy**. We assure the usability of the energy sources along the entire process chain. This enables the facilities to be operated in an **energy self-sufficient and energy-saving way** and even to feed energy into the national grid system.

We feel committed and bound to this sustainable approach, having already implemented it in **more than 100 projects in 18 countries**.

In the interests of our customers. In the interests of the environment.

Preface

Dear partners of WTE,

We can once again report a year in which we have taken a significant step for growth by entering the market in a further country belonging to our core region of southern and south-western Europe. No less than three municipalities have commissioned WTE with major waste water projects, which shows once more that, even in complex project situations, we are able to work together with the communities in designing and achieving solutions that serve both the environment and the population on equal terms. With this in mind, we look back on the reporting year with great satisfaction.

However, our feelings regarding the earth's current environmental balance are totally different. On the 8th of August 2016, mankind was confronted with a shocking anniversary: The 'Earth Overshoot Day'. Each year, scientists calculate the date on which the resources that can be regenerated within a year are used up. According to the World Wide Fund for Nature (WWF), in the previous year this date fell on the 13th August, whereas in the year 2016, we started living off the hidden reserves of our planet six days earlier.

What does that mean for mankind, and what does it mean for the earth? Scientists make a clear statement: If the population continues to grow at the same rate and if mankind continues to act in the same way, we will need a second planet by the year 2030 in order to satisfy our requirements in food and renewable resources.

The way we handle drinking water, waste water and waste material have a significant impact on the earth's ecological survival. In many countries, the shortage of resources, climate change and political crises are forcing people to leave their villages and move to the cities. By mid-century, two thirds of mankind will very probably be living in conurbations. This presents the local authorities with major challenges and will also have an effect on the dimension and effectiveness of projects carried out by the WTE Group.

With its solutions and future vision, the WTE Group is well-prepared for these growing demands. In areas of water shortage, we use desalination plants to treat seawater that can then be used for the irrigation of fields in order to save drinking water resources. We produce energy from the incineration of waste material and the purification of waste water. And in the new financial year we will continue to work day for day to make living on earth worthwhile beyond the year 2030.

With best wishes



Franz Mittermayer



Ralf Schröder

Essen, January 2017



Franz Mittermayer
Managing Director



Ralf Schröder
Managing Director

Planning. Together.



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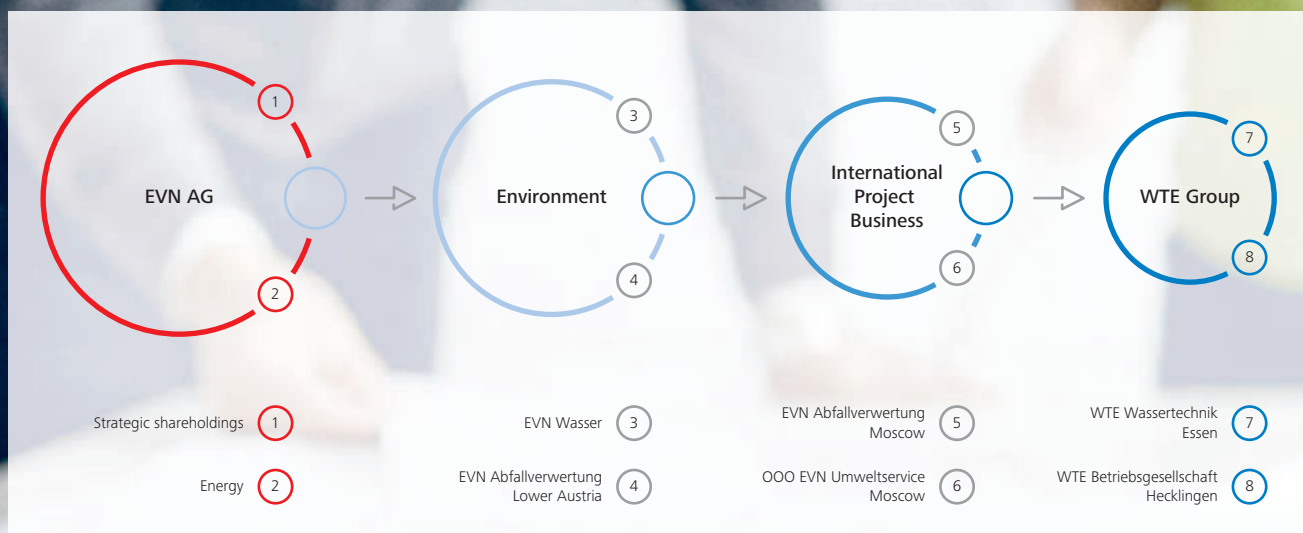
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WTE – personally

We know from experience that every environmental project requires routine work, but there are no projects that can be accomplished solely with routine work. Bearing this in mind, WTE implements its undertakings in line with defined workflows that encompass all the phases from acquisition to the start of operations.

Yet our employees, with their know-how and extensive experience, tailor each project to the demands of the customer and regional conditions.

Coordination across projects

From the start of a project right up to its successful conclusion, our project teams maintain close contact to the local authorities. For each project, they establish and maintain contact to the relevant providers of funds throughout the entire realisation cycle. They prepare the bid documentation professionally, work together with committees of experts and involve engineering firms.

These elements combine to enable open communication across all participants and ensure smooth coordination throughout the course of the project.

Wealth of experience in managing projects

Backed by long-established employees with immense personal know-how, WTE can look back on a large number of successfully completed projects. This collective project work benefits not only our customers, but also those employees that have joined us more recently.

In workflows that are perfectly interconnected with each other within the specialist areas and across the different departments, our employees are focused on constructing or extending plants that are in every way aligned to customers' requirements and local conditions in the regions where they are being built.

Seven teams that can clear any hurdle

We often encounter all kinds of hurdles in the early phases of projects. Sometimes it's particular climatic conditions. Or it could be specific environmental aspects such as the threat of flooding or unforeseen ground contamination discovered during initial excavations. In other cases, commercial, financial or political obstacles need to be overcome.

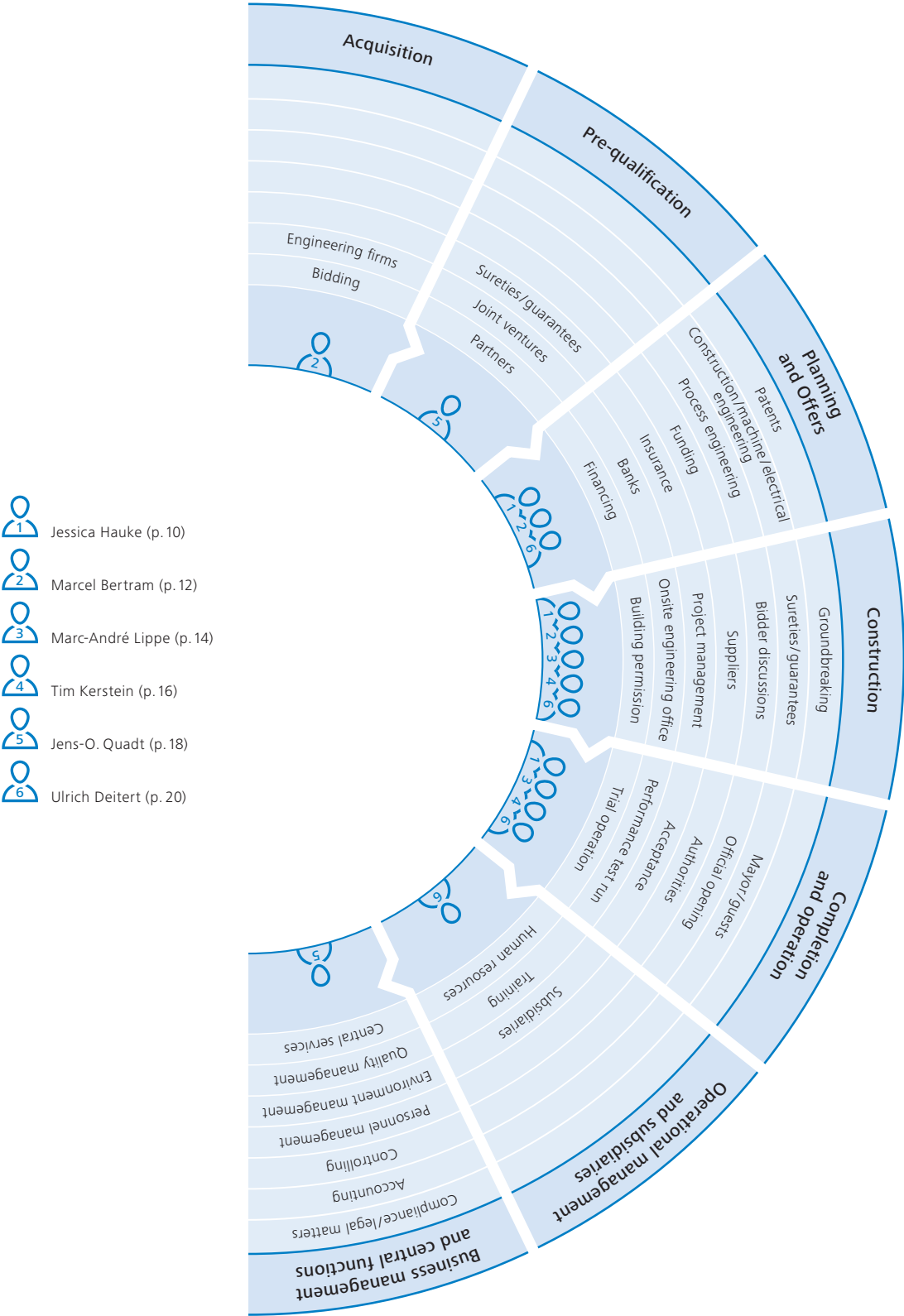
For every challenge arising during a project, our specialists and those of our customers work together to find the optimal solution. Our foremost objective is to assimilate all participants' requirements as well as those relating to the environment and integrate these into the project.

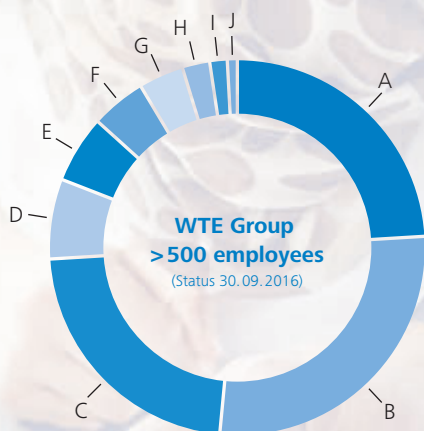
Every undertaking demands the knowledge and experience of our employees and in turn gives them new insights. The interplay between their know-how and their experience is crucial to the success of our company.

The following pages depict a selection of our specialists who stand for the successful execution of WTE's environment projects both within their teams and across all teams.

Project Environment

Illustrative task and resource allocation





	Location	Employees
A	Essen	112
B	Hecklingen	128
C	Moscow	105
D	Zagreb	32
E	Poland	27
F	Cyprus	22
G	Montenegro	18
H	Slovenia	11
I	Lithuania	7
J	Turkey	4

WTE Group (international)



Jessica Hauke

Commercial Project Manager

Academic qualification
Business graduate

Year of birth
1979

Professional training
- Industrial business management
- Economics

Length of service at WTE
8 years

„As project business manager, it is particularly valuable for me to recognise the bigger picture ...“

What were the most significant projects you have worked on so far?

Hauke: My first projects were the plants in Lithuania, which partly took place under difficult circumstances.

During the renovation and rebuilding of the Vilnius sewage plant, it turned out that the customer didn't fulfil the requirements for the EU subsidy. This led to an eight-month building stop, but we were able to arrange a short-term transfer of the resulting excess capacities to the Siauliai location, where WTE also had a commission. Due to the similarity of the projects, synergies became possible regarding the purchase of the mechanical engineering equipment. The delivery of individual installations for Siauliai were brought forward and equipment for Vilnius postponed, which avoided potential additional costs and meant that these projects could be successfully completed despite the difficult circumstances. The experience I gained from this project laid an important foundation for subsequent projects in which I am or have been involved.

Amongst other things, I'm currently project business manager for the extension of Prague's central sewage plant, a major environmental project for which WTE initiated a joint venture with a French partner. This joint venture required the two companies, who previously were competitors in this market, as well as their parent companies EVN and SUEZ, to work together with a common purpose – which demanded a considerable degree of competence and diplomacy from all the project members. From the business point of view and despite conflicting interests of the shareholders regarding liquidity demands, we succeeded in agreeing in terms of revenues and internal account settlements.

As project business manager, it is particularly valuable for me to recognise the bigger picture, understand the viewpoints and ways of working of other market players, and gain insight into the different methods employed in other companies.



What was the most difficult technical, environmental, geographical and/or political hurdle you've had to overcome in your projects so far?

Hauke: An especial challenge relating to the Cypriot projects Morphou, Famagusta and Mia Milia was that we needed to work in the North Cyprus region. This area in fact belongs to Cyprus, but was occupied by Turkish forces in 1974 and since then has called itself the Turkish Republic of North Cyprus. This situation is accepted only by Turkey, but not by the international community of states. The difficult political circumstances provided the project teams with many problems, for example in terms of customs duties and taxes, personnel deployment and the lack of definitive legal certainty.

What impact have your job and your projects had on your own ecological attitude?

Hauke: My work at WTE has especially sensitised me for materials that find their way into waste water. In our household, we now use toilet paper and washing powder more sparingly and we do entirely without fabric softeners and rim blocks.

What should politicians around the world be doing about continuous population growth in order to save environmental resources for future generations?

Hauke: We need to treat natural resources much more carefully than we have been doing. In my view, this can only succeed if the international community of states agrees on a mutual consensus and uniform standards. Noble intentions on the part of individual countries is a good start, but they are relatively ineffective if they don't extend across the next border.

Which hobbies do you have to help you regenerate from your demanding project work?

Hauke: Sport is important for me, especially for physical and mental balance and to avoid back problems.



Marcel Bertram

Design Engineer

Academic qualification
Construction draftsman

Year of birth
1976

Professional training
- Construction draftsman (focus: structural engineering)
- CAD specialist

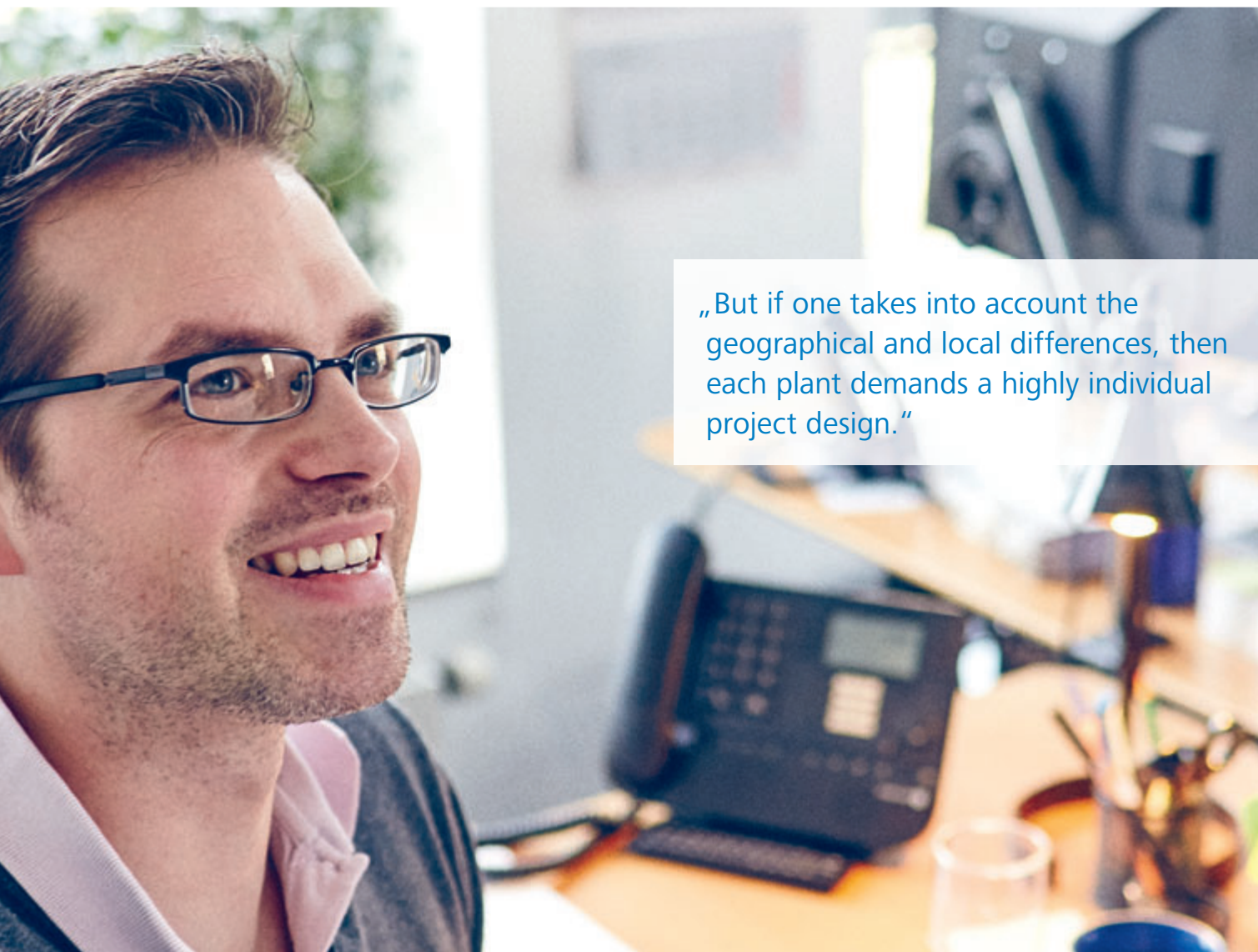
Length of service at WTE
12 years



What were the most significant projects you have worked on so far?

Bertram: I gained my first experience with WTE in the major projects for the construction of the central sewage plant in Zagreb (Croatia) and the drinking water plant in Moscow (Russia). Working on the biological phase of the central sewage plant in Zagreb was a good introduction that prepared me for the new challenges in the area of sludge treatment. The project in Moscow gave me the chance to get to know about the construction of drinking water plants.

In subsequent years, I was able to bring my experience to the offer phase as well as planning, implementation and inventory management for major projects such as the Ataköy sewage plant (Istanbul, Turkey), the Mia Milia and Larnaca sewage plants in Cyprus and the sludge treatment plant at Vilnius (Lithuania).



„But if one takes into account the geographical and local differences, then each plant demands a highly individual project design.“

My task in such projects is to work on the creation of all the required technical drawings including building plans, site plans, general layout plans, flow plans and hydraulic longitudinal sections and even 3D visualisations.

Creating 3D visualisations is a particular challenge. They are usually produced to accompany offers in order to give the customer a preview of what the planned construction will look like when incorporated in the local surroundings. Creating these visualisations requires a high degree of aptitude and experience with the relevant software.

What was the most difficult technical, environmental, geographical and/or political hurdle you've had to overcome in your projects so far?

Bertram: Many of the plants have technical similarities. But if one takes into account the geographical and local differences, then each plant demands a highly individual project design. So every new project plan represents another exciting task, whereby delays due to political changes also have to be overcome.

What impact have your job and your projects had on your own ecological attitude?

Bertram: Many years of working in the area of waste water transport, waste water purification and drinking water supply have strengthened my awareness for an ecologically sensible approach. This refers in particular to the responsible handling of our resources.

I know how costly it is to purify polluted water to the extent that it can be returned to the natural cycle – which is why I'm a believer in saving both water and energy. Consequently, we installed a solar thermal energy system when we built our house, so that the water can be heated almost without recourse to external energies in the form of electricity or gas.

Which hobbies do you have to help you regenerate from your demanding project work?

Bertram: I practise Wudang Tai Chi for relaxation and the cultivation of body and soul. Gardening also helps me to wind down and allows me to appreciate nature.



Marc-André Lippe

Head of Contracts Management

Academic qualification

Graduated construction engineer

Year of birth

1973

Professional training

- Construction engineering (focus: estate water management)
- Infrastructure project management (EVN)

Length of service at WTE

16,5 years

„Over the years, I have gained a much deeper understanding of the complex ecological context ...“

What were the most significant projects you have worked on so far?

Lippe: In the course of many years with the company, I have been involved in several major projects for the WTE Group.

In the early years I worked in the offers department, where I prepared offers for projects in Germany, in many European countries and in China.

In terms of contract execution, some of the most important undertakings were located in Europe, including the central sewage plant in Zagreb (Croatia), the sewage plants at Kothla-Järve (Estonia), Szczecin and Zdroje (both Poland) and the central sewage plant at Budva (Montenegro), including the Tivat-Kotor transport system and sewage plant as well as the Anthoupolis and Larnaca sewage plants in Cyprus.

In Germany, I was involved in the two projects at Heppenheim for the construction and commissioning of the municipal and industrial sewage plants including a transport system.



In the course of almost 15 years in the commercial processing department, I increasingly took on the contractual challenges arising from our international projects and underwent further training in the field of international contracts.

Meanwhile, I'm concerned with the contractual issues attached to the commercial processing of almost all our projects.

What was the most difficult technical, environmental, geographical and/or political hurdle you've had to overcome in your projects so far?

Lippe: At one location that had been selected for the construction of a sewage plant, to their complete surprise they found a very large waste disposal site below the top earth layers that went back to the post-war years. Gas streamed from the waste, the entire earth substance was heavily contaminated and dangerous and some undetonated ordnance was discovered. These materials had to be totally liquidated, but also handled with the necessary care and consideration for the environment, before starting with the plant construction. This proved to be a challenging issue with respect to not only the technical demands, but also the contractual situation.

What impact have your job and your projects had on your own ecological attitude?

Lippe: Over the years, I have gained a much deeper understanding of the complex ecological context, which in turn encourages me to act more responsibly in my daily routine.

Which hobbies do you have to help you regenerate from your demanding project work?

Lippe: I take care of my physical fitness and do sports two or three times a week. I also ride my motorbike in my free time.



Tim Kerstein

Departmental Head of Project Management

Academic qualification

Graduated construction engineer

Year of birth

1970

Professional training

- Engineering studies

Length of service at WTE

14 years



What were the most significant projects you have worked on so far?

Kerstein: Over the many years with WTE, I have been involved in numerous projects in eastern and south-eastern Europe.

The most important undertakings were the sewage treatment plant with drying for thermohydrolysis in Vilnius (Lithuania), the rebuild and extension of the existing sewage plant with MBR technology and a solar sewage sludge drying plant in Larnaca (Cyprus), the new construction of a sewage plant with the SBR process in Tivat-Kotor (Montenegro), the turnkey construction of the 'Central Waste Water Treatment Plant of the City of Prague' in the consortium with SMP, Hochtief and SUEZ in Prague (Czech Republic), the modernisation and extension of the existing sewage plant in Pruzkow (Poland) as well as the new construction of three sewage plants in the Silvaniei region (Romania).



„It would be important to secure financing for environment projects on a worldwide basis.“

What was the most difficult technical, environmental, geographical and/or political hurdle you've had to overcome in your projects so far?

Kerstein: The hurdles were especially high with the construction of Prague's main sewage plant, which is being built on an island in the Vltava river where there is a significant risk of flooding. This led to extremely high demands being made concerning flood protection that resulted in the plant subsequently being completely housed to protect it against flooding.

What impact have your job and your projects had on your own ecological attitude?

Kerstein: Through the many foreign projects I have carried out, I have got to know the ecological conditions in the various countries and can therefore make comparisons with the circumstances in which we live in Germany. This has enhanced my appreciation of the ecological conditions in our own country.

What should politicians around the world be doing about constant population growth in order to save environmental resources for future generations?

Kerstein: It would be important to secure financing for environment projects on a worldwide basis. Many countries simply don't have the money to carry out such projects.

Which hobbies do you have to help you regenerate from your demanding project work?

Kerstein: I enjoy sports. When I'm walking, riding or skiing, I can relax and at the same time enjoy nature.



Jens-O. Quadt

Head of Central Services

Academic qualification

Business management (VWA)

Year of birth

1967

Professional training

- Office management
- Industrial business management
- Business studies, VWA Essen (focus: marketing)

Length of service at WTE

18 years

„There could be less pointless wastage of resources if every citizen only bought what he really needs.“

What were the most significant projects you have worked on so far?

Quadt: Under my responsibility, a completely new brand identity has been created and implemented for the WTE Group, including the development of a new logo, a new web site and various brochures.

I was also responsible for the stand concept at the leading IFAT exhibition in Munich. The stand was aligned to the new brand identity.

What was the most difficult technical, environmental, geographical and/or political hurdle you've had to overcome in your projects so far?

Quadt: Introducing the ISO 9001 quality management standard for the South-Butowo und Zelenograd sewage plants in Moscow turned out to be difficult. As the entire documentation was in German, it had to be translated into Russian, and all the training sessions were conducted in Russian.



The digitalisation of manuals and process instructions was also a challenge. All existing documents in paper form were transferred into a web system.

I am now also in charge of the communications and CSR functions, which requires more intensive collaboration with our colleagues at EVN, which I enjoy particularly.

What impact have your job and your projects had on your own ecological attitude?

Quadt: Far too much food is thrown away – every food item that is produced and sold impacts the environment.

The individual raw materials need to be harvested, the food needs to be produced, packed and transported – and the waste needs to be disposed of. All this comes at a cost to resources.

There could be less pointless wastage of resources if every citizen only bought what he really needs.

With this in mind, when shopping I pay attention to what I'm consuming and in which quantities.

What should politicians around the world be doing about constant population growth in order to save environmental resources for future generations?

Quadt: In order to take more care of the environment, in my view politicians throughout the world should invest much more in regenerative energies and energy cycles.

Which hobbies do you have to help you regenerate from your demanding project work?

Quadt: I enjoy physical exercise, especially in natural surroundings. I also jog at least twice a week and find relaxation in gardening.



Ulrich Deitert

Head of Electrical Engineering

Academic qualification

Graduated electrical engineer

Year of birth

1964

Professional training

- Electrical fitter
- Energy-plant electronics
- Communications engineering
- Industrial/business engineering

Length of service at WTE

20 years



What were the most significant projects you have worked on so far?

Deitert: My first foreign project almost 20 years ago was the construction of the South Butowo sewage plant in Moscow, where I was responsible for the entire electronic engineering.

We had no relevant previous experience, as this was WTE's first undertaking in Russia. In the course of the project, we needed to align our procedures to factors such as the local business culture and the unfamiliar climatic conditions. As an example, the outside preparations for the commissioning of the plant took place at a temperature of -28°C . Under these circumstances, the project presented a significant challenge and in retrospect I'm proud to have been involved in this successful process.



„In the course of the project, we needed to align our procedures to factors such as the local business culture and the unfamiliar climatic conditions.“

With regard to the construction project for the sewage plant, pump stations and a bridge in Zagreb, I was responsible for the electrical engineering right from the offer phase. I was involved in the project for almost ten years – from the offer preparation up to the step-wise commissioning of the last plant components. Today, I am still in touch with many colleagues I met in Zagreb. The sewage plant we constructed is technically of the highest quality and an important reference for WTE.

What impact have your job and your projects had on your own ecological attitude?

Deitert: My extensive experiences with environmental projects in various countries has significantly raised my sensibility regarding the use of energy and water. I myself take great care these days with those resources and also encourage my family to do the same.

Which hobbies do you have to help you regenerate from your demanding project work?

Deitert: I do sports such as fitness training and running, and also play darts.



WTE Group highlights of the financial year 2015/16

With the commencement of two new environmental projects and the successful completion of five projects in eastern and south-eastern Europe, the WTE Group has once more demonstrated its competence and strengthened its position in the international market.

The WTE Group's ongoing projects during the financial year 2015/16, as well as the large number of tenders and completed offers, prove that there is an unabated worldwide interest in the implementation of water-related projects. This trend is supported by the established EU standards, the constantly rising demands of inhabitants and tourists as well as the growing global significance of environmental protection.

Kicevo/Macedonia

During the financial year 2015/16, WTE succeeded in entering the Macedonian market: No less than three environmental projects were commissioned and the contracts with a total value of approx. 20 million EUR signed on 26.02.2016. This waste water initiative comprises the turnkey construction of three sewage plants in the municipalities of Radovis, Kicevo and Strumica with capacities ranging from 5,000 to 10,000 m³/d.

The tender was made up of three lots and published by the finance ministry. The projects are being promoted through the IPA Fund (an instrument for EU pre-accession assistance).

The purification plant technology consists of mechanical waste water purification, an SBR technique (sequential biological purification), the elimination of nitrogen/phosphor, disinfection measures as well as sludge stabilisation and drainage. Two lots comprise the construction or rehabilitation of the 4.7 and 4.0 km waste water network including a pumping station. The construction period is set for 18 months.

Šibenik/Croatia

At the beginning of June 2016, WTE was commissioned by Vodovod i odvodnja Šibenik to construct a sewage plant for the 'Vodice–Tribunj–Srima' waste water project in Croatia. WTE will carry out the turnkey construction of a sewage plant in Vodice with a capacity of 20,000 population equivalents (PE) and 4,620 m³/d. The commission includes sewage drainage in addition to mechanical and biological waste water purification.

This environmental project, partially financed by the EU Cohesion Fund, will be completed within 25 months. In operation, the new sewage plant will significantly improve the water quality of the Adriatic region.

Silvaniei/Romania

The WTE Group has erected three sewage plants for 5,400, 11,400 and 13,200 PE in the Romanian town of Silvaniei. The plants were handed over to the operating company following receipt of the Taking Over Certificate (TOC) in October 2015. The investment amount of over 11 million EUR was financed by the European Cohesion Fund.

Zalau/Romania

In December 2015, WTE Wassertechnik GmbH completed the sewage plant in the Romanian county town of Zalau. Following the plants in Gherla/Huedin and Silvaniei, this is the third waste water purification system successfully realised and handed over by WTE in Romania.

At the end of 2014, WTE Wassertechnik GmbH as general contractor had received the commission to erect and develop the plant to 85,000 PE. In addition to the machine and electrotechnical equipment for the second line, WTE was responsible for the sludge treatment and the subsequent biogas utilisation. The investment amount of approx. 3.4 million EUR was partially financed by the European Cohesion Fund.

Krakow/Poland

WTE has now been active in the Polish market for 20 years. Numerous environmental waste water projects have been implemented, including the major initiatives in Czajka-Warsaw and Kielce, which have contributed to a significant improvement in the environmental balance.

At the end of December 2015, WTE completed the modernised Kujawy waste water purification plant on time and handed it over to the MPWiK Krakow municipal water authority. The construction work took 18 months. The commission from MPWiK Krakow amounted to approx. 12 million EUR and was partially funded by the EU.

WTE and its Polish subsidiary received the commission for the modernisation and extension of the Krakow-Kujawy sewage plant in the summer of 2013. The objective was the step-wise development of the existing plants for fully biological waste water purification while keeping the plant operational. In addition to

the elimination of nitrogen and phosphorus, the ammoniation of centrate was projected for the plant, which has a capacity of 100,000 PE. To achieve this, the blower shed, retention basins and sludge drainage were renewed and the machine and electrical equipment updated.

Warsaw/Poland

At the end of 2015, the WTE Group successfully completed the conversion of the Pruszkow sewage plant and handed over the extended plant to Warsaw's municipal water companies. The commission from MPWiK Warsaw amounted to approx. 15 million EUR and was partially funded by the EU. The plant now has a capacity of 256,000 PE.

The WTE Group and the building firm Porr had been commissioned with the planning, modernisation and extension of the Pruszkow sewage plant in Warsaw in December 2013. The existing plants were to be developed for mechanical and biological purification as well as sludge and biogas treatment while keeping the plant operational.

The fully biological waste water purification including nitrogen and phosphorus elimination was extended and the sludge treatment was developed with sustainable biogas storage, treatment and utilisation in combined heat and power stations. For this purpose, additional aeration tanks, clarification basins and the blower shed were erected as well as two biogas storages, the biogas treatment and several combined heat and power stations. The machine and electrotechnical equipment was partially modernised or newly installed.

Tivat-Kotor/Montenegro

Just in time for the high season, WTE handed over the turnkey Tivat-Kotor sewage plant to the towns of Tivat and Kotor in Montenegro, the official opening ceremony taking place at the beginning of July. The official acceptance was confirmed by the authorities and the contractors at the end of August 2016, represented by the mayors of the two Montenegro municipalities that will from now on treat their waste water in a jointly-used sewage plant.

The plant with a total investment of approx. 10 million EUR was erected in the municipality of Tivat in the south-eastern part of the Lustica peninsular and designed for a capacity of 72,500 PE, including summer tourism. The project was carried out within the framework of the financing agreement between the Montenegro government and the German KfW development bank.

WTE has been operating successfully since 2008 in the republic of Montenegro, which is making a considerable effort to align its environmental protection standards to the European Union. Projects conceived for the orderly disposal of waste material and waste water make a significant contribution to the quality of seawater, which in turn has a positive effect on tourism.

Prague/Czech Republic

Almost three years after commissioning, the project to build a sewage plant for 1.2 million PE in Prague has taken a decisive step forward. The city of Prague subsequently carried out comprehensive compensatory measures to reduce the flood outflow and integrated them in the overall planning in collaboration with the SMP-Hochtief-Suez-WTE consortium. This cleared the way for planning permission and the official construction start. The foundation stone was laid on 04.11.2015, the building work is running to plan and the first machine equipment is being installed.

Budva/Montenegro

As an aspiring tourist region in Montenegro, the town of Budva is making a big effort to fulfil EU environmental standards, in the course of which WTE was commissioned to carry out the planning, construction, financing and 30 years' operation of a complex municipal water disposal system. The first step of the project is aligned to 130,000 PE, whereby 215,000 PE are foreseen for the longer term. The waste water system, consisting of sewage plant, pumping station and transport system has been operational since the start-up of the main Budva sewage plant at the beginning of May 2014. Construction has not yet started in the Buljarica district, which also belongs to the project.

Larnaca/Cyprus

In Larnaca, Cyprus, all the construction works including machines and electrotechnical equipment for the turnkey sewage plant built by WTE Wassertechnik GmbH are completed. The plant, which is designed for 100,000 PE, has been taken into commission. In the reporting year 2015/16, intensive process testing was carried out to increase the purification performance of the membranes as well as the dry substance content of the sludge. The operational handover is set for October and the project completion for November 2016.

Additional projects

Following many years of successful operational management, at the end of 2016 the Langnese Iglo industrial sewage plant in Heppenheim, Germany, and the Southwest Moscow drinking water plant were or will be handed over to the purchasers in accordance with the contracts.

The WTE Group is in the final offer evaluation stage for several projects, including three environmental projects in the Gulf region. Additionally, WTE continues to be involved in bids for water-related plants in the core markets of Croatia, Macedonia, Cyprus, Turkey and Lithuania, enabling us to view the coming financial year with complete confidence.



Locations and projects

Status December 2016

WTE Group project business		
WTE Group projects¹⁾		112
Projects under construction		7
Completed projects		105
Total performance of waste water projects	in PE	18,286,154
Performance of projects under construction	in PE	1,560,419
Total performance of drinking water projects	in PE	1,097,500
Of which: Projects under operational control of WTE Group	in PE	3,077,250
German projects under operational control of WTE Group	in PE	176,650
International projects under operational control of WTE Group	in PE	2,808,650

Major international projects of the WTE Group	Country	Scope classes in PE
Czajka-Warsaw ^{2) 4)}	Poland	> 2,000,000
Istanbul-Ataköy ^{2) 4)}	Turkey	> 2,000,000
Kaunas ^{2) 4)}	Lithuania	> 350,000
Kielce ^{2) 4)}	Poland	> 250,000
Klaipeda ⁴⁾	Lithuania	> 250,000
Kohtla-Järve ^{2) 4)}	Estonia	> 200,000
Lublin ²⁾	Poland	> 300,000
Moscow South Butowo ^{2) 4)}	Russia	> 250,000
Moscow Southwest ³⁾	Russia	> 1,000,000
Moscow Zelenograd ²⁾	Russia	> 500,000
Opole ^{2) 4)}	Poland	> 150,000
Prague ²⁾	Czech Republic	> 1,500,000
Szczecin Pomorzany ^{2) 4) 5)}	Poland	> 400,000
Szczecin Zdroje ^{2) 4)}	Poland	> 150,000
Vilnius ⁴⁾	Lithuania	> 500,000
Vienna ²⁾	Austria	> 4,000,000
Zagreb ^{2) 4)}	Croatia	> 1,500,000

WTE Group national projects	Operational	Thermal waste recycling	Tons/year
Altenburg	until 2013	MSZ 3 Moscow	360,000
Dietzenbach	since 1999	Zwentendorf/Dürnrohr	500,000
Hecklingen	since 1992		
Langnese (Heppenheim)	until 2016		
Holzdorf	since 1998		
Buckow ⁶⁾	since 1992		
Straupitz	since 1998		
Teupitz	since 1997		
Walkenried	since 1998		
Windeck ⁶⁾	since 2003		

1) Projects in 18 countries: Germany, Austria, Russia, Lithuania, Estonia, Latvia, Poland, Serbia, Croatia, Turkey, Cyprus, Montenegro, Slovenia, Denmark, Slovakia, Romania, Czech Republic, Bahrain, Macedonia 2) Waste water 3) Drinking water 4) Sludge treatment 5) Sludge incineration 6) Including drinking water supply



- WTE head office, Essen
- EVN head office, Maria Enzersdorf
- Locations
- Projects

Management report

Management report for the financial year 2015/16

1. Corporate principles

1.1 Business model and corporate strategy

WTE Wassertechnik GmbH, Essen, (WTE) is one of the leading companies in European water and environment technology. On a direct basis or through affiliated/associated companies, WTE is continually active as an investor and/or operator in drinking water and waste water treatment plants and in sludge drying, incineration and energy-generating plants. WTE also offers individual financing models and the management of plants and networks over longer periods. WTE's shares are held to 100 % by EVN Beteiligung 52 GmbH, Maria Enzersdorf/Austria, an EVN AG group company. With its water/sewage business segment and the incineration segment, WTE is part of the core area of EVN's environment division. WTE's value chain comprises activities ranging from project development to planning, construction, financing and plant management. Completed plants as well as water supply and waste water disposal systems are managed by the Company's independent subsidiary, WTE Betriebsgesellschaft mbH, Hecklingen (WTEB). Communal and commercial functions, such as fee and contribution management, are organised from the Hecklingen location. In certain cases, WTE also charges for operational management services.

The WTE Group plans, constructs, finances and operates plants for waste water disposal, drinking water supply and energy generation.

So far, WTE has implemented over 100 projects in 18 countries. In 11 of these countries, WTE has built operational facilities.

The company's main target markets are the countries of mid-, eastern and south-eastern Europe as well as the Gulf region. In terms of fulfilling the requirements of EU regulations concerning water supply and waste water disposal plants, WTE is supportive of new EU member states as well as candidates for membership.

WTE places the highest demands on ecology and securing the future. Customers are assured that the completed plants comply with valid laws and quality standards, that they serve to protect the environment and are economically viable.

As consortium leader, cooperation partner or concessionaire, WTE plays a leading role in the fulfilment of EU regulations, public services and health care through project-specific full-service models (planning, construction, financing and operation).

Our customers are cities, municipalities and communities. As the process owner, WTE implements compact plants for smaller, remote locations and businesses as well as projects for Europe's big cities and their major industries.

Our contacts are the municipal water/waste water authorities as well as committees of experts that are specifically convened to decide on one or more projects. The Europe-wide bid processes are usually accompanied by engineering offices that monitor planning and execution in accordance with international rules.

Furthermore, the European funds (cohesion fund, ISPA) are closely involved, as many of the environmental protection measures could not be implemented without their subsidies.

Additional project partners are banks (EBRD, World Bank) and their specialist departments who accompany the projects, or German federal or state authorities, who provide financial guarantees for foreign investments.

WTE manages the interfaces between individual project participants, including not just the purchaser as their customer, but also all other parties involved without whom a project execution would be more or less impossible.

Environmental protection

WTE established a comprehensive environmental management system at an early stage in order to be able to take account of the aspect of environmental protection in all management decisions.

Research and development

Expenditure for WTE Wassertechnik GmbH's research and development activities totalled 141,300 EUR in the financial year 2015/16 and was mainly concerned with two initiatives: The IBAS joint project and the nitrogen elimination project.

The joint project relating to IBAS has a project duration to the end of January 2018. The research initiative was approved in January 2016 by the German ministry for education and research (BMBF) within the scope of the 'KMU innovativ' (innovation for small and mid-sized companies) funding programme, to support the development to maturity of an innovative biological waste water purification system with functionally differentiated biofilm reactors (IBAS). The initiative is being carried out at the sewage plant in the town of Dietzenbach by MARTIN Membrane Systems AG (MMS), Schwerin, in collaboration with WTE Wassertechnik GmbH, Essen, and the research institute for water and waste industries (FIW), Aachen.

Within the framework of the research project to 'advance the elimination of nitrogen through simultaneous autotrophic nitrification and heterotrophic denitrification with biocatalytically active oxidoreductases', a technique or installation is being developed to advance the microbiological purification of ground water (used for water supplies) containing nitrogen, and of industrial waste water and outflows from municipal sewage plants, where the effective purification is not sufficient to achieve the required nitrogen levels. This is a downstream process for existing and planned new plants. A corresponding patent pre-notification was submitted by WTE in July 2016.

1.2 Control systems

The basic control principle at WTE Wassertechnik GmbH is a strategy process that takes place on an annual basis. In this process target markets are identified, and sales strategies and in particular financial indicators are determined. The strategy process planning period includes the budget year (i. e. the next financial year) plus three further planning years – four years in total.

Control through financial indicators has a special significance; here we include in particular the order intake or order balance, the overall performance (revenue plus inventory changes) and EBIT (operative earnings before interest and tax).

Additionally, risk management is an integral element of the company governance.

2. Business review

2.1 Economic and sector-specific framework conditions

The following facts from the "political memorandum 2016" published by DWA (German association for water management, waste water and waste disposal) are relevant for WTE:

The German water management sector employs about 250,000 people. Around 4.5 billion EUR are invested each year in the waste water area; almost a third in waste water treatment and over two thirds in waste water canalisation. The almost 10,000 sewage plants have a total capacity of 152 mill. population equivalents served by a (water-)canalisation length of 562,000 km. Energy generated from sewage gas makes up 1% of electricity produced from renewable energies. The accumulation of sewage sludge amounts to 1.8 mill. tons per year, of which 40% is utilised in agriculture and landscaping, and 60% is incinerated.

The far-reaching reforms planned for the utilisation of sewage sludge demand the assurance of environmentally balanced safeguards regarding its disposal. In particular, this requires the development of substantial mono-incineration capacities. Current estimates point to an annual capacity shortfall of approx. 1 mill. tons of sewage sludge that needs to be compensated through the installation of mono-incineration plants.

Water/waste water management is faced with major challenges due to changes in the natural and structural framework conditions such as climate change or demographic changes. Environment-related political directives from the European Union, the Federal Republic of Germany as well as the German federal states also play a significant role. In Germany, the 'Energiewende' (energy transition) also significantly affects water management.

Activities in the water management sector are focused on

- raising efficiency and the implementation of new, additional measures for energy generation in water management plants, and
- integrating water-management plant locations in an intelligent, decentrally organised energy system.

Internationally there are grave problems relating to water and waste water management:

- Access to clean drinking water is not assured for a large proportion of the world population, especially in developing countries.
- Billions of people lack basic sanitary facilities.
- Waste water treatment to improve natural bodies of water is urgently required in many regions of the world.
- The re-use of water is not practised sufficiently or correctly.
- Ground water is often not used sustainably, for example due to overuse.
- The disorderly disposal of waste material, especially in developing countries, has a serious effect on land, water and climate.

2.2 Development of the business

With the commencement of two new environmental projects and the successful completion of five projects in eastern and south-eastern Europe, the WTE Group has once more demonstrated its competence and strengthened its position in the international market.

The net order intake amounted to 45.6 mill. EUR, whereby the actual order intake of 63.3 mill. EUR was offset by withdrawals totalling 17.3 mill. EUR, predominantly accounted for by the loss of the Zrenjanin project. The order backlog as at 30.09.2016 amounted to 82.4 mill. EUR.

The order backlog at the balance sheet date mainly comprised the following projects: Moscow (Russia), Larnaca (Cyprus), Kichevo, Strumica, Radovis (all Macedonia) and Vodice (Croatia).

In the financial year 2015/16, WTE succeeded in entering the Macedonian market: Three environmental projects were commissioned and the contracts with a total value of approx. 19 mill. EUR signed on 26.02.2016. The projects relate to waste water and comprise the turnkey construction of three sewage plants in the municipalities of Radovis, Kicevo and Strumica with capacities ranging from 5,000 to 10,000 m³/d.

The bid was made up of three lots and published by the finance ministry. The projects are being promoted through the IPA Fund (an instrument for EU pre-accession assistance). The purification plant technology consists of mechanical waste water purification, an SBR technique (sequential biological purification), the elimination of nitrogen/phosphorus, disinfection measures as well as sludge stabilisation and drainage. Two lots comprise the construction or rehabilitation of the 4.7 and 4.0 km waste water network including a pumping station. The construction period is scheduled at 18 months.

At the beginning of June 2016, WTE was commissioned by Vodovod i odvodnja Šibenik to construct a sewage plant for the 'Vodice–Tribunj–Srima' waste water project in Croatia. WTE will carry out the turnkey construction of a sewage plant in Vodice with a capacity of 20,000 population equivalents (PE) and 4,620 m³/d. The commission includes sewage drainage in addition to mechanical and biological waste water purification. The investment amounts to approx. 6 mill. EUR. This environmental project, partially financed by the EU Cohesion Fund, will be completed within 25 months. The operation of the new sewage plant will significantly improve the water quality of the Adriatic region.

The WTE Group has erected three sewage plants for 5,400, 11,400 and 13,200 PE in the Romanian town of Silvaniei. The plants were handed over to the operating company following receipt of the Taking Over Certificate (TOC) in October 2015. The investment amount of over 11 mill. EUR was financed by the European Cohesion Fund.

In December 2015, WTE Wassertechnik GmbH completed the sewage plant in the Romanian county town of Zalau. Following the plants in Gherla/Huedin and Silvaniei, this is the third waste water purification system successfully realised and handed over by WTE in Romania. WTE Wassertechnik GmbH as general contractor had received the commission to erect and develop the plant to 85,000 PE at the end of 2014. In addition to the machine and electrotechnical equipment for the second line, WTE was responsible for the sludge treatment and the subsequent biogas utilisation. The investment amount of approx. 3.5 mill. EUR was partially financed by the European Cohesion Fund.

WTE has now been active in the Polish market for 20 years. Numerous environmental waste water projects have been implemented, including the major initiatives in Czajka-Warsaw and Kielce, which have contributed to a significant improvement in the environmental balance.

At the end of December 2015, WTE completed the modernised Kujawy waste water purification plant on time and handed it over to the MPWiK Krakow municipal water authority. The construction took 18 months. The commission from MPWiK Krakow amounted to approx. 12 mill. EUR and was 55 % funded by the EU.

WTE and its Polish subsidiary received the commission for the modernisation and extension of the Krakow-Kujawy sewage plant in the summer of 2013. The objective was the step-wise development of the existing plants for fully biological waste water purification while keeping the plant operational. In addition to the elimination of nitrogen and phosphor, the ammoniation of centrate was projected for the plant which has a capacity of 100,000 PE. To achieve this, the blower shed, retention basins and sludge drainage were renewed and the machine and electrical equipment updated.

The WTE Group and the building firm Porr had been commissioned with the planning, modernisation and extension of the Pruszkow sewage plant in Warsaw in December 2013. The existing plants were to be developed for mechanical and biological purification as well as sludge and biogas treatment while keeping the plant operational. The fully biological waste water purification, including nitrogen and phosphor elimination, was extended and the sludge treatment with sustainable biogas storage plus treatment and utilisation in combined heat and power stations was developed. For this purpose, additional aeration tanks, clarification basins and the blower shed were erected as well as two biogas storages, the biogas treatment unit and several combined heat and power stations. The machine and electrotechnical equipment was partially modernised or newly installed. At the end of 2015, the WTE Group successfully completed the conversion of the Pruszkow sewage plant and handed over the extended plant to Warsaw's municipal water companies. The commission from MPWiK Warsaw amounted to approx. 16 mill. EUR and was partially funded by the EU. The plant now has a capacity of 256,000 PE.

Just in time for the high season, WTE handed over the turnkey Tivat-Kotor sewage plant to the towns of Tivat and Kotor in Montenegro, the official opening ceremony taking place at the beginning of July. The acceptance was confirmed by the authorities and the contractors at the end of August 2016, represented by the mayors of the two Montenegro municipalities that will from now treat their waste water in a jointly-used sewage plant.

With a total investment of approx. 10 mill. EUR, the plant was erected in the municipality of Tivat in the south-eastern part of the Lustica peninsular and designed for a capacity of 72,500 PE, including summer tourism. The project was carried out within the framework of the financing agreement between the Montenegro government and the German KfW development bank.

WTE has been operating successfully since 2008 in the republic of Montenegro, which is making a considerable effort to align its environmental protection standards to the European Union. Projects with the objective of orderly disposal of waste material and waste water make a significant contribution to the quality of seawater, which in turn has a positive effect on tourism.

As an aspiring tourist region in Montenegro, the town of Budva is making a big effort to fulfil the EU environmental standards, in the course of which WTE was commissioned to carry out the planning, construction, financing and 30 years' operation of a complex municipal water disposal system. The first step of the project is aligned to 130,000 PE, whereby 215,000 PE are foreseen for the longer term. The waste water system, consisting of sewage plant, pumping station and transport system has been operational since the start-up

of the main Budva sewage plant at the beginning of May 2014. Construction has not yet started in the Buljarica district, which also belongs to the project. WTE is in intensive discussions with the purchasers with the objective of assuring the continuation of the project in line with the contract.

Almost three years after commissioning, the project to build a sewage plant for 1.2 mill. PE in Prague has taken a decisive step forward. The city of Prague retrospectively carried out comprehensive compensatory measures to reduce the flood outflow and integrated them into the overall planning of the SMP-Hochtief-Suez-WTE consortium. This cleared the way for the planning permission and the official construction start. The foundation stone was laid on 04.11.2015, the building work is running to plan and the first machine equipment is being installed.

In Larnaca, Cyprus, all the construction works including machine and electrotechnical equipment for the turnkey sewage plant built by WTE Wassertechnik GmbH are completed. The plant, which is designed for 100,000 PE, has been taken into commission. In the reporting year 2015/16, intensive process testing has been carried out to increase the purification performance of the membranes as well as the dry-substance content of the sludge. The operational handover to the customer is set for October and the project completion for November 2016.

In Moscow, following the successful handover and acceptance of the sodium hypochlorite plant, WTE started on the additionally commissioned rebuilding measures and requirements optimisation, whereby the NaClO output was aligned to the brine production and the storage capacities were adapted.

In the Southwest Moscow drinking water project, all membranes were replaced as contracted and the pumps, measurement technology and ozone plant were renewed. The investment contract specifies the operational handover of the plant on 31.12.2016.

Following many years of successful operational management, at the end of 2016 the Langnese Iglo industrial sewage plant in Heppenheim, Germany, and the Southwest Moscow drinking water plant were or will be handed over to the purchaser in accordance with the contracts.

WTE Wassertechnik GmbH had been commissioned to build a drinking water plant in the Serbian town of Zrenjanin. Following WTE's fulfilment of the contracted funding share, the customer terminated the project due to a financing clause that from his point of view had not been fulfilled. WTE was still interested in pursuing the project, but wasn't able to reach an agreement with the customer in the financial year 2015/16, for which reason the project is expected to lapse. This has resulted in a write-down of the book value share to WTE Projektgesellschaft Trinkwasseranlage d. o. o., Belgrade/Serbia.

Building permission for the MPZ1 waste incineration plant has still not been granted by the city of Moscow, resulting in serious doubts as to whether the project can be realised. WTE Wassertechnik GmbH is in discussion with the Moscow city government and will try to reach a mutually satisfactory solution during the financial year 2016/17.

The total operating performance (revenue plus changes in inventory) amounted to 40.4 mill. EUR. This represents an increase of almost 10 mill. EUR over the previous year, but the forecasted value in the region of 50 mill. EUR could not be reached due to delays in the projects.

The operating result (EBIT) also showed an improvement from –6.7 mill. EUR in the previous year to –4.8 mill. EUR. However, the expected narrowly positive EBIT could not be achieved.

At 63.3 mill. EUR, the current year's order intake resulted in a lower than expected order backlog of 82.4 mill. EUR at the end of the year.

2.3 Results

Operating performance

WTE Wassertechnik GmbH's total operating performance (revenue plus changes in inventory) amounted to 40.4 mill. EUR in the reporting year, representing a 10.0 mill. EUR increase over the previous year. Previous year revenues of 22.3 mill. EUR compare to current revenues of 60.5 mill. EUR, resulting especially from the sodium hypochlorite and Southwest Waterworks projects in Moscow/Russia, the Polish Pruszkow and Romanian Silvaniei und Zalau projects. The reduction in the level of not yet chargeable services amounted to 20.0 mill. EUR.

Revenues include operational management services amounting to 4.6 mill. EUR (previous year: 5.1 mill. EUR).

In consequence of the higher turnover, WTE's gross profit (operating performance minus cost of materials) rose to 11.3 mill. EUR compared to 4.6 mill. EUR in the previous year.

Other operational profits of 1.5 mill. EUR (previous year: 4.8 mill. EUR) particularly include proceeds from the reversal of provisions as well as allocations to Group companies.

Personnel costs amounted to 10.0 mill. EUR (previous year: 9.4 mill. EUR) in the current financial year.

Other operating expenditures amounted to 7.3 mill. EUR (previous year: 6.3 mill. EUR) and mainly comprised consulting services relating to participation in project bids as well as rents and travel expenses.

EBIT (earnings before investment income, interest and taxes) improved by 1.9 mill. EUR to -4.8 mill. EUR (falling short of the narrowly positive EBIT foreseen in the budget planning). Shareholder earnings also increased, mainly from the Zagrebacke otpadne vode d. o. o., Zagreb/Croatia joint venture, by 1.4 mill. EUR from 4.9 mill. EUR to a total of 6.3 mill. EUR. Write-downs on financial assets amounted to 0.4 mill. EUR, mainly in connection with WTE Projektgesellschaft Trinkwasseranlage d. o. o., Belgrade/Serbia.

The financial result (income from interest and loans) was positive at 2.5 mill. EUR (previous year: 2.0 mill. EUR).

Overall, WTE achieved a positive annual result of 4.1 mill. EUR versus 0.08 mill. EUR in the previous year.

Net assets position

Various factors are responsible for the rise of 25.4 mill. EUR in the balance sheet total from 223.2 mill. EUR to 248.6 mill. EUR, whereby above all the increase in receivables and other assets of 30.3 mill. EUR stands against a reduction in inventories of 3.9 mill. EUR and bank deposits of 1.8 mill. EUR. As to liabilities, the accounts payable to affiliated companies increased by 29.8 mill. EUR while other provisions fell by 8.3 mill. EUR, mainly in connection with taking up obligations relating to the MPZ 1 project.

Various project companies have been established in connection with project implementation. In addition to the amounts paid into share capital, payments were also made into the company's capital reserves. This related chiefly to the drinking water treatment project in Moscow South West and the waste water disposal project in Zagreb/Croatia. These shares in affiliated companies are shown in the financial assets under the shares in affiliated companies and/or the shareholdings.

The loans granted to affiliated companies relate primarily to WTE Otpadne vode Budva d. o. o., Podgorica/Montenegro. Further loans amounting to 1.5 mill. EUR were newly granted in the financial year relating to the construction of waste water treatment plants in the town of Budva. This was offset by the scheduled repayment of the 0.6 mill. EUR loan relating to OAO WTE Süd-West and the 0.2 mill. EUR loan relating to SHW Cista Dolina d. o. o., Slovenia.

Due to inventory changes of 20.0 mill. EUR and the increase in prepayments amounting to 16.1 mill. EUR, the inventory valuation stands at a total of 35.6 mill. EUR.

Receivables from affiliated/associated companies arise from the financing of WTE Group companies and the settlement of trading charges within the WTE Group. The increase in receivables of 25.8 mill. EUR to 56.3 mill. EUR arises mainly from the investment of liquid funds within the framework of the cash-pooling arrangement with EVN Finanzservice. WTE Wassertechnik GmbH's financial solvency was guaranteed at all times.

Other assets mainly relate to receivables from tax authorities.

Financial situation

At the balance sheet date, the company's equity capital amounted to 92.5 mill. EUR (previous year: 88.4 mill. EUR). The change is mainly accounted for by an annual net profit of 4.1 mill. EUR.

Taking into account the offsetting of deposit payments received against inventory assets, an equity ratio of 43.7% (previous year: 47.5%) was achieved.

Other provisions are mainly made up of provisions for outstanding invoices from subcontractors.

Short-term liabilities of 86.9 mill. EUR vis-a-vis affiliates resulted from financial dealings with WTE Projektgesellschaft Süd-West Wasser mbH. Following the project handover to the Moscow city government on 31. 12. 2016, these liabilities will be resolved with the project company's claim on profit distribution.

Financial resources of 116.6 mill. EUR that are bound up in assets are set against equity and funds arising from financial transactions totalling 179.4 mill. EUR.

Inventory assets are financed through prepayments received.

Financial and non-financial performance indicators

The main financial performance indicators for the management of WTE Wassertechnik GmbH comprise the total operating performance, EBIT and the order backlog. Regarding the development of financial performance indicators, readers are referred to the explanations relating to the position on assets, finances and revenue.

Compliance with statutory regulations and environmental norms in those countries in which WTE is active plays a major role with regard to non-financial performance indicators. We have complied with all regulations and norms.

Overall statement

The reporting year was dominated by the continued execution of existing orders, the successful acquisition of new commissions as well as the preparation of offers for various major projects.

WTE Wassertechnik GmbH succeeded in reaching the pre-qualification stage in numerous bidding processes. Offers were submitted in good time for several major projects, allowing evaluation processes to begin, whereby WTE Wassertechnik GmbH is experiencing strong competitive activity. Affected by delays in some projects, revenues and therefore operating results did not quite come up to expectations. Despite this, the Executive Board is satisfied with the overall annual result, which was much more positive than the previous year.

No solution has yet been found for the waste incineration plant Nr. 1 project; here WTE Wassertechnik GmbH is in discussions with the Moscow city government to try to come to an agreement.

A follow-on commission relating to the Southwest Waterworks project was signed in Moscow.

3. Follow-up report

As from the balance sheet date, there have been no subsequent issues that affected the results.

4. Forecast, opportunities and risk report

WTE Wassertechnik GmbH repeatedly asserts itself as best bidder in international bidding processes. This has encouraged WTE to exploit its know-how in other regions that are currently politically difficult, with the objective of planning and successfully implement environmentally protective projects there. At the same time, WTE is extending its geographical spectrum to areas other than its present core markets, including regions beyond the European continent.

4.1 Future development opportunities

WTE Wassertechnik GmbH's scope of offer is very comprehensive, encompassing the construction of plants for waste water purification, drinking water supply, seawater desalination, membrane-reactor technology, combined heat and power stations, thermal waste recycling and sewage sludge incineration. Furthermore, the scope is not restricted to the implementation of the investment but can also include financing and the subsequent operation of the plants.

This gives WTE greater flexibility and avoids overdependence on just one product. WTE has the capability to construct and operate plants that exploit the newest technologies and comply with the highest environmental standards.

4.2 Risks attached to future developments

Risk management

As an internationally operating provider of environmental services, WTE is exposed to a number of business, operational, financial and event-related risks. Control of these risks is assured by WTE through a multi-stepped risk organisation. Consequently and with a view to the future, this allows WTE to actively exploit risks that also harbour opportunities. WTE is integrated into the EVN AG risk management system.

The expansion of the market to eastern and south-eastern Europe continues to be WTE's main focus. In the past, the political and economic risks associated with this development (default risk relating to receivables) were covered by direct financing commitments given by the EU as well as through guarantees provided by the Federal Republic of Germany and by its states, and in the form of direct commitments entered into by the major banks involved. WTE will continue to resort to these instruments in the future. WTE will also continue to pursue its goal of ensuring that special risks are kept under control by way of strategic risk management relating to individual projects, in order to maintain and further increase profitability. Default and liquidity risks relating to completed projects will also be responded to through prepayment financing on behalf of customers.

Risk policy

WTE risk policy is designed to make use of the possibilities existing in the market in all cases in which the related opportunities are stronger than the risks. Moreover, suitable security measures are in place to react to actual risks in so far as economically reasonable and technically feasible. WTE risk policy also includes establishing a form of risk management that adequately meets the requirements of a changing risk profile.

Risk organisation

The WTE risk organisation has a multi-stage structure. The operative risk management function is performed by the organisational unit to which the risk involved can be attributed. The operational units act in accordance with risk policy principles based on transparency and risk awareness, laid down in binding directives in the WTE manual as stipulated by quality and environment management.

In the interests of long-term strengthening of Company value, WTE uses a multi-stage, integrated planning and monitoring system to regularly control economic success and to compare the targets achieved to those planned. This enables risks to be identified promptly and suitable counter-measures to be taken.

Management is supported in its decisions on risk policy by operative and strategic risk controlling in collaboration with the operational units.

Risk profile

The local risks of the eastern and south-eastern European subsidiaries and affiliates affect WTE's total risk as an internationally operating company.

Measures

To take account of the risk profile, the systematic limitation of financial liabilities applying to the project company involved, coupled with non-recourse to WTE/EVN AG, serves the purpose of an active risk control/limitation. A further measure that can be taken in connection with political and economic risks is recourse to credit risk insurances from governmental authorities or international financial institutions.

Risk categories

WTE takes a number of specific preventive measures to react to material risks to which the Company is exposed in its project business activities.

Operative risks WTE operates the most state-of-the-art plants, whose long-term dependability forms the basis for its business activities. For this reason, operational risks must be minimised as far as possible. Based on this concept, the Company counters plant and default risks through strict maintenance and quality controls as well as through regular observation and upkeep. Insurance coverage enables WTE to limit possible consequences arising from damages.

WTE reacts to the risk associated with the planning and implementation of installations by permanently extending the project risk management, in which project controlling assumes an important function and risk analysis is of paramount importance. The positive cooperation with authorities, associations and interest groups at local, national and international level provides the basis to enable the Company to avoid legal risks.

Financial risks WTE uses EVN AG's central Treasury Management to limit currency, interest, price and liquidity risks. Detailed group directives and limits also permit the use of derivative financial instruments primarily applied to hedging financial risks. To minimise partner risk, such transactions are carried out only in cooperation with banks with first-class credit ratings.

The following are also risks of a significant nature:

Business risks In view of its steady growth which is also due to the expansion of the project business in Germany and abroad, WTE focuses its attention on project risk. Especial importance is therefore attached to project controlling in the risk management organisation.

Event risks For WTE, such risks result mainly from natural catastrophes. In most cases these are due to force majeure and are transferred to insurance companies, where possible and economically reasonable.

4.3 Outlook

In the domestic market, privatisation in the water/waste water sector continues to stagnate due to lack of finances. In the German market, we expect that considerably more water supply and disposal services will be privatised in the long term. The planned, far-reaching reform relating to sewage sludge utilisation will necessitate the development of substantial mono-incineration capacities. These cannot be realised by the municipalities on their own, but WTE with its subsidiaries is well set up to provide assistance. WTE will therefore continue to participate regularly in competitive bids based on its well-established existing references.

The privatisation projects implemented by WTE (10 domestic projects) coupled with the operational management projects relating to the international water sector (12 projects) form the basis for the expansion of these comprehensive financing and operational management models. Especially in eastern Europe, the infrastructure sector has a strong requirement for water/waste water technology. The combination of western technology, long-term financing and responsible operational management represents the area of competence unreservedly occupied by WTE on account of its many reference projects.

It is planned to expand WTE's core areas of mid- and eastern Europe as well as its activities in the Gulf region in the financial year 2016/17 and subsequent years. Due to steady acquisition activities, numerous projects are underway that will be up for decision shortly. WTE has submitted offers for two major projects and is confident of acquiring these commissions. A further addition to the order books is hoped for from WTE Wassertechnik GmbH's participation in EU environment programmes.

WTE has performed successfully in its markets and opened up additional development potential. Based on what has been achieved to date and its inherent financial strength, the Company is confident that it can expand its position in 2016/17 and the following years. With regard to its market and project development activities as well as expected performance levels from existing and future general contractor and operative projects, WTE is confident that it will achieve a sustainable and continuous improvement of its results in the coming years.

WTE expects a total operating performance in the coming financial year around the mid-double digit millions, slightly above the current year. This estimate results from the current order level. With an overall negative operating result (EBIT) in the advanced single-digit millions, a positive net profit in the low single-digit millions is expected. In connection with the participation in ongoing bids, we expect a slightly increased order intake compared to the financial year 2015/16 with a corresponding mild increase in the order balance.

Significant changes in the company's asset and finance situation are not expected.

Essen, 25th November 2016
WTE Wassertechnik GmbH
Executive Board

Annual financial statements

Balance sheet

as at 30 September 2016

Assets

Data in EUR

	30. 09. 2016	30. 09. 2015
A Fixed assets		
I. Intangible assets		
Purchased industrial rights and similar rights and assets	90,547.00	160,567.00
	90,547.00	160,567.00
II. Tangible assets		
1. Land and buildings	66,930.73	66,930.73
2. Technical machinery and equipment	13,341.00	125,968.00
3. Other equipment, operating and office equipment	633,349.00	578,649.00
4. Payments in advance and assets under construction	176,280.00	0.00
	889,900.73	771,547.73
III. Financial assets		
1. Shares in affiliated companies	51,340,597.61	51,783,502.21
2. Loans to affiliated companies	52,173,372.45	51,456,557.76
3. Investments	12,153,079.65	11,951,185.96
	115,667,049.71	115,191,245.93
	116,647,497.44	116,123,360.66
B Current assets		
I. Inventories		
1. Services not yet chargeable	19,215,587.39	39,249,421.36
2. Payments on account	16,363,750.00	249,720.92
	35,579,337.39	39,499,142.28
II. Receivables and other assets		
1. Trade receivables	11,198,367.63	7,541,071.69
2. Receivables from affiliated companies	74,695,814.27	47,289,221.33
3. Receivables from companies in which participating interests are held	467,782.68	362,032.44
4. Other assets	3,232,742.32	4,093,499.47
	89,594,706.90	59,285,824.93
III. Cash in hand, bank balances	6,332,162.73	8,122,628.81
	131,506,207.02	106,907,596.02
C Prepaid expenses	439,077.60	211,142.61
	248,592,782.06	223,242,099.29

Equity and liabilities

Data in EUR

	30. 09. 2016	30. 09. 2015
A Equity		
I. Subscribed capital	6,033,244.20	6,033,244.20
II. Capital reserves	50,861,000.00	50,886,000.00
III. Retained profits brought forward	31,497,298.57	31,419,218.24
IV. Net income for the financial year	4,119,012.56	78,080.33
	92,510,555.33	88,416,542.77
B Provisions		
1. Provisions for pensions and similar obligations	1,588,456.00	1,609,942.00
2. Provisions for taxes	167,810.26	11,144.81
3. Other provisions	13,772,181.86	22,027,789.59
	15,528,448.12	23,648,876.40
C Liabilities		
1. Liabilities to banks	0.00	10,083.81
2. Payments received on account of orders	36,860,641.97	37,084,556.89
3. Trade payables	4,233,104.45	4,796,655.93
4. Liabilities to affiliated companies	97,978,090.77	68,184,306.99
5. Liabilities to companies in which participating interests are held	48,711.32	186,069.60
6. Other liabilities	1,433,230.10	915,006.90
– of which taxes EUR 1,414,045.19 (previous year: EUR 767,614.40)		
– of which relating to social security EUR 7,015.74 (previous year: EUR 8,172.80)		
	140,553,778.61	111,176,680.12
	248,592,782.06	223,242,099.29



Income statement

for the period 1 October 2015 to 30 September 2016

Data in EUR	2015/16	2014/15
1. Sales	60,455,409.74	22,328,749.52
2. Increase (previous year: decrease) in services not yet chargeable	–20,033,833.97	8,141,673.92
3. Other operating income	1,537,226.84	4,840,401.36
4. Cost of materials		
a) Cost of raw materials, consumables and supplies	22,583,409.65	20,899,870.16
b) Cost of purchased services	6,500,885.45	4,992,854.05
	29,084,295.10	25,892,724.21
5. Personnel expenses		
a) Wages and salaries	8,760,401.00	8,300,252.92
b) Social security, post-employment benefit costs – of which relating to retirement benefits: EUR –2,674.65 (previous year: EUR –10,831.21)	1,196,645.36	1,117,987.67
	9,957,046.36	9,418,240.59
6. Amortisation and write-downs of intangible assets; depreciation and write-downs of tangible assets	417,972.07	418,830.77
7. Other operating expenses	7,253,072.05	6,318,777.91
8. Income from investments – of which from affiliated companies: EUR 250.00 (previous year: EUR 250.00)	6,039,222.97	4,534,238.64
9. Income from profit/loss transfer agreements – from affiliated companies	681,556.75	604,190.51
10. Income from loans of capital assets – from affiliated companies	2,235,537.21	1,578,688.67
11. Other interest and similar income – of which from affiliated companies: EUR 719,981.86 (previous year: EUR 850,882.98)	734,038.75	864,661.71
12. Amortisation of financial assets – relating to affiliated companies	372,474.98	0.00
13. Expenses from losses absorbed	0.00	186,069.60
14. Interest and similar expenses – of which to affiliated companies: EUR 16,933.11 (previous year: EUR 18,405.81)	472,733.92	439,213.47
15. Result from ordinary activities	4,091,563.81	218,747.78
16. Tax refund on income and net worth (previous year: Taxes on income and net worth)	–57,812.62	116,593.61
17. Other taxes	30,363.87	24,073.84
18. Net income for the financial year	4,119,012.56	78,080.33

Fixed assets movements table

Data in EUR	Acquisition costs				Disposals through spin-offs	30. 09. 2016
	01. 10. 2015	Additions	Disposals			
I. Intangible assets						
Purchased industrial rights and similar rights and assets	5,201,725.04	17,475.17	5,773.44	0.00		5,213,426.77
II. Tangible assets						
1. Land and buildings	339,983.56	0.00	0.00	0.00		339,983.56
2. Technical equipment and machinery	1,694,346.73	0.00	0.00	0.00		1,694,346.73
3. Other equipment, operating and office equipment	1,818,873.56	282,503.90	170,650.90	0.00		1,930,726.56
4. Payments in advance	0.00	176,280.00	0.00	0.00		176,280.00
	3,853,203.85	458,783.90	170,650.90	0.00		4,141,336.85
III. Financial assets						
1. Shares in affiliated companies	51,808,502.21	0.00	52,903.60	25,000.00		51,730,598.61
2. Loans to affiliated companies	51,456,557.76	1,521,724.23	804,909.54	0.00		52,173,372.45
3. Investments	11,951,185.96	201,893.69	0.00	0.00		12,153,079.65
	115,216,245.93	1,723,617.92	857,813.14	25,000.00		116,057,050.71
	124,271,174.82	2,199,876.99	1,034,237.48	25,000.00		125,411,814.33

Accumulated depreciation/amortisation			Carrying amount		
01. 10. 2015	Charged during the financial year	Disposals	30. 09. 2016	30. 09. 2016	30. 09. 2015
5,041,158.04	87,495.17	5,773.44	5,122,879.77	90,547.00	160,567.00
273,052.83	0.00	0.00	273,052.83	66,930.73	66,930.73
1,568,378.73	112,627.00	0.00	1,681,005.73	13,341.00	125,968.00
1,240,224.56	217,849.90	160,696.90	1,297,377.56	633,349.00	578,649.00
0.00	0.00	0.00	0.00	176,280.00	0.00
3,081,656.12	330,476.90	160,696.90	3,251,436.12	889,900.73	771,547.73
25,000.00	372,474.98	7,473.98	390,001.00	51,340,597.61	51,783,502.21
0.00	0.00	0.00	0.00	52,173,372.45	51,456,557.76
0.00	0.00	0.00	0.00	12,153,079.65	11,951,185.96
25,000.00	372,474.98	7,473.98	390,001.00	115,667,049.71	115,191,245.93
8,147,814.16	790,447.05	173,944.32	8,764,316.89	116,647,497.44	116,123,360.66

Shares in affiliated companies and investments

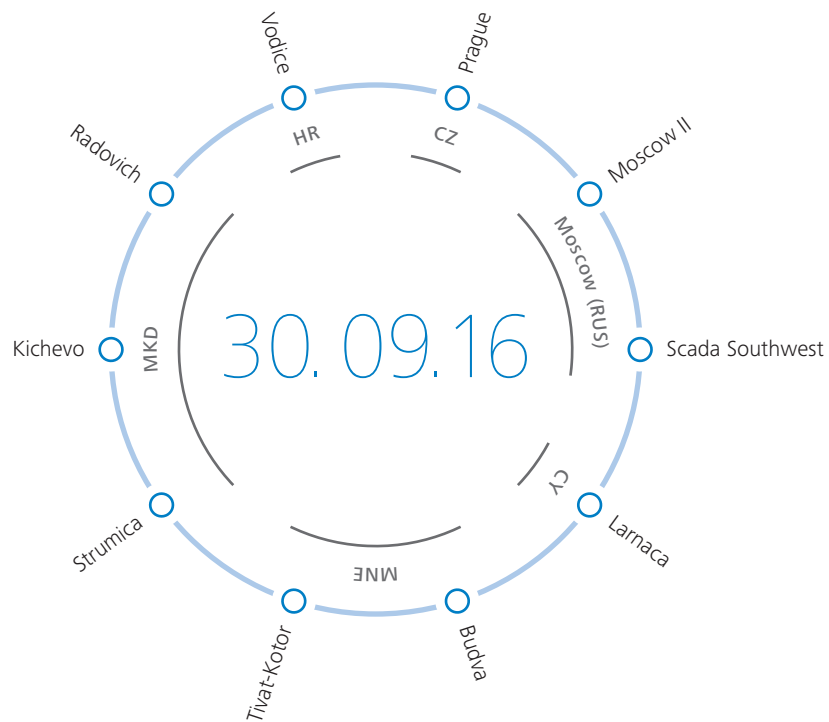
Data in 000s local currency	Currency	Equity	Share in %	Profit/Loss
Affiliated companies				
Čista Dolina – SHW Komunalno podjetje d. o. o., Kranjska Gora/Slovenia	EUR	1,101	100.0	191 ³⁾
EVN Projektgesellschaft KSV Ljuberzy mbH, Essen	EUR	23	100.0	0 ³⁾
EVN Projektgesellschaft Müllverbrennungsanlage Nr. 1 mbH, Essen	EUR	-220,023	100.0	348 ¹⁾
OAo „WTE Süd-West“, Moscow/Russia	RR	6,601,191	100.0	452,624 ²⁾
OAo Budapro Werk Nr. 1, Moscow/Russia	RR	321,402	100.0	-23,241 ²⁾
OOO Wasserwerk Süd West, Moscow/Russia	RR	127,234	70.0	18,786 ²⁾
Saarberg Hölter Projektgesellschaft Süd Butowo mbH, Essen	EUR	84	100.0	-2 ³⁾
SHW Hölter Projektgesellschaft Zelenograd mbH, Essen	EUR	19	100.0	2 ³⁾
Storitveno podjetje Lasko d. o. o., Lasko/Slovenia	EUR	455	100.0	1 ³⁾
WTE Abwicklungsgesellschaft Russland mbH, (until 18 May 2016: WTE Projektgesellschaft Nevawasser mbH), Essen	EUR	23	100.0	0 ³⁾
WTE Baltic UAB, Kaunas/Lithuania	EUR	161	100.0	-30 ³⁾
WTE Betriebsgesellschaft mbH, Hecklingen	EUR	511	100.0	0 ⁵⁾
WTE desalinizacija morske vode Budva d. o. o., Budva/Montenegro	EUR	-490	100.0	242 ⁴⁾
WTE Otpadne vode Budva d. o. o., Podgorica/Montenegro	EUR	426	100.0	257 ⁴⁾
WTE Projektgesellschaft Kurjanovo mbH, Essen	EUR	21	100.0	-1 ³⁾
WTE Projektgesellschaft Natriumhypochlorit mbH	EUR	25	1.0	0 ³⁾
WTE Projektgesellschaft Süd-West Wasser mbH, Essen	EUR	2,000	100.0	-399 ¹⁾
WTE Projektgesellschaft Trinkwasseranlage d. o. o., Belgrad/Serbia	RSD	11,990	100.0	-24,962 ⁴⁾
WTE Projektna družba Bled d. o. o., Bled/Slovenia	EUR	-28	100.0	0 ³⁾
WTE Projektna družba Kranjska Gora d. o. o., Kranjska Gora/Slovenia	EUR	61	100.0	34 ³⁾
WTE Wassertechnik (Polska) Sp. z o. o., Warschau/Poland	PLN	8,495	100.0	242 ¹⁾
Associated companies				
ABeG Abwasserbetriebsgesellschaft mbH, Offenbach am Main	EUR	624	49.0	45 ¹⁾
DEGREMONT WTE WASSERTECHNIK PRAHA v. o. s., Prague/Czech Republic	CZK	40,000	35.0	-594 ²⁾
SHW/RWE Umwelt Aqua Vodogradnja d. o. o., Zagreb/Croatia	HRK	3,248	50.0	80 ²⁾
sludge2energy GmbH, Berching	EUR	19	50.0	-2 ²⁾
Wasserver- und Abwasserentsorgungsgesellschaft Märkische Schweiz mbH, Buckow	EUR	544	49.0	3 ²⁾
Zagrebacke otpadne vode – upravljanje i pogon d. o. o., Zagreb/Croatia	HRK	15,475	31.0	25,455 ²⁾
Zagrebacke Otpadne Vode d. o. o., Zagreb/Croatia	HRK	1,414,679	48.5	175,957 ²⁾

1) Audited financial statements for the financial year 2015/16. 2) Audited financial statements for the financial year 2015. 3) Unaudited financial statements for the financial year 2015/16. 4) Unaudited financial statements for the financial year 2015. 5) Profit transfer agreement in place with WTE Wassertechnik GmbH.

Order backlog

As of 30 September 2016, WTE had an order backlog of 82.4 mill. EUR.

10 (part-)projects are currently underway.



Notes

Notes relating to financial statements 2015/16

General information

The financial statements have been prepared in accordance with the HGB (German Commercial Code) and the related rules of GmbH law. The nature of expense method has been applied to the income statement.

WTE Wassertechnik GmbH (WTE) is a mid-sized corporation (Kapitalgesellschaft) as defined in §267 (3) HGB in connection with §267 Abs. 4 HGB. EVN Beteiligung 52 GmbH (EVN52), Maria Enzersdorf/Austria, holds a 100 % share in the Company. Through EVN52, WTE's financial statements are included in the consolidated financial statements of EVN AG, Maria Enzersdorf/Austria.

EVN AG prepares its consolidated financial statements, which are published at the Wiener Neustadt/Austria Civil Court (Landesgericht), in accordance with International Financial Reporting Standards.

WTE's financial year runs from 1st October of a year to 30th September of the following year.

1 Accounting policies

Acquired intangible assets are accounted for at acquisition cost, less scheduled amortisation.

Tangible assets are valued at acquisition or manufacturing cost, less scheduled depreciation. Such assets are depreciated over their useful lives using the straight-line method. Additions are depreciated on a pro-rata basis. Low-value assets, i.e. assets with a purchase price or manufacturing cost of up to and including 410.00 EUR, are fully written off in the year of their acquisition.

Financial assets are stated at acquisition cost. Lower values are recorded where impairment is expected to be permanent. If such impairment ceases to exist, the related impairment losses are reversed, as set out in §253 Abs. 5 HGB.

Interest-free or low-interest lending is discounted at cash value; remaining lending is accounted for at nominal value.

Within the inventories, items not yet chargeable are valued at manufacturing cost, which is calculated on the basis of personnel expenses, cost of materials and other direct costs attributable to the contracts as well as pro-rata personnel expenses and administration overheads. Outside capital costs are not allocated to assets. Where the expected revenue value less costs still to be incurred is lower, this value will be stated.

Regarding long-term contract manufacturing, profit realisation depends on the stage of completion reached, i.e. according to the contractually agreed part-performance.

Receivables and other assets are measured at nominal value. Specific allowances were recognised to take account of special risks. The general credit risk is covered by a general allowance.

Deferred taxes are determined for timing discrepancies between the commercial and tax-based values of assets and liabilities. An arising total tax burden would be stated as a deferred tax liability in the balance sheet. In the case of tax relief, the corresponding right of choice of capitalisation will not be applied. The valuation of deferred taxes takes place on the basis of current business tax rates and trade tax rates. These taxes plus the solidarity surcharge amounted to a rate of 30.25 %, which was applied to the calculation of deferred taxes in the reporting year.

Provisions take into account all discernible risks and contingent liabilities. Provisions for pensions and similar liabilities are determined using actuarial methods (projected unit credit method) on the basis of the Heubeck 2005 G reference tables, whereby an expected pension trend of 2.0 % (previous year: 2.0 %) was assumed. In accordance with RückAbzinsV and §253 Abs. 2 S. 2 HGB, the calculatory interest rate used to discount pension liabilities was applied at the average interest rate of 4.11 % (previous year: 4.12 %), as determined and published by the German Bundesbank, for an assumed residual term of 15 years. Applying an average previous 7-year market-based interest rate (3.42 %) to the financial year 2015/16 in accordance with §253 Abs. 6 HGB results in a difference of 0.131 mill. EUR.

All identifiable accounting risks and uncertain liabilities are taken into account in evaluating the remaining provisions. The evaluation is equal to the repayment amount that is required on the basis of sensible commercial assessment to cover future payment obligations. Provisions with a residual period of more than one year are discounted at the average market interest rate that applied over the previous seven years. Provisions are established on the basis of trading law principles for risks in the personnel area, such as anniversary payments and holiday entitlements.

Liabilities are stated at their repayment amounts.

Contingent liabilities from loan guarantees and warranty contracts are evaluated according to the primary debt position.

2 Foreign currency conversion

Foreign currency receivables and liabilities with a residual period of more than one year are measured at their purchase price or at the less favourable rate applying at the balance sheet date. Income/expenses realised/incurred on concluding foreign currency transactions with a residual period of one year or less are valued at the median exchange rate applying at the transaction date. Earnings and costs resulting from foreign currency transactions are converted at the daily rate applying at the date when they arise. Where foreign currency items are hedged, they are measured at the applicable hedging rate.

Comments relating to the balance sheet

3 Intangible assets

The development of the gross values and of depreciation/amortisation is shown in the fixed assets movements table (appendix 1 to these notes).

4 Financial assets

The development of the gross values and of amortisation is shown in the fixed assets movements table (appendix 1 to these notes).

The list of percentage holdings is shown in appendix 2 to these notes.

5 Receivables and other assets

The receivables have an expected residual period of up to one year. Receivables from affiliated companies, and those in which participating interests are held, result mainly from supplies/services and financial transactions.

6 Active deferred taxes

With respect to the right of choice stipulated in §274 Abs. 1 S. 2 HGB, active deferred taxes that are not stated result mainly from evaluation variances relating to pension provisions.

7 Subscribed capital and capital reserves

The subscribed capital of WTE Wassertechnik GmbH remains unchanged at 6.033 mill. EUR.

The capital reserves decreased by 25,000 EUR to 50.861 mill. EUR in the reporting year due to the spin-off of WTE Projektgesellschaft Nevawasser mbH, Essen, to WTE Projektgesellschaft Süd-West Wasser mbH, Essen.

8 Provisions

Other provisions have been established mainly for outstanding purchase invoices for services already rendered by subcontractors and for personnel-related obligations.

9 Liabilities

Due dates of liabilities:

Data in TEUR	30.09.2016	Within 1 year	After more than 5 years
Liabilities to banks	0	0	0
Payments received on account of orders	36,861	36,861	0
Trade payables	4,233	4,233	0
Liabilities to affiliated companies	97,978	97,978	0
Liabilities to companies with a shareholding relationship	49	49	0
Other liabilities	1,433	1,433	0
	140,554	140,554	0

In the previous year, all liabilities had a residual term of up to one year.

10 Contingent liabilities

WTE has pledged its shares to Zagrebacke Otpadne Vode d.o.o., Zagreb/Croatia in favour of the banks granting the loans relating to the respective projects at the subsidiaries involved.

WTE Wassertechnik GmbH only enters contingent liabilities after careful risk assessment. Based on continuous evaluation of the risk situation in respect of arising contingent liabilities, and taking into account insights gained prior to entering such commitments, WTE Wassertechnik GmbH expects that the obligations arising from such contingent liabilities can be met by the respective principal debtors. The Company therefore judges that there is unlikely to be any risk of recourse with respect to notified contingent liabilities.

11 Other financial commitments

Other financial commitments as defined in §285, no. 3 HGB are as follows:

Data in TEUR		Of which relating to affiliated companies
Purchase commitments resulting from the construction of sewage plants, canal networks and other plants	10,950	0
Obligations arising from rental and lease agreements		
2014/15	692	0
2017/18	706	0
2018/19	226	0
2019/20	230	0
2020/21	234	0
	2,087	0

Comments relating to the income statement

Sales comprise 20.853 mill. EUR (previous year: 2.728 mill. EUR) and 35.037 mill. EUR (previous year: 14.550 mill. EUR) relating to the billing of construction and engineering services rendered under operating contracts, and for the billing of other plant contracts. Sales of 4.565 mill. EUR (previous year: 5.051 mill. EUR) were realised in connection with plant management contracts and the performance of service management contracts. These sales revenues were generated abroad in the following countries:

Country	
Data in TEUR	
Russia	20,324
Poland	16,196
Montenegro	9,559
Romania	8,298
North Cyprus	3,402
Republic of Cyprus	1,191
Croatia	661
Czech Republic	438
Others	386
	60,455

Previous period income allocable to other financial years is 0.714 mill. EUR (previous year: 3.472 mill. EUR). This results mainly from the reversal of provisions. Previous period expenditures arose to the amount of 20,000 EUR (previous year: 5,000 EUR). These arise from losses due to asset disposals.

Currency exchanges have led to gains of 0 EUR (previous year: 0.284 mill. EUR) and exchange losses of 0.113 mill. EUR (previous year: 0.720 mill. EUR), which are stated under other operative income and expenditures.

The income from profit/loss transfer agreements includes an amount of 0.682 mill. EUR (previous year: 0.604 mill. EUR) transferred by WTE Betriebsgesellschaft mbH, Hecklingen.

0.365 mill. EUR of the amortisation of financial assets of 0.372 mill. EUR (previous year: 0 EUR) refers to the write-down on the shareholding in WTE Projektgesellschaft Trinkwasseranlage d. o. o. Belgrade/Serbia.

Interest and similar expenditures include costs for compounding provisions amounting to a total of 75,000 EUR (previous year: 75,000 EUR). These apply to the compounding of pension obligations.

Taxes relating to income and revenue result mainly from the payment of tax arrears for previous years.

Other information

12 Headcount

The average number of persons employed by the Company is 138 (previous year: 130).

	2015/16	2014/15
Engineers/technicians	72	70
Staff	47	43
Workers	19	17
	138	130

13 Members of the Executive Board and of the Committee of Shareholders

Members of the Executive Board:

Franz Mittermayer Graduated engineer, Vienna/Austria

Ralf Schröder Graduated industrial engineer, Essen

Members of the Committee of Shareholders:

Peter Layr – Chairman – Graduated engineer, Maria Enzersdorf/Austria

Stefan Szyszkowitz Master's degree, MBA, Maria Enzersdorf/Austria

Felix Sawerthal Jurist, Maria Enzersdorf/Austria

Johannes Lang Master's degree, Maria Enzersdorf/Austria

Gerald Reidinger Master's degree, Maria Enzersdorf/Austria

As set out in §286 (4) HGB, no information is provided in respect of the remuneration paid to the members of the Executive Board and to former members of the Executive Board. For the latter, there are pension provisions amounting to 1.588 mill. EUR.

The members of the Committee of Shareholders did not receive any remuneration for their activities.

Essen, 25th November 2016



F. Mittermayer



R. Schröder

Auditor's report

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of WTE Wassertechnik GmbH, Essen, for the financial year from 1 October 2015 to 30 September 2016. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with §317 HGB ["Handelsgesetzbuch: German Commercial Code"] and the generally accepted German standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer ("Institut of Public Auditors in Germany; IDW"). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of WTE Wassertechnik GmbH, Essen, in accordance with German principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Düsseldorf, 25 November 2016

KPMG AG
Wirtschaftsprüfungsgesellschaft



Velder
Wirtschaftsprüfer
[German Public Auditor]



Kaufmann
Wirtschaftsprüfer
[German Public Auditor]





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We have put together this annual report with the greatest possible diligence, and have checked the data. Nevertheless, rounding off, compositor's or printing errors cannot be excluded. In the summing up of rounded amounts and percentages, the application of automatic calculation devices could result in rounding-off differences. This annual report also contains forward-looking statements, estimates and assumptions which are based on all the information available to us at the time when this document was completed. Such statements are typically made in connection with terms as "expect", "estimate", "plan", "anticipate" etc. We would like to point out that, due to a variety of different factors, the performance and results achieved by the company may differ from the expectations and forward-looking statements contained in this report. This annual report is also available in German. In case of doubt, the definitive version is the German one. Editorial deadline: 17 January 2017

