

Trust. Passion. Innovation.

Annual Report 2017/2018





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

Moscow

Zelenograd
Ljuberzy
South-West
South Butovo
MSZ 3
Sodium hypochlorite
Kurjanovo

Mia Milia/Haspolat
Famagusta
Larnaca
Morphou
Anthoupolis

Kuwait

Tubli
Manama

Content

Page

Preface

2

Trust, Passion, Innovation

6

WTE Group highlights

Financial year 2017/2018

31

A mark of sustainable waste management

34

Management report

Financial year 2017/2018

36

Business review

38

Operating result

41

Net assets

41

Financial position

42

Opportunities and risks relating to future development

43

Outlook on the financial year 2018/2019

45

Annual financial statements

Balance sheet as at 30 September 2018

46

Income statement 2017/2018

49

Fixed asset movements table and investments

50

Shares in affiliated companies

52

Notes

Notes relating to financial statements 2017/2018

55

Auditor's report

61

Preface

Dear partners of WTE,

In the past financial year 2017/2018, we were able to further expand our project activities with particular emphasis on the EU, the EU candidate states and the Baltic region. We also strengthened our ongoing market entry in the Gulf region with two major acquisitions. In Tubli (Bahrain), WTE will double the capacity of an existing wastewater treatment plant to 1.6 million PE as well as building a sewage sludge drying and incineration plant. In Umm Al Hayman (Kuwait), WTE will soon take responsibility for a major wastewater treatment project including the necessary sewer network and pumping stations.

At the same time, scientists are issuing increasingly dramatic appeals to rapidly rethink and redirect the worldwide limitation of the intensifying global warming phenomenon. In their reports to the climate conference in Katowice, the world climate change panel IPCC, the World Meteorological Organisation WMO and the renowned Potsdam Institute for Climate Impact Research all demand immediate, intensive efforts towards achieving a maximum temperature increase limit of 1.5° Celsius. To reach this target, global greenhouse gas emissions would have to be halved by 2030.

Even if we are used to thinking globally, it still makes sense to act locally – because every single tonne of CO₂ we avoid makes a difference. We would therefore like to inform you about some of the relevant examples of our business activities that support these urgently needed efforts and make important contributions to climate protection.

These include the planning, construction and operation of sustainable systems that are now able to operate in a way that is almost energy-autonomous. For example, integrated biogas plants and highly efficient combined heat and power stations can provide energy while contributing significantly to the use of renewable energies as well as to saving fossil fuels through sophisticated waste or sewage sludge incineration techniques.

Viewed from a 360° perspective, our thinking goes one step further, for example in terms of our research concerning the recovery of vital phosphorus from sewage sludge ash. This form of extraction of the dwindling mineral would be a meaningful addition to our technologies for wastewater treatment and sewage sludge incineration. Similarly, we worry about the proportion of the world's precious drinking water that is used for agriculture rather than for human consumption. In this context, specially treated wastewater is also very well suited for use in cultivating the fields – an advance that we for example will soon be able to demonstrate in Bahrain.

“Water is the principle of all things, because water is everything and everything reverts to water,” noted the Greek philosopher Thales von Milet over 2,500 years ago.

For WTE, water and energy are two parts of an overriding entity. And on that basis we want to address the future by responding to the trust placed in us with great passion and innovative techniques that should always serve the people and the environment.

With best wishes



Ralf Schröder
(Spokesman of the Board)

Essen, January 2019



Werner Casagrande
Managing Director

Ralf Schröder
Spokesman of the Board

Günter Zschabran
Managing Director

Mag. Werner Casagrande

Member of the Board | Born 1967 |
Master's degree in Commercial Sciences, Vienna | Joined the EVN Group in 1997

Dr.-Ing. Ralf Schröder

Managing Director since 2006 | Spokesman of the Board | Born 1969 |
Graduated industrial engineer | Doctorate in Engineering from Rostock University |
Joined the WTE Group in 1996

Dipl.-Kfm. Günter Zschabran

Member of the Board | Born 1960 |
Business graduate | Joined the WTE Group in 1996

Note: WTE has been part of the EVN Group since 01.10.2003

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.





Trust in our mutual future

Gaining trust and placing trust in others are two of the strongest impulses in our existence together. They apply to the relationships between people as well as to partnerships between companies, organisations and nations.







Trust evolves not only from a feeling but also from the experiences on which that feeling is based. Our understanding of partnerships to be able to build relationships with people and appreciate their reliability and integrity as well as their competence and vision.

Mutual trust also promotes open communication, which in turn facilitates decision-making, avoids unnecessary effort and frees up diverse resources that can be productive in other ways – on the basis of mutual dependability.

In a world in which ecological solutions have always required collaboration, frequently across national borders, in order to achieve innovative solutions to many problems, WTE Wassertechnik GmbH sees itself as a stable partner for the development and international deployment of future-oriented technologies. We provide dependable answers to the urgent questions concerning the preservation of the Earth's ecosystem and the future prospects of humankind.

In collaboration with our project partners, we draw on our more than twenty years of experience at the highest level of technology, the excellent expertise of our engineers and our justified trust in each other.

Stable partnerships in plant engineering

As a Europe-wide full-service provider, we support our partners with future-proof facilities that contribute to optimising people's quality of life and conserving natural resources.

Conscientiousness, thoroughness and accuracy are but a few of the virtues that provide our activities with a solid foundation. At the same time, we have a constant eye on the future. Thus, through our forward-looking approach, WTE is regarded as a valuable and established partner, not only in the newer EU member states and the candidate states, in implementing EU directives on water supply and sanitation. On an even broader international scale, for example in the Russian or Arab regions, people depend on our experience and flexibility. Often enough special climatic, geographic and political peculiarities need to be considered in a solution-oriented context, or exceptionally high wastewater pollution needs to be taken into account. Our employees' high level of social and intercultural competence is an important element in the dialogue with various interest groups and decision-makers.

The recent successes in Bahrain and Kuwait particularly illustrate that we are on the right track: On 5 September 2018, for example, the signing of the contract for the extension of the Tubli wastewater treatment plant took place in Bahrain's capital. Funded with an investment volume of circa 179 million euros, the capacity of the existing plant is to be doubled from 200,000 to 400,000 m³/d. Following a planned construction period of 36 months, WTE will take over the management of the company for ten years.



Concerning the Umm Al Hayman wastewater treatment project in Kuwait, the WTE/IFA consortium was the most successful bidder for the construction of a sewage treatment plant with sewer canal system and pumping stations, and was able to sign the letter agreement on 8 November 2018. This will enable WTE to set up the project company, which in turn will sign the PPP contract and the other project contracts. As the general contractor responsible for the planning and construction of the wastewater treatment project with a capacity of 500,000 m³ per day, WTE will also take over the operation of the plant for a period of 25 years. The planning and construction of the plant represents an order value of around 600 million euros, while the order value for the construction of the sewer canal system and pumping stations is around 950 million euros.

For many of our clients, our team possesses another decisive competency, in that WTE is already actively involved in the planning stage prior to the actual plant construction, where it is necessary to submit applications and obtain permits; it is never too early to stand firmly by our clients – attentively, dependably and with the utmost precision.

Competence in our commitment to the environment

Systems designed, built and operated by WTE create the greatest possible added value for our partners. This added value is generated not only through the use of renewable energy sources, particularly environmentally friendly processes or the latest technologies, but also through the expertise gathered in the course of more than one hundred completed projects, both large and small.

Drinking water is our most important foodstuff

Conscious handling of the number one foodstuff is becoming increasingly important. This vital resource is becoming scarcer globally, and at the same time the demands relating to the treatment of wastewater are rising.

Together with our partners, we want to ensure these circumstances are taken into consideration, which increasingly strengthens our international involvement – and also encourages us to rethink how we use our resources.

Thinking beyond standard patterns

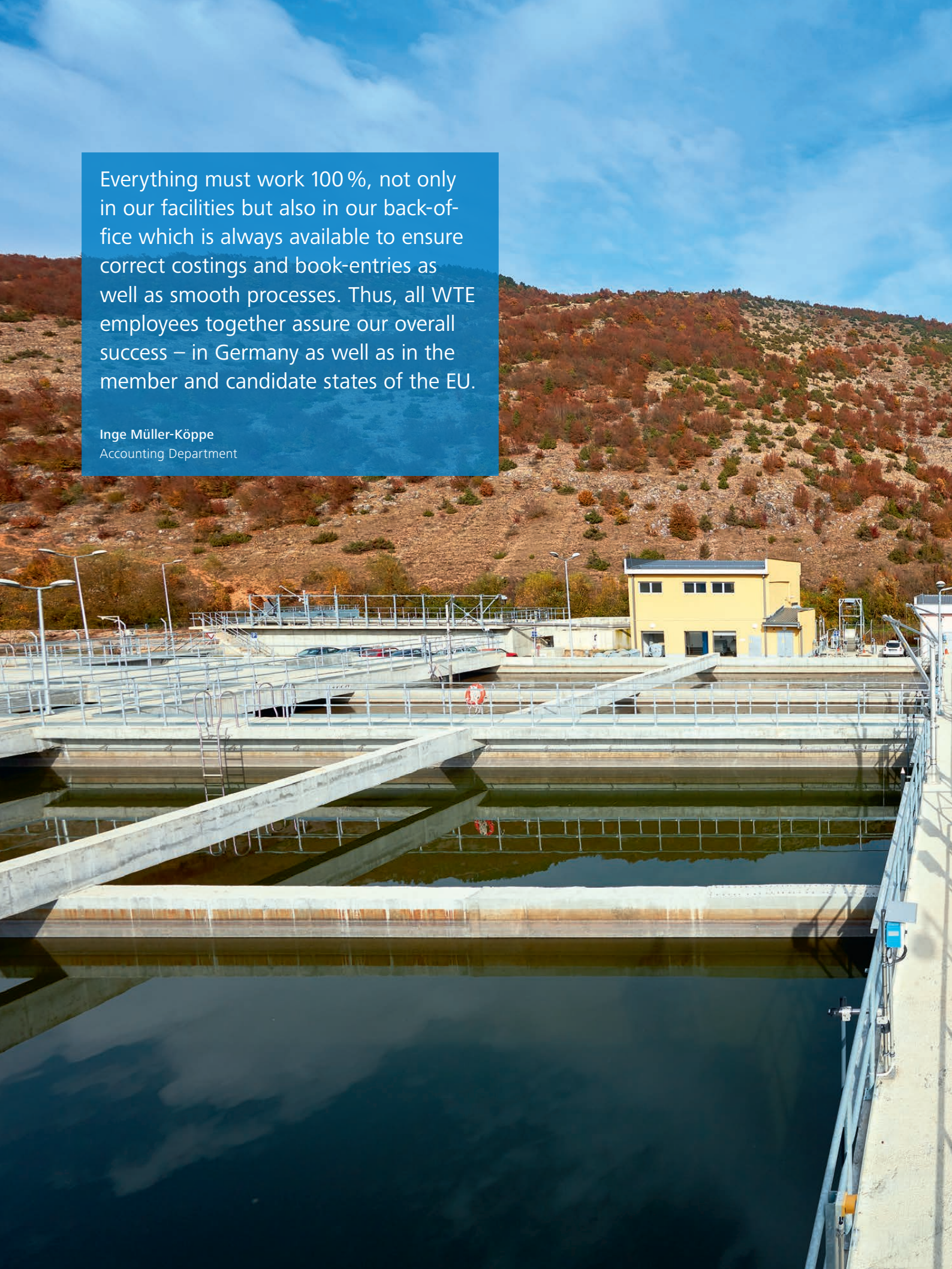
Although drinking water is extremely scarce in many regions of the world, people are also using it where its positive qualities are not essential. For example, in their 2017 Water Report the United Nations pointed out that 70 percent of the world's water is used in agriculture to irrigate the fields, rather than for drinking. In fact, treated wastewater would be quite adequate for agricultural use. Wastewater is often seen as a problem, whereas drinking water is seen as a solution. In some cases, however, it pays to think the other way round and to attribute the greater solution potential to wastewater. WTE has held this view for some time and will soon be bringing it to the implementation stage in a major project in Kuwait. Purified wastewater will in future be used there for agricultural purposes and will be stored as TSE (treated sewage effluent) in reservoirs with their own network.





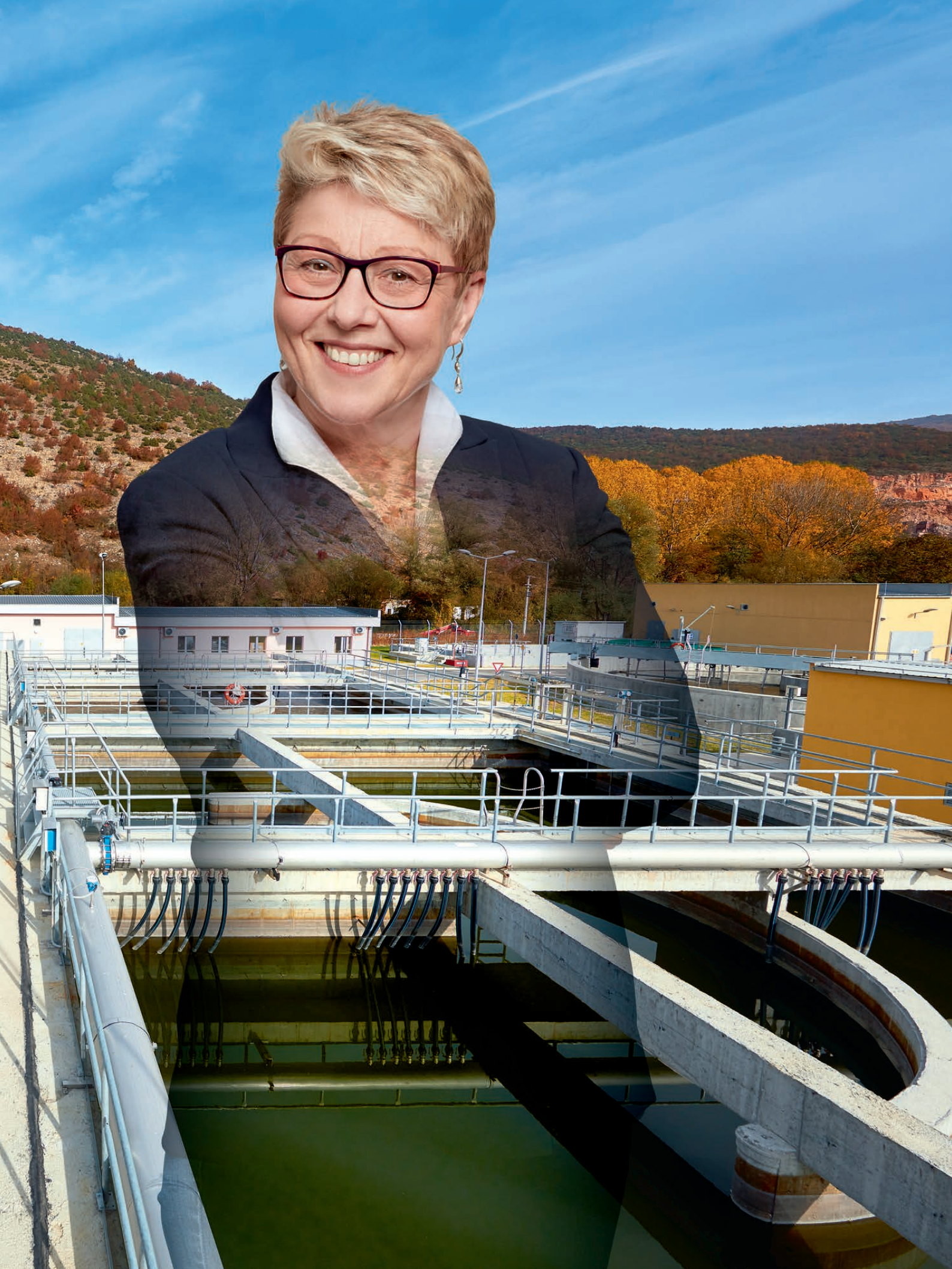
Regardless of which market we operate in, our fundamental interest and the resulting knowledge of the different framework conditions, processes and regulations applying to each country are an integral part of our in-depth know-how.

Axel Bowmann
Head of Legal/Compliance



Everything must work 100 %, not only in our facilities but also in our back-office which is always available to ensure correct costings and book-entries as well as smooth processes. Thus, all WTE employees together assure our overall success – in Germany as well as in the member and candidate states of the EU.

Inge Müller-Köppe
Accounting Department



A passion for regenerative energy sources

It takes a great deal of enthusiasm and a measure of perseverance for our engineers to keep working day in day out to ensure that effective environmental projects contribute successfully to a functioning ecosystem. And precisely that is what we are passionate about.







That is because we all know that our planet's resources are limited, but we behave as if our habitat were a never-ending source. Our resource usage is rising ever faster due to both the world population growth as a whole and the exponentially rising consumption in those societies that are already industrially developed. Action is called for.

The Global Footprint Network looks at the environmental footprint we leave behind on Earth and correlates our annual consumption of resources with what can be regenerated within a year. While in 1970 mankind did not use up the available resources until the end of December – in other words almost sustainably – in 2000, they were already used up by September. In 2017, the so-called “earth overload day” fell on 2nd August. But there are ways of counteracting this development.

Wastewater that is treated in our plants is far more valuable than one may think. The assessment depends only on the preferred point of view. Anyone who, like WTE Wassertechnik GmbH, energetically pursues the vision of interlinking water and energy ecologically and efficiently in order to serve humans and the environment alike, will see wastewater as a precious source of energy that should be exploited.

The future is here and now

With more than 100 successfully completed projects in 18 countries, our installations now supply nearly 20 million people with clean drinking water or dispose of their wastewater generated in households, trade and industry.

As wastewater treatment plants are generally energy-intensive, we use innovations and techniques wherever possible to ensure resource-efficient operation. Various regenerative energy sources are involved, whereby their respective potentials are integrated into the plants in the best possible way. This has now almost advanced to the energy self-sufficient operation of sewage treatment plants. Who knows, but maybe one day, through further intensive research, we may even reach the point where we can use such wastewater treatment plants to generate electricity because they supply more energy than they consume.

Use of biogas in combined heat and power stations

One way of achieving almost self-sufficient plant operation is the integration of combined heat and power stations, which obtain biogas from the clarification process and sludge treatment. By means of incineration, for example, we convert this into electricity which can be used to operate the plant. Likewise, the biogas can of course also be converted into heat and is therefore available, for example, for sewage sludge drying. A major advantage of biogas is its storage capacity: While wind power and photovoltaics remain a mainstay for the supply of renewable energy, both these technologies are subject to high fluctuations in the amount of electricity they generate. In this context, biogas in combination with combined heat and power stations has proved to be a precisely plannable, demand-oriented regenerative resource.



Sewage sludge incineration as a mark of sustainable waste management

In some regions of Germany there has already been a real disposal crisis for sewage sludge – although sewage sludge can also be used effectively and directly in the plant itself. While the new regulations of the “sewage sludge directive” and the “fertilizer law” are causing confusion in the waste disposal market and are already leading to searches for expensive interim storage facilities, many of our plant operators have long benefited from our process of recycling the sewage sludge that arises through the biological treatment of wastewater. First, the sewage sludge is dried, then the subsequent incineration generates heat that can be used for the energy self-sufficient operation of the plant in a similar way to waste incineration: for sewage sludge drying, for generating hot water to drive turbines with steam, or for district heating. This allows operators to significantly increase the share of renewable energy sources and significantly reduce the consumption of fossil fuels. In any case, from 2029, many sewage treatment plants will have to recycle the sewage sludge entirely thermally – and also ensure suitable phosphorus recovery. WTE has the appropriate technological and operational know-how to guarantee freedom from emissions odours, exhaust gases, dust or noise.

sludge2energy GmbH, a company founded by WTE together with HUBER, is currently planning to start building a sewage sludge mono-combustion plant in Halle-Lochau in spring 2019. The sludge2energy process offers maximum technical and economic efficiency by enabling the energetic utilisation of sewage sludge based on combining a sludge dryer with subsequent combustion in a fluidised bed furnace. After planning and installation, the plant will be managed by WTE Betriebsgesellschaft mbH from July

2020 onwards. Currently, the approval procedure complies with § 4 Federal Immission Control Act.

This sustainable approach will ensure the energetical recovery of 33,160 tonnes of dewatered and 2,750 tonnes of dried sewage sludge. The drying concept is designed to allow all aqueous residues arising from the vapour treatment to be recycled or treated separately.

The heat produced by the incineration of the sewage sludge is first used to generate electricity by means of a turbine and then to dry the sludge. With this system, the WTE Group is not only making an important contribution to secure disposal but also to environmental protection. In addition, the residual ash also allows the vital phosphorus to be recovered later.

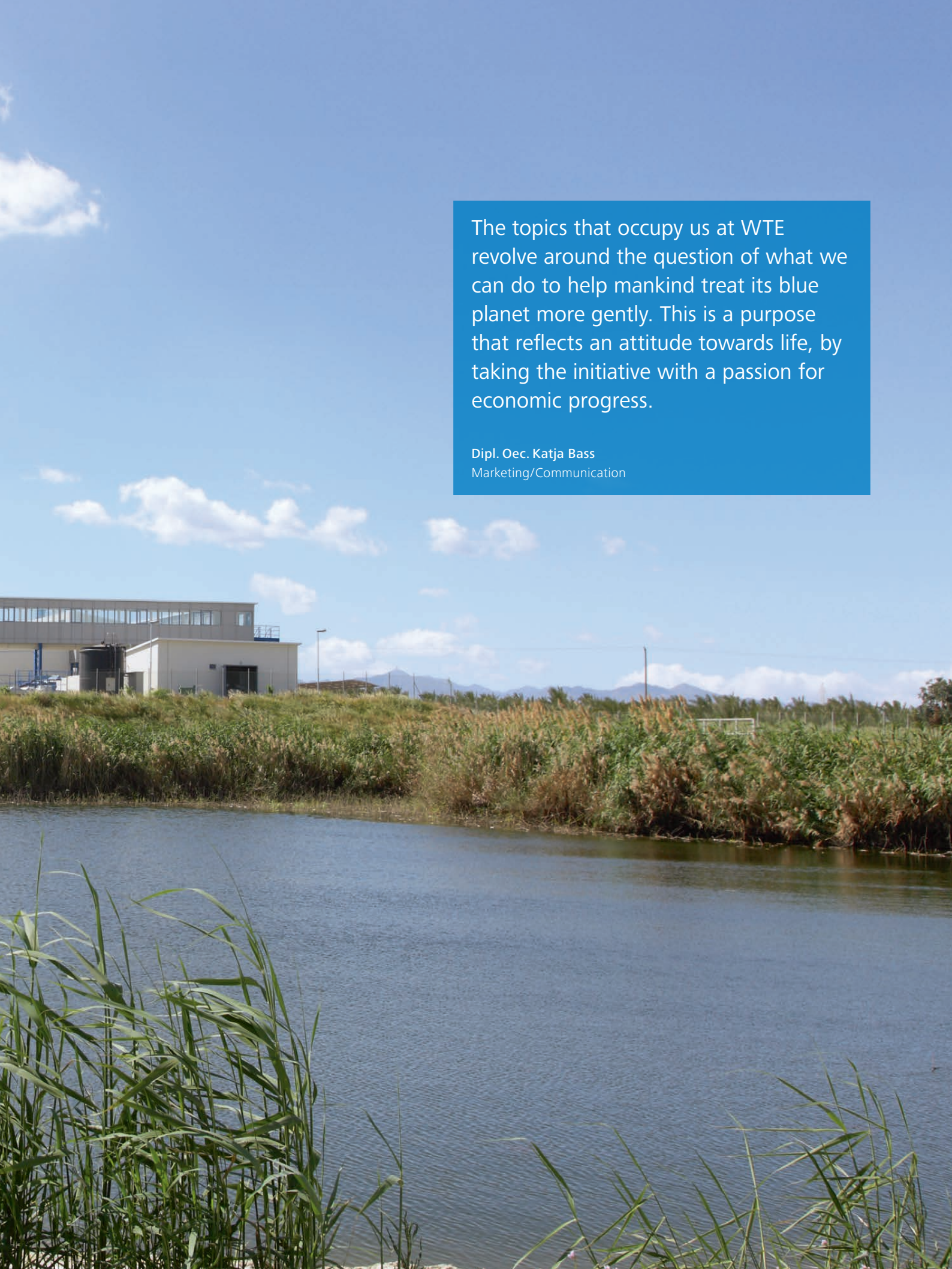


In implementing well over 100 projects, we have created something special in unison with our customers. Such a measure of success necessitates sophisticated planning and reliable access to important partners and institutions across the market. By coordinating these tasks, we are in a position to assure security and sustainability.

Joachim Dudey
Director Sales & Financing







The topics that occupy us at WTE revolve around the question of what we can do to help mankind treat its blue planet more gently. This is a purpose that reflects an attitude towards life, by taking the initiative with a passion for economic progress.

Dipl. Oec. Katja Bass
Marketing/Communication

Thinking in terms of innovation

Recent research has shown that our Earth is warming up even faster than we had already feared. Polar ice caps are melting and glaciers are visibly disappearing. Permafrost terrains in Alaska, Canada or Siberia, which are considered to be a sensitive indicator of climate fluctuations, are already up to 3° C warmer. Researchers estimate that these thawing terrains could release about 1,000 gigatonnes of methane and carbon dioxide in the near future, contributing to further global warming and an even greater climate change.







At the same time there is growing concern that compliance with the Paris Climate Agreement is no longer a sufficient target to limit climate change. The reason for this could sometimes be the so-called tilting elements, which in addition to the permafrost terrains also include other large ecosystems such as the Amazon rainforest. Due to the intensive footprint that humans have already left on Earth, the change of state of a single element could lead to a domino effect on other elements. The result: Climate change would intensify automatically – even without further human intervention.

When viewed against the backdrop of steady world population growth as well as the many inherent problems on all continents, there is a more urgent demand for creativity, enthusiasm and in-depth know-how than ever before. It is therefore necessary to work on environmentally sound solutions with the utmost vigour, to intensively explore better alternatives in common practices, and to define and implement them successfully and with complete dedication.

This is the only way of creating the dynamics for real change. And the only way that we, together with our partners, can be sure that the plants we design, build, finance and operate represent real progress and offer the greatest possible sustainability.

Research and development for solutions to global problems

For WTE, research and development has always been a high priority, enabling our engineers to constantly keep a firm eye on progress. We are also absolutely convinced that by courageously applying technical possibilities that already exist, a fundamental change can be made globally towards the mature and careful use of our resources.

But even the greatest creativity and know-how are not always enough to enable us to offer adequate solutions and mature process technologies in the future. As a forward-looking company, we therefore depend on collaborations with renowned research institutes*.

Together with their scientists, we are for example investigating promising possibilities for the recovery of phosphorus from sewage sludge – because phosphorus is a vital mineral for humans, animals and plants.

Similarly, we are dedicated to researching the use of microbial fuel cells that can energetically utilise the gases present in sewage treatment plants. Another current research area relates to biofilm reactors, which are able to eliminate nitrogen compounds in new biological wastewater treatment systems. And now in more detail:



Recycling residues from phosphorus filters

According to current estimates, the reserves of vital phosphorus for living organisms and plants will be used up in about 100 years. New ways urgently need to be found to extract this substance. We are therefore researching the recovery of phosphorus from wastewater and sewage sludge, because an average of two grams of phosphorus per person per day pass through the sewage into the water cycle. Our goal is to be one of the first to extract phosphorus from sewage sludge ash, which would be an extremely useful addition to our proven technologies for wastewater treatment and sewage sludge incineration. Not only would we be able to provide humans with an important mineral nutrient for the fertilisation of their fields, but they would also be able to extract residues from the waters in order to reduce the unwanted spread of algae.

Microbial fuel cells to reduce energy consumption


Together with Awite Bioenergie GmbH and Ruhr-University Bochum, WTE Wassertechnik GmbH has started a project for the production of energy from wastewater at municipal sewage treatment plants. The project partners are using automated microbial fuel cells, a novel technology that will be integrated into the treatment process to better exploit the energy potential of the wastewater. The objective is to directly produce electrical energy in the course of the wastewater treatment process and thus reduce the demand for energy from municipal sewage treatment plants. Such plants consume 4.4 TWh/a in Germany alone and are therefore responsible for around 3 million tonnes of CO₂ emissions.

Biofilm reactors eliminate nitrogen compounds

In collaboration with MARTIN Membrane Systems AG (MMS) and the Research Institute for water and waste management (FiW), WTE Wassertechnik GmbH is developing to operational maturity an innovative biological wastewater treatment system with functionally differentiated biofilm reactors (IBAS). This system will as far as possible enable the elimination of nitrogen compounds in compliance with the European Water Framework Directive for sensitive areas. It will also provide other benefits, such as scaling down the basin volume for carbon degradation and denitrification, greater nitrification stability, energy savings regarding ventilation as well as low investment costs. It is intended for use in both new and existing sewage treatment plants.

* Research Institute for water and waste management, RWTH Aachen (FiW) e.V.; Ruhr-University Bochum, Chair of household water management and environmental technology; Duisburg-Essen University, Chair of household water management and waste management; Technical University Dresden, Institute for household and industrial water management; Technical University Hamburg-Harburg, Institute for wastewater management and water protection (AWW)





It is important for us to think a little bit further every day and to work constantly on advancing developments that we can bring to market maturity for our customers. We not only depend on our engineers and technicians, but also maintain a close and vibrant network that includes leading scientists and institutions.

Dipl.-Ing. Franz-Josef Kramer
Mechanical Engineering Department

When I look at the facilities built by WTE, I focus on the aesthetic aspects which range from the finest details to huge constructions. It's the overall effect that makes up the beauty of it. Understanding the innovative drive behind it also makes you a little bit proud.

Dipl.-Des. Sabine Ramlow
Media Design







WTE Group highlights for the financial year 2017/2018

Interest in the implementation of water technology projects continues unabated throughout the world. This trend is facilitated by the current EU standards, the ever-increasing demands of rising expectations of residents and tourists and the growing global importance of environmental protection.

Aquisition

Umm Al Hayman/Kuwait

In addition to processing existing orders, during the reporting period WTE Wassertechnik GmbH focused on two acquisitions in Kuwait and Bahrain. Regarding the bidding process for a wastewater treatment project in Kuwait, the bidding consortium, consisting of WTE and a Kuwaiti financial investor, is currently at the exclusive bargaining stage. The final contract is expected to be awarded in the course of the 2018/2019 financial year.

New projects

Tubli/Bahrain

The contract for the Tubli project in Bahrain was signed at the beginning of September 2018. The general contractor order includes doubling the capacity of an existing wastewater treatment plant to 1.6 million inhabitants. The contract also includes the construction of a sewage sludge drying and incineration plant at the same site. The project is to be completed within 36 months and represents a total order value of approximately 179 million EUR for the erection. The implementation will take place with local partners, and financing is provided by the client. Additionally WTE will take over 10 years of operation.

Szczecin/Poland

In May 2018, the WTE Group received an order from its Polish subsidiary to expand the sludge treatment at the plant in Szczecin-Pomorzany. Together with our consortium partner, PUH Rusiecki, WTE will construct an additional sludge digester with a volume of 5,000 m³. In addition, WTE will extend the technical equipment in a separate building and integrate it into the existing measurement and control technology. The planning and construction period for the entire project will be 36 months, with an investment volume of approximately 3.6 million EUR. The client is the Municipal Water/Wastewater Association ZWiK Szczecin. A few years earlier, WTE had already built the wastewater treatment plant as part of an international consortium, culminating in a turnkey handover in 2010.

Projects in progress

Kičevo/Macedonia

WTE succeeded in entering the Macedonian market during the financial year 2015/2016, when three environmental projects with a total volume of approx. 20 million EUR were established. The wastewater project comprises the turnkey construction of wastewater treatment plants in the municipalities of Radoviš, Kičevo and Strumica, with capacities between 5,000 and 10,000 m³/d. Two additional lots involve the construction and rehabilitation of sewage network stretches of 4.7 and 4 km length, including the respective pumping stations. The projects are funded through the IPA Fund (EU instrument for pre-accession assistance). Upon receipt of the building permits, the construction period of 18 months began on schedule. In addition, the clients accepted an extension offer from WTE for the construction of a sludge stabilisation, which could be integrated directly into the ongoing process. This enabled WTE to start up the Strumica plant initially with wastewater and then hand it over on 28.11.2017. All three wastewater treatment plants are now fully operational. The main channel is already in operation over its entire length. The projects were completed as planned following the completion of all the work on the rehabilitation of the sewer network.

On 20.06.2018, the Kičevo treatment plant was ceremonially handed over to Mayor Fatmir Dehari in the presence of Deputy Prime Minister Koco Angjusev and EU Ambassador Samuel Zbogor. In addition to the plant construction for 48,000 PE, the main collector and the access road were also rebuilt.

Finally, on 18.07.2018, the Radoviš treatment plant was ceremonially handed over to the community representatives in the presence of Prime Minister Zoran Zaev and EU Ambassador Samuel Zbogor. The technical specification of these wastewater treatment plants consists of mechanical wastewater treatment, an SBR process (a purification process requiring only two instead of three chambers), nitrogen and phosphorus elimination, disinfection, sludge stabilisation and drainage.

Kočani/Macedonia

In Kočani, WTE is building a sewage treatment plant for 65,000 PE with mesophilic sludge treatment (sludge digestion) followed by sludge composting. The project, worth 14.7 million EUR, is funded by the State Secretariat for Economic Affairs of Switzerland. The construction project is well advanced. The allocation of mechanical and electrical equipment is largely completed. The customer has also initiated four order extensions which are now in the planning or tendering phase. Having already begun assembling the mechanical equipment in June, WTE is now planning to complete construction and the assembly services by the end of the year.

Šibenik/Croatia

At the beginning of June 2016, WTE acquired a contract from Vodovod i odvodnja Šibenik in Croatia to build a wastewater treatment plant for the “Vodice–Tribunj–Srima” wastewater project. In Vodice, WTE has already built a turnkey plant with a capacity of 20,000 PE and 4,620 m³/d. In addition to mechanical and biological wastewater treatment, the commission also includes sewage sludge drainage. Co-financed by the EU Cohesion Fund, this environmental project was completed within 25 months. The operation of the wastewater treatment plant will contribute significantly to improving the water quality of the Adriatic. The system has been subject to a 9-month trial phase since April 2018.



Prague/Czech Republic

As an international consortium partner, WTE has set up a state-of-the-art wastewater treatment plant in Prague. With a capacity of 1.2 million PE, the plant is 600 metres long and 130 metres wide. Being situated on Cisarsky island in the middle of the Vltava river, it was important to secure it against the relatively frequent high river water levels and flooding. It was therefore flood-protected by encircling dam walls and a permanent drainage system, and built almost completely underground. The construction work was completed on schedule. Together with the French company Degremont, WTE was responsible for the mechanical and electrical equipment as well as the process engineering. Tests relating to the mechanical and electrical engineering have been carried out successfully since the beginning of 2018. WTE prepared the commissioning of the plant, scheduled for the fourth quarter of 2018, so promptly that compliance with the EU directives was achieved in accordance with the contract.

The official opening of the newly built wastewater treatment plant in the Czech capital of Prague finally took place on 19 September 2018, after which WTE has taken over the initial 12-month operation of the entire installation.

The DBO contract (Design, Build, Operate) with an investment volume of approx. 250 million EUR was implemented in collaboration with the other consortium partners, SMP and Hochtief. In normal operating mode, the plant will treat approx. 4.1 m³/s of wastewater, with a maximum capacity of up to 7.1 m³/s.

An over-ground park is to be created in order to improve the integration the plant into the landscape, while efficient odour and noise treatment will prevent any disturbance to park visitors.

Kęty/Poland

WTE Wassertechnik (Polska), Warsaw, signed the contract for the extension of the Kęty wastewater treatment plant on 29 August 2017. The joint venture contract covers the expansion of the existing plant to 75,000 PE. In addition to the mechanical and electrical equipment, WTE is responsible for the new sludge treatment process including drainage and digestion as well as the subsequent biogas utilisation. To enable this, the pumping station and the primary clarifiers are being rebuilt. The construction period is scheduled to be 27 months, whereby the 6-month design phase has already been completed. The investment of just under 5 million EUR is co-financed by the European Fund. The project implementation is running in line with the contract. An addendum regarding the integration of a new sludge thickener was established in October 2018.

Larnaka/Cyprus

In Larnaca, Cyprus, all structures for the turnkey wastewater treatment plant have been completed in terms of construction, machinery and electrical engineering. Commissioning of the 100,000 PE plant has been completed. The operational transfer to the customer has been implemented, the WTE-internal project completion and final acceptance had already been prepared in the first quarter of the 2016/2017 financial year. WTE finally received the customer's "Performance Certificate" on 18 January 2018.

Budva/Montenegro

In May 2018, WTE prematurely terminated its contract with the municipality of Budva/Montenegro for the construction, financing and operation of a treatment plant and requested Budva to take over the substantially completed plant and pay the entire claim resulting from the termination of the contract. The reason for this measure was the continued non-remittance of payment obligations by the municipality of Budva. WTE's claims are partly secured by a guarantee of the Republic of Montenegro and in full by further guarantees of the municipality of Budva and the Federal Republic of Germany. Talks are currently underway with the municipality of Budva and the Republic of Montenegro regarding the implementation of the contract termination. A first portion of the outstanding payment obligations has since been received.

Outlook

The WTE Group is in the final bid evaluation for several projects. The letter agreement for the wastewater project in Kuwait was signed on 04.11.2018. In addition, WTE continues to participate in tenders for water treatment plants in the core markets of Poland, Croatia, Macedonia, Cyprus and Lithuania.

A mark of sustainable waste management

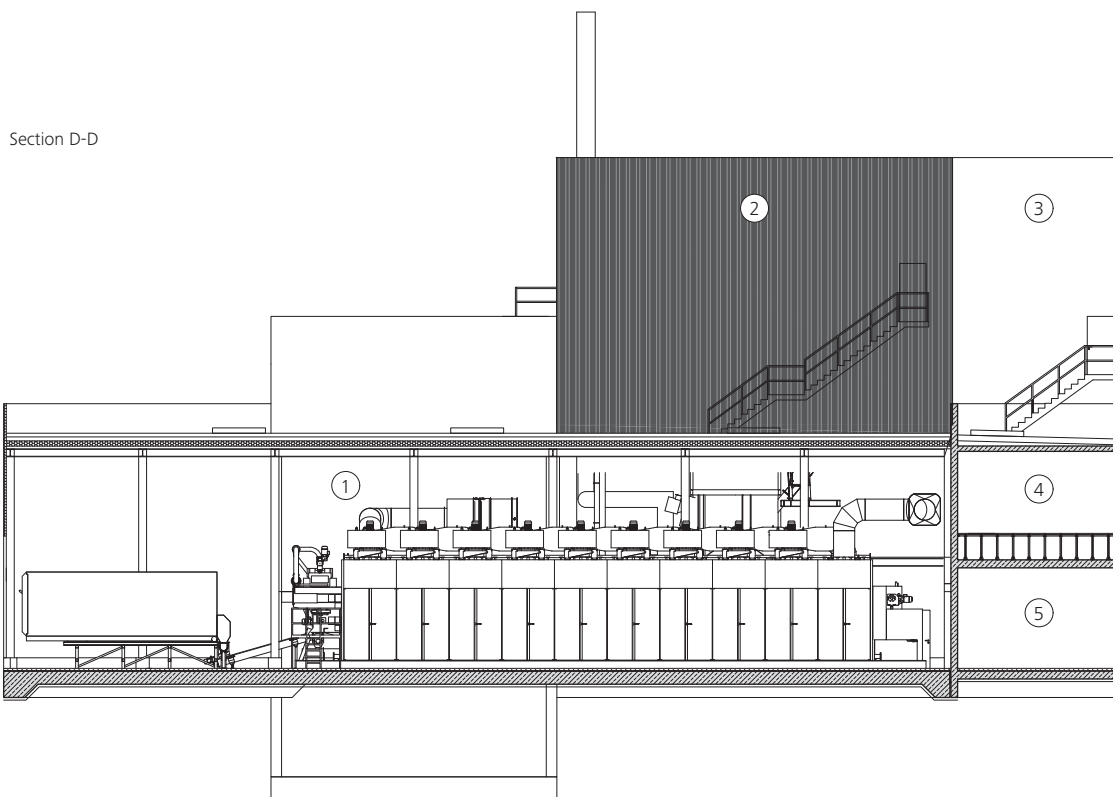
Sewage sludge mono-incineration in Halle-Lochau

sludge2energy GmbH, founded by WTE together with HUBER, will commence construction of a sewage sludge mono-incineration plant in Halle-Lochau in the spring of 2019. The sludge2energy process offers maximum technical and economic efficiency by enabling the energetic utilisation of sewage sludge based on combining a sludge dryer with subsequent combustion in a fluidised bed furnace.

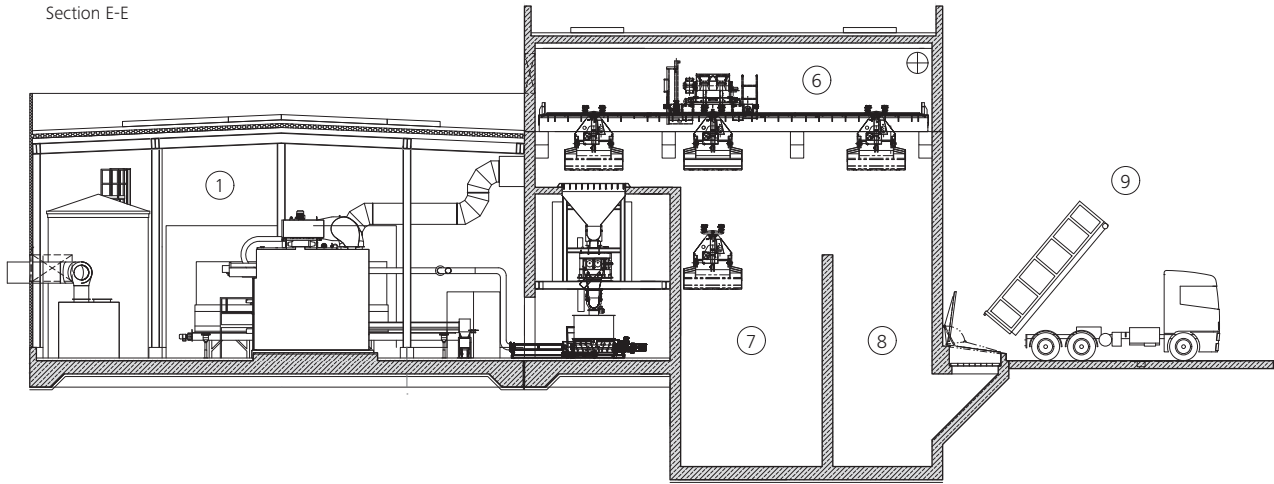
In addition, an agreement regarding the thermal utilisation of sewage sludge has been established with LAV Markranstädt GmbH, a full-service provider for the utilisation of sewage sludge in central Germany. This contractually secures the full capacity usage of the system for 15 years. After planning and installation, the plant will be managed by WTE Betriebsgesellschaft mbH from July 2020. Currently, the approval procedure complies with § 4 Federal Immission Control Act.

This sustainable approach will ensure the energetic recovery of 33,160 tonnes of dewatered and 2,750 tonnes of dried sewage sludge. The drying concept is designed to allow all aqueous residues arising from the vapour treatment to be recycled or treated separately.

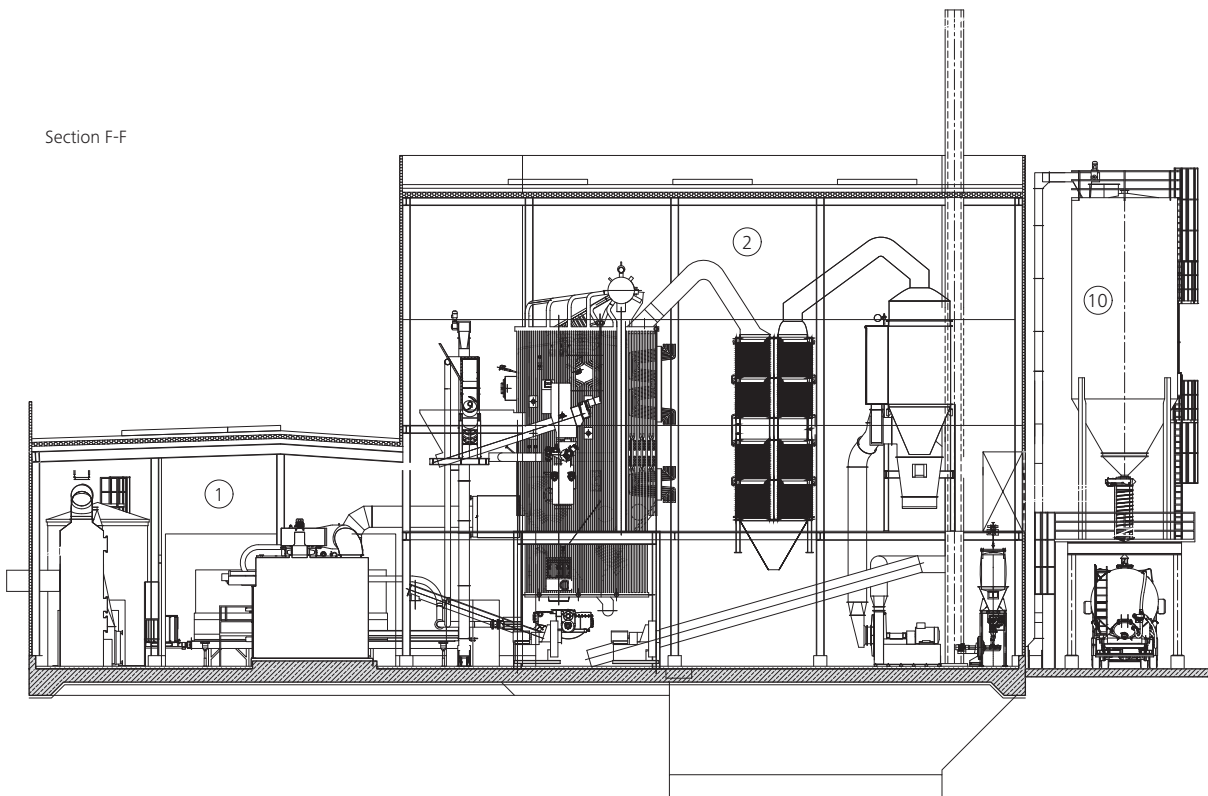
The heat produced by the incineration of the sewage sludge is first used in the form of high-pressure steam to produce electricity by means of a steam turbine. The residual low-pressure steam is subsequently used in the sludge drying process, thus enabling a secure and continuous thermal utilisation of the sewage sludge in compliance with current political requirements – such as the German “waste sewage sludge provision” of October 2017. With this system, the WTE Group is not only making an important contribution to secure disposal but also to environmental protection. In addition, the residual ash allows the vital phosphorus to be recovered later.



Section E-E



Section F-F



- | | | |
|----------------------|-------------------|---------------|
| ① Drying facility | ⑤ Turbine room | ⑨ Flying roof |
| ② Plant facility | ⑥ Sludge bunker | ⑩ Silo group |
| ③ Staircase tower | ⑦ Storage bunker | |
| ④ E- and social area | ⑧ Delivery bunker | |

Management report

Management report for the financial year 2017/2018

1. Corporate principles

1.1 Business model and corporate strategy

WTE Wassertechnik GmbH (WTE), Essen, is one of the leading companies in the European water and environmental industry. On a direct basis or through affiliated/associated companies, WTE is sustainably active as an investor and operator in the drinking water and wastewater treatment sector as well as in sludge drying, incineration and energy-generating plants. WTE also offers individual financing and the management of plants and networks over longer periods. WTE's shares are held in full by EVN Beteiligung 52 GmbH, Maria Enzersdorf/Austria, an EVN AG group company. In the EVN environmental division, WTE belongs to the core area consisting of the two business units for water/wastewater and incineration. WTE's value chain ranges from project development to planning, construction, financing and plant management. Completed plants as well as water supply and wastewater disposal systems are managed by the subsidiary WTE Betriebsgesellschaft mbH, Hecklingen, (WTEB). Communal and commercial functions, such as the management of fees and contributions, are organised from the Hecklingen location. In certain cases, WTE also charges for operational management services.

WTE has already implemented more than 100 projects in 18 countries. In eleven of these countries, WTE has built operational facilities.

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

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

WTE makes a significant contribution to fulfilling EU regulations and securing public services and health care, not only through classic plant engineering but also full-service models (planning, construction, financing, operation).

Our customers are made up of cities, municipalities and communities. As the process owner, WTE realises compact plants for smaller, remote locations and commercial enterprises as well as projects for Europe's big cities and their major industries.

We liaise with public institutions which include the municipal water/wastewater authorities as well as committees of experts specifically convened to decide on one or more projects. The Europe-wide bid processes are usually accompanied by engineering firms that monitor the planning and execution in accordance with international regulations.

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

Further partners who accompany the projects include banks and international financial organisations such as EBRD and the World Bank, or German federal state authorities who provide financial guarantees for foreign investments.

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

Environmental protection

WTE already established a comprehensive environmental management system at an early stage in order to incorporate environmental protection into all management decisions.

Research and development

WTE Wassertechnik GmbH's expenses for research and development activities amounted to 207,000 EUR in the 2017/2018 financial year and mainly related to two projects, namely the IBAS joint project and the nitrogen elimination project.

In collaboration with MARTIN Membrane Systems AG (MMS), Schwerin, and the research institute for water and waste management (FIW), Aachen, WTE Wassertechnik GmbH is developing an innovative wastewater treatment system with functionally differentiated biofilm reactors (IBAS) to maturity. The research project was approved in January 2016 by the German ministry of education and research (BMBF) within the framework of the "KMU- innovativ" funding programme for small and mid-sized companies, with a project duration lasting till the end of December 2018. On a semi-technical scale, it has already been shown that this technique increases the purification performance in a comparable conventional activated-sludge process. Currently, work is being carried out on developing a measurement concept for an IBAS system.

Within the framework of the research project "process and reactor for biological nitrogen elimination with autotrophic ammonium oxidation and subsequent denitrification", a process or plant is being developed that can principally be used as an extension to conventional processes, or alternatively is suitable for advancing the microbiological purification of nitrogenous groundwater. The process was given the acronym ANELIS ("Advanced Nitrogen Elimination System"). The basic idea revolves around the elimination of biological nitrogen from raw water through autotrophic nitrification and autotrophic denitrification. A German patent application, WO2018019968, was submitted by WTE in July 2017. Further work is being carried out on a semi-technical scale in terms of assessing the functional principle and verifying the framework parameters.

On 1 September 2018, WTE Wassertechnik GmbH, together with Awite Bioenergie GmbH, Langenbach/Bavaria and the department of urban water management at the Ruhr University Bochum, started a new research project concerning the production of energy from wastewater. The BMBF-funded project "automated microbial fuel cells (MFC) with further gas utilisation in municipal wastewater treatment plants" (AGaBZ) has a duration of two years and is part of the SME funding measure "KMU-innovativ: resource efficiency and climate protection". In this joint project, MFC technology will be scaled to 1,000 L and piloted under practical conditions at the Hecklingen wastewater treatment plant. Major advances relate to microbial fuel cell automation strategy taking into account seasonal changes in variable wastewater compositions, the development of a utilisation strategy for the resulting MFC gas and a review of the economic viability of the process.

1.2 Control systems

The basic control principle at WTE Wassertechnik GmbH takes the form of an annual strategy process in which target markets are identified, sales strategies and, in particular, financial indicators are determined. The strategy process planning period includes the budget year (i. e. the following financial year) plus three further planning years – a total of four years.

Controlling through financial indicators is of particular importance. These specifically include the order intake and order balance, the overall performance (revenues plus inventory changes) and EBIT (operative earnings before interest and tax).

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

2. Business review

2.1 Economic and sector-specific framework conditions

The following facts from the “political memorandum 2018” published by DWA (the German association for water management, wastewater and waste disposal) are also relevant for WTE:

The German water management sector employs about 250,000 people. Approximately 4.5 billion EUR are invested each year in the wastewater sector; almost a third of this in wastewater treatment and over two thirds in wastewater canalisation. The 9,307 sewage plants have a total capacity of 152 mill. PE served by a canalisation length of 575,580 km and a (water)-pipeline length of approx. 1 mill. km. The annual wastewater volume amounts to approximately 10 billion m³ per year. The energy generated from sewage gas represents 1% of the electricity supplied from renewable energies. 1.8 mill. tonnes of sewage sludge accumulate annually, of which 60% is incinerated. 21 mono-incineration plants with a capacity of approx. 700,000 t/a of dry matter are available. The joint incineration capacities of power stations and cement works are capable of incinerating up to 1.34 mill. tonnes.

Water management in Germany is well positioned and contributes significantly to the health and quality of life of the population and to industrial and commercial competitiveness through the availability and usability of water at all times. Despite this, the water industry faces significant challenges. In addition to such major issues as climate change, the energy transition and digitisation, there are also buzzwords circulating such as antibiotic-resistant germs, micropollutants and demographic development. At the same time, the preservation of the water management infrastructure represents a very substantial asset that must not be neglected. In addition, substantial investments are needed for the recovery of phosphorus and to expand the infrastructure necessary for the secure disposal of sewage sludge. Also, there are political requirements concerning the further development of levies on wastewater. Furthermore, politicians must increasingly address the needs and issues of water management in other policy areas. Water policy should be treated holistically and inclusively in the new legislative period. Key areas of action in the field of water management are:

- Continue developing the “water framework directive” while maintaining its objectives
- Reduce anthropogenic material inputs into the water cycle
- Design digitisation of the water industry
- Improve provisions for flooding and heavy rain
- Harmonise water management and agriculture
- Incentivise efficient water management

2.2 Development of the business

During the financial year 2017/2018, the signing the contract for the Tubli project has once again demonstrated the WTE Group’s competence and strengthened its position in the international market.

The order intake amounted to 192.9 mill. EUR. As of 30 September 2018, the order balance attained 209.5 mill. EUR. Reported as of the balance sheet date, the order balance essentially comprises the following projects: Tubli (Bahrain), Kočani (Macedonia) and Vodice (Croatia).

At the beginning of 2018, WTE Wassertechnik GmbH was awarded the contract for the extension of the [Tubli](#) wastewater treatment plant in Bahrain’s capital. The contract was signed on 5 September 2018. As part of a general contractor agreement, the capacity of the existing plant is to be doubled from 200,000 m³/d to 400,000 m³/d. The contract also includes the construction of a sludge drying and incineration plant with a capacity of around 15 MW. The construction period for the entire project should be 36 months. The investment volume amounts to approx. 179 mill. EUR. Following completion of the plant, WTE will take over the operational management for ten years.

In May 2018, the WTE Group received an order from its Polish subsidiary to expand sludge treatment at the treatment plant in [Szczecin-Pomorzany](#). Together with its consortium partner PUH Rusiecki, WTE will build an additional sludge digester with a volume of 5,000 m³. In addition, the mechanical equipment in a separate building will be extended and integrated into the existing MCR technology. The planning and construction period for the entire project with an investment volume of approx. 3.6 mill. EUR will be 36 months. The client is the “municipal water/wastewater association”, ZWiK Szczecin. Several years ago, WTE was involved in the construction of the treatment plant as a member of an international consortium. The turnkey handover took place in 2010.

WTE Wassertechnik (Polska), Warsaw, signed the contract for the extension of the Kęty wastewater treatment plant on 29 August 2017. The joint venture contract covers the expansion of the existing plant to 75,000 PE. In addition to the mechanical and electrical equipment, WTE is responsible for the new sludge treatment process including drainage and digestion as well as the subsequent biogas utilisation. To enable this, the pumping station and the primary clarifiers are being rebuilt. The construction period is scheduled to be 27 months, whereby the 6-month design phase has already been completed. The investment of just under 5 mill. EUR is co-financed by the European Fund. The project implementation is running in line with the contract. An addendum regarding the integration of a new sludge thickener was established in October 2018.

WTE had already successfully entered the Macedonian market during the 2015/2016 financial year, signing three environmental projects with a total volume of approx. 20 mill. EUR. The wastewater project includes the turnkey construction of wastewater treatment plants in the municipalities of Radovich, Kičevo and Strumica with capacities between 5,000 and 10,000 m³/d. Two additional lots comprise the construction and rehabilitation of sewage network stretches of 4.7 and 4 km in length, including the respective pumping stations. The projects are funded through the IPA fund (EU Instrument for pre-accession assistance). Upon receipt of the building permits, the construction period of 18 months began on schedule. In addition, the clients accepted an extension offer from WTE for the construction of a sludge stabilisation, which could be integrated directly into the ongoing process. This enabled WTE to start up the Strumica plant initially with wastewater and then hand it over on 28 November 2017.

On 20 June 2018, the Kičevo treatment plant was ceremonially handed over to Mayor Fatmir Dehari in the presence of Vice-Prime Minister Koco Angjusev and EU Ambassador Samuel Zbogar. In addition to the plant for 48,000 PE, the main collector and the access road were also rebuilt.

Finally, on 18 July 2018, the Radovich treatment plant was ceremonially handed over to the community representatives in the presence of Prime Minister Zoran Zaev and EU Ambassador Samuel Zbogar. The technical specification of these wastewater treatment plants consists of mechanical wastewater treatment, an SBR process, nitrogen and phosphorus elimination, disinfection, sludge stabilisation and drainage.

In [Kočani/Macedonia](#), WTE is building a sewage treatment plant for 65,000 PE with mesophilic sludge treatment (sludge digestion) followed by sludge composting. The project, worth 14.7 mill. EUR, is funded by the State Secretariat for Economic Affairs/Switzerland. The construction project is well advanced. The allocation of mechanical and electrical equipment is largely completed. The customer has also initiated four order extensions which are now in the planning or tendering phase. Having already begun assembling the mechanical equipment in June, WTE is now planning to complete construction and the assembly services by the end of the year.

At the beginning of June 2016, WTE acquired a contract from Vodovod i odvodnja Šibenik in Croatia to build a wastewater treatment plant for the “[Vodice–Tribunj–Srima](#)” wastewater project. In addition to mechanical and biological wastewater treatment, the commission also includes sewage sludge drainage. Co-financed by the EU Cohesion Fund, this environmental project was completed within 25 months. The operation of the wastewater treatment plant will contribute significantly to improving the water quality of the Adriatic. The system has been subject to a 9-month trial phase since April 2018.

As an international consortium partner, WTE has set up a state-of-the-art wastewater treatment plant in [Prague/Czech Republic](#). With a capacity of 1.2 million PE, the plant is 600 metres long and 130 metres wide. Being situated on Cisarsky island, it was important to integrate it into the landscape. An over-ground park is to be created by the City of Prague, whereby an efficient odour and noise treatment will prevent any disturbance to park visitors.

The construction work was completed on schedule. Tests relating to the mechanical and electrical engineering have been carried out successfully since the beginning of 2018. The newly constructed wastewater plant for the Czech capital, Prague, was finally officially opened on 19 September 2018. The actual commissioning planned for the 4th quarter 2018 is in preparation, so that EU regulations can be complied with as stipulated in the contract. Together with the French company Suez, WTE was responsible for the mechanical and electrical equipment as well as the process engineering. WTE will subsequently have operational responsibility for the entire plant for a period of 12 months.

The DBO contract (Design, Build, Operate) with an investment volume of approx. 250 mill. EUR was implemented in collaboration with the other consortium partners, SMP and Hochtief. In normal operating mode, the plant will treat approx. 4.1 m³/s of wastewater, with a maximum capacity of up to 7.1 m³/s.

In [Larnaca](#), Cyprus, all structures for the turnkey wastewater treatment plant have been completed in terms of construction, machinery and electrical engineering. Commissioning of the 100,000 PE plant has been completed. The operational transfer to the customer has been implemented, the WTE-internal project completion and final acceptance had already been prepared in the first quarter of the 2016/2017 financial year. WTE finally received the customer's performance certificate on 18 January 2018.

In May 2018, WTE prematurely terminated its contract with the municipality of [Budva/Montenegro](#) for the construction, financing and operation of a treatment plant, and requested Budva to take over the substantially completed plant and pay the entire claim resulting from the termination of the contract. The reason for this measure was the continued non-remittance of payment obligations by the municipality of Budva. WTE's claims are partly secured by a guarantee of the Republic of Montenegro and in full by further guarantees of the municipality of Budva and the Federal Republic of Germany. Talks are currently underway with the municipality of Budva and the Republic of Montenegro regarding the implementation of the contract termination. A first instalment of the outstanding payment obligations has since been received.

In the [Mia Milia](#) project, WTE is in discussion with the customer regarding the problem of reduced biogas production. Both sides are interested in a solution. On 14 December 2017, the negotiating parties signed an agreement stipulating that the business management services billed by WTE from January 2018 onwards would no longer be called into question.

Concerning the MPZ1 waste incineration plant project, WTE continues to engage in dialogue with the city of Moscow government with a view to cost compensation.

The Kuwait Authority for Partnership Projects has named the WTE/IFA consortium a "successful bidder" and submitted an invitation to sign the letter agreement for the [Umm Al Hayman](#) treatment project in Kuwait (wastewater treatment plant and sewage network with pumping stations). The agreement was signed on 4 November 2018. The letter of agreement will enable WTE to set up the project company, which in turn will sign the PPP contract and the other project contracts.

As general contractor, WTE will be responsible for the design and construction of the Umm Al Hayman wastewater treatment project, with a duration of approximately four years. Following the construction of the plant, WTE will then also take over its operation with a treatment capacity of 500,000 m³ per day for a period of 25 years. The financing of the plant construction (order value equivalent to around 600 mill. EUR) will be provided by the project company, which will be majority-owned by state-owned Kuwaiti institutions. WTE will indirectly hold a 20 % stake in this company. On the basis of the projected project financing, WTE's equity stake is expected to be around 29 mill. EUR. Should the contract be awarded, EVN AG is to provide the financing banks with the usual collateral in connection with the construction of the treatment plant, taking into account the project volume. The construction financing for the sewage network and the pumping stations (order value equivalent to around 950 mill. EUR) will be fully paid for by the client.

Total performance (revenues plus changes in inventories) amounted to 28.8 mill. EUR in the financial year and was 25.5 mill. EUR lower than in the previous year. Since the contract signing for two major projects did not take place as expected in the spring of 2018, it was not possible to realise the revenue forecast from these projects in the mid-triple-digit million range.

Consequently, the operating result of –10.8 mill. EUR was once again negative (compared to –24.9 mill. EUR in the previous year). An operating result in the low tens of millions had been expected.

2.3 Results

Operating performance

In the past financial year, WTE Wassertechnik GmbH's total performance (revenues plus changes in inventories) amounted to 28.8 mill. EUR, a reduction of 25.5 mill. EUR against the previous year. Sales revenues of 31.3 mill. EUR in the current financial year compare to 55 mill. EUR in the previous year, whereby the Kičevo, Strumica und Radovich projects contributed in particular to this result. The inventory change amounted to –2.6 mill. EUR (previous year: –0.8 mill. EUR).

Revenues include income from operational management services of 6.5 mill. EUR (previous year: 5.6 mill. EUR).

As a result of lower margins, WTE's gross profit (total performance less cost of materials) dropped to 0.5 mill. EUR compared with 2.4 mill. EUR in the previous year.

Other operating income of 10.6 mill. EUR (previous year: 2.1 mill. EUR) mainly includes income from the reversal of provisions and claims from charges passed on.

Personnel expenses amounted to 11.9 mill. EUR in the current financial year (previous year: 10.5 mill. EUR).

Other operating expenses totalled 9.5 mill. EUR, compared with 18.5 mill. EUR in the previous year, and mainly include expenses for consultancy services in connection with participation in project tenders as well as rents and travel expenses. In the previous year, other operating expenses included value adjustments on receivables amounting to 9.9 mill. EUR.

Income from investments refers mainly to the dividend from WTE International GmbH and amounts to 29.5 mill. EUR (previous year: 37.6 mill. EUR).

The financial result (net interest, income from loans and write-downs on loans) fell in total to –5.5 mill. EUR (previous year: –0.6 mill. EUR). This includes write-downs on loans to affiliated companies amounting to 7.8 mill. EUR, relating to WTE Otpadne vode Budva d.o.o., Podgorica/Montenegro.

Overall, WTE showed a positive annual result of 12.4 mill. EUR, compared to 11.8 mill. EUR in the previous year.

Net assets position

The reduction of 18.3 mill. EUR in the balance sheet total, from 205.6 mill. EUR to 187.3 mill. EUR, is attributable to various factors. The assets side was predominantly influenced by a decline in loans to affiliated companies of 13.8 mill. EUR as a result of write-downs and repayments relating to the Budva project as well as receivables from affiliated companies of approx. 11 mill. EUR. On the other hand, dividend claims on affiliated companies led to an increase in receivables of 3.7 mill. EUR. On the liabilities side, other provisions due to reversals and liabilities to affiliated companies decreased by a total of 28.3 mill. EUR. This is offset by an increase in equity of 8.4 mill. EUR.

WTE has founded various project companies relating to the execution of projects. In addition to the payment of the share capital, payments were also made into the capital reserves. This predominantly related to the South-West Moscow project (drinking water treatment) and the wastewater disposal project in Zagreb/Croatia. These shares are reported under financial assets relating either to investments in affiliated companies or to shareholdings.

Receivables from affiliated companies and shareholdings include not only the financing of WTE Group companies, but also the settlements relating to supply and service relationships within the WTE Group. The decrease in receivables essentially results from the 12.4 mill. EUR decrease to 32.8 mill. EUR in liquid assets at EVN AG.

Other assets mainly relate to receivables from tax authorities.

Liquid assets increased by 2.2 mill. EUR.

Financial situation

Taking into account the offsetting of deposit payments received against inventory assets, an equity ratio of 62.8% (previous year: 52.3%) was achieved.

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

After reconciliation with the dividend of 19.3 mill. EUR, short-term liabilities vis-à-vis affiliated companies of 50.6 mill. EUR resulted from financial dealings with WTE International GmbH.

The funds tied up as fixed assets amounting to 103.4 mill. EUR are offset by equity and funds from financial transactions of 159.1 mill. EUR.

Inventories are largely financed by payments received in advance.

Financial and non-financial performance indicators

The main financial performance indicators comprise the total operating performance (revenues plus changes in inventories), the operating result (earnings before financial and shareholding performance and tax) as well as the annual result.

Compliance with statutory regulations and environmental norms in those countries in which WTE is active plays a crucial 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 ongoing execution of existing orders, the successful acquisition of new commissions as well as the preparation of offers for various major projects. WTE Wassertechnik GmbH was able to participate and achieve pre-qualification in numerous tenders. The contract for the Tubli project was signed in September 2018. WTE has been named "successful bidder" in the major Umm Al Hayman project in Kuwait. The letter agreement was signed on 4 November 2018.

Due to the delays in closing contracts in the major projects, overall performance was not in line with expectations, whereas the operating result was mainly influenced by value adjustments relating to receivables and in total fell short of expectations. However, income from shareholdings led to a positive annual result.

In summary, the Company's position relating to assets, finances and earnings is rated as being 'good' by the management, particularly in terms of the two major projects, Tubli und Umm Al Haymann.

3. 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 implementing environmentally protective projects. At the same time, WTE is extending its geographical reach to areas other than its present core markets, including regions beyond the European continent.

3.1 Future development opportunities

WTE Wassertechnik GmbH's scope of offer is very extensive, encompassing the construction of plants for wastewater treatment, drinking water supply, seawater desalination, membrane bioreactor technology, combined heat and power stations, thermal waste utilisation and sewage sludge incineration. Furthermore, the scope is not restricted to implementing the investment but can also include financing and subsequent plant operation.

This gives WTE greater flexibility and avoids overdependence on just one product. WTE is able to build and operate facilities that embrace the latest technologies and comply with the highest environmental standards.

We therefore see our opportunities above all in the challenges of water and waste management as described in section 2.1, and consequently in new bidding processes for water treatment plants and sewage sludge recycling.

3.2 Risks attached to future developments

Risk management

As an internationally operating provider of environmental services, WTE is exposed to a variety of commercial, 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 these developments (default risk relating to receivables) were covered by direct financing commitments given by the EU as well as 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 make use of 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. Defaults and liquidity risks relating to completed projects will also be addressed 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 growth 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/Measures

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

The most significant risks for WTE are country-related risks and operational risks.

Country-related risks

As an internationally active company, WTE's overall risk is influenced in particular by the country risks relating to the subsidiaries and their shareholdings in eastern and south-eastern Europe.

In respect of the risk profile, strict restrictions on the financial liabilities of the respective project companies, without recourse to WTE/EVN AG (non-recourse), serve to actively manage or limit risk factors. Credit risk insurance is another measure that can be applied by public authorities or international financial institutions in order to take account of the risk profile.

Operational risks

WTE operates the most technically advanced plants, whose long-term dependability forms the basis for its business activities. This requires operational risks to 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 supervision and upkeep. Insurance coverage enables WTE to limit possible consequences arising from damages.

WTE reacts to risk associated with the planning and execution of installations by continuously extending our project risk management, in which project controlling plays an important role and risk analysis is of paramount importance. Positive cooperation with authorities, associations and interest groups at regional, national and international level provides the basis for the Company to avoid legal risks.

The following are also risks of a significant nature.

Financial risks

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

Business risks

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

Event risks

For WTE, such risks relate mainly to natural catastrophes. In most cases these are due to force majeure and are transferred to insurance companies wherever economically reasonable.

The review of the existing risk situation in the current financial year showed that no existing risks adversely affect the continued existence of the Company and that there are no identifiable risks for the future.

3.3 Outlook

In Germany, the water/wastewater sector continues to stagnate due to municipalities' lack of financial resources. In the long term, we expect that significantly more water supply and wastewater disposal services will be privatised in the German market. In particular, the planned radical reorganisation of sewage sludge recycling requires the construction of considerable mono-incineration capacities, which cannot be managed by the municipalities alone. Here WTE, with our subsidiaries, is well equipped to provide assistance. Well-prepared through its existing reference portfolio, WTE will therefore continue to participate strongly in competitive bidding processes.

The privatisation projects realised by WTE (10 national projects) and the management projects relating to the international water market (12 projects) form the basis for expanding these comprehensive models, including financing and operational management. Especially in Eastern Europe, the infrastructure sector generates a high demand for water and wastewater technology. The combination of western technology, long-term financing and responsible operational management makes up the expertise admirably demonstrated by WTE in the course of numerous reference projects.

For the financial year 2018/2019 and subsequent years, WTE plans to expand its activities in its core area of Central and Eastern Europe as well as in the Gulf region. Due to ongoing acquisition activities, numerous projects are in the pipeline and will be coming to a decision soon. In the bidding process for the Umm Al Hayman project in Kuwait, WTE Wassertechnik GmbH, together with its consortium partner, emerged as "best bidder". Since then, the consortium has been named "successful bidder". The letter agreement was signed on 4 November 2018, which means the project company can be established and will sign the PPP contract. This is likely to take place in spring 2019. WTE Wassertechnik GmbH hopes to further increase the order balance by participating in project tenders within the framework of the European Union's environmental programmes.

WTE has worked successfully in its markets, opening up further development potential. Based on its achievements to date and current earnings potential, the Company is confident that it will be able to strengthen its position in 2017/2018 as well as in subsequent years. WTE expects to achieve sustainable and continuous improvement in its results over the next few years in view of our market and project development activities as well as performance expectations relating to existing and future general contractor and operational projects.

In the coming financial year, WTE expects total performance to achieve the lower treble-digit millions, provided that the contract for the major Umm Al Hayman project in Kuwait is signed by spring 2019. Operating income in the lower single-digit millions together with expected income from shareholdings are expected to result in a positive net income in the higher single-digit millions. In view of the contract signing referred to above, we expect a significantly higher order intake than in the financial year 2017/2018 and, as a result, an appreciable increase in the order balance.

Significant changes in the Company's asset and financial situation are not expected.

Essen, 16 November 2018

WTE Wassertechnik GmbH

Executive Board

Annual financial statements

Balance sheet

as at 30 September 2018

Assets

Data in EUR

	30. 09. 2018	30. 09. 2017
A Fixed assets		
I. Intangible assets		
Purchased industrial rights and similar rights and assets	482,566.00	190,035.00
	482,566.00	190,035.00
II. Tangible assets		
1. Land and buildings	387,528.73	66,930.73
2. Technical machinery and equipment	6,226.00	9,783.00
3. Other equipment, operating and office equipment	1,846,292.00	1,039,511.00
4. Payments in advance and assets under construction	46,732.50	351,280.00
	2,286,779.23	1,467,504.73
III. Financial assets		
1. Shares in affiliated companies	51,331,829.47	51,331,829.47
2. Loans to affiliated companies	37,110,527.02	50,884,322.68
3. Investments	12,153,079.65	12,153,079.65
	100,595,436.14	114,369,231.80
	103,364,781.37	116,026,771.53
B Current assets		
I. Inventories		
1. Services not yet chargeable	15,882,794.41	18,447,313.35
	15,882,794.41	18,447,313.35
II. Receivables and other assets		
1. Trade receivables	6,292,924.34	9,750,094.31
2. Receivables from affiliated companies	42,956,302.24	53,925,076.18
3. Receivables from companies in which participating interests are held	4,954,263.24	1,200,908.80
4. Other assets	8,564,146.43	3,050,349.40
	62,767,636.25	67,926,428.69
III. Cash in hand, bank balances	4,888,214.01	2,696,025.55
	83,538,644.67	89,069,767.59
C Prepaid expenses	429,878.71	495,717.20
	187,333,304.75	205,592,256.32

Equity and liabilities

Data in EUR

	30. 09. 2018	30. 09. 2017
A Equity		
I. Subscribed capital	6,033,244.20	6,033,244.20
II. Capital reserves	50,861,000.00	50,861,000.00
III. Retained profits brought forward	39,273,277.03	31,516,311.13
IV. Net income for the financial year	12,365,752.33	11,756,965.90
	108,533,273.56	100,167,521.23
B Provisions		
1. Provisions for pensions and similar obligations	1,626,180.00	1,601,189.00
2. Other provisions	4,609,027.15	14,636,725.64
	6,235,207.15	16,237,914.64
C Liabilities		
1. Payments received on account of orders	14,386,421.27	14,234,411.81
2. Trade payables	5,290,743.48	3,974,134.03
3. Liabilities to affiliated companies	52,488,088.98	70,789,110.02
4. Other liabilities	399,570.31	189,164.59
– of which taxes EUR 375,861.22 (previous year: EUR 170,959.84)		
– of which relating to social security EUR 13.409,92 (previous year: EUR 16,532.15)		
	72,564,824.04	89,186,820.45
	187,333,304.75	205,592,256.32



Income statement

for the period 1 October 2017 to 30 September 2018

Data in EUR	2017/2018	2016/2017
1. Sales	31,337,590.62	55,039,862.61
2. Increase in services not yet chargeable	-2,564,518.94	-768,274.04
3. Other operating income	10,575,075.83	2,051,995.85
4. Cost of materials		
a) Cost of raw materials, consumables and supplies	17,637,707.77	17,579,376.98
b) Cost of purchased services	10,632,985.64	34,253,374.64
	28,270,693.41	51,832,751.62
5. Personnel expenses		
a) Wages and salaries	10,453,721.89	9,156,864.51
b) Social security, post-employment benefit costs – of which relating to retirement benefits: EUR 60.465,09 (previous year: EUR 40,864.00)	1,422,937.01	1,337,405.17
	11,876,658.90	10,494,269.68
6. Amortisation and write-downs of intangible assets; depreciation and write-downs of tangible assets	461,704.77	381,242.70
7. Other operating expenses	9,537,739.92	18,531,369.67
8. Income from investments – of which from affiliated companies: EUR 19.300.250,00 (previous year: EUR 30,099,828.48)	29,070,910.73	36,834,202.58
9. Income from profit/loss transfer agreements – from affiliated companies	416,436.36	741,074.54
10. Income from loans of capital assets – from affiliated companies	2,206,151.98	2,321,625.41
11. Other interest and similar income – of which from affiliated companies: EUR 160.561,32 (previous year: EUR 198,001.65)	524,362.88	198,665.82
12. Amortisation of financial assets – relating to affiliated companies	7,800,000.00	2,600,019.83
13. Interest and similar expenses – of which to affiliated companies: EUR 88.127,31 (previous year: EUR 30,060.82)	472,475.63	543,439.90
14. Taxes on income and net worth	776,564.56	246,848.96
15. Result after tax	12,370,172.27	11,789,210.41
16. Other taxes	4,419.94	32,244.51
17. Net income for the financial year	12,365,752.33	11,756,965.90

Fixed assets movements table

	Acquisition costs				
Data in EUR	01. 10. 2017	Additions	Transfers	Disposals	30. 09. 2018
I. Intangible assets					
Purchased industrial rights and similar rights and assets	5,422,066.41	41,875.88	351,280.00	5,749.60	5,809,472.69
II. Tangible assets					
1. Land and buildings	339,983.56	324,200.96	0.00	0.00	664,184.52
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	2,202,969.89	1,217,563.93	0.00	279,315.27	3,141,218.55
4. Payments in advance and assets under construction	351,280.00	46,732.50	−351,280.00	0.00	46,732.50
	4,588,580.18	1,588,497.39	−351,280.00	279,315.27	5,546,482.30
III. Financial assets					
1. Shares in affiliated companies	51,721,830.47	0.00	0.00	0.00	51,721,830.47
2. Loans to affiliated companies	53,484,342.51	1,439,179.58	0.00	7,412,975.24	47,510,546.85
3. Investments	12,153,079.65	0.00	0.00	0.00	12,153,079.65
	117,359,252.63	1,439,179.58	0.00	7,412,975.24	111,385,456.97
	127,369,899.22	3,069,552.85	0.00	7,698,040.11	122,741,411.96

Accumulated depreciation/amortisation			Carrying amount		
01. 10. 2017	Charged during the financial year	Disposals	30. 09. 2018	30. 09. 2018	30. 09. 2017
5,232,031.41	100,624.88	5,749.60	5,326,906.69	482,566.00	190,035.00
273,052.83	3,602.96	0.00	276,655.79	387,528.73	66,930.73
1,684,563.73	3,557.00	0.00	1,688,120.73	6,226.00	9,783.00
1,163,458.89	353,919.93	222,452.27	1,294,926.55	1,846,292.00	1,039,511.00
0.00	0.00	0.00	0.00	46,732.50	351,280.00
3,121,075.45	361,079.89	222,452.27	3,259,703.07	2,286,779.23	1,467,504.73
390,001.00	0.00	0.00	390,001.00	51,331,829.47	51,331,829.47
2,600,019.83	7,800,000.00	0.00	10,400,019.83	37,110,527.02	50,884,322.68
0.00	0.00	0.00	0.00	12,153,079.65	12,153,079.65
2,990,020.83	7,800,000.00	0.00	10,790,020.83	100,595,436.14	114,369,231.80
11,343,127.69	8,261,704.77	228,201.87	19,376,630.59	103,364,781.37	116,026,771.53

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	1,031	100.0	–51
EVN Projektgesellschaft Müllverbrennungsanlage Nr. 1 mbH, Essen	EUR	–269,499	100.0	–2,155
OA0 Budapro Werk Nr. 1, Moscow/Russia	RR	319,846	100.0	–6,030
Saarberg Hölter Projektgesellschaft Süd Butowo mbH i. L., Essen	EUR	26	100.0	–1
SHW Hölter Projektgesellschaft Zelenograd mbH i. L., Essen	EUR	16	100.0	–1
Storitveno podjetje Lasko d. o. o., Lasko/Slovenia	EUR	456	100.0	0
WTE Abwicklungsgesellschaft Kuwait mbH, Essen	EUR	23	100.0	0
WTE Abwicklungsgesellschaft Russland mbH, Essen	EUR	25	100.0	0
WTE Baltic UAB, Kaunas/Lithuania	EUR	141	100.0	32
WTE Betriebsgesellschaft mbH, Hecklingen	EUR	511	100.0	0
WTE desalinizacija morske vode Budva d. o. o., Podgorica/Montenegro	EUR	–606	100.0	–21
WTE Otpadne vode Budva d. o. o., Podgorica/Montenegro	EUR	824	100.0	147
WTE Projektgesellschaft Kurjanovo mbH, Essen	EUR	19	100.0	–1
WTE Projektgesellschaft Natriumhypochlorit mbH, Essen	EUR	25	1.0	0
WTE International GmbH, Essen	EUR	49,604	100.0	–47
WTE Projektgesellschaft Trinkwasseranlage d. o. o., Belgrad/Serbia	RSD	11,511	100.0	–267
WTE Projektna družba Bled d. o. o., Bled/Slovenia	EUR	–28	100.0	0
WTE Wassertechnik (Polska) Sp. z o. o., Warsaw/Poland	PLN	9,093	100.0	399
Associated companies				
ABeG Abwasserbetriebsgesellschaft mbH, Offenbach am Main	EUR	107	49.0	–4
DEGREMONT WTE WASSERTECHNIK PRAHA v. o. s., Prague/Czech Republic	CZK	35,072	35.0	226,310
SHW/RWE Umwelt Aqua Vodogradnja d. o. o., Zagreb/Croatia	HRK	4,210	50.0	1,157
sludge2energy GmbH, Berching	EUR	–111	50.0	–113
Wasserver- und Abwasserentsorgungsgesellschaft Märkische Schweiz mbH, Buckow	EUR	550	49.0	3
Zagrebacke otpadne vode – upravljanje i pogon d. o. o., Zagreb/Croatia	HRK	25,027	31.0	25,007
Zagrebacke Otpadne vode d. o. o., Zagreb/Croatia	HRK	1,644,804	48.5	180,886

1) Audited financial statements for the financial year 2017/2018. 2) Audited financial statements for the financial year 2017. 3) Unaudited financial statements for the financial year 2017/2018. 4) Unaudited financial statements for the financial year 2017. 5) Profit transfer agreement in place with WTE Wassertechnik GmbH. 6) Profit transfer agreement in place with WTE International GmbH.





Notes

Notes relating to financial statements 2017/2018

General information

WTE Wassertechnik GmbH is registered at the Commercial Register of the Essen District Court under HRB 10153.

The annual financial statements are prepared in accordance with the HGB (German commercial code) and the supplementary provisions of the GmbH Act. The total cost method has been applied in preparing the income statement.

WTE Wassertechnik GmbH (WTE) is a large corporation as defined by § 267 (3) HGB. The shares in the Company are held in full by EVN Beteiligung 52 GmbH (EVN52), Maria Enzersdorf/Austria.

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

1 Accounting methods

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

Tangible assets are valued at acquisition or production cost less scheduled depreciation. Such assets are written down over their useful lives using the straight-line method. Additions are written down on a pro rata basis. Low-value assets, i.e. items with acquisition costs up to and including 800.00 EUR (up to 31 December 2017: 410.00 EUR), are fully written off in the year of acquisition.

Financial assets are stated at acquisition cost. Lower values are recorded where impairment is expected to be permanent. If such impairments no longer exist, the related impairment losses are reversed as set out in § 253 (5) HGB.

Interest-free or low-interest loans are discounted at cash value; the remaining loans are accounted for at nominal value.

Within the inventories, services that are not yet chargeable are valued at production cost, which is calculated on the basis of personnel expenses, material and other direct costs directly attributable to the contracts, as well as proportionate personnel and administrative overheads. Borrowing costs are not capitalised. If the probable proceeds less the costs still to be incurred are lower, this value will be stated.

In the case of long-term contract manufacturing, profit realisation depends on the stage of completion reached, i.e. on the contractually agreed partial performance.

Receivables and other assets are valued at nominal value. Specific allowances have been 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 valuations of assets and liabilities. A resulting overall tax charge would be stated as a deferred tax liability in the balance sheet. In the case of tax relief, the corresponding capitalisation option will not be applied. Deferred taxes are measured on the basis of current corporation tax rates and the trade tax rate. Taking into account corporation tax, the solidarity surcharge and trade tax, the tax rate for the past financial year amounted to a rate of 30.25 %, which was applied to the calculation of deferred taxes.

Provisions take into account all discernible risks and contingent liabilities.

Provisions for pensions and similar obligations are determined using actuarial methods (projected unit credit method) on the basis of the Heubeck 2005 G reference tables, whereby a pension trend of 2.0 % (previous year: 2.0 %) was assumed. In accordance with RückAbz-insV and § 253 (2) (2) HGB, the underlying interest rate used to discount pension obligations was applied at the average interest rate over the last 10 years of 3.34 % (previous year: 3.77 %) as determined and published by the Deutsche Bundesbank, for an assumed residual term of 15 years. Applying an average market interest rate in accordance with § 253 (6) HGB of 2.43 % (previous year: 2.91 %) in the 2017/2018 financial year results in a difference of 0.179 mill. EUR (previous year: 0.166 mill. EUR).

All identifiable accounting risks and contingent liabilities are taken into account in evaluating the remaining provisions. The valuation is equal to the settlement amount required on the basis of reasonable commercial judgment in order to cover future payment obligations. Provisions with a residual maturity of more than one year are discounted at the average market interest rate that applied over the previous seven years and corresponds to their remaining term. For personnel risks, such as anniversary bonuses and vacation entitlements, provisions are established in accordance with commercial law principles.

Liabilities are stated at their repayment amounts.

Contingent liabilities from loan guarantees and warranty agreements are valued according to the primary debt position.

2 Foreign currency conversion

Foreign currency receivables and payables with a residual maturity of more than one year are valued at the acquisition price or at the less favourable average spot exchange rate applying at the balance sheet date. Foreign currency receivables and payables with a remaining maturity of one year or less are valued at the average spot exchange rate on the balance sheet date. Income and expenses resulting from foreign currency transactions are converted at the daily rate applying at the time they arise. If foreign currency items are hedged, they are valued at the corresponding 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 movement table (appendix 1 to these notes).

4 Financial assets

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

The development of the shareholdings 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.

The receivables from affiliated companies include 32.8 mill. EUR in receivables from EVN AG resulting from cash pooling. In addition, there is an amount of 1.956 mill. EUR in receivables from project companies relating to trading in goods and services. Project financing resulted in a further sum of 8.2 mill. EUR. Additional receivables from affiliated companies and companies with which a shareholding exists arise mainly from profit and loss statements.

6 Active deferred taxes

With respect to the right of choice stipulated in § 274 (1) (2) HGB, active deferred taxes that are not stated result mainly from valuation 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.

Capital reserves remained unchanged at 50.861 mill. EUR.

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	30.09.2018	Residual term up to 1 year	Residual term more than 1 year
Payments received on account of orders	14,386	14,386	0
Liabilities for goods and services	5,291	5,291	0
Liabilities to affiliated companies	52,488	52,488	0
Other liabilities	400	400	0
	72,565	72,565	0

In the previous year, all liabilities similarly had a residual term of less than one year.

Liabilities to affiliated companies amount to 50.594 mill. EUR relating to one project company and result from financing activities. Other liabilities to affiliated companies mainly result from deliveries and services.

10 Contingent liabilities

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

WTE Wassertechnik GmbH only enters into 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 into 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 Nr. 3 HGB are as follows:

Angaben in TEUR		of which relating to affiliated companies
Purchase commitments resulting from the construction of sewage plants, canal networks and other plants	6,275	0
Obligations arising from rental and lease agreements		
2018/2019	823	0
2019/2020	839	0
2020/2021	854	0
2021/2022	871	0
2022/2023	887	0
	4,274	0

Comments relating to the income statement

12 Sales revenue

Sales revenue comprises 0.488 mill. EUR (previous year: 28.782 mill. EUR) respectively 24.397 mill. EUR (previous year: 20.632 mill. EUR) relating to the billing of construction and engineering services rendered under operating contracts respectively the billing of other plant projects. Sales of 6.453 mill. EUR (previous year: 5.626 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	
Macedonia	21,160
North Cyprus	5,664
Cyprus	1,347
Croatia	1,188
Lithuania	472
Czech Republic	415
Others	1,092
	31,338

13 Other operating income

Previous period income allocable to other financial years amounts to 9.181 mill. EUR (previous year: 0.835 mill. EUR). This results mainly from the reversal of provisions.

Currency exchanges led to gains of 0.197 mill. EUR (previous year: 0.172 mill. EUR).

14 Other operating expenditures

Currency exchanges led to losses of 0.274 mill. EUR (previous year: 0.461 mill. EUR).

15 Income from profit/loss transfer agreements

Income from profit/loss transfer agreements includes an amount of 0.416 mill. EUR (previous year: 0.741 mill. EUR) transferred by WTE Betriebsgesellschaft mbH, Hecklingen.

16 Amortisation of financial assets

Amortisation of financial assets amounting to 7.8 mill. EUR (previous year: 2.6 mill. EUR) includes the value adjustment of the loan to WTE Otpadne vode Budva d. o. o., Podgorica/Montenegro.

17 Interest and similar expenditures

Interest and similar expenditures include costs for compounding provisions amounting to a total of 59,000 EUR (previous year: 63,000 EUR). These apply to the compounding of pension obligations.

18 Taxes relating to income and revenue

Taxes relating to income and revenue result mainly from foreign taxes on profits.

Other information**19 Auditor's fees**

Information regarding the total auditor's fees, as calculated in accordance with § 285 Nr. 17 HGB, is recorded in EVN AG's group consolidated financial statement as of 30 September 2018.

20 Headcount

The average number of persons employed by the Company was 154 (previous year 146).

	2017/2018	2016/2017
Engineers/technicians	78	78
Staff	55	47
Workers	21	21
	154	146

21 Supplementary statement

The Kuwait Authority for Partnerships Projects named the WTE/IFA consortium "successful bidder" for the Umm Al Hayman wastewater treatment project in Kuwait (wastewater treatment plant and sewer system with pumping stations). The signing of the letter agreement took place on 4 November 2018. The letter agreement will enable WTE to set up the project company, which in turn will sign the PPP contract and the other project contracts.

22 Information regarding the consolidated financial statements of the parent company

The Company is a group company of EVN AG, based in Maria Enzersdorf/Austria, which prepares the consolidated financial statements for the largest and the smallest company grouping.

EVN AG, Maria Enzersdorf/Austria, provides the exempting consolidated financial statements and group management report in accordance with § 291 (1) HGB. The exempting consolidated financial statements of EVN AG are prepared in accordance with International Financial Reporting Standards (IFRS) and published in the German electronic Federal Gazette.

23 Members of the Executive Board and the Committee of Shareholders

Members of the Executive Board:

Ralf Schröder, Essen

Graduated engineer (Executive Board Spokesman)

Werner Casagrande, Vienna/Austria

Master's degree

Günter Zschabran, Vienna/Austria

Business graduate

Members of the Committee of Shareholders:

Franz Mittermayer – Chairman – Vienna/Austria

Graduated engineer

Stefan Szyszkowitz, MBA, Maria Enzersdorf/Austria

Master's degree

Felix Sawerthal, Maria Enzersdorf/Austria

Jurist

Johannes Lang, Maria Enzersdorf/Austria

Master's degree

Gerald Reidinger, Maria Enzersdorf/Austria

Master's degree

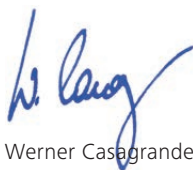
As set out in § 286 (4) HGB, no information is provided in respect of the remuneration paid to the members of the Executive Board and to former members of the Executive Board. For the latter, there are pension provisions amounting to 1.629 mill. EUR.

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

Essen, 16 November 2018



Ralf Schröder



Werner Casagrande



Günter Zschabran

Independent Auditor's Report (Translation)

To **WTE Wassertechnik GmbH, Essen**

Opinions

We have audited the annual financial statements of **WTE Wassertechnik GmbH, Essen**, which comprise the balance sheet as at 30 September 2018 and the statement of profit and loss for the fiscal year from 1 October 2017 to 30 September 2018 and notes to the financial statements, including recognition and measurement policies presented therein. In addition, we have audited the management report of WTE Wassertechnik GmbH for the financial year from 1 October 2017 to 30 September 2018.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at 30 September 2018 and of its financial performance for the financial year from 1 October 2017 to 30 September 2018, in accordance with German Legally Required Accounting Principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Section 322 (3) sentence 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with Section 317 HGB and the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the management report.

Responsibilities of Management for the Annual Financial Statements and the Management Report

Management is responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, management is responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, management is responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, management is responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and in compliance with the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with [German] law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by management in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Düsseldorf, 16 November 2018

KPMG AG
Wirtschaftsprüfungsgesellschaft



Velder
Wirtschaftsprüfer
[German Public Auditor]



Kaufmann
Wirtschaftsprüfer
[German Public Auditor]





Contact

WTE Wassertechnik GmbH

Ruhrallee 185 45136 Essen Germany
T +49 201 8968-500 F +49 201 8968-555
info@wte.de www.wte.de



EVN Umweltholding und Betriebs-GmbH

EVN Platz 2344 Maria Enzersdorf Austria
T +43 2236 200-0
info@evn-umwelt.com www.evn.at

WTE Betriebsgesellschaft mbH

Gänsefurth 7-10 39444 Hecklingen Germany
T +49 3925 9269-0 F +49 3925 282231
info@wteb.de www.wteb.de

WTE Wassertechnik (Polska) Sp. z o. o.

Ul. Ryżowa 45 02495 Warsaw Poland
T +48 22 3314-650 F +48 22 3314-651
office@wte-polska.com www.wte.de

EVN Umwelt GmbH

Ul. Rodnikovaya 5/1 119297 Moscow Russia
T +7 499 792 31 80 F +7 499 792 31 85
info@evneco.ru www.wte.de

UAB WTE Baltic

Savanorių pr. 192 44151 Kaunas Lithuania
T +370 37 332-681 F +370 37 332-921
info@wte.lt www.wte.de



Imprint

Editor

WTE Wassertechnik GmbH
Ruhrallee 185 45136 Essen Germany

Design

Marx Werbeagentur GmbH Essen

Editorial supervision

Metamorphose Essen

Photography

Wolf Schily Essen
Christoph Fein Essen (Page 3)

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 2019

