

ZhongDe Waste Technology AG



Conference Call Half year results 2009

August 31, 2009

→ Safe Waste Disposal Solutions...for Generations to Come

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Company Overview

- One of the leading players in the field of solid waste incinerators and waste-to-energy plants in China
- More than 200 incinerators installed since foundation
- Three main business segments:
 1. Municipal and Medical Waste Incinerator
 2. Engineering, Procurement and Construction EPC (Projects)
 3. Build, Operate, Transfer (BOT) Projects
- Beijing New R&D Centre and Production facilities will operate in Q4 2009
- Number of ZhongDe employees amounts to 393 and keeps increasing
- Co-operation with famous international waste-to-energy companies

Highlights Q2 & H1 of 2009

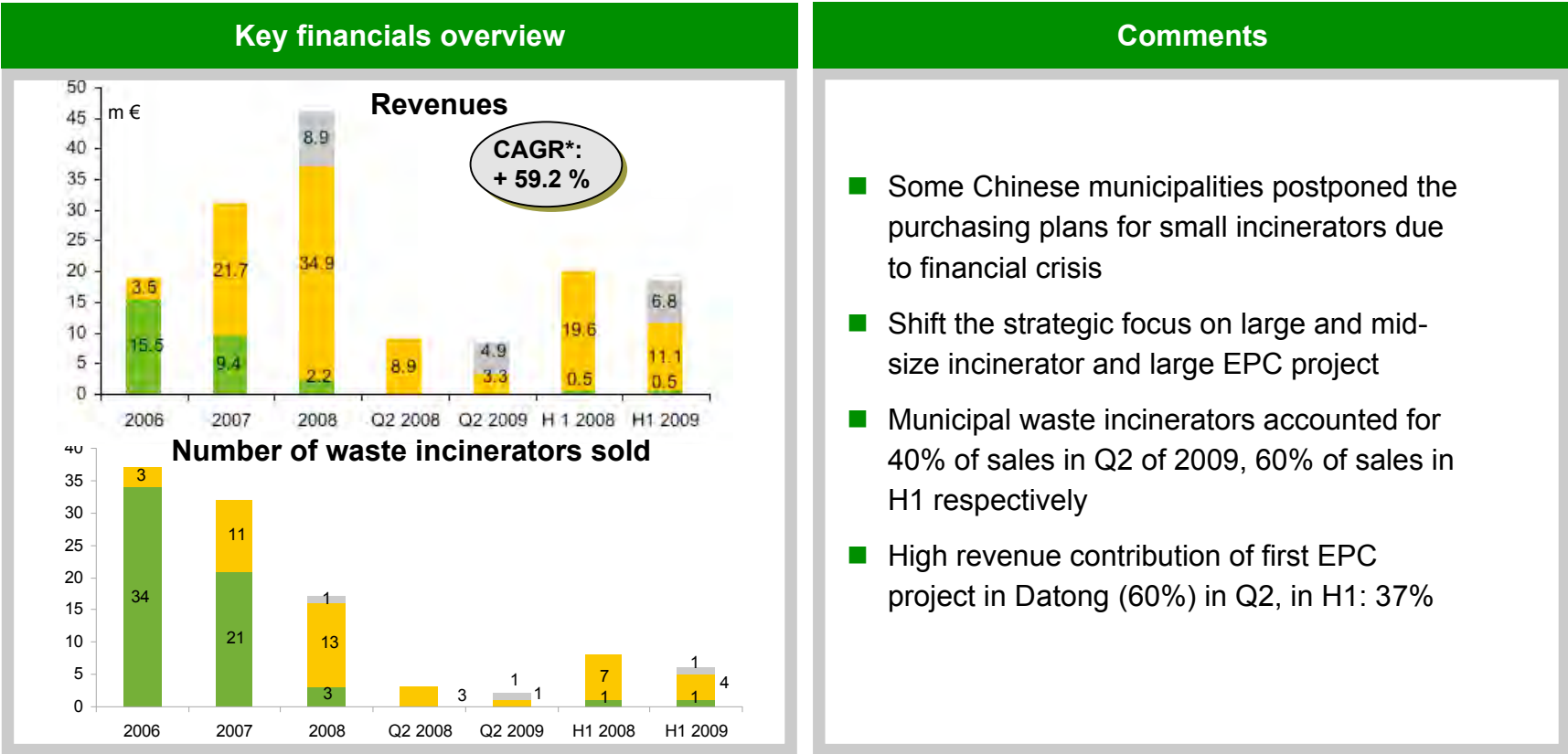


- Shift of strategic focus to the large and mid-size waste incinerator market and large size Waste-to-Energy EPC project
- Signing of two large BOT projects in Kunming and Xianning
- Letters of Intent with Jilin provincial government
- Relocation of its Chinese headquarter from Fuzhou to Beijing
- Cooperation with **ThyssenKrupp Xervon Energy GmbH**

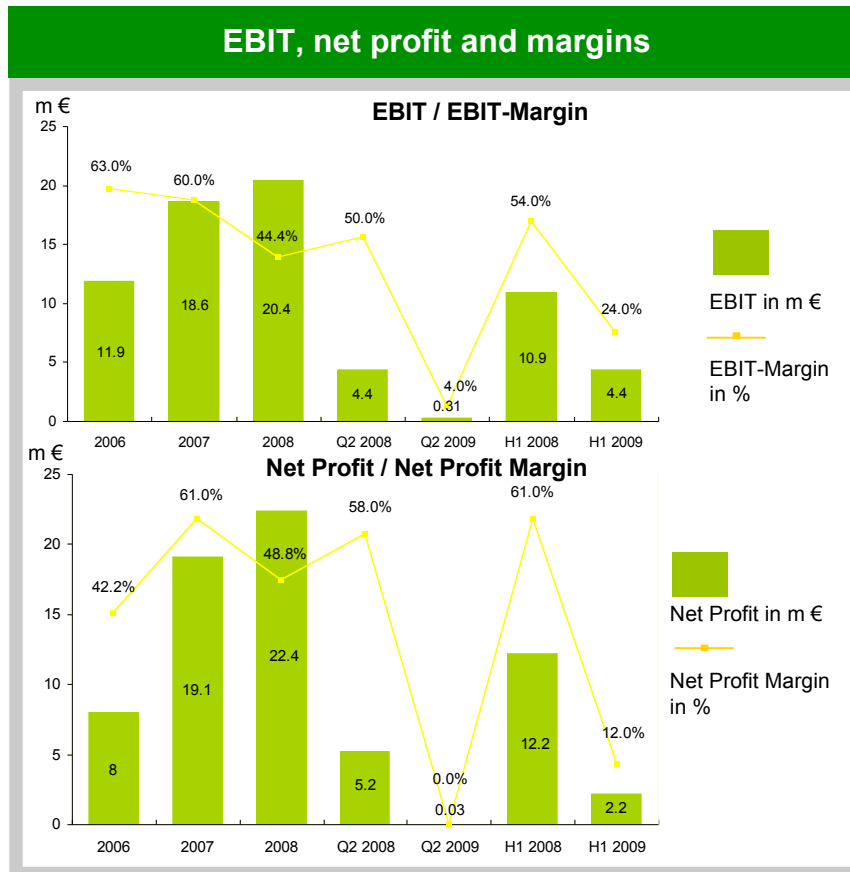
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High revenue contribution of first EPC project



Large-scale business with lower margins



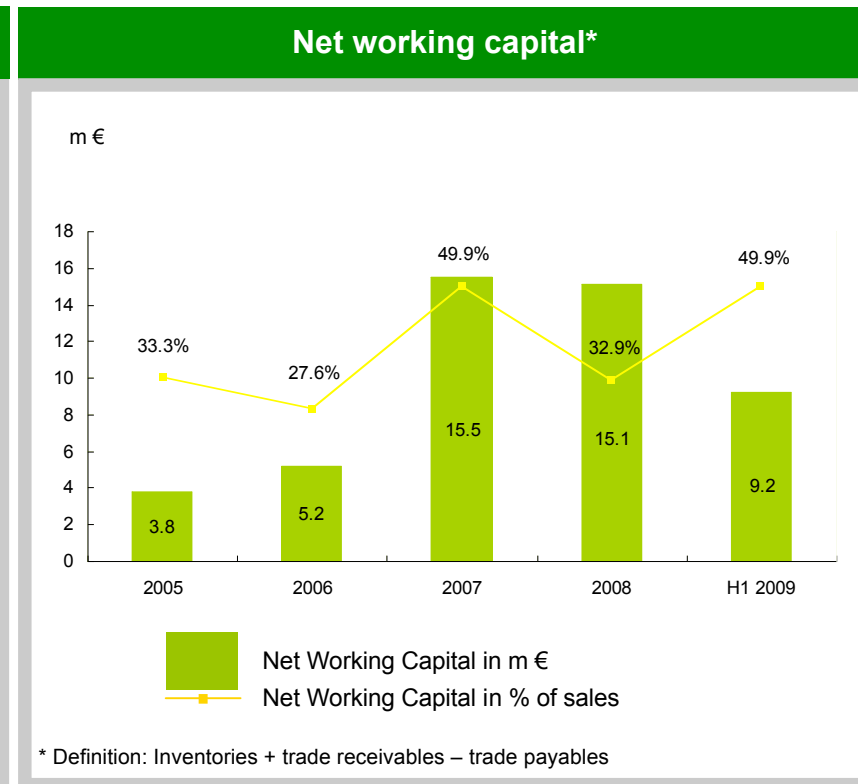
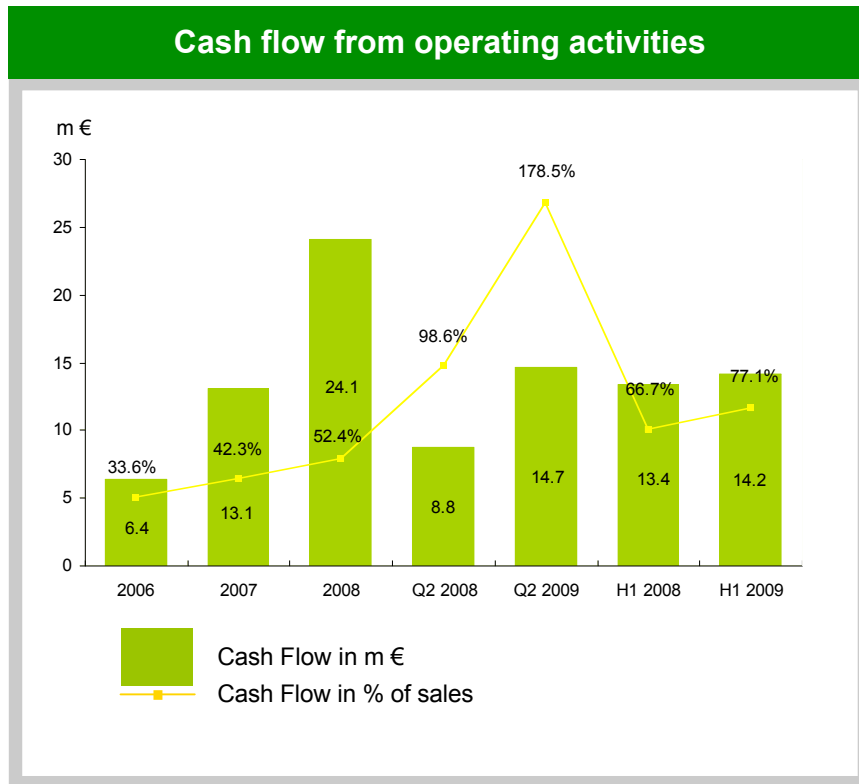
Comments

- Negative impact of EPC projects with gross profit margin at 27% in Q2 and 43% in H1
- EBITDA decreased from 10.9m € to 4.4m € in H1
- Net profit decrease from 12.2m € in H1 of 2008 to 2.2m € in H1 of 2009.

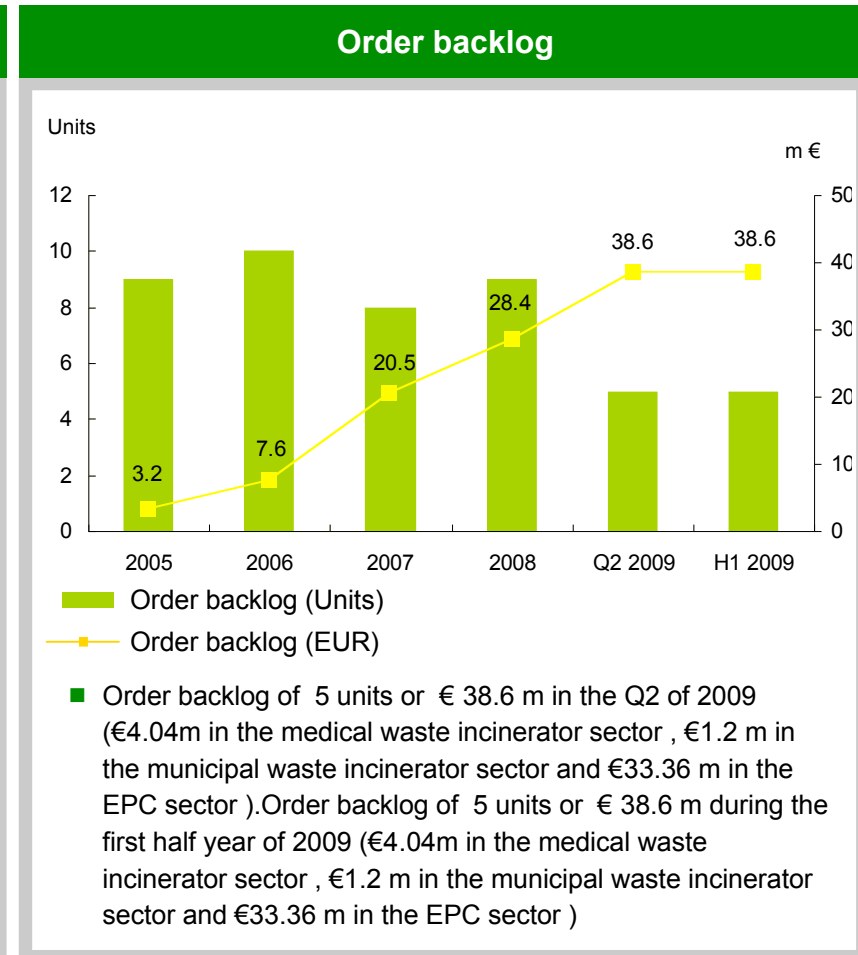
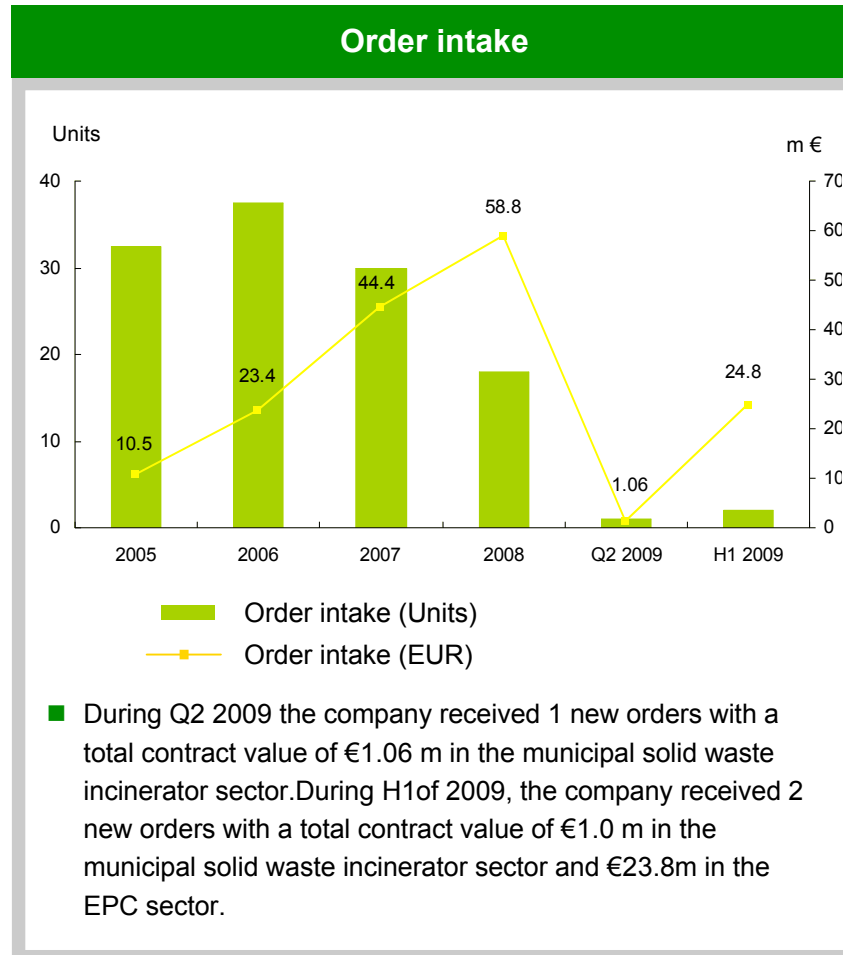
Reasons:

1. The EPC gross margin is less than that of Incinerators
2. The ending of the two year period of tax-free holiday
3. Increase of R&D expenses
4. Build up of workforce to 393 employees

ZhongDe's cash position further improved



Strong order book allows sustained growth of the business



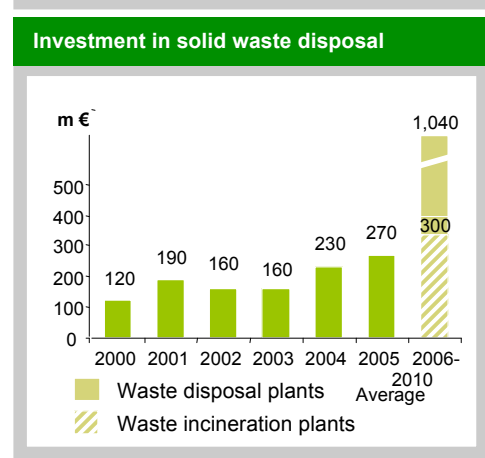
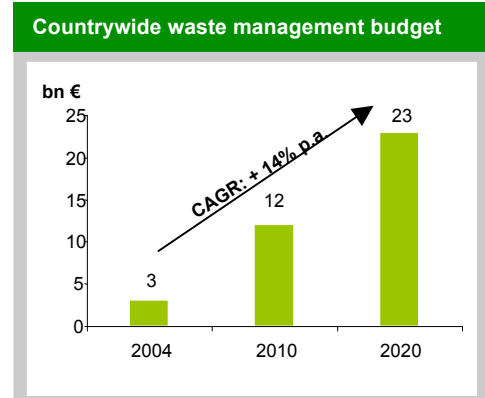
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Investment in Solid Waste Disposal is expected to reach 1 billion Euro annually



- Growing amount of municipal solid waste generated by the expanding population in urban areas and fast economic development
- Shortage and inadequacies of existing waste-disposal facilities and landfill sites is leading to rampant open dumping in the city outskirts
- Determination of the Chinese Government to improve municipal solid-waste management before the showcase 2010 World EXPO in Shanghai
- Some provinces in China have issued a series of favorable policies to encourage investment in incinerators
- As waste-to-energy process, incineration is a high value added waste recovery technology



Chinese government - Enormous investments in environmental protection



Relevant Chinese environmental laws and regulation (Selection)

1

The Measures for Accelerating the Policy Reform of Environmental Taxes and Fees proposed by the Department of Policy & Regulation was accepted in principle at the routine meeting of the Ministry of Environmental Protection. These mainly include

- to actively participate in the implementation of the preferential policy for the environmental income tax.
- to continue to participate in developing fund system for resource saving sustainable development.
- to continue the work of developing the independent environmental tax system and intensify the fundamental work for environmental and economic policy.

2

Sino-German Environment Forum called for green economy and environmental protection industry planning

Under the theme of Environmental Technology and Industrial Development, the forum focused on four topics:

- Water and air
- Waste management and circular economy
- Sustainable energy and sustainable transport
- The investment and financing of sustainable development.

→ Enormous investments in environmental protection is of significant importance to the Chinese government as confirmed by president Hu in October 2007

Agenda





Main Elements of growth strategy

- Focus on the large and mid-sized waste incinerator market and large EPC project
- Expand market-share and recruit more technological expertise
- Increase recurring revenues with BOT projects
- Increase production capacity and geographical coverage within China
- Partnership with international companies for large scale projects
- Entering international waste-to-energy market



BOT/BOO projects and EPC projects in 2009

BOT/BOO projects in 2009 (Build, Operate, Transfer)								
City Province	Feicheng Shandong		Xihua Henan		Kunming Yunan		Xianning Hubei	
	planned	contracted	planned	contracted	planned	contracted	planned	contracted
Amount invested (m€)	3.9		18.4		44.5		44.5	
Daily disposal capacity (t/d)	160		500*		1050		1000	
Concession period	BOO		30		30		30	
Start of operation	10/09		10/09		2011		2011	
Income Streams								
City Province	Feicheng Shandong		Xihua Hennan		Kunming Yunan		Xianning Hubei	
Waste disposal fees (m €/year)	0.5		1		2.1		1.2	
Sale of Bricks and steam	N/A		N/A		N/A		N/A	
Steam/hot water	1		N/A		N/A		N/A	
Electric energy (t/d)	N/A		3.6		3		4.6	

Datong EPC: Contract amount: EUR 32 million, to be completed in 2009

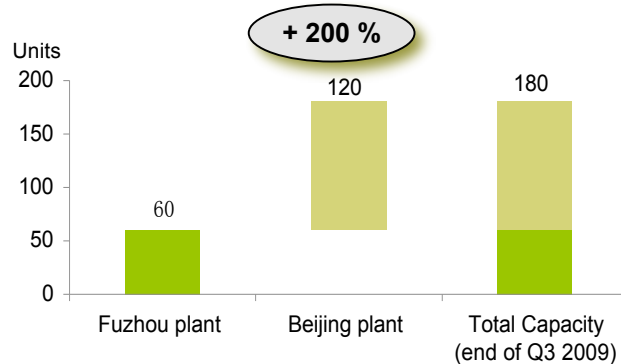
Zhucheng EPC: Contract amount: EUR 30 million, to be completed by the end of 2010

Enhanced production capacity and geographical coverage

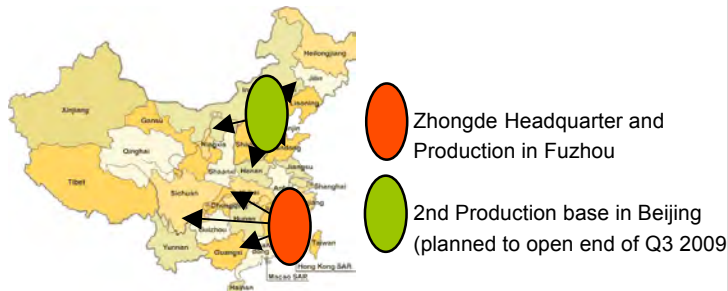


New production base in Beijing

Capacity increase of Beijing plant



Optimal geographical coverage



Current status and further process

- ZhongDe's second production base in Beijing will be finished at the fourth quarter of 2009
- The new plant will triple ZhongDe's capacity enabling to benefit from the full future growth potential of the globe waste-to-energy market
- Beijing will have the technological capabilities to produce both medical and municipal solid waste incinerators
- The Beijing production plant will also increase ZhongDe's geographical coverage leading to a faster delivery and lower logistics costs

→ Increase in production capacity and higher geographical coverage will enable ZhongDe to fully benefit from the globe growing waste market and continue to generate outstanding growth

Outlook for 2009 and 2010 remains positive

- 1 The demand for small- and medium-size incinerators is postponed by the influence of the financial crisis
- 2 The market-share of large-size waste-to-energy projects continues to be increasing
- 3 Increasing contribution of revenue from larger projects (such as the DaTong project)
- 4 Strong order backlog and several LOI, e.g. Jilin Provincial government
- 5 The cooperation ThyssenKrupp Xeron Energy GmbH strengthen our capacity in large-sized “waste-to-energy” projects and in the international market
- 6 Sound balance sheet (equity ratio >90%) and cash position

A large green arrow pointing from the list of factors on the left towards the resulting outcomes on the right.

Increased revenues

Attractive profit margins

Stable cash flows

**Successful company
strategy transition**

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