

ZhongDe Waste Technology AG



Germany Equity Forum 2011

Nov. 23, 2011

William Wang

Executive Director & CFO

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

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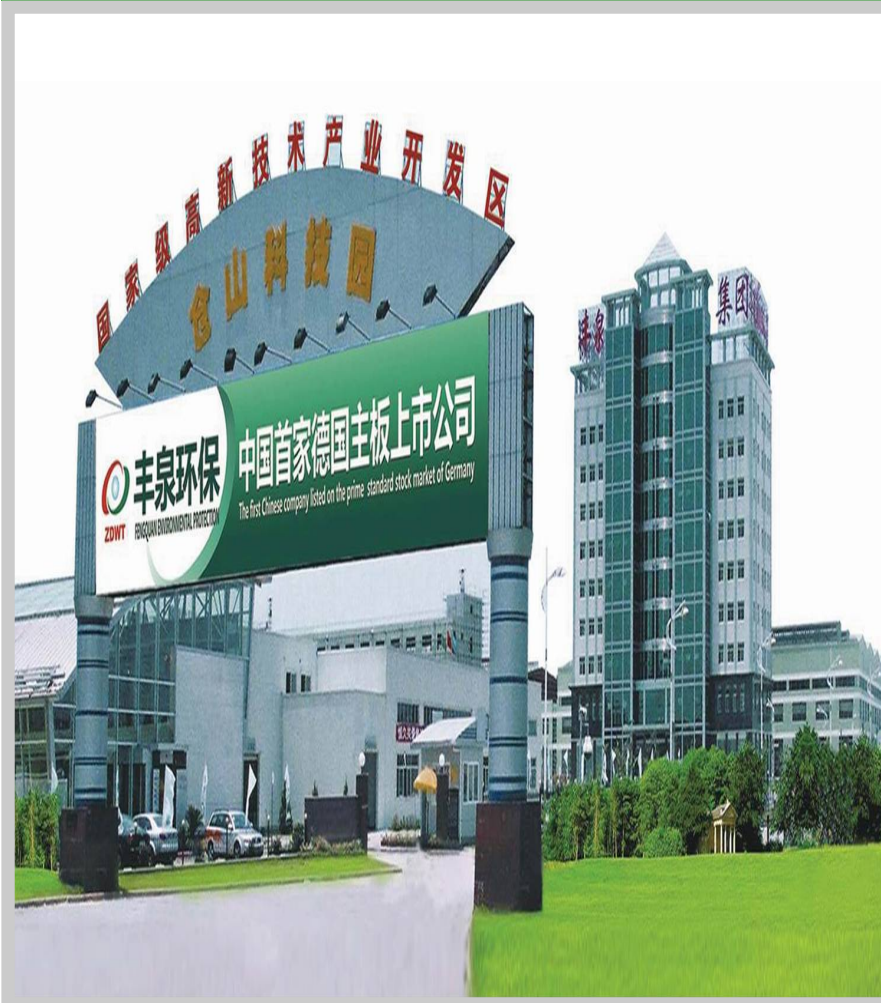


- ZhongDe at a Glance
- Chinese Energy-from-Waste Market
- Strategy
- Financial Highlights 2010 & Q2 2011
- Current Projects Status & Outlook

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Company Overview



- Foundation & Share capital: 1996; 13 million shares
- Owner: Mr. Chen (50.8%) + International Investors
- Focus on Chinese Energy-from-Waste (EfW) Market
- ZhongDe Waste Technology AG designs, constructs, invests and operates EfW plants, which generate electricity from disposal of solid municipal and industrial (including hazardous) waste
- Main Business: EPC and BOT EfW Projects
- IPO: 2007 German Prime Standard “ZEF”
- Website: www.zhongde-ag.de
- Location: Frankfurt (Headquarter)
Beijing (Headquarter in China)
Fuzhou (Production)

Management Board



Mr. Chen Zefeng , Chairman and CEO

- Founder of the company, MBA from Tsinghua University
- Over 10 years experience in environmental protection industry
- Award Winner “Contribution to Chinese environment protection” in 2005
- Deputy Director China National Association of Environmental Protection Industry (CAEPI)
- Member of the People’s Congress of Fujian Province

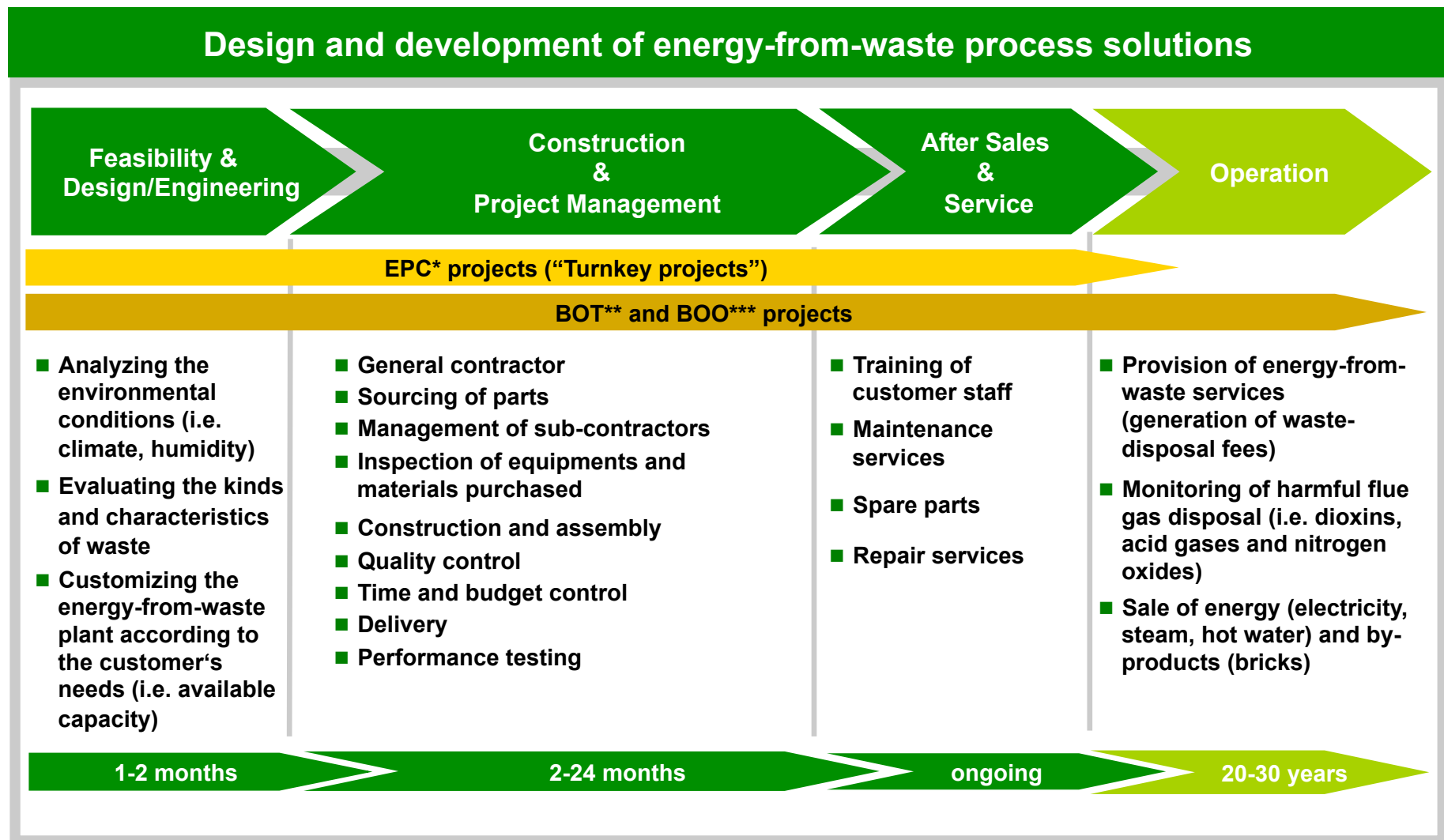


Mr. William Jiu Hua Wang , Executive Director & CFO

- Awards Winner “Outstanding CFO of China in 2010”
- Graduated from Fudan University with B.A. in international economics and from Steinbeis University Berlin, with MBA
- More than 20 years senior management position in finance, accounting, controlling, investment and strategy in multi-national companies, such as AIG, Johnson & Johnson (Financial Controller, Chief Representative in China, etc.)
- Deputy General Manager (Finance) for China’s largest commercial real estate company (Wanda Group)
- CFO for Beijing Lining Sports Co. Ltd (listed in HK Stock Exchange)

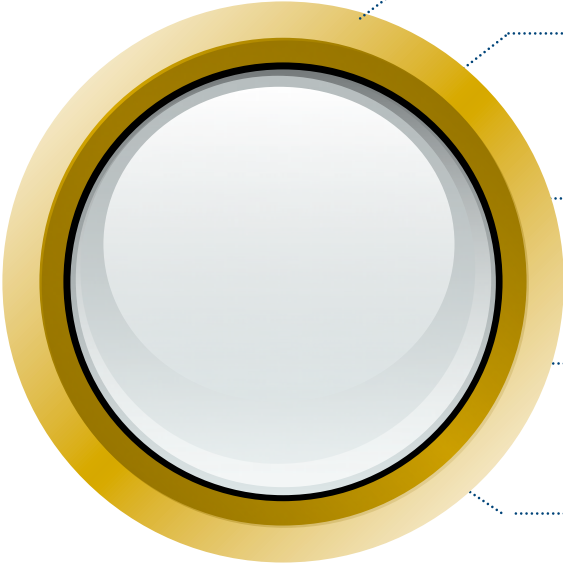
→ Experienced and highly-skilled management board

Business Model



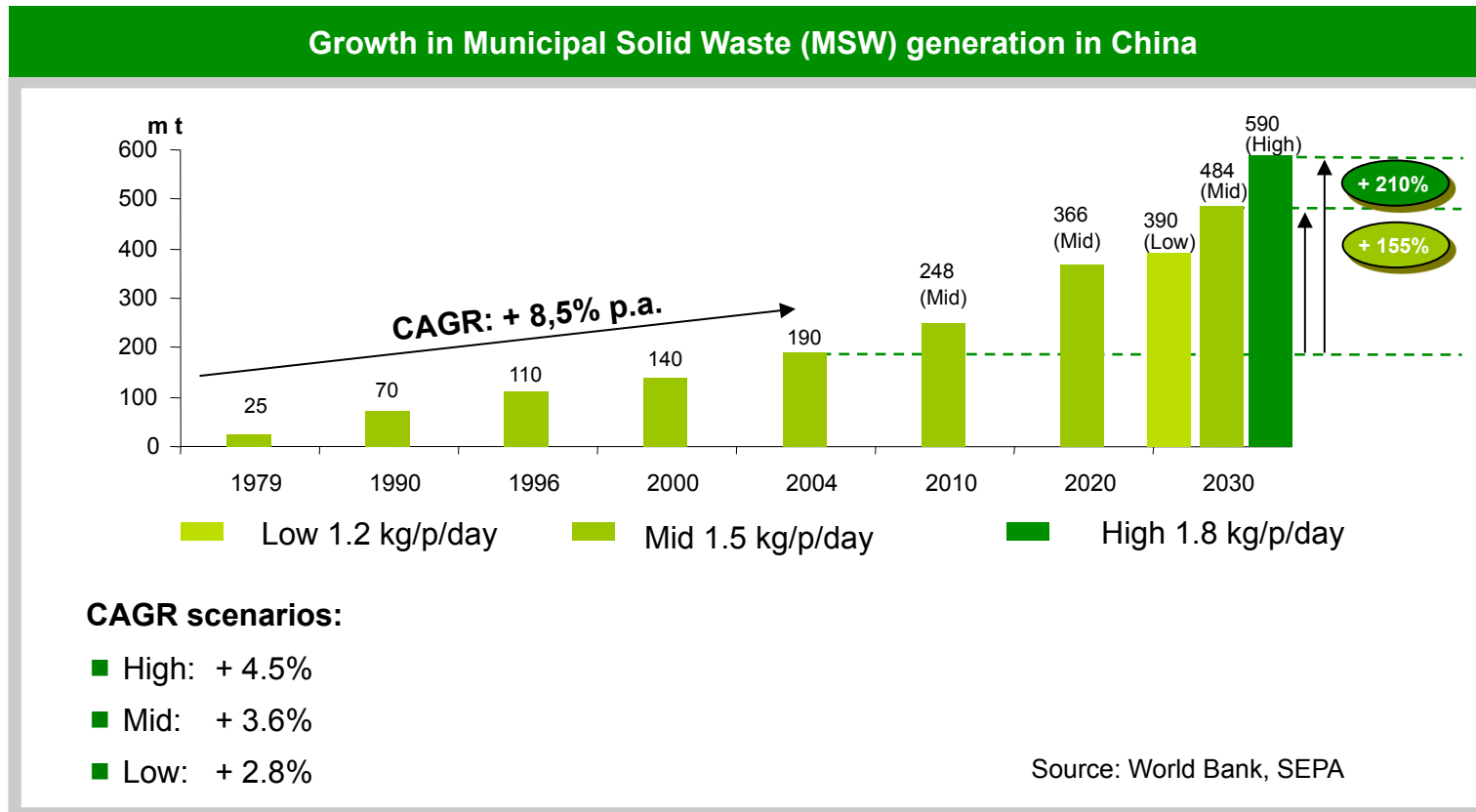
* Engineering-Procurement-Construction **Build-Operate-Transfer ***Build-Operate-Own

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Energy-from-Waste Industry in China



→ China surpassed the US as the world's largest MSW generator at an unprecedented growth rate



Energy-from-Waste Industry in China

Drivers:

- 👆 No 1 population and limited land resources
- 👆 Urbanization: Urban residents produce 2-3 times more waste than rural residents
- 👆 Urban population growth: From 35% today to 50% in 2020
- 👆 Increasing affluence and higher average incomes
- 👆 Increase in collection rates from 30% today to 60-70% (Korea 66%, Taiwan 55%)

Energy-from-Waste Industry in China

Dumps



Landfill

Energy-from-Waste



- Predominant disposal method in China
- Risk of leakage and toxic gas emissions
- No hazard-free disposal

- Lower space requirements
- Low environmental impact
- By-products: Electricity / hot water / steam / bricks
- Key element of an integrated waste management solution in China

Stimulating Policies



Circular of the State Council on the Approval of the Opinions to Further Strengthen Municipal Waste Treatment – April 19th, 2011

Strengthening Policy Support:

- Strictly implement and continuously enhance tax preferential policy for municipal waste treatment
- Promote the charge system for municipal waste treatment
- Give priority to the municipal waste treatment facilities in new city construction and old city reconstruction
- Strengthen the support of technology research for municipal waste treatment, such as clean incineration, dioxin control, flying ash harmless treatment etc.
- Implement talents plan – establishing municipal waste treatment majors in colleges and universities

Stimulating Policies



Huge Opportunity of EfW Industry

- In the current “Five-year plan” period, the investment volume for Solid Waste Disposal will reach RMB 800 billion, four times higher than it during the last “Five-year plan” period.
- 1000 EfW plants are estimated to be built in China, which would require an investment volume of RMB 500 billion.
- The target market share of ZhongDe in China will reach 20%, corresponding to RMB100 billion.

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ZhongDe's Strategic Milestone

- **Company Strategy Transition**
Focus from a small-sized waste incinerators manufacturer, to an investor, constructor and operator of large-sized energy-from-waste projects since 2009

- **“Professionalization”**
ZhongDe cooperates with the department of thermal engineering of TsingHua to jointly cultivate postdoctoral scientific research talents

- **“Standardization”**
Standardization of projects management in various provinces of China

- **“Internationalization”**
A breakthrough of ZhongDe's EfW business will be expected on the international market

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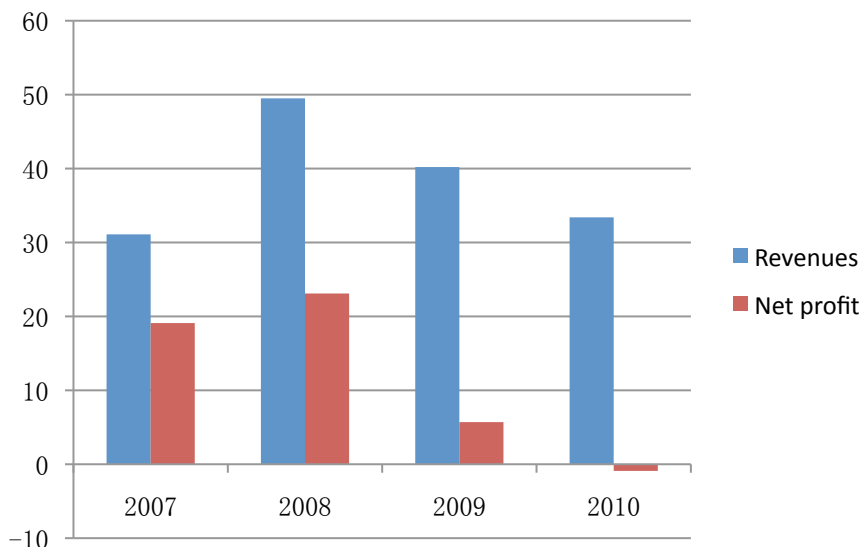


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Revenues and Net Profit



Revenues and Net profit



in m€	2007	2008	2009	2010
Revenues	31.1	49.5	40.2	33.4
Growth rate	63.7%	59.2%	-18.8%	-16.9%
EBIT	18.6	21.3	8.0	0.9
EBIT margin	60.0%	43%	20.0%	3%
Net profit	19.1	23.1	5.7	-0.9
Net profit margin	61.0%	47.0%	14.2%	-3%

Comments

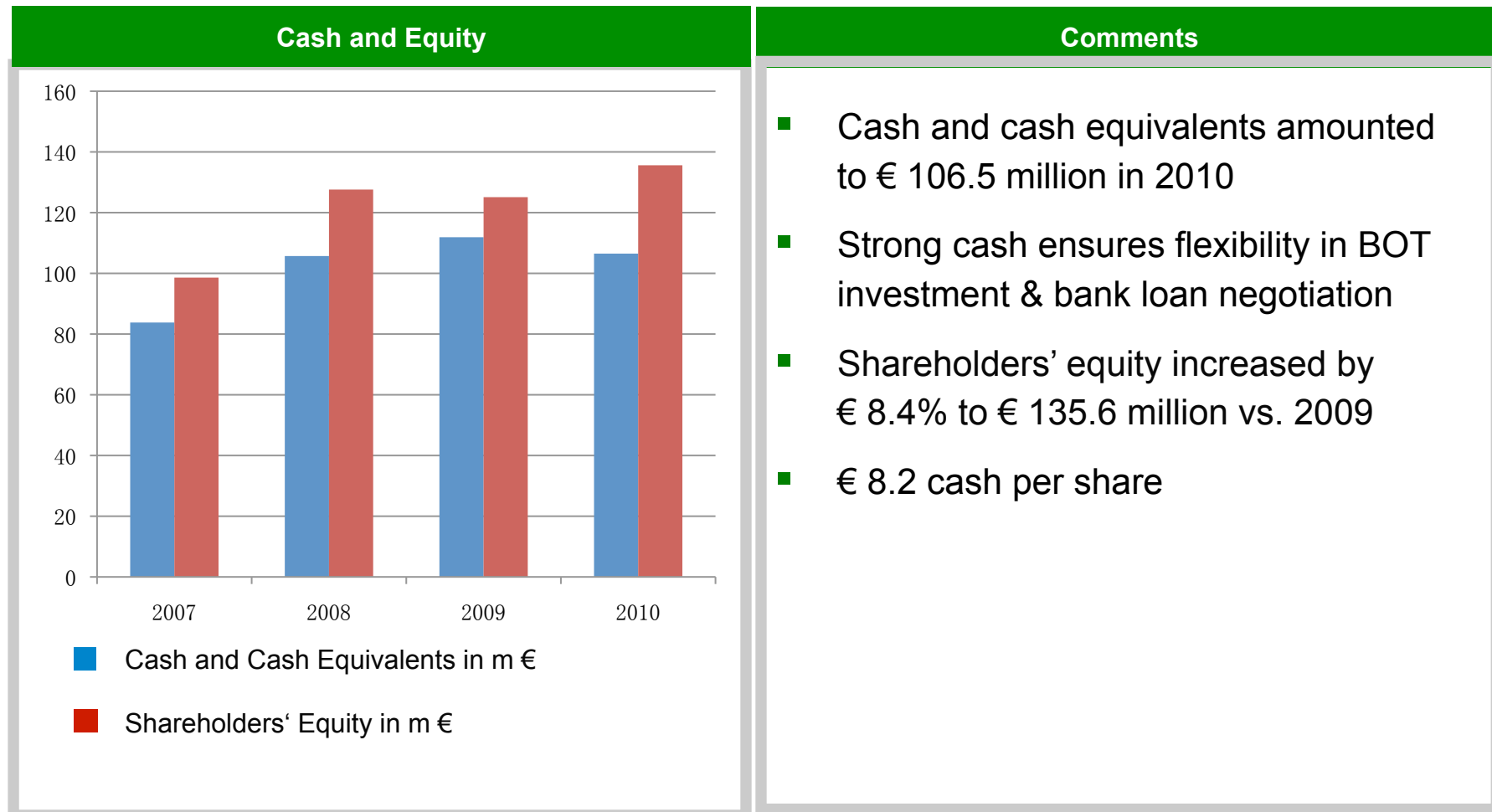
Slight Net Loss in 2010 vs. 2009

- Revenue decreased by 16.9% to € 33.4 million
- EBIT decreased by 88.5% to € 0.9 million
- Net loss € 0.9 million

Background

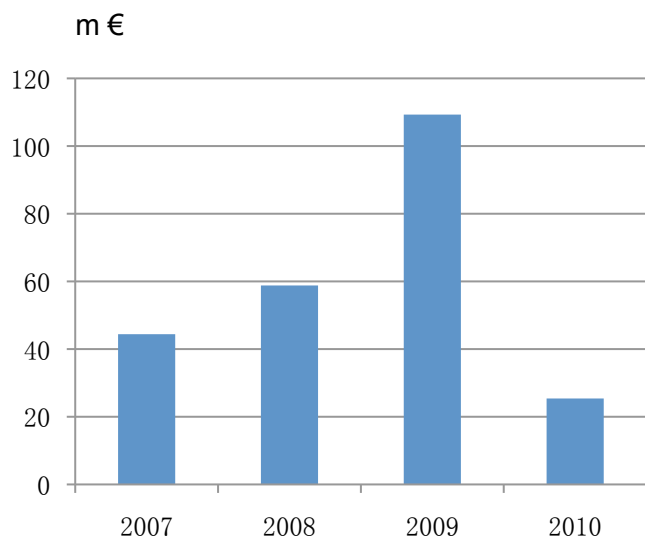
- Construction Progress Delay due to the Retard of Local Government Approval
- Public Concern about the Safety of EfW Plants

Strong Performance of Cash and Equity



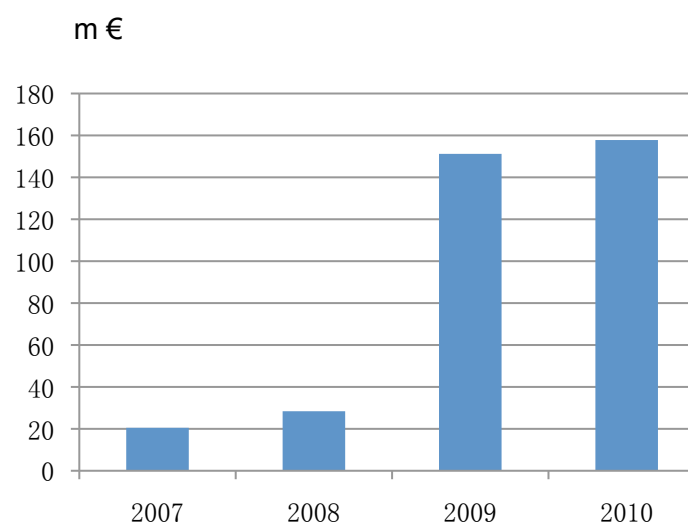
Strong Order Position

Order intake



■ Order intake decreased by 76.7% to € 25.4 million in 2010, compared to € 109.3 million in 2009

Order backlog



■ Order backlog increased in 2010 by 4.4% to € 157.8 million, compared to € 151.2 million in 2009

Financial Highlights 2010

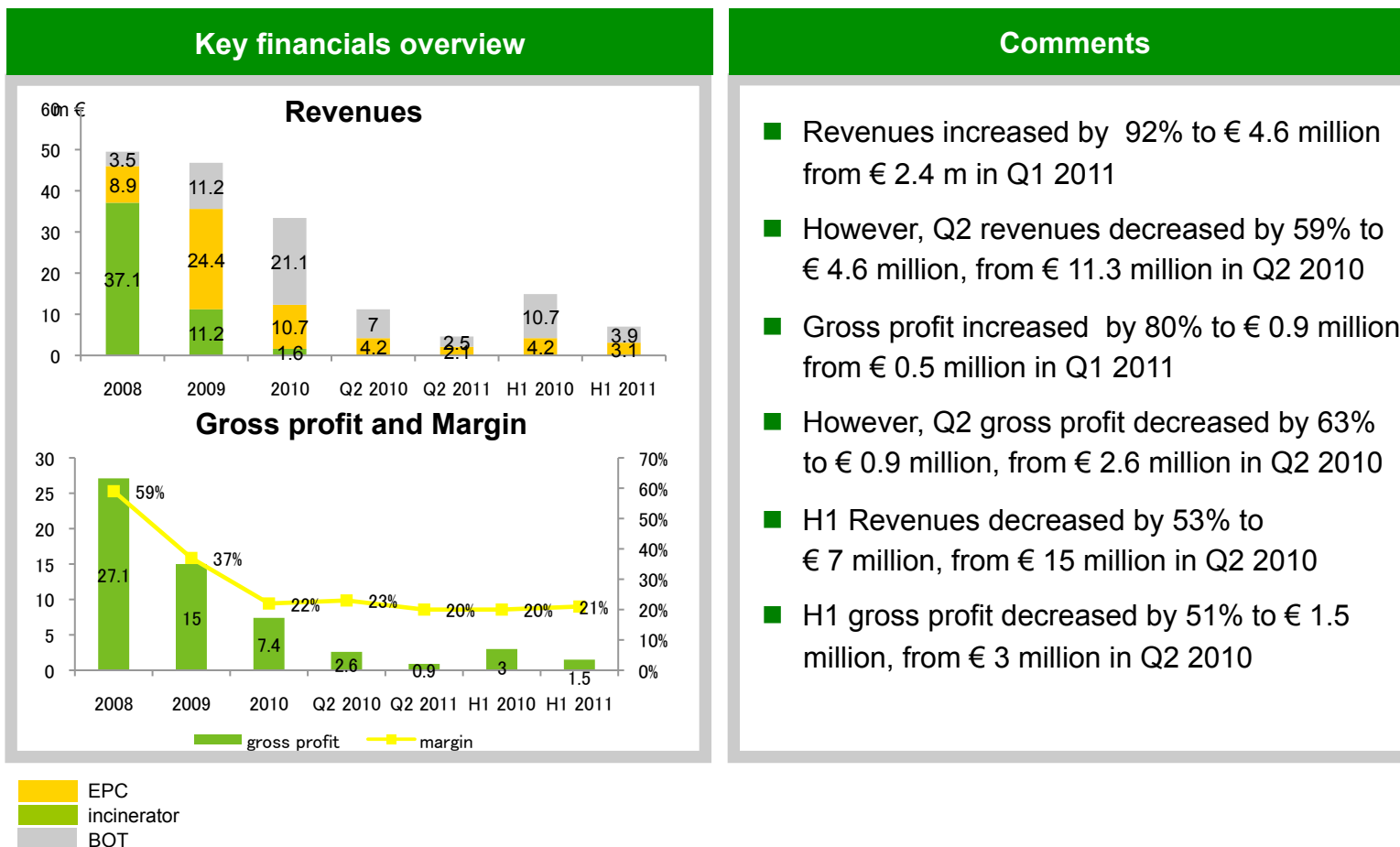
- Revenues amounted to € 33.4 million; a decrease of 17% yoy
- Gross profit amounted to € 7.4 million
- Net profit reached € -0.9 million
- Order intake fell to € 25.4 million
- Order backlog increased by 4.4% to € 157.8 million
- Total assets increased by 18.6% to € 168.6 million
- Shareholders' equity increased by 8.4% to € 135.6 million
- Strong cash position amounted to € 106.5 million

Economic and Political Environment

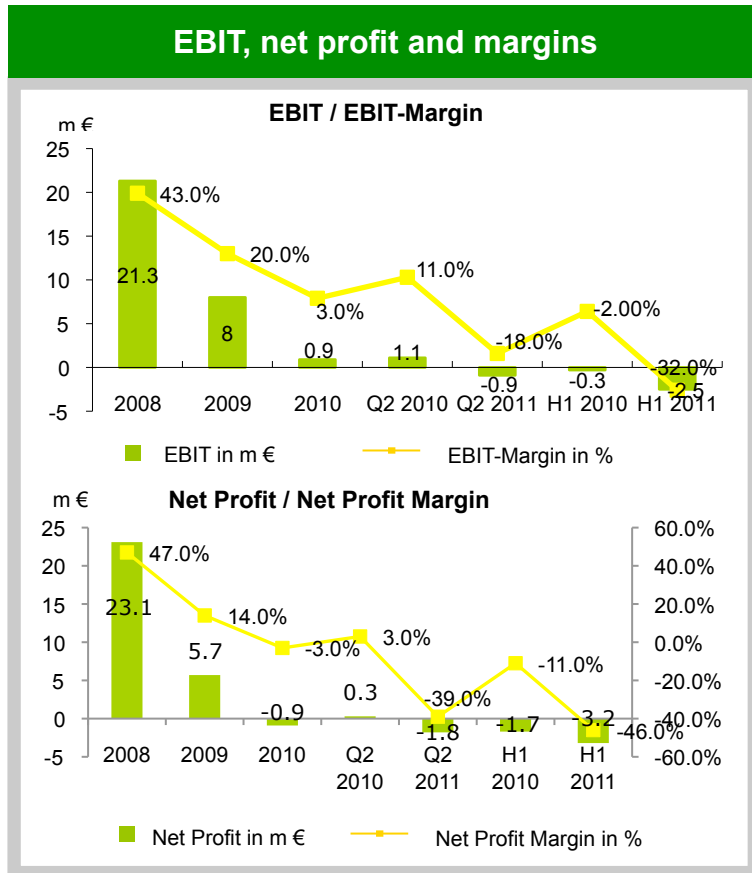
- The USA Sovereign Credit Rating from Standard & Poor's decreased from AAA to AA+ in 2011, because of the US's national debt crisis. It will bring the risk of devaluation of the US dollar.
- This shook international investors' confidence and caused huge losses on the international capital markets.
- The European financial crisis could possibly spread from Greece to other countries.
- The GDP growth of China is 9.5 % in the first half of 2011.
- In China, the anti-inflation was the most important policy target in the second half of 2011.
- The GDP growth of China is expected to be more than 9 % in entire 2011 as usual.
- China became No1 exporter in 2009 and No 2 GDP in 2010. Her GDP is estimated to overtake USA in recent decades by many countries and now has the capital input capacity of environment protection.

→ China is still the engine of the world economy.

Q2 2011 results better than Q1 2011 but below Q2 2010 results

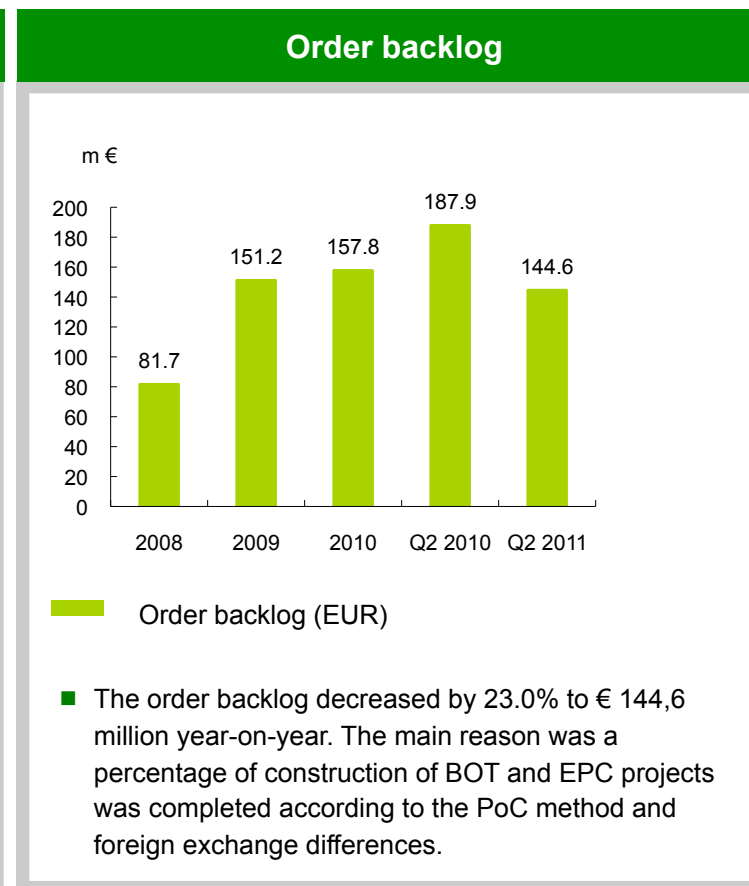


Q2 2011 Results better than Q1 2011 but less than Q2 2010

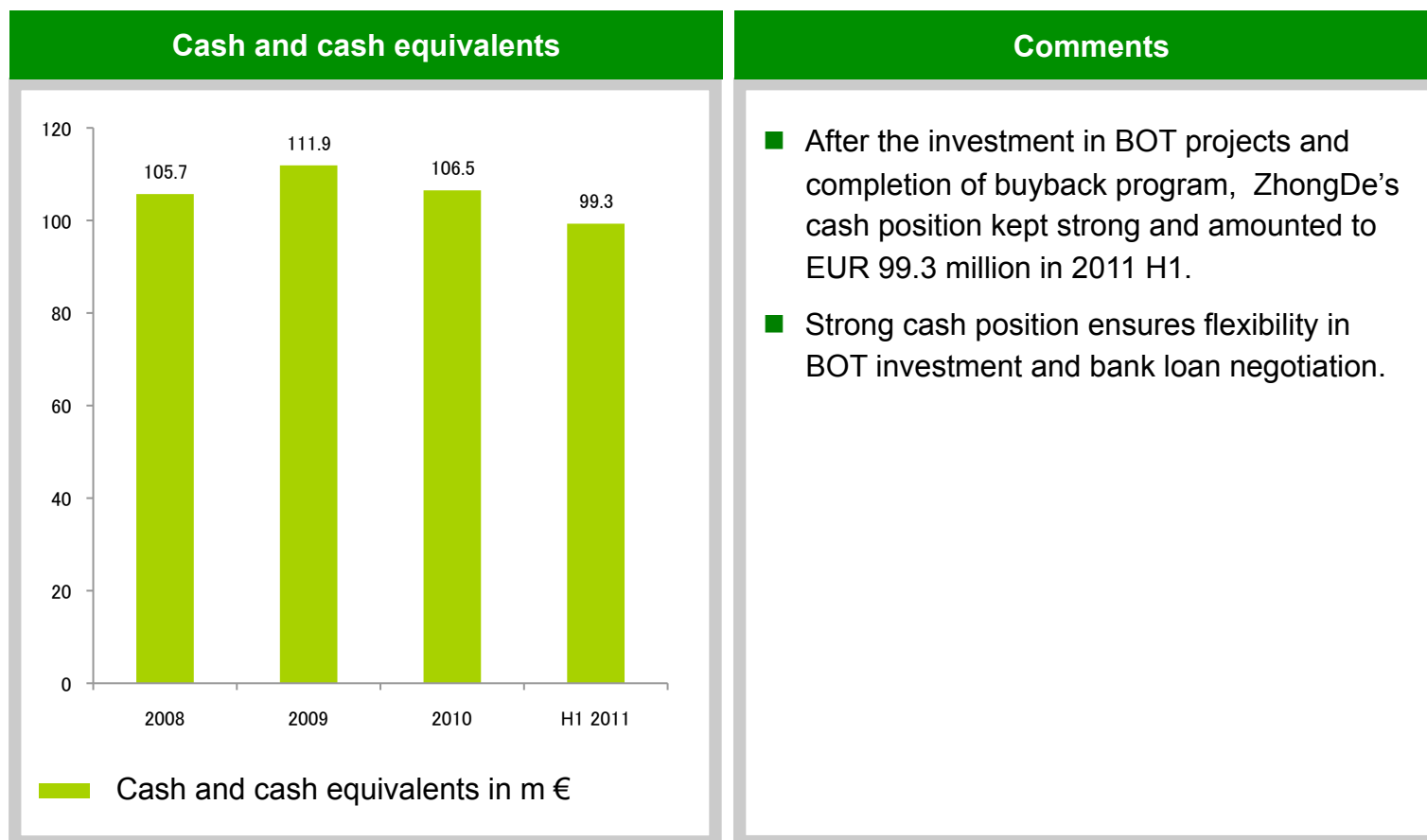


- ### Comments
- Earnings before interest and tax (EBIT) increased by 34% to € -1.0 million from € -1.5 million in Q1 2011
 - However, EBIT decreased more than 100% to € -1.0 million from € 1.0 million in Q2 2010
 - Net profit fell by more than 100% to € -1.8 million in Q2 2011
 - Decreased revenues were the main reason for net loss
 - Delay of local government approvals was the major reason for the decreased revenues

Three Projects under Approval



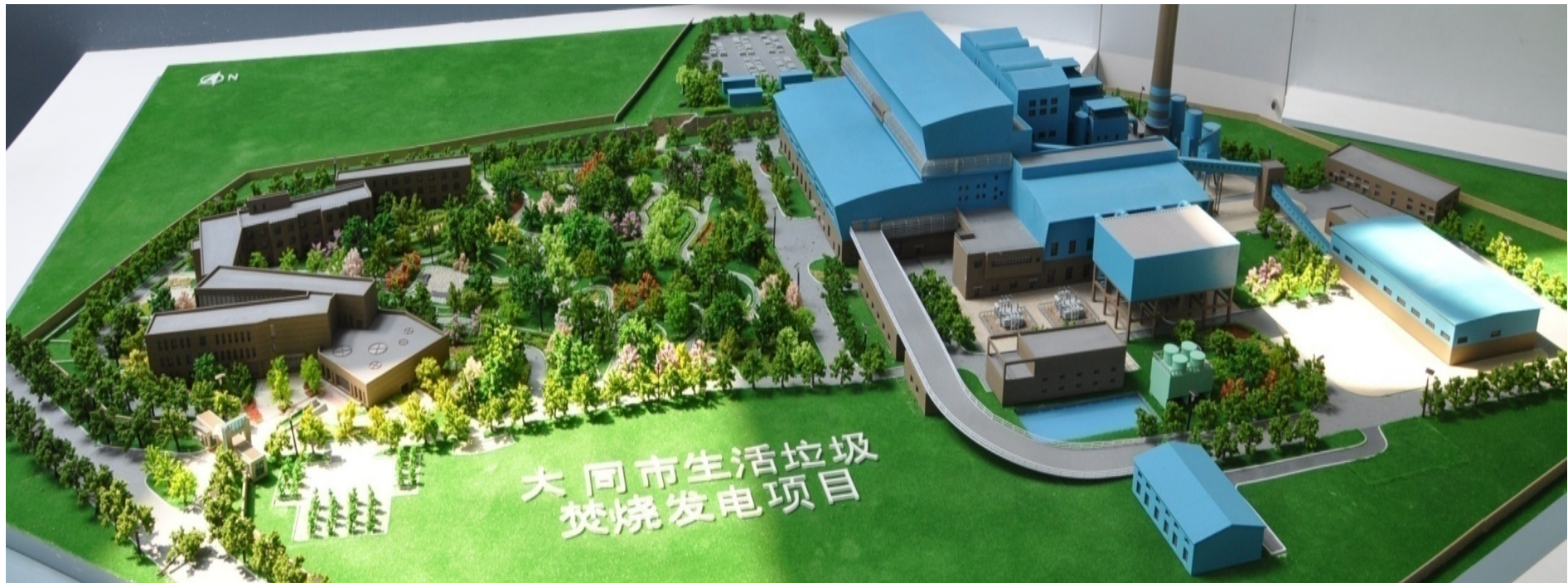
Strong Cash and Order Position



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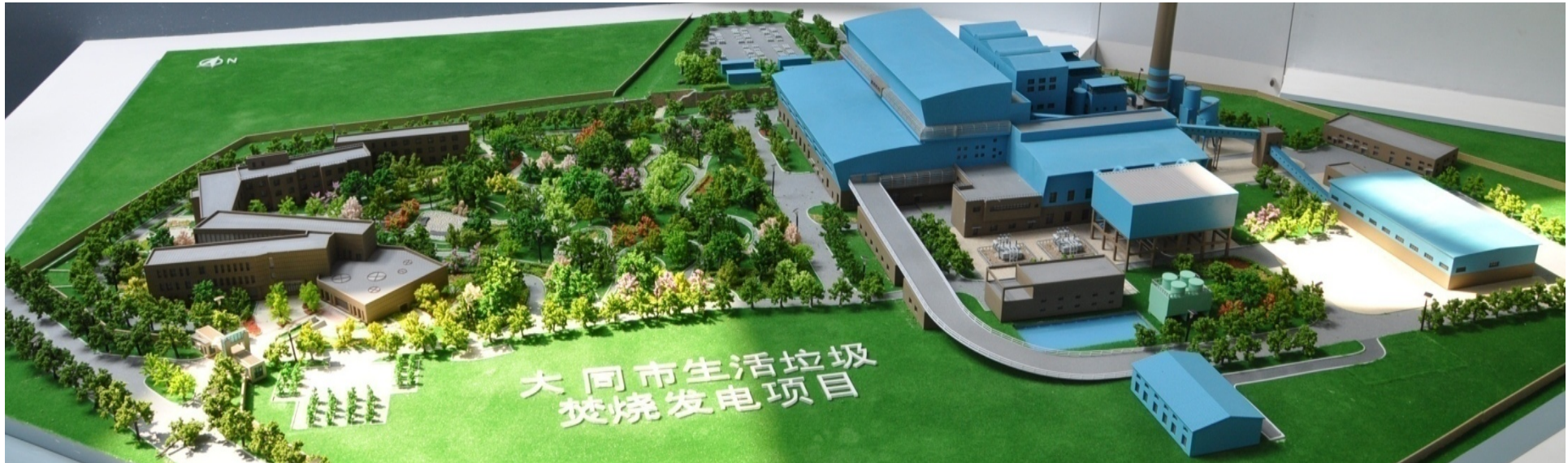
Demonstration Model of “Green Plant” in China



Datong project acts as reference example for environmental protection in China

- Each environmental index has reached the national standard, some indices even reach the European standard
- Visited by many central and local government officials, customers and cooperation partners from home and abroad

Datong Project



Report in NEWS BROADCAST and 45-minutes special report in NEWS PROBE by CCTV



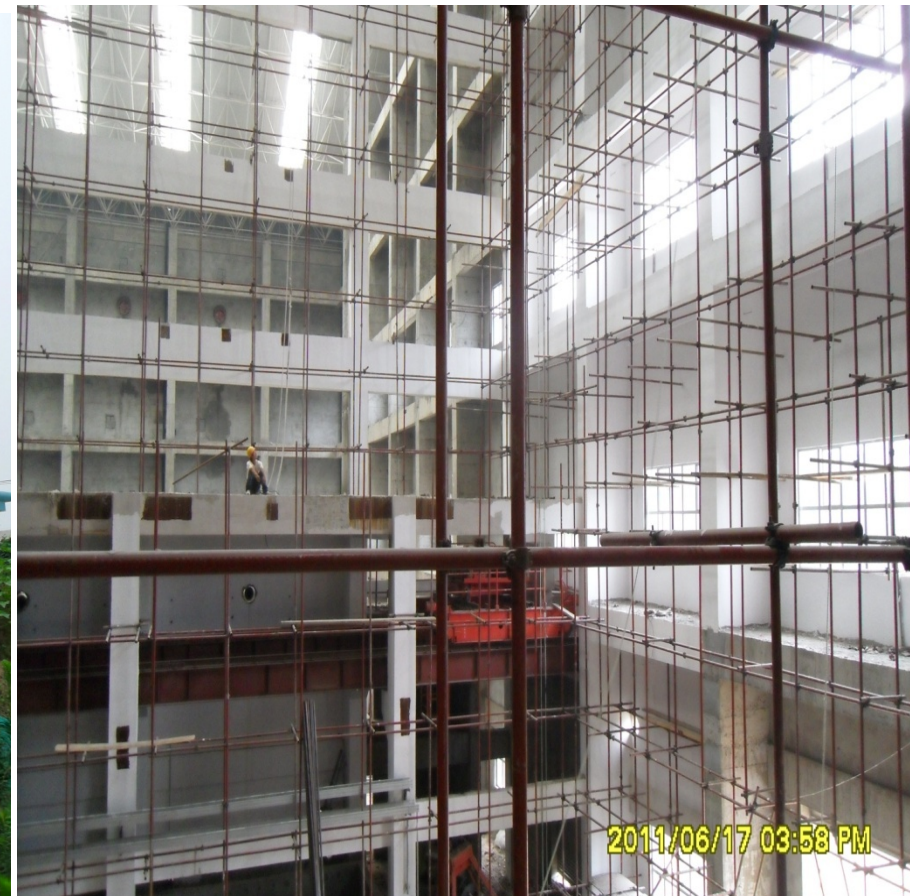
Feicheng Project under Trial Operation



Feicheng Project under Trial Operation



Projects under Construction (Zhoukou BOT)



Projects under Construction (Zhoukou BOT)

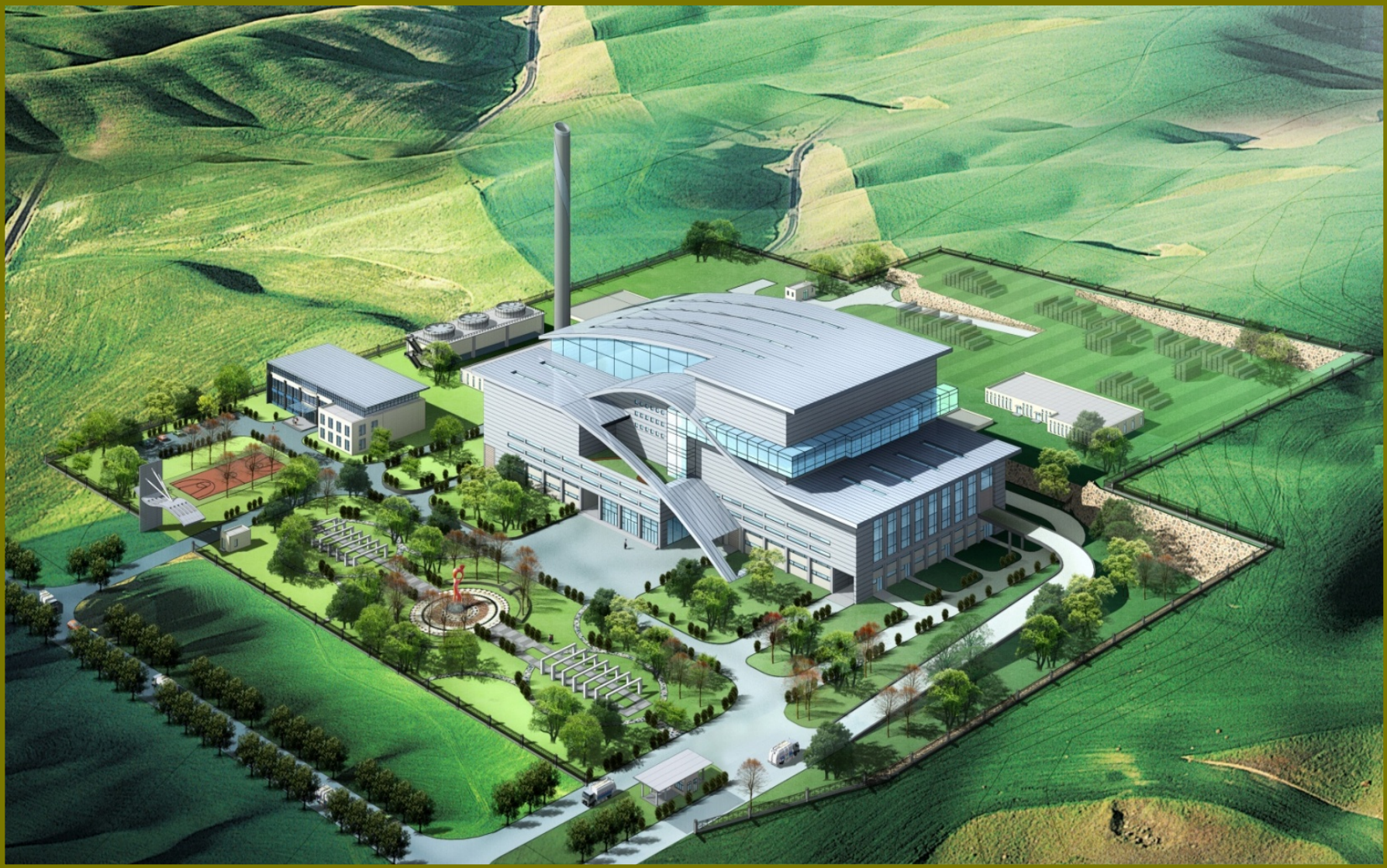


周口市丰泉垃圾无害化处理中心

Projects under Construction (Kunming BOT)



Projects under Construction (Kunming BOT)



Projects under Construction (Xianning BOT)



Projects under Construction (Xianning BOT)



咸宁市丰泉垃圾焚烧发电厂鸟瞰图



Projects under Construction (Zhucheng EPC)



Projects under Construction (Zhucheng EPC)



Projects under Construction (Dingzhou EPC)



Projects under Construction (Dingzhou EPC)



Expected Completion Time of EfW Projects



EPC	As of 30 June 2011 Percentage of Completion	Expected completion time
Dingzhou	12.3%	End of 2012
Zhucheng	42.1%	End of 2012
Zhaodong	Preliminary preparation stage	End of 2013
Shouguang	Preliminary preparation stage	End of 2013

BOT	As of 30 June 2011 Percentage of Completion	Expected completion time
Feicheng	Trial Operation	-
Zhoukou	66.8%	Middle of 2012
Kunming	19.6 %	End of 2012
Xianning	14.8 %	End of 2012

Mission Statement: Clean Technology for the Future



中德环保
ZHONGDE WASTE TECHNOLOGY



Outlook and Investment Highlights



- China is still the growth engine of the world economy
- High growth potential for EfW industry in domestic and international market
- Smooth strategic transition and standardization progress
- Standard gross profit margin of EPC and BOT(construction period): 20-25%
- Growth of revenue and profit ensured by strong cash and order position
- Guideline: revenues and profits in 2011 may be a slight less than those in 2010



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