

ZhongDe Waste Technology AG

Q1 2012 Report Presentation



Contents



Economic and Political Environment



Construction Progress of BOT and EPC



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Economic and Political Environment

Macroeconomic Conditions

- 1) In Q1 2011, China's GDP was RMB 10,799.5 billion, up by 8.1 % (v.s. Q1 2010)
China is still a driving force of the world economy.
- 2) The global economy is experiencing a “vicious cycle”, in which the efforts of governments, households, businesses and the financial sector to reduce their debts are worsening each others' prospects. The challenges facing governments, particularly in advanced economies, as they struggle to contain spending and recoup revenue lost as output collapses.
- 3) The political unrest in many countries is worsening the global economy. The leaders of many countries, have changed or will change in 2012, such as Russia, USA, North Africa and Middle East. The leaders in China will also completed its changes on both national level and province level.



Economic and Political Environment

Sector Trends, Political and Ecological Environment

On March 2, 2012, the Ministry of Industry announced “12th Five-Year Development Plan” for Environmental equipment, which proposed that during "12th Five-Year" period:

- (1) Total value of output of environmental protection equipment industry is going to keep an annual average increase of 20%, to reach RMB 500 billion till 2015;
- (2) Total amount of environmental protection equipment exports is going to keep an average annual increase of 30%, to reach RMB 10 billion till 2014;
- (3) It is going to establish more than ten of environmental protection equipment industrial base with outstanding advantage and high concentration, to develop 10-20 large-scale environmental equipment enterprise groups which can act as a leaders for the business, to foster a number of environmental protection equipment enterprises with well-known brand.



SWOT analysis

Strengths and opportunities

- 1) Listing at Frankfurt Stock Exchange helps to increase ZhongDe's reputation in China
- 2) Strong governmental relations in the domestic market as well as intensified relations to the international market
- 3) Eco-friendly market environment with the support of the Chinese Central Government
- 4) Growing demand for eco-friendly waste disposal capacities especially in China



5. The leading player of waste-to-energy industry in China



Company

Overview

- One of leading players of waste-to-energy industry in China with 17 years experience
- Business Model :
 - European Technology
 - China Price
 - Global Service
- Main business segments:
 - EPC Projects (Engineering, Procurement and Construction)
 - BOT (Build, Operation, Transfer)
- More than 200 waste disposal projects since foundation
 - The above projects located in 13 provinces
 - 4 EPC and 4 BOT projects in construction & trial operation
- Owner of 13 Patents
- R&D and Production facilities based in Beijing & Fuzhou



6. Efficient Governance Structure

General Meeting of Shareholders (AGM)

Board of Directors

Supervisory Board



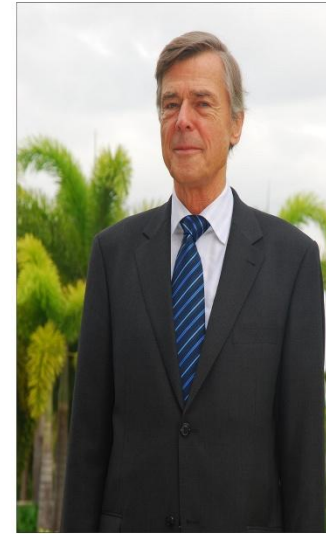
Chairman
Mr. Zefeng Chen



Executive Director
Mr. William Wang



Chairmen
**Mr. Hans-Joachim
Zwarg**



Vice Chairman
**Mr. Bernd
Neukirchen**



Supervisor
Mr. Frank Chang



7. Strong engineer / R& D team



Classification of Engineers

1. Combustion Engineer:	6
2. Automation Control Engineer:	12
3. Mechanical Engineer:	22
4. Process Engineer:	4
5. Construction Engineer:	29
Total	73



SWOT analysis

Weaknesses and threats :

- 1) Increasing competition in the waste-to-energy sector
- 2) Difficult access to qualified construction management team on time for the construction process
- 3) Delays in the implementation of the BOT and EPC projects mainly due to external government approval delays and sub-contractors' re-negotiation because of inflation.



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Timetable of Large scale waste-to-energy project

BOT	As of 31 December 2011 Percentage of Completion	Expected completion time
Feicheng	Trial Operation	-
Zhoukou (500T)	82 %	End of 2012
Kunming (700T)	43 %	End of 2013
Xianning (600T)	33 %	End of 2013

EPC	As of 31 December 31 2011 Percentage of Completion	Expected completion time
Dingzhou (500T)	17 %	End of 2014
Zhucheng (600T)	59 %	End of 2013
Zhaodong	Preliminary preparation stage	
Shouguang	Preliminary preparation stage	



1. Zhoukou BOT (plan to be completed in 2012)



周口市丰泉垃圾无害化处理中心

1. Zhoukou BOT (plan to be completed in 2012)





2. Xianning BOT (plan to be completed in 2013)

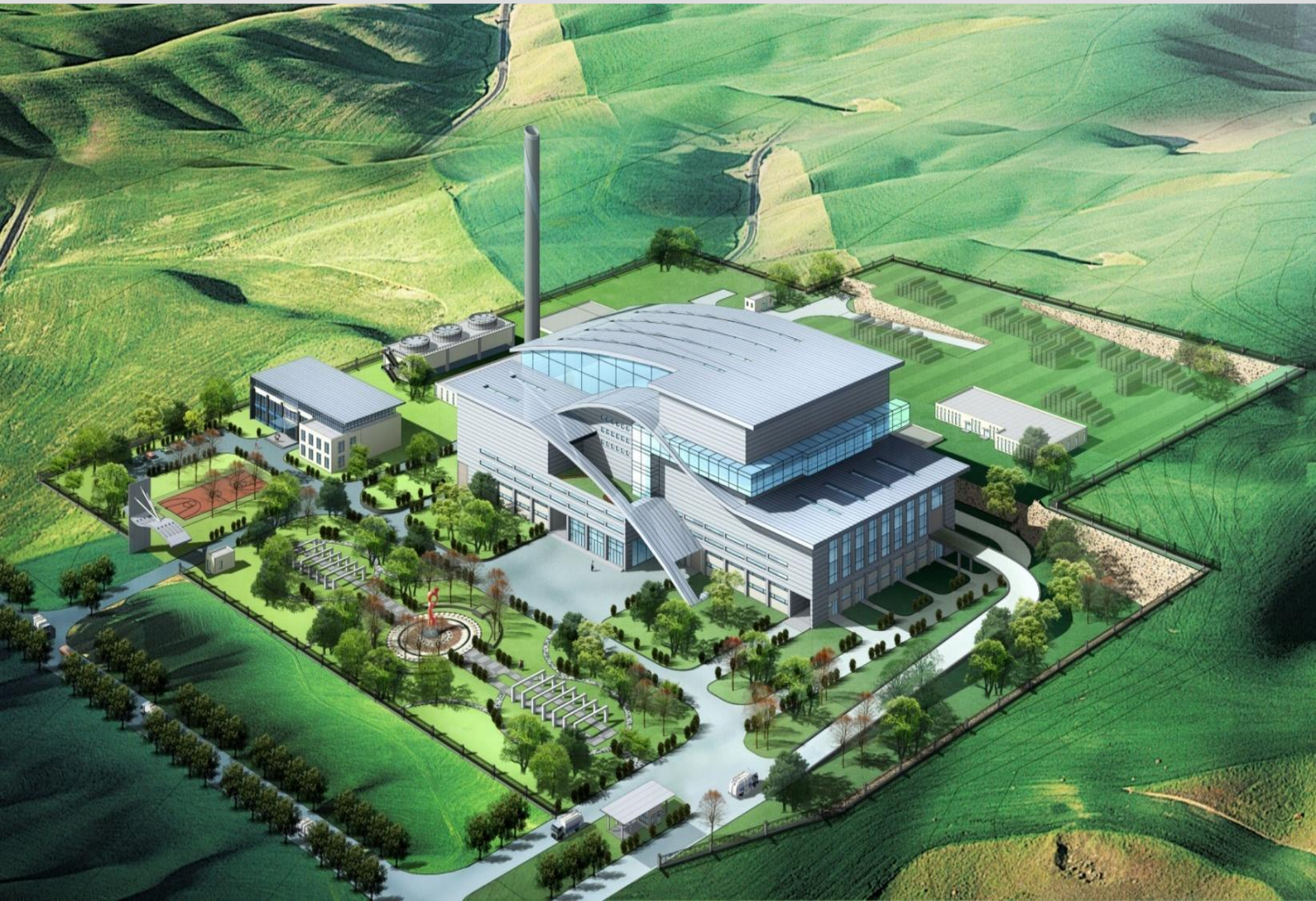
咸宁市丰泉垃圾焚烧发电厂鸟瞰图



2. Xianning BOT (plan to be completed in 2013)



3. Kunming BOT (plan to be completed in 2013)



3. Kunming BOT (plan to be completed in 2013)



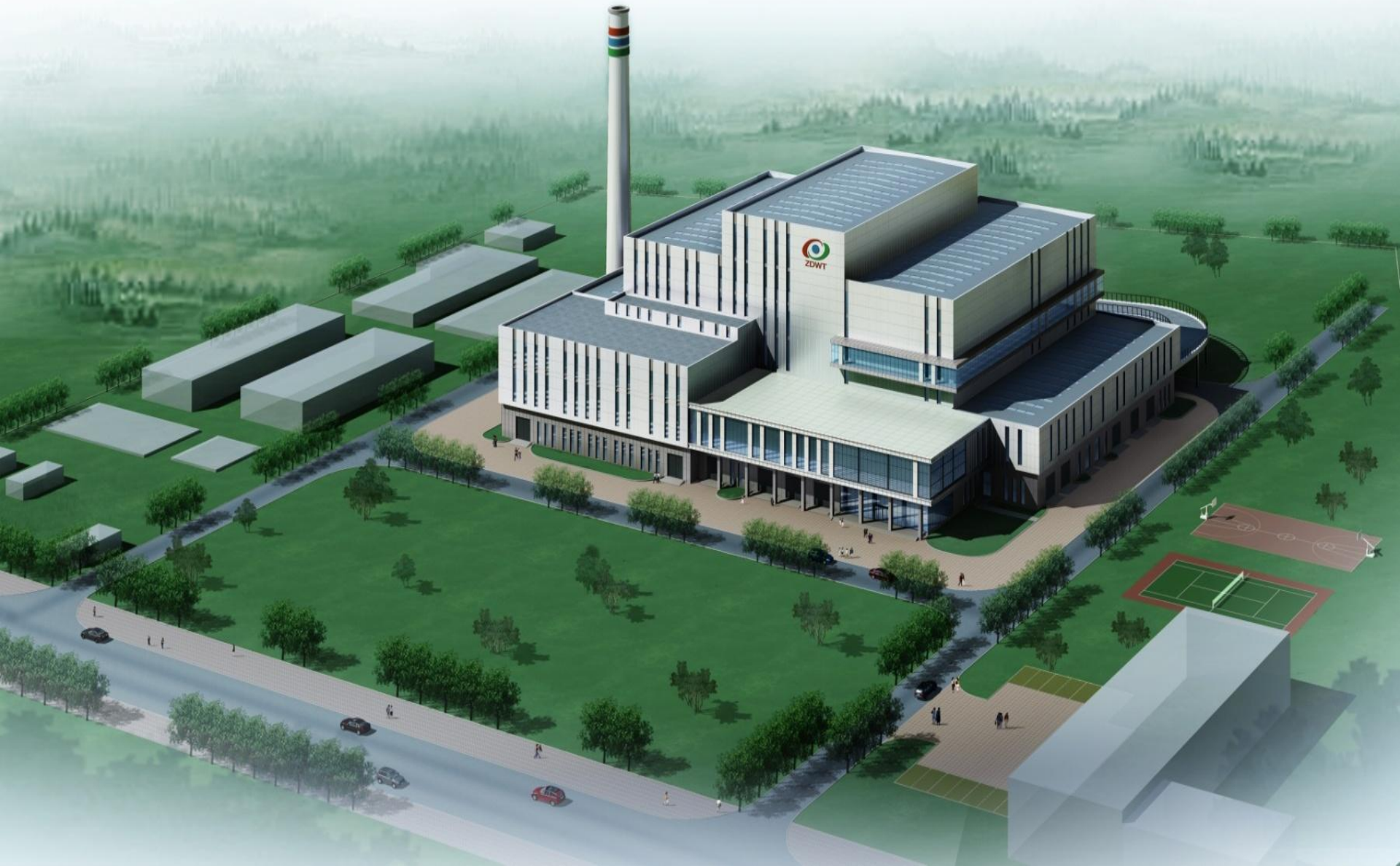
4. Zhucheng EPC (plan to be completed in 2013)



4. Zhucheng EPC (plan to be completed in 2013)



5. Ding Zhou EPC (plan to be completed in 2013)



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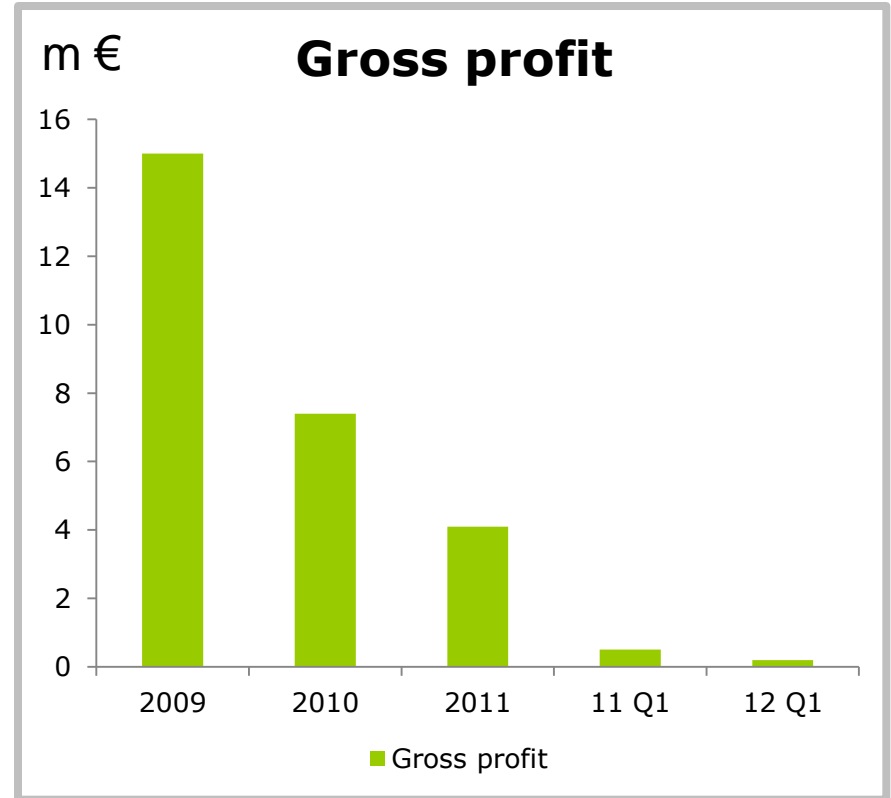
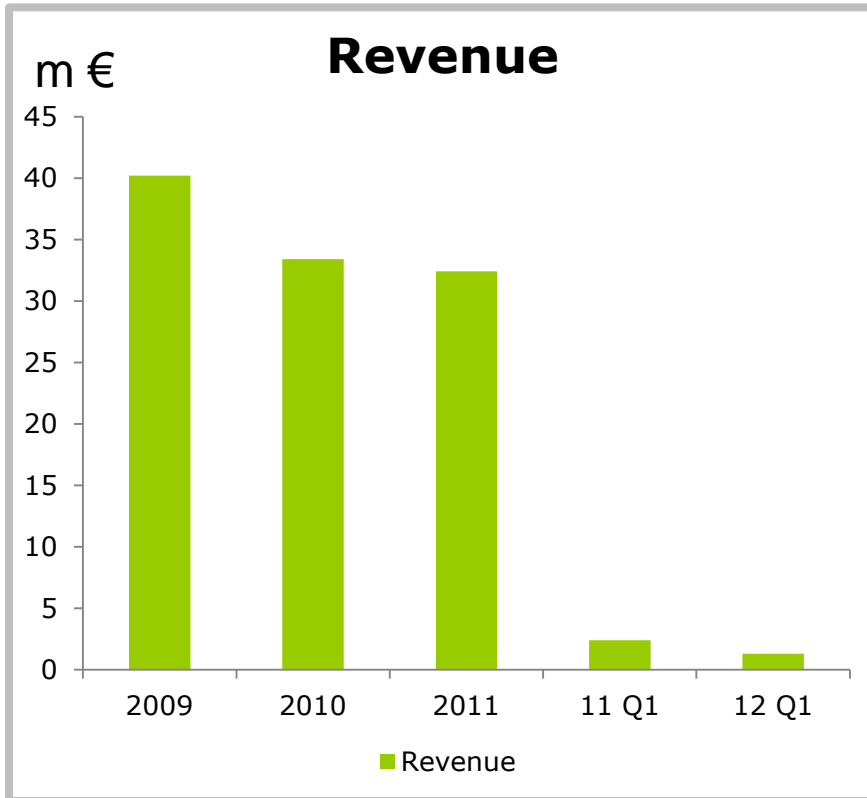
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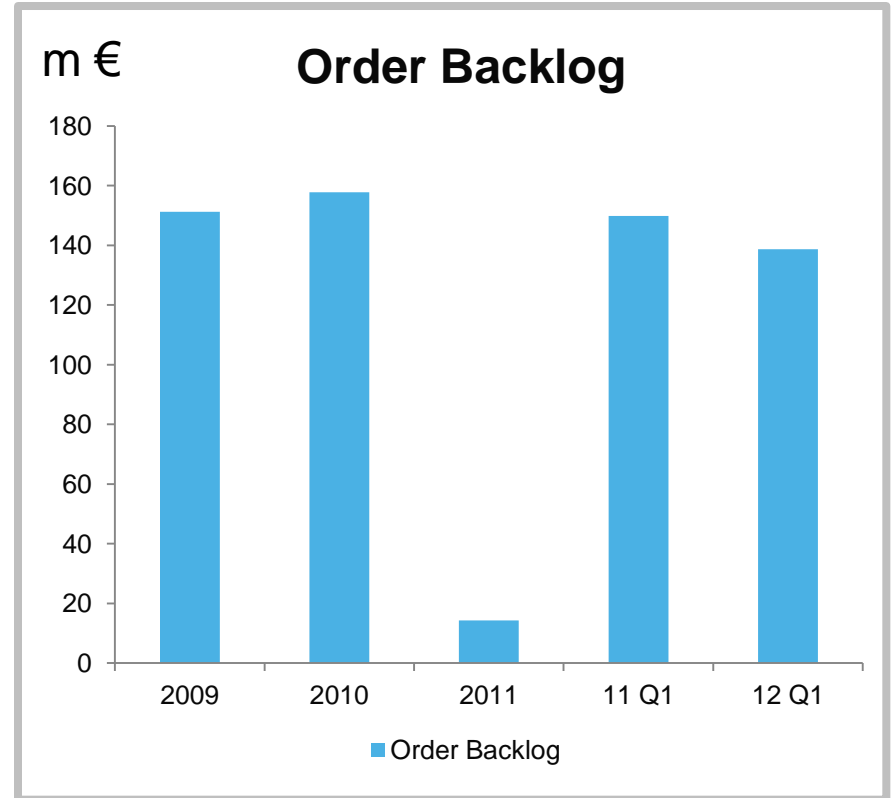
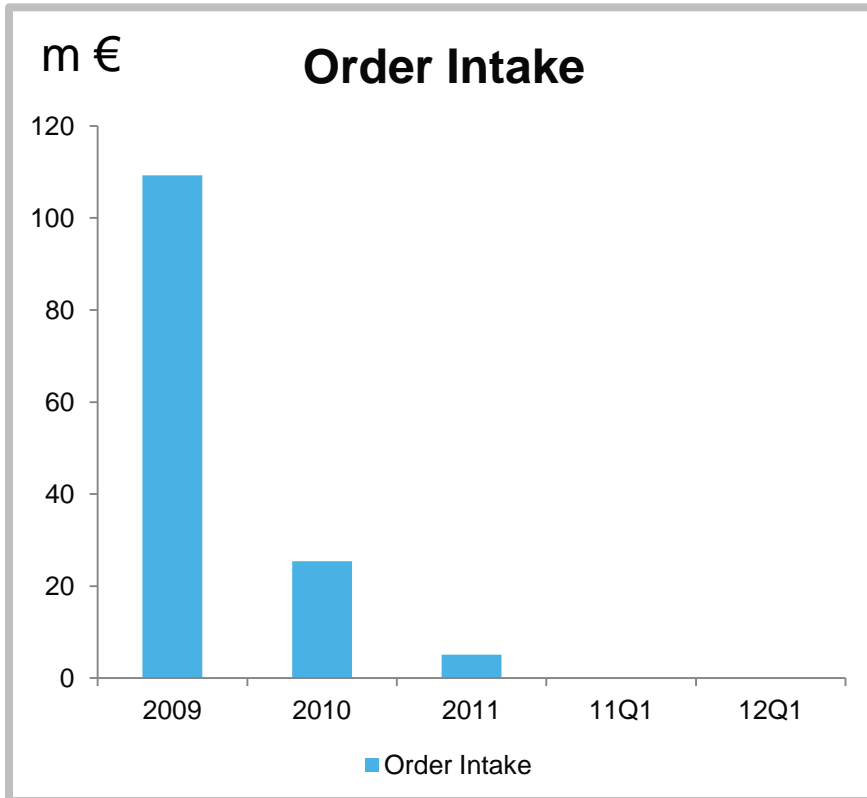
Financial Highlight



In Q1 2012, ZDWT realized revenues of EUR 1.2 million (Q1 2011: EUR 2.4 million) and gross profit of EUR 0.1 million (Q1 2011: EUR 0.5 million)



Financial Highlight



There was no new order intake in Q1 of 2012 as that in Q1 of 2011 .
The order backlog decreased by 7.4% to € 138.7 million due to the revenue recognised according to the PoC of projects construction.



Financial Highlight

Cash and cash equivalents



coments

- The net cash position as at 31 March 2012 amounted to € 112.0 million, compared to € 94.6 million as at 31 March 2011 and € 117.3. million as at 31 December 2011)
- ZhongDe's strong cash position ensures the flexibility of ZhongDe in the fields of BOT investment and project finance.



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- 1) ZhongDe expects to benefit from the favorable economic environment for eco-friendly waste disposal as well as from the growing demand for waste-to-energy plants in China and throughout Asia, although it will need some time to achieve real effect.
- 2) The Management Board of ZhongDe expects to finalize its current BOT project in Zhoukou until the end of the 2012 financial year.
- 3) The company expects to sign one or two new projects contracts in 2012, which will lead to a significant growth of order intake and order backlog.
- 4) ZhongDe Group can generate a better result in 2012 than in 2011



