

ZhongDe Waste Technology AG



# **Q3/9M results conference call**

**November 28, 2013**

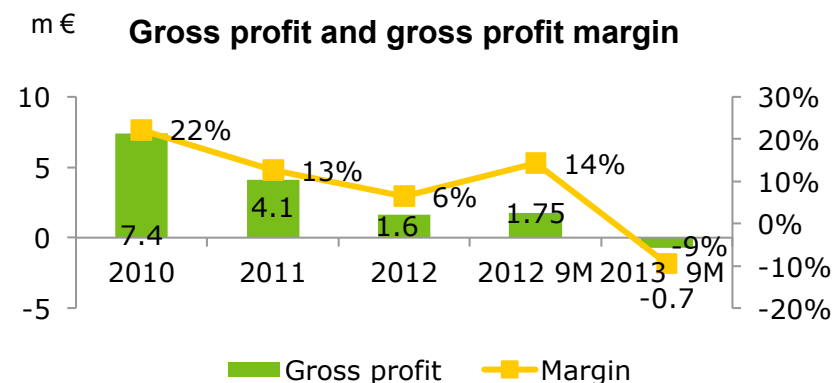
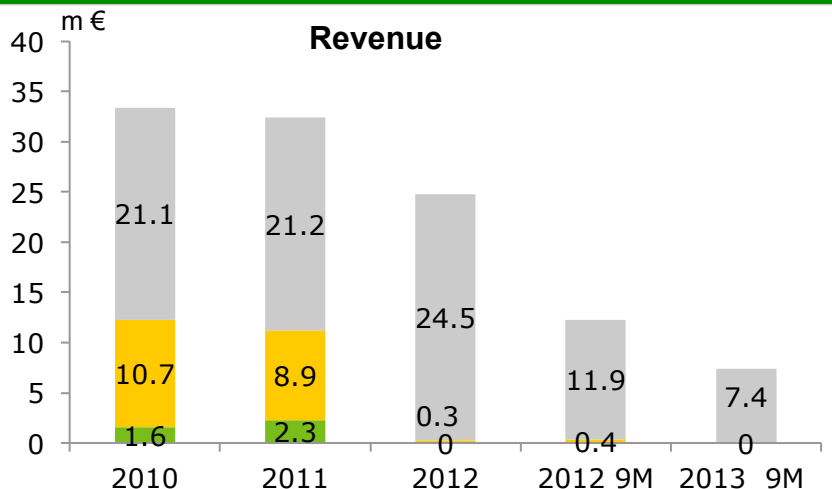
William J. Wang, CFO

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

# 9M results still affected by delay of BOT projects



## Revenue and Gross Profit



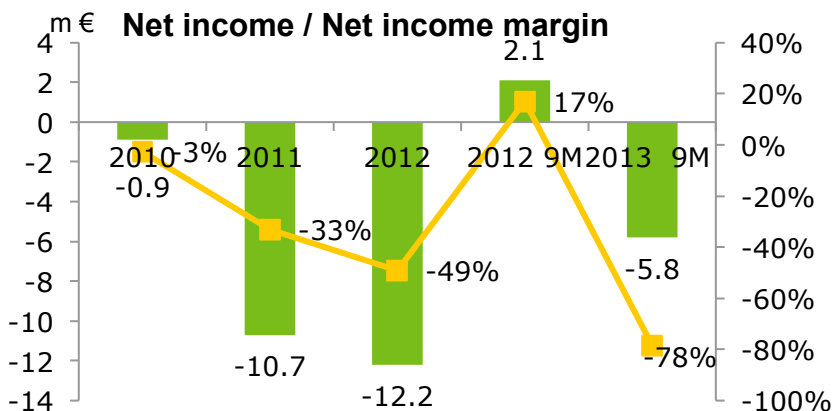
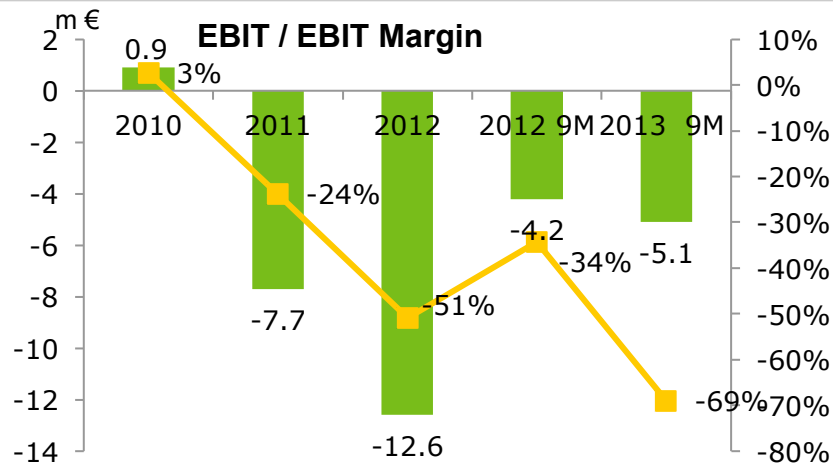
## Comments

- In 9M 2013, revenues decreased by 39.8% to € 7.4 million exclusively generated from BOT projects
- Weak development due to slow completion progress of the current BOT projects Kunming and Xianning and the suspension of the two EPC projects in Zhucheng and Dingzhou
- Moreover the application of a new accounting method for BOT projects (zero-profit-method) had a negative impact
- Gross profit down to € -0.7 million (9M 2012: € 1.8 million)

# 9M weak earnings situation



## EBIT / Net income



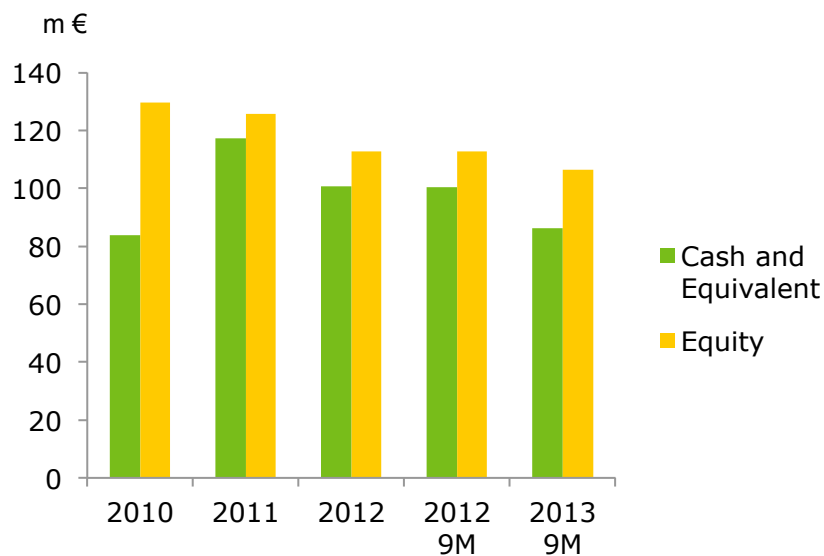
## Comments

- EBIT decreased by € 0.9 million to € -5.1 million in 9M 2013
- EBIT margin of -69% (9M 2012: -34%)
- Net income of € -5.8 million (9M 2012: € 2.1 million)
- Net income margin of -78% (9M 2012: 17%)
- The weak financial performance mainly results from the slow construction progress of the EPC and BOT projects, the application of a new accounting method and the adjustment of the estimated total costs for BOT projects in Kunming and Xianning

# Financially well-positioned for further investments



## Cash and Equity



## Comments

- As of 30 September 2013, cash and cash equivalents amounted to € 86.1 million (-14.2%)
- Net cash amounted to € 35.2 million (after deducting € 50.9 million of loan volume)
- Strong cash position ensures flexibility for BOT investments and bank loan negotiations
- Shareholders' equity at € 106.5 million (-5.6%)
- € 6.6 cash per share (€ 2.7 net cash per share)

# Strong order position for future growth



## Order intake & Order backlog



## Comments

- Order intake of € 42.1 million in 9M 2013
- Order backlog increased by 80.2% to € 237.2 million, mainly due to the new contracts for the Wuhai EPC-project and the Lanzhou BOT-project
- The proportion of small-size incinerators accounted for 2%, EPC projects accounted for 33%, and BOT projects 66% of total order backlog in Q3 2013
- Reduction of order backlog concerning the projects Zhaodong (€ 26.0 million) and Shouguang (€ 27.9 million)



# Expected completion of energy-from-waste projects

<b>BOT</b>	<b>As of 30 Sep 2013 Percentage of Completion</b>	<b>Expected completion time</b>
Feicheng	Trial Operation	-
Zhoukou (500T)	88.3%	2014
Kunming (700T)	73.4%	2014
Xianning (600T)	83.4%	2014

<b>EPC</b>	<b>As of 30 Sep 2013 Percentage of Completion</b>	<b>Expected completion time</b>
Dingzhou (600T)	16.7%	2014
Zhucheng (500T)	59.2%	2014
Zhaodong	Preliminary preparation stage	Will be cancelled
Shouguang	Preliminary preparation stage	Will be cancelled

## Outlook - transition period continues

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- Growing demand for energy-from-waste plants in China and throughout Asia due to increasing industrialization and urbanization
- The Q3 2013 will continue be a transition period characterized by organizational measures for the BOT and EPC projects
- The BOT projects in Zhoukou is expected to finish the trial run stage in 2014 and is expected to be approved by the municipal government afterwards
- The BOT project in Xianning is expected to be completed in 2014
- Further construction progress of Dingzhou and Zhucheng EPC projects in 2014
- Finish the preparation stage for both Lanzhou BOT and Wuhai EPC in Q4 2013 and start their construction phase in 2014
- Sale of Feicheng project and Beijing manufacturing site until the end of 2013
- ZhongDe's financial group results 2013 expected to exceed 2012 results



**Thank you very much for your attention,  
we look forward to your questions!**



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