Hitachi Zosen
INOVA

# 2015 Annual Report
## Integrated Waste Treatment Solutions

# Content | Key Figures



Waste is our Energy.
Engineering is our Business.
Sustainable Solutions are our Mission.

Hitachi Zosen Inova AG is a global leader in energy from waste, operating as part of the Hitachi Zosen Corporation Group. We act as an engineering, procurement and construction (EPC) contractor delivering complete turnkey plants and system solutions for energy recovery from waste.

## Hitachi Zosen Inova AG

| (in CHF thousand) | 2013/14* | 2015** |
|---|---|---|
| Order intake | 534,295 | 609,285 |
| Order backlog | 582,540 | 662,044 |
| Net revenue | 421,437 | 530,797 |
| EBITDA | 8,618 | 28,852 |
| EBIT | 6,098 | 26,343 |
| Net income | 1,818 | 6,706 |
| Share capital | 40,000 | 40,000 |
| Net assets | 45,197 | 38,655 |
| Total assets | 205,711 | 259,149 |
| Equity ratio | 22 % | 15 % |
| Headcount | 391 | 574 |

* January 1, 2013 – March 31, 2014 ** April 1, 2014 – March 31, 2015

**Ladies and Gentlemen**

The successful acquisition of new projects has enabled us to further enhance our leading market position. With the integration of new companies and technologies into the HZI Group in 2014, we continued to realize our strategic vision. The order intake of CHF 609 million and revenues of CHF 531 million marked a visible improvement compared with 2013.

We booked the order for Poznan (Poland) as planned and started Dublin (Ireland) and Herefordshire & Worcestershire (UK), as well as a retrofit project in Horgen (CH). Various execution projects such as Lucerne (CH), Ferrybridge (UK), Severnside (UK), and Buckinghamshire (UK), and the retrofit project at Limeco (CH) are well on track.

Separate collection and treatment of biodegradable waste is becoming mandatory in various countries. HZI's response to this development was to integrate the Kompogas® technology in 2014. This will enable us to provide stand-alone anaerobic digestion solutions.

With the foundation of HZI Germany, we have reinforced HZI's position on the German market. We have also enlarged our product portfolio by adding the biogas upgrading technology of HZI BioMethan GmbH for the Kompogas® plants, and the service facilities of HZI Kraftwerkstechnik GmbH. Both these new group companies generated significant order intake recently. In waste management in Australia, landfill is increasingly being replaced. This is opening up a lot of opportunities for HZI's well proven technologies, and we therefore decided to found HZI Australia Pty Ltd.

We have further strengthened our capabilities and resources to respond to the ongoing positive demand for our technologies from our partners in the global market environment.

Sincerely yours

M Furukawa

**Minoru Furukawa**
Chairman & CEO
Hitachi Zosen Corporation

**Franz-Josef Mengede**
CEO
Hitachi Zosen Inova AG

# Insight & Outlook

## Review

In 2014, markedly fewer projects were awarded in Europe than in previous years. Despite this, Hitachi Zosen Inova was able to strengthen its market position, and numerous projects are in the pipeline for further development. Nevertheless, on the basis of past experience we anticipate considerable delays in the closing of these projects, and this must be taken into account in our outlook for the future. HZI has consequently implemented its strategy for positioning itself as a strong EPC partner for EfW plants.

The acquisition of the Kompogas® technology and BioMethan® biogas upgrading technology has raised HZI's profile as a supplier for the recycling of biowaste by means of anaerobic digestion to generate high-quality biogas and compost. The depth of our engineering expertise has been increased, leading to greater execution resources in both quantitative and qualitative terms. Gaining new clients, such as Covanta with the Dublin project, is further proof of HZI's strong market position. In the case of the Dublin project, HZI was able to convince Covanta of its strong EPC performance. In the retrofit projects in Horgen and Limeco, HZI proved its R&D expertise with the integration of new technology in existing plants for optimized performance and higher energy efficiency.

The large number of existing EfW plants which have been in operation for many years – especially in central Europe – provides for an increasing demand for maintenance and retrofit activities. In this regard, HZI enlarged its workforce with the acquisition of HZI Kraftwerkstechnik GmbH, bringing us even closer to our clients. Due to its improved performance, HZI was able to completely compensate for the impact of the EUR/CHF exchange rate. The improvement of internal and external work procedures further enhanced our operational excellence, and had a remarkably positive influence on the financial performance of projects under execution.

## Outlook

With profound capacities in engineering and project management in the development phase of current projects, HZI is optimally prepared for new orders in an increasingly globalizing market. Optimized sourcing and multidisciplinary positioning will ensure the efficient execution of future projects to support the development of sustainable long-term waste management worldwide. For the coming years, we see clear added value in our proven partnerships for the joint development and realization of upcoming EfW and AD plant projects, as well as combined projects.

# Executive & Supervisory Boards

After four years in Zurich, Supervisory Board member Michi Kuwahara returned to Hitachi Zosen Corporation headquarters in February 2015 to take up a new challenging position in the management team. His successor, Atsuhiro Idogaki, took over on April 1, 2015 and is a new member of the Supervisory Board. Koichiro Anzai has been the Chairman of the Supervisory Board since 2011. CEO Franz-Josef Mengede is a member of the Supervisory Board and Executive Board, while CFO Axel Greschitz as member of the Executive Board has led the company financially in the past five years. The Executive Board is completed by CTO Katsuhisa Tsuji, who has also been a member of the Supervisory Board since 2014 and is developing a strong R & D relationship between Zurich and Osaka. Both the Supervisory Board and the Executive Board focus keenly on inorganic and organic growth at HZI, lending their full support to this key issue.


**Katsuhisa Tsuji**
CTO
Member of the Executive and Supervisory Board of HZI

**Koichiro Anzai**
Chairman of the Supervisory Board of HZI

**Franz-Josef Mengede**
CEO
Member of the Executive and Supervisory Board of HZI

**Axel Greschitz**
CFO
Member of the Executive Board of HZI

**Atsuhiro Idogaki**
Member of the Supervisory Board of HZI

# Project Highlights

## Dublin (IE)

| | |
|---|---|
| Client | Covanta Europe Engineering Ltd. |
| Project Scope | Turnkey Plant |
| Start of construction | 2015 |
| Start of operation | 2017 |
| Waste capacity | 520,000 t/a (2 x 32.5 t/h) |
| Fuel | Municipal Solid Waste |
| Net calorific value | 11.5 MJ/kg |

## Herefordshire & Worcestershire (UK)

| | |
|---|---|
| Client | Mercia Waste Management Ltd. |
| Project Scope | Turnkey Plant |
| Start of construction | 2014 |
| Start of operation | 2016 |
| Waste capacity | 200,000 t/a (1 x 26 t/h) |
| Fuel | Municipal Solid Waste |
| Net calorific value | 9.4 MJ/kg |

## Horgen (CH)

| | |
|---|---|
| Client | KVA Horgen |
| Project Scope | Dry Bottom Ash Extraction |
| Start of construction | 2014 |
| Start of operation | 2015 |
| Waste capacity | 35,280 t/a (1 x 4.2 t/h) |
| Fuel | Municipal Solid Waste |
| Net calorific value | 11 MJ/kg |

# Market Development


**Andres Kronenberg**
Marketing & Sales

## Trends in the Global EfW Market

Against a backdrop of steadily growing populations and expanding economies, waste management is a global challenge. Saturated landfills in urban areas, e.g. megacities, present a risky legacy. Energy from waste and anaerobic digestion are seen as an integrated part of modern waste management systems which reduce or replace landfilling to protect the human habitat for the future.

## EfW Markets in 2014

Although the European EfW market declined in 2014, HZI was able to increase its order intake noticeably, thus underscoring its leading position. The UK and Ireland were the most important markets. HZI booked the order for the Poznan project as planned by the beginning of the business year. HZI has been contracted by Covanta to deliver the complete electromechanical part for the EfW facility in Dublin. The facility, which will treat up to 520,000 t/a, consists of two lines and will provide enough energy to power over 80,000 homes and heat for 50,000 homes. HZI was chosen in Herefordshire and Worcestershire to act as the EPC contractor for the turnkey delivery of the single line EfW facility achieving a net power export of around 18 MW, enough to power 43,000 households. HZI has thus successfully secured its eighth project in the UK. HZI has also been commissioned to upgrade the Horgen EfW plant for further operation through to 2030. KVA Horgen will feature a dry bottom ash discharge to increase the recovery of valuable minerals and metals. A new combustion system, coupled with the modernization of the existing boiler and flue gas treatment system will enhance overall energy efficiency. The Chinese market was very dynamic and our licensees were able to win a number of projects thanks to HZI's proven technology.

## Established Markets

More projects are under development in the UK, and this market will dominate in the coming years before reaching saturation. Most of the projects will be merchant projects procuring MSW and RDF from the market.

## Developing Markets

There is strong interest in our EfW and Kompogas systems on all continents, and HZI is involved in the early market development of integrated waste management systems. We have sent staff to the Middle East and Australia to foster local cooperation. Infrastructure development takes time and we have to progress steadily in these markets.

# Energy From Biowaste


Bernard Fenner
Anaerobic Digestion

### A Further Step in the Circular Economy

To move up further in the circular economy, the organic waste fraction in MSW has to be treated separately. HZI has acquired the Kompogas® technology and the company BioMethan with a view to offering high-end solutions for organic waste treatment. The Kompogas® AD process makes it possible to recycle compost and to produce biogas which can be upgraded with our own BioMethan® technology to feed biogas in the natural gas grid or for use as fuel for vehicles.

### Recycling Material and Energy from Organic Waste

Having acquired the Kompogas® technology in December 2014, HZI now has two first-class technologies for waste-to-energy conversion. In addition to thermal solutions, HZI will in future also offer proven biogas facilities based on energy and material recovery by fermentation. We have taken over the Kompogas licenses and know-how in full, as well as the brand, and we have also integrated the majority of the Kompogas employees. Having constructed more than 75 biogas plants and with a market share of around 30 %, Kompogas is just as much a leader in its own segment. The Kompogas® process is based on the continuous anaerobic dry digestion of organic waste.

### Biomethane – a Sustainable Energy Source

Biogas is becoming increasingly significant amid the global trend of energy transition. In February 2015, the HZI subsidiary Hitachi Zosen Inova Deutschland GmbH acquired the assets of MT-BioMethan GmbH. By extending its product portfolio, HZI will in future have the expertise and technology for upgrading raw biogas into biomethane (bio natural gas) and supplying it to the natural gas grid. Biomethane is used for generating power and heat by industry and private households alike. Owing to its high quality, it is also used as a vehicle fuel. Unlike natural gas, biomethane is nearly carbon neutral. Gas upgrading can be realized with two processes to separate $CO_2$. Amine scrubbing achieves methane quality of more than 99 %. HZI BioMethan also offers a three-stage membrane-separation technique where the $CO_2$ is separated using membrane-based gas permeation. This achieves methane purity of up to 98 %.

# HZI Service Strategy


**René Süsstrunk**
Service, Maintenance
& Operation

## Local Service Close to the Clients

While the knowledge industry leverages scale and global presence, the service industry remains a local business. A certain density of service activities is needed to serve the owners of our plants efficiently. Our service strategy therefore combines centralized engineering and operational know-how with local workforces to provide service where it is needed. In a first step, Hitachi Zosen Inova acquired HZI Kraftwerkstechnik GmbH near Leipzig. The German market has the highest density of plants in operation, and many of them have been running for some years. HZI is now closer to its clients and can offer reliable services more quickly with its own workforces, not only from its home base in Zurich but also from its new subsidiary.

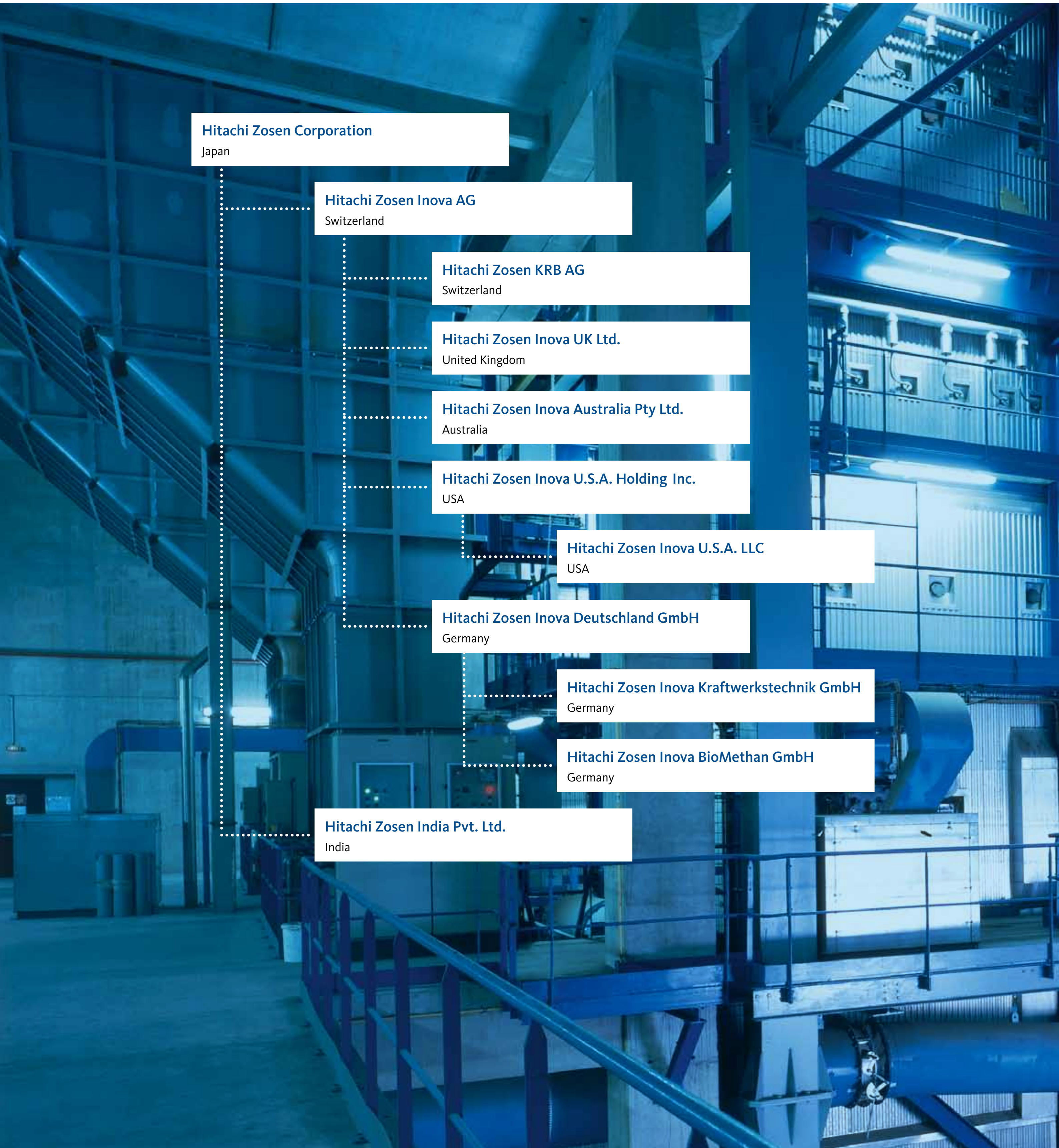
## More Competencies

Cologne-based Hitachi Zosen Inova Deutschland (HZID) integrated HZI Kraftwerkstechnik in January 2015. Kraftwerkstechnik and HZ KRB had previously executed several projects jointly in Europe in the past. Whereas the Zurich-based parent company Hitachi Zosen Inova is a leading EPC contractor worldwide for the construction of EfW plants, the core competencies of HZI Kraftwerkstechnik are in erection works and services. The company, which has around 50 employees, remains located in Landsberg. This move has enabled HZI to expand its portfolio, while also bringing it closer to its clients.

## Wide Range of Services

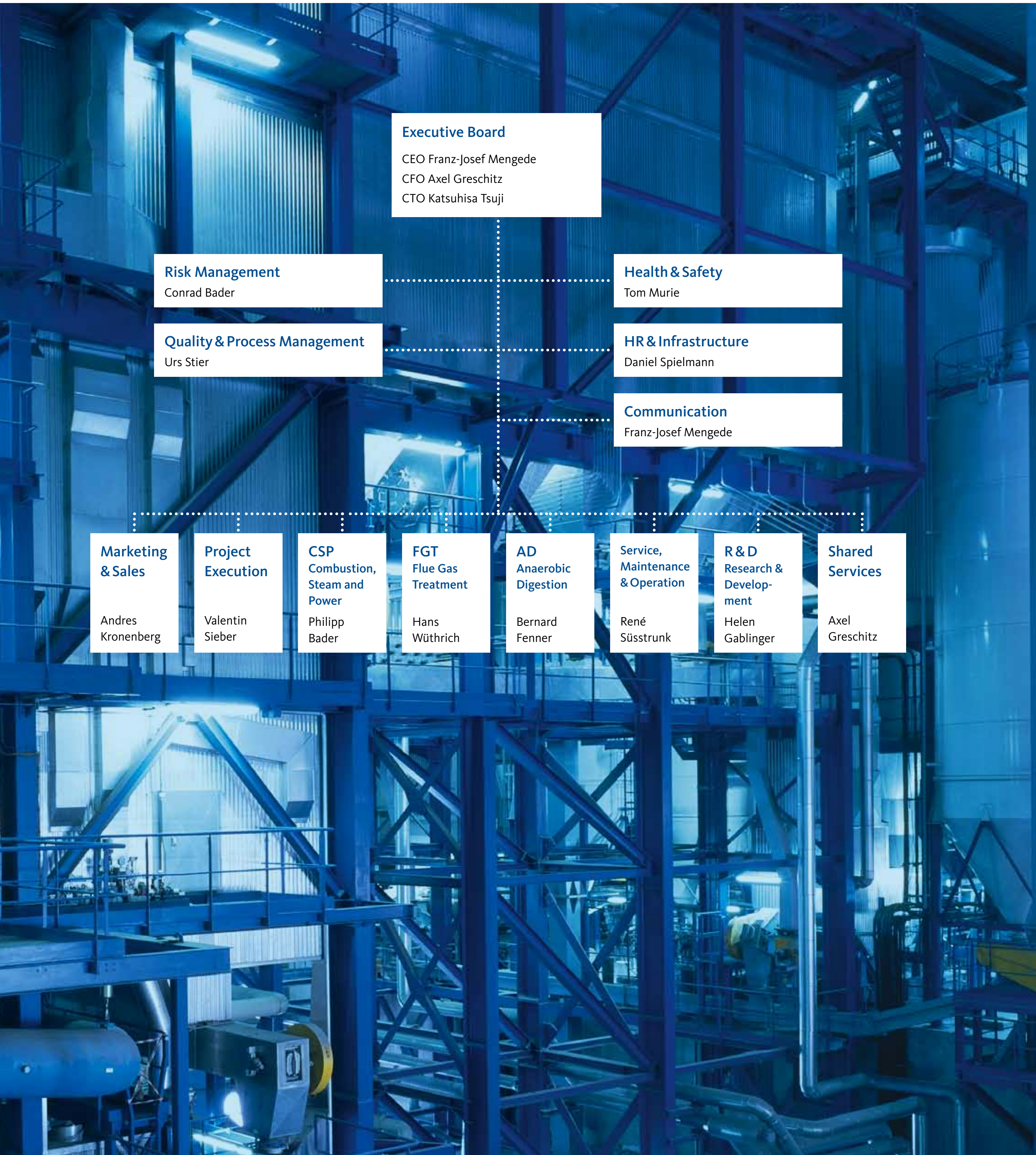
The integration of HZI Kraftwerkstechnik GmbH brings several advantages for our clients. Going forward, HZI will be able to cover the entire service spectrum with its own personnel – from planning, engineering, fabrication, supply, and erection through to maintenance. In addition to enhancing client proximity, this move will enable HZI to shorten reaction times and optimize project execution processes in terms of flexibility and quality. And it will allow both companies to open up new perspectives, to the benefit of existing and new customers alike. Besides owing two market-leading technologies for energy recovery through thermal and biological waste treatment, HZI has international EPC competencies and its own manufacturing arm with HZ KRB, the latter being a supplier of boiler and grate components in the past.

# Legal Structure of Hitachi Zosen Inova AG



- **Hitachi Zosen Corporation**
  Japan
  - **Hitachi Zosen Inova AG**
    Switzerland
    - **Hitachi Zosen KRB AG**
      Switzerland
    - **Hitachi Zosen Inova UK Ltd.**
      United Kingdom
    - **Hitachi Zosen Inova Australia Pty Ltd.**
      Australia
    - **Hitachi Zosen Inova U.S.A. Holding Inc.**
      USA
      - **Hitachi Zosen Inova U.S.A. LLC**
        USA
    - **Hitachi Zosen Inova Deutschland GmbH**
      Germany
      - **Hitachi Zosen Inova Kraftwerkstechnik GmbH**
        Germany
      - **Hitachi Zosen Inova BioMethan GmbH**
        Germany
  - **Hitachi Zosen India Pvt. Ltd.**
    India

# Organization



**Executive Board**
CEO Franz-Josef Mengede
CFO Axel Greschitz
CTO Katsuhisa Tsuji

**Risk Management**
Conrad Bader

**Quality & Process Management**
Urs Stier

**Health & Safety**
Tom Murie

**HR & Infrastructure**
Daniel Spielmann

**Communication**
Franz-Josef Mengede

**Marketing & Sales**
Andres Kronenberg

**Project Execution**
Valentin Sieber

**CSP**
Combustion, Steam and Power
Philipp Bader

**FGT**
Flue Gas Treatment
Hans Wüthrich

**AD**
Anaerobic Digestion
Bernard Fenner

**Service, Maintenance & Operation**
René Süsstrunk

**R & D**
Research & Development
Helen Gablinger

**Shared Services**
Axel Greschitz

# Hitachi Zosen Corporation

EfW plant in Osaka, Japan

**The 2014 highlight was the order intake and revenue, marking a four-year high, both in domestic and international markets. From 2015 onward, the main challenge of Hitachi Zosen Corporation (HZC) will be to maintain this momentum while improving the performance of the Machinery and Infrastructure segments.**

A series of economic measures by the Japanese government, coupled with the Bank of Japan's persistent easy money policy, have steadily driven the Japanese economy, and many large private-sector companies thus booked record-high results in 2014. Japan's economy is recovering.

### Strong Sales in Environmental Business

In its Environmental business, HZC secured eight new EfW and incineration plant contracts in 2014; four domestic EPC projects, three DBO projects in Japan, and an equipment supply project in China. In Europe, Hitachi Zosen Inova (HZI) received orders for three major EPC turnkey projects in Poland, the UK, and Ireland, as well as one major retrofit project in Switzerland. For the fiscal year ending March 2015, HZC posted strong consolidated order intake of JPY 453 billion (CHF 3,640 million) – a four-year high – and revenue of JPY 359 billion (CHF 2,885 million).

Management's analysis of the sales and profitability of the business segments is as follows:

### Environmental Systems & Industrial Plants

Due to the progress of construction for large contracts, net sales grew 10.5 % to JPY 227.9 billion (CHF 1,831 million), and operating income increased 33.3 % to JPY 13.2 billion (CHF 106 million).

### Machinery

Net sales increased 6.2 % to JPY 55.2 billion (CHF 444 million), while the operating loss was reduced to JPY 0.3 billion (CHF 2 million) thanks to a rising demand.

### Process Equipment

Net sales rose 37.5 % to JPY 22.0 billion (CHF 177 million), reflecting the progress in large international projects under execution received in 2013/14. Although this segment booked an operating loss, operating income was JPY 1.1 billion (CHF 9 million).

### Infrastructure

Against the backdrop of intensified competition in public sector works, net sales dropped 30.9 % to JPY 19.4 billion (CHF 156 million). The operating loss also increased by JPY 0.5 billion (CHF 4 million) to JPY 2.1 billion (CHF 17 million).

### Precision Machinery

Net sales rose 12.0 % to JPY 25.3 billion (CHF 203 million) due to the recovery of investments in private sector companies, and operating income of JPY 0.4 billion (CHF 3 million) was recognized.

### Other Businesses

Both net sales and operating income increased year-on-year to JPY 9.5 billion (CHF 76 million) and JPY 0.5 billion (CHF 4 million) respectively.

### Challenge for 2015

The results of the FYE March 31, 2015 were more than 10 % above the forecast of order intake of JPY 400 billion (CHF 3,214 million) and revenue of JPY 320 billion (CHF 2,572 million). Ordinary profit came in at JPY 7.5 billion (CHF 60 million), which is below the initial estimate of JPY 8 billion (CHF 64 million). This highlights our challenge from 2015 onward: Maintaining upward momentum in order intake while improving profitability by restoring the profitable operation of Machinery and Infrastructure business.

### Assets and Liabilities

Total assets increased by JPY 29.4 billion (CHF 236 million) year-on-year to JPY 408.8 billion (CHF 3,285 million) due to the increased trade notes and accounts receivables from the progress of works in large contracts. Total liabilities increased by JPY 29.5 billion (CHF 237 million) forecast to JPY 291.3 billion (CHF 2,341 million), reflecting the increase in trade payables due to the growth in sales and interest-bearing debt. Net assets decreased by JPY 0.1 billion (CHF 0.8 million) to JPY 117.5 billion (CHF 944 million). The shareholders' equity ratio edged up to 26.6 % from 26.4 % in the last fiscal year.

### Cash Flows

After booking net income of JPY 5.1 billion (CHF 41 million), cash flow from operating activities resulted in an inflow of JPY 9.1 billion (CHF 73 million). Due to capital investment such as the Miyanosato biomass power plant and others cash flows from investing activities resulted in an outflow of JPY 14.7 billion (CHF 118 million). There was a cash inflow from financing activities of JPY 12.2 billion (CHF 98 million) as we increased long-term borrowing and carried out a new bond issue. At the end of the year, cash and cash equivalents had increased by JPY 10.8 billion (CHF 87 million) to JPY 60.7 billion (CHF 488 million).

### Medium-term Target

In addition to short-term planning, HZC has set medium-term management targets to raise profitability:

- Increase of international sales (currently 34 % of total sales, target 50 %)
- O & M and service business as a stable income source (currently 38 % of total sales, target 50 %)
- New business and new products for JPY 50 billion (CHF 402 million).

We promote these areas via internal growth activities, coupled with external growth including M & A.

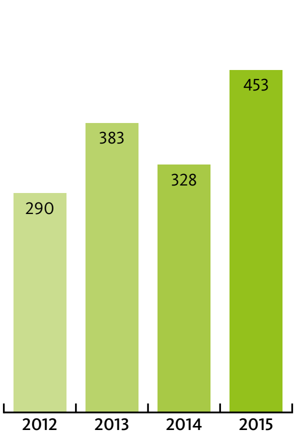
Based on our ample references and presence worldwide, we are seeking to become the global number one in the EfW business. In the new and developing markets, there are differences in MSW process regulation, in the awareness of policy makers and local people with regard to collection and processing of MSW, and in terms of the EfW project owners and expected budgets for EfW facilities. We have developed a concept model for each market to address the specific local needs. Last year, our Indian operation obtained its first order intake with the LoCal Plus model developed jointly by HZC and HZI. (CHF=JPY124.44 as of March 31, 2015)

# Financial Highlights

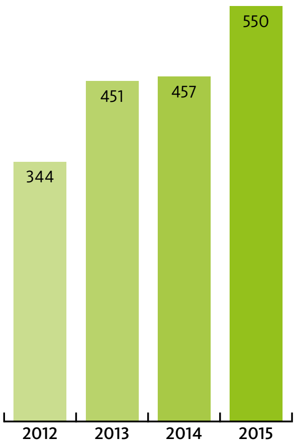
## Hitachi Zosen Corporation and Consolidated Subsidiaries
## For the fiscal years ended March 31, 2014 and 2015

| (in JPY million) | 2014 | 2015 |
|---|---|---|
| **Operating results** | | |
| Order intake | 328,433 | 452,758 |
| Order backlog | 456,718 | 550,144 |
| Revenues | 333,433 | 359,332 |
| Operating income | 7,879 | 12,819 |
| Net income | 3,720 | 5,100 |
| **Cash flows** | | |
| Cash flows from operating activities | 300 | 9,086 |
| Cash flows from investing activities | (8,697) | (14,680) |
| Cash flows from financing activities | (514) | 12,178 |
| Cash and cash equivalents as of fiscal year end | 49,961 | 60,770 |
| **Financial position** | | |
| Net assets | 117,565 | 117,531 |
| Total assets | 379,414 | 408,803 |
| Investments in property, plant and equipment and intangible assets (account balance) | 129,318 | 135,934 |
| **Financial indicators** | | |
| Shareholders' equity ratio (%) | 26.4 | 26.6 |
| Debt-equity ratio (times) | 1.0 | 1.1 |
| Workforce as of fiscal year end | 9,171 | 9,581 |

## Order intake (JPY billion)

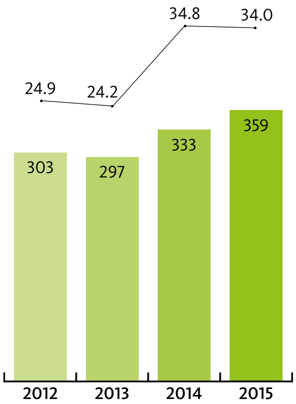



## Order backlog (JPY billion)



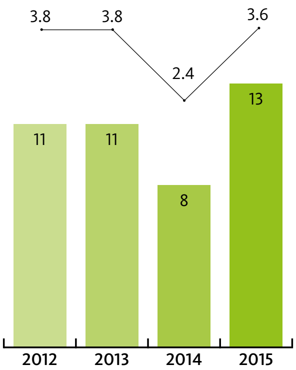

## Revenue (JPY billion)

Export ratio (%)



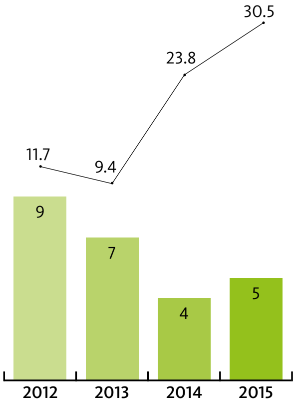

## Operating income (JPY billion)

Operating margin (%)



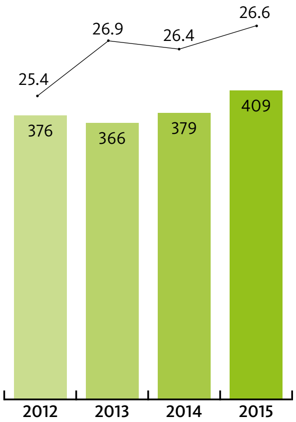

## Net income (JPY billion)

Net income per share (JPY)*

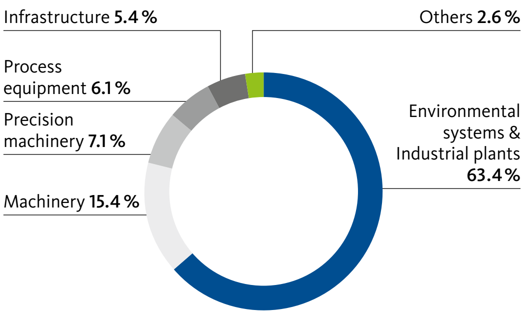



## Total assets (JPY billion)

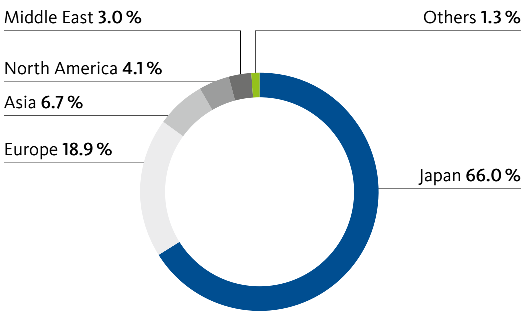
Shareholders' equity ratio (%)




## Revenue by segment




## Revenue by region



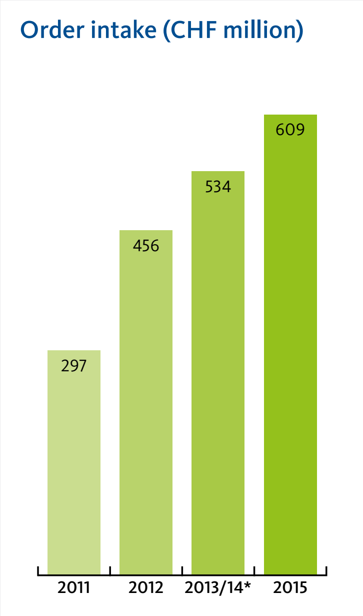

* HZC consolidated common stocks of the company with a ratio of five shares to one share on October 1, 2013

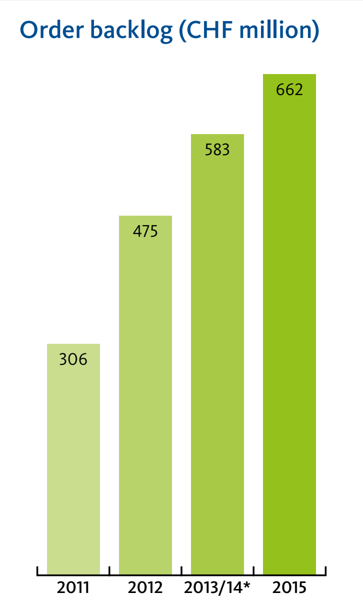
# Financial Highlights

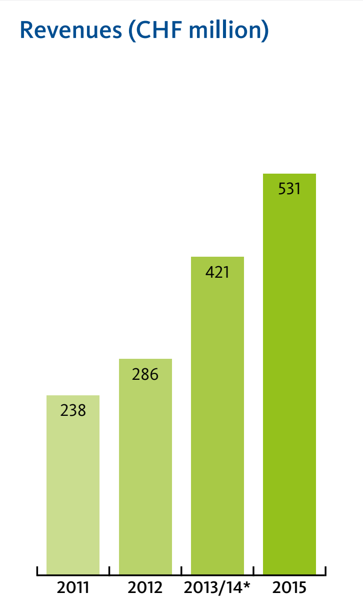
## Hitachi Zosen Inova AG
## For the fiscal years ended March 31, 2014 and 2015

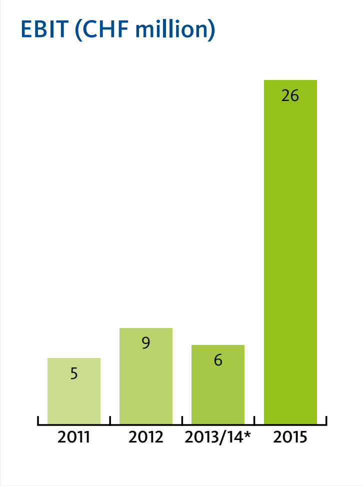
| (in CHF thousand) | 2013/14* | 2015 |
|---|---|---|
| **Operating results** | | |
| Order intake | 534,295 | 609,285 |
| Order backlog | 582,540 | 662,044 |
| Net Revenues | 421,437 | 530,797 |
| Operating Profit | 6,098 | 26,343 |
| Net income | 1,818 | 6,706 |
| **Cash flows** | | |
| Cash flows from operating activities | 9,659 | 7,944 |
| Cash flows from investing activities | 11,267 | 5,439 |
| Cash flows from financing activities | (405) | (502) |
| Cash and cash equivalents as of fiscal year end | 107,861 | 107,125 |
| **Financial position** | | |
| Net assets | 45,197 | 38,655 |
| Total assets | 205,711 | 259,149 |
| Investments in property, plant and equipment and intangible assets (account balance) | 11,592 | 21,775 |

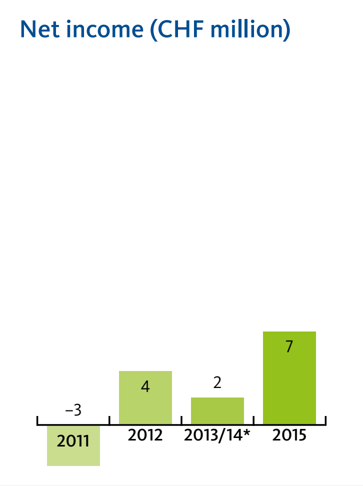
* January 1, 2013 – March 31, 2014

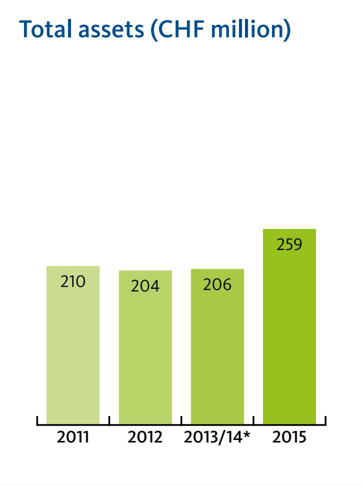



* January 1, 2013 – March 31, 2014

# Financial Statements 2013/2014 and 2015 Hitachi Zosen Inova AG

## Consolidated Statement of Financial Position**

| As at March 31<br>(in CHF thousand)<br><br>**Assets** | **2013/14*** | |
|---|---|---|
| Cash and cash equivalents | 107,861 | 107,125 |
| Other financial assets | 18,296 | 4,920 |
| Trade and other receivables | 11,503 | 10,242 |
| Construction contracts in progress | 38,081 | 97,730 |
| Inventory | 2,952 | 4,783 |
| Prepayments and accruals | 2,880 | 1,866 |
| **Current assets** | **181,573** | **226,666** |
| Employee benefits | 6,939 | |
| Other financial assets | 3,840 | 6,908 |
| Property, plant and equipment | 8,550 | 8,658 |
| Intangible assets | 3,042 | 13,117 |
| Deferred tax assets | 1,767 | 3,800 |
| **Non-current assets** | **24,138** | **32,483** |
| **Total assets** | **205,711** | **259,149** |

* January 1, 2013 – March 31, 2014

** The consolidated figures stated herein refer to Hitachi Zosen Inova AG according to IFRS standards and were audited as such by KPMG AG.

| **As at March 31**<br>(in CHF thousand)<br><br>**Liabilities** | **2013/14*** | **2015** |
|---|---|---|
| Trade payables | 110,333 | 168,186 |
| Other payables | 4,679 | 5,153 |
| Deferred income/revenue | 26,862 | 4,356 |
| Other financial liabilities | 567 | 5,422 |
| Employee benefits | 5,914 | 10,804 |
| Provisions | 4,039 | 4,177 |
| Current income tax payable | 614 | 650 |
| **Current liabilities** | **153,008** | **198,748** |
| Other financial liabilities | 672 | 4,089 |
| Employee benefits | 1,381 | 11,590 |
| Provisions | 5,123 | 5,626 |
| Deferred tax liabilities | 330 | 441 |
| **Non-current liabilities** | **7,506** | **21,746** |
| **Total liabilities** | **160,514** | **220,494** |
| **Equity** | | |
| Share capital | 40,000 | 40,000 |
| Hedging reserves | (131) | (1,488) |
| Retained earnings | 5,328 | 143 |
| **Total equity attributable to the shareholder of the Company** | **45,197** | **38,655** |
| **Total liabilities and equity** | **205,711** | **259,149** |

* January 1, 2013 – March 31, 2014

** The consolidated figures stated herein refer to Hitachi Zosen Inova AG according to IFRS standards and were audited as such by KPMG AG.

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

| (in CHF thousand) | 2013/14* (15 months) | 2015 (12 months) |
|---|---|---|
| **Net revenue** | **421,437** | **530,797** |
| Cost of materials and services purchased | (315,603) | (409,513) |
| Personnel expenses | (67,928) | (66,488) |
| Other operating expenses | (30,945) | (28,379) |
| Other operating income | 1,657 | 2,435 |
| **Operating profit before depreciation and amortization (EBITDA)** | **8,618** | **28,852** |
| Depreciation and amortization | (2,520) | (2,509) |
| **Operating profit (EBIT)** | **6,098** | **26,343** |
| Finance income | 1,273 | 497 |
| Finance costs | (4,998) | (18,301) |
| **Profit before income tax** | **2,373** | **8,539** |
| Income tax | (555) | (1,833) |
| **Profit for the period attributable to the shareholder of the Company** | **1,818** | **6,706** |
| **Other comprehensive income** | | |
| Effective portion of changes in fair value of cash flow hedges | (751) | (85) |
| Net change in fair value of cash flow hedges reclassified to profit and loss | 856 | (1,633) |
| Foreign currency translation difference | 7 | (51) |
| Income tax | (22) | 361 |
| **Items that are or may be reclassified to profit or loss** | **90** | **(1,408)** |
| Remeasurements of defined benefit liability (asset) | 9,787 | (14,971) |
| Income tax | (2,051) | 3,131 |
| **Items that will never be reclassified to profit or loss** | **7,736** | **(11,840)** |
| **Other comprehensive income for the period, net of tax** | **7,826** | **(13,248)** |
| **Total comprehensive income for the period attributable to the shareholder of the Company** | **9,644** | **(6,542)** |

* January 1, 2013 – March 31, 2014

# Consolidated Statement of Changes in Equity

| (in CHF thousand) | Share capital | Hedging reserve | Retained earnings | Equity |
|---|---|---|---|---|
| **Balance at January 1, 2013** | 40,000 | (214) | (4,233) | 35,553 |
| Profit for the period | | | 1,818 | 1,818 |
| **Other comprehensive income** | | | | |
| Effective portion of changes in fair value of cash flow hedges | | (751) | | (751) |
| Net change in fair value of cash flow hedges reclassified to profit and loss | | 856 | | 856 |
| Remeasurements of defined benefit liability (asset) | | | 9,787 | 9,787 |
| Foreign currency translation difference | | | 7 | 7 |
| Income tax on other comprehensive income | | (22) | (2,051) | (2,073) |
| **Total other comprehensive income** | | **83** | **7,743** | **7,826** |
| **Total comprehensive income for the period** | | **83** | **9,561** | **9,644** |
| **Balance at March 31, 2014** | **40,000** | **(131)** | **5,328** | **45,197** |
| Profit for the year | | | 6,706 | 6,706 |
| **Other comprehensive income** | | | | |
| Effective portion of changes in fair value of cash flow hedges | | (85) | | (85) |
| Net change in fair value of cash flow hedges reclassified to profit and loss | | (1,633) | | (1,633) |
| Remeasurements of defined benefit liability (asset) | | | (14,971) | (14,971) |
| Foreign currency translation difference | | | (51) | (51) |
| Income tax on other comprehensive income | | 361 | 3,131 | 3,492 |
| **Total other comprehensive income** | | **(1,357)** | **(11,891)** | **(13,248)** |
| **Total comprehensive income for the year** | | **(1,357)** | **(5,185)** | **(6,542)** |
| **Balance at March 31, 2015** | **40,000** | **(1,488)** | **143** | **38,655** |

# Consolidated Statement of Cash Flows

| (in CHF thousand) | 2013/14* (15 months) | 2015 (12 months) |
|---|---|---|
| Profit before tax | 2,373 | 8,539 |
| Adjustment for net finance (income) costs | (287) | (343) |
| Adjustment for depreciation and amortization | 2,520 | 2,509 |
| Adjustment for non-cash items | (2,525) | (1,721) |
| Adjustment for exchange differences | (238) | 14,436 |
| Changes in inventories | 94 | (165) |
| Changes in trade/other accounts receivables | 12,732 | (55,542) |
| Changes in trade/other accounts payables | 3,475 | 34,170 |
| Changes in employee benefits | 2,226 | 5,354 |
| Changes in provisions | (10,362) | 570 |
| Interest received | 374 | 434 |
| Interest paid | (83) | (63) |
| Income taxes paid | (640) | (234) |
| **Cash flows from operating activities** | **9,659** | **7,944** |
| Acquisition of property, plant and equipment | (391) | (903) |
| Acquisition of intangible assets | (307) | (2,582) |
| Acquisition of businesses, net of cash acquired | | (9,227) |
| Repayment of loans | 6,003 | |
| Repayment of cash collaterals | 12,059 | 12,120 |
| Repayment (Purchase) of term money | (6,097) | 6,031 |
| **Cash flows from investing activities** | **11,267** | **5,439** |
| Finance lease | (405) | (502) |
| **Cash flows from financing activities** | **(405)** | **(502)** |
| **Net increase in cash and cash equivalents** | **20,521** | **12,881** |
| **Cash and cash equivalents at the beginning of the period** | **87,215** | **107,861** |
| Changes in cash and cash equivalents | 20,521 | 12,881 |
| Effects of changes in foreign exchange rates on cash held | 125 | (13,617) |
| **Cash and cash equivalents at the end of the period** | **107,861** | **107,125** |

* January 1, 2013 – March 31, 2014

Waste is our Energy.
Engineering is our Business.
Sustainable Solutions are our Mission.

Hitachi Zosen
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