

## Suchergebnis

Kraftanlagen München GmbH	Rechnungslegung/	Jahresabschluss zum Geschäftsjahr vom 01.01.2017	22.03.2019
<b>Name</b>	<b>Bereich</b>	<b>Information</b>	<b>V.-Datum</b>



**Kraftanlagen  
München**

**Kraftanlagen München GmbH**

München

### Jahresabschluss zum Geschäftsjahr vom 01.01.2017 bis zum 31.12.2017

#### Inhaltsverzeichnis

Bestätigungsvermerk

Rechnungslegung

Auftragsbedingungen, Haftung und Verwendungsvorbehalt

Allgemeine Auftragsbedingungen

#### Hinweis:

Den nachfolgenden Bestätigungsvermerk haben wir, unter Beachtung der gesetzlichen und berufsständischen Bestimmungen, nach Maßgabe der in der Anlage "Auftragsbedingungen, Haftung und Verwendungsvorbehalt" beschriebenen Bedingungen erteilt.

Falls das vorliegende Dokument in elektronischer Fassung für Zwecke der Offenlegung im Bundesanzeiger verwendet wird, sind für diesen Zweck daraus nur die Dateien zur Rechnungslegung und im Falle gesetzlicher Prüfungspflicht der Bestätigungsvermerk resp. die diesbezüglich erteilte Bescheinigung bestimmt.

#### Bestätigungsvermerk des unabhängigen Abschlussprüfers

An die Kraftanlagen München GmbH

#### Prüfungsurteile

Wir haben den Jahresabschluss der Kraftanlagen München GmbH, München - bestehend aus der Bilanz zum 31. Dezember 2017 und der Gewinn- und Verlustrechnung für das Geschäftsjahr vom 1. Januar bis zum 31. Dezember 2017 sowie dem Anhang, einschließlich der Darstellung der Bilanzierungs- und Bewertungsmethoden - geprüft. Darüber hinaus haben wir den Lagebericht der Kraftanlagen München GmbH, der mit dem Konzernlagebericht zusammengefasst wurde, für das Geschäftsjahr vom 1. Januar bis zum 31. Dezember 2017 geprüft.

Die in Abschnitt 1.3 des Lageberichts enthaltene Erklärung zur Unternehmensführung (Angabe zur Frauenquote) haben wir in Einklang mit den deutschen gesetzlichen Vorschriften nicht inhaltlich geprüft.

Nach unserer Beurteilung aufgrund der bei der Prüfung gewonnenen Erkenntnisse

- entspricht der beigefügte Jahresabschluss in allen wesentlichen Belangen den deutschen, für Kapitalgesellschaften geltenden handelsrechtlichen Vorschriften und vermittelt unter Beachtung der deutschen Grundsätze ordnungsmäßiger Buchführung ein den tatsächlichen Verhältnissen entsprechendes Bild der Vermögens- und Finanzlage der Gesellschaft zum 31. Dezember 2017 sowie ihrer Ertragslage für das Geschäftsjahr vom 1. Januar bis zum 31. Dezember 2017 und
- vermittelt der beigefügte Lagebericht insgesamt ein zutreffendes Bild von der Lage der Gesellschaft. In allen wesentlichen Belangen steht dieser Lagebericht in Einklang mit dem Jahresabschluss, entspricht den deutschen gesetzlichen Vorschriften und stellt die Chancen und Risiken der zukünftigen Entwicklung zutreffend dar. Unser Prüfungsurteil zum Lagebericht erstreckt sich nicht auf den Inhalt der oben genannten Erklärung zur Unternehmensführung (Angabe zur Frauenquote).

Gemäß § 322 Abs. 3 Satz 1 HGB erklären wir, dass unsere Prüfung zu keinen Einwendungen gegen die Ordnungsmäßigkeit des Jahresabschlusses und des Lageberichts geführt hat.

#### Grundlage für die Prüfungsurteile

Wir haben unsere Prüfung des Jahresabschlusses und des Lageberichts in Übereinstimmung mit § 317 HGB unter Beachtung der vom Institut der Wirtschaftsprüfer (IDW) festgestellten deutschen Grundsätze ordnungsmäßiger Abschlussprüfung durchgeführt. Unsere Verantwortung nach diesen Vorschriften und Grundsätzen ist im Abschnitt "Verantwortung des Abschlussprüfers für die Prüfung des Jahresabschlusses und des Lageberichts" unseres Bestätigungsvermerks weitergehend beschrieben. Wir sind von dem Unternehmen unabhängig in Übereinstimmung mit den deutschen handelsrechtlichen und berufsrechtlichen Vorschriften und haben unsere sonstigen deutschen

Berufspflichten in Übereinstimmung mit diesen Anforderungen erfüllt. Wir sind der Auffassung, dass die von uns erlangten Prüfungsnachweise ausreichend und geeignet sind, um als Grundlage für unsere Prüfungsurteile zum Jahresabschluss und zum Lagebericht zu dienen.

### Sonstige Informationen

Die gesetzlichen Vertreter sind für die sonstigen Informationen verantwortlich. Die sonstigen Informationen umfassen die in Abschnitt 1.3 des Lageberichts enthaltene Erklärung zur Unternehmensführung (Angabe zur Frauenquote).

Unsere Prüfungsurteile zum Jahresabschluss und Lagebericht erstrecken sich nicht auf die sonstigen Informationen, und dementsprechend geben wir weder ein Prüfungsurteil noch irgendeine andere Form von Prüfungsschlussfolgerung hierzu ab.

Im Zusammenhand mit unserer Prüfung haben wir die Verantwortung, die sonstigen Informationen zu lesen und dabei zu würdigen, ob die sonstigen Informationen

- wesentliche Unstimmigkeiten zum Jahresabschluss, Lagebericht oder unseren bei der Prüfung erlangten Kenntnissen aufweisen oder
- anderweitig wesentlich falsch dargestellt erscheinen.

Verantwortung der gesetzlichen Vertreter und des Aufsichtsrats für den Jahresabschluss und den Lagebericht

Die gesetzlichen Vertreter sind verantwortlich für die Aufstellung des Jahresabschlusses, der den deutschen, für Kapitalgesellschaften geltenden handelsrechtlichen Vorschriften in allen wesentlichen Belangen entspricht, und dafür, dass der Jahresabschluss unter Beachtung der deutschen Grundsätze ordnungsmäßiger Buchführung ein den tatsächlichen Verhältnissen entsprechendes Bild der Vermögens-, Finanz- und Ertragslage der Gesellschaft vermittelt. Ferner sind die gesetzlichen Vertreter verantwortlich für die internen Kontrollen, die sie in Übereinstimmung mit den deutschen Grundsätzen ordnungsmäßiger Buchführung als notwendig bestimmt haben, um die Aufstellung eines Jahresabschlusses zu ermöglichen, der frei von wesentlichen - beabsichtigten oder unbeabsichtigten - falschen Darstellungen ist.

Bei der Aufstellung des Jahresabschlusses sind die gesetzlichen Vertreter dafür verantwortlich, die Fähigkeit der Gesellschaft zur Fortführung der Unternehmenstätigkeit zu beurteilen. Des Weiteren haben sie die Verantwortung, Sachverhalte in Zusammenhang mit der Fortführung der Unternehmenstätigkeit,

sofern einschlägig, anzugeben. Darüber hinaus sind sie dafür verantwortlich, auf der Grundlage des Rechnungslegungsgrundsatzes der Fortführung der Unternehmenstätigkeit zu bilanzieren, sofern dem nicht tatsächliche oder rechtliche Gegebenheiten entgegenstehen.

Außerdem sind die gesetzlichen Vertreter verantwortlich für die Aufstellung des Lageberichts, der insgesamt ein zutreffendes Bild von der Lage der Gesellschaft vermittelt sowie in allen wesentlichen Belangen mit dem Jahresabschluss in Einklang steht, den deutschen gesetzlichen Vorschriften entspricht und die Chancen und Risiken der zukünftigen Entwicklung zutreffend darstellt. Ferner sind die gesetzlichen Vertreter verantwortlich für die Vorkehrungen und Maßnahmen (Systeme), die sie als notwendig erachtet haben, um die Aufstellung eines Lageberichts in Übereinstimmung mit den anzuwendenden deutschen gesetzlichen Vorschriften zu ermöglichen und um ausreichende geeignete Nachweise für die Aussagen im Lagebericht erbringen zu können.

Der Aufsichtsrat ist verantwortlich für die Überwachung des Rechnungslegungsprozesses der Gesellschaft zur Aufstellung des Jahresabschlusses und des Lageberichts.

Verantwortung des Abschlussprüfers für die Prüfung des Jahresabschlusses und des Lageberichts

Unsere Zielsetzung ist, hinreichende Sicherheit darüber zu erlangen, ob der Jahresabschluss als Ganzes frei von wesentlichen - beabsichtigten oder unbeabsichtigten - falschen Darstellungen ist, und ob der Lagebericht insgesamt ein zutreffendes Bild von der Lage der Gesellschaft vermittelt sowie in allen wesentlichen Belangen mit dem Jahresabschluss sowie mit den bei der Prüfung gewonnenen Erkenntnissen in Einklang steht, den deutschen gesetzlichen Vorschriften entspricht und die Chancen und Risiken der zukünftigen Entwicklung zutreffend darstellt, sowie einen Bestätigungsvermerk zu erteilen, der unsere Prüfungsurteile zum Jahresabschluss und zum Lagebericht beinhaltet.

Hinreichende Sicherheit ist ein hohes Maß an Sicherheit, aber keine Garantie dafür, dass eine in Übereinstimmung mit § 317 HGB unter Beachtung der vom Institut der Wirtschaftsprüfer (IDW) festgestellten deutschen Grundsätze ordnungsmäßiger Abschlussprüfung durchgeführte Prüfung eine wesentliche falsche Darstellung stets aufdeckt. Falsche Darstellungen können aus Verstößen oder Unrichtigkeiten resultieren und werden als wesentlich angesehen, wenn vernünftigerweise erwartet werden könnte, dass sie einzeln oder insgesamt die auf der Grundlage dieses Jahresabschlusses und Lageberichts getroffenen wirtschaftlichen Entscheidungen von Adressaten beeinflussen.

Während der Prüfung üben wir pflichtgemäßes Ermessen aus und bewahren eine kritische Grundhaltung. Darüber hinaus

- identifizieren und beurteilen wir die Risiken wesentlicher - beabsichtigter oder unbeabsichtigter - falscher Darstellungen im Jahresabschluss und im Lagebericht, planen und führen Prüfungshandlungen als Reaktion auf diese Risiken durch sowie erlangen Prüfungsnachweise, die ausreichend und geeignet sind, um als Grundlage für unsere Prüfungsurteile zu dienen. Das Risiko, dass wesentliche falsche Darstellungen nicht aufgedeckt werden, ist bei Verstößen höher als bei Unrichtigkeiten, da Verstöße betrügerisches Zusammenwirken, Fälschungen, beabsichtigte Unvollständigkeiten, irreführende Darstellungen bzw. das Außerkraftsetzen interner Kontrollen beinhalten können;
- We gain an understanding of the internal control system relevant to the audit of the annual financial statements and the precautions and measures relevant to the audit of the management report in order to plan audit procedures that are appropriate under the given circumstances, but not with the aim of providing an audit opinion on the effectiveness of these Delivering systems to society;
- we assess the appropriateness of the accounting methods used by the legal representatives as well as the acceptability of the estimated values presented by the legal representatives and the related information;
- we draw conclusions about the appropriateness of the going concern accounting principle applied by the legal representatives and, on the basis of the audit evidence obtained, whether there is any material uncertainty in connection with events or circumstances, the significant doubts about the company's ability to continue as a going concern can raise. If we come to the conclusion that there is material uncertainty, we are obliged to draw attention to the relevant information in the annual financial statements and in the management report in the auditor's report or, if this information is inappropriate, to modify our respective audit opinion. We draw our conclusions based on the audit evidence obtained up to the date of our auditor's report. Future events or circumstances can, however, mean that the company can no longer continue its business activities;
- We assess the overall presentation, structure and content of the annual financial statements, including the information, as well as whether the annual financial statements represent the underlying business transactions and events in such a way that the annual financial statements, in compliance with German generally accepted accounting principles, provide a true and fair view of the asset, financial and the company's earnings position;
- we assess the consistency of the management report with the annual financial statements, its compliance with the law and the picture it provides of the company's position;
- we perform audit procedures on the future-oriented information presented by the legal representatives in the management report. On the basis of sufficient, suitable audit evidence, we particularly review the significant assumptions on which the future-oriented information is based on the legal representatives and

assess the appropriate derivation of the future-oriented information from these assumptions. We do not issue an independent audit opinion on the future-oriented information or the underlying assumptions. There is a considerable unavoidable risk that future events will differ materially from the forward-looking statements.

Among other things, we discuss with those responsible for monitoring the planned scope and timing of the audit as well as significant audit findings, including any deficiencies in the internal control system that we discover during our audit.

**Stuttgart, August 30, 2018**

**Ernst & Young GmbH  
auditing company**

*Kern, auditor*

*Bühler, auditor*

**Balance sheet as of December 31, 2017**

**assets**

in EUR thousand	attachment	December 31, 2016	December 31, 2017
Capital assets	1		
Intangible assets		563	356
Property, plant and equipment		13,407	12,905
Financial assets		34,869	30,644
		48,839	43,905
Current assets			
Stocks	2	11,669	14,292
Receivables and other assets	3	49,775	32,731
Cash and cash equivalents	4th	68,944	73,947
		130,388	120,970
Prepaid expenses		896	1,550
Deferred tax assets	5	13,241	13,392
		193.364	179,817
<b>liabilities</b>			
Equity			
Subscribed capital	6th	25,000	25,000
Capital reserve	7th	21,975	44,975
Balance sheet loss	8th	-1,527	-49,675
		45,448	20,300
accruals	9	60,753	57,090
liabilities	10	87.163	102,427
		193.364	179,817

**Income statement for the 2017 financial year**

in EUR thousand	attachment	2016	2017
Sales	11	196.103	204.239
Increase in the inventory of unfinished products		65,939	26,987
Overall performance		262,042	231.226
Other company income	12th	1,048	873
Cost of materials	13th	-169.215	-171,477
Personnel expenses	14th	-57,701	-61,201
Depreciation	15th	-2,811	-2,712
Other operating expenses	16	-53,840	-27,987
Investment result	17th	-30,643	-6,762
Interest income	18th	-2,241	-3,768
Depreciation on financial assets		-25	0
Taxes on income and earnings	19th	14,456	-14
Result after taxes		-38,930	-41,822
Other taxes		-258	-326
Annual deficit		-39.188	-42,148
Loss carryforward / profit carryforward		37,661	-1,527
distribution	20th	0	-6,000

in EUR thousand	attachment	2016	2017
Balance sheet loss		-1,527	-49,675

## Appendix for the 2017 financial year

### of Kraftanlagen München GmbH, Munich

#### Register information

The company is registered under the name Kraftanlagen München GmbH, with its registered office in Munich, in the commercial register of the Munich Local Court under the number HR B 106176.

#### General Information

As in the previous year, the annual financial statements as of December 31, 2017 were prepared in accordance with the relevant accounting and valuation regulations under commercial law and the special provisions of the GmbH Act, taking into account the principles of proper accounting.

The rules for large corporations apply to the company. In the interest of a clearer presentation, individual items are summarized in both the balance sheet and the income statement and explained in the notes.

As before, we have chosen the total cost method for the income statement.

All amounts in the annual financial statements are shown in thousands of euros (EUR thousand).

#### Accounting and valuation methods

The following accounting and valuation methods were still decisive for the preparation of the annual financial statements.

In detail, the evaluation is based on the following principles:

#### Capital assets

Intangible assets are capitalized at acquisition cost and depreciated using the straight-line method over their expected useful life.

Tangible assets are valued at acquisition or production cost less scheduled depreciation from the month of acquisition or commissioning. The previous valuations as well as the previous declining balance depreciation for assets that existed before January 1, 2010 will be continued. Additions to fixed assets, the use of which is limited in time, are depreciated on a straight-line basis from this point in time.

Extraordinary depreciation is carried out if an entry with the lower fair value is required. If the reasons for a lower valuation no longer exist, with the exception of goodwill, a corresponding write-up is made.

The acquisition or production costs of independently usable, movable assets subject to wear and tear are recognized in full as an expense in the year of acquisition or production, provided that their acquisition or production costs do not exceed EUR 150. If the acquisition or production costs of such assets are between EUR 150 and EUR 410, these assets are written off in full in the year of acquisition.

In the case of financial assets, the equity interests are shown at acquisition cost or the lower fair value and the loans are always shown at their nominal value. Interest-free or low-interest loans are discounted to their present value.

#### Current assets

The raw materials and supplies are valued at acquisition cost or the lower applicable value.

Work in progress is valued at production costs. The production costs include, in addition to the material, production and special costs of production, the overhead costs, the cost of depreciation of the fixed assets, as far as this is caused by the production. Appropriate parts of the costs of general administration, expenses for social facilities, voluntary social benefits and expenses for company pension schemes are also included. Interest on borrowed capital is not part of the production costs.

Foreseeable losses from customer orders are taken into account as part of the loss-free valuation of the stocks. If the loss exceeds the value of the work in progress, a provision is made for impending losses from pending transactions.

Customer down payments received are openly deducted up to the amount of the capitalized production costs.

Receivables and other assets are valued at their nominal values or taking into account all identifiable risks. The general risk of default is taken into account by creating a general bad debt allowance.

Cash and cash equivalents are generally stated at their nominal values.

#### Prepaid expenses

Prepaid expenses are recognized in the amount of the outstanding consideration.

#### Deferred taxes

For the determination of deferred taxes due to temporary differences between the commercial law valuations of assets, debts and deferred items and their tax values or due to tax loss carryforwards, which are expected to be offset within the next five years with a high degree of probability, these are compared with the company-specific Tax rates valued at the time the differences are reduced and the amounts of the resulting tax burden and relief not discounted. Active and passive tax deferrals are shown offset. The items shown are released, as soon as the tax burden or relief has occurred or is no longer to be expected. The expense or income from changes in recognized deferred taxes are shown separately in the income statement under the item "Taxes on income".

#### Provisions and liabilities

The pension provisions have been created according to actuarial principles in accordance with the projected unit credit method (PUC method) in accordance with the provisions of the German Commercial Code (HGB), as amended by the law for the implementation of the residential property credit directive and the amendment of commercial law regulations of March 11, 2016 .

The "2005 G mortality tables" by Prof. Dr. Klaus Heubeck used. The amount of the provision was determined taking into account trend assumptions with regard to future salary and pension levels.

In detail, the following assumptions are based:

in percent pa	2016	2017
---------------	------	------

in percent pa	2016	2017
Discount rate	4.01	3.68
Salary trend	2.23	2.50
BBG trend	2.70	2.50
Pension trend	1.00	1.00
Fluctuation	4.00	4.00

The calculation of the provision for the widow's / widower's pension was carried out partly according to the so-called collective method, which was based on a probability of marriage resulting from the calculation bases used, and partly according to the so-called individual method, i.e. based on the actual data of the / r spouse.

Provisions for partial retirement agreements were calculated according to actuarial principles on the basis of the following parameters: discount rate 1.27% and salary trend 2.50%.

The tax provisions and other provisions take into account all uncertain obligations and impending losses from pending transactions. They are set in the amount of the settlement amount necessary according to a reasonable commercial assessment (ie including future cost and price increases). Provisions with a term of more than one year have been discounted.

In the case of vacation provisions, the valuation is based on the view of the Institut der Wirtschaftsprüfer (IDW) as obligations in kind at full costs.

The liabilities are stated at the settlement amount.

### Currency conversion

Assets and liabilities denominated in foreign currencies are generally converted using the mean spot exchange rate on the reporting date. In the case of a remaining term of more than one year, the realization principle (Section 252, Paragraph 1, No. 4, Clause 2 HGB) and the acquisition cost principle (Section 253, Paragraph 1, Sentence 1, HGB) are observed.

### Derivative financial instruments

Derivative financial instruments in the form of currency forwards are used to hedge against foreign currency risks from industrial project business.

A combination of the underlying and hedging transaction to form valuation units within the meaning of Section 254 of the German Commercial Code (HGB) is generally only carried out if both the hedging intention and the hedging context are clearly documented at the time the hedging transaction is concluded and the effectiveness of the hedging can be reliably determined and the effectiveness or effectiveness is regularly checked over the period of the hedging relationship.

Valuation units are only formed if the risk hedging is primarily in the form of so-called "micro hedges" so that the effectiveness of the hedging relationship can be checked using the "critical terms match method".

The accounting for the valuation units is based on the compensatory valuation method (freezing method).

### Notes to the balance sheet

#### 1. Fixed assets

The development of the individual items of the fixed assets is shown in the fixed asset schedule, including the depreciation for the financial year.

in EUR thousand	Acquisition and production costs				As of December 31, 2017
	As of 01/01/2017	Accesses	Departures	Rebooking	
Intangible assets					
Usage rights	6,276	141	0	0	6,417
Property, plant and equipment					
Land and buildings	14,563	0	0	0	14,563
Technical equipment and machinery	2,651	0	33	0	2,618
Other equipment, factory and office equipment	33,786	1,917	1,280	0	34,423
	51,000	1,917	1,313	0	51,604
Financial assets					
Shares in affiliated companies	69,987	915	0	0	70,902
Holdings	231	0	0	0	231
Loans to companies with which there is a participation relationship	485	0	140	0	345
other loans	5,000	0	0	-5,000	0
	75,703	915	140	-5,000	71,478
Total fixed assets	132,979	2,973	1,453	-5,000	129,499

in EUR thousand	Accumulated depreciation			As of December 31, 2017
	As of 01/01/2017	Depreciation reporting year	Change in depreciation in connection with disposals	
Intangible assets				
Usage rights	5,713	348	0	6,061
Property, plant and equipment				
Land and buildings	6,324	363	0	6,687
Technical equipment and machinery	2,029	68	32	2,065
Other equipment, factory and office equipment	29,240	1,933	1,226	29,947
	37,593	2,364	1,258	38,699
Financial assets				
Shares in affiliated companies	40,834	0	0	40,834

in EUR thousand	As of 01/01/2017	Depreciation reporting year	Accumulated depreciation	
			Change in depreciation in connection with disposals	As of December 31, 2017
Holdings	0	0	0	0
Loans to companies with which there is a participation relationship	0	0	0	0
other loans	0	0	0	0
	40,834	0	0	40,834
Total fixed assets	84.140	2.712	1,258	85,594
Book values				
in EUR thousand			As of December 31, 2016	As of December 31, 2017
Intangible assets				
Usage rights			563	356
Property, plant and equipment				
Land and buildings			8,239	7,876
Technical equipment and machinery			622	553
Other equipment, factory and office equipment			4,546	4,476
			13,407	12,905
Financial assets				
Shares in affiliated companies			29,153	30,068
Holdings			231	231
Loans to companies with which there is a participation relationship			485	345
other loans			5,000	0
			34,869	30,644
Total fixed assets			48,839	43.905

**Information on the shareholdings of Kraftanlagen München GmbH, Munich, in accordance with Section 285 No. 11 and No. 11 a HGB**

	Share of the parent company	currency	Equity 2017	Annual result 2017
	in%			
Consolidated Affiliates				
I. Domestic				
1. GAH Pensions GmbH, Heidelberg <sup>1</sup>	100	KEUR	260	0
2. Kraftanlagen Hamburg GmbH, Hamburg <sup>1</sup>	100	KEUR	1,150	0
3. Kraftanlagen Heidelberg GmbH, Heidelberg <sup>1</sup>	100	KEUR	800	0
ECM engineering company for energy and 4. environmental technology GmbH, Munich <sup>1</sup>	100	KEUR	128	0
5. FINOW Rohrsysteme GmbH, Eberswalde <sup>1</sup>	100	KEUR	4,647	0
6. Kraftanlagen Power Plants GmbH, Munich <sup>1</sup>	100	KEUR	1,000	0
Jakob Ebling, Heating, Ventilation, Sanitary GmbH, 7. Nierstein <sup>1</sup>	100	KEUR	1,414	0
Consolidated Affiliates				
II. Abroad				
8. Kraftanlagen Romania SRL, Ploiesti, Romania <sup>2 3</sup>	100	TRON	17,663	-2,383
KAROM Servicii Profesional in Industrie SRL, 9. Ploiesti, Romania <sup>2 4</sup>	51	TRON	-5,833	-1,290
10. IPIP SA, Ploiesti, Romania <sup>2</sup>	99.86	TRON	-2,884	1,365
11. Swiss Decommissioning & Nuclear Services AG, Olten, Switzerland <sup>5</sup>	100	TCHF	97	-3
12. Diamond Lite SA, Herisau, Switzerland	100	TCHF	340	-24
III. Holdings				
13. IA Tech GmbH, Jülich	51	KEUR	-148	96

<sup>1</sup> Domination and profit transfer agreement with Kraftanlagen München GmbH, Munich

<sup>2</sup> Equity and annual result according to IFRS <sup>3</sup> The shares are held by Kraftanlagen München GmbH, Munich (99.98%) and ECM Ingenieur-Unternehmen für Energie- und Umwelttechnik GmbH, Munich (0, 02%) <sup>4</sup> The shares are held by Kraftanlagen Romania SRL, Ploiesti <sup>5</sup> The shares are held by Kraftanlagen Heidelberg GmbH, Heidelberg

**2. Inventories**

in EUR thousand	December 31, 2016	December 31, 2017
Raw materials and supplies	392	330
Uncompleted services	191,356	218.343

in EUR thousand	December 31, 2016	December 31, 2017
Advance payments made	11,277	13,962
Advance payments received on order	-191,356	-218,343
	11,669	14,292

Customer-specific, not yet completed production orders are shown under "Work in progress". Insofar as the customer prepayments received were used for the production of the inventory, these are openly deducted from the inventory.

### 3. Receivables and other assets

in EUR thousand	December 31, 2016	December 31, 2017
Requests from deliveries and services	25,291	24,525
Claims against consortia	1,232	671
Receivables from affiliated companies	15,793	4,705
Claims against companies with which there is a participation relationship	73	0
Other assets	7,386	2,830
	49,775	32,731

The receivables from affiliated companies are receivables from central liquidity management in the amount of EUR 3,424 thousand (previous year: EUR 50,068 thousand) and receivables from intra-group deliveries and services in the amount of EUR 2,440 thousand (previous year: EUR 2,282 thousand). These receivables are reduced by liabilities from intragroup deliveries and services as well as other liabilities, which essentially result from profit and loss transfer agreements.

The other assets essentially contain receivables from tax refund claims.

All claims have a remaining term of up to one year. In the previous year, trade receivables in the amount of EUR 2,168 thousand had a remaining term of more than one year.

### 4. Cash and cash equivalents

in EUR thousand	December 31, 2016	December 31, 2017
Cash on hand	9	7th
Bank balances	68,935	73,940
	68,944	73,947

Of the liquid funds, EUR 1,322 thousand (previous year: EUR 1,072 thousand) are restricted.

### 5. Deferred Taxes

In the year under review, deferred tax assets of EUR 13,392 thousand (previous year: EUR 13,241 thousand) were recognized. These result mainly from tax loss carryforwards in the amount of EUR 10,000 thousand (previous year: EUR 10,000 thousand) as well as valuation differences between the balance sheet and tax values for the provisions for pensions and similar obligations and the other provisions in the amount of EUR 3,392 thousand (previous year: EUR 3,241 thousand). There were no deferred tax liabilities as of the reporting date. The recognized deferred tax assets are subject to a distribution block in accordance with Section 268 (8) of the German Commercial Code (HGB).

The calculation was based on a tax rate of 32%. Deferred tax assets were taken into account on corporation tax loss carryforwards in the amount of EUR 31,590 thousand (previous year: EUR 31,590 thousand) and trade tax loss carryforwards in the amount of EUR 30,920 thousand (previous year: EUR 32,886 thousand). In addition, there are corporation tax loss carryforwards of EUR 82,448 thousand (previous year: EUR 42,480 thousand) and trade tax loss carryforwards of EUR 82,043 thousand (previous year: EUR 41,752 thousand), for which tax relief is not expected within five years.

### 6. Subscribed capital

The fully paid-in capital amounts to EUR 25,000 thousand (previous year: EUR 25,000 thousand).

All shares are held by Alpiq Deutschland GmbH, Munich.

### 7. Capital reserve

The capital reserve was formed in accordance with Section 272, Paragraph 2, Item 4 of the German Commercial Code (HGB) and amounts to EUR 44,975 thousand (previous year: EUR 21,975 thousand).

### 8. Balance sheet loss

in EUR thousand	December 31, 2016	December 31, 2017
Loss / profit carried forward	37,661	-1,527
Distribution from the profit carried forward	0	-6,000
Annual deficit	-39,188	-42,148
Balance sheet loss	-1,527	-49,675

In accordance with the shareholders' resolution of February 15, 2017, a distribution of EUR 6,000 thousand was made from the 2015 net profit.

### 9. Provisions

in EUR thousand	December 31, 2016	December 31, 2017
Provisions for pensions and similar obligations	37,321	36,802
Tax provisions	3,204	0
Other provisions	20,228	20,288
	60,753	57,090

Kraftanlagen München GmbH grants its employees various forms of company pension scheme.

The difference between the valuation of the pension provisions based on the corresponding average market interest rate from the past ten financial years and the valuation of the provisions based on the corresponding average market interest rate from the past seven financial years is EUR 3,444 thousand (previous year: EUR 3,034 thousand) and is subject to § 253 para 6 HGB a distribution block.

Plan assets of EUR 2,356 thousand (previous year: EUR 2,019 thousand) were offset against the pension provisions. The plan assets exist in the form of reinsurance policies that are valued at fair value. The fair value of a reinsurance claim consists of the so-called business plan coverage capital of the insurance company plus any existing credit from premium refunds (so-called surplus sharing). The acquisition costs for these plan assets amounted to EUR 2,469 thousand (previous year: EUR 2,148 thousand). There is therefore no block on distribution in accordance with Section 268 (8) of the German Commercial Code (HGB). The expenses from the compounding of pension obligations, the change in the discount rate as well as the income and expenses from the valuation of the offset assets are shown in the financial result. The settlement amount of the provisions for pensions and similar obligations is KEUR 39,158 (previous year: KEUR 39,340).

The tax provisions of the previous year essentially contained domestic and foreign taxes on income and earnings from other periods of EUR 0 (previous year: EUR 3,204 thousand).

The other provisions essentially relate to personnel provisions, obligations from remaining services to be provided for orders that have already been billed, as well as impending losses from pending transactions.

#### 10. Liabilities

in EUR thousand	December 31, 2016	December 31, 2017
Advance payments received on orders	21,658	28,018
liabilities from goods and services	5,197	10,416
Liabilities to affiliated companies	48,427	58,016
Liabilities to companies with which there is a participation relationship	0	204
Other liabilities	11,881	5,773
of which from taxes	(11,743)	(5,694)
of which in the context of social security	(1)	(2)
	87.163	102,427

The liabilities to affiliated companies are mainly liabilities from central liquidity management and obligations from profit and loss transfer agreements. As in the previous year, there are no liabilities to the shareholder.

As in the previous year, the liabilities shown in the overview have a remaining term of up to one year. With the exception of retention of title and comparable rights customary in the industry, no securities have been provided for liabilities.

#### Notes on the income statement

##### 11. Sales

The sales of Kraftanlagen München GmbH are broken down into segments as follows:

in EUR thousand	2016	2017
Industrial plants	58,933	66,817
Energy and power plant technology	55,984	54,137
Supply technology	45,601	48,778
Pipeline construction	30,182	25,960
Rest	5,403	8,547
	196.103	204.239

The overall performance is distributed geographically as follows: Germany 64%, Netherlands 17%, Austria 7%, other countries 12%.

##### 12. Other operating income

in EUR thousand	2016	2017
Income from foreign currency translation	286	343
Insurance Compensation Income	431	160
(of which from other periods)	(400)	(0)
Income from the release of provisions	186	81
(of which from other periods)	(71)	(81)
Book profits from asset sales	57	70
Remaining other operating income	88	219
(of which from other periods)	(1)	(10)
	1,048	873

The other operating income does not include any extraordinary income.

##### 13. Cost of materials

in EUR thousand	2016	2017
Expenses for raw materials and supplies and for purchased goods	83,019	92,637
Expenses for purchased services	86,196	78,840
	169,215	171,477

##### 14. Personnel expenses and employees

in EUR thousand	2016	2017
Wages and salaries	48,152	49,314
Social security and pension and support expenses	9,549	11,887
(of that for pensions)	(549)	(2,306)
	57,701	61,201
in minds	2016	2017

in EUR thousand	2016	2017
Annual average employees without trainees:		
Salaried employees	431	447
Wage earners	457	465
	888	912

**15. Depreciation**

in EUR thousand	2016	2017
on intangible assets and property, plant and equipment	541	348
on property, plant and equipment	2,270	2,364
(including impairment losses on property, plant and equipment)	(0)	(0)
	2,811	2.712

**16. Other operating expenses**

in EUR thousand	2016	2017
Travel, entertainment and entertainment expenses	6.101	6,469
Rent, lease, leasing and maintenance costs	6,199	5,920
Restructuring costs	37	3,039
Expenses for data processing	1,632	1,815
Legal, consulting and examination costs	1,388	1,960
Losses from consortia	32,520	1,286
Insurance expenses	1,840	656
Currency translation expenses	372	570
Losses from the disposal of fixed assets	15th	36
Other operating expenses	3,736	6.236
	53,840	27,987

**17. Income from investments**

in EUR thousand	2016	2017
Income from profit and loss transfer agreements	6,615	487
Expenses from profit and loss transfer agreements	-37,258	-7,249
	-30,643	-6,762

The reported income and expenses originate from affiliated companies.

**18. Interest income**

in EUR thousand	2016	2017
Other interest and similar income	257	437
(of which from affiliated companies)	(161)	(399)
(of which income from the discounting of provisions)	(0)	(0)
Interest and similar expenses	-2,498	-4,205
(of which from affiliated companies)	(-917)	(-1,992)
(of which expenses from the compounding of provisions)	(-1,112)	(-1,518)
	-2,241	-3,768

As there was no interest income from the plan assets, as in the previous year, no income was offset against the expenses from the compounding of provisions in accordance with Section 264 (2) sentence 2 HS 2 HGB.

**19. Income taxes**

in EUR thousand	2016	2017
Actual income tax expense	-283	-194
(of which from other periods)	(-86)	(-92)
Actual tax return on income and earnings	1,498	29
(of which from other periods)	(1,498)	(29)
Deferred tax income	13,241	151
(of which from the capitalization of tax loss carryforwards)	(10,000)	(0)
	14,456	-14

**20. Appropriation of earnings**

In accordance with a resolution of February 15, 2017, EUR 6,000 thousand from the 2015 net profit was distributed to the shareholder. The management proposes to the shareholders' meeting that the balance sheet loss be carried forward to a new account.

**Other Information****21. Contingent Liabilities**

in EUR thousand	December 31, 2016	December 31, 2017
Contingent liabilities from guarantees	51,458	60,222
of which for affiliated companies	(50,974)	(60,208)

in EUR thousand	December 31, 2016	December 31, 2017
Contingent liabilities from warranty contracts	3,577	4,104
of which for affiliated companies	(1,535)	(4,008)
	55.035	64,326

Furthermore, as in the previous year, there are contingent liabilities from joint and several liability from participation in working groups.

The risk of a claim from guarantees and warranty contracts for the liabilities of affiliated and non-affiliated companies is assessed as low due to the good asset, financial and earnings position of the companies.

## 22. Other Financial Obligations

in EUR thousand	December 31, 2017	of which to affiliated companies	of which pertaining to pensions
due 2018	3,344	0	0
due 2019-2022	7,810	0	0
due after 2022	3,934	0	0
	15,088	0	0

The obligations mainly relate to rental, leasing and maintenance contracts. The total amount of other financial obligations in the previous year was EUR 18,453 thousand

## 23. Auditor fees

In connection with the remuneration paid to the auditor Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, reference is made to the consolidated financial statements of the company in accordance with Section 285 No. 17 HGB.

## 24. Relationships with related persons and companies according to § 285 No. 21 HGB

In addition to the subsidiaries, Kraftanlagen München GmbH has relationships with related companies and persons. All business relationships with closely related companies and persons are carried out on customary market terms.

## 25. Organs of Kraftanlagen München GmbH, Munich

### Supervisory board

Thomas Bucher

Chairman Head of Financial Services / CFO of Alpiq Holding AG, Lausanne / Switzerland

Michael Seis

Deputy Chairman,

Trade union secretary of IG Metall, Heidelberg administrative office

Eva Maria Catillon

Head of Group Taxes at Alpiq Holding AG, Lausanne / Switzerland

Hans Thomas Däpp

Member of the management of Alpiq InTec Management AG, Zurich / Switzerland

Peter Limacher

Member of the management of Alpiq Holding AG, Lausanne / Switzerland and chairman of the management of Alpiq InTec Management AG, Zurich / Switzerland

Thomas Martin

Trade union secretary of IG Metall, Waiblingen administrative office

Dr. Bernt Paudtke

Lawyer at the law firm Görg Rechtsanwälte, Munich

Peter Reithner

Head of Pipeline Construction / DACH at Kraftanlagen München GmbH, Munich

Peter Schib Lawyer,

Head Group Legal of Alpiq Holding AG, Lausanne / Switzerland

Ahmet Uzun

Construction technician at Kraftanlagen Heidelberg GmbH, Heidelberg

Alfons Weber

Head of the Energy and Power Plant Technology and Underground Pipeline Construction segments at Kraftanlagen München GmbH, Munich

Dieter Ziehe

Company controller of Kraftanlagen München GmbH, Munich

### Managing directors

Reinhold Frank

Graduated engineer and graduate industrial engineer

Joachim Gessner

Business graduate (since January 1, 2017)

Alexander Gremm

Graduate engineer (FH) (until November 14, 2017)

## 26. Board remuneration

The total remuneration of the management in the reporting year amounted to KEUR 950 (previous year: KEUR 1,312). The total remuneration of the former members of the management in the year under review amounted to EUR 188 thousand (previous year: EUR 186 thousand). For this group of people, provisions for current pensions and pension entitlements in the amount of EUR 4,036 thousand (previous year: EUR 3,872 thousand) were set up as of the balance sheet date.

The members of the Supervisory Board were granted remuneration of EUR 13 thousand in the year under review (previous year: EUR 61 thousand). The release of the provision for the previous year was taken into account in the remuneration for the year under review.

## 27. Consolidated Financial Statements

Kraftanlagen München GmbH prepares consolidated financial statements for the smallest group of companies, which are published in the Federal Gazette. Alpiq Holding AG, Lausanne / Switzerland, prepares the consolidated financial statements for the largest group of companies. These financial statements can be viewed at the company's registered office; it is also deposited with the Swiss Exchange in Zurich.

## 28. Supplementary report

The shareholder sold all shares in the company on March 25, 2018. The buyer is Bouygues Construction SA, Guyancourt / France. The purchase agreement was concluded subject to a condition precedent, so that the transfer of ownership will probably only take place in the second half of 2018. The deferred tax assets formed on the basis of the existing tax loss carryforward were capitalized taking this circumstance into account.

Munich, July 25, 2018

*Managing directors*

*Reinhold Frank*

*Joachim Gessner*

## Group management report and management report

of Kraftanlagen München GmbH, Munich (KAM)

### 1. Fundamentals of the Kraftanlagen Group

#### 1.1 Business content and organizational structure

The Kraftanlagen Group is an international association of regionally leading, medium-sized companies in the fields of energy, industrial and plant engineering with a focus on Central and Eastern Europe. It offers technical infrastructure and services from planning and project planning through the production and construction of systems to commissioning and maintenance and it serves customers from industry and the energy sector as well as the municipal sector.

The Kraftanlagen companies provide their extensive services in the eight segments of decentralized energy supply, energy and power plant technology, engineering and consulting, underground pipeline construction, manufacturing and welding technology, industrial plants and assembly, nuclear technology and supply technology.

The group offers services from a single source, from the study to the approval process, planning, delivery, production and assembly to handover. He develops flexible, efficient and sustainable solutions for his clients. His services also include maintenance and servicing of the systems after they have been commissioned.

With 13 companies and a stake in numerous locations, the Kraftanlagen Group represents a service network in the target markets. In addition to the locations of the legal units, the group has various branches and operating facilities to ensure proximity to the customer. A complete list of all affiliated companies can be found in the notes to the consolidated financial statements.

In addition to industry, the customers also come from the energy sector. Essentially, it is a business-to-business transaction, ie the end customer runs his own business. The Kraftanlagen Group works on projects regionally and worldwide. The focus is on Europe, especially the DACH region. In 2017, major projects continued to be carried out in Germany, Romania, France, Austria, the Netherlands and Switzerland.

#### 1.2 Control system

In addition to its operational activities, Kraftanlagen München GmbH also performs the functions of group management. The management of KAM leads the group and is committed to the sustainable increase of the company value.

The aim of our business activities is to sustainably secure and expand market shares through qualitative growth and to increase the earnings base.

The main control parameters of sales growth in connection with market share development and EBIT or EBIT return on sales are derived from this. Consistent cost management and effective use of resources should generate competitive returns.

In order to achieve these goals, the Group has set up an efficient control system that includes the subsystems strategic and operational planning, early warning system, internal monitoring and control system, controlling, quality management and internal auditing. As part of the strategic and operational planning, the long- and medium-term orientation, development and goals of the Kraftanlagen Group are defined annually and the concrete operational goals are set, the achievement of which is checked with the help of standardized forecast calculations.

All domestic subsidiaries are directly or indirectly linked to KAM through control and profit and loss transfer agreements and the group companies are included in a central financial and liquidity management system.

The Kraftanlagen consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) as they are to be applied in the European Union; We have combined the management report of the Kraftanlagen Group and KAM, as the course of business, the economic situation and the opportunities and risks of the future development of KAM and the Kraftanlagen Group are closely linked.

The Kraftanlagen consolidated financial statements are included in the consolidated financial statements of Alpiq Holding AG, Lausanne / Switzerland, which are prepared in accordance with International Financial Reporting Standards (IFRS). Alpiq Holding AG prepares the consolidated financial statements for the largest group of companies.

#### 1.3 Corporate Governance Statement

In September 2015, the Kraftanlagen München GmbH supervisory board set a target of 8% for the proportion of women on the supervisory board. The Supervisory Board currently consists of one woman (8%) and eleven men (92%).

For the management, the target was set at 0%.

Both quotas were confirmed at the Supervisory Board meeting in April 2016 and fixed until June 30, 2019.

## 2. Economic report

### 2.1 Economic development <sup>1</sup>

The external economic environment brightened significantly in the course of 2017 - the OECD is forecasting global economic growth of 3.6%. The global economy has thus picked up speed compared to the previous year. The good economy also continued in the euro area (increase in gross national income by 2.4%). The German economy also benefited from this. In 2017, the gross domestic product grew by 2.2% in price-adjusted terms - this represents the highest economic growth since 2011.

Incoming orders in industry increased significantly (+5.5%) and consumer demand from private households, driven by rising employment and rising wages, remained brisk (increase in consumer spending: +2.0%). In addition, the improved global economic environment resulted in stronger foreign trade impulses (incoming orders from industry, abroad: + 6.7%). The high demand for labor in large parts of the economy ensured employment at record levels and regional full employment. Unemployment fell to almost 2.5 million people, which corresponds to a rate of 5.7%. In many segments of the labor market, the shortage of skilled workers has become more noticeable.

### 2.2 Market development of the segments

The Kraftanlagen Group's market environment in 2017 was again shaped by the dynamic changes in the energy market. The business performance of the Kraftanlagen Group resulted in a EUR 34 million decrease in operating performance (net sales without taking into account the changes in provisions for impending losses and del credere included in the changes in inventories).

In the field of supply technology and industrial services, they benefited from the positive economic development.

Conversely, traditional energy plant construction in Europe continues to stagnate at a low level, as few new major projects are being implemented due to overcapacities, low electricity prices and the expansion of renewable energies. The share of renewable energy (RE) in electricity generation in Europe was now 30.0% <sup>2</sup> in 2017 - and the EU is continuing to drive decarbonization. The EU countries were able to agree on tightening the rules for emissions trading. The oil price stabilized and climbed to a level of around 65 dollars <sup>3</sup> towards the end of the year per barrel. This results on the one hand from the good global economy, but also from the agreement on subsidies reduction by OPEC and other countries.

<sup>1</sup> <https://www.bmwi.de/Redaktion/DE/Schlaglichter-der-Wirtschaftspolitiken/2018/02/online-magazin-schlaglichter-02-18.html>

<http://www.bundesfinanzministerium.de/monthly-reports/2018/02/monthly-report-02-2018.html>

<sup>2</sup> <https://www.agora-energie-wende.de/de/presse/agoranews/news-detail/news/2017-the-first-time-more-stream-of-wind-sun-and-biomass-as-coal-in-the-european-union-1-off/news/detail/> <sup>3</sup> <https://www.finanzen.net/raw-materials/oil-price>

The market for industrial combined heat and power plants in Germany is repeatedly exposed to regulatory changes. As a result of the first tenders (1-50 MW class) carried out in December 2017 with an average subsidy of 4.05 ct / kWh <sup>4</sup> a higher price pressure due to more competition is expected. As was observed in 2017, sector coupling (electricity, heat, transport) is a major market trend in Germany. Sector coupling currently appears to be the most promising way of decarbonising the transport and heating sectors with renewable electricity. Due to its strategic relevance, especially in plant engineering, the Kraftanlagen Group was able to position itself here through the acquisition of Diamond Lite SA. Diamond Lite is a supplier of hydrogen electrolysis systems. The acquisition thus represents an investment in Power2Gas, one of the fundamental building blocks of the sector coupling, and drives the further development of the service portfolio. The aim is to offer new and innovative solutions in order to generate long-term growth in a very dynamic environment.

The market for nuclear dismantling in Germany remains challenging, even though the agreement on a nuclear waste disposal fund now seems to have clarified the essential framework conditions. By July 3, 2017, the operators of German nuclear power plants had made payments of around EUR 24 billion into the fund to finance nuclear waste management on time <sup>5</sup>. This means that both liability and financing risks in connection with the disposal of radioactive waste in the area of interim and final storage have been transferred to the federal government.

The German industrial service is still on the upswing. After an average increase in sales of 1.2% <sup>6</sup> in 2016, the industry continued to grow in 2017. The reason for the development is, among other things, the growth of the chemical industry (+5.5% increase in sales forecast in 2017 <sup>7</sup>), improved margins at refineries and thus improved cash flow for investment activities at customers of the industrial service.

The demand in industrial pipeline and plant construction and industrial supply technology (chemistry, petrochemistry, semiconductor industry, automobile construction, etc.) remained largely stable due to a solid economy, although the increased cost pressure in the market was passed on to the suppliers and service providers in the industries and the shortage of skilled workers inhibited existing growth potential.

<sup>4</sup> <https://www.topagrar.com/news/Energie-Energieneuws-KWK-tender-surcharge-only-for-82-MW-8942311.html>

<sup>5</sup> <https://www.bmwi.de/Redaktion/DE/press-releases/2017/20170703-kernkraftsbetreiber-have-made-payments-to-nuclear-waste-disposal-funds-in-the-amount-of-24-billion-euro.html>

<sup>6</sup> <http://luendonkon.de/pressefeed/fuehrende-industrial-service-companies-continue-stable-growth-course-> <sup>7</sup> <https://www.process.vogel.de/jubiljahr-fuer-die-chemie-sales-production-and-employment-achieve-new-ones-hoehstwerte-a-669031/>

Energy and power plant technology - classic energy plant construction in Europe continues to stagnate at a low level. The individual larger project opportunities in Europe were processed in a targeted manner and the existing major projects in Moerdijk and Kiel were also continued. Through projects in the power-to-heat area and intensified activities in the CSP (Concentrated Solar Power) area, additional growth areas have been developed in a targeted manner. Due to the ongoing major projects, the operating performance was EUR 75.4 million (previous year EUR 115.4 million). The planned output of EUR 134.0 million could not be achieved due to the relocation of services in 2018.

Decentralized energy supply - The changes to the KWKG (Combined Heat and Power Act) that came into force in 2017 have had a negative impact on business with industrial combined heat and power (CHP) customers. At the same time, the number of competitors is increasing, as plant manufacturers are trying to penetrate the depressed biomass sector into the segment of the CHP market that is served. Nevertheless, several industrial CHP projects were won and implemented. In addition, a major project in the new business area of industrial refrigeration and the fire protection and crematoria areas that continue to run smoothly ensured operational performance. This could be kept almost constant at EUR 52.5 million (previous year EUR 53.5 million),

Nuclear technology - A falling market volume in Germany in the maintenance of existing nuclear power plants (AKW) is offset by the increasing demand for the dismantling of shutdown nuclear power plants. The final agreement between politicians and the nuclear power plant operators ensured planning security, which was noticeable in the increasing demand for services for nuclear dismantling. The Biblis nuclear power plant provides a concrete example of the growing dismantling market in Germany, in which the nuclear technology segment has also been active as a long-term partner (strategic supplier to RWE Power AG). The dismantling of the nuclear power plant officially began in the third quarter of 2017, including through projects carried out by the nuclear technology segment. The consistent focus on the nuclear dismantling market, the restructuring carried out in 2016 and the strategic partnerships (Steag, Hilti, Herrenknecht) are now reflected for the first time in a slightly increased operating performance of EUR 33.7 million (previous year EUR 31.3 million). The planned output of EUR 42.9 million was not achieved due to the poor market situation. With the development of the order backlog and the order intake, however, a positive trend can be recorded, which is expected to continue in 2018.

Herrenknecht) are now reflected for the first time in a slightly increased operating performance of EUR 33.7 million (previous year EUR 31.3 million). The planned output of EUR 42.9 million was not achieved due to the poor market situation. With the development of the order backlog and the order intake, however, a positive trend can be recorded, which is expected to continue in 2018. Herrenknecht) are now reflected for the first time in a slightly increased operating performance of EUR 33.7 million (previous year EUR 31.3 million). The planned output of EUR 42.9 million was not achieved due to the poor market situation. However, with the development of the order backlog and the order intake, a positive trend can be recorded, which is expected to continue in 2018.

Supply technology - The market situation in industrial supply technology (automotive, semiconductor industry, energy, trade, etc.) has not changed in key areas since 2016 and continues to develop positively thanks to stable demand. However, despite high demand, there is significant price pressure and the increasing shortage of skilled workers poses major challenges for the industry. Existing growth opportunities could therefore only be used to a limited extent. Due to the stable market situation, the expansion of the market presence in 2016 through the acquisition of Jakob-Ebling GmbH and the handling of several larger projects, the operating performance increased slightly to EUR 72.3 million (previous year: EUR 69.0 million).

Industrial plants - The demand in the area of service for industrial plants improved, as the stabilized oil price and the good economic situation resulted in better investment conditions for companies in the (petro) chemical industry and in refineries. In contrast, the noticeable shortage of skilled workers and the ongoing price pressure are dampening the mood, as growth potential cannot be fully exploited. Thanks to existing framework agreements with customers in the (petro) chemical industry and with refineries, as well as several turnaround, conversion and modernization projects, it was possible to increase operating performance. In addition, new customers were won and the further development to become a general contractor (EPC) was consolidated through corresponding reference projects. This led to a slightly increased operating performance of EUR 92.6 million (previous year EUR 91.3 million) and is thus within the scope of the planned output of EUR 90.0 million.

Underground pipeline construction - The business of the underground pipeline construction segment was stable, but is strongly regionally restricted, as there is little potential for differentiation with regard to the services offered. The market situation is challenging due to the low growth potential in the market, the continued high price pressure also due to many small competitors and the existing shortage of skilled workers in this product segment. Nevertheless, due to the long-term, regional relationships with regular customers and the quality of the work, the segment recorded only a slight decrease in operating performance to EUR 25.4 million (previous year EUR 28.5 million) and thus fulfilled the planned performance of EUR 25.0 million

Manufacturing and welding technology - the changed market situation in the field of conventional energy generation is clearly noticeable in this segment. Due to the reluctance to invest in conventional power plants, demand in this area has declined noticeably. Nevertheless, by taking advantage of international project opportunities (e.g. production for power plants in Greece) and new business areas (including renewable energy, petrochemicals), the segment managed to keep its operating output at EUR 9.7 million, a level similar to the previous year (Previous year EUR 10.9 million). With a planned output of EUR 12.0 million

Engineering - Due to the function as an internal service provider for the areas of energy and power plant technology as well as industrial plants, the operating performance is heavily dependent on their market situation and projects. Since the Erlangen location was closed in 2016 due to the sustained changes in the market environment in the area of engineering for high pressure and nuclear power plant technology, the operating performance fell to EUR 4.6 million (previous year EUR 5.9 million) and thus slightly below the planned value of EUR 5.2 million is the reason for an overall downward trend in the power plant business.

### 2.3. Order situation and employees

in EUR million	2016	2017	Change abs.	Change in%
Incoming orders	403.8	345.2	-58.6	-14.5
Worklist	261.8	237.7	-24.1	-9.2
Employees 12/31 (number)	2,220	2,210	-10	-0.5
thereof trainees	47	44	-3	-6.4

First-time consolidations did not result in any change in the number of employees, as former employees continue to work for the acquired company on a freelance basis.

The trainees numbered 44 people at the end of the year, which corresponds to a share of 2.0% of the total workforce.

### 2.4 Profit situation

in EUR million	2016	2017	Change abs.	Change in%
Net sales	392.4	354.5	-37.9	-9.7
EBIT	-48.5	-31.6	16.9	34.8
in% of net sales	-12.4	-8.9	3.5	-
EBT	-51.0	-34.4	16.6	32.5
Profit or loss for the period	-47.9	-36.6	11.3	23.6

In addition to the invoiced sales, the net sales shown in the statement of comprehensive income also include the realized order values from the application of the percentage-of-completion method for construction orders that have not yet been invoiced. The reported net sales also include changes in specific valuation allowances on receivables, expenses from bad debts and the consideration of risks from major projects.

The net sales of the Kraftanlagen Group in the 2017 financial year, which was planned at EUR 445.0 million, reached EUR 354.5 million (previous year: EUR 392.4 million); this corresponds to a decrease of 9.7% compared to the previous year. The reasons for this are the difficult market situation and the shift in output to the following year, particularly in the power plant business. The cost of materials rose by EUR 2.3 million from EUR 228.4 million to EUR 230.7 million in 2017, contrary to the decline in output due to the increased demand for subcontractor services and the use of materials due to load peaks.

Personnel expenses rose by EUR 0.4 million from EUR 110.8 million in the previous year to EUR 111.2 million.

The balance of other operating expenses and income improved from EUR -95.9 million to EUR -39.0 million - the previous year was characterized by the losses from "Nuclear Island". Scheduled depreciation on property, plant and equipment and intangible assets was EUR 5.2 million, slightly below the previous year's level (EUR 5.8 million). This results in earnings before financing, investment income and income taxes (EBIT) of EUR -31.6 million. The EBIT margin is -8.9% (previous year: 4.2% without taking into account the losses from Nuclear Island) and is clear below plan (6.4%). The financial result is slightly lower at EUR -2.8 million (previous year EUR -2.5 million), whereby the change is mainly due to lower interest income.

Earnings before taxes (EBT) amount to EUR -34.4 million, which is 32.5% above the previous year's figure of EUR -51.0 million.

The tax expense for the actual taxes increased by EUR 0.4 million. The deferred taxes rose to EUR 1.9 million.

The development of deferred taxes in ordinary business results from the increased inventory build-up of work in progress.

A tax rate of 32% was used to calculate the deferred tax items as of December 31, 2017.

This shows a result for the period of EUR -36.6 million.

In 2017, a dividend of EUR 6 million (previous year: EUR 0 million) was distributed to Alpiq Deutschland GmbH.

## 2.5 Financial position

In EUR million	2016	2017	Change abs.	Change in%
Long-term assets	74.3	68.8	-5.5	-7.4
Short-term assets	218.2	174.2	-44.0	-20.2
Total assets	292.5	243.0	-49.5	-16.9
Equity	55.9	36.8	-19.1	-34.2
in% of total assets	19.1	15.1	-4.0	-
Long term debt	92.1	93.9	1.8	2.0
Short term debt	144.5	112.4	-32.1	-22.2

In a year-on-year comparison, it should be noted that as a result of first-time consolidations - in addition to the increase in goodwill - non-current and current assets have decreased by EUR 0.6 million and EUR 0.3 million and non-current and current liabilities by EUR 0.1 million have increased. Taking these effects into account, long-term assets fell by EUR 5.5 million from EUR 74.3 million to EUR 68.8 million, mainly due to the reduction in long-term investments of EUR 5.0 million and other decreases of property, plant and equipment and intangible assets by a total of EUR 0.7 million. The decrease in deferred tax assets results in EUR 1.2 million. from the release of the asset item from previously recorded valuation differences. Adjusted for the first-time consolidations, current assets decreased by EUR 44.0 million to EUR 174.2 million. This results mainly from the decrease in trade receivables by EUR 25.8 million, other receivables by EUR 19.6 million and income tax claims by EUR 2.6 million, which is accompanied by increases in financial receivables by EUR 3.3 million and cash and cash equivalents by EUR 1.2 million.

Of the trade receivables, the receivables from invoiced orders total EUR 47.1 million (previous year: EUR 50.2 million). The receivables from orders that have not yet been invoiced amount to EUR 43.6 million (previous year: EUR 66.2 million). The latter consist of gross receivables from the PoC valuation in accordance with IAS 11 of EUR 296.0 million (previous year: EUR 226.9 million), offset against the advance payments of EUR 252.4 million (previous year: EUR 252.4 million) that are allocated to these orders 160.7 million), together. The increase in orders that have not yet been invoiced by EUR 69.1 million, as well as the increase in advance payments allocated to these projects, is due to the processing of some major projects.

The Group's equity (including non-controlling interests in equity) as of December 31, 2017 is reported at EUR 36.8 million (previous year: EUR 55.9 million), which corresponds to a ratio of 15.1% (previous year: 19, 1%). The change is based on the result for the period of EUR -36.6 million and a positive other result (mainly the OCI) due to the reversal of pension provisions with no impact on income, less the related deferred taxes totaling EUR 0.5 million.

Furthermore, by resolution of February 15, 2017, a dividend of EUR -6.0 million was distributed to the shareholder. To increase the equity ratio, the shareholder made an additional payment of EUR 23.0 million to the capital reserve by resolution of August 31, 2017.

The long-term liabilities amounted to EUR 93.9 million as of December 31, 2017 (previous year: EUR 92.1 million) and have increased by EUR 2.5 million due to a conditional financial liability from a company acquisition. The long-term provisions include pension provisions of EUR 74.3 million (previous year: EUR 79.2 million), further personnel provisions of EUR 1.2 million (previous year: EUR 1.3 million) and EUR 5.8 million. (Previous year: EUR 2.7 million) provisions for warranty obligations and impending losses.

Current liabilities decreased by EUR 32.1 million compared to the previous year, adjusted for first-time consolidations, and amounted to EUR 112.4 million at the end of the year. The main factor was the decrease in trade payables by EUR 20.0 million and the reduction of other liabilities by EUR 11.8 million

In the case of the change in trade payables, the reduction in the balance of advance payments received (EUR 156.5 million, previous year: EUR 177.3 million) less the production orders that have not yet been invoiced (EUR 114.2 million) are attributable to these advance payments. , Previous year: EUR 112.9 million) from EUR 64.4 million to EUR 42.3 million.

The other liabilities to employees (EUR 10.3 million, previous year: EUR 11.9 million), consist of tax obligations (EUR 8.9 million, previous year: EUR 13.9 million), in the context of social security ( EUR 0.7 million, previous year: EUR 1.0 million) and for other items (EUR 11.3 million, previous year: EUR 16.1 million). The further reduction in the item "Other" is due to the accrual of costs for order processing for billed projects, which were added in connection with the billing of major projects in previous years.

## 2.6 Financial position

in EUR million	2016	2017	Change abs.	Change in%
Financial resources	58.5	59.7	1.2	2.1
Cash flow				
- from operational activity	12.2	-12.2	-24.4	> 100
- from investing activities	-14.5	-1.9	12.6	86.9
- from financing activities	-1.5	15.3	16.8	> 100
Change in cash and cash equivalents	-3.8	1.2	5	> 100
Investments in intangible assets and property, plant and equipment	-3.4	-3.1	0.3	8.8
Company acquisitions	-11.0	-0.8	10.2	92.7
scheduled depreciation	5.8	5.2	-0.6	-10.3
Credit line	10.0	10.0	0.0	-
- utilization	0.0	0.0	0.0	-
Guarantee line	329.2	321.4	-7.8	-2.4
- utilization	213.7	186.8	-26.9	-12.6

The Kraftanlagen Group has a financial fund (liquidity and financial position consisting of liquid and short-term funds invested as a liquidity reserve minus current account liabilities) of EUR 59.7 million (previous year: EUR 58.5 million).

The cash flow from operating activities amounts to EUR -12.2 million (previous year: EUR 12.2 million). The change compared to the previous year is essentially based on the deteriorated earnings situation.

The cash flow from investing activities (EUR -1.9 million, previous year: EUR -14.5 million) is characterized by investments in property, plant and equipment and intangible assets in the reporting year. At EUR 3.1 million, these were EUR 0.3 million below those of the previous year. The investments are offset by scheduled depreciation of EUR 5.2 million (previous year: EUR 5.8 million) and disposals of EUR 0.2 million (previous year: EUR 0.2 million). The main focus of the purchases were replacement, rationalization and renewal investments. These are carried out with the aim of increasing productivity, reducing costs and thus counteracting the ongoing price pressure.

The cash flow from financing activities (EUR 15.3 million; previous year: EUR -1.5 million) includes the shareholder's additional payment to the capital reserve in the amount of EUR 23.0 million and the dividend payment of EUR 6.0 million . to the partner; In addition, interest payments were the other influencing factors in financing activities.

The changes in cash flow presented above resulted in an increase in the cash fund by EUR 1.2 million to EUR 59.7 million.

With cash and cash equivalents of EUR 59.7 million (previous year: EUR 58.5 million) plus further cash investments of EUR 15.8 million (previous year: EUR 17.5 million), a total of EUR 75.6 million. (Previous year: EUR 76.0 million) the group is able to meet its payment obligations and to advance the strategic development of the Kraftanlagen Group through self-financing.

The financial obligations amount to EUR 19.5 million and are thus EUR 5.1 million below the previous year's obligations. There were no factors that limit the availability of means of payment as of the reporting date.

## 2.7 Earnings, assets and financial position of Kraftanlagen München GmbH

### Earnings situation

in EUR million	2016	2017	Change abs.	Change in%
Sales	196.1	204.2	8.1	4.1
Increase in the inventory of unfinished products	65.9	27.0	-38.9	-59.0
Overall performance	262.0	231.2	-30.8	-11.8
Earnings after other taxes before income taxes	-53.6	-42.1	11.5	21.5
in% of the total output	-20.5	-18.2	2.2	-
Annual result	-39.2	-42.1	-2.9	-7.4

### Financial position

in EUR million	2016	2017	Change abs.	Change in%
Long-term assets	62.1	57.3	-4.8	-7.7
Short-term assets	131.3	122.5	-8.8	-6.7
of which cash and cash equivalents	68.9	73.9	5.0	7.3
Total assets	193.4	179.8	-13.6	-7.0
Equity	45.4	20.3	-25.1	-55.3
in% of total assets	23.5	11.3	-12.2	-
accruals	60.8	57.1	-3.7	-6.1
liabilities	87.1	102.4	15.3	17.6

The information for Kraftanlagen München GmbH relates to the annual financial statements prepared in accordance with German accounting principles.

The result after other taxes but before income taxes (EBT) amounts to EUR - 42.1 million, which is EUR 52.9 million below expectations. An EBT of EUR 13.7 million is planned for the coming financial year.

The reason for this strong deviation from the planned result was the lower overall output and the resulting significantly lower contribution margin. Furthermore, various projects have developed below expectations compared to the order calculation or will develop accordingly and were therefore evaluated without losses. Losses were assumed due to profit and loss transfer agreements. These are partly due to project delays and the associated later realization of profits as well as to below-plan results of some companies.

The total output was 11.8% below that of the previous year and was thus 13.4% below the planned output. Although sales were 16.7% above expectations, the increase in the inventory of work in progress was well below plan. Due to the expected increase in sales by EUR 33.7 million and a lower increase in the inventory of work in progress, total output will increase again to approx. EUR 263.0 million in 2018.

The cost of materials increased by 1.3%, but is expected to decrease again to EUR 162.2 million in 2018. Despite the demanding labor market in Germany, the number of employees rose by 2.7% and, in addition to the usual wage and salary increases, including social security contributions, led to a 6.1% increase in personnel costs. A smaller increase in the number of employees is planned for 2018. Depreciation on depreciable fixed assets has decreased slightly and will remain at a similar level. The other operating expenses fell significantly by EUR 25.9 million. The cause was the one-off effect of the previous year in the amount of EUR 32.5 million, which naturally did not repeat itself. In contrast, there were restructurings, including in the management, as well as losses in smaller working groups. A further decrease in other operating expenses by EUR 2.7 million is expected for the coming year. The investment result improved by a total of EUR 23.9 million. The elimination of the second half of the aforementioned one-off effect was also reflected here. The investment result improved by a total of EUR 23.9 million. The elimination of the second half of the aforementioned one-off effect was also reflected here. The investment result improved by a total of EUR 23.9 million. The elimination of the second half of the aforementioned one-off effect was also reflected here.

The interest result deteriorated by EUR 1.5 million. The main reason for this was the interest paid to affiliated companies, which was caused by the assumption of losses in 2016 and the resulting increased liabilities of the company.

The actual taxes on income and earnings mainly relate to foreign permanent establishments or expenses relating to other periods. The income from the initial recognition of deferred taxes was a one-off effect from the previous year, which, as expected, was not repeated in the year under review.

Since the depreciation on tangible and intangible fixed assets was slightly higher than the additions, the book value for this part of the fixed assets decreased insignificantly.

The financial assets decreased by EUR 4.2 million. A key factor here was that the loans to third parties were repaid in the amount of EUR 5.0 million. The remainder resulted from changes in the investment portfolio. The work in progress as of the reporting date was EUR 218.3 million and thus 14.1% higher than in the previous year. Nevertheless, they were financed to 113% (previous year 111%) through customer prepayments. The part of the customer payments that exceeds the work in progress is shown on the liabilities side under the advance payments received.

Receivables and other assets decreased by EUR 17.0 million. The reduction in receivables from affiliated companies by EUR 11.1 million and the receipt of tax refund claims were essential for this decline.

The active surplus of deferred taxes has hardly changed. The value of the capitalized loss carryforward, which will be reduced over the next five years, has not changed compared to the previous year. It was taken into account that there will be a change of ownership in the second half of the year and thus, according to the current legal situation, which is, however, controversial and is therefore before the Federal Constitutional Court for a decision, except for an exemption amount due to the hidden reserves, the loss carryforward will be lost.

Provisions and liabilities increased by a total of EUR 11.6 million. The main reasons for the changes were the increased liabilities to affiliated companies (EUR 9.6 million) and liabilities from advance payments received (EUR 6.4 million). In contrast, there were tax provisions and tax liabilities (EUR 9.3 million).

Equity decreased to 11.3% (previous year 23.5%) of the balance sheet total to EUR 20.3 million. The reason for the decrease was the annual deficit of EUR 42.1 million and a distribution of EUR 6 million. Equity was increased again in the reporting period through a cash payment into the capital reserve of EUR 23.0 million. The share of cash and cash equivalents, measured against the balance sheet total, increased to 41.1% (previous year 35.6%), which is mainly due to the capital increase and the decrease of the balance sheet total by 7.0%. 35.4% of non-current assets (previous year 73.1%) are financed by equity.

### 3. Supplementary report

Value-enhancing findings in connection with a major project are taken into account in the present annual financial statements; beyond the balance sheet date, no events of particular significance that have a significant impact on the asset, financial and earnings position have occurred.

Negotiations were held for a major project after the deadline, which means that the legal disputes are now likely to be settled in 2018.

### 4. Report on risks and opportunities

Entrepreneurial decisions require conscious risk-taking. The task of the Kraftanlagen Group's risk management system is to identify and manage the risks associated with business policy and to optimally exploit strategic potential. With risk management, the Kraftanlagen Group promotes risk awareness at all management and staff levels as well as among all employees. The system is an integral part of the management processes and helps to avoid risks as far as possible, or at least to recognize them early, to evaluate them and to avert the resulting dangers for the company. Thus all precautions have been taken

The risk management system is based on the general risk policy principles of the Kraftanlagen Group decided by the management of the group parent company; it is coordinated at the group headquarters and is essentially based on the following subsystems:

- Strategic and operational planning
- early warning system
- Internal monitoring and control system
- Controlling system
- Quality management
- Revision of Alpiq Holding AG.

As part of the strategic and operational planning, the long-term and medium-term orientation, development and goals of the Kraftanlagen Group are defined and reviewed annually, and the operational goals for the following year are set. An annual risk inventory is also carried out with the operational areas and the staff units. These findings are then summarized in a risk matrix, the extent of damage and responsibilities are defined, and measures are derived. A quarterly review of the achievement of the qualitative and quantitative annual targets takes place as part of the standardized forecast calculation.

With the monthly reporting, the management and all management levels are informed about the current economic situation. The actual situation is analyzed at all levels and compared with the "target" situation. Relevant risks are identified and monitored using set target values and their effects are limited by means of suitable measures. Possible risks of individual companies are discussed in regular meetings between the group management and those responsible for the operating units, measures are defined if necessary and their implementation is tracked as part of the monthly controlling and steering process. In addition, since 2013, within the framework of the resolved organizational changes and the transfer of the holding functions to KAM, audits and special audits carried out by the internal auditing department of Alpiq Holding AG. Accordingly, detailed audits were carried out in 2017 in accordance with a fixed audit plan in Munich, Burghausen, Moosinning, Essen, Eberswalde, Austria and Romania. The reviews did not reveal any major objections. In order to meet the legal requirements from the Swiss Code of Obligations (Art. 728a OR) and from the Accounting Law Modernization Act, a project to update the internal control system (ICS) was initiated in the 2016 financial year. The aim was to bring the documentation of internal business processes up to date and to further improve the system. In the course of the project, numerous detailed interviews were conducted with executives and, if necessary, additional controls or measures were taken. The findings were then presented to the management and any measures - if necessary - were defined.

In addition, the effectiveness of the ICS is continuously monitored by the internal audit department and the accounting-related ICS is monitored by the auditor as part of the annual audit. The Kraftanlagen Group's risk management and the reliability of the monitoring and control systems are checked regularly. Any suggestions are taken up to optimize the system. In addition, several explicit ICS training courses were carried out, particularly with regard to compliance and measures to increase risk awareness.

#### Project and contract risks

The corporate management routinely checks all projects above a certain size in a structured process for commercial and contractual risks. The review encompasses all stages of the project from acquisition to order processing and execution through to the handling of any warranty cases. This enables possible contract and project risks to be identified in good time and reduced as far as possible. Practically relevant and effective methods are used for the individual case. The primary goal is to systematically avoid commercial and contractual risks.

In addition to the risks that can arise in the execution phase, the economic success of individual orders often depends on the extent to which supplements can be enforced against the contractual partner and are accepted. Risks can arise if planned supplements and settlements are not implemented. As soon as the analysis reveals risks, they are assessed and taken into account accordingly in the balance sheet.

We take warranty risks into account by demanding subcontractor guarantees and anticipating balance sheet risks. Appropriate insurance policies are taken out to cover liability risks and damage claims.

Our group pursues the goal of avoiding legal disputes as far as possible, since the outcome of legal disputes is fraught with uncertainty. At the same time, the Kraftanlagen Group is consistently strengthening its "claim management" in order to consolidate its legal position at an early stage and to significantly increase the chances of

unavoidable legal disputes.

### **Market and customer risks**

Our customers have high quality standards for our services. We have to live up to this claim in order to maintain or improve our position on the market. Depending on the industry, there is a certain dependency on individual large and key customers, especially in the energy and chemical / petrochemical industries. The willingness of these customers to invest depends heavily on the economic and political environment in the respective sub-markets and has a decisive influence on the order situation and capacity utilization of the Kraftanlagen Group. As a result of the energy transition, there are still increased risks due to the decided or threatened shutdown of power plants or that larger projects in the power plant sector, because they are no longer profitable, not be awarded at least for a medium-term period. By aligning the Kraftanlagen Group with business areas with good earnings and return prospects as well as a good market position and growth opportunities at home and abroad, both through organic growth and acquisitions, we try to keep the overall risk low through forward-looking analyzes. It should be noted, however, that due to the economic situation of the large energy supply companies as a result of the energy transition, the market and customer risks for these key customers increased further in the past financial year. The volatile oil price also has a particular impact on customers' willingness to invest in the refinery sector. This particularly affects the industrial systems and assembly segments and the Romanian subsidiaries.

In the first quarter of 2015, the Munich I public prosecutor's office and the Federal Cartel Office initiated competition proceedings against various companies active in the field of technical building equipment, including Kraftanlagen München GmbH. Kraftanlagen München cooperates fully with the authorities. The result of this procedure and thus the imposition of a fine cannot be assessed with sufficient certainty, as they are dependent on administrative and judicial decisions that cannot be foreseen. Provisions have been made for the legal and attorney's costs expected in this context.

### **Financial risks**

In the course of its operating activities, the Kraftanlagen Group is exposed to financial risks, in particular price, interest rate, credit, currency and liquidity risks. The monitoring takes place with proven control and management instruments. The reporting system enables the continuous recording, analysis, evaluation and control of financial risks.

Liquidity risks are monitored and controlled centrally. Due to a high level of liquid funds as well as free credit and guarantee lines, liquidity bottlenecks are currently not discernible. Potential default risks as a result of investing the Group's liquidity

limited by the fact that essentially only short-term investments are made with first-class business partners.

In the financial sector, market price risks primarily relate to exchange rates, interest rates and the market values of financial investments. The Kraftanlagen Group is largely active in the euro area and is therefore only exposed to exchange rate risks to a limited extent. In order to hedge future sales and advance payments against exchange rate risks outside the euro area, derivative financial instruments are sometimes used in order to minimize the existing risks.

Derivative financial instruments serve exclusively to hedge basic operational transactions; This does not result in any additional risks for the Group.

The interest rate risks are only of subordinate importance due to the good liquidity situation.

The credit risk management of the Kraftanlagen Group includes the ongoing review of outstanding debts from counterparties as well as the implementation of creditworthiness analyzes of new as well as existing contractual parties. In business, obligations are generally only entered into with counterparties who meet the criteria of the Kraftanlagen Group's risk policy. The risk of concentration risks for the Kraftanlagen Group is minimized by the number and spread of customers and the consolidation of positions. However, there is a relatively strong dependency on individual large and key customers in the energy and chemical / petrochemical industries.

### **Personnel risks**

Personnel risks are largely strategic risks and are therefore difficult to quantify. The competition for qualified specialists and executives continues, largely independent of the economic development due to the lack of specialists and executives. Succession arrangements in the area of construction and assembly managers are a particular challenge for the Kraftanlagen Group. We therefore pay particular attention to personnel risks that may result from a lack of young talent, high fluctuation, lack of qualifications, low motivation or an aging workforce actively meet them. The company's success largely depends on the extent to which we succeed Hire and integrate the relevant employees and retain them permanently in the Kraftanlagen Group. Systematic succession planning in the management area, for example through targeted junior management programs and the provision of substitute regulations, reduces personnel risks in the management of the Kraftanlagen Group.

New labor market laws, such as the stricter regulations for temporary workers, have a negative impact on the handling of large-scale projects due to the restricted flexibility. The Group is aware of this risk and is consistently developing its internal processes in order to be able to minimize the risks accordingly.

### **Overall risk**

The overall assessment of the risks shows that the Kraftanlagen Group is predominantly exposed to market and project risks. These include in particular economic fluctuations and the relatively high dependency on major and key customers in the energy and chemical / petrochemical industries. In addition, the energy transition in Germany has a massive impact on almost all segments of the group, to which the group has to react quickly and flexibly. The risks resulting from the value creation process are controlled by our risk management system and are therefore limited in their effects.

The risks in the Kraftanlagen Group, apart from the economic development in the German and global economies and the uncertainty surrounding energy policy developments, are manageable, transparent and, from today's perspective, do not jeopardize the continued existence of the Kraftanlagen Group. We also do not see any risks that could jeopardize the economic or legal existence of the corporate group in the future, as we are active in different markets with a wide variety of major customers. In addition, our comprehensive risk management system helps to ensure the targeted control and development of the Kraftanlagen Group.

### **opportunities**

In addition to the systematic management of risks, it is important to support the success of the Kraftanlagen Group by actively managing opportunities. The identification and tracking of opportunities and their strategic and financial evaluation play an important role in the strategy discussion that the group management conducts on the one hand with those responsible for the shareholder and on the other with those in charge of the operational areas. The results of these discussions are incorporated into the strategy of the Kraftanlagen Group and, if necessary, also into the annual planning process.

In the following, we describe the main opportunities that have positive effects on our business, asset, financial and earnings position and can thus lead to a positive deviation from the forecast or target.

### **Inorganic growth through acquisitions**

We are working hard to expand our range of products and services, including through targeted company acquisitions. These offer us short-term opportunities for additional income and, in the medium term, may be suitable for improving our position and strategic orientation in the relevant markets.

### **New markets for existing services**

In addition, we are analyzing our market opportunities for our existing range of services for the regions in which we have not been or were previously underrepresented. In addition, we see good opportunities to strengthen our portfolio in the direction of heat generation and refrigeration technology.

## Opportunities from economic development and energy policy

Currently, based on the general economic development as well as the continuing uncertainties in energy policy and the willingness to wait and see investment, we see a continued subdued but increasingly growing investment climate for 2018 and 2019. Within the framework of the legal regulation, the long-term responsibility for the final disposal of nuclear waste financially and in terms of liability Transferred from the power plant operators to the federal government, the previous uncertainties on the part of the power plant operators should be largely eliminated. As a result, the market volume for dismantling projects and the disposal of nuclear facilities could grow.

If the oil price stabilizes or increases, the willingness to invest in refineries and chemical / petrochemical plants increases. Further opportunities can arise both from the new challenges due to the changes in the energy system (network expansion, security of supply, profitability, digitization, flexibility and energy storage) and the expansion of new technologies in plant construction such as flexible CHP systems, power-to-heat or power-to-Gas and heat storage offer. With our know-how, we are well positioned to utilize this potential.

## 5. Forecast report

### Economy <sup>8</sup>

For 2018, the federal government expects real gross domestic product (GDP) to rise by 2.4% in its annual economic report. The positive economic impulses have a positive effect on the German economy. This has helped stimulate foreign trade and investment. The domestic economic upswing remains a solid basis for the positive overall economic development. This is particularly evident in the labor market. After the peak in the number of employed persons of 44.3 million in 2017, the increase in employment in 2018 is likely to develop at a slowing pace due to the dwindling labor supply. Nevertheless, a further increase to 44.8 million is expected for 2018.<sup>9</sup>) The gross wages and salaries per employee should increase faster this year than in the previous year. The cuts in taxes and duties that took effect at the beginning of the year are mitigating the effect of the cold progression, which means that net wages should rise at a similar rate to gross wages. In view of the expanding real disposable income and the good prospects on the labor market, private households will significantly expand their consumer spending. Government consumption should increase more rapidly in 2018 than in the previous year. The dynamism is due to the stronger growth in social benefits in kind. In view of the further improved sales prospects, Continuing favorable financing conditions and above-average capacity utilization mean that companies could invest more in expanding their plants. The investment rate should therefore increase significantly in 2018. Due to wage increases and the good economic situation, the increase in consumer price levels in 2018 is likely to be 1.7%, but due to the weaker dynamics of energy prices, slightly lower than in the previous year.

<sup>8</sup> <http://www.bmwi.de/Redaktion/DE/Publications/Economy/AnnualEconomicReport-2018.html>

### General developments

The energy market continues to change continuously. Worldwide investments in renewable energies - despite the economies of scale of the technologies - continued to grow and are now at 334 billion US dollars. <sup>10</sup> The EU is also working on stricter climate targets <sup>11</sup> and the shortage of CO<sub>2</sub> certificates could raise the price for CO<sub>2</sub> emissions in the medium term .

In Germany, the industry is still dominated by dynamically changing regulatory adjustments and the new government coalition has some ambitious targets in renewables expansion set (additional tenders for wind and PV in 2019, 2020) <sup>12</sup>. Due to the limited network capacities and the slow progress in network expansion - a major obstacle to the energy transition - the discussion about the use of previously regulated amounts of electricity (feed-in management) and the topic of sector coupling will continue to gain in relevance. The Kraftanlagen Group is well positioned here with its decentralized energy solutions, Power2Heat systems and Power2Gas and can deliver complementary transformation technologies.

Opportunities in plant construction arise from the 1.2 gigawatts (GW) of special network equipment in southern Germany <sup>13</sup> determined by the Federal Network Agency .

<sup>9</sup> <http://www.igmetall.de/tarifschluss-metall-und-elektroindustrie-26913.htm>

<sup>10</sup> <https://www.euwid-energie.de/bnef-analyse-worldwide-investments-in-the-energiewende-rise-2017-to-3335-billion-US-dollar/> <sup>11</sup> <http://www.klimaretter.info/policy/background/24167-eu-parliamentarians-call-stronger-climate-targets> <sup>12</sup> <https://www.energie-und-management.de/nachrichten/alle/detail/groko-negotiation-result-laesst-zu-wuenschen-uebrig-123406> <sup>13</sup> <https://www.tennet.eu/de/news/news/market-exploration-for-possible-tender-for-special-network-technical-resources-started/>

In northern Germany (in grid expansion regions), funding with a nationwide total volume of 2 GW in accordance with Section 13.6a EnWG could create potential for Power2Heat systems at existing CHP locations in order to use otherwise regulated amounts of electricity. <sup>14</sup> However, it remains to be seen how great the real potential for such systems will be.

The possible phase-out of coal can also be seen as a further impetus for flexible CHP plant construction, although it is not yet clear which objectives the commission to be appointed for this could develop.

In the field of nuclear technology and nuclear power plants, a further upturn in the market is expected, since dismantling activities will increase and further nuclear power plants will go offline in Germany in the next few years. The market for nuclear dismantling is estimated at around 15 billion euros by 2030 <sup>15</sup>, of which around 4 billion can be addressed to the Kraftanlagen Group. As an established supplier in the nuclear sector with many years of experience, specialist staff and local knowledge, Kraftanlagen can benefit from this.

Due to the continued good global economy and improved sales prospects, companies in the process industry could invest more in the expansion and maintenance of their systems. An increase in the investment rate is therefore expected this year. Further growth is expected, particularly in the oil and gas sector and in refineries. Oil companies are likely to be more willing to invest than in previous years, as their cash flow has improved. In addition, the cut in production, which was extended until the end of 2018, has a stabilizing effect on the oil price, which improves investment conditions, although contrary effects can be expected from an increase in production by the USA. <sup>16</sup>, from which industrial service companies such as the Kraftanlagen Group should also benefit. Industrial pipeline construction and industrial supply technology should also benefit from the good economy and the growing construction sector (sales increase of 5.5% expected in 2018 <sup>17</sup>), which should also have a positive effect on service companies bordering on the construction sector. Nevertheless, the growth opportunities are limited, as the shortage of skilled workers and the pressure on prices that exist despite high demand are causing problems for the industry. There are hardly any qualified personnel available on the market to address the growth opportunities that arise.

Against the background of dynamic developments and challenges, price pressure and the strong influence of political decisions on the markets, the Kraftanlagen Group's business environment remains very dynamic and challenging.

<sup>14</sup> <http://www.50hertz.com/de/Markets/Benefit-instead-of-Abregel>

<sup>15</sup> Internal Analysis, McKinsey <sup>16</sup> <http://www.handelsblatt.com/unternehmen/industrie/prognosis-for-2018-chemical-and-pharmaceutical-industry-expected-record-turnover/20676560.html> <sup>17</sup> <https://www.bauindustrie.de/presse/presseinformationen/building-forecast-2017-and-2018-raised/>

Nevertheless, it is a declared goal to continue to grow and to continuously expand the range of services in order to expand the position as an integral solution provider for industry, energy and heat supply of the future. The following developments can be seen for the segments of the Kraftanlagen Group (the budgeted figures for the business units given below are unconsolidated figures):

### Segments

**Energy and power plant technology** - The market for classic large power plants remains very difficult in Europe and especially in Germany, as overcapacities continue to exist and renewables are being expanded significantly. In the area of medium-sized gas engine power plants (> 50 megawatts), however, a market revival can be felt, which is partly due to the increasing need for flexible solutions. The Kraftanlagen Group can also benefit from this, as in addition to its good reference with the gas engine cogeneration plant in Kiel, it also has other flexible CHP solutions in its portfolio. In addition, changes in the regulatory environment the demand for Power2Heat solutions and the increasing sector coupling between heat and electricity keep creating new opportunities that need to be exploited. The development of the market from green-field systems to brown-field systems and the trend towards gas reinforce this potential. In addition, the further development of the proprietary CSP technology, the development of further EPC services and individual special solutions offer good prospects, which should be pursued in a focused manner. Due to a slightly improved market situation and the opportunity for new projects, a significantly increased operating performance of EUR 125.0 million is planned. The development of the market from green-field systems to brown-field systems and the trend towards gas reinforce this potential. In addition, the further development of the proprietary CSP technology, the development of further EPC services and individual special solutions offer good prospects, which should be pursued in a focused manner. Due to a slightly improved market situation and the opportunity for new projects, a significantly increased operating performance of EUR 125.0 million is planned. The development of the market from green-field systems to brown-field systems and the trend towards gas reinforce this potential. In addition, the further development of the proprietary CSP technology, the development of further EPC services and individual special solutions offer good prospects, which should be pursued in a focused manner. Due to a slightly improved market situation and the opportunity for new projects, a significantly increased operating performance of EUR 125.0 million is planned. which should be followed in a focused manner. Due to a slightly improved market situation and the opportunity for new projects, a significantly increased operating performance of EUR 125.0 million is planned.

**Decentralized energy supply** - The market for decentralized energy supply systems offers potential, as the trend from large central units to smaller, independent units supports demand. Nevertheless, the now introduced tendering regime for CHP systems limits between 1-50 MW the prospects, as the volume is limited to 200 MW per year. In addition, the resulting price competition will also have an impact on plant manufacturers and their margins. With the business area industrial refrigeration, fire protection, Power2Gas and also crematoriums, the segment also has other promising areas that are to be expanded in a targeted manner. Therefore, an increased operating performance of EUR 66.9 million is expected for 2018.

**Nuclear technology** - Despite a further decline in business in the area of maintenance in Germany at the seven nuclear power plants still in operation, the clearly noticeable positive market development in the area of nuclear dismantling promises growth opportunities. In this promising market, the solution portfolio is to be expanded further, for example for nuclear waste treatment and the operation of on-site interim storage facilities. The area of radiation protection also expects a greater demand, although the skilled workers available on the market are scarce. In addition, maintenance markets outside Germany and work in research institutions promise good market prospects, which should be addressed consistently. In addition to the markets in Europe, the global demand for specialized, high-quality technical solutions in the field of nuclear technology offers further potential. This can be used with the glazing technology that has been developed. Due to the positive market recovery and an increased order intake, the achievable operating performance for 2018 is estimated to have increased to EUR 45.0 million.

**Supply technology** - Due to a stable economy, the market outlook for industrial supply technology (semiconductor industry, automotive engineering, pharmaceuticals, etc.) in Europe remains positive, although the German market offers slightly weaker growth prospects than in neighboring countries (Switzerland, Italy). The severe shortage of skilled workers is also hampering the industry and preventing even stronger growth. The price pressure that prevails despite good demand continues to dampen the overall mood. Building Information Modeling (BIM), intelligent system control and the increasing demands on energy efficiency will be drivers for future developments. Since the market is largely regionally focused, the market presence in Germany is to be further increased through acquisition and the shortage of skilled workers to be countered. In the medium term, there is further potential for sustainable growth in this segment. A slight decline in operating performance of EUR 70.0 million is assumed for the next year.

**Industrial plants** - The service market for industrial plants is attractive, although there are few new construction projects in Germany and Western Europe. Modernization and maintenance are the primary market drivers. Due to the reluctance to invest in recent years and a volatile oil price, the market outlook now seems better. Some turnarounds in refineries and chemical parks are pending and investments will grow by 2-3% annually until 2024<sup>18</sup> forecast. Important growth markets are Germany, Eastern Europe and the Benelux countries, in which the general contractor business is to be further expanded. Thanks to its presence in Germany and Romania, a good customer base and a good reputation for the quality of its services, the segment is well positioned to continue to grow moderately. In addition, taking over maintenance and service capacities from customers also offers an opportunity, as they are increasingly outsourcing such services. Based on this market perspective, an increase in operating performance to EUR 98.7 million is planned for 2018.

**Underground pipeline construction** - The market outlook in the strongly regionally focused market for underground pipeline construction remains slightly negative. Due to the limited potential for differentiation, many small competitors with more favorable cost structures and no foreseeable regulatory impulses, there is little growth potential here. Nevertheless, stricter environmental regulations in cities, increased sector coupling and the trend towards decentralized systems could encourage investments in local district heating structures, which could lead to a revitalization of the market. The shortage of skilled workers, especially among commercial employees, remains a challenge, which is why the development of qualified young staff should be further promoted.

<sup>18</sup> Internal analysis, McKinsey

**Manufacturing and welding technology** - the classic business in the field of prefabricated high-pressure pipelines and components is falling sharply due to the energy transition in Germany. Nevertheless, the segment managed to proactively initiate the change away from traditional customer segments in energy and power plant technology towards new business areas in order to counter the negative development in the industry. To a large extent, the segment will be able to absorb the collapsing business through manufacturing services in new business areas (e.g. offshore wind, petrochemicals) or international orders, which also promises future potential. In addition, through our own sales structures, measures to further increase productivity (including Digitization of processes) business needs to be further developed. The goal for 2018 is a slightly increased operating performance of EUR 10.5 million.

**Engineering** - The outlook for the planning industry is positive due to the expected investments by customers in the process industry. Regulatory changes and technological progress (e.g. Industry 4.0 processes) drive the demand for technical calculations and modernizations all over Europe. Nevertheless, there is still fierce price competition, which is depressing the margin. The segment is an indicator for new industry developments and technologies for the segments energy and power plant technology as well as industrial plants and accordingly also closely interlinked with their market developments. We expect a slight increase in operating performance to EUR 5.3 million for 2018.

Overall, we are forecasting operating performance for the Kraftanlagen Group of (consolidated) EUR 441.3 million (2017: EUR 445.0 million) with an improved EBIT of EUR 18.5 million (4.2% of operating performance).

The Kraftanlagen Group continues to make every effort to adapt to the dynamic, challenging market conditions in an agile and successful manner. Overall, there are good opportunities for the group of companies in the focused markets, which are to be exploited. In addition to increasing market penetration, the strategic measures also include

the continuous further development of the range of services in vertical and horizontal directions, both organic and inorganic. On the one hand, in order to further improve the service level of the customers and, on the other hand, to increase the degree of differentiation from competitors.

In addition, the digitization of the company's core processes is to be further advanced in order to create the basis for a sustainable competitive position. The prerequisite for this is a high degree of flexibility, both in the organization and the processes as well as in the employees. The Kraftanlagen Group works continuously on its competitiveness and the further development of organizational structures. This results, among other things, in projects to digitize the construction site, an innovation forum or the digitization of the purchasing process. The Kraftanlagen Group continues to strive for an EBIT return of over 4%, with the focus on absolute results.

Sustainable corporate development can only be successful if it is accompanied by appropriate employee and managerial development. Competent, motivated and capable people are the most important success factor of the Kraftanlagen Group. One of the most important tasks will therefore continue to be to sustainably promote their development and qualification in order to create the framework conditions so that employees can operate successfully in the market. The health of the employees is the most important good, which is why occupational safety continues to come first.

**Munich, July 25, 2018**

*Managing directors*

*Reinhold Frank*

*Joachim Gessner*

**Terms of order, liability and reservation of use**

We, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, have carried out our audit of the present accounting on behalf of the company. In addition to the legal function of disclosure (Section 325 HGB) in the cases of statutory audits, the auditor's report is aimed exclusively at the company and was issued for its internal use without being used for further purposes by third parties or as a basis for decision-making. The results of voluntary audits summarized in the auditor's report are therefore not intended to be the basis for decisions by third parties and are not intended to be used for purposes other than those for which they were intended.

Our work is based on our order confirmation letter for the examination of the present accounting including the "General Terms and Conditions for Auditors and Auditing Firms" in the version published by the Institute of Auditors on January 1, 2017.

To clarify, we point out that we do not assume any responsibility, liability or other obligations towards third parties, unless we have concluded a different written agreement with the third party or such a disclaimer would be ineffective.

We expressly point out that we do not update the auditor's report with regard to events or circumstances occurring after it has been issued, unless there is a legal obligation to do so.

Whoever takes note of the result of our work summarized in the above auditor's report is responsible for deciding whether and in what form they consider this result useful and suitable for their purposes and expand, verify or update it through their own investigations.

**Report of the Supervisory Board on the 2017 financial year of Kraftanlagen München GmbH**

The supervisory board of Kraftanlagen München GmbH has to prepare an audit report according to § 171 AktG in conjunction with § 25 para. 1 no. 2 MitbestG. With this report, the Supervisory Board fulfills this obligation. In this context, he also refers to the material incidents at Kraftanlagen München GmbH that are relevant for the purposes of Section 171 AktG, which are also reported on.

**Composition of the supervisory board of Kraftanlagen München GmbH in the 2017 financial year**

The Supervisory Board of Kraftanlagen München GmbH was composed as follows in the 2017 financial year:

Thomas Bucher	Chairman (shareholder representative)
Peter Schib	Shareholder representatives
Hans Thomas Däpp	Shareholder representatives
Eva Maria Catillon	Shareholder representative
Peter Limacher	Shareholder representatives
Dr. Bernt Paudtke	Shareholder representatives
Thomas Martin	Employee representatives
Michael Seis	Deputy Chairman (employee representative)
Ahmet Uzun	Employee representatives
Alfons Weber	Employee representatives
Peter Reithner	Employee representatives
Dieter Ziehe	Employee representatives

**Business development in the 2017 financial year**

The year 2017 was characterized by both challenging and promising market developments for the Kraftanlagen Group.

The construction of energy systems in Europe remained stagnant due to overcapacities and continued to suffer from increasing price wars and competitive pressure even after tenders were carried out for the first time. Nevertheless, there were also new growth opportunities, for example through sector coupling or the increasing demand for gas engine power plants, through which the Kraftanlagen Group can already point to an impressive reference with the Kiel project. The market growth for industrial pipeline and plant construction and industrial supply technology also showed promising opportunities, but the search for suitable skilled workers turned out to be increasingly difficult and could become an obstacle to existing growth opportunities.

In order to be able to improve further in this demanding environment, the Kraftanlagen Group will continue to expand the synergies and market potential it offers and thus continuously advance the further development of the entire group at all levels

**Monitoring and advising the management in the management of business in the 2017 financial year**

The Supervisory Board of Kraftanlagen München GmbH performed its duties in accordance with the law, the articles of association and the rules of procedure and regularly advised and monitored the management of the company.

During the 2017 financial year, the Supervisory Board of Kraftanlagen München GmbH held regular meetings on March 28, 2017 and November 15, 2017 in detail with the situation and development of Kraftanlagen München GmbH and its associated companies, as well as with significant business transactions, in particular with the project in Kiel, employed. The Supervisory Board also dealt in detail with the company's new schedule of responsibilities. The financial situation triggered by the project

in Kiel was also the subject of the discussions. The arbitration proceedings "OL3" (Nuclear Island), which have been continued with the initiated enforcement proceedings before the Düsseldorf Higher Regional Court,

Outside of the meetings of the committee, the chairman of the supervisory board of Kraftanlagen München GmbH and the individual committees obtained regular information from the management about important processes and decisions and discussed important individual processes with the management.

#### **Changes in the management of Kraftanlagen München GmbH in the 2017 financial year**

On March 28, 2017, Mr. Alexander Gremm resigned from his position as Labor Director of the company. On March 28, 2017, the Supervisory Board appointed Joachim Gessner as the company's new Labor Director. On November 14, 2017, Mr. Alexander Gremm prematurely resigned from his position as managing director of the company.

#### **Work of the committees in the 2017 financial year**

The supervisory board of Kraftanlagen München GmbH has formed an audit, personnel and mediation committee. The Audit and Personnel Committee is made up of two shareholder and employee representatives.

The Personnel Committee of the Supervisory Board of Kraftanlagen München GmbH discussed the termination agreement with Mr. Alexander Gremm at the meeting on November 15, 2017. The Personnel Committee recommended that the Supervisory Board conclude the termination agreement with Mr. Gremm. The Personnel Committee also discussed changes to the employment contract with Mr. Joachim Gessner.

The Audit Committee of the Supervisory Board of Kraftanlagen München GmbH received the Compliance Officer's report at the meeting on November 15, 2017 and reported on it to the Supervisory Board.

The mediation committee of the supervisory board of Kraftanlagen München GmbH did not have to be called.

#### **Annual financial statements and group audit for the 2017 financial year**

The annual financial statements prepared by the management of Kraftanlagen München GmbH on July 25, 2018 and the consolidated financial statements as of December 31, 2017 as well as the consolidated management report for the 2017 financial year combined with the company's management report are, including the bookkeeping, by the Ernst elected auditor by the shareholders' meeting & Young GmbH Wirtschaftsprüfungsgesellschaft and given an unqualified audit certificate. Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft certified the compliance of the accounting, Evaluation and consolidation in the consolidated financial statements with the International Financial Reporting Standards (IFRS) as well as the respective individual financial statements of the individual companies belonging to the group. The aforementioned documents, including the auditor's report, were submitted to the supervisory board of Kraftanlagen München GmbH for review. The representatives of the auditor took part in the discussion of the annual and consolidated financial statements at the meeting on August 30, 2018 and explained their key findings. The aforementioned documents, including the auditor's report, were submitted to the supervisory board of Kraftanlagen München GmbH for review. The representatives of the auditor took part in the discussion of the annual and consolidated financial statements at the meeting on August 30, 2018 and explained their key findings. The aforementioned documents, including the auditor's report, were submitted to the supervisory board of Kraftanlagen München GmbH for review. The representatives of the auditor took part in the discussion of the annual and consolidated financial statements at the meeting on August 30, 2018 and explained their key findings.

The Supervisory Board took note of and approved the result of the audit by the auditor. Following the final result of its own reviews of the annual financial statements, the consolidated financial statements and the joint management report, the Supervisory Board raised no objections.

The Supervisory Board therefore approved the annual financial statements prepared by the management and the consolidated financial statements as of December 31, 2017 on August 30, 2018. The supervisory board of Kraftanlagen München GmbH endorsed the management's proposal for the appropriation of the balance sheet profit. In accordance with the articles of association, the shareholders' meeting will decide on the adoption of the annual financial statements and the consolidated financial statements as of December 31, 2017 at the latest four weeks after the Supervisory Board's review of the company's annual financial statements has been completed.

The supervisory board of Kraftanlagen München GmbH thanks all employees, the executives and the management of Kraftanlagen München GmbH for their dedication and excellent performance in 2017. The supervisory board thanks the employee representatives for their consistently constructive cooperation.

**Munich, August 30, 2018**

*Olivier-Marie Racine, Chairman of the Supervisory Board*

#### **Note:**

The annual financial statements have not yet been adopted by the new shareholder who joined on July 31, 2018.

**Munich, February 13, 2019**

---