

Annual Report 2017 Summary



Contents

Introduction to Evides	3
Letter from the Executive Board	4
Supervisory Board	5
Internal risk management and control system	6
Financial results 2017	8
Outlook 2018	10
Annual accounts 2017	12
Appendix 1: Key figures	15
Appendix 2: Organisation structure	16
Appendix 3: Participations	17
Appendix 4: Supervisory Board and Executive Board members	19

Introduction to Evides

Evides is a sustainable and innovative water company, closely connected to the environment in which it operates. Together with over 700 employees, we ensure that our customers can depend on us for a reliable supply of drinking and industrial water, and waste water treatment, now and in the future.

We provide reliable and tasty drinking water, 24 hours a day, 365 days a year, to 2.5 million consumers and businesses in three Dutch provinces: Zeeland, the south-western part of Zuid-Holland and the south-western part of Noord-Brabant.

Evides Industriewater also provides products and services to large industrial companies in the Netherlands, Belgium and Germany. The quality of the water is customised to the specific requirements and preferences of each customer.

In addition, Evides is active in treating waste water including the reuse of treated waste water for industrial purposes. Evides is focused on continuously improving processes and techniques for sourcing, treating, distributing and – wherever possible – reusing water. We also constantly look at the opportunities to reuse products that can be recovered from waste water treatment, such as nutrients, energy, residuals, and water. In this way, we want to contribute to the best use of the water supply chain in the Netherlands and beyond.

In 2017, Evides provided a total of 158.7 million cubic metres of drinking water and 96.9 million cubic metres of industrial water through our more than 14,000 kilometres pipeline network. In addition, we processed 1,5 million pollution equivalents through our water treatment activities.

Evides is a Dutch limited liability company (N.V.), of which 50% is owned by B.V. Gemeenschappelijk Bezit Evides (the municipalities of the Southern part of the province of Zuid-Holland) and the other 50% by PZEM (which is owned by the provinces of Zeeland (13 municipalities), Zuid-Holland (1 municipality) and Noord-Brabant (2 municipalities)). As of the 1st of March 2017, the name of the shareholder DELTA N.V. changed into PZEM N.V.

Letter from the Executive Board

Water quality – drinking water included – was in the news frequently in 2017, and that's a good thing. Significant steps were taken to protect our water sources, and the importance of safe drinking water was made very clear again. There is a growing awareness that many people, businesses and organisations have an impact on these sources. Together, we can make a difference and ensure that our living environment and the sources of our drinking water are clean and that they stay like that. After all, if nothing comes into our water, nothing needs to be taken out.

Evides remains forever vigilant. We check the water quality of our sources for known substances, but also for any new substances. Last year, we had to deal with industrial substances such as GenX. Being on top of licensing policies and transparency about substances being drained off into the sewer system or surface water, are essential to be able to safeguard the good water quality of our sources.

Our water treatment processes are designed to always supply drinking water that meets all legislative standards. We also follow the developments around us and constantly evaluate the opportunities and risks in our sources, the treatment and distribution of water. This enables us to modify our operations in a timely matter, maximise opportunities and minimise or prevent risks. In this way, customers can rely on Evides for a safe and reliable drinking water supply, now and in the future.

We're anticipating climate change in various ways too, for instance by preparing for the construction of a large new intake station along the Bergsche Maas. We're working with environmental organisations on developing the environment in Brabantse Wal, Sint Jansteen, Ouddorp and Haamstede, as well as limiting the disruption to customers during work on our pipeline network by excavating at the same time as other operators of utility networks. Moreover, we're looking at the impact that our own activities have on the climate and continuously carrying out initiatives to be climate neutral in 2025.

Meanwhile, Evides Industriewater is increasingly presenting itself as an innovative water partner. In 2017, we again carried out projects in areas such as extracting nutrients, reusing heat and being smarter with waste flows, all of which contribute to circularity in the water chain and within industries. We have customers in the Netherlands, Belgium and Germany, and are exploring growth opportunities in several other European countries.

When there are major incidents, such as the *E. coli* contamination in the municipality Vlaardingen, Evides is ready to fix the problem as soon as possible. Such situations are exceptional, but they are very unfortunate for our customers. Because of our crisis organisation and experienced staff, we are well equipped to address situations like these, working together with partners such as the municipality and safety region. At the same time, we continuously are looking at what we can do for our customers in order to minimise the impact of disruptions.

We continue to improve our customer services and customer care. For instance, in 2017 we again introduced new contact options on our website and also introduced a WhatsApp service. One of the key changes we made was to ensure that all customers now receive their water bill from Evides directly, and that all contact is handled by the same customer contact centre.

Our way of working is generating solid results for years. Our drinking water business generated a result of €26.6 million in 2017, where our industrial water activities generated a result of €20.7 million.

Our solid results and the hard work and commitment of our employees ensure that we can face the challenges of the future in a dynamic and positive manner. Our customers can continue to rely on us!

Annette Ottolini
Chief Executive Officer
Evides Waterbedrijf

Supervisory Board

The Supervisory Board monitors the policy of the Executive Board and the general course of affairs at Evides. It also supports the Executive Board with advice.

Composition and profile

The Supervisory Board has seven members who are appointed by the General Meeting of Shareholders. There is always at least one independent member, nominated by the Supervisory Board. Our shareholders, DELTA and Gemeenschappelijk Bezit Evides, are both entitled to nominate two board members. Here, Evides deviates from the Dutch Corporate Governance Code, which it voluntarily applies. The Works Council has the right to recommend two board members. The chairman is an independent board member.

The Supervisory Board has two subcommittees: the audit committee and the remuneration committee. A selection and appointment committee is set up on an ad hoc basis.

The profile of the Supervisory Board reflects the principles for its composition. It strives for a balanced composition in terms of experience and affinity with the company's nature and culture, as well as with diversity targets relating to gender ratios as set out in the Dutch Management and Supervision Act.

The Dutch Management and Supervision Act seeks to achieve a fairer gender balance on executive and supervisory boards. A fair balance means that at least 30% of the board members are men and at least 30% are women, insofar as a seat on the board is held by a natural person. As a consequence of the passing away of Mrs Hagdorn-van der Meijden, the Supervisory Board currently comprises five men and one woman, which means Evides does not meet the above-mentioned criteria in the current situation. Evides will strive for a more balanced composition in its future recruitment and selection of board members. In all other respects the current composition of the Supervisory Board and the subcommittees is in line with the profile.

The Supervisory Board members have professional knowledge in the following areas:

- Finance, risk management, treasury and auditing.
- Drinking water facilities and an affinity with the water supply chain.
- Entrepreneurship in a capital-intensive sector and knowledge of domestic and international industrial water consumers, as well as of the related industrial services (including the treatment of waste water).
- Knowledge of and a network in public administration.
- Customer and consumer interests.
- Human resource management policy, business organisation and change management.
- Corporate governance and legal affairs.
- Corporate social responsibility.

Internal risk management and control system

Evides uses its internal risk management and control system to minimise the risk of errors, wrong decisions and unforeseen circumstances as much as possible. However, it cannot guarantee total assurance. Evides may be exposed to risks that are not yet known or are not yet considered important. Evides' internal risk management and control system aims to prevent risks through the implementation of additional measures. Should risks still arise, Evides has measures in place to minimise the impact. No internal risk management and control system can absolutely assure corporate goals are achieved nor can it entirely prevent all errors, losses, fraud or legal or regulatory breaches.

Evides is an organisation in which roles and responsibilities are clear, we can address accountabilities and there are short lines of communication. This is also the core of the risk management and control system across the company. In this context, the following are important instruments for internal risk management and control at Evides:

- **Risk management**
This involves identifying and analysing risks, along with implementing and monitoring control measures that minimise these risks. The risk management structure is partly based on the Committee of Sponsoring Organisations of the Treadway Commission – Enterprise Risk Management – Integrated Framework (COSO-ERM). Line managers are responsible for managing risks. The Executive Board and the management team are ultimately responsible for the risk management process at Evides. There is a project risk management system in place for risk management when running projects.
- **Planning & control cycle**
Evides uses rolling multi-year and annual budgeting, quarterly reports (including forecasts and risk management) and monthly financial and operational management reports. Evides compiles quarterly treasury reports for the Executive Board and the Supervisory Board. We have structured procedures in place for financial month-end and year-end closing.
- **Water quality and security of supply**
The important factors here are quality systems for delivering water and systems guaranteeing a reliable and safe supply. Drinking water is supplied according to the guidelines laid down in the Dutch Drinking Water Act (Drinkwaterwet). These guidelines ensure there is always drinking water available, even in the event of a disruption, or that access to drinking water is restored within the prescribed timeframe. The asset management process ensures there is a balance between maintenance and management and investing in replacements for a future-proof water supply. The so-called 'Delivery plan' (Leveringsplan) is the overarching document in which Evides brings together its various plans for capacity (Capaciteitsplan), emergency drinking water (Nooddinkwaterplan), disruption risk analysis (Verstoringsrisicoanalyse) and analyses of security of supply (Leveringszekerheidsanalyses).
- **Security and crisis management**
In addition to supporting measures that safeguard the physical water supply, the Delivery plan includes the above-mentioned topics as well plans covering crisis organisation, crisis communication and security. Evides also has measures in place for crisis management organisation, crisis procedures and training; evaluating training; and an employee selection policy (including declarations of good conduct).
- **Other**
This includes an integrity policy, a code of conduct and house rules, a whistleblower policy, a treasury charter, a tax-control framework and a fraud framework.

Various improvements were made in 2017 to strengthen the existing risk management system and the control system being used. The essential components are regularly audited to test the intended effectiveness of the control mechanisms. The Executive Board is responsible for the structure and effective operation of the internal risk management and control system and reports on this to the audit committee and to the Supervisory Board.

Based on its evaluation, the Executive Board believes the risk management and control system functioned properly throughout 2017 with respect to financial reporting risks and that this provides reasonable assurance that the 2017 annual accounts contain no material errors. The Executive Board continues to be committed to further strengthening and professionalising its internal risk management and control system in 2018, while paying ongoing attention to possible ways of improving efficiency in these processes.

Financial results

General

For operational purposes, Evides N.V. (Evides) differentiates between its drinking water business and the industrial water business. The drinking water business supplies drinking water to approximately 2.5 million connected consumers and businesses. The industrial water business provides industrial water services to large industrial customers in the Netherlands, Belgium and Germany. It owns and operates various industrial and communal water treatment plants.

Evides' drinking water business provides services to the industrial and waste water business, and vice versa. This is laid down in service agreements, which also include agreements on associated prices for intercompany transactions (internal transfer price).

For the purposes of financial transparency, the condensed balance sheet before distribution of profit at the end of 2017 and the condensed income statement for 2017 are presented separately below for the drinking water business and the industrial and waste water business.

(in € millions)	Drinking Water	Industrial Water	Consolidated
Assets			
Fixed assets			
Intangible fixed assets	21.7	10.3	32.0
Tangible fixed assets	838.0	105.4	943.4
Financial fixed assets	165.6	104.1	110.0
Total fixed assets	1,025.3	219.8	1,085.4
Current assets			
Inventories and projects in progress	3.9	1.2	5.1
Receivables	26.6	27.1	53.7
Cash and cash equivalents	0.1	9.3	9.4
Total current assets	30.6	37.6	68.2
Total assets	1,055.9	257.4	1,153.6

(in € millions)	Drinking Water	Industrial Water	Consolidated
Liabilities			
Equity*	503.0	159.7	503.0
Third-party minority interests	6.1	0.0	6.1
Provisions	2.5	1.6	4.1
Long-term debt	478.0	4.4	482.4
Short-term debt	143.4	14.6	158.0
Intercompany receivables and debts*	-77.1	77.1	0.0
Total liabilities	1,055.9	257.4	1,153.6

* In the consolidation, the participation value for Industrial Water stated under Drinking Water (€ 159.7 million) is eliminated by equity. In addition, mutual receivables and debts among Drinking Water and Industrial Water (€ 77.1 million) are eliminated.

Before distribution of profit, the solvency ratio for the consolidated balance sheet is 43.6%. After distribution of the proposed 2017 year-end dividend of €17.7 million, the solvency ratio is 42.1% compared to the target solvency ratio of 38%. In 2017, our shareholders voted for a phased increase of our minimum target solvency ratio to 40% in 2021. This will ensure we have a robust foundation from which we can finance our future investment programme.

Condensed income statement for 2017

(in € millions)	Drinking Water	Industrial Water	Consolidated
Net sales*	245.5	106.4	335.4
Cost of sales*	211.1	84.5	279.1
Gross margin	34.4	21.9	56.3
Interest income and expense	-7.0	4.4	-2.6
Profit before taxes	27.4	26.3	53.7
Corporate Taxes	-1.1	-6.1	-7.2
Result from participations	0.3	0.5	0.8
Net result	26.6	20.7	47.3

* In the consolidation, revenues related to intercompany transactions between Drinking Water and Industrial Water (€ 16.5 million) are eliminated together with the purchasing value of those intercompany transactions, which is incorporated in cost of sales.

Outlook 2018

2018 is the second year of our Strategic Plan 2017-2021. In the first year of executing this plan, we made progress in many areas. Moreover, our choice of six main strategic pillars has proven to be right. We will continue with our planned implementation in 2018, focusing in particular on the following objectives in each pillar.

Pillar 1: To achieve excellent water quality

A good quality of drinking water and industrial water starts with a clean source. That's why we continue to give the protection of our water sources our fullest attention. Our focus lies on setting up optimal measurement programmes, based on the most important substances, new measurement methods and data analysis techniques. We will further improve our water treatment and distribution processes through research, even better operations and, where necessary, additional measures. We're building a pilot plant with final stage ultrafiltration, where we will measure the effect of an additional step in the water treatment process. We're also implementing a network design for the primary and secondary network.

We are further professionalising our asset management. We are expanding our risk-based maintenance and risk-based inspections, and evolving our asset management plan and long-term asset plan. After all, good quality drinking water requires robust assets.

Pillar 2: To grow industrial water

To achieve our intended controlled growth, we want to better serve our existing industrial water customers and offer them more services. Our recently opened demineralised water plant on the Maasvlakte, part of the industrial area of Rotterdam, has enabled us to supply additional industrial water in the region. We will start building a central waste water treatment plant in the Rotterdam industrial area (Botlek). We will continue to develop our role as an innovative water partner for the industrial sector. We are developing and marketing new products and services aimed at promoting circularity, and strive to acquire new customers in the Netherlands and abroad.

Pillar 3: To fulfil our customer promises

We will continue to develop both our website and digital communication, so that our drinking water customers can manage more of their water affairs online themselves and find more information via our website. We are expanding our online communication services, for instance to include a chat function. We are also working on getting a higher number of customers to share their information and manage their affairs themselves online.

We constantly strive for a high level of customer satisfaction. We will further analyse how we offer our services to customers and their experiences with us. Based on this, we will introduce improvements in our various customer processes and further develop the systems and data needed for these processes. In this context, the process for requesting a drinking water connection has the greatest opportunities for improvement.

Pillar 4: To digitalise primary processes

By making the most of available data and using it safely, we want to improve processes continuously. We are improving the digital support of our demand-driven primary processes, for instance by data-sharing with our contractors and digitalising the planning process. We are also introducing company-wide data management and strengthening our cybersecurity by, among other things, implementing additional security measures such as network security segmentation, advanced threat protection, cloud security and vulnerability management.

Pillar 5: To work to the future

We will continue to develop new skills important to us. We are working on further developing leadership, in part by introducing a new appraisal system. We are implementing future-proof strategic staff planning, too. We consider innovation a permanent fixture in our work. In 2018, we will focus on 'Water as a service' and 'Engineers of the future'.

Pillar 6: To build connections with our environment

We are preparing for the introduction of the Environmental Code (*Omgevingswet*). Our trend-watchers ('watchtowers') are following trends and developments in society and proactively sharing their knowledge and

insights inside the organisation. This enables us to take timely action. We are looking to work with all relevant partners (both in and outside the water supply chain) within our distribution area and are attentive to the interests of our stakeholders in our environmental management. We do business in a socially responsible manner, paying particular attention to the principle of circularity. We are reducing the CO₂ emissions of both our own operations and those of our customers. We are raising staff awareness of legislation and regulations so that we can be demonstrably compliant. Where necessary, we are implementing improvement plans in this area.

Drinking water rates

In 2018, the structure of drinking water rates changed. This change is linked to the conditions on pricing laid down in the Dutch Drinking Water Act (*Drinkwaterwet*) and diverges from the pricing policy that Evides used previously. The rates customers pay are directly based on the fixed and variable costs of Evides. In 2018, the price for 1,000 litres of drinking water is €0.687. The standing charge for households is €86.36 a year (excluding VAT, tax on tap water and any municipal tax on encroachments on or above public land). These new household rates apply for the entire Evides Waterbedrijf distribution area. Depending on their water use, households will either see an increase or decrease in their drinking water bill.

Investment

We expect to invest more than €114 million in 2018. Compared to previous years, our investment expenses are increasing structurally. This is in part due to the relatively high level of investment in water quality and the development of an even closer working relationship with other pipeline network operators, because of which some replacement investment has been accelerated to benefit from certain efficiencies.

Because the central waste water treatment plant in Botlek (part of the industrial area of Rotterdam) will open later than originally planned, part of the intended investment for 2017 has been shifted to 2018 and 2019. Other reasons for the increase in the average level of multi-year investment are: increasing investment in Evides Industriewater, replacement of pipelines in collaboration with network operators and a drainage project in the city of Delft together with network operator Stedin.

Employees

We expect our staff headcount at end-2018 to be 778.9 FTEs – a decrease of 3.0 FTEs compared to 2017. Within the current staff headcount we created space to increase the capacity for information security and data management, in particular. Staff numbers in the 2019-2022 period will also stay in line with the 2017 forecast. The staff headcount within Infrastructure will decrease by 5.0 FTEs each year in 2018-2021, primarily because of expected efficiency improvements. This will be partly compensated by an increase in the staff headcount for the industrial and waste water business, to support planned growth in the commercial portfolio and the management of plants on behalf of prospects.

An additional challenge will be to achieve a sufficient inflow of new staff due to increasing economic growth and the associated tight job market. Through targeted campaigns for job market communication and recruitment plans, specific attention for encouraging an inflow of technical staff and the implementation of the diversity policy we developed in 2017, we expect to have sufficient employees to be able to achieve our strategic goals in 2018.

Confidence

The commitment and enthusiasm of our staff is essential in everything we do. We are confident that we can rely on their hard work and commitment again in 2018, so we can remain a reliable water supplier for households, businesses and industry.

Annual accounts 2017

Consolidated balance sheet 31 December 2017

(before distribution of profit)

(in € millions)			31 December 2017	31 December 2016
	Ref.			
ASSETS				
Fixed assets				
Intangible fixed assets	1.1	32.0	34.7	
Tangible fixed assets	1.2	943.4	923.3	
Financial fixed assets	1.3	110.0	116.7	
Total fixed assets			1,085.4	1,074.7
Current assets				
Inventories		3.7	3.5	
Projects in progress	2.1	1.4	1.6	
Receivables	2.2	53.7	56.9	
Cash and cash equivalents	2.3	9.4	14.9	
Total current assets			68.2	76.9
Total assets			1,153.6	1,151.6
LIABILITIES				
Equity	3		503.0	496.7
Third-party minority interests	4		6.1	6.1
Provisions	5		4.1	5.2
Long-term debt	6		482.4	460.4
Short-term debt	7		158.0	183.2
Total liabilities			1,153.6	1,151.6

Consolidated profit and loss account for 2017

(in € millions)			
	Ref.	2017	2016
Revenues			
Sales		297.2	292.0
Revenue from third-party work		19.4	16.3
Capitalised production for own company		12.7	12.8
Other revenues		6.1	6.9
Total revenues	8	335.4	328.0
Costs			
Cost of raw materials	9.1	25.9	26.6
Cost of outsourced work and other external costs	9.2	116.9	112.6
Salaries and wages	9.3	49.5	47.8
Social securities	9.3	11.3	10.3
Depreciation on fixed assets	9.4	74.5	72.4
Other changes in fixed assets	9.5	0.0	0.0
Other operating costs		1.0	2.7
Total operating costs		279.1	272.4
OPERATING PROFIT		56.3	55.6
Other income and expenses			
Income from fixed asset receivables	10.1	6.5	6.9
Other interest income and similar income		0.2	0.1
Interest expense and similar costs	10.2	-9.3	-12.3
		-2.6	-5.3
Result before tax on ordinary activities		53.7	50.3
Corporate taxes	11	7.2	5.5
Result from participations		0.8	0.6
Result after tax on ordinary activities		47.3	45.4
Third-party minority result		0.0	0.0
NET PROFIT AFTER TAXES		47.3	45.4

Consolidated cash flow statement for 2017

(in € millions)	2017	2016
Cash flow from operating activities		
Operating profit	56.3	55.6
Adjustments for:		
Depreciation	74.5	72.4
Changes to provisions	-0.6	1.1
Changes in working capital:		
change in receivables	3.2	-7.5
change in inventories	-0.2	-0.3
change in projects in progress	0.2	3.9
change in short-term debt	-1.9	4.8
	1.3	0.9
Cash flow from company operations	131.5	130.0
Interest income and expense	-3.8	-6.1
Dividend received	0.0	1.0
Income taxes	-8.2	-7.0
	-12.0	-12.1
Cash flow from operating activities	119.5	117.9
Cash flow from investing activities		
Investments in financial tangible assets	0.0	-8.8
Repayments received	7.5	11.4
Investments in tangible fixed assets	-92.1	-89.4
Cash flow from investing activities	-84.6	-86.8
Cash flow from financing activities		
Dividend paid	-41.0	-41.0
Receipts from long-term debt	102.0	70.0
Repayments of long-term debt	-101.3	-45.5
Cash flow from financing activities	-40.3	-16.5
Increase/decrease in cash*	-5.4	14.6

* Including the change in short-term bank debts.

Movement in cash and cash equivalents is as follows:

	2017	2016
Position as of 1st of January	11.2	-3.4
Change during the financial year	-5.4	14.6
Position as of 31st of December	5.8	11.2

Cash as presented in the cash flow statement can be specified as follows:

	2017	2016
Cash and cash equivalents	9.4	14.9
Short-term bank debt	-3.6	-3.7
Total	5.8	11.2

Appendix 1: Key figures

		Unit	2017	2016	2015	2014
	Financial					
1.	Liquidity ratio	%	43.2	42.0	46.7	38.2
2.	Solvency ratio	%	43.6	43.1	43.4	42.2
3.	Average credit term receivables	days	29.4	26.6	22.8	25.9
4.	Net working capital	€ millions	-89.8	-106.3	-88.9	-110.4
5.	Return on equity	%	4.1	4.4	5.9	6.0
6.	Cash flow	€ millions	119.5	117.9	130.1	127.0
7.	Cash flow ratio	%	18.7	18.2	20.2	19.6
8.	Internal financing ratio	x 1	0.8	0.8	0.7	0.6
9.	Purchase of drinking water	million m ³	10.5	10.4	10.4	8.9
10.	Sales of drinking water	million m ³	158.7	156.7	153.7	155.0
11.	Sales of industrial water	million m ³	96.9	95.4	93.4	91.6
12.	Treatment of waste water	p.e. ¹ x 1,000	1,457.0	1,412.8	1,361.9	1,289.2
13.	Revenue	€ millions	297.2	292.0	289.7	283.9
	Operating assets					
14.	Number of consumer addresses	x 1	1,041,332	1,032,276	1,030,613	1,031,878
15.	Number of water meters	x 1	997,966	991,131	983,794	982,079
16.	Length of transport and distribution pipes	km	13,082	13,763	13,208	13,152
17.	Length of demineralised water pipes	km	71	71	68	68
18.	Length of source/raw/industrial water pipes	km	873	883	869	873
19.	Number of disruptions	x 1	11,721	10,200	8,580	8,098
20.	Complaints about water quality ²	x 1	673	377	241	219
	Personnel					
21.	Number of employees (as of year-end)	x 1 FTE	739.2	722.3	694.8	688.1
22.	Average wage costs per employee	x € 1,000	78.3	77.2	77.7	77.9
23.	Sickness absence	%	4.56	4.05	3.90	4.00

1 p.e. = pollution equivalents

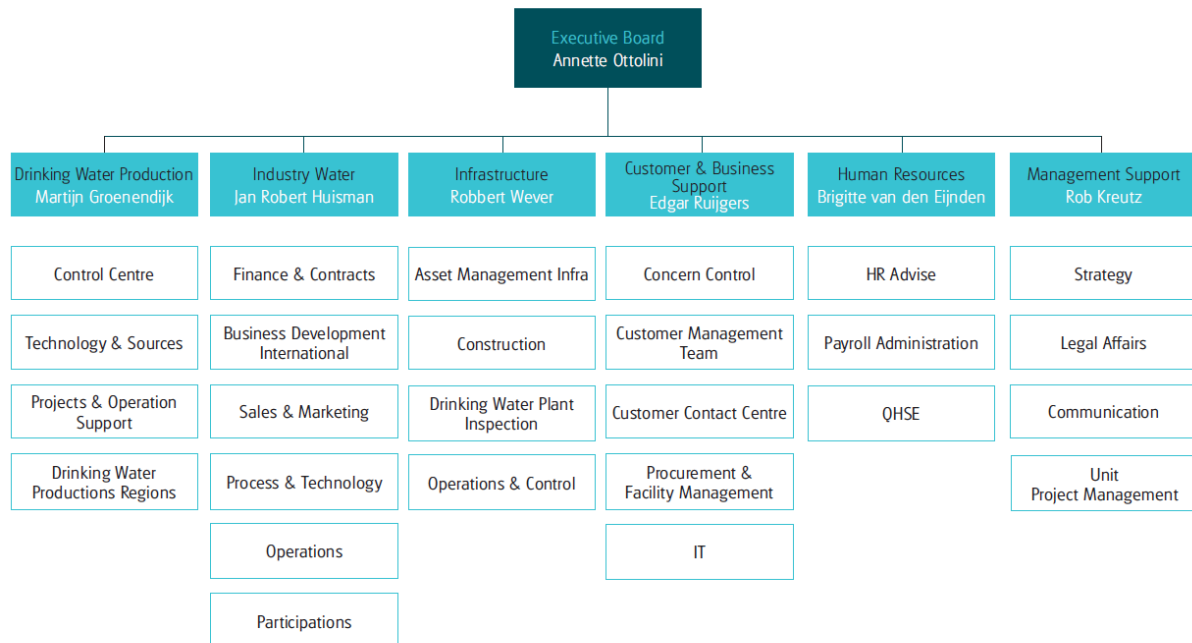
2 The increase in the number of disruptions and complaints is partly administrative. Since 2016, every complaint has been counted individually, whereas in earlier years, complaints were grouped. Moreover, the one-off increase in the number of complaints in 2017 is due to incidents around the draining off of GenX and the presence of the E. coli bacteria in the Vlaardingen water pipeline network.

Explanation of key figures

1. Liquidity ratio = (current assets : current liabilities) x 100%
2. Solvency ratio = (equity : total assets) x 100%
3. Average credit term receivables = (receivables : turnover invoiced) x 365 days
4. Net working capital = current assets - current liabilities
5. Return on assets = (net profit after taxes + interest) : total equity x 100%
6. Cash flow = net profit after taxes + depreciation and other changes in fixed assets
7. Cash flow ratio = (cash flow: liabilities) x 100%
8. Internal financing ratio = investments in fixed assets: cash flow

Appendix 2: Organisational structure

Version January 2018. See Evides.nl for the most up-to-date version.



Appendix 3: Participations

Evides N.V. is the drinking water company and as such it is assigned a legal distribution area. This company is at the head of the Evides group. The Evides group has various locations in the Netherlands and is headquartered in Rotterdam.

Evides N.V. (and various subsidiaries and minority interests) is responsible for all activities related to the sourcing, production and delivery of drinking water. Evides Industriewater B.V. – a wholly-owned subsidiary of Evides N.V. – (and its minority interests and subsidiaries) focuses on sourcing, producing and delivering industrial water and on waste water treatment.

As announced last year, Evides Drinkwater B.V. was incorporated into Evides N.V. on 1 July 2017 following the transfer of economic ownership to Evides N.V. This internal restructuring was required because Evides N.V. and Evides Drinkwater B.V. would have theoretically been liable to pay income tax as of 1 January 2016 due to the income tax obligations of state-owned companies (*Wet modernisering Vpb-plicht overheidsondernemingen*). This restructuring has prevented the legal government duty of supply drinking water becoming subject to income tax obligations.

Evides N.V. participations

In addition to owning Evides Industriewater B.V., Evides N.V. is shareholder of:

Facturatie B.V.

A 50/50 joint venture between Evides and drinking water company Vitens that is focused on invoicing and collecting drinking water invoices for households and small business water customers. As of September 2017, customers in the province of Zeeland, the Zuid-Holland island Goeree-Overflakkee and part of the province Brabant called Brabantse Wal also receive their invoices from Facturatie B.V. Invoicing for these customers was previously done by DELTA N.V. as part of a service agreement. This joint venture can be seen as a cost centre and is a not-for-profit organisation.

KWH Water B.V.

Through KWH Water, Evides gains access to research and development related to drinking and other water, particularly research commissioned in the context of Vewin, the association of Dutch drinking water companies. Evides holds a share of 12.4%.

AquaMinerals B.V.

AquaMinerals was established by Dutch drinking water companies in order to collectively find ways of managing the residues released during the production of drinking water. Evides holds an 11.9% stake. The plan is to expand the circle of shareholders to other water boards.

N.V. Waterwinningsbedrijf Brabantse Biesbosch (WBB)

WBB owns the storage basins where water from the river Maas is pre-treated before it is transported to Evides' treatment plants. This water is the most important source of drinking and industrial water for the Evides distribution area. Evides is by far WBB's largest customer (97%) and operates WBB under the terms of a multi-year contract. Evides owns 60% of WBB; the remaining 40% is owned by the water company Brabant Water N.V. This participation can be seen as a cost centre and is a not for profit organisation.

Aqualab Zuid B.V.

Aqualab Zuid is an accredited laboratory that conducts water analyses for shareholders and external customers. Evides owns 50% of Aqualab Zuid, 32.5% is owned by water company Brabant Water N.V. and 17.5% by water company N.V. Waterleiding Maatschappij Limburg.

Vitens Evides International B.V.

Evides participates in this 50/50 joint venture with Vitens. Vitens Evides International focuses on acquiring and implementing international projects to make drinking water more accessible by sharing knowledge and transferring skills. In this way, Evides contributes to the United Nations' Sustainable Development Goals. This participation can be seen as a cost centre and is not for profit organisation.

Evides Industriewater B.V. participations

Evides Industriewater B.V. is shareholder of:

Evides Afvalwater B.V.

Evides Afvalwater treats waste water for customers connected to the Sloe and Schiphol waste water treatment plants. Evides Industriewater owns 100% of this company.

Delfluent Services B.V. (DSBV)

The DSBV operating company manages the Houtrust and Harnaschpolder waste water treatment plants. It holds a 30-year maintenance contract (until 2033) with Delfluent B.V. for this. Since the end of 2012, Evides Afvalwater B.V. has held a 100% share.

Delfluent B.V. (DBV)

The DBV consortium was contracted by water board Hoogheemraadschap van Delfland to design, construct, finance and run the Harnaschpolder waste water treatment plant, make changes to the existing Houtrust waste water treatment plant and operate both plants for a 30-year period until 2033. DBV is owned by Evides (54.5%), DIF Infrastructure II (35.5%) and Strukton Finance (10%).

Brielse Meer Water B.V.

Water from the Brielse Meer lake is an important source of industrial water for the Rotterdam harbour area and is supplied via Brielse Meer Water B.V. Evides Industriewater owns 100% of this company.

Evides Terneuzen Water B.V.

Evides Terneuzen supplies chemical company Dow Terneuzen with industrial water via local installations. Evides Industriewater owns 100% of this company.

North Water B.V.

North Water B.V. is a joint venture with the water company Waterbedrijf Groningen to acquire and operate projects and activities related to industrial water and waste water in the northern provinces of the Netherlands. Evides has a 50% share in North Water B.V.

North Water Afvalwater B.V.

North Water Afvalwater B.V. is a 100% subsidiary of North Water B.V. and focuses specifically on constructing and operating water treatment plants in the northern provinces of The Netherlands.

Evilim Industriewater B.V.

Evilim B.V. is a joint venture with water company N.V. Waterleiding Maatschappij Limburg to acquire and operate projects in the market for processed water and waste water in the southern part of The Netherlands. Evides holds a 50% share.

Sloewarmte B.V.

Sloewarmte B.V. is a joint venture that has been started in 2014 between Evides Industriewater B.V., Zeeland Seaports Beheer B.V. and Martens Havenontvangstinstallatie Vlissingen B.V. to jointly develop sustainable residual heat systems in the area around the city of Vlissingen. Evides Industriewater B.V. acquired an 80% majority interest in Sloewarmte B.V. Zeeland Seaports Beheer B.V. and Martens Havenontvangstinstallatie Vlissingen B.V. each hold a 10% share.

Other holdings

For international industrial water projects, Evides wholly owns the following subsidiaries: Evides Stade Wasserbetrieb GmbH (Germany), Evides Antwerpen Water BVBA (Belgium) and Evides China Water Treatment Ltd in Hong Kong. All our operational industrial water activities in Asia have been stopped in 2015. As such, various entities were liquidated during 2016. Evides China Water Treatment Ltd in Hong Kong is expected to be liquidated during 2018.

Appendix 4: Supervisory Board and Executive Board members

Supervisory Board

Ms A.G. Nijhof MBA (born 1966), acting chairman

Nationality: Dutch

Profession/main role: CEO of Tauw Group B.V.

Date of first appointment: 30 September 2012 (re-appointed until 30 September 2020)

Ancillary positions:

- Board member of the Council for the Environment and Infrastructure
- Supervisory board member of nature organisation ARK
- Supervisory board member of the Royal Netherlands Meteorological Institute (KNMI)
- Member of the Social Advisory Council of the National Institute for Public Health and the Environment, RIVM
- Government supervisory board member of De Nederlandsche Bank (the Dutch central bank)

Work experience includes:

- Board member of Grontmij
- Director-General Water of the Ministry of Infrastructure and the Environment

Mr P.C. Hartog (born 1962)

Nationality: Dutch

Profession/main role: Managing director of APM Terminals Maasvlakte II and APM Terminals Rotterdam B.V.

Date of first appointment: 26 May 2016 (until 26 May 2020)

Ancillary positions:

- Supervisory board member of WoonInc, Eindhoven

Work experience includes:

- Managing director/owner of PH Business Development B.V.
- Managing director of Rockwool Benelux Holding B.V.
- Managing director of Forbo Flooring B.V.

Mr F. Verhagen RA (born 1961)

Nationality: Dutch

Profession/main role: CFO of PZEM N.V.

Date of first appointment: 24 June 2009

Left role: 24 June 2017

Ancillary positions:

- Supervisory board member of Hogeschool Zeeland

Mr G.J.A. Uytendewilligen MBA (born 1959)

Nationality: Dutch

Profession/main role: CEO of PZEM N.V.

Date of first appointment: 25 June 2017 (until 25 June 2021)

Ancillary positions:

- None

Work experience includes:

- Director/owner of UDW Consult B.V.

Mr H.G. Bouwman (born 1952)

Nationality: Dutch

Profession/main role: Director of legal advice office

Date of first appointment: 30 September 2012 (reappointed until 30 September 2020)

Ancillary positions:

- Advisory board member of The Waste Transformers

Work experience includes:

- Board member of Sara Lee International
- Senior Vice President of Legal Affairs for Royal Dutch Papierfabrieken N.V.

Mr D.A. van Doorn (born 1950)

Nationality: Dutch

Profession/main role: Director/owner of Van Doorn Consultancy

Date of first appointment: 28 June 2012 (reappointed until 28 June 2020)

Ancillary positions:

- Supervisory board member of the Central Commission for the Navigation of the Rhine
- Chairman of Delta Port Donatiefonds (donation fund)

Work experience includes:

- CEO of Europees Massagoed Overslagbedrijf (EMO) and Erts en Kolen Overslagbedrijf Maasvlakte (EKOM)
- Board member of Van Ommeren Nederland B.V.
- Managing director of Van Ommeren Binnentankvaart B.V.

Mr B.J. de Reu (born 1950)

Nationality: Dutch

Profession/main role: Representative of the Provincial Council of Zeeland

Date of first appointment: 26 November 2015 (until 26 November 2019)

Ancillary positions:

- Board member of the Association of Provinces of the Netherlands (Interprovinciaal Overleg, IPO)
- Member of the steering committee for the Southwest Delta
- Board member of regional enforcement agency RUD
- Board member of regional enforcement agency BRZO-RUD (DCMR)
- Board member/co-chairman of VZW Bio Base Europa
- Supervisory Board chairman of Biobased Delta
- Member of the recommendation committee of the Youth Culture Fund (Jeugdcultuurfonds)
- Board member of Smart Delta Resources
- Chairman of the Flemish-Dutch cultural organisation Huis deBuren
- Member of for the Committee of the Regions
- Member of the Scheldemond board
- Board member of HNP (House of the Dutch Provinces) Brussels
- Member of the supervisory committee of the steering group for Interreg Flanders-the Netherlands
- Member of the supervisory committee for European subsidy programme OP-Zuid 2014-2020
- Member of the recommendation committee of community welfare organisation Stichting Stedenband Vlissingen Ambon

Work experience includes:

- Director of RPCZ (consultancy for education and childcare centres in Zeeland)

Executive Board

Ms A.M. Ottolini (born 1958)

Nationality: Dutch

Position: CEO of Evides Waterbedrijf

Date of appointment: 1 November 2014

Ancillary positions:

- Supervisory Board member of Delfluent B.V.
- Board member of Water for Life Foundation
- Supervisory board member of Spaarnelanden N.V.
- Supervisory board member of housing association Ons Doel
- Board member of Deltalinqs