



Stredoslovenská vodárenská
prevádzková spoločnosť, a.s.

2018

**ANNUAL
REPORT**

Stredoslovenská vodárenská prevádzková spoločnosť, a. s.



Annual Report
StVPS, a.s.
2018

contents

1 Basic Data	4	Breakdowns in the Water Supply Network	17	Employees	31	Water Preparation	42
Business Activities	5	Drainage and Sewage Treatment Survey and Measurement of Sewer Network	18	Age Structure of Employees	32	Sewage Treatment Plants	44
2 Statutory Bodies of the Company	6	Breakdowns in the Sewer Network	18	Internal Communication	32	Pumping Stations and Reservoirs	44
3 Key Data	8	Water Quality	20	Social Dialogue	32	Sewer Network	44
4 Editorial	10	Drinking Water	21	Educational Structure of Employees	33	Information Systems and APCS	44
5 Organizational Structure	12	Wastewater	21	Staff Training	33	Power Engineering	46
6 Our Services	14	Investment Implementation	21	Safety and Health Care in the Workplace	34	13 Financial Statement	48
Water Production	15	7 Customers	22	9 ISO	36	Comments on the Financial Results in 2018	49
Water Management	15	Structure of the Customers	22	10 Waste Management	38	Prices of Drinking Water and Drainage of Wastewater in 2018	51
Water Losses	15	Customer Services	24	11 Environmental Responsibility	40	Balance Sheet	52
Main Indicators of the Production and Supply of Drinking Water	16	Approach to the Customers, Communication	26	Projects and Events Focused on Environmental Protection and Biodiversity	41	Profit and Loss Statement	54
Water Meters	17	12 Largest Customers in 2018	28	12 Innovations	42	Cashflow Statement	55
		8 Responsibility	30			Independent Auditor's Report	56
						Report of the Supervisory Board	60
						Contacts	62

1 basic data

Trade name:

Stredoslovenská vodárenská
prevádzková spoločnosť, a. s.

Company seat:

Partizánska cesta 5, 974 01 Banská Bystrica

Legal form:

Joint-stock company

Identification No: 36 644 030

VAT reg. No: SK 2022102236

Capital stock: € 34,000.00

Trade register


of the District court in Banská Bystrica,
section: Sa, Insert No.: 840/S

Registered on: January 1, 2006

business activities

- operation of I to III Category public water supply systems,
- operation of I to III Category public sewer systems,
- consulting, technical and professional assistance in the field of production, treatment and supply of drinking and industrial water, operation of water supply systems, sewage and wastewater treatment plants,
- cleaning of water and sewerage pipelines,
- conducting inspections of sewer systems by instrumentation,
- detection of hidden water leaks by correlative and electroacoustic techniques,
- setting out water supply, sewerage networks and armatures and determining contact points for connection of instrumentation,
- measuring wastewater volume on specific volumes and sewerage systems with the determination of the immediate or cumulative flow by instrumentation,
- physicochemical, radiological, microbiological and hydrobiological analyses of drinking, utility and waste water, including technological water analyses,
- conducting water tightness tests of water management facilities and equipment,
- business activities in the field of the disposal of non-hazardous waste,
- conducting technical inspections of pipelines,
- repair and installation of water meters,
- designing, solving and evaluating the roles of hydrogeological surveys, engineering geological surveys and geological surveys of the environment,
- electricity generation in small hydroelectric power stations with an output up to 5 MW,
- electricity distribution,
- purchase of goods with the purpose of their sale to other trading license holders (wholesale trade),
- purchase of goods with the purpose of their sale to end users (retail trade),
- intermediation in commercial and service activities,
- draw up documentation and projects for simple buildings, small buildings and changes to such buildings,
- realization of simple buildings, small buildings and changes to such,
- realization of buildings and changes to such,
- implementation of water and civil engineering works,
- execute construction site manager activities,
- execute construction site supervisor activities,
- engineering activities in civil engineering,
- supply and installation of chlorination and dosing equipment for chemicals,
- repairs, servicing, maintenance and execution of expert inspection and testing of chlorinating and dosing equipment for chemicals,
- machinery and equipment rental,
- public procurement,
- national road freight,
- real estate rental,
- repairs and servicing of all kinds of pumps,
- conducting revisory and pressure tests of stable pressure tanks,
- repair, installation, maintenance and servicing of electrical equipment,
- conducting technical inspections and testing of specified electrical equipment,
- organizing courses, training and seminars,
- conducting courses, training and seminars,
- fire safety engineer,
- accommodation and catering services in accommodation facilities.

THE COMPANY HAS NO ORGANIZATIONAL UNIT ABROAD.



2 statutory bodies

of the company on 31.12.2018

board of directors

CHAIRMAN OF THE BOARD OF DIRECTORS

Philippe Guitard

MEMBERS OF THE BOARD OF DIRECTORS

Ing. Martin Bernard, MBA
Ing. Peter Martinka
Ing. Robert Tencer
Ing. Peter Dobrý

SUPERVISORY BOARD

JUDr. Roman Dula
Tomáš Paclík
Roman Szabó
Ing. Miluše Poláková
Ing. Lucia Harachová
Marián Detvan

executive management

MANAGING DIRECTOR

Ing. Peter Martinka

ECONOMIC DIRECTOR

Ing. Peter Dobrý
(until 13. 5. 2018)
Ing. Denisa Beníčková
(from 14. 5. 2018)

DIRECTOR FOR PRODUCTION- OPERATING ACTIVITIES

Ing. Miroslav Fajčík

COMMERCIAL DIRECTOR

Ing. Mária Vicianová

PLANT DIRECTORS

plant 01 Banská Bystrica
Ing. Anna Šabová (from 1. 1. 2018)

plant 02 Lučenec / Veľký Krtíš
PaedDr. Zoltán Balla

plant 03 Prievidza
JUDr. Vladimír Andrejovský

plant 04 Rimavská Sobota
Ing. Branislav Jurík

plant 06 Zvolen, Žiar nad Hronom
Ing. Milan Vlček



3 key data

(as of 31. 12. 2018)

€ 59.3 mil.

Turnover of the Company

€ 799,000

Profit after taxation

653,949

Number of supplied residents

1,087

Number of employees

40,340,000 m³

Total production of own water

4,502 km

Length of the water distribution network

22

Number of water preparation plants

50,606,000 m³/year

Treated waste water

1,064 km

Length of operated sewer network

42

Number of wastewater treatment plants

116,427

Number of contracted customers

1,740

Number of calls made on customer line
(on average monthly)

4 editorial

Dear Ladies and Gentlemen, Dear Shareholders...

We present the annual report of Stredoslovenská vodárenská prevádzková spoločnosť, a.s. to you where we present the comprehensive results of our 2018 activity. What was 2018 like for our company? It is positive that the overall financial situation of the company was stable during the year and the company fulfilled its obligations to employees, state institutions, business partners and other suppliers. In 2018, we achieved a net turnover of € 59.3 mil., which is an increase of 1.7 % compared to 2017.

The employee remains the focus of interest for us. In terms of human resources, 2018 was a year of maintaining stable employment, modernising and improving employee care. In terms of health and safety at work, according to the evaluation of external bodies, we belong to major companies in which OSH has a steady increase.

We also behave responsibly in the field of environmental protection. The priority is energy recovery of sludge. The aim of this activity is to reduce the environmental burden and reduce waste production in addition to the economic effect.

As one of the first big companies in Slovakia, we focus on the topic of practical protection and support of biodiversity in our technical areas. In the key project at the Rakytovce WWTP, we, in addition to other measures in 2018, in cooperation with the Ekopolis civic association, implemented a solution for retaining rainwater from an industrial building into a new, artificially created pond.

Biodiversity is also the main topic of the Biodiversity for Schools project in schools, where pupils design and implement modifications to school premises to bring them closer to nature and biodiversity.

As far as customer service is concerned, we are testing the introduction of remote readouts to acquire water meter statuses in inaccessible locations and focus on verifying all available technologies, the availability of transmission networks, and the reliability and technical specifications of the connected devices. We have paid great attention to the introduction of measures based on the new European Parliament and Council Regulation 2016/679 on the protection of individuals with regard to the processing of personal data and on the free movement of such data. The implementation of this regulation meant for us a new, widespread view of the protection of personal data of individuals also in the supply of water and wastewater disposal.

Realisation of investments remains an important activity. Among the most financially significant activities in 2018 were „Reconstruction of the Sewerage Pipeline - ZSNP

Žiar nad Hronom“, „Handlová, ul. Sadová, public water supply system and Kremnica - construction works on the pipeline of the Kremnické Bane Central Heating Plant.

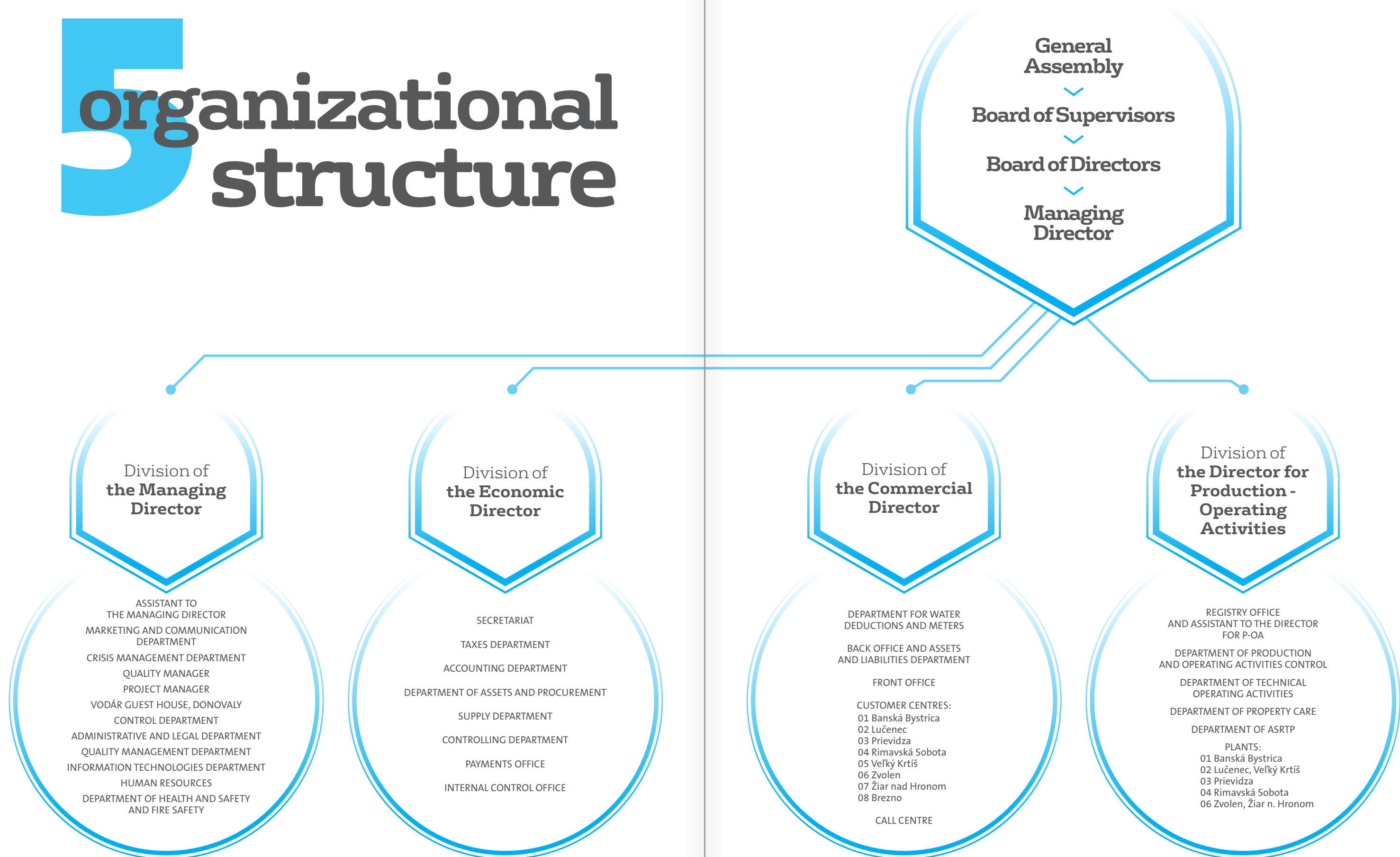
2018 was a challenging but good year for us, and I believe that I will also be able to say this when assessing the years ahead. My optimism stems from the fact that I know that our employees are experts in their jobs, that we are heading in the right direction, that we fully exploit the human and technical potential available to us to secure one of the world's most important commodities - quality drinking water.

Let me conclude by thanking all my co-workers and colleagues for their work, and also thanking our business partners, shareholders, members of the Supervisory Board and the Board for their continued support.



Ing. Peter Martinka
Managing director
StVPS, a. s.

5 organizational structure





Our services

Stredoslovenská vodárenská prevádzková spoločnosť, a.s., provides services for
656,933 residents.

water production

In 2018, 40,340 thousand m³ of drinking water, of which 12,040 thousand m³ was surface water and 28,300 thousand m³ groundwater, was produced in the company's water management facilities. Compared to 2017, that corresponds to 259 thousand m³ more water produced, which is related to the increased amount of water supplied, or invoiced to the subscribers. The quality of the drinking water supplied in accordance with valid legislation was provided from 22 surface and groundwater treatment facilities. Surface water was collected mainly from water reservoirs and large water treatment plants Hriňová, Málinec, Klenovec and Turček were used for subsequent water treatment and, if necessary, smaller water treatment plants taken from streams. Groundwater treatment plants were also used in the case of poor groundwater quality. For the supply of drinking water, priority was given to water from underground water sources (mainly springs), where water quality was satisfactory, and no further water treatment was needed. In the water treatment plants operated by our company, in 2018 raw water was treated in the total volume of 13,688 thous. m³.

Stredoslovenská vodárenská prevádzková spoločnosť, a.s. provides services to 116,427 contract customers. The main activity is the supply of drinking water and wastewater treatment and drainage. The quality of drinking water and wastewater quality is regularly checked in certified laboratories. We provide regular maintenance, repairs, emergency prevention as well as survey of water and sewerage networks.

water management

In the area of drinking water supply to customers, there was only a slight increase compared to the previous year, which was also slightly reflected in other indicators of production and supply of water. In 2018, the amount of delivered, invoiced water was higher by 169 thousand m³ compared to 2017. The increase in water consumption was recorded mainly in the population and a slight increase was also recorded in other customers. In 2018, the specific consumption was 72 l/person/day, which is roughly at the 2017 level.

water losses

Hidden water leaks from the pipeline have the greatest impact on water loss, so modern technology and instrumentation are used to locate hidden water leaks as accurately as possible. Centralised management of search for hidden water leaks and the purchase of state-of-the-art search technology has a large share in locating hidden water leaks. This work is done by 4 workgroups within the Fault Search Department. They are: group Banská Bystrica, Brezno, group Lučenec, Veľký Krtíš, Rimavská Sobota, group Prievidza and group Zvolen, Žiar nad Hronom. Subsequently, after localisation of water leaks by the fault-finding personnel, these leaks are eliminated by individual plant workers according to their importance, thus preventing further water losses. In 2018, the Fault Search Department scanned 1,548 km of water mains and located 661 faults. Of these, 645 faults were removed, 16 faults were on the connections on a private part of land. Metering work worth € 4,688 was done for external customers.



main indicators of the production and supply of drinking water

4,502
length of
water distribution
network, in km

117,811
number
of water
connections

765
length of water
connections,
in km

230
number
of pumping
stations

653,949
number
of supplied
residents

22
number of water
preparation
plants

25,856
water invoiced,
in thousand
m³/year

12,861
water losses in the
pipeline network,
in thousand
m³/year

14,357
water not invoiced,
in thousand
m³/year

32.0
share of water
losses from water
for realization
in %

40,213
water to
realization,
in thousand
m³/year

water meters

In 2018, 22,361 units of water meters were exchanged, of which 21,391 units of water meters were exchanged for periodic replacement. 970 water meters have been replaced for reasons other than water meter damage (malfunctioning meter, replacement at customer request, and others).

As of 31 december 2018,
the total number of
**INVOICED
WATER METERS**
IN THE NETWORK WAS
119,417



27 water meters were dismantled and sent for official examination at the customer's request, of which 24 water meters were satisfactory and 3 water meters were unsatisfactory. In 2018, a total of 18,568 water meters were repaired by an external supplier.

breakdowns in the water supply network

In 2018, a total of 2,580 defects on the water supply network were repaired, 1,830 of which were in the feeders and distribution networks and 750 in the connections. Of the total number, 2,269 were leaks (1,623 on the network and 646 on connections) and 2,010 were excavated (1,526 on the network and 484 on the connections). Of the total number of repaired faults, 1,771 were on the pipes, 803 on the fittings and 6 were on the shafts. The most common cause of failure in 2018 was the corrosion of pipe materials and fittings. The second

most common cause of failure is soil movement caused mainly by freezing and thawing in the winter and spring months and soaked soil in the summer months due to rainfall. In comparison to the previous year, the moderate winter in 2018 saw an overall decrease in faults by 8.18 %. In the framework of emergency prevention, regular monitoring of minimum night-time subscriptions is continually carried out in connection with the search for hidden leaks in the field.

survey and measurement of sewer network

n the field of sewer network survey and the detection of connected producers, smoke test technology is successfully used in testing the sewer network. With this technology, it is possible to detect failures of sewerage pipes and sewerage objects and unauthorised connection to properties, as well as unauthorised connections of rainwater into the separated sewerage system. In 2018, flow measurements were carried out on uncleaned outlets

of public sewer systems, as well as control measurements and a TV survey of technical condition on public sewerage in Nováky with a proposal for remediation. In 2018, both TV camera systems were used to investigate the technical condition of sewage pipelines on both the operated and the new building sites. The IPEK system has proven itself on new sewer systems, which also allows the measurement of deformations of flexible pipes.

drainage and sewage treatment

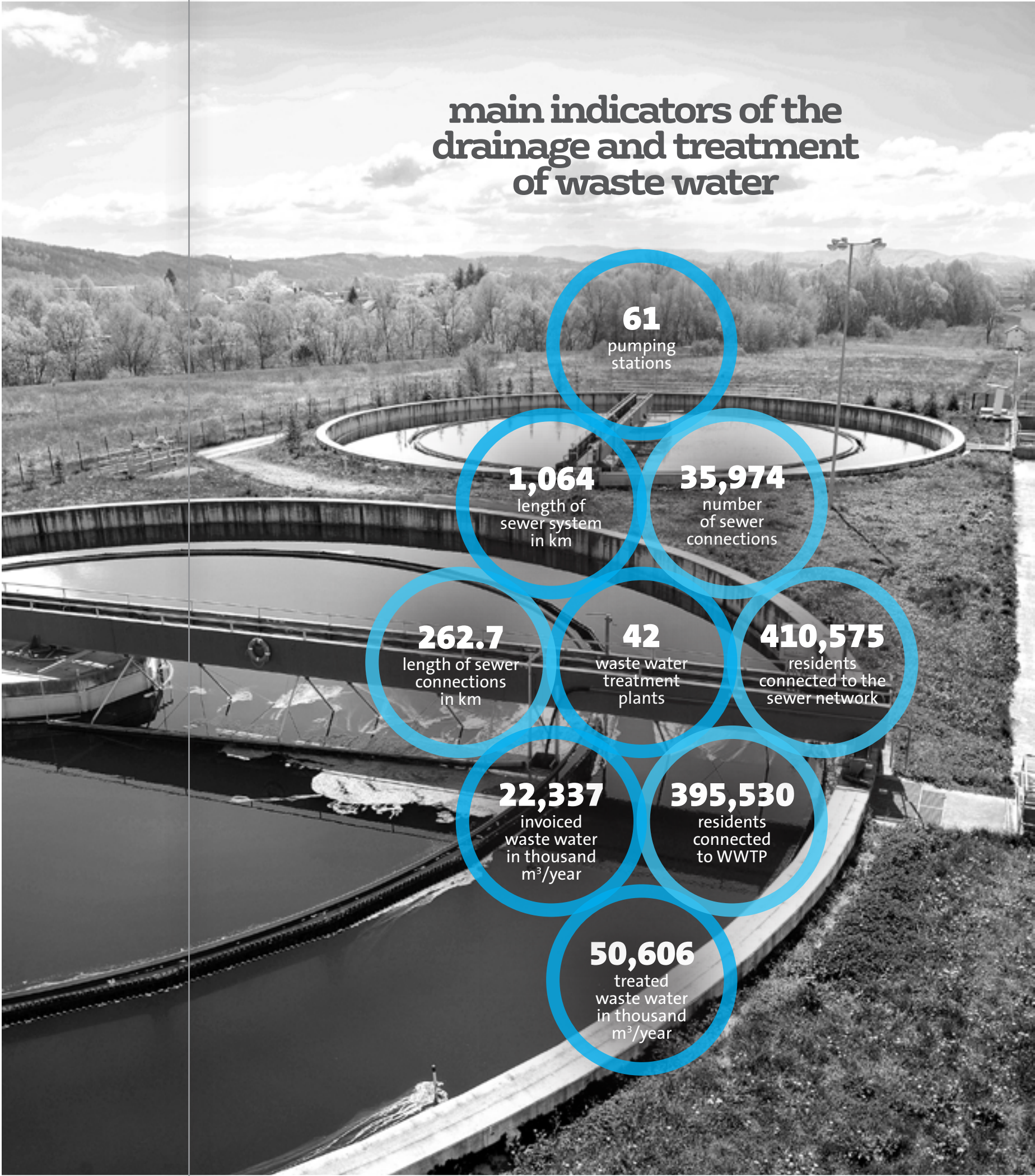
The sewer system operated by Stredoslovenská vodárenská prevádzková spoločnosť, a.s. has a total length of 1,064 km and there are 410,575 inhabitants connected. There was a difference in the amount of purified water, where the year-on-year decrease was by 1,825 thous. m³, which represents a decrease of 3.48 %.

breakdowns in the sewer network

In 2018, the most frequent cause of breakdowns on the sewerage network in 2017 was blockages, especially in the winter and spring months, as a consequence of flooding of gritting materials from the roads. Other causes of accidents are the damage to the pipeline system caused by the traffic load, as well as due to the lack of discipline of some producers who dispose of materials and objects in the public sewerage system that do not belong there, and, last but not least, the poor level of structural work carried out in the previous period. In 2018, a total of 1,142 failures were removed from the gravity sewer networks, of which 954 were blockages and 188 were structural defects.

There were 36 structural faults in the sewers, 7 at the sewer connections and 145 at the sewer network facilities. There were 154 malfunctions in the pressure sewers, of which 142 malfunctions were at pump stations and 12 malfunctions in the pressurised pipelines. Compared to the previous year, there was a 18.85% decrease in the number of failures, which, similarly to the water supply network, is more favourable with weather conditions. As a result of the more favourable winter, fewer gritting materials were used on roads, which are largely involved in the number of blockages but also in the breakdowns of technological equipment.

main indicators of the drainage and treatment of waste water





water quality

drinking water

Drinking water quality in our company is controlled by accredited laboratories according to ISO / IEC 17025: 2015 and meets the requirements of current legislation. In addition to the basic physicochemical, microbiological and biological indicators, the presence of metals, pesticides and organic substances is monitored in drinking water in accordance with Slovak technical standards. The health safety of drinking water is ensured not only by quality control, but also by the system of

water resources control, protection of water supply facilities and regular disinfection. In 2018, 3,947 samples were taken to monitor microbiological indicators and 3,923 samples for the monitoring of physicochemical indicators in the Quality Control Department laboratories. In total, 109,784 analyses were carried out at consumer premises on drains from reservoirs and treatment plants. At the same time, samples were collected from 2,225 sources, where 64,825 analyses were performed.

wastewater

Implementation of a programme for monitoring the quality of waste water drainage and sewage treatment in sewers and treatment plants in Stredoslovenská vodárenská spoločnosť, a.s. is provided by accredited wastewater laboratories in Zvolen, Banská Bystrica and Lučenec in accordance with ISO / IEC 17025: 2015. In 2017, 8,977 samples

were collected at each stage of the wastewater treatment process and uncleaned outlets. 56,531 analyses were performed. The range and number of samples are determined by Decree 315/2004 Zz and related valid regulations. At the same time, 1,360 samples from producers were examined in our laboratories, representing 5,124 analyses.

investment implementation

For 2018, a plan of revenues from the implementation of investments for other investors was set at € 389 thousand, which involved investment operations for the infrastructure of Stredoslovenská vodárenská spoločnosť, a.s. and C - bau, spol. s r. o., belonging to the Veolia group.

Construction work was carried out during the year in accordance with the developed time and financial schedule. In the first half of the year, only operations that were contracted in previous years were executed, while part of their implementation was also carried forward to 2018. In addition to the construction projects, 7 new contracts were concluded in 2018 for the realization of investment operations with the Stredoslovenská vodárenská spoločnosť, a.s. as investor.

In 2018, similar to the previous period, we also implemented the linking of water and sewerage connections to the public water supply and public sewerage system on the basis of a special contract for Stredoslovenská vodárenská spoločnosť, a.s., whereby the revenues from this activity for the year 2018 amounted to € 97.8 thousand.

Among the continuing activities with the most significant financial volume in 2018 were „Recon-

struction of the sewerage pipeline - ZSNP Žiar nad Hronom premises“, „Handlová, ul. Sadová, public water supply, ATS“ and “Kremnica - construction works on the pipeline of the Kremnica Bane Central Heating Plant - PK Revolta“, which was scheduled to be completed in 2018, which was observed by us. The most important activities started in 2018 were: „Hiadel, reconstruction of Hiadel-Lučatín-Lubietová water main“, „Banská Bystrica, Bakoss-ova street - reconstruction of public sewerage“, „Lehota pod Vtáčnikom, public water supply - reconstruction of AZC piping“, and Rimavská Sobota Wastewater Treatment Plant, handling of harmful substances, determination of measures“. In 2018, a significant construction of the “Janova Lehota - supply pipeline from DVZ” was contracted.

On the whole, our company realized revenues of € 769.1 thousand in the field of realization of investments for other investors in 2018, which represents a 197.7 % achievement of the defined income plan for the year. The actual trend of increasing the outsourcing of individual works to external companies continued in the actual construction work realized.



7customers

By continually improving customer service, our approach to customers and introducing new technologies and expanding services, we confirm that our priority is always the customer and customer satisfaction. By identifying needs, opinions, wishes we want to be a good partner for the customer.

structure of the customers

	January	February	March	April	May	June
The number of customers	115,698	115,676	115,691	115,766	115,895	115,985
Of which are households - individual customers	105,300	105,275	105,294	105,360	105,472	105,550
Of which are households - high-rise flats and housing association flats	2,222	2,222	2,221	2,221	2,220	2,222
Others	8,176	8,179	8,176	8,185	8,203	8,213

July	August	September	October	November	December	Average	Sum of averages
116,054	116,150	116,217	116,333	116,404	116,427	116,025	116,025
105,615	105,702	105,760	105,867	105,929	105,986	105,593	91.01 %
2,222	2,222	2,221	2,219	2,223	2,224	2,222	1.91 %
8,217	8,226	8,236	8,247	8,252	8,217	8,211	7.08 %

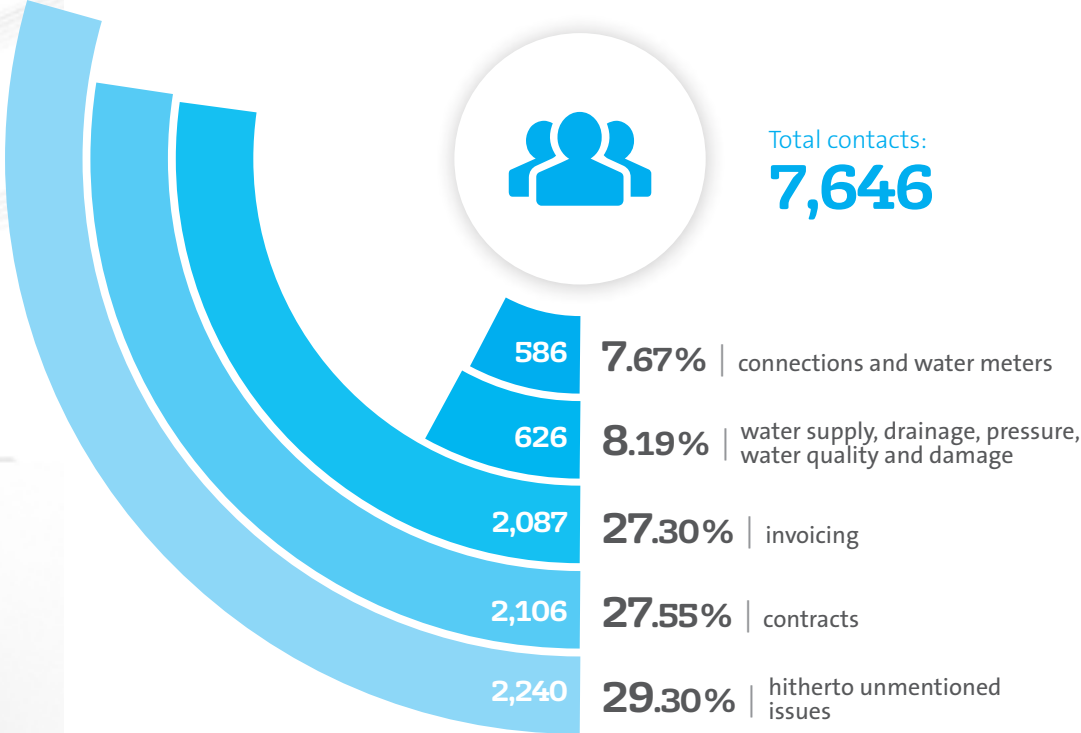


customer services

2018 witnessed the entry into force of European Parliament and Council Regulation 2016/679 on the protection of individuals with regard to the processing of personal data and on the free movement of such data. Implementation of this regulation meant a new, broader view of the protection of personal data of individuals in the supply of water and wastewater. Accordingly, new General Business Terms and Conditions have been issued, which have a separate appendix entitled „Operator’s information obligation to customers“. This appendix is also available at all customer centres and at www.stvps.sk. In this regard, several measures were taken in the use of personal data of individuals in the customer information system and the relevant forms were also updated.

In the sense of the company’s intention to use remote deductions for obtaining water meter statuses mainly at decisive and inaccessible offtake points, pilot projects started in the previous year. As other companies offering new technologies have joined the project in the course of the year, it has been decided to continue with these companies. The intention is to verify all available remote reading technologies, transmission network availability, reliability and specifications of the connected devices. Last year, a new Financial Information System was implemented in Stredoslovenská vodárenská prevádzková spoločnosť, a.s. and it has been necessary to make several changes in the application of services to customers when ordering them. These changes were introduced gradually throughout the year.

Data about average monthly contacts in the matter of:



Average number of calls carried out per month in the Call Centre:



approach to the customer, communication, customer service

Stredoslovenská vodárenská prevádzková spoločnosť, a.s. has a network of customer centres providing services related to the supply of drinking water and wastewater disposal. Working hours of the 8 customer centres are tailored to the needs of customers and their core business is the conclusion of business contracts and their amendments, changes in the payment of advances and invoices, receipt and handling of business complaints, receipt of cash payments and information on other services provided.

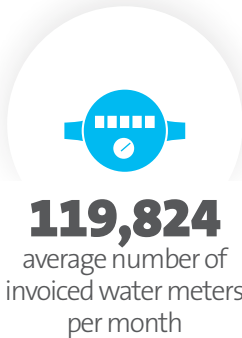
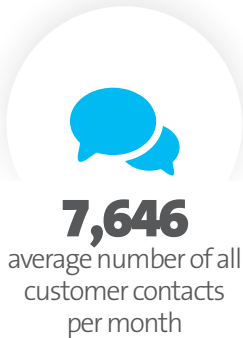
The customer line provides telephone contact with customers on 0850 111 234 Monday to Friday from 7:30 am. to 15:30 pm. Customers are generally provided with information of a general and commercial nature and the line also serves as a dispatching centre for reporting failures 24 hours a day. On the telephone line of the customer line, customers can get information about water and sewage prices, about water

supply points, about contracts and invoices, about the solution of filed complaints and about reported failures. They can report the status of the meter over the phone, request a change in the amount of the advance payments and request a description of the invoice. An online customer account is available to our customers. The customer can monitor free of charge their subscription information from the comfort of their home. Easy access to the website, a customer line or a personal visit is enough to establish access.

All information for customers is also published on the website www.stvps.sk.

We also regularly communicate with customers through our customer magazine Water for You, which we publish twice a year in both electronic and printed versions. For the general public, there are presentation events on the occasion of the World Water Day, where, not only our

customers, they have the opportunity to learn about water quality and prices, services provided and new projects. As part of the World Water Day events, we carry out free analysis of drinking water for nitrates for those drinking water from wells. For schools and the public, we prepare excursions to wastewater treatment plants.



WATER AND SEWERAGE	NO. OF CUSTOMERS		SHARE OF VOLUME OF SALES	
	As of 31. 12. 2018	%	Invoiced (€)	%
TOTAL NO. OF CUSTOMERS	116,427	100 %	56,700,811	100.00%
Of which are households - INDIVIDUAL CUSTOMERS	105,986	91.03 %		
Of which are households - HOUSING ASSOCIATIONS	2,224	1.91 %		
TOTAL HOUSEHOLDS	108,210	92.94 %	35,083,786	61.88%
OTHERS	8,217	7.06 %	21,617,025	38.12%



12 largest customers in 2018



Invoicing for Water and Sewerage (EUR incl. VAT) > 12 largest customers of StVPS, a.s., in 2018

Customer	Identification No.					Period								Total	
		1/2018	2/2018	3/2018	4/2018	5/2018	6/2018	7/2018	8/2018	9/2018	10/2018	11/2018	12/2018	1 – 6	1 – 12
1 Housing Association, Banská Bystrica	00170071	3,369.95	0.00	580,643.58	3,886.15	2,815.15	565,134.76	5,641.30	-626.52	551,113.34	8,437.26	17,780.31	510,680.21	1,155,849.59	2,248,875.49
2 Housing owners according to the delivery point rep. by HA in Zvolen	00222054	8,867.76	11,698.07	405,809.12	8,209.66	9,024.46	404,503.80	9,430.53	7,385.52	394,206.34	8,091.89	9,280.82	370,713.74	848,112.87	1,647,221.71
3 District Housing Association, Prievidza	00173801	923.23	119.07	365,880.88	0.00	2,127.52	366,664.79	733.65	51.03	346,276.73	12,288.93	3,152.74	325,881.86	735,715.49	1,424,100.43
4 District Housing Association, Rimavská Sobota	00173916	0.00	0.00	272,699.28	15,963.21	0.00	275,208.76	2,782.72	4,116.42	271,910.24	0.00	0.00	239,942.82	563,871.25	1,082,623.45
5 Housing Association, Lučenec	00171816	2,581.20	3,306.20	222,360.84	5,653.89	3,251.48	212,806.75	2,494.69	3,154.33	213,031.73	2,592.73	5,073.10	199,987.41	449,960.36	876,294.35
6 Housing Association, Žiar nad Hronom	00176192	22,427.57	19,693.81	160,550.93	18,804.96	21,611.59	153,412.84	21,055.16	19,746.97	162,592.35	17,694.33	21,190.53	144,618.72	396,501.70	783,399.76
7 SBD Brezno	00170143	0.00	0.00	194,691.39	516.79	1,779.43	186,716.93	0.00	0.00	186,836.24	3,821.32	0.00	190,187.60	383,704.54	764,549.70
8 BYTOS - Housing Authority Prievidza, s. r. o.	36313009	3,133.45	3,425.67	169,005.23	3,149.52	3,719.85	171,367.33	3,324.34	4,621.82	169,495.70	3,623.88	4,236.95	162,241.38	353,801.05	701,345.12
9 F. D. Roosevelt University Hospital, Banská Bystrica	00165549	80,638.59	55,502.99	59,908.48	54,612.73	57,918.33	56,418.67	59,213.91	53,702.68	51,531.09	54,110.92	49,625.97	53,872.86	364,999.79	687,057.22
10 SPOOL, a. s., Lučenec	31586392	59,990.38	47,228.26	54,931.68	52,767.33	57,223.23	57,426.47	52,708.22	55,267.30	53,198.73	47,676.06	54,818.26	46,168.69	329,567.35	639,404.61
11 Municipal Housing Company Handlová s. r. o.	36851442	0.00	0.00	128,760.72	1,386.32	0.00	148,854.48	1,100.01	0.00	140,652.21	2,909.87	54.77	124,364.74	279,001.52	548,083.12
12 Town of Banská Bystrica	00313271	8,914.01	11,066.42	104,553.70	10,470.84	11,235.47	101,926.91	8,995.85	12,069.33	102,315.83	11,402.84	12,404.40	97,691.17	248,167.35	493,046.77



Conscientious behaviour towards the environment is one of the basic principles in our company. We are committed to respecting the legal standards that apply to our business and ensuring compliance with internal regulations. We approach our customers, employees and business partners responsibly.

development of the number of employees

(since 2014)

1,088	2014
1,088	2015
1,092	2016
1,092	2017
1,087	2018

The illustrated development of the number of employees is the result of rationalization and streamlining of business processes.

From the point of view of human resources of Stredoslovenská vodárenská prevádzková spoločnosť, a. s. 2018 was a year of maintaining stable employment, modernisation and increasing care for employees. During 2018, there was a slight decrease in the number of employees. As of 31 December 2018, we employed 1,087 employees.

zamestnanci

ernisation and increasing care for employees. During 2018, there was a slight decrease in the number of employees. As of 31 December 2018, we employed 1,087 employees.



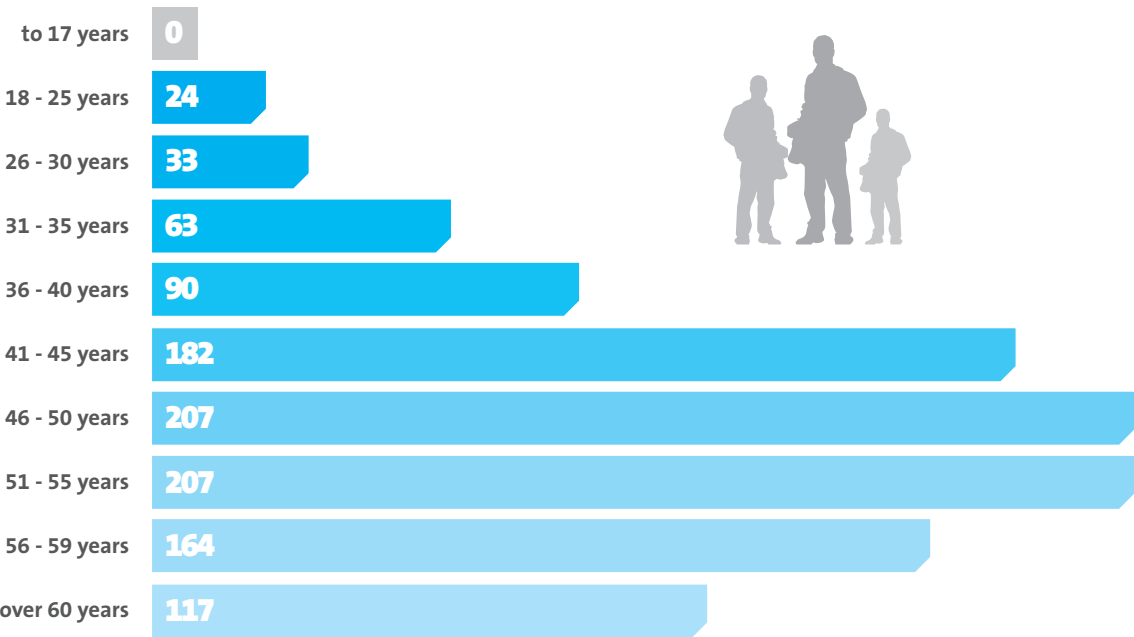
structure of employees

(by category)

WORKERS	682
ADMINISTRATION	326
MANAGEMENT	79

Actual number of employees on 31. 12. 2018: **1,087**

age structure of employees:



internal communication

Mutual awareness and interdependence between management and employees, understanding and collaborating on common goals build trust, improve relationships, and have a major impact on the business. We publish the employee magazine Voda je život together with Podtatranská vodárenská prevádzková spoločnosť, a.s. in which we report on events in both companies and also publish information from Veolia. The source of current information is the corporate intranet. As part of the World Water Day, we organise an event for employees - Breakfast with Water, we prepared the event May's Drop of Blood (mobile blood donor unit). The Employee Grants programme met with success, and we support the implementation of public benefit projects together with the Veolia Slovakia Endowment Fund. The condition is that the employee themselves contributes to the project. The programme has implemented the following projects:

- Football for the children in Balog** - children's international football tournament,
- We are competing with EKOMAŠK** - environmental Olympics for nursery school children,
- Summer of children** - summer camp for children from socially disadvantaged families,
- Returning native fish species to the River Hron** - buying, breeding, releasing native fish,
- Community Meetings Under the Roof** - community centre reconstruction,
- Let us laugh at children for health** - a charity tournament for the support of children with oncological illnesses,
- Run Gabika for Health** - a race to raise funds for disabled young people
- Restoration of Šťavice** - revitalization of relaxation zone.

social dialogue

As part of our cooperation with our social partner, as in previous years, social reconciliation was found in collective bargaining, resulting in the conclusion of a collective agreement for 2018-2019. The main issues discussed in the social dialogue were:

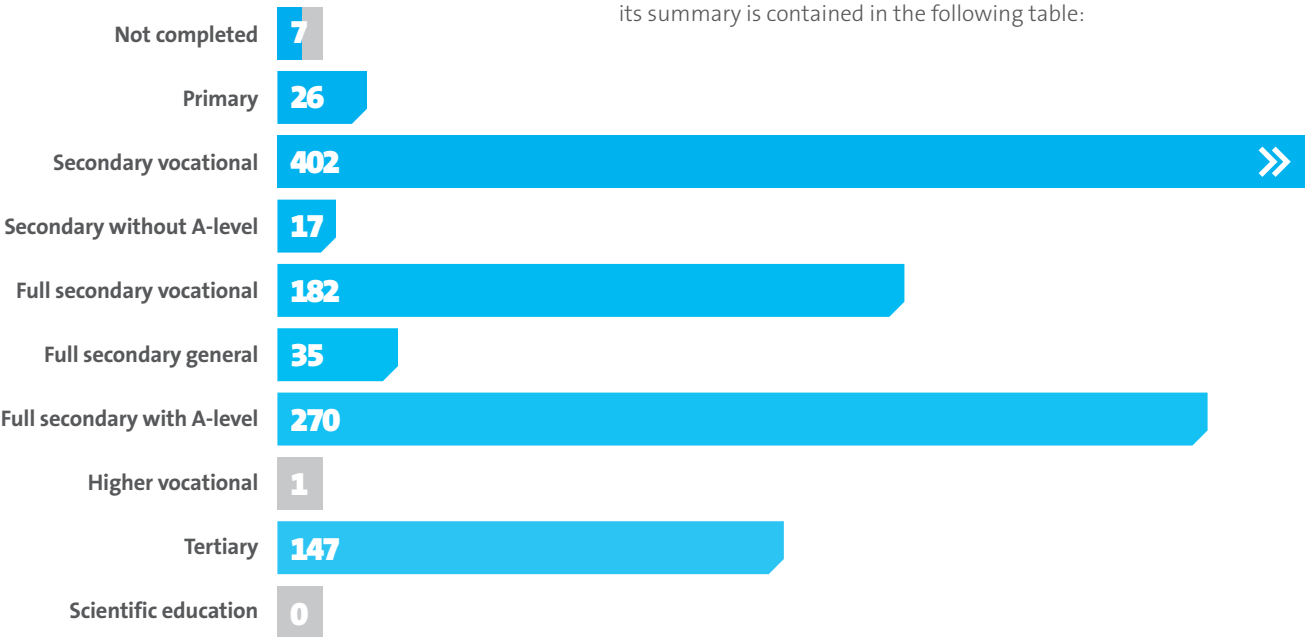
- **wage valorisation,**
- **incorporation of minimum wage tariffs in the sense of Collective Agreement of a higher degree,**
- **incorporation of surcharges in accordance with the amendment to the Labour Code with effect from 1 May 2018,**
- **increasing employee benefit accounts,**
- **payment of an extra € 100 bonus to all company employees.**

Part of the collective agreement is also Annex no. 1 - Rules for drawing from the social fund. The Social Fund is one of the basic sources of social policy applied in the company. The creation of a social fund is set at a maximum legal value of 1.5 % of gross wages, and it is precisely because of this set up of the social fund that the company has social responsibility towards its employees. In 2018, the creation of the social fund amounted to € 157 thousand.



educational structure of employees:

The educational structure of the company resulting from the nature of its production and its summary is contained in the following table:



staff training

In terms of human resources development, we pay great attention to the professional and personal growth of our employees, which we provide through company training. Each job position requires a special approach in selecting educational activities to improve and deepen the knowledge of our employees. We realise that, if we want to achieve our goals, we need

to invest in increasing the skills of our employees and their potential, because only a highly skilled and motivated worker can bring the company success in the future. In addition to training focused on specific job positions, we also try to develop the language skills of our employees, which is why we provide them with English language courses, either in group form or in individual courses.

social fund for 2018

a detailed overview of the creation and methods of drawing on the Social Fund

Budget of the StVPS a.s. Social Fund	Plan for 2018	Drawdown in € as of 31.12.2018
Initial state as of 1. 1. 2018	139,014.19	139,014.19
Social fund creation (1.5%)	154,965.12	157,233.37
Allocation from the Company's Profit	0.00	24,650.68
Creation in total	293,979.31	320,898.24
One-off non-refundable aid	1,660.00	996.00
Contribution for catering	82,000.00	78,064.05
Contribution for blood donors	1,000.00	1,119.00
Contribution for plasma donors	1,000.00	0.00
Programme Benefit Plus	90,000.00	83,151.84
Total expenses	175,660.00	163,330.89
Reserve/presumed balance as of 31. 12. 2018	118,319.31	157,567.35

safety and health care in the workplace

**Stredoslovenská vodárenská
prevádzková spoločnosť, a.s. is one
of the most important companies
in the field of safety and security at
work, according to the evaluation of
external bodies, in which OSH records a
steady increase, where safe behaviour
of employees belongs to the everyday
part of performing demanding water
work activities.**

Our company, through its professional staff and through its contractual partners - the Occupational Health Service, is constantly improving the safety of the working environment, increasing the technical level of work equipment and technical equipment.

A considerable role in the provision of OSH is provided by equipping employees with suitable working and protective means for which considerable financial resources are spent in our company. Due to the regular verification of the suitability and functionality of personal protective equipment, a high standard in this area is achieved in line with modern development trends.

Accidents at work, which is the most important indicator of safe behaviour of employees, have a long-term downward trend. There were four accidents at work with low incapacity for work in 2018. However, it is necessary to mention one fatal work accident that occurred to an employee after an insect bite. After investigating the causes of the fatal accident, the supervisory authority (Labour Inspectorate) stated there was no error or due negligence on the part of

StVPS, a. s. in relation to the death of our employee and the employer is not to blame for the occurrence of an accident at work with such a tragic end.

Education and training of employees is of high importance concerning safety at work and to this effect StVPS, a. s. has a clear and easy-to-implement, and at the same time effective scheme of the staff training process, thus ensuring the high demands placed on the employer in this area.

Fire protection, as part of the safety and health of employees, is already ensured at an excellent level by default and no adverse event was reported in 2018.

Finally, despite the excellent reviews of occupational safety, responsible management and the disciplined approach of each employee to the safety of their colleagues, it is necessary to be cautious and to anticipate dangerous situations, thereby eliminating the various occupational risks of demanding professions in the waterworks industry.



9 ISO

The overall satisfaction of our customers is very important for our joint-stock company, so we are constantly trying to optimise internal processes and thus improve the quality of our services.

The integrated management system is currently an integral part of the management of our company and we use it in all production processes and activities. This system has become a basic progressive element in relation to customers and also a base for continuous improvement.

In 2018, our company successfully passed the recertification audits of the environmental management system STN EN ISO 14001: 2016, the occupational health and safety management system STN OHSAS 18001: 2009, the energy management system STN EN ISO 5001: 2012 and the audit of the quality management system EN ISO 9001: 2016. The audit examined selected articles of the ISO, OHSAS Standards, once again identifying our system's compliance with their requirements. The audits were carried out at the facilities and buildings of the Rimavská Sobota and Lučenec, Veľký Krtíš plants.

By purchasing and using PEFC certified paper, the company demonstrates its commitment to promoting corporate social responsibility. This commitment has been accepted by our company by signing a „Memorandum on the Promotion of Sustainable Forest Management“ and declaring it through its environmental policy. We use the logo of the PEFC Slovakia association to label our printed materials.



10 waste management



The priority of Stredoslovenská vodárenská prevádzková spoločnosť, a.s. is the energy recovery of sewage sludge generated by waste water treatment. In addition to the economic effect, the aim of this activity is to reduce the environmental burden caused by the extraction of fossil fuels and natural gas and to reduce waste production - sludge from municipal wastewater treatment.

In connection with the environmental policy of our company, we have ensured the recovery of waste that was disposed of by landfill in the previous period, the savings have been reused to improve the environment in waste management.

Other activities in the area of waste management focused mainly on the consistent separation of waste and the improvement of the possibilities of their collection in our operations.

39,774 t
TOTAL PRODUCTION
OF WASTE IN 2018

OF WHICH:

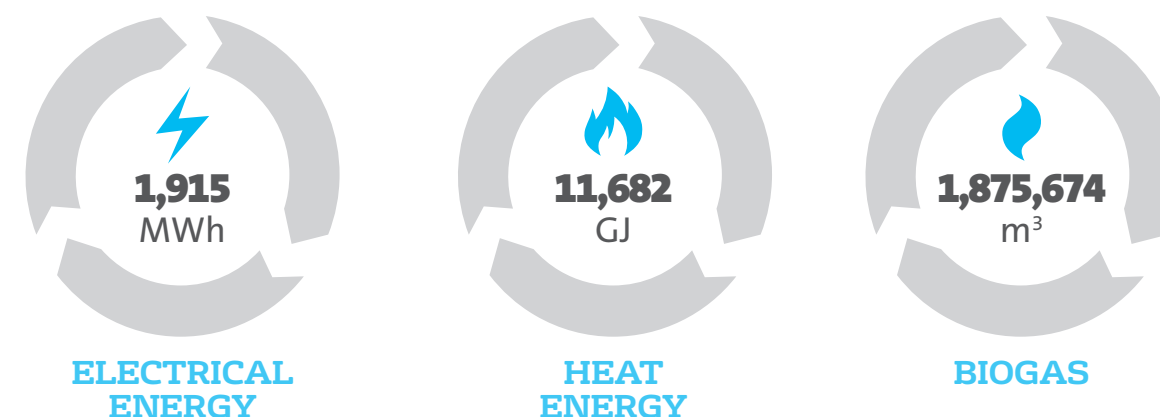
10.22 t
HAZARDOUS WASTE

39,763.78 t
OTHER WASTE

TOTAL **SLUDGE** DISPOSAL: **24,408 t**

- Sludge from waste water treatment: **12,131 t**
- Sludge from water clarification: **678 t**
- Sludge from the treatment of waste water, which, according to the Waste Act, is considered a by-product and is not waste, 11: **11,599 t**

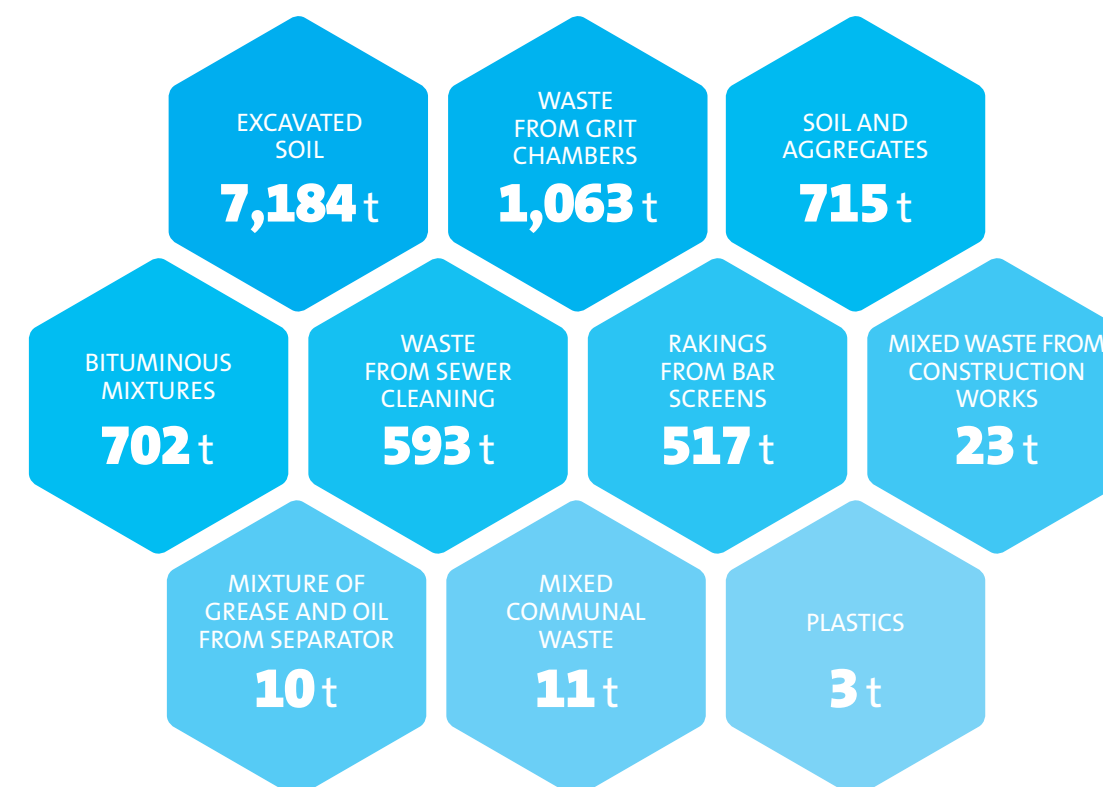
WITHIN THE FRAMEWORK OF THE TECHNOLOGICAL PROCESSING OF BIODEGRADABLE WASTE IN THE WASTE MANAGEMENT SYSTEM, WE SUCCEEDED IN GAINING THE FOLLOWING:



Total costs of disposal of waste and sludge including transport costs incurred in 2018:

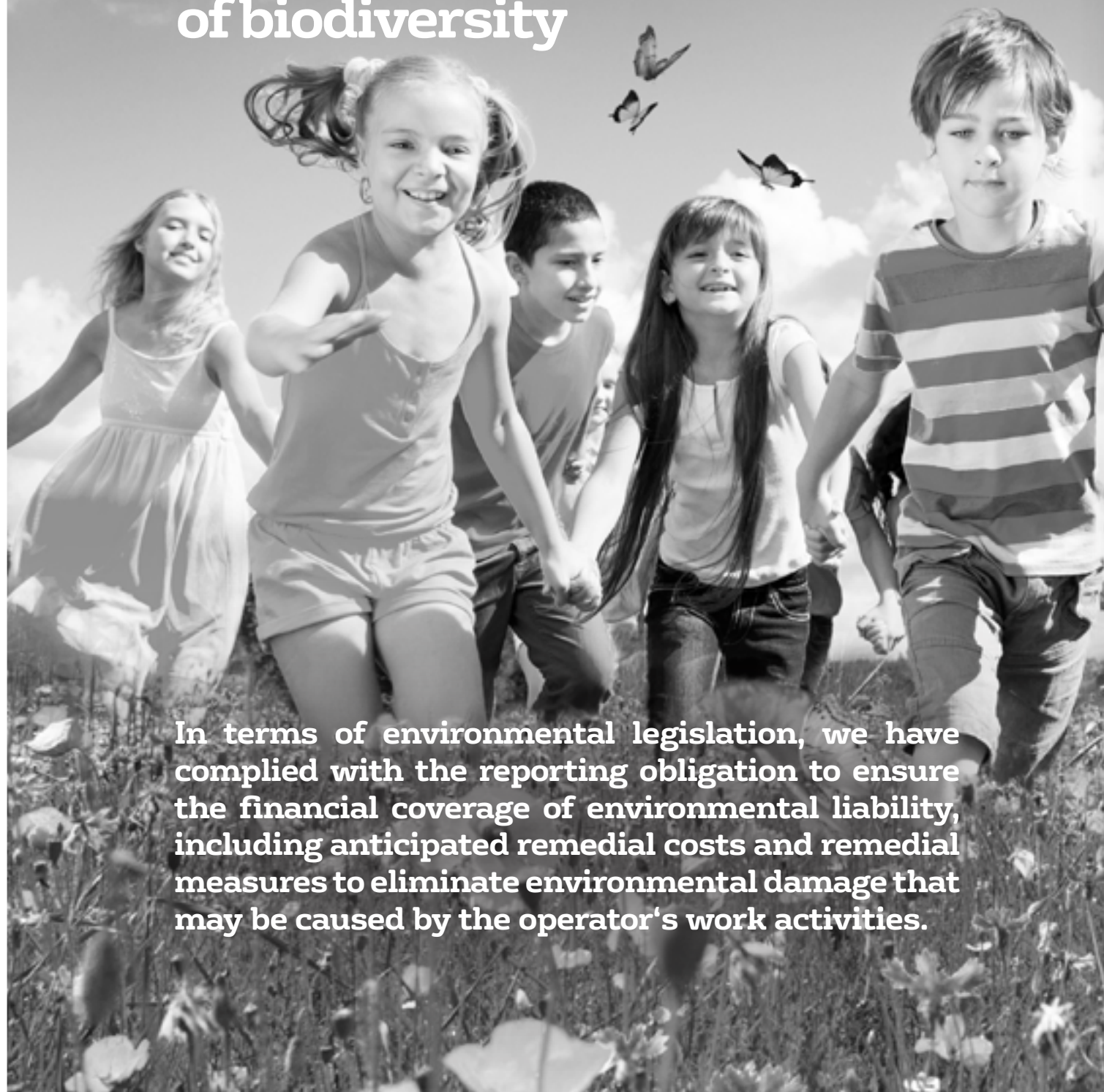
1,115,540 €

Another 10 types of waste from production:



11 environmental responsibility

and protection of biodiversity



In terms of environmental legislation, we have complied with the reporting obligation to ensure the financial coverage of environmental liability, including anticipated remedial costs and remedial measures to eliminate environmental damage that may be caused by the operator's work activities.

Stredoslovenská vodárenská prevádzková spoločnosť, a. s., under the legislation in the field of air protection, fulfill their reporting and fee obligations. We operate 36 medium stationary sources of air pollution and 48 small stationary sources of air pollution, of which:

- 27 small and 16 medium energy sources of air pollution (combustion plants-boilers)
- 21 small and 20 medium technological sources of air pollution / fugitive (WWTP sludge fields)

Projects and events to protect the environment and promote biodiversity

Biodiversity in schools

This is the title of a project dedicated to primary and secondary school pupils across Slovakia. The project aims to raise awareness of the importance of natural diversity, biodiversity. Pupils are practically educated and experiment close to their schools, school yards and school gardens.

Under the guidance of their teachers, the individual teams enhance and adapt the school grounds so that they also enhance the natural diversity and beautify these areas to their liking. With several workshops, teachers will be able to guide their pupils in planting woody

plants in order to turn microclimate or woody plants into „edible gardens“. Pupils will be able to plant and grow raised beds, hedges, healing plants and promote the diversity of insects that occur there. In addition, the teams will be able to build the groundwork that supports outdoor learning in various gazebos or covered shelters.

Pupils and teachers work with gardening and planting experts whereby they gain the methodological and expert support and help in implementing the proposed measures. Each school will receive a financial grant to implement its proposal to modify the school grounds.

Returning native fish species to the River Hron

The Employee Grants programme aimed at supporting projects implemented directly by employees and supported by the Stredoslovenská vodárenská prevádzková spoločnosť, a. s. (StVPS, a. s.) and the Veolia Slovakia Foundation also funded the project „Return of native fish species to the River Hron“.

The project consisted in the purchase and subsequent release of hatching asp and northern pike into the River Hron. The intention was to release these fish in the fishing grounds with a catch a put back mode in operation, where it is assumed that the fish will live

to the point where their natural reproduction will be possible.

Due to the deterioration of the water quality in the River Hron, which in the past was caused by the discharge of polluted waste water from the agglomerations and industry, the environment of the River Hron was gradually devastated. The consequence was the extinction of some fish species that were commonly found in the river in the past. At present, the water quality in the Hron has improved and the conditions for fish and other aquatic life have improved significantly.

Protection and promotion of biodiversity in technical areas

In a key project to protect and promote biodiversity in the WWTP Rakytovce, in 2018, in cooperation with the civic association Ekopolis, we implemented a solution to contain rainwater from an industrial building to a new, artificially created pond so that the amount of water suitably matches the capacity of the water body

from a sustainability and ecological stability point of view. More trees and shrubs were planted in the area, post-planting care was carried out, monitoring of the use of installed birdhouses. At the same time, we implemented educational activities for schools.

Other environmental protection activities and events:

- participation in the international water management exhibition **AQUA 2018**
- realisation of events for **World Water Day** - discussions for schools, information events for the public, free analysis of water from individual sources for nitrates,
- excursions - a total of 7 schools, 168 pupils and students and 13 teachers,
- support for natural bee-keeping in the premises of StVPS, a.s. water reservoirs,
- project „Revitalization of original fish species in the WWTP Brezno premises“ - implementation work (reconstruction of tanks),
- event for schools on the international day of biodiversity in the area of WWTP Rakytovce (excursions, competitions, lectures),
- participation in the conference “Biodiversity in the City” within the framework of the Ekotopfilm Festival with the theme Protection of Biodiversity in Technical Areas,
- cooperation in the preparation of the exhibition Can the Earth withstand our steps (Unesie Zem naše kroky) (Central Slovak Museum),
- financial support and cooperation in the project of reconstruction of the educational trail in Vajskovská dolina (ŠOP SR, NAPANT),
- a new forest was established in Beňuš as part of the Forests for Water (Lesy pre vody) project, where the State Forests with financial contributions from Veolia and StVPS, a.s. planted 23,700 seedlings of selected tree species.

12 innovations

In a global environment where increasingly demanding customer requirements are the driving force, supply and service growth, and thus increased market competition, innovation is a means of coping with constant change. To be able to keep up with the best today, an organisation needs to pay particular attention to the area of innovation.

water preparation

In 2018, the following measures and innovations were implemented in drinking water technologies and water treatment plant (UV):

- In 2018, the trial operation of supplementing the existing technology with direct water hardening technology was continued at the Turček Central Heating Plant in order to minimise the corrosion of water pipes and the formation of secondary iron in the drinking water supplied, the building was approved in November 2018 and put into permanent use.
- The implementation of the „Čierny Balog - pH Adjustment“ project continued, „Slaská WTP, sludge tip“ and „WTP Jasenie, supplementary technology.
- Project preparation for “Čierny Balog, Central Heating Plant - technology addition” started - the construction deals with the addition of UV technology with an ultrafiltration stage and “Turček, Central Heating Plant - water disinfection” - the building solves water disinfection and increases the efficiency of living organism removal by UV radiation.
- For the public water supply system of the municipality of Budin, the technological proposal for the reduction of the secondary iron content in the supplied drinking water was processed and approved by the RPHA based on the remedial measures imposed.
- Documentation was prepared and a proposal was filed for the ownership company to ensure the implementation of the technological preparation and dosing line for activated carbon powder at the Turček Central Heating Plant. The investment will take place in 2019.
- Based on a contract concluded between StVS a.s., StVPS a.s. and RPHA Banská Bystrica on the cooperation in the implementation of the project „Drinking water quality and disinfection of by-products“ testing operations of public water supply Tále, Donovaly, Jarabá and parts of Čierny Balog were completed, where the

use of stabilised chlorine dioxide (preparation Duozone 100 L) for disinfection of drinking water was verified. Based on satisfactory results, this disinfection has been approved for permanent operation in these cases. This method of sanitation of drinking water was also approved in the public water supply Povrazník and Čierny Balog - Urbanov vrch.

- Significant improvements in the quality of drinking water supplied were the result of reconstruction of the transformer station for the Čierny Balog Central Heating Plant and the disinfection of wastewater discharged from the Prievdza and Podkonice WWTPs.

- Cooperation with the Comenius University in Bratislava and RPHA in the realisation of the research project “Improvement of the health status of the Slovak population through the recarbonisation of drinking water” has begun.

- Repairing of stripping towers in Telgárt and Pohorelá reservoirs has been implemented to increase radon removal efficiency and capacity.

- A general overhaul of the chlorine dioxide generator was carried out in the Horné Plachtince water reservoir and sodium hypochlorite dosing at the Stará Huta Central Heating Plant.

Defective samples of drinking water taken from water reservoirs and distribution network in 2018 in microbiological indicators reached 1.62%, in physico-chemical indicators the value was 3.37%. This has led to a decrease in defects compared to the same period last year (1.92% and 3.8%). Defective drinking water samples in the free chlorine indicator at the consumer also reached a lower value of 0.90% (2017 - 0.94%). The reduction of the drinking water supply defects compared to the previous year was achieved mainly by the optimal operation of existing and new water treatment technologies and implemented operational measures in cooperation with the Quality Management Department.

sewage treatment plants

In 2018, the following measures and innovations were implemented in the waste water treatment technology and wastewater treatment plants (WWTP):

- After completion of the test stage of the „Divín - WWTP, addition of relief, mechanical pre-treatment and tertiary stage“, the Divín - WWTP was put into full operation. As part of the construction a new relief step and a new mechanical pre-treatment were built and an intensified biological stage was implemented.
- The Rimavská Sobota WWTP, restoration of the biological stage - turbocharger“ was completed and the construction of „Rimavská Sobota WWTP, handling of harmful materials was carried out.
- Construction of the „WWTP Veľký Krtíš, gas tank and digging tank“ was underway.
- The construction of the „Prievidza WWTP, gas tank and gas tank engine room“ was completed.
- Construction of the „Hriňová Agglomeration - sewerage and WWTP“ construction was underway.
- Construction of the „Valaská Agglomeration - Valaská, Hronec - drainage“ was underway.
- Implementation of the construction „Podbrezová Agglomeration - sewerage and WWTP“ started.
- Implementation of the construction „Oslany Agglomeration, Čereňany - sewerage and WWTP“ started.
- The trial operation of sewage, rainwater and WWTP for the Viglaš industrial park continued. The infrastructure is owned by the municipality of Viglaš. The operating contract was concluded in 12/2016.
- Implementation of the construction „Nitrianske Pravno Agglomeration – sewerage and WWTP“ started.
- Implementation of the construction „Tornaľa Agglomeration - sewerage and WWTP“ started.
- Implementation of the construction „Očová, Zvolenská Slatina Agglomeration – drainage and cleaning of waste water“ started.

pumping stations and reservoirs

The following measures and innovations were implemented in 2018 within the pumping stations (PS) and reservoirs (VDJ):

- Modernisation of the pumping equipment at the Pohorelská Maša, Beňuš, Lom nad Rimavicou, Dolná Lehota, Diviaky nad Nitricou (Banky) and Lehota pod Vtáčnikom pumping stations;
- A regulation valve was installed at the Sliach reservoir.
- Repair of the LV connection to Brezina reservoir.
- Repair and replacement of wiring and switchboards in the Hostice and Lukovišťa reservoirs and in the pumping stations in Petrovce, Lukovišťa, Hostice and Gemerské Dechtáre.
- Repair of building parts of the reservoirs in Šíd, Divín, Lovinobaňa, Hrušov, Prievidza (1st and 2nd pressure zones), Veľká Lehôtka, Pond, Klenovec, Lieskovec, Očová, Zvolen (Lipovec and Neresnica), Tŕnie, Hontianske Moravce, Pliešovce and the pumping stations in Lentvora, Hnúšťa and Ratková.
- Continuation of the comprehensive reconstruction of the building and technological parts of the Badín (Horní) 100 m³ reservoir.
- Continuation of construction of new reservoirs 2 x 250 m³ Banská Bystrica, in the Rakytovce district.
- Continuation of the construction „Brezno, connection to the Podkoreňová reservoir“, which also includes the construction of a new AT station.

sewer network

The company strives to minimise the impact of its activities on individual components of the environment, whether using new technologies or responsible and safe operation of existing facilities.

In 2018, the reconstruction of relief chambers on sewer networks continued to be carried out in order to harmonise the con-

dition of the buildings with the applicable legislation. The refurbishment consists of equipping buildings with a facility for capturing floating substances from lightweight wastewater and with measuring devices to monitor the operation of the relief chambers. These adjustments will lead to a reduction in the burden on the recipients through

wastewater pollution. The reconstruction of the relief chambers in Banská Bystrica was completed. In 2018, the reconstruction of the relief chambers in Nová Baňa began and the reconstruction in Zvolen, Sliach Banská Štiavnica, Krupina and Nováky is being prepared.

information system and APCS

Due to the termination of the license for radio transmissions providing dispatching control of waterworks, the last radio equipment was exchanged on 12 buildings for devices operating in the network of mobile operators last year. At the same time, an-

other 10 new objects were connected to the dispatching control. A satellite data connection has been deployed on two objects due to insufficient GSM signal.

At present, 312 water mains and 109 sewerage facilities are connected to the dispatch-

ing control system; remote access to 18 sewage treatment plants is established in order to monitor the operation of sewage treatment plant technology.



power engineering

The use of renewable energy sources for the production of electricity from biogas by cogeneration units at the WWTP Banská Bystrica, WWTP Zvolen and WWTP Lučenec in the amount of 1,914,626 MW resulted in savings of **€ 195,436** in electricity costs.

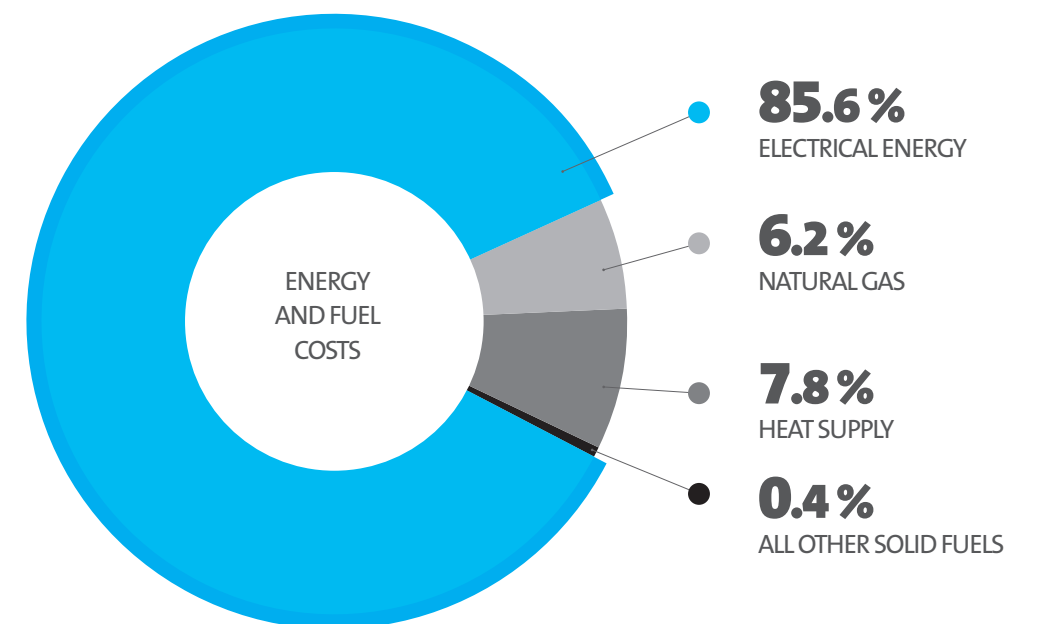
IN ORDER TO IMPROVE ENERGY EFFICIENCY AND REDUCE THE ENERGY INTENSITY OF PROCESSES IN THE PERIOD UNDER REVIEW, THE SPECIFIC TASKS RESULTING FROM THE ADOPTED SHORT- AND LONG-TERM ENERGY OBJECTIVES, CORRECTIVE AND PREVENTIVE MEASURES, MAINLY FOCUSED ON:

- replacement of obsolete pumps with pumps with higher efficiency and smooth regulation,
- optimising the exterior lighting of buildings,
- maximum utilisation of sludge formation gas from sewage treatment plants to generate electricity and heat,
- replacement of boiler units,
- hydraulic regulation and thermostatisation of heat distribution and central heating,
- redressing central compensation of electrical equipment
- regular verification of contractual conditions and selection of products for all offtake points of electricity, natural gas and heat on all objects in the administration of StVPS, a.s.
- reduction of flat fees for the amount of booked capacity MW and current value of circuit breakers before billing measurement.

Great emphasis is put on measures of an organisational nature, consisting in consistent mutual communication of technical department employees, staff performing servicing, repairs and maintenance of individual technological equipment with the power plant in order to reduce energy consumption while ensuring technological requirements. Regular verification of contractual conditions for the supply of energy, selection of suitable products provided by energy suppliers, especially after major changes in the volume of production and changes in energy-intensive technological equipment, where energy consumption and power ratios can change, leads to a reduction in the cost of purchased energy.

In 2018, the company fulfilled its tasks resulting from the regular external and internal energy audits of ISO 50001 focussing on energy media management, definite cost-saving projects were incorporated into the StVS, a.s. repair and investment plans. Reducing the indicated price of power electricity for 2018 to the amount of € 38 / MWh, which represents a reduction in the purchase price of electricity from 2017 by € 6.99 / MWh, which resulted in savings in the cost of supplying electricity in 2018 to the amount of approx. € 212,209,00. Within the company, the consumption of electricity and natural gas was managed in 2018 according to the agreed terms and conditions and commercial contracts based on price quotations.

THE SHARE OF TOTAL ENERGY AND FUEL COSTS:



13 financial statement

In 2018, the company achieved a positive profit after tax of € 799 thousand.

comments on the financial results in 2018

The company achieved a net turnover of € 59.3 mil. which is an increase of 1.7% compared to 2017. The increase in receipts was influenced by higher share of rainwater billing due to new customer contracts. Out of the total turnover, the sales of drinking water amounted to €31.0 mil., sewage and rainwater € 26.0 mil. and other sales and revenues totalled € 2.2 mil. €. The total cost of the company's economic activity in 2018 was € 58.8 million. Compared to the previous period, this is an increase of 2.8%, which is € 1.6 million in financial terms. This increase was mainly due to the increase in personnel and wage costs. In 2018, the most significant cost item was services in the total amount of € 27.0 mil., of which the largest part is the rent of water and sewerage infrastructure in the amount of € 15.1 mil. Other significant cost items included personnel costs of € 19.3 mil., material costs of € 4.0 mil., energy consumption € 3.9 mil. and repair and maintenance costs of € 2.5 mil.

The total assets of the company as at 31 December 2018 was € 22.2 million, of which non-current assets accounted for a residual price of € 5.9 mil. Investments of € 1.8 mil. were directed to the modernisation and renewal of tangible and intangible assets with the aim of increasing operational efficiency and management processes. Current assets worth € 15.8 mil. accounts for 71% of the value of the assets, with short-term receivables of € 11.8 million. Financial cash at the end of the year was € 2.9 mil.

On the liabilities side, the most significant item is short-term liabilities of € 16.6 million, of which trade payables amount to € 5.9 mil. The company draws a medium-term loan of € 4.6 mil. and a short-term loan of € 3.0 mil. from Veolia Environnement Finance, Paris. The company did not draw any loans from bank

entities. The equity of the company reached € 4.1 mil. which in comparison to 2017 is a fall of € 0.4 mil., mainly due to the lower profit achieved in the current accounting period.

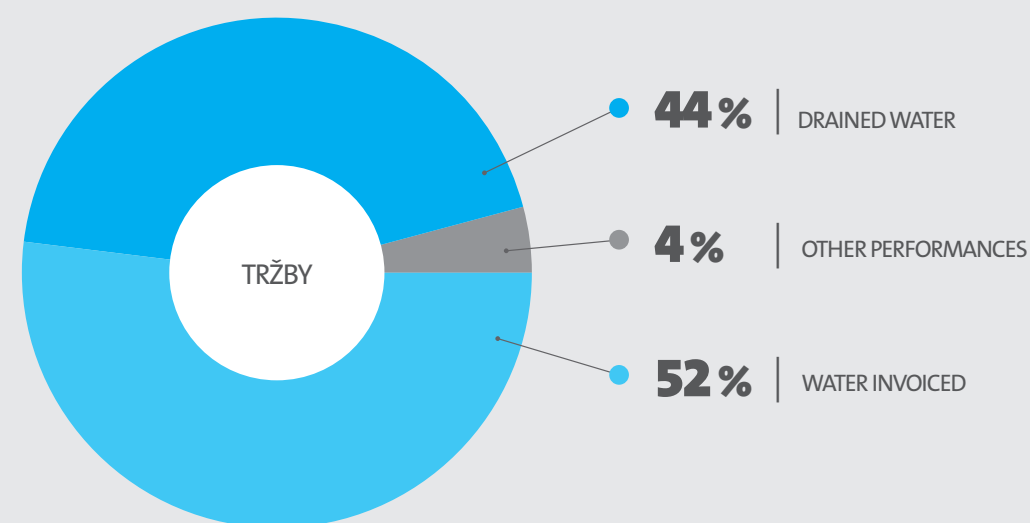
The company's overall financial situation was stable throughout the year and the company fulfilled its obligations, in particular, to employees, state institutions, business partners and other suppliers within the specified deadlines.

In 2018, the company achieved a positive profit after tax of € 799 thousand. This result was achieved by the company at total revenues of € 60.0 mil. and total costs of € 58.9 mil. Current income tax was € 429 thousand whilst deferred tax was - € 96 thousand.

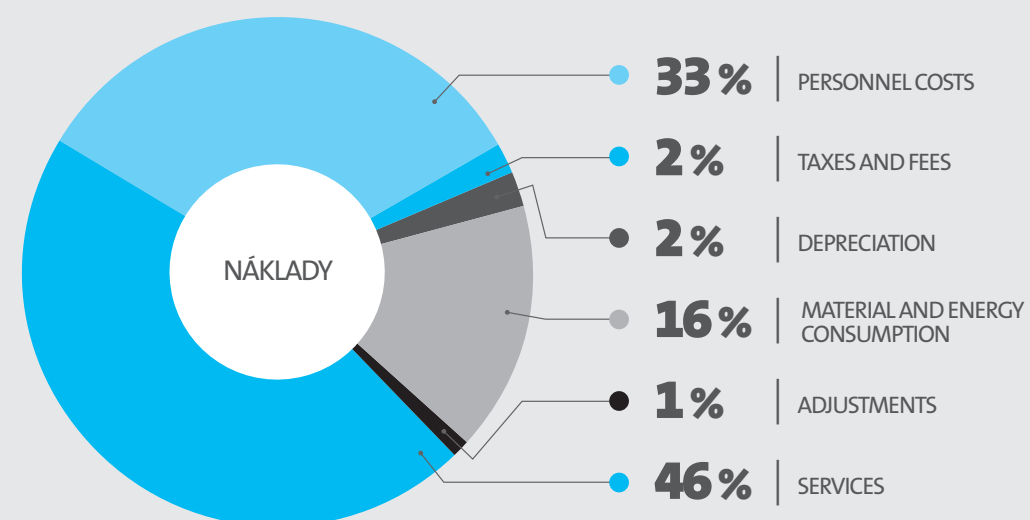
Post-tax economic result decreased by 35.2% compared to 2017 due to the fact that the increase in operating costs was not covered by the increase in revenues from main activities due to the regulation of the price of drinking water supply and sewerage. The General Meeting will decide on the distribution of the economic result for the 2018 accounting period. The statutory body proposes to the General Meeting to reallocate the economic result to the contribution to the social fund of the company in the amount of € 16 thousand and the rest to be re-allocated to retained earnings of previous years.

After 31 December 2018, there were no events that would have a material impact on the fair presentation of the facts that are subject to accounting. In 2018, the company did not carry out research and development activities. During 2018, the company did not acquire its own shares, temporary sheets or shares of the parent accounting entity.

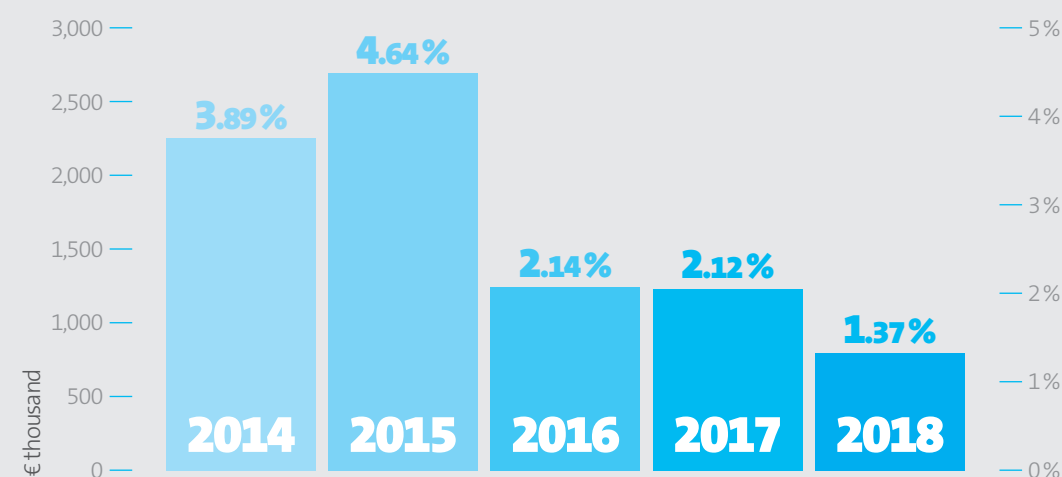
Turnover for 2018



Costs for economic activity

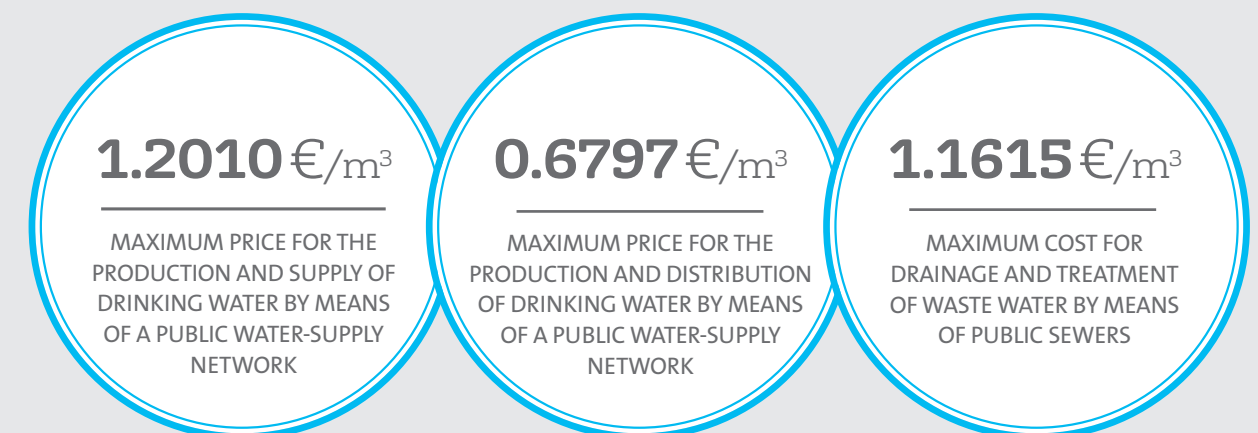


Development of economic results and profit rate



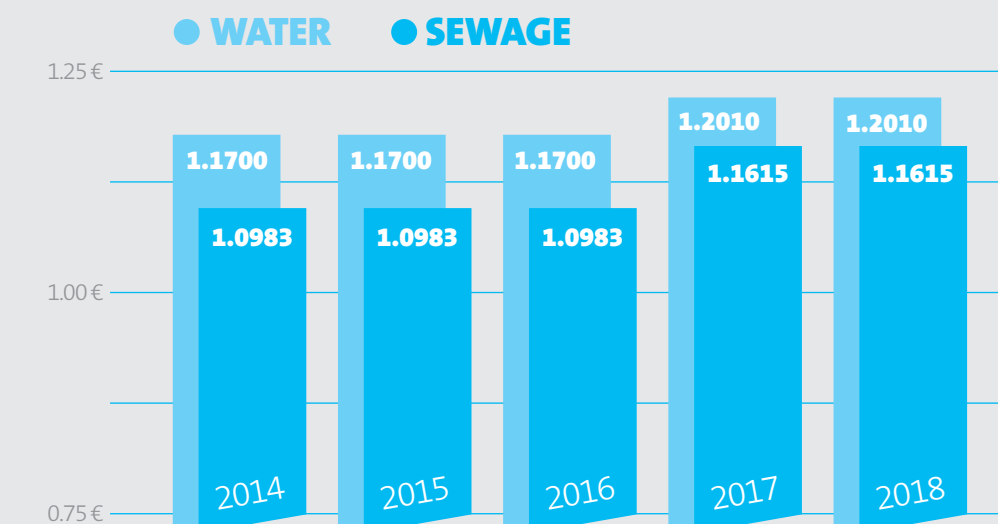
price for drinking water and sewerage for 2018

Throughout 2018, the maximum prices for the production and supply of drinking water by the public water supply system were valid and the waste water was discharged and treated by public sewerage in the following amount excluding VAT:



The prices shown are approved in accordance with Act no. 250/2012 Coll. on Regulation in Network Industries and on Amendments and Supplements to Certain Acts, as amended, and pursuant to Decree of the Regulatory Office for Network Industries No. 21/2017 Coll. of 13 February 2017 by the decision **no.0259/2017/V** dated **June 20, 2017**. The company applied them after the first deduction from 1 July 2017. The decision of the Regulatory Office for Network Industries is available for inspection at the company's registered office or at www.stvps.sk.

Development of water and sewage prices excluding VAT



BALANCE SHEET on 31.12.2018 (in €)

Code	ASSETS	Line Number	Current Accounting Period		Previous Accounting Period
			Gross- section 1	Net 2	Net 3
a	b	c	1		
	TOTAL ASSETS l. 02 + l. 33 + l. 74	01	37,705,466	22,204,232	22,381,675
			15,501,234		
A.	Long-term assets l. 03 + l. 11 + l. 21	02	19,433,394	5,920,472	5,535,058
			13,512,922		
A.I.	Long-term intangible fixed assets total (l. 04 to l. 10)	03	3,153,433	1,141,381	1,023,399
			2,012,052		
2.	Software	05	3,070,453	1,058,401	622,696
			2,012,052		
6.	Procured long-term intangible fixed assets	09	82,980	82,980	400,703
A.II.	Long-term tangible fixed assets total (l. 12 to l. 20)	11	16,245,277	4,744,407	4,482,015
			11,500,870		
2.	Buildings	13	7,050	2,591	3,179
			4,459		
3.	Individual movable assets and sets of movable assets	14	15,965,255	4,468,844	4,475,136
			11,496,411		
6.	Other long-term tangible assets	17	3,700	3,700	3,700
7.	Procured long-term tangible fixed assets	18	269,272	269,272	
A.III.	Non-current financial assets total (l. 22 to l. 29)	21	34,684	34,684	29,644
2	Securities and shares with the exception of affiliated accounting units	23	34,684	34,684	29,644
B.	Short-term assets l. 34 + l. 41 + l. 53 + l. 66 + l. 71	33	17,743,921	15,755,609	16,302,475
			1,988,312		
B.I.	Stocks total (l. 35 + l. 40)	34	484,287	435,507	601,807
			48,780		
B. I.1.	Material	35	483,671	434,891	599,873
			48,780		
6.	Inventory prepayments provided	40	616	616	1,934
B.II.	Long-term receivables total (l. 42 + l. 46 + l. 52)	41	625,061	625,061	528,985
B.II.1.	Trade receivables (l. 43 + l. 45)	42	671	671	819
1.c.	Other trade receivables	45	671	671	819
8.	Deferred tax receivables	52	624,390	624,390	528,166
B.III.	Short-term receivables total (l. 54 + l. 58 + l. 65)	53	13,779,769	11,840,237	12,385,226
			1,939,532		
B.III.1.	Trade receivables total (l. 55 to l.57)	54	13,517,175	11,596,843	12,351,468
			1,920,332		
1.a.	Trade receivables from affiliated accounting units	55	113,011	113,011	202,337
1.c.	Other trade receivables	57	13,404,164	11,483,832	12,149,131
			1,920,332		
2.	Net contract value	58	515	515	1,576
3.	Other receivables from affiliated accounting units	59	2,000	2,000	
7.	Tax receivables and subsidies	63	199,308	199,308	
9.	Other receivables	65	60,771	41,571	32,182
			19,200		
B.V.	Total financial accounts (l. 72 to l. 73)	71	2,854,804	2,854,804	2,786,457
B.V.1.	Cash	72	19,577	19,577	16,993
2.	Bank accounts	73	2,835,227	2,835,227	2,769,464
C.	Total accruals and deferrals (l. 75 to l. 78)	74	528,151	528,151	544,142
C.1.	Expenses for future periods, long-term	75	394,967	394,967	401,966
2.	Expenses for future periods, short-term	76	133,150	133,150	142,176
4.	Short-term accrued income	78	34	34	

Code	PASSIVES	Line Number	Current Accounting Period	Previous Accounting Period
			4	5
a	b	c		
	TOTAL EQUITY AND LIABILITIES l. 80 + l. 101 + l. 141	79	22,204,232	22,381,675
A.	Equity l.81+l.85+l.86+l.87+l.90+l.93+l.97+l.100	80	4,120,733	4,549,706
A.I.	Basic capital total (l.82 to l.84)	81	34,000	34,000
A.I.1.	Registered basic capital	82	34,000	34,000
A.III.	Other capital funds	86	4,444,123	4,444,123
A.IV.	Legal reserve funds (l.88+l.89)	87	10,120	10,120
A.IV.1.	Legal reserve fund and indivisible fund	88	10,120	10,120
A.VI.	Valuation differences from the revaluation sum (l.94 to 96)	93	- 1,166,060	- 1,171,100
A.VI.1.	Valuation differences from revaluation of assets and liabilities	94	- 1,166,060	- 1,171,100
A.VIII.	Profit / loss for the period after tax (+/-) l.01 – (l.81+l.85+l.86+l.87+l.90+l.93+97+101+141)	100	798,550	1,232,563
B.	Liabilities l. 102+118+121+122+136+139+140	101	18,076,728	17,824,511
B.I.	Long-term liabilities total (l. 103+107 to 117)	102	169,256	4,750,703
B.I.1.	Long-term trade liabilities (l. 104 to l. 106)	103	11,689	11,689
1.c.	Other trade liabilities	106	11,689	11,689
3.	Other liabilities to affiliated accounting units	108		4,600,000
9.	Liabilities from the Social Fund	114	157,567	139,014
B.II.	Long-term reserves (l. 119 + l. 120)	118	335,944	
2.	Other reserves	120	335,944	
B.IV.	Short-term liabilities total (l.123+127 to 135)	122	16,567,367	12,099,545
B.IV.1	Trade liabilities total (l. 124 to 126)	123	5,942,510	6,059,361
1.a.	Trade liabilities to affiliated accounting units	124	234,639	375,779
1.b.	Trade liabilities with the exception of liabilities to affiliated accounting units	125		9,691
1.c.	Other trade liabilities	126	5,707,871	5,673,891
3.	Other liabilities to affiliated accounting units	128	7,601,680	2,755,971
6.	Liabilities to employees	131	956,089	836,596
7.	Social insurance liabilities	132	645,351	578,057
8.	Tax liabilities and subsidies	133	1,391,390	1,663,489
10.	Other liabilities	135	30,347	206,071
B.V.	Short-term reserves (l.137+138)	136	1,004,161	974,263
B.V.1.	Legal reserves	137	79,899	50,614
2.	Other reserves	138	924,262	923,649
C.	Total accruals and deferrals (l. 142 to l. 145)	141	6,771	7,458
2.	Short-term deferred expenditures	143	6,702	7,389
4.	Short-term deferred revenues	145	69	69

Profit and Loss Statementas of 31. 12. 2018 (in€)

Code	Item	Line Number	Real status	
			Current Accounting Period	Previous Accounting Period
a	b	c	1	2
*	Net turnover (part of acct. 6 in accordance with the law)	01	59,227,991	58,239,007
**	Total revenue from economic activities (l. 03-09)	02	60,043,306	58,875,598
III.	Revenue from sales of services	05	59,227,991	58,239,007
V.	Activation	07	11,610	18,391
VI.	Sales of fixed intangible assets tangible fixed assets and materials	08	22,848	18,553
VII.	Other revenues from economic activity	09	780,857	599,647
**	Operating costs in total (l. 11+12+13+14+15+20+21+24+25+26)	10	58,761,667	57,136,779
B.	Consumed material, energy and other non-inventory items	12	9,395,003	9,709,364
C.	Adjustments to inventories	13	- 1,685	3,533
D.	Services	14	27,032,706	27,064,325
E.	Personal costs	15	19,260,738	17,452,939
E.1.	Wages and salaries	16	13,165,199	12,098,044
2.	Remuneration to members of corporate bodies and cooperatives	17	106,553	106,885
3.	Social insurance costs	18	4,660,887	4,399,966
4.	Social costs	19	1,328,099	848,044
F.	Taxes and charges	20	1,259,558	1,183,561
G.	Write-offs and provisions for intangible fixed assets and tangible fixed assets (l.22+23)	21	1,379,201	1,336,114
G.1.	Depreciation of intangible and non-current tangible fixed assets	22	1,379,201	1,336,114
H.	Net book value of fixed assets and inventory sold	24	2,241	4,865
I.	Adjustments to receivables	25	222,928	82,132
J.	Other operating costs	26	210,977	299,946
***	Economic outturn (l. 02 to l. 10)	27	1,281,639	1,738,819
*	Added value (l.03+04+05+06+07) – (l.11+12+13+14)	28	22,813,577	21,480,176
**	Revenues from financial activity in total (l.30+31+35+39+42+43+44)	29	457	271
XI.	Interest on income (l. 40 + l. 41)	39	34	5
XI.1.	Interest on income from affiliated entities	40	34	
2.	Other interest income	41		5
XII.	Exchange rate gains	42	423	266
**	Financial activity costs in total (l.46+47+48+49+52+53+54)	45	150,372	138,264
N.	Interest on costs (l.50+51)	49	80,719	106,641
N.1.	Interest on costs for affiliated accounting entities	50	80,719	106,641
O.	Exchange rate losses	52	7,571	9,164
Q.	Other costs of financial activity	54	62,082	22,459
***	Profit / loss from financial activity (l. 29 to l. 45)	55	- 149,915	- 137,993
****	Profit / loss for the accounting period before tax (+/-) (l. 27 + l. 55)	56	1,131,724	1,600,826
R.	Income tax (l. 58 + l. 55)	57	333,174	368,263
R.1.	Income tax payable	58	429,398	624,662
2.	Income tax deferred	59	- 96,224	- 256,399
****	Profit / loss for the accounting period after tax (+/-) (l. 56 - l. 57 - l. 60)	61	798,550	1,232,563

Cashflow Statementas of 31. 12. 2018 (in€)

	2018 (EUR)	2017 (EUR)
CASH FLOW FROM OPERATING ACTIVITIES		
Cash flow from operating activities	4,353,231	3,216,808
Interest paid	- 80,719	- 106,641
Interest received	34	5
Income tax paid	- 1,206,590	1,467,439
Dividends paid	- 1,207,912	- 1,151,741
Cash flows before items of exceptional extent or occurrence	1,858,044	3,425,870
Income from items of exceptional extent or occurrence	0	0
Net cash flow from operating activities	1,858,044	3,425,870
CASH FLOW FROM INVESTMENT ACTIVITIES		
Purchase of fixed assets	- 1,798,164	- 1,885,778
Revenue from sale of fixed assets	20,158	17,299
Net cash flow from investment activities	- 1,778,006	- 1,868,479
CASH FLOW FROM FINANCIAL ACTIVITIES		
Revenue from loans - group	0	0
Repayments of received loans	0	0
Long-term liabilities	- 11,689	- 11,688
Net cash flow from financial activities	- 11,689	- 11,688
(Decrease) increase of cash and cash equivalents	68,349	1,545,703
Cash and cash equivalents at the beginning of the accounting year	2,786,457	1,240,754
Cash and cash equivalents at the close of the accounting year	2,854,806	2,786,457
NET PROFIT (before deduction of interest, tax items and items of exceptional extent or occurrence)	1,212,409	1,707,462
Adjustments of non-cash operations:		
Depreciation of long-term tangible and intangible assets	1,379,202	1,336,114
Rectified item to receivables	222,928	57,176
Rectified item to inventories	- 1,685	3,533
Reserves	365,842	- 408,318
Other non-cash operations	- 20,607	- 13,489
Operating profit before change in working capital	3,158,089	2,682,478
Change in working capital:		
Decrease (increase) in trade receivables and other receivables (including accruals and deferrals of assets)	276,354	- 1,656,628
Decrease (increase) of inventories	167,986	- 36,337
(Decrease) increase of liabilities (including accruals and deferrals of passives)	750,802	2,227,295
Cash flow from current operations	4,353,231	3,216,808

Cash

Cash is understood as cash, cash equivalents, current account funds in banks or branches of foreign banks, an overdraft account, and part of the balance of the money which is used to bridge the time gap between transfers between the current account and petty cash or between two bank accounts.

Cash equivalents

Cash equivalents means short-term financial assets that are exchangeable for a pre-determined amount of cash that is not subject to a significant change in value over the next three months from the date on which the financial statements are prepared, for example, term deposits in bank accounts that are deposited on a three-month notice period, liquid securities for trading, preference shares purchased by an entity that are due within three months of the date of preparation of the financial statements.

independent auditor's report



KPMG Slovensko spol. s r. o.
Dvořákova nábrežie 10
P.O. Box 7
820 04 Bratislava 24
Slovakia

Telephone +421 (0)2 59 98 41 11
Fax +421 (0)2 59 98 42 22
Internet www.kpmg.sk

Independent auditor's report

To the Shareholders, Supervisory Board and Board of Directors
of Stredoslovenská vodárenská prevádzková spoločnosť, a.s.:

Report from the Audit of Financial Statement

Conditional Opinion

We have conducted an audit of the enclosed financial statement of Stredoslovenská vodárenská prevádzková spoločnosť, a.s. (hereinafter "Company") which contains the balance sheet as of 31st December 2018, the profit and loss statement for the year ending on that date and comments that include a summary of significant accounting policies and accounting methods.

In our opinion, in addition to the impact of the statement described in the paragraph Basis for Conditional Opinion, the accompanying financial statements give a true and fair view of the Company's financial position as of 31st December 2018 and the result of its management for the year ending on that date, in accordance with Law No.431/2002 Coll. on Accounting as amended ("Accounting Act").

Basis for Conditional Opinion

As stated in the comments to the financial statements, the Company depreciated a one-time goodwill to the sum of Eur 24,661,000 in the costs for 2010. In our opinion, this procedure is not in compliance with the Slovak Accounting Act which determines that goodwill is amortized over the estimated useful life of the corresponding consumption of future economic benefits from the asset. The estimated duration of economic benefits is twenty-six years based on the duration of the lease and service contract of the water and sewerage infrastructure, from the valuation which was created the goodwill of the Company. Using this lifetime, the annual depreciation amount would amount to Eur 948.5 thousand. Taking into account the necessary adjustments, the value of long-term intangible assets and equity capital of the Company increased by Eur 17,073 thousand as of 31st December 2018. EUR and the profit would be reduced by an annual depreciation of Eur 948.5 thousand.

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibility under these standards is set out in the Auditor's Responsibility for the Audit of Financial Statements. We are independent of the Company under the provisions of Act No. 423/2015 Z. z. on Statutory Audit and on Amendments to Act No. 431/2002 Coll. ("Statutory Audit Act") relating to ethics, including the Auditor's Code of Ethics, relevant to our audit of the financial statements, and we have complied with the other requirements of these ethical provisions. We are convinced that the audit evidence we have obtained provides a sufficient and appropriate basis for our conditional opinion.

The responsibility of the statutory body and those persons charged with the governance and management for the financial statements

The statutory body is responsible for preparing these financial statements in order to provide a true and faithful view in accordance with the Act on Accounting and the internal controls it deems necessary for the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

KPMG Slovensko spol. s r. o., a Slovak limited liability company
and a member firm of the KPMG network of independent
member firms affiliated with KPMG International Cooperative
("KPMG International"), a Swiss entity.

Obchodný register Okresného súdu
Bratislava I, oddiel Sro, vložka č. 4864/9
Commercial register of District court
Bratislava I, section Sro, file No. 4864/9

IČO/Registration number: 31 349 238
Evidenčné číslo licenciára audítora SR
Licence number of statutory auditor SR



In preparing the financial statements, the statutory body is responsible for assessing the Company's ability for uninterrupted continuity of its business activities, for describing the facts relating to the uninterrupted continuity of its business activities, if necessary, and by using the assumption of uninterrupted continuity of its business activities in the accounting, unless the Company intends to discontinue or terminate its activity, or would have no other realistic option than to do so.

Those charged with governance and management are responsible for overseeing the Company's financial reporting process.

Auditor's responsibility for the audit of the financial statements

Our responsibility is to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and issue the auditor's report, including the opinion. Reasonable assurance is a high degree of assurance, but it is not a guarantee that an audit performed in accordance with international auditing standards will always reveal significant misstatements if they exist. Misstatements may arise as a result of fraud or error and are considered significant if they could reasonably be expected that individually or in total could affect the economic decisions of users made on the basis of these financial statements.

As part of the audit conducted according to international auditing standards, we use expert judgment throughout the audit and maintain professional scepticism. In addition to which:

- We identify and assess the risks of material misstatement of financial statements whether due to fraud or error, we propose and perform audit procedures that respond to those risks and we obtain audit evidence that is sufficient and appropriate to provide the basis for our opinion. The risk of not revealing a material misstatement due to fraud is greater than this risk due to an error because fraud may involve a secret agreement, forgery, deliberate omission, false declaration, or misuse of internal control.
- We acquaint ourselves with internal controls relevant to the audit so that we can propose audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the Company's internal controls.
- We evaluate the appropriateness of the accounting policies and accounting methods used and the adequacy of the accounting estimates and the disclosure of related information as carried out by the statutory body.
- We conclude whether the statutory body appropriately uses in its accounting the assumption of uninterrupted continuity of its business activities and, based on the audit evidence obtained, concludes that whether there is significant uncertainty about events or circumstances that could significantly undermine the Company's ability to continue uninterrupted in its business activities. If we conclude that there is significant uncertainty, we are required to indicate in our auditor's report the related information contained in the financial statements or, if that information is inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained by the date of issue of our Auditor's Report. However, future events or circumstances may cause the Company to cease uninterrupted continuity in its business activities.
- We evaluate the overall presentation, structure and content of the financial statements, including the information contained therein as well as whether the financial statements capture the transactions and events in a manner that leads to their faithful presentation.

We communicate with those personnel charged with the governance and management, inter alia, about the planned scope and timing of the audit, and the significant audit findings, including all significant internal control deficiencies that we may find during our audit.



Report on further requirements of laws and other legislation

Report on the information to be included in the annual report

The statutory body is responsible for the information contained in the Annual Report, compiled according to the requirements of the Accounting Act. Our aforementioned opinion on the financial statements does not apply to other information in the Annual Report.

In relation to the auditing of financial statements, it is our responsibility to be aware of the information contained in the Annual Report and to assess whether such other information is not inconsistent with the audited financial statements or our knowledge that we obtained during the audit of the financial statements or otherwise appear to be significantly wrong.

We did not have the Annual Report available at the date of issue of the auditor's report on the audit of the financial statements.

When we receive the Annual Report, we will assess whether the Company's Annual Report contains information required by the Accounting Act and, based on the work conducted during the audit of the financial statements, we express the view that:

- the information provided in the Annual Report compiled for the year 2018 is consistent with the financial statements for the year,
- the Annual Report contains information in accordance with the Act on Accounting.

In addition, we report whether we have identified material misstatements in the Annual Report on the basis of our knowledge of the Company and the situation we have acquired in our audit of the financial statements.

21st March 2019
Bratislava, Slovak Republic

Auditing company:
KPMG Slovensko spol. s r. o.
Licence SKAU no. 96



Executive auditor
accountable for the audit:
Ing. Marek Žuffa
Licence UDVA no.1086



report of the supervisory board 2018

REPORT OF THE SUPERVISORY BOARD OF StVPS, a.s.

At its meeting, the Supervisory Board examined the regular financial statements pursuant to Section 198 of the Commercial Code and Art. XII. para. 4 of the Company's Articles of Incorporation and reviewed the company's draft annual report for the year 2018.

After reviewing the financial statements for 2018 and the independent auditor's report conducted by KPMG Slovensko spol. s r.o., the Supervisory Board states that the Company keeps their accounts in accordance with the Accounting Act and internal regulations. It also takes into account the conditional opinion of the auditor regarding the one-off write-down of goodwill at the discretion of the sole shareholder and declares that no deficiencies have been identified that would impede the approval of the company's financial statement and annual report for 2018. The company posted a post-tax profit of EUR 799,000 for the year 2018.

The Supervisory Board further discussed the Board of Directors' proposal for profit sharing. It does not have any comments on these documents and recommends the General Meeting to approve the financial statements, annual report and distribution of profits.

In Banská Bystrica, June 2019



Tomáš Paclík
chairman of supervisory board



Stredoslovenská vodárenská prevádzková spoločnosť, a. s.
Partizánska cesta 5, 974 01 Banská Bystrica
Tel.: 048/ 4327 111 | e-mail: info@stvps.sk | www.stvps.sk

Call centre
0850 111 234
e-mail: cc@stvps.sk | fax: +421 48 4327 888

CUSTOMER CENTRES

Banská Bystrica

Partizánska 73, 974 01 BB

Prievidza

V. Clementisa 52, 971 55 PD

Lučenec

Komenského 4, 984 53 LC

Rimavská Sobota

Duklianskych hrdinov 42, 979 01 RS

Veľký Krtíš

Banícka 39, 990 01 VK

Brezno

Sekurisova 4, 977 01 BR

Žiar nad Hronom

SNP 125, 965 01 ZH

Zvolen

Ľ. Štúra 2208/15, 960 01 ZV

PRINTED ON RECYCLED PAPER



Issued by: StVPS, a. s. (Banská Bystrica 2019)