

# Annual report

## 2014



# Content

Foreword	3
Mission, vision	4
Company profile	5
Details of the share capital	7
Property participation	7
Bank loans and bonds	8
Financial indicators	9
The Administrative board, Management	11
Staffing of MEGA	12
The organizational structure	13
Main fields of activity	15
Division of Membrain Process	15
Division of Surface Treatment	18
Division of Ecological Services	21
Company objectives and strategy	23
Contact details	24

# Foreword

Dear friends, all my life I follow that the greatest value of any company are the people. I lead the whole group MEGA to be cared for by that amount, while in mind the human touch, even though competition is uncompromising and sometimes very cruel. Without respect, mutual esteem and generous approach to both fundamental issues and trifles success is only short-term and uncertain.

In 2014 we have capitalized on good work of previous years in all companies in the group MEGA despite the complicated political and economic situation in the world. We managed to get among others also contract for biggest project in the history of our company and we are well prepared for 2015. We increased the number of applications in various segments and sectors of industry, of which the most important are food, chemical and automotive industries.

Our technology is not only environmentally friendly, but in many cases allows the implementation of closed cycle and waste minimization at maximum recovery of valuable components.

But we cannot afford to stand still in one place and be satisfied with the achieved results. Branch of our business is developing rapidly and we must try to keep up with the world elite, which requires and will require considerable effort. In 2014, at the opening ceremony Membrane innovation centre officially started its operation. Membrane innovation centre provides to more than sixty experts from around the world virtually unlimited possibilities in the exploration, development and integration of electro-membrane processes.

Successful completion of the construction and equipment of the MIC project is part of the Group's strategy for the years 2014-2018. Tasks of the strategy for 2014, we managed not only to fulfill, but also exceed. The results show that the road which we are going on is the right one.

I am convinced that our team is good and promising and that our goals, we are able to perform well in future periods. My motto is that our goal is a satisfied customer, because that keeps us on the right track.

Ing. Lubos Novak, PhD.  
company owner



# Vision and Mission

## Vision for membrane Program

Becoming a globally active and financially stable company that offers its customers the best technology solutions based on electromembrane and integrated membrane processes with maximum emphasis on re-use of raw materials through the implementation of waste-free technologies and environmental protection

## Vision for surface treatment

Becoming a leader cataphoresis and other modern technologies finishes in the Czech and Slovak Republic.

## Vision for Ecological Services

Become recognized by connecting commercial and academia in advanced remediation technology in the Czech Republic.

# The cornerstones to achieve the vision

## Targeted and rapid research and development (R&D)

The leader in innovation in the field of membrane processes.

## Strong engineering and know-how

The firm delivering comprehensive solutions, not just processes.

## Worldwide presence

The company has strong distribution network and the support of strategic partners.

# Company profile

## History of the company

The history of joint-stock company MEGA goes back to the mid-seventies of the last century when they were in the former Czechoslovak uranium industry set up a central laboratory ČSÚP to address the issue of the impact of uranium mining and its subsequent processing on the environment. Within this unit there was a group that was under the direction of Ing. Lubos Novak, PhD., the current sole director and owner of the company also began to address the issue of water treatment and industrial solutions using membrane technology. In 1985 the first heterogeneous membrane as an essential component of its own technology was made. Laboratories have gone through the process before the privatization phase of an independent state enterprise. Since 1992, the company has operated in the market MEGA as a Czech, a private joint stock company.

Although there has been clear from the beginning of the main strategic direction development company focused on the issue of cleaning and water treatment (specifically membrane processes), the company was looking for further application in other areas of environmental protection, which gradually expanding portfolio of services offered. Previous experiences have been used for modules production and according to the needs and wishes of customers it began to produce complete technological units.

---

MEGA is an innovative,  
flexible and constantly  
growing, medium-sized,  
private Czech company with  
a clear ownership structure  
with more than twenty  
years of tradition.

---

In the long term the company is active in three fields in which it provides a complete supply of quality technologies and comprehensive services. It is generally about:

### 1. Membrane processes (separation of liquids, gases)

In the core of Membrane Programme the main business activity of the company MEGA is to supply finished products (ion-exchange membranes, distributors, membrane equipment manufactured within the manufacturing facilities of the company MEGA) and completed technology for separation membrane processes (electro membrane or hybrid) based on their own know-how. In this field MEGA belongs to world leaders. All products and technologies supplied by MEGA are the work of own research and development base and reflect the latest knowledge and expertise.

### 2. Surface treatment

In the field of surface treatment we provide comprehensive technical and logistic services to customers segment, where we represent an established global manufacturer of coatings, PPG Company whose products GI (General Industry) are used in many paint shops in the Czech and Slovak Republic.

### 3. Ecological services

Within ecological services we recently concentrated particularly on linking commercial and academia in the field of advanced remediation technologies.

The company aim is to further develop its own activities and on the other hand, the activities of its subsidiaries (MEGA-TEC, OOO MEGA-ProfiLine, MemBrain, OOO MEGA Ukraine) in such a way that there was a maximum mutual synergy and stronger position of the whole group at home and foreign market. Special emphasis is placed on the direction of innovation and technological progress which should contribute in particular the further development of subsidiary MemBrain Company.

A team of highly qualified professionals of the company MEGA is a long-term leader in the field of membrane processes in the Czech Republic. MEGA is a member of the European Membrane Society (EMS) and the International Desalination Association (IDA). Currently in membrane processes is becoming a much respected company in foreign markets. General Director of MEGA is the founder of electro membrane processes in the Czech Republic at the same time president of the Czech Membrane Platform (CZEMP). In 2007 he was awarded the project to support scientific and technical intelligence Czech Head Award in the category of Inventions for research and development of ion-exchange membranes for membrane processes in environmental and process applications. He still efficiently manages the company and is actively involved in popularizing in the field of membrane separation.

MEGA cooperates together with many foreign institutions in the field of membrane processes which are involved in projects within the European Union. Long-term cooperation with universities and professional institutions, namely the University of Chemical Technology in Prague, University

of Pardubice, Institute of Macromolecular Chemistry, Technical University of Liberec, Mining University in Ostrava, Palacky University in Olomouc, and Research Centre in Řež with which it solves a number of projects. In the field of project management it has rich experience. It also cooperates with a number of major foreign companies as preferred partners (Veolia Water, GEA, Novasep, Tetra Pak, SPX and PPG).

The offer of solutions to problems of individual clients is a comprehensive collection of all necessary steps and measures. It is a condition monitoring, the offer of an optimal solution, and the final delivery of technology, surveillance process, warranties and liability for the proposed solution. Our customers are large industrial domestic and foreign companies, small and medium-sized businesses, as well as cities and towns. Without any doubts we provide the necessary legal advice. MEGA is in all respects a company that provides a comprehensive service with a responsible approach to the customer. An important moment in existence within the MEGA is considered decisions about self-examination to the customer. This is a challenging requirement whose fulfilment companies were awarded certificates according to CSN EN ISO 9001: 2009, EN ISO 14001: 2005, and CSN OHSAS 18001: 2008, which were further steps to gradually build market position. Processes and products of MEGA were not only successfully certified according to ISO standards, but also according to GOST-R for the Russian Federation.



Certificate of excellence  
and certificates ISO 9001, ISO 14001 and OHSAS 18001

# Details of the share capital

The registered capital of the company amounts to 62,328,000 CZK. Share capital consists of 62,328 shares with a nominal value of 1 000 CZK. Forms of company shares: shares. Five collective certificates were released replacing individual shares as follows: one bulk certificate replacing 31,165 shares, one bulk certificates replacing 10,388 shares, three bulk certificates replacing 6,925 shares. The shares are in registered form are not registered.

The sole shareholder of the company is Ing. Lubos Novak, PhD. 100% of the share capital, owns 62,328 shares with a nominal value of 1 000 CZK.

## Property participation

Company	Field of activity	%	Capital
MEGA-TEC s.r.o. Bystřice nad Pernštejnem	deliveries in electrophoresis technology and water treatment	66	100 000 CZK
MEGA ProfilLine Stavropol, Russia	supply of technological units based on membrane processes especially for food (dairy)	24	10 000 RUB
MemBrain s.r.o. Stráž pod Ralskem	solution of research and development projects and efficient transfer research results into industrial practice	100	1 000 000 CZK
Katalis Group s.r.o. Praha	mediation of business and services	50	200 000 CZK

# Bank loans and bonds

Creditor	Type of contract
UniCredit Bank Czech Republic and Slovakia, a.s.	Multi-purpose credit line
UniCredit Bank Czech Republic and Slovakia, a.s.	Investment loan
UniCredit Bank Czech Republic and Slovakia, a.s.	Treasury line
Československá obchodní banka, a.s.	Multi-purpose credit line
Československá obchodní banka, a.s.	Credit limit
Česká spořitelna, a.s.	Multi-purpose credit line

MEGA has reached to a contract banking financial institutions to cover operational financing agreements on liability limits for issuance of bank guarantees and a contract to cover the purchase of investment in machinery and apparatus. The operational funding is focused on short-term fluctuations in cash flow of the company and exchange rate changes. Drawing if the investment loan was aimed for the purchase of fixed assets in the form of machinery and equipment. For all types of financing provided the company meets specified conditions. In the future, any change in the financing structure will lead to an increase in company value. Major banks, with whom MEGA worked in 2014, the Czechoslovak Commercial Bank, Inc. and UniCredit Bank Czech Republic and Slovakia. Credit lines liability limits will be held due to the provision of bank guarantees (advance payment, performance, etc.), following the outlook in the membrane program. In 2014 MEGA has ended cooperation with Citibank.

In 2014, cooperation was established with other banking institutions – Česká spořitelna, Inc. and the Czech Export Bank to search for optimal conditions for financing projects abroad not only in Europe but also more complex territories of the region (Belarus, CIS countries), where any funding provides a competitive advantage for customers and supports

export of the companies in the group MEGA as together with the Czech Export Bank, we presented the possibilities of supporting and financing projects, exhibitions and workshops in Belarus.

Within the group is a clear adherence to the credit and financial policy, compliance with which is essential for maintaining financial stability. Approved long-term strategy enabled the financing of subsidiaries by MEGA as if necessary. The duty of all companies within the group MEGA is to maintain good relations with those banking institutions, proper and timely manner to meet the conditions under the loan agreements and other agreements, in order not to jeopardize the future of financing for emerging needs. The effort MEGA is looking for an optimal financing structure that does not jeopardize stability and increases the efficiency and effectiveness of business.

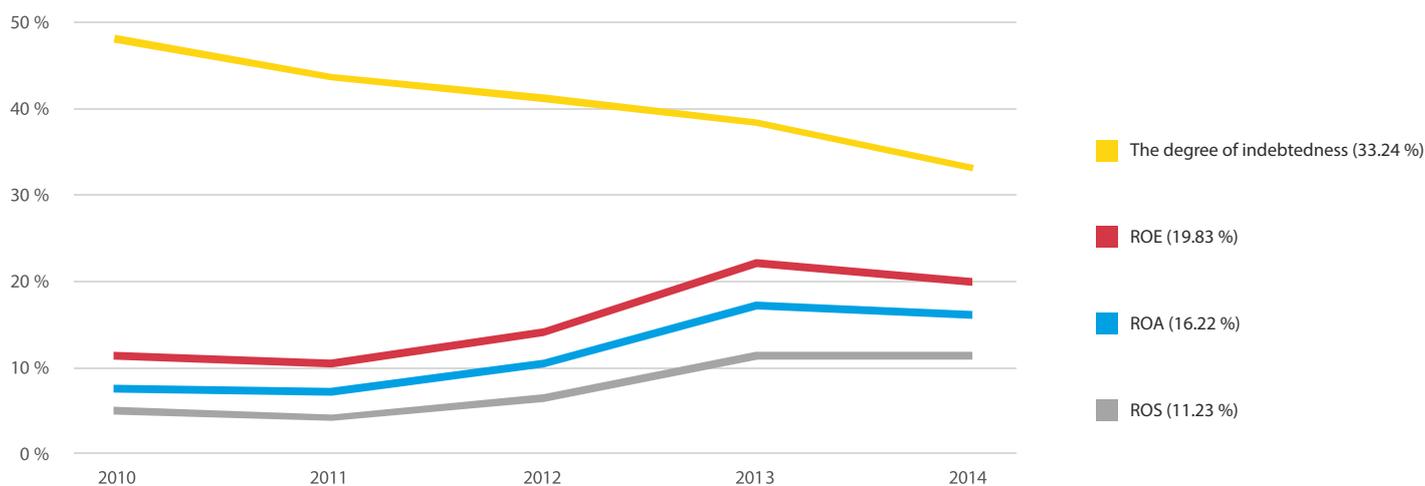
# Financial indicators

Group / indicators	2010	2011	2012	2013	2014
ROA	7.53 %	7.22 %	10.47 %	17.22 %	16.22 %
ROE	11.20 %	10.37 %	14.12 %	22.16 %	19.83 %
ROS	4.96 %	4.16 %	6.42 %	11.34 %	11.23 %
Sales of goods [thousand CZK]	211 229	258 569	271 357	294 144	330 775
Revenues from own products and services [thousands CZK]	182 314	255 072	266 193	346 891	388 834
EBIT	25 876	27 735	44 602	92 975	101 614
Current liquidity	1.35	1.58	1.70	2.14	2.66
The degree of indebtedness	48.07 %	43.74 %	41.31 %	38.35 %	33.24 %
Interest coverage	20.09	19.09	33.92	92.55	96.64
The average annual number of employees	107	118	127	135	139
Revenue per employee [CZK]	3 692 349	4 348 587	4 226 026	4 740 797	5 190 076

Economic and financial indicators confirm the trend of improving the performance of MEGA, in accordance with the established strategy for 2018. The owner of the company has again decided to reinvest all profits generated by the company. This decision partly reduces the value of ROA, which remained at high levels, confirmed by the high business efficiency throughout the company.

ROE at minimum of 18 % is the target of the company, which was established as a part of the strategy for the period 2014 to 2018 despite a reinvestment in research and development. MEGA group companies are investing in R&D to maintain competitiveness and fulfill another strategical goal. The following periods are determined by means of R&D investments activities at 10-15 % of the operating profit of the company. Maintaining overall business efficiency has been achieved thanks to the achieved sales and other internal changes effective processes throughout the company. Furthermore, we compare the obtained values of the indicators with the best companies in the same or a similar field.

## Basic indicators of company



The company managed to increase sales year on year by more than 12 %. Sales of goods rose by more than 12.4 % and sales in selling services of own products by more than 12 %. Partly due to the increase in sales was also the weakening of CZK against EUR. For a company this is a positive result in line with the strategy. Sales in the service category and own products company promote investment policy, particularly in R&D activities.

Financial stability indicators presented current ratio, the degree of leverage and interest coverage. In the annual comparison there was again a positive change of values. Current liquidity is above the recommended limit of 1.5, and generally within the evaluated period showed annual growth up to the current 2.66. Despite the partial reduction of economic efficiency will increase the proportion of cash in order to reduce risk in the event of further decline in the economic cycle. Further reductions in the risk of a deterioration of the degree of indebtedness, up by almost five percentage points despite the increase in sales, which carry in most cases increasing commitments. The company does not yet have a problem with the recovery of their claims and even this is positively reflected in the company's cash flow. The company fulfills all its obligations on time. The degree of debt is gradually reduced despite the low cost of foreign resources - the reason is to maintain the financial stability of the company and prepare for possible further induced investments. One of the reasons for the use of foreign credit resources (mainly operating funding) is to optimize the exchange rate changes.

The value of interest coverage again confirmed the low cost of corporate financing from foreign sources compared to the profit generated. This trend also shows low interest rates provided to MEGA by credit banks and low need for company debt.

# The Administrative board, Management

By the decision of the sole shareholder Ing. Lubos Novak, PhD., a change was made in the internal structure of the company. MEGA switched to so-called monistic system of internal structure. MEGA no longer has a supervisory board or board of directors, instead of these bodies was established the Administrative board and the function of statutory director. The statutory director is the statutory body, the Administrative boards replaces the function of the Supervisory Board and also partly Directors. Ing. Lubos Novak, PhD., is the chairman (and only member) of the Board and also holds the position of statutory director. In executing the functions of statutory director he may also, in accordance with the company policy, use the title of CEO.



**Ing. Lubos Novak, CSc.**

Chairman of the Administrative board,  
Statutory Director,  
in the company since 1975



**Ing. Jiří Truhlář**

Director  
Department of Economics and  
Finance, in the company since 2006



**RNDr. Jaroslav Hrabal**

Director  
Division of Ecological Services,  
in the company since 1984



**Ing. Miroslav Matuška**

Director  
Division of Surface Treatment,  
in the company since 1992



**Ing. Libor Nejedlý**

Director  
Division of Membrane Processes,  
in the company since 1996



**Mgr. Světlana Adamová**

Director  
of central marketing  
and Department of administrative  
services, in the company since 2001



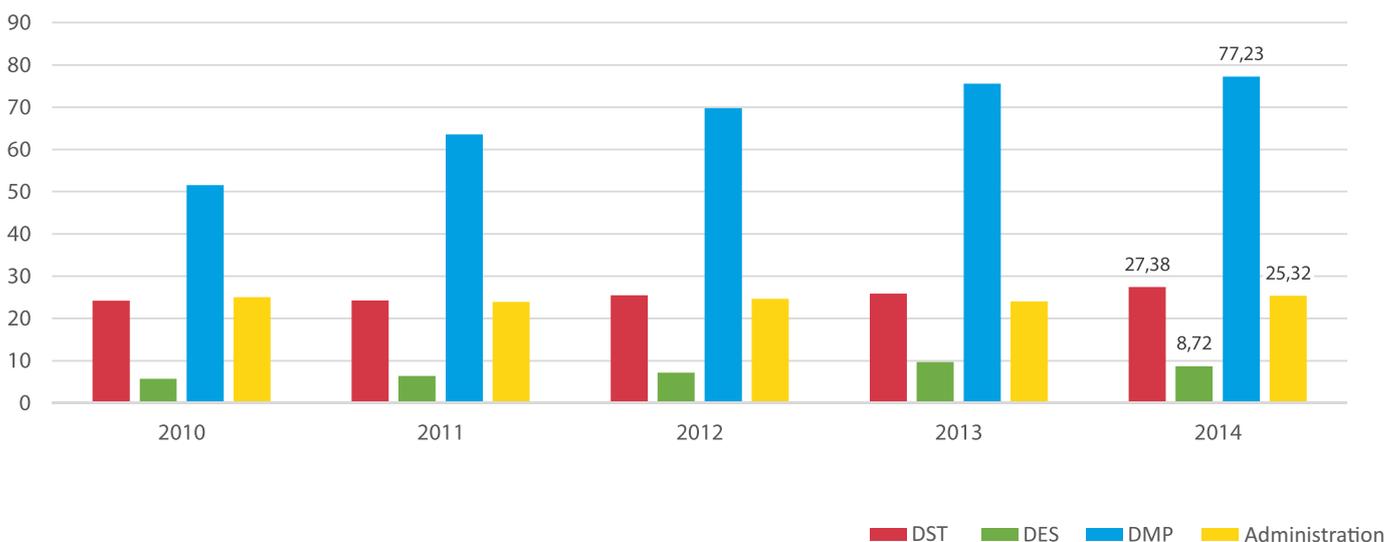
**Erik Kovář**

Management Representative  
for Integrated Management System,  
in the company from 2012

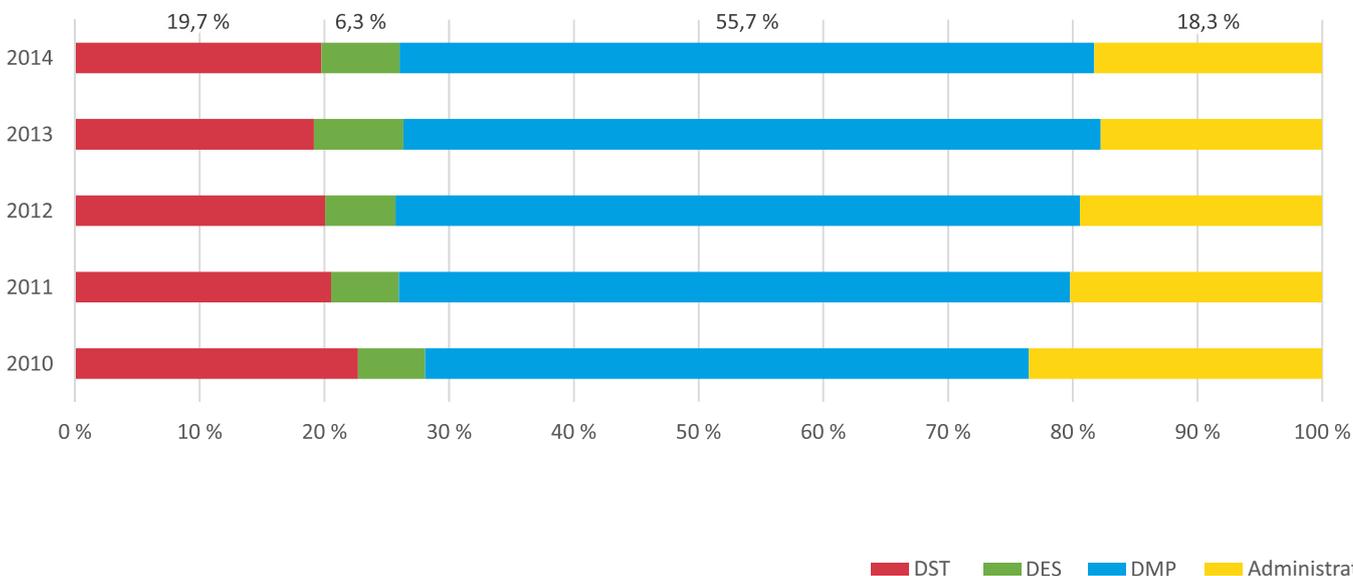
# Staffing of MEGA

The number of divisions in the total number of employees reflects the company's strategy. The company aims to meet the criteria for strategic growth and as a group to satisfy the conditions of medium sized enterprise (SME). For that reason, there is a change in the structure of employees in various divisions with an increase in the number of employees in the Division of membrane processes. The company focuses more on employees to increase intensive rather than extensive growth.

## Developments in the number of jobs by departments MEGA

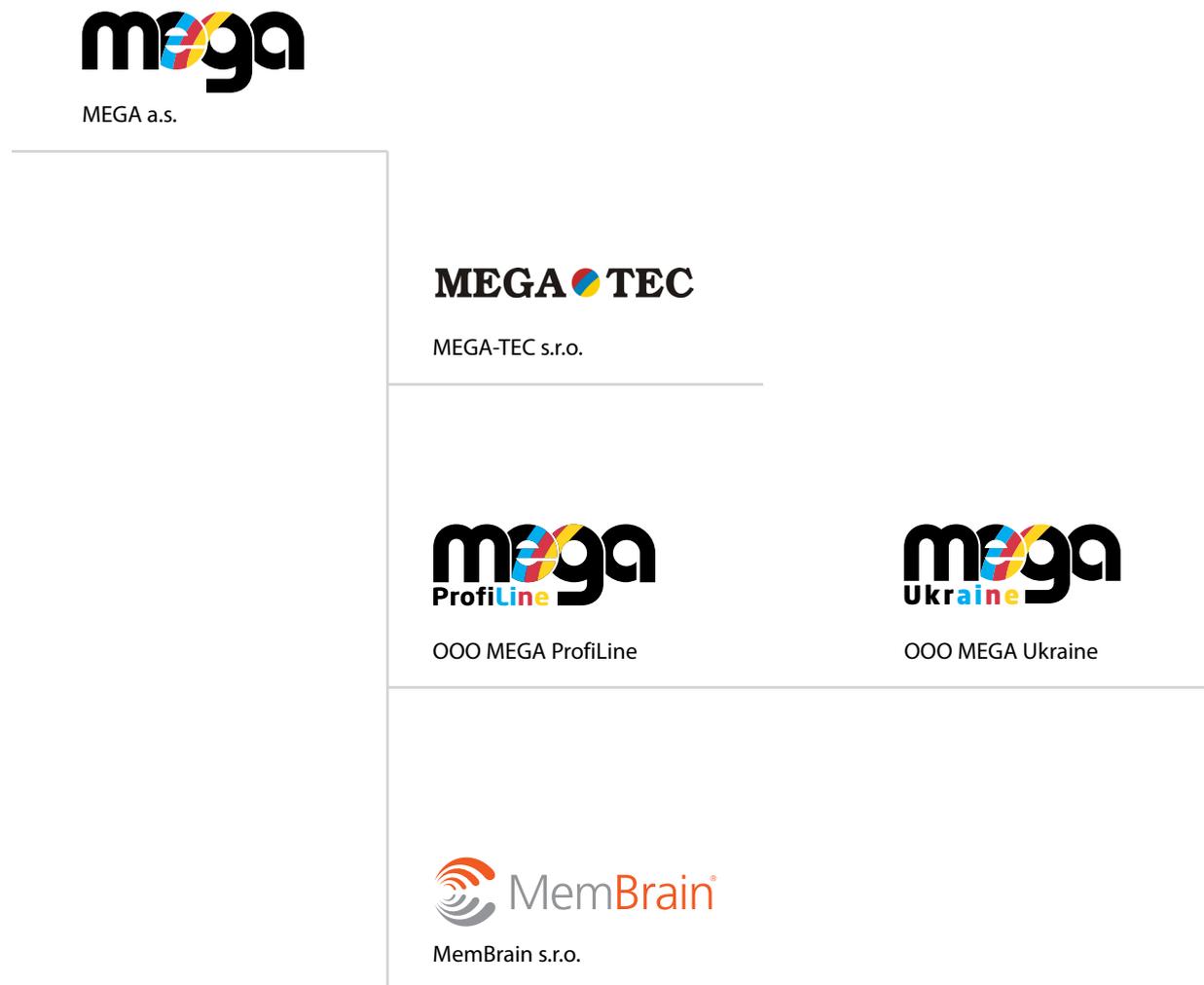


## Development of shares workloads in departments of MEGA



# The organizational structure

## Divided by companies



## Divided by programs

### Membrane program

- Division of membrane processes  
MEGA a.s.
- MemBrain s.r.o.
- OOO MEGA ProfiLine
- OOO MEGA Ukraine
- MEGA-TEC s.r.o.

### Surface treatment program

- Division of surface treatment  
MEGA a.s.
- MEGA-TEC s.r.o.

### Ecological services

- Division of Ecological Services  
MEGA a.s.

## Organizational structure of MEGA



# Main fields of activity

## Division of Membrane Processes

### Water treatment

Segment "water treatment" has successfully completed work on its own electrodeionisation module and won a contract to supply three RALEX® HPWU units, each with three modules MPure36™ that will produce 90 m<sup>3</sup>/h of ultrapure water for the company VWS MEMSEP Ltd. within the project of reconstruction of water treatment plants in the ENERGY Ústí nad Labem, Inc. Given the limited space which the customer has, we used the planned modular architecture and modules in the unit were properly organized. The entire project will be completed by commissioning of the units at the beginning of the second quarter of 2015. The company MEGA gets first major reference installation with this project, which will contribute to a successful start of sales of electrodeionization modules and entire units.

With the successful projects carried out on the technological concept AZOT 25, intended for manufacturers of mineral fertilizers, we managed to conclude a contract with a Russian producer of nitrogen fertilizers NAK Novomoskovsk Azot. For the processing, respectively concentration, of the condensate drain in the production of fertilizer is used the RALEX® EWTU A25 unit. The unit is designed for a strong concentration of the concentrate, respectively a deep desalination of the diluate.

A major project that our Moscow subsidiary OOO MEGA ProfiLine got in late 2014 for a Russian customer OOO «АСТ-АКБА», will be implemented in the first half of 2015. This is the desalination of industrial waste water with salinity 1,800 mg/l using our technology EDR II. Due to customer demand for desalination of 250 m<sup>3</sup>/h waste water the single-pass unit RALEX® EWTU Twinline 90 8L/3S including filtration equipment was selected. The desired product has a salinity of less than 300 mg/l. Delivery will include installation and commissioning of the unit itself for the customer.

Another major project, although smaller, was a project for a world brewer SAB Miller brewery PALS in India. The technology is designed for wastewater treatment - Zero Liquid Discharge (ZLD) - RO brine processing, which is then sent to the evaporation equipment. Processing technology is used in electrodialysis relaying mode, namely our unit RALEX® EWTU M45 2xEDR-III/600-0,8 capacity of 10 m<sup>3</sup>/h.



EDI - ENERGY Ústí nad Labem



## Diary

This year, the total amount of contracts concluded in the segment of "dairy" has reached 322 million CZK.

It was among other business successes thanks to the acquisition of the largest ever project – delivery of complete lines for the demineralization of whey to the Belarusian concern "Babuškina krynka" totaling 114 million CZK. Along with a second major project in the "dairy" Belarus is this year's most exciting market in terms of turnover. Two large projects for whey demineralization were acquired in Poland. In the "dairy" we work primarily with major global integrators who we regularly train about the advantages of our equipment. The fruits are harvested as strategic cooperation with the company Novasep, with which we managed to get two more projects in Uruguay and Switzerland. Interesting partner's firm is GEA, thanks to which we have won the aforementioned two Polish projects and also a tender in major Indian dairy equipment delivery in 2015.

During the year we completed the implementation of projects Preiji Siers (Latvia) and Lactoprot (Germany) acquired in the second half of 2013.



*Lactoprot (Germany)*

In 2013, we introduced a portfolio of high-capacity drive RALEX® EWDU 8xEDR-II/250. Immediately after the first reaction to this news, it was clear that the unit will soon become the new best-seller and will replace our best selling device RALEX® EWDU 6xEDR-II/250. During 2014, we sold three smaller units in addition to eight units RALEX® EWDU 8xEDR-II/250 and four RALEX® EWDU 6xEDR-II/250, which we consider to be the biggest commercial success to date in the segment of "dairy".

Another sale of these business units is also prepared for 2015, only waiting for improvements in the global dairy market, which took place at the turn of the global stagnation caused by new Chinese legislation, Russia-Ukraine crisis and the expiration of quotas on milk production in the EU. MEGA also responds to new market potentials in the form of alternative derivatives from whey and milk, for example the "waste" product from the production of milk and whey protein - UF permeate.

## Special applications

In 2014 there was a division of production in the segment of "electrophoresis" (E-COAT). Production of electrophoretic boxes (EFC) is from April 1, 2014 provided by MEGA-TEC. Membranes are still produced in Straz pod Ralskem by MEGA. Following this the Special applications department saw sales decline due to the transfer of customers ordering EFC boxes under the MEGA-TEC. Despite the division of production and customers we can consider the year 2014 as successful, and estimate sales in this segment were actually exceeded by three percent.

The most important customers include Oplidürr company based in Italy, a major customer became a subsidiary of MEGA-TEC, further AKA (Germany), and is also worth noting the company from Argentina Hidrobiot with whom our cooperation is constantly developing.

The most important project was implemented just in cooperation with Hidrobiot and other important project was SMG Shanghai China (Oplidürr).

2014 was also significant that the new product is prepared for this segment, which is extruded tubular membrane. In 2015, the membrane will be launched and offered to existing and prospective customers. It is a seamless tubular membrane, which due to its smooth surface over the entire length prevents adhesion of paint on the active surface of the EFC box.

In 2015, we expect a slight increase in sales, depending on the inclusion of new products into the sales portfolio. Larger projects to be implemented in cooperation with Oplidürr will be. FIAT Mirafiori (Italy) or FORD Kentucky (USA).

# Division of Surface Treatment

The main business direction of the division is to provide comprehensive services for Czech and Slovak industrial users of coatings systems and solutions by a US company PPG Industry, which we represent in this territory. Long-term experience, contacts and considerable references from subcontractors for the automotive industry, producers of other transport, agricultural and construction equipment, ensure a very stable, competitive and potential market position. The most important provided activities include:

- complete logistics services, operating three warehouses, bringing in the PPG supplies to customers, own transport,
- conducting "emergency" warehouse and service,
- a comprehensive range of paints and other surface treatment products - cataphoretic, wet, powder,
- innovation of technologies and materials: high solid and water-based paints, the new generation of cataphoresis,
- manufacturing of topcoats in shades according to customer requirements, color mixing station,
- outsourcing of paint shops (IVECO),
- prices in "cost per unit",
- training professionals at customer's site,
- waste disposal,
- comprehensive environmental and legislative services.

For many customers we associate our activities with the subsidiary MEGA-TEC and assume responsibility for overall service and maintenance of paint shops, including the custom application equipment.

Economic parameters of the division are based on the 2014 strategic plan, approved till year 2018, of course, with regard to the scope of the industry, the economic situation and the commonly accepted goals of PPG. Ultimately the division achieved significantly better parameters. Planned turnover and gross profit were exceeded by almost 23 %.

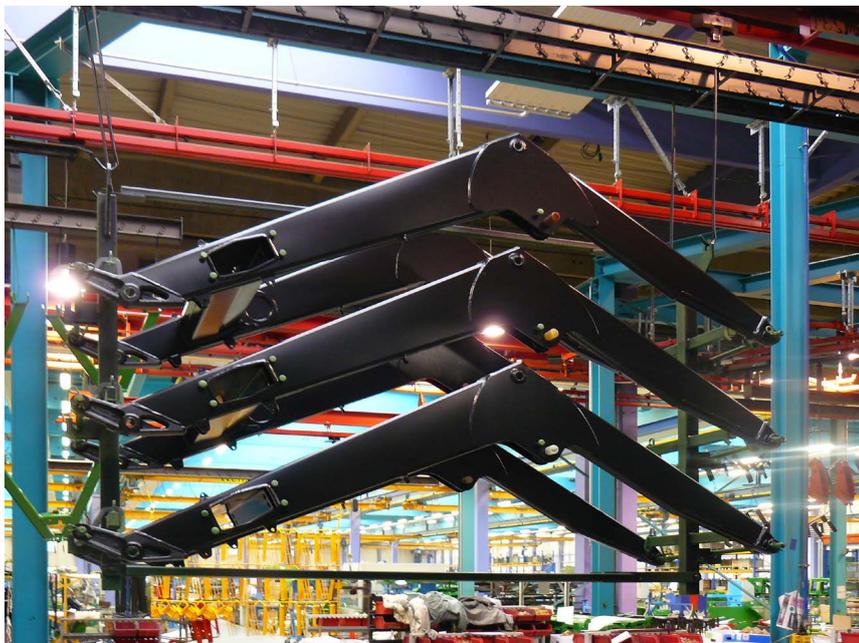
A major impact on such a positive outcome was productive and economic stability of our critical customers, increase in sales with new projects that we have been preparing in 2013 and undoubtedly weakened Czech currency.

In the 2014 period, a large part of our clients has remained steady or even increased production, particularly successful vendor VW group, generally a stable agricultural industry and production of construction machinery. Namely in terms of KARSIT Jaroměř, AZOS Nymburk, Agrostroj Pelhřimov, Fritzmeier-Vyškov, and more. The cooperation with IVECO CR Vysoké Mýto has an irreplaceable role for this field, as we provide a comprehensive outsourcing of all direct and associated surface technologies. Despite the somewhat pessimistic expectations occurring in the IVECO CR to reduce production, they have reached production at a record level. Nor was there limited production and thus the supply for FX Meiller Slaný, eventually Skoda Electric, despite political development and limiting economic cooperation between the EU and Russia can not be overlooked, and certainly underestimated. Thanks to new customers, we settled expected drop in sales of powder coatings in ending projects.

In addition to excellent economic parameters also great conditions for cooperation with new cataphoretic clients were arranged. Also many of them are located in the Slovak Republic, a territory where we were active, but financial indicators did not significantly affect the overall result of the industry. Upon overtaking of the supplies for the MATADOR Vráble, ZTS-Square in smaller Memolák Šurany, the situation has improved significantly. Sales turnover on Slovak market has grown by 120 percent and came close to twenty million CZK.

This year we can expect to achieve a similar turnover for the period under review, which was still slightly above the objectives laid down by the strategy-development company. Provided of course that there won't be any dramatic changes of the external

economic and political relations, including the re-strengthening of CZK against the Euro. We start from the plans and estimates of our key customers or commodity segments. For cathaphoretic colors we expect a further slight increase thanks to a well-functioning automobile industry in the Czech and Slovak territory. Moreover, we have at the end of last year, gained another perspective customers: Japanese KYB second paint shop in Pardubice and TATRA. To maintain and strengthen our position could also contribute to the use of new analytical, development and testing centre MIC I, respectively cathaphoretic centre.



*Automotive metal parts  
in the process of cathaphoresis.*

Developments in FX Meiller Slaný should not bring fundamental changes. We believe that together with PPG we will retain our position as a supplier of coating system for the next season. This year there is still valid contract with PPG and MEGA IVECO CR, that there should not be a major reversals of parameters. The most important task of 2015 will be proper preparation and processing of bids for new tender for other long-term contract. Documentation is delayed, not a partner been issued yet, but we do not expect significant changes in requirements compared with the current level of technology and materials. Due to the change in ownership of IVECO, which now belongs to the CNH global structure, we can not leave out of consideration as the impact on our existing cooperation, including the reduction or suspension of cooperation since 2016. Still, there appears a certain prospect of increased sales of powder coatings, despite the market is very specific, competitive, supersaturated and cost-compressed. Chances are seen only in large and established customers, they often require a release that is not time nor financially simple process.

Generally, it is expected that 2015 will bring a further increase in competition, which, moreover, from the classic cross-company level also extends to the internal position especially for large and global societies. Together with the dismal political situation and frozen relations with Russia, the West is not too optimistic on the spot, even though it does not expect a major reversal of the negative results of the field by the year 2015.

## References

- Benteler ČR, s.r.o., Stráž n. Nisou, Chrástava, Benteler Automotive Rumburk, s.r.o. – automotive parts, special chassis components
- Futaba Czech, s.r.o., Havlíčkův Brod – components for installation in TPCA, Suzuki
- AGROSTROJ Pelhřimov, a.s. – automobile parts, agricultural machinery
- KARSIT HOLDING, s.r.o., závod Jaroměř – skeletons car seats and other parts for the automotive industry
- BRANO GROUP, a.s., Hradec nad Moravicí – auto parts VW GROUP, TOYOTA...
- Fritzmeier, s.r.o., Vyškov – production cabs of tractors and construction machinery
- THERMAL TREND, spol. s r.o., Starovičky – about the fourth largest European manufacturer of bathroom radiators
- KEREX, s.r.o., Michalovce, SR – a major manufacturer of transport containers
- KYB Manufacturing Czech, s.r.o., Pardubice – shock absorbers
- Hitachi Automotive Systems Czech, s.r.o., Žatec – shock absorbers
- AZOS CZ, s.r.o., Nymburk – the largest Czech job coater
- ŠKODA ELECTRIC, a.s., Plzeň – body buses, trolleybuses
- ŠKODA TRANSPORTATION, a.s., Plzeň – both companies through the company JANTAR Plzeň

## Outsourcing - a comprehensive supply and service

- Iveco Czech Republic, a.s. (KAROSA) Vysoké Mýto – production of buses
- Futaba Czech, s.r.o., Havlíčkův Brod – car parts TPCA, SUZUKI
- F.X. MEILLER Slaný, s.r.o. – body trucks, tippers
- KORADO, a.s., Česká Třebová – radiators
- KYB Manufacturing Czech, s.r.o., Pardubice – shock absorbers

# Division of Ecological Services

Division of Ecological Services (DES) has experienced another very successful year. Its main activity is to supervise the removal of the old ecological damage after uranium mining, even in 2014, the team DES largely devoted to these activities and in this segment realized a substantial portion of revenues. Growing segment is the application of research results and the patented invention of reactive diffusion barriers for remediation, which added several successful projects. Ecology is very broad multidisciplinary field and therefore also DES focused on bailouts, public green spaces and playgrounds in kindergartens.

Thanks to the hard work we managed to exceed the planned sales by thirty percent and projected earnings by more than twenty percent.

## Supervision - Completed projects and outlook for 2015

The "supervision" was in 2014 the most significant projects supervision control activities related to the removal of old environmental damage after uranium mining in Straz pod Ralskem. Association "Garnets-MEGA" began its work on projects "Construction manager Disposal of Chemical Treatment and Stráž" and "Construction manager Disposal Surface areas after underground mining of uranium." Other activities within the association MEGA-UNIGEO include the event "Supervision of operating chemical remediation of Stráž pod Ralskem mine". Financial volume of controlled work in minimizing the effects of mining activities in 2014 amounted to about 1.7 billion CZK.

Supervision for the Ministry of Finance continued in several areas, most notably the Skoda Plzen, Magneton Kroměříž and Fosfa Breclav. In 2015, supervisory work will continue within the association Garnets-MEGA and MEGA-UNIGEO. Audited financial volume of work is expected at the level of 2.3 billion CZK. This segment will be for 2015 the most significant in terms of the level of achievement of profit.

## Subsidy environmental projects

There were in the "subsidy ecological projects", numerous contracts in 2014. Contracts were tied with grants from the Operational programme environment. The contracts were approached comprehensively, ie. from processing the project documentation, preparing the grant application, to the final implementation and overall project administration. Gradually were solicited contracts for the reconstruction of parks, trees and other landscape elements. Such projects were realised in Záruby, Mikulášovice, Skalice at Česká Lípa, Hejnice. In a portfolio of activities were also included actions in the area of transformation garden nursery and primary schools in natureal style and construction and renovation of playgrounds. Projects were implemented in the municipalities of Lysa nad Labem, Mikulášovice, in Skalice u České Lípy. For 2015 there are confirmed projects, especially in the area of primary schools in Natural Style (Příbram, Brandýs nad Labem and others).



*Work in progress at kindergarten in Lysá nad Labem.*

## Research and development projects

In the "Research and Development Projects" were in 2014 successfully completed review process on the project "Uran - New technological possibilities of mining and processing uranium" (by the TAČR program BETA), "ELSANO - Use of electricity for the remediation of sites contaminated by organic Substances" (by the TAČR programme ALFA) and "DIFBAR - The development and use of reactive diffusion barriers based on microfiltration and nanofiltration for rehabilitation" (by the MIT of the programme TIP). Several results were achieved (proven technology, pilot plant, prototype), the most important of which is an invention no. 30415. "The method of in-situ remediation of localities contaminated with harmful chemical compounds". In 2014, DES conducted research activities within the Competence Centres "NANOBIOWAT – Environmentally friendly nanotechnology and biotechnology for the purification of soil water", which will continue in 2015. Applied for were three other research projects, two of which were supported. The "Advanced remediation technologies supported by the electric field" was launched in 2014 and the project "Treatment of landfill leachate combining membrane technology with biological systems using pre-treatment" was launched in early 2015.

The results of R&D projects are gradually being put into practice. This is mainly achieved by the implementation of the patent. In 2014, DES activity focused on the supply of special remediation work consisting of in-situ chemical reduction. This technology lead to confirmation of several projects, the most important are actions MARS Svatka and Spolchemie as Usti nad Labem (a combination of geochemical barriers based on nanoparticles of iron and enhanced bioremediation of chlorinated hydrocarbons, organic substrate). For the ELSANO project were secured orders Festool Česká Lípa and ELTON Nové Město nad Metují, Přelouč, Blehovsko. For the project NANOBIOWAT the remediation at the site of Mikulov. For 2015 we expect further action on these locations and obtain additional contracts (Hluk u Uherského Brodu, Jablonné nad Orlicí).

# Company objectives and strategy

Objectives of the individual business segments are described in chapter Main fields of activity.

Fundamental and long-term goal is to increase business efficiency in all areas, to further expand activities abroad, expanding the product portfolio, improving individual financial index through comparative analyses with similar companies both at home and abroad and reduce financial dependence on financial institutions.

Great emphasis, as in the previous year, is dedicated to HR policy and social program in terms of stabilization of the staff. Efforts to supplement ingredients motivational for employees and employers obtain a coveted position in the region.

Fulfilling the approved strategy for 2014-2018 in order to meet the challenge to react flexibly to possible both positive and negative effects of the market.

# Contact information



Company Name	MEGA a.s.
Registration	in the Companies Register maintained by the Municipal Court in Prague, Section B, Entry 9113
Headquarters	Drahobejlova 1452/54, 190 00 Praha 9 – Vysočany
Statutory representative	Ing. Luboš Novák, CSc., Chairman of the Board, statutory director
Phone	+420 487 888 111
Fax	+420 487 888 102
Email	info@mega.cz
ID / VAT	44567146 / CZ44567146
Bank	UniCredit Bank Czech Republic a.s., Na Příkopě 20, 111 21 Praha 1
Account number	318881-004/2700
ID data box	ui6cfzk
Web sites	www.mega.cz / www.ralex.eu

## Branch offices, branches and subsidiaries of the company MEGA

### **Stráž pod Ralskem**

Pod Vinicí 87, 471 27 Stráž pod Ralskem

tel.: +420 487 888 111, 100

fax: +420 478 888 102

e-mail: info@mega.cz

### **Bystřice nad Pernštejnem**

Průmyslová 1415, 593 01 Bystřice nad Pernštejnem

tel: +420 566 550 925

fax: +420 566 550 898

e-mail: dpu@mega.cz

### **IVECO Czech Republic, a.s., (KAROSA) Vysoké Mýto**

Dobrovského 74/II., 566 03 Vysoké Mýto

tel.: +420 465 452 960

fax: +420 465 452 961

e-mail: karosa@mega.cz

### **Hodonín**

Velkomoravská 87, průmyslový areál č.p. 3543,

695 01 Hodonín

Tel./fax: 518 390 263

e-mail: sklad.hodonin@mega.cz

### **Pardubice**

Sukova třída 1556,

530 02 Pardubice

### **Trnava – Office of Slovakia**

Pekárska 11, 917 01 Trnava, Slovenská republika

Tel./fax: +421 910 913 298

e-mail: lackovic@mega.cz

## Subsidiaries of the company MEGA

**MEGA-TEC s.r.o.**, Průmyslová 1415, 593 01 Bystřice nad Pernštejnem, kral@megatec.cz

**MEGA ProfiLine**, ul. Dzerzhinskogo, 158, 355.003 Stavropol, Ruská federace, tel.: +7 8652 316 644, e-mail: info@mpline.ru

**MemBrain s.r.o.**, Pod Vinicí 87, 471 27 Stráž pod Ralskem, info.membrain@membrain.cz

**MEGA Ukraine**, Kyjev, ul. Mekhanizatorov 2, tel.: +38 099 452 52 52, e-mail: natalia@mpline.ru

*Annual report of MEGA a.s. 2014*

*Published by MEGA a.s. in July 2014, photo and illustrations: archive of the company.*

*Electronic version only.*

