

Press release

Verbio SE annual general meeting: Capacity expansions and investments in pioneering green solutions planned

- FY 2022/2023 in review: Revenue almost EUR 2 billion and new production records
- Four-point plan for growth and economic stability
- Return to fair market conditions in the biodiesel market in sight
- Proposed dividend of EUR 0.20 at the same level as the previous year

Leipzig, February 2, 2024 – At today’s annual general meeting, held in Leipzig, the Verbio SE Management Board reported on the financial year 2022/2023 which ended on June 30, 2023. The Company’s shareholders approved the proposal by the Management Board and the Supervisory Board for the payment of a dividend of EUR 0.20 per share.

Verbio concluded the financial year 2022/2023 with the second-best result in the Company’s history. In his speech at the annual general meeting Chief Executive Officer Claus Sauter showed his satisfaction: “Despite major market challenges we have been able to generate good results for the financial year 2022/2023. It was not possible to repeat the exceptional results seen in the previous year, as those results were largely driven by the markets. We were aware of this. However, in the financial year just ended we have proved not only that we are able to meet the challenges presented to us by the biofuels market, but also that we are able to turn these challenges into opportunities. I am very proud of my team.”

He added: “With our products, we have generated a savings potential of 3.4 million tonnes of CO₂ in the financial year 2022/2023. This means that Verbio alone is able to reduce greenhouse gas emissions from transport in Germany by 22 percent.”

The challenges faced by the Company in the reporting year included the normalisation of price levels in the agricultural sector and falling margins in the biofuels segment, which Verbio had already taken appropriate account of in its forecast for the financial year 2022/2023. However, new challenges were created by massive imports of biodiesel from China to Europe, which had a particularly strong negative impact on sales prices for biodiesel and quota prices.

Claus Sauter reported on the opportunities taken: “We have been far more than “just” a manufacturer of biofuels for some time now. We offer a large range of green solutions, with which we are shaping the social and industrial transformation toward climate neutrality and ecological production. This is in addition to our internationalisation strategy; with our expansion into

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North America and India we have taken ground-breaking decisions at the right time. We have more and more production capacity outside Europe, and in much more favourable conditions.”

Successful business performance: Group revenue exceeds the record levels set in the previous year

Despite falling sales prices the Group revenue totalled EUR 1,968.3 million, exceeding the record level of EUR 1,812.5 million achieved in the previous year. The increase in revenue was primarily due to the increase in sales volumes of both biodiesel and bioethanol.

Once again it was possible to increase the volume of biodiesel produced in the financial year 2022/2023, with a new record production total of 610,509 tonnes (previous year: 574,031 tonnes).

Bioethanol and biomethane production volumes were also at record levels in the financial year 2022/2023, with bioethanol production of 317,613 tonnes (previous year: 264,101) and biomethane production exceeding 1 TWh for the first time at 1,078,053 MWh (previous year: 884.959 MWh).

Earnings before interest, taxation, depreciation and amortisation (EBITDA) was EUR 240.3 million, within the range indicated in Verbio’s latest forecast.

Return to fair market conditions in the foreseeable future

The import of large volumes of allegedly improperly declared advanced biodiesel from China will not continue without consequences, since the European Commission plans to implement provisional penalty import duties on fake biodiesel from China. Parallel to this, there are ongoing investigations into the avoidance of import duties on biodiesel from Indonesia. The measures taken by the EU have already led to a reduction in the volume of suspicious Chinese biodiesel exports, with the result that a return to fair market conditions can be expected.

However, in his speech Verbio’s Chief Executive Officer Claus Sauter also emphasised that, in order to successfully combat climate change, it will be necessary to adopt further measures and to address the causes of this type of fraud: “We are faced with the risk that fraud in the fuel sector could spread to other industries. In the steel, aluminium or hydrogen sectors, too, it is difficult or even impossible to determine whether the final product has been manufactured using green molecules.”

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In addition to the planned penalty import duties on allegedly improperly declared biodiesel imports, Claus Sauter also demanded the implementation of an effective certification system: "The controls performed by the auditors in countries of origin outside Europe are currently inadequate. For this reason, we demand the withdrawal of dubious sustainability certificates which have been issued within the past three years." He continued: "It is unacceptable that the German taxpayer is once again being cheated out of billions in the pursuit of ambitious climate protection, simply because the current regulatory framework is not adequately controlled."

Corporate strategy: Four-point plan for growth and economic stability

Chief Executive Officer Claus Sauter explained Verbio's medium-term corporate strategy, which was presented at the first Capital Markets Day in September 2023 and which has received a unanimously positive assessment from financial analysts.

The four pillars of the corporate strategy are:

1. **Global capacity expansion:** Verbio is investing globally in scaling up its established leading technologies, and is thereby expanding its cash-generating units further. This includes, among other things, expanding its production capacity in the USA. Following the commissioning of the straw-biomethane plant in 2022, Verbio has converted the former DuPont plant in Nevada, Iowa into a combined bioethanol/biomethane plant on the model of its German biorefineries. This second expansion phase is currently at the ramp-up stage. The Company also plans to implement Verbio technology at its plant in South Bend, Indiana, acquired in May 2023, to manufacture ethanol in combination with biomethane. In doing so, efficiency improvements for sustainable production will be implemented on an ongoing basis.

On point 1, Claus Sauter commented: "For us, the US market is extremely promising. Verbio benefits from attractive demand markets, low energy and raw material costs, the large volumes of biomass available and a good infrastructure, as well as political decisions that are focussed on the long-term, making them more reliable. With these two plants, in the medium term we will produce more ethanol and biomethane than we do here in Germany today. We intend to sell the biomethane produced largely in the voluntary market. Outside the regulated fuel market, customers such as energy suppliers and the steel and chemical industries are prepared to pay a premium for green products."

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2. **Expanding Verbio's asset-light activities:** Through the targeted expansion of its trading business, Verbio is making use of its global presence, the diversity of its markets, its expertise in the raw materials that it uses, and its ever-growing customer base to achieve maximum added value with its renewable molecules. It is working to be able to respond even faster to market requirements in the future.
3. **New technology launches:** Verbio is preparing to launch a unique technology for the production of speciality chemicals from vegetable oil. The project to construct an ethenolysis plant at Bitterfeld and a catalyst plant in Hungary has already commenced.
4. **New technology developments:** Verbio is working on the development of technologies to manufacture basic and speciality chemical products from starch and sugar. This opens up new opportunities for sustainable products, and reduces dependence on fossil raw materials.

On points 3 and 4, Claus Sauter commented: "Our new technology to manufacture biomass-based speciality chemicals will widen the basis of our business model even further, and drive forward sustainability in the chemical industry. We are already working with well-respected customers who we want to supply with our biomass-based speciality chemicals. We expect the first contributions to EBITDA from these from 2027."

"Our portfolio of green products manufactured from biomass from renewable sources is becoming ever broader. Investing in research and development is the right thing to do. Increasing product diversification will give us several footholds outside the transport sector. Accordingly, this is an important guarantee of Verbio's growth and stability, as well as benefiting climate protection."

Innovation and responsibility

Verbio combines global growth with commercial success, social responsibility and sustainability. For this reason, the Company has set itself long-term sustainability targets. Measured in accordance with the German regulatory framework, by 2026/2027 Verbio's customers should be able to save at least eight million tonnes of CO₂ per year by making use of the Company's green solutions. This target is more than double the volume achieved in the financial year 2022/2023. In addition, the Company intends to make a significant improvement to its own green footprint with the objective of being climate-neutral in terms of Scope 1 and 2 emissions by 2035.

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Outlook for the financial year 2023/2024 and dividends

Verbio adjusted its forecast for the current financial year on January 15, 2024 and expects a satisfactory result in view of the conditions applying in the sector, with EBITDA in the range of EUR 120 to EUR 150 million (previously: EUR 200 million to EUR 250 million). "The adjustment of our forecast has been made in the light of the unexpected continued pressure on ethanol and GHG quota prices. Bioethanol imports have been higher than expected in recent weeks, particularly from Brazil. These volumes have contributed to an increase in stocks in Rotterdam and led to a price drop of around 30 percent," said Claus Sauter.

The Management Board sees the fact that production capacities for bioethanol are already being withdrawn from the market in Europe as a positive factor for the price trend. "We will not reduce our production capacities. Our technology and positioning allow us to continue producing even when others are no longer economically viable," continued Claus Sauter.

With the amendment to the EBITDA forecast Verbio has also adjusted its expectations for net financial debt, which is now expected to be in the range of EUR 145 million to EUR 175 million (previously: EUR 110 million to EUR 150 million).

At today's annual general meeting a dividend distribution of EUR 0.20 per qualifying share, unchanged from the previous year, was proposed to shareholders. "We are primarily financing our growth from our own cash flows. With the proposed dividend, Verbio retains financial resources which it will use to finance further investments," explained Claus Sauter, Chief Executive Officer of Verbio. The proposal was approved by the annual general meeting.

Detailed business results are provided in the Verbio SE annual report 2022/2023:

[Verbio SE – Financial Reports](#)

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preview:



About Verbio

At Verbio we make more from biomass. In our biorefineries we convert raw materials and residues from regional agriculture into climate-friendly fuels, green energy and renewable products for chemicals and agriculture. In addition, we create high-value components from sustainably-generated biomass for the animal feed and food industries. We employ more than 1,000 people at our locations in Europa, Aisa and North America. Our motto "Pioneering green solutions" sums up what drives our international team: with innovative technologies and green solutions, we are shaping the social and industrial transformation toward climate neutrality and ecological production. We contribute to preserving natural resources and to safeguarding the planet's environment for future generations. In doing so, we combine global growth with commercial success, social responsibility and security of supply. Verbio shares (ISIN DE000A0JL9W6/WKN A0JL9W) have been listed in the prime standard segment of the Frankfurt Stock Exchange since October 2006. Our headquarters are in Zörbig, Germany.

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