

Corporate News

VERBIO AG: 2012/2013 financial year results marked by one-off effects and market uncertainties

- New strategic direction and adjustments to the group structure lead to first positive effects
- Positive EBITDA from continuing operations in the fourth quarter of 2012/2013

Leipzig, 25 September 2013 - In order to be able to react quicker and in a more flexible manner to market changes especially with regard to the acquisition of raw materials, the Board of VERBIO Vereinigte BioEnergie AG (VERBIO) with approval of the Supervisory Board has decided to sell Märka GmbH. The following group information therefore contains figures for the continuing business segments biodiesel, bioethanol and others; the comparative periods have been amended accordingly.

Group figures are characterised by one-off effects due to major distortion of competition and significant market uncertainty within the German biofuels market

VERBIO registered group turnover of EUR 705.2 million for the 2012/2013 financial year (2011/2012: EUR 772.1 million). Turnover fell by 8.7% and can be traced back to a fall in production and sales volumes. In the period between 1 July 2012 to 30 June 2013, a total of 492,788 tonnes of biofuels (2011/2012: 554,153 tonnes) and 330,213 MWh of biomethane (2011/2012: 261,729 MWh) was produced. The fall in production was a result of the replacement of local biofuel production by subsidised cheap biodiesel from Argentina and Indonesia as well as biodiesel originating from used cooking fats worldwide. In accordance with the reduced revenues, material expenses were EUR 643.7 million this year and therefore considerably under those of the 2011/2012 (2011/2012: EUR 716.8 million).

In the light of the difficult prevailing conditions in the 2012/2013 financial year, the earnings before interest, taxes, depreciation and amortisation (EBITDA) as well as the expenditure due to the loss of customer relationships totalled up to EUR 3.6 million and thus EUR 33.2 million below that of the previous financial year (2011/2012: EUR 36.8 million). The result was influenced by negative results from commodity futures totalling up to EUR 1.6 million as well as losses from stock quotas capitalised in the previous financial year. The impairment test resulted in amortisations of the goodwill in the biodiesel segment (EUR 70.7 million) and depreciations of fixed assets in the bioethanol segment (EUR 19.8 million), each without effects on liquidity. In addition, the disposal of recognised customer accounts (EUR 11.8 million) had a negative effect. This gives VERBIO an EBIT of EUR -122.3 million for the 2012/2013 financial year, (2011/2012: EUR 13.8 million; 2012: EUR 4.9 million).

The group result before tax (EBT) for the 2012/2013 financial year is EUR -126.5 million (2011/2012: EUR 9.8; 2012: EUR 2.8 million); the period result was EUR -125.9 million (2011/2012: 8.4 million). 2012: 2.1 million). These results in earnings per share (undiluted/diluted) of EUR -2.00 (2011/2012: EUR 0.13; 2012: EUR 0.03).

EBITDA has improved during the fourth quarter of 2012/2013, and is listed at EUR 4.4 million.

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Cost reduction measures and a new strategic direction were implemented quickly and decisively

The cost reduction programme announced in December 2012 has also been rigorously implemented. The tightening of the organisational structures, spending cuts and also the salary sacrifice on the part of the Board of Directors and senior management, have made savings of approximately EUR five million during the second half of the 2012/2013 financial year. Company debts have been reduced by EUR 97.1 million.

As a consequence of a strategy which focused on creating local value, Märka ceased its own trading activities and warehouse sites. In total 21 of the 42 Märka locations in total were successfully sold off. By the middle of 2014 the sales process is expected to be finalized. By covering raw materials requirements, which now largely takes place to order, storage costs, the risk of price changes and hedging risks as well as reducing VERBIO's financing needs were significantly reduced.

Amendment of the Renewable Energy Directive - blessing or curse

Ultimately, the way this Renewable Energy Directive is configured will play a decisive role in the future development of VERBIO and the whole biofuels sector. It is important that the amendment creates stable framework conditions for all market participants.

VERBIO is one of the leading producers for 2nd generation biofuels. **verbiogas** will profit of the special promotion of 2nd generation biofuels. Nevertheless, biodiesel and bioethanol are currently the most important foundations of our business. This is because without the use of first-generation biofuels, the climate targets set out for 2020 will not be achieved. Second-generation biofuels are not yet in sufficient quantities. VERBIO therefore assumes that first-generation biofuels will retain a significant market share and commit ourselves to ensuring that this is the case.

The 2013/2014 financial year will be influenced by further one-off effects.

Developments in the first quarter of the new financial year show that the regulatory measures taken on EU- and national level (anti-dumping proceedings, revision of the 36. BImSchV) are having an effect and that the situation in the biofuels market is easing. Production plants are showing good capacity utilisation up until the end of the year and the margins achieved have grown. The cost reduction and restructuring measures are also beginning to bear fruit. The Board considers the current 2013/2014 financial year to be a year of transition in the face of sustained pressure regarding the implementation of the adopted package of measures for reducing costs, and in terms of positive effects from optimising the organisation.

We expect to achieve a turnover of between EUR 600 and 700 million with an EBITDA of EUR 17 million for the 2013/2014 financial year. Operating results (EBIT) will be at approximately EUR - 5.0 million, with a considerable positive cash flow being generated from operating activities. Positive operating results are expected in the 2014/2015 financial year.

Detailed information regarding business developments in the 2012/2013 financial year can be found in the 2012/2013 financial report, which can be called up on www.verbio.de after 9am.

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Information about VERBIO Vereinigte BioEnergie AG (VERBIO)

VERBIO is one of the leading independent producers and providers of biofuels and is at the same time the only large industrial producer of biodiesel, bioethanol and biomethane in Europe. The nominal capacity is at a rounded 450,000 tons biodiesel, 300,000 tons bioethanol and 480 gigawatt hours biomethane per year. In the production of its highly efficient fuels, the company uses energy-saving production processes and innovative technologies of own development. The biofuels of VERBIO achieve CO₂ reductions of up to 90 percent compared to petrol or diesel. VERBIO delivers its products directly to the European mineral oil conglomerates, mineral oil trading companies, independent gas stations, freight forwarders, municipal utilities and vehicle fleets. In addition, VERBIO markets high-quality pharma glycerine for the consumer goods and cosmetics industry (glycerine is gained as a by-product in biodiesel production). Within the group, VERBIO Vereinigte BioEnergie AG acts as Management Holding. The operative business is exercised by the subsidiaries, VERBIO Diesel Bitterfeld GmbH & Co. KG, VERBIO Diesel Schwedt GmbH & Co. KG, VERBIO Ethanol Schwedt GmbH & Co. KG, VERBIO Ethanol Zörbig GmbH & Co. KG and Märka GmbH. The VERBIO stock (ISIN DE000A0JL9W6 / WKN A0JL9W) has been listed at the Prime Standard of the Frankfurt stock exchange since October 2006.

Important notice

This Corporate News contains forward-looking statements, which are based on assumptions and estimates of the company management of VERBIO Vereinigte BioEnergie AG. Although the company management is of the opinion that these assumptions and estimates are accurate, the actual future development and actual future results may differ significantly from these assumptions and estimates due to various factors. Among these factors may be, for example a change in the overall economic situation, legal and regulatory framework conditions in Germany and the EU, as well as changes within the industry. VERBIO does not assume any guarantee or liability for the consistency of the future development and the actual results achieved in the future with the assumptions and estimates expressed in this Corporate News.

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