

The logo for Verbio, featuring the word "Verbio" in a bold, green, sans-serif font. The letter 'V' is stylized with a white negative space cutout.

*Biofuel and Technology*

**Press and Analysts' conference  
Q1 2014/2015  
VERBIO Vereinigte BioEnergie AG**

Claus Sauter (CEO)  
Leipzig, 6th November 2014

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## Status quo market environment

## Legal Conditions



### Revision of RED – status quo of the debate

- **1st generation** biofuels to be **energetically limited** at a rate of **7%**
- additional **sub-quota** of 0.5% for „**advanced biofuels**“
- specific biofuels (e.g. Used Cooking Oil) will be double-counted
- **no regulations for beyond 2020 yet**
- decision making expected to be scheduled at the end of 2014

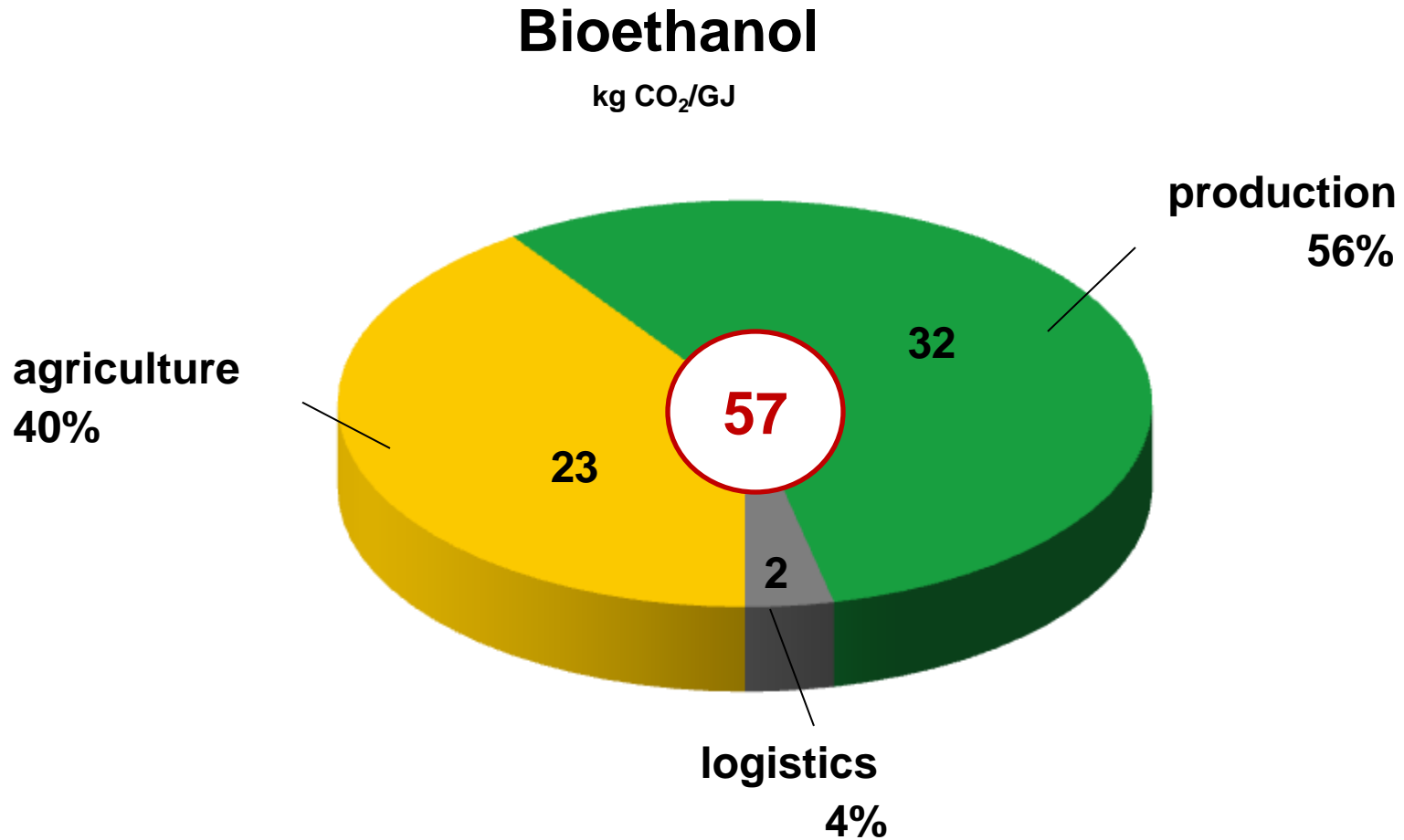
## Legal Conditions



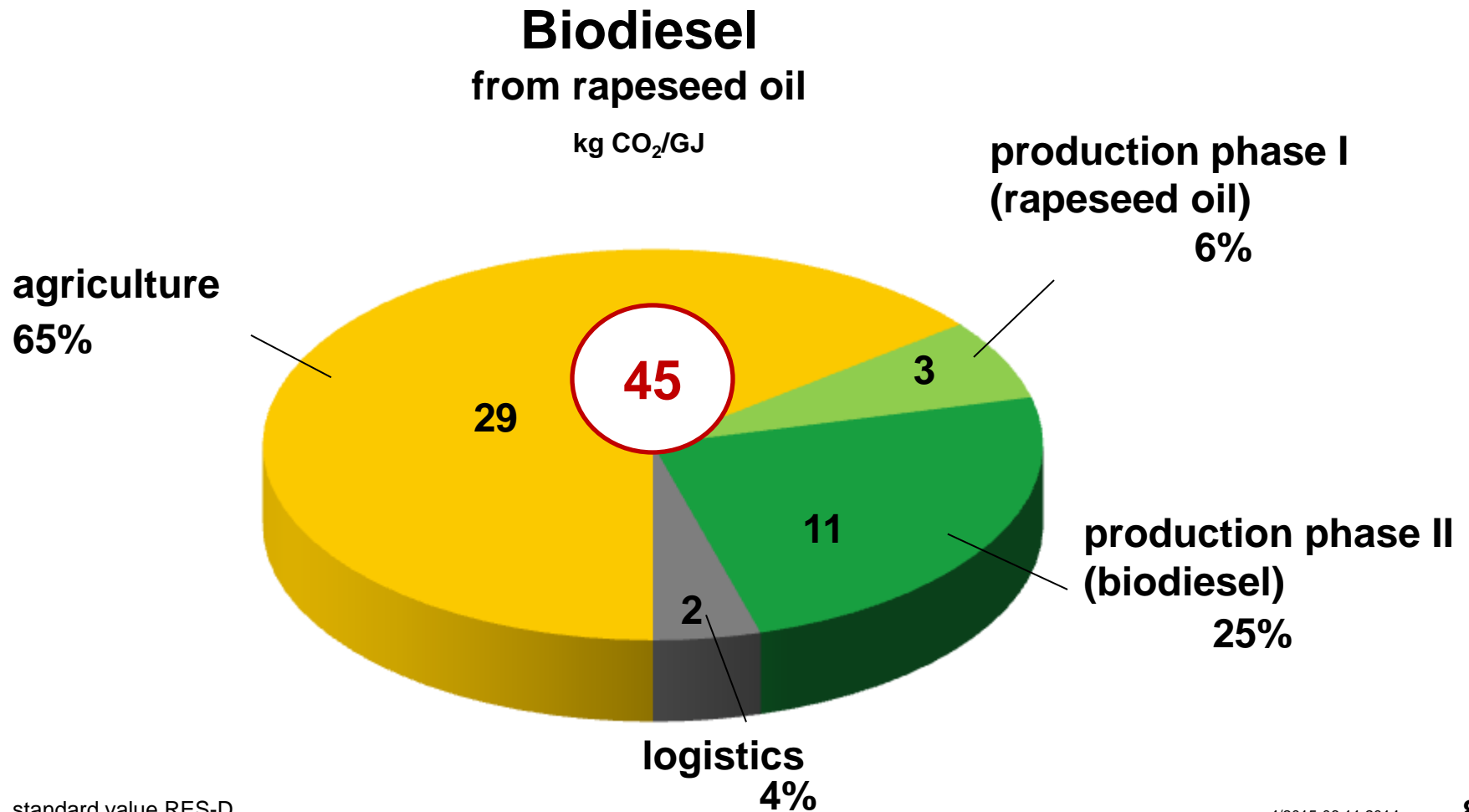
### Introduction of GHG reduction quota in Germany

- as from 01.01.2015 switch from volumetric biofuel's quota to GHG reduction quota
- **a quota of 3,5% is set as from 1<sup>st</sup> January 2015**
- biodiesel approx. 60% GHG saving vs. diesel  
bioethanol approx. 70% GHG saving vs. gasoline
- **reduction of market volume**  
potential savings in 2014: approx. 3,9%
- **efficient control mechanism necessary**
  - calculations of GHG savings which encompass agricultural production and production of the biofuel itself are complicated and hardly verifiable
  - no internationally accepted common standard set for the calculation of GHG savings potential
- **Waste and residue based biofuels are forced to exit the German market!**

## CO<sub>2</sub> emissions of biofuel production along entire value chain

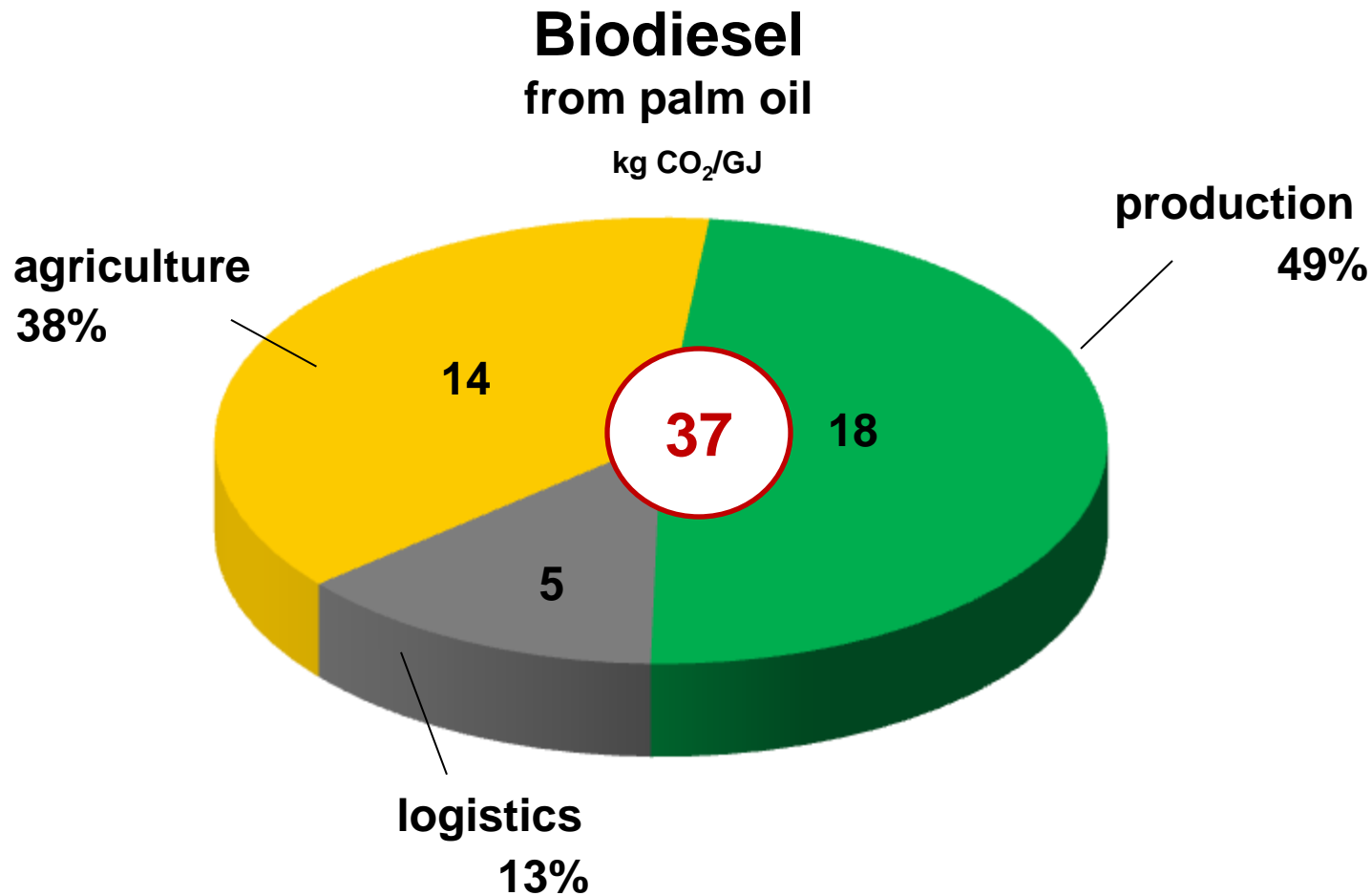


## CO<sub>2</sub> emissions of biofuel production along entire value chain





## CO<sub>2</sub> emissions of biofuel production along entire value chain



## Fulfillment of GHG quota as from 01.01.2015

- introduction of minimum GHG reduction quota in Germany only
- instead of volumetric quota, quota based on effective GHG reduction potential of biofuels will apply
- main challenge: to find a suitable and fair system for quantifying and certifying carbon dioxide emissions of feedstock

**sowings**  
**August 2013**



**fertilization**



**harvest**  
**July 2014**



**production**  
**December 2014**



## Economic Conditions

- currently prices for grains and oilseeds are comparably low and are not higher than in 2008 - despite biofuels production
- without blending of biofuels gasoline and diesel would trade at higher prices
- biofuels have a stabilizing effect on agricultural demand and prices
- Without biofuel production:

What shall the outlet be for rape oil?

What shall the outlet be for rye?



**If there was no biofuels production in the EU, intervention and decommissioning would need to be re-introduced!**

A large, stylized number '2' is positioned on the left side of the slide. The number is white and set against a green background that forms the left half of the slide. The '2' is thick and has rounded, organic shapes.

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**Financials**  
**Q1 2014/2015**

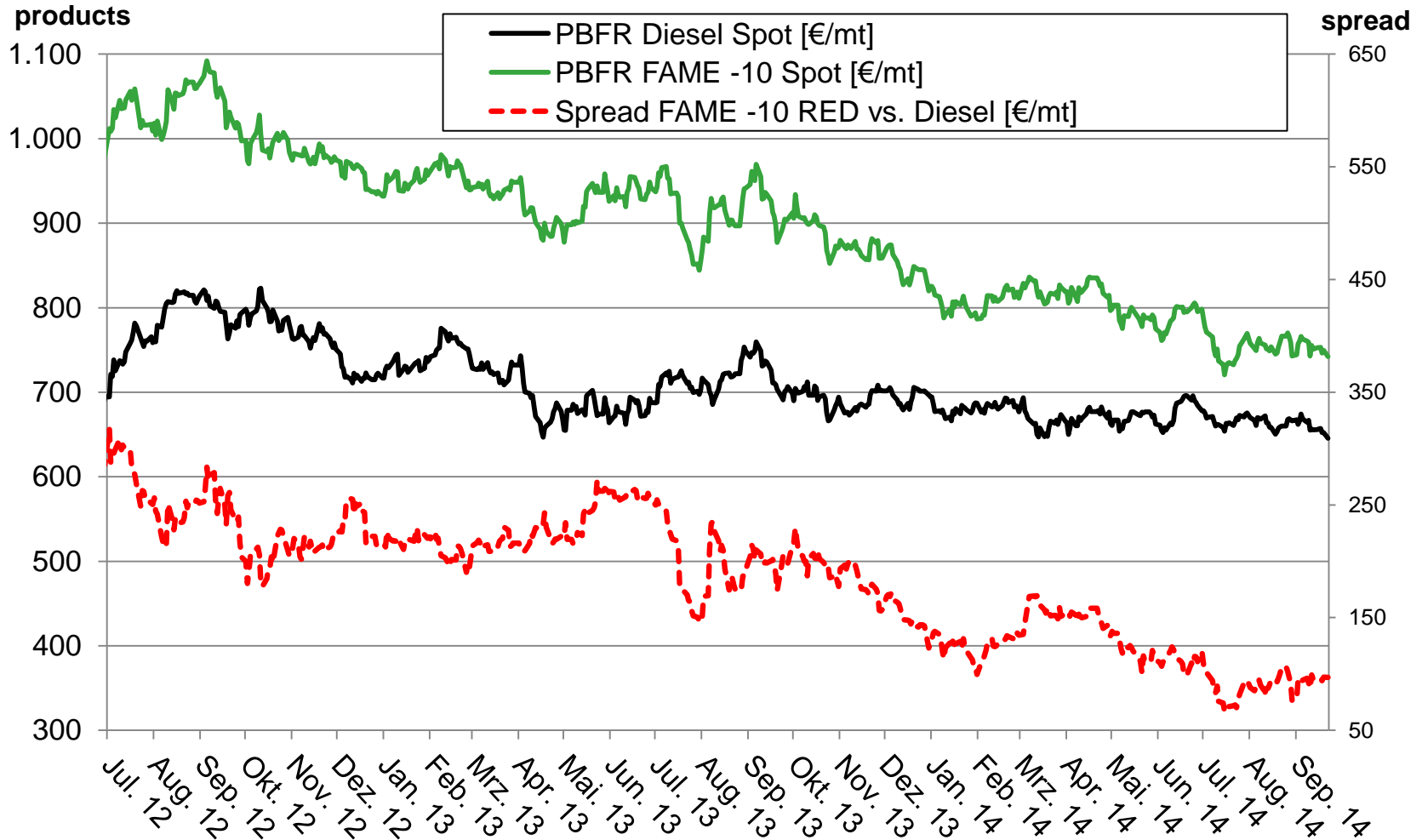
m EUR	Q1 2014/2015	Q1 2013/2014	rate of change
turnover*	162.1	211.9	-23.5%
production (tons)	173,060	153,134	13.0%
EBITDA	14.1	10.2	38.2%
EBIT	8.5	4.7	80.9%
equity ratio (%)	60.9	46.9	29.8%
operating cash flow	3.9	11.0	-7.1 m €
liquid funds	31.9	30.7	1.2 m €
net financial debt	-21.7	-74.1	52.4 m €

\* price-driven development as well as decrease in biofuel trading and termination of diesel trading (effects from commercial transactions Q1 2014/2015: EUR 9.8 m (Q1 2013/2014: EUR 49.5 m)

<b>Biodiesel (m EUR)</b>	<b>Q1 2014/2015</b>	<b>Q1 2013/2014</b>	<b>rate of change</b>
turnover	<b>100.8</b>	124.4	<b>- 19.0%</b>
production (tons)	<b>108,896</b>	103,364	<b>5.4%</b>
capacity utilisation (%)	<b>96.8</b>	91.9	<b>5.3%</b>
gross margin	<b>10.6</b>	9.5	<b>11.6%</b>
EBIT	<b>5.4</b>	4.6	<b>17.4%</b>

- decrease in turnover despite increase in production volumes mainly due to lower product prices, reduction of biodiesel trading and termination of diesel trading compared to previous year's period
- increase in gross margin Q1 2014/2015 due to improved capacity utilisation
- satisfactory capacity utilisation at lower gross profit margin in Q2 2014/2015

## Market trends biodiesel and diesel



Bioethanol (m EUR)	Q1 2014/2015	Q1 2013/2014	rate of change
turnover	59.2	80.4	- 26.4%
production (tons)	64,164	49,770	28.9%
capacity utilisation (%)	98.7	76.6	28.8%
production biomethane (GWh)	125.2	75.5	65.8%
gross margin	12.3	7.8	57.7%
EBIT	3,0	1.6	87.5%

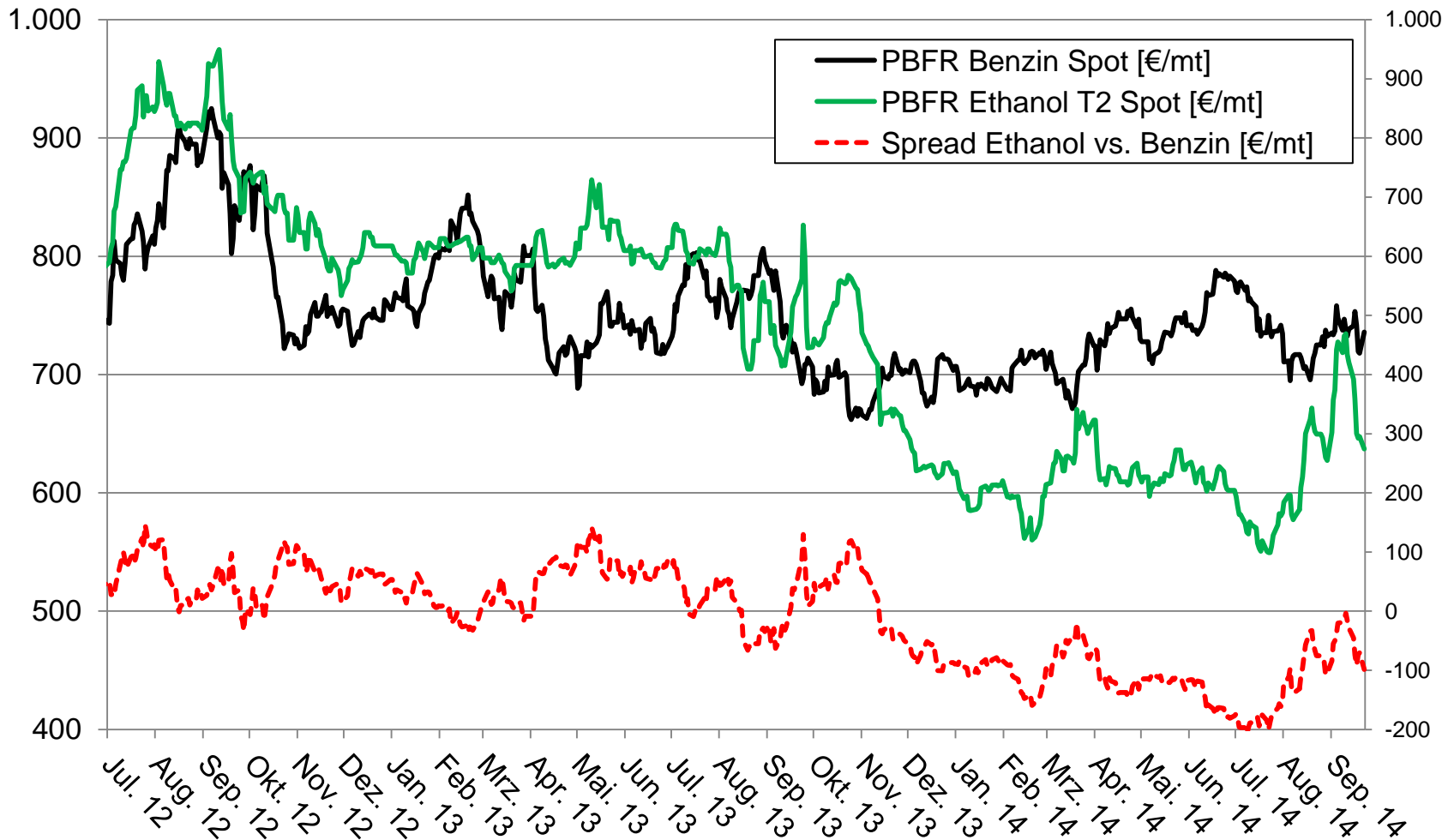
- decrease in turnover despite sharp increase in production volumes mainly due to lower product prices and reduction of bioethanol trading compared to previous year's period
- biomethane production significantly increased and stable on a high level
- continuing pressure on margins as a result of low market prices of bioethanol
- satisfactory capacity utilization at lower gross profit margin in Q2 2014/2015



## Market trend bioethanol and gasoline

products

spread



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# Outlook

- **structural strength and solid balance sheet**
- **good capacity utilization and satisfactory gross margins during 2nd quarter of 2014/2015**
- **very conservative planning for the 2nd half of FY 2014/2015**
- **Forecast FY 2014/2015**
  1. Group sales\*: EUR 500 - 600 m
  2. EBITDA: EUR 25 – 35 m
  3. EBIT: EUR 3 – 13 m
- **CAPEX FY 2014/2015**
  1. ca. EUR 5.1 m straw fermentation Schwedt/Oder
  2. ca. EUR 7.3 m sterols production facility Bitterfeld
  3. ca. EUR 1.6 m efficiencyenhancing projects



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**Thank you for  
your attention!**

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