

Verbio

Biofuel and Technology

**Quarterly interim
statement for the period
ended March 31, 2018
(Q3 2017/2018)**

Group key figures

[in EUR million]

Profitability	Q1 2017/2018	Q2 2017/2018	Q3 2017/2018	9 M 2017/2018
Sales	178.2	174.0	161.0	513.2
EBITDA	15.9	14.5	4.3	34.7
EBIT	10.3	8.9	-1.2	18.0
EBIT-margin (%)	5.8	5.1	-0.7	3.5
EBT	10.2	8.9	-1.2	17.9
period result	7.4	5.9	-1.1	12.2
Earnings per share (EUR)	0.12	0.09	-0.02	0.19
Operating data	Q1 2017/2018	Q2 2017/2018	Q3 2017/2018	9 M 2017/2018
Productions (tons)	183,663	183,055	178,231	544,949
Productions (MWh)	131,110	164,434	168,878	464,422
Utilisation Biodiesel/ Bioethanol (%)	100.6	100.3	92.5	99.5
Utilisation Biomethane (%)	87.4	109.6	112.6	103.2
Investments in property, plant and equipment	4.6	5.5	8.1	18.2
Number of employees ¹⁾	535	535	548	548
Net asset position	30.09.2017	31.12.2017	31.03.2018	
Net financial assets	120.4	106.9	83.4	
Equity	304.0	309.6	295.3	
Equity ratio (%)	80.8	81.1	80.7	
Balance sheet total	376.3	381.6	366.0	
Financial position	Q1 2017/2018	Q2 2017/2018	Q3 2017/2018	9 M 2017/2018
Operating cash flow	7.4	-9.0	-3.1	-4.7
Operating cash flow per share (EUR)	0.12	-0.14	-0.05	-0.07
Cash and cash equivalents ²⁾	122.3	108.3	83.8	83.8

¹⁾ at the balance sheet date

²⁾ at the balance sheet date, including term deposits and cash on segregated accounts

	Q1 2016/2017	Q2 2016/2017	Q3 2016/2017	9 M 2016/2017
	158.0	180.8	200.0	538.8
	16.2	32.8	26.8	75.8
	10.8	27.5	21.4	59.7
	6.8	15.2	10.7	11.1
	10.4	27.3	21.4	59.1
	7.4	18.8	14.7	40.9
	0.12	0.29	0.23	0.65
	Q1 2016/2017	Q2 2016/2017	Q3 2016/2017	9 M 2016/2017
	176,767	183,375	179,659	539,801
	141,461	142,026	133,314	416,801
	96.9	100.5	98.4	98.6
	94.3	94.7	88.9	92.6
	3.2	5.9	5.1	14.2
	498	493	503	503
	30.09.2016	31.12.2016	31.03.2017	
	61.8	72.6	94.6	
	263.0	286.3	287.6	
	80.9	80.4	78.9	
	325.1	356.0	364.6	
	Q1 2016/2017	Q2 2016/2017	Q3 2016/2017	9 M 2016/2017
	-1.4	16.9	36.0	51.5
	-0.02	0.27	0.57	0.82
	65.6	76.0	97.1	97.1

Segment key figures

[in EUR million]

Biodiesel	Q1 2017/2018	Q2 2017/2018	Q3 2017/2018	9 M 2017/2018
Sales	114.7	117.3	107.3	339.3
EBITDA	5.1	9.3	-0.1	14.3
EBIT	3.9	8.1	-1.2	10.8
Production (t)	121,445	119,789	116,005	357,239
Utilisation (%)	103.4	102.0	98.7	101.3
Number of employees ¹⁾	112	113	112	112

Bioethanol (incl. Biomethane)	Q1 2017/2018	Q2 2017/2018	Q3 2017/2018	9 M 2017/2018
Sales	60.9	53.9	51.3	166.1
EBITDA	10.6	5.1	4.3	20.0
EBIT	6.3	0.9	0.0	7.2
Production (t)	62,218	63,266	62,226	187,710
Production (MWh)	131,110	164,434	168,878	464,422
Utilisation Bioethanol (%)	95.7	97.3	95.7	96.3
Utilisation Biomethane (%)	87.4	109.6	112.6	103.2
Number of employees ¹⁾	257	257	266	266

Other	Q1 2017/2018	Q2 2017/2018	Q3 2017/2018	9 M 2017/2018
Third party revenues	4.0	4.0	3.8	11.8
EBIT	0.1	0.0	-0.1	0.0

¹⁾ at the balance sheet date

	Q1 2016/2017	Q2 2016/2017	Q3 2016/2017	9 M 2016/2017
	111.4	124.9	123.7	360.0
	9.1	18.7	11.9	39.7
	7.9	17.5	10.8	36.2
	117,180	119,250	117,129	353,559
	99.7	101.5	99.7	100.3
	111	109	110	110

	Q1 2016/2017	Q2 2016/2017	Q3 2016/2017	9 M 2016/2017
	44.2	53.3	74.0	171.5
	6.7	14.1	14.9	35.7
	2.7	10.0	10.8	23.5
	59,587	64,125	62,530	186,242
	141,461	142,026	133,314	416,801
	91.7	98.7	96.2	95.5
	94.3	94.7	88.9	92.6
	236	232	238	238

	Q1 2016/2017	Q2 2016/2017	Q3 2016/2017	9 M 2016/2017
	4.1	4.1	4.1	12.3
	0.1	0.0	-0.1	0.0

Business report and the Group's position

VERBIO AG reports significantly lower earnings for the first nine months of the current financial year compared to the equivalent period in the previous year, because once again in the third quarter of the current financial year it has not been possible to maintain the trend set in the previous financial year. This is primarily a result of the significantly lower Biodiesel and Bioethanol margins, and was to some extent an anticipated development.

Group revenues fell by 5 percent to EUR 513.2 million compared to the same period in the previous year (9 M 2016/2017: EUR 538.8 million).

Earnings before interest, taxation, depreciation and amortisation (EBITDA) for the nine-month period amounted to EUR 34.7 million, 55 percent ahead of the comparative period in the previous year (9 M 2016/2017: EUR 75.8 million). The Group result before tax (EBIT) totalled EUR 18.0 million (9 M 2016/2017: EUR 59.7 million). The Group result before tax (EBT) totalled EUR 17.9 million (9 M 2016/2017: EUR 59.1 million), and the net result for the period was EUR 12.2 million (9 M 2016/2017: EUR 40.9 million). Based on the result for the period, earnings per share amount to EUR 0.19 (9 M 2016/2017: EUR 0.65).

Net assets and financial position

Cash flows

Cash flow from operating activities in the first nine months of the financial year 2017/2018 amounted to EUR -4.7 million (9 M 2016/2017: EUR 51.5 million). The decline is primarily a result of the lower earnings in the period, the increase in inventories and a lower level of other short-term liabilities.

Cash outflows from investment activities in the first nine months of 2017/2018 were EUR 15.6 million (9 M 2016/2017: EUR 43.1 million). In the current financial year, this primarily resulted from payments made for investments in property, plant and equipment.

The cash flow from financing activities totalled EUR -14.1 million (9 M 2016/2017: EUR -18.9 million). Of this, EUR 12.6 million resulted from the payment of the dividend for the financial year 2016/2017.

As a result of the above, cash and cash equivalents fell by a total of EUR 34.4 million in the period July 1, 2017 to March 31, 2018. Cash and cash equivalents reported in the balance sheet at March 31, 2018 amounted to EUR 20.2 million.

Net cash

The very low level of bank and loan finance arrangements remaining outstanding is more than offset by cash and cash equivalents, term deposits and segregated accounts of EUR 83.8 million, so that the reported net cash balance at March 31, 2018 amounted to EUR 83.4 million (June 30, 2017: EUR 115.7 million).

Development of the Biodiesel and Bioethanol segments

The decline in earnings in the first nine months of the current financial year was driven by lower margins, in particular in the third quarter, with production volumes of biodiesel and bioethanol broadly constant and a high level of production capacity utilisation of the biomethane production plant. The production volume of biodiesel and bioethanol in the period from July 1, 2017 to March 31, 2018 totalled 544,949 tonnes, compared with 539,801 tonnes in the same period in the previous year. In addition, 464.4 GWh of biomethane were produced in the first nine months of the financial year 2017/2018 (9 M 2016/2017: 416.8 GWh), an increase of 11 percent compared with the same period in the previous year.

Outlook, opportunity and risk report

Outlook

VERBIO issued an amended earnings forecast for the financial year 2017/2018 in an ad hoc announcement made on April 30, 2018. Accordingly, EBITDA is expected to be around EUR 40 million and the net cash balance at the end of the financial year is expected to fall to around EUR 85 million. Previously the Group had expected an EBITDA of around EUR 50 million and net cash of EUR 100 million.

Risk and opportunity report

There have been no changes to the opportunities and risks presented in the 2016/2017 annual report, and no changes in the risks and opportunities profile of the VERBIO Group during the reporting period. There are no present risks or discernible potential risks that present a threat to the ability of the Group to continue as a going concern.

Consolidated profit and loss account

for the period July 1, 2017 to March 31, 2018

EUR (thousands)	Q3 2017/2018	Q3 2016/2017	9 M 2017/2018	9 M 2016/2017
1. Revenue (including energy taxes collected)	161,155	200,150	513,599	539,213
less: energy taxes	-134	-121	-391	-400
Revenue	161,021	200,029	513,208	538,813
2. Change in unfinished and finished goods	2,722	-415	11,067	9,213
3. Capitalised production of own plant and equipment	177	88	738	296
4. Other operating income	3,074	2,169	8,672	7,389
5. Cost of materials	-148,938	-159,739	-453,941	-435,038
6. Personnel expenses	-5,249	-8,076	-18,622	-22,046
7. Depreciation and amortisation	-5,613	-5,373	-16,742	-16,146
8. Other operating expenses	-8,530	-7,273	-25,255	-22,296
9. Result from commodity forward contracts	88	17	-1,127	-489
10. Operating result	-1,248	21,427	17,998	59,696
11. Interest income	46	4	156	9
12. Interest expense	-26	-67	-270	-628
13. Financial result	20	-63	-114	-619
14. Result before tax	-1,228	21,364	17,884	59,077
15. Income tax expense	197	-6,624	-5,638	-18,167
16. Net result for the period	-1,031	14,740	12,246	40,910
Comprehensive result attributable to shareholders of the parent	-1,049	14,706	12,097	40,742
Comprehensive result attributable to non-controlling interests	18	34	149	168
Result per share (basic and diluted)	-0.02	0.23	0.19	0.65

Consolidated balance sheet

at March 31, 2018

EUR (thousands)	31.03.2018	30.06.2017
Assets		
A. Non-current assets		
I. Other intangible assets	258	237
II. Property, plant and equipment	165,313	164,644
III. Financial assets	55	57
IV. Deferred tax assets	2,969	2,873
Total non-current assets	168,595	167,811
B. Current assets		
I. Inventories	61,985	34,346
II. Trade receivables	34,207	38,489
III. Derivatives	737	2,391
IV. Other short-term financial assets	11,883	3,978
V. Tax refunds	34	112
VI. Other assets	8,326	11,230
VII. Term deposits	60,042	60,000
VIII. Cash and cash equivalents	20,222	54,722
Total current assets	197,436	205,268
Total assets	366,031	373,079

EUR (thousands)	31.03.2018	30.06.2017
Liabilities and equity		
A. Equity		
I. Share capital	63,000	63,000
II. Additional paid-in capital	487,681	487,681
III. Other reserves	-1,165	-507
IV. Retained earnings	-255,270	-254,767
V. Reserve for translation differences	-146	-32
Total equity attributable to owners of the parent	294,100	295,375
VI. Non-controlling interests	1,165	1,016
Total equity	295,265	296,391
B. Non-current liabilities		
I. Bank loans and other loans	30	561
II. Provisions	157	154
III. Deferred investment grants and subsidies	5,369	6,127
IV. Other non-current liabilities	1,414	3,912
V. Deferred taxes	225	288
Total non-current liabilities	7,195	11,042
C. Current liabilities		
I. Bank loans and other loans	355	1,349
II. Trade payables	33,831	27,297
III. Derivatives	2,486	2,348
IV. Other current financial liabilities	5,339	9,226
V. Tax liabilities	16,726	15,075
VI. Provisions	1,232	1,532
VII. Deferred investment grants and subsidies	1,026	1,007
VIII. Other current liabilities	2,576	7,812
Total current liabilities	63,571	65,646
Total equity and liabilities	366,031	373,079

Consolidated cash flow statement

for the period July 1, 2017 to March 31, 2018

EUR (thousands)	9 M 2017/2018	9 M 2016/2017
Net result for the period	12,246	40,910
Income tax expense	5,638	18,167
Interest result	114	619
Depreciation and amortisation	16,742	16,146
Non-cash expense	298	341
Non-cash expenses	-160	-149
Loss (previous year: gains) on disposal of property, plant and equipment and disposal of investment grants	228	-37
Release of deferred investment grants and subsidies	-767	-760
Non-cash changes in derivative financial instruments	839	-982
Increase in inventories	-27,639	-17,585
Decrease (previous year: increase) in trade receivables	4,282	-5,798
Increase in other assets and other current financial assets	-7,097	-3,757
Decrease (previous year: increase) in provisions	-597	1,703
Increase in trade payables	6,534	5,585
Decrease (previous year: increase) in other current financial and non-financial liabilities	-11,622	867
Interest paid	-270	-653
Interest received	91	9
Income taxes paid	-3,558	-3,138
Cash flows from operating activities	-4,698	51,488

EUR (thousands)	9 M 2017/2018	9 M 2016/2017
Cash outflows for term deposits	0	-30,000
Proceeds from investment grants	2,265	0
Acquisition of intangible assets	-138	-68
Acquisition of property, plant and equipment	-17,756	-13,101
Proceeds from disposal of property, plant and equipment	29	82
Cash flows from investing activities	-15,600	-43,087
Payment of dividends	-12,600	-9,450
Cash outflows for the repayment of financial liabilities	-1,525	-9,500
Proceeds from drawdowns of financial liabilities	0	41
Cash flows from financing activities	-14,125	-18,909
Change in cash funds resulting from business transactions	-34,423	19,492
Change in cash funds due to effects of exchange rates	-77	111
Cash funds at beginning of year	54,722	77,483
Cash funds at end of year	20,222	97,086
Cash funds at year end comprise the following:		
Restricted cash	0	0
Cash and cash equivalents	20,222	97,086
Cash funds at end of year	20,222	97,086
Cash and cash equivalents, term deposits and other cash on segregated accounts	83,820	97,086

Financial calendar 2017/2018

November 9, 2017	Publication of the quarterly statement for the period ended September 30, 2017 (July 2017 to September 2017)
February 2, 2018	Annual General Meeting, Radisson Blu Hotel, Leipzig
February 8, 2018	Publication of the half-yearly interim report 2017/2018 (July 2017 to December 2017) Analyst's conference/half-year financial statements press conference
May 9, 2018	Publication of the quarterly statement for the period ended March 31, 2018 (July 2017 to March 2018)
September 26, 2018	Publication of annual report 2017/2018 Analyst's conference/annual financial statements press conference

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Forward-looking statements

The financial report includes various statements concerning forecasts, expectations and information that relate to the future development of the VERBIO Group and VERBIO Vereinigte BioEnergie AG. These statements are based on assumptions and estimates and may be associated with known and unknown risks and uncertainties. Actual developments and results as well as the financial and asset situation may therefore differ substantially from the expectations and assumptions stated. Such differences may be due, among other things, to market fluctuations, changes in worldwide market prices for raw materials as well as financial markets and exchange rates, changes in national and international laws and directives, or fundamental changes in the economic and political climate. VERBIO does not intend to and does not undertake an obligation to update or revise any forward-looking statements to adapt them to events or developments after the publication of this statement.

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We will be delighted to send you additional information about VERBIO Vereinigte BioEnergie AG on request at no charge.

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