

The logo for Verbio, featuring the word "Verbio" in a bold, green, italicized sans-serif font.

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Biofuel and Technology

**Analyst's Conference
Financial Year 2018/2019**

VERBIO Vereinigte BioEnergie AG

**Claus Sauter (CEO)
Leipzig, September 25, 2019**

Disclaimer

This presentation contains forward-looking statements which are based on assumptions and judgements made by the management of VERBIO Vereinigte BioEnergie AG. Although the Company's management is of the opinion that those assumptions and estimations are realistic, actual future developments and future actual results may differ significantly from these assumptions and estimates due to a variety of factors. For example, these factors can include changes to the overall economic climate, changes to the legal and regulatory framework in Germany and the EU, and changes in the industry. VERBIO can give no guarantee and accepts no liability as to whether future development and the results actually achieved in future will match the assumptions and estimates made in this publication.

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The background of the slide is a solid green color. On the left side, there is a white geometric shape that resembles a stylized 'V' or a corner cutout. In the bottom right corner, there is a small white number '4'.

**Market
conditions**

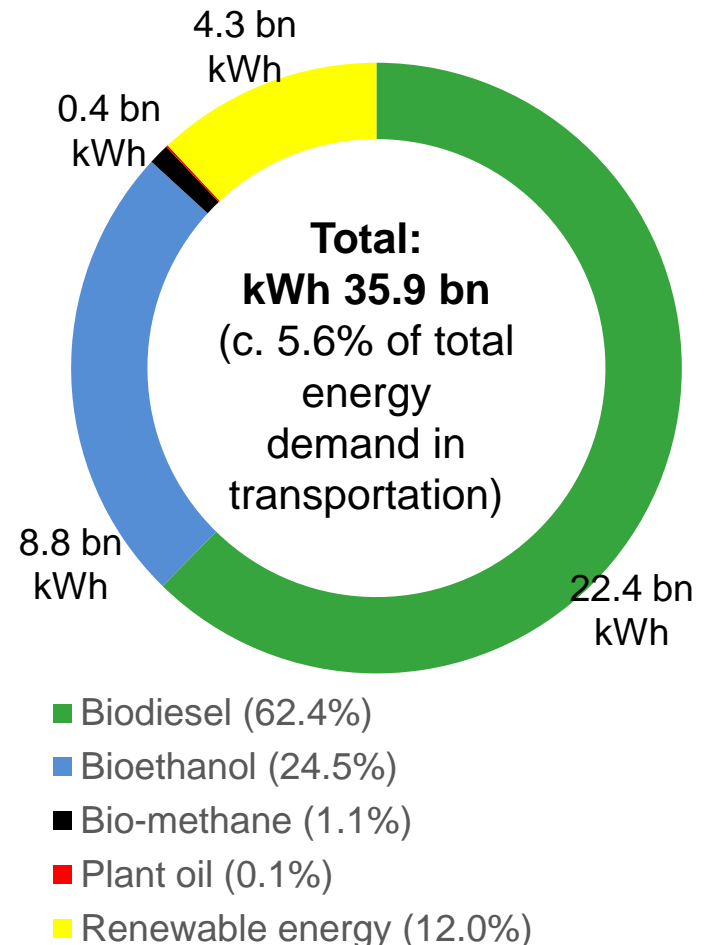
Legal environment in the EU year 2020

- 6% GHG savings is hard target
- No quota transfer from previous years
- Biofuel demand increases by at least 10%
- Ethanol deficit expected for EU
- Brexit?

Legal environment in Germany in year 2020

- GHG-quote increases by **50%** (from **4%** to **6%**)
- Biofuel demand will substantially increase
- E10 as standard fuel expected
- Announced climate package very positive
- Quota for advanced biofuels will increase

Renewable energy in transportation in year 2018*

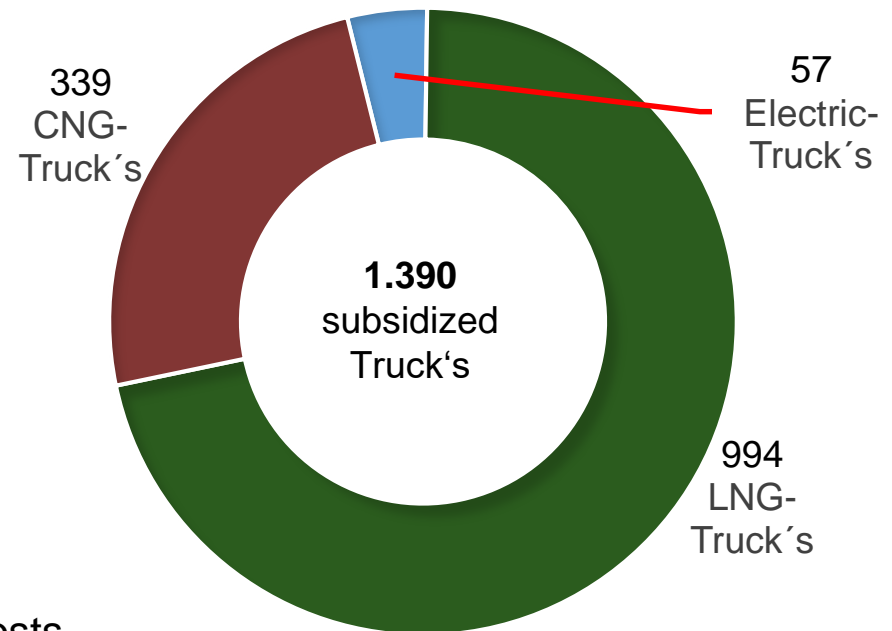


Germany: Market for natural gas trucks grows rapidly



- Toll exemption for gas trucks until 31st December 2020
- Toll exemption amounts to 50% of fuel costs
- LNG fuel is 40% cheaper compared to diesel
- 20% less fuel consumption than diesel

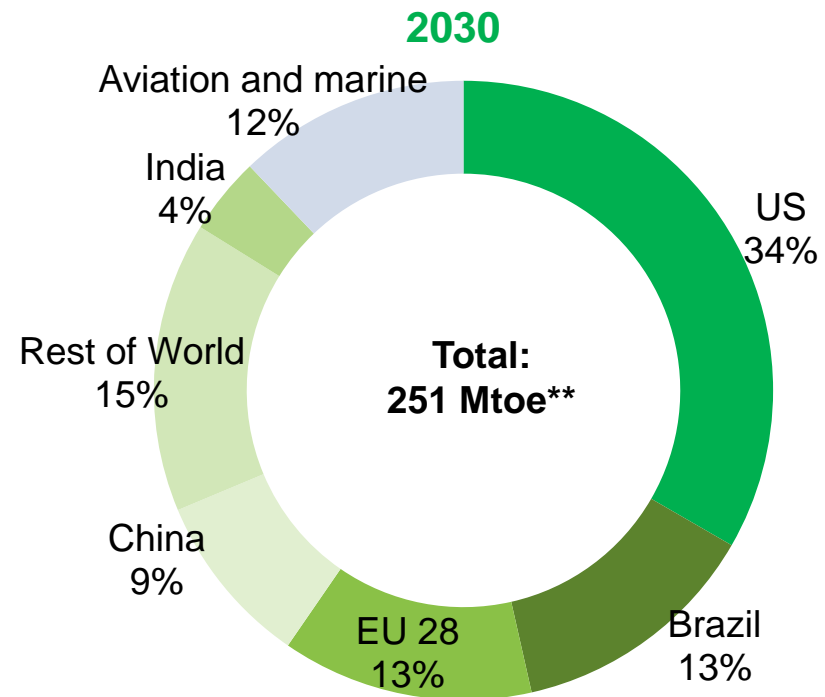
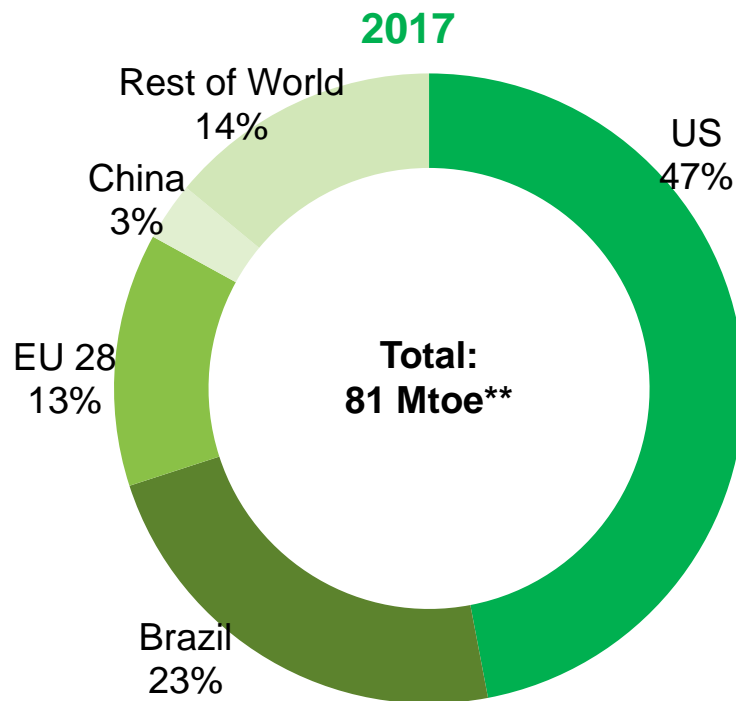
SUBSIDY PROGRAMM OF THE GERMAN STATE FOR ENERGYEFFICIENT TRUCK'S
Subsidized systems July 2018 to July 2019



www.zukunft-erdgas.info

Source: BMVI-Förderprogramm "Energieeffiziente und/oder CO₂-arme schwere Nutzfahrzeuge" (EEN) Stand 31.07.2019

Biofuel demand 2017 vs. Sustainable Development Scenario*



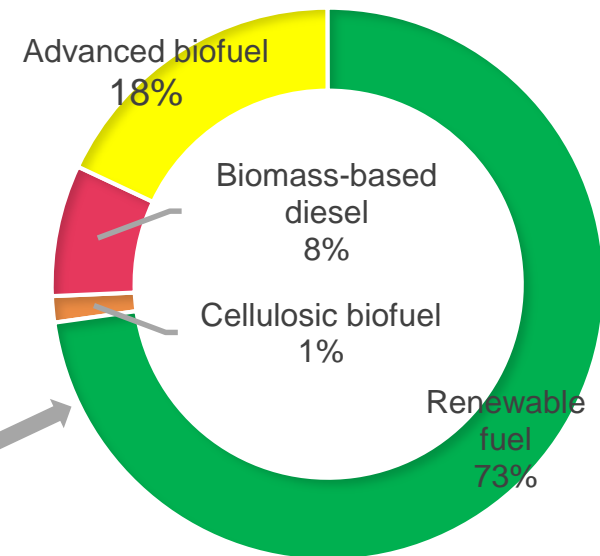
“To keep pace with the Sustainable Development Scenario, transport biofuel consumption needs to increase in existing markets and new markets need to develop.”*

* <https://www.iea.org/tcep/transport/biofuels/>

** **Mtoe:** The tonne of oil equivalent (toe) is a unit of energy defined as the amount of energy released by burning one tonne of crude oil

Market environment USA

- Composition Biofuel Market
- Ethanol industry suffers massively from trade war
- Trump announces 'giant package' for 2020
- Biodiesel obligation increases by 20%
- cellulosic biofuel obligation increases by 30%



Proposed and Final Renewable Fuel Volume Requirements for 2019-2021*

in billion gallons**	2019	2020 Statutory Volumes	2020 Proposed Volumes	2021 Proposed Volumes
Cellulosic biofuel	0.42	10.50	0.54	n/a
Biomass-based diesel	2.10	>=1	n/a	2.43
Advanced biofuel	4.92	15.00	5,04	n/a
Renewable fuel	19.92	30.00	20.04	n/a

* <https://www.greencarcongress.com/2019/07/20190706-eparfs.html>

** All values are ethanol-equivalent on an energy content basis except for biodiesel which is biodiesel-equivalent

LCFS (THG-Quote) California (east coast)

- LCFS (Low Carbon Fuel Standard) comparable to German THG-quota
- California, Oregon, Washington, BC
- 10% GHG by 2020
- Weekly auction of CO2 certificates
- Current price **USD 200,-/t CO2**

 Pressroom

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US 06/19/18

Atlanta, GA

- ***\$130 Million New Investment in Custom-Built, On-Site Natural Gas Fueling Stations and Vehicles Throughout U.S.***
- ***Marks a Decade of Leadership with \$1 Billion Investment in Alternative Fuel and Advanced Technology Vehicles and Fueling Stations***

UPS (NYSE:UPS) today announced plans to build an additional five compressed natural gas (CNG) fueling stations and add more than 700 new CNG vehicles including 400 semi-tractors and 330 terminal trucks. This \$130 million dollar investment in CNG capacity for 2018 builds on previous UPS investments of \$100 million dollars in 2016 and \$90 million dollars in 2017. UPS will have invested more than \$1 billion in alternative fuel and advanced technology vehicles and fueling stations from 2008 through 2018.

1. Market conditions

Status Canada / commissioning on 24 August 2019



1. Market conditions

Status USA / RNG Nevada/Iowa



1. Market conditions

Status India



1. Market conditions



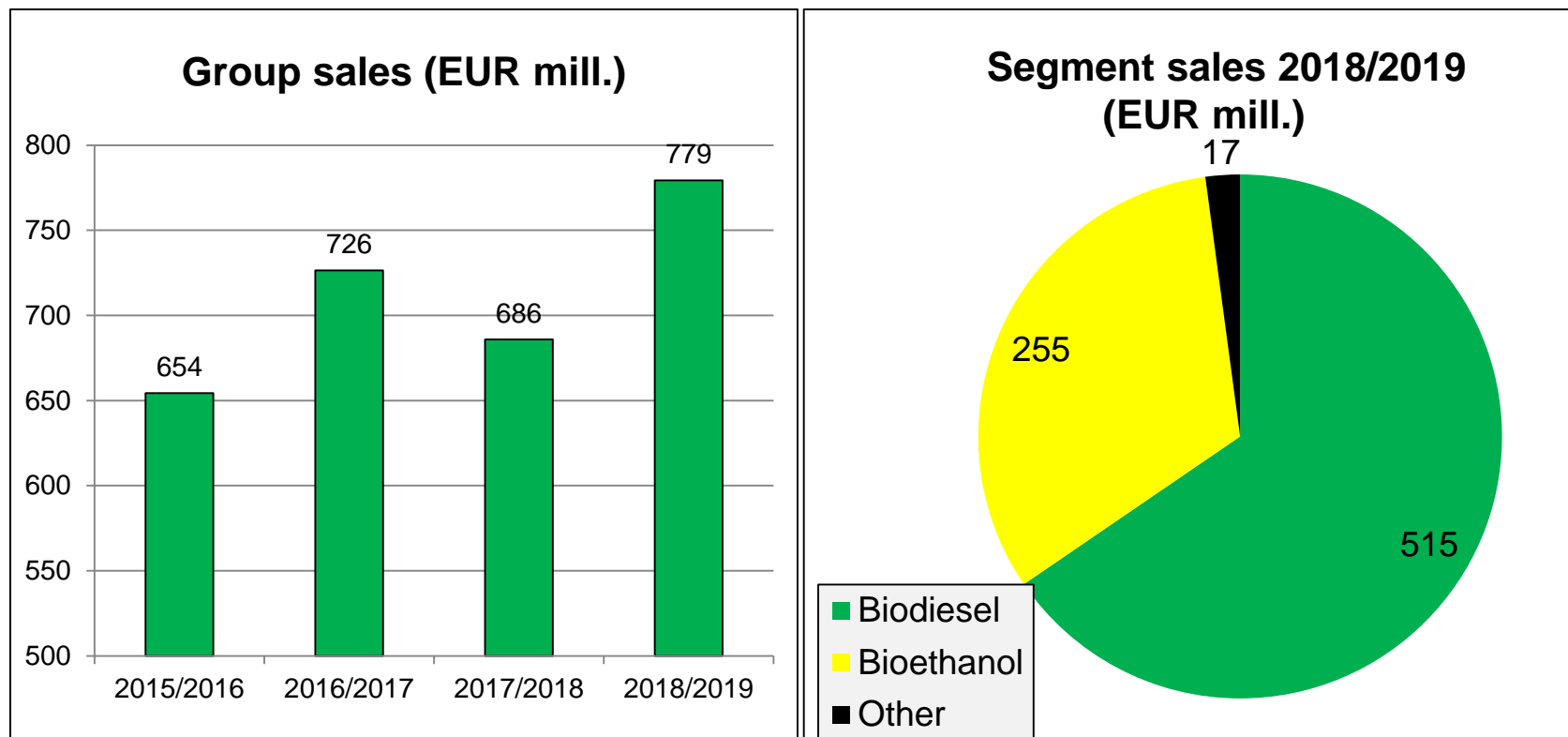
* under construction



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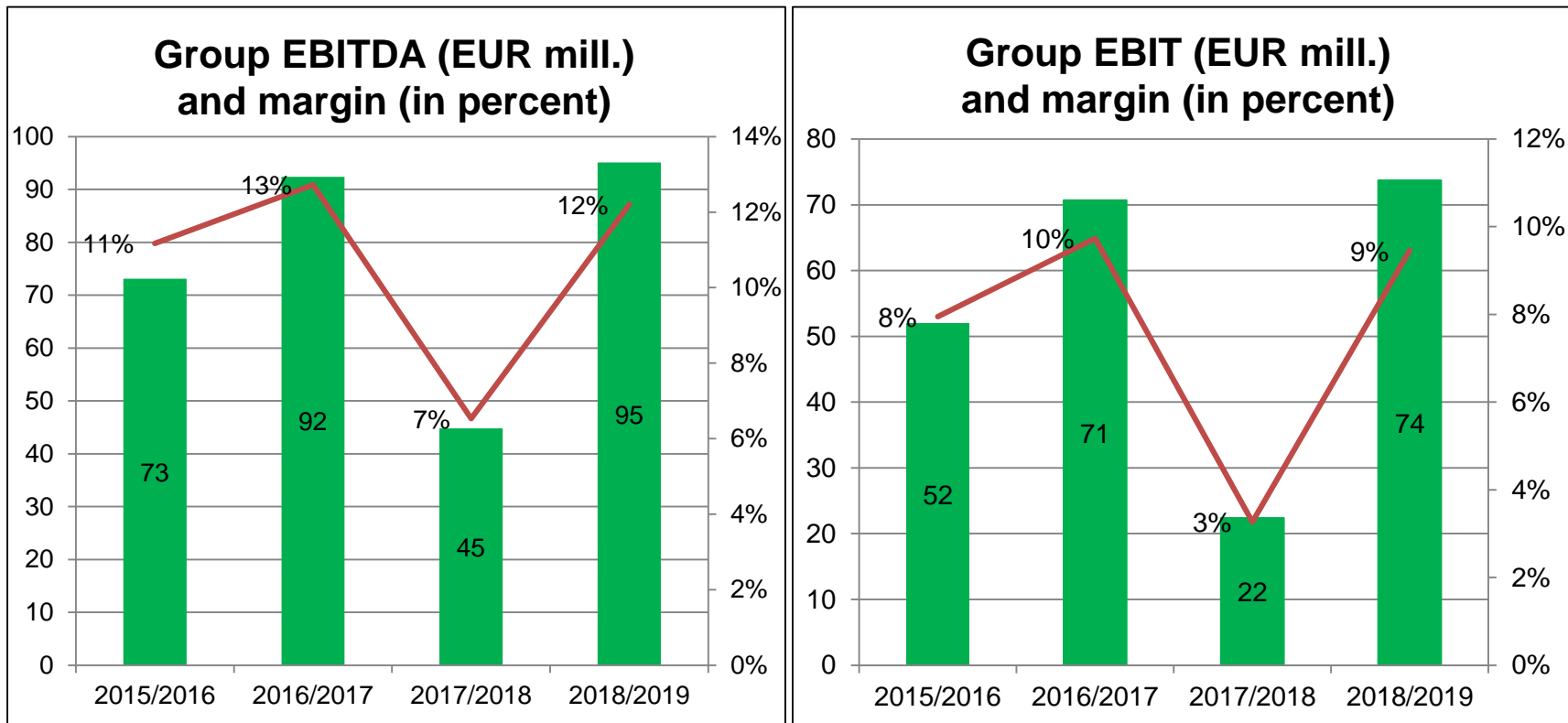
Business performance of the VERBIO Group in the financial year 2018/2019

2.1 Group sales revenues



- Group sales revenue 2018/2019 includes income from biogene fuels trading totalling EUR 19.6 mill. (PY: EUR 18.2 mill.) which is used to optimise margins and logistics.
- Segment sales affected by the higher price levels for biofuels.
- Segment Other primarily represents sales revenues from transport and logistics services.

2.2 Development EBITDA and EBIT



- EBITDA in 2018/2019 significantly up compared to the previous year as a result of increased biodiesel margins at the end of 2018 due to low water levels in the river Rhine.
- Repairs and maintenance EUR 11.7 mill. (PY: EUR 10.5 mill.) / effect on EBITDA.
- Depreciation 2018/2019 slightly down EUR 21.4 mill. (PY: EUR 22.4 mill.)

2.3 Group overview

EUR mill.	2018/2019	2017/2018	change
Production (t)	721,126	722,511	-0.2%
Sales revenues	779.3	685.9	13.6%
EBITDA	95.1	44.8	112.3%
EBIT	73.7	22.4	229.0%
EPS (EUR/share)	0.84	0.24	250.0%
Equity ratio (%)**	79.8	82.0	
Operating Cash Flow	44.3	11.1	EUR 33.2 mill.
Liquid funds*/**	74.2	90.5	EUR -16.3 mill.
Net financial assets*/**	64.2	90.1	EUR -25.9 mill.

* incl. segregated accounts

** end of FY

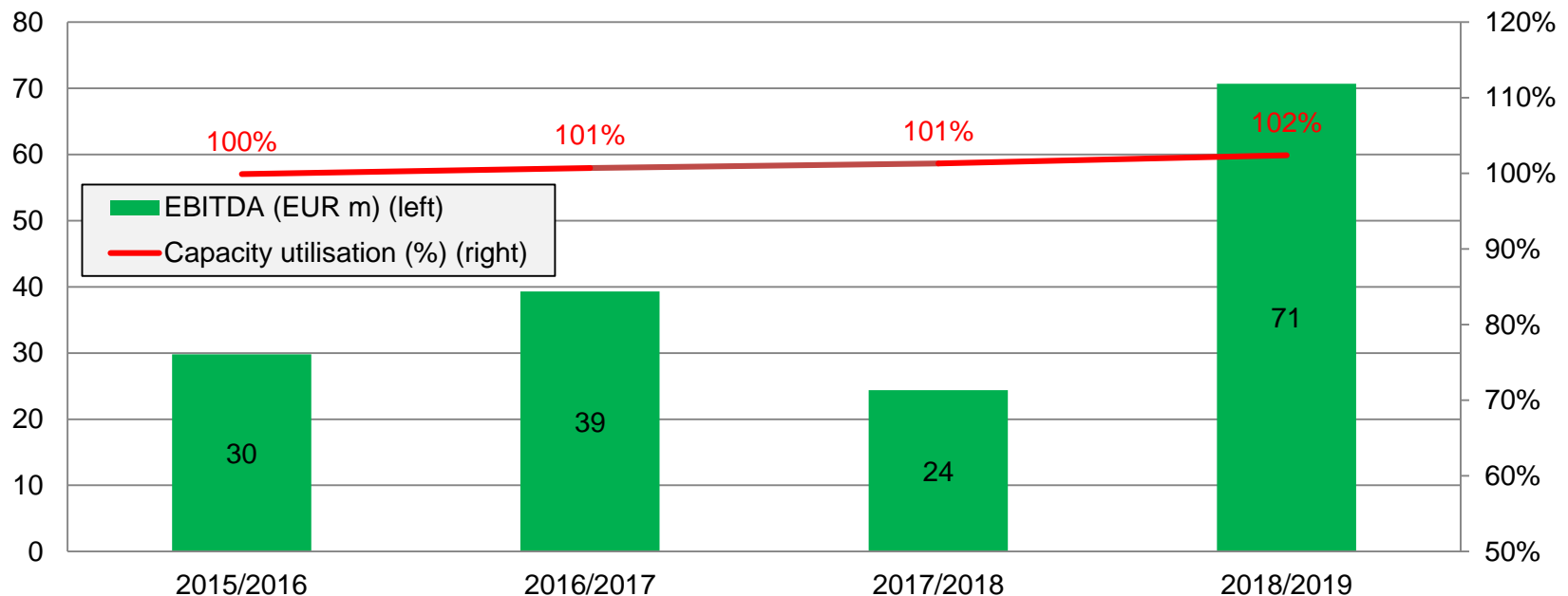
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**Biodiesel
segment**

3.1 EBITDA and capacity utilisation

Biodiesel EBITDA (EUR mill.) vs. Capacity utilisation (in %)



- Increase in EBITDA in the financial year 2018/2019 primarily due to increased capacity utilisation and higher production margins as a result of low water levels in the river Rhine.
- Expansion of sterol production in line with plan. Production commenced in Q1 2019/2020.

3. Biodiesel segment

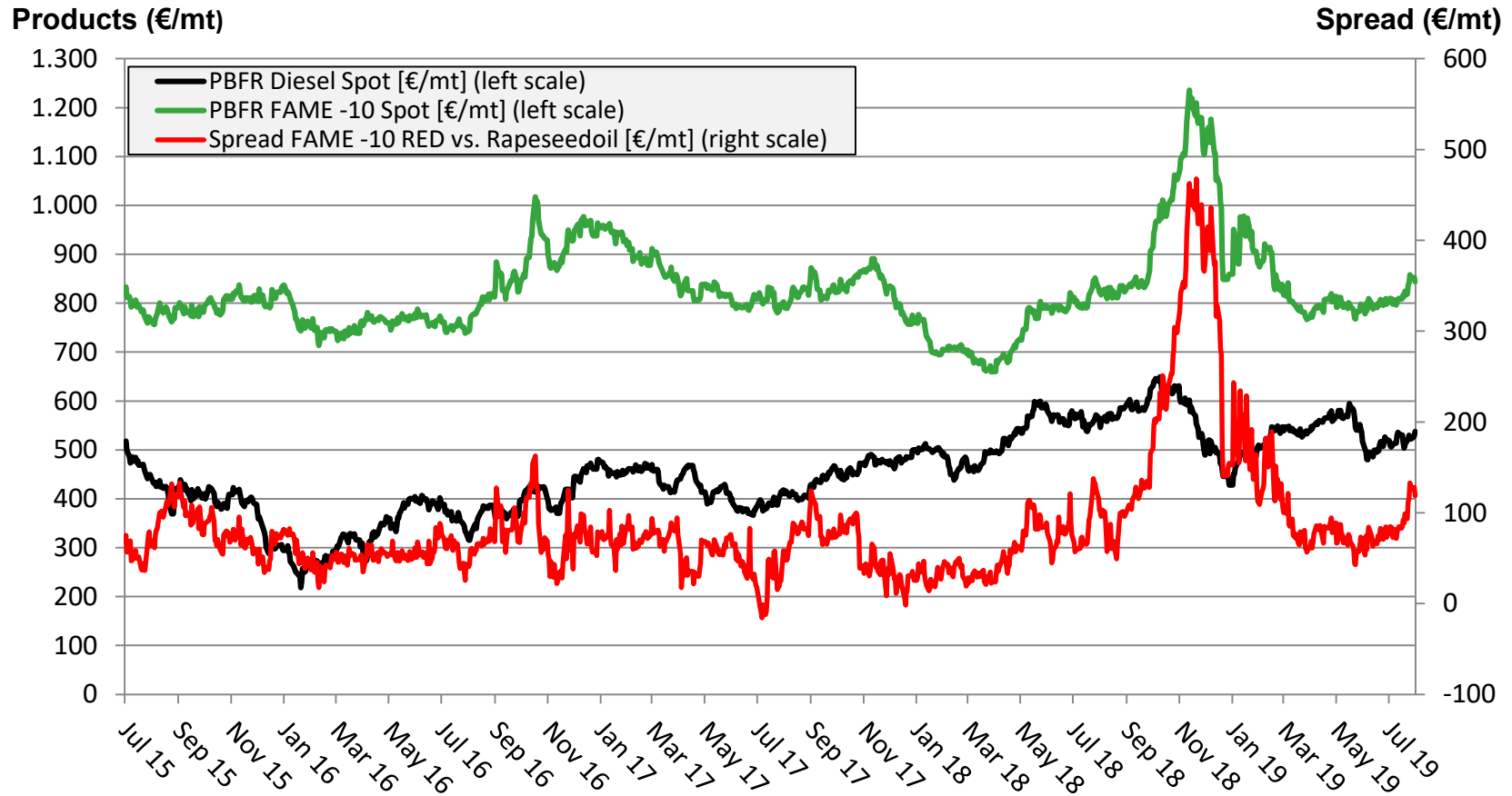
3.2 Segment overview

EUR mill.	2018/2019	2017/2018	change
Production (t)	481,280	476,211	1.1%
Utilisation (percent)	102.4	101.3	
Sales	514.5	456.8	12.6%
EBITDA	70.7	24.4	189.8%
EBIT	65.7	19.6	235.2%
Employees	158	113	45

- Further increase in production in 2018/2019 resulting in the highest annual production levels in the history of the Company.
- Increase in revenues driven by higher sales prices for biodiesel.
- Investments of EUR 27.9 mill. (PY: EUR 5.9 mill.), primarily for sterol capacity expansion.

3. Biodiesel segment

3.3 Market price trends biodiesel, rapeseed oil and diesel



- Strong decline in biodiesel prices and margins since January 2019.
- Current margins correspond to average of previous years.

A large, stylized number '4' is formed by green geometric shapes. It consists of a large green triangle on the left, a smaller green triangle to its right, and a green rectangle at the bottom right. The negative space of the '4' is white.

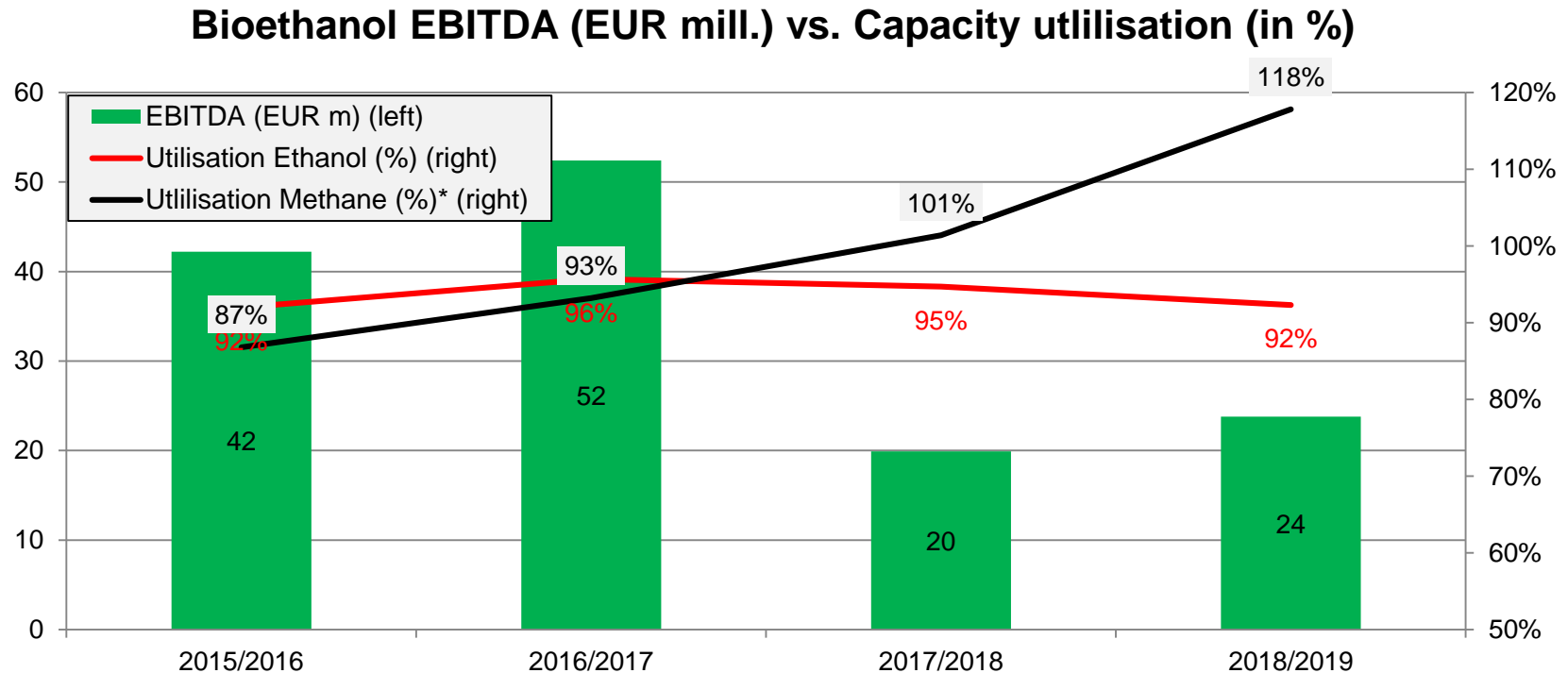
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**Bioethanol
segment**

4. Bioethanol segment

4.1 EBITDA and capacity utilisation



- Increase in EBITDA in the financial year 2018/2019 due to a significant increase in biomethane production (+16 %) among other things
- Construction of the new bio refinery at the Pinnow location completed. Production has commenced.

4. Bioethanol segment

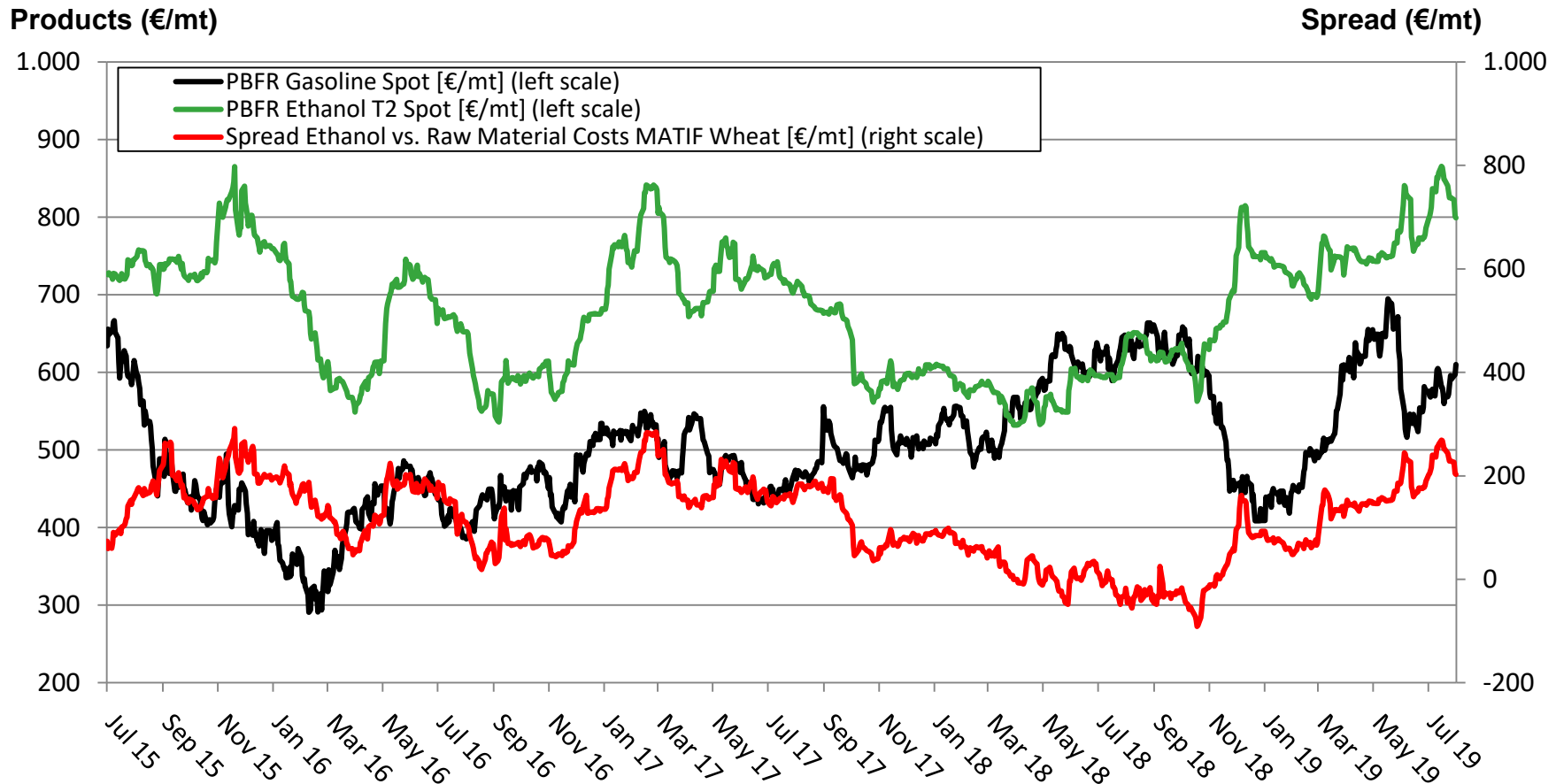
4.2 Segment overview

EUR mill.	2018/2019	2017/2018	change
Production (t)	239,846	246,300	-2.6%
Utilisation (percent)	92.3	94.7	
Production (GWh)	706.6	608.3	16.2%
Utilisation (percent)*	117.8	101.4	
Sales	254.7	219.1	16.2%
EBITDA	23.8	19.9	19.6%
EBIT	8.0	2.8	185.7%
Employees	332	260	72

- Market share was maintained. Good capacity utilisation.
- Investments of EUR 34.8 mill. (PY: EUR 18.5 mill.), primarily to optimise existing bio-methane plants, to build the bio refinery Pinnow and biomethane plants in India and USA.

4. Bioethanol segment

4.3 Market price trends - gasoline, bioethanol and spread



- Production margins for bioethanol increased from the end of 2018. Wheat prices fall more sharply in relation to bioethanol.
- Increased competition in the European biofuels market led to first plant closures.



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**Outlook for the
financial year
2019/2020**

Production capacity 2019/2020

Capacity – year on year comparison

■ Biomethane

2018/2019: **600 GWh**

2019/2020: **750 GWh** (+ 25 %)

⇒ Optimisation of existing plants and

⇒ Additional capacity at the Pinnow location

■ Biodiesel

2018/2019: **470.000** tonnes

2019/2020: **660.000** tonnes (+ 40.4 %)

⇒ Optimisation of existing plants and

⇒ Additional biodiesel capacity in Canada

Business performance outlook

■ Plant capacity utilisation:

Generally good capacity utilisation in the financial year 2019/2020 expected for all segments.

■ Market: Margins

Biodiesel: 1. HJ 2019/2020 good margins expected.

Bioethanol: 1. HJ 2019/2020 good margins expected.

■ CAPEX financial year 2019/2020:

Approx. EUR 80 Mio. primarily for foreign projects in straw biomethan, acquisition of biodiesel plant in Canada and efficiency improvements in the Biomethane / Biodiesel segments.

- Proposed dividend of 20 cent/share for FY 2018/2019*

■ Outlook FY 2019/2020:

EBITDA: around EUR 65 mill.

Slight net debt position at the end of the financial year 2019/2020

* see additional information in the annual report 2018/2019



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**Thank you for
your attention!**

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