

## Press release

### **VERBIO AG Annual General Meeting:**

### **The most successful financial year in the Company's history – VERBIO consistently pursuing its innovation and growth strategy**

**Leipzig, January 31, 2020.** At today's annual general meeting of shareholders held in Leipzig the Management Board of VERBIO Vereinigte BioEnergie AG commented on the reported figures for the financial year 2018/2019. The meeting started with Claus Sauter, Chairman of the Management Board, thanking his employees, Board colleagues and the Supervisory Board for the most successful year in the Company's history. "Day after day we at VERBIO provide practical evidence that we in Germany have the technological conditions to make the energy revolution a reality," said Claus Sauter, emphasising his conviction and confidence. A proposal for the payment of a dividend of EUR 0.20 per qualifying share, unchanged from the previous year, was put to shareholders. The proposal was approved by the voting shareholders in attendance.

#### **Best results in the Company's history**

In the financial year 2018/2019 VERBIO generated Group revenues of EUR 779.3 million (2017/2018: EUR 685.9 million). With production of biodiesel and bioethanol totalling 721,126 tonnes, VERBIO has continued the trend set with the previous year's production record, and in doing so recorded the most successful financial year in its history. In the biomethane segment the significant increase in biomethane production in the financial year 2018/2019 even resulted in a new record level of production being achieved, with production increasing to 706.6 gigawatt hours.

Claus Sauter commented on the annual result as follows: "While others only complain and make angry comments about the politics, we have acted in a consistent and focussed manner, opening up new business fields and entering new markets. We can be proud, and say that VERBIO is the only company in the world that has managed to create highly efficient fuel from pure straw. Corporations such as DuPont have failed to achieve this."

#### **Innovation, investment and internationalisation for sustainable growth**

VERBIO AG's EUR 64.6 million of investment in growth projects in the financial year 2018/2019 is significantly more than double the previous year's amount (2017/2018: EUR 26.7 million). These investments were focussed on the further expansion of sterol production and on optimising the straw-biomethane technology. In addition to making investments in the domestic market in Germany, investments were also focussed on India and North America.

The process used to manufacture sterol from rapeseed oil used to manufacture biodiesel was created by VERBIO's own research and development department, and is an indicator of the ongoing strength of the Company's innovative power. In the past financial year 2018/2019 the third expansion stage of the sterol production plant at the Bitterfeld location was completed. With the commencement of production at the plant, VERBIO is now one of the world's largest sterol producers.

In addition to the expansion in sterol production, VERBIO - the bioenergy Group - is now concentrated on expanding and optimising its biomethane technology. The new biorefinery in Pinnow, which creates biofertiliser and biomethane from 100 percent straw, reached full production levels in August 2019.

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#### **VERBIO Vereinigte BioEnergie AG**

Ulrike Kurze  
Marketing/PR  
Ritterstraße 23 (Oelßner's Hof), 04109 Leipzig  
Tel.: +49 176 13085404  
Fax: +49 341 308530-999  
E-Mail: [ulrike.kurze@verbio.de](mailto:ulrike.kurze@verbio.de)

Constanze Reinsberg  
WeichertMehner GmbH & Co. KG  
An der Dreikönigskirche 5, 01097 Dresden  
Tel.: +49 351 50140-205  
Fax: +49 351 50140-209  
E-Mail: [verbio@weichertmehner.com](mailto:verbio@weichertmehner.com)

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With its increasing concentration on international locations in India and North America, VERBIO is making itself more independent from the European biofuels market. Construction work commenced on new biorefineries in Nevada/Iowa in the USA and Punjab in Northern India in the financial year 2018/2019; these mark the starting points for further projects in these countries. "We have been welcomed with open arms, especially in India. Our project does not only secure incomes and livelihoods for India's mostly agricultural-based population; we also offer a sensible and environmentally favourable use for excess straw, which would otherwise be burnt in the fields on a large scale, creating serious levels of air pollution which has significant health consequences," explained Prof. Dr. Oliver Lüdtkke, member of the Management Board for Bioethanol/Biomethane. The start of production in the new plant in India is planned for the coming financial year. Straw-biomethane production in Nevada, USA is also expected to be connected to the network in 2021.

### Excellent production volumes in all segments

In the financial year 2018/2019 the Biodiesel segment recorded significant growth compared to the previous year with revenues of EUR 514.5 million (2017/2018: EUR 456.8 million). The series of records set for biodiesel production over a number of years now continued, with the production of biodiesel exceeding 480,000 tonnes for the first time, increasing to 481,280 tonnes (2017/2018: 476,211 tonnes).

The Biodiesel segment contributed to the Group's results with an EBITDA of EUR 70.7 million. This is almost three times the level reported in the previous year, which is a result of a combination of increased levels of production and significant increases in sales prices. This is the best result that the Biodiesel segment has ever achieved by a big margin.

The Bioethanol/Biomethane segment generated revenues of EUR 254.7 million in the financial year 2018/2019 (2017/2018: EUR 219.1 million). With 239,846 tonnes of bioethanol, production levels were at a similar level to the previous year (2017/2018: 246,300 tonnes). The increase in sales revenues of EUR 35 million compared to the previous year was due to higher sales prices, with the level of sales volumes approximately unchanged.

The production of biomethane increased by 16.2 percent to 706.6 GWh (2017/2018: 608 GWh), reaching a new record level.

### Ever more CNG heavy goods vehicles and **verbio**gas filling stations in Germany

In the logistics sector VERBIO concentrated further on CNG and biomethane from waste materials and straw for use in the long-distance goods transport sector. "The toll exemptions for CNG and LNG heavy goods vehicles in place since January 1, 2019 and the subsidy programme established by the Federal Ministry of Transport to subsidise the acquisition of these vehicles provides encouragement for logistics companies to exchange vehicles in their diesel heavy goods vehicles fleets for vehicles fuelled with CNG and LNG engines. In addition to this, there is the climate benefit that is provided by using biomethane manufactured from waste materials," said Bernd Sauter, member of the Management Board for Procurement and Logistics. Within a few months the package of measures has led to more than 1,400 CNG/LNG heavy goods vehicles being acquired by German logistics providers in the period from January to June/July 2019. VERBIO is also setting a good example: "We have already converted 10 percent of our vehicle fleet to CNG heavy goods vehicles; these are primarily fuelled with biomethane from our own production sources. In addition, we have

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Ulrike Kurze  
Marketing/PR  
Ritterstraße 23 (Oelßner's Hof), 04109 Leipzig  
Tel.: +49 176 13085404  
Fax: +49 341 308530-999  
E-Mail: [ulrike.kurze@verbio.de](mailto:ulrike.kurze@verbio.de)

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WeichertMehner GmbH & Co. KG  
An der Dreikönigskirche 5, 01097 Dresden  
Tel.: +49 351 50140-205  
Fax: +49 351 50140-209  
E-Mail: [verbio@weichertmehner.com](mailto:verbio@weichertmehner.com)

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installed a biomethane filling station of our own at the Schwedt location,” reported Bernd Sauter. Nationally, there are currently 125 filling stations offering **verbio**gas.

### Multi-feedstock technology flexibility in raw material supply

Following a poor harvest yield in 2018, the weather conditions in Germany in 2019 were again not ideal for agriculture. The 2019 harvest was below expectations almost everywhere, and below the usual land yield levels. However, the situation was regionally diverse, and overall was not as serious as in the previous year. VERBIO was able to counter the tight raw material situation thanks to the multi-feedstock technology used in its plants. The Company is able to use maize as the starting point for mono fermentation in bioethanol production, in addition to rye, wheat or triticale. In addition, VERBIO collects up to 100,000 tonnes of straw for biomethane production in the regions around its production locations at Schwedt/Oder and Pinnow.

### Outlook for the financial year 2019/2020

Based on current sales volumes and raw material prices as well as the planned production capacity usage, the Management Board expects to achieve an EBITDA for the financial year 2019/2020 of around EUR 110 million, and to increase net cash by the end of the financial year to around EUR 40 million. This forecast is based on the strong increase in demand for biofuels and on the current good order levels.

“In the current financial year, we expect biomethane production to be 750 GWh. Our clear target is to produce 1,000 GWh annually. We continue to work at full speed to achieve this objective. This volume would be sufficient to replace more than 50 percent of Germany’s total CNG fuel needs with biomethane,” said Prof. Dr. Oliver Lüttke, member of the Management Board.

Thanks to the ongoing process of optimising our technologies and to the acquisition and relaunch of a biodiesel plant in Dain City, Ontario, Canada, VERBIO also expects growth in the production of biodiesel. “At its locations in Bitterfeld, Schwedt and Dain City in Canada, VERBIO has a total annual production capacity of 660,000 tonnes of biodiesel,” explained Theodor Niesmann, member of the Management Board for the Biodiesel segment. He added, “The acquisition of the plant in Canada is part of the consistent application of VERBIO’s internationalisation strategy for the growing North American biofuels market. This market has an annual demand of approximately 9 million tonnes of biodiesel; this is a potential that we want VERBIO to make use of. It is our objective to also be the market leader in the North American biodiesel market using our technology.”

A greenhouse gas reduction quota of 6 percent has been in place in Germany since January 1, 2020. This supports the demand for biofuels. For biodiesel in particular, it has led to a revival of the B100 market as the use of pure biodiesel is achievable without major technical effort, especially in the heavy goods vehicles transport sector.

XiMo, the Swiss research company acquired in the last financial year, has an ongoing programme working on the creation of a catalyst, and on developing industrial manufacturing processes aimed at producing greasing oils, solvents, plastics and aroma materials using chemicals obtained from biodiesel. VERBIO aims to drive forward the development of the technology and market preparation so that these are ready for investment decisions about the construction of an industrial-scale plant by the end of the financial year 2019/2020.

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Marketing/PR  
Ritterstraße 23 (Oelßner’s Hof), 04109 Leipzig  
Tel.: +49 176 13085404  
Fax: +49 341 308530-999  
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### “Revival of biofuels in Europe”

At the annual general meeting Claus Sauter showed his optimism, and he forecasts that biofuels will make a breakthrough in Europe. “Climate protection is a global challenge, which can only be solved collectively. In the biofuels sector we at VERBIO AG are at the cutting edge of this process, and we have been waiting for years for the opportunity to make increasing use of our technologies and our products to reduce the levels of damaging emissions in the transport sector. The pressure from society in general to finally deliver on climate protection is increasing. We will see a revival of the use of biofuels in Europe, although they had almost been pronounced dead. The decarbonisation of transport cannot be achieved without the use of biofuels,” stressed the Chairman of the Management Board in his speech.

### The results of the financial year 2018/2019 in overview:

|  |   |
|--|---|
| <b>Group sales revenue:</b>                                    | EUR 779.3 million   |
| <b>EBITDA (result before interest, taxes and depreciation)</b> | EUR 95.1 million (2017/18: EUR 44.8 million)                  |
| <b>Biodiesel production volume:</b>                            | 481,280 tonnes (2017/18: 476,211 tonnes).                     |
| <b>Bioethanol production volume:</b>                           | 239,846 tonnes (2017/18: 246,300 tonnes).                     |
| <b>Biomethane production volume:</b>                           | 706.6 GWh (2017/18: 608 GWh)<br>(+ 16.2 %, production record) |

The details of the financial results are provided here:

<https://www.verbio.de/investor-relations/aktuelles-publikationen/finanzberichte/20182019/>

#### Information about VERBIO Vereinigte BioEnergie AG (VERBIO)

VERBIO Vereinigte BioEnergie AG is one of the leading independent bioenergy manufacturers, and is also the only large-scale producer of biodiesel, bioethanol and biomethane in Europe. The Group has approximately 700 employees at its locations in Saxony, Saxony-Anhalt and Brandenburg as well as at its foreign subsidiaries in India, the USA, Canada, Poland and Hungary. VERBIO concentrates on the use of internally developed innovative and efficient energy-saving production processes. VERBIO's biofuels achieve CO<sub>2</sub> savings of up to 90 percent compared to petrol or diesel. The Group's annual production capacity amounts to approximately 660,000 tonnes of biodiesel, 260,000 tonnes of bioethanol and 750 gigawatt hours of biomethane. In addition, VERBIO manufactures biofertiliser and animal feed for agricultural use as well as high-value raw materials for the pharmaceutical, cosmetic and foodstuff industries. With its innovative processes and highly efficient production plants, VERBIO is a technology leader in the biofuels market. The VERBIO share (ISIN DE000A0JL9W6/WKN A0JL9W) has been listed in the prime standard segment of the Frankfurt Stock Exchange since October 2006.

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