

Press release

VERBIO reports another record result for the financial year 2021/22 despite energy policy upheavals

- Claus Sauter, VERBIO CEO: “We are part of the solution to the current energy crisis”
- Employee headcount increased to almost 1,000 –100 new jobs planned worldwide
- Proposed dividend of EUR 0.20 per qualifying share
- VERBIO defines climate objectives

Leipzig, September 27, 2022 – VERBIO Vereinigte BioEnergie AG ends the financial year 2021/2022 reporting record results for the fourth successive year. The successful start to the internationalisation of the business and the positive market environment for first and second generation biofuels due to the current energy crisis are significant factors contributing to the stable growth and to further excellent sales figures: Group revenue has almost doubled, increasing to EUR 1,812.5 million, significantly above the one billion mark which was achieved for the first time in the previous year (2020/21: EUR 1,026.0 million). Earnings before interest, taxes and depreciation and amortisation (EBITDA) totalled EUR 503.3 million, EUR 337.0 million above the previous year (2020/21: EUR 166.3 million).

Compared to the previous year, the total production of biodiesel and bioethanol increased to 838,132 tonnes (previous year: 834,541 tonnes). The plant utilisation rate was 91.1 percent. The volume of biomethane production increased again, rising to 884,959 MWh compared to 794,817 MWh in the financial year 2020/21.

The increase in the greenhouse gas reduction quota, the double-crediting of advanced biomethane from January 2022 and the continued strong demand for renewable fuels had positive effects on sales trends. Accordingly the increase in revenues more than offset the higher prices of raw materials and the increase in energy costs.

Energy crisis increases the relevance of domestic biofuels

Following on from the COVID-19 crisis, the Ukraine war has not only upset the political and economic framework in Europe, it caught the worldwide energy and raw materials markets off-balance. Countries in the European Community, and Germany in particular, are suddenly being forced to realign their energy policies, and this has to be done quickly. In doing so, locally produced renewable energy generated from regional raw materials is playing a significant role in climate protection, energy security and price stability.

“For the first time we are holding meetings with politicians on an equal footing, and we are viewed as part of the solution. The war in Ukraine has resulted in a dramatic change in the awareness of our politicians and the public,” said Claus Sauter, Chairman of the VERBIO AG Management Board.

VERBIO Vereinigte BioEnergie AG

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“In this situation, everyone is called upon to offer realistic proposals about how to reduce supply bottlenecks. There is observable readiness among politicians to take a step back from ideological positions and to implement short-term solutions. These include, among other things, the expansion of gas infrastructure for LNG terminals and a reform of the Renewable Energy Act to promote the generation of biomethane fuel generated from waste and residual products. The Federal Ministry for Economic Affairs is actively addressing administrative hurdles that block the use of more biomethane in the natural gas network,” he added.

There is no doubt that the search for new perspectives for the future needs to include a realistic concept for the maintenance and transformation of the PCK refinery in Schwedt, which will enable it to become a producer of renewable and synthetic fuels.

Claus Sauter explained: “We are part of the solution to the current energy crisis. With our technology strengths and our ability to innovate, we see the potential to make a significant contribution to the transformation process. Our advanced biomethane in particular will play a central role as a substitute for fossil natural gas, both in transport as well as in industrial applications, electricity generation or heat supply. In future, up to 50 percent of Russian natural gas can be replaced by biomethane from local production.”

Strategic focus on growth markets

In addition to the positive effects of an increased demand for sustainable biofuels and by-products, the effects of the Ukraine war mean that VERBIO is presented with new challenges. The Company is faced with increased raw material prices for agricultural products and many-fold increases in energy costs, as well as the scarcity of some goods and resources in the same way as other industry segments and the population as a whole. The coming months will be characterised by the Company’s successful efforts to meet these challenges.

“Our current record result was achieved in a market environment in the midst of unprecedented tumult in terms of energy policy. This serves to underline once again our flexibility and how future-proof our business model is. Our strategic focus on new growth markets – both geographically and on the product side – has proved to be the right approach,” stressed the VERBIO boss.

In North America and India VERBIO is entering growth markets for renewable energies with very large potential. Following the successful commissioning of the first expansion phase of our biorefinery in Nevada (Iowa/USA) in the second half of the financial year, further growth projects are being examined, ranging from classic bioethanol production through to the opportunity to generate green hydrogen and the manufacturing of synthetic gases and fuels.

We also brought the first production plant in India into operation. Claus Sauter explained: “Here in particular there are currently major challenges, as the Indian government has a very strong influence in the energy market overall. We are holding constructive talks with officials at the highest government levels in order to ensure that the regulatory framework becomes more favourable to the targeted expansion of advanced biofuels in order to define the framework needed for further growth.”

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Fit for growth: New Management Board structure and growth in employee headcount

VERBIO has realigned its organisation in recent months, and made sure that it is fit for significant growth in the future. Responsibilities in the Management Board have been redistributed with a stronger focus on regional criteria. In addition, the Management Board has been expanded and now includes a Chief Financial Officer. This enables the allocation of duties among board members to be more specialised, increasing its capacity.

As at June 30, 2022 VERBIO has almost 1,000 employees, and in the next twelve months it will create more than 100 additional jobs worldwide. Claus Sauter is convinced: "With our strong financial position and our excellent team we have optimal conditions for making further international investments."

Innovation as a driver of growth

VERBIO AG will continue to develop its successful business model, pursuing its strategy of globalisation and developing climate-friendly renewable products for a range of industrial applications. In total, more than EUR 6 million was spent on research and development in the past financial year. More than 50 employees now work in research and development departments across the Group. Currently a new technical centre is being built at the Bitterfeld location which will house research laboratories.

Further investments are being made, among other things the expansion of the biorefinery in Nevada (Iowa, USA), the doubling of advanced biodiesel capacity in Germany, the expansion of the Group's own BioLNG/BioCNG infrastructure with a 60,000-tonne liquefaction plant at the Zörbig location and 20 filling stations across Germany, an ethenolysis plant to manufacture climate-friendly chemicals, as well as creating high-value proteins at our German locations.

Investments totalling EUR 121.4 million have been made in the financial year 2021/22, these have led, among other things, to a capacity expansion of the VERBIO plants. The new annual capacity levels for 2022/2023 across all plants are 660,000 tonnes of biodiesel, 300,000 tonnes of bioethanol and 1,300 GWh of biomethane.

VERBIO defines climate objectives

Claus Sauter underlines: "We have set ourselves ambitious sustainability objectives, and we intend to meet these with further stringent optimisation of our processes, plant, technologies and logistics. Our aim is that by 2025 we will, using our products, save 8 million tonnes of CO₂ annually on the basis of the current regulatory framework. That means a three-fold increase compared to today's levels. In addition, we want to make a significant improvement to our own green footprint, and to make the VERBIO Group climate-neutral by 2035."

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Dividend and outlook for the financial year 2022/23

Based on current sales, raw material and energy price levels and the planned production capacity utilisation, the Management Board of VERBIO AG expects to achieve an EBITDA for the financial year 2022/2023 of around EUR 300 million. This does not take any account of additional negative effects resulting from the Ukraine war.

The investments will largely be financed using the free cash reserves generated in previous financial periods and cash flows from current operations. The Management Board expects that the Group will have net financial assets of approximately EUR 30 million at the end of the financial year 2022/2023.

In the view of VERBIO AG's Management and Supervisory Boards, investments in advanced biofuels, the globalisation of the business model and the diversification of end markets are essential to ensure the Group can generate sustainable profitability from the available growth opportunities. For this reason, despite the record results the Management and Supervisory Boards will make a proposal to the annual general meeting to be held in February 2023 for the payment of an unchanged dividend of EUR 0.20 per qualifying share. The available financial resources shall be retained and targeted for use in funding the investments planned.

Annual report and non-financial reporting

The detailed annual report 2021/22, as well as the separate Group non-financial report for the financial year 2021/22 and the Corporate News on the financial statements will be available from 9.30 a.m. at: www.verbio.de/en/financial-reports

A summary of the VERBIO sustainability strategy will also be available from 09:30 a.m. at: www.verbio.de/sustainability

Picture material is available for download (approx. 40 MB, © VERBIO AG) at: https://bit.ly/VERBIO_Bilanz

Picture
preview:



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Important notice

This publication contains forward-looking statements that are based on assumptions and estimates made by the management of VERBIO Vereinigte BioEnergie AG. Although the Company's management is of the opinion that these assumptions and estimations are realistic, actual future developments and actual future 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.

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 employs approximately 1,000 people 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 technologies and efficient energy-saving production processes. VERBIO's biofuels achieve CO₂ 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, 300,000 tonnes of bioethanol and 1,300 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.

www.verbio.de | www.working-for-climate.com | www.verbioogas.de | www.strawclever.com

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