

Verbio

Biofuel and Technology

**Quarterly interim
statement for the period
ended September 30, 2019
(Q1 2019/2020)**

Group key figures

[in EUR million]

Profitability	Q1 2019/2020	Q1 2018/2019	Q2 2018/2019	Q3 2018/2019	Q4 2018/2019	2018/2019
Sales	210.1	170.7	209.5	193.5	205.6	779.3
EBITDA	23.8	16.6	40.7	27.1	10.7	95.1
EBIT	17.6	11.0	35.6	21.9	5.2	73.7
EBIT-margin (%)	8.4	6.4	17.0	11.3	2.5	9.5
EBT	17.3	11.0	35.5	21.9	4.7	73.1
period result	12.1	7.8	25.2	16.7	2.0	51.7
Earnings per share (EUR)	0.20	0.13	0.40	0.26	0.05	0.84
Operating data	Q1 2019/2020	Q1 2018/2019	Q2 2018/2019	Q3 2018/2019	Q4 2018/2019	2018/2019
Productions (tons)	195,706	180,333	180,698	179,336	180,759	721,126
Productions (MWh)	186,670	154,444	183,525	177,421	191,256	706,646
Utilisation Biodiesel/ Bioethanol (%) ¹⁾	85.1	98.8	99.0	98.3	99.0	98.8
Utilisation Biomethane (%) ¹⁾	93.0	103.0	122.5	118.3	127.5	117.8
Investments in property, plant and equipment	31.2	10.5	24.9	12.2	16.2	63.8
Number of employees ²⁾	695	580	582	629	660	660
Net asset position	30.09.2019	30.09.2018	31.12.2018	31.03.2019	30.06.2019	30.06.2019
Net financial assets	34.8	92.7	96.5	100.8	64.2	64.2
Equity	356.0	308.3	332.0	335.6	338.9	338.9
Equity ratio (%)	71.6	81.3	76.5	78.0	79.8	79.8
Balances sheet total	497.3	379.4	433.9	430.0	424.9	424.9
Financial position	Q1 2019/2020	Q1 2018/2019	Q2 2018/2019	Q3 2018/2019	Q4 2018/2019	2018/2019
Operating cash flow	8.4	10.3	13.2	33.7	-12.9	44.3
Operating cash flow per share (EUR)	0.13	0.16	0.21	0.53	-0.19	0.71
Cash and cash equivalents ³⁾	86.3	93.2	104.4	96.5	74.2	74.2

¹⁾ At of July 1, 2019 the annual production capacity of the production plant was amended as follows:
biodiesel: from 470.000 tonnes to 660.000 tonnes; bioethanol: 260.000 Tonnen (unchanged); biomethane: from 600 GWh to 750 GWh

²⁾ At the balance sheet date

³⁾ At the balance sheet date, including cash on segregated accounts

Segment key figures

[in EUR million]

Biodiesel	Q1 2019/2020	Q1 2018/2019	Q2 2018/2019	Q3 2018/2019	Q4 2018/2019	2018/2019
Sales	140.5	112.9	146.8	126.0	128.8	514.5
EBITDA	13.6	13.7	36.6	21.3	-1.0	70.7
EBIT	12.0	12.5	35.5	20.1	-2.4	65.7
Production (t)	134,643	119,658	119,828	120,371	121,423	481,280
Utilisation (%) ¹⁾	81.6	101.8	102.0	102.4	103.3	102.4
Number of employees ²⁾	200	116	122	151	158	158

Bioethanol (incl. Biomethane)	Q1 2019/2020	Q1 2018/2019	Q2 2018/2019	Q3 2018/2019	Q4 2018/2019	2018/2019
Sales	66.9	55.4	60.2	65.0	74.1	254.7
EBITDA	9.6	2.6	4.3	5.7	11.2	23.8
EBIT	5.4	-1.6	0.6	1.8	7.2	8.0
Production (t)	61,063	60,675	60,870	58,965	59,336	239,846
Production (MWh)	186,670	154,444	183,525	177,421	191,256	706,646
Utilisation Bioethanol (%) ¹⁾	93.9	93.4	93.7	90.7	91.3	92.3
Utilisation Biomethane (%) ¹⁾	93.0	103.0	122.5	118.3	127.5	117.8
Number of employees ²⁾	330	289	293	314	332	332

Other	Q1 2019/2020	Q1 2018/2019	Q2 2018/2019	Q3 2018/2019	Q4 2018/2019	2018/2019
Third party sales	4.5	4.4	3.8	4.1	4.4	16.7
EBIT	0.2	0.1	-0.4	-0.1	0.4	0

¹⁾ At of July 1, 2019 the annual production capacity of the production plant was amended as follows:
 biodiesel: from 470.000 tonnes to 660.000 tonnes; bioethanol: 260.000 Tonnen (unchanged); biomethane: from 600 GWh to 750 GWh

²⁾ At the balance sheet date

Business report and the Group's position

VERBIO AG reports a significant increase in its results for the first three months of the financial year 2019/2020 compared to the same period in the previous year.

Group revenues increased by 23 percent to EUR 210.1 million compared to the previous year (Q1 2018/2019: EUR 170.7 million).

Earnings before interest, taxation, depreciation and amortisation (EBITDA) for the first three months of the financial year 2019/2020 amounted to EUR 23.8 million, significantly higher than in the comparative period in the previous year (Q1 2018/2019: EUR 16.6 million). The Group result before interest and taxes (EBIT) totalled EUR 17.6 million (Q1 2018/2019: EUR 11.0 million). The net result for the period amounted to EUR 12.1 million (Q1 2018/2019: EUR 7.8 million). Based on the result for the period, earnings per share are EUR 0.20 (Q1 2018/2019: EUR 0.12).

Net assets and financial position

Cash flows

Cash flow from operating activities in the first three months of the financial year 2019/2020 amounted to EUR 8.4 million (Q1 2018/2019: EUR 10.3 million). Despite the increase in the net profit for the period (EUR 12.1 million (Q1 2018/2019: EUR 7.8 million) there was a decline compared to the previous year which was primarily a result of the increase in inventory of EUR 22.3 million (Q1 2018/2019: EUR 2.5 million). There was a partially offsetting effect from the increase in the trade payables balance of EUR 10.2 million (Q1 2018/2019: EUR 5.6 million).

Due to the Group's ongoing investment activities, total cash outflows in the first three months of 2019/2020 were EUR 31.6 million (Q1 2018/2019: EUR 9.8 million). The cash outflows from investment activities primarily resulted from payments made for investments in property, plant and equipment, as previously announced and in line with plan.

The cash flow from financing activities in the current period was primarily affected by the issue of a EUR 30.0 million promissory note with a five-year period to maturity.

As a result, cash and cash equivalents increased by a total of EUR 9.1 million in the period from July 1, 2019 to September 30, 2019. Cash and cash equivalents reported in the balance sheet at September 30, 2019 amounted to EUR 77.6 million.

Net cash

The Group's bank and loan finance arrangements are more than offset by cash and cash equivalents as well

as cash held in segregated accounts totalling EUR 86.3 million, so that the reported net cash balance at September 30, 2019 amounted to EUR 34.8 million (June 30, 2019: EUR 64.2 million).

Development of the Biodiesel and Bioethanol segments

The results in the first quarter of the financial year 2019/2020 compared to the same period in the previous year were primarily driven by the unchanged levels of the margins for biodiesel. On the other hand, the first quarter of 2019/2020 saw higher margins for bioethanol compared to the same period in the previous year, primarily due to lower raw material prices. Capacity utilisation of the production plants in both segments was good, including for the Group's biomethane plants. The production volume of biodiesel and bioethanol in the period from July 1, 2019 to September 30, 2019 totalled 195,706 tonnes (including the biodiesel plant in Canada which has been newly integrated into the Group), compared with 180,333 tonnes in the same period in the previous year. In addition, 186.7 GWh of biomethane were produced in the first three months of the financial year 2019/2020 (Q1 2018/2019: 154.4 GWh).

Outlook, opportunity and risk report

Outlook

VERBIO is making no changes to the results forecasts provided in the 2018/2019 annual report published on September 25, 2019. Based on current sales and raw material prices, the planned production capacity usage and the current investments being made, the Management Board of VERBIO Vereinigte BioEnergie AG expects to achieve an EBITDA for the financial year 2019/2020 of around EUR 65 million. The Group plans to invest in further capacity expansions and internationalisation in the current financial year. This will be achieved primarily using the free cash reserves generated in previous financial periods and cash flows from current operations. Accordingly, the Management Board expects an overall low level of net debt at the end of the financial year 2019/2020.

Opportunity and risk report

There have been no changes to the opportunities and risks presented in the 2018/2019 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, 2019 to September 30, 2019

EUR (thousands)	Q1 2019/2020	Q1 2018/2019
1. Revenue (including energy taxes collected)	210,199	170,791
less: energy taxes	-129	-102
Revenue	210,070	170,689
2. Change in unfinished and finished goods	6,673	2,048
3. Capitalised production of own plant and equipment	196	184
4. Other operating income	6,428	2,932
5. Cost of materials	-176,056	-141,874
6. Personnel expenses	-10,382	-7,873
7. Depreciation and amortisation	-6,246	-5,593
8. Other operating expenses	-12,026	-9,143
9. Result from commodity forward contracts	-1,056	-322
10. Operating result	17,601	11,048
11. Interest income	119	0
12. Interest expense	-468	-37
13. Financial result	-349	-37
14. Result before tax	17,252	11,011
15. Income tax expense	-5,124	-3,210
16. Net result for the period	12,128	7,801
Comprehensive result attributable to shareholders of the parent	12,876	7,800
Comprehensive result attributable to non-controlling interests	-748	1
Result per share (basic and diluted)	0.20	0.12

Consolidated balance sheet

at September 30, 2019

EUR (thousands)	30.09.2019	30.06.2019
Assets		
A. Non-current assets		
I. Other intangible assets	818	856
II. Property, plant and equipment	236,029	209,290
III. Right-of-use assets under leasing arrangements	8,682	0
IV. Financial assets	93	95
V. Deferred tax assets	3,043	3,914
Total non-current assets	248,665	214,155
B. Current assets		
I. Inventories	85,378	63,078
II. Trade receivables	48,101	48,540
III. Derivatives	11,473	2,990
IV. Other short-term financial assets	12,901	11,233
V. Tax refunds	252	628
VI. Other assets	12,909	16,296
VII. Cash and cash equivalents	77,620	68,025
Total current assets	248,634	210,790
Total assets	497,299	424,945

EUR (thousands)	30.09.2019	30.06.2019
Liabilities and equity		
A. Equity		
I. Share capital	63,000	63,000
II. Additional paid-in capital	487,681	487,681
III. Other reserves	5,508	770
IV. Retained earnings	-199,200	-212,076
V. Reserve for translation differences	3	-165
Total equity attributable to owners of the parent	356,992	339,210
VI. Non-controlling interests	-1,041	-293
Total equity	355,951	338,917
B. Non-current liabilities		
I. Bank loans and other loans	29,880	65
II. Lease liabilities	5,828	0
III. Provisions	128	156
IV. Deferred investment grants and subsidies	3,757	4,013
V. Other non-current liabilities	3,169	2,761
VI. Deferred taxes	2,386	137
Total non-current liabilities	45,148	7,132
C. Current liabilities		
I. Bank loans and other loans	12,920	9,992
II. Lease liabilities	2,854	0
III. Trade payables	51,025	41,316
IV. Derivatives	3,800	3,354
V. Other current financial liabilities	8,515	9,483
VI. Tax liabilities	9,173	6,493
VII. Provisions	2,733	4,826
VIII. Deferred investment grants and subsidies	1,017	1,017
IX. Other current liabilities	4,163	2,415
Total current liabilities	96,200	78,896
Total equity and liabilities	497,299	424,945

Consolidated cash flow statement

for the period July 1, 2019 to September 30, 2019

EUR (thousands)	Q1 2019/2020	Q1 2018/2019
Net result for the period	12,249	7,801
Income tax expense	5,003	3,210
Interest result	349	37
Depreciation and amortisation	6,246	5,593
Non-cash expenses/gains	-1,492	127
Gain (previous year period: loss) on disposal of property, plant and equipment and disposal of investment grants	-328	305
Release of deferred investment grants and subsidies	-256	-259
Non-cash changes in derivative financial instruments	-1,300	69
Increase in inventories	-22,301	-2,516
Decrease (previous year period: increase) in trade receivables	439	-3,893
Decrease (previous year period: increase) in other assets and other current financial assets	2,096	-2,150
Decrease in provisions	-2,130	-547
Increase in trade payables	10,182	5,564
Increase (previous year period: decrease) in other current financial and non-financial liabilities	677	-367
Interest paid	-79	-37
Interest received	119	0
Income taxes paid	-1,314	-2,613
Cash flows from operating activities	8,374	10,324
Acquisition of intangible assets	-38	-434
Acquisition of property, plant and equipment	-31,622	-9,827
Proceeds from disposal of property, plant and equipment	413	591
Proceeds from grants and subsidies received	0	83
Cash flows from investing activities	-31,247	-9,587
Repayment of financial liabilities	-8	0
Payment of lease liabilities	-807	0
Proceeds from drawdowns of financial liabilities	32,751	29
Cash flows from financing activities	31,936	29
Change in cash funds resulting from business transactions	9,063	766
Change in cash funds due to effects of exchange rates	532	0
Cash funds at beginning of year	68,025	28,516
Cash funds at end of year	77,620	29,282

Financial calendar 2019/2020

September 25, 2019	Publication of the annual report 2018/2019 Analyst's conference/annual financial statements press conference
November 7, 2019	Publication of the quarterly statement for the period ended September 30, 2019 (July 2019 to September 2019)
January 31, 2020	Annual general meeting in Victor's Residenz-Hotel, Leipzig
February 6, 2020	Publication of the half-yearly interim report 2019/2020 (July 2019 to December 2019) Analyst's conference/annual financial statements press conference
May 7, 2020	Publication of the quarterly statement for the period ended March 31, 2020 (July 2019 to March 2020)
September 23, 2020	Publication of the annual report 2019/2020 Analyst's conference/annual financial statements press conference

Contact address and imprint

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VERBIO Vereinigte BioEnergie AG

Contact

VERBIO Vereinigte BioEnergie AG
Ritterstraße 23 (Oelbner's Hof)
04109 Leipzig
Phone: +49 341 308530-0
Fax: +49 341 308530-999
www.verbio.de

Forward-looking statements

This quarterly statement 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.

This quarterly statement is published in German (original version) and in English (non-binding translation).
It is available for download at <http://www.verbio.de> in both languages.

We will be delighted to send you additional information about VERBIO Vereinigte BioEnergie AG on request at no charge..
Phone: +49 341 308530-251
Fax: +49 341 308530-999
E-Mail: ir@verbio.de

VERBIO Vereinigte BioEnergie AG

Ritterstraße 23 (Oelßner's Hof)

04109 Leipzig

T: +49 341 308530-0

F: +49 341 308530-999

ir@verbio.de

www.verbio.de