

Verbio

Biofuel and Technology

**Quarterly interim
statement for the period
ended September 30, 2016
(Q1 2016/2017)**

Group key figures

[in EUR million]

Profitability	Q1 2016/2017	Q1 2015/2016	Q2 2015/2016	Q3 2015/2016	Q4 2015/2016	2015/2016
Sales	158.0	155.9	174.9	148.6	174.9	654.3
EBITDA	16.2	14.6	24.5	11.4	22.6	73.1
EBIT	10.8	9.4	19.3	6.2	17.1	52.0
EBIT-margin (%)	6.8	6.0	11.0	4.2	9.8	7.9
EBT	10.4	9.1	19.0	5.7	16.8	50.6
Period result	7.4	7.9	13.7	4.5	22.8	48.9
Earnings per share (EUR)	0.12	0.12	0.23	0.07	0.36	0.77
Operating data	Q1 2016/2017	Q1 2015/2016	Q2 2015/2016	Q3 2015/2016	Q4 2015/2016	2015/2016
Production (t)	176,767	169,646	176,361	164,123	178,232	688,362
Production (MWh)	141,460	132,761	131,242	132,496	124,460	520,959
Utilisation Biodiesel/Bioethanol (%) ¹⁾	96.9	95.6	99.4	92.5	100.4	97.0
Utilisation Biomethane (%) ¹⁾	94.3	110.6	109.4	110.4	103.7	108.5
Investments in property, plant and equipment	3.2	4.1	1.9	2.7	4.1	12.8
Number of employees ²⁾	498	491	481	481	488	488
Net asset position	30.09.2016	30.09.2015	31.12.2015	31.03.2016	30.06.2016	30.06.2016
Net financial assets	61.8	14.4	40.5	36.1	65.6	65.6
Equity	263	219.1	234.8	232.0	254.3	254.3
Equity ratio (%)	80.9	72.7	74.4	76.4	78.7	78.7
Balance sheet total	325.1	301.2	315.8	303.6	323.0	323.0
Financial position	Q1 2016/2017	Q1 2015/2016	Q2 2015/2016	Q3 2015/2016	Q4 2015/2016	2015/2016
Operating cash flow	-1.4	10.9	28.0	4.2	33.2	76.3
Operating cash flow per share (EUR)	-0.02	0.17	0.44	0.07	0.53	1.21
Cash and cash equivalents ²⁾	65.6	28.8	56.2	50.7	77.5	77.5

¹⁾ As of July 1, 2016 the annual production capacity of the production plant was amended as follows:
biodiesel: from 450,000 tonnes to 470,000 tonnes; bioethanol 260,000 tonnes (unchanged) and biomethane from 480 GWh to 600 GWh

²⁾ At the balance sheet date

Segment key figures

[in EUR million]

Biodiesel	Q1 2016/2017	Q1 2015/2016	Q2 2015/2016	Q3 2015/2016	Q4 2015/2016	2015/2016
Sales	111.4	103.9	113.3	95.7	110.3	423.2
EBITDA	9.1	7.1	8.4	4.3	10.0	29.8
EBIT	7.9	6.0	7.4	3.2	8.7	25.3
Production (t)	117,180	111,155	115,946	106,994	115,208	449,303
Utilisation (%)	99.7	98.9	103.1	95.1	102.4	99.9
Number of employees ²⁾	111	110	110	113	114	114
Bioethanol (incl. Biomethane)	Q1 2016/2017	Q1 2015/2016	Q2 2015/2016	Q3 2015/2016	Q4 2015/2016	2015/2016
Sales	44.2	50.0	59.1	50.7	62.3	222.1
EBITDA	6.7	7.2	15.5	6.9	12.6	42.2
EBIT	2.7	3.2	11.5	2.9	8.6	26.2
Production (t)	59,587	58,491	60,415	57,129	63,024	239,059
Production (MWh)	141,460	132,761	131,242	132,496	124,460	520,959
Utilisation Bioethanol (%) ¹⁾	91.7	90.0	92.9	87.9	97.0	92.0
Utilisation Biomethane (%) ¹⁾	94.31	110.6	109.4	110.4	103.7	108.5
Number of employees ²⁾	236	226	219	221	227	227
Other	Q1 2016/2017	Q1 2015/2016	Q2 2015/2016	Q3 2015/2016	Q4 2015/2016	2015/2016
Third party sales	4.1	4.4	3.9	3.6	3.9	15.8
EBIT	0.1	0.2	0.4	0.1	-0.1	0.6

¹⁾ As of July 1, 2016 the annual production capacity of the production plant was amended as follows:
biodiesel: from 450,000 tonnes to 470,000 tonnes; bioethanol 260,000 tonnes (unchanged) and biomethane from 480 GWh to 600 GWh

²⁾ At the balance sheet date

Business report and the Group's position

VERBIO AG reports improved results for the first three months of the financial year compared to the same period in the previous year.

Group revenues increased by 1 percent to EUR 158.0 million compared to the previous year (Q1 2015/2016: EUR 155.9 million).

Earnings before interest, taxation, depreciation and amortisation (EBITDA) for the first three months of the financial year 2016/2017 amounted to EUR 16.2 million, 11 percent ahead of the comparative period in the previous year (Q1 2015/2016: EUR 14.6 million). The Group result before taxation and interest (EBIT) in the same period amounted to EUR 10.8 million, an increase of 15 percent (Q1 2015/2016: EUR 9.4 million). The result for the period, net of a significantly higher group effective tax rate, amounted to EUR 7.4 million (Q1 2015/2016: EUR 7.9 million). Based on the result for the period, earnings per share are EUR 0.12 (Q1 2015/2016: EUR 0.12).

Net assets and financial position

Cash flows

Cash flow from operating activities in the first three months of the financial year 2016/2017 amounted to EUR –1.4 million (Q1 2015/2016: EUR 10.9 million). The negative cash flow is primarily due to the seasonal increase in inventories. In addition, further financial assets have been tied up in security deposits, with their release expected at the end of December 2016.

The total cash outflows from investment activities in the first three months of 2016/2017 were EUR 2.5 million (Q1 2015/2016: EUR 4.4 million). This primarily resulted from payments made for investments in property, plant and equipment.

The cash flow from financing activities for the reporting period totalled EUR –8.0 million (Q1 2015/2016: EUR –4.5 million) as a result of further debt repayments.

As a result of the above, cash and cash equivalents fell by EUR 11.9 million in the period from July 1, 2016 to September 30, 2016. Cash and cash equivalents at September 30, 2016 total EUR 65.6 million.

Net cash

The remaining bank and loan finance arrangements are more than offset by cash and cash equivalents of EUR 65.6 million, so that the reported net cash balance at September 30, 2016 amounted to EUR 61.8 million (June 30, 2016: EUR 65.6 million).

Development of the Biodiesel and Bioethanol segments

The improved results in the first quarter of the financial year 2016/2017 compared to the same period in the previous year were primarily driven by higher Biodiesel margins. On the other hand, lower margins were achieved for Bioethanol in the first quarter of 2016/2017. Production plant utilisation was high in both the Biodiesel and the Bioethanol (including Biomethane) segments. The production volume of biodiesel and bioethanol in the period from July 1, 2016 to September 30, 2016 totalled 176,767 tonnes, compared to 169,646 tonnes in the same period in the previous year. In addition, 141.5 GWh of biomethane were produced in the first three months of the financial year 2016/2017 (Q1 2015/2016: 132.8 GWh), representing another record and an increase of 7 percent compared to the same period in the previous year.

Outlook, opportunity and risk report

Outlook

VERBIO is making no change to the results forecasts provided in the 2015/2016 annual report published on September 21, 2016. Accordingly, EBITDA is expected to be around EUR 55 million and the net cash balance at the end of the financial year is expected to increase to around EUR 88 million.

Risk and opportunity report

There have been no changes to the opportunities and risks presented in the 2015/2016 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 from July 1, 2016 to September 30, 2016

EUR (thousands)	Q1 2016/2017	Q1 2015/2016
1. Revenue (including energy taxes collected)	158,136	160,680
less: energy taxes	-91	-4,825
Revenue	158,045	155,855
2. Change in unfinished and finished goods	3,188	5,517
3. Own work capitalised	105	112
4. Other operating income	2,329	3,017
5. Cost of materials	-133,175	-137,265
6. Personnel expenses	-6,648	-6,600
7. Depreciation and amortisation	-5,376	-5,182
8. Other operating expenses	-7,650	-7,035
9. Result from commodity forward contracts	0	1,003
10. Operating result	10,818	9,422
11. Interest income	0	11
12. Interest expense	-419	-363
13. Financial result	-419	-352
14. Result before tax	10,399	9,070
15. Income tax expense	-2,972	-1,213
16. Net result for the period	7,427	7,857
Result attributable to shareholders of the parent company	7,378	7,786
Result attributable to non-controlling interests	49	71
Earnings per share in euros (basic and diluted)	0.12	0.12

Consolidated balance sheet

at September 30, 2016

EUR (thousands)	30.09.2016	30.06.2016
Assets		
A. Non-current assets		
I. Other intangible assets	240	238
II. Property, plant and equipment	165,729	167,947
III. Financial assets	60	56
IV. Deferred taxes	6,589	8,497
Total non-current assets	172,618	176,738
B. Current assets		
I. Inventories	37,270	26,277
II. Trade receivables	33,474	31,574
III. Derivatives	2,423	331
IV. Other current financial assets	6,087	718
V. Tax refunds	55	19
VI. Other assets	7,576	9,873
VII. Cash and cash equivalents	65,610	77,483
Total current assets	152,495	146,275
Balance sheet total	325,113	323,013

EUR (thousands)	30.09.2016	30.06.2016
Equity and liabilities		
A. Equity		
I. Share capital	63,000	63,000
II. Additional paid-in capital	487,680	487,680
III. Other reserves	1,034	-183
IV. Retained earnings	-289,437	-296,815
V. Reserve for translation adjustments	-48	-90
Total equity, excluding non-controlling interests	262,229	253,592
VI. Non-controlling interests	782	733
Total equity	263,011	254,325
B. Non-current liabilities		
I. Bank loans and other loans	1,531	1,531
II. Provisions	153	153
III. Deferred investment grants and subsidies	7,294	7,550
IV. Other non-current financial liabilities	2,187	3,333
V. Deferred taxes	793	347
Total non-current liabilities	11,958	12,914
C. Current liabilities		
I. Bank loans and other loans	2,347	10,352
II. Trade payables	26,799	27,543
III. Derivatives	924	597
IV. Other current financial liabilities	7,458	7,504
V. Tax liabilities	7,255	6,225
VI. Provisions	811	389
VII. Deferred investment grants and subsidies	1,011	1,012
VIII. Other current liabilities	3,539	2,152
Total current liabilities	50,144	55,774
Balance sheet total	325,113	323,013

Consolidated cash flow statement

for the period from Juli 1, 2016 to September 30, 2016

EUR (thousands)	Q1 2016/2017	Q1 2015/2016
Net result for the period	7,427	7,857
Income taxes	2,972	1,213
Interest result	419	352
Depreciation and amortisation	5,376	5,182
Non-cash expenses	1	655
Non-cash income	-41	0
Gains (prior-year period: loss) on disposal of property, plant and equipment and disposal of investment grants	-7	16
Release of deferred investment grants and subsidies	-255	-259
Non-cash changes in derivative financial instruments	0	-278
Increase in inventories	-10,992	-15,001
Increase (prior-year period: decrease) in trade receivables	-1,900	8,455
Increase in other assets and other current financial assets	-3,111	-944
Increase (prior-year period: decrease) in provisions	422	-424
Decrease (prior-year period: increase) in trade payables	-1,337	5,876
Increase (prior-year period): decrease) in other current financial and non-financial liabilities	195	-2,328
Interest paid	-444	-345
Interest received	0	281
Income taxes paid (prior-period year: received)	-134	628
Cash flows from operating activities	-1,409	10,936
Acquisition of intangible assets	-1	-76
Acquisition of property, plant and equipment	-2,500	-4,280
Proceeds from disposal of property, plant and equipment	7	0
Cash flows from investing activities	-2,494	-4,356
Payments for the redemption of financial liabilities	-8,006	-5,003
Proceeds from the assumption of financial liabilities	0	521
Cash flows from financing activities	-8,006	-4,482
Cash-effective change in cash funds	-11,909	2,098
Change in cash funds due to effects of exchange rates	36	-4
Cash funds at beginning of year	77,483	26,657
Cash funds at the end of the period	65,610	28,751
Cash funds at year end comprise the following:		
Restricted cash and cash equivalents	0	100
Cash and cash equivalents	65,610	28,651
Cash funds at the end of the period	65,610	28,751

Financial calendar 2016/2017

September 21, 2016	Publication of annual report 2015/2016 Analyst's conference/annual financial statements press conference
November 10, 2016	Publication of the quarterly statement for the period ended September 30, 2016 (July 2016 to September 2016)
January 27, 2017	Annual General Meeting, Radisson Blu Hotel, Leipzig
February 9, 2017	Publication of the half-yearly interim report 2016/2017 (July 2016 to December 2016) Analyst's conference/half-year financial statements press conference
May 11, 2017	Publication of the quarterly statement for the period ended March 31, 2017 (July 2016 to March 2017)
September 27, 2017	Publication of annual report 2016/2017 Analyst's conference/annual financial statements press conference

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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 report.

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.

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