

Verbio

Biofuel and Technology

**Quarterly interim
statement for the period
ended March 31, 2017
(Q3 2016/2017)**

Group key figures

[in EUR million]

Profitability	Q1 2016/2017	Q2 2016/2017	Q3 2016/2017	9 M 2016/2017
Sales	158.0	180.8	200.0	538.8
EBITDA	16.2	32.8	26.8	75.8
EBIT	10.8	27.5	21.4	59.7
EBIT-margin (%)	6.8	15.2	10.7	11.1
EBT	10.4	27.3	21.4	59.1
period result	7.4	18.8	14.7	40.9
Earnings per share (EUR)	0.12	0.29	0.23	0.65
Operating data	Q1 2016/2017	Q2 2016/2017	Q3 2016/2017	9 M 2016/2017
Productions (tons)	176,767	183,375	179,659	539,801
Productions (MWh)	141,461	142,026	133,314	416,801
Utilisation Biodiesel/Bioethanol (%) ¹⁾	96.9	100.5	98.4	98.6
Utilisation Biomethane (%) ¹⁾	94.3	94.7	88.9	92.6
Investments in property, plant and equipment	3.2	5.9	5.1	14.2
Number of employees ²⁾	498	493	503	503
Net asset position	30.09.2016	31.12.2016	31.03.2017	
Net financial assets	61.8	72.6	94.6	
Equity	263.0	286.3	287.6	
Equity ratio (%)	80.9	80.4	78.9	
Balances sheet total	325.1	356.0	364.6	
Financial position	Q1 2016/2017	Q2 2016/2017	Q3 2016/2017	9 M 2016/2017
Operating cash flow	-1.4	16.9	36.0	51.5
Operating cash flow per share (EUR)	-0.02	0.27	0.57	0.82
Cash and cash equivalents ²⁾	65.6	76.0	97.1	97.1

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

	Q1 2015/2016	Q2 2015/2016	Q3 2015/2016	9 M 2015/2016
	155.9	174.9	148.6	479.4
	14.6	24.5	11.4	50.5
	9.4	19.3	6.2	34.9
	6.0	11.0	4.2	7.3
	9.1	19.0	5.7	33.8
	7.9	13.7	4.5	26.1
	0.12	0.23	0.07	0.41
	Q1 2015/2016	Q2 2015/2016	Q3 2015/2016	9 M 2015/2016
	169,646	176,361	164,123	510,130
	132,761	131,242	132,496	396,499
	95.6	99.4	92.5	95.8
	110.6	109.4	110.4	110.1
	4.1	1.9	2.7	8.7
	491	481	481	481
	30.09.2015	31.12.2015	31.03.2016	
	14.4	40.5	36.1	
	219.1	234.8	232.0	
	72.7	74.4	76.4	
	301.2	315.8	303.6	
	Q1 2015/2016	Q2 2015/2016	Q3 2015/2016	9 M 2015/2016
	10.9	28.0	4.2	43.1
	0.17	0.44	0.07	0.68
	28.8	56.2	50.7	50.7

Segment key figures

[in EUR million]

Biodiesel	Q1 2016/2017	Q2 2016/2017	Q3 2016/2017	9 M 2016/2017
Sales	111.4	124.9	123.7	360.0
EBITDA	9.1	18.7	11.9	39.7
EBIT	7.9	17.5	10.8	36.2
Production (t)	117,180	119,250	117,129	353,559
Utilization (%) ¹⁾	99.7	101.5	99.7	100.3
Number of employees ²⁾	111	109	110	110

Bioethanol (incl. Biomethane)	Q1 2016/2017	Q2 2016/2017	Q3 2016/2017	9 M 2016/2017
Sales	44.2	53.3	74.0	171.5
EBITDA	6.7	14.1	14.9	35.7
EBIT	2.7	10.0	10.8	23.5
Production (t)	59,587	64,125	62,530	186,242
Production (MWh)	141,461	142,026	133,314	416,801
Utilization Bioethanol (%) ¹⁾	91.7	98.7	96.2	95.5
Utilization Biomethane (%) ¹⁾	94.3	94.7	88.9	92.6
Number of employees ²⁾	236	232	238	238

Other	Q1 2016/2017	Q2 2016/2017	Q3 2016/2017	9 M 2016/2017
Third party sales	4.1	4.1	4.1	12.3
EBIT	0.1	0.0	-0.1	0.0

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
 Biodiesel: von 450.000 Tonnen auf 470.000 Tonnen; Bioethanol: unverändert 260.000 Tonnen; Biomethan: von 480 GWh auf 600 GWh

²⁾ At the balance sheet date

	Q1 2015/2016	Q2 2015/2016	Q3 2015/2016	9 M 2015/2016
	103.9	113.3	95.7	312.9
	7.1	8.4	4.3	19.8
	6.0	7.4	3.2	16.6
	111,155	115,946	106,994	334,095
	98.9	103.1	95.1	99.0
	110	110	113	113

	Q1 2015/2016	Q2 2015/2016	Q3 2015/2016	9 M 2015/2016
	50.0	59.1	50.7	159.8
	7.2	15.5	6.9	29.6
	3.2	11.5	2.9	17.6
	58,491	60,415	57,129	176,035
	132,761	131,242	132,496	396,499
	90.0	92.9	87.9	90.3
	110.6	109.4	110.4	110.1
	226	219	221	221

	Q1 2015/2016	Q2 2015/2016	Q3 2015/2016	9 M 2015/2016
	4.4	3.9	3.6	11.9
	0.2	0.4	0.1	0.7

Business report and the Group's position

VERBIO AG reports significantly improved results for the first nine months of the current financial year compared to the equivalent period in the previous year, although in the third quarter of the current financial year it was not possible to maintain the trend at quite the same level as in the second quarter.

Group revenues increased by 12 percent to EUR 538.8 million compared to the same period in the previous year (9 M 2015/2016: EUR 479.4 million).

Earnings before interest, taxation, depreciation and amortisation (EBITDA) for the nine-month period amounted to EUR 75.8 million, 50 percent ahead of the comparative period in the previous year (9 M 2015/2016: EUR 50.5 million). The Group result before taxation and interest (EBIT) in the same period amounted to EUR 59.7 million, an increase of 71 percent (9 M 2015/2016: EUR 34.9 million). The Group result before tax (EBT) totals EUR 59.1 million (9 M 2015/2016: EUR 33.8 million), and the net result for the period is EUR 40.9 million (9 M 2015/2016: EUR 26.1 million). Based on the result for the period, earnings per share is EUR 0.65 (9 M 2015/2016: EUR 0.41).

Net assets and financial position

Cash flows

Cash flow from operating activities in the first nine months of the financial year 2016/2017 amounted to EUR 51.5 million (9 M 2015/2016: EUR 43.1 million). The increase is primarily a result of the significant increase in the net result for the period.

The total cash outflows from investment activities in the first nine months of 2016/2017 were EUR 13.1 million (9 M 2015/2016: EUR 8.5 million). This primarily resulted from payments made for investments in property, plant and equipment.

The cash flow from financing activities totalled EUR –18.9 million (9 M 2015/2016: EUR –10.5 million). Of this, EUR 9.5 million resulted from the payment of the dividend for the financial year 2015/2016.

As a result, cash and cash equivalents increased by EUR 19.5 million in the period July 1, 2016 to March 31, 2017. Cash and cash equivalents at March 31, 2017 totalled EUR 97.1 million.

Net cash

The very low level of remaining bank and loan finance arrangements is more than offset by cash and cash equivalents of EUR 97.1 million, so that the reported net cash balance at March 31, 2017 amounted to EUR 94.6 million (June 30, 2016: EUR 65.6 million).

Development of the Biodiesel and Bioethanol segments

Earnings growth in the first nine months of the current financial year was driven by high margins, increased production volumes of biodiesel and bioethanol and higher production capacity utilisation of the biomethane production plant. Margins in the Biodiesel segment were lower in the third quarter of the current financial year compared to the second quarter of 2016/2017, whereby earnings in the third quarter of the current financial year were significantly improved compared to the same quarter in the previous year. The production volume of biodiesel and bioethanol in the period from July 1, 2016 to March 31, 2017 totalled 539,801 tonnes, compared to 510,130 tonnes in the same period in the previous year. In addition, 416.8 GWh of biomethane were produced in the first nine months of the financial year 2016/2017, an increase of 5 percent compared to the same period in the previous year (9 M 2015/2016: 396.5 GWh).

Outlook, opportunity and risk report

Outlook

VERBIO maintains the earnings forecast for the financial year 2016/2017 published in an ad hoc report on January 12, 2017. Accordingly, EBITDA is expected to be around EUR 90 million and the net cash balance at the end of the financial year is expected to increase to around EUR 120 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 March 31, 2017

EUR (thousands)	Q3 2016/2017	Q3 2015/2016	9 M 2016/2017	9 M 2015/2016
1. Revenue (including energy taxes collected)	200,150	148,716	539,213	483,758
less: energy taxes	-121	-134	-400	-4,352
Revenue	200,029	148,582	538,813	479,406
2. Change in unfinished and finished goods	-415	3,110	9,213	9,591
3. Capitalised production of own plant and equipment	88	42	296	228
4. Other operating income	2,169	3,127	7,389	8,581
5. Cost of materials	-159,739	-128,581	-435,038	-405,124
6. Personnel expenses	-8,076	-6,872	-22,046	-20,721
7. Depreciation and amortisation	-5,373	-5,263	-16,146	-15,626
8. Other operating expenses	-7,273	-7,934	-22,296	-23,028
9. Result from commodity forward contracts	17	0	-489	1,606
10. Operating result	21,427	6,211	59,696	34,913
11. Interest income	4	4	9	26
12. Interest expense	-67	-498	-628	-1,162
13. Financial result	-63	-494	-619	-1,136
14. Result before tax	21,364	5,717	59,077	33,777
15. Income tax expense	-6,624	-1,200	-18,167	-7,641
16. Net result for the period	14,740	4,517	40,910	26,136
Result attributable to shareholders of the parent company	14,706	4,469	40,742	25,957
Result attributable to non-controlling interests	34	48	168	179
Result per share (basic and diluted)	0.23	0.07	0.65	0.41

Consolidated balance sheet

at March 31, 2017

EUR (thousands)	31.03.2017	30.06.2016
Assets		
A. Non-current assets		
I. Other intangible assets	219	238
II. Property, plant and equipment	165,698	167,947
III. Financial assets	58	56
IV. Deferred tax assets	888	8,497
Total non-current assets	166,863	176,738
B. Current assets		
I. Inventories	43,862	26,277
II. Trade receivables	37,372	31,574
III. Derivatives	5,501	331
IV. Other short-term financial assets	4,390	718
V. Tax refunds	5	19
VI. Other assets	9,537	9,873
VII. Cash and cash equivalents	97,086	77,483
Total current assets	197,753	146,275
Total assets	364,616	323,013

EUR (thousands)	31.03.2017	30.06.2016
Liabilities and equity		
A. Equity		
I. Share capital	63,000	63,000
II. Additional paid-in capital	487,680	487,680
III. Fair value reserve	1,522	-183
IV. Retained earnings	-265,523	-296,815
V. Reserve for translation adjustments	17	-90
Total equity, excluding non-controlling interests	286,696	253,592
VI. Non-controlling interests	901	733
Total equity	287,597	254,325
B. Non-current liabilities		
I. Bank loans and other loans	567	1,531
II. Provisions	154	153
III. Deferred investment grants and subsidies	6,380	7,550
IV. Other non-current liabilities	3,756	3,333
V. Deferred taxes	955	347
Total non-current liabilities	11,812	12,914
C. Current liabilities		
I. Bank loans and other loans	1,857	10,352
II. Trade payables	34,056	27,543
III. Derivatives	2,314	597
IV. Other current financial liabilities	6,589	7,504
V. Tax liabilities	13,787	6,225
VI. Provisions	2,087	389
VII. Deferred investment grants and subsidies	1,008	1,012
VIII. Other current liabilities	3,509	2,152
Total current liabilities	65,207	55,774
Total equity and liabilities	364,616	323,013

Consolidated cash flow statement

for the period from Juli 1, 2016 to March 31, 2017

EUR (thousands)	9 M 2016/2017	9 M 2015/2016
Net result for the period	40,910	26,136
Income taxes expense	18,167	7,641
Interest result	619	1,136
Depreciation and amortization	16,146	15,626
Non-cash expense	341	415
Non-cash income	-149	0
Gains on disposal of property, plant and equipment and disposal of investment grants	-37	-10
Release of deferred investment grants and subsidies	-760	-773
Non-cash changes in derivative financial instruments	-982	19
Increase in inventories	-17,585	-15,348
Increase (prior-year period: decrease) in trade receivables	-5,798	15,809
Increase (prior-year period: decrease) in other assets and other current financial assets	-3,757	877
Increase (prior-year period: decrease) in provisions	1,703	-1,321
Increase (prior-year period: decrease) in trade payables	5,585	-4,699
Increase (prior-year period: decrease) in other current financial and non-financial liabilities	867	-2,939
Interest paid	-653	-981
Interest received	9	491
Income taxes paid (prior-period year: received)	-3,138	995
Cash flows from operating activities	51,488	43,074

EUR (thousands)	9 M 2016/2017	9 M 2015/2016
Proceeds from investment grants	0	473
Acquisition of intangible assets	-68	-147
Acquisition of property, plant and equipment	-13,101	-9,086
Proceeds from disposal of property, plant and equipment	82	263
Cash flows from investing activities	-13,087	-8,497
Payment of dividends	-9,450	-6,300
Payments for the redemption of financial liabilities	-9,500	-7,510
Proceeds from the assumption of financial liabilities	41	3,274
Cash flows from financing activities	-18,909	-10,536
Net change in cash funds	19,492	24,041
Change in cash funds due to effects of exchange rates	111	-5
Cash funds at beginning of year	77,483	26,657
Cash funds at end of year	97,086	50,693
Cash funds at year end comprise the following:		
Restricted cash and cash equivalents	0	0
Cash and cash equivalents	97,086	50,693
Cash funds at end of year	97,086	50,693

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 quarterly statement to September 30, 2016 (July 2016 to September 2016)
January 27, 2017	Annual General Meeting, Radisson Blu Hotel, Leipzig
February 9, 2017	Publication of half-year report 2016/2017 (July 2016 to December 2016) Analyst's conference
May 11, 2017	Publication of quarterly statement to 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

Contact address and imprint

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VERBIO Vereinigte BioEnergie AG

Contact

VERBIO Vereinigte BioEnergie AG

Ritterstraße 23 (Oelßner'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.

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