

# Quarterly release Q1/2016

January 1 to March 31, 2016



## SFC ENERGY AG CONSOLIDATED KEY FIGURES

	in k €		
	01/01 – 03/31/2016	01/01 – 03/31/2015	Change in %
Sales	10,298	12,611	- 18.3 %
Gross profit	3,222	3,640	- 11.5 %
Gross margin	31.3 %	28.9 %	
EBITDA	- 448	- 897	50.1 %
EBITDA margin	- 4.4 %	- 7.1 %	-
EBITDA underlying	- 543	- 580	6.4 %
EBITDA margin underlying	- 5.3 %	- 4.6 %	-
EBIT	- 998	- 1,508	33.8 %
EBIT margin	- 9.7 %	- 12.0 %	-
EBIT underlying	- 838	- 914	8.3 %
EBIT margin underlying	- 8.1 %	- 7.2 %	-
Consolidated net loss	- 1,017	- 1,574	35.4 %
Net loss per share, diluted	- 0.11	- 0.18	38.9 %
	03/31/2016	03/31/2015	Change in %
Order backlog	10,165	9,931	2.4 %
	03/31/2016	12/31/2015	Change in %
Equity	15,764	16,558	- 4.8 %
Equity ratio	43.8 %	46.1 %	-
Balance sheet total	36,019	35,889	0.4 %
Cash (freely available)	1,762	3,277	- 46.2 %
	03/31/2016	03/31/2015	Change in %
Permanent employees	231	243	- 4.9 %

## CONTENTS

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- 4 INTERIM REPORT ON THE BUSINESS DEVELOPMENT OF THE FIRST QUARTER 2016**
- 4 BUSINESS DEVELOPMENT AND TRENDS**
- 6 OUTLOOK**
- 7 CONSOLIDATED INCOME STATEMENT**
- 7 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
- 8 CONSOLIDATED BALANCE SHEET**
- 10 CONSOLIDATED CASH FLOW STATEMENT**
- 12 FINANCIAL CALENDAR 2016 / SHARE INFORMATION / CONTACT / IMPRINT**

## INTERIM REPORT ON THE BUSINESS DEVELOPMENT OF THE FIRST QUARTER 2016

Brunnthal, May 12, 2016

SFC Energy AG (ISIN: DE0007568578), a leading international supplier of stationary and mobile hybrid power generation plants based on fuel cells, publishes today its interim report on the first quarter 2016 including explanations on its business development and significant events for the period 1 January to 31 March 2016.

The Group comprises SFC Energy AG, Brunnthal, SFC Energy Inc., Gaithersburg, USA (SFC), PBF Group BV, Almelo, Netherlands, and its subsidiaries (PBF) and Simark Controls Ltd., Calgary, Canada (Simark).

### Business development and trends

In the reporting period January to March 2016, the Group generated sales of EUR 10.30 million, compared to EUR 12.61 million during the prior year period. This figure reflects an 18.3% decline in sales revenue essentially as a result of the sharp decline in the Oil & Gas segment, which represents the largest share of Group revenues. Both, the Security & Industry as well as the Consumer segment increased their revenues in the first three months of the current financial year.

The sales by segment for the first three months of financial year 2016 compared to the prior year period is as follows:

SALES BY SEGMENT (UNAUDITED)	in millions €	
	1st Quarter	
Segment	2016	2015
Oil & Gas	4.02	7.19
Security & Industry	4.98	4.24
Consumer	1.30	1.18
<b>Total</b>	<b>10.30</b>	<b>12.61</b>

### Performance by segment

#### Oil & Gas

The further sharp decline in the price of crude oil in December 2015 and January 2016 resulted in very tight spending by SFC Group's customer in the Oil & Gas segment in the first quarter of the current financial year. On the other hand, the relative stability of oil prices at approximately USD 40 produced some relief toward the end of the first quarter. However, the lost revenue could no longer be made up in the first quarter of 2016. Compared to the same quarter of the prior year, sales were therefore down by 44.1% (Q1/2016: EUR 4.02 million / Q1/2015: EUR 7.19 million). A contributing factor in the decline was also the relatively large order book at the beginning of the first quarter of 2015. To increase profitability in the Oil & Gas segment, SFC Energy implemented further cost saving measures in January and March 2016.

## Security & Industry

In the first quarter of 2016, sales in the Security & Industry segment increased from EUR 4.24 million to EUR 4.98 million. The 17.5% increase in sales resulted in particular from strong growth in the Defense sector where, among other things, 42 Jenny 1200 portable fuel cells were supplied to an international defense force. This is a further example of the continuing recovery in the defense business.

The Power Electronics business (PBF) also returned to growth, with sales in the first quarter of 2016 increasing by 11.8% over the same period of the prior year. The cost reduction measures implemented in the past year and the broadening of the customer base are having the desired effect. For example, new orders were received from the aviation and laser industry sectors, amongst others.

## Consumer

Just in time for the 10th anniversary of the EFOY fuel cell, sales in the Consumer segment also returned to growth, with sales of EUR 1.30 million in the first quarter of 2016, for an 10.2% increase over the prior year (Q1/2015: EUR 1.18 million). Positive trends were recorded in particular in the Swedish and German markets in the early part of the current financial year.

## EBITDA / EPS

Despite the decline in sales in the Oil & Gas segment, the profitability of the SFC Energy Group of companies is significantly above the prior year level after three months. Due to the modified product mix, the gross margin increased from 28.9% in the first quarter of 2015 to 31.3% in the current financial year.

EBITDA improved in the first quarter to EUR -0.45 million, compared to EUR -0.90 in the prior year period. EBITDA adjusted for one-time events was EUR -0.54 million (Prior year: EUR -0.58 million).

In the first three months of the current financial year EBIT improved to EUR -1.00 million, compared to EUR -1.51 million in the first quarter of 2015. EBIT in the reporting period adjusted for one-time events was EUR -0.84 million (Q1/2015: EUR -0.91 million).

Earnings after taxes improved in the first quarter of 2016 to EUR -1.02 million compared to EUR -1.57 million in the previous quarter. Earnings per share under IFRS (undiluted) amounted to EUR -0.12 in the first quarter of 2016 while diluted earnings per share amounted to EUR -0.11 in the same period. In comparison, in the prior year period, earnings per share (undiluted and diluted) amounted to EUR -0.18.

## Balance sheet and employees

Available cash and cash equivalents totalled EUR 1.76 million as of March 31, 2016 (December 31, 2015: EUR 3.28 million). The primary reasons for the EUR 1.52 million decrease are the consolidated loss for the period and the final deferred payment for the acquisition of Simark. As of the end of the first quarter of 2016, the equity ratio was down slightly to 43.8% (December 31, 2015: 46.1%). As of March 31, 2016, SFC Energy had 231 permanent employees (March 31, 2015: 243).

## Outlook 2016

For the current financial year, the Management Board of SFC Energy AG remains optimistic despite the sluggish sales in the first quarter in the Oil & Gas segment, and confirms its revenue forecast of EUR 50 to EUR 52 million. In terms of the operating result, the Management Board is basing its expectations for a significant increase in profitability over 2015 on expected sales in the Industry and Defense sectors, as well as the cost reductions implemented in Canada.

The confidence for the coming months is also supported by unfilled orders totaling EUR 10.17 million, which improved by 2.4% compared to the prior year. In spite of the relative stability of oil prices in recent weeks, SFC Energy currently assumes that the customers in the Oil & Gas market will continue to spend cautiously in the second and third quarter. The cost reductions implemented reflect this expectation. However, experts expect a revival after the summer.

PBF's business continues to grow very encouragingly so that a significant increase in sales in the Power Electronics sector is expected for the full year. SFC Energy is also counting on strong growth in the Defense sector, the majority of which will be realized in the second half of the year. The resulting profitability will have a positive effect on the Group.

This outlook does not include any provisions for a possible impact of the wildfires around oil producing areas in Alberta, Canada.

## SFC ENERGY AG, BRUNNTHAL CONSOLIDATED INCOME STATEMENT FROM JANUARY 1 TO MARCH 31, 2016

	in €	
	01/01 – 03/31/2016	01/01 – 03/31/2015
Sales	10,298,099	12,610,547
Production costs of work performed to generate sales	-7,076,386	-8,970,874
<b>Gross profit</b>	<b>3,221,713</b>	<b>3,639,673</b>
Sales costs	-2,287,080	-2,925,574
Research and development costs	-878,392	-968,420
General administration costs	-1,055,027	-1,330,597
Other operating income	24,953	79,573
Other operating expenses	-23,851	-2,157
<b>Operating loss</b>	<b>-997,684</b>	<b>-1,507,502</b>
Interest and similar income	23	2,167
Interest and similar expenses	-120,099	-78,153
<b>Loss from ordinary operations</b>	<b>-1,117,760</b>	<b>-1,583,488</b>
Income taxes	100,395	9,134
<b>Consolidated net loss</b>	<b>-1,017,365</b>	<b>-1,574,354</b>
<b>NET LOSS PER SHARE</b>		
undiluted	-0.12	-0.18
diluted	-0.11	-0.18

## SFC ENERGY AG, BRUNNTHAL CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FROM JANUARY 1 TO MARCH 31, 2016

	in €	
	01/01 – 03/31/2016	01/01 – 03/31/2015
<b>Consolidated net loss</b>	<b>-1,017,365</b>	<b>-1,574,354</b>
OCI items that may be recycled to profit or loss in the future		
Result from currency translations	138,490	271,896
<b>Total other results</b>	<b>138,490</b>	<b>271,896</b>
<b>Total comprehensive income</b>	<b>-878,875</b>	<b>-1,302,458</b>

## SFC ENERGY AG, BRUNNTHAL CONSOLIDATED BALANCE SHEET AS OF MARCH 31, 2016

	in €	
	03/31/2016	12/31/2015
<b>Current Assets</b>	<b>21,223,119</b>	<b>21,153,724</b>
Inventories	9,109,037	8,781,766
Trade accounts receivable	8,374,257	6,759,498
Receivables from Percentage-of-Completion	285,373	729,989
Income tax receivables	321,334	428,127
Other short-term assets and receivables	936,324	742,278
Cash and cash equivalents	1,761,794	3,277,066
Cash and cash equivalents with limitation on disposal	435,000	435,000
<b>Non-current assets</b>	<b>14,795,907</b>	<b>14,735,533</b>
Intangible assets	12,690,765	12,767,993
Property, plant and equipment	1,498,295	1,389,621
Other long-term assets and receivables	3,853	3,303
Deferred tax assets	602,994	574,616
<b>Assets</b>	<b>36,019,026</b>	<b>35,889,257</b>



## SFC ENERGY AG, BRUNNTHAL CONSOLIDATED BALANCE SHEET AS OF MARCH 31, 2016

	in €	
	03/31/2016	12/31/2015
<b>Current liabilities</b>	<b>12,659,190</b>	<b>13,040,475</b>
Provisions for taxes	52,547	57,463
Other provisions	590,266	609,563
Liabilities to banks	2,782,414	2,014,131
Liabilities from prepayments	6,770	21,319
Trade accounts payable	6,694,710	7,262,550
Liabilities under finance leases	43,508	42,380
Liabilities from percentage-of-completion	108,157	0
Other short-term liabilities	2,380,818	3,033,069
<b>Non-current liabilities</b>	<b>7,596,009</b>	<b>6,290,972</b>
Other long-term provisions	1,640,623	1,586,987
Liabilities to banks	2,099,703	2,202,797
Liabilities under finance leases	46,609	45,400
Other long-term liabilities	2,769,304	1,316,756
Other liabilities	42,712	61,948
Deferred tax liabilities	997,058	1,077,084
<b>Equity</b>	<b>15,763,827</b>	<b>16,557,810</b>
Subscribed capital	8,611,204	8,611,204
Capital surplus	72,101,906	72,017,015
Other changes in equity not affecting profit or loss	-573,964	-712,455
Retained earnings	-63,357,954	-52,688,973
Consolidated net loss	-1,017,365	-10,668,981
<b>Liabilities and shareholders' equity</b>	<b>36,019,026</b>	<b>35,889,257</b>

## SFC ENERGY AG, BRUNNTHAL CONSOLIDATED CASH FLOW STATEMENT FROM JANUARY 1 TO MARCH 31, 2016

	in €	
	01/01 – 03/31/2016	01/01 – 03/31/2015
<b>Cashflow from ordinary operations</b>		
<b>Result before taxes</b>	<b>- 1,117,760</b>	<b>- 1,583,488</b>
+ Net interest income	120,076	75,986
+ Depreciation/amortization of intangible assets and property, plant and equipment	549,679	610,519
- Income from SAR Plan/Transaction bonus	- 122,770	- 4,276
-/+ Changes in allowances	- 124,125	80,752
-/+ Gains/Losses from disposal of property, plant and equipment	- 11,489	1
+ Other non-cash expenses/income	19,727	142,041
<b>Changes to operating result before working capital</b>	<b>- 686,662</b>	<b>- 678,466</b>
+/- Changes to provisions	20,586	- 187,742
-/+ Changes to trade accounts receivable	- 1,491,964	1,536,994
-/+ Changes to inventories	- 198,533	145,279
+/- Changes to other receivables and assets	254,713	- 593,288
- Changes to trade accounts payable	- 637,675	- 989,302
- Changes to other liabilities	- 462,800	- 738,798
<b>Cash flow from ordinary operations before taxes</b>	<b>- 3,202,335</b>	<b>- 1,505,321</b>
+/- Income tax refunds/-payments	51,092	- 302,580
<b>Cash flow from ordinary operations</b>	<b>- 3,151,243</b>	<b>- 1,807,901</b>

## SFC ENERGY AG, BRUNNTHAL CONSOLIDATED CASH FLOW STATEMENT FROM JANUARY 1 TO MARCH 31, 2016

	in €	
	1.1. – 31.3.2016	1.1. – 31.3.2015
<b>Cash flow from investment activity</b>		
- Investments in intangible assets from development projects	- 158,107	- 101,602
- Investments in other intangible assets	- 4,777	- 1,533
- Investments in property, plant and equipment	- 206,989	- 47,357
+ Interest and similar income	40	2,331
+ Proceeds from disposal of property, plant and equipment	12,179	0
<b>Cash flow from investment activity</b>	<b>- 357,654</b>	<b>- 148,162</b>
<b>Cash flow from financial activity</b>		
- Repayment of financial debt	- 157,305	- 170,824
+ Proceeds from issuance of convertible bonds	1,485,000	0
- Expenses from issuance of convertible bonds	- 5,530	0
+ Changes to current account liabilities	722,618	871,151
- Interest paid and other expenses	- 49,631	- 60,077
<b>Cash flow from financial activity</b>	<b>1,995,152</b>	<b>640,251</b>
<b>Net change in cash and cash equivalents</b>	<b>- 1,513,745</b>	<b>- 1,315,812</b>
Currency effects on cash and cash equivalents	- 1,527	5,076
Net change in cash and cash equivalents		
Cash and cash equivalents at beginning of period	3,277,066	6,122,418
Cash and cash equivalents at end of period	1,761,794	4,811,682
<b>Nettoveränderung von Zahlungsmitteln und Zahlungsmitteläquivalenten</b>	<b>- 1,513,745</b>	<b>- 1,315,812</b>

## FINANCIAL CALENDAR 2016

June 14, 2016	Annual General Meeting
August 3, 2016	Q2 Report 2016
November 8, 2016	Q3 Interim Release 2016
November 21, 2016	German Equity Forum

## SHARE INFORMATION

Bloomberg Symbol	F3C
Reuters Symbol	CXPNX
WKN	756857
ISIN	DE0007568578
Number of shares	8,611,204
Stock Category	No-par value shares
Stock segment	Prime Standard, Renewable Energies
Stock exchange	Frankfurt, FWB
Designated Sponsors	Hauck & Aufhäuser Privatbankiers KGaA

## INVESTOR RELATIONS

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### Statements about the future

This interim report contains statements and information about the future. Such passages contain such word as "expect", "intend", "plan", "believe", "aim", "estimate", etc. Such statements about the future are based on current expectations and certain assumptions. They therefore also contain a number of risks and uncertainties. A multitude of factors, many of which are beyond the control of SFC, affect our business, our success, and our results. These factors can lead the Group's actual results, success, and performance to deviate from the results, success, and performance in the statements made explicitly or implicitly about the future. SFC assumes no obligation to update any forward looking statements.