

Quarterly Release Q1/2018

January 1 to March 31, 2018



SFC
ENERGY

SFC ENERGY AG, BRUNNTHAL CONSOLIDATED KEY FIGURES

	in k €		
	01/01 – 03/31/2018	01/01 – 03/31/2017	Change in %
Sales	16,758	13,112	27.8%
Gross profit	5,907	3,644	62.1%
Gross margin	35.2%	27.8%	–
EBITDA	973	–333	n. a.
EBITDA margin	5.8%	–2.5%	–
EBITDA underlying	1,818	–313	n. a.
EBITDA margin underlying	10.8%	–2.4%	–
EBIT	705	–816	n. a.
EBIT margin	4.2%	–6.2%	–
EBIT underlying	1,550	–614	n. a.
EBIT margin underlying	9.2%	–4.7%	–
Consolidated net result of period	326	–991	n. a.
Net result per share, undiluted	0.03	–0.11	n. a.
Net result per share, diluted	0.03	–0.11	n. a.
	03/31/2018	03/31/2017	Change in %
Order backlog	16,914	16,112	5.0%
	03/31/2018	12/31/2017	Change in %
Equity	14,466	13,895	4.1%
Equity ratio	38.3%	40.2%	–
Balance sheet total	37,769	34,534	9.4%
Cash (freely available)	1,705	4,408	–61.3%
	03/31/2018	03/31/2017	Change in %
Permanent employees	263	233	12.9%

CONTENT

- 4 INTERIM REPORT ON THE BUSINESS DEVELOPMENT OF THE FIRST QUARTER 2018**
- 4 BUSINESS DEVELOPMENT AND TRENDS**
- 6 RESULTS / BALANCE SHEET**
- 7 OUTLOOK**
- 8 CONSOLIDATED INCOME STATEMENT**
- 8 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
- 9 CONSOLIDATED BALANCE SHEET**
- 11 CONSOLIDATED CASH FLOW STATEMENT**
- 13 FINANCIAL CALENDAR 2018 / SHARE INFORMATION / CONTACT / IMPRINT**

INTERIM REPORT ON THE BUSINESS DEVELOPMENT OF THE FIRST QUARTER 2018

Brunnthal, May 7, 2018

SFC Energy AG (ISIN: DE0007568578), a leading international supplier of stationary and mobile hybrid power generation plants based on fuel cells, is publishing its interim statement on the first quarter of 2018 today, including explanations with regard to its business development and significant events for the period from January 1 to March 31, 2018.

The Group comprises SFC Energy AG, Brunnthal (SFC), PBF Group B.V., Almelo, Netherlands, and its subsidiaries (PBF) and Simark Controls Ltd., Calgary, Canada (Simark).

Segmentation

In financial year 2018, the Management Board managed the Group based on the Defense & Security, Industry, Oil & Gas, and Clean Energy & Mobility segments. These segments represent the Group's most important sales markets. The previous year's figures from the Oil & Gas, Security & Industry and Consumer segments have been allocated in line with the new segmentation to ensure comparability.

BUSINESS DEVELOPMENT AND TRENDS

In the period from January to March 2018, the SFC Energy Group generated sales of € 16,758k. Compared to the previous year's figure of € 13,112k, this represents a sales increase of 27.8% that is chiefly due to a major order in the Defense & Security segment and strong growth in both the Oil & Gas and the Industry segments.

The sales by segment for the first three months of the financial year 2018 compared to the prior year period are as follows:

SEGMENTS	in €					
	Sales		EBIT underlying		EBITDA underlying	
Segments	01/01 – 03/31/2018	01/01 – 03/31/2017	01/01 – 03/31/2018	01/01 – 03/31/2017	01/01 – 03/31/2018	01/01 – 03/31/2017
Clean Energy & Mobility	2,351,962	3,208,765	-85,161	-174,521	-2,762	-75,041
Industry	3,914,968	3,602,375	-25,603	109,373	77,951	250,355
Oil & Gas	6,162,912	5,817,861	378,092	-123,689	388,026	-114,131
Defense & Security	4,328,212	483,019	1,282,297	-424,831	1,354,892	-374,304
Total	16,758,054	13,112,020	1,549,626	-613,668	1,818,107	-313,121

Performance by segment

Oil & Gas

As in the previous year, the performance in the Oil & Gas segment was very positive again. The oil price remained above USD 60 with a rising trend in the first quarter of 2018. This was reflected in customers' investment and spending behavior, resulting in growth of 5.9% to €6,163k in the first quarter of 2018 as against the same period of the previous year.

Particularly strong growth was achieved in high-margin business with EFOY applications with our customers from the oil and gas sector.

The margin improvement resulted from the completion of a number of projects with significant earnings contributions.

Industry

The Industry segment also posted a very good start to the year with year-on-year growth of 8.7% in the first quarter of 2018. A sales volume of €3,915k was achieved.

This increase was chiefly due to sales growth and strong demand among customers from the analytical equipment field.

To ensure that the sales growth is also reflected in a higher margin contribution and to press ahead with further relocation of production capacity to the plant in Cluj, Romania, downsizing of production staff in Almelo, Netherlands, took place as of the end of the first quarter of 2018.

The restructuring costs of €395k are expected to see a return on investment within a period of one year to 18 months.

Defense & Security

Defense and security business is generally a year-end business. However, in 2018 a major order from the German armed forces with a total volume of €3.6 million was already recognized in sales in the first quarter.

Overall, the segment closed the quarter with sales of €4,328k.

A corresponding contribution to EBITDA of €1,107k was recorded.

Clean Energy & Mobility

With sales of €2,352k in the first three months of 2018, fuel cell business was down 26.7% compared to the same period of the previous year. This was attributable to a major order from Singapore in the previous year.

EBITDA /EPS

The SFC Energy Group's profitability in the first three months of the financial year 2018 can be considered as very good and was considerably higher than the previous year's figures.

Gross profit increased by 62.1 % from €3,644k in the first quarter of 2017 to €5,907k in the first quarter of the current financial year. As a result of the changed product mix with a large share from the Defense segment, the gross margin rose to 35.2%.

EBITDA improved to plus €973k in the first three months of 2018, compared to minus €333k in the same period of the previous year. EBITDA adjusted for non-recurring effects amounted to plus €1,818k (previous year: minus €313k).

In the first three months of the current financial year, EBIT improved to plus €705k, compared to minus €816k in the same period of the previous year. EBIT adjusted for non-recurring effects came to plus €1,550k in the reporting period (previous year: minus €614k).

The following non-recurring effects totaling €845k were recorded:

- Expenses for the SAR program €450k
- Restructuring costs €395k

Earnings after taxes improved to plus €326k in the first three months of 2018 compared to minus €991k in the same period of the previous year. Earnings per share (basic and diluted) in accordance with IFRS amounted to plus €0.03 in the reporting period 2018, compared to minus €0.11 in the same period of the previous year.

BALANCE SHEET AND EMPLOYEES

Available cash and cash equivalents totaled €1,705k as of March 31, 2018 (December 31, 2017: €4,408k). However, it should be noted that by the end of April 2018 they had already reached a level of around €5.0 million again and were thus higher than at the end of 2017.

As of the end of the first quarter of 2018, the equity ratio was down to 38.3% (December 31, 2017: 40.2%), but this was ultimately due to an increase of almost 10% in total assets. In absolute figures, equity increased by €571k.

As of March 31, 2018, the SFC Group had 263 permanent employees (March 31, 2017: 233).

The order backlog as of the end of March 2018 amounted to €16,914k, corresponding to a year-on-year increase of 5.0%.

OUTLOOK FOR 2018

In view of the strong start to the year, the Management Board of SFC Energy AG is confirming its guidance of consolidated sales of €60 million to €64 million and a further significant improvement in adjusted EBIT and EBITDA in financial year 2018.

SFC ENERGY AG, BRUNNTHAL CONSOLIDATED INCOME STATEMENT FROM JANUARY 1 TO MARCH 31, 2018

	in €	
	01/01 – 03/31/2018	01/01 – 03/31/2017
Sales	16,758,054	13,112,020
Production costs of work performed to generate sales	– 10,850,560	– 9,467,522
Gross profit	5,907,494	3,644,498
Sales costs	– 2,682,630	– 2,509,500
Research and development costs	– 821,861	– 908,076
General administration costs	– 1,372,593	– 1,185,785
Other operating income	208,525	170,836
Other operating expenses	– 139,369	– 27,743
Restructuring costs	– 394,715	–
Operating profit	704,851	– 815,770
Interest and similar income	2	7
Interest and similar expenses	– 219,929	– 223,128
Result before taxes	484,924	– 1,038,891
Income taxes	– 158,574	47,959
Consolidated net result	326,350	– 990,932
NET RESULT PER SHARE		
undiluted	0.03	– 0.11
diluted	0.03	– 0.11

SFC ENERGY AG, BRUNNTHAL CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FROM JANUARY 1 TO MARCH 31, 2018

	in €	
	01/01 – 03/31/2018	01/01 – 03/31/2017
Consolidated net result	326,350	– 990,932
OCI items that may be reclassified to profit or loss in the future:		
Result from currency translations	– 279,161	– 42,023
Total other results	– 279,161	– 42,023
Total comprehensive income	47,189	– 1,032,955

SFC ENERGY AG, BRUNNTHAL CONSOLIDATED BALANCE SHEET AS OF MARCH 31, 2018

	in €	
	03/31/2018	12/31/2017
Current Assets	25,265,866	21,849,419
Inventories	7,658,034	7,939,322
Trade accounts receivables	14,603,837	7,798,627
Receivables from percentage-of-completion	415,486	913,114
Other short-term assets and receivables	598,134	504,338
Cash and cash equivalents	1,704,755	4,408,398
Cash and cash equivalents with limitation on disposal	285,620	285,620
Non-current assets	12,503,495	12,684,463
Intangible assets	10,745,654	10,950,437
Property, plant and equipment	1,147,052	1,197,253
Financial assets	71	71
Deferred tax assets	610,718	536,702
Assets	37,769,361	34,533,882

SFC ENERGY AG, BRUNNTHAL CONSOLIDATED BALANCE SHEET AS OF MARCH 31, 2018

	in €	
	03/31/2018	12/31/2017
Current liabilities	20,673,632	18,563,477
Provisions for taxes	68,266	51,509
Other provisions	777,905	748,659
Liabilities to banks	4,816,700	4,010,253
Liabilities from prepayments	26,689	15,184
Trade accounts payable	6,282,405	5,520,020
Liabilities from finance leases	16,254	40,442
Liabilities from percentage-of-completion	557,374	191,353
Liabilities from financing	4,522,575	5,399,603
Other short-term liabilities	3,605,464	2,586,454
Non-current liabilities	2,630,090	2,075,623
Other long-term provisions	882,180	874,283
Liabilities under finance leases	27,380	19,616
Other long-term liabilities	4,211	4,157
Other liabilities from financing	978,966	528,906
Deferred tax liabilities	737,353	648,661
Equity	14,465,639	13,894,782
Subscribed capital	9,749,612	9,659,456
Capital surplus	75,908,666	75,475,155
Other changes in equity not affecting profit or loss	-1,096,082	-816,921
Consolidated net loss	-70,096,557	-70,422,908
Liabilities and shareholders' equity	37,769,361	34,533,882

SFC ENERGY AG, BRUNNTHAL CONSOLIDATED CASH FLOW STATEMENT FROM JANUARY 1 TO MARCH 31, 2018

	in €	
	01/01 – 03/31/2018	01/01 – 03/31/2017
Cash flow from ordinary operations		
Result before taxes	484,924	- 1,038,891
+ Net interest income	219,926	223,121
+ Amortization/depreciation of intangible assets and property, plant and equipment	268,481	482,889
+/- Income/expenses from SAR Plan/transaction bonus	450,060	16,456
- Changes in allowances	- 152,306	- 73,273
- Losses/gains from disposal of property, plant and equipment	0	- 3,620
+ Other non-cash expenses/income	- 2,716	24,889
Changes to operating result before working capital	1,268,369	- 368,429
-/+ Changes to provisions	32,589	- 14,038
+/- Changes to trade accounts receivables	- 7,008,195	109,327
+/- Changes to inventories	298,445	36,090
+ Changes to other receivables and assets	356,844	198,660
- Changes to trade accounts payables	927,590	- 152,297
+/- Changes to other liabilities	1,443,236	448,830
Cash flow from ordinary operations before taxes	- 2,681,122	258,143
-/+ Income tax refunds/-payments	- 9,154	- 186
Cash flow from ordinary operations	- 2,690,276	257,957

SFC ENERGY AG, BRUNNTHAL CONSOLIDATED CASH FLOW STATEMENT FROM JANUARY 1 TO MARCH 31, 2018

	in €	
	01/01 – 03/31/2018	01/01 – 03/31/2017
Cash flow from investment activity		
- Investments in intangible assets from development projects	-326,313	-44,532
- Investments in other intangible assets	-4,635	0
- Investments in property, plant and equipment	-88,759	-76,662
+ Interest and similar income	3	7
+/- Proceeds/payments for acquisition of bank deposits with limitation on disposal	0	-620
+ Proceeds from disposal of property, plant and equipment	0	3,621
Cash flow from investment activity	-419,704	-118,186
Cash flow from financial activity		
- Repayment of financial debt	-588,305	-168,366
+ Proceeds from issuance of convertible bonds	0	0
- Expenses from issuance of convertible bonds	0	0
+ Changes to current account liabilities	1,141,883	743,904
- Repayment of liabilities under finance leases	-13,414	0
- Interest paid and other expenses	-133,826	-70,387
Cash flow from financial activity	406,337	505,151
Net change in cash and cash equivalents	-2,703,643	644,922
Currency effects on cash and cash equivalents	0	-138
Net change in cash and cash equivalents		
Cash and cash equivalents at beginning of period	4,408,398	1,756,001
Cash and cash equivalents at end of period	1,704,755	2,400,786
Net change in cash and cash equivalents	-2,703,643	644,923

FINANCIAL CALENDAR 2018

May 7, 2018	Q1 Interim Disclosure 2018
May 9, 2018	Annual General Meeting
August 21, 2018	Q2 Report 2018
November 06, 2018	Q3 Interim Disclosure 2018

SHARE INFORMATION

Bloomberg Symbol	F3C
Reuters Symbol	CXPNX
WKN	756857
ISIN	DE0007568578
Number of shares	9,749,612
Stock Category	No-par value shares
Stock segment	Prime Standard, Renewable Energies
Stock exchange	Frankfurt, FWB
Designated Sponsors	Hauck & Aufhäuser Privatbankiers KGaA

INVESTOR-RELATIONS

SFC Energy AG	Phone: +49 (0)89/673 592-378
Eugen-Saenger-Ring 7	Fax: +49 (0)89/673 592-169
85649 Brunnthal	Email: ir@sfc.com
Germany	

IMPRINT

SFC Energy AG	Responsible: SFC Energy AG
Eugen-Saenger-Ring 7	Editing: SFC Energy AG/CROSS ALLIANCE communication GmbH
85649 Brunnthal	Concept and Design: Anzinger und Rasp
Germany	Coverage: Fuel Cell Systems
Phone: +49 (0)89/673 592-0	
Fax: +49 (0)89/673 592-369	

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.