

Quarterly Release Q1/2020

January 1 to March 31, 2020



SFC ENERGY AG, BRUNNTHAL CONSOLIDATED KEY FIGURES

	in k €		
	01/01 – 03/31/2020	01/01 – 03/31/2019	Change in %
Sales	16,119	16,457	-2.1%
Gross profit	5,245	5,716	-8.2%
Gross margin	32.5%	34.7%	-
EBITDA	375	778	-51.8%
EBITDA margin	2.3%	4.7%	-
EBITDA underlying	820	1,553	-47.2%
EBITDA margin underlying	5.1%	9.4%	-
EBIT	-432	-19	n. a.
EBIT margin	-2.7%	-0.1%	-
EBIT underlying	13	756	-98.2%
EBIT margin underlying	0.1%	4.6%	-
Consolidated net result of period	-630	-320	n. a.
Net result per share, not diluted	-0.05	-0.03	n. a.
Net result per share, diluted	-0.05	-0.03	n. a.
	31.03.2020	03/31/2019	Change in %
Order backlog	15,878	13,653	16.3%
	03/31/2020	12/31/2019	Change in %
Equity	39,947	40,260	-0.8%
Equity ratio	54.7%	55.3%	-
Balance sheet total	73,073	72,859	0.3%
Cash (freely available)	18,531	20,906	-11.4%
	03/31/2020	03/31/2019	Change in %
Permanent employees	283	280	1.1%
IMPACT OF IFRS 16			
	01/01 – 03/31/2020	01/01 – 03/31/2019	
EBITDA (adjusted)	573	560	
EBIT (adjusted)	39	37	
Consolidated net result of period	-15	-25	

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INTERIM REPORT ON THE BUSINESS DEVELOPMENT OF THE FIRST QUARTER 2020

Brunnthal, May 18, 2020

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 2020 today, including explanations of its business development and significant events for the period from January 1 to March 31, 2020.

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).

Segment reporting

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.

EARNINGS AND FINANCIAL POSITION

The SFC Energy Group generated sales revenue of € 16,119k in the period from January to March 2020. This corresponds to a slight decrease in sales of 2.1 % compared with the previous year's figure of € 16,457k. Thus, the previous year's sales level was almost matched even though continued decreasing investment activity in the Oil & Gas segment and the first signs of the impact of COVID-19 pandemic across all segments began to emerge toward the end of the first quarter of 2020. Relative to the previous year, there were also no major orders received in the Defense & Security segment.

The sales by segment for the first three months of the 2020 financial year compared with the previous year are as follows:

SALES BY SEGMENT (UNAUDITED)						in €
Segments	Sales		Gross profit		EBITDA	
	01/01 – 03/31/2020	01/01 – 03/31/2019	01/01 – 03/31/2020	01/01 – 03/31/2019	01/01 – 03/31/2020	01/01 – 03/31/2019
Clean Energy & Mobility	5,125,595	2,994,404	2,262,575	1,317,299	766,187	100,590
Industry	4,032,400	4,278,732	1,233,303	1,292,431	222,187	350,576
Oil & Gas	6,137,386	6,225,590	1,489,218	1,826,996	92,374	494,962
Defense & Security	823,158	2,957,823	260,184	1,279,762	-705,895	-168,368
Total	16,118,540	16,456,549	5,245,281	5,716,487	374,854	777,759
Depreciation/Amortization					-807,124	-797,146
Operating loss (EBIT)					-432,270	-19,387

Performance by segment

Oil & Gas

The Oil & Gas segment consists exclusively of sales generated by Simark through the distribution and integration of products for the oil and gas market in North America. At € 6,137k, sales were almost static year-on-year (previous year: € 6,226k). In this context, it should be noted that sales of € 350k were properly allocated to the Clean Energy & Mobility segment for the first time.

Continued reluctance to invest in the oil and gas industry was already felt at the beginning of the second quarter of 2020. Reasons for this are negative development caused by impact of COVID-19 pandemic, on the one hand, and negative development in the price of oil in connection with the OPEC+ dispute on the other.

At 24.3%, the margin in the first quarter of 2020 was well below the previous year's figure of 29.3%. This can be explained primarily by changes in the product mix and the appropriate allocation of EFOY sales in the non-Oil & Gas segment to the Clean Energy & Mobility segment.

Growth in the EFOY applications business with our customers in North America was expanded further. Sales in this area represented 16 % of Group company Simark's product sales (Q1/2019: 13%).

Industry

Sales in the Industry segment came to €4,032k in the first quarter of 2020, down 5.8% on the previous year's figure of €4,279k. The decline was primarily due to emerging problems in the supply chain caused by COVID-19 pandemic.

There was a slight improvement in the segment margin to 30.6% compared with the figure of 30.2% for the same period last year. As before, the focus continues to be on improving margins on the purchasing and sales side while at the same time scaling sales based on the High Power Standard Platform technology – albeit under more difficult circumstances.

Defense & Security

The Defense & Security segment closed the quarter with sales of €823k, down a considerable 72.2% on the previous year's figure of €2,958k. This year's figure being just over a quarter of the previous year's figure can be explained by the fact that, compared with the same period of the previous year, there were no major orders received in either the international or the national defense business in the first quarter of 2020 also on account of the COVID-19 administration lockdown.

Clean Energy & Mobility

At €5,126k, sales in the Clean Energy & Mobility segment were up 71.2% in the first quarter of 2020 compared with the same period of the previous year. The Consumer sub-segment reported a slight decrease of 5.8%. Sales in the Industrial Applications sub-segment, on the other hand, were up 120.9% year-on-year due to an extended customer base. The positive sales development in the EFOY applications business reported in the 2019 financial year was therefore continued.

The segment margin remained at a consistently high level at 44.1%.

Sales by region

Sales by region developed as follows:

SALES BY REGION		in €
Region	01/01 – 03/31/2020	01/01 – 03/31/2019
North America	6,497,813	6,301,835
Europe (not including Germany)	5,446,679	5,428,173
Germany	1,525,130	1,770,908
Asia	2,351,632	1,814,619
Rest of the world	297,286	1,141,014
Total	16,118,540	16,456,549

Sales in North America include Simark's sales in the Oil & Gas segment and a small percentage of sales in the Clean Energy & Mobility segment. SFC operated almost exclusively in Europe and Asia, while PBF operated almost exclusively in Europe and the rest of the world.

EARNINGS, BALANCE SHEET, GUIDANCE

Earnings figures

Management considers the overall profitability of the SFC Energy Group in the first three months of the 2020 financial year can be described as satisfactory, and in line with expectations given the emerging COVID-19 pandemic and OPEC+ crisis.

Gross profit was down 8.2% year-on-year in the first quarter of the current financial year at €5,245k (previous year: €5,716k). At 32.5%, the gross margin was below the previous year's level of 34.7%. The anticipated margin reduction in the Defense & Security segment was not entirely offset by the absolute improvement in the Clean Energy & Mobility segment.

EBITDA was positive at €375k in the first three months of 2020 compared with €778k in the same period of the previous year. EBITDA adjusted for non-recurring effects amounted to a positive €820k (previous year: €1,553k).

In the first three months of the current financial year, EBIT was negative at minus €432k compared with minus €19k in the same period of the previous year. EBIT adjusted for non-recurring effects was positive at €13k in the reporting period (previous year: €756k).

Non-recurring effects amounted to €446k in total (previous year: €775k):

	in k€	
	01/01 – 03/31/2020	01/01 – 03/31/2019
Expenses for the SAR program	282	775
Expenses for acquisition-related costs	164	0

Earnings after taxes went from minus €320k in the first three months of the previous year to minus €630k in the same period of 2020. IFRS earnings per share (basic and diluted) amounted to minus €0.05 in the 2020 reporting period. By comparison, earnings per share (basic and diluted) in the same period of the previous year were minus €0.03.

Effect of IFRS 16 on earnings figures

The application of IFRS 16 had the following effects:

	in k€	
	01/01 – 03/31/2020	01/01 – 03/31/2019
Effect on EBITDA	573	560
Effect on EBIT	39	37
Effect on net income	-15	-25

Balance sheet and employees

Available cash and cash equivalents amounted to € 18,531k as of March 31, 2020 (December 31, 2019: € 20,906k). The equity ratio declined slightly to 54.7% as of the end of the first quarter of 2020, essentially due to the quarterly result. A cash capital increase with a net cash inflow of € 750k was reported in the first quarter of 2020.

The SFC Group had 283 permanent employees as of March 31, 2020 (March 31, 2019: 280).

The order backlog amounted to € 15,878k as of the end of March 2020, which is an increase of 16.3% year-on-year (previous year: € 13,653k).

Guidance for 2020

We refer to the information provided in the 2019 Annual Report.

Even before the publication of the Annual Report 2019, the Board of Management had withdrawn the guidance for fiscal 2020 published with the preliminary figures for 2019 due to the uncertainty and lack of visibility resulting from the COVID-19 pandemic and the negative development of the oil price. A stable and sufficiently reliable guidance for the current fiscal year in the form of the previous guidance ranges is still not possible in the current environment. Overall, against this background and in view of the current high level of uncertainty, the Board of Management expects – subject to a recession – revenues and profitability to be significantly lower than in the previous year. The basic premise is the weakening of the COVID-19 effects after the third quarter of 2020.

SFC ENERGY AG, BRUNNTHAL CONSOLIDATED INCOME STATEMENT FROM JANUARY 1 TO MARCH 31, 2020

	in €	
	01/01 – 03/31/2020	01/01 – 03/31/2019
Sales	16,118,540	16,456,549
Production costs of work performed to generate sales	– 10,873,259	– 10,740,062
Gross profit	5,245,281	5,716,487
Sales costs	– 3,112,174	– 3,374,455
Research and development costs	– 830,858	– 920,461
General administration costs	– 1,587,602	– 1,504,750
Other operating income	10,360	75,219
Other operating expenses	– 157,278	– 11,426
Operating profit	– 432,270	– 19,387
Interest and similar income	0	0
Interest and similar expenses	– 131,230	– 225,919
Result before taxes	– 563,501	– 245,306
Income taxes	– 66,689	– 74,255
Consolidated net result	– 630,190	– 319,561
NET LOSS PER SHARE		
undiluted	– 0.05	– 0.03
diluted	– 0.05	– 0.03

SFC ENERGY AG, BRUNNTHAL CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FROM JANUARY 1 TO MARCH 31, 2020

	in €	
	01/01 – 03/31/2020	01/01 – 03/31/2019
Consolidated net result	– 630,190	– 319,561
OCI items that may be reclassified to profit or loss in the future:		
Result from currency translations	– 427,037	183,217
Total other results	– 427,037	183,217
Total comprehensive income	– 1,057,227	– 136,343

SFC ENERGY AG, BRUNNTHAL CONSOLIDATED BALANCE SHEET AS OF MARCH 31, 2020

	in €	
	03/31/2020	12/31/2019
Current Assets	48,035,798	47,818,345
Inventories	12,258,238	12,031,984
Trade accounts receivables	15,102,079	13,693,778
Receivables from contracts with customers	463,338	79,096
Income tax receivables	2	2
Other short-term assets and receivables	1,395,958	821,485
Cash and cash equivalents	18,530,564	20,906,380
Cash and cash equivalents with limitation on disposal	285,620	285,620
Non-current assets	25,037,514	25,040,497
Intangible assets	14,241,669	13,921,284
Property, plant and equipment	9,346,232	9,869,180
Financial assets	0	0
Deferred tax assets	1,449,613	1,250,033
Assets	73,073,312	72,858,842

SFC ENERGY AG, BRUNNTHAL CONSOLIDATED BALANCE SHEET AS OF MARCH 31, 2020

	in €	
	03/31/2020	12/31/2019
Current liabilities	21,175,688	20,514,044
Provisions for taxes	74,853	34,252
Other provisions	1,177,427	1,228,689
Liabilities to banks	5,532,636	5,351,805
Liabilities from prepayments	16,522	62,184
Trade accounts payable	8,773,728	8,090,427
Liabilities from finance leases	1,932,033	2,278,193
Liabilities from contracts with customers	449,088	279,503
Liabilities from financing	0	0
Other short-term liabilities	3,219,400	3,188,993
Non-current liabilities	11,950,581	12,084,529
Other long-term provisions	1,394,180	1,334,420
Liabilities to banks	676,272	1,160,830
Liabilities under finance leases	5,565,618	5,755,073
Other long-term liabilities	4,708	4,639
Other liabilities from financing	3,074,435	2,792,231
Deferred tax liabilities	1,235,368	1,037,336
Equity	39,947,043	40,260,269
Subscribed capital	13,154,312	12,949,612
Capital surplus	100,956,210	100,416,909
Other changes in equity not affecting profit or loss	-1,085,932	-658,895
Consolidated net loss	-73,077,547	-72,447,357
Liabilities and shareholders' equity	73,073,312	72,858,842

SFC ENERGY AG, BRUNNTHAL CONSOLIDATED CASH FLOW STATEMENT FROM JANUARY 1 TO MARCH 31, 2020

	in €	
	01/01 – 03/31/2020	01/01 – 03/31/2019
Cash flow from ordinary operations		
Result before taxes	-563,501	-245,306
+ Net interest income	131,230	225,919
+ Amortization/depreciation of intangible assets and property, plant and equipment	807,120	797,144
+/- Income/expenses from SAR Plan/transaction bonus	282,204	774,997
- Changes in allowances	36,968	-6,307
- Losses/gains from disposal of property, plant and equipment	0	0
+ Other non-cash expenses/income	73,902	-90,042
Changes to operating result before working capital	767,922	1,456,405
-/+ Changes to provisions	4,974	55,801
+/- Changes to trade accounts receivables	-1,683,962	-1,211,234
+/- Changes to inventories	-510,412	651,165
+ Changes to other receivables and assets	-995,570	-1,383,900
- Changes to trade accounts payables	944,738	-298,398
+/- Changes to other liabilities	193,362	-441,536
Cashflow from ordinary operations before taxes	-1,278,948	-1,171,696
-/+ Income tax refunds/-payments	-32,298	-493,034
Cashflow from ordinary operations	-1,311,246	-1,664,730

SFC ENERGY AG, BRUNNTHAL CONSOLIDATED CASH FLOW STATEMENT FROM JANUARY 1 TO MARCH 31, 2020

	in €	
	01/01 – 03/31/2020	01/01 – 03/31/2019
Cash flow from investment activity		
- Investments in intangible assets from development projects	- 749,228	- 475,482
- Investments in other intangible assets	- 133,562	- 10,882
- Investments in property, plant and equipment	- 207,721	- 144,042
+ Proceeds from disposal of property, plant and equipment	0	0
Cash flow from investment activity	- 1,090,511	- 630,406
Cash flow from financial activity		
+ Payments from capital increase	750,000	0
- Cash outflows for costs from capital increase	- 6,000	0
- Repayment of financial debt	- 433,498	- 784,486
+ Changes to current account liabilities	356,693	278,940
- Repayment of liabilities under finance leases	- 513,625	0
- Interest paid and other expenses	- 127,637	- 207,150
Cash flow from financial activity	25,934	- 712,696
Net change in cash and cash equivalents	- 2,375,822	- 3,007,831
Currency effects on cash and cash equivalents	0	0
Net change in cash and cash equivalents		
Cash and cash equivalents at beginning of period	20,906,380	7,519,689
Cash and cash equivalents at end of period	18,530,564	4,511,859
Net change in cash and cash equivalents	- 2,375,817	- 3,007,831

SFC ENERGY AG, BRUNNTHAL CONSOLIDATED SEGMENT REPORTING FROM JANUARY 1 TO MARCH 31, 2020

	Clean Energy & Mobility		Industry		Oil & Gas		Defense & Security		Consolidated financial statement		in €
	01/01– 03/31/2020	01/01– 03/31/2019	01/01– 03/31/2020	01/01– 03/31/2019	01/01– 03/31/2020	01/01– 03/31/2019	01/01– 03/31/2020	01/01– 03/31/2019	01/01– 03/31/2020	01/01– 03/31/2019	
Sales	5,125,595	2,994,404	4,032,400	4,278,732	6,137,386	6,225,590	823,158	2,957,823	16,118,540	16,456,549	
Production costs of work performed to generate sales	-2,863,020	-1,677,105	-2,799,097	-2,986,301	-4,648,168	-4,398,594	-562,974	-1,678,061	-10,873,259	-10,740,062	
Gross profit	2,262,575	1,317,299	1,233,303	1,292,431	1,489,218	1,826,996	260,184	1,279,762	5,245,281	5,716,487	
Sales Costs	-899,493	-927,015	-294,450	-295,455	-1,226,148	-1,263,123	-692,083	-888,862	-3,112,174	-3,374,455	
Research and development costs	-137,793	-136,749	-578,470	-542,340	-53,739	-55,980	-60,855	-185,392	-830,858	-920,461	
General administration costs	-650,973	-379,232	-320,637	-320,401	-223,933	-246,532	-392,058	-558,585	-1,587,602	-1,504,750	
Other operating income	1,479	6,830	0	0	8,257	61,515	623	6,874	10,360	75,219	
Other operating expenses	-49,639	-2,675	0	0	-81,920	-6,059	-25,720	-2,692	-157,278	-11,426	
Other income/expenses	-48,161	4,155	0	0	-73,662	55,456	-25,096	4,182	-146,919	63,793	
Restructuring cost	0	0	0	0	0	0	0	0	0	0	
Operating result (EBIT)	526,155	-121,542	39,746	134,234	-88,264	316,817	-909,908	-348,896	-432,270	-19,387	
Adjustments EBIT	128,111	206,535	0	0	56,903	98,368	260,629	470,094	445,643	774,997	
EBIT underlying	654,266	84,993	39,746	134,234	-31,361	415,185	-649,279	121,198	13,373	755,610	
Depreciation/ amortization	-240,032	-222,132	-182,441	-216,341	-180,638	-178,145	-204,013	-180,528	-807,124	-797,146	
EBITDA	766,187	100,590	222,187	350,575	92,374	494,962	-705,895	-168,368	374,854	777,759	
Adjustments EBITDA	128,111	206,535	0	0	56,903	98,368	260,629	470,094	445,643	774,997	
EBITDA underlying	894,298	307,125	222,187	350,575	149,277	593,330	-445,266	301,725	820,497	1,552,756	
Operating result (EBIT)									-432,270	-19,387	
Financial result									-131,230	-225,919	
Result before tax									-563,501	-245,306	
Income taxes									-66,689	-74,255	
Consolidated net result									-630,190	-319,561	

FINANCIAL CALENDAR 2020

May 18, 2020	Interim Disclosure Q1 2020
May 19, 2020	Annual General Meeting
August 20, 2020	Half-year report 2020
September 16, 2020	ABN Amro Small Cap Conference, Amsterdam
November 16 – 18, 2020	German Equity Forum, Frankfurt
November 18, 2020	Interim Disclosure Q3 2020

SHARE INFORMATION

Bloomberg Symbol	F3C
Reuters Symbol	CXPNX
WKN	756857
ISIN	DE0007568578
Number of shares as of 03/31/2020	13,154,312
Stock Category	No-par value shares
Stock segment	Prime Standard, Renewable Energies
Stock exchange	Frankfurt, FWB
Designated Sponsors	mwb fairtrade Wertpapierhandelsbank AG

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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.