

Quarterly release Q3/2016

January 1 to September 30, 2016



SFC ENERGY AG CONSOLIDATED KEY FIGURES

	in k €					
	1/1 – 9/30/2016	1/1 – 9/30/2015	Change in %	Q3 2016	Q3 2015	Change in %
Sales	31,360	36,332	- 13.7%	10,561	11,540	- 8.5%
Gross profit	8,994	10,126	- 11.2%	2,853	3,564	- 19.9%
Gross margin	28.7%	27.9%	-	27.0%	30.9%	-
EBITDA	- 2,696	- 3,595	25.0%	- 940	- 889	- 5.7%
EBITDA margin	- 8.6%	- 9.9%	-	- 8.9%	- 7.7%	-
EBITDA underlying	- 2,847	- 2,384	- 19.4%	- 994	- 396	>- 100.0%
EBITDA margin underlying	- 9.1%	- 6.6%	-	- 9.4%	- 3.4%	-
EBIT	- 4,400	- 5,445	19.2%	- 1,512	- 1,514	0.1%
EBIT margin	- 14.0%	- 15.0%	-	- 14.3%	- 13.1%	-
EBIT underlying	- 3,795	- 3,410	- 11.3%	- 1,330	- 757	- 75.7%
EBIT margin underlying	- 12.1%	- 9.4%	-	- 12.6%	- 6.6%	-
Consolidated net result	- 4,590	- 5,514	16.8%	- 1,584	- 1,515	- 4.6%
Net loss per share, undiluted	- 0.53	- 0.64	17.2%	- 0.18	- 0.18	0.0%
Net loss per share, diluted	- 0.48	- 0.64	25.0%	- 0.16	- 0.18	11.1%

	in k €		
	9/30/2016	9/30/2015	Change in %
Order backlog	13,329	10,315	29.2%

	in k €		
	9/30/2016	12/31/2015	Change in %
Equity	13,688	16,558	- 17.3%
Equity ratio	42.0%	46.1%	-
Balance sheet total	32,610	35,889	- 9.1%
Cash (freely available)	774	3,277	- 76.4%

	in k €		
	9/30/2016	9/30/2015	Change in %
Permanent employees	230	237	- 3.0%

CONTENTS

- 4 INTERIM REPORT ON THE BUSINESS DEVELOPMENT
IN THE 3RD QUARTER OF 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 IN THE 3RD QUARTER OF 2016

Brunnthal, November 8, 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 third quarter 2016 including explanations on its business development and significant events for the period January 1 to September 30, 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 period January to September 2016, the Group generated sales of € 31,360k, compared to € 36,332k during the prior year period. This figure reflects a 13.7% 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. The Security & Industry segment however increased its revenues in the first nine months of the current financial year.

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

SALES BY SEGMENT (UNAUDITED)						in k €	
Segment	Sales		Gross profit		EBITDA		
	2016	2015	2016	2015	2016	2015	
	1/01-9/30	1/01-9/30	1/01-9/30	1/01-9/30	1/01-9/30	1/01-9/30	
Oil & Gas	13,970,213	20,071,904	2,927,212	4,494,363	-704,820	-906,418	
Security & Industry	14,535,940	13,260,911	5,299,929	4,872,632	-1,055,002	-1,864,394	
Consumer	2,853,423	2,998,939	766,715	759,380	-936,177	-824,549	
Total	31,359,576	36,331,754	8,993,856	10,126,374	-2,695,999	-3,595,361	
Depreciation/Amortization					-1,703,871	-1,849,861	
Operating loss (EBIT)					-4,399,870	-5,445,222	

Performance by segment

Oil & Gas

After a mediocre start into the year with a 12-year low at USD 27 in the first quarter of 2016, the oil price stabilized above USD 40 in recent months. At the end of the third quarter, the oil price headed further towards USD 50 following an OPEC meeting in Algiers. The very conservative spending behaviour of SFC's customers observed at the beginning of the year has continued to ease over the course of the year. Thus, the third quarter was the strongest quarter in the current financial year despite the usual seasonality.

Compared to the previous quarter, sales in the Oil & Gas segment increased by 6.9% from € 4,799k to € 5,131k. Compared to the first nine months of 2015 to 2016, sales decreased by 30.4% from € 20,072k to € 13,970k. Cost control is still very important in order to increase profitability in the Oil & Gas segment.

The investment restraint of customers for new projects continues. However, the activity for existing production is picking up again and customers are calling for quotes for both replacement and expansion investments. However, it is currently unclear how quickly these requests for quotes will turn into orders and sales.

Security & Industry

In the first nine months of 2016, sales in the Security & Industry segment increased by 9.6% to € 14,536k (2015: € 13,261k). The increase in sales resulted both from the commercial fuel cell business and the power electronics business (PBF). The Defense sector was not able to continue its good start into the 2016 financial year. An expected contract award to SFC in the Defense sector for 2016 will not be placed in the current financial year due to the need for technical improvements. SFC is convinced to be able to quickly resolve the identified "technical insufficiencies". The Defense sector remains an important business area for SFC on the basis of its proven high market potential.

PBF was able to continue its growth of the first half of the current financial year in the first nine months with an increase in sales by 13.1% compared to the same period of the previous year. This stable growth is based on both long-standing and new customers.

The commercial fuel cell business also grew on a broad basis, rising by 20.0% to € 3,466k in the first nine months of 2016 compared to € 2,888k in the same period of the previous year.

Consumer

The Consumer segment grew by 13.1% to € 765k in the third quarter of 2016 compared to the prior year quarter of € 677k. With this, the segment is almost at the previous year's level for the first nine months. The important trade fairs in the Caravan Market confirm the underlying economic growth dynamics, so that sales in the full year of 2016 are expected unchanged at the previous year's level.

EBITDA/EPS

Despite the decline in sales in the Oil & Gas segment, the profitability of the SFC Energy Group is above the prior year level after nine months. Due to the modified product mix, the gross margin increased from 27.9% in the first nine months of 2015 to 28.7% in the current financial year.

EBITDA improved in the first nine months to minus € 2,696k, compared to minus € 3,595k in the prior year period. EBITDA adjusted for non-recurring effects was minus € 2,847k (Prior year: minus € 2,384k).

In the first three quarters of the current financial year EBIT improved to minus € 4,400k, compared to minus € 5,445k in the same period of the previous year. EBIT adjusted for non-recurring effects was minus € 3,795k in the reporting period (Prior year: minus € 3,410k).

Earnings after taxes improved in the first nine months of 2016 to minus € 4,590k compared to minus € 5,514k in the same period of the previous year. Earnings per share under IFRS undiluted amounted to minus € 0.53 in the reporting period 2016 while diluted earnings per share amounted to minus € 0.48. In comparison, in the prior year period, earnings per share (undiluted and diluted) amounted to minus € 0.64.

Balance sheet and employees

Available cash and cash equivalents totalled € 774k as of September 30, 2016 (December 31, 2015: € 3,277k). The primary reasons for the € 2,503k decrease were the consolidated loss for the period and the final deferred payment for the acquisition of Simark. As of the end of the third quarter of 2016, the equity ratio was down to 42.0% (December 31, 2015: 46.1%). This includes a cash capital increase completed in August 2016 for a total of € 1,500k (436,045 new bearer shares at a price of € 3.44). The subscribed capital thus increased from € 8,611k to € 9,047k. As of September 30, 2016, the SFC Group had 230 permanent employees (September 30, 2015: 237).

Outlook 2016

For the current financial year, the Management Board of SFC Energy AG confirms its reduced revenue forecast of € 40 million to € 42 million. In terms of the operating result, the Management Board expects a profitability at the level of the prior year.

Subsequent events after the balance sheet date

After the balance sheet date SFC Energy AG raised a loan and issued an option bond. The Company received gross proceeds from the capital measures in the amount of € 2.0 million.

SFC ENERGY AG, BRUNNTHAL, CONSOLIDATED INCOME STATEMENT FROM JANUARY 1 TO SEPTEMBER 30, 2016

	in €			
	9M 2016 1/01 – 9/30	9M 2015 1/01 – 9/30	Q3 2016 7/01 – 9/30	Q3 2015 7/01 – 9/30
Sales	31,359,576	36,331,754	10,560,740	11,540,219
Production costs of work performed to generate sales	-22,365,720	-26,205,380	-7,707,422	-7,976,651
Gross profit	8,993,856	10,126,374	2,853,318	3,563,569
Sales costs	-6,957,194	-8,618,465	-2,203,869	-2,701,886
Research and development costs	-2,959,022	-2,976,333	-1,055,645	-1,000,342
General administration costs	-3,525,373	-3,906,721	-1,093,924	-1,238,237
Other operating income	115,138	105,601	28,860	6,653
Other operating expenses	-67,276	-175,678	-41,183	-144,030
Operating loss	-4,399,871	-5,445,222	-1,512,443	-1,514,273
Interest and similar income	66	3,408	7	269
Interest and similar expenses	-413,666	-235,486	-141,125	-73,149
Loss from ordinary operations	-4,813,471	-5,677,300	-1,653,561	-1,587,153
Income taxes	223,528	163,330	70,052	72,481
Consolidated net result	-4,589,943	-5,513,970	-1,583,509	-1,514,672
NET LOSS PER SHARE				
undiluted	-0.53	-0.64	-0.18	-0.18
diluted	-0.48	-0.64	-0.16	-0.18

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FROM JANUARY 1 TO SEPTEMBER 30, 2016

	in €			
	9M 2016 1/01 – 9/30	9M 2015 1/01 – 9/30	Q3 2016 7/01 – 9/30	Q3 2015 7/01 – 9/30
Consolidated net loss	-4,589,943	-5,513,970	-1,583,509	-1,514,672
OCI items that may be recycled to profit or loss in the future				
Result from currency translations	169,520	-394,282	-86,946	-568,559
Total other results	169,520	-394,282	-86,946	-568,559
Total comprehensive income	-4,420,423	-5,908,252	-1,670,455	-2,083,231

SFC ENERGY AG, BRUNNTHAL
CONSOLIDATED BALANCE SHEET
AS OF SEPTEMBER 30, 2016

	in €	
	9/30/2016	12/31/2015
Current assets	18,701,678	21,153,724
Inventories	8,489,892	8,781,766
Trade accounts receivables	7,707,673	6,759,498
Receivables from Percentage-of-Completion	675,657	729,989
Income tax receivables	309,825	428,127
Other short-term assets and receivables	425,958	742,278
Cash and cash equivalents	774,239	3,277,066
Cash and cash equivalents with limitation on disposal	318,434	435,000
Non-current assets	13,908,541	14,735,533
Intangible assets	11,975,794	12,767,993
Property, plant and equipment	1,307,638	1,389,621
Other long-term assets and receivables	3,853	3,303
Deferred tax assets	621,256	574,616
Assets	32,610,219	35,889,257

SFC ENERGY AG, BRUNNTHAL CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30, 2016

	in €	
	9/30/2016	12/31/2015
Current liabilities	11,577,765	13,040,475
Provisions for taxes	58,768	57,463
Other provisions	612,333	609,563
Liabilities to banks	2,839,634	2,014,131
Liabilities from prepayments	0	21,319
Trade accounts payables	5,404,576	7,262,550
Liabilities under finance leases	43,621	42,380
Other short-term liabilities	2,618,833	2,827,058
Income tax liabilities	0	206,011
Non-current liabilities	7,344,948	6,290,972
Other long-term provisions	1,675,363	1,586,987
Liabilities to banks	1,888,891	2,202,797
Liabilities under finance leases	46,730	45,400
Other long-term liabilities	2,869,908	1,316,756
Other liabilities	3,407	61,948
Deferred tax liabilities	860,649	1,077,084
Equity	13,687,506	16,557,810
Subscribed capital	9,047,249	8,611,204
Capital surplus	73,131,089	72,017,015
Other changes in equity not affecting profit or loss	-542,935	-712,455
Consolidated net loss	-67,947,897	-63,357,954
Liabilities and shareholders' equity	32,610,219	35,889,257

SFC ENERGY AG, BRUNNTHAL CONSOLIDATED CASH FLOW STATEMENT FROM JANUARY 1 TO SEPTEMBER 30, 2016

	in €	
	1/01 – 9/30/2016	1/01 – 9/30/2015
Cashflow from ordinary operations		
Result before taxes	-4,813,471	-5,677,300
+ Net interest income	413,600	232,078
+ Amortization/depreciation of intangible assets and property, plant and equipment	1,703,871	1,849,862
-/+ Income/expenses from SAR Plan/transaction bonus	-62,558	97,448
+ Changes in allowances	144,129	99,246
+/- Losses/gains from disposal of property, plant and equipment	691	-11,491
+/- Other non-cash expenses/income	57,236	128,131
Changes to operating result before working capital	-2,556,502	-3,282,027
+/- Changes to provisions	53,622	-248,833
-/+ Changes to trade accounts receivables	-837,041	2,773,202
+/- Changes to inventories	175,977	-281,312
+ Changes to other receivables and assets	390,695	1,167,328
- Changes to trade accounts payables	-1,949,956	-1,510,154
- Changes to other liabilities	-469,910	-316,503
Cash flow from ordinary operations before taxes	-5,193,115	-1,698,298
+/- Income tax refunds/-payments	25,030	-542,609
Cash flow from ordinary operations	-5,168,085	-2,240,906

SFC ENERGY AG, BRUNNTHAL CONSOLIDATED CASH FLOW STATEMENT FROM JANUARY 1 TO SEPTEMBER 30, 2016

	in €	
	1/01 – 9/30/2016	1/01 – 9/30/2015
Cash flow from investment activity		
- Investments in intangible assets from development projects	-348,367	-589,676
- Investments in other intangible assets	-8,357	-48,346
- Investments in property, plant and equipment	-268,842	-204,090
+ Interest and similar income	66	3,738
+/- Proceeds/payments for acquisition of bank deposits with limitation on disposal	116,566	-150,000
+ Proceeds from disposal of property, plant and equipment	38,912	11,500
Cash flow from investment activity	-470,022	-976,873
Cash flow from financial activity		
+ Proceeds from issuance of equity instruments	1,499,995	0
- Expenses from issuance of equity instruments	-34,766	0
- Additions to financial debt	-1	0
- Repayment of financial debt	-377,164	-509,269
+ Proceeds from issuance of convertible bonds	1,419,001	0
- Expenses from issuance of convertible bonds	-5,530	0
+ Changes to current account liabilities	786,561	865,600
- Interest paid and other expenses	-152,582	-182,560
Cash flow from financial activity	3,135,514	173,771
Net change in cash and cash equivalents	-2,502,593	-3,044,009
Currency effects on cash and cash equivalents	234	3,557
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	774,239	3,081,965
Net change in cash and cash equivalents	-2,502,593	-3,044,009

FINANCIAL CALENDAR 2016

November 21, 2016 German Equity Forum

SHARE INFORMATION

Bloomberg Symbol	F3C
Reuters Symbol	CXPNX
WKN	756857
ISIN	DE0007568578
Number of shares	9,047,249
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
Eugen-Saenger-Ring 7
85649 Brunnthal
Germany

Phone: +49 (0)89 / 673 592 – 378
Fax: +49 (0)89 / 673 592 – 169
Email: ir@sfc.com

IMPRINT

SFC Energy AG
Eugen-Saenger-Ring 7
85649 Brunnthal
Germany
Phone: +49 (0)89 / 673 592 – 0
Fax: +49 (0)89 / 673 592 – 369

Responsible: SFC Energy AG
Editing: SFC Energy AG / CrossAlliance
communication GmbH
Concept and Design: Anzinger und Rasp
Coverpage: Getty Images

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.