

Quarterly Release

January 1 to September 30, 2018



SFC
ENERGY

SFC ENERGY AG CONSOLIDATED KEY FIGURES

	in k €					
	01/01 – 09/30/2018	01/01 – 09/30/2017	Change in %	Q3 2018	Q3 2017	Change in %
Sales	44,269	39,366	12.5%	13,408	13,060	2.7%
Gross profit	14,664	11,920	23.0%	4,093	3,977	2.9%
Gross margin	33.1%	30.3%	-	30.5%	30.5%	-
EBITDA	937	-275	n. a.	-121	271	n. a.
EBITDA margin	2.1%	-0.7%	-	-0.9%	2.1%	-
EBITDA underlying	2,015	-28	n. a.	-116	340	n. a.
EBITDA margin underlying	4.6%	-0.1%	-	-0.9%	2.6%	-
EBIT	103	-1,725	n. a.	-394	-203	-93.9%
EBIT margin	0.2%	-4.4%	-	-2.9%	-1.6%	-
EBIT underlying	1,181	-1,005	n. a.	-390	-18	n. a.
EBIT margin underlying	2.7%	-2.6%	-	-2.9%	-0.1%	-
Consolidated net result	-792	-2,431	67.4%	-643	-606	-6.1%
Net loss per share, undiluted	-0,08	-0,27	70.8%	-0,06	-0,07	4.4%
						in k €
		09/30/2018		09/30/2017		Change in %
Order backlog		17,285		13,380		29.2%
						in k €
		09/30/2018		12/31/2017		Change in %
Equity		17,618		13,895		26.8%
Equity ratio		44.2%		40.2%		-
Balance sheet total		39,889		34,534		15.5%
Cash (freely available)		5,191		4,408		17.8%
		09/30/2018		09/30/2017		Change in %
Permanent employees		266		254		4.7%

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INTERIM REPORT ON THE BUSINESS DEVELOPMENT 2018

Brunnthal, November 13, 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 today, including explanations with regard to its business development and significant events for the period from January 1 to September 30, 2018.

The Group comprises SFC Energy AG, Brunnthal, 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.

EARNINGS AND FINANCIAL POSITION

In the period from January to September 2018, the SFC Energy Group generated sales of €44,269k. Compared to the previous year's figure of €39,366k, this represents a sales increase of 12.5% that is chiefly due to a major order in the "Defense & Security" segment and growth in both the "Oil & Gas" and the "Industry" segments.

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

SALES BY SEGMENT (UNAUDITED)						in k €	
Segment	Sales		Gross profit		EBITDA		
	2018	2017	2018	2017	2018	2017	
	01/01 – 09/30	01/01 – 09/30	01/01 – 09/30	01/01 – 09/30	01/01 – 09/30	01/01 – 09/30	
Oil & Gas	18,625,357	18,244,393	5,283,436	4,234,156	1,298,901	260,092	
Industry	12,219,515	11,459,773	3,590,015	3,785,257	190,529	841,927	
Clean Energy & Mobility	6,938,794	7,629,409	2,666,903	2,956,878	-839,901	-179,989	
Defense & Security	6,485,071	2,032,640	3,123,698	943,668	287,161	-1,197,374	
Total	44,268,737	39,366,215	14,664,052	11,919,959	936,691	-275,344	
Depreciation/Amortization					833,973	1,449,504	
Operating loss (EBIT)					102,718	-1,724,848	

Performance by segment

Oil & Gas

As in the previous year, the performance in the "Oil & Gas" segment was positive again. The oil price remained above USD 60 over the course of 2018. This was reflected in customers' investment and spending behavior, resulting in growth of 2.1% to €18,625k in the first nine months of the 2018 calendar year as against the same period of the previous year. On a CAD basis, sales were increased from €26,573 million to €28,630 million or 7.7%.

The third quarter was thus the quarter with the highest sales so far this year, despite the usual seasonality.

Particularly strong growth was achieved in high-margin business with EFOY applications with our customers from the oil and gas sector. Sales in this area represented more than 10% of product sales.

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

Industry

Sales in the "Industry" segment rose by 6.6% to €12,220k in the first three quarters of 2018.

This increase was chiefly due to sales growth and strong demand among new and existing customers throughout the entire nine-month period.

Further relocation of production capacity to the plant in Cluj, Romania, as well as the downsizing of production staff in Almelo, Netherlands, was concluded at the end of the third quarter of 2018.

The focus continues to be on improving margins on the purchasing side and sales side while at the same time scaling sales based on the High Power Standard Platform technology.

Clean Energy & Mobility

With sales of €6,939k in the first nine months of 2018, fuel cell business was down 9.1% compared to the same period of the previous year. This was attributable to a major order from Singapore in the previous year. In core European markets increase was 15.9%.

Defense & Security

Defense and security business remains a year-end business. As previously reported, 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 nine months. In addition internationalization of the customer base yielded very positive results i. e. in UK and India.

Overall, the segment closed the quarter with sales of €6,485k, thus significantly exceeding the previous year's figure of €2,033k.

EBITDA/EPS

All the earnings figures in the reporting period improved considerably compared to the prior year.

The profitability of the SFC Energy Group after the first nine months significantly exceeded the previous year's level owing to sales growth in the "Defense & Security" segment, in particular, but also to improved earnings in the "Oil & Gas" segment. Due to the changed product mix gross margin increased from 30.3% in the first nine months of 2017 to 33.1% in the period under review.

EBITDA improved to plus €937k in the first nine months of 2018, compared to minus €275k in the same period of the previous year. EBITDA adjusted for non-recurring effects amounted to plus €2,015k (previous year: minus €28k).

In the first three quarters of the current financial year, EBIT improved to plus €103k, compared to minus €1,725k in the same period of the previous year. EBIT adjusted for non-recurring effects came to plus €1,181k in the reporting period (previous year: minus €1,005k).

The following non-recurring effects totaling €1,078k were recorded:

- Expenses for the SAR program €668k
- Restructuring costs €410k

Earnings after taxes improved to minus €792k in the first nine months of 2018, compared to minus €2,431k in the same period of the previous year.

Earnings per share in accordance with IFRS were negative at minus €0.08 (diluted and undiluted) in the first nine months of 2018 (previous year: minus €0.27 undiluted and diluted).

BALANCE SHEET AND EMPLOYEES

Available cash and cash equivalents totaled €5,191k as of September 30, 2018 (December 31, 2017: €4,408k). The increase is attributable to the capital increase implemented in June 2018 with a net cash inflow of €4,220k.

As of the end of the third quarter of 2018, the equity ratio was thus up to 44.2% (December 31, 2016: 40.2%). Subscribed capital therefore increased from €9,659k to €10,250k.

As of September 30, 2018, the SFC Group had 266 permanent employees (September 30, 2017: 254).

ORDER BACKLOG

The order backlog as of September 30, 2018 came to € 17,285k (previous year: € 13,380k).

GUIDANCE FOR 2018

The Management Board expects that consolidated sales will range from € 60 million to € 64 million in 2018 and that underlying EBITDA and underlying EBIT will improve significantly. It should be noted here that an average CAD/EUR exchange rate of 1.50 was used for the sales and earnings planning for 2018.

SUBSEQUENT EVENTS AFTER THE BALANCE SHEET DATE

As of the current date, there are no events of material significance that could have a material effect on the Group's assets and liabilities, financial position or results of operations.

SFC ENERGY AG, BRUNNTHAL, CONSOLIDATED INCOME STATEMENT FROM JANUARY 1 TO SEPTEMBER 30, 2018

	in €			
	9M 2018 01/01 – 09/30	9M 2017 01/01 – 09/30	Q3 2018 07/01 – 09/30	Q3 2017 07/01 – 09/30
Sales	44,268,737	39,366,215	13,408,270	13,060,363
Production costs of work performed to generate sales	-29,604,685	-27,446,255	-9,315,521	-9,082,911
Gross profit	14,664,051	11,919,959	4,092,748	3,977,452
Sales costs	-7,955,838	-7,344,717	-2,511,842	-2,373,709
Research and development costs	-2,595,193	-2,900,316	-900,481	-845,535
General administration costs	-3,859,731	-3,499,968	-1,133,411	-1,014,530
Other operating income	414,998	257,492	81,509	60,434
Other operating expenses	-155,932	-157,298	-7,917	-7,492
Restructuring costs	-409,636	0	-14,921	0
Operating result	102,718	-1,724,848	-394,316	-203,381
Interest and similar income	5	7	0	0
Interest and similar expenses	-568,019	-863,932	-165,090	-412,159
Income from investments	0	24,535	0	1,667
Result from ordinary operations	-465,296	-2,564,238	-559,406	-613,873
Income taxes	-326,744	133,042	-84,012	7,612
Consolidated net result	-792,041	-2,431,196	-643,419	-606,262
NET LOSS PER SHARE				
undiluted	-0,08	-0,27	-0,06	-0,07
diluted	-0,08	-0,27	-0,06	-0,07

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FROM JANUARY 1 TO SEPTEMBER 30, 2018

	in €			
	9M 2018 01/01 – 09/30	9M 2017 01/01 – 09/30	Q3 2018 07/01 – 09/30	Q3 2017 07/01 – 09/30
Consolidated net result	-792,041	-2,431,196	-643,419	-606,262
OCI items that may be recycled to profit or loss in the future:				
Result from currency translations	-848	-198,257	126,503	31,162
Total other results	-848	-198,257	126,503	31,162
Total comprehensive income	-792,888	-2,629,453	-516,916	-575,100

SFC ENERGY AG, BRUNNTHAL CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30, 2018

	in €	
	09/30/2018	12/31/2017
Current assets	26,349,547	21,849,419
Inventories	9,578,176	7,939,322
Trade accounts receivables	10,015,266	7,798,627
Receivables from contracts with customers	559,935	913,114
Income tax receivables	2	0
Other short-term assets and receivables	719,768	504,338
Cash and cash equivalents	5,190,781	4,408,398
Cash and cash equivalents with limitation on disposal	285,620	285,620
Non-current assets	13,539,679	12,684,463
Intangible assets	11,382,845	10,950,437
Property, plant and equipment	1,371,743	1,197,253
Financial asset	71	71
Deferred tax assets	785,020	536,702
Assets	39,889,226	34,533,882

SFC ENERGY AG, BRUNNTHAL CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30, 2018

	in €	
	09/30/2018	12/31/2017
Current liabilities	16,975,876	18,563,477
Provisions for taxes	22,706	51,509
Other provisions	810,987	748,659
Liabilities to banks	4,606,145	4,010,253
Liabilities from prepayments	9,672	15,184
Trade accounts payables	5,557,931	5,520,020
Liabilities under finance leases	17,153	40,442
Liabilities from contracts with customers	208,740	191,353
Liabilities from financing	2,487,718	5,399,603
Other short-term liabilities	3,254,825	2,586,454
Non-current liabilities	5,295,496	2,075,623
Other long-term provisions	929,774	874,283
Liabilities to banks	1,598,363	0
Liabilities under finance leases	28,894	19,616
Other long-term financial liabilities	679,183	4,157
Other liabilities	1,197,463	528,906
Deferred tax liabilities	861,818	648,661
Equity	17,617,854	13,894,782
Subscribed capital	10,249,612	9,659,456
Capital surplus	79,497,706	75,475,155
Other changes in equity not affecting profit or loss	-817,769	-816,921
Consolidated net loss	-71,311,695	-70,422,908
Liabilities and shareholders' equity	39,889,226	34,533,882

SFC ENERGY AG, BRUNNTHAL CONSOLIDATED STATEMENT OF CASH FLOWS FROM JANUARY 1 TO SEPTEMBER 30, 2018

	in €	
	01/01 – 09/30/2018	01/01 – 09/30/2017
Cash flow from ordinary operations		
Result before taxes	-465,296	-2,564,238
+ Net interest income	568,014	863,925
+ Amortization/depreciation of intangible assets and property, plant and equipment	833,973	1,449,504
+/- Income/expenses from SAR Plan	668,558	145,706
-/+ Changes in allowances	-41,956	-470,704
-/+ Losses/gains from disposal of property, plant and equipment	0	-2,295
+/- Other non-cash expenses/income	-23,096	101,831
Changes to operating result before working capital	1,540,197	-476,273
-/+ Changes to provisions	104,079	-367,253
+/- Changes to trade accounts receivables	-2,360,579	588,598
+/- Changes to inventories	-1,522,019	24,446
- Changes to other receivables and assets	118,962	-35,521
+ Changes to trade accounts payables	56,754	82,298
+ Changes to other liabilities	394,007	63,854
Cash flow from ordinary operations before taxes	-1,668,600	-119,851
-/+ Income tax refunds/-payments	-79,812	-29,661
Cash flow from ordinary operations	-1,748,412	-149,511

SFC ENERGY AG, BRUNNTHAL CONSOLIDATED STATEMENT OF CASH FLOWS FROM JANUARY 1 TO SEPTEMBER 30, 2018

	in €	
	01/01 – 09/30/2018	01/01 – 09/30/2017
Cash flow from investment activity		
- Investments in intangible assets from development projects	- 925,013	- 434,658
- Investments in other intangible assets	- 14,979	- 65,291
- Investments in property, plant and equipment	- 543,093	- 400,096
+ Interest and similar income	5	7
+/- Proceeds/payments for acquisition of bank deposits with limitation on disposal	0	- 620
+ Proceeds from disposal of property, plant and equipment	7,166	5,936
Cash flow from investment activity	- 1,475,914	- 894,721
Cash flow from financial activity		
+ Proceeds from issuance of equity instruments	4,220,000	400,000
- Expenses from issuance of equity instruments	- 130,960	- 11,085
- Additions to financial debt	805,652	0
- Repayment of financial debt	- 2,154,803	- 2,488,518
+ Proceeds from issuance of convertible bonds	0	4,900,050
- Expenses from issuance of convertible bonds	0	- 88,483
+ Changes to current account liabilities	1,741,358	- 25,537
- Interest paid and other expenses	- 474,538	- 598,093
Cash flow from financial activity	4,006,709	2,088,334
Net change in cash and cash equivalents	782,383	1,044,102
Currency effects on cash and cash equivalents	0	1,235
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	5,190,781	2,798,866
Net change in cash and cash equivalents	782,383	1,044,100

FINANCIAL CALENDAR 2018

November 26 – 28, 2018 German Equity Forum

SHARE INFORMATION

Bloomberg Symbol	F3C
Reuters Symbol	CXPNX
WKN	756857
ISIN	DE0007568578
Number of shares	10,249,612
Stock Category	No-par-value shares
Stock segment	Prime Standard, Renewable Energies
Stock exchange	Frankfurt, Frankfurt Stock Exchange
Designated Sponsors	Hauck & Aufhäuser Privatbankiers KGaA

INVESTOR-RELATIONS

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Statements about the future

This interim report contains forward-looking statements and information-statements about events that are in the future, not in the past. These forward-looking statements are identifiable through phrases such as "expect," "intend," "plan," "believe," "aim," "estimate," or similar expressions. Such forward-looking statements are based on our current expectations and assumptions. They therefore carry a number of risks and uncertainties. A multitude of factors many of which are beyond the control of SFC affect the business activities, success, business strategy and results of SFC. These factors may cause the actual results, performance and success of the Group to differ materially from those in forward-looking statements or implied information about results, success or performance. SFC assumes no obligation to update any forward-looking statements.