

Verbio

Biofuel and Technology

**Quarterly interim
statement for the period
ended March 31, 2020
(Q3 2019/2020)**

Group key figures

[in EUR million]

Profitability	Q1 2019/2020	Q2 2019/2020	Q3 2019/2020	9 M 2019/2020
Sales	210.1	226.5	222.7	659.3
EBITDA	23.8	30.1	43.2	97.1
EBIT	17.6	22.3	36.0	75.9
EBIT-margin (%)	8.4	9.8	16.2	11.5
EBT	17.3	21.9	36.1	75.3
period result	12.1	13.2	24.9	50.2
Earnings per share (EUR)	0.20	0.20	0.39	0.79
Operating data	Q1 2019/2020	Q2 2019/2020	Q3 2019/2020	9 M 2019/2020
Productions (tons)	195,706	207,082	210,169	612,957
Productions (MWh)	186,670	190,248	224,694	601,612
Utilisation Biodiesel/ Bioethanol (%) ¹⁾	85.1	90.0	97.7	87.2
Utilisation Biomethane (%) ¹⁾	93.0	101.5	108.2	97.7
Investments in property, plant and equipment	31.2	10.3	13.4	54.9
Number of employees ²⁾	695	702	717	717
Net asset position	30.09.2019	31.12.2019	31.03.2020	31.03.2020
Net financial assets	34.8	52.8	64.9	64.9
Equity	356.0	368.8	374.7	374.7
Equity ratio (%)	71.6	73.1	72.2	72.2
Balancesheet total	497.3	504.4	518.8	518.8
Financial position	Q1 2019/2020	Q2 2019/2020	Q3 2019/2020	9 M 2019/2020
Operating cash flow	8.4	29.5	21.3	59.2
Operating cash flow per share (EUR)	0.13	0.47	0.34	0.94
Cash and cash equivalents ³⁾	86.3	81.5	94.8	94.8

¹⁾ At of July 1, 2019 the annual production capacity of the production plant was amended as follows:
biodiesel: from 470.000 tonnes to 660.000 tonnes; bioethanol: 260.000 Tonnen (unchanged); biomethane: from 600 GWh to 750 GWh

²⁾ at the balance sheet date

³⁾ at the balance sheet date, including cash on segregated accountssheet date

	Q1 2018/2019	Q2 2018/2019	Q3 2018/2019	9 M 2018/2019
	170.7	209.5	193.5	573.7
	16.6	40.7	27.1	84.4
	11,0	35.6	21.9	68.5
	6.4	17.0	11.3	11.9
	11,0	35.5	21.9	68.4
	7.8	25.2	16.7	49.7
	0.13	0.40	0.26	0.79
	Q1 2018/2019	Q2 2018/2019	Q3 2018/2019	9 M 2018/2019
	180,333	180,698	179,336	540,367
	154,444	183,525	177,421	515,390
	98.8	99.0	98.3	98.7
	103.0	122.5	118.3	114.5
	10.5	24.9	12.2	47.6
	580	582	629	629
	30.09.2018	31.12.2018	31.03.2019	31.03.2019
	92.7	96.5	100.8	100.8
	308.3	332.0	335.6	335.6
	81.3	76.5	78.0	78.0
	379.4	433.9	430.0	430.0
	Q1 2018/2019	Q2 2018/2019	Q3 2018/2019	9 M 2018/2019
	10.3	13.2	33.7	57.2
	0.16	0.21	0.53	0.91
	93.2	104.4	96.5	96.5

Segment key figures

[in EUR million]

Biodiesel	Q1 2019/2020	Q2 2019/2020	Q3 2019/2020	9 M 2019/2020
Sales	140.5	147.8	152.8	441.1
EBITDA	13.6	11.5	18.0	43.1
EBIT	12.0	8.8	15.7	36.5
Production (t)	134,643	146,350	145,043	426,036
Utilisation (%) ¹⁾	81.6	88.7	87.9	86.1
Number of employees ²⁾	200	199	208	208

Bioethanol (incl. Biomethane)	Q1 2019/2020	Q2 2019/2020	Q3 2019/2020	9 M 2019/2020
Sales	66.9	76.7	67.6	211.2
EBITDA	9.6	18.0	24.6	52.2
EBIT	5.4	13.3	20.2	38.9
Production (t)	61,063	60,732	65,126	186,921
Production (MWh)	186,670	190,248	224,694	601,612
Utilisation Bioethanol (%) ¹⁾	93.9	93.4	100.2	95.9
Utilisation Biomethane (%) ¹⁾	93.0	101.5	108.2	97.7
Number of employees ²⁾	330	338	342	342

Other	Q1 2019/2020	Q2 2019/2020	Q3 2019/2020	9 M 2019/2020
Third party sales	4.5	3.5	4.2	12.2
EBIT	0.2	0.2	0.2	0.6

¹⁾ At of July 1, 2019 the annual production capacity of the production plant was amended as follows:
biodiesel: from 470.000 tonnes to 660.000 tonnes; bioethanol: 260.000 Tonnen (unchanged); biomethane: from 600 GWh to 750 GWh

²⁾ at the balance sheet date

	Q1 2018/2019	Q2 2018/2019	Q3 2018/2019	9 M 2018/2019
	112.9	146.8	126.0	385.7
	13.7	36.6	21.3	71.7
	12.5	35.5	20.1	68.1
	119,658	119,828	120,371	359,857
	101.8	102.0	102.4	102.1
	116	122	151	151

	Q1 2018/2019	Q2 2018/2019	Q3 2018/2019	9 M 2018/2019
	55.4	60.2	65.0	180.6
	2.6	4.3	5.7	12.6
	-1.6	0.6	1.8	0.8
	60,675	60,870	58,965	180,510
	154,444	183,525	177,421	515,390
	93.4	93.7	90.7	92.6
	103.0	122.5	118.3	114.5
	289	293	314	314

	Q1 2018/2019	Q2 2018/2019	Q3 2018/2019	9 M 2018/2019
	4.4	3.8	4.1	12.3
	0.1	-0.4	-0.1	-0.4

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Business report and the Group's position

VERBIO AG reports an improvement in results for the first nine months of the financial year 2019/2020 compared to the same period in the previous year. In the third quarter of 2019/2020 the Group has been able to build on the results generated in the first half of the financial year, whereas in the third quarter of the previous year there was a slowdown of business momentum.

Group revenues increased by 15 percent to EUR 659.3 million compared to the same period in the previous year (9 M 2018/2019: EUR 573.7 million).

Earnings before interest, taxation, depreciation and amortisation (EBITDA) for the nine-month period amounted to EUR 97.1 million, 15.0 percent ahead of the comparative period in the previous year (9 M 2018/2019: EUR 84.4 million). The Group result before tax (EBIT) totalled EUR 75.9 million (9 M 2018/2019: EUR 68.5 million). The Group result before taxation (EBT) totalled EUR 75.3 million (9 M 2018/2019: EUR 68.4 million), and the net result for the period was EUR 50.2 million (9 M 2018/2019: EUR 49.7 million). Based on the result for the period, earnings per share amount to EUR 0.79 (9 M 2018/2019: EUR 0.79).

Net assets and financial position

Assets and liabilities

The balance sheet total at March 31, 2020 amounted to EUR 518.8 million, representing an increase of EUR 93.9 million compared to June 30, 2019 (June 30, 2019: EUR 424.9 million).

The increase on the asset side of the balance sheet included increases in both current and non-current assets. The increase in non-current assets (EUR 267.2 million; June 30, 2019: EUR 214.2 million) primarily reflects further increases in investment activity in the current financial year.

The equity and liabilities side of the balance sheet includes equity of EUR 374.7 million (June 30, 2019: EUR 338.9 million), representing approximately 72.2 percent (June 30, 2019: 79.8 percent) of the balance sheet total. Within this total there was an increase in non-current liabilities compared to the previous balance sheet date (June 30, 2019), primarily as a result of the issue of a promissory note as well as the inclusion of non-current lease liabilities as a result of the initial application of the new accounting standard for leasing. VERBIO also has additional unused medium-term lines of credit available for a total amount of EUR 40 million.

Cash flows

The cash flow from operating activities in the first nine months of the financial year 2019/2020 was approximately unchanged compared to the previous year, and amounted to EUR 59.2 million (9 M 2018/2019: EUR 57.2 million).

The total cash outflows from investment activities in the first nine months of 2019/2020 were EUR 56.6 million (9 M 2018/2019: EUR 44.6 million) as a result of investment activities. In the current financial year, this primarily resulted from payments made for investments in property, plant and equipment (EUR 56.6 million; 9 M 2018/2019: EUR 46.4 million). In the previous year the Group reported overall positive cash flows from investing activities of EUR 15.5 million. However, this was a result of the release of funds held on term deposits (EUR 60.0 million).

The cash flow from financing activities totalled EUR 4.1 million (9 M 2018/2019: EUR -4.9 million). As in the previous year, EUR 12.6 million of this total resulted from the payment of the dividend for the previous financial year. In the current financial year, the cash flow from financing activities also includes cash outflows for the repayment of financial liabilities amounting to EUR 11.8 million (9 M 2018/2019: EUR 0.3 million) as well as cash outflows for the repayment of lease liabilities of EUR 3.1 million (9 M 2018/2019: EUR 0 million). The amounts drawn down under financial liabilities in the same period amount to EUR 31.7 million (9 M 2018/2019: EUR 8.0 million).

As a result, cash and cash equivalents increased by a total of EUR 6.8 million in the period from July 1, 2019 to March 31, 2020. Cash and cash equivalents reported in the balance sheet at March 31, 2020 amounted to EUR 74.8 million.

Net cash

The Group's bank and loan finance arrangements are offset by cash and cash equivalents as well as additional cash held in segregated accounts totalling EUR 94.8 million, so that the reported net cash balance at March 31, 2020 amounted to EUR 64.9 million (June 30, 2019: EUR 64.2 million).

Development of the Biodiesel and Bioethanol segments

The primary drivers of sales and results in the biodiesel segment in the first nine months of the financial year 2019/2020 were the increase in production and sales volumes, whereby the overall capacity utilisation (86.1 percent; 9 M 2018/2019: 102.1 percent) was down on the previous year due to changes to the capacity total following the commencement of production at the biodiesel plant in Canada. The margins in the third quarter of 2019/2020 improved compared to the first two quarters. There was also a further significant increase in margins in the bioethanol segment in the third quarter of 2019/2020, with increased production and sales volumes compared to the previous year. The production volume of biodiesel and bioethanol in the period from July 1, 2019 to March 31, 2020 totalled 612,957 tonnes, compared with 540,367 tonnes in the same period in the previous year. In addition, 601.6 GWh of biomethane were produced in the first nine months of the financial year 2019/2020 (9 M 2018/2019: 515.4 GWh), an increase of 17 percent compared with the same period in the previous year.

Outlook, opportunity and risk report

Outlook

VERBIO makes no change to the earnings forecast published in an ad hoc report on January 22, 2020. Accordingly, EBITDA is expected to be around EUR 110 million and the net cash balance at the end of the financial year is expected to be approximately EUR 40 million.

Opportunity and risk report

There have been no changes to the opportunities and risks presented in the 2018/19 annual report. However, a significant additional risk has arisen since then in the form of the pandemic situation, a unique historical event which could not have been foreseen. The massive effects of the lockdowns worldwide and the deterioration in economic conditions, which has already taken place and indeed is continuing to worsen, have also had an effect on VERBIO's results. VERBIO will make efforts to minimise the negative effects on earnings, one example of this being the production of disinfectant products starting in March 2020.

Consolidated profit and loss account

for the period July 1, 2018 to March 31, 2019

EUR (thousands)	Q3 2019/2020	Q3 2018/2019	9 M 2019/2020	9 M 2018/2019
1. Revenue (including energy taxes collected)	223,148	193,597	660,018	574,062
less: energy taxes	-457	-101	-688	-331
Revenue	222,691	193,496	659,330	573,731
2. Change in unfinished and finished goods	7,573	4,172	15,045	8,499
3. Capitalised production of own plant and equipment	72	214	371	910
4. Other operating income	5,215	4,289	13,407	11,257
5. Cost of materials	-169,660	-156,666	-521,262	-457,800
6. Personnel expenses	-9,762	-9,109	-31,805	-26,095
7. Depreciation and amortisation	-7,100	-5,242	-21,130	-15,963
8. Other operating expenses	-11,112	-9,678	-34,489	-28,101
9. Result from commodity forward contracts	-1,862	410	-3,543	2,034
10. Operating result	36,055	21,886	75,924	68,472
11. Interest income	372	42	626	80
12. Interest expense	-259	-110	-1,231	-195
13. Financial result	113	-68	-605	-115
14. Result before tax	36,168	21,818	75,319	68,357
15. Income tax expense	-11,342	-5,086	-25,149	-18,650
16. Net result for the period	24,826	16,732	50,170	49,707
Result attributable to shareholders of the parent company	24,701	16,968	49,817	50,081
Result attributable to non-controlling interests	125	-236	353	-374
Result per share (basic and diluted)	0.39	0.27	0.79	0.79

Consolidated balance sheet

at March 31, 2019

EUR (thousands)	31.03.2020	30.06.2019
Assets		
A. Non-current assets		
I. Other intangible assets	701	856
II. Property, plant and equipment	246,649	209,290
III. Right-of-use assets under leasing arrangements	13,299	0
IV. Financial assets	3,170	95
V. Deferred tax assets	3,337	3,914
Total non-current assets	267,156	214,155
B. Current assets		
I. Inventories	86,711	63,078
II. Trade receivables	46,050	48,540
III. Derivatives	8,320	2,990
IV. Other short-term financial assets	27,786	11,233
V. Tax refunds	649	628
VI. Other assets	7,307	16,296
VII. Cash and cash equivalents	74,825	68,025
Total current assets	251,648	210,790
Total assets	518,804	424,945

EUR (thousands)	31.03.2020	30.06.2019
Liabilities and equity		
A. Equity		
I. Share capital	63,000	63,000
II. Additional paid-in capital	487,681	487,681
III. Fair value reserve	-1,350	770
IV. Retained earnings	-176,420	-212,076
V. Reserve for translation differences	151	-165
Total equity, excluding non-controlling interests	373,062	339,210
VI. Non-controlling interests	1,620	-293
Total equity	374,682	338,917
B. Non-current liabilities		
I. Bank loans and other loans	29,880	65
II. Lease liabilities	9,306	0
III. Provisions	128	156
IV. Deferred investment grants and subsidies	3,260	4,013
V. Other non-current liabilities	2,605	2,761
VI. Deferred taxes	57	137
Total non-current liabilities	45,236	7,132
C. Current liabilities		
I. Bank loans and other loans	0	9,992
II. Lease liabilities	4,120	0
III. Trade payables	43,859	41,316
IV. Derivatives	10,710	3,354
V. Other current financial liabilities	8,702	9,483
VI. Tax liabilities	25,981	6,493
VII. Provisions	2,729	4,826
VIII. Deferred investment grants and subsidies	1,010	1,017
IX. Other current liabilities	1,775	2,415
Total current liabilities	98,886	78,896
Total equity and liabilities	518,804	424,945

Consolidated cash flow statement

for the period July 1, 2018 to March 31, 2019

EUR (thousands)	9 M 2019/2020	9 M 2018/2019
Net result for the period	50,170	49,707
Income taxes expense (prior-year period: income)	25,149	18,650
Interest result	605	115
Depreciation and amortization	21,130	15,963
Non-cash expense	-317	-18
Gains (prior-year period: loss) on disposal of property, plant and equipment and disposal of investment grants	-412	47
Release of deferred investment grants and subsidies	-760	-779
Non-cash changes in derivative financial instruments	-991	-790
Increase in inventories	-23,634	-16,444
Decrease in trade receivables	2,490	10,344
Increase in other assets and other current financial assets	-9,983	-17,207
Change in provisions	-2,131	351
Increase in trade payables	3,938	7,084
Decrease in other current financial and non-financial liabilities	-1,425	-2,368
Interest paid	-866	-194
Interest received	603	80
Income taxes paid	-4,415	-7,296
Cash flows from operating activities	59,151	57,245

EUR (thousands)	9 M 2019/2020	9 M 2018/2019
Cash outflows for term deposits	0	60,042
Proceeds from investment grants	0	83
Acquisition of intangible assets	-79	-771
Acquisition of property, plant and equipment	-56,615	-46,412
Cash outflows for loans to associated companies	-1,036	0
Proceeds from repayment of loans from associated companies	380	0
Proceeds from disposal of property, plant and equipment	719	1,509
Cash inflows from the acquisition of subsidiaries, net of cash acquired	0	1,009
Cashflow aus der Investitionstätigkeit	-56,631	15,460
Payment of dividends	-12,600	-12,600
Payments for the redemption of financial liabilities	-11,845	-300
Proceeds from the assumption of financial liabilities	31,669	8,014
Payment of lease liabilities	-3,091	0
Cash flows from financing activities	4,133	-4,886
Cash-effective change in cash funds	6,653	67,819
Change in cash funds due to effects of exchange rates	146	167
Cash funds at beginning of year	68,025	28,516
Cash funds at end of year	74,824	96,502
Cash funds at year end comprise the following:		
Restricted cash and cash equivalents	0	0
Cash and cash equivalents	74,824	96,502
Cash funds at end of year	74,824	96,502

Financial calendar 2019/2020

November 7, 2019	Publication of the quarterly statement for the period ended September 30, 2019 (July 2019 to September 2019)
January 31, 2020	Annual general meeting in Victor's Residenz-Hotel, Leipzig
February 6, 2020	Publication of the half-yearly interim report 2019/2020 (July 2019 to December 2019) Analyst's conference/annual financial statements press conference
May 7, 2020	Publication of the quarterly statement for the period ended March 31, 2020 (July 2019 to March 2020)
September 23, 2020	Publication of the annual report 2019/2020 Analyst's conference/annual financial statements press conference

Contact address and imprint

Publisher / Editing

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Forward-looking statements

The annual report includes various statements concerning forecasts, expectations and information that relate to the future development of the VERBIO Group and VERBIO Vereinigte BioEnergie AG. These statements are based on assumptions and estimates and may be associated with known and unknown risks and uncertainties. Actual developments and results, as well as the financial and asset situation, may therefore differ substantially from the expectations and assumptions stated. Such differences may be due, among other things, to market fluctuations, changes in worldwide market prices for raw materials as well as financial markets and exchange rates, changes in national and international laws and directives, or fundamental changes in the economic and political climate. VERBIO does not intend to and does not undertake an obligation to update or revise any forward-looking statements to adapt them to events or developments after the publication of this statement.

This annual report is published in German (original version) and in English (non-binding translation). It is available for download at <http://www.verbio.de> in both languages.

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