

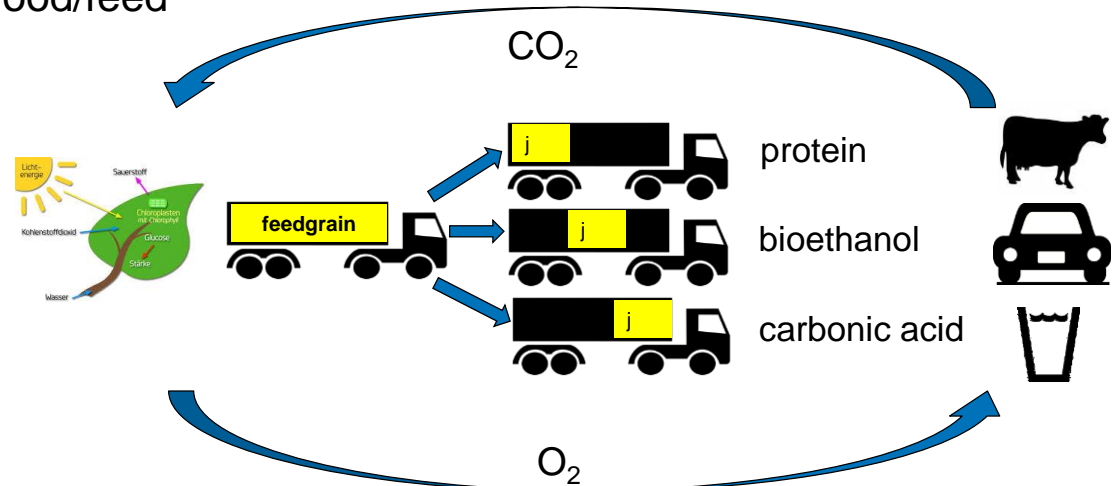


# Deutsches Eigenkapitalforum

Joachim Lutz (CEO)  
24 November 2015

# CropEnergies AG (CE): overview

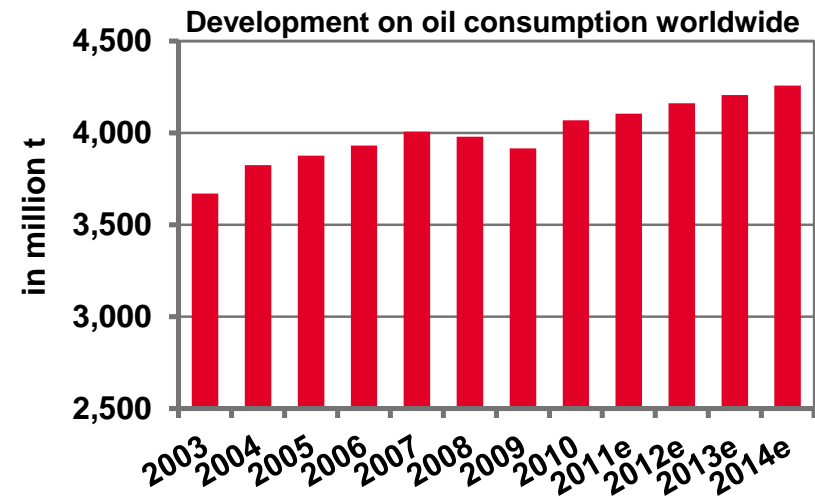
- One of the top 3 producers of bioethanol in the EU
  - Market share (capacity): 15%
- Integrated production from domestic agro commodities
  - 1.2 million m<sup>3</sup> bioethanol (capacity)
    - Safe, clean and sustainable alternative to fossil oil
    - Securing domestic agricultural income
  - More than 1 million tons of food/feed
  - 100,000 tons liquified CO<sub>2</sub>
- € 827 million revenues\*
- 438 employees\*



\* BY 2014/15

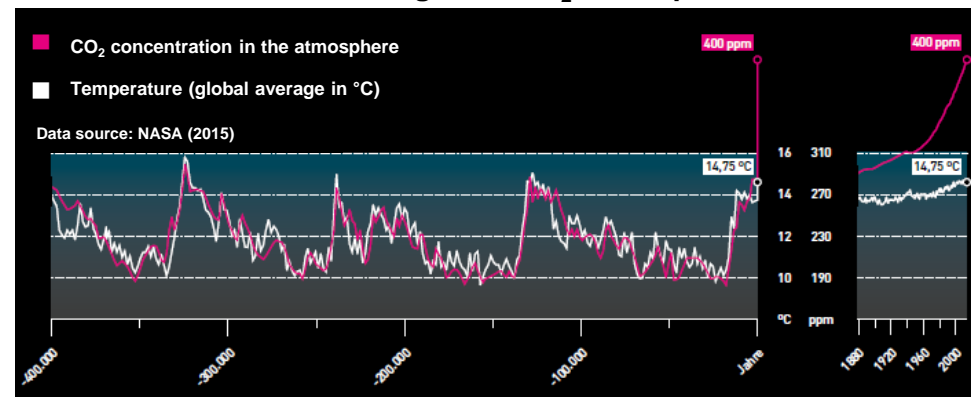
## Renewable energies: why we need them

- Energy consumption increases
- Erratic development of oil prices
- Risks of oil exploration increase
  - Deep sea
  - Tar sands
  - Fracking
- Increasing release of CO<sub>2</sub>
  - Global warming, storms
  - Soil erosion, droughts, floodings



Source: MWV

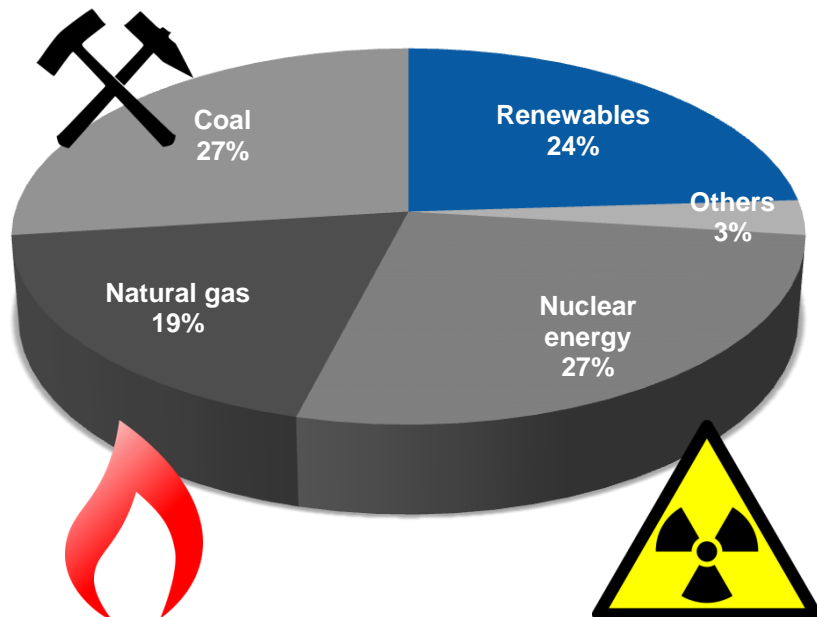
### Climate change and CO<sub>2</sub> development



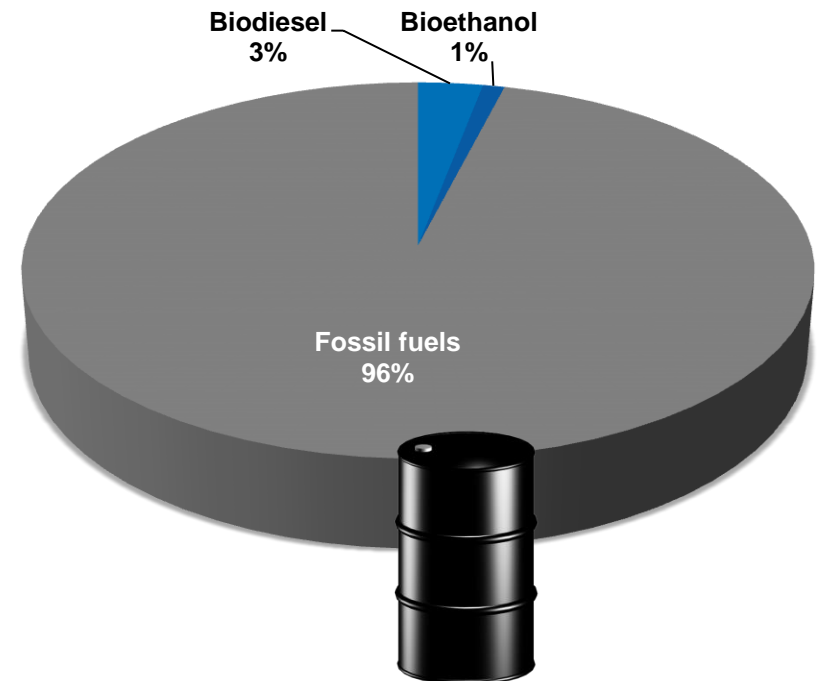
Source: Faktencheck Energiewende 2015

# EU “Energiewende” (energy transition): blind in one eye?

Gross electricity production in the EU (2012)  
(total: approx. 3,300 TWh)



Energy consumption in transport in the EU (2012)  
(total: approx. 4,000 TWh)



## European bioethanol: an alternative to oil?

- EU target 2020: 10% renewables in transport sector (thereof up to 7% conventional)
- Reality of “clean transport”:
  - Consumers prefer heavy and fuel-consuming SUVs
  - Fuel with highest NOx pollution benefits from tax relief
  - Fast and large-scale solution for GHG savings necessary



### ■ Structure of car fleet (Germany)

	1/1/2015 (KBA)		mileage 2011
thereof: <i>Petrol</i>	44,403,124	100%	
	<b>29,837,614</b>	<b>67.20%</b>	<b>57%</b>
diesel	13,861,404	31.22%	43%
electric cars	18,948	0.04%	

### ■ Chance for ethanol as “bridging fuel“

- Clean: approved GHG saving and low NOx
- Safe: no risk in exploration, import or transport
- Strong: 113 octane, 100x higher energy density as Li-Ion

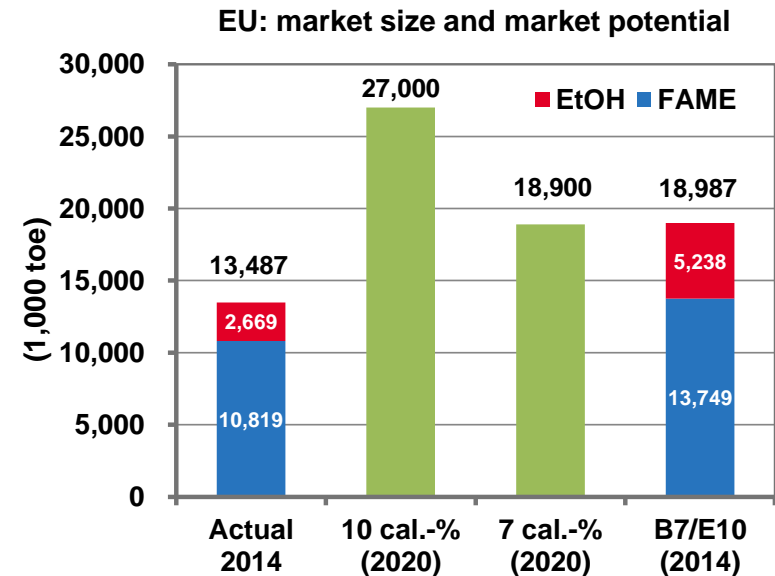
### ■ Raw material sourcing and “iLUC”

- Feedstock (i) from Europe, (ii) low-quality, (iii) no dedicated land use
- Production of high protein feedstock reduces protein imports



## EU: agreement on framework for 2020 (“iLUC directive”)

- Amendment published on 15 Sept 2015
  - Share of renewable energies in transport of 10% in 2020 (unchanged)
  - Share of conventional biofuels: up to 7%
  - Subtarget for biofuels from waste and residues: 0.5%
  - Double counting of “advanced” biofuels and multiple counting of “renewable” electricity
  - Reporting of estimated iLUC emissions
- Outlook
  - Transposition in national legislation till 2017
  - E10 from EU ethanol (plus protein-rich food and animal feed) offers a clean, safe, strong solution to decarbonize transport

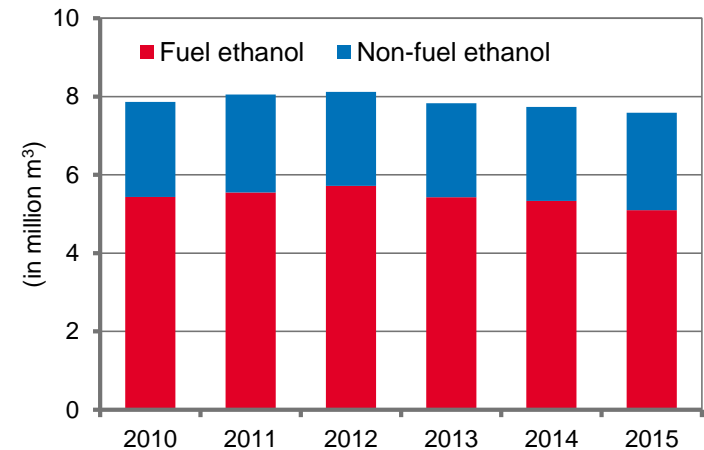


Sources: EUROBSERVER, EU, CE

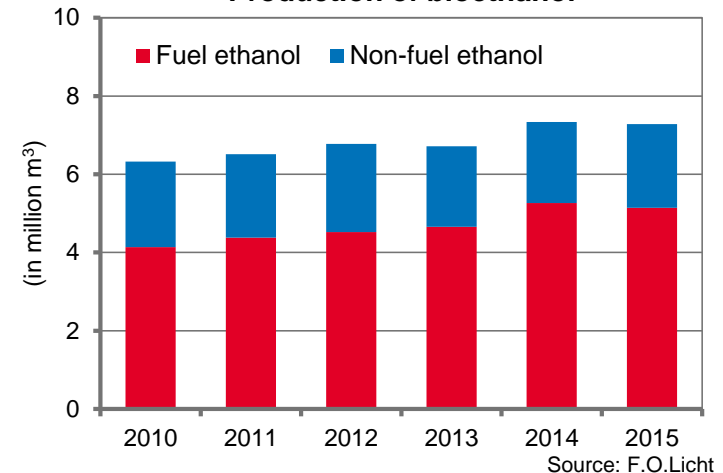
## EU: production and consumption of bioethanol in 2015e

- Consumption Fuel: 5.1 million m<sup>3</sup> (-4%)
  - total: 7.6 million m<sup>3</sup> (-2%)
  
- Production Fuel: 5.1 million m<sup>3</sup> (-2%)
  - total: 7.3 million m<sup>3</sup> (-1%)

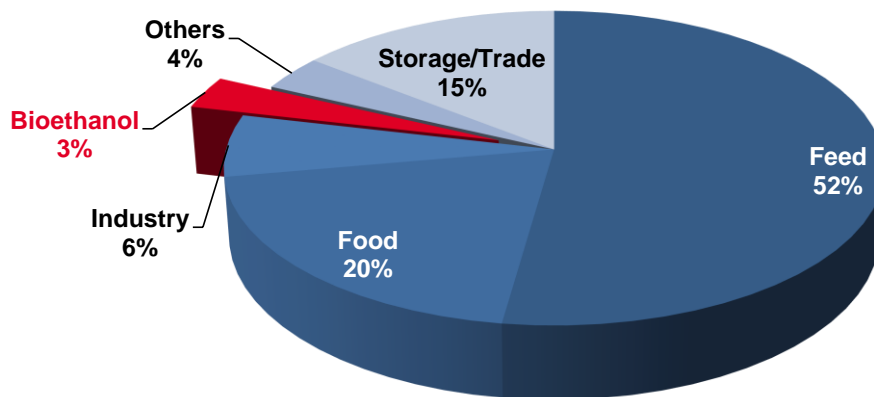
Consumption of bioethanol



Production of bioethanol



Use of EU cereals 2014/15 (Total: 329 million t)



Source: DG AGRI

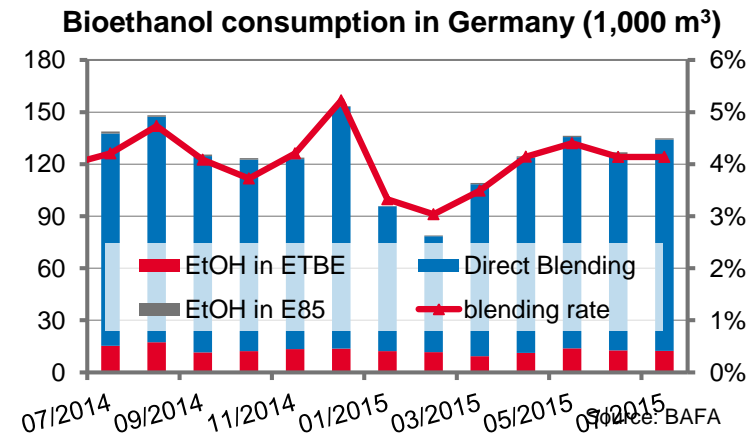
Source: F.O.Licht

# Germany: introduction of greenhouse gas (GHG) reduction targets

- First insights after half a year
  - 2015: 3.5%; 4.0% in 2017, 6.0% in 2020
  - In 1<sup>st</sup> half 2015 average GHG savings: approx. 60%
  - However: higher than expected GHG savings were not used to reduce emissions but to reduce blend volume
  - GHG reduction targets should be accelerated

- Fuel ethanol consumption down 3.7% to 710,000 m<sup>3</sup> (blending rate: 4.1 cal.-%)

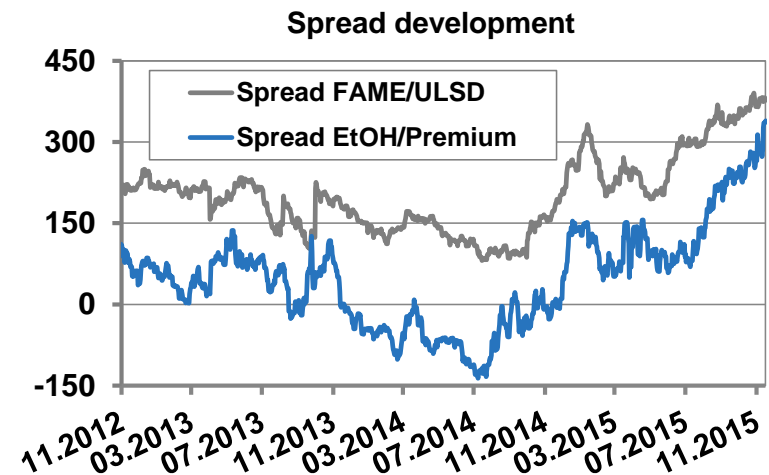
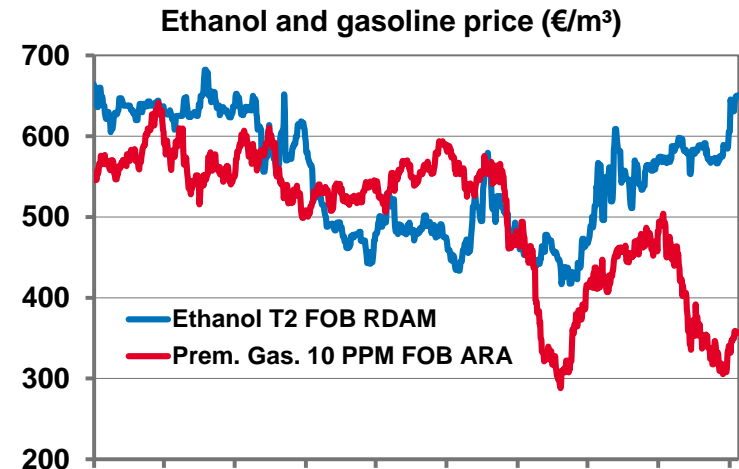
■ E10 market penetration	Germany	14%
	France	33%
	Finland	61%
	USA	E10 is standard
	Brazil	E20 is minimum





## Price developments on relevant markets

- Recovery of European ethanol prices
  - EU prices € 600 /m<sup>3</sup> (end of Oct 2015)
  - Physical shortage especially in Rotterdam
  - Decoupling from low petrol prices
  - Spread on Gasoline follows Biodiesel-Premium on fossil Diesel
  
- Moderate decline of grain prices
  - World: USDA expects grain harvest of 2,006 million t, only slightly below last year's record
  - EU: despite smaller crops in Central and Southern Europe, harvest of 297 million t still above average

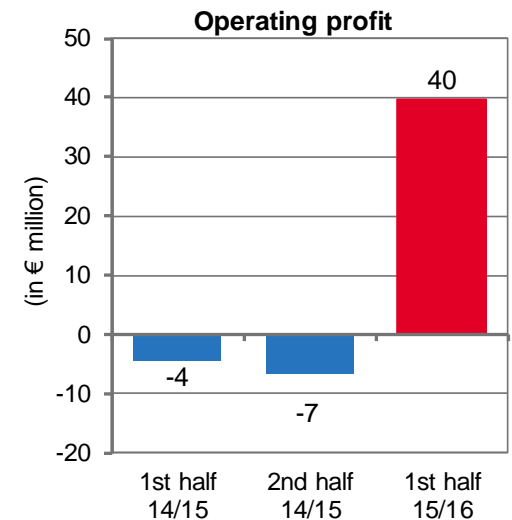
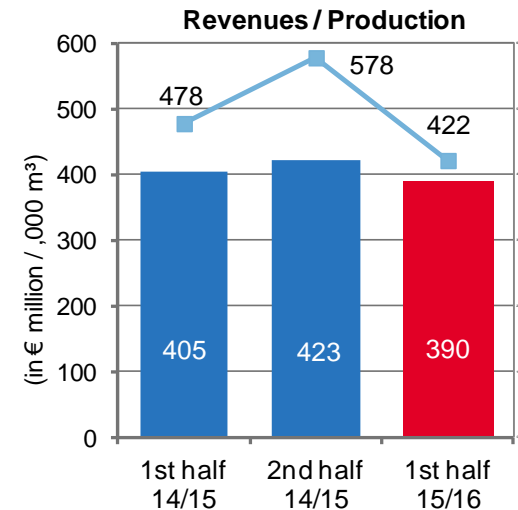


## Operating profit: 1<sup>st</sup> half 2015/16

(in € million)	6M 15/16	6M 14/15	Δ	Δ
Revenues	390.4	404.6	- 14.2	- 4%
<b>Total output</b>	<b>373.2</b>	<b>400.1</b>	<b>- 27.0</b>	<b>- 7%</b>
Cost of materials*	-275.2	-342.2	+ 66.9	- 20%
<b>Spread (gross)</b>	<b>97.9</b>	<b>58.0</b>	<b>+ 40.0</b>	<b>+ 69%</b>
Further operating expenses / income*	-41.2	-44.5	+ 3.3	
<b>EBITDA*</b>	<b>56.8</b>	<b>13.5</b>	<b>+ 43.3</b>	
Depreciation*	-17.1	-17.9	+ 0.8	- 4%
<b>Operating profit</b>	<b>39.7</b>	<b>-4.4</b>	<b>+ 44.1</b>	
<i>Margin</i>	<i>10.2%</i>	<i>neg.</i>		

\*without restructuring costs and special items

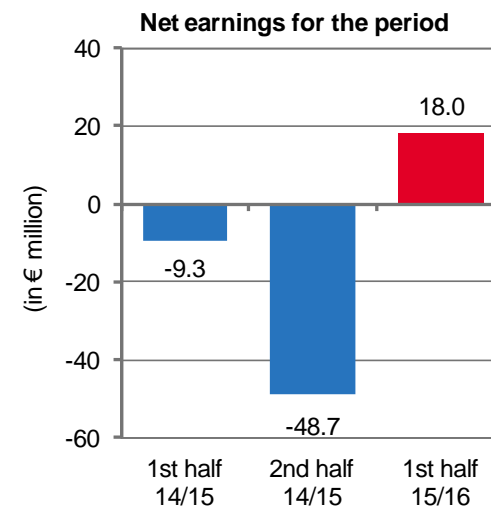
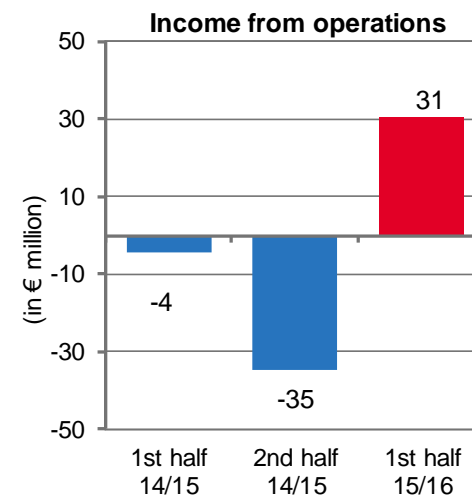
- Revenues with € 390 million close to previous year's level
- Production decrease of bioethanol, food and animal feed
  - Bioethanol production: 422 (478) ,000 m<sup>3</sup> (-12%)
- EBITDA up by € 43 million
- Operating profit up by € 44 million



## Income statement: 1<sup>st</sup> half 2015/16

(in € million)	6M 15/16	6M 14/15	Δ
Revenues	390.4	404.6	- 14.2
<b>Operating profit</b>	<b>39.7</b>	<b>-4.4</b>	<b>+ 44.1</b>
Restructuring costs / special items	-9.0	0.0	- 9.0
At equity result	0.0	-0.1	+ 0.1
<b>Income from operations</b>	<b>30.7</b>	<b>-4.5</b>	<b>+ 35.2</b>
Financial result	-2.6	-2.4	- 0.2
<b>Earnings before income taxes</b>	<b>28.1</b>	<b>-6.9</b>	<b>+ 34.9</b>
Taxes on income	-10.1	-2.5	- 7.6
<b>Net earnings for the period</b>	<b>18.0</b>	<b>-9.3</b>	<b>+ 27.3</b>
<b>Earnings per share (in €)</b>	<b>0.21</b>	<b>-0.11</b>	<b>+ 0.31</b>

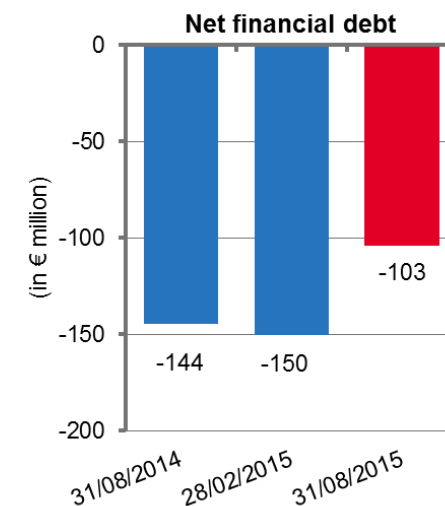
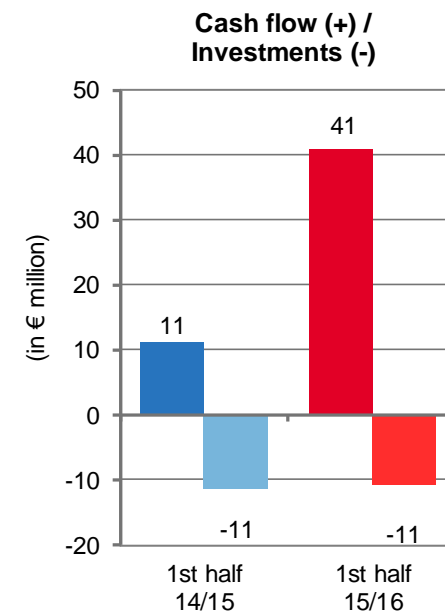
- Restructuring costs (Ensus) € 9 million
- Income from operations up by € 35 million
- Strong increase in net earnings



## Balance sheet structure and financial ratios

(in € million)	31/08/2015	31/08/2014	Δ	Δ
<b>Assets</b>				
Non-current assets	481.2	499.4	- 18.2	- 4%
Current assets	126.6	157.8	- 31.2	- 20%
<b>Total assets</b>	<b>607.8</b>	<b>657.1</b>	<b>- 49.4</b>	<b>- 8%</b>
<b>Liabilities</b>				
Shareholders' equity	346.1	375.1	- 29.0	- 8%
Non-current liabilities	120.5	145.6	- 25.1	- 17%
Current liabilities	141.2	136.4	+ 4.7	+ 3%
<b>Total liabilities and equity</b>	<b>607.8</b>	<b>657.1</b>	<b>- 49.4</b>	<b>- 8%</b>
Net financial debt (NFD)	-103.5	-144.3	- 40.9	
Equity ratio	57%	57%		
Gearing (NFD/Equity)	30%	38%		

- Cash flow after tax H1 improved by € 30 million yoy
- Net financial debt decreases € 47 million since 28 Feb 2015
- Shareholders' equity down yoy due to net loss in FY 14/15
- Equity ratio 57% (unchanged yoy)



## Outlook

- High volatility in bioethanol prices (fuel) makes outlook difficult
- Production lower than in 2014/15 due to temporary production pause in Wilton
- Restructuring costs of € 20 million p.a. during production pause in Wilton

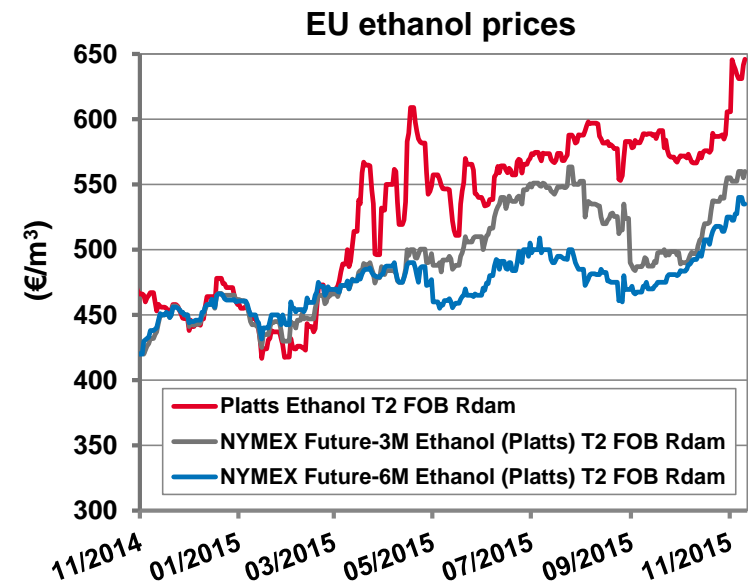
### 2015/16

- Revenues to range from € 700 to € 750 million
- Operating profit\* to range from € 70 to € 90 million

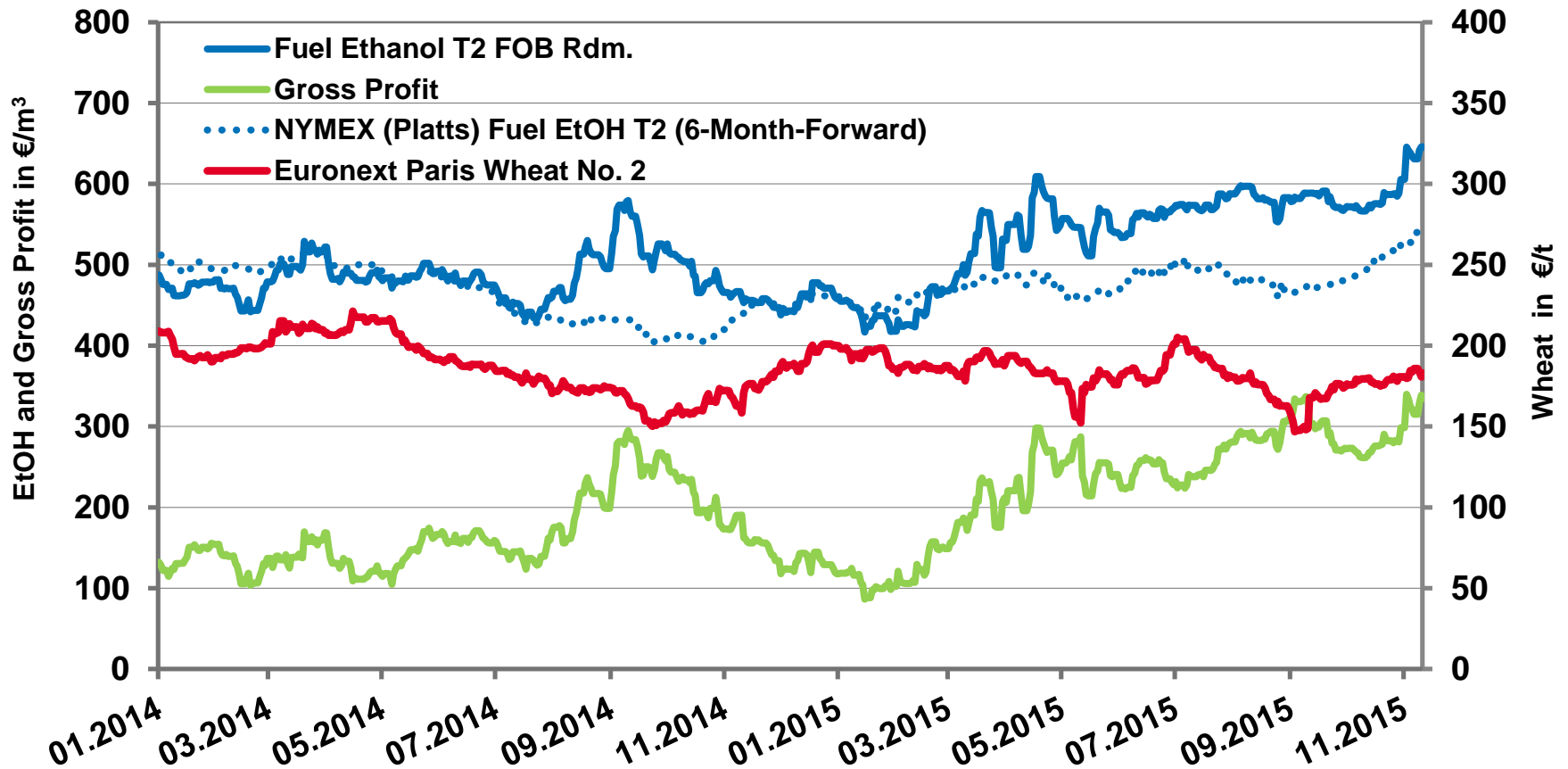
### 2016/17

- Operating profit\* below excellent 2015/16 level

\* before restructuring costs



# Appendix 1



Sources: BAFA, SNPAA

## **Financial Calendar**

12 January 2016:	Interim report for 1 <sup>st</sup> -3 <sup>rd</sup> quarter of 2015/16
18 May 2016:	Annual report press and analysts' conference financial year 2015/16
6 July 2016:	Interim report for 1 <sup>st</sup> quarter of 2016/17
12 July 2016:	Annual General Meeting 2016

## **Stock information**

ISIN:	DE000A0LAUP1
Symbol:	CE2
Bloomberg / Reuters:	CE2 GY / CE2G.DE
Transparency standard:	Prime Standard

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