

# CropEnergies AG

Joachim Lutz (CEO)  
6 February 2017

## CropEnergies AG (CE): overview

- Leading EU - producer of sustainable bioethanol
  - Bioenergy-division of Südzucker (69% share)
- Integrated producer of ethanol and protein from domestic sources
  - 1.3 mn m<sup>3</sup> ethanol (capacity), replacing fossil oil
  - > 1 mn t food/feed protein, replacing soy imports
  - 100,000 t liquefied biogenic CO<sub>2</sub>



### ■ Key data

- € 723 mn revenues\*
- 416 employees\*
- M cap € 540 mn



ProtiGrain®



Bioethanol for traditional and technical applications

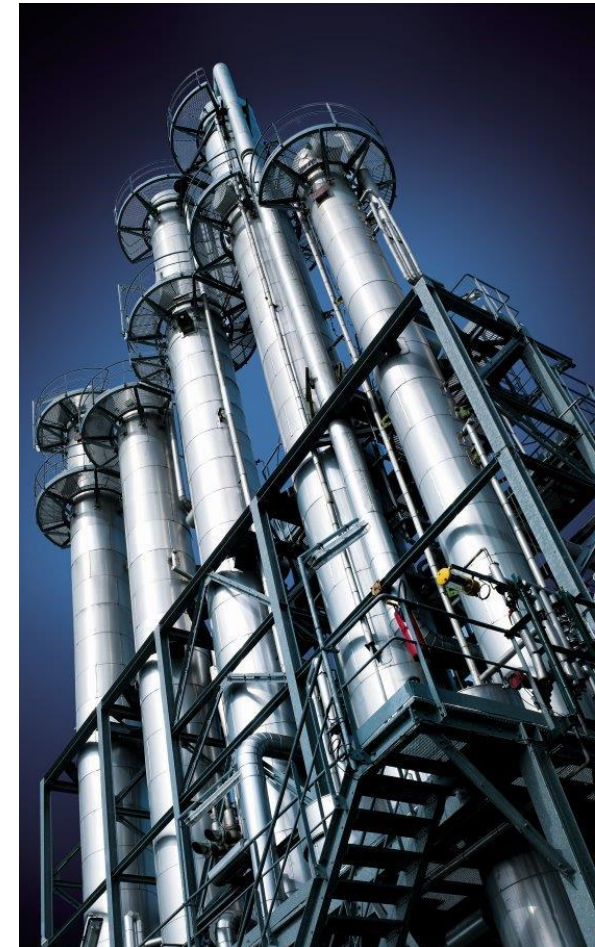


Liquefied carbon dioxide

\* BY 2015/16

## Highlights

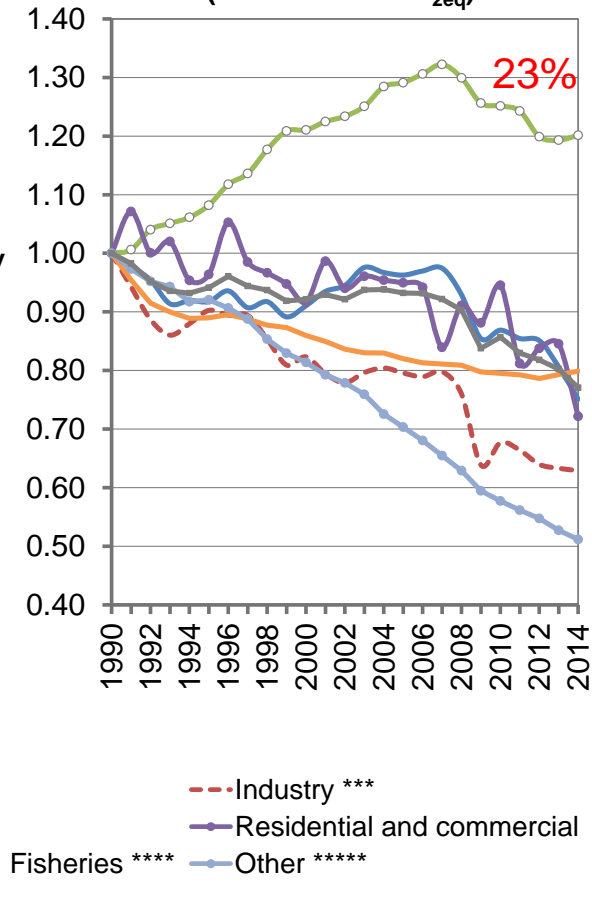
- Market and political environment
  - EU RED II draft published on 30 November 2016
  - Belgium: E10 introduced on 1 January 2017
  - Germany: GHG reduction target raised to 4.0 wt.-%
- Normalization of bioethanol prices
- CropEnergies
  - Strong increase in production
  - Solid 9M financials
  - Outlook for 2016/17 raised



## EU: Policy framework for renewable fuels (I)

- Transport sector major contributor to CO<sub>2</sub> emissions
- Air quality / exhaust pollutants are growing concern
- Paris Climate Agreement: in force since Nov 2016
  - Limit global warming to < 2 °C /2100 climate neutrality
- EU general targets for transport sector for 2020
  - RED: 10% renewable energy (incl. up to 7% renewable fuels from arable crops)
  - FQD: 6% less GHG emissions from fuels
- Two-sided approach to low-carbon transport
  - Developing new cars medium-term
  - Improving fuel quality short-term

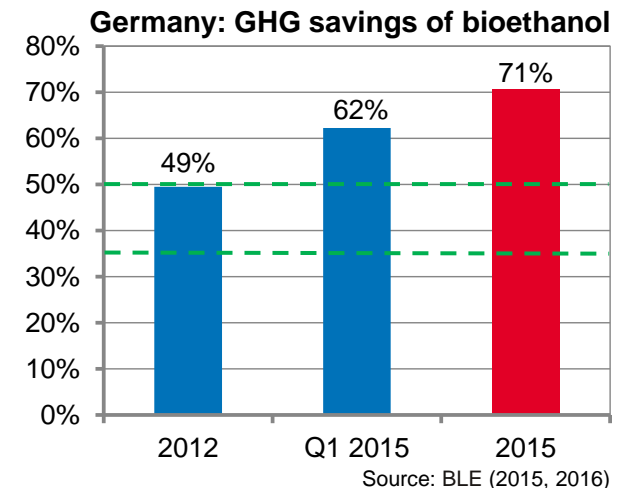
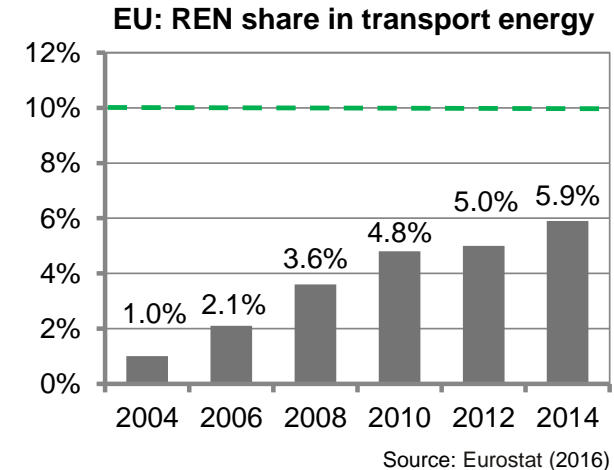
GHG emissions by sector EU-28  
(2014: 4.4 Gt CO<sub>2eq</sub>)



Source: EEA (2016)

## Market volume and REN energy targets 2020

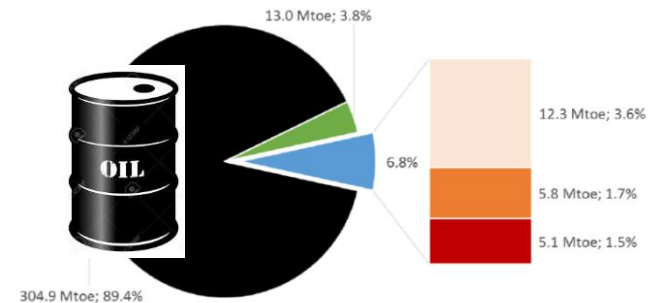
- EU: bioethanol consumption
  - 2016: 5.2 mn m<sup>3</sup> (-2%), growth expected in 2017
  - 2016: blending share about 5.0 vol.-%
  - Additional market 2.5 mn m<sup>3</sup> (+2%) neutral alcohol
- Germany: bioethanol consumption
  - 2016: 1.5 mn m<sup>3</sup> (-2%)
  - Further increase in GHG savings
  - E10 market share 12%
  - 2017: increase GHG targets to -4 (-3.5) %
- France: bioethanol consumption
  - 2016: 0.8 mn m<sup>3</sup> (+4%), reduced tax disadvantage
  - E10 market share 37%
- Belgium: E10 introduction in Jan 2017
  - Increase of blending rate from 4 to 8.5 vol.-%



## EU: Policy framework for renewable fuels (II)

- EU Council mandate (Oct 2014): at least 40% less GHG emissions by 2030
- EU COM 2030 climate and energy package (draft 30 Nov 2016)
  - 27% overall share of renewable energy
  - No specific target for transport sector
  - Alternative fuels up to 6.8% (2021: 1.5%)
  - Fuels from arable crops down to 3.8% (2021: 7%)
- Industry position
  - Most pollutive sector (transport) needs specific target
  - Development, investment and growth of alternative fuels need stable basis for fuels from arable crops
  - EU COM proposal would increase fossil fuel use and decrease alternatives

Energy in transport – 2030 (%-Mtoe)  
According to draft EU COM RED II

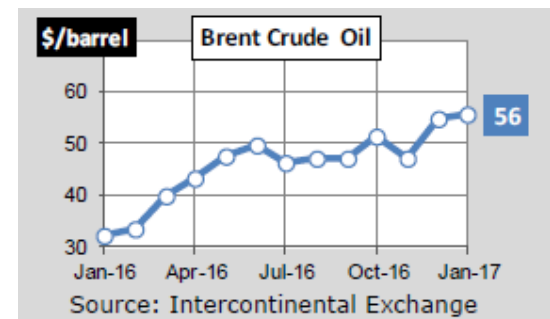
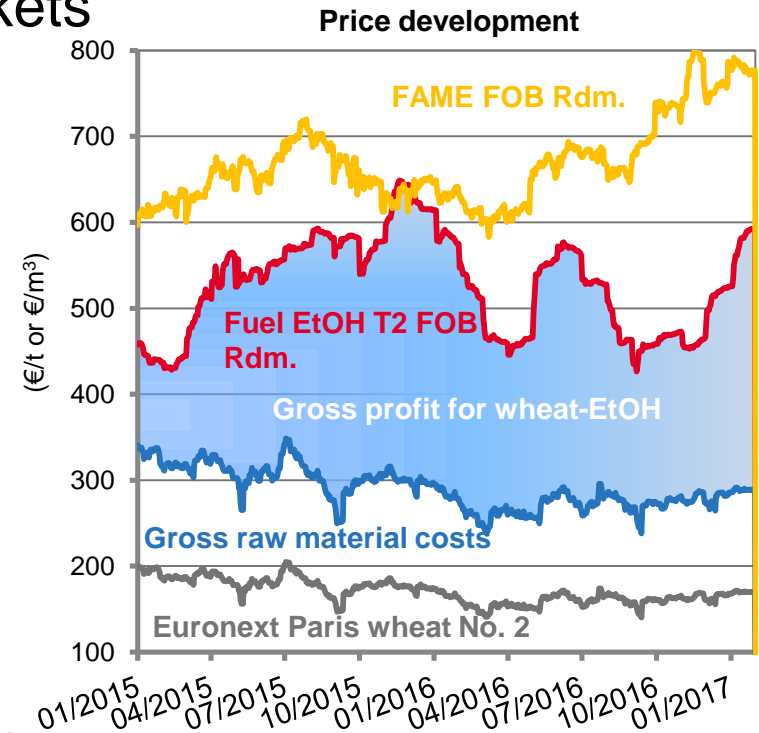


Black: fossil fuels, green: renewable fuels from arable crops - limit, yellow; alternative renewable fuels Annex IX-A min target, orange: Annex IX-B – limit, red: other low emission fuels

Source: ePURE

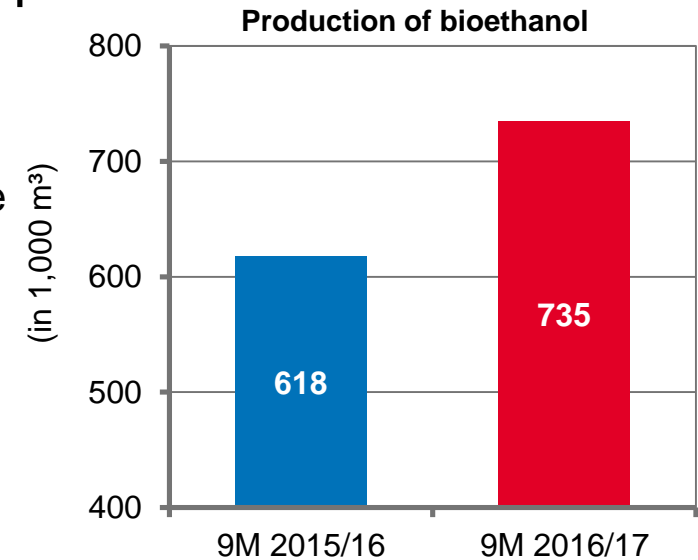
## Price developments on relevant markets

- High volatility of EU ethanol prices
  - Currently at € 590 /m<sup>3</sup>
  - Price movements do not always reflect demand/supply situation
  - Catching up with biodiesel and oil
- Stability on grain markets
  - Expected record world grain harvest 2,080 mn t in 2016/17 (+5%)
  - Record world ending stocks 507 mn t (+4%)
  - EU grain harvest 295 mn t (-5%) exceeds consumption (285 mn t)



## Developments in the CropEnergies Group

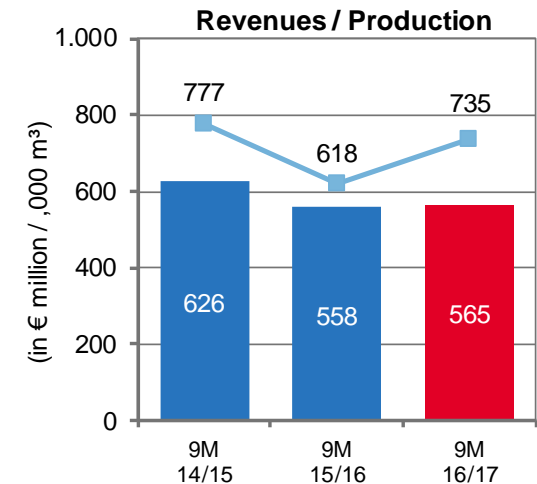
- CE expands its #1 position in EU
  - Entire production capacity of all plants available
  - Use depending on market situation
- Increase in production 9M 2016/17
  - 735 (618) ,000 m<sup>3</sup> bioethanol
  - Higher food and animal feed production
- CE action program
  - Optimize production cost / efficiency
  - Push process- and product innovation
  - Develop / test high performance fuels
  - Expansion of protein rich co-products



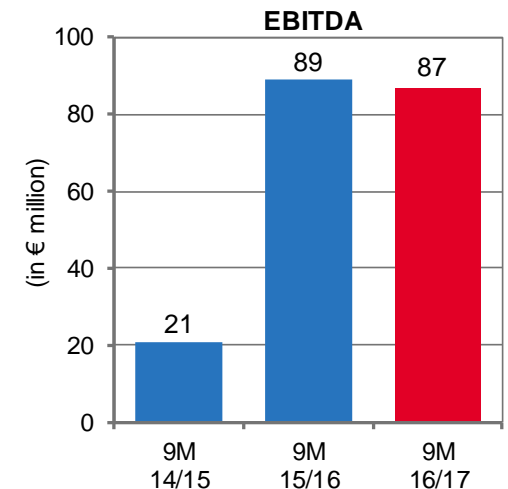


## Income statement (I): 1<sup>st</sup> - 3<sup>rd</sup> quarter 2016/17

(in € million)	9M 16/17	9M 15/16	Δ	Δ
<b>Revenues</b>	<b>564.6</b>	<b>558.0</b>	<b>+ 6.6</b>	<b>+ 1%</b>
<b>EBITDA*</b>	<b>87.1</b>	<b>89.0</b>	<b>- 2.0</b>	<b>- 2%</b>
<i>Margin</i>	<i>15.4%</i>	<i>16.0%</i>		
Depreciation*	-27.6	-25.6	- 2.0	- 8%
<b>Operating profit</b>	<b>59.5</b>	<b>63.4</b>	<b>- 3.9</b>	<b>- 6%</b>



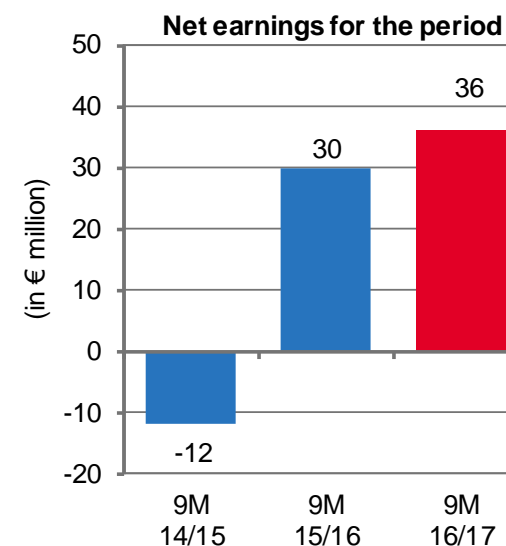
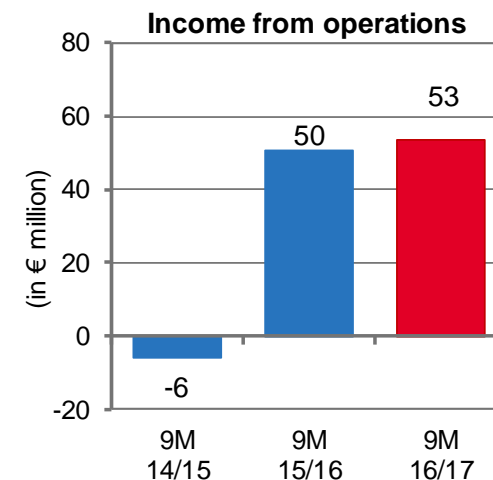
- Revenues match previous year's € 565 (558) mn
  - Higher production volumes replace trading
  - Lower prices for bioethanol and for most proteins
- EBITDA close to previous year's record € 87 (89) mn
- Operating profit at € 60 (63) mn
  - Lower yoy, but significantly better than expected



## Income statement (II): 1<sup>st</sup> - 3<sup>rd</sup> quarter 2016/17

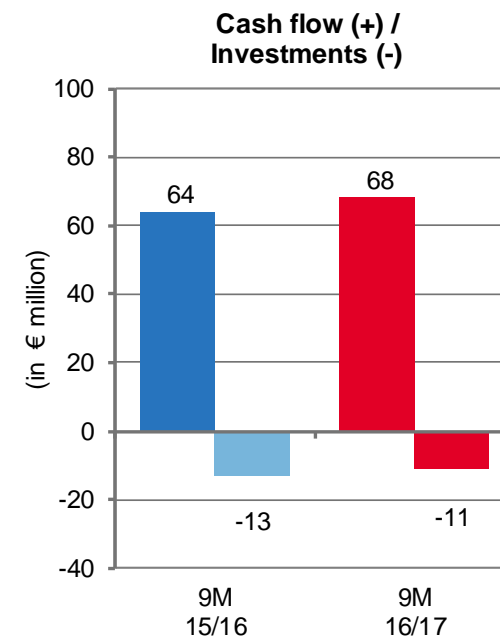
(in € million)	9M 16/17	9M 15/16	Δ
Revenues	564.6	558.0	+ 6.6
<b>Operating profit</b>	<b>59.5</b>	<b>63.4</b>	<b>- 3.9</b>
Restructuring costs / special items	-6.2	-13.0	+ 6.7
At equity result	0.2	0.0	+ 0.1
<b>Income from operations</b>	<b>53.4</b>	<b>50.5</b>	<b>+ 2.9</b>
<b>Financial result</b>	<b>-3.5</b>	<b>-3.2</b>	<b>- 0.3</b>
<b>Earnings before income taxes</b>	<b>49.9</b>	<b>47.3</b>	<b>+ 2.6</b>
Taxes on income	-14.0	-17.5	+ 3.5
<b>Net earnings for the period</b>	<b>35.9</b>	<b>29.8</b>	<b>+ 6.1</b>

- Restructuring costs benefit from Ensus' performance
- Income from operations rose to € 53 (50) mn
- Net earnings improved to € 36 (30) mn



## Cash flow

(in € million)	9M 16/17	9M 15/16	Δ
<b>Cash flow</b>	<b>68.2</b>	<b>63.5</b>	<b>+ 4.8</b>
Change in net working capital	-15.8	14.0	- 29.9
Net investments	-11.0	-13.0	+ 2.0
Exchange rate changes et al.	0.0	-0.1	+ 0.1
<b>Free cash flow before dividends</b>	<b>41.4</b>	<b>64.4</b>	<b>- 23.1</b>
Dividends for prior year	-13.1	0.0	- 13.1
<b>Free cash flow</b>	<b>28.3</b>	<b>64.4</b>	<b>- 36.1</b>
	30/11/2016	29/02/2016	Δ
<b>Net financial debt</b>	<b>37.4</b>	<b>65.8</b>	<b>- 28.3</b>

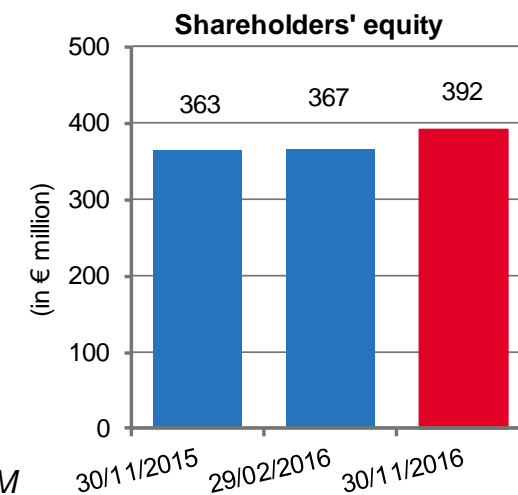
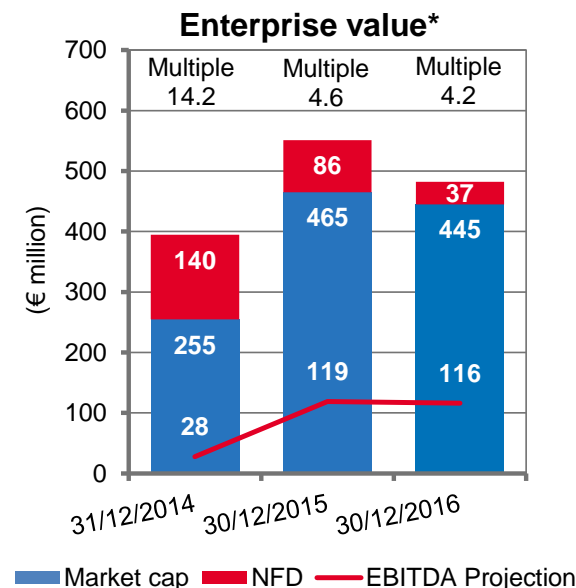


- Cash flow improves to € 68 (63) mn
- Free cash flow reflects dividend paid for last year (0.15 €/share)
  - Total pay out since IPO 2006: 0.89 €
- Net financial debt reduced to € 37 mn

## Balance sheet structure and financial ratios

(in € million)	30/11/2016	30/11/2015	Δ	Δ
<b>Assets</b>				
Non-current assets	433.1	471.1	- 38.0	- 8%
Current assets	156.7	138.8	+ 17.9	+ 12.9%
<b>Total assets</b>	<b>589.8</b>	<b>609.9</b>	<b>- 20.2</b>	<b>- 3%</b>
<b>Liabilities</b>				
Shareholders' equity	392.4	363.4	+ 29.0	+ 8.0%
Non-current liabilities	78.2	119.5	- 41.3	- 35%
Current liabilities	119.1	127.0	- 7.9	- 6%
<b>Total liabilities and equity</b>	<b>589.8</b>	<b>609.9</b>	<b>- 20.2</b>	<b>- 3%</b>
Net financial debt (NFD)	37.4	85.8	- 48.3	- 56%
Equity ratio	67%	60%		
Gearing (NFD/Equity)	10%	24%		

- Net financial debt reduced to € 37 (86) mn
- Shareholders' equity rose to € 392 (363) mn
- Equity ratio 67%



\* EV multiple based on projection: 12/9 of EBITDA achieved in 9M

## Outlook 2016/17e

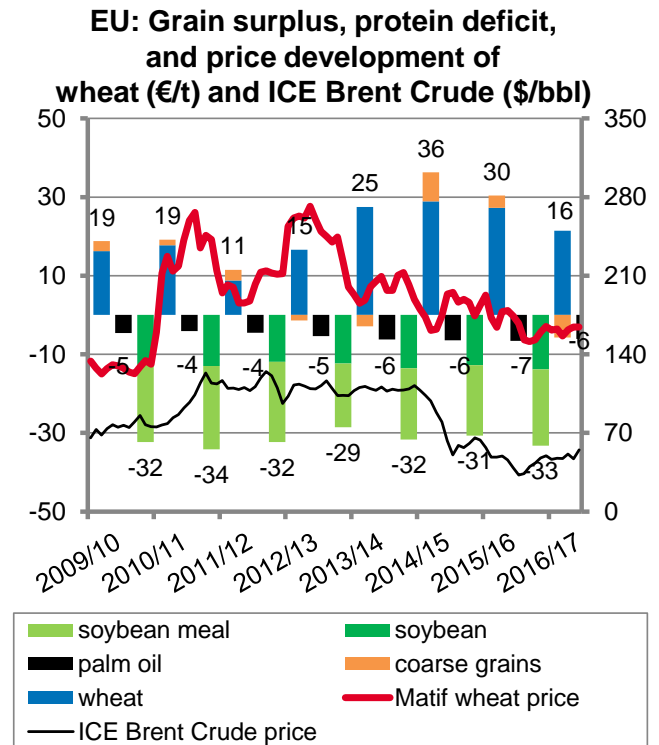
- Bioethanol prices in January 2017 back to normal
- High volatility expected to stay
  
- Full production capacity available since July 2016
- Flexible use of CE's production capacity according to market and order situation
  
- Revenues range € 760 - € 790 (previously expected: € 670 - € 720) mn
- EBITDA range € 105 - € 120 (previously expected: € 85 - € 115) mn
- Operating profit range € 70 - € 85 (previously expected: € 50 - € 80) mn
- Restructuring cost / special items will decline significantly year over year



End

## EU ethanol: efficient, climate friendly, available

- Facts – no fiction
  - Already about 70% GHG reduction
  - No effects on global food price and supply
  - Bridging gap between EU grain surplus and protein deficit
  - Decreases reliance on fossil fuels
- Efficient feedstock use: 99.7% locally grown
  - Straw stays in fields: improving soil quality
  - Starch replaces fossil oil imports
  - Proteins replace (GMO) soy imports from America
  - Fermentation CO<sub>2</sub> replaces fossil CO<sub>2</sub> in beverages



Left: Net exports (+) / net imports (-) in mn. t  
 Right: wheat price in €/t, ICE crude oil in USD/bbl  
 Sources: EU Commission (2016), Euronext Paris, ICE

## **Financial Calendar**

17 May 2017:	Annual press and analysts' conference for the 2016/17 financial year
12 July 2017:	Report for 1 <sup>st</sup> quarter of 2017/18
18 July 2017:	Annual General Meeting 2017
11 October 2017:	Report for the 1 <sup>st</sup> half of 2017/18
10 January 2018:	Report for 1 <sup>st</sup> to 3 <sup>rd</sup> quarter of 2017/18

## **Stock information**

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

## **Disclaimer**

This presentation contains forward-looking statements based on assumptions and estimates made by the executive board of CropEnergies AG. Although the executive board may be convinced that these assumptions and estimates are reasonable, the future actual developments and future actual results may vary considerably from the assumptions and estimates due to many external and internal factors. For example, matters to be mentioned in this connection include changes in the general economic conditions, competitive product and pricing pressures and developments in the regulatory framework. CropEnergies AG assumes no responsibility and accepts no liability for future developments and future actual results achieved being the same as the assumptions and estimates included in this presentation. This presentation includes percentage and number rounding.

## **Contact**

CropEnergies AG  
Maximilianstraße 10  
68165 Mannheim

## **Investor Relations**

Dr. Lilia Filipova-Neumann  
Phone: +49 (621) 71 41 90-30  
ir@cropenergies.de

## **Public Relations / Marketing**

Nadine Dejung-Custance  
Phone: +49 (621) 71 41 90-65  
presse@cropenergies.de

[www.cropenergies.com](http://www.cropenergies.com)