



1<sup>st</sup> - 3<sup>rd</sup> quarter 2015/16

Joachim Lutz (CEO), Dr. Stephan Meeder (CFO)  
Conference Call presentation, 12 January 2016

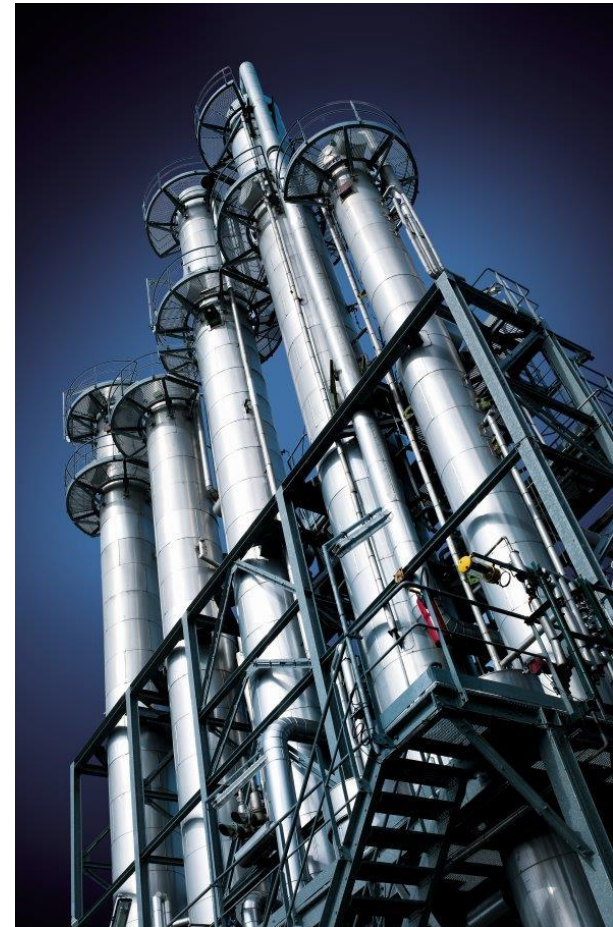
## Agenda

- Highlights
- Developments in the markets and in the company
- Financials and outlook



## Highlights

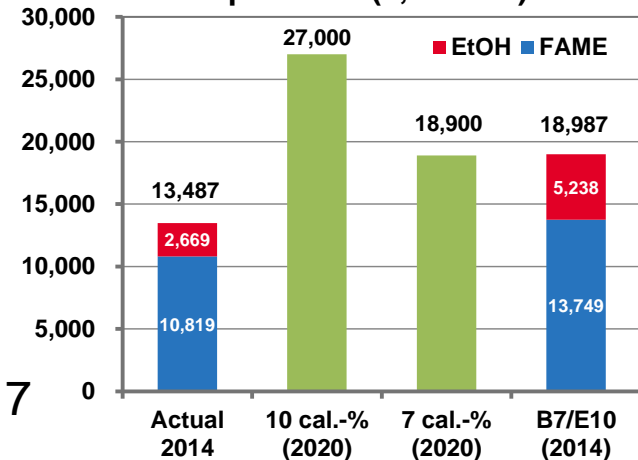
- Corporate environment
  - EU: policy framework until 2020 and COP21
  - EU: ethanol prices with steady recovery
- Development of CropEnergies Group
  - Active management of capacity utilization
  - Decrease of production volumes
  - Expansion of neutral alcohol production
- Financials 1<sup>st</sup> - 3<sup>rd</sup> quarter 2015/16
  - Decrease in revenues follows capacity management
  - Strong increase of operating result
  - Outlook for financial year 2015/16 again raised
  - Confident for 2016/17



## EU: Policy framework until 2020

- 10% share of renewable energies in transport
  - Thereof conventional BF\*: up to 7%
  - Sub-target BF from waste/residues: min. 0.5%
  - Double counting of “advanced” BF and multiple counting of “renewable” electricity
- Transposition in national legislation until 2<sup>nd</sup> H 2017
  - Reporting of estimated iLUC emissions
- Change carbon sourcing for transport
  - Keep fossil carbons in ground
  - Use atmospheric carbon (photosynthesis)
- Assessment: E10 from EU ethanol has much to offer
  - A clean, safe, strong solution which decarbonizes transport
  - Integrated bioethanol factories deliver protein-rich food and animal feed

EU: market size and market potential (1,000 toe)



Sources: EUROBSERV'ER, EU, CE

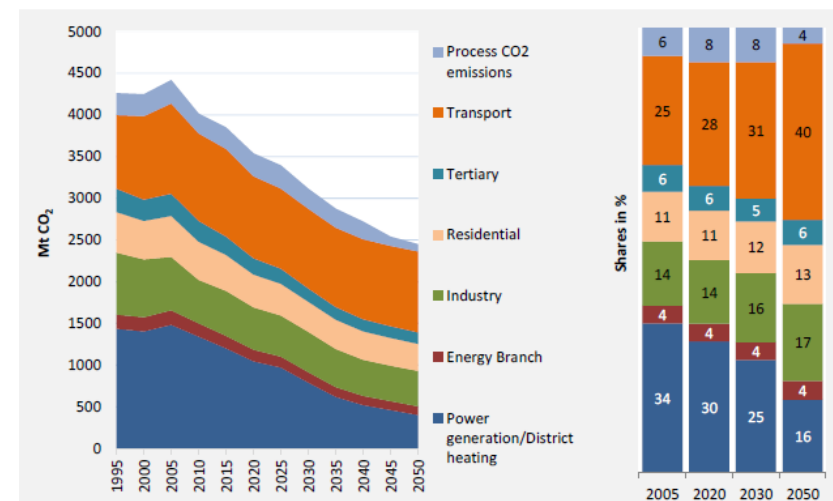


\* BF = biofuels

## Post 2020: Decarbonizing transport sector should have priority

- Key elements until 2030 so far
  - Share of renewable energies: 27%
  - Reduction of GHG emissions: 40%
  - Increase of energy efficiency: 27%
- Paris agreement in Dec 2015 (COP21)
  - First-ever universal, legally binding, global climate deal
  - Action plan to put the world on track to limit global warming to less than 2°C
  - Agreement is due to enter into force in 2020
- Assessment of the EU ethanol industry
  - The EU, frontrunner to get a global climate deal, should walk the talk – now
  - Strong and reliable policy framework post 2020 necessary

EU: Trend of CO<sub>2</sub> emissions until 2050



Source: EU-COM (2013), Trends to 2050, Reference Scenario 2013



# EU bioethanol production and consumption: Ready to deliver more

## ■ Consumption

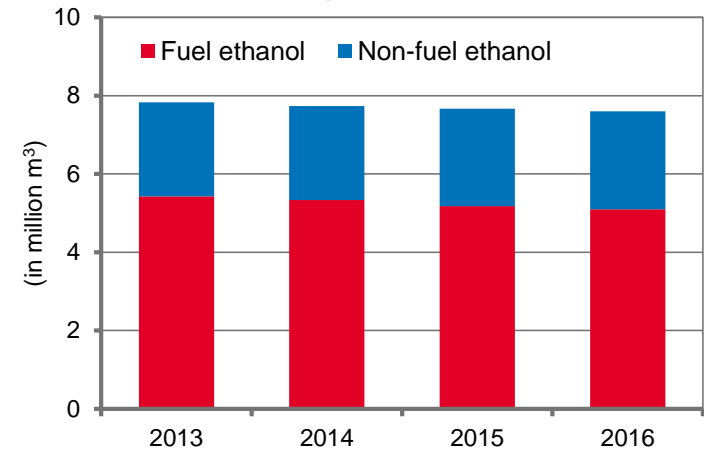
- 2015: 7.7 million m<sup>3</sup> (-0.9%)  
Fuel: 5.2 million m<sup>3</sup> (-2.7%)
- 2016: 7.6 million m<sup>3</sup> (-0.8%)  
Fuel: 5.1 million m<sup>3</sup> (-1.5%)

## ■ Production

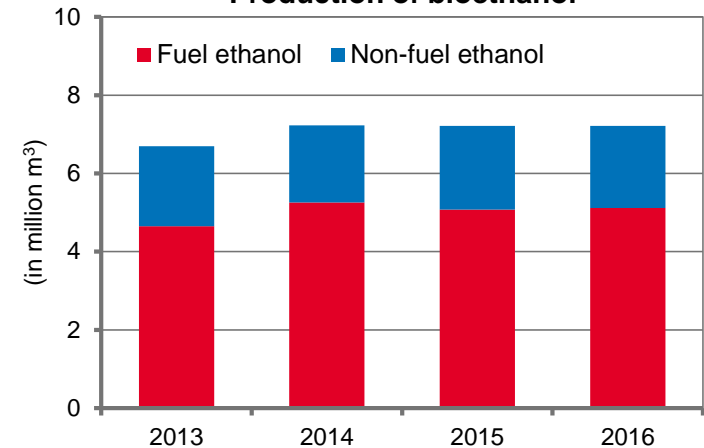
- 2015: 7.2 million m<sup>3</sup> (-0.2%)  
Fuel: 5.1 million m<sup>3</sup> (-3.4%)
- 2016: 7.2 million m<sup>3</sup> (±0.0%)  
Fuel: 5.1 million m<sup>3</sup> (+0.8%)

- Capacity: approx. 9 million m<sup>3</sup>

Consumption of bioethanol



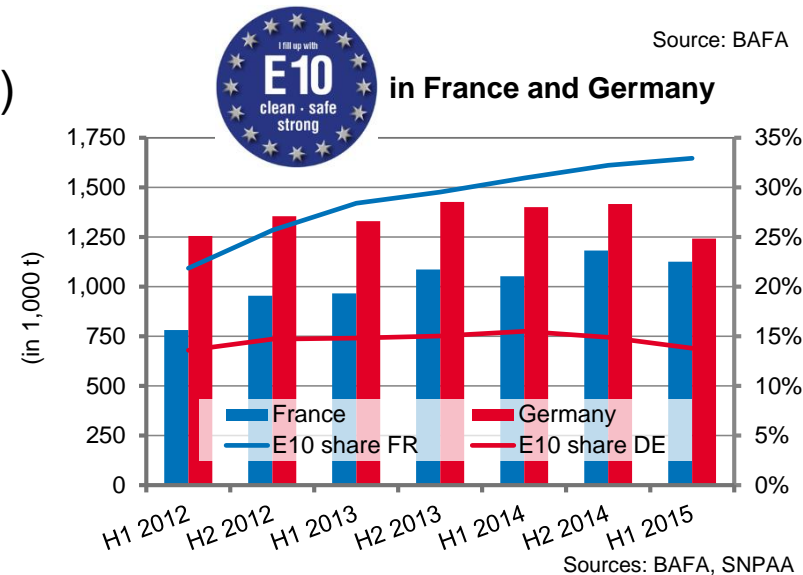
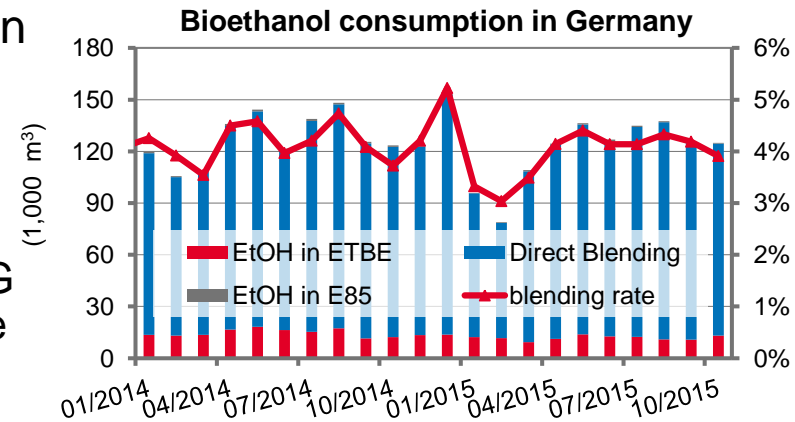
Production of bioethanol



Source: F.O.Licht

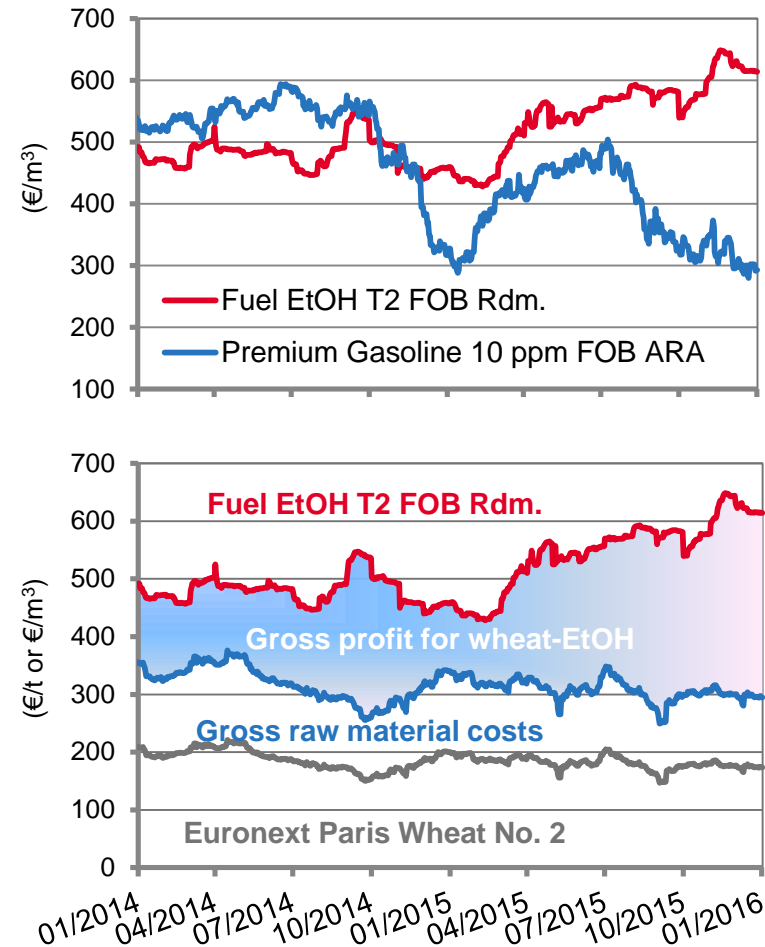
# Germany: Greenhouse gas (GHG) reduction target below potential

- 1 Jan 2015: change to 3.5% GHG reduction
  - Competition on GHG-quality
  - Biofuel industry improved average GHG savings to > 60% (preliminary data)
  - However: at the pump, higher specific GHG savings only used to reduce biofuel volume
  - Target rises 2017: 4.0%; 2020: 6.0%
- Fuel ethanol consumption down by 3.2% to 1.2 million m<sup>3</sup> (blending rate: 4.1 cal.-%)
  - E10 use decreases to 1.9 (2.1) million t
  - E10 share in petrol market 14 (15)%
- Conclusion
  - Accelerate GHG reduction targets
  - Rising health concerns about NO<sub>x</sub> and fine particulates



## Price developments on relevant markets

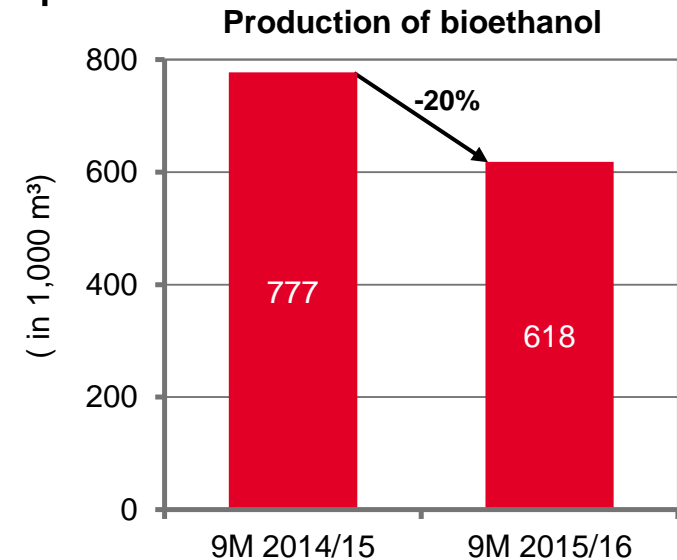
- **Steady recovery of EU ethanol prices**
  - € 640 /m<sup>3</sup> (end of Nov 2015, + 39% yoy)
  - Decoupling from “political” petrol price
  - Physical shortage in main hub Rotterdam
  - Brazil: price increase to about € 500 /m<sup>3</sup>  
US: quotes are still below € 400 /m<sup>3</sup>
  
- **Rather stable EU grain and protein prices**
  - World: USDA expects grain harvest of 2,003 million t (close to last year’s record harvest)
  - EU: grain harvest of 309 million t above average and significantly exceeding domestic consumption of 284 million t
  - EU ethanol industry “uses” 1% of EU agricultural land only



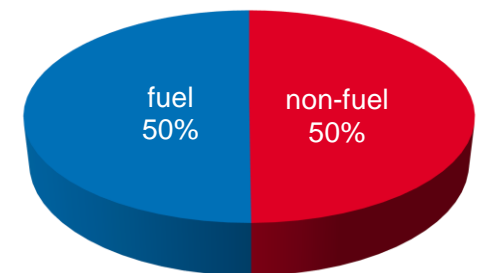


## Developments in the CropEnergies Group

- Active management of capacity utilization
  - Plants in Zeitz, Wanze and Loon-Plage operate at high utilization rates (with regular overhaul phases)
  - Temporary closure of the plant in Wilton
- Production of bioethanol reduced to 618 (777) ,000 m<sup>3</sup>
  - Production of food and animal feed products declined correspondingly
- Neutral alcohol production in Zeitz
  - Capacity 60,000 m<sup>3</sup>/a high-grade food-quality
  - Growth in market position in traditional alcohol
- Integrated / diversified production: half of CE´s 0.9 million t output is non-fuel



**Production in 9M 2015/16**



## Agenda

- Highlights
- Developments in the markets and in the company
- Financials and outlook



## Highlights: 1<sup>st</sup> - 3<sup>rd</sup> quarter 2015/16

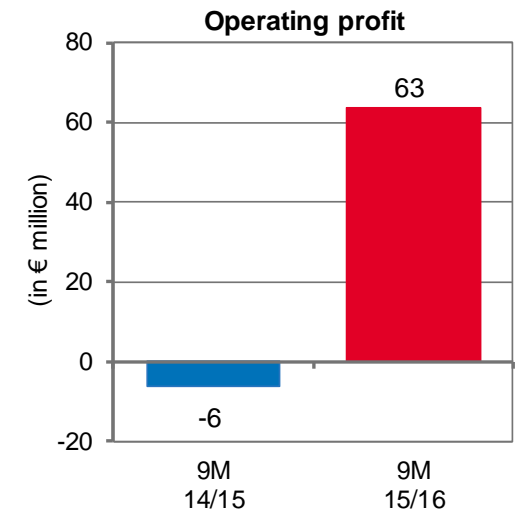
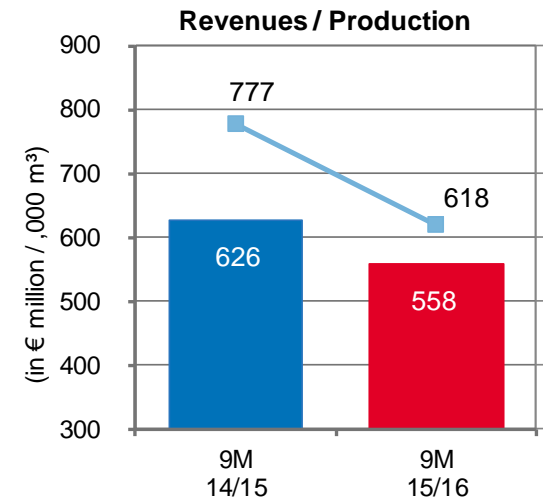
■ Revenues	€ 558 (626) million	- 11%
■ Bioethanol production	618 (777) ,000 m <sup>3</sup>	- 20%
■ EBITDA	€ 89.0 (20.8) million	+ € 68 million
■ Operating profit	€ 63.4 (-6.1) million	+ € 70 million
■ Income from operations	€ 50.5 (-5.8) million	+ € 56 million
■ Net earnings	€ 29.8 (-12.7) million	+ € 43 million
■ Net financial debt (vs. 28 Feb. 2015)	€ -85.8 (-150.1) million	+ € 64 million

## Income statement (I): 1<sup>st</sup> - 3<sup>rd</sup> quarter 2015/16

(in € million)	9M 15/16	9M 14/15	Δ	Δ
<b>Revenues</b>	<b>558.0</b>	<b>626.4</b>	<b>- 68.4</b>	<b>- 11%</b>
<b>EBITDA*</b>	<b>89.0</b>	<b>20.8</b>	<b>+ 68.3</b>	
<i>Margin</i>	16.0%	3.3%		
Depreciation*	-25.6	-26.9	+ 1.3	- 5%
<b>Operating profit</b>	<b>63.4</b>	<b>-6.1</b>	<b>+ 69.5</b>	

\*without restructuring costs and special items

- Revenues with € 558 million under previous year's level
  - Production decrease of bioethanol, food and animal feed
    - Temporary production pause in Wilton
    - Planned maintenance periods in Wanze and Zeitz
  - Significantly higher bioethanol prices partly compensate for lower production volumes

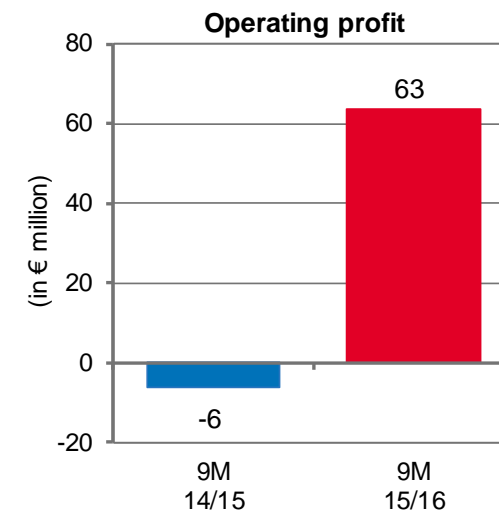
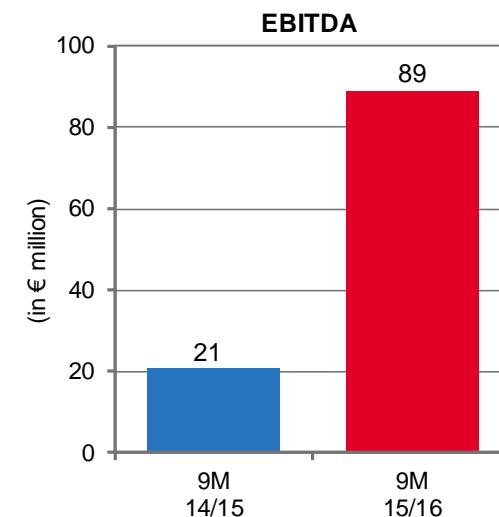


## Operating profit: 1<sup>st</sup> - 3<sup>rd</sup> quarter 2015/16

(in € million)	9M 15/16	9M 14/15	Δ	Δ
Revenues	558.0	626.4	- 68.4	- 11%
<b>Total output</b>	<b>541.4</b>	<b>628.7</b>	<b>- 87.3</b>	<b>- 14%</b>
Cost of materials*	-394.9	-538.5	+ 143.6	- 27%
<b>Spread (gross)</b>	<b>146.5</b>	<b>90.1</b>	<b>+ 56.4</b>	<b>+ 63%</b>
Further operating expenses / income*	-57.5	-69.4	+ 11.9	- 17%
<b>EBITDA*</b>	<b>89.0</b>	<b>20.8</b>	<b>+ 68.3</b>	
Depreciation*	-25.6	-26.9	+ 1.3	- 5%
<b>Operating profit</b>	<b>63.4</b>	<b>-6.1</b>	<b>+ 69.5</b>	
<i>Margin</i>	<i>11.4%</i>	<i>neg.</i>		

\*without restructuring costs and special items

- Spread (gross) increases by € 56 million
  - Total output decreases by € 87 million
  - Cost of materials down by € 144 million
- Other expenses decrease by € 12 million
- EBITDA up by € 68 million
- Operating profit up by € 70 million



## Highlights: 3<sup>rd</sup> quarter 2015/16

■ Revenues	€ 168 (222) million	- € 54 million
■ Bioethanol production	196 (301) ,000 m <sup>3</sup>	- 35%
■ EBITDA	€ 32.2 (7.3) million	+ € 25 million
■ Operating profit	€ 23.7 (-1.7) million	+ € 25 million
■ Income from operations	€ 19.8 (-1.3) million	+ € 21 million

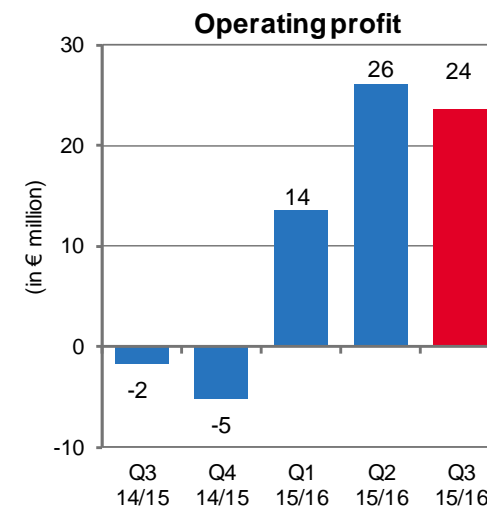
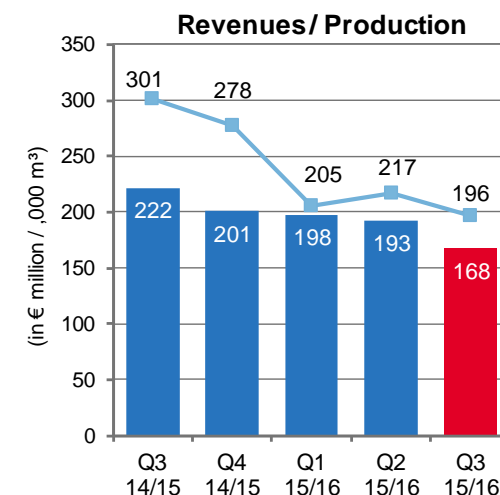


## Operating profit: 3<sup>rd</sup> quarter 2015/16

(in € million)	Q3 15/16	Q3 14/15	Δ	Δ
Revenues	167.6	221.9	- 54.3	- 24%
<b>Total output</b>	<b>168.2</b>	<b>228.5</b>	<b>- 60.3</b>	<b>- 26%</b>
Cost of materials*	-119.7	-196.4	+ 76.7	- 39%
<b>Spread (gross)</b>	<b>48.6</b>	<b>32.2</b>	<b>+ 16.4</b>	
Further operating expenses / income*	-16.3	-24.9	+ 8.6	- 34%
<b>EBITDA*</b>	<b>32.2</b>	<b>7.3</b>	<b>+ 24.9</b>	
Depreciation*	-8.5	-9.0	+ 0.5	- 6%
<b>Operating profit</b>	<b>23.7</b>	<b>-1.7</b>	<b>+ 25.5</b>	
Restructuring costs / special items	-4.0	0.0	- 4.0	
Income from companies consolidated at equity	0.1	0.4	- 0.3	
<b>Income from operations</b>	<b>19.8</b>	<b>-1.3</b>	<b>+ 21.1</b>	

\*without restructuring costs and special items

- Revenues significantly under previous year's level
- EBITDA increases by + € 25 million
  - Gross spread + € 16 million
  - Other expenses - € 9 million
- Operating profit up by + € 26 million to € 24 million
- Income from operations up by + € 21 million to € 20 million

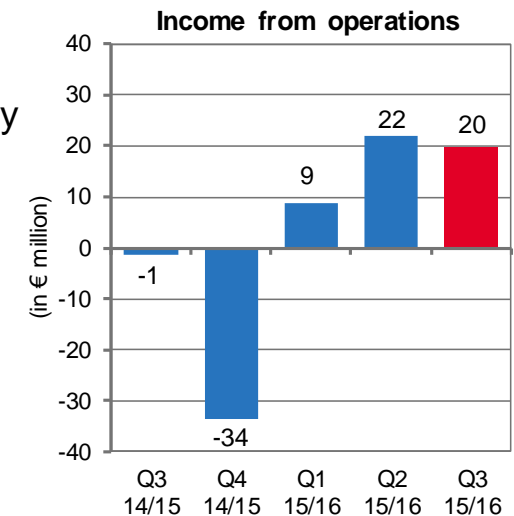
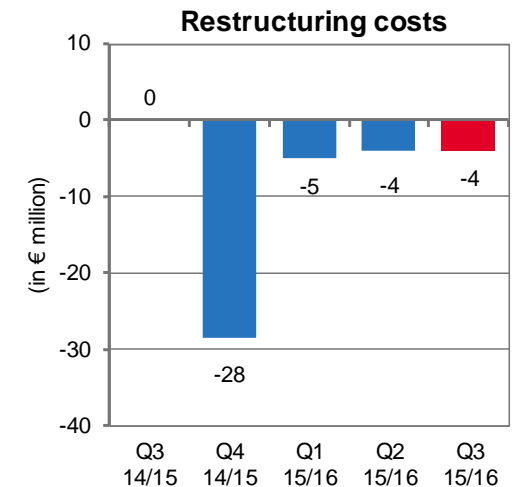


## Income from operations: 1<sup>st</sup> - 3<sup>rd</sup> quarter 2015/16

(in € million)	9M 15/16	9M 14/15	Δ	Δ
<b>Revenues</b>	<b>558.0</b>	<b>626.4</b>	<b>- 68.4</b>	<b>- 11%</b>
<b>EBITDA*</b>	<b>89.0</b>	<b>20.8</b>	<b>+ 68.3</b>	
<i>Margin</i>	16.0%	3.3%		
Depreciation*	-25.6	-26.9	+ 1.3	- 5%
<b>Operating profit</b>	<b>63.4</b>	<b>-6.1</b>	<b>+ 69.5</b>	
Restructuring costs / special items	-13.0	0.0	- 13.0	
At equity result	0.0	0.3	- 0.3	
<b>Income from operations</b>	<b>50.5</b>	<b>-5.8</b>	<b>+ 56.3</b>	

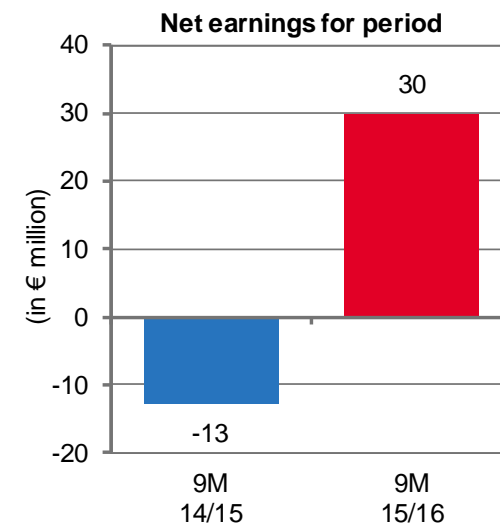
\*without restructuring costs and special items

- Restructuring expenses amounting to € 13 million due to the temporary production pause at Wilton
- Income from operations increases by € 56 million to € 50 million



## Income statement (II): 1<sup>st</sup> - 3<sup>rd</sup> quarter 2015/16

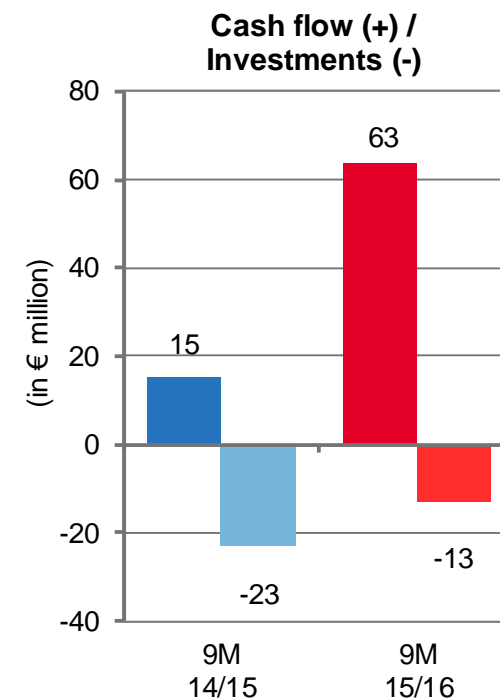
(in € million)	9M 15/16	9M 14/15	Δ
Revenues	558.0	626.4	- 68.4
<b>Operating profit</b>	<b>63.4</b>	<b>-6.1</b>	<b>+ 69.5</b>
Restructuring costs / special items	-13.0	0.0	- 13.0
At equity result	0.0	0.3	- 0.3
<b>Income from operations</b>	<b>50.5</b>	<b>-5.8</b>	<b>+ 56.3</b>
<b>Financial result</b>	<b>-3.2</b>	<b>-3.8</b>	<b>+ 0.6</b>
<b>Earnings before income taxes</b>	<b>47.3</b>	<b>-9.6</b>	<b>+ 56.9</b>
Taxes on income	-17.5	-3.1	- 14.4
<b>Net earnings for the period</b>	<b>29.8</b>	<b>-12.7</b>	<b>+ 42.5</b>
<b>Earnings per share (in €)</b>	<b>0.34</b>	<b>-0.15</b>	<b>+ 0.49</b>



- Financial result declines to € -3.2 (-3.8) million due to lower indebtedness
- Taxes on income rise to € -17.5 million
- Net earnings improve significantly to € 29.8 (-12.7) million

## Cash flow

(in € million)	9M 15/16	9M 14/15	Δ
<b>Cash flow</b>	<b>63.5</b>	<b>15.4</b>	<b>+ 48.0</b>
Change in net working capital	14.0	11.0	+ 3.1
Net investments	-13.0	-23.1	+ 10.0
Exchange rate changes et al.	-0.1	0.1	
<b>Free cash flow before dividends</b>	<b>64.4</b>	<b>3.4</b>	<b>+ 61.0</b>
Dividends for prior year	0.0	-8.7	
<b>Free cash flow</b>	<b>64.4</b>	<b>-5.4</b>	<b>+ 69.7</b>
	30/11/2015	28/02/2015	Δ
<b>Net financial debt</b>	<b>-85.8</b>	<b>-150.1</b>	<b>+ 64.4</b>

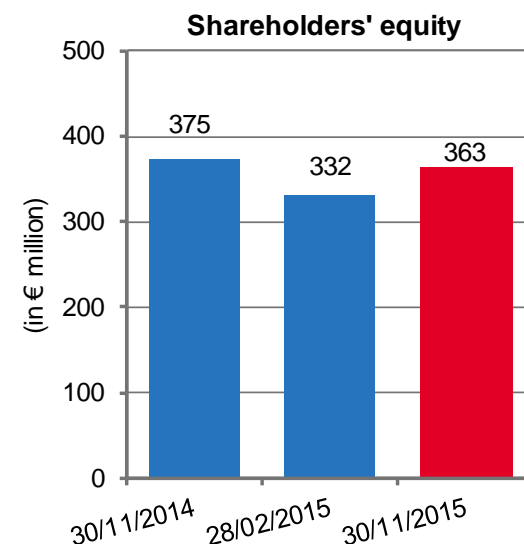
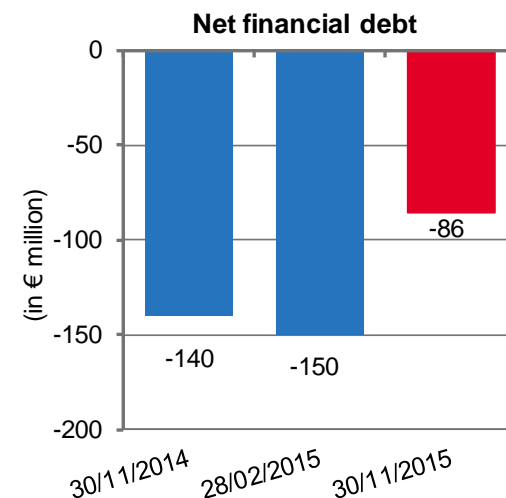


- Cash flow improves strongly to € 64 million due to the excellent earnings situation
- Investments under previous year's level
- Positive free cash flow allows for significant reduction of net financial debt

## Balance sheet structure and financial ratios

(in € million)	30/11/2015	30/11/2014	Δ	Δ
<b>Assets</b>				
Non-current assets	471.1	501.3	- 30.2	- 6%
Current assets	138.8	163.8	- 25.0	- 15%
<b>Total assets</b>	<b>609.9</b>	<b>665.1</b>	<b>- 55.2</b>	<b>- 8%</b>
<b>Liabilities</b>				
Shareholders' equity	363.4	374.8	- 11.4	- 3%
Non-current liabilities	127.8	117.2	+ 10.5	+ 9%
Current liabilities	118.8	173.1	- 54.3	- 31%
<b>Total liabilities and equity</b>	<b>609.9</b>	<b>665.1</b>	<b>- 55.2</b>	<b>- 8%</b>
Net financial debt (NFD)	-85.8	-140.0	- 54.3	
Equity ratio	60%	56%		
Gearing (NFD/Equity)	24%	37%		

- Shareholders' equity lowered yoy due to net losses in FY 2014/15
- Equity ratio strong at 60%
- Net financial debt decreases significantly by € 54 million



## Outlook 2015/16e

- High volatility in bioethanol prices (fuel) makes outlook difficult
- Production volumes lower due to temporary production pause in Wilton
- Revenues to range from € 700 to € 750 million
- Operating profit to range from € 70 to € 90 million\*
- Restructuring costs expected to amount up to € 20 million

\*without restructuring costs and special items



## Outlook 2016/17e

- Forward prices for bioethanol in Europe currently show significant decline
  - Operating profit on this basis: about € 30 million
- In financial year 2015/16 some realised spot prices were more than 10 percent higher than previously quoted forward prices
  - Operating profit on this basis: about € 70 million\*
- Stable grain prices are assumed in each case

\*without restructuring costs and special items

## **Financial Calendar**

18 May 2016:	Annual report and press and analysts' conference financial year 2015/16
6 July 2016:	Interim report 1 <sup>st</sup> quarter 2016/17
12 July 2016:	Annual General Meeting 2016
12 October 2016:	Interim report 1 <sup>st</sup> half 2016/17

## **Stock information**

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

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