



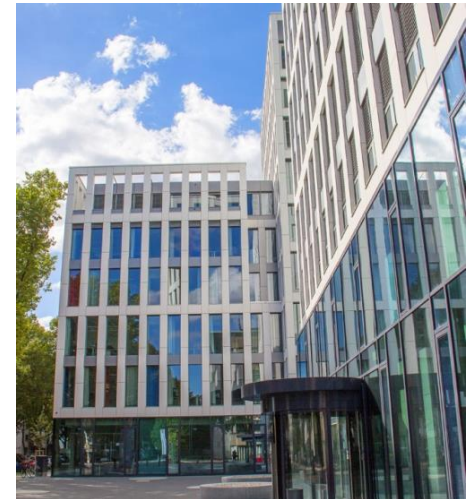
Value added  
in Europe

# CropEnergies AG

Joachim Lutz (CEO)  
13 June 2017

## Overview business year 2016/17

1. Transport emissions still rising
2. Corporate environment and markets
  - EU targets 2020 und draft for 2030
  - Development of market volumes
  - Bioethanol prices fluctuating and below previous year
3. CropEnergies: leading ethanol producer in Europe
  - Significant increase of production
  - Variable capacity utilization proves its worth
4. Financial statements 2016/17
  - Growth of revenues and record result
  - Strengthened asset base and reduced net financial debt
  - Proposal to double dividend

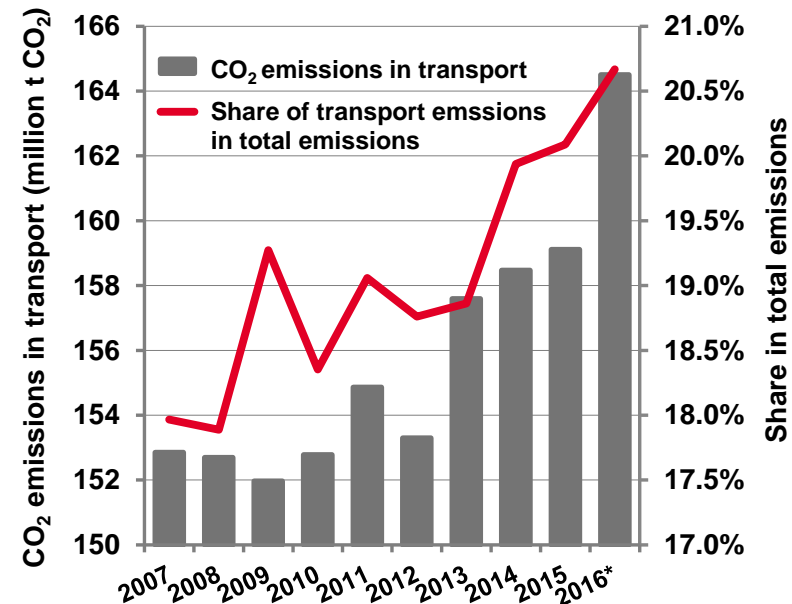


# 1. Transport emissions still rising

- CO<sub>2</sub> emissions harm climate
- Air quality: NO<sub>x</sub> and particulates in exhaust
- Policy makers need to act
  - Stricter emission limits
  - Discussion about diesel bans
  - Share of renewable energies increases
- Reality: rising number of newly registered cars
  - 2016 (D) 3,350,000 cars (+4%)  
 thereof 425,000 SUV (+25%)  
 and 11,000 e-cars (-8%)

**Climate balance 2016 (Germany):**  
 Almost 4 mn t more GHG than 2015 –  
 transport sector even exceeds 1990 level

20/3/2017

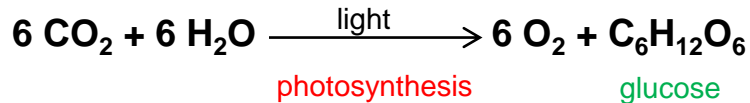


\* Short-term forecast UBA, March 2017

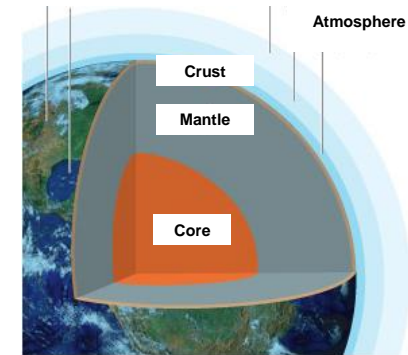
Source: uba.de

# Bioethanol progress: strong and clean

- A renewable fuel
  - Carbon sequestration by photosynthesis

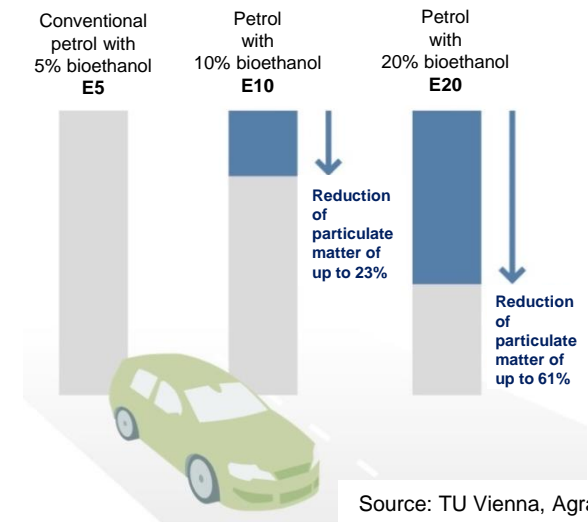


- Octane number: 116 RON
- Certified savings\* of 65% CO<sub>2eq</sub> across the entire value chain
- Drastic reduction of particulate matter emissions  
Study TU Vienna, Prof. Dr. B. Geringer



Source: University of Maryland, <http://www.geol.umd.edu/sgc/lectures/dynamicearth.htm>

## Less particulate matter through bioethanol in the tank

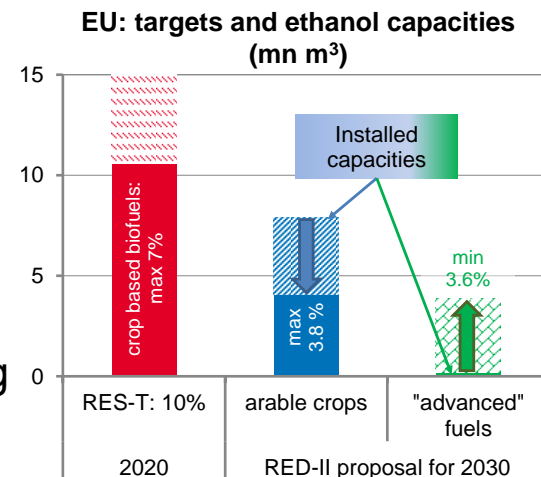
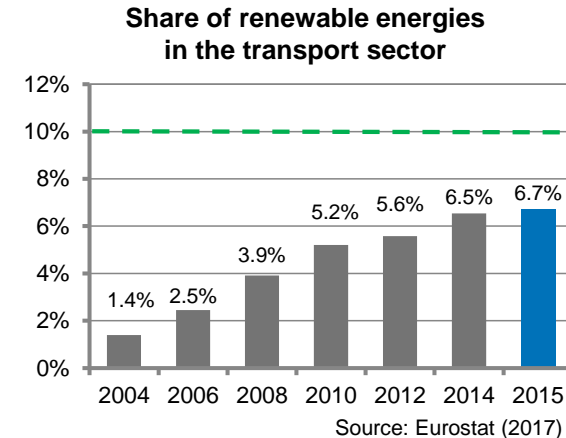


Source: TU Vienna, Agrana

\*) compared to fossil petrol

## 2. EU: targets 2020 and draft 2030 (“climate and energy package”)

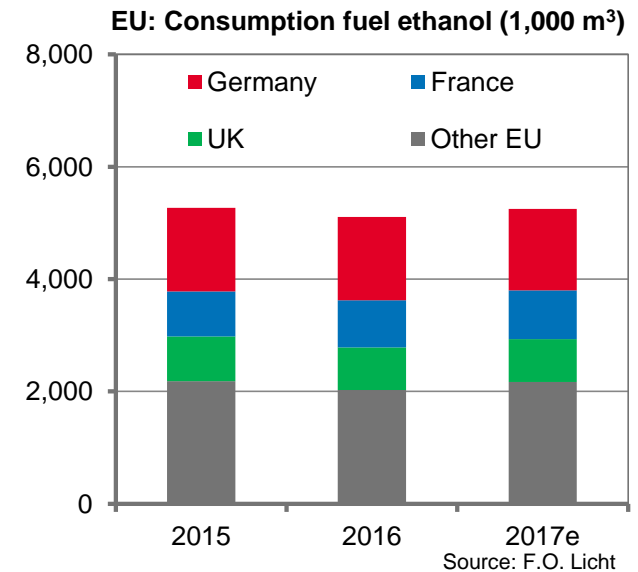
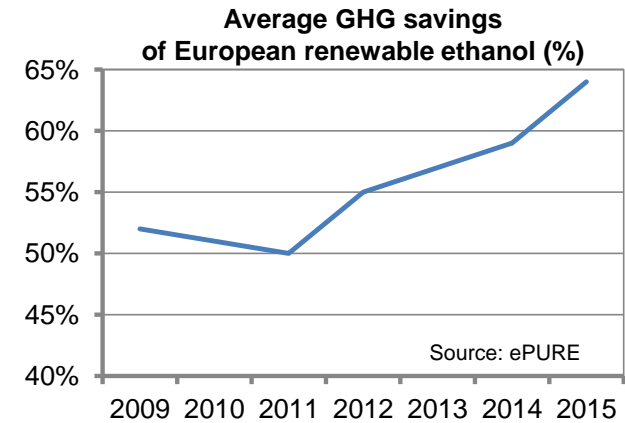
- Transport targets 2020: 10 cal.-% renewable energies
  - As well as 6% GHG savings
- Overall target 2030 Eur. Council\*:  $\geq 40\%$  GHG savings
- Draft 2030 EU COM (Nov 2016):
  - Overall 27 cal.-% renewable energies, but no specific target for transport sector
  - Max. 3.8 cal.-% fuels from arable crops
  - Min. 3.6 cal.-% “advanced” fuels
  - About 3.2 cal.-% other fuels/energy sources
- Draft puts decarbonization at risk
  - Capacity for “advanced” and a transport target are missing



\*) October 2014

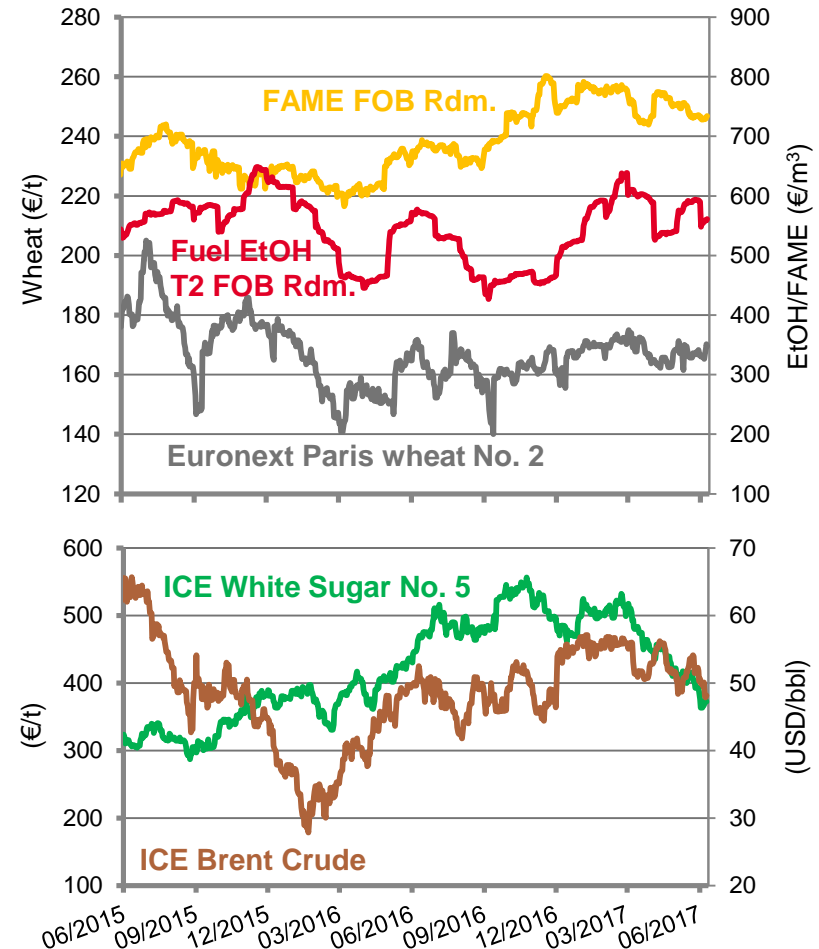
## Market development: fuel ethanol in the EU

- GHG savings improved
- 2016: decrease to 5.1 mn m<sup>3</sup>
  - D: unchanged at 1.5 mn m<sup>3</sup>      ±0%
  - F: increase to 840,000 m<sup>3</sup>      +4%
  - UK: decrease to 760,000 m<sup>3</sup>      -5%
- Outlook 2017: increase to 5.3 mn m<sup>3</sup> (+3%)
  - EU countries prepare for EU targets 2020



## Price development in relevant markets

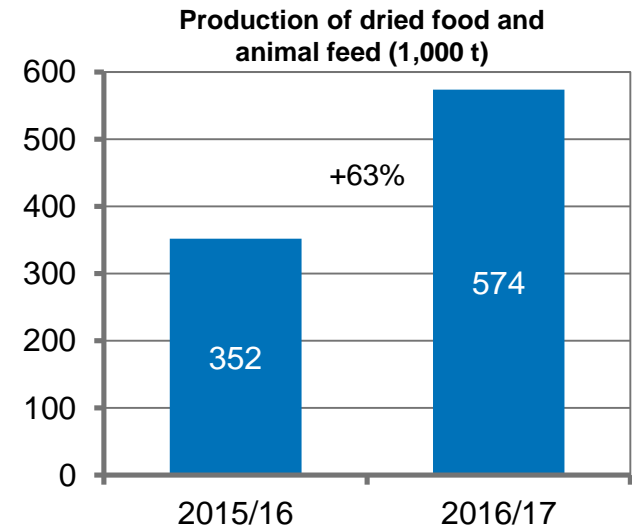
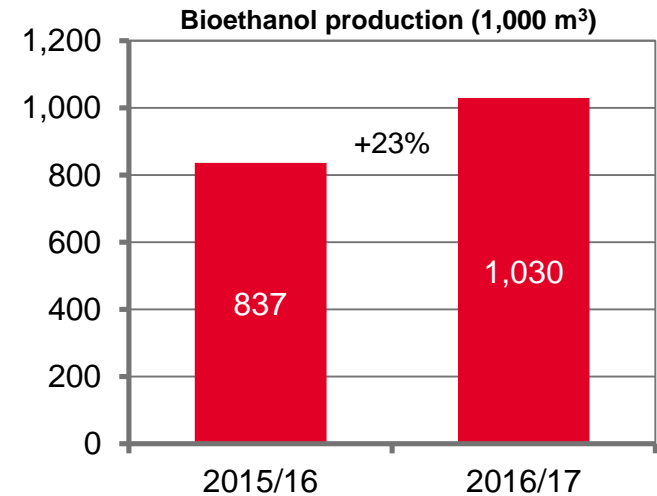
- Strong fluctuation of ethanol prices
  - Sept 2016: all-time low € 427 /m<sup>3</sup>
  - End of Feb 2017: € 640 (510) /m<sup>3</sup>
  - Various influencing factors
- Prices of raw materials decrease further due to worldwide production surplus
  - Record harvest 2016/17 (all grain qualities\*): 2,114 mn t (+6%)
  - EU: decrease to 295 mn t (-5%); domestic consumption at 285 mn t
  - Ending stocks at record level of 515 mn t



\*) without rice

### 3. CE: strong production increase

- CE expands its no. 1 position in Europe
  - Full capacity utilization
  - Progress in managing maintenance and operation cycles
  - Progress in efficiency
  - Utilization according to market situation
  
- Increase of production
  - 1,030 (837) ,000 m<sup>3</sup> bioethanol
  - 574 (352) ,000 t protein-rich, dried food and animal feed products



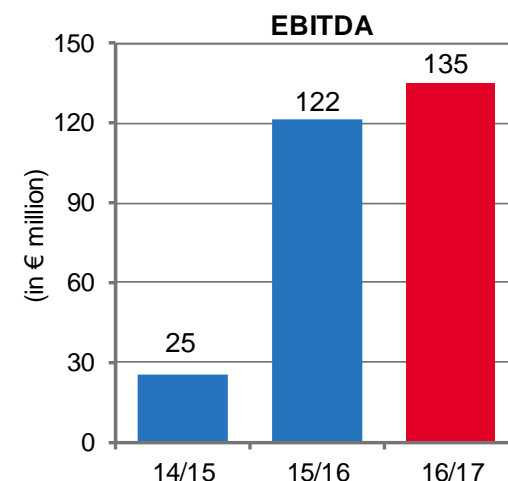
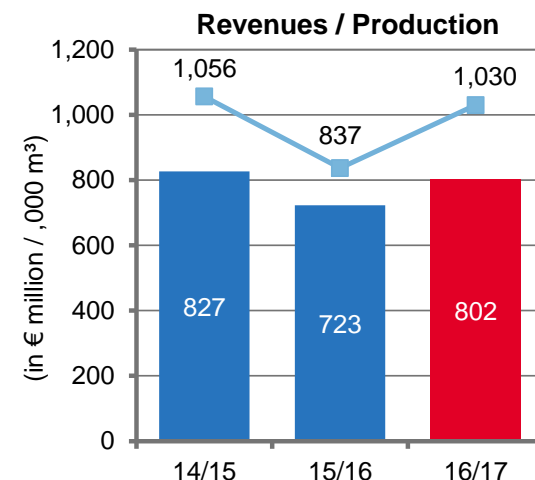


## 4. Income statement (I)

(in € million)	2016/17	2015/16	Δ	Δ
<b>Revenues</b>	<b>801.7</b>	<b>722.6</b>	<b>+ 79.1</b>	<b>+ 11%</b>
<b>EBITDA*</b>	<b>134.8</b>	<b>121.5</b>	<b>+ 13.2</b>	<b>+ 11%</b>
Margin	16.8%	16.8%		
Depreciation*	-37.2	-34.8	- 2.3	- 7%
<b>Operating profit</b>	<b>97.6</b>	<b>86.7</b>	<b>+ 10.9</b>	<b>+ 13%</b>
Restructuring costs / special items	-3.9	-18.1	+ 14.2	+ 79%
At equity result	0.2	0.0	+ 0.1	> 100%
<b>Income from operations</b>	<b>93.9</b>	<b>68.7</b>	<b>+ 25.2</b>	<b>+ 37%</b>

\*without restructuring costs and special items

- Revenues increase +11% to € 802 (723) mn
- Lower ethanol price but lower raw material cost and higher output, namely from Wilton
- EBITDA increases to € 135 (122) mn
- Restructuring costs and special items decrease to € 4 (18) mn
- Income from operations increases by € 25 mn to € 94 mn

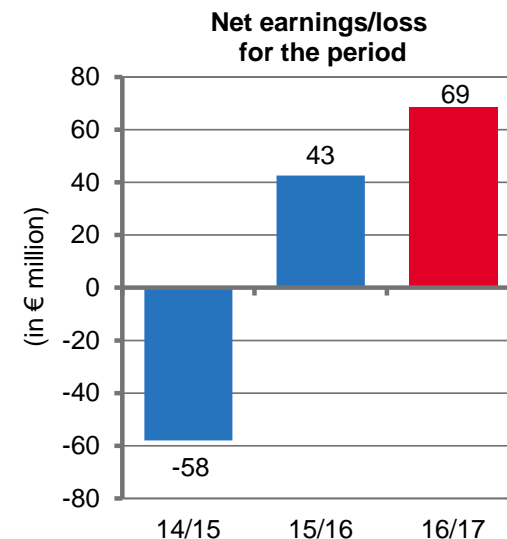


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<b>Income from operations</b>	<b>93.9</b>	<b>68.7</b>	<b>+ 25.2</b>	<b>+ 37%</b>
<b>Financial result</b>	<b>-4.1</b>	<b>-5.7</b>	<b>+ 1.6</b>	<b>+ 28%</b>
<b>Earnings before income taxes</b>	<b>89.8</b>	<b>63.0</b>	<b>+ 26.8</b>	<b>+ 43%</b>
Taxes on income	-21.0	-20.3	- 0.7	- 3%
<b>Net earnings for the period</b>	<b>68.8</b>	<b>42.6</b>	<b>+ 26.1</b>	<b>+ 61%</b>
<b>Earnings per share (in €)</b>	<b>0.79</b>	<b>0.49</b>	<b>+ 0.30</b>	<b>+ 61%</b>

\*without restructuring costs and special items

- Improved financial result to € -4 (-6) mn
- Net earnings improve to € 69 (43) mn

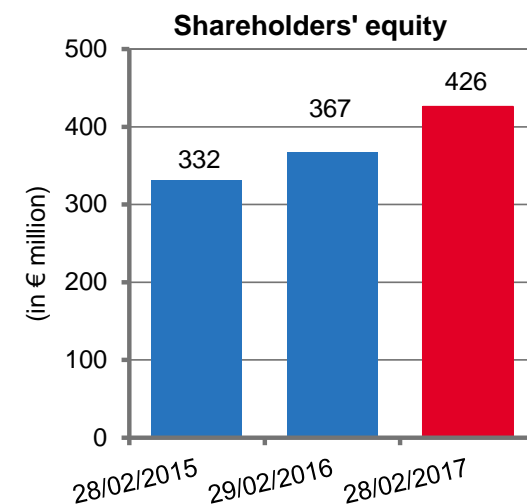
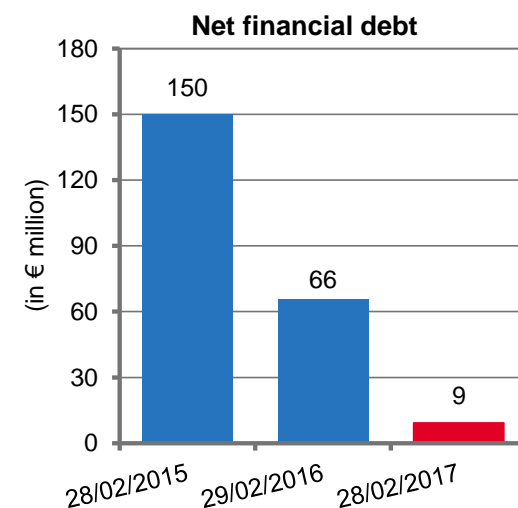




## Balance sheet structure

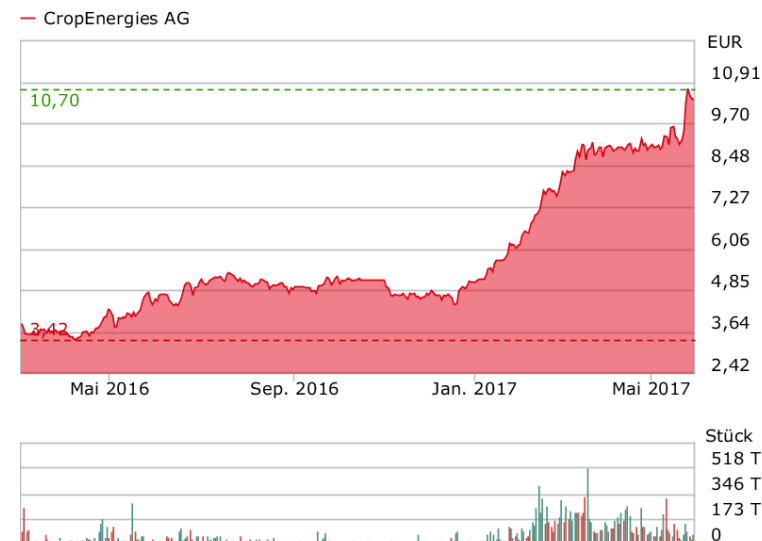
(in € million)	28/02/2017	29/02/2016	Δ	Δ
<b>Assets</b>				
Non-current assets	428.7	459.8	- 31.1	- 7%
Current assets	169.3	131.7	+ 37.6	+ 29%
<b>Total assets</b>	<b>597.9</b>	<b>591.5</b>	<b>+ 6.4</b>	<b>+ 1%</b>
<b>Liabilities</b>				
Shareholders' equity	425.8	367.2	+ 58.6	+ 16%
Non-current liabilities	65.2	103.0	- 37.8	- 37%
Current liabilities	106.9	121.2	- 14.3	- 12%
<b>Total liabilities and equity</b>	<b>597.9</b>	<b>591.5</b>	<b>+ 6.4</b>	<b>+ 1%</b>
Net financial debt (NFD)	9.3	65.7	- 56.4	- 86%
Equity ratio	71%	62%		
Gearing (NFD/Equity)	2%	18%		

- Further strengthening of financial ratios:
- Shareholders equity rises to € 426 (367) mn  
71% (62%) of total assets
- Nearly debt-free



# Dividend

(in € per share)	2015/16	2014/15
Earnings	0.79	0.49
Cash flow	1.23	1.00
<b>Dividend*</b>	<b>0.30</b>	<b>0.15</b>
Payout ratio	38%	31%
*proposal		
<b>Share price end of business year</b>	<b>€ 8.28</b>	<b>€ 3.80</b>
Dividend yield	3.6%	3.9%



- Proposal to AGM to double dividend to 30 €-Cent

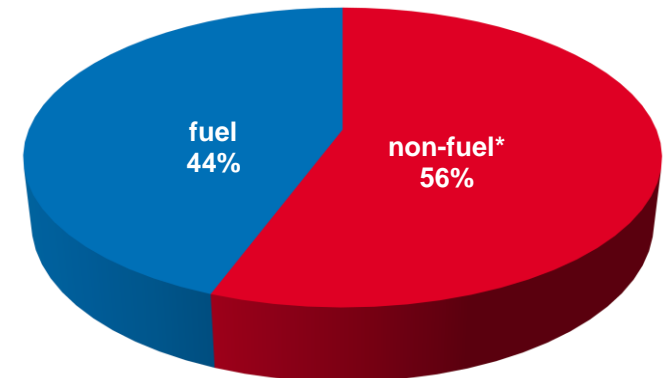
## Outlook 2017/18e

- Business performance continues to depend on highly volatile ethanol prices
- Forward prices for EU ethanol, however, with limited informative value
- Revenues expected to range between € 800 to € 875 million
- Based on current raw material markets, operating profit expected to range between € 40 and € 80 million; equivalent to an EBITDA of between € 80 and € 120 million
- CropEnergies should be completely debt-free for the first time in its corporate history

## CE: actively managing industrial processes

- Industry trends
  - Upstream integration along the value added chain
  - Efficiency gains by developing large-scale production sites with proximity to the raw materials
- Research activities
  - Process innovation in production
  - Concepts for alternative raw materials use
  - Expansion of product portfolio towards adjacent sectors: proteins, basic chemicals
  - Optimization and test of clean “high performance fuels”

Production 2016/17 (by weight)



\*) proteins, neutral alcohol, liquid CO<sub>2</sub>

## **Financial Calendar**

12 July 2017:	Interim report 1 <sup>st</sup> quarter 2017/18
18 July 2017:	Annual General Meeting 2017
11 October 2017:	Interim report 1 <sup>st</sup> half 2017/18
10 January 2018:	Interim report 1 <sup>st</sup> -3 <sup>rd</sup> quarter 2017/18
16 May 2018:	Annual report and press and analysts' conference financial year 2017/18

## **Stock information**

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

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## **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)