

# Analyst Conference

**18 May 2022**

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# Overview

- Framework markets and politics
- Market developments
- Production in the CropEnergies Group
- Financials
- Taxonomy
- Strategy update



# Framework markets and politics



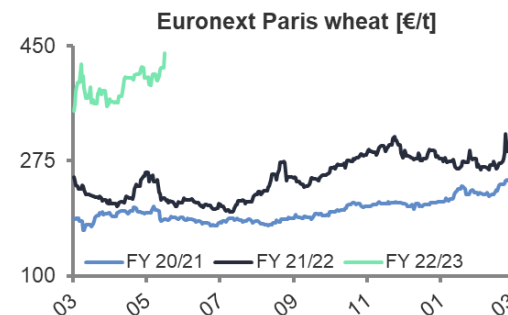
# General framework – markets

## Feedstock supply

### War in Ukraine: Concerns about global food situation due to increased agricultural prices

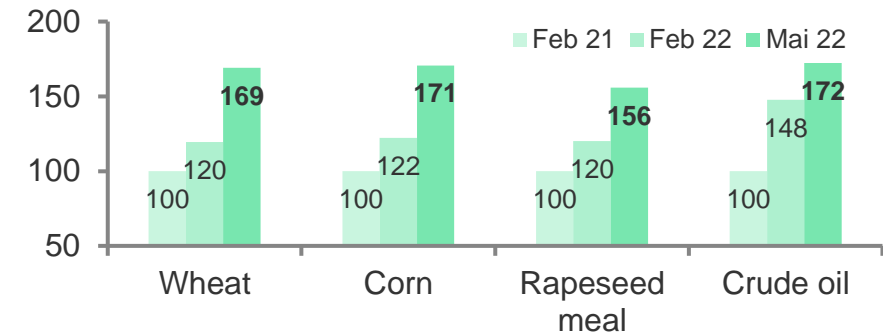
- Since the beginning of the war: wheat +40%, maize: +35%, rapeseed meal +30%
- Uncertainty about Ukrainian grain harvest 2022/23: 45-75 million t
  - For comparison: 2021/22: 86.6 million t, 2020/21: 65.3 million t
  - Share: world grain harvest approx. 3%, world grain trade 10%
  - High stocks (20 million t) and logistical restrictions

- Still exports from Ukraine
- Not a question of quantity, but of price!



### Commodity price development

(Feb 2021 = 100)



“In recent years, **no correlation has been observed between food prices and biofuel demand. Any impact on food prices is small compared to other dynamics in the global food market.** (...) causes other than biofuel production were identified for increased food prices in the period of the food price spikes in 2006–2008 and 2011.”

Source: EU Commission, Renewable Energy Progress Report, p.16, 14.10.2020, emphasis added

# General framework – politics

## Demands vs. facts

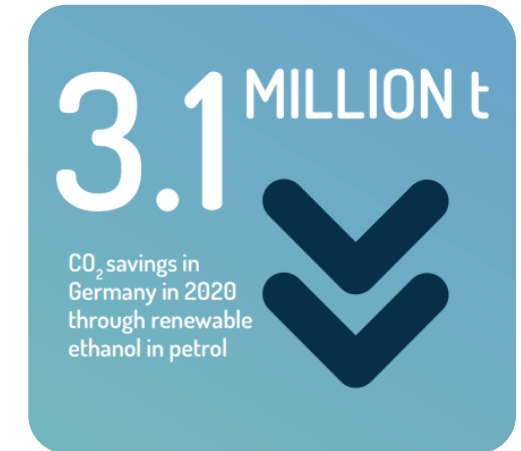
### Parts of the German federal government in favour of restrictions on biofuels

- Sustainability of biofuels questioned
- High agricultural prices and concerns about food security – but: no release of fallow land for grain cultivation
- There is no unified line from the federal government

### Discussion at political level falls short

#### European ethanol

- Security of supply
- Climate protection: reduces GHG emissions
- Reduces dependence on imports (protein & crude oil)
- Affordable fuel





# Politics: Demand for less biofuels

## Fact check: Renewable ethanol in Europe

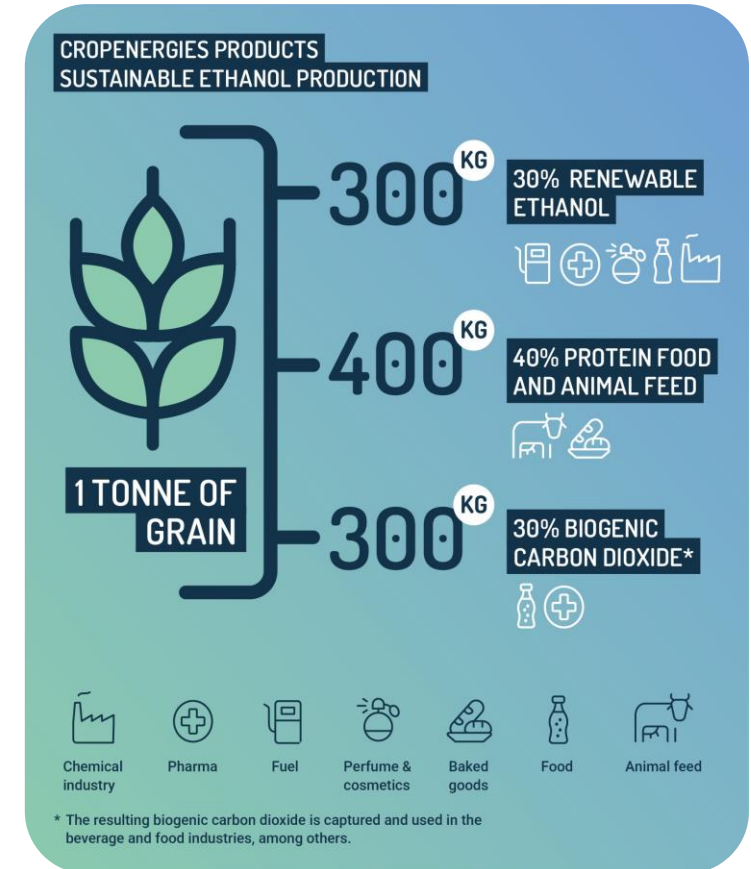
### Ethanol is produced from non-food grains

- C-wheat, feed grain
- Increasingly also from waste and residues

### Complete, waste-free use of agricultural raw materials

### Integrated production of food, feed and biofuels

- Ethanol from starch from non-food grains
  - Sustainable fuel with >75% less GHG emissions
  - Highest quality for industrial customers, e. g. pharmaceuticals
  - Basic material for renewable chemicals
- Protein rich food and feed
  - Local, non-GMO, replaces soy imports
- Biogenic, high-purity CO<sub>2</sub> from alcohol fermentation
  - Food/beverages and raw material of the future (synthetic fuels, chemicals and much more)



# Renewable ethanol from Europe

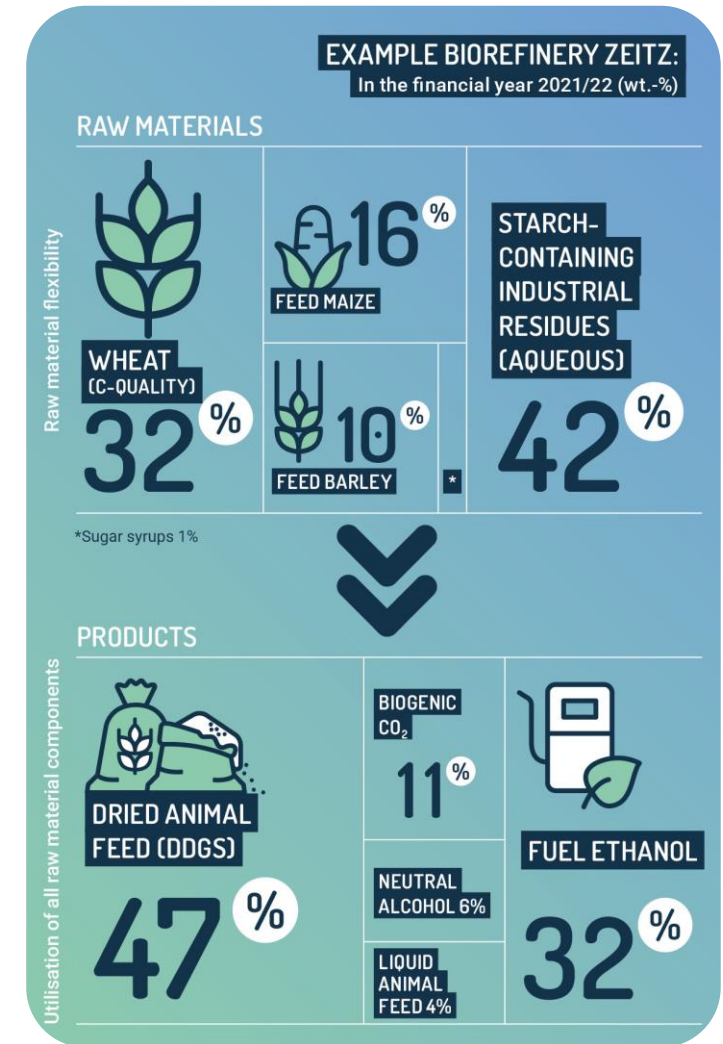
## ... more than just a fuel

### Ethanol production in the EU

- Domestic added value - 99% of all raw materials from Europe
  - 100% certified sustainable
  - From the region, for the region
- Starch content of less than 4% of the EU grain harvest
  - Corresponds arithmetically to only 2 % of the EU agricultural area
  - More than 3x more fallow land available in the EU
  - 4x more EU cereals are (net) exported

### Ethanol use in the EU

- >75% GHG savings → 2.5 kg CO<sub>2eq.</sub> per litre
- 5.2 million m<sup>3</sup> ethanol (2021) → 18 million barrel oil
- Annual GHG savings → 10 million t CO<sub>2eq.</sub>
- EU Commission confirms: Ethanol use in the EU
  - Has no significant influence on agricultural prices
  - Has no increased risk of land use change



# More climate protection for Europe

## Negotiations on the "Fit for 55" package move forward

### EU Commission: Proposals for at least 55% less GHG emissions by 2030

- Comprehensive adjustments in climate, energy, transport and tax policy, among others

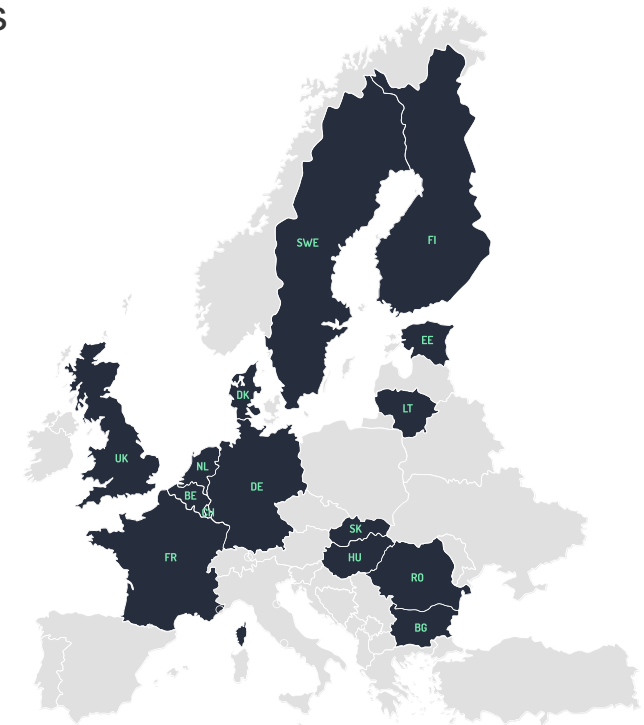
### Revision of the “Renewable Energies Directive” (RED-III) - transport sector

- GHG reduction of 13% by 2030 (to replace energy quota of 14%)
- Biofuels from arable crops: Share 2020 plus 1%, within the 7% limit
- Extensive elimination of multiple credits
- Assessment: Higher GHG target needed and no one-sided focus on e-mobility

### Status and next steps

- European Parliament: Negotiations continue - unobjective campaign against biofuels pushes climate protection in transport into the background
- Plenary vote: expected in September 2022
- Trilogue negotiations of Parliament, Council and Commission as of autumn 2022

Super E10 in the EU & UK  
20 million t less CO<sub>2</sub> possible



© CropEnergies, 2021



# Market developments

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# Market development

## Volumes

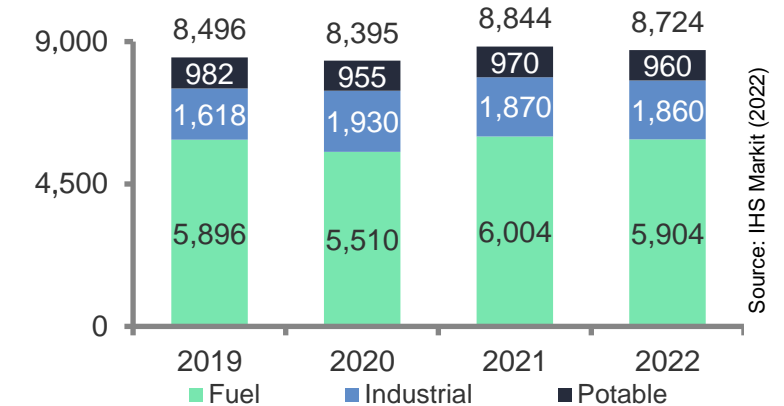
### Ethanol market in the EU-27 & UK 2021 (in million m<sup>3</sup>)

- Production: 7.8 +4% (5.4 fuel | 2.3 neutral alcohol)
- Consumption: 8.8 +5% (6.0 fuel | 2.8 neutral alcohol)
- Corona crisis
  - After decline in 2020, production and consumption increased significantly again
  - Only minor impact on fuel sales

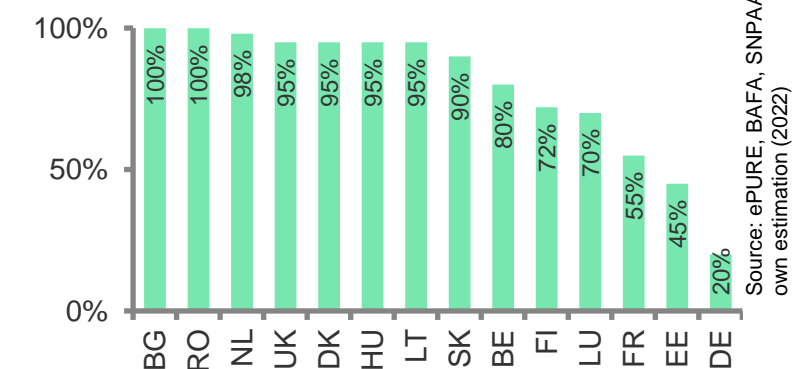
### Super E10 continues to gain ground in Europe

- E10 No. 1 petrol in many European countries
- Successful introduction in Sweden and UK in August and September 2021, respectively
- Positive development of E10 sales in Germany due to CO<sub>2</sub> pricing for fossil fuels

EU-27 & UK: Ethanol sales [1,000 m<sup>3</sup>]



E10 shares in selected countries



# Market development

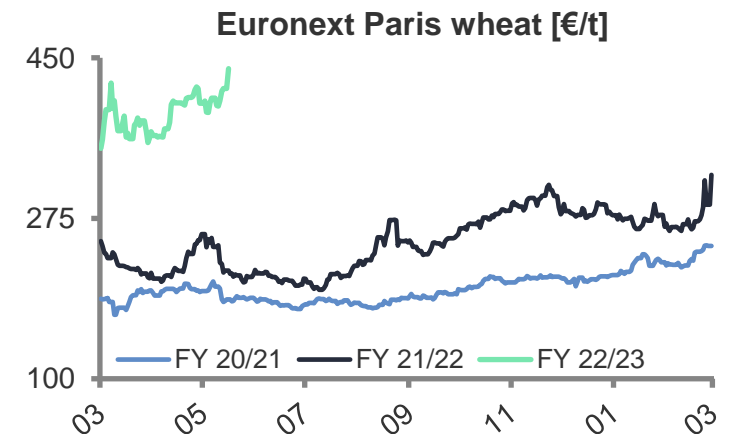
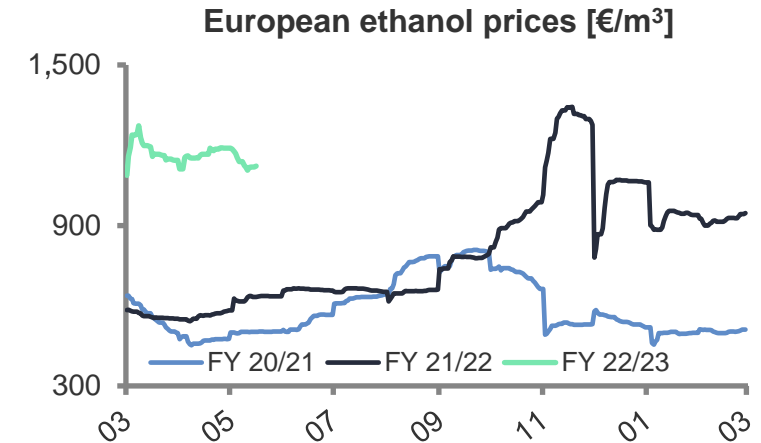
## Ethanol prices and feedstock market

### Volatile price development for ethanol\*

- All-time high of € 1,519 /m<sup>3</sup> in November 2021
- Average price in the financial year of € 812 (583) /m<sup>3</sup>
- Normalisation in fuel consumption after decline in 2020/21
- Price increase since end of February triggered by war in Ukraine

### Commodity market 2021/22

- Grain prices<sup>\*\*</sup>: € 249 (199) /t
- EU cereal harvest: 293 Mt (+4%) exceeds consumption of 260 Mt
- EU Commission expects further increase in cereal harvest 2022/23
- **World cereal harvest<sup>\*\*\*</sup>: 2,287 Mt (+3%) with rising stocks (608 Mt)**
- IGC expects only slight decline in 2022/23 with 2,275 Mt
- Strong rise in grain prices triggered by war in Ukraine



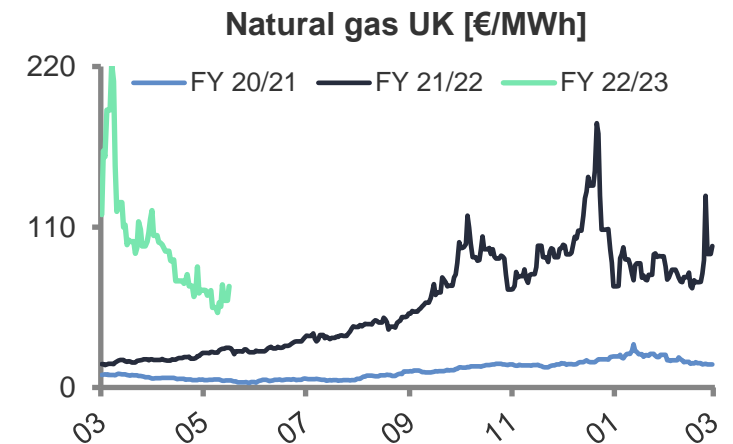
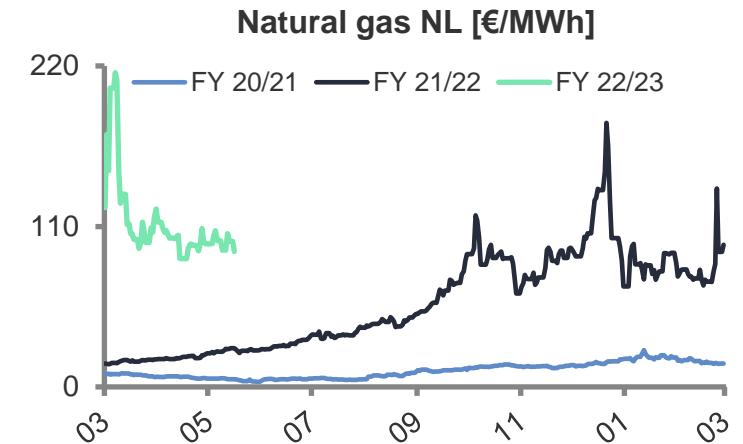
\* Ethanol T2 FOB Rdam    \*\* Wheat (Euronext Paris), next date of expiry

# Gas prices

## Europe

### Gas price quotations at a high level

- High uncertainties due to Russian invasion of Ukraine and resulting sanctions
- Russia stopped gas supplies to Bulgaria and Poland on 27 April 2022, citing lack of payment in roubles
- Commissioning of Nord Stream 2 stopped
- Gas storage remains at low level
- LNG imports in Europe on the rise
- European gas producers (e. g. Norway) are trying to increase their production volumes



# Production

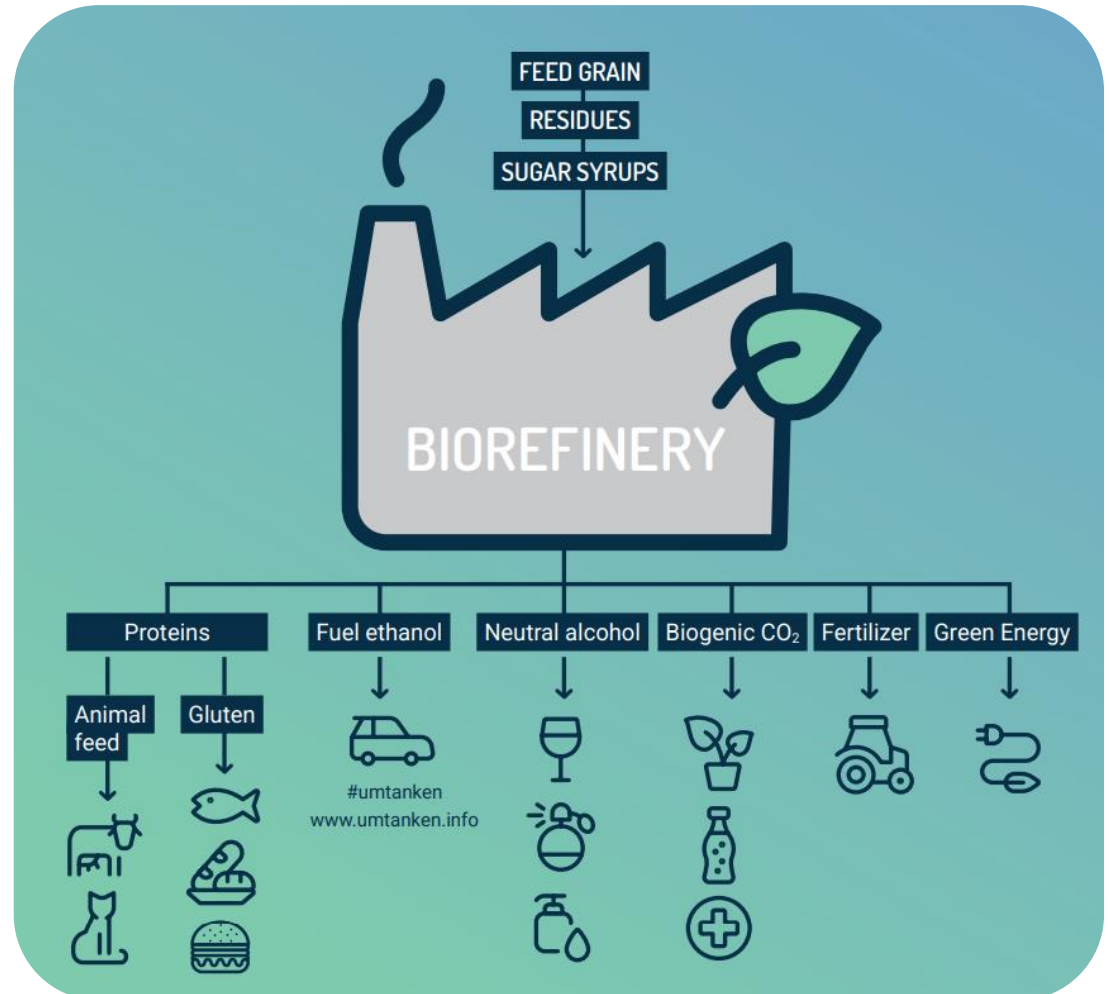




# Production in the CropEnergies Group

## Production 2021/22

- Ethanol production: 1,051 (987) ,000 m<sup>3</sup> (+6.5%)
- Increase in production of food and animal feed
- Produced volume of liquefied CO<sub>2</sub> increased significantly
- Successful commissioning of CO<sub>2</sub> liquefaction plant in Wanze in December 2021



# Financials



# Overview 2021/22



• Ethanol production	1,051 (987) ,000 m³	+ 7%
• Revenues	€ 1,075 (833) million	+ 29%
• EBITDA	€ 168.8 (148.4) million	+ € 20 million
• Operating profit	€ 127.0 (107.0) million	+ € 20 million
• Income from operations	€ 127.2 (108.2) million	+ € 19 million
• Net income	€ 89.4 (84.9) million	+ € 4 million
• Net financial assets (vs. 28.02.2021)	€ 229.9 (154.6) million	+ € 75 million

## REVENUES

**1,075** MILLION EURO

> € 1 BILLION FOR THE FIRST TIME

## OPERATING PROFIT

**127.0** MILLION EURO

## EBITDA

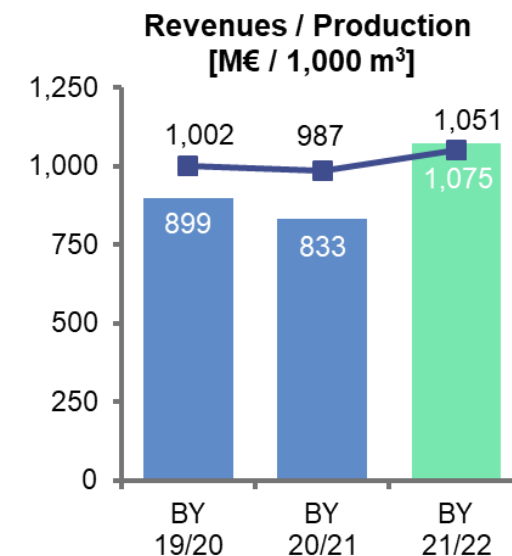
**168.8** MILLION EURO

Note: Figures in parentheses relate to the corresponding prior-year period.

# Revenues

(in € million)	2021/22	2020/21	Δ
Ethanol	836.9	647.6	+ 29%
Food and animal feed products	223.8	175.5	+ 28%
Other revenues	14.6	10.0	+ 46%
<b>Revenues</b>	<b>1,075.3</b>	<b>833.1</b>	<b>+ 29%</b>

- Ethanol production increased by 6.5%
- Capacity utilisation in volatile market environment improved
- Revenues for the first time exceed mark of € 1 billion
- Improved sales prices for all products, especially for ethanol

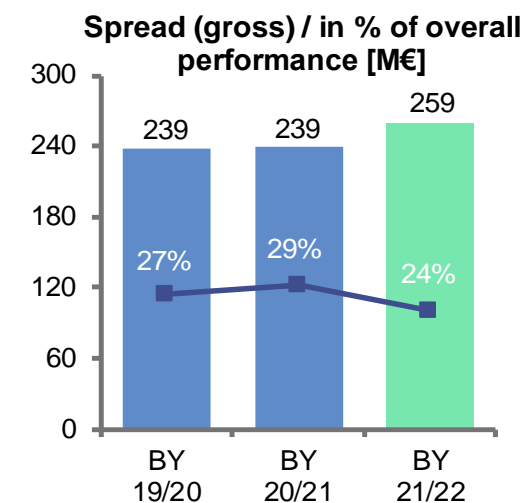
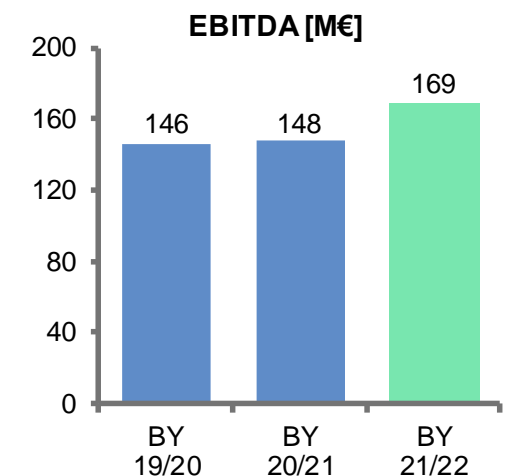


# EBITDA

(in € million)	2021/22	2020/21	Δ
Revenues	1,075.3	833.1	+ 29%
<b>Overall performance</b>	<b>1,100.1</b>	<b>835.0</b>	<b>+ 32%</b>
Cost of materials*	-840.9	-596.1	- 41%
<b>Spread (gross)</b>	<b>259.2</b>	<b>238.9</b>	<b>+ 8%</b>
<i>in % of overall performance</i>	23.6%	28.6%	
Further operating expenses/income*	-90.4	-90.5	+ 0%
<b>EBITDA*</b>	<b>168.8</b>	<b>148.4</b>	<b>+ 14%</b>

\*without restructuring costs and special items

- Significantly higher costs for raw materials and energy
- Still gross margin increased due to higher sales revenues
- Material expense ratio rises to 76.4 (71.4)% of overall performance
- EBITDA exceeds previous year's record level

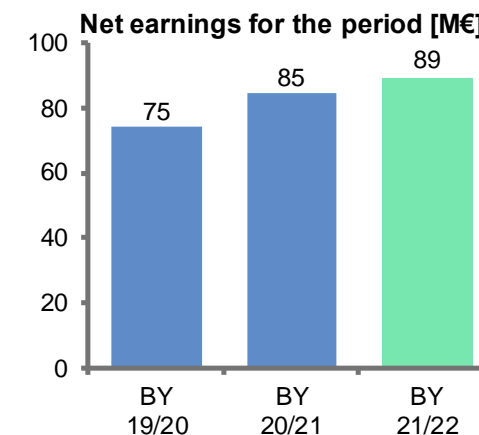
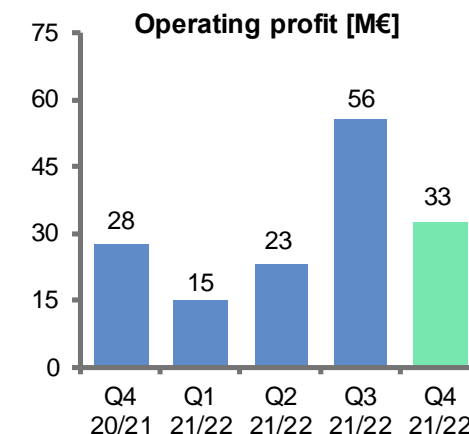




# Income statement

(in € million)	2021/22	2020/21	Δ
<b>Operating profit</b>	<b>127.0</b>	<b>107.0</b>	<b>+ 19%</b>
Restructuring costs / special items	0.0	0.9	- 100%
At-equity result	0.2	0.3	- 10%
Income from operations	127.2	108.2	+ 18%
<b>Financial result</b>	<b>-3.0</b>	<b>-0.8</b>	<b>&lt; - 100 %</b>
<b>Earnings before income taxes</b>	<b>124.2</b>	<b>107.4</b>	<b>+ 16%</b>
Taxes on income	-34.8	-22.5	- 55%
<b>Net earnings for the period</b>	<b>89.4</b>	<b>84.9</b>	<b>+ 5%</b>

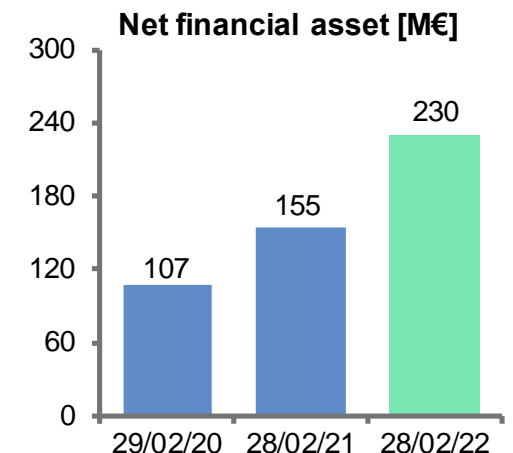
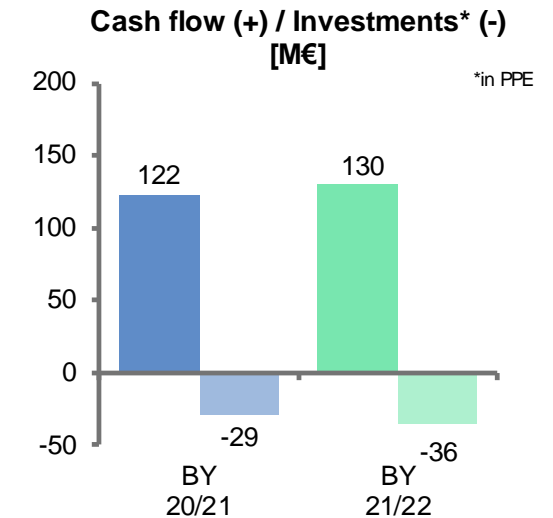
- Unrealised currency effects from valuation led to a decline in the financial result
- Tax rate increases to 28 (21)% due to carryforward losses not being used



# Cash flow

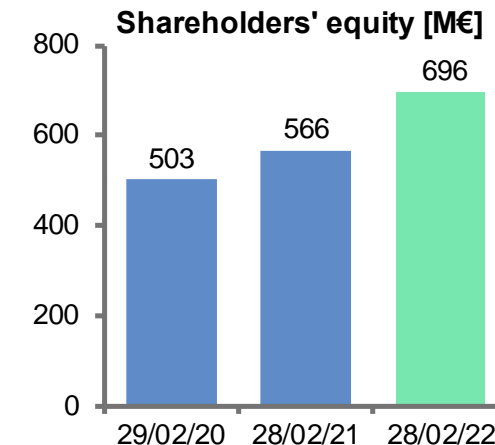
(in € million)	2021/22	2020/21	Δ
<b>Cash flow</b>	<b>130.1</b>	<b>122.3</b>	<b>+ 7.8</b>
Change in net working capital	16.9	-16.4	+ 33.3
<b>Net cash flow from operating activities</b>	<b>147.0</b>	<b>105.9</b>	<b>+ 41.1</b>
Investments in property, plant et al.	-35.6	-28.0	- 6.8
Cash received on divestments	0.7	0.5	+ 0.2
Increase in financial receivables	-51.3	-55.2	+ 3.9
Payments into current financial investments	0.0	0.0	+ 0.0
<b>Cash flow from investing activities</b>	<b>-86.2</b>	<b>-82.7</b>	<b>- 3.5</b>
<b>Cash flow from financing activities</b>	<b>-35.4</b>	<b>-29.7</b>	<b>- 5.7</b>
Changes in exchange rates / consolidation basis	0.2	-0.8	+ 1.0
<b>Change in cash and cash equivalents</b>	<b>25.5</b>	<b>-7.3</b>	<b>+ 32.8</b>
	28/02/2022	28/02/2021	Δ
<b>Net financial assets</b>	<b>229.9</b>	<b>154.6</b>	<b>+ 75.3</b>

- Investments particularly for biomass boiler in Wanze



# Balance sheet

(in € million)	28/02/2022	28/02/2021	Δ
<b>Assets</b>			
Non-current assets	377.9	377.4	+ 0.5
Current assets	604.9	365.0	+ 239.9
<b>Total assets</b>	<b>982.7</b>	<b>742.4</b>	<b>+ 240.3</b>
<b>Liabilities</b>			
Shareholders' equity	696.4	566.1	+ 130.3
Non-current liabilities	70.1	61.4	+ 8.7
Current liabilities	216.2	114.9	+ 101.3
<b>Total liabilities and equity</b>	<b>982.7</b>	<b>742.4</b>	<b>+ 240.3</b>
Capital Employed	492.4	471.0	+ 21.4
ROCE	25.8%	22.7%	-
Net financial assets	229.9	154.6	+ 75.3
Equity ratio	71%	76%	-

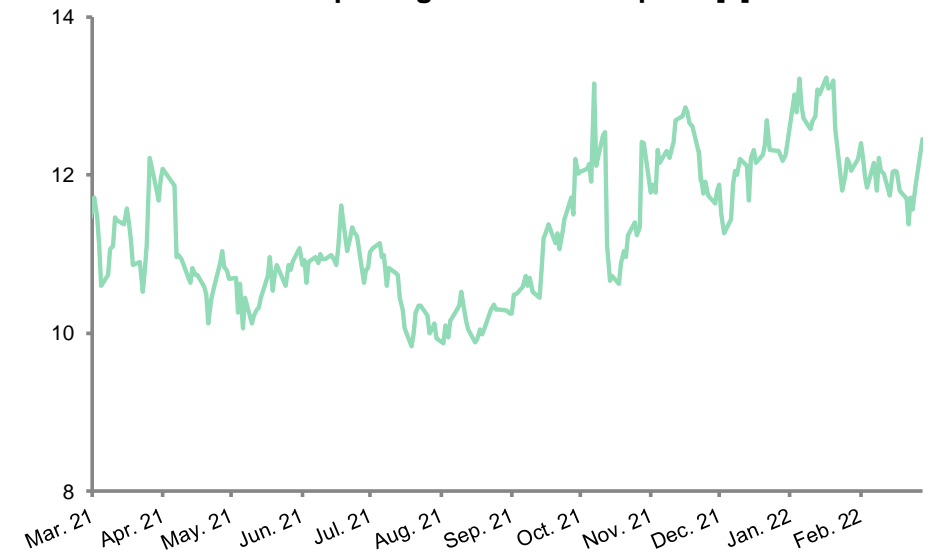


- Significant increase in net financial assets

# Dividend

(in € per share)	2021/22	2020/21
Earnings	1.02	0.97
Cash flow	1.49	1.40
<b>Dividend</b>	<b>0.45*</b>	<b>0.35</b>
Payout ratio	44%	36%
*proposal		
<b>Share price end of financial year</b>	<b>12.46€</b>	<b>11.18€</b>
Dividend yield	3.6%	3.1%

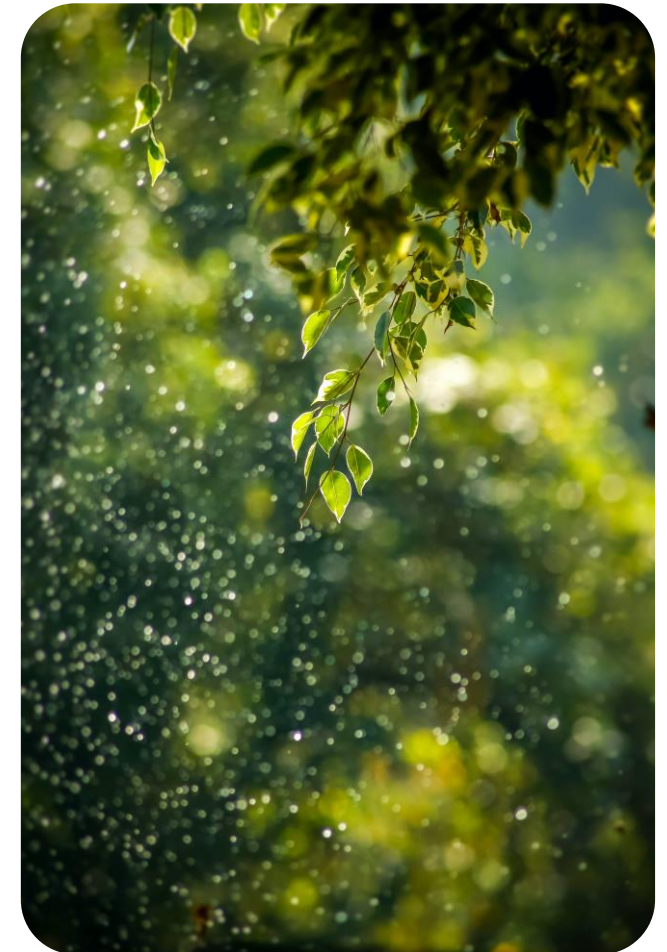
CropEnergies AG - share price [€]



- Payout ratio: 44 (36)% from consolidated net income IFRS
- For the first time purchase of own shares within framework of new remuneration system for the executive board

# Outlook 2022/23

- Initial announcement as insider information publication according to section 17 MAR on 14 April 2022
- Assumptions
  - Impact of the Ukraine war on sales, energy and raw material markets is difficult to assess
  - Sufficient energy and raw materials will be available for the production
  - EU member states will essentially maintain their blending targets for biofuels
- Outlook
  - Revenues between € 1.35 and € 1.45 (previous year: € 1.08) billion
  - EBITDA in a range of € 145 to € 195 (previous year: € 169) million
  - Operating profit between € 105 and € 155 (previous year: € 127) million



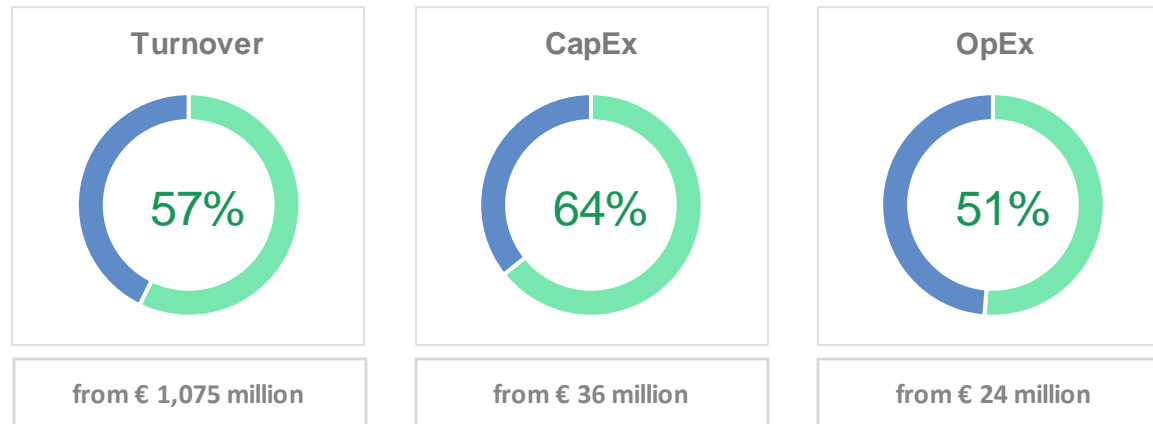


# Taxonomy



# Taxonomy

## Initial reporting in annual report 2021/22



- Reporting of taxonomy-eligible economic activities yet voluntary for CropEnergies
- CropEnergies scores with production of renewable ethanol for transport
- Classification of food and animal feed products as well as neutral alcohol still to be defined by EU

### EU taxonomy

- Classification system for defining sustainable economic activities
- Financial flows shall be channeled into sustainable activities
- Sustainability is closely linked to 6 environmental objectives
- So far 2 environmental objectives have been defined in delegated acts: climate change mitigation and climate change adaptation
- Further delegated acts for the four remaining environmental objectives are currently drafted

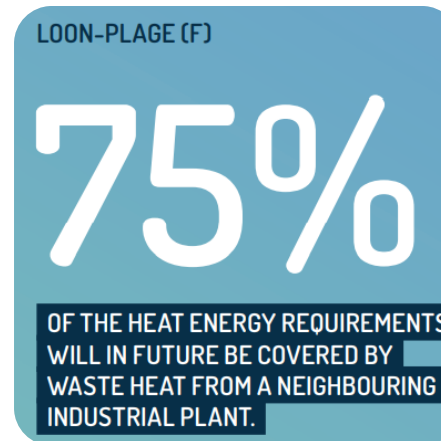
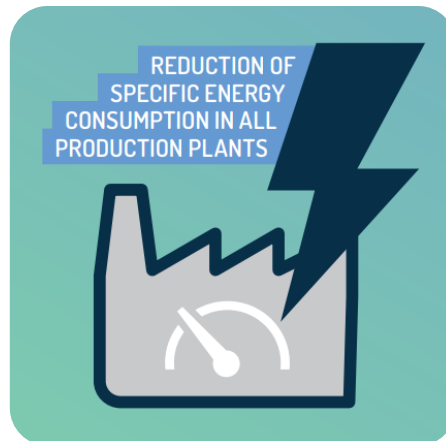
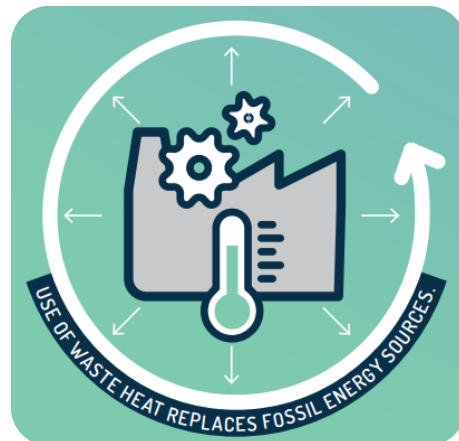
# Strategy update

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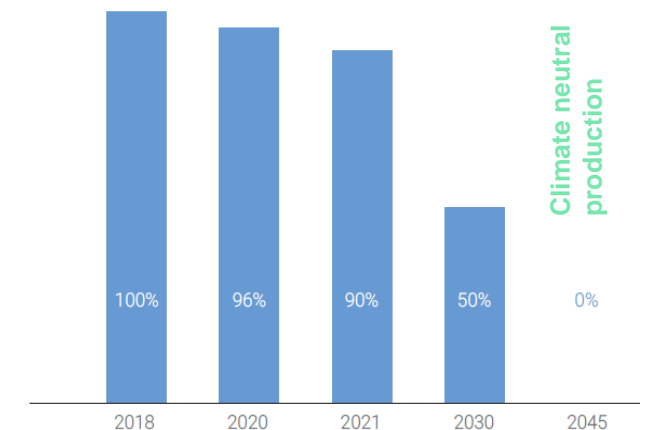
# Ongoing investments for more climate protection

## Goal: Climate neutral in 2045

- Additional biomass boiler in Wanze: construction on schedule
- Conversion to low-CO<sub>2</sub> / renewable energy sources planned in Zeitz
- Reduction of steam consumption in Wilton through optimisation of the existing evaporation installation
- 75% of steam requirement from waste heat from neighbouring industrial plant in Loon-Plage
- Modernisation of the existing energy supply in Loon-Plage



Scope 1 and 2 CO<sub>2</sub> emissions in %



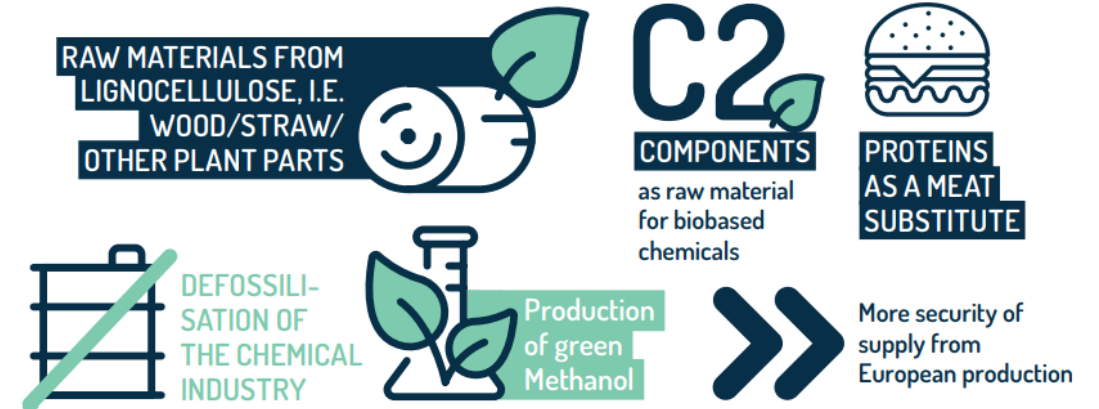
## Innovation from Biomass

For our future:

### Sustainability and climate neutrality

- Core business of mobility – with sustainable and climate-friendly fuels
- New business area – based on ethanol derivatives as an alternative to fossil raw materials
- Biogenic CO<sub>2</sub> as the raw material of the future and for the company's further development
- Protein products for the food and feed industry serve growth market and deepen value creation

## NEW PRODUCT AND PRODUCTION CONCEPTS





### Financial Calendar

6 July 2022:	Statement for the 1 <sup>st</sup> quarter of 2022/23
12 July 2022:	Annual General Meeting 2022 (virtual)
12 October 2022:	Report for the 1 <sup>st</sup> half of 2022/23
11 January 2023:	Statement for the 1 <sup>st</sup> -3 <sup>rd</sup> quarter of 2022/23
24 May 2023:	Annual report and press and analysts' conference FY 2022/23

### Stock Information

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

### **Disclaimer**

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± 1% - stable	± 1 – 4% - slight
± 4 – 10% - moderate	> ± 10% - significant

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