

Press release

CropEnergies assesses capacity adaptation of ethanol plants Particular focus on UK plant

Mannheim, 19 September 2022 – CropEnergies AG, Mannheim, Germany, is continuously assessing the capacity utilisation of all its renewable ethanol production plants. Given the multiplication in energy and power prices in combination with continuously high raw material prices, the pressure on the cost side is increasing. Particularly from January 2023 onwards, CropEnergies can only to a declining extend benefit from hedging positions entered before energy and power prices sky-rocketed. So far, increased costs could be offset by higher ethanol sales prices. Recently, however, ethanol sales prices have decreased significantly as an increasing volume of imports particularly from Brazil and the USA, which benefit from comparably much lower energy and raw material prices, have entered the EU and UK markets.

Against this background, CropEnergies will continue to carefully evaluate whether it will be possible to maintain the current capacity utilization of its plants from January 2023 onwards. The particular focus will be on the Ensus plant in Wilton, UK, as increased prices for natural gas and power are putting severe pressure on this plant's profitability. The plant has an annual production capacity of 400,000 cubic meters renewable ethanol, 350,000 tonnes of dried animal feed and up to 250,000 tonnes of biogenic CO₂. Within the coming weeks, management will closely monitor the energy, grain and ethanol markets and decide whether capacity adjustments or even a temporary shutdown of individual plants will be necessary. At the same time, CropEnergies calls on politicians to support companies with energy-intense production and to ensure a level playing field on the European ethanol market.

CropEnergies confirms its outlook for the current financial year 2022/23, however, and continues to expect an operating profit of EUR 215 to EUR 265 (previous year: EUR 127) million at revenues of EUR 1.47 to EUR 1.57 (previous year: EUR 1.08) billion. This corresponds to an EBITDA of EUR 255 to EUR 305 (previous year: EUR 169) million.

The outlook is based on the assumption of a continued normalised mobility behaviour. However, the effects of the Ukraine war remain difficult to assess. From today's perspective, CropEnergies generally assumes that sufficient raw materials will be available for the production of renewable ethanol as well as food and animal feed products. However, the further availability and price development on the energy markets are difficult to predict at the current time and against the background of political developments. Furthermore, it is expected that the EU member states will essentially maintain their blending targets for biofuels and that this will continue to enable high capacity utilisation. In addition, CropEnergies assumes that the – compared to the previous year – higher energy and raw material costs can continue to be at least partially offset by higher sales prices for ethanol and for food and animal feed products in the further course of the financial year.

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CropEnergies AG

Sustainable, renewable products made from biomass – that is what CropEnergies stands for. Our products contribute to a climate-friendly world and ensure that fossil carbons remain in the ground permanently and do not continue to drive climate change.

Founded in Mannheim in 2006, the member of the Südzucker Group is the leading European producer of renewable ethanol. With a production capacity of 1.3 million m³ of ethanol per year, CropEnergies produces neutral alcohol as well as technical alcohol (ethanol) for a wide range of applications at locations in Germany, Belgium, the UK, and France: Sustainably produced ethanol as a petrol substitute is an answer to the future challenges of climate-friendly energy supply in the transport sector. Thanks to highly efficient production plants, our ethanol reduces CO₂ emissions by an average of more than 70 percent across the entire value chain compared to fossil fuel. Our high-quality alcohol is also used in beverage production, cosmetics, pharmaceutical applications, for example as a basis for disinfectants, or as a raw material for innovative biochemicals.

Equally important are the resulting protein food and animal feed products as a sustainable regional alternative to emission-intensive protein imports from overseas, as well as biogenic carbon dioxide. It is used in beverage production, among other things, and will be a valuable raw material for a wide range of applications in transport and industry in the future. Thus, all raw material components are utilised in our circular economy. CropEnergies AG (ISIN DE000A0LAUP1) is listed on the regulated market (Prime Standard) of the Frankfurt Stock Exchange.

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