## Contact

**CropEnergies AG**
Maximilianstraße 10
68165 Mannheim

**Investor Relations**
Heike Baumbach
Phone: +49 (621) 714190-30
Fax: +49 (621) 714190-03
ir@cropenergies.de

**Public Relations / Marketing**
Nadine Dejung
Phone: +49 (621) 714190-65
Fax: +49 (621) 714190-05
presse@cropenergies.de

http://www.cropenergies.com

**Forward-looking statements and forecasts**
This report contains forward-looking statements. These statements are based on current estimations and forecasts of the executive board and information currently available to it. The forward-looking statements are not guarantees of the future developments and results mentioned therein. Rather, the future developments and results depend on a number of factors, entail various risks and imponderables and are based on assumptions that may not prove to be accurate. The opportunities and risk report on pages 62 to 70 of the 2014/15 Annual Report provides an overview of the risks. We do not accept any obligation to update the forward-looking statements made in this report.



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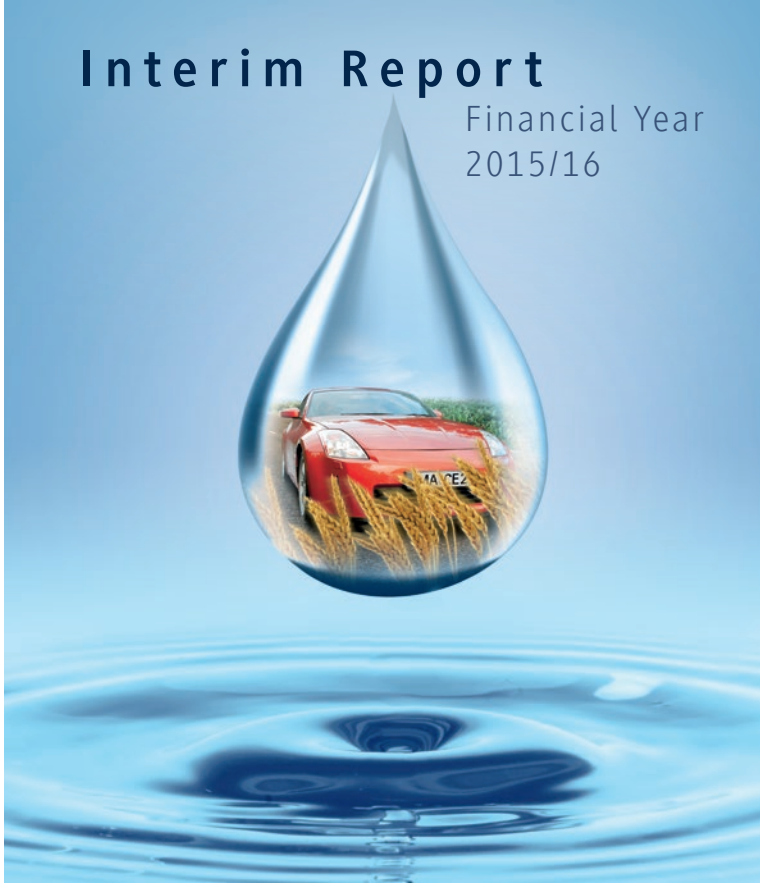
# Interim Report

Financial Year 2015/16



**1st – 3rd Quarter**
1 March to 30 November 2015

Mannheim, 12 January 2016

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SÜDZUCKER GROUP

The figures stated in brackets on the following pages refer to the same period or point in time in the previous year.

CropEnergies AG's financial year differs from the calendar year. The periods referred to are thus defined as follows:

3rd quarter: 1 September – 30 November
1st – 3rd quarter: 1 March – 30 November

The interim report is also available in German. This English translation is provided for convenience only and should not be relied upon exclusively. The German version of the interim report is definitive and takes precedence over this translation.



# Contents

# Highlights first three quarters of 2015/16

- Revenues decline to € 558.0 (626.4) million -11%
- EBITDA grows to € 89.0 (20.8) million + € 68 million
- Operating profit rises to € 63.4 (-6.1) million + € 70 million
- Net earnings increase to € 29.8 (-12.7) million + € 43 million
- Bioethanol production drops to 618,000 (777,000) m³ -20%
- Net financial debt decreases to € 85.8 (as of 28 February 2015: 150.1) million

# Outlook for the current 2015/16 financial year increased*

- Operating profit (before restructuring costs and special items) expected to range between € 70 and € 90 million
- Revenues expected to range between € 700 and € 750 million (in line with previous expectation)

# Interim management report

## Operating environment

### Statutory framework in the EU

The EU's "Renewable Energies Directive" continues to define the legal framework for the mandatory target of 10% for renewable energies in the transport sector for the year 2020. The main prerequisite for biofuels to access the market in the EU is that they comply with strict sustainability criteria, which, for example, place minimum requirements on sustainable biomass production and processing. This includes greenhouse gas savings of at least 35 wt.-% (from 2018: at least 50 wt.-%) in comparison with fossil fuels and rigorous documentation of the origin of the processed biomass. Moreover, the "Fuel Quality Directive" stipulates that, by the year 2020, there needs to be a reduction in greenhouse gases of 6 wt.-%, calculated in terms of overall fuel consumption.

### Amendment of the "Renewable Energies Directive" and the "Fuel Quality Directive"

Through the so-called "iLUC Directive", published on 15 September 2015, the European Parliament and the Council of the European Union have specified the manner in which the objectives of the "Renewable Energies Directive" and the "Fuel Quality Directive" are to be achieved. Member states need to implement this Directive within two years. The new regulation specifies that 7% of the stipulated 10% of renewable energies in the transport sector can come from conventional biofuels. The remaining 3% are to be achieved by using double counting of biofuels from wastes and residues, which will be additionally promoted, in part, by means of a sub-quota of at least 0.5%. Furthermore, the electricity used in rail and road transport will benefit from multiple counting.

As the extent of greenhouse gas emissions from indirect land use changes (iLUC) is controversial and can currently be estimated only in model-theoretic terms, member states are to report on these conjectured indirect effects in future, but they will continue not to be allocated directly to individual biofuels. It is regrettable that the "iLUC Directive" allows fictitious double counting of biofuels from so-called wastes and residues. This will reduce the quantity of renewable fuels, thereby creating a powerful incentive for increased consumption of fossil fuels. The same result will be achieved by multiple counting of electricity in the transport sector.

Together with the bioethanol associations at national and European level, CropEnergies is campaigning for rapid and appropriate implementation of the new regulation. Furthermore, in discussions regarding a climate and energy package for 2030, CropEnergies will campaign for the continuation of the promotion of sustainably produced biofuels.

* Cf. ad hoc announcement of 19 November 2015.

## Germany: lowering greenhouse gas emissions from fuels

In Germany, the previously applicable biofuels quota was replaced by a greenhouse gas reduction target with effect from 1 January 2015, the aim being to bring about a 3.5 wt.-% reduction in greenhouse gas emissions in the fuel sector. From 2017 onwards, this reduction target is to rise to 4.0 wt.-% and, from 2020 onwards, to 6.0 wt.-%.

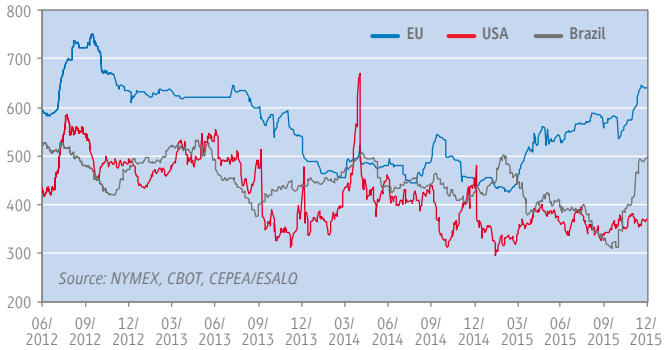
The consumption data for 2015 collected thus far show that the greenhouse gas savings produced by biofuels in comparison with fossil fuels were, on average, 60% and thus higher than initially assumed. However, this was of no benefit to the environment, as the oil industry reduced actual biofuel blending levels accordingly and again sold more fossil fuels on the market, thereby undermining the objective of lowering greenhouse gas emissions in the transport sector. The German biofuels industry is therefore calling for the planned increase in the greenhouse gas reduction target of 4 wt.-% to be implemented earlier than 2017. It is also calling for the savings target to be increased progressively in the following years. This would provide a continual incentive to replace fossil fuels and ensure that the greenhouse gas reduction target of 6 wt.-%, which applies from 2020 onwards, is actually achieved.

## Further increase in ethanol prices

Market observers expect global bioethanol production in 2015 to increase to 115.1 million m³ (+2.7%). This is due to the 3.1% growth in the production of fuel ethanol to 97.1 million m³. Global bioethanol production is expected to remain virtually constant in 2016, at 114.2 million m³. The production of fuel ethanol is expected to account for 96.7 million m³ of this figure.

In the USA, bioethanol production of 57.3 million m³ (+2.8%) and a significant increase in net exports of bioethanol to 3.3 million m³ (+19.3%) are expected in 2015. The one-month futures contract for ethanol on the Chicago Board of Trade (CBOT) remained at

**International bioethanol prices (€/m³)**




a low level of around US$ 1.50/gallon. Owing to the devaluation of the euro, the price of ethanol at the end of November 2015, at the equivalent of € 370/m³, was above the level of € 340/m³ at the beginning of September 2015. The continuing low price of oil, which, on average, stood at around US$ 45/barrel for the US grade West Texas Intermediate (WTI) during the reporting period, also contributed to the low price level.

Bioethanol production in Brazil is expected to rise by 2.4% to 29.7 million m³ in the 2015/16 sugar year. In view of a significant increase in domestic demand to 29.3 million m³ (+9.2%), a largely balanced supply situation is expected. At the equivalent of around € 500/m³ at the end of November 2015, Brazilian ethanol prices were significantly above the level of around € 330/m³ at the beginning of September 2015. Contributing factors were not only the continuing high domestic demand, but also the fact that the recent sugar cane harvest remained below expectations owing to unfavourable weather conditions.

After ethanol prices in Europe had already risen in the 1st half of 2015/16, they continued their upward trend in the reporting period. At the beginning of September 2015, prices stood at around € 570/m³ FOB Rotterdam, climbing to over € 640/m³ by the end of November 2015. This development was due to a continuing tight supply situation, particularly on the main European marketplace for bioethanol in Rotterdam.

In view of the downward trend in the consumption of petrol and without any momentum from an increase in blending targets, 2015 is expected to bring a further 2.9% reduction in the consumption of fuel ethanol in the EU to 5.2 (5.3) million $m^3$. The production of fuel ethanol is expected to decline by 3.4% to 5.1 (5.3) million $m^3$. In view of a slight fall in demand, market observers expect there to be a small production surplus of fuel ethanol for the first time in 2016. This means that the existing potential for bioethanol to bring about a rapid and cost-efficient reduction in greenhouse gas emissions once more will not to be fully utilized. Prompt introduction of E10 in further EU member states would speed up decarbonisation of the transport sector and significantly improve its environmental footprint.

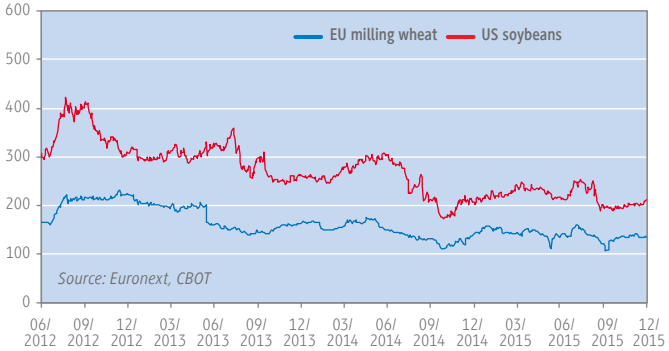
In Germany, fuel ethanol consumption is expected to fall by 4.0% to 1.5 million $m^3$ in 2015. According to provisional consumption data, fuel ethanol sales in Germany fell by 3.7% to around 1.1 million $m^3$ from January to September 2015. Sales of petrol fell by 1.5% to 13.6 million tonnes in the same period. Sales of E10 in the petrol market declined to 1.9 (2.1) million tonnes, which is equivalent to a market share of 13.7% (15.4%).

## Stable grain and oilseed prices

According to its forecast published on 11 December 2015, the US Department of Agriculture (USDA) expects to see world grain production (excluding rice) of 2,003 million tonnes (-1.0%) in 2015/16, which is only slightly below last year's record harvest. Given anticipated grain consumption of 1,983 million tonnes (+0.6%), a further increase in stocks to 475 (455) million tonnes is expected.

In the 2015/16 grain year, the European Commission expects the grain harvest in the EU to decline by around 6.3%. However, an above-average amount of grain, at 309 million tonnes, is still expected to be harvested, and the anticipated consumption, at 284 million tonnes, is expected to be significantly exceeded once more. Use as animal feed, with a share of more than 60%, accounts for the majority of grain consumption. With net exports of 25 (36) million tonnes, the EU continues to make a significant contribution to the supply of the world market. Only 11 million tonnes are expected to be used for the production of bioethanol, with around a third of this quantity flowing back into the market as food and animal feed products. European wheat prices on Euronext in Paris stood at around € 180/tonne until the end of November.

**International agricultural prices (€/t)**




The USDA is again expecting a record soybean harvest of 320 (319) million tonnes for 2015/16 and a further build-up of global stocks to 83 (78) million tonnes. The one-month soybean futures contract on CBOT mainly moved sideways from September to November 2015 and was largely below the US$ 9/bushel* mark. Converted into euro, however, the price rose from € 290/tonne to € 305/tonne, owing to exchange rate developments. Rapeseed meal prices, on the other hand, fell from € 230/tonne at the beginning of September 2015 to around € 200/tonne at the end of November 2015.

* A bushel of soybeans is equivalent to 27.216 kg of soybeans.

## Business development

### Decline in the production of bioethanol and food and animal feed products

As expected, CropEnergies' bioethanol production declined year over year to 618,000 (777,000) m³ in the first nine months of the 2015/16 financial year. The decline in production was primarily due to the temporary closure of the plant in Wilton. Due to the reduction in bioethanol production, the production of food and animal feed products was also lower. The production of neutral alcohol was increased, after the plant with an annual production capacity of up to 60,000 m³ of high-quality food-grade neutral alcohol had been put into operation in Zeitz at the beginning of the year. This plant will allow CropEnergies to exploit additional attractive sales opportunities in traditional market segments (e.g. the beverage, cosmetics, pharmaceutical and chemical industries).

### Revenues and net earnings

| € thousands | 3rd quarter | | 1st – 3rd quarter | |
|---|---|---|---|---|
| | 2015/16 | 2014/15 | 2015/16 | 2014/15 |
| **Revenues** | **167,600** | **221,849** | **557,991** | **626,405** |
| **EBITDA*** | **32,239** | **7,296** | **89,016** | **20,755** |
| *EBITDA margin in %* | *19.2%* | *3.3%* | *16.0%* | *3.3%* |
| Depreciation* | -8,505 | -9,018 | -25,591 | -26,873 |
| **Operating profit** | **23,734** | **-1,722** | **63,425** | **-6,118** |
| *Operating margin in %* | *14.2%* | *-0.8%* | *11.4%* | *-1.0%* |
| Restructuring costs and special items | -4,013 | 0 | -12,990 | 0 |
| Income from companies consolidated at equity | 58 | 384 | 39 | 315 |
| **Income from operations** | **19,779** | **-1,338** | **50,474** | **-5,803** |
| Financial result | -559 | -1,386 | -3,184 | -3,791 |
| **Earnings before income taxes** | **19,220** | **-2,724** | **47,290** | **-9,594** |
| Taxes on income | -7,373 | -644 | -17,462 | -3,094 |
| **Net earnings (loss) for the period** | **11,847** | **-3,368** | **29,828** | **-12,688** |
| **Earnings per share, diluted/undiluted (€)** | **0.13** | **-0.04** | **0.34** | **-0.14** |

* Without restructuring costs and special items

### Business development: 3rd quarter

As expected, revenues declined to € 167.6 (221.8) million, mainly due to the temporary closure of the production plant in Wilton. However, the lower production and sales volumes of bioethanol as well as food and animal feed products and the reduced trade volumes were offset by significantly higher revenues for bioethanol.

The favourable revenue situation on the bioethanol markets was also reflected in CropEnergies' earnings figures. In conjunction with slightly lower raw material prices, CropEnergies significantly increased its specific gross margin. The costs incurred in Wilton during the closure of the production plant were classified as restructuring costs. Overall, EBITDA increased significantly to € 32.2 (7.3) million despite the decline in volumes described.

CropEnergies therefore also achieved a noticeable improvement in operating profit, which rose to € 23.7 (-1.7) million. The operating margin increased to 14.2% (-0.8%). Restructuring or special costs of € 4.0 (0.0) million were incurred in the reporting period as a result of the temporary closure of the plant in Wilton. Income from operations, as the sum of operating profit, earnings from entities consolidated at equity and special items, rose to € 19.8 (-1.3) million.

Supported by significantly lower net financial debt, the financial result improved to € -0.6 (-1.4) million. Earnings before income taxes rose to € 19.2 (-2.7) million. After taxes, this produces net earnings of € 11.8 (-3.4) million for the 3rd quarter of 2015/16. Based on 87.25 million no-par-value shares, that translates into earnings per share of € 0.13 (-0.04).

**Business development: 1st – 3rd quarter**

As expected, CropEnergies' revenues, at € 558.0 (626.4) million, lagged behind the previous year's level, mainly due to the temporary closure of the plant in Wilton. Lower production and sales volumes were offset by significantly higher revenues for bioethanol.

In conjunction with lower raw material prices and virtually constant revenues for the food and animal feed products produced, net raw material costs fell significantly. Combined with the advantageous development in revenues for bioethanol, there was a considerable improvement in earnings power. As a result of classifying the costs of the temporary closure of the production plant in Wilton as restructuring costs, there is also an improvement in the operating cost structure. This enabled CropEnergies to increase EBITDA significantly to € 89.0 (20.8) million.

After allowing for depreciation, operating profit of € 63.4 (-6.1) million, and hence an operating margin of 11.4% (-1.0%), was achieved. Restructuring or special costs of € 13.0 (0.0) million were incurred in the reporting period as a result of the temporary closure of the production plant in Wilton. Income from operations, as the sum of operating profit, earnings from entities consolidated at equity and special items, rose to € 50.5 (-5.8) million.

The financial result improved to € -3.2 (-3.8) million, contributing to better earnings before income taxes which rose significantly to € 47.3 (-9.6) million. After taxes, this produces net earnings of € 29.8 (-12.7) million for the reporting period. Based on 87.25 million no-par-value shares, that translates into earnings per share of € 0.34 (-0.14).

## Statement of changes in financial position

| € thousands | 1st – 3rd quarter | |
|---|---|---|
| | 2015/16 | 2014/15 |
| **Gross cash flow** | **63,452** | **15,405** |
| Change in net working capital | 14,045 | 10,984 |
| **Net cash flow from operating activities** | **77,497** | **26,389** |
| Investments in property, plant and equipment and intangible assets | -13,091 | -23,174 |
| Cash received on disposal of non-current assets | 67 | 109 |
| **Cash flow from investing activities** | **-13,024** | **-23,065** |
| **Cash flow from financing activities** | **-66,792** | **-9,240** |
| Change in cash and cash equivalents due to exchange rate changes | -88 | 51 |
| **Decrease in cash and cash equivalents** | **-2,407** | **-5,865** |

As a result of the increase in EBITDA, cash flow rose significantly to € 63.5 (15.4) million. Including the change in net working capital, cash flow from operating activities in the 1st to 3rd quarter amounted to € 77.5 (26.4) million.

Cash outflow from investing activities declined to € 13.0 (23.1) million, being almost entirely accounted for by investments in property, plant and equipment. The investments served, in particular, to diversify the product portfolio and to make improvements in production plants.

The receipt of financial liabilities amounting to € 6.0 million was more than offset by repayments of € 72.8 million. This resulted in a net cash outflow from financing activities of € 66.8 (9.2) million and a considerable reduction of € 64.3 million in net financial debt to € 85.8 million.

## Balance sheet structure

| € thousands | 30 November 2015 | 30 November 2014 | Change | 28 February 2015 |
|---|---|---|---|---|
| **Assets** | | | | |
| Non-current assets | 471,102 | 501,289 | -30,187 | 493,362 |
| Current assets | 138,819 | 163,784 | -24,965 | 150,552 |
| **Total assets** | **609,921** | **665,073** | **-55,152** | **643,914** |
| **Liabilities and shareholders' equity** | | | | |
| Shareholders' equity | 363,394 | 374,767 | -11,373 | 331,660 |
| Non-current liabilities | 119,533 | 117,228 | 2,305 | 157,863 |
| Current liabilities | 126,994 | 173,078 | -46,084 | 154,391 |
| **Total liabilities and shareholders' equity** | **609,921** | **665,073** | **-55,152** | **643,914** |
| Net financial debt | 85,763 | 140,024 | -54,261 | 150,148 |
| Equity ratio | 59.6% | 56.3% | | 51.5% |

**Non-current assets** declined by € 30.2 million to € 471.1 million as of 30 November 2015, with deferred tax assets, in particular, being reduced by € 20.5 million to € 2.7 million. As a result of scheduled depreciation and taking investments into account, fixed assets decreased by € 9.7 million to € 466.6 million. Goodwill, at € 5.6 million, and shares in companies consolidated at equity, at € 1.8 million, remained unchanged.

**Current assets** declined by € 25.0 million year over year to € 138.8 million. Inventory stocks, in particular, were reduced by € 23.1 million to € 44.1 million. Furthermore, trade receivables and other assets declined by € 6.8 million to € 81.2 million. This also includes the positive mark-to-market values from derivative hedging instruments of € 2.1 (3.4) million. Tax refund claims increased by € 5.6 million to € 6.2 million and cash and cash equivalents declined by € 0.7 million to € 7.3 million.

**Non-current liabilities** increased by € 2.3 million to € 119.5 million, with other provisions rising by € 12.4 million to € 14.6 million, mainly due to the temporary closure of the production plant in Wilton. Long-term financial liabilities were reduced by € 9.0 million to € 66.0 million through repayments. Furthermore, deferred tax liabilities, which were mainly recognised due to depreciation differences, declined by € 1.9 million to € 22.6 million, while provisions for pensions and similar obligations rose by € 1.2 million to € 15.9 million. Other liabilities were reduced by half to € 0.4 million.

**Current liabilities** declined by € 46.1 million to € 127.0 million, with short-term financial liabilities decreasing by € 45.9 million to € 27.0 million. Furthermore, trade payables and other liabilities declined by € 21.4 million to € 70.5 million. This also includes the negative mark-to-market values from derivative hedging instruments of € 1.0 (2.5) million. As a result of the positive earnings development, however, current tax liabilities increased by € 11.3 million to € 13.7 million. Other current provisions increased, due to the temporary closure of the production plant in Wilton, by € 9.9 million to € 15.8 million.

On balance, **net financial debt** was significantly reduced to € 85.8 (140.0) million. Of the financial liabilities, € 66.0 million are long-term and € 27.0 million are due in the short term. Set against this, there are cash and cash equivalents of € 7.3 million.

**Shareholders' equity** decreased year over year to € 363.4 (374.8) million. That corresponds to an equity ratio of 59.6% (56.3%).

## Report on events after the balance sheet date

Since 30 November 2015, there have been no transactions of particular importance which can be expected to have a significant impact on the assets, liabilities, financial position and profit or loss.

## Risk and opportunities report

CropEnergies uses an integrated system for the early detection and monitoring of group-specific risks. The successful treatment of risks is based on achieving an appropriate balance between income and risks. The company's risk culture is characterised by risk-conscious conduct, clearly defined responsibilities, independence during risk controlling and the implementation of internal controls.

There are no risks posing a threat to the company's continued existence and there are none discernible at the present time.

For detailed information on the risk management system and the group's opportunities and risks, please refer to the "Risk and opportunities report" on pages 62 to 70 of the Annual Report for the 2014/15 financial year. The disclosures provided there are still valid.

## Outlook

The spot prices for bioethanol stabilized at a level significantly above the previous year's in the course of the 2015/16 financial year. The extent to which this is sustainable remains uncertain in view of lower forward prices. Considerable volatility is therefore to be expected.

Owing to the temporary closure of the plant in Wilton, the production of both bioethanol and food and animal feed products will decrease in the 2015/16 financial year. The plants in Zeitz, Wanze and Loon-Plage are run at high capacity utilisation rates. Including trading, this is expected to ensure a sales volume for bioethanol of around 1 million $m^3$. CropEnergies expects revenues to range between € 700 and € 750 million.

On 19 November 2015, CropEnergies again significantly increased its earnings forecast for the 2015/16 financial year and now expects to generate an EBITDA, adjusted for special items, of between € 105 and € 125 million. After depreciation, operating profit (before restructuring costs and special items) is expected to range between € 70 and € 90 million. Apart from this, special expenses of up to € 20 million are expected as a result of the temporary closure of the plant in Wilton.

In the 2016/17 financial year, business performance will again significantly depend on price developments on the bioethanol markets. The forward prices for bioethanol in Europe for the 2016/17 financial year are currently showing a significant decline. These prices would lead to earnings of around € 30 million. In line with experiences in the 2015/16 financial year, in which some of the spot prices realised were more than 10 percent higher than the previously quoted forward prices, operating profit would amount to up to € 70 million. In each case, CropEnergies is assuming grain prices to be stable.

The EU decisions to increase the proportion of renewable energies in the transport sector should ensure further market growth in the medium term. In particular, increasing the blending rates should result in E10 being introduced in additional member states. As one of the leading producers in Europe and owing to the flexibility and capacity of its plants, CropEnergies is well equipped for the corresponding increase in demand.

# Interim financial statements

## Statement of comprehensive income

| € thousands | 3rd quarter | | 1st–3rd quarter | |
|---|---|---|---|---|
| | 2015/16 | 2014/15 | 2015/16 | 2014/15 |
| Income statement | | | | |
| **Revenues** | **167,600** | **221,849** | **557,991** | **626,405** |
| Change in work in progress and finished goods inventories and internal costs capitalised | 621 | 6,680 | -16,585 | 2,265 |
| Other operating income | 2,951 | 1,241 | 5,850 | 5,084 |
| Cost of materials | -120,181 | -196,351 | -396,073 | -538,523 |
| Personnel expenses | -8,772 | -8,629 | -29,229 | -25,014 |
| Depreciation | -9,472 | -9,018 | -28,523 | -26,873 |
| Other operating expenses | -13,026 | -17,494 | -42,996 | -49,462 |
| Income from companies consolidated at equity | 58 | 384 | 39 | 315 |
| **Income from operations** | **19,779** | **-1,338** | **50,474** | **-5,803** |
| Financial income | 216 | 157 | 547 | 638 |
| Financial expenses | -775 | -1,543 | -3,731 | -4,429 |
| **Earnings before income taxes** | **19,220** | **-2,724** | **47,290** | **-9,594** |
| Taxes on income | -7,373 | -644 | -17,462 | -3,094 |
| **Net earnings (loss) for the period** | **11,847** | **-3,368** | **29,828** | **-12,688** |
| **Earnings per share, diluted/undiluted (€)** | **0.13** | **-0.04** | **0.34** | **-0.14** |
| **Table of other comprehensive income** | | | | |
| **Net earnings (loss) for the period** | **11,847** | **-3,368** | **29,828** | **-12,688** |
| Mark-to-market gains and losses* | 4,370 | 2,896 | -824 | 813 |
| Exchange differences on net investments in foreign operations* | 0 | -143 | 0 | -143 |
| Foreign currency differences from consolidation | 1,044 | 287 | 1,123 | 2,551 |
| **Income and expenses to be reclassified in future in the profit and loss account** | **5,414** | **3,040** | **299** | **3,221** |
| Remeasurement of defined benefit plans and similar obligations* | 0 | 0 | 1,607 | -2,385 |
| **Income and expenses not to be reclassified in future in the profit and loss account** | **0** | **0** | **1,607** | **-2,385** |
| **Income and expenses recognised in shareholders' equity** | **5,414** | **3,040** | **1,906** | **836** |
| **Total comprehensive income** | **17,261** | **-328** | **31,734** | **-11,852** |

* After deferred taxes

## Cash flow statement

| € thousands | 1st – 3rd quarter | |
|---|---|---|
| | 2015/16 | 2014/15 |
| Net earnings (loss) for the period | 29,828 | -12,688 |
| Depreciation and amortisation of intangible assets, property, plant and equipment and other investments | 28,523 | 26,873 |
| Other items | 5,101 | 1,220 |
| **Gross cash flow** | **63,452** | **15,405** |
| Change in net working capital | 14,045 | 10,984 |
| **I. Net cash flow from operating activities** | **77,497** | **26,389** |
| Investments in property, plant and equipment and intangible assets | -13,091 | -23,174 |
| Cash received on disposal of non-current assets | 67 | 109 |
| **II. Cash flow from investing activities** | **-13,024** | **-23,065** |
| Dividends paid | 0 | -8,725 |
| Receipt of financial liabilities | 6,000 | 55,090 |
| Repayment of financial liabilities | -72,792 | -55,605 |
| **III. Cash flow from financing activities** | **-66,792** | **-9,240** |
| **Change in cash and cash equivalents (Total of I., II. and III.)** | **-2,319** | **-5,916** |
| Change in cash and cash equivalents due to exchange rate changes | -88 | 51 |
| **Decrease in cash and cash equivalents** | **-2,407** | **-5,865** |
| Cash and cash equivalents at the beginning of the period | 9,718 | 13,870 |
| **Cash and cash equivalents at the end of the period** | **7,311** | **8,005** |

| € thousands | 1st – 3rd quarter | |
|---|---|---|
| | 2015/16 | 2014/15 |
| Interest expense | 2,788 | 3,990 |
| Tax payments | 6,095 | 7,083 |

## Balance sheet

| € thousands | 30 November 2015 | 30 November 2014 | Change | 28 February 2015 |
|---|---|---|---|---|
| **Assets** | | | | |
| Intangible assets | 9,818 | 10,559 | -741 | 10,672 |
| Property, plant and equipment | 456,794 | 465,730 | -8,936 | 470,155 |
| Shares in companies consolidated at equity | 1,767 | 1,753 | 14 | 1,728 |
| Receivables and other assets | 46 | 45 | 1 | 46 |
| Deferred tax assets | 2,677 | 23,202 | -20,525 | 10,761 |
| **Non-current assets** | **471,102** | **501,289** | **-30,187** | **493,362** |
| Inventories | 44,096 | 67,161 | -23,065 | 63,631 |
| Trade receivables and other assets | 81,153 | 87,968 | -6,815 | 74,023 |
| Current tax receivables | 6,259 | 650 | 5,609 | 3,180 |
| Cash and cash equivalents | 7,311 | 8,005 | -694 | 9,718 |
| **Current assets** | **138,819** | **163,784** | **-24,965** | **150,552** |
| **Total assets** | **609,921** | **665,073** | **-55,152** | **643,914** |
| | | | | |
| **Liabilities and shareholders' equity** | | | | |
| Subscribed capital | 87,250 | 87,250 | 0 | 87,250 |
| Capital reserves | 197,847 | 222,764 | -24,917 | 222,764 |
| Revenue reserves and other equity accounts | 78,297 | 64,753 | 13,544 | 21,646 |
| **Shareholders' equity** | **363,394** | **374,767** | **-11,373** | **331,660** |
| Provisions for pensions and similar obligations | 15,893 | 14,643 | 1,250 | 16,291 |
| Other provisions | 14,587 | 2,172 | 12,415 | 19,310 |
| Non-current financial liabilities | 66,034 | 75,069 | -9,035 | 99,064 |
| Other liabilities | 414 | 809 | -395 | 704 |
| Deferred tax liabilities | 22,605 | 24,535 | -1,930 | 22,494 |
| **Non-current liabilities** | **119,533** | **117,228** | **2,305** | **157,863** |
| Other provisions | 15,778 | 5,817 | 9,961 | 18,558 |
| Current financial liabilities | 27,040 | 72,960 | -45,920 | 60,802 |
| Trade payables and other liabilities | 70,502 | 91,907 | -21,405 | 73,858 |
| Current tax liabilities | 13,674 | 2,394 | 11,280 | 1,173 |
| **Current liabilities** | **126,994** | **173,078** | **-46,084** | **154,391** |
| **Total liabilities and shareholders' equity** | **609,921** | **665,073** | **-55,152** | **643,914** |

## Development of shareholders' equity

| | | | Revenue reserves and other equity accounts | | | | |
|---|---|---|---|---|---|---|---|
| € thousands | Subscribed capital | Capital reserves | Revenue reserves | Cash flow hedges | Cumulative foreign currency differences | Total | Total consolidated shareholders' equity |
| **1 March 2014** | **87,250** | **222,764** | **85,510** | **-2,158** | **1,978** | **85,330** | **395,344** |
| **Net earnings (loss) for the period** | | | **-12,688** | | | **-12,688** | **-12,688** |
| Mark-to-market gains and losses on cash flow hedging instruments* | | | | 813 | | | |
| Exchange differences on net investments in foreign operations* | | | | | -143 | | |
| Foreign currency differences from consolidation | | | | | 2,551 | | |
| Remeasurement of defined benefit plans and similar obligations* | | | -2,385 | | | | |
| **Income and expenses recognised in shareholders' equity** | | | **-2,385** | **813** | **2,408** | **836** | **836** |
| **Total comprehensive income** | | | **-15,073** | **813** | **2,408** | **-11,852** | **-11,852** |
| **Dividends paid** | | | **-8,725** | | | **-8,725** | **-8,725** |
| **30 November 2014** | **87,250** | **222,764** | **61,712** | **-1,345** | **4,386** | **64,753** | **374,767** |
| | | | | | | | |
| **1 March 2015** | **87,250** | **222,764** | **15,921** | **16** | **5,709** | **21,646** | **331,660** |
| **Net earnings (loss) for the period** | | | **29,828** | | | **29,828** | **29,828** |
| Mark-to-market gains and losses on cash flow hedging instruments* | | | | -824 | | | |
| Foreign currency differences from consolidation | | | | | 1,123 | | |
| Remeasurement of defined benefit plans and similar obligations* | | | 1,607 | | | | |
| **Income and expenses recognised in shareholders' equity** | | | **1,607** | **-824** | **1,123** | **1,906** | **1,906** |
| **Total comprehensive income** | | | **31,435** | **-824** | **1,123** | **31,734** | **31,734** |
| **Dividends paid** | | | **0** | | | **0** | **0** |
| **Other changes** | | **-24,917** | **24,917** | **0** | **0** | **24,917** | **0** |
| **30 November 2015** | **87,250** | **197,847** | **72,273** | **-808** | **6,832** | **78,297** | **363,394** |

* After deferred taxes

# Notes to the interim financial statements

**Basis of preparation of the interim consolidated financial statements**

The interim financial statements of the CropEnergies Group as of 30 November 2015 have been prepared according to the rules for interim financial reporting of IAS 34 in compliance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) and their interpretation by the International Financial Reporting Interpretations Committee (IFRIC). In accordance with IAS 34, the interim consolidated financial statements of CropEnergies AG as of 30 November 2015 are presented in a condensed form. The interim consolidated financial statements as of 30 November 2015 have not been reviewed. The executive board of CropEnergies AG prepared these interim financial statements on 30 December 2015.

As shown in the notes to the Annual Report for the 2014/15 financial year in item (1) "Principles of preparation of the consolidated financial statements" on pages 80 to 89, new or amended standards and interpretations were applicable for the first time to the interim reporting.

On 30 November 2015, a discount rate of 2.50% was used as a basis for major pension plans when calculating the provisions for pensions and similar obligations; on 28 February 2015 and 30 November 2014, respectively, the discount rate was based on 2.05% and 2.50%.

Income taxes were calculated on the basis of country-specific income tax rates, taking into account income tax planning for the entire financial year. Irrespective of the annual tax rate calculation, significant special items are fully recognised in the respective quarter.

Otherwise, the same accounting principles as used in the preparation of the consolidated annual financial statements as of 28 February 2015 have been applied. Their explanations in the notes to the 2014/15 Annual Report in item (5) "Accounting principles" on pages 92 to 99 therefore apply accordingly. The number of employees is given as a full-time equivalent on the reference date.

**Consolidated companies**

The separate financial statements of CropEnergies AG and the entities which it controls (subsidiary companies) are included in the consolidated financial statements according to the principles of full consolidation. Control is deemed to be given if the company has the power to govern the financial and operating policies of an entity so as to obtain economic benefits from its activities. Accordingly, the following subsidiary companies are consolidated:

- CropEnergies Bioethanol GmbH, Zeitz
- CropEnergies Beteiligungs GmbH, Mannheim
- BioWanze SA, Brussels (Belgium)
- Ryssen Alcools SAS, Loon-Plage (France)
- Compagnie Financière de l'Artois SA, Paris (France)
- Ensus Ltd, Yarm (United Kingdom)
- Ensus UK Ltd, Yarm (United Kingdom)
- Ryssen Chile SpA, Lampa, Santiago de Chile (Chile)
- CropEnergies Inc., Houston (USA)

The joint venture

- CT Biocarbonic GmbH, Zeitz,

in which CropEnergies has a 50% interest and which is under joint management, is included at equity in the consolidated financial statements. CT Biocarbonic GmbH's contribution to earnings is thereby included only in earnings from entities consolidated at equity.

## Revenue, profit, investment, and employees

| € thousands | 1st–3rd quarter | |
|---|---|---|
| | 2015/16 | 2014/15 |
| **Revenues** | **557,991** | **626,405** |
| | | |
| **EBITDA*** | **89,016** | **20,755** |
| *EBITDA margin in %* | *16.0%* | *3.3%* |
| Depreciation* | -25,591 | -26,873 |
| **Operating profit** | **63,425** | **-6,118** |
| *Operating margin in %* | *11.4%* | *-1.0%* |
| Restructuring costs and special items | -12,990 | 0 |
| Income from companies consolidated at equity | 39 | 315 |
| **Income from operations** | **50,474** | **-5,803** |
| | | |
| **Investments in property, plant and equipment and intangible assets** | **13,091** | **23,174** |
| | | |
| **Employees** | **416** | **437** |

* Without restructuring costs and special items

EBITDA increased significantly to € 89.0 (20.8) million. After allowing for depreciation, operating profit of € 63.4 (-6.1) million, and hence an operating margin of 11.4% (-1.0%), was achieved. Restructuring or special costs of € 13.0 (0.0) million were incurred in the reporting period as a result of the temporary closure of the production plant in Wilton. Income from operations, as the sum of operating profit, earnings from entities consolidated at equity and special items, rose to € 50.5 (-5.8) million.

Of the capital expenditures, € 13.0 (23.1) million was on property, plant and equipment. Of the total, € 6.8 million was invested at CropEnergies Bioethanol GmbH and € 5.8 million at BioWanze SA.

As of the end of the first nine months of the 2015/16 financial year, the number of employees (full-time equivalents) stood at 416 (437). Of this figure, 47 were employed at CropEnergies AG, 117 at CropEnergies Bioethanol GmbH, 125 at BioWanze SA, 47 at Ryssen Alcools SAS, 73 at Ensus UK Ltd and 7 at Ryssen Chile SpA.

## Earnings per share

The net earnings of € 29.8 million in the 1st–3rd quarter of the 2015/16 financial year are fully attributable to the shareholders of CropEnergies AG. Earnings per share (IAS 33) have been calculated on the basis of 87.25 (87.25) million shares. This produces earnings per share for the 1st–3rd quarter of the 2015/16 financial year of € 0.34 (-0.14); there was no dilution of earnings per share.

## Inventories

| € thousands | 30 November | |
|---|---|---|
| | 2015 | 2014 |
| Raw materials and supplies | 15,798 | 18,761 |
| Work in progress | 3,453 | 4,807 |
| Finished goods and merchandise | 24,845 | 43,593 |
| | **44,096** | **67,161** |

There was a volume-related reduction of € 23.1 million in inventories to € 44.1 million.

## Trade receivables and other assets

| € thousands | 30 November | |
|---|---|---|
| | 2015 | 2014 |
| Trade receivables | 53,696 | 54,632 |
| Receivables from affiliated companies | 10,383 | 10,123 |
| Other assets | 17,074 | 23,213 |
| | **81,153** | **87,968** |

Trade receivables and receivables from affiliated companies declined slightly by € 0.7 million to € 64.1 million.

Other assets, amounting to € 17.1 (23.2) million, consist, in particular, of non-financial assets in the form of VAT receivables of € 7.4 (4.5) million and receivables from advance payments of € 6.2 (6.5) million as well as financial assets in the form of positive mark-to-market values of derivative hedging instruments of € 2.1 (3.4) million and other financial assets of € 1.4 (1.8) million.

## Shareholders' equity

Shareholders' equity decreased year over year to € 363.4 (374.8) million. The revenue reserves and other equity accounts consist of the retained net earnings for the year, the changes in cash flow hedges, pensions and similar obligations recognised directly in equity, and consolidation-related currency translation effects. The "cash flow hedges" item contains the changes in the mark-to-market values – including deferred taxes – of wheat and currency derivatives including accruals amounting to € -0.8 (0.8) million.

## Trade payables and other liabilities

| € thousands | 30 November | |
|---|---|---|
| | 2015 | 2014 |
| Trade payables | 31,509 | 43,912 |
| Payables to affiliated companies | 24,678 | 31,342 |
| Other liabilities | 14,315 | 16,653 |
| | **70,502** | **91,907** |

Trade payables and liabilities to affiliated companies declined by € 19.1 million to € 56.2 million.

Other liabilities, amounting to € 14.3 (16.7) million, mainly comprise non-financial liabilities in respect of other taxes amounting to € 7.2 (5.7) million, liabilities in respect of personnel expenses of € 4.9 (4.8) million and financial liabilities in the form of negative mark-to-market values of derivative hedging instruments of € 1.0 (2.5) million.

## Financial liabilities

| € thousands | 30 November | |
|---|---|---|
| | 2015 | 2014 |
| Liabilities to banks | 0 | 12,908 |
| Liabilities to affiliated companies | 93,000 | 135,000 |
| Liabilities from finance leasing | 74 | 121 |
| **Financial liabilities** | **93,074** | **148,029** |
| | | |
| Cash and cash equivalents | -7,311 | -8,005 |
| **Net financial debt** | **85,763** | **140,024** |

Net financial debt as of 30 November 2015 decreased to € 85.8 (140.0) million. This includes long-term financial liabilities of € 66.0 (75.1) million. All long-term financial liabilities relate to affiliated companies in the Südzucker Group.

## Financial instruments and financial liabilities

### Financial instruments

In the table below, the financial assets and liabilities calculated at fair value are classified by measurement level (fair value hierarchy) according to IFRS 13:

| € thousands | Fair Value Hierarchy | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 30 November 2015 | Level 1 | Level 2 | Level 3 | 30 November 2014 | Level 1 | Level 2 | Level 3 |
| Positive market values – Cash flow hedge derivatives | 482 | 0 | 482 | 0 | 1,002 | 705 | 297 | 0 |
| Positive market values – Derivatives held for trading | 1,606 | 1,606 | 0 | 0 | 2,366 | 126 | 2,240 | 0 |
| **Financial assets** | **2,088** | **1,606** | **482** | **0** | **3,368** | **831** | **2,537** | **0** |
| Negative market values – Cash flow hedge derivatives | 812 | 812 | 0 | 0 | 176 | 0 | 176 | 0 |
| Negative market values – Derivatives held for trading | 229 | 55 | 174 | 0 | 2,314 | 0 | 2,314 | 0 |
| **Financial liabilities** | **1,041** | **867** | **174** | **0** | **2,490** | **0** | **2,490** | **0** |

### Financial liabilities

The fair values of liabilities to affiliated companies are calculated as the present values of the cash outflows associated with the liabilities, based on the yield curve applicable on the respective balance sheet date. The fair values of liabilities to affiliated companies amounted to € 93.5 (135.0) million as of 30 November 2015, with book values of € 93.0 (135.0) million.

Owing to their short maturities, it is assumed in the case of trade receivables, other receivables and cash items that fair values correspond to the book values.

The same applies to trade payables and other current liabilities.

Further details on calculating the fair values of the individual financial instruments as well as their allocation to measurement levels can be found in the notes to the consolidated financial statements of the Annual Report for the 2014/15 financial year in item (28) "Additional disclosures on financial instruments" on pages 124 to 128.

## Relations with related companies and persons (related party transactions)

"Related parties" for the purposes of IAS 24 (Related Party Disclosures) are Südzucker AG as majority shareholder, its executive and supervisory boards together with their close family members, and its subsidiaries (Südzucker Group), the joint venture CT Biocarbonic GmbH, and the members of the executive board and supervisory board of CropEnergies AG together with their close family members. Furthermore, there is Süddeutsche Zuckerrüben-Verwertungs-Genossenschaft eG (SZVG), Ochsenfurt, whose own holdings of Südzucker shares plus the shares held in trust for its members represent a majority stake in Südzucker AG.

### Südzucker AG

The transactions with Südzucker AG in the 1st – 3rd quarter of the 2015/16 financial year involved supplies, especially raw materials and energy, by Südzucker AG amounting to € 37.0 (34.1) million. In addition, services worth € 2.4 (2.6) million and research and development work worth € 1.3 (1.6) million were provided.

Set against this, the CropEnergies Group received € 1.0 (0.8) million from Südzucker AG for supplies of goods. The CropEnergies Group incurred net interest expense of € 2.6 (3.4) million on intercompany lendings and borrowings.

As of 30 November 2015, there were receivables of € 0.2 (0.2) million outstanding from Südzucker AG and liabilities of € 8.9 (15.1) million outstanding to Südzucker AG in respect of the aforesaid related party transactions. Financial liabilities due to Südzucker AG amounted to € 43.0 (60.0) million.

**Affiliated companies of Südzucker AG**

The transactions with the affiliated companies of Südzucker AG in the 1st–3rd quarter of the 2015/16 financial year involved supplies, especially raw materials and traded commodities, amounting to € 56.8 (61.4) million. In addition, services worth € 0.7 (0.7) million were provided.

Set against this, the CropEnergies Group received € 48.9 (47.3) million from the affiliated companies of Südzucker AG for supplies of goods. In addition, the CropEnergies Group received compensation payments of € 1.4 (1.5) million and service revenues of € 1.0 (0.8) million.

As of 30 November 2015, there were receivables of € 10.2 (9.9) million outstanding from the affiliated companies of Südzucker AG and liabilities of € 15.8 (16.2) million outstanding to the affiliated companies of Südzucker AG in respect of the aforesaid related party transactions. Financial liabilities due to the affiliated companies of Südzucker AG amounted to € 50.0 (75.0) million.

The related party transactions with Südzucker AG and its affiliated companies were settled at usual market prices and interest rates; performance and consideration were commensurate, so no party was placed at a disadvantage. No significant transactions were conducted with related persons.

Services were provided and goods were supplied, at usual market prices, for the joint venture CT Biocarbonic GmbH amounting to € 0.9 (0.9) million in the 1st–3rd quarter of the 2015/16 financial year.

There were no transactions with Süddeutsche Zuckerrüben-Verwertungs-Genossenschaft eG (SZVG) in the 1st–3rd quarter of the 2015/16 financial year.

Mannheim, 30 December 2015

CropEnergies AG

The Executive Board

Joachim Lutz (Chief Executive Officer) | Michael Friedmann | Dr. Stephan Meeder

## Financial calendar

| | |
|---|---|
| ■ Annual press and analysts' conference for the 2015/16 financial year | 18 May 2016 |
| ■ Report for the 1st quarter of 2016/17 | 6 July 2016 |
| ■ Annual General Meeting 2016 | 12 July 2016 |
| ■ Report for the 1st half of 2016/17 | 12 October 2016 |
| ■ Report for the 1st to 3rd quarters of 2016/17 | 11 January 2017 |