

# from waste to value

BDI –BioEnergy International AG,  
Shortened Interim Report for the period 1 January to 30 June 2015

The complete Interim Report for the period 1 January to 30 June 2015 was published on 13 August 2015 only in German language in accordance with the post-admission obligations (General Standard) on the Frankfurt Stock Exchange.

# BDI IN FIGURES

Selected key figures  
as per 30 June 2015

Euro million	Q1-Q2 2015	Q1-Q2 2014	Change
<b>Orders on hand (30.06.)</b>	<b>85.8*</b>	<b>70.8*</b>	<b>+21,1%</b>
<b>Sales</b>	<b>11.7</b>	<b>8.6</b>	<b>37,1%</b>
<b>National</b>	1.1	0.0	-
<b>International</b>	10.6	8.6	+23,3%
<b>EBIT</b>	<b>-2.9</b>	<b>-2.5</b>	-
<b>EBIT margin</b>	-24.4%	-29.1%	-
<b>EBT</b>	<b>1.2</b>	<b>-1.4</b>	-
<b>EBT margin</b>	10.4%	-16.7%	-
<b>Period earnings</b>	<b>0.6</b>	<b>-0.9</b>	-
<b>Balance sheet total (30.06.)</b>	77.1	71.0	+8,6%
<b>Equity (30.06.)</b>	48.1	53.8	-10,6%
<b>Equity ratio (30.06.)</b>	62.4%	75.8%	-
<b>Cash flow from operating activity</b>	2.7	-3.9	-
<b>No. of employees (30.06.)</b>	129	115	+12,2%

\*There of about EUR 20.0 million are conditional upon the conclusion of a respective project financing.

# BDI highlights:

## 1<sup>st</sup> half of 2015

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### Project commissions and project implementation operations

- Start of engineering for the construction of a special BioDiesel plant in Great Britain
- Start of the construction of a BioGas plant at a brewery in Göss / Austria
- Completion of the installation work on the BioGas plant in Podlasie / Poland
- Ongoing delays in the implementation of major commissions
- BioDiesel plant handed over in Spain

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### Investment in technology leadership

- Market evaluation and preparatory work for the possible implementation of BDI's algae technology on an industrial scale
- In-house developments of new RetroFit technologies for BioDiesel plants
- Contact with target groups for the bioCRACK process
- First newly developed test facilities in the fine vacuum segment have started operation
- Optimisation of the BDI process for the production of BioGas from residual brewery materials

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### Strategic optimisation of the “from waste to value” concept

- In-house development of technologies for the processing of new raw materials in the BioDiesel, BioGas and fine vacuum distillation segments
- Broadening of the core skills in the green tech field planned
- Strengthening of the BioGas segment via R&D activities
- Increase in test facility capacities in the test laboratory & expansion of the sales operations at UIC
- Sale of the interest in M&R

## Letter from the Management Board

Dear Shareholders,  
dear Employees,  
dear Sir or Madam,

The general economic and political conditions for BDI's core business remained challenging in the first half of 2015 in comparison with the past fiscal year. The ongoing credit squeeze, the low oil price and the lack of political support for renewable energy issues – primarily in the EU area – are making it difficult to obtain funding for BioDiesel and BioGas projects. This situation has not only had a negative impact on the acquisition of new projects; it has also led to further delays in the processing of existing projects.

After a delay of several years, the EU Council and the EU Parliament finally agreed on a new version of the Renewable Energy Directive (RED) in June 2015. Many experts and stakeholders consider that this legal text lacks ambition and vision. While the major targets for 2020 have remained fundamentally unchanged (e.g. biofuels to account for 10% of consumption in the transport sector), a maximum market share has been specified by the introduction of a volume limit of 7% for conventional biofuels that are based on agricultural products (e.g. biodiesel based on rapeseed oil). More demanding sustainability criteria have been introduced for both existing and, in particular, new plants. This means that there is the hope for further potential for BDI in the area of RetroFit projects with existing plants – because this is the only way that the new regulations about greenhouse gas reduction can be observed.

It can be considered a positive outcome that waste-based biofuels continue to be given preferential treatment in the new RED with the double counting principle. This rule has unfortunately not been implemented throughout the EU so far because of national resistance in some countries. The political basis for the BDI multi-feedstock BioDiesel technology has been maintained in principle, however, which should have positive effects on the development of European projects, as the potential for waste-based BioDiesel has not been exhausted here by a long way yet.

The “promotion” of second-generation biofuels that are based, for example, on raw materials containing lignocellulose (such as wood or straw), which is specified in the new RED, must be considered a negative feature. Instead of a mandatory volume target, the new draft law only specifies a percentage of 0.5% of total biofuel consumption for 2020. The strong support for second-generation biofuels and the creation of stable general conditions for future investments in the commercialization of these technologies in Europe – which have been demanded by many stakeholders – therefore have not been provided, at least until the new RED ceases to apply in 2020.

BDI succeeded in reaching another major milestone in the biodiesel industry in the first half of 2015 with the implementation of the first high FFA esterification unit in the world. In Great Britain, we were commissioned to build a plant for the processing of extremely difficult waste products as a prior operation to biodiesel production. BDI was also able to hand over a RetroFit project successfully in Spain.

There has been a slump in the areas of the European biogas industry focusing purely on renewable raw materials due to the low energy prices all over the world and the deterioration in the general legal conditions resulting from this (e.g. changes in energy efficiency legislation in Germany). In spite of the difficult competitive situation, BDI has good chances of winning market share thanks to its position as a respected plant manufacturer with technology of its own and an impressive international track record and thanks to its concentration on projects involving the processing of biogenic industrial waste.

We can report the obtainment of two major projects in the BioGas field. At the beginning of the year, we were able to start implementation of our Polish BioGas project that is based on chicken manure. Installation work has been largely completed, so that start-up will be possible in the third quarter. In addition to that BDI has been commissioned to plan, build and operate a BioGas plant for the processing of residual materials from the Göss brewery.

Our German subsidiary UIC also suffered from the overall conditions that were not particularly conducive to investment in the first half of 2015 and is finding that decision-making processes are sluggish, even though the quotation pipeline is very full. During this period, further progress was made in the planned process of strategic transformation from being purely a supplier of components to being a plant manufacturer. The increase in the laboratory and R&D capacities, greater exploitation of synergy benefits with BDI in the engineering field and investments in a new market presence are having a positive impact. We are confident that the repositioning of UIC, which has a reputation as a pioneering

company, will produce success in the short to medium term following the action taken at the sales, organizational and technical levels.

In spite of the fact that the general conditions continue to be difficult, orders on hand amounted to € 85.8 million on 30.06. (including the new commissions). At the present time, we are still very cautious about the commission from Croatia totaling € 19.7 million that is included in this figure and are not expecting progress to be made with this project in the near future that will be reflected in sales.

The development of the market in the renewable energy field in the fiscal year so far has confirmed once again that future success of our company can only be guaranteed as a result of the approach we adopted at an early stage, involving diversification and organic growth via investment in in-house research and commercialization of the results, supplemented by inorganic growth via acquisitions. We stand for turning waste into value and are doing everything in our power to implement this concept, so that you – our shareholders, employees and partners – can share with us in enjoying the success of our company.

Kind regards,

PhD Edgar Ahn

Markus Dielacher, MSC

Andreas Ehart, MA

CSO

CTO

CFO

## Sales, earnings and order development

### Market conditions – situation on the target markets remains difficult

Sales, earnings and order intake development went as expected at BDI in the BioDiesel segment in the first half of the year. In spite of tremendous efforts to obtain commissions, order intake in the BioGas and fine vacuum segments was lower than expected in the first quarter. The after-sales business continued to develop positively in the first quarter of 2015.

The total orders on hand on 30.06.2015 amounted to € 85.8 million (previous year: € 70.8 million). The substantial increase in orders on hand is attributable in particular to the commissions obtained in Great Britain and Austria at the beginning of the 2015 fiscal year. About € 20 million of the orders on hand are, however, dependent on the obtainment of appropriate funding for the major BioDiesel project in Croatia. We are planning cautiously here and do not expect this project to start generating sales in the short term. Lengthy approval procedures with the local authorities are delaying the beginning of sales in the major Dutch BioDiesel project. At the time when this report is being prepared, there is, however, no reason to correct the figures presented for orders on hand.

Sales in the first six months of 2015 totaled € 11.7 million (previous year: € 8.6 million). Earnings before interest and taxes (EBIT) amounted to -€ 2.9 million (previous year: -€ 2.5 million), while cash flow from operating activity improved to € 2.7 million in the first half of the year (previous year: -€ 3.9 million). This cash flow is based on prepayments received from customers.

The financial result was very positive, thanks to conclusion of the sale of the interest in M&R Holding AG. In view of developments on the capital markets, it is, however, advisable to be cautious where interest income expectations are concerned.

Earnings before tax (EBT) amounted to € 1.2 million (previous year: -€ 1.4 million). Period earnings (after deduction of taxes) were € 0.6 million (30.06.2014: -€ 0.9 million). This led to earnings per share of € 0.16 (previous year: -€ 0.24).

The balance sheet total on 30.06.2015 was 12.5% higher than at the end of the last fiscal year and amounted to € 77.1 million (31.12.2014: € 68.5 million). The balance sheet items “Securities” and “Liquid funds” totaled € 49.1 million on 30.06.2015 (€ 12.93 per share) and therefore corresponded to 63.7% of the balance sheet total.

BDI's equity position continues to be very strong (€ 48.1 million). A good capital base is essential to make planned investments in new technologies and areas of operation as well as to compensate for the volatility of the plant manufacturing business. The equity ratio was 62.4% at the end of the second quarter.

#### EBIT – negative on 30 June 2015

In spite of the higher sales, lower earnings before interest and taxes (EBIT) were generated (-€ 2.9 million compared with -€ 2.5 million in the same period the previous year). This is attributable to the fact that the BioGas segment – in which smaller EBIT margins can be achieved due to the market conditions – accounted for a larger proportion of sales. The adverse effects of delays in order intake and project implementation could not be compensated for in spite of strict cost management. BDI implements further strategic and organizational measures to optimize the processes and to take full advantage of the synergy benefits possible in the corporate group on an ongoing basis. Due to the earnings generated by associated companies, earnings before tax (EBT) amounted to € 1.2 million (previous year: -€ 1.4 million). Period earnings (after deduction of taxes) totaled € 0.6 million, compared with -€ 0.9 million in the previous year. This corresponds to earnings per share of € 0.16 (previous year: -€ 0.24).

## Financial and asset development

### Sound equity position – basis for the strategic focus on growth

The balance sheet items “Securities” and “Liquid funds” totaled € 49.1 million on 30. June 2015 (31.12.2014: 36.1 million) and therefore amounted to 63.7% of the balance sheet total. The conservative investment policy and the sale of BDI’s interest in M&R led to a financial result of € 4.1 million (30.06.2014: € 1.1 million). The aim of the investments managed externally is to maintain value.

BDI’s equity position continues to be very strong (€ 48.1 million). The equity ratio decreased to 62.4% in the first half of 2015 (31.12.2014: 69.7%). This is attributable mainly to the increase in receivables, liquid funds and current liabilities.

The cash flow from operating activity amounted to € 2.7 million on 30 June 2015, which was a substantial improvement over the previous year (-€ 3.9 million). The change in the cash flow is attributable primarily to the change in working capital and the progress made so far in the completion of projects for customers on the qualifying date.

### Acquisitions – stronger market position for BDI

The objectives of BDI’s acquisition policy are to strengthen the company’s international position and to achieve a strategic expansion of the business operations by broadening the range of core skills in the green tech field. BDI’s vision is, for example, to set standards in the upgrading of residual and waste materials by maximizing economic viability, innovative skills and cutting-edge technology. Systematic further steps are therefore to be taken gradually to expand BDI’s portfolio, with the aim of transforming the company from being a specialized plant manufacturer for the biodiesel and biogas industry to being a comprehensive supplier of industrial green tech solutions.

The acquisitions made so far enable BDI to operate on the market as a comprehensive supplier – a large proportion of the services can be provided from integrated internal resources. Exploitation of the synergy benefits available at BDI, the companies affiliated with it and its equity investments is having a positive impact on the development of the company’s business.

## Sound financial and asset development

On 30 June 2015, the non-current assets in BDI's balance sheet included capitalized know-how of € 3.9 million (31.12.2014: € 4.1 million). The goodwill of € 3.8 million (31.12.2014: € 3.8 million) relates to the acquisition of UIC GmbH and Enbasys GmbH. Securities held as non-current assets amounted to € 32.6 million on the balance sheet date (31.12.2014: € 25.7 million). The investments in associated companies amounted to € 7.7 million on 30 June 2015 (31.12.2014: € 14.2 million). This item is attributable to the interests held in VTU Holding GmbH, Grambach, and BDI & Tecnal Tecnologia em Biodiesel Ltda., Brazil. The reduction is due to the sale of the interest in M&R Holding AG, Grambach.

The balance sheet total of € 77.1 million was 12.5% higher than on 31 December 2014 (€ 68.5 million). The equity ratio decreased to 62.4% due to the earnings generated in the period and the lower balance sheet total (31.12.2014: 69.7%).

In the current assets, the receivables from production orders decreased from € 3.9 million on 31 December 2014 to € 3.8 million on 30 June 2015. Other receivables amounted to € 5.0 million and included payments on account to suppliers of € 0.4 million. The liquid funds of € 16.5 million on 30 June 2015 (31 December 2014: € 10.5 million) consisted of sight and time deposits, in order to guarantee coverage of short-term financial requirements and implementation of the risk-free investment policy.

The accounts payable trade amounted to € 5.2 million (31.12.2014: € 2.7 million).

The prepayments received item increased from € 4.6 million at the end of 2014 to € 9.0 million on 30 June 2015. These figures were determined on the basis of the prepayments actually received and the percentage of project completion in accordance with IAS 11.

The other provisions and deferrals increased from € 7.4 million in the previous year to € 7.7 million and essentially included project-based provisions, deferrals of products and services that had not been invoiced yet and warranties. The provisions for warranties decreased from € 4.4 million at the same time in the previous year to € 4.3 million.

## Prospects, opportunities and risks

Even though the general conditions remain difficult, BDI is continuing to focus on its sustainable “from waste to value” business model in the second half of 2015. The main products involved are customized, waste-based BioDiesel and BioGas plants. Although the current economic uncertainty and regulatory restrictions on the financial sector are making it difficult to obtain funding for large projects, BDI is tackling the challenge of supporting the implementation of viable, creative projects that help to dispose of waste by generating renewable energy from it.

The current, politically motivated slump in the price of oil does not change the familiar, undisputed facts that the oil reserves available are finite, that most of the resources are in regions that are characterized by increasing political instability and that it is therefore more necessary than ever before to work towards European energy self-sufficiency. The impact of climate change becomes more apparent everywhere, with verifiably adverse effects on mankind’s quality of life and the global economy. Increasing urbanization, particularly in emerging Asian countries, is leading to problems in safe disposal of the growing amounts of waste that are being produced. Environmental awareness is increasing in these countries at the same time, so that there is more and more demand for technologies which process waste and residual materials into renewable energy. This is one of the regions that BDI will be concentrating on in its marketing activities.

Biodiesel producers are facing tremendous challenges at the present time due to uncertainty about European biofuel policy in future. BDI is already in a position to market mature solutions with its RetroFit program and the recent successful implementation of the in-house high FFA esterification technology.

The start made in early 2015 on projects in Poland and Austria to process slaughterhouse waste and brewer’s grain is evidence of the initial impact of the strengthening of the BioGas segment and the many different possibilities offered by BDI’s BioGas technology. BDI continues to focus in this sector on intensive expansion of the market in the target countries (e.g. France, Turkey and Poland). The basis for an improvement of the market position in the fine vacuum distillation operations is being created by investing in technology and marketing.

The repositioning of UIC on the market is being implemented successfully and should an impact in the foreseeable future. The new technical facilities for laboratory and customer

tests will be completed at the end of the year too. Active marketing will be starting in the near future and should lead to an increase in inquiries from customers next year.

Following the success achieved in the initial tests with our algae pilot plant, further progress is being made in research and development to improve quality, to reduce costs and to optimize the process. Completion of market analysis activities and further technological tests should enable a decision to be made in the second half of 2015 about moving to production on an industrial scale.

Even though intensive efforts have been made, it has not been possible yet to make the planned acquisition of complementary environmental technologies, so this process is being continued systematically.

The sale of the interest in M&R Holding AG was finalized in May 2015.

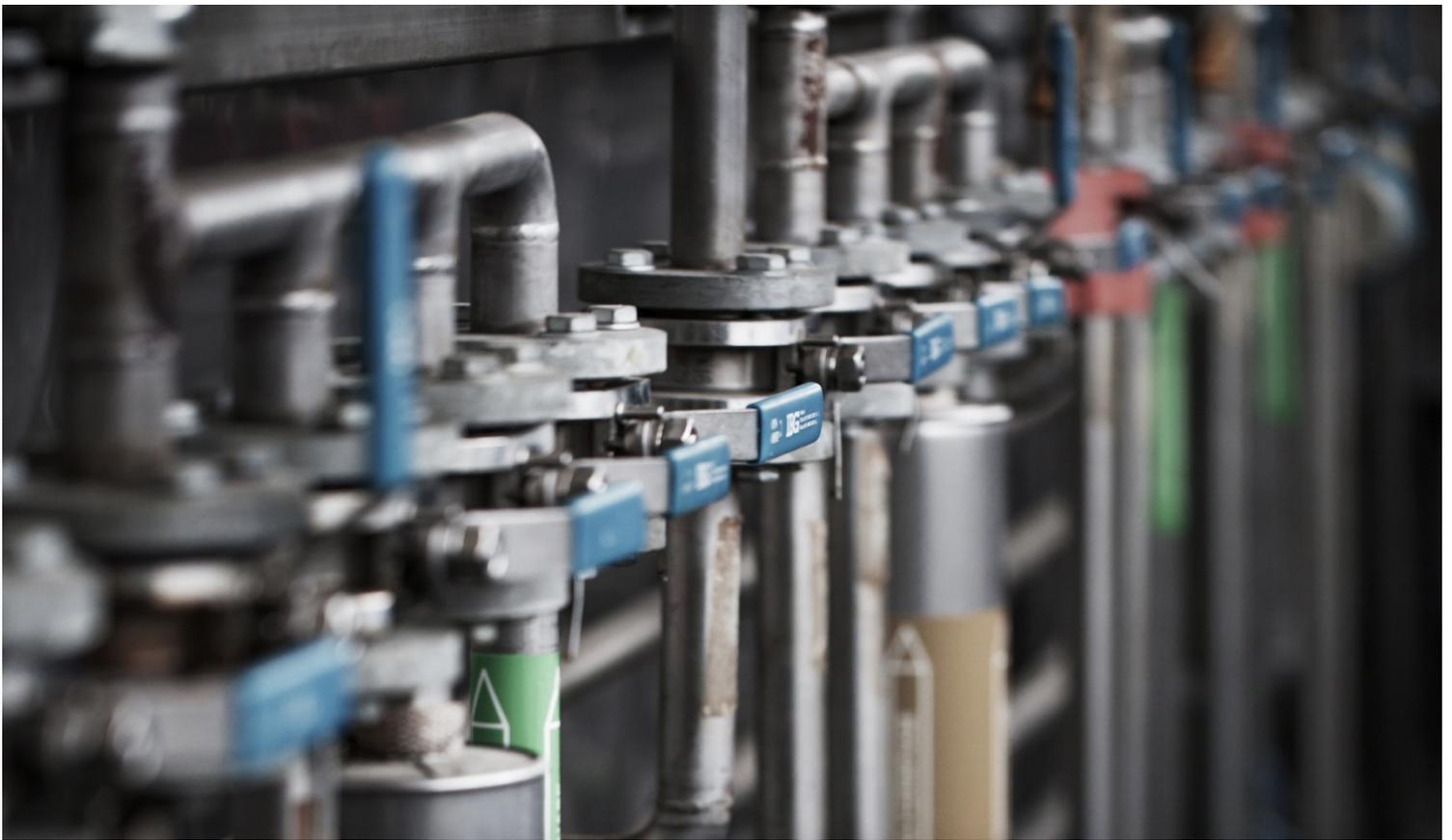
It will be difficult to compensate at the sales level in the second half of the year for the lower than expected order intake in the second quarter (for the reasons outlined above) and for the ongoing delays encountered with major projects. We must therefore work on the assumption that the operating result will be slightly negative. Overall earnings should be positive thanks to the good financial result.

## **Events after the balance sheet date**

No events of major significance that require disclosure have occurred since the qualifying date for the interim financial statements about the period that ended on 30 June 2015.

# CONSOLIDATED INCOME STATEMENT

€ '000	01.01.- 30.06.2015	01.01.- 30.06.2014
Sales	11 746	8 566
Change in inventories of finished goods and work in progress	-18	-44
Other company-produced additions to fixed assets	153	330
Other operating income	341	980
Spending on material and other services procured	-7 062	-4 142
Personnel expenses	-4 559	-4 210
Depreciation	-486	-465
Other operating expenses	-2 985	-3 510
<b>Operating results (EBIT)</b>	<b>-2 870</b>	<b>-2 495</b>
Earning from associated companies	3 583	650
Income from securities and miscellaneous interest	580	500
Financial costs	-68	-82
<b>Financial results</b>	<b>4 095</b>	<b>1 068</b>
<b>Earnings before taxes(EBT)</b>	<b>1 225</b>	<b>-1 427</b>
Taxes on income	-609	513
<b>Period earnings</b>	<b>616</b>	<b>-914</b>
Earnings per share (undiluted) in EUR	0.16	-0.24
Earnings per share (diluted) in EUR	0.16	-0.24
Number of weighted average shares outstanding (undiluted)	3.800.000	3.800.000
Number of weighted average shares outstanding (diluted)	3.800.000	3.800.000



## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ '000	01.01.- 30.06.2015	01.01.- 30.06.2014
Period earnings	616	-914
Items subsequently reclassified to the income statement		
Market valuation on the securities (AfS), gross	-374	277
Exchange rate differences	14	-17
Deferred taxes	94	-69
Total other comprehensive income	-266	191
<b>Consolidated comprehensive income</b>	<b>350</b>	<b>-723</b>



# CONSOLIDATED BALANCE SHEET AS PER 30 JUNE 2015

<b>Assets</b>		
€ '000	30.06.2015	31.12.2014
<b>Non-current assets</b>		
Intangible assets		
Concessions, software and other intangible assets	80	52
Goodwill	3 829	3 829
Capitalised development costs	3 916	4 140
	<b>7 825</b>	<b>8 021</b>
Tangible assets	2 245	2 015
Investments in associated companies	7 723	14 271
Securities	32 638	25 683
	<b>50 431</b>	<b>49 990</b>
<b>Current assets</b>		
Inventories	743	749
Receivables from production orders and other receivables	9 146	7 135
Receivables from taxes on income	282	93
Liquid funds	16 477	10 501
	<b>26 648</b>	<b>18 478</b>
<b>Total assets</b>	<b>77 079</b>	<b>68 468</b>



<b>Equity and Liabilities</b>		
<b>€ '000</b>	<b>30.06.2015</b>	<b>31.12.2014</b>
<b>Equity</b>		
Share capital	3 800	3 800
<b>Reserves</b>		
Capital reserves	33 769	33 769
Revenue reserves	9 912	11 889
	<b>43 681</b>	<b>45 658</b>
Profit for the year	616	-11 711
	<b>48 097</b>	<b>47 747</b>
<b>Long-term liabilities</b>		
Provisions for severance	146	141
Provision for pensions	3 060	2 979
Deferred tax liabilities	2 579	1 854
Other provisions	2 096	2 146
Other financial liabilities	440	365
Other long-term liabilities	1 333	1 333
	<b>9 654</b>	<b>8 818</b>
<b>Short-term debt</b>		
Other provisions	4 277	3 908
Tax liabilities	75	94
Accounts payable trade and other liabilities	14 976	7 733
Other financial liabilities	0	168
	<b>19 328</b>	<b>11 903</b>
<b>Total equity and liabilities</b>	<b>77 079</b>	<b>68 468</b>

# CONSOLIDATED CASH-FLOW STATEMENT

€ '000	01.01.- 30.06.2015	01.01.- 30.06.2014
<b>Earnings before taxes</b>	<b>1 225</b>	<b>-1 427</b>
Adjustment for:		
Depreciation and impairment of non-current assets	486	465
Net interest income/expenses	-512	-418
Earnings from the disposal of non-current assets	-3 930	-232
Other revenues and expenses affecting cash flows	-182	-667
<b>Cash flow from earnings</b>	<b>-2 913</b>	<b>-2 279</b>
Change in inventories	6	20
Change in receivables and other assets	-2 200	2 565
Change in liabilities and provisions	7 803	-4 193
<b>Cash flow from operating activity</b>	<b>2 696</b>	<b>-3 887</b>
Tax payments	7	-75
Interest paid	-3	-3
Interest received	544	463
<b>Net cash flow from operating activity</b>	<b>3 244</b>	<b>-3 502</b>
Proceeds of the sale of tangible assets	4	0
Investments in intangible assets and tangible assets	-522	-473
Investments in financial assets (securities)	-12 464	-6 246
Proceeds of the sale of financial assets (securities and shares)	15 807	5 618
<b>Cash flow from investing activity</b>	<b>2 825</b>	<b>-1 101</b>
Change in financial liabilities	-93	-376
Distributions to shareholders	0	-4 180
<b>Cash flow from financing activity</b>	<b>-93</b>	<b>-4 556</b>
<b>Change in cash and cash equivalents</b>	<b>5 976</b>	<b>-9 159</b>
Cash and cash equivalents at the beginning of the period	10 501	20 128
<b>Cash and cash equivalents at the end of the period</b>	<b>16 477</b>	<b>10 969</b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€ '000	Share capital	Capital reserves	Revenue reserves	Profit for the year	Total equity
<b>01.01.2014</b>	<b>3 800</b>	<b>33 769</b>	<b>12 983</b>	<b>3 230</b>	<b>53 782</b>
Transfer to revenue reserves	0	0	3 230	-3 230	0
Comprehensive income	0	0	-4 180	0	-4 180
<b>30.06.2014</b>	<b>0</b>	<b>0</b>	<b>191</b>	<b>-914</b>	<b>-723</b>
	<b>3 800</b>	<b>33 769</b>	<b>12 224</b>	<b>-914</b>	<b>48 879</b>
<b>01.01.2015</b>					
Transfer from revenue reserves	<b>3 800</b>	<b>33 769</b>	<b>11 889</b>	<b>-1 711</b>	<b>47 747</b>
Profit distribution	0	0	-1 711	1 711	0
Comprehensive income	0	0	-266	616	350
<b>30.06.2015</b>	<b>3 800</b>	<b>33 769</b>	<b>9 912</b>	<b>616</b>	<b>48 097</b>



