

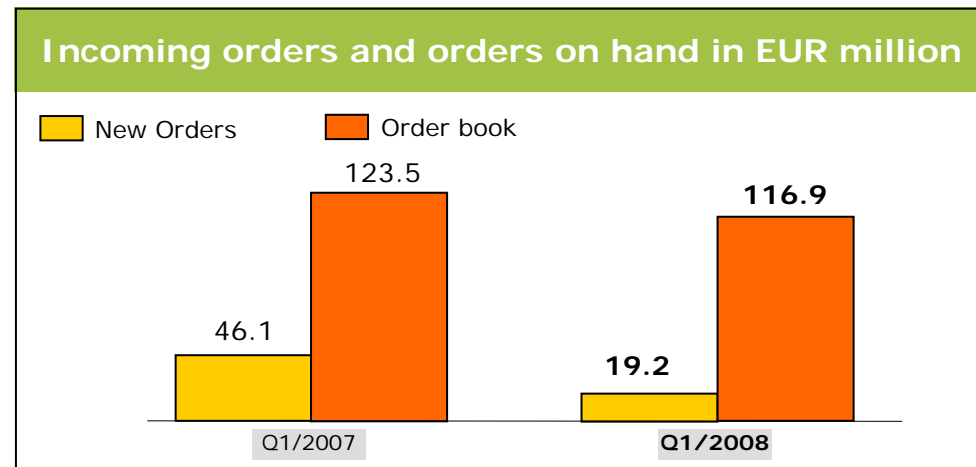
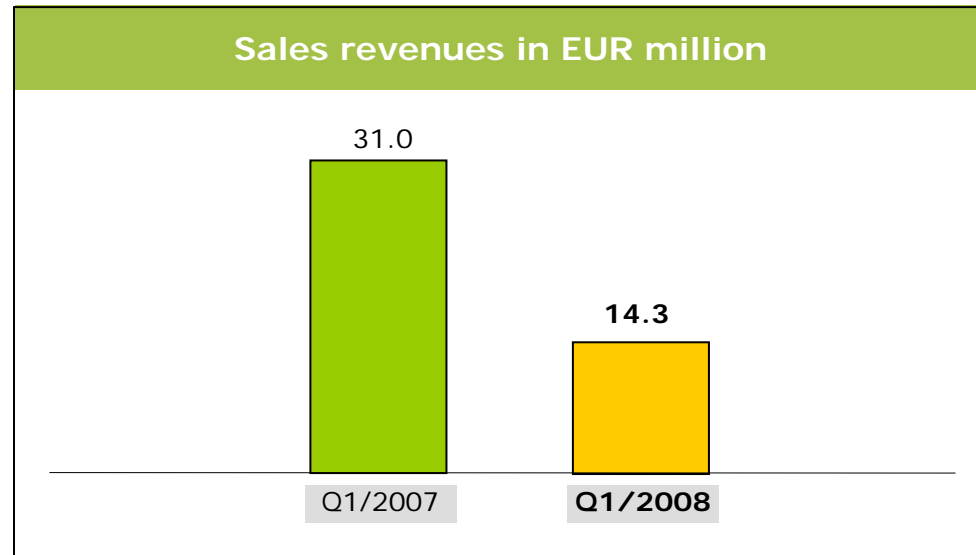
## Investor presentation May 2008

Dr. Alexander Götz, Ulrich Schmack



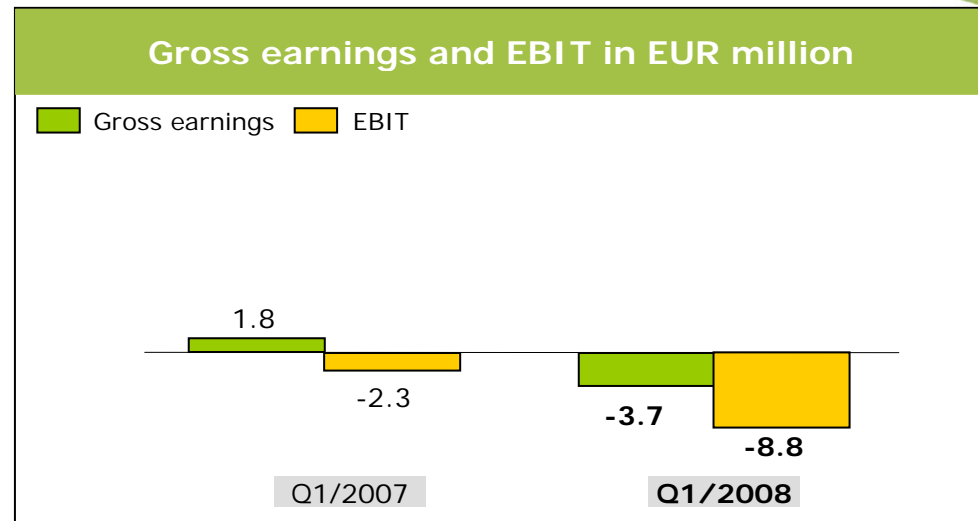
## Development in sales and orders

- ◆ Sales revenues declined from EUR 31.0 million to EUR 14.3 million in the first quarter which is traditionally the weakest period of the year
- ◆ This development was due to:
  - ◆ Wait-and-see attitude on behalf of farmers and investors ahead of the pending changes in the legislative environment
  - ◆ Continuing high prices of agricultural commodities
- ◆ This situation also impacted the volume of incoming orders compared to the previous year's first quarter
- ◆ Orders on hand at EUR 116.9 million (Q1/2007: EUR 123.5 million)



## Development in earnings and expenses

- ◆ The challenging environment in the first half of 2008 was recognised and communicated early on
- ◆ Gross earnings came in at EUR -3.7 million
- ◆ EBIT consequently declined to EUR -8.8 million compared to EUR -2.3 million in the prior year
- ◆ In addition to the product and process standardisation already launched, further cost-cutting measures were decided in February 2008
- ◆ These cost cuts are to bring significant relief from the third quarter of 2008 onwards



## Changes on the Management Board

## New Management Board

### Werner Rüberg (55)



- ◆ New **Chairman of the Management Board** as of 1 June 2008
- ◆ Also Chief Financial Officer
- ◆ Chairman of the Management Board of Eternit AG
- ◆ Member of the Management Board of ETEX Group, a world-leading building materials group
- ◆ Management Chairman at LEONHARD WEISS GmbH

### Ulrich Schmack (34)



- ◆ **Vice-chairman of the Management Board** as of 1 June 2008
- ◆ His activity will continue to focus on raw materials concepts, biology and research
- ◆ Together with Werner Rüberg he will push ahead the company's strategic development

### Joachim Schlichtig (44)



- ◆ New **Member of the Management Board** as of 1 June 2008
- ◆ In charge of plant engineering, technology and development
- ◆ Most recently Executive Vice President at SMS Demag AG where he was in charge of plant realisation and international business expansion

### Otto R. Eichorn (42)



- ◆ New **Member of the Management Board in charge of Sales** as of 1 June 2008
- ◆ Most recently Managing Director of Hese Biogas GmbH, a Schmack Biogas subsidiary
- ◆ Previously served as member of the management and Sales Director Germany at CSC Ploentzke

**Broadening of the equity capital base**

## Equity

- ◆ **Successful capital increase in April 2008**
- ◆ Cash injection of approximately **EUR 7.1 million**
- ◆ Additional investment in the **development of sites for feeding biogas into the natural gas grid**
- ◆ **Renowned partner with industry experience:** Emerald Technology Ventures

## Improved capitalisation



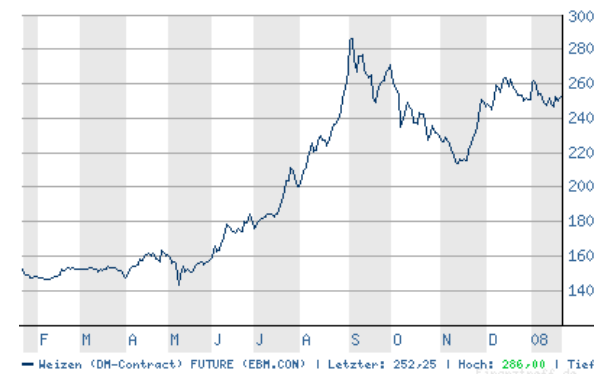
## Current situation in commodities prices



## Commodities prices are currently falling

- ◆ Last year's advance in prices was due to the large **demand from China and India** as well as the poor harvest in the American Corn Belt
- ◆ **The grain price** is currently at approximately **€ 190 per tonne**
- ◆ The further trend in the grain price will become evident in the **coming two to four weeks**, by which time the markets will have a clear picture of the **quantity and quality of the harvest**
- ◆ **Experts** currently expect a **record harvest\***

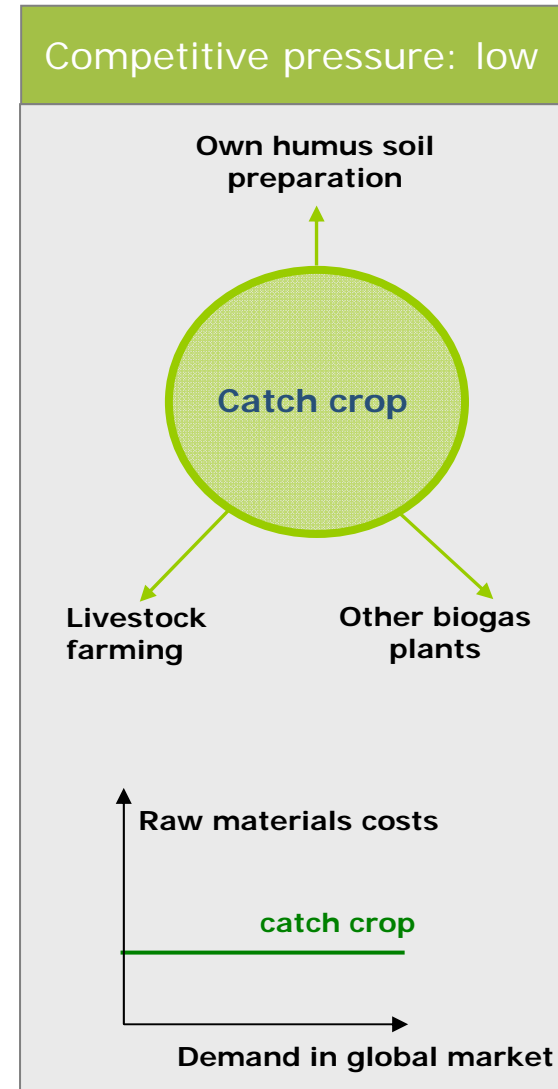
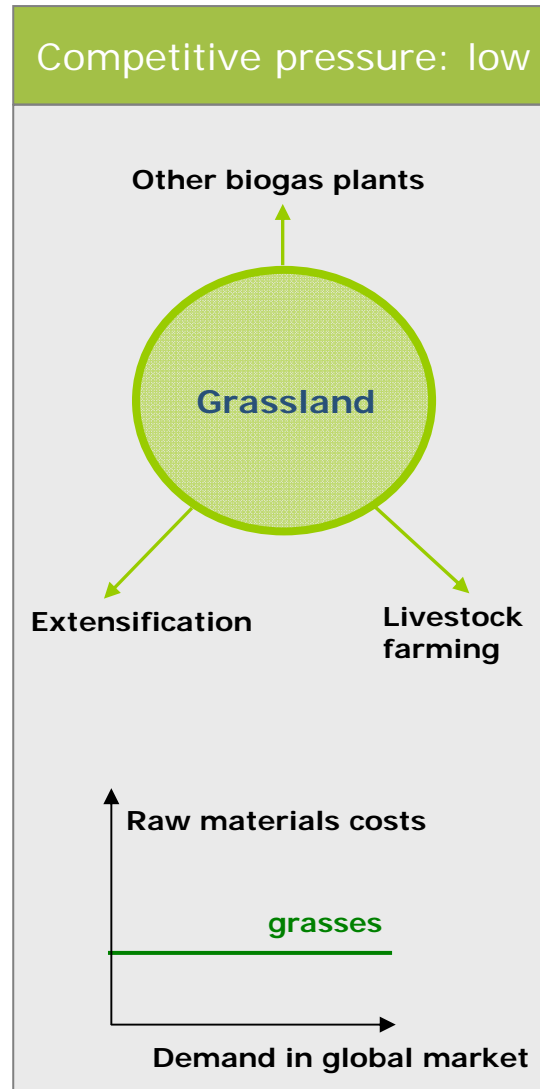
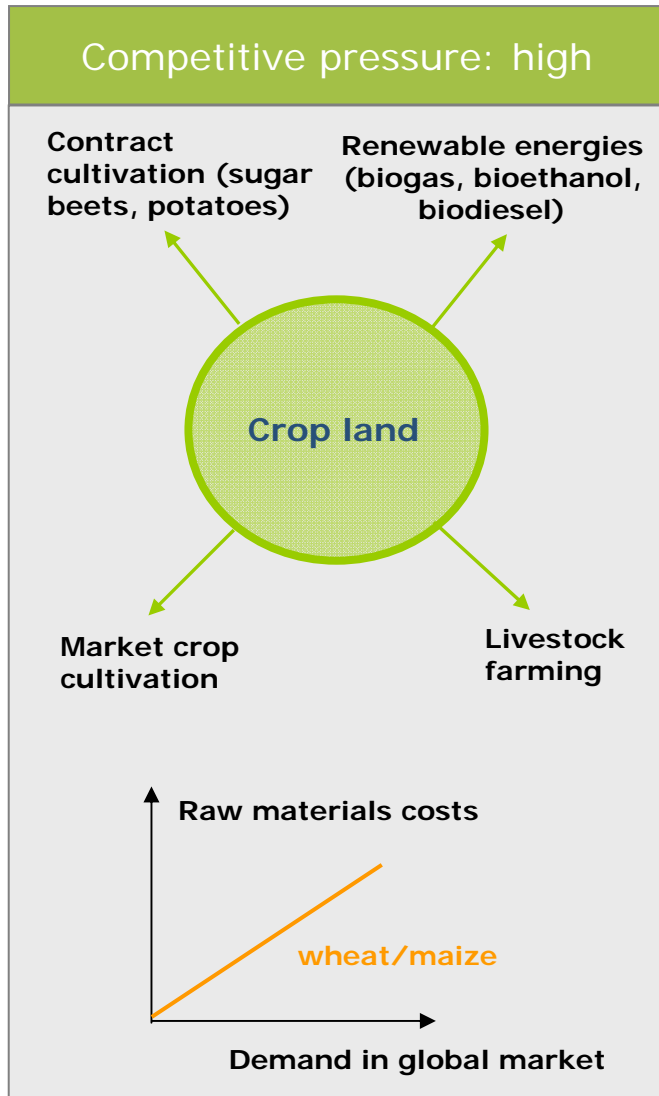
### Development of grain prices



<http://www.finanzen.net/rohstoffe/weizenpreis>

\*[http://www.finanzen.net/nachricht/Rohstoff\\_Trader\\_Kolumne\\_Weizen\\_vorweiterem\\_Preisverfall\\_\\_726758](http://www.finanzen.net/nachricht/Rohstoff_Trader_Kolumne_Weizen_vorweiterem_Preisverfall__726758)

## Competition for different types of farmland



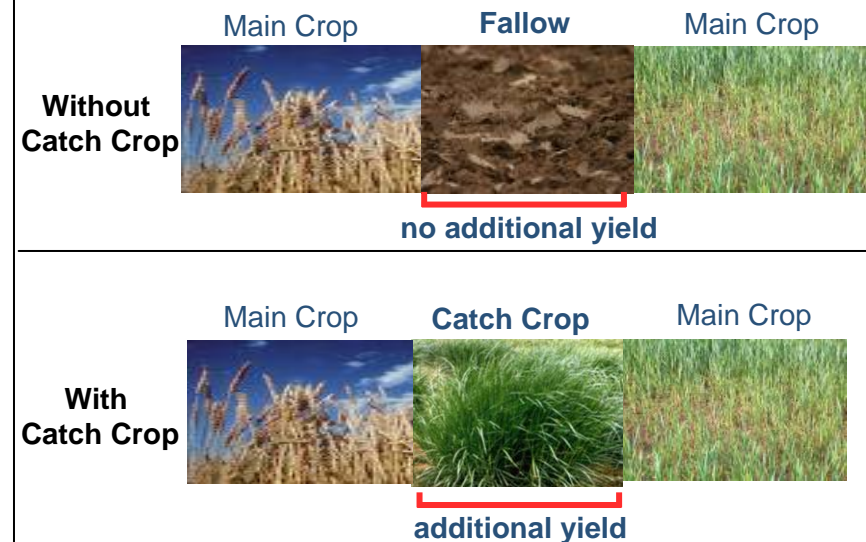
## Raw materials

- ◆ Long-term **increasing yields per ha** through the optimisation of crop rotation using catch crops
- ◆ Improvement of **humus levels**
- ◆ Increase in **water retention** of the soil
- ◆ Higher **profit margins** for the farmer



**Decrease in feedstock purchase prices for Schmack biogas plants**

### Increased yields with catch crop

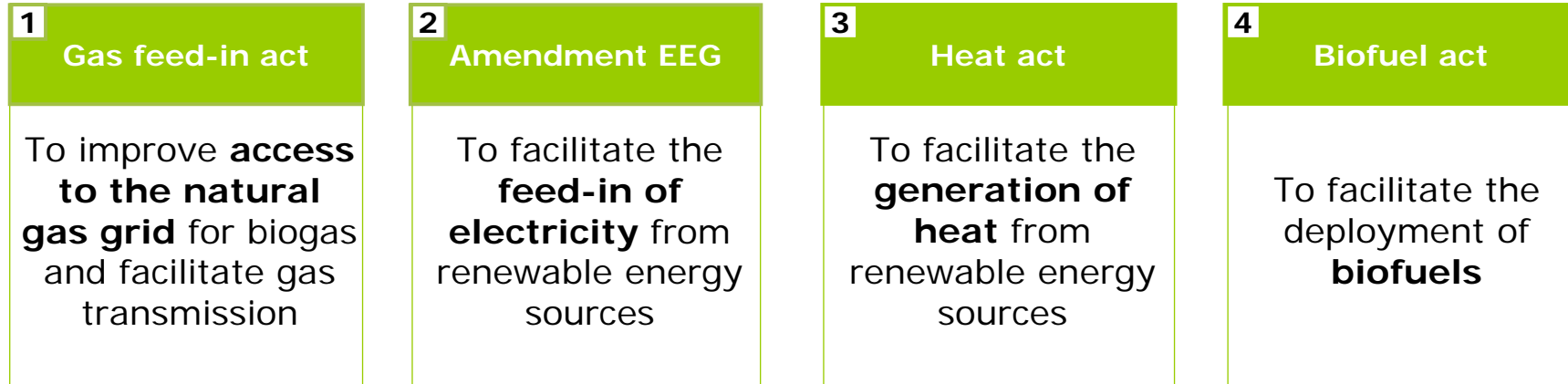


### Alignment of plants to allow for maximum biodiversity

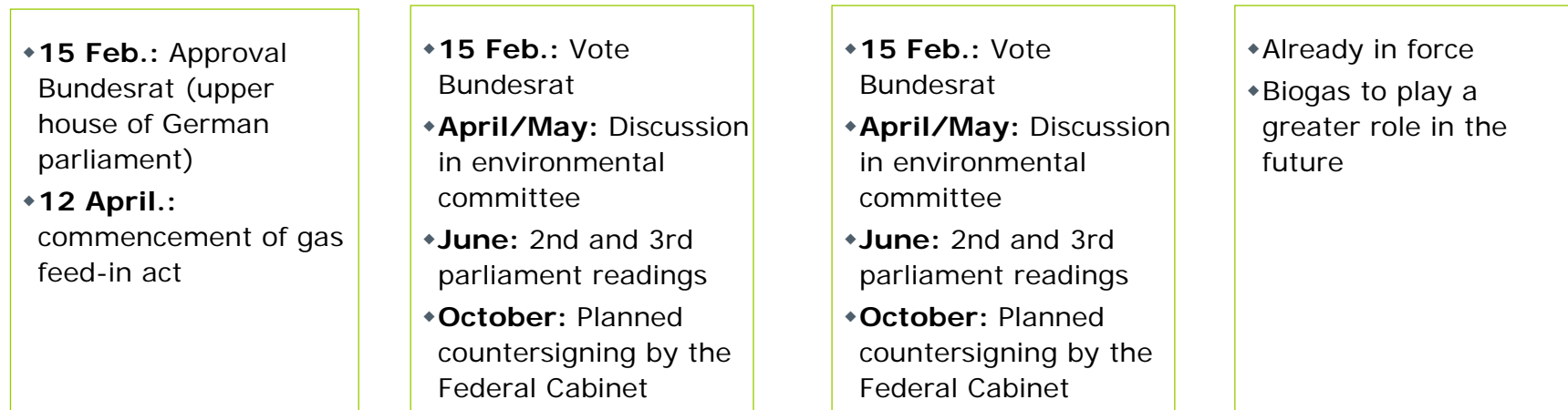


## Current legislative environment

## Legal framework



### Legislation procedure



Energy providers are ready to move

## Continued rise of energy prices

### Gas customers facing new round of rate hikes

**German consumers have to brace themselves for even higher gas rates. Energy giant Eon plans to raise its gas rates due to the advance in oil prices. Other gas providers are likely to follow suit.**

"We will have to adjust our rates," a company spokesman said in Düsseldorf on Saturday, adding: "We cannot comment on the extent of the rise." The timing of the rate increase is still unclear, too. News magazine "Der Spiegel" says that Eon's internal plans provide for a rate increase by as much as 25%.

Eon sells gas to major customers such as local gas utilities. The spokesman emphasised that Eon has no influence on their policies for rolling over higher supplier prices into consumer rates.

"We cannot isolate ourselves against the worldwide rise in energy prices," said the Eon company spokesman, adding that the higher purchasing costs had made themselves felt already in the first quarter and had contributed to the 10% profit decline at Eon Ruhrgas.

The last round of rate hikes had been announced in March. Shortly afterwards more than 180 German gas utilities had lifted their rates by an average of just under 7%, according to computations by Verivox, a consumer advice website.

#### Experts criticise "rip-off"

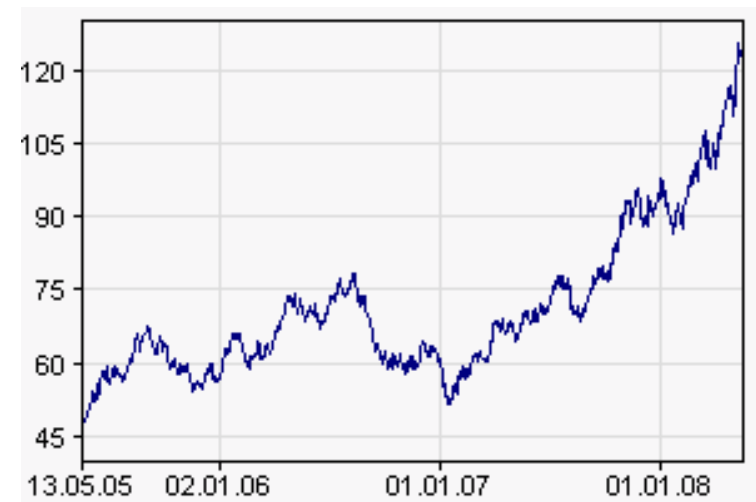
Gas prices typically track the oil price with a six-month delay, meaning that another round of rate hikes may occur at the end of the year, given that the price for a barrel of oil has meanwhile advanced to USD 131. At the end of November, i.e. six months ago, it was still at USD 88.

Experts criticise that the peg between oil prices and gas prices was no longer justified. "The peg between oil prices and gas prices allows gas companies to cash in big," says Claudia Kempf, an energy industry expert with the Deutsche Institut für Wirtschaftsforschung (DIW). According to Kempf, gas should be much cheaper: "Given the volume of available gas supplies, the price could be 40% lower if gas was traded on a transparent market."

FTD.de, 14:30h

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### Oil price development in the past three years



## Growing interest from energy giants

Focus 9/2008

"We plan to invest EUR 1,000 million p.a. in the eco-sector by 2012", Fritz Vahrenholt, head of the 'green' RWE division Innogy, announced recently.

verdienen: „Wir werden bis 2012 pro Jahr eine Milliarde Euro in das Ökosegment investieren“, kündigte Fritz Vahrenholt, Chef der „grünen“ RWE-Sparte Innogy kürzlich an. Konkurrent E.on Ruhrgas will in den kommenden drei Jahren 25 Biogasanlagen bauen. Die kosten pro Stück 20 Millionen Euro und produzieren zehn Megawatt Leistung – 20-mal so viel wie die Kleinanlage eines Energie-Bauern.

Competitor, E.ON, wants to build 25 biogas plants over the next three years



„Wir werden zurzeit von Anfragen in Sachen Bio-Erdgas geradezu überrollt“

**Bernhard Reutersberg**  
kommender Chef  
von E.on Ruhrgas

"We are currently being swamped with **inquiries about bio natural gas**".

**Bernhard Reutersberg** Future head of E.ON Ruhrgas



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- Environment**
- Bio Natural Gas
  - Bio natural gas is efficient
  - E.ON Bioerdgas GmbH
  - High area efficiency
  - First bio natural gas plants in the E.ON Group
  - Versatility
  - From Biomass to Bio Natural Gas
  - Feeding bio natural gas into the gas network is both ecologically and economically an interesting option
  - Climate Protection
  - Energy Efficiency
  - Nature Protection

**Region**

my E.ON Ruhrgas

bitte wählen...

Start



Biogas is produced when bacteria decompose organic material in an anaerobic environment. The photo shows the fermenter.

For example, E.ON Bioerdgas GmbH and E.ON Bayern AG are building Europe's largest plant for making bio natural gas from biogas in the Upper-Palatinate town of Schwandorf together with Schmack AG. This plant is to produce approx. 1,000 m<sup>3</sup> of bio natural gas an hour and start feeding the gas into the public gas network from the end of 2007.

### First bio natural gas plants in the E.ON Group

Several bio natural gas projects are currently being planned and developed in the E.ON Group.

First bio natural gas plants in the E.ON Group

→ 3,300 biogas plants in Germany

## Outlook

## Outlook

- ◆ Customers' current wait-and-see attitude reflects uncertainty about the development of commodity prices and the legislative environment
- ◆ Weak business trend expected for 2008
- ◆ The situation will relax only in 2009



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