Investor Presentation German Equity Forum 2008

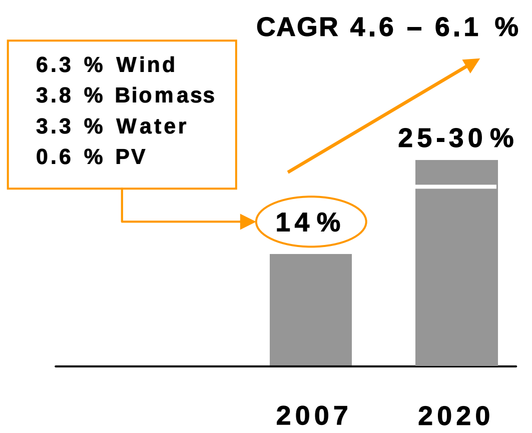
Werner Rüberg, Chairman of the Management Board

Political targets and legal framework

Political targets

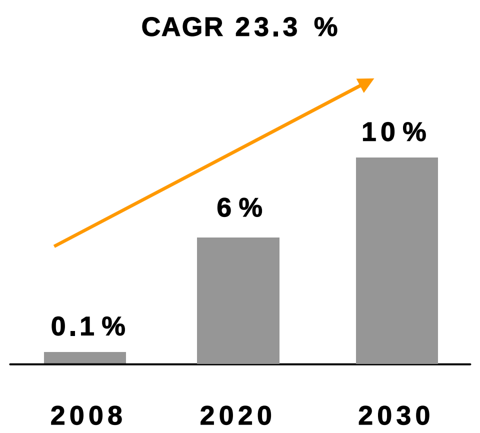
Political targets will be difficult to reach without biogas.

Share renewable energies in power consumption



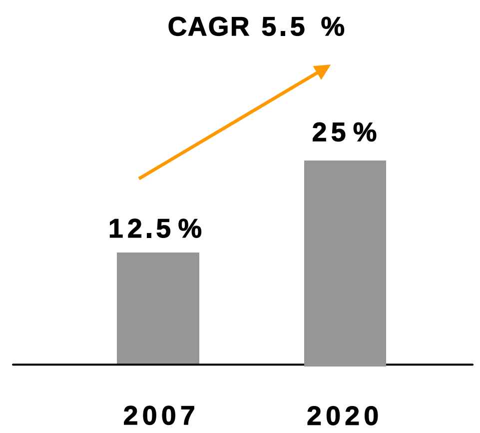
Source: Renewable Energy Agency, German Government's Integrated Climate and Energy Programme „Meseberger Beschlüsse“ (Meseberg Resolutions)

Share bio-natural gas in natural gas consumption*



Source: Gas grid access regulations, biogaspartner.de,
*current level of natural gas consumption

Share CHP in power consumption



Source: German Government's Integrated Climate and Energy Programme „Meseberger Beschlüsse“ (Meseberg Resolutions)

Improved legal framework for Biogas

Schmack Biogas AG

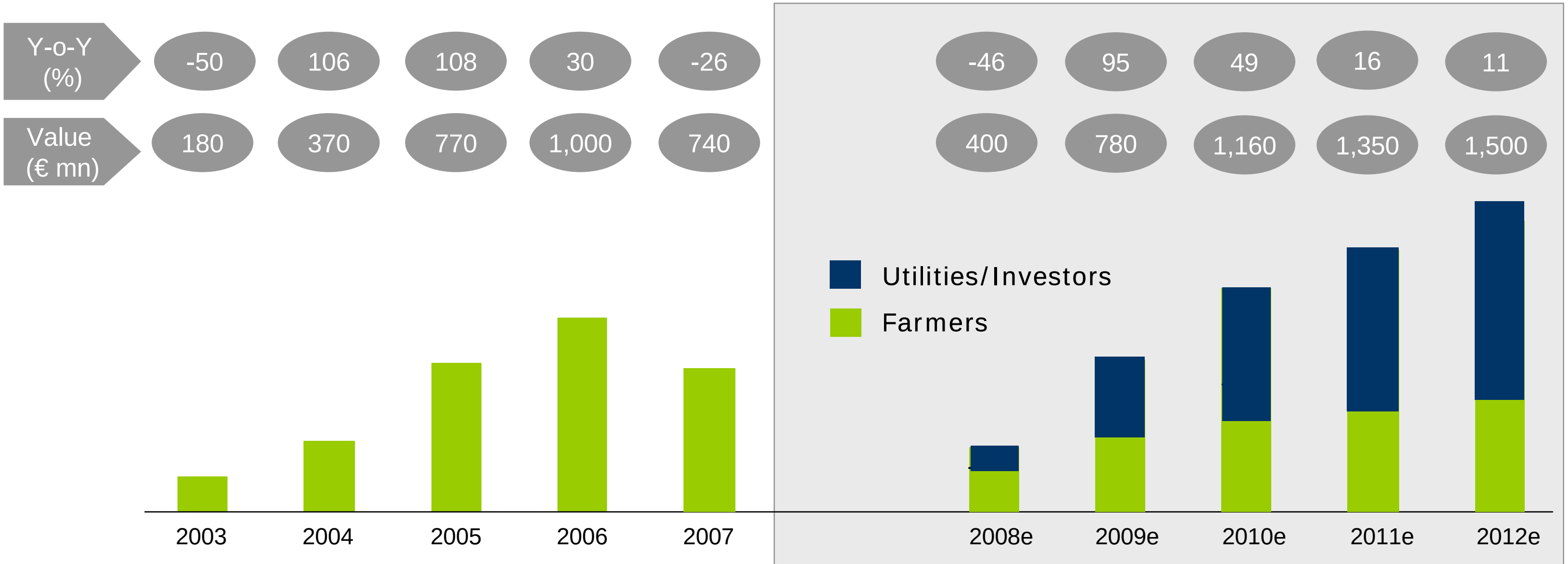
The legal framework for biogas is in place.

Gas grid access regulation	Amendment of the Renewable Energy Act (EEG)	Heat Act	Biofuels Act
			
Improving **access to the natural gas grid for biogas** and simplification of biogas transmission	Promoting the **feeding of electricity** from renewable resources into the grid	Promoting **heat generation** from renewable resources	Promoting the use of **biofuels**

Biogas market

Market development in Germany

Strongly growing market for gas feed-in. Stable agricultural market.



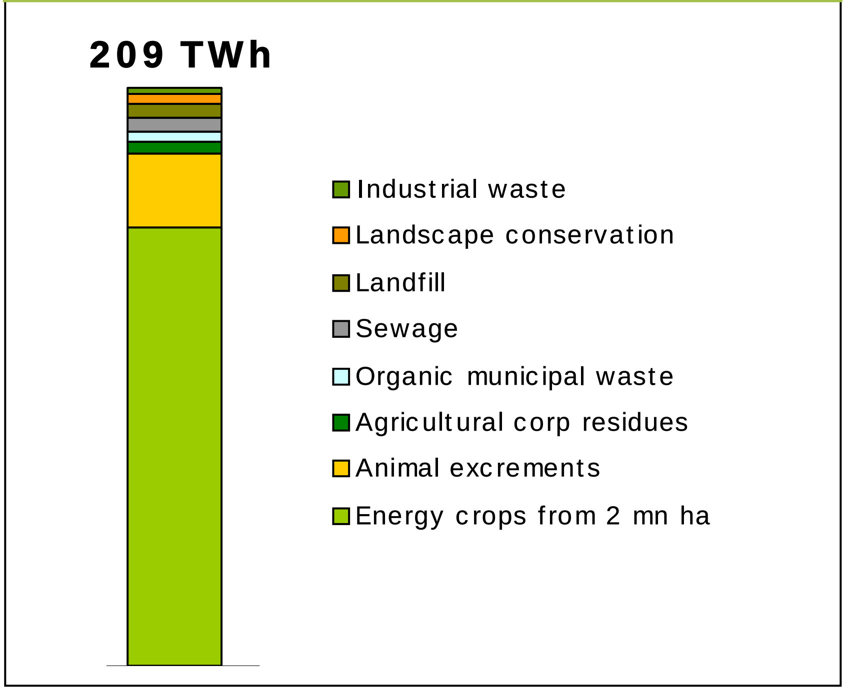
Source: based on data from Trend Research GmbH, Bremen (contracted by Schmack Biogas) and Schmack Biogas

Raw material potential for biogas production

The Government target (6% by 2020) requires less than 4% of available farmland.

- Germany offers a potential of over **200 TWh p.a.** of biogas production
- This amount equates to around **20%** of the current level of **natural gas consumption in Germany**
- By far the greatest potential here is in utilising **energy crops** as a feedstock
- This would require around **12% of farmland** in Germany to be utilised
- But there is also significant potential in the area of **animal excrement** (e.g. manure and liquid manure)

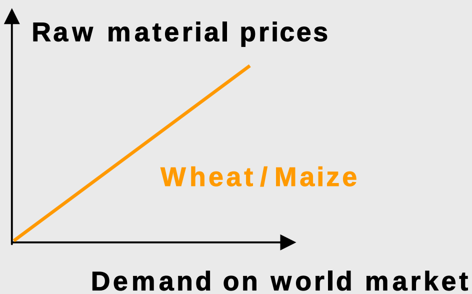
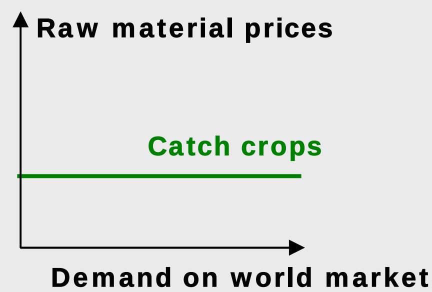
Biogas energy potential in Germany (in TWh p.a.)



Source: Hartmann/ Kaltschmitt 2002 edited by FNR 2005 (*) and by the German Biogas Association 2005, Wuppertal Institute for the Climate, Environment, Energy

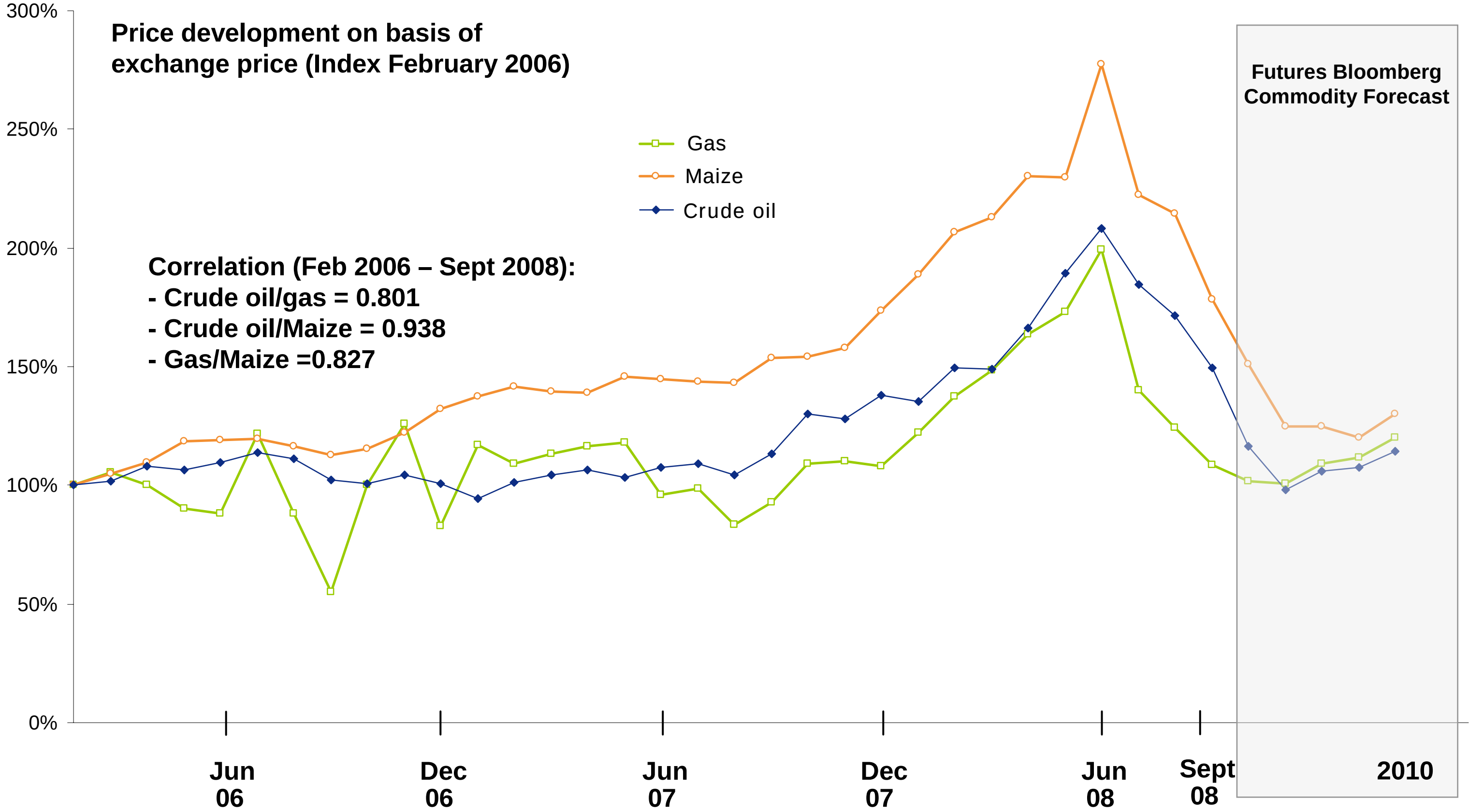
Differentiation of raw material categories

Price security is achievable with a flexible raw material mix.

Competition for land: high / international	Competition for land : low / regional	Competition for land : low / regional
Farmland (Maize, Grain)	**Grassland**	**Catch crops** (grasses, sorghum)
		
Low harvesting costs	High harvesting costs	High harvesting costs
Utilisation at low grain prices	Utilisation at high grain prices	

Energy and raw material price development

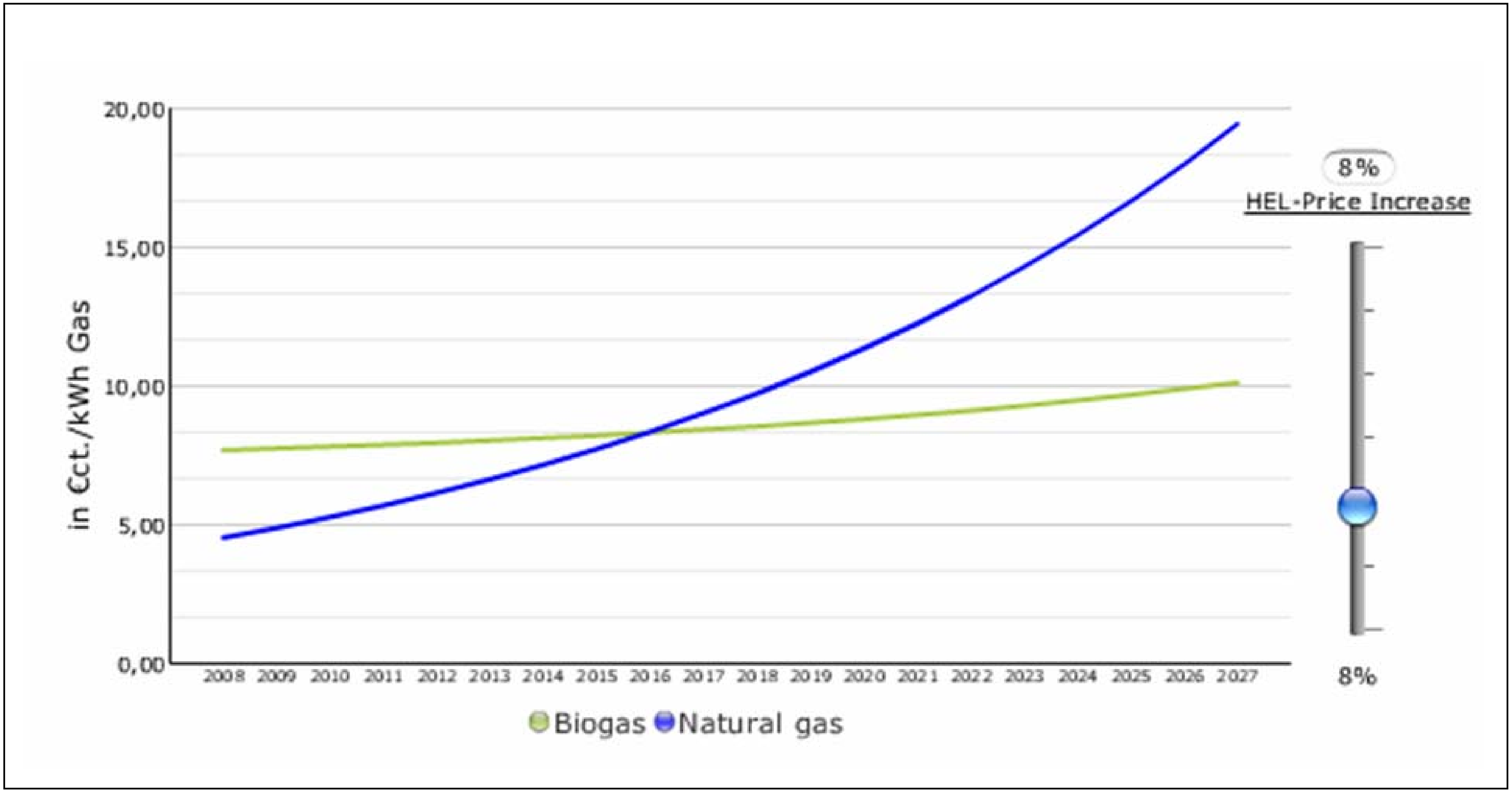
There is a correlation between energy prices and agricultural raw material prices.



Source: Bloomberg on the basis of time series and forwards (Date 29.10.2008); EIU; IEA

Price development model for biogas and natural gas

Biogas will be able to compete with natural gas without legal regulations.



Company

Schmack Biogas Core Competencies

Target groups: Energy Utilities, Financial Investors, Farmers

Project Development	Construction	Service
◆ Site development ◆ Grid access ◆ Feedstock procurement	◆ Turnkey construction ◆ Commissioning	◆ Repair & maintenance ◆ Biological service ◆ Feedstock management ◆ Plant management

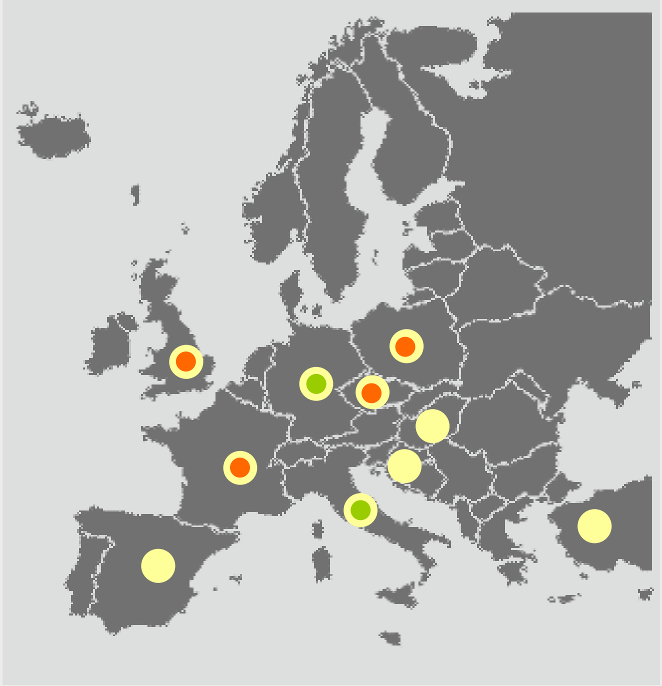
Schmack Biogas AG	HESE BIOGAS, CARBOTECH, KÖHLER ZIEGLER, STELZENBERGER Biogas GmbH, Schmack Biogas AG	Schmack Biogas AG

Market strategy

Focus on Germany, Italy and selected European countries.

- Focus on gas feed-in plants in Germany (project development + plant engineering + services)
- Agricultural market as „base market“ in Germany
- International focus initially on Italy
- Development of markets in GB, FR, CZ, Poland
- Expansion of component business of subsidiaries with third parties

Development of the European Market



Country with biogas subsidy | Market focus Schmack | Development by Schmack

Schmack Biogas AG

Concluded contracts with energy utilities

Strong position through engineering and project development competence.

Contract with E.ON	Contract with RWE Innogy	Contract with Fri-El
e.on	RWE	FRI-EL GREENPOWER THE CLEAN ENERGY COMPANY

Contract with E.ON

- Deal: Oct. 08
- 11.8 MW_{Hs} gas capacity
- Follow-up contract from E.ON confirms customer satisfaction with first plant in Schwandorf

Contract with RWE Innogy

- Deal: Sept. 08
- 6.8 MW_{Hs} gas capacity
- Schmack receives the first contract from RWE Innogy for a gas feed-in plant

Contract with Fri-El

- Deal: July 08
- LOI for 20 MWel
- 2 plants each with 1 MW installed capacity have already been contracted

Technology strategy and efficiency measures

USP as technological leader.

Cost reduction through increased efficiency.

Technology strategy	Goals for plant construction and operation in 2009
• **Expansion of microbiological research** Goal: higher gas yields and throughput speeds • **Reduction of plant energy consumption** Goal: Lower plant operating costs • **Further development of raw material concepts** Goal: Lower dependence on raw material price fluctuation	• **Value chain and depth** are defined and adjusted • **Project management methods** and processes are professionalised • **Product portfolio and structure** are standardised

Development in sales and earnings 9M / 2008

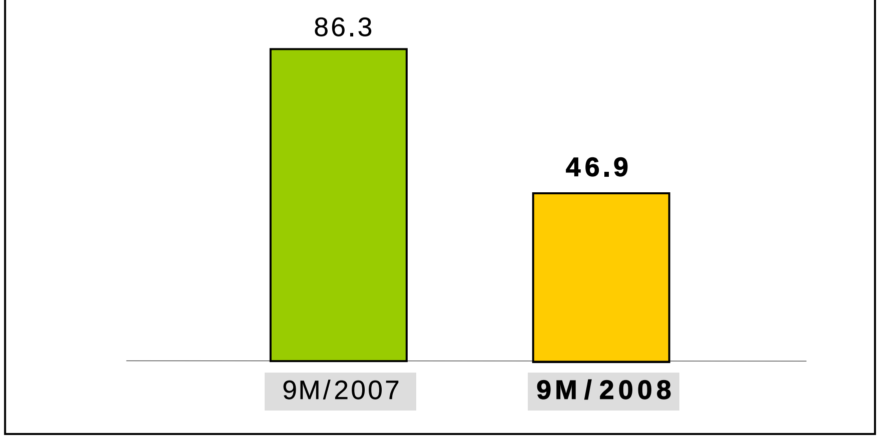
Reasons for sales development:

- Wait-and-see attitude of investors due to uncertainties surrounding the amendment of the renewable energy act (EEG)
- Delays in gas feed-in projects (Hg Renewable Power Partners)
- High agricultural raw material prices

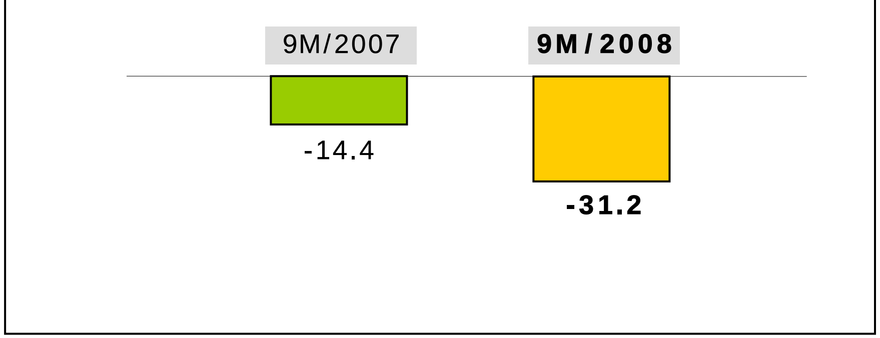
Reasons for earnings development:

- Non-recurrent effects of EUR 13 million
- Lower margin due to decrease in sales

Sales in EUR million - preliminary figures

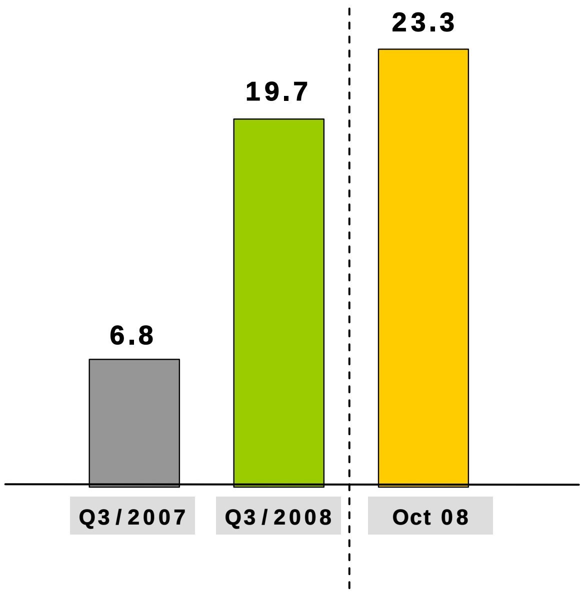


EBIT in EUR million - - preliminary figures

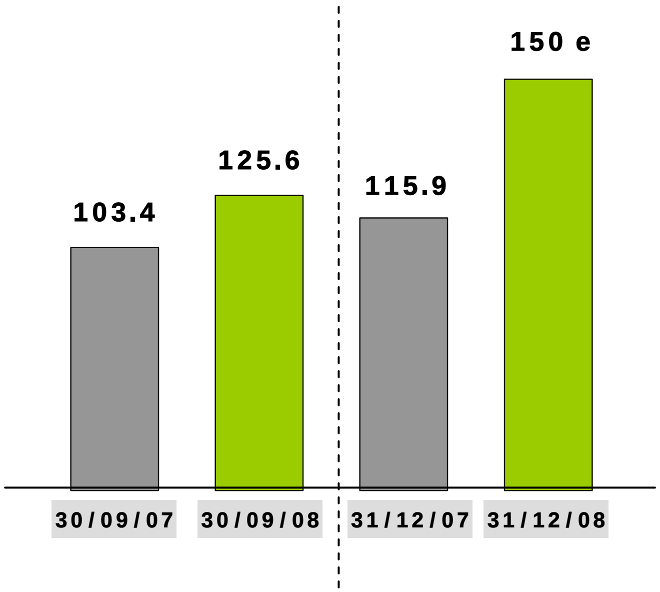


Orders

Incoming orders
EUR million



Orders on hand
EUR million

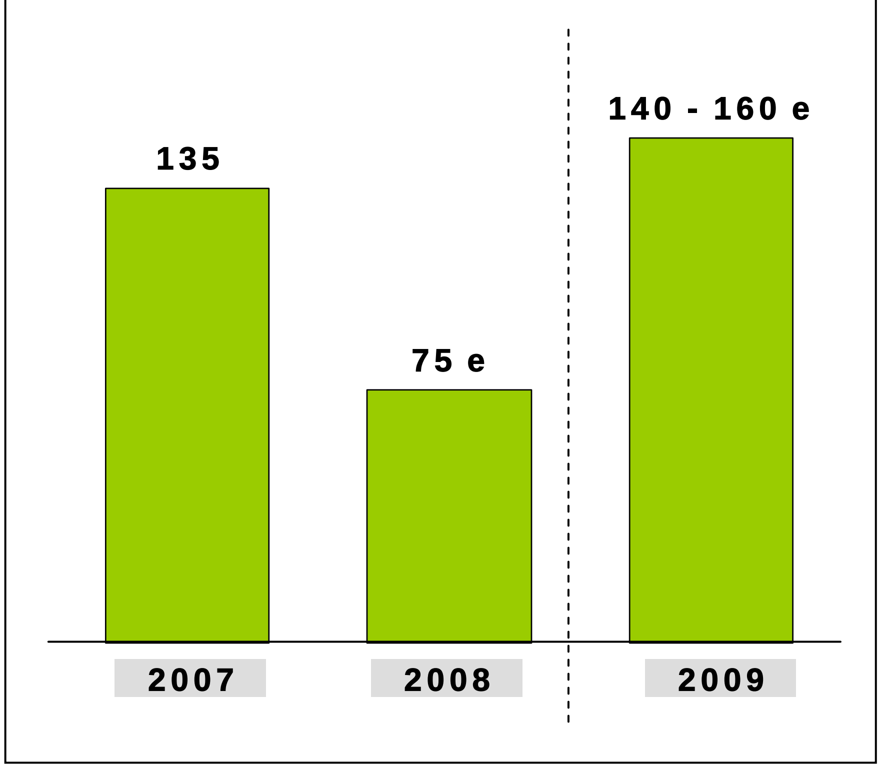


- Incoming orders in October 2008 are higher than in the entire 3rd quarter 2008
- Continued increase in incoming orders

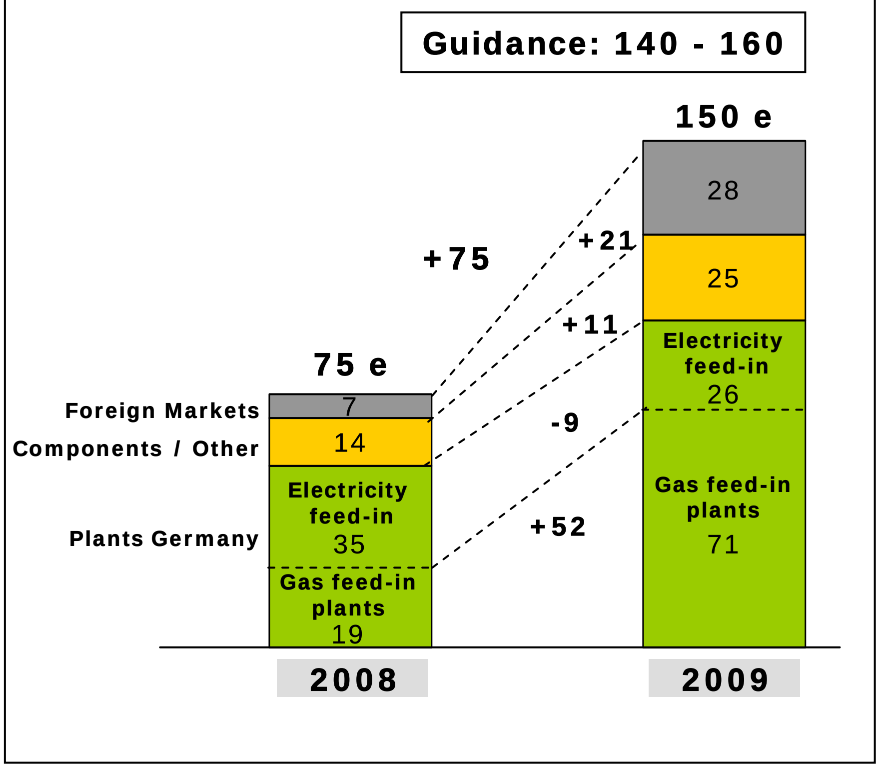
- Orders on hand as of 31 December 2008 are expected to be around EUR 35 million higher than at the previous year's date

Guidance 2008 / 2009 - Sales

Sales 2007 - 2009 (in EUR million)

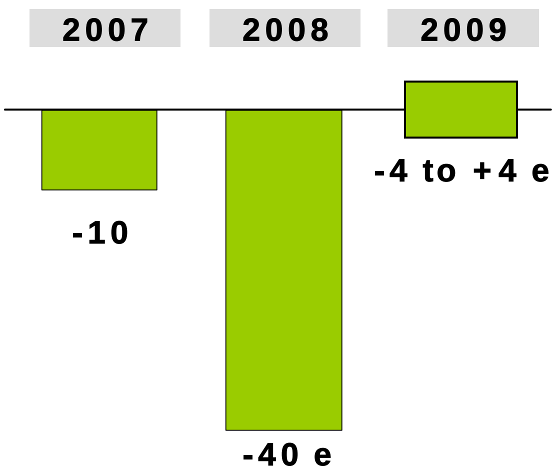


Sales 2009 by segment (in EUR million)

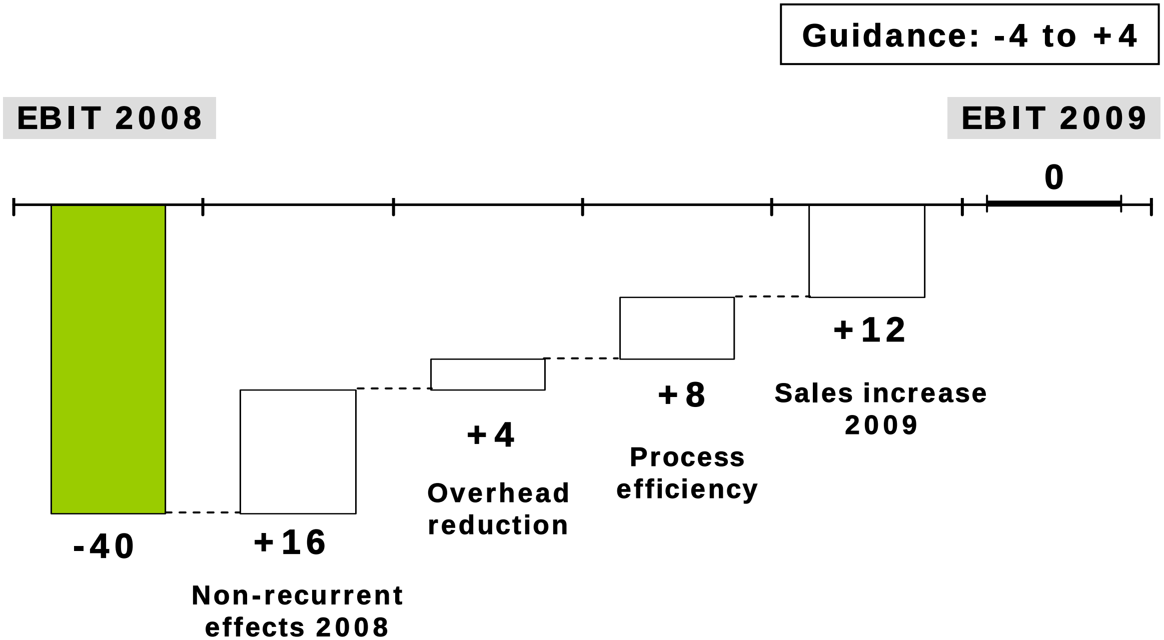


Guidance 2008 / 2009 - EBIT

EBIT 2007 - 2009 (in EUR million)



EBIT walk 2008 - 2009 (in EUR million)



Summary Strategy

Technology

- Expansion of microbiological research
- Further development of raw material concepts
- Reduction of plant energy consumption

Markets

- Focus on gas feed-in plants in Germany
- Agricultural market as „base market“ in Germany
- International focus initially on Italy
- Expansion of component business of subsidiaries with third parties

Efficiency

- Definition and adjustment of value chain and its depth
- Professionalisation of project management methods and processes
- Standardisation of product portfolio and structure

Thank you for your attention

Contact

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