

Ethanol Europe's parent company ClonBio reports record results for 2018

Highlights

ClonBio Financial Results Year to Dec 31st, 2018:

Profits before tax increase by 10% to €39m
Sales of ethanol, animal feed and corn oil grow to record levels
Revenues increase by 3% to €286m
Input cost increases offset by cost reduction initiatives and hedging gains

Ethanol Operations:

Prospects for ethanol demand good despite regressive EU policies
E10 fuel standard adopted in more EU states
Ireland a laggard in adopting E10 fuel standard
Ethanol reduces fossil GHG emissions by 70%
Ethanol the biggest transport carbon reduction technology worldwide
Pannonia Bio ethanol plant the largest in Europe
€20m capital investment further increases operating competitiveness

Animal Feed and Corn Oil:

Animal Feed and Corn Oil had an excellent year
Volatile markets in grains and proteins
Growing demand for GMO free and antibiotic free feed

Outlook:

The current year has started well
New processes will bring greater efficiencies and higher value offerings

Commenting on the results, Mark Turley, Chairman and Chief Executive said:

“Prospects for continued growth in European ethanol demand are good, despite regressive EU policy on sustainable biofuels. Ethanol helps fuel suppliers in Ireland and the EU reach their climate action goals with no loss of exchequer revenues, no cost to the consumer and no adverse side effects. It offers superior carbon mitigation performance of 70% GHG savings compared to fossil petrol. Ethanol is the single biggest contributor to successful climate action in transport worldwide and is projected by the International Energy Agency to be a key element of climate action to 2050 and beyond. In light of the above, it is surprising that Ireland is behind in adopting E10”

“The current year has started well with favourable trading conditions across the Group's operations. Ethanol prices have remained firm and animal feed demand is steady. The second half of the year will see the commissioning of a number of new processes, bringing greater efficiencies and higher value offerings to market.”

For further information contact:

Joe Murray

+353 86 2534950

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Chairman's Review of Operations:

ClonBio Group <https://www.clonbio.com/> continued its strong operating performance in the year to December 31st, 2018 with further growth in revenues and profits. Group Profits before Tax increased by 10% to €39 million on Revenues of €286m. Volume sales of ethanol, animal feed and corn oil grew to record levels. Input cost increases impacted operating margins but were more than offset by cost reduction initiatives and gains in hedging.

Volume sales of ethanol were over 10% higher. Ethanol prices were weaker for much of the year but rose significantly towards the end of the period. Demand for ethanol as a clean renewable fuel to decarbonise liquid fuels in road transport grew as more European Union Member States adopted the E10 fuel standard. All petrol in Ireland contains 5% ethanol currently and this is expected to rise to 10% by 2020.

The Group's biorefinery located in Hungary and operated by Pannonia Bio <https://pannoniablo.com/> is now the largest ethanol plant in Europe. As one of the lowest cost operators in the sector, the plant's ability to compete at lower price levels was demonstrated by further profitable increases in volume sales in a period which saw a number of competitor plants close. Continued substantial investment in the efficiency of the refinery further increased the plant's competitiveness.

During the year the Group name was changed to ClonBio and that of its operating subsidiary to Pannonia Bio. These changes reflect a broadening of the Group's base of operations in the agri-food and biotech sectors. This commitment is reflected in annual capital investments of over €20m.

The Group's animal feed operation had an excellent year. Higher demand for its branded *Pannonia Gold* dried distillers' grains and *Pannonia DCO* corn oil feeds increased volume sales. Volatile markets in grains and proteins, both internationally and in Europe, resulted in higher prices.

Pannonia Gold's reputation for reliable delivery and quality is a cornerstone of the product's success. There is steadily growing demand in the European food and feed industry for this category of GMO free and anti-biotic free protein feed for animals. The brand is exported to some 30 countries in the EU and beyond, reducing dependency on imports from outside the Union while boosting demand for EU farm produce.

The current year has started well with favourable trading conditions across the Group's operations. Ethanol prices have remained firm and animal feed demand is steady. The second half of the year will see the commissioning of a number of new processes, bringing greater efficiencies and higher value offerings to market.

Mark Turley

Chairman and Chief Executive

ClonBio Group Limited

Consolidated statement of comprehensive income For the financial year ended December 31st 2018

	2018	2017
	€	€
Revenue	286,157,111	278,338,133
Cost of Revenue	<u>(224,883,330)</u>	<u>(201,120,123)</u>
Gross Profit	61,273,781	77,218,010
Expenses		
Administrative expenses	(15,254,501)	(23,398,414)
Depreciation and amortisation expenses	(11,105,502)	(10,812,053)
Foreign exchange (loss)/gain	(547,374)	1,380,291
Finance costs	(2,312,111)	(2,541,125)
Hedging gain/(loss)	<u>7,030,369</u>	<u>(6,347,900)</u>
Operating Profit Before Taxation	39,084,662	35,498,809
Income tax	<u>(1,805,096)</u>	<u>(980,563)</u>
Profit for the Financial Year	37,279,566	34,518,246
Other Comprehensive Income		
Non-realised gain on cash flow hedge	1,133,305	870,095
Total Comprehensive Income for the Financial Year	<u>38,412,871</u>	<u>35,388,341</u>

All amounts relate to continuing operations.

Revenue and operating profit are principally derived from operations in Hungary and the Republic of Ireland.

ClonBio Group Limited

Consolidated statement of financial position At 31 December 2018

	2018 €	2017 €
Assets		
Non-Current Assets		
Intangible assets	4,917,697	4,255,126
Property, plant and equipment	137,661,999	128,034,166
Total Non-Current Assets	142,579,696	132,289,292
Current Assets		
Inventories	23,007,155	19,990,615
Trade and other receivables	30,800,955	18,223,544
Cash and cash equivalents	26,033,154	10,342,391
Total Current Assets	79,841,264	48,556,550
Total Assets	222,420,960	180,845,842
 Equity and Liabilities		
Shareholders' Equity		
Called up share capital presented as equity	227,273	227,273
Share premium account	2,991,221	2,991,221
Revenue reserves	104,381,561	65,968,690
Total Equity	107,600,055	69,187,184
 Current Liabilities		
Trade and other payables	25,964,413	27,692,861
Taxation	704,256	1,021,674
Short-term borrowings	35,966,417	34,751,391
Deferred tax	1,489,603	239,140
Total Current Liabilities	64,124,689	63,705,066
 Non-Current Liabilities		
Long-term borrowings	50,696,216	47,953,592
Total Liabilities	114,820,905	111,658,658
Total Equity and Liabilities	222,420,960	180,845,842

Notes for Editors:

ClonBio's subsidiary, Ethanol Europe (EERL) www.eerl.com, is strongly advocating the upgrading of E5 to E10. E5 is the standard petrol in Ireland containing 5% ethanol. By raising the mix to 10%, E10 would greatly increase the economic and environmental benefits with immediate effect and no extra cost. E10 is the standard in a growing number of European countries. It is also the standard in the US where it is used in 250 million petrol engines of all types and ages and where they are moving to E15, or 15% ethanol. EERL has commissioned reports on the potential for economic and environmental benefits from increasing the use of ethanol in Europe.

Pannonia Gold www.pannoniagold.com is a premium animal feed produced in conjunction with ethanol. Its GMO free and antibiotic free status make it an increasingly important feed for farmers seeking premium classification for livestock with retailers who insist on these standards.