

## 4Energy Invest presents annual results for the twelve month period ended 31 December 2011

4Energy Invest, the renewable energy company focused on valorising biomass into energy, announces today its annual results for the twelve-month period ended 31 December 2011.

### **FINANCIAL HIGHLIGHTS**

<b><u>Consolidated statement of comprehensive income</u></b>	<b>2011</b>	<b>2010</b>
	<b>€'000</b>	<b>€'000</b>
Sales	11,764	9,545
Other operating income	1,262	1,441
<b>Revenues</b>	<b>13,026</b>	<b>10,986</b>
Cost of sales	-6,352	-5,028
Personnel costs	-973	-794
Other operating expenses	-1,525	-1,900
<b>Operating cash flow (EBITDA)</b>	<b>4,176</b>	<b>3,264</b>
<b>EBITDA excl. FV warrants &amp; exceptional other operating income/ expenses</b>	<b>4,261</b>	<b>2,502</b>
Depreciation, amortization and provisions	-3,371	-2,842
Impairment of property, plant and equipment	-3,471	-1,706
<b>Operating result (EBIT)</b>	<b>-2,665</b>	<b>-1,618</b>
<b>Result of the period</b>	<b>-4,249</b>	<b>-1,095</b>
<i>Other comprehensive income:</i>		
Income related to issued warrants	85	220
Income tax relating to components of other comprehensive income	0	0
<b>Other comprehensive income for the year, net of tax</b>	<b>85</b>	<b>220</b>
<b>Total comprehensive income for the year</b>	<b>-4.164</b>	<b>-875</b>
Weighted average number of shares	12,520,090	12,520,090
Earnings/share	-0.34	-0.09

The total revenues for € 13.0 million over the year 2011 are € 2.0 million higher than the total revenues over the year 2010, resulting from an increase in sales of € 2.2 and a decrease in other operating income of € 0.2 million. The sales for € 11.8 million are mainly composed of the sale of green certificates for € 8.7 million, the sale of electricity for € 2.9 million and the sale of CO<sub>2</sub> quota for € 0.2 million. The sale of green certificates was € 1.7 million higher than the sales in the comparable period last year due to an increased use of heat by the portfolio of heat customers in Amel and the production of the Ham project during its first

2 months of pre-commercial operation. The sale of electricity was € 0.6 million higher due to a 3% increase in electricity production in Amel marketed at a 8% higher average realized price and the production of the Ham project during its first 2 months of pre-commercial operation. The other operating income of € 1.3 million consists of € 0.9 million delay damages due by the main contractor in the framework of the delay in reaching the conditions for take-over under the EPC contract for the Ham project, of € 0.25 million from the settlement that was reached with the insurance companies in the framework of the delay in reaching the commercial operation of Amel I and of € 0.1 million from other items.

The cost of sales over the year 2011 amounted to € 6.4 million, compared to € 5.0 million in 2010 and consisted of purchases of biomass, operating and maintenance expenses and other expenses. An increase in purchases of biomass resulted from the purchase of biomass in the framework of the Ham project. The operating and maintenance expenses increased significantly, mainly as a result of the maintenance cost related to the three yearly major overhaul of Amel I. The other expenses increased by € 0.2 million both as a result of certain cost parameters that increased in Amel (ashes, water) and as a result of the expenses incurred in the pre-commercial operation in Ham. The personnel costs amounted to € 1.0 million and other operating expenses amounted to € 1.5 million.

The resulting normalized EBITDA margin for the year 2011 equals € 4.2 million (35.6% of sales) compared to 2.5 million (26.2% of sales) over 2010. The resulting normalized EBITDA margin for the year 2011 was € 1.7 million higher than in 2010, explained by better operating margins in Amel and the start of commercial operation of the Ham project.

The property, plant and equipment of Amel I and II has been depreciated for € 2.9 million over the year 2011. The property, plant and equipment of Ham has been depreciated for € 0.4 million over the year 2011. The BioCoal project under construction in Amel has not yet been depreciated in 2011.

4Energy Invest impaired its Amel III project for € 3.1 million (impairment of intangible fixed assets for € 0.05 million and impairment of assets under construction for € 3.05 million) to reflect (1) its understanding (based on the current status of the search process) of the probability of materializing a strategic partnership for its Bio-Coal activities and (2) the reduced asset value that would result in case Amel III has to be used for drying wood chips and/or making white wood pellets. The Group impaired development expenses for € 0.4 million, mainly incurred in obtaining the permits for the Reisbach Bio-Coal and Ham Bio-Coal project as it no longer considers those sites as most appropriate to possibly build additional Bio-Coal production capacity in the framework of long term competitive biomass sourcing. Would the scenario materialize that no strategic partnership can be structured on Bio-Coal, than the Group would further impair its Amel III project as to reflect the value of using Amel III to produce dried wood chips and white wood pellets.

The net financial costs increased significantly, mainly as a result of a negative evolution in mark-to-market value for € 1.2 million at 31 December 2011 of the interest rate swaps that have been structured on the credit facilities of Amel I, Amel II and III and the cogeneration project in Ham;

<b>Consolidated statement of financial position</b>	<b>2011</b>	<b>2010</b>
	<b>€'000</b>	<b>€'000</b>
<b>Non current assets</b>	<b>83,126</b>	<b>69,000</b>
<b>Current assets</b>	<b>6,837</b>	<b>4,797</b>
<i>Cash and cash equivalents</i>	<i>710</i>	<i>1,019</i>
<b>Total assets</b>	<b>89,964</b>	<b>73,797</b>
<b>Equity</b>	<b>22,509</b>	<b>26,673</b>
<b>Non current liabilities</b>	<b>54,333</b>	<b>37,843</b>
<b>Current liabilities</b>	<b>13,123</b>	<b>9,280</b>
<b>Total equity and liabilities</b>	<b>89,964</b>	<b>73,797</b>

The net increase (after depreciation of the assets Amel I & II and Ham (November/December 2011) and the impairment on Amel III and other property, plant and equipment) in non-current assets mainly results from the significant additional investments for € 17.0 million in the Ham cogeneration project over the year 2011.

The interest bearing loans and borrowings increased with € 17.6 million to € 60.0 million.

Repayments under the Renogen bank and lease facilities for Amel I, II and III and the Amel Bio leasing facilities are at the date of this press release scheduled for a total amount of € 3.1 million over 2012. Repayments under the 4HamCogen bank facilities with ING-KBC are at the date of this press release scheduled for an amount of € 1.4 million over 2012. No repayments are scheduled under the 4HamCogen facility with LRM over 2012. A further restructuring of the existing credit facilities at Renogen level will have to be achieved in order to be able to fulfill the company's financial obligations over the year 2012. A waiver for not respecting the DSRA refunding by end September 2012 as contractually agreed is part of that discussion.

The affiliate 4HamCogen has at the date of 31 December 2011 € 3.3 million unused credit available in the framework of its cogeneration project in Ham as follows;

- € 2.6 million under senior credit facilities with ING Belgium and KBC Bank;
- € 0.7 million under a subordinated credit facility with the Investment Company LRM.

This amount should be sufficient to finalize the construction of the cogeneration project in Ham.

4HamCogen received in March 2012 a 9 month working capital facility from ING Belgium and KBC Bank for an amount of € 2.8 million. The facility will be reduced to € 1.0 million by end of June 2012, when it is expected that 4HamCogen will effectively be paid for the green certificates for its produced green energy in Ham over the period August 2011 – March 2012.

**MAIN EVENTS DURING THE YEAR 2011**

- Higher electricity and green certificates sales from the cogeneration facilities in Amel more than compensated the maintenance cost related to the three yearly major overhaul of Amel I & some further increases in operating cost items.
- A settlement was reached with the insurance companies in the litigation related to damages resulting from the delay in commercial operation of Amel I resulting in a non recurrent cash income of € 0.25 million over the year 2011.
- Delivery of Bio-Coal resulted in a successful co-firing test by a European utility. Meanwhile, the search process for a strategic partner for Bio-Coal is ongoing. The strategic partner is necessary to fund the additional investments that are needed to operate the Bio-Coal facility at a higher capacity factor. Waiting the outcome of the search process, the production of Bio-Coal in Amel has been put on hold as well as the implementation of the roll-out strategy for Bio-Coal.
- 4Energy Invest and KBC Bank agreed on changes to the credit contract of its affiliate Renogen.
- The wood biomass fired cogeneration plant in Ham entered pre-commercial operation in November 2011, despite the fact that the main contractor for the project did not yet fulfill the conditions for take-over as defined in the EPC contract.
- Continuous Insight2Impact BVBA with permanent representative Filip Lesaffer was nominated as new President of the Board of Directors of 4Energy Invest on July 5<sup>th</sup> 2011.

**MAIN EVENTS AFTER 31 DECEMBER 2011**

- ING Belgium and KBC Bank approved a 9 month working capital facility for 4HamCogen for € 2.8 million. The facility will be reduced to € 1.0 million by end of June 2012, when it is expected that 4HamCogen will effectively be paid for the green certificates for its produced green energy in Ham over the period August 2011 – March 2012.
- 4Energy Invest currently uses the Amel III installation below its designed capacity factor to produce dried wood chips and white wood pellets in anticipation of the final outcome of the search process for a strategic partner for Bio-Coal.
- 4Energy Invest and KBC Bank engaged in discussions to lower the repayment obligations under the credit facilities related to Amel I, II and III over 2012 until there is more clarity on how a possible strategic partnership for Bio-Coal, if any, could impact the economics of Amel III going forward. In this respect, KBC Bank agreed to postpone the start of redemption of the outstanding long-term credit facility of Amel III till 30 September 2012 and agreed that the amount provisioned under the DSRA account could be used in the framework of the redemptions scheduled under the outstanding credit facilities on Amel I and Amel II.

## **OUTLOOK FOR 2012**

4Energy Invest's annual results 2012 are expected to be influenced by

- A full year of production of the Amel I and Amel II cogeneration facilities; a major three yearly planned maintenance (first revision of the turbine) of Amel II is scheduled over quarter 2 2012;
- The outcome of the search process for a strategic partner for Bio-Coal, as this will largely impact the economics of the Amel III production facility going forward and the growth prospects for 4Energy Invest, if any, in general;
- A full year of production of the Ham cogeneration facility;
- A significant cost reduction program at holding level has been defined and initiated;

Electricity prices currently experienced in the wholesale power market for the output of the cogeneration facilities remain very depressed. Green certificate trading prices in Flanders have weakened significantly as a result of the oversupply of green certificates in the Flemish market and the decision by the Flemish government to reduce the penalties for not respecting the quota going forward.

4Energy Invest has engaged in discussions with the VREG as to approve the cogeneration algorithm for the Ham Cogeneration project. Heat off-take and the sale of related cogeneration certificates (WKK) will be critical for the economics of the Ham cogeneration project going forward and will be necessary to absorb part of the impact of depressed electricity prices and a collapsed green certificates market in Flanders.

4Energy Invest confirms that the delay in operating Amel III at industrial scale significantly affects the projected cash flow generation of the group for the year 2012. A further restructuring of the existing credit facilities at Renogen level will have to be achieved in order to be able to fulfill the company's financial obligations over the year 2012. 4Energy Invest believes that the recurrent cash flows of Amel I, Amel II and the projected cash flows of Amel III in a scenario without Bio-Coal should allow Renogen to eventually meet its financial obligations going forward, provided that the latter are further restructured to bring them in line with the debt service capacity of Amel I, II and III and thus form a basis to engage in debt restructuring discussions to lower the debt redemption obligations over 2012. If a strategic partnership for Bio-Coal could be structured, than 4Energy Invest should be able to strengthen the equity base of the company.

4Energy Invest expects to take-over the Ham cogeneration project from its EPC contractor in April 2012. Take-over date will also be the moment at which the Company will take-over the responsibility for the operation and the maintenance of the plant;

4Energy Invest has put on hold its roll-out strategy to build additional Bio-Coal production capacity. In addition, it does no longer pursue the implementation of its Bio-Coal projects in Ham (Belgium) and in Reisbach (Germany) but may, in collaboration with a possible strategic partner give priority to projects in countries where more abundant biomass resources are available and where the long term supply of biomass can be secured at competitive prices.

**This press release and the complete Annual Results report are made available in English, Dutch and French through our corporate website [www.4energyinvest.com](http://www.4energyinvest.com)**

**ABOUT 4ENERGY INVEST**

4Energy Invest is a Belgian based renewable energy company that was set up with a view to create and manage a portfolio of small to midsized locally embedded projects that valorize biomass, directly or indirectly, into energy.

4Energy Invest (through its fully owned subsidiary Renogen) has two cogeneration projects, located in Amel (Wallonia, Belgium), that are fully operational.

4Energy Invest (through its fully owned subsidiary Renogen) is in the process of constructing a large scale torrefaction unit to produce BioCoal or torrefied wood pellets with minimum CO<sub>2</sub> footprint in Amel (Wallonia, Belgium). 4Energy Invest has operated the Bio-Coal installation at 40% of its design capacity and produced a sufficient quantity of Bio-Coal as to enable a European utility to execute a large scale co-firing test during the last quarter of 2011. 4Energy Invest identified during its operation at 40% capacity that additional investments are needed to operate the Amel installation at a higher capacity factor. 4Energy Invest concluded that it needs to enter into a strategic partnership with a third party for Bio-Coal to be able to finance and implement the additional investments that are required.

4Energy Invest (through its fully owned subsidiary 4HamCogen) has a 9.5 MW biomass fired cogeneration project in Ham (Flanders, Belgium) which is in pre-commercial operation.

4Energy Invest has put on hold its roll-out strategy to build additional Bio-Coal production capacity until a strategic partner for Bio-Coal has been found. In addition, it does no longer pursue the implementation of its Bio-Coal projects in Ham (Belgium) and in Reisbach (Germany) but may, in collaboration with a possible strategic partner give priority to projects in countries where more abundant biomass resources are available and where the long term supply of biomass can be secured at competitive prices.

4Energy Invest is listed on Euronext Brussels under symbol ENIN.

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