

## 4Energy Invest presents Interim Results for the six month period ended 30 June 2013

4Energy Invest, the Belgian renewable energy company focused on valorising biomass into energy, announces today its Interim Results for the first half year of 2013.

### **Financial highlights: Income Statement**

	30 June 2013	30 June 2012
<b><u>Consolidated statement of comprehensive income</u></b>	<b>€'000</b>	<b>€'000</b>
Sales	9.562	8.992
Change in inventories of finished goods	0	20
Other operating income	63	658
<b>Revenues</b>	<b>9.625</b>	<b>9.669</b>
Cost of sales	-6.195	-5.507
Personnel costs	-1.272	-1.091
Other operating expenses	-863	-827
<b>Operating cash flow (EBITDA)</b>	<b>1.296</b>	<b>2.244</b>
<b>Operating result (EBIT)</b>	<b>-35.641</b>	<b>-3.057</b>
<b>Result of the period</b>	<b>-36.853</b>	<b>-4.384</b>

Sales of € 9.56 million during the first six months of 2013 are 6.3% above sales of the first six months of 2012. The growth in sales results mainly from the higher electricity price (+18.8% compared to the same period last year), as well as a higher output in Ham. This is partly offset by lower production figures in Renogen and the lower price for green certificates (mainly in Ham). Sales are mainly composed of the sale of green certificates (€ 6.6 million compared to € 6.7 million in the same period of 2012), the sale of energy (€ 2.5 million compared to € 2.0 million in the same period of 2012) and the sale of white wood pellets (€ 0.45 million compared to € 0.19 million in the same period of 2012).

The cost of sales during the first six months of 2013 amounted to € 6.2 million (€ 5.5 million in 2012) and consisted of purchases of biomass for € 3.9 million (€ 3.4 million in 2012), pretreatment of biomass for € 0.4 million operating (€ 0.3 million in 2012), maintenance expenses for € 0.85 million (€ 0.7 million in 2012), the cost of the distribution injection tariffs for € 0.1 million (€ 0.1 million in 2012) and other expenses for € 0.95 million (€ 1.0 million in 2012). This means that the overall cost of biomass has increased with almost 10% compared to last year due to the deterioration of the quality of biomass (higher moisture content, more pretreatment costs, higher ash content, etc.)

The personnel costs increased with 18% compared to the similar period last year. This result from inflation and the extra workforce that was needed to operate the Ham cogeneration facility and the Amel III facility.

The resulting EBITDA margin for the first six months of 2013 amounted to € 1.30 million (13.5% of revenues) compared to € 2.24 million (23.1% of revenues) in the same period last year.

The property, plant and equipment of Amel I, Amel II, Amel III and Ham have been depreciated for € 2.3 million compared to € 3.3 million in the similar period of last year. This difference in depreciation compared to last year is explained by the significant reduction in book values due to the impairments recorded in 2012.

Based on (i) the experience of running the Amel III installation, which was initially designed to produce BioCoal, (ii) the current difficult market environment for sourcing the specific biomass and (iii) the current market prices for the end product, the Board of Directors has come to the conclusion that, not taking into account any new investments to increase the production capacity, it is difficult to run the current installation in such a way that it generates positive cash flows. Therefore it was decided to no longer consider the value in use for the installation, but to value the Amel III asset at its fair market value. An analysis of potentially selling the different components of the installation in the current environment (most of this information is, in the absence of relevant observable inputs for the fair value measurement based on management's expectations) resulted in a value of about € 1.2 million for the Amel III installation. Therefore the Board has decided to adjust the installation's net book value by recording an impairment of € 3.1 million. The installation will only be operated in the future if and when it can be reasonably expected that a positive contribution can be achieved.

Additionally, impairments have been recorded both for 4HamCogen as well as Amel I+II based on the results of the first 6 months of 2013, an updated forecast for 2013 and the future outlook of the plants based on different studies that have been executed (study on biomass, technical study of the installations, environmental regulations review).

This analysis resulted in an additional impairment on Amel I+II of € 15.0 million and an additional impairment on 4HamCogen of € 16.55 million.

The net financial costs of € 1.21 million reflect the interest expenses on the credit facilities used for Amel I, Amel II, Amel III and the Ham facility and the change in mark-to-market values at 30 June 2013 of the interest rate swaps that have been structured for the credit facilities of Amel I, Amel II, Amel III and the Cogeneration project in Ham. Evolution in mark-to-market values at 30 June 2013 accounted for a positive impact of € 0.72 million in the total net financial costs (comparable to a negative impact in the same of period last year of € 0.48 million).

The net profit for the period equals - € 36.85 million.

**Financial highlights: Balance sheet**

<b><u>Consolidated statement of financial position</u></b>	<b>30 June 2013</b>	<b>31 Dec. 2012</b>
	<b>€'000</b>	<b>€'000</b>
<b>Non current assets</b>	<b>13.687</b>	<b>50.362</b>
<b>Current assets</b>	<b>6.177</b>	<b>6.160</b>
<i>Cash and cash equivalents</i>	<i>741</i>	<i>1.646</i>
<b>Total assets</b>	<b>19.865</b>	<b>56.522</b>
<b>Equity</b>	<b>-51.722</b>	<b>-14.869</b>
<b>Non current liabilities</b>	<b>686</b>	<b>28.504</b>
<b>Current liabilities</b>	<b>70.900</b>	<b>42.887</b>
<b>Total equity and liabilities</b>	<b>19.865</b>	<b>56.522</b>

The net decrease in property, plant and equipment mainly results from the impairment on Amel I,II, III and Ham. After the impairment made at the end of 2012 (22.17 Mio €), a new impairment exercise was executed based on the actual results of the first half of 2013 and the further outlook. This resulted in an extra impairment of 34.65 Mio € which brings the total impairment booked over the last 12 months to 56.82 Mio €. Furthermore, the depreciation on assets in operation (Amel I, II, III and Ham) outweighed the limited investments made during the first six months of 2013.

No other projects are under development or construction at the date of 30/06/2013.

Due to the extra reported loss for the period, the negative equity has further deteriorated so there is no equity attributable to the equity holders of 4Energy Invest.

With the standstill negotiated with KBC bank, ING bank and LRM, there were only repayments made on some smaller equipment leasing contracts in Amel Bio and 4HamCogen.

### **Operational highlights**

The operational performance of the Amel cogeneration facilities was far below the operational performance of the similar period last year, mainly driven by higher costs for biomass due to higher consumption of biomass in relation to the production output. This is caused by the decreased quality of the biomass and has a cost increase impact of 10%.

Sales were higher than last year in the same period. The decrease in output of electricity and as a consequence the lower amount of green certificates (-3.5%) was almost completely compensated by the higher electricity price (+12.5%). Sales of white wood pellets more than doubled but this did not have the expected effect on the EBITDA. In the same period of last year, Renogen was compensated for an important amount by the insurance company for a machine breakdown. This was a non-recurrent income.

Further contributor to the inferior result was the cost of recurrent maintenance which increased by almost 50%, partly explained by the maintenance cost on Amel III.

4HamCogen has taken over the Cogeneration project in Ham from its EPC-contractor MWP at the end of April 2012. 4HamCogen has at that date taken over the responsibility for the operation and the maintenance of the plant. Although the operational performance of this cogeneration facility has steadily improved since take-over (output of electricity is up by almost 8% compared to the same period last year), the EBITDA is far behind what was expected. The positive impact of the higher output as well as better prices for electricity (+25% compared to same period last year) has been offset by the lower price for the green certificates (-8,3%) and the impact of maintenance costs (in the first 4 months of 2012, the maintenance costs were still borne by the contractor).

Renogen used the Amel III installation to produce white wood pellets, however with no EBITDA contribution on a consolidated level.

### **Outlook for the year 2013**

4Energy Invests results for the second half of the year 2013 are expected to be influenced by the following factors

- Amel I and II as well as 4HamCogen have no further major planned maintenance for the second half of 2013;
- At the moment there is no production of dried wood chips and white wood pellets in Amel III. Production will only be restarted if and when it can be reasonably expected that positive contributions can be realized. This is not the case at the moment due to the difficulty in sourcing the right biomass at acceptable prices, the market prices of the produced pellets and the limited capacity of the actual installation;
- Action plans are in place to improve the production output of both Amel I+II as well as 4HamCogen and to reduce the pre-treatment costs of the biomass in 4HamCogen. These action plans should result in improvements of the result in the mid to long term. The chances that this will result in a substantially better result in 2013 are however limited.

- Discussions between 4Energy Invest and the VREG with respect to the cogeneration algorithm for the 4HamCogen project have not resulted in a positive outcome. This implies that the potential to significantly increase the economics of the 4HamCogen project is no longer available.
- Negotiations between 4HamCogen and Ecopower for a contract to deliver electricity and heat to the new facility of Ecopower in Ham are still ongoing.
- Electricity prices projected in the wholesale market for the second half of the year are about 9% lower than in the comparable period last year. Also the projected price of the green certificates is lower than last year for the same period (-3%). Both the electricity spot market prices as well as the prices of the green certificates have a direct impact on the bottom line result of the cogeneration activities in Amel and Ham going forward;

In the absence of a further significant restructuring of the existing credit facilities at the levels of both Renogen and 4HamCogen, the 4Energy Invest group will not be able to fulfill its financial obligations over 2013 and the years beyond. Currently, 4Energy Invest has obtained a new standstill on the group's scheduled principal repayments by its financial partners, KBC, ING and LRM until January 31, 2014. This standstill will automatically expire if any of the following events occur during the standstill period:

- an event of default under the senior facilities agreements;
- the non-payment of any interests due under the senior facilities agreement;
- the non-compliance with one or more of the information covenants;
- the occurrence of an event which, in the reasonable opinion of the banks, has, or is reasonably likely to have, a material adverse effect;
- the occurrence of an insolvency event in respect of any member of the 4Energy Invest group;
- the commencement of any liquidation, administration, receivership or other insolvency related proceedings, whether voluntary or involuntary, against or in respect of any member of the 4Energy Invest group.

Given the current volatile market conditions, it is uncertain whether the 4Energy Invest group will be able to comply with the aforesaid conditions during the entire standstill period.

The Board of Directors has decided to try and find, during the standstill period, one or more strategic partners for its affiliates. Continuous Insight2Impact BVBA, represented by Filip Lesaffer, the executive chairman of 4Energy Invest, has been mandated to lead this process.

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

**About 4Energy Invest**

4Energy Invest is a Belgian based renewable energy company that aims at creating and managing a portfolio of small to midsize 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 4HamCogen) has taken into commercial operation a 9.5 MW biomass fired cogeneration unit in Ham (Flanders, Belgium).

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

**For more information, please contact:**

Filip Lesaffer, Executive Chairman

Tel: 32 496 57 90 15

[www.4energyinvest.com](http://www.4energyinvest.com)