

Stockholm 2019-02-28

Scandinavian Biogas

Interim report for the period

1 January – 31 December 2018

The new plant in Skogn, Norway, has been delivering liquid biogas to a customer since September 2018. In Sweden, the Group was awarded a government biogas subsidy, of which SEK 4.8 million was taken up as income during fourth quarter 2018. Consolidated EBITDA was negatively affected during 2018 by one-off costs attributable to court decisions regarding disputes.

Fourth quarter in brief

- The new plant in Skogn delivered 1.5 MNm³ LBG (liquid biogas) to a customer during October – December 2018
- Net sales totalled SEK 82.7 million (66.4), an increase of 24.5%
- EBITDA was SEK 8.9 million (-10.3), an increase of 186.4%
- The Group posted an operating loss of SEK -12.6 million (-35.5), an improvement of 64.5%
- The Group posted a loss after tax of SEK -20.4 million (-34.1), an improvement of 40.2%
- The Group received an advance payment of SEK 21.8 million for the government biogas subsidy, of which SEK 4.8 million was taken up as income
- The Group received SEK 5.5 million in advance payments for the “Slurry Management” and “Tank Station Mönsterås” projects
- The EffiSludge for LIFE project received a grant of SEK 7.6 million, of which SEK 3.8 million was allocated to Biokraft AS, Norway
- The Group received SEK 16 million in subordinated loans from its largest shareholders
- The dispute with the main supplier to the Södertörn facility was settled in October at terms unfavourable to the Group

Full-year in brief

- The plant in Skogn delivered 1.6 MNm³ of LBG (liquid biogas) to a customer during September – December 2018
- Net sales totalled SEK 275.2 million (258.4), an increase of 6.5%
- EBITDA was SEK -6.2 million (21.6), a decrease of -77.7%. The change is attributable to:
 - one-off cost of SEK 6.6 million (13.6) for a revalued present value calculation of the penalty fee provision
 - one-off cost of SEK 9.6 million attributable to the unfavourable ruling in the dispute with a supplier to the Södertörn facility
 - other expenses of SEK 5.6 million for dispute-related legal services
 - Business Area Norway total EBITDA of SEK -14.8 million
- The Group posted an operating loss of SEK -71.8 million (-42.2), a decline of -70.3%
- The Group posted a loss after tax of SEK -109.9 million (-75.0), a decline of -46.5%
- The Group's adjusted equity/assets ratio did not meet the corporate bond requirements as of 30 September 2018. A clear majority of bondholders confirmed their support to waive the requirement for the third and fourth quarters of 2018
- Project financing for the Södertörn facility was refinanced with bank loans at lower rates
- The Group received a total of SEK 34 million in subordinated loans from its largest shareholders

Significant events after the end of the period

- A settlement agreement was signed in January 2019 in the dispute with the main supplier to the Södertörn facility, which was concluded in October 2018. The Group will pay the counterparty a total of SEK 15.6 million through the end of August 2019
- The Group intends to investigate the possibility of conducting a directed share issue of up to SEK 134 million to a number of institutional and private investors and to offer certain shareholders the option of converting loans totalling SEK 34 million into shares. The Company also intends to conduct a rights issue of up to SEK 10 million at the same subscription price as is determined in the directed share issue. In total, the Company intends to issue shares with a value of up to approximately SEK 144 million
- The new plant at Skogn delivered approximately 1.4 MNm³ of LBG during the January – February 2019 period, an increase of about 35% on a monthly basis, as compared with monthly LBG deliveries during fourth quarter 2018
- The Group sees a risk that the adjusted equity/assets ratio requirement may not be met for the first and second quarters of 2019 and has therefore initiated a process to propose that bondholders waive the requirement

The interim report for 2018 for Scandinavian Biogas Fuels International AB (publ) is now available on www.scandinavianbiogas.com.

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The information in this press release is such that Scandinavian Biogas Fuels International AB (publ) must disclose in accordance with the EU Market Abuse Regulation (EU MAR) No. 596/2014. The information was submitted for publication on February 28, 2019, at 14:00 CET.