

“ After a challenging 2018 when we were impacted by a series of exceptional market events, the business bounced back this year to deliver a strong performance, reflecting its strong underlying operational capabilities. ”

Andrew Owens
Chairman
Greenergy Group



Chairman's report

This period's strong results reflect the operational strength of our business.

Safety, Health, Quality and Environment

This year was a year of continual progress and our individual safety KPIs remaining largely consistent against 2018, a positive overall trend.

As we continue to expand internationally, the embedding of our safety culture across the Group remains a priority. During the year we completed scheduled safety audits in all regions, and based on cross-border learnings, introduced standardised reporting from each business.

Health and safety p26

Financial performance

Profit before tax

£48.4m

Profit before tax totalled £48.4m against a loss of £24.7m in FY18. Adjusted EBITDA equated to £137.6m against £53.6m in FY18 as the business operated without the adverse significant events from 2018.

The low water level in the Rhine at the end of 2018 meant barges could not float on the Rhine to transport product. This resulted in unprecedented price spread and volatility and created timing effects, which were reversed in 2019 as expected.

This year, we experienced regulatory change with the introduction of the new Greenhouse Gas ('GHG') regulations that took effect from 1 January 2019. When announced in 2018, the regulations required a material change to our blending strategy which adversely affected our results last period, but we adapted quickly and were well positioned to satisfy the regulations effectively this year.

Adjusted EBITDA

£137.6m

In 2019, a further increase to biofuel inclusion obligations both in the UK and Ireland were introduced, presenting a particularly significant opportunity for the business. We continue to meet these obligations through ongoing investment in our biodiesel manufacturing facilities that will position us to meet the growing requirement for waste-based biofuel.

After a strong 2018, the Canadian market experienced a challenging 2019, with industry supply disruption and railway industrial action impacting our margins.

In Brazil, the new pricing regime implemented by the government in late 2018 continued to adversely affect margins, with the Brazilian market not moving in line with world markets.

Markets p32

Chief Financial Officer's review p20

Financial KPIs p76

Chairman's report - continued

Across the Group, our strategy for 2019 remained consistent, with the business growing to over 1,000 employees internationally.

People

To support the growth and development of our people, we have invested in a more formalised structure of staff training across the business, including the introduction of an online training management tool.

During the year we continued to transition to a new business operating structure comprising of: Fuel supply: Europe, Americas and Middle East; Renewables; and Investments. As part of this transition, Chris Brookhouse has stepped down from the Greenergy Fuels Holdings Limited Board and I thank him for his commitment and dedication. Chris remains Head of Infrastructure and CEO of Thames Enterprise Park, and will continue to lead the business in these areas.

Employment p94

Governance p102

Strategy

In the UK, we acquired William C. Hockin (Tankers) Ltd, a specialist haulage company based in Barnstaple, UK. The business has now been fully integrated into Greenergy Flexigrid to create Flexigrid Longhaul, our new long-distance logistics operation.

We also increased our shareholding in Thames Oilport to 100%, and were then able to integrate the terminal fully into the Greenergy operational, safety and business culture. As a second supply location on the Thames, Thames Oilport provides strategic storage for our UK business.

Our new marine fuel marketing and blending business continued to expand throughout the year in response to customer demand, and now provides customers with national supply.

Fuel supply: Europe p42

As part of our ongoing Canadian infrastructure investments, we continued to enhance our terminal in Thunder Bay. We also completed construction of our new rail-to-road terminal in Johnstown, Ontario, prior to year-end, with the terminal opening in early 2020.

Building on the success of the Inver brand in Ireland, this year saw us introduce the Inver brand in Canada, further expanding our offer to the independent dealer market in this market.

Fuel supply: Americas p52

Of particular note, our gasoline blending joint venture, Bahrain Gasoline Blending (BGB), formed between nogaholding, Bapco and Greenergy, has continued its success. This year, we agreed to extend the duration of the joint venture and are considering extending the scope to other products.

Fuel supply: Middle East p60

The continued step-up in renewable fuel obligations in the UK and Ireland saw demand for waste-based biofuels increase further in 2019. In anticipation, we completed incremental expansion investments to our two UK manufacturing plants at Immingham and on Teesside, resulting in record production in 2019.

We also completed conversion works to allow our biodiesel plant in Amsterdam, which we purchased idle in 2018, to process waste oils.

Renewables p64

This year was my last as Chief Executive. As I transition to the role of Chairman, I extend a very warm welcome to Christian Flach who took over from me on 1 September 2019. With Christian's strong leadership and the experience of our long-established Executive and senior management team, I am confident the business is best positioned to succeed in the years to come.

Post year end

In February 2020, we announced our merger with BG Fuels, a leading convenience and fuel retailer with 234 sites across Canada. This transaction is a significant step in our growth strategy for Canada.

Chief Executive's review p14

COVID-19

At the time of signing this report, the outbreak of the COVID-19 virus had an unprecedented impact, with a significant portion of the world experiencing some form of lockdown. We are closely monitoring this evolving situation and assessing the impact on our global business and our people.

The health and safety of our staff and customers remains our top priority. Our robust business continuity planning has allowed us to maintain supply for our customers, and mitigate the effects of COVID-19 on our business.

COVID-19 p16

Chief Financial Officer's report p20

Our investment in Thames Enterprise Park continues to progress. As part of our joint venture with iSec, a Marcol company, we continued remediation of the West Site which extends across approximately 100 acres of land, and completed the sale of the first significant parcel of land post year end. This marks an important first step in cash generation for the joint venture.

Investments p72

Industry investigation

In May 2019, the Serious Fraud Office ('SFO') announced it was investigating certain aspects of biodiesel trading at Greenergy and various third parties as part of a broader industry investigation. Following a short period of close cooperation with the SFO, we were informed that the company and our employees are no longer suspects in the SFO's ongoing investigation. We thank our staff for their diligence and professionalism in this matter and we continue to assist the SFO with their wider investigation.

Note 34 p185

Outlook

After 28 years as Chief Executive, I am stepping down from the day-to-day operations of Greenergy and transitioning to Chairman. I do this with the confidence that the company is best positioned both for organic growth and for future M&A opportunities. We have a capable and supportive shareholder, and a driven and capable leadership team led by Christian, and I look forward to working with them to ensure the company's continued success.



Andrew Owens
Chairman, Greenergy Group