



QUARTERLY REPORT: Q1/2017



www.bgs-energy.cz

Energy produkt plus s.r.o.



Energy produkt operates our group's key biogas stations. After eight years of biogas station operations, important scheduled repairs and maintenance were carried out in 2016. This involved a complete temporary shutdown, during which the fermenters were cleaned and inspected. At the same time, a general overhaul was conducted for the cogeneration (CHP) units in Závadkovice and Suchdol nad Odrou. These temporary shutdowns increased costs while reducing the company's operating income last year. The technical interventions were necessary and a shutdown of this scope will occur again in no more than eight years.

After performing and completing the shutdowns, operations are in peak condition and are achieving high performance in electricity production. This performance has been gradually rising since 3Q 2016 and is continuing to attain above-average production values (currently end 1Q 2017). Repairs and maintenance at BPS Čihošť are scheduled for 2017, but in a lesser scope so that the cutback in production will be as low as possible. This year we are introducing new organisational measures with the aim of achieving the shortest possible production delays during technical failures and biological operations management. For this reason, we are reinforcing the team of specialists for managing operations at individual biogas stations. Our aim for this year is to improve production efficiency by reducing the amount of electricity we consume in biogas station operations.

Agroprodukt plus, a.s.



Agroprodukt is focused on crop and livestock production. The Agromilk cooperative and Podhradí s.r.o. are also a part of this agricultural division. Two biogas stations with a total output of 870 kW of electricity are in operation in the agricultural division. A central overhaul of the cogeneration units at the biogas stations was performed in 2016.

The agro division farms on approximately 1,900 hectares of land. 2016 can be viewed as highly successful in terms of the production of coarse fodder, which is used as the feedstock for biogas stations and as feed for 900 beef cattle. Dairy cattle farming underwent a major crisis in 2016, which was caused by very low purchase prices for milk. In response to these low market prices, investments were made into expanding the company's own farm dairy, which has the capacity to process nearly half of the daily milk production. The farm's daily production is approximately 9,000 litres of high quality milk. The farm dairy produces and sells a wide range of dairy products and the portfolio of products is continuously increasing, as can be seen at the website www.dobryprodukt.cz.

In 2017 the agro section is concentrating on growing new crops that are suitable as feedstock for biogas stations. In a trial, an area was sown with a special variety of sugarbeet that is designated for biogas stations. The yield was higher than expected, and this year the area sown with sugarbeet is being expanded. Beet is not a common commodity in our region, but short-term experience has shown that it is not only suitable for use in biogas stations, but it also can be added to the feed formula for dairy cattle.

BGS Biogas, a.s.



BGS Biogas currently operates as a service organisation serving 40 core clients who have been outfitted with a comprehensive biogas station. This is a professional team of staff members who in 2016 expanded their expertise and abilities in serving new types of CHP units. This gave rise to a new collaborative relationship with a foreign supplier of spare parts. BGS Biogas reported a slight increase in total revenues for service activities in 2016. This was primarily the result of services for customers outside the BGS group, where there were more extensive repairs and servicing of CHP units, central overhauls, and complete replacements after the end of the lifetime of the parts. We are confident that this growing trend will continue in future years.

The company is concerned with increasing the knowledge and technical expertise of the service team. Our staff is able to perform extensive overhauls of batch equipment and inspect other biogas station parts, and these activities gradually increase the overall volumes of services and sold spare parts.

We see extensive opportunity for growth in this field in the coming years. We will also work towards strengthening communication with current and new customers by entering into new service agreements and sending out regular newsletters, which will inform current and potential clients about news at our company and developments on the biogas station market.

REVIEW OF COMPANY PORTFOLIO: OWN PROJECTS

Power plant	MW	Monthly Production (kWh)	Projection (kWh)	Monthly perf.	Production YTD (kWh)	Projection YTD (kWh)	YTD perf.
Zavidkovice	0,99	595044	595000	100%	1729933	1785000	97%
Suchdol nad Odrou	0,59	386473	348000	111%	1120989	1044000	107%
Číhošť	0,62	376067	383750	98%	1042084	1151250	91%
Skury	0,59	174355	348000	50%	227090	1044000	22%
Ovesná Lhota	0,62	393514	383750	103%	1144303	1151250	99%
BPS Lhota	0,50	266371	295000	90%	877000	885000	99%
BPS Ptení	0,54	288238	320000	90%	738020	960000	77%
BPS Lipnice	0,25	105919	147500	72%	382957	442500	87%
BPS Przykona	1,897	984627	1092672	90%	2953880	3278016	90%

REVIEW OF COMPANY PORTFOLIO: EPC PROJECTS

Project	Size	Type
Olešnice	0,52 MW	EPC
Hodkovice	0,99 MW	EPC
Nový Dvůr	0,54 MW	EPC
Telč	0,62 MW	EPC
Dobronin	0,62 MW	EPC
Poděbaby	0,62 MW	EPC
Slavíkov	0,74 MW	EPC
Horní Bradlo	0,74 MW	EPC
Kacina	1,60 MW	EPC
Kamen	0,74 MW	EPC
Bobrova	0,37 MW	EPC
Korolupy	0,54 MW	EPC
Biofarma Sasov	0,25 MW	EPC
Kamenice	0,99 MW	EPC
Ostaš	1,20 MW	EPC
Hoštka	0,80 MW	EPC
Plevnice	0,34 MW	EPC
Hluboka	0,62 MW	EPC
Jilem	0,62 MW	EPC
Starý Pelhřimov	0,37 MW	EPC
Havlíčková Borová	0,74 MW	EPC
TOTAL	14,57 MW	