

Conference call

HY19 results

Brussels, August 26, 2019



Tessenderlo Group

EVERY MOLECULE COUNTS



A replay of the webcast will be available on our website.

KEY EVENTS



T-Power

- **Tessenderlo (Belgium)**

In June, Tessenderlo Group acquired NAES Belgium bvba from the American group NAES Corporation, a subsidiary of Itochu Corporation.



DYKA Group

- **Belgium & Czech Republic**

DYKA has opened new branches in Anderlecht (Belgium) and Třeboň (Czech Republic) in the first half of 2019.



Claro

- **Brussels (Belgium)**

In the first half of 2019, Tessenderlo Group also presented Claro™, a range of revolutionary tissue-engineering products for 3D applications.



Tessengerlo Group

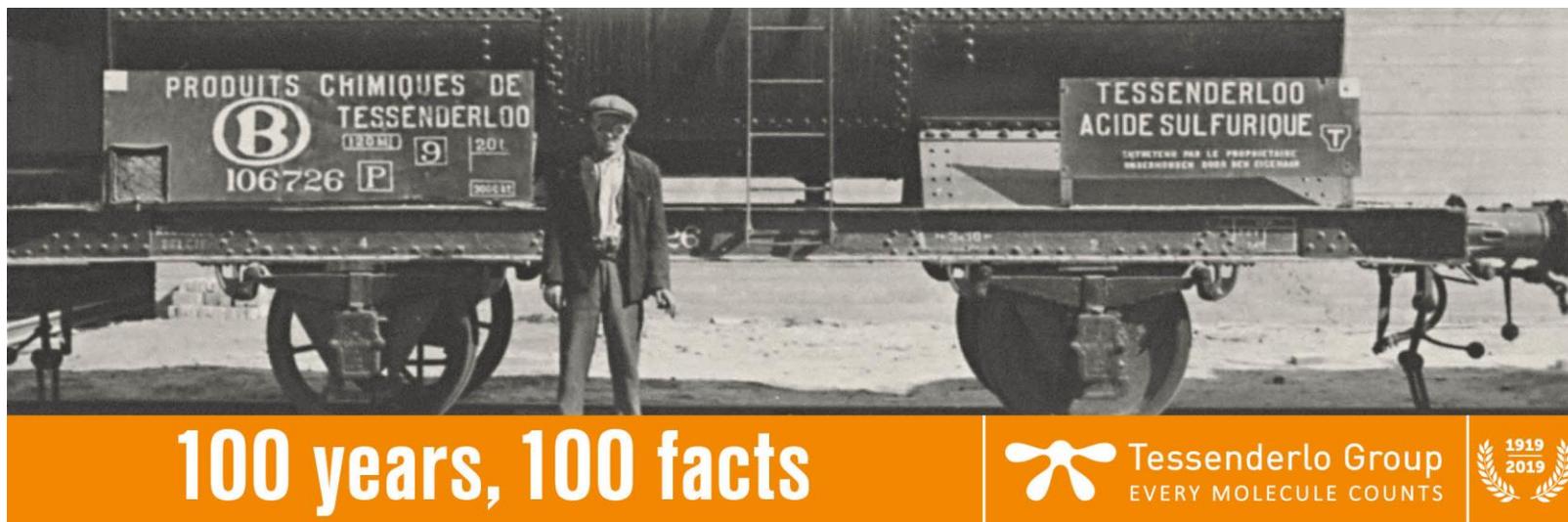
- **Brussels (Belgium)**

On July 10, an Extraordinary General Meeting approved a number of amendments to the articles of association and the introduction of loyalty voting rights.



100 years

- 2019 marks the 100th anniversary of Tessenderlo Group. To commemorate this impressive milestone, we have launched a website highlighting 100 remarkable facts relating to the history of Tessenderlo Group: www.100yearstessenderlo.com.



HY19 results



Tessenderlo Group
EVERY MOLECULE COUNTS

Operational key figures

Million EUR	HY19	HY18	% Change excluding fx effect and impact IFRS 16	% Change as reported
Revenue	925.0	845.0	6.8%	9.5%
- T-Power revenue	-34.8	-		
Revenue excluding T-Power	890.3	845.0	2.7%	5.4%
Adjusted EBITDA	144.9	97.5	29.8%	48.7%
- T-Power Adjusted EBITDA	-24.4	-		
Adjusted EBITDA excluding T-Power	120.5	97.5	4.9%	23.7%
Adjusted EBIT	79.3	62.5	18.6%	26.8%
- T-Power Adjusted EBIT	-5.9	-		
Adjusted EBIT excluding T-Power	73.4	62.5	9.1%	17.4%
Profit (+) / loss (-) for the period	47.5	54.9		-13.5%
Total comprehensive income	36.1	53.3		-32.4%
Capital expenditure	43.5	32.4		34.5%
Cash flow from operating activities	131.5	56.3		133.6%
Operational free cash flow	99.8	36.0		177.2%

HY18 Adj. EBITDA:	97.5 M EUR
T-Power contribution:	+24.4 M EUR
IFRS16 impact:	+12.6 M EUR
FX impact:	+5.8 M EUR
Growth:	+4.7 M EUR
HY19 Adj. EBITDA:	144.9 M EUR

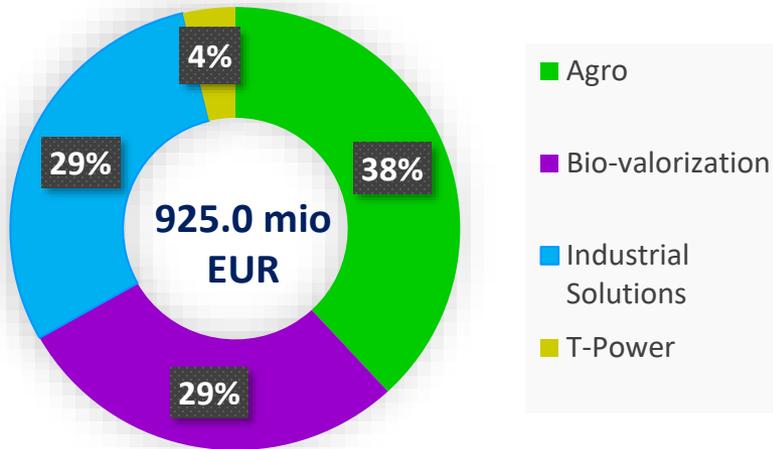
Remarks:

- 1) On October 2, 2018, Tessenderlo Group closed the acquisition of the remaining 80% shares of T-Power nv, which is a gas-fired 425 MW power plant in Tessenderlo (Belgium). In order to improve the comparability with 2018 figures, T-Power results are presented separately.
- 2) Adjusted EBITDA equals adjusted EBIT plus depreciation and amortization. Adjusted EBIT is considered by the group to be a relevant performance measure in order to compare results over the period 2018-2019 as it excludes adjusting items from the EBIT (Earnings Before Interests and Taxes). EBIT adjusting items principally relate to restructuring, impairment losses, provisions, gains or losses on significant disposals of assets or subsidiaries and the effect of the electricity purchase agreement.
- 3) The implementation of IFRS 16 Leases, as of January 1, 2019, impacted the Adjusted EBIT/EBITDA. The IFRS 16 impact on the Adjusted EBITDA is as follows: Agro (+3.4 million EUR), Bio-valorization (+4.6 million EUR), Industrial Solutions (+4.6 million EUR) and T-Power (+0.0 million EUR). The IFRS 16 impact on the Adjusted EBIT is as follows: Agro (+0.1 million EUR), Bio-valorization (+0.2 million EUR), Industrial Solutions (+0.1 million EUR) and T-Power (+0.0 million EUR).
- 4) Operational free cash flow equals to Adjusted EBITDA minus capital expenditure minus change in trade working capital.

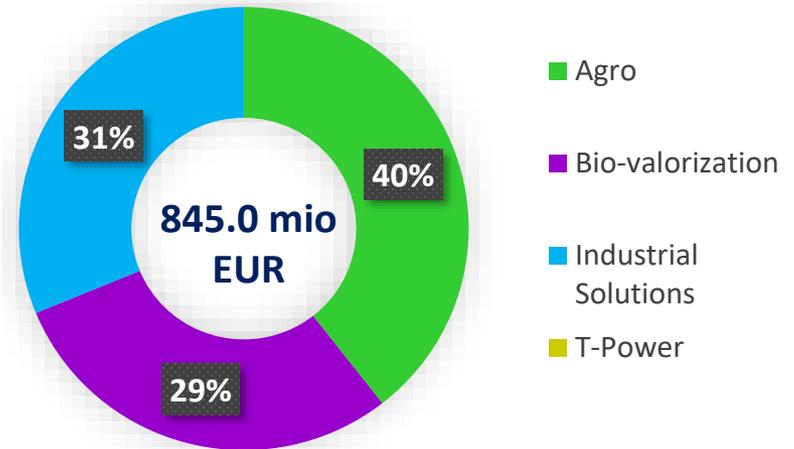


Group revenue per segment

HY19 revenue (% of total)

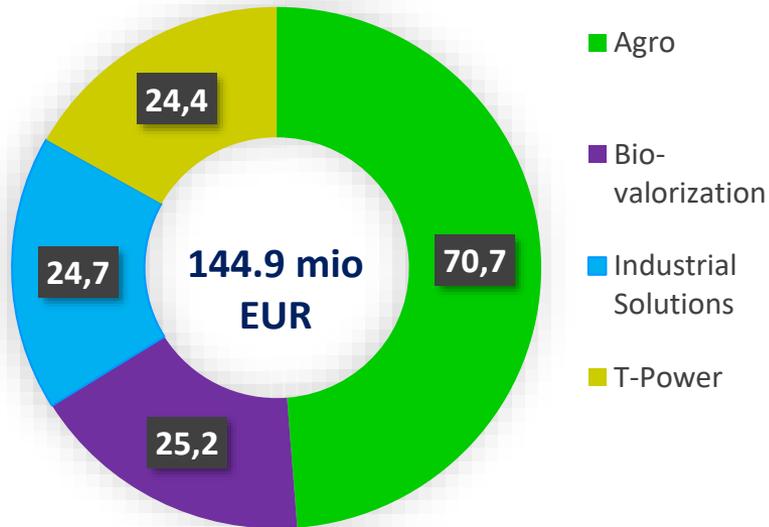


HY18 revenue (% of total)

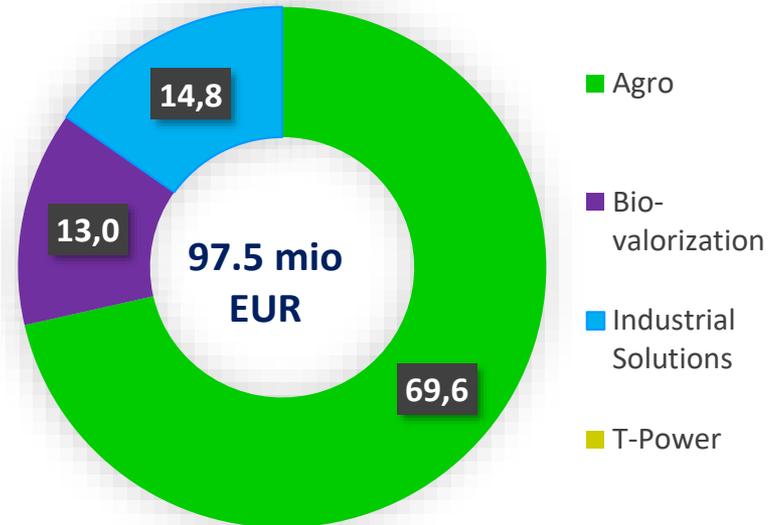


Group Adjusted EBITDA per segment

HY19 Adjusted EBITDA (Million EUR)



HY18 Adjusted EBITDA (Million EUR)



Agro segment

AGRO				
Million EUR	HY19	HY18	% Change excluding fx effect and impact IFRS 16	% Change as reported
Revenue	352.7	333.3	1.3%	5.8%
Adjusted EBITDA	70.7	69.6	-9.5%	1.5%
Adjusted EBITDA margin	20.0%	20.9%		
Adjusted EBIT	55.5	57.7	-10.3%	-3.8%
Adjusted EBIT margin	15.7%	17.3%		

- HY19 revenue slightly increased when excluding the foreign exchange effect (+1.3%).
- Crop Vitality revenue remained stable when excluding the foreign exchange effect.
- NovaSource revenue decreased, impacted by weather conditions.
- Tessenderlo Kerley International revenue increased thanks to higher liquid fertilizer volumes and an increase of the sales price of sulphates, which was able to offset its volume decline.
- The Adjusted EBITDA decreased by -9.5% (or -6.6 M EUR) compared to prior year when excluding the impact of IFRS 16 (+3.4 million EUR) and the foreign exchange effect.
- The slight improvement of the Adjusted EBITDA of Tessenderlo Kerley International could not offset the lower Adjusted EBITDA of NovaSource and Crop Vitality, the latter being impacted by lower margins.



Bio-valorization segment

BIO-VALORIZATION				
Million EUR	HY19	HY18	% Change excluding fx effect and impact IFRS 16	% Change as reported
Revenue	265.3	247.9	4.9%	7.0%
Adjusted EBITDA	25.2	13.0	49.2%	93.4%
Adjusted EBITDA margin	9.5%	5.2%		
Adjusted EBIT	8.0	0.7	nm	nm
Adjusted EBIT margin	3.0%	0.3%		

- Revenue increased by +4.9% when excluding the foreign exchange effect, as higher PB Leiner volumes were only partially offset by the decrease of volumes within Akiolis.
- The Adjusted EBITDA increased to 25.2 million EUR or increased by 49.2% (or +6.4 M EUR) when excluding the IFRS 16 impact (+4.6 million EUR) and the foreign exchange effect.
- While Akiolis was impacted by lower volumes, PB Leiner results were able to increase thanks to higher volumes, combined with an improved product mix and lower raw material prices.



Industrial Solutions segment

INDUSTRIAL SOLUTIONS				
Million EUR	HY19	HY18	% Change excluding fx effect and impact IFRS 16	% Change as reported
Revenue	272.3	263.8	2.4%	3.2%
Adjusted EBITDA	24.7	14.8	33.3%	66.5%
Adjusted EBITDA margin	9.1%	5.6%		
Adjusted EBIT	9.9	4.2	133.5%	137.6%
Adjusted EBIT margin	3.6%	1.6%		

- HY19 Industrial Solutions revenue increased by +2.4% when excluding the foreign exchange effect, mainly positively impacted by an increase of the DYKA Group revenue who benefited from favorable market circumstances.
- The HY19 Adjusted EBITDA increased by 33.3% (or +4.9 M EUR), when excluding the IFRS16 impact (+4.6 million EUR) and the foreign exchange effect.
- The Adjusted EBITDA of DYKA Group increased thanks to higher volumes and an increase of production efficiency based on investments made.
- Performance Chemicals Adjusted EBITDA increased compared to prior year, as the HY18 Adjusted EBITDA of Performance Chemicals was negatively impacted by further start-up expenses for the NaOH production in Loos (new membrane electrolysis plant in France). A further increase of the Adjusted EBITDA of Performance Chemicals in the second half of 2019 compared to prior year is not expected as 3Q19 unforeseen technical issues at the plant in Loos negatively influence current production volumes.



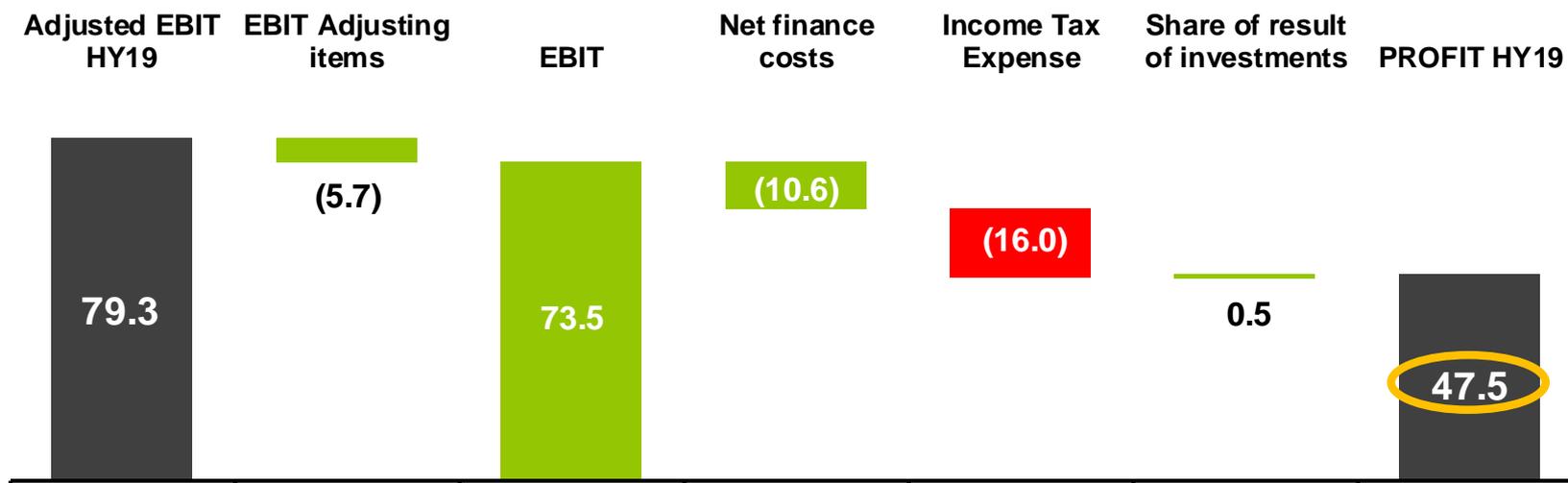
T-Power segment

T-POWER				
Million EUR	HY19	HY18	% Change excluding fx effect and impact IFRS 16	% Change as reported
Revenue	34.8	-	nm	nm
Adjusted EBITDA	24.4	-	nm	nm
Adjusted EBITDA margin	70.1%	-		
Adjusted EBIT	5.9	-	nm	nm
Adjusted EBIT margin	16.9%	-		

- T-Power contributed in the first half of 2019 34.8 million EUR to the revenue and 24.4 million EUR to the Adjusted EBITDA of the Group.
- These results were in line with expectations, as T-Power fulfilled all tolling agreement requirements.
- The group has reviewed the T-Power financing structure during the first half of 2019.
- The group acquired NAES Belgium bvba in its entirety from the American group NAES Corporation, a subsidiary of Itochu Corporation, in June 2019. Since 2012, NAES Belgium has been responsible for the operation of the T-Power 425 MW CCGT (Combined Cycle Gas Turbine) plant. The company employs 30 members of staff. The name of the company was changed to T-Power Energy Services bv. With the acquisition of NAES Belgium and the fact that it is locally based, Tessengerlo Group now also has the technological knowledge and the team to completely manage T-Power internally.



HY19 Adjusted EBIT to profit details (Million EUR)



The EBIT adjusting items mainly relate to:

- The recycling of currency translation reserves following the completion of the liquidation process of PB Gelatins Wenzhou Co., Ltd. (China) for +3.0 million EUR.
- The impact of the decrease of the discount rate applied to environmental provisions (-4.9 million EUR).
- The impact and revaluation of an electricity purchase agreement, for which the own-use exemption under IAS 39 is not applicable anymore; and
- several other individually less significant items (mainly changes in provisions).

The net finance costs (-10.6 million EUR) include unrealized foreign exchange gains on USD intercompany loans and cash and cash equivalents, which are not hedged. The regular finance cost, excluding net foreign exchange gains/(losses), amounts to -13 million EUR (including T-Power nv interest expenses for -5.9 M EUR, as well as one-off T-Power refinancing expenses).

Tax expenses amount to -16.0 million EUR in HY19, versus -12.5 million EUR in HY18. The income tax expenses mainly relate to the operations in the United States.

The HY19 profit amounts to 47.5 million EUR compared to 54.9 million EUR in HY18. The profit (+) / loss (-) for the period is impacted by exchange gains and losses, mainly on non-hedged intercompany loans and cash and cash equivalents in USD. Excluding these exchange gains and losses, the profit (+) / loss (-) for HY19 would amount to approximately 45 million EUR, while the HY18 result would have amounted to approximately 46 million EUR.

Outlook

- The following statements are forward looking and actual results may differ materially.
- The group confirms its previous forecast that in addition to the full-year contribution of T-Power, which is expected to amount to approximately 50 million EUR, and the implementation of IFRS 16 Leases, which will lead to an additional Adjusted EBITDA of around 25 million EUR, the group anticipates that the 2019 Adjusted EBITDA will be higher compared to 2018.
- The group would like to emphasize that it currently operates in a volatile political, economic and financial environment.



Financial calendar

- Annual results

March 26, 2020





Thank you

