

# Conference call HY21 results

Brussels, August 26, 2021



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# KEY EVENTS



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# T-Power segment



In the first half of 2021, Tessengerlo Group filed the relevant applications in order to participate in the Belgian Capacity Remuneration Mechanism (CRM) tender for the construction of a second gas-fired power station of 900 MW in Tessengerlo (Belgium).

If successful in the CRM auction, the new power plant (which involves an investment of approximately 500 million EUR) should be operational by November 1, 2025.



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# Agro segment

Tessengerlo Kerley International will build a new Thio-Sul<sup>®</sup> manufacturing plant in Geleen (the Netherlands). Construction works on the new liquid fertilizer plant are planned to start in April 2022, with the plant scheduled to be operational from Q2 2023. In June, a community meeting was organized to present the plans for the new plant.

Meanwhile, Tessenderlo Kerley International continues to study major Thio-Sul<sup>®</sup> investments in the Eastern European/CIS region.



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# Bio-valorization segment

In the first quarter of 2021, Tessenderlo Group created a new growth unit, “Violleau”, to support the growth of organic agricultural solutions in Europe.



# KEY EVENTS

## After the balance date



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# Industrial Solutions segment

- In August 2021, the group reached an agreement to divest the MPR and ECS activities. The divestment comprises the main assets of these activities. The yearly contribution of MPR/ECS to the group's results was not significant. The sale is expected to be completed in the second half of 2021 and will lead to an insignificant result within EBIT adjusting items.
- In the third quarter of 2021, the business unit Mining & Industrial changed its name into Moleko.



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# Update COVID-19

- In light of the latest developments concerning the coronavirus pandemic, Tessenderlo Group continues to take all the necessary steps to ensure that we keep our people safe and keep our various plants and businesses running.
- All of the plants and activities are currently running in line with expectations and the impact of the COVID-19 pandemic on the condensed consolidated interim financial statements of the group in the first six months of 2020 and 2021 was not significant.
- Activities could be further impacted in the coming weeks or months if too many employees are affected by COVID-19 and/or if access to raw materials and auxiliary materials or means of transportation becomes more complicated, or if our customers are no longer able to process our products.



# HY21 RESULTS



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# Operational key figures

Million EUR	HY21	HY20	% Change excluding fx effect	% Change as reported
Revenue	1,021.0	935.0	12.9%	9.2%
Adjusted EBITDA <sup>1</sup>	184.7	182.0	6.9%	1.5%
Adjusted EBIT <sup>2</sup>	119.4	116.3	9.8%	2.7%
Profit (+) / loss (-) for the period	97.3	86.1		13.0%
Total comprehensive income	121.6	76.5		59.0%
Capital expenditure	41.1	41.1		0.2%
Cash flow from operating activities	153.9	163.9		-6.1%
Operational free cash flow <sup>3</sup>	129.5	141.0		-8.2%
Operational free cash flow (excluding IFRS 16 Leases)	118.5	129.1		-8.2%
Net financial debt	117.8	239.9		-50.9%

Net financial debt of 117.8 million EUR includes lease liabilities (55.1 million EUR), as well as a financial guarantee (16.3 million EUR) paid to Elia (the Belgian transmission system operator) related to the tender for the construction of a second gas-fired power station of 900 MW in Tessenderlo (Belgium). Net financial debt would have amounted to 46.4 million EUR, when excluding lease liabilities and this guarantee.

Adjusted EBITDA HY20	:	182.0 million EUR
FX effect	:	-9.8 million EUR
Internal growth	:	<b>12.5 million EUR</b>
= Adjusted EBITDA HY21	=	184.7 million EUR

Net result excluding FX gains/losses: 90 million EUR in HY21 compared to 93 million EUR in HY20.

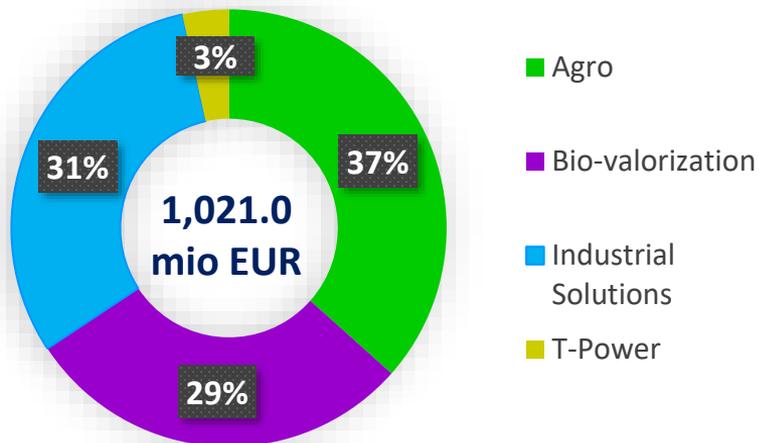
## Remarks:

- 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 2019-2020 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.
- Operational free cash flow equals to Adjusted EBITDA minus capital expenditure minus change in trade working capital.

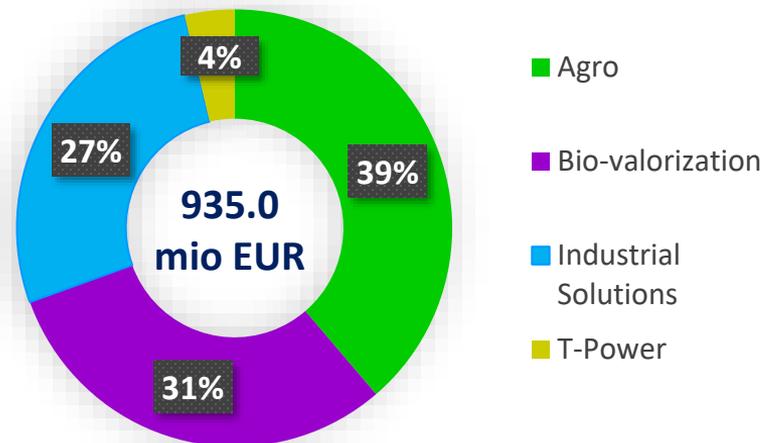


# Group revenue per segment

**HY21 revenue  
(% of total)**

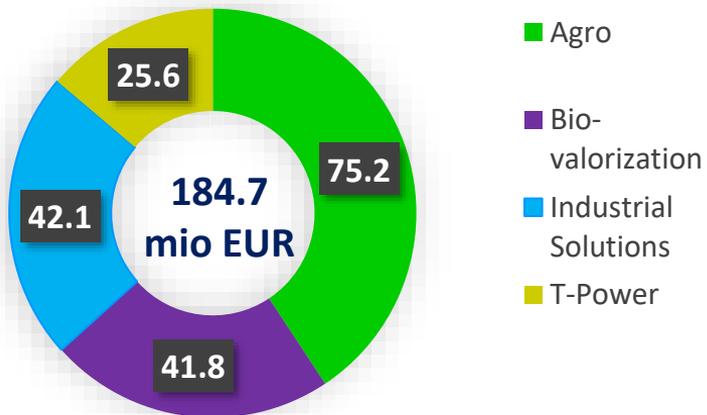


**HY20 revenue  
(% of total)**

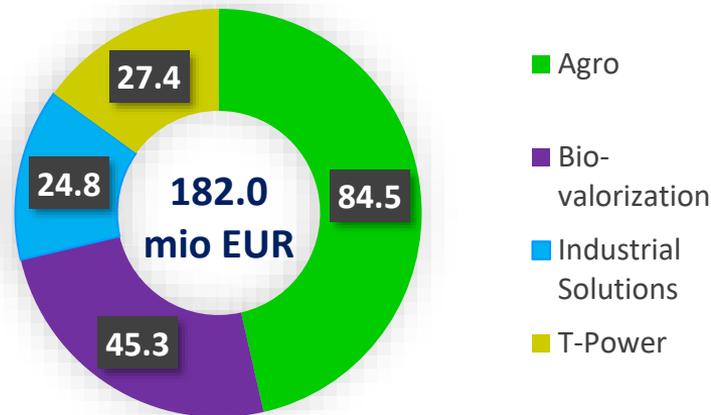


# Group Adjusted EBITDA per segment

**HY21 Adjusted EBITDA**  
(million EUR)



**HY20 Adjusted EBITDA**  
(million EUR)



# Agro segment

AGRO				
Million EUR	HY21	HY20	% Change excluding fx effect	% Change as reported
Revenue	373.5	362.2	9.6%	3.1%
Adjusted EBITDA	75.2	84.5	-3.5%	-11.0%
Adjusted EBITDA margin	20.1%	23.3%		
Adjusted EBIT	59.8	69.3	-5.6%	-13.7%
Adjusted EBIT margin	16.0%	19.1%		

- When excluding the foreign exchange effect, revenue increased by +9.6%, thanks to an increase of volumes, which were also impacted by the start of the partnership agreement between Tessenderlo Kerley International and Kemira Oyj (Kemira), which was announced in 2020, under which Kemira produces premium SOP fertilizers (both standard and water-soluble grade) at its plant in Helsingborg (Sweden) and Tessenderlo Kerley International partially markets these products.
- The Adjusted EBITDA, when excluding the foreign exchange effect, remained in line with prior year (-3.5%). The segment was significantly impacted by the increase of raw material prices, such as sulfur, and also by increased transportation costs. While the Adjusted EBITDA of Tessenderlo Kerley International remained stable, the Adjusted EBITDA of NovaSource increased thanks to higher volumes. The Adjusted EBITDA of Crop Vitality decreased as higher sales volumes were more than offset by lower margins.



# Bio-valorization segment

## BIO-VALORIZATION

Million EUR	HY21	HY20	% Change excluding fx effect	% Change as reported
Revenue	297.4	287.6	6.4%	3.4%
Adjusted EBITDA	41.8	45.3	-1.7%	-7.6%
Adjusted EBITDA margin	14.1%	15.8%		
Adjusted EBIT	24.5	28.1	-4.5%	-12.7%
Adjusted EBIT margin	8.2%	9.8%		

- Bio-valorization revenue, when excluding the foreign exchange effect, increased by +6.4%, mainly thanks to favorable market conditions and an improved product mix.
- The Adjusted EBITDA slightly decreased to 41.8 million EUR (or remained stable when excluding the foreign exchange effect) as favorable market circumstances for fats and proteins were offset by lower margins of some gelatin products.



# Industrial Solutions segment

## INDUSTRIAL SOLUTIONS

Million EUR	HY21	HY20	% Change excluding fx effect	% Change as reported
Revenue	314.9	250.6	26.8%	25.7%
Adjusted EBITDA	42.1	24.8	72.8%	70.1%
Adjusted EBITDA margin	13.4%	9.9%		
Adjusted EBIT	28.4	10.1	185.3%	181.7%
Adjusted EBIT margin	9.0%	4.0%		

- Industrial Solutions revenue, when excluding the foreign exchange effect, increased by +26.8%, mainly thanks to the increase of volumes and sales prices within DYKA Group. While HY20 DYKA Group volumes were negatively impacted by the corona pandemic, HY21 included the full HY contribution of the production plant in La Chapelle-Saint-Ursin in France, which was only acquired during HY20. Also, the growth of the product portfolio positively impacted DYKA Group sales volumes.
- The Adjusted EBITDA increased to 42.1 million EUR or increased by +72.8% when excluding the foreign effect, being impacted by the increase of DYKA Group sales volumes, an improved product mix and a further increase of production efficiency based on investments made. The significant increase of raw material purchase costs was offset by timely pricing management. Also the cessation of S8 Engineering had a positive impact on the HY21 evolution of the Adjusted EBITDA, while the Adjusted EBITDA of the other activities remained stable.



# T-Power segment

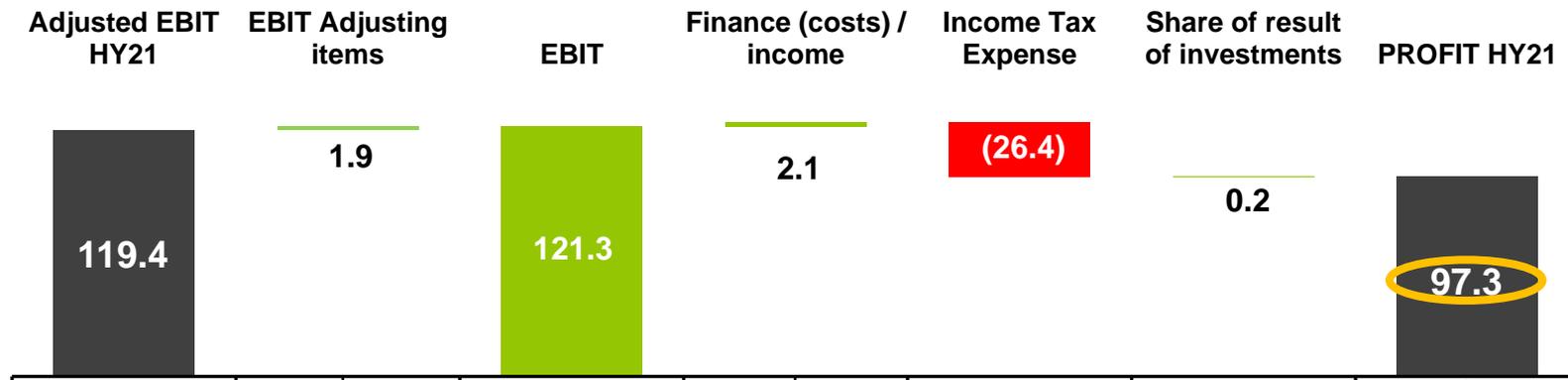
## T-POWER

Million EUR	HY21	HY20	% Change excluding fx effect	% Change as reported
Revenue	35.2	34.6	1.7%	1.7%
Adjusted EBITDA	25.6	27.4	-6.7%	-6.7%
Adjusted EBITDA margin	72.7%	79.3%		
Adjusted EBIT	6.7	8.9	-23.9%	-23.9%
Adjusted EBIT margin	19.2%	25.6%		

- T-Power contributed 35.2 million EUR to the HY21 revenue and 25.6 million EUR to the HY21 Adjusted EBITDA of the Group. These results were in line with expectations, as T-Power fulfilled all tolling agreement requirements. The Adjusted EBITDA decrease was mainly due to the ongoing development expenses for the construction of a second gas-fired power station in the Belgian municipality of Tessenderlo.
- At the beginning of July 2020, Tessenderlo Group started filing the relevant applications in order to participate in the Belgian Capacity Remuneration Mechanism (CRM) tender.



# HY21 Adjusted EBIT to profit details (million EUR)



Net income of +1.9 million EUR, which mainly includes:

- The result on the sale of several individual, non-significant assets, mainly land and buildings, for which the proceeds of the sale and the remaining carrying amount were insignificant;
- Changes to existing provisions, including the impact of the increase in discount rate applied to the environmental provisions;
- 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.

Net finance income (+2.1 million EUR) mainly includes:

- Borrowing costs for -4.9 million EUR;
- Net foreign exchange gains and losses for +7.3 million EUR, mainly explained by unrealized foreign exchange gains and losses on intercompany loans and cash and cash equivalents (mainly in USD), which are not hedged.

Income tax expense amounts to -26.4 million EUR in HY21 (-20.9 million EUR in HY20) and mainly relates to the operations in the United States.

The HY21 profit amounts to 97.3 million EUR compared to 86.1 million EUR in HY20. The profit (+)/loss (-) was 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 HY21 would have amounted to approximately 90 million EUR, compared to a result of approximately 93 million EUR in HY20.



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# Outlook

- The following statements are forward-looking and actual results may differ materially.
- The group anticipates a continued high level of uncertainty in the second half of 2021 due to difficult supply chain circumstances and other challenges posed by the ongoing corona pandemic, where the development of customer demand and margin is exposed to increased risk. However, based on the current available information, the group confirms its previous forecast that the 2021 Adjusted EBITDA is expected to be in line with the 2020 Adjusted EBITDA. This guidance already takes the expected negative foreign exchange effect in 2021, following the weakening of the USD, into account.
- The group would like to emphasize further that it currently operates in a volatile political, economic, financial and health environment.



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# Financial calendar

- 2021 results

March 24, 2022





Thank you



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