

**TESSENDERLO GROUP 2Q18 AND HY18 RESULTS:  
 STRONG SECOND QUARTER RESULTS, ALTHOUGH 2018 HALF YEAR RESULTS BELOW THOSE  
 OF PREVIOUS YEAR DUE TO USD EXCHANGE RATE EVOLUTION, START-UP COSTS OF S8  
 ENGINEERING AND DECLINING FAT PRICES**

**1. KEY EVENTS**

- At the end of April 2018, Tessenderlo Group announced that it would be acquiring the remaining 80% of the shares of the gas-fired power plant T-Power nv. This transaction would result in Tessenderlo Group owning 100% of the shares. Tessenderlo Group is investing approximately 328 million EUR in the acquisition of the remaining shares in T-Power, which comprises approximately 138 million EUR to be paid out to the selling shareholders and approximately 190 million EUR of net financial debt that will be taken over. The acquisition is expected to be completed by the end of September 2018 and it will be subject to the fulfillment of a number of customary conditions precedent.
- Meanwhile, within the Plastic Pipe Systems (PPS) business unit, which provides high quality, value-added solutions in plastic pipe systems for the utilities, agricultural, building and civil engineering markets, DYKA opened new branches in Tilburg and Amsterdam (the Netherlands) and JDP opened a new branch in Bolton in the second quarter of 2018.
- Based on the growth of its activities, Tessenderlo Kerley, Inc. (TKI) purchased a new corporate headquarters building in Phoenix (Arizona, US) in Q3 2018. This will result in the investment of approximately 10 million USD. Tessenderlo Kerley, Inc. plans to move to its new headquarters by the summer of 2019.

2Q18	2Q17	% change excluding fx effect	% Change as reported	Million EUR	HY18	HY17	% change excluding fx effect	% Change as reported
458.5	477.4	0.4%	-4.0%	Revenue Group	845.0	924.6	-4.1%	-8.6%
-1.9	-13.8			- Other revenue included in revenue Group <sup>2</sup>	-4.8	-29.7		
<b>456.6</b>	<b>463.6</b>	<b>2.9%</b>	<b>-1.5%</b>	<b>Revenue</b>	<b>840.2</b>	<b>894.9</b>	<b>-1.5%</b>	<b>-6.1%</b>
61.1	66.7	0.8%	-8.4%	REBITDA Group	97.5	122.9	-11.9%	-20.7%
1.2	-0.9			- Other REBITDA included in REBITDA Group <sup>2</sup>	2.6	-2.3		
<b>62.3</b>	<b>65.7</b>	<b>4.3%</b>	<b>-5.3%</b>	<b>REBITDA</b>	<b>100.1</b>	<b>120.6</b>	<b>-7.8%</b>	<b>-17.0%</b>
				REBIT Group	62.5	86.6	-17.5%	-27.8%
				- Other REBIT included in REBIT Group <sup>2</sup>	2.6	-2.2		
				<b>REBIT</b>	<b>65.2</b>	<b>84.4</b>	<b>-11.9%</b>	<b>-22.8%</b>
				<b>Profit (+) / loss (-) for the period</b>	<b>54.9</b>	<b>17.1</b>		<b>221.3%</b>
				<b>Total comprehensive income</b>	<b>53.3</b>	<b>22.9</b>		<b>133.0%</b>
				<b>Capital expenditure</b>	<b>32.4</b>	<b>39.5</b>		<b>-18.0%</b>
				<b>Cash flow from operating activities</b>	<b>56.3</b>	<b>142.6</b>		<b>-60.5%</b>
				<b>Operational free cash flow<sup>3</sup></b>	<b>36.0</b>	<b>121.1</b>		<b>-70.3%</b>

All quarterly information included in the press release is unaudited.

<sup>1</sup>The enclosed information constitutes regulated information as defined in the Royal Decree of November 14, 2007, regarding the duties of issuers of financial instruments which have been admitted for trading on a regulated market.

<sup>2</sup>The line "Other" refers to engineering and construction activities of the subsidiary S8 Engineering (former Tessenderlo Kerley Services Inc.), for the joint-venture Jupiter Sulphur LLC.

<sup>3</sup>Operational free cash flow equals to REBITDA minus capital expenditure minus change in trade working capital.



## 2. REVENUE

2Q18 revenue decreased by -1.5% (or increased by +2.9% when excluding the foreign exchange effect) compared to the same period last year. Excluding the foreign exchange effect, the revenue of the operating segments Agro (+6.4%) and Industrial Solutions (+5.4%) increased as the 1Q18 impact of the severe winter weather conditions could be compensated in 2Q18, while revenue of Bio-valorization (-4.8%) decreased, impacted by lower volumes and decreased fat prices.

HY18 revenue decreased by -6.1% (or by -1.5% when excluding the foreign exchange effect). The revenue within Agro and Industrial Solutions remained stable when excluding the foreign exchange effect (respectively -1.1% and +1.1%). Bio-valorization revenue decreased by -4.5% when excluding the exchange effect, because of lower volumes and decreased fat prices.

## 3. REBITDA

The 2Q18 REBITDA decreased by -5.3% (or increased by +4.3% when excluding the foreign exchange effect) and amounted to 62.3 million EUR, compared to 65.7 million EUR one year earlier. Inventory write-offs following accounting estimates concerning inventory obsolescence amounted to -1.1 million EUR in 2Q18, while the 2Q17 impact thereof was nihil. When excluding the foreign exchange effect, the 2Q18 REBITDA increase within Agro was partially offset by a decrease within Bio-valorization, while Industrial Solutions REBITDA remained stable.

The HY18 REBITDA decreased by -17.0% (or -7.8% when excluding the foreign exchange effect). The HY18 REBITDA includes additional inventory write-offs of -0.7 million EUR, while a reversal of inventory write-offs positively impacted the HY17 REBITDA by +1.7 million EUR. The HY18 REBITDA remained stable within Agro while the REBITDA decreased within Bio-valorization (-24.3%) and Industrial Solutions (-22.3%).

## 4. NET FINANCIAL DEBT

At the end of June 2018, group net financial debt amounted to 22.6 million EUR, resulting in a leverage of 0.1x. Net financial debt as per year-end 2017 amounted to 58.7 million EUR. The cash flow from operating activities amounts to 56.3 million EUR (142.6 million EUR in HY17), partially offset by capital expenditure of 32.4 million EUR (39.5 million EUR in HY17).

## 5. PROFIT (+) / LOSS (-) FOR THE PERIOD

The HY18 profit amounts to 54.9 million EUR compared to 17.1 million EUR in HY17. 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, GBP and CNY. Excluding these exchange gains and losses, the profit (+) / loss (-) for HY18 would amount to approximately 46 million EUR, while the HY17 result would have amounted to approximately 58 million EUR.

## 6. OPERATIONAL FREE CASH FLOW

The HY18 operational free cash flow amounts to 36.0 million EUR, compared to 121.1 million EUR in HY17. A lower HY18 REBITDA (-25.4 million EUR) and a negative cash flow from changes in trade working capital (-29.1 million EUR, compared to +37.7 million EUR in HY17, the latter being impacted by the high working capital position as per year end 2016) could only be partially compensated by the lower HY18 capital expenditure compared to HY17 (+7.1 million EUR, from 39.5 million EUR in HY17 to 32.4 million EUR in HY18).

## Outlook

The 2018 REBITDA continues to be impacted by the evolution of the EUR/USD exchange rate and the evolution of raw material/fat prices, and will be lower than the 2017 REBITDA. However, if the T-Power nv transaction would be completed by the end of September, the 2018 REBITDA, when including the estimated fourth quarter REBITDA contribution of T-Power nv, is expected to be in line with the 2017 REBITDA.

The group would like to emphasize that it currently operates in a volatile political, economic and financial environment.

## OPERATING SEGMENTS PERFORMANCE REVIEW

GROUP KEY FIGURES - YEAR TO DATE				
Million EUR	HY18	HY17	% Change excluding fx effect	% Change as reported
<b>Revenue Group</b>	<b>845.0</b>	<b>924.6</b>	<b>-4.1%</b>	<b>-8.6%</b>
<b>Agro</b>	333.3	362.7	-1.1%	-8.1%
<b>Bio-valorization</b>	247.9	272.5	-4.5%	-9.0%
<b>Industrial Solutions</b>	259.0	259.7	1.1%	-0.3%
<b>Other</b>	4.8	29.7	-82.1%	-84.0%
<b>REBITDA Group</b>	<b>97.5</b>	<b>122.9</b>	<b>-11.9%</b>	<b>-20.7%</b>
<b>Agro</b>	69.6	76.4	1.2%	-8.8%
<b>Bio-valorization</b>	13.0	20.8	-24.3%	-37.4%
<b>Industrial Solutions</b>	17.4	23.4	-22.3%	-25.6%
<b>Other</b>	-2.6	2.3	nm	nm
<b>REBIT Group</b>	<b>62.5</b>	<b>86.6</b>	<b>-17.5%</b>	<b>-27.8%</b>
<b>Agro</b>	57.7	63.9	0.9%	-9.7%
<b>Bio-valorization</b>	0.7	7.3	-62.0%	-91.1%
<b>Industrial Solutions</b>	6.8	13.2	-45.6%	-48.4%
<b>Other</b>	-2.6	2.2	nm	nm
<b>Non-recurring and exceptional operating income/(expense) items</b>	-2.7	-4.4	35.9%	38.3%
<b>EBIT</b>	<b>59.8</b>	<b>82.2</b>	<b>-16.5%</b>	<b>-27.3%</b>

AGRO				
Million EUR	HY18	HY17	% Change excluding fx effect	% Change as reported
<b>Revenue</b>	333.3	362.7	-1.1%	-8.1%
<b>REBITDA</b>	69.6	76.4	1.2%	-8.8%
<b>REBITDA margin</b>	20.9%	21.1%		
<b>REBIT</b>	57.7	63.9	0.9%	-9.7%
<b>REBIT margin</b>	17.3%	17.6%		

HY18 revenue decreased by -8.1% (or by -1.1% when excluding the foreign exchange effect). Lower volumes within Tessenderlo Kerley International could not be compensated by the other Agro activities.

The HY18 REBITDA decreased by -8.8% compared to prior year (or increased by 0.9 million EUR or +1.2% when excluding the foreign exchange effect). The REBITDA of the three Agro activities remained stable, where the lower Tessenderlo Kerley International volumes were compensated by the contribution of the new Thio-Sul<sup>®</sup> plant (production started in Rouen - France - in 3Q17) and lower maintenance expenses.



#### BIO-VALORIZATION

Million EUR	HY18	HY17	% Change excluding fx effect	% Change as reported
Revenue	247.9	272.5	-4.5%	-9.0%
REBITDA	13.0	20.8	-24.3%	-37.4%
REBITDA margin	5.2%	7.6%		
REBIT	0.7	7.3	-62.0%	-91.1%
REBIT margin	0.3%	2.7%		

Revenue decreased by -9.0% in HY18 (or by -4.5% when excluding the foreign exchange effect), because of lower volumes and decreased fat prices.

The REBITDA decreased from 20.8 million EUR as per HY17 to 13.0 million EUR as per HY18 (-37.4% or -24.3% when excluding the foreign exchange effect). The HY18 REBITDA was negatively impacted by an inventory write-off of -0.2 million EUR, while in HY17 a reversal of an inventory write-off was recognized for +2.3 million EUR. The decrease in Bio-valorization REBITDA can be explained by lower prices in the Akiolis downstream markets (mainly fats), which were not compensated by the upstream markets. HY18 Gelatin REBITDA, when excluding the foreign exchange effect, remained stable compared to HY17.

#### INDUSTRIAL SOLUTIONS

Million EUR	HY18	HY17	% Change excluding fx effect	% Change as reported
Revenue	259.0	259.7	1.1%	-0.3%
REBITDA	17.4	23.4	-22.3%	-25.6%
REBITDA margin	6.7%	9.0%		
REBIT	6.8	13.2	-45.6%	-48.4%
REBIT margin	2.6%	5.1%		

HY18 Industrial Solutions revenue decreased by -0.3% (or increased by +1.1% when excluding the foreign exchange effect). Revenue of Plastic Pipe Systems and Performance Chemicals increased, partially offset by Mining and Industrial, where revenue decreased because of lower volumes.

The HY18 REBITDA decreased by -25.6% (or by -22.3% when excluding the foreign exchange effect). The revenue increase in Plastic Pipe Systems and Performance Chemicals did not result in a higher REBITDA, because of start-up costs for new branches and further start-up expenses for the NaOH production in Loos (new membrane electrolysis plant in France). Furthermore, Mining and Industrial REBITDA was negatively impacted by lower volumes.

## CONDENSED CONSOLIDATED FINANCIAL INFORMATION AT JUNE 30, 2018

The group also published the 2018 interim report, which can be found on [www.tessenderlo.com](http://www.tessenderlo.com).

The half year information has been subject to a review by external auditors. Reference is made to their independent auditor's review in the interim report.

CONSOLIDATED INCOME STATEMENT		
Million EUR	HY18	HY17
<b>Revenue</b>	<b>845.0</b>	<b>924.6</b>
Cost of sales	-634.2	-682.3
<b>Gross profit</b>	<b>210.7</b>	<b>242.3</b>
Distribution expenses	-55.1	-57.3
Sales and marketing expenses	-30.9	-31.7
Administrative expenses	-53.2	-56.7
Other operating income and expenses	-9.1	-10.0
<b>Profit (+) / loss (-) from operations before non-recurring and exceptional operating items (REBIT)</b>	<b>62.5</b>	<b>86.6</b>
Non-recurring and exceptional operating income/(expense) items	-2.7	-4.4
<b>Profit (+) / loss (-) from operations (EBIT)</b>	<b>59.8</b>	<b>82.2</b>
<b>Finance (costs) / income - net</b>	<b>5.2</b>	<b>-45.3</b>
Share of result of equity accounted investees, net of income tax	2.4	1.7
<b>Profit (+) / loss (-) before tax</b>	<b>67.4</b>	<b>38.7</b>
Income tax expense	-12.5	-21.6
<b>Profit (+) / loss (-) for the period</b>	<b>54.9</b>	<b>17.1</b>
Attributable to:		
- <b>Equity holders of the company</b>	<b>54.6</b>	<b>17.6</b>
- <b>Non-controlling interest</b>	<b>0.3</b>	<b>-0.5</b>
Basic earnings per share (EUR)	1.27	0.41
Diluted earnings per share (EUR)	1.27	0.41
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME		
Million EUR	HY18	HY17
<b>Profit (+) / loss (-) for the period</b>	<b>54.9</b>	<b>17.1</b>
Translation differences	-5.2	-3.4
Net change in fair value of derivative financial instruments, before tax	0.6	1.3
Other movements	0.0	-0.2
Income tax on other comprehensive income	-0.2	-0.4
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods</b>	<b>-4.7</b>	<b>-2.7</b>
Remeasurements of the net defined benefit liability, before tax	3.2	6.0
Income tax on other comprehensive income	-0.1	2.5
<b>Other comprehensive income not being classified to profit or loss in subsequent periods</b>	<b>3.1</b>	<b>8.5</b>
<b>Other comprehensive income, net of income tax</b>	<b>-1.6</b>	<b>5.8</b>
<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b>	<b>53.3</b>	<b>22.9</b>
Attributable to:		
- Equity holders of the company	52.9	23.6
- Non-controlling interest	0.4	-0.8



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Million EUR	30.06.2018	31.12.2017
<b>ASSETS</b>		
<b>Total non-current assets</b>	<b>654.2</b>	<b>650.6</b>
Property, plant and equipment	504.7	503.3
Goodwill	34.4	33.8
Other intangible assets	26.6	30.6
Investments accounted for using the equity method	31.3	29.1
Other investments	11.0	10.0
Deferred tax assets	31.8	31.7
Trade and other receivables	14.5	12.1
<b>Total current assets</b>	<b>827.3</b>	<b>761.1</b>
Inventories	268.1	279.1
Trade and other receivables	311.5	286.5
Derivative financial instruments	0.0	0.0
Cash and cash equivalents	247.7	195.5
<b>Total assets</b>	<b>1,481.5</b>	<b>1,411.7</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Total equity</b>	<b>692.8</b>	<b>639.5</b>
<b>Equity attributable to equity holders of the company</b>	<b>690.7</b>	<b>637.7</b>
Issued capital	216.1	216.1
Share premium	237.6	237.6
Reserves and retained earnings	236.9	184.0
<b>Non-controlling interest</b>	<b>2.1</b>	<b>1.7</b>
<b>Total liabilities</b>	<b>788.7</b>	<b>772.2</b>
<b>Total non-current liabilities</b>	<b>457.2</b>	<b>464.5</b>
Loans and borrowings	224.4	224.7
Employee benefits	55.4	55.7
Provisions	129.4	132.4
Trade and other payables	3.0	6.4
Derivative financial instruments	10.6	11.2
Deferred tax liabilities	34.4	34.1
<b>Total current liabilities</b>	<b>331.5</b>	<b>307.7</b>
Bank overdrafts	0.0	0.1
Loans and borrowings	45.8	29.3
Trade and other payables	256.8	255.2
Derivative financial instruments	5.4	6.1
Current tax liabilities	5.1	1.3
Employee benefits	1.4	1.5
Provisions	17.0	14.1
<b>Total equity and liabilities</b>	<b>1,481.5</b>	<b>1,411.7</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

Million EUR	30.06.2018	30.06.2017
<b>OPERATING ACTIVITIES</b>		
<b>Profit (+) / loss (-) for the period</b>	<b>54.9</b>	<b>17.1</b>
Depreciation, amortization and impairment losses	35.0	37.0
Changes in provisions	-0.1	1.2
Finance costs / (income) - net	-5.2	45.3
Loss / (profit) on sale of non-current assets	-0.4	-0.7
Share of result of equity accounted investees, net of income tax	-2.4	-1.7
Income tax expense	12.5	21.6
Other non-cash items	0.1	-0.3
Changes in inventories	9.4	53.9
Changes in trade and other receivables	-36.4	-55.7
Changes in trade and other payables	-4.1	39.6
Change in accounting estimates - inventory write off	0.7	-1.7
Revaluation electricity forward contract	-1.4	-0.3
<b>Cash generated from operations</b>	<b>62.5</b>	<b>155.2</b>
Income tax paid	-7.8	-13.7
Dividends received	1.6	1.1
<b>Cash flow from operating activities</b>	<b>56.3</b>	<b>142.6</b>
<b>INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment and other intangible assets	-32.4	-39.5
Proceeds from the sale of property, plant and equipment and other intangible assets <sup>4</sup>	9.3	1.6
<b>Cash flow from investing activities</b>	<b>-23.1</b>	<b>-37.9</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from new borrowings	18.0	0.4
(Reimbursement) of borrowings	-1.7	-3.6
Interest paid	-0.1	-0.1
Interest received	1.0	0.3
Other finance costs paid	-0.8	-0.8
(Increase) / decrease of long term receivables	-1.0	-0.2
<b>Cash flow from financing activities</b>	<b>15.3</b>	<b>-4.1</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>48.5</b>	<b>100.6</b>
Effect of exchange rate differences	3.8	-8.1
Cash and cash equivalents less bank overdrafts at the beginning of the period	195.3	119.2
Cash and cash equivalents less bank overdrafts at the end of the period	247.7	211.7

## 7. FINANCIAL CALENDAR

Third quarter 2018 trading update

October 25, 2018

Full year results 2018

March 13, 2019

### Agenda for August 22, 2018

3pm CET/2pm UK - conference call and webcast for analysts and investors

Registration details are available at: [www.tessenderlo.com](http://www.tessenderlo.com).

<sup>4</sup> HY18 proceeds from the sale of property, plant and equipment and other intangible assets (9.3 million EUR) mainly include proceeds from the ongoing liquidation process, which started already in 2017, of the Chinese gelatin plant PB Gelatins Wenzhou Co., Ltd.



**About Tessenderlo Group**

*Tessenderlo Group is a diversified industrial group that focuses on agriculture, valorizing bio-residuals and providing industrial solutions. The group employs approximately 4,500 people, is a leader in most of its markets and recorded a consolidated revenue of 1.7 billion EUR in 2017. Tessenderlo Group is listed on Euronext Brussels and is part of Next 150 and BEL Mid indices. Financial News wires: Bloomberg: TESB BB – Reuters: TESB.BR – Datastream: B:Tes*

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