

# Conference call FY21 results

Brussels, March 24, 2022



**Tessenderlo Group**  
EVERY MOLECULE COUNTS

# KEY EVENTS



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# Industrial Solutions segment

In the fourth quarter of 2021, the Performance Chemicals business unit changed its name to Kuhlmann Europe (Industrial Solutions segment).

Kuhlmann Europe terminated its operating agreement in 2021 for the production of sulfur derivatives in Tessenderlo, Belgium (Kuhlmann Belgium). The deteriorating market conditions, the continuing limited availability of raw materials, and increased electricity prices made the sulfur derivatives activity economically unfeasible. In the 2021 results, Tessenderlo Group recognized restructuring expenses in accordance with the termination clauses of the operating agreement, while the yearly contribution of sulfur derivatives to the group's results was not significant.



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# Agro & Industrial Solutions segments

At the end of 2021, Tessenderlo Kerley, Inc. (TKI) announced its plans to construct a new plant in Defiance, Ohio (US), serving the Eastern Great Lakes region. The new facility will focus on TKI's leading liquid sulfur-based crop nutrition brands Thio-Sul<sup>®</sup>, KTS<sup>®</sup>, K-Row 23<sup>®</sup>, as well as sulfite chemistries for the industrial markets. The plant is expected to become operational in the first quarter of 2024.



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# Agro segment

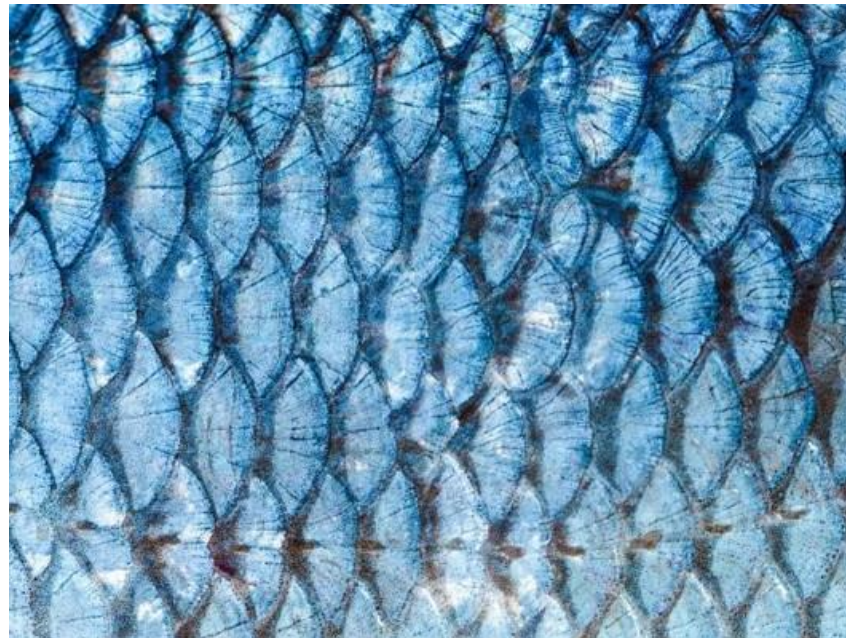
In December 2021, Tessenderlo Group agreed to acquire the assets of B.V. Fleuren Tankopslag, a tank storage and transshipment company for liquid products in the Port of Cuijk (the Netherlands). The acquisition is expected to be completed in the second quarter of 2022. After completion of the acquisition, the group will integrate the Fleuren Tankopslag operations within the Tessenderlo Kerley International business unit. The transaction will have no material impact on the results of the group.



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# Bio-valorization segment

PB Shengda (Zhejiang) Biotechnology Co., Ltd, a 50% joint-venture between Tessenderlo Group and Zhejiang Shengda Ocean Co., Ltd., was established in June 2020 for the construction of a marine collagen peptides plant. Both partners agreed in 2021 to terminate the joint-venture agreement. This will have no material impact on the results of the group. PB Leiner however confirms its ambition to become active in the marine collagen market.



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# Agro segment

Construction works at Tessenderlo Kerley International's new Thio-Sul® (ammonium thiosulfate) manufacturing plant in Geleen (the Netherlands) are scheduled to start in the third quarter of 2022. The factory is expected to be operational as from the third quarter of 2023.



# KEY EVENTS

## After the balance date



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# Industrial Solutions segment

Tessengerlo Group intends to acquire the production plant and the associated business of Pipelife France in Gaillon (Eure, France). The Gaillon plant specializes in the manufacturing of pipes for gas, water, and cable protection. The transaction is expected to reach completion in the course of 2022. After completion of the acquisition, Tessenderlo Group intends to integrate the business within the DYKA Group business unit. This transaction will not materially impact the results of Tessenderlo Group.

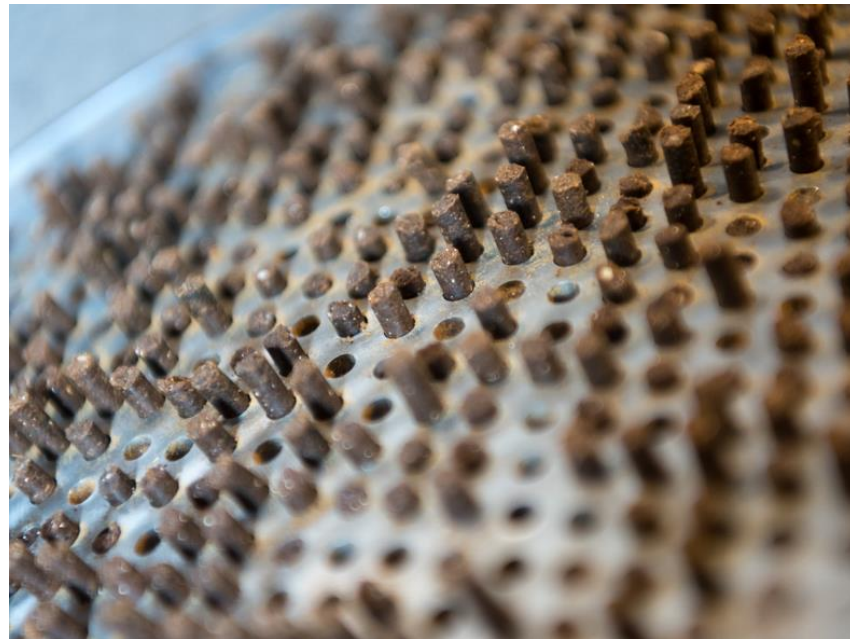


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# Agro segment

Violleau plans to construct a new production line for organic fertilizers in Vénérolles (Aisne, France). The new line will focus on the production of organic pellets, responding to the rising demand for organic fertilizers. It is scheduled to be operational from the first quarter of 2023 and it will be constructed on the site of Akiolis' manufacturing plant in Vénérolles.

With effect from 2022, Violleau will be included in the Agro segment.



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# T-Power segment

In early March 2022, Tessenderlo Group submitted a new permit application to the Flemish Region for the construction of a new 900 MW combined cycle steam and gas turbine (CCGT) power plant in Tessenderlo, Belgium. With a view to future auctions, Tessenderlo Group adjusted its previously submitted project (an investment of approximately 500 million EUR) to respond to the objections that led to the refusal of that application.



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# 2022 bonds and loan credit facilities

In February 2022, Tessenderlo Group repurchased 35.0 million EUR of its outstanding 2022 bonds at a price of 102.875%. This repurchase resulted in a cash-out of 36.0 million EUR and the remaining amount of outstanding “2022 bonds” maturing in July 2022 stands at 130.5 million EUR.

Also in February 2022, the group agreed two term loan credit facilities for 30.0 million EUR each, with a maturity of 7 years (starting April 2022) and a maturity of 5 years (starting August 2022) respectively. These loans, with quarterly capital reimbursements, have a fixed interest rate of 1.16% and 0.94% respectively, and contain no financial covenants. Both transactions will further reduce the liquidity risk as well as the interest costs of the group.



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# Conflict in Eastern Europe

The current conflict in Eastern Europe and the subsequent economic and financial sanctions imposed are negatively affecting the supply and the cost prices of both raw materials and energy. In particular, MOP (muriate of potash) is the key raw material used for the production of SOP (sulfate of potash) fertilizers that are produced at Tessenderlo Kerley Ham (Belgium), within the Tessenderlo Group Agro segment. Tessenderlo Group currently sources MOP from Russia and Belarus, as well as some other countries. In this connection, the group is in the process of reviewing its sourcing mix, and it is therefore currently not possible to determine what the effect on the production would be, if any, although no significant impact is expected in the first half of 2022. At present, it is also difficult to estimate the impact on the other activities of the group.



# 2021 RESULTS



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# Operational key figures

2H21	2H20	% Change excluding fx effect	% Change as reported	Million EUR	2021	2020	% Change excluding fx effect	% Change as reported
1,060.5	802.3	30.6%	32.2%	<b>Revenue</b>	2,081.5	1,737.3	21.1%	19.8%
169.5	132.6	25.5%	27.8%	<b>Adjusted EBITDA<sup>1</sup></b>	354.2	314.6	14.7%	12.6%
104.4	67.7	50.2%	54.1%	<b>Adjusted EBIT<sup>2</sup></b>	223.8	184.0	24.7%	21.6%
91.0	12.6		623.0%	<b>Profit (+) / loss (-) for the period</b>	188.3	98.6		90.9%
106.2	8.3		1,182.4%	<b>Total comprehensive income</b>	227.8	84.8		168.7%
54.8	59.1		-7.2%	<b>Capital expenditure</b>	95.9	100.2		-4.2%
94.2	118.4		-20.4%	<b>Cash flow from operating activities</b>	248.1	282.3		-12.1%
59.4	72.7		-18.3%	<b>Operational free cash flow<sup>3</sup></b>	188.9	213.7		-11.6%
48.7	60.9		-20.1%	<b>Operational free cash flow (Excl. IFRS 16)</b>	167.2	190.0		-12.0%
74.8	201.3		-62.8%	<b>Net financial debt<sup>4</sup></b>	74.8	201.3		-62.8%

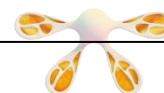
Net financial debt of 74.8 M EUR includes lease liabilities (54.1 M EUR). Net financial debt would have amounted to 20.8 M EUR, when excluding these lease liabilities.

Adjusted EBITDA 2020	:	314.6 M EUR
FX effect	:	-6.7 M EUR
Internal growth	:	<b>46.4 M EUR</b>
= Adjusted EBITDA 2021	=	354.2 M EUR

Net result excluding FX gains/losses: 173 M EUR in 2021 compared to 129 M EUR in 2020.

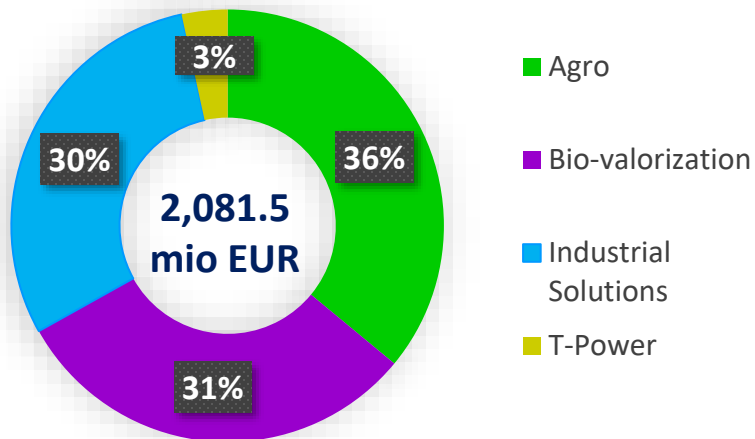
## Remarks:

- 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 2020-2021 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.
- Net financial debt equals non-current and current loans and borrowings and bank overdrafts, minus cash and cash equivalents and short-term investments.

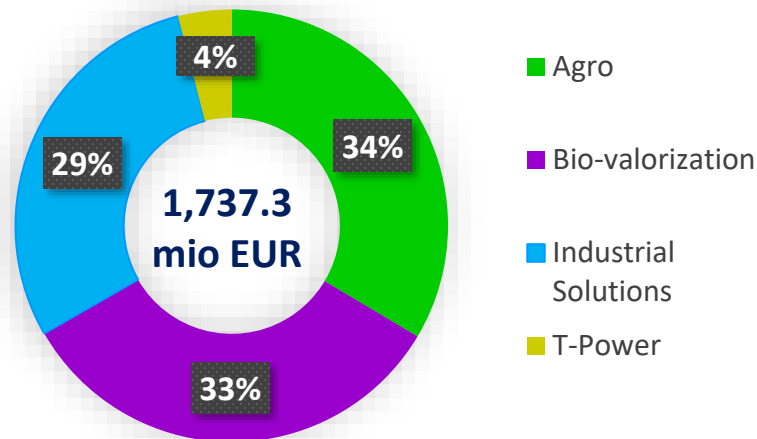


# Group revenue per segment

2021 revenue  
(% of total)



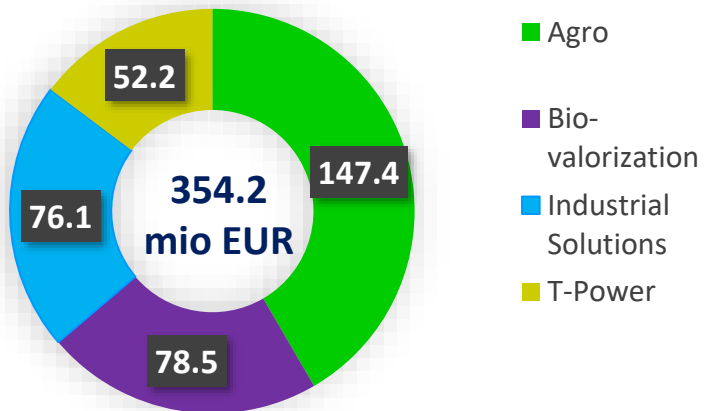
2020 revenue  
(% of total)



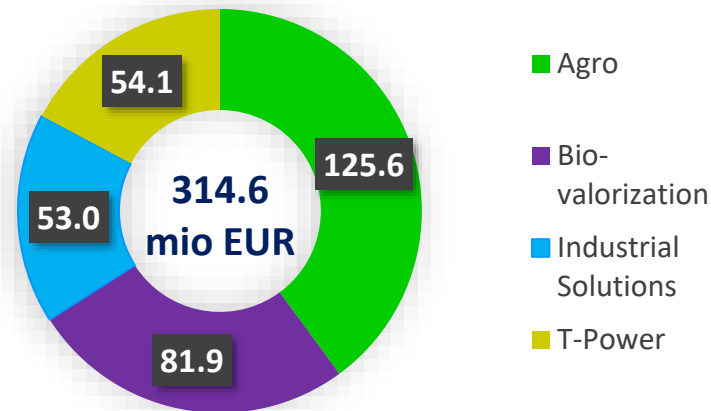


# Group Adjusted EBITDA per segment

2021 Adjusted EBITDA  
(Million EUR)



2020 Adjusted EBITDA  
(Million EUR)



# Agro segment

AGRO								
2H21	2H20	% Change excluding fx effect	% Change as reported	Million EUR	2021	2020	% Change excluding fx effect	% Change as reported
375.8	220.7	67.2%	70.2%	Revenue	749.3	582.9	31.4%	28.5%
72.3	41.1	71.4%	75.6%	Adjusted EBITDA	147.4	125.6	21.1%	17.4%
19.2%	18.6%			Adjusted EBITDA margin	19.7%	21.5%		
56.6	26.5	107.6%	113.5%	Adjusted EBIT	116.4	95.8	25.7%	21.5%
15.1%	12.0%			Adjusted EBIT margin	15.5%	16.4%		

- 2021 revenue increased by +31.4%, when excluding the foreign exchange effect. Revenue was impacted by higher volumes and an increase of sales prices, implemented in 2021 to compensate the higher raw material, energy and transportation costs. Also the start of the partnership agreement between Tessenderlo Kerley International and Kemira Oyj (Kemira), 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, positively impacted revenue.
- When excluding the foreign exchange effect, the Adjusted EBITDA increased by +21.1% compared to prior year. The Adjusted EBITDA of Crop Vitality and Tessenderlo Kerley International increased thanks to favorable market circumstances, while the Adjusted EBITDA of NovaSource remained stable.



# Bio-valorization segment

BIO-VALORIZATION								
2H21	2H20	% Change excluding fx effect	% Change as reported	Million EUR	2021	2020	% Change excluding fx effect	% Change as reported
345.8	288.0	19.1%	20.0%	Revenue	643.2	575.7	12.8%	11.7%
36.6	36.6	-2.1%	0.1%	Adjusted EBITDA	78.5	81.9	-1.8%	-4.2%
10.6%	12.7%			Adjusted EBITDA margin	12.2%	14.2%		
19.3	19.0	-2.1%	1.4%	Adjusted EBIT	43.8	47.1	-3.5%	-7.0%
5.6%	6.6%			Adjusted EBIT margin	6.8%	8.2%		

- Revenue increased by +12.8% when excluding the foreign exchange effect, mainly thanks to an improved product mix and market prices for fats and proteins that increased substantially.
- The 2021 Adjusted EBITDA remained stable compared to prior year (-1.8% 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

2H21	2H20	% Change excluding fx effect	% Change as reported	Million EUR	2021	2020	% Change excluding fx effect	% Change as reported
302.9	258.6	15.9%	17.2%	Revenue	617.8	509.1	21.2%	21.3%
34.0	28.3	18.6%	20.4%	Adjusted EBITDA	76.1	53.0	43.9%	43.6%
11.2%	10.9%			Adjusted EBITDA margin	12.3%	10.4%		
20.7	14.5	40.8%	43.2%	Adjusted EBIT	49.1	24.5	100.0%	100.0%
6.8%	5.6%			Adjusted EBIT margin	7.9%	4.8%		

- Industrial Solutions revenue, when excluding the foreign exchange effect, increased by +21.2% in 2021, mainly thanks to DYKA Group, where revenue was positively impacted by higher sales volumes and increased sales prices, implemented to compensate the higher raw material, energy and transportation costs. 2021 volumes were positively impacted by the full year contribution of the production plant in La Chapelle-Saint-Ursin in France, which was acquired in HY20. Also, the growth of the product portfolio positively impacted DYKA Group sales volumes, while HY20 DYKA Group volumes were negatively impacted by the corona pandemic.
- The Adjusted EBITDA increased to 76.1 million EUR or increased by +43.9% 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, energy and transportation costs was offset by timely pricing management. The cessation of S8 Engineering had a positive impact on the 2021 evolution of the Adjusted EBITDA. The contribution of Kuhlmann Europe increased, offset by a decrease of the Adjusted EBITDA of moleko.

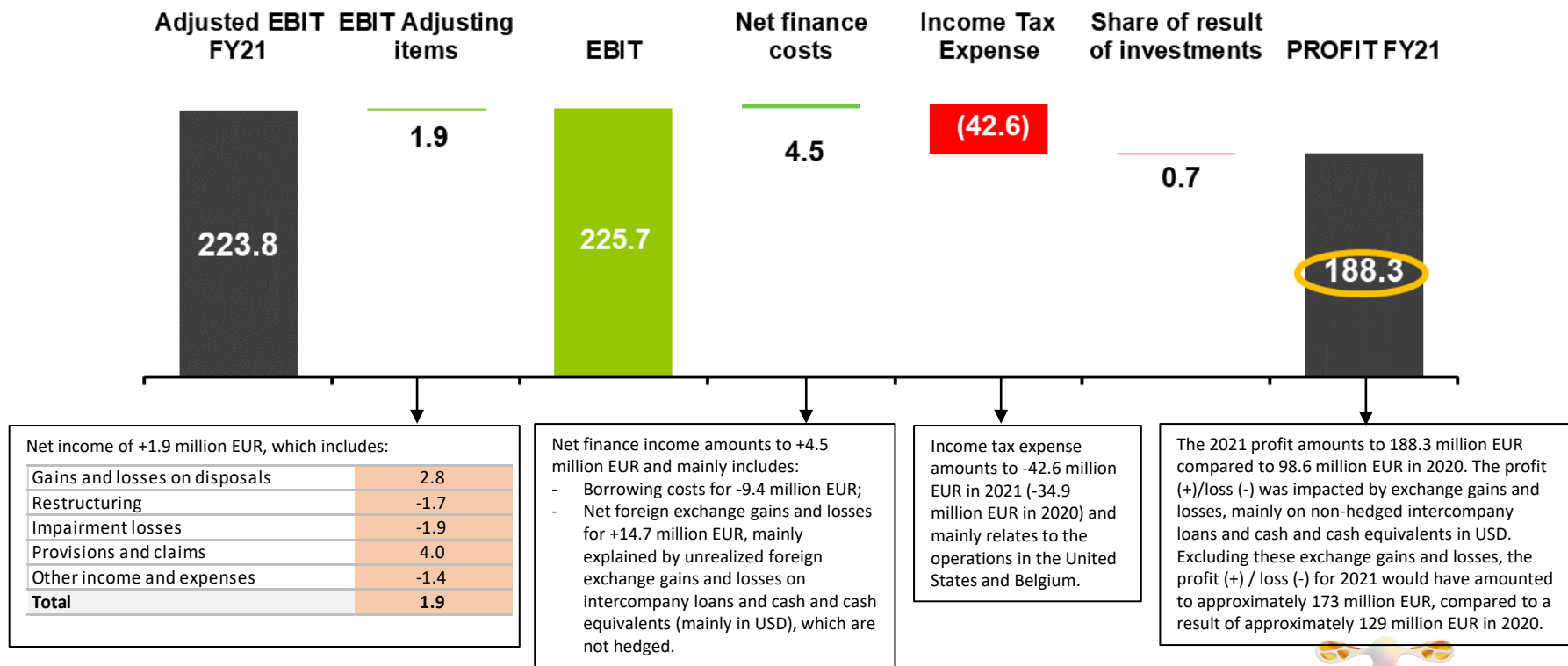
# T-Power segment

T-POWER								
2H21	2H20	% Change excluding fx effect	% Change as reported	Million EUR	2021	2020	% Change excluding fx effect	% Change as reported
36.0	34.9	3.2%	3.2%	<b>Revenue</b>	71.2	69.5	2.5%	2.5%
26.6	26.6	-0.1%	-0.1%	<b>Adjusted EBITDA</b>	52.2	54.1	-3.5%	-3.5%
73.9%	76.3%			<b>Adjusted EBITDA margin</b>	73.3%	77.8%		
7.8	7.8	0.2%	0.2%	<b>Adjusted EBIT</b>	14.5	16.6	-12.6%	-12.6%
21.6%	22.3%			<b>Adjusted EBIT margin</b>	20.4%	23.9%		

- In 2021 T-Power contributed 71.2 million EUR to the revenue and 52.2 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 Adjusted EBITDA decrease in 2021 was due to the development expenses incurred for the intended construction of a second gas-fired power station in the Belgian municipality of Tessenderlo.



# 2021 Adjusted EBIT to profit details (Million EUR)



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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 2022 due to the current conflict in Eastern Europe, the difficult supply chain circumstances, and other challenges following the coronavirus pandemic. The development of customer demand and sales margin could come under pressure during the coming months. However, based on currently available market information, the group expects that the 2022 Adjusted EBITDA will be in line with the 2021 Adjusted EBITDA, taking into account the expected positive foreign exchange effect in 2022 following the strengthening of the USD.
- This guidance, however, does not include the risk of further deteriorating economic and financial market conditions.



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# Financial calendar

- Publication of annual report April 6, 2022
- Annual General Meeting of Shareholders May 10, 2022
- Half year 2022 results August 25, 2022







# Thank you



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