

TESSENDERLO GROUP CONFERENCE CALL HY22 RESULTS

Brussels, August 25, 2022



Tessenderlo Group
EVERY MOLECULE COUNTS



KEY EVENTS

Acquisition of production plant in France

In February 2022, Tessenderlo Group announced its takeover of the production unit and related activities of Pipelife France. The plant, which is situated in Gaillon (Eure, France), specializes in the production of pipes for gas, water, and cable protection. The acquisition is expected to be completed by the end of September, after which the company will be integrated into the DYKA Group business unit (Industrial Solutions segment). The transaction will not materially affect the group's results.



Acquisition of B.V. Fleuren Tankopslag

The second quarter of 2022 saw the completion of the acquisition of the assets of B.V. Fleuren Tankopslag, which is a tank storage and transshipment company for liquid products, located in the Port of Cuijk (the Netherlands). The activities of Fleuren Tankopslag were integrated into the Tessenderlo Kerley International business unit (Agro segment). This transaction will have no material impact on the group's results.



Construction of a new plant in the Netherlands

Construction work on Tessenderlo Kerley International's new Thio-Sul[®] plant in Geleen, the Netherlands, is scheduled to start in the fourth quarter of 2022. The plant is expected to be operational from the first quarter of 2024.



Construction of a new plant in the US

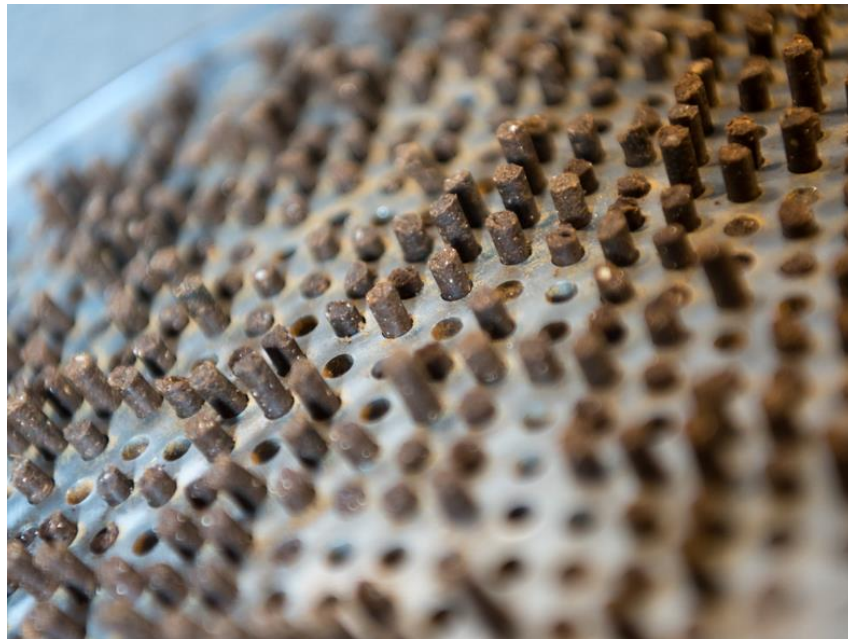
Tessenderlo Kerley, Inc. will start the construction of a new plant in Defiance (Ohio, USA) in the third quarter of 2022. This plant will produce the leading liquid and sulfur-based fertilizers Thio-Sul[®], KTS[®], and K-Row 23[®], as well as sulfate chemicals for industrial markets (Agro and Industrial Solutions segments). The plant is scheduled to be operational in the first half of 2024.



A new production line in France

The group also announced in March that Violleau will build a new production line for organic fertilizers in Vénérolles (Aisne, France). The production line will be operational from the second quarter of 2023 and it will be built on the site of the Akiolis plant in Vénérolles.

From 2022, Violleau will be included in the group's Agro segment.



Project for a new power plant

In early March 2022, Tessenderlo Group submitted another permit application to the Flemish Region for the construction of a new 900 MW combined cycle gas turbine (CCGT) power plant in Tessenderlo (Belgium). This entails an investment of approximately 500 million EUR. Tessenderlo Group expects the Flemish minister's decision on the permit by September 24, 2022, at the latest. However, the new gas plant will only be built when Tessenderlo Group can present a financially profitable project.



2022 bonds and loan credit facilities

In February 2022, Tessenderlo Group bought back 35.0 million EUR of its outstanding 2022 bonds at a price of 102.875%. This buyback resulted in a cash-out of 36.0 million EUR and the remaining amount of outstanding 2022 bonds, amounted to 130.5 million EUR and was repaid at maturity in July 2022.

In February 2022, the group also concluded two term loan facilities of 30.0 million EUR each, with terms of 7 years (starting in April 2022) and 5 years (starting in August 2022). These two loans, with quarterly capital repayments, have fixed interest rates of 1.17% and 0.94% and are without financial covenants. Both transactions will further reduce the group's liquidity risk and interest costs.



KEY EVENTS

After the balance date

Transaction Tessenderlo Group + Picanol Group

On July 8, 2022, Tessenderlo Group and Picanol Group (Picanol nv, Euronext: PIC) announced their intention to simplify and increase the transparency of the group structure of both companies, with a view to combining them into a single industrial group, with a single stock exchange listing and a single board of directors.

The proposed transaction envisages the reference shareholders, Luc Tack and Patrick Steverlynck, contributing the Picanol Group shares that they hold, in the context of a voluntary public exchange offer by Tessenderlo Group. The other Picanol Group shareholders (free float: 10.66%) will also be offered the option of becoming direct shareholders of Tessenderlo Group, at the same exchange ratio of 1 Picanol Group share for 2.43 Tessenderlo Group shares. It is the intention of both parties that this integration will be effective as of January 1, 2023.

Bilateral agreements

Tessengerlo Group has access to committed bilateral agreements with 4 credit institutions for a total amount of 142.5 million EUR (of which a part can be called in USD) until 2024. These agreements were increased in July 2022 to an amount of 250.0 million EUR and the period was extended to July 2027. These facilities contain no financial covenants and ensure maximum flexibility for the various, planned activities. As of June 30, 2022, none of these credit lines had been used.

Acquisition of the Lannate® product line

In August 2022, Tessenderlo Kerley, Inc. acquired the product line Lannate® from Corteva Agriscience. Tessenderlo Kerley's NovaSource® business unit (Agro segment) will add the Lannate® product line to its existing, diversified portfolio of niche crop protection products to agriculture customers worldwide. This crop protection product is used to manage specific difficult to control pests in specific crops such as sweet corn, onions and garlic. The transaction will have no material impact on the results of Tessenderlo Group.





HY22 RESULTS

Operational key figures

Million EUR	HY22	HY21	% Change excluding fx effect	% Change as reported
Revenue	1,339.6	1,021.0	26.8%	31.2%
Adjusted EBITDA	247.6	184.7	27.6%	34.0%
Adjusted EBIT	182.6	119.4	44.0%	52.8%
Profit (+) / loss (-) for the period	163.6	97.3		68.2%
Total comprehensive income	218.8	121.6		79.9%
Capital expenditure	59.3	41.1		44.1%
Cash flow from operating activities	97.3	153.9		-36.8%
Operational free cash flow	88.1	129.5		-32.0%
Operational free cash flow (excluding IFRS 16 Leases)	77.3	118.5		-34.8%
Net financial debt	48.5	117.8		-58.8%

Net financial debt of 48.5 M EUR includes lease liabilities (54.0 M EUR). Net cash position would have amounted to 5.5 M EUR, when excluding these lease liabilities.

Adjusted EBITDA HY21	:	184.7 M EUR
FX effect	:	+11.9 M EUR
Internal growth	:	+50.9 M EUR
= Adjusted EBITDA HY22	=	247.6 M EUR

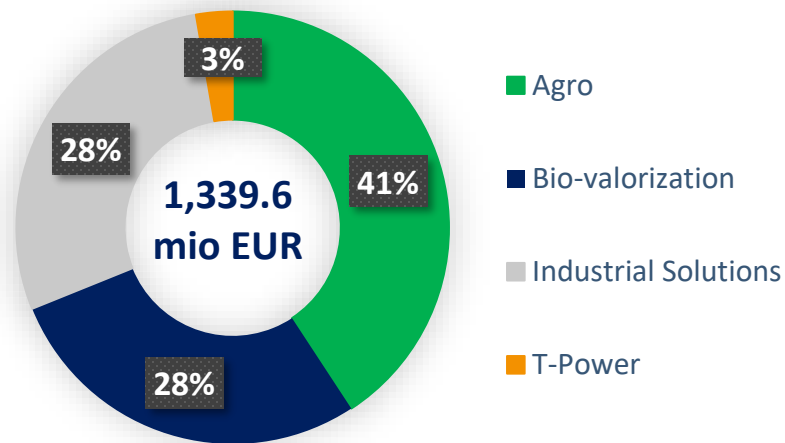
Net result excluding FX gains/losses: 150 M EUR in HY22 compared to 90 M EUR in HY21.

Remarks:

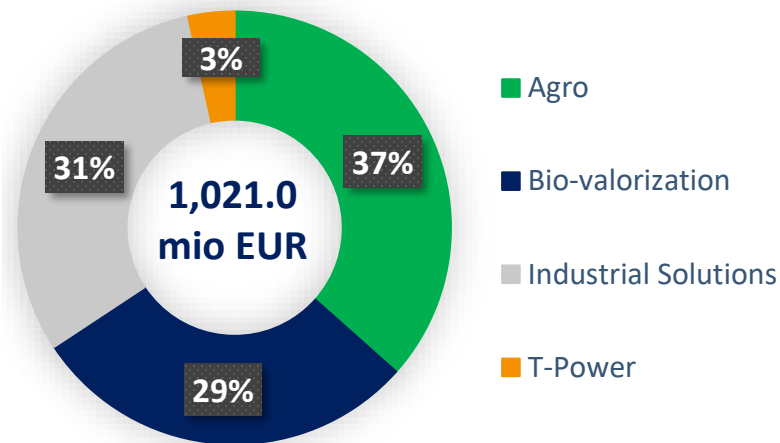
- Adjusted EBITDA equals adjusted EBIT plus depreciation and amortization.
- Adjusted EBIT is considered by the group to be a relevant performance measure in order to compare results over the period 2021-2022 as it excludes adjusting items from the EBIT (Earnings Before Interests and Taxes). EBIT adjusting 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/ Net cash position equals non-current and current loans and borrowings and bank overdrafts, minus cash and cash equivalents and short term investments.

Group revenue per segment

HY22 revenue (% of total)

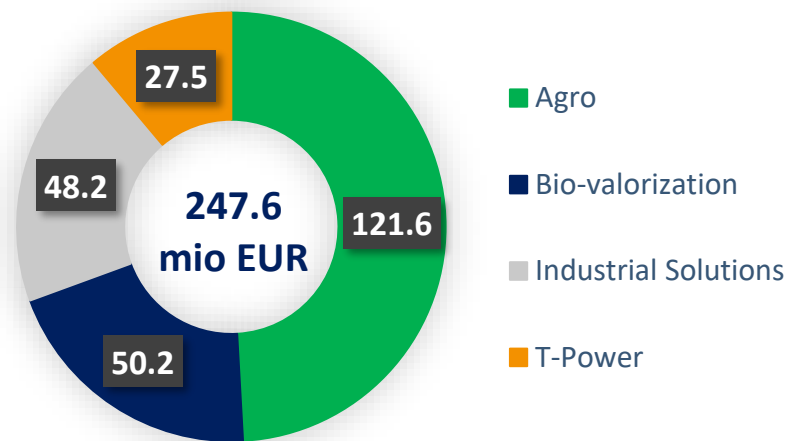


HY21 revenue (% of total)

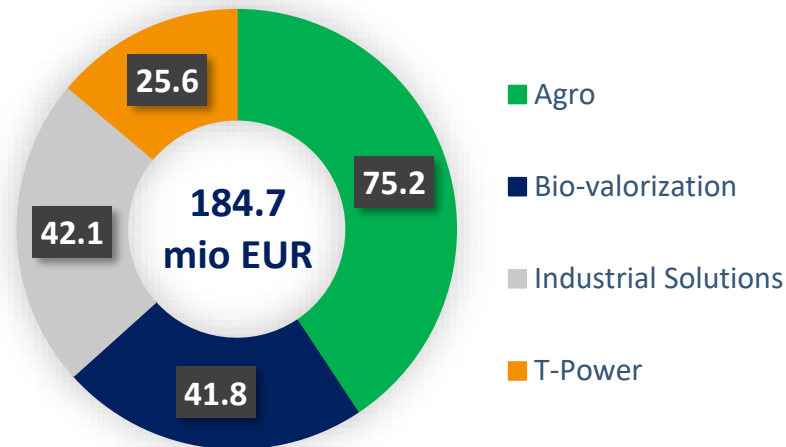


Group Adjusted EBITDA per segment

HY22 Adjusted EBITDA (Million EUR)



HY21 Adjusted EBITDA (Million EUR)



Agro segment

AGRO				
Million EUR	HY22	HY21	% Change excluding fx effect	% Change as reported
Revenue	546.0	373.5	38.6%	46.2%
Adjusted EBITDA	121.6	75.2	49.6%	61.8%
Adjusted EBITDA margin	22.3%	20.1%		
Adjusted EBIT	105.5	59.8	62.2%	76.2%
Adjusted EBIT margin	19.3%	16.0%		

- HY22 revenue increased by +38.6%, when excluding the foreign exchange effect, thanks to an increase of sales prices, implemented in 2021 and HY22 to offset the higher raw material, energy and transportation costs.
- When excluding the foreign exchange effect, the Adjusted EBITDA increased by +49.6% compared to prior year. The Adjusted EBITDA of Crop Vitality, Tessengerlo Kerley International and NovaSource increased thanks to favorable market circumstances.
- With effect from 2022, Violleau (organic agricultural solutions) is included in the Agro segment, however its contribution to the results is not considered to be significant.

Bio-valorization segment

BIO-VALORIZATION				
Million EUR	HY22	HY21	% Change excluding fx effect	% Change as reported
Revenue	376.8	297.4	22.7%	26.7%
Adjusted EBITDA	50.2	41.8	14.9%	19.9%
Adjusted EBITDA margin	13.3%	14.1%		
Adjusted EBIT	33.5	24.5	29.6%	36.5%
Adjusted EBIT margin	8.9%	8.2%		

- Revenue increased by +22.7% when excluding the foreign exchange effect, mainly thanks to an improved product mix and market prices for fats and proteins that increased substantially. Sales prices for gelatin products were increased in HY22 to offset the higher raw material, energy, and transportation costs.
- The HY22 Adjusted EBITDA increased compared to prior year (+14.9% when excluding the foreign exchange effect) thanks to favorable market circumstances for fats and proteins, and recovered margins of gelatin products.

Industrial Solutions segment

INDUSTRIAL SOLUTIONS				
Million EUR	HY22	HY21	% Change excluding fx effect	% Change as reported
Revenue	380.3	314.9	19.3%	20.8%
Adjusted EBITDA	48.2	42.1	12.9%	14.5%
Adjusted EBITDA margin	12.7%	13.4%		
Adjusted EBIT	35.1	28.4	22.0%	23.7%
Adjusted EBIT margin	9.2%	9.0%		

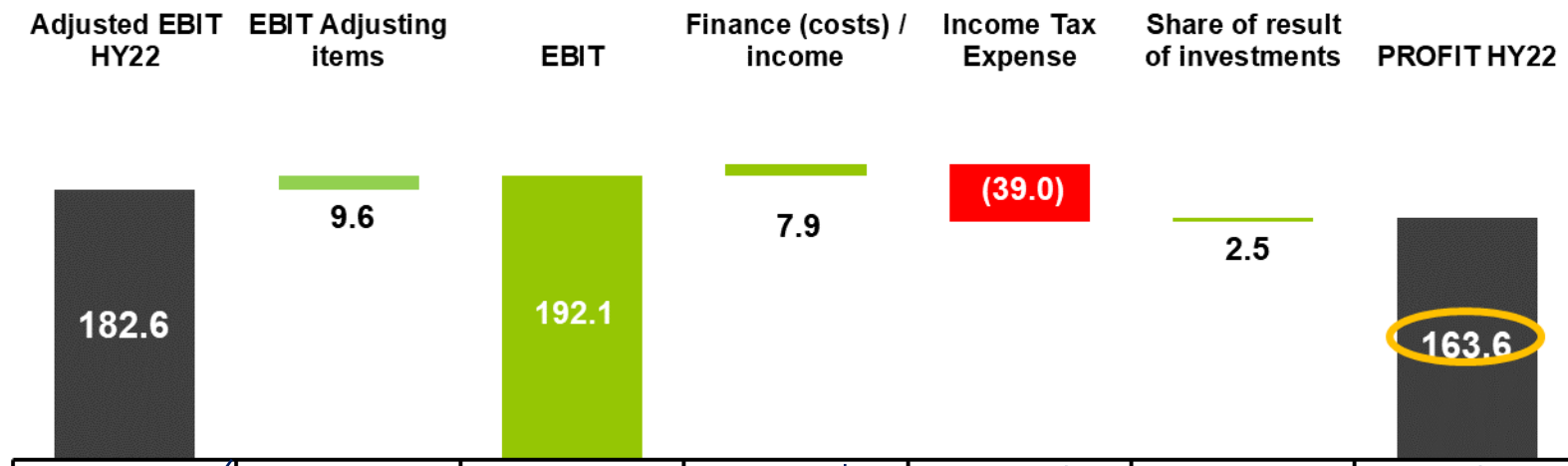
- Industrial Solutions revenue, when excluding the foreign exchange effect, increased by +19.3% in the first half of 2022, mainly thanks to DYKA Group, where revenue was positively impacted by an improved product mix and increased sales prices, implemented to offset the higher raw material, energy and transportation costs.
- The Adjusted EBITDA increased by +5.4 million EUR or increased by +12.9% when excluding the foreign effect. The Adjusted EBITDA of DYKA Group was positively impacted by an improved product mix, a further increase of production efficiency based on investments made and timely pricing management to offset the significant increases of transportation expenses and raw material and energy costs (which are not yet fully reflected in the cost of goods sold).
- The Adjusted EBITDA of moleko decreased, which was more than offset by an increase of the Kuhlmann Europe Adjusted EBITDA.

T-Power segment

T-POWER				
Million EUR	HY22	HY21	% Change excluding fx effect	% Change as reported
Revenue	36.5	35.2	3.8%	3.8%
Adjusted EBITDA	27.5	25.6	7.7%	7.7%
Adjusted EBITDA margin	75.4%	72.7%		
Adjusted EBIT	8.6	6.7	27.1%	27.1%
Adjusted EBIT margin	23.5%	19.2%		

- The revenue of T-Power remained stable at 36.5 million EUR, while the Adjusted EBITDA increased to 27.5 million EUR. These results were in line with expectations, as T-Power nv fulfilled all tolling agreement requirements, while HY21 also included development expenses for the intended construction of a second gas-fired power plant in Tessenderlo (Belgium).

HY22 Adjusted EBIT to profit details (Million EUR)



EBIT Adjusting items amount to +9.6 million EUR and mainly include:

- Changes to provisions, including environmental provisions. The outstanding environmental provisions decreased following the increase of the applied discount rates. This effect was only partially offset by the negative impact of inflation adjustments.
- The impact and revaluation of an electricity purchase agreement (the Purchase Power Agreement), for which the own-use exemption under IAS 39 is not applicable anymore.

Net finance income (+7.9 million EUR) mainly includes:

- Borrowing costs for -4.5 million EUR including the accrued interest charges on the bonds issued in 2015 with a maturity of 7 years and 10 years (-2.9 million EUR), the interest expenses on the term loan facility of T-Power nv, and the interest expenses on lease liabilities (in accordance with IFRS 16 *Leases*).
- Net foreign exchange gains and losses (including revaluation to fair value and realization of derivative financial instruments) for +13.4 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 -39.0 million EUR in HY22 (-26.4 million EUR in HY21) and mainly relates to the operations in the United States and France.

The HY22 profit amounts to 163.6 million EUR compared to 97.3 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 HY22 would have amounted to approximately 150 million EUR, compared to a result of approximately 90 million EUR in HY21.

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 2022, as well as in 2023, 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 therefore come under pressure. However, based on currently available information, the group expects that the 2022 Adjusted EBITDA will be 15% to 20% higher than the 2021 Adjusted EBITDA (354.2 million EUR). This revised outlook for the 2022 financial year reflects the strong first half of the year, while the result for the second half is expected to be in line with the same period in the previous year.
- The group wishes to emphasize that it currently operates in a volatile geopolitical, economic, financial, and health environment.

Financial calendar

2022 results

March 23, 2023





THANK YOU