

TESSENDERLO GROUP CONFERENCE CALL 2022 RESULTS

Brussels, March 23, 2023



Tessenderlo Group
EVERY MOLECULE COUNTS



KEY EVENTS

Combination Tessenderlo Group and Picanol Group



On July 8, 2022, Tessenderlo Group and Picanol Group announced their intention to simplify and increase the transparency of the group structures of both companies, with a view to combining them into a single industrial group with, in time, a single stock exchange listing and a single board of directors.

By the end of the first quarter of 2023, Tessenderlo Group was holding 100% of the shares of Picanol Group. As a result of this transaction, Picanol Group became a business unit in the Machines & Technologies segment of Tessenderlo Group with effect from January 2023.

After the transaction

Tessenderlo Group



Agro



Bio-valorization



**Industrial
Solutions**

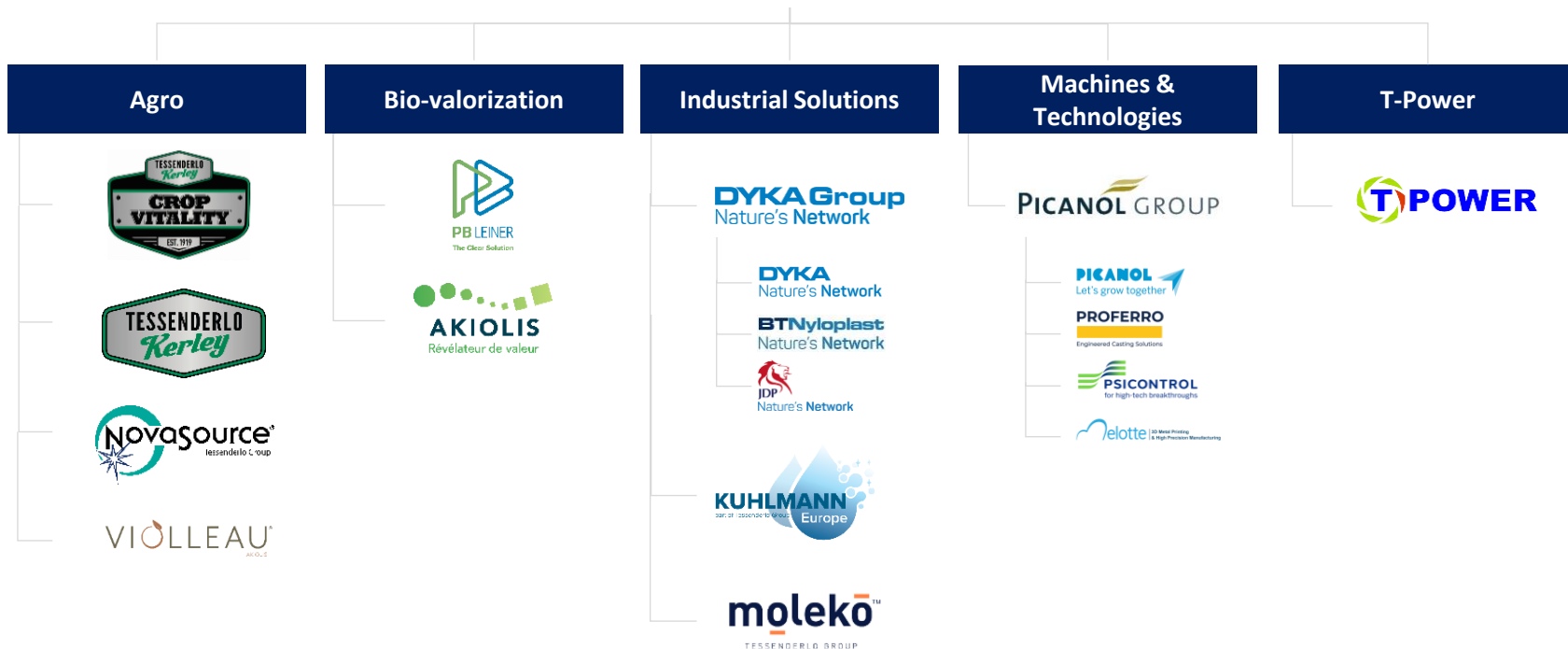


**Machines &
Technologies**



T-Power

Segments & business units



T-Power: second gas power plant

In March 2022, Tessenderlo Group applied again to the Flemish Region for a construction permit for a new 900 MW Combined Cycle Gas Turbine plant (CCGT) in Tessenderlo (Belgium) (T-Power segment).

The permit was obtained in September 2022 from the Flemish Minister of Justice and Enforcement, Environment, Energy and Tourism. However, the new plant will only be constructed if the group can present it as a viable project.



PB Leiner: entering into a joint venture to produce fish collagen

SOLUGEL[®]
collagen peptides

Premium Fish Quality



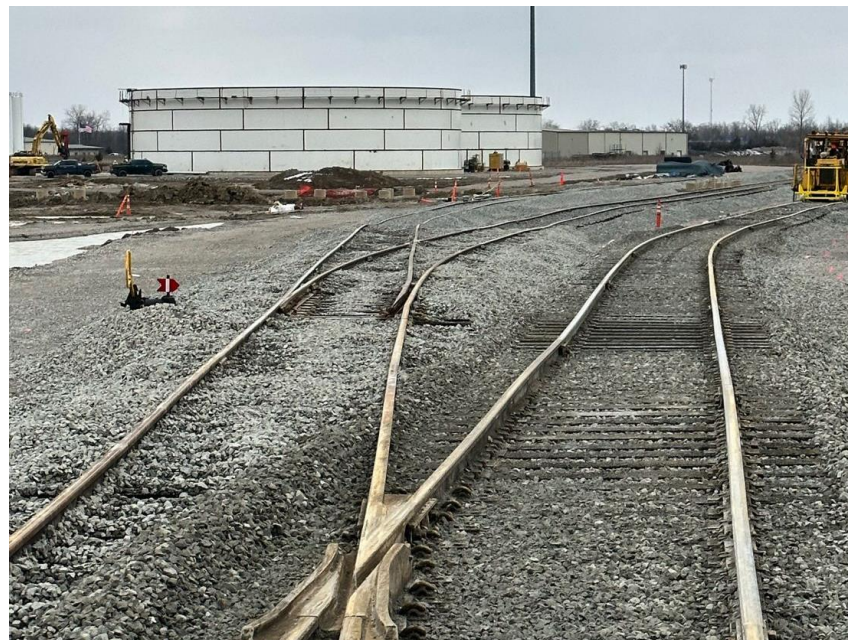
In November 2022, PB Leiner (Bio-valorization segment) entered into a joint venture with Hainan Xiangtai Group in China for the production and sale of high-quality fish collagen peptides.

Under this agreement, the joint venture (80% owned by the group) will produce fish collagen peptides based on PB Leiner's technology. The combined strengths of the two companies will enable a robust, premium product range to meet the increasing global demand for quality fish collagen peptides.

Tessengerlo Kerley, Inc.: new production plant in Defiance

Tessengerlo Kerley, Inc. began 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[®], K-Row 23[®], and sulfite chemicals for industrial markets (Agro and Industrial Solutions segments).

The plant is scheduled to start operations by the end of 2024.



Tessenderlo Kerley International: new plant in Geleen



In December 2022, Tessenderlo Kerley International started the construction of a new plant for the production of Thio-Sul[®] (ammonium thiosulfate/ATS), in Geleen, the Netherlands. This fertilizer is used for large-scale crops and in the cultivation of trees and vegetables.

The plant is expected to be operational by mid-2024.



KEY EVENTS

After the balance date

PB Leiner: entering into a joint venture in Brazil



In November 2022, the group announced that its PB Leiner business unit (Bio-valorization segment) had established a new joint venture with D&D Participações Societárias, which is one of Brazil's leading tannery groups. The group acquired a 40% minority stake in PB Leiner's Brazilian plant (PB Brasil Industria e Comercio de Gelatinas Ltda). The combined strength of the two companies will enable a long-term, sustainable supply of a premium bovine gelatin product range, based on PB Leiner's technology. The transaction was closed in January 2023.

Akiolis: acquisition of Promed 202

In early January 2023, the Akiolis business unit (Biovalorization segment) acquired the real estate and production assets of the former Spanish rendering company Promed 202 (Ribera d'Ondara, Lleida, Spain). The plant specializes in pig and poultry meat rendering and is located in one of the most intensive pig and poultry farming regions in Spain. The acquisition will expand Akiolis' operations on the Iberian Peninsula and strengthen its position in the European rendering market.

Akiolis resumed operations during the first quarter of 2023 under the name Akiolis Iberia.



Tessengerlo Kerley International: agreement for the acquisition of activities by Esseco



Also in January 2023, Tessenderlo Group signed an agreement for the acquisition of the marketing and sales activities for ammonium thiosulfate (ATS) fertilizers produced by Esseco Srl (part of Esseco Group) in Trecate, Italy. These ATS fertilizers will be marketed by the Tessenderlo Kerley International business unit (Agro segment).

Tessengerlo Group also acquired the Esseco trademarks Secofit® TS and Agrifix®, which are used in marketing this product range for agricultural applications. The deal was operational in March 2023.



2022 RESULTS

Operational key figures

2H22	2H21	% Change excluding fx effect	% Change as reported	Million EUR	2022	2021	% Change excluding fx effect	% Change as reported
1,248.0	1,060.5	12.9%	17.7%	Revenue	2,587.5	2,081.5	19.7%	24.3%
187.2	169.5	3.7%	10.4%	Adjusted EBITDA¹	434.8	354.2	16.1%	22.7%
117.6	104.4	3.6%	12.6%	Adjusted EBIT²	300.1	223.8	25.1%	34.1%
63.2	91.0		-30.6%	Profit (+) / loss (-) for the period	226.8	188.3		20.4%
49.6	106.2		-53.3%	Total comprehensive income	268.4	227.8		17.8%
54.1	54.8		-1.3%	Capital expenditure	113.4	95.9		18.2%
102.5	94.2		8.8%	Cash flow from operating activities	199.8	248.1		-19.5%
68.5	59.4		15.4%	Operational free cash flow³	156.6	188.9		-17.1%
57.5	48.7		18.2%	Operational free cash flow (Excl. IFRS 16)	134.8	167.2		-19.4%
59.5	74.8		-20.5%	Net financial debt⁴	59.5	74.8		-20.5%

Net financial debt of 59.5 Million EUR includes lease liabilities (52.2 Million EUR).

Net financial debt would have amounted to 7.3 Million EUR, when excluding these lease liabilities.

Adjusted EBITDA 2021	:	354.2 M EUR
FX effect	:	+23.5 M EUR
Internal growth	:	+57.1 M EUR
= Adjusted EBITDA 2022	=	434.8 M EUR

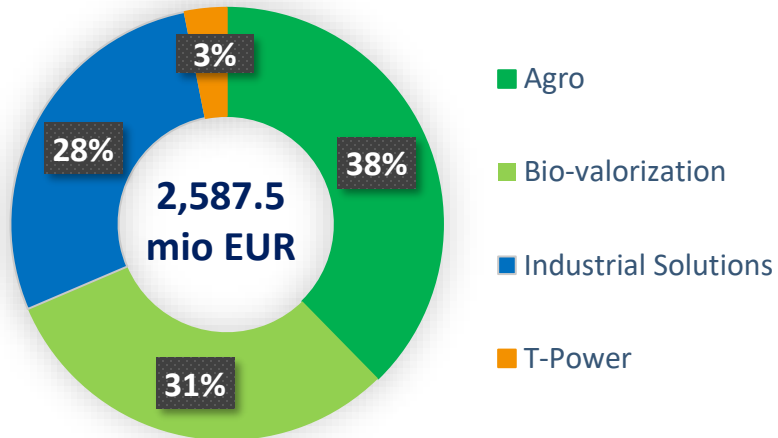
Net result excluding FX gains/losses: 221 M EUR in 2022 compared to 173 M EUR in 2021.

Remarks

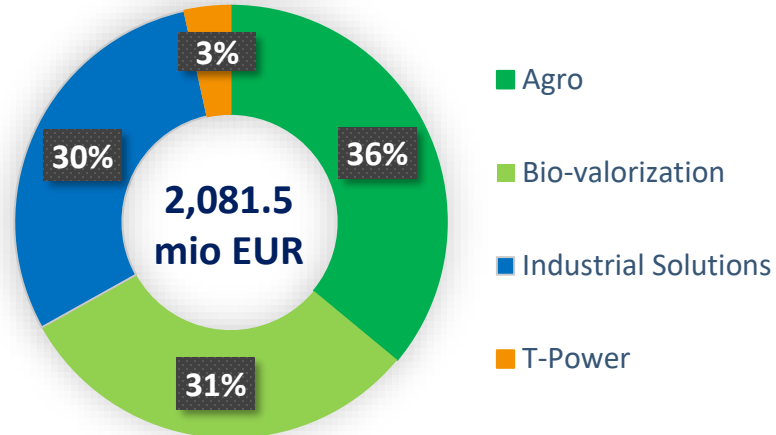
- Adjusted EBITDA equals adjusted EBIT plus depreciation and amortization.
- Adjusted EBIT is considered by the group to be a relevant performance measure in order to compare results over the period 2021-2022 as it excludes adjusting items from the EBIT (Earnings Before Interests and Taxes). EBIT adjusting 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, short term investments and long-term investments.

Group revenue per segment

2022 revenue (% of total)

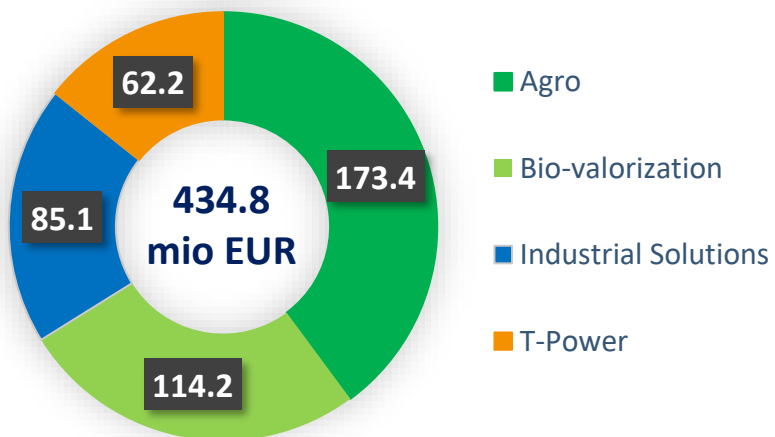


2021 revenue (% of total)

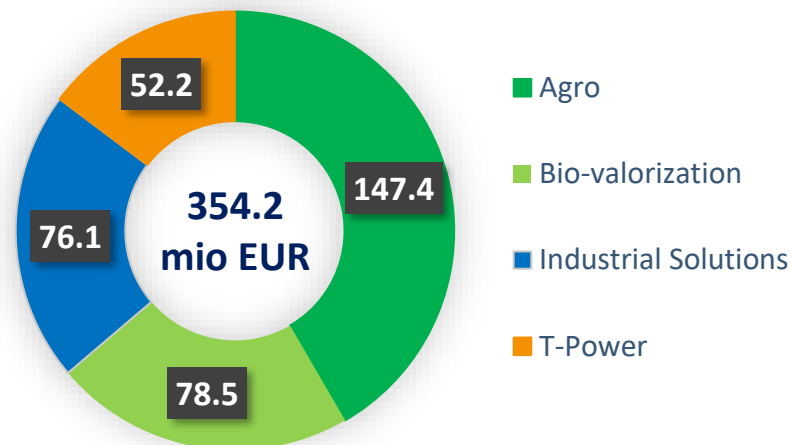


Group Adjusted EBITDA per segment

2022 Adjusted EBITDA (Million EUR)



2021 Adjusted EBITDA (Million EUR)



Agro segment

AGRO								
2H22	2H21	% Change excluding fx effect	% Change as reported	Million EUR	2022	2021	% Change excluding fx effect	% Change as reported
428.6	375.8	6.8%	14.1%	Revenue	974.5	749.3	22.6%	30.1%
51.8	72.3	-36.5%	-28.4%	Adjusted EBITDA	173.4	147.4	7.4%	17.6%
12.1%	19.2%			Adjusted EBITDA margin	17.8%	19.7%		
33.3	56.6	-49.3%	-41.2%	Adjusted EBIT	138.7	116.4	8.0%	19.2%
7.8%	15.1%			Adjusted EBIT margin	14.2%	15.5%		

- 2022 revenue increased by +22.6%, when excluding the foreign exchange effect. 1H22 revenue increased by +38.6%, when excluding the foreign exchange effect, thanks to an increase of sales prices, implemented in 2021 and 1H22 to compensate the higher raw material, energy and transportation costs. 2H22 revenue only increased by +6.8% as 2H21 was already impacted by higher sales prices, while these historical high prices also negatively impacted demand. 2022 revenue was also positively impacted by the organic agricultural solutions revenue contributed by the business unit Violleau.
- When excluding the foreign exchange effect, the Adjusted EBITDA increased by +7.4% compared to prior year. The 1H22 Adjusted EBITDA increased by +49.6% thanks to favorable market circumstances within Crop Vitality, Tessenderlo Kerley International and NovaSource. Lower sales volumes, cost increases which got fully reflected in the cost of goods sold, as well as inventory write-offs (-7 million EUR), led to a lower 2H22 Adjusted EBITDA (-36.5%). An increase of the NovaSource Adjusted EBITDA was more than offset by the decrease of Crop Vitality and Tessenderlo Kerley International.
- 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								
2H22	2H21	% Change excluding fx effect	% Change as reported	Million EUR	2022	2021	% Change excluding fx effect	% Change as reported
423.2	345.8	17.0%	22.4%	Revenue	799.9	643.2	19.7%	24.4%
64.0	36.6	61.7%	74.8%	Adjusted EBITDA	114.2	78.5	36.7%	45.5%
15.1%	10.6%			Adjusted EBITDA margin	14.3%	12.2%		
45.8	19.3	115.9%	137.8%	Adjusted EBIT	79.2	43.8	67.6%	81.1%
10.8%	5.6%			Adjusted EBIT margin	9.9%	6.8%		

- Revenue increased by +19.7% (1H22: +22.7%; 2H22: +17.0%) 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 2022 to compensate the higher raw material, energy, and transportation costs.
- The 2022 Adjusted EBITDA increased compared to prior year by +36.7% (when excluding the foreign exchange effect), thanks to favorable market circumstances for fats, proteins and gelatin products (which mainly had a positive impact in 2H22).

Industrial Solutions segment

INDUSTRIAL SOLUTIONS								
2H22	2H21	% Change excluding fx effect	% Change as reported	Million EUR	2022	2021	% Change excluding fx effect	% Change as reported
352.2	302.9	14.7%	16.3%	Revenue	732.5	617.8	17.0%	18.6%
36.9	34.0	5.7%	8.3%	Adjusted EBITDA	85.1	76.1	9.7%	11.7%
10.5%	11.2%			Adjusted EBITDA margin	11.6%	12.3%		
22.9	20.7	7.0%	10.3%	Adjusted EBIT	57.9	49.1	15.6%	18.0%
6.5%	6.8%			Adjusted EBIT margin	7.9%	7.9%		

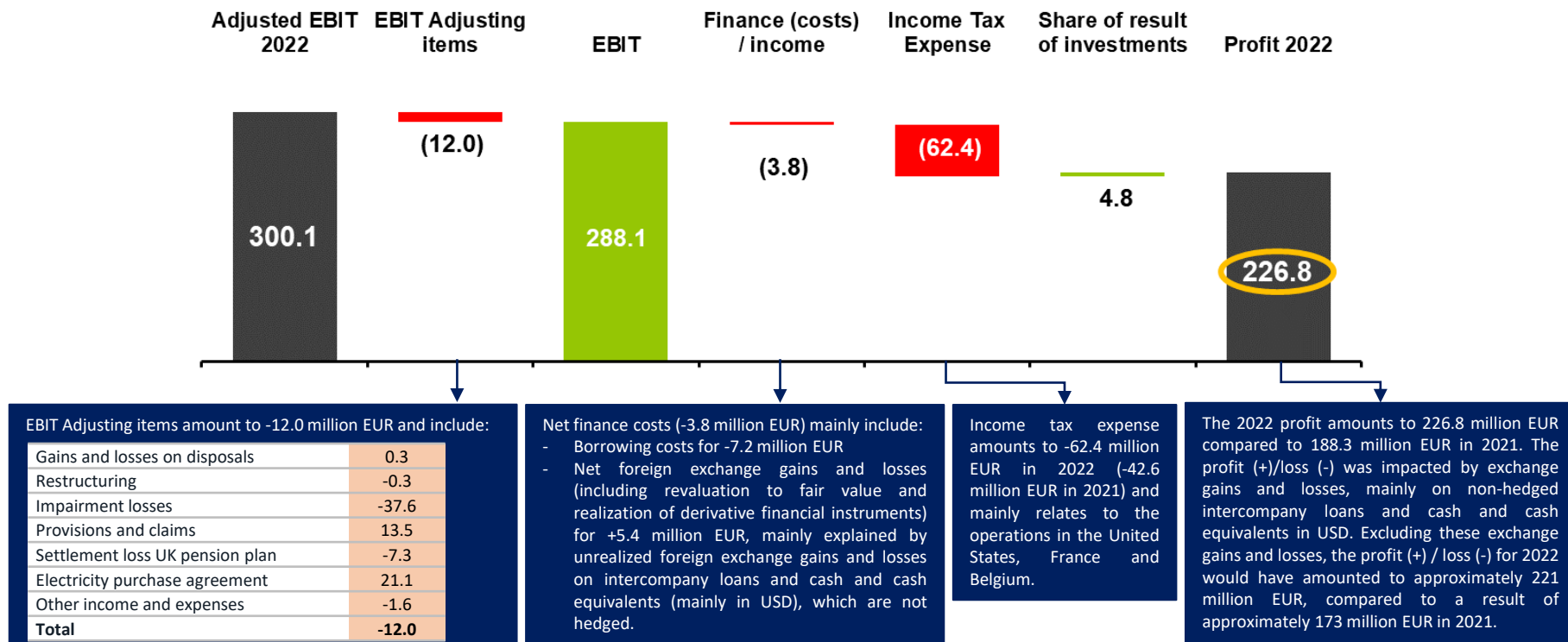
- Industrial Solutions revenue, when excluding the foreign exchange effect, increased by +17.0% in 2022 (1H22: +19.3%; 2H22: +14.7%), mainly thanks to DYKA Group, where revenue was positively impacted by an improved product mix, the fourth quarter contribution of the newly acquired production plant in Gaillon (France), and increased sales prices implemented to compensate the higher raw material, energy and transportation costs. The revenue of both moleko and Kuhlmann Europe also increased in 2022, thanks to favorable market circumstances.
- The Adjusted EBITDA increased by +9.7% to 85.1 million EUR (1H22: +12.9%; 2H22: +5.7%), when excluding the foreign exchange effect. The 1H22 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 were not yet fully reflected in the cost of goods sold in 1H22). These positive effects were more than offset in 2H22 due to more challenging market circumstances. The Adjusted EBITDA of moleko decreased in 2022, impacted by the expiration of the customer agreement with Barrick Gold, while the Adjusted EBITDA of Kuhlmann Europe increased, thanks to favorable market circumstances.

T-Power segment

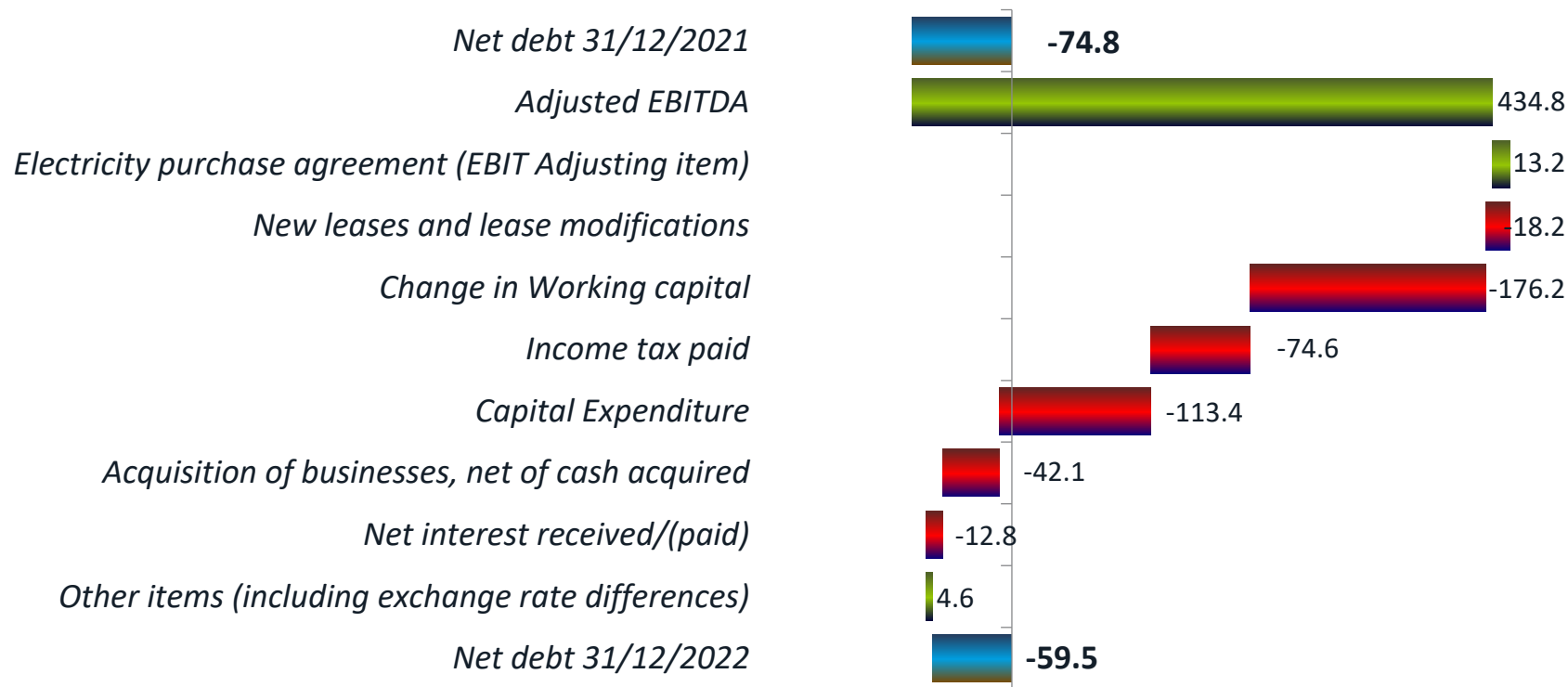
T-POWER								
2H22	2H21	% Change excluding fx effect	% Change as reported	Million EUR	2022	2021	% Change excluding fx effect	% Change as reported
44.0	36.0	22.2%	22.2%	Revenue	80.6	71.2	13.1%	13.1%
34.6	26.6	30.1%	30.1%	Adjusted EBITDA	62.2	52.2	19.1%	19.1%
78.6%	73.9%			Adjusted EBITDA margin	77.2%	73.3%		
15.6	7.8	100.4%	100.4%	Adjusted EBIT	24.2	14.5	66.4%	66.4%
35.5%	21.6%			Adjusted EBIT margin	30.0%	20.4%		

- The revenue of T-Power, fulfilling all its tolling agreement requirements, increased to 80.6 million EUR, while the Adjusted EBITDA increased to 62.2 million EUR. The 2022 results were positively influenced by contractual impacts, including indexation and efficiency payments linked to gas prices, while 2021 also included development expenses for the intended construction of a second gas-fired power station in the Belgian municipality of Tessenderlo.
- The 2022 EBIT of T-Power was negatively impacted by an impairment loss of -37.6 million EUR, which was recognized within EBIT Adjusting items. The recoverable amount of the cash-generating unit T-Power (240.0 million EUR) was determined based upon the value in use calculation. The value in use calculation as per year-end 2022 was negatively impacted by a higher weighted average cost of capital (9.6% as per December 31, 2022, compared to 7.0% at the moment of acquisition in 2018) as well as by lower forecasted future cash flows. The cash flows till June 2026 are secured through the tolling agreement with RWE, while the cashflows after June 2026 are more uncertain based on current forward-looking assumptions, which are impacted by adverse impacts of economic and competitive factors. As a result, the carrying amount of the T-Power cash-generating unit exceeded its recoverable amount and an impairment loss of -37.6 million EUR was recognized.

2022 Adjusted EBIT to profit details (Million EUR)



2021-2022 Net financial debt reconciliation (Million EUR)



Outlook

- The following statements are forward-looking and actual results may differ materially.
- The group anticipates a continued high level of economic uncertainty in 2023, putting the development of customer demand and sales margin more under pressure. Based on currently available information, the group expects that the 2023 Adjusted EBITDA will be lower than the 2022 pro forma Adjusted EBITDA of 467.0 million EUR, being the sum of the Tessenderlo Group 2022 Adjusted EBITDA (434.8 million EUR) and the 2022 Picanol Group (Machines and Technologies) Adjusted EBITDA (32.2 million EUR). An anticipated increase in the Picanol Group Adjusted EBITDA is expected to be more than offset by a decrease of the Adjusted EBITDA of the other segments.
- The group wishes to emphasize that it currently operates in a volatile geopolitical, economic, financial, and health environment.

Dividend

- The Board of Directors will propose to the shareholders, at the annual shareholders' meeting of May 9, 2023, to approve a gross dividend per share of 0.75 EUR. The policy going forward will be to distribute a dividend of between 7 and 15% of the annual Adjusted EBITDA, taking into account the cash availability and the short-term cash needs.

Financial calendar

Publication of annual report

April 6, 2023

Annual general meeting of shareholders

May 9, 2023

Half year 2023 results

August 24, 2023





THANK YOU