



Tessenderlo Group
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REGULATED INFORMATION

Brussels, August 22, 2018, 8:00 am CET

**TESSENDERLO GROUP
INTERIM REPORT FOR
THE 6 MONTH PERIOD ENDED
JUNE 30, 2018¹**

¹ Note that Tessenderlo Group published, in addition to this interim report, also a press release on the June 30, 2018 results, which contains limited additional quarterly figures. This press release can be consulted on our website www.tessenderlo.com.



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Note to the reader:

- The half year information has been subject to a review by external auditors. Reference is made to the independent auditor's review in chapter 4 of this report.
- Figures may not add up due to rounding.

1. MANAGEMENT REPORT

1.1 GROUP KEY FIGURES

Million EUR	HY18	HY17	% change excluding fx effect	% Change as reported
Revenue Group	845.0	924.6	-4.1%	-8.6%
- Other revenue included in revenue Group ²	-4.8	-29.7		
Revenue	840.2	894.9	-1.5%	-6.1%
REBITDA Group	97.5	122.9	-11.9%	-20.7%
- Other REBITDA included in REBITDA Group ²	2.6	-2.3		
REBITDA	100.1	120.6	-7.8%	-17.0%
REBIT Group	62.5	86.6	-17.5%	-27.8%
- Other REBIT included in REBIT Group ²	2.6	-2.2		
REBIT	65.2	84.4	-11.9%	-22.8%
Profit (+) / loss (-) for the period	54.9	17.1		221.3%
Total comprehensive income	53.3	22.9		133.0%
Capital expenditure	32.4	39.5		-18.0%
Cash flow from operating activities	56.3	142.6		-60.5%
Operational free cash flow³	36.0	121.1		-70.3%

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

² 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.

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



REVENUE

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.

REBITDA

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%).

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).

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.

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).

1.2 OPERATING SEGMENTS PERFORMANCE REVIEW

AGRO				
Million EUR	HY18	HY17	% Change excluding fx effect	% Change as reported
Revenue	333.3	362.7	-1.1%	-8.1%
REBITDA	69.6	76.4	1.2%	-8.8%
REBITDA margin	20.9%	21.1%		
REBIT	57.7	63.9	0.9%	-9.7%
REBIT margin	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® 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.

2. STATEMENT ON THE TRUE AND FAIR VIEW OF THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION AND THE FAIR OVERVIEW OF THE MANAGEMENT REPORT

Mr. L. Tack (CEO) and Mr. S. Haspeslagh, representative of Findar BVBA (COO/CFO) certify, on behalf and for the account of the company, that, to their knowledge,

- a) the condensed consolidated financial information which has been prepared in accordance with the International Financial Reporting Standard on Interim Financial Statements (IAS 34), gives a true and fair view of the financial position, income statement and statement of comprehensive income of the company, and the entities included in the consolidation as a whole,
- b) the management report includes a fair overview of the information required under Article 13, §5 and §6 of the Royal Decree of November 14, 2007 on the obligations of issuers of financial instruments admitted to trading on a regulated market.



3. CONDENSED CONSOLIDATED FINANCIAL INFORMATION JUNE 30, 2018

3.1 CONSOLIDATED INCOME STATEMENT

Million EUR	note	HY18	HY17
Revenue	6	845.0	924.6
Cost of sales		-634.2	-682.3
Gross profit		210.7	242.3
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
Profit (+) / loss (-) from operations before non-recurring and exceptional operating items (REBIT)		62.5	86.6
Non-recurring and exceptional operating income/(expense) items	8	-2.7	-4.4
Profit (+) / loss (-) from operations (EBIT)		59.8	82.2
Finance (costs) / income - net	9	5.2	-45.3
Share of result of equity accounted investees, net of income tax		2.4	1.7
Profit (+) / loss (-) before tax		67.4	38.7
Income tax expense	10	-12.5	-21.6
Profit (+) / loss (-) for the period		54.9	17.1
Attributable to:			
- Equity holders of the company		54.6	17.6
- Non-controlling interest		0.3	-0.5
Basic earnings per share (EUR)	15	1.27	0.41
Diluted earnings per share (EUR)	15	1.27	0.41

3.2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Million EUR	Note	HY18	HY17
Profit (+) / loss (-) for the period		54.9	17.1
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
Other comprehensive income to be reclassified to profit or loss in subsequent periods		-4.7	-2.7
Remeasurements of the net defined benefit liability, before tax	17	3.2	6.0
Income tax on other comprehensive income		-0.1	2.5
Other comprehensive income not being classified to profit or loss in subsequent periods		3.1	8.5
Other comprehensive income, net of income tax		-1.6	5.8
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME		53.3	22.9
Attributable to:			
- Equity holders of the company		52.9	23.6
- Non-controlling interest		0.4	-0.8



3.3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Million EUR	note	30.06.2018	31.12.2017
ASSETS			
Total non-current assets		654.2	650.6
Property, plant and equipment	12	504.7	503.3
Goodwill		34.4	33.8
Other intangible assets	12	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
Total current assets		827.3	761.1
Inventories	13	268.1	279.1
Trade and other receivables	13	311.5	286.5
Derivative financial instruments		0.0	0.0
Cash and cash equivalents	14/16	247.7	195.5
Total assets		1,481.5	1,411.7
EQUITY AND LIABILITIES			
Total equity		692.8	639.5
Equity attributable to equity holders of the company		690.7	637.7
Issued capital		216.1	216.1
Share premium		237.6	237.6
Reserves and retained earnings		236.9	184.0
Non-controlling interest		2.1	1.7
Total liabilities		788.7	772.2
Total non-current liabilities		457.2	464.5
Loans and borrowings	16	224.4	224.7
Employee benefits	17	55.4	55.7
Provisions		129.4	132.4
Trade and other payables		3.0	6.4
Derivative financial instruments	18	10.6	11.2
Deferred tax liabilities		34.4	34.1
Total current liabilities		331.5	307.7
Bank overdrafts	16	0.0	0.1
Loans and borrowings	16	45.8	29.3
Trade and other payables	13	256.8	255.2
Derivative financial instruments	18	5.4	6.1
Current tax liabilities		5.1	1.3
Employee benefits	17	1.4	1.5
Provisions		17.0	14.1
Total equity and liabilities		1,481.5	1,411.7

3.4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Million EUR	Note	Issued capital	Share premium	Legal reserves	Translation reserves	Hedging reserves	Retained earnings	Equity attributable to equity holders of the company	Non-controlling interest	Total equity
Balance at January 1, 2018		216.1	237.6	21.6	-84.4	-6.0	252.9	637.7	1.7	639.5
Profit (+) / loss (-) for the period		-	-	-	-	-	54.6	54.6	0.3	54.9
Other comprehensive income for the period										
- Translation differences		-	-	-	-5.2	-	-	-5.2	0.1	-5.2
- Remeasurements of the net defined benefit liability, net of tax	17	-	-	-	-	-	3.1	3.1	-	3.1
- Net change in fair value of derivative financial instruments, net of tax		-	-	-	-	0.5	-	0.5	-	0.5
- Other movements		-	-	-	-	-	-	0.0	0.0	0.0
Comprehensive income, net of income taxes		0.0	0.0	0.0	-5.2	0.5	57.7	52.9	0.4	53.3
Balance at June 30, 2018		216.1	237.6	21.6	-89.7	-5.6	310.6	690.7	2.1	692.8



3.5 CONSOLIDATED STATEMENT OF CASH FLOWS

Million EUR	Note	30.06.2018	30.06.2017
OPERATING ACTIVITIES			
Profit (+) / loss (-) for the period		54.9	17.1
Depreciation, amortization and impairment losses		35.0	37.0
Changes in provisions		-0.1	1.2
Finance costs / (income) - net	9	-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	10	12.5	21.6
Other non-cash items		0.1	-0.3
Changes in inventories	13	9.4	53.9
Changes in trade and other receivables	13	-36.4	-55.7
Changes in trade and other payables	13	-4.1	39.6
Change in accounting estimates - inventory write off		0.7	-1.7
Revaluation electricity forward contract	18	-1.4	-0.3
Cash generated from operations		62.5	155.2
Income tax paid		-7.8	-13.7
Dividends received		1.6	1.1
Cash flow from operating activities		56.3	142.6
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment and other intangible assets	12	-32.4	-39.5
Proceeds from the sale of property, plant and equipment and other intangible assets ⁴		9.3	1.6
Cash flow from investing activities		-23.1	-37.9
FINANCING ACTIVITIES			
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
Cash flow from financing activities		15.3	-4.1
Net increase / (decrease) in cash and cash equivalents		48.5	100.6
Effect of exchange rate differences		3.8	-8.1
Cash and cash equivalents less bank overdrafts at the beginning of the period	14/16	195.3	119.2
Cash and cash equivalents less bank overdrafts at the end of the period	14/16	247.7	211.7

⁴ 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..



3.6 NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

1. Reporting entity
2. Statement of compliance
3. Significant accounting policies
4. Critical accounting estimates and judgments
5. Risks and uncertainties
6. Segment reporting
7. Acquisitions and disposals
8. Non-recurring and exceptional operating income/(expense) items
9. Finance costs and income
10. Income tax expense
11. Seasonality of operations
12. Property, plant and equipment and other intangible assets
13. Working capital
14. Cash and cash equivalents
15. Earnings per share
16. Loans and borrowings
17. Employee benefits
18. Financial instruments
19. Contingencies
20. Related parties
21. Subsequent events

1. REPORTING ENTITY

Tessenderlo Group nv (hereafter referred to as “the company”), the parent company, is a company domiciled in Belgium. The condensed consolidated financial information for the six month period ended June 30, 2018 comprises the company and its subsidiaries (together referred to as “the group”) and the group’s interests in associates and jointly controlled entities.

2. STATEMENT OF COMPLIANCE

This condensed consolidated financial information for the six month period ended June 30, 2018 has been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 *Interim Financial Reporting*, as adopted for use by the European Union. It does not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the group as at and for the year ended December 31, 2017 which have been prepared in accordance with IFRS.

This condensed consolidated financial information was approved by the Board of Directors on August 20, 2018. This condensed consolidated financial information has been reviewed, not audited.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used by the group in the present condensed consolidated financial information are consistent with those used in the preparation of the consolidated financial statements as at and for the year ended December 31, 2017, except for those mentioned below, and are in accordance with IAS 34 *Interim Financial Reporting*.

There are no new or amended standards or interpretations that are effective for the first time for the interim report for the six month period ended June 30, 2018 that had a significant impact on the consolidated financial statements. For the six month period ended June 30, 2018, the group has not early adopted any standard, interpretation or amendment that has been issued, but is not yet effective.

As per January 1, 2018 the group has adopted IFRS 15 *Revenue from Contracts with Customers*. The majority of the group’s revenue consists of the sales of goods. The products are generally sold directly or through distributors to the customers. Under IFRS 15 revenue is recognized based on the transfer of control of ownership. The point of recognition is dependent on the contract sales terms, known as the International Commercial terms (Incoterms). The timing of the revenue recognition is not significantly different from the transfer from risk and rewards. The sale of goods qualifies as a separate performance obligation, while the transportation of goods is not qualified as a distinct service. The related costs of transportation are incurred as part of the performance obligation to transfer goods to the customer. Within the different business units, the right to return an item is limited to default products and limited in time.

Therefore IFRS 15 only has an insignificant impact on the timing and amount of revenue recognition of the group. The group has adopted the new standard on the required effective date using the modified retrospective method. Under this method, IFRS 15 is only applied to contracts that are not completed as of the date of initial application (January 1, 2018). The comparative figures of 2017 are not restated and there is no impact on the opening balance of retained earnings of 2018.

IFRS 9 *Financial instruments* determines the recognition and measurement requirements of financial assets and financial liabilities. IFRS 9 replaces the IFRS standard IAS 39 *Financial Instruments: recognition and measurement*. IFRS 9 introduces an impairment model that is based on expected credit losses and no longer incurred credit losses. The group has adopted IFRS 9 at the date of initial application (January 1, 2018). The information presented for 2017 has not been restated and is presented, as previously reported, under IAS 39 *Financial Instruments: Recognition and Measurement*. Due to the group’s existing credit policy procedures and payment terms with its customers, the application of IFRS 9’s impairment requirements at January 1, 2018 did not result in any additional impairment allowance.

IFRS 16 *Leases* will replace the current standards IAS 17 *Leases* and IFRIC 4 *Determining whether an arrangement contains a lease*. IFRS 16 introduces a single lease accounting model for lessees, resulting in the

recognition of a right-of-use asset and a lease liability. Lessor accounting remains similar to the current standard which classifies leases into finance and operating leases. The group is currently executing a detailed assessment of the existing lease agreements. The current application of IAS 17 *Leases* results in the recognition of a significant number of operating lease agreements. The non-cancellable operating lease amounts to 96.0 million EUR (note 27 of the 2017 annual report - Operating leases), and therefore the new IFRS 16 *Leases* standard is expected to have a significant impact on the consolidated financial statements of the group. The actual impact of applying IFRS 16 on the financial statements in the period of initial application will however depend on the composition of the group's lease portfolio at that date, the group latest assessment whether it will exercise any lease renewal options and the extent to which the group chooses to use practical expedients and recognition exemptions. The main leases consist of land and buildings, mainly sales branches within Industrial Solutions, a large number of trucks and railcars, mainly within Agro and Bio-valorization, as well as company cars.

The following exchange rates have been used in preparing the condensed consolidated financial information:

EXCHANGE RATES					
1 EUR equals:	Closing rate			Average rate	
	30.06.2018	31.12.2017	30.06.2017	30.06.2018	30.06.2017
Argentine peso	33.7417	22.3054	18.9690	26.0922	17.0156
Brazilian real	4.4876	3.9729	3.7600	4.1415	3.4431
Chinese yuan	7.7170	7.8044	7.7385	7.7086	7.4448
Czech crown	26.0200	25.5350	26.1970	25.5005	26.7841
Hungarian forint	329.7700	310.3300	308.9700	314.1128	309.4213
Polish zloty	4.3732	4.1770	4.2259	4.2207	4.2690
Pound sterling	0.8861	0.8872	0.8793	0.8798	0.8606
US dollar	1.1658	1.1993	1.1412	1.2104	1.0830

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the condensed consolidated financial information in conformity with IFRS as adopted for use by the European Union requires management to make judgments, estimates and assumptions that affect the application of the accounting policies, the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial information and the reported amounts of revenue and expenses during the reporting period. Management bases its estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making the reported amounts of revenue and expenses that may not be readily apparent from other sources. Actual results could differ from those estimates.

Estimates and assumptions are reviewed periodically and the effects of revisions, if needed, are reflected in the condensed consolidated financial information. The judgments, estimates and assumptions used in preparing the condensed consolidated financial information for June 30, 2018 are the same as those applied and disclosed in the consolidated financial statements at December 31, 2017. Actual results could differ from these estimates.

5. RISKS AND UNCERTAINTIES

Under the explicit understanding that this is not an exhaustive list, the main risk factors and uncertainties for the group for the second semester of 2018 are listed below. Additional risks of which the group is not aware may possibly exist. There may also be risks that the group currently believes to be unimportant, but which can still have an adverse effect. The order in which the individual risks are presented is neither indicative of their likelihood to occur, nor of the severity or significance of the individual risks. Please note that in the 2017 annual report additional risks were included. For a more detailed overview of the major risks for the group, we refer to our 2017 annual report.

- The group depends on the availability of sufficient volumes of raw materials with the required specifications at competitive prices.

The group depends on the availability of sufficient volumes of raw materials, which meet the required specifications, against competitive prices. While the group sources most of its raw materials from multiple suppliers, some raw materials are sourced from only few suppliers. As such, the group relies on a number of third party suppliers and other business partners. If the market prices fall below the agreed minimum prices, the group may be required to purchase products at above-market prices.

- If the group is unable to sell, store, re-utilize or dispose of certain components that it produces, it may be required to limit or reduce its overall production levels.

The group's chemical operations are dependent on its ability to sell, store, re-utilize or otherwise dispose of certain components (such as by-products and co-products) which are produced in the course of the production process of various products. There can be no assurance that the group will be able to do this in the future and will not be required to reduce its overall production levels or invest in new treatment processes.

- The group's results are dependent on weather conditions and are subject to seasonality.

Several of the group's activities are dependent on weather conditions. The group also has activities which are also subject to seasonality, whereby products are sold within a short timeframe. Products of the group's Agro segment must be supplied to the customers during the planting season. Bad weather conditions can disrupt this process, reduce the possibility to apply product and/or reduce the need for products. The group also sells products in the construction markets in several countries in the northern hemisphere, which are typically affected by winter weather conditions.

- The group's current and future investments and/or constructions are subject to the risk of delays, cost overruns and other complications, and may not achieve the expected returns.

The group currently has new projects which are under construction or in ramp-up phase. In addition, the group is implementing a number of major investment projects that are key to its strategy. These projects may be delayed, exceed the budget or the utilized technology may prove to be inadequate or may fail to reach the expected return.

- The group is exposed to an energy off-take agreement.

The group sold the majority of its PVC/Chlor-Alkali activities in the third quarter of 2011. The electricity purchase agreement relating to that activity was not part of the sale transaction and therefore the group is still under an obligation to purchase certain quantities of electricity. As the group no longer needs the electricity for its own use, it needs to sell the electricity on the market until the end of the contract. The value of the contract is depending on the current and future difference between market electricity prices and the generation cost based on market gas prices, and on the effect of the hourly pricing optimization as foreseen in the contract. Based on today's electricity prices and the current price of electricity futures, the contract has a negative value in the financial statements as per June 30, 2018 (-16.0 million EUR).

- The group's results are highly sensitive to commodity prices.

Market factors largely beyond the group's control, such as the actual or perceived changes in level of supply and demand, the availability and cost of substitute materials and inventory levels maintained by producers, all influence product prices. In certain of the group's segments, the prices of the group's products are correlated to the prices of major commodity products, such as KCl, soy, palm oil and polymers. As such, the group may not be able to implement or preserve its pricing policy.

- The group may be exposed to product liability and warranty claims, including but not limited to liability in respect of food safety.

The group's products are subject to increasingly stringent industry, regulatory and customer requirements. The activities of the group may expose the group to product liability and warranty claims. The products manufactured by the group are used in various downstream applications including, but not limited to, the food, cosmetics, nutraceutical and pharmaceutical industry and may contain undetected errors or defects, which may lead, for example, to product recalls, increased customer service and support, payment of monetary damages to customers, lawsuits and loss of customers. In addition, the group cannot exclude that customers incorrectly apply the group's products.

- The group is exposed to a variety of financial risks such as credit risk, liquidity risk, currency risk and interest risk.

We refer to note 26 - Financial instruments of the 2017 consolidated financial statements for more detailed information on the company's exposure to financial risks and its risk management policies.

- Credit risk

The maximum exposure to credit risk amounts to 573.7 million EUR as of June 30, 2018. This amount mainly consists of current and non-current trade and other receivables (325.9 million EUR), derivative financial instruments (0.0 million EUR) and cash and cash equivalents (247.7 million EUR).

- Liquidity risk

The group limits this risk, through a series of actions:

- The setup of a factoring program at the end of 2009, which is put on hold since 2015;
- A capital increase of 174.8 million EUR on December 19, 2014;
- The issuance in July 2015 of two series of bonds with a maturity of 7 years (the "2022 bonds") and 10 years (the "2025 bonds"). The total issue amount was 250.0 million EUR, of which 192.0 million EUR for the 2022 bonds and 58.0 million EUR for the 2025 bonds;
- The replacement of the syndicated facility agreement in December 2015 by 5 year committed bilateral credit lines for a total amount of 142.5 million EUR (of which part can be drawn in USD) with four banks. These facilities have no financial covenants and ensure maximum flexibility for the different activities.

In addition, the group uses a commercial paper program of maximum 200.0 million EUR.

- Currency risk

The currencies given rise to this risk are primarily USD (US Dollar), Pound sterling (GBP), Chinese yuan (CNY), Brazilian real (BRL) and Argentina peso (ARS).

The USD, CNY and GBP exposure is mainly due to intragroup loans and cash and cash equivalents which are not hedged.

- Interest risk

The financial debt position was mainly funded by fixed interest rate instruments. The interest rate of the bonds issued in July 2015, for an amount of 192.0 million EUR with a maturity of 7 years and 58.0 million EUR with a maturity of 10 years, is fixed at 2.875% and 3.375% respectively.

6. SEGMENT REPORTING

The following 3 operating segments fulfill the quantitative thresholds and are reported separately:

- "Agro" - includes manufacturing and distribution of fertilizers and crop protection products (including the following businesses: Crop Vitality, Tessenderlo Kerley International and NovaSource).
- "Bio-valorization" - includes collecting and processing of animal by-products; manufacturing and distribution of high quality collagen proteins (gelatin) (including the following businesses: Gelatin and Akiolis).
- "Industrial Solutions" - includes the production, trading and sale of plastic pipe systems, water treatment chemicals and other industrial activities, such as the production and sale of mining and industrial auxiliaries, the delivery of services for the treatment and disposal of produced and flowback water from oil and gas exploration, as well as the recovery of industrial process fluids (including the following businesses: Plastic Pipe Systems, Mining and Industrial, Performance Chemicals and MPR/ECS).

The engineering and construction activities of the subsidiary Tessenderlo Kerley Services Inc. have been formalized into a new business unit, called S8 Engineering. The new business unit will be part of the Industrial Solutions segment and will focus on design, engineering, procurement and construction projects for internal and external customers in the refining, oil and gas, general chemical, mining and sulfur specialties markets. Currently the subsidiary is executing a material contract for the joint-venture Jupiter Sulphur LLC, which impacted, in a significant way, the HY17 and HY18 revenue. The execution of this contract had no significant

impact on the HY18 REBIT(DA). The HY18 REBIT(DA) was mainly impacted by the start-up costs of the new businesses unit. In order to increase the comparability of results, the subsidiary's results are currently excluded from the Industrial Solutions segment and are presented separately within "Other".

The recurring costs (costs included within REBIT), related to the corporate activities, are allocated to the different operating segments they support.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

The Executive Committee has been identified as the chief operating decision maker. The measure of segment profit/loss is REBIT, which is consistent with information that is monitored by the chief operating decision maker.

The group is a diversified industrial group that is worldwide active in many areas of agriculture, food, water management, efficient re(use) of natural resources and other industrial markets. The products of the group are used in various applications and consumption markets. Although a leadership position is occupied by the group in a number of diverse markets, the diversification of the group's revenue makes the group not reliant on major customers.

The major line items of the income statement and statement of financial position are shown per operating segment in the table below. The income statement information is for the six month period ended June 30, while information from the statement of financial position is compared to December 31, 2017 figures.

SEGMENT REPORTING

Million EUR	Agro		Bio-valorization		Industrial Solutions		Other		Non-allocated		Tessenderlo Group	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Revenue (internal and external)	333.8	363.0	247.9	272.5	259.0	259.7	4.8	29.7	-	-	845.5	925.0
Revenue (internal)	0.5	0.3	-	-	0.0	-	-	-	-	-	0.5	0.3
Revenue	333.3	362.7	247.9	272.5	259.0	259.7	4.8	29.7	-	-	845.0	924.6
REBIT	57.7	63.9	0.7	7.3	6.8	13.2	-2.6	2.2	-	-	62.5	86.6
REBITDA	69.6	76.4	13.0	20.8	17.4	23.4	-2.6	2.3	-	-	97.5	122.9
Return on revenue (REBITDA/revenue)	20.9%	21.1%	5.2%	7.6%	6.7%	9.0%	-54.2%	7.8%	-	-	11.5%	13.3%
Segment assets	454.7	451.5	359.8	368.5	297.3	278.6	2.6	4.2	45.3	42.7	1,159.7	1,145.5
Investments accounted for using the equity method	17.3	15.3	0.7	0.7	-	-	-	-	13.3	13.0	31.3	29.1
Other investments	-	-	-	-	-	-	-	-	11.0	10.0	11.0	10.0
Deferred tax assets	-	-	-	-	-	-	-	-	31.8	31.7	31.8	31.7
Cash and cash equivalents	-	-	-	-	-	-	-	-	247.7	195.5	247.7	195.5
Total assets	472.0	466.8	360.6	369.2	297.3	278.6	2.6	4.2	349.0	292.8	1,481.5	1,411.7
Segment liabilities	85.2	81.5	143.0	147.1	79.9	76.0	1.0	2.4	175.0	176.9	484.1	484.0
Loans and borrowings	-	-	-	-	-	-	-	-	270.2	254.0	270.2	254.0
Bank overdrafts	-	-	-	-	-	-	-	-	0.0	0.1	0.0	0.1
Deferred tax liabilities	-	-	-	-	-	-	-	-	34.4	34.1	34.4	34.1
Total equity	-	-	-	-	-	-	-	-	692.8	639.5	692.8	639.5
Total equity and liabilities	85.2	81.5	143.0	147.1	79.9	76.0	1.0	2.4	1,172.4	1,104.6	1,481.5	1,411.7
Capital expenditures: property, plant and equipment and other intangible assets	5.9	10.0	13.7	10.8	12.6	18.4	-	-	0.2	0.3	32.4	39.5
Depreciation, amortization and impairment losses on property, plant and equipment, goodwill and other intangible assets	11.9	12.5	12.4	14.2	10.6	10.2	0.1	0.1	-	-	35.0	37.0

The reconciliation of the profit before tax is as follows:

RECONCILIATION PROFIT BEFORE TAX		
Million EUR	30.06.2018	30.06.2017
REBITDA of reportable segments	100.1	120.6
Other REBITDA	-2.6	2.3
REBITDA	97.5	122.9
Depreciation and amortization	-35.0	-36.3
Non-recurring and exceptional operating income/(expense) items	-2.7	-4.4
Finance (costs) / income - net	5.2	-45.3
Share of result of equity accounted investees, net of income tax	2.4	1.7
Profit (+) / loss (-) before tax	67.4	38.7

7. ACQUISITIONS AND DISPOSALS

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 fulfilment of a number of customary conditions precedent. Therefore as per June 30, 2018, the current 20% participation in the associate T-Power nv was still included in the financial statements as an investment accounted for using the equity method.

8. NON-RECURRING AND EXCEPTIONAL OPERATING INCOME/(EXPENSE) ITEMS

For the first half of 2018, the net non-recurring and exceptional operating income/(expense) items amount to -2.7 million EUR (HY17: -4.4 million EUR).

The non-recurring and exceptional operating items mainly relate to 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 (mainly changes in provisions).

9. FINANCE COSTS AND INCOME

Net finance costs and income amount to +5.2 million EUR as per June 30, 2018, compared to -45.3 million EUR as per June 30, 2017.

FINANCE COSTS AND INCOME – YTD		
Million EUR	HY18	HY17
Total borrowing costs	-3.6	-3.6
Total income from investments, cash and cash equivalents	1.2	0.4
Net other finance (costs)/income	7.7	-42.1
Total	5.2	-45.3

Total borrowing costs amounted to -3.6 million EUR in HY18, which is in line with prior year. The borrowing costs mainly relate to the accrued interest charges on the bonds, issued in 2015, with a maturity of 7 years (the “2022 bonds”) and a maturity of 10 years (the “2025 bonds”) with a fixed rate of 2.875% and 3.375% respectively.

The HY18 net other finance income can mainly be explained by the unrealized foreign exchange gains on USD intercompany loans and cash and cash equivalents, which are not hedged. The weakening of the EUR against the USD (-2.8%) impacted this result. We refer to the 2017 financial report for more information on the group's exposure to foreign currency risk.

10. INCOME TAX EXPENSE

Tax expenses amount to -12.5 million EUR in HY18, versus a tax expense of -21.6 million EUR in the same period last year. The income tax expenses, which mainly relate to the operations in the United States within the operating segment Agro, are positively impacted by the US corporate income tax reform which reduced the corporate income tax rate from 35% to 21% as from 2018, while tax incentives for business performing manufacturing or other production activities were cancelled.

Deferred tax assets on fiscal losses carried forward are recognized for 23.8 million EUR. These are mainly recognized on Tessenderlo Group nv, the parent company, for an amount of 13.9 million EUR (December 2017: 12.0 million EUR) and on French fiscal losses carried forward for an amount of 7.8 million EUR (December 2017: 9.6 million EUR). As per June 2018, total tax losses and tax credits carried forward in Tessenderlo Group nv amount to approximately 174 million EUR, while these amount to approximately 64 million EUR in France.

11. SEASONALITY OF OPERATIONS

Tessenderlo Group demonstrates a limited seasonality pattern at group level for revenue (first half of 2017: 56%), while seasonality at operating profitability level (as expressed by REBITDA) is more pronounced (first half of 2017: 65%). The degree of seasonality at group level is primarily determined by selling to customers in several end markets, including food, pet food, construction, agriculture and water treatment. Two important end markets which demonstrate seasonal characteristics are construction and agriculture. The group sells into the construction markets through its operating segment Industrial Solutions in several countries in the northern hemisphere, which are typically impacted by winter weather conditions in the first and fourth quarter. Agriculture related sales made in the operating segment Agro are influenced by the planting seasons, especially the spring planting season. Most of the sales of Crop Vitality - being part of the Agro operating segment - are in the United States, and this normally leads to higher sales and operating profitability in the first half of the year. Agro is the largest contributor to the group operating profitability, which explains why group operating profitability is typically higher in the first half year.

12. PROPERTY, PLANT AND EQUIPMENT AND OTHER INTANGIBLE ASSETS

For the six month period ended June 30, 2018, the group's capital expenditure amounted to 32.4 million EUR (HY17: 39.5 million EUR).

The capital expenditure - property, plant and equipment and other intangible assets - per operating segment is disclosed in note 6 - Segment reporting.

During the six month period ended June 30, 2017 the group entered into contracts to purchase property, plant and equipment for 24.4 million EUR, the majority of which is expected to be delivered in 2018.

13. WORKING CAPITAL

WORKING CAPITAL			
Million EUR	30.06.2018	31.12.2017	30.06.2017
Inventories	268.1	279.1	246.8
Current trade and other receivables	311.5	286.5	309.2
Current trade and other payables	-256.8	-255.2	-260.1
Working capital	322.8	310.4	296.0

The increase of working capital from 296.0 million EUR as per June 30, 2017 to 322.8 million EUR as per June 30, 2018 can be mainly explained by a higher level of inventories mainly within the operating segments Agro and Bio-valorization, as a consequence of lower volumes sold.

14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents amount to 247.7 million EUR as per June 30, 2018 (compared to 195.5 million EUR as per December 31, 2017) and include 91.6 million USD or 78.6 million EUR (compared to 160.3 million USD or 133.7 million EUR as per year-end 2017). About 142 million USD was sold and converted into approximately 120 million EUR during the first half of 2018.

15. EARNINGS PER SHARE

Basic earnings per share

The calculation of the basic earnings per share is based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the six month period ended June 30, adjusted for stock dividends.

The weighted average number of ordinary shares and the earnings per share are calculated as follows:

BASIC EARNINGS PER SHARE		
	30.06.2018	30.06.2017
Adjusted weighted average number of ordinary shares at June 30¹	43,136,779	43,068,884
Profit (+) / loss (-) attributable to equity holders of the company (million EUR)	54.6	17.6
Basic earnings per share (in EUR)	1.27	0.41

¹ Takes into account the effect of shares issued, which is based on the weighted average number of issued shares during the accounting period. There were no shares issued in HY18 and HY17.

Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders and the diluted weighted average number of ordinary shares outstanding during the first half year.

Potential ordinary shares are treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share.

DILUTED EARNINGS PER SHARE		
	30.06.2018	30.06.2017
Adjusted weighted average number of ordinary shares at June 30	43,136,779	43,068,884
Effect of warrants issued ¹	5,872	12,259
Adjusted diluted weighted average number of ordinary shares at June 30	43,142,651	43,081,143
Profit (+) / loss (-) attributable to equity holders of the company (million EUR)	54.6	17.6
Diluted earnings per share (in EUR)	1.27	0.41

¹The average share price used in the calculation of the earnings per share is based on the daily average closing share price of Tessenderlo Group quoted on the stock market.

As per June 30, 2018, 18,200 warrants are outstanding that were granted to senior management. These were all dilutive and included in the calculation of diluted earnings per share (the effect of the warrants issued amounted to 5,872).

16. LOANS AND BORROWINGS

LOANS AND BORROWINGS		
Million EUR	30.06.2018	31.12.2017
Non-current loans and borrowings	224.4	224.7
Current loans and borrowings	45.8	29.3
Total loans and borrowings	270.2	254.0
Cash and cash equivalents	-247.7	-195.5
Bank overdrafts	0.0	0.1
Net loans and borrowings	22.6	58.7

As per June 30, 2018 the group net financial debt stood at 22.6 million EUR, implying a leverage of 0.1x. The net debt at year-end 2017 amounted to 58.7 million EUR.

The non-current loans and borrowings include two series of bonds, issued in July 2015, with a maturity of 7 years (the “2022 bonds”) and 10 years (the “2025 bonds”), both with a fixed rate of 2.875% and 3.375% respectively.

The group has access to a Belgian commercial paper program of 200.0 million EUR of which 44.0 million EUR was used at the end of June 2018 and is included in current loans and borrowings (December 31, 2017: 27.0 million EUR). These are issued by Tessenderlo Group nv, the parent company.

There has been no drawdown as per June 30, 2018 on the 5 year committed bi-lateral credit lines. The amount of the committed credit lines amounts to 142.5 million EUR (of which part can be drawn in USD).

As per June 2018, there are no significant pledges securing the loans and borrowings, nor any covenants significantly different from those disclosed in the 2015 bond documentation.

17. EMPLOYEE BENEFITS

The application of IAS 19 *Employee benefits* as per June 30, 2018 led to an increase of equity, before tax, of 3.2 million EUR. An increase of the rate used to discount the obligations (weighted average discount rate of 1.7% as per June 30, 2018 compared to 1.6% at year-end 2017), as well as a higher than estimated return on the UK and Belgian plan assets, were the main drivers leading to a lower net defined benefit obligation.

18. FINANCIAL INSTRUMENTS

The derivative financial instruments as per June 30, 2018 mainly relate to an electricity forward contract. The fair value of the contract is calculated as per June 30, 2018 based on a valuation model, leading to a net fair value of -16.0 million EUR compared to a net fair value of -17.4 million EUR as per December 31, 2017.

Because of significant unobservable inputs, a level 3 fair value measurement is applied for the fair value measurement of the electricity purchase agreement (‘PPA’ - Purchase Power Agreement), for which the own-use exemption under IAS 39 is not applicable anymore. The value of the contract is depending on the future difference between market electricity prices and the generation cost based on market gas prices (the “spark spread”), and on the effect of the hourly pricing optimization as foreseen in the contract. We refer to the 2017 financial report for more information on the fair value calculation of the electricity forward contract.

19. CONTINGENCIES

The group is confronted with a number of claims or potential claims and disputes, which are a consequence of the daily operational activities. To the extent such claims and disputes are such that it is probable that an

outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate can be made of the amount of the obligation, suitable provisions have been made.

It is the group's policy to recognize environmental provisions in the balance sheet, when the group has a present obligation (legal or constructive) as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate can be made of the amount of the obligation.

These provisions are reviewed periodically and adjusted, if necessary, as assessments and work proceeds and additional information becomes available. Environmental liabilities can change substantially due to the emergence of additional information on the nature or extent of the contamination, a change in legislation or other factors of a similar nature.

While it is not feasible to predict the outcome of all pending environmental exposures, it cannot be excluded that there will be a need for future provisions for environmental costs which, in management's opinion, based on information currently available, would not have a material effect on the group's financial position, but could be material to the group's results in any one accounting period.

Acquisition, investment and joint-venture agreements as well as divestments may contain habitual provisions leading to price adjustments. In addition, for divestments, proper consideration has been given to provisions for possible indemnifications payable to the acquirer, if any, including matters in the area of health, environment, tax, product liability, restructuring, competition, pensions and share incentives.

The group has been allocated emission allowances for the period 2013-2020, that are yearly granted free of charge to cover operational emissions for products exposed to carbon leakage. Additional emission allowances will be purchased in case of any deficit. The cost of additional emission allowances purchased during 2018 was insignificant. The surplus or deficit of emission allowances over the next years may vary, depending of several factors such as future production volumes, process optimization and energy efficiency improvements, however management expects that the impact of any surplus or deficit of emission allowances over the next years will not significantly impact the group's consolidated financial statements.

20. RELATED PARTIES

The company has a related party relationship with its subsidiaries, associates, joint-ventures and with its main shareholder, directors and its Executive Committee. The Belgian pension fund "OFP Pensioenfonds", which covers the post-employment benefit obligation of the employees of some Belgian subsidiaries, is also considered to be a related party.

As per June 30, 2018, Verbrugge nv, controlled by Picanol nv, is holding 16,085,265 shares (37.3% of the company). Its affiliated company Symphony Mills nv holds 1,832,200 shares (4.2%). Picanol Group is a listed Belgian industrial company and specialized in the development, production and sale of weaving machines, engineered casting solutions and custom-made controllers. Picanol Group is represented in the Board of Directors through two members: Mr. Stefaan Haspeslagh (Chairman Picanol Group) and Mr. Luc Tack (Managing Director Picanol Group).

The group purchased and sold goods and services to various related parties in which the group holds a 50% or less equity interest (investment in associates and joint-ventures). Such transactions were conducted at arm's length with terms comparable to transactions with third parties.

Premiums for an amount of 0.5 million EUR were paid to the Belgian pension fund, "OFP Pensioenfonds". Liabilities related to employee benefits schemes as per June 30, 2018 include 11.1 million EUR related to the "OFP Pensioenfonds" (December 31, 2017: 10.6 million EUR).

TRANSACTIONS WITH JOINT VENTURES (FOR THE SIX MONTH PERIOD ENDED JUNE 30, EXCEPT FOR BALANCE SHEET COMPARATIVES AT DECEMBER 31)

Million EUR	2018	2017
Transactions with Joint Ventures - Sales	9.4	33.9
Transactions with Joint Ventures - Purchases	12.2	10.3
Non-current assets	9.4	8.3
Current assets	1.9	3.0
Current liabilities	2.5	1.6

The revenue with joint-ventures can mainly be explained by S8 Engineering (former Tessenderlo Kerley Services Inc.), which is currently finalizing engineering and construction activities for the joint-venture Jupiter Sulphur LLC.

The non-current assets (9.4 million EUR) refer to a 11.0 million USD loan, given by Tessenderlo Kerley Inc. to the joint-venture Jupiter Sulphur LLC. The loan is interest bearing (3.0%) and is reimbursable to Tessenderlo Kerley Inc. in the period 2020-2023. Jupiter Sulphur LLC obtained the same amount from the other joint-venture partner. The funds will be used to finance the current ongoing capital expenditure. The granted loan is included in "Other investments" in the group's consolidated statement of financial position.

There have been no significant transactions with associates.

Dividends were received from joint-ventures and associates for an amount of 1.5 million EUR (June 30, 2017: 1.0 million EUR), while dividends received from other investments amounted to 0.0 million EUR (June 30, 2017: 0.1 million EUR).

TRANSACTIONS WITH THE MEMBERS OF THE EXECUTIVE COMMITTEE

Million EUR	30.06.2018	30.06.2017
Short-term employee benefits	1.2	1.1
Post-employee benefits	0.0	0.0
Total	1.2	1.1

Short-term employee benefits include salaries and bonuses estimated for the period (both including social security contributions), car leases and other allowances where applicable.

There was no new emission of warrants in HY18 and no warrants were exercised by members of the current Executive Committee.

The Executive Committee is composed by the CEO, Luc Tack, the Executive Directors (currently Findar BVBA, represented by Stefaan Haspeslagh) as well as any other member appointed by the Board of Directors (no one at this stage).

21. SUBSEQUENT EVENTS

No significant subsequent events occurred after the balance sheet date.

4. INDEPENDENT AUDITORS' REPORT ON THE REVIEW OF THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION AS PER JUNE 30, 2018

To the board of directors of Tessenderlo Group nv

Statutory auditor's report on review of condensed consolidated financial information for the period ended June 30, 2018

Introduction

We have reviewed the accompanying condensed consolidated financial information, consisting of the consolidated statement of financial position of Tessenderlo Group nv and its subsidiaries (the "Group") as of 30 June 2018 and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six-month period then ended, as well as the notes to the consolidated financial information. The board of directors is responsible for the preparation and presentation of this condensed consolidated financial information in accordance with IAS 34 as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34 as adopted by the European Union.

Antwerp, August 21, 2018

The statutory auditor
PwC Bedrijfsrevisoren bcvba
Represented by

Peter Van den Eynde
Partner