Conference call
Tessenderlo Group HY20 results

Brussels, August 27, 2020

Tessenderlo Group
EVERY MOLECULE COUNTS

KEY EVENTS

Agro segment

- Tessenderlo Kerley International and Kemira Oyj (Kemira) have signed a long-term partnership agreement: Kemira will produce premium SOP fertilizers (both standard and water-soluble grade) and Tessenderlo Kerley International will market these products as of 2021.

EVERY MOLECULE COUNTS

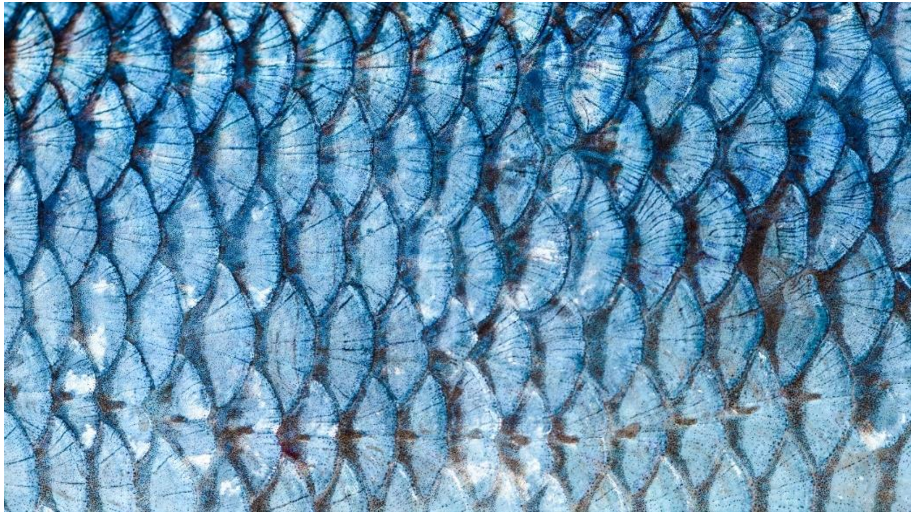
Bio-valorization segment

- PB Leiner inaugurated a new collagen peptides line in February 2020 in Santa Fe (Argentina). This additional production facility allows for a considerable extra production volume of SOLUGEL™ collagen peptides.

EVERY MOLECULE COUNTS

Bio-valorization segment

- PB Leiner and Zhejiang Shengda Ocean Co., Ltd. in Zhoushan (P.R. China) have established a joint venture for the construction of a bone and marine collagen peptides plant. Under the terms of this agreement, PB Shengda (Zhejiang) Biotechnology Co., Ltd. will produce bone and marine collagen peptides based on PB Leiner’s technology.



EVERY MOLECULE COUNTS

Industrial Solutions segment

- In the second quarter of 2020, DYKA Group completed the acquisition of the production plant of REHAU Tube in La Chapelle-Saint-Ursin (France) from the German REHAU Group.

Industrial Solutions segment

- S8 Engineering has ceased to exist. The engineering and construction activities were integrated into Tessenderlo Kerley, Inc.

EVERY MOLECULE COUNTS

T-Power segment

- Tessenderlo Group started filing the relevant applications in order to participate in the Belgian Capacity Remuneration Mechanism (CRM) tender for the construction of a second gas-fired power station in the Belgian municipality of Tessenderlo.

Update COVID-19

- Tessenderlo Group is taking all the necessary steps to ensure that it keeps its people safe and keep its plants and businesses running. This is because the group provides support for vital services and the flow of crucial goods:

  - basic chemicals for the production of drinking water based on side streams in the form of hydrochloric acid from the production of sulfate of potash (SOP);
  - gelatin for medical and food applications
  - electricity
  - crop nutrition and crop protection products for agriculture;
  - plastic pipe systems for maintaining drinking water supply systems and polluted water evacuation;
  - protection of the meat chain (in France).

Update COVID-19

- All of the plants and activities are now running in line with expectations.
- In February, a disruption of production occurred at the Chinese plant in Nehe (PB Leiner), while a disruption of production at DYKA Group's plant in Sainte-Austreberthe (France), as well as a temporary closure of a number of JDP sales branches (United Kingdom) occurred in March/April (both operating in the segment Industrial Solutions).
- Tessenderlo Group's activities could be further impacted in the coming weeks or months if too many employees are affected by COVID-19 and/or if access to raw materials and auxiliary materials or means of transportation becomes more complicated, or if our customers are no longer able to process or resell our products.

HY20 RESULTS

Operational key figures

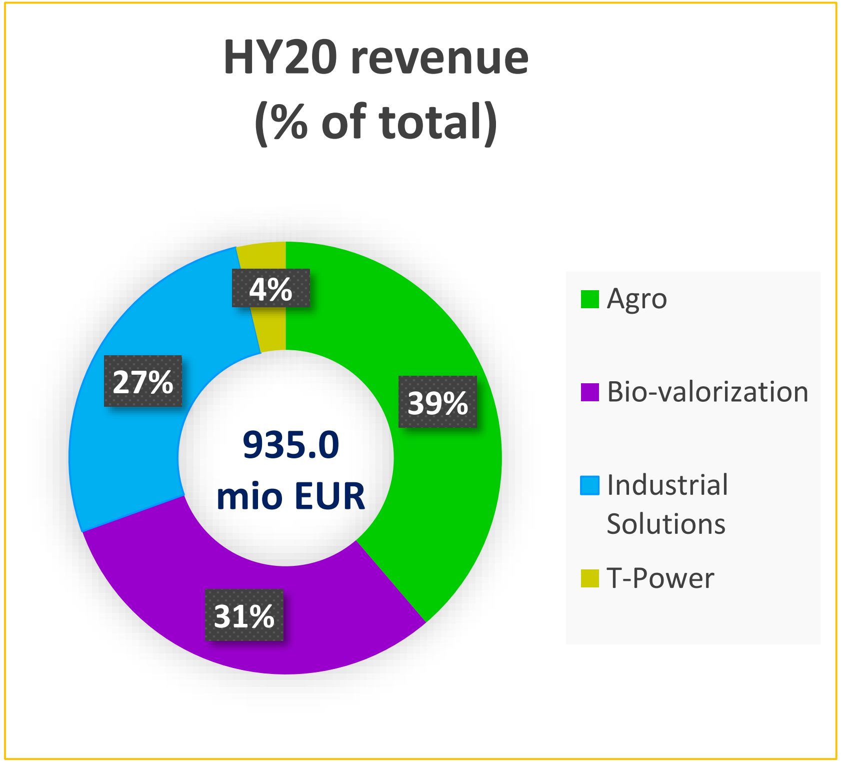
Million EUR	HY20	HY19	% Change excluding fx effect	% Change as reported
Revenue	935.0	925.0	0.3%	1.1%
Adjusted EBITDA[1]	182.0	144.9	25.0%	25.6%
Adjusted EBIT[2]	116.3	79.3	45.7%	46.7%
Profit (+) / loss (-) for the period	86.1	47.5		81.2%
Total comprehensive income	76.5	36.1		112.2%
Capital expenditure	41.1	43.5		-5.7%
Cash flow from operating activities	163.9	131.5		24.6%
Operational free cash flow[3]	141.0	99.8		41.4%
Net financial debt	**239.9**	**356.5**		**-32.7%**

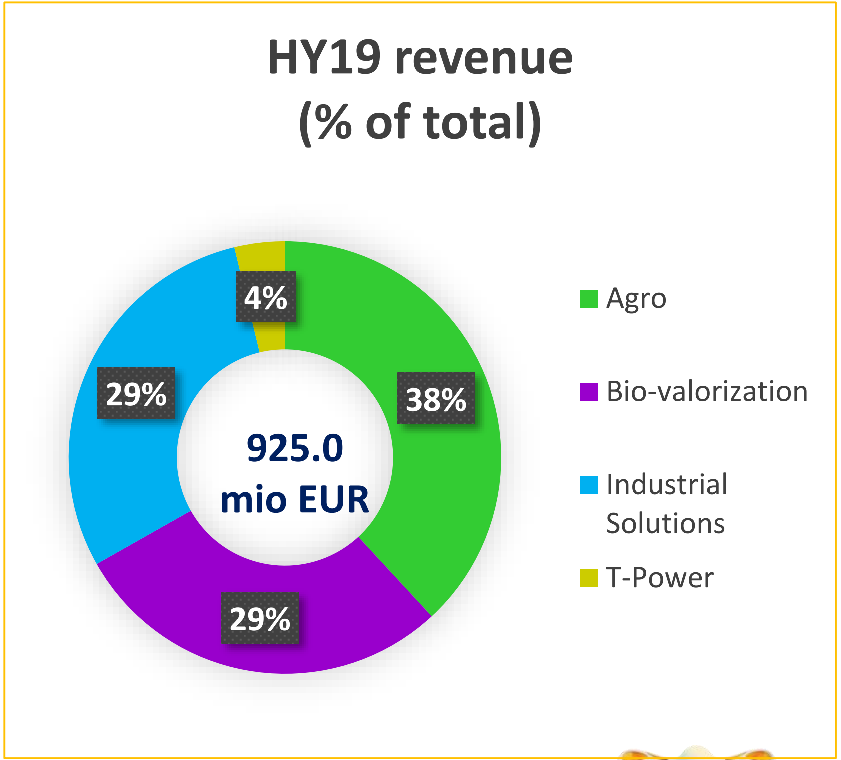
Adjusted EBITDA HY19	:	144.9 M EUR
FX effect	:	+0.9 M EUR
Growth	:	**+36.2 M EUR**
= Adjusted EBITDA HY20	=	182.0 M EUR

Net result excluding FX gains/losses: 93 M EUR in HY20 compared to 45 M EUR in HY19.

Remarks:
1) Adjusted EBITDA equals adjusted EBIT plus depreciation and amortization.
2) Adjusted EBIT is considered by the group to be a relevant performance measure in order to compare results over the period 2019-2020 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.
3) Operational free cash flow equals to Adjusted EBITDA minus capital expenditure minus change in trade working capital.

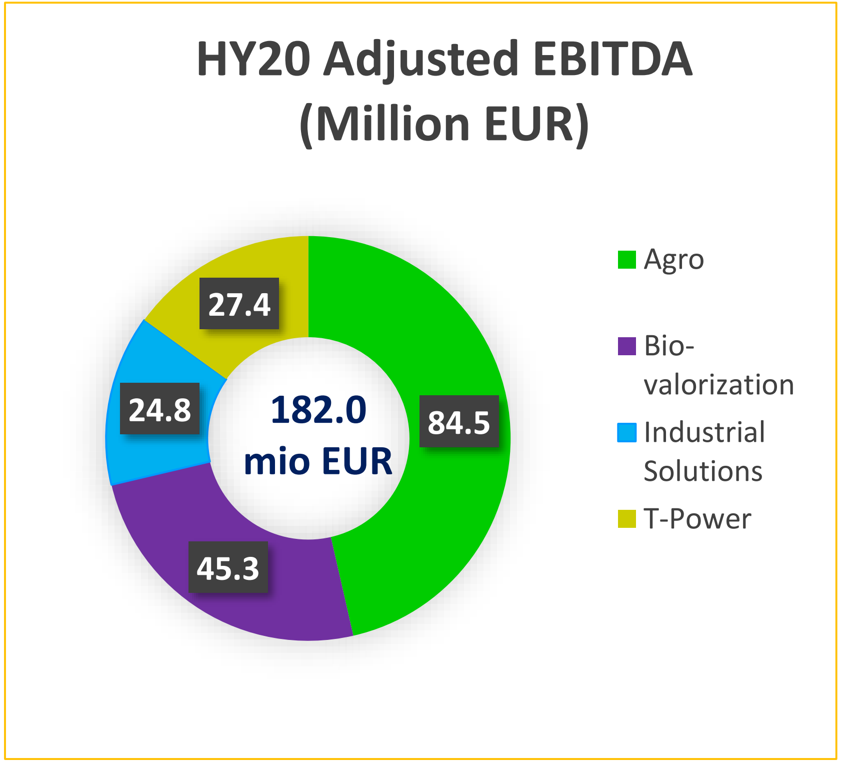
Group revenue per segment

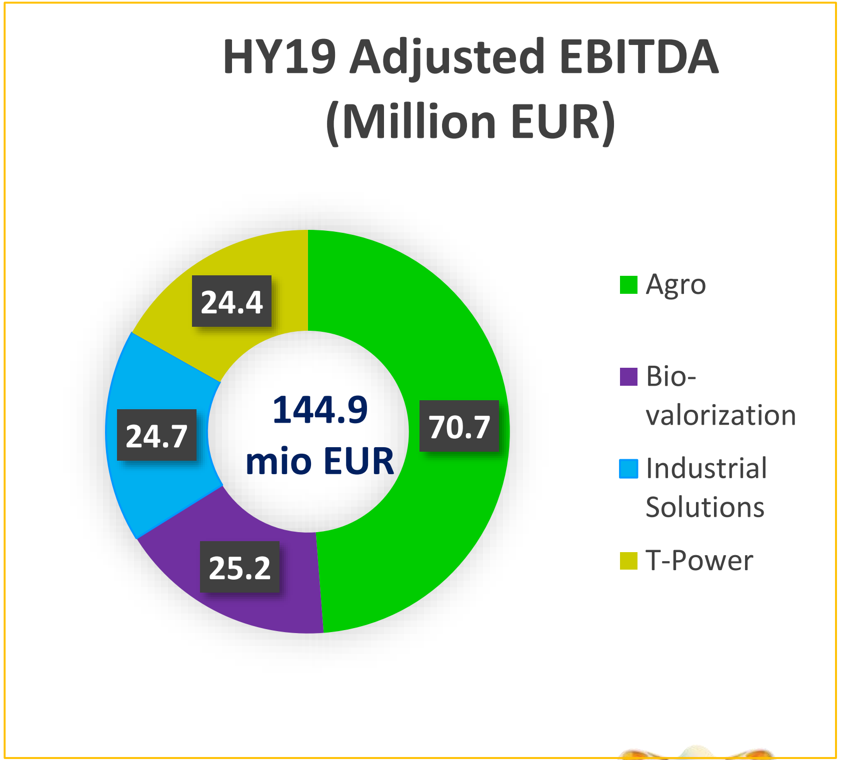




EVERY MOLECULE COUNTS

Group Adjusted EBITDA per segment





EVERY MOLECULE COUNTS

Agro segment

AGRO				
Million EUR	**HY20**	**HY19**	**% Change excluding fx effect**	**% Change as reported**
Revenue	362.2	352.7	1.1%	2.7%
Adjusted EBITDA	84.5	70.7	16.9%	19.5%
Adjusted EBITDA margin	23.3%	20.0%		
Adjusted EBIT	69.3	55.5	21.9%	24.8%
Adjusted EBIT margin	19.1%	15.7%		

- HY20 revenue remained stable when excluding the foreign exchange effect (+1.1%), where Crop Vitality revenue increased thanks to higher volumes.

- The Adjusted EBITDA, when excluding the foreign exchange effect, increased by +16.9 % 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				
Million EUR	**HY20**	**HY19**	**% Change excluding fx effect**	**% Change as reported**
Revenue	287.6	265.3	8.0%	8.4%
Adjusted EBITDA	45.3	25.2	84.5%	80.1%
Adjusted EBITDA margin	15.8%	9.5%		
Adjusted EBIT	28.1	8.0	262.4%	251.4%
Adjusted EBIT margin	9.8%	3.0%		

- Revenue increased by +8.0% when excluding the foreign exchange effect, mainly thanks to favorable market conditions and improved product mix.

- The Adjusted EBITDA increased to 45.3 million EUR or increased by +84.5% when excluding the foreign exchange effect, mainly thanks to favorable market circumstances and realized efficiency improvements.

Industrial Solutions segment

INDUSTRIAL SOLUTIONS				
Million EUR	**HY20**	**HY19**	**% Change excluding fx effect**	**% Change as reported**
Revenue	250.6	272.3	-8.1%	-8.0%
Adjusted EBITDA	24.8	24.7	-0.3%	0.2%
Adjusted EBITDA margin	9.9%	9.1%		
Adjusted EBIT	10.1	9.9	1.4%	1.7%
Adjusted EBIT margin	4.0%	3.6%		

- Revenue decreased by -8.1% when excluding the foreign exchange effect, mainly due to lower DYKA Group revenue.
- DYKA Group volumes were negatively impacted by the corona pandemic in the period March/May, mainly due to the disruption of production at the French plant in Sainte-Austreberthe and the temporary closure of a number of JDP sales branches in the UK. Performance Chemicals revenue slightly decreased as sulfur derivatives volumes were negatively impacted by reduced tannery activities, while the revenue of the remaining activities included in Industrial Solutions remained stable.
- The HY20 Adjusted EBITDA decreased by -0.3%, when excluding the foreign exchange effect. The Adjusted EBITDA of DYKA Group decreased as a result of lower volumes, and this was partially offset by the favorable development of input costs and cost saving measures taken to mitigate the COVID-19 impact. The Adjusted EBITDA of the other activities remained stable.

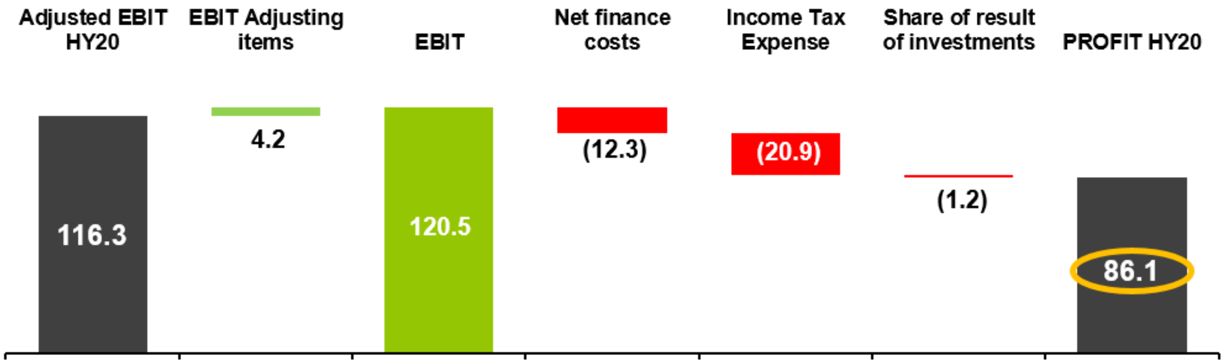
T-Power segment

T-POWER				
Million EUR	**HY20**	**HY19**	**% Change excluding fx effect**	**% Change as reported**
Revenue	34.6	34.8	-0.5%	-0.5%
Adjusted EBITDA	27.4	24.4	12.5%	12.5%
Adjusted EBITDA margin	79.3%	70.1%		
Adjusted EBIT	8.9	5.9	50.4%	50.4%
Adjusted EBIT margin	25.6%	16.9%		

- T-Power contributed in the first half of 2020 34.6 million EUR to the revenue and 27.4 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 improvement was mainly realized thanks to a continued cost optimization.

HY20 Adjusted EBIT to profit details (Million EUR)



The EBIT adjusting items mainly relate to:
- The gain on disposal of the former Kerley headquarters building in Phoenix (Arizona, United States). The proceeds of the sale amounted to 4.7 million EUR, while its remaining carrying amount was not significant.
- The recognition of the bargain purchase gain (+2.7 million EUR) following the acquisition of the activities of REHAU Tube in La Chapelle-Saint-Ursin (France).
- Flooding from storm Dennis in Treforest (United Kingdom) in February 2020 resulted in the write-off of inventories and damaged equipment, as well as related clean-up expenses (for a total amount -2.0 million EUR).
- The impact and revaluation of an electricity purchase agreement, for which the own-use exemption under IAS 39 is not applicable anymore.
- Several other individually less significant items.

The net finance costs (-12.3 million EUR) mainly include:
- borrowing costs for -4.9 million EUR, including the accrued interest charges on the bonds issued in 2015 with a maturity of 7 years and 10 years, 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 -7.0 million EUR, mainly explained by unrealized foreign exchange gains and losses on intercompany loans and cash and cash equivalents (mainly in USD and GBP), which are not hedged.

Tax expenses amount to -20.9 million EUR in HY20, versus -16.0 million EUR in HY19. The income tax expenses mainly relate to the operations in the United States.

The HY20 profit amounts to 86.1 million EUR compared to 47.5 million EUR in HY19. The profit (+)/loss (-) was impacted by exchange gains and losses, mainly on non-hedged intercompany loans and cash and cash equivalents in USD and GBP. Excluding these exchange gains and losses, the profit (+) / loss (-) for HY20 would have amounted to approximately 93 million EUR, compared to a result of approximately 45 million EUR in HY19.

EVERY MOLECULE COUNTS

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 2020 due to the ongoing corona pandemic, where the development of customer demand and margin is exposed to increased risk. However, based on the current available information, the group expects that the 2020 Adjusted EBITDA will be between 10% and 20% higher compared to the 2019 Adjusted EBITDA.
- The group would like to emphasize further that it currently operates in a volatile political, economic, financial and health environment.

Financial calendar

- 2020 annual results March 25, 2021


Q
A

Thank you

Tessenderlo Group
EVERY MOLECULE COUNTS