

## **TESSENDERLO GROUP ACQUIRES T-POWER NV: A GAS-FIRED 425 MW POWER PLANT IN TESSENDERLO (BELGIUM)**

### **TESSENDERLO GROUP FIRST QUARTER 2018 TRADING UPDATE**

#### **ACQUISITION OF T-POWER NV**

Tessenderlo Group, one of the founding partners of T-Power nv, announced today that it will acquire the remaining 80% of the shares of T-Power nv. Tessenderlo Group will hence own 100% of the shares. T-Power is currently a joint venture of four shareholders: Siemens Project Ventures GmbH (20%), TG Europower bv (Tokyo Gas, 26.66%), Power Kestrel Limited (Itochu Corporation, 33.33%) and Tessenderlo Group (20%).

Tessenderlo Group invests approximately 328 million EUR for the acquisition of the remaining shares in T-Power, including 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.

T-Power has been operating a 425 MW CCGT (combined cycle gas turbine) plant on the premises of Tessenderlo Group in Tessenderlo (Belgium) since June 2011. A tolling agreement was concluded with RWE group for a period of 15 years (until 2026) for the full capacity of the plant. The power plant employs about 30 employees.

T-Power realized in 2017 a turnover of 69 million EUR, a REBITDA of 52 million EUR and a net result of 19 million EUR (figures in accordance with International Financial Reporting Standards – IFRS).

*“The acquisition of this modern power plant will enable Tessenderlo Group to respond to developments on the Belgian energy market. The gas-fired power plant is very flexible and this flexibility is becoming increasingly important due to the rising share of fluctuating energy sources in the power grid, such as wind power and solar energy. In addition, this acquisition will reinforce the sustainability profile of our diversified industrial group,”* said Luc Tack (CEO Tessenderlo Group).

The acquisition, expected to be completed by the end of September, is subject to the fulfilment of a number of customary conditions precedent such as approval by the Belgian competition authorities, financial institutions, the Minister of Energy, and the finalizing of the required legal and financial documentation.

#### **FIRST QUARTER 2018 TRADING UPDATE**

Following the announcement of the T-Power acquisition, Tessenderlo Group decided to bring forward the publication date of the 1Q18 results. As the results for the first quarter are released earlier than anticipated, the scheduled announcement and conference call for May 7/8 have been cancelled.

---

<sup>1</sup>The enclosed information constitutes regulated information as defined in the Royal Decree of November 14, 2007 regarding the duties of issuers of financial instruments which have been admitted for trading on a regulated market.

## 1. MARKET UPDATE

In the Agro segment, the first quarter of 2018 was significantly affected by severe winter weather conditions, which led to a slower start to the season and lower fertilizer volumes. Within the Bio-valorization segment, prices for finished products (mainly fats) decreased in the first quarter and this put pressure on margins. The impact of bad weather conditions also restricted construction activity in Europe, which had an unfavorable influence on our plastic pipes business (BU PPS). The Industrial Solutions segment was also faced with higher raw material costs (mainly caustic soda) in the first quarter of this year. Meanwhile, PVC prices in this same period remained stable, although at a much higher level than in the first quarter of 2017.

Million EUR	1Q18	1Q17	% change excluding fx effect	% Change
Revenue Group	386.4	447.2	-8.8%	-13.6%
- Other revenue included in revenue Group <sup>2</sup>	-2.8	-15.9		
<b>Revenue</b>	<b>383.6</b>	<b>431.3</b>	<b>-6.2%</b>	<b>-11.1%</b>
REBITDA Group	36.4	56.2	-26.9%	-35.2%
- Other REBITDA included in REBITDA Group <sup>2</sup>	1.4	-1.4		
<b>REBITDA</b>	<b>37.8</b>	<b>54.8</b>	<b>-22.2%</b>	<b>-31.1%</b>
<b>Net debt</b>	<b>79.1</b>	<b>110.4</b>		

## 2. REVENUE

1Q18 revenue decreased by -11.1% (or by -6.2% when excluding the foreign exchange effect) compared to the same period last year. Excluding the foreign exchange effect, the revenue of all three operating segments Agro (-10.4%), Bio-valorization (-4.2%) and Industrial Solutions (-3.2%) decreased. Lower volumes, due to unfavorable weather conditions or stock build up, and lower prices in 1Q18 are the main reasons for the decrease in revenue compared to one year earlier.

## 3. REBITDA

The 1Q18 REBITDA decreased by -22.2%, when excluding the foreign exchange effect, and amounted to 37.8 million EUR, compared to 54.8 million EUR one year earlier. A net reversal of inventory write-offs following accounting estimates concerning inventory obsolescence amounted to +0.4 million EUR in 1Q18 compared to +1.7 million EUR in 1Q17. When excluding the foreign exchange effect, the REBITDA in all three segments decreased.

Agro REBITDA was negatively impacted by lower volumes, mainly due to unfavorable weather conditions in 1Q18, and lower margins. The decrease in Bio-valorization REBITDA was mainly explained by lower prices in Akiolis downstream markets, while Gelatin REBITDA remained stable. Industrial Solutions REBITDA was negatively impacted by lower volumes in Mining and Industrial, further start-up costs for the NaOH production in the new electrolysis (Performance Chemicals) and unfavorable weather conditions and continued margin pressure within Plastic Pipe Systems.

<sup>2</sup> 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.



#### 4. NET FINANCIAL DEBT

At the end of the first quarter of 2018, group net financial debt amounted to 79.1 million EUR, resulting in a leverage of 0.5x. Net financial debt as per year-end 2017 amounted to 58.7 million EUR. The higher net financial debt can be explained by an increase of working capital following the seasonality of activities and the 1Q18 capital expenditure (14.6 million EUR compared to 20.6 million EUR in 1Q17).

#### 5. KEY EVENTS

- Tessenderlo Group received the Best Investor Award (PMI) in early April from the Chamber of Commerce and Industry (CCI) France Belgium in recognition of it being one of the best of the most important Belgian investors in France. Specifically, the award for the most innovative investment related to our new electrolysis plant in Loos.
- Within the Plastic Pipe Systems (PPS) business unit, which provides high quality, value-added solutions in plastic pipe systems for the utilities, agricultural, building and civil engineering markets, DYKA celebrated in April the opening of its new branch in Tilburg (the Netherlands).
- Meanwhile, Tessenderlo Group's Innovation Center celebrated its 30<sup>th</sup> anniversary on April 25, 2018. From a history that began in pharmaceutical and organic chemistry R&D activities, the Tessenderlo Innovation Center has successfully transformed itself since 2014 into an innovation facility with a broad range of capabilities and competences. In order to further drive the innovation strategy and provide customer-centric innovations, a new food and application lab has recently been installed at our facilities in Tessenderlo (Belgium).

#### Outlook

Despite the lower 1Q18 results, the group confirms its previous forecast to realize a 2018 REBITDA in line with the 2017 REBITDA (excluding the expected T-Power REBITDA contribution), although this is dependent on the further evolution of the EUR/USD exchange rate and raw material prices.

The group would like to emphasize that it currently operates in a volatile political, economic and financial environment.

#### 6. FINANCIAL CALENDAR

Annual General Meeting of shareholders	May 8, 2018
Half year 2018 results	August 22, 2018
Third quarter 2018 trading update	October 25, 2018
Full year 2018 results	March 13, 2019

#### Agenda for April 27, 2018:

- 11:00 am CET: press conference at Tessenderlo Group headquarters (Troonstraat 130, 1050 Brussels). Please register via [groupcommunication@tessenderlo.com](mailto:groupcommunication@tessenderlo.com).
- 03:00 pm CET: conference call and webcast for analysts and investors  
Registration details are available at: [www.tessenderlo.com](http://www.tessenderlo.com).



**About Tessenderlo Group**

*Tessenderlo Group is a diversified industrial group that focuses on agriculture, valorizing bio-residuals and providing industrial solutions. The group employs approximately 4,500 people, is a leader in most of its markets and recorded a consolidated revenue of 1.7 billion EUR in 2017. Tessenderlo Group is listed on Euronext Brussels and is part of Next 150 and BEL Mid indices. Financial News wires: Bloomberg: TESB BB – Reuters: TESB.BR – Datastream: B:Tes*

**Media Relations**

Frederic Dryhoel

☎ +32 2 639 19 85

[frederic.dryhoel@tessenderlo.com](mailto:frederic.dryhoel@tessenderlo.com)

**Investor Relations**

Kurt Dejonckheere

☎ +32 2 639 18 41

[kurt.dejonckheere@tessenderlo.com](mailto:kurt.dejonckheere@tessenderlo.com)

This **press release** is available in **Dutch and English** on the corporate website [www.tessenderlo.com](http://www.tessenderlo.com) - under 'News & Media'

*Disclaimer*

*This document may contain forward-looking statements. Such statements reflect the views of management regarding future events at the date of this document. Furthermore, they involve known and unknown risks, uncertainties and other factors that may cause actual results to be different from any results, performance or achievements expressed or implied by such forward-looking statements. Tessenderlo Group provides the information in this press release as at the date of publication and, subject to applicable legislation, does not undertake any obligation to update, clarify or correct any forward-looking statements contained in this press release in light of new information, future events or otherwise. Tessenderlo Group disclaims any liability for statements made or published by third parties (including any employees who are not explicitly mandated by Tessenderlo Group) and, subject to applicable legislation, does not undertake any obligation to correct inaccurate data, information, conclusions or opinions published by third parties in relation to this or any other press release it issues.*