INTERIM REPORT
Regulated information[1]
Brussels, August 27, 2020, 8:00 am CET

TESSENDERLO GROUP INTERIM REPORT FOR THE 6 MONTH PERIOD ENDED JUNE 30, 2020[2]

[1] 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.
[2] Note that Tessenderlo Group published, in addition to this interim report, also a press release on the June 30, 2020 results. This press release can be consulted on our website www.tessenderlo.com.

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

1. MANAGEMENT REPORT

1.1 GROUP KEY EVENTS

- Within the Agro segment, Tessenderlo Kerley International and Kemira Oyj (Kemira) have signed a long-term partnership agreement. Under the terms of this agreement, Kemira will produce premium SOP fertilizers (both standard and water-soluble grade) at its plant in Helsingborg (Sweden) and Tessenderlo Kerley International will market these products. This agreement is scheduled to become operational at the beginning of 2021.
- Within the Bio-valorization segment, PB Leiner inaugurated a new collagen peptides line in February 2020 at its production plant in Santa Fe (Argentina). This additional production facility allows for a considerable extra production volume of SOLUGEL™ collagen peptides.
- PB Leiner and Zhejiang Shengda Ocean Co., Ltd. in Zhoushan (P.R. China) have established a joint venture in the second quarter of 2020 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. PB Leiner will offer its customers an even more diversified range of high-quality collagen peptides.
- In the second quarter of 2020, DYKA Group (segment Industrial Solutions) completed the acquisition of the production plant of REHAU Tube in La Chapelle-Saint-Ursin (France) from the German REHAU Group.
- Within the Industrial Solutions segment, S8 Engineering has ceased to exist. The engineering and construction activities were integrated into Tessenderlo Kerley, Inc. during the first quarter of 2020.
- At the beginning of July 2020, 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:

- In light of the latest developments concerning the global spread of the COVID-19 disease, 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. Tessenderlo Group supplies the 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). In addition, the group produces gelatin for medical and food applications, electricity, crop nutrition and crop protection products for agriculture, and plastic pipe systems for maintaining drinking water supply systems and polluted water evacuation, while Akiolis protects the meat chain (in France).
- 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 customers are no longer able to process or resell its products.

1.2 GROUP KEY FIGURES

Million EUR	HY20	HY19	% Change excluding fx effect[3]	% Change as reported
Revenue	935.0	925.0	0.3%	1.1%
Adjusted EBITDA[4]	182.0	144.9	25.0%	25.6%
Adjusted EBIT [5]	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[6]	141.0	99.8		41.4%
Net financial debt	239.9	356.5		-32.7%

GROUP KEY FIGURES – FOR THE SIX MONTH PERIOD ENDED JUNE 30				
Million EUR	HY20	HY19	% Change excluding fx effect	% Change as reported
Revenue Group	**935.0**	**925.0**	**0.3%**	**1.1%**
Agro	362.2	352.7	1.1%	2.7%
Bio-valorization	287.6	265.3	8.0%	8.4%
Industrial Solutions	250.6	272.3	-8.1%	-8.0%
T-Power	34.6	34.8	-0.5%	-0.5%
Adjusted EBITDA Group	**182.0**	**144.9**	**25.0%**	**25.6%**
Agro	84.5	70.7	16.9%	19.5%
Bio-valorization	45.3	25.2	84.5%	80.1%
Industrial Solutions	24.8	24.7	-0.3%	0.2%
T-Power	27.4	24.4	12.5%	12.5%
Adjusted EBIT Group	**116.3**	**79.3**	**45.7%**	**46.7%**
Agro	69.3	55.5	21.9%	24.8%
Bio-valorization	28.1	8.0	262.4%	251.4%
Industrial Solutions	10.1	9.9	1.4%	1.7%
T-Power	8.9	5.9	50.4%	50.4%
EBIT adjusting items	4.2	-5.7	nm	Nm
EBIT	120.5	73.5	62.6%	63.8%

REVENUE

HY20 revenue increased by +1.1% (or increased by +0.3% when excluding the foreign exchange effect) compared to the same period last year. When excluding the foreign exchange effect, Agro revenue remained stable (+1.1%), while the revenue of Bio-valorization increased by +8.0%, mainly thanks to favorable market conditions and improved product mix. The revenue of Industrial Solutions decreased by -8.1%, mainly due to lower DYKA Group volumes impacted by the corona pandemic. T-Power contributed 34.6 million EUR to the HY20 revenue, which was in line with expectations.

ADJUSTED EBITDA

The HY20 Adjusted EBITDA amounts to 182.0 million EUR compared to 144.9 million EUR one year earlier. When excluding the impact of the foreign exchange effect, the Adjusted EBITDA increased by 36.2 million EUR or +25.0% compared to prior year. While the contribution of the operating segments Bio-valorization (+84.5%), Agro (+16.9%) and T-Power (+12.5%) increased, the contribution of Industrial Solutions remained stable (-0.3%).

[3] As the group results might be impacted significantly by foreign exchange changes, the group reports some key financial indicators excluding any foreign exchange impact. The "% change excluding foreign exchange effect" is calculated by translating the HY20 result of foreign currency entities at the average exchange rate of HY19. The variance between this calculated result and the previous year result shows the effective result variance excluding any foreign exchange impact.
[4] Adjusted EBITDA equals Adjusted EBIT plus depreciation and amortization.
[5] 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.
[6] Operational free cash flow equals to Adjusted EBITDA minus capital expenditure minus change in trade working capital.

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NET FINANCIAL DEBT

As per HY20, group net financial debt decreased to 239.9 million EUR, compared to 347.5 million EUR as per year-end 2019. Leverage amounts to 0.8x as per HY20, compared to 1.3x as per year end 2019.

PROFIT (+) / LOSS (-) FOR THE PERIOD

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.

OPERATIONAL FREE CASH FLOW

The HY20 operational free cash flow amounts to 141.0 million EUR, compared to 99.8 million EUR in HY19. This increase can be mainly explained by the increase of the Adjusted EBITDA (+37.0 million EUR), while the impact of the movement of trade working capital is less significant. Capital expenditure amounted to 41.1 million EUR in HY20 compared to 43.5 million EUR in HY19.

1.3 OPERATING SEGMENTS PERFORMANCE REVIEW

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

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				
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%		

HY20 Industrial Solutions 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 United Kingdom.

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				
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.

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

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

a) the condensed consolidated interim financial statements which have 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, statement of comprehensive income and statement of cash flows 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 INTERIM FINANCIAL STATEMENTS JUNE 30, 2020

3.1 CONDENSED CONSOLIDATED INCOME STATEMENT

Million EUR	note	HY20	HY19
Revenue	**6**	**935.0**	**925.0**
Cost of sales		-665.8	-690.7
Gross profit		**269.2**	**234.4**
Distribution expenses		-56.6	-56.7
Sales and marketing expenses		-29.7	-31.2
Administrative expenses		-55.5	-57.7
Other operating income and expenses		-11.0	-9.5
Adjusted EBIT		**116.3**	**79.3**
EBIT adjusting items	8	4.2	-5.7
EBIT (Profit (+) / loss (-) from operations)		**120.5**	**73.5**
Finance (costs) / income - net	9	-12.3	-10.6
Share of result of equity accounted investees, net of income tax		-1.2	0.5
Profit (+) / loss (-) before tax		**106.9**	**63.4**
Income tax expense	10	-20.9	-16.0
Profit (+) / loss (-) for the period		**86.1**	**47.5**
Attributable to:			
- Equity holders of the company		**86.1**	**46.1**
- Non-controlling interest		**-0.1**	**1.4**
Basic earnings per share (EUR)	15	2.00	1.07
Diluted earnings per share (EUR)	15	2.00	1.07

3.2 CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Million EUR	note	HY20	HY19
Profit (+) / loss (-) for the period		**86.1**	**47.5**
Translation differences		-2.0	-3.7
Net change in fair value of derivative financial instruments, before tax		-0.2	0.2
Share in other comprehensive income of joint-ventures accounted for using the equity method		-0.1	-0.2
Other movements		-0.0	0.0
Income tax on other comprehensive income		0.1	-0.0
Items of other comprehensive income that are or may be reclassified subsequently to profit or loss		**-2.2**	**-3.7**
Remeasurements of the net defined benefit liability, before tax	17	-7.6	-8.8
Income tax on other comprehensive income		0.2	1.1
Items of other comprehensive income that will not be reclassified subsequently to profit or loss		**-7.3**	**-7.7**
Other comprehensive income, net of income tax		**-9.6**	**-11.4**
Total comprehensive income		**76.5**	**36.1**
Attributable to:			
- Equity holders of the company		76.6	35.2
- Non-controlling interest		-0.1	0.9

3.3 CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Million EUR	note	30/06/2020	31/12/2019
ASSETS			
Total non-current assets		**1,128.3**	**1,146.2**
Property, plant and equipment	12	867.6	872.9
Goodwill		34.5	34.6
Intangible assets		151.2	162.1
Investments accounted for using the equity method		19.3	18.9
Other investments		11.2	11.3
Deferred tax assets		32.8	29.8
Trade and other receivables		11.7	16.5
Total current assets		**826.4**	**765.2**
Inventories	13	283.0	323.8
Trade and other receivables	13	312.6	286.9
Derivative financial instruments		0.0	0.0
Cash and cash equivalents	14/16	230.8	154.5
Total assets		**1,954.8**	**1,911.3**
EQUITY AND LIABILITIES			
Total equity		**900.1**	**823.6**
Equity attributable to equity holders of the company		**898.2**	**821.7**
Issued capital		216.2	216.2
Share premium		238.0	238.0
Reserves and retained earnings		444.0	367.4
Non-controlling interest		**1.8**	**1.9**
Total liabilities		**1,054.7**	**1,087.7**
Total non-current liabilities		**713.3**	**726.2**
Loans and borrowings	16	399.0	415.1
Employee benefits	17	67.9	61.3
Provisions		132.6	132.3
Trade and other payables		12.4	10.1
Derivative financial instruments	18	28.3	31.5
Deferred tax liabilities		73.1	76.0
Total current liabilities		**341.4**	**361.5**
Bank overdrafts	16	0.0	0.1
Loans and borrowings	16	71.7	86.8
Trade and other payables	13	241.7	245.3
Derivative financial instruments	18	12.2	12.7
Current tax liabilities		6.0	3.3
Employee benefits	17	0.8	0.9
Provisions		9.0	12.4
Total equity and liabilities		**1,954.8**	**1,911.3**

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3.4 CONDENSED 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, 2020		**216.2**	**238.0**	**21.6**	**-88.4**	**-2.8**	**437.1**	**821.7**	**1.9**	**823.6**
Profit (+) / loss (-) for the period		-	-	-	-	-	86.1	86.1	-0.1	86.1
Other comprehensive income										
- Translation differences		-	-	-	-2.0	-	-	-2.0	0.0	-2.0
- Remeasurements of the net defined benefit liability, net of tax	17	-	-	-	-	-	-7.3	-7.3	-	-7.3
- Net change in fair value of derivative financial instruments, net of tax		-	-	-	-	-0.1	-	-0.1	-	-0.1
- Share in other comprehensive income of joint-ventures accounted for using the equity method		-	-	-	-	-0.1	-	-0.1	-	-0.1
- Other movements		-	-	-	-	-	-	0.0	-0.0	-0.0
Comprehensive income, net of income taxes		**0.0**	**0.0**	**0.0**	**-2.0**	**-0.2**	**78.8**	**76.6**	**-0.1**	**76.5**
- Other movements		-	-	-	-	-	-	0.0	-0.0	-0.0
Balance at June 30, 2020		**216.2**	**238.0**	**21.6**	**-90.4**	**-3.0**	**515.9**	**898.2**	**1.8**	**900.1**

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(Million EUR)	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, 2019	**216.2**	**237.9**	**21.6**	**-86.2**	**-0.2**	**345.9**	**735.0**	**2.2**	**737.2**
- Adjustment on initial application of IFRS 16 *Leases*, net of tax	-	-	-	-	-	-4.4	-4.4	-	-4.4
Adjusted Balance at January 1, 2019	**216.2**	**237.9**	**21.6**	**-86.2**	**-0.2**	**341.5**	**730.7**	**2.2**	**732.8**
Profit (+) / loss (-) for the period	-	-	-	-	-	46.1	46.1	1.4	47.5
Other comprehensive income									
- Translation differences	-	-	-	-3.2	-	-	-3.2	-0.6	-3.7
- Remeasurements of the net defined benefit liability, net of tax	-	-	-	-	-	-7.7	-7.7	-	-7.7
- Net change in fair value of derivative financial instruments, net of tax	-	-	-	-	0.0	-	0.0	-	0.0
- Other movements	-	-	-	-	-	-	0.0	0.0	0.0
Comprehensive income, net of income taxes	**0.0**	**0.0**	**0.0**	**-3.2**	**0.0**	**38.3**	**35.2**	**0.9**	**36.1**
- Other movements[7]	-	-	-	-	-	-	0.0	-1.1	-1.1
Balance at June 30, 2019	**216.2**	**237.9**	**21.6**	**-89.4**	**-0.2**	**379.9**	**765.8**	**2.0**	**767.8**

[7] Following the liquidation of PB Gelatins (Wenzhou) Co. Ltd., the remaining net asset value was distributed to the shareholders of the PB Gelatins (Wenzhou) Co. Ltd., of which -1.1 million EUR was paid to the non-controlling interest holder.

3.5 CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Million EUR	Note	30/06/2020	30/06/2019
OPERATING ACTIVITIES			
Profit (+) / loss (-) for the period		**86.1**	**47.5**
Depreciation, amortization and impairment losses on tangible and intangible assets		55.0	53.5
Depreciation on ROU assets (IFRS 16 *Leases*)		11.2	12.2
Changes in provisions		-3.1	5.2
Finance (costs) / income – net	9	12.3	10.6
Loss / (profit) on sale of non-current assets	8	-4.6	-0.1
Share of result of equity accounted investees, net of income tax		1.2	-0.5
Income tax expense	10	20.9	16.0
Other non-cash items		-1.9	-0.2
Changes in inventories	13	41.2	33.1
Changes in trade and other receivables	13	-34.8	-29.8
Changes in trade and other payables	13	-1.1	-0.8
Change in accounting estimates - inventory write off		2.4	1.6
Net change in emission rights recognized within intangible assets		-1.8	1.0
Revaluation electricity forward contracts	18	-0.4	0.4
Bargain purchase gain recognized following the acquisition of REHAU Tube	8	-2.7	-
Recycling currency translation adjustments PB Gelatins Wenzhou Co., Ltd.		-	-3.0
Cash generated from operations		**179.5**	**146.7**
Income tax paid		-15.7	-15.3
Dividends received		0.1	0.1
Cash flow from operating activities		**163.9**	**131.5**
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment and intangible assets	12	-41.1	-43.5
Acquisition of investments accounted for using the equity method	6	-2.0	-
Acquisition of subsidiary, net of cash acquired	7	-5.7	1.1
Proceeds from the sale of property, plant and equipment	8	5.1	0.2
Proceeds from the sale of subsidiaries, net of cash disposed of		-0.1	-
Cash flow from investing activities		**-43.8**	**-42.2**
FINANCING ACTIVITIES			
Payment of lease liabilities	16	-11.5	-12.1
Proceeds from new borrowings		-	0.5
(Reimbursement) of borrowings	16	-26.4	-68.9
Settlement interest rate swaps T-Power nv		-	-8.0
Interest paid		-4.4	-6.1
Interest paid (IFRS 16 *Leases*)		-0.4	-0.5
Interest received		0.3	0.5
Other finance costs paid		-0.8	-1.3
(Increase) of long term receivables		0.0	-0.1
Reimbursement to non-controlling interest		-	-1.1
Dividends paid to non-controlling interest		-0.0	-
Cash flow from financing activities		**-43.2**	**-97.0**
Net increase / (decrease) in cash and cash equivalents		**76.9**	**-7.7**
Effect of exchange rate differences		-0.5	1.2
Cash and cash equivalents less bank overdrafts at the beginning of the period	14/16	154.4	164.0
Cash and cash equivalents less bank overdrafts at the end of the period	14/16	230.7	157.5

3.6 NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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1. REPORTING ENTITY

Tessenderlo Group nv (hereafter referred to as "the company"), the parent company, is a company domiciled in Belgium. The condensed consolidated interim financial statements for the six month period ended June 30, 2020 comprises the company and its subsidiaries (together referred to as "the group") and the group's interests in jointly controlled entities.

2. STATEMENT OF COMPLIANCE

These condensed consolidated interim financial statements for the six month period ended June 30, 2020 have 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, 2019 which have been prepared in accordance with IFRS.

These condensed consolidated interim financial statements were approved by the Board of Directors on August 25, 2020. These condensed consolidated interim financial statements were reviewed, not audited.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used by the group in the present condensed consolidated interim financial statements are consistent with those used in the preparation of the consolidated financial statements as at and for the year ended December 31, 2019, 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, 2020 that had a significant impact on the condensed consolidated interim financial statements.

For the six month period ended June 30, 2020, the group has not early adopted any standard, interpretation or amendment that has been issued, but is not yet effective. The group is currently assessing the new rules, and at this stage, is not expecting any of these new rules to have a significant impact on the financial statements of the group.

The main exchange rates, used in preparing the condensed consolidated interim financial statements, are the following:

EXCHANGE RATES					
	Closing rate			Average rate	
1 EUR equals:	**30/06/2020**	**31/12/2019**	**30/06/2019**	**30/06/2020**	**30/06/2019**
Brazilian real	6.1118	4.5157	4.3511	5.4104	4.3417
Chinese yuan	7.9219	7.8205	7.8185	7.7509	7.6678
Polish zloty	4.4560	4.2568	4.2496	4.4120	4.2920
Pound sterling	0.9124	0.8508	0.8966	0.8746	0.8736
Turkish lira	7.6761	6.6843	6.5655	7.1492	6.3562
US dollar	1.1198	1.1234	1.1380	1.1020	1.1298

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the condensed consolidated interim financial statements 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 interim financial statements 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.
The areas of judgements, estimates and assumptions used in preparing the condensed consolidated interim financial statements for June 30, 2020 are the same as those applied and disclosed in the consolidated financial statements at December 31, 2019.

In view of the continued uncertainty associated with the nature of the COVID-19 pandemic, the significant assumptions and accounting estimates, to support the reported amounts of assets and liabilities, income and expenses, were regularly reviewed, and if needed updated, during the first half of 2020. The main judgements, estimates and assumptions, which might be impacted by COVID-19, are:

- Impairments: The carrying amount of property, plant and equipment, goodwill and intangible assets is reviewed at each balance sheet date to determine whether an indication of impairment exists. If any such indication exists, the asset's recoverable amount is estimated. There were no indications of any potential impairments during the first half of 2020.
- Inventory obsolescence and lower of cost of net realizable value adjustments, which are determined based on experience and the assessment of market circumstances. Changes in market demand and production, impacted by COVID-19, can have an impact on inventory ageing and valuation in certain activities. Based on available market information, no significant additional write-offs were deemed necessary during the first half of 2020.
- Employee benefits: The calculation of defined benefit obligations is based on actuarial assumptions such as future salary increases, inflation and through the use of a discount rate. Increased volatility and uncertainty in the financial markets following the COVID-19 outbreak led to a decrease of the discount rates used, leading to higher defined benefit obligations (note 17 - Employee benefits).
- Provisions: The amounts recognized reflect management's best estimate of the expected expenditures required to settle the present obligation at balance sheet date. If the effect is material, provisions are determined by discounting the expected future cash flows. Increased volatility and uncertainty in the financial markets following the COVID-19 outbreak however only led to an insignificant decrease of the discount rates used.
- Allowance for expected credit losses: In accordance with IFRS 9, the group recognizes expected credit losses on trade receivables following the simplified approach. Lifetime expected losses are recognized for the trade receivables, excluding recoverable VAT amounts. As COVID-19 might negatively impact group's customers, there could be an increased potential for future credit losses. However based on customer's current payment behavior, no significant additional allowances for expected credit losses were to be recognized as per June 30, 2020.

As the COVID-19 pandemic further evolves, potential changes in these views over the remainder of 2020 might occur.

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 2020 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 2019 annual report additional risks were included. For a more detailed overview of the major risks for the group, we refer to the 2019 annual report.

- **COVID-19**

During the first half of 2020 the COVID-19 pandemic has not only negatively affected social lives, but also the global economy. Its impact on the condensed consolidated interim financial statements of the group in the first six months of 2020 was not significant, however the continued pandemic and related uncertainty might negatively impact the group's results in the second half of the year. It remains difficult to estimate the future impact of the pandemic on the economies where we are active, and hence the impact these factors might have on the financial results. Activities could be further impacted in the coming months if too many employees are impacted by COVID-19 and/or if access to raw materials and auxiliary materials or means of transportation becomes more complicated, or if customers are no longer able to process or resell our products. Changes in market demand and customer behavior can impact the group's future sales, negatively impacting its results and cash flows.

The group has taken 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. Tessenderlo Group supplies the 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). In addition, the group produces gelatin for medical and food applications, electricity, crop nutrition and crop protection products for agriculture and plastic pipe systems for maintaining drinking water supply systems and polluted water evacuation, while Akiolis protects the meat chain (in France).

The group has a healthy financial position with a net financial debt of 239.9 million EUR as per June 30, 2020 (implying a leverage of only 0.8x), including a cash balance sheet position of 230.8 million EUR. The group has moreover access to committed bi-lateral agreements (till December 2024) for a total amount of 142.5 million EUR with four banks (there were no withdrawals as per June 30, 2020). These facilities have no financial covenants and ensure maximum flexibility for the different activities. The financial position of the group should therefore be able to ensure the going concern of the company, even if future results were negatively impacted by COVID-19.

- **The group is exposed to the risk of information technology failures**

The group increasingly makes use of information technology systems to process, transmit and store electronic information and as such, to operate efficiently and interface. A significant portion of the communication between the group's personnel, customers and suppliers depends on information technology. The group is dependent on information systems to manage inventory, accounting, purchasing and sales applications and to maintain cost efficient operations. As with all large systems, the group's information systems may be vulnerable to a variety of interruptions due to events beyond its control, including, but not limited to, natural disasters, terrorist attacks, telecommunication failures, computer viruses, hackers or other security issues. These or other similar interruptions may disrupt the group's business, results of operation or financial condition.

- **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 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 condensed consolidated interim financial statements as per June 30, 2020 (-15.9 million EUR).

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

The group is sensitive to commodity prices. As the group is a diversified specialty group that is worldwide active in many areas of agriculture, food, water management, efficient (re)use of natural resources and other industrial markets, the impact of changes of some raw material prices might have a significant impact on the results of individual activities, however is not expected to have a material impact on the results of operating segments or the group.

- **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 may not be able to recruit and retain key personnel.**

The group may not be able to recruit and retain competent personnel for key roles. The group's success depends to a significant extent upon its ability to attract and retain qualified management, scientific, technical, marketing and sales personnel and upon the continued contributions of such personnel. The group's employees may voluntarily terminate their employment at any time. There is no guarantee that the group will be successful in attracting and/or retaining qualified employees to replace existing employees or to further support its growth strategy. The loss of the services of key personnel or the inability to attract additional qualified personnel may have a material adverse effect on the business and its expertise, results of operation or financial condition.
Potential impacts might include: loss of knowledge of key systems and specialized skills resulting in a skills and competency gap, high staff turnover, customer dissatisfaction, failure to meet business objectives, increased re-hiring costs, loss of customers because of the customer-employee relationships. Although the group believes that it is well positioned to attract and retain skilled and experienced personnel, there can be no assurance that it will be able to do so. The inability to do so could have a material adverse effect on the group's business, results of operation or financial condition.

- **The group may be exposed to circumstances of geo-political nature.**

The group could be impacted by the political uncertainty caused by circumstances of geo-political nature that could have an impact on the consumer trust.

- **Brexit.**

The group has assessed and mapped the risks associated with the Brexit. The group has a number of customers and suppliers in the United Kingdom and there are intragroup deliveries between the United Kingdom and the European subsidiaries of the group. Because the number of customers and suppliers is rather limited, it is expected that the impact of the Brexit on the results of the group will be rather limited. The group has taken a number of actions to prepare itself with regard to the Brexit, such as setting up customs procedures, adapting the ICT systems and reviewing contractual provisions to ensure that deliveries to and from the United Kingdom continue to run smoothly.

- **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 2019 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 555.1 million EUR as of June 30, 2020. This amount mainly consists of current and non-current trade and other receivables (324.3 million EUR), derivative financial instruments (0.0 million EUR) and cash and cash equivalents (230.8 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 in December 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 refinancing of T-Power nv in 2019, bringing the new term loan facility to 193.0 million EUR reimbursable in the period June 2019-June 2026.
- 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 were renewed for 5 years in December 2019, have no financial covenants and ensure maximum flexibility for the different activities. There have been no withdrawals as per June 30, 2020.

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) and GBP (Pound sterling). This exposure is mainly due to intragroup loans and cash and cash equivalents which are not hedged.

- Interest risk

The financial debt position is funded by fixed and variable interest rate instruments. The variable interest rate instruments are, for the majority, hedged through forward rate agreements. 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, are the main fixed interest rate instruments with an interest rate of 2.875% and 3.375% respectively. The T-Power nv loan (154.4 million EUR as per June 30, 2020) is a variable interest rate instrument, for approximately 80% hedged through a series of interest rate swaps.

6. SEGMENT REPORTING

The group has 4 operating segments based on the principal business activities, economic environments and value chains in which they operate, as defined under IFRS 8 *Operating Segments*, and relate to agriculture, animal by-product valorization, products, systems and solutions for handling, processing and treatment of water including flocculation and depressants, as well as energy. The information provided below is consistent with the information that is available and evaluated regularly by the Chief Operating Decision Maker (the Executive Committee). The following summary describes the operations in each of the group's reportable segments:

- "Agro" includes production, trading and distribution of crop nutrients and crop protection products and includes the following businesses: Crop Vitality, Tessenderlo Kerley International and NovaSource. These activities individually meet the definition of a business segment and were aggregated under the operating segment "Agro" in line with the stipulations under IFRS 8.12. This aggregation was possible because these activities sell the same or similar products, their production process is similar and these activities have the same or the same type of customers, while the distribution method of the products is also similar. In addition, there is close cooperation between these activities and management makes decisions that simultaneously have an impact on the various activities.
- "Bio-valorization" includes collecting and processing of animal by-products; production and distribution of gelatins and collagen peptides and rendering, production and sales of proteins and fats and includes the following businesses: PB Leiner and Akiolis. These activities individually meet the definition of a business segment and were aggregated under the segment "Bio-valorization" in line with the stipulations under IFRS 8.12. This aggregation was possible because these activities sell the same or similar products, their production process is similar and these activities have the same or the same type of customers, while the distribution method of the products is also similar. In addition, there is close cooperation between these activities and management makes decisions that simultaneously have an impact on the various activities.
- "Industrial Solutions" includes all possible water applications (water transport, water treatment, leaching, recovery of water from industrial processes). This segment includes the following distinguishable commercial names: DYKA Group (with DYKA, John Davidson Pipes and BT Nyloplast), Mining and Industrial, Performance Chemicals and MPR/ECS. These components are not considered to be separate operating segments.
- "T-Power" includes a gas-fired 425 MW power plant in Tessenderlo (Belgium). A tolling agreement was concluded with RWE group for a period of 15 years (until 2026) for the full capacity of the plant, with an optional 5-year extension thereafter.

Within the Industrial Solutions segment, S8 Engineering has ceased to exist. The engineering and construction activities were integrated into Tessenderlo Kerley, Inc. during the first quarter of 2020.

The costs included within Adjusted EBIT, related to the corporate activities, are allocated to the different operating segments they support.

Transfer prices between operating segments are similar to transactions with third parties.

The measure of segment profit/loss is Adjusted EBIT, which is consistent with information that is monitored by the chief operating decision maker.

The group is a diversified specialty 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, industrial 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, 2019 figures.

Tessenderlo Group
EVERY MOLECULE COUNTS

SEGMENT REPORTING

	Agro		Bio-valorization		Industrial Solutions		T-Power		Non-allocated		Tessenderlo Group	
Million EUR	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Revenue (internal and external)	362.8	353.0	287.6	265.3	250.8	272.6	34.6	34.8	-	-	935.8	925.6
Less: Revenue (internal)	0.6	0.3	-	-	0.3	0.3	-	-	-	-	0.9	0.6
Revenue	**362.2**	**352.7**	**287.6**	**265.3**	**250.6**	**272.3**	**34.6**	**34.8**	-	-	**935.0**	**925.0**
Of which:									-	-		
- at a point in time	362.2	352.7	287.6	265.3	249.5	269.2	34.6	34.8	-	-	934.0	921.9
- over time	-	-	-	-	1.0	3.1	-	-	-	-	1.0	3.1
Adjusted EBIT	**69.3**	**55.5**	**28.1**	**8.0**	**10.1**	**9.9**	**8.9**	**5.9**	-	-	**116.3**	**79.3**
Adjusted EBITDA	**84.5**	**70.7**	**45.3**	**25.2**	**24.8**	**24.7**	**27.4**	**24.4**	-	-	**182.0**	**144.9**
Return on revenue (Adjusted EBITDA/revenue)	**23.3%**	**20.0%**	**15.8%**	**9.5%**	**9.9%**	**9.1%**	**79.3%**	**70.1%**	-	-	**19.5%**	**15.7%**
Segment assets	469.3	506.9	445.2	439.2	330.9	313.3	376.2	390.7	39.0	46.7	1,660.6	1,696.8
Derivative financial instruments	-	-	-	-	-	-	-	-	0.0	0.0	0.0	0.0
Investments accounted for using the equity method	16.5	18.2	2.8	0.7	-	-	-	-	-	-	19.3	18.9
Other investments	-	-	-	-	-	-	-	-	11.2	11.3	11.2	11.3
Deferred tax assets	-	-	-	-	-	-	-	-	32.8	29.8	32.8	29.8
Cash and cash equivalents	-	-	-	-	-	-	-	-	230.8	154.5	230.8	154.5
Total assets	**485.8**	**525.1**	**447.9**	**439.9**	**330.9**	**313.3**	**376.2**	**390.7**	**313.9**	**242.3**	**1,954.8**	**1,911.3**
Segment liabilities	62.4	77.6	148.4	143.8	80.5	72.4	10.0	8.4	169.0	163.4	470.4	465.5
Derivative financial instruments	-	-	-	-	-	-	-	-	40.5	44.2	40.5	44.2
Loans and borrowings	-	-	-	-	-	-	-	-	470.7	501.9	470.7	501.9
Bank overdrafts	-	-	-	-	-	-	-	-	0.0	0.1	0.0	0.1
Deferred tax liabilities	-	-	-	-	-	-	-	-	73.1	76.0	73.1	76.0
Total equity	-	-	-	-	-	-	-	-	900.1	823.6	900.1	823.6
Total equity and liabilities	**62.4**	**77.6**	**148.4**	**143.8**	**80.5**	**72.4**	**10.0**	**8.4**	**1,653.4**	**1,609.2**	**1,954.8**	**1,911.3**
Capital expenditures: property, plant and equipment and intangible assets	12.7	10.1	17.9	24.3	7.5	9.0	2.1	-	0.9	0.1	41.1	43.5
Depreciation, amortization and impairment losses on property, plant and equipment and intangible assets	-12.2	-11.9	-13.0	-12.7	-11.3	-10.4	-18.5	-18.5	-	-	-55.0	-53.5
Depreciation on Right-of-use assets (IFRS 16 *Leases*)	-3.0	-3.2	-4.3	-4.4	-3.9	-4.5	-0.0	-0.0	-	-	-11.2	-12.2
Reversal/(additional) inventory write-offs	-0.8	-0.2	-1.3	-1.3	-0.3	-0.1	-	-	-	-	-2.4	-1.6

The decrease of the segment assets within the operating segment Agro to 469.3 million EUR (as per December 31, 2019: 506.9 million EUR) can be mainly explained by seasonality, resulting in lower inventory levels, only partially offset by higher trade receivables outstanding. Compared to one year ago, the Agro segment assets are in line (as per June 30, 2019: 469.6 million EUR).

The increase of the investments accounted for using the equity method within Bio-valorization to 2.8 million EUR (2019: 0.7 million EUR) is related to the establishment of the 50% joint-venture PB Shengda (Zhejiang) Biotechnology Co., Ltd in June 2020 between Tessenderlo Group and Zheijang Shengda Ocean Co., Ltd, a Chinese state-owned company, for the construction of a bone and marine collagen peptides plant. As per June 2020, a cash contribution of 2.0 million EUR was already made by Tessenderlo Group. Total issued capital of the joint-venture will amount to 10.0 million EUR.

Non-allocated segment liabilities mainly include environmental provisions recognized for the plants in Belgium (Ham, Tessenderlo, Vilvoorde) and France (Loos).

The reconciliation of the profit before tax is as follows:

RECONCILIATION PROFIT BEFORE TAX		
Million EUR	**30/06/2020**	**30/06/2019**
Adjusted EBIT	**116.3**	**79.3**
EBIT adjusting items	4.2	-5.7
Finance (costs) / income – net	-12.3	-10.6
Share of result of equity accounted investees, net of income tax	-1.2	0.5
Profit (+) / loss (-) before tax	**106.9**	**63.4**

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Non-current segment assets (property, plant and equipment, goodwill and intangible assets) are based on the geographical location of the assets.

	REVENUE BY MARKET		NON-CURRENT SEGMENT ASSETS	
Million EUR	**30/06/2020**	**30/06/2019**	**30/06/2020**	**31/12/2019**
Belgium	88.1	92.5	510.2	526.9
The Netherlands	96.5	88.6	33.5	33.7
France	146.0	152.6	230.8	218.3
Germany	29.5	23.9	17.5	17.8
Spain	34.1	30.3	-	-
United Kingdom	33.8	43.2	17.6	20.1
Poland	13.5	11.2	4.9	5.2
Other European countries	65.3	64.1	5.1	4.9
United States	302.1	297.5	191.9	198.1
Mexico	20.1	16.0	1.4	1.4
China	7.1	10.2	8.1	9.0
Rest of the world	98.9	94.9	32.3	34.0
Tessenderlo Group	**935.0**	**925.0**	**1,053.3**	**1,069.6**

The global spread of the COVID-19 pandemic led to a disruption of production at the Chinese PB Leiner plant in Nehe (operating segment Bio-valorization) and at DYKA Group's French plant in Sainte-Austreberthe, as well as to the temporarily closing of a number of JDP sales branches (United Kingdom) within DYKA Group (operating segment Industrial Solutions). These are the main reasons for the decrease of revenue within China, France and United Kingdom in HY20 compared to HY19.

The decrease of the non-current segment assets in Belgium is mainly due to the depreciation of the fair value adjustments of T-Power nv, acquired in 2018. The purchase price allocation resulted in the recognition of a customer list for an amount of 163.7 million EUR and represented the fair value of a tolling agreement which was concluded with RWE group for a period of 15 years (until June 2026) for the full capacity of the plant. This customer list is being amortized over the remaining duration of the tolling agreement.

The increase of the non-current segment assets in France is mainly related to the acquisition of DYKA Tube SAS (note 7 - Acquisitions and disposals) and the recognition of a right-of-use asset within the operating segment Industrial Solutions, where a new tank barge was put into operation to facilitate the transport of hydrochloric acid (HCl) from the plant in Ham (Belgium) to the Loos production plant (France).

7. ACQUISITIONS AND DISPOSALS

Acquisitions

In December 2019, the group announced that it had agreed to acquire the production plant of REHAU Tube in La Chapelle-Saint-Ursin (France) from the German REHAU Group. The plant specialized in the manufacturing of sewer, soil & waste, storm water management and telecom pipes and fittings. Under the terms of the agreements, the group has taken over the real estate, production assets, stocks and 75 employees in sales and operations, all linked to the wastewater and cable ducting business. While the marketing and sales activities for the business were taken over as of March 1, 2020, the acquisition was only completed as of May 1, 2020. The group is integrating the REHAU Tube business within the DYKA Group activity (operating segment Industrial Solutions). The group obtained 100% control over these activities through a new created company DYKA Tube SAS. The purchase consideration paid in cash amounted to -5.7 million EUR, while the transaction-related costs were insignificant. In accordance with IFRS 3 *Business combinations,* the acquired assets and liabilities assumed at acquisition date have been measured at their fair value, which resulted in a bargain purchase gain for an amount of 2.7 million EUR, recognized as EBIT adjusting item as per June 30, 2020 (note 8 - EBIT adjusting items). The bargain purchase allowed REHAU Group to cease all its activities in La Chapelle-Saint-Ursin (France) and to revoke from part of its social obligations in accordance to French legislation ("Plan de sauvegarde de l'emploi"). The table below summarizes the impact of the acquisition on the financial position of the group.

Acquisitions through business combinations			
(Million EUR)	**Consideration paid/(received)**	**Fair value adjustments**	**Recognized values on acquisition**
Non-current assets	1.3	3.3	4.5
Current assets	5.6	0.4	6.0
Non-current liabilities	-0.5	-0.9	-1.5
Current liabilities	-0.7	-	-0.7
Net assets	**5.7**	**2.7**	**8.4**
Net cash outflow			**-5.7**
Gain from a bargain purchase			**2.7**

If new information, obtained within one year to the acquisition, about facts and circumstances that existed at the date of acquisition, identifies adjustments to above amounts, the acquisition accounting will be revised.

The contribution to the group's HY20 revenue and result is not significant. If the acquisition had occurred on January 1, 2020, management estimates that the contribution to the group's HY20 revenue and result would have been insignificant as well.

Disposals
The subsidiary Tessenderlo Trading (Shanghai) Co. Ltd., a Chinese trading company within the operating segment Industrials Solutions, was disposed during the first half of 2020, leading to an insignificant result. The yearly contribution of this activity to the group's results was also not significant.

8. EBIT ADJUSTING ITEMS

The HY20 EBIT adjusting items show a net income of +4.2 million EUR and include:

- 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) (note 7 - Acquisitions and disposals).
- 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). No asset has been recognized as the expected insurance reimbursement is not yet confirmed. However, based on the current available information, the net financial impact of this event is expected to be insignificant.
- 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 (including changes to existing provisions, impairment losses to assets which will not be used anymore following changes in market conditions, and adjustments to restructuring programs).

9. FINANCE COSTS AND INCOME

Net finance costs and income amount to -12.3 million EUR as per June 30, 2020 (-10.6 million EUR as per June 30, 2019), and 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.

10. INCOME TAX EXPENSE

Income tax expense amounts to -20.9 million EUR in HY20 (-16.0 million EUR in HY19) and mainly relates to the operations in the United States.

The income taxes paid in HY20 amount to -15.7 million EUR (HY19: -15.3 million EUR), while the income tax receivable, mainly in the United States and Belgium, decreased from 12.9 million EUR as per December 31, 2019 to 4.9 million EUR as per June 30, 2020.

Deferred tax assets on fiscal losses carried forward are recognized for 24.5 million EUR (December 2019: 21.7 million EUR). These are mainly recognized on Tessenderlo Group nv, the parent company, for an amount of 15.7 million EUR (December 2019: 14.1 million EUR). The other deferred tax assets on fiscal losses carried forward recognized amount to 8.8 million EUR (December 2019: 7.6 million EUR). As per June 2020, total tax losses and tax credits carried forward in Tessenderlo Group nv amount to approximately 152 million EUR, while these amount to approximately 62 million EUR in France.

11. SEASONALITY OF OPERATIONS

Tessenderlo Group demonstrates a limited seasonality pattern at group level for revenue (first half of 2019: 53%) and operating profitability level as expressed by Adjusted EBITDA (first half of 2019: 54%). 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 INTANGIBLE ASSETS

For the six month period ended June 30, 2020, the group's capital expenditure amounted to 41.1 million EUR (HY19: 43.5 million EUR). The majority of the capital expenditure relates to:

- investments in the valuation of gelatin side streams and in the optimization of the valorization of animal by-products (operating segment Bio-valorization);
- Investments in additional storage capacity within the operating segments Industrial Solutions and Agro;
- Advance payments and capital expenditures made, for equipment replacements and plant upgrades, which are planned to occur during major overhauls in the near future (within the operating segments T-Power and Agro);
- The replacement of equipment and vehicles, which were previously leased, through acquisition.

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

Capital expenditure contracted for at the end of the reporting period, but not yet incurred, amounts to 37.7 million EUR, the majority of which is expected to be delivered in 2020.

13. WORKING CAPITAL

WORKING CAPITAL			
Million EUR	**30/06/2020**	**31/12/2019**	**30/06/2019**
Inventories	283.0	323.8	269.4
Current trade and other receivables	312.6	286.9	317.4
Current trade and other payables	-241.7	-245.3	-251.0
Working capital	**353.9**	**365.4**	**335.8**

The working capital increased from 335.8 million EUR as per June 30, 2019 to 353.9 million EUR as per June 30, 2020. This evolution can be mainly explained by higher inventory levels within Bio-valorization and Industrial Solutions (following the acquisition of REHAU Tube, see also note 7 - Acquisitions and disposals). The decrease of current trade and other receivables and current trade and other payables is mainly due to the timing of sales and supplier payments.

The group expects to recover or settle the inventory, available as per June 30, 2020 within the next twelve months, except for the inventory of non-strategic spare parts (12.3 million EUR as per HY20, compared to 12.5 million EUR as per December 31, 2019). These parts will be used whenever deemed necessary.

14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents amount to 230.8 million EUR as per June 30, 2020 (compared to 154.5 million EUR as per December 31, 2019) and include 59.1 million USD (52.8 million EUR) compared to 20.1 million USD (17.9 million EUR) as per year-end 2019. 57 million USD was sold and converted into EUR during the first half of 2020 at an exchange rate of 1.0802. In July 2020, another 35 million USD was converted into EUR at an exchange rate of 1.15895.

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.

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

BASIC EARNINGS PER SHARE		
	30/06/2020	**30/06/2019**
Adjusted weighted average number of ordinary shares at June 30[1]	**43,154,979**	**43,146,979**
Profit (+) / loss (-) attributable to equity holders of the company (million EUR)	86.1	46.1
Basic earnings per share (in EUR)	**2.00**	**1.07**

[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 HY20 and HY19.

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		
	30/06/2020	**30/06/2019**
Adjusted weighted average number of ordinary shares at June 30	43,154,979	43,146,979
Effect of warrants issued[1]	-	2,526
Adjusted diluted weighted average number of ordinary shares at June 30	**43,154,979**	**43,149,505**
Profit (+) / loss (-) attributable to equity holders of the company (million EUR)	86.1	46.1
Diluted earnings per share (in EUR)	**2.00**	**1.07**

[1]The 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, 2020, there are no warrants outstanding. As per June 30, 2019, there were 8,000 warrants outstanding which were all dilutive and included in the calculation of the diluted earnings per share.

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16. LOANS AND BORROWINGS

LOANS AND BORROWINGS		
Million EUR	**30/06/2020**	**31/12/2019**
Non-current loans and borrowings	399.0	415.1
Current loans and borrowings	71.7	86.8
Total loans and borrowings	**470.7**	**501.9**
Cash and cash equivalents	-230.8	-154.5
Bank overdrafts*	0.0	0.1
Net loans and borrowings	**239.9**	**347.5**

*A bank overdraft is a flexible borrowing facility on a bank current account, which is repayable on demand.

As per June 30, 2020 the group net financial debt stood at 239.9 million EUR, implying a leverage of 0.8x (the net debt at year-end 2019 amounted to 347.5 million EUR).

Reconciliation of changes in net loans and borrowings arising from cashflows and non-cash changes:

	Bank overdrafts	Cash and cash equivalents	Current lease liabilities	Non-current lease liabilities	Other current loans and borrowings	Other non-current loans and borrowings	Total
Million EUR							
Balance at January 1, 2020	**-0.1**	**154.5**	**-21.1**	**-42.6**	**-65.7**	**-372.5**	**-347.5**
Cash flows	0.1	76.8	11.5	0.0	26.4	-	114.8
IFRS 16 new leases and lease modifications	-	-	-1.9	-5.4	-	-	-7.3
Transfers	-	-	-7.8	7.8	-13.3	13.3	-
Effect of exchange rate differences	-0.0	-0.5	0.2	0.5	-0.0	-0.0	0.1
Balance at June 30, 2020	**-0.0**	**230.8**	**-19.1**	**-39.8**	**-52.6**	**-359.2**	**-239.9**

The non-current loans and borrowings include two series of bonds (223.6 million EUR), 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. These bonds do not contain any covenants.

The T-Power term loan facility agreement amounts to 154.4 million EUR as per June 30, 2020 (December 31, 2019: 167.3 million EUR). The T-Power nv assets and shares are serving as guarantee for the loan. The term loan credit facility contains a covenant stating a minimum required debt service cover ratio (based on the last 12 months cash flow available for debt service). This covenant has been complied with as per June 30, 2020.

The lease liability, in accordance with IFRS 16 *Leases*, amounts to 58.9 million EUR (December 31, 2019: 63.7 million EUR), of which 39.8 million EUR is included in non-current and 19.1 million EUR in current loans and borrowings.

Tessenderlo Kerley, Inc. has a loan outstanding of 7.0 million EUR, of which 0.9 million EUR is included in current loans and borrowings. The financed Phoenix headquarters building (Arizona, United States) is serving as guarantee for the loan.

The group has access to a Belgian commercial paper program of 200.0 million EUR of which 26.0 million EUR was used at the end of June 2020 and is included in current loans and borrowings (December 31, 2019: 39.0 million EUR). These are issued by Tessenderlo Group nv, the parent company.

There were no withdrawals as per June 30, 2020 on the 5 year committed bi-lateral credit lines, which have been renewed for 5 years in December 2019. The amount of the committed credit lines amounts to 142.5 million EUR (of which part can be drawn in USD).

17. EMPLOYEE BENEFITS

The application of IAS 19 *Employee benefits* as per June 30, 2020 led to a decrease of equity, before tax, by -7.6 million EUR and is mainly the result of a decrease of the rate used to discount the obligations (weighted average discount rate of 0.8% as per June 30, 2020 compared to 1.0% at year-end 2019) and a lower than estimated return on the Belgian plan assets. The defined benefit liability recognized in the statement of financial position increased to 60.9 million EUR per June 30, 2020 (54.0 million EUR as per December 31, 2019), while no longer a UK net pension asset is recognized (2.3 million EUR as per December 31, 2019).

18. DERIVATIVE FINANCIAL INSTRUMENTS

The following table shows the carrying amounts of derivative financial instruments measured at fair value in the statement of financial position including their levels in the fair value hierarchy:

	June 30, 2020							
(Million EUR)	**Carrying amount balance sheet**				**Fair value hierarchy**			
	Current assets	**Non-current assets**	**Current liabilities**	**Non-current liabilities**	**Level 1**	**Level 2**	**Level 3**	**Total**
Foreign currency swaps	0.0	-	-0.0	-	-	0.0	-	0.0
Interest rate swaps	-	-	-7.2	-17.3	-	-24.4	-	-24.4
Electricity forward contracts	-	-	-5.0	-11.1	-	-0.1	-15.9	-16.1
Total	**0.0**	**-**	**-12.2**	**-28.3**	**-**	**-24.5**	**-15.9**	**-40.4**

	December 31, 2019							
(Million EUR)	**Carrying amount balance sheet**				**Fair value hierarchy**			
	Current assets	**Non-current assets**	**Current liabilities**	**Non-current liabilities**	**Level 1**	**Level 2**	**Level 3**	**Total**
Foreign currency swaps	0.0	-	-0.0	-	-	-0.0	-	-0.0
Interest rate swaps	-	-	-7.7	-20.0	-	-27.7	-	-27.7
Electricity forward contracts	-	-	-5.0	-11.5	-	-	-16.5	-16.5
Total	**0.0**	**-**	**-12.7**	**-31.5**	**-**	**-27.7**	**-16.5**	**-44.2**

The derivative financial instruments as per June 30, 2020 mainly relate to:

- the interest rate swaps of T-Power nv for an amount of -24.4 million EUR (December 31, 2019: -27.7 million EUR);
- an electricity forward contract, with maturity date in June 2026, for an amount of -15.9 million EUR (December 31, 2019: -16.5 million EUR).

The decrease of the fair value of the interest rate swaps is mainly related to the half yearly payments for forward rate agreements reaching their maturity date. The settlement of the agreements resulted in a cash out of -4.0 million EUR as per June 30, 2020 and is included in the line “Interest paid” in the condensed consolidated statement of cash flows. The effective portion of the change in fair value is recognized in the hedging reserves (Other comprehensive income).

The fair value of the electricity forward contract is calculated as per June 30, 2020 based on a valuation model, leading to a net fair value of -15.9 million EUR compared to a net fair value of -16.5 million EUR as per December 31, 2019. 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 IFRS 9 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 "sparkspread"), and on the effect of the hourly pricing optimization as foreseen in the contract. If the 2023 key assumptions would also have been applied for the remaining period till June 2026, a period for which no market data is available, the fair value of the contract (2020-June 2026) would have amounted to -33.1 million EUR. We refer to the 2019 consolidated financial statements 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. Based on information currently available, the possibility of any significant cash outflow is considered to be remote.

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 amount of additional emission allowances expensed during the first semester of 2020 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. The carrying amount of emission allowances included in intangible assets amounts to 4.7 million EUR as per June 30, 2020 (December 31, 2019: 2.9 million EUR).

20. RELATED PARTIES

The company has a related party relationship with its subsidiaries, joint-ventures and with its controlling shareholder (Verbrugge nv, controlled by Picanol nv, and its affiliated company Symphony Mills nv), directors and its Executive Committee. The Belgian pension fund "OFP Pensioenfonds", which covers the post-employment benefit obligation of the employees of Tessenderlo Group nv and Tessenderlo Chemie International nv, is also considered to be a related party.

As per the last transparency notification, received on July 9, 2020, Verbrugge nv, controlled by Picanol nv, is holding 19,682,809 shares (45.61% of the company). Its affiliated company Symphony Mills nv holds 2,532,200 shares (5.87%). Picanol Group is a diversified industrial group and it is active worldwide in the fields of mechanical engineering, agriculture, food, water management, the efficient (re)use of natural resources and other industrial markets. Picanol Group is represented in the Board of Directors through two members: Mr. Stefaan Haspeslagh (Chairman Picanol Group) and Mr. Luc Tack (CEO Picanol Group).
In accordance with article 7:53 of the Belgian Code of Companies and Associations, the extraordinary meeting of shareholders of July 10, 2019 has decided to introduce a loyalty voting right for each fully paid-up share that has continuously been registered in the share register on the name of the same shareholder for at least two years. As per the last transparency notification, received on July 9, 2020, Verbrugge nv was holding 35,524,356 voting rights (58.12% of the total voting rights), while Symphony Mills nv was holding 4,346,200 voting rights (7.11% of the total voting rights).

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

Premiums for an amount of 0.8 million EUR were paid to the Belgian pension fund, “OFP Pensioenfonds”. Liabilities related to employee benefits schemes as per June 30, 2020 include 14.7 million EUR related to the “OFP Pensioenfonds” (December 31, 2019: 11.9 million EUR).

The following transactions have taken place with the joint-ventures, the controlling shareholder, the members of the Executive Committee and the Board of Directors:

Transactions with joint ventures:

TRANSACTIONS WITH JOINT VENTURES (FOR THE SIX MONTH PERIOD ENDED JUNE 30, EXCEPT FOR BALANCE SHEET COMPARATIVES AT DECEMBER 31)		
Million EUR	**2020**	**2019**
Transactions with Joint Ventures - Sales	0.2	0.3
Transactions with Joint Ventures - Purchases	11.0	12.7
Non-current assets	9.8	10.5
Current assets	1.1	0.7
Current liabilities	1.3	1.2

The non-current assets (9.8 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%). The loan was originally reimbursable to Tessenderlo Kerley Inc. in the period 2020-2023, however the reimbursement period is currently under review following the ongoing capital expenditure investments and related cash needs in Jupiter Sulphur LLC. Jupiter Sulphur LLC obtained the same amount from the other joint-venture partner. The granted loan is included in “Other investments” in the group’s consolidated statement of financial position. The related interest income is considered to be insignificant and is not eliminated.

There have been no dividends received from joint-ventures in the first half of 2020 and 2019.

Dividends received from other investments amounted to 0.1 million EUR as per June 30, 2020 (June 30, 2019 0.1 million EUR).

Transactions with the controlling shareholder:
The transactions with the controlling shareholder relate to legal, internal audit and ICT services which are provided by the group through a service level agreement. These transactions were not significant in the first half of 2020 and 2019.

Transactions with the members of the Executive Committee:
The Executive Committee is composed by the CEO, Luc Tack, the Executive Directors (currently Findar bv, represented by Stefaan Haspeslagh) as well as any other member appointed by the Board of Directors (no one at this stage), and did not change compared to last year.

TRANSACTIONS WITH THE MEMBERS OF THE EXECUTIVE COMMITTEE		
Million EUR	**30/06/2020**	**30/06/2019**
Short-term employee benefits	1.4	1.5
Post-employee benefits	0.0	0.0
Total	**1.4**	**1.5**

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

The post-employment benefits include the periodic pension costs of the pension plan, calculated by an actuary.

There was no new issuance of warrants in HY20.

Transactions with the members of the Board of Directors:

There have been no changes to the composition or remuneration policy of the Board of Directors, compared to the disclosures made in the 2019 annual report.

21. SUBSEQUENT EVENTS

No significant subsequent events occurred after the balance sheet date.

4. INDEPENDENT AUDITORS' REPORT ON THE REVIEW OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS PER JUNE 30, 2020

Statutory auditor's report to the board of directors of Tessenderlo Group nv on the review of the condensed consolidated interim financial information as at June 30, 2020 and for the six-month period then ended

Introduction
We have reviewed the accompanying condensed consolidated statement of financial position of Tessenderlo Group nv as at June 30, 2020, the condensed consolidated income statement, condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and notes to the condensed consolidated interim financial information ("the condensed consolidated interim financial information"). The board of directors is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review
We conducted our review in accordance with the 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 interim financial information as at June 30, 2020 and for the six-month period then ended is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

Zaventem, August 25, 2020

KPMG Réviseurs d'Entreprises / Bedrijfsrevisoren
Statutory Auditor
represented by

Patrick De Schutter
Réviseur d'Entreprises / Bedrijfsrevisor

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5. FINANCIAL GLOSSARY

Adjusted EBIT
Earnings before interests, taxes and EBIT adjusting items.

Adjusted EBITDA
Earnings before interests, taxes and EBIT adjusting items plus depreciation and amortization.

Basic earnings per share (Basic EPS)
Profit (+)/loss (-) for the period attributable to equity holders of the company divided by the weighted average number of ordinary shares outstanding during the period.

Capital employed (CE)
The carrying amount of property, plant and equipment (PP&E), intangible assets and goodwill together with trade working capital.

Capital expenditure
Amount of money spent to upgrade, acquire or maintain property, plant and equipment (PP&E) and intangible assets.

Diluted earnings per share (Diluted EPS)
Profit (+)/loss (-) for the period attributable to equity holders of the company divided by the fully diluted weighted average number of ordinary shares outstanding during the period.

Diluted weighted average number of ordinary shares
Weighted average number of ordinary shares, adjusted by the effect of warrants on issue.

EBIT
Profit(+)/loss(-) from operations.

EBIT adjusting items
EBIT adjusting items are those items that in management's judgment need to be disclosed by virtue of their size or incidence. Such items are disclosed in the notes to the financial statements. Transactions which may be recognized as EBIT adjusting items are principally related to restructuring, impairment losses, provisions, gains or losses on significant disposals of assets or subsidiaries and the effect of the electricity purchase agreement.

Leverage
Net financial debt divided by Adjusted EBITDA over the last 12 months.

Net financial debt
Non-current and current loans and borrowings minus cash and cash equivalents and bank overdrafts.

Operational free cash flow
Operational free cash flow equals to Adjusted EBITDA minus capital expenditure minus change in trade working capital.

Trade working capital
The sum of inventories and trade receivables minus trade payables.

Weighted average number of ordinary shares
Number of shares outstanding at the beginning of the period, adjusted by the number of shares cancelled, repurchased or issued during the period multiplied by a time-weighting factor.

Working capital
The sum of inventories, trade and other receivables minus trade and other payables.

6. ALTERNATIVE PERFORMANCE MEASURES

The following alternative performance measures are considered to be relevant in order to compare the results over the 6 month period ended June 30, 2019 and June 30, 2020 and can be reconciled to the condensed consolidated interim financial statements as follows:

Reconciliation from Adjusted EBIT to EBIT

(Million EUR)	30/06/2020	30/06/2019
Adjusted EBIT	**116.3**	**79.3**
Gains and losses on disposals	4.7	3.0
Restructuring	0.7	-0.4
Impairment losses	-0.5	-0.1
Provisions and claims	1.6	-5.0
Other income and expenses	-2.4	-3.3
EBIT (Profit (+) / loss (-) from operations)	**120.5**	**73.5**

Reconciliation from Adjusted EBITDA to EBIT

(Million EUR)	30/06/2020	30/06/2019
Adjusted EBITDA	**182.0**	**144.9**
Gains and losses on disposals	4.7	3.0
Restructuring	0.7	-0.4
Provisions and claims	1.6	-5.0
Other income and expenses	-2.4	-3.3
EBITDA	**186.6**	**139.3**
Depreciation	-65.7	-65.6
Impairment losses	-0.5	-0.1
EBIT (Profit (+) / loss (-) from operations)	**120.5**	**73.5**

Reconciliation leverage

(Million EUR)	30/06/2020	31/12/2019	30/06/2019
Non-current loans and borrowings	399.0	415.1	433.3
Bank overdrafts	0.0	0.1	0.0
Current loans and borrowings	71.7	86.8	80.7
Cash and cash equivalents	-230.8	-154.5	-157.5
Net financial debt	**239.9**	**347.5**	**356.5**
Adjusted EBITDA last 12 months	304.8	267.7	225.2
Leverage (net financial debt / Adjusted EBITDA last 12 months)	**0.8**	**1.3**	**1.6**

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Reconciliation capital employed

(Million EUR)	30/06/2020	31/12/2019	30/06/2019
Inventories	283.0	323.8	269.4
Trade receivables - 1 year	274.5	249.4	280.2
Trade receivables - 1 year: amounts written off	-3.9	-3.7	-4.3
Trade receivables from related parties	1.1	0.7	1.4
Trade payables -1 year	-142.6	-160.7	-156.0
Trade payables from related parties	-1.3	-1.2	-1.7
Trade working capital	**410.9**	**408.4**	**388.9**
Property, plant and equipment	867.6	872.9	859.9
Goodwill	34.5	34.6	35.1
Intangible assets	151.2	162.1	175.2
Net assets	**1,053.3**	**1,069.6**	**1,070.1**
Capital employed	**1,464.2**	**1,478.0**	**1,459.0**

Reconciliation operational free cash flow

(Million EUR)	30/06/2020	31/12/2019	30/06/2019
Adjusted EBITDA	182.0	267.7	144.9
Capital expenditure	-41.1	-104.3	-43.5
Change in trade working capital	0.2	-17.9	-1.6
Reported change in trade working capital	-2.5	-21.9	-2.4
Currency translation adjustments*	-3.4	4.1	0.8
Scope changes**	6.0	-0.2	0.0
Operational free cash flow	**141.0**	**145.5**	**99.8**

* Currency translation adjustments include the impact of the foreign currency translation of the working capital of foreign subsidiaries to EUR at the foreign exchange rates applicable at the balance sheet date.
** Scope changes include the impact of acquired and/or sold subsidiaries on the working capital.