

# Tessenderlo Group nv

# General meeting

Brussels, May 11, 2021



Tessenderlo Group  
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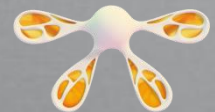
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# Agenda

1. Examination of the statutory annual accounts and the consolidated annual accounts for the financial year closed on December 31, 2020, of the annual reports of the board of directors and of the reports of the statutory auditor with respect to said annual accounts.
2. Approval of the statutory annual accounts for the financial year closed on December 31, 2020, and allocation of the result.
3. Approval of the remuneration report for the financial year closed on December 31, 2020.
4. Approval of the remuneration policy.
5. Discharge to the members of the board of directors and the statutory auditor.
6. (Re)Appointment of directors.
7. Remuneration of the directors.



1. Examination of the statutory annual accounts and the consolidated annual accounts for the financial year closed on December 31, 2020, of the annual reports of the board of directors and of the reports of the statutory auditor with respect to said annual accounts.



# Operational key figures

Million EUR	2020	2019	% Change excluding fx effect	% Change as reported
Revenue	1,737.3	1,742.9	0.7%	-0.3%
Adjusted EBITDA	314.6	267.7	20.9%	17.5%
Adjusted EBIT	184.0	134.9	42.1%	36.4%
Profit (+) / loss (-) for the period	98.6	97.6		1.1%
Total comprehensive income	84.8	90.7		-6.5%
Capital expenditure	100.2	104.3		-4.0%
Cash flow from operating activities	282.3	219.7		28.5%
Operational free cash flow	213.7	145.7		46.7%
Operational free cash flow (Excl. IFRS 16)	190.0	120.2		58.1%
Net financial debt	201.3	347.5		-42.1%

Adjusted EBITDA 2019	:	267.7 M EUR
FX effect	:	-9.1 M EUR
Impact acquisitions and disposals	:	+1.2 M EUR
Internal growth	:	<b>+54.8 M EUR</b>
= Adjusted EBITDA 2020	=	314.6 M EUR

Net result excluding FX gains/losses: 129 M EUR in 2020 compared to 90 M EUR in 2019.

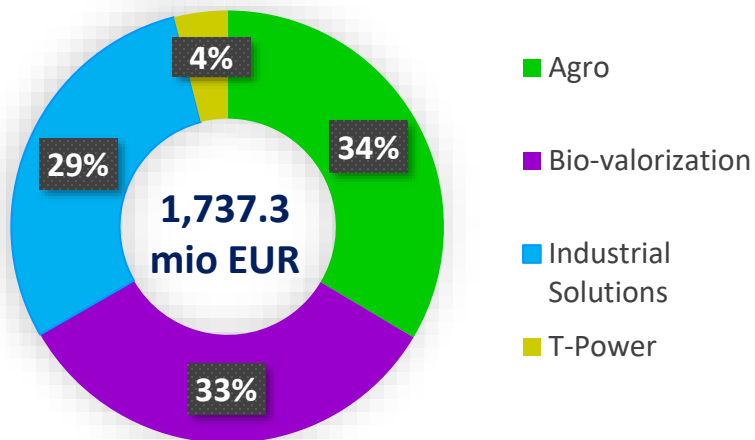
## Remarks:

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

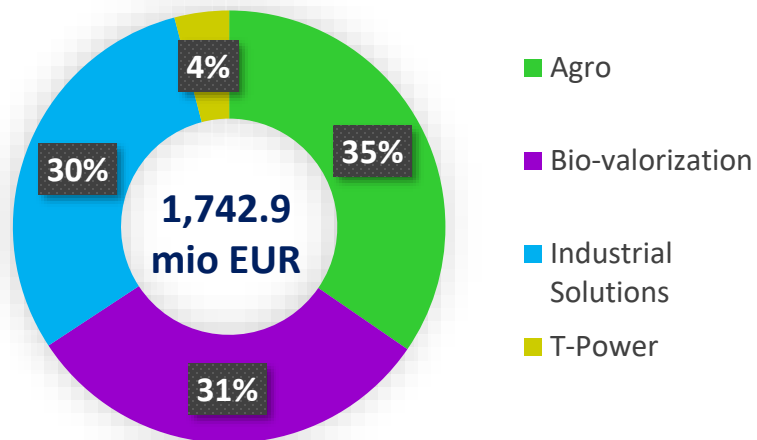


# Group revenue per segment

2020 revenue  
(% of total)

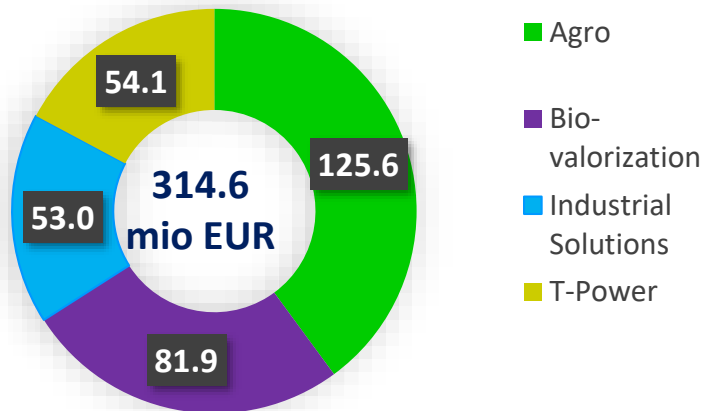


2019 revenue  
(% of total)

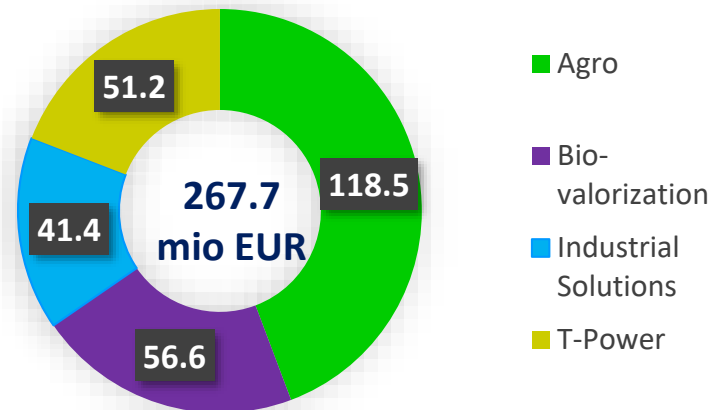


# Group Adjusted EBITDA per segment

2020 Adjusted EBITDA  
(Million EUR)



2019 Adjusted EBITDA  
(Million EUR)



# Agro segment

AGRO				
Million EUR	2020	2019	% Change excluding fx effect	% Change as reported
Revenue	582.9	602.8	-1.9%	-3.3%
Adjusted EBITDA	125.6	118.5	8.0%	6.0%
Adjusted EBITDA margin	21.5%	19.7%		
Adjusted EBIT	95.8	88.4	10.6%	8.4%
Adjusted EBIT margin	16.4%	14.7%		

- Crop Vitality revenue remained stable in 2020 as the lower 2H20 volumes could be offset by higher volumes in 1H20. Volumes in 2H20 were in line with expectations as part of the agro season in the USA shifted from the second half to the first half of the year, being impacted by weather conditions.
- NovaSource revenue remained stable throughout 2020.
- 2020 revenue of Tessenderlo Kerley International decreased due to lower SOP volumes.
- Crop Vitality Adjusted EBITDA increased in 2020 thanks to favorable market circumstances
- The 2020 Adjusted EBITDA of NovaSource and Tessenderlo Kerley International remained stable.



# Bio-valorization segment

## BIO-VALORIZATION

Million EUR	2020	2019	% Change excluding fx effect	% Change as reported
Revenue	575.7	543.1	7.1%	6.0%
Adjusted EBITDA	81.9	56.6	55.8%	44.6%
Adjusted EBITDA margin	14.2%	10.4%		
Adjusted EBIT	47.1	22.7	131.9%	107.6%
Adjusted EBIT margin	8.2%	4.2%		

- 2020 revenue of PB Leiner and Akiolis increased thanks to favorable market conditions and an improved product mix.
- The 2020 Adjusted EBITDA increased thanks to favorable market circumstances and realized efficiency improvements. The COVID-19 pandemic impacted the evolution of the revenue in 2H20, which also had an impact on the ageing of inventories, resulting in additional inventory write-offs in 2H20 for an amount of -7.0 million EUR (total write-offs amount to -8.2 million EUR in 2020) compared to only -0.9 million EUR in 2H19 (total amount of -2.2 million EUR in 2019).





# Industrial Solutions segment

INDUSTRIAL SOLUTIONS				
Million EUR	2020	2019	% Change excluding fx effect	% Change as reported
Revenue	509.1	526.0	-2.7%	-3.2%
Adjusted EBITDA	53.0	41.4	29.2%	28.1%
Adjusted EBITDA margin	10.4%	7.9%		
Adjusted EBIT	24.5	11.9	108.2%	106.3%
Adjusted EBIT margin	4.8%	2.3%		

- The 2H20 revenue increase of DYKA Group, mainly thanks to the contribution of the acquired production plant in La Chapelle-Saint-Ursin (France), was able to compensate the 1H20 decrease, which was impacted by the corona pandemic (as the production at the French plant in Sainte-Austreberthe was disrupted and a number of JDP sales branches in the United Kingdom were temporarily closed).
- The cessation of the S8 Engineering activities led to a loss of revenue, while the revenue of the other activities within Industrial Solutions remained stable in 2020.
- The lower 1H20 Adjusted EBITDA of DYKA Group was more than offset by its result in 2H20, mainly thanks to the volume increase. The favorable development of input costs, as well as cost saving measures taken to mitigate the COVID-19 impact, further positively impacted the 2020 Adjusted EBITDA.
- While the Adjusted EBITDA of Performance Chemicals remained stable in 1H20, it increased in 2H20 as 2H19 was impacted by technical issues in Loos (France).
- The cessation of S8 Engineering had a positive impact on the 2020 evolution of the Adjusted EBITDA, while the 2020 Adjusted EBITDA of Mining & Industrial slightly increased.

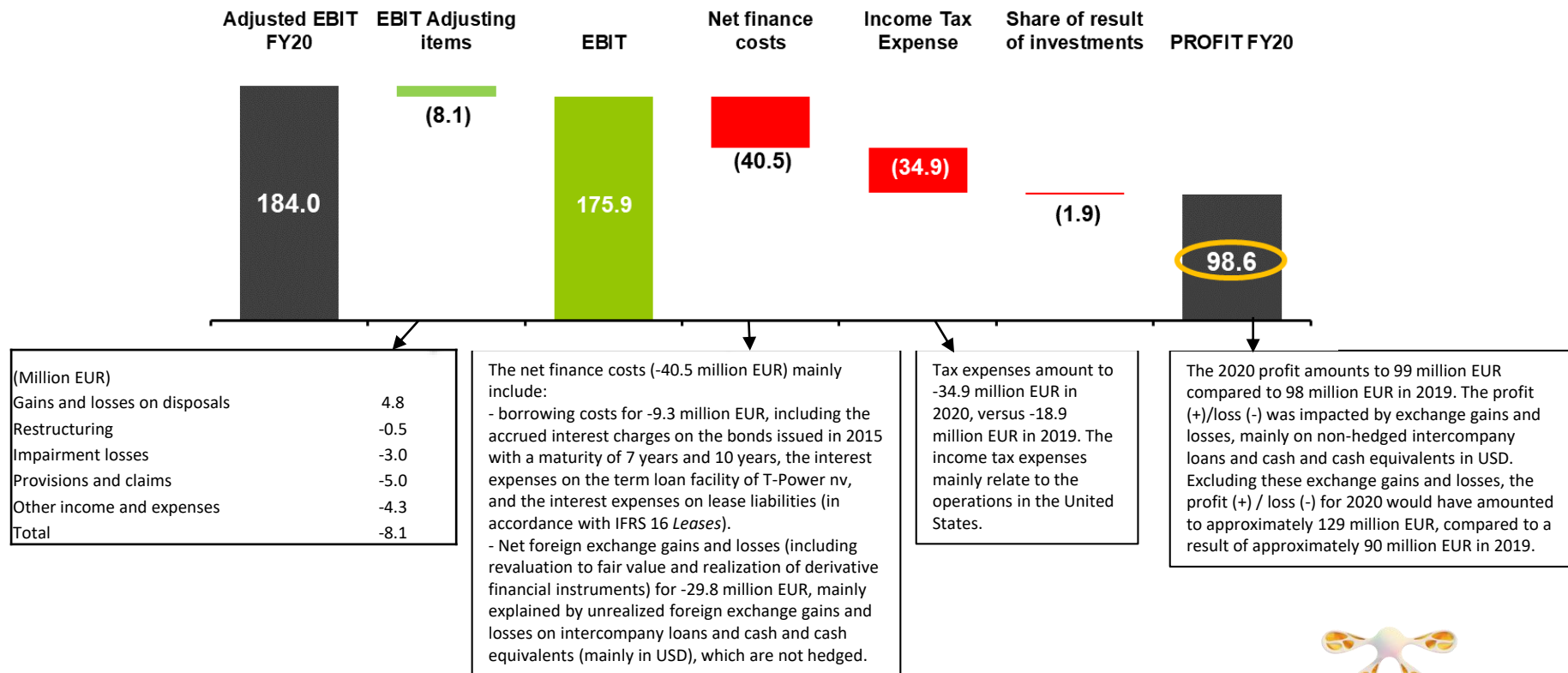
# T-Power segment

T-POWER				
Million EUR	2020	2019	% Change excluding fx effect	% Change as reported
Revenue	69.5	71.1	-2.2%	-2.2%
Adjusted EBITDA	54.1	51.2	5.5%	5.5%
Adjusted EBITDA margin	77.8%	72.1%		
Adjusted EBIT	16.6	12.0	39.0%	39.0%
Adjusted EBIT margin	23.9%	16.8%		

- In 2020 T-Power contributed 69.5 million EUR to the revenue and 54.1 million EUR to the Adjusted EBITDA of the group. These results were in line with expectations, as T-Power nv fulfilled all tolling agreement requirements.
- The 2020 Adjusted EBITDA improvement was mainly realized thanks to continued cost optimization, partially offset by ongoing development expenses for the construction of a second gas-fired power station in the Belgian municipality of Tessenderlo. 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.



# 2020 Adjusted EBIT to profit details (Million EUR)



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# Outlook

- The following statements are forward-looking and actual results may differ materially.
- The group anticipates a continued high level of uncertainty in the first half of 2021 due to the ongoing corona pandemic, where the development of customer demand and margin is exposed to increased risk. However, based on the current available information, the group expects that the 2021 Adjusted EBITDA will be in line with the 2020 Adjusted EBITDA. This guidance already takes into account the expected negative foreign exchange effect in 2021, following the weakening of the USD at the time of writing.
- The group would like to emphasize further that it currently operates in a volatile political, economic, financial and health environment.



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# Statutory annual accounts

Tessengerlo Group nv recorded in 2020 a net loss of -32,654,182 EUR compared to a net gain of 164,249,980 EUR in 2019.

## **Proposal for appropriation of the result.**

The board proposes to appropriate:

- the loss of 2020, being -32,654,182 EUR
- increased by a transfer from untaxed reserves 240,093 EUR
- increased by the result brought forward from previous year 479,585,437 EUR

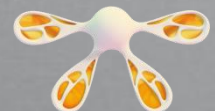
Being a total of: 447,171,348 EUR

As follows:

- other reserves 4,229,824 EUR
- profit to be carried forward 442,941,524 EUR.



2. Approval of the statutory annual accounts for the financial year closed on December 31, 2020, and allocation of the result.



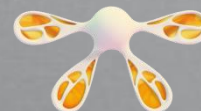
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# Proposed resolution

- The shareholders' meeting approves the statutory annual accounts for the financial year closed on December 31, 2020, as well as the allocation of the result, as proposed by the board of directors.
- The shareholders' meeting approves the proposal of the board of directors not to distribute any dividends over the year 2020.



3. Approval of the remuneration report for the financial year closed on December 31, 2020.





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# Information remuneration report

## **Fixed Compensation**

The fixed part of the remuneration compensates individual members as per market reference and in line with their level of skill and position within the group combined with the right behavior and living according to the group's guiding principles. In its meeting of August 25, 2020, the Board of Directors decided not to grant remuneration (partially) in shares for the ExCom nor to fix a minimum threshold of the amount of shares to be held by the ExCom, and this for 2020 and until further notice.



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# Information remuneration report

## Variable Compensation

### Short Term incentive

- The short-term variable compensation for the ExCom members consists of a target percentage of 45% of the fixed remuneration for the CEO and 40% of the fixed remuneration for the CFO-COO with a pay-out coefficient of 0% up to and including 300% depending on the achievement of the intended objectives.
- The variable compensation is linked for 75% to the financial results of the group (EBIT) and for 25% to individual performance contributing to the long-term sustainable growth of Tessenderlo Group.
- The personal modifier is linked to progress in strategy execution and business transformation within the group.



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# Information remuneration report

## Variable Compensation

### Long Term Incentive

- A new long-term incentive plan for key personnel was approved by the Board of Directors on March 12, 2019. This LTI plan covers a 3-year period (2019-2021), with pay out in April 2022, based on pre-set performance metrics of the Tessenderlo Group.
- The long-term variable compensation for the ExCom members consists of a target percentage of 45% of the fixed remuneration for the CEO and 40% of the fixed remuneration for the CFO-COO with a pay-out coefficient of 0% up to and including 200% depending on the achievement of the long-term objectives.
- 75% of the LTI is linked to Tessenderlo Group's Adjusted EBITDA, measured over the calendar years 2019, 2020 & 2021.
- 25% of the LTI is linked to the definition, roll-out & achievement of the different strategic initiatives & targets/goals within each of the different businesses.



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# Information remuneration report

## **Other compensation items:**

The benefits paid to the ExCom members include participation in the extra-legal pension plan from the defined contribution type, a hospitalization insurance, eco-cheques & representation allowance – all under the same conditions applicable to other members of senior management.

The ExCom members also benefit from certain other benefits such as a car allowance.

## **Agreements on severance pay:**

- The management agreement with the COO-CFO provides for a notice period of maximum 12 months.
- The management agreement with the CEO does not provide for a notice period. The CEO will therefore not be entitled to termination protection.



# Information remuneration report

Annual gross compensation earned by the ExCom<sup>1</sup> in 2020 is detailed below:

Component	Amount CEO	Amount COO-CFO
Fixed compensation (excluding Director fees) <sup>2</sup>	648,027 EUR	624,370 EUR
Variable compensation Short Term <sup>3/5</sup>	455,812 EUR	607,749 EUR
Variable compensation Long Term <sup>6</sup>	0 EUR	0 EUR
Pension <sup>3</sup>	87,029 EUR	23,657 EUR
Other benefits <sup>4</sup>	44,471 EUR	26,103 EUR
<b>Total (cost to the company)</b>	<b>1,235,339 EUR</b>	<b>1,281,879 EUR</b>

1. The ExCom is composed of the CEO (Luc Tack) and one executive Director (the COO-CFO), Stefaan Haspeslagh/Findar bv represented by Stefaan Haspeslagh.
2. Excluding social security contributions.
3. Pension Plan: annual service cost for 2020, as calculated by an actuary.
4. Other benefits include coverage for death, disability, work accident insurance, taxes (4.40%), meal vouchers, company car - all under the same conditions applicable to other members of senior management and the ruling approved by the Belgian tax authorities for representation allowance.
5. Short term incentive realization as proposed by the Nomination and Remuneration Committee of March 23, 2021.
6. No long-term incentive pay-out in 2020.



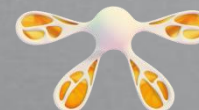
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# Proposed resolution

- The shareholders' meeting approves the remuneration report of the Company for the financial year closed on December 31, 2020.



## 4. Approval of the remuneration policy.



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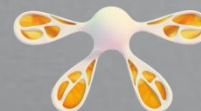
# Proposed resolution

- The shareholders' meeting approves the remuneration policy of the Company.





5. Discharge to the members of the board of directors and the statutory auditor.



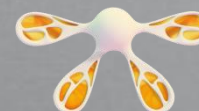
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# Proposed resolution

- a) By separate vote and in accordance with article 7:149 of the Belgian Code of Companies and Associations, the shareholders' meeting grants discharge to the members of the board of directors for the execution of their mandate during the financial year ended on December 31, 2020.
  
- b) By separate vote and in accordance with article 7:149 of the Belgian Code of Companies and Associations, the shareholders' meeting grants discharge to the statutory auditor for the execution of its mandate during the financial year ended on December 31, 2020.



## 6. (Re)Appointment of directors



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# Proposed resolution

- 6.1 a) The shareholders' meeting renews the appointment of ANBA bv, with permanent representative Mrs. Anne-Marie Baeyaert, as non-executive director for the statutory term of four years until the end of the ordinary general meeting approving the annual accounts for the financial year closed on December 31, 2024.
- 6.1 b) The shareholders' meeting acknowledges that, from the information made available to the Company, ANBA bv, with permanent representative Mrs. Anne-Marie Baeyaert, qualifies as an independent director according to the independence criteria provided for by article 7:87 of the Belgian Code of Companies and Associations and by provision 3.5 of the 2020 Belgian Corporate Governance Code and appoints her as independent director.



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# Proposed resolution

- 6.2 a) The shareholders' meeting renews the appointment of Management Deprez bv, with permanent representative Mrs. Veerle Deprez, as non-executive director for the statutory term of four years until the end of the ordinary general meeting approving the annual accounts for the financial year closed on December 31, 2024.
- 6.2 b) The shareholders' meeting acknowledges that, from the information made available to the Company, Management Deprez bv, with permanent representative Mrs. Veerle Deprez, qualifies as an independent director according to the independence criteria provided for by article 7:87 of the Belgian Code of Companies and Associations and by provision 3.5



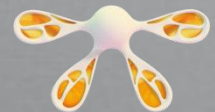
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# Proposed resolution

- 6.3 a) The shareholders' meeting appoints Mr. Wouter De Geest as non-executive director for a period of four years. His mandate will therefore end after the shareholders' meeting approving the annual accounts for the financial year closed on December 31, 2022.
- 6.3 b) The shareholders' meeting acknowledges that, from the information made available to the Company, Mr. Wouter De Geest qualifies as an independent director according to the independence criteria provided for by article 7:87 of the Belgian Code of Companies and Associations and by provision 3.5 of the 2020 Belgian Corporate Governance Code and appoints him as independent director.



## 7. Remuneration of the directors



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# Proposed resolution

- Upon advice of the nomination and remuneration committee, the shareholders' meeting resolves that each director will receive a fixed annual fee of EUR 27,500 on the understanding that this remuneration covers the activities as member of the board of directors, the audit committee and the nomination and remuneration committee. Moreover, the following additional fees will be granted :
  - a) An attendance fee of EUR 1000 per half day attendance;
  - b) an additional annual fee of EUR 72,500 for the chairman of the board of directors;
  - c) an additional annual fee of EUR 3,000 for the chairman of the audit committee.
- The above rules will be applicable to remunerations granted as from January 1, 2021.

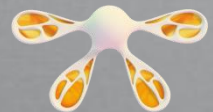




All documents related to the general meetings are available on the group website [www.tessengerlo.com](http://www.tessengerlo.com).

Alle documenten inzake de algemene vergaderingen kunnen worden geraadpleegd op onze website [www.tessengerlo.com](http://www.tessengerlo.com).

Tous les documents relatifs aux assemblées générales sont disponibles sur notre site internet [www.tessengerlo.com](http://www.tessengerlo.com).



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