

## **TESSENDERLO GROUP: HY21 RESULTS IN LINE WITH EXPECTATIONS**

### **1. KEY EVENTS FROM THE FIRST HALF OF 2021**

- In the first half of 2021, Tessenderlo Group filed 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 of 900 MW in Tessenderlo (Belgium). If successful in the CRM auction, the new power plant (which involves an investment of approximately 500 million EUR) should be operational by November 1, 2025.
- Within the Agro segment, Tessenderlo Kerley International will build a new Thio-Sul<sup>®</sup> (ammonium thiosulfate) manufacturing plant in Geleen (the Netherlands). With its second Thio-Sul<sup>®</sup> plant in Europe, Tessenderlo Kerley International is further expanding its local presence in the liquid fertilizer market for precision farming. Construction works on the new liquid fertilizer plant are planned to start in April 2022. The factory is scheduled to be operational from the second quarter of 2023.
- Meanwhile, Tessenderlo Kerley International continues to study major Thio-Sul<sup>®</sup> investments in the Eastern European/CIS region to support qualitative and productivity increases of agriculture in that region.
- In the first quarter of 2021, Tessenderlo Group created a new growth unit, “Violleau”, to support the growth of organic agricultural solutions in Europe. This growth unit will be part of the Bio-valorization segment.

### **After the balance date**

- In August 2021, the group reached an agreement to divest the MPR and ECS activities (Industrial Solutions segment). The divestment comprises the main assets of these activities. The yearly contribution of MPR/ECS to the group’s results was not significant. The sale is expected to be completed in the second half of 2021 and will lead to an insignificant result within EBIT adjusting items.
- In the third quarter of 2021, the business unit Mining & Industrial changed its name into Moleko (Industrial Solutions segment).

### **Update COVID-19:**

- In light of the latest developments concerning the corona pandemic, Tessenderlo Group continues to take all the necessary steps to ensure that we keep our people safe and keep our various plants and businesses running. All of the plants and activities are currently running in line with expectations and the impact of the COVID-19 pandemic on the condensed consolidated interim financial statements of the group in the first six months of 2020 and 2021 was not significant. Activities could be further impacted in the coming weeks or months if too many employees are affected by COVID-19 and/or if access to raw materials and auxiliary materials or means of transportation becomes more complicated, or if our customers are no longer able to process our products.

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

Note:

- The half year information has been subject to a review by external auditors. Reference is made to their independent auditor's review report in the interim report.

Million EUR	HY21	HY20	% Change excluding fx effect <sup>2</sup>	% Change as reported
Revenue	1,021.0	935.0	12.9%	9.2%
Adjusted EBITDA <sup>3</sup>	184.7	182.0	6.9%	1.5%
Adjusted EBIT <sup>4</sup>	119.4	116.3	9.8%	2.7%
Profit (+) / loss (-) for the period	97.3	86.1		13.0%
Total comprehensive income	121.6	76.5		59.0%
Capital expenditure	41.1	41.1		0.2%
Cash flow from operating activities	153.9	163.9		-6.1%
Operational free cash flow <sup>5</sup>	129.5	141.0		-8.2%
Operational free cash flow (excluding IFRS 16 Leases)	118.5	129.1		-8.2%
Net financial debt	117.8	239.9		-50.9%

## 2. REVENUE

HY21 revenue increased by +9.2% (or increased by +12.9% when excluding the foreign exchange effect) compared to the same period last year. Excluding the foreign exchange effect, the revenue of Industrial Solutions increased by +26.8% thanks to the performance of DYKA Group. Agro revenue increased by +9.6%, the revenue of Bio-valorization increased by +6.4% while T-Power revenue remained stable (+1.7%).

## 3. ADJUSTED EBITDA

The HY21 Adjusted EBITDA amounts to 184.7 million EUR compared to 182.0 million EUR one year earlier, which implies an increase by +1.5%. When excluding the impact of the foreign exchange effect, the Adjusted EBITDA increased by +12.5 million EUR (+6.9%) compared to prior year. The negative foreign exchange effect of -9.8 million EUR is mainly caused by the weakening of the USD compared to one year ago. The contribution to the Adjusted EBITDA of Industrial Solutions, when excluding the foreign exchange effect, increased by +18.0 million EUR (+72.8%), while a decrease by -1.8 million EUR (or -6.7%) could be noted in T-Power. The contributions of Bio-valorization (-1.7%) and Agro (-3.5%) were in line with last year.

## 4. NET FINANCIAL DEBT

As per HY21, group net financial debt decreased to 117.8 million EUR, compared to 201.3 million EUR as per year-end 2020. Leverage amounts to 0.4x as per HY21, compared to 0.6x as per year end 2020. As per HY21, group net financial debt decreased to 117.8 million EUR, compared to 201.3 million EUR as per year-end 2020. Leverage amounts to 0.4x as per HY21, compared to 0.6x as per year end 2020. HY21 net financial debt includes the payment, made during the first half of 2021, of a financial guarantee of 16.3 million EUR. Without this guarantee, net financial debt would have amounted to 101.6 million EUR. This financial guarantee, through a cash deposit, was paid to Elia (the Belgian transmission system operator) as part of the prequalification file leading to the potential participation in the Belgian CRM auction in September 2021 for the construction of a second gas-fired power station in Tessenderlo (Belgium). If not successful in the CRM auction, the guarantee is expected to be reimbursed before year-end.

<sup>2</sup> 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 HY21 result of foreign currency entities at the average exchange rate of HY20. The variance between this calculated result and the previous year result shows the effective result variance excluding any foreign exchange impact.

<sup>3</sup> Adjusted EBITDA equals Adjusted EBIT plus depreciation and amortization.

<sup>4</sup> Adjusted EBIT is considered by the group to be a relevant performance measure in order to compare results over the period 2020-2021 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.

<sup>5</sup> Operational free cash flow equals to Adjusted EBITDA minus capital expenditure minus change in trade working capital.



#### **5. PROFIT (+) / LOSS (-) FOR THE PERIOD**

The HY21 profit amounts to 97.3 million EUR compared to 86.1 million EUR in HY20. The profit was impacted by exchange gains and losses, mainly on non-hedged intercompany loans and cash and cash equivalents in USD. Excluding these exchange gains and losses, the profit for HY21 would have amounted to approximately 90 million EUR, compared to a result of approximately 93 million EUR in HY20.

#### **6. OPERATIONAL FREE CASH FLOW**

The HY21 operational free cash flow amounts to 129.5 million EUR, compared to 141.0 million EUR in HY20. The decrease can be explained by higher working capital needs (-14 million EUR in HY21), mainly linked to higher raw material costs and to the higher activity within Industrial Solutions, while its impact was immaterial in HY20.

### **Outlook**

The following statements are forward-looking and actual results may differ materially.

The group anticipates a continued high level of uncertainty in the second half of 2021 due to difficult supply chain circumstances and other challenges posed by 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 confirms its previous forecast that the 2021 Adjusted EBITDA is expected to be in line with the 2020 Adjusted EBITDA. This guidance already takes the expected negative foreign exchange effect in 2021, following the weakening of the USD, into account.

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

## OPERATING SEGMENTS PERFORMANCE REVIEW

GROUP KEY FIGURES - FOR THE SIX MONTH PERIOD ENDED JUNE 30				
Million EUR	HY21	HY20	% Change excluding fx effect	% Change as reported
<b>Revenue Group</b>	<b>1,021.0</b>	<b>935.0</b>	<b>12.9%</b>	<b>9.2%</b>
<b>Agro</b>	373.5	362.2	9.6%	3.1%
<b>Bio-valorization</b>	297.4	287.6	6.4%	3.4%
<b>Industrial Solutions</b>	314.9	250.6	26.8%	25.7%
<b>T-Power</b>	35.2	34.6	1.7%	1.7%
<b>Adjusted EBITDA Group</b>	<b>184.7</b>	<b>182.0</b>	<b>6.9%</b>	<b>1.5%</b>
<b>Agro</b>	75.2	84.5	-3.5%	-11.0%
<b>Bio-valorization</b>	41.8	45.3	-1.7%	-7.6%
<b>Industrial Solutions</b>	42.1	24.8	72.8%	70.1%
<b>T-Power</b>	25.6	27.4	-6.7%	-6.7%
<b>Adjusted EBIT Group</b>	<b>119.4</b>	<b>116.3</b>	<b>9.8%</b>	<b>2.7%</b>
<b>Agro</b>	59.8	69.3	-5.6%	-13.7%
<b>Bio-valorization</b>	24.5	28.1	-4.5%	-12.7%
<b>Industrial Solutions</b>	28.4	10.1	185.3%	181.7%
<b>T-Power</b>	6.7	8.9	-23.9%	-23.9%
<b>EBIT adjusting items</b>	1.9	4.2	-54.3%	-54.3%
<b>EBIT</b>	<b>121.3</b>	<b>120.5</b>	<b>6.4%</b>	<b>0.7%</b>

AGRO				
Million EUR	HY21	HY20	% Change excluding fx effect	% Change as reported
<b>Revenue</b>	373.5	362.2	9.6%	3.1%
<b>Adjusted EBITDA</b>	75.2	84.5	-3.5%	-11.0%
<b>Adjusted EBITDA margin</b>	20.1%	23.3%		
<b>Adjusted EBIT</b>	59.8	69.3	-5.6%	-13.7%
<b>Adjusted EBIT margin</b>	16.0%	19.1%		

When excluding the foreign exchange effect, revenue increased by +9.6%, thanks to an increase of volumes, which were also impacted by the start of the partnership agreement between Tessenderlo Kerley International and Kemira Oyj (Kemira), which was announced in 2020, under which Kemira produces premium SOP fertilizers (both standard and water-soluble grade) at its plant in Helsingborg (Sweden) and Tessenderlo Kerley International partially markets these products.

The Adjusted EBITDA, when excluding the foreign exchange effect, remained in line with prior year (-3.5%). The segment was significantly impacted by the increase of raw material prices, such as sulfur, and also by increased transportation costs. While the Adjusted EBITDA of Tessenderlo Kerley International remained stable, the Adjusted EBITDA of NovaSource increased thanks to higher volumes. The Adjusted EBITDA of Crop Vitality decreased as higher sales volumes were more than offset by lower margins.



<b>BIO-VALORIZATION</b>				
Million EUR	HY21	HY20	% Change excluding fx effect	% Change as reported
Revenue	297.4	287.6	6.4%	3.4%
Adjusted EBITDA	41.8	45.3	-1.7%	-7.6%
Adjusted EBITDA margin	14.1%	15.8%		
Adjusted EBIT	24.5	28.1	-4.5%	-12.7%
Adjusted EBIT margin	8.2%	9.8%		

Bio-valorization revenue, when excluding the foreign exchange effect, increased by +6.4%, mainly thanks to favorable market conditions and an improved product mix.

The Adjusted EBITDA slightly decreased to 41.8 million EUR (or remained stable when excluding the foreign exchange effect) as favorable market circumstances for fats and proteins were offset by lower margins of some gelatin products.

<b>INDUSTRIAL SOLUTIONS</b>				
Million EUR	HY21	HY20	% Change excluding fx effect	% Change as reported
Revenue	314.9	250.6	26.8%	25.7%
Adjusted EBITDA	42.1	24.8	72.8%	70.1%
Adjusted EBITDA margin	13.4%	9.9%		
Adjusted EBIT	28.4	10.1	185.3%	181.7%
Adjusted EBIT margin	9.0%	4.0%		

Industrial Solutions revenue, when excluding the foreign exchange effect, increased by +26.8%, mainly thanks to the increase of volumes and sales prices within DYKA Group. While HY20 DYKA Group volumes were negatively impacted by the corona pandemic, HY21 included the full HY contribution of the production plant in La Chapelle-Saint-Ursin in France, which was only acquired during HY20. Also, the growth of the product portfolio positively impacted DYKA Group sales volumes.

The Adjusted EBITDA increased to 42.1 million EUR or increased by +72.8% when excluding the foreign effect, being impacted by the increase of DYKA Group sales volumes, an improved product mix and a further increase of production efficiency based on investments made. The significant increase of raw material purchase costs was offset by timely pricing management. Also, the cessation of S8 Engineering had a positive impact on the HY21 evolution of the Adjusted EBITDA, while the Adjusted EBITDA of the other activities remained stable.

<b>T-POWER</b>				
Million EUR	HY21	HY20	% Change excluding fx effect	% Change as reported
Revenue	35.2	34.6	1.7%	1.7%
Adjusted EBITDA	25.6	27.4	-6.7%	-6.7%
Adjusted EBITDA margin	72.7%	79.3%		
Adjusted EBIT	6.7	8.9	-23.9%	-23.9%
Adjusted EBIT margin	19.2%	25.6%		

T-Power contributed 35.2 million EUR to the HY21 revenue and 25.6 million EUR to the HY21 Adjusted EBITDA of the Group. These results were in line with expectations, as T-Power fulfilled all tolling agreement requirements. The Adjusted EBITDA decrease was mainly due to the 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.

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AT JUNE 30, 2021

The group also published the 2021 interim report, which can be found on [www.tessenderlo.com](http://www.tessenderlo.com). The half year information has been subject to a review by external auditors. Reference is made to their independent auditor's review report in the interim report.

### CONDENSED CONSOLIDATED INCOME STATEMENT

Million EUR	HY21	HY20
<b>Revenue</b>	<b>1,021.0</b>	<b>935.0</b>
Cost of sales	-747.2	-665.8
<b>Gross profit</b>	<b>273.8</b>	<b>269.2</b>
Distribution expenses	-60.4	-56.6
Sales and marketing expenses	-30.1	-29.7
Administrative expenses	-54.1	-55.5
Other operating income and expenses	-9.8	-11.0
<b>Adjusted EBIT</b>	<b>119.4</b>	<b>116.3</b>
EBIT adjusting items	1.9	4.2
<b>EBIT (Profit (+) / loss (-) from operations)</b>	<b>121.3</b>	<b>120.5</b>
Finance (costs) / income - net	2.1	-12.3
Share of result of equity accounted investees, net of income tax	0.2	-1.2
<b>Profit (+) / loss (-) before tax</b>	<b>123.7</b>	<b>106.9</b>
Income tax expense	-26.4	-20.9
<b>Profit (+) / loss (-) for the period</b>	<b>97.3</b>	<b>86.1</b>
Attributable to:		
- Equity holders of the company	97.3	86.1
- Non-controlling interest	-0.0	-0.1
Basic earnings per share (EUR)	2.26	2.00
Diluted earnings per share (EUR)	2.26	2.00

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Million EUR	HY21	HY20
<b>Profit (+) / loss (-) for the period</b>	<b>97.3</b>	<b>86.1</b>
Translation differences	9.4	-2.0
Net change in fair value of derivative financial instruments, before tax	1.1	-0.2
Share in other comprehensive income of joint ventures accounted for using the equity method	-	-0.1
Other movements	-0.0	-0.0
Income tax on other comprehensive income	-0.3	0.1
<b>Items of other comprehensive income that are or may be reclassified subsequently to profit or loss</b>	<b>10.2</b>	<b>-2.2</b>
Remeasurements of the net defined benefit liability, before tax	15.2	-7.6
Income tax on other comprehensive income	-1.0	0.2
<b>Items of other comprehensive income that will not be reclassified subsequently to profit or loss</b>	<b>14.2</b>	<b>-7.3</b>
<b>Other comprehensive income, net of income tax</b>	<b>24.4</b>	<b>-9.6</b>
<b>Total comprehensive income</b>	<b>121.6</b>	<b>76.5</b>
Attributable to:		
- Equity holders of the company	121.6	76.6
- Non-controlling interest	0.0	-0.1

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Million EUR	30/06/2021	31/12/2020
<b>ASSETS</b>		
<b>Total non-current assets</b>	<b>1,117.4</b>	<b>1,105.9</b>
Property, plant and equipment	869.9	862.2
Goodwill	31.7	33.4
Intangible assets	120.9	135.6
Investments accounted for using the equity method	20.9	20.0
Other investments and guarantees	27.8	10.3
Deferred tax assets	30.8	32.2
Trade and other receivables	15.5	12.3
<b>Total current assets</b>	<b>940.8</b>	<b>860.5</b>
Inventories	287.3	332.1
Trade and other receivables	350.8	270.8
Current tax assets	1.3	7.5
Derivative financial instruments	0.0	0.0
Short term investments	40.0	20.0
Cash and cash equivalents	261.4	230.1
<b>Assets classified as held for sale</b>	<b>3.7</b>	<b>-</b>
<b>Total assets</b>	<b>2,062.0</b>	<b>1,966.4</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Total equity</b>	<b>1,025.7</b>	<b>904.1</b>
<b>Equity attributable to equity holders of the company</b>	<b>1,024.6</b>	<b>903.0</b>
Issued capital	216.2	216.2
Share premium	238.0	238.0
Reserves and retained earnings	570.4	448.8
<b>Non-controlling interest</b>	<b>1.2</b>	<b>1.1</b>
<b>Total liabilities</b>	<b>1,036.3</b>	<b>1,062.3</b>
<b>Total non-current liabilities</b>	<b>660.7</b>	<b>700.6</b>
Loans and borrowings	373.2	385.1
Employee benefits	59.6	67.6
Provisions	134.1	141.8
Trade and other payables	4.3	14.5
Derivative financial instruments	22.9	25.3
Deferred tax liabilities	66.6	66.3
<b>Total current liabilities</b>	<b>375.3</b>	<b>361.6</b>
Bank overdrafts	0.0	0.0
Loans and borrowings	46.0	66.2
Trade and other payables	300.8	269.9
Derivative financial instruments	10.4	11.8
Current tax liabilities	3.6	2.4
Employee benefits	0.7	0.9
Provisions	13.8	10.4
<b>Liabilities associated with assets classified as held for sale</b>	<b>0.2</b>	<b>-</b>
<b>Total equity and liabilities</b>	<b>2,062.0</b>	<b>1,966.4</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Million EUR	30/06/2021	30/06/2020
<b>OPERATING ACTIVITIES</b>		
<b>Profit (+) / loss (-) for the period</b>	<b>97.3</b>	<b>86.1</b>
Depreciation, amortization and impairment losses on tangible assets and intangible assets	65.3	66.1
Changes in provisions	-4.6	-3.1
Finance (costs) / income - net	-2.1	12.3
Loss / (profit) on sale of non-current assets	-1.1	-4.6
Share of result of equity accounted investees, net of income tax	-0.2	1.2
Income tax expense	26.4	20.9
Other non-cash items	-1.5	-1.9
Changes in inventories	51.8	41.2
Changes in trade and other receivables	-76.1	-34.8
Changes in trade and other payables	15.8	-1.1
Change in accounting estimates - inventory write off	-1.3	2.4
Net change in emission allowances recognized within intangible assets	1.4	-1.8
Revaluation electricity forward contracts	0.1	-0.4
Bargain purchase recognized following the acquisition of the activities of DYKA Tube SAS	-	-2.7
<b>Cash generated from operations</b>	<b>171.0</b>	<b>179.5</b>
Income tax paid	-17.2	-15.7
Dividends received	0.1	0.1
<b>Cash flow from operating activities</b>	<b>153.9</b>	<b>163.9</b>
<b>INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment and intangible assets	-41.1	-41.1
Acquisition of investments accounted for using the equity method	-	-2.0
Acquisition of subsidiary, net of cash acquired	-	-5.7
Cash deposit paid for prequalification CRM auction (T-Power)	-16.3	-
Proceeds from the sale of property, plant and equipment	0.6	5.1
Proceeds from the sale of subsidiaries, net of cash disposed of	-	-0.1
Increase in short term investments	-40.0	-
Decrease in short term investments	20.0	-
<b>Cash flow from investing activities</b>	<b>-76.8</b>	<b>-43.8</b>
<b>FINANCING ACTIVITIES</b>		
Payment of lease liabilities	-10.5	-11.5
Reimbursement of borrowings	-33.9	-26.4
Interest paid	-4.3	-4.9
Interest received	0.2	0.3
Other finance costs paid	-0.5	-0.8
Decrease/(increase) of long-term receivables	2.7	0.0
Dividends paid to non-controlling interests	-	-0.0
<b>Cash flow from financing activities</b>	<b>-46.3</b>	<b>-43.2</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>30.8</b>	<b>76.9</b>
Effect of exchange rate differences	0.6	-0.5
Cash and cash equivalents less bank overdrafts at the beginning of the period	230.0	154.4
Cash and cash equivalents less bank overdrafts at the end of the period	261.4	230.7





## 7. FINANCIAL CALENDAR

2021 results

March 24, 2022

### Agenda for August 26, 2021

3pm CET/2pm UK - conference call and webcast for analysts and investors.

Registration details are available at: [www.tessenderlo.com](http://www.tessenderlo.com).

### ***About Tessenderlo Group***

*Tessenderlo Group is a diversified industrial group that focuses on agriculture, valorizing bio-residuals, energy, and providing industrial solutions with a focus on water. The group employs approximately 4,800 people, is a leader in most of its markets and recorded a consolidated revenue of 1.7 billion EUR in 2020. Tessenderlo Group is listed on Euronext Brussels and is part of Next 150 and BEL Mid indices. Financial News wires: Bloomberg: TESB BB – Reuters: TESB.BR – Datastream: B:Tes.*

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