



# Tereos Group 2016/17 Results & Prospects

June 22nd, 2017

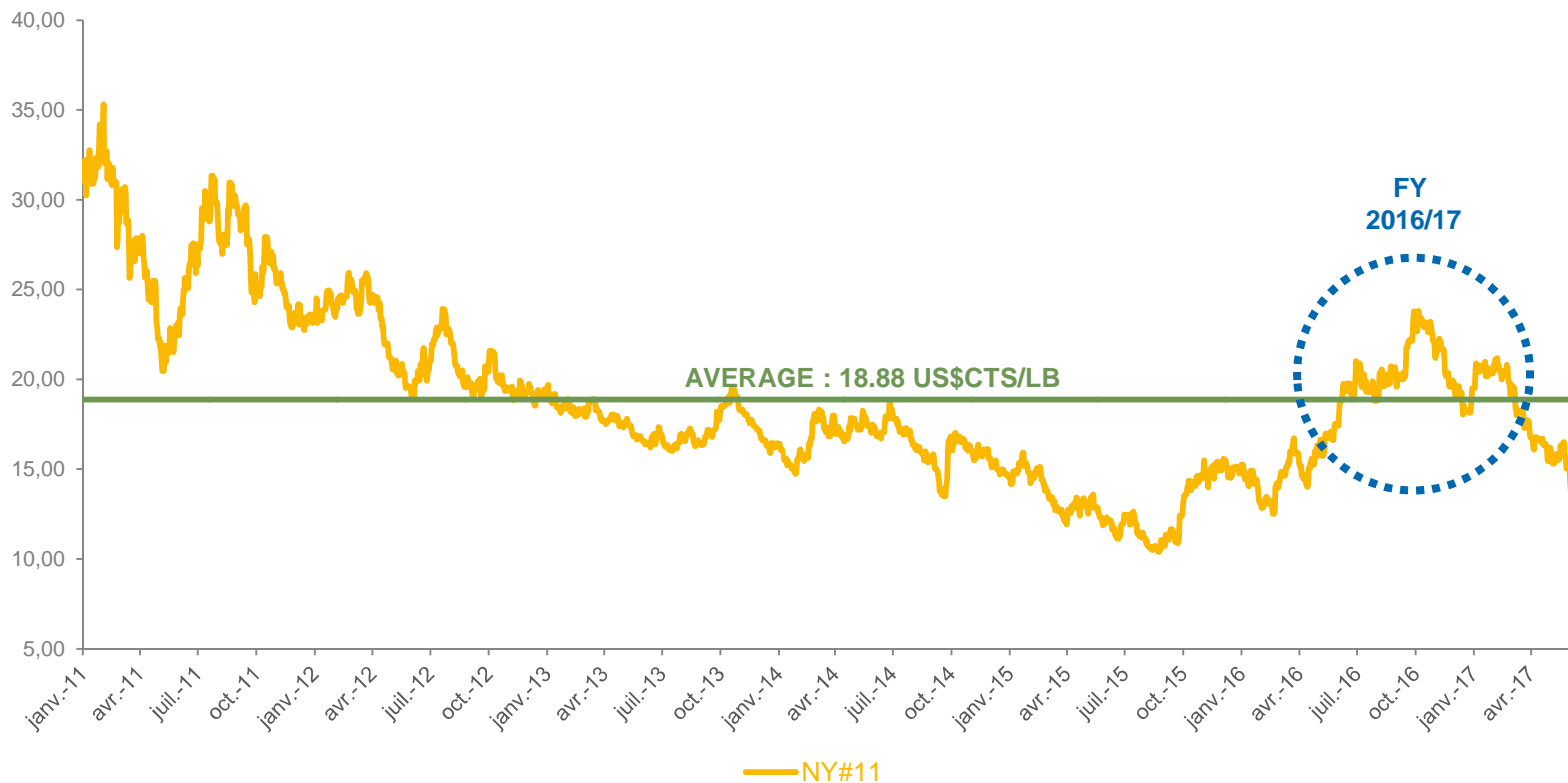
The background of the slide is a photograph of a field of tall, green grasses in the foreground, slightly out of focus. In the distance, there are industrial structures, including two large white cylindrical tanks with ladders and a tall tower. The sky is blue with some light clouds.

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# 2016/17 Environment & Results

# FY2016/17: a world environment globally favorable

## WORLD SUGAR PRICE (US\$CTS/LB)

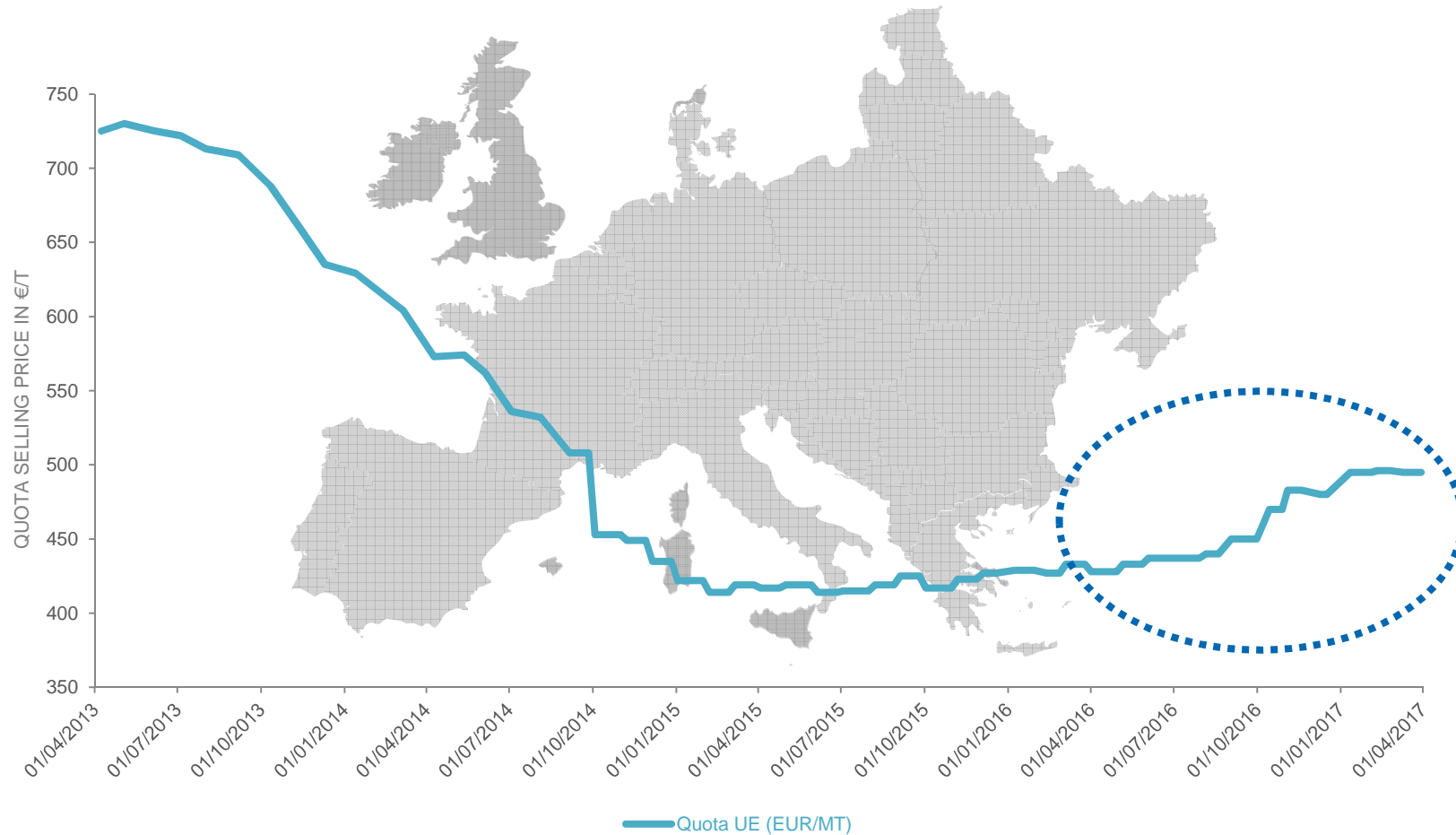


Source : Bloomberg



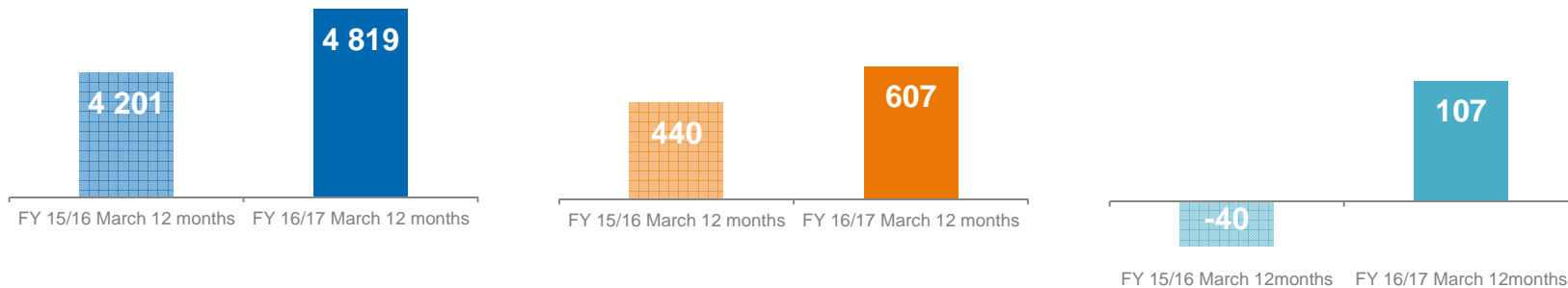
# A slight improvement in Europe

## Average quota sugar price within the EU



Source : European commission

# Operating results up by 38%



**4 819 M€**  
Revenues

- Increase by **14.7%** at current exchange rate
- Increase by **13.7%** at constant exchange rate

**607 M€**  
Adjusted EBITDA

- Increase by **38%** at current exchange rate
- Increase by **32%** at constant exchange rate
- **12.6 %** margin (+2.1 pts)

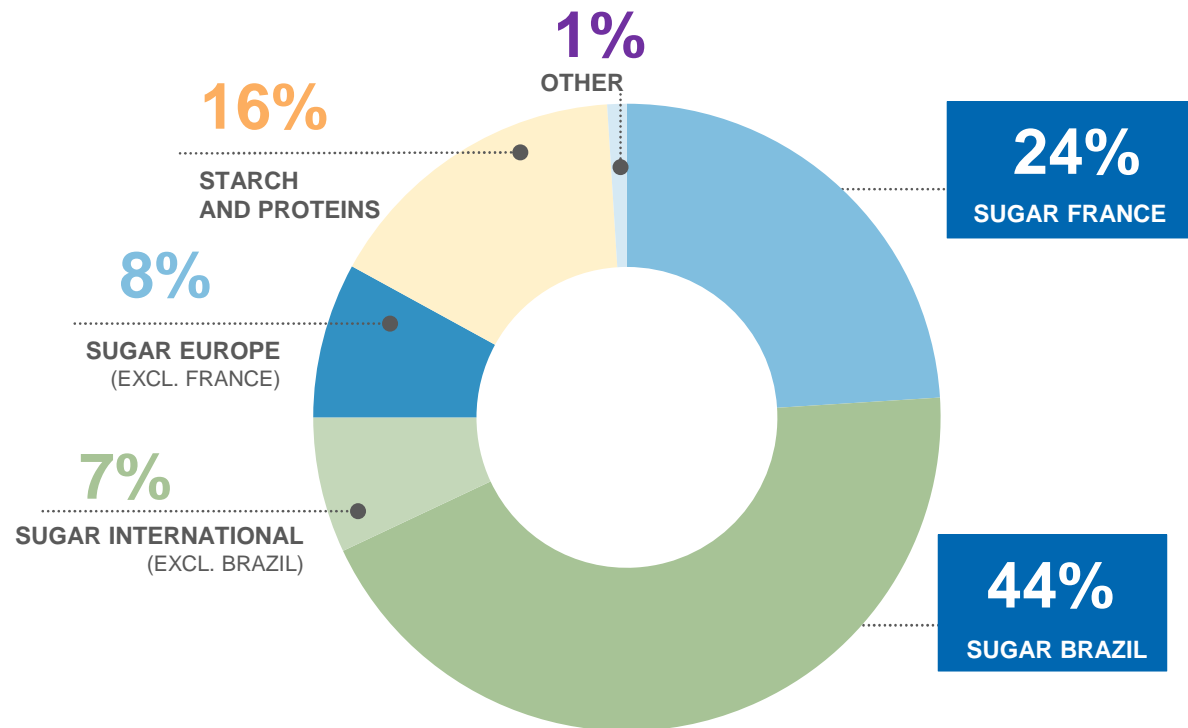
**107 M€**  
Net result after price complements

# Results proving the relevance of the **Group development strategy...**

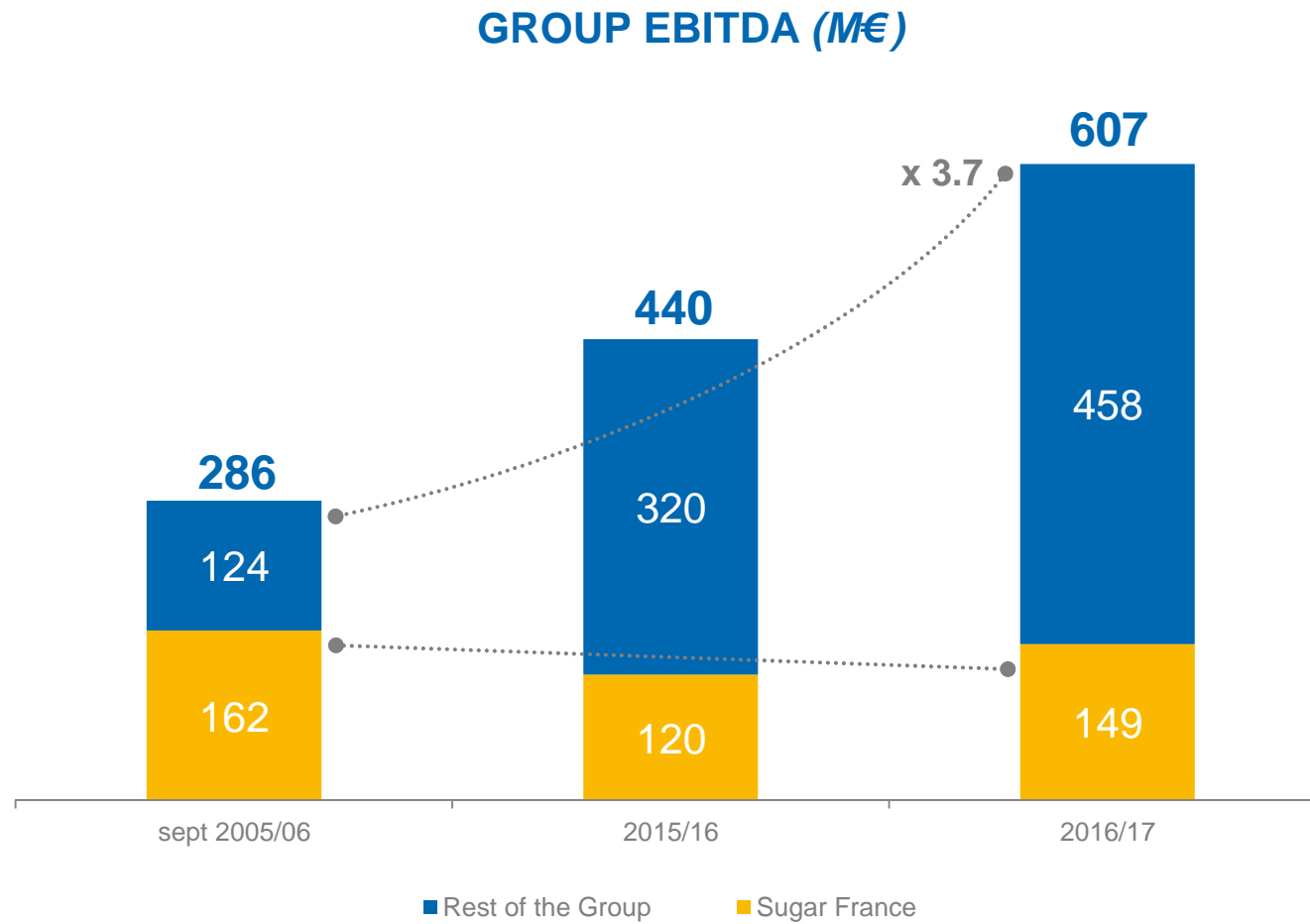
## 2016/17 ADJUSTED EBITDA BY ACTIVITY



**75%**  
of operational results  
=  
Sugar activities  
outside France  
+ Starch & Sweeteners



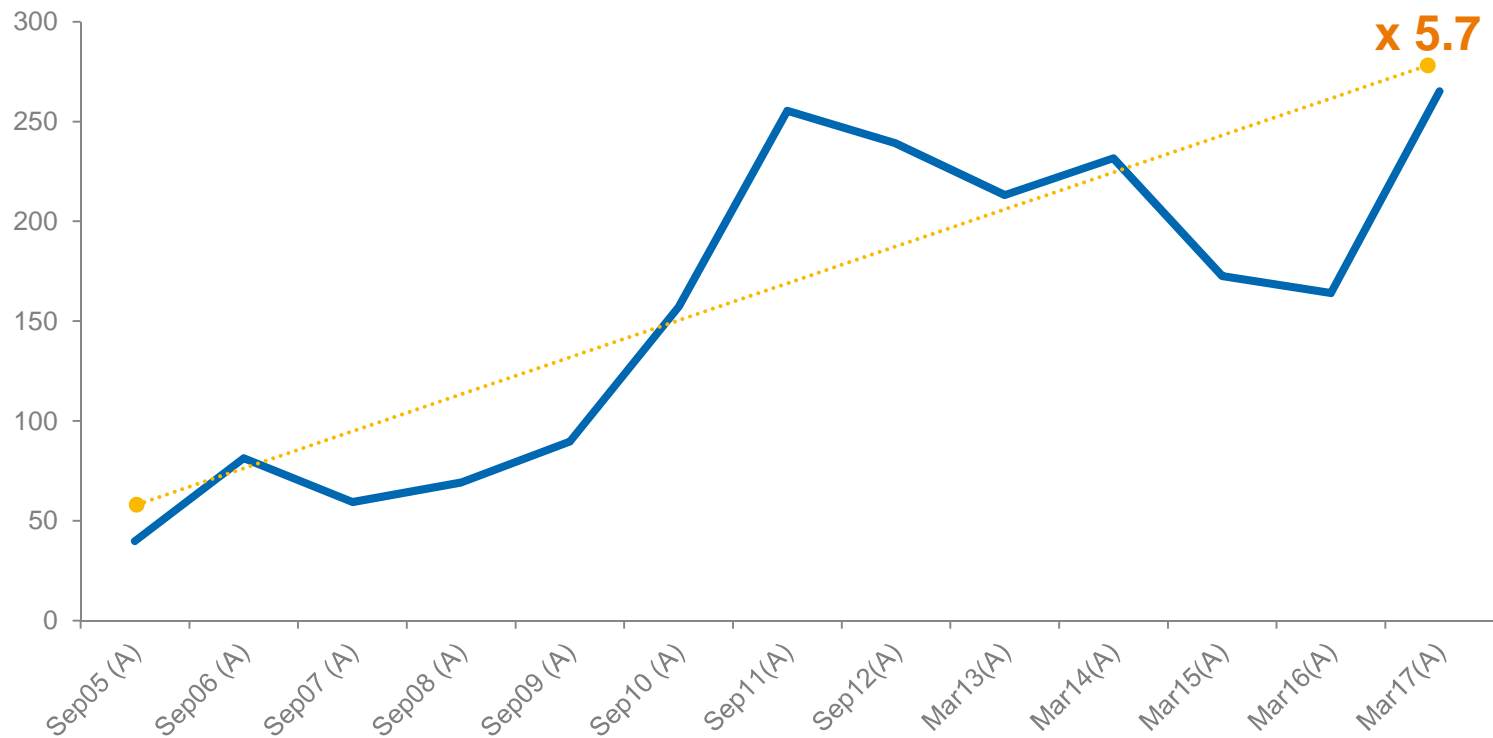
# A strong result growth derived from its development



Source :

# ...historic results in Brazil

TEREOS SUGAR BRAZIL EBITDA (M€)



Source :





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# 2016/17 Financials

# Group P&L

P&L Tereos Group M€	FY 15/16	FY 16/17	var vs PF*	
	PF*		M€	%
<b>Revenues</b>	<b>4 201</b>	<b>4 819</b>	<b>618</b>	<b>14,7%</b>
<b>Adj. EBITDA</b>	<b>440</b>	<b>607</b>	<b>168</b>	<b>38%</b>
<i>Adj. EBITDA Margin</i>	10,5%	12,6%		
<b>EBIT (after price complements)</b>	<b>94</b>	<b>237</b>	<b>143</b>	<b>153%</b>
<i>EBIT Margin</i>	2,2%	4,9%		
Financial Result	-103	-102	1	-1%
Corporate income tax	-36	-54	-18	50%
Share of profit of associates	6	25	20	355%
<b>Net Results</b>	<b>-40</b>	<b>107</b>	<b>146</b>	<b>na</b>

\* Proforma = IAS 41 Revised on Biological assets

# Revenue

Revenue M€	FY 15/16	FY 16/17	var	
			M€	%
Sugar Europe	1 760	1 861	101	5,7%
Sugar International	1 066	1 317	251	23,6%
Starch & Sweeteners	1 509	1 498	-11	-0,7%
Others (incl. Elim)	-133	144	277	na
<b>Tereos Group</b>	<b>4 201</b>	<b>4 819</b>	<b>618</b>	<b>14,7%</b>

\* Proforma = IAS 41 Revised on Biological assets

Positive Forex impact: 41M€  
Variation at constant exchange rate: +13.7%

## Sugar Europe

- Higher sugar prices
- Production mix oriented towards sugar

## Sugar International

- World sugar and Brazilian ethanol prices increase
- Product mix orientation towards sugar
- Positive forex impact

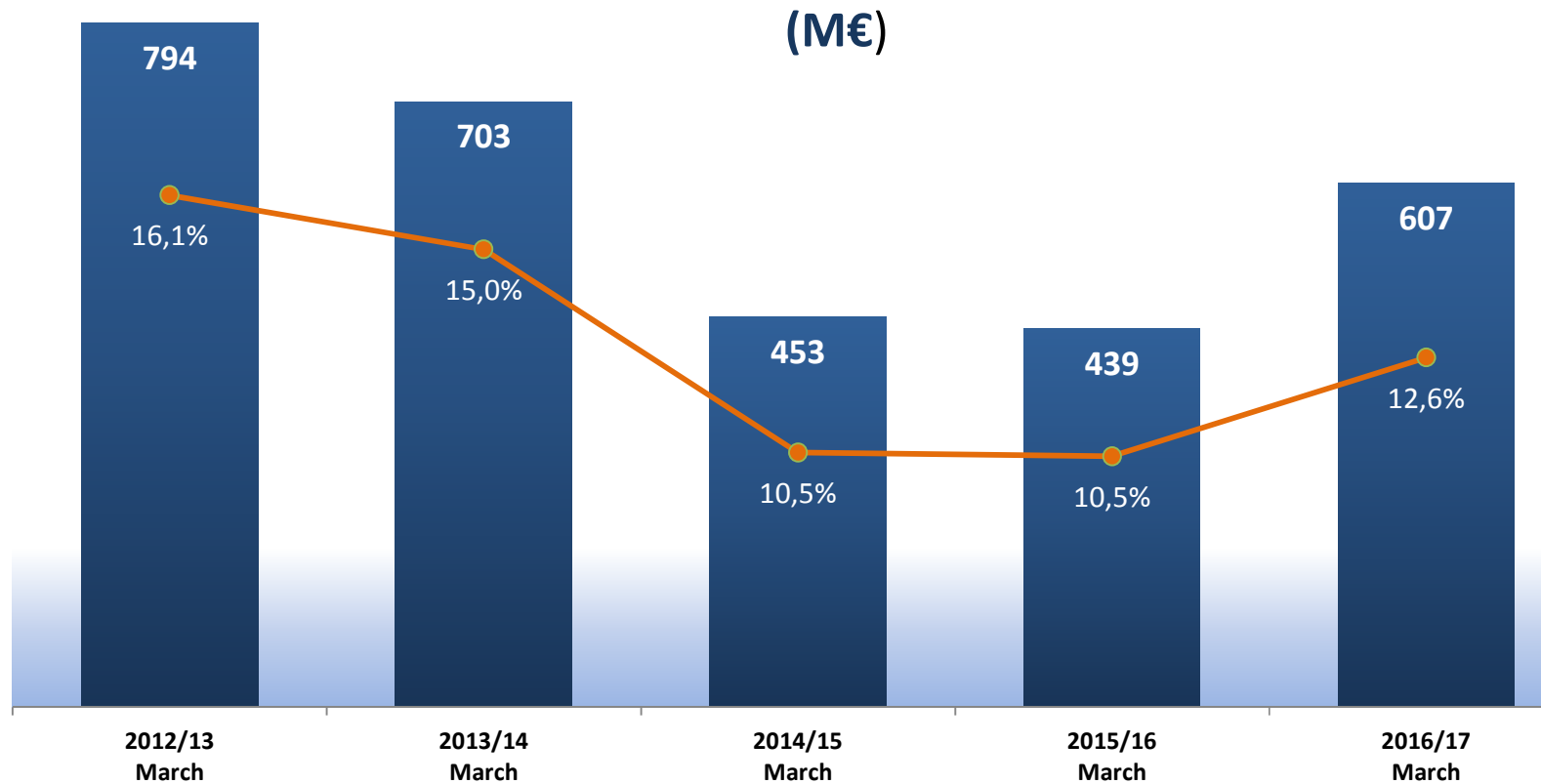
## Starch & Sweeteners

- Volume decrease in Europe due to poor quality of French wheat crop
- Volume increase in Brazil and Indonesia

## Others

- Ramp-up of Tereos Commodities Sugar

# Adjusted EBITDA and margin



# Adjusted EBITDA

Adj EBITDA M€	FY 15/16	FY 16/17	var vs PF*	
	PF*		M€	%
Sugar Europe	146	195	49	34%
Sugar International	207	310	103	50%
Starch & Sweeteners	92	94	3	3%
Others (incl. Elim)	-5	8	12	na
<b>Tereos Group</b>	<b>440</b>	<b>607</b>	<b>168</b>	<b>38%</b>

\* Proforma = IAS 41 Revised on Biological assets

Positive Forex impact: 25M€  
Variation at constant exchange rate: +33%

## Sugar Europe

- Increase of sugar prices in the second half of fiscal year
- Optimization of sugar/ethanol mix
- Operational performance plan benefits

## Sugar International

- Favorable world Sugar and Brazilian Ethanol price impact
- Optimization of sugar/ethanol mix
- Operational performance plan benefits especially in Brazil
- Broadly stable contribution from Indian Ocean and Africa

## Starch & Sweeteners

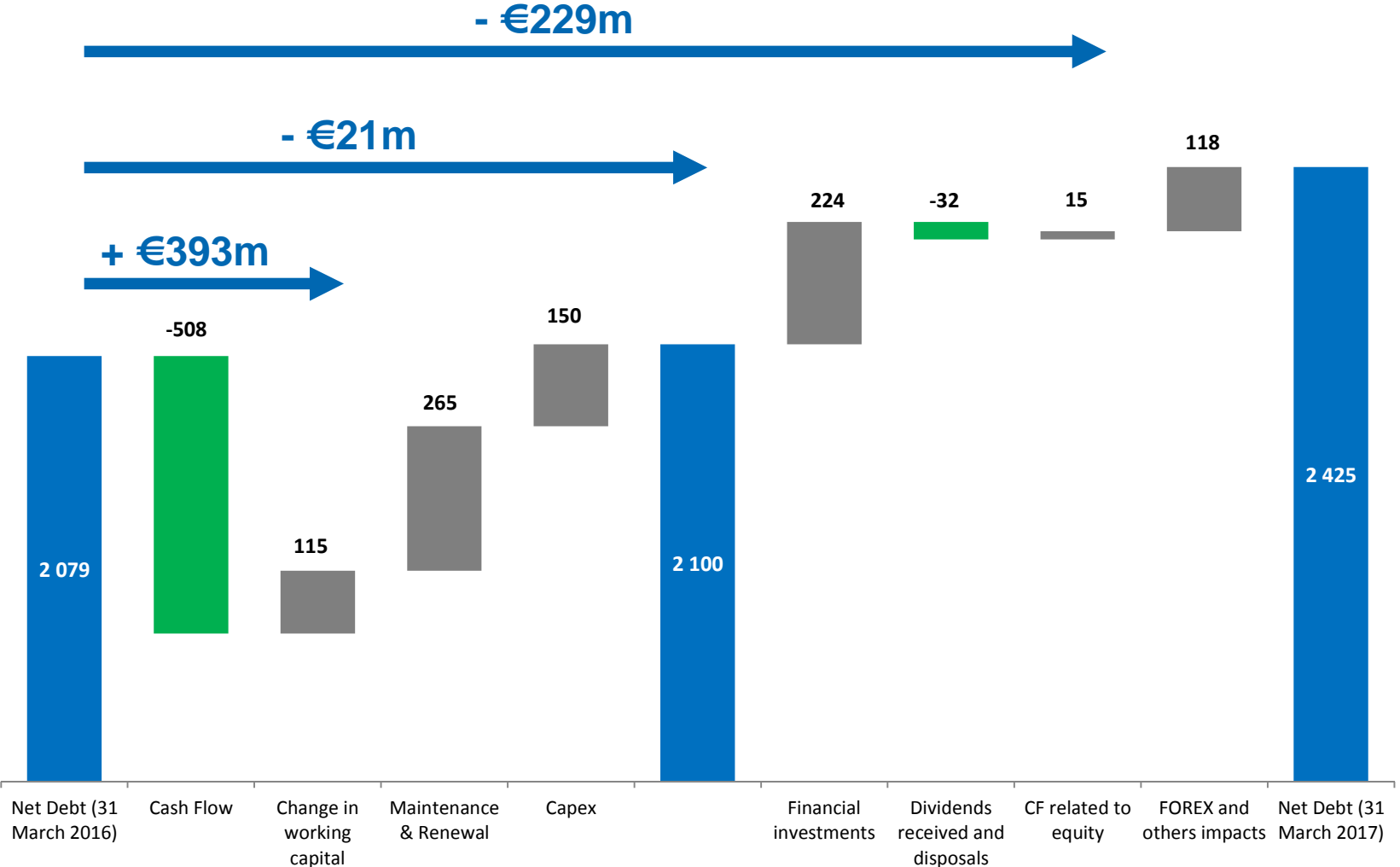
- Sustained price levels in Europe
- Productivity plans and lower energy price
- Industrial yields strongly impacted by poor quality of wheat in France
- Benefits of volume growth in emerging markets

# Investments

Investments excl. Financial M€	FY 15/16 Act.	FY 16/17 Act.	Act vs LY
Sugar Europe	91	115	24
Sugar International	161	216	55
Starch and Sweeteners	57	82	26
Others	1	2	1
<b>TOTAL Investments exd. Fin</b>	<b>309</b>	<b>414</b>	<b>105</b>
Maintenance & Renewal	221	265	43
CAPEX	88	150	62
<b>TOTAL Investments exd. Fin.</b>	<b>309</b>	<b>414</b>	<b>105</b>
<b>Financial investments</b>	<b>147</b>	<b>229</b>	<b>82</b>

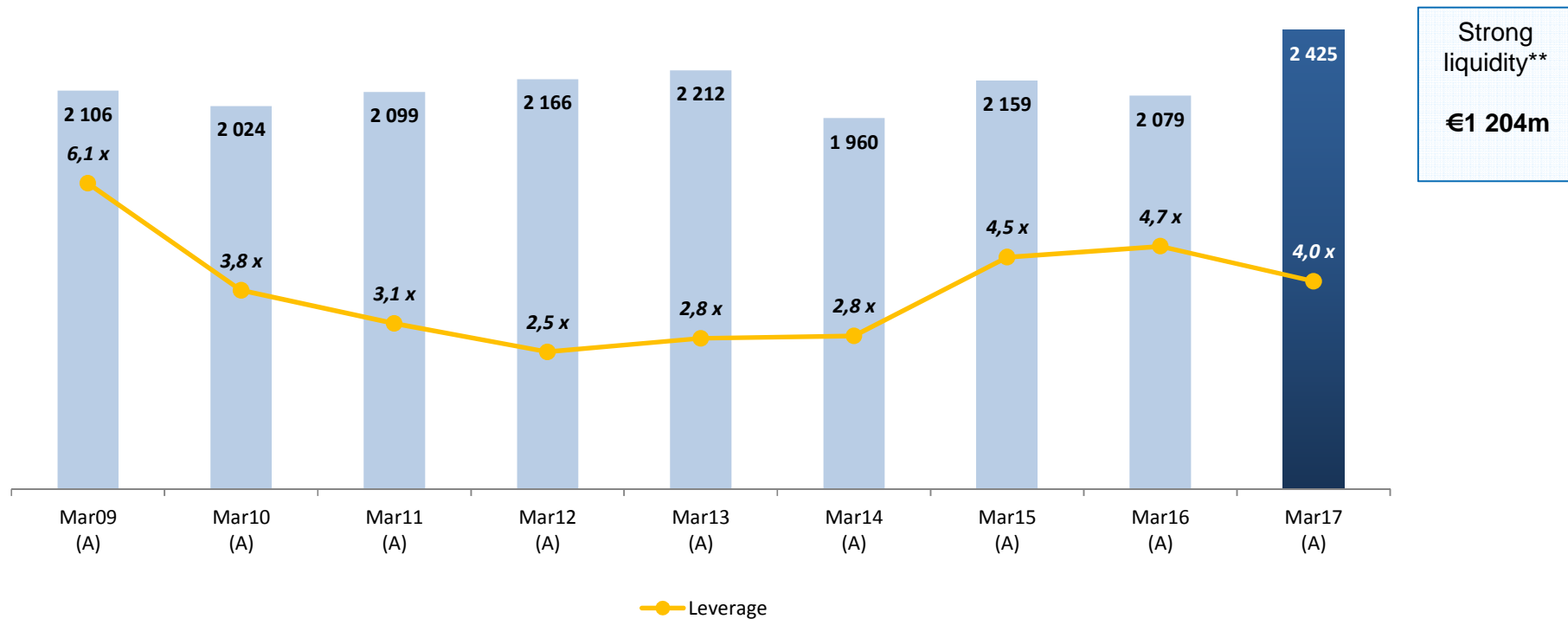
- CAPEX
  - Finalization of investments to prepare the end of European sugar regime
  - Capacity debottlenecking and sugar mix improvement in Sugar Brazil
  - Investments in S&S division to support performance plan
- Maintenance and renewal
  - Investments increase mainly in Brazil to support own cane expansion
- Financial Investments
  - Petrobras stake in Guarani (€197 million), minority shares in Tereos International (€26 million)

# Group cash flow and net debt



# Leverage

## Net debt evolution (M€)

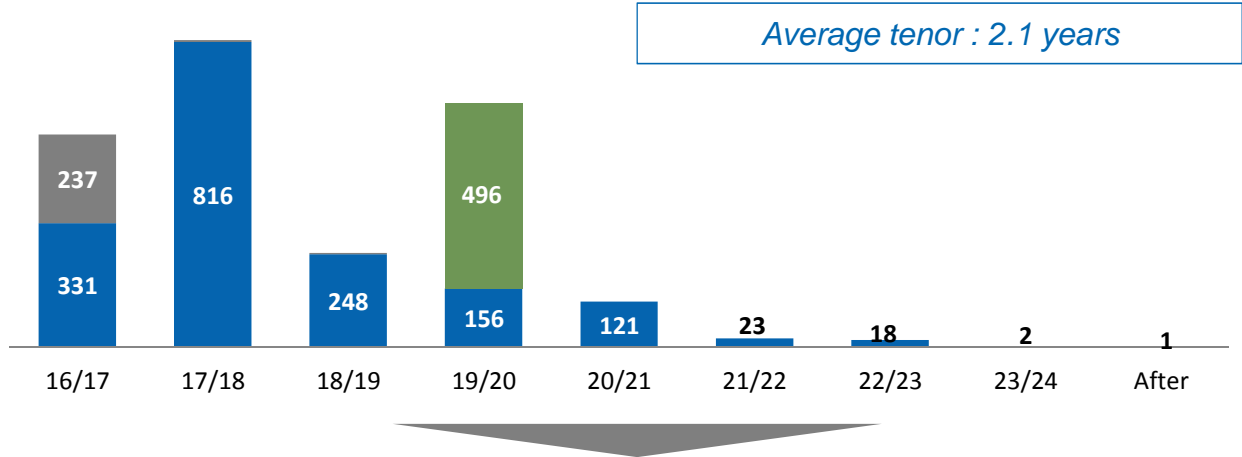


(\*) Defined as net debt / adjusted EBITDA (\*\*) Defined as cash & cash equivalent plus undrawn credit lines as at 31<sup>st</sup> March, 2017

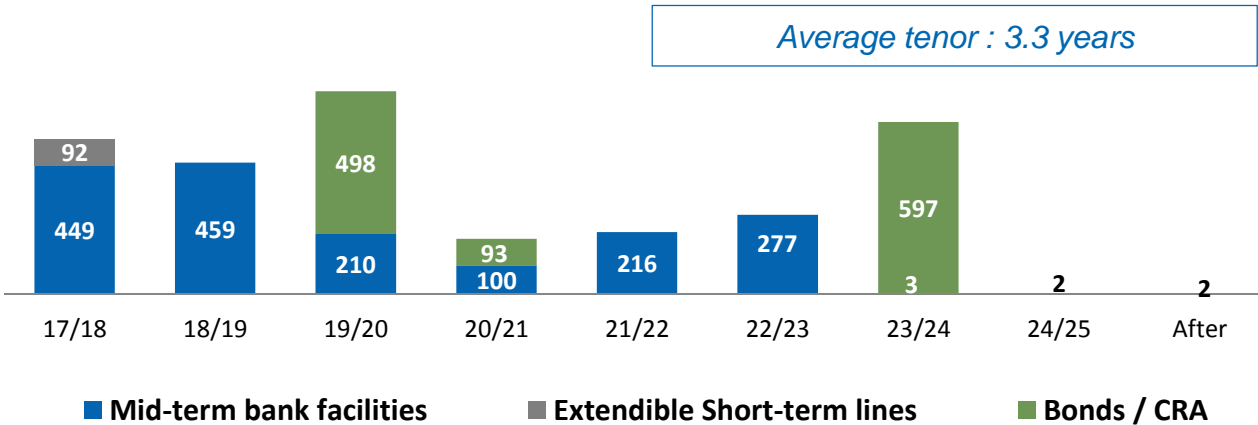


# Debt maturity profile and diversity

**Debt amortization schedule as of March 2016 (M€)**




**Debt amortization schedule as of March 2017 pro forma\* the refinancing (M€)**



(\* New €450m 5-years RCF for Tereos Sugar France and R\$ 313m securitization ("CRA") for Tereos Sugar&Ethanol Brazil

# Group ratings

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<b>Group rating</b>	BB/Stable	BB/Stable
<b>Rating Bond 2020</b>	BB	BB
<b>Rating Bond 2023</b>	BB	BB
<b>Last change</b>	Outlook stable Reaffirmed on June 2017	Outlook stable Reaffirmed on 07/06/2017

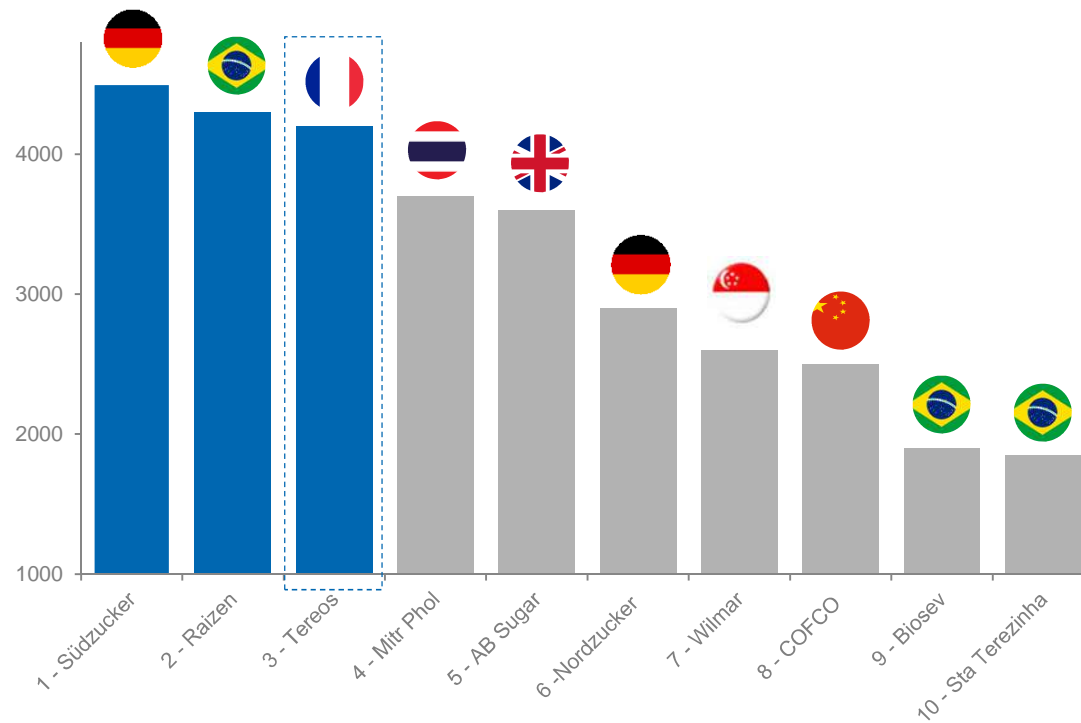
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# Sugar & Sweeteners

STAKES & OUTLOOK

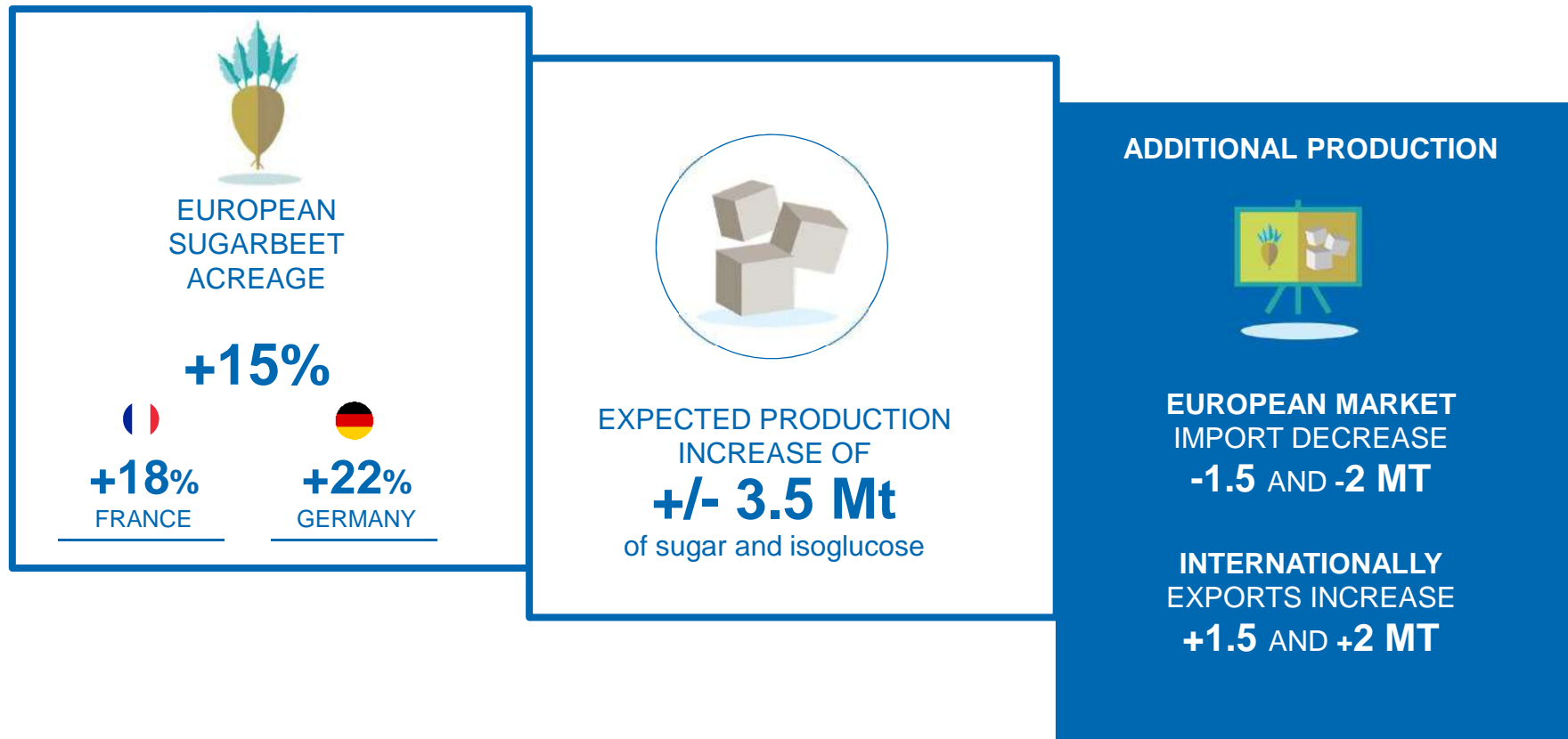
# Tereos : the world's 3<sup>rd</sup> largest sugar group in 2017

## RANKING OF WORLD SUGAR PRODUCTION BY COMPANY (1 000 TONNES GROSS VALUE - 2016/17)



Source : FO Licht – May 2017

# End of quotas : Europe to become net exporter again in 2017



# **Tereos** : a sugarbeet incentive system tailored to the reform's stakes

**A guaranteed minimum price  
for 2017 and 2018 campaigns:  
25 €/tonne**

**Advantages significantly beyond base revenue:  
more than 450€/ha  
on average over the last 10 years**

## **SIGNIFICANT TEREOS ADVANTAGES BEYOND BASE PRICE**

Sugarbeet transportation costs **covered by Tereos**

Sugar content scale **more generous** for higher contents

**Financial support** for a portion of costs of crop protection measures

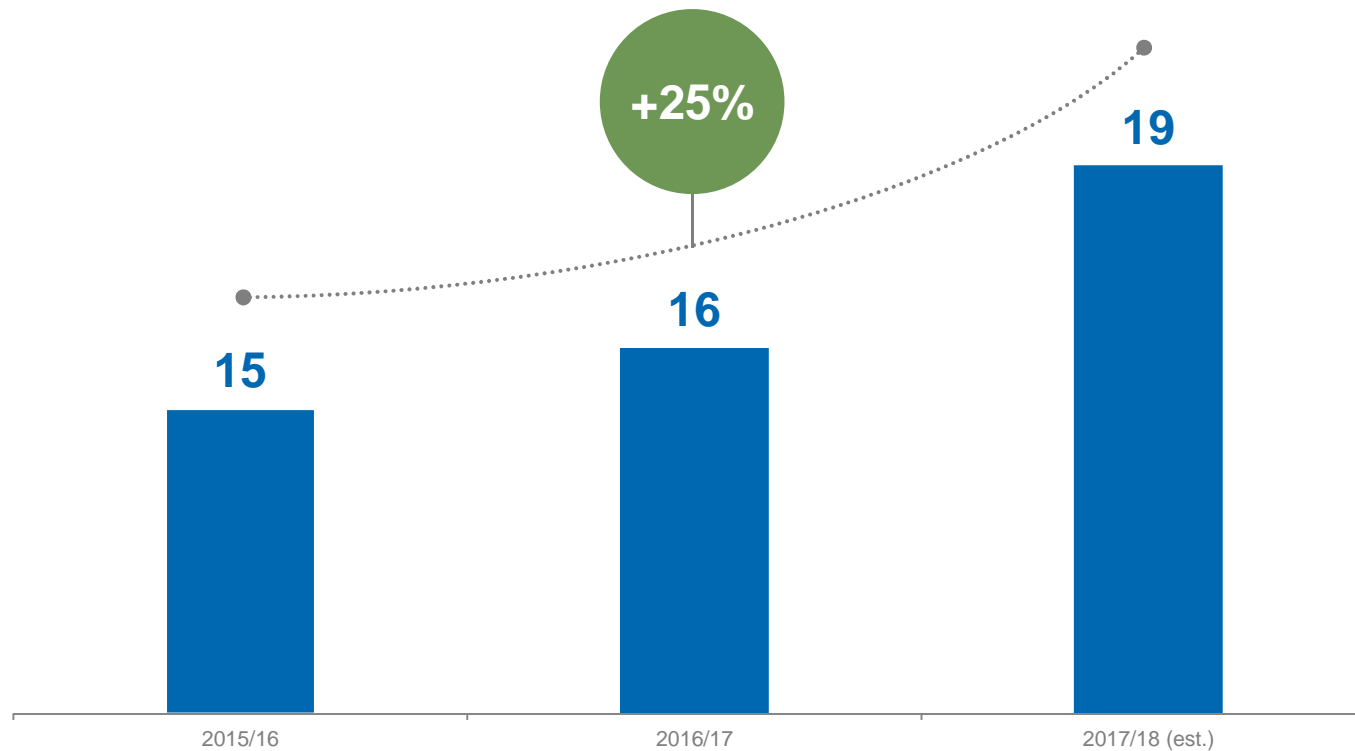
**Financial support** for a part of road maintenance costs

Significant support for long-term campaigns :  
**€11 million**

# Tereos : sugarbeet tonnage up by 25%

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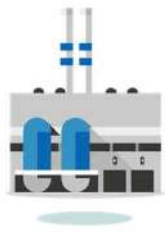
## SUGARBEET TONNAGE PROCESSED IN FRANCE (MT)



Source :

# Tereos : unprecedented industrial productivity efforts in Europe

## FORECAST DECREASE OF TEREOS PRODUCTION COST IN FRANCE

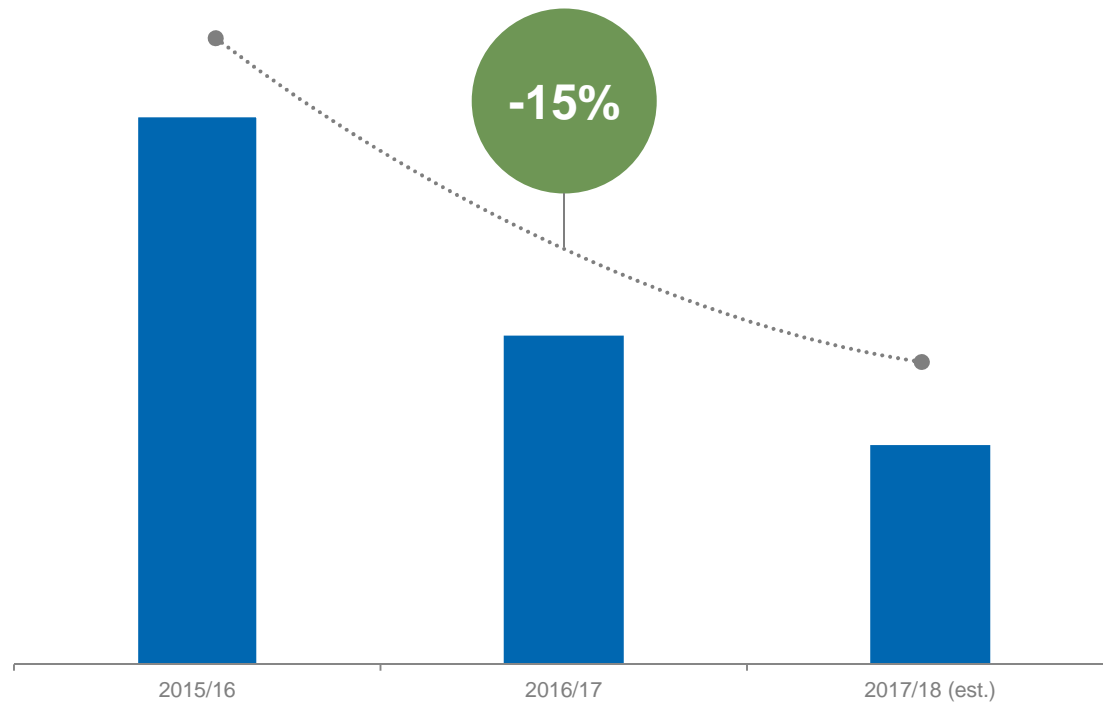


PLANT INVESTMENT AND  
MODERNIZATION PLAN

**600 M€**  
OVER 4 YEARS

TEREOS INDUSTRIAL  
EMPLOYMENT IN FRANCE

**+ 30%**  
OVER THE LAST 7 YEARS

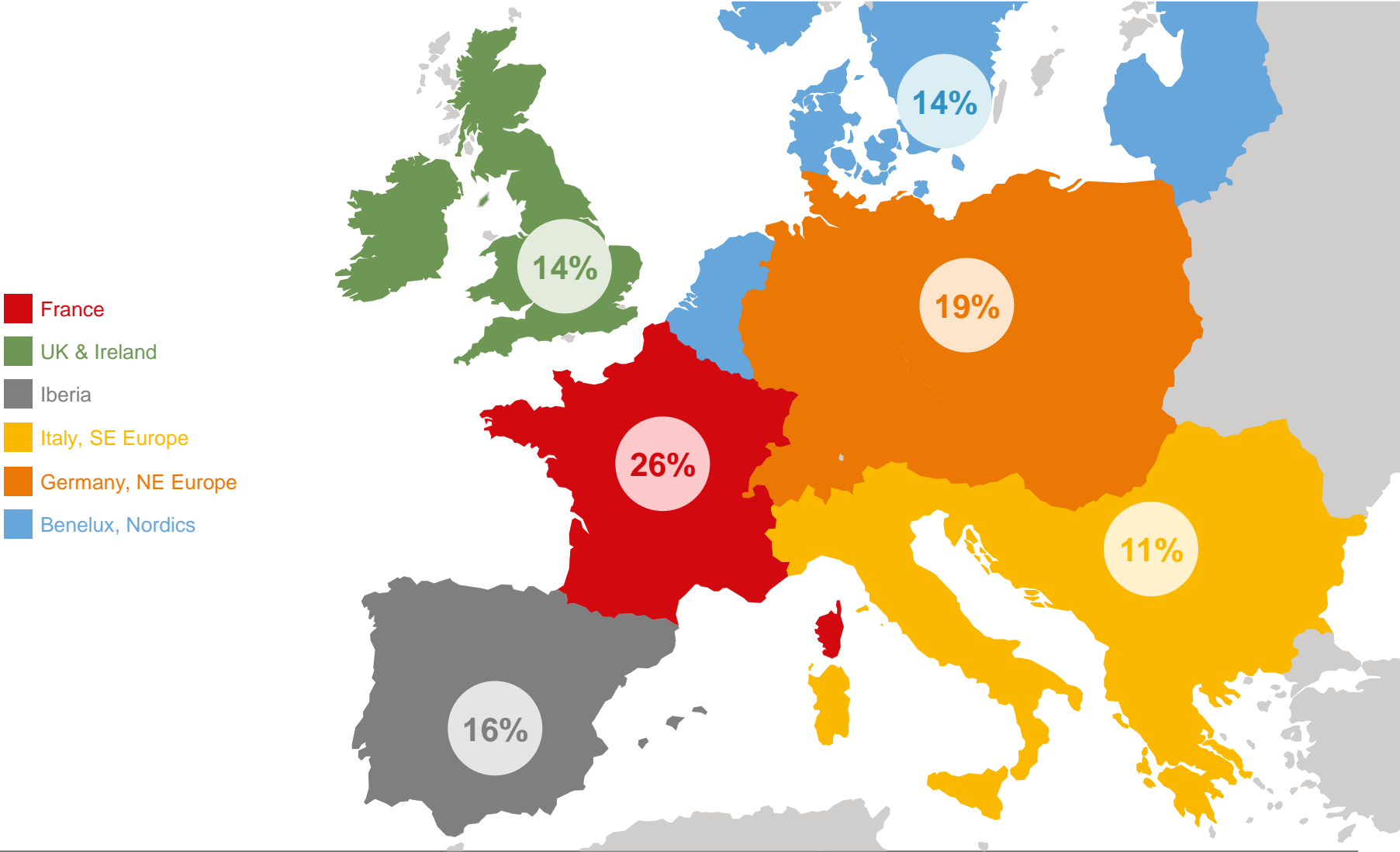


Source :



# Balanced European sales

## BREAKDOWN OF 2016/17 EUROPEAN REVENUES



# Growth lies today in emerging countries

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A world demand  
slightly growing

**1.9%** average

A growth focused  
in emerging countries

**+2.5%**

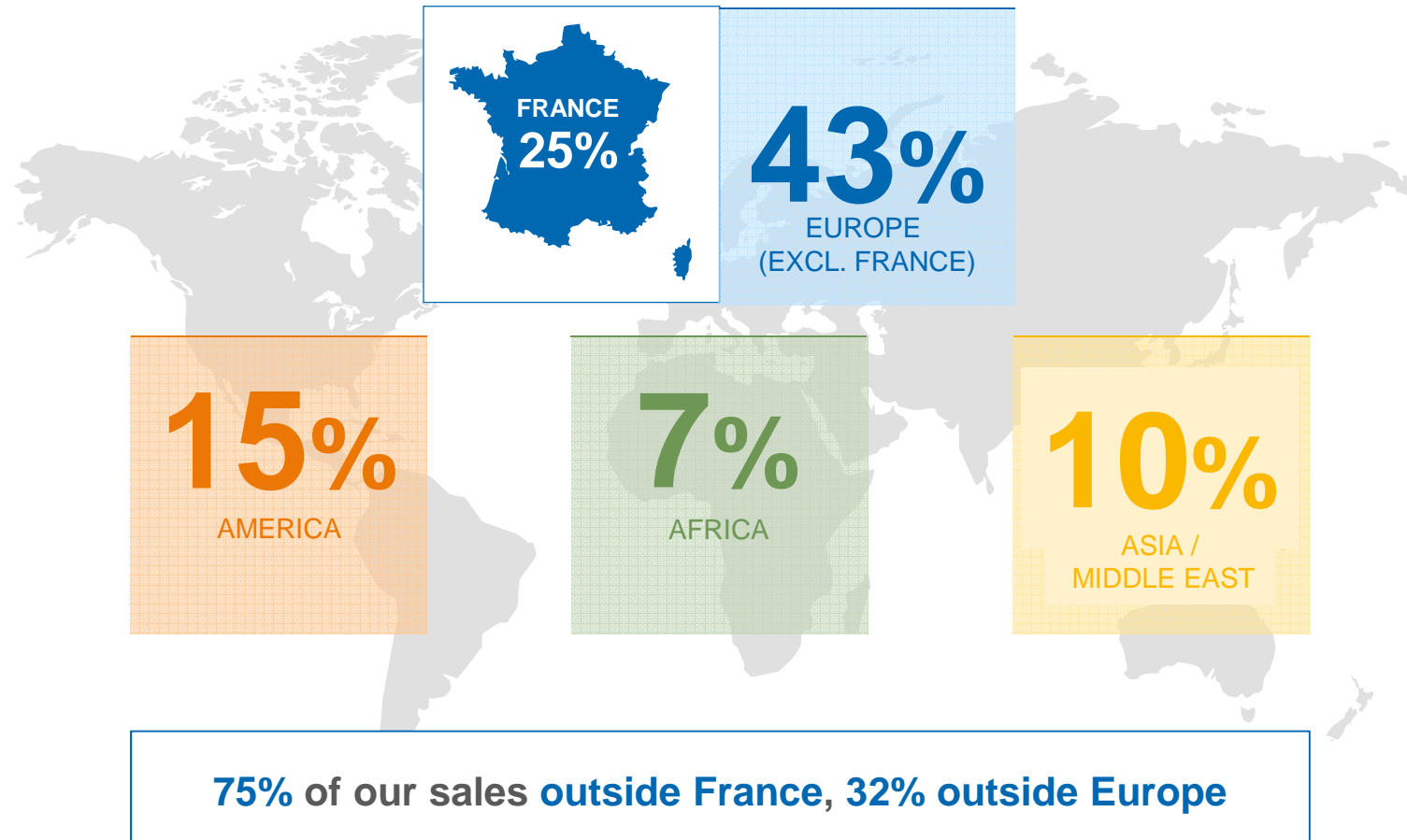
By 2025 developed countries  
will only make up

**24%** of the world consumption



# Seizing opportunities offered by developing countries

## SPLIT OF 2016/17 TEREOS REVENUES BY COUNTRY OF DELIVERY



# Development of our presence in **export markets**

**6**

TRADING OFFICES WORLDWIDE

**2**

SALES OFFICE  
OPENINGS  
IN 2016

**1 MT**

OF SUGAR  
SOLD



# Tereos, 3<sup>rd</sup> largest sugar producer in Brazil

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**100% OF  
GUARANI'S  
SHARE CAPITAL**

**3<sup>rd</sup> LARGEST  
SUGAR PRODUCER  
IN BRAZIL**

**STRONG CONTRIBUTION  
TO GROUP RESULTS**



A hand holding a stalk of wheat against a blurred background of a wheat field under a blue sky.

4

# STARCHES & PLANT PROTEINS

STAKES & OUTLOOK

# Doubling of production at Haussimont potato-starch plant

**25 M€**  
INVESTMENTS  
MADE

MERGER WITH HAUSSIMONT  
AND VIC-SUR-AISNE  
COOPERATIVES

FIRST  
EXPORTS  
TO ASIA



# Continuous international development

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## NEW CASSAVA PRODUCTION LINE

PALMITAL,  
BRAZIL  
(Inauguration,  
2014)



## START-UP OF MALTODEXTRIN LINE, REPRESENTATIVE OFFICE IN VIETNAM

CILEGON,  
INDONESIA  
(Acquisition,  
2014)



## R&D LABORATORY IN SHANGHAI

DONGGUAN,  
CHINA  
(Inauguration,  
2015)



## START-UP OF GLUCOSE, FRUCTOSE AND DMH LINES

TIELING,  
CHINA  
(Acquisition,  
2015)





5

# ETHANOL

STAKES & OUTLOOK

# Increasingly **sustainable ethanol**

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## ADVANCED ETHANOL

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- Energy transition law: 15% renewable energy in transports
- Acknowledgment of **sugar-effluent ethanol** produced by Tereos as advanced ethanol
- **More than 50%** of ethanol produced by Tereos in France

## ED95

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- 95% of **renewable bioethanol** and additives diluted in water.
- **Substitutable to diesel** for fleets equipped with particular engines developed by Scania
- **Produced in France** by Tereos, notably in the Seine basin.
- **Reduction of greenhouse gases emission** up to 95% vs diesel.

A photograph of a Highland cow in a field. The cow is brown with long, shaggy fur and curved horns. It is standing in a green field under a blue sky with some clouds. A semi-transparent green rectangular overlay is positioned in the center of the image, containing the number '6' in a white box at the top, and the text 'ANIMAL NUTRITION' and 'STAKES & OUTLOOK' in white capital letters below it.

6

# ANIMAL NUTRITION

STAKES & OUTLOOK



## Alfalfa

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- Merger with **APM Déshy**
- **Industrial synergies** between sugarbeet pulps and alfalfa
- Complements Tereos portfolio in **animal nutrition**
- **2020 Protein plan**

A photograph of a field of golden wheat. The wheat stalks are in focus in the foreground and background, with a soft, warm light. A semi-transparent, textured brown rectangle is centered over the image, serving as a background for the text.

**CONCLUSION**

# Continuously improving competitiveness

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**100 M€**

Operational gains  
over 2015/18

More than

**70 M€**

of gains delivered  
between  
2015 and 2017

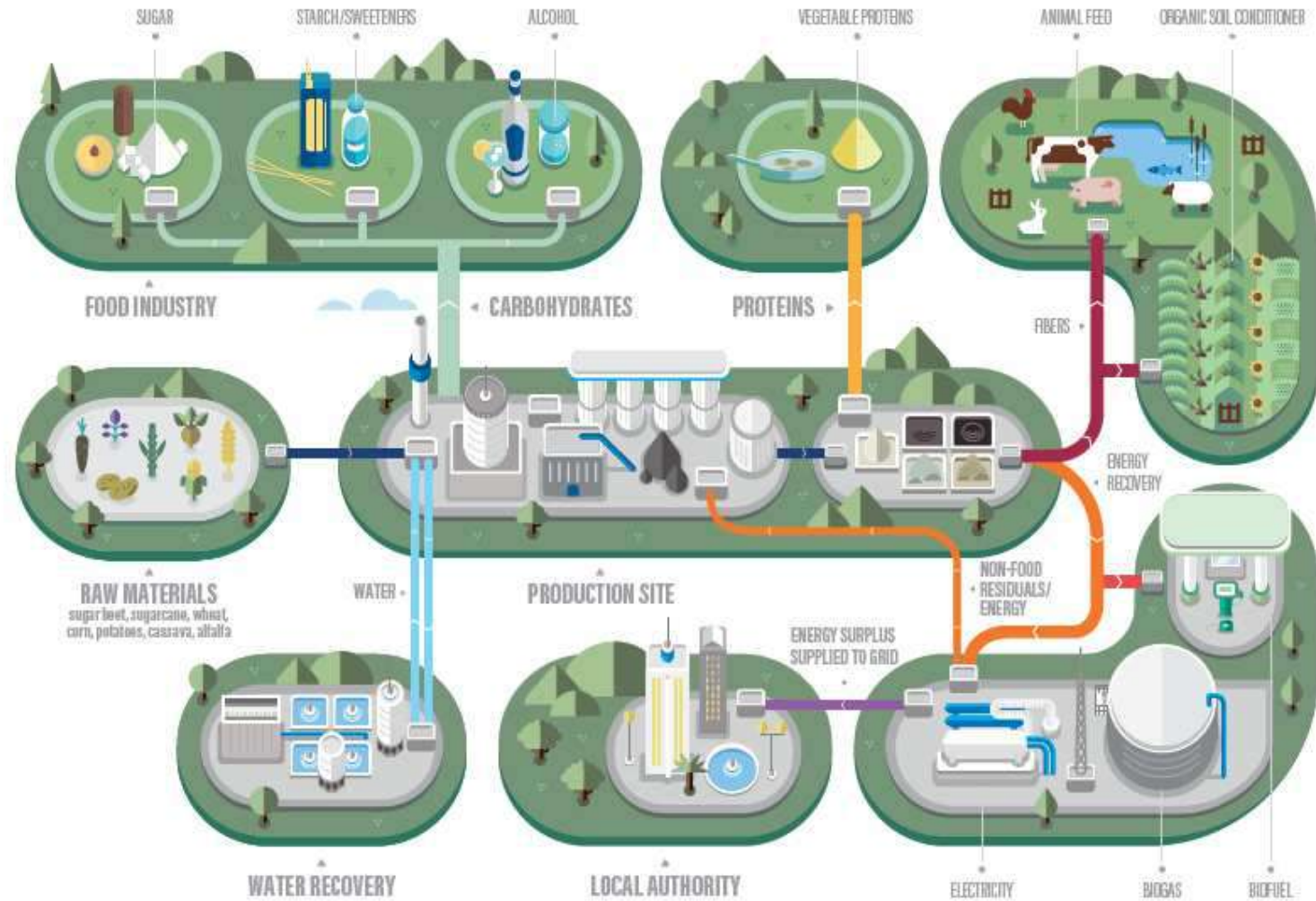
# Accompanying growth of world food needs

From its commercial office in Singapore, Tereos exports wheat proteins to 18 countries

● Tereos presence in Asia



# Developing and taking advantage of complementarities between our businesses



**+99%**  
OF  
AGRICULTURAL  
RAW MATERIALS  
VALORIZED



# Innovating to cater for changing nutritional habits

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**300**

DIFFERENT SUGARS  
MARKETED  
IN EUROPE

**100**

PRODUCT FORMULATION  
PROJECTS PERFORMED  
WITH OUR CLIENTS IN 2016/17

**1**

OPENING OF AN APPLICATIVE  
R&D LABORATORY IN CHINA



# Promoting sustainability of our activities



**100%**

OF COOPERATIVE GROWERS THAT CARRIED OUT THE « FSA SELF-ASSESSMENT » WERE EVALUATED AS GOLD & SILVER

**ENERGY CONSUMPTION**



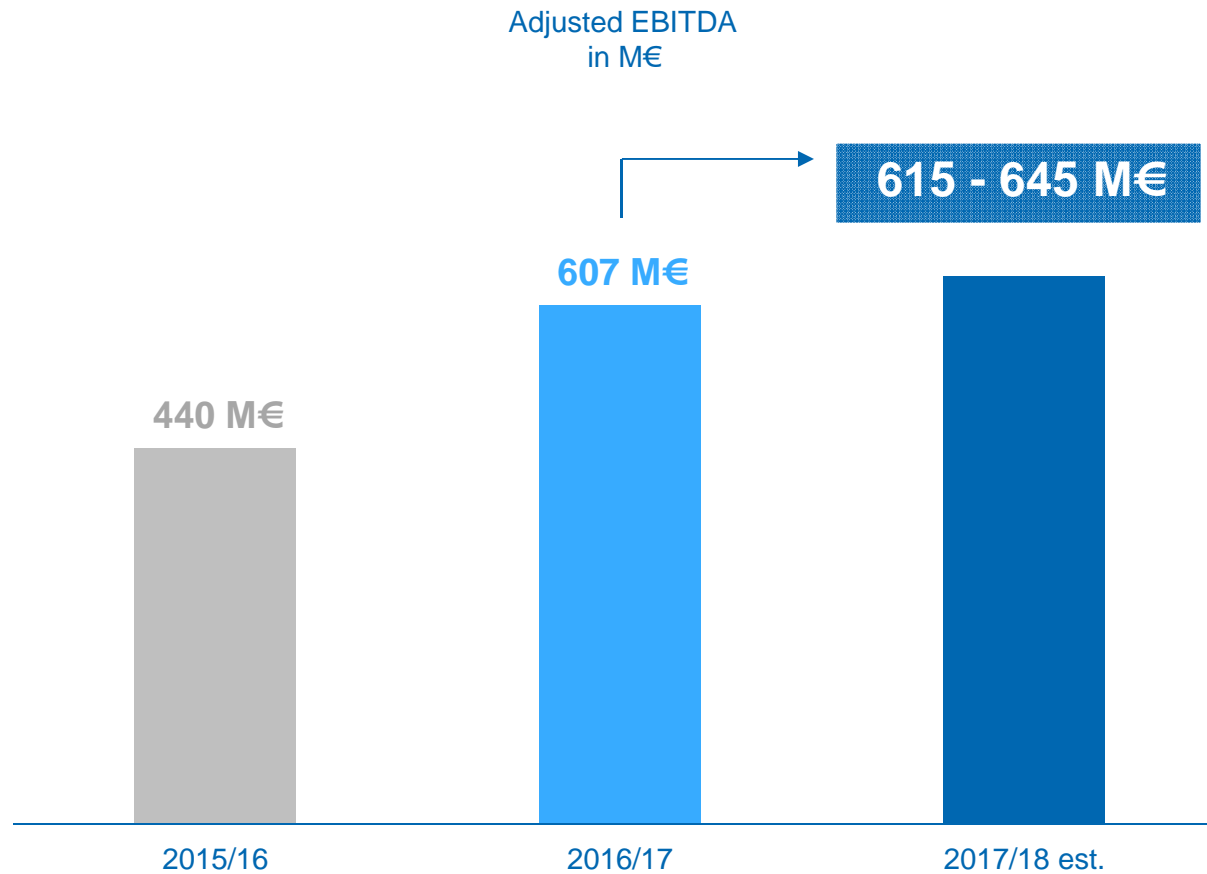
for sugar factories in France vs 2010

**CARBON NEUTRAL**



for sugarcane factories

# 2017/18 : guidance for performance improvement despite the end of sugar quotas



A photograph of a woman and a young girl sitting at a wooden table outdoors. The woman is smiling and holding a plate of food. The girl is looking at the camera. The image has a halftone or dot-matrix texture.

# Tereos Group

## 2016/17 Results & Prospects

# THANK YOU

June 22nd, 2017



# APPENDICES

# Group P&L

P&L Tereos Group M€	FY 15/16	FY 16/17	var vs PF*	
	PF*		M€	%
<b>Revenues</b>	<b>4 201</b>	<b>4 819</b>	<b>618</b>	<b>14,7%</b>
<b>Adj. EBITDA</b>	<b>440</b>	<b>607</b>	<b>168</b>	<b>38%</b>
<i>Adj. EBITDA Margin</i>	10,5%	12,6%		
Seasonality adjustment	-1	0	1	na
Depreciations and amortization and impairment of goodwill	-359	-382	-22	6%
Other**	15	11	-4	-25%
<b>EBIT (after price complements)</b>	<b>94</b>	<b>237</b>	<b>143</b>	<b>153%</b>
<i>EBIT Margin</i>	2,2%	4,9%		
Financial Result	-103	-102	1	-1%
Corporate income tax	-36	-54	-18	50%
Share of profit of associates	6	25	20	355%
<b>Net Results</b>	<b>-40</b>	<b>107</b>	<b>146</b>	<b>na</b>

\* Proforma = IAS 41 Revised on Biological assets

\*\* includes change in fair value of biological assets, financial instruments, inventories, sales and purchases commitments except for trading activities, price complements and gain on bargain purchase

# Group cash-flow

Free Cash-Flow - M€ Tereos Group	2015/16 Actual	2016/17 Actual	var.
Adj. EBITDA (bef. Price compl.)	439	607	168
Seasonality adjustment	-1	0	2
Cash Flow Hedge	39	32	-7
Net financial charges	-101	-103	-2
Income tax paid	-21	-29	-8
<b>Cash Flow</b>	<b>355</b>	<b>508</b>	<b>153</b>
Change in working capital	18	-115	-133
<b>Cash Flow from operating activities</b>	<b>373</b>	<b>393</b>	<b>20</b>
Maintenance & Renewal	-216	-265	-49
Capex	-93	-150	-56
Financial investments	-146	-224	-78
Disposal of fixed and financial assets	44	11	-33
Dividends received	19	21	1
<b>Cash Flow from (used in) investing activities</b>	<b>-392</b>	<b>-607</b>	<b>-215</b>
<b>Cash Flow after investing activities</b>	<b>-19</b>	<b>-214</b>	<b>-195</b>
Dividends paid & price complement	-24	-31	-7
Capital increases/other capital movements	67	16	-51
<b>Cash Flow from (used in) transactions relating to equity</b>	<b>44</b>	<b>-15</b>	<b>-59</b>
<b>Free Cash-Flow</b>	<b>24</b>	<b>-229</b>	<b>-252</b>