TEREOS GROUP
2018/19 H1 Results

December 11th 2018

Tereos

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Percentages included in the following presentation may be calculated on non-rounded figures and therefore may vary from percentages calculated on rounded figures.

H1 2018/19 Highlights (1/2)

- **Different divisional situations this semester**

- **End of quota regime creating exceptional market environment for the entire European sugar industry**
  - Market prices down 30% over a year, at historically low prices
  - Consequently strong drop in H1 Sugar Europe profit contribution
  - In line with other European sugar industry market participants

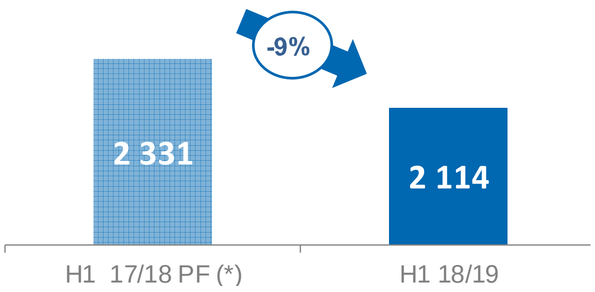
- **Sugar International H1 contribution reflects commercial strategy and drop in crop volumes**
  - Aims to favor sales in H2, to benefit from expected higher prices during intercrop
  - Concentrates majority of drop in crop volumes impact (consequence of Brazil weather) in Q2, including non recurrent negative FX hedging effect
  - Base of comparison in H1 17/18 also very high (early 2017 hedging)

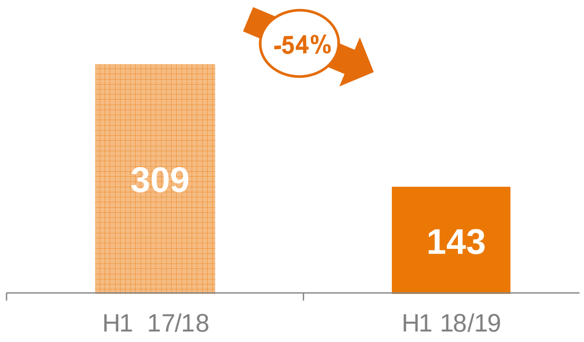
- **Starch & sweeteners**
  - Growth in adjusted EBITDA

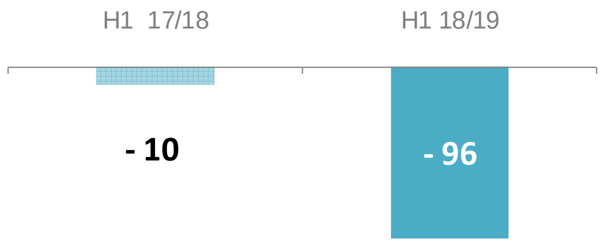
H1 2018/19 Highlights (2/2)

- In this context Tereos is announcing the target of its **new performance improvement plan, to sustain long term competitiveness:**
  - ***Ambitions 2022*** target now confirmed at **€200M**
  - **New Europe Campus operational** by end of year, only 15 months after announcement, supporting Europe efficiency gains objectives
- **Successfully continuing optimization and diversification financing strategy**
  - Some €550M of new financing secured in H1
  - Ensuring strong financial security
- **Strategic logistics alliance concluded in Brazil with VLI**
  - Joint investment to build two sugar warehouses in the state of São Paulo on VLI's rail network which connects to the port of Santos
  - Signing of a long-term agreement to transport 1 million tonnes of raw sugar per year

Operating results







€2,114 M
Revenues

€143 M
Adjusted EBITDA

-€96 M
Net results

-6% vs. LY at constant exchange rate

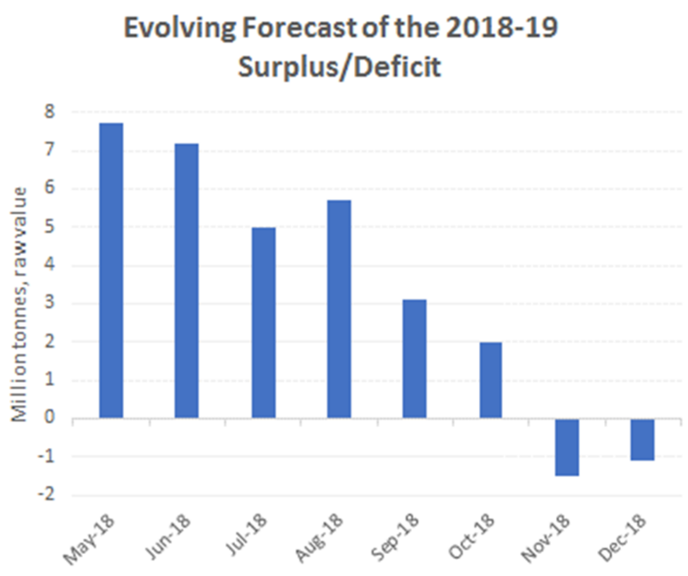
-51% vs. LY at constant exchange rate

6.7 % margin

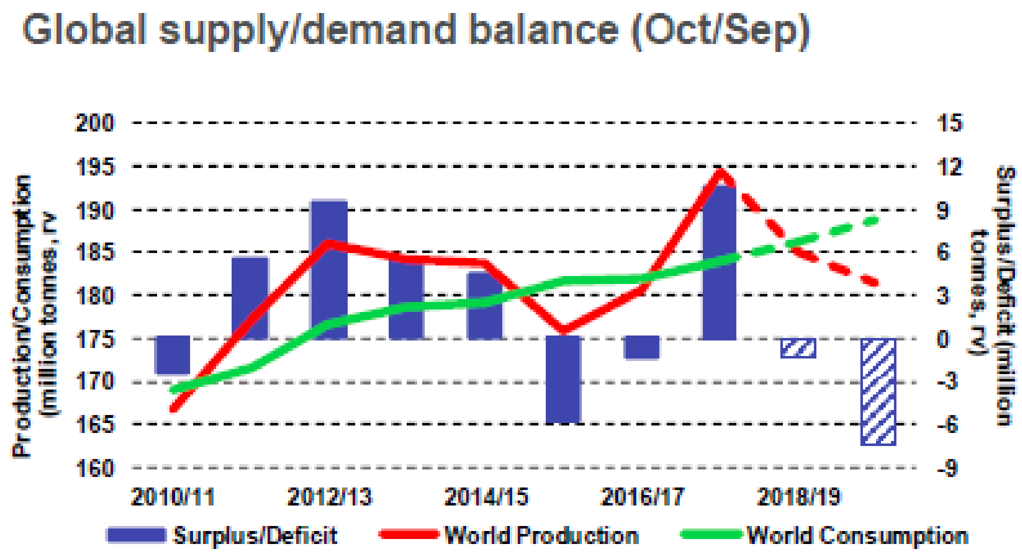
(*) Pro forma shows 2017/18 revenues with a retrospective application of IFRS 15 (see note in Appendix).


1
2018
Environment

World Sugar market
2018/19 crop now expected in deficit



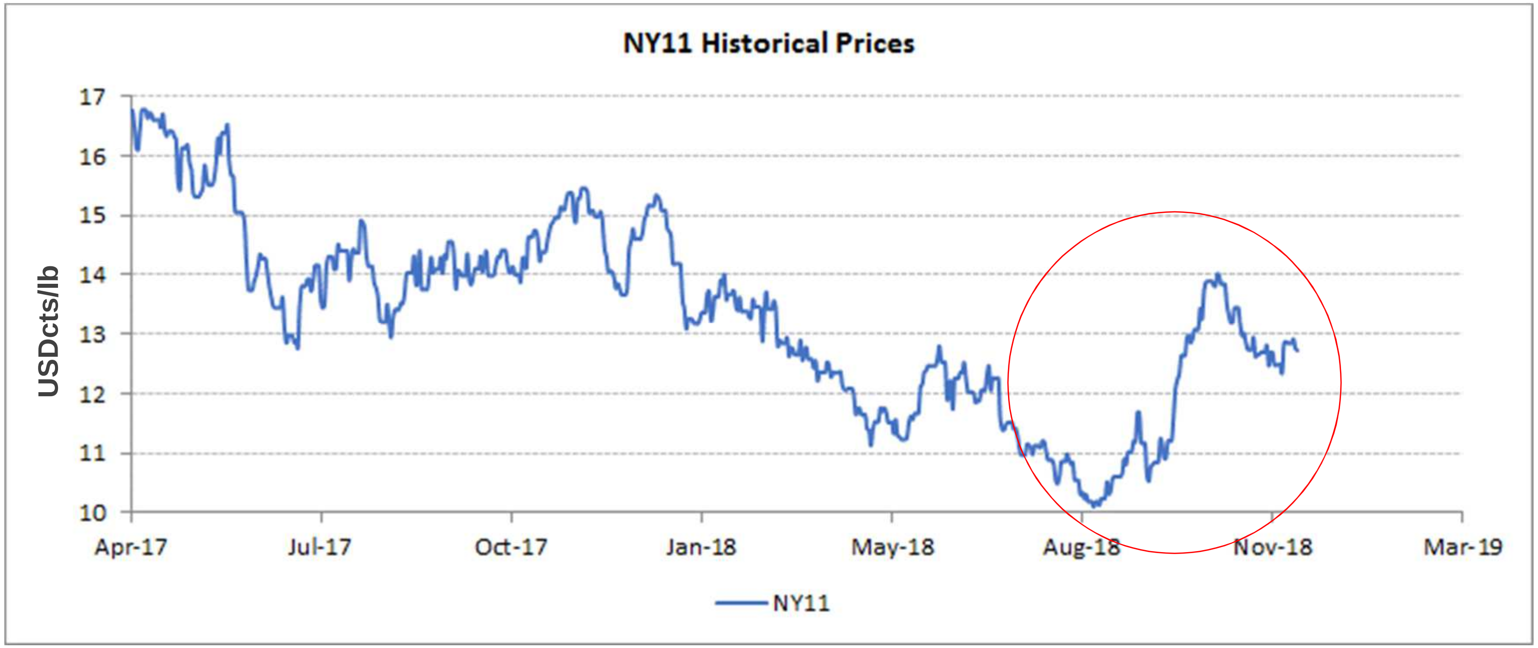
Source: LMC, Sugar Price View, Dec 2018



Source: LMC, Sugar Price View, Dec 2018

- Continuous downward revisions of crop volume expectations in major producing regions (Indian, EU, Brazil notably) over last 6 months
- 2018/19 world campaign is now expected to show a deficit, after historically high surplus in 2017/18. Preliminary forecast of larger deficit in 2019/20.

H1 sugar prices: Impacted by 2017/18 surplus
But significant rebound since late summer

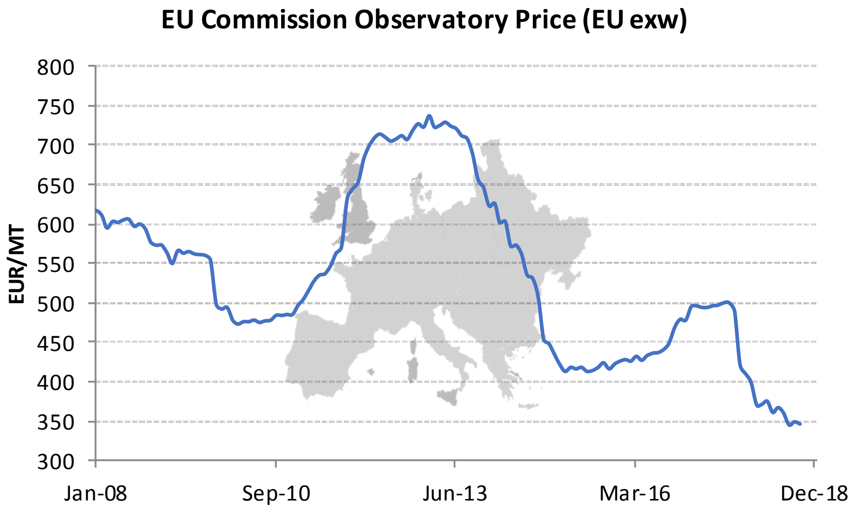


Source: Bloomberg

- H1 world sugar price (NY#11) down 22% vs. H1 17/18
- Significant recent rebound since the low point hit in August (+c. 17%)
- Change of market positioning from bearish to neutral (led to covering of large short hedge funds position)
- 2019/20 futures around 12.5-13.6 US$cts/lb and mid term LMC forecast pointing to recovery above 14 level

Europe: continuous drop in prices in H1

Lower prices in 18/19 crop year, but improved 19/20 outlook



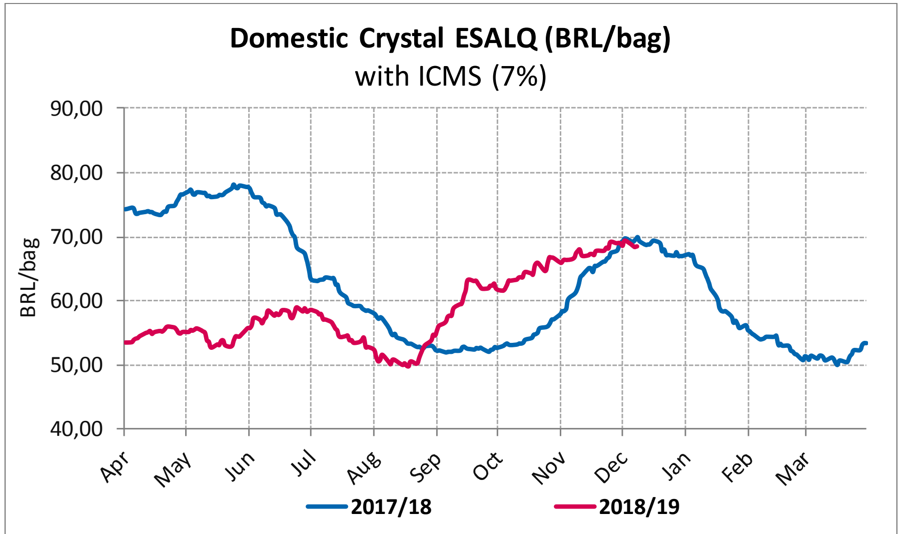
	17/18A	18/19E	19/20F
Production	20,0	17,6	16,7
Imports	1,6	1,8	1,5
Consumption	17,7	17,6	17,1
Exports	3,6	1,8	0,9

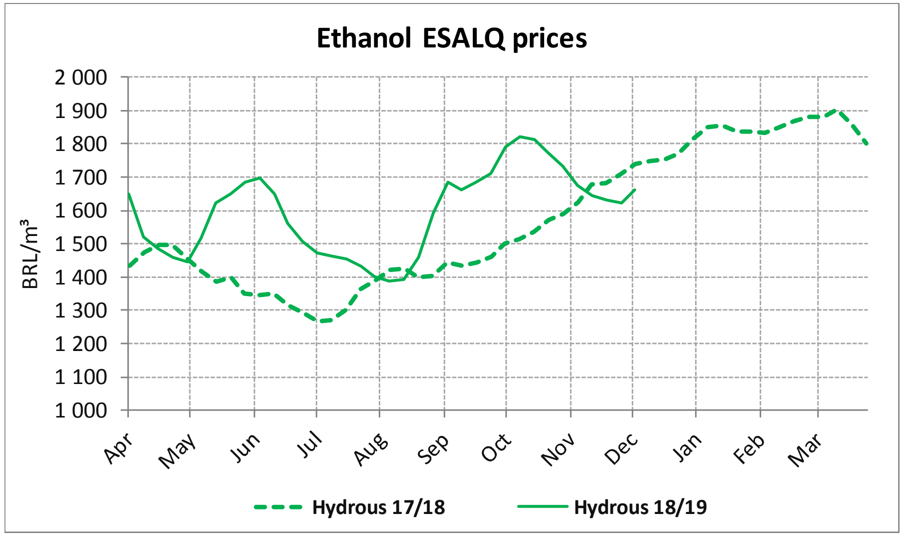
Sources : internal data for 17/18A and 18/19E ; LMC Nov 2018 for 19/20F (@ 5% surface drop)

- Reported H1 2018 EU sugar prices substantially lower than H1 last year, reflecting the intensified competition, as a consequence of large excess production to be exported following record 2017 production volume jump, and very low world sugar prices
- Prospects of volume decrease for 2018/19 crop, reducing significantly export volume pressure
- 2018/19 campaign prices to show further downward price adjustment to historically low levels, unsustainable over the long term
- 2019/20 forecasts showing expectation of balanced market in EU, resulting from excepted acreage reduction and negative yield impact from pesticide ban.

  → Prospects of price rebound in 2019/20 crop year negotiations

Brazilian Market (sugar and ethanol)
2018/19 mix strongly in favour of ethanol production

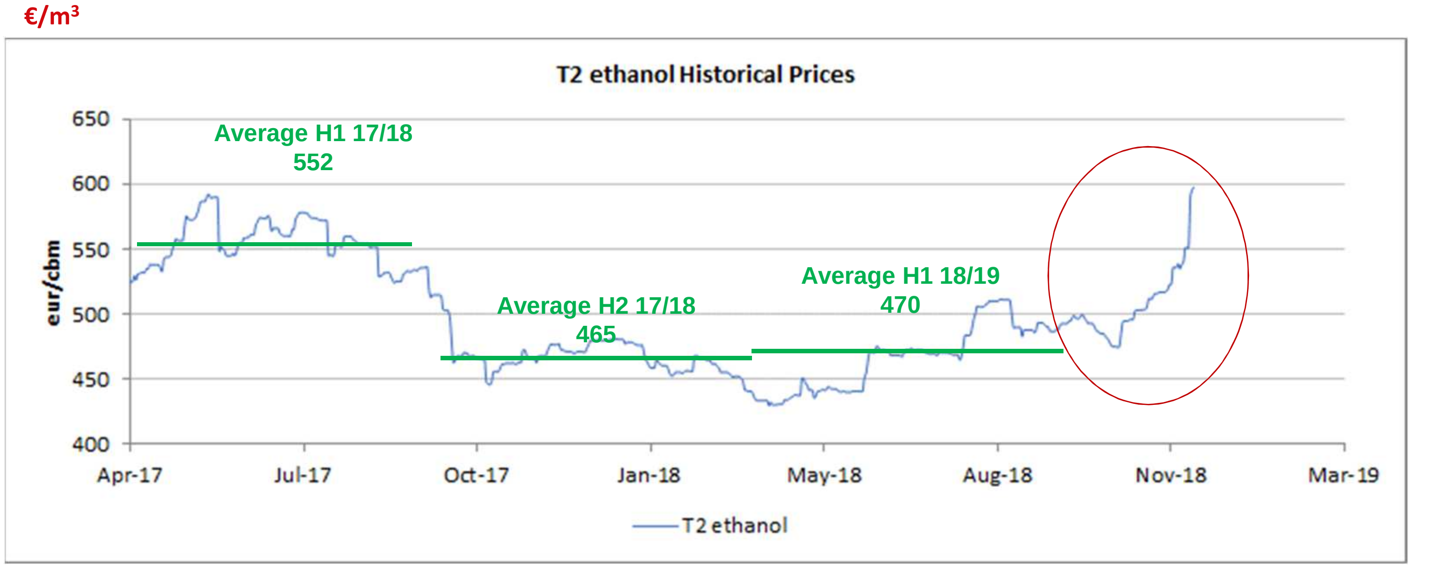




- Brazilian domestic sugar prices rebounded after seasonal new crop pressure, due to a low sugar production mix removing a significant part of the sugar supply, both for domestic and export markets
- Brazilian ethanol prices have been very strong since the beginning of 2018/19 Apr/Mar campaign thanks to very good domestic demand on the back of a very competitive parity vs. high gasoline prices

Ethanol Europe

Low H1 prices, but improved conditions for H2



Sources: Bloomberg (averages shown by the Group financial year and calculated by the Group)

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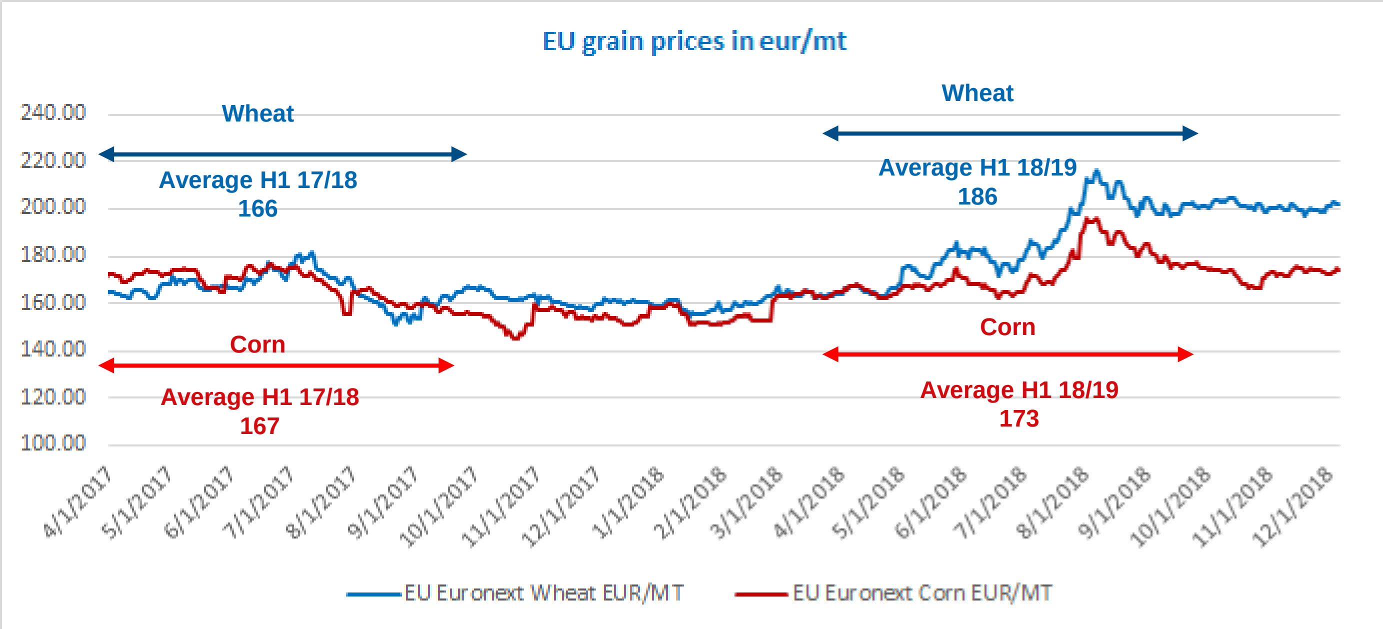
- Good grain crush margins (low grain prices) and expectations of higher beet ethanol production, leading to an oversupplied ethanol market in H1

  → Average H1 EU ethanol prices lower than H1 LY

- Rebound of prices since the end of October after the announcement of 2 UK plant closures

Grain Prices
Weather conditions decreasing supply



Sources: Bloomberg (averages shown by the Group financial year and calculated by the Group), (1) Average from 1 April 2017 to 10 November 2017

- **Wheat prices:** poor weather conditions led to lower production forecasts in the EU and Black Sea; stocks are anticipated to be lower year-on-year, although still at historically high levels
- **Corn prices:** East-Europe weather has been dry, impacting the corn yields. Acreage in West-Europe continues to decrease as corn is progressively becoming a less profitable crop

2

Financials

Group **P&L**

P&L Tereos Group M€	2017/18 H1 Restated (*)	2018/19 H1 Actual	var vs Restated (*) in M€	var vs Restated (*) in %
Revenues	**2 331**	**2 114**	***-217***	***-9%***
Adj. EBITDA	**309**	**143**	***-166***	***-54%***
Adj. EBITDA Margin	*13,3%*	*6,7%*	*0,0%*	*0%*
EBIT	**61**	**-41**	***-102***	***-167%***
EBIT Margin	*2,6%*	*-1,9%*	*0,0%*	*0,0%*
Financial Result	-73	-81	*-8*	*12%*
Corporate income tax	-10	6	*16*	*-153%*
Share of profit of associates	12	20	*8*	*73%*
Net Results	**-10**	**-96**	*-86*	

(*) The changes are shown compared with H1 2017/18 revenues adjusted for the application of IFRS 15 (see note below).

- **Net financial charges** slightly down on last year, financial result reflecting also FX impacts
- **Share of profit from associates** increasing, thanks to improved results in China jvs

Revenues by divisions

Revenues M€	2017/18 H1 Published	2017/18 H1 Restated (*)	2018/19 H1 Actual	*Var vs Restated** *in M€*	 *in %*
Sugar Europe	892	892	871	*-21*	*-2%*
Sugar International	653	642	412	*-231*	*-36%*
Starch & Sweeteners	784	691	713	*22*	*3%*
Other (incl. Elim)	105	105	118	*13*	*13%*
Tereos Group	**2 434**	**2 331**	**2 114**	***-217***	***-9%***

Sugar Europe

- Impact from historic drop in sugar prices:
  - -30% drop over a year in EU ex-works prices
- Growth in domestic and export volumes (unified sales force and Tereos Commodities)

Sugar International

- Negative FX impact due to weak Real vs. Euro ahead of national elections
- Fall in world raw sugar prices in H1 (-22% over a year)
- Commercial strategy favoring H2 sales, to benefit from expected higher domestic prices in intercrop (75% more ethanol inventory than LY at end September)
- Concentrating on H1/Q2 sales majority of impact of drop in this year's crop (Brazil drought)
- Strong basis of comparison last year, thanks to very profitable advanced hedging in Q2 17/18

Starch & Sweeteners

- Increase in volume sold, thanks to improved industrial performance

(*) Pro forma column shows 2017/18 revenues with a retrospective application of IFRS 15 (see note in Appendix).

Adjusted **EBITDA** by divisions

Adjusted EBITDA M€	2017/18 H1 Published	2017/18 H1 Restated (*)	2018/19 H1 Actual	*Var vs Restated** *in M€*	 *in %*
Sugar Europe	100	100	22	*-78*	*-78%*
Sugar International	158	158	66	*-92*	*-58%*
Starch & Sweeteners	48	48	54	*5*	*11%*
Other (incl. Elim)	3	3	1	*-2*	*-70%*
Tereos Group	**309**	**309**	**143**	***-166***	***-54%***

Sugar Europe

- Strong negative impact of fall in European sugar prices, partly compensated by volume growth, mix optimization and past performance plans

Sugar International

- FX translation impact + Strong base of comparison in Q2 LY
- Weaker world sugar prices in H1
- Impact of commercial strategy favoring H2 sales
- Lower crop production combined with lower sugar prices led to recognition of non recurring negative FX impact (USD borrowings)
- Good operational performance (both agricultural and industrial)

Starch & Sweeteners

- Benefits from increased volumes thanks to industrial performance

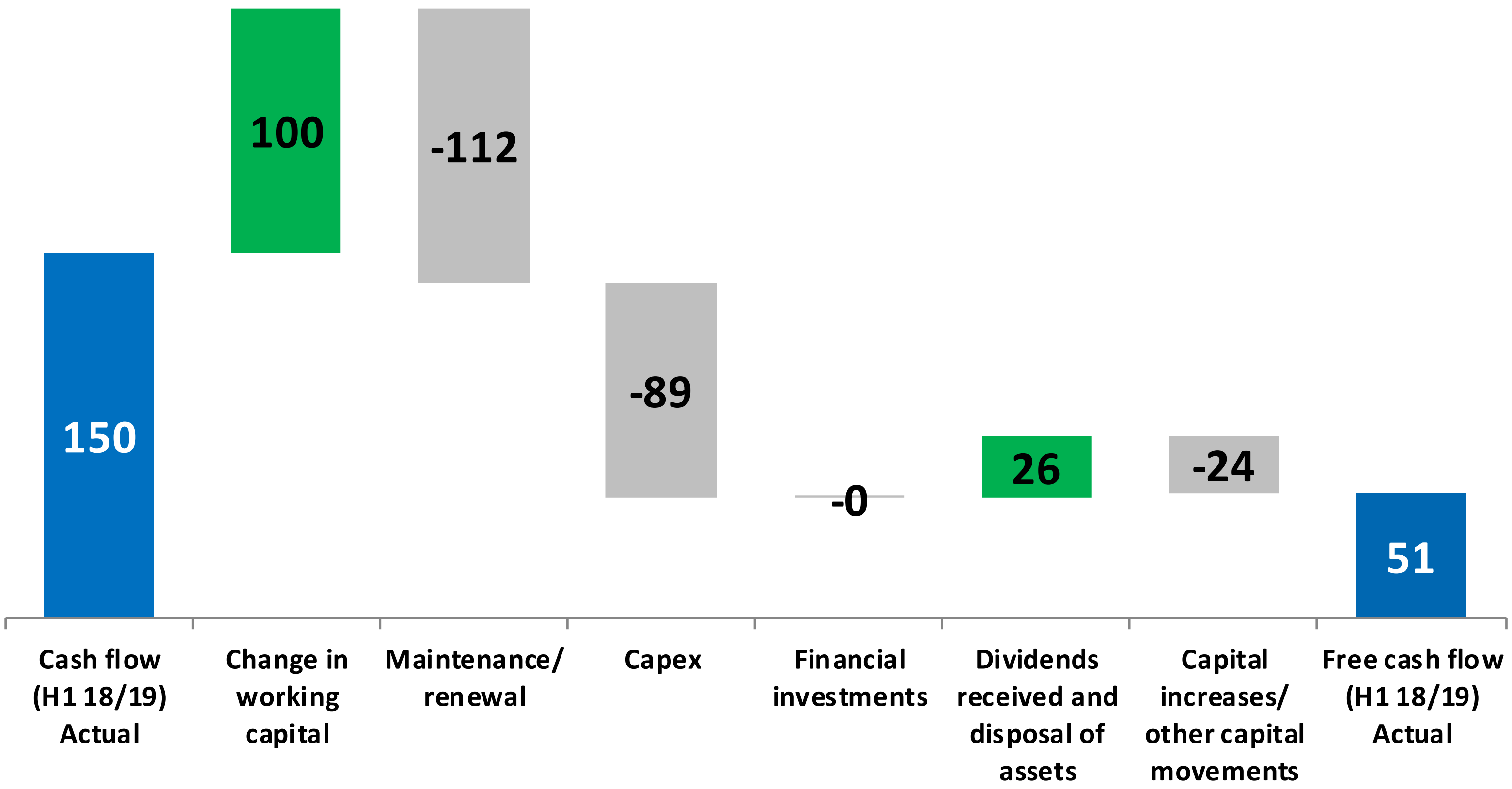
Investments

Investments M€	2017/18 H1	2018/19 H1	Var
Maintenance & Renewal	123	112	*-11*
	54%	*56%*	*2%*
CAPEX	106	89	*-17*
TOTAL Investments excl. Fin.	230	201	*-28*

CAPEX M€	2017/18 H1	2018/19 H1	Var
Sugar Europe	39	19	*-20*
Starch & Sweeteners	31	25	*-6*
Sugar International	36	23	*-13*
Others	0	22	*22*
TOTAL CAPEX	106	89	*-17*

- **Total maintenance and capex down 13% (€28M) y-o-y**
- **Maintenance** spending down on last year (-9%)
- **Capex** down 16% y-o-y; 61% growth, 17% efficiency; 21% defensive / safety
  - **Sugar Europe**: strong decrease as 'Maxi Sugar' Plan now over
  - **Sugar International:** significant efficiency and mix expansion project in Tanabi over
  - **Starch & Sweeteners:** support of industrial performance improvement initiatives and development of product portfolio in emerging markets

Group **cash flow**

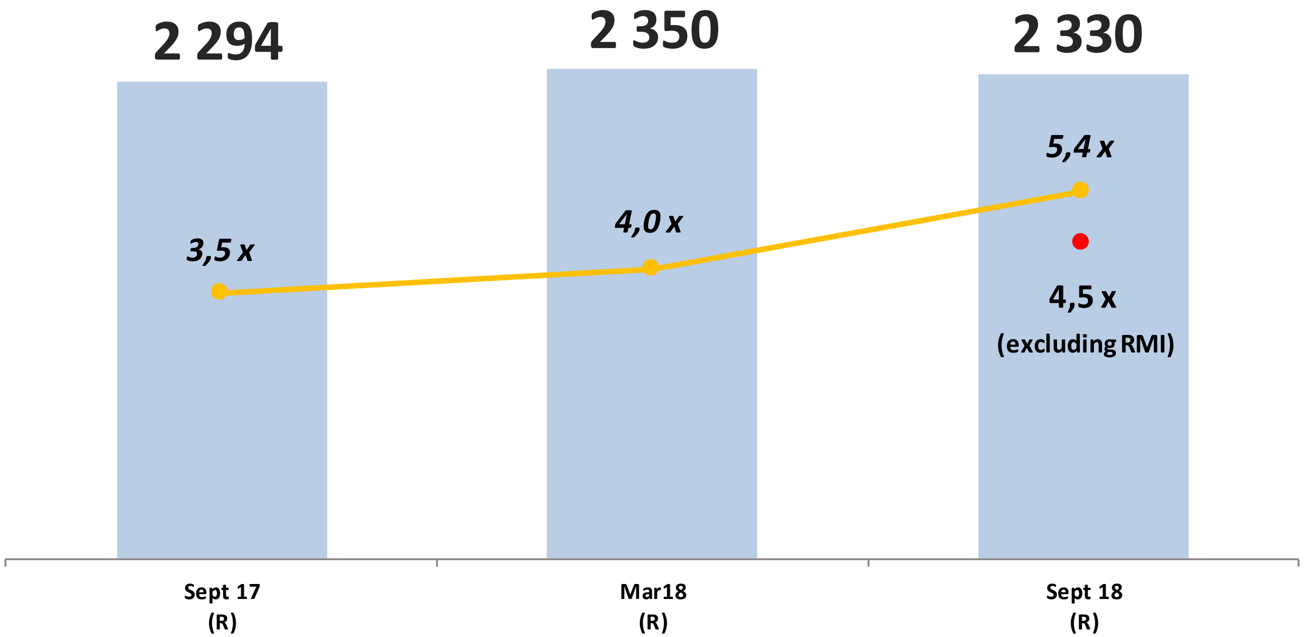


Net Debt

2 350
-51
31
2 330
Net debt
(March 18)
Actual
Free cash flow
FOREX and other
Net debt
(Sept 18)
Actual

Stable debt level and strong financial security

Net debt evolution (in €m)



Strong liquidity**

€1,010M

RMI as of Sept. 30, 2018:

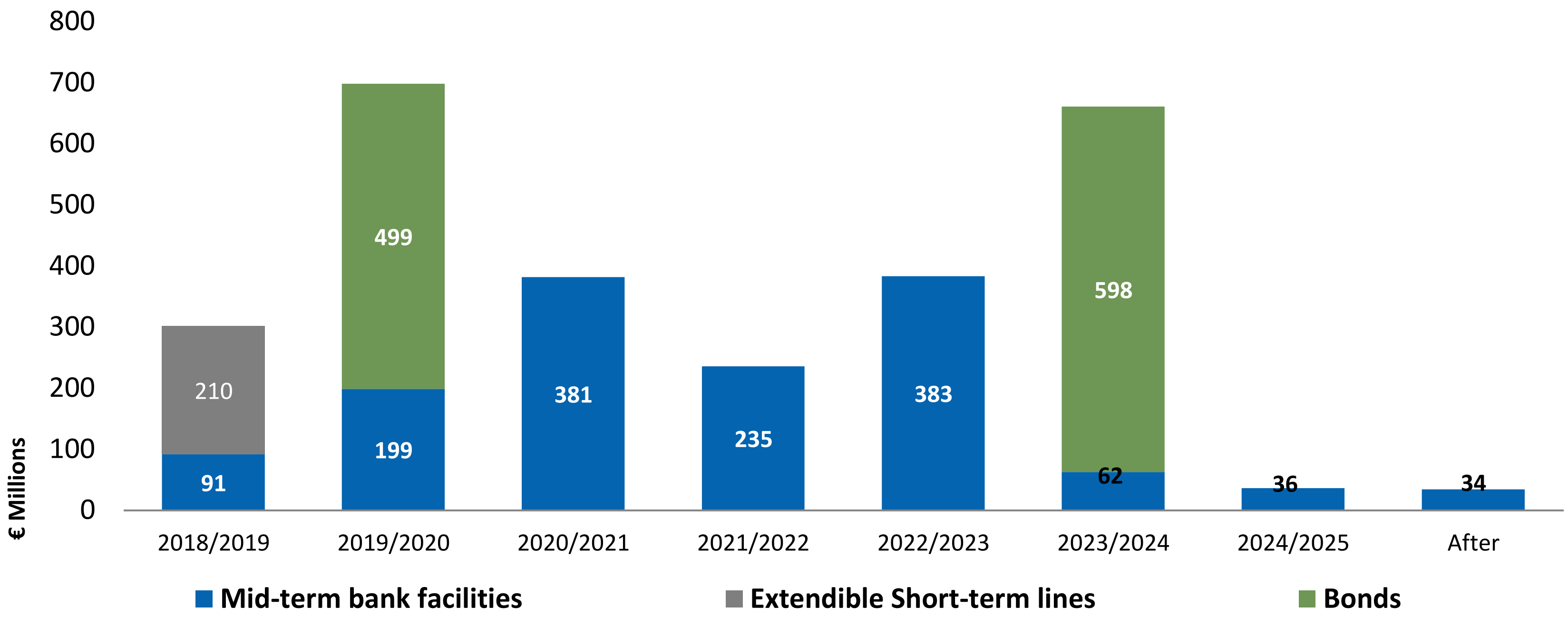
€419M

- **Overall net debt level stable y-o-y**
- **Leverage ratio* higher, reflecting EBITDA decrease; leverage net of RMI at 4.5x**
- **Strong financial security**

(*) Defined as net debt / adjusted EBITDA
(**) Defined as cash & cash equivalent plus undrawn committed credit lines (> 1y) as at 30th Sept. 2018 – Please note that the total amount of the available undrawn credit lines (< and > 1 y): € 725M

Satisfactory debt maturity profile and diversity

Debt amortization schedule as of September 2018 (pro forma (*))



- **Continuous optimization of financing with approx. €550m of new financing/refinancing successfully realized since April 2018**

(*) considering refinancing completed post-30/09/2018

Group ratings reaffirmed

	STANDARD & POOR'S	FitchRatings
Group rating	**BB/Negative**	**BB/Stable**
Bonds rating	BB	BB-
Last change	**August 2018**	**October 2018**

3

Outlook

FY 2018/19 **Outlook** (1/2)

- Prospects for this **year's crop** showing now a **small deficit**[1], following strong excess situation last year
  - Likely to **support in 2019 world sugar price rebound seen recently**
- In **Europe**, historic drop in sugar prices is calling for a **further restructuring** of the sugar industry
- Unfavorable weather impacting yields for Sugar Europe and Sugar International operations, leading to 2018 crop volumes down on last year
- In 2018/19 **historic weakness of European sugar prices** will severely impact results, in line with other European industry participants, and lead **the Group to recognize full year net loss**
- In this context the Group is firmly engaged in the **next phase of transformation**, thanks to its ***Ambitions 2022*** plan,
  - Aims to generate some **€200M** of performance improvement gains
  - To sustain long term competitiveness

1) LMC report, November 2018

Ambition 2022 : €200M target

Operational Excellence

- Yields, productivity and throughput optimization
- Maintenance / equipment reliability
- Advanced process control and data application
- Continuous improvement
- Safety

Sales and Marketing

- Product mix and SKUs management
- Commercial and Go to Market processes
- Innovation and marketing processes
- Pricing optimization
- Processes and flows digitization

Procurement

- Total Cost of Ownership optimization
- Suppliers' portfolio optimization (management of 'long tail')
- Demand management

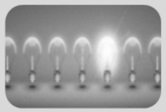
Support Functions

- Processes redesign and optimization
- Functions / Business Units / Sites interfaces and processes optimization
- Digitization

Logistics / Supply chain

- Raw material inbound flows optimization
- S&OP / piloting
- Storage and inter-sites flows
- Customer service and outbound flows

Culture and Processes



- Roles and responsibilities redefinition
- Managerial model and routines
- Training and capability building
- Employees survey with related action plan

FY 2018/19 Outlook (2/2)

- The Group is also progressing in its study of a **potential opening of capital of its industrial operations**, in the coming 2 to 3 years, to sustain its **future diversification** and **internationalization.**
  - Aiming to improve further **ability to manage more volatile environment** and to sustain bottom of cycles
- Conclusions of study of to be shared with cooperative owners

APPENDICES

Detailed Group P&L

P&L - M€ Tereos Group	2017/18 H1 Published	2017/18 H1 Restated (*)	2018/19 H1 Actual	var vs Restated (*) in M€	var vs Restated (*) in %
Revenues	**2 434**	**2 331**	**2 114**	*-217*	*-9%*
	0	**0**	**0**		
Adj. EBITDA	**309**	**309**	**143**	**-166**	**-54%**
Adj. EBITDA Margin	*12,7%*	*13,3%*	**6,7%**		
Seasonality adjustment	37	37	**31**	-6	-16%
Depreciations / amortization / impairment of goodwill	-212	-212	**-203**	10	-5%
Price complements	-42	-42	**0**	42	-100%
Other*	-30	-30	**-12**	19	-61%
EBIT	**61**	**61**	**-41**	**-102**	**-167%**
EBIT Margin	*2,5%*	*2,6%*	**-1,9%**		
Financial Result	-73	-73	**-81**	-8	12%
Corporate income tax	-10	-10	**6**	16	-153%
Share of profit of associates	12	12	**20**	8	73%
Net results	**-10**	**-10**	**-96**	**-86**	**na**

**Other : includes change in fair value of biological assets, financial instruments, inventories, sales and purchases commitments except for trading activities, gain on bargain purchase and exceptionnal items*

Free cash-flow

Free Cash Flow - M€ Tereos Group	2017/18 H1	2018/19 H1
Adj. EBITDA	**309**	**143**
Seasonality adjustment	37	31
Cash Flow Hedge	30	45
Non recurring	0	-2
Net financial charges	-54	-56
Income tax paid	-21	-10
Cash Flow	**301**	**150**
Change in working capital	64	100
Cash Flow from operating activities	**365**	**251**
Maintenance & Renewal	-123	-112
Capex	-106	-89
Financial investments	-31	-0
Disposal of fixed and financial assets	0	2
Dividends received	17	24
Cash Flow from (used in) investing activities	**-243**	**-175**
Cash Flow after investing activities	**122**	**75**
Dividends paid & price complement	-75	-23
Capital increases/other capital movements *	-4	-1
Cash Flow from (used in) transactions relating to equity	**-79**	**-24**
Free Cash-Flow	**43**	**51**

(*) integrate "proceeds from issuance (buy back of) bonds reedemables in shares and hybrid perpetual bonds"

Notes relating to application of IFRS 15 and IFRS 9

- *As of April 1, 2018, the Group is applying the new IFRS 15 and IFRS 9.*

- ***IFRS 15** (relating to the **recognition of revenues**): the Group has opted for retrospective application of the standard; the 2017/18 figures have therefore been adjusted for the impact of this application.*

- ***IFRS 9** (relating to the **measurement and classification of financial assets and liabilities**): the Group has opted for prospective application of this standard. Given the non-material nature of the impacts on the financial statements, the Group has decided not to present pro forma information in its financial communication.*