

**2016/2017 ANNUAL RESULTS AND OUTLOOK***(April 1, 2016 - March 31, 2017)*

Tereos is reporting an improvement in all of its business and profitability indicators, following two years of sharp declines in sugar prices at the European and world-wide level.

The long-term strategy, the initiatives implemented by the Group for several years (cost controls, operational excellence, innovations, investments, a dynamic sales policy, and international development), and the strong operational performance during the 2016/2017 financial year enabled the Group to take the best possible advantage of the improvement in the economic environment.

Accordingly, revenues increased by some 15% to €4,819 million (€4,201 million in 2015/2016), while the Group's adjusted EBITDA rose by 38% to €607 million (€440 million in 2015/2016). The EBITDA margin amounted to 12.6%, an increase (of +2.1ppts) over the previous financial year. Consolidated net income amounted to €107 million.

The Group's financial performance benefited from the strong results of its Sugar International activities, which accounted for over 50% of adjusted EBITDA.

On the eve of a historic reform in Europe, Tereos can rely on a long-term strategy that is bearing fruit, sound international positions, and significant investments that have been carried out in France, in order to support agricultural production (€1 billion invested over the past 10 years, and a 10% increase in industrial employment at its French plants in the past five years).

Tereos, the world's third largest sugar producer, is therefore well positioned to cope with the end of quotas and the deregulation of the markets.

**Thierry Lecomte, Chairman of Tereos's Supervisory Board, highlighted the following points:**

*"We act with a sectoral view, and keep the valorization of agricultural raw materials at the heart of our mission. This specifically involves drawing up clear, fair, and long-term contractual arrangements. In view of the deregulation of the European market Tereos was the first group to guarantee its cooperative partners a minimum price for sugar beets. The volumes produced by its cooperative partners will increase by 25% this year. On the eve of the deregulation of the European market Tereos' cooperative model is proving its usefulness and strength."*

**Alexis Duval, Chairman of Tereos' Executive Board, made the following comments:**

*"We achieved an excellent operational performance this year. The agricultural and operating model that Tereos has built is currently one of the most effective in Europe. At a time when quotas are set to disappear, this model is being reinforced by our internationalization, and the expansion of our agricultural raw materials transformation activities. Tereos is today the only one among the three leading global sugar groups to have a presence on several continents. Our international sugar production activities, and especially Brazil, contributed half of our operating income this year.*

*In increasingly volatile and inter-dependent commodity markets Tereos will remain constantly on the move, and will pursue its development according to a sound strategy based on a long-term vision."*

## 1. 2016/2017 HIGHLIGHTS

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### **RAW MATERIALS PROCESSED 45.4 Mt (+3% compared with 2015/2016)**

- ✓ Sugar beets: 18.2 Mt (+4% compared with 2015/2016)
- ✓ Sugar cane: 22.4 Mt (-1% compared with 2015/2016)
- ✓ Cereals, potatoes, and cassava 4.8 Mt (+1% compared with 2015/2016)

### **PRODUCTION**

- ✓ Sugar: 3.9 Mt *tel quel*, i.e. 4.2 Mt of raw sugar equivalent (+7% compared with 2015/2016)
- ✓ Starch products: 2.4 Mt (+2% compared with 2015/2016)
- ✓ Alcohol and ethanol: 1.6 Mm<sup>3</sup> (-5% compared with 2015/2016)

### **Strategic developments**

- ✓ **Finalization of the program to adapt to the end of sugar quotas in Europe**
  - **Contractualization of 19 million tonnes of sugar beet** for the 2017 campaign with the Group's cooperative partners. This increase in the volumes of sugar beet is largely due to an increase in acreage among the Group's 12,000 cooperative partners, but also to welcoming new members to the cooperative. This success reflects the cooperative partners' trust in Tereos' contractualization model and strategy.
  - **End of a significant industrial investment program, which amounted to €600 million:**
    - **Completion of a five-year energy-saving plan** including the installation of gas boilers at the Connantre facility. The largest sugar plant in Europe thus carried out its first sugar beet campaign using only gas, with a significant reduction in its energy consumption and CO<sub>2</sub> emissions.
    - **Improvement in the storage facilities at the plants:** Tereos has commissioned the first long-term sugar beet storage platform at its Lillers facility (France), in order to support the expansion of industrial production. Furthermore, investments have been made in the plants to increase the syrup storage capacity, and develop the crystallization capacity with a view to improving the sugar-ethanol mix.
- ✓ **Opening of new Tereos Commodities offices** in Nairobi and New Delhi. The Group currently has six trading offices throughout the world (in France, Switzerland, Brazil, Singapore, India and Kenya), which enables it to support its customers internationally.
- ✓ **Expansion in Brazil:** In December 2016 Tereos acquired the 45.97% interest in Guarani held by the Petrobras Group, thereby strengthening its position in this country, which is the largest sugar producer in the world. Guarani has become Tereos Sugar & Energy Brazil.
- ✓ **Increased production flexibility in Brazil:** Thanks to a number of investments, Tereos Sugar & Energy Brazil increased its total sugar cane processing capacity by almost 400,000 tonnes, and expanded the flexibility of its sugar-ethanol mix.

- ✓ **Doubling of production at the Haussimont Potato Starch Mill:** In 2017 the Haussimont (France) plant, which extracts starch from starch potatoes, will pass a significant milestone with the doubling of its production. With 200 days of campaign, the plant will thus reach the highest European standards, and will account for over 40% of French potato starch production.
- ✓ **Merger with the APM Deshy Cooperative** in June 2016. This merger enabled the Group to expand its offering on the animal feed market, while extending its regional roots in the Eastern France region, where it currently brings together 2,700 cooperative members, and has eight industrial facilities.

### Innovation

- ✓ **Plant-based proteins:** In February 2017 Tereos inaugurated a pilot industrial unit for the production of “Vegetal Sauté” at its Marckolsheim (France) facility. This unit will initially enable 8 million meals to be sold on the collective catering market. The “Vegetal Sauté” stands out due to its composition which is 100% vegetal, derived from French agricultural raw materials. Thanks to its process, which was recognized at the World Innovation Awards in 2015, Tereos has developed a simple, healthy and tasty product, which is easy to cook and can be used in all kinds of recipes.
- ✓ **Opening of an R&D laboratory in China:** Tereos has set up an applied R&D laboratory in Shanghai with its partner Wilmar. This presence enables the Group to increase its customers' and prospective customers' knowledge by inviting them to practical demonstrations of formulations and offering them solutions that are tailored to their requirements.

### Sustainable development

- ✓ **100% of the cooperative partners have been classified as gold or silver by SAI:** Relying on stringent and recognized guidelines Tereos is developing with its agricultural partners efficient and sustainable farming practices. Accordingly, 100% of the cooperative partners have been classified as gold or silver by SAI (Sustainable Agriculture Initiative). These are outstanding results, which prove compliance with the best farming practices, and have been applauded by the Group's customers.
- ✓ **2010/2020 Goals:** In March 2017 Tereos presented the progress made by its initiative, and confirmed its commitments via the publication of its 2010/2020 goals. The goals presented by the Group include reducing consumption per tonne of raw material by 10% for energy and 20% for water. Furthermore, the target for processed raw materials certified or assessed as sustainable in 2020 was set at 75%.

### Distribution networks

- ✓ **New sales organization structure in Europe:** Tereos set up a single European Sales organization in April 2017, split by geographical regions for its main markets, i.e. food-processing, animal nutrition, pharmaceuticals, and paper/cardboard. The Group is therefore boosting the service provided to its customers, thanks to a single entry point for its global offering of sweeteners, starches, vegetal proteins, alcohol, etc.
- ✓ **Development of Tereos Commodities:** Tereos Commodities, the Group subsidiary dedicated to trading, merchandising, and to the international distribution of its products, marketed over 1 million tonnes of sugar during the fiscal year.

### Operational performance

- ✓ **Good results from performance plans:** As part of a continuous performance improvement approach all of the Business Units have implemented performance improvement plans. These plans, which aim to achieve recurring operational gains of €100 million by 2018, include structural optimization and improvement measures in the fields of agricultural performance, industrial productivity, logistics efficiency, and sales optimization. These plans are delivering their full results.

### Finance

- ✓ The Group launched two bond issues, which were over 4 times oversubscribed, for a total amount of €600 million in June and October 2016.
- ✓ Tereos's interest in Tereos Internacional increased from 69.8% to 78.6% as part of the de-listing in September 2016.

### Markets

- ✓ **International sugar:** The world sugar price increased markedly compared with the previous year, due to a shortfall between production and consumption for a second consecutive year.
- ✓ **Sugar Europe:** The intra-Community market benefited from the favorable environment on the world market, and from a local decrease in quota sugar inventories, which resulted in an increase in the price of quota sugar during the second half of the 2016/2017 fiscal year.
- ✓ **Ethanol Brazil:** The decline in production helped maintain ethanol prices. Petrol prices in Brazil are no longer regulated by the local authority since October 2016, and are now linked to the world market.
- ✓ **Ethanol Europe:** Prices were very volatile as the result of significant fluctuations in industrial output.
- ✓ **Starch products:** Continued excess production and the prospect of a good harvest kept cereal prices at competitive levels. The market for starch and sweeteners experienced a slight volume recovery.

## 2. FINANCIAL RESULTS

Revenue M€	FY 15/16	FY 16/17	var	
	Proforma		M€	%
Revenue	4 201	4 819	618	14,7%
Adj EBITDA <sup>1</sup>	440	607	168	38%
Adj. EBITDA Margin <sup>1</sup>	10,5%	12,6%	2,1pts	
Net Result <sup>2</sup>	-40	107	146	na
Leverage <sup>1</sup>	4,7x	4,0x	-0,7x	

<sup>1</sup> see note page 7

<sup>2</sup> Net income after price complements

Proforma : IAS41 revised on biological assets

The Tereos Group's **consolidated revenues** amounted to €4,819 million in 2016/2017, up 14.7% (13.7% excluding currency effects). The increase in revenues was primarily due to the development of Tereos Commodities, the international trading business, and to the increase in sugar prices.

The Group's **adjusted EBITDA** (before price complements) amounted to €607 million in 2016/2017, up €168 million, i.e. an increase of 38% (32% excluding currency effects) driven by higher sugar prices and the ramp-up of performance plans. The Sugar International and Starch and Sweeteners operations' contributions to adjusted EBITDA accounted for over two thirds of the Group total, as was the case last year. After experiencing a steep decline in its profitability due to permanently low sugar and ethanol prices in Europe, the French and European sugar business reported a strong increase in its adjusted EBITDA (+34%), although it is nonetheless still below its historical records.

**Net financial income** amounted to €102 million, broadly stable on the previous year.

**Net income** amounted to €107 million (compared with -€40 million in 2015/2016).

**Net debt** amounted to €2,425 million by March 31, 2017 (€2,079 million by March 31, 2016), primarily as the result of the acquisition of Petrobras' interest in Guarani for a consideration of €196.9 million. The net debt to adjusted EBITDA ratio improved significantly to 4.0 x on March 31, 2017, compared with 4.7 x on March 31, 2016.

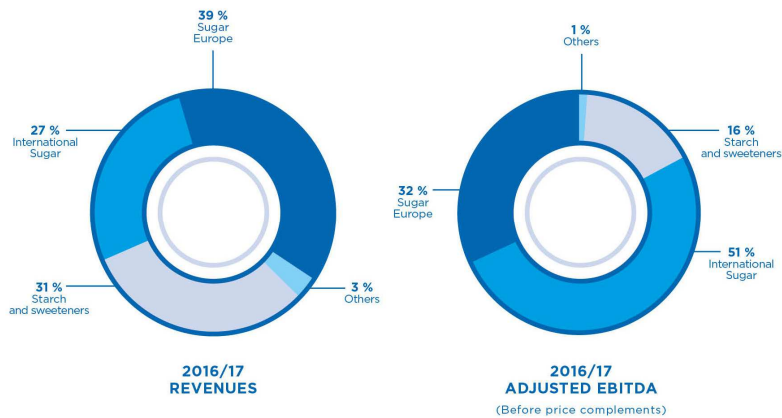
## 3. OUTLOOK FOR 2017/2018

In Europe, Tereos has implemented all of the measures aimed at preparing for the end of the quota regime. The coming 2017/2018 campaign in France will see the tonnage of beets processed increase to 19 million tonnes (i.e. +25%). The international sugar and ethanol trading activities will provide support for marketing the new volumes produced at export.

The Group's international activities are expected to continue increasing their contribution to operating results, primarily thanks to its Brazilian operations.

Despite a global pricing environment that has deteriorated sharply since the beginning of the financial year, and in view of the current price levels in Europe, Tereos is expecting an improvement in its performance in 2017/2018, with an adjusted EBITDA between €615 million and €645 million. This outlook is due to the expected increase in activity level, including in Europe, to the contribution of the investments made over the past few years, and to the positive results of the competitiveness initiatives implemented.

#### 4. RESULTS FOR EACH BUSINESS ACTIVITY AND GEOGRAPHICAL REGION



##### SUGAR EUROPE

The revenues of the Sugar Europe operations increased by 6% (+7% at constant exchange rates), rising from €1,760 million in 2015/2016 to €1,861 million in 2016/2017, due to the increase in sugar prices in the second half. The operating performance was satisfactory in France and in the Czech Republic, with high volumes of beets processed on a daily basis during the 2016 campaign. Adjusted EBITDA before price complements increased by 34% from €146 million to €195 million, which reflects an increase in sugar prices in the second half of the financial year, the optimization of the sugar-ethanol mix, and the decrease in energy costs, as well as the benefits stemming from the performance plans.

##### INTERNATIONAL SUGAR

The revenues of the Sugar International activities increased by 24%, rising from €1,066 million in 2015/2016 to €1,317 million in 2016/2017. This sharp rise was primarily due to the increase in world sugar prices and of the price of ethanol in Brazil. Lastly, the appreciation of the Brazilian Real against the Euro boosted revenues expressed in Euros. Revenues increased by 17%, excluding the currency effect. Adjusted EBITDA was up sharply (+50%) to €310 million compared with €207 million in 2015/2016 (+38% at constant exchange rates), thanks to the increase in prices, to the progress made on agricultural, industrial, and commercial performance in Brazil, to the optimization of the mix with a bias towards sugar, and to a higher contribution from co-generation.

##### STARCH AND SWEETENERS

The revenues of the Starch and Sweeteners business registered a slight 1% decrease, from €1,509 million in 2015/2016 to €1,498 million in 2016/2017. The increase in volumes processed in Brazil and Indonesia had a positive impact on the Division's revenues. The industrial performance in Europe was negatively affected by the poor quality of the French wheat harvest. Adjusted EBITDA was stable on last year, at €94 million. Europe benefited from sustained pricing levels, from the progress of the performance plans, and from decreases in energy and cereal costs, which enabled a margin identical to the one seen in 2015/2016 to be maintained. The operations in Brazil and Indonesia continued to benefit from the production increase and from the growing diversification of product and customer portfolios.

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 FINANCIAL NOTES TO THE 2016/2017 ANNUAL RESULTS
 

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**CONDENSED INCOME STATEMENT**

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

**Adjusted EBITDA** corresponds to the net income (loss) before income taxes, share of profit of associates and joint ventures, net financial income (expense), depreciation and amortization, impairment of goodwill, gain on bargain purchase, and price complements. It is also restated for the change in fair value of financial instruments, inventories, and sale and purchase commitments except for the portion of these items relating to the trading activities, for the change in fair value of biological assets, for non-recurring items (mainly disposals of subsidiaries) and the seasonality effect. The seasonality effect corresponds to a timing difference in the recognition of depreciation and price complements between the Company's Consolidated Financial Statements under IFRS and Company's management accounts. Adjusted EBITDA is not a financial measure defined as a measurement of financial performance by IFRS, and may not be comparable to other similarly-named indicators used by other companies. Adjusted EBITDA is provided as additional information only, and should not be considered as a substitute for operating income or net cash from operating activities.

**BREAKDOWN OF REVENUES BY ACTIVITY**

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>

**BREAKDOWN OF EBITDA ADJUSTED BY ACTIVITY**

Adj EBITDA M€	FY 15/16 PF*	FY 16/17	var vs 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

### STATEMENT OF AVAILABLE CASH FLOWS

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>

### CHANGE IN NET DEBT

Change in Net Debt Tereos Group M€	2015/16 Actual published	2016/17 Actual
Net Debt - opening position	-2 025	-2 079
<i>Change in method - JV's in EQ</i>	-135	0
<b>Net Debt - opening position pro forma</b>	<b>-2 160</b>	<b>-2 079</b>
Free Cash Flow	24	-229
FOREX and others impact	56	-118
<b>Net Debt - closing position</b>	<b>-2 079</b>	<b>-2 425</b>
<i>Net Debt Variation</i>	81	-346
Adj. EBITDA 12 months (bef. price compl.)	439	607
<b>Leverage (net debt/adj. EBITDA)</b>	<b>4,7x</b>	<b>4,0x</b>

### NET FINANCIAL DEBT

The Group's net financial debt (excluding related parties) amounted to €2.425 billion at the end of March 2017. Cash and cash equivalents amounted to €571 million at the end of March 2017. If we add unused credit facilities amounting to €633 million to the cash position, the Group's level of financial security amounted to €1.204 billion at the end of the 2016/2017 financial year.

Net debt may be summarized as follows

Tereos Group (M€) March 31st, 2017	Current	Non Current	Total	Cash & Equivalents	Total
<b>Net debt</b> (excl. related parties)	<b>889</b>	<b>2 108</b>	<b>2 997</b>	<b>-571</b>	<b>2 425</b>