

A year that demonstrates Tereos strategic anticipation and the quality of its operational results

- Tereos announces the projected evolution of its partnership with ETEA in the alcohol ethanol and starch businesses.
- 86% of the Group's operational results (EBITDA) achieved in its International Sugar and Starch and Sweeteners businesses. European sugar activity represents 14%, affected by the liberalization of the European market.
- The positive operational results of all the businesses (including Sugar Europe) in all 4 quarters this year, demonstrate the resilience of the flexible operational model developed by Tereos, and its know-how in terms of performance plans (Ambitions 2022).
- A forward-looking strategy built on buoyant foundations: 30% of the Group's sales are made in emerging growth countries, strong growth in plant protein activities and strengthening of the nutritional offer.

PROJECTED EVOLUTION OF THE PARTNERSHIP WITH ETEA

The Group announced today the **projected evolution of its partnership with ETEA in the alcohol ethanol and starch businesses**. This project would strengthen strategically Tereos industrial and commercial set-up in the starch and starch derivatives business in Europe.

This operation would consist in (i) acquiring ETEA's 50% stake in Sedalcol France (Nesle plant distillery), and (ii) selling to ETEA Tereos' 50% stake in Sedamyl and Sedalcol UK plants (resp. Saluzzo, Italy, and Selby, UK).

The projected transaction is subject to notification and consultation procedures with the relevant staff representatives. The deal is expected to be completed during the summer of 2019.

This operation would reduce the Group net debt by €220 million and would result in an estimated €140 million capital gain. The estimated impact of this transaction is displayed in the table below:

	Published 31/03/2019	ETEA partnership evolution estimated impact	Including ETEA partnership evolution impact
Net result Group share	- 242 M€	120 M€ ⁽¹⁾	-114 M€
Net Debt	2,500 M€	- 220 M€	2,280 M€
Net Debt excl. readily marketable inventories	2,121 M€	- 220 M€	1,901 M€

(1) Capital gain net of ETEA partnership contribution to Group result as of 03/31/2019

ANNUAL RESULTS

In Europe, market liberalization in October 2017 has driven European prices to historically low levels. The 2018/19 financial year is also characterized by world sugar prices which remained at a low level. This exercise also coincided with particularly adverse weather conditions in many production areas for beet and sugar cane.

The volumes produced in our starch operations increased by 8% thanks to the quality of the operational and commercial results.

- **The Group's consolidated revenues stood at €4.438 billion, down €334 million over the 2018/19 financial year**, due to lower sugar prices, particularly in Europe, and to lower sugar volumes produced, which were due to particularly adverse weather conditions in most regions of production.
- **Adjusted EBITDA was €275 million in 2018/19 (down €320 million compared to 2017/18)**, impacted almost totally by the sharp decline in European and world sugar prices, as well as lower volumes produced. Overhead and distribution expenses are down **€10 million**.
- 2018/19 results benefit from the Group's **diversification and global expansion strategy**: adjusted EBITDA generated outside the Sugar Europe division represents more than **86% of the Group's total** for 2018/19 compared to 70% last year.
- **2018/19 net income** excluding non-recurring items was **-212 million euros (vs -23 million euros in 2017/18)**.
- **Net debt** amounted to €2,500 million at end of March 2019 (vs. €2,350 million at March 31, 2018). Excluding readily marketable inventories, net debt amounted to €2,121 million. Taking into account the projected transaction with ETEA, the Group net debt at the end of March 2019 would be at €2,280 million (€1,901 million excluding readily marketable inventories).

OUTLOOK

Tereos has a flexible operating model that has demonstrated its resilience, especially in the second half of the year, with positive operating results in Europe on all the businesses in all the quarters of the exercise. The Group is able to adapt dynamically its productions to market conditions.

Sugar Europe: the first semester 19/20 should be in line with the trend of the second semester 18/19. Nevertheless, Tereos is well positioned to benefit from the recovery of sugar prices from the second half of the year. In fact, sugar spot prices recovered by 33% after the end of the financial year. Thanks to an almost stable level of planting (-5%), Tereos should benefit from better production volumes than last year.

Sugar and ethanol production in Brazil: the campaign is under normal conditions with cane forecasts in line with historical levels, thanks to good rainfall in March and April.

The Ethanol market is growing at a dynamic pace, driven by high consumption and a low inventory level due to the late start of the Brazilian season.

Concerning sugar, Brazil should benefit from the foreseeable deficit in world sugar production for the October 2019 to September 2020 season, after a period of resorption of stocks.

After a year characterized by increased volumes, **the starch and sweeteners division will continue this trend and should benefit from an increase in volumes** sold. The results of the division should also benefit from the integration of Sedalcol assets, and of the capital gain generated by the transaction.

In this context, Tereos will continue to rely on its diversification strategy and on the performance gains of the 2022 Ambitions program, which aims to generate more than € 200 million in operating profits.

Based on this target and on current market prices, Tereos estimates that its normative EBITDA at the end of this plan (2022) should be between 600 and 700 million euros.

Commenting on these results, François Leroux, Chairman of Tereos' Supervisory Board, stated:
"Tereos model has demonstrated its resilience in the context of the sugar crisis in Europe. This pivotal year of structural transformation of our markets made it possible to validate the Group strategy. It has also tested and demonstrated the validity of the diversified and internationalized model we have been building for several years, as well as the sound management of the company, which continues to improve its level of operational and commercial efficiency year after year."

For Alexis Duval, Chairman of Tereos' Executive Board: *"The resilience of the Group's European activities in a year marked by the end of quotas demonstrates that Tereos has capitalized on its previous experience of transformation and adaptation to a liberalized market context in Brazil. In addition, our ability to reposition ourselves in buoyant markets, such as nutritional sugars or vegetable proteins, as well as our 2022 Ambitions competitiveness program, allow us to look to the future with confidence, and to be optimistic about our ability to continue to adapt to this changing environment."*

About Tereos

The long-term vision of Tereos is the processing of agricultural raw materials and the development of quality food products. Tereos is a leader in the sugar, alcohol and starch markets. The Group's commitments to society and the environment contribute to the company's performance in the long term while strengthening its contribution as a responsible player. The cooperative group Tereos is a union of more than 12,000 farmers and has recognized know-how in the processing of beet, sugarcane and cereals. Through 49 industrial sites, a presence in 18 countries and the commitment of its 26,000 employees, Tereos supports its customers close to their markets with a broad and complementary range of products. In 2018-19, the Group achieved a €4,4 bn turnover.

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