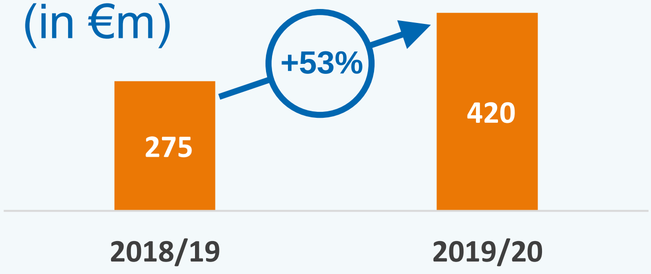
# 2019/20
# PRESS CONFERENCE

June 3, 2020

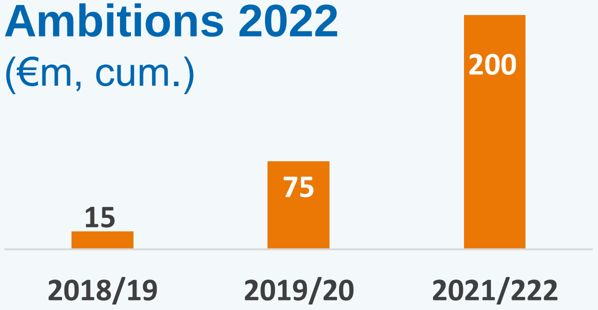
# EBITDA GROWTH: +53%

- **Revenues +1.2% to €4.5 billion**
  - Average sugar price EU: €334 (-0.6%), Average sugar price NY11: 12.6 cts (+3%)
- **EBITDA: +53% to €420 million**
  - Increased operating results across all divisions
  - EBITDA margin: 9.3% vs 6.2%
- **Ambitions 2022: +€60 million in recurring earnings**
- **Net income: +€24 million**
- **Industrial investments: stable, at €160 million**
- **Net debt: €2,556 million, down €73 million**
  - Operating cash flow: +43% to €234 million

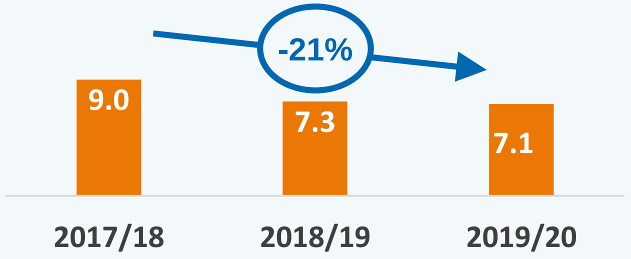
EBITDA
(in €m)




**Ambitions 2022**
(€m, cum.)




**Safety** (OFR)

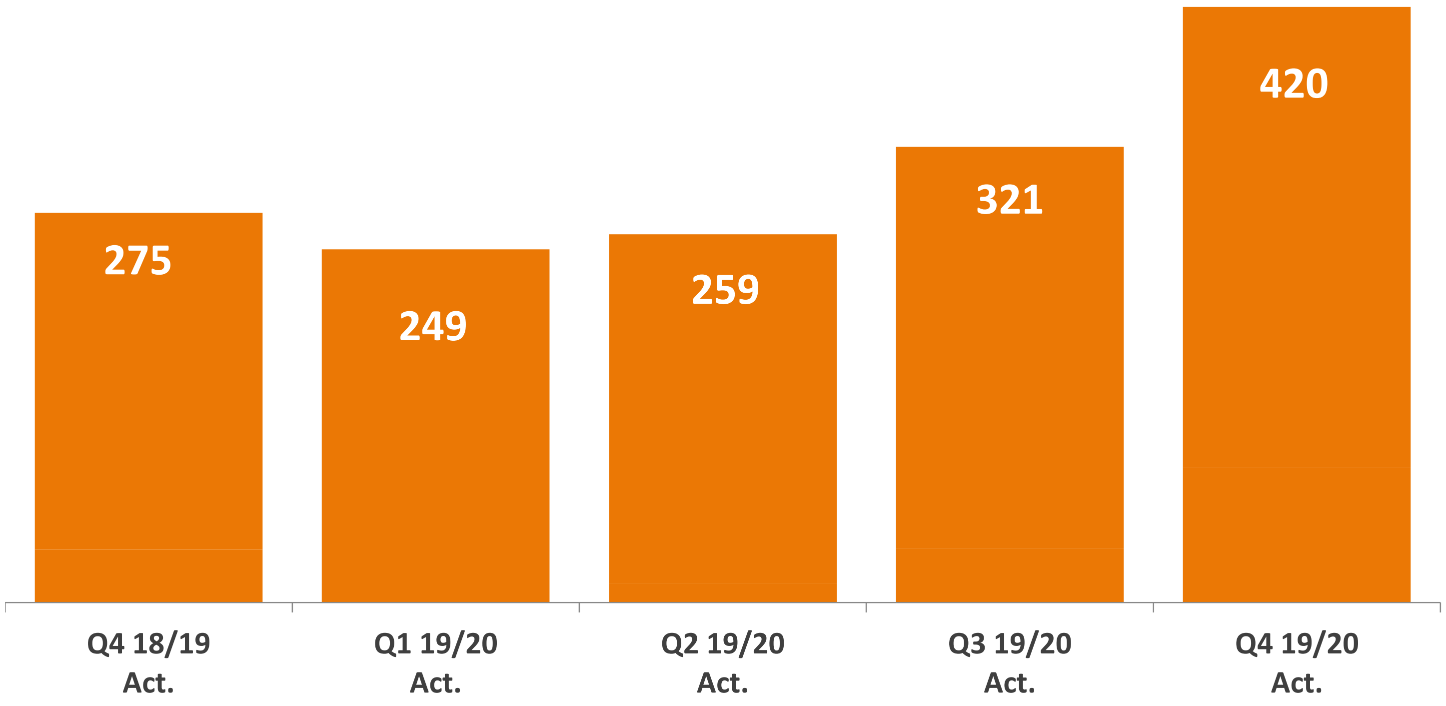





Note: Adjusted EBITDA throughout the document

# INCREASED MOMENTUM IN THE 4TH QUARTER

## 12-MONTH ROLLING EBITDA (€MILLION)

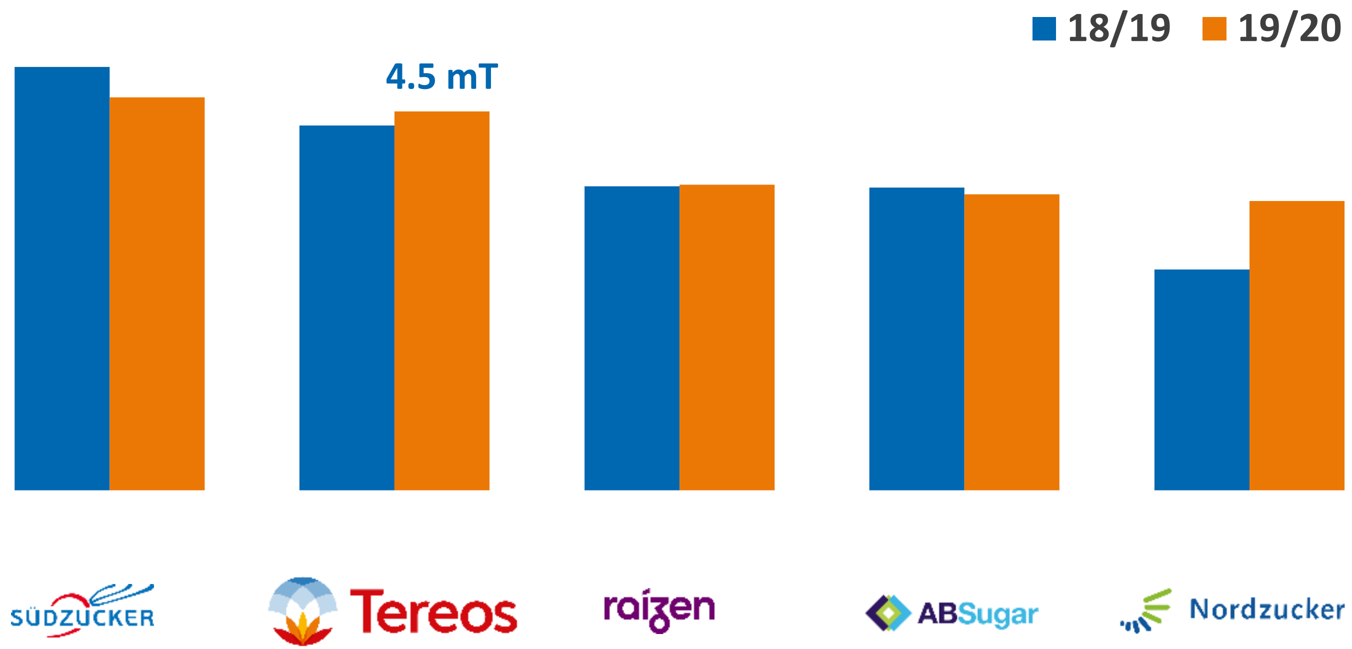



- Turning point in Q2
  - New EU campaign
  - Upturn in prices
  - Growing impact of Ambitions 2022

# GROWTH ACROSS ALL ACTIVITIES

## 2ND LARGEST WORLD SUGAR GROUP

SUGAR PRODUCTION, VOLUME




**Sugar: +4% to 4.5 mT**

**Alcohol: +7% to 1.6 mm3**

**Starch: +4% to 4.1 mT**

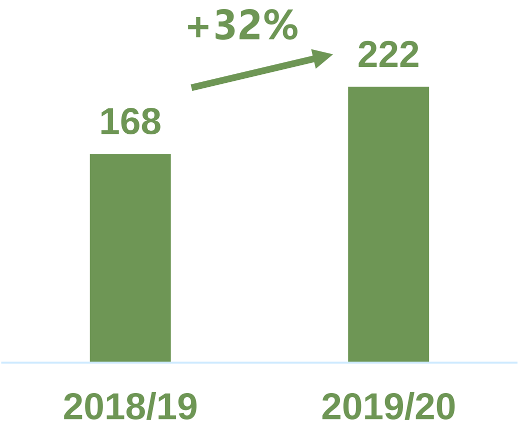


Note: grinding volumes for Starch activity
Sources: F.O. Licht ; public data

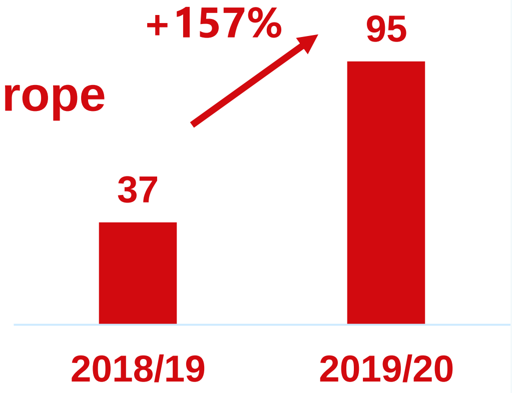
# POSITIVE MOMENTUM IN ALL DIVISIONS

TEREOS GROUP EBITDA BREAKDOWN, €MILLION

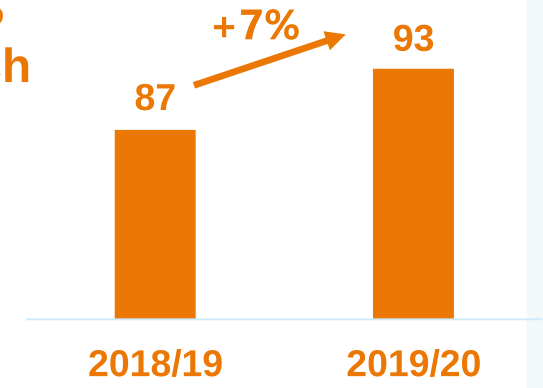
**53%**
**Sugar International**




**23%**
**Sugar Europe**




**22%**
**Starch**




Ambitions 2022

Ensemble, construisons One Tereos

- ❑ 2017 Plans: €140 million
- ❑ Target of €200 million
- ❑ 1,500 projects completed or launched to date
- ❑ 400 employees leading projects
- ❑ €75 million in earnings

# TEREOS PURSUES ITS STRATEGIC TRANSFORMATION

COMPETITIVENESS IN A GLOBAL MARKET

VOLATILITY

NEW MARKET TRENDS AND SOCIETAL EXPECTATIONS

## ILLUSTRATION #1

### Decarbonization

**Renewable energies: 50%**

**Energy consumption**

| 2019 - 2020 | 2019 - 2020 | 2019 - 2020 |
|---|---|---|
| -1% | -4.5% | -0.5% |
| TSSE consumption | TSF consumption | TSEB consumption |

2010 - 2020

X6

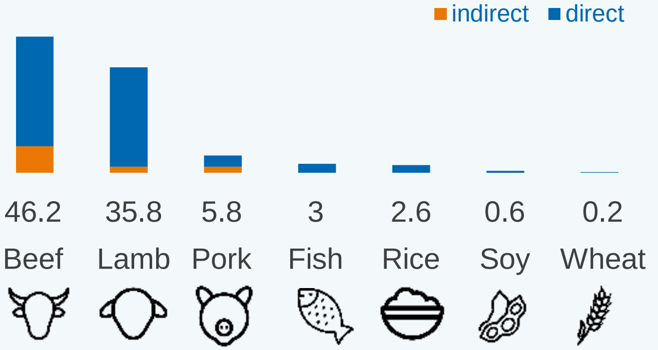
Sales of **biomass-based electricity** on the grid in Brazil

## ILLUSTRATION #2

### Wheat proteins

**2nd ranked globally**

**Proteins**
GHG emissions per food category
(kg CO2/kg of protein)

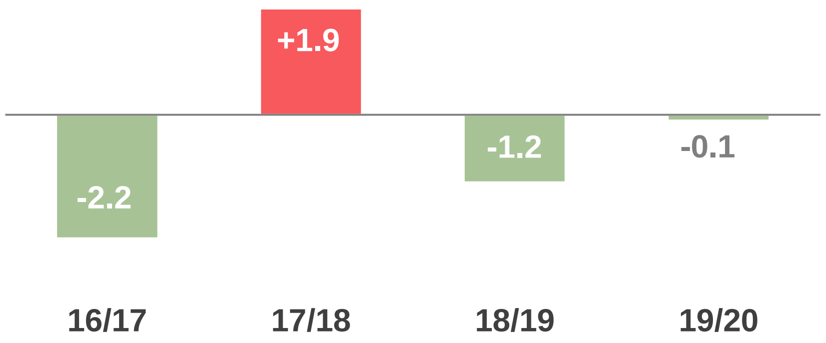


01

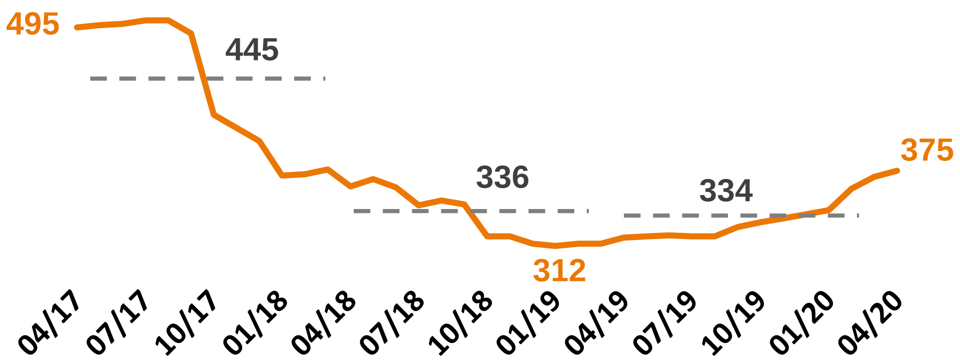
# SUGAR EUROPE: HIGHLIGHTS AND RESULTS

# UPTURN IN SUGAR PRICES DURING HALF 2

## The 18/19 campaign wiped out the market surplus(1)

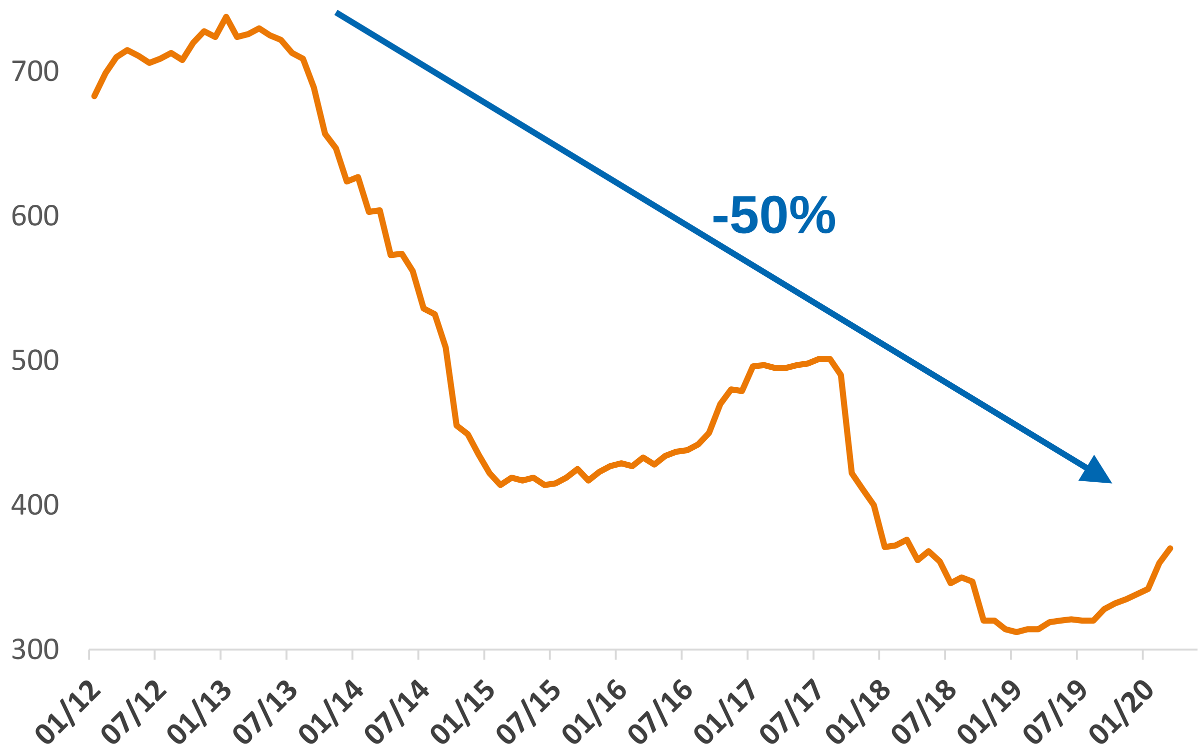



## Average sugar price EU(2): €334




## End of quotas: European sugar prices halved

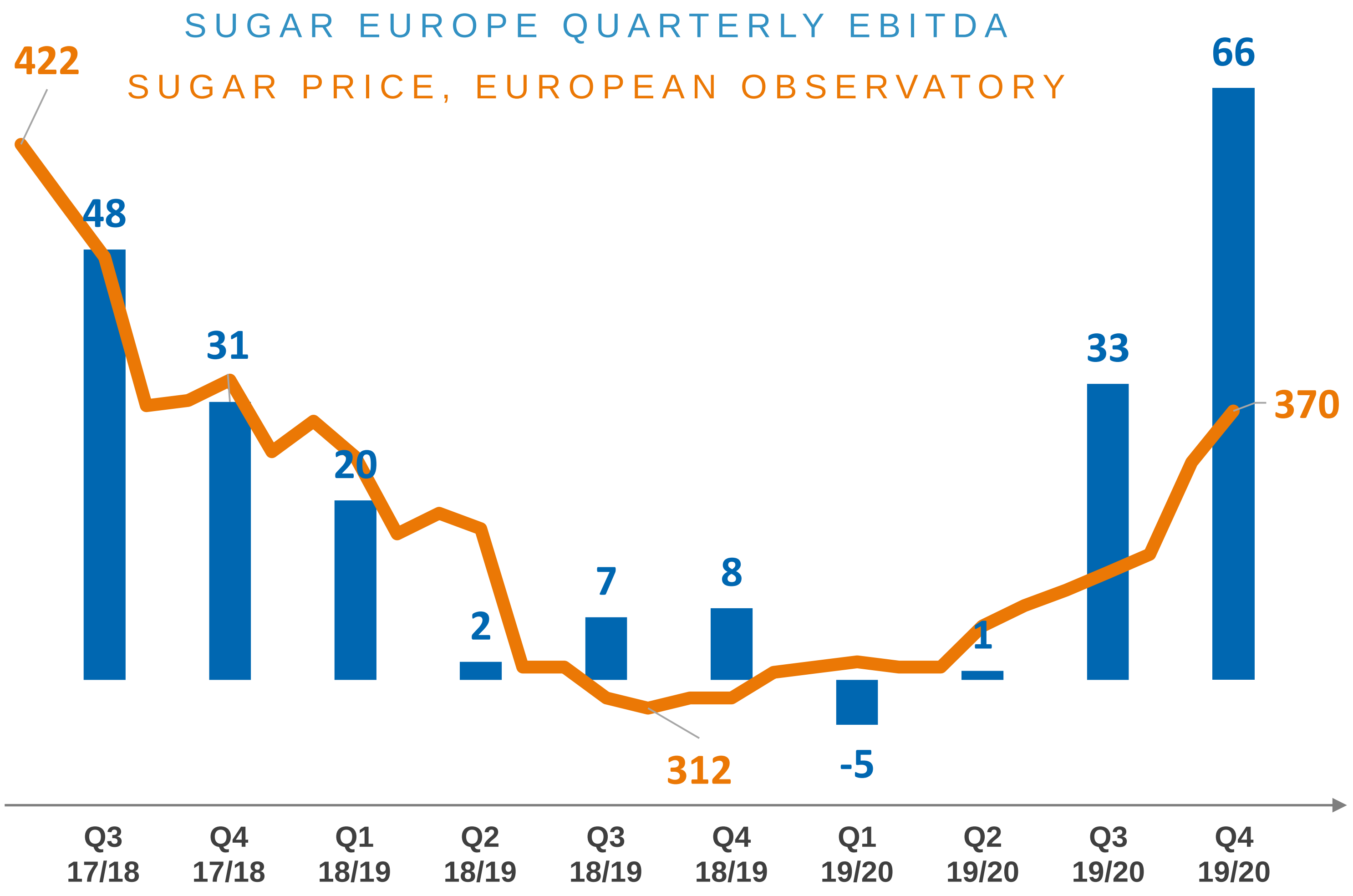
(EU Price Observatory)






(1) Source: Sugar Balance Sheet April 2020 – European Commission
(2) European Union Price Observatory

# UPLIFT IN EARNINGS AMPLIFIED BY GROWTH AND AMBITIONS 2022




## PRICE

**+€25** 2H vs 1H

## GROWTH

COMMERCIAL MARKET SHARE
**+27% VS QUOTA**

VOL. BEETS
**+22% VS QUOTA**

## AMBITIONS 2022

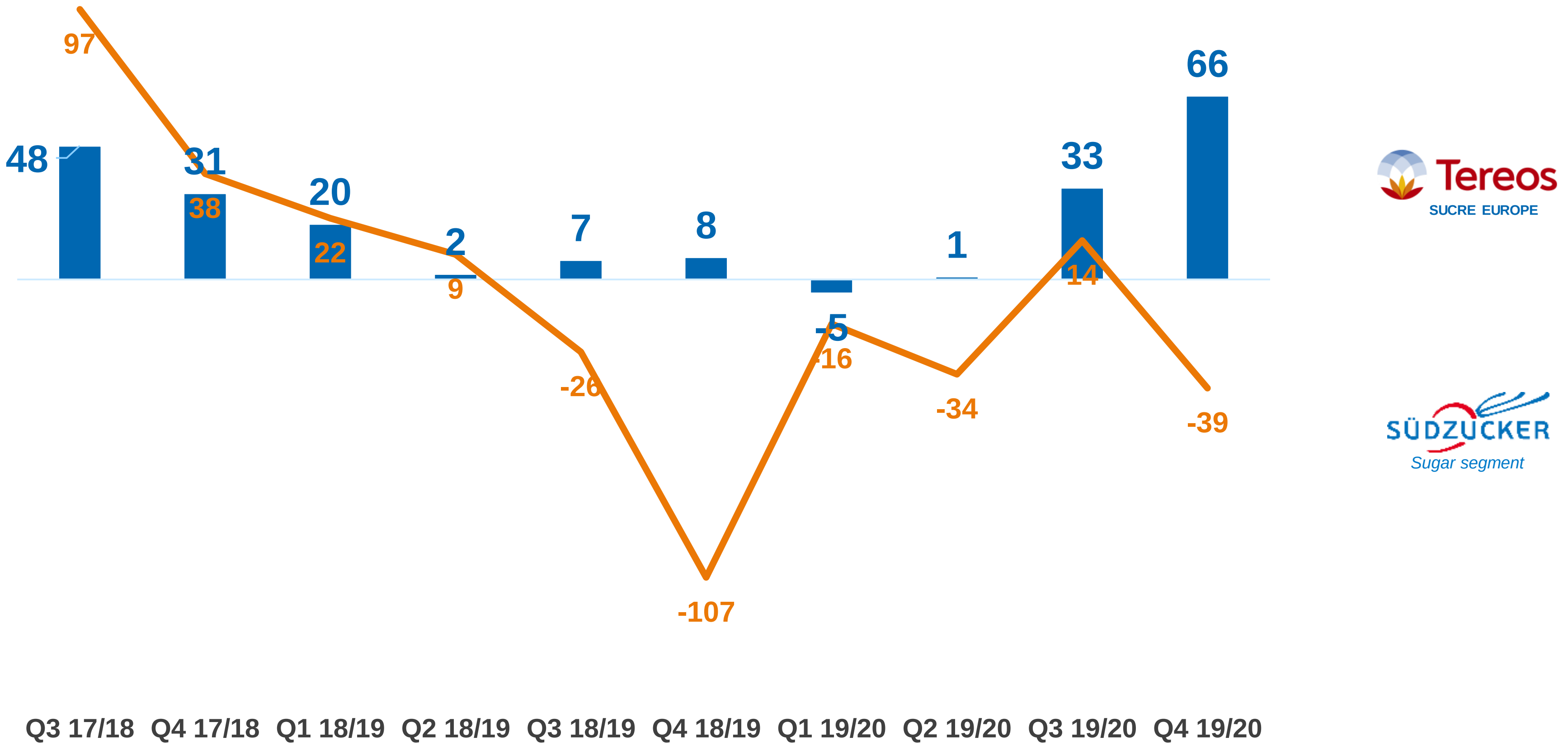
**+€33 MILLION**
IN EARNINGS



Sources: Public data, European Observatory, Tereos

# UPLIFT IN EARNINGS AMPLIFIED BY GROWTH AND AMBITIONS 2022

QUARTERLY EBITDA

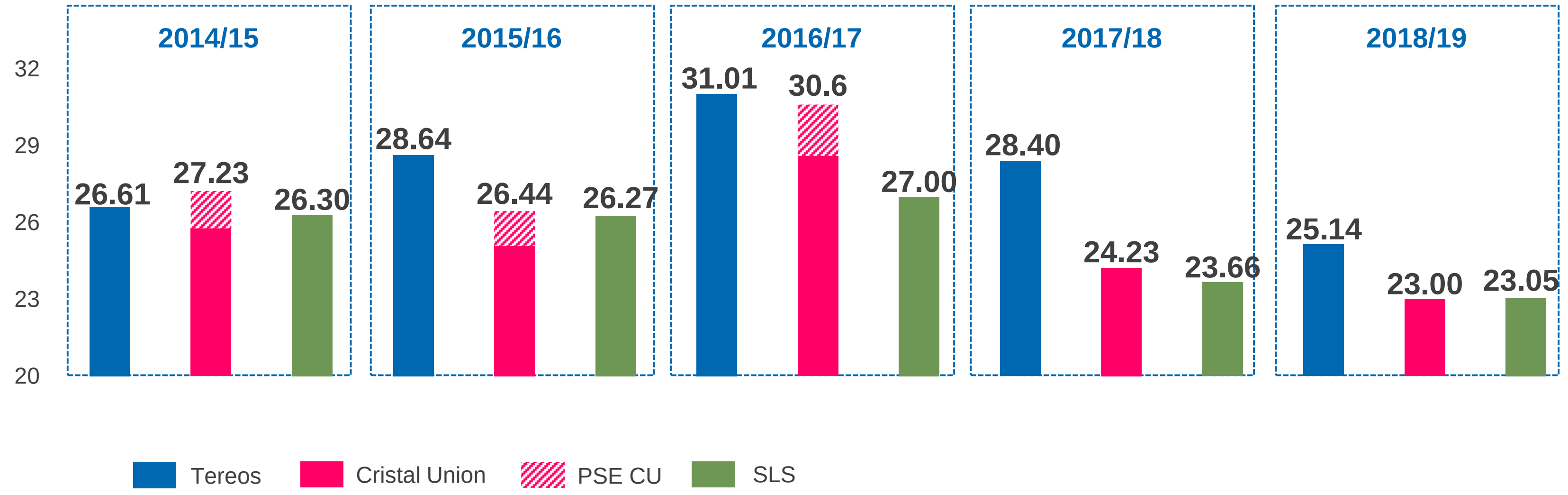





Sources: Public data, European Observatory, Tereos

# RAW MATERIAL REMUNERATION HIGHER THAN THE GUARANTEED PRICE

- Average Tereos price for 2019 (Oct-Sept): €25.14
- Actual remuneration 7% higher than the guaranteed price of €25 (2-year average)




- Formula-based price determined according to market price
- Tereos-specific indemnities and premiums
- Distribution of results from processing activities

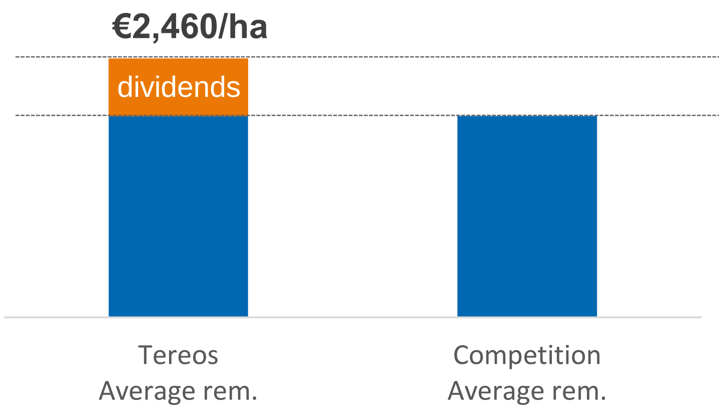


Sources: Public data; Tereos

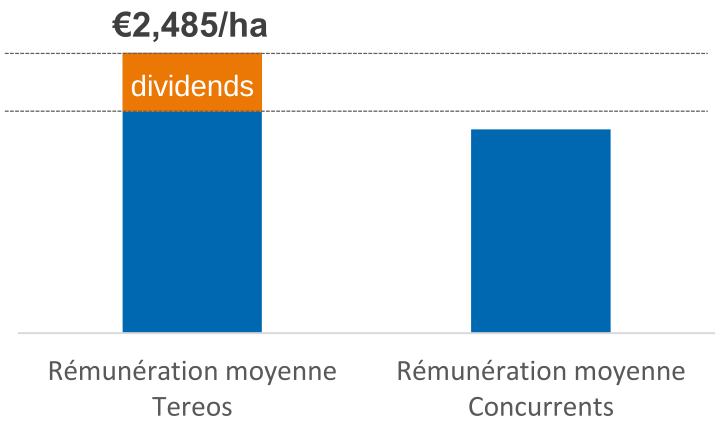
Notes: Tereos: average price (including surplus) / CU: average price (including surplus) / SLS: contracted beet price

# COOPERATIVE ASSOCIATES' REMUNERATION STRUCTURALLY SUPPORTED BY TEREOS DIVERSIFICATION

- Tereos has paid nearly €200/ha/year more to its cooperative associates over the last 5 years
- Diversification has brought nearly €150/ha/year of additional income to its cooperative associates through dividends

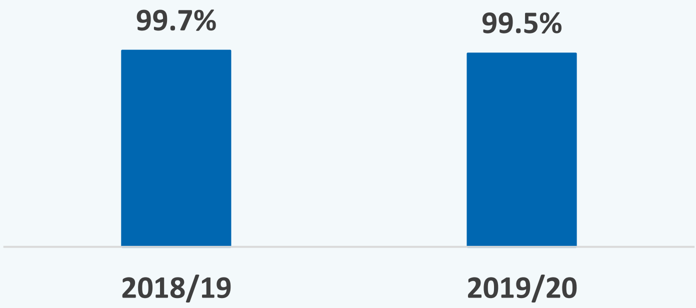



*5-year situation 13/18*




*5-year situation 14/19*

- Long-term commitment for 100% of sugarbeet
- 99.5% renewal of commitments with cooperative associates



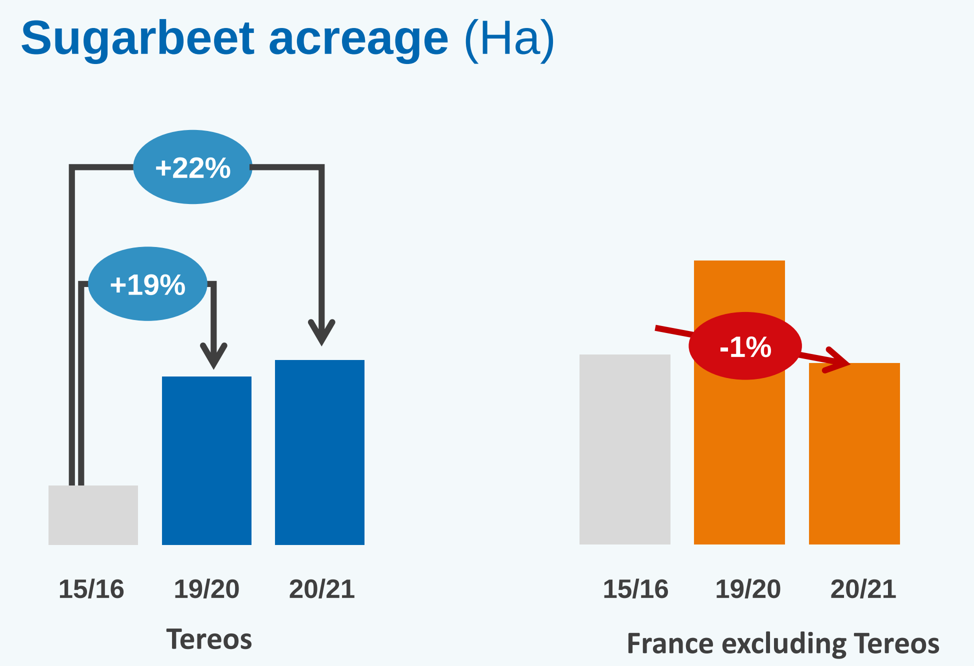



Sources: Public data; Tereos

Notes: Tereos: average price (including surplus) / CU: average price (including surplus) / SLS: contracted beet price

# TEREOS TODAY PROCESSES 50% OF SUGARBEET IN FRANCE

## Dynamic growth in acreage continuing in 20/21: +3% (France excluding Tereos: -14%)



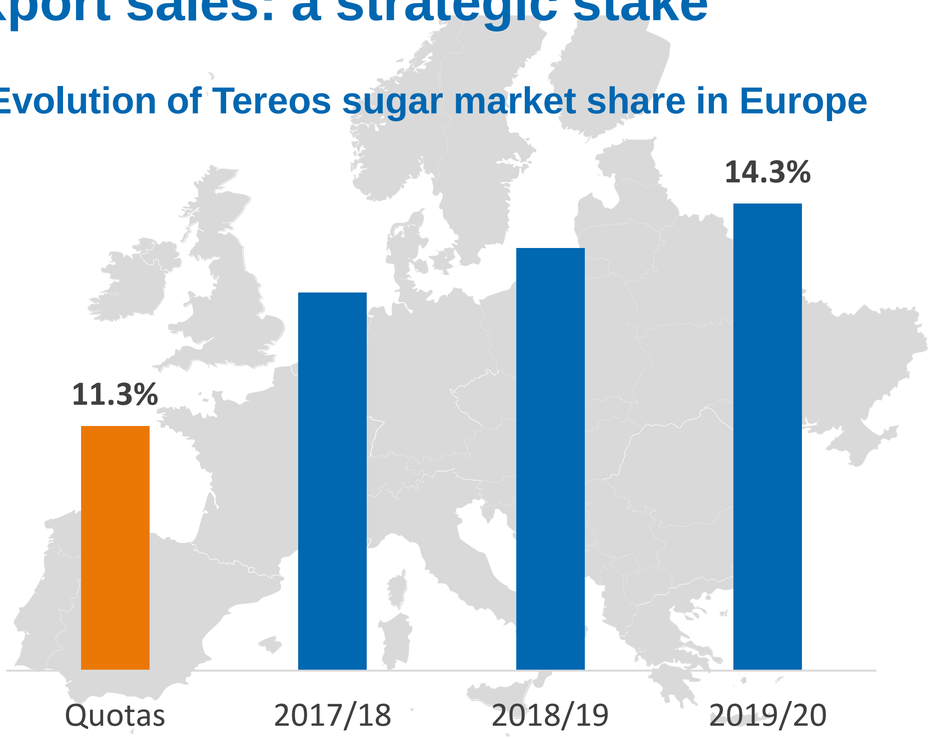



Sources: Public data; Tereos

# +27% GROWTH OF TEREOS SUGAR MARKET SHARE IN EUROPE FOR SUGAR

- ❑ **A structural decline in sugar consumption** (-1% / year)
- ❑ **Export sales: a strategic stake**

**Evolution of Tereos sugar market share in Europe**




## ❑ TEREOS EXPORTS 2/3 OF ITS EU SUGAR

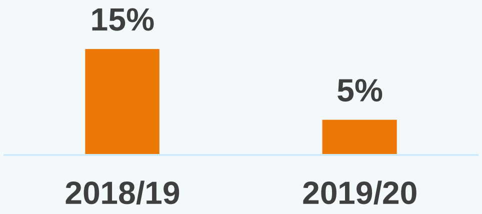
- **A unique commercial offer: products & geography**
- **Commercial success thanks to our international strategy**

***SUGAR SALES 19/20***

| ~60% | ~35% | ~5% |
|---|---|---|
| EUROPE EXCLUDING FRANCE | FRANCE | EXPORT EXCL. EUROPE |

- Flexible access to a **large-scale export distribution network**

**Sugar export sales (excl. EU)**

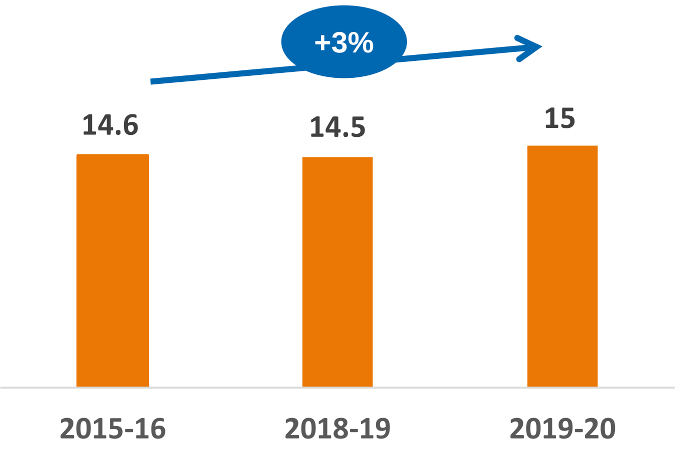





Source: Tereos

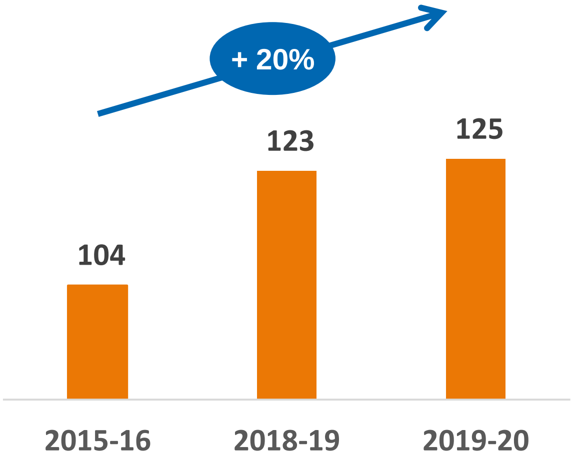
# A VIRTUOUS CIRCLE

**Average production/plant** (kt[1]/day)



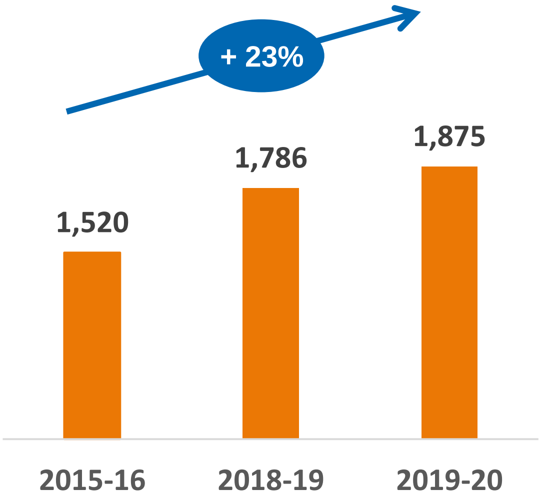

**Historic throughput rates during the last campaign**

**Campaign duration** (days)




**7 Tereos plants among the top 10 plants in France in terms of campaign duration**

**Average production/plant** (kt[1])




**+23% activity at our sites thanks to the strategy implemented after the end of quotas**

**Virtuous circle:**
**Commercial and agricultural growth ➔ better cost competitiveness and higher margins ➔ financial results ➔ agricultural remuneration**



(1) Volumes of sugarbeet processed
Source: Tereos

02

# EUROPEAN MARKET: IMPACT OF COVID-19

Covid-19

# A STRATEGIC SECTOR

## ❑ Food chain disrupted by confinement

- Customer site shutdowns
- Peaks in demand in certain sectors and shutdown of competitors' sites
- Severe logistical constraints

## ❑ Decrease in consumption of sweeteners

- Industries most affected: beverages (-25%), ice cream (-24%), festive chocolates (-27%)
- B2C supported by precautionary purchases and the closure of the Out-of-Home Catering business

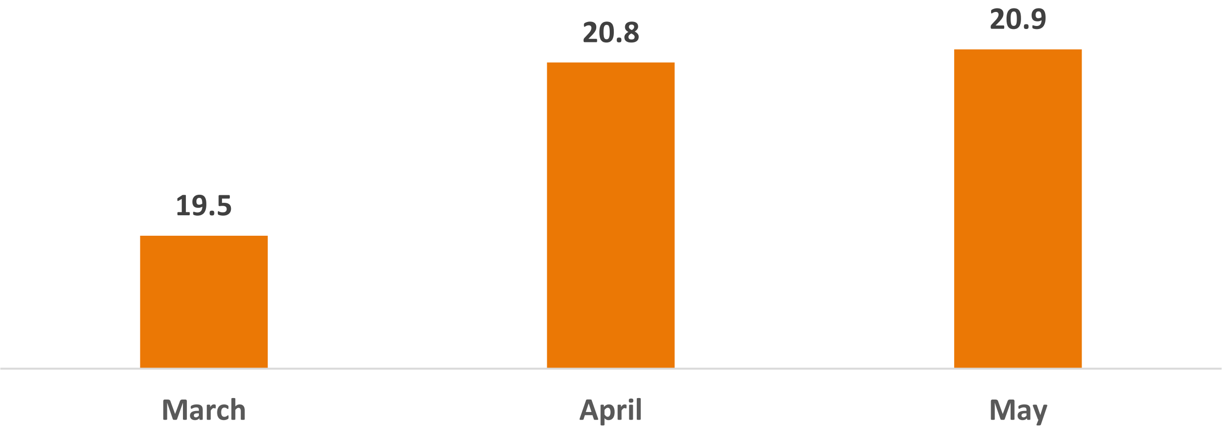
**+2,500**

CUSTOMER SITES SERVED IN EUROPE ON A JUST-IN-TIME BASIS

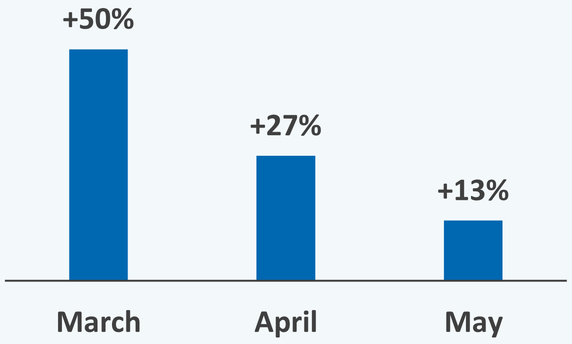
# FRENCH CONSUMERS FAVOURED BÉGHIN-SAY DURING LOCKDOWN

## French consumers demanding high-profile brands during the crisis

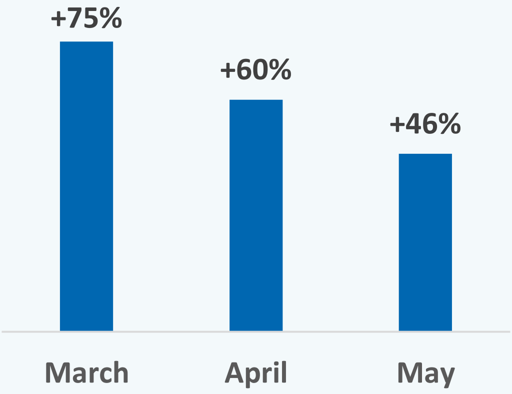

### Evolution of Tereos[1] market shares (2020)




### Evolution of French market (vol.) [1]



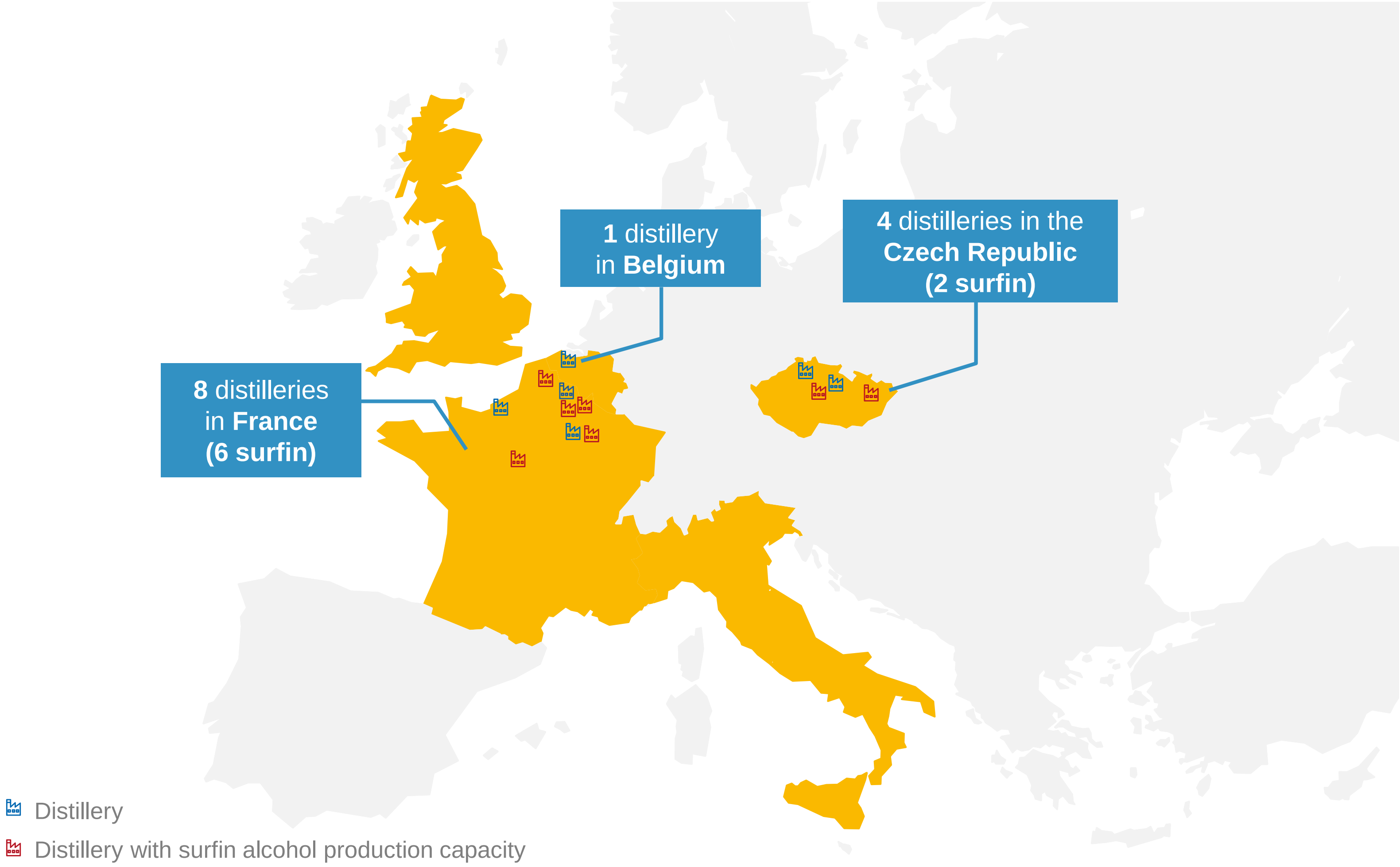

### Evolution of Tereos sales[1]






(1) Variation vs same month 2019; Tereos brands: Béghin-Say, La Perruche, Blonvilliers, Séréline
Source: Nielsen

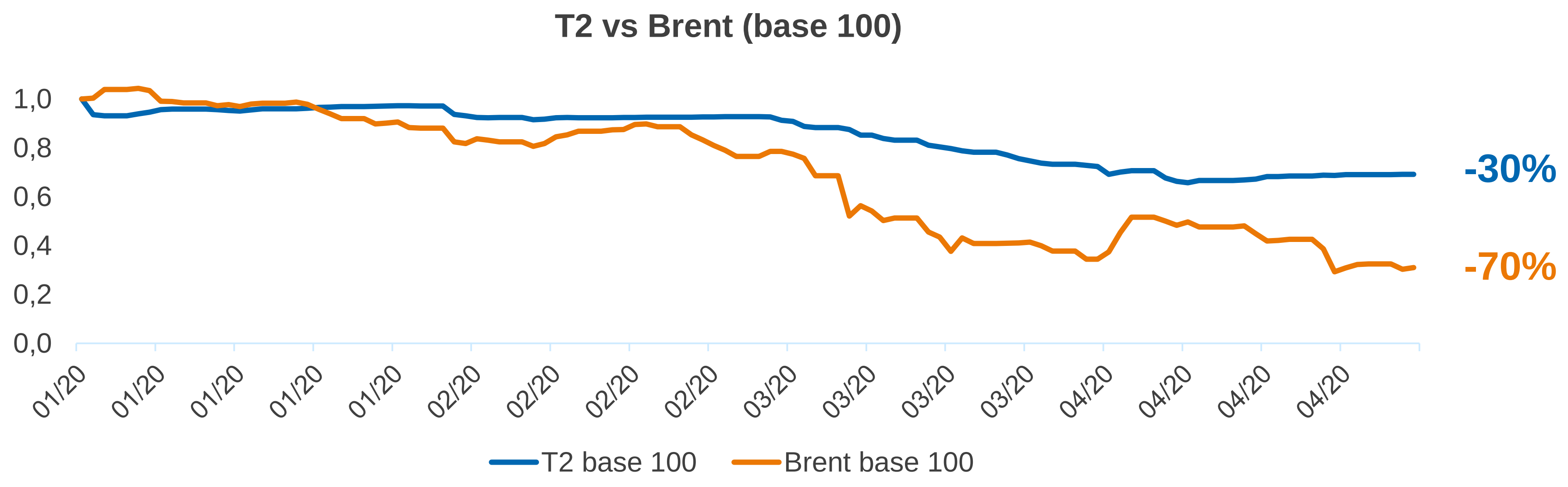
# TEREOS: LEADER IN PHARMACEUTICAL ALCOHOL AND SPIRITS




- ½ of Tereos's alcohol sales
  - 8 industrial facilities out of 13
- Tereos: leader in this market
  - 50% of the French market
  - 15% EU capacity
- Acquisition of the Nesle distillery
- A strategic Covid-19 activity:
  - Production: 60%
  - Hydro solution donations : 200,000 liters

# DUAL EFFECT ON THE ETHANOL MARKET

- **10% drop in ethanol consumption in March, and 55% in April**
  - **Ethanol: ½ of Tereos's alcohol sales**
- **Drop in oil prices**
- **Protective measures requested by France from the European Commission**

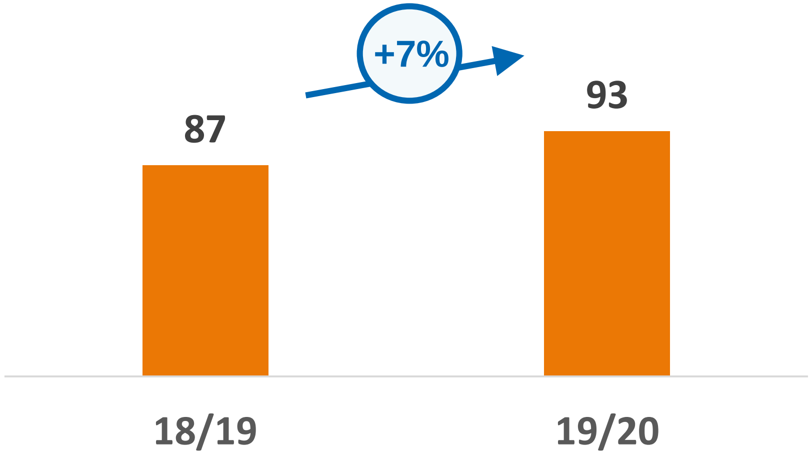


03

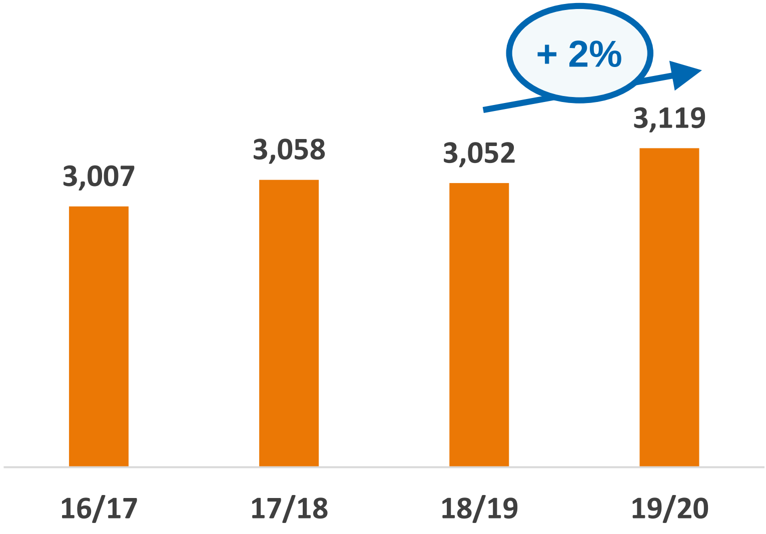
# STARCH AND SWEETENERS: HIGHLIGHTS AND RESULTS

# RESULTS UP 7% DESPITE A NEGATIVE PRICE ENVIRONMENT

**EBITDA** (M€)




**Production** (kt, grind)

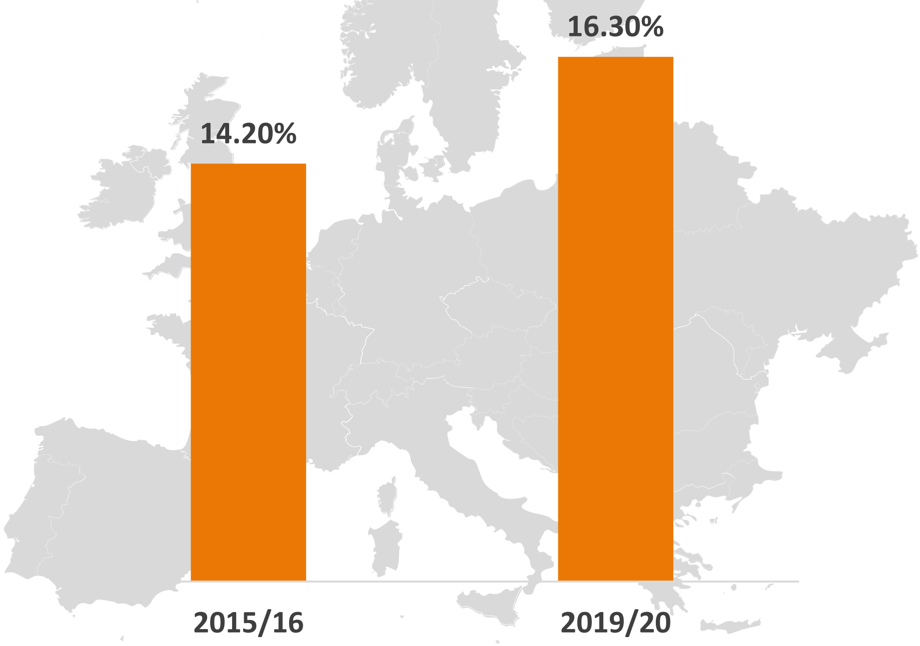



- ❑ Starch prices down €50 to €340 in average
- ❑ Sweetener margins penalized in H1
  - ○ Substitution toward sugar: 120 kt
  - ○ Paper/cardboard increase of 40-50 kt
- ❑ 2% increase in volumes to 3.1 Mt
- ❑ Ambitions 2022: +€16 M

# GROWTH OF TEREOS MARKET SHARE IN EUROPE: + 14%

## ❑ A strategic positioning in wheat-based starch

**Tereos market share evolution in Europe**




- ❑ **A unique sweetener offering for Western Europe**
- ❑ **Innovative formulation solutions**
- ❑ **Solid positions in buoyant markets: wheat protein, cardboard, maltodextrin**

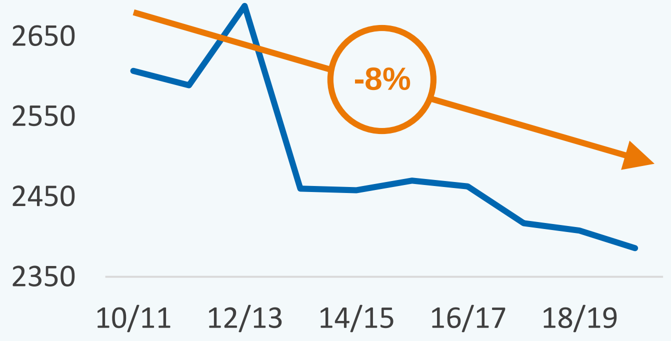
***19/20 SALES (tCo)***

| ~ 63% | ~ 25% | ~ 12% |
| --- | --- | --- |
| SWEETENERS | STARCH | PROTEINS |

# A VAST TRANSFORMATION TO SUPPORT CHANGES IN THE MARKET

- ❑ **Tereos: high engagement in sweeteners market**
- ❑ **Buoyant markets: paper/cardboard (e-commerce), vegetable proteins**
- ❑ **An advantageous strategic positioning in wheat-based starch**
- ❑ **A vast industrial transformation plan underway**
  - +2.2% milling in 2019/20
  - Efficiency and industrial performance gains
  - Growth in very dynamic markets

## Energy consumption
(kWh/TDS)

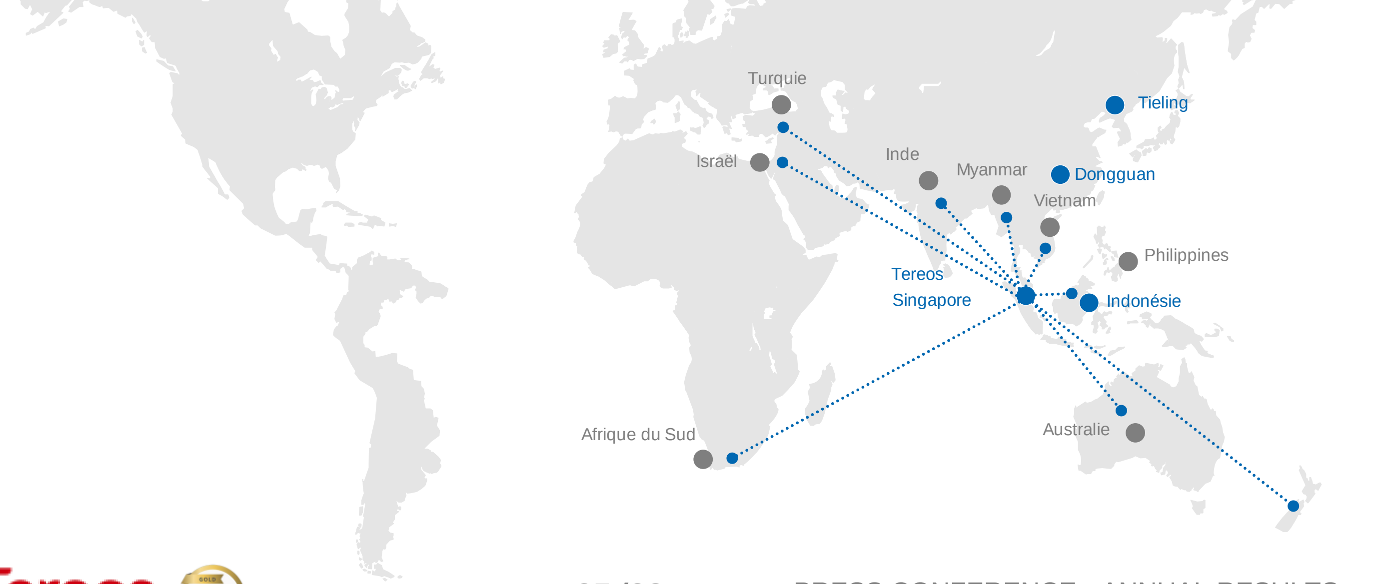



## Investments: €70 M

# TEREOS: 2ND LARGEST PLAYER IN WHEAT PROTEIN WORLDWIDE

- ❑ **Wheat-based proteins will capture a major share of the growing global demand for proteins**
  - Nutrition & Health
  - Climate challenges

**TEREOS: 11% market share in Asia**
Exports to 18 Asian countries from Singapore



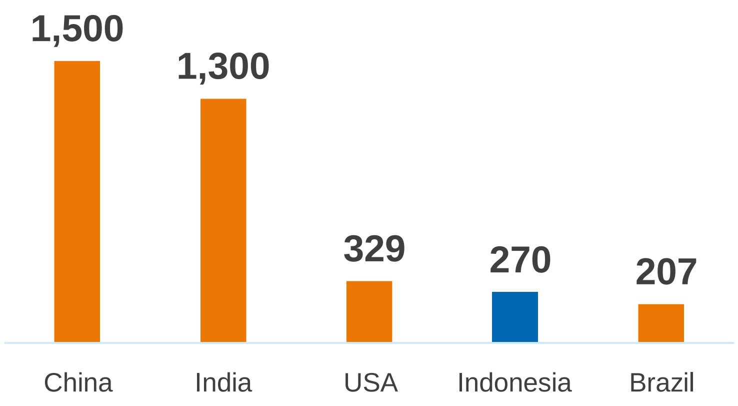

- ❑ **Global market share for wheat protein estimated at 20%**
- ❑ **Market increase > 10% p.a.**
- ❑ **Wheat proteins having the base GHG/CO2 impact**

- ❑ **Launch of Epi&Co bio**
- ❑ **Rice proteins: JV with Jinnong**
- ❑ **Insects: Innovafeed investment at Nesle**

# TEREOS: STARCH LEADER IN INDONESIA

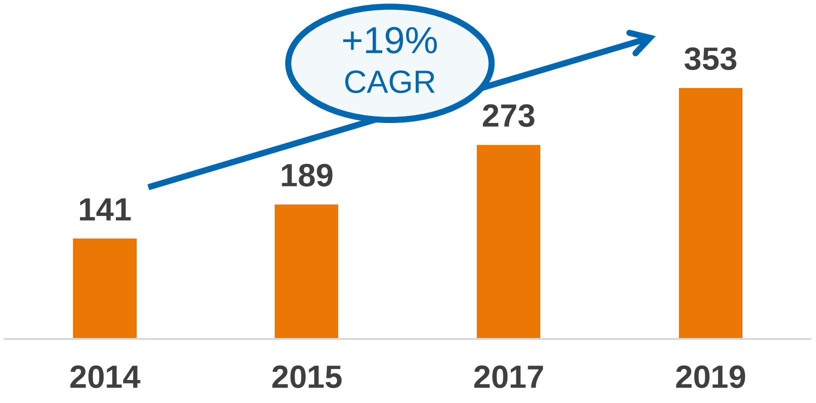
## 4th most populated country in the world

Millions of inhabitants



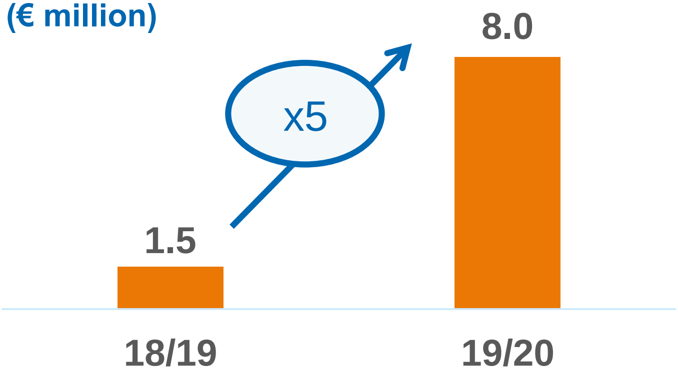

## Sharp increase in business

Tereos, TSSI annual sales (MT/year)




## Tereos S&S Indonesia Ebitda

**(€ million)**



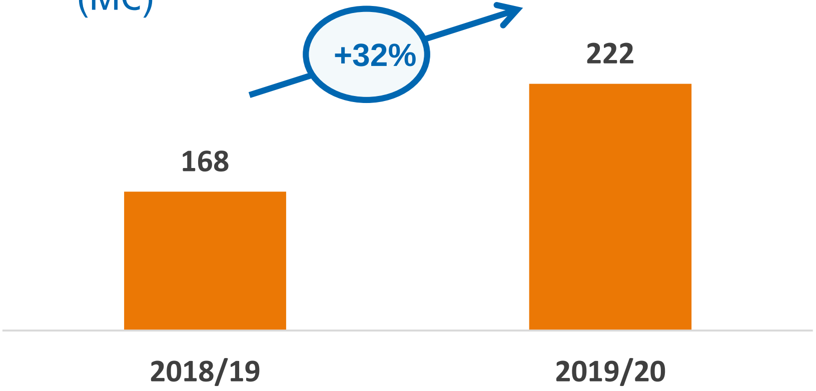

- **Population growth: + 1.3%**
- **Best historic milling performance: 360 Mt, + 16%**
- **Tereos: 25% market share in starch**
- **19/20 investments**
  - **Cogeneration**
  - **Fructose**
  - **Capacity**

04

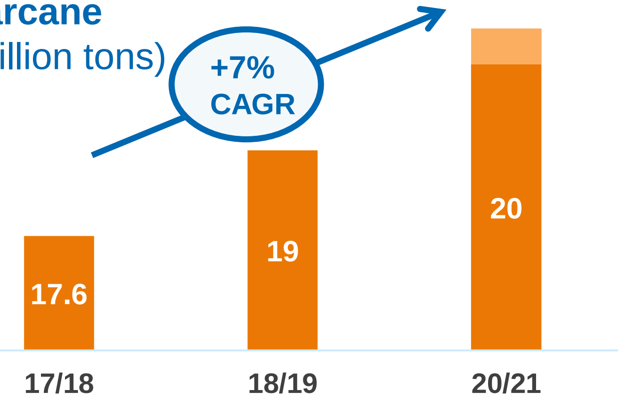
# SUGAR INTERNATIONAL: HIGHLIGHTS AND RESULTS

# RESULTS DRIVEN BY GROWTH AND AMBITIONS 2022

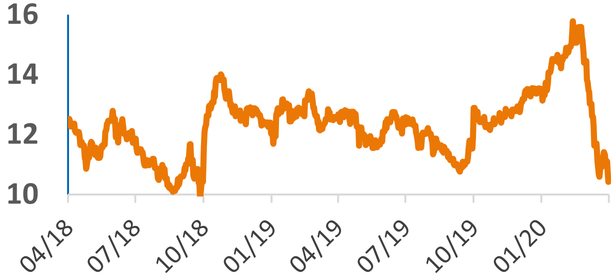
**EBITDA**
(M€)



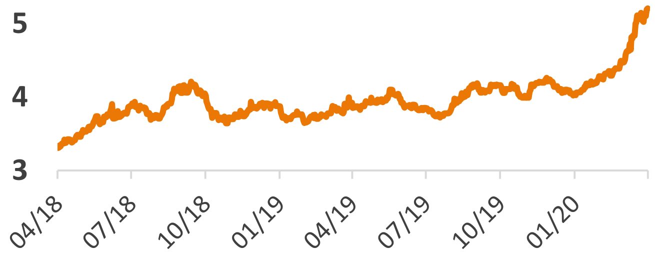

**Tereos milled sugarcane**
(in million tons)




**Sugar price** (NY11, $)




**Exchange rate** (USD/BRL)




- ❑ **Average NY11 sugar: + 4% to 12.6 cts**
- ❑ **Real FX down**
- ❑ **EBITDA +36% at constant exchange rate**
- ❑ **Volumes up +7%**
- ❑ **Ambitions 2022: €26 M**

# TEREOS 3RD PRODUCER IN BRAZIL, A STRATEGIC PRESENCE

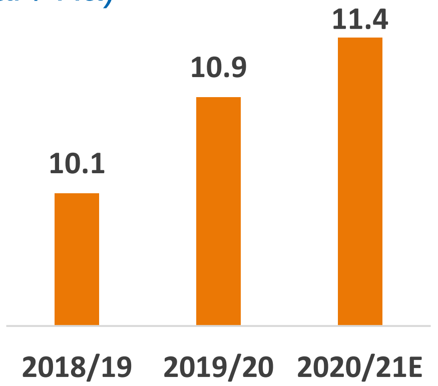

- No. 1 sugar producer in the world
- No. 2 ethanol producer in the world

- Most competitive production costs in the world
- A circular economic model

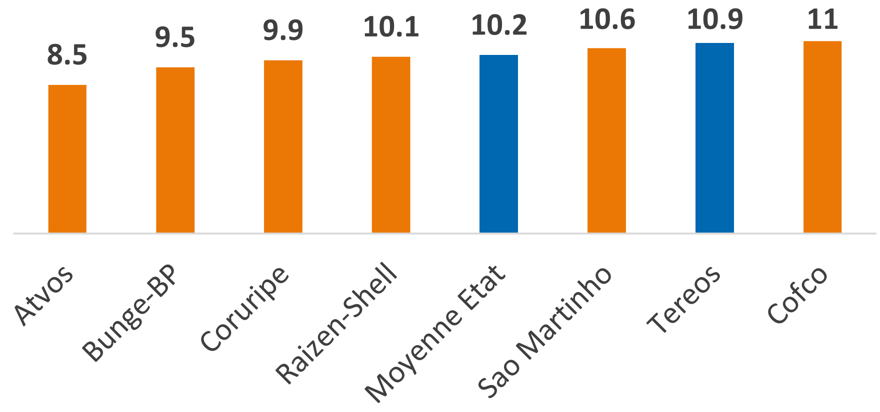
- 50% of global exports

# OPERATIONAL PERFORMANCE AMONG THE BEST IN BRAZIL

**Agricultural yields**
(T sugar / Ha)




**Agricultural yields** (T sugar / Ha)





**#1**
Andrade

**5**
TSEB plants
among the top 10 in Brazil

**Vertical logistic integration**

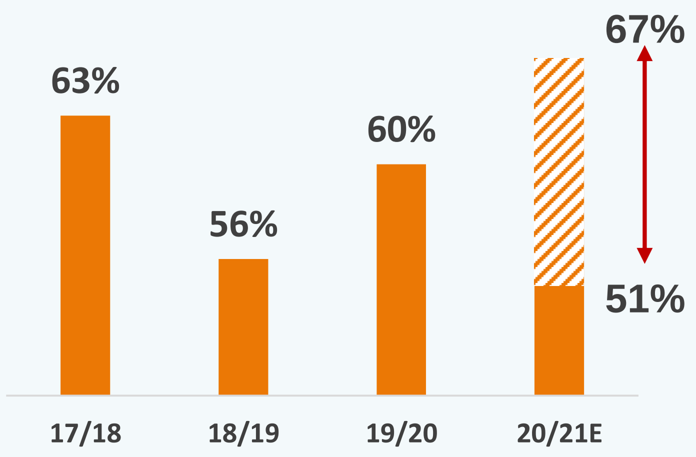



Source: CTC benchmarking – South central region

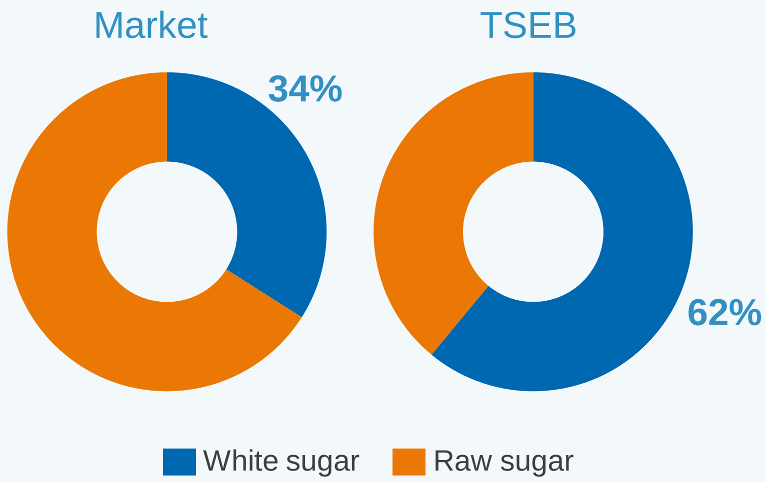
# COVID-19

- **Decrease of consumption during lockdown**
  - **Sugar: -14%**
  - **Ethanol: -30%**
- **Very good start of the campaign in spite of Covid-19**
  - **Mix favourable to sugar**
  - **Storage and logistics (export) capacities are critical**
- **Tereos has the industrial capacity for a 67% sugar mix at the maximum (vs about 48% for market)**
- **Vertical logistical integration (VLI)**

## TSEB: sugar/alcohol mix




## Production mix – FY2019/20



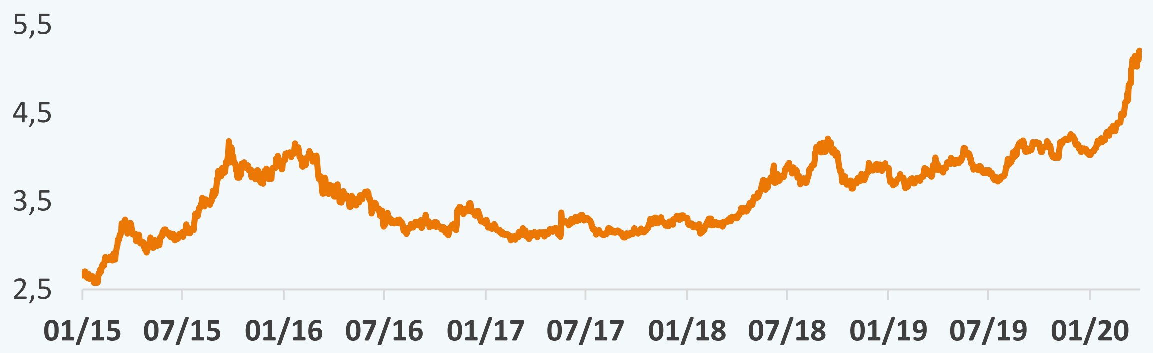



Source : Bloomberg, ANP and FGA

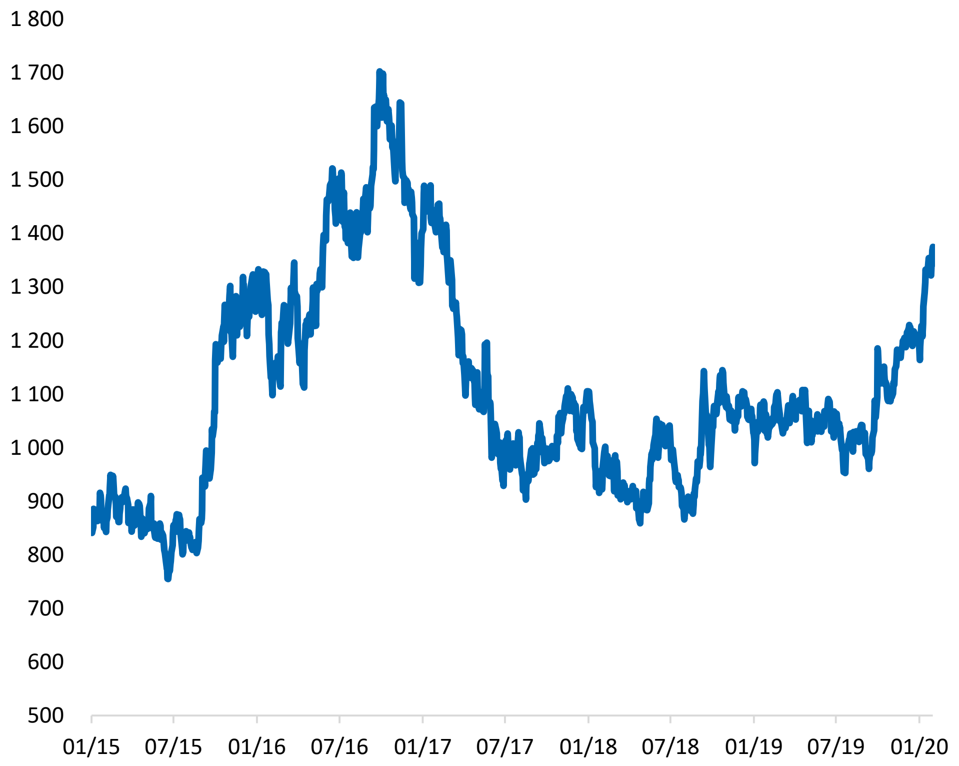
# A FOREX SITUATION FAVOURABLE TO BRAZIL COMPETITIVENESS

## Sugar (NY11 – USD cts/lb)


## Forex (USD / BRL)




## Sugar (NY11 – BRL/t)





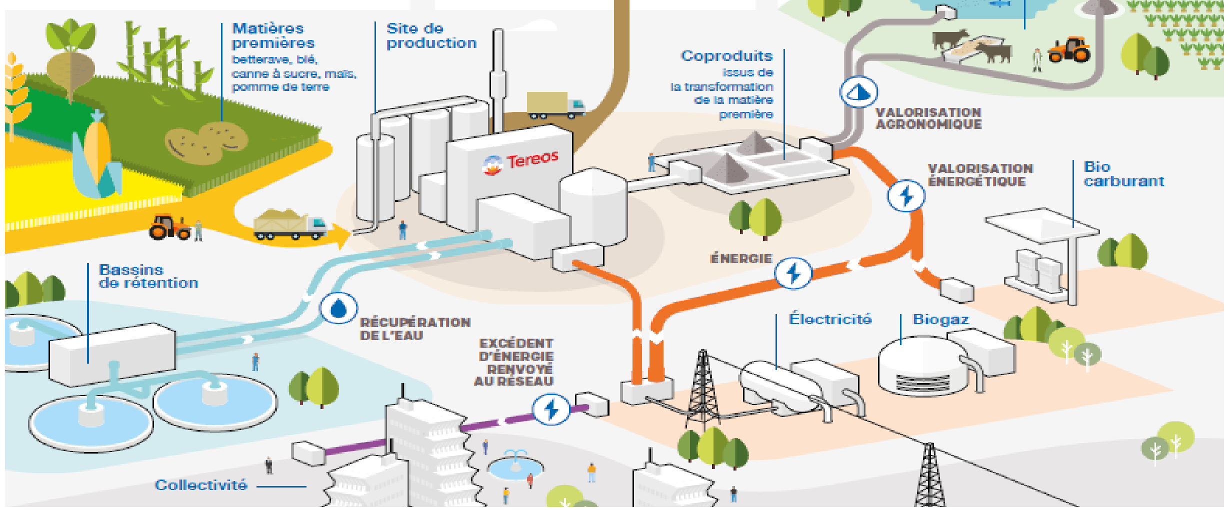

Source: ICE

# 25% OF TSEB OPERATIONAL RESULTS GENERATED BY GREEN ENERGY IN BRAZIL

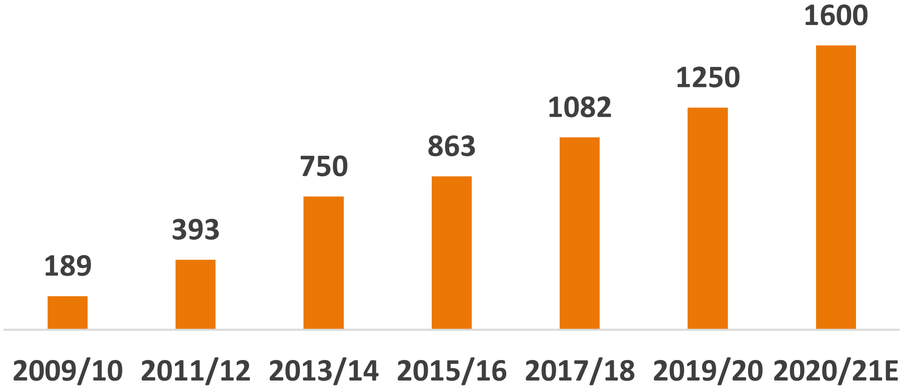
## ❑ A virtuous circular economy model

**99%**

of raw material valued




## ❑ Sales of electricity (Mwh)




## ❑ Renovabio program launched

RenovaBio

## ❑ VLI: 220 kt CO2 saved per year

## ❑ Palmital: commissioning of a new biogaz unit

05

# OUTLOOK

# MAJOR CHANGES IN THE FOOD INDUSTRY

- **Health & Nutrition**: structural decline in the consumption of sweeteners in the EU
- Consumption center of gravity has shifted toward **emerging companies**: economic catchup and population growth
- Continued growth in the demand for **proteins**, strong demand for plant-based proteins, sustainable aquaculture and alternative proteins
- Environmental awareness, **local distribution and circular economy** will change the traditional energy and agronomic models
- Prices of consumer goods which will continue to be under pressure: new **distribution** models, challenges of **purchasing power**
- Increased volatility from (EU) **liberalization** and market **interdependence**

# CONCRETE ANSWERS TO OUR 3 MAJOR STRATEGIC CHALLENGES

**COMPETITIVENESS IN A GLOBAL MARKET**

- ❑ Positioned as a leader in the best regions
- ❑ Top-ranked programs of operational excellence
- ❑ One step ahead in digital

**NEW MARKET TRENDS AND SOCIETAL EXPECTATIONS**

- ❑ Sustainable agriculture and new agronomic models Organic
- ❑ Circular economy: virtual local model, energy transition
- ❑ Plant-based proteins, innovative sweetener formulations
- ❑ Emerging countries: positioned as a leader in Brazil and Indonesia

**VOLATILITY**

- ❑ Vertical integration
- ❑ Continuation of diversification

# 06
# Q&A

Tereos

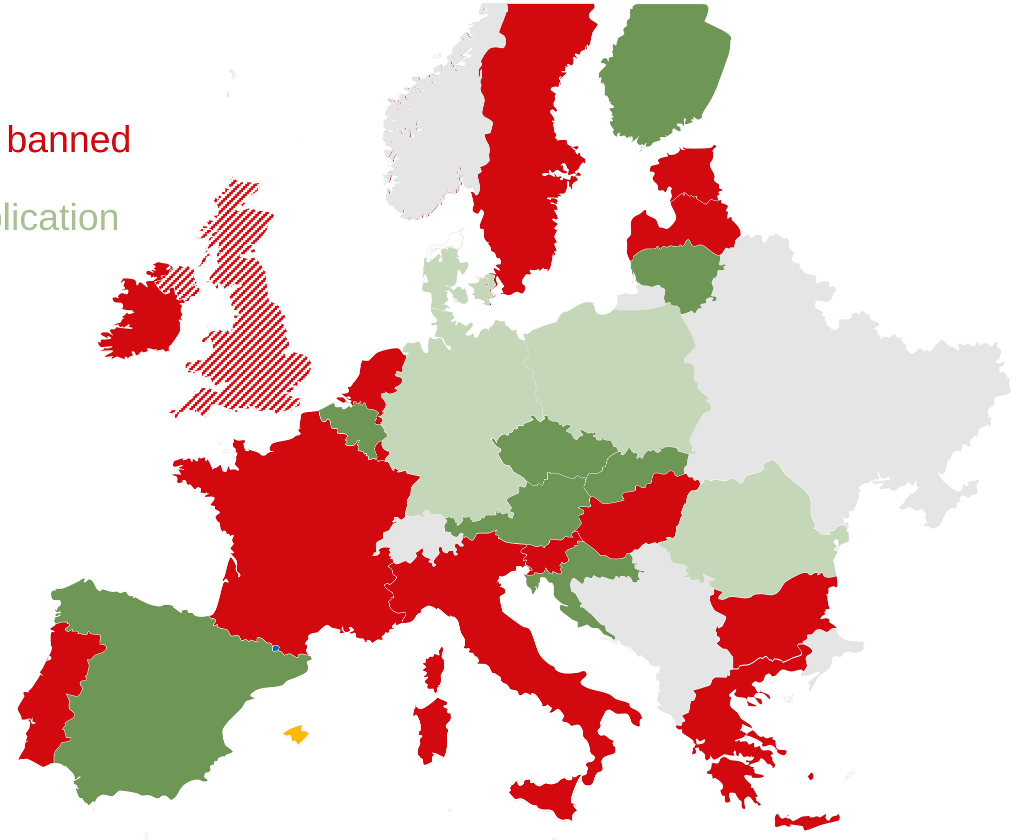
# END OF NEONICOTINOIDS: A NEW CHALLENGE FOR SUGARBEET AGRONOMICS

## REGULATORY STATUS

Neonicotinoids banned

Exemption application pending

Neonicotinoids authorized



**Neonicotinoid ban since 09/01/2018 in France**

**Tereos teams counting and monitoring parcels since mid-April**

**Min Agri treatment authorization of 04/28/2020 (Teppeki), as of 2 leaf stage**

**Agro advice by Tereos on 04/21, 05/07 and 05/19 for treatment**

**Impact estimate expected mid-June after sampling**