



# **TEREOS PRESS CONFERENCE**

## **H1 2020/21**

November 18<sup>th</sup>, 2020

# HIGHLIGHTS - H1 2020/21

## Continued growth in earnings since Q1 2019

- H1 Group EBITDA: **+114% to €237 M**
- Net debt as of 09/30 down **€253 M to €2,480 M**

## Stronger financial security

- **€800 M** of financing renewed early for H1
- Pro-forma financial security as of 09/30: **€1,015 M**

## Sugar & Energy Brazil 19/20: record operating income

- Crushed sugarcane: **+10% to 20.9 Mt**

## Starch & Sweeteners: Q2 EBITDA in line with 2019/20

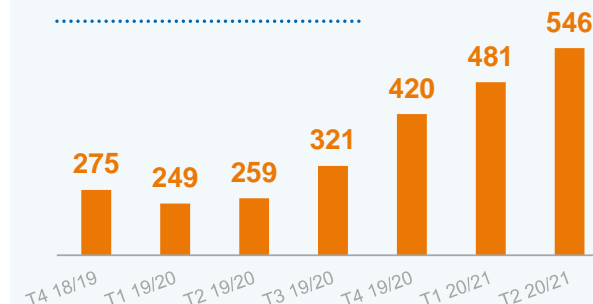
## Sugar Europe 2020/21: impact from beet yellows virus

- Decrease in yield forecasts in France from **-12% to -23%**

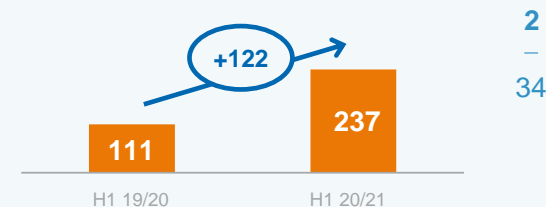


PRESS CONFERENCE - HALF-YEARLY EARNINGS

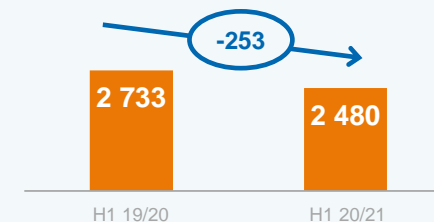
### 12-MONTHS ROLLING EBITDA (M€)



### EBITDA (M€)



### NET DEBT AS OF 09/30 (M€)



NOVEMBER 18, 2020

# OPERATING INCOME H1 2020/21

## EBITDA Sugar Europe: €98 M (vs. -€4 M)

- **Revenues +11%:** Recovery in sugar prices vs. H1 19/20 and momentum in alcohol market
- **EBITDA:** results increased by improvements in operational performance

## EBITDA International Sugar: €98 M (vs. €76 M)

- **Historical operating results**
- **Volumes up:** sugar (+39%), alcohol (-6%) and renewable energies (+40%)
- Sharp depreciation of the Brazilian real during H1: **-38% vs. euro**
- **Revenues down 5%** (+22% at constant exchange rates)
- **EBITDA up 29%** at current exchange rates and **up 67%** at constant exchange rates

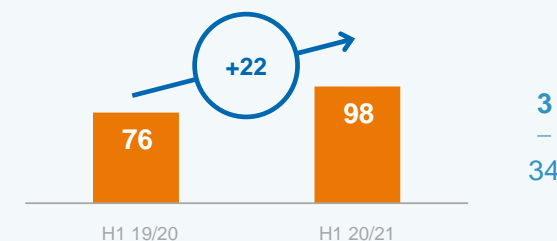
## EBITDA Starch & Sweeteners: €27 M (vs. €32 M)

- **Revenues down 8%:** price and mix effects
- Reported Q1 EBITDA down, **Q2 EBITDA in line with 19/20 at €19M**

### EBITDA SUGAR EUROPE (€M)

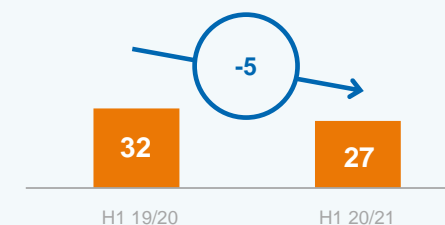


### EBITDA INTERNATIONAL SUGAR (€M)



3  
—  
34

### EBITDA STARCH (€M)



# STRONGER FINANCIAL SECURITY

## €800 M of new financing in place

- June 2020: \$105 million - 5 years – 7 banks – First “sustainable” financing of the sector in Brazil
- July 2020: €230 M - 5 years – 10 banks – French State-guaranteed loan
- October 2020: €300 M - 5 years – Bond issue
- October 2020: €200 M - 5 years – 6 banks – “Sustainable” revolving facility

## €253 M decrease in net debt to €2,480 M

- Operating Free Cash Flow: +€195 M

Financial security as of 09/30/20 pro-forma: €1,015 M (vs. €815 M)

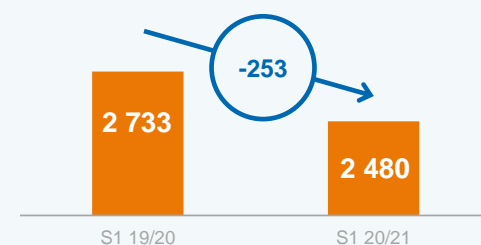
2020 sustainability targets exceeded: sustainable financing in Brazil



PRESS CONFERENCE - HALF-YEARLY EARNINGS

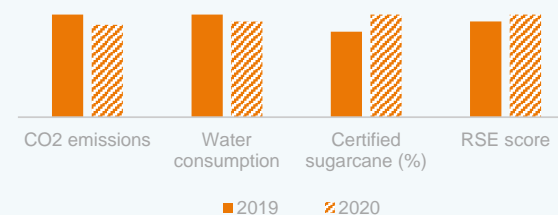
NOVEMBER 18, 2020

## NET DEBT AS OF 09/30 (€M)



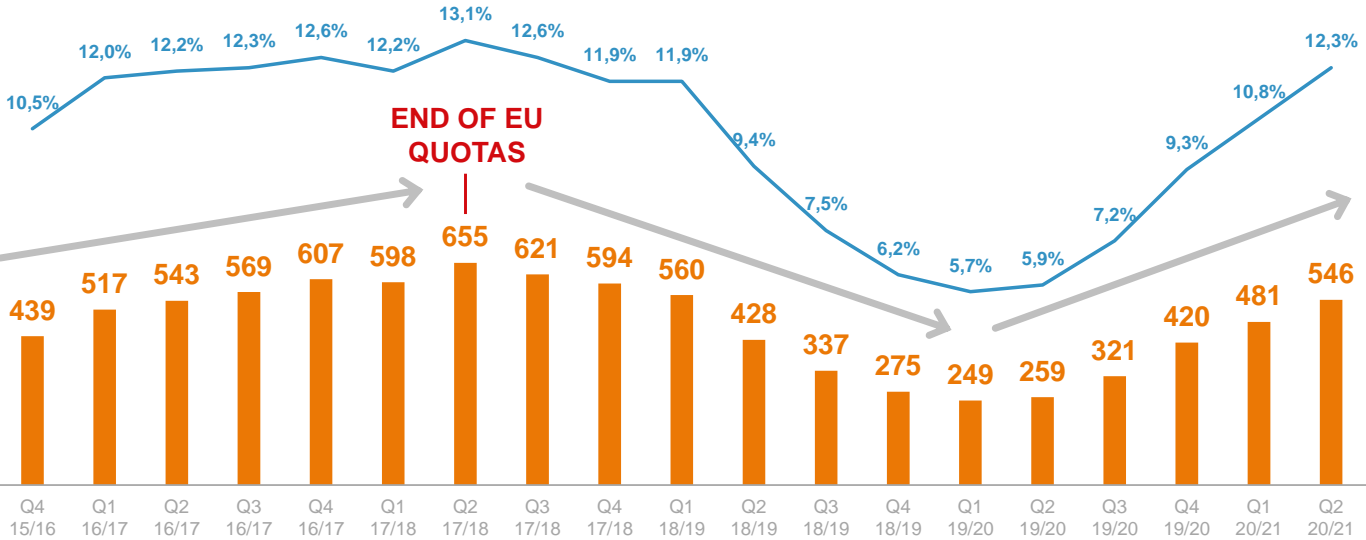
4  
—  
34

## 2023 SUSTAINABLE FINANCING OBJECTIVES



# A SUCCESSFUL ADAPTATION STRATEGY AT THE END OF QUOTAS

ROLLING EBITDA (12 MONTHS, €M)



3 years after the disruption caused by the end of quotas, a level of earnings close to 2016/17

- Tereos margin: 12.3% vs. 12.6%
- Despite EU sugar prices <25%

Continuous growth momentum since Q1 2019

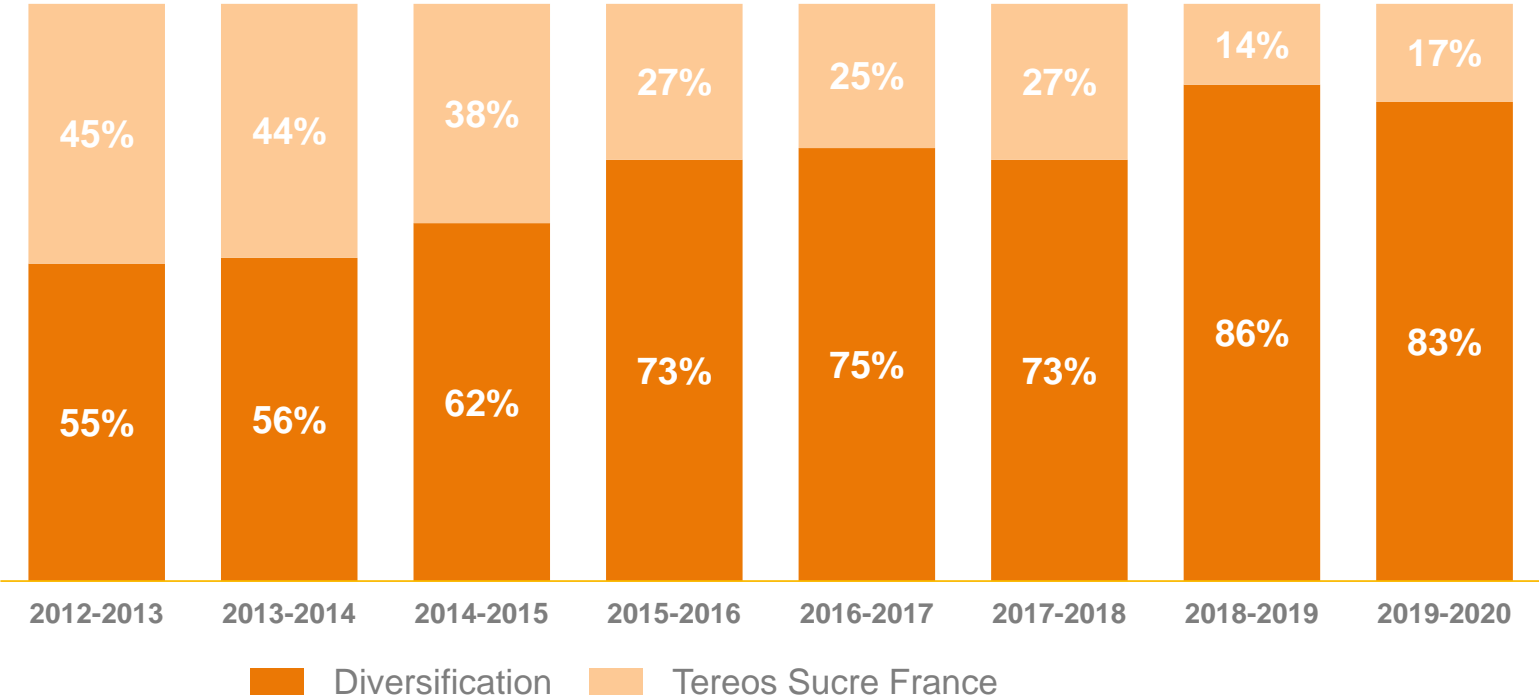
Performance sustained by :

- diversification strategy
- operational performance gains



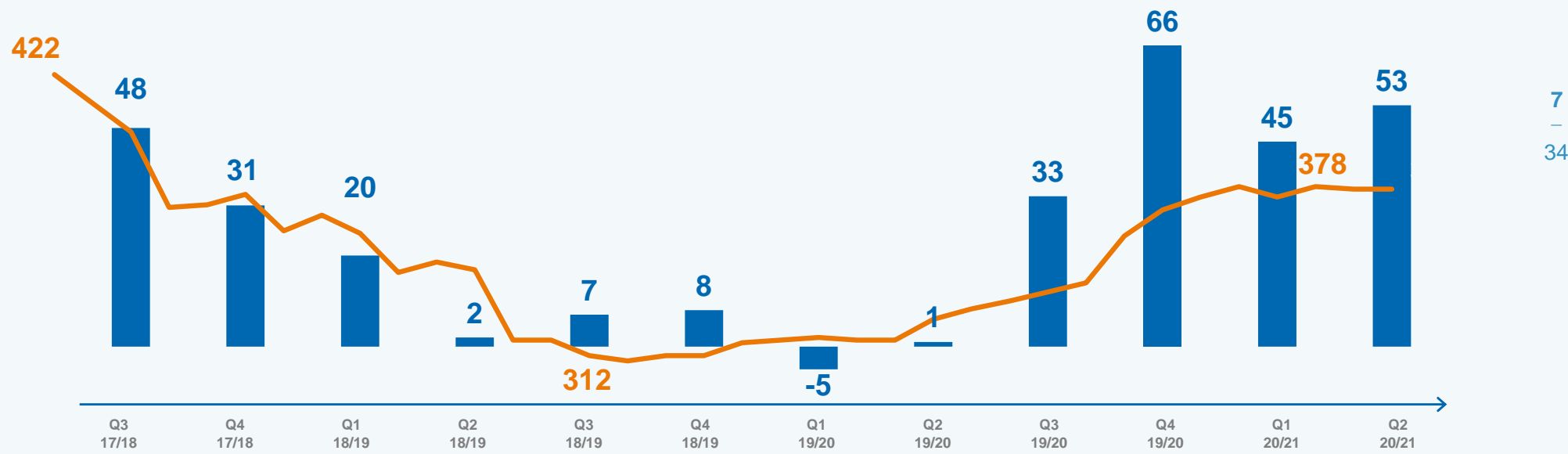
# RESULTS SUSTAINED BY THE DIVERSIFICATION STRATEGY

Contribution of Tereos Sucre France to the Group EBITDA (%)



# SUGAR EUROPE: REBOUND IN EARNINGS AMPLIFIED BY PERFORMANCE GAINS

QUARTERLY EBITDA SUGAR EUROPE (€M)  
SUGAR PRICES, EUROPEAN OBSERVATORY (€/T)



Sources: Public data, European Observatory, Tereos





01

# SUGAR EUROPE: EARNINGS & OUTLOOK

8  
—  
34

## SUGAR EUROPE

# MARKETS: SOLID FUNDAMENTALS DESPITE COVID-19

### Sugar: price stability in H1

- European market deficit
- Limited impact of Covid-19 on volumes sold
- Constitution of a precaution inventory (beet yellows virus)

### Alcohol: momentum in pharmaceutical segment

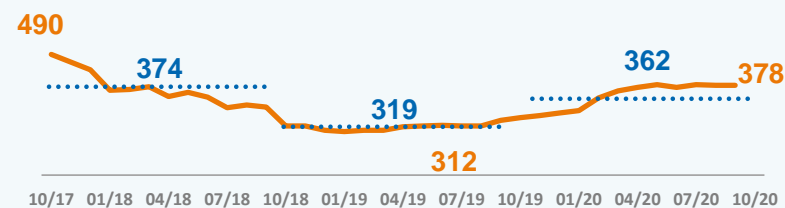
- Fine alcohol sales: +22% in H1

### Ethanol: market recovery in June with deconfinement

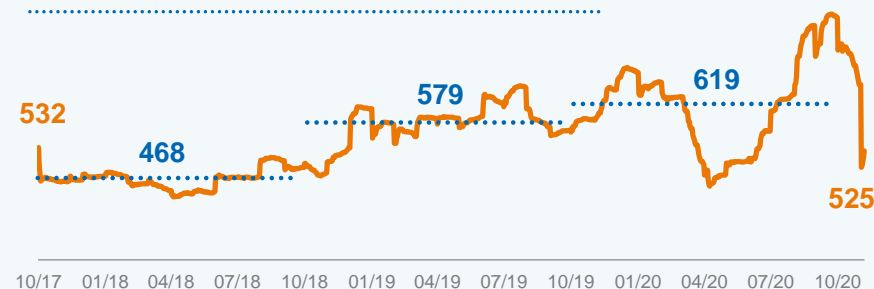
- Q1: lockdown, collapse in volumes and prices
- Q2: strong recovery in June
- Slowdown with second lockdown



### AVERAGE EU SUGAR PRICE<sup>(1)</sup>: €362



### AVERAGE EU ETHANOL PRICE<sup>(2)</sup>: €619



(1) European Union Price Observatory  
(2) FOB Rotterdam Q2, source Bloomberg

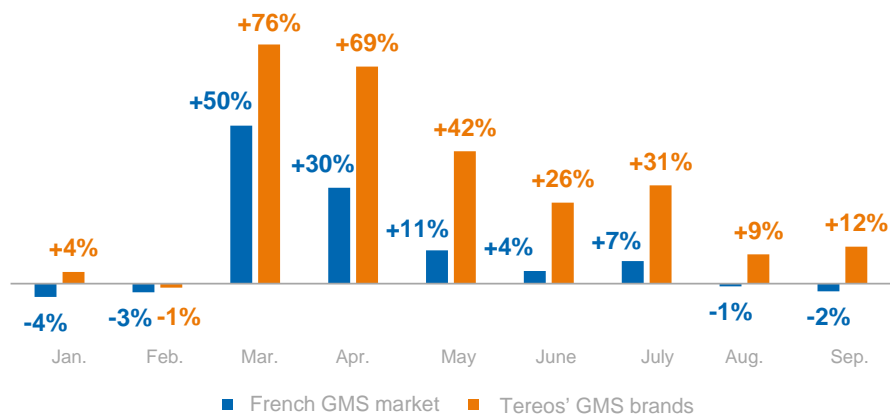
## SUGAR EUROPE

# TEREOS HAS BEEN ABLE TO TAKE ADVANTAGE OF THE TURNAROUND IN THE FOOD MARKET IN RECENT MONTHS

**Béghin Say: 13% increase in market share over the first 9 months of 2020**



## MONTHLY SALES 2020 VS. 2019\*

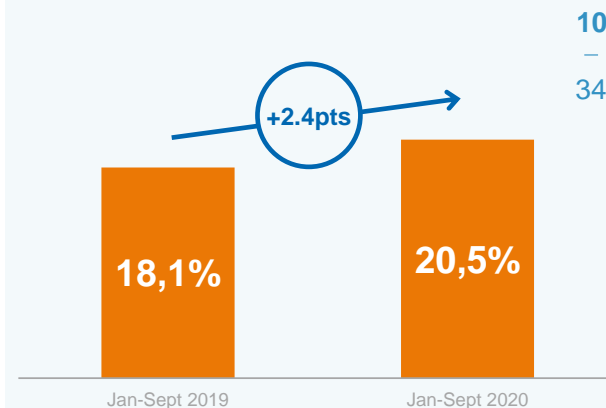


**Market turnaround with the health crisis**

**Béghin Say: main profitable brand**

**1.4 million new households have chosen Béghin Say over the last 12 months\***

## CHANGE IN TEREOS MARKET SHARES<sup>(1)\*</sup>



(1) Tereos' brands: Béghin Say, La Perruche, Blonvilliers, Sérénine  
\*Source: Nielsen



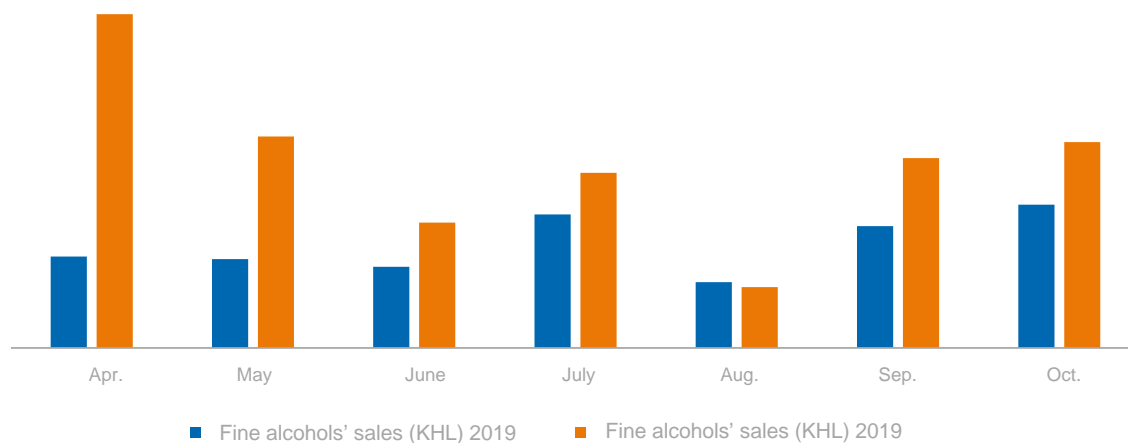
PRESS CONFERENCE - HALF-YEARLY EARNINGS

NOVEMBER 18, 2020

## SUGAR EUROPE

# TEREOS: LEADER IN ALCOHOL FOR PHARMA AND SPIRITS

Fine alcohol sales in H1: +22%



PRESS CONFERENCE - HALF-YEARLY EARNINGS

## Tereos: market leader

- 50% of the French market
- 15% EU capacities

## Fine alcohols: 1/2 of alcohol sales

- Sugar Europe: 6 industrial facilities
- Starches: 2 industrial facilities

## Synergies with the alcohol activities of the Starch & Sweeteners Division

- Integration of Nesle distillery post-acquisition in 2019
- 25% increase pharma grade alcohol capacity



11

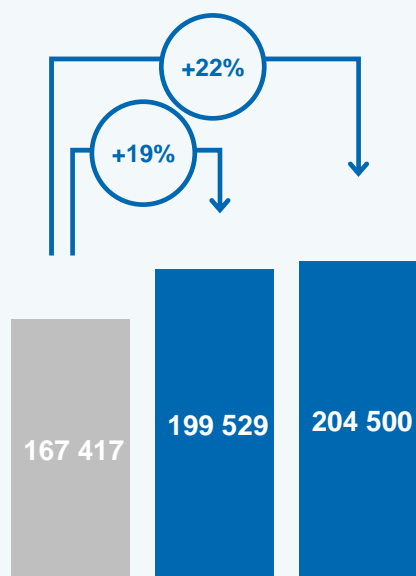
34

NOVEMBER 18, 2020

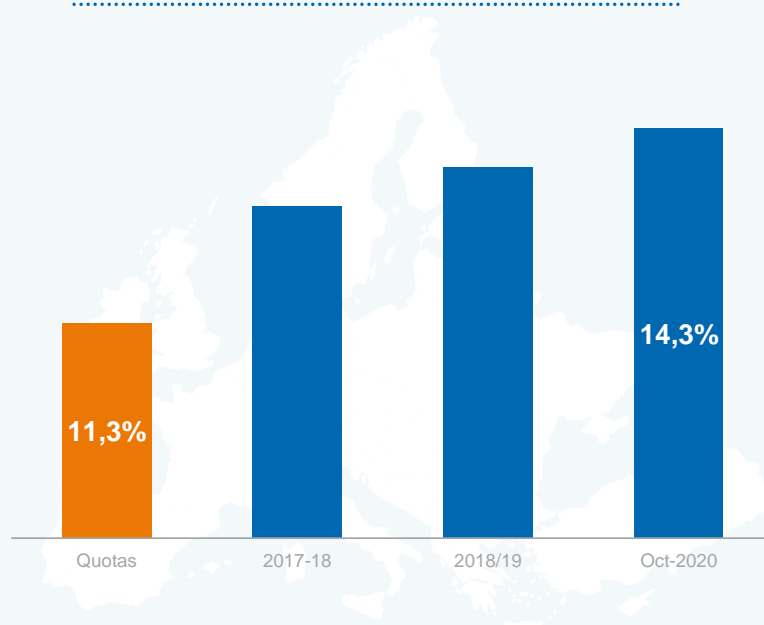
## SUGAR EUROPE

# A POST-QUOTA STRATEGY THAT PAYS OFF

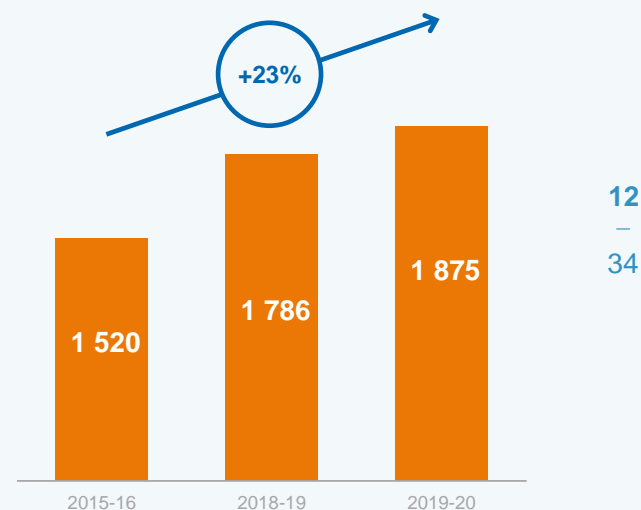
### CULTIVATED LAND (HA)



### CHANGE IN TEREOS SUGAR MARKET SHARE IN EUROPE



### AVERAGE PRODUCTION / PLANT (KT)

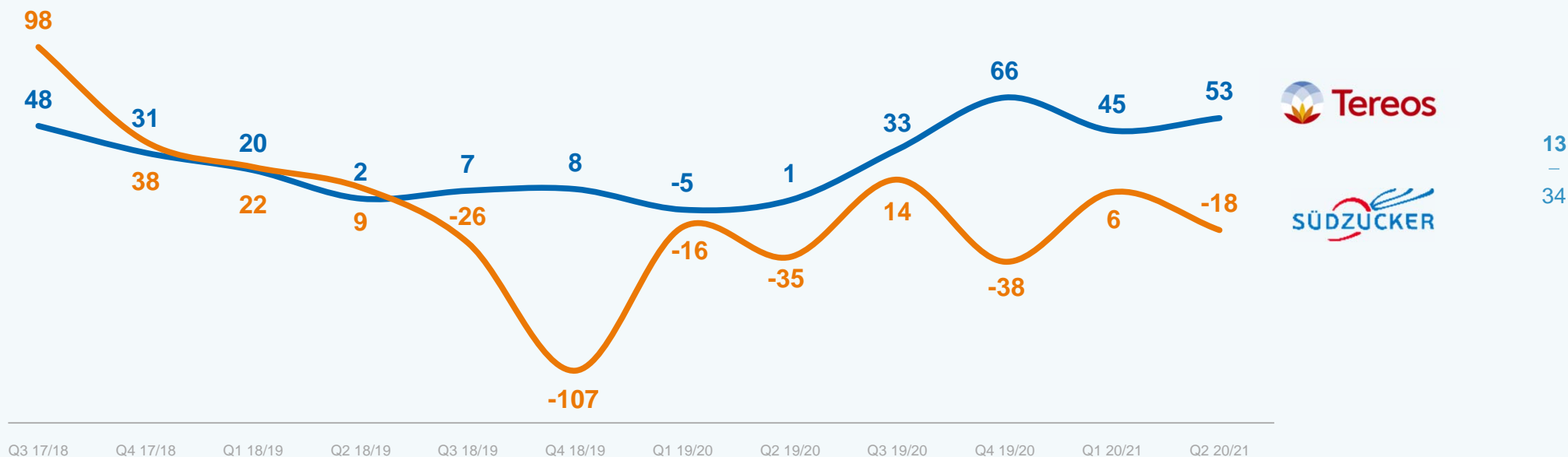


A 23% increase in the rate of use of industrial tools, a factor of competitiveness

## SUGAR EUROPE

# COMPARISON WITH SÜDZUCKER

QUARTERLY ADJUSTED EBITDA IN €M

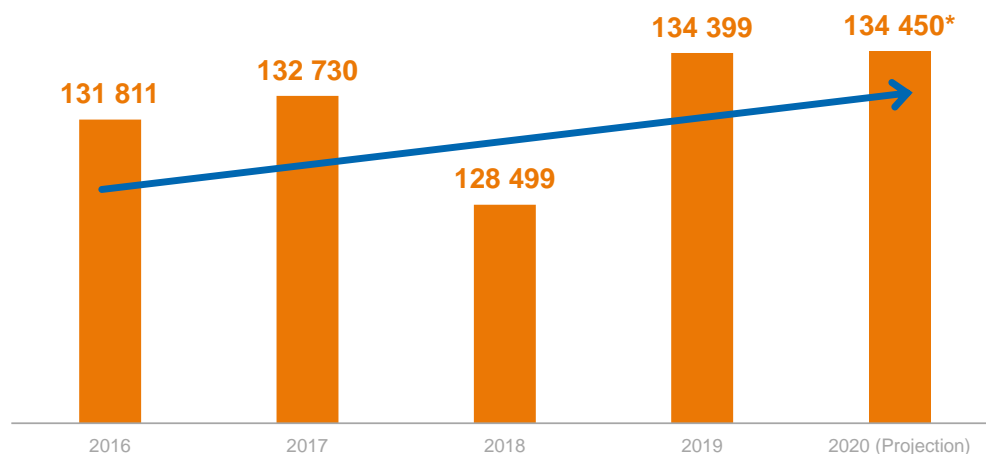


Sources: Public data, Tereos

## A PERFORMANCE SUPPORTED BY OPERATIONAL PERFORMANCE GAINS

The output of Tereos Sugar France's 9 plants has been increasing since 2016

AVERAGE DAILY OUTPUT TSF PLANTS  
(TONS OF BEETS)

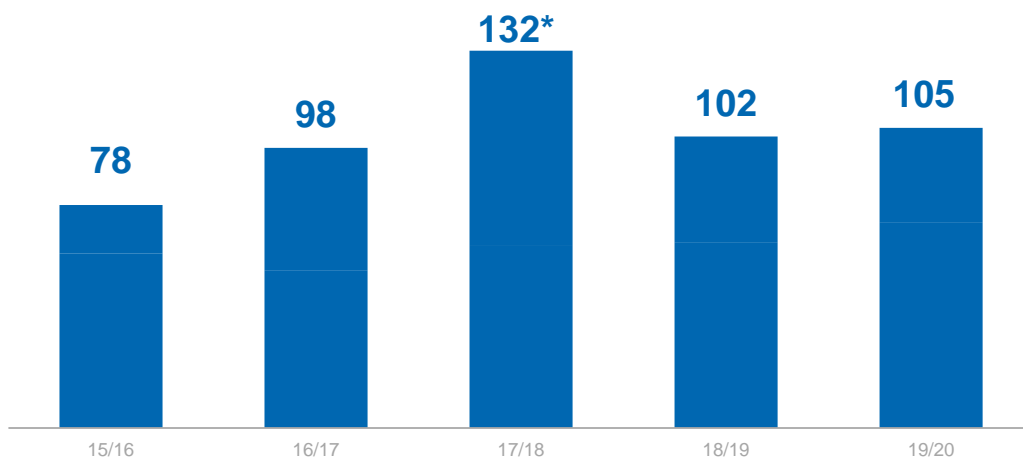


(\*): Neutralized landing outlook for uprooting impacts and site supply

## SUGAR EUROPE

# A PERFORMANCE SUPPORTED BY OPERATIONAL PERFORMANCE GAINS

### INVESTMENT OF TEREOS – TSF IN FRANCE (€M)



### MAIN INVESTMENTS MADE

#### Energetic efficiency and CO<sub>2</sub> emissions reduction:

- Lillers: €19.7 M
- Escaudœuvres: €23.4 M

#### Improved production and logistics for sugar:

- Syrup crystallization and storage: €55 M
- Escaudœuvres Logistics Center: €8 M

#### New generation lime kilns:




- Escaudœuvres: €5.5 M
- Attin: €5.5 M

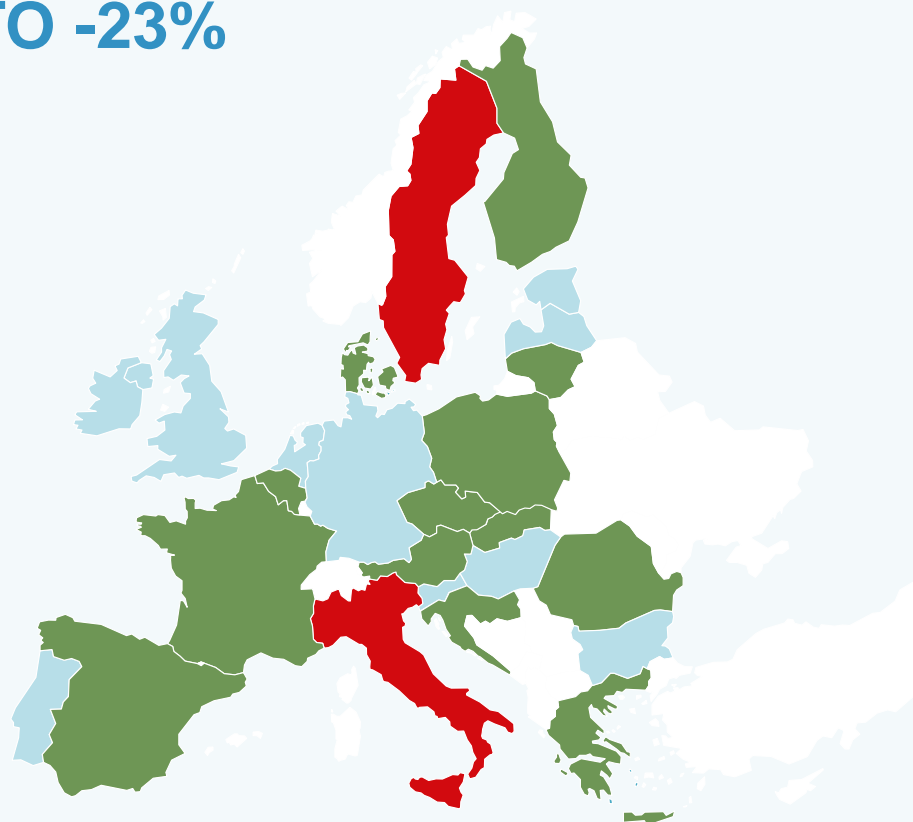
(\*): Investments for market deregulation

## SUGAR EUROPE

# REVISED 20/21 YIELD FORECAST IN FRANCE FROM -12% TO -23%

### REGULATORY STATUS

-  Prohibited neonicotinoids
-  Decision pending
-  Authorization granted\*



Prohibition of neonicotinoids in France since January 9<sup>th</sup>, 2018

12 EU countries awarded exemptions from the use of neonicotinoids in 2019 and 2020

Revised yield forecast in France from -12% to -23%

Tereos built precaution inventories since the spring and will reduce its industrial costs

Net impact of the actions led estimated to €40 M, of which €20 M on the fiscal year

16  
–  
34

\*2019/2020



# 02 EARNINGS AND KEY POINTS STARCH & SWEETENERS

17  
–  
34

## STARCH & SWEETENERS

# A MORE VOLATILE MARKET BECAUSE OF COVID-19

## Reduced demand due to COVID-19

- In the food (sweeteners) and industrial sectors (industrial packaging)
- Irregular demand since June

## The decrease in demand was offset by the:

- Good relative performance during first containment
- Increase in exports (Africa, Middle East, Asia)
- Alcohol/ethanol increase
- With the effect of generally lower margins

## 8% drop in revenues in H1

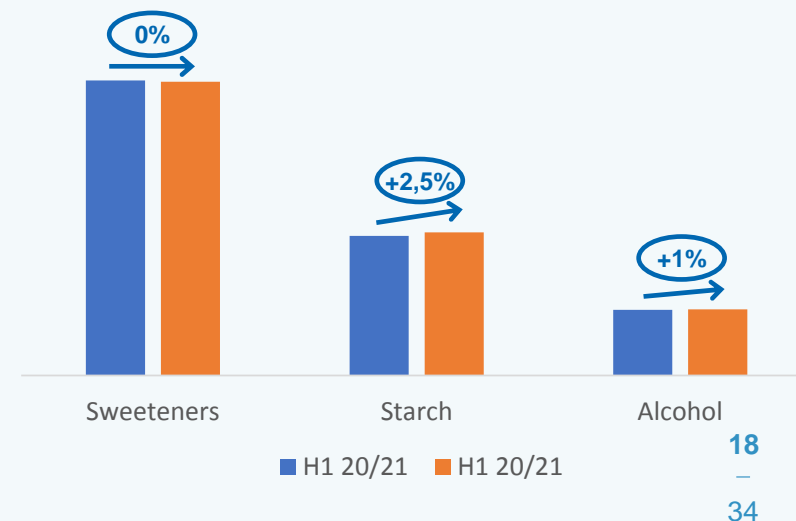
- Price and mix effects

## Restructuring underway in Western Europe

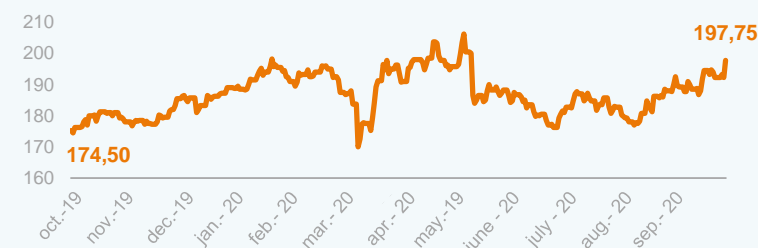
- Haubourdin site (France, Cargill)
- Corby site (UK, Roquette)



## VOLUME SOLD (KT)



## PRICE OF WHEAT (€/T)



# RESULTS UNDERPINNED BY GOOD OPERATING PERFORMANCE

## Continued high-capacity utilization despite COVID-19

- Slight decrease in production during H1: **-1.3% vs. previous H1**

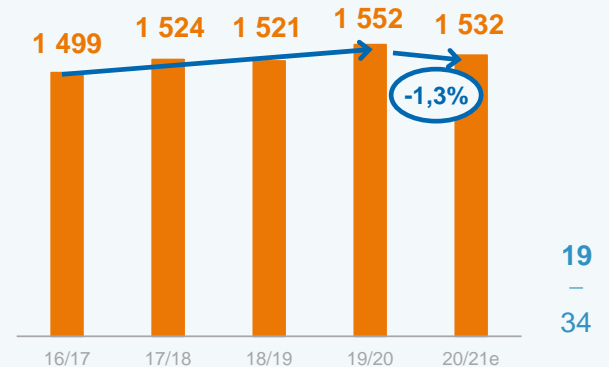
## Good sales and industrial performance during first lockdown to adapt to changes in the market

- Very good industrial performance (historic crushing records in Marckolsheim and Aalst)
- Ability to reposition on the most dynamic categories

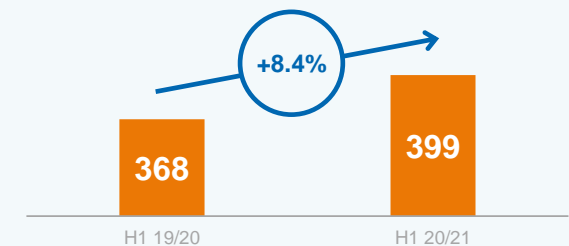
## Integration of Nesle distillery (acquired in 2019)

- Production successfully redirected to the disinfectant segment
- Full benefit of the 25% extra capacity for the production of fine alcohol

### H1 TSSE PRODUCTION (KT CRUSHED)



### H1 AALST PRODUCTION (KT CRUSHED)



# CONTINUATION OF TRANSFORMATION PLAN

## Energy investments

- Low-temperature evaporators in Aalst (Belgium), Zaragoza (Spain) and Nesle (France)
- Reduction of carbon footprint from ethanol production in Lillebonne (Normandy)
- Start-up of a 45MW cogeneration plant in Marckolsheim (Grand-Est)

## Optimization of production capacities

- **Aalst:** wheat starch, maltodextrins and glucose powder
- **Zaragoza:** crystalline dextrose (pharma grade)
- **Nesle:** +25% for pharma-grade alcohol

## Launch of new product lines

- **Marckolsheim:** soluble corn starch
- **Aalst:** potato maltodextrins

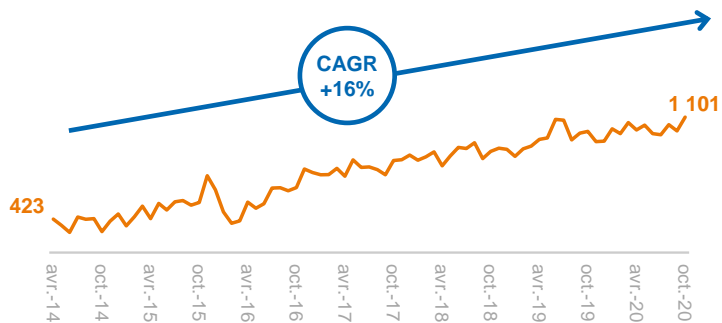
## RECENT INVESTMENTS



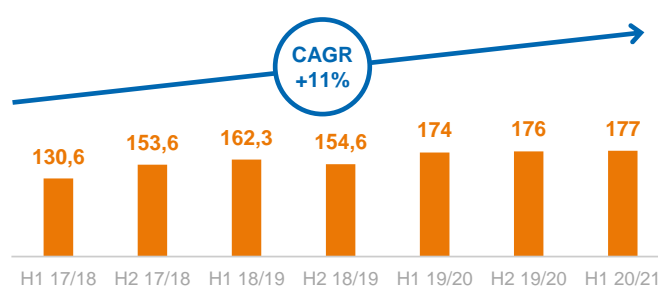
## STARCH & SWEETENERS

# CONTINUED IMPROVEMENT IN OPERATIONAL PERFORMANCE IN INDONESIA

### CORN MILLING CONSTANTLY INCREASING (T/DAY)



### SALES BY VOLUME (kt)

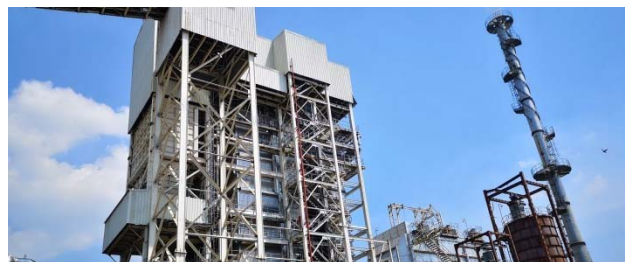


Best historical crushing performance over the last 12 months rolling 353 kt, peaking at 1,100 t/d in October 2020

Sustained activity despite the first wave of COVID-19

21

34



### Capital expenditure

- Commissioning cogeneration
- Commissioning the fructose workshop

## TEREOS: A LEADER IN WHEAT PROTEIN

Protein market growth of over 10% per year

---

Tereos #2 worldwide: market share estimated at 21.2% as of September 30

---

Acquaculture: fish pellet sales x2 vs. 2018

---

Export of wheat proteins to 39 countries outside the EU28

---

Sales of our Epiwit wheat protein solutions increased 10-fold in two years, already sold in 10 countries.





# 03 EARNINGS AND KEY POINTS INTERNATIONAL SUGAR

23  
–  
34

## INTERNATIONAL SUGAR

# STANDARDIZATION OF WORLD PRICES IN THE 2<sup>ND</sup> QUARTER

### NY11 H1 average price: 11.6 cts/lb (-3%)

- **Sharp decline in Q1** under the effect of COVID-19: lower at 9 cts/lb
- **Recovery in Q2:** close at 13.5 cts/lb
- Fundamentals remain strong despite COVID-19

### Ethanol:

- **Consumption down 30% in Q1**
- **Recovery in Q2,** to a level still 10% lower than last year

**Sugar vs. Ethanol mix in Brazil: 47%**

**Sugar vs. Ethanol mix Tereos: 62.5%**



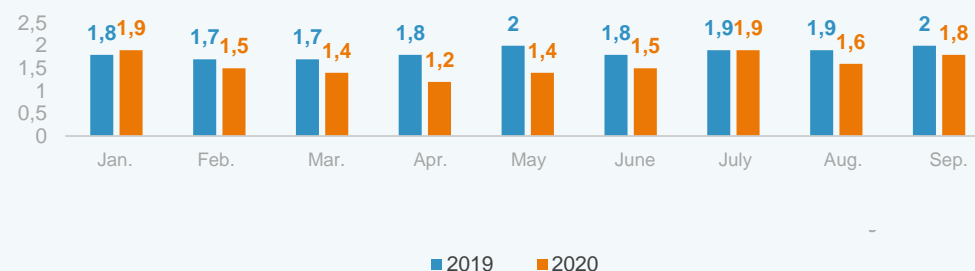
PRESS CONFERENCE - HALF-YEARLY EARNINGS

NOVEMBER 18, 2020

### PRICE OF SUGAR (NY11 – USD CTS/LB)<sup>(1)</sup>



### ETHANOL CONSUMPTION IN BRAZIL (BILLIONS OF LITERS)



1) Source: Bloomberg

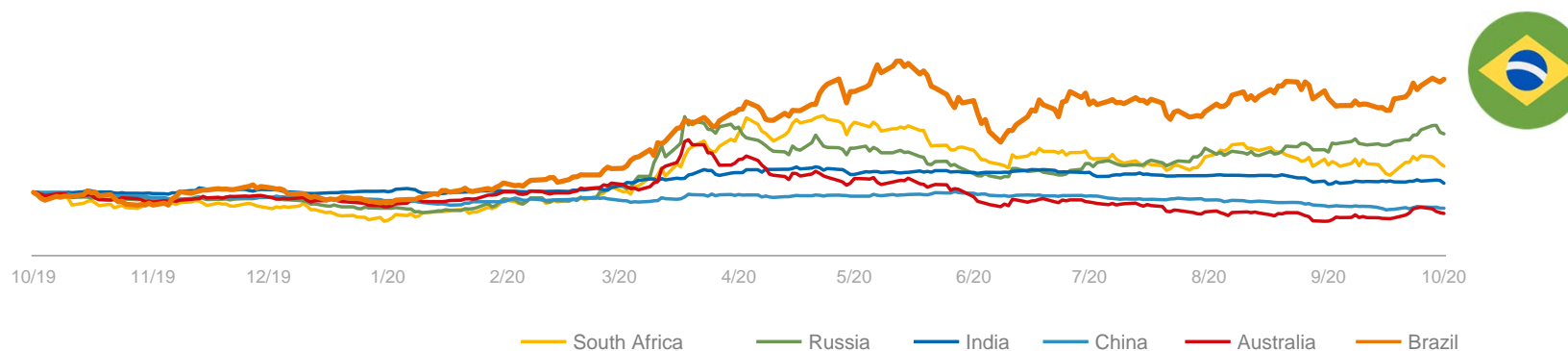
# SHARP DEPRECIATION OF THE BRAZILIAN REAL IN 2020

Brazilian Real down 36% vs USD in H1

## Twofold effect of the fall in the Real

- Strengthening of Brazil's position as the most competitive player on the world market
- Unfavorable euro conversion effect in the financial statements

## BRICS + Australia exchange rates (vs. USD)<sup>(1)</sup>



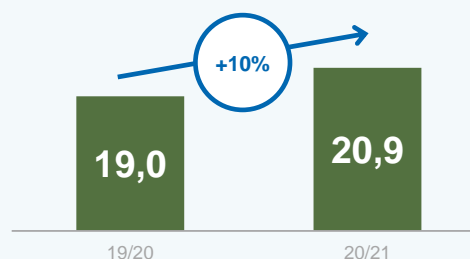
1) Source: Bloomberg

# RECORD OPERATING RESULTS IN BRAZIL

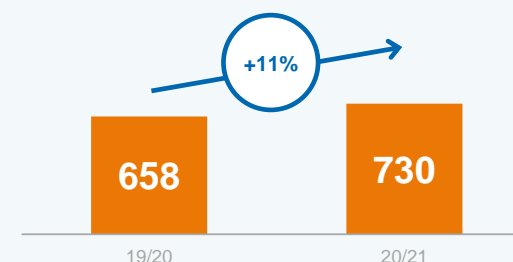
## Record operating results:

- **20.9 m tonnes** of sugarcane processed (+10%)
- **Yield of 12.2 tonnes** of sugar per hectare (+12%)
- **Over 100 kt of cane crushed each day**
- Industrial rate of sugar extraction: **92.2% (+1.3 p.p.)**
- Sugar/ethanol mix: **62.5%**
- Energy performance: **+13%**
  - Decrease in energy consumption per tonne of cane from 32 kWh to 28 kWh

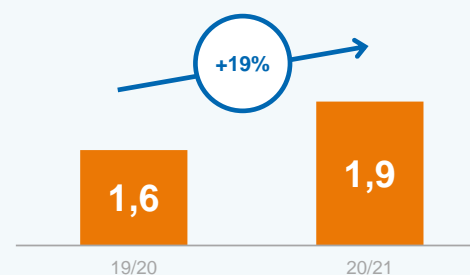
TOTAL CRUSHED (MT)



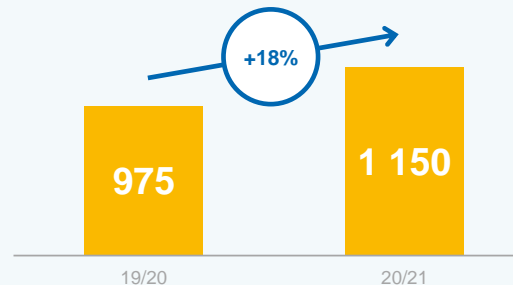
ETHANOL PRODUCTION (ML)



SUGAR PRODUCTION (MT)



SALE OF ELECTRICITY (GWH)



# A LOGISTICS STRATEGY THAT PAYS OFF



September 2018: signing of the VLI logistics partnership

April 2019: start of sugar transport

2020: start-up of logistics facilities in Santos (April) and Guará (August).

27

34

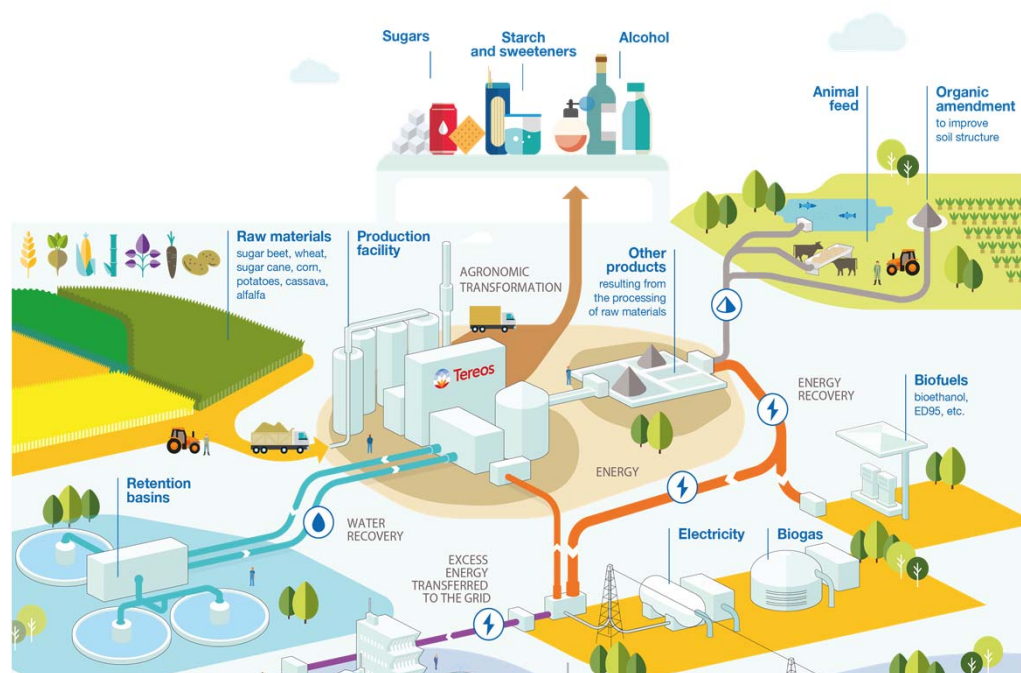
60% increase in sugar exports

- 1.15 Mt
- An historic record for Tereos

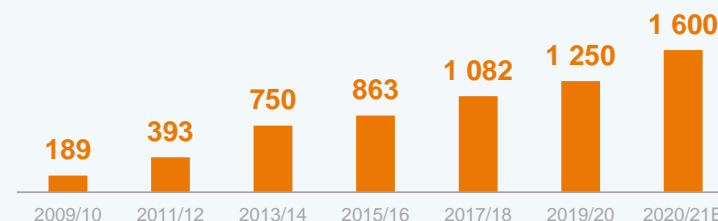
Carbon footprint: 220 kt reduction in CO<sub>2</sub> emissions

# A PROMISING DEVELOPMENT STRATEGY IN RENEWABLE ENERGIES

## A virtuous circular economy model



## PRODUCTION OF ELECTRICITY (MWH)



28  
—  
34

Green electricity: 35.8% of EBITDA in H1 in Brazil

Renovabio: 800 k Cbios ready for sale by 2020/21

First sustainable financing in the sector signed in H1

# EARNINGS DRIVEN BY GROWTH AND AMBITIONS 2022

## EBITDA: +28% to €98 M at current exchange rates

- EBITDA: +67% to €98 M at constant exchange rates
- Depreciation of the real: -36% vs. USD

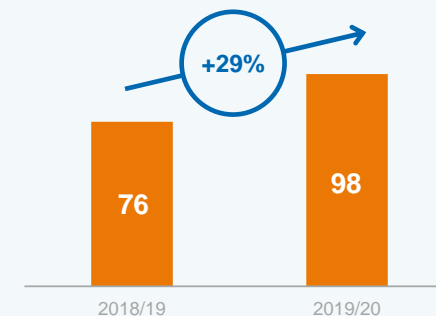
## Continued development of renewable energies

- Electricity sold: +18%
- CBios sold: 800 k CBios

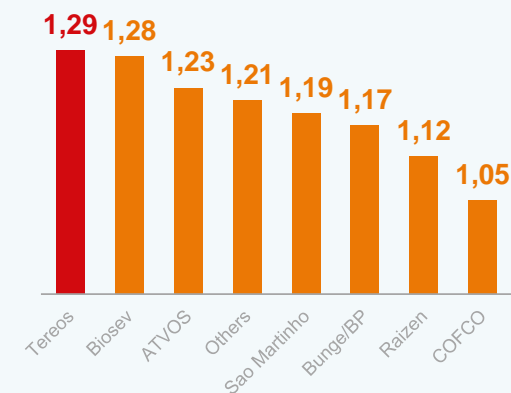
## A positive carbon footprint in excess of 400,000 tons of CO2



### EBITDA (€M)



### EMISSIONS SCORE (Cbio/m³)





# 04 OUTLOOK

30  
–  
34

## OUTLOOK

# STRONG CHANGES FOR THE FOOD INDUSTRY

**Nutrition / Health:** structural decline in the consumption of sweeteners in the EU

---

Shift in the center of gravity of consumption towards **emerging countries:** economic catch-up and population growth

---

Continued growth in protein demand, strong demand for vegetable **proteins**, sustainable aquaculture and alternative proteins

---

Environmental awareness, **short circuits and the circular economy** will lead to changes in traditional energy and agronomic models

---

Selling prices of consumer products will remain under pressure: new **distribution** models, **purchasing power** issues

---

Volatility increased by **deregulation** (EU) and **interdependencies** between markets

31  
–  
34

# CONCLUSION

## Ambitions 2022

---

## Diversification and internationalization

---

## Growing markets, R&D and expansion of the offer



- The Group continues to rely on its **diversification and internationalization strategy**
- Our **Ambitions 2022** plan is well underway and aims at generating **more than €200 M in operational gains**
- Given this target, and based on current prices, the Group expects its **normative EBITDA upon completion of the plan (2022) to be between €600 M and €700 M**
- The Group continues to reflect on the **start of the next stage of its development** and the resources to be implemented (in particular the possibility of opening its capital)

32

34

