Tereos
H1 2020/21 results

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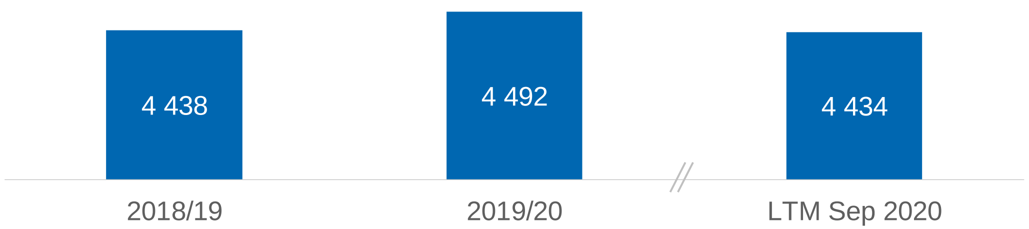
1 Results

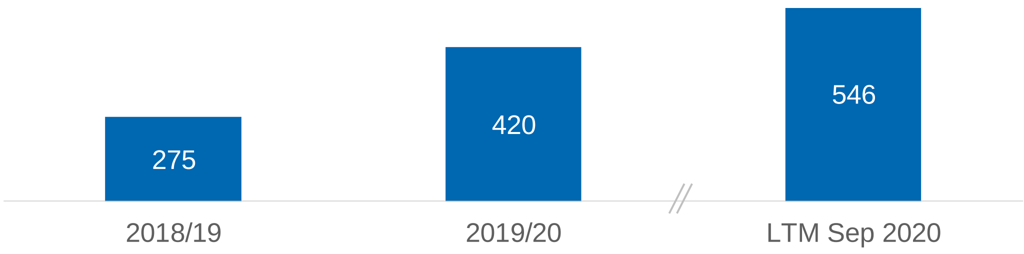
H1 2020/21 HIGHLIGHTS

- **Revenues last twelve months : €4.4bn**
- **EBITDA last twelve months: €546m** (+58% CAGR since 18/19)
  - Improved fundamentals in key markets and resilience in the context of the Covid crisis
  - EBITDA margin: 12.3% vs. 6.2%
- **Ambitions 2022: +€100m performance gains since the beginning of the program,** of which €25m in the first half 20/21
- **Net Debt[1] at September 30, 2020: €2,480m** compared to €2,733m at the end of September 2019

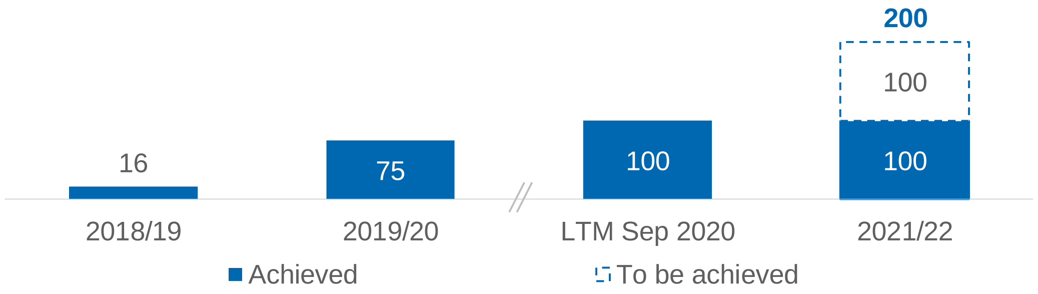
Revenue (€m)



EBITDA (€m)



Ambitions 2022 EBITDA ramp up (€m)



1 Including IFRS 16

GROUP KEY FIGURES

M€ Key P&L figures	Q2 19/20	Q2 20/21	Q2 Var	Q2 Var @ const fx	YTD – H1 19/20	YTD – H1 20/21	YTD – H1 Var	YTD – H1 Var @ const fx
Revenues	1,106	1,083	*-2%*	*3%*	2,108	2,050	*-3%*	*1%*
Adj.EBITDA	78	143	*84%*	*107%*	111	237	*114%*	*141%*
EBITDA margin	*7.0%*	*13.2%*			*5.3%*	*11.6%*		
Operating Income	120	55			45	66		
Net Result	78	16			-21	-6		

M€ Net Debt	September 30 19/20	September 30 20/21
Net Debt	2,733	2,480
Net Debt excluding IFRS16	*2,601*	*2,367*
Net Debt to adj. EBITDA ratio	10.5x	4.5x
Net debt ratio excluding RMI[1]	8.9x	3.9x

- Sustained results growth continued in Q2 despite adverse impact of exchange rates; adjusted EBITDA up 84% and up 107% at constant exchange rates
- Positive impact of sugar European price recovery, a very good campaign in Brazil and positive trends in alcohol/ethanol offset negative impacts from Covid crisis
- Improvement of leverage ratio driven by EBITDA recovery and controlled debt level

1 Readily Marketable Inventories

SUGAR & RENEWABLES EUROPE

M€	Q2				YTD – H1			
	19/20	20/21	*Var*	*Var @ const fx*	19/20	20/21	*Var*	*Var @ const fx*
Volumes sold								
Sugar (kt)	606	636	*5%*		1,237	1,209	*-2%*	
Ethanol and alcohol (km^3)	138	129	*-7%*		269	260	*-4%*	
Revenues	381	439	*15%*	*16%*	747	829	*11%*	*12%*
Adj.EBITDA	1	53	*na*	*na*	-4	98	*na*	*na*
EBITDA margin	*0.3%*	*12.0%*			*-0.5%*	*11.8%*		
Operating Income	-32	22			-64	39		

- Volumes of sugar sold grew again in the second quarter; over the half-year volumes have been impacted by the slowdown of demand during the lockdown period in the first quarter due to the sanitary crisis
- Significant earnings growth driven by sugar price recovery, momentum of the alcohol segment and ethanol price increase in the second quarter; volume slowdown in the first quarter and operational costs overrun due to the sanitary crisis

SUGAR & RENEWABLES INTERNATIONAL

M€	Q2				YTD – H1			
	19/20	20/21	Var	Var @ const fx	19/20	20/21	Var	Var @ const fx
Volumes sold								
Sugar (kt)	442	546	*23%*		680	941	*38%*	
Ethanol and alcohol (km^3)	92	128	*38%*		199	186	*-7%*	
Revenues	235	219	*-6%*	*21%*	398	380	*-5%*	*22%*
Adj.EBITDA	47	59	*26%*	*63%*	76	98	*28%*	*67%*
EBITDA margin	*19.9%*	*26.8%*			*19.2%*	*25.8%*		
Operating Income	-4	25			-28	34		

- Volumes improvement reflecting a strong performance for the campaign in Brazil
- Margin and result improvement supported by higher pricing and strong agricultural and industrial performance in Brazil despite the impact of the sanitary crisis
- Negative translational effect of the Brazilian real depreciation

STARCH, SWEETENERS & RENEWABLES

M€	Q2				YTD – H1			
	19/20	20/21	Var	Var @ const fx	19/20	20/21	Var	Var @ const fx
Volumes of cereals ground (kt)	923	903	-2%		1,824	1,787	-2%	
Volumes sold								
Starch & sweeteners (kt)	508	528	4%		994	998	-	
Ethanol and alcohol (km^3)	83	76	-8%		150	151	-	
Revenues	390	361	-8%	-6%	765	704	-8%	-7%
Adj.EBITDA	19	19	-2%	-1%	32	27	-14%	-15%
EBITDA margin	4.9%	5.3%			4.1%	3.9%		
Operating Income	161	-5			152	-21		

- Sanitary crisis impacting volumes and product mix in all geographies
- Positive trends in alcohol partially mitigating demand slowdown in ethanol in the first quarter, in starch due to the slowdown in large industries (like automotive) and in sweetening products linked to beverage and out-of-home food segments; pressure on margins in a context of demand contraction and capacity increase in eastern Europe

GROUP INCOME STATEMENT

M€	Q2				YTD – H1			
Key Figures	**19/20**	**20/21**	*Var*	*Var @ const fx*	**19/20**	**20/21**	*Var*	*Var @ const fx*
Revenues	**1,106**	**1,083**	***-2%***	***3%***	**2,108**	**2,050**	***-3%***	***1%***
Adj.EBITDA	**78**	**143**	***84%***	***107%***	**111**	**237**	***114%***	***141%***
Adj. EBITDA margin	7.0%	13.2%			5.3%	11.6%		
Depreciation & amortization	-132	-106			-232	-199		
Seasonality adjustment	28	17			21	26		
Other	147	-			145	-		
Operating Income	**120**	**55**			**45**	**66**		
Financial result	-49	-32			-86	-57		
Income tax	4	-5			14	-12		
Share of profit from associates	3	-2			6	-3		
Net Result	**78**	**16**			**-21**	**-6**		

- Depreciation & amortization and financial expenses positively impacted by the devaluation of Brazilian real
- Margin and result improvement supported by higher pricing and strong agricultural and industrial performance in Brazil despite the impact of the sanitary crisis
- Negative translational effect of the Brazilian real depreciation

GROUP NET DEBT VARIATION

M€	YTD – H1 19/20	YTD – H1 20/21	YTD – H1 *Var*
Net Debt – opening position – excluding IFRS16	**-2,500**	**-2,443**	***57***
Adjusted EBITDA	111	237	*126*
Other operational flows	-28	39	*67*
Net financial charges	-79	-56	*23*
Income tax paid	6	-6	*-12*
Cash Flow	9	214	*204*
Change in working capital	-43	-19	*24*
Cash Flow from operating activities	-34	195	*229*
Maintenance & Renewal capex	-141	-111	*30*
Other capex	-72	-51	*21*
Financial investments	-61	-4	*58*
Disposals	268	2	*-265*
Dividend received	11	8	*-3*
Cash Flow (used in) investing activities	3	-155	*-158*
Cash Flow after investing activities	-30	40	*71*
Dividends paid & price complements	-85	-1	*84*
Capital increases / other capital movements	-3	-	*2*
Cash Flow from (used in) transactions related to equity	-88	-2	*86*
Free Cash-Flow	**-118**	**39**	***157***
Other (including impact of exchange rates)	18	37	*19*
Net debt – closing position - excluding IFRS16	**-2,601**	**-2,367**	***234***
Impact IFRS16	-133	-113	*20*
Net debt – closing position	**-2,733**	**-2,480**	***253***

Key Highlights

- Improvement of the cash flow from operating activities driven by the adjusted EBITDA momentum
- Investments at €162m for the first half (vs. €213m in H1 19/20); impact of the exchange rates reduced investments by €13m
- Divestments / financial investments in 19/20 impacted by the transaction with ETEA which resulted in net proceeds of €220m
- Impact of exchange rates reduced net debt by €80m reflecting mainly the devaluation of the Brazilian real on the net debt in BRL

PROACTIVE BALANCE SHEET MANAGEMENT

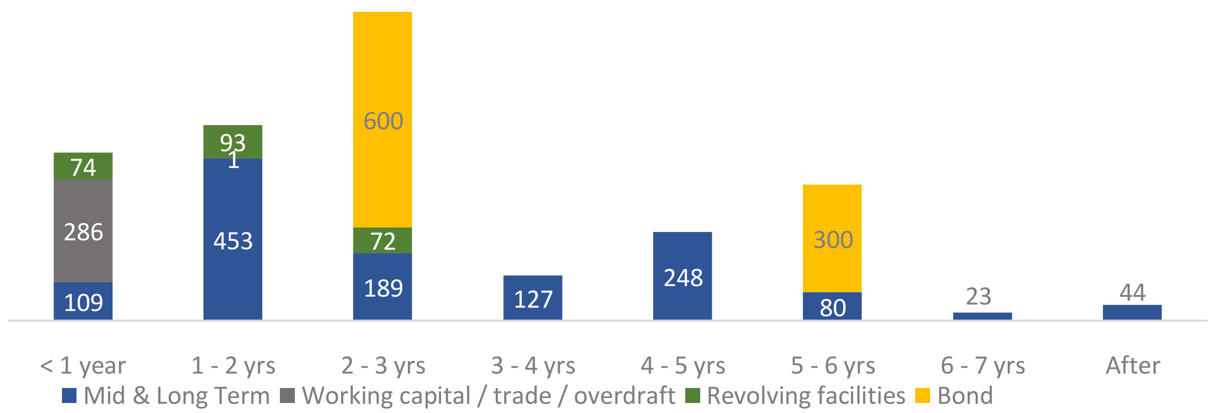
Actively managing the maturity profile

- **New notes**: Tereos Finance Groupe I issued €300m of new Senior Notes due in 2025
- **SLL**: in May 2020, Tereos entered into a USD-LIBOR export pre-financing sustainability-linked loan for $105m due 2025

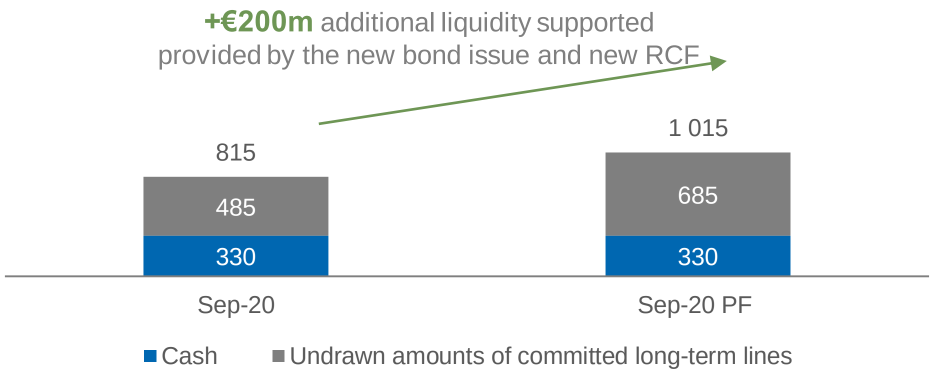
While strengthening liquidity

- **PGE**: In July 2020, Tereos entered into a French Guaranteed loan (“PGE”) for €230m
- **RCF extension**: Tereos SCA also signed a new €200m RCF due 2024 to extend the maturity of the its existing backup facility

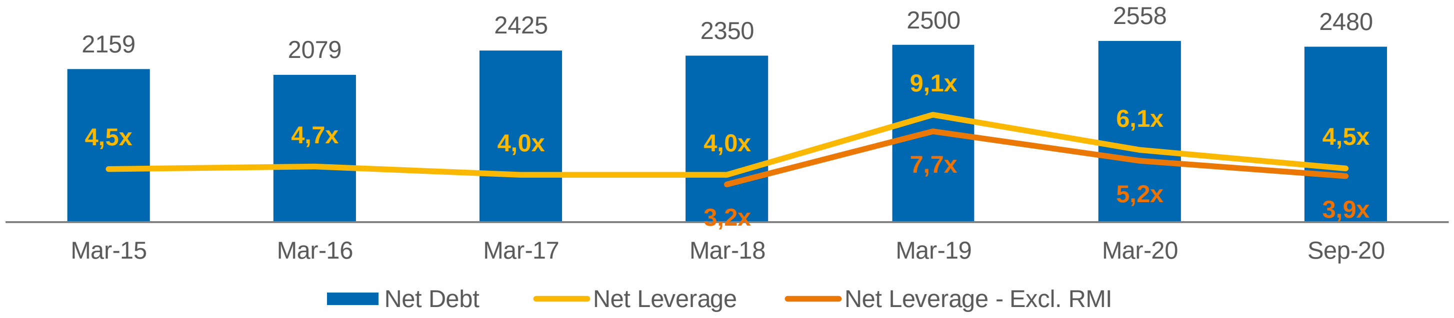
Pro forma debt maturity schedule[1,2] (€m):



Strong liquidity profile (€m)



Net debt (€m) / Net leverage[4] (x)



1 As of 30, September 2020 and total excluding undrawn RCF, 2 Pre IFRS 16 impacts and including amortized costs, 3 €225m RCF and €75m TL repaid through new notes, 4 Excluding IFRS 16 from Mar-15 to Mar-18, Including IFRS 16 from Mar-19 to Mar-20

2 Perspectives

UPDATE ON UNDERLYING MARKET TRENDS

1 SUGAR GLOBAL

- Growing consumption (1.6% CAGR18-28e) driven by increasing population
- Stable demand / supply balance for 2019/20 and 2020/21
- Stable stock levels with 65% of production consumed locally

i SUGAR BRAZIL

- #1 sugar producing country; 17% of production and 36% of exports globally in 19/20 crop
- Increasing production and level of exports with most mills reducing the share of ethanol in their mix for crop 20/21
- BRL/USD FX rate impacted world sugar prices (NY #11)

ii SUGAR EUROPE

- #2 largest sugar market driven by domestic trends
- Normalising conditions following the impact of ending quotas in 2017
- Supply / demand balance for 2019/20 and 2020/21 showing a market in deficit

2 ETHANOL

- Positive momentum in fuel demand
- Supported by eco-friendly regulations e.g. Renovabio in Brazil or European directive for renewable energies
- Non-fuel demand, including for sanitary alcohol, growing in our core markets
- Market momentarily impacted by lockdown measures linked to Covid-19

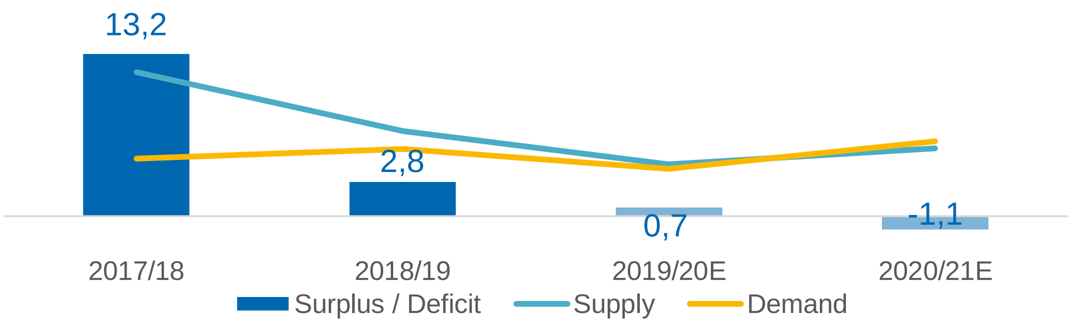
3 STARCH AND SWEETENERS

- Impact in the short term of the sanitary crisis impacting starch (impact on large industry packaging) and sweeteners related to beverage and out-of-home food segment
- Long term demand growth for starches (2.7% CAGR 19e-23e) and sweeteners (2.3% CAGR 19e-23e)
- Driven by consumption trends in Asia

OUTLOOK ON SUGAR: BALANCED PRODUCTION AFTER YEARS OF SURPLUS

World sugar market

Market in balance[1]

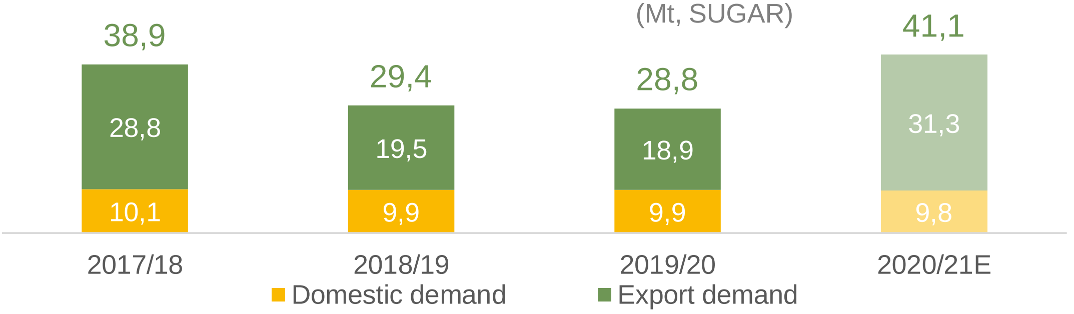


Production from key producers expected to increase[1]

(Mt)	2018/19	2019/20	2020/21E
Australia	4.7	4.3	4.3
CS Brazil	**26.5**	**26.7**	**37.2**
C America	6.1	5.8	5.8
China	10.8	10.4	10.5
EU	**16.8**	**16.7**	**16.1**
India	33.2	27.3	31.5
NAFTA	15.0	12.8	14.7
Pakistan	5.2	4.9	5.4
Russia	6.0	7.7	5.0
Thailand	14.3	8.1	7.5
Top 10	**138.6**	**124.7**	**138.0**

Brazilian sugar market

Growth in demand driven by exports[2]



European sugar market

European market in slight deficit[3]

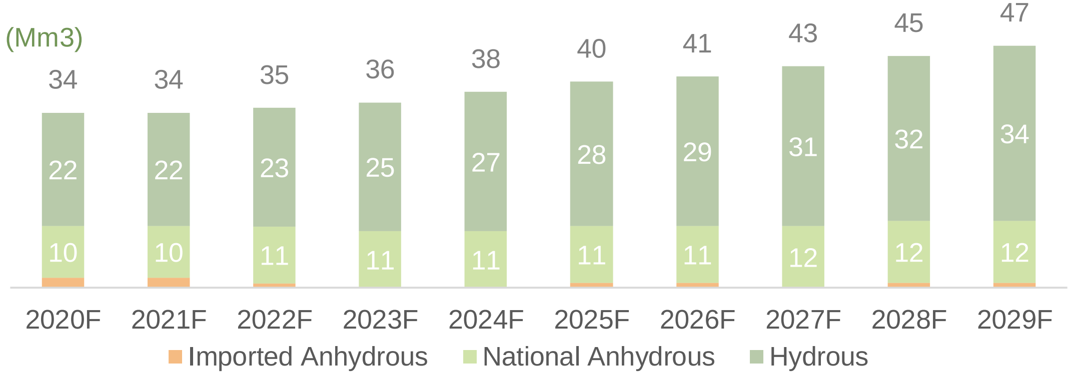
(Mt)	2017/18	2018/19	2019/20E	2020/21E
Production	20.0	16.8	16.7	15.4
Imports	1.6	2.3	2.3	2.3
Consumption	17.6	17.8	17.2	17.3
Exports	3.7	1.9	1.3	0.9

Sources: 1 LMC World Sugar Price View, October 2020, 2 LMC Monthly Sugar & Sweeteners Update October 2020, 3 LMC, EU Sugar Market Monitor, October 2020

FAVOURABLE OUTLOOK ON ALCOHOL: POSITIVE MOMENTUM DRIVEN BY FOCUS ON SUSTAINABILITY

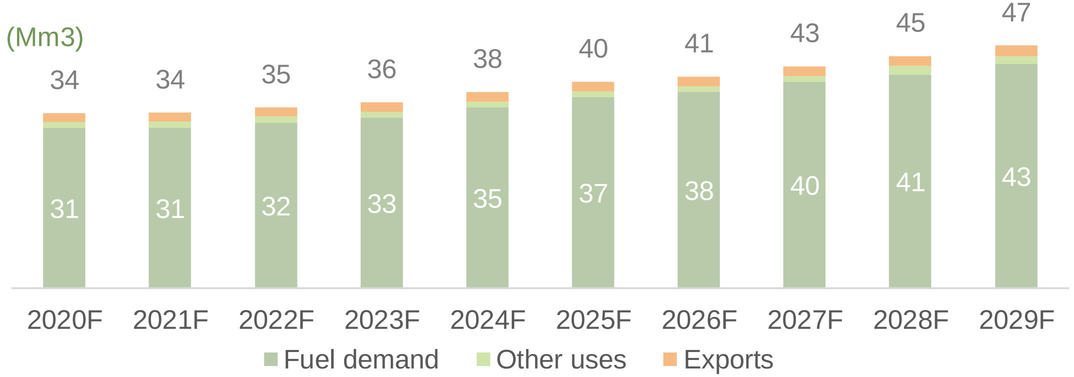
Brazilian ethanol market supply[1]

Expected step up in supply



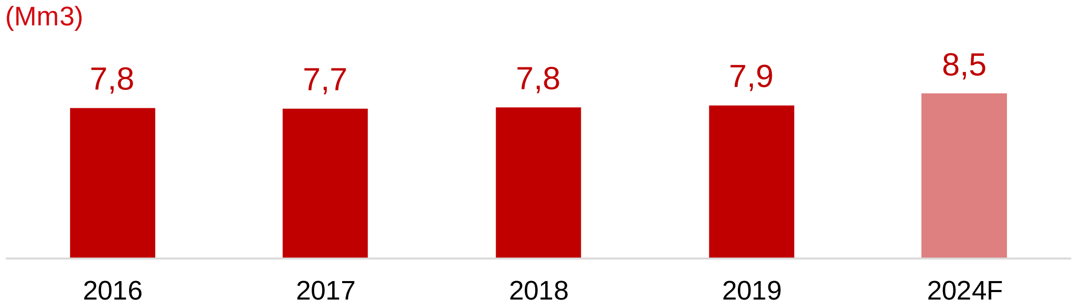
Brazilian ethanol market demand[1]

Expected step up in demand



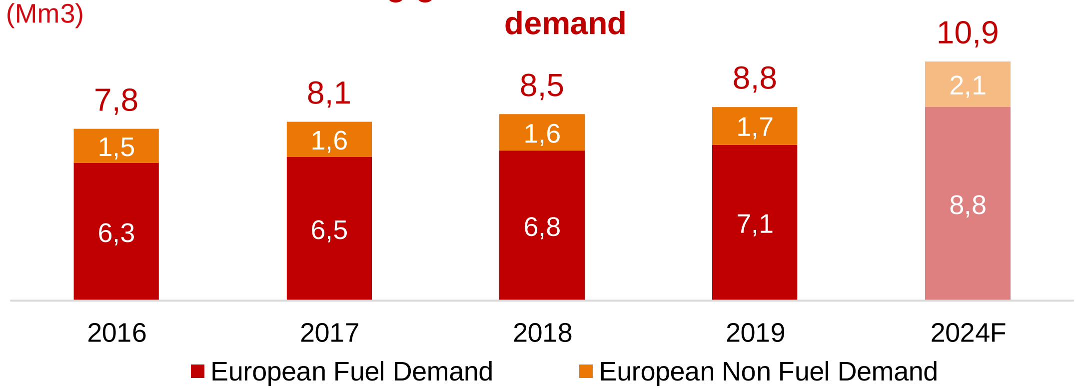
European ethanol market supply[2]

Stable supply expected to continue



European ethanol market demand[3]

Strong growth in fuel and non-fuel demand



Sources: 1 Plano Decenal De Expansão de Energia 2029, Ministério de Minas e Energia, Empresa de Pesquisa Energética, 2019, 2 A leading market research firm, 3 A leading market research firm

SUGAR & RENEWABLES EUROPE PERSPECTIVES

SOLID FUNDAMENTALS; ONE-OFF IMPACT OF THE YELLOW VIRUS ON YIELDS FOR 20/21

- Selling prices rise for both sugar and alcohol

- Expected yields below historical average in France, impacted by yellow virus; impact on autumn growth of the sugar beet leads to expected yields down 23% for Tereos(vs -12% expected beginning of October)
- Part of this impact to be offset by increased acreage (+3%) and carried forward inventories from March-May 2020 due to Covid-19; net impact estimated @ c. €40m EBITDA, of which €20m in fiscal year 20/21
- Authorization for the upcoming 3 crops of the neonicotinoids in France to allow the development of alternative treatments to prevent yellow virus in final stage

- Alcohol/ethanol positive momentum, driven by sanitary use and focus on sustainability; capacity up to 45% of production for Tereos - estimated mix 20/21 c.30%

- Ambition 2022 plan on track with continuous improvement across all plants
- New boilers in Lillers and Chevrières operational
- Connantre new beet washing plant and Escaudoeuvres boiler for upcoming campaigns

SUGAR & RENEWABLES INTERNATIONAL PERSPECTIVES

STRONG CAMPAIGN 2020 AND DEPLOYMENT OF THE PERFORMANCE PLAN

On-going campaign in Brazil

- Solid volumes growth: 20.9 MT vs 19.0 MT in 19/20 bolstered by favorable weather conditions and strong agricultural performance
- Running with a maxi-sugar scenario: sugar share in the mix @ 65%
- After a drop in prices in March, ethanol demand recovered partly and combined with limited availability as most sugarcane mills switched to a maxi-sugar production, ethanol prices recovered; high season for ethanol in Brazil running from November to February

Agri-industrial operations

- Ambitions 2022 initiatives delivering results both on agricultural yields and industrial efficiency
- Competitive logistics advantage thanks to strategic investment done in relation with VLI partnership in Brazil

STARCH, SWEETENERS & RENEWABLES PERSPECTIVES

COVID IMPACTS TO BE MONITORED; INDUSTRIAL REORGANIZATION IN PROCESS

Covid crisis impacting demand

- Demand softness in starch (large industry packaging in a context of global slowdown) and beverage and out-of-home food segments (lockdown and circulation restrictions measures) only partly mitigated by momentum in alcohol and vegetable protein

Industrial reorganization: +20% production by 2022 and more flexibility in the product mix

- Maximizing crushing capacity and asset utilization
- Industrial reliability and flexibility
- Increased production of wheat protein, dry starch and bioethanol

Continued action to **optimize operational costs**

- Ambitions 2022
- Investments: cogeneration (Marckolsheim), energy efficiency, reduced water consumption, efficiency of evaporators (Nesle)

ON TRACK TO DELIVER ON OUR TARGET

Ambitions 2022

Diversification and internationalization

Growing markets, R&D and product portfolio development

- In the short-term, impact of Covid-19 is still difficult to assess. In the **mid-to-long term, no structural impact expected** on our markets

- **Ambitions 2022** well on track with the objective to generate **more than €200m** of performance gains[1]

- Tereos will continue to leverage its flexible industrial tool, and its **diversification and internationalization strategy**

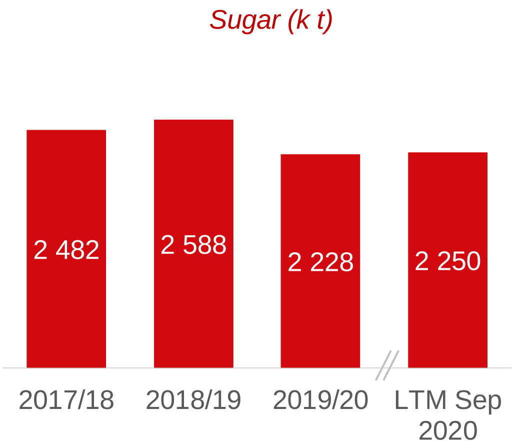
- **Adjusted EBITDA** at the end of this plan (2022) expected to be between **€600m and €700m**[2]

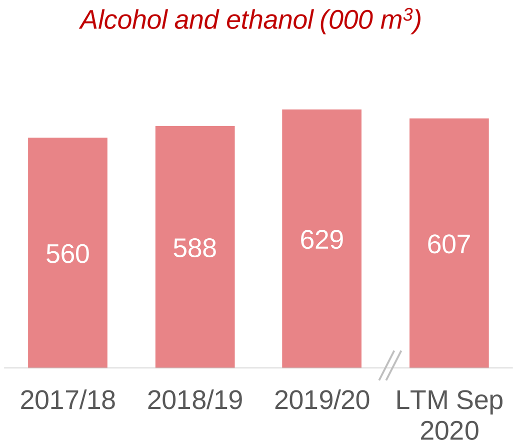
1 As compared to Adjusted EBITDA for FY 2017/2018, 2 Based on (a) sugar prices in line with pre-COVID-19 market prices (namely, European sugar prices at approximately €400 per tonne and a NY11 index price between U.S.$0.13 and U.S.$0.14 per pound), (b) foreign exchange rates in line with average 2019/20 rates, (c) crop yields in line with historical averages and (d) no changes in regulatory or tax matters

Appendix

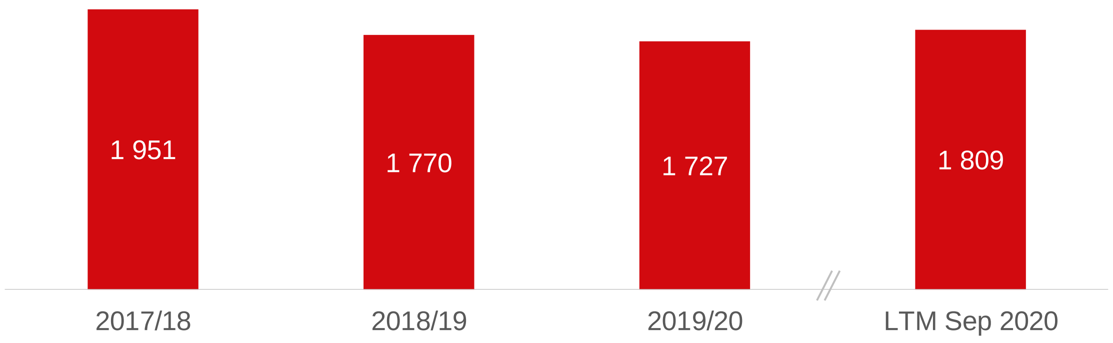
SUGAR & RENEWABLES EUROPE: REBOUNDING FROM END OF EU QUOTA

Volumes sold (own production)

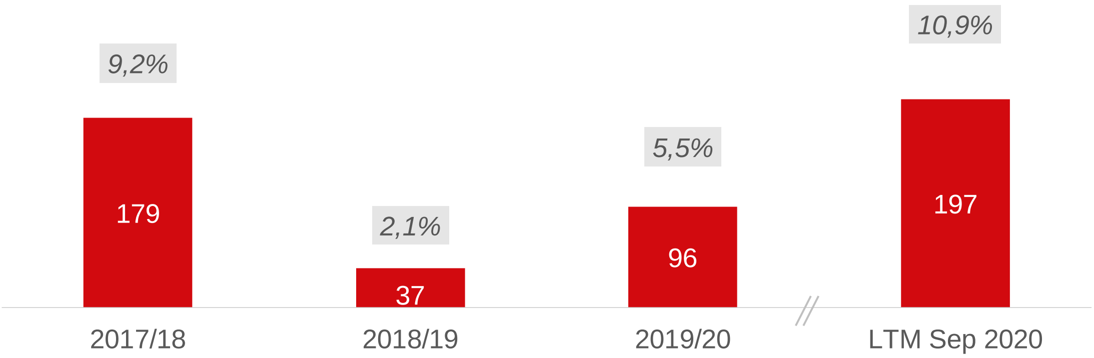




Revenue (€m)



EBITDA (€m) / EBITDA margin (%)

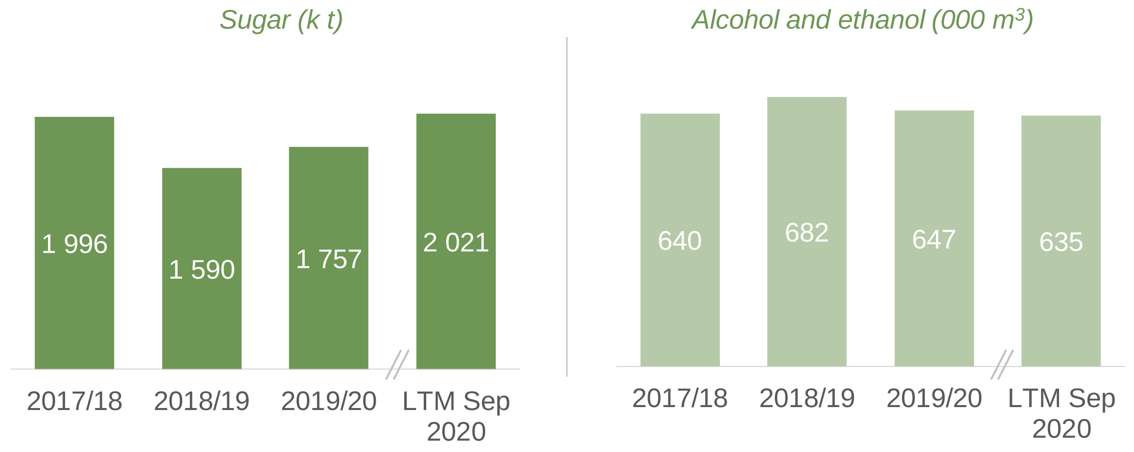


Takeaways

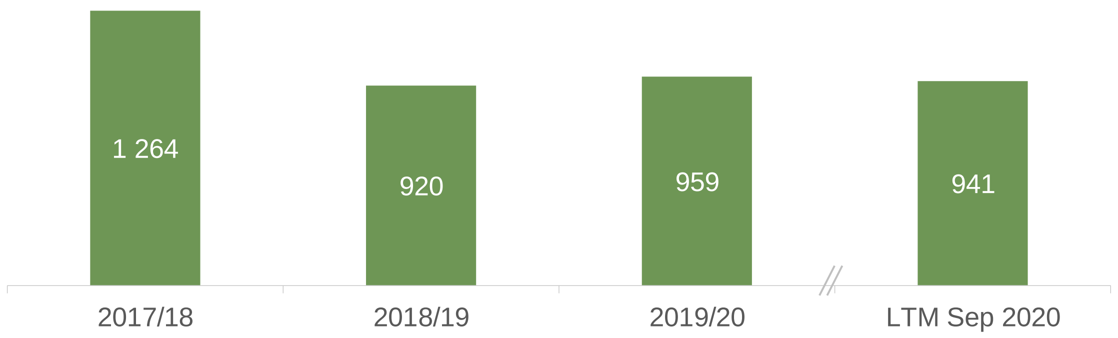
- Volumes almost stable for the 12 months ending September 20 vs. FY 19/20 with yields in line with historical average
- After sugar prices at their lowest level in 18/19 and first half of 19/20, sugar prices have significantly recovered since the second semester of 19/20
- Significant results recovery thanks to positive impact of sugar and ethanol prices and impact of performance plan on production costs

SUGAR & RENEWABLES INTERNATIONAL: RESILIENCE THROUGH CHALLENGING MARKET

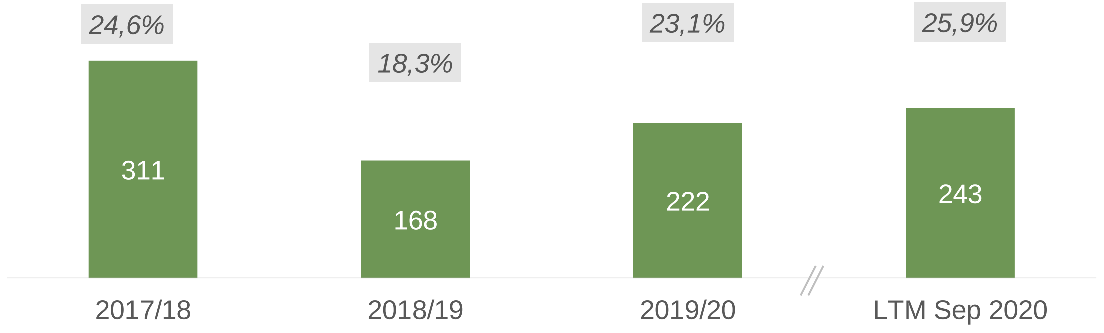
Volumes sold (own production)



Revenue (€m)



EBITDA (€m) / EBITDA margin (%)



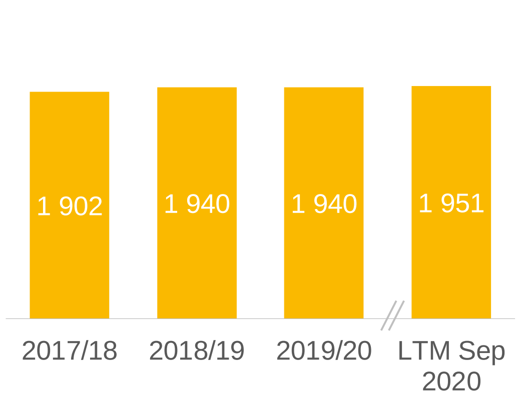
Takeaways

- Volume sold increase thanks to higher yields after a low point in 2018 due to a drought crop in Brazil; strong campaign to be delivered in 2020/21
- Revenues impacted in 2018/19 by the drop of sugar and ethanol prices as well as drought conditions in Brazil
- Results improvement focused on the second semester, thanks to higher volumes, improvement of sugar and ethanol prices and better operational performance

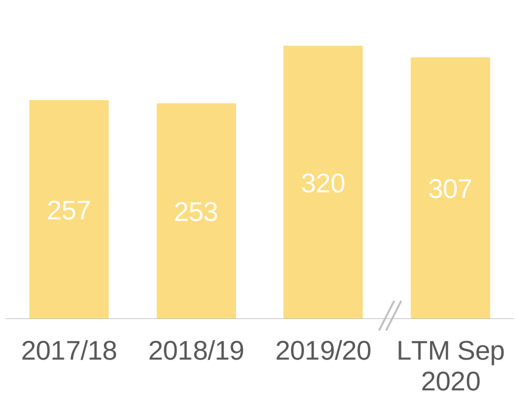
STARCH, SWEETENERS & RENEWABLES: RESILIENT AND GROWING CONTRIBUTION

Volumes sold (own production)

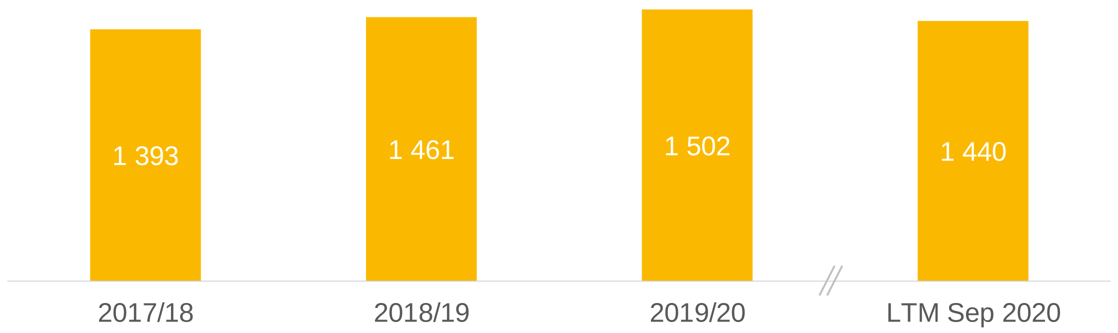
Starch & Sweeteners (k t)



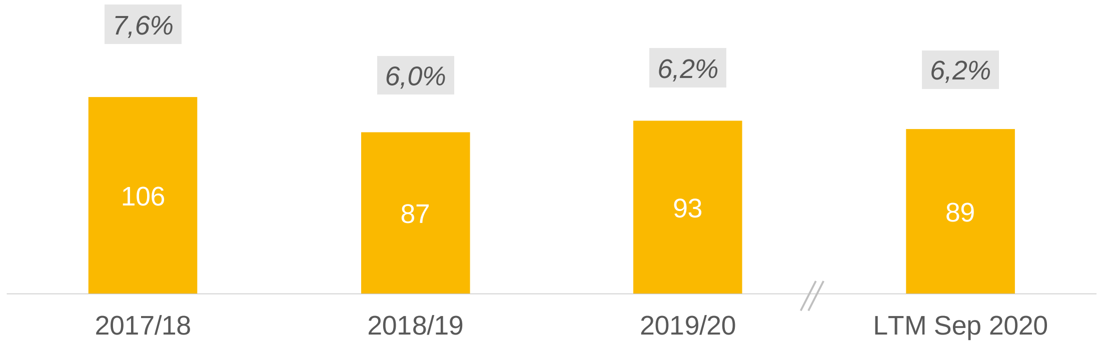
Alcohol and ethanol (000 m^3)



Revenue (€m)



EBITDA (€m) / EBITDA margin (%)

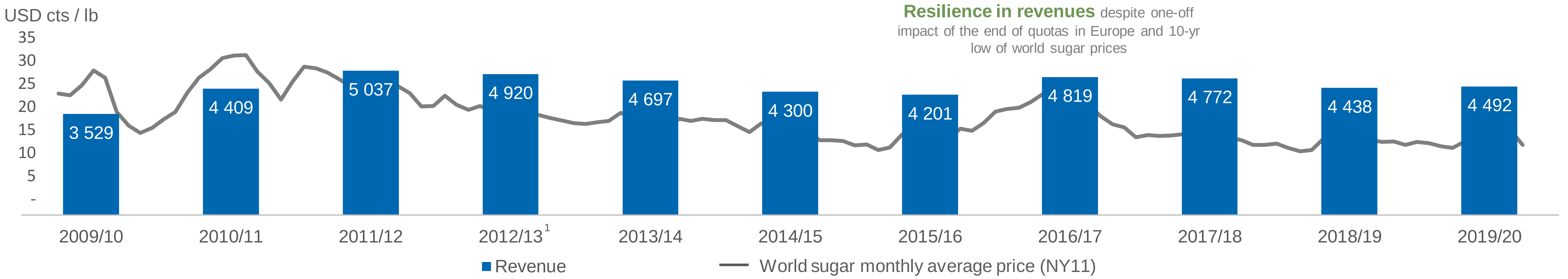


Takeaways

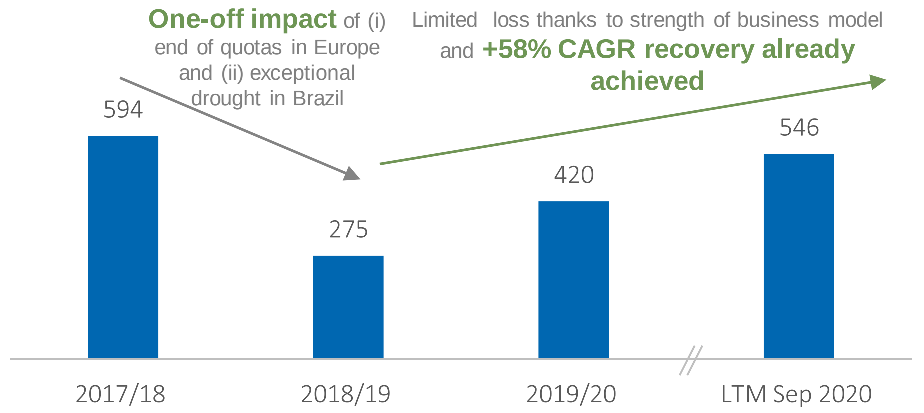
- Volumes processed and sold increase thanks to Ambitions 2022 ramp-up in Europe and increased operational performance in overseas operations
- Increasing revenues due to volumes gains benefiting from first operational improvements of Ambitions 2022 plan; Covid 19 impacting underlying markets for starch and products related to beverage and out-of-home food
- Pressure on price of sweeteners resulting in EBITDA decline in the first half of the year 19/20, recovering in the second half thanks to improved market conditions and mix effect; pressure on margins in 2020/21

DEMONSTRATED TRACK RECORD OF RESILIENCE AFTER DEREGULATION

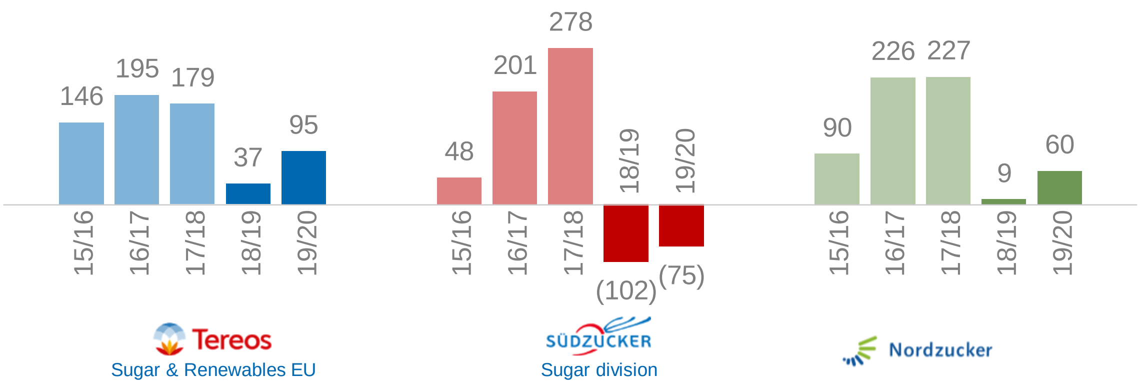
Tereos Group revenues (€m)



Tereos group EBITDA[2] evolution (€m)



European sugar EBITDA[3] evolution through quota cycle



Source: Tereos annual report, Bloomberg; 1 Change in reporting in 2012/13: fiscal year reporting from October to September for the 2004/05-2011/12 period, from 2012//13 to date, fiscal year reporting from April to March, 2 Post IFRS 16 for FY19/20, 3 Sources: Sudzucker, 2020-06-17-Erste CEE Consumer Conference presentation, Nordzucker annual report

Tereos