Press release

Paris, November 23, 2021

Half-year 2021/22 results:
Activity supported by higher prices
Results still impacted by poor harvests
Roll-out of the strategic plan on schedule

(April 2021 – September 2021)
Audited figures

- **Revenues of €2,199 million, up 7%, supported by the increase in prices across all market segments and in our starch business.**

- **EBITDA of €200 million, a decline contained by the improved performance of the starch business in Europe and Brazil while reflecting the poor sugarcane campaign in Brazil. As forecast in our full-year results, EBITDA was again affected during the first six months of the fiscal year by the lower yields from our sugar business in Europe during the 2020 beet campaign.**

- **Net debt of €2,368 million, down €166 million from its level at March 31, 2021 as a result of positive net cash from operating activities. Debt leverage stands at 5.5x.**

- **In Europe, after a 2020 campaign marked by the beet yellows virus, yields in the current campaign are expected to be in line with previous years. The Brazilian campaign has been strongly affected by the very unfavorable weather conditions of recent months.**

- **Tereos confirms its EBITDA target of between €600 million and €700 million on a 12-month rolling basis to end-September 2022 as a result of (i) the Group's new commercial strategy, which, combined with market fundamentals, is leading to higher prices across all divisions, and (ii) the return to normal volumes in European beet and Brazilian sugarcane.**

Commenting on these results, Gérard Clay, President of the Tereos Supervisory Board, stated:
"For almost a year, the Supervisory Board has assigned the Management Board two priorities: reduce Tereos' debt and improve profitability, in order to better compensate our cooperative members' production. The first economic measures taken since the beginning of the year now allow us to set a sugar beet price for cooperative members that results solely from Tereos France's positive economic performance without resorting to additional financing. As for agricultural performance, the yields of the new sugar beet campaign are in line with the last five-year average. For the industry In Brazil, the sugarcane harvest fell by 15%, due to very unfavourable weather conditions. In line with our expectations, the results for this first half-year remain modest. We remain focused on the structural improvement of our results, driven by the rollout of our Strategic plan and continued price increases."

Philippe de Raynal, Chairman of the Management Board, added:
"We are on track with the deployment of our Strategic plan since June, with a new commercial policy focused on value creation and an asset disposal program underway. Further actions will be implemented in the coming months in the fields of commercial, operational and industrial excellence. The first effects are being felt in our starch activities, and we expect the actions taken to show a greater impact in the next few months. Overall, this half-year remains mainly influenced by 2020 commercial commitments."

GROUP RESULTS

Key figures € m	20/21 H1	21/22 H1	var (current forex)	var (constant forex)
Revenues	2,050	**2,199**	+7%	+8%
Adjusted EBITDA[1]	237	**200**	-16%	-15%
Adjusted EBITDA margin	*11.6%*	*9.1%*		
Recurring EBIT[2]	67	**32**	-53%	-54%
EBIT margin[2]	*3.3%*	*1.4%*		

Activity was supported by higher prices (sugar, alcohol, ethanol and proteins) and by higher sweeteners volumes sold. The Group's operating performance was impacted by the low European beet yields of 2020 and by the lower level of the campaign's harvest in Brazil due to the unusual weather conditions, which included a severe drought and periods of frost.

Consolidated **revenues** amounted to €2,199 million in H1 21/22, up 7% at current exchange rates and up 8% at constant exchange rates from €2,050 million in H1 20/21.

Adjusted EBITDA[1] amounted to €200 million in H1 21/22, down 16% at current exchange rates and down 15% at constant exchange rates from €237 million in H1 20/21. Over the last twelve months, adjusted EBITDA amounted to €428 million compared to €465 million in the period to March 31, 2021.

Recurring EBIT[2] amounted to €32 million in H1 21/22 compared to €67 million in H1 20/21.

1. RESULTS BY DIVISION

SUGAR AND RENEWABLES EUROPE

In **France**, yields in the 2021 campaign are expected to be in line with past averages after a 2020 beet campaign that was severely affected by the beet yellows virus.

In the **Czech Republic** and in **Romania**, the current campaign is proceeding normally.

Revenues from the Sugar and Renewables Europe division amounted to €752 million in H1 21/22, down 9% at current exchange rates from €829 million in H1 20/21.

The division's **adjusted EBITDA** came to €71 million in H1 21/22, down 27% at current exchange rates from €98 million in H1 20/21.

The division's **recurring EBIT** stood at €10 million in H1 21/22, down 75% at current exchange rates from €39 million in H1 20/21.

Despite higher sugar, ethanol and alcohol prices, the division's results were held back by the decline in sales volumes owing to poor beet yields in the 2020 campaign.

[1] *See the definition of adjusted EBITDA in the Appendix.*
[2] *EBIT excluding non-recurring items (not material in H1 20/21 and H1 21/22)*

SUGAR AND RENEWABLES INTERNATIONAL

In **Brazil**, the campaign ended in mid-October with 15.6 million metric tons of sugarcane processed, down 20% compared to the last five-year average, as a result of very unfavorable weather conditions.

On **Reunion Island**, yields were affected by weather conditions. Sugarcane volumes are expected to rise slightly above last year's levels.

The increase in Sugar and Renewables International revenues was driven primarily by the rise in sugar and ethanol prices, which offset the contraction in sales volumes.

In addition, a steep decline in sugarcane volumes was recorded during the poor campaign in Brazil. The sugarcane shortage drove up agricultural costs and the cost of sugarcane from third-party suppliers in São Paulo state.

Market conditions and exchange rate trends in Brazil continue to shift the production mix towards sugar.

Sugar and Renewables International **revenues** totaled €423 million in H1 21/22, up 11% at current exchange rates and up 13% at constant exchange rates from €380 million in H1 20/21.

The division's **adjusted EBITDA** came to €61 million in H1 21/22, down 38% at current and 37% at constant exchange rates from €98 million in H1 20/21.

The division's **recurring EBIT** came to €1 million in H1 21/22 compared to €34 million in H1 20/21, down 97% at current exchange rates and 99% at constant exchange rates.

STARCH, SWEETENERS AND RENEWABLES

Starch, Sweeteners and Renewable revenues in Europe were lifted by the higher alcohol/ethanol and protein prices and by strong volume growth. The division's operating performance improved compared to Q1 21/22 as a result of a very encouraging operating performance and the commercial strategy realignment launched during the previous quarter.

Revenues from the Starch, Sweeteners and Renewables division amounted to €856 million in H1 21/22, up 22% at current exchange rates from €704 million in H1 20/21.

The division's **adjusted EBITDA** came to €47 million in H1 21/22, up 74% at current exchange rates from €27 million in H1 20/21.

The division's **recurring EBIT** totaled €2 million in H1 21/22, compared to -€18 million in H1 20/21.

2. NET DEBT

Net debt at September 30, 2021 stood at €2,368 million, compared to €2,533 million at March 31, 2021, representing a decrease of €166 million. Excluding Readily Marketable Inventories (€441 million that can be converted into cash at any time), the Group's adjusted net debt totaled €1,927 million.

The reduction in net debt compared to March 31, 2021 reflects the positive cash flow attributable in part to temporary effects linked to the fair value of our hedges. Even adjusted for these temporary hedge effects and for the inventory variation, cash flow from operating activities almost covers the full amount of capital expenditures (€190 million, higher than in the same period of the previous year for temporary and accounting reasons linked to the shorter harvest in Brazil).

The Group's debt leverage at September 30, 2021 stood at 5.5x, stable compared to March 31, 2021 (5.5x).

The Group's financial security amounted to €1,203 million at September 30, 2021. It consisted of €478 million in cash and cash equivalents and €725 million in undrawn confirmed long-term credit lines.

During the second quarter of the 2021/22 fiscal year, the Group pushed ahead with its proactive funding and debt management policy and refinanced the revolving credit facility for the Sugar Europe division eight months prior to its maturity with a sustainability linked loan supported by the Group's partner banks.

This transaction follows the recent series of major financing transactions completed by the Group since June 2020. These have included arrangement of a French state-guaranteed loan (PGE in French), two bond issues and two sustainability-linked revolving credit facilities (including the one signed last summer).

These transactions, which raised over €1.2 billion in total, are proof positive of the Group's ongoing access to bank and market financing and demonstrate the trust that its banking partners and investors have in the Group's strategy and outlook, its management and its governance.

Rating agency Fitch recently raised its outlook for the Tereos group from negative to stable.

Net debt at September 30, 2021 breaks down as follows:

Net debt € m	31 March 2021	30 Sept 2021	Current	Non-current	Cash & cash equivalents
Net debt	2,533	2,368	604	2,241	(478)
Net debt / EBITDA ratio	5.5x	5.5x			
Net debt / EBITDA ratio excl. RMI*	4.7x	4.5x			

** Readily Marketable Inventories: €346 million as of March 31, 2021 and €441 million as of September 30, 2021*

SHORT-TERM OUTLOOK

Market outlook

A supply shortage is expected in the world sugar market for the third year in a row amid a poor harvest in Brazil, which helps keep sugar prices up at a high level.

In Europe, another supply shortage is expected in the sugar market amid a high import parity and supply chain pressures. Market prices are thus expected to carry on rising.

European and Brazilian ethanol prices were again underpinned by the rise in fuel prices.

Gas prices, which have risen very sharply and been highly volatile in recent months, have to date had only a modest impact on the half-year results thanks to the hedges put in place by the Group. The uptrend in prices anticipated in these markets should weigh on results in the next quarter, however.

In our starch activities, the rise in input prices (cereals and gas) is likely to be passed on to selling prices through the shift to a value-oriented commercial strategy.

Financial outlook for 2021/22

Growth in operating income is expected to pick up again in the second half of 2021/22. The Group confirms its EBITDA target of between €600 million and €700 million on a 12-month rolling basis to end-September 2022.

As part of the asset disposal program, the Group announced on September 15, 2021 the sale of its 49% stake in the two starch joint ventures in China it established in 2012 and 2013. They are to be sold to YKA, an agro-industrial group based in China and the Group's partner in the joint venture. The transaction will be reflected in the second semester's results.

MEDIUM-TERM OUTLOOK

Tereos is reiterating the targets for 2024 it presented together with the full-year results:

- EBIT margin of 5%
- Recurring generation of positive free cash flow
- Net debt below €2 billion
- Debt leverage below 3x

About Tereos

With a long-term vision of adding value to agricultural raw materials and developing quality products for the food, health and renewable energy sectors, 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 corporate citizen. The cooperative group Tereos is a union of more than 12,000 cooperative members and has recognized know-how in the processing of beet, sugarcane, cereals, and potatoes. Through 48 industrial sites, a presence in 18 countries and the commitment of its 23,000 employees, Tereos supports its customers close to their markets with a broad and complementary range of products. In 2020/21, the Group posted revenues of €4.3 billion.

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APPENDIX

A. DETAILED GROUP RESULTS

Volumes sold	20/21 Q2	21/22 Q2	Var	20/21 H1	21/22 H1	var
Sugar & Sweeteners (k.tco)	1,670	**1,695**	2%	3,150	**3,001**	-5%
Alcohol and Ethanol (k.m^3)	356	**309**	-13%	647	**636**	-2%
Starch & Proteins (k.tco)	308	**341**	11%	580	**626**	8%
Energy (GWh)	593	**518**	-13%	1,066	**932**	-13%

Compte de résultat M€	20/21 H1	21/22 H1	var (change courant)	var (change constant)
Revenues	**2,050**	**2,199**	**7%**	**8%**
Adjusted EBITDA	**237**	**200**	**-16%**	**-15%**
Adjusted EBITDA margin	*11.6%*	*9.1%*		
Seasonality adjustment	26	48		
Depreciations, amortizations	(199)	(220)		
Others	2	4		
Recurring EBIT	**67**	**32**	**-53%**	**-54%**
Recurring EBIT margin	*3.3%*	*1.4%*		
Non-recurring items	(2)	(0)		
Financial Result	(57)	(87)		
Corporate income tax	(12)	4		
Share of profit of associates	(3)	2		
Net Results	**(6)**	**(50)**	**na**	**na**

***Adjusted EBITDA** corresponds to net income before income tax, the share of income from equity affiliates, net financial income, depreciation, amortization and impairment, goodwill impairment, b favorable acquisition gains, and earn-out payments. It is also restated for changes in the fair value of financial instruments, inventories, and sale and purchase commitments, except for the portion of these items that relates to trading activities, changes in the fair value of biological assets, the seasonal effect, and non-recurring items. The seasonal effect corresponds to the temporary difference in the recognition of depreciation and amortization charges, and earn-out payments between the Group's financial statements under IFRS and the Group's management accounts. Adjusted EBITDA is not a financial indicator defined as a measure of financial performance under IFRS and may not be comparable to similar indicators referred to under the same name by other companies. Adjusted EBITDA is provided for additional information purposes and cannot be considered as a substitute for operating income or operating cash flow.*

Net Debt variation € m	20/21 H1	21/22 H1
Net Debt (opening position) excl. IFRS16	(2,443)	(2,421)
Adjusted EBITDA	237	200
Other operational flows	11	24
Net financial charges	(56)	(71)
Income tax paid	(6)	(9)
Cash Flow	186	144
Change in working capital	9	276
Cash Flow from operating activities	195	420
Maintenance & Renewal	(111)	(125)
Other CAPEX	(51)	(65)
Financial investments	(4)	(3)
Disposals	2	5
Dividends received	8	9
Cash Flow from (used in) investing activities	(155)	(179)
Cash Flow after investing activities	40	241
Dividends paid & price complement	(20) (1)	(22)
Capital increases/other capital movements	0	(6)
Cash Flow from (used in) transactions relating to equity	(20)	(28)
Free Cash-Flow	20	213
Other (incl. FOREX impact)	56 (1)	(31)
Net Debt excl. IFRS16	(2,367)	(2,239)
IFRS16 impact	(113)	(129)
Net Debt (closing position)	(2,480)	(2,368)

(1) Advance payment to farmers reclassified from « others » to « dividends paid »

B. RESULTS BY DIVISION

Revenues by division € m	20/21 H1	21/22 H1	var (current forex)	var (constant forex)
Sugar Europe	829	752	-9%	-10%
Sugar International	380	423	+11%	+13%
Starch & Sweeteners	704	856	+22%	+22%
Others (incl. Elim)	138	168	+21%	+32%
TEREOS Group	2,050	2,199	+7%	+8%

Adjusted EBITDA by division € m	20/21 H1	21/22 H1	var (current forex)	var (constant forex)
Sugar Europe	98	71	-27%	-28%
Sugar International	98	61	-38%	-37%
Starch & Sweeteners	27	47	+74%	+75%
Others (incl. Elim)	14	21	+49%	+49%
TEREOS Group	237	200	-16%	-15%

Recurring EBIT by division € m	20/21 H1	21/22 H1	var (current forex)	var (constant forex)
Sugar Europe	39	10	-75%	-76%
Sugar International	34	1	-97%	-99%
Starch & Sweeteners	(18)	2	na	na
Others (incl. Elim)	12	19	na	na
TEREOS Group	67	32	-53%	-54%

C. MARKET TRENDS

WORLD SUGAR MARKET

NY11 sugar prices, which were at $17.9 cts/lb in the first half of the fiscal year, soared 53% above their level in the same period of last year to reach $19.0 cts/lb in Q2 21/22 (up 13% compared to Q1 21/22). Prices are rising as a result of both the economic recovery and the poor campaign in Brazil. The economic recovery began with the improvement in the pandemic situation and progress on the vaccination front. From an agricultural standpoint, central southern Brazil has experienced one of its worst-ever sugarcane campaigns, triggering a sugar shortage on world markets.

In addition, the impact of economic and agricultural factors on the second semester's performance is likely to grow stronger as a result of the uncertainty regarding Indian sugar export subsidies. Prices are expected to remain under pressure over the coming months.

SUGAR EUROPE

According to the European Observatory, the price of sugar stood at €400/metric ton in July 2021, an increase of €3.1/metric ton since April 2021 and of €88/metric ton (up 28%) from the record low in January 2019. The steady increase in prices reflects the market shortages triggered by the low level of the 2020 campaign and the upturn in consumption.

The weak level of sugar inventories, along with import restrictions resulting from the supply shortages in the world markets and uncertainties about beet yields in the 2021 campaign in Europe are keeping upward pressure on prices, and they are expected to remain high in the second semester.

ETHANOL BRAZIL

ESALQ ethanol prices continued to rise during the first quarter of the fiscal year, reaching R$2.93/liter for H1 21/22, up 84% compared to the same period last year (up 12% compared to Q1 21/22). This rise was driven by the low levels of production from the sugarcane campaign in Brazil, the recovery in consumption and higher fuel prices in Brazil.

Increased demand – with fuel consumption expected to rise by 7% in Brazil – has come at a time of limited supply owing to the poor 2021 campaign. In addition, higher Brent crude prices and the volatility in the Brazilian real against the US dollar notably linked to the uncertainties arising from the 2022 presidential election in Brazil have fanned the upward pressures on ethanol prices. Fuel price controls or a change in the proportion of ethanol in the fuel blend could keep the price increase in check.

ETHANOL EUROPE

T2 Rotterdam ethanol prices averaged €655/m^3 in the first half of the fiscal year, up 7% compared to the same period last year and up 12% compared to Q1 21/22. The rise was underpinned by consumption over the summer.

The outlook for T2 is positive with the European market set to continue experiencing supply shortages, with demand exceeding supply and very limited import options.

CEREALS

Wheat: MATIF wheat prices climbed higher to average €224/metric ton in the first six months of the fiscal year, up 20% from their level in the same period of last year. Prices have been lifted by a production shortfall caused by poor weather conditions in Europe, North America and Russia. Demand from China also remains strong.

Upward pricing pressures are anticipated for the next six months and beyond unless wheat inventories are built back up during the upcoming harvest.

Corn: MATIF corn prices have stayed high, averaging €238/metric ton during the first half of the fiscal year, up 42% compared to the same period last year. This trend has been driven by the poor harvests in Brazil, the United States, Europe and the Black Sea region. MATIF corn prices peaked at €320/metric ton in August 2021.

Prices are expected to hold up at a high-level owing to the subdued outlook for the harvest, which will likely be insufficient to rebuild inventories, and the strong demand from Asia and Europe.

GAS EUROPE

In recent months, gas prices have been highly volatile amid an underlying uptrend. The situation in the markets is attributable to the storage delays in May and the pressure brought to bear by Russia in connection with the Nord Stream 2 gas pipeline.

The market seems to have stabilized since October with prices between €80 and €100/MWh, reflecting expectations that gas will be in short supply over the winter months as a result of strong demand, supply shortages and inadequate inventories. Winter temperatures and any developments in Russia's position will have a decisive influence on gas prices over the coming months.