Press release

Paris, February 9, 2022

Third-quarter 2021/22:

Improved results

(to December 31, 2021)

- **Revenues of €1,345 million in Q3 21/22, up 17% at current exchange rates, supported by positive ethanol and sugar prices and activity in the starch segment. Over the first 9 months of the financial year, revenues totaled €3,544 million (up 11% at current exchange rates).**

- **EBITDA of €223 million in Q3 21/22, up 65% at current exchange rates. Over the first 9 months of 2021/22, EBITDA totaled €424 million (up 14% at current exchange rates).**

- **Debt leverage stood at 4.9x (vs. 5.5x at March 31, 2021). Net debt of €2,524 million at December 31, 2021, stable compared to its level at March 31, 2021 as a result of positive cash flow from operations.**

- **The beet campaign in Europe ended in late January with volumes and yields in line with average levels for the past five years.**

- **Tereos confirms its EBITDA target of between €600 million and €700 million on a 12-month rolling basis to September 30, 2022. EBITDA on a 12-month rolling basis to December 31, 2021 stood at €516 million.**

GROUP RESULTS

Key figures € m	20/21 Q3	21/22 Q3	% chg. (at current exch. rates)	% chg. (at constant exch. rates)	20/21 9m	21/22 9m	% chg. (at current exch. rates)	% chg. (at constant exch. rates)
Revenues	1,152	**1,345**	17%	15%	3,202	**3,544**	11%	11%
Adjusted EBITDA[1]	135	**223**	65%	65%	373	**424**	14%	14%
Adjusted EBITDA margin	*11.8%*	*16.6%*			*11.6%*	*12.0%*		
Recurring EBIT[2]	31	**111**	261%	261%	98	**142**	46%	45%
EBIT margin[2]	*2.7%*	*8.2%*			*3.1%*	*4.0%*		

Amid significant volatility in the agricultural commodity and energy markets, the Group is reporting stronger results than in the previous year. These results highlight Tereos' resilience in an uncertain market environment. Its agility in seizing opportunities, especially in the ethanol segment, reflects the new commercial strategy centered on value-creation.

Activity was supported by high prices and by a rise in starch volumes sold. However, the Group's operating performance was impacted by low beet yields in 2020 and the disappointing campaign in Brazil, which resulted in a decline in sugarcane volumes this year owing to exceptional weather conditions.

Consolidated **revenues** rose to €1,345 million in Q3 21/22, up 17% at current exchange rates and up 15% at constant exchange rates from €1,152 million in Q3 20/21.

Consolidated **adjusted EBITDA[1]** grew to €223 million in Q3 21/22, up 65% at current and at constant exchange rates from €135 million in Q3 20/21. Over the last 9 months, adjusted EBITDA amounted to €424 million compared to €373 million in the period to December 31, 2020.

Consolidated **recurring EBIT[2]** amounted to €111 million in Q3 21/22 compared to €31 million in Q3 20/21. Over the last 9 months, recurring EBIT amounted to €142 million compared to €98 million in the period to December 31, 2020.

1. RESULTS BY DIVISION

SUGAR AND RENEWABLES EUROPE

In **France**, the 2021 campaign ended on January 31. Yields in the campaign were close to past averages after a 2020 campaign that was severely affected by the beet yellows virus.

In the **Czech Republic**, the campaign ended on January 25.

[1] *See the definition of adjusted EBITDA in the Appendix.*
[2] *EBIT excluding non-recurring items (€-76 million in 20/21 and €20 million in 21/22)*

Revenues from the Sugar and Renewables Europe division amounted to €557 million in Q3 21/22, up 26% at current exchange rates from €441 million in Q3 20/21.

The division's **adjusted EBITDA** came to €100 million in Q3 21/22, up 98% at current exchange rates from €50 million in Q3 20/21.

The division's **recurring EBIT** stood at €63 million in Q3 21/22, up 306% at current exchange rates from €16 million in Q3 20/21.

The new sugar contracting campaign began in October in Europe. The division's results were underpinned by higher prices across all the segments (sugar, ethanol and alcohol) and a pick-up in volumes during the quarter. These positive effects offset the impact of higher energy costs.

SUGAR AND RENEWABLES INTERNATIONAL

In **Brazil**, the campaign ended in mid-October with 15.6 million metric tons of sugarcane processed, 20% below the average for the past five years, owing to highly unfavorable weather conditions. The steep decline in sugarcane volumes harvested in Brazil drove up agricultural costs and the cost of sugarcane purchased from third-party suppliers in São Paulo state.

On **Reunion Island**, the campaign ended on December 10.

The division's results were severely impacted by the drop in volumes sold owing to the poor 2021 campaign in Brazil, but the effect was counterbalanced by higher prices in the ethanol and sugar segments.

Sugar and Renewables International **revenues** totaled €239 million in Q3 21/22, down 19% at current exchange rates and down 20% at constant exchange rates from €294 million in Q3 20/21.

The division's **adjusted EBITDA** came to €65 million in Q3 21/22, down 15% at both current and constant exchange rates from €76 million in Q3 20/21.

The division's **recurring EBIT** came to €15 million in Q3 21/22, down 52% at current and 50% at constant exchange rates from €31 million in Q3 20/21.

STARCH, SWEETENERS AND RENEWABLES

Revenues for the first 9 months of the financial year were lifted by volume growth in Europe and by higher ethanol, protein and co-product prices.

The division's Q3 21/22 operating performance improved by comparison with H1 21/22. Further volume growth driven by a strong operating performance and higher prices, particularly ethanol prices, helped to absorb the increase in cereals and energy prices.

Revenues from the Starch, Sweeteners and Renewables division amounted to €507 million in Q3 21/22, up 39% at current exchange rates from €365 million in Q3 20/21.

The division's **adjusted EBITDA** reached €38 million in Q3 21/22, up 39% at current exchange rates from €27 million in Q3 20/21.

The division's **recurring EBIT** totaled €13 million in Q3 21/22, compared to €4 million in Q3 20/21.

2. NET DEBT

Net debt at December 31, 2021 stood at €2,524 million compared to €2,533 million at March 31, 2021. Excluding Readily Marketable Inventories (€712 million that can be converted into cash at any time), the Group's adjusted net debt totaled €1,812 million.

The stability in net debt compared to March 31, 2021 reflects positive cash flow from operations, which offset the effects arising from exchange rate fluctuations and IFRS 16.

The Group's debt leverage improved further, continuing its steady decline since financial year 2019/20. Its leverage ratio at December 31, 2021 stood at 4.9x, an improvement on the 5.5x recorded at March, 31 2021.

At the end of December 2021, the Group's financial security amounted to €968 million. It consisted of €408 million in cash and cash equivalents and €560 million in undrawn confirmed long-term credit lines along with the undrawn portion of the Tereos Starch & Sweeteners division's RCF currently being refinanced. This amount exceeds the short-term debt repayments due, and some of these maturities consist of renewable lines.

During the third quarter of financial year 2021/22, rating agency Fitch raised its outlook for the Tereos group from negative to stable.

Net debt at December 31, 2021 breaks down as follows:

Net debt € m	Dec. 31, 2020	March 31, 2021	Dec. 31, 2021	Current	Non-current	Cash and cash equivalents
Net debt	2,668	2,533	**2,524**	669	2,263	(408)
Net debt / EBITDA ratio	4.8x	5.5x	**4.9x**			
Net debt / EBITDA ratio excl. RMI*	3.7x	4.7x	**3.5x**			

** Readily Marketable Inventories: €346 million as of March 31, 2021 and €712 million as of December 31, 2021*

Post-close events

New bond issue demonstrating Tereos' continued improvement in credit profile

On January 20, 2022, Tereos issued a new 5.3 year €350 million bond with an annual coupon of 4.75%.

As a result of strong investor demand and the positive appreciation of Tereos' credit profile, the transaction was upsized from €300 million to €350 million and the pricing tightened to 4.75% from 5.00%.

The offering was launched concurrently with a tender offer relating to Tereos' outstanding notes due 2023.

The final amount tendered was €287.4 million; the remaining €62.6 million raised will be used to repay other Group debt. The transaction has enabled Tereos to significantly extend its debt maturity profile at attractive conditions.

The strong success of the transaction underlines the substantial and continuous improvement of the Group's credit profile, allowing a considerable reduction in financial cost compared to the bond issues of October 2020 and April 2021.

Since its arrival in December 2020, the Group's new management has implemented a new strategy that has led to resilient results in the face of yield volatility and to first signs of improving profitability. These developments, combined with clear targets for the coming years and a series of successfully concluded refinancing operations, have created a positive *credit momentum* that has culminated in this successful transaction.

The transaction follows on from the recent series of major financing transactions completed by the Group since June 2020 that have raised over €1.5 billion. These have included arrangement of a state-guaranteed loan (PGE), three bond issues (including the recently completed offering) and two positive-impact revolving credit lines.

Management change to accelerate the Group's transformation

On February 7, 2022, the Tereos Supervisory Board appointed Gwenaël Eliès to take over the interim chairmanship of the Management Board from Philippe de Raynal, who is leaving the company. Gwenaël Eliès will also continue to perform his duties as Group Chief Financial Officer pending the appointment of the next Chairman of the Management Board, who will be tasked with accelerating the Group's transformation based on three areas of value creation: managerial excellence, commercial excellence and industrial excellence.

SHORT-TERM OUTLOOK

<u>Market outlook</u>

The world sugar market is expected to be in deficit for the third year in a row amid a poor harvest in Brazil, which is helping to keep sugar prices at a high level.

In Europe, another supply shortage is expected in the sugar market in a context of high import parity and supply chain pressures. Market prices are thus expected to continue heading higher.

European ethanol prices are expected to remain high, while Brazilian ethanol prices may stabilize.

Gas prices, which have risen very sharply and been highly volatile in recent months, had only a modest impact on results for the first 9 months of the financial year thanks to the hedges put in place by the Group. However, the uptrend in prices anticipated in these markets will in all likelihood weigh more heavily on the sugar activities' results in Europe from Q4 21/22 onwards.

In the starch sector, the rise in cereal and energy prices will be passed on to selling prices through the shift to a value-oriented commercial strategy.

Financial outlook for 2021/22

As part of the strategic plan launched in June 2021, the Tereos group continues to analyze its asset portfolio with a view to focusing its resources and its efforts on the most sustainably profitable activities.

Last August, the Group reached agreement with Axereal to sell it its shareholding in Copagest. The sale will be completed once the conditions precedent have been met.

The Group has launched a consultation with the employee representative bodies concerning the possible closure of its activities in Romania.

The growth in operating income during Q3 21/22 is expected to continue into Q4 21/22. The Group confirms its EBITDA target of €600 million to €700 million on a 12-month rolling basis to September 30, 2022. EBITDA on a 12-month rolling basis to December 31, 2021 came to €516 million.

MEDIUM-TERM OUTLOOK

Tereos confirms the targets for 2024 it presented together with its 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, healthcare 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.

Contacts

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APPENDIX

A. RESULTS BY DIVISION

Revenues by division € m	20/21 Q3	21/22 Q3	% chg. (at current exch. rates)	% chg. (at constant exch. rates)	20/21 9m	21/22 9m	% chg. (at current exch. rates)	% chg. (at constant exch. rates)
Sugar Europe	441	**557**	26%	25%	1,269	**1,309**	3%	2%
Sugar International	294	**239**	-19%	-20%	674	**662**	-2%	-1%
Starch and Sweeteners	365	**507**	39%	38%	1,068	**1,363**	28%	28%
Others (incl. elim.)	52	**42**	-	-	190	**210**	-	-
Tereos Group	1,152	1,345	17%	15%	3,202	3,544	11%	11%

Adjusted EBITDA by division € m	20/21 Q3	21/22 Q3	% chg. (at current exch. rates)	% chg. (at constant exch. rates)	20/21 9m	21/22 9m	% chg. (at current exch. rates)	% chg. (at constant exch. rates)
Sugar Europe	50	**100**	98%	96%	148	**171**	15%	14%
Sugar International	76	**65**	-15%	-15%	174	**125**	-28%	-27%
Starch and Sweeteners	27	**38**	39%	39%	54	**85**	57%	57%
Others (incl. elim.)	(19)	**21**	-	-	(4)	**42**	-	-
Tereos Group	135	223	65%	65%	373	424	14%	14%

Recurring EBIT by division € m	20/21 Q3	21/22 Q3	% chg. (at current exch. rates)	% chg. (at constant exch. rates)	20/21 9m	21/22 9m	% chg. (at current exch. rates)	% chg. (at constant exch. rates)
Sugar Europe	16	**63**	306%	302%	54	**73**	34%	33%
Sugar International	31	**15**	-52%	-50%	65	**16**	-75%	-75%
Starch and Sweeteners	4	**13**	232%	233%	(14)	**15**	-	-
Others (incl. elim.)	(20)	**20**	-	-	(7)	**39**	-	-
Tereos Group	31	111	261%	261%	98	142	46%	45%

***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.*

B. MARKET TRENDS

WORLD SUGAR MARKET

The NY11 sugar price traded in a range of between $18.50 and $20.50 cts/lb during the quarter. This trading range was established against a backdrop of high Indian exports for the 21/22 campaign and uncertainties linked to the global Covid-19 pandemic and to the emergence of variants. The NY11 prices averaged USD19.5 cts/lb during the quarter (up 34% on the same period of the previous year). Year-to-date, the NY11 averaged $18.4 cts/lb for the period from April through December 2021, up 46% from last year.

Prices are expected to stay within the current range over the next few months owing to the lack of visibility on Indian exports and the low yields from the Brazilian campaign.

SUGAR EUROPE

According to the European Observatory, the price of sugar stood at €417/metric ton in October 2021, an increase of €20/metric ton since April 2021 and of €105/metric ton (up 34%) from the record low in January 2019. The steady increase in prices reflects the market shortages triggered by the weak level of the 2020 campaign with inventories at a record low level.

Domestic prices are expected to hold up at high levels. Despite the current Covid-19 situation, consumption is likely to pick up slightly.

ETHANOL BRAZIL

ESALQ ethanol prices surged 80% from last year's level to reach BRL3.13/liter in the first three quarters of the financial year. Trading in the fuels market was volatile given the uncertainties arising from the sugar campaign in Brazil and the spread of the Omicron variant.

Over the next few months, ethanol's share of the fuel mix may increase again, but overall prices are set to remain stable.

ETHANOL EUROPE

T2 Rotterdam ethanol prices averaged €793/m^3 in the first three quarters of the financial year, up 31% compared to the same period last year. This increase was driven by higher cereals prices and lower imports from the Americas.

The medium-term outlook for T2 is positive with the European market set to continue experiencing supply shortages, demand exceeding supply and very limited import options until June 2022.

CEREALS

Wheat: Over the April to December 2021 period, MATIF wheat prices averaged €246/metric ton, up 26% from their level in the same period of the previous year. In addition, prices reached a record high of around €310/metric ton during the quarter. This price increase was triggered by the fact that campaign-end inventories were very low as a result of a poor harvest and strong demand.

Prices are expected to remain very firm amid weather-related concerns for the new harvest and, pending confirmation next summer, production levels that could revert to normal levels by Europe's leading exporters.

Corn: During the April to December 2021 period, MATIF wheat prices averaged €240/metric ton, up 37% from their level in the same period of the previous year. They peaked initially at around €300/metric ton in August 2021, before peaking again at €250/metric ton in November 2021. This sharp increase reflected the clear downturn in global inventories, worse-than-expected harvests in Brazil and the United States, and very robust demand from China and from Europe.

Corn is still significantly cheaper than wheat, which is giving rise to strong demand in the corn market. Fears about the La Niña meteorological phenomenon in South America, which could potentially be highly unfavorable, and the situation in the wheat market will maintain pricing pressures for several more months.

GAS EUROPE

The gas market remains under pressure, with high prices and strong volatility. This situation reflects a combination of opposing positive and negative forces: a record low level of inventories, a geopolitical standoff over Ukraine involving Russia, Europe and the United States, fairly mild temperatures in Europe and strong flows of LNG to Europe.

Gas prices in Europe currently stand at around €80/MWh. The major uncertainty surrounding the prospects for supplies from Russia in 2022 (low flows through existing pipelines and NordStream 2 project at a standstill), the level of inventories at the beginning of next winter could again be fairly low, mirroring the situation at the start of winter 2021. Temperatures over the next few months and, even more crucially, the outcome of talks concerning the situation in Ukraine will be the key factors dictating gas price trends in the short term.