



Tereos Full Year 2021/22 Results

June 9, 2022

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#1 - Results



BUSINESS HIGHLIGHTS

TEREOS DELIVERED A STRONG PERFORMANCE...

_ **Robust financial results**

- EBITDA growth of +47% yoy, reaching €682m
- Recurring EBIT of €302m (+251% yoy)
- Cash flow after CAPEX and before working capital variation of €215m (€1m in the previous year)

_ **Strategy in action**

- Commercial and operational excellence of core business: EBITDA margin improved by 260 bps
- Sale/closure of non-strategic assets: Starch China, Sugar Mozambique, Sugar Romania, Malt business (minority stake)

... IN A CHALLENGING MACROECONOMIC CONTEXT :

_ **Climate unpredictability**

- Low yields in Brazil in 2021
- European sugar beet returned to normal levels

_ **Rising inflation, commodity prices and interest rates**

- Rising gas and wheat prices in Europe
- Inflation and interest rates at high levels in Brazil

_ **War in Ukraine**

- No industrial operations in Russia or Ukraine
- Almost no revenue from those countries
- Supply risks being monitored

Proven resilience amid volatility, adjusting commercial strategy, capturing market opportunities and hedging cost structure



KEY FIGURES

2021/22 ANNUAL RESULTS

REVENUES

€5,086 m

+18% at
constant foreign exchange rate
(+17% at current foreign
exchange rate)

ADJUSTED EBITDA

€682 m

+47% at
constant foreign exchange rate
(+46% at current foreign
exchange rate)

CASH FLOW AFTER CAPEX, BEFORE CHANGE IN WC

€215 m

(€1m in 2020/21)

RECURRING EBIT

€302 m

+251% at
constant foreign exchange rate
(+249% at current foreign
exchange rate)

NET PROFIT

€172 m

(€-133m loss in 2020/21)

DECREASING LEVERAGE

3.5x

(5.5x in March 2021)

STRONG OVERALL FINANCIAL PERFORMANCE IN FY 21/22

Income statement	20/21	21/22		
€ m	FY	FY		var
Revenues	4,317	5,086	+769	+18%
Adj. EBITDA	465	682	+217	+47%
Adj. EBITDA Margin	10.8%	13.4%	+2.6pts	
Depreciation / amortization	-380	-396	-16	
Seasonality adjustment	4	1	-2	
Others	-2	15	+17	
Recurring EBIT	86	302	+216	+251%
EBIT	9	383	+374	
Financial result	-128	-214	-85	-67%
Corporate income tax	-21	-15	+7	
Share of profit of associates	8	17	+10	
Net results	-133	172	+305	

Adjusted EBITDA at €682m – up €217 million vs last year resulting from good commercial and operational performance, in a context of increasing raw material and energy costs, in a very volatile market

Net profit: mainly driven by the improvement in operating results and gains on asset disposals (+€96 million)

POSITIVE FREE CASH FLOW GENERATION

Net debt variation	20/21	21/22	
€ m	FY	FY	
Net debt (opening position) excluding IFRS16	-2,443	-2,421	
Adj. EBITDA	465	682	
Other operational flows	21	89	
Net financial charges	-104	-164	Higher financial charges Mainly due to the increase in interest rates in Brazil and the appreciation of the BRL vs the EUR
Income tax paid	-18	-21	
Cash Flow	364	586	
Maintenance & Renewal	-243	-255	
Other CAPEX	-120	-116	
Cash Flow after Capex	1	215	Change in WC Positive effect from hedge positions, particularly gas, offsetting increase in inventories and receivables (linked to higher yields and prices)
Change in working capital	73	35	
Cash Flow from operating activities	74	251	Increase in proceeds from disposals Disposals in China and Mozambique; sale of Copagest stake
Financial investments	-8	-36	
Disposals	4	129	
Dividends received	11	12	
Cash Flow after investing activities	81	356	Positive free cash-flow Driven by operational improvement (operating cash flow generation, excluding change in WC, largely covering CAPEX) and gains on asset disposals
Dividends paid & price complement	-20	-23	
Capital increases/other capital movements	4	-1	
Cash Flow from (used in) transactions relating to equity	-16	-23	
Free Cash-Flow	65	333	
Other (incl. FOREX impact)	-43	-148	
Net debt excluding IFRS16	-2,421	-2,236	Lower net debt: Positive free cash flow partially offset by non-cash effects such as foreign exchange rate variation
Impact IFRS16	-112	-151	
Net debt (closing position)	-2,533	-2,387	

SUGAR & RENEWABLES EUROPE

INCREASE IN REVENUES AND EBITDA

€ m	20/21 Q4	21/22 Q4	var		20/21 FY	21/22 FY	var	
Volumes sold								
<i>Sugar (kt)</i>	563	654	+91	+16%	2,346	2,362	+16	+1%
<i>Alcohol & Ethanol (k.m3)</i>	110	145	+35	+32%	506	522	+16	+3%
Revenues	435	587	+152	+35%	1,705	1,896	+192	+11%
Adjusted EBITDA	0	81	+81	na	149	252	+103	+69%
<i>Adj. EBITDA Margin</i>	0,1%	13.8%	+13.7pts		8.7%	13.3%	+4.6pts	
Recurring EBIT	-33	44	+77	na	22	117	+95	+438%
EBIT	-33	32	+65	na	22	105	+84	+386%

Increase in revenues

Revenues were supported by the increase in ethanol and sugar prices, which more than compensated the impact of low volumes in the first half of the year

EBITDA improved by +69%

Improvement driven by revenue growth, linked to a successful commercial and industrial performance and increase in selling prices, which compensated rising energy costs. Last year Q4 was impacted by €-25 million under-activity adjustment reflecting the low yields of the 20/21 sugar beet crop

SUGAR & RENEWABLES INTERNATIONAL

LOWER EBITDA REFLECTING THE POOR BRAZILIAN CROP

€ m	20/21 Q4	21/22 Q4	var		20/21 FY	21/22 FY	var	
Volumes sold								
<i>Sugar (kt)</i>	511	416	-95	-19%	2,078	1,616	-462	-22%
<i>Alcohol & Ethanol (k.m3)</i>	273	261	-12	-4%	721	541	-180	-25%
Revenues	270	342	+72	+27%	944	1,004	+60	+6%
Adjusted EBITDA	71	99	+28	+39%	246	225	-21	-9%
<i>Adj. EBITDA Margin</i>	26.5%	29.0%	+2.5pts		26.0%	22.4%	-3.7pts	
Recurring EBIT	35	57	+22	+63%	100	73	-27	-27%
EBIT	35	144	+109	+307%	71	160	+90	+127%

Stable revenues

Driven mainly by high ethanol prices, and, to a lesser extent, sugar prices. These factors more than compensated the lower volumes due to the low yields of the Brazilian crop in 2021

Lower EBITDA reflecting poor 21/22 crop

Adjusted EBITDA impacted by lower volumes (low yields of 2021 sugarcane crop) and high inflation effect on costs

EBIT increase

Driven by the disposal of our Mozambique assets in 21/22 and the impairment booked last year

STARCH, SWEETENERS & RENEWABLES

STRONG PERFORMANCE TRANSLATING INTO HIGHER REVENUES AND EBITDA

€ m	20/21 Q4	21/22 Q4	var		20/21 FY	21/22 FY	var	
Volumes of cereals ground (kt)	953	997	+43	+5%	3,658	3,969	+310	+8%
Volumes sold								
Starch & Sweeteners (kt)	563	564	1	0%	2,081	2,228	+147	+7%
Alcohol & Ethanol (k.m3)	81	89	8	+10%	319	344	+25	+8%
Revenues	381	590	+209	+55%	1,449	1,953	+503	+35%
Adjusted EBITDA	16	68	+52	+333%	70	153	+83	+118%
Adj. EBITDA Margin	4.1%	11.5%	+7.4pts		4.8%	7.8%	+3.0pts	
Recurring EBIT	-9	47	+57	na	-24	62	+86	na
EBIT	-9	47	+56	na	-55	62	+118	na

Higher revenues

Driven by increase in volumes and prices across all product categories

Strong increase in EBITDA

Higher selling prices compensated the strong increase in energy and cereal prices. The operational and commercial initiatives launched in the end of 2020 led to the division's excellent performance this year

CONTINUOUS DELEVERAGING AND SUCCESSFUL REFINANCING, WITH RCFs NOW LINKED TO SUSTAINABILITY TARGETS ...

- Over €1.1bn of available liquidity and a well-diversified financing profile:

- €615m of cash
- €550m of undrawn committed long-term lines
- Liquidity largely covers short-term maturities, mostly composed of renewable lines
- Diversified sources of financing: notes, RCF, loans, working capital facilities

- Proactive debt management and successful refinancing cycle concluded, with a focus on sustainability-linked facilities:

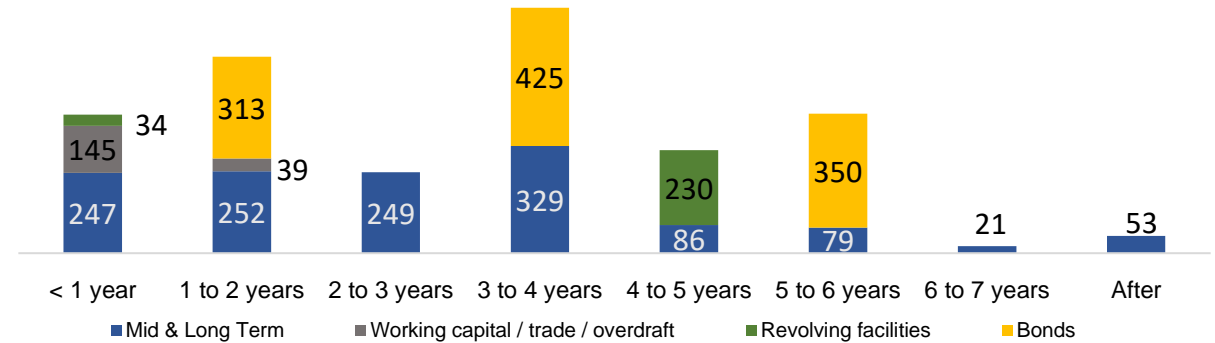
- Group's main RCFs all successfully refinanced recently through sustainability-linked facilities (e.g. €390m at TSF and €190m at TSSE)
- Recent €350m bond issuance at substantially lower cost compared to previous ones, and concurrent €287m tender of the outstanding notes due Jun-2023

- Credit story further reinforced:

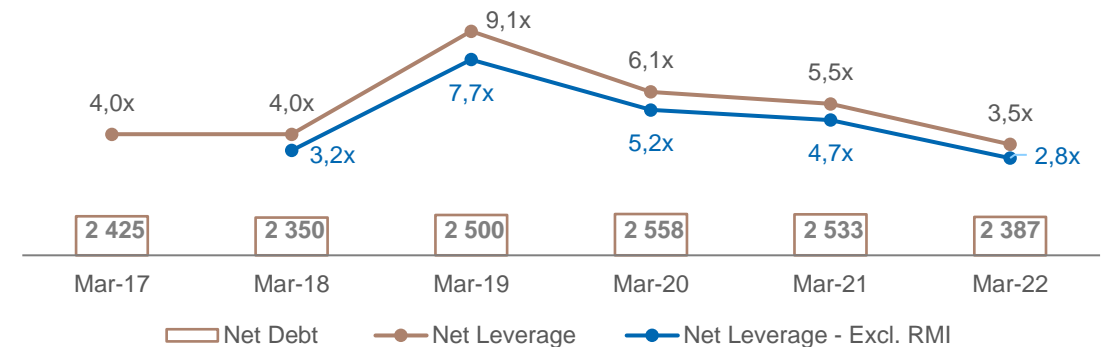
- Fitch's improvement of the Group's outlook in Q3 21/22
- Leverage has been continuously improving for 3 years in a row and now stands at 3.5x (or 2.8x excluding Readily Marketable Inventories)



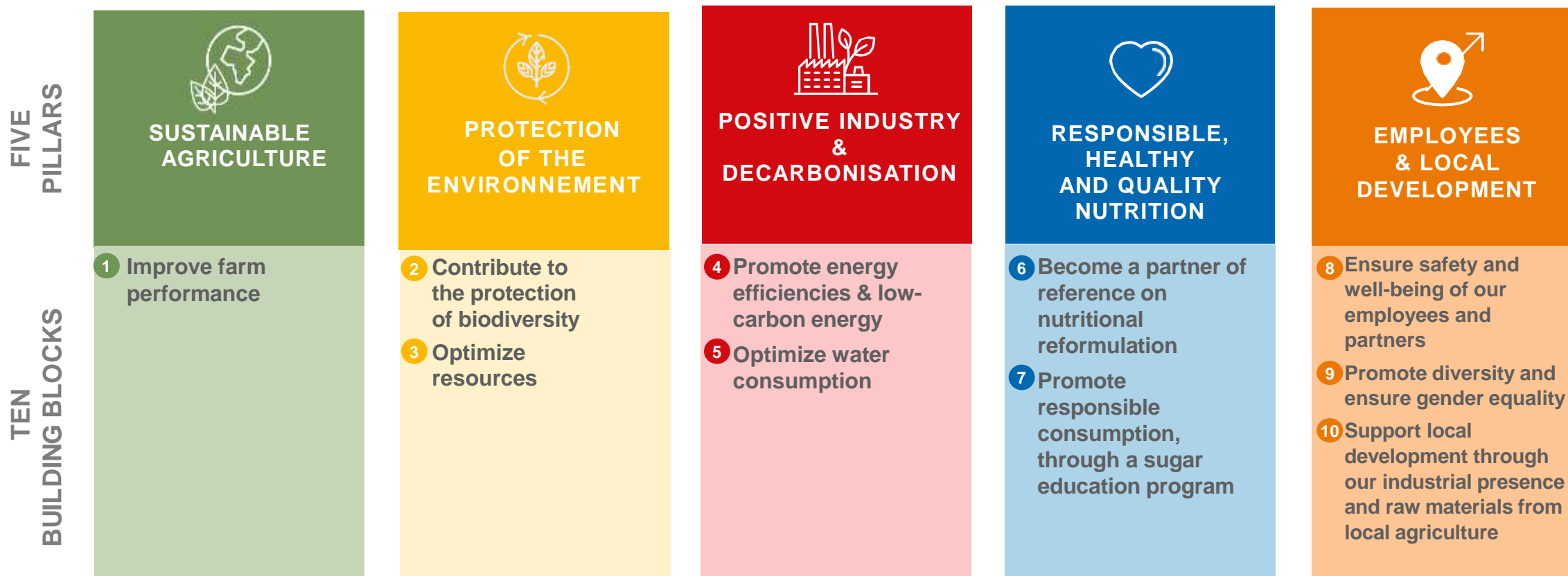
Debt maturity schedule as of March 31, 2022¹ (€m)



Net debt (€m) / Net leverage² (x)



... SHOWING THAT CSR IS AT THE CORE OF OUR STRATEGY, WITH A NEW LONG-TERM ROADMAP

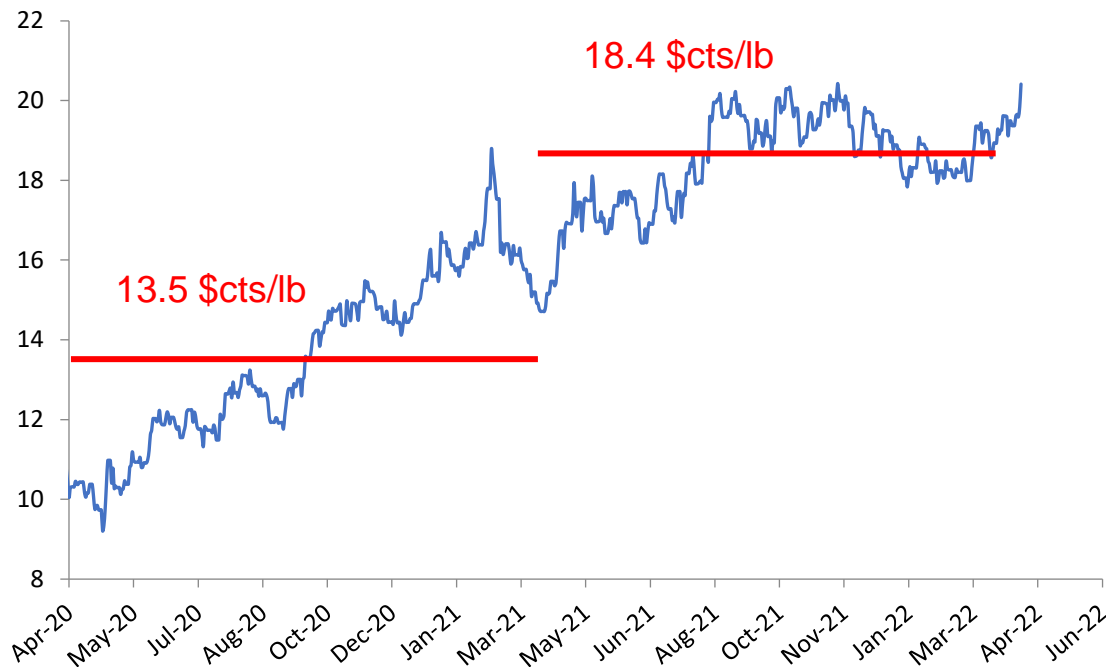


#2 Outlook



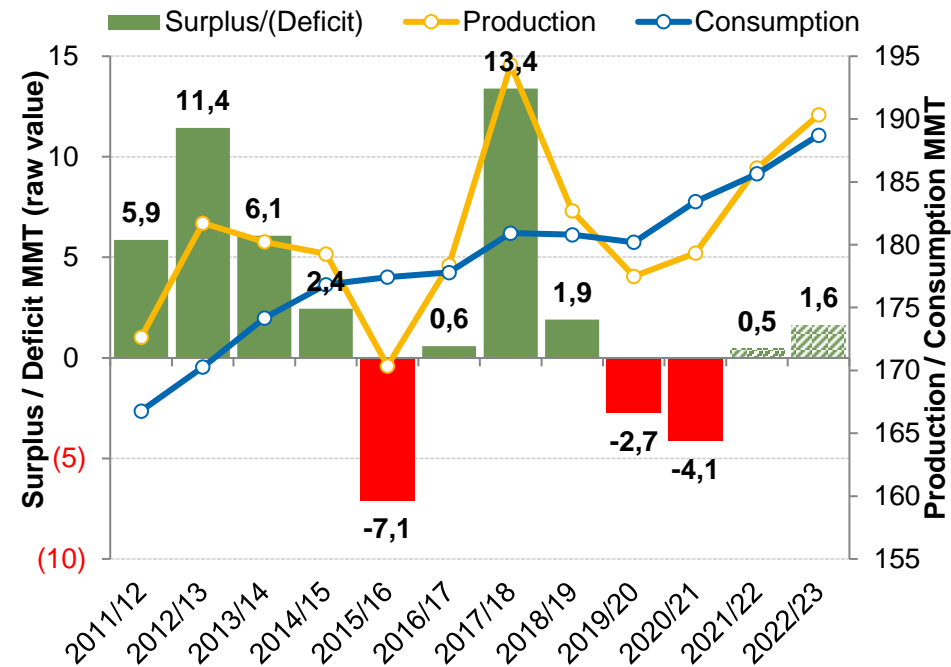
WORLD SUGAR PRICES AT HIGH LEVELS; MARKET CLOSE TO EQUILIBRIUM WITH SUPPLY RISKS

WORLD SUGAR INDEX (NY11)
US\$cts/lb



Source: Bloomberg

WORLD SUGAR SUPPLY VS DEMAND
(MMT)

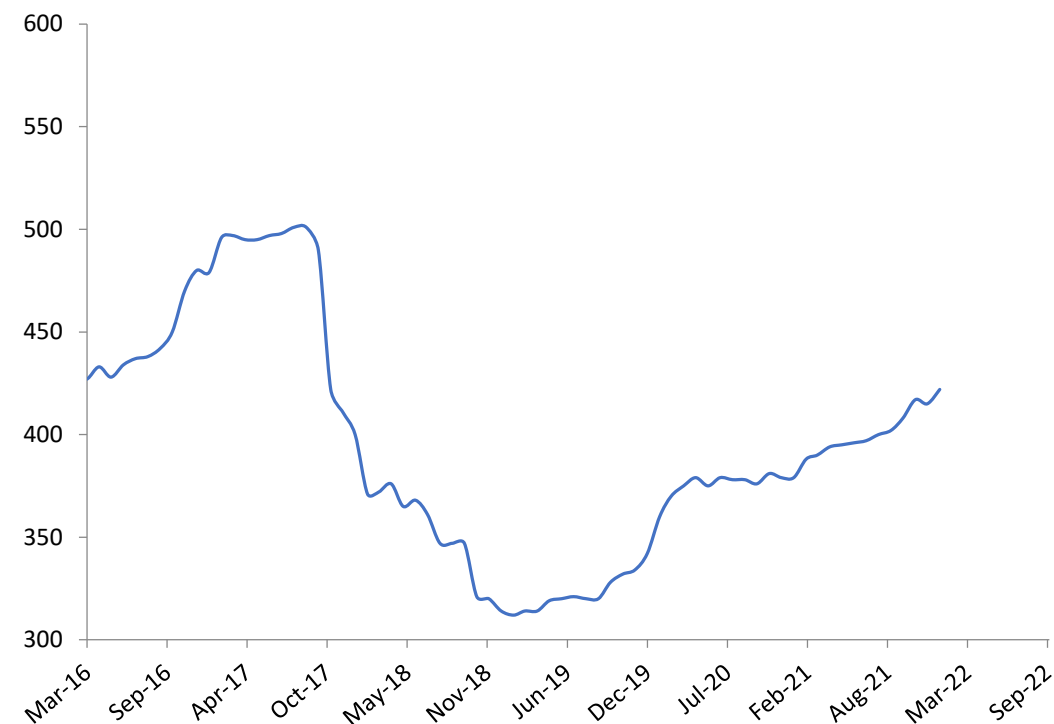


Source: Tereos Market Intelligence

Current
“floor” at
\$ 18.4 cts/lb,
with strong
demand in
Asia and EU

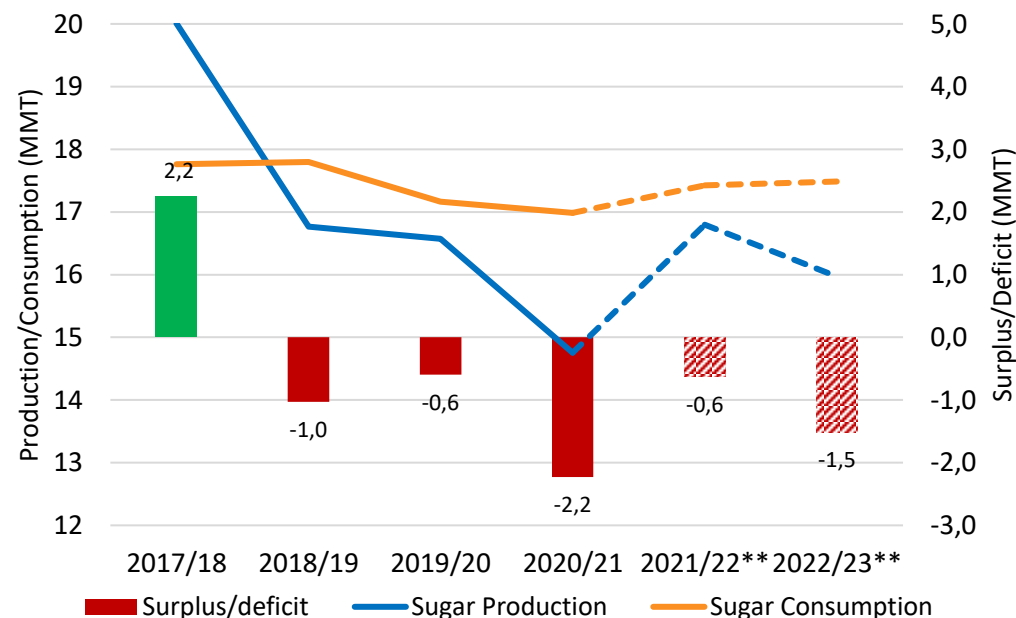
EUROPEAN SUGAR PRICES: WIDENING DEFICIT AND HIGH IMPORT PARITY

EU COMMISSION OBSERVATORY PRICE
(EUR/MT EXW)



Source: EU Commission Observatory

EU-28 SUGAR SUPPLY VS DEMAND
(MMT)



Source: Tereos Market Intelligence

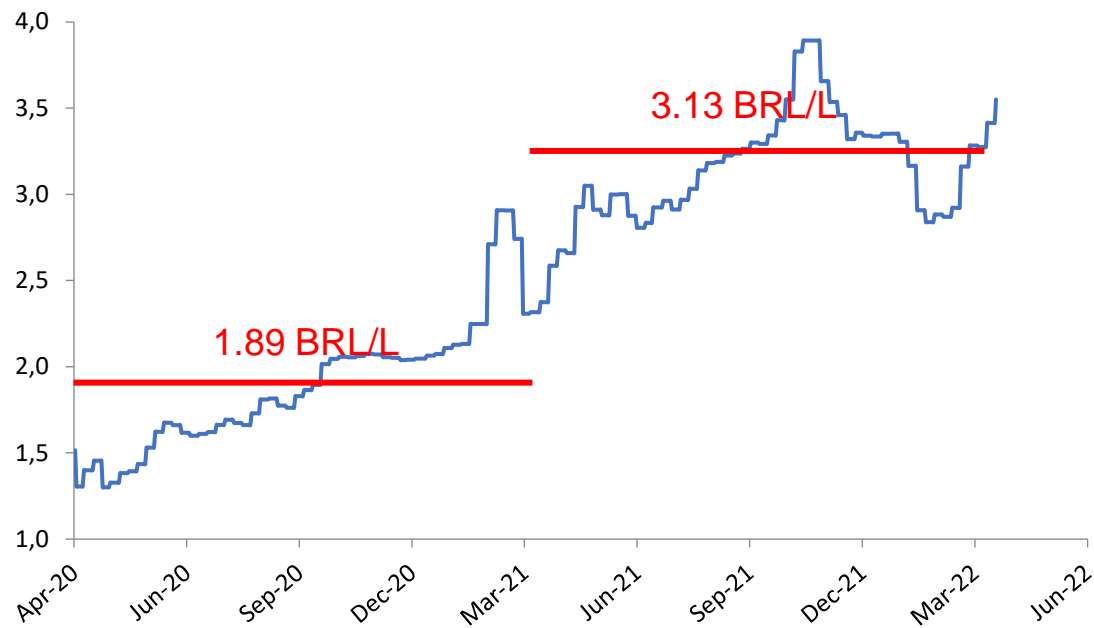
Spot prices
currently
above €800/t¹



ETHANOL PRICES SUPPORTED BY CRUDE OIL PRICES AND BIOETHANOL POLICIES



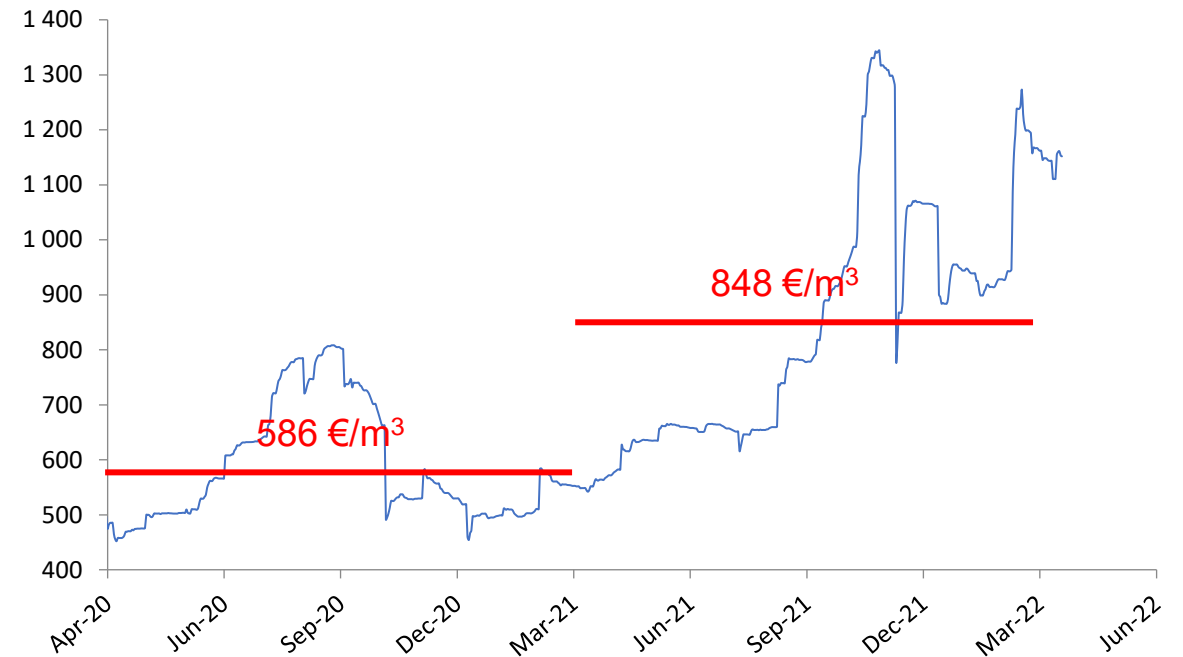
ESALQ HYDROUS ETHANOL
WEEKLY PRICES (BRL/L)



Source: CEPEA-ESALQ - Bloomberg

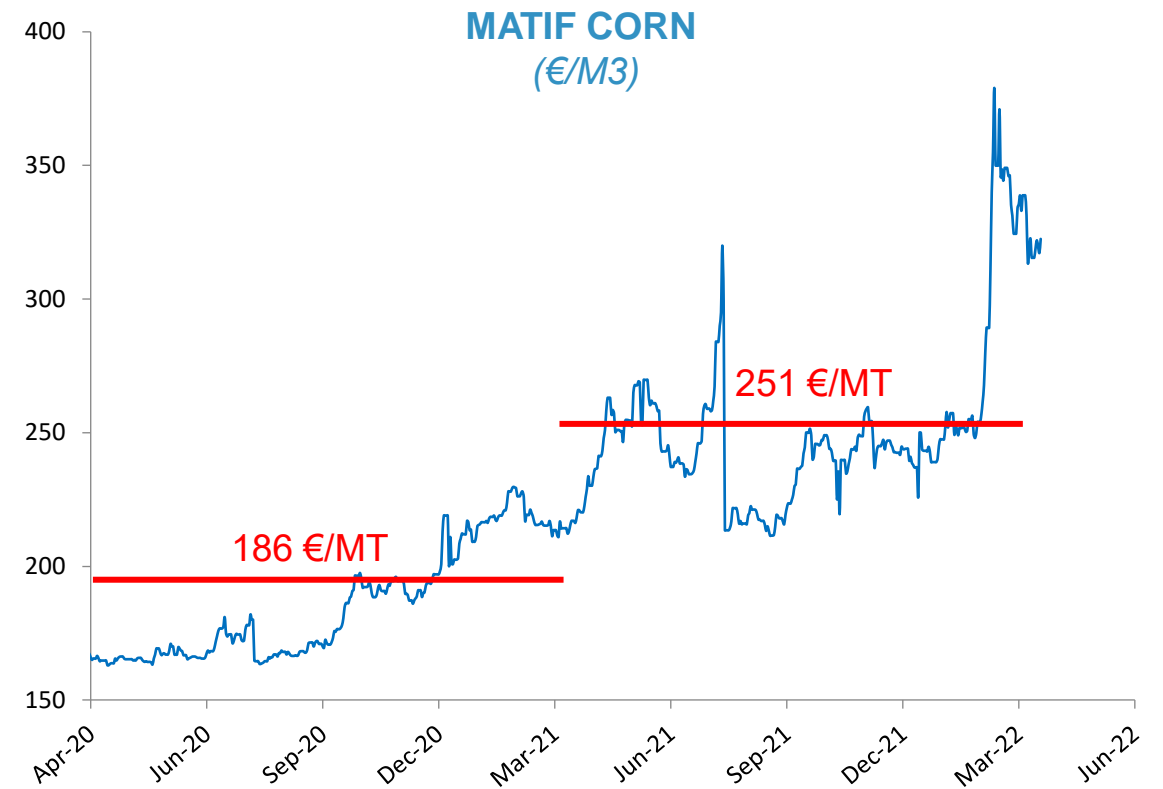
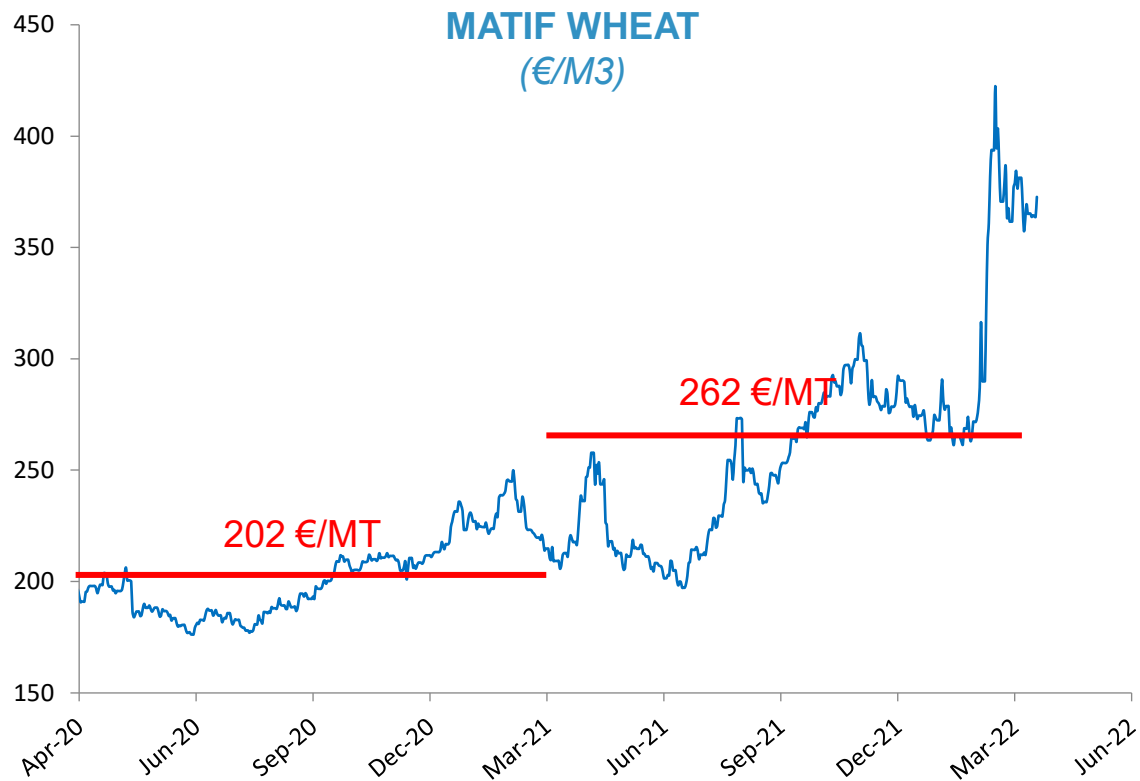


T2 ETHANOL
(EUR/M3)

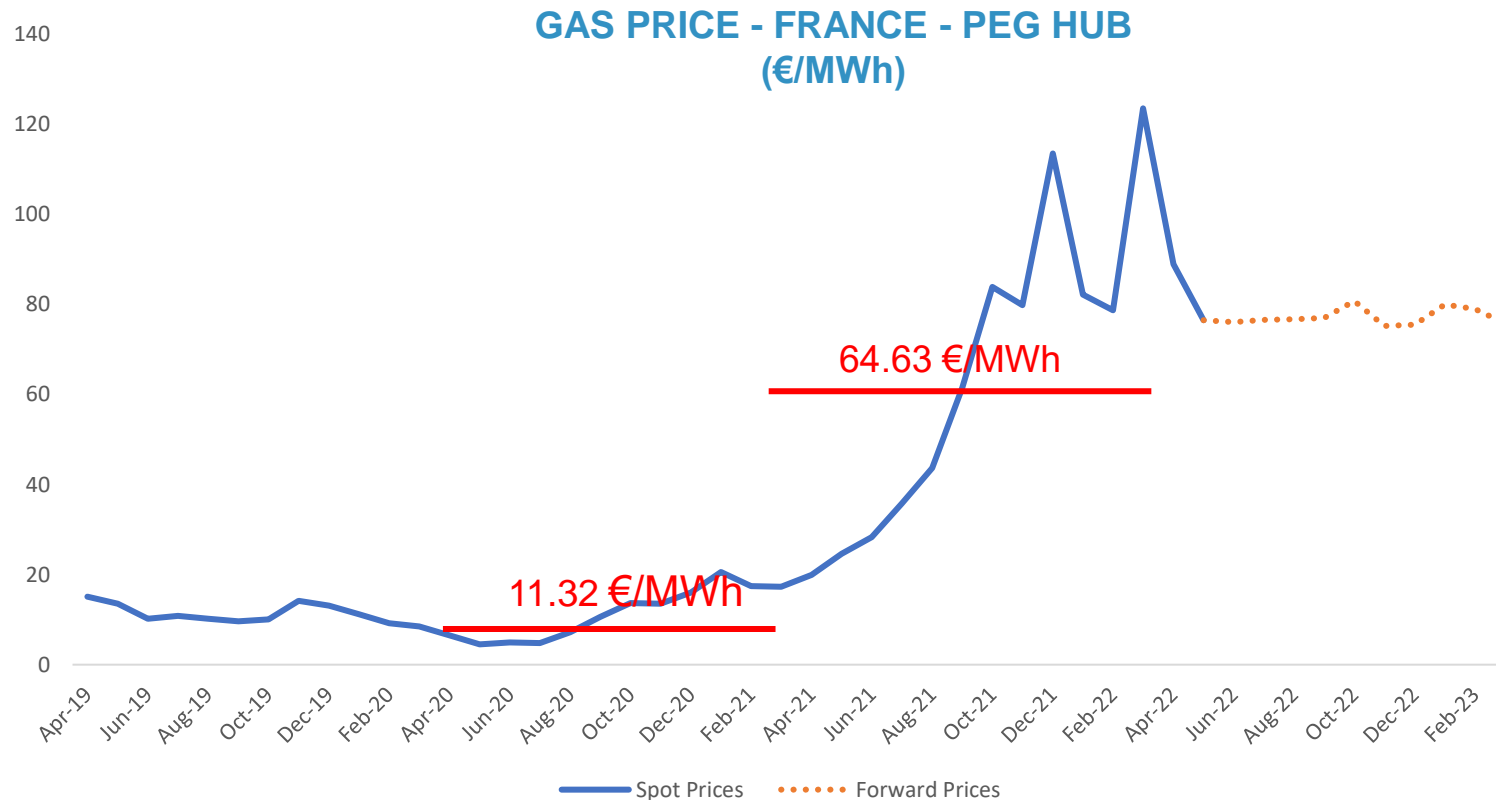


Source: Bloomberg

HIGH CEREAL PRICES LINKED TO THE RUSSIA - UKRAINE WAR



GAS PRICES UNDER PRESSURE, DUE TO HIGH ENERGY PRICES COUPLED WITH GEOPOLITICAL RISKS



Source: Powernext (spot), Thomson Reuters Eikon (forward)

BUSINESS PERSPECTIVES 2022/23

SUGAR AND RENEWABLES EUROPE



- **Tereos sugar beet campaign**
 - _ Stable surfaces at Tereos, normal plant development (no material deviation expected as of today)
- **Upward trend for sugar prices in Europe expected to continue**
 - _ Market as a whole showing production deficit; Tereos' commercial strategy aims at maintaining price trend

SUGAR AND RENEWABLES INTERNATIONAL



- **Sugarcane yields volatile**
 - _ The last two campaigns saw the highest (20/21) and lowest (21/22) 5-year average yields; 2022 crop ongoing and some recovery in yields is expected so far
- **High world prices for sugar and ethanol**
 - _ World sugar production close to equilibrium; yields and ethanol prices may lead to a sugar deficit

STARCH, SWEETENERS AND RENEWABLES



- **Cereal prices remain high**
 - _ Due to the war in Ukraine, cereal prices are expected to stay in a high range
- **Commercial strategy and initiatives launched in 2020 are gaining momentum**
 - _ Tereos aims to maintain the positive margin trend seen in 21/22

TEREOS POSITION AMIDST A CHALLENGING ENVIRONMENT

KEY RISKS EXPOSURE

OUR POSITION AND ACTIONS

ENERGY

- Gas supply
- Gas price

- Review of supplier portfolio
- Tereos qualifies as “operator of vital importance”
- Solid hedging strategy

AGRICULTURE

- Weather events
- Bioagressors

- Research programs (plant varieties, planting/harvesting techniques) and top-notch knowhow
- NNI authorization in France

MARKET ENVIRONMENT

- Higher inflation
- Higher interest rates
- Price volatility

- Financing strategy to optimize debt cost
- Commercial strategy to capture opportunities
- Procurement teams focusing on limiting inflation impact

2024 OUTLOOK

21/22 RESULTS ON TRACK TO ACHIEVE 2024 TARGETS



RECURRING GENERATION
OF POSITIVE FREE
CASH-FLOW



5% EBIT MARGIN



DEBT LEVEL
BELOW €2 BILLION



DEBT LEVERAGE
< 3X

FY 21/22

€333m

5,9%

€2,387m

3.5x

(vs. FY 20/21)

€65m
(+€268m or +411%)

2,0%
(+3,9 pts)

€2,533m
(€-147m or -6%)

5.5x

Status

Ongoing: goal is to generate positive FCF regardless of inflation or WC swings; this implies cost efficiency measures and optimization of financial charges

Target achieved

Ongoing: cost inflation and working capital impacts make this target particularly challenging

Ongoing: we will maintain our efforts to continue delivering the reduction achieved in 21/22



