Press release

Paris, December 6, 2022

Half-year 2022/23 results

Continuing results improvement

(April 2022 – September 2022)

- **Revenues of €2,975 million, up 35% versus H1 21/22 as a result of higher prices across all segments.**
- **EBITDA of €464 million, a substantial increase of 132% versus H1 21/22 thanks to the strong performance of our commercial and hedging strategies, which protected our margins amid a sharp rise in energy and raw materials costs.**
- **EBITDA over a rolling 12-month period confirms the positive trend, reaching €946 million in the period to September 30, 2022, up from €799 million in the period to June 30, 2022.**
- **Recurring EBIT of €266 million, compared to €32 million in H1 21/22.**
- **Net debt of €2,240 million, down €128 million compared to September 30, 2021 and down €146 million versus March 31, 2022 as a result of positive net cash from operating activities, which covered CAPEX and change in working capital.**
- **Debt leverage continued to improve, dropping to 2.4x from 3.5x at March 31, 2022.**
- **Gérard Clay has been acting as Managing Director in his capacity as Chairman of the Board of Directors following the previous Managing Director's departure on September 30, 2022. The Board of Directors confirms the continuity of the Group's strategy defined since 2021, which has delivered another improvement in results.**

Gérard Clay, Chairman of Tereos' Board of Directors, commented:

"The interim results confirmed the strong operating and financial performance as evidenced in the FY 21/22 consolidated financial statements. Despite the current geopolitical environment, the strategic objectives set by the Board of Directors for 2024 have been met: The profitability of our operations rose, we generated positive net cash from operating activities, we lowered our structural debt significantly and we improved our debt leverage. A new high-performance management structure has been introduced following the transformation of the cooperative we launched two years ago. As a result, thanks to rigorous management of our energy requirements, Tereos reported on October 18, 2022 a price of €40.04/t @16 (excluding premium and field allowance) for 100% of the sugar beet delivered by cooperative members in the 22/23 harvest. Today more than ever before, Tereos stands ready to meet the decarbonisation and energy savings challenges that lie ahead."

GROUP'S RESULTS

Key figures € m	21/22 Q2	22/23 Q2	% chg. (at current exch. rates)	% chg. (at constant exch. rates)	21/22 6m	22/23 6m	% chg. (at current exch. rates)	% chg. (at constant exch. rates)
Revenues	1,185	**1,599**	35%	30%	2,199	**2,975**	35%	31%
Adjusted EBITDA[1]	92	**238**	160%	150%	200	**464**	132%	124%
Adjusted EBITDA margin	*7.7%*	*14.9%*			*9.1%*	*15.6%*		
Recurring EBIT[2]	7	**141**			32	**266**		
EBIT margin[2]	*0.6%*	*8.8%*			*1.4%*	*9.0%*		
Net result	-30	**64**	na	na	-50	**133**	na	na

Consolidated **revenues** rose to €2,975 million in H1 22/23, up 35% at current exchange rates and up 31% at constant exchange rates from €2,199 million in H1 21/22.

Consolidated **adjusted EBITDA[1]** grew to €464 million in H1 22/23, up 132% at current and up 124% at constant exchange rates from €200 million in H1 21/22. Over the last twelve months, adjusted EBITDA reached €946 million versus €799 million in the period to June 30, 2022 and €682 million in FY 21/22.

Consolidated **recurring EBIT[2]** amounted to €266 million in H1 22/23 versus €32 million in H1 21/22.

Results were driven by higher prices (sugar, alcohol, ethanol, sweeteners and electricity) coupled with effective cost management protecting the Group's margins despite the heavy pressure on raw materials and energy costs.

1. RESULTS BY DIVISION

SUGAR AND RENEWABLES EUROPE

In **France**, yields in the 2022 harvest are expected to fall below the average for the past five years.

Revenues for the Sugar and Renewable Europe division amounted to €1,062 million in H1 22/23, up 41% at current exchange rates from €752 million in H1 21/22.

The division's **adjusted EBITDA** reached €177 million in H1 22/23, up 149% at current exchange rates from €71 million in H1 21/22.

The division's **recurring EBIT** was €113 million in H1 22/23, versus €10 million in H1 21/22.

The division's results were driven by the increase in sugar, ethanol and alcohol prices. Coupled with our hedging strategy, this rise helped protect margins against a backdrop of inflationary pressures on the cost structure. B2B sugar selling prices in Europe continued to move higher, and fixed prices reached around €900 per tonne in the annual negotiations for the 22/23 campaign. The pricing trend reflected movements in certain input costs, especially energy and raw materials, which showed high volatility during the negotiation period.

[1] *See the definition of adjusted EBITDA in the Appendix.*
[2] *EBIT excluding non-recurring items (€0 million in 21/22 and €-1 million in 22/23)*

SUGAR AND RENEWABLES INTERNATIONAL

In Brazil, the sugar harvest ended with a processed sugarcane volume of 17.3 million tonnes, above the 15.6 million tonnes recorded in the 2021 harvest, but below the average for the past five years.

As a reminder, Tereos decided to hibernate a plant in Brazil to maximise its margins amid lower yields. Accordingly, the nominal daily production capacity of the Sugar and Renewables division in Brazil was reduced, extending the length of the season. Over FY 22/23 as a whole, production and sales volumes are expected to rise above the FY 21/22 levels.

Higher yields and the strong operating performance in H1 22/23 led to an increase in the ethanol volume sold and stable sugar volumes compared to H1 21/22 levels.

Sugar and Renewables International **revenues** amounted to €583 million in H1 22/23, up 38% at current exchange rates and up 21% at constant exchange rates from €423 million in H1 21/22.

The division's **adjusted EBITDA** reached €119 million in H1 22/23, up 96% at current and 72% at constant exchange rates from €61 million in H1 21/22.

The division's **recurring EBIT** reached €28 million in H1 22/23, compared to €1 million in H1 21/22.

The division's results were driven by the increase in sugar and ethanol prices despite the negative impact of inflation on the cost structure.

STARCH, SWEETENERS AND RENEWABLES

Revenues from the Starch, Sweeteners and Renewables division amounted to €1,198 million in H1 22/23, up 40% at current exchange rates from €856 million in H1 21/22.

The division's **adjusted EBITDA** reached €148 million in H1 22/23, up 212% at current exchange rates from €47 million in H1 21/22.

The division's **recurring EBIT** reached €105 million in H1 22/23, versus €2 million in H1 21/22.

The growth in the division's results continues to reflect the rise in selling prices compared to the previous year. Such price increase is a testament to the efficient execution of the commercial strategy introduced in 2021, together with improvements in production efficiency (starch, sweeteners, alcohol, ethanol and electricity) amid favourable market conditions. As a result, the division was able to protect its margins despite the higher production costs (wheat, corn, gas).

2. NET DEBT

Net debt at September 30, 2022 stood at €2,240 million compared to €2,387 million at March 31, 2022, representing a reduction of €146 million. Excluding Readily Marketable Inventories (€544 million that can be converted into cash at any time), the Group's adjusted net debt reached €1,696 million.

The decline in net debt compared to March 31, 2022 reflects a positive operating cash flow of €374 million, which covered the change in working capital and CAPEX (€172 million, below the level in the same period of the previous year). The change in working capital had a negative impact on Tereos' cash flow in H1 22/23. To recall, the impact in H1 21/22 was highly positive as a result of the change in the fair value of the Group's hedges (margin calls) during the half-year period (between March and September). In H1 22/23, the change in the fair value of the hedges represented a negative impact, albeit on a smaller scale in absolute terms. The small change in working capital during H1 22/23 was attributable to a positive impact on trade payables as a result of the higher price of raw materials and gas, offset by a negative impact on (i) trade receivables linked to the higher cost of goods sold, and (ii) inventories (higher value).

The Group's debt leverage at September 30, 2022 stood at 2.4x, below the 3.5x recorded at March 31, 2021.

Thanks to its effective financial strategy, Tereos Group has successfully reduced its structural debt (debt excluding working capital) and managed to limit the financial impact of the overall rise in reference interest rates on its results: H1 22/23 financial expense rose only slightly above its H1 21/22 level despite the significant increase in the various reference rates between these two periods.

The Group's financial security amounted to €1,203 million at September 30, 2022. It consisted of €443 million in cash and cash equivalents and €760 million in undrawn confirmed long-term credit lines.

In H1 22/23, Tereos arranged a sustainability-linked loan in Brazil with the support of the Group's partner banks. This transaction added to the series of successful financing operations completed by the Group since June 2020, with the main deals all featuring sustainability-linked KPIs. The Group continues to monitor the markets and to actively assess all options for refinancing its bonds maturing in June 2023.

To recall, rating agencies S&P and Fitch raised the Group's credit rating in July 2022. S&P improved the rating from B+ to BB- and Fitch raised it from BB- to BB. These upgrades were motivated by the Group's strong 21/22 results and the improvement in its financial ratios, factors reinforced by positive forecasts. The reports published by the rating agencies state that cost control and the commercial strategy helped drive the improvement in results. S&P expressed its confidence in the Group's ability to protect its margins amid the current cost inflation. Fitch stated it is confident the Group will be able to maintain a lower level of debt leverage and believes its financial security and solid relationships with its banks are reassuring factors for the future.

Net debt at September 30, 2022 breaks down as follows:

Net debt € m	March 31, 2022	Sept. 30, 2022	Current	Non-current	Cash and cash equivalents
Net debt	2,387	**2,240**	742	1,941	(443)
Net debt/EBITDA ratio	3.5x	**2.4x**			
Net debt/EBITDA ratio excl. RMI*	2.8x	**1.8x**			

** Readily Marketable Inventories: €466 million as of March 31, 2022 and €544 million as of September 30, 2022*

Net debt excluding working capital decreased by €384 million from its level at September 30, 2021.

Net debt € m	Sept. 30, 2021	March 31, 2022	Sept. 30, 2022
Net debt	2,368	2,387	**2,240**
Working capital	476	709	**732**
Structural debt (excluding working capital)	1,892	1,678	**1,508**

CHANGES TO THE GROUP'S SENIOR MANAGEMENT

The Board of Directors and Ludwig de Mot decided, by mutual agreement, not to renew his appointment as interim Managing Director of Tereos. He left his position on September 30, 2022.

The Board of Directors confirms the continuity of the Group's strategy defined since 2021 and continues, together with the operational teams, the transformation trajectory that is enabling the Group to record tangible results. After the changes in the commerce direction, the Group has deployed a new agricultural and industrial organisation at Europe level to optimise synergies between teams and simplify processes. The Board of Directors intends to continue accelerating the execution of its roadmap.

Pending recruitment of a Managing Director, the Board of Directors has decided that Gérard Clay will perform this role in his capacity as Chairman of the Board of Directors.

2022/23 CASH FLOWS

The sharp increase in raw materials and energy costs mechanically led to an increase in working capital, which could double and thus affect impact the level of net debt from Q3 22/23 onwards. The Group's net debt at March 31, 2023 is expected to be higher than at March 31, 2022.

POST-CLOSING EVENTS

To address the increase in working capital that resulted from higher raw materials and energy prices, the Group successfully arranged in November 2022 an additional sustainability-linked revolving credit facility for its Sugar and Renewables Europe business for an initial term of 12 months, which may be extended up to 24 months. This new financing, signed with a syndicate of relationship banks, demonstrates the strong support of Tereos' banking partners to the Group.

About Tereos

With a long-term vision of valuing 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 player. The Tereos cooperative group, a union of more than 12,000 Cooperative members, has recognized know-how in the processing of beet, sugarcane, cereals, and potatoes. Through 44 industrial sites, a presence in 13 countries and the commitment of its 19,800 employees, Tereos supports its customers close to their markets with a broad and complementary range of products. In 2021/22, the Group posted revenues of €5.1 billion.

Contacts

Communications Department
Gaëlle Toussaint
+33 6 22 77 04 80
contact-presse@tereos.com

Investor Relations
Tiago Marques, CFA
+33 1 55 37 36 84
tereos-investor-relations@tereos.com

APPENDIX

A. GROUP'S RESULTS IN DETAIL

Volumes sold	21/22 Q2	22/23 Q2	% chg.	21/22 H1	22/23 H1	% chg.
Sugar and Sweeteners (k. tco)	1,695	1,621	*-4%*	3,001	2,877	*-4%*
Alcohol and Ethanol (k. m³.)	309	359	*16%*	636	657	*3%*
Starch and Protein (k. tco)	341	276	*-19%*	626	586	*-6%*
Energy (GWh)	518	452	*-13%*	932	773	*-17%*

Income statement € m	21/22 6m	22/23 6m	% chg. (at current exch. rates)	% chg. (at constant exch. rates)
Revenues	2,199	**2,975**	35%	31%
Adjusted EBITDA	200	**464**	132%	124%
EBITDA margin	*9.1%*	*15.6%*		
Seasonality adjustment	48	29		
Depreciation, amortization, impairment	-220	-227		
Other	4	1		
Recurring EBIT	32	**266**		
Recurring EBIT margin	*1.4%*	*9.0%*		
Non-recurring items	0	-1		
Financial result	-87	-96		
Corporate income tax	4	-38		
Share of profit of associates	2	1		
Net result	-50	**133**		

***Adjusted EBITDA** corresponds to net income (loss) before income tax, the share of income from equity affiliates, financial result, depreciation, amortization and impairment, goodwill impairment, bargain purchase 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 using the same term 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.*

Change in net debt € m	21/22 6m	22/23 6m
Net debt (opening position) excl. IFRS 16	-2,421	-2,236
Adjusted EBITDA	200	464
Other operating cash flows	24	7
Net financial charges	-71	-79
Income tax paid	-9	-18
Cash flows	144	374
Maintenance & renewal	-125	-135
Other CAPEX	-65	-37
Cash flow after CAPEX	-46	202
Change in working capital	276	-14
Cash flow from operating activities	230	188
Financial investments	-3	-18
Disposals of assets	5	1
Dividends received	9	10
Cash flow from (used in) investing activities	11	-7
Cash flow after investing activities	241	182
Dividends paid & earn-out payment	-22	-7
Capital increases/other capital movements	-6	-12
Cash flow from (used in) capital transactions	-28	-19
Free cash flow	213	162
Other (incl. forex effects)	-31	-27
Net debt excluding IFRS 16 impact	-2,239	-2,101
IFRS 16 impact	-129	-140
Net debt closing position	-2,368	-2,240

B. RESULTS BY DIVISION

Revenues by division € m	21/22 Q2	22/23 Q2	% chg. (at current exch. rates)	% chg. (at constant exch. rates)	21/22 6m	22/23 6m	% chg. (at current exch. rates)	% chg. (at constant exch. rates)
Sugar Europe	373	545	*46%*	*45%*	752	1,062	*41%*	*40.3%*
Sugar International	252	385	*53%*	*34%*	423	583	*38%*	*20.8%*
Starch & Sweeteners	444	621	*40%*	*38%*	856	1,198	*40%*	*37.8%*
Others (incl. elim.)	116	48	*-59%*	*-62%*	168	132	*-21%*	*-23.9%*
Tereos Group	1,185	1,599	*35%*	*30%*	2,199	2,975	*35%*	*30.7%*

Adjusted EBITDA by division € m	21/22 Q2	22/23 Q2	% chg. (at current exch. rates)	% chg. (at constant exch. rates)	21/22 6m	22/23 6m	% chg. (at current exch. rates)	% chg. (at constant exch. rates)
Sugar Europe	37	84	*128%*	*126%*	71	177	*149%*	*148%*
Sugar International	12	75	*521%*	*444%*	61	119	*96%*	*72%*
Starch & Sweeteners	29	69	*139%*	*141%*	47	148	*212%*	*212%*
Others (incl. elim.)	14	10	*-30%*	*-30%*	21	20	*-7%*	*-6%*
Tereos Group	92	238	*160%*	*150%*	200	464	*132%*	*124%*

Recurring EBIT by division € m	21/22 Q2	22/23 Q2	% chg. (at current exch. rates)	% chg. (at constant exch. rates)	21/22 6m	22/23 6m	% chg. (at current exch. rates)	% chg. (at constant exch. rates)
Sugar Europe	6	51			10	113		
Sugar International	-18	31			1	28		
Starch & Sweeteners	6	49			2	105		
Others (incl. elim.)	13	9			19	20		
Tereos Group	7	141			32	266		

C. MARKET TRENDS

WORLD SUGAR MARKET

The NY11 sugar price was highly volatile between April and September 2022. It peaked at $20.4 cts/lb in April and ended September at $18.4 cts/lb. On the one hand, the market was affected by the prospect of higher production in Brazil with a production mix maximizing sugar. On the other hand, there was strong global demand coupled with uncertainties about India's export policy.

SUGAR EUROPE

The European Observatory prices have continued to climb over the past few months, reflecting the market shortfall and higher production costs. They reached €512/t in September 2022, an increase of €66/t compared to April 2022. The drought over the summer severely affected yields, which are now below the 5-year average in Europe. To remedy the shortage in the European market, more imports were arranged to meet demand.

ETHANOL BRAZIL

The ESALQ ethanol price averaged BRL3/litre in H1 22/23, with a Q2 22/23 average of BRL2.7/litre (down 20% compared to Q1). Prices were affected by uncertainties about policy changes concerning fuel taxes in Brazil. By the end of Q1 22/23, talks concerning the changes to fuel taxes aiming to lower fuel costs for vehicle users temporarily put prices under downward pressure. Following the various decisions actually made concerning fuel taxes, bioethanol's competitiveness with gas has been assured for the long term through a measure that will maintain bioethanol's appeal for the next 20 years.

ETHANOL EUROPE

T2 European ethanol prices averaged close to €1,100/m^3 in the first half of the financial year, up 74% compared to the same period of last year. This increase was supported by the increase in production costs and strong demand. Prices peaked close to €1,300/m^3 in June. Imports from Brazil and the United States have started to fill up the reservoirs. At local level, the plants maintained their production despite the increase in production costs, giving rise to surplus supply in the marketplace. The medium-term outlook remains positive given the structurally limited supply in Europe and brisk demand. Production costs are expected to hold up at a high level given the war in Ukraine and implications for energy prices and crops.

CEREALS

Wheat - MATIF wheat prices average €365/t in the first half of the 22/23 financial year, up 61% from their level in the same period of the previous year. Price trends during the first half of the year were highly volatile, mainly as a result of the conflict in Ukraine. Prices peaked at €438/t in May when tensions created by the war reached boiling point. Subsequently, the grain stocks built up in Ukraine since the beginning of the war were released under the deal on the safe corridor for grain exports signed in July. As a result, MATIF wheat prices fell back to a low of €314/t in August, when Ukrainian wheat exports eventually went ahead.

Corn - MATIF prices averaged €332/t in H1, up 39% from their level in the same period of the previous year. Geopolitical tensions in the Black Sea region and inclement weather conditions affecting key production areas in Europe, Argentina and the United States took a major toll on corn prices in Europe.

The outlook for cereal prices remains unclear, as the market is mainly reacting to evolving geopolitical events in the Black Sea region.

GAS EUROPE

Spot prices in the gas market have fallen sharply since the beginning of September 2022 because gas stocks are at a high level in Europe and temperatures have been mild for the season. Forward prices have also moved lower in tandem, reaching around €120/MWh for the standard Cal 23 product, albeit with volatility remaining high. Liquefied natural gas remains a major alternative source of supply, which can be used in place of Russian energy flows. However, the greater demand for this type of product combined with the upturn in economic activity across Asia could spark competition between Europe and Asia, fanning upward pressure on prices during winter 2022/23 and summer 2023, when stocks tend to be built back up. Winter temperatures in Europe will be a key factor driving trends in gas prices.