

Tereos announces a project to reorganise its industrial operations in France

Today, before employee representatives of the entity concerned (Tereos France), Tereos' management announced a project to reorganise its industrial operations. This is in response to the challenges of decarbonisation and modernising its infrastructures, as well as future agricultural developments. In 2021, Tereos launched a strategy to adapt to the transformations in its ecosystem and regain financial flexibility in order to maintain its competitiveness.

This project would consist of resizing the industrial footprint of the Escaudoeuvres plant (59), with a plan to halt sugar operations while maintaining the operations of the logistics centre, along with part of the operations of the agricultural and support departments; as well as a plan to close the Morains distillery workshop (51).

Outside of this project, Tereos is looking for a buyer for its Haussimont plant (51).

A backdrop of agricultural and industrial transitions

The profitability of growing beet is certainly improving at Tereos, but cooperative members are facing regulatory (legislative, health, environmental) and economic constraints that are resulting in a sustained reduction in sown areas. As a result, Tereos notes a decrease in cooperative commitments, which equates to 10% of tonnages from the 2023/24 campaign. Tereos has also seen a continuous decline in yields since the 2018/19 campaign.

At the same time, an analysis of the industrial footprint found that the beet volumes available do not allow certain plants to operate at full capacity during the campaign.

In 2022, Tereos faced a sharp rise in energy costs, which is expected to continue in the long term. Given that Tereos has committed to an ambitious decarbonisation plan (with the aim of being carbon neutral by 2050), the Group considers it vital to adapt its industrial footprint, control its production costs, and make significant investments to maintain its competitiveness and ensure the energy transition of its industrial plants.

"Tereos is responsible for investing in its industrial facilities to maintain a high efficiency rate compared to European and global competition, while also pursuing its objective of paying the best possible remuneration for its cooperative members' production", said Gérard Clay, Chairman of the Board of Directors.

Project to resize the industrial footprint to maintain its competitiveness

Escaudoeuvres (59), a sustained decline in beet volumes

Since sugar quotas came to an end in 2017, the plant has recorded a decrease in the beet volumes committed, which can primarily be explained by agronomic reasons (crop rotation, drought, beet yellows virus). As a result, this has significantly reduced the campaign duration, which is estimated between 25 to 45 days for 2023/24 (compared to an average duration of 110 days).

Despite major investments made over the past 5 years in the Escaudoeuvres plant (total investment of €62 million), Tereos France announced today, before employee representatives, a project to resize its operations at the plant that would lead to the loss of 123 jobs. This project is geared towards halting the sugar operations while maintaining the operations of the logistics centre, along with part of the operations of the agricultural and support departments for the plant (30 jobs maintained).

The production of beet close to the Escaudoeuvres site would be processed by neighbouring plants.

Morains (51), underutilisation of production capacity

Morains is an alcohol distillery on the Connantre site that exclusively processes substrates. In Connantre, the production mix is moving towards an increase in sugar production and a decrease in the volume of substrates sent to Morains, which has consequently been underutilised for several years.

Tereos France announced today, before employee representatives, a plan to halt this activity, which comprises 26 jobs.

The substrates from Connantre would therefore be processed in other French distilleries within the cooperative group.

As part of this project, Tereos France is committed to providing personalised support for every affected employee

Aware of the social consequences of this project, Tereos France's management wishes to focus on internal redeployments to ensure that it continues to employ as many of its employees as possible. It also plans to develop an employment safeguard programme in collaboration with social partners.

"We want to support each of our employees with an approach that prioritises internal mobility. Our national presence should allow us to offer alternative roles within the other plants. We wish to keep employees regularly informed of how the information/consultation procedure is progressing, while respecting the prerogatives of employee representatives", said Christophe Lescroart, Agricultural and Industrial Director for Europe.

Tereos is seeking a buyer for its starch operations

Tereos is seeking a buyer for its Haussimont plant and will guarantee the operations of its potato starch processing plant for the 2023/24 campaign. Over the past five years, Tereos has invested €30 million in this potato starch mill and now wishes to give this operation a new lease of life led by the potential buyer.

About Tereos – www.tereos.com

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 15 000 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.

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