

Tereos Group H1 2014/2015 Results



25th November, 2014

Disclaimer

This document was prepared by Tereos (the “Company”) for the sole purpose of the presentations of its results for the 1st half of fiscal year 2014/2015 ended on 30 September 2014.

The following discussion of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and their related notes. Our financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) as adopted for use in the European Union.

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In this document, Adjusted EBITDA means EBITDA excluding accounting effect of adjustments in the fair value of the financial instruments, in the fair value of biological assets and non-recurring items (mainly disposals of subsidiary). EBITDA corresponds to net income adjusted by net financial income (loss), share of profit of associates, income taxes, amortization, depreciation and change due to harvest expenses. EBITDA is not a financial or accounting measure defined by IFRS as a measurement of financial performance and may not be comparable to other similarly-titled indicators used by other companies. EBITDA is provided as additional information only and should not be considered as a substitute for net cash provided by operating activities, operating income or net income.

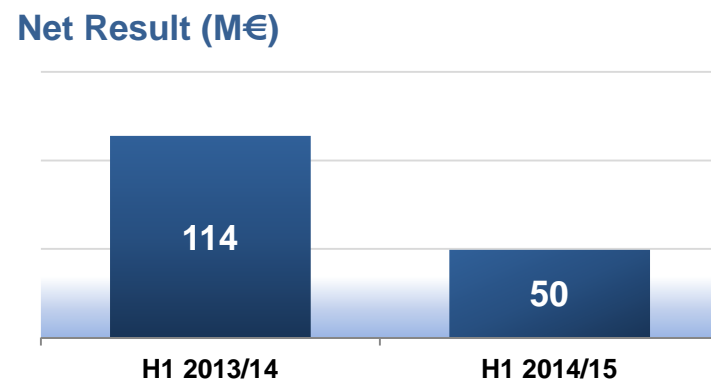
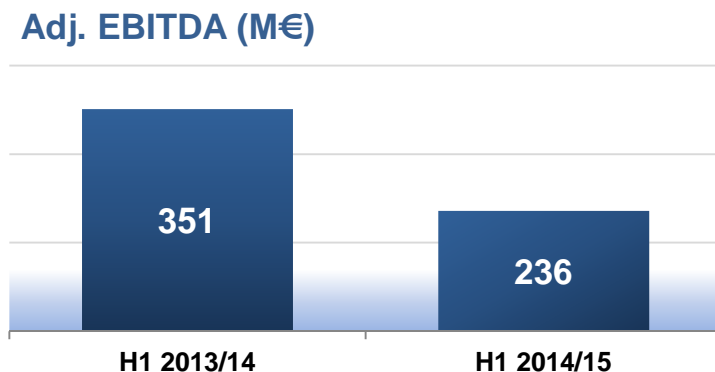
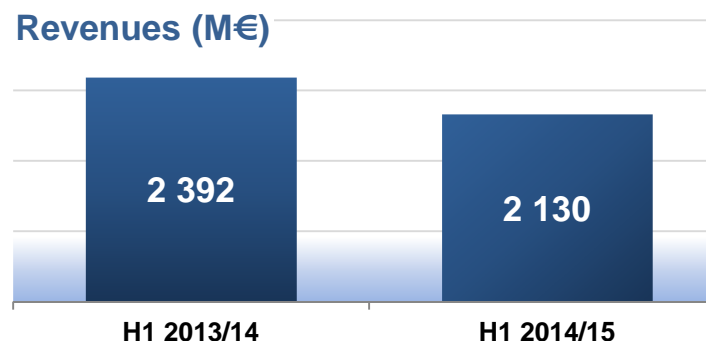
Please note that all percentages included in the following presentation may be calculated on non-rounded figures and therefore may vary from percentages calculated on rounded figures.

Highlights

Decreasing results in challenging environment

Operational improvements on track

- Revenues: 2 130M€
 - -10% at constant exchange rate
- Adjusted EBITDA: 236M€
 - -31% at constant exchange rate
- Net Result: 50M€

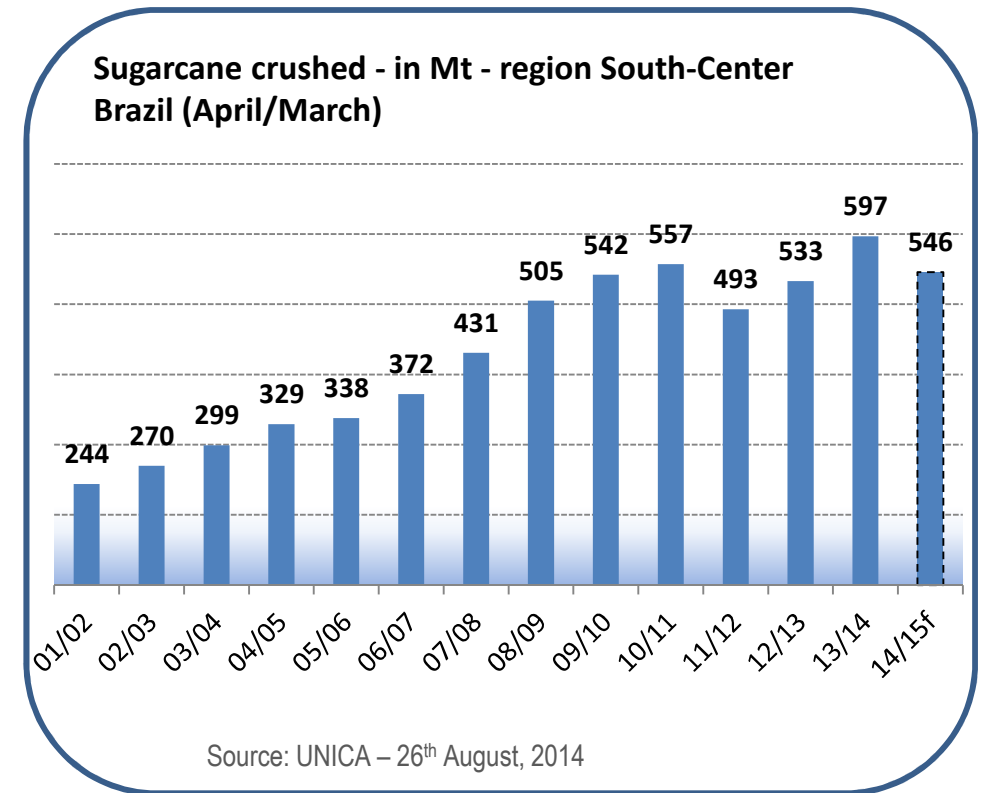
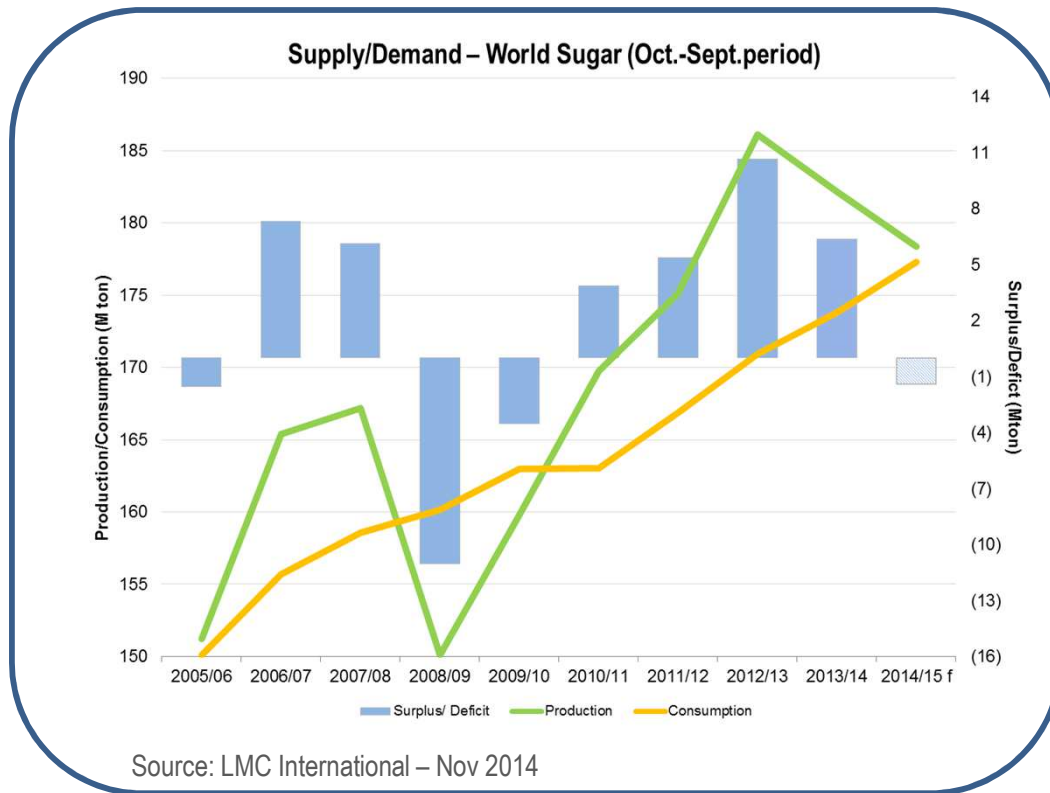


H1 14/15 Highlights

- Significant **drop of European sugar and ethanol prices** (quota sugar down - 180€/t in the span of 12 months)
- **Increase in volumes globally**, driven by starch and alcohol, notably thanks to emerging market expansion (Cereals Brazil, and first time consolidation of Cereals Indonesia)
- **Operational improvements on track**, notably energy consumption reduction and performance plans in Europe and Brazil
- **Increase of sugarbeet surfaces** and **good yield prospects** for current crops in Europe
- **Creation of Tereos Commodities**, entity responsible for the trading activity and distribution of white sugar for the entire group

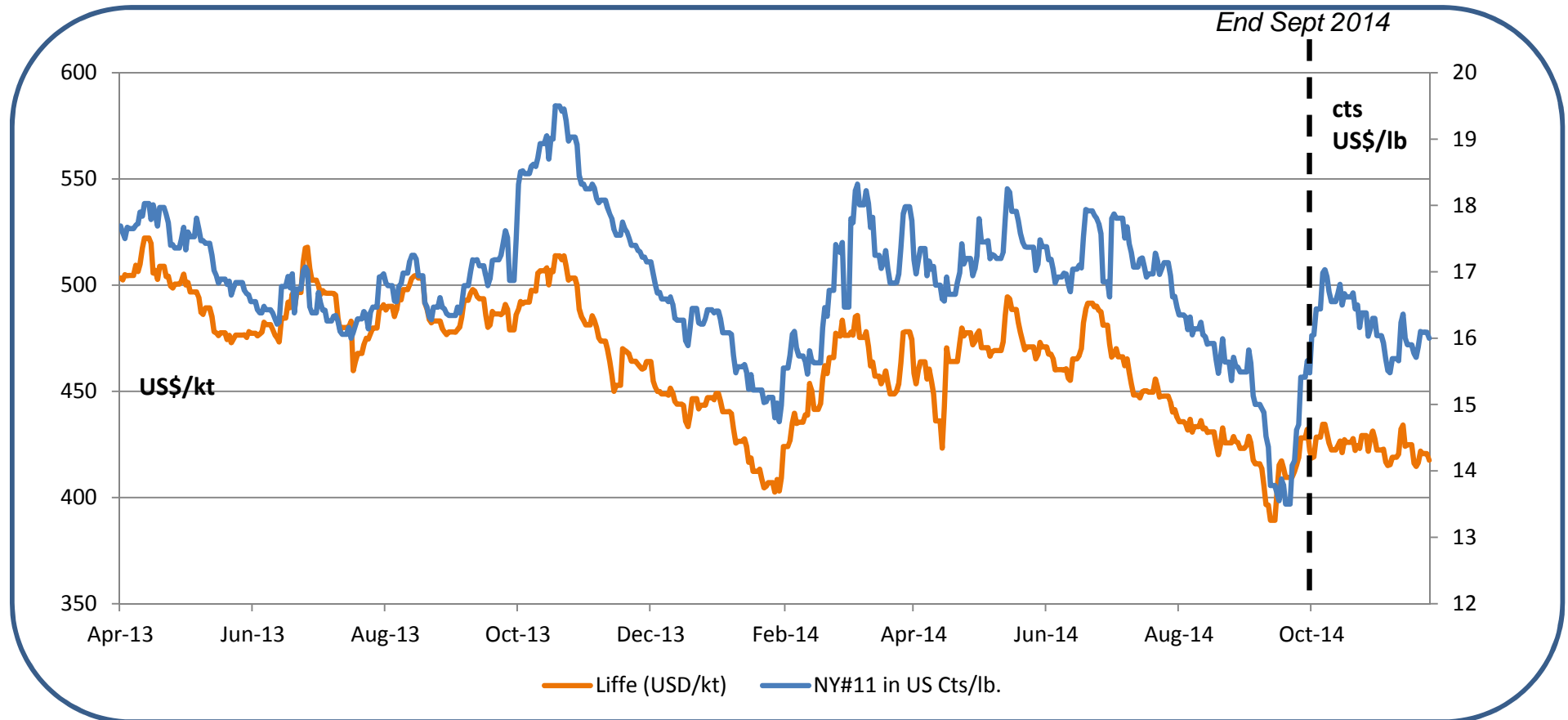
Markets

4 consecutive years of surplus sugar



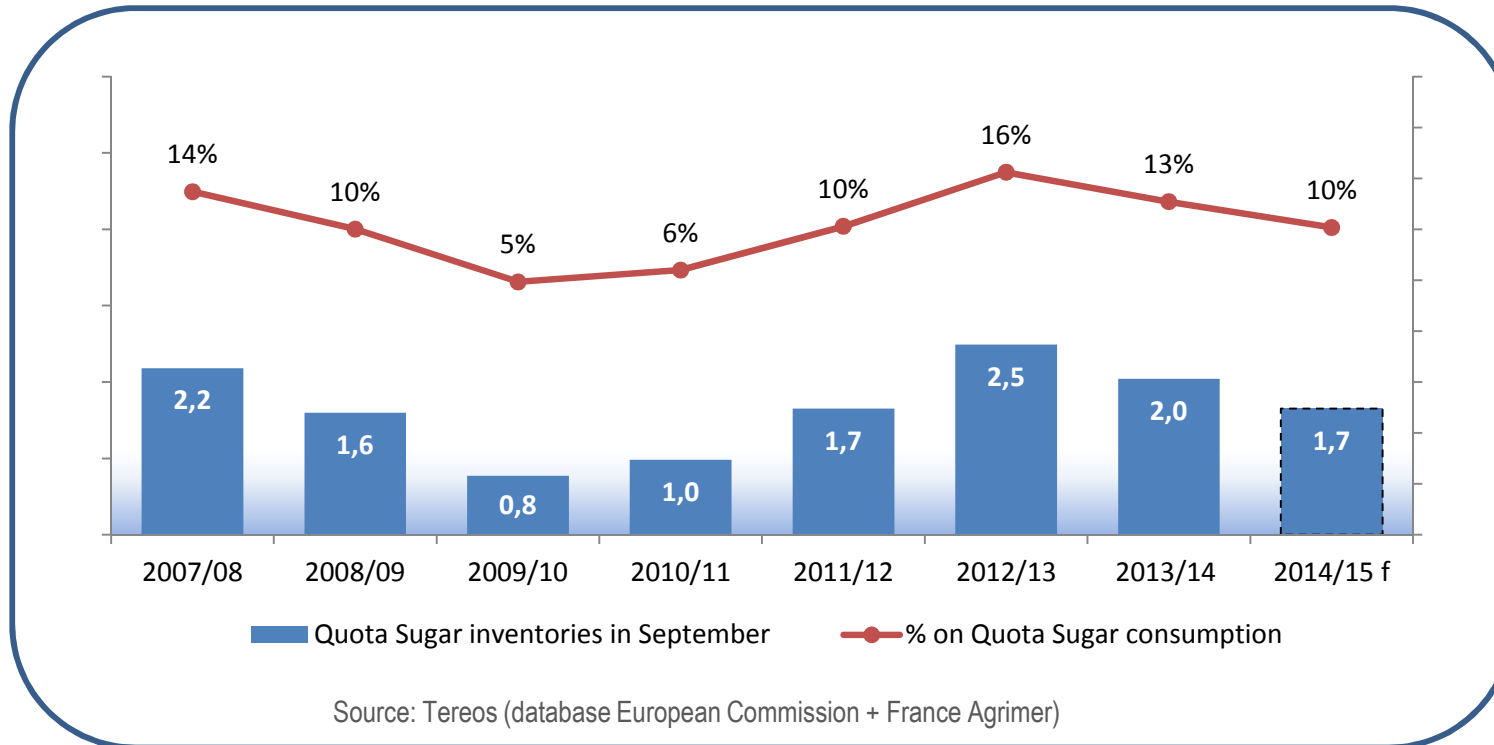
- **Exceptional 4 consecutive years of surplus production on a world basis**
- **Lower production** expected for **Brazil Center-South** in 2014/15 (around -9%, to 546Mt of cane) pointing to a **deficit** on a world basis in forthcoming campaign year (Oct.14-Sept.15): -1.4Mt forecast

Lowest price in 4 years in Sept. 2014



- World raw sugar prices remain at low levels, with March 15 NY#11 around 16 USDc/lb currently, after a low point of 13.5USDc/lb hit in September

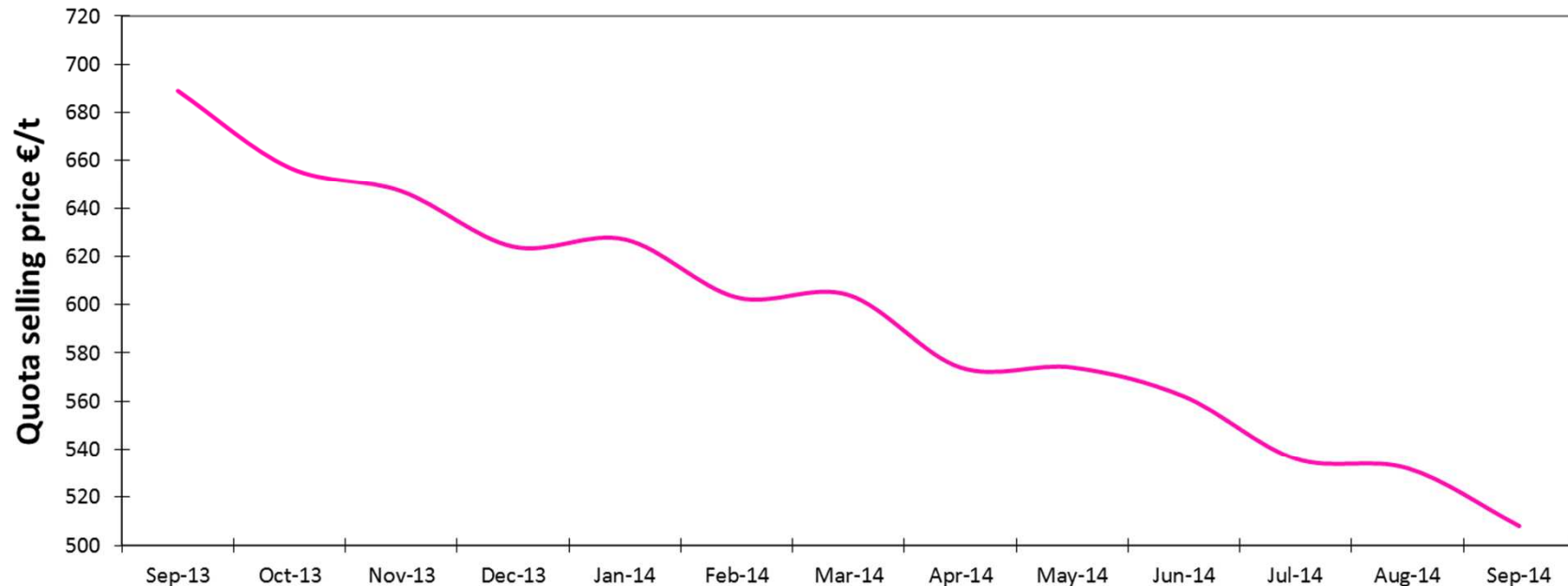
High European sugar inventories



- 2013/14 **quota sugar inventories** still at **high level** as a result of measures taken by the **European Commission** in the last crop.
- **Overall inventories** of sugar forecasted **for next crop** at historical **high level** as a result of strong yields,
- But **Quota Sugar** inventories forecast expected to be **slightly down** for next crop.

Sharp decrease in European sugar price

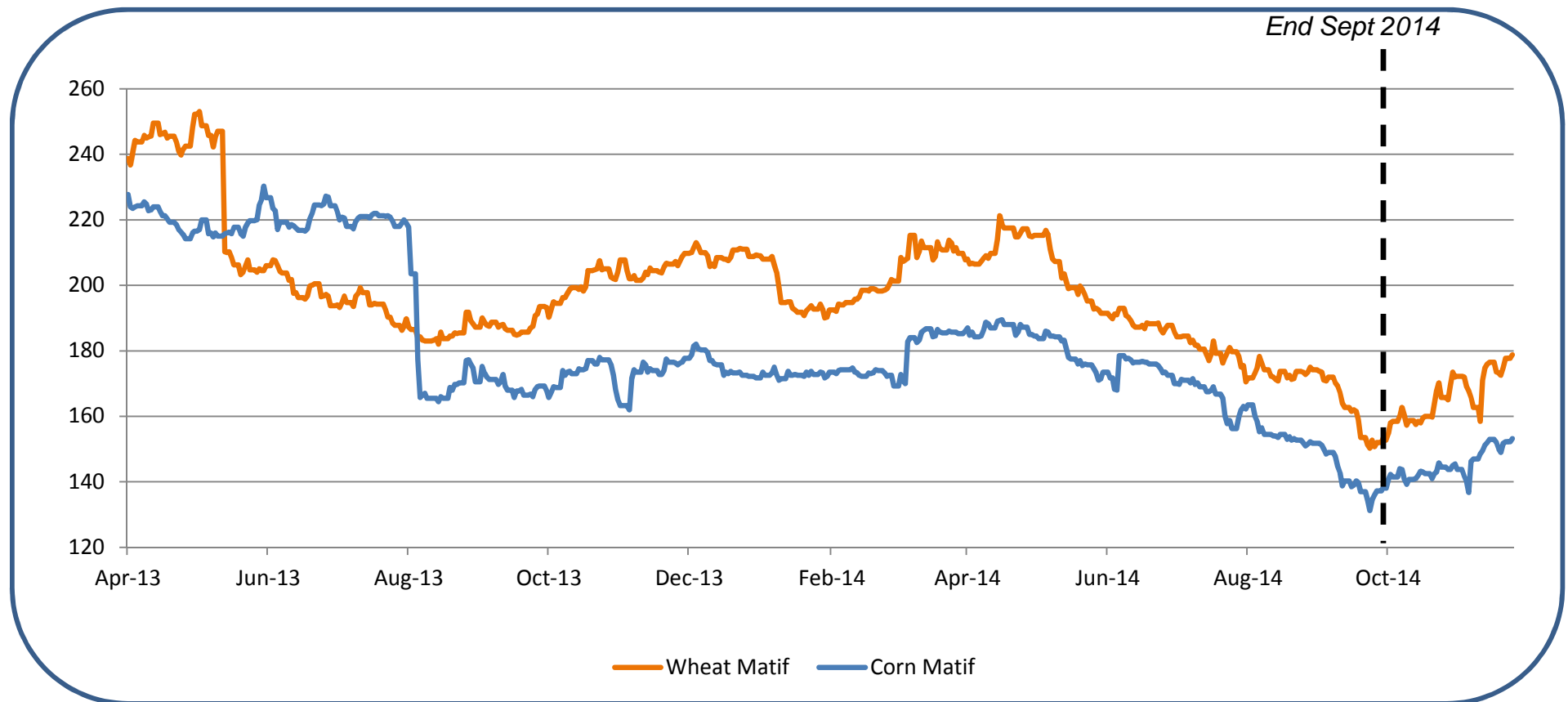
Average price for quota sugar within the EU



Source: Observatoire Communautaire du Prix du Sucre (SNFS)

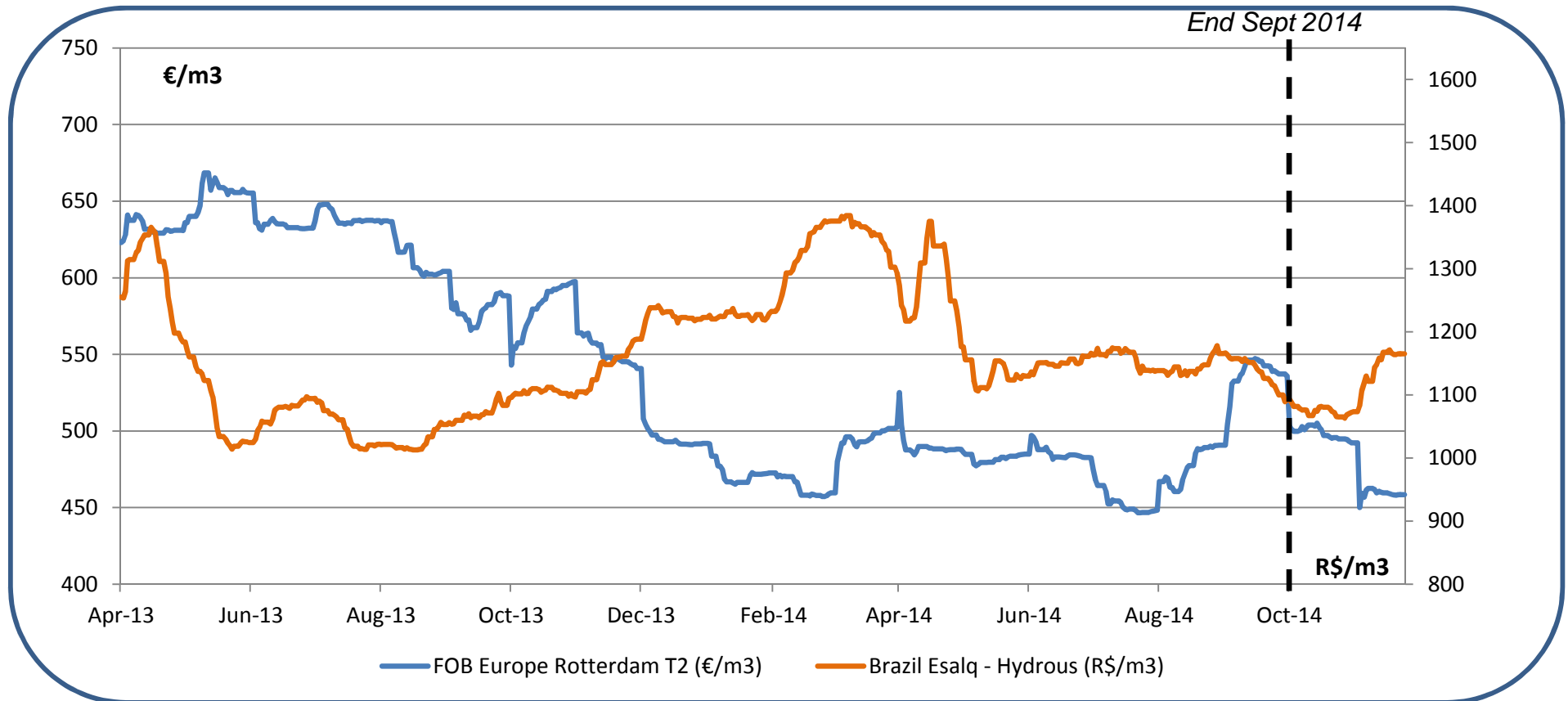
- **Sharp decrease of European sugar prices : -c.180€/t average Quota sugar price in the span of 12 months at end September** (high inventory levels, good crop prospects, increased competition and some anticipation of the end of the sugar regime in 2017).
- **Pressure on prices (including isoglucose) expected to persist in medium term**

Significant decrease in cereal prices



- Expectations of **large crops in the US and in Europe** pressured corn and wheat prices down, which **decreased by -26%** from end March 14 to end September 14.
- As a result, **average MATIF prices over the semester were down some 9% for wheat and 18% for corn** vs the same period last year.
- However, since the end of the semester, MATIF prices have **recovered slightly** from their low point, with **MATIF wheat now around 180€/t for the January maturity**

European ethanol price down 22% in H1



- In Brazil, anhydrous and hydrous ethanol prices **stabilized** around 1.35 and 1.20 R\$/liter respectively in Q2. Clarifications on various potential incentive measures are awaited.
- In Europe, average FOB T2 Rotterdam prices down -22% in H1 vs. last year. Prices remain at low level, at 460€/m³ currently, even though they recovered slightly - and temporarily - in Q2 14/15 (average in the quarter of 492€/m³ vs. 485€/m³ in Q1).

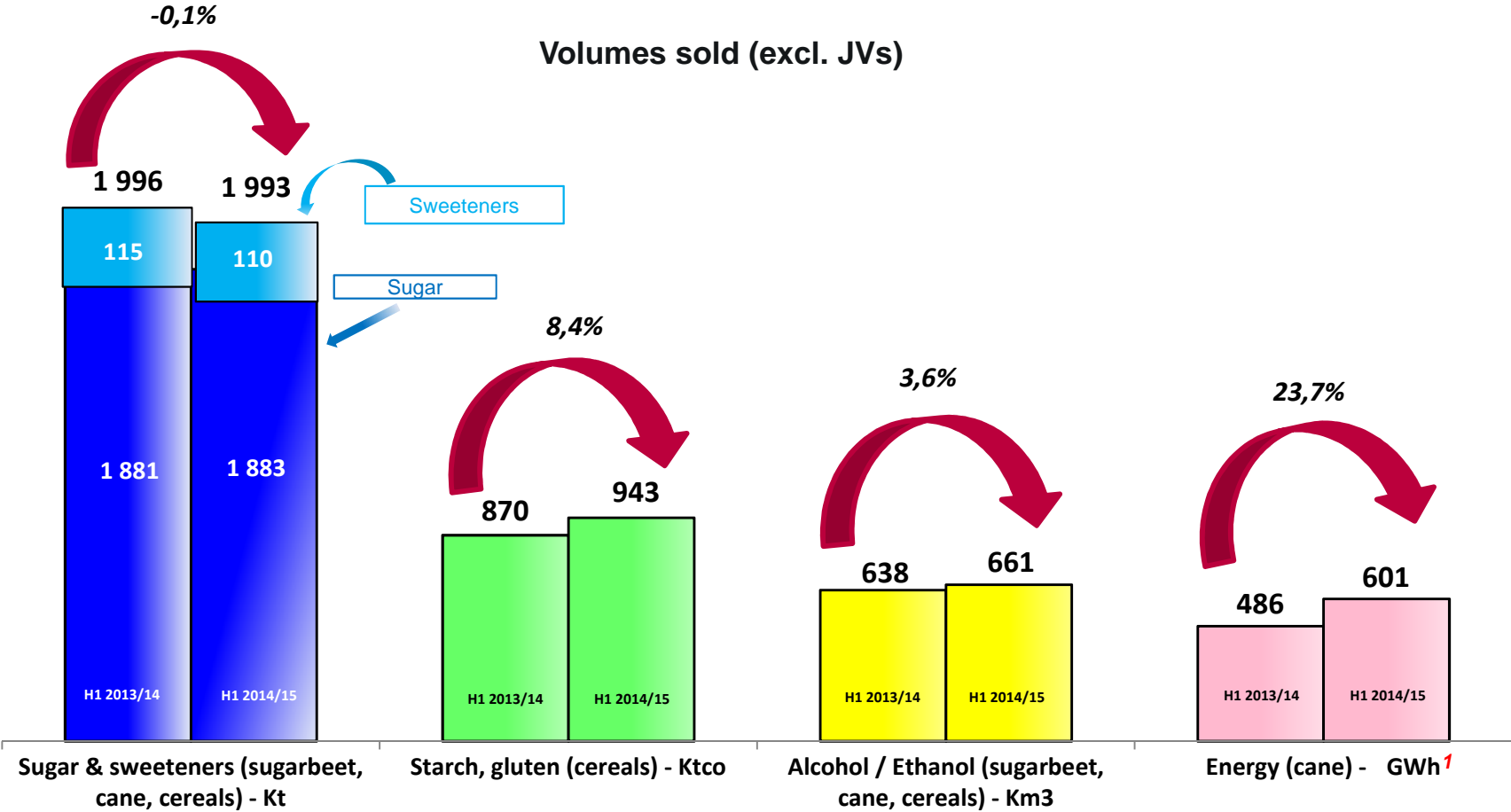


Half-Year Consolidated Results Tereos Group

Profit and loss

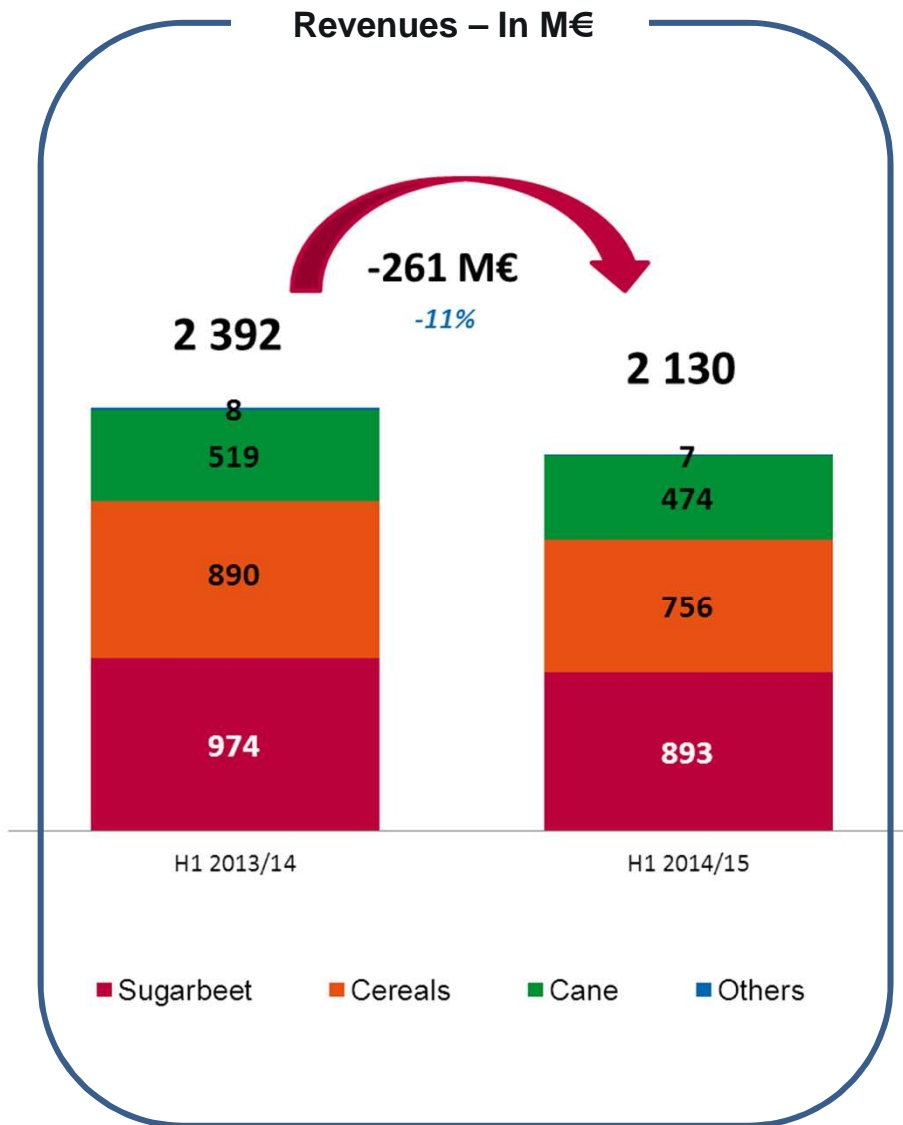
Tereos Group (in M€) 6 months	H1 2014/15	H1 2013/14
Net Revenues	2 130	2 392
Adjusted EBITDA	236	351
%	11.1%	14.7%
EBIT	114	191
%	5.4%	8.0%
Financial Result	-58	-72
Corporate Income Tax	-10	-12
Share of profit of associates	4	6
Net Result	50	114

Evolution of Volumes sold



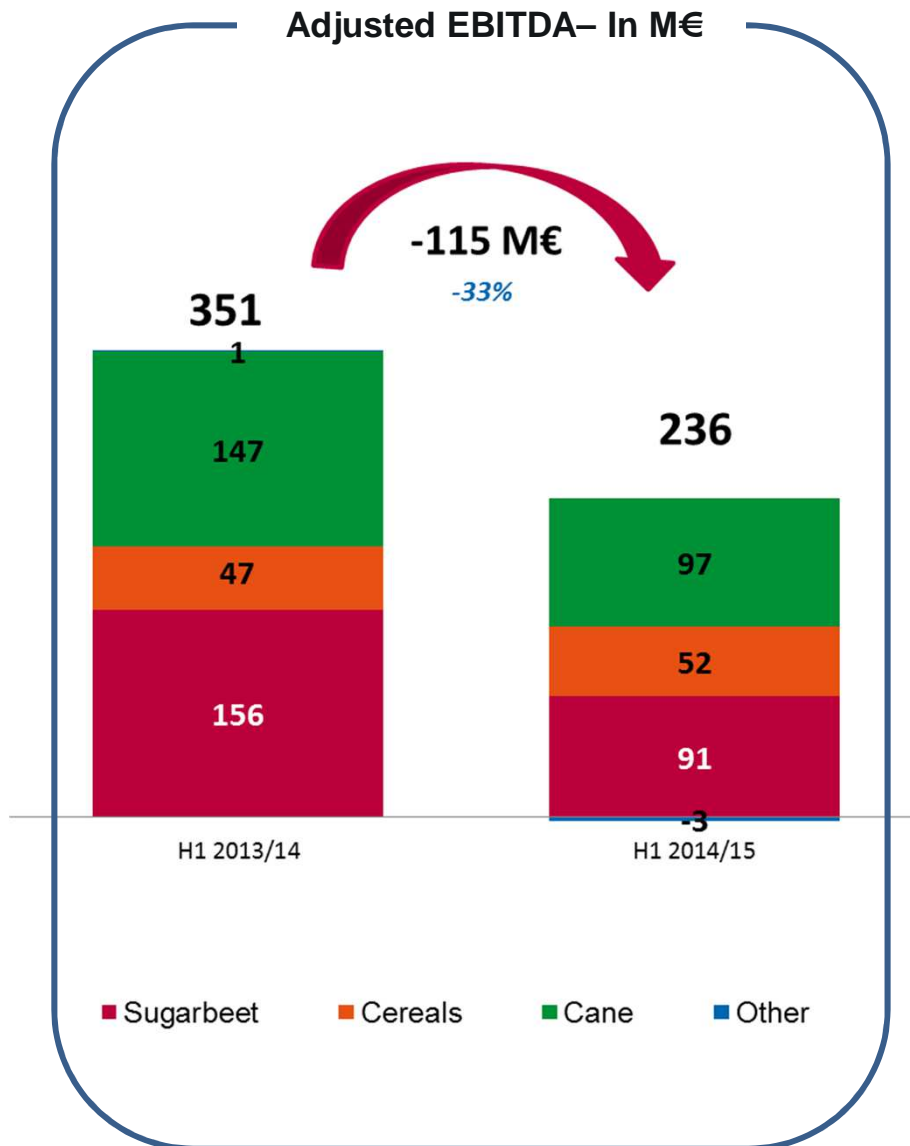
¹ energy sold without Vertente but including trading and 27% Andrade

Revenues evolution by division



- **Sugarbeet:** -150M€ excl. change of ethanol flow
 - Strong price decrease (quota sugar and ethanol)
 - Higher quota sugar volumes (+12%)
- **Sugarcane:** -24M€ excl. FOREX impact
 - Lower sugar sales (increased inventories)
 - Increased ethanol and electricity volumes and prices in Brazil
- **Cereals:** -66M€ excl. change of ethanol flow
 - Europe: mostly lower prices of S&S (cereals prices trend) and ethanol (demand and imports) ; slightly lower S&S volumes (soft demand in Europe)
 - Emerging markets: ramp-up of Palmital corn plant with customer portfolio expansion and first consolidation of Cereals Indonesia

Adjusted EBITDA evolution by division

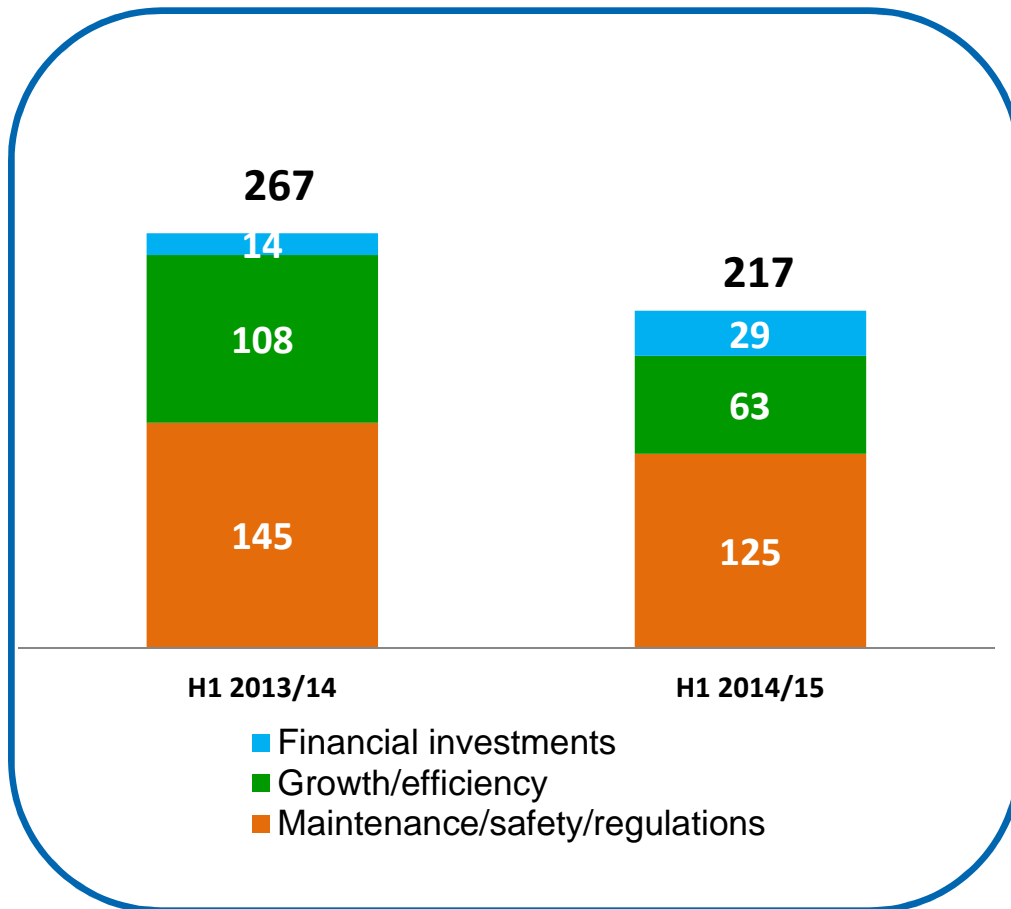


- **Sugarbeet: -65M€**
 - Decrease of quota sugar and alcohol/ethanol prices (around -100M€ net impact in total)
 - Higher volumes and lower energy costs

- **Sugarcane: -45M€ excl. FOREX impact**
 - **Brazil:** impact of drought and less favorable mix ; non-recurring elements, in part linked to “Guarani 2016”
 - **Africa/Indian Ocean:** reduced margins on delayed raw sugar sales

- **Cereals: +5M€**
 - Benefits from “Performance 2015” plan in Europe and some benefit from lower cereal prices, despite weak market

Capex and financial investments

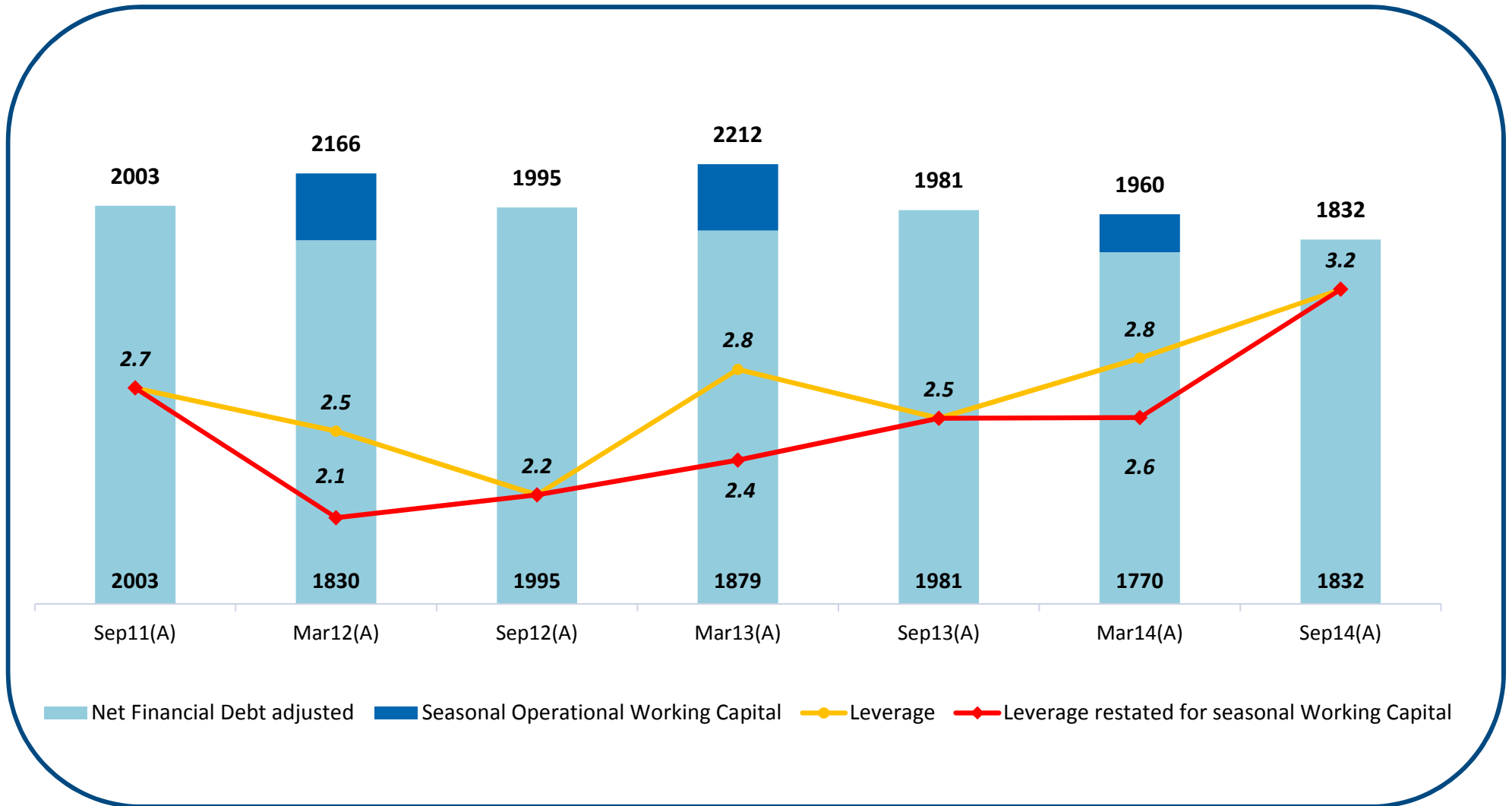


- **-19% YoY**
- **Maintenance: c. 65% of capex** (excl. financial investments)
- **Sugarbeet:**
 - Ongoing efficiency investments to reduce energy consumption
 - Start-up of methanization in Czech Republic in September
- **Sugarcane:**
 - 97% of multi-year capacity expansion and cogeneration plan completed in Brazil
- **Cereals:**
 - Efficiency program

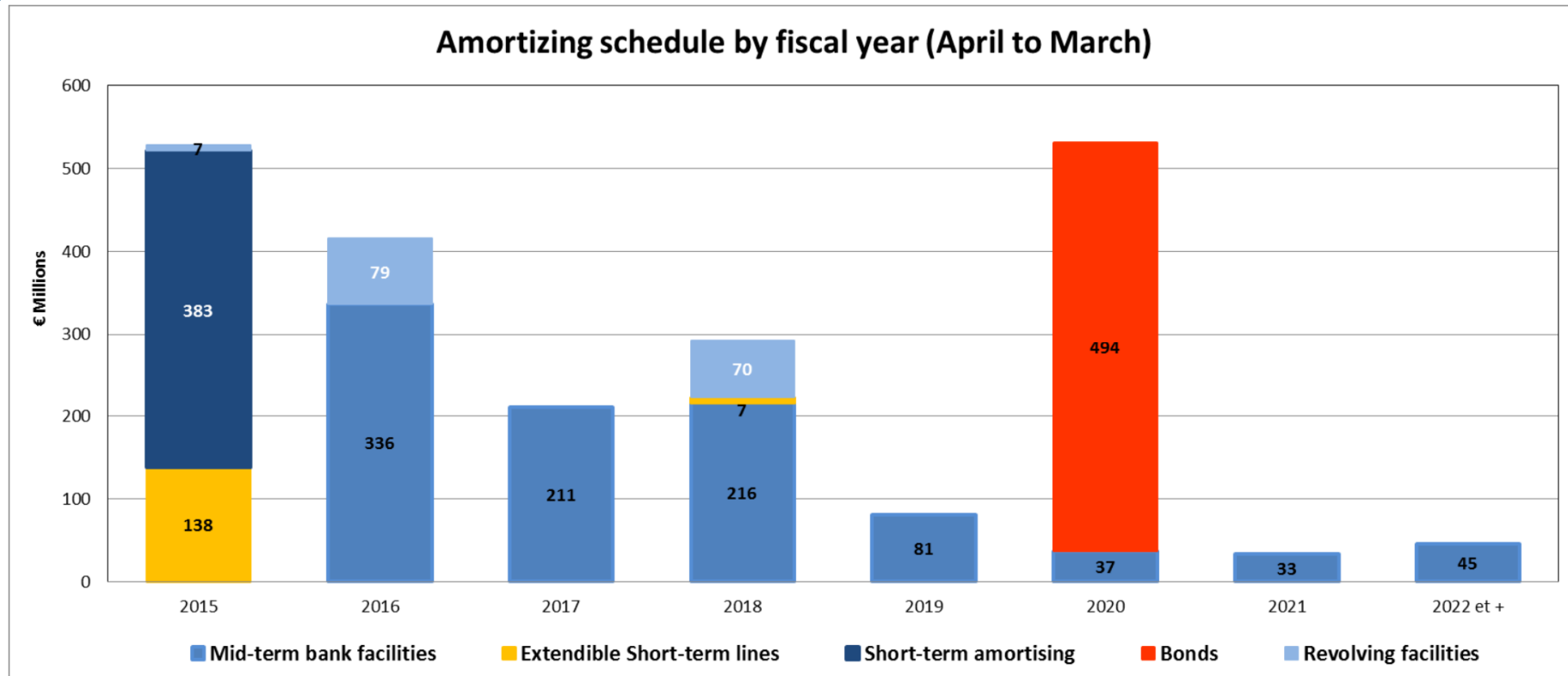
Group free cash-flow

Tereos Group (in M€)	H1 2014/15	H1 2013/14
Net Debt Variation - 6 months		
Adjusted EBITDA (before price complements)	236	351
Income taxes paid	-18	-23
Financing interests (paid/received)	-60	-51
Changes in working capital	188	236
Cash provided by (used in) operating activities	346	512
Investments (net of disposals)	-213	-265
Cash provided before Dividends and Capital Increase	133	247
Price complements and dividends (paid/received)	-12	-48
Capital increase	3	1
Free Cash-Flow	124	200

Net debt & leverage





Maturity profile and financial security level



- **Financial security: 1,032M€ at end September 2014**
- Undrawn bank facilities: 726M€
- Cash and equivalent: 306M€

Group ratings

		
Group Rating	BB+/Positive	Ba2/Stable
Bond 2020 rating	BB+	Ba3
Last change	Positive Outlook and BB+ confirmed 16/04/2014	Stable Outlook and Ba2 confirmed 18/12/2013

Outlook

FY 2014/15 outlook (1/2)

- **Sugarbeet Europe**
 - Impact of lower sugar prices to be **more pronounced in H2**, following renewal of contracts in September
 - Yields expected significantly above the 5-year average with expected sugarbeet volumes **up some +7-10%** vs. last crop
 - **Energy reduction** investment programme to **be continued**
- **Sugarcane Brazil**
 - H2 sales volume to benefit from **higher** sugar and ethanol **inventory** at end Sept.
 - **Progress in co-generation**, to reach over 1,000 GWh sales
 - **Further progress on Guarani 2016 plan**
 - Possible increase in the **ethanol blend ratio** (from 25% to 27.5%) could be a positive development to support the Brazilian Sugar&Ethanol industry
- **Sugarcane Africa/Indian Ocean**
 - Greater impact of **lower European sugar prices** in H2 on export sales
 - **Crop volumes** expected to be **slightly higher** than last year thanks to improvements in yields and favourable weather conditions in Mozambique

FY 2014/15 outlook (2/2)

- **Cereals Europe**
 - Benefits of “**Performance 2015**” to continue
 - Despite lower cereals price, **soft demand** for starch and lower isoglucose and ethanol prices somewhat **hinder potential for further margin restoration in H2**
- **Cereals Brazil**
 - Focus on running Palmital plant at **full capacity**
- **Cereals Asia**
 - **China:** Dongguan facility to start production in H1 2015 (500k tons/year wheat grinding capacity)
 - **Indonesia:** industrial optimization plan for Cereals Indonesia under way

Appendices

Revenue by Division

M€	H1 2014/15	H1 2013/14	Variation	%
Sugarbeet Division	893	974	-81	-8%
Cereals Division	756	890	-134	-15%
Sugarcane Division	474	519	-45	-9%
Others	7	8	-1	
Total	2 130	2 392	-261	-11%

Notes: Excluding the ethanol flow change impact (between sugarbeet and cereals divisions),

- Revenues decrease for sugarbeet division is -149 M€ (-15%)
- Revenues decrease for cereals division is -66 M€ (-7%)

Adjusted EBITDA by Division

M€	H1 2014/15	H1 2013/14	Variation	%
Sugarbeet Division	91	156	-65	-42%
Cereals Division	52	47	5	10%
Sugarcane Division	97	147	-50	-34%
Others	-3	1	-4	-
Total	236	351	-115	-33%