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**press release**

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# Tereos Europe
# €500,000,000 6 3/8% Senior Notes due 2014

## For the three month period ending December 31st, 2012

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# Q1 2012/13 RESULTS

(Non-audited figures)

## REVENUE OF €1,200 MILLION
## ADJUSTED EBITDA OF € 219.6 MILLION
## NET DEBT TO ADJUSTED EBITDA RATIO DOWN TO 2.3x

### Key financial highlights:

- **Revenue of €1,199.6 million**, slightly down by 0.3% in Q1 2012/13 (but up 1.6% at constant exchange rates).
- **Adjusted EBITDA** showing resilience at **€219.6 million**; €9 million only below Q1 2011/12. EBITDA margin at 18.3% (19.0% in Q1 2011/12).
- **Net Debt** (excluding related parties) **of €2,061.3 million** at December 31, 2012, down by €133 million vs. December 31, 2011.
- **Net debt[1] to Adjusted EBITDA[2] ratio down to 2.3x** at December 31, 2012 versus 2.7x at December 31, 2011.

### Economic environment:

- **World sugar prices:**

Raw sugar prices dropped from 21.1 to 19.5 USD cents/lb during the quarter, averaging 19.7 USD cents/lb for the period, and down 20.5% year-on-year. However, in BRL terms, prices were only 5% lower year-on-year. White sugar prices (LIFFE#5) followed the same trend, declining from 582.1 to 523.7 USD/tonne. The expectation of another global surplus in 2012/13 should continue to weigh on world sugar prices in the coming months.

- **Cereals prices in Europe:**

**Wheat:** This quarter confirmed poor weather conditions, with droughts (US Great Plains area, Argentina) or wet weather (UK, France, Black Sea region) affecting wheat germination. As a result, MATIF wheat prices in Europe reached their peak in November (273 €/t), but came down progressively to 245 €/t by December.
**Corn:** In January, the USDA released its global corn production estimates with a more upbeat tone on increased harvests in South America (Brazil, Argentina) and in the US. However, global demand remains bullish and global stocks are not expected to rise above their current levels. MATIF corn prices reached their peak in November (256 €/t), followed by a gradual decrease to 233 €/t at the end of the quarter.

### Key facts and developments:

- Petrobras capital increase in Guarani of R$ 212,5 million in October 2012 (€84 million)
- Acquisition of the Ludus sugar plant in Romania (announced in October 2012, closing expected end February 2013)
- Start of building work for our first wheat starch facility in China (Dongguan)

(1) Excluding related parties

(2) 12 month basis: January-December 2011 & January-December 2012

## 1. Group Financial results

| € Million | Q1 2012/13 | Q1 2011/12 | Variation |
|---|---|---|---|
| **Revenues** | **1,199.6** | **1,203.5** | **- 0.3%** |
| **Adjusted EBITDA** | **219.6** | **228.9** | **- 4.1%** |
| Adjusted EBITDA Margin | 18.3% | 19.0% | |
| **Net Debt (excluding related parties)** | **2,061.3** | **2,194.3** | |
| Net Debt to Adjusted EBITDA Ratio | **2.3x** | **2.7x** | |
| **Volumes sold** | | | |
| Sugar sales ('000 t) | 861 | 939 | |
| Alcohol & Ethanol sales ('000 m³) | 366 | 386 | |
| Starch & sweeteners sales (000 t) | 412 | 392 | |
| Energy ('000 MWh) | 148 | 89 | |

**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.

**Consolidated revenue** for the Tereos Group was broadly stable at €1,199.6 million in Q1 2012/13 (vs. €1,203.5 million in Q1 2011/12).
At constant exchange rates revenues increased slightly by 1.6% (+€20 million), benefitting from the recovery in sugarcane volumes crushed this crop in Brazil which led to higher sugar, ethanol and energy sales volumes for Guarani (+€15 million), as well as from the increased starch & sweeteners and grain potable alcohol volumes (+€16 million).
In France however the decrease in sugarbeet agricultural yields to historical average levels (after record levels in the previous crop) led to lower volumes sold (-€35 million). Furthermore ethanol production at BENP Lillebonne registered a significant drop (-€28 million), as the difficult gluten unit start-up impacted overall plant production.
On the pricing front, conditions were mixed. The group benefitted from favourable commercial conditions in sugar and ethanol in Europe (+€40 million) and Africa/Indian Ocean (+€8 million), but was impacted negatively by the decrease of the world and Brazilian sugar prices and Brazilian ethanol prices (-€22 million).

**Adjusted EBITDA** showing resilience at €219.6 million for the Q1 2012/2013, vs. €228.9 million in Q1 2011/12.
At constant exchange rates, adjusted EBITDA decreased slightly by €2.5 million:

- Our European sugarbeet operations delivered a good performance with broadly stable EBITDA contribution, as the impact of the lower production volumes in France was largely offset by improved commercial conditions for sugar in Europe.
- EBITDA contribution from the sugarcane division increased by €19.7 million as higher sugar and ethanol volumes and higher energy sales (with the ramp-up of the cogeneration investments) was higher than the impact of sugar and ethanol prices drop.
- The EBITDA of our Cereal division dropped by €19.3 million principally as result of the lower production volumes at BENP Lillebonne due to the gluten unit disruptions and to a lesser extent to higher cereals and energy costs in Europe that could not yet be fully passed through to customers.

The **net debt to adjusted EBITDA ratio** improved significantly, down to 2.3x at 31 December 2012, versus 2.7x the prior year. Net debt reduced by €133 million to €2,061.3 million at 31 December 2012, compared to 31 December 2011. This net debt reduction is mainly due to the strong operational cash flows generated by the sugarbeet division over this 12 months period.

## 2. Results by division

- **SUGAR BEET**

Sugarbeet division's **revenues** increased for 2.4%, reaching €463.6 million compared to €452.6 million in Q1 2011/2012. A**djusted EBITDA** stood at €113.2 million in Q1 2012/13, €3.9 million below last year (€117.1 million).

**In France**, revenues were broadly stable. The negative volume effect on sugar sales (-78 K tonnes vs Q1 2011/2012), mainly for non-quota sugar consequently to the lower agricultural yields during the last crop (ended in January 2013), accounted for a €35 million drop in sales. This volume decrease was compensated by improved commercial conditions on average for quota sugar sales in Q1 2012/13 vs. Q1 2011/12 (since European sugar prices picked up progressively over Q1 last year and have largely stabilized since).
The slight €3.2 million decrease in Adjusted EBITDA to €90.6 million was primarily due to the decrease in non quota sugar volumes sold, nearly compensated by higher quota sugar prices.

**In Czech Republic**, in addition to the positive price effect, the increase of €7 million in revenues is mainly linked to the growth in alcohol/ethanol volumes sold (+6,157 m3, +25%), due to good industrial and commercial performance and to the acquisition of the distillery of Kojetin.
Czech Republic posted an adjusted EBITDA of €22.7 million, comparable to the prior year's quarter.

**Outlook for 2012/2013:**
The 2012/2013 sugar beet campaign which has ended in France in January shows agricultural yields close to the average for the past five years, at 84 tonnes / hectare (at 16% sugar content), but below the record levels of the previous campaign (95,5 tonnes / hectare).
The Czech Republic achieved very good agricultural yields, almost matching the excellent performance of 2011/12, at 79 tonnes / hectares (vs. 81 tonnes / hectare in the previous crop).
In total the group processed 17.1 million tonnes of sugar beet (16% sugar content) in Europe during the 2012/13 campaign. The majority of quota sugar volumes have already been contracted as customers remain keen to secure volumes early in the year.

- **SUGAR CANE**

Revenue of the Sugarcane division was €321.0 million for Q1 2012/2013, compared to €341.8 million for Q1 2011/2012. At constant exchange rates, revenues increased slightly by 1%. Adjusted EBITDA reached €86.4 million for Q1 2012/13, compared to €73.6 in Q1 2011/2012 (+€19.7 million at constant exchange rates).

**In Brazil**, revenues decreased by 3% at constant exchange rate (-€7 million).
The increase in volumes (sugar, ethanol and electricity: +€15 million) nearly compensated the decrease in sugar and ethanol prices (-€22 million). Sugar volumes sold were 1.5% higher than Q1 2011/2012 due to the continued rebound in production, as a result of the Company's recent investments and a better crop, but sugar prices decreased for 8% year-on-year to 971.5 R$/tonne in Q1 2012/2013.

Ethanol volumes sold increased from 131,000 m3 to 143,000 m3 in this quarter. Ethanol prices were 14% lower compared to Q1 2011/2012. Ethanol prices in Q1 last year were particularly high due to the low ethanol availability in that period.
Guarani posted electricity sales of 148 GWh in this quarter, a 65% rise over Q1 2011/2012, linked to the ram-up of the recent investments in cogeneration units. Energy prices have reached an average of 180.3 R$/MWh, up 58% compared to previous year, mostly as a consequence of higher sales in the spot market.

Adjusted EBITDA of €54.6 million (Adjusted EBITDA margin of 25.3%) was €8.3 million higher compared to last year (+€13.9 million at constant exchange rate), mainly thanks to higher volumes sold (including electricity) and lower cash costs on the extended crop period.

**In Africa-Indian Ocean** revenues increased by 8.1% to €105.1 million (+€ 8 million), driven by higher sugar prices in both regions and increased sugar volumes sold in Mozambique. Adjusted EBITDA increased by €4.6 million to €31.9 million consequently.

**Outlook for 2012/2013:**
In Brazil, the Group's recent sugar cane harvest showed a significant growth in volumes processed, up 12% to 18.2 million tonnes. With prospects of a further growth of more than 10% for the next campaign, the volumes processed over the FY 2012/13 should exceed 20 million tonnes. This progression is resulting from the significant replanting programme in the past two years. Furthermore, cogeneration projects in Brazil are on track to double electricity sales next crop.

- **CEREALS**

Revenues of the Cereal division were €415.1 million for Q1 2012/2013, compared to €408.9 million for Q1 2011/2012, a 1.5% increase. Adjusted EBITDA reached €20.6 million over the period, compared to €39.9 million for Q1 2011/2012, a €19.3 million decrease.

**Starch & sweeteners** revenues increased by 8.6% (+€25 million). This increase was due to 5% higher volumes sold (2% from organic growth and 3% from the full year perimeter effect of the acquisition of the Haussimont potato starch plant). In a difficult macro-economic environment in Europe, volumes sold by Tereos are showing good resilience. Starch and sweeteners Adjusted EBITDA registered a €3.6 million decrease as the higher volumes did not fully compensate for higher cereals and energy prices.

**Alcohol & ethanol** sales were €99.3 million for Q1 2012/2013, a 16% decrease (-€19 million). Overall sales volumes decreased by 23.8% year-on-year, as the increase in potable alcohol volumes (up 18.4%) thanks to the integration of Selby (where production started in April 2012) were more than offset by the significant drop of ethanol sales volumes (47.6% year-on-year). This drop was mainly due to collateral disruptions of ethanol production as a consequence of technical problems encountered by the difficult start-up of the gluten line at the BENP Lillebonne plant. Prices in Europe were up year-on-year (+20% for Ethanol Rotterdam prices and +14% for alcohol prices).
Alcohol/Ethanol adjusted EBITDA went down by €15.7 million. This is mainly due to:

- Higher average input price of wheat purchased at a market price for BENP Lillebonne,
- Gluten production technical problems causing collateral disruptions on ethanol production that resulted in higher unitary fixed costs (lower absorption of fixed costs including energy costs).

**Outlook for 2012/2013:**
Cereals market prices should remain high and volatile.
Production of corn starch in Brazil is expected to come online in the first half of 2013. On the other hand, production at the Lillebonne plant is not expected to reach full capacity next quarter.

## 3. Group Net debt

Our net financial debt (excluding related parties) at the end of December, 2012 amounted to € 2,061.3 million, € 133 million down compared to € 2,194.3 million at the end of December, 2011.

With cash and cash equivalent of € 281.3 million and taking into account € 623.9 million unused credit lines available, Tereos had a financial security totalling € 905.2 million at end of December, 2012.

The analysis of the net debt could be summarized as follows:

| | Current | Non Current | Total | Cash | Net Debt |
|---|---|---|---|---|---|
| High Yield Bond | 3.6 | 500.0 | 503.6 | - | 503.6 |
| Other Debt | 80.5 | 104.3 | 184.8 | -4.4 | 180.4 |
| **Total Groupe Sucre France** | **84.1** | **604.3** | **688.4** | **-4.4** | **684.0** |
| TTD | 5.5 | 3.8 | 9.3 | -25.3 | -16.0 |
| Tereos Internacional | 834.5 | 810.5 | 1,645.0 | -251.6 | 1,393.3 |
| **Total Net Debt** | **924.1** | **1,418.6** | **2,342.7** | **-281.3** | **2,061.3** |

Remark:
€ 924 million current gross debt includes € 289 million of facilities with a mid term maturity.

Note:
Q1 2011/12 Net debt has been slightly restated compared to last year's communication for better alignment with half-year consolidated figures and for adequate comparison with Q1 2012/13.

## CONTACTS

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***Tereos in brief***
Tereos is a cooperative agroindustrial group specialized in the primary processing of sugar beet, sugar cane and cereals. In 2012, Tereos recorded 5 billion euros in revenues, with 39 production sites and 26,000 staff. Today, the Group is one of the world leaders in three sectors: sugar (No. 4 worldwide), alcohol/ethanol (No. 1 in Europe) and starch/derivatives (No. 3 in Europe).

## FINANCIAL CALENDAR

Q2 2012-2013 (January- March): Friday 28th June 2013

Q3 2012-2013 (April-June): Wednesday 14th August 2013

Annual 2012-2013: Tuesday 28th January 2014

# APPENDICES

## REVENUES

| € million | Q1 2012/13 | Q1 2011/12 | Variation | % |
|---|---|---|---|---|
| **Sugarbeet Division** | **463.5** | **452.7** | **+10.8** | **+2.4%** |
| France | 378.5 | 374.7 | +3.8 | +1.0% |
| Other Europe | 85.0 | 78.0 | +7.0 | +9.0% |
| **Cereals Division** | **415.1** | **408.9** | **+6.2** | **+1.5%** |
| Starch & sweeteners | 315.8 | 290.8 | +25.1 | +8.6% |
| Alcohol & ethanol | 99.3 | 118.2 | -18.9 | -16.0% |
| **Sugarcane Division** | **321.0** | **341.8** | **-20.9** | **-6.1%** |
| Brazil | 215.9 | 244.6 | -28.7 | -11.7% |
| Africa/Indian Ocean | 105.1 | 97.2 | +7.9 | +8.1% |
| **Others** | **0.0** | **0.0** | **-** | **-** |
| **Total** | **1 199.6** | **1 203.4** | **-3.9** | **-0.3%** |

**Notes:**
**For sugarbeet France Q1 2011/12 revenues have been restated compared to last year's communication for better alignment with half-year consolidated figures and for adequate comparison with Q1 2012/13 revenues.**
**For Cereals division an improved segmentation between Starch & Sweeteners and Alcohol & Ethanol businesses has been implemented in line with Tereos Internacional financial communication.**

## ADJUSTED EBITDA

| € million | Q1 2012/13 | Q1 2011/12 | Variation | % |
|---|---|---|---|---|
| **Sugarbeet Division** | **113.2** | **117.1** | **-3.9** | **-3.3%** |
| France | 90.6 | 93.8 | -3.2 | -3.4% |
| Other Europe | 22.7 | 23.4 | -0.7 | -3.1% |
| **Cereals Division** | **20.6** | **39.9** | **-19.3** | **-48.4%** |
| Starch & sweeteners | 19.7 | 23.3 | -3.6 | -15.5% |
| Alcohol & ethanol | 1.0 | 16.7 | -15.7 | -94.3% |
| **Sugarcane Division** | **86.4** | **73.6** | **+12.9** | **+17.5%** |
| Brazil | 54.6 | 46.2 | +8.3 | +18.0% |
| Africa/Indian Ocean | 31.9 | 27.3 | +4.6 | +16.7% |
| **Others** | **-0.6** | **-1.7** | **+1.1** | **-62.5%** |
| **Total** | **219.6** | **228.9** | **-9.3** | **-4.1%** |

**Notes:**
**For sugarbeet France Q1 2011/12 Adjusted EBITDA has been restated compared to last year's communication for better alignment with half-year consolidated figures and for adequate comparison with Q1 2012/13.**
**For Cereals division new segmentation between Starch & Sweeteners and Alcohol & Ethanol has been implemented in line with Tereos Internacional financial communication.**