



## CAPITAL MARKETS DAY 2020

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# Agenda

- 10.00 – 11.00**     **Strategy, Sustainability & Innovation** Olivier Rigaud CEO
- 11.00 – 11.30     Break
- 11.30 – 12.00**     **Financials** Eddy van Rhede van der Kloot CFO
- 12.00 – 13.00**     **Q & A**
- 13.00 – 14.00     Lunch

# Disclaimer

This presentation contains 'forward-looking statements', based on currently available plans and forecasts. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future, and Corbion cannot guarantee the accuracy and completeness of forward-looking statements.

These risks and uncertainties include, but are not limited to, factors affecting the realization of ambitions and financial expectations, developments regarding the potential capital raising, exceptional income and expense items, operational developments and trading conditions, economic, political and foreign exchange developments and changes to IFRS reporting rules.

Statements of a forward-looking nature issued by the company must always be assessed in the context of the events, risks and uncertainties of the markets and environments in which Corbion operates. These factors could lead to actual results being materially different from those expected, and Corbion does not undertake to publicly update or revise any of these forward-looking statements.



# Corbion

*Preserve what matters*

# Our purpose

**We champion preservation in  
all its forms**

Preserving food and food  
production, health, and the  
planet.

*Preserve what matters*



# Corbion champions preservation in all its forms

## Using science to propel nature's ingenuity



2



### Preserving food and food production

- Preserving food safety, shelf-life, texture, and nutritional benefits with food solutions
- Preserving natural resources by partnering with our suppliers to promote sustainable agriculture

3



### Preserving health

- Preserving the safety of our people
- Preserving health and well-being with biomedical solutions
- Preserving hygiene and health with biochemical solutions
- Preserving heart and brain health with algae solutions

12



### Preserving the planet

- Preserving natural resources with biobased and biodegradable alternatives with lactic acid specialties
- Preserving the oceans by enabling responsible aquaculture with algae solutions
- Preserving human rights and the environment through responsible sourcing
- Preserving the climate by working toward carbon neutral operations

# Sustainability is embedded in our way of doing business



Core-portfolio better aligned with Sustainable Development Goals

Today ~60% of Corbion core-revenues aligned with SDGs 2, 3, or 12



SCIENCE  
BASED  
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

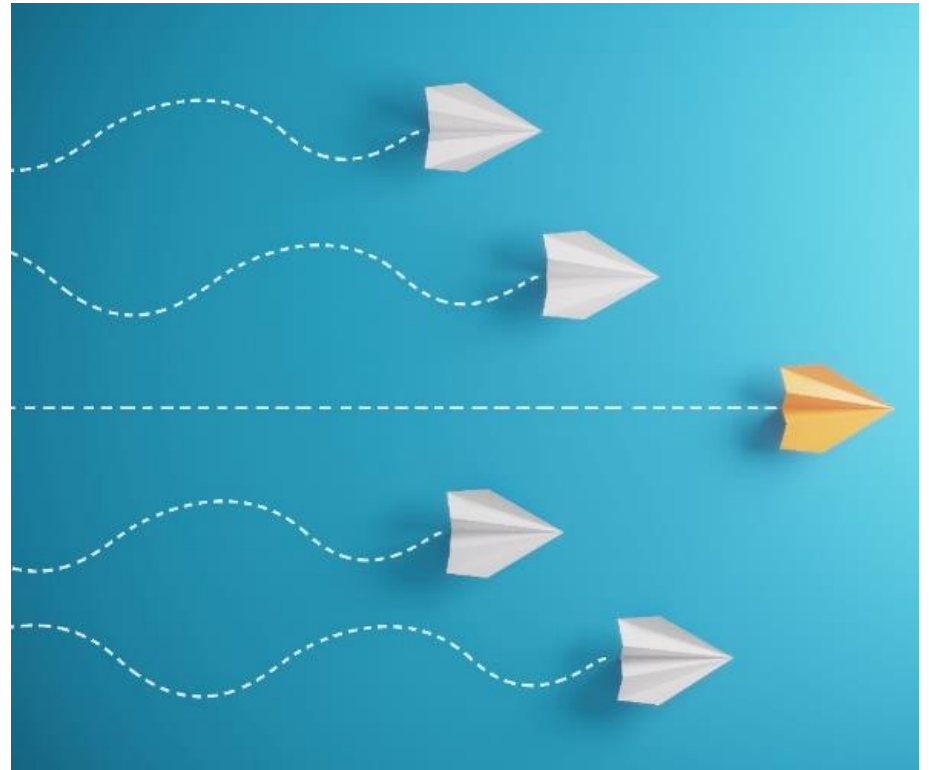
One of 339 companies with SBTi approved targets

Sustainability performance is a new KPI for all senior managers

## Corbion journey

### One Corbion

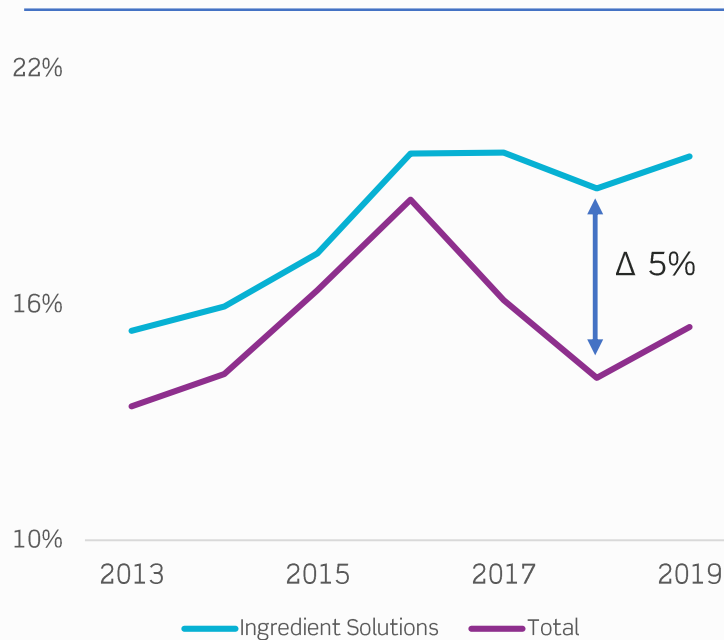
- Profitability restored
- Reliable operations established
- PLA commercialized
- Sustainability embedded



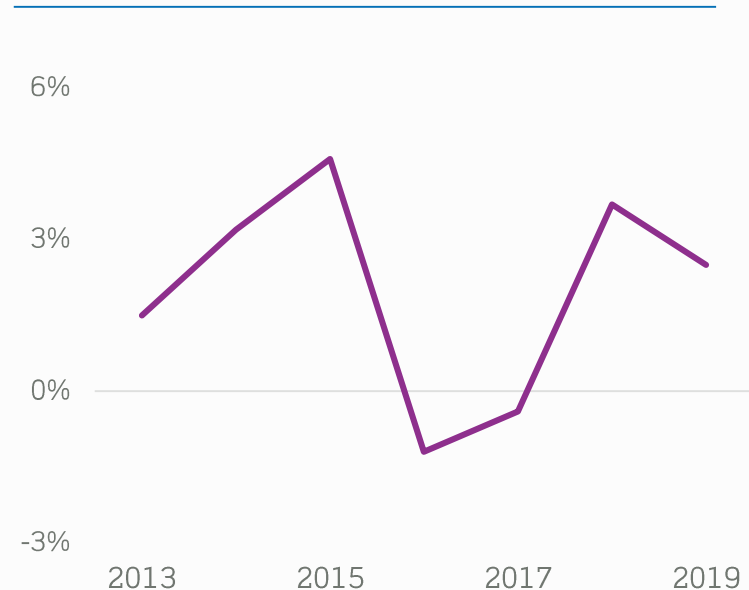
## Corbion journey

Higher margins. However, inconsistent growth,

### EBITDA margin



### Organic sales growth



## Corbion journey

# Our strengths

### **Deep fermentation knowledge**

- Rooted in lactic acid, leveraged in algae fermentation and food ferments
- Over 90 years of history in producing lactic acid

### **Market leader in food preservation and freshness**

- Deep understanding of food spoilage
- On-trend portfolio (clean label, natural) in meat and bakery

### **Market leader in lactic acid**

- >40% global market share with global footprint
- Lowest cost producer, further strengthened by sustainable gypsum-free technology
- Leader in Poly Lactic Acid (PLA) bioplastic via Total Corbion PLA jv

# Focus, Align, and Balance



## Focus

**Focus on higher growth core activities**  
**Clear portfolio choices based on strategic fit**



## Align

**3 business segments**

- Sustainable Food Solutions – Solution strategy
- Lactic Acid & Specialties – Product strategy
- Incubator



## Balance

**Resource allocation intensified in Sustainable Food Solutions and Lactic Acid & Specialties**

# Aligning the core into 3 segments

### Sustainable Food Solutions

- Leadership position in preservation and functional systems
- **Solution**-driven strategy

### Lactic Acid & Specialties

- Leadership position in lactic acid and lactic acid derivatives
- **Product**-driven strategy

### Incubator

- Leverages Corbion fermentation skills and competencies
- Creates new growth paths for Corbion feeding into business units



# Sustainable Food Solutions



# Corbion fully aligned with key food trends



## The Sustain Domain

Consumer expectations around sustainability are higher than ever, pushing companies to prioritize eco-efficiency and making supply chains more transparent.



## Functional Focus

Today's health-conscious consumers are seeking products that support wellbeing on multiple levels. Manufacturers increasingly focus on balanced reformulation.



## Proteins Explored

Protein's health halo status continues in both plant protein, with new sources emerging, and animal protein, marketing on e.g. heritage or edible beauty.



## Clean Label Revolution

Clean label is no longer a trend, it is a rule. The industry is building on this consumer need and traditional clean label claims are evolving.



## Flavor Adventure

Consumers' desire for something different drives innovation towards ingredients that deliver (multisensory) flavor experiences, often supported by storytelling.



## Plant Based Future

The plant-based market shows no signs of slowing down. Innovation with formulations that deliver taste, texture and mouthfeel similar to meat and dairy is key.

## Food waste is a huge issue

If food waste were a country, it would be the **3RD LARGEST** country in the world by GHG emissions.

**45%**  
FRUIT &  
VEGETABLES  
FOOD LOSSES

**20%**  
DAIRY  
FOOD LOSSES

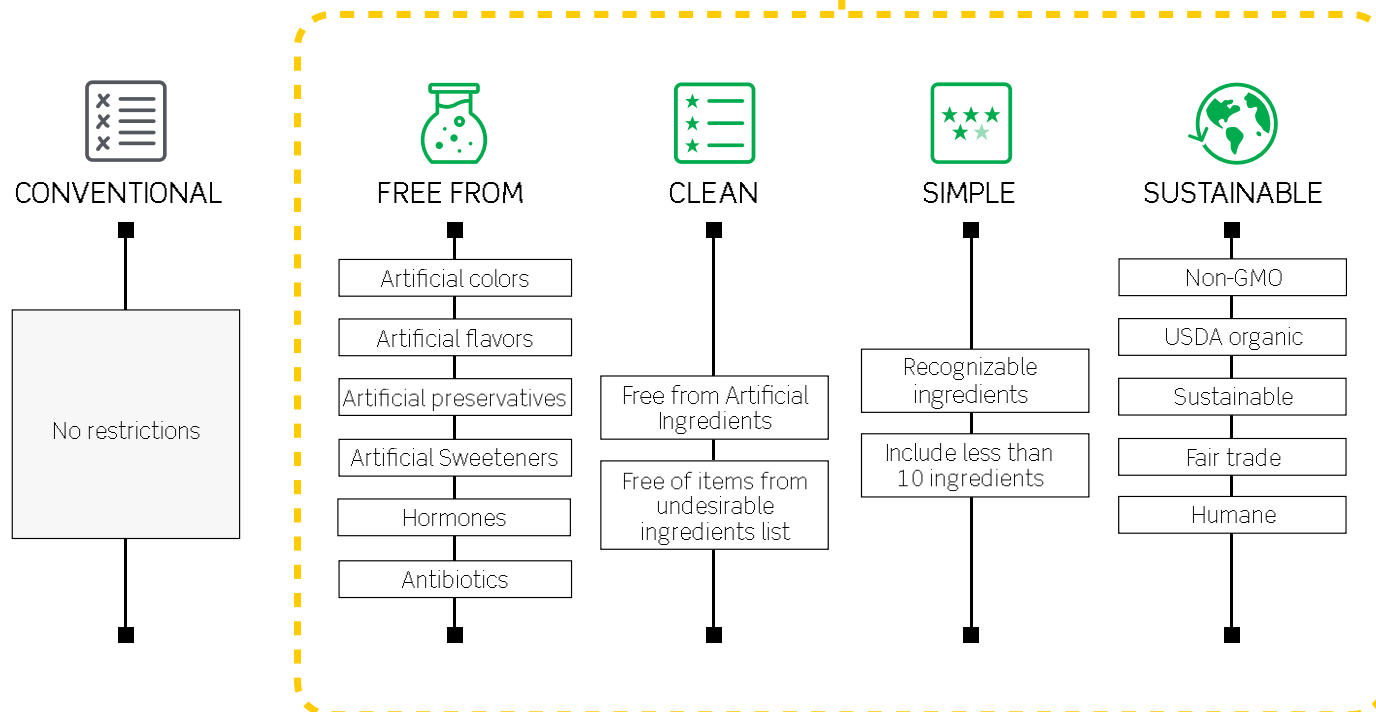
**20%**  
MEAT  
FOOD LOSSES

**30%**  
CEREALS  
FOOD LOSSES

# Clean label has hit the mainstream

## CLEAN LABEL SEGMENTS

Attributes of the five key label types



Source: Nielsen, 2015

# Increasing complexity driving change from single ingredients to solutions

## Ingredients



Flavors →

Colors →

Emulsifiers →

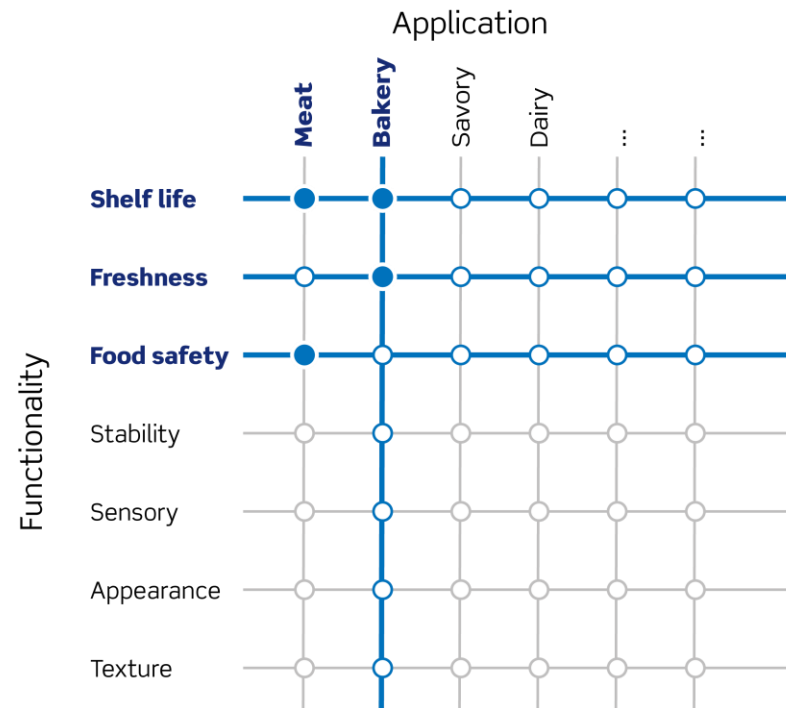
Cultures →

Enzymes →

Acidulants →

Texturizers →

## Building Solutions



# Sustainable Food Solutions: 2 key themes

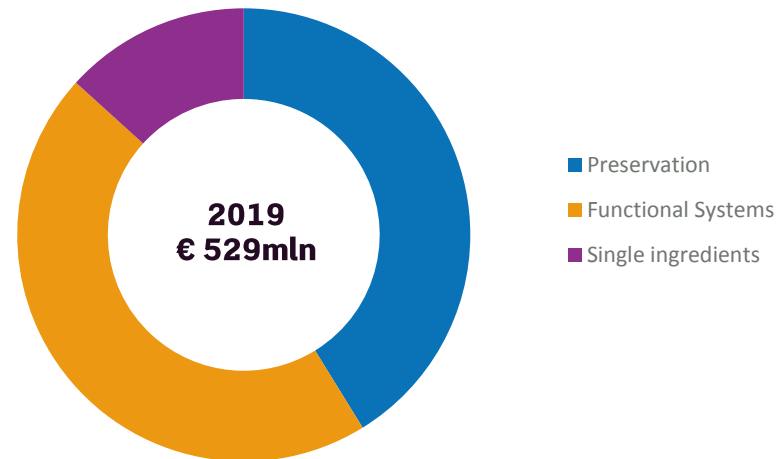
## Preservation

Fermentation-based natural preservation products and solutions

## Functional systems

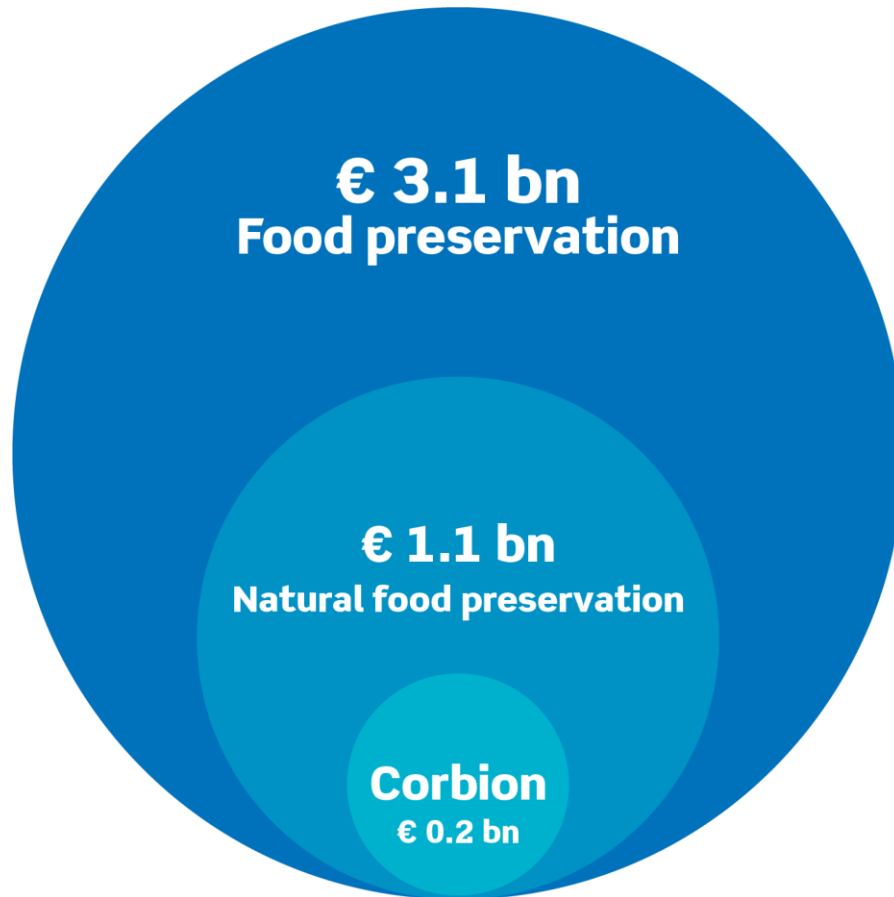
High-value blending solutions

### Sustainable Food Solutions



## Preservation

Natural preservation is growing 2x market rate

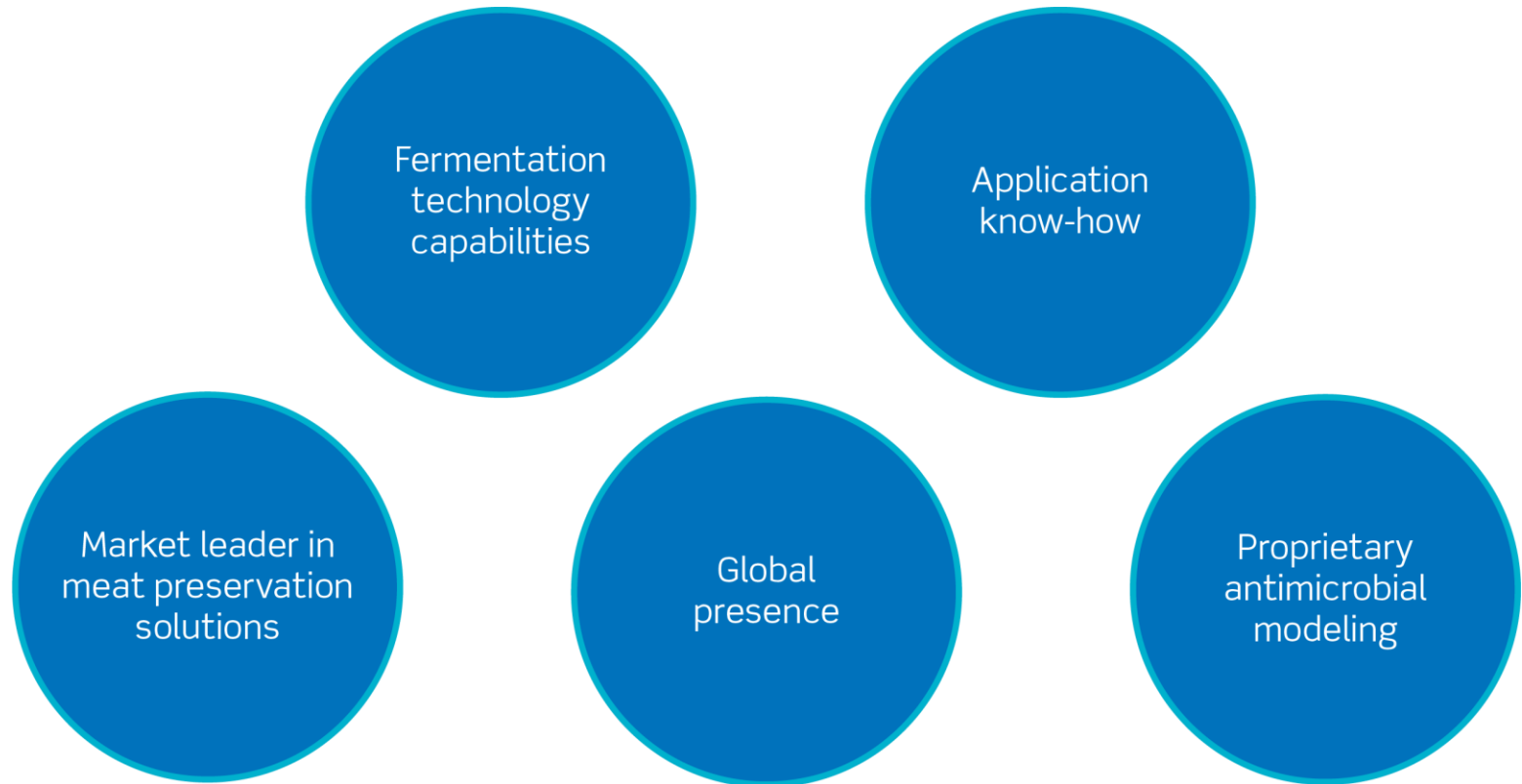


### Key themes

- Synthetic to natural
- Sodium reduction
- Nitrite replacement
- Food safety
- Food waste reduction

## Preservation

### How Corbion claims this space



## Preservation

# Expanding leadership position

## Expand leadership to adjacencies

### Meat

- On-trend clean label portfolio
- Replacing fossil-based preservatives

### Alternative protein – Meat alternatives

- Facing many of the same preservation challenges
- Already collaborating with major producers

### Other adjacencies

- Opportunity to extend to closest adjacencies like savory and bakery

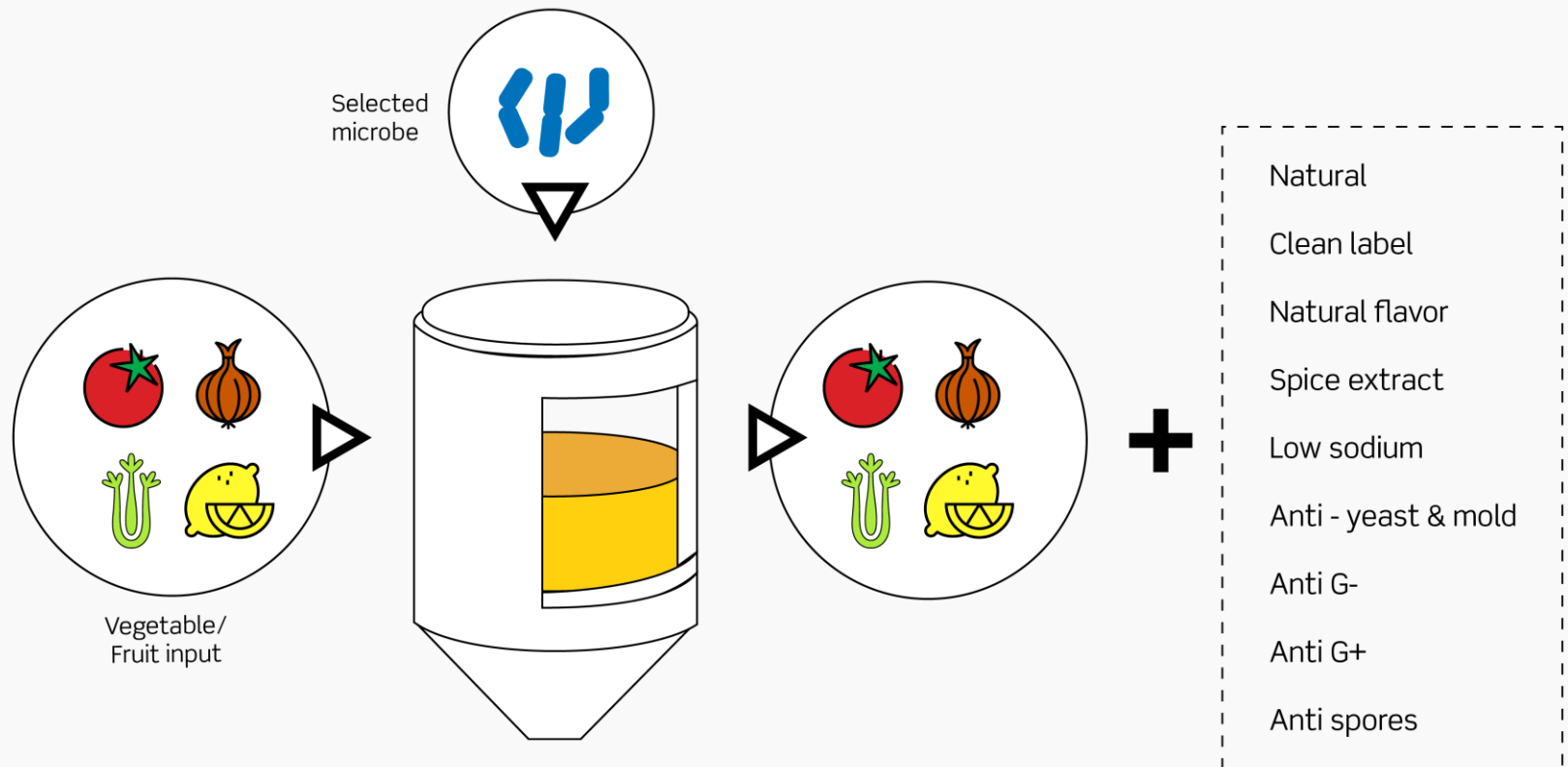
## Investing for growth

- Invest in regional applications labs
- Invest in infrastructure
- Invest in natural antioxidants and antimicrobials
- Expand R&D resources to develop natural ferments
- Bolt-on M&A



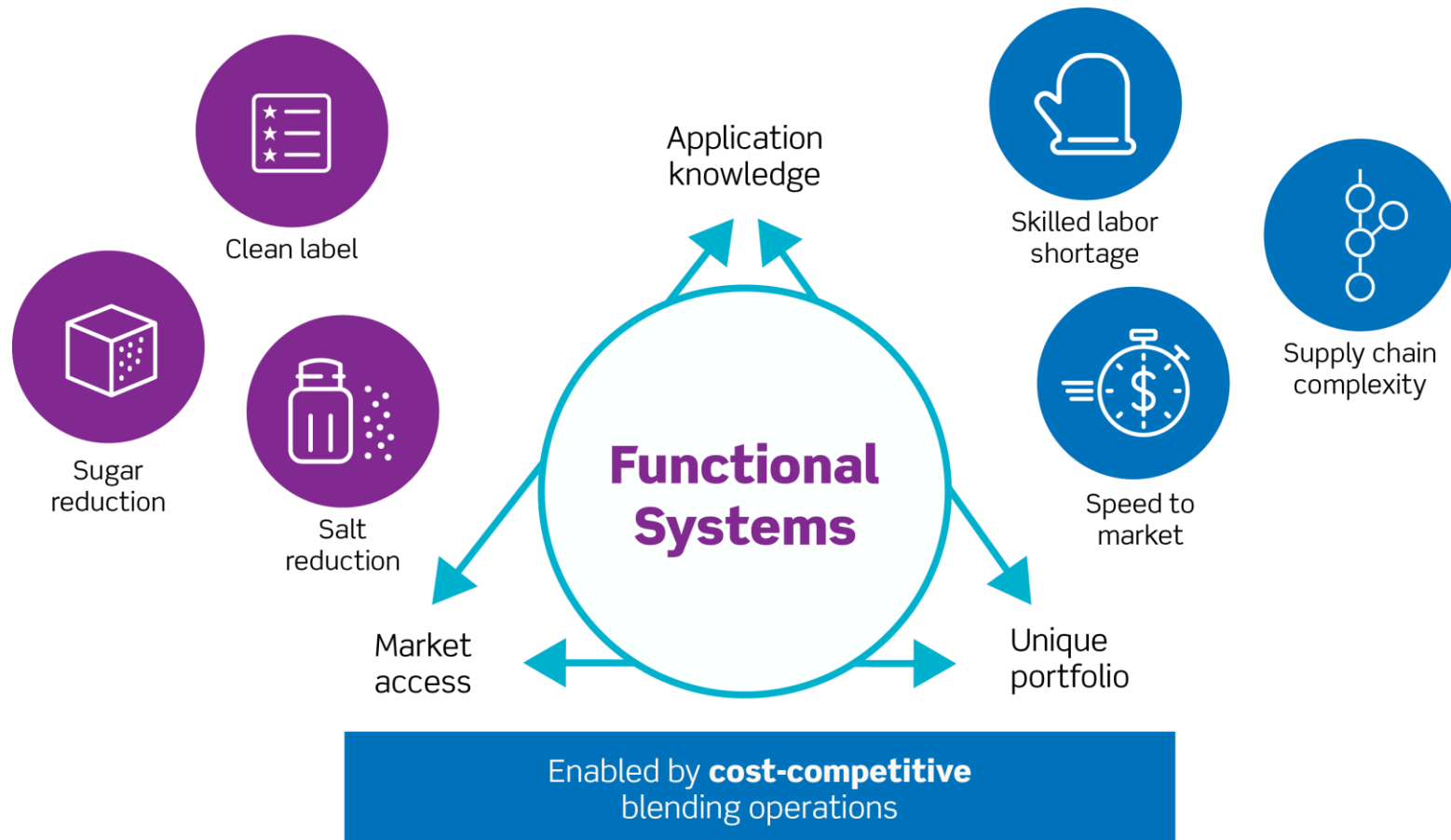
## Preservation

### Natural ferments based on vegetables & fruits



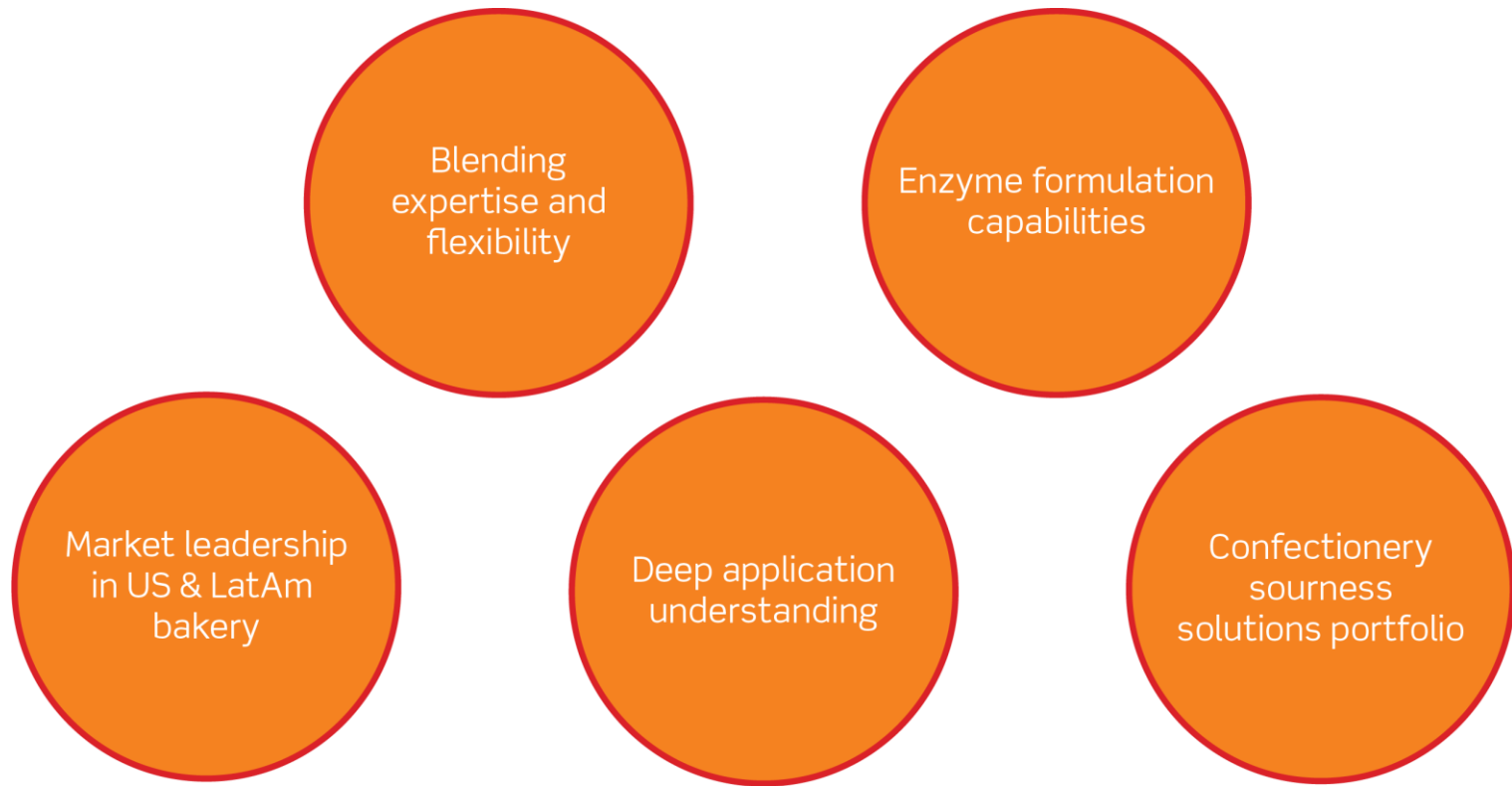
## Functional Systems

### High-value blending solutions



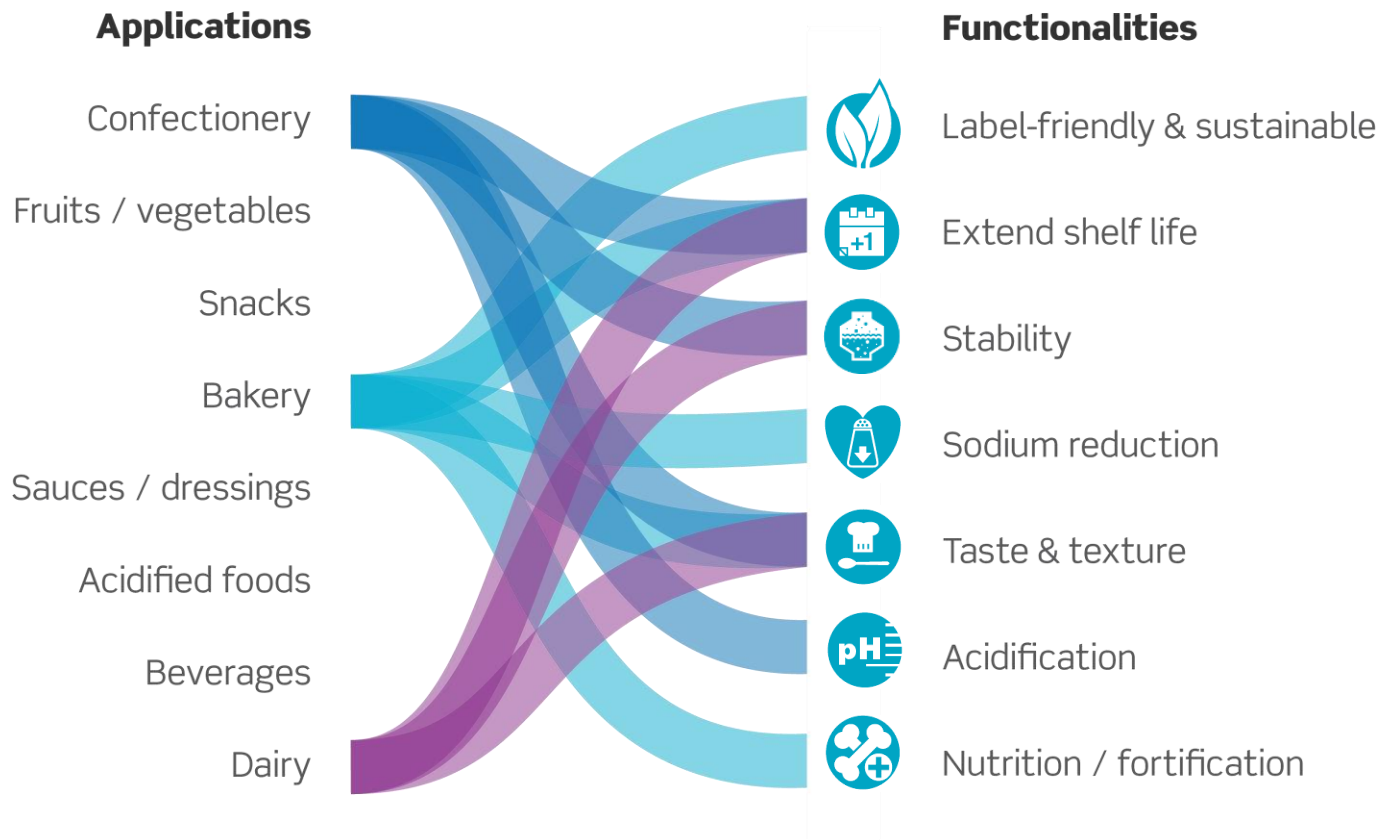
## Functional Systems

### How Corbion claims this space



## Functional Systems

### Targeting selective combinations



### Growth initiatives

#### Strengthen clean-label solution portfolio

- Expanding dough strengthening/stabilizing building blocks
- Enzyme blends
- Natural anti-mold solutions
- Move into other categories such as savory and dairy

#### Geographic expansion

- Go-to-market capabilities
- Open regional application centers
- Bolt-on regional multi-purpose blending capabilities

## Functional Systems

### Natural mold inhibition

- Naturally fermented solution
- Replacing fossil-based chemical mold inhibitors such as calcium propionate without impacting flavor and taste
- > \$ 100M market size
- Labeled (in US) as cultured dextrose
- **Competitive differentiator:** preservation knowledge leveraged in high-value solution for Functional Systems



# Lactic Acid & Specialties



# Lactic Acid & Specialties

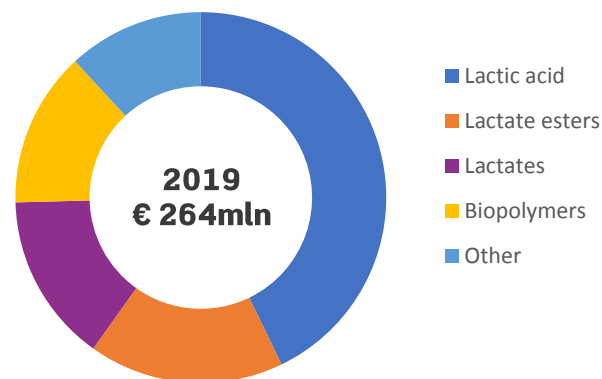
## Global market leader in lactic acid

- >40% global market share
- Corbion is leading market growth
- Product strategy
- Target #1 position in PLA through JV with Total
- Strengths: global footprint, breadth of portfolio, purity, consistency

## Growth initiatives

- New 125kT lactic acid plant by 2023
- Support PLA growth
- Additional resources for biopolymers

## Lactic acid specialties



# Lactic Acid & Specialties

## Biopolymers

- Resorbable polymers for medical/pharma applications
- >50% global market share
- Co-development model with partners
- Full R&D pipeline

### Growth initiatives

- Drug delivery (est. addressable market > € 200 mln)
  - Growth PEG-based co-polymers
  - Growth of customers' generics business
  - Broadening polymer portfolio
- FiberLive for high strength orthopedic applications (est. addressable market > € 300 mln)
- +20% staff will be added to facilitate growth

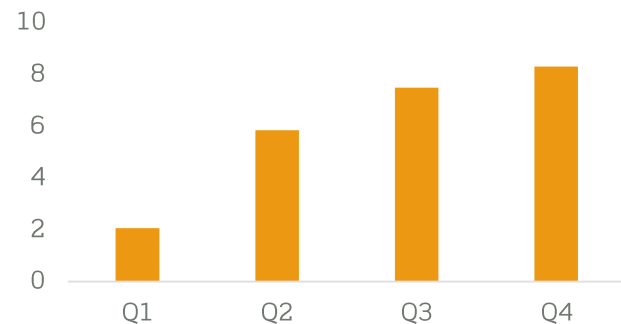


## Lactic Acid & Specialties

### Total Corbion PLA joint venture

- **Strong combination Total & Corbion (50/50 joint venture)**
  - Fully integrated manufacturing from LA to PLA
  - Total: global market access, polymer know-how & production
  - Corbion: lowest cost lactic acid
- Strong volume ramp-up since opening end of 2018
- EBITDA positive from Q2 2019
- Planning for capacity expansion

**PLA volumes 2019 (kT)**



## Lactic Acid & Specialties

### Total Corbion PLA joint venture



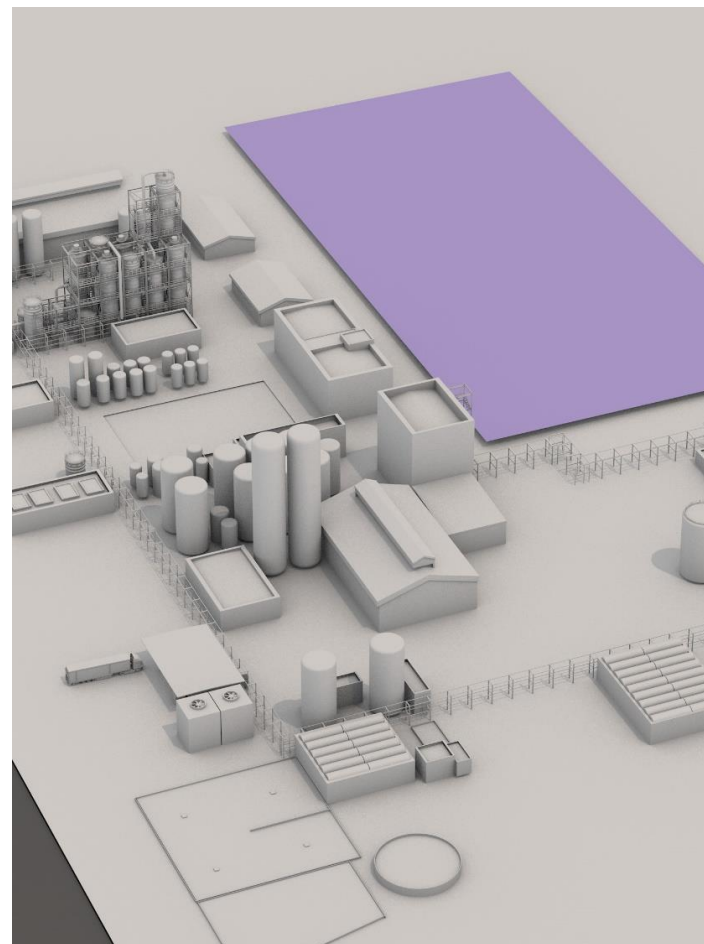
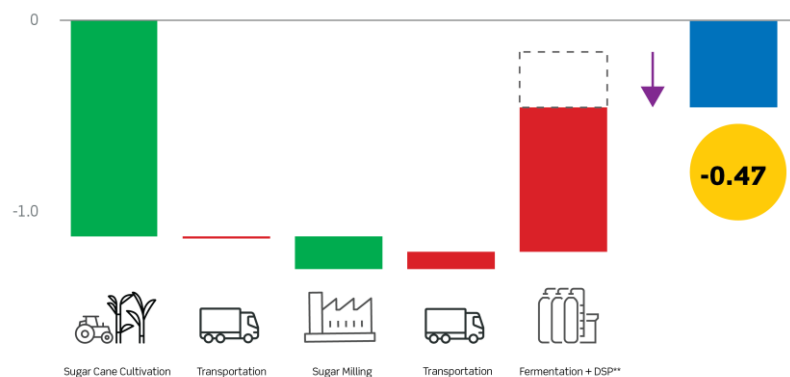
## Lactic Acid & Specialties

### Investments in lactic acid capacity

- +50 kt (\$ 35 M) capacity mid-2020, majority in Thailand
- +125 kt (\$ 190 M) capacity in 2023 in Thailand
- Gypsum-free technology
  - Lowest cost technology available
  - Lowest carbon emissions process
  - Negative carbon footprint (cradle to gate, incl. biobased uptake)

#### Large emission reduction gypsum-free production process

kg CO<sub>2</sub> per kg product - cradle to gate\*



Incubator



### 3 Major initiatives

	Omega-3	Algae-protein	Co-polymer platform
Time to commercialization	0 yr	3 yr	0-5 yr
Attainable market size	>\$ 400M	>\$ 1BN	>\$ 100M
Product type	Fatty acid	Protein	Co-polymer
Technology	Fermentation	Fermentation	Fermentation/ Polymerization

## Incubator

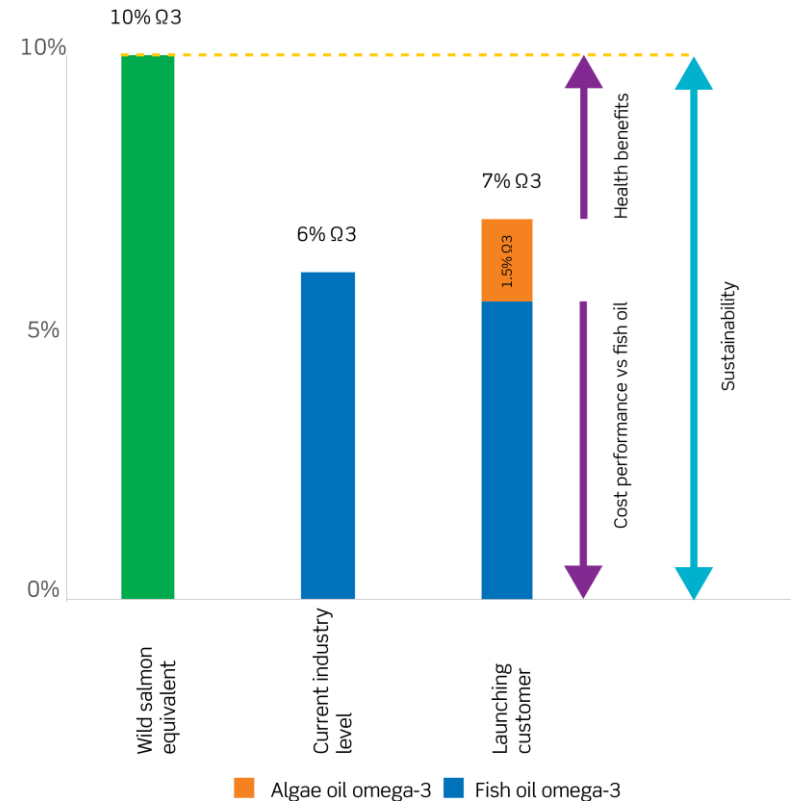
# Omega-3 (DHA): enabling sustainable aquaculture

- Sustainable algae-based source of omega-3
- Enables sustainable growth of aquaculture industry
- Every 1% addition to industry inclusion rate equates to ~\$ 100M sales for algae-based omega-3
- Development so far slower than planned due to price gap with fish oil

### Roadmap

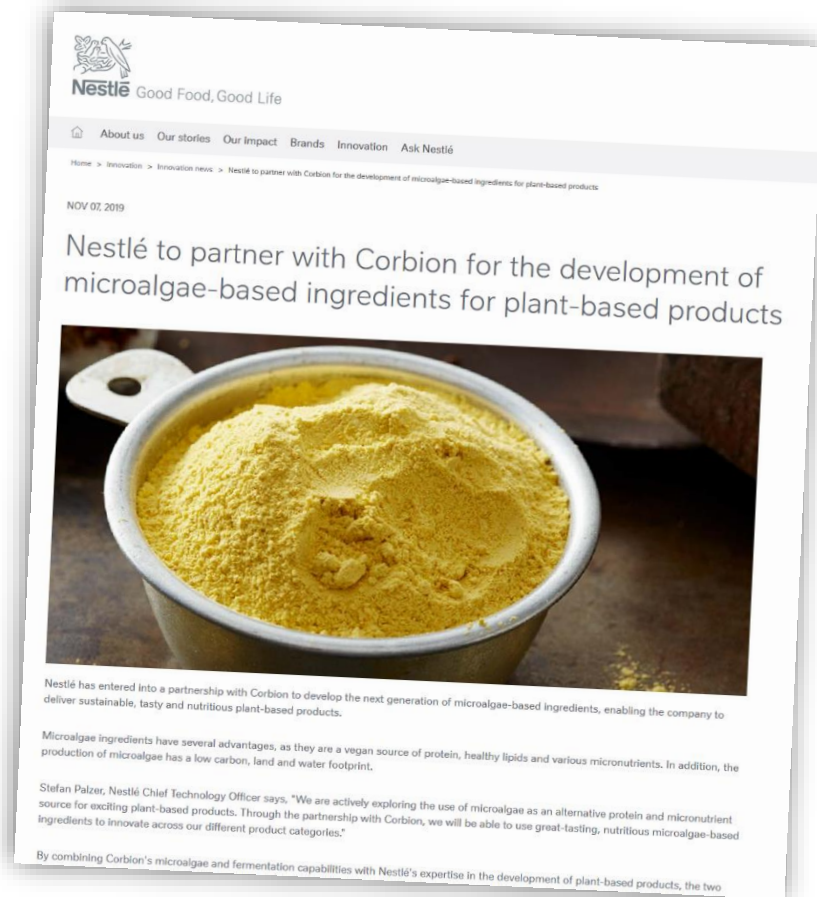
- Push: Implement more efficient strains. Brings AlgaPrime DHA at price parity with fish oil equivalent
- Pull: Continue to work with retailers charting sustainable path forward
- Achieve Adj. EBITDA break-even in 2022

### Omega-3 content salmon feed



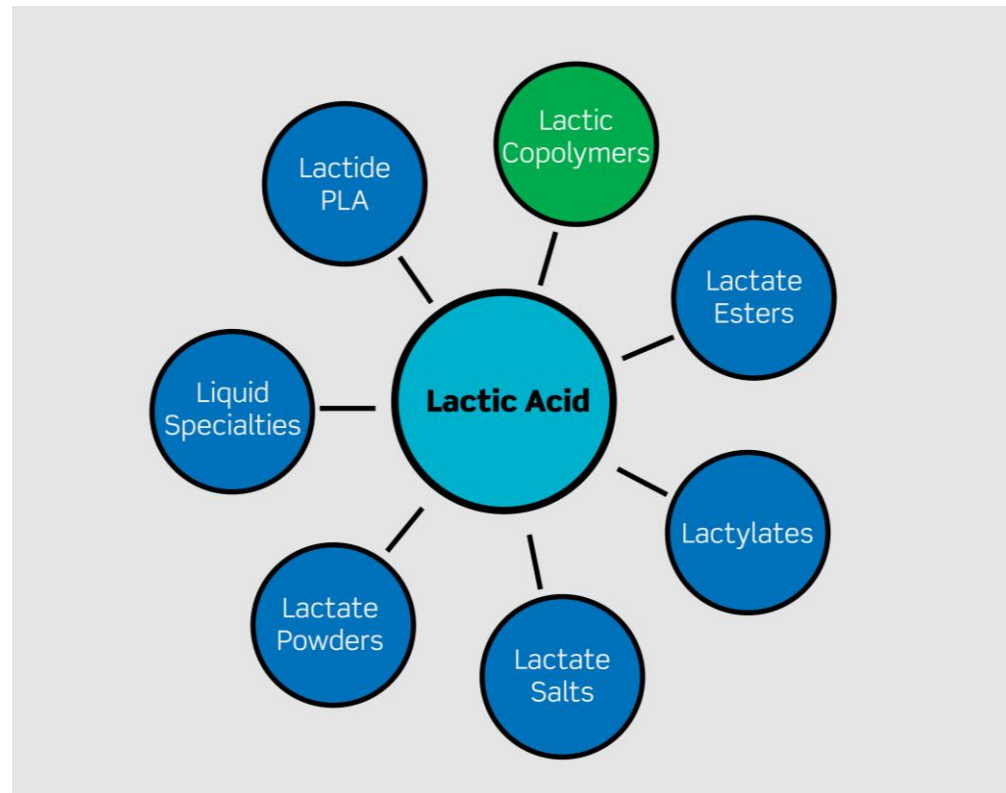
# Algae-based protein

- Algae-based protein potentially very large market due to sustainability advantage and functionality
  - Alternative plant-based protein (also vs soy and pea)
- Unique algae fermentation expertise to develop competitive product
- Joint-development agreement with Nestlé
- Potential application in drinks, snacks
- Regulatory and development time-line >36 months



# Co-polymer platform

- New growth platform of lactic acid-based co-polymers
- Long-term potential > € 100M sales p.a.
- Controlled release/encapsulation
- Strong sustainability profile
  - High biodegradability
  - Replacing fossil-based
  - Higher solution effectiveness

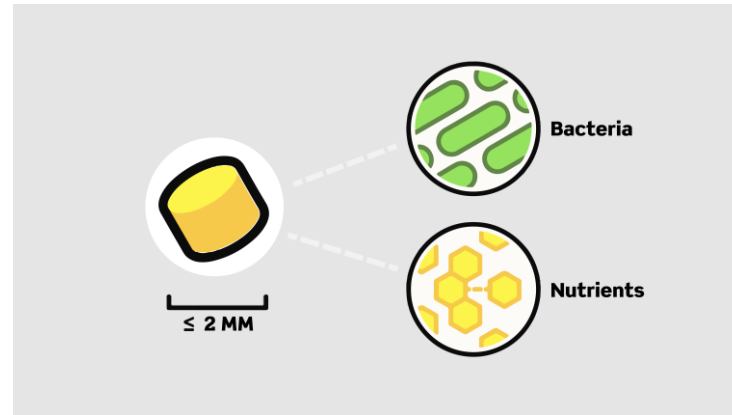


## Incubator

# Sentiall – self-healing concrete

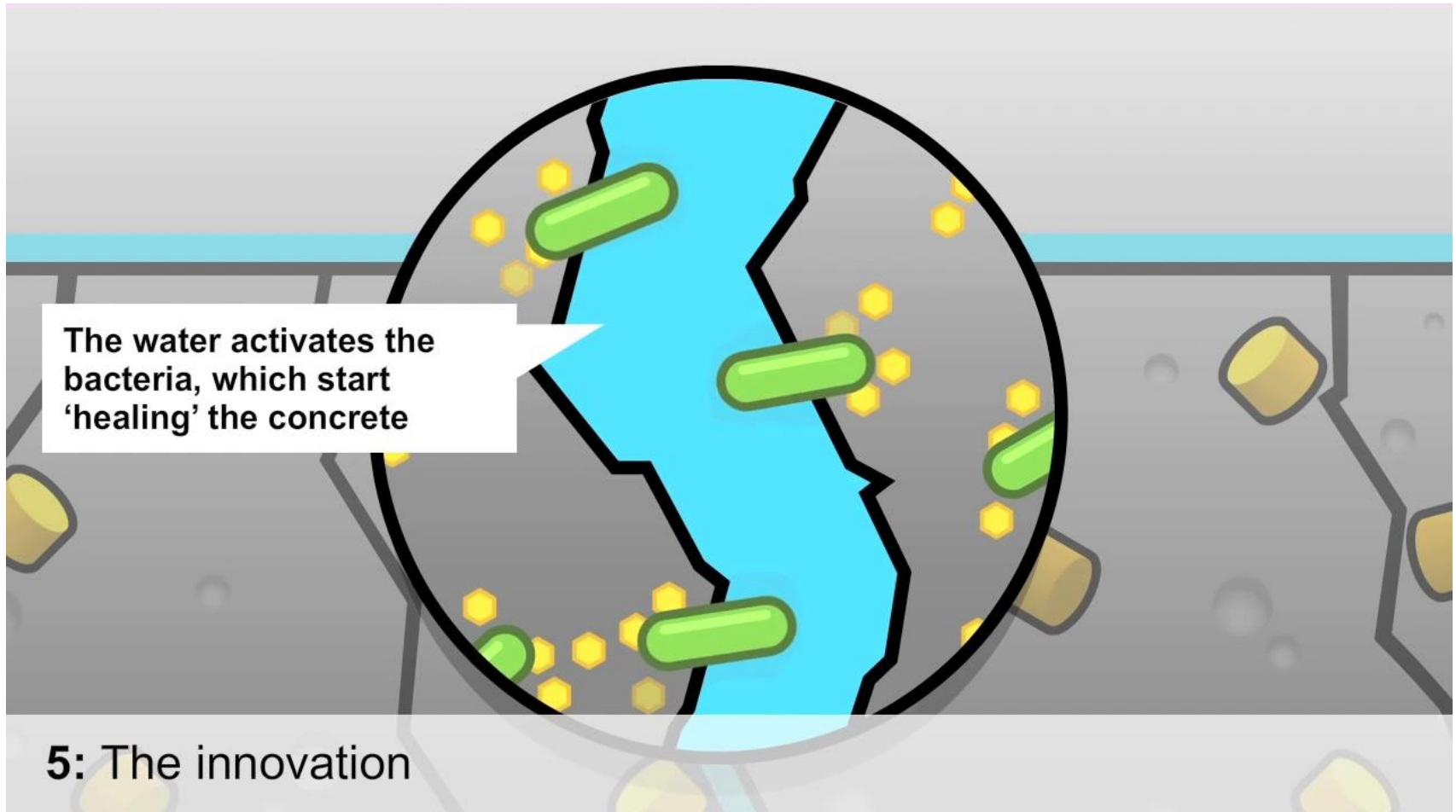
First lactic acid-based co-polymer project to market

- Bacteria release limestone to fill cracks in concrete
- Corbion developed substrate that survives construction process
- Co-created with Technical University Delft



## Incubator

### Sentiall – self-healing concrete



# Innovation

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## Innovation

### 6 major initiatives in R&D



#### **Build preservation portfolio**

Expand portfolio to cement market leadership in sustainable food preservation



#### **Build functional systems portfolio**

Develop new functional systems building on applications, enzymes, industry knowledge



#### **Maintain lactic acid leadership**

Continue sustainable process improvements to maintain LA leadership



#### **Develop new lactic acid outlets**

Drive development of new LA derivatives including encapsulation & controlled release



#### **Drive medical polymer growth**

Increase support for fast growing medical polymers business



#### **Drive algae ingredients growth**

Improve omega-3 cost position and protein portfolio

- Refocus in-house R&D to support acceleration of execution
- Pursue more open innovation, both spin in (venturing , academics...) and spin out

# Targets 2025: Measuring our success

## World

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**Responsible sourced cane sugar**  
100% verified

**Deforestation-free key raw materials**  
100% verified

**GHG emissions/mt of product**  
20% reduction since 2016

**Products with environmental claim covered by LCA**  
100%

## Business

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**Organic net sales growth**  
4-7% p.a.

**EBITDA margin**  
>17% from 2025

## Our people

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**Safety**  
Top quartile industry performance

**Engagement & Inclusion**  
Top quartile Gallup™ Global Benchmark

**Gender diversity**  
> 35% Senior & Executive Management

Targets on this page is not exhaustive list; please refer to annual reports for more information

# Break



# Financials



# Creating Sustainable Growth – Financial target review



		Target	Status 2019	
<b>Corbion</b>	Organic net sales growth	3-6%	3.1%*	V
<b>Ingredient Solutions</b>	Organic net sales growth	2-4%	1.5%*	X
<b>Food</b>	Organic net sales growth	1-3%	2.0%*	V
<b>Biochemicals</b>	Organic net sales growth	3-10%	0.2%*	X
<b>Ingredient Solutions</b>	EBITDA Margin	>19%	19.4%**	V
<b>Ingredient Solutions</b>	ROCE	>20%	22.2%	V
<b>Innovation Platforms</b>	Organic net sales growth	>20%	50%*	V
	Profitability	Approaching break-even 2021	€ -34M	
<b>Total Company</b>	Capex recurring p.a.	€ 60-70M	€ 60M**	V

\* CAGR 2017 - 2019

\*\* average 2018 - 2019

**Targets have all been met, except for organic sales growth**

# New reporting structure

	Core 	Non-core 	
	Manage for Growth	Manage for Value	Manage for Exit
SUSTAINABLE FOOD SOLUTIONS	<ul style="list-style-type: none"><li>● Preservation</li><li>● Functional systems</li><li>● Single ingredients</li></ul>	<ul style="list-style-type: none"><li>● Emulsifiers</li></ul>	<ul style="list-style-type: none"><li>● Frozen dough</li><li>● Co-packing blending</li></ul>
LACTIC ACID & SPECIALTIES	<ul style="list-style-type: none"><li>● Lactic acid</li><li>● Lactic acid derivatives</li><li>● Biopolymers</li></ul>		
INCUBATOR	<ul style="list-style-type: none"><li>● Omega - 3 (DHA)</li><li>● Algae protein</li><li>● Co-polymer platform</li></ul>		<ul style="list-style-type: none"><li>● Thrive</li><li>● FDCA</li></ul>
TOTAL CORBION PLA JOINT VENTURE (50/50)	<ul style="list-style-type: none"><li>● Poly Lactic Acid (PLA)</li></ul>		

# Key Value Drivers

## Sales growth

- SFS: Preservation, Functional Systems
- LAS: LA for PLA, medical polymers
- Incubator: omega 3 (DHA), co-polymer platform

## Mix Improvements

### Above average growth of higher margin business:

- Lactic Acid & Specialties > Sustainable Food Solutions
- Specialty, Clean label food solutions > Standard
- Biopolymers > Lactic Acid & Specialties

## Supply chain Improvements

### New lactic acid plant (2023)

- Optimizing lactic acid footprint

## Reduced losses Incubator

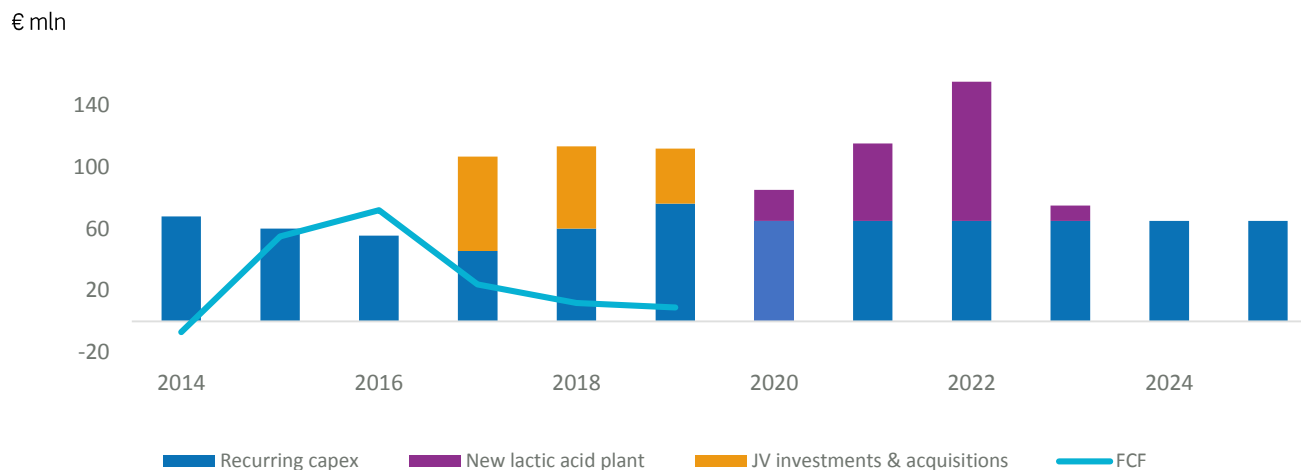
- Towards EBITDA break-even on algae-based omega-3 in 2022
- Other Incubator EBITDA investment: 0.5% - 1.5% of Corbion core sales

## Targets for core

- Organic net sales growth of 4-7% p.a.
- Increase Corbion EBITDA margin to >17% by 2025 (FY19: 15.1%)

# Capital Expenditures

## Capex, Investments & Free Cash Flow



- Recurring capex guidance € 60-70M excluding new plants
- Non-recurring capex 2020 – 2023: US\$ 190M (new lactic acid plant Thailand)
- Subject to additional significant investments in lactic acid and/or PLA capacity

## Net debt ratio will reflect further investments in growth

- **Net debt/EBITDA target of 2.0x over the cycle**
  - Changed IFRS lease accounting raises ratio by 0.3x without changed risk profile
  - Raising our chances of success to capture unique growth opportunities
- **Net debt/EBITDA estimated to peak at ~2.5x during construction period of new lactic acid plant**

# Dividend

## Proposal 2019

- € 0.56 per share
- Pay out ratio: 72% of Adjusted Result after tax
- Dividend Cashflow: EUR 32.9M (58.8M shares)
- Payment date: 19 May 2020

## Dividend policy 2020 - 2025

- Ambition to pay out annually a stable to gradually increasing absolute dividend amount per share
- Subject to annual review:
  - Capex: additional lactic acid and/or PLA capacity
  - M&A / Divestments

# Financial guidance

## Financial targets on core activities

## Target

Core	Organic net sales growth	4 - 7% p.a.
Core	EBITDA margin	>17% from 2025

## Underlying ambitions

Sustainable Food Solutions	Organic net sales growth	~3%
Lactic Acid & Specialties	Organic net sales growth	~7%
Incubator: omega-3	EBITDA	Break-even in 2022
Incubator: other	EBITDA investment	0.5 - 1.5% of Corbion core sales
Corbion	Capex recurring	€ 60M - 70M p.a.
Corbion	Capex new plants	2020-2022 avg. € 55M p.a.
Corbion	ROCE	>WACC

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**Gender diversity**  
> 35% Senior & Executive Management

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“  
To be a true leader  
in the circular  
economy, we need to  
lead by example and  
do our part to achieve  
the Paris Agreement.

Olivier Rigaud, CEO



SCIENCE  
BASED  
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

## Corbion's carbon footprint reduction targets are approved by the Science Based Targets initiative.

Corbion commits to reduce CO<sub>2</sub> emissions related to energy, key raw materials and transport by 33% per ton of product, by 2030 from a 2016 base year.

We can actively drive change in the way we feed people, use land, water and lower emissions to create value and a sustainable future by:

- Engaging our employees and stakeholders
- Making it an integral part of our economic model
- Committing to Science Based Targets



# Restated Financial Statements

	2017	2018	1Q19	2Q19	3Q19	4Q19	2019
Net sales							
Sustainable Food Solutions	494.7	471.4	120.0	133.0	138.5	137.8	529.3
Lactic Acid & Specialties	228.3	252.3	65.7	63.8	69.0	65.3	263.8
Incubator	1.7	8.8	1.4	3.5	6.0	2.4	13.3
Core	724.6	732.6	187.2	200.3	213.4	205.6	806.5
Non-core	167.1	164.7	41.7	42.7	43.7	41.8	169.9
Total	891.7	897.2	228.9	243.0	257.1	247.4	976.4
Adjusted EBITDA							
Sustainable Food Solutions	86.9	70.4	21.1	23.1	22.7	22.2	89.1
Lactic Acid & Specialties	47.2	51.2	15.5	14.0	15.1	12.1	56.7
Incubator	(4.4)	(16.6)	(7.7)	(6.5)	(4.0)	(6.0)	(24.3)
Core	129.7	104.9	28.9	30.6	33.8	28.3	121.5
Non-core	34.3	26.7	6.1	5.9	7.0	5.5	24.4
Total	164.1	131.6	34.9	36.4	40.8	33.8	145.9
Adjusted EBITDA margin							
Sustainable Food Solutions	17.6%	14.9%	17.6%	17.4%	16.4%	16.1%	16.8%
Lactic Acid & Specialties	20.7%	20.3%	23.5%	21.9%	21.9%	18.5%	21.5%
Incubator	N/M	N/M	N/M	N/M	N/M	N/M	N/M
Core	17.9%	14.3%	15.4%	15.3%	15.8%	13.8%	15.1%
Non-core	20.6%	16.2%	14.6%	13.7%	15.9%	13.2%	14.4%
Total	18.4%	14.7%	15.3%	15.0%	15.9%	13.7%	14.9%