



Corbion

## H1 2017 RESULTS

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# Highlights H1 2017 results

- **Organic net sales decline of 0.9%, mostly volume driven**
  - Net sales increase of 1.4%
  - Food: Meat & Other doing well; Bakery declining
  - Biochemicals: Strong performance in Agrochemicals & Electronics, offset by Animal Health
- **EBITDA excluding one-off items EBITDA € 88.3M (H1 2016: € 89.8M): -1.7%**
  - Organic decrease of 6.2% due to 1) higher input costs, 2) lower volumes in Bakery offset by continued business mix improvements
- **All preference shares have been converted into ordinary shares**
- **PLA: Joint venture with Total finalized, March 2nd**

## Potential acquisition of most of TerraVia assets (1/2)

- Corbion has bid \$20M for substantially all of TerraVia's assets
- Innovative **microalgae fermentation company** with extensive patent portfolio
- Production of high-value ingredients for food, feed, and personal care



**Omega-3 DHA  
algae biomass**

New source of DHA addresses major supply gap in aquaculture



**Functional fats and  
oils**

Tailored triglycerides for e.g. bakery fats and healthy cooking oils



**Specialty fatty  
acids**

High purity fatty acids as additional supply source besides palm



**Whole algae  
proteins and lipids**

Healthy lipid-powder and plant-based proteins – dairy free, vegetable source

- Ties in with Corbion via our:
  - 80 years expertise running **large-scale fermentation**
  - **application development capabilities** and **market access**
  - Input of same main raw material, **sugar**

# Potential acquisition of most of TerraVia assets (2/2)

## Assets in scope

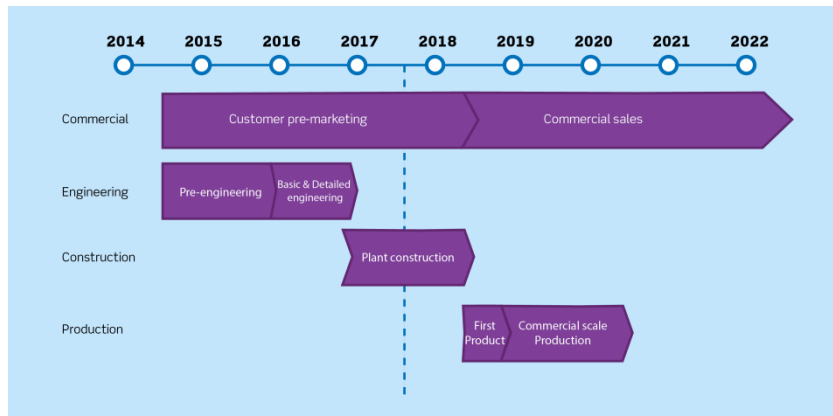
- 50.1% Equity share in **SB Oils JV** with Bunge (49.9%): Brazil production plant
- US based assets:
  - **People** (mainly R&D, business development)
  - **Patents**: 70+ patents
  - **Demo plant** (Peora, IL) including land
  - **Pilot/Lab facilities** (San Francisco, CA)

## Process

- Bankruptcy (Chapter 11) filed by TerraVia on August 2nd
- Corbion is now **“stalking horse”/lead bidder**
- Auction process: September
- Estimated timing: **60-90 days** until closing

# PLA update

- **50/50 Joint-venture with Total established** on 2nd March 2017
- All material **permits obtained**, on schedule
- **Construction on track**
  - Tank installation completed
  - 95% of piping completed





# H1 2017 Financial Results

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# Profit & Loss: H1 2017 and Q2

€ million	YTD			Q2		
	2017	2016	%	2017	2016	%
Net Sales	461.9	455.7	1.4%	232.0	227.4	2.0%
<b>EBITDA excl. one-off items</b>	<b>88.3</b>	<b>89.8</b>	-1.7%	<b>40.5</b>	<b>46.1</b>	-12.1%
<i>EBITDA %</i>	<i>19.1%</i>	<i>19.7%</i>		<i>17.5%</i>	<i>20.3%</i>	
Depreciation & Amortization	(20.6)	(24.1)	-14.5%	(8.5)	(12.2)	-30.3%
One-off items	5.4	(2.3)	N/M	0.1	(1.3)	
<b>EBIT</b>	<b>73.1</b>	<b>63.4</b>	<b>15.3%</b>	<b>32.1</b>	<b>32.6</b>	<b>-1.4%</b>
Financial income/expenses	(7.5)	(2.5)	N/M	(5.6)	(0.2)	N/M
Result joint ventures/assoc.	(2.1)	(0.2)	N/M	(1.5)	(0.1)	N/M
Taxes	(15.2)	(0.3)	N/M	(7.9)	6.5	N/M
<b>Result after tax</b>	<b>48.3</b>	<b>60.4</b>	<b>-20.0%</b>	<b>17.1</b>	<b>38.8</b>	<b>-55.9%</b>
<b>EPS</b>	<b>0.84</b>	<b>1.00</b>	<b>-16.1%</b>	<b>0.31</b>	<b>0.65</b>	

- **EBITDA excl. one-off items -1.7 % in H1 2017** through:
  - Lower volumes
  - Price/mix improvements
  - Higher input costs (mainly sugar)
- **EBITDA excl. one-off items margin decreased to 19.1% (H1 2016: 19.7%)**
  - Biobased Ingredients margin: 20.3% (H1 2016: 20.7%)
- **One-off items** on EBIT level of +€ 5.4M, mostly related to gain related to subsidiary sale to JV
- **Net result** of € 48.3M (-20.0%)
  - H1 2016: Deferred Tax valuation
- **EPS H1 2017: € 0.84 (-16.1%)**

# Sales Growth per segment in H1/Q2 2017

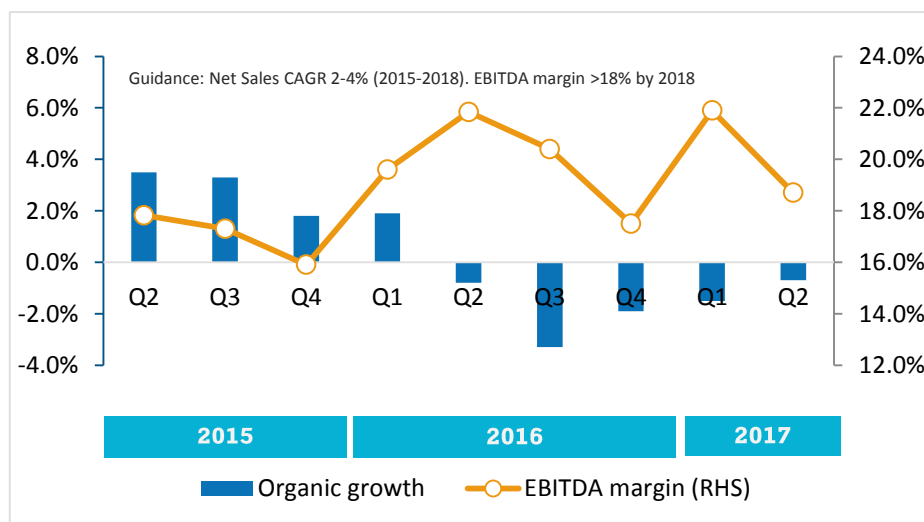
	Total growth	Currency	Total growth at constant currency	Acquisitions/Divestments	Organic	Price/Mix	Volume
<b>YTD 2017 vs 2016</b>							
<b>Biobased Ingredients</b>	<b>1.2%</b>	<b>3.1%</b>	<b>-1.9%</b>	<b>-0.8%</b>	<b>-1.1%</b>	<b>1.6%</b>	<b>-2.7%</b>
- Food	-0.1%	3.4%	-3.5%	-1.1%	-2.4%	1.9%	-4.3%
- Biochemicals	5.4%	2.0%	3.4%	0.0%	3.4%	0.2%	3.2%
<b>Biobased Innovations</b>	<b>7.1%</b>	<b>3.7%</b>	<b>3.4%</b>	<b>0.0%</b>	<b>3.4%</b>	<b>-29.4%</b>	<b>50.8%</b>
<b>Total</b>	<b>1.4%</b>	<b>3.1%</b>	<b>-1.7%</b>	<b>-0.8%</b>	<b>-0.9%</b>	<b>0.7%</b>	<b>-1.6%</b>
<b>Q2 2017 vs Q2 2016</b>							
<b>Biobased Ingredients</b>	<b>0.8%</b>	<b>2.4%</b>	<b>-1.6%</b>	<b>-0.9%</b>	<b>-0.7%</b>	<b>1.6%</b>	<b>-2.3%</b>
- Food	0.2%	2.7%	-2.5%	-1.1%	-1.4%	2.3%	-3.7%
- Biochemicals	2.8%	1.6%	1.2%	0.0%	1.2%	-2.0%	3.2%
<b>Biobased Innovations</b>	<b>52.8%</b>	<b>6.0%</b>	<b>46.8%</b>	<b>0.0%</b>	<b>46.8%</b>	<b>-26.2%</b>	<b>107.4%</b>
<b>Total</b>	<b>2.0%</b>	<b>2.5%</b>	<b>-0.5%</b>	<b>-0.8%</b>	<b>0.3%</b>	<b>0.3%</b>	<b>0.0%</b>



# Biobased Ingredients

€ million	YTD 2017	YTD 2016	Q2 2017	Q2 2016
Net Sales	449.9	444.5	223.9	222.1
Organic growth	-1.1%	0.5%	-0.7%	-0.8%
<b>EBITDA excl. one-off items</b>	<b>91.2</b>	<b>92.1</b>	<b>41.8</b>	<b>48.5</b>
Margin	20.3%	20.7%	18.7%	21.8%
ROCE	27.5%	30.4%	25.1%	31.9%

- Organic sales growth in H1 2017: - 1.1%
- EBITDA margin decrease to 20.3% (H1 2016: 20.7%)
  - Lower volumes
  - Higher input costs (sugar)
  - Improved business mix
- ROCE decreased to 27.5% (H1 2016: 30.4%)



# Business Segment Food

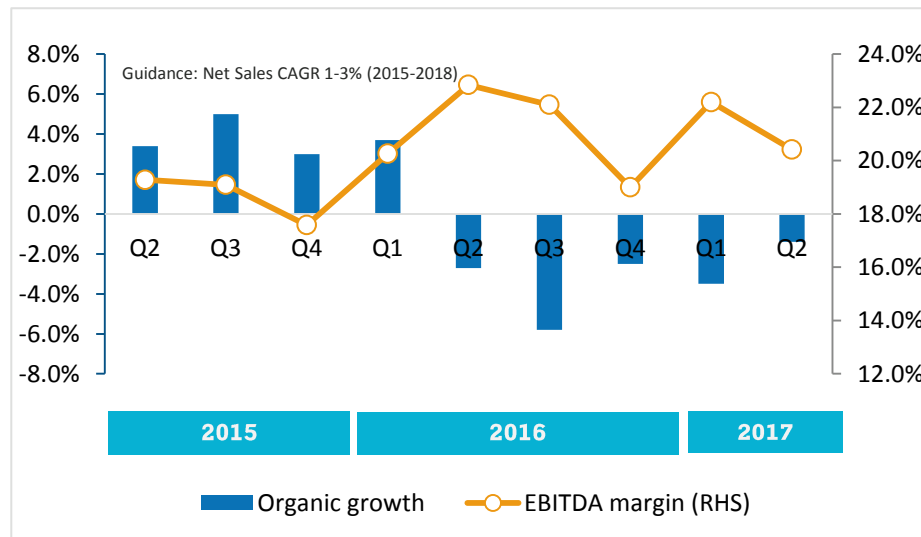
€ million	YTD 2017	YTD 2016	Q2 2017	Q2 2016
Net Sales	336.4	336.8	169.0	168.7
Organic growth	-2.4%	0.4%	-1.4%	-2.7%
<b>EBITDA excl. one-off items</b>	<b>71.7</b>	<b>72.6</b>	<b>34.5</b>	<b>38.5</b>
Margin	21.3%	21.6%	20.4%	22.8%

## H1 2017 key items

- **Organic sales growth of -2.4%**
- **Margin decrease** from higher input costs, lower volumes partly offset by improved business mix.

## Q2 key items

- **Bakery:** less pronounced sales reduction in Q2 than in Q1
- **Meat:** Strong performance
  - US: Clean label
  - RoW: growth especially driven by LatAm
- **Other segments:** Slight decline



# Business Segment Biochemicals

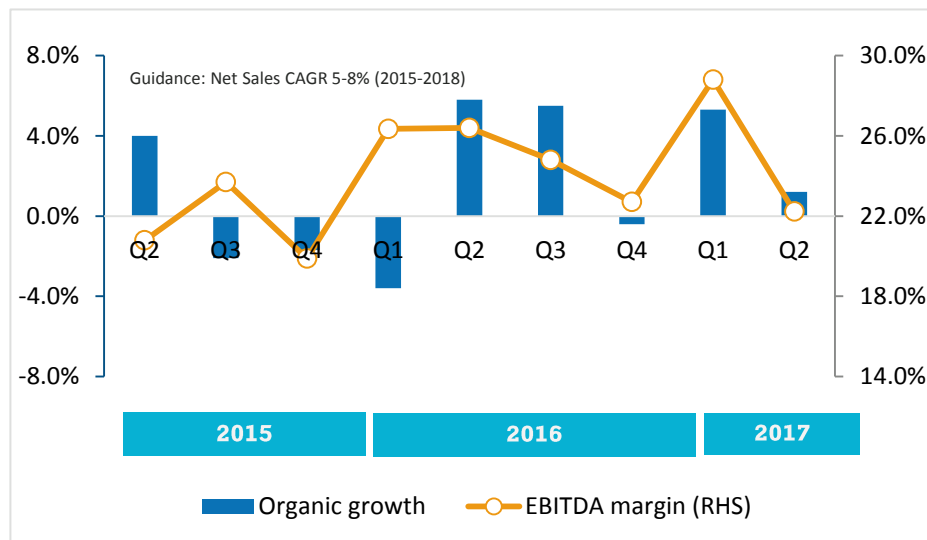
€ million	YTD 2017	YTD 2016	Q2 2017	Q2 2016
Net Sales	113.5	107.7	54.9	53.4
Organic growth	3.4%	0.9%	1.2%	5.8%
<b>EBITDA excl. one-off items</b>	<b>29.1</b>	<b>28.4</b>	<b>12.2</b>	<b>14.1</b>
Margin	25.6%	26.4%	22.2%	26.4%

## H1 2017 key items

- **Organic sales growth** of 3.4%
- **Margin decline** from higher input costs partly offset by better business mix

## Q2 key items

- Slower quarter in pharma/medical due to quarterly phasing in 2017
- All other segments grew except for animal health
- Notable recovery in agrochemicals after 2 years of decline



# Biobased Innovations

€ million	YTD 2017	YTD 2016	Q2 2017	Q2 2016
Net Sales	12.0	11.2	8.1	5.3
Organic growth	3.4%	57.7%	46.8%	58.9%
<b>EBITDA excl. one-off items</b>	<b>(2.9)</b>	<b>(2.3)</b>	<b>(1.3)</b>	<b>(2.4)</b>
Margin	-24.2%	-20.7%	-16.0%	-44.9%



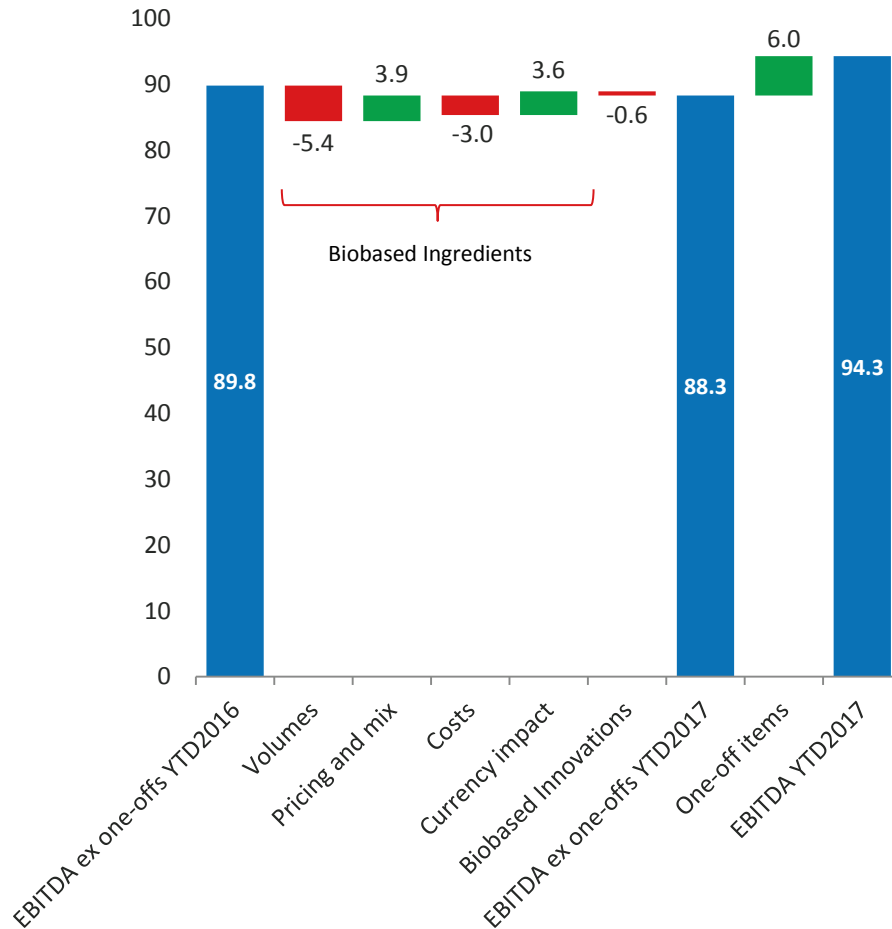
## H1 2017 key items

- Lactide/PLA sales no longer reported in Biobased Innovations from March onwards

## Q2 key items

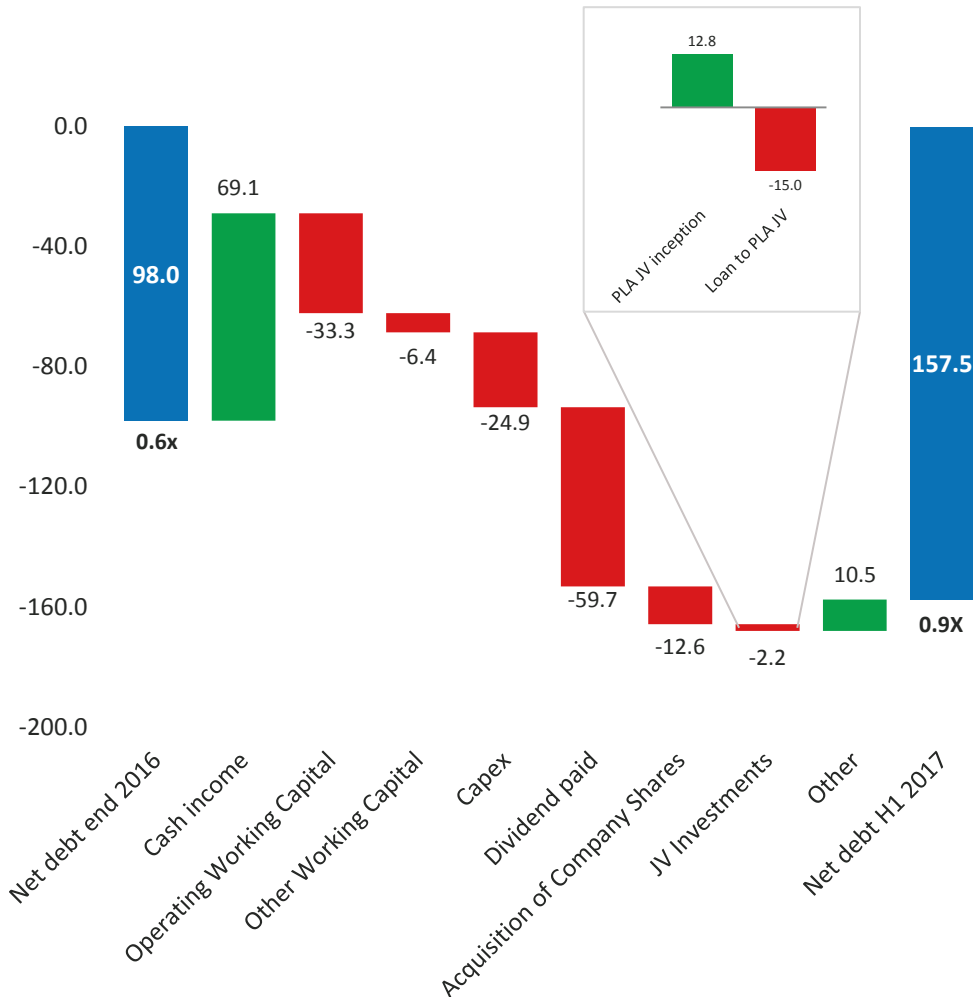
- Increase in sales mostly reflects higher volumes sold to Total Corbion PLA joint venture
- Negative price/mix because lactic acid sales are sold at lower price/kg than lactide/PLA

# EBITDA bridge H1 2017



- **Organic decline** mostly due to lower volumes
- Main **price/mix** components:
  - Higher input costs
  - Business mix improvement in Food and Biochemicals
- **Cost level** including general inflation
- **Currency impact** limited

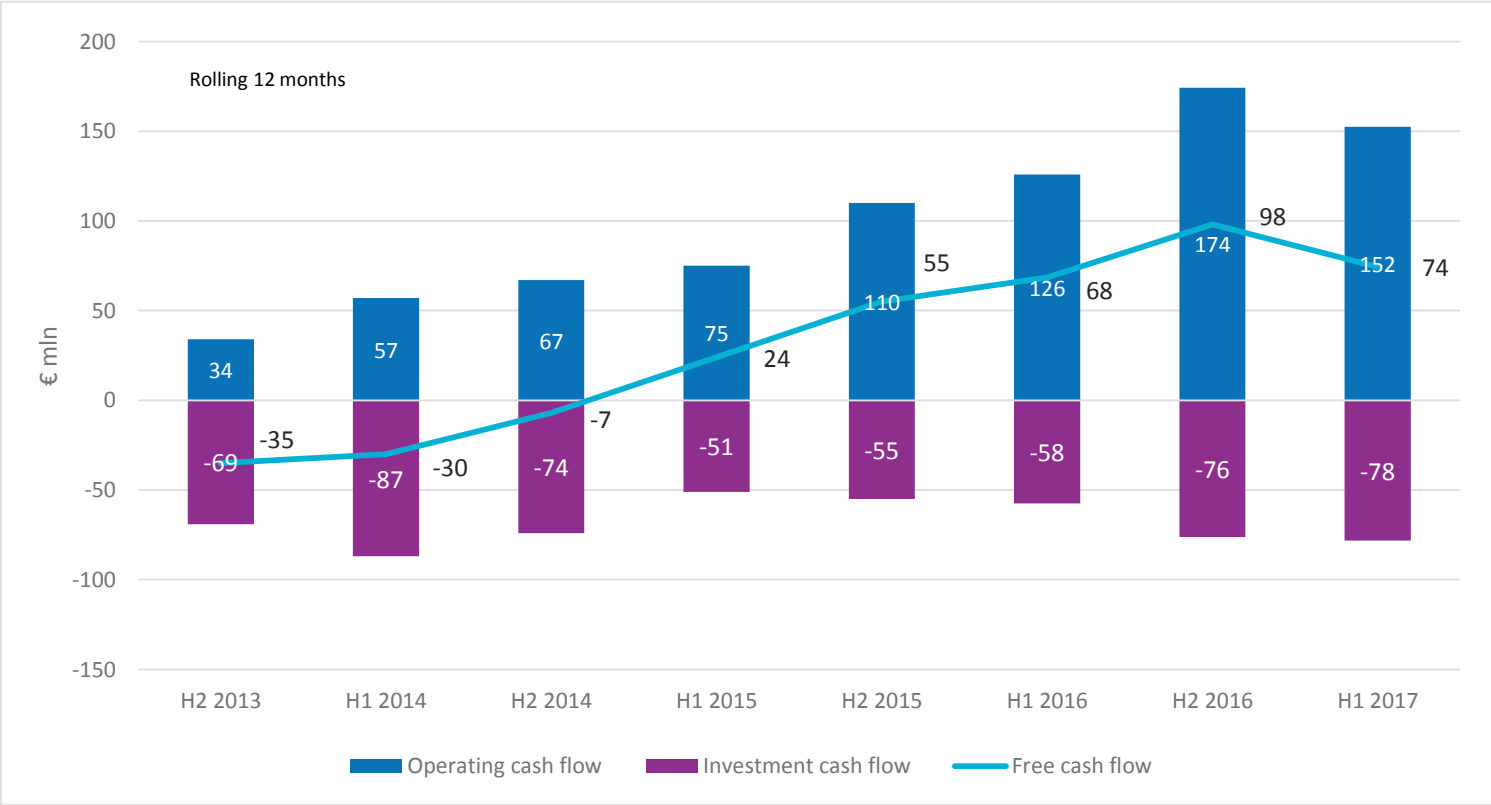
# Net debt bridge H1 2017



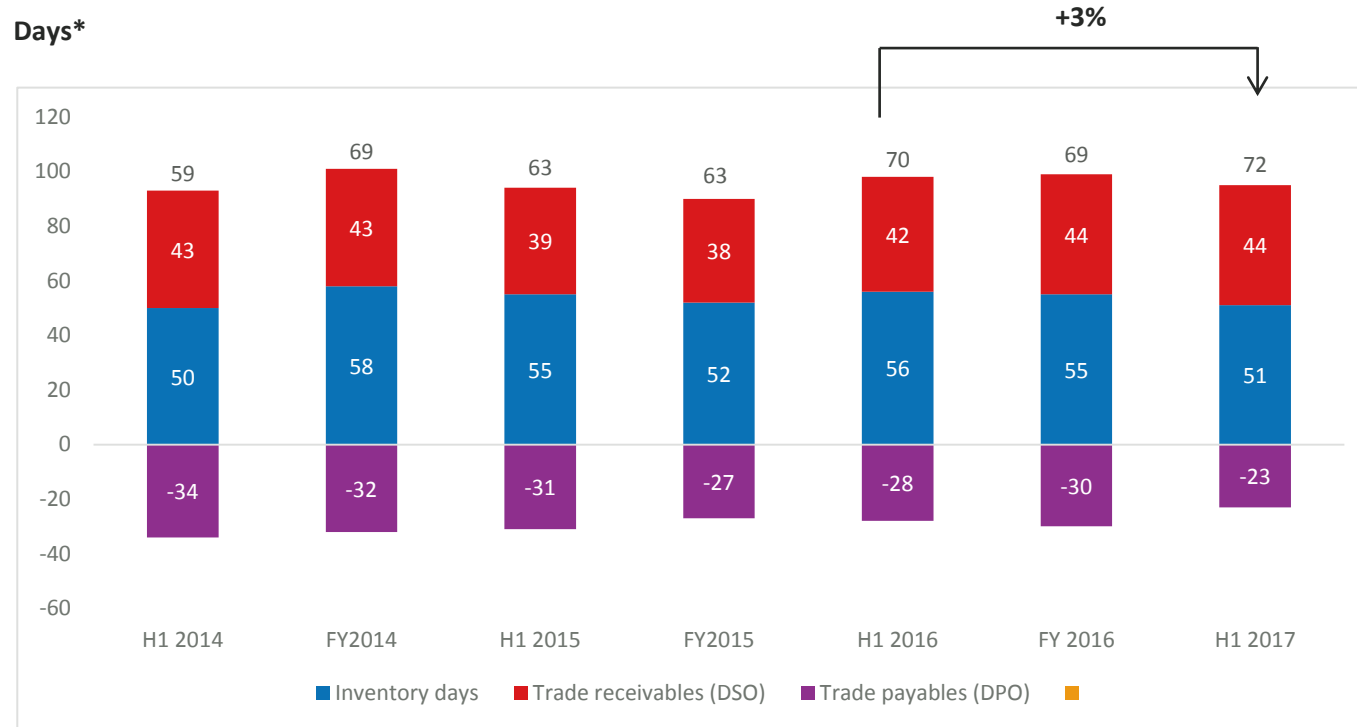
- **Net debt/EBITDA** ratio increased to 0.9x (end 2016: 0.6x)
- **Net debt** position of € 157.5M per end of H1 2017
- **Operating Working Capital** increased by € 33.3M
- **Dividend & additional returns to shareholders**
  - € 72.3M cash-out in total



# Free Cash Flow

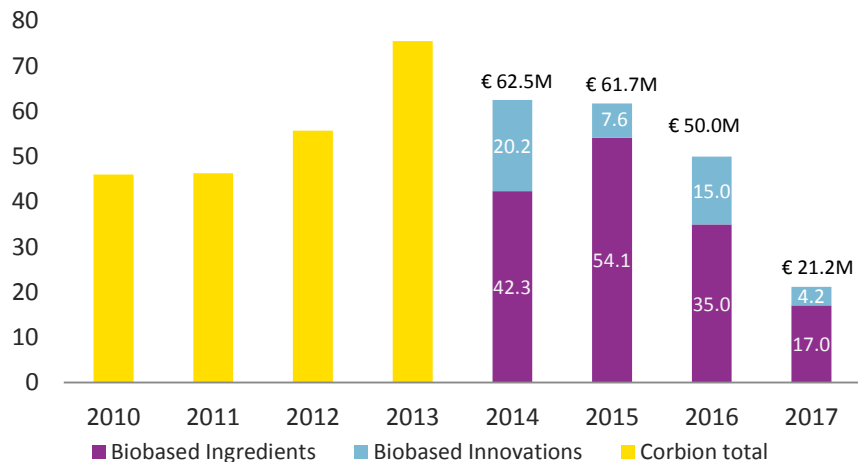


# Operating Working capital

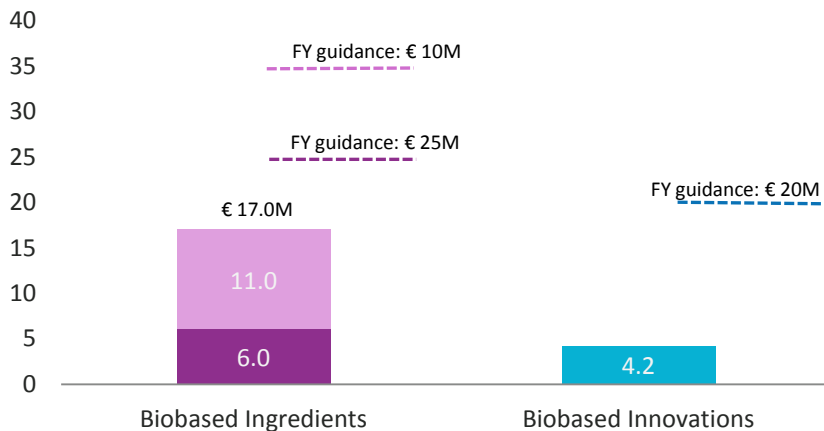


- Operating Working Capital (in days) increases 3%
- Inventory reduced as PLA/lactide moved to JV balance sheet in March 2017
- Payables deteriorated as PLA related capex creditors are now excluded

# Capital Expenditures



- **H1 2017 Capex: EUR 21.2M**
- **Major capex projects in H1 2017**
  - PGME emulsifier capability
  - Capex related to PLA JV prior to JV inception



## Outlook FY 2017

- **Biobased Ingredients sales growth below 2-4% range (unchanged)**
  - Organic growth in Biobased Ingredients higher in H2 2017 compared to H1
- **EBITDA before one-off items slightly below 2016 (€ 170.1M) (unchanged)**
  - Adverse effect on EBITDA margin from higher input costs (cane sugar)
  - Continued positive margin effect driven by business mix changes
  - Assuming no impact from potential TerraVia stock/asset purchase and average USD/EUR 1.17 for H2 2017
- **Capex: € 60-70M (unchanged)**
  - Incl. 50% share in Capex of PLA joint venture
- **Capital Markets Day in Q4**



Corbion

# EBITDA bridge Q2 2017

