



## H1 2018 RESULTS

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# Highlights H1 2018 results

- **Organic net sales growth of 3.1%, volume driven**
  - Net sales decrease of 4.9% due to currency effects
  - Food: Return to growth in Q2. Bakery declines fading; Meat very strong & Other slight growth
  - Biochemicals: Strongest performance in Pharma/Medical & Electronics, partly offset by Animal Health & HPC
  - Innovation Platforms: Lactic Acid sales resumed in Q2
- **EBITDA excluding one-off items EBITDA € 71.5M (H1 2017: € 88.3M): -19.0%**
  - Organic increase of 1.2% due to 1) positive volumes, 2) positive mix effects offset by higher freight costs
- **Acquisition of remaining 49.9% in SB Renewable Oils joint venture in June**

# Update Algae Ingredients – R&D and Production

## Key priorities in H1

- Validate algae fermentation technology
- Improve SB Renewable Oils plant standards
- Improve AlgaPrime™ DHA product quality
- Restart demo plant Peoria
- Move laboratories to new location in San Francisco



**Finalized acquisition 49.9% from Bunge in June**

=> Reorganization Corbion Brazil



# Update Algae Ingredients - Commercial

## AlgaPrime™ DHA

- AlgaPrime™ DHA-fed salmon now available at Whole Foods
- Two larger US retailers expected to follow in H2; discussions with large European food retailers
- Slower 2018 revenue progress due to necessary product improvement program



## Thrive®

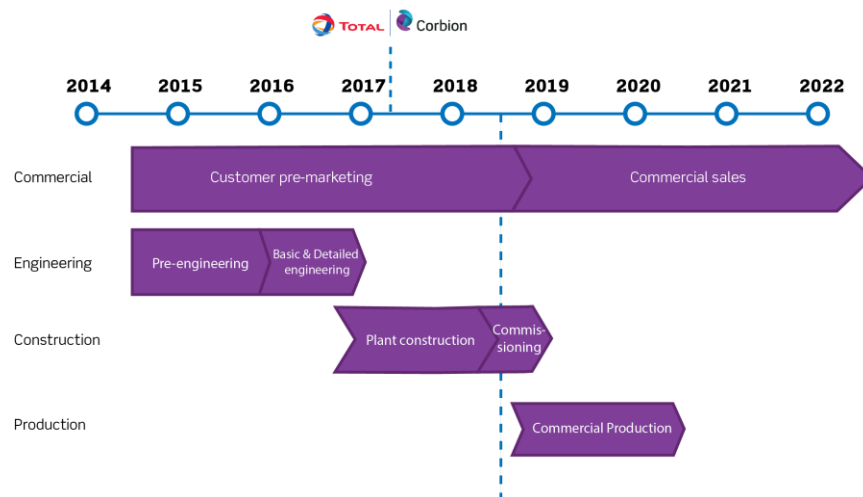
- Outlets expected to expand to > 8,000 by end of 2018 from 2,500 end of Q2
- One of US largest retailers expected to include in assortment in H2



# Update on PLA



- **Construction JV plant on budget/on schedule**, commercial start-up planned for H2 2018
  - 2nd production campaign of PLA using pilot plant (1kT/a capacity)
  - Upgraded lactide plant restarted according to plan in Q2
  - Construction phase coming to end; commissioning phase on the way





# H1 2018 Financial Results

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# Profit and Loss: H1 2018 and Q2

€ million	YTD 2018	YTD 2017		Q2 2018	Q2 2017	%
Volumes	234.3	219.5	6.7%	124.3	112.0	11.0%
Net Sales	439.2	461.9	-4.9%	226.2	232.0	-2.5%
<b>EBITDA excl. one-off items</b>	<b>71.5</b>	<b>88.3</b>	<b>-19.0%</b>	<b>32.9</b>	<b>40.5</b>	<b>-18.8%</b>
Depreciation & Amortization	(19.5)	(20.6)	-5.3%	(10.2)	(8.5)	20.0%
One-off items	(1.8)	5.4		(2.5)	0.1	
<b>EBIT</b>	<b>50.2</b>	<b>73.1</b>	<b>-31.3%</b>	<b>20.2</b>	<b>32.1</b>	<b>-37.1%</b>
Financial income/expenses	(4.7)	(7.5)		(2.4)	(5.6)	
Result joint ventures/assoc.	(1.9)	(2.1)		3.1	(1.5)	
Taxes	(11.4)	(15.2)		(4.5)	(7.9)	
<b>Result after tax</b>	<b>32.2</b>	<b>48.3</b>	<b>-33.3%</b>	<b>16.4</b>	<b>17.1</b>	<b>-4.1%</b>
<b>Earnings per share</b>	<b>0.55</b>	<b>0.84</b>	<b>-34.6%</b>	<b>0.28</b>	<b>0.31</b>	<b>-8.7%</b>

- **EBITDA excl. one-off items** -19.0% (organic growth +1.2%) in H1 2018:
  - Higher volumes
  - Negative currency effects
  - Higher freight costs
  - Inclusion Algae Ingredients loss
- **One-off items** of € -1.8M on EBITDA
- **Result JVs** of €-1.9M
  - Including € 6.6M one offs related to SB Renewable Oils JV (€ 9.3M gain on fair value assessment and € -2.7M inventory write-down)

# Sales Growth per segment in H1/Q2 2018

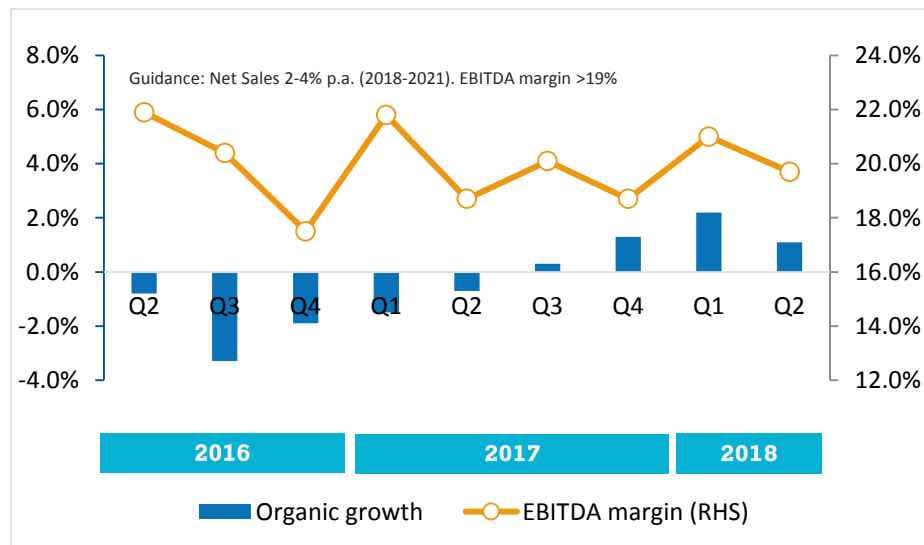
	Total growth	Currency	Total growth at constant currency	Acquisitions/( Divestments)	Organic	Price/Mix	Volume
<b>YTD 2018 vs 2017</b>							
<b>Ingredient Solutions</b>	<b>-7.2%</b>	<b>-8.8%</b>	<b>1.6%</b>	<b>0.0%</b>	<b>1.6%</b>	<b>-0.4%</b>	<b>2.0%</b>
- Food	-9.5%	-9.6%	0.1%	0.0%	0.1%	-1.1%	1.2%
- Biochemicals	-0.4%	-6.6%	6.2%	0.0%	6.2%	1.5%	4.7%
<b>Innovation Platforms</b>	<b>80.8%</b>	<b>-3.6%</b>	<b>84.4%</b>	<b>28.3%</b>	<b>56.1%</b>	<b>-38.1%</b>	<b>147.8%</b>
<b>Total</b>	<b>-4.9%</b>	<b>-8.7%</b>	<b>3.8%</b>	<b>0.7%</b>	<b>3.1%</b>	<b>-3.5%</b>	<b>6.6%</b>
<b>Q2 2018 vs Q2 2017</b>							
<b>Ingredient Solutions</b>	<b>-5.8%</b>	<b>-6.9%</b>	<b>1.1%</b>	<b>0.0%</b>	<b>1.1%</b>	<b>-1.3%</b>	<b>2.4%</b>
- Food	-6.9%	-7.5%	0.6%	0.0%	0.6%	-1.2%	1.8%
- Biochemicals	-2.4%	-4.9%	2.5%	0.0%	2.5%	-1.8%	4.3%
<b>Innovation Platforms</b>	<b>88.9%</b>	<b>-2.8%</b>	<b>91.7%</b>	<b>19.8%</b>	<b>71.9%</b>	<b>-43.4%</b>	<b>199.7%</b>
<b>Total</b>	<b>-2.5%</b>	<b>-6.7%</b>	<b>4.2%</b>	<b>0.7%</b>	<b>3.5%</b>	<b>-7.3%</b>	<b>10.8%</b>



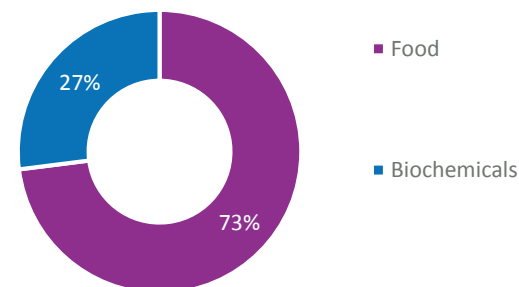
# Ingredient Solutions

€ million	YTD 2018	YTD 2017	Q2 2018	Q2 2017
Net Sales	417.5	449.9	210.9	223.9
Organic growth	1.6%	-1.1%	1.1%	-0.7%
<b>EBITDA excl. one-off items</b>	<b>84.8</b>	<b>91.2</b>	<b>41.5</b>	<b>41.8</b>
EBITDA %	20.3%	20.3%	19.7%	18.7%
ROCE	26.1%	27.5%	24.9%	25.1%

- Organic sales growth in H1 2018 1.6%
  - Q2: +1.1%
- EBITDA margin stable at 20.3% (H1 2017: 20.3%)
- ROCE at 26.1% (H1 2017: 27.5%)

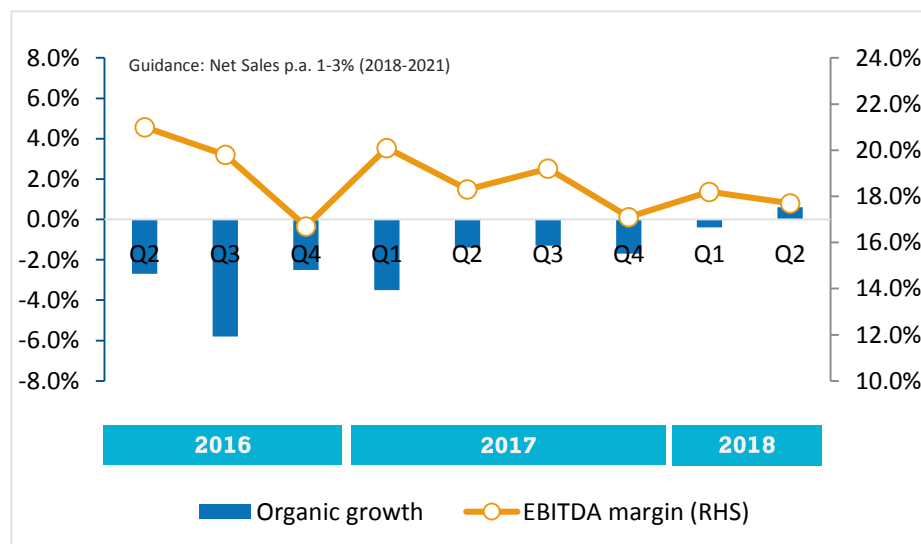


Net sales Ingredient Solutions by business segment



# Business Segment Food

€ million	YTD 2018	YTD 2017	Q2 2018	Q2 2017
Net Sales	304.5	336.4	157.3	169.0
Organic growth	0.1%	-2.4%	0.6%	-1.4%
EBITDA excl. one-off items	54.7	64.6	27.9	30.8
EBITDA %	18.0%	19.2%	17.7%	18.2%



## H1 2018 key items

- **Organic sales growth** of 0.1%
- **Margin** decrease due to higher input costs in Q1 and higher freight costs

## Q2 key items

- **Organic sales growth** of 0.6%
- **Bakery:** Net sales declined, but less pronounced than in Q1
- **Meat:** Continued strong performance
  - US: Clean label
  - RoW: growth especially driven by LatAm
- **Other segments:** Slight increase

# Business Segment Biochemicals

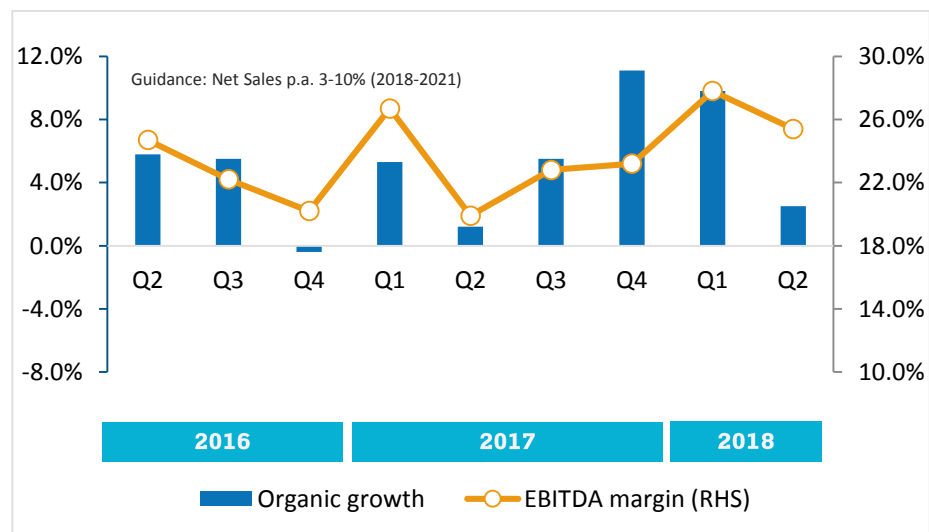
€ million	YTD 2018	YTD 2017	Q2 2018	Q2 2017
Net Sales	113.0	113.5	53.6	54.9
Organic growth	6.2%	3.4%	2.5%	1.2%
EBITDA excl. one-off items	30.1	26.6	13.6	11.0
EBITDA %	26.6%	23.4%	25.4%	20.0%

## H1 2018 key items

- **Organic sales growth** of 6.2%
- **Margin increase** through better business mix

## Q2 key items

- Organic sales growth of 2.5%, lower than Q1 through phasing
- Strong growth in Pharma/Medical, and Electronics
- Declines in Animal Health and HPC



# Innovation Platforms

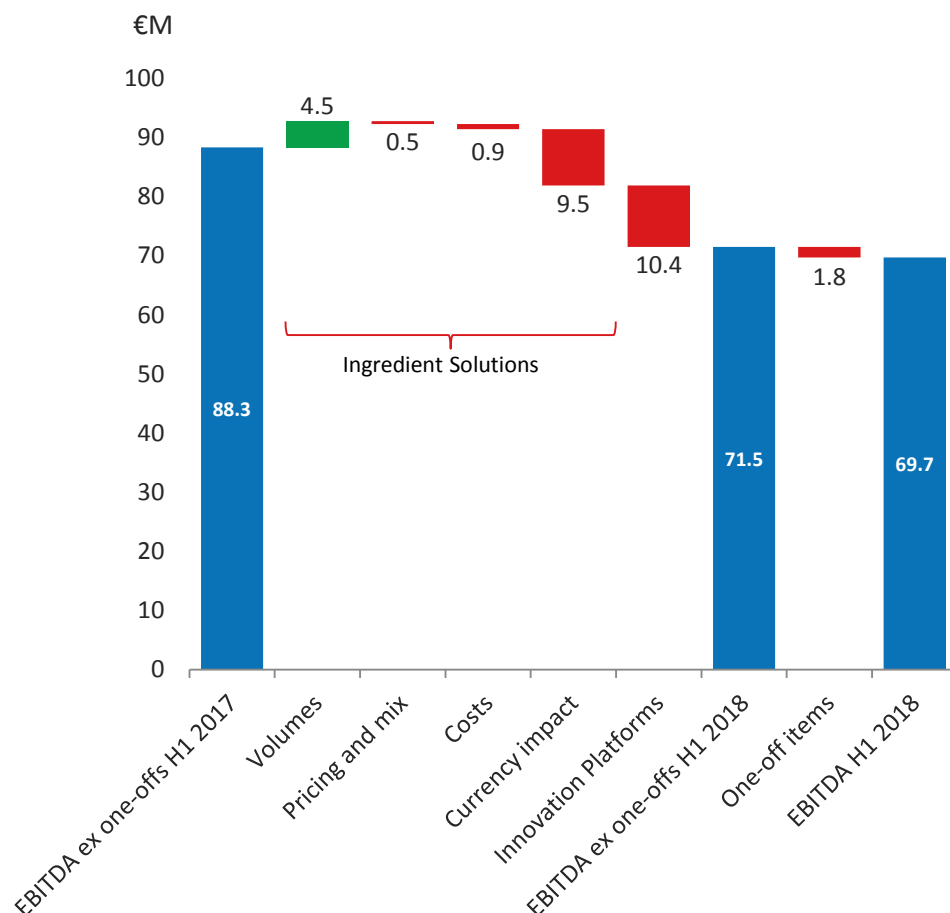
€ million	YTD 2018	YTD 2017	Q2 2018	Q2 2017
Net Sales	21.7	12.0	15.3	8.1
Organic growth	56.1%	3.4%	71.9%	46.8%
<b>EBITDA excl. one-off items</b>	<b>(13.3)</b>	<b>(2.9)</b>	<b>(8.6)</b>	<b>(1.3)</b>
EBITDA %	-61.3%	-24.2%	-56.2%	-16.0%



## Q2 key items

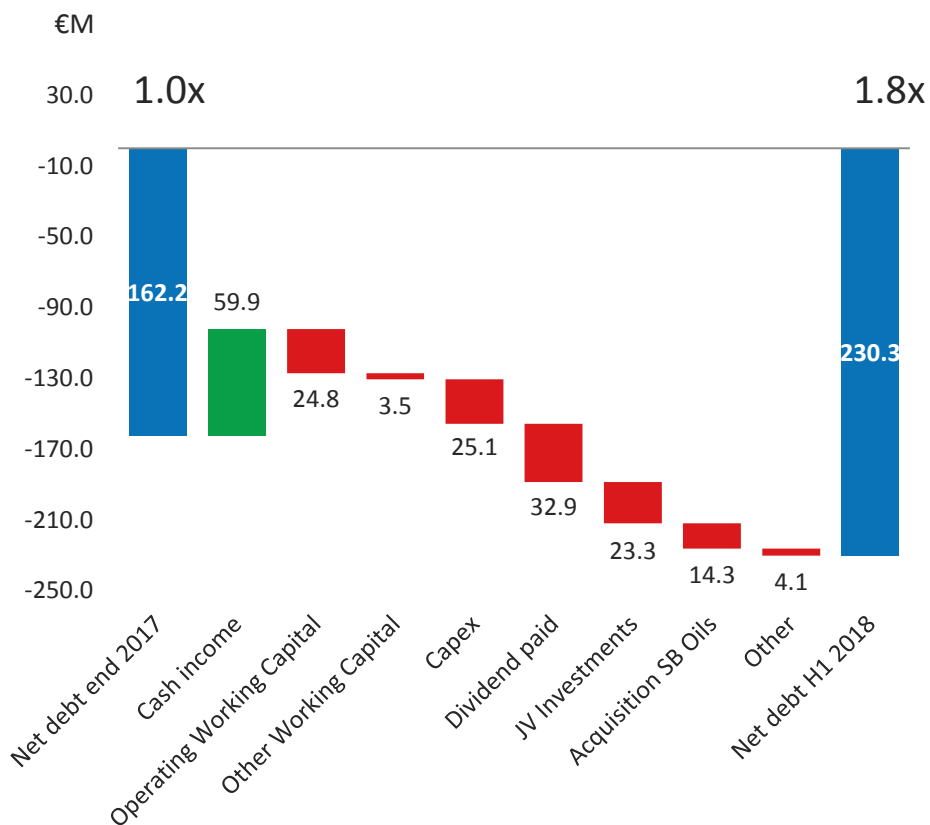
- Higher lactic acid sales to Total Corbion PLA JV in preparation of production start-up in H2
- **Algae Ingredients**
  - North American assets included in results full 6 months
  - SB Renewable Oils JV: 5 months accounted for as 50.5% via Results joint ventures & associates, 1 month as 100% owned entity

# EBITDA bridge H1 2018



- **Organic increase** mostly due to higher volumes
- **Price/Mix** stable
  - Poorer product mix in Food (lactic acid contracts related)
  - Richer product mix in Biochemicals
- Significant negative **currency impact**
  - US\$, ¥, R\$ all weakened against €
- Innovation Platforms: mainly Algae Ingredients impact

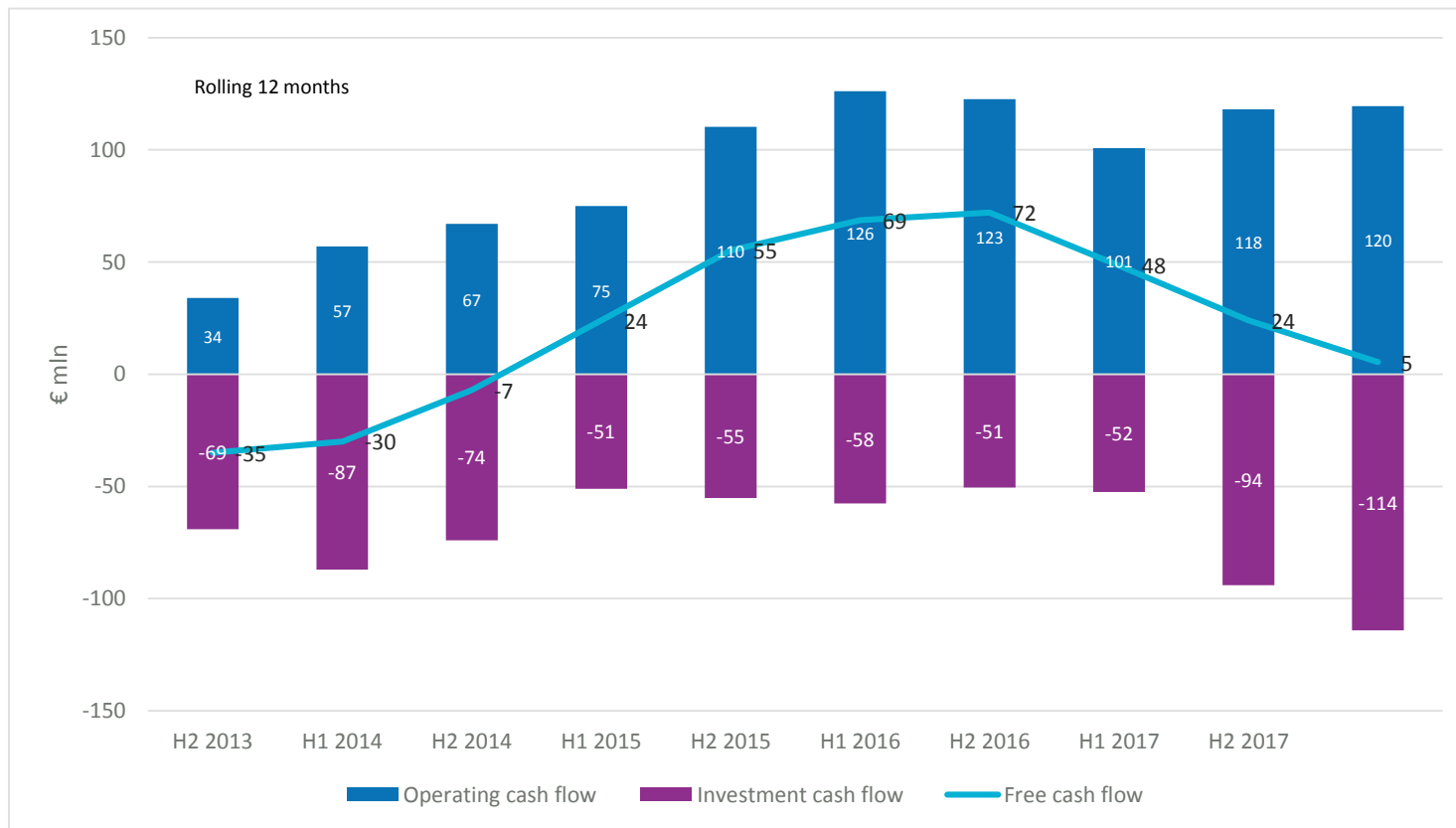
# Net debt bridge H1 2018



- **Net debt/EBITDA** ratio increased to 1.8x (2017 year end: 1.0x)
- **Net debt** position of € 230.3M (H1 2018)
- **Operating Working Capital**
  - Increased by € 24.8M
- **Dividend** € 32.9M cash-out

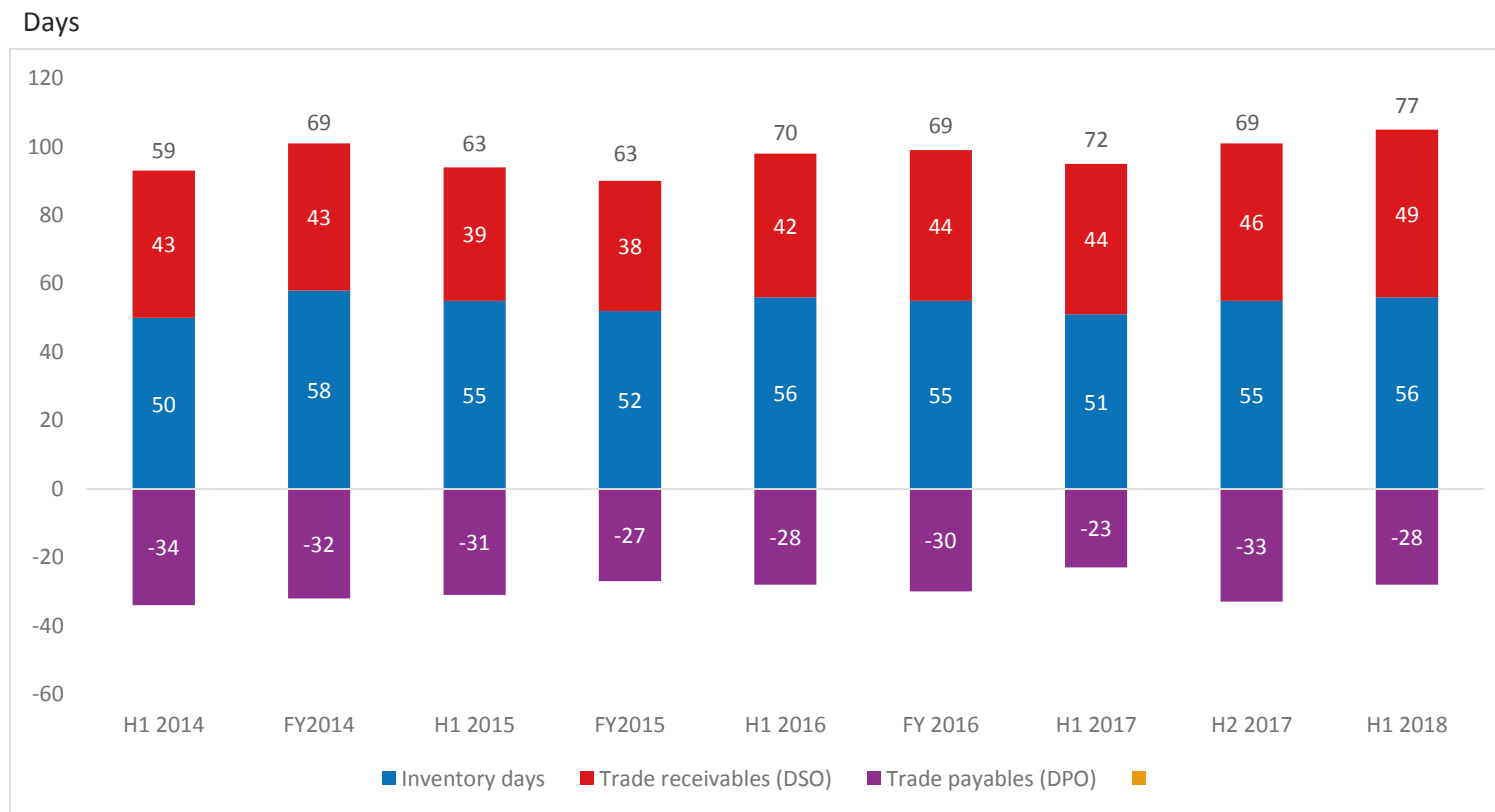


# Free Cash Flow



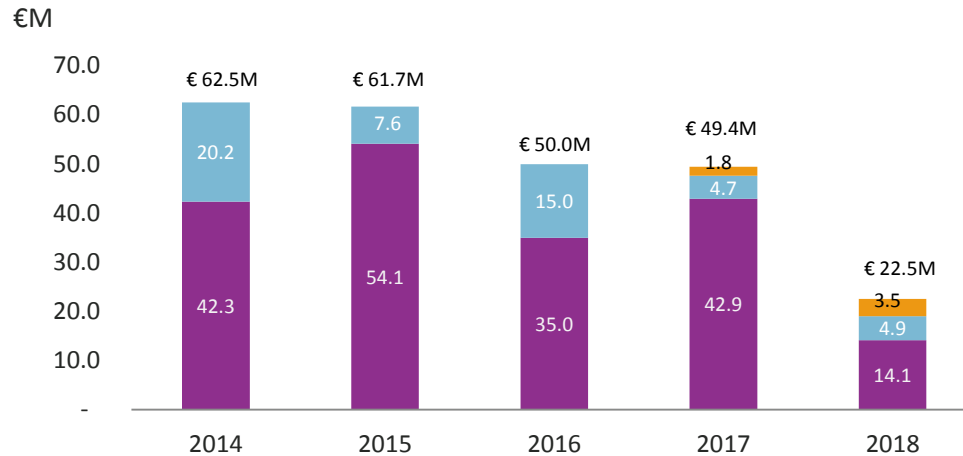
Operating cash flow stable; investment cash flow temporarily higher (PLA & Algae Ingredients)

# Operating Working Capital



Debtor days rise on certain large US customers extending payment terms

# Capital Expenditures



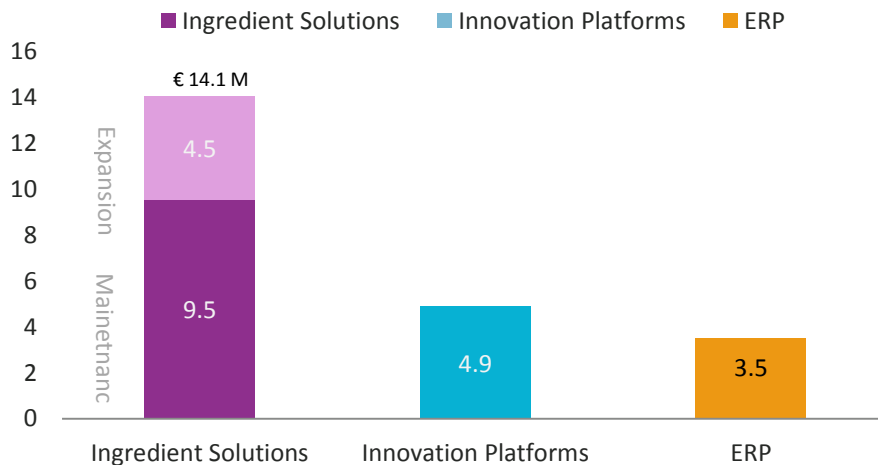
- **H1 2018 Capex: € 22.5M**

- **Major capex projects**

- San Francisco lab Algae Ingredients
- Lactic acid expansion

- **Joint venture capex projects**

- PLA: \$ 25M (@ 100%) in 1H18. Cumulative investments \$ 84M (@ 100%)



# Outlook FY 2018

## Ingredient Solutions

- Sales growth: Confirmation CMD guidance for both Food (1-3%) and Biochemicals (3-10%)
- EBITDA margin:
  - Confirmation CMD guidance: > 19%
  - H2 margin < H1 margin due to rising freight costs, mix effects in Biochemicals, and investments in growth initiatives

## Innovation Platforms

- Start-up of Total Corbion PLA joint venture plant
- EBITDA loss between € -40M and € -35M



Corbion

*Keep creating*

# EBITDA bridge Q2 2018

