Corbion

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PRESS RELEASE

DATE 10 August 2016

Corbion first half 2016 results

Corbion reported H1 2016 sales of € 455.7 million, an increase of 0.8% compared to H1 2015. Organic sales growth was 1.5%, mostly driven by business mix improvements. EBITDA excluding one-off items in H1 2016 increased by 16.2% to € 89.8 million. Organic EBITDA growth in H1 2016 amounted to 17.8%.

"We can look back on a good first half of the year, and are on track to deliver our Disciplined Value Creation strategy 2015-2018 targets. Our profitability, margin, and ROCE all increased substantially, driven by a combination of business mix improvements and lower input costs. Strong operating performance combined with prudent investment policies resulted in improved free cash flow. As part of our strategy execution, we are in the process of improving the portfolio profitability in our Food business segment, which had an adverse volume effect in the latter part of H1. As expected, the Biochemicals business segment sales growth rate showed a strong recovery in the second quarter", comments Tjerk de Ruiter, CEO.

Key financial highlights first half of 2016*:

- Net sales organic growth YTD was 1.5%; volume growth was -0.2%
- EBITDA before one-off items YTD was € 89.8 million, an organic increase of 17.8%
- EBITDA margin before one-off items YTD was 19.7%
- Our productivity improvement program Streamline contributed € 9.2 million to EBITDA YTD (H1 2015: € 6.8 million)
- One-off items at EBITDA level of € -2.3 million, mostly in connection with closure of our Kansas powder blending plant which was closed in June
- Operating result YTD was € 63.4 million, an organic increase of 21.2%
- Free cash flow was YTD € 26.0 million, an increase of € 13.4 million
- We commenced our € 50 million share buyback program on 21 March 2016. By the end of H1 the total buyback amount was € 21.9 million

€ million	YTD 2016	YTD 2015	Total growth	Organic Growth
Net sales	455.7	452.3	0.8%	1.5%
EBITDA excluding one-off items	89.8	77.3	16.2%	17.8%
EBITDA margin excluding one-off items	19.7%	17.1%		
Operating result	63.4	53.3	18.9%	21.2%
ROCE	23.2%	20.2%		

* For Non-GAAP definitions see page 22

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Management review H1 2016

Net sales

Net sales in H1 2016 increased by 0.8% to € 455.7 million (H1 2015: € 452.3 million) driven by organic growth (1.5%), currencies (-1.0%), and acquisitions (0.3%). The acquisition impact is related to our acquisition of the Archer Daniels Midland lactic acid business, effective as of 31 March 2015.

Organic growth in the Biobased Ingredients business unit of 0.5% was driven by both Food and Biochemicals. In the Food business segment, price/mix increase was the main driver of 0.4% organic growth due to our portfolio improvement initiatives. In the Biochemicals business segment volume growth was the main driver. All markets, except for agrochemicals, contributed to this growth. Growth in Biobased Innovations was mostly driven by lactide and PLA sales.

Growth rates YTD and Q2

	Total growth	Currency	Total growth at constant currency	Acquisitions	Organic	Price/Mix	Volume
YTD 2016 vs 2015							
Biobased Ingredients	**-0.2%**	**-1.0%**	**0.8%**	**0.3%**	**0.5%**	**1.7%**	**-1.2%**
- Food	-0.6%	-1.3%	0.7%	0.3%	0.4%	2.4%	-2.0%
- Biochemicals	1.1%	-0.1%	1.2%	0.3%	0.9%	-0.8%	1.7%
Biobased Innovations	**57.7%**	**0.0%**	**57.7%**	**0.0%**	**57.7%**	**-30.6%**	**88.3%**
Total	**0.8%**	**-1.0%**	**1.8%**	**0.3%**	**1.5%**	**1.7%**	**-0.2%**
Q2 2016 vs Q2 2015							
Biobased Ingredients	**-3.0%**	**-2.2%**	**-0.8%**	**0.0%**	**-0.8%**	**2.8%**	**-3.6%**
- Food	-5.2%	-2.5%	-2.7%	0.0%	-2.7%	2.6%	-5.3%
- Biochemicals	4.7%	-1.1%	5.8%	0.0%	5.8%	2.8%	3.0%
Biobased Innovations	**55.9%**	**-3.0%**	**58.9%**	**0.0%**	**58.9%**	**2.7%**	**56.2%**
Total	**-2.1%**	**-2.2%**	**0.1%**	**0.0%**	**0.1%**	**3.0%**	**-2.9%**

EBITDA

EBITDA (excluding one-off items) increased by 16.2% to € 89.8 million, mostly driven by lower input costs, business mix improvements, and program Streamline. Currencies negatively impacted EBITDA by € 1.8 million. Biobased Ingredients increased its EBITDA by 15.0% driven by organic growth (mostly due to positive price/mix effect). Our program Streamline contributed €

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2.4 million to this EBITDA growth. The EBITDA loss in Biobased Innovations was relatively stable at € -/-2.3 million.

€ million	YTD 2016	YTD 2015	Q2 2016	Q2 2015		Growth YTD
Net sales						
Biobased Ingredients	**444.5**	**445.2**	**222.1**	**228.9**		**-0.2%**
- Food	336.8	338.7	168.7	177.9		-0.6%
- Biochemicals	107.7	106.5	53.4	51.0		1.1%
Biobased Innovations	**11.2**	**7.1**	**5.3**	**3.4**		**57.5%**
Total net sales	**455.7**	**452.3**	**227.4**	**232.3**		**0.8%**
EBITDA excluding one-off items						
Biobased Ingredients	**92.1**	**80.1**	**48.5**	**40.8**		**15.0%**
- Food	72.6	65.1	38.5	34.5		11.5%
- Biochemicals	28.4	23.4	14.1	10.8		21.4%
- Central costs	(8.9)	(8.4)	(4.1)	(4.5)		6.0%
Biobased Innovations	**(2.3)**	**(2.8)**	**(2.4)**	**(0.7)**		**N/M**
Total EBITDA excluding one-off items	**89.8**	**77.3**	**46.1**	**40.1**		**16.2%**
One-off items	(2.3)	(0.2)	(1.3)	(0.2)		
Total EBITDA	**87.5**	**77.1**	**44.8**	**39.9**		**13.5%**
Depreciation and amortization	(24.1)	(23.8)	(12.2)	(11.7)		0.9%
Total operating result	**63.4**	**53.3**	**32.6**	**28.2**		**19.1%**
EBITDA margin excluding one-off items						
Biobased Ingredients	***20.7%***	***18.0%***	***21.8%***	***17.8%***		
- Food	*21.6%*	*19.2%*	*22.8%*	*19.4%*		
- Biochemicals	*26.4%*	*22.0%*	*26.4%*	*21.2%*		
Biobased Innovations	***-20.7%***	***-39.8%***	***-44.4%***	***-21.8%***		
Total EBITDA margin excluding one-off items	***19.7%***	***17.1%***	***20.3%***	***17.3%***		
Total EBITDA excluding one-off items and acquisitions, at constant currencies	**91.0**	**77.3**	**46.1**	**40.1**		**17.8%**

Depreciation and amortization

Depreciation and amortization of fixed assets amounted to € 24.1 million compared to € 23.8 million in H1 2015.

Operating result

Operating result excluding one-off items increased by € 11.1 million, or 20.3%, to € 65.7 million in H1 2016 (H1 2015: € 54.6 million).

One-off items

In H1 2016, a total of € 0.6 million in one-off items were recorded on result after tax-level, consisting of the following components:

- One-off costs of € 2.3 million incurred due to the closure of the Kansas Avenue powder blending plant in Q2
- A one-off gain of € 1.1 million related to a partial reversal of impairment of a loan for beet growers following the divestment of CSM Sugar in 2007
- Tax effects on the above of € 0.6 million

Financial income and charges

Net financial charges remained relatively stable at € 2.5 million, a decrease of € 0.4 million compared to H1 2015. The decrease was mainly due to a one-off effect related to a partial reversal of impairment of a loan for beet growers following the divestment of CSM Sugar in 2007. This was partly compensated by the increased costs for the US Private Placement facility.

Taxes

The tax charge on our operations in 2016 amounted to € 0.3 million compared to a charge of € 15.6 million in 2015. The key driver for the decrease is the recording of previously non-valued deferred tax assets (DTA). Without the impact of the DTA valuation, the normalized effective tax charge before one-off items was € 14.6 million, representing a normalized effective tax rate of 23.6%.

Balance sheet

Capital employed increased, compared to year-end 2015, by € 39.4 million to € 589.3 million. The movements were:

€ million	
Capital expenditure on (in)tangible fixed assets	16.5
Depreciation / amortization / impairment of (in)tangible fixed assets	-24.1
Disposal of fixed assets	-1.1
Change in operating working capital	17.1
Change in other working capital	7.1
Movement in provisions	5.1
Movement in other financial accruals	2.0
Taxes	15.7
Exchange rate differences	1.3
Other	-0.2
Total	39.4

Major capital expenditure projects in 2016 are the completion of the construction of an acid powder production line in The Netherlands and investments in our US emulsifiers plant to eliminate partially hydrogenated oils from our products.

Operating working capital increased by € 17.3 million of which € 0.2 million related to currency effects.

- Inventories increased by € 8.4 million
- Debtors increased by € 9.7 million
- Creditors increased by € 1.0 million

Shareholders' equity decreased by € 6.5 million to € 481.3 million. The movements were:

- The positive result after taxes of € 60.4 million
- A decrease of € 52.3 million related to the dividend for financial year 2015
- A decrease of € 21.9 million related to the share buyback program
- Positive exchange rate differences of € 3.4 million due to the translation of equity denominated in currencies other than the euro
- Positive movement of € 3.7 million in the hedge reserve
- Net share based remuneration costs charged to the result of € 1.0 million
- Tax effects of € 0.8 million

At half year-end 2016 the ratio between balance sheet total and equity was 1:0.6 (2015 year-end: 1:0.6).

Cash flow/financing

Cash flow from operating activities increased compared to H1 2015 by € 15.9 million to € 51.2 million. This is the balance of the higher operational cash flow before movements in working capital of € 11.9 million, a negative impact of the movement in working capital and provisions of € 10.8 million, and higher taxes and interest paid of € 6.8 million.

The cash flow required for investment activities decreased compared to H1 2015 by € 2.5 million to € 25.2 million. Capital expenditures accounted for most (€ 24.9 million) of this cash outflow.

The net debt position at the half year-end 2016 was € 108.0 million, an increase of € 45.9 million compared to year-end 2015, mainly due to dividend payment, the share buyback program, capital expenditures, and the increase in working capital compared to the year-end, partly compensated by the positive cash flow from operating activities before working capital and provisions.

At half year-end 2016, the ratio of net debt to EBITDA was 0.7x (end of 2015: 0.4x). The interest cover for H1 2016 was 23.9x (end of 2015: 25.5x). We continue to stay well within the limits of our financing covenants.

Financial guidance 2015-2018

- Biobased Ingredients: net sales growth (CAGR) of 2-4% (1-3% in Food, 5-8% in Biochemicals), EBITDA margin > 18% in 2018, while maintaining ROCE > 15% throughout the period. Recurring capex is expected to be on average € 35 million per annum.
- Biobased Innovations: the loss on EBITDA is not to materially exceed the level of 2013 (minus € 14 million). Business plans at maturity are required to deliver an EBITDA margin of > 18% and a ROCE of > 15%. Recurring capex, excluding large commercial-scale plant investments, is expected to be on average € 20 million per annum.
- Corbion continues to target a net debt/EBITDA ratio of 1.5x, over the investment cycle.

Outlook 2016

We remain confident in the execution of our Disciplined Value Creation strategy. In our Food business segment we continue to reduce the complexity and the amount of low-profitability contracts in the coming quarters to sustainably increase our profitability. This will have a temporary negative effect on sales growth in our Food business segment. Full year growth for this segment is expected to end up below the multi-year (2015-2018 CAGR) guidance range of 1-3%. The Biochemicals business segment is expected to show improved sales growth in H2 compared to H1, while full year growth is expected to be near the lower end of the multi-year average guidance range of 5-8%. As a consequence, for Biobased Ingredients, we expect full year growth to be below the multi-year average guidance range of 2-4%.

Our full year EBITDA margin before one-off items in Biobased Ingredients is expected to significantly exceed the 2018 target of 18.0% due to favorable business mix developments and lower input costs, even though we expect H2 EBITDA to be lower than H1 EBITDA, in line with previous years. With the closure of the Kansas plant in June we achieved our program Streamline target to reach cumulative annual savings of € 20 million on a run-rate basis. Volatility in Biobased Innovations EBITDA will remain high due to irregular product and sales order patterns and spend phasing of our major innovation initiatives.

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Segment information

Biobased Ingredients

€ million	YTD 2016	YTD 2015		Q2 2016	Q2 2015
Net sales	444.5	445.2		222.1	228.9
Organic growth	0.5%	3.9%		-0.8%	3.5%
EBITDA	89.8	79.9		47.2	40.6
EBITDA excl. one-off items	92.1	80.1		48.5	40.8
EBITDA margin excl. one-off items	20.7%	18.0%		21.8%	17.8%
ROCE	30.4%	26.2%		31.9%	26.2%
Average Capital Employed	483.9	474.3		489.5	481.9

In H1, sales in the Biobased Ingredients business unit declined by 0.2%, due to organic growth of 0.5%, an acquisition impact of 0.3%, and a currency impact of -1.0%. The organic growth rate was below the multi-year guidance range of 2-4%.

Business segment Food

€ million	YTD 2016	YTD 2015		Q2 2016	Q2 2015
Net sales	336.8	338.7		168.7	177.9
Organic growth	0.4%	3.4%		-2.7%	3.4%
EBITDA	70.3	64.9		37.2	34.3
EBITDA excl. one-off items	72.6	65.1		38.5	34.5
EBITDA margin excl. one-off items	21.6%	19.2%		22.8%	19.4%

The H1 sales growth performance in the Food segment was below the multi-year guidance range of 1-3% as organic growth turned into a negative 2.7% in Q2. As part of our strategy execution, we are in the process of improving the portfolio profitability. As consequence, Q2 saw a positive price/mix shift towards higher value-add products/customers, but also lower volumes. Customer consolidation in the US put additional pressure on volume growth rates in the Food segment.

Our sales in Bakery decreased slightly in H1 in a stable bread bakery market. To reduce the complexity in our organization, in parallel with the closure of our Kansas facility, we decreased the number of SKUs and smaller customers, resulting in some adverse volume effects.

A slight sales decline in Meat in H1 was driven by an increased competitiveness in more commoditized parts of the market in the US which is mainly caused by increased customer consolidation. This trend is negatively affecting our volumes, but also positively impacting our margins. Customer-switching to low-cost-in-use alternatives was limited. Our high-end solutions continued on a healthy growth path. Sales in Latin America and Asia continued to grow, while EMEA was stable.

Other markets (beverages, dairy, confectionery) developed favorably.

Profitability in Food increased significantly in H1. The EBITDA margin excluding one-off items increased by 240 bps to 21.6% in H1. This increase was driven by an improved business mix, program Streamline, and lower input costs.

Business segment Biochemicals

€ million	YTD 2016	YTD 2015		Q2 2016	Q2 2015
Net sales	107.7	106.5		53.4	51.0
Organic growth	0.9%	5.4%		5.8%	4.0%
EBITDA	28.4	23.4		14.1	10.8
EBITDA excl. one-off items	28.4	23.4		14.1	10.8
EBITDA margin excl. one-off items	26.4%	22.0%		26.4%	21.2%

The H1 sales growth performance in the Biochemicals segment was below the guidance range of 5-8% (2015-2018 CAGR), albeit with a strong recovery in Q2. Growth was broad based, with the exception of agrochemicals, a market that has been under pressure since mid-2015 as commodity prices result in lower farmer income levels.

The profitability margin increased in H1 due to an improved business mix, notably because of growth in medical/pharma. Lower input costs and program Streamline also contributed to this increase.

Central costs

€ million	YTD 2016	YTD 2015		Q2 2016	Q2 2015
EBITDA	(8.9)	(8.4)		(4.1)	(4.5)
EBITDA excl. one-off items	(8.9)	(8.4)		(4.1)	(4.5)

Central costs increased to € 8.9 million by € 0.5 million as 2015 saw a reversal of bonus accruals for the previous Board of Management.

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Biobased Innovations

€ million	YTD 2016	YTD 2015		Q2 2016	Q2 2015
Net sales	11.2	7.1		5.3	3.4
Organic growth	57.7%	85.5%		58.9%	149.3%
EBITDA	(2.3)	(2.8)		(2.4)	0.0
EBITDA excl. one-off items	(2.3)	(2.8)		(2.4)	(0.8)
EBITDA margin excl. one-off items	-20.7%	-39.8%		-44.4%	-23.8%
Average Capital Employed	81.0	63.1		85.3	63.7

Net sales in H1 2016 increased organically by 57.7%. Growth was fully driven by lactide/PLA-related volume growth. The price/mix effect was negative as a result of standard grade PLA seeding volumes. Due to activity phasing within the year, R&D expenses were relatively low in Q1, contributing to a break-even EBITDA level in that quarter. In Q2 investments in PLA and FDCA increased, resulting in a negative result for H1. In March we started the basic engineering phase for a 75 kTpa PLA plant to be built in Thailand, and we have now entered the detailed engineering phase. We are on schedule for the estimated operational start in H2 2018.

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Risks

Our approach to risk management aims to achieve a reasonable level of assurance, in line with the Enterprise Risk Management framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO – ERM). Our approach aims to embed risk awareness and risk management at all levels of Corbion to ensure risk decisions are taken and evaluated consciously and properly.

The principal risks faced by the company during the first half of the financial year were the same as those identified at year-end 2015 and management does not presently anticipate any material changes to the nature of the risks affecting Corbion's business over the second half of the financial year. A description of Corbion's risk management practices, principal risks and how they impact Corbion's business is provided in our 2015 Annual Report.

Responsibility statement

The Board of Management hereby declares that, to the best of their knowledge, the condensed interim financial statements for the first half-year of 2016 have been prepared in accordance with IAS 34, "Interim Financial Reporting" and give a true and fair view of the assets, liabilities, financial position and profit of Corbion nv and its consolidated companies included in the consolidation as a whole. Furthermore, to the best of our knowledge, this half-year report includes a fair view of the information required pursuant to Section 5:25d subsections 8 and 9 of the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht).

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This press release contains inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation.

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Background information:

Corbion: biobased solutions, designed by science, powered by nature, and delivered through dedication.

Corbion is the global market leader in lactic acid, lactic acid derivatives and lactides, and a leading company in emulsifiers, functional enzyme blends, minerals and vitamins. The company delivers high performance biobased products made from renewable resources and applied in global markets such as bakery, meat, pharmaceuticals and medical devices, home and personal care, packaging, automotive, coatings and adhesives. Its products have a differentiating functionality in all kinds of consumer products worldwide. In 2015, Corbion generated annual sales of € 918.3 million and had a workforce of 1,673 FTE. Corbion is listed on Euronext Amsterdam. For more information: www.corbion.com

Media call

A media call will be held at 08.00 hours (CET) on 10 August 2016 with Mssrs. Tjerk de Ruiter and Eddy van Rhede van der Kloot.

Call details:
Dial in: +31 (0)20 721 9158
Conference ID: 6847297

Analyst presentation (Webcast)

An analyst meeting will be held at the Corbion offices (Piet Heinkade 127, Amsterdam, the Netherlands) from 11.00 hours (CET) on 10 August 2016.

The presentation can be followed live via http://player.companywebcast.com/corbion/20160810_1/en/Player from 11.00 hours (CET). The slides used during the presentation can be downloaded from the Investor Relations section on our website.

Consolidated income statement

	1st Half-year	
millions of euros	**2016**	**2015**
Net sales	455.7	452.3
Costs of raw materials and consumables	-224.1	-233.0
Production costs	-68.3	-68.2
Warehousing and distribution costs	-24.3	-24.8
Gross profit	**139.0**	**126.3**
Selling expenses	-31.4	-30.1
Research and development costs	-15.6	-14.1
General and administrative expenses	-28.6	-28.8
Operating result	**63.4**	**53.3**
Financial income	1.1	
Financial charges	-3.6	-2.9
Results from joint ventures and associates	-0.2	-0.2
Result before taxes	**60.7**	**50.2**
Taxes	-0.3	-15.6
Result after taxes	**60.4**	**34.6**
Per common share in euros		
Basic earnings	1.00	0.55
Diluted earnings	0.99	0.54

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Consolidated statement of comprehensive income

	1st Half-year	
millions of euros	**2016**	**2015**
Result after taxes	**60.4**	**34.6**
Other comprehensive results to be recycled:		
Translation reserve	3.4	13.5
Hedge reserve	3.7	-5.0
Taxes relating to other comprehensive results to be recycled	-0.8	3.3
Total other comprehensive results to be recycled	**6.3**	**11.8**
Other comprehensive results not to be recycled:		
Defined benefit arrangements		-0.2
Total other comprehensive results not to be recycled		**-0.2**
Total comprehensive result after taxes	**66.7**	**46.2**

Consolidated statement of financial position

before profit appropriation, millions of euros	**As at 30-06-2016**	**As at 31-12-2015**
Assets		
Property, plant, and equipment	301.2	307.4
Intangible fixed assets	134.9	138.6
Investments in joint ventures and associates	6.4	6.4
Other non-current financial assets	0.9	1.5
Deferred tax assets	23.9	15.9
Total non-current assets	**467.3**	**469.8**
Inventories	141.7	133.0
Trade receivables	106.9	96.9
Other receivables	16.2	15.7
Income tax receivables	8.6	0.5
Cash and cash equivalents	42.7	92.1
Total current assets	**316.1**	**338.2**
Total assets	**783.4**	**808.0**
Equity and liabilities		
Equity	**481.3**	**487.8**
Provisions	10.8	13.6
Deferred tax liabilities	13.3	11.5
Non-current liabilities	150.7	154.2
Total non-current liabilities	**174.8**	**179.3**
Trade payables	71.1	69.7
Other non-interest-bearing current liabilities	49.5	59.1
Provisions	3.0	6.0
Income tax payables	3.7	6.1
Total current liabilities	**127.3**	**140.9**
Total equity and liabilities	**783.4**	**808.0**

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Consolidated statement of changes in equity

before profit appropriation, millions of euros	Share capital	Share premium reserve	Other reserves	Retained earnings	Total
As at 1 January 2015	**16.1**	**62.9**	**58.9**	**370.8**	**508.7**
Result after taxes				34.6	34.6
Other comprehensive result after tax			11.8	-0.2	11.6
Transfers to/from Other reserves			1.4	-1.4	
Total comprehensive result after tax			**13.2**	**33.0**	**46.2**
Cash dividend				-58.3	-58.3
Stock dividend	0.1	-0.1			
Acquired company shares				-33.1	-33.1
Share-based remuneration transfers			-0.7	0.7	
Share-based remuneration charged to result			0.4		0.4
Total transactions with shareholders	**0.1**	**-0.1**	**-0.3**	**-90.7**	**-91.0**
As at 30 June 2015	**16.2**	**62.8**	**71.8**	**313.1**	**463.9**
As at 1 January 2016	**15.6**	**58.7**	**68.0**	**345.5**	**487.8**
Result after taxes				60.4	60.4
Other comprehensive result after tax			6.3		6.3
Transfers to/from Other reserves			1.8	-1.8	
Total comprehensive result after tax			**8.1**	**58.6**	**66.7**
Cash dividend				-52.3	-52.3
Acquired company shares				-21.9	-21.9
Share-based remuneration transfers			-1.4	1.4	
Share-based remuneration charged to result			1.0		1.0
Total transactions with shareholders			**-0.4**	**-72.8**	**-73.2**
As at 30 June 2016	**15.6**	**58.7**	**75.7**	**331.3**	**481.3**

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Consolidated statement of cash flows

	1st Half-year	
millions of euros	**2016**	**2015**
Cash flow from operating activities		
Result after taxes	60.4	34.6
Adjusted for:		
● Depreciation/amortization of fixed assets	24.1	22.9
● Impairment of fixed assets		1.0
● Result from divestments of fixed assets	1.1	0.1
● Share-based remuneration	1.0	0.4
● Interest expense	3.6	2.7
● Other financial income and charges	-1.1	0.2
● Results from joint ventures and associates	0.2	0.2
● Taxes	0.3	15.6
Cash flow from operating activities before movements in working capital and provisions	**89.6**	**77.7**
Movement in provisions	-5.1	-9.1
Movements in working capital:		
● Trade receivables	-9.7	-1.9
● Inventories	-8.4	-7.1
● Trade payables	1.0	6.0
Movement in other working capital	5.1	-15.8
Cash flow from business operations	**72.5**	**49.8**
Interest paid	-3.6	-2.4
Tax paid on profit	-17.7	-12.1
Cash flow from operating activities	**51.2**	**35.3**
Cash flow from investment activities		
Investment joint ventures and associates	-0.3	-0.3
Capital expenditure on (in)tangible fixed assets	-24.9	-27.8
Divestment of (in)tangible fixed assets		5.4
Cash flow from investment activities	**-25.2**	**-22.7**
Cash flow from financing activities		
Repayment of interest-bearing debts	-0.1	-0.1
Acquisition of company shares	-21.9	-31.9
Paid-out dividend	-52.3	-51.2
Cash flow from financing activities	**-74.3**	**-83.2**
Net cash flow	**-48.3**	**-70.6**
Effects of exchange rate differences on cash and cash equivalents	-1.1	1.6
Increase/decrease cash and cash equivalents	**-49.4**	**-69.0**
Cash and cash equivalents at start of financial year	92.1	111.4
Cash and cash equivalents at close of financial year	42.7	42.4

Accounting information

Principles for the valuation of assets and liabilities and determination of the result

This condensed interim financial information for the half-year ended 30 June 2016 complies with IFRS and has been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed interim financial report should be read in conjunction with the annual financial statements for the year ended 31 December 2015. In preparing these condensed interim financial statements the main estimates and judgements made by the Board of Management when applying Corbion's accounting policies, were similar to those applied to the annual financial statements for the year ended 31 December 2015.
The figures in this half-year report have not been audited or reviewed by an external auditor.

Accounting policies:

The accounting policies adopted are consistent with those of the previous financial year.

Related party transactions

There were no material related party transactions in the first half of 2016.

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Consolidated income statement before one-off costs

The consolidated income statement for financial years first half-year 2016 and first half-year 2015 before one-off items (non-IFRS financial measures) can be presented as follows.

	1st Half-year					
	2016			2015		
	Before one-off items	One-off items	Total	Before one-off items	One-off items	Total
Net sales	455.7		455.7	452.3		452.3
Costs of raw materials and consumables	-222.5	-1.6	-224.1	-233.0		-233.0
Production costs	-67.6	-0.7	-68.3	-66.9	-1.3	-68.2
Warehousing and distribution costs	-24.3		-24.3	-24.8		-24.8
Gross profit	**141.3**	**-2.3**	**139.0**	**127.6**	**-1.3**	**126.3**
Selling expenses	-31.4		-31.4	-30.1		-30.1
Research and development costs	-15.6		-15.6	-14.1		-14.1
General and administrative expenses	-28.6		-28.6	-28.8		-28.8
Operating result	**65.7**	**-2.3**	**63.4**	**54.6**	**-1.3**	**53.3**
Less: amortization/impairment intangible fixed assets	3.8		3.8	2.2		2.2
Less: depreciation/impairment tangible fixed assets	20.3		20.3	20.5	1.1	21.6
EBITDA	**89.8**	**-2.3**	**87.5**	**77.3**	**-0.2**	**77.1**
Depreciation/amortization/impairment (in)tangible fixed assets	-24.1		-24.1	-22.7	-1.1	-23.8
Operating result	**65.7**	**-2.3**	**63.4**	**54.6**	**-1.3**	**53.3**
Financial income		1.1	1.1			
Financial charges	-3.6		-3.6	-2.9		-2.9
Results from joint ventures and associates	-0.2		-0.2	-0.2		-0.2
Result before taxes	**61.9**	**-1.2**	**60.7**	**51.5**	**-1.3**	**50.2**
Taxes	-0.9	0.6	-0.3	-16.2	0.6	-15.6
Result after taxes	**61.0**	**-0.6**	**60.4**	**35.3**	**-0.7**	**34.6**

The tax charge on our operations in 2016 amounted to € 0.3 million compared to an expense of € 15.6 million in 2015. Main reason for the decrease is the recording of previously non-valued deferred tax assets. Without the impact of the DTA valuation, the normalized effective tax charge before one-off items was € 14.6 million, representing a normalized effective tax rate of 23.6%.

One-off items may occur up to and including results after taxes.

One-off items relate to material non-recurring items in the income statement that are exceptional by nature and are not related to the normal course of business. These exceptional items include amongst others write down of inventories to net realizable value, reversals of write downs, impairments, reversals of impairments, additions to and releases from provisions for restructuring and reorganization, results on assets sold, gains on the sale of subsidiaries, joint ventures and associates, and any other provision being formed or released. The company considers events exceptional (one-off) when the aggregate amount of the events per line item of the income statement exceeds a threshold of € 0.5 million.

In 2016, a total of € 0.6 million one-off items were recorded, consisting of the following components:

1. One-off costs of € 2.3 million incurred related to the closure of the Kansas Avenue powder blending plant;
2. A one-off gain of € 1.1 million related to a partial reversal of impairment of a loan for beet growers following the sale of CSM Sugar in 2007;
3. Tax effects on the above of € 0.6 million.

In 2015, a total of € 0.7 million one-off items were recorded, all related to the Grandview explosion, consisting of the following components:

1. Insurance proceeds of € 3.1 million;
2. Incurred tolling and other additional costs of € 3.3 million.
3. An impairment of tangible fixed assets of € 1.1 million;
4. Tax effects on the above of € 0.6 million.

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Segment information

For its strategic decision-making process Corbion distinguishes between Biobased Ingredients and Biobased Innovations. For IFRS segmentation purposes Biobased Ingredients has been segmented into two further businesses, Food and Biochemicals. The unallocated part of total operations mainly comprises central activities.

In the Food segment, our food ingredients portfolio keeps food safe and fresh, from creation to consumption, and as such, reduces food waste. It ranges from preservation ingredients to microbial spoilage prevention and ingredients that keep food fresh and tasty throughout shelf life.

The combined use of industry knowledge and scientific creativity enables us to offer industry-leading biobased technology and sustainability gains. Our future-focused thinking impacts every industry ranging from baking, meat, and dairy to confectionery and beverage.

In the Biochemicals segment, our biobased chemicals derived from renewable resources such as sugar or starch, are a sustainable alternative to fossil-based chemicals in various applications, including cleaning detergents, hand soap, coatings, and animal feed.

Offering improved performance and multiple benefits, our biobased solutions are versatile and, at the same time, provide lower cost in use with enhanced environmental credentials.

Our Biobased Innovations business unit creates new business platforms to help advance biotechnology developments. Our PLA/lactide business and the succinic-acid joint venture with BASF (Succinity) are part of this unit. Our longer-term development projects, such as our gypsum-free fermentation technology, lactic acid based on second-generation biomass, and FDCA are also included in this business unit. We will drive for growth via a disciplined stage-gate investment approach using our own core technology platforms, acquired or licensed technologies, and partnerships to improve our chance of success.

Segment information by business area

1st Half-year *millions of euros*	**Food**		**Biochemicals**		**Biobased Innovations**		**Unallocated (central activities)**		**Corbion**	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Income statement information										
Net sales	336.8	338.7	107.7	106.5	11.2	7.1			455.7	452.3
Operating result	58.4	51.6	22.3	17.7	-7.8	-7.7	-9.5	-8.3	63.4	53.3
One-off items included in operating result	2.3	1.3							2.3	1.3
Alternative non-IFRS performance measures										
EBITDA	70.3	64.9	28.4	23.4	-2.3	-2.8	-8.9	-8.4	87.5	77.1
One-off items included in EBITDA	2.3	0.2							2.3	0.2
EBITDA excluding one-off items	72.6	65.1	28.4	23.4	-2.3	-2.8	-8.9	-8.4	89.8	77.3
Ratios alternative non-IFRS performance measures										
EBITDA margin % excluding one-off items	21.6	19.2	26.4	22.0	-20.7	-39.8			19.7	17.1

Corbion generates almost all of its revenues from the sale of goods.

Information on the use of alternative non-IFRS performance measures

In the above table and elsewhere in the financial statements a number of non-IFRS performance measures is presented. Management is of the opinion that these so-called alternative performance measures might be useful for the readers of these financial statements. Corbion management uses these performance measures to make financial, operational, and strategic decisions and evaluate performance of the segments. The alternative performance measures can be calculated as follows:

- EBITDA is the operating result before depreciation, amortization, and impairment of (in)tangible fixed assets
- EBITDA margin is EBITDA divided by net sales x 100

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Financial instruments

Valuation of financial instruments

Corbion measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:
● Level 1: Fair value measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
● Level 2: Fair value measurements based on inputs other than level 1 quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
● Level 3: Fair value measurements based on valuation techniques that include inputs for the asset or liability that are based on observable market data (unobservable inputs).

Breakdown valuation of financial instruments

30 June 2016	Level 1	Level 2	Level 3	Total
Derivatives				
● Foreign exchange contracts		-1.3		-1.3
● Commodity swaps/collars		1.3		1.3
Total				

Breakdown fair values financial instruments

	30 June 2016		31 December 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial fixed assets				
● Loans, receivables, and other			1.5	1.5
● Loans non-interest-bearing	0.9	0.9		
Receivables				
● Trade receivables	106.9	106.9	96.9	96.9
● Other receivables	10.1	10.1	13.4	13.4
● Accruals and deferred income	4.8	4.8	2.2	2.2
Cash				
● Cash other	42.7	42.7	92.1	92.1
Interest-bearing liabilities				
● Private placement (net investment hedge)	-150.0	-162.2	-153.4	-156.6
● Financial lease commitments	-0.1	-0.1		
● Other debts	-0.6	-0.6	-0.8	-0.8
Non-interest-bearing liabilities				
● Trade payables	-71.1	-71.1	-69.7	-69.7
● Other payables	-48.2	-48.2	-59.1	-59.1
Derivatives				
● Foreign exchange contracts	-1.3	-1.3	-0.3	-0.3
● Commodity swaps/collars	1.3	1.3	0.1	0.1
Total	**-104.6**	**-116.8**	**-77.1**	**-80.3**

Fair values are determined as follows

● The fair value of financial fixed assets does not significantly deviate from the book value.
● The fair value of receivables equals the book value because of their short-term character.
● Cash and cash equivalents are measured at nominal value which, given the short-term and risk-free character, corresponds to the fair value.
● Market quotations are used to determine the fair value of debt owed to private parties, credit institutions and other debts. As there are no market quotations for most of the loans the fair value of short- and long-term loans is determined by discounting the future cash flows at the yield curve
● Financial lease commitments: the fair value is estimated at the present value of the future cash flows, discounted at the interest rate for similar contracts which is applicable as at the reporting date. This fair value equals the book value.
● Given the short-term character, the fair value of non-interest-bearing liabilities equals the book value.
● Currency and interest derivatives are measured on the basis of the present value of future cash flows over the remaining term of the contracts, using the bank interest rate (such as Euribor) as at the reporting date for the remaining term of the contracts. The present value in foreign currencies is converted using the exchange rate applicable as at the reporting date.
● Commodity derivatives are measured on the basis of the present value of future cash flows, using market quotations or own variable market price estimations of the involved commodity as at the reporting date.

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Key figures

	1st Half-year	
millions of euros	**2016**	**2015**
Net sales	455.7	452.3
Operating result	63.4	53.3
EBITDA excluding one-off items	89.8	77.3
Result after taxes	60.4	34.6
Earnings in euros [1] *	1.00	0.55
Diluted earnings in euros [1] *	0.99	0.54
Key data per common share		
Number of issued common shares	59,904,209	62,391,505
Number of common shares with dividend rights	58,450,763	60,091,418
Weighted average number of outstanding common shares*	59,170,365	61,187,987
Price as at 30 June	21.61	17.74
Highest price in half-year	22.45	20.26
Lowest price in half-year	17.92	12.70
Market capitalization as at 30 June	1,263	1,066
Other key data		
Cash flow from operating activities	51.2	35.3
Cash flow from operating activities per common share, in euros [1]	0.87	0.58
Depreciation/amortization fixed assets	24.1	22.9
Capital expenditure on (in)tangible fixed assets	16.5	27.3
Number of issued cumulative preference shares	2,403,781	2,574,281
Equity per share in euros [2]	7.91	7.40
Ratios		
ROCE % [3]	23.2	20.2
EBITDA margin % [4]	19.7	17.1
Result after taxes/net sales %	13.3	7.6
Number of employees at closing date	1,668	1,752
Net debt position/EBITDA [5]	0.7	0.5
Interest cover [6]	23.9	27.7
Balance sheet figures as per 30/06/2016 and 31/12/2015		
Non-current assets	467.3	469.8
Current assets excluding cash and cash equivalents	273.4	246.1
Non-interest-bearing current liabilities	124.3	134.9
Net debt position [7]	108.0	62.1
Provisions	27.1	31.1
Equity	481.3	487.8
Capital employed [8]	589.3	549.9
Average capital employed [8]	565.0	541.9
Balance sheet total : equity	1:0.6	1:0.6
Net debt position : equity	1:4.5	1:7.9
Current assets : current liabilities	1:0.4	1:0.4

*previous year is restated for stock dividend

1 Per common share in euros after deduction of dividend on financing preference shares.
2 Equity per share is equity as per 30/06 divided by the number of shares with dividend rights.
3 Return on capital employed (ROCE) is defined by Corbion as 2x (continued EBIT excluding one-off items for half-year, including results from joint ventures and associates) divided by the average capital employed x 100.
4 EBITDA margin % is EBITDA excluding one-off costs divided by net sales x 100.
5 EBITDA is ''Earnings Before Interest, Taxes, Depreciation and Amortization and impairment of (in)tangible fixed assets'' here for the preceeding 12-month period including acquisition and divestment results, including discontinued operations and excluding one-off items.
6 Interest cover is EBITDA as defined in Note 4 divided by net interest income and charges.
7 Net debt position comprises interest-bearing debts less cash and cash equivalents.
8 Capital employed and average capital employed is based on balance sheet book values.
9 Organic sales growth is defined as current period sales divided by the equivalent period sales in the previous year based on current period currency rates and adjusted for acquisitions - 1 x 100
10 Organic EBITDA growth is defined as current period EBITDA divided by the equivalent period EBITDA in the previous year based on current period currency rates and adjusted for acquisitions - 1 x 100