



HY/Q2 2023 RESULTS

OLIVIER RIGAUD (CEO)

10/08/2023

EDDY VAN RHEDE VAN DER KLOOT (CFO)

Corbion results H1 2023



Olivier Rigaud

CEO

- Business performance
- Outlook



Eddy van Rhede van der Kloot

CFO

- Financial performance

Business performance

A magnifying glass is positioned over a financial report, highlighting the name 'Olivier Rigaud' and the title 'CEO'. The report includes a 'SUMMARY' table with columns for 'Value', 'Change', and 'Change %'. To the left of the magnifying glass is a calculator, and a pen lies diagonally across the report. The background features various financial charts, including bar charts and a donut chart.

Olivier Rigaud
CEO

SUMMARY		
Value	Change	Change %
45,000	15,000	26.67%
7		
3		

	Value	%
revenue	123.5	12%
costs	44.5	10%
Gross profit	79.0	2%
Other income	10.5	14%
Administrative expenses	73.5	
Profit before tax		
tax		
net profit		

H1 2023 Highlights

- **Organic sales growth core activities of 7.9%** driven by growth of all business units with high growth in Algae Ingredients
- **Adjusted EBITDA: € 96.8M** (13.1% margin), of which **organic Adjusted EBITDA growth core activities of 15.7%**
- **Volume decline in SFS and LAS compensated by continued price benefits, successfully passing on cost price increases**
- **Algae Ingredients continues high-growth trajectory driving higher profitability**
- **PLA sales showing first signs of recovery**
- **Divestment non-core emulsifiers** anticipated to conclude a transaction within this year
- **Free cash flow positive from Q2 2023**
- **Leverage ratio within covenant thresholds, expected to improve by year-end**

Operating climate

Customer destocking and softer macro-economic climate

- Significant customer destocking following supply chain normalization
- Volume decline in food markets across regions and categories
- Slowdown in some biochemical markets, like semiconductors and agrochemicals

Inflationary pressures

- Price increases implemented in the course of 2022 as compensation for higher input costs
- Starting to see some relaxation in input prices, chemicals, freight, energy
- Increased sugar prices but well hedged for remaining part of 2023

Sustainability still at the forefront in several markets

- Strong omega-3 growth in aquaculture driven by fish oil shortage and increased pricing
- Continuous growth in biomedical due to aging population and health focus

Sustainable Food Solutions

Business environment

- Customer destocking and soft end consumer markets
- Customer innovation activity remains strong
- Functional systems more resilient

Growth initiatives

- Peoria plant expansion completed for Natural Mold Inhibitors
- Several key accounts expanding use of our natural solutions
- Natural antioxidants: building pipeline of acerola/rosemary-based products

Efficiency initiatives

- Bolt on acquisition of vinegar production, driving insourcing benefits as from H2



Lactic Acid and Specialties

Business environment

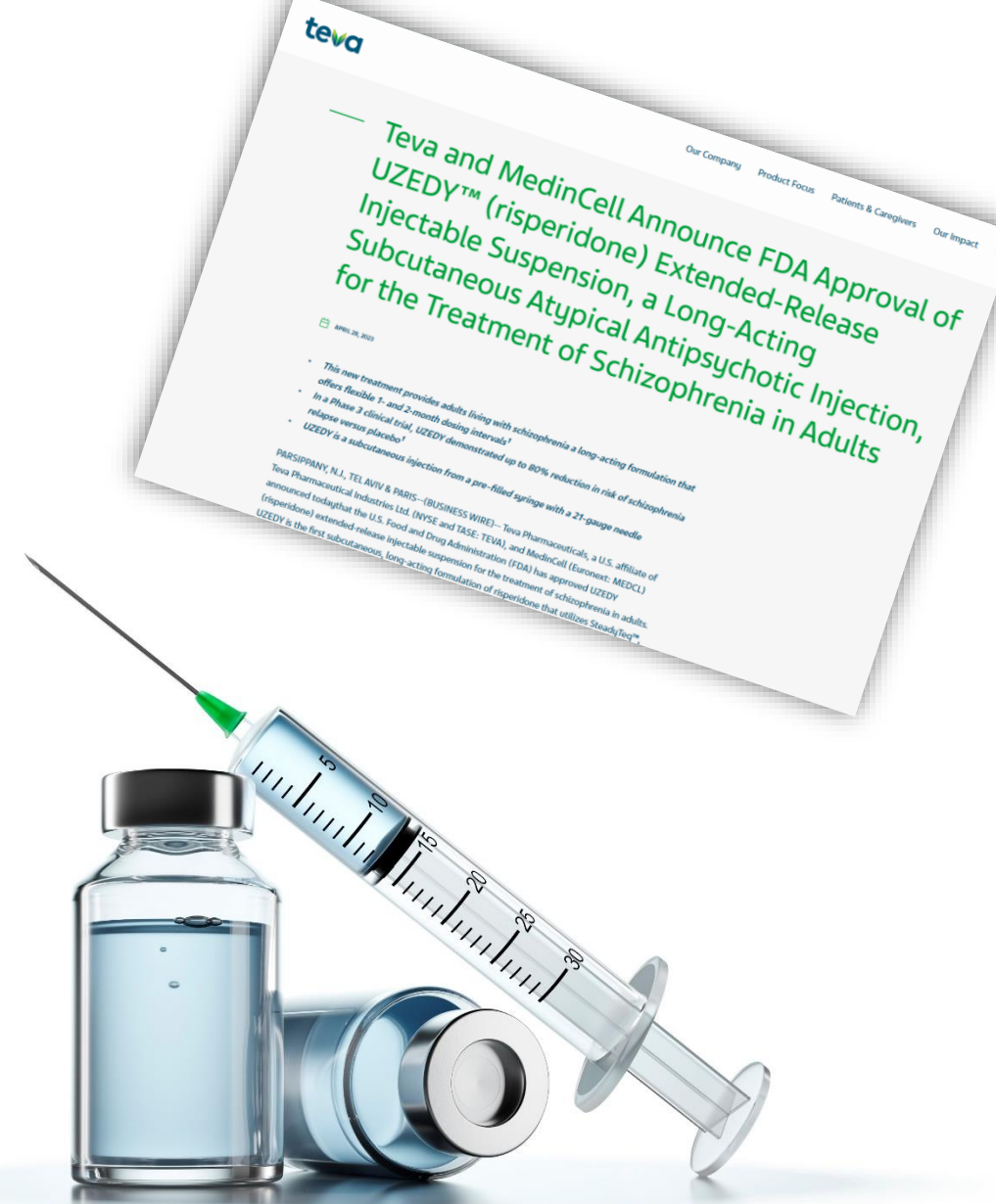
- Temporary slowdown in semiconductor and agrochemical markets
- Volume impacted by lower intake of PLA JV
- Biomedical polymers positive outlook

Growth initiatives

- Biomedical expansion to support drug delivery momentum
- FDA approval drug delivery innovation to commercialize MedinCell's proprietary technology for the treatment of schizophrenia

Efficiency initiatives

- New circular lactic acid plant in Thailand on track for completion by end 2023.
- Lactic acid plant network optimization



Flagship circular 125kt lactic acid plant construction completed end 2023



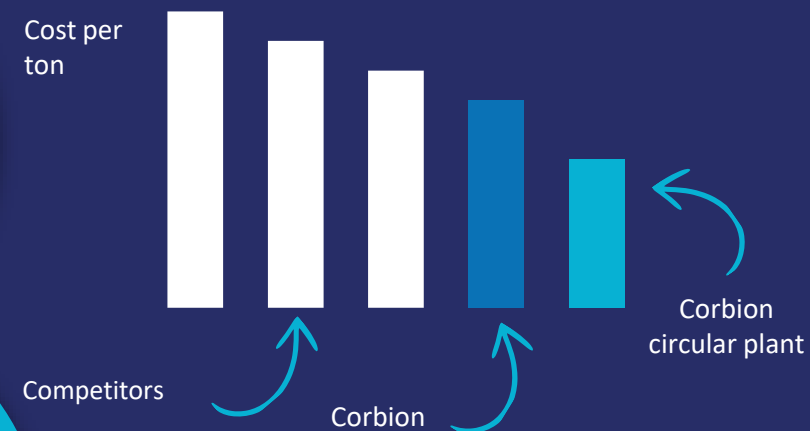
Plant start
up early
2024

Utilities
commissioning
ongoing

Expecting positive
EBITDA
contribution as
from 2024

Lowest cost
technology available

Cost per
ton



19% lower
carbon
footprint*

PLA

Business environment

- Slow demand leading to decision not to pursue PLA2 in Europe
- Current plant offers substantial low cost capacity expansion options without immediate financing need

Growth initiatives

- Early sign of recovery visible
- China piloting new PLA initiatives
- Building a differentiated portfolio through strategic partnerships



Algae Ingredients

Business environment

- Growing omega-3 demand and structural fish oil scarcity leading to higher prices

Growth initiatives

- Orindiuva plant debottlenecking and mix upgrade for oil extraction
- Healthy pipeline development in pet and human nutrition
- Human nutrition sales expected Q4, significantly contributing to EBITDA 2024

Efficiency initiatives

- Further Omega 3 DHA yield increase improving H2 profitability

Portfolio developments

- Algae Ingredients roadmap 2025-2030 expected to be shared later this year following strong growth prospects



Financial performance



Eddy van Rhede van der Kloot
CFO

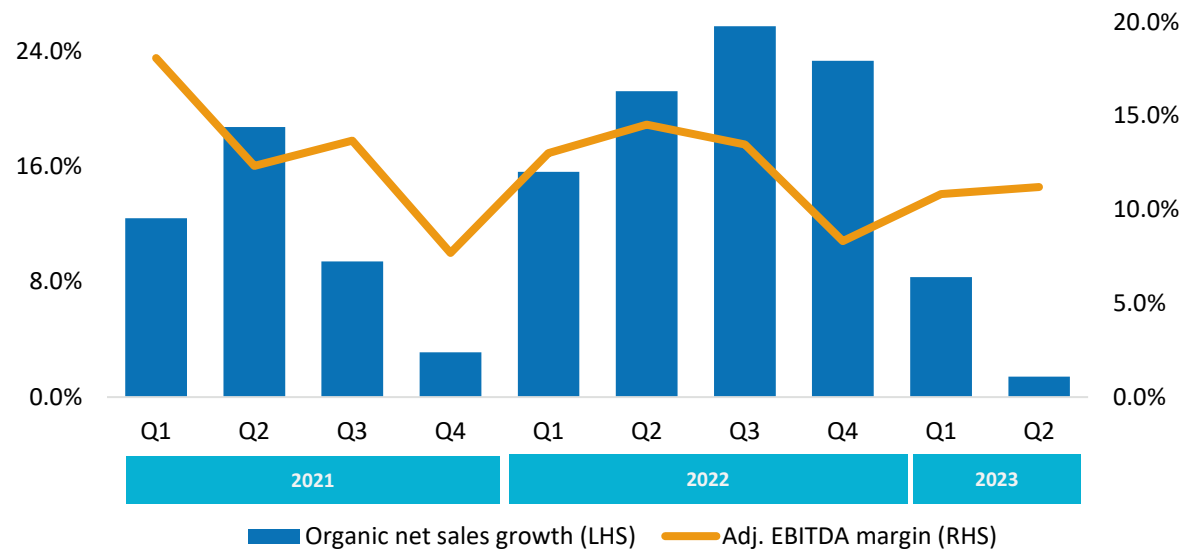
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Profit and Loss

€ million	H1 2023	H1 2022	%		Q2 2023	Q2 2022	%
Sales	738.0	687.4	7.4%		378.4	367.3	3.0%
Adjusted EBITDA	96.8	89.9	7.7%		48.4	49.9	-3.0%
Adjusted EBITDA %	13.1%	13.1%			12.8%	13.6%	
Adjusted Depreciation & Amortization	(40.3)	(36.3)			(20.1)	(19.0)	
Adjustments	(2.9)	5.5			(1.6)	(2.0)	
EBIT	53.6	59.1	-9.3%		26.7	28.9	-7.6%
Financial income/expenses	(10.2)	1.8			(3.1)	1.4	
Result joint ventures/assoc.	(4.1)	8.9			(4.2)	4.1	
Taxes	(11.2)	(18.0)			(6.2)	(9.3)	
Result after tax	28.1	51.8	-45.8%		13.2	25.1	-47.4%
Earnings Per Share (EPS)	0.48	0.88	-45.8%		0.22	0.43	-47.5%

Sustainable Food Solutions

€ million	H1 2023	H1 2022	Q2 2023	Q2 2022
Sales	385.5	365.8	194.3	195.0
Organic growth	4.7%	18.4%	1.4%	21.2%
Adjusted EBITDA	42.4	50.5	21.7	28.3
Adjusted EBITDA margin	11.0%	13.8%	11.2%	14.5%



Organic Sales growth of 4.7%

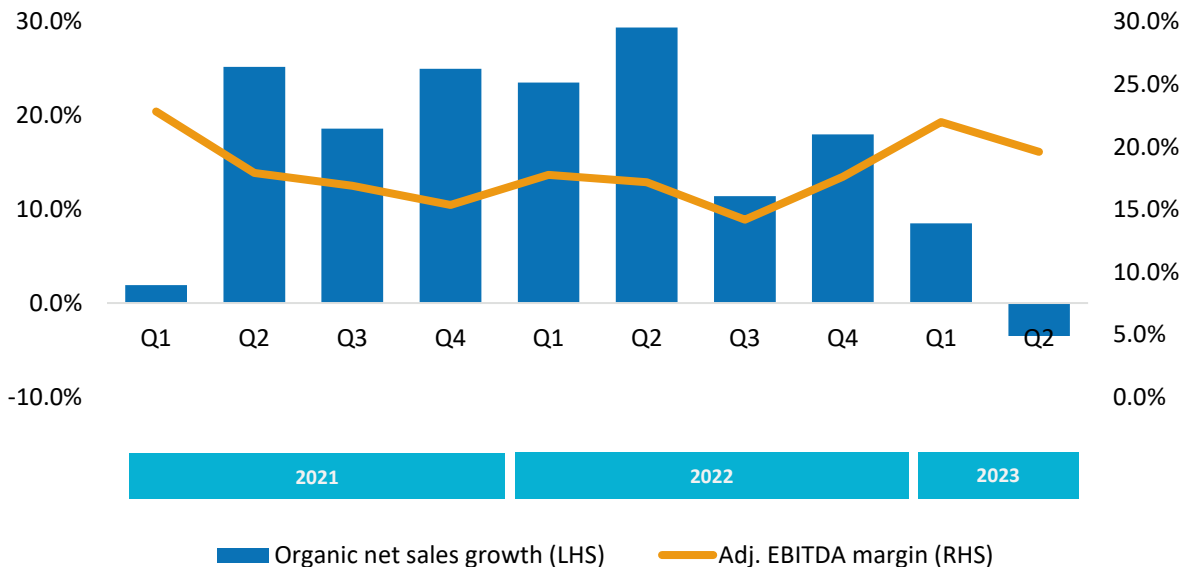
- Positive price impact +11.1% to compensate for higher input costs
- Volume/mix -6.4% driven by customer destocking, softening of consumer demand in line with macro conditions and losses in the less specialized part of the portfolio as we maintain our pricing discipline

Adjusted EBITDA margin 11.0% (-280bps vs LY)

- Adjusted EBITDA margin versus last year declined due the dilution effect of pricing actions to compensate for higher input costs, operational leverage and negative impact of inventory movement

Lactic Acid & Specialties

€ million	H1 2023	H1 2022		Q2 2023	Q2 2022
Sales	206.7	201.8		100.7	106.0
Organic growth	2.2%	26.5%		-3.5%	29.4%
Adjusted EBITDA	43.0	35.2		19.7	18.2
Adjusted EBITDA margin	20.8%	17.4%		19.6%	17.2%



Organic Sales growth of 2.2%

- Positive price impact +11.6% to compensate for higher input costs
- Volume/mix -9.4% driven by lower lactic acid supply to TotalEnergies Corbion joint venture and temporary softness in semiconductor and agrochemical market.
- Continued strong trading of medical biopolymers

Adjusted EBITDA margin 20.8% (+340bps vs LY)

- Adjusted EBITDA margin higher due to positive product mix (e.g. relative high growth rate of biomedical business)

Algae Ingredients

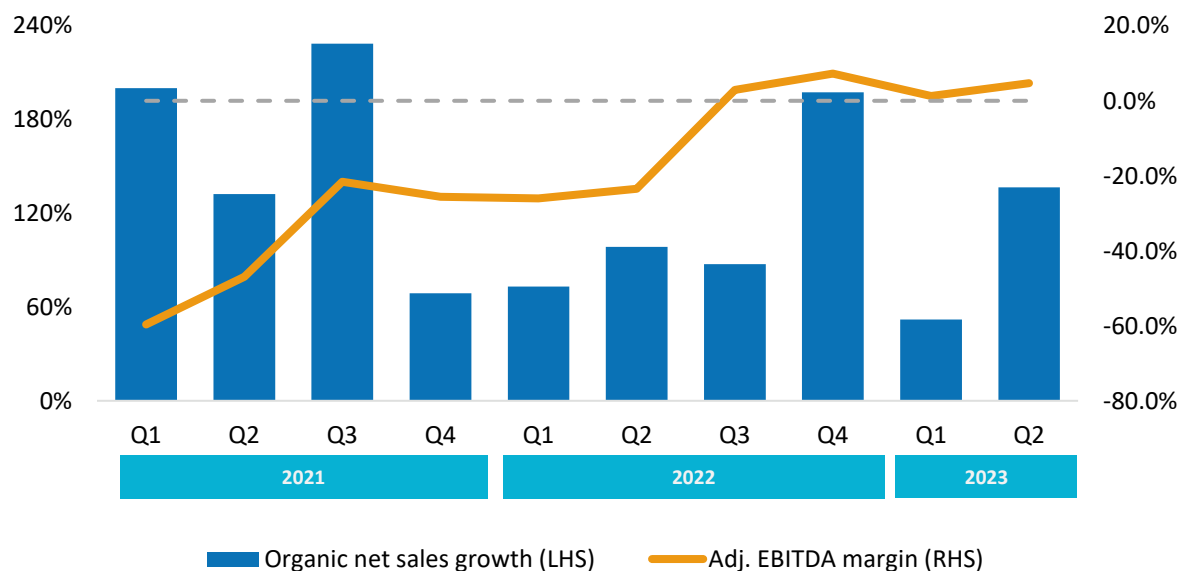
€ million	H1 2023	H1 2022	Q2 2023	Q2 2022
Sales	49.5	24.1	34.2	14.5
Organic growth	102.9%	87.3%	136.6%	98.5%
Adjusted EBITDA	1.8	(5.9)	1.6	(3.4)
Adjusted EBITDA margin	3.6%	-24.5%	4.7%	-23.4%

Organic Sales growth of 102.9%

- Driven by both strong volume/mix growth +69.3% and sustainable price increases +33.6% in aquaculture
- Continued strong growth trajectory in AlgaPrime DHA business
- New customer wins in Pet food

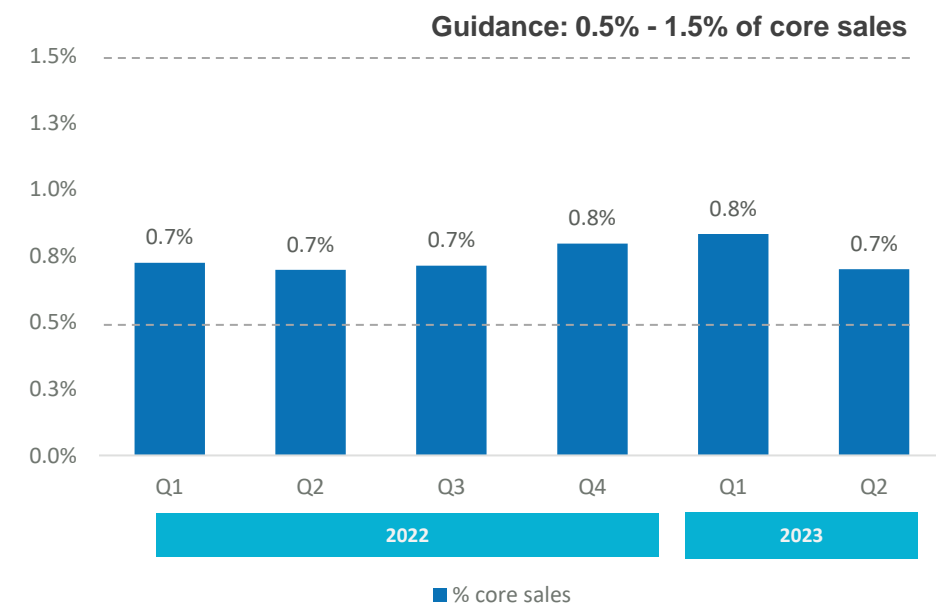
Adjusted EBITDA margin 3.6%, significant improvement versus LY

- Adjusted EBITDA H1 impacted by negative inventory movement of €2.0 million
- Rapidly becoming more profitable



Incubator

€ million	H1 2023	H1 2022	Q2 2023	Q2 2022
Adjusted EBITDA	(5.0)	(4.2)	(2.4)	(2.2)
% of core sales	-0.8%	-0.7%	-0.7%	-0.7%



- **Currently no Sales reported** following carve-out Algae Ingredients as new reporting segment as of Q4 2022
- **The Adjusted EBITDA of € -5.0 million** reflects investments in various programs as outlined at the December 2022 Capital Markets Day
- **Incubator** activity includes Algae portfolio expansion, Biopolymers, Natural Preservation, Circular raw materials and Net zero
- Costs associated with Incubator operations amount to **0.8% of core sales** (H1 2022: 0.7%), **in line with guidance range** of 0.5% - 1.5% of core sales

TotalEnergies Corbion joint venture

€ million *	H1 2023	H1 2022	Q2 2023	Q2 2022
Sales	58.2	91.9	32.5	43.8
EBITDA	10.0	30.1	6.1	14.4
EBITDA margin	17.2%	32.7%	18.8%	33.0%

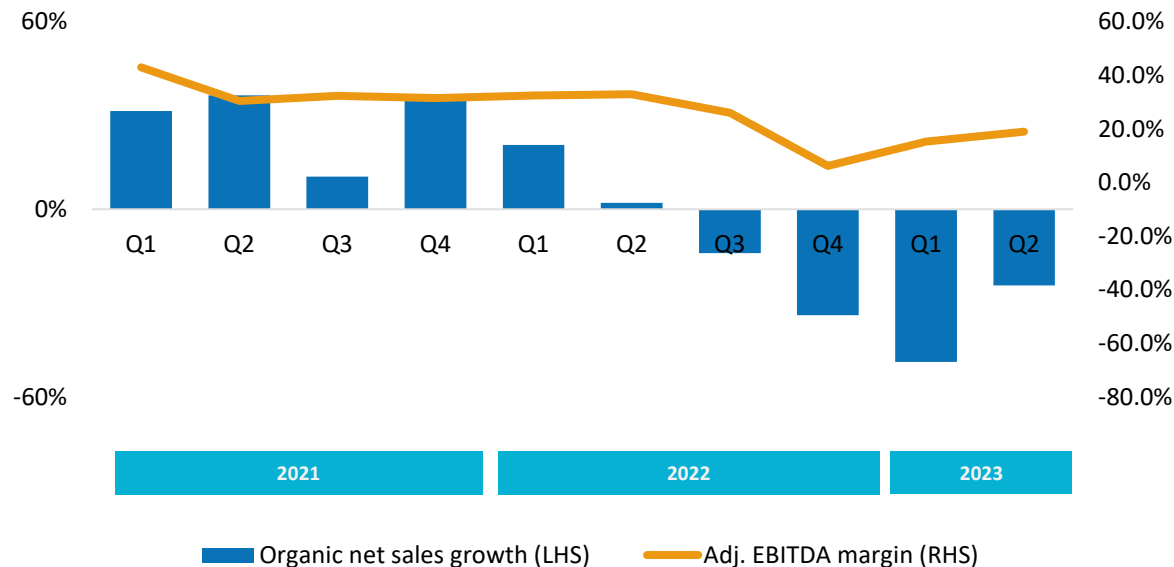
*Results on 100% basis. Corbion owns 50% of TotalEnergies Corbion joint venture

Organic Sales declined by 37.4%

- Weakness of PLA market since mid 2022
- Early signs of recovery visible
- Market share within global PLA market relatively stable

EBITDA margin 17.2%

- EBITDA margins reduced to 17.2% versus last year and showing a recovery since Q4 2022
- EBITDA margin impacted by lower volume (operational leverage), lower prices and higher variable costs in line with anticipation



Non-core activities

€ million	H1 2023	H1 2022	Q2 2023	Q2 2022
Sales	96.3	95.7	49.2	51.8
Organic growth	-0.6%	26.3%	-3.3%	28.5%
Adjusted EBITDA	14.6	14.3	7.8	9.0
Adjusted EBITDA margin	15.2%	14.9%	15.9%	17.4%

Sales growth of non-core (emulsifiers) flat

- Organic sales growth -0.6%, driven by price increases being offset by negative volume/mix

Adjusted EBITDA margin at 15.2% (+20bps vs LY)

- Adjusted EBITDA margin slightly improved due to pricing and product mix improvements

Outlook



Olivier Rigaud
CEO

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SUMMARY		
Value	Change	Change %
45,000	15,000	26.67%
7	3	
105.42%		
164,208		
228,800		

revenue	524.5	12%
costs	403.5	5%
Gross profit	121.0	18%
Other income	4.5	10%
Administrative expenses	84.5	2%
Profit before tax	10.5	14%
tax	73.5	
net profit		

2023 Outlook

Organic sales growth CORE

Mid-single digit growth

- Volume/mix growth anticipated to improve by year-end on easier comparables
- Low single digit vol/mix decline
- Weak Q3 Lactic Acid & Specialties
- Positive pricing compensating higher input costs
- Early sign of recovery in PLA
- Strong Algae Ingredients H2 driven by volume/mix/pricing

Organic EBITDA growth CORE

Adjusted EBITDA growth CORE within 15-20 % range

- Ongoing cost reduction initiatives
 - Footprint optimization
 - Vinegar insourcing
- Input cost relaxation

Financial discipline

Positive free cash flow from Q2 2023 onwards

- Strong focus on working capital improvement
- Reducing inventory levels as supply chain pressures ease
- Capital expenditure: € 145 - 160M
- Covenant net debt/EBITDA ratio: 2.8 - 3.2x by year-end 2023*

Annex

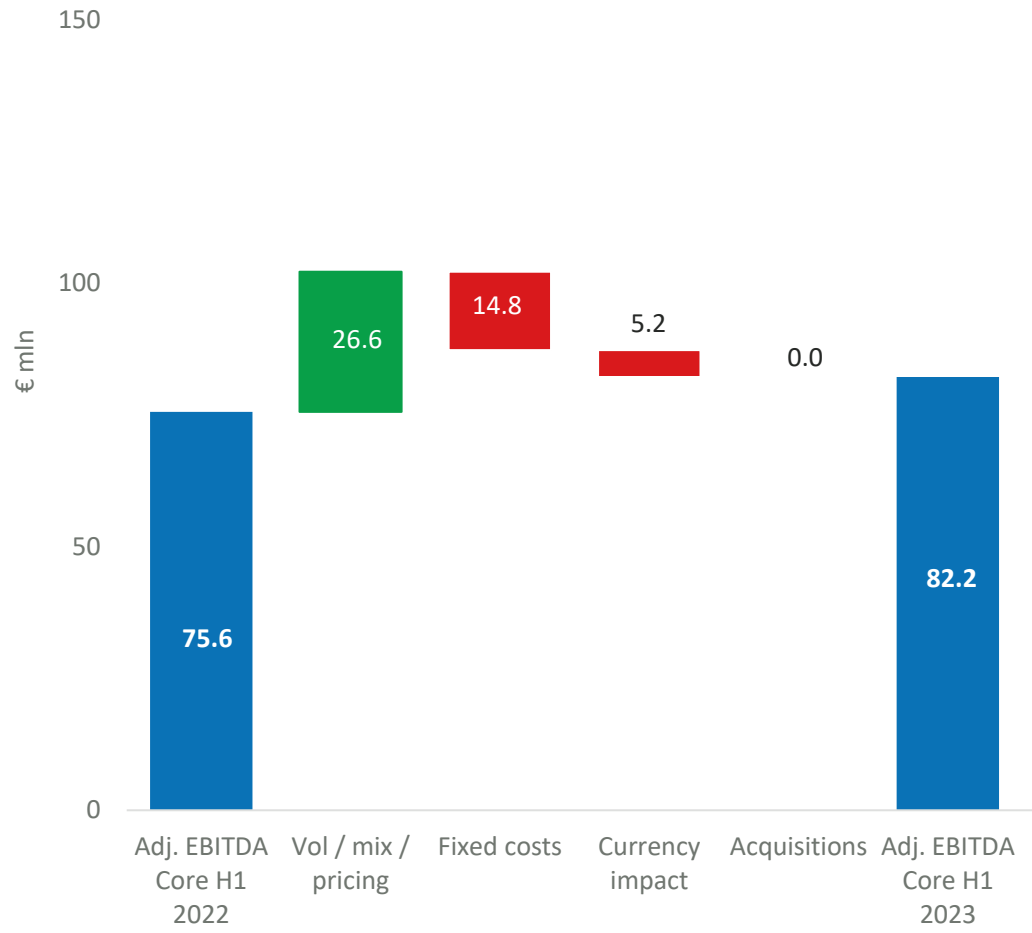
Sales and Adjusted EBITDA: H1/Q2 2023

€ million	H1 2023	H1 2022		Q2 2023	Q2 2022		Growth H1 2023
Sales							
Core	641.7	591.7		329.2	315.5		8.5%
- Sustainable Food Solutions	385.5	365.8		194.3	195.0		5.4%
- Lactic Acid & Specialties	206.7	201.8		100.7	106.0		2.4%
- Algae Ingredients	49.5	24.1		34.2	14.5		105.4%
Non-core	96.3	95.7		49.2	51.8		0.6%
Total Sales	738.0	687.4		378.4	367.3		7.4%
Adjusted EBITDA							
Core	82.2	75.6		40.6	40.9		8.7%
- Sustainable Food Solutions	42.4	50.5		21.7	28.3		-16.0%
- Lactic Acid & Specialties	43.0	35.2		19.7	18.2		22.2%
- Algae Ingredients	1.8	(5.9)		1.6	(3.4)		130.5%
- Incubator	(5.0)	(4.2)		(2.4)	(2.2)		-19.0%
Non-core	14.6	14.3		7.8	9.0		2.1%
Total Adjusted EBITDA	96.8	89.9		48.4	49.9		7.7%

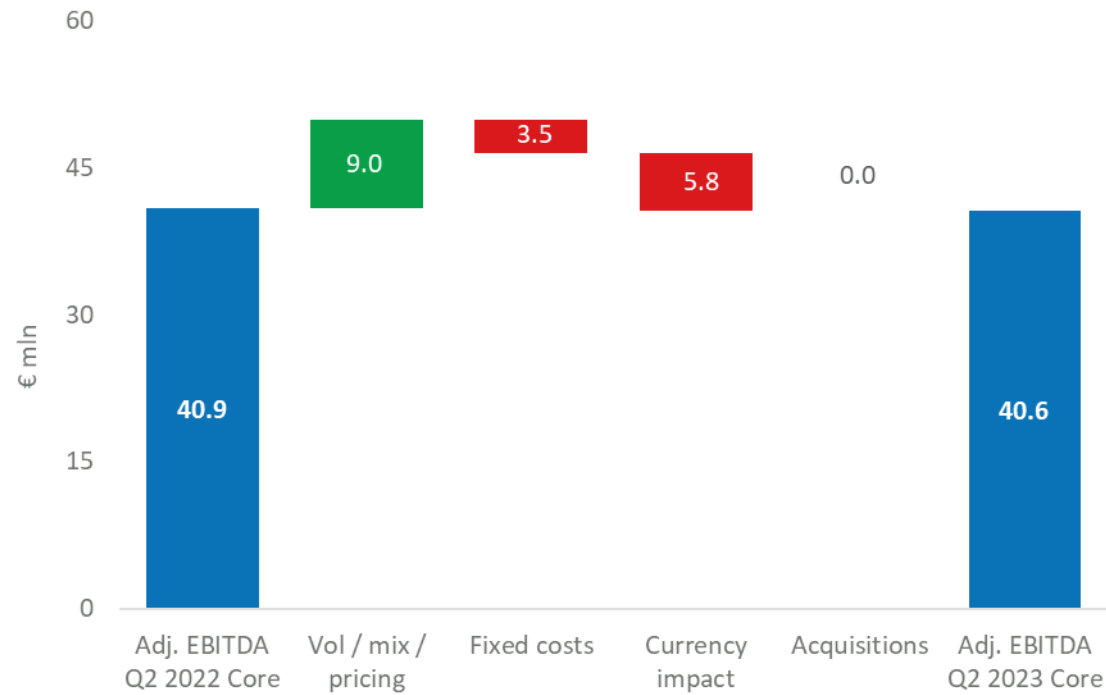
Sales growth per segment in H1/Q2 2023

Sales	Volume/Mix	Price	Organic	Currency	Acquisitions/ (Divestments)	Total growth
H1 2023 vs H1 2022						
Core	-4.3%	12.2%	7.9%	0.6%	0.0%	8.5%
- Sustainable Food Solutions	-6.4%	11.1%	4.7%	0.7%	0.0%	5.4%
- Lactic Acid & Specialties	-9.4%	11.6%	2.2%	0.2%	0.0%	2.4%
- Algae Ingredients	69.3%	33.6%	102.9%	2.5%	0.0%	105.4%
Non-core	-17.5%	16.9%	-0.6%	1.2%	0.0%	0.6%
Total	-6.1%	12.8%	6.7%	0.7%	0.0%	7.4%
Q2 2023 vs Q2 2022						
Core	-2.9%	8.9%	6.0%	-1.7%	0.0%	4.3%
- Sustainable Food Solutions	-6.5%	7.9%	1.4%	-1.8%	0.0%	-0.4%
- Lactic Acid & Specialties	-11.0%	7.5%	-3.5%	-1.5%	0.0%	-5.0%
- Algae Ingredients	104.9%	31.7%	136.6%	-0.7%	0.0%	135.9%
Non-core	-16.2%	12.9%	-3.3%	-1.7%	0.0%	-5.0%
Total	-4.7%	9.4%	4.7%	-1.7%	0.0%	3.0%

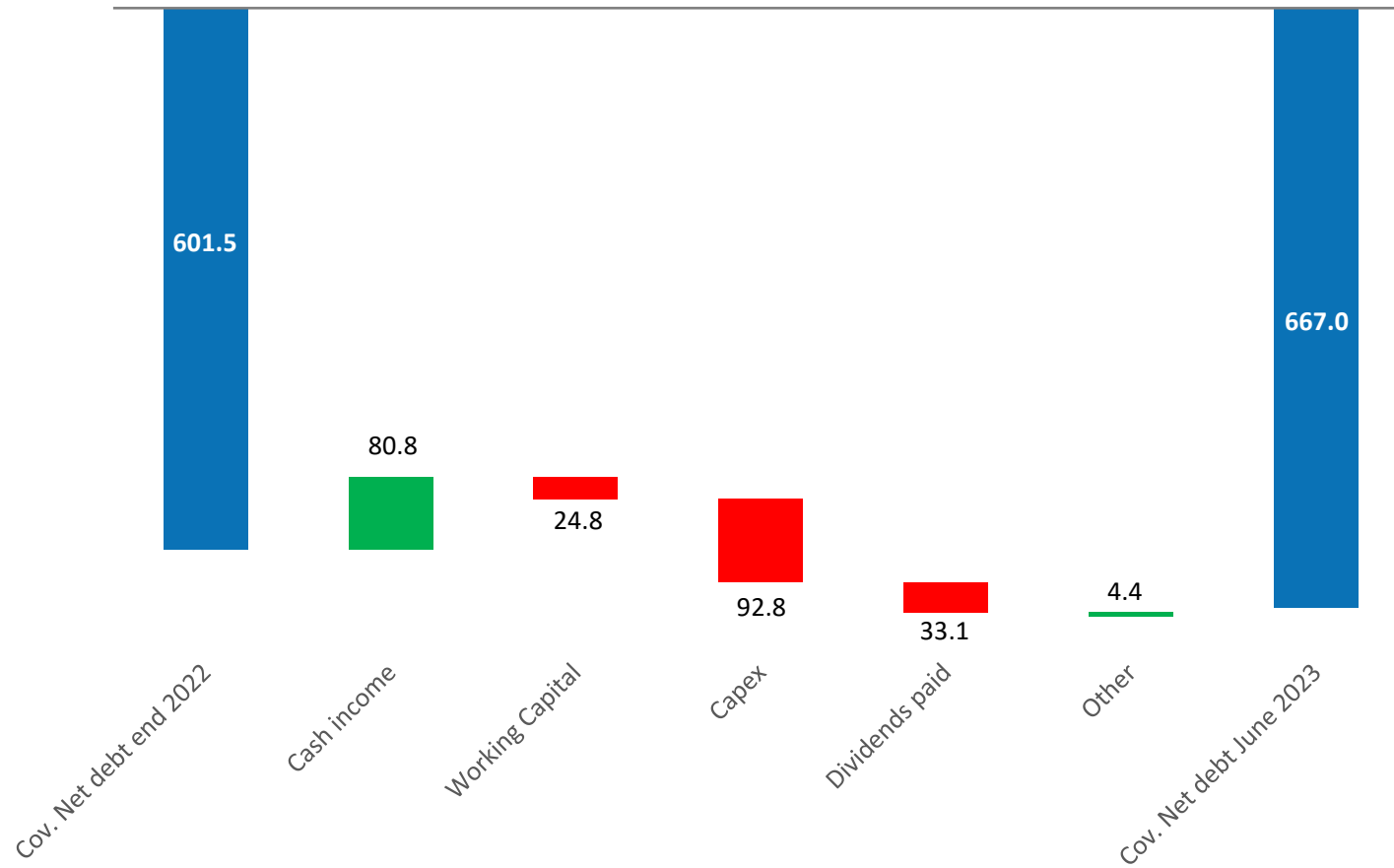
Core Adjusted EBITDA bridge H1 2023



Core Adjusted EBITDA bridge Q2 2023

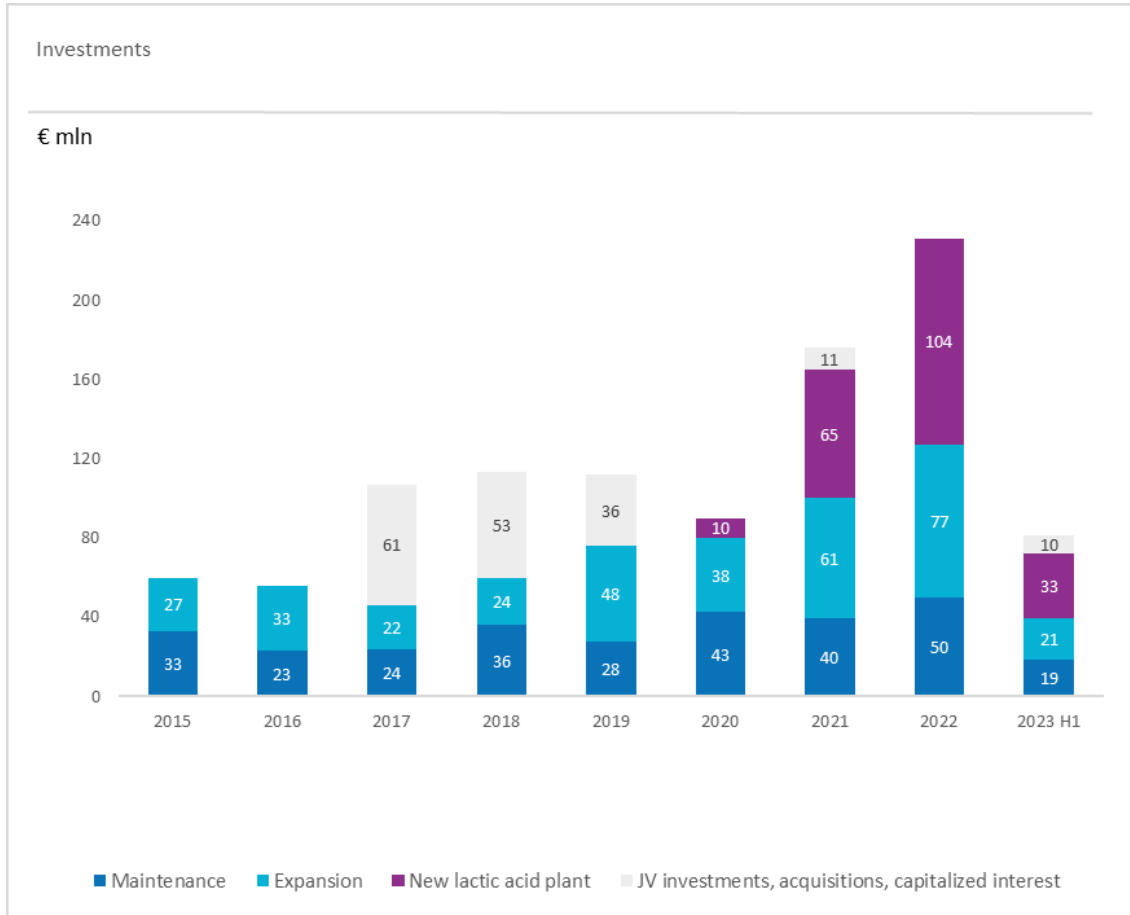


Covenant net debt bridge H1 2023



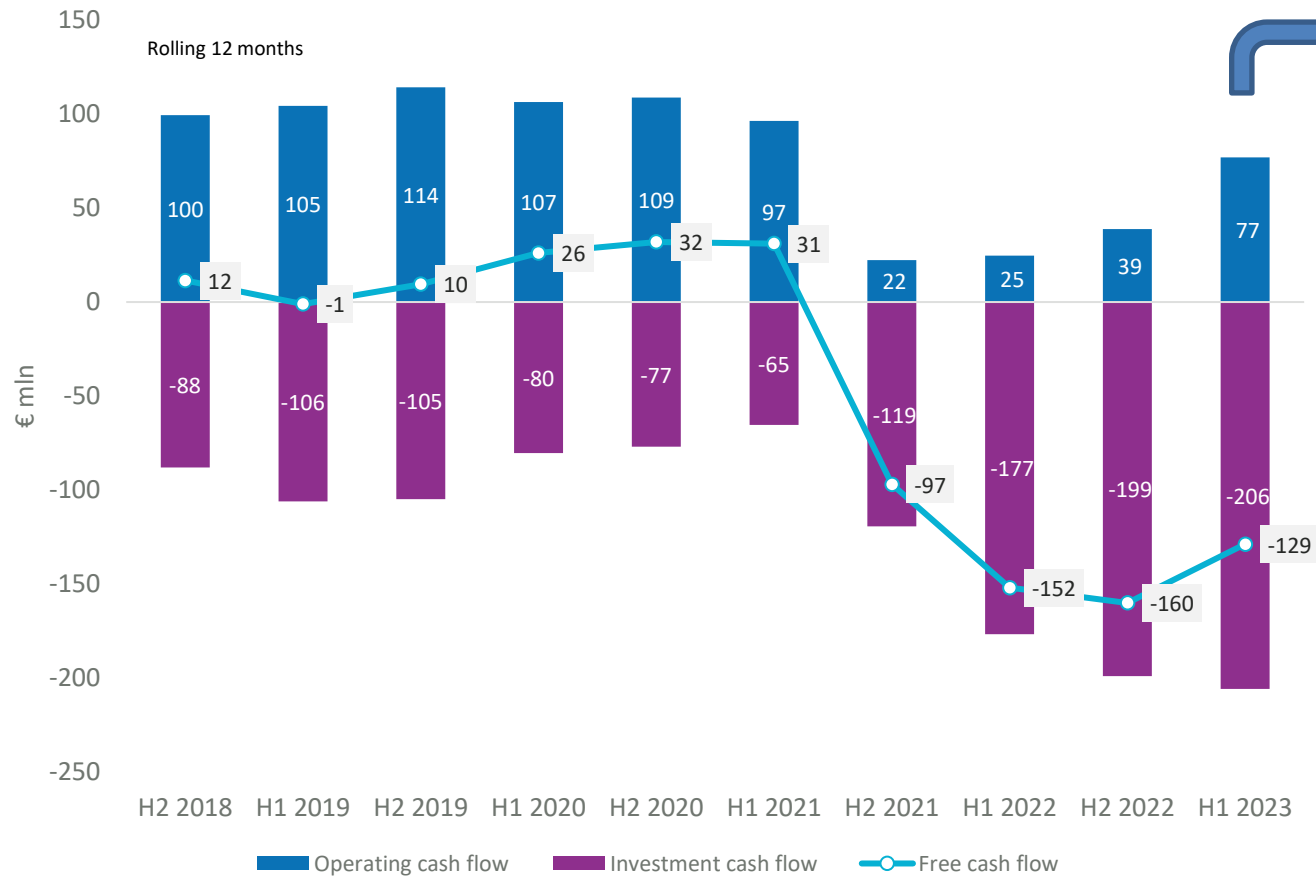
- **Net debt position H1 2023: € 667.0 million** (excl. subordinated loans).
- **Covenant net debt/covenant EBITDA** increased from 3.0x (year-end 2022) to 3.4x (June 2023):
 - Dividend payment of € 33 million
 - Positive Free Cash Flows in Q2
 - Inventory position has been reduced by € 18.4 million following active inventory management

Investments



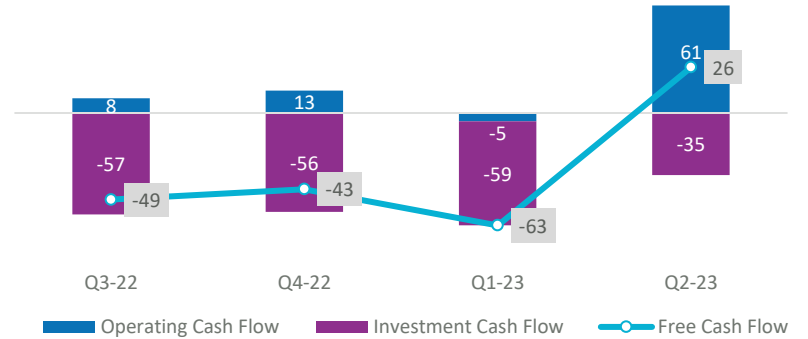
- **Total Capex investments H1 2023 € 72M**
 - Recurring capex € 39M (including expansion projects)
 - New lactic acid plant (Thailand) € 33M
- **Expansion capex includes**
 - Lactic acid expansion/debottlenecking € 9M
 - Algae (Orindiúva, Brazil) expansion/flexibility € 5M
 - Natural ferments (Peoria, US) € 2M
- **Capex outlook 2023**
 - 2023 Capex estimated between € 145 - 160M [was: € 160 - 190M]

Free Cash Flow



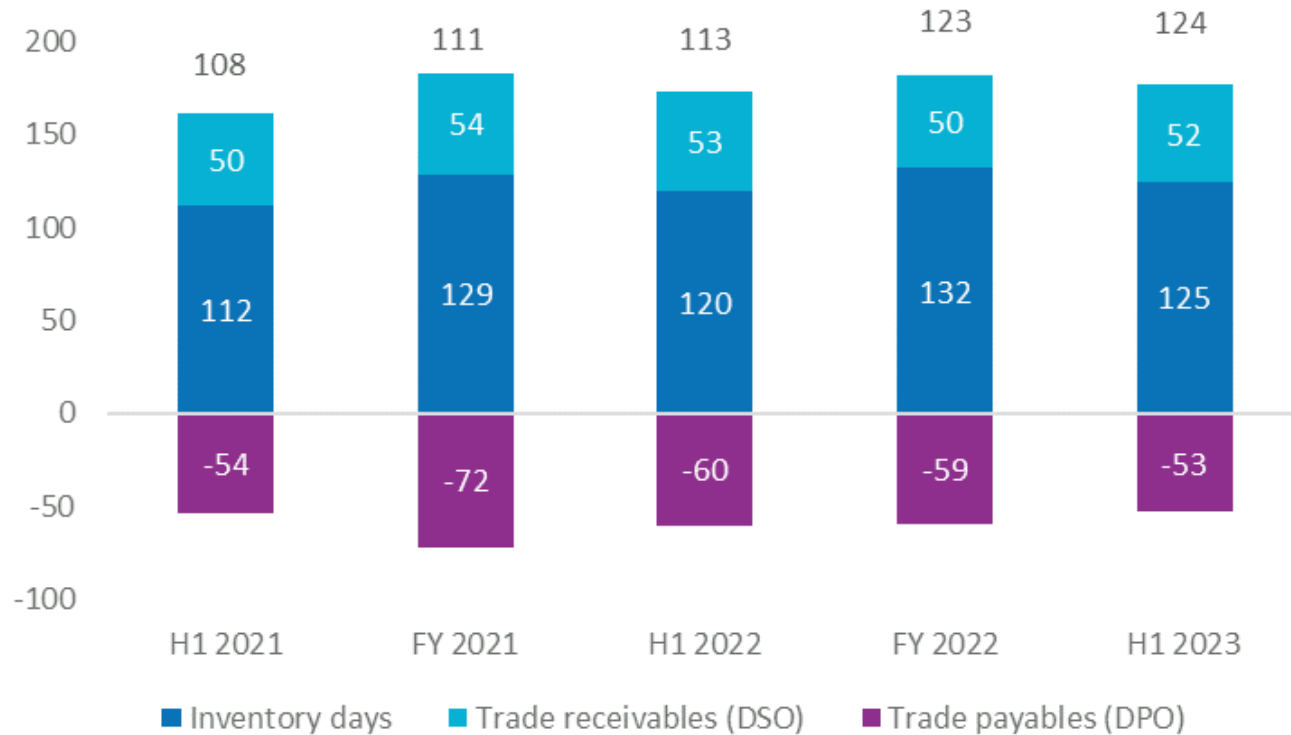
- Free Cash Flows (FCF) improving since H1 2022 with positive quarterly FCF in Q2 2023

Free Cash Flow per quarter



- Substantial investment program near completion
 - New lactic acid plant in Thailand near completion with c.€ 30 million remaining CAPEX
- Improving Free Cash Flow
 - Increasing EBITDA
 - Reduced capex levels
 - Reduced working capital positions

Working capital (days)



- **Decreased Inventory days** versus Q4 2022:
 - Successful inventory reduction program
 - Improved demand forecast
 - Optimization safety stock levels
- **Trade receivables days stable**
- **Trade payables reducing** , as input costs of recent purchases are coming down (resulting in lower payable positions)



—• Investor relations



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