

29 October 2024

## Corbion Q3 2024 Interim Management Statement

# Corbion reports sales growth, profit improvement, and positive free cash flow driven by strong Q3 and upgrades full year guidance

Corbion, the Amsterdam-listed sustainable ingredients company that champions preservation through application of science, today publishes its results for the first nine months of 2024.

### Key highlights first nine months 2024:

- Organic sales growth: +2.6% (Q3: +9.2%)
  - Volume/mix: +6.1% (Q3: +11.1%)
  - Price: -3.5% (Q3: -1.9%)
- Continued Operations:
  - Sales € 972.9 million (Q3: € 335.8 million)
  - Adjusted EBITDA € 135.7 million (Q3: € 49.6 million)
  - Operating profit € 62.1 million (Q3: € 28.5 million)
- Free Cash Flow € 302.1 million, € 50.8 million when excluding divestment proceeds
- Continued double digit growth in sales and Adjusted EBITDA in Health & Nutrition
- Continued positive volume/mix development in Functional Ingredients & Solutions
- FY 2024 outlook upgrade:
  - Volume/mix growth >5% [previously 2 – 6%]
  - Adjusted EBITDA organic growth 22 – 25% [previously >18%]
  - Free Cash Flow >€ 60 million [previously >€ 50 million]

€ million*	YTD 2024	YTD 2023	YTD growth	YTD Organic growth	Q3 2024	Q3 2023	Q3 growth	Q3 Organic growth
Sales	972.9	952.3	+2.2%	+2.6%	335.8	310.6	+8.1%	+9.2%
Adjusted EBITDA	135.7	103.4	+31.2%	+28.7%	49.6	34.4	+44.2%	+42.4%
Adjusted EBITDA margin (%)	13.9%	10.9%			14.8%	11.1%		
Operating profit	62.1	43.9	+41.5%	34.0%	28.5	13.7	+108.0 %	+101.3%

\*Continued operations

Commenting on today's results, Olivier Rigaud, CEO, stated: "We achieved solid results in the first nine months of 2024, reflecting the fundamental strength of our business. I am happy to report sustained growth in both volume/mix and Adjusted EBITDA, along with strong, positive free cash flow generation. Our restructuring program has advanced well, contributing to improved margins. With this strong performance, highlighted by significant Adjusted EBITDA growth, we, today, upgrade our full-year 2024 guidance.

We saw continuation of the positive momentum in Functional Ingredients & Solutions with strong volume/mix growth in our Food segment, whilst the softness of some Biochemicals markets persists. In line with earlier guidance, pricing has been lower as a result of price reductions following input cost relaxation. In Health & Nutrition, we are experiencing robust double-digit growth in both sales and Adjusted EBITDA, primarily driven by the Nutrition segment (Omega-3 DHA in aquaculture and pet nutrition). In Q3, we have seen double-digit growth in all our segments: Nutrition, Biomedical polymers and Pharma.

The ramp-up phase of our new circular lactic acid plant in Thailand is underway. Lactic acid from the new Thai facility has been successfully qualified and supplied to the joint venture for the production of PLA.”

## Segment Information

### Functional Ingredients & Solutions

Sales growth in Functional Ingredients & Solutions was driven by volume/mix growth of +3.1% for the first nine months driven by the continued positive momentum in our Food segment, with Q3 showing a significant volume/mix growth of +7.1%. Year-to-date pricing of -5.1% took place following input cost relaxation.

In the Food segment, year-to-date sales growth remained strong across key markets such as bakery, meat, and dairy, with continued momentum in our strategic initiatives including dough conditioners, natural mold inhibitors, dairy stabilizers, and natural antioxidants.

In Biochemicals, the year-to-date sales decline was driven by temporary softness in some markets, most notably in semiconductors and agrochemicals. In Q3, we have not experienced quarter-over-quarter sales growth.

Lactic Acid volumes to the PLA joint venture have grown both in YTD and Q3.

In the first nine months, Adjusted EBITDA increased +2.3% to € 71.1 million for the Functional Ingredients & Solutions business unit. The Adjusted EBITDA margin was 9.5% (including the absorption of cost previously allocated to emulsifiers which are planned to be compensated in the coming quarters). In Q3, the Adjusted EBITDA margin was 10.4%, stable versus the previous quarter (reduced sugar price offset by temporarily increased freight costs). We continue making progress in the implementation of our fixed cost reduction initiatives intended to increase margins.

### Health & Nutrition

Overall year-to-date sales in the Health & Nutrition business unit rose +21.8% to € 221.6 million, driven by volume/mix and price contributing +18.6%, and +3.2%, respectively. In Animal Nutrition, sales of Omega-3 DHA to the aquaculture segment grew strongly, further supported by favorable market dynamics. Also, Omega-3 DHA sales to the pet food markets saw significant year-over-year growth.

All three segments within Health & Nutrition (*i.e.*, Nutrition, Pharma, and Biomedical Polymers) grew sales by double-digit percent vs Q3 2023, mainly due to volume/mix. Growth in Q3 in the Nutrition segment was favorably impacted by phasing effects, as a results of which volume/mix growth in Q4 is expected to be lower (high single-digit %).

YTD 2024 Adjusted EBITDA grew to € 64.6 million (+90.6%) vs YTD 2023 (€ 33.9) driven by operational leverage and favorable product mix, as well as higher yields within the nutrition segment (through strain optimization). The Adjusted EBITDA margin grew significantly to 29.2% (from 18.6% YTD 2023).



## **TotalEnergies Corbion Joint Venture**

Sales in the TotalEnergies Corbion joint venture increased organically by +15.5% driven by higher volumes. The joint venture has experienced pricing pressure in the more commoditized markets, leading to a reduction of EBITDA margin in Q3 which we anticipate to continue into the coming quarters.

## Outlook 2024

Given the strong YTD performance, full-year 2024 guidance is updated.

The key components of our full-year 2024 guidance update are as follows:

- Organic growth (continued operations)
  - o Volume/mix growth: >5% [previously 2 – 6%]
  - o Pricing: low single-digit-negative [unchanged]
  - o Adjusted EBITDA growth<sup>1</sup>: 22 – 25% [previously >18%]
- Free Cash Flow: >€ 60 million (excl. divestment proceeds) [previously >€ 50 million]
- Covenant net debt/covenant EBITDA: 2.0 – 2.2x [previously 1.8 – 2.3x]

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<sup>1</sup> Base for calculation is Adjusted EBITDA for FY 2023 Continued Operations at € 140.2 million

## Sales Growth

Sales growth (Continued Operations)	Volume/Mix	Price	Organic	Currency	Acquisitions/ (Divestments)	Total growth
<b>YTD 2024 vs YTD 2023</b>						
- Functional Ingredients & Solutions	3.1%	-5.1%	-2.0%	-0.9%	0.5%	-2.4%
- Health & Nutrition	18.6%	3.2%	21.8%	-0.4%	0.0%	21.4%
<b>Total</b>	6.1%	-3.5%	2.6%	-0.8%	0.4%	2.2%
<b>Q3 2024 vs Q3 2023</b>						
- Functional Ingredients & Solutions	7.1%	-4.4%	2.7%	-1.8%	0.6%	1.5%
- Health & Nutrition	27.8%	8.8%	36.6%	-1.1%	0.0%	35.5%
<b>Total</b>	11.1%	-1.9%	9.2%	-1.6%	0.5%	8.1%

## Profit & Loss

### Sales & Adjusted EBITDA (Continued operations)

€ million	YTD 2024	YTD 2023		Q3 2024	Q3 2023		Growth YTD
<b>Sales</b>							
- Functional Ingredients & Solutions	751.3	769.8		254.1	250.3		-2.4%
- Health & Nutrition	221.6	182.5		81.7	60.3		+21.4%
<b>Total Net Sales</b>	<b>972.9</b>	<b>952.3</b>		<b>335.8</b>	<b>310.6</b>		<b>+2.2%</b>
<b>Adjusted EBITDA</b>							
- Functional Ingredients & Solutions	71.1	69.5		26.5	21.6		+2.3%
- Health & Nutrition	64.6	33.9		23.1	12.8		+90.6%
<b>Total Adjusted EBITDA</b>	<b>135.7</b>	<b>103.4</b>		<b>49.6</b>	<b>34.4</b>		<b>+31.2%</b>
<b>Adjusted EBITDA margin</b>							
- Functional Ingredients & Solutions	9.5%	9.0%		10.4%	8.6%		
- Health & Nutrition	29.2%	18.6%		28.3%	21.2%		
<b>Total EBITDA margin</b>	<b>13.9%</b>	<b>10.9%</b>		<b>14.8%</b>	<b>11.1%</b>		

### Sales & Adjusted EBITDA (Continued & Discontinued operations)

€ million	YTD Q3 2024			YTD Q3 2023		
	Continued	Discontinued	Total	Continued	Discontinued	Total
Sales	972.9	43.9	1,016.8	952.3	138.7	1,091.0
Adjusted EBITDA	135.7	12.7	148.4	103.4	39.4	142.8

## TotalEnergies Corbion Joint Venture

€ million*	YTD 2024	YTD 2023		Q3 2024	Q3 2023
Net Sales	99.5	86.5		33.1	28.3
EBITDA	10.9	12.5		1.5	2.5
EBITDA %	11.0%	14.4%		4.5%	8.8%

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

*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 is the global market leader in lactic acid and its derivatives, and a leading supplier of food preservation solutions, functional blends, and algae ingredients. We use our unique expertise in fermentation and other processes to deliver sustainable solutions for the preservation of food and food production, health, and our planet. For over 100 years, we have been uncompromising in our commitment to safety, quality, innovation, and performance. Drawing on our deep application and product knowledge, we work side by side with customers to make our cutting-edge solutions work for them. Leveraging our advanced capabilities in fermentation and preservation technology, we help customers differentiate their products in diverse markets ranging from food and animal nutrition to home and personal care, pharmaceuticals, electronics, medical devices, and bioplastics. In 2023, Corbion generated annual sales of € 1,443.8 million and had a workforce of 2,727 FTEs. Corbion is listed on Euronext Amsterdam. For more information: [www.corbion.com](http://www.corbion.com)