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## Corbion management presents Strategy Update

**At the Strategy Update for analysts and investors in Amsterdam today, Corbion management will present its updated strategic direction for 2015-2018. Corbion will focus on strengthening its core business in ingredients for food and biochemicals ("Biobased Ingredients"), while leveraging its technology to build new business platforms in the biotechnology arena ("Biobased Innovations").**

Tjerk de Ruiter, CEO of Corbion, comments: "Our updated strategy addresses the global megatrends of resource depletion, population growth and food security. With our 80 years of experience and knowledge in lactic acid fermentation, protected by IP and proprietary knowledge, we are well positioned to alleviate the impact of these trends with our biobased solutions. Corbion will accelerate its thrust into the biotechnology arena, making the next step in the bioplastics value chain by becoming a PLA producer. With entry into PLA, Corbion will bring new biodegradable solutions to the plastic market."

### **Strategy Update: "Disciplined Value Creation"**

In its core, Corbion is a strong biobased ingredients company in food and biochemicals. Our food ingredients provide safe and healthy food for a growing population, while reducing food waste. Our biochemical ingredients provide solutions based on renewable materials and resource efficient processes. At the same time, we build new business platforms in biotechnology based on our lactic acid expertise.

Our Biobased Ingredients business is characterized by modest growth, good margins and cash generation. In Biobased Innovations we have a portfolio with large growth opportunities, which requires significant investments. To increase value creation we will use a differentiated management and capital allocation approach for these two businesses.

### **Biobased Ingredients: "Strengthening the Core"**

The Biobased Ingredients business unit, comprising the food- and biochemical businesses, will focus on improved financial performance. Differentiated market strategies and portfolio choices have been defined to deliver increased cash-flow and returns across these businesses. To improve productivity, we have initiated "Streamline", a program to align the organization to these portfolio choices, simplify our business processes, and optimize our manufacturing footprint.

This will result in about 200 job losses across the company and annual cost savings of EUR 20 million, both by 2016. This includes the consolidation of our blending operations in Totowa, New Jersey, USA, triggering the closure of our Kansas Avenue facility (Kansas, USA). Associated one-off

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cash costs are EUR 20 million plus EUR 10 million capex for the above mentioned plant consolidation. There may also be a non-cash impairment involved.

### Biobased Innovations: "Selective drive for growth"

The Biobased Innovations business unit consists of our PLA/lactide business, succinic acid joint venture with BASF, our gypsum-free fermentation technology, fermentations based on 2<sup>nd</sup> generation biomass, and other longer-term development projects. This unit will drive for growth via a disciplined stage-gate investment approach.

As part of our strategic review we confirmed there is an attractive demand outlook for PLA, albeit at a lower growth pace than previously assumed. Given our strong position in lactic acid, our unique high heat technology and the market need for a second PLA producer, we will forward integrate in the bioplastic value chain, from being a lactide provider to a PLA producer.

This would require us to invest in a 75 kTpa PLA plant (estimated EUR 60 million capex) in Thailand. We will only commence with this investment if we can secure at least one-third of plant capacity in committed PLA volumes from customers. We will also continue to explore strategic alliances as part of our PLA growth strategy in order to enhance the business opportunities while mitigating the associated risks. We will debottleneck our existing lactic acid asset base, and therefore we do not foresee the need for a major new lactic acid plant in the near term.

### **Improved financial performance**

We will improve our financial performance and value creation by focusing more on free-cash-flow development and return on investments, rather than top-line growth. For our investments we will apply a disciplined stage-gate approach and strict financial criteria.

As a result of lower estimated cash outlays in the coming years Corbion plans to raise its regular dividend to 35-45% (was 35%) of the net profit adjusted for non-cash one-off items. Additionally, we plan to distribute EUR 100 million to shareholders in 2015 (further details to follow in Q1 2015).

### **Financial Targets 2015-2018**

We will apply a new segmentation in line with the updated strategy which enhances financial transparency:

- 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 EUR 35 million per annum.
- Biobased Innovations: negative impact on EBITDA not to materially increase from current levels (EUR +/- 14 million in 2013). Business plans at maturity are required to deliver EBITDA margin of >18% and ROCE of >15%. Recurring capex, excluding large commercial-scale plant investments, is expected to be on average EUR 20 million per annum.
- Corbion continues to target a Net debt/EBITDA ratio of 1.5x, over the investment cycle.

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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 functional blends containing enzymes, emulsifiers, 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 and coating resins. Its products have a differentiating functionality in all kinds of consumer products worldwide. In 2013, Corbion generated annual sales of €743.6 million and had a workforce of 1,885 employees. Corbion is listed on NYSE Euronext Amsterdam. For more information: [www.corbion.com](http://www.corbion.com)