

PRESS RELEASE

DATE 26 April 2018

Corbion Q1 2018 Interim Management Statement

Corbion reported sales of € 213.0 million in the first quarter of 2018, a decrease of 7.4% due to currency effects. Organic sales growth was 2.5%, due to a strong increase in Biochemicals and Innovation Platforms. EBITDA excluding one-off items decreased by 19.2% to € 38.6 million due to currency effects and higher input costs.

“The start of the year saw a continued positive momentum with organic sales growth recovery in Ingredient Solutions, that has returned to the 2-4% target range. As anticipated, a weaker US dollar and negative raw material price effects have put pressure on our Ingredient Solutions EBITDA, nevertheless we were able to maintain a healthy margin in this business segment. We are experiencing improving market dynamics in bioplastic PLA, which is encouraging for the future development of our PLA joint venture plant, which is scheduled to open later this year.”, commented Tjerk de Ruiter, CEO.

Key financial highlights first quarter of 2018

- Net sales organic growth was 2.5%; volume growth was 2.3%
- EBITDA before one-off items was € 38.6 million, an organic decrease of 1.4%
- EBITDA margin before one-off items was 18.1% (21.0% for Ingredient Solutions)
- Positive one-off item of € 0.7 million related to a land sale in Italy
- Operating result was € 30.0 million, an organic decrease of 9.0%

€ million	YTD 2018	YTD 2017	Total growth	Organic growth
Net sales	213.0	229.9	-7.4%	2.5%
EBITDA excluding one-off items	38.6	47.8	-19.2%	-1.4%
EBITDA margin excluding one-off items	18.1%	20.8%		
Operating result	30.0	41.0	-26.8%	-9.0%

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Segment information

Ingredient Solutions

Net sales in Ingredient Solutions, which encompasses Food and Biochemicals, decreased by 8.6%, driven by a negative currency effect of -10.8%. Organic net sales growth continued its upward trend resulting in 2.2% growth in Q1 2018. The EBITDA margin excluding one-off items decreased from 21.9% to 21.0%, as higher input costs for several key raw materials negatively impacted both the Food and Biochemicals business segments.

Business segment Food

Net sales decreased organically by 0.4%. A decrease in sales was expected for the first quarter as we are still facing an unfavorable comparison base in Bakery. We continue to recover lost business, albeit at a slow pace. A key bakery enzyme recently went off-patent in the US resulting in some sales reduction as a consequence of lower input costs. This is expected to have a neutral effect on our profits. In Meat we see the portfolio mix shift towards natural preservation solutions continuing, which translates into above average growth rates. Meat sales growth outside the US was mainly driven by Latin America. In other markets (Beverages, Confectionery, Dairy), sales increased again after several quarters of slight declines. The EBITDA margin decreased from 20.2% to 18.2% due to higher input costs, only partly offset by positive portfolio mix effects.

Business segment Biochemicals

Net sales increased organically by 9.8%. The strongest growth was visible in Pharma/Medical, Agrochemicals and Electronics. Animal health and HPC were the only markets that saw a slight decline in net sales. The EBITDA margin in Biochemicals increased from 26.6% to 27.8% despite headwinds from higher input costs. Positive portfolio mix effects continued to have a beneficial impact on the margins.

Innovation Platforms

Net sales increased by 64%, mostly driven by the acquired algae ingredients acquisition. Lactic acid sales to Total Corbion PLA joint venture were relatively limited due to a planned shutdown of the joint-venture lactide plant. PLA plant construction is still on time and on budget, with startup expected in the second half of the year. We see encouraging PLA market developments, which bodes well for the future sales ramp-up of the joint venture plant. The increased EBITDA loss was almost fully driven by the acquired algae ingredients platform as of September of 2017. We continue to make progress in the acquisition process of the Bunge stake (49.9%) in the SB Oils joint venture and expect to reach a final agreement before the end of June.

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Outlook FY2018

For Ingredient Solutions we continue to expect organic net sales growth to be within the guidance bandwidth of 2-4%, with the EBITDA margin exceeding 19%. We continue to expect Food full year sales growth to be within guidance (1-3%). Biochemicals growth is expected to continue in the coming quarters, albeit at a slower pace than in Q1.

In Innovation Platforms, we continue to expect the startup of the joint venture PLA plant in the second half of the year. In algae ingredients, the Peoria plant has resumed operations, raising the fixed cost level from Q2 onwards. For the SB Oils joint venture, the priority is to address the necessary plant improvements. We will provide an update on Innovation Platforms once the acquisition of Bunge's joint venture share in SB Oils has been completed.

Financial results

	Total growth	Currency	Total growth at constant currency	Acquisitions	Organic Growth	Price/Mix	Volume
YTD 2018 vs 2017							
Ingredient Solutions	-8.6%	-10.8%	2.2%	0.0%	2.2%	0.5%	1.7%
- Food	-12.1%	-11.7%	-0.4%	0.0%	-0.4%	-1.0%	0.6%
- Biochemicals	1.4%	-8.4%	9.8%	0.0%	9.8%	4.6%	5.2%
Innovation Platforms	64.1%	-0.6%	64.7%	46.2%	18.5%	-11.4%	30.8%
Total	-7.4%	-10.7%	3.3%	0.8%	2.5%	0.2%	2.3%

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€ million	Q1 2018	Q1 2017	Growth YTD
Net sales			
Ingredient Solutions	206.6	226.0	-8.6%
- Food	147.2	167.4	-12.1%
- Biochemicals	59.4	58.6	1.4%
Innovation Platforms	6.4	3.9	64.1%
Total net sales	213.0	229.9	-7.4%
EBITDA excluding one-off items			
Ingredient Solutions	43.3	49.4	-12.3%
- Food	26.8	33.8	-20.7%
- Biochemicals	16.5	15.6	5.8%
Innovation Platforms	(4.7)	(1.6)	N/M
Total EBITDA excluding one-off items	38.6	47.8	-19.2%
One-off items	0.7	5.3	
Total EBITDA	39.3	53.1	-26.0%
Depreciation/amortization/ (reversal of) impairment (in)tangibles	(9.3)	(12.1)	-23.1%
Total Operating Result	30.0	41.0	-26.8%
EBITDA margin excluding one-off items			
Ingredient Solutions	21.0%	21.9%	
- Food	18.2%	20.2%	
- Biochemicals	27.8%	26.6%	
Innovation Platforms	-73.4%	-41.0%	
Total EBITDA margin excluding one-off items	18.1%	20.8%	
Total EBITDA excluding one-off items and acquisitions, at constant currencies	47.1	47.8	-1.4%

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, lactic acid derivatives, and a leading company in emulsifiers, functional enzyme blends, minerals, vitamins and algae ingredients. We develop sustainable ingredient solutions to improve the quality of life for people today and for future generations. 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 technologies work for them. Our solutions help differentiate products in markets such as food, home & personal care, animal nutrition, pharmaceuticals, medical devices, and bioplastics. In 2017, Corbion generated annual sales of € 891.7 million and had a workforce of 1,794 FTE. Corbion is listed on Euronext Amsterdam. For more information: www.corbion.com