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DATE 2 November 2018

Corbion Q3 2018 Interim Management Statement

Corbion reported sales of € 666.4 million in the first nine months of 2018, a decrease of 2.1% compared to the first nine months of 2017, entirely due to negative currency effects. Organic sales growth was 2.8%. EBITDA excluding one-off items in the first nine months decreased organically by 1.1% to € 104.4 million.

"I am pleased to see our Ingredients Solutions business as well as Innovation Platforms continue to improve their top-line organic growth performance. Our EBITDA margins were affected by the investments in our Algae Ingredients platform, an adverse business mix, and higher input costs, particularly in Food. Profitability in Biochemicals continued to improve. Commissioning of the Total Corbion PLA joint venture plant is progressing well", comments Tjerk de Ruiter, CEO.

Key financial highlights first nine months of 2018

- Net sales organic growth YTD was 2.8%
- EBITDA excluding one-off items YTD was € 104.4 million, an organic decrease of 1.1%
- EBITDA margin excluding one-off items YTD was 15.7%
- One-off items at EBITDA level of € -1.7 million
- Operating result YTD was € 72.5 million

€ million	YTD 2018	YTD 2017	Total growth	Organic growth
Net sales	666.4	680.5	-2.1%	2.8%
EBITDA excluding one-off items	104.4	129.9	-19.6%	-1.1%
EBITDA margin excluding one-off items	15.7%	19.1%		
Operating result	72.5	102.5	-29.3%	-6.0%

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Segment information

Ingredient Solutions

Net sales in Ingredient Solutions, which encompasses Food and Biochemicals increased organically by 1.6% in the first nine months, mostly driven by higher volumes. The EBITDA margin excluding one-off items decreased from 20.2% to 19.7%.

Business segment Food

The organic net sales growth performance in the Food segment in the first nine months was 0.6%. Sales growth in Q3 in Bakery was still negative, but the pace of decline has slowed. In Meat, sales growth in the first nine months as well as in Q3 continued its strong performance as the shift towards natural preservation solutions continues to drive top-line growth. In other markets (Beverages, Confectionery, Dairy) sales increased versus last year in the first nine months and in Q3.

The EBITDA margin for the first nine months decreased from 19.2% to 17.5% because of higher input costs (e.g. freight, non-sugar-related raw materials, energy, packaging, duties), as well as negative mix effects due to several large lactic acid contracts in Asia. Additionally, Q3 was negatively impacted by higher duties and freight costs.

Business segment Biochemicals

Net sales for the first nine months increased organically by 4.4%. All markets grew except for Animal Health and HPC. The same pattern also occurred in Q3. The EBITDA margin for the first nine months increased from 23.2% to 25.6% mostly due to a better product mix.

Innovation Platforms

Net sales increased organically by 50.6% in the first nine months (total growth, which mostly reflects higher lactic acid volumes sold to the Total Corbion PLA joint venture. Commissioning of the Total Corbion PLA joint venture plant in Thailand is progressing well and is expected to be operational before year-end, as planned.

Acquisitions, through the acquired Algae Ingredients platform (TerraVia and SB Oils assets), contributed 41.5% to sales growth. Q3 showed improved sales levels versus previous quarters for AlgaPrime DHA, in line with a seasonal demand peak for fish feed. Q3 EBITDA was € -6.7 million. In line with upcoming seasonal sugar campaign shutdowns we started to build higher inventory levels in Q3, resulting in a positive absorption effect.

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Outlook 2018

Ingredient Solutions: For 2018 we reconfirm our Capital Markets Day guidance for the organic sales growth (for both the Food and Biochemicals segments) and the EBITDA margin. We expect the organic sales growth rate in H2 to be higher than in H1, mainly due to a slowing pace of decline in our Bakery business. The EBITDA margin in H2 is expected to be lower than in H1 due to a less favorable mix in Food and Biochemicals, increased input costs, and investments in our organization to support our strategic growth initiatives.

Innovation Platforms: By year-end 2018 the commissioning of the Total Corbion PLA joint venture plant in Thailand should be completed. We expect the EBITDA loss for Innovation Platforms to be between € -35 million and € -30 million (was: between € -40 million and € -35 million).

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€ million	YTD 2018	YTD 2017	Q3 2018	Q3 2017	Growth YTD
Net sales					
Ingredient Solutions	632.8	662.9	215.3	213.0	-4.5%
- Food	465.4	495.6	160.9	159.2	-6.1%
- Biochemicals	167.4	167.3	54.4	53.8	0.1%
Innovation Platforms	33.6	17.6	11.9	5.6	90.9%
Total net sales	666.4	680.5	227.2	218.6	-2.1%
EBITDA excluding one-off items					
Ingredient Solutions	124.4	134.1	39.6	42.9	-7.2%
- Food	81.5	95.3	26.8	30.7	-14.5%
- Biochemicals	42.9	38.8	12.8	12.2	10.6%
Innovation Platforms	(20.0)	(4.2)	(6.7)	(1.3)	373.9%
Total EBITDA excluding one-off items	104.4	129.9	32.9	41.6	-19.6%
One-off items	(1.7)	5.5	0.0	(0.5)	
Total EBITDA	102.7	135.4	32.9	41.1	-24.2%
Depreciation/amortization/ (reversal of) impairment (in)tangibles	(30.2)	(32.9)	(10.6)	(11.7)	-8.2%
Total operating result	72.5	102.5	22.3	29.4	-29.3%
EBITDA margin excluding one-off items					
Ingredient Solutions	19.7%	20.2%	18.4%	20.1%	
- Food	17.5%	19.2%	16.7%	19.3%	
- Biochemicals	25.6%	23.2%	23.5%	22.7%	
Innovation Platforms	-59.5%	-23.9%	-56.3%	-23.2%	
Total EBITDA margin excluding one-off items	15.7%	19.1%	14.5%	19.0%	
Total EBITDA excluding one-off items and acquisitions, at constant currencies	128.4	129.9	39.1	41.6	-1.1%

	Total growth	Currency	Total growth at constant currency	Acquisitions/ (Divestments)	Organic	Price/Mix	Volume
YTD 2018 vs 2017							
Ingredient Solutions	-4.5%	-6.1%	1.6%	0.0%	1.6%	-0.9%	2.5%
- Food	-6.1%	-6.7%	0.6%	0.0%	0.6%	-1.4%	2.0%
- Biochemicals	0.1%	-4.3%	4.4%	0.0%	4.4%	0.2%	4.2%
Innovation Platforms	90.9%	-1.2%	92.1%	41.5%	50.6%	-36.1%	133.1%
Total	-2.1%	-6.0%	3.9%	1.1%	2.8%	-3.4%	6.2%
Q3 2018 vs Q3 2017							
Ingredient Solutions	1.1%	-0.4%	1.5%	0.0%	1.5%	-1.9%	3.4%
- Food	1.1%	-0.7%	1.8%	0.0%	1.8%	-1.7%	3.5%
- Biochemicals	1.1%	0.5%	0.6%	0.0%	0.6%	-2.6%	3.2%
Innovation Platforms	112.5%	3.2%	109.3%	69.6%	39.7%	-31.0%	108.4%
Total	3.9%	-0.3%	4.2%	1.8%	2.4%	-3.2%	5.6%

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