



Bringing Chemistry to Life

# **SIGNIFICANT NET LOSS CONFIRMED BUT SOLID CASH FLOW FROM OPERATIONS DESPITE VERY CHALLENGING ECONOMIC ENVIRONMENT**

Tessenderlo Group  
Full Year 2009 Performance  
12 February 2010

# Agenda

- **Introduction**
- **Operational performance 2009**
- **Outlook 2010**
- **Questions and Answers**



# Tessenderlo Group at a Glance: management committee as of 2010



**Frank Coenen, CEO, 4yrs with TG, joined GMC Aug 05**

Previous functions:

- Director BG Chemicals (06-'08)
- UCB: Global Business Director for Specialty Chemicals; Director Asia Pacific for Surface Specialities



**Mel De Vogue, CFO, 0.5 yrs with TG, joined GMC May 09**

Previous functions:

- ArjoWiggings: CFO and member of the Management Board
- Lyonnaise des Eaux Groupe Suez: CFO (USA); Finance Director (UK)



**Albert Vasseur, Director of BG Plastics Converting, 19 yrs with TG, joined GMC Jan 04**

Previous functions:

- CEO Cousin –Tessier
- Courtaulds Fibres: President of the Board of Management & Plant Manager



**Pol Deturck, Director Business Group Chemicals Europe, 3 yrs with TG, joined GMC Jan 09**

Previous functions:

- Operations Director Chemicals Europe ('07-'08)
- Vandemoortele: Operations Director
- Univeg: Operations Director; General Manager



**Eddy Vandembrielle, Director Human Resources, Organisation and IT, 23 yrs with TG, joined GMC Jan 97**

Previous functions:

- Director Profiles
- Manager Accounting and Administration
- Chief Accountant



**Jettie Van Caenegem, Group General Counsel, started Oct 2009 with TG, joined GMC Oct 09**

Previous functions:

- University Gent: Manager Legal & Contracts
- Cancer Foundation: General Manager
- Cytec: General Secretary
- UCB: Legal Counsel & Director IP



**Jan Vandendriessche, Director Business Group Organic Specialities, 4yrs with TG, joined GMC Jan 08**

Previous functions:

- Director of BU Fine Chemicals ('06-'08)
- Cytec: VP and R&D Director
- UCB: Vice President R&D and Operations Director



**Jordan Burns, Director Tessenderlo Kerley, USA, 13yrs with TG, joined GMC Jul 09**

Previous functions:

- Jupiter Holdings: VP & General Manager
- Conoco: Plant Manager

# Introduction

- **New management team**
- **New strategy**
- **New way of managing the company**

# Highlights

- Revenue dropped by 24% to 2.1 billion euro
  - Net loss of 166.7 million euro, including 99.8 million euro exceptional charges
  - Cost savings delivered more than 40 million euro
  - Strong cash flow from operations of 315.3 million euro\*
  - Net debt reduced by 85.6 million euro down to 209.0 million euro\*
  - Proposal to maintain a net dividend of 1.00 euro per share
- \*including impact of 123.4 million euro non recourse factoring

# Significant net loss confirmed but solid cash flow from operations despite very challenging economic

4Q09	4Q08	% Change	Million Euro	FY09	FY08	% Change
513.3	645.3	- 20.5%	Revenue	2,093.8	2,765.0	- 24.3%
11.6	49.6	- 76.7%	REBITDA	63.4	344.7	- 81.6%
- 18.2	24.0	nm	REBIT	- 51.4	239.1	nm
- 39.3	- 1.1	nm	Profit/Loss	- 166.7	140.4	nm
123.1	- 12.5	nm	CF from operating activities	315.3	94.0	nm
			Net Debt	209.0	294.6	- 29.1%

# Inorganics

**Weak market demand not offset by cost savings**

4Q09	4Q08	Million Euro	FY09	FY08
<b>79.7</b>	<b>175.3</b>	Revenue	<b>283.6</b>	<b>650.1</b>
<b>- 7.1</b>	<b>32.2</b>	REBITDA	<b>- 49.7</b>	<b>159.5</b>
<b>- 8.8</b>	<b>28.4</b>	REBIT	<b>- 56.5</b>	<b>151.1</b>

# PVC/Chlor-Alkali

**Lower end market activity not offset by cost savings**

4Q09	4Q08	Million Euro	FY09	FY08
101.7	127.5	Revenue	443.1	557.5
- 5.6	5.7	REBITDA	- 1.5	44.6
- 12.7	0.0	REBIT	- 28.0	19.6

# Gelatin and Natural Derivatives

## Resilient performance during 2009

4Q09	4Q08	Million Euro	FY09	FY08
<b>94.0</b>	<b>89.0</b>	Revenue	<b>358.5</b>	<b>341.8</b>
<b>14.3</b>	<b>15.1</b>	REBITDA	<b>61.9</b>	<b>61.2</b>
<b>5.9</b>	<b>10.3</b>	REBIT	<b>35.6</b>	<b>40.6</b>

# Kerley

## Sound results confirm strong fundamentals

4Q09	4Q08	Million Euro	FY09	FY08
33.5	36.6	Revenue	180.0	194.2
5.6	0.3	REBITDA	38.0	33.5
3.4	-1.8	REBIT	31.1	26.7

# Plastic Pipe Systems and Profiles

## Cost savings drive margin expansion

4Q09	4Q08	Million Euro	FY09	FY08
<b>134.1</b>	<b>136.0</b>	Revenue	<b>545.9</b>	<b>634.4</b>
<b>12.3</b>	<b>2.8</b>	REBITDA	<b>50.5</b>	<b>54.8</b>
<b>5.3</b>	<b>- 4.0</b>	REBIT	<b>21.5</b>	<b>25.6</b>

# Other Businesses

## Unsatisfactory results

4Q09	4Q08	Million Euro	FY09	FY08
<b>70.3</b>	<b>80.9</b>	Revenue	<b>282.7</b>	<b>387.0</b>
<b>- 3.8</b>	<b>- 2.8</b>	REBITDA	<b>- 11.7</b>	<b>7.4</b>
<b>- 6.9</b>	<b>- 6.5</b>	REBIT	<b>- 26.5</b>	<b>- 9.1</b>

# Non-recurring items

Million Euro	December 2009
Additional Provision for potential EU fine	- 60.0
Gain on disposals	2.8
Restructuring	- 30.5
Impairment	- 18.9
Environmental provisions	-1.0
Other income and expenses	7.8
<b>Total</b>	<b>-99.8</b>

# Below EBIT

4Q09	4Q08	Million Euro	FY09	FY08
- 37.1	0.7	EBIT	- 151.2	212.2
- 2.6	- 8.0	Finance Costs	- 11.2	- 21.6
0.4	3.4	Income Tax Expense	- 5.3	- 61.7
0.0	2.8	Share of result of investments	1.0	11.5
- 39.3	- 1.1	Profit / Loss	- 166.7	140.4

# Cash Flow

## Net debt reconciliation

Million Euro		
<b>Net debt at 31.12.2008</b>	<b>294.6</b>	
Cash flow from operating activities		315.3
Cash flow from investing activities		-178.3
Dividends paid to shareholders		-37.0
Impact of full consolidation of Fiso Group		-8.4
Increase of long-term receivables		-6.4
Exchange rate difference of net financial debt		-1.2
Capital increase		1.6
<b>Net debt at 31.12.2009</b>	<b>209.0</b>	

# Balance Sheet

- Net Equity amounts to 705 million euro (Dec 2008: 900 million euro) due primarily to the impact of the net loss (167 million euro) and payment of the dividend (37 million euro)
- Net debt amounts to 209.0 million euro (241.7 million euro short term + 11.6 million euro long term – 44.3 million cash) vs 294.6 million euro at the end of December 2008
- Part of the long term financial liabilities (ING 20 million euro and EIB 45 million euro) were reclassified to short term financial liabilities as per year end 2009 due to the breach of covenants
- Waivers have been obtained as from both ING and EIB
- Gearing amounts to 29.6 % vs 32.7 % at the end of December 2008 (47.0 % when excluding the non-recourse factoring program).

# Debt Structure Update

## Enhanced security

- Funding strategy adapted for new environment
- Traditionally relied on majority uncommitted funding
  - ▶ Moving to committed facilities with group of leading banks
  - ▶ Structure provide flexibility in line with business needs
  - ▶ Mixed maturity profile

# Outlook

- **Gradual recovery of economic activity expected**
- **Varied performance of business units**
- **Full year benefit of acquisitions and cost reductions made in 2009**
- **Continued tight cost and cash management**
- **Combined impacts should lead to clear improvement in Group profitability**
- **Group will continue to pursue strategic objective of increasing specialties in the portfolio**



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# Questions & Answers



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# **Tessenderlo Group Full Year 2009 Performance**

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# Appendices

- **Presentation of results under Business Group format**

# Key Figures per Business Group Q4 2009

Millions EUR	Revenue		REBIT		REBITDA	
	Q4 - 2009	Q4 - 2008	Q4 - 2009	Q4 - 2008	Q4 - 2009	Q4 - 2008
Chemicals	209.2	331.5	-23.4	26.7	-13.0	37.7
Specialities	149.0	149.2	3.6	5.5	15.6	14.2
Plastics Converting	155.1	164.6	6.0	-5.8	13.1	1.4
Non-allocated items	-	-	-4.4	-2.4	-4.1	-3.7
<b>Total</b>	<b>513.3</b>	<b>645.3</b>	<b>-18.2</b>	<b>24.0</b>	<b>11.6</b>	<b>49.6</b>

# Key Figures per Business Group 2009

Millions EUR	Revenue		REBIT		REBITDA	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.12.2009	31.12.2008
Chemicals	837.5	1,340.1	-91.3	166.4	-52.3	205.6
Specialities	623.2	648.4	48.3	65.7	88.7	100.4
Plastics Converting	633.1	776.5	20.2	22.4	51.1	55.0
Non-allocated items	-	-	-28.6	-15.4	-24.1	-16.3
Total	2,093.8	2,765.0	-51.4	239.1	63.4	344.7

# Key Figures BG Chemicals

Millions EUR	2009	2008
Revenue	837.5	1,340.1
REBITDA	-52.3	205.6
REBIT	-91.3	166.4
Capital expenditure (property, plant and equipment)	42.3	28.8

# Key Figures BG Specialities

Millions EUR	2009	2008
Revenue	623.2	648.5
REBITDA	88.7	100.4
REBIT	48.3	65.7
Capital expenditure (property, plant and equipment)	49.4	33.0

# Key Figures BG Plastics Converting

Millions EUR	2009	2008
Revenue	633.1	776.5
REBITDA	51.1	55.0
REBIT	20.2	22.4
Capital expenditure (property, plant and equipment)	23.6	30.5