

Tessenderlo Group HY14 results

2Q14 results confirm 1Q14 performance, thanks to the profitability of the Agro segment and to cost management initiatives throughout the group.

2Q14	2Q13	% Change	Million EUR ²	HY14	HY13	% Change
379.3	542.4	-30.1%	Revenue Group	775.7	1,029.0	-24.6%
-1.4	-117.8		- Revenue Other segment	-31.2	-251.0	
377.9	424.7	-11.0%	Revenue at comparable scope³	744.5	778.0	-4.3%
45.3	49.0	-7.5%	Rebitda Group	87.1	81.7	6.7%
0.7	-6.6		- Rebitda Other segment	-1.2	-8.9	
46.0	42.4	8.4%	Rebitda at comparable scope³	85.9	72.8	18.0%
			Rebit Group	54.7	43.9	24.6%
			- Rebit Other segment	-1.2	-4.9	
			Rebit at comparable scope³	53.5	39.0	37.2%
			Profit (+) / loss (-) for the period	27.7	-35.1	nm
			Net debt	199.0	250.9	
			Notional net debt	291.3	378.1	

Revenue

At comparable scope, the 2Q14 revenue decreased by 11.0% or by 8.7% when excluding the foreign exchange effect. The 2Q14 group's revenue is significantly impacted by production driven lower sales in sulfates.

The HY14 revenue at comparable scope decreased by 4.3% (or by 2.2% excluding the foreign exchange effect), mostly impacted by the operating segment Bio-valorization.

REBITDA

The 2Q14 rebitda increased by 8.4% at comparable scope or by 14.9% excluding the foreign exchange effect. Key contributors are the profitability within the operating segment "Agro", as well as the impact of cost management initiatives.

The HY14 rebitda increased by 18.0% at comparable scope or by 24.5% excluding the foreign exchange effect. While the above mentioned key contributors impact both Q1 and Q2 significantly, the group benefited in Q1 also from milder winter conditions, which led to an increase of business in Industrial solutions. The operating segment Bio-valorization still experienced a decrease in overall profitability versus last year.

Profit/loss for the period

The HY14 profit amounts to 27.7 million EUR compared to a loss of -35.1 million EUR in the same period last year. This result could be realized thanks to the decrease of non-recurring costs (HY14: -2.2 million EUR compared to -49.0 million EUR in HY13) and to the increase of operational results (rebit moved from 43.9 million EUR in HY13 to 54.7 million EUR in HY14). Moreover the group benefited from lower net finance costs and taxes in HY14 compared to HY13.

¹ The enclosed information constitutes regulated information as defined in the Royal Decree of 14 November 2007 regarding the duties of issuers of financial instruments which have been admitted for trading on a regulated market.

² All quarterly information included in the press release is unaudited.

³ Comparable scope includes the following businesses:

- Agro: Tessenderlo Kerley Core (fertilizer activities), Tessenderlo Kerley International (fertilizer activities outside North America), Novasource (crop protection activities) and Sulfates

- Bio-valorization: Akiolis and Gelatin

- Industrial solutions: Plastic Pipe Systems, Mining & Industrial, Water Treatment, MPR/ECS and Sulfur Derivatives

Other segment includes the businesses sold or ended since January 2013: Compounds, Organic Chlorine Derivatives, Phosphates and Profiles

Net financial debt

At the end of June 2014, group net financial debt stood at 199.0 million EUR, versus 258.9 million EUR at the end of December 2013, resulting in a leverage of 1.6x at the half year end.

The decrease of the net financial debt is mostly driven by the higher operational results and a reduction in working capital even after considering the increased factoring amount which moved from 81.9 million EUR at year end 2013 to 92.3 million EUR at the end of June 2014. Capital expenditure amounted to 31.1 million EUR in HY14 versus 50.2 million EUR in HY13.

Outlook

The group does not anticipate any material recovery of volumes and margins in the bio-valorization segment for the foreseeable future.

Based on the current assumptions and in view of the seasonality of the business, the group anticipates the REBITDA Group for the full year to end up slightly higher than last year.

The net debt at the end of the year should end up slightly higher than at end of December 2013, reflecting capex and increased working capital requirements in preparation of the 2015 Agro season.

In view of the anticipated refinancing of its corporate bond and syndicated loan facility and in order to realize its strategy, including growth and stay in business capex, the group is currently reviewing its funding structure and evaluating various funding options.

► Operating segments performance review

Following the finalization of the first phase of the transformation process of the group, which included the divestment of multiple businesses and simplified the business unit structure of the group, Tessenderlo Group has re-assessed the segment reporting. For more information regarding the new segmentation, we refer to the press release published on May 28, 2014, which can be found on www.tessenderlo.com.

GROUP KEY FIGURES - YEAR TO DATE			
Million EUR	HY14	HY13	% change
Revenue	775.7	1,029.0	-24.6%
Agro	296.7	307.8	-3.6%
Bio-valorization	241.3	268.6	-10.2%
Industrial solutions	206.5	201.5	2.4%
Other	31.2	251.0	-87.6%
REBITDA	87.1	81.7	6.7%
Agro	61.1	41.2	48.5%
Bio-valorization	7.6	22.5	-65.9%
Industrial solutions	17.1	9.2	86.4%
Other	1.2	8.9	-86.4%
REBIT	54.7	43.9	24.6%
Agro	53.0	32.6	62.5%
Bio-valorization	-6.7	6.7	nm
Industrial solutions	7.2	-0.4	nm
Other	1.2	4.9	-75.3%
Non-recurring items	-2.2	-49.0	nm
EBIT	52.6	-5.1	nm

AGRO			
Million EUR	HY14	HY13	% change
Revenue	296.7	307.8	-3.6%
REBITDA	61.1	41.2	48.5%
REBITDA margin	20.6%	13.4%	-
REBIT	53.0	32.6	62.5%
REBIT margin	17.9%	10.6%	-

The HY14 revenue decreased by 3.6% or by 0.8% when excluding the foreign exchange effect. The growth in the Kerley agro businesses was offset by lower sulfates sales. The decrease of the sulfates sales was mostly linked to the transition at the production facility in Ham (Belgium) following the stop of the phosphates production at the end of 2013.

All businesses contributed to the rebitda growth of the segment (+48.5% or +54.6% when excluding the foreign exchange effect). The Group experienced a good product demand and the investments in infrastructure & logistics positively impacted the Group's ability to serve the customers.

BIO-VALORIZATION			
Million EUR	HY14	HY13	% change
Revenue	241.3	268.6	-10.2%
REBITDA	7.6	22.5	-65.9%
REBITDA margin	3.2%	8.4%	-
REBIT	-6.7	6.7	nm
REBIT margin	-2.8%	2.5%	-

The revenue decreased by 10.2% in HY14 or by 7.2% when excluding the foreign exchange effect. While the group experienced some volume drop in HY14 versus HY13, the main reason for the revenue decrease was the negative price evolution.

Important programs are ongoing to reduce operating costs in the segment Bio-valorization, however, the margin pressure is still more impactful in HY14, leading to the lower segment profitability in HY14.

INDUSTRIAL SOLUTIONS			
Million EUR	HY14	HY13	% change
Revenue	206.5	201.5	2.4%
REBITDA	17.1	9.2	86.4%
REBITDA margin	8.3%	4.6%	-
REBIT	7.2	-0.4	nm
REBIT margin	3.5%	-0.2%	-

The HY14 revenue of the segment Industrial solutions increased by 2.4% (or 2.3% when excluding the foreign exchange rate effect), supported especially by higher sales in the Plastic Pipes business, as result of the milder winter conditions during the first months of the year.

All businesses contributed to the strong profitability improvement in HY14. Apart from the top line growth, solid margins and cost management also supported the rebitda evolution.

OTHER			
Million EUR	HY14	HY13	% change
Revenue	31.2	251.0	-87.6%
REBITDA	1.2	8.9	-86.4%
REBITDA margin	3.9%	3.5%	-
REBIT	1.2	4.9	-75.3%
REBIT margin	3.9%	2.0%	-

The most important contributor in HY14 is the phosphates activity before the sale of this business was completed on February 28, 2014. For HY13, "Other" also still included, apart from phosphates, the Compounds activities and the UK Profiles activities as main contributors. These businesses were sold in the second and the third quarter of 2013 respectively.

► Condensed consolidated financial information at June 30, 2014

The group also published the 2014 interim report, which can be found on www.tessenderlo.com. The half year information has been subject to a review by external auditors. Reference is made to their independent auditor's review in the interim report.

CONSOLIDATED INCOME STATEMENT		
Million EUR	HY14	HY13
Revenue	775.7	1,029.0
Cost of sales	-588.1	-811.2
Gross profit	187.6	217.7
Distribution expenses	-45.6	-51.7
Sales and marketing expenses	-21.3	-36.1
Administrative expenses	-56.9	-76.3
Other operating income and expenses	-9.1	-9.7
Profit (+) / loss (-) from operations before non-recurring items (REBIT)	54.7	43.9
Gains and losses on disposals	-	5.0
Restructuring	0.0	-37.4
Losses on disposal groups	-1.4	-5.2
Impairment losses	1.4	-4.7
Provisions and claims	-0.3	-1.5
Other income and expenses	-1.9	-5.3
Profit (+) / loss (-) from operations (EBIT)	52.6	-5.1
Finance costs	-26.6	-26.2
Finance income	15.8	11.6
Finance costs - net	-10.8	-14.6
Share of result of equity accounted investees, net of income tax	1.6	2.7
Profit (+) / loss (-) before tax	43.3	-17.0
Income tax expense	-15.7	-18.1
Profit (+) / loss (-) for the period	27.7	-35.1
Attributable to:		
- Equity holders of the company	27.8	-35.0
- Non-controlling interest	-0.1	-0.1
Basic earnings per share (EUR)	0.88	-1.10
Diluted earnings per share (EUR)	0.88	-1.10

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME		
Million EUR	HY14	HY13
Profit (+) / loss (-) for the period	27.7	-35.1
Translation differences	-1.3	-3.5
Net change in fair value of derivative financial instruments, before tax	-2.2	1.4
Other movements	-0.1	-0.1
Income tax on other comprehensive income	0.8	-0.5
Other comprehensive income to be reclassified to profit or loss in subsequent periods	-2.8	-2.6
Remeasurements of the net defined benefit liability, before tax	-9.5	3.7
Income tax on other comprehensive income	1.5	-0.6
Other comprehensive income not being reclassified to profit or loss in subsequent periods	-8.0	3.2
Other comprehensive income for the period, net of income tax	-10.9	0.5
Total comprehensive income for the period	16.8	-34.6
Attributable to:		
- Equity holders of the company	17.1	-34.5
- Non-controlling interest	-0.2	-0.1
Total comprehensive income for the period	16.8	-34.6

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Million EUR	30.06.2014	31.12.2013
ASSETS		
Total non-current assets	586.6	595.0
Property, plant and equipment	441.6	436.7
Goodwill	37.5	37.1
Other intangible assets	45.2	49.9
Investments accounted for using the equity method	18.9	24.0
Other investments	4.0	4.3
Deferred tax assets	6.1	5.1
Trade and other receivables	31.5	34.2
Derivative financial instruments	1.8	3.7
Total current assets	462.7	486.2
Inventories	211.0	255.7
Trade and other receivables	184.1	177.0
Derivative financial instruments	2.2	4.6
Cash and cash equivalents	65.4	48.9
Non-current assets classified as held for sale	1.8	8.8
Total assets	1,051.1	1,089.9
EQUITY AND LIABILITIES		
Total equity	257.2	239.9
Equity attributable to equity holders of the company	253.6	236.6
Issued capital	159.2	159.2
Share premium	102.0	102.0
Reserves and retained earnings	-7.5	-24.6
Amounts recognised in other comprehensive income and accumulated in equity relating to non-current assets held for sale	-	0.0
Non-controlling interest	3.5	3.3
Total liabilities	793.9	850.0
Total non-current liabilities	397.5	432.4
Loans and borrowings	166.7	199.8
Employee benefits	47.7	41.6
Provisions	140.1	147.1
Trade and other payables	0.1	0.5
Derivative financial instruments	11.8	10.9
Deferred tax liabilities	31.0	32.4
Total current liabilities	396.4	409.4
Bank overdrafts	1.0	4.1
Loans and borrowings	96.6	103.8
Trade and other payables	247.6	257.3
Derivative financial instruments	7.6	7.6
Current tax liabilities	16.4	8.9
Employee benefits	1.3	1.4
Provisions	25.9	26.2
Liabilities associated with assets classified as held for sale	0.0	8.3
Total equity and liabilities	1,051.1	1,089.9

CONSOLIDATED STATEMENT OF CASH FLOWS		
Million EUR	30.06.2014	30.06.2013
OPERATING ACTIVITIES		
Profit (+) / loss (-) for the period	27.7	-35.1
Depreciation, amortization and impairment losses on tangible assets, goodwill and other intangible assets	31.1	42.2
Impairment losses on disposal groups	0.5	0.7
Changes in provisions	-9.1	23.8
Finance costs	26.6	26.2
Finance income	-15.8	-11.6
Loss / (profit) on sale of non-current assets	-0.2	-0.6
Impact capital increase expense, purchase own shares and warrant plan	-	0.7
Share of result of equity accounted investees, net of income tax	-1.6	-2.7
Income tax expense	15.7	18.1
Other non-cash items	0.7	-2.4
Changes in inventories	39.5	18.8
Changes in trade and other receivables	-8.8	-17.6
Changes in trade and other payables	-8.4	31.7
<i>Cash generated from operations</i>	<i>97.9</i>	<i>92.1</i>
Income tax paid	-9.6	-6.7
Dividends received	2.2	2.3
Cash flow from operating activities	90.6	87.8
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	-30.1	-48.6
Acquisition of other intangible assets	-1.0	-1.6
Proceeds from the sale of property, plant and equipment	1.1	7.0
Proceeds from the sale of other intangible assets	-	0.1
Proceeds from the sale of subsidiaries, net of cash disposed of	4.0	29.5
Capital decrease from investments accounted for using the equity method	3.6	-
Cash flow from investing activities	-22.4	-13.6
FINANCING ACTIVITIES		
Own shares	-	-0.2
Capital increase from non-controlling interests	0.5	-
Increase of financial liabilities	2.4	37.9
(Decrease) of financial liabilities	-44.6	-92.0
Interest paid	-4.4	-5.2
Interest received	0.1	0.2
Other finance costs paid	-3.2	-4.8
(Increase) / decrease of long term receivables	0.7	-0.9
Cash flow from financing activities	-48.6	-65.0
Net increase / (decrease) in cash and cash equivalents	19.6	9.2
Effect of exchange rate differences	0.0	-0.1
Cash and cash equivalents less bank overdrafts at the beginning of the period	44.8	29.5
Cash and cash equivalents less bank overdrafts at the end of the period	64.4	38.5



Bringing Chemistry to Life

► Financial calendar

Third quarter 2014 trading update

October 29, 2014

Agenda for August 27 2014

2.30pm CET/1.30 pm UK - conference call and webcast for analysts and investors

Registration details are available at: <http://www.tessenderlo.com/investors/>

Tessenderlo Group is a worldwide specialty company, focused on food, agriculture, water management and on valorizing bio-residuals. The group employs about 5,000 people and is a leader in most of its markets, with a consolidated revenue of 1.8 billion EUR in 2013. Tessenderlo Chemie NV is listed on NYSE Eurolist by Euronext Brussels and is part of Next 150 and BEL Mid indices. Financial News wires: Bloomberg: TESB BB – Reuters: TesBt.BR – Datastream: B:Tes

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This **press release** is available in **Dutch and English** on the corporate website www.tessenderlogroup.com - under 'News & Media'