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# TESSENDERLO GROUP

## 2Q16 AND HY16 RESULTS

Brussels, August 24, 2016



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EVERY  
MOLECULE  
COUNTS

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# Segment Agro

## HY16 key events

- **East Dubuque plant construction continues (US)**  
East Dubuque terminal is completed, TKI is now acquiring the necessary permits to operate. Construction on the Thio-Sul<sup>®</sup> plant has started, scheduled to be completed in the second half of 2017.
- **Research, development and innovation farm (US)**  
In June 2016, the Crop Vitality division of TKI has acquired a research, development and innovation farm in California. The facility will further strengthen Crop Vitality's commitment to developing innovative crop nutrients that help growers meet the needs of modern crop production in a reliable and sustainable manner.
- **Construction of new plant in Rouen continues (FR)**  
In April 2015, Tessenderlo announced its intention to build a new factory for the production of Thio-Sul<sup>®</sup> at Rouen. The commissioning of the plant is scheduled in the second half of 2017 and it will provide work to 20-25 people.



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# Segment Bio-Valorization

## HY16 key events

- **Violleau (FR)**  
Violleau is now 100% member of Akiolis. Within the Akiolis Group, Violleau develops organic soil amendment and fertilizer formulations from biomass and co-products (composting and pellets).
- **La Tardière (FR)**  
Akiolis has withdrawn from the co-products based on cereals business and has sold its APEVAL shares to Promic.

### Violleau change de dimension

La société Violleau de La Forêt-sur-Sèvre, spécialisée dans la fabrication d'amendements et d'organiques, est désormais propriété du groupe Akiolis. Ce dernier compte développer l'activité



La Forêt-sur-Sèvre, hier. D.R. Colvenet. Thierry Bliard et Serge Marolleau (à g. et à d.) ont présenté les nouvelles ambitions de Violleau aux salariés.



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# Segment Industrial Solutions

## HY16 key events

- **Successful startup NaHS plant (US)**  
In the first half of 2016, TKI started up its newly installed Sodium Hydrosulfide (NaHS) plant at the Billings, MT facility (facility within the joint-venture Jupiter Sulphur LLC).
- **A new Electrolysis plant in Loos (FR)**  
In March 2015, the Board of Directors approved a 50 million EUR investment at the site in Loos. A new membrane electrolysis plant is currently being constructed in Loos. End of the construction works is scheduled for the second half of 2017.
- **Performance Chemicals**  
The former Business Units Water Treatment and Sulfur derivatives have merged under the new name Performance Chemicals in the first half of 2016.



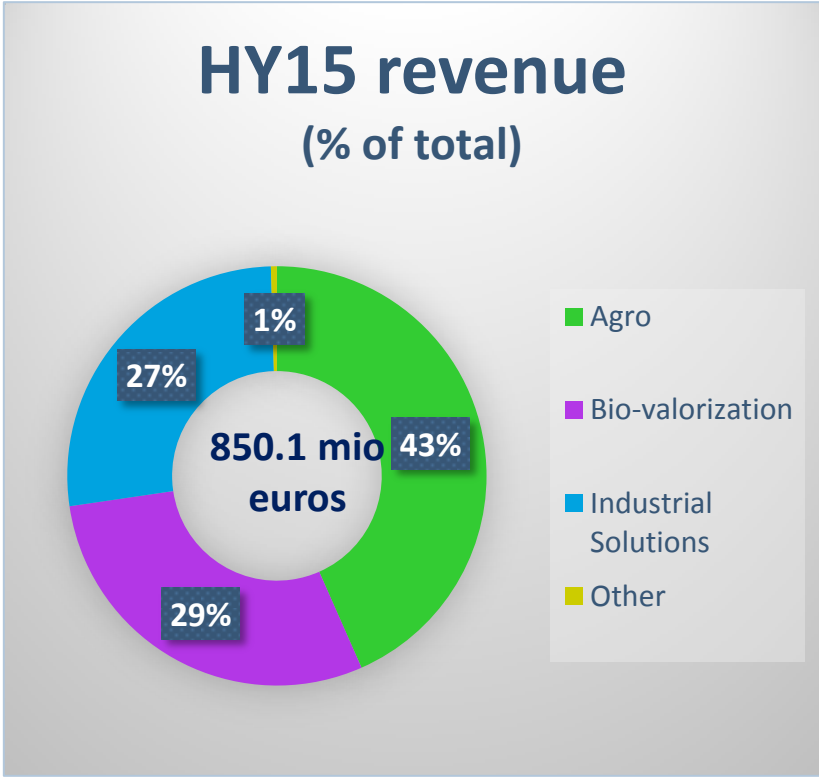
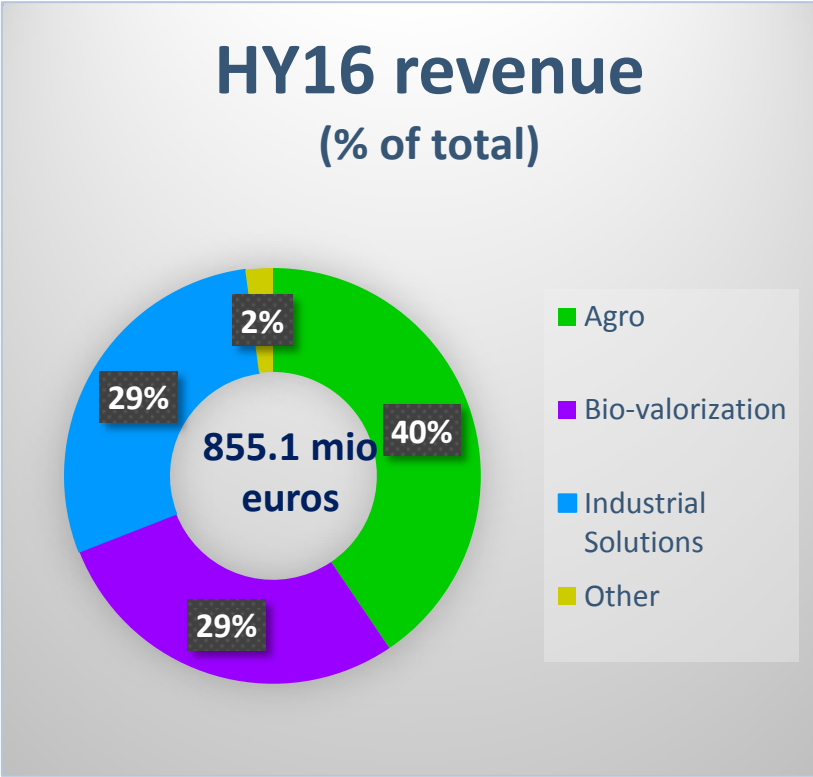
# Operational key figures

2Q16	2Q15	% Change	Million EUR	HY16	HY15	% Change
<b>444.1</b>	<b>444.3</b>	<b>0.0%</b>	<b>Revenue Group</b>	<b>855.1</b>	<b>850.1</b>	<b>0.6%</b>
-9.1	-2.6		- Other revenue included in revenue Group	-18.2	-3.9	
<b>435.0</b>	<b>441.7</b>	<b>-1.5%</b>	<b>Revenue</b>	<b>836.8</b>	<b>846.2</b>	<b>-1.1%</b>
72.6	56.6	28.1%	REBITDA Group	120.4	102.8	17.1%
-0.3	0.8		- Other REBITDA included in REBITDA Group	-0.2	1.7	
<b>72.3</b>	<b>57.4</b>	<b>25.9%</b>	<b>REBITDA</b>	<b>120.2</b>	<b>104.5</b>	<b>15.1%</b>
			REBIT Group	82.9	66.6	24.5%
			- Other REBIT included in REBIT Group	-0.1	1.8	
			<b>REBIT</b>	<b>82.8</b>	<b>68.4</b>	<b>21.2%</b>
			<b>Profit (+) / loss (-) for the period</b>	<b>40.3</b>	<b>40.4</b>	<b>-0.3%</b>
			<b>Total comprehensive income for the period</b>	<b>29.1</b>	<b>39.8</b>	<b>-26.8%</b>
			<b>Capital expenditure</b>	<b>47.3</b>	<b>20.6</b>	<b>129.7%</b>
			<b>Cash flow from operating activities minus capital expenditure</b>	<b>25.6</b>	<b>95.6</b>	<b>-73.2%</b>
			<b>Net debt</b>	<b>124.9</b>	<b>65.3</b>	
			<b>Notional net debt</b>	<b>124.9</b>	<b>87.5</b>	

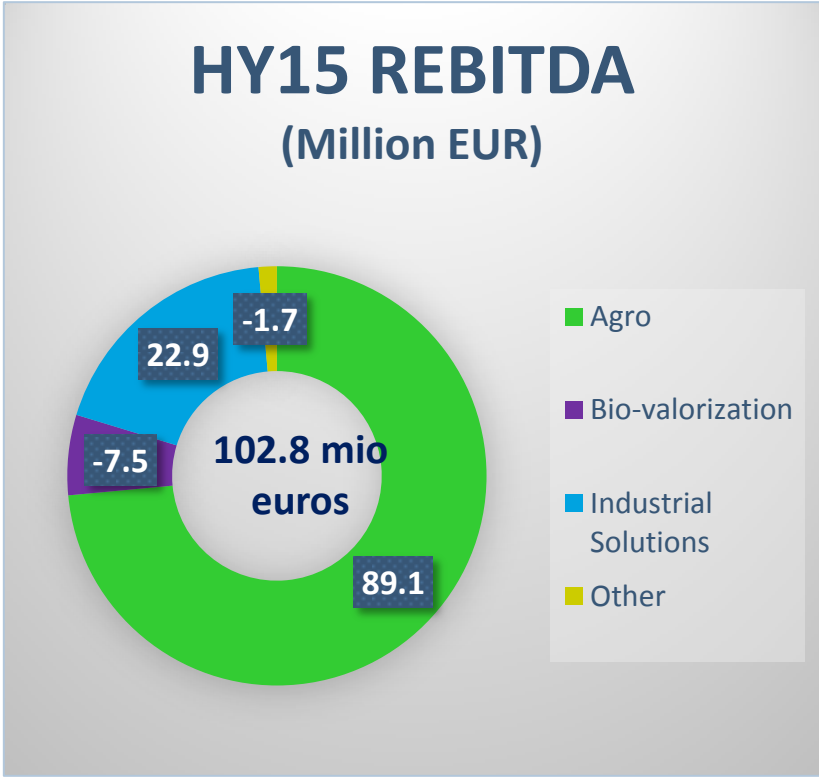
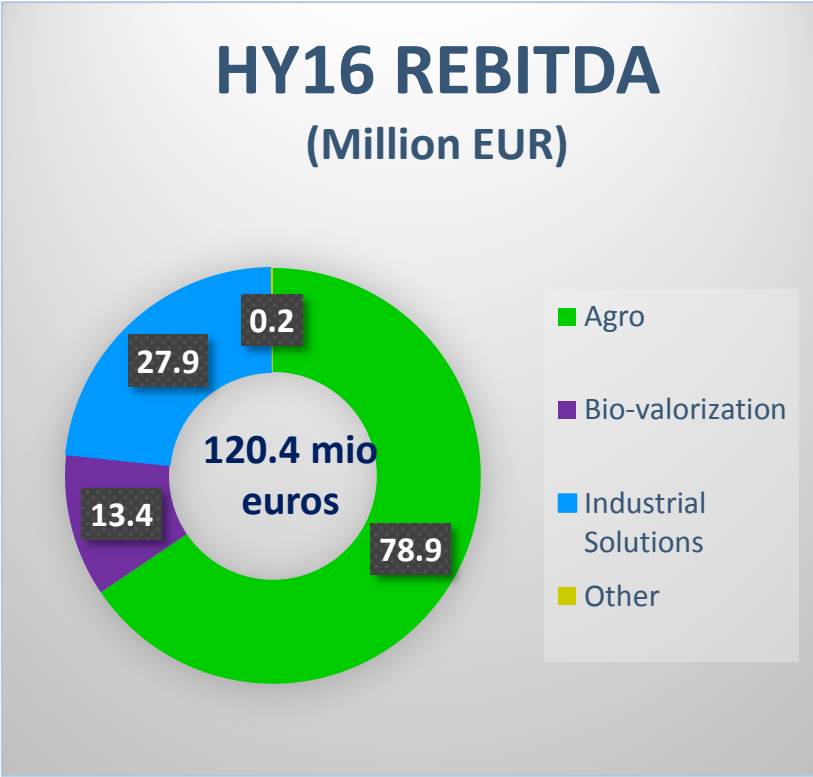
Remark: all quarterly information included is unaudited.



# Group revenue per segment



# Group REBITDA per segment



# Segment Agro

AGRO			
Million EUR	HY16	HY15	% change
Revenue	346.6	368.8	-6.0%
REBITDA	78.9	89.1	-11.5%
Rebitda margin	22.8%	24.2%	
REBIT	66.7	78.8	-15.3%
Rebit margin	19.2%	21.4%	

- HY16 revenue decreased by -6.0% (equal impact when excluding the foreign exchange effect), mainly a consequence of the decrease of revenue within SOP Plant Nutrition.
- The HY16 rebitda decreased by -11.5% compared to prior year (equal impact when excluding the foreign exchange effect). The decrease of the SOP Plant nutrition rebitda could not be compensated by the other Agro businesses.
- NovaSource successfully integrates the niche crop protection labels that were acquired in 2015.
- SOP Plant Nutrition does not expect additional market pressure for the remainder of 2016.
- Crop Vitality makes further investments in plants, storage and personnel.





# Segment Bio-Valorization

<b>BIO-VALORIZATION</b>			
<b>Million EUR</b>	<b>HY16</b>	<b>HY15</b>	<b>% change</b>
<b>Revenue</b>	244.0	249.0	-2.0%
<b>REBITDA</b>	13.4	-7.5	nm
<b>Rebitda margin</b>	5.5%	-3.0%	
<b>REBIT</b>	-2.4	-21.7	88.8%
<b>Rebit margin</b>	-1.0%	-8.7%	

- Revenue decreased by -2.0% in HY16 or increased by +1.3% when excluding the foreign exchange effect.
- The rebitda increased from -7.5 million EUR as per HY15 to 13.4 million EUR as per HY16. The HY15 result was negatively impacted by an inventory write-off, which was a consequence of changed accounting estimates concerning inventory obsolescence. Better operational performance and the impact of cost reduction measures further improved the HY16 rebitda.
- Positive impact of operational and commercial improvement programs and cost reduction measures.
- Continuous focus on the development of such new products as hydrolysates.



# Segment Industrial Solutions

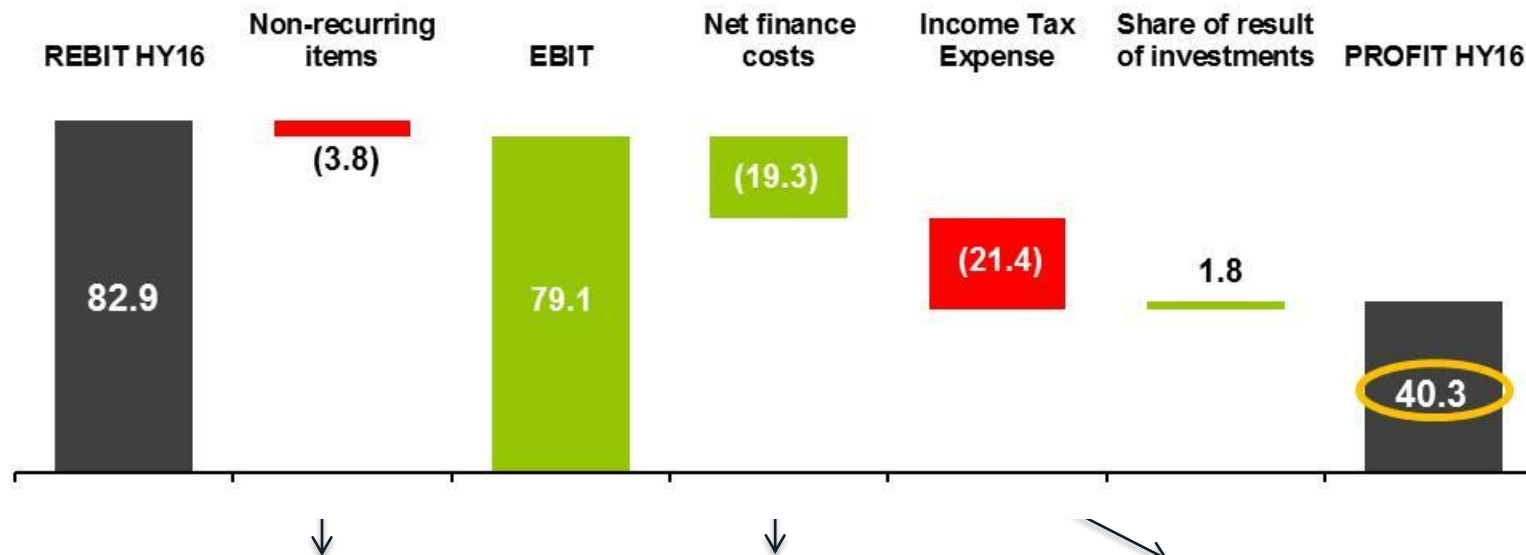
<b>INDUSTRIAL SOLUTIONS</b>			
<b>Million EUR</b>	<b>HY16</b>	<b>HY15</b>	<b>% change</b>
<b>Revenue</b>	246.3	228.3	7.9%
<b>REBITDA</b>	27.9	22.9	22.0%
<b>Rebitda margin</b>	11.3%	10.0%	
<b>REBIT</b>	18.6	11.3	64.8%
<b>Rebit margin</b>	7.5%	4.9%	

- The HY16 revenue of the segment Industrial Solutions increased by 7.9% (or 9.0% when excluding the foreign exchange rate effect), being positively impacted by the businesses Plastic Pipe Systems and Performance Chemicals.
- The HY16 rebitda increased by 22.0% or by 22.6% when excluding the foreign exchange rate effect. This evolution is mainly supported by the improved performance of Plastic Pipe Systems.
- PPS benefits from the improved market conditions in Europe.
- Performance Chemicals: The business is evolving in line with market conditions.
- Barrick Goldstrike: Results are in line with expectations.



# HY16 REBIT to profit details

Million EUR



The non-recurring items mainly relate to the impact of an electricity purchase agreement, for which the own-use exemption under IAS 39 is not applicable anymore, and several other individually insignificant items.

Net finance costs and income amount to -19.3 million EUR as per June 30, 2016, compared to 6.0 million EUR as per June 30, 2015. Total borrowing costs decreased from -7.4 million EUR to -3.7 million EUR. This decrease is a consequence of the lower interest rates due on the financial debt following its 2015 refinancing. Also in HY15 transaction costs relating to the previous syndicated credit facility and private placement were still to be amortized, while this was no longer the case in HY16. The net other finance costs can mainly be explained by the unrealized foreign exchange loss on USD and GBP intercompany loans, which are not hedged.

Tax expenses amount to -21.4 million EUR in HY16, versus a tax expense of -14.5 million EUR in the same period last year. The income tax expenses mainly relate to the operations in the United States within the operating segment "Agro".



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# Outlook

Considering the lower SOP Plant Nutrition results in HY16 and its expectations for the full year, the Group anticipates that the 2016 REBITDA, compared to the 2015 REBITDA (180.4 million EUR), may grow around 15%.

However the group wants to emphasize that it currently operates in a volatile economic and financial environment.



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# QUESTIONS?



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EVERY  
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COUNTS