

# TESSENDERLO GROUP CONFERENCE CALL 2023 RESULTS

Brussels, March 27, 2024



Tessenderlo Group  
EVERY MOLECULE COUNTS



# KEY EVENTS

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## Share repurchase program

- In March 2023, a share repurchase program was started for an amount not exceeding 40 million EUR. As the share price was quoted below its book value, as well as taking into account the liquidity position of the group, the Board of Directors of Tessenderlo Group was of the opinion that it was opportune to proceed with the repurchase of its own shares. By the end of 2023, Tessenderlo Group had acquired 1,149,000 of its own shares at an average price of 28.21 EUR per share, for a total amount of 32.4 million EUR.
- Pursuant to the authorization granted by the extraordinary general meeting of May 10, 2022, the Board of Directors of Tessenderlo Group nv decided to cancel in December 2023 1,083,003 treasury shares purchased under the share repurchase program launched in March 2023.

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## Leadership changes

- In the fourth quarter of 2023, Tessenderlo Group announced several senior leadership changes as part of a further succession planning for the group. In this context, an exit agreement was concluded with Mr. Stefaan Haspeslagh whereby his respective executive functions as CFO and COO ended on December 31, 2023. Mr. Haspeslagh will continue to serve as Director and Chairman of the Board of Directors until the next General Shareholders' Meeting on May 14, 2024.



## **KEY EVENTS**

After the balance sheet date

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## Leadership changes

- On January 1, 2024, Mr. Miguel de Potter has joined Tessengerlo Group as the new Chief Financial Officer (CFO). Meanwhile, Mrs. Sandra Hoeylaerts, who started on September 27, 2023, as Chief HR Officer at Tessengerlo Group, has taken up the position of Chief Transformation Officer (CTO) as from January 1, 2024.
- The new ExCom is made up of Mr. Luc Tack (CEO), Mrs. Sandra Hoeylaerts (CTO), and Mr. Miguel de Potter (CFO) as from January 1, 2024, onwards.

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## Investment in ferric chloride production capacity



In March 2024, Kuhlmann Europe (Industrial Solutions segment) disclosed a strategic move by unveiling an investment of approximately 35 million EUR to expand its current ferric chloride production capacity for iron-based coagulants at its Loos site in France. This investment aims at fortifying Kuhlmann Europe's standing as a prominent coagulant manufacturer in Europe, solidifying the position of the Loos facility as the continent's largest ferric chloride production plant. The construction of the innovative chlorination installation is scheduled to commence by the end of 2024, with delivery anticipated in early 2026.

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## Construction works for the new plants are on schedule

Construction works on the new plant in Defiance (Ohio, US) remain on schedule. The Defiance plant will produce the leading liquid and sulfur-based fertilizers Thio-Sul<sup>®</sup>, KTS<sup>®</sup>, K-Row 23<sup>®</sup>, and sulfite chemicals for industrial markets (Agro and Industrial Solutions segments).

The Defiance plant is scheduled to start operations by the end of 2024.





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## Construction works for the new plants are on schedule



Construction works on the new plant in Geleen (The Netherlands) remain on schedule.

The Thio-Sul® plant in Geleen (Agro segment) is expected to be operational by mid-2024.

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## Construction works for new Picanol Group HQ are on track

Construction works on the new Picanol Group headquarters (Machines & Technologies segment) in Ieper (Belgium) remain on track.

The opening of the new headquarters is planned for the end of 2024.





# 2023 RESULTS

# Operational key figures

2H23	2H22	% Change as reported	2H22 Pro Forma	% Change compared to Pro Forma figures	Million EUR	2023	2022	% Change as reported	2022 Pro Forma	% Change compared to Pro Forma figures
1,301.8	1,248.0	4.3%	1,614.5	-19.4%	Revenue	2,928.3	2,587.5	13.2%	3,321.7	-11.8%
113.6	187.2	-39.3%	201.1	-43.5%	Adjusted EBITDA <sup>1</sup>	318.7	434.8	-26.7%	467.0	-31.8%
13.3	117.6	-88.7%	100.7	-86.8%	Adjusted EBIT <sup>2</sup>	120.1	300.1	-60.0%	271.3	-55.7%
31.0	63.2	-50.9%	37.6	-17.5%	Profit (+) / loss (-) for the period	114.4	226.8	-49.6%	161.5	-29.2%
15.1	49.6	-69.6%	23.0	-34.6%	Total comprehensive income	87.4	268.4	-67.4%	202.4	-56.8%
80.7	54.1	49.1%	66.2	21.8%	Capital expenditure	178.5	113.4	57.5%	134.0	33.2%
111.2	102.5	8.5%	115.6	-3.8%	Cash flow from operating activities	219.2	199.8	9.7%	219.3	-0.1%
					(Net financial debt) / Net cash position <sup>3</sup>	10.1	-59.5	nm		

The net cash position of 10.1 M EUR includes lease liabilities (-59.1 M EUR). The net cash position would have amounted to 69.3 M EUR, when excluding these lease liabilities.

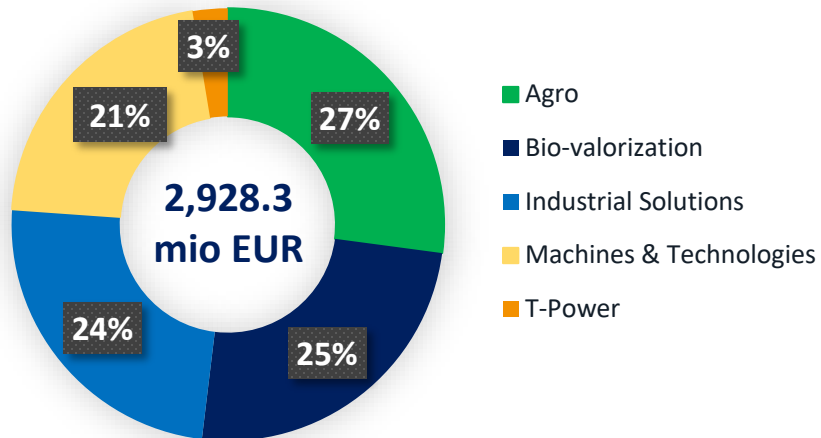
## Remarks:

- Adjusted EBITDA equals adjusted EBIT plus depreciation and amortization.
- Adjusted EBIT is considered by the group to be a relevant performance measure in order to compare results over the period 2022-2023 as it excludes adjusting items from the EBIT (Earnings Before Interests and Taxes). EBIT adjusting items principally relate to restructuring, impairment losses, provisions, gains or losses on significant disposals of assets or subsidiaries and the effect of the electricity purchase and sale agreement.
- (Net financial debt) / Net cash position equals cash and cash equivalents and long-term investments minus non-current and current loans and borrowings and bank overdrafts.

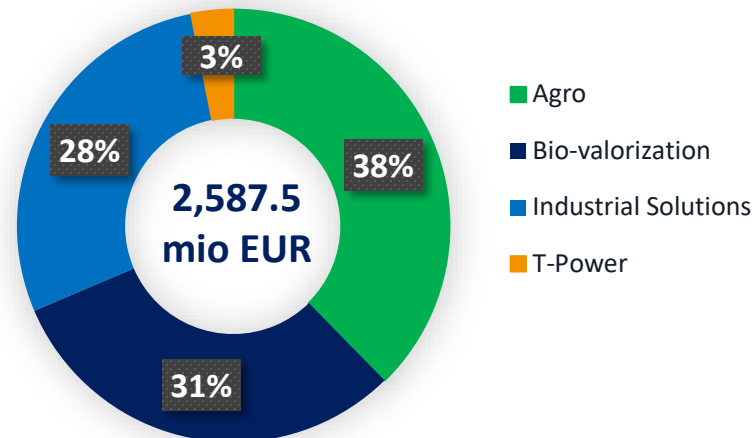
Adjusted EBITDA 2022	: 434.8 M EUR
FX effect	: -6.0 M EUR
Change in consolidation scope	: +50.4 M EUR
Internal growth	: <b>-160.5 M EUR</b>
= Adjusted EBITDA 2023	= 318.7 M EUR

# Group revenue per segment

2023 revenue  
(% of total)

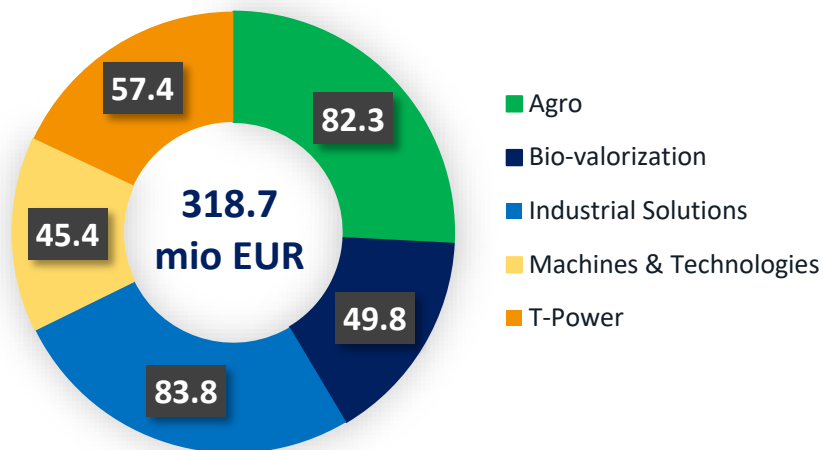


2022 revenue  
(% of total)

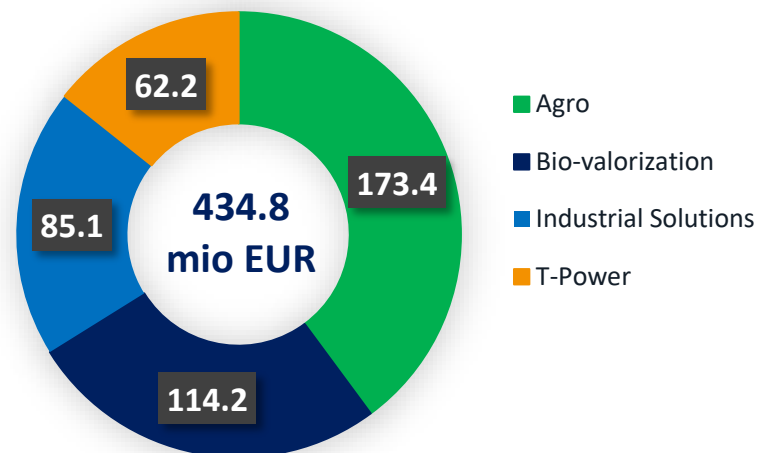


# Group Adjusted EBITDA per segment

## 2023 Adjusted EBITDA (Million EUR)



## 2022 Adjusted EBITDA (Million EUR)



# Agro segment

2H23	2H22	% Change as reported	2H22 Pro forma	% Change as reported	Million EUR	2023	2022	% Change as reported	2022 Pro forma	% Change compared to Pro Forma figures
350.3	428.6	-18.3%	428.6	-18.3%	<b>Revenue</b>	793.9	974.5	-18.5%	974.5	-18.5%
38.8	51.8	-25.0%	51.8	-25.0%	<b>Adjusted EBITDA</b>	82.3	173.4	-52.5%	173.4	-52.5%
11.1%	12.1%		12.1%		<b>Adjusted EBITDA margin</b>	10.4%	17.8%		17.8%	
2.2	33.3	-93.3%	14.7	-85.0%	<b>Adjusted EBIT</b>	9.4	138.7	-93.2%	101.6	-90.7%
0.6%	7.8%		3.4%		<b>Adjusted EBIT margin</b>	1.2%	14.2%		10.4%	

- 2023 Agro revenue decreased by -18.5%. While the revenue of the first half of 2023 was negatively impacted by both volumes and selling prices, 2H23 was mainly impacted by lower selling prices.
- The 2023 Adjusted EBITDA decreased by -52.5% to 82.3 million EUR (2022: 173.4 million EUR), because of lower volumes and margin pressure due to decreasing selling prices in combination with high valued inventory.
- The Adjusted EBITDA of NovaSource increased in 2023, helped by the contribution of the in 2H22 acquired Lannate® product line.

## Bio-valorization segment

2H23	2H22	% Change as reported	2H22 Pro forma	% Change as reported	Million EUR	2023	2022	% Change as reported	2022 Pro forma	% Change compared to Pro Forma figures
351.2	423.2	-17.0%	423.2	-17.0%	Revenue	726.4	799.9	-9.2%	799.9	-9.2%
15.0	64.0	-76.6%	64.0	-76.6%	Adjusted EBITDA	49.8	114.2	-56.4%	114.2	-56.4%
4.3%	15.1%		15.1%		Adjusted EBITDA margin	6.9%	14.3%		14.3%	
-4.8	45.8	nm	44.8	nm	Adjusted EBIT	10.8	79.2	-86.4%	77.3	-86.0%
-1.4%	10.8%		10.6%		Adjusted EBIT margin	1.5%	9.9%		9.7%	

- 2023 Bio-valorization revenue decreased by -9.2% to 726.4 million EUR, mainly because of a lower revenue in the second half of 2023 as sales volumes and sales prices decreased (for both PB Leiner and Akiolis).
- The 2023 Adjusted EBITDA of Bio-valorization decreased by -56.4% to 49.8 million EUR compared to prior year. Lower sales volumes, less favorable market circumstances for fats, gelatin and collagen (resulting in inventory write-offs for -15.3 million EUR in 2023 compared to -0.5 million EUR in 2022) as well as start-up expenses for the newly acquired operations by Akiolis Iberia (Spain) negatively impacted the 2023 result.
- In November 2022, the group announced that PB Leiner reached an agreement in Brazil with D&D Participações Societárias, which is one of the country's leading tannery groups. Under the terms of this agreement, which was closed in January 2023, D&D Participações Societárias acquired a 40% minority stake in the shares of PB Brasil Industria e Comercio de Gelatinas Ltda.



# Industrial Solutions segment

2H23	2H22	% Change as reported	2H22 Pro forma	% Change as reported	Million EUR	2023	2022	% Change as reported	2022 Pro forma	% Change compared to Pro Forma figures
324.2	352.2	-7.9%	352.2	-7.9%	<b>Revenue</b>	708.9	732.5	-3.2%	732.5	-3.2%
30.9	36.9	-16.1%	36.9	-16.1%	<b>Adjusted EBITDA</b>	83.8	85.1	-1.5%	85.1	-1.5%
9.5%	10.5%		10.5%		<b>Adjusted EBITDA margin</b>	11.8%	11.6%		11.6%	
12.3	22.9	-46.3%	18.8	-34.8%	<b>Adjusted EBIT</b>	47.4	57.9	-18.2%	49.8	-4.9%
3.8%	6.5%		5.3%		<b>Adjusted EBIT margin</b>	6.7%	7.9%		6.8%	

- Industrial Solutions revenue decreased by -3.2% in 2023. While 1H23 revenue remained stable, revenue in 2H23 decreased by -7.9% as lower DYKA Group sales volumes, following challenging market circumstances, could no longer be fully offset by an improved product mix and the full year contribution of the production plant in Gaillon (France) which was only acquired in 4Q22. The revenue of moleko decreased in 2023, impacted by the expiration of the customer agreement with Barrick Gold at year-end 2022, while the 2023 revenue of Kuhlmann Europe increased thanks to favorable market circumstances.
- The 2023 Adjusted EBITDA remained stable and amounted to 83.8 million EUR (-1.5%). The increase of the Kuhlmann Europe results, thanks to favorable market circumstances, was able to offset the lower DYKA Group results, which were impacted by a lower construction market demand. In 2023, moleko was able to offset the negative impact of the expiration of the customer agreement with Barrick Gold by an improved performance of its other products.

# Machines & Technologies segment

2H23	2H22	% Change as reported	2H22 Pro forma	% Change as reported	Million EUR	2023	2022	% Change as reported	2022 Pro forma	% Change compared to Pro Forma figures
237.9	-	nm	366.5	-35.1%	<b>Revenue</b>	622.4	-	nm	734.2	-15.2%
0.2	-	nm	13.8	-98.5%	<b>Adjusted EBITDA</b>	45.4	-	nm	32.2	41.2%
0.1%	-		3.8%		<b>Adjusted EBITDA margin</b>	7.3%	-		4.4%	
-7.5	-	nm	6.7	nm	<b>Adjusted EBIT</b>	30.3	-	nm	18.3	65.1%
-3.1%	-		1.8%		<b>Adjusted EBIT margin</b>	4.9%	-		2.5%	

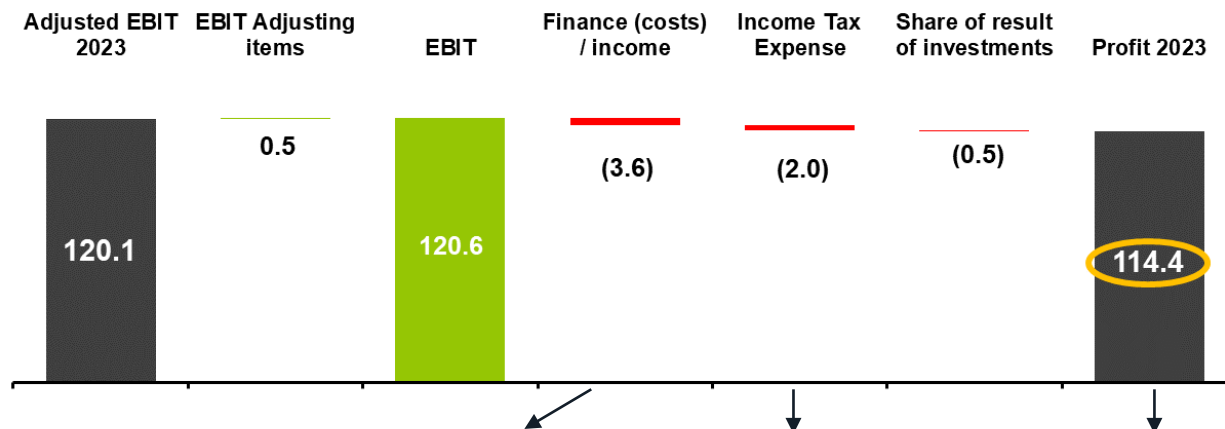
- The 2023 revenue of Machines & Technologies amounted to 622.4 million EUR or -15.2% compared to the 2022 Pro Forma revenue of 734.2 million EUR. The revenue of Picanol (weaving machines) decreased as a lower volume could not be offset by an increase of sales prices. Proferro (foundry and mechanical finishing) revenue remained stable in 2023, while the revenue of Psicontrol (development and production of electronics) increased, although both were impacted by more challenging market circumstances in the second half of 2023.
- The 2023 Adjusted EBITDA increased to 45.4 million EUR (compared to a 2022 Pro Forma Adjusted EBITDA of 32.2 million EUR). The Picanol Adjusted EBITDA increased in 2023, however improved margins could only offset the lower sales volume in the first half of 2023. The 2023 Adjusted EBITDA of Proferro and Psicontrol remained stable compared to the 2022 Pro Forma Adjusted EBITDA, although both were impacted by the lower Picanol activity.

## T-Power segment

2H23	2H22	% Change as reported	2H22 Pro forma	% Change as reported	Million EUR	2023	2022	% Change as reported	2022 Pro forma	% Change compared to Pro Forma figures
38.1	44.0	-13.5%	44.0	-13.5%	Revenue	76.7	80.6	-4.7%	80.6	-4.7%
28.7	34.6	-17.2%	34.6	-17.2%	Adjusted EBITDA	57.4	62.2	-7.7%	62.2	-7.7%
75.3%	78.6%		78.6%		Adjusted EBITDA margin	74.8%	77.2%		77.2%	
11.1	15.6	-29.2%	15.6	-29.2%	Adjusted EBIT	22.2	24.2	-8.4%	24.2	-8.4%
29.1%	35.5%		35.5%		Adjusted EBIT margin	28.9%	30.0%		30.0%	

- The 2023 revenue of T-Power decreased to 76.7 million EUR, while the Adjusted EBITDA decreased to 57.4 million EUR because of contractual impacts. The 2022 results were positively impacted by higher efficiency payments linked to gas prices. However, the 2023 results were in line with expectations, as T-Power fulfilled all tolling agreement requirements. The group was informed that the 5-year extension option for the tolling agreement, starting July 2026, will not be exercised. The group is assessing various options for the long-term utilization of the T-Power plant as a safe and reliable partner in the current energy mix.

# 2023 Adjusted EBIT to profit details (Million EUR)



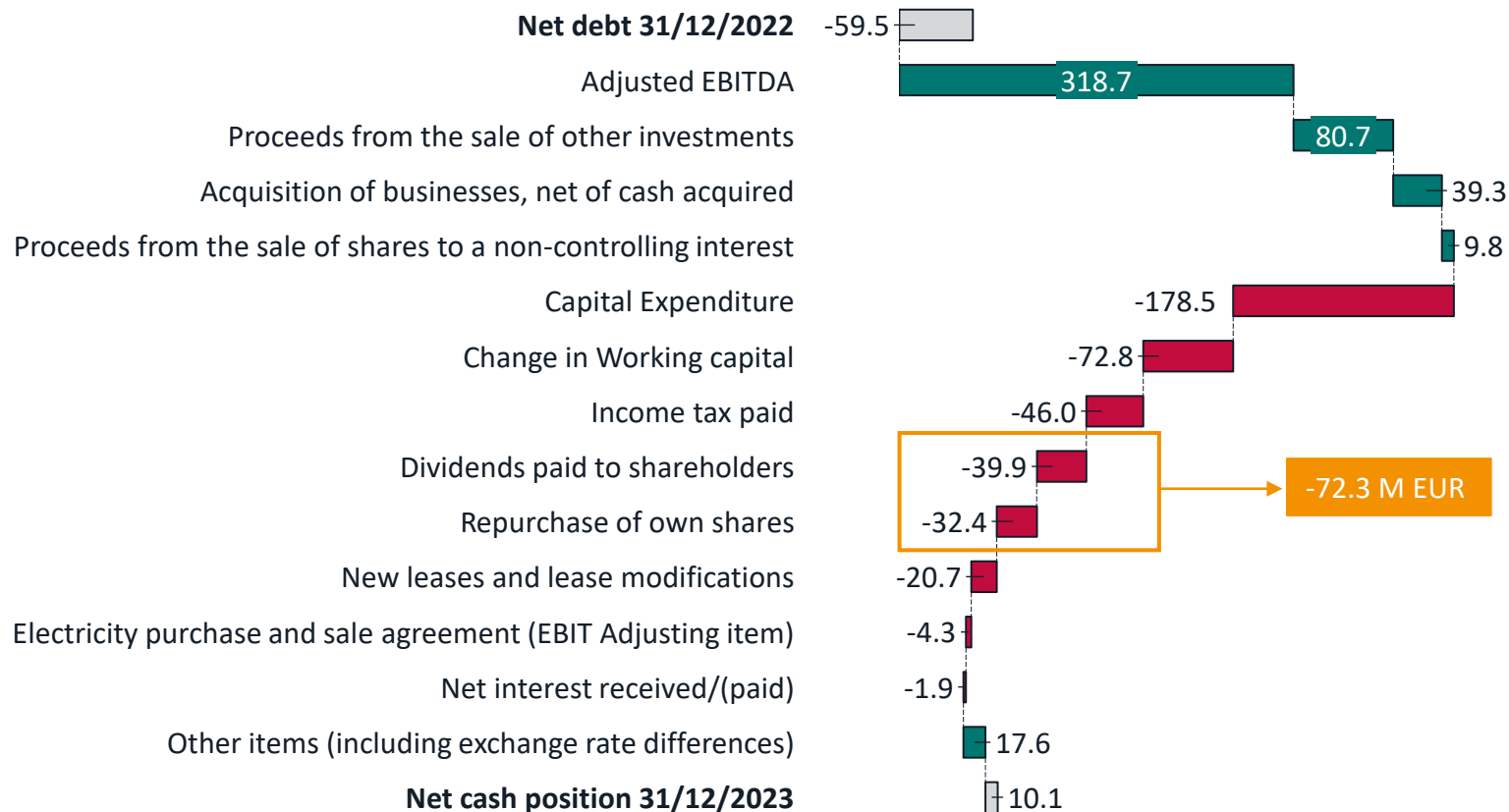
Net finance costs (-3.6 million EUR) mainly include:

- Interest expenses for -6.6 million EUR.
- Interest income for 9.8 million EUR.
- Expense for the unwinding of discounted provisions (-2.8 million EUR).
- Net foreign exchange gains and losses for -14.8 million EUR, mainly explained by unrealized foreign exchange losses on intercompany loans and cash and cash equivalents (mainly in USD), which are not hedged.
- The realized gain on the sale of 654,000 Rieter Holding Ag shares. These shares were sold for an amount of 80.7 million EUR, leading to a gain of +11.3 million EUR. The remaining investment in Rieter Holding Ag consists of 54,262 shares.

Income tax expense amounts to -2.0 million EUR in 2023 impacted by lower current tax expenses following the lower operational results as well as by the recognition of additional deferred tax assets on tax losses carried forward.

The 2023 profit amounts to 114.4 million EUR (of which 109.5 million EUR attributable to equity holders of the company) compared to 226.8 million EUR in 2022 (of which 226.9 million EUR attributable to equity holders of the company).

## 2022 - 2023 Net financial debt / net cash position reconciliation (Million EUR)



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# Outlook

- The following statements are forward-looking and actual results may differ materially.
- The group anticipates a continued high level of economic uncertainty in 2024. Based on currently available information, the group expects that the 2024 Adjusted EBITDA will be in line with the 2023 Adjusted EBITDA of 318.7 million EUR.
- The group wishes to emphasize that it currently operates in a volatile geopolitical, economic, and financial environment.

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# Dividend

- The Board of Directors will propose to the shareholders, at the annual shareholders' meeting of May 14, 2024, to approve a gross dividend per share of 0.75 EUR.

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# Annual report

- The annual report for the 2023 financial year and the sustainability report will be available with effect from April 5, 2024, on the corporate website [www.tessenderlo.com](http://www.tessenderlo.com).





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## Financial calendar

<b>Analyst and Asset Manager day</b>	<b>April 29, 2024</b>
<b>Annual general meeting of shareholders</b>	<b>May 14, 2024</b>
<b>Half year 2024 results</b>	<b>August 21, 2024</b>





**THANK YOU**