

**TESSENDERLO GROUP THIRD QUARTER 2018 TRADING UPDATE:  
SOLID THIRD QUARTER RESULTS DESPITE CHALLENGING MARKET CONDITIONS**

**1. KEY EVENTS**

- On October 2, 2018, Tessenderlo Group closed the acquisition of the remaining 80% of the shares of T-Power nv, which is a gas-fired 425 MW power plant in Tessenderlo (Belgium). Tessenderlo Group has invested 313 million EUR in the acquisition of the remaining shares in T-Power nv, including 131 million EUR that was paid out to the selling shareholders and 182 million EUR of net financial debt that was taken over.
- Following an unforeseen technical issue at the production plant in Loos (France, BU Performance Chemicals), the sodium hydroxide (NaOH) output has been at 60% of the normal capacity since September 2018. It is anticipated that the issue will continue throughout the fourth quarter of 2018.
- Meanwhile, within the Plastic Pipe Systems (PPS) business unit, BT, BTH and Nyloplast have changed their brand name to BT Nyloplast with effect from October 4, 2018.
- In addition, the business unit PB Gelatins/PB Leiner has changed its brand name to PB Leiner as from mid-October 2018.

3Q18	3Q17	% Change excluding fx effect	% Change as reported	Million EUR	9M18	9M17	% Change excluding fx effect	% Change as reported
374.6	376.0	-1.7%	-0.4%	Revenue Group	1,219.6	1,300.7	-3.4%	-6.2%
-0.2	-11.3			- Other revenue included in revenue Group <sup>2</sup>	-5.0	-41.0		
<b>374.4</b>	<b>364.7</b>	<b>1.3%</b>	<b>2.6%</b>	<b>Revenue</b>	<b>1,214.6</b>	<b>1,259.7</b>	<b>-0.7%</b>	<b>-3.6%</b>
35.6	40.6	-15.9%	-12.3%	REBITDA Group	133.1	163.5	-12.9%	-18.6%
1.2	-3.4			- Other REBITDA included in REBITDA Group <sup>2</sup>	3.8	-5.8		
<b>36.8</b>	<b>37.1</b>	<b>-4.9%</b>	<b>-0.9%</b>	<b>REBITDA</b>	<b>136.9</b>	<b>157.7</b>	<b>-7.1%</b>	<b>-13.2%</b>
				<b>Net debt</b>	<b>25.3</b>	<b>53.4</b>		

All quarterly information included in the press release is unaudited.

**2. REVENUE**

3Q18 revenue increased by 2.6% (or increased by +1.3% when excluding the foreign exchange effect) compared to the same period last year. Excluding the foreign exchange effect, the revenue of the operating segment Industrial Solutions increased (+6.7%, mainly related to Plastic Pipe Systems), the revenue of Bio-valorization remained stable (-0.4%), while the Agro revenue slightly decreased (-2.2%).

**3. REBITDA**

The 3Q18 REBITDA decreased by -0.9% (or decreased by -4.9% when excluding the foreign exchange effect) and amounted to 36.8 million EUR, compared to 37.1 million EUR one year earlier. Inventory write-offs following accounting estimates concerning inventory obsolescence amounted to -2.1 million EUR in 3Q18, while the impact thereof was nihil in 3Q17.

The Agro REBITDA slightly increased, as the impact of lower Tessenderlo Kerley International volumes was compensated by the performance of the other Agro activities. The third quarter REBITDA of Bio-valorization remained stable compared to prior year thanks to an improved Gelatin performance, which could offset the

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

<sup>2</sup>The line "Other" refers to engineering and construction activities of the subsidiary S8 Engineering (former Tessenderlo Kerley Services Inc.), for the joint-venture Jupiter Sulphur LLC.



negative impact of the lower Akiolis downstream market prices (mainly fats). The third quarter REBITDA of Industrial Solutions decreased compared to 3Q17, as the improved performance of Plastic Pipe Systems could not offset the lower Mining & Industrial results nor the 3Q17 positive impact of the settlement of the dispute related to the expiration of a contract within the Environmentally Clean Systems (ECS) business unit.

#### 4. NET FINANCIAL DEBT

At the end of the third quarter of 2018, group net financial debt amounted to 25.3 million EUR, resulting in a leverage of 0.2x. Net financial debt as per year-end 2017 amounted to 58.7 million EUR. The decrease of the net financial debt in the first three quarters of 2018 can be explained by the operational results, only partially offset by a negative cash flow from changes in working capital and by capital expenditure. Capital expenditure amounted to 22.5 million EUR in 3Q18 (19.5 million EUR in 3Q17), and includes the acquisition of a new headquarters building for Tessenderlo Kerley, Inc. in Phoenix (Arizona, US) for approximately 10 million USD. Total capital expenditure of the first nine months of 2018 amounts to 54.9 million EUR (compared to 59.0 million EUR in 9M17).

#### Outlook

The group confirms its previous forecast that the 2018 REBITDA, when including the estimated fourth quarter REBITDA contribution of T-Power nv, is expected to be in line with the 2017 REBITDA despite the evolution of the EUR/USD exchange rate and the evolution of raw material/fat prices.

The group would like to emphasize that it currently operates in a volatile political, economic and financial environment.

#### 5. FINANCIAL CALENDAR

Full year results 2018

March 13, 2019

##### Agenda for October 25, 2018

3pm CET/2pm UK - conference call and webcast for analysts and investors

Registration details are available at: [www.tessenderlo.com](http://www.tessenderlo.com).

#### **About Tessenderlo Group**

*Tessenderlo Group is a diversified industrial group that focuses on agriculture, valorizing bio-residuals and providing industrial solutions. The group employs approximately 4,500 people, is a leader in most of its markets and recorded a consolidated revenue of 1.7 billion EUR in 2017. Tessenderlo Group is listed on Euronext Brussels and is part of Next 150 and BEL Mid indices. Financial News wires: Bloomberg: TESB BB – Reuters: TESB.BR – Datastream: B:Tes*

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This **press release** is available in **Dutch and English** on the corporate website [www.tessenderlo.com](http://www.tessenderlo.com) - under 'News & Media'

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