

Conference call

2Q18 and HY18 results

Brussels, August 22, 2018





A replay of the webcast will be available on our website www.tessengerlo.com

Business highlights



Acquisition of T-Power nv, a 425 MW combined-cycle power plant



DYKA opened new branches branch in Tilburg and Amsterdam (the Netherlands)



JDP Bolton opened to customers in May adding to the expansion in Northern England



Tessenderlo Kerley, Inc. (TKI) purchased a new corporate headquarters in Phoenix (Arizona, US)



2Q18 & HY18 results



Operational key figures

2Q18	2Q17	% change excluding fx effect	% Change as reported	Million EUR	HY18	HY17	% change excluding fx effect	% Change as reported
458.5	477.4	0.4%	-4.0%	Revenue Group	845.0	924.6	-4.1%	-8.6%
-1.9	-13.8			- Other revenue included in revenue Group*	-4.8	-29.7		
456.6	463.6	2.9%	-1.5%	Revenue	840.2	894.9	-1.5%	-6.1%
61.1	66.7	0.8%	-8.4%	REBITDA Group	97.5	122.9	-11.9%	-20.7%
1.2	-0.9			- Other REBITDA included in REBITDA Group*	2.6	-2.3		
62.3	65.7	4.3%	-5.3%	REBITDA	100.1	120.6	-7.8%	-17.0%
				REBIT Group	62.5	86.6	-17.5%	-27.8%
				- Other REBIT included in REBIT Group*	2.6	-2.2		
				REBIT	65.2	84.4	-11.9%	-22.8%
				Profit (+) / loss (-) for the period	54.9	17.1		221.3%
				Total comprehensive income	53.3	22.9		133.0%
				Capital expenditure	32.4	39.5		-18.0%
				Cash flow from operating activities	56.3	142.6		-60.5%
				Operational free cash flow	36.0	121.1		-70.3%

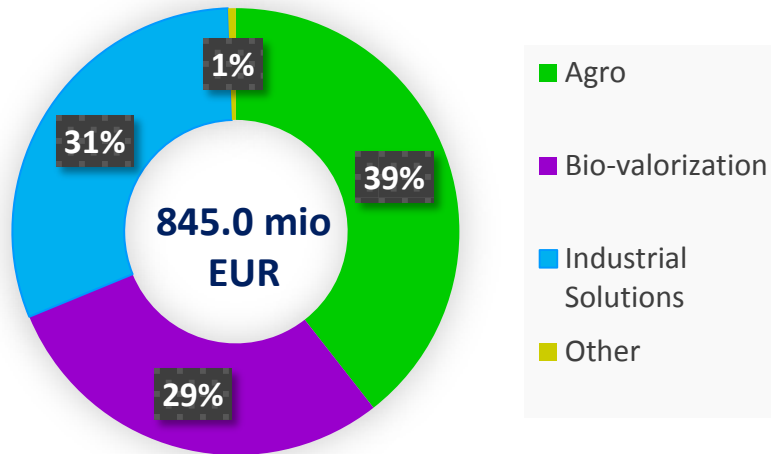
Remark: all quarterly information included is unaudited.

*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.

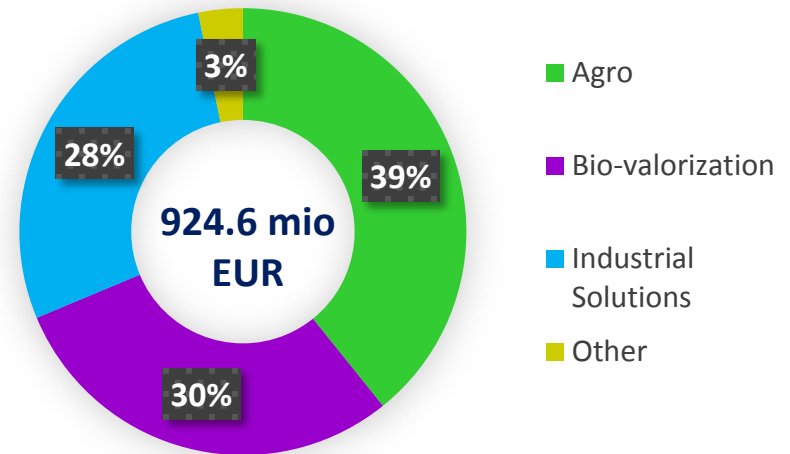


Group revenue per segment

HY18 revenue (% of total)

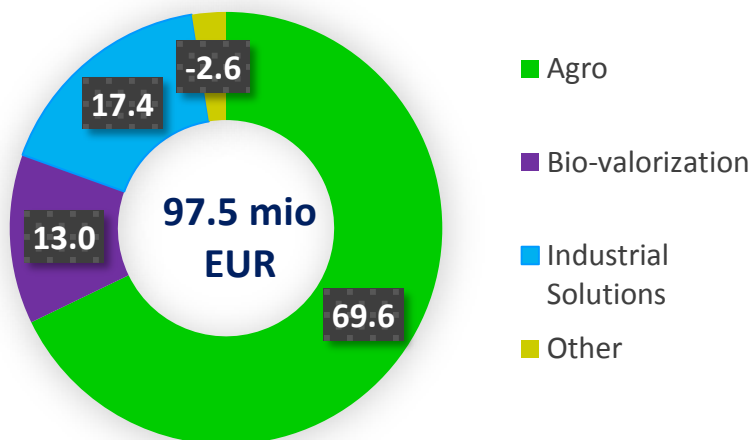


HY17 revenue (% of total)

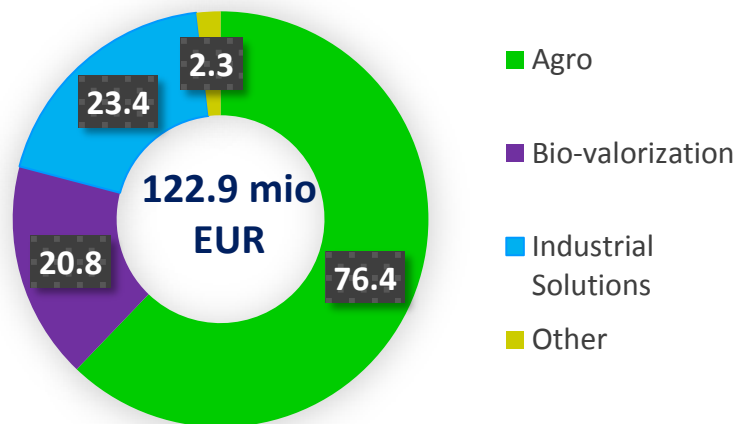


Group REBITDA per segment

HY18 REBITDA (Million EUR)



HY17 REBITDA (Million EUR)



Agro segment

AGRO				
Million EUR	HY18	HY17	% Change excluding fx effect	% Change as reported
Revenue	333.3	362.7	-1.1%	-8.1%
REBITDA	69.6	76.4	1.2%	-8.8%
REBITDA margin	20.9%	21.1%		
REBIT	57.7	63.9	0.9%	-9.7%
REBIT margin	17.3%	17.6%		

- HY18 revenue decreased because of lower volumes within Tessenderlo Kerley International, which could not be compensated by the other Agro activities.
- The REBITDA of the three Agro activities remained stable, where the lower Tessenderlo Kerley International volumes were compensated by the contribution of the new Thio-Sul[®] plant (production started in Rouen - France - in 3Q17) and lower maintenance expenses.



Bio-valorization segment

BIO-VALORIZATION				
Million EUR	HY18	HY17	% Change excluding fx effect	% Change as reported
Revenue	247.9	272.5	-4.5%	-9.0%
REBITDA	13.0	20.8	-24.3%	-37.4%
REBITDA margin	5.2%	7.6%		
REBIT	0.7	7.3	-62.0%	-91.1%
REBIT margin	0.3%	2.7%		

- HY18 revenue decreased because of lower volumes and decreased fat prices.
- The HY18 REBITDA was negatively impacted by an inventory write-off of -0.2 million EUR, while in HY17 a reversal of an inventory write-off was recognized for +2.3 million EUR.
- The decrease in Bio-valorization REBITDA can be explained by lower prices in the Akiolis downstream markets (mainly fats), not being compensated by the upstream markets.
- HY18 Gelatin REBITDA, when excluding the foreign exchange effect, remained stable compared to HY17.



Industrial Solutions segment

INDUSTRIAL SOLUTIONS				
Million EUR	HY18	HY17	% Change excluding fx effect	% Change as reported
Revenue	259.0	259.7	1.1%	-0.3%
REBITDA	17.4	23.4	-22.3%	-25.6%
REBITDA margin	6.7%	9.0%		
REBIT	6.8	13.2	-45.6%	-48.4%
REBIT margin	2.6%	5.1%		

- Revenue of Plastic Pipe Systems and Performance Chemicals increased, which was partially offset by Mining and Industrial, where revenue decreased because of lower volumes.
- The higher revenue in Plastic Pipe Systems and Performance Chemicals did not result in a higher REBITDA, because of start-up costs for new branches and further start-up expenses for the NaOH production in Loos (new membrane electrolysis plant in France).
- Furthermore, Mining and Industrial REBITDA was negatively impacted by lower volumes.



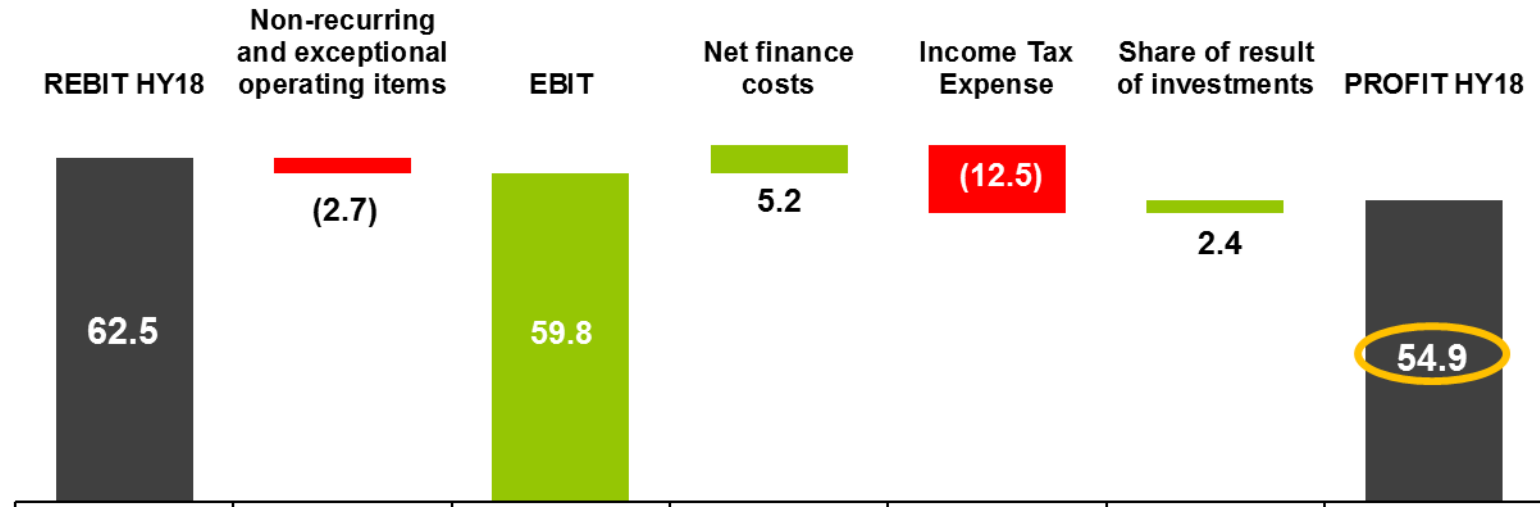
Tessengerlo Group

Million EUR	Revenue						REBITDA					
	HY17	FX effect	Internal growth	HY18	% change excluding fx effect	% change as reported	HY17	FX effect	Internal growth	HY18	% change excluding fx effect	% change as reported
Agro	362.7	-25.4	-4.0	333.3	-1.1%	-8.1%	76.4	-7.6	0.9	69.6	1.2%	-8.8%
Bio-valorization	272.5	-12.5	-12.1	247.9	-4.5%	-9.0%	20.8	-2.7	-5.1	13.0	-24.3%	-37.4%
Industrial solutions	259.7	-3.6	2.9	259.0	1.1%	-0.3%	23.4	-0.8	-5.2	17.4	-22.3%	-25.6%
Other	29.7	-0.6	-24.4	4.8	-82.1%	-84.0%	2.3	0.3	-5.2	-2.6	nm	nm
Tessengerlo Group	924.6	-42.0	-37.7	845.0	-4.1%	-8.6%	122.9	-10.8	-14.6	97.5	-11.9%	-20.7%

Million EUR	Revenue						REBITDA					
	HY17	FX effect	Internal growth	HY18	% change excluding fx effect	% change as reported	HY17	FX effect	Internal growth	HY18	% change excluding fx effect	% change as reported
Agro	362.7	-25.4	-4.0	333.3	-1.1%	-8.1%	76.4	-7.6	0.9	69.6	1.2%	-8.8%
Bio-valorization	272.5	-12.5	-12.1	247.9	-4.5%	-9.0%	20.8	-2.7	-5.1	13.0	-24.3%	-37.4%
Industrial solutions	259.7	-3.6	2.9	259.0	1.1%	-0.3%	23.4	-0.8	-5.2	17.4	-22.3%	-25.6%
Tessengerlo Group (comparable scope)	894.9	-41.4	-13.3	840.2	-1.5%	-6.1%	120.6	-11.1	-9.4	100.1	-7.8%	-17.0%



HY18 REBIT to profit details (Million EUR)

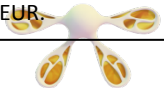


The non-recurring and exceptional operating items mainly relate to the impact and revaluation of an electricity purchase agreement, for which the own-use exemption under IAS 39 is not applicable anymore, and several other individually less significant items (mainly changes in provisions).

The net finance costs (+5.2 million EUR) include unrealized foreign exchange gains on USD intercompany loans and cash and cash equivalents, which are not hedged. The weakening of the EUR against the USD (-2.8%) impacted this result. The regular finance cost, excluding the net foreign exchange gains/(losses), amounts to -3.6 million EUR.

Tax expenses amount to -12.5 million EUR in HY18, versus a tax expense of -21.6 million EUR in the same period last year. The income tax expenses, which mainly relate to the operations in the United States within the operating segment Agro, are positively impacted by the US corporate income tax reform which reduced the corporate income tax rate from 35% to 21% as from 2018, while tax incentives for business performing manufacturing or other production activities were cancelled.

The HY18 profit amounts to 54.9 million EUR compared to 17.1 million EUR in HY17. The profit (+) / loss (-) for the period is impacted by exchange gains and losses, mainly on non-hedged intercompany loans and cash and cash equivalents in USD, GBP and CNY. Excluding these exchange gains and losses, the profit (+) / loss (-) for HY18 would amount to approximately 46 million EUR, while the HY17 result would have amounted to approximately 58 million EUR.



Outlook

- The 2018 REBITDA continues to be impacted by the evolution of the EUR/USD exchange rate and the evolution of raw material/fat prices, and will be lower than the 2017 REBITDA. However, if the T-Power nv transaction would be completed by the end of September, 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.
- The group would like to emphasize that it currently operates in a volatile political, economic and financial environment.



Financial calendar

- Third quarter 2018 trading update

October 25, 2018





Thank you

