

Brussels, March 1, 2017
8:00 am CET

Regulated information¹

Press release

Tessenderlo Group announces fourth quarter and full year 2016 results

4Q16 performance in line with expectations

4Q16	4Q15	% Change	Million EUR	12M16	12M15	% Change
357.0	374.4	-4.6%	Revenue Group	1,590.1	1,589.0	0.1%
-14.2	-10.0		- Other revenue included in revenue Group ²	-47.6	-18.9	
342.9	364.4	-5.9%	Revenue	1,542.5	1,570.1	-1.8%
32.7	38.4	-14.8%	REBITDA Group	198.0	180.4	9.8%
-0.9	-0.2		- Other REBITDA included in REBITDA Group ²	-2.5	1.9	
31.8	38.2	-16.8%	REBITDA	195.5	182.3	7.2%
			REBIT Group	124.1	104.4	18.8%
			- Other REBIT included in REBIT Group ²	-2.3	2.1	
			REBIT	121.8	106.5	14.4%
			Profit (+) / loss (-) for the period	98.2	81.9	19.8%
			Total comprehensive income	85.3	69.5	22.7%
			Capital expenditure	94.0	61.1	53.7%
			Cash flow from operating activities	109.4	138.4	-20.9%

Remarks: all quarterly information included in the press release is unaudited.

Revenue

The 4Q16 revenue decreased by -5.9% compared to the same period last year (or decreased by -4.5% when excluding the foreign exchange effect). Revenue excluding foreign exchange effect increased within Bio-valorization (+8.4%) and Industrial Solutions (+7.2%), while Agro revenue decreased (-26.3%). The latter being impacted by shipments which were shifted to 2017, as well as by a material shipment which took place in 3Q16, while in 2015 a similar shipment took place in the fourth quarter.

The 2016 revenue decreased by -1.8% or decreased by -0.2% when excluding the foreign exchange effect. Industrial Solutions revenue increased by 6.9% when excluding the foreign exchange effect, while the revenue within Bio-valorization increased by 4.4% when excluding the foreign exchange effect. Agro revenue decreased by -9.0% when excluding the foreign exchange effect, mainly being negatively impacted by the decrease within SOP Plant Nutrition.

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 The line "Other" refers to engineering and construction activities of the subsidiary Tessenderlo Kerley Services Inc., for the joint venture Jupiter Sulphur LLC, which were reported previously within the Agro segment. The line "Other" has been created for 2016 reporting as a material contract is under execution. The 4Q15 and 2015 comparable figures for the similar activity are also provided.



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REBITDA

The 4Q16 REBITDA decreased by -16.8% or by -17.7% when excluding the foreign exchange effect. The increase in 4Q16 REBITDA in the operating segments Bio-valorization and Industrial Solutions could not compensate the decrease in 4Q16 Agro REBITDA.

The 2016 REBITDA increased by 7.2% or by 7.8% when excluding the foreign exchange effect. The 2016 REBITDA includes a write-off for inventory obsolescence for -1.0 million EUR (-11.8 million EUR in 2015). The 2016 REBITDA increase can be explained by the better performance of Bio-valorization and Industrial Solutions, while the Agro REBITDA decreased, the latter being impacted by the SOP Plant Nutrition decrease.

Profit (+) /loss (-) for the period

The 2016 profit amounts to 98.2 million EUR compared to 81.9 million EUR in the same period last year. The increase of the operational results and the decrease of the non-recurring and exceptional operating items were partially offset by higher net finance costs and income tax expenses.

Net financial debt

At the end of 2016, group net financial debt amounted to 136.6 million EUR, resulting in a leverage of 0.7x. Net financial debt as per year-end 2015 amounted to 145.3 million EUR.

The cash flow from operating activities amounts to 109.4 million EUR (138.4 million EUR in 2015). The change in working capital is -60.7 million EUR. This increase of working capital is caused by timing effects, early payment of trade payables, and the increase of inventory levels to optimally support the different business models of the group.

Capital expenditure amounted to 94.0 million EUR (61.2 million EUR in 2015). The increase of the capital expenditure in 2016 compared to 2015 can be explained by the further execution of previously announced growth projects. Construction works of the new Thio-Sul[®] plants in East Dubuque (US) and Rouen (France) and the new electrolysis plant in Loos (France) are on schedule. Completion date for the construction of the three plants is expected to be in the second half of 2017.

Furthermore in 2016, the group continued to execute extensive maintenance programs in order to modernize and optimize various plants. This maintenance was expensed as incurred.

Outlook

In 2017 Tessenderlo Group will continue to execute maintenance, cost reduction and debottlenecking programs, while capital expenditure is expected to amount to 90 million EUR. The completion of the three previously announced new plants is included in this amount.

The group expects a single digit growth of the 2017 REBITDA compared to the REBITDA of 198.0 million EUR in 2016, despite the current lack of visibility in the different end markets.

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

► Operating segments performance review

GROUP KEY FIGURES - YEAR TO DATE			
Million EUR	12M16	12M15	% Change
Revenue Group	1,590.1	1,589.0	0.1%
Agro	571.4	626.8	-8.8%
Bio-valorization	494.4	488.5	1.2%
Industrial Solutions	476.8	454.8	4.8%
Other	47.6	18.9	151.8%
REBITDA Group	198.0	180.4	9.8%
Agro	118.7	140.7	-15.7%
Bio-valorization	31.6	-1.2	nm
Industrial Solutions	45.3	42.8	5.8%
Other	2.5	-1.9	nm
REBIT Group	124.1	104.4	18.8%
Agro	94.8	117.7	-19.4%
Bio-valorization	1.6	-29.9	nm
Industrial Solutions	25.5	18.7	36.3%
Other	2.3	-2.1	nm
Non-recurring and exceptional operating income/(expense) items	-6.0	-27.3	78.2%
EBIT	118.1	77.1	53.3%

AGRO			
Million EUR	12M16	12M15	% Change
Revenue	571.4	626.8	-8.8%
REBITDA	118.7	140.7	-15.7%
REBITDA margin	20.8%	22.5%	
REBIT	94.8	117.7	-19.4%
REBIT margin	16.6%	18.8%	

The 2016 revenue decreased by -8.8% or by -9.0% when excluding the foreign exchange effect, mainly a consequence of the decrease of revenue within SOP Plant Nutrition.

REBITDA of the segment decreased by -15.7% or -15.8% when excluding the foreign exchange effect. The decrease of the SOP Plant nutrition REBITDA could not be compensated by the other Agro businesses.

BIO-VALORIZATION			
Million EUR	12M16	12M15	% Change
Revenue	494.4	488.5	1.2%
REBITDA	31.6	-1.2	nm
REBITDA margin	6.4%	-0.2%	
REBIT	1.6	-29.9	nm
REBIT margin	0.3%	-6.1%	

Revenue increased by 1.2% in 2016 or increased by 4.4% when excluding the foreign exchange effect.

The REBITDA increased from -1.2 million EUR in 2015 to 31.6 million EUR in 2016. The 2015 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 2016 REBITDA.

INDUSTRIAL SOLUTIONS			
Million EUR	12M16	12M15	% Change
Revenue	476.8	454.8	4.8%
REBITDA	45.3	42.8	5.8%
REBITDA margin	9.5%	9.4%	
REBIT	25.5	18.7	36.3%
REBIT margin	5.3%	4.1%	

The 2016 revenue of the segment Industrial Solutions increased by 4.8% (or 6.9% when excluding the foreign exchange rate effect), where an increase could be noted within Plastic Pipe Systems, Performance Chemicals and Mining & Industrial.

The 2016 REBITDA increased by 5.8% or by 6.8% when excluding the foreign exchange rate effect. This evolution is mainly supported by the improved performance of Plastic Pipe Systems and Mining & Industrial.

► Additional financial information

Non-recurring and exceptional operating income/(expense) items

The net non-recurring and exceptional operating income/(expense) items amount to -6.0 million EUR (2015: -27.3 million EUR).

NON-RECURRING AND EXCEPTIONAL OPERATING INCOME/(EXPENSE) ITEMS		
Million EUR	2016	2015
Gains and losses on disposals	0.3	10.6
Restructuring	-0.7	-2.0
Gains on disposal groups	1.4	0.9
Impairment losses	-2.3	-23.6
Provisions and claims	-2.3	-5.9
Other income and expenses	-2.3	-7.5
Total	-6.0	-27.3

The gains on disposal groups amount to 1.4 million EUR and relate to an additional one-off income for previously done divestments.

Impairment losses (-2.3 million EUR) were recognized on several assets which are no longer considered to have an economic value as they are no longer in use or for which the carrying amount of the assets exceeded the recoverable amount.

Provisions and claims for -2.3 million EUR mainly relate to environmental provision adjustments.

Other income and expenses (-2.3 million EUR) mainly concern 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.

Finance costs and income

Net finance costs and income amount to +0.2 million EUR in 2016, compared to +8.1 million EUR in 2015.

FINANCE COSTS AND INCOME						
Million EUR	2016			2015		
	Finance costs	Finance income	Total	Finance costs	Finance income	Total
Interest expense on loans and borrowings measured at amortized cost	-7.1	-	-7.1	-11.0	-	-11.0
Amortization charges of transaction costs related to loans and borrowings	-	-	0.0	-2.1	-	-2.1
Commitment fee on unused portion of the credit facility	-0.2	-	-0.2	-1.1	-	-1.1
Factoring expense	-0.1	-	-0.1	-0.7	-	-0.7
Total borrowing costs	-7.4	0.0	-7.4	-14.9	0.0	-14.9
Dividend income from other investments	-	0.1	0.1	-	0.1	0.1
Interest income from cash and cash equivalents	-	0.5	0.5	-	0.7	0.7
Total income from investments and cash & cash equivalents	0.0	0.6	0.6	0.0	0.7	0.7
Expense for the unwinding of discounted provisions	-1.1	-	-1.1	-1.1	-	-1.1
Net interest (expense)/income on pension asset/(liability)	-0.7	0.1	-0.6	-0.7	0.1	-0.6
Net foreign exchange gains and losses (including revaluation to fair value and realization of derivative financial instruments)	-16.1	25.4	9.3	-33.7	58.8	25.1
Net other finance (costs)/income	-0.7	0.2	-0.6	-1.3	0.1	-1.2
Total	-26.0	26.3	0.2	-51.7	59.7	8.1

Total borrowing costs decreased from -14.9 million EUR to -7.4 million EUR. This decrease is a consequence of the lower interest rates due on the financial debt following its 2015 refinancing. Also in 2015 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 2016.

The net foreign exchange gain can mainly be explained by the unrealized foreign exchange gains on USD intercompany loans, which are not hedged.

Income tax expense

Tax expenses amount to -23.6 million EUR in 2016 versus -7.2 million EUR last year. The income tax expenses mainly relate to the operations in the United States within the operating segment Agro.

The 2016 effective tax rate amounts to 20%, compared to a theoretical tax rate of 39%. The variance can be mainly explained by the use in 2016 of previously non-recognized tax credits and the recognition of additional deferred tax assets on fiscal losses carried forward. This impact was partially offset by fiscal losses for which no deferred tax assets were recognized in 2016, mainly within Gelatin.

► Consolidated financial information at December 31, 2016

CONSOLIDATED INCOME STATEMENT		
Million EUR	2016	2015
Revenue	1,590.1	1,589.0
Cost of sales	-1,196.0	-1,208.2
Gross profit	394.1	380.8
Distribution expenses	-89.5	-90.5
Sales and marketing expenses	-57.7	-54.4
Administrative expenses	-109.0	-117.1
Other operating income and expenses	-13.7	-14.4
Profit (+) / loss (-) from operations before non-recurring and exceptional operating items (REBIT)	124.1	104.4
Gains and losses on disposals	0.3	10.6
Restructuring	-0.7	-2.0
Gains on disposal groups	1.4	0.9
Impairment losses	-2.3	-23.6
Provisions and claims	-2.3	-5.9
Other income and expenses	-2.3	-7.5
Profit (+) / loss (-) from operations (EBIT)	118.1	77.1
Finance costs	-26.0	-51.7
Finance income	26.3	59.7
Finance (costs) / income - net	0.2	8.1
Share of result of equity accounted investees, net of income tax	3.4	4.0
Profit (+) / loss (-) before tax	121.8	89.1
Income tax expense	-23.6	-7.2
Profit (+) / loss (-) for the period	98.2	81.9
Attributable to:		
- Equity holders of the company	98.8	84.5
- Non-controlling interest	-0.7	-2.6
Basic earnings per share (EUR)	2.30	1.98
Diluted earnings per share (EUR)	2.30	1.98

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME		
Million EUR	2016	2015
Profit (+) / loss (-) for the period	98.2	81.9
Translation differences	2.6	-23.9
Net change in fair value of derivative financial instruments, before tax	0.7	-0.0
Other movements	0.1	-0.5
Income tax on other comprehensive income	-0.3	0.0
Other comprehensive income to be reclassified to profit or loss in subsequent periods	3.2	-24.4
Remeasurements of the net defined benefit liability, before tax	-14.9	12.7
Income tax on other comprehensive income	-1.2	-0.8
Other comprehensive income not being classified to profit or loss in subsequent periods	-16.1	11.9
Other comprehensive income, net of income tax	-12.9	-12.4
Total comprehensive income	85.3	69.5
Attributable to:		
- Equity holders of the company	85.8	72.3
- Non-controlling interest	-0.6	-2.8

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Million EUR	31.12.2016	31.12.2015
ASSETS		
Total non-current assets	661.4	628.9
Property, plant and equipment	508.4	462.3
Goodwill	35.6	35.3
Other intangible assets	45.7	59.3
Investments accounted for using the equity method	27.3	25.1
Other investments	1.9	2.0
Deferred tax assets	31.7	30.0
Trade and other receivables	10.9	14.9
Total current assets	697.4	673.3
Inventories	309.7	288.9
Trade and other receivables	268.0	253.2
Derivative financial instruments	0.5	1.0
Cash and cash equivalents	119.2	130.2
Non-current assets classified as held for sale	0.0	1.4
Total assets	1,358.8	1,303.6
EQUITY AND LIABILITIES		
Total equity	605.9	518.2
Equity attributable to equity holders of the company	604.7	516.8
Issued capital	215.8	215.0
Share premium	235.6	232.9
Reserves and retained earnings	153.3	69.0
Non-controlling interest	1.3	1.5
Total liabilities	752.9	785.4
Total non-current liabilities	482.8	468.2
Loans and borrowings	226.9	226.7
Employee benefits	61.5	48.3
Provisions	132.4	135.0
Trade and other payables	4.2	4.3
Derivative financial instruments	12.2	11.1
Deferred tax liabilities	45.5	42.7
Total current liabilities	270.1	317.2
Bank overdrafts	0.0	0.5
Loans and borrowings	28.9	48.3
Trade and other payables	221.9	243.4
Derivative financial instruments	6.0	6.3
Current tax liabilities	1.5	0.7
Employee benefits	1.8	1.7
Provisions	10.0	16.3
Total equity and liabilities	1,358.8	1,303.6

CONSOLIDATED STATEMENT OF CASH FLOWS

Million EUR	31.12.2016	31.12.2015
OPERATING ACTIVITIES		
Profit (+) / loss (-) for the period	98.2	81.9
Depreciation, amortization and impairment losses on tangible assets, goodwill and other intangible assets	76.1	87.6
Changes in provisions	-8.8	-12.4
Finance costs	26.0	51.7
Finance income	-26.3	-59.7
Loss / (profit) on sale of non-current assets	-0.7	-10.4
Share of result of equity accounted investees, net of income tax	-3.4	-4.0
Income tax expense	23.6	7.2
Other non-cash items	1.2	0.2
Changes in inventories	-20.2	-46.9
Changes in trade and other receivables	-19.1	8.9
Changes in trade and other payables	-21.5	9.9
Change in accounting estimates - inventory write off	1.0	21.6
Revaluation electricity forward contract	1.8	1.3
Cash generated from operations	128.0	136.8
Income tax (paid)/received	-19.7	-0.3
Dividends received	1.2	1.8
Cash flow from operating activities	109.4	138.4
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	-93.6	-60.8
Acquisition of other intangible assets	-0.4	-0.3
Acquisition of businesses, net of cash acquired	-3.3	-27.8
Proceeds from the sale of property, plant and equipment	3.3	5.7
Proceeds from the sale of other intangible assets	0.0	1.5
Proceeds from the sale of investments accounted for using the equity method	-0.6	0.3
Proceeds from the sale of other investments	-	6.7
Cash flow from investing activities	-94.5	-74.7
FINANCING ACTIVITIES		
Increase of issued capital - conversion of warrants	3.5	11.2
Capital increase from non-controlling interests	-	0.6
Change in non-recourse factoring and securitization	-	-98.2
Proceeds from new borrowings	0.0	226.3
(Reimbursement) of borrowings	-20.7	-165.4
Cash movement resulting from settlement financial instruments	-	-47.9
Interest paid	-7.1	-9.4
Interest received	0.5	0.7
Other finance costs paid	-1.4	-3.5
(Increase) of long term receivables	-0.2	-3.4
Cash flow from financing activities	-25.4	-89.0
Net increase / (decrease) in cash and cash equivalents	-10.5	-25.3
Effect of exchange rate differences	-0.0	-1.5
Cash and cash equivalents less bank overdrafts at the beginning of the period	129.7	156.5
Cash and cash equivalents less bank overdrafts at the end of the period	119.2	129.7



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► Dividend

The Board of Directors will propose to the shareholders, at the annual shareholders' meeting of June 6, 2017, not to pay out a dividend for the 2016 financial year.

► Statement of the statutory auditor

The statutory auditor, PwC Bedrijfsrevisoren BCVBA, represented by Peter Van den Eynde, has confirmed that the audit, which is substantially complete, has not to date revealed any material misstatement in the draft consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of cash flows, and that the accounting data reported in the press release is consistent, in all material respects, with the draft consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of cash flows from which it has been derived.

► Financial calendar

First quarter 2017 trading update	April 27, 2017
Annual shareholder's meeting	June 6, 2017
Half year 2017 results	August 23, 2017
Third quarter 2017 trading update	October 26, 2017

Agenda for March 1, 2017

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

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

Tessenderlo Group is a diversified industrial group that focuses on agriculture, valorizing bio-residuals and providing industrial solutions. The group employs about 4,900 people and is a leader in most of its markets, with a consolidated revenue of 1.6 billion EUR in 2016. Tessenderlo Chemie nv is listed on Euronext Brussels and is part of Next 150 and BEL Mid indices. Financial News wires: Bloomberg: TESB BB – Reuters: TesBt.BR – Datastream: B:Tes

Media Relations

Frederic Dryhoel

☎ +32 2 639 19 85

frederic.dryhoel@tessenderlo.com

Investor Relations

Kurt Dejonckheere

☎ +32 2 639 18 41

kurt.dejonckheere@tessenderlo.com

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