

Brussels, August 24, 2016
8:00 am CET

Regulated information¹

Press release

Tessenderlo Group 2Q16 and HY16 results

Key Events

- In the first half of 2016, Tessenderlo Kerley, Inc. (TKI) announced the startup of its newly installed Sodium Hydrosulfide (NaHS) plant at the Billings, MT facility (facility within our joint-venture Jupiter Sulphur LLC). The Billings NaHS plant is strategically located to a reliable sulfur raw material supply and positioned logistically to serve the Western North American market. With this startup, TKI is building on its long history by further expanding its capabilities and offering to the NaHS market.
- In June 2016, the Crop Vitality division of TKI has acquired a research, development and innovation farm in Dinuba, 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 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.

Significant REBITDA increase in 2Q16 thanks to the performance of the operating segments Bio-valorization and Industrial Solutions

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

Remark:

- All quarterly information included in the press release is unaudited.

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 2Q15 and HY15 comparable figures for the similar activity are also provided.



Revenue

2Q16 revenue decreased by -1.5% compared to the same period last year (or increased by 0.4% when excluding the foreign exchange effect). Revenue excluding foreign exchange effect increased within Industrial Solutions (+9.5%), Bio-valorization revenue was in line with prior year (+0.4%), while Agro revenue decreased (-5.0%).

The HY16 revenue decreased by -1.1% or increased by 0.2% when excluding the foreign exchange effect. Industrial Solutions revenue increased by 9.0% when excluding the foreign exchange effect, mainly within Plastic Pipe Systems and Performance Chemicals³. The revenue within Bio-valorization increased by 1.3% when excluding the foreign exchange effect, where a slight decrease in Akiolis could be offset by a Gelatin increase. Agro revenue decreased by -6.0% when excluding the foreign exchange effect, mainly being negatively impacted by the decrease of SOP Plant Nutrition.

REBITDA

The 2Q16 REBITDA increased by 25.9% or by 27.2% when excluding the foreign exchange effect, and includes a reversal of an inventory write-off of 1.4 million EUR (-3.7 million EUR in 2Q15). Key contributor to the 2Q16 REBITDA increase is the operating segment Bio-valorization, the REBITDA of Industrial Solutions increased slightly, while the Agro REBITDA remained stable.

The HY16 REBITDA increased by 15.1% or by 15.6% when excluding the foreign exchange effect. The HY16 REBITDA includes a write-off for inventory obsolescence for -2.8 million EUR (-12.1 million EUR in HY15).

The HY 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 decrease within SOP Plant Nutrition.

Net financial debt

At the end of June 2016, group net financial debt amounted to 124.9 million EUR, resulting in a leverage of 0.6x. Net financial debt as per year-end 2015 amounted to 145.3 million EUR. The cash flow from operating activities amounts to 72.9 million EUR (116.2 million EUR in HY15), partially offset by the capital expenditure of 47.3 million EUR (20.6 million EUR in HY15). The increase of the capital expenditure in HY16 compared to HY15 can be explained by the further execution of previously announced growth projects.

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

The HY16 profit amounts to 40.3 million EUR compared to 40.4 million EUR in the same period last year. The increase of the operational results and the decrease of the non-recurring and non-operating items were offset by higher net finance costs (negatively impacted by unrealized exchange losses on non-hedged intercompany loans) and increased income tax expenses.

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.

³ As from 2016, the businesses Water Treatment and Sulfur Derivatives are combined within Performance Chemicals.

► Operating segments performance review

GROUP KEY FIGURES - YEAR TO DATE				
Million EUR		HY16	HY15	% change
Revenue		855.1	850.1	0.6%
	Agro	346.6	368.8	-6.0%
	Bio-valorization	244.0	249.0	-2.0%
	Industrial Solutions	246.3	228.3	7.9%
	Other	18.2	3.9	364.6%
REBITDA		120.4	102.8	17.1%
	Agro	78.9	89.1	-11.5%
	Bio-valorization	13.4	-7.5	nm
	Industrial Solutions	27.9	22.9	22.0%
	Other	0.2	-1.7	nm
REBIT		82.9	66.6	24.5%
	Agro	66.7	78.8	-15.3%
	Bio-valorization	-2.4	-21.7	88.8%
	Industrial Solutions	18.6	11.3	64.8%
	Other	0.1	-1.8	nm
Non-recurring and non-operating income/(expense) items		-3.8	-20.0	80.9%
EBIT		79.1	46.6	69.7%

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.

BIO-VALORIZATION				
Million EUR		HY16	HY15	% change
Revenue		244.0	249.0	-2.0%
REBITDA		13.4	-7.5	nm
REBITDA margin		5.5%	-3.0%	
REBIT		-2.4	-21.7	88.8%
REBIT margin		-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.

INDUSTRIAL SOLUTIONS			
Million EUR	HY16	HY15	% change
Revenue	246.3	228.3	7.9%
REBITDA	27.9	22.9	22.0%
REBITDA margin	11.3%	10.0%	
REBIT	18.6	11.3	64.8%
REBIT margin	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.



► **Condensed consolidated financial information at June 30, 2016**

The group also published the 2016 interim report, which can be found on www.tessenderlo.com. The half year information has been subject to a review by external auditors. Reference is made to their independent auditor's review in the interim report.

CONSOLIDATED INCOME STATEMENT		
Million EUR	HY16	HY15
Revenue	855.1	850.1
Cost of sales	-629.3	-640.0
Gross profit	225.8	210.1
Distribution expenses	-49.2	-49.6
Sales and marketing expenses	-29.5	-26.6
Administrative expenses	-55.9	-57.9
Other operating income and expenses	-8.3	-9.4
Profit (+) / loss (-) from operations before non-recurring and non-operating items (REBIT)	82.9	66.6
Non-recurring and non-operating income/(expense) items	-3.8	-20.0
Profit (+) / loss (-) from operations (EBIT)	79.1	46.6
Finance (costs) / income - net	-19.3	6.0
Share of result of equity accounted investees, net of income tax	1.8	2.3
Profit (+) / loss (-) before tax	61.6	54.9
Income tax expense	-21.4	-14.5
Profit (+) / loss (-) for the period	40.3	40.4
Attributable to:		
- Equity holders of the company	40.7	41.5
- Non-controlling interest	-0.4	-1.1
Basic earnings per share (EUR)	0.95	0.98
Diluted earnings per share (EUR)	0.95	0.98

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME		
Million EUR	HY16	HY15
Profit (+) / loss (-) for the period	40.3	40.4
Translation differences	3.5	-10.4
Net change in fair value of derivative financial instruments, before tax	-1.2	0.1
Other movements	0.1	-0.0
Income tax on other comprehensive income	0.4	-0.0
Other comprehensive income to be reclassified to profit or loss in subsequent periods	2.9	-10.4
Remeasurements of the net defined benefit liability, before tax	-14.0	10.9
Income tax on other comprehensive income	0.0	-1.1
Other comprehensive income not being classified to profit or loss in subsequent periods	-14.0	9.8
Other comprehensive income for the period, net of income tax	-11.1	-0.6
Total comprehensive income for the period	29.1	39.8
Attributable to:		
- Equity holders of the company	29.5	40.7
- Non-controlling interest	-0.4	-0.9

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Million EUR	30.06.2016	31.12.2015
ASSETS		
Total non-current assets	633.8	628.9
Property, plant and equipment	482.5	462.3
Goodwill	34.9	35.3
Other intangible assets	49.5	59.3
Investments accounted for using the equity method	24.4	25.1
Other investments	1.9	2.0
Deferred tax assets	30.7	30.0
Trade and other receivables	10.0	14.9
Total current assets	698.5	673.3
Inventories	272.0	288.9
Trade and other receivables	285.9	253.2
Derivative financial instruments	0.1	1.0
Cash and cash equivalents	140.5	130.2
Non-current assets classified as held for sale	0.1	1.4
Total assets	1,332.5	1,303.6
EQUITY AND LIABILITIES		
Total equity	546.3	518.2
Equity attributable to equity holders of the company	544.8	516.8
Issued capital	215.0	215.0
Share premium	232.9	232.9
Reserves and retained earnings	97.0	69.0
Non-controlling interest	1.5	1.5
Total liabilities	786.2	785.4
Total non-current liabilities	471.2	468.2
Loans and borrowings	227.4	226.7
Employee benefits	59.8	48.3
Provisions	130.1	135.0
Trade and other payables	3.9	4.3
Derivative financial instruments	11.8	11.1
Deferred tax liabilities	38.3	42.7
Total current liabilities	315.0	317.2
Bank overdrafts	0.1	0.5
Loans and borrowings	37.9	48.3
Trade and other payables	244.0	243.4
Derivative financial instruments	6.4	6.3
Current tax liabilities	9.7	0.7
Employee benefits	1.0	1.7
Provisions	15.8	16.3
Total equity and liabilities	1,332.5	1,303.6

CONSOLIDATED STATEMENT OF CASH FLOWS		
Million EUR	30.06.2016	30.06.2015
OPERATING ACTIVITIES		
Profit (+) / loss (-) for the period	40.3	40.4
Depreciation, amortization and impairment losses on tangible assets, goodwill and other intangible assets	39.5	39.8
Changes in provisions	-5.4	4.7
Finance costs / (income) - net	19.3	-6.0
Loss / (profit) on sale of non-current assets	0.2	-6.3
Share of result of equity accounted investees, net of income tax	-1.8	-2.3
Income tax expense	21.4	14.5
Other non-cash items	-0.7	-0.7
Changes in inventories	9.3	30.6
Changes in trade and other receivables	-46.7	-29.8
Changes in trade and other payables	-0.0	10.8
Change in accounting estimates - inventory write off	2.8	21.6
Revaluation electricity forward contract	1.7	0.0
Cash generated from operations	79.8	117.4
Income tax (paid)/received	-7.2	-1.9
Dividends received	0.3	0.7
Dividends received from other investments	0.1	0.0
Cash flow from operating activities	72.9	116.2
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	-47.3	-20.3
Acquisition of other intangible assets	-0.0	-0.3
Acquisition of businesses, net of cash acquired	-3.3	-2.1
Proceeds from the sale of property, plant and equipment	1.3	3.1
Proceeds from the sale of subsidiaries, net of cash disposed of	-0.6	-
Proceeds from the sale of other investments	-	6.7
Cash flow from investing activities	-49.8	-12.8
FINANCING ACTIVITIES		
Capital increase from non-controlling interests	-	0.6
Change in non-recourse factoring and securitization	-	-76.0
Proceeds from new borrowings	2.2	7.3
(Reimbursement) of borrowings	-13.3	-14.8
Cash movement resulting from settlement financial instruments	-	-31.6
Interest paid	-0.2	-2.9
Interest received	0.3	0.3
Other finance costs paid	-0.9	-2.2
Decrease of long term receivables	0.6	0.1
Cash flow from financing activities	-11.4	-119.2
Net increase / (decrease) in cash and cash equivalents	11.8	-15.8
Effect of exchange rate differences	-1.1	1.0
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	140.4	141.7



Bringing Chemistry to Life

► Financial calendar

Third quarter 2016 trading update
Full year results 2016

October 25, 2016
March 1, 2017

Agenda for August 24, 2016

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 worldwide specialty company, focused on food, agriculture, water management and on valorizing bio-residuals. The group employs about 4,700 people and is a leader in most of its markets, with a consolidated revenue of 1.6 billion EUR in 2015. 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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