



## Tessenderlo Chemie NV/SA

Public limited liability company (*naamloze vennootschap / société anonyme*) under Belgian law  
with registered office at Troonstraat 130, 1050 Brussels, Belgium

### PUBLIC OFFER IN BELGIUM

of two series of Bonds for an expected minimum amount of EUR 75.0 mio. for the 2022 Bonds and an expected minimum amount of EUR 25.0 mio. for the 2025 Bonds  
and for a combined maximum amount of EUR 250.0 mio.

#### **2.875% FIXED RATE BONDS DUE 2022**

issue price: 101.875%

yield (gross actuarial return): 2.579% (on an annual basis) – net yield: 1.868% (on an annual basis)

ISIN Code: BE0002232016 – Common Code: 124834317 (the "**2022 Bonds**")

#### **3.375% FIXED RATE BONDS DUE 2025**

issue price: 102.000%

yield (gross actuarial return): 3.139% (on an annual basis) – net yield: 2.305% (on an annual basis)

ISIN Code: BE0002233022 – Common Code: 124834341 (the "**2025 Bonds**")

*The yield is calculated on the basis of the issue of the Bonds on the Issue Date, the Issue Price, the applicable interest rate and is based on the assumption that the Bonds will be held until the applicable Maturity Date when they will be repaid at 100% of their principal amount in accordance with the Conditions. It is not an indication of future yield if the Bonds are not held until their maturity date. The net yield reflects a deduction of Belgian withholding tax at the rate of 25 per cent. (Investors should consult Section XII (Taxation) of this Prospectus for further information about Belgian taxation).*

These Bonds constitute debt instruments. An investment in such Bonds involves risks. By subscribing to the Bonds, Investors lend money to the Issuer who undertakes to pay interest on an annual basis and to reimburse the principal on the maturity date. In case of bankruptcy or default by the Issuer, however, Investors may not recover the amounts they are entitled to and risk losing all or a part of their investment. These Bonds are intended for Investors who are capable of evaluating the interest rates in light of their knowledge and financial experience. Before making any investment in the Bonds, Investors must read this Prospectus entirely and in particular Sections I.4 and III (*Risk Factors*). Each of these risk factors must be carefully studied and assessed before investing in the Bonds. In particular, reference is made to the risk factor that the Bonds are unsecured obligations of the Issuer which do not benefit from any guarantee and are structurally subordinated to the creditors of the Issuer's Subsidiaries. Each prospective Investor must carefully consider whether it is suitable for that Investor to invest in the Bonds in light of his knowledge and financial experience and should, if required, obtain professional advice. Prospective Investors should only rely on the information on the Issuer and the Bonds contained in this Prospectus.

Issue Date: 15 July 2015

Subscription Period: from 18 June 2015 until 7 July 2015 included (subject to early closing)

Application has been made for the Bonds to be admitted to listing on Euronext Brussels and to be admitted for trading on Euronext Brussels' regulated market.

#### **Global Coordinator**

*ING Bank N.V., Belgian branch*

#### **Joint Bookrunners**

*BNP Paribas Fortis SA/NV*

*ING Bank N.V., Belgian branch*

*KBC Bank NV*

#### **Co-Managers**

*Belfius Bank SA/NV*

*Bank Degroof NV/SA*

The date of this Prospectus is 15 June 2015

Tessenderlo Chemie NV/SA, a public limited liability company (*naamloze vennootschap / société anonyme*) incorporated under Belgian law, having its registered office at Troonstraat 130, 1050 Brussels, Belgium, registered with the Crossroads Bank for Enterprises under number 0412.101.728, commercial court of Brussels, Dutch speaking, (the “**Issuer**” or the “**Company**”) intends to issue two series of Bonds for an expected minimum amount of EUR 75.0 million for the 2022 Bonds and EUR 25.0 million for the 2025 Bonds and for a combined expected maximum amount of EUR 250.0 million. The 2022 Bonds will bear interest at the rate of 2.875 per cent. per annum and the 2025 Bonds at the rate of 3.375 per cent. per annum, subject to Condition 5 (*Interest*). Interest on the Bonds is payable annually in arrears on the Interest Payment Dates (as defined below) falling on, or nearest to 15 July in each year. The first payment on the Bonds will occur on 15 July 2016, and the last payment on 15 July 2022 in respect of the 2022 Bonds and on 15 July 2025 in respect of the 2025 Bonds. The 2022 Bonds will mature on 15 July 2022 and the 2025 Bonds will mature on 15 July 2025.

ING Bank N.V, acting through its Belgian Branch (“**ING**”) is acting as Global Coordinator, ING, BNP Paribas Fortis SA/NV and KBC Bank NV are acting as Joint Bookrunners (the “**Joint Bookrunners**”), and Belfius Bank SA/NV and Bank Degroof NV/SA as Co-Managers (the “**Co-Managers**” and together with the Joint Bookrunners, the “**Managers**”) and ING Belgium NV/SA as domiciliary, calculation, paying and listing agent (the “**Agent**”) for the purpose of the offer of the Bonds to the public in Belgium during the Subscription Period (the “**Public Offer**”).

The denomination of the Bonds shall be EUR 1,000.

The English version of this listing and offering prospectus dated 15 June 2015 (the “**Prospectus**”) was approved on 15 June 2015 by the Financial Services and Markets Authority (*Autoriteit voor Financiële Diensten en Markten / Autorité des Services et Marchés Financiers*) (the “**FSMA**”) in its capacity as competent authority under Article 23 of the Belgian Law dated 16 June 2006 concerning the public offer of investment securities and the admission of investment securities to trading on a regulated market (the “**Prospectus Law**”). This approval cannot be considered as a judgment as to the opportunity or the quality of the transaction, nor on the situation of the Issuer and the FSMA gives no undertaking as to the economic and financial soundness of the transaction and the quality or solvency of the Issuer, in line with the provisions of Article 23 of the Prospectus Law.

An application has been made to admit the Bonds to listing on Euronext Brussels and to trading on Euronext Brussels' regulated market. References in this Prospectus to Bonds being "listed" (and all related references) shall mean that such Bonds have been listed and admitted to trading on Euronext Brussels' regulated market. Euronext Brussels' regulated market is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC, as amended (as of 3 January 2017, Directive 2004/39/EC will be replaced by Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU). Prior to the offering of the Bonds referred to in this Prospectus, there was no public market for the Bonds.

The Prospectus is a prospectus for the purposes of Article 5(3) of Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC, as amended (the “**Prospectus Directive**”) and the Prospectus Law. This Prospectus has been prepared in accordance with Article 23 of the Prospectus Law and Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing the Prospectus Directive, as amended from time to time (the “**Prospectus Regulation**”). It intends to give the information with regard to the Issuer and the Bonds, which according to the particular nature of the Issuer and the Bonds, is necessary to enable Investors to make

an informed assessment of the rights attaching to the Bonds and of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.

The Bonds will be issued in dematerialised form under the Belgian Company Code (*Wetboek van Vennootschappen / Code des Sociétés*) (the "**Company Code**") and cannot be physically delivered. The Bonds will be represented exclusively by book entries in the records of the X/N securities and cash clearing system operated by the National Bank of Belgium (the "**NBB**") or any successor thereto (the "**NBB System**"). Access to the NBB System is available through those of its participants whose membership extends to securities such as the Bonds (the "**NBB System Participants**"). NBB System Participants include certain banks, stockbrokers (*beursvennootschappen / sociétés de bourse*), Euroclear Bank NV/SA ("**Euroclear**") and Clearstream Banking, société anonyme, Luxembourg ("**Clearstream, Luxembourg**"). Accordingly, the Bonds will be eligible to clear through, and therefore accepted by, Euroclear and Clearstream, Luxembourg and Investors may hold their Bonds within securities accounts in Euroclear and Clearstream, Luxembourg.

Unless otherwise stated, capitalised terms used in this Prospectus have the meanings set forth in this Prospectus. Where reference is made to the Conditions of the Bonds or to the Conditions, reference is made to the Terms and Conditions of the Bonds (see Section IV: *Terms and Conditions of the Bonds*).

The Issuer authorises the use of this Prospectus for the purpose of the Public Offer in Belgium, by any financial intermediary authorised pursuant to Directive 2004/39/EC to conduct such Public Offer (a "**Financial Intermediary**").

**Any Financial Intermediary envisaging to use this Prospectus in connection with the Public Offer is obliged to state on its website, during the Subscription Period, that this Prospectus is used for the Public Offer with the authorisation of the Issuer and in accordance with the relevant applicable conditions.**

If, during the period for which the Issuer authorised the use of this Prospectus, a public offer of the Bonds was made in Belgium by a Financial Intermediary, the Issuer accepts responsibility for the content of this Prospectus as set out below. Neither the Issuer, nor any Manager can be held responsible or liable for any act or omission from any Financial Intermediary, including compliance with any rules of conduct or other legal or regulatory requirements under or in connection with such public offer.

Neither the Issuer nor any Manager has authorised any public offer of the Bonds by any person in any circumstances and such person is under no circumstance authorised to use this Prospectus in connection with a public offer of the Bonds, unless (i) the public offer is made by a Financial Intermediary in Belgium, or (ii) the public offer is made within an exemption from the requirement to publish a prospectus under the Prospectus Directive. Any such unauthorised public offer is not made by or on behalf of the Issuer or any Manager and neither the Issuer nor any Manager can be held responsible or liable for the actions of any such person engaging in such unauthorised public offers.

**Each offer and each sale of the Bonds by a Financial Intermediary will be made in accordance with the terms and conditions agreed between such Financial Intermediary and the Investor, including in relation to the price, the allocation and the costs and/or taxes to be borne by the Investor. The Issuer is not a party to any arrangements or terms and conditions in connection with the offer and sale of the Bonds between such Financial Intermediary and the Investor. This Prospectus does not contain the terms and conditions of any Financial Intermediary. The terms and conditions of the Managers are however included in this Prospectus (see Section XIII). The terms and conditions in connection with the offer and sale of the Bonds will be provided to any Investor by a Financial Intermediary during the Subscription Period. The Issuer nor any Manager can be held responsible or liable for any such information.**

For a description of further restrictions on offers and sales of Bonds and distribution of this Prospectus see Section XIII “*Subscription and Sale*”.

The Issuer is not making, and not taking any action to permit, a public offering of the Bonds in any jurisdiction outside Belgium. The distribution of this Prospectus outside Belgium may in certain jurisdictions be restricted by law. Persons into whose possession this Prospectus comes must therefore inform themselves about, and observe such restrictions. Failure to comply with any such restrictions may constitute a violation of the securities laws or regulations of any such jurisdiction. The Bonds are subject to transfer and selling restrictions in certain jurisdictions. Prospective investors should read the restrictions described in “*Subscription and Sale – Selling Restrictions*” (Section XIII “*Subscription and Sale*”) below. This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the Bonds in any jurisdiction in which such an offer or solicitation is unlawful. The Bonds have not been and will not be registered under the US Securities Act of 1933, as amended (the “**Securities Act**”), or under any securities law of any state or other jurisdiction of the United States. Accordingly, none of the Bonds may be offered, issued, sold, pledged, taken up, delivered, renounced, or otherwise transferred in or into the United States, except pursuant to an applicable exemption from the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

The contents of this Prospectus are not to be construed as investment, legal, business or tax advice. Each prospective Investor should consult its own legal adviser, financial adviser or tax adviser for legal, financial or tax advice respectively.

None of the Managers or their respective affiliates has authorised the whole or any part of this Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Prospectus. Neither the delivery of this Prospectus nor the offering, sale or delivery of any Bond shall in any circumstances create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer since the date of this Prospectus.

No Manager accepts any liability, whether in tort or in contract or otherwise, in relation to the information contained, implied or incorporated by reference in this Prospectus or any other information in connection with the Issuer, the offering of the Bonds or the distribution of the Bonds other than any information in its own marketing brochure (but excluding in relation to the description of the Issuer contained herein) or provided through its respective branches and personnel or otherwise in accordance with applicable law.

## **RESPONSIBLE PERSONS**

Tessengerlo Chemie NV/SA, a public limited liability company incorporated under Belgian law, having its registered office at Troonstraat 130, 1050 Brussels, Belgium, is responsible for the information in this Prospectus. Tessenderlo Chemie NV/SA declares that, having taken all reasonable care to ensure that such is the case, the information contained in the Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

No person is or has been authorised to give any information or to make any representation not contained in or not consistent with this Prospectus and any information or representation not so contained or inconsistent with this Prospectus or any other information supplied in connection with the Bonds and, if given or made, such information must not be relied upon as having been authorized by or on behalf of the Issuer or the Managers. Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that the information contained in this Prospectus is true subsequent to the date hereof or otherwise that there has been no change in the affairs of the Issuer since the date hereof (or the date upon which this Prospectus has

been most recently amended or supplemented) or that there has been no adverse change, or any event likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer since the date hereof (or, if later, the date upon which this Prospectus has been most recently amended or supplemented) or that the information contained in it or any other information supplied in connection with the Bonds is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

### **PRIOR WARNING**

The Prospectus has been prepared to provide information in connection with the Public Offer. Each potential Investor should base any decision to invest in the Bonds on the information set forth herein and on its own research of the Issuer and the conditions of the Bonds, including, but not limited to, the associated benefits and risks, as well as the conditions of the Public Offer itself. Each Investor must itself assess, with its own advisors if necessary, whether the Bonds are suitable for it, considering its personal financial situation. In case of any doubt about the risk involved in purchasing the Bonds, Investors should abstain from investing in the Bonds.

The summaries and descriptions of legal provisions, taxation, accounting principles or comparisons of such principles, legal company forms or contractual relationships reported in the Prospectus may in no circumstances be interpreted as investment, legal or tax advice for potential Investors. Each potential Investor is urged to consult its own advisor, accountant or other advisors concerning the legal, tax, economic, financial and other aspects associated with the subscription to the Bonds.

In the event of important new developments, material errors or inaccuracies that could affect the assessment of the Bonds, and which occur or are identified between the time of the approval of the Prospectus and the closing of the Public Offer, or the time at which trading on the regulated market of Euronext Brussels commences, the Issuer will issue a supplement to the Prospectus containing this information. This supplement will be prepared in compliance with applicable law, and will be published on the websites of the Issuer, the Managers and Euronext Brussels. The Issuer will ensure that any such supplement is published as soon as possible after the occurrence of such new significant factor. Investors who have already agreed to purchase or subscribe for Bonds before the publication of the supplement to the Prospectus, would then have the right to withdraw their agreement during a period of two business days commencing on the day after the publication of the supplement, provided that such new development, material error or inaccuracies arose before the final closing of the Public Offer and the settlement of the Bonds.

### **FORWARD-LOOKING STATEMENTS**

The Prospectus may include forward-looking statements. By their nature, forward-looking statements are subject to inherent risks and uncertainties, both general and specific, and the predictions, forecasts, projections and other forward-looking statements contained in the Prospectus could be materially different from what actually occurs in the future.

In addition, the Prospectus may contain estimates of growth for the markets in which the Issuer operates that have been obtained from independent, third party studies and reports. These estimates assume that certain events, trends and activities will occur or that opportunities will arise. Although the Issuer believes that these estimates are generally indicative of the matters reflected in those studies and reports, these estimates are also subject to risks and uncertainties and Investors are cautioned to read these estimates in conjunction with the rest of the disclosure in the Prospectus, particularly Section III “*Risk Factors*”.

Although the Issuer believes that its expectations with respect to forward-looking statements are based on reasonable assumptions within the bounds of its knowledge of its business and operations at the

date of the Prospectus, Investors are cautioned that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. Some of these factors are discussed in Section III “*Risk Factors*” and elsewhere in the Prospectus.

The forward-looking statements contained in the Prospectus speak only at the date of the Prospectus or, if obtained from third party studies or reports, the date of the corresponding study or report and are expressly qualified in their entirety by the cautionary statements included in the Prospectus. Without prejudice to the Issuer’s obligations under Belgian law in relation to disclosure and ongoing information, the Issuer does not undertake any obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in the Prospectus might not occur.

### AVAILABILITY OF THE PROSPECTUS

This Prospectus is available in Dutch and English and the summary is available in French. The FSMA has approved the English version of the Prospectus. The Issuer is responsible for the consistency between the Dutch and English versions of the Prospectus and for the consistency between the French summary and the Dutch version of the summary included in the Prospectus. In case of inconsistencies between the language versions, the English version shall prevail.

This Prospectus will be published on the website of Euronext Brussels (on 15 July 2015). The Prospectus (in English and in Dutch) and the summary in French will also be available on the website of the Issuer ([www.tessengerlo.com](http://www.tessengerlo.com)).

Subject to the restrictions in this Prospectus, this Prospectus (in English and in Dutch) will be made available to Investors free of charge, as from 16 June 2015, in Belgium, at the registered office of the Issuer, Troonstraat 130, 1050 Brussels, Belgium and will also be made available to Investors free of charge upon request to the Managers, on the phone number (i) for ING, +32 (0)2 464 60 04 (in English), +32 (0)2 464 60 01 (in Dutch) or +32 (0)2 464 60 02 (in French) (ii) for BNP Paribas Fortis SA/NV, +32 (0)2 433 41 34 (in Dutch) or +32 (0)2 433 41 31 (in French) or (iii) for KBC Bank NV, +32 (0)78 152 153 (in English), +32 (0)78 152 153 (in Dutch) or +32 (0)78 152 154 (in French), and on the websites of the Managers: ING Bank N.V. ([www.ing.be](http://www.ing.be) (beleggen – obligaties) or [www.ing.be](http://www.ing.be) (investments – obligations)), BNP Paribas Fortis SA/NV ([www.bnpparibasfortis.be/emissions](http://www.bnpparibasfortis.be/emissions) or [www.bnpparibasfortis.be/emissions](http://www.bnpparibasfortis.be/emissions)), KBC Bank NV ([www.kbc.be/tessengerlo](http://www.kbc.be/tessengerlo)), Belfius Bank SA/NV ([www.belfius.be/tessengerlo](http://www.belfius.be/tessengerlo)) and Bank Degroof NV/SA ([www.degroof.be](http://www.degroof.be)).

The fact that the Issuer and the Managers have made the Prospectus available, or allowed the Prospectus to be available, on these websites subject to certain restrictions, does not constitute an offer by the Issuer (or the Managers) to purchase or subscribe for or a solicitation of an offer to sell or subscribe for, and there shall not be any offer, solicitation or sale of any of the Bonds in any jurisdiction outside Belgium or in any other jurisdiction in which such offer, solicitation or sale would be unlawful prior to its registration or qualification under the laws of such jurisdiction or to or for the benefit of any person to whom it is unlawful to make such offer, solicitation or sale. The electronic version of the Prospectus may not be copied, made available or printed for distribution. Other information on the website of the Issuer or any other website does not form part of this Prospectus.

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## I. SUMMARY

*The summary has been prepared in accordance with the content and format requirements of the Prospectus Regulation.*

*Summaries are made up of disclosure requirements known as “Elements”. These Elements are numbered in Sections A-E (A.1-E.7).*

*The summary contains all Elements required to be included in a summary for this type of security and issuer. Because certain Elements are not required to be addressed there may be gaps in the numbering of the Elements.*

*Even though an Element must be included in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case, a brief description of the Element is included in the summary, with the mention “not applicable”.*

### 1. Section A – Introduction and warnings

Element	Disclosure requirement
A.1	<p><b><u>Introduction and warnings</u></b></p> <p>This summary must be read as an introduction to this Prospectus and is provided to aid persons or entities considering to invest in the Bonds (“<b>Investors</b>”) when considering whether to invest in the Bonds, but is not a substitute for this Prospectus. It includes certain important information contained in this Prospectus, but does not include all information that may be important to Investors. This summary is not complete and any decision to invest in the Bonds should be based on a thorough review of this Prospectus as a whole, including any information incorporated by reference.</p> <p>Following the implementation of the relevant provisions of the Prospectus Directive in each Member State of the European Economic Area (the “<b>EEA</b>”), no civil liability will attach to the persons responsible for this summary in any such Member State solely on the basis of this summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or unless it does not provide, when read together with the other parts of this Prospectus, key information in order to aid Investors when considering whether to invest in the Bonds.</p> <p>Where a claim relating to this Prospectus is brought before a court in a Member State of the EEA, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating this Prospectus before the legal proceedings are initiated.</p>
A.2	<p><b><u>Consent for use of this Prospectus for subsequent resale</u></b></p> <p>The Issuer has authorised the use of this Prospectus for the purposes of a public offer in Belgium of the Bonds by any financial intermediary authorised pursuant to Directive 2004/39/EC to conduct such offers (a “<b>Financial Intermediary</b>”).</p> <p>The consent to use this Prospectus is given for an offer period starting on 18 June 2015 and ending on 7 July 2015 (regardless of a possible early termination).</p> <p>The consent to use this Prospectus is given for a public offer in Belgium.</p> <p><b>Each offer and each sale of the Bonds by a Financial Intermediary will be made in</b></p>

	<p>accordance with the terms and conditions agreed between a Financial Intermediary and the Investor, including in relation to the price, the allocation and the costs and/or taxes to be borne by the Investor. The Issuer is not a party to any arrangements or terms and conditions in connection with the offer and sale of the Bonds between the Financial Intermediary and the Investor. This Prospectus does not contain the terms and conditions of any Financial Intermediary. The terms and conditions in connection with the offer and sale of the Bonds will be provided to any Investor by a Financial Intermediary at the relevant time during the offer period. The Issuer nor any Manager can be held responsible or liable for any such information.</p>
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## 2. Section B – Issuer

Element	Disclosure requirement
B.1	<p><b><u>Legal and commercial name of the Issuer</u></b></p> <p>The legal and commercial name of the Issuer is “Tessenderlo Chemie”.</p>
B.2	<p><b><u>Registered office and legal form of the Issuer</u></b></p> <p>The Issuer is a public limited liability company (<i>naamloze vennootschap / société anonyme</i>) organised and existing under the laws of Belgium, that has offered its securities to the public, having its registered office at Troonstraat 130, 1050 Brussels, Belgium and is registered with the Crossroads Bank for Enterprises (<i>Kruispuntbank voor Ondernemingen – Banque Carrefour des Entreprises</i>) (Brussels, Dutch speaking) under enterprise number 0412.101.728.</p>
B.4b	<p><b><u>Known trends affecting the Issuer and the Group and the industries in which it operates</u></b></p> <p>The industries in which the Group operates are subdivided in three operation segments: Agro (production and marketing of crop nutrients and crop protection products), Biovalorization (animal by-product processing, including Akiolis (rendering, production and sales of proteins &amp; fats) and Gelatins (the production and sales of gelatins, proteins &amp; fats) and Industrial Solutions (activities offering products and solutions to industrial end-markets).</p> <p>The Issuer is aware of the following trends affecting the Issuer and the industries in which it operates:</p> <p><b>Agro</b></p> <p>The market price of fertiliser and crop protection products is an important factor affecting the Group’s results of operation. The price is determined on the basis of global supply and demand, which is dependent on numerous factors, such as general agricultural activity, crop prices, raw material prices, (constraints on) international trade flows and supplier production rates. Given the multitude of drivers and their dynamic nature, market conditions evolve rapidly. In 2015, up to the date of this Prospectus, the Agro segment continued to benefit from favourable market conditions.</p> <p>The closure of the phosphates facility in Ham (Belgium) at the end of 2013 resulted in a drop in absorption capacity of co-product HCl and thus reducing the available SOP production capacity. The Group is addressing this partially by investing in a new calcium chloride production plant in Ham which is expected to become operational in the second</p>

	<p>half of 2015.</p> <p><b><i>Bio-valorization</i></b></p> <p>The market prices for end-products of the Bio-valorization segment are often tied to the price evolution of major commodities, including soy and palm-oil. These commodities' prices are volatile and continued to decline slightly in Q1 2015.</p> <p>Akiolis' margin is heavily dependent on the competition on the raw materials supply, and its internal logistics and operational costs to collect and process its raw materials. Akiolis is implementing several operational and commercial improvement programs and frequently evaluates its operational footprint to optimize its margin.</p> <p>In May 2015, the European Commission passed an amendment to the regulation pertaining to the classification of meat processing products. (COMMISSION REGULATION (EU) 2015/728 of May 6th 2015). The amendment reclassifies specific volumes of bovine C1 material to C2, C3 and human food (see section 3.2 of said regulation for definitions). Depending on local operational environment, and the competitive reaction to the evolution, the impact of the amendment on the Group's margin could be positive or negative.</p> <p>The gelatin prices are determined on the basis of global supply and demand. Gelatin raw material price is largely driven by local slaughtering rates and demand from the gelatin industry and alternative uses. The relative evolution of gelatin prices and raw material price determines the Group's margin.</p> <p><b><i>Industrial Solutions</i></b></p> <p>The performance of the Industrial Solutions segment is to a large extent dependent on the construction market in plastic pipes solutions markets (the Netherlands, Belgium, France and the UK). The overall construction activity in the Netherlands, Belgium and France stays at historical low levels, however modest signs of recovery are observed in selected sub-markets in the first quarter of 2015.</p> <p>Tessengerlo Kerley commissioned a new thiosulfates production facility at Barrick's Goldstrike site, Nevada (US), a leading player in the gold mining industry, at the end of September 2014. The production facility supplies auxiliary process chemicals (Thio-Gold®-300) to Barrick's gold leaching process. The production is still in the ramp-up phase. The contribution of the plant will depend on the successful operation of both Tessenderlo's and Barrick's process.</p>
B.5	<p><b><u>Description of the Group and the Issuer's position within that Group</u></b></p> <p>The Issuer operates its business through several direct and indirect wholly owned subsidiaries (within the meaning of Article 6, 2° of the Company Code) (a "<b>Subsidiary</b>"). The Issuer is the direct or indirect parent company of these Subsidiaries. In addition, the Issuer and/or its Subsidiaries have entered into a number of joint venture agreements, the most important of which is the joint venture agreement with Phillips 66 Company in respect to Jupiter Sulphur LLC.</p>
B.9	<p><b><u>Profit forecast or estimate</u></b></p> <p>Not applicable. No profit forecast is provided in the Prospectus.</p>
B.10	<p><b><u>A description of the nature of any qualifications in the audit report on the historical financial information</u></b></p>

	Not applicable. There are no qualifications to the audit reports.																																																																																
B.12	<p><b><u>Selected historical key financial information and significant subsequent changes in the financial or trading position</u></b></p> <p>The selected financial information set forth below should be read in conjunction with the financial statements and the press release regarding the "First quarter 2015 trading update", published on 24 April 2015 and incorporated by reference or referred to elsewhere in this Prospectus. The selected financial information set forth below as of the financial years 2013 and 2014 has been extracted from the Group's audited, consolidated financial statements, prepared in accordance with IFRS, as adopted by the EU, incorporated by reference in this Prospectus. The selected unaudited consolidated financial information for the first three months ended 31 March 2015, has been extracted from the Issuer's press release regarding the "First quarter 2015 trading update", published on 24 April 2015, and have been prepared in accordance with IFRS, as adopted by the EU.</p> <p><b>Audited consolidated income statement:</b></p> <table border="1"> <thead> <tr> <th rowspan="2">EUR m</th> <th colspan="2">For the year ended 31 December</th> </tr> <tr> <th>2014</th> <th>2013</th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td>1,434.2</td> <td>1,790.1</td> </tr> <tr> <td>Cost of sales</td> <td>-1,108.2</td> <td>-1,430.8</td> </tr> <tr> <td><b>Gross profit</b></td> <td><b>326.0</b></td> <td><b>359.3</b></td> </tr> <tr> <td>Distribution expenses</td> <td>-84.0</td> <td>-91.4</td> </tr> <tr> <td>Sales and marketing expenses</td> <td>-48.3</td> <td>-69.0</td> </tr> <tr> <td>Administrative expenses</td> <td>-109.6</td> <td>-134.0</td> </tr> <tr> <td>Other operating income and expenses</td> <td>-17.1</td> <td>-19.1</td> </tr> <tr> <td><b>Profit (+) / loss (-) from operations before non-recurring items (REBIT)</b></td> <td><b>66.9</b></td> <td><b>45.8</b></td> </tr> <tr> <td>Gains and losses on disposals</td> <td>0.0</td> <td>4.9</td> </tr> <tr> <td>Restructuring</td> <td>3.7</td> <td>-37.6</td> </tr> <tr> <td>Losses on disposal groups classified as held for sale</td> <td>0.6</td> <td>-15.8</td> </tr> <tr> <td>Impairment losses</td> <td>-1.6</td> <td>-5.6</td> </tr> <tr> <td>Provisions and claims</td> <td>-12.7</td> <td>5.7</td> </tr> <tr> <td>Other income and expenses</td> <td>-5.8</td> <td>-16.1</td> </tr> <tr> <td><b>Profit (+) / loss (-) from operations (EBIT)</b></td> <td><b>51.2</b></td> <td><b>-18.7</b></td> </tr> <tr> <td>Finance costs</td> <td>-75.9</td> <td>-62.9</td> </tr> <tr> <td>Finance income</td> <td>72.9</td> <td>35.7</td> </tr> <tr> <td><b>Finance costs - net</b></td> <td><b>-3.0</b></td> <td><b>-27.3</b></td> </tr> <tr> <td>Share of result of equity accounted investees, net of income tax</td> <td>3.0</td> <td>4.2</td> </tr> <tr> <td><b>Profit (+) / loss (-) before tax</b></td> <td><b>51.2</b></td> <td><b>-41.7</b></td> </tr> <tr> <td>Income tax expense</td> <td>1.6</td> <td>-23.4</td> </tr> <tr> <td><b>Profit (+) / loss (-) for the period</b></td> <td><b>52.8</b></td> <td><b>-65.1</b></td> </tr> <tr> <td>Attributable to:</td> <td></td> <td></td> </tr> <tr> <td>- Equity holders of the company</td> <td>53.7</td> <td>-64.0</td> </tr> <tr> <td>- Non-controlling interest</td> <td>-0.9</td> <td>-1.1</td> </tr> </tbody> </table>	EUR m	For the year ended 31 December		2014	2013	Revenue	1,434.2	1,790.1	Cost of sales	-1,108.2	-1,430.8	<b>Gross profit</b>	<b>326.0</b>	<b>359.3</b>	Distribution expenses	-84.0	-91.4	Sales and marketing expenses	-48.3	-69.0	Administrative expenses	-109.6	-134.0	Other operating income and expenses	-17.1	-19.1	<b>Profit (+) / loss (-) from operations before non-recurring items (REBIT)</b>	<b>66.9</b>	<b>45.8</b>	Gains and losses on disposals	0.0	4.9	Restructuring	3.7	-37.6	Losses on disposal groups classified as held for sale	0.6	-15.8	Impairment losses	-1.6	-5.6	Provisions and claims	-12.7	5.7	Other income and expenses	-5.8	-16.1	<b>Profit (+) / loss (-) from operations (EBIT)</b>	<b>51.2</b>	<b>-18.7</b>	Finance costs	-75.9	-62.9	Finance income	72.9	35.7	<b>Finance costs - net</b>	<b>-3.0</b>	<b>-27.3</b>	Share of result of equity accounted investees, net of income tax	3.0	4.2	<b>Profit (+) / loss (-) before tax</b>	<b>51.2</b>	<b>-41.7</b>	Income tax expense	1.6	-23.4	<b>Profit (+) / loss (-) for the period</b>	<b>52.8</b>	<b>-65.1</b>	Attributable to:			- Equity holders of the company	53.7	-64.0	- Non-controlling interest	-0.9	-1.1
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Basic earnings per share (EUR)	1.67	-2.02
Diluted earnings per share (EUR)	1.67	-2.02
<b>Audited consolidated balance sheet:</b>		
	<b>For the year ended 31 December</b>	
<b>EUR m</b>	<b>2014</b>	<b>2013</b>
<b>Assets</b>		
<b>Total non-current assets</b>	<b>596.3</b>	<b>595.0</b>
Property, plant and equipment	462.6	436.7
Goodwill	38.8	37.1
Other intangible assets	45.2	49.9
Investments accounted for using the equity method	18.6	24.0
Other investments	2.5	4.3
Deferred tax assets	18.6	5.1
Trade and other receivables	9.2	34.2
Derivative financial instruments	0.8	3.7
<b>Total current assets</b>	<b>586.9</b>	<b>486.2</b>
Inventories	248.2	255.7
Trade and other receivables	180.2	177.0
Derivative financial instruments	1.5	4.6
Cash and cash equivalents	157.0	48.9
<b>Non-current assets classified as held for sale</b>	<b>2.3</b>	<b>8.8</b>
<b>Total assets</b>	<b>1,185.4</b>	<b>1,089.9</b>
<b>Equity and Liabilities</b>		
<b>Equity</b>		
<b>Equity attributable to equity holders of the company</b>	<b>433.5</b>	<b>236.6</b>
Issued capital	212.4	159.2
Share premium	224.2	102.0
Reserves and retained earnings	-3.1	-24.6
Amounts recognized in other comprehensive income and accumulated in equity relating to non-current assets held for sale	-	0.0
<b>Non-controlling interest</b>	<b>3.4</b>	<b>3.3</b>
<b>Total equity</b>	<b>436.9</b>	<b>239.9</b>
<b>Liabilities</b>		
<b>Total non-current liabilities</b>	<b>260.8</b>	<b>432.4</b>
Loans and borrowings	3.9	199.8
Employee benefits	53.3	41.6
Provisions	149.8	147.1
Trade and other payables	4.1	0.5
Derivative financial instruments	11.9	10.9
Deferred tax liabilities	37.8	32.4
<b>Total current liabilities</b>	<b>487.7</b>	<b>409.4</b>
Bank overdrafts	0.6	4.1
Loans and borrowings	209.7	103.8
Trade and other payables	230.1	257.3
Derivative financial instruments	27.1	7.6
Current tax liabilities	1.3	8.9
Employee benefits	1.5	1.4
Provisions	17.5	26.2
<b>Liabilities associated with assets classified as held for sale</b>	<b>-</b>	<b>8.3</b>
<b>Total liabilities</b>	<b>748.5</b>	<b>850.0</b>
<b>Total equity and liabilities</b>	<b>1,185.4</b>	<b>1,089.9</b>

### Audited consolidated cash flow statement:

EUR m	For the year ended 31 December	
	2014	2013
<b>Operating activities</b>		
Profit (+) / loss (-) for the period	52.8	-65.1
Depreciation, amortization and impairment losses on tangible assets, goodwill and other intangible assets	68.7	76.5
Impairment losses on other investments	0.8	-
Impairment losses on disposal groups	0.5	13.2
Changes in provisions	-4.7	4.5
Finance costs	75.9	62.9
Finance income	-72.9	-35.7
Loss / (profit) on sale of non-current assets	-2.0	-2.7
Impact capital increase expense and warrant plan	-	0.8
Share of result of equity accounted investees, net of income tax	-3.0	-4.2
Income tax expense	-1.6	23.4
Other non-cash items	-0.9	-1.2
Changes in inventories	14.8	16.1
Changes in trade and other receivables	18.2	8.2
Changes in trade and other payables	-30.2	15.9
<b>Cash generated from operations</b>	<b>116.4</b>	<b>112.6</b>
Income tax paid	-29.0	-8.1
Dividends received	4.5	5.3
<b>Cash flow from operating activities</b>	<b>91.8</b>	<b>109.8</b>
<b>Investing activities</b>		
Acquisition of property, plant and equipment	-66.2	-94.8
Acquisition of other intangible assets	-1.8	-4.4
Subsequent consideration paid – acquisition	-0.7	-
Acquisition of investments, net of cash acquired	0.2	-0.5
Proceeds from sale of property, plant and equipment	1.7	8.2
Proceeds from sale of other intangible assets	0.3	0.3
Proceeds from sale of subsidiaries, net of cash disposed of	14.4	80.7
Capital decrease from other investments	0.7	-
Capital decrease from investments accounted for using the equity method	3.6	-
<b>Cash flow from investing activities</b>	<b>-47.9</b>	<b>-10.5</b>
<b>Financing activities</b>		
Increase of issued capital - new shares issued	174.8	0.7
Increase of issued capital - conversion of warrants	0.7	-
Costs capital increase	-2.1	-
Own shares	-	0.5
Capital increase from non-controlling interests	0.8	-
Proceeds from new borrowings	1.3	46.5
Reimbursement of borrowings	-94.0	-84.1
Interest paid	-11.7	-13.6
Interest received	1.3	0.4
Other finance costs paid	-6.5	-8.5
(Increase) of long term receivables	-0.5	-1.7
Decrease of long term receivables	2.5	0.3
Dividends paid to shareholders	-	-22.2
<b>Cash flow from financing activities</b>	<b>66.4</b>	<b>-81.8</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>110.4</b>	<b>17.4</b>
Effect of exchange rate differences	1.3	-2.1
Cash and cash equivalents less bank overdrafts at the beginning of the period	44.8	29.5
Cash and cash equivalents less bank overdrafts at the end of the period	156.5	44.8

**Unaudited interim financial information for the three months period ending on 31 March 2015**

EUR m	For the 3 month period ended 31 March	
	2015	2014
Revenue Group	405.8	396.4
- Revenue Other segment	-	-29.8
<b>Revenue at comparable scope</b>	<b>405.8</b>	<b>366.6</b>
Rebitda Group	46.2	38.2
- Rebitda Other segment	-	-1.9
<b>Rebitda at comparable scope</b>	<b>46.2</b>	<b>36.3</b>
<b>Net Debt</b>	<b>111.9</b>	<b>240.5</b>
<b>Notional Net Debt</b>	<b>183.5</b>	<b>344.9</b>

**Debt situation of the Issuer as at 31 March 2015**

EUR m	For the 3 month period ended 31 March		Q4	
	2015	2014	2014	2013
Non-current loans and borrowings	3.8	196.3	3.9	199.8
Current loans and borrowings	217.6	115.1	209.7	103.8
Cash and cash equivalents	-109.9	-74.9	-157.0	-48.9
Bank overdrafts	0.5	4.0	0.6	4.1
<b>Net Debt</b>	<b>111.9</b>	<b>240.5</b>	<b>57.1</b>	<b>258.9</b>
Non-recourse factoring and securitization	71.6	104.4	98.2	81.9
<b>Notional Net Debt</b>	<b>183.5</b>	<b>344.9</b>	<b>155.3</b>	<b>340.8</b>

“**Rebitda**” means recurring earnings before interests, taxes, depreciation, amortization and provisions (Profit (+)/loss (-) from recurring operations plus depreciation, amortization and provisions).

“**Net Debt**” means non-current and current loans and borrowings minus cash and cash equivalents and bank overdrafts.

“**Notional Net Debt**” means non-current and current loans and borrowings, non-recourse factoring and securitization minus cash and cash equivalents and bank overdrafts.

Other than the EUR 150 million bond maturing in 2015, the current loans and borrowings as per 31 March 2015 are (i) the outstanding commercial paper amounting to EUR 63.0 million and (ii) other short term facilities amounting to EUR 6.0 million. The transaction costs related to loans and borrowings were EUR -1.4 million.

There has been no material adverse change in the prospects of the Issuer since 31 December 2014.

There has been no significant change in the financial or trading position since 31 December 2014.

B.13

**A description of any recent events particular to the Issuer which are to a material**

	<p><b><u>extent relevant to the evaluation of the Issuer’s solvency</u></b></p> <p>There are no recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer’s solvency.</p>
B.14	<p><b><u>Dependence on other entities within the Group</u></b></p> <p>The Issuer operates its business through several direct and indirect wholly owned Subsidiaries. The Issuer is the direct or indirect parent company of these Subsidiaries. In addition, the Issuer and/or its Subsidiaries have entered into a number of joint venture agreements, the most important of which is the joint venture agreement with Phillips 66 Company in respect to Jupiter Sulphur LLC.</p> <p>As holding entity of the Group, the Issuer is partially dependent upon the operating activities of its Subsidiaries and the ability of such Subsidiaries to generate and upstream cash flows.</p>
B.15	<p><b><u>A description of the Issuer’s principal activities</u></b></p> <p>The Group’s activities are subdivided in three operating segments: Agro, Bio-valorization and Industrial Solutions.</p> <ul style="list-style-type: none"> <li>• <b>Agro</b> - this segment is active in the production and marketing of crop nutrients (liquid crop fertilisers and SOP) and crop protection products.</li> <li>• <b>Bio-valorization</b> - this segment combines the Group’s activities in animal by-product processing, comprised of Akiolis (rendering, production and sales of proteins &amp; fats) and Gelatins (production and sales of gelatins, proteins and fats).</li> <li>• <b>Industrial Solutions</b> - this segment is comprised of activities offering products and solutions to industrial end-markets. The segment includes in essence the production and sales of plastic pipes systems, water treatment chemicals and other industrial activities, such as production and sales of mining &amp; industrial auxiliary process chemicals, and the delivery of services for the treatment and disposal of fracking water (marketed under trade name ECS) and the recovery of industrial process fluids (marketed under trade name MPR).</li> </ul>
B.16	<p><b><u>Person deemed to control the Issuer</u></b></p> <p>On the latest Shareholders’ Meeting of the Issuer on 2 June 2015 and on the penultimate Shareholders’ Meeting of the Issuer on 18 November 2014, Verbrugge NV represented the majority of the voting rights cast. In accordance with Article 5, § 3 of the Company Code, Verbrugge NV is therefore considered, unless rebutted, to control the Issuer.</p>
B.17	<p><b><u>Credit ratings assigned to the Issuer or its debt securities at the request or with the cooperation of the Issuer in the rating process</u></b></p> <p>Not applicable. The Issuer is currently not rated. The Bonds are not rated and the Issuer does currently not intend to request a rating for itself or the Bonds.</p>

### 3. Section C – Securities

Element	Disclosure requirement
C.1	<p><b><u>Type and class of the Bonds / ISIN code</u></b></p> <p>2.875% fixed rate bonds due 15 July 2022 denominated in euro, with ISIN Code</p>



	<p>BE0002232016 and Common Code 124834317 (the “<b>2022 Bonds</b>”).</p> <p>3.375% fixed rate bonds due 15 July 2025 denominated in euro, with ISIN Code BE0002233022 and Common Code 124834341 (the “<b>2025 Bonds</b>”).</p> <p>The 2022 Bonds and the 2025 Bonds are in dematerialised form under the Company Code.</p>
C.2	<p><b><u>Currency of the Bonds</u></b></p> <p>The currency of the Bonds is the euro.</p>
C.5	<p><b><u>Restrictions on free transferability of the Bonds</u></b></p> <p>Subject to the restrictions in all jurisdictions in relation to offers, sales or transfers, the Bonds are freely transferrable in accordance with the Company Code. In all jurisdictions, offers, sales or transfers of Bonds may only be effected to the extent lawful in the relevant jurisdiction. The distribution of the Prospectus or its summary may be restricted by law in certain jurisdictions.</p>
C.8	<p><b><u>Description of the rights attached to the securities, including ranking and limitations to those rights</u></b></p> <p>The Bonds constitute direct, unconditional, unsubordinated and (subject to the Negative Pledge) unsecured obligations of the Issuer and rank and will at all times rank <i>pari passu</i>, without any preference among themselves, and equally with all other existing and future unsecured and unsubordinated obligations of the Issuer, save for such obligations that may be preferred by provisions of law that are mandatory and of general application.</p>
C.9	<p><b><u>Description of the rights attached to the securities including (i) the nominal interest rate, (ii) the date from which interest becomes payable and the due dates for interest, (iii) where the date is not fixed, description of the underlying on which it is based, (iv) maturity date and arrangements for the amortisation of the loan, including the repayment procedures, (v) an indication of yield and (v) the name of the representative of debt security holders</u></b></p> <p><i>2022 Bonds and 2025 Bonds</i></p> <p>The Bonds consist of two series of Bonds, the 2022 Bonds and the 2025 Bonds. Each series of Bonds is subject to its own interest rate and maturity date (as set out below) but both series of Bonds are otherwise subject to the same terms and conditions.</p> <p>The Issuer has reserved the right not to proceed with the issue of any series of Bonds if at the end of the Subscription Period, the aggregate principal amount of the Bonds of that series that have been subscribed for is lower than (i) EUR 75.0 million for the 2022 Bonds or (ii) EUR 25.0 million for the 2025 Bonds. The Issuer will publish its decision not to proceed with the issue of any series of Bonds in the same way the launch of the Bonds was announced. If the Issuer proceeds with the issue of any series of Bonds and the aggregate principal amount of Bonds of that series that have been subscribed for is lower than the minimum amount for that series, a supplement to the Prospectus shall be published.</p> <p><i>Interest</i></p> <p>Each 2022 Bond bears interest from (and including) the date on which it has been issued at the rate of 2.875% per annum (the “<b>2022 Bonds Interest Rate</b>”) on its outstanding nominal amount.</p> <p>Each 2025 Bond bears interest from (and including) the date on which it has been issued</p>

at the rate of 3.375% per annum (the "**2025 Bonds Interest Rate**") on its outstanding nominal amount.

*Interest Payment date*

Interest on the Bonds is payable annually in arrears on 15 July of each year (each an "**Interest Payment Date**"), commencing with the Interest Payment Date falling on 15 July 2016.

*Maturity Date*

For the 2022 Bonds: 15 July 2022.

For the 2025 Bonds: 15 July 2025.

*Redemption Amount at Maturity Date*

The Bonds will be redeemed at their principal amount.

*Early Redemption*

- The Bonds may be redeemed early for taxation reasons (at their nominal amount together with interest accrued to the date fixed for redemption).
- The Bonds will be redeemable at any time prior to maturity at the option of the Issuer. The 2022 Bonds may be redeemed early at the Make-whole Redemption Amount (see below) per 2022 Bond. The 2025 Bonds may be redeemed early at the Make-whole Redemption Amount per 2025 Bond.

"**Make-whole Redemption Amount**" means, in respect of any Bond, an amount calculated by the Agent as Calculation Agent and equal to the greater of:

- (a) 100% of the principal amount of the Bonds; or
- (b) the sum of the then current values of the remaining scheduled payments of principal and interest (not including any interest accrued on the Bond to, but excluding, the relevant Make-whole Redemption Date) discounted to the relevant Make-whole Redemption Date on an annual basis (based on the actual number of days elapsed divided by 365 or (in the case of a leap year) by 366) at the applicable Reference Rate (as defined below) plus 0.40 per cent.,

plus, in each case (a) or (b) above, any interest accrued on the relevant Bond to, but excluding, the relevant Make-whole Redemption Date

"**Make-whole Redemption Date**" means the date on which the relevant Bonds are redeemed in accordance with Condition 6.3.

"**Reference Rate**" means (i) in relation to the 2022 Bonds, the annual rate equal to the equivalent yield to maturity of the 2022 Reference Bond, calculated on the Calculation Date using a price for the 2022 Reference Bonds (in percentage of its principal amount) equal to the Reference Bond Price of the 2022 Reference Bond on the Calculation Date and (ii) in relation to the 2025 Bonds, the annual rate equal to the equivalent yield to maturity of the 2025 Reference Bond, calculated on the Calculation Date using a price for the 2025 Reference Bonds (in percentage of its principal amount) equal to the Reference Bond Price of the 2025 Reference Bond on the Calculation Date.

"**Reference Bond Price**" means, based on 5 quotations by reference market-makers requested by the Calculation Agent, (i) the average of five quotations notified in writing to the Calculation Agent at 11.00 GMT on the Calculation Date (in any case expressed as a percentage of the principal amount), with exception of the highest and the lowest quotation, (ii) if the Calculation Agent receives less than five, but more than

one quotation, the average of these quotations or (iii) if the Calculation Agent receives only one quotation from a reference market-maker, that quotation.

"**Calculation Date**" means the third Business Day preceding the Make-whole Redemption Date.

"**2022 Reference Bond**" means 'DBR 1.75%' due 4 July 2022 (ISIN DE0001135473) or in case this bond is no longer outstanding, one or more reference bonds issued by the German government having a maturity comparable to the remaining maturity of the 2022 Bonds until the Maturity Date of the 2022 Bonds, as determined by the Calculation Agent.

"**2025 Reference Bond**" means 'DBR 0.5%' due 15 February 2025 (ISIN DE0001102374) or in case this bond is no longer outstanding, one or more reference bonds issued by the German government having a maturity comparable to the remaining maturity of the 2025 Bonds until the Maturity Date of the 2025 Bonds, as determined by the Calculation Agent.

The Issuer may at any time choose to redeem any series of Bonds (without redeeming the other series of Bonds).

- The Bonds may be redeemed early following an Event of Default (see below) (at its nominal amount together with accrued interest (if any) to the date of payment). The right of the Bondholders to require early redemption after the occurrence of an Event of Default (other than a payment default) is subject to a time limitation of six (6) months. If a Bondholder does not exercise its right within a period of six (6) months, it will no longer be able to obtain early redemption of its Bonds (and its Bonds will not be redeemed early), despite the fact that an event of default has occurred.
- The Bonds will be redeemable at the option of the Bondholders at the Put Redemption Amount (see below) prior to maturity in the case of a Change of Control (see below). Only the Bonds held by the Bondholders who submit put option notices shall be immediately due and repayable in case of a Change of Control, with exception of all other Bonds. If Bondholders submit put option notices in respect of at least 85 per cent. of the aggregate nominal amount of the outstanding 2022 Bonds, all (but not some only) of the 2022 Bonds may be redeemed at the option of the Issuer prior to maturity (at the Put Redemption Amount). If Bondholders submit put option notices in respect of at least 85 per cent. of the aggregate nominal amount of the outstanding 2025 Bonds, all (but not some only) of the 2025 Bonds may be redeemed at the option of the Issuer prior to maturity (at the Put Redemption Amount).

A "**Change of Control**" shall occur if a third party (a "**Third Party**") being a person or a group of persons Acting in Concert (other than the Reference Shareholder or any person Acting in Concert with the Reference Shareholder) obtains 30% or more of the voting rights of the Issuer, either directly or through the obtaining of voting rights in an Issuer Holding Company, but in each case unless the Reference Shareholder (or any person Acting in Concert with the Reference Shareholder) directly or indirectly holds more voting rights of the Issuer than the Third Party.

"**Acting in Concert**" means acting in concert ("*onderling overleg*" / "*action de concert*") as defined in article 1, §2, 5° of the Decree of 27 April 2007 on public takeovers, as amended (*Koninklijk besluit van 27 april 2007 op de openbare overnamebiedingen* / *Arrêté royal du 27 avril 2007 relatif aux offres publiques d'acquisition*).

"**Issuer Holding Company**" means any company, corporation, partnership or other

entity holding, directly or indirectly, voting rights in the Issuer.

**"Put Redemption Amount"** means, in respect of each Bond, an amount calculated by the Agent (as Calculation Agent) by multiplying the Put Redemption Rate by the denomination of such Bond and rounding, if necessary, the resultant figure to the nearest minimum sub-unit of euro (half of such unit being rounded downwards), and by adding any accrued but unpaid interest of such Bond to (but excluding) the relevant redemption date.

**"Put Redemption Rate"** means  $\text{MIN}(101\%; 100\% \times \text{Exp}(T \times 0.74720148386\%))$  rounded to the 9<sup>th</sup> decimal whereby:

- **"T"** means the time, expressed in decimals of a year, elapsed from (and including) the Issue Date until (and including) the relevant redemption date; and
- **"Exp"** means the exponential function meaning the function  $e^x$ , where  $e$  is the number (approximately 2.718) such that the function  $e^x$  equals its own derivative.

**"Put Settlement Date"** means the 14th Business Day after the last day of the Put Option Period.

**"Reference Shareholder"** means Verbrugge NV, a public company with limited liability ("*naamloze vennootschap / société anonyme*"), incorporated and existing under the laws of Belgium, having its registered office at Steverlyncklaan 15, 8900 Ypres, Belgium, and registered with the Register of Legal Entities (*rechtspersonenregister – RPR / registre des personnes morales- RPM*) (Ghent, section Ypres) under enterprise number 0441.554.490, and its Affiliates at the Issue Date (or their respective legal successors).

*The Bondholders should be aware that exercising the option may only be effective under Belgian law if, prior to the earliest of (a) the Issuer being notified by the FSMA of a formal filing of a proposed offer to the shareholders of the Issuer or (b) the occurrence of a Change of Control, (i) the shareholders of the Issuer have approved this condition in a general meeting and (ii) such resolutions have been filed with the clerk of the competent commercial court in accordance with Article 556 of the Company Code. It is uncertain whether the shareholders of the Issuer will approve this condition. If a Change of Control occurs prior to the approval of the shareholders and filing of the resolutions, Bondholders may not be entitled to exercise this option.*

If, at the latest by 30 June 2016, the Change of Control redemption condition is not approved by a resolution of the shareholders of the Issuer or the relevant resolutions are not filed with the clerk of the competent commercial court in accordance with Article 556 of the Company Code, then, from the Interest Period beginning on the first Interest Payment Date following 30 June 2016, the amount of interest payable on the Bonds will be increased by 0.50 per cent. per annum, until the last day of the Interest Period during which the Agent receives evidence that the shareholder resolutions approving this the Change of Control condition are filed with the clerk of the competent commercial court in accordance with Article 556 of the Company Code.

#### *Events of Default*

Events of default under the Bonds include (i) non-payment of principal or interest on any of the Bonds, (ii) breach of certain other obligations of the Issuer with respect to the issue of the Bonds, (iii) cross-acceleration, (iv) suspension of trading or delisting of the Bonds, (v) enforcement, (vi) insolvency or judicial reorganization, (vii) winding-up or dissolution, and (viii) cessation of business, (ix) illegality.

	<p><i>Yield</i></p> <table border="1"> <thead> <tr> <th></th> <th>Gross actuarial yield (on an annual basis)</th> <th>Net yield (on an annual basis)</th> </tr> </thead> <tbody> <tr> <td><b>2022 Bonds</b></td> <td>2.579%</td> <td>1.868%</td> </tr> <tr> <td><b>2025 Bonds</b></td> <td>3.139%</td> <td>2.305%</td> </tr> </tbody> </table> <p>The yield is calculated on the basis of the issue of the Bonds on the Issue Date, the Issue Price, the interest rate of 2.875 per annum for the 2022 Bonds and the interest rate of 3.375 per annum for the 2025 Bonds and is based on the assumption that the Bonds will be held until their Maturity Date when they will be repaid at their principal amount in accordance with the Conditions. It is not an indication of future yield if the Bonds are not held until their Maturity Date. The net yield reflects a deduction of Belgian withholding tax at the rate of 25 per cent. (Investors should consult Section XII: “Taxation” of this Prospectus for further information about Belgian taxation).</p> <p><i>Name of the representative of the bondholders / Meeting of bondholders</i></p> <p>No representative of the bondholders has been or will be appointed.</p> <p>The Conditions contain provisions for call meeting of bondholders to consider matters affecting their interest generally. The provisions permit defined majorities to bind all bondholders including bondholders who voted in a manner contrary to the majority.</p>		Gross actuarial yield (on an annual basis)	Net yield (on an annual basis)	<b>2022 Bonds</b>	2.579%	1.868%	<b>2025 Bonds</b>	3.139%	2.305%
	Gross actuarial yield (on an annual basis)	Net yield (on an annual basis)								
<b>2022 Bonds</b>	2.579%	1.868%								
<b>2025 Bonds</b>	3.139%	2.305%								
C.10	<p><b><u>Derivative component in the interest payment</u></b></p> <p>Not applicable.</p>									
C.11	<p><b><u>Listing and admission to trading</u></b></p> <p>An application has been made with Euronext Brussels to list the Bonds on the regulated market of Euronext Brussels and to be admitted to trading on the regulated market of Euronext Brussels.</p>									

#### 4. Section D – Risks

Element	Disclosure requirement
D.2	<p><b><u>Key information on the key risks specific to the Issuer and the Group</u></b></p> <p>The Group is subject to the following material risks. The order in which the individual risks are presented is neither indicative of their likelihood to occur, nor of the severity or significance of the individual risks.</p> <ul style="list-style-type: none"> <li>• <b>The Group depends on the availability of sufficient volumes of raw materials with the required specifications at competitive prices.</b></li> </ul> <p>The Group depends on the availability of sufficient volumes of raw materials, which meet the required specifications, against competitive prices. While the Group sources most of its raw materials from multiple suppliers, some raw materials are sourced from only few suppliers. As such, the Group relies on a number of third party suppliers and other business partners. If the market prices fall below the agreed minimum prices, the Group may be required to purchase products at above-market prices.</p>

<ul style="list-style-type: none"> <li>• <b>If the Group is unable to sell, store, re-utilise or dispose of certain components that it produces, it may be required to limit or reduce its overall production levels.</b></li> </ul> <p>The Group's chemical operations are dependent on its ability to sell, store, re-utilise or otherwise dispose of certain components (such as by-products and co-products) which are produced in the course of the production process of various products. There can be no assurance that the Group will be able to do this in the future and will not be required to reduce its overall production levels or invest in new treatment processes.</p> <ul style="list-style-type: none"> <li>• <b>The Group's results are dependent on weather conditions and are subject to seasonality.</b></li> </ul> <p>Several of the Group's activities are dependent on weather conditions. The Group also has activities which are also subject to seasonality, whereby products are sold within a short timeframe. Products of the Group's Agro segment must be supplied to the customers during the planting season. Bad weather conditions can disrupt this process, reduce the possibility to apply product and/or reduce the need for products. The Group also sells products in the construction markets in several countries in the northern hemisphere, which are typically affected by winter weather conditions.</p> <ul style="list-style-type: none"> <li>• <b>The Group's current and future investments and/or constructions are subject to the risk of delays, cost overruns and other complications, and may not achieve the expected returns.</b></li> </ul> <p>The Group currently has new projects which are under construction or in ramp-up phase. In addition, the Group is implementing a number of major investment projects that are key to its strategy and contemplates a specific construction project. These current and future projects may be delayed, exceed the budget or the utilised technology may prove to be inadequate or may fail to reach the expected return.</p> <ul style="list-style-type: none"> <li>• <b>The Group is exposed to an energy off-take agreement.</b></li> </ul> <p>The Group sold the majority of its PVC/Chlor-Alkali activities to Ineos Chlorvinyls in the third quarter of 2011. The electricity purchase agreement relating to that activity was not part of the sale transaction and therefore the Group is still under an obligation to purchase certain quantities of electricity. As the Group no longer needs the electricity for its own use, it needs to sell the electricity on the market until the end of the contract. The value of the contract is depending on the current and future difference between market electricity prices and the generation cost based on market gas prices, and on the effect of the hourly pricing optimisation as foreseen in the contract. Based on today's electricity prices and the current price of electricity futures, the contract has a negative value in the financial statements as per 31 December 2014.</p> <ul style="list-style-type: none"> <li>• <b>The Group's results are highly sensitive to commodity prices.</b></li> </ul> <p>Market factors largely beyond the Group's control, such as the actual or perceived changes in level of supply and demand, the availability and cost of substitute materials and inventory levels maintained by producers, all influence product prices. In certain of the Group's segments, the prices of the Group's products are correlated to the prices of major commodity products, such as KCl, soy, palm oil and polymers. As such, the Group may not be able to implement or preserve its pricing policy.</p> <ul style="list-style-type: none"> <li>• <b>The Group may be exposed to product liability and warranty claims, including but not limited to liability in respect of food safety.</b></li> </ul> <p>The Group's products are subject to increasingly stringent industry, regulatory and customer requirements. The activities of the Group may expose it to product liability and</p>
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warranty claims. The products manufactured by the Group are used in various downstream applications, including but not limited to, in the food, cosmetics, nutraceutical and pharmaceutical industry and may contain undetected errors or defects, which may lead, for example, to product recalls, increased customer service and support, payment of monetary damages to customers, lawsuits and loss of customers. In addition, the Group cannot exclude that customers incorrectly apply the Group's products.

- **The business of the Group may further diversify and change substantially through existing and future acquisitions, joint ventures and business reorganisations**

The Group has a diversified portfolio of businesses. In addition to organic growth, selected acquisitions, joint venture and other business combinations are part of the Group's growth strategy and may further diversify the Group's business activities, and existing business activities may be replaced by activities in entirely different business segments. While such diversity spreads the risk inherent in specific activities, there is a risk that it may reduce focus as it requires a broad set of competences and processes, thereby making the organisation less agile in reacting to changing market conditions and in identifying and managing specific risks. The Group's failure to timely and effectively integrate and develop those existing and future acquisitions, joint ventures and other business combinations may adversely affect its results.

In this respect, the terms and conditions of the Bonds provide for full flexibility with respect to future corporate reorganisations, business combinations and change of business activities, which may result in changes to the Group's activities, assets and risk profile during the terms of the Bonds.

- **The Group is exposed to pension plan obligations.**

The Group has certain defined benefit pension plans, through which the Group is exposed to changes in inflation, interest rates and life expectancy.

Assumptions related to future costs, return on investments, interest rates and other actuarial assumptions have a significant impact on the Group's funding requirements related to these plans. These estimates and assumptions may change based on actual return on plan assets, changes in interest rates, inflation, any changes in governmental regulations and general economic conditions. Therefore, the Group's funding requirements may change and additional contributions could be required in the future. This could in particular be the case if the statutory minimum guarantees are not adapted.

As per 31 December 2014, the Group's net pension obligations in respect of the defined benefit pension plans amount to EUR 44.4 million. The plans hold significant investments in investment funds and are thus exposed to equity, bond and property market risks.

The Group has made provisions in respect of various pension plans, which may prove to be insufficient.

If the Group is required to make increased contributions to its pension plans either because of underfunding or because of more stringent regulations and increased regulatory involvement or if the Group needs to increase its provisions, this may adversely affect the Group's business, results of operation or financial condition.

- **The Group's business is exposed to exchange rate fluctuation.**

The Group is exposed to fluctuations in exchange rates which may lead to profit or loss in currency transactions. The Group's assets, earnings and cash flows are influenced by movements in foreign exchange rates. More in particular, the Group incurs foreign currency risks on, amongst others, sales, purchases, investments and borrowings that are denominated in a currency other than the Group's functional currency. The currencies giving rise to this risk are primarily USD (US dollar), GBP (British pound), PLN (Polish zloty), CNY (Chinese yuan), ARS (Argentine peso) and BRL (Brazilian real). Movements in foreign currency therefore may adversely affect the Group's business, results of operation or financial condition.

In principle, operating entities are financed in their own local currency, this local currency being obtained, where appropriate, by buying the currency against the currency held by the Issuer. As from March 2015, the Group no longer uses currency swaps to hedge intragroup loans. The Company can change its foreign exchange policy at any time in the future.

The USD net exposure is mainly due to an unhedged intercompany loan which amounted to USD 200.0 million per 31 December 2014, and to USD 500.0 million per 31 March 2015.

For example in relation to the results of 31 December 2014, if the euro had strengthened or weakened by 10% against USD, with all other variables being held constant, the impact on post-tax profit would have been EUR -18.9 million or EUR +23.1 million. Due to the fact that the Group no longer applies hedging for intragroup loans as of March 2015, the post-tax profit has a higher USD net exposure.

- **The Group is exposed to credit risk in relation to its contractual and trading counterparties, as well as to hedging and derivative counterparty risk.**

The Group is subject to the risk that the counterparties with whom it conducts its business (in particular its customers) and who have to make payments to the Group, are unable to make such payment in a timely manner or at all. Part of the receivables is covered under a Group credit insurance programme. The Group cannot guarantee that the current level of credit insurance coverage can be sustained in the future.

The maximum exposure to credit risk amounts to EUR 348.7 million as per 31 December 2014. This amount consists of current and non-current trade and other receivables (EUR 189.4 million), derivative financial instruments (EUR 2.3 million) and cash and cash equivalents (EUR 157.0 million).

- **The Group might have insufficient resources to fulfil its financial obligations or working capital needs at any time**

Liquidity risk is defined as the risk that a company may have insufficient resources to fulfil its financial obligations or working capital needs at any time. Failure to meet financial obligations or working capital needs can result in significantly higher costs, and it can negatively affect reputation.

- **If the Issuer does not generate positive cash flows it will be unable to fulfil its debt obligations**



The ability of the Issuer to pay principal and interest on the Bonds and on its other debt depends primarily on the Group's future operating performance. Changing conditions in the credit markets and the level of the outstanding debt of the Issuer can make the access to financing more expensive than anticipated and could increase the Issuer's financial vulnerability.

Consequently, the Issuer cannot assure Investors that it will have sufficient cash flows to pay the principal, premium, if any, and interest on its debt. If the cash flows and capital resources are insufficient to allow the Issuer to make scheduled payments on its debt the Issuer may have to reduce or delay capital expenditures, sell assets, seek additional capital or restructure or refinance its debt. There can be no assurance that the terms of its debt will allow these alternative measures or that such measures would satisfy its scheduled debt service obligations. If the Issuer cannot make scheduled payments on its debt, it will be in default and, as a result:

- its debt holders could declare all outstanding principal and interest to be due and payable; and
- its lenders could terminate their commitments and commence foreclosure proceedings against its assets.

- **Additional debt financing could have an adverse impact on the financial results of the Issuer**

Additional debt financing entails an increase of the financial costs that have to be borne by the Issuer.

The Bonds Issue will as such not have an adverse impact on the financial costs of the Issuer compared to the financial costs during the previous financial years. The financial costs of the Group's currently outstanding EUR 150.0 million bond issue which matures in October 2015, with a fixed interest rate at 5.25%, amounts to EUR 7.9 million on a yearly basis. The interest cost of the new Bonds will amount to EUR 7.5 million (based on a 3% interest rate and supposing that the full amount of EUR 250.0 million is subscribed to).

The Issuer can at any time increase the level of its debt financing and consequently increase its financial costs.

**In addition to the risks listed above, the Group is also subject to the following risks:**

- The Group must comply with environmental and health and safety laws and regulations and may be subject to changing or more restricting legislation and may incur significant compliance costs.
- The Group may fail to obtain, maintain or renew compulsory licenses and permits, or fail to comply with their terms.
- Changes in legislation may have an adverse impact on the Group's business.
- The Group may be subject to misconduct by its employees, contractors and/or joint venture partners.
- The Group's business may suffer from trading sanctions and embargoes.
- The Group operates in competitive markets and failure to innovate may have an adverse impact on its business.

	<ul style="list-style-type: none"> <li>• The Group may be at risk of breakdowns, inefficiencies or technical failures, which may cause interruption of operations.</li> <li>• The Group's improvement programs are subject to the risk of delays, cost overruns and other complications, and may not achieve the expected returns.</li> <li>• The Group may be subject to events of Force Majeure.</li> <li>• Major accidents may result in substantial claims, fines or significant damage to the Group's reputation and financial position.</li> <li>• The Group may be exposed to the risk of labour actions and employee claims or litigation.</li> <li>• The Group's insurance coverage may not be sufficient.</li> <li>• The Group has incurred important losses in recent years as a result of the transformation of the Group, which was completed in 2014. In addition the Group may, in respect of the divestment program part of the general transformation, be exposed to residual liabilities and be subject to a range of non-compete provisions.</li> <li>• The Group is exposed to litigation risks.</li> <li>• Failure to protect trade secrets, know-how or other proprietary information may adversely affect the Group's business.</li> <li>• A change in underlying economic conditions or adverse business performance may result in impairment charges.</li> <li>• The Group is exposed to tax risks.</li> <li>• The Group is exposed to risks relating to its worldwide presence.</li> <li>• The Group may be affected by macroeconomic trends.</li> <li>• Information technology failures may disrupt the Group's operations.</li> <li>• The Group's results may be negatively affected by fluctuating interest rates.</li> <li>• The Group is subject to various covenants in its financing agreements, which may restrict its operational and financial flexibility.</li> <li>• The Group may not be able to obtain the necessary funding for its future capital or refinancing needs.</li> <li>• The Group entered into contracts subject to change of control clauses.</li> <li>• The Group may not be able to recruit and retain key personnel.</li> </ul>
D.3	<p><b><u>Key information on the key risks specific to the securities</u></b></p> <ul style="list-style-type: none"> <li>• <b>The Bonds may not be a suitable investment for all Investors</b>  Each potential Investor in the Bonds must determine the suitability of the investment in light of its own circumstances, based on its own independent review and such professional advice as it deems appropriate under the circumstances. In particular, each potential Investor should have sufficient knowledge and experience, appropriate analytical tools to make a meaningful evaluation of the Bonds, evaluate the impact of the Bonds on its overall investment portfolio, and have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds</li> <li>• <b>The Issuer may not have the ability to repay the Bonds</b>  The Issuer may not be able to repay the Bonds at their maturity. If the Bondholders</li> </ul>

were to ask the Issuer to repay their Bonds upon the occurrence of an Event of Default, the Issuer cannot be certain that it will be able to pay the required amount in full.

- **The Issuer may incur additional indebtedness**

This could have an impact on its ability to meet the obligations under the Bonds or could cause the value of the Bonds to decrease. The Conditions do not limit the amount of unsecured or secured debts that the Issuer can incur.

- **Status and structural subordination**

The Bonds are unsecured obligations of the Issuer which do not benefit from any guarantee and are structurally subordinated to the creditors of the Subsidiaries.

In the event of liquidation, dissolution, reorganisation, bankruptcy or similar procedure affecting the Issuer, the holders of secured indebtedness will be repaid first with the proceeds of the enforcement of such security and creditors which benefit from guarantees from Group members may recover their claims through payments by such Group members under the guarantees provided by them, whereas such right will not be available to the Bondholders. The Bondholders will effectively be subordinated to any indebtedness that is guaranteed or secured by the Issuer or any Group members.

- **The Bonds may be redeemed prior to maturity**

The Bonds may be redeemed prior to maturity in three different cases: (i) for taxation reasons (*i.e.* if the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 due to change of law or interpretation of the law) at the option of the Issuer, (ii) at any time at the option of the Issuer upon payment to the Bondholders of a make-whole premium (if applicable), and (iii) at the option of the Bondholders in case of a Change of Control, at the relevant put redemption amount. Further, in the event that the put option following a Change of Control is exercised by holders of at least 85% of the aggregate principal amount of any series of Bonds, the Issuer may, at its option, redeem all (but not less than all) of the Bonds of that series then outstanding (at the relevant put redemption amount).

In addition, the Bondholders may require early redemption of their Bonds upon the occurrence of an Event of Default. In relation to any event of default other than a payment default, Bondholders must exercise their right to require early redemption within a period of six (6) months, starting on the date on which the Issuer has notified the Bondholders of the occurrence of the relevant event of default in accordance with the Conditions. If a Bondholder does not exercise its right to early redemption of its Bonds in accordance with the terms and conditions of the Bonds (including, the applicable time limitation), it will no longer be able to obtain early redemption of its Bonds (and its Bonds will not be redeemed early), despite the fact that an event entitling the Bondholder to early redemption has occurred.

Finally, as a result of the optional redemption mechanics, a series of Bonds could be redeemed, with the other series of Bonds remaining outstanding (and the 2025 Bonds could as a consequence be redeemed prior to the 2022 Bonds).

An optional redemption feature is likely to limit the market value of Bonds. During any period when the Issuer may elect to redeem Bonds, the market value of those Bonds generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

	<ul style="list-style-type: none"> <li> <p>• <b>Credit rating</b></p> <p>The Issuer and the Bonds do not have a credit rating and the Issuer currently does not intend to request a credit rating for itself or the Bonds, which may render the price setting of the Bonds more difficult. In addition, there can be no assurance that, should a rating be requested in respect of the Issuer or the Bonds by the Issuer or a third party, an investment grade rating would be assigned. This may impact the trading price of the Bonds.</p> </li> <li> <p>• <b>Market for the Bonds and price</b></p> <p>There is no assurance as to the liquidity of any trading market for the Bonds. Any sale of the Bonds prior to maturity occurs at a price on a secondary market, which may be less than the nominal value of the Bonds and is affected by a range of factors, such as the solvency of the Issuer. An increase in the market interest rates or inflation may result in the Bonds trading at prices lower than the nominal amount of such Bonds.</p> </li> <li> <p>• <b>The Bonds are exposed to market interest rate risk</b></p> <p>The Bonds provide a fixed interest rate until the Maturity Date. An increase in the market interest rates may result in the Bonds trading at prices lower than the nominal amount of such Bonds.</p> </li> <li> <p>• <b>Market value of the Bonds</b></p> <p>The market value of the Bonds may be affected by the creditworthiness of the Issuer and a number of additional factors.</p> </li> <li> <p>• <b>Position of the Agent and the Managers</b></p> <p>The Issuer, the Agent and the Managers may participate in transactions which could have an adverse effect on the interests of the Bondholders. Certain Managers already have entered into loans and other facilities with the Issuer. The Agent does not assume any fiduciary duties or other obligations to the Bondholders.</p> <p>The Managers and their affiliates, as creditors of the Issuer, may further benefit from certain guarantees, securities and privileges from which the Bondholders do not benefit. The Bondholders should also be aware that the Managers or the Agent, in their capacity as creditor of the Issuer or an affiliated business thereof (or in any other capacity whatsoever), have no obligation to protect the Bondholders' interests.</p> </li> <li> <p>• <b>Risk of withdrawal and cancellation of the Public Offer / Issue of a lower amount than the expected minimum amount</b></p> <p>The Public Offer may be wholly or partially withdrawn or cancelled in accordance with the provisions of the Placement Agreement. In this case, Investors who paid the Issue Price for their Bonds prior to the notification of withdrawal or cancellation of the Public Offer shall receive the total amount of funds already paid by them as Issue Price for the Bonds. However, such Investor may not receive the interest on such amount they otherwise could have earned if they had not paid the Issue Price for the Bonds.</p> </li> </ul>
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5. *Section E – Public Offer*

Element	Disclosure requirement
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E.2b

**Reasons for the Public Offer and use of proceeds when different from making profit and/or hedging certain risks**

The net proceeds of the Public Offer, which are expected to amount up to maximum EUR 249.75 mio., will be predominantly used to realise the following objectives presented in order of priority:

1. the Group's currently outstanding EUR 150.0 million bond issue which matures in October 2015, with a fixed interest rate at 5.25% will in principle be entirely refinanced by the proceeds of the Public Offer;
2. the increase of the Group's production capacity to meet expected future demand, by selective investments in debottlenecking of existing production facilities, and the installation of new capacities;
3. the continued investment in incremental improvement projects, strengthening the cost position of the existing production facilities;
4. the targeted revision of working capital levels to optimally support the different business models of the Group's activities (including, but not limited to selective investments in inventory of raw materials, intermediate products and/or finished products, in line with the businesses' needs and with a view to improve the business conditions and customer service);
5. the creation of financial leeway for general corporate purposes, including the funding of growth, operational investments and acquisitions not yet specified to date; and
6. in part providing alternatives to the renewal of the Group's EUR 300.0 million back-up syndicated credit facility which will mature in April 2016 (under which no amounts are drawn on the date of this Prospectus), as the overall financing position of the Group following the bond issue might result in the Group having sufficient cash available to eventually allow it to only partially renew its back-up syndicated credit facility (i.e. not for the total amount of EUR 300.0 million).

The Group successfully completed a capital increase, for a gross amount of 174.8 million EUR (and a net amount of EUR 172.7 mio.) on December 19, 2014. The capital increase was intended to provide funds for growth opportunities in each of its business segments, to strengthen the structure of Tessenderlo's balance sheet, to finance historically driven non-recurring cash outs provided for in the balance sheet in respect of restructuring and environmental obligations, and to finance remediation investments and adherences to legal obligations of existing plants. The net proceeds resulting from the capital increase are currently being used to realise these objectives and the Issuer deems the net proceeds to be in principle sufficient thereto.

As a result hereof, the net proceeds of the Public Offer will enable the Group to even further strengthen and optimize its balance sheet, which will in turn enable the Group to further proceed with the funding of several additional investments in order to increase the Group's production capacity and will consequently create extra opportunities for investments in improvement projects, for strengthening the cost position of the existing production facilities and to improve working capital.

The Issuer is currently not aware that the anticipated proceeds of the Public Offer in combination with current financing agreements will not be sufficient to fund the proposed uses. However, the Issuer cannot predict the actual amounts spent or allocated on each of the objectives individually and the timing of them set forth above.

	<p>Indeed, the Group continuously identifies new projects, not yet known today; depending on their nature these projects can require significant capex investments, and will be executed if the individual business case is solid and the required funds are available within the Group.</p>
E.3	<p><b><u>Description of the terms and conditions of the Public Offer</u></b></p> <p><i>Issue Date:</i> 15 July 2015</p> <p><i>Issue Price:</i> 101.875 per cent. for the 2022 Bonds and 102.000 per cent. for the 2025 Bonds</p> <p><i>Denomination:</i> EUR1,000</p> <p><i>Offer period:</i> From 18 June 2015 to 7 July 2015 (subject to early closing)</p> <p><i>Global Coordinator:</i> ING Bank N.V., acting through its Belgian branch</p> <p><i>Joint Bookrunners:</i> ING Bank N.V., acting through its Belgian branch, KBC Bank NV and BNP Paribas Fortis SA/NV</p> <p><i>Co-Managers:</i> Bank Degroof NV/SA and Belfius Bank SA/NV</p> <p><i>Paying Agent, Domiciliary Agent and Calculation Agent:</i> ING Belgium NV/SA</p> <p><i>Listing Agent:</i> ING Belgium NV/SA</p> <p><i>Public Offer Jurisdiction:</i> Belgium</p> <p><i>Conditions to which the offer is subject</i></p> <p>The Public Offer and the issue of the Bonds is subject to a limited number of conditions set out in the placement agreement between the Issuer and the Managers (the “<b>Placement Agreement</b>”), which are customary for this type of transaction, and which include, amongst others: (i) the correctness of the representations and warranties made by the Issuer in the Placement Agreement, (ii) the Placement Agreement, an agency agreement between the Issuer and ING Belgium NV/SA acting as domiciliary, paying, calculation and listing agent (the “<b>Agent</b>”, and such agreement as amended and/or supplemented and/or restated from time to time, the “<b>Agency Agreement</b>”) and a ‘<i>convention de services relatifs à l’émission d’obligations dématérialisées</i>’ between the Issuer, the National Bank of Belgium and the Agent (the “<b>Clearing Agreement</b>”) have been executed by all parties thereto prior to the Issue Date, (iii) the admission to trading of the Bonds on the regulated market of Euronext Brussels has been granted on or prior to the Issue Date, (iv) there having been, as at the Issue Date, no material adverse change (as defined in the Placement Agreement) affecting the Issuer or the Group and no event making any of the representations and warranties contained in the Placement Agreement untrue or incorrect on the Issue Date as if they had been given and made on such date and the Issuer having performed all the obligations to be performed by it under the Placement Agreement on or before the Issue Date, (v) confirmation of the National Bank of Belgium that the Bonds have been accepted for clearing in the X/N clearing system of the National Bank of Belgium, and (vi) at the latest on the Issue Date, the Managers having received customary confirmations as to certain legal and financial matters pertaining to the Issuer.</p> <p>These conditions can be waived (in whole or in part) by each of the Managers. The Placement Agreement does not entitle the Managers to terminate their obligations prior to payment being made to the Issuer, except in certain limited circumstances.</p> <p>If the terms of the Public Offer and the subsequent issuance of the Bonds are not met on</p>

the Issue Date (subject to waiver by the Managers of the conditions that could not be fulfilled) or any Manager terminates the Placement Agreement in one of the circumstances mentioned above, the Bonds will not be issued. Termination of the Placement Agreement by one of the Managers, does not trigger the termination of the Placement Agreement for the other Managers, but there is no obligation for the non-terminating Managers to place the Bonds assigned to the terminating Manager.

*Cross-Acceleration*

If the following event (see below) occurs and is continuing, then any Bond may, by notice in writing given by the Bondholder to the Issuer at its registered office and to the Agent at its specified office, be declared immediately due and repayable at its nominal amount together with accrued interest (if any) to the date of payment, without further formality unless such event shall have been remedied prior to the receipt of such notice by the Agent.

At any time, any present or future Financial Indebtedness (see below) of the Issuer or any Subsidiary (other than Financial Indebtedness owed by a member of the Group to another member of the Group) in an amount equal to or exceeding EUR 25.0 million Indexed on the date of the relevant event listed below (or its equivalent in other currencies calculated at the exchange rate on the date of the relevant event listed below):

- (a) becomes due and payable prior to its stated maturity following the acceleration of an event of default (howsoever described) by the relevant creditors; or
- (b) is not paid on its due date or, as the case may be, within any applicable grace period.

**"Financial Indebtedness"** means:

- (a) moneys borrowed;
- (b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with IFRS, be treated as a finance or capital lease;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) any amount raised under any other transaction (including any forward sale or purchase agreement) of a type not referred to in any other paragraph of this definition having the commercial effect of a borrowing;
- (g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value (or, if any actual amount is due as a result of the termination or close-out of that derivative transaction, that amount) shall be taken into account);
- (h) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (i) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (h) above.

Only the Bonds held by the Bondholders who have given written notice as indicated above shall be immediately due and repayable in case of a Cross Acceleration event, with exception of all other Bonds.

*Negative Pledge*

So long as any Bond remains outstanding, the Issuer will not, and will procure

("sterkmaking" / "porte fort") that none of its Subsidiaries will (a) create or have outstanding any mortgage, charge, lien, pledge or other security interest, including an irrevocable mandate to establish the same and any similar concept under applicable law or any other agreement or arrangement having a similar effect ("**Security Interest**") on any of its present and/or future assets, or (b) grant or provide any Personal Security, to guarantee or secure any Relevant Debt, unless at the same time or prior thereto either (A) the same Security Interest and Personal Security, as applicable, is created to the benefit of the holders of the Bonds, in equal rank, or (B) such other Security Interest and Personal Security, as applicable, as shall be approved by a meeting of the Bondholders, is created to the benefit of the holders of the Bonds, except for Security Interests or Personal Securities arising pursuant to mandatory provisions of law.

**"Relevant Debt"** means any present or future financial indebtedness (whether being principal, premium, interest or other amounts), in the form of or represented by notes, bonds, debentures, loan stock, treasury notes, commercial paper or other securities, whether issued for cash or in whole or in part for a consideration other than cash, and which are, or are capable of being, quoted, listed or ordinarily dealt in or traded on any stock exchange, over-the-counter or other securities market (and including, for the avoidance of doubt, any debt securities placed through a EU or US private placement, any *Schuldscheine* and any convertible debt instruments).

#### *Allocation*

The Investors will have the right to subscribe for 2022 Bonds and/or 2025 Bonds at their discretion.

The subscription period will be the same (and will be closed at the same time) for both series of Bonds. Each of the Managers will accept subscriptions both for the 2022 Bonds and the 2025 Bonds.

All subscriptions for a series of Bonds that have been validly introduced by the retail Investors with the Managers before the end of the Minimum Sales Period will be taken into account when the Bonds for that series are allotted, it being understood that in case of oversubscription, a reduction may apply, i.e. the subscriptions will be scaled back proportionally for each series, with an allocation of a multiple of EUR1,000, which corresponds to the denomination of the Bonds.

Subject to the minimum amounts of EUR 75.0 million for the 2022 Bonds and EUR 25.0 million for the 2025 Bonds and the overall maximum aggregate amount of EUR 250.0 million, the Issuer will decide on the final amount of each series, in consultation with the Managers, at the end of the subscription period. Consequently, different reduction percentages may apply for each series separately. In addition, different reduction percentages per series may apply for each Manager. As a result, an Investor should be aware that the actual amount of Bonds allocated to it may differ depending on the applicable series of Bonds and the relevant Manager through which that Investor subscribed to the Bonds.

The criteria in accordance with which the final amount of any series of Bonds will be determined by the Issuer are the following: (i) the level of demand from Investors for any series of Bonds as observed by the Managers on a daily basis, (ii) the funding needs of the Issuer, which could evolve during the subscription period for the Bonds, (iii) the level of the interest rates and the credit spread of the Issuer on a daily basis, (iv) the occurrence or not of certain events during the subscription period of the Bonds giving the possibility to the Issuer and/or the Managers to early terminate the subscription period or not to proceed with the offer and the issue and (v) the fact that the combined maximum principal amount of both series of Bonds is EUR 250.0 million.



	<p>Subscriptions for one series of Bonds cannot be converted into subscriptions for the other series of Bonds.</p> <p>“<b>Minimum Sales Period</b>” means the period from 18 June 2015, 9.00 am CET until 18 June 2015, 5.30 pm CET.</p>
E.4	<p><b><u>Material interest to the Public Offer (including conflicting interests)</u></b></p> <p>The Issuer is involved in a general business relationship and/or in specific transactions with the Managers or certain affiliates of the Managers and they might have conflicts of interest which could have an adverse effect to the interests of the Bondholders. Within the framework of a normal business relationship with its banks, the Issuer entered into a facilities agreement with certain of the Managers and/or their affiliates. The facilities agreement may include different or additional terms or covenants in favour of the lenders under the facilities agreement compared to the terms of the Bonds. When acting in the capacity of lenders, the Managers have no duty to take into account the interests of the Bondholders.</p>
E.7	<p><b><u>Estimated expenses charged to the Investor by the Issuer</u></b></p> <p>Retail Investors will bear a selling and distribution commission of (i) 1.875 per cent. for the 2022 Bonds and (ii) 2.000 per cent. for the 2025 Bonds, in each case included in the Issue Price. Subject to a possible discount based amongst others on (i) the evolution of credit quality of the Issuer (credit spread), (ii) the evolution of the interest rates, (iii) the success (or lack of success) of the placement of the Bonds and (iv) the amount of Bonds purchased by an Investor, each as determined by each Joint Bookrunner in its sole discretion, the distribution commission paid by the qualified Investors will range between 0 and 1.875 per cent. for the 2022 Bonds and between 0 and 2.000 per cent. for the 2025 Bonds.</p> <p>The financial services in relation to the Bonds will be provided free of charge by the Managers.</p> <p>The costs for the custody fee for the Bonds are charged to the subscribers. Investors must inform themselves about the costs their financial institutions might charge them.</p> <p>Investors must inform themselves about the costs any other financial institution may charge them.</p>

## II. DEFINITION OF THE MAIN TERMS USED IN THE SUMMARY AND ELSEWHERE IN THE PROSPECTUS

- Acting in Concert** : Means acting in concert (“*onderling overleg*” / “*action de concert*”) as defined in article 1, §2 , 5° of the Decree of 27 April 2007 on public takeovers, as amended (*Koninklijk besluit van 27 april 2007 op de openbare overnamebiedingen / Arrêté royal du 27 avril 2007 relatif aux offres publiques d’acquisition*)
- Affiliate** : Means an affiliated company (“*verbonden vennootschap*” / “*société liée*”) as defined in article 11 of the Company Code.
- Agent** : ING Belgium NV/SA
- Agro** : Agro is the segment of the Group’s business as referred to in Section X.3.1.
- Articles of Association** : The articles of association of the Issuer.
- Audit Committee** : The audit committee of the Issuer, as referred to in Section IX.2.2(v)(B).
- Belgian Financial Press** : De Tijd and L’Echo.
- Belgian Official Gazette** : Belgisch Staatsblad – Moniteur Belge.
- Bio-valorization** : Bio-valorization is the segment of the Group’s business as referred to in Section X.3.2.
- BITC** : The Belgian Income Tax Code 1992, as amended.
- Board of Directors** : The board of directors of the Issuer.
- Bonds** : The bonds as described on the first page of this Prospectus.
- Bondholder** : Means the person entitled to a Bond in accordance with the Company Code and the NBB System Regulations.
- Change of Control** : Shall occur if a third party (a “**Third Party**”) being a person or a group of persons Acting in Concert (other than the Reference Shareholder or any person Acting in Concert with the Reference Shareholder) obtains 30% or more of the voting rights of the Issuer, either directly or through the obtaining of voting rights in an Issuer Holding Company, but in each case unless the Reference Shareholder (or any person Acting in Concert with the Reference Shareholder) directly or indirectly holds more voting rights of the Issuer than the Third Party.
- Clearing Agreement** : Means the clearing services agreement (*Overeenkomst van dienstverlening inzake de uitgifte van gedematerialiseerde obligaties / Convention de services de clearing relatifs à l’émission d’obligations dématérialisées*) to be dated on or about the Issue Date between the Issuer, the Agent and the NBB.
- Corporate Governance** : The Issuer’s corporate governance charter, available on its website

<b>Charter</b>	<a href="http://www.tessengerlo.com">www.tessengerlo.com</a> , as may be amended from time to time
<b>Corporate Governance Code</b>	: The Belgian Corporate Governance Code of 12 March 2009, published by the Corporate Governance Committee (also known as the “Code Daems”).
<b>Company Code</b>	: The Belgian Company Code of 7 May 1999, as amended.
<b>Condition</b>	: A numbered clause in Section IV.
<b>EEA</b>	: European Economic Area
<b>Executive Committee / ExCom</b>	: The Group’s executive management committee, as referred to in Section IX.2.4.
<b>Financial Transaction Tax / FTT</b>	: The financial transaction tax as described in Section III.2.20 and XII.4.
<b>FSMA</b>	: Financial Services and Markets Authority in Belgium ( <i>Autoriteit financiële diensten en markten / Autorité des services et marchés financiers</i> ).
<b>Group</b>	: The Issuer and all its Subsidiaries from time to time.
<b>Industrial Solutions</b>	: Industrial Solutions is the segment of the Group’s business as referred to in Section X.3.3.
<b>Investor</b>	: A person or entity considering to invest in the Bonds.
<b>Issue Price</b>	: (i) 101.875 per cent. for the 2022 Bonds and (ii) 102.000 per cent. for the 2025 Bonds.
<b>Issuer</b>	: Tessenderlo Chemie NV/SA, a public company with limited liability (“ <i>naamloze vennootschap / société anonyme</i> ”), incorporated and existing under the laws of Belgium, having its registered office at Troonstraat 130, 1050 Brussels, Belgium, and registered with the Crossroads Bank for Enterprises ( <i>Kruispuntbank voor Ondernemingen / Banque Carrefour des Entreprises</i> ) (Brussels, Dutch speaking) under enterprise number 0412.101.728. It has the status of a corporation making or having made a public call on savings ( <i>naamloze vennootschap – NV die een openbaar beroep op het spaarwezen doet of heeft gedaan / société anonyme – SA faisant ou ayant fait appel public à l’épargne</i> ).
<b>Issuer Holding Company</b>	: Means any company, corporation, partnership or other entity holding, directly or indirectly, voting rights in the Issuer.
<b>Managers</b>	: ING Bank N.V. (acting through its Belgian branch at Marnixlaan 24, B-1000 Brussels)  BNP Paribas Fortis SA/NV (having its registered office at Warandeberg 3, B-1000 Brussels)  KBC Bank NV (having its registered office at Havenlaan 2, B-

	1080 Brussels)
	Belfius Bank SA/NV (having its registered office at Pachecolaan 44, B-1000 Brussels)
	Bank Degroof NV/SA (having its registered office at Nijverheidsstraat 44, B-1040 Brussels)
<b>Member State</b>	: A member state of the EEA.
<b>NBB System</b>	: The clearing system operated by the NBB or any successor thereto.
<b>NBB System Participant</b>	: Any participant in the NBB System.
<b>NBB System Regulations</b>	: The applicable Belgian clearing regulations, including the Belgian law of 6 August 1993 on transactions in certain securities, its implementing Belgian Royal Decrees of 26 May 1994 and 14 June 1994 and the rules of the NBB System and its annexes, as issued or modified by the NBB from time to time.
<b>Net Debt</b>	: Means non-current and current loans and borrowings minus cash and cash equivalents and bank overdrafts.
<b>Nomination and Remuneration Committee</b>	: The nomination and remuneration committee of the Issuer, as referred to in Section IX.2.2(v)(C).
<b>Notional Net Debt</b>	: Means non-current and current loans and borrowings, non-recourse factoring and securitization minus cash and cash equivalents and bank overdrafts.
<b>Prospectus Law</b>	: The Belgian Law of 16 June 2006 on public offering of securities and on the admission of securities to trading on a regulated market, as amended ( <i>‘Wet van 16 juni 2006 op de openbare aanbieding van beleggingsinstrumenten en de toelating van beleggingsinstrumenten tot de verhandeling op een gereguleerde markt’ / Loi du 16 juin 2006 relative aux offres publiques d’instruments de placement et aux admissions d’instruments de placement à la négociation sur des marchés réglementés</i> ).
<b>Prospectus Regulation</b>	: Regulation (EC) 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements, as amended.
<b>Public Offer</b>	: The offer of the Bonds to the public in Belgium.
<b>PWC</b>	: PricewaterhouseCoopers Bedrijfsrevisoren/Réviseurs d’Entreprises BCVBA/SCCRL, having its registered office at Woluwedal 18, 1932 Sint-Stevens-Woluwe, Belgium and its administrative office at Generaal Lemanstraat 67, 2018 Antwerpen, Belgium, represented by Peter Van den Eynde BVBA, having its registered office at Gentstraat 65C, 9170 Sint-Gillis-

	Waas (Sint-Pauwels), permanently represented by Mr. Peter Van den Eynde and currently the Statutory Auditor.
<b>Rebitda</b>	: means recurring earnings before interests, taxes, depreciation, amortization and provisions (Profit (+)/loss (-) from recurring operations plus depreciation, amortization and provisions)..
<b>Reference Shareholder</b>	: Means Verbrugge NV, a public company with limited liability (" <i>naamloze vennootschap / société anonyme</i> "), incorporated and existing under the laws of Belgium, having its registered office at Steverlyncklaan 15, 8900 Ypres, Belgium, and registered with the Register of Legal Entities ( <i>rechtspersonenregister – RPR / registre des personnes morales- RPM</i> ) (Ghent, section Ypres) under enterprise number 0441.554.490, and its Affiliates at the Issue Date (or their respective legal successors).
<b>Relevant Member State</b>	: Each Member State that has implemented the Prospectus Directive.
<b>Royal Decree of 14 November 2007</b>	: Belgian Royal Decree of 14 November 2007 relating to the obligations of issuers of financial instruments admitted to trading on a Belgian regulated market, as amended ( <i>Koninklijk besluit betreffende de verplichtingen van emittenten van financiële instrumenten die zijn toegelaten tot de verhandeling op een Belgische gereguleerde markt / Arrêté royal relatif aux obligations des émetteurs d'instruments financiers admis aux négociations sur un marché réglementé belge</i> ).
<b>SEC</b>	: The US Securities and Exchange Commission.
<b>Section</b>	: Means a section of this Prospectus.
<b>Securities Act</b>	: The US Securities Act of 1933, as amended.
<b>Share Capital</b>	: The share capital of the Issuer, as amended from time to time.
<b>Shares</b>	: The shares that represent the Share Capital, with voting rights and without designation of nominal value, issued by the Issuer from time to time.
<b>Shareholder</b>	: A shareholder of the Issuer.
<b>Shareholders' Meeting</b>	: The annual, special or extraordinary general meeting of shareholders of the Issuer.
<b>Subsidiary</b>	: At a particular time, a subsidiary within the meaning of Article 6, 2° of the Company Code.
<b>Statutory Auditor</b>	: The past, current and future statutory auditor of the Issuer, currently PWC, as appointed by the Shareholders' Meeting of June 2013 and prior to that date, KPMG.
<b>Transparency Law</b>	: The Belgian Law of 2 May 2007 on the disclosure of major shareholdings in issuers whose securities are admitted to trading on a regulated market and containing various provisions, as amended ( <i>Wet van 2 mei 2007 op de openbaarmaking van</i>

*belangrijke deelnemingen in emittenten waarvan aandelen zijn toegelaten tot de verhandeling op een gereguleerde markt en houdende diverse bepalingen' / 'Loi du 2 mai 2007 relative à la publicité des participations importantes dans des émetteurs dont les actions sont admises à la négociation sur un marché réglementé et portant des dispositions diverses').*

### III. RISK FACTORS

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Bonds. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. The risk factors may relate to the Issuer or any of its Subsidiaries).*

*Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with the Bonds are also described below.*

*Before investing in the Bonds, prospective Investors should consider carefully all of the information in this Prospectus, including the following specific risks and uncertainties. If any of the following risks materialises, the Issuer's business, results of operations, financial condition and prospects could be materially adversely affected. In that event, the value of the Bonds could decline and an Investor might lose part or all of the Investor's investment due to an inability of the Issuer to fulfil its obligations under the Bonds. Although the Issuer believes that the risks and uncertainties described below represent all material risks and uncertainties considered relevant, on the date of publication of this Prospectus, for the Issuer's business, the Issuer may face additional risks and uncertainties not presently known to the Issuer or that the Issuer currently deems to be immaterial. The latter may also have a material adverse effect on the Issuer's business, results of operations, financial condition and prospects, and could negatively affect the value of the Bonds and/or the ability of the Issuer to fulfil its obligations under the Bonds. The sequence in which risk factors are listed is not an indication of their likelihood to occur or the extent of their commercial consequences.*

*Prospective Investors should also read the detailed information set out elsewhere in this Prospectus (including any documents incorporated by reference herein) and should reach their own views before making an investment decision with respect to any Bonds. Furthermore, before making an investment decision with respect to any Bonds, prospective Investors should consult their own stockbroker, bank manager, lawyer, auditor or other financial, legal and tax advisers and carefully review the risks associated with an investment in the Bonds and consider such an investment decision in light of the prospective Investor's own circumstances.*

*Terms defined in Section IV: Terms and Conditions of the Bonds shall have the same meaning when used below.*

## 1. Factors that may affect the Issuer's ability to fulfil its obligations under the Bonds

The Group is among others exposed to the following risks related to the Group and its business:

### 1.1. *The Group depends on the availability of sufficient volumes of raw materials, with the required specifications, at competitive prices.*

The Group depends on the availability of sufficient volumes of raw materials, which meet the required specifications, against competitive prices. While the Group sources most of its raw materials from multiple suppliers, some raw materials are sourced from only few suppliers. As such, the Group relies on a number of third party suppliers and other business partners. Costs of raw materials are typically driven by supply and demand. Fluctuating raw material prices and failure to obtain the raw materials on a timely basis, in the required volumes and with the required specifications, may adversely affect Group's business, results of operation or financial condition.

In some cases the Group's production processes are connected through a pipeline system with suppliers and customers or are part of a fence-to-fence operation in which the Group's plant is part of an integrated production platform that is shared with a third-party company (including, for instance in the US, where the Group removes sulphur from tail gases of refineries for the Group's use in liquid fertiliser manufacturing). In such cases, the Group's production processes are highly dependent on the ability of these partners to adequately maintain their own production process. If the Group's key suppliers are unable to provide the raw materials required for production, this may have a negative impact on the Group's business, results of operation or financial condition.

In addition, the Group's actual demand may be less than the committed quantity, entailing the risk that the inventory levels are too high, resulting in obsolete inventory items and a financial loss for the Group. The market price of raw materials in inventory may decline to less than the production cost of the finished products in inventory, resulting in a financial loss for the Group. Some of the Group's sourcing agreements stipulate minimum purchase prices for products. If the market prices fall below the agreed minimum prices, the Group may be required to purchase products at above-market prices. In these circumstances, the Group may not be in a position to pass on the full purchase price paid to its customers, which may adversely affect the Group's profitability. In addition, energy prices are an unpredictable factor which may also affect profitability.

Given the wide variety of products, services and systems that the Group offers, and sometimes the long lead times that are required to manufacture and deliver certain components and products, problems could arise in production planning and managing inventory levels that could seriously harm the Group. Other supplier problems that the Group could face include component shortages, product discontinuations and risks related to terms of its contracts with suppliers.

### 1.2. *If the Group is unable to sell, store, re-utilise or dispose of certain components that it produces, it may be required to limit or reduce its overall production levels.*

The Group's chemical operations are dependent on its ability to sell, store, re-utilise or otherwise dispose of certain components (such as by-products and co-products) which are produced in the course of the production process of various products. The economics of many operations are thus reliant in part on the prices achievable or the disposal costs payable for certain components produced and on the reutilisation levels thereof.

There can be no assurance that the Group will be able to sell, store, re-utilise or dispose of these components in the future. In the event that the Group is unable to sell, store, re-utilise or dispose of



substantially all of these components, it may be required to reduce its overall production levels or invest in new treatment processes. Should the Group be required to reduce its overall production levels, this may have a material adverse effect on its business, results of operation or financial condition.

**1.3. *The Group's results are dependent on weather conditions and are subject to seasonality.***

Several of the Group's activities are dependent on weather conditions, including but not limited to, the supply of fertilisers. These activities, which are developed within the Group's Agro operating segment, are dependent on weather conditions whereby it is crucial to provide these products to the customers during the planting season. Bad weather conditions and limited logistical capacity during the planting season can disrupt this process and may result in a decrease of sales volumes and hence impact the results of operation. Adverse weather conditions can in general also reduce the possibility to apply product and/or reduce the need for product.

The Group has activities which are also subject to seasonality, whereby products are sold within a short timeframe. The Group has to proactively manage its inventory and logistical capacities, which may lead to additional costs or loss of profits. The degree of seasonality at Group level is determined by sales to customers in several end markets, such as construction and agriculture markets. The Group sells into the construction markets in several countries in the northern hemisphere through its operating segment "Industrial Solutions". The construction markets are typically impacted by winter weather conditions in the first and fourth quarter. Agriculture related sales made in the operating segment "Agro" are influenced by the planting seasons, especially the spring planting season. The seasonality causes fluctuations in the Group's financial results and working capital needs.

**1.4. *The Group's current and future investments and/or constructions are subject to the risk of delays, cost overruns and other complications, and may not achieve the expected returns.***

The Group is executing a number of major investment projects that are key to its strategy, including the construction of Thio-Sul® production facility in East-Dubuque, Illinois (US), the construction of a new calcium chloride production plant in Ham (Belgium), the conversion to a membrane electrolysis plant in Loos (France), the construction of a new Thio-Sul® production facility in Rouen (France) and the acquisition of associated logistics and distribution facilities and the intended<sup>1</sup> acquisition of additional crop protection products.

In addition, the Group has investment projects that were only recently realized and are still in commissioning or ramp-up phase, including the KTS® production facility in Hanford (US) and the Thio-Gold®-300 production facility at Barrick's Goldstrike site, Nevada (US).

These recent, current and future projects may be delayed, exceed the budget or the utilised technology may prove to be inadequate or may fail to reach the expected return. These events may therefore have a material adverse effect on the Group's business, results of operation or financial condition.

**1.5. *The Group is exposed to an energy off-take agreement.***

In 2008, the Group signed a 15-year 50 MWh base load electricity purchase agreement for its PVC/Chlor-Alkali activity, which became effective in the second quarter of 2011. The Group sold the majority of its PVC/Chlor-Alkali activities to Ineos Chlorvinyls in the third quarter of 2011. The

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<sup>1</sup> "Intended" means that the Board of Directors has approved the principal agreement or its intent.

electricity purchase agreement was not part of the sale transaction and therefore, as of the sale, the Group is still under a purchase obligation. As the Group no longer needs the electricity for its own use, it needs to sell the electricity on the market until the end of the contract. The value of the contract is depending on the current and future difference between market electricity prices and the generation cost based on market gas prices, and on the effect of the hourly pricing optimisation as foreseen in the contract. The accounting valuation of the contract in the Group's financial statements uses forward prices which are only available for a three year period and for a base load product. This period may not be sufficient and the uncertainty beyond that period is high on different important parameters (including also the regulatory environment). Actual sales prices, which are spot prices, may differ from the forward prices and in general, the actual value of the contract over its lifetime may differ from the valuation in the balance sheet. Based on today's electricity prices and the current price of electricity futures, the contract has a negative value in the financial statements as per 31 December 2014, amounting to EUR -15.2 million (compared to a net fair value of EUR -13.2 million as per December 31, 2013. The 2014 valuation difference of EUR -2.0 million was recognized as a non-recurring expense). Deviations from the estimated value of the contract may affect the Group's business, results of operation or financial condition.

**1.6. *The Group's results are highly sensitive to commodity prices.***

Market factors largely beyond the Group's control, such as the actual or perceived changes in level of supply and demand, the availability and cost of substitute materials and inventory levels maintained by producers, all influence product prices.

In certain of the Group's segments, the prices of the Group's products are correlated to the prices of major commodity products, such as KCl, soy, palm oil and polymers. As such, the Group may not be able to implement or preserve its pricing policy. This may have a negative impact on the Group's business, results of operation or financial condition.

**1.7. *The Group is exposed to pension plan obligations.***

The Group has certain defined benefit pension plans, through which the Group is exposed to changes in among others inflation, interest rates and life expectancy.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement.

For defined benefit plans, the pension accounting costs are assessed separately for each plan using the projected unit credit method. Under this method, the cost of providing pensions is charged to the income statement in order to spread the regular cost over the service lives of employees in accordance with the advice of qualified independent actuaries who carry out annually a full valuation of the plans.

The pension obligation recognized in the balance sheet is determined as the present value of the defined benefit obligation, using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and which have terms to maturity approximating the terms of the related liability, less the fair value of the plan assets. In countries where there is no deep market in such bonds, the market rates on government bonds are used for discounting.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss. Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, and the

effect of the asset ceiling (if any), are charged or credited to equity in other comprehensive income in the period in which they arise.

Where the calculation results in a potential asset for the group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Past service costs and gain or loss on curtailment are recognized immediately in the income statement.

Assumptions related to future costs, interest rates and other actuarial assumptions have a significant impact on the Group's funding requirements related to these plans. These estimates and assumptions may change based on changes in interest rates, inflation, any changes in governmental regulations and general economic conditions. Therefore, the Group's funding requirements may change and additional contributions could be required in the future. This could in particular be the case if the statutory minimum guarantees are not adapted. With regard to the defined benefit plans of the Belgian employers of the group in particular, Belgian legislation currently provides that the statutory minimum guarantees have to be calculated based on a discount rate of 6% and on the regulatory MR/FR mortality tables. If this legally provided discount rate of 6% would be reduced by the legislator, this would result in a higher amount of the statutory minimum guarantee that should be provided in relation to the defined benefit plans.

As per 31 December 2014, the Group's net pension obligations in respect of the defined benefit pension plans amount to EUR 44.4 million. In addition, the Group, on a regular basis, performs asset-liability studies for the trustee administered pension funds to ensure an accurate match between plan assets and liabilities. The plans hold significant investments in investment funds and are thus exposed to equity, bond and property market risks.

The Group has made provisions in respect of various pension plans, which may prove to be insufficient. If the Group is required to make increased contributions to its pension plans either because of underfunding or because of more stringent regulations and increased regulatory involvement or if the Group needs to increase its provisions, this may adversely affect the Group's business, results of operation or financial condition.

The Group has also certain defined contribution pension plans.

A defined contribution plan is a pension plan under which the group pays fixed contributions into a fund. There is no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Contributions to defined contribution pension plans are recognized as an expense in the income statement as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

With regard to the defined contribution pension plans of the Belgian employers of the group in particular, Belgian legislation currently provides that there is a guaranteed rate of return of 3.25% per annum on the employer's contributions and 3.75% per annum to the employees contributions to a defined contribution scheme when calculating the lump sum accumulated at retirement. In case of a shortfall as to the legally guaranteed rate of return – which is a risk to be taken into account as from 2012-2013 onwards as the interest rates provided by the insurance company dropped below the above-mentioned percentages of 3.25%/3.75% per annum (to ca. 1.75% and lower) – in principle the employer is responsible for this shortfall. This led to a discussion in Belgium as to whether or not defined contribution plans should be accounted for as defined benefit plans based on the IFRS-

Accounting Standards (i.e. whether or not the company should recognize a liability on the balance sheet for the defined contribution plans). The group does follow the prescribed methodology by the IFRS-Accounting Standards for defined benefit plans for the defined contribution plans with guaranteed return.

Lastly, the Group has allocated certain individual pension promises to its self-employed directors.

#### **1.8. *The Group's business is exposed to exchange rate fluctuation.***

The Group is exposed to fluctuations in exchange rates which may lead to profit or loss in currency transactions. The Group's assets, earnings and cash flows are influenced by movements in foreign exchange rates. More in particular, the Group incurs foreign currency risks on, amongst others, sales, purchases, investments and borrowings that are denominated in a currency other than the Group's functional currency. The currencies giving rise to this risk are primarily USD (US dollar), GBP (British pound), PLN (Polish zloty), CNY (Chinese yuan), ARS (Argentine peso) and BRL (Brazilian real). Movements in foreign currency therefore may adversely affect the Group's business, results of operation or financial condition.

Subsidiaries are required to submit information on their net foreign exchange positions when invoiced (customers, suppliers) to the Issuer. All the positions are from time to time netted at the level of the Issuer and the net positions (long/short), are then sold or bought on the market. In that way, there is no exchange risk either in the financing companies or in the companies finally using the funds. The cost of these foreign exchange operations is included in the finance costs.

The main management tools are the spot purchases and sales of currencies followed by foreign exchange forwards. Group borrowings are generally carried out by the Group's holding and finance companies, which make the proceeds of these borrowings available to the operating entities.

In principle, operating entities are financed in their own local currency, this local currency being obtained, where appropriate, by buying the currency against the currency held by the Issuer. As from March 2015, the Group no longer uses currency swaps to hedge intragroup loans. The Company can change its foreign exchange policy at any time in the future.

In emerging countries, it is not always possible to borrow in local currency because local financial markets are too narrow, funds are not available or because the financial conditions are too onerous. Those amounts are relatively small for the Group.

The USD net exposure is mainly due to an unhedged intercompany loan which amounted to USD 200.0 million per 31 December 2014, and to USD 500.0 million per 31 March 2015.

For example in relation to the results of 31 December 2014, if the euro had strengthened or weakened by 10% against USD, with all other variables being held constant, the impact on post-tax profit would have been EUR -18.9 million or EUR +23.1 million. Due to the fact that the Group no longer applies hedging for intragroup loans as of March 2015, the post-tax profit has a higher USD net exposure.

#### **1.9. *The Group's results may be negatively affected by fluctuating interest rates.***

Changes in interest rates may cause variations in interest income and expenses resulting from interest-bearing assets and liabilities. In addition, they may affect the market value of certain financial assets, liabilities and instruments.

As per 31 December 2014, respectively 31 March 2015, the Group's Net Debt amounted to EUR 57.1 million, respectively EUR 111.9 million. The main part consists of the bond of EUR 150.0 million, which matures in October 2015, with a fixed interest rate at 5.25%.

Taking into account the yearly average financial debt with a variable interest rate, an increase (decrease) of 100 basis points in interest rates would have a negative (positive) impact on profit and loss of EUR 1.0 million (2013: EUR 1.2 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. As such, movements in interest rates could have material adverse effects on the Group's cash flows or financial condition.

**1.10. *The Group is subject to various covenants in its financing agreements, which may restrict its operational and financial flexibility.***

Some of the Group's financing agreements, entered into with banks, other financial institutions or other creditors, contain restrictions, undertakings, warranties, limitations as to further financing, covenants and definitions of events of default, which may reduce the Group's financial and operational flexibility and may adversely affect the Group's business, results of operation or financial condition.

The Group has issued a corporate bond for EUR 150.0 million. The terms and conditions of the prospectus regarding this programme contain a negative pledge covenant and restricted actions linked to financial ratio tests (e.g., gearing, leverage ratio and interest cover ratio). Such clauses impose operational and financing restrictions on the Group and in some respect limit or prohibit, among other things, the Group's ability to incur additional indebtedness or grant security. The Group's EUR 300.0 million back-up syndicated credit facility contains financial covenants (e.g., leverage ratio and interest cover ratio) as well as general undertakings (e.g., a negative pledge clause). All of these agreements include, to a greater or lesser degree operational and financing restrictions on the Group and in some respects limit or prohibit, amongst others, the Group's ability to incur additional indebtedness or grant security.

At the date of the Prospectus, the Group is not in breach of any of the above covenants, nor does the Public Offer constitute a breach of the above covenants.

**1.11. *The Group may not be able to obtain the necessary funding for its future capital or refinancing needs.***

The Group's bond, with a nominal value of EUR 150.0 million, will mature in October 2015 and its EUR 300.0 million back-up syndicated credit facility will mature in April 2016. Next to this back-up syndicated credit facility but within the limits set out in the back-up syndicated credit facility, a commercial paper programme of maximum EUR 100.0 million and some short term credit lines are used. Per 31 December 2014, the outstanding commercial paper amounted to EUR 41.2 million and the outstanding short term credit facilities to EUR 5.0 million. Per 31 March 2015, the outstanding commercial paper amounted to EUR 63.0 million and the outstanding short term facilities to EUR 6.0 million. In addition, the Group has entered into factoring programmes. If (i) on a covenant testing date, the Group breaches any of the financial covenants under its back-up syndicated credit facility, (ii) the Group breaches the negative pledge covenant under its corporate bond or if (iii) the Group is in default under any general undertaking or under any other indebtedness of its credit and debt agreements, the Group's lenders or the trustee respectively, may terminate or suspend the credit facility, accelerate the maturity of indebtedness or require immediate repayment of the respective outstanding amounts, if any.

The Group may be unable to obtain (re)financing or extension, when needed, or may be unable to obtain attractive conditions. Failure to obtain the necessary financing or failure to obtain financing at attractive terms may adversely affect the Group's business, results of operation or financial condition.

**1.12. *The Group entered into contracts subject to change of control clauses.***

Certain contracts, such as commercial and financial contracts, entered into by the Group contain change of control clauses.

This is for example the case in the terms and conditions of the prospectus regarding the Group's EUR 150.0 million bond programme. The change of control clause stipulates that if an offer is made by any party to acquire all or a majority of the issued ordinary Share Capital of the Issuer and, as a result of such offer, the offeror has acquired or is entitled to acquire voting rights of the Issuer, so that it either has the direct or indirect ownership of more than 50% of the outstanding voting rights in the Issuer, the bonds may be redeemed at the option of the holders of the bonds at a price above the par value as defined in the bond prospectus.

Another example is the Group's EUR 300.0 million back-up syndicated credit facility. The change of control clause stipulates that if any party gains control (*i.e.* the direct or indirect ownership of more than 50% of the outstanding voting rights) of the Issuer, the Group's lenders may accelerate the maturity of indebtedness and require immediate repayment of the outstanding amount under the credit facility.

If the Group is unable to obtain a waiver or refinancing, when a change of control clause is triggered, or is not able to replace certain financing agreements that are terminated as a result of the change of control, this may adversely affect the Group's business, results of operation or financial condition.

**1.13. *The Group is exposed to credit risk in relation to its contractual and trading counterparties, as well as to hedging and derivative counterparty risk.***

The Group is subject to the risk that the counterparties with whom it conducts its business (in particular its customers) and who have to make payments to the Group, are unable to make such payment in a timely manner or at all. Part of the receivables is covered under a Group credit insurance programme. The Group cannot guarantee that the current level of credit insurance coverage can be sustained in the future.

The Group has no significant concentration of credit risk. However, there can be no assurance that the Group will be able to limit its potential loss of proceeds from counterparties who are unable to pay in a timely manner or at all. The liquidities available at the end of the year are deposited at very short term at highly rated international banks.

The group estimates that the unimpaired amounts that are past due are still collectible, based on historic payment behavior and extensive analysis of customer credit risk.

The maximum exposure to credit risk amounts to EUR 348.7 million as per 31 December 2014. This amount consists of current and non-current trade and other receivables (EUR 189.4 million), current and non-current derivative financial instruments (EUR 2.3 million) and cash and cash equivalents (EUR 157.0 million).

**1.14. *The Group might have insufficient resources to fulfil its financial obligations or working capital needs at any time***

Liquidity risk is defined as the risk that a company may have insufficient resources to fulfil its financial obligations or working capital needs at any time. Failure to meet financial obligations or working capital needs can result in significantly higher costs, and it can negatively affect reputation.

In order to limit this risk, the Group took a series of actions in order to have a maximum of financial flexibility:

- set up of a factoring program at the end of 2009;
- the launch of a private placement of bonds with a 5 years maturity in October 2010 (EUR 150.0 million);
- amendment in April 2011 of the syndicated credit facility (signed in 2010) in order to increase the facility maturity from 3 to 5 years, with more flexibility for the businesses (current total amount of EUR 300.0 million);
- capital increase of EUR 174.8 million on December 19, 2014.

In addition, the Group uses a commercial paper program of maximum EUR 100.0 million.

The Group regularly projects short and long-term forecasts in order to adapt financial means to forecasted needs.

As a result of the several types of funding, the Group is able to limit its liquidity risk and to finance its working capital needs. Per 31 December 2014, inventory amounted to EUR 248.2m, the trade and other receivables amounted to EUR 189.4m and trade and other payables amounted to EUR 234.2m.

**1.15. *If the Issuer does not generate positive cash flows it will be unable to fulfil its debt obligations***

The ability of the Issuer to pay principal and interest on the Bonds and on its other debt depends primarily on the Group's future operating performance. Changing conditions in the credit markets and the level of the outstanding debt of the Issuer can make the access to financing more expensive than anticipated and could increase the Issuer's financial vulnerability.

Consequently, the Issuer cannot assure Investors that it will have sufficient cash flows to pay the principal, premium, if any, and interest on its debt. If the cash flows and capital resources are insufficient to allow the Issuer to make scheduled payments on its debt the Issuer may have to reduce or delay capital expenditures, sell assets, seek additional capital or restructure or refinance its debt. There can be no assurance that the terms of its debt will allow these alternative measures or that such measures would satisfy its scheduled debt service obligations. If the Issuer cannot make scheduled payments on its debt, it will be in default and, as a result:

- its debt holders could declare all outstanding principal and interest to be due and payable; and
- its lenders could terminate their commitments and commence foreclosure proceedings against its assets.

**1.16. *Additional debt financing could have an adverse impact on the financial results of the Issuer***

Additional debt financing entails an increase of the financial costs that have to be borne by the Issuer.

The Bonds Issue will as such not have an adverse impact on the financial costs of the Issuer compared to the financial costs during the previous financial years. The financial costs of the Group's currently outstanding EUR 150 million bond issue which matures in October 2015, with a fixed interest rate at 5.25%, amounts to EUR 7.9 million on a yearly basis. The interest cost of the new Bonds will amount to EUR 7.5 million (based on a 3% interest rate and supposing that the full amount of EUR 250 million is subscribed to).

The Issuer can at any time increase the level of its debt financing and consequently increase its financial costs.

**1.17. *The Group may be exposed to product liability and warranty claims, including but not limited to liability relating to food safety.***

The Group's products are subject to increasingly stringent industry, regulatory and customer requirements. The activities of the Group may expose it to product liability and warranty claims.

The products manufactured by the Group are used in various downstream applications, including but not limited to, in the food, cosmetics, nutraceutical and pharmaceutical industry and may contain undetected errors or defects, which may lead, for example, to product recalls, increased customer service and support, payment of monetary damages to customers, lawsuits and loss of customers.

In addition, the Group cannot exclude that customers incorrectly apply the Group's products and consequently suffer damages. For instance, any misuse of the Group's fertiliser or crop protection products may lead to impairment or loss of crop or other consequential damages. Also, the Group's brand image and reputation could suffer, which in turn may have a material impact on its business, results of operation or financial condition.

In relation to downstream food applications, the products manufactured by the Group may fall within the scope of legislation in respect of food safety or other product liability. There is a potential risk of food contamination in some steps of the production cycle and contaminations or other issues in respect of the quality of food may give rise to damages which may result in financial claims. Issues with regard to food safety in consumer end food markets, which may impact the consumers' buying behaviour and confidence in the quality and safety of food and/or reputation of the customers of the Group active in these consumer end food markets, may (indirectly) negatively impact the Group's reputation, business, results of operation or financial condition.

The Group may also be exposed to potential product liability and professional indemnity risks which are inherent in the research, development, manufacturing, marketing and use of cosmetics and medical applications. It is impossible to predict the potential adverse effects the Group's products may have on humans. The Group faces the risk that the use of its products in food, cosmetics, nutraceuticals or pharmaceuticals may result in adverse effects, or that long-term adverse effects may only be identified in later stages. In addition, there can be no assurance that users apply the products of the Issuer or end-products in a safe manner or that they will comply with any warnings that identify any known potential adverse effects or that persons who should not receive end-products, in which the Group's products are used, effectively refrain from using them. If the market perceives end-products, in which the Group's products are used, to be unsafe or ineffective due to unforeseen side effects, this may limit



or prevent the further development or commercialisation of the end-products and future products in which the Group's products are used and may have a negative impact on the Group's reputation, business, results of operation or financial condition.

To mitigate product liability and warranty risks, the Group has implemented several product quality policies and controls and has concluded a general liability insurance policy on Group level. Although the Group has never suffered significant losses with respect to product liability and warranties, there can be no assurance that this will not occur in the future nor is there any guarantee that the present insurance coverage will be sufficient to meet potential product liability and warranty claims or that the Group will be able to obtain or maintain insurance on acceptable terms or at appropriate levels in the future. Moreover, even if a claim has been judged unfounded by a court or is prematurely withdrawn, any procedure conducted may have a negative impact on the Group's reputation, business, results of operation or financial condition.

**1.18. *The Group must comply with environmental and health and safety laws and regulations and may be subject to changing or more restricting legislation and may incur significant compliance costs.***

The Group is subject to stringent environmental and health and safety laws and regulations imposed by national, regional and/or local authorities, in the various countries in which it operates and/or delivers products. For example, the Group's site in Loos (France) is categorised as Seveso plant under the Seveso II Directive (as amended by the Seveso III Directive), as (to be) implemented in each Member State of the European Union. In general, these laws and regulations address, amongst others, air emissions, discharges to surface water, soil and groundwater contamination, solid and hazardous waste treatment, storage and disposal, noise control, slope stability, integrity of containment structures, occupational health and safety and surveys and remediation.

There is a risk that the past, present or future operations of the Group did not, do not or will not meet environmental, health or safety requirements. Some of the Group's production sites have been operating for relatively long periods of time, including during periods when (then applicable) environmental, health and safety laws and regulations were not as stringent as they are today. Therefore, the Group may incur relatively high compliance costs. Soil or groundwater contamination presently exists in the Group's production sites and, in some instances, in areas surrounding its sites. The Group has made provisions (mainly for Ham (Belgium), Vilvoorde (Belgium), Tessenderlo (Belgium) and Loos (France)) in relation to these known contaminations in the aggregate amount of EUR 115.8 million as per 31 December 2014. In the future, new contamination may be discovered at levels that require remediation or other actions. Closure of any of the Group's facilities may impose remediation liabilities or other measures on the Group. In addition, the Group has been confronted with some asbestos liability claims in the past and some of these are still ongoing. The Group cannot exclude that new asbestos liability claims may be initiated.

The Group is involved in activities which entail the handling, storage and transportation by the Group or its subcontractors of numerous dangerous substances, including but not limited to hazardous, corrosive, toxic and oxidising products. The transportation of these substances is crucial to the business of the Group, but may inflict significant material and immaterial damages, as well cause bodily injuries in case of accidents by the Group or its subcontractors.

In some of the Group's facilities, employees are subject to increased health and safety risks compared to other facilities due to the nature of the activity. The Group mitigates to a certain extent this risk by implementing strict operational safety rules and by entering into insurance contracts, but these may not be sufficient to cover all risk.

Violations of such laws and regulations may result in civil and/or criminal penalties and/or fines, the curtailment or cessation of operations, orders to pay compensation to government, orders to remedy the effects of violations and/or orders to take preventive measures, which have not been previously planned, to avoid future violations. In some jurisdictions, third parties and members of the public may also initiate damage claims, on the basis of tort or contract as the case may be, in case they have suffered damages from the violations. The Group will generally be solely liable for its environmental liabilities and obligations *vis-à-vis* third parties. The Group has established insurance and/or provisions to cover certain risks, however, no guarantee can be given that these will be sufficient and/or complete, as these are only estimates and may thus not fully reflect the complete risk or potential liabilities.

Moreover, if these laws and regulations, such as on the transportation of hazardous substances, change and/or become more stringent, the Group may have to change its current policies or may incur increased costs, which may further adversely affect the business, results of operation or financial condition of the Group. All segments of the Group are subject to the risk of changes in legislation or the application thereof. The Group regularly discusses and follows up with the industry, any new legislation or potential changes in legislation, but is not aware of any concrete proposals.

Changes to, or more stringent, legal requirements may eventually result in a decision by the Group to close certain of its installations or facilities. The closure of an installation or a facility may trigger environmental closure costs, rehabilitation expenses, restoration costs and/or other costs for which no provisions may have been made. These costs may adversely affect the Group's business, results of operation or financial condition.

In addition, competitors, distributors, suppliers and customers may not be able to comply with applicable environmental and health and safety laws and regulations and the changes thereto. This may adversely impact the reputation of the Group and its products and hence the Group's business.

**1.19. *The Group may fail to obtain, maintain or renew compulsory licenses and permits, or fail to comply with their terms.***

In many of the jurisdictions where the Group operates its production facilities and other installations and/or sells its products, it is required to have licenses or permits covering several of its activities, including renewals for existing facilities and requests for capacity extension. Regulatory authorities may exercise considerable discretion in the timing and/or granting of the licenses or permits, their renewal and the monitoring of the Group's compliance with its terms.

In the third quarter of 2014, the Group was informed by the local Chinese authorities of their intention to expropriate the gelatin plant in Wenzhou (China) in order to build a new public infrastructure. The Group has entered into negotiations with the government for obtaining compensation for such expropriation. The negotiations are currently still ongoing.

The Group is held to comply with numerous industrial standards, recruit qualified personnel, maintain necessary equipment and quality control systems, monitor its operations, make appropriate filings and, upon request, submit appropriate information to regulatory authorities. Such compliance may be costly and time-consuming and may result in delays in the commencement or continuation of production operations.

The applicable requirements may be amended and new or more stringent requirements may be imposed, which may require the Group to modify its working practices and may restrict the Group's ability to conduct its business as it sees fit. Moreover, the Group's compliance with the terms of its

licenses or permits may be challenged by regulatory authorities, competitors, or in some cases, members of the public. The Group's licenses or permits may be delayed, invalidated, revoked or suspended, may not be issued or renewed, or if issued or renewed, may not be issued or renewed in a timely fashion or with terms acceptable to the Group. The occurrence of any of these events may adversely affect the Group's operations and businesses, including its ability to grow, expand or react to changing customer demands or may require extra costs and/or additional investments, which may adversely affect the Group's business, results of operation or financial condition.

In addition, competitors, distributors, suppliers and customers may not be able to maintain, obtain, renew or comply with their licences or permits. This may adversely impact the reputation of the Group and its products and hence the Group's business.

**1.20. *Changes in legislation may have an adverse impact on the Group's business.***

In general, changes in laws and regulations can significantly affect the Group's ability to efficiently conduct business. The Group has no impact on decisions of supra-national, national and/or local governments which may negatively impact its business.

In addition, competitors, distributors, suppliers and customers may not be able to comply with any changes in legislation. This may adversely impact the reputation of the Group and its products and hence the Group's business.

**1.21. *The Group may be subject to misconduct by its employees, contractors and/or joint venture partners.***

The Group may be subject to misconduct by its employees, contractors and/or joint venture partners, such as theft, bribery, sabotage, insider trading, violation of laws and regulations, slander or other illegal actions and may be exposed to the risk of stoppages by third parties. Any misconduct may lead to fines or other penalties, slow-downs in production, harm to reputation, increased costs, loss of revenues, increased liabilities to third parties or impairment of assets, any of which may have a material adverse effect on the Group's business, results of operation or financial condition.

**1.22. *The Group's business may suffer from trading sanctions and embargoes.***

In the past few years the US, the EU and the UN have increased their imposition of various sanctions and embargoes on trading with countries such as Iran, Syria, Sudan and others. In 2014, similar sanctions were taken by the US and EU against the Russian Federation and subsequently by the Russian Federation against the US and the EU. As the activities and operations of the Group are worldwide, such sanctions and embargoes may have a negative impact on the Group's business, results of operation or financial condition.

In addition, competitors, distributors, suppliers and customers may not be able to comply with or suffer from trading sanctions and embargoes. This may adversely impact the reputation of the Group and its products and hence the Group's business.

**1.23. *The Group operates in competitive markets and failure to innovate may have an adverse impact on its business.***

The Group competes worldwide with numerous competitors in the markets in which it operates. The Group's ability to compete effectively with other companies depends, amongst other things, on the

exploitation of its technologies. However, there can be no assurance that competitors have not developed or will not develop substantially equivalent or better technologies or otherwise gain access to the Group's technologies.

As an international specialty group, the Group continuously invests in existing and new technologies so as to provide solutions for global needs in food, agriculture, water management and efficient use and re-use of natural resources. The technologies used and developed by the Group are used over a long lifespan. The value of these investments cannot always be properly assessed and there is no assurance that the technologies used and developed by the Group will continuously prove to be efficient or that no errors, which will impact that efficiency, are made in the process. The Group also invests in innovative sustainable solutions allowing for reduction in energy and materials consumption along the value chain. The Group cannot exclude major disruptions of production, which may significantly impact its results. Although the Group takes all possible measures to ensure the continuous operation of its processes, a major disruption of production can never be excluded and could have a significant impact on the Group's results and its ability to compete in the market.

Certain of the Group's products (or the end-use of certain products) may be subject to substitution by other products. Substitution can be technology-induced when technological improvements render alternative products more attractive for first-use or end-use than the Group's products or allow for reduced application of the Group's products. More significantly, price-induced substitution could also occur when a sustained increase in a product's price leads to partial substitution of that product by a less expensive product or reduced application of that product. Substitution may also occur when end-products that use the Group's products are substituted for different end-products. Any such substitution would negatively affect the Group's financial performance and results of operation.

The Group is dependent on independent intermediaries for the distribution of its products. There can be no assurance that intermediaries, who act both for the Group and its competitors, will not give the Group's competitors' products higher priority, thereby reducing their efforts to sell the Group's products. In addition, contractual restrictions and the regulatory environment of many markets may make it difficult to replace intermediaries in a number of markets. The inability of the Group to replace unproductive or inefficient intermediaries may adversely impact its business, results of operation or financial condition.

**1.24. *The Group may be at risk of breakdowns, inefficiencies or technical failures, which may cause interruption of operations***

The Group operates complex and multiple technical processes, which may be subject to breakdowns, inefficiencies and technical failures. Adequate spare parts and maintenance services may not be available in a timely manner to secure the continuation of the operations. These events may therefore have a material adverse effect on the Group's business, results of operation or financial condition.

**1.25. *The Group's improvement programs are subject to the risk of delays, cost overruns and other complications, and may not achieve the expected returns.***

The Group currently has several operational and commercial improvement programs that are being rolled out.

These projects may be delayed, exceed the budget or may fail to reach the expected return. These events may therefore have a material adverse effect on the Group's business, results of operation or financial condition.

To the extent the Issuer is not able to achieve said operational and commercial improvement programmes, the Issuer may not be able to sustain its competitive position.

**1.26. *The Group may be subject to events of Force Majeure***

Events of an exceptional nature (such as a fire) or events on a larger scale (such as flooding, earthquake, extreme weather conditions, external power blackouts, terrorist attacks or disease epidemics) may affect the Group itself, its component suppliers and/or customers. These kinds of events can destabilise part or all of the world's economy. Especially in the case of a manufacturing site, those events may seriously affect the Group's competitive position, as they may disrupt deliveries to customers or postpone new product releases.

**1.27. *Major accidents may result in substantial claims, fines or significant damage to the Group's reputation and financial position.***

Major accidents at the Group's sites, whether due to human error, system failures, power outages, deliberate sabotage, extreme weather or other natural disasters or other causes, may result in severe physical injuries, loss of life or extensive damage to the environment or to nearby communities. Such events may result in major claims, fines, penalties or significant damage to the Group's reputation and may have a material adverse effect on the Group's business, results of operation or financial condition.

**1.28. *The Group may be exposed to labour actions and employee claims or litigation.***

Various segments of the Group entered into collective labour bargaining agreements in respect to their employees. The collective labour bargaining agreements establish and set the terms and conditions of employment of the employees covered by the collective labour bargaining agreements. Although the Group, in general, has good relationships with its employees and unions, the transformation of the Group resulting in the closure and restructuring of certain of its sites have led to business interruptions and other forms of labour disruptions, on the one hand, and to the installation of a number of benefits and early-leave programmes, on the other hand. The collective labour bargaining agreement in respect to the social restructuring of the Ham site (Belgium), has been approved by the competent Flemish authority but is also still subject to the approval by the competent Federal authority. There can be no guarantee that the Group's operations will not be affected by labour disruptions in the future or by employee claims or litigation. Litigations and/or strikes and social unrests at any operations of the Group, its suppliers or its customers could materially adversely affect the Group's business, results of operation or financial condition.

The Group's collective labour bargaining agreements are negotiated with unions and other employee representative organisations from time to time. The Group's collective labour bargaining agreements have differing terms and expiry dates. Prior to the expiry of a collective labour bargaining agreement, negotiation of conditions for renewal occurs between the relevant employing entities within the Group and the relevant unions or other employee representative organisations. There can be no assurance that collective labour bargaining agreements will be renewed when due without business interruptions or other forms of industrial action, or without additional or unforeseen costs being incurred by the Group.

**1.29. *The Group's insurance coverage may not be sufficient.***

The cost of some of the Group's insurance policies may increase in the future. In addition, some types of losses, such as losses resulting from wars, acts of terrorism or some natural disasters, generally are not or only partially insured because they are either uninsurable or it is not economically practical to

obtain insurance. Moreover, insurers recently have become more reluctant to insure against these types of events. Should an uninsured loss or a loss in excess of insured limits occur, this may adversely impact the Group's business, results of operation or financial condition.

1.30. ***The business of the Group may further diversify and change substantially through existing and future acquisitions, joint ventures and business reorganisations and the Group may not be able to successfully carry out these acquisitions, joint ventures or business reorganisations***

The Group has a diversified portfolio of businesses. In addition to organic growth, selected acquisitions, joint venture and other business combinations are part of the Group's growth strategy and may further diversify the Group's business activities, and existing business activities may be replaced by activities in entirely different business segments. While such diversity spreads the risk inherent in specific activities, there is a risk that it may reduce focus as it requires a broad set of competences and processes, thereby making the organisation less agile in reacting to changing market conditions and in identifying and managing specific risks.

In this respect, the terms and conditions of the Bonds provide for full flexibility with respect to future corporate reorganisations, business combinations and change of business activities, which may result in changes to the Group's activities, assets and risk profile during the terms of the Bonds.

The Group's failure to timely and effectively integrate and develop those existing and future acquisitions, joint ventures and other business combinations may adversely affect its results. Despite the fact that the Group has well-defined parameters for potential adequate acquisitions (including but not limited to strategic and cultural fit and pricing) and carries out due-diligence processes, acquisitions and business combinations do entail risks. If cultures do not match, expected synergies do not fully realise, commitments are imposed or restructurings or integrations are more costly than initially anticipated, this may result in lower than expected results of operation and impaired goodwill. Reorganisations and business combinations may also result in additional indebtedness being incurred, guaranteed and/or secured by the Issuer and/or its Subsidiaries (see also risk factor 2.3).

1.31. ***The Group has incurred important losses in recent years as a result of the transformation of the Group, which was completed in 2014. In addition the Group may, in respect of the divestment programme part of the general transformation, be exposed to residual liabilities and be subject to a range of non-compete provisions.***

The Group has incurred significant operating losses in recent years. Under IFRS, net loss amounted to EUR -95.5 million, EUR -198.7 million and EUR -64.0 million for the period ending 31 December 2011, 2012 and 2013, respectively. These losses resulted in essence from non-recurring expense items (such as, losses on disposals and restructuring) associated with the transformation process, which started in 2010 and which included the divestment of multiple businesses as well as the closure of certain of its sites and simplification of the business unit structure. There can be no assurances that the Group will be able to establish recurring profits in the short term.

The transformation process included the following divestments:

- the sale of its UK based esters and aromas activities (Tessendero Fine Chemicals LTD) on January, 31<sup>st</sup> 2011;
- the sale of its US profile activities (Chelsea Building Products Inc.) in July 2011;

- the sale of its PVC/ Chlor-Alkali activities, including part of its organic chlorine derivatives, in August 2011;
- the sale of its subsidiary Dynaplast-Extruco Inc., which produces and markets PVC profiles in Canada, in September 2011;
- the sale of its Chinese organic chlorine derivatives activities in August 2012;
- the sale of its pharmaceutical ingredients activities in France and Italy in December 2012;
- the sale of its European profile activities, known under the brand Profialis on January 31<sup>st</sup> 2013;
- the sale of its organic chlorine derivatives business (Tessengerlo Partecipazioni S.p.A) in May 2013;
- the sale of its compounds activities in June 2013;
- the sale of its UK profile activity Eurocell in September 2013; and
- the sale of its feed phosphates Aliphos business in February 2014.

There are inherent risks and uncertainties linked to the above listed transactions, taking into account various indemnification covenants in which the Group has agreed to customary coverage of a range of historical risks relating to the divested business, including corporate, tax and environmental matters, zoning and adequate permitting matters (*e.g.*, zoning, building), health and safety matters and certain litigations. Various provisions have been made by the Group as a result of these divestments and closures (*e.g.*, the social restructuring plans and dismissals). While the Group regularly assesses any potential need for provisions for items which could lead to indemnification payable to the acquirer, new events might require to recognise additional provisions or to pay such indemnifications. The Issuer is, to the best of its knowledge, currently not aware of any material pending or threatening litigation in relation to indemnification covenants, which have not sufficiently been provided for in the accounts in accordance with IFRS or which, in accordance with IFRS, need to be disclosed. In addition, in most of the divestment agreements, the Group has agreed to customary non-compete undertakings in respect of the divested businesses.

### 1.32. *The Group is exposed to litigation risks.*

Taking into account the nature of its business, the Group is, in the ordinary course of its business, subject to litigation, other legal claims and proceedings and regulatory enforcement actions. The results of legal proceedings cannot be predicted with certainty and additional claims, based on the same facts, may arise. The Group cannot guarantee that the results of current or future legal proceedings will not materially harm its business, reputation or brands, nor can it guarantee that it will not incur losses in connection with current or future legal proceedings that exceed any provisions it has made with respect to such proceedings or that exceed any applicable insurance coverage. The outcome of legal proceedings in which the Group is involved or potential future litigation is uncertain and this may adversely affect the Group's reputation, business, results of operation or financial condition.

**1.33. *Failure to protect trade secrets, know-how or other proprietary information may adversely affect the Group's business.***

As the Group depends, to a certain extent, on proprietary technologies, it seeks to protect its intellectual property rights. In close cooperation with the Group's research and development departments, the Group's intellectual property department evaluates the potential protection of specific technologies, and determines the appropriate countries in which to apply for such protection.

The Group has developed and acquired and currently maintains a portfolio of registered patents and trademarks in a number of jurisdictions. In addition to these registrations, the Group maintains its trade secrets and proprietary information through confidentiality agreements with its contractors, developers and customers.

Despite these precautions, the Group cannot exclude certain of its intellectual property and know how being expropriated and copied in the required jurisdictions. No assurance can be given that the Group will develop technologies which can be protected by intellectual property rights or that its current or future intellectual property rights will be sufficiently broad in their scope or protected in the required jurisdictions to provide commercially meaningful protection against competition from third parties.

The commercial success of the Group also depends upon its non-infringement of existing or future patents granted to, and other existing or future intellectual property rights of, third parties. To avoid infringing third-party intellectual property rights, the Group may need to use alternative technologies or obtain licenses of other parties' intellectual property rights. There can be no assurance that the Group will be able to obtain or maintain the right to use such technologies or, where licenses are required, that the Group will be able to obtain or maintain any such license on commercially favourable terms, if at all.

To the extent that the Group's intellectual property rights are infringed, or the Group is alleged to infringe third-party intellectual property rights, litigation may be necessary to protect the Group's intellectual property rights or to defend the Group against infringement actions, which could result in substantial costs to, and diversion of efforts by, the Group. The Group's attempts to obtain patent or other protection for its technologies may also be subject to opposition, which may require substantial costs to overcome. The Group may also consider it necessary to engage in costly opposition or interference proceedings to prevent third parties from obtaining relevant patent or other protection.

**1.34. *A change in underlying economic conditions or adverse business performance may result in impairment charges.***

The Group regularly undertakes impairment tests to the economic value of its assets in order to evaluate the need to adjust their carrying value. A yearly impairment assessment is done by the Group on goodwill and for all assets whenever an indication of impairment would exist. Impairment charges may have a significant negative impact on the Group's business, results of operation or financial condition.



**1.35. *The Group is exposed to tax risks.***

As an international group operating in multiple jurisdictions, the Group is subject to laws and regulations on tax levies and other charges or contributions in many countries throughout the world, which often do not provide clear-cut or definitive guidance. The tax charge included in the financial statements is the Group's best estimate of the due tax. There is a degree of uncertainty regarding the final tax liability for the period until completion of tax audits by the authorities. The Group's policy underlines to submit tax returns within the statutory time limits and engage with the tax authorities to ensure that the Group's tax affairs are as current as possible and that any differences in the interpretation of tax legislation and regulation are resolved as quickly as possible.

Through the implementation of internal procedures and systems, capitalisation and transfer pricing policies and internal controls, and in some cases through the use of external tax consultants and specialists, the Group structures and conducts its business globally in accordance with diverse regulatory requirements and the Group's commercial, financial and tax objectives. The Group can however not guarantee that its interpretation will not be questioned by the relevant tax authorities or that the relevant tax laws and regulations or the interpretation thereof by the relevant tax authorities will not be subject to change, thereby impacting the deductibility of interests, certain costs and others. Any of such differences in interpretation or changes in tax laws and regulation could adversely affect the Group's effective tax rate, results of operation or financial condition.

In addition, the Group may not be able to use, or changes in tax regulations may affect the use of, certain tax assets or credits that it has built over the years (including tax losses). For instance, some of the Group's companies have significant tax loss carry forwards, aggregating to EUR 335.7 million on 31 December 2014. Some of these tax loss carry forwards may have been or may be forfeited in whole or in part in the past or future, as a result of previous and/or future transactions, or their utilisation might be restricted by statutory law in the relevant jurisdiction. Any past or future corporate reorganisation within the Group or relating to the Issuer's shareholding structure may result in partial or complete forfeiture of tax loss carry forwards. The tax burden in past or future periods would increase if profits could not be set off against tax loss carry forwards.

**1.36. *The Group is exposed to risks relating to its worldwide presence.***

The Group conducts its business to a significant extent on an international level. On 31 December 2014, the Group's segments generated revenues in various regions of the world, *i.e.*:

- Europe: 56%;
- North America: 30%;
- Latin America: 4%; and
- Asia/Oceania/Africa: 10%

The Group's operations may be affected by political and economic conditions and regulatory regimes in the countries where entities of the Group operate or will operate. Risks inherent to international operations include, amongst others, the following:

- changes in a specific country's or region's political or economic conditions and changes in diplomatic and trade relationships may occur;

- agreements may be difficult to enforce and receivables difficult to collect through a foreign country's legal system. Furthermore such foreign legal system may provide for less effective protection of intellectual property and general exposure to different legal processes, standards and expectations;
- unexpected adverse changes in foreign laws or regulatory requirements may be adopted, (including those regarding export duties and quotas) which may affect the Group's ability to conduct business;
- foreign countries may impose additional withholding taxes or otherwise tax the Group's foreign income, impose tariffs or adopt other restrictions on foreign trade or investment, including currency exchange controls;
- the continued transfer of dividends and other income from the Group's subsidiaries may be limited by various tax regulations or repatriation constraints;
- the Group may face difficulties in managing sales, research and development operations and post-sales logistics and support across continents;
- the Group may face inefficiencies, inconsistent application of Group-wide management and compliance standards and inadequate or late information to the parent company; and
- trade protection measures and import or export licensing requirements may affect the Group's ability to do business.

Any disruption in its ability to conduct international operations and sales may have a material adverse effect on the Group's business, results of operation or financial condition.

**1.37. *The Group may be affected by macroeconomic trends.***

The Group's activities and results are affected by international, national and regional economic conditions. Economic downturns may negatively affect the Group's customers, suppliers or partners. Certain product ranges of the Group may also be vulnerable to the specific economic conditions of a sector. For example, the construction and building markets in the Netherlands and France have been depressed for a long period and it is uncertain if and when these markets will recover. A deterioration of the macroeconomic conditions may significantly adversely affect the Group's business, results of operation or financial condition.

**1.38. *Information technology failures may disrupt the Group's operations.***

The Group increasingly makes use of information technology systems to process, transmit, and store electronic information and as such, to operate efficiently and interface with customers. A significant portion of the communication between the Group's personnel, customers, and suppliers depends on information technology. The Group is dependent on information systems to manage inventory, accounting, purchasing and sales applications and to maintain cost efficient operations. As with all large systems, the Group's information systems may be vulnerable to a variety of interruptions due to events beyond its control, including, but not limited to, natural disasters, terrorist attacks, telecommunications failures, computer viruses, hackers or other security issues. These or other similar interruptions may disrupt the Group's business, results of operation or financial condition.

1.39. ***The Group may not be able to recruit and retain key personnel.***

The Group may not be able to recruit and retain competent personnel for key roles. The Group's success depends to a significant extent upon its ability to attract and retain qualified management, scientific, technical, marketing and sales personnel and upon the continued contributions of such personnel. The Group's employees may voluntarily terminate their employment at any time. There is no guarantee that the Group will be successful in attracting and/or retaining qualified employees to replace existing employees or to further support its growth strategy. The loss of the services of key personnel or the inability to attract additional qualified personnel may have a material adverse effect on the business and its expertise, results of operation or financial condition.

Potential impacts might include: loss of knowledge of key systems and specialised skills resulting in a skills and competency gap; high staff turnover; customer dissatisfaction; failure to meet business objectives; increased re-hiring costs; loss of customers because of the customer-employee relationships. Although the Group believes that it is well positioned to attract and retain skilled and experienced personnel, there can be no assurance that it will be able to do so. The inability to do so could have a material adverse effect on the Group's business, results of operation or financial condition.

2. **Factors which are material for the purpose of assessing the market risks associated with the Bonds**

2.1. ***The Bonds may not be a suitable investment for all Investors***

Each potential Investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential Investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

(a) has sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Prospectus or any applicable supplement;

(b) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;

(c) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including Bonds where the currency for principal or interest payments is different from the potential Investor's Currency;

(d) understands thoroughly the terms of the Bonds and is familiar with the behaviour of financial markets; and

(e) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

A potential Investor should not invest in the Bonds unless it has the expertise (either alone or with a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of the Bonds and the impact the investment will have on the potential Investor's overall investment portfolio.

## **2.2. *Independent Review and Advice***

Each prospective Investor in the Bonds must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Bonds is fully consistent with its financial needs, objectives and condition, complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it and is a fit, proper and suitable investment for it, notwithstanding the clear and substantial risks inherent in investing in or holding the Bonds.

## **2.3. *The Bonds are unsecured obligations of the Issuer which do not benefit from any guarantee***

The right of the Bondholders to receive payment on the Bonds is not secured or guaranteed. In the event of liquidation, dissolution, reorganisation, bankruptcy or similar procedure affecting the Issuer, the holders of secured indebtedness will be repaid first with the proceeds of the enforcement of such security and holders of indebtedness which benefit from guarantees by Group members may recover their claims through payments by such Group members under the guarantees provided by them, whereas such right will not be available to the Bondholders. The Bondholders will effectively be subordinated to indebtedness which is guaranteed or secured by the Issuer or its Subsidiaries.

While the Conditions provide that the Issuer and its Subsidiaries may not grant any security interest or guarantees in respect of any financial indebtedness in the form of notes, bonds, commercial paper or other securities, unless at the same time or prior thereto either (A) the same security and guarantee, as applicable, is created to the benefit of the holders of the Bonds, in equal rank, or (B) such other security and guarantee, as applicable, as shall be approved by a meeting of the Bondholders, is created to the benefit of the holders of the Bonds, there is no limitation on the amount of indebtedness that can otherwise be guaranteed or secured by the Issuer or its Subsidiaries. The negative pledge clause in the terms and conditions of the Bonds does not prevent the Issuer from granting guarantees or security for any other types of indebtedness (such as bank facilities) of any member of the Group or any third parties or affiliated entities (including as a result of any future business combination or reorganisation – see Risk Factor 1.30).

## **2.4. *The Issuer may incur additional indebtedness***

In the future, the Issuer or any other member of the Group could decide to incur additional indebtedness or further increase their indebtedness. This could have an impact on its ability to meet its obligations under the Bonds or could cause the value of the Bonds to decrease. The Conditions do not limit the amount of unsecured or secured debts that the Issuer can incur.

## **2.5. *The Issuer may not have the ability to repay the Bonds***

The Issuer may not be able to repay the Bonds at their maturity. The Issuer may also be required to repay all or part of the Bonds upon the occurrence of an Event of Default (as defined in Condition 10 (*Events of Default*)). If the Bondholders were to ask the Issuer to repay their Bonds upon the occurrence of an Event of Default, the Issuer cannot be certain that it will be able to pay the required amount in full. The Issuer's ability to repay the Bonds will depend on the Issuer's financial condition (including its cash position resulting from its ability to receive income and dividends from its Subsidiaries) at the time of the requested repayment, and may be limited by law, by the terms of its indebtedness and by the agreements that it may have entered into on or before such date, which may

replace, supplement or amend its existing or future indebtedness. The Issuer's failure to repay the Bonds may result in an event of default under the terms of other outstanding indebtedness such as, at the moment, the Group's EUR 300.0 million syndicated back-up syndicated credit facility and the Group's existing EUR 150.0 million bond issuance.

**2.6. *The Issuer and the Bonds do not have a credit rating, and the Issuer currently does not intend to request a credit rating for itself or for the Bonds. This may render the price setting of the Bonds more difficult.***

The Issuer and the Bonds do not have a credit rating and the Issuer currently does not intend to request a credit rating for itself or the Bonds. There is no guarantee that the price of the Bonds will cover the credit risk related to the Bonds and the Issuer. In addition, there can be no assurance that, should a rating be requested in respect of the Issuer or the Bonds by the Issuer or a third party, an investment grade rating would be assigned. This may impact the trading price of the Bonds.

**2.7. *There is no guarantee to an active trading market for the Bonds; the Bonds may be illiquid***

The only manner for the holder of the Bonds to convert its investment in the Bonds into cash before their maturity date is to sell them at the applicable market price at that moment. The price can be less than the nominal value of the Bonds. The Bonds are new securities which may not be widely traded and for which there is currently no active trading market. The Issuer has filed an application to have the Bonds listed on and admitted to trading on the regulated market of Euronext Brussels. If the Bonds are admitted to trading after their issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. There is no assurance that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for the Bonds. Therefore, Investors may not be able to sell their Bonds easily or at all, or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of Bonds. Furthermore, it cannot be guaranteed that the admission to listing and trading once approved will be maintained.

**2.8. *The Bonds are exposed to market interest rate risk***

The Bonds provide a fixed interest rate until the Maturity Date. Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds. The longer the maturity of bonds, the more exposed bonds are to fluctuations in market interest rates. An increase in the market interest rates can result in the Bonds trading at prices lower than the nominal amount of such Bonds.

**2.9. *The market value of the Bonds may be affected by the creditworthiness of the Issuer and a number of additional factors***

The value of the Bonds may be affected by the creditworthiness of the Issuer and a number of additional factors, such as market interest rates, exchange rates and yield rates and the time remaining to the maturity date and more generally all economic, financial and political events in any country, including factors affecting capital markets generally and the stock exchanges on which the Bonds are traded. The price at which a Bondholder will be able to sell the Bonds prior to maturity may be at a discount or not, which could be substantial or not, from the issue price or the purchase price paid by such Investor.

#### **2.10. *The Bonds may be redeemed prior to maturity***

Pursuant to the Conditions, the Bonds may be redeemed prior to maturity in three different cases: (i) for taxation reasons (*i.e.* if the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 due to change of law or interpretation of the law) at the option of the Issuer, (ii) at any time at the option of the Issuer upon payment to the Bondholders of a make-whole premium (if applicable), and (iii) at the option of the Bondholders in case of a Change of Control. In addition, the Bondholders may require early redemption of their Bonds upon the occurrence of an Event of Default.

Further, in the event that the put option following a Change of Control is exercised by holders of at least 85% of the aggregate principal amount of any series of Bonds, the Issuer may, at its option, redeem all (but not less than all) of the Bonds of that series then outstanding.

An optional redemption feature is likely to limit the market value of Bonds. During any period when the Issuer may elect to redeem Bonds, the market value of those Bonds generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

In addition, as a result of the optional redemption mechanics, a series of Bonds could be redeemed, with the other series of Bonds remaining outstanding (and the 2025 Bonds could as a consequence be redeemed prior to the 2022 Bonds).

The Issuer may be expected to redeem Bonds when its cost of borrowing is lower than the interest rate on the Bonds. At those times, an Investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Bonds being redeemed and may only be able to do so at a significantly lower rate. Potential Investors should consider reinvestment risk in light of other investments available at that time.

#### **2.11. *The Bonds may be redeemed prior to maturity in the event of a Change of Control***

If a Change of Control occurs, the Issuer shall notify the Bondholders thereof (in accordance with the terms set forth in the Conditions). In that case, each Bondholder is entitled to exercise a put option during a period of, in principle, 60 calendar days and redeem its Bonds at 100% of the nominal amount of such Bond together with, if applicable, accrued interest (in accordance with the terms set forth in the Conditions).

Bonds in respect of which the Change of Control put option is not exercised may be illiquid and difficult to trade. A Change of Control as defined in the Conditions may not cover all situations where a change of control may occur or where successive changes of control occur in relation to the Issuer.

#### **2.12. *The Bondholders' put option upon a Change of Control under the Bonds is subject to shareholders' approval***

Potential Investors should be aware that the Bondholders' put option upon a Change of Control may only be effective under Belgian law if, prior to the earliest of (a) the Issuer being notified by the FSMA of a formal filing of a proposed offer to the shareholders of the Issuer or (b) the occurrence of a Change of Control, (i) the shareholders of the Issuer have approved the Change of Control clause contained in Condition 6.4 in a general meeting and (ii) such resolutions have been filed with the clerk of the commercial court of Brussels. It is uncertain whether the shareholders of the Issuer will approve

Condition 6.4. If a Change of Control occurs prior to the approval of the shareholders and filing of the resolutions, Bondholders may not be entitled to exercise the option set out in Condition 6.4.

**2.13. *The Bondholders' right to require early redemption of the Bonds after the occurrence of an event of default (other than a payment default) is subject to a time limitation***

The Conditions of the Bonds provide that the Bondholders may require early redemption of their Bonds upon the occurrence of certain events of default. In relation to any event of default other than a payment default, Bondholders must exercise their right to require early redemption within a period of six (6) months, starting on the date on which the Issuer has notified the Bondholders of the occurrence of the relevant event of default in accordance with the Conditions.

If, in relation to an event of default, a Bondholder does not exercise its right within the period of six (6) months, it will no longer be able to obtain early redemption of its Bonds on the basis of that event of default (and its Bonds will not be redeemed early), despite the fact that such event of default has occurred.

**2.14. *The Bonds may be affected by the turbulence in the global credit markets***

Potential Investors should be aware of the turbulence in the global credit markets which has led to a general lack of liquidity in the secondary market for instruments similar to the Bonds. The Issuer cannot predict when these circumstances will change and if and when they do there can be no assurance that conditions of general market illiquidity for the Bonds and instruments similar to the Bonds will not return in the future.

**2.15. *Eurozone crisis***

Potential Investors should be aware of the crisis affecting the Eurozone, the turbulence in the global credit markets and the general economic outlook. The Issuer cannot predict when these circumstances will change and potential Investors need to be aware of the significant uncertainty about future developments in this regard.

**2.16. *Modification and waivers***

The Conditions of the Bonds contain provisions for calling meetings of Bondholders to consider matters relating to the Bonds and affecting their interests generally, including the modification or waiver of any provision of the terms and conditions. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

**2.17. *Exchange rate risks and exchange controls***

The Issuer will pay principal and interest on the Bonds in Euro. This presents certain risks relating to currency conversions if an Investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Euro.

**2.18. *Risk of inflation***

The inflation risk is the risk of future value of money. The actual yield of an investment in the Bonds is reduced by inflation (if any). The higher the rate of inflation, the lower the actual yield of a bond

would be. If the rate of inflation would be equal to or higher than the nominal output of the Bonds, then the actual output would be equal to zero, or the actual yield would even be negative.

Inflation in Belgium and the euro area has recently been at historical lows and has sometimes even been negative, causing deflation, which is the opposite of inflation. The inflation rate may increase substantially in the future, which would further decrease the actual yield of the Bonds

#### 2.19. *EU Directive on the taxation of savings income*

Under Council Directive 2003/48/EC on the taxation of savings income (the “**Savings Directive**”), Member States are required to provide to the tax authorities of other Member States details of certain payments of interest or similar income paid or secured by a person established in a Member State to or for the benefit of an individual resident in another Member State or certain limited types of entities established in another Member State.

For a transitional period, Austria is required (unless during that period it elects otherwise) to operate a withholding system in relation to such payments. The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

In October 2014, however, Austria reportedly agreed to a proposal amending Directive 2011/16/EU on Administrative Cooperation in the field of Taxation which aims at reinforcing current EU legislation in the field of automatic exchange of information, which may ultimately lead to Austria abolishing the withholding system. The proposal was finally adopted on 9 December 2014 as Directive 2014/107/EU. The main purpose of Directive 2014/107/EU is to provide the Member States with a legal basis for the implementation of the OECD Common Reporting Standards, i.e. the new global standard on automatic exchange of tax information.

On 24 March 2014, the Council of the European Union adopted a Council Directive (the “**Amending Directive**”) amending and broadening the scope of the requirements described above. The Amending Directive requires Member States to apply these new requirements from 1 January 2017 and if they were to take effect the changes would expand the range of payments covered by the Savings Directive, in particular to include additional types of income payable on securities. They would also expand the circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported or subject to withholding. This approach would apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

If a payment were to be made or collected through a Member State (or through another state or territory that has adopted similar measures as the ones that are included in the Savings Directive) that has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent (as defined in the Conditions of the Bonds) nor any other person would be obliged to pay additional amounts with respect to any Bond as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Savings Directive.

However, the European Commission has proposed the repeal of the Savings Directive from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other Member States (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of



information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the Savings Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The proposal also provides that, if it proceeds, Member States will not be required to apply the new requirements of the Amending Directive.

## 2.20. *The proposed Financial Transaction Tax.*

On 14 February 2013, the EU Commission has adopted a proposal for a directive on a common financial transaction tax (the “**Financial Transaction Tax**” or “**FTT**”). The intention is for the Financial Transaction Tax to be implemented via an enhanced cooperation procedure in 11 participating EU Member States (Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Spain, Slovakia and Slovenia) (the “**participating Member States**”).

The proposed Financial Transaction Tax has a very broad scope and could, if introduced in its current form, apply to certain dealings in the Bonds (including secondary market transactions) in certain circumstances. The issuance and subscription of Bonds should, however, be exempt.

Under the Commission proposal, the Financial Transaction Tax could apply in certain circumstances to persons both within and outside the participating Member States. Generally, pursuant to the proposed directive, the Financial Transaction Tax will be payable on financial transactions provided at least one party to the financial transaction is established or deemed established in a participating Member State and there is a financial institution established or deemed established in a participating Member State which is a party to the financial transaction, or is acting in the name of a party to the transaction. The Financial Transaction Tax shall, however, not apply to (inter alia) primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006, including the activity of underwriting and subsequent allocation of financial instruments in the framework of their issue.

The rates of the Financial Transaction Tax shall be fixed by each participating Member State but for transactions involving financial instruments other than derivatives shall amount to at least 0.1% of the taxable amount. The taxable amount for such transactions shall in general be determined by reference to the consideration paid or owed in return for the transfer. The Financial Transaction Tax shall be payable by each financial institution established or deemed established in a participating Member State if it is either a party to the financial transaction, or acting in the name of a party to the transaction or if the transaction has been carried out on its account. Where the Financial Transaction Tax due has not been paid within the applicable time limits, each party to a financial transaction, including persons other than financial institutions, shall become jointly and severally liable for the payment of the Financial Transaction Tax due.

Investors should therefore note, in particular, that any sale, purchase or exchange of Bonds may be subject to the Financial Transaction Tax at a minimum rate of 0.1% provided the abovementioned prerequisites are met. The Investor may be liable to pay this charge or reimburse a financial institution for the charge, and/or the charge may affect the value of the Bonds.

Notwithstanding the EU Commission proposals, a joint statement issued in May 2014 by the participating Member States (other than Slovenia) indicated an intention to implement the Financial Transactions Tax progressively, such that it would initially apply to shares and certain derivatives, with this initial implementation occurring by 1 January 2016. The Financial Transactions Tax, as initially implemented on this basis, may not apply to dealings in the Bonds. Moreover, once the proposed directive has been adopted, it will need to be implemented into the respective domestic laws of the participating Member States and the domestic provisions implementing the directive might deviate from the directive itself.

The Financial Transaction Tax proposal remains subject to negotiation between the participating Member States and is the subject of legal challenge. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. It may even still be aborted.

Investors should consult their own tax advisors in relation to the consequences of the Financial Transaction Tax associated with subscribing for, purchasing, holding and disposal of the Bonds.

#### **2.21. *U.S. Foreign Account Tax Compliance Act withholding***

Whilst the Bonds are cleared through the NBB System, in all but the most remote circumstances, it is not expected that the new reporting regime and potential withholding tax imposed by sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 ("**FATCA**") will affect the amount of any payment received by the NBB System (see "XII.6 Taxation—Foreign Account Tax Compliance Act"). However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate Investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate Investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate Investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Bonds are discharged once it has made payment to, or to the order of, the NBB System and the Issuer has therefore no responsibility for any amount thereafter transmitted through the NBB System and custodians or intermediaries. Further, foreign financial institutions in a jurisdiction that has entered into an intergovernmental agreement with the United States (an "**IGA**") are generally not expected to be required to withhold under FATCA or an IGA (or any law implementing an IGA) from payments they make on securities such as the Bonds.

#### **2.22. *Payments made in respect of the Bonds may be subject to Belgian Withholding Tax***

Potential Investors should be aware that neither the Issuer, the NBB, the Agent nor any other person will be liable for or otherwise obliged to pay, and the relevant Bondholders will be liable for and/or pay, any tax, duty, charge, withholding or other payment whatsoever which may arise as a result of, or in connection with, the ownership, any transfer and/or any payment in respect of the Bonds, except as provided for in Condition 8 (*Taxation*).

If the Issuer, the NBB, the Agent or any other person is required by law to make any withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatever nature in respect of any payment in respect of the Bonds, the Issuer, the NBB, the Agent or that other person shall make such payment after such withholding or deduction has been made and will account to the relevant authorities for the amount so required to be withheld or deducted.

Belgian withholding tax, currently at a rate of 25%, will in principle be applicable to the interest on the Bonds held in a non-exempt securities account (an “**N account**”) in the X/N System, as further described in Section XII (*Taxation*). Potential Investors should be aware that any relevant tax law or practice applicable as at the date of this Prospectus and/or the date of purchase or subscription of the Bonds may change at any time (including during any subscription period or the term of the Bonds). Any such change may have an adverse effect on a Bondholder, including that the liquidity of the Bonds may decrease and/or the amounts payable to or receivable by an affected Bondholder may be less than otherwise expected by such Bondholder.

Potential Investors who are in any doubt as to their tax position should consult their own independent tax advisers.

**2.23. *Potential purchasers and sellers of the Bonds may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Bonds are transferred or other jurisdictions***

Potential purchasers and sellers of the Bonds should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Bonds are transferred or other jurisdictions. Potential Investors are advised not to rely upon the tax summary contained in this Prospectus but to seek the advice of a tax professional regarding their individual tax liabilities with respect to the acquisition, sale and redemption of the Bonds. Only these advisors are in a position to duly consider the specific situation of the potential Investor. This investment consideration has to be read in connection with the taxation sections of this Prospectus. Such taxes or documentary charges could also be due in case of a possible change of the statutory seat of the Issuer. In addition, potential purchasers should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time.

**2.24. *Changes in governing law could modify certain Conditions***

The Conditions of the Bonds are based on the laws of Belgium in effect as at the date of issue of the relevant Bonds. No assurance can be given as to the impact of any possible judicial decision or change to the laws of Belgium, the official application, interpretation or the administrative practice after the date of issue of the relevant Bonds.

**2.25. *Relationship with the Issuer***

All notices and payments to be delivered to the Bondholders will be distributed by the Issuer to such Bondholders in accordance with the terms and conditions of the Bonds. In the event that a Bondholder does not receive such notices or payments, its rights may be prejudiced but it may not have a direct claim against the Issuer therefor.

**2.26. *Reliance on the procedures of the NBB System, Euroclear and Clearstream, Luxembourg for transfer, payment and communication with the Issuer***

The Bonds will be issued in dematerialised form under the Company Code and cannot be physically delivered. The Bonds will be represented exclusively by book entries in the records of the NBB System.

Access to the NBB System is available through its NBB System Participants whose membership extends to securities such as the Bonds. NBB System Participants include certain banks, stockbrokers (*beursvennootschappen/sociétés de bourse*), and Euroclear and Clearstream, Luxembourg.

Transfers of interests in the Bonds will be effected between the NBB System Participants in accordance with the rules and operating procedures of the NBB System. Transfers between Investors will be effected in accordance with the respective rules and operating procedures of the NBB System Participants through which they hold their Bonds.

The Issuer and the Agent will have no responsibility for the proper performance by the NBB System or the NBB System Participants of their obligations under their respective rules and operating procedures.

A Bondholder must rely on the procedures of the NBB System, Euroclear and Clearstream, Luxembourg to receive payments under the Bonds. The Issuer will have no responsibility or liability for the records relating to, or payments made in respect of, the Bonds within the NBB System.

**2.27. *The Agent is not required to segregate amounts received by it in respect of Bonds cleared through the NBB System***

The Conditions of the Bonds and the Agency Agreement (as defined below) provide that the Agent (as defined below) will debit the relevant account of the Issuer and use such funds to make payment to the Bondholders. The Agency Agreement provides that the Agent will, simultaneously with the receipt by it of the relevant amounts, pay to the Bondholders, directly or through the NBB, any amounts due in respect of the relevant Bonds. However, the Agent is not required to segregate any such amounts received by it in respect of the Bonds. In the event that the Agent were subject to insolvency proceedings at any time when it held any such amounts, Bondholders would not have any further claim against the Issuer in respect of such amounts, and would be required to claim such amounts from the Agent in accordance with applicable Belgian insolvency laws, because the Conditions provide that the payment obligations of the Issuer will be discharged by payment to the Agent in respect of each amount so paid.

**2.28. *The Issuer, the Agent and the Managers may engage in transactions adversely affecting the interests of the Bonds***

The Agent and the Managers might have conflicts of interests which could have an adverse effect on the interests of the Bondholders. Potential investors should be aware that the Issuer is involved in a general business relationship or/and in specific transactions with the Agent or/and each of the Managers and that they might have conflicts of interests which could have an adverse effect to the interests of the Bondholders. Potential investors should also be aware that the Agent and each of the Managers may hold from time to time debt securities, shares or/and other financial instruments of the Issuer.

Within the framework of normal business relationship with its banks, the Issuer entered into loans and other facilities (the “**Funding Transactions**”) with certain of the Managers (via bilateral transactions and syndicated loans). The terms and conditions of these Funding Transactions differ from the terms and conditions of the proposed Bonds and certain of the terms and conditions of the Funding Transactions are stricter or more extensive than the terms and conditions of the proposed Bonds. The terms and conditions of these Funding Transactions contain financial covenants, different from or not included in the conditions of the proposed Bonds. In addition, as part of the Funding Transactions, the lenders have the benefit of guarantees granted by operational companies of the Group, whereas the Bondholders will not have the benefit from similar guarantees. This results in the Bondholders being structurally subordinated to the lenders under such Funding Transactions.

The Bondholders should be aware of the fact that the Managers, when they act as lenders to the Issuer or another company within the Group (or when they act in any other capacity whatsoever), have no fiduciary duties or other duties of any nature whatsoever vis-à-vis the Bondholders and that they are under no obligation to take into account the interests of the Bondholders.

#### **2.29. *Legal investment considerations may restrict certain investments***

The investment activities of certain Investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential Investor should consult its legal advisers to determine whether and to what extent (1) Bonds are legal investments for it, (2) Bonds can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Bonds under any applicable risk-based capital or similar rules.

#### **2.30. *Financing of purchase of Bonds***

If an Investor obtains financing to purchase the Bonds and an Event of Default occurs with respect to the Bonds or the price at which the Bonds decreases significantly, then the Bondholder-Investor will possibly not only be confronted with a loss on its investment, but it will also be required to repay the loan obtained by it as well as the interest in respect of such a loan. Such a credit facility can therefore lead to a significant increase in the loss on the investment for the Investor. Potential Investors in the Bonds should therefore not assume that they will be in a position to repay a loan (principal as well as interests on the loan) solely based on a transaction involving the Bonds. On the contrary, potential Investors must make a careful assessment of their financial situation and in particular assess whether they would be capable to pay interest and to repay the loans and they must also take into account that they will possibly incur a loss instead of a gain in respect of their investment in the Bonds.

#### **2.31. *The Domiciliary, Paying, Calculation and Listing Agent does not assume any fiduciary duties or other obligations to the Bondholders and, in particular is not obliged to make determinations which protect their interests***

ING Belgium NV/SA will act as the Issuer’s Domiciliary, Paying, Calculation and Listing Agent and Calculation Agent. In its capacity as Domiciliary, Paying, Calculation and Listing Agent, it will act in accordance with the Conditions of the Bonds in good faith and endeavour at all times to make its determinations in a commercially reasonable manner. However, Bondholders should be aware that the Domiciliary, Paying, Calculation and Listing Agent does not assume any fiduciary or other obligations to the Bondholders and, in particular, is not obliged to make determinations which protect or further the interests of the Bondholders.

The Domiciliary, Paying, Calculation and Listing Agent may rely on any information that is reasonably believed by it to be genuine and to have been originated by the proper parties. The Domiciliary, Paying, Calculation and Listing Agent shall not be liable for the consequences to any person (including Bondholders) of any errors or omissions in (i) the calculation by the Domiciliary, Paying, Calculation and Listing Agent of any amount due in respect of the Bonds or (ii) any determination made by the Domiciliary, Paying, Calculation and Listing Agent in relation to the Bonds or interests, in each case in the absence of bad faith or wilful default. Without prejudice to the generality of the foregoing, the Domiciliary, Paying, Calculation and Listing Agent shall not be liable for the consequences to any person (including Bondholders) of any such errors or omissions arising as a result of (i) any information provided to the Domiciliary, Paying, Calculation and Listing Agent proving to have been incorrect or incomplete or (ii) any relevant information not being provided to the Domiciliary, Paying, Calculation and Listing Agent on a timely basis.

### **2.32. *Belgian insolvency laws***

The Issuer is subject to applicable Belgian bankruptcy and insolvency laws. The application of these bankruptcy and insolvency laws may substantially affect the Bondholders' claims to obtain repayment in full of the Bonds, e.g. through a suspension of payments, a stay on enforcement measures or an order providing for partial repayment of the Bonds only.

### **2.33. *Right of withdrawal or cancellation of the Public Offer / issue of a lower amount than the expected minimum amount***

As from the date of this Prospectus and at any time prior to the Issue Date of the Bonds, the Public Offer may be wholly or partially retracted or cancelled (in relation to one or more series of Bonds) in accordance with the provisions of the Placement Agreement as further specified in section XIII. In this case, Investors who paid the Issue Price for the Bonds prior to notification of retraction or cancellation of the Public Offer shall receive the total amounts of funds already paid by them as issue price for the Bonds. However, such Investor may not receive the interest on such amount they otherwise could have earned if they had not paid the issue price for the Bonds.

### **2.34. *Risks relating to the absence of audited financial information after 31 December 2014***

The Prospectus does not contain audited financial information for the period after 31 December 2014. The Prospectus contains financial information extracted from the consolidated audited financial statements as of and for the period ended on 31 December 2014.

The Prospectus also contains unaudited financial information as for the three months period ended on 31 March 2015, extracted from the press release regarding the "First quarter 2015 trading update".

#### IV. TERMS AND CONDITIONS OF THE BONDS

The issue of the 2.875% fixed rate bonds due 15 July 2022 for an expected minimum amount of EUR 75.0 mio. (the "**2022 Bonds**") and the 3.375% fixed rate bonds due 15 July 2025 for an expected minimum amount of EUR 25.0 mio. (the "**2025 Bonds**" and, the 2022 Bonds and the 2025 Bonds are jointly referred to as the "**Bonds**", which expression shall include any further Bonds issued pursuant to Condition 12, unless otherwise specified), for an expected maximum aggregate amount of EUR 250.0 mio was authorised by the resolutions of the board of directors of Tessenderlo Chemie SA/NV (the "**Issuer**") passed on 11 June 2015. The Bonds are issued subject to and with the benefit of an agency agreement dated on or about the date of this Prospectus entered into between the Issuer and ING Belgium NV/SA acting as domiciliary, paying, calculation and listing agent (the "**Agent**", which expression shall include any successor as Agent under the Agency Agreement) (such agreement as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") and a "*convention de services relatifs à l'émission d'obligations dématérialisées*" entered into on or about the date of this Prospectus between the Issuer, the National Bank of Belgium (the "**NBB**") and the Agent (such agreement as amended and/or supplemented and/or restated from time to time, the "**Clearing Services Agreement**"). The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement. Copies of the Agency Agreement and the Clearing Services Agreement are available for inspection during normal business hours at the specified office of the Agent. The specified office of the Agent is at Avenue Marnix 24, 1000 Brussels, Belgium. The Bondholders are bound by and deemed to have notice of all the provisions of the Agency Agreement and the Clearing Services Agreement applicable to them.

References herein to Conditions are, unless the context otherwise requires, to the numbered clauses below.

##### 1. Definitions

The capitalised words and expressions used in the Conditions shall have the meanings as set forth below, unless the context otherwise requires.

"**Acting in Concert**" means acting in concert ("*onderling overleg*" / "*action de concert*") as defined in article 1, §2, 5° of the Decree of 27 April 2007 on public takeovers, as amended (*Koninklijk besluit van 27 april 2007 op de openbare overnamebiedingen* / *Arrêté royal du 27 avril 2007 relatif aux offres publiques d'acquisition*).

"**Affiliate**" means an affiliated company ("*verbonden vennootschap*" / "*société liée*") as defined in article 11 of the Company Code.

"**Bondholders**" means the holders of Bonds (interpreted as set out in Condition 2).

"**Business Day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in Brussels and on which the TARGET System is open for the settlement of payments in euro.

"**Clearstream, Luxemburg**" means Clearstream Banking, *société anonyme*, Luxembourg.

"**Company Code**" means the Belgian Code of Companies of 7 May 1999, as amended from time to time.

"**Consolidated REBITDA**" means, solely for the purpose of the definition of Material Subsidiary in these Conditions, the recurring total consolidated profit of the Group:

- (a) before taking into account:

- (i) goodwill impairment;
  - (ii) the financial result;
  - (iii) any revaluations of investment properties;
  - (iv) any change in provisions;
  - (v) any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same);
  - (vi) any share of the profit of any associated company or undertaking, except for dividends received in cash by any member of the Group; and
- (b) after adding back all amounts provided for depreciation and amortisation.

"**Event of Default**" means any of the events listed in Condition 10.

"**Euroclear**" means Euroclear Bank SA/NV.

"**Group**" means the Issuer and its Subsidiaries from time to time.

"**IFRS**" means the international financial reporting standards within the meaning of IAS Regulation 1606/2002 to the extent applicable to the relevant financial statements.

"**Indexed**" means, in relation an amount in EUR (the **base amount**) on any date (the **calculation date**):

$$\frac{\text{Base Amount x New HCPI on that calculation date}}{\text{Base HCPI}}$$

whereby:

"**Base HCPI**" means the Belgian Harmonised Index of Consumer Prices in relation to May 2015 as published by Eurostat.

"**New HCPI**" means, on any calculation date, the Belgian Harmonised Index of Consumer Prices in relation to the month that ended immediately prior to such calculation date, as published by Eurostat.

"**Issuer**" means Tessengerlo Chemie NV/SA, a public company with limited liability ("*naamloze vennootschap / société anonyme*"), incorporated and existing under the laws of Belgium, having its registered office at Troonstraat 130, 1050 Brussels, Belgium, and registered with the Crossroads Bank for Enterprises (*Kruispuntbank voor Ondernemingen / Banque Carrefour des Entreprises*) (Brussels, Dutch speaking) under enterprise number 0412.101.728. It has the status of a corporation making or having made a public call on savings ("*naamloze vennootschap – NV die een openbaar beroep op het spaarwezen doet of heeft gedaan*" / "*société anonyme – SA faisant ou ayant fait appel public à l'épargne*").

"**Material Subsidiary**" means at any time, a Subsidiary of which (a) the total assets, (b) turnover or (c) REBITDA (in each case as determined on a non-consolidated basis and determined on a basis consistent with the preparation of the consolidated financial statements of the Issuer) represent no less than 5% of the total assets, total turnover, or Consolidated REBITDA, as the case may be, of the Issuer, all as calculated respectively by reference to the then latest audited annual financial statements of such Subsidiary and the latest audited consolidated annual financial statements of the Issuer, in each case prepared in accordance with IFRS.



**"Maturity Date"** means:

- (a) 15 July 2022 in respect of the 2022 Bonds; and
- (b) 15 July 2025 in respect of the 2025 Bonds.

**"Permitted Reorganisation"** means:

- (a) in relation to the Issuer or a Material Subsidiary (the "**relevant entity**"), an amalgamation, reorganisation, merger, demerger, consolidation, restructuring whilst solvent, contribution, sale or other transfer whereby the relevant entity is the surviving entity or whereby all or substantially all of the assets and undertakings of the relevant entity are vested in an Affiliate of the relevant entity, validly organised and existing under the laws of Belgium provided, in the case of a Permitted Reorganisation of the Issuer, such Affiliate assumes or maintains liability as principal debtor in respect of the Bonds and continues to carry on the same or substantially the same business of the Issuer; or
- (b) in relation to a Material Subsidiary only, a reorganisation, merger, demerger, consolidation, restructuring whilst solvent, sale, contribution or other transfer for fair value whereby that Material Subsidiary or its shareholder(s) acquire shares in the new or surviving entity.

**"Personal Security"** means, with respect to the financial indebtedness of any person, any obligation of another person to pay, incur or otherwise become liable for or in respect of such financial indebtedness, including (without limitation):

- (a) any obligation (whether by way of guarantee or surety) to pay such financial indebtedness;
- (b) any obligation to borrow money, to subscribe for or buy shares or other securities or any obligation to purchase assets or services to make available funds for the payment of such financial indebtedness;
- (c) any obligation to indemnify any party for the non-payment of such financial indebtedness or any equivalent agreement to that effect.

**"REBITDA"** means, solely for the purpose of the definition of Material Subsidiary in these Conditions, the recurring total unconsolidated profit of any Subsidiary:

- (a) before taking into account:
  - (i) goodwill impairment;
  - (ii) the financial result;
  - (iii) any revaluations of investment properties;
  - (iv) any change in provisions;
  - (v) any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same);
  - (vi) any share of the profit of any associated company or undertaking, except for dividends received in cash by any member of the Group; and
- (b) after adding back all amounts provided for depreciation and amortisation.

**"Relevant Debt"** means any present or future financial indebtedness (whether being principal, premium, interest or other amounts), in the form of or represented by notes, bonds, debentures, loan stock, treasury notes, commercial paper or other securities, whether issued for cash or in whole or in

part for a consideration other than cash, and which are, or are capable of being, quoted, listed or ordinarily dealt in or traded on any stock exchange, over-the-counter or other securities market (and including, for the avoidance of doubt, any debt securities placed through a EU or US private placement, any *Schuldscheine* and any convertible debt instruments).

"**Security Interest**" means any mortgage, charge, lien, pledge or other security interest, including an irrevocable mandate to establish the same and any similar concept under applicable law or any other agreement or arrangement having a similar effect.

"**Subsidiary**" means, at any particular time, a subsidiary within the meaning of Article 6, 2° of the Company Code.

References to any act or statute or any provision of any act or statute shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under such modification or re-enactment.

## 2. **Form, Denomination and Title**

The Bonds are bonds ("*obligaties*"/ "*obligations*") issued in dematerialised form in accordance with Articles 468 et seq. of the Company Code and cannot be physically delivered. The Bonds are accepted for settlement through the securities settlement system operated by the NBB or any successor thereto (the "**NBB System**"), and are accordingly subject to the applicable settlement regulations, including the Belgian law of 6 August 1993 on transactions in certain securities, its implementing Belgian Royal Decrees of 26 May 1994 and 14 June 1994 and the rules of the clearing and its annexes, as issued or modified by the NBB from time to time (the laws, decrees and rules mentioned in this Condition being referred to herein as the "**NBB System Regulations**"). The Bonds will be represented by book entries in the records of the NBB System itself or participants or sub-participants in such system. The NBB System maintains securities accounts in the name of authorised participants only. Such participants include Euroclear and Clearstream, Luxembourg. Bondholders, unless they are participants, will not hold Bonds directly with the operator of the NBB System but will hold them in a securities account through a financial institution that is a participant in the NBB System or that holds them through another financial institution that is such a participant.

The Bonds are in nominal amounts of EUR 1,000 and integral multiples thereof (the "**Specified Denomination**").

Title to the Bonds is evidenced by book entries in the Bondholder's securities account with the NBB or with an approved participant or sub-participant of the NBB System. The person who is for the time being shown in the records of the NBB System or of an approved participant or sub-participant of the NBB System as the holder of a particular nominal amount of Bonds shall for all purposes be treated by the Issuer and the Agent as the holder of such nominal amount of Bonds, and the expressions "Bondholders" and "holders of Bonds" and related expressions shall be construed accordingly.

If at any time, the Bonds are transferred to another securities settlement system, not operated or not exclusively operated by the NBB, these provisions shall apply *mutatis mutandis* to such successor securities settlement system and successor securities settlement system operator or any additional securities settlement system and additional securities settlement system operator.

Bondholders are entitled to exercise the rights they have, including voting rights, making requests, giving consents, and other associative rights (as defined for the purposes of Article 474 of the Company Code) upon submission of a certificate drawn up by the NBB, Euroclear, Clearstream, Luxembourg or any other participant duly licensed in Belgium to keep dematerialised securities accounts showing such holder's position in the Bonds (or the position held by the financial institution through which such holder's Bonds are held with the NBB, Euroclear, Clearstream, Luxembourg or

such other participant, in which case a certificate drawn up by that financial institution may also be required), or such other document as may be permitted from time to time by the Issuer for such purposes.

### 3. Status of the Bonds

The Bonds constitute direct, unconditional, unsubordinated and (without prejudice to Condition4) unsecured obligations of the Issuer and rank and will at all times rank *pari passu*, without any preference among themselves, and equally with all other existing and future unsecured and unsubordinated obligations of the Issuer, save for such obligations that may be preferred by provisions of law that are mandatory and of general application.

### 4. Negative pledge

So long as any Bond remains outstanding, the Issuer will not, and will procure ("*sterkmaking*" / "*porte fort*") that none of its Subsidiaries will:

- (a) create or have outstanding any Security Interest on any of its present and/or future assets; or
- (b) grant or provide any Personal Security,

to guarantee or secure any Relevant Debt, unless at the same time or prior thereto either (A) the same Security Interest and Personal Security, as applicable, is created to the benefit of the holders of the Bonds, in equal rank, or (B) such other Security Interest and Personal Security, as applicable, as shall be approved by a meeting of the Bondholders, is created to the benefit of the holders of the Bonds.

The provisions of this Condition4, however, do not apply to Security Interests or Personal Securities arising pursuant to mandatory provisions of law.

### 5. Interest

Each 2022 Bond bears interest from (and including) the date on which it has been issued at the rate of 2.875% per annum (the "**2022 Bonds Interest Rate**") on its outstanding nominal amount.

Each 2025 Bond bears interest from (and including) the date on which it has been issued at the rate of 3.375% per annum (the "**2025 Bonds Interest Rate**") on its outstanding nominal amount.

Interest on the Bonds is payable annually in arrears on 15 July each year (each an "**Interest Payment Date**"), commencing with the Interest Payment Date falling on 15 July 2016, up to and including the relevant Maturity Date.

Interest shall be calculated for the first period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and for each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date (each an "**Interest Period**").

The interest payable for each Bond for any Interest Period shall be equal to the product of (A) the 2022 Bonds Interest Rate or the 2025 Bonds Interest Rate (as applicable), (B) the outstanding nominal amount of the Bond and (C) the actual number of days in the Interest Period divided by 365 (or if any portion of that Interest Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (ii) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365) (the "**Day Count Fraction**").

When interest is required to be calculated in respect of any period that is shorter than an Interest Period, the Day Count Fraction shall be equal to the actual number of days in the relevant period from (and including) the first day of such period to (but excluding) the date on which it falls due divided by 365 (or if any portion of that Interest Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (ii) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365).

## 6. **Redemption and payment**

### 6.1. ***Redemption at maturity***

Unless previously purchased and cancelled or redeemed as herein provided, the Bonds will be redeemed at their principal amount (together with interest accrued to the applicable Maturity Date) on the applicable Maturity Date.

### 6.2. ***Redemption for taxation reasons***

The Bonds may be redeemed at the option of the Issuer (but only if the payments of principal and interest by or on behalf of the Issuer for tax purposes remain in Belgium) in whole, but not in part, at any time on giving not less than 30 nor more than 60 days' notice to the Bondholders in accordance with Condition 13 (*Notices*) (which notice shall be irrevocable) with a copy to the Agent (the "**Tax Redemption Notice**"), if

(a) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 (*Taxation*) as a result of (i) any change in, or amendment to, the laws or regulations of Belgium or any political subdivision or any authority thereof or therein having power to tax, or (ii) any change in the application or official interpretation of such laws or regulations, which change or amendment, application or interpretation becomes effective on or after the date on which agreement is reached to issue the Bonds, and

(b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Bonds were then due and no such Tax Redemption Notice may be given later than 30 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts.

Prior to the giving of a Tax Redemption Notice, the Issuer shall deliver to the Agent a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing confirming that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

Bonds redeemed pursuant to this Condition 6.2 (*Redemption for taxation reasons*), will be redeemed at their nominal amount together with interest accrued to the date fixed for redemption specified in the Tax Redemption Notice.

### 6.3. ***Redemption at the option of the Issuer***

The Issuer may, at its option, subject to having given not more than 30 nor less than 15 calendar days prior notice to the Bondholders (which notice shall be irrevocable), redeem the outstanding 2022 Bonds, in whole but not in part, at any time prior to the applicable Maturity Date, at the Make-whole Redemption Amount per 2022 Bond.

The Issuer may, at its option, subject to having given not more than 30 nor less than 15 calendar days prior notice to the Bondholders (which notice shall be irrevocable), redeem the outstanding 2025 Bonds, in whole but not in part, at any time prior to the applicable Maturity Date, at the Make-whole Redemption Amount per 2025 Bond.

For the avoidance of doubt, the Issuer may at any time choose to redeem any series of Bonds (without redeeming the other series of Bonds).

In this Condition:

**"Make-whole Redemption Amount"** means, in respect of any Bond, an amount calculated by the Agent as Calculation Agent and equal to the greater of:

- (a) 100% of the principal amount of the Bond; or
- (c) the sum of the then current values of the remaining scheduled payments of principal and interest (not including any interest accrued on the Bond to, but excluding, the relevant Make-whole Redemption Date) discounted to the relevant Make-whole Redemption Date on an annual basis (based on the actual number of days elapsed divided by 365 or (in the case of a leap year) by 366) at the applicable Reference Rate (as defined below) plus 0.40 per cent.,

plus, in each case (a) or (b) above, any interest accrued on the relevant Bond to, but excluding, the relevant Make-whole Redemption Date.

**"Make-whole Redemption Date"** means the date on which the relevant Bonds are redeemed in accordance with this Condition 6.3.

**"Reference Rate"** means (i) in relation to the 2022 Bonds, the annual rate equal to the equivalent yield to maturity of the 2022 Reference Bond, calculated on the Calculation Date using a price for the 2022 Reference Bonds (in percentage of its principal amount) equal to the Reference Bond Price of the 2022 Reference Bond on the Calculation Date and (ii) in relation to the 2025 Bonds, the annual rate equal to the equivalent yield to maturity of the 2025 Reference Bond, calculated on the Calculation Date using a price for the 2025 Reference Bonds (in percentage of its principal amount) equal to the Reference Bond Price of the 2025 Reference Bond on the Calculation Date.

**"Reference Bond Price"** means, based on 5 quotations by reference market-makers requested by the Calculation Agent, (i) the average of five quotations notified in writing to the Calculation Agent at 11.00 GMT on the Calculation Date (in any case expressed as a percentage of the principal amount), with exception of the highest and the lowest quotation, (ii) if the Calculation Agent receives less than five, but more than one quotation, the average of these quotations or (iii) if the Calculation Agent receives only one quotation from a reference market-maker, that quotation.

**"Calculation Date"** means the third Business Day preceding the Make-whole Redemption Date.

**"2022 Reference Bond"** means 'DBR 1.75%' due 4 July 2022 (ISIN DE0001135473) or in case this bond is no longer outstanding, one or more reference bonds issued by the German government having a maturity comparable to the remaining maturity of the 2022 Bonds until the Maturity Date of the 2022 Bonds, as determined by the Calculation Agent.

**"2025 Reference Bond"** means 'DBR 0.5%' due 15 February 2025 (ISIN DE0001102374) or in case this bond is no longer outstanding, one or more reference bonds issued by the German government having a maturity comparable to the remaining maturity of the 2025 Bonds until the Maturity Date of the 2025 Bonds, as determined by the Calculation Agent.

#### 6.4. *Redemption at the option of the Bondholders in case of Change of Control*

If a Change of Control occurs, each Bondholder will have the option to require the Issuer to redeem all or any part of their Bonds on the Put Settlement Date at the Put Redemption Amount.

- (a) If a Change of Control occurs, promptly upon and in any event within 10 Business Days of the date of the occurrence of the Change of Control, the Issuer shall give a Put Event Notice to the Bondholders. Any Put Event Notice is irrevocable and must in any event contain (A) any information that is relevant to the Bondholders concerning the Change of Control, (B) the last day of the Put Option Period, (C) the Put Settlement Date and (D) the Put Redemption Amount.

The Agent shall not be required to monitor or take any steps to ascertain whether a Change of Control or any event which could lead to a Change of Control has occurred or may occur and will not be responsible or liable to Bondholders or any other person for any loss arising from any failure to do so.

- (b) In order to exercise the option contained in this Condition 6.4, the Bondholder must during the Put Option Period complete and deliver a Put Option Notice to the bank or other financial intermediary through which the Bondholder holds Bonds (the "**Financial Intermediary**") for further delivery to the Issuer (with a copy to the specified office of the Agent), provided that the Bondholders must check with their Financial Intermediary, as applicable, when such Financial Intermediary would require to receive instructions and Put Option Notices in order to meet the deadlines for such exercise to be effective. A duly completed Put Option Notice is irrevocable and may not be withdrawn.
- (c) The Issuer shall redeem any Bond in respect of which a Put Option Notice was received on the Put Settlement Date at the Put Redemption Amount, unless previously redeemed or purchased. Payment in respect of any relevant Bonds will be made to the euro bank account mentioned in the Put Option Notice as the account to which payment is to be made, on the Put Settlement Date. Only the Bonds in respect of which a Put Option Notice was received in accordance with this Condition 6.4, *sub* (b) shall be redeemed in case of a Change of Control, with exception of all other Bonds.
- (d) If, as a result of this Condition 6.4, Bondholders submit Put Option Notices in respect of at least 85% of the aggregate nominal amount of the 2022 Bonds for the time being outstanding, the Issuer may, within 15 Business Days of the end of the Put Option Period, by giving not less than 15 nor more than 30 days' notice to the Bondholders in accordance with Condition 13 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all (but not some only) of the 2022 Bonds then outstanding at the Put Redemption Amount. Payment in respect of any such Bond shall be made as specified above.

If, as a result of this Condition 6.4, Bondholders submit Put Option Notices in respect of at least 85% of the aggregate nominal amount of the 2025 Bonds for the time being outstanding, the Issuer may, within 15 Business Days of the end of the Put Option Period, by giving not less than 15 nor more than 30 days' notice to the Bondholders in accordance with Condition 13 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all (but not some only) of the 2025 Bonds then outstanding at the Put Redemption Amount. Payment in respect of any such Bond shall be made as specified above.

- (e) The Issuer will procure that this Condition 6.4 is approved by a resolution of its special shareholders' meeting, organised at the latest simultaneously with its next ordinary shareholders' meeting and that an extract of such resolution is promptly filed with the clerk of

the competent commercial court in accordance with Article 556 of the Company Code, and shall forthwith provide the Agent with evidence thereof.

If, at the latest by 30 June 2016, (A) this Condition 6.4 is not approved by a resolution of the shareholders of the Issuer or (B) the relevant resolutions are not filed with the clerk of the competent commercial court in accordance with Article 556 of the Company Code, then, from the Interest Period beginning on the first Interest Payment Date following 30 June 2016, the amount of interest payable on the Bonds will be increased by 0.50 per cent. per annum, until the last day of the Interest Period during which the Agent receives evidence that the shareholder resolutions approving this Condition 6.4 are filed with the clerk of the competent commercial court in accordance with Article 556 of the Company Code.

*The Bondholders should be aware that exercising the option stipulated in this Condition 6.4 may only be effective under Belgian law if, prior to the earliest of (a) the Issuer being notified by the FSMA of a formal filing of a proposed offer to the shareholders of the Issuer or (b) the occurrence of a Change of Control, (i) the shareholders of the Issuer have approved this Condition 6.4 in a general meeting and (ii) such resolutions have been filed with the clerk of the competent commercial court in accordance with Article 556 of the Company Code. It is uncertain whether the shareholders of the Issuer will approve Condition 6.4. If a Change of Control occurs prior to the approval of the shareholders and filing of the resolutions, Bondholders may not be entitled to exercise the option set out in Condition 6.4.*

In this Condition 6.4:

a "**Change of Control**" shall occur if a third party (a "**Third Party**") being a person or a group of persons Acting in Concert (other than the Reference Shareholder or any person Acting in Concert with the Reference Shareholder) obtains 30% or more of the voting rights of the Issuer, either directly or through the obtaining of voting rights in an Issuer Holding Company, but in each case unless the Reference Shareholder (or any person Acting in Concert with the Reference Shareholder) directly or indirectly holds more voting rights of the Issuer than the Third Party.

"**Issuer Holding Company**" means any company, corporation, partnership or other entity holding, directly or indirectly, voting rights in the Issuer.

"**Put Event Notice**" means a notice in accordance with Condition 13 (*Notices*) specifying the Change of Control and the procedure and timeline for exercising the option contained in this Condition 6.4.

"**Put Option Notice**" means a duly completed put option notice in the form attached to this Prospectus or in the form as provided by the relevant Financial Intermediary.

"**Put Option Period**" means the period commencing on the date of the occurrence of a Change of Control and ending 60 calendar days following the occurrence of the Change of Control, or, if later, 60 calendar days following the date on which a Put Event Notice is given to Bondholders.

"**Put Redemption Amount**" means, in respect of each Bond, an amount calculated by the Agent (as Calculation Agent) by multiplying the Put Redemption Rate by the denomination of such Bond and rounding, if necessary, the resultant figure to the nearest minimum sub-unit of euro (half of such unit being rounded downwards), and by adding any accrued but unpaid interest of such Bond to (but excluding) the relevant redemption date.

"**Put Redemption Rate**" means  $\text{MIN}(101\%; 100\% \times \text{Exp}(T \times 0.74720148386\%))$  rounded to the 9<sup>th</sup> decimal whereby:

- "**T**" means the time, expressed in decimals of a year, elapsed from (and including) the Issue Date until (and including) the relevant redemption date; and

- “**Exp**” means the exponential function meaning the function  $e^x$ , where  $e$  is the number (approximately 2.718) such that the function  $e^x$  equals its own derivative.

**"Put Settlement Date"** means the 14th Business Day after the last day of the Put Option Period.

**"Reference Shareholder"** means Verbrugge NV, a public company with limited liability ("*naamloze vennootschap / société anonyme*"), incorporated and existing under the laws of Belgium, having its registered office at Steverlyncklaan 15, 8900 Ypres, Belgium, and registered with the Register of Legal Entities (*rechtspersonenregister – RPR / registre des personnes morales- RPM*) (Ghent, section Ypres) under enterprise number 0441.554.490, and its Affiliates at the Issue Date (or their respective legal successors).

*The Put Redemption Amount applicable in the case of, or following, the occurrence of a Change of Control, reflects a maximum yield of 0.75 points above the yield of the relevant Bonds on the Issue Date up to the Maturity Date in accordance with the Koninklijk Besluit van 26 mei 2014 over de inhouding en de vergoeding van de roerende voorheffing / Arrêté royal de 26 mai 1994 relatif à la perception et à la bonification du précompte mobilier (Royal Decree of 26 May 1995 on the deduction of withholding tax) (the ‘Royal Decree’). The Royal Decree indeed requires that in relation to Bonds that can be traded on N accounts, if investors exercise a right to have the Bonds redeemed early, the actuarial return cannot exceed the actuarial return of the Bonds upon the issue up to the final maturity by more than 0.75 points.*

## 6.5. **Purchases**

Subject to the requirements (if any) of any stock exchange on which the Bonds may be admitted to listing and trading at the relevant time and subject to compliance with applicable laws and regulations, the Issuer or any of its Affiliates may at any time purchase Bonds in the open market or otherwise at any price. Voting rights attached to such repurchased Bonds shall be suspended in the event of a general meeting of Bondholders and such Bonds shall also be deemed not to remain outstanding for this purpose.

## 6.6. **Cancellation**

All Bonds redeemed will be cancelled and may not be reissued or resold. Bonds purchased by or on behalf of the Issuer or its Affiliates may be cancelled, held or resold at the option of the Issuer or the relevant subsidiary.

## 7. **Payments**

### 7.1. **Principal and interest**

Without prejudice to Article 474 of the Company Code, all payments of principal or interest in respect of the Bonds shall be made through the Agent and the NBB System in accordance with the NBB System Regulations and the Clearing Services Agreement. The payment obligations of the Issuer under the Bonds will be discharged by payment to, or to the order of, the NBB System in respect of each amount so paid.

### 7.2. **Payments**

Each payment in respect of the Bonds pursuant to Condition 7.1 (*Principal and Interest*) will be made by transfer to a euro account maintained by the payee with a bank in a city where banks have access to the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET 2) System, or any successor thereto (the "**TARGET System**").



### 7.3. *Payment subject to fiscal laws*

All payments in respect of the Bonds will be subject in all cases to (i) any applicable fiscal or other laws and regulations, without prejudice to the provisions of Condition 8 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8 (*Taxation*)) any law implementing an intergovernmental approach thereto.

### 7.4. *No charges*

No commissions or expenses shall be charged by the Agent to the Bondholders in respect of any payments in respect of the Bonds.

### 7.5. *Appointment of Agents*

The Agent acts solely as agent of the Issuer and does not assume any obligations towards or relationship of agency with any of the Bondholders. The Issuer reserves the right at any time to vary or terminate the appointment of the Agent and to appoint additional or other Agents, provided however, that the Issuer shall at all times maintain (i) a paying agent and (ii) a domiciliary agent which will at all times be a participant in the NBB System. Notice of any such change or any change of any specified office shall promptly be given to the Bondholders.

### 7.6. *Fractions*

When making payments to Bondholders, if the relevant payment is not of an amount which is a whole multiple of the smallest unit of the relevant currency in which such payment is to be made, such payment will be rounded up to the nearest unit if equal to or above 0.5 and rounded down to the nearest unit if below 0.5. For the avoidance of doubt, this means that payments in euro are rounded to the nearest eurocent.

### 7.7. *Non-Business Days*

If any date for payment in respect of any Bond is not a Business Day, the Bondholder shall not be entitled to payment until the next following Business Day nor to any interest or other sum in respect of such postponed payment. For the purpose of calculating the interest payable under the Bonds, the Interest Payment Date shall not be adjusted.

## 8. **Taxation**

All payments of principal and interest by or on behalf of the Issuer in respect of the Bonds shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the Kingdom of Belgium (including any political subdivision or any authority therein or thereof having power to tax (the "**Taxes**")), unless such withholding or deduction of Taxes is required by law in respect of the Bonds. In that event, the Issuer shall pay such additional amounts as shall result in receipt by the Bondholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Bond:

- (a) **Other connection:** to, or to a third party on behalf of, a Bondholder who is liable to such Taxes, in respect of such Bond by reason of his having some connection with the Kingdom of Belgium other than by reason of (a) the mere holding of or (b) the receipt of principal, interest or other amount in respect of the Bond; or
- (b) **Lawful avoidance of withholding:** to, or to a third party on behalf of, a Bondholder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the relevant Bond is presented for payment; or
- (c) **Payment to non-Eligible Investors:** to, or to a third party on behalf of, a Bondholder who on the date of acquisition of a Bond, was not an Eligible Investor or who was an Eligible Investor on the date of acquisition of such Bond but, for reasons within the Bondholder's control, either ceased to be an Eligible Investor or, at any relevant time on or after the date of acquisition of such Bond, otherwise failed to meet any other condition for the exemption of Belgian withholding tax pursuant to the law of 6 August 1993 relating to certain securities; or
- (d) **Payment to individuals or assimilated vehicles:** where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC (as amended from time to time) on the taxation of savings income ("**Savings Directive**" or "**Amending Directive**") or the Foreign Account Tax Compliance Act ("**FATCA**") or any law implementing or complying with, or introduced as a result of or in order to conform to, such Directive or FATCA or any other bi- or multilateral agreements between Belgium or the EU and any other country or territory providing for similar measures and similar agreements; or
- (e) **Conversion into registered securities:** to, or to a third party on behalf of, a Bondholder who is liable to such Taxes because the Bonds were upon his/her request converted into registered Bonds and could no longer be cleared through the NBB System.

As used in this Condition, "**Eligible Investor**" means those entities which are referred to in Article 4 of the Belgian Royal Decree of 26 May 1994 on the deduction of withholding tax and which hold the Bonds in an exempt account in the NBB System.

References in these Conditions to (i) "**principal**" shall be deemed to include any principal payable in respect of the Bonds, all Final Redemption Amounts, Optional Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 7 (*Payments*) and 10 (*Events of Default*) or any amendment or supplement to it, (ii) "**interest**" shall be deemed to include all interest amounts and all other amounts payable pursuant to Condition 5 (*Interest*) or any amendment or supplement to it and (iii) "**principal**" and/or "**interest**" shall be deemed to include any additional amounts that may be payable under this Condition 8.

## 9. Prescription

Claims against the Issuer for payment in respect of the Bonds shall be prescribed and become void unless made within ten (10) years (in the case of principal (or any other amount (other than interest) payable in respect of the Bonds)) or five (5) years (in the case of interest) from the appropriate Relevant Date in respect of them (without prejudice to any shorter periods for exercising any right in respect of the Bonds as provided for in the Conditions).

For purposes of this Condition, "**Relevant Date**" means, in respect of any Bond, the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made.

## 10. **Events of Default**

The Issuer must, as soon as possible after the occurrence of an Event of Default, notify the Bondholders of such Event of Default in accordance with the provisions of Condition 13.

If an Event of Default occurs and is continuing, then any Bond may, by notice in writing given by the Bondholder of such Bond to the Issuer at its registered office and to the Agent at its specified office, be declared immediately due and repayable at its nominal amount together with accrued interest (if any) to the date of payment, without further formality unless such event shall have been remedied prior to the receipt of such notice by the Agent.

Any Bondholder must exercise its right to declare any Bond held by such Bondholder immediately due and repayable upon the occurrence of an Event of Default, other than an Event of Default referred to in Condition 10.1 below or any other Event of Default relating to the non-payment of an amount of principal or interest due in connection with the Bonds, at the latest within six (6) months from the date on which the Issuer has notified the Bondholders of the occurrence of the relevant Event of Default in accordance with Condition 13. If a Bondholder does not exercise its right within a period of six (6) months, it will no longer be able to obtain early redemption of its Bonds (and its Bonds will not be redeemed early), despite the fact that an event of default has occurred.

The following events constitute Events of Default:

### 10.1. ***Non-payment***

The Issuer fails to pay the principal of or interest on any of the Bonds of a series when due and such failure continues for a period of 5 Business Days in the case of principal or 10 Business Days in the case of interest, provided that this Event of Default will only occur with respect to the series of Bonds for which the Issuer fails to pay the principal or interest.

As a result, for the avoidance of doubt, a Bondholder will not be entitled to declare early redemption of its 2022 Bonds under this Condition 10.1 if the Issuer only fails to pay principal or interest on any of the 2025 Bonds (and vice versa).

### 10.2. ***Breach of other obligations***

The Issuer fails to observe or perform its obligations (other than any payment obligations referred to in the Conditions, as referred to in Condition 10.1 above) expressly set forth in these Conditions (other than any obligations set out in any agreements referred to in these Conditions), which default is incapable of remedy or, if capable of remedy, is not remedied within 10 Business Days after notice of such default shall have been given to the Issuer by any Bondholder.

### 10.3. ***Cross-acceleration***

At any time, any present or future Financial Indebtedness of the Issuer or any Subsidiary (other than Financial Indebtedness owed by a member of the Group to another member of the Group) in an amount equal to or exceeding EUR 25.0 million Indexed on the date of the relevant event listed below (or its equivalent in other currencies calculated at the exchange rate on the date of the relevant event listed below):

- (a) becomes due and payable prior to its stated maturity following the acceleration of an event of default (howsoever described) by the relevant creditors; or
- (b) is not paid on its due date or, as the case may be, within any applicable grace period.

For the purpose of this Condition, "**Financial Indebtedness**" means:

- (a) moneys borrowed;
- (b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with IFRS, be treated as a finance or capital lease;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) any amount raised under any other transaction (including any forward sale or purchase agreement) of a type not referred to in any other paragraph of this definition having the commercial effect of a borrowing;
- (g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value (or, if any actual amount is due as a result of the termination or close-out of that derivative transaction, that amount) shall be taken into account);
- (h) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (i) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (h) above.

#### 10.4. *Suspension of trading or delisting*

The Bonds are delisted or suspended from trading on Euronext Brussels for a period of 15 consecutive Business Days for a reason attributable to the Issuer, unless the Issuer obtains an effective listing and admission to trading of the Bonds on another regulated market of the European Economic Area by the end of that period.

#### 10.5. *Enforcement*

- (a) A Security Interest granted by the Issuer or any of its Material Subsidiaries in respect of any property or assets of which the aggregate book value based on the most recent consolidated audited financial statements of the Issuer at the time of enforcement is at least EUR 25.0 million Indexed on the date of enforcement (or its equivalent in other currencies calculated at the exchange rate on the date of enforcement) is enforced and the enforcement proceedings in relation to such Security Interest are not suspended or dismissed within three months.
- (b) Any claim under a Personal Security granted by the Issuer or any of its Material Subsidiaries for an aggregate amount of EUR 25.0 million Indexed at the time of enforcement (or its

equivalent in other currencies calculated at the exchange rate on the date the claim is made) is enforced and the enforcement proceedings in relation to such Personal Security are not suspended or dismissed within three months.

- (c) An execution on the basis of an enforceable judgement ("*uitvoerend beslag*" / "*saisie exécutoire*") is enforced against all or any part of the property or assets of the Issuer or any Material Subsidiary having an aggregate book value (based on the most recent consolidated audited financial statements of the Issuer) of EUR 25.0 million Indexed on the date of execution (or its equivalent in other currencies calculated at the exchange rate on the date of execution) and is not discharged within three months.

#### 10.6. *Insolvency or judicial reorganization*

- (a) The Issuer or any Material Subsidiary (i) is bankrupt or judicially determined or formally admitted to be insolvent or (ii) is unable to pay its debts as they fall due, (iii) stops, suspends or announces its intention to stop or suspend payment of all or a material part of (or of a particular type of) such debts, (iv) makes any agreement for the deferral, rescheduling or other readjustment of all of (or all of a particular type of) such debts (or any particular debt, in each case which it will or might otherwise be unable to pay when due), (v) proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts, (vi) by reason of actual or threatened insolvency, commences negotiations with one or more of its creditors with the view of deferring, rescheduling or otherwise readjusting any of its debts or (vii) initiates a bankruptcy or other insolvency proceeding or such proceedings are initiated against the Issuer or any Material Subsidiary under applicable Belgian or foreign bankruptcy or reorganisation laws (including the Belgian Law of 8 August 1997 on bankruptcy proceedings and the Belgian Law of 31 January 2009 regarding judicial reorganisation).
- (b) A moratorium is declared or comes into effect in respect of all or any part of (or of a particular type of) such debts of the Issuer or the relevant Material Subsidiary.
- (c) A bankruptcy trustee, liquidator, administrator (or similar officer under any applicable law) is appointed with respect to (or is appointed to take possession of all or a substantial part of the assets of) the Issuer or any Material Subsidiary in the context of insolvency proceedings.

#### 10.7. *Winding-up or dissolution*

An order is made or an effective resolution passed for the winding-up, liquidation or dissolution of the Issuer or any Material Subsidiary, except for the purpose of and followed by a Permitted Reorganisation.

#### 10.8. *Cessation of business*

The Issuer ceases or suspends all or substantially all of its business or activities, or threatens to cease or suspend all or substantially all of its business or activities, unless pursuant to a Permitted Reorganisation.

#### 10.9. *Illegality*

It becomes illegal or unlawful for the Issuer to perform or comply with its obligations under the Bonds.

## 11. Meeting of Bondholders and modifications

### 11.1. Meeting of Bondholders

The following provisions shall apply where there are both outstanding 2022 Bonds and 2025 Bonds:

- (a) resolutions that only affect the Bonds of one series shall be transacted at a separate meeting of the Bondholders of that series;
- (b) resolutions that affect the Bonds of both series shall be transacted either at separate meetings of the Bondholders of each series or at a single meeting of the Bondholders of both series; and
- (c) as may be necessary to give effect to the above provisions, the following paragraphs of this Conditions shall be applied as if references to the Bonds and Bondholders were to the Bonds of the relevant series and to the Bondholders of such Bonds.

All meetings of Bondholders will be held in accordance with the provisions of Articles 568 et seq. of the Company Code with respect to bondholders meetings. Such a meeting may be convened by the Board of Directors of the Issuer or its auditors and shall be convened by the Issuer upon the request in writing of Bondholders holding not less than one fifth of the aggregate nominal amount of the outstanding Bonds.

Subject to the quorum and majority requirements set out in Article 574 of the Company Code, and if required thereunder subject to validation by the competent court of appeal, a meeting of Bondholders will be entitled to exercise the powers set out in Article 568 of the Company Code and generally (subject to the consent of the Issuer) to modify or waive any provision of the Conditions applicable to the Bonds (including any proposal (i) to modify the maturity of the Bonds or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the nominal amount of, or interest on, the Bonds or (iii) to change the currency of payment of the Bonds or (iv) to modify the provisions concerning the quorum required) in accordance with the quorum and majority requirements set out in Article 574 of the Company Code, and if required thereunder subject to validation by the court of appeal, and in each case subject to the consent of the Issuer.

Resolutions duly passed by a meeting of Bondholders in accordance with these provisions shall be binding on all Bondholders, whether or not they are present at the meeting and whether or not they vote in favour of such a resolution.

Any Bonds which are at the time of a meeting of Bondholders held by or on behalf of the Issuer or any of its Affiliates shall be disregarded and be deemed not to remain outstanding for the purpose of any meeting of Bondholders, and any voting rights associated with any Bonds held by or on behalf of the Issuer or any of its Affiliates shall be suspended at all times.

Convening notices for meetings of Bondholders shall be made in accordance with Article 570 of the Company Code, which currently requires an announcement to be published not less than fifteen days prior to the meeting in the Belgian Official Gazette (*Belgisch Staatsblad/Moniteur Belge*) and in a newspaper of national distribution in Belgium. Convening notices shall also be made in accordance with Condition 13 (*Notices*).

If authorised by the Issuer, a resolution in writing signed by or on behalf of all Bondholders shall for all purposes be as valid and effective as a resolution passed at a meeting of Bondholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

## 11.2. *Modification and waiver*

The Issuer shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement and/or the Clearing Services Agreement, either (i) if to do so could not reasonably be expected to be materially prejudicial to the interests of the relevant Bondholders or (ii) which in the Agent's opinion is of a formal, minor or technical nature or (iii) is made to correct a manifest error or (iv) to comply with mandatory provisions of law.

The Agent may agree, without the consent of the Bondholders, to any modification of the provisions of the Agency Agreement or any agreement supplemental to the Agency Agreement either (i) which in the Agent's opinion is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law, and (ii) any other modification to the provisions of the Agency Agreement or any agreement supplemental to the Agency Agreement, which is, in the opinion of the Agent, not materially prejudicial to the interests of the Bondholders.

## 11.3. *General meeting of Shareholders*

The Bondholders shall be entitled to attend all general meeting of the Shareholders of the Issuer, in accordance with Article 537 of the Company Code, and they shall be entitled to receive or examine any documents that are to be remitted or disclosed to them in accordance with the Company Code. The Bondholders who attend any general meeting of Shareholders shall be entitled only to a consultative vote.

## 12. **Further Issues**

The Issuer may from time to time without the consent of the Bondholders create and issue further notes having the same terms and conditions as the Bonds (or the same in all respects save for the amount and date of the first payment of interest thereon) (so that, for the avoidance of doubt, references in the conditions of such bonds to "Issue Date" shall be to the first issue date of the Bonds) and so that the same shall be consolidated and form a single series with such Bonds, and references in these Conditions to "Bonds" shall be construed accordingly.

## 13. **Notices**

### 13.1. *Notices to Bondholders*

Notices to be given to any Bondholder shall be valid if:

- (a) published on the website of the Issuer; and
- (b) published through the usual newswires agency (or any of the usual newswires agencies) used by the Issuer to discharge its ongoing information duties pursuant to the Royal Decree of 14 November 2007; and
- (c) delivered to the NBB for communication to the Bondholders via participants in the NBB System; and
- (d) published in the Belgian Financial Press.

Any notice shall be deemed to have been given only once it has been published and delivered in accordance with each of paragraphs (a) to and including (d) above (and on the date of the last publication/delivery).

The Issuer shall also ensure that all notices are duly published in a manner that complies with all applicable laws and the rules and regulations of any stock exchange on which the Bonds are listed for the time being.

In addition to the above communications and publications, with respect to notices for meetings of Bondholders, convening notices for such meetings shall be made in accordance with Article 570 of the Company Code, which currently requires an announcement to be published not less than fifteen days prior to the meeting, in the Belgian Official Gazette (*Moniteur belge/Belgisch Staatsblad*) and in a newspaper with national distribution.

#### 13.2. *Notices by Bondholders*

Notices to be given by any Bondholder shall be given by registered mail with acknowledgement of receipt to the Issuer and the Agent. A notice will be deemed to be given on the date of receipt of the notice by the addressee.

### 14. **Governing law and jurisdiction**

#### 14.1. *Governing law*

The Agency Agreement and Bonds and any non-contractual obligations arising out of or in connection with the Agency Agreement or the Bonds are governed by, and shall be construed in accordance with, Belgian law.

#### 14.2. *Jurisdiction*

The courts of Brussels (Belgium) will have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Agency Agreement and the Bonds and, accordingly, any legal action or proceedings arising out of or in connection with the Agency Agreement or the Bonds ("**Proceedings**") may be brought in such courts. The language of the Proceedings shall be Dutch.



## V. CLEARING

The 2022 Bonds will be accepted for clearance through the NBB System under the ISIN number BE0002232016 and Common Code 124834317 with respect to the Bonds and will accordingly be subject to the NBB System Regulations.

The 2025 Bonds will be accepted for clearance through the NBB System under the ISIN number BE0002233022 and Common Code 124834341 with respect to the Bonds and will accordingly be subject to the NBB System Regulations.

The number of Bonds in circulation at any time will be registered in the register of registered securities of the Issuer in the name of the NBB (National Bank of Belgium, Boulevard de Berlaimont 14, B-1000 Brussels).

Access to the NBB System is available through those of its NBB System Participants whose membership extends to securities such as the Bonds.

NBB System Participants include certain banks, stockbrokers (*beursvennootschappen / sociétés de bourse*), and Euroclear and Clearstream, Luxembourg. Accordingly, the Bonds will be eligible to clear through, and therefore accepted by Euroclear and Clearstream, Luxembourg and Investors can hold their Bonds within securities accounts in Euroclear and Clearstream, Luxembourg.

Transfers of interests in the Bonds will be effected between NBB System Participants in accordance with the rules and operating procedures of the NBB System. Transfers between Investors will be effected in accordance with the respective rules and operating procedures of the NBB System Participants through which they hold their Bonds.

The Agent will perform the obligations of domiciliary agent included in the clearing services agreement that will be entered into on or about the date of this Prospectus by the NBB, the Issuer and ING Belgium NV/SA as Domiciliary Agent (the “**Clearing Agreement**”) and the Agency Agreement. The Issuer and the Agent will not have any responsibility for the proper performance by the NBB System or its NBB System participants of their obligations under their respective rules and operating procedures.

## **VI. GENERAL INFORMATION AND CAUTIONARY STATEMENTS**

### **1. Approval of the Prospectus**

On 15 June 2015, the FSMA approved the English version of this Prospectus for the purposes of a public offering in Belgium and the listing and trading of the Bonds on the regulated market of Euronext Brussels in accordance with Article 23 of the Prospectus Law.

This Prospectus relates to debt securities with a denomination per unit of less than EUR 100,000 and as a result, the disclosure in this Prospectus is in accordance with Articles 7 and 8 and Annexes IV and V of the Prospectus Regulation.

The FSMA's approval does neither imply any opinion by the FSMA on the merits, suitability and quality of the Public Offer, nor of the status of the Issuer.

No public offering is made outside of Belgium and the Prospectus has not been submitted for approval to any supervisory body or governmental authority outside of Belgium.

### **2. Person responsible for the Prospectus**

The Issuer, represented by its Board of Directors, accepts responsibility for the information in this Prospectus in accordance with article 61, §§1-2 of the Prospectus Law, the Dutch translation of the Prospectus and for the content of the French version of the summary, in accordance with Article 31 of the Prospectus Law.

The Issuer declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

The Managers, or any of their affiliates, make no representation or warranty, express or implied, as to, and do not assume any responsibility for, the accuracy or completeness or verification of the information in this Prospectus, and nothing in this Prospectus is, or shall be relied upon as, a statement or representation by the Managers, or any of their affiliates, whether as to the past or the future. Accordingly, the Managers, or any of their affiliates disclaim, to the fullest extent permitted by applicable law, any and all liability, whether arising in tort, contract or otherwise, in respect of this Prospectus or any such statement or representation. The Managers are acting exclusively for the Issuer and not for any other person in connection with the Public Offer and it will not be responsible to any other person for providing the services offered to the Issuer.

This Prospectus is intended to provide information to potential Investors in the context of and for the sole purpose of evaluating a possible investment in the Bonds. It contains selected and summarised information, does not express any commitment or acknowledgment or waiver and does not create any right, express or implied, towards anyone other than a potential Investor.

### **3. Industry data and other statistical information**

Unless otherwise mentioned in the Prospectus, industry data and market size/share data provided in the Prospectus are derived from independent publications by leading organisations, from reports by market research firms and from other independent sources or from own estimates by the Issuer's management, which the latter believes to be reasonable. When information has been derived from third parties, the Prospectus refers to such third parties.

The information provided by third parties has been accurately reproduced and as far as the Issuer is aware and able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. However, the Issuer and its advisors have not independently verified any of the abovementioned information.

Certain market share information and other statements in the Prospectus regarding the industry and the Issuer's position relative to its competitors may not be based on published statistical data or information obtained from independent third parties. Rather, such information and statements reflect the Issuer's best estimates based upon information obtained from trade and business organisations and associations and other contacts within the industry. This information from the Issuer's internal estimates and surveys has not been verified by any independent sources.

Market information is subject to change and cannot always be verified with complete certainty due to limits on the availability and reliability of primary data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent to any statistical survey of market information. As a result, Investors should be aware that market share, ranking and other similar data in the Prospectus, and estimates and beliefs based on such data, may not be reliable.

#### **4. Rounding**

Certain monetary amounts and other numeric figures that appear in this Prospectus have been subject to rounding adjustments and currency conversion adjustments. Accordingly, figures shown as totals in certain tables may not be arithmetic aggregations of the figures that precede them. Any discrepancies in any tables between the totals and the sums of amounts listed are due to rounding.

#### **5. Available Information**

The Issuer files its Articles of Association and all other deeds that are to be published in the annexes to the Belgian Official Gazette with the clerk's office of the Dutch speaking Commercial Court of Brussels (Belgium), where they are available to the public. A copy of the most recently restated Articles of Association and the Corporate Governance Charter is also available on the Issuer's website ([www.tessengerlo.com](http://www.tessengerlo.com)).

In accordance with Belgian law, the Issuer prepares annual audited statutory and consolidated financial statements. The annual statutory and consolidated financial statements and the reports of the Board of Directors and Statutory Auditor relating thereto are filed with the Belgian National Bank, where they are available to the public ([www.nbb.be](http://www.nbb.be)).

Furthermore, as an Issuer of which the Shares are listed on the regulated market of Euronext Brussels, the Issuer publishes an annual report (which includes its statutory and consolidated financial statements, the annual report of the Board of Directors and the report of the Statutory Auditor) and an annual announcement preceding the publication of the annual financial report, as well as a half-yearly financial report on the first six months of its financial year (which includes a condensed set of financial statements and an interim management report). Copies of these documents are available on the Issuer's website ([www.tessengerlo.com](http://www.tessengerlo.com)) and on STORI, the Belgian central storage mechanism, which is operated by the FSMA and can be accessed via ([www.fsma.be](http://www.fsma.be)).

The Issuer is under a legal obligation to disclose inside information, information about its shareholders' structure, and certain other information to the public. In accordance with the Belgian Royal Decree of 14 November 2007, such information and documentation is made available through press releases, the financial press in Belgium, the Issuer's website, the communication channels of

Euronext Brussels or a combination of these media.

Except as stated in Section XIV “*Information Incorporated by Reference*”, no information on any website is part of this Prospectus.

The Issuer’s website can be found at [www.tessengerlo.com](http://www.tessengerlo.com).

## 6. Availability of the Prospectus

This Prospectus is available in Dutch and English and the summary is available in French. The FSMA has approved the English version of the Prospectus. The Issuer is responsible for the consistency between the Dutch and English versions of the Prospectus and for the consistency between the French summary and the Dutch version of the summary included in the Prospectus. In case of inconsistencies between the language versions, the English version shall prevail.

This Prospectus will be published on the website of Euronext Brussels (on 15 July 2015). The Prospectus (in English and in Dutch) and the summary in French will also be available on the website of the Issuer ([www.tessengerlo.com](http://www.tessengerlo.com)).

Subject to the restrictions in this Prospectus, this Prospectus (in English and in Dutch) will be made available to Investors free of charge, as from 16 June 2015, in Belgium, at the registered office of the Issuer, Troonstraat 130, 1050 Brussels, Belgium and will also be made available to Investors free of charge upon request to the Managers, on the phone number (i) for ING, +32 (0)2 464 60 04 (in English), +32 (0)2 464 60 01 (in Dutch) or +32 (0)2 464 60 02 (in French) (ii) for BNP Paribas Fortis SA/NV, +32 (0)2 433 41 34 (in Dutch) or +32 (0)2 433 41 31 (in French) or (iii) for KBC Bank NV, +32 (0)78 152 153 (in English), +32 (0)78 152 153 (in Dutch) or +32 (0)78 152 154 (in French), and on the websites of the Managers: ING Bank N.V. ([www.ing.be](http://www.ing.be) (beleggen – obligaties) or [www.ing.be](http://www.ing.be) (investments – obligations)), BNP Paribas Fortis SA/NV ([www.bnpparibasfortis.be/emissions](http://www.bnpparibasfortis.be/emissions) or [www.bnpparibasfortis.be/emissions](http://www.bnpparibasfortis.be/emissions)), KBC Bank NV ([www.kbc.be/tessengerlo](http://www.kbc.be/tessengerlo)), Belfius Bank SA/NV ([www.belfius.be/tessengerlo](http://www.belfius.be/tessengerlo)) and Bank Degroof NV/SA ([www.degroof.be](http://www.degroof.be)).

The fact that the Issuer has made the Prospectus available, or allowed the Prospectus to be available, on these websites subject to certain restrictions, does not constitute an offer by the Issuer to purchase or subscribe for or a solicitation of an offer to sell or subscribe for, and there shall not be any offer, solicitation or sale of any of the Bonds in any jurisdiction outside Belgium or in any other jurisdiction in which such offer, solicitation or sale would be unlawful prior to its registration or qualification under the laws of such jurisdiction or to or for the benefit of any person to whom it is unlawful to make such offer, solicitation or sale. The electronic version of the Prospectus may not be copied, made available or printed for distribution. Other information on the website of the Issuer or any other website does not form part of this Prospectus.

## VII. SELECTED FINANCIAL INFORMATION

### 1. General

The selected financial information set forth below should be read in conjunction with the financial statements and the press release regarding the "First quarter 2015 trading update", published on 24 April 2015, and incorporated by reference or referred to elsewhere in this Prospectus. The selected financial information set forth below as of the financial years 2013 and 2014 has been extracted from the Group's audited, consolidated financial statements, prepared in accordance with IFRS, as adopted by the EU, incorporated by reference in this Prospectus. The selected unaudited consolidated financial information for the first three months ended 31 March 2015, has been extracted from the Issuer's press release regarding the "First quarter 2015 trading update", published on 24 April 2015, and have been prepared in accordance with IFRS, as adopted by the EU. See also Section XIV.

### 2. Consolidated income statement

EUR m	For the year ended 31 December	
	2014	2013
Revenue	1,434.2	1,790.1
Cost of sales	-1,108.2	-1,430.8
<b>Gross profit</b>	<b>326.0</b>	<b>359.3</b>
Distribution expenses	-84.0	-91.4
Sales and marketing expenses	-48.3	-69.0
Administrative expenses	-109.6	-134.0
Other operating income and expenses	-17.1	-19.1
<b>Profit (+) / loss (-) from operations before non-recurring items (REBIT)</b>	<b>66.9</b>	<b>45.8</b>
Gains and losses on disposals	0.0	4.9
Restructuring	3.7	-37.6
Losses on disposal groups classified as held for sale	0.6	-15.8
Impairment losses	-1.6	-5.6
Provisions and claims	-12.7	5.7
Other income and expenses	-5.8	-16.1
<b>Profit (+) / loss (-) from operations (EBIT)</b>	<b>51.2</b>	<b>-18.7</b>
Finance costs	-75.9	-62.9
Finance income	72.9	35.7
<b>Finance costs - net</b>	<b>-3.0</b>	<b>-27.3</b>
Share of result of equity accounted investees, net of income tax	3.0	4.2
<b>Profit (+) / loss (-) before tax</b>	<b>51.2</b>	<b>-41.7</b>
Income tax expense	1.6	-23.4
<b>Profit (+) / loss (-) for the period</b>	<b>52.8</b>	<b>-65.1</b>
Attributable to:		
- <b>Equity holders of the company</b>	<b>53.7</b>	<b>-64.0</b>
- <b>Non-controlling interest</b>	<b>-0.9</b>	<b>-1.1</b>

Basic earnings per share (EUR)	1.67	-2.02
Diluted earnings per share (EUR)	1.67	-2.02

### 3. Consolidated balance sheet

EUR m	For the year ended 31 December	
	2014	2013
<b>Assets</b>		
<b>Total non-current assets</b>	<b>596.3</b>	<b>595.0</b>
Property, plant and equipment	462.6	436.7
Goodwill	38.8	37.1
Other intangible assets	45.2	49.9
Investments accounted for using the equity method	18.6	24.0
Other investments	2.5	4.3
Deferred tax assets	18.6	5.1
Trade and other receivables	9.2	34.2
Derivative financial instruments	0.8	3.7
<b>Total current assets</b>	<b>586.9</b>	<b>486.2</b>
Inventories	248.2	255.7
Trade and other receivables	180.2	177.0
Derivative financial instruments	1.5	4.6
Cash and cash equivalents	157.0	48.9
<b>Non-current assets classified as held for sale</b>	<b>2.3</b>	<b>8.8</b>
<b>Total assets</b>	<b>1,185.4</b>	<b>1,089.9</b>
<b>Equity and Liabilities</b>		
<b>Equity</b>		
<b>Equity attributable to equity holders of the company</b>	<b>433.5</b>	<b>236.6</b>
Issued capital	212.4	159.2
Share premium	224.2	102.0
Reserves and retained earnings	-3.1	-24.6
Amounts recognized in other comprehensive income and accumulated in equity relating to non-current assets held for sale	-	0.0
<b>Non-controlling interest</b>	<b>3.4</b>	<b>3.3</b>
<b>Total equity</b>	<b>436.9</b>	<b>239.9</b>
<b>Liabilities</b>		
<b>Total non-current liabilities</b>	<b>260.8</b>	<b>432.4</b>
Loans and borrowings	3.9	199.8
Employee benefits	53.3	41.6
Provisions	149.8	147.1
Trade and other payables	4.1	0.5
Derivative financial instruments	11.9	10.9
Deferred tax liabilities	37.8	32.4
<b>Total current liabilities</b>	<b>487.7</b>	<b>409.4</b>
Bank overdrafts	0.6	4.1
Loans and borrowings	209.7	103.8
Trade and other payables	230.1	257.3
Derivative financial instruments	27.1	7.6
Current tax liabilities	1.3	8.9
Employee benefits	1.5	1.4
Provisions	17.5	26.2
<b>Liabilities associated with assets classified as held for sale</b>	<b>-</b>	<b>8.3</b>
<b>Total liabilities</b>	<b>748.5</b>	<b>850.0</b>
<b>Total equity and liabilities</b>	<b>1,185.4</b>	<b>1,089.9</b>

#### 4. Consolidated cash flow statement

EUR m	For the year ended 31 December	
	2014	2013
<b>Operating activities</b>		
Profit (+) / loss (-) for the period	52.8	-65.1
Depreciation, amortization and impairment losses on tangible assets, goodwill and other intangible assets	68.7	76.5
Impairment losses on other investments	0.8	-
Impairment losses on disposal groups	0.5	13.2
Changes in provisions	-4.7	4.5
Finance costs	75.9	62.9
Finance income	-72.9	-35.7
Loss / (profit) on sale of non-current assets	-2.0	-2.7
Impact capital increase expense and warrant plan	-	0.8
Share of result of equity accounted investees, net of income tax	-3.0	-4.2
Income tax expense	-1.6	23.4
Other non-cash items	-0.9	-1.2
Changes in inventories	14.8	16.1
Changes in trade and other receivables	18.2	8.2
Changes in trade and other payables	-30.2	15.9
<b>Cash generated from operations</b>	<b>116.4</b>	<b>112.6</b>
Income tax paid	-29.0	-8.1
Dividends received	4.5	5.3
<b>Cash flow from operating activities</b>	<b>91.8</b>	<b>109.8</b>
<b>Investing activities</b>		
Acquisition of property, plant and equipment	-66.2	-94.8
Acquisition of other intangible assets	-1.8	-4.4
Subsequent consideration paid – acquisition	-0.7	-
Acquisition of investments, net of cash acquired	0.2	-0.5
Proceeds from sale of property, plant and equipment	1.7	8.2
Proceeds from sale of other intangible assets	0.3	0.3
Proceeds from sale of subsidiaries, net of cash disposed of	14.4	80.7
Capital decrease from other investments	0.7	-
Capital decrease from investments accounted for using the equity method	3.6	-
<b>Cash flow from investing activities</b>	<b>-47.9</b>	<b>-10.5</b>
<b>Financing activities</b>		
Increase of issued capital - new shares issued	174.8	0.7
Increase of issued capital - conversion of warrants	0.7	-
Costs capital increase	-2.1	-
Own shares	-	0.5
Capital increase from non-controlling interests	0.8	-
Proceeds from new borrowings	1.3	46.5
Reimbursement of borrowings	-94.0	-84.1
Interest paid	-11.7	-13.6
Interest received	1.3	0.4
Other finance costs paid	-6.5	-8.5
(Increase) of long term receivables	-0.5	-1.7
Decrease of long term receivables	2.5	0.3
Dividends paid to shareholders	-	-22.2
<b>Cash flow from financing activities</b>	<b>66.4</b>	<b>-81.8</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>110.4</b>	<b>17.4</b>
Effect of exchange rate differences	1.3	-2.1
Cash and cash equivalents less bank overdrafts at the beginning of the period	44.8	29.5
Cash and cash equivalents less bank overdrafts at the end of the period	156.5	44.8

## 5. Interim financial information for the three months period ending on 31 March 2015

EUR m	For the 3 month period ended 31 March	
	2015	2014
Revenue Group	405.8	396.4
- Revenue Other segment	-	-29.8
<b>Revenue at comparable scope</b>	<b>405.8</b>	<b>366.6</b>
Rebitda Group	46.2	38.2
- Rebitda Other segment	-	-1.9
<b>Rebitda at comparable scope</b>	<b>46.2</b>	<b>36.3</b>
<b>Net Debt</b>	<b>111.9</b>	<b>240.5</b>
<b>Notional Net Debt</b>	<b>183.5</b>	<b>344.9</b>

## 6. Debt situation of the Issuer on 31 March 2015

EUR m	For the 3 month period ended 31 March		Q4	
	2015	2014	2014	2013
Non-current loans and borrowings	3.8	196.3	3.9	199.8
Current loans and borrowings	217.6	115.1	209.7	103.8
Cash and cash equivalents	-109.9	-74.9	-157.0	-48.9
Bank overdrafts	0.5	4.0	0.6	4.1
<b>Net Debt</b>	<b>111.9</b>	<b>240.5</b>	<b>57.1</b>	<b>258.9</b>
Non-recourse factoring and securitization	71.6	104.4	98.2	81.9
<b>Notional Net Debt</b>	<b>183.5</b>	<b>344.9</b>	<b>155.3</b>	<b>340.8</b>

### Revenue

At comparable scope, revenue of the 3 segments Agro, Bio-valorization and Industrial solutions, rose by 10.7% in 1Q15 compared to the same period last year (or by 2.8% when excluding the foreign exchange effect).

The revenue at comparable scope increased from EUR 366.6 million in 1Q14 to EUR 405.8 million in 1Q15, which represents an increase of 10.7%. The revenue of subsidiaries, of which the functional currency is different from the EUR, is translated in the consolidated income statement to EUR using the year to date average foreign exchange rate (approximating the foreign exchange rates prevailing at the dates of the transactions). Due to the strengthening of some foreign currencies vs the EUR in the period 1Q14-1Q15, mainly the strengthening of the USD vs the EUR, a part of this 10.7% revenue increase can be explained by the increase of foreign currencies vs the EUR.

For trading update purposes, the consolidated revenue of 1Q15 has been recalculated using the same exchange rates as in 1Q14. Using the same exchange rates as in 1Q14, the consolidated revenue would only have amounted to EUR 377.1 million in 1Q15, which would only have represented a revenue increase by 2.8%. This implies that 7.9% of the revenue increase can be explained by the change of foreign exchange rates.



Reported revenue increased within all three segments, while Bio-valorization revenue slightly decreased when excluding the foreign exchange effect.

## **Rebitda**

The 1Q15 Rebitda at comparable scope amounts to EUR 46.2 million, compared to EUR 36.3 million in the same period last year (an increase by 27.1% or by 10.3% when excluding the foreign exchange effect), and includes an inventory write-off of EUR -8.4 million. This write-off is a consequence of changed accounting estimates concerning inventory obsolescence.

The Rebitda at comparable scope increased from EUR 36.3 million in 1Q14 to EUR 46.2 million in 1Q15, which represents an increase of 27.1%. The Rebitda of subsidiaries, of which the functional currency is different from the EUR, is translated in the consolidated income statement to EUR using the year to date average foreign exchange rate (approximating the foreign exchange rates prevailing at the dates of the transactions). Due to the strengthening of some foreign currencies vs the EUR in the period 1Q14-1Q15, mainly the strengthening of the USD vs the euro, a part of this 27.1% Rebitda increase can be explained by the increase of foreign currencies vs the EUR.

For trading update purposes, the consolidated Rebitda of 1Q15 has been recalculated using the same exchange rates as in 1Q14. Using the same exchange rates as in 1Q14, the consolidated Rebitda would have only amounted to EUR 40.1 million in 1Q15, which would only have represented a revenue increase by 10.3%. This implies that 16.8% of the Rebitda increase can be explained by the change of foreign exchange rates.

During 1Q15, management changed its estimates concerning inventory obsolescence. Management revised its estimates based on experience and the assessment of current market circumstances. Actual results could differ of course from these estimates. These changed estimates negatively impacted the 1Q15 Rebitda for EUR -8.4 million.

The improved performance in 1Q15 is mainly driven by current favorable market conditions in the Agro segment, while the Rebitda of the operating segments Bio-valorization and Industrial solutions decreased when excluding the foreign exchange effect, both being impacted by the change of accounting estimates.

The change in accounting estimates concerning inventory obsolescence impacted the 1Q15 Rebitda by EUR -8.4 million. Mainly the operating segments Bio-valorization and Industrial solutions were impacted by this change in accounting estimates.

The Rebitda of these two segments decreased in 1Q15 versus 1Q14 (when excluding the foreign exchange effect). However if we would exclude the impact of the changes in accounting estimates, the 1Q15 Rebitda of Bio-valorization would have been similar to the Rebitda of 1Q14 and the 1Q15 Rebitda of Industrial solutions would even have increased compared to 1Q14 (both when excluding the foreign exchange effect).

## **Net Debt**

At the end of March 2015, group Net Debt amounted to 111.9 million EUR, resulting in a leverage of 0.8x. Notional Net Debt increased to 183.5 million EUR, compared to 155.3 million EUR as per year-end 2014. This increase can be mainly explained by the settlement of financial instruments and by a seasonal increase of working capital. Capital expenditure amounted to 9.5 million EUR in the first quarter versus 14.1 million EUR in the same period last year.

The increase of the Notional Net Debt can, from a cash flow perspective, be explained by two main factors:

- The working capital increased during 1Q15 compared to 4Q14 (additional cash need), which is a recurring seasonal impact in the first quarter of the year. Some of the Group's businesses, mainly within the operating segment Agro, are building up inventory in order to be ready for the high sales season during the second quarter of the year.
- Some financial instruments, which were recognized as a liability on the December 31 2014 statement of financial position, came to maturity in 1Q15.<sup>2</sup>

### **Current loans and borrowings**

Other than the EUR 150 million bond maturing in 2015, the current loans and borrowings as per 31 March 2015 are (i) the outstanding commercial paper amounting to EUR 63.0 million and (ii) other short term facilities amounting to EUR 6.0 million. The transaction costs related to loans and borrowings were EUR -1.4 million.

## **7. Outlook**

The 1Q15 results reflect a strong start of 2015, over performing versus expectations. Based on current assumptions, the Group anticipates that the growth of the 2015 Rebitda, compared to the 2014 Rebitda, will be in a range between 15% and 20%.

## **8. Recent principal changes within the Group structure**

In 2013, the Group saw the end of several divestments that were launched as part of the transformation plan started in 2010. In 2013, the Group exited the profiles, compounds, phosphates and organic chlorine derivatives businesses. The revenues and REBIT still generated in 2013 by the currently divested or stopped entities represented a total of respectively EUR 375.3 million and EUR 16.2 million<sup>3</sup> (or EUR 333.8 million and EUR 15.5 million<sup>3</sup> at 30 September 2013). The sale of the Aliphos feed phosphate business, of which the Belgian production was stopped at the end of 2013, was concluded in February 2014. This business still generated EUR 29.2 million revenues and EUR 1.6 million<sup>3</sup> REBIT in 2014.

The principal changes undertaken by the Group in 2013 can be summarised as follows:

- In February 2013, the Group completed the sale of its continental European Profiles activities, known under the brand name Profialis. The business generated EUR 5.8 million revenues and EUR 0.0 million<sup>3</sup> REBIT in 2013.
- In May 2013, the Group sold Tessengerlo Partecipazioni S.p.A, including its subsidiary Tessengerlo Italia Srl. The sale concerned one production site in Pieve Vergonte (Italy), with an electrolysis and chloro-aromatics plant and two hydro-electric power stations. The business generated EUR 9.3 million revenues and EUR -1.3 million<sup>3</sup> REBIT in 2013.

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<sup>2</sup> The financial instruments mainly relate to USD swaps coming at maturity in 1Q15. These financial instruments were recognized as a liability on the December 31 2014 statement of financial position, but these are not included in the definition of net debt.

<sup>3</sup> In the segmentation reporting, the REBIT figures of the divested or stopped activities are included in the "other" line (see also Section X.1). For the segmentation reporting corporate costs are allocated to each operating segment. The REBIT figures of the divested or stopped activities included in this section do not include the allocated corporate costs.

- In June 2013, the sale of the compounds activities was completed. The sale comprised four production sites in France, Poland and China and one R&D site in Belgium, employing three hundred and sixty (360) employees. The compounds activities generated EUR 54.8 million revenues and EUR 2.4 million<sup>3</sup> REBIT in 2013.
- In September 2013, the Group continued with the divestment of its UK Profiles activities (trading under the Eurocell name). The sale comprised three production sites, a warehousing site, and one hundred and twenty-four (124) sales branches, employing nine hundred and seventy-eight (978) people. The Eurocell business generated EUR 125.7 million revenues and EUR 7.3 million<sup>3</sup> REBIT in 2013.
- Finally, at the end of 2013, the Group signed an agreement to sell its Aliphos feed phosphate business. The sale was concluded in February 2014 and comprised one production site in Rotterdam (the Netherlands), three sales offices (Germany, Spain and Poland) and a number of commercial functions. The Aliphos feed phosphate business, including the phosphate production at the Ham site (Belgium), which was closed down end of 2013 for environmental reasons, generated EUR 179.6 million revenues and EUR 7.9 million<sup>3</sup> REBIT in 2013 and EUR 29.2 million revenues and EUR 1.6 million<sup>3</sup> REBIT in 2014.

There have been no significant changes in the Group structure since the end of 2013.

#### 9. **Significant changes in the Issuer's financial or trading position since 31 December 2014**

There have been no significant changes in the Issuer's financial or trading position since 31 December 2014.

#### 10. **Recent events particular to the Issuer to a material extent relevant to the evaluation of the Issuer's solvency**

There are no recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency.

## VIII. INFORMATION ABOUT THE ISSUER AND ITS SHARE CAPITAL

### 1. Corporate profile

#### 1.1. *Legal and commercial name*

The Issuer's legal and commercial name is "Tessengerlo Chemie".

#### 1.2. *Registered office*

The Issuer's registered office is located at Troonstraat 130, 1050 Brussels, Belgium. The phone number of the Issuer's registered office is +32 (0)2 639 18 41. The publicly available documents related to the Issuer and quoted in this Prospectus can be reviewed or obtained at its registered office.

The Board of Directors is authorised to move the registered office to any other location in Belgium by simple decision. The transfer of the registered office will be made public by the Board of Directors in the Annexes to the Belgian Official Gazette.

Further to a decision of the Board of Directors, the Issuer may set up administrative offices, subsidiaries, branches and agencies, both in Belgium and abroad.

#### 1.3. *Incorporation, amendment to the Articles of Association and term*

The Issuer was founded on 14 March 1972 under the name "P.B. Gelatines" for an indefinite period of time pursuant to a deed published in the Annexes to the Belgian Official Gazette of 8 April 1972, under number 746-3 (see Section X.2 in respect of the history of the Issuer). The name of the Issuer was changed into "Tessengerlo Chemie", pursuant to a decision of the extraordinary Shareholders' Meeting of 29 June 1983 as published in the Annexes to the Belgian Official Gazette of 2 August 1983 under number 2021-16.

The Articles of Association have been amended on numerous occasions and most recently on 19 December 2014.

The Articles of Association are available for inspection at the Issuer's registered office and the Issuer's website: [www.tessengerlo.com](http://www.tessengerlo.com).

#### 1.4. *Register of Legal Entities*

The Issuer is registered with the Register of Legal Entities (*rechtspersonenregister – RPR / registre des personnes morales- RPM*) (Brussels, Dutch speaking) under enterprise number 0412.101.728.

#### 1.5. *Legal form*

The Issuer is a "*naamloze vennootschap/société anonyme*", a public company with limited liability organised and existing under the laws of Belgium. It has the status of a corporation making or having made a public call on savings (*naamloze vennootschap – NV die een openbaar beroep op het spaarwezen doet of heeft gedaan / société anonyme – SA faisant ou ayant fait appel public à l'épargne*).

## 1.6. **Financial year**

The financial year of the Issuer starts on 1 January and ends on 31 December.

## 1.7. **Corporate purpose**

The corporate purpose of the Issuer is set forth in Article 3 of its Articles of Association and reads as follows:

*“The purpose of the company consists of:*

- *manufacturing and selling all kinds of products, and providing all kinds of services, in the sector of chemistry (including fertilizers and animal nutrition), gelatine, pharma, plastic pipe systems and water treatment, and all products related to the above (e.g. by-products)*
- *trading in and transporting of all kinds of raw materials*
- *acquiring, holding and transferring by means of purchase, contribution, sale, swap, merger, demerger, subscription, exercise of rights or in any other manner, of all participations in all enterprises, branches of activity and in all companies, associations, institutions, trusts, existing or to be constituted; concluding all cooperation, rationalisation, association or other agreements with said entities*
- *providing all services, including administrative, legal, technical, commercial, purchasing & procurement, risk management, internal control and financial work and studies or management assistance, to the entities in which it holds an interest, or to third parties*
- *coordinating, developing, centralizing, registering, acquiring, exploiting, conceding or transferring all processes, patents and licenses*
- *coordinating, developing and centralizing financial activities for the benefit of all or part of the companies of the group to which it belongs, a.o. hedging of all kinds of financial risks, including the management of intra-group accounts and centralised treasury management, by all financial means, including the attracting and centralizing of funding for and the providing of loans to affiliated companies using own funds or borrowed monies or making use of re-invoicing or factoring.*

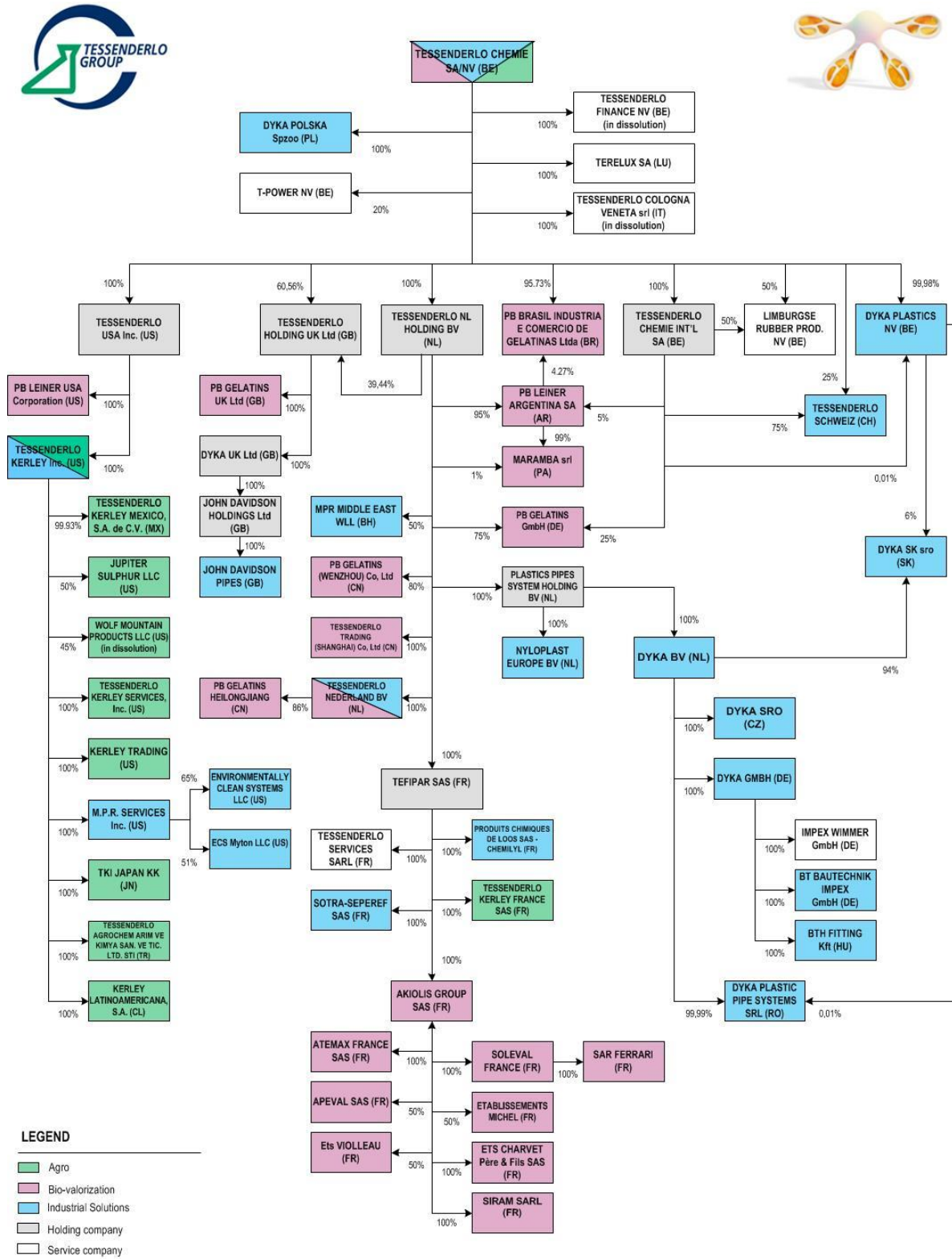
*The company may in general carry out all civil or commercial, industrial or financial operations and operations involving movable and immovable property, which are directly or indirectly or wholly or partially connected with one or other part of its objectives, or which are of such a kind as to expand or promote the achievement of the company's purpose.*

*It can achieve its purpose both for its own account and for the account of third parties, among other things by renting or leasing its facilities, or in any other manner.*

*It can provide security, both by providing personal rights or rights in rem for the benefit of any physical or legal person, whether or not affiliated to it.”*

## 2. Group structure

Following the completion of the portfolio transformation, the Group segmentation was adjusted to reflect its 3 focus areas: Agro, Bio-valorization and Industrial Solutions. The chart below maps the 3 segments to the legal entity structure:



- LEGEND**
- Agro
  - Bio-valorization
  - Industrial Solutions
  - Holding company
  - Service company

### 3. **Share capital and Shares**

On the date of this Prospectus, the Share Capital of the Issuer amounts to EUR 212,431,751.00 and is fully paid-up. It is represented by 42,396,563 Shares, without nominal value and each Share entitles its holder to one vote.

The Issuer has issued a certain number of warrants under different warrant plans. Per 1 June 2015, 870,073 warrants were outstanding. Each warrant entitles its holder to acquire one Share in the Issuer upon exercise of the warrant. A certain number of these warrants has become exercisable as of 9 June 2015 and will continue to be exercisable during and after the Subscription Period for the Bonds. As the stock price of the Issuer's shares on Euronext Brussels has significantly increased over the last months, it is expected that a large number of warrants will be exercised during the current exercise period. The Share Capital of the Issuer might therefore be increased as a result of the exercise of warrants, before, during and after the Subscription Period for the Bonds.

### 4. **Shareholder structure**

#### 4.1. *Overview*

On 6 November 2013 the Picanol Group<sup>4</sup> (Euronext: PIC) announced that, further to the announcement made on 26 July 2013, it successfully completed the acquisition of the Shares held by SNPE SA in the Issuer. As a result of the transaction, the Picanol Group held 27.52% of the share capital of the Issuer at that time. In this respect, Verbrugge NV, controlled by Picanol NV, has made a transparency notification in accordance with the Transparency Law by which the Issuer was notified of its shareholding of 8,744,069 shares representing 27.52% of the Issuer's share capital at that time. Verbrugge NV has indicated to act as a long-term solid shareholder supporting the Issuer's long-term strategy. On the same day, SNPE SA, a 99.9% French state owned company, disclosed that its participation in the Issuer's Share Capital had fallen below the 5% voting rights threshold.

On 24 December 2014, Verbrugge NV, Artela NV, Mr Luc Tack and Picanol NV have made a transparency notification in accordance with the Transparency Law by which the Issuer was notified that Verbrugge NV held 12,802,812 Shares, representing 30.20% of the Issuer's Share Capital and Symphony Mills NV<sup>5</sup> held 630,458 Shares, representing 1.49% of the Issuer's Share Capital.

Pursuant to different notifications made to the FSMA, and most recently on 12 February 2015 by Symphony Mills NV in accordance with Article 15 of the Royal Decree of 5 March 2006 on transactions of managers, the Issuer was informed that Symphony Mills NV acquired 145,621 Shares since the transparency notification dated 24 December 2014.

No notifications relating to other persons have been transmitted to the Issuer.

The Issuer is aware of the fact that Verbrugge NV has acquired new Shares in the recent period before the date of this Prospectus. Moreover, Verbrugge NV intends to acquire new Shares on short term after the date of this Prospectus and potentially during the Subscription Period.

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<sup>4</sup> Picanol NV is controlled by Artela NV, which is ultimately controlled by Mr Luc Tack.

<sup>5</sup> Ultimately controlled by Mr Luc Tack.

To the Issuer's best knowledge and based on the notifications most recently received, but not taking into account Verbrugge NV's recent Share transactions, the Shareholders' structure is as follows on the date of this Prospectus:

Shareholder	Number of Shares	% on a non-diluted basis
Verbrugge NV	12,802,812	30.20%
Symphony Mills NV	776,079	1.83%
Blocked Shares (Shares held by personnel or former personnel)	187,037	0.44%
Free float <sup>6</sup>	28,630,635	67.53%
<b>Total</b>	<b>42,396,563</b>	<b>100%</b>

#### 4.2. *Voting rights of the major shareholders*

The major shareholder(s) do not have different voting rights from other shareholders that are members of the shareholders' meeting.

#### 4.3. *Reference shareholder*

Based on the transparency declarations and manager transaction notifications to the FSMA made by Verbrugge NV and Symphony Mills NV, the former holds 30.20% and the latter holds 1.83% of the Shares in the Issuer.

On the latest Shareholders' Meeting of the Issuer on 2 June 2015 and on the penultimate Shareholders' Meeting of the Issuer on 18 November 2014, Verbrugge NV represented the majority of the voting rights cast. In accordance with Article 5, § 3 of the Company Code, Verbrugge NV is therefore considered, unless rebutted, to control the Issuer.

Section H of the Corporate Governance Charter and articles 523 and 524 of the Company Code contain provisions regarding conflicts of interest, which limit the possibilities for abuse of control by (inter alia) the reference shareholders.

To the Issuer's best knowledge, no arrangements are currently in place that may result in a change in control of the Issuer.

#### 4.4. *Shareholders' agreements*

At the date of this Prospectus, the Issuer has no knowledge of any agreements made between the Shareholders.

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<sup>6</sup> Individual Shareholders holding less than 5% of the Issuer's Shares.



## IX. MANAGEMENT AND GOVERNANCE

### 1. Board of Directors and the Executive Committee

#### 1.1. Board of Directors

##### (i) Overview

The table below gives an overview of the current members<sup>7</sup> of the Issuer's Board of Directors<sup>8</sup>:

Name	Age	Position	Start of term	End of term <sup>9</sup>	Business address
Stefaan Haspeslagh	57	Chairman and CFO <sup>10</sup>	13/11/2013	2018	Troonstraat 130, 1050 Brussels, Belgium
Luc Tack	53	CEO (executive director)	13/11/2013	2019	Troonstraat 130, 1050 Brussels, Belgium
Véronique Bolland	47	Independent director	04/06/2013	2017	Avenue Reine Astrid 92 – Tower B, 1310 La Hulpe, Belgium
Philippe Coens <sup>11</sup>	68	Independent director	07/06/2011	2019	Cypressenlaan 21, 3080 Tervuren, Belgium
Dominique Damon-Zakovitch	68	Independent director	07/06/2011	2019	Avenue Rodin 1, 75116 Paris, France
Karel Vinck	76	Non-executive director	17/03/2005	2019	Sint-Hubertusdreef 39, 3090 Overijse, Belgium

##### (ii) Biographies

#### **Stefaan Haspeslagh, Chairman and CFO (15 February 1958)**

Stefaan Haspeslagh graduated as a Master in Applied Economics and further specialised in Tax Management & Insurance. He started his career in audit, tax and consulting services at PwC Belgium and gained a wealth of experience and expertise in finance and financial management.

Currently he is Chairman of the Board of Directors of the Issuer and chief financial officer at both the Issuer (since 1 May 2015) and the Picanol Group (Picanol NV).<sup>12</sup> The Picanol Group is an

<sup>7</sup> During the year 2015 the following changes took place: Mr. Melchior de Vogue resigned from the Issuer's Board of Director as Executive Director on April 30<sup>th</sup> 2015. Mr. Antoine Gendry, a non-executive director, resigned from the Issuer's Board of Directors on May 12<sup>th</sup> 2015. The mandate as non-executive Director of Mr B. Michiels came to an end at the General Meeting of June 2<sup>nd</sup> 2015.

<sup>8</sup> None of the members of the Board of Directors have a family relationship with any other member.

<sup>9</sup> The term of the mandates of the directors will end immediately after the annual Shareholders' Meeting held in the year corresponding to each director's name.

<sup>10</sup> Mr. Haspeslagh is chief financial officer at the Issuer as representative of FINDAR BVBA.

<sup>11</sup> As permanent representative of Philium BVBA.

<sup>12</sup> Mr. Haspeslagh is chief financial officer at the Issuer and Picanol NV as representative of FINDAR BVBA.

international group specialised in the development, production and sale of weaving machines and other high-technology products, systems and services. Since November 2013, the Picanol Group, through one of its subsidiaries, became the main Shareholder of the Issuer. He is also director of Cellpack NV.

### **Luc Tack (3 September 1961)**

Luc Tack is managing director of the Picanol Group (Picanol NV).

Luc Tack is an entrepreneur who owns and runs an extended global network of businesses in various industries, such as cleaning and water treatment and the production and trading of home textiles, Luc Tack is managing director of the Picanol Group (Picanol NV) and is also director in several companies, amongst which Acotex NV, Ter Molst International NV, Monks International NV, GTA USA, GTA India, Symphony Mills NV, Attent, De Vier Weverkens NV, Artilat NV, Vyrolat NV, Tankterminal NV and Unidet NV.

On 18 December 2013, Luc Tack was appointed CEO of the Group, a role he shared with Melchior de Vogüé until 30 April 2015.

### **Véronique Bolland (27 January 1968)**

Véronique Bolland started her career at Ernst & Young as auditor. In 1996, she joined Mobistar, mobile telecommunication operator on the Belgian market, where she held the position of financial controller. She went on to join the Orange Group, the European mobile telecommunication division of France Telecom, first as director of the CFO Programme Office and then as director of the Sarbanes Oxley Programme. In 2006, she joined as finance director EMEA MWH Global Inc, a US based environmental engineering company. She is now Finance and Operations Director Europe-Africa.

Véronique Bolland holds a Master degree in Commercial Sciences, option International Relations - Hautes Etudes Commerciales de Liege (HEC) (Belgium) and a Master in Business Administration, option Finance - Université Catholique de Louvain-la-Neuve (IAG) (Belgium).

She participated in various short term Management Programs in US and UK Business Schools (LBS, HBS,...).

### **Philippe Coens (13 July 1946)<sup>13</sup>**

Philippe Coens joined the Etex Group in 1974, where he was entrusted with various responsibilities at national and international level for many years. Between 2003 and 2010, he held the post of chief executive officer and served as chairman of the executive committee. As manager of Philiium BVBA, he is currently member of the board of directors of the Etex Group, chairman of Schreder SA and director of Carrières du Hainaut NV. In his personal capacity he is also a board member of Van Meerbeeck Metalen NV.

Philippe Coens, who graduated as a civil engineer from the Université Catholique de Louvain (Belgium) and holds a Master of Business Administration (Sloan Programme) from Stanford University (US).

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<sup>13</sup> As permanent representative of Philiium BVBA.

### **Dominique Damon-Zakovitch (18 October 1946)**

Dominique Damon-Zakovitch joined the Danone group in 1970 where she held various positions of responsibility for fifteen years. Dominique Damon-Zakovitch has amassed a considerable wealth of operational and international experience, successively as managing director and vice-chairman of the Alusuisse Lonza Group in Zurich, chairman and managing director of Rhône-Poulenc Chimie, then chairman and managing director of the Impress group in the Netherlands.

In 2004, she set up her own company, Evalind International Sàrl, which advises major international groups on matters of strategy in the field of corporate governance and development.

Dominique Damon-Zakovitch holds far-reaching experience as an executive and independent director of listed and private international groups. She has been an independent director of the Daher Group since 2008, of the Bongrain Group since 2007 and chairman of Evalind International Sàrl since 2004. She is also a member of the board of directors of the "Institut Français des Administrateurs" and a member of the board of directors of the ESCP European School of Management.

Dominique Damon-Zakovitch has been made "Officier de la Légion d'Honneur", she holds an honorary doctorate from Sheffield Hallam University (UK), she is Foreign Trade Advisor for the French Government, as well as member of the Paris Chamber of Commerce. She holds a graduate in experimental psychology, and in Economics and management.

### **Karel Vinck (19 September 1938)**

Karel Vinck is Coordinator with the European Commission and member of the board of directors of the Monnaie, Brussels Philharmonic and of Nyrstar SA. He is also a member of Nyrstar's audit and nomination and remuneration committees.

A former chief executive officer and chairman of Umicore SA, he has also held positions as chief executive officer of Eternit NV, of Bekaert NV and of the Belgian Railways (SNCB). Karel Vinck graduated as an electrical and mechanical engineer from the Katholieke Universiteit Leuven (Belgium) and followed a post-graduate Production Management programme at the University of Ghent. He also holds a Master of Business Administration from Cornell University (US).

## **1.2. *Executive Committee***

### **(i) *Overview***

<b>Name</b>	<b>Age</b>	<b>Position</b>	<b>Business address</b>
Luc Tack	53	CEO and CEO Tessenderlo Kerley	Troonstraat 130, 1050 Brussels, Belgium
Stefaan Haspeslagh <sup>14</sup>	57	Chief Financial Officer	Troonstraat 130, 1050 Brussels, Belgium

<sup>14</sup> As representative of FINDAR BVBA.

(ii) *Biographies of the members of the Executive Committee (ExCom)*<sup>15</sup>

**Luc Tack, CEO and CEO Tessenderlo Kerley (3 September 1961)**

See biography under 1.1(ii) above.

**Mr. Stefaan Haspeslagh (15 February 1958), CFO**<sup>16</sup>

See biography under 1.1(ii) above.

**1.3. *Litigation statement concerning directors and members of the ExCom***

At the date of this Prospectus and except as set out below, none of the directors or members of the ExCom of the Issuer or none of their permanent representatives, has for at least the previous five years:

- had any convictions in relation to fraudulent offences;
- held an executive function in the form of a senior manager or a member of the administrative, management or supervisory bodies of any company at the time of or preceding any bankruptcy, receivership or liquidation or has been subject to any official public incrimination and/or sanction by any statutory or regulatory authority (including any designated professional body); or,
- has ever been disqualified by a court from acting as member of the administrative, management or supervisory bodies of any company or from acting in the management or conduct of affairs of any company.

In 2012 Monks International NV was convicted for a breach in 2007-2008 of the water disposal limitations set forth in its environmental permits, whereby Mr. Luc Tack as managing director was convicted *in solidum*.

The Group, and as a result directors of the relevant entities, have (i) in the last year in the ordinary course of business resolved to voluntarily liquidate various subsidiaries and companies in which the Group holds participations and (ii) divested its participation in Calaire Chimie SAS. The latter company subsequently went into bankruptcy.

**2. Corporate governance**

**2.1. Overview**

This section summarises the rules and principles by which the corporate governance of the Issuer has been organised pursuant to the Company Code, the Articles of Association and the Issuer's Corporate Governance Charter. It is based on the Articles of Association that have last been amended on 19 December 2014 and on the Issuer's Corporate Governance Charter that has been entirely restated by the meeting of the Board of Directors on 23 April 2015.

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<sup>15</sup> None of the members of the ExCom has a family relationship with any other member.

<sup>16</sup> As representative of FINDAR BVBA.

The Issuer's Corporate Governance Charter has been adopted in accordance with the recommendations set out in the Belgian Code on Corporate Governance (the "**Corporate Governance Code**") that has been issued on 12 March 2009 by the Belgian Corporate Governance Committee (also known as the "*Code Daems*") as adopted by the Royal Decree of 6 June 2010 on the adoption of the Corporate Governance Code for listed companies. The Corporate Governance Code is available at the following website: [www.corporategovernancecommittee.be](http://www.corporategovernancecommittee.be).

The Issuer complies with the Corporate Governance Code, but believes that certain deviations from its provisions are justified in view of the Issuer's particular situation. Currently, these deviations include the following:

- Provision 4.7 of the Corporate Governance Code

The current Chairman of the Issuer previously was appointed as an executive director. The Issuer has carefully considered the positive and negative aspects in favour of such a decision and has concluded that such appointment is in the best interest of the Issuer given his extensive experience, expertise, in-depth knowledge and proven track-record in relevant business environments. The Board of Directors furthermore clarifies that Exhibit H of the Corporate Governance Charter provides additional conflict of interest procedures in case any material transaction is being considered by the Issuer with a company in which directors are also a director or executive.

- Provision 4.13 of the Corporate Governance Code

Currently, no formal evaluation procedure exists with respect to individual directors. The Issuer is of the opinion that the individual evaluation of the directors is only feasible up to the extent that the evaluation process is entrusted to an external company, an option which is not retained by the Issuer. However, the Issuer is convinced that the formal evaluation of the Board of Directors, for which the Issuer uses a questionnaire based on a template as developed by Guberna (Belgian Institute of Directors) as described under section Activities of Board of Directors is sufficient in order to ensure the active and proper contribution of each member of the Board.

The Board of Directors will review its Corporate Governance Charter from time to time and make such changes as it deems necessary and appropriate.

The charter is available on the Issuer's website (<http://www.tessenderlo.com>) and can be obtained free of charge at the registered office of the Issuer. In its annual reports, the Board of Directors also includes a corporate governance statement describing the Issuer's corporate governance practices during the respective year and including explanations, if applicable, on any deviations from the Corporate Governance Charter or the Corporate Governance Code, in accordance with the requirement to "*comply or explain*".

## 2.2. ***Board of Directors***

### (i) ***General provisions***

The Board of Directors has the broadest powers to manage and represent the Issuer, except to the extent provided otherwise by applicable law or the Articles of Association. The Board of Directors acts as a collegiate body but can delegate its competencies for special and specific matters to an authorised representative, even if this person is not a shareholder or a director.

Pursuant to the Articles of Association and the Issuer's Corporate Governance Charter, the Board of Directors is to be composed of at least three directors with a maximum of fifteen directors and at least half of the directors must be non-executive directors and at least three of them must be independent.

The directors of the Issuer are appointed by the Shareholders' Meeting. However, in accordance with the Company Code, if the mandate of a director becomes vacant due to his or her death or resignation, the remaining directors have the right to appoint temporarily a new director to fill the vacancy until the first Shareholders' Meeting after the mandate became vacant. The new director completes the term of the director whose mandate became vacant. The Articles of Association provide that directors can be appointed for a maximum (renewable) term of four years. As a rule they are appointed for a maximum period of three consecutive terms. However, in the interest of the Group and in order to avoid losing the contribution of directors who have been able to develop over a period of time, an increasing insight into the Issuer, its strategy and its operations, the Board of Directors may grant exceptions to this policy provided that the reasons for the exception are explained to the General Meeting dealing with the approval of the appointment.

A meeting of the Board of Directors is validly constituted if there is a quorum, consisting of at least a majority of its members present in person or represented at the meeting. If such quorum is not met, a new meeting must be convened to deliberate and decide on the matters on the agenda of the meeting of the Board of Directors for which a quorum was not present.

Meetings of the Board of Directors are convened by the Chairman of the Board of Directors or by at least two directors whenever the interests of the Issuer so require. In principle, the Board of Directors will meet at least five times per year.

In case of parity of votes, the Chairman of the Board of Directors has a casting vote on matters submitted to the Board of Directors.

(ii) *Activities*

The Board of Directors met nine times during 2014. The Board of Directors' main areas of discussion, review and decision were:

- the Group's long-term strategy and budget 2014;
- the financial statements and reports;
- the funding strategy and the financing structure of the Group;
- a number of investment projects;
- proposals to the Shareholders' Meetings;
- appointment of the new Chairman and appointment of an Honorary Chairman;
- the changes to the composition of the Executive Committees;
- the remuneration policies for the directors, co-CEO's and Executive Committee members;
- the financial communication and segment reporting;

- the evaluation of the Board of Directors and of the Nomination and Remuneration Committee;
- the amendment of the Corporate Governance Charter;
- convocation and determination of the agenda of the extraordinary Shareholders' Meeting relating to the public offering of shares, which had to decide on the approval of the share capital increase for a maximum amount of EUR 200,00,000 by contribution in cash with preferential rights at an issue price equalling TERP minus a discount between 5% and 35%, whereby the final issue price for the newly to be issued shares was determined by the *Ad Hoc* Committee in consultation with KBC Securities;
- deliberation and decision to amend the terms and conditions of the currently outstanding warrants under Plan 2002-2006, Plan 2007-2011, Plan 2011 and Plan 2012 within the framework of the anti-dilution protection;
- further formalisation of the extension with five years of the exercise period of the warrants, listed hereinafter, that were issued within the framework of (i) Plan 2002-2006, *i.e.* more specifically the warrants issued under Allotment 2003, 2004, 2005 and 2006; and (ii) Plan 2007-2011, *i.e.* more specifically the warrants issued under Allotment 2007 (implementation of the Board of Directors' decision *dd.* 23 April 2009);
- appointment of an *Ad Hoc* Committee, as a subcommittee within the Board of Directors to provide guidance on the transaction;
- appointment of new members for the Nomination and Remuneration Committee and for the Audit Committee;
- the approval of the prospectus relating to the public offering of shares of the Issuer issued pursuant to the EUR 174.8 million capital increase;
- investment in ammonium thiosulfates production facility (Thio-Sul®) in East-Dubuque (IL) US;
- approval of the commercial agreement with TETRA Chemicals for the marketing and commercialisation of calcium chloride;
- the intended<sup>17</sup> acquisition of a portfolio of crop protection products by NovaSource® ; and
- the planned<sup>18</sup> construction of a new Thio-Sul® production facility in Rouen, France, possibly complemented with logistics and distribution facilities.

Up to the date of this Prospectus, the Board of Directors met five times during 2015. The Board of Directors' main areas of discussion, review and decision were:

- Approval of the 2015 budget ;
- Approval of the main terms and conditions of the Grand Quevilly contracts relating to the construction of the New Thio-Sul® production facility in Rouen;

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<sup>17</sup> "Intended" means that the Board of Directors has approved the principal agreement or its intent.

<sup>18</sup> "Planned" means that it has been discussed at the level of the Board of Directors but further negotiations are ongoing.

- Approval of the amended Corporate Governance Charter ;
- the financial statements and reports;
- the funding strategy and the financing structure of the Group;
- proposals to the Shareholders' Meetings;
- the remuneration policies for the directors, the CEO and Executive Committee members;
- Approval of the Electrolysis investment project in Produits Chimiques de Loos (France); and
- Approval of this prospectus

No application has been made of the rules of the Corporate Governance Charter regarding conflicts of interest between the Group companies and a member of the Board of Directors which are not covered by the legal rules on conflicts of interest.

The Board acknowledges the Law of 28 July 2011 requiring one third of its members to be of the opposite gender as from 1 January 2017. In the Board of Directors selection process, the necessary attention has been given to the implementation of this rule. In particular, as from the shareholders' meeting of 2 June 2015, one third of the Board members is of the opposite gender.

(iii) *Chairman*

The Issuer's Corporate Governance Charter provides that the Board of Directors appoints a Chairman from amongst its members.

The Chairman of the Board of Directors is responsible for the proper operation of the Board of Directors and the effectiveness of the Board of Directors in all aspects. The Chairman sees to it that active interaction takes place between the Board of Directors and the CEO, while fully respecting the executive responsibilities of the CEO.

The Chairman has additional specific tasks. These are further described in the Issuer's Corporate Governance Charter.

(iv) *Independent directors*

As to independent directors, a director can only be considered an independent director if he or she meets at least the criteria set out in Article 526ter of the Company Code and in the Issuer's Corporate Governance Charter. These criteria can be summarised as follows:

- Not being an executive member of the Board of Directors, or exercising a function as a person entrusted with daily management of the Issuer or a company or person affiliated with the Issuer, and not having been in such a position during the previous five years before his nomination.
- Not having served for more than three terms as a non-executive Director of the Board of Directors, without exceeding a total term of more than twelve years.
- Not being an employee of the senior management (as defined in article 19,2° of the Belgian Act of 20 September 1948 regarding the organization of the business industry) of the Issuer or



a company or person affiliated with the Issuer and not having been in such a position for the previous three years before his nomination.

- Not receiving, or having received, any significant remuneration or other significant advantage of a financial nature from the Issuer or a company or person affiliated with the Issuer, other than any bonus or fee he receives or has received as a non-executive member of the Board of Directors.
- Not holding (directly or via one or more company under his control) any shareholder rights representing 10% or more of the Issuer's share capital, social fund or of a class of the Issuer's Shares (as the case may be), and not representing a shareholder meeting this condition.
- If the shareholder rights held by the Director (directly or via one or more company under his control) represent less than 10%, the disposal of such shares or the exercise of the rights attached thereto may not be subject to contractual stipulations or unilateral undertakings entered into by the Director. The Director may also not represent a shareholder meeting this condition.
- Not having, or having had within the previous financial year, a significant business relationship with the Issuer or a company or person affiliated with the Issuer, either directly or as partner, shareholder, member of the Board of Directors, member of the senior management (as defined in article 19,2° of the aforementioned Belgian Act of 20 September 1948) of a company or person who maintains such a relationship.
- Not being or having been within the last three years, a partner or employee of the current or former statutory auditor of the Issuer or a company or person affiliated with the Statutory Auditor.
- Not being an executive Director of another company in which an executive Director of the Issuer is a non-executive member of the board of directors or supervisory board, and not having other significant links with executive Directors of the Issuer through involvement in other companies or bodies.
- Not being a spouse, legal partner or close family member (by marriage or birth) to the second degree of a member of the Board of Directors, a person charged with the daily management, or a member of the senior management (as defined in article 19,2° of the aforementioned Belgian Act of 20 September 1948) of the Issuer or a company or person affiliated with the Issuer, or of a person who finds him or herself in one or more of the circumstances described in the previous bullets.

The decision relating to the election of an independent director has to state the criteria on the basis of which he or she is considered independent.

The Board of Directors will disclose in its annual report which directors it considers independent directors.

The independent directors of the Issuer are currently Véronique Bolland, Philippe Coens<sup>19</sup> and Dominique Damon-Zakovitch.

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<sup>19</sup> As permanent representative of Philiium BVBA

(v) *Committees of the Board of Directors*

(A) General

The Board of Directors may set up special committees to analyse certain specific areas and to advise the Board of Directors on those matters. The committees are advisory bodies only and the responsibility rests with the Board of Directors. The Board of Directors determines the terms of reference of each committee with respect to the organisation, procedures, policies and activities of the committee.

(B) Audit Committee

The Board of Directors has appointed an audit committee (the “**Audit Committee**”). The committee must be composed of at least three non-executive directors, one of whom acts as chairman. The majority of the members of the Audit Committee are independent directors. The Board of Directors ensures that the committee has sufficient and suitable skills, including financial and accounting skills. Subject to the legal requirements set out in Article 526*bis* of the Company Code, the composition of the committee may deviate from the above if, in the reasonable opinion of the Board of Directors, a different composition can bring more relevant experience and expertise to the committee. The Audit Committee elects a chairman from amongst its members. The chairman cannot be the Chairman of the Board of Directors.

The Audit Committee has specific tasks. In summary, the role of the Audit Committee is to:

- monitor the preparation process for financial information;
- monitor the efficacy of the Issuer’s internal control and risk management systems;
- monitor the internal audit and its efficacy;
- monitor the statutory auditing of the annual accounts and consolidated accounts, including monitoring the questions and recommendations formulated by the Statutory Auditor; and
- examine and monitor the independence of the Statutory Auditor.

These tasks are further described in the terms of reference of the Audit Committee, as set out in the Issuer’s Corporate Governance Charter and in Article 526*bis* of the Company Code. The Audit Committee reports to the Board of Directors on its activities at specified intervals. The Audit Committee informs the Board of Directors *inter alia* about matters for which improvements are required and formulates recommendations on the steps to be taken.

In principle, the Audit Committee will meet at least four times per year. At least two times a year, the Audit Committee treats in depth internal control and risk management issues. At least twice a year, the Audit Committee meets the external and internal auditors to discuss matters relating to any issues arising from the audit process, the audit mission and in particular any material weaknesses in the internal control. At least twice a year, such meetings shall include discussions relating to the internal rules of the Audit Committee. At least every three years the Audit Committee carries out a review, during which the size, composition and proper functioning of the Audit Committee are examined. Following this review, the Audit Committee submits its recommendations to the Board of Directors.

The Audit Committee may meet any member of staff of the Group without an executive director or member of the ExCom being present. The following directors are currently members of the Audit Committee: Véronique Bolland, Philippe Coens<sup>20</sup> and Karel Vinck.

(C) Nomination and Remuneration Committee

The Board of Directors has established an nomination and remuneration committee (the “**Nomination and Remuneration Committee**”). The committee must be composed of at least three non-executive directors, the majority of whom sit as independent directors. The members of the Nomination and Remuneration Committee are chosen from amongst those Board members most experienced in matters of human resource management and in particular remuneration policies. Subject to the legal requirements set out in Article 526quater of the Company Code, the composition of the committee may deviate from the above if, in the reasonable opinion of the Board of Directors, a different composition can bring more relevant experience and expertise to the committee.

The Nomination and Remuneration Committee has specific tasks. In summary, the Nomination and Remuneration Committee is responsible for:

- devising and defining the appointment procedure and selection criteria for members of the Board of Directors;
- periodically reviewing the capacity, composition and functioning of the Board of Directors, and formulating recommendations to the Board of Directors;
- searching for, identifying and formulating recommendations for suitable candidates for the available offices of director and the Special Committees;
- formulating proposals regarding the Appointment of the CEO, examining the organisational charter (including the composition of the ExCom) with the CEO and advising the CEO where applicable on his proposals regarding appointment and removal of ExCom members;
- formulating proposals to the Board of Directors and/or general Shareholders’ Meeting regarding remuneration policy for executive and non-executive directors and for members of the committees and to the extent applicable regarding any proposals to be submitted by the Board to the shareholders in this regard;
- formulating recommendations to the Board of Directors regarding the individual remunerations of the directors and to the extent applicable regarding any proposals to be submitted by the Board to the Shareholders;
- reviewing with the CEO the functioning and performance of the ExCom;
- regularly reviewing the career development plans and succession planning of ExCom members;
- formulating recommendations regarding remuneration policy and individual remuneration of the CEO and ExCom members, including variable remuneration and long term profit-sharing formulae whether linked to Shares or not and to the extent applicable regarding any proposals to be submitted by the Board of Directors to the Shareholders in this regard;

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<sup>20</sup> As permanent representative of Philium BVBA.

- formulating recommendations on the appointment contracts of the CEO and other ExCom members concluded after 1 July 2009;
- formulating recommendations on any compensation for termination of the appointments of the CEO and other ExCom members and to the extent applicable on any proposals to be submitted to the Shareholders in this regard;
- defining procedures to review the performance of directors and ExCom members; and
- preparing the remuneration report and presenting the remuneration report to the annual Shareholders' Meeting.

These tasks are further described in the terms of reference of the Nomination and Remuneration Committee as set out in the Issuer's Corporate Governance Charter and Article 526quater of the Company Code. The Nomination and Remuneration Committee regularly reports to the Board of Directors on the exercise of its duties.

In principle, the Nomination and Remuneration Committee will meet at least twice a year. Furthermore, on the convocation of its chairman, the Nomination and Remuneration Committee shall meet whenever circumstances so require. At least once a year, the Nomination and Remuneration Committee shall deal with the performance review, remuneration and objectives of the members of the ExCom.

At least every three years the Nomination and Remuneration Committee carries out a review, during which the size, composition and proper functioning of the Nomination and Remuneration Committee are examined. Following this review, the Nomination and Remuneration Committee submits its recommendations to the Board of Directors.

The following directors are currently members of the Nomination and Remuneration Committee: Karel Vinck, Dominique Damon-Zakovitch and Philippe Coens<sup>21</sup>.

### 2.3. *CEO*

The CEO is the intermediary between the Board and the ExCom and cooperates closely with the Chairman of the Board of Directors with a view to preparing Board meetings. The Board of Directors entrusts the CEO with the powers necessary to enable him to fulfil his responsibilities and obligations. The CEO must have sufficient room for manoeuvre to propose and put in place the Group strategy taking into account its values and the risk level.

Without prejudice to the obligation of the CEO to report to the Board of Directors, the powers granted to the CEO comprise running the Issuer, including the day-to-day management and management of commercial, technical, financial, regulatory and human resource aspects, within the limits of the rules and principles of general policy and the decisions taken by the Board of Directors. The specific tasks are further described in the Issuer's Corporate Governance Charter.

The CEO may delegate powers to other members of the ExCom and/or executives, employed by the Group, to permit him to perform his functions and responsibilities correctly and effectively.

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<sup>21</sup> As permanent representative of Philium BVBA

#### 2.4. *The Executive Committee (“ExCom”)*

The Board of Directors has appointed a group executive committee (the “**Executive Committee**” or the “**ExCom**”). The ExCom provides assistance to the CEO. The ExCom meets in principle once a week. In addition the ExCom meets whenever circumstances require this. The ExCom periodically reports to the Board of Directors on the execution of its duties.

Decisions of the ExCom are taken by unanimity, but in absence thereof the CEO will decide.

At least once a year, the CEO carries out a review of the functioning of the ExCom and the contribution of its members and, where applicable, propose amendments to its internal regulations to the Board of Directors.

These tasks of the ExCom are further described in the terms of reference of the ExCom as set out in the Issuer’s Corporate Governance Charter.

### 3. **Statutory Auditor**

The Issuer’s current statutory auditor is PricewaterhouseCoopers Bedrijfsrevisoren/Réviseurs d’Entreprises BCVBA/SCCRL (“**PWC**”), having its registered office at Woluwedal 18, 1932 Sint-Stevens-Woluwe, Belgium and its administrative office at Generaal Lemanstraat 67, 2018 Antwerpen, Belgium, represented by Peter Van den Eynde BVBA, having its registered office at Gentstraat 65C, 9170 Sint-Gillis-Waas (Sint-Pauwels), permanently represented by Mr. Peter Van den Eynde.

PWC is a member of the Institute of Certified Auditors (*Instituut van de Bedrijfsrevisoren / Institut des Réviseurs d’Entreprises*) (membership number N00016).

PWC has been appointed for a term of three years by the Issuer’s annual general Shareholders’ Meeting held on 4 June 2013, following an auditor rotation procedure organised by the Audit Committee. Prior to this annual general Shareholders’ Meeting, Klynveld Peat Marwick Goerdeler Bedrijfsrevisoren/Reviseurs d’Entreprises BCVBA/SCCRL (“**KPMG**”), having its registered office at Prins Boudewijnlaan 24d, 2550 Kontich, Belgium acted as statutory auditor of the Issuer. In years past, the Issuer has not had any disputes or material disagreements with PWC or KPMG (together and together with any other past or future statutory auditor of the Issuer, the “**Statutory Auditor**”).

The consolidated financial statements of the Group for the financial year ended on 31 December 2014 have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (“**IFRS**”) and audited by the Statutory Auditor, which rendered an unqualified audit report on these financial statements. Said financial statements reflect the segments of the Group, in accordance with IFRS (see Section X).

Belgian law limits an auditor’s liability to the Issuer or third parties to EUR 12.0 million for tasks reserved to auditors by Belgian law or in accordance with Belgian law, such as auditing financial statements such as those described above, other than liability due to fraud or other deliberate breach of duty.

## X. BUSINESS OVERVIEW

### 1. Overview

The Group is an international specialty group with a global presence providing solutions for needs in food, agriculture, water management and efficient use and re-use of natural resources. With approximately 4,800 people working at more than hundred locations across the globe, the Group is one of the leaders in most of its markets, primarily serving customers in agriculture, industry, construction, and health and consumer goods end markets. The Group constantly strives to find more sustainable solutions. It thereby aims to minimise its own ecological footprint and to maximise the contribution of its products in the evolution towards a green economy. The Group offers various products and environmentally friendly solutions, whereby it typically reclaims and transforms by-products from other industries.

The Group's activities are subdivided in three operating segments: Agro, Bio-valorization and Industrial Solutions.

- **Agro** - this segment is active in the production and marketing of crop nutrients (liquid crop fertilisers and SOP) and crop protection products.
- **Bio-valorization** - this segment combines the Group's activities in animal by-product processing, comprised of Akiolis (rendering, production and sales of proteins & fats) and Gelatins (production and sales of gelatins, proteins and fats).
- **Industrial Solutions** - this segment is comprised of activities offering products and solutions to industrial end-markets. The segment includes in essence the production and sales of plastic pipes systems, of water treatment chemicals and other industrial activities, such as production and sales of mining & industrial auxiliary process chemicals, the delivery of services for the treatment and disposal of fracking water (marketed under trade name ECS) and the recovery of industrial process fluids (marketed under trade name MPR).

The table below sets forth the Group's revenues and underlying REBITDA for each operating segment for the indicated periods.

	<i>Year Ended 31 December 2013</i>	<i>Year Ended 31 December 2014</i>
	<i>EUR m</i>	<i>EUR m</i>
	<i>(Audited)</i>	<i>(Audited)</i>
<b>Group revenue</b>	<b>1,790.1</b>	<b>1,434.2</b>
<i>Agro</i>	496.4	524.0
<i>Bio-valorization</i>	514.6	476.0
<i>Industrial Solutions</i>	397.3	399.5
<i>Other<sup>22</sup></i>	381.9	34.7
<b>Group REBITDA</b>	<b>116.6</b>	<b>135.6</b>
<i>Agro</i>	60.1	99.3
<i>Bio-valorization</i>	23.0	6.3
<i>Industrial Solutions</i>	18.2	28.8
<i>Other<sup>20</sup></i>	15.2	1.1

<sup>22</sup> "Other" means all the divested businesses.

## 2. History and development

### 2.1. Before 2009 (*Origins of the Issuer*)

The Group's heritage dates back to the late 19th century, when production activities in Belgium began to supply agricultural customers. These activities were purchased and renamed 'Produits Chimiques de Tessenderlo' (PCT) in 1919 and, ten years later, a joint venture with the French 'Mines de Potasse d'Alsace' was created. A new plant in Ham (Belgium) was built and 80% of the production was exported worldwide.

PCT listed on the Brussels Stock Exchange in 1937, and in 1954, Mines de Potasse d'Alsace, later renamed 'Entreprise Minière et Chimique' (EMC) – a French state-owned company, became the major shareholder of PCT.

In 1964, the Group made its first expansion outside of the Limburg region, for the production of gelatin in Vilvoorde, near Brussels. Five years later, the Group entered the plastics industry by the creation of the company 'Limburgse Vinyl Maatschappij' (LVM), a joint venture with DSM in polyvinyl chloride (PVC).

In 1972, PCT changed its name into Tessenderlo Chemie.

In 1975, the Group acquired Nienburger Gelatin, and in 1980 Benzyl Chemie was added to the Group. In 1983, the chemical activities of EMC in Belgium were merged into Tessenderlo Chemie. With a shareholding of 64%, EMC remained the major shareholder.

Between 1983 and 2009, the Group expanded and internationalised each business area. The Group has managed its portfolio of businesses through strategic acquisitions and divestitures. In 1986, the Group acquired the Caillaud group (today called Akiolis), specialists in collecting and processing animal by-products, providing high quality raw materials. In 1987, it acquired Dyka Steenwijk and Dyka Plastics, to enhance the plastic pipes systems area of the business. The pharma activities were developed in 1989 with the purchase of Farchemia, an Italian manufacturer of generic pharmaceuticals.

The growth and expansion continued throughout the 1990s as the Group expanded into among other Asia through a joint-venture with the Lianyungang Chemical Factory in China, for the production of benzyl chloride and derivatives.

In 1995, the Group gained its first manufacturing foothold in the USA with the acquisition of Hickson Kerley Inc., the leading manufacturer of sulphur-based derivatives for agricultural and industrial applications. In 1999 Tessenderlo Kerley acquired the business of Mobile Process Resources (MPR), which had technology providing a more efficient way to operate equipment designed to separate gases within the refining process. Late 1999 Tessenderlo Kerley purchased a metam-sodium label and production facility. The Group formalised its efforts in developing and distributing regulated crop protection in the new NovaSource® business unit in 2007.

### 2.2. 2009 – 2014 (*Portfolio transformation*)

The Group, over the course of its history, had developed into a diversified international chemicals group, active in a wide variety of businesses, exposed to cyclical commodity end-markets. In 2009, the Group launched a transformation plan, targeting to prune the business portfolio and redeploy the Group's resources in certain core activities. It divested or ceased its historical activities in PVC/Chlor-

Alkali, plastic profiles, compounds, phosphates, organic chlorine derivatives, and pharmaceutical ingredients. As a result the Group incurred significant operating losses. Under IFRS, net loss amounted to EUR -95.5 million, EUR -198.7 million and EUR -64.0 million for the period ending 31 December 2011, 2012 and 2013, respectively.

In aggregate, eleven (11) divestments were completed in the period between 2010 and 2014 to implement the above-mentioned portfolio reshuffle, including:

- the sale of its UK based esters and aromas activities (Tessendero Fine Chemicals LTD) on January 31<sup>st</sup> 2011;
- the sale of its US profile activities (Chelsea Building Products Inc.) in July 2011;
- the sale of its PVC/ Chlor-Alkali activities, including part of its organic chlorine derivatives, in August 2011;
- the sale of its subsidiary Dynaplast-Extruco Inc., which produces and markets PVC profiles in Canada, in September 2011;
- the sale of its Chinese organic chlorine derivatives activities in August 2012;
- the sale of its pharmaceutical ingredients activities in France and Italy in December 2012;
- the sale of its European profile activities, known under the brand Profialis on January 31<sup>st</sup> 2013;
- the sale of its organic chlorine derivatives business (Tessenderlo Partecipazioni S.p.A) in May 2013;
- the sale of its compounds activities in June 2013;
- the sale of its UK profile activity Eurocell in September 2013; and
- the sale of its feed phosphates Aliphos business in February 2014.

At the end of 2013, the environmental permit for the phosphates activity at the Ham site (Belgium) expired and was not renewed. As a consequence, the phosphates production facilities in Ham were closed down.

In the same timeframe the Group launched and announced several investments to strengthen the position of its core activities, some of which are currently still ongoing.

**For the Agro segment** the main investments include:

- the purchase of the linuron herbicide assets (Lorox®, Linex®), as announced in June 2009;
- the construction of a Thio-Sul® production facility in Wynnewood, Oklahoma (US), as announced in March 2011;
- the purchase of the crop protection assets of the global carbaryl (Sevin®) business, as announced in January 2012;



- the ongoing construction of a KTS® production facility in Hanford, California (US), as announced in June 2012, which is being commissioned in June 2015;
- the investments to prepare the stop of the phosphates activity and adapt the site for stand-alone sulfates activity in Ham (Belgium), executed in the period 2011-2013 and still being implemented;

**For the Bio-valorization segment** the main investments include:

- the acquisition by Akiolis of the remaining 50% stake in the Fiso Group, as announced in July 2009;
- the construction of a new factory for the production of gelatin in Acorizal, Mato Grosso, (Brazil), as announced in October 2009; and
- the investment in a new factory for the production of gelatin in Nehe (China) through a joint venture, as announced in October 2010.

**For the Industrial Solutions segment** the main investments include:

- the acquisition of the BT Bautechnik Group, manufacturing and supplying fittings to the European plastic pipe industry, as announced in September 2011; and
- the construction of a new thiosulfates (Thio-Gold®-300) production facility at Barrick's Goldstrike site in Elko, Nevada (US), as announced in August 2012 and commissioned end of September 2014. The production facility supplies auxiliary process chemicals (Thio-Gold®-300) to Barrick's gold leaching process. The production is still in the ramp-up phase. The contribution of the plant will depend on the successful operation of both Tessenderlo's and Barrick's process.

### 2.3. ***2014 and beyond – (Sustainable segment growth)***

In 2014, the Group expressed its ambition to sustainably grow revenue and profitability and preserve, strengthen and enhance its competitiveness and resilience. To this end:

- multiple operational and commercial improvement and investment programs are ongoing or being studied throughout the Group;
- the Group intends to invest in additional capacity to be able to meet expected future demand, where required; and
- the Group seeks to seize, throughout all of its activities, adequate acquisition opportunities.

To support this ambition, the Group successfully completed a capital increase, for an amount of 174.8 million EUR on December 19, 2014. The capital increase was intended:

- to provide funds for growth opportunities in each of its business segments;
- to strengthen the structure of Tessenderlo's balance sheet;

- to finance historically driven non-recurring cash outs provided for in the balance sheet in respect of restructuring and environmental obligations; and
- to finance remediation investments and adherences to legal obligations of existing plants.

Today, each of the Group's current segments has well-defined priorities, based on their current market position and nature of their activity. Segment by segment, the Group's key strategies are:

- For **Agro**, firstly, to **maintain its market position** in its liquid crop nutrients portfolio through selective investments in North-America and internationally (such as storage, infrastructure and production facilities). Secondly, to serve the growing demand for water soluble SOP, through selective investments at existing facilities and the development of large and flexible HCl outlets. And thirdly, to grow the crop protection activity, by continuing to acquire new product lines which fit the existing portfolio.

In 2014, the Group announced for the Agro segment the following investments:

- the intended construction of a new calcium chloride production plant in Ham (Belgium), as announced in September 2014; and
- the intended construction of a new Thio-Sul® production facility in East-Dubuque, Illinois (US), as announced in October 2014.

In April 2015, the Group announced its investment in the construction of a new Thio-Sul® production plant in Rouen, France

- In the **Bio-valorization** segment, the Group aims to **secure and strengthen its current position**. Although turbulent regional market conditions (*i.e.* pressure on volumes and margins) limit visibility for the foreseeable future, the Group targets to restore profitability, by executing a set of operational and commercial improvement programs and cost reduction measures. The Group continuously optimizes its operational footprint and invests in targeted process innovation and product valorisation.
- Within the **Industrial Solutions** segment,
  - *PPS* is positioning itself to optimally capture future recovery and growth of the Western-European construction markets. To this purpose it aims to increase its proximity to its targeted customer groups, by investing in its product portfolio, quality of service and distribution network, both in the UK and in Western Continental Europe.
  - *Water Treatment* aims to maintain its current position in the Western-European ferric coagulant market. In 2015, 2016 and 2017, the Group will make the previously announced investments in respect of the intended conversion of the mercury based electrolysis in Loos (France) into a membrane based electrolysis, as required by European regulation. In April 2015, the Group announced that it will re-enter the potassium hydroxide market by the third quarter of 2015; and
  - The *Mining & Industrial activity*, the divisions for the delivery of services for the treatment and disposal of fracking water (marketed under trade name *ECS*) and for the recovery of industrial process fluids (marketed under trade name *MPR*) continue to look for further opportunities to commercialise existing technologies. The Group studies

additional opportunities to apply its product knowledge in other industrial processes and intends to develop further its position in industrial sulphur derivative markets.

The Group will continue to evaluate on a permanent basis the strategy of the Group in view of creating a long term sustainable business and stakeholder value.

### 3. Business operations

#### 3.1. Agro

The Agro segment comprises a portfolio of (i) crop nutrients and (ii) crop protection products.

The Group's main product lines are:

<i>Product</i>	<i>Type</i>
Thio-Sul®	Crop nutrient
KTS®	Crop nutrient
CaTs®	Crop nutrient
SOP	Crop nutrient
Sectagon 42®	Crop protection
Sectagon K54®	Crop protection
Linuron®	Crop protection
Sevin®	Crop protection

The following table contains the key financial data of the Agro segment:

EUR m	Year Ended 31 December	
	2013	2014
	(Audited)	(Audited)
<b>Revenue</b>	496.4	524.0
<b>REBITDA</b>	60.1	99.3
<b>REBITDA margin (in %)</b>	12.1%	19.0%

#### (i) Crop nutrients

Products in the Group's Crop nutrient portfolio provide essential nutrients to the crop (amongst others by offering bio-available nitrogen, potassium, sulphur), enhance the characteristic of fertiliser blends (amongst others by reducing the loss of nutrient through water run-off), and/or improve physical properties of the soil (amongst others by increasing water infiltration). The Group's crop nutrients portfolio is mainly sulphur-chemistry based. The Group's core product lines include ammonium thiosulfate, branded as Thio-Sul®, potassium thiosulfate, branded as KTS® and potassium sulfate (also named SOP – sulfate of potash), of which the water soluble quality is marketed under the brand SoluPotasse®. In the US, the Group's line of fertilisers and soil amendment products are grouped under the CROP VITALITY™ branding.

Thio-Sul® and KTS® are liquid fertilisers, which target broad acreage crops (e.g. corn, wheat, cotton), vegetable crops (e.g. tomatoes, lettuce), and arboricultural cultivation (e.g. grapes, almonds). Due to their liquid nature, the products are well-suited for irrigation based fertilisation, and can easily

be blended with other liquid products. Thio-Sul® is commonly blended with UAN, a concentrated solution of urea and ammonium nitrate broadly used as nitrogen fertiliser. Adding Thio-Sul® to UAN solution is an economical, effective and convenient way to maximize nitrogen efficiency by inhibiting or slowing the rate nitrification process, and provide sulphur to plants.

Raw material inputs into the production process include industrial commodities such as ammonia (NH<sub>3</sub>), sulphur (S) and potassium hydroxide (KOH). The Group's sulphur needs are partially served by its sulphur-removal services, in which the Group cleans refinery tail gasses by removing sulphur and other co-products, and converting them on-site into liquid fertilisers. The majority of other raw materials are sourced externally from multiple suppliers and transported by rail or truck to the plants.

The main market for the Group's liquid product range resides in the US and Canada, where the vast majority of the sales occur. Based on internal estimates (see Section VI.3), the Group has a leading position in the North-American market and its main competitors are Martin Midstream Partners and Poole Chemical. The Group aims to maintain this position, through selective investments.

The Group's liquid fertiliser operations are comprised out of six owned and operated production sites, a 50/50 joint venture with Phillips 66 Company in two production sites and tolling agreements with two other third parties. These facilities are located in Billings, MT (US), Eufaula, AL (US), Coffeyville, KS (US), Fresno, Ca (US), McPherson, KS (US), Pasadena, TX (US), Ponca City, OK (US), Wynnewood, OK (US), Ham (Belgium), Izmir (Turkey). The Group also operates an extensive liquid fertiliser logistics network (composed out of storage facilities, railcars, trucks and other related assets), throughout the whole of the United States.

Over the past years, the Group invested to strengthen the infrastructure network in the United States. The most recent investments include the construction of new KTS® storage (commissioned in 2014) and production facilities in Hanford, California (US) (being commissioned in June 2015). In addition, the Group is investing in a new Thio-Sul® production facility in East-Dubuque, Illinois.

Additional efforts have been initiated to expand the Group's liquid product portfolio outside of US and Canada. Priority regions for further development include parts of Europe, and Central and Latin America. In April 2015, the Group announced that it will construct a Thio-Sul® production plant in Rouen, France.

SOP (K<sub>2</sub>SO<sub>4</sub>) is used as a potassium fertiliser on cash crops such as flowers, fruits, and vegetables. Its low salinity index and chloride content, make it the preferred potassium fertiliser in chloride sensitive or arid regions. The Group specialises in the soluble SOP market segment, and is one of the leaders in the segment with its SoluPotasse® brand.

SOP production is based on the Mannheim process using muriate of potash (KCl) and sulphuric acid (H<sub>2</sub>SO<sub>4</sub>) as main raw materials and producing SOP and HCl as a co-product. Although the Mannheim process entails a higher variable cost compared to alternative production processes (*e.g.* brine evaporation, mining), it offers a better quality product. The Group produces its own sulphuric acid, using sulphur (S) as a raw material.

The Group consolidated its SOP production in Ham (Belgium), closing down its SOP operation in Loos, France (2012), and is increasing its SoluPotasse® capacity to serve the growing market.

Based on internal estimates (see Section VI.3), the Group is one of the leading global players in SOP, selling in over 80 countries, and its key competitors include K+S and GSL Minerals.

Historically, the phosphates production facilities, which were located next to the SOP production facilities on the Ham site in Belgium, absorbed significant volumes of HCl co-product. At the end of 2013, the environmental permit for the phosphates activity (manufacture of feed phosphates) on the Ham site expired and was not renewed. As a consequence, the phosphates production facilities were closed down, resulting in a drop in absorption capacity of the co-product HCl and a reduction of available SOP production capacity at the Ham site. Since the closure of the phosphates production facilities, a substantial part of Ham’s HCl production is absorbed by third parties. The Group is working on additional HCl co-product outlets and is investing in a new calcium chloride (CaCl<sub>2</sub>) production unit in Ham. In respect of the latter, the Group entered into an agreement with TETRA Chemicals Europe AB (a subsidiary of TETRA Technologies, Inc.) on 22 September 2014, under which the Group is constructing a new production unit, which it will fully own and is expected to become operational in the second half of 2015. Once operational, the Group will process part of the HCl from the sulphates plant into calcium chloride. TETRA Chemicals, a global player in calcium chloride, will market the new source of calcium chloride through its extensive distribution network.

Following the closure of the phosphates production facilities, the Group is in the process of decommissioning the phosphates industrial chain and implementing a reduction in work-force and overhead costs in Ham. A social plan for the restructuring is in execution, and is reflected in the financial statements.

(ii) *Crop protection*

The Group’s crop protection business (NovaSource®), is active in the acquisition, further development, registration, and marketing of crop protection products globally in more than 40 countries. NovaSource® products increase the quality and productivity of specialty food crops such as potatoes, fruit, nuts and vegetables.

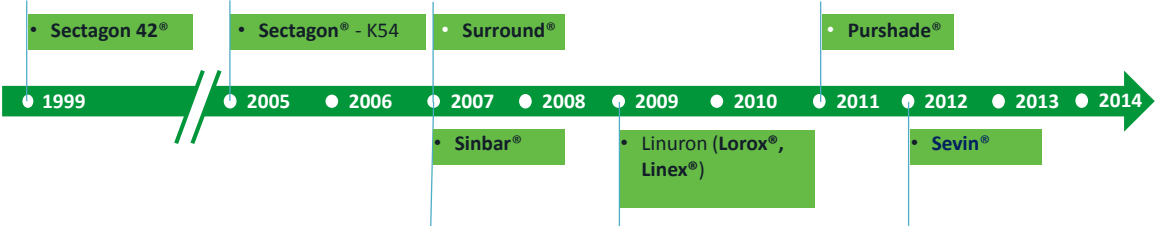
NovaSource® serves multiple areas of the regulated crop protection market including soil fumigants, herbicides, fungicides, insecticides and plant health products. NovaSource® is a leader in many of the products that it sells. The regulatory aspects, including the development and management of data-sets demanded by regulatory authorities to maintain its registrations, are a critical success element in the NovaSource® business model.

The involvement of NovaSource® along the value chain is depicted below:



The Group’s activities in crop protection have shown continuous growth over the past years, driven by the successive acquisition and integration of additional product lines. NovaSource® typically acquires all intangible assets associated with the product lines. These are purchased from multinational crop protection companies that are divesting non-strategic products. To further grow the crop protection activity, the Group targets to acquire additional products which fit with the existing portfolio, thereby potentially creating synergies.

An overview of the most recent acquisitions is depicted below:



The Group has three production facilities that produce crop protection products, located in Burley, ID (US), Finley, WA (US) and Fresno, CA (US). In addition, NovaSource® sources products from various industry vendors across the globe, which use NovaSource® owned process knowledge to manufacture products to the exacting specifications required by regulatory authorities.

The Group’s product lines compete in specialty markets against a wide variety of products from all industry competitors. Based on internal estimates (see Section VI.3), the Group’s competitors for several of the products include OR-CAL Inc and Taminco Corp.

3.2. **Bio-valorization**

The Bio-valorization segment combines the Group’s activities in animal by-product processing, comprised of Akiolis (rendering, production and sales of proteins and fats) and Gelatins (production and sales of gelatins proteins and fats).

The following table contains the key financial data of the Bio-valorization segment:

EUR m	Year Ended 31 December	Year Ended 31 December
	2013 (Audited)	2014 (Audited)
Revenue	514.6	476.0
REBITDA	23.0	6.3
REBITDA margin (in %)	4.5%	1.3%

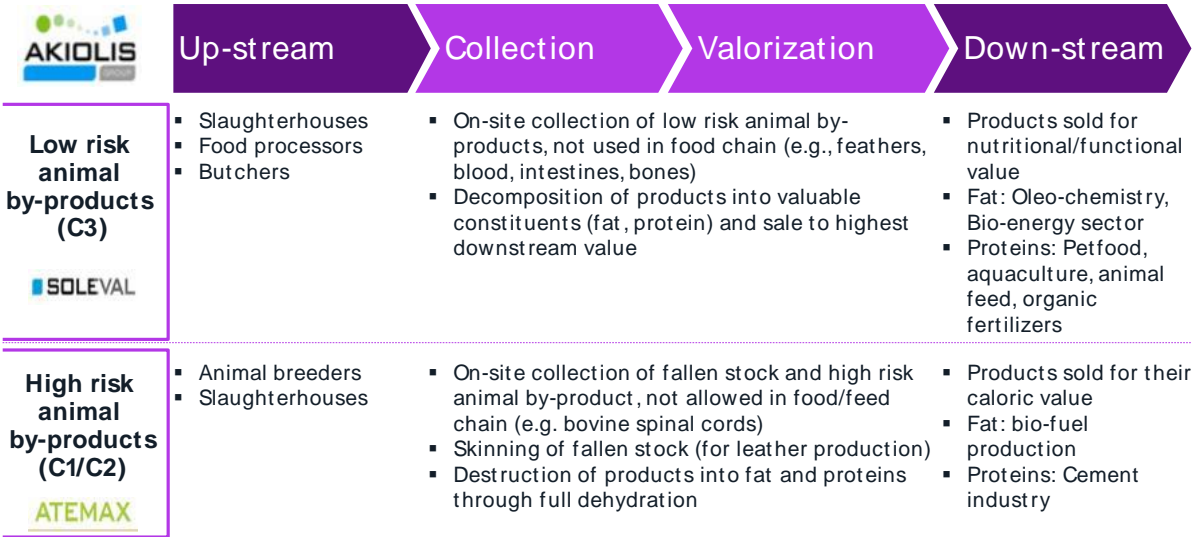
(i) *Akiolis*

Akiolis collects organic by-products, mainly animal by-products from the meat processing chain and transforms these raw materials into value added products for nutrition, agriculture, cement and energy sectors.

In accordance with applicable European regulation, meat processing products are categorised in edible co-products (ECP) and animal by-product (ABP). Within ABP categories C1, C2 and C3 are distinguished:

- C1: components presenting sanitary risks relating to bovine spongiform encephalopathy –BSE (*e.g.* bovine spinal cords, fallen stock)
- C2: components presenting sanitary risks relating to conventional agents
- C3: components allowed for valorisation in specific end-markets (processed animal proteins, bones for gelatins, fat...)

Akiolis operates fully separated product chains for the C1, C2 and C3 ABPs through its subsidiaries Atemax and Soleval. The C1 and C2 destruction services are provided by Atemax, whereas the C3 product valorisation activities are provided by Soleval. Akiolis ABPs are mainly sourced from slaughterhouses, food processors, butchers and animal breeders. Akiolis’ involvement in the value chain is as set out below:



Atemax collects C1/C2 ABPs (including fallen stock) in France through a network of twenty nine collection and transfer centers. Atemax receives a service fee for the collection of the products. The right to collect fallen stock in a particular department and the fees in relation thereto are attributed following a two-yearly tender, organised by the French breeders’ associations. The contracts awarded after the most recent tender started for all departments on 1 January 2014. Collection rights per department and prices will in principle remain applicable until 31 December 2015. The remainder of C1/C2 ABP volumes are sourced from slaughterhouses.

Atemax operates four plants which process C1/C2 materials into fats, used in biodiesel production and technical applications, C1 proteins for incineration in energy plants and cement kilns and C2 proteins used as fertiliser.

Soleval collects C3 ABP in France, through a network of sixteen collection and transfer centers. Depending on ABP nature and local market conditions, Soleval either receives a collection fee, or purchases the collected products.

In Soleval's eight processing plants, C3 raw materials are processed into proteins and fats, which are used in pet food, aquaculture, organic fertilisers, biofuels and technical end markets. To allow optimal valorisation, Soleval isolates specific raw material streams and operates dedicated and tailored production lines. Soleval continuously investigates opportunities to further improve the quality of its end-products.

Soleval and Atemax in aggregate deploy approximately five hundred customised trucks to collect raw materials. Logistics and operations are key drivers of Akiolis' cost structure. Akiolis is implementing several operational and commercial improvement programmes.

According to FranceAgriMer, Akiolis is one of the leading players in France, one of the larger markets in Europe, and its two main competitors in France are Saria and Verdannet Monnard.

Due to its geographical focus, Akiolis' raw material supply is dependent on the evolution in the French livestock and slaughtering rates. According to FranceAgriMer, depending on the species, French slaughtering volumes have been stable to slightly declining over the last five years, with poultry being flat and bovine and pork decreasing by 1% per year. In its end-markets, Akiolis' price points are correlated to major agricultural commodities, such as soy meal (driving protein price) and palm-oil (driving fat price).

The last years were marked by increased competition, as a result of, amongst others, reduced availability of by-products from the slaughterhouses. Margins have come under pressure as market participants adjusted purchase prices in an effort to secure raw materials. Akiolis responds to the increased competition and consolidation trend by implementing further improvements to restore profitability, and continuously optimizing its operational footprint.

(ii) *Gelatins*

Gelatin is a translucent, colourless and flavourless protein derived from collagen obtained from various animal by-products. It is used as a functional ingredient in food, pharma and technical markets.

The Group operates in the market under the name PB Gelatins and PB Leiner. Its involvement in the gelatin value chain is explained below:





The gelatin process includes (pre-) treating raw materials, extraction of collagen, and purification of gelatin. The overall production processes can take up to six months for specific qualities. Some fractions of the gelatin are further processed into hydrolysates.

Gelatins are used in multiple markets, including food (e.g. confectionary, dairy), pharmaceuticals (e.g. capsules) and photography (e.g. film, photo paper). In most applications, gelatins are only added in small amounts to the formulation, as functional ingredient. Currently, substitutes cannot fully replicate the gelatin functionality required in most applications. Gelatin product composition and characteristics are often tailored to the client's specific needs. The Group's customer base includes some of the leading food, pharmaceutical, personal care and industrial companies. The Group's hydrolysates are mainly sold as an ingredient for the nutraceuticals, cosmetics and food supplements industry.

The Group produces gelatin based on pigskin, beef hide, pig bone and beef bone. Raw materials are sourced regionally. Competition for raw materials is not limited to other gelatin manufacturers, but also includes other end-uses such as direct use as human food, pet-food and leather manufacturing. Fluctuations in the supply and demand of raw materials have an important impact on gelatin price and availability. Securing sufficient raw material volumes is key to the business.

The Gelatin business operates eight plants across Europe, the Americas and China: Vilvoorde (Belgium), Nienburg (Germany), Treforest (UK), Davenport (US), Acorizal (Brazil), Santa-Fe (Argentina), Nehe (China) and Wenzhou (China). The sites in Acorizal and Nehe are the most recent investments and started up in 2011.

Based on internal estimates (see Section VI.3), the Group is one of the leading global players, selling its products across the globe, and its two global competitors are Darling and Gelita. In addition, various smaller players supply gelatins in their markets.

### 3.3. Industrial Solutions

The Industrial Solutions section is comprised of activities offering products and solutions to industrial end-markets. The segment includes the production and sales of plastic pipes systems, of water

treatment chemicals and other industrial activities, such as production and sales of mining & industrial auxiliary process chemicals, the delivery of services for the treatment and disposal of produced and flow back water from oil and gas exploration (marketed under trade name ECS) and the recovery of industrial process fluids (marketed under trade name MPR).

The following table contains the key financial data of the Industrial Solutions segment:

EUR m	Year Ended 31 December	
	2013	2014
	(Audited)	(Audited)
<b>Revenue</b>	397.3	399.5
<b>REBITDA</b>	18.2	28.8
<b>REBITDA margin (in %)</b>	4.6%	7.2%

(i) *Plastic Pipe Systems (“PPS”)*

PPS produces and sells plastic pipe systems and is operated under multiple trade names, including Dyka, Sotra-Seperef, JDP, Nyloplast and BT. Its products and services are used in water supply and drainage systems, pipe systems for gas, telecommunications and other applications. As such, PPS is dependent on regional construction activity, in private construction (home building & renovation) as well as in public projects (utilities, sewer systems).

Construction activity has in recent years decreased in PPS’ Western-European markets, with significant reductions in housing investments and austerity measures reducing public investments. PPS responded to the continuous downturn in the construction market by implementing a set of strict cost management initiatives.

PPS is positioning itself to optimally capture future recovery and/or growth of the Western-European construction markets. To this purpose it aims to increase its proximity to its targeted customer groups, by investing in its product portfolio, quality of service and distribution network, both in the UK and in Western Continental Europe

The main raw materials required for the production of PPS’ pipes and fittings are polyvinylchloride (PVC), polypropylene (PP) and polyethylene (PE). PPS’ plastic pipe systems increasingly incorporate recycled material, giving new value to waste materials and reducing the need for virgin resin.

PPS operates seven production sites located in Steenwijk (the Netherlands), ‘s Gravendeel (the Netherlands), Aichach (Germany), Overpelt (Belgium), St-Austreberthe (France), Jelcz (Poland) and Vadna (Hungary), which are active in the extrusion, injection-moulding or thermo-moulding of pipes and fittings, or the hand fabrication of miscellaneous plastic parts.

PPS has a network of own distribution points in the Benelux (27), the UK (25), Poland (16) and Czech Republic (3). Besides its own shops, PPS sells its products in more than 2,000 sales points owned by third parties throughout Europe.

According to a report by Applied Market Information Ltd on plastic pipe extruders, PPS is an important plastic pipe system producer in Europe and its main competitors are Mexichem and Wienerberger. Based on internal estimates (see Section VI.3), PPS is one of the leading players in the Benelux, where it combines manufacture, own distribution, direct sales and wholesaler sales.

(ii) *Water Treatment*

The Water Treatment business supplies industrial and municipal water treatment operators with coagulants and other chemicals to treat waste water or clean drinking water. In addition it plays an important role in the absorption of HCl from the SOP production.

The Group's main water treatment product is ferric chloride ( $\text{FeCl}_3$ ), which is used in coagulation and dephosphatation of waste and drinking water. Ferric coagulants constitute a mature market, with consumption driven by population density and regulation on phosphorus removal.

In addition to ferric chloride, the Group (i) produces and markets the co-products and derivatives caustic soda ( $\text{NaOH}$ ), caustic potash ( $\text{KOH}$ ), bleach ( $\text{NaOCl}$ ), zinc chloride ( $\text{ZnCl}_2$ ) (ii) markets hydrochloric acid ( $\text{HCl}$ ) and sulphuric acid ( $\text{H}_2\text{SO}_4$ ) and (iii) produces and markets sulphur-derivates.

The main raw materials used by the Group are iron-containing materials (*e.g.* scrap, oxides, ores, pickling liquor), hydrochloric acid ( $\text{HCl}$ ) and sodium chloride ( $\text{NaCl}$ ) or potassium chloride ( $\text{KCl}$ ). To produce  $\text{FeCl}_3$ , chlorine ( $\text{Cl}_2$ ) is at an intermediary stage produced through electrolysis of sodium or potassium salt ( $\text{NaCl}$  or  $\text{KCl}$ ), consuming significant amounts of electrical energy.

The Group owns production facilities in Loos (France) and Tessenderlo (Belgium). The production facilities in Tessenderlo are operated by a third party (Ineos), which also supplies chlorine. Loos serves its chlorine needs by an on-site electrolysis. Over the past years, the Group has invested in the sites to introduce flexibility in the treatment of different iron containing raw materials. In 2012, the Group announced a major investment in the conversion of the mercury based electrolysis in Loos to a membrane electrolysis, as required by European regulation. The project planning is ongoing, and actual investments are expected to be spread over 2015, 2016 and 2017. The Issuer does not intend to use the proceeds of the Bonds Issue for the investment in Loos, as it will be financed by the proceeds of the December 2014 capital increase. In April 2015 the Group announced that it will re-enter the potassium hydroxide market by Q3 2015.

The Group's two manufacturing locations are centrally located in the highest demand region for coagulants. The Group serves some of the major metropolitan areas in Western Europe and has a strong logistical position, with access to truck, train and barge. Based on internal estimates (see Section VI.3), the Group is a leading player in France and Belgium, and an important player in the Netherlands and the UK and its competitors in Western-Europe include Kemira and Kronos.

(iii) *Other industrial activities*

- Through its subunit Mining & Industrial (M&I), the Group, based on knowledge of S-chemistry, provides specialty chemicals and technical services to the mining and metal processing industry and other industrial markets. Tessenderlo Kerley commissioned a new thiosulfates production facility at Barrick's Goldstrike site, Nevada (US), a leading player in the gold mining industry, in September 2014. This production facility supplies auxiliary process chemicals to Barrick's gold leaching process. The Group studies additional opportunities to apply its product knowledge in other industrial processes and intends to develop further its position in industrial sulphur derivative markets outside of Europe.
- Through its subunit MPR Services, the Group provides solutions enhancing gas treatment systems in refineries, gas plants, ammonia plants, steel manufacturing and Liquefied Natural Gas (LNG) facilities. Technologies are developed to recover amine, glycol and dispose of spent caustic.

- The subunit Environmentally Clean Systems (marketed under trade name ECS) provides environmentally advantageous methods for cleaning, recovery and disposal of water from oil and gas exploration (through fracking), mining and refinery activities. ECS currently operates a water treatment facility in Myton, Utah (US), a water treatment facility and water disposal well in the Bakken formation, in North Dakota (US) and continues to look for further opportunities to commercialise its technologies.

#### 4. **Most significant recent trends affecting the Issuer and the industries in which it operates**

##### 4.1. ***Agro***

The market price of fertiliser and crop protection products is an important factor affecting the Group's results of operation. The price is determined on the basis of global supply and demand, which is dependent on numerous factors, such as general agricultural activity, crop prices, raw material prices, (constraints on) international trade flows and supplier production rates. Given the multitude of drivers and their dynamic nature, market conditions evolve rapidly. In 2015, up to the date of this Prospectus, the Agro segment continued to benefit from favourable market conditions.

The closure of the phosphates facility in Ham (Belgium) at the end of 2013 resulted in a drop in absorption capacity of co-product HCl and thus reducing the available SOP production capacity. The Group is addressing this partially by investing in a new calcium chloride production plant in Ham, which is expected to become operational in the second half of 2015.

##### 4.2. ***Bio-valorization***

The market prices for end-products of the Bio-valorization segment are often tied to the price evolution of major commodities, including soy and palm-oil. These commodities' prices are volatile and continued to decline slightly in Q1 2015.

Akiolis' margin is heavily dependent on the competition on the raw materials supply, and its internal logistics and operational costs to collect and process its raw materials. Akiolis is implementing several operational and commercial improvement programs and frequently evaluates its operational footprint to optimize its margin.

In May 2015, the European Commission passed an amendment to the regulation pertaining to the classification of meat processing products. (COMMISSION REGULATION (EU) 2015/728 of May 6th 2015). The amendment reclassifies specific volumes of bovine C1 material to C2, C3 and human food (see section 3.2 for definitions). Depending on local operational environment, and the competitive reaction to the evolution, the impact of the amendment on the Group's margin could be positive or negative.

The gelatin prices are determined on the basis of global supply and demand. Gelatin raw material price is largely driven by local slaughtering rates and demand from the gelatin industry and alternative uses. The relative evolution of gelatin prices and raw material price determines the Group's margin.

##### 4.3. ***Industrial Solutions***

The performance of the Industrial Solutions segment is to a large extent dependent on the construction market in plastic pipes solutions markets (the Netherlands, Belgium, France and the UK). The overall construction activity in the Netherlands, Belgium and France stays at historical low levels. Modest signs of recovery are observed in selected sub-markets in 2015.

Tessenderlo Kerley commissioned a new thiosulfates production facility at Barrick's Goldstrike site, Nevada (US), a leading player in the gold mining industry, at the end of September 2014. The production facility supplies auxiliary process chemicals (Thio-Gold®-300) to Barrick's gold leaching process. The production is still in the ramp-up phase. The contribution of the plant will depend on the successful operation of both Tessenderlo's and Barrick's process.

#### 4.4. *No material adverse change in the prospects of the Issuer since 31 December 2014*

There has been no material adverse change in the prospects of the Issuer since 31 December 2014.

### 5. **Environment, health and safety**

The Group is committed to conserving natural resources, operating its facilities safely and restricting the environmental impact of its activities to a minimum.

Manufacturing aims to take into due account the environment and the health and safety of staff and the general population.

The Group's environmental, health and safety objectives include the strive to:

- safeguard the health and safety of the employees, contractors and local residents;
- further reduce the impact of its activities on the environment, health and safety;
- seek further reduction of waste; and
- strictly comply with the legal obligations and take additional measures where possible.

High safety and environmental standards apply to the various plants of the Group, including those at low risk. To give substance to this policy, the Group relies on internationally recognised principles, including Responsible Care and Best Available Techniques and ISO 14001, the internationally recognised environmental management standard. These serve as optimisation guidelines.

The Group embeds the re-use of resources as a differentiator throughout its business models, which typically includes an element of by-product valorisation.

The industrial history of the sites occupied by the Group results in significant legacy soil and groundwater pollution issues. The main historical pollution is concentrated in the Ham (Belgium), Tessenderlo (Belgium) and Loos (France) sites and to a lesser extent in the Vilvoorde site (Belgium). Known pollution issues are identified and monitored, and the estimated clean-up costs have been provided for. The Group has set up a process to report any pollution which is detected.

## 6. Human Resources

The Group counts on a team of experienced professionals in all areas required to meet its business and strategic objectives. As of 31 December 2014 the total number of employees of the Group amounted to approximately 4,800 of which approximately 900 employees relate to the Agro business, approximately 2,400 employees relate to the Bio-valorization business and approximately 1,500 employees relate to the Industrial Solutions' business. 72% of the Group's total personnel is employed in Europe, 19% in the Americas and 9% in Asia.

It is key for the Group to attract, retain and incentivise our employees and to build motivated teams to realise the objectives of the Group.

## 7. Material contracts other than those entered into in the ordinary course of business

In 2008, the Group signed a 15-year 50 MWh base load electricity purchase agreement for the PVC/Chlor-Alkali activity of the Group, which became effective in the second quarter of 2011. The Group sold the majority of its PVC/Chlor-Alkali activities to Ineos Chlorvinyls in the third quarter of 2011. The electricity purchase agreement was not part of the sale transaction and therefore, as of the sale, the Group is still under a purchase obligation. As the Group no longer needs the electricity for its own use, it needs to sell the electricity on the market until the end of the contract. The value of the contract is depending on the current and future difference between market electricity prices and the generation cost based on market gas prices, and on the effect of the hourly pricing optimisation as foreseen in the contract.

The Group has issued a corporate bond for EUR 150.0 million, with maturity date on 27 October 2015. The terms and conditions of the prospectus regarding this programme contain a negative pledge covenant and restricted actions linked to financial ratio tests (*e.g.*, gearing, leverage ratio and interest cover ratio). Such clauses impose operational and financing restrictions on the Group and in some respect limit or prohibit, among other things, the Group's ability to incur additional indebtedness or grant security.

The Group entered into a EUR 300.0 million<sup>23</sup> back-up syndicated credit facility agreement which occasionally is drawn upon. The agreement was arranged by Commerzbank AG, Crédit Agricole Corporate and Investment Bank, KBC Bank NV, ING Bank N.V. and BNP Paribas Fortis SA/NV (previously Fortis Bank SA/NV). ING Bank N.V. acted as Facility Agent and KBC Bank NV acted as Issuing Bank. The syndicated credit facility agreement was originally entered into on 26 February 2010. Thereafter, the agreement was restated on 20 December 2010 and on 28 April 2011. The back-up syndicated credit facility agreement is entered into for a duration of five years as from the latest restatement and will thus terminate on 28 April 2016. Any outstanding loans under the revolving facilities B & C must be repaid on the last day of their respective interest period, but can be prepaid by the Group subject to break costs. At the date of this Prospectus, no amounts are drawn under the syndicated credit facility agreement.

The agreement includes typical events of default for such type of financing, subject to certain materiality thresholds and remedy periods, including amongst others, non-payment, cross-default, insolvency, breach of financial covenants (including, but not limited to, covenants in respect of the leverage ratio and interest cover, all calculated on a consolidated basis) and change of control. The threshold for the latter event is set at a direct or indirect ownership of 50% of the voting rights in the

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<sup>23</sup> The amount of the back-up syndicated credit facility was reduced from EUR 450.0 million to EUR 400.0 million as of 1 September 2014 and was further reduced to EUR 300.0 million as of February 2015.

Issuer and, if breached, will give rise to a mandatory payment obligation. In respect of security, the agreement contains a negative pledge clause in respect of the borrowers and several Group companies have provided capped guarantees as guarantors.

## **8. Legal and arbitration proceedings**

Although the Group is the subject of a number of claims and legal, governmental and arbitration proceedings incidental to the normal conduct of its business, it has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatening of which the Issuer or the Group is aware) during the 12 months preceding the date of this Prospectus which may have or has had in the recent past significant effects on the financial position or profitability of the Issuer or the Group. The Group is involved in a number of pending commercial disputes which it believes will be resolved without any material impact on the results and/or have been appropriately provided for based on the current information available and in accordance with IFRS or have been insured.

## **9. Investments**

### **9.1. *Principal investments made since 31/12/2014***

In April 2015, the Group announced its investment in the construction of a new Thio-Sul® production plant in Rouen, France.

## XI. REASONS FOR THE PUBLIC OFFER AND USE OF PROCEEDS

If the Public Offer is fully subscribed, the gross proceeds from the issue of Bonds are estimated to be approximately EUR 250 million. The Issuer estimates to receive net proceeds of approximately maximum EUR 249.75 million..

The net proceeds of the Public Offer will be predominantly used to realise the following objectives presented in order of priority:

1. the Group's currently outstanding EUR 150.0 million bond issue which matures in October 2015, with a fixed interest rate at 5.25% will in principle be entirely refinanced by the proceeds of the Public Offer;
2. the increase of the Group's production capacity to meet expected future demand, by selective investments in debottlenecking of existing production facilities, and the installation of new capacities;
3. the continued investment in incremental improvement projects, strengthening the cost position of the existing production facilities;
4. the targeted revision of working capital levels to optimally support the different business models of the Group's activities (including, but not limited to selective investments in inventory of raw materials, intermediate products and/or finished products, in line with the businesses' needs and with a view to improve the business conditions and customer service);
5. the creation of financial leeway for general corporate purposes, including the funding of growth, operational investments and acquisitions not yet specified to date; and
6. in part providing alternatives to the renewal of the Group's EUR 300.0 million back-up syndicated credit facility which will mature in April 2016 (under which no amounts are drawn on the date of this Prospectus), as the overall financing position of the Group following the bond issue might result in the Group having sufficient cash available to eventually allow it to only partially renew its back-up syndicated credit facility (i.e. not for the total amount of EUR 300.0 million).

The Group successfully completed a capital increase, for a gross amount of 174.8 million EUR (and a net amount of EUR 172.7 mio.) on December 19, 2014. The capital increase was intended to provide funds for growth opportunities in each of its business segments, to strengthen the structure of Tessengerlo's balance sheet, to finance historically driven non-recurring cash outs provided for in the balance sheet in respect of restructuring and environmental obligations, and to finance remediation investments and adherences to legal obligations of existing plants. The net proceeds resulting from the capital increase are currently being used to realise these objectives and the Issuer deems the net proceeds to be in principle sufficient thereto.

As a result hereof, the net proceeds of the Public Offer will enable the Group to even further strengthen and optimize its balance sheet, which will in turn enable the Group to further proceed with the funding of several additional investments in order to increase the Group's production capacity and will consequently create extra opportunities for investments in improvement projects, for strengthening the cost position of the existing production facilities and to improve working capital.

The Issuer is currently not aware that the anticipated proceeds of the Public Offer in combination with current financing agreements will not be sufficient to fund the proposed uses. However, the Issuer cannot predict the actual amounts spent or allocated on each of the objectives individually and the timing of them set forth above.



Indeed, the Group continuously identifies new projects, not yet known today; depending on their nature these projects can require significant capex investments, and will be executed if the individual business case is solid and the required funds are available within the Group.

## XII. TAXATION

*The following is a general description of the main Belgian tax consequences of acquiring, holding, redeeming and/or disposing of the Bonds. It is restricted to the matters of Belgian taxation stated herein and is intended neither as tax advice nor as a comprehensive description of all Belgian tax consequences associated with or resulting from any of the aforementioned transactions. Prospective Investors are urged to consult their own tax advisors concerning the detailed and overall tax consequences of acquiring, holding, redeeming and/or disposing of the Bonds, including under the laws of their countries of citizenship, residence, ordinary residence or domicile.*

*The summary provided below is based on the information provided in this Prospectus and on Belgium's tax laws, regulations, resolutions and other public rules with legal effect, and the interpretation thereof under published case law, all as in effect on the date of this Prospectus and with the exception of subsequent amendments with retroactive effect.*

*This Section does not address the tax regime applicable to Bonds held by Belgian tax residents through a fixed basis or a permanent establishment situated outside Belgium.*

*Investors should consult their own advisors regarding the tax consequences of an investment in the Bonds, in the light of their particular circumstances, including the effect of any state, local or other national laws.*

### 1. Belgian Withholding Tax

All payments by or on behalf of the Issuer of interest on the Bonds are in principle subject to Belgian withholding tax on the gross amount of the interest, currently at the rate of 25 per cent. Tax treaties may provide for lower rates subject to certain conditions and formalities.

In this regard, "**interest**" means the periodic interest income and, if the Bonds qualify as fixed income securities pursuant to Article 2, §1, 8° of the Belgian Income Tax Code 1992 (*Wetboek van de inkomstenbelastingen van 1992 / Code des impôts sur les revenus 1992*; hereinafter: "**BITC 1992**"), any amount paid by the Issuer in excess of the issue price (upon full or partial redemption whether or not on the maturity date, or upon purchase by the Issuer) and, in case of a disposal of Bonds between two interest payment dates, the pro rata of accrued interest corresponding to the detention period.

However, payments of interest and principal under the Bonds by or on behalf of the Issuer may be made without deduction of withholding tax in respect of the Bonds if and as long as at the moment of payment or attribution of interest they are held by certain eligible Investors (the "**Tax Eligible Investors**", see hereinafter) in an exempt securities account (an "**X Account**") that has been opened with a financial institution that is a direct or indirect participant (an "**NBB System Participant**" or "**NBB Sub-Participant**") in the NBB System. Euroclear and Clearstream, Luxembourg are directly or indirectly NBB System Participants for this purpose.

Holding the Bonds through the NBB System enables Tax Eligible Investors to receive gross interest income on their Bonds and to transfer Bonds on a gross basis.

NBB System Participants must enter the Bonds which they hold on behalf of Tax Eligible Investors in an X Account.

Tax Eligible Investors are those listed in article 4 of the Belgian Royal Decree of 26 May 1994 on the deduction of withholding tax ("*arrêté royal du 26 mai 1994 relatif à la perception et à la bonification du précompte mobilier*" / "*koninklijk besluit van 26 mei 1994 over de inhouding en de vergoeding van de roerende voorheffing*") which include, *inter alia*:

- (i) Belgian corporations subject to Belgian corporate income tax;
- (ii) without prejudice to Article 262, 1° and 5° BITC 1992, institutions, associations or companies specified in article 2, §3 of the law of 9 July 1975 on the control of insurance companies other than those referred to in (i) and (iii);
- (iii) state regulated institutions ("*institutions parastatales*"/"*parastatalen*") for social security, or institutions which are assimilated therewith, provided for in article 105, 2° of the royal decree implementing the BITC 1992 ("*arrêté royal d'exécution du code des impôts sur les revenus 1992*"/"*koninklijk besluit tot invoering van het wetboek inkomstenbelastingen 1992*", the "**RD/BITC 1992**");
- (iv) non-resident Investors provided for in article 105, 5° of the RD/BITC 1992 whose holding of the Bonds is not connected to a professional activity in Belgium;
- (v) investment funds, recognised in the framework of pension savings, provided for in article 115 of the RD/BITC 1992;
- (vi) taxpayers provided for in article 227, 2° of the BITC 1992 which have used the income generating capital for the exercise of their professional activities in Belgium and which are subject to non-resident income tax pursuant to article 233 of the BITC 1992;
- (vii) the Belgian State in respect of investments which are exempt from withholding tax in accordance with article 265 of the BITC 1992;
- (viii) investment funds governed by foreign law which are an indivisible estate managed by a management company for the account of the participants, provided the fund units are not offered publicly in Belgium or traded in Belgium; and
- (ix) Belgian resident corporations, not provided for under (i) above, when their activities exclusively or principally consist of the granting of credits and loans.

Tax Eligible Investors do not include, *inter alia*, Belgian resident Investors who are individuals or non-profit making organisations, other than those mentioned under (ii) and (iii) above (the "**Non-Eligible Investors**")..

NBB System Participants must keep the Bonds which they hold on behalf of the non-Tax Eligible Investors in a non-exempt securities account (an "**N Account**"). In such instance, all payments of interest are subject to withholding tax (currently at the rate of 25 per cent.), which is withheld by the NBB and paid to the Belgian tax authorities.

Transfers of Bonds between an X Account and an N Account give rise to certain adjustment payments on account of withholding tax:

- A transfer from an N Account (to an X Account or N Account) gives rise to the payment by the transferor non-Tax Eligible Investor to the NBB of withholding tax on the accrued fraction of interest calculated from the last interest payment date up to the transfer date.
- A transfer (from an X Account or N Account) to an N Account gives rise to the refund by the NBB to the transferee non-Tax Eligible Investor of an amount equal to withholding tax on the accrued fraction of interest calculated from the last interest payment date up to the transfer date.
- Transfers of Bonds between two X Accounts do not give rise to any adjustment on account of withholding tax.

Upon opening of an X Account for the holding of Bonds, a Tax Eligible Investor is required to provide the NBB System Participant with a statement of its eligible status on a form approved by the Belgian Minister of Finance. There are no ongoing declaration requirements for Tax Eligible Investors save that they need to inform the NBB System Participants of any changes to the information contained in the statement of their tax eligible status. NBB System Participants are required to annually provide the NBB with listings of Investors who have held an X Account during the preceding calendar year.

An X Account may be opened with an NBB System Participant by an intermediary (an "**Intermediary**") in respect of Bonds that the Intermediary holds for the account of its clients (the "**Beneficial Owners**"), provided that each Beneficial Owner is a Tax Eligible Investor. In such a case, the Intermediary must deliver to the NBB System Participant a statement on a form approved by the Minister of Finance confirming that: (i) the Intermediary is itself a Tax Eligible Investor; and (ii) the Beneficial Owners holding their Bonds through it are also Tax Eligible Investors. The Beneficial Owner is also required to deliver a statement of its eligible status to the intermediary.

These identification conditions do not apply to Bonds held by Eligible Investors through Euroclear or Clearstream Luxembourg as Participants in the NBB System, provided that Euroclear or Clearstream Luxembourg (as well as their Sub-Participants) only hold X Accounts and are able to identify the holder of the account.

## 2. **Belgian income tax**

### 2.1. ***Belgian resident individuals***

Belgian resident individuals, i.e., natural persons who are subject to Belgian personal income tax ("*impôt des personnes physiques*" / "*personenbelasting*") and who hold the Bonds as a private investment, do not have to declare interest in respect of the Bonds in their personal income tax return, provided that Belgian withholding tax has effectively been levied on the interest. Payment of the 25 per cent. withholding tax fully discharges them from their personal income tax liability with respect to these interest payments (*précompte mobilier libératoire/bevrijdende roerende voorheffing*).

Nevertheless Belgian resident individuals may elect to declare interest in respect of the Bonds in their personal income tax return. Interest income which is declared in this way will in principle be taxed at a flat rate of 25 per cent. (or at the relevant progressive personal income tax rate(s) taking into account the taxpayer's other declared income, whichever is more beneficial). The Belgian withholding tax levied may be credited against the personal income tax due and is reimbursable to the extent it exceeds the personal income tax due.

Capital gains realised on the sale of the Bonds are in principle tax exempt, except to the extent the capital gains are realised outside the scope of the management of one's private estate or except to the extent they qualify as interest (as described in "*Belgian Withholding Tax*" above). Capital losses are in principle not tax deductible.

Other tax rules apply to Belgian resident individuals who do not hold the Bonds as a private investment.

### 2.2. ***Belgian resident companies***

Interest attributed or paid to corporations which are Belgian residents for tax purposes, which are subject to the common regime of the Belgian corporate income tax ("*impôt des sociétés*" / "*vennootschapsbelasting*"), as well as capital gains realised upon the disposal of Bonds are taxable at the ordinary corporate income tax rate of in principle 33%, plus a 3% crisis surcharge (i.e. 33.99 per cent.) (or the relevant progressive corporate income tax rate(s) in the case of certain

corporations with limited profits). Capital losses realised upon the disposal of the Bonds are in principle tax deductible.

### 2.3. *Belgian legal entities*

Belgian legal entities subject to Belgian legal entities tax ("*impôts des personnes morales*" / "*rechtspersonenbelasting*") and which do not qualify as Tax Eligible Investors will not be subject to any further taxation on interest in respect of the Bonds over and above the withholding tax.

Belgian legal entities which qualify as Tax Eligible Investors and which consequently have received gross interest income are required to declare and pay the 25 per cent withholding tax to the Belgian tax authorities.

Capital gains realised on the sale of the Bonds are in principle tax exempt, unless the capital gains qualify as interest (as described in "*Belgian Withholding Tax*" above). Capital losses are in principle not tax deductible.

### 2.4. *Organisations for Financing Pensions*

Interest and capital gains derived by Organisations for Financing Pensions in the meaning of the Law of 27 October 2006 on the activities and supervision of institutions for occupational retirement provision, are in principle exempt from Belgian corporate income tax on interest received and capital gains realized. Capital losses are in principle not tax deductible. Subject to certain conditions, any Belgian withholding tax that has been levied can be credited against any corporate income tax due and any excess amount is in principle refundable.

### 2.5. *Belgian non-residents*

Bondholders who are not residents of Belgium for Belgian tax purposes and who are not holding the Bonds through a permanent establishment in Belgium will not become liable for any Belgian tax on income or capital gains by reason only of the acquisition or disposal of the Bonds, provided that they qualify as Tax Eligible Investors and that they hold their Bonds in an X Account.

## 3. **Tax on stock exchange transactions**

A tax on stock exchange transactions ("*taxe sur les opérations de bourse*" / "*taks op de beursverrichtingen*") will be levied on the acquisition and disposal of Bonds on the secondary market if executed in Belgium through a professional intermediary. The tax is due at a rate of 0.09 per cent. on each acquisition and disposal separately, with a maximum amount of Euro 650 per transaction and per party and collected by the professional intermediary. The acquisition of the Bonds upon their issuance (primary market) is not subject to the tax on stock exchange transactions.

A tax on repurchase transactions ("*taxe sur les reports*" / "*taks op de reporten*") at the rate of 0.085 per cent. will be due from each party to any such transaction entered into or settled in Belgium in which a stockbroker acts for either party (with a maximum amount of Euro 650 per transaction and per party).

However neither of the taxes referred to above will be payable by exempt persons acting for their own account including Investors who are not Belgian residents, provided they deliver an affidavit to the financial intermediary in Belgium confirming their non-resident status, and certain Belgian institutional Investors as defined in Article 126.1 2° of the code of miscellaneous duties and taxes ("*Code des droits et taxes divers*" / "*Wetboek diverse rechten en taksen*") for the tax on stock exchange transactions and Article 139, second paragraph, of the same code for the tax on repurchase transactions.

As stated below, the European Commission has published a proposal for a Directive for a common financial transactions tax (the "**Financial Transactions Tax**" or "**FTT**"). The proposal currently stipulates that once the Financial Transactions Tax enters into force, the participating Member States shall not maintain or introduce taxes on financial transactions other than the Financial Transactions Tax (or VAT as provided in the Council Directive 2006/112/EC of November 28, 2006 on the common system of value added tax). For Belgium, the tax on stock exchange transactions and the tax on repurchase transactions should thus be abolished once the Financial Transactions Tax enters into force. The proposal is still subject to negotiation between the participating Member States and therefore may be changed or aborted at any time.

#### 4. **The proposed financial transactions tax (the "Financial Transactions Tax")**

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common Financial Transactions Tax in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**").

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Bonds (including secondary market transactions) in certain circumstances. The issuance and subscription of Bonds should, however, be exempt.

Under the Commission's Proposal the Financial Transactions Tax could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Bonds where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

A joint statement issued in May 2014 by ten of the eleven participating Member States indicated an intention to implement the Financial Transactions Tax progressively, such that it would initially apply to shares and certain derivatives, with this initial implementation occurring by 1 January 2016. The Financial Transactions Tax, as initially implemented on this basis, may not apply to dealings in the Bonds.

However, the Financial Transactions Tax proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. It may therefore be altered prior to any implementation or even aborted. Additional EU Member States may decide to participate. Prospective holders of Bonds are advised to seek their own professional advice in relation to the Financial Transactions Tax.

#### 5. **EU Directive on the Taxation of Savings Income**

Under Council Directive 2003/48/EC on the taxation of savings income (the "**Savings Directive**"), Member States are required to provide to the tax authorities of other Member States details of certain payments of interest or similar income paid or secured by a person established in a Member State to or for the benefit of an individual resident in another Member State or certain limited types of entities established in another Member State (the "**Disclosure of Information Method**").

For a transitional period, Austria is required (unless during that period it elects otherwise) to operate a withholding system in relation to such payments (the "**Source Tax**"). The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange

with certain other countries. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

In October 2014, however, Austria reportedly agreed to a proposal amending Directive 2011/16/EU on Administrative Cooperation in the field of Taxation which aims at reinforcing current EU legislation in the field of automatic exchange of information, which may ultimately lead to Austria abolishing the withholding system. The proposal was finally adopted on 9 December 2014 as Directive 2014/107/EU. The main purpose of Directive 2014/107/EU is to provide the Member States with a legal basis for the implementation of the OECD Common Reporting Standards, i.e. the new global standard on automatic exchange of tax information.

On 24 March 2014, the Council of the European Union adopted a Council Directive (the “**Amending Directive**”) amending and broadening the scope of the requirements described above. The Amending Directive requires Member States to apply these new requirements from 1 January 2017 and if they were to take effect the changes would expand the range of payments covered by the Savings Directive, in particular to include additional types of income payable on securities. They would also expand the circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported or subject to withholding. This approach would apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

The European Commission has proposed the repeal of the Savings Directive from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other Member States (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the Savings Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The proposal also provides that, if it proceeds, Member States will not be required to apply the new requirements of the Amending Directive.

#### 5.1. *Belgian non-residents*

Interest paid or collected through Belgium on the Bonds and falling under the scope of application of the Savings Directive will be subject to the Disclosure of Information method.

#### 5.2. *Belgian residents*

An individual resident in Belgium will be subject to the provisions of the Savings Directive, if he receives interest payments from a paying agent (within the meaning of the Savings Directive) established in another EU Member State, Switzerland, Liechtenstein, Andorra, Monaco, San Marino, Curaçao, Bonaire, Saba, Sint Maarten, Sint Eustatius (formerly the Netherlands Antilles), Aruba, Guernsey, Jersey, the Isle of Man, Montserrat, the British Virgin Islands, Anguilla, the Cayman Islands or the Turks and Caicos Islands.

If the interest received by an individual resident in Belgium has been subject to a Source Tax, such Source Tax does not liberate the Belgian individual from declaring the interest income in its personal income tax declaration. The Source tax will be credited against the personal income tax. If the Source Tax withheld exceeds the personal income tax due, the excess amount will be reimbursed, provided it reaches a minimum of Euro 2.5.

## 6. Foreign Account Tax Compliance Act

The foreign account tax compliance provisions of the Hiring Incentives to Restore Employment Act of 2010, commonly referred to as "**FATCA**" impose a new reporting regime and potentially a 30% withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a "foreign financial institution", or "**FFI**" (as defined by FATCA)) that does not become a "**Participating FFI**" by entering into an agreement with the U.S. Internal Revenue Service ("**IRS**") or become subject to provisions of local law intended to implement an intergovernmental agreement ("IGA Legislation") entered into pursuant to FATCA, to provide the IRS with certain information in respect of its account holders and Investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any Investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the Investor is a U.S. person or should otherwise be treated as holding a "United States account" of the Issuer (a "**Recalcitrant Holder**"). The Issuer may be classified as an FFI.

The new withholding regime is now in effect for payments from sources within the United States and will apply to "**foreign passthru payments**" (a term not yet defined) no earlier than 1 January 2017. This withholding would potentially apply to payments in respect of (i) any Bonds characterised as debt (or which are not otherwise characterized as equity and have a fixed term) for U.S. federal tax purposes that are issued after the "**grandfathering date**", which is the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified after the grandfathering date and (ii) any Bonds characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Bonds are issued on or before the grandfathering date, and additional Bonds of the same series are issued after that date, the additional Bonds may not be treated as grandfathered, which may have negative consequences for the existing Bonds, including a negative impact on market price.

The United States and a number of other jurisdictions have entered into intergovernmental agreements to facilitate the implementation of FATCA (each, an "**IGA**"). Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a "**Reporting FI**" not subject to withholding under FATCA on any payments it receives. Further, an FFI in an IGA jurisdiction generally is not expected to be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being "**FATCA Withholding**") from payments it makes on securities such as the Bonds. Under each Model IGA, a Reporting FI is still required to report certain information in respect of its account holders and Investors to its home government or to the IRS. The United States and Belgium have entered into an agreement (the "**U.S.-Belgium IGA**") based largely on the Model 1 IGA. The Belgian tax administration has recently issued guidance notes on the implementation and application of FATCA in Belgium. These guidelines, which currently still are in draft form, are available at <http://financien.belgium.be/nl/E-services/fatca>.

If the Issuer is treated as a Reporting FI pursuant to the U.S.-Belgium IGA it does not anticipate that it will be obliged to deduct any FATCA Withholding on payments it makes on securities such as the Bonds. There can be no assurance, however, that the Issuer will be treated as a Reporting FI, or that it would in the future not be required to deduct FATCA Withholding from payments it makes. The Issuer and financial institutions through which payments on the Bonds are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Bonds is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an Investor is a Recalcitrant Holder.

Whilst the Bonds are cleared through the NBB System, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Bonds by the Issuer and any paying agent, given that each of the entities in the payment chain between the Issuer and the participants in the NBB



System is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Bonds.

**FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and IGAs as of the date hereof, all of which are subject to change at any time, possibly with retroactive effect. Prospective Investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Bonds.**

### XIII. SUBSCRIPTION AND SALE

ING Bank N.V. (acting through its Belgian branch having its registered office at Marnixlaan 24, B-1000 Brussels), BNP Paribas Fortis SA/NV (having its registered office at Warandeberg 3, B-1000 Brussels) and KBC Bank NV (having its registered office at Havenlaan 2, B-1080 Brussels) (together the “**Joint Bookrunners**” and each a “**Joint Bookrunner**”) and Belfius Bank SA/NV (having its registered office at Pachecolaan 44, B-1000 Brussels) and Bank Degroof NV/SA (having its registered office at Nijverheidsstraat 44, B-1040 Brussels) (together the “**Co-Managers**” and each a “**Co-Manager**”, and together with the Joint Bookrunners, the “**Managers**” and each a “**Manager**”) have, pursuant to a placement agreement dated on or about 15 June 2015 (the “**Placement Agreement**”), agreed with the Issuer, subject to certain terms and conditions, to use best efforts to place the two series of Bonds, for an expected minimum amount of EUR 75.0 million for the 2022 Bonds and an expected minimum amount of EUR 25.0 million for the 2025 Bonds and for a combined maximum amount of EUR 250.0 million with third parties at the Issue Price and at the conditions specified below.

**This section contains the terms and conditions of the Public Offer of the Bonds by the Managers. Each offer and sale of the Bonds by a Financial Intermediary will be made in accordance with the terms and conditions as agreed between a Financial Intermediary and an Investor, including in relation to the price, the allocation and the costs and/or taxes to be borne by an Investor. The Issuer is not a party to any arrangements or terms and conditions in connection with the offer and sale of the Bonds between the Financial Intermediary and an Investor. This Prospectus does not contain the terms and conditions of any Financial Intermediary. The terms and conditions in connection with the offer and sale of the Bonds will be provided to any Investor by a Financial Intermediary during the Subscription Period. The Issuer nor any Manager can be held responsible or liable for any such information.**

Each of the services provided by the Managers may be granted by any Manager acting through any of its branches, affiliates or related companies, and all references to “Managers” herein will be understood as to include such branches and affiliated companies, to the extent that such services are provided by such entities.

#### 1.1. *Subscription Period*

The Bonds will be offered to the public in Belgium (the “**Public Offer**”). The Bonds will also be offered to qualified investors (as defined in the Prospectus Law, the “**Qualified Investors**”). The Bonds will be issued on 15 July 2015 (the “**Issue Date**”). However, in case a supplement to the Prospectus gives rise to withdrawal rights exercisable on or after the Issue Date of the Bonds in accordance with Article 34 of the Prospectus Law, the Issue Date will be postponed until the first Business Day (as defined in the Conditions) following the last day on which the withdrawal rights may be exercised.

The Public Offer will start on 18 June 2015 at 9.00 a.m. (Brussels time) and end on 7 July 2015 at 4.00 p.m. (Brussels time) (the “**Subscription Period**”), or such earlier date as the Issuer may determine in agreement with the Joint Bookrunners (the “**Early Closing Date**”). In this case, the Early Closing Date will be announced by or on behalf of the Issuer, on its website ([www.tessenderlo.com](http://www.tessenderlo.com)), and on the website of the Managers, ING Bank N.V. ([www.ing.be](http://www.ing.be) (beleggen – obligations) or [www.ing.be](http://www.ing.be) (investments - obligations)), BNP Paribas Fortis NV/SA ([www.bnpparibasfortis.be/emissies](http://www.bnpparibasfortis.be/emissies) or

[www.bnpparibasfortis.be/emissions](http://www.bnpparibasfortis.be/emissions)), KBC Bank NV ([www.kbc.be/tessenderlo](http://www.kbc.be/tessenderlo)), Belfius Bank NV/SA ([www.belfius.be/tessenderlo](http://www.belfius.be/tessenderlo)) and Bank Degroof NV/SA ([www.degroof.be](http://www.degroof.be)).

A prospective subscriber will have the right to subscribe for 2022 Bonds and/or 2025 Bonds at its discretion. The Subscription Period for both series of Bonds will be the same. Each of the Managers will accept subscriptions both for the 2022 Bonds and the 2025 Bonds.

Except in case of oversubscription for any series of Bonds with any Manager as set out below under “*Oversubscription in the Bonds*”, a prospective subscriber will receive 100 per cent. of the amount of the Bonds validly subscribed to it during the Subscription Period.

Prospective subscribers will be notified of their allocations of Bonds by the applicable financial intermediary in accordance with the arrangements in place between such financial intermediary and the prospective subscriber.

No dealings in the Bonds on a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC, as amended, may take place prior to the Issue Date.

After having read the entire Prospectus, the Investors can subscribe to the Bonds via the branches of the following Managers appointed by the Issuer, using the subscription form provided by the Managers (if any): ING Bank N.V. ([www.ing.be](http://www.ing.be) (beleggen – obligaties) or [www.ing.be](http://www.ing.be) (investments - obligations)), BNP Paribas Fortis SA/NV (including the branches acting under the commercial name of Fintro, [www.bnpparibasfortis.be/emisies](http://www.bnpparibasfortis.be/emisies) or [www.bnpparibasfortis.be/emissions](http://www.bnpparibasfortis.be/emissions)), KBC Bank NV (including CBC Banque S.A. and KBC Securities NV (through [www.bolero.be](http://www.bolero.be))), Belfius Bank SA/NV ([www.belfius.be/tessenderlo](http://www.belfius.be/tessenderlo)) and Bank Degroof NV/SA ([www.degroof.be](http://www.degroof.be)).

The applications can also be submitted via agents or any other financial intermediaries in Belgium. In this case, the Investors must obtain information concerning the commission fees that the financial intermediaries can charge. These commission fees are charged to the Investors.

## 1.2. *Conditions to which the Public Offer is subject*

The Public Offer and the issue of the Bonds is subject to a limited number of conditions set out in the Placement Agreement, which are customary for this type of transaction, and which include, amongst others: (i) the correctness of the representations and warranties made by the Issuer in the Placement Agreement, (ii) the Placement Agreement, the Clearing Agreement and the Agency Agreement have been executed by all parties thereto prior to the Issue Date, (iii) the admission to trading of the Bonds on the regulated market of Euronext Brussels has been granted on or prior to the Issue Date, (iv) there having been, as at the Issue Date, no material adverse change (as defined in the Placement Agreement) affecting the Issuer or the Group and no event making any of the representations and warranties contained in the Placement Agreement untrue or incorrect on the Issue Date as if they had been given and made on such date and the Issuer having performed all the obligations to be performed by it under the Placement Agreement on or before the Issue Date, (v) confirmation of the NBB that the Bonds have been accepted for clearing in the NBB System, and (vi) at the latest on the Issue Date, the Managers having received customary confirmations as to certain legal and financial matters pertaining to the Issuer.

These conditions can be waived (in whole or in part) by each of the Managers. The Placement Agreement does not entitle the Managers to terminate their obligations prior to payment being made to the Issuer, except in certain limited circumstances.

If the terms of the Public Offer and the subsequent issuance of the Bonds are not met on the Issue Date (subject to waiver by the Managers of the conditions that could not be fulfilled) or any Manager terminates the Placement Agreement in one of the circumstances mentioned above, the Bonds will not be issued. Termination of the Placement Agreement by one of the Managers, does not trigger the termination of the Placement Agreement for the other Managers, but there is no obligation for the non-terminating Managers to place the Bonds assigned to the terminating Manager. In case of cancellation of the Public Offer, a notice will be published on the website of the Issuer ([www.tessenderlo.com](http://www.tessenderlo.com)) and on the websites of the Managers: ING Bank N.V. ([www.ing.be](http://www.ing.be) (beleggen – obligaties) or [www.ing.be](http://www.ing.be) (investments - obligations)), BNP Paribas Fortis NV/SA ([www.bnpparibasfortis.be/emissies](http://www.bnpparibasfortis.be/emissies) or [www.bnpparibasfortis.be/emissions](http://www.bnpparibasfortis.be/emissions)), KBC Bank ([www.kbc.be/tessenderlo](http://www.kbc.be/tessenderlo)), Belfius Bank NV/SA ([www.belfius.be/tessenderlo](http://www.belfius.be/tessenderlo)) and Bank Degroof NV/SA ([www.degroof.be](http://www.degroof.be)) and the total amount of funds already paid by the Investors for the Bonds will be reimbursed. For the avoidance of doubt, no interest will accrue on such amount.

### 1.3. *Issue Price*

The issue price for the 2022 Bonds will be 101.875 per cent. and the issue price for the 2025 Bonds will be 102.000 per cent. (the “**Issue Price**”).

The Investors who are not qualified Investors (as defined in the Prospectus Law, the “**Qualified Investors**”) (the “**Retail Investors**”) will pay the Issue Price.

The Qualified Investors will pay the Issue Price that includes a distribution commission of (A) 1.875 per cent. for the 2022 Bonds and (B) 2.000 per cent. for the 2025 Bonds, in each case less a discount, such resulting price being subject to change during the Subscription Period based among others on (i) the evolution of the credit quality of the Issuer (credit spread), (ii) the evolution of interest rates, (iii) the success (or lack of success) of the placement of the Bonds, and (iv) the amount of Bonds purchased by an Investor, each as determined by each Joint Bookrunner in its sole discretion.

The net yield of the 2022 Bonds is 1.868 per cent. on an annual basis and the net yield of the 2025 Bonds is 2.305 per cent. on an annual basis. The yield is calculated on the basis of the Issue Price for Retail Investors, the applicable rate of interest of the relevant Bonds and is based on the assumption that the Bonds will be held until their maturity date when they will be repaid at 100% of their principal amount. It is not an indication of future yield if the Bonds are not held until their maturity date. The net yield reflects a deduction of Belgian withholding tax at the rate of 25 per cent. (Investors should consult Section XII “Taxation” of this Prospectus for further information about Belgian taxation.)

The minimum amount of subscription for the Bonds is EUR 1,000. The maximum amount of subscription is EUR 250.0 million.

### 1.4. *Aggregate Nominal Amount*

The maximum principal amount of the issue is EUR 250.0 million. Subject to the minimum amounts of EUR 75.0 million for the 2022 Bonds and EUR 25.0 million for the 2025 Bonds and the overall

maximum aggregate amount of EUR 250.0 million, the Issuer will decide on the final amount of each series, in consultation with the Managers, at the end of the Subscription Period.

The criteria in accordance with which the final aggregate nominal amount of any series of Bonds will be determined by the Issuer are the following: (i) the level of demand from Investors for any series of Bonds as observed by the Managers on a daily basis, (ii) funding needs of the Issuer, which could evolve during the Subscription Period for the Bonds, (iii) the level of the interest rates and the credit spread of the Issuer on a daily basis, (iv) the occurrence or not of certain events during the Subscription Period of the Bonds giving the possibility to the Issuer and/or the Managers to early terminate the Subscription Period or not to proceed with the offer and the issue and (v) the fact that the combined maximum principal amount of both series of Bonds is EUR 250.0 million.

The Issuer has reserved the right not to proceed with the issue of any series of Bonds if at the end of the Subscription Period, the aggregate principal amount of the Bonds that have been subscribed for is lower than (i) EUR 75.0 million for the 2022 Bonds or (ii) EUR 25.0 million for the 2025 Bonds. The Issuer will publish its decision not to proceed with the issue of any series of Bonds in the same way the launch of the Bonds was announced. If the Issuer proceeds with the issue of any series of Bonds and the aggregate principal amount of Bonds of that series that have been subscribed for is lower than the minimum amounts, a supplement to the Prospectus shall be published.

The final aggregate nominal amount shall be published as soon as possible after the end (or the early closing) of the Subscription Period by the Issuer, on its website ([www.tessenderlo.com](http://www.tessenderlo.com)), and on the website of the Managers.

#### 1.5. *Payment date and details*

The payment date is 15 July 2015. The payment for the Bonds can only occur by means of debiting from a current account.

On the date that the subscriptions are settled, the NBB System will credit the custody account of the Agent according to the details specified in the rules of the NBB System.

Subsequently, the Agent, at the latest on the payment date, will credit the amounts of the subscribed securities to the account of the participants for onward distribution to the subscribers, in accordance with the usual operating rules of the NBB System.

#### 1.6. *Costs and fees*

The net proceeds (before deduction of expenses) will be an amount equal to the aggregate nominal amount of the Bonds issued (the “**Aggregate Nominal Amount**”) multiplied by the Issue Price expressed in percentage, minus the total selling and distribution commission of (i) 1.875 per cent. for the 2022 Bonds and (ii) 2.000 per cent. for the 2025 Bonds (borne by the subscribers; see also “Issue Price” above).

The Issue Price shall include the selling and distribution commission described below, such commission being borne and paid by the subscribers.

Expenses specifically charged to the subscribers:

- (a) the Retail Investors will bear a selling and distribution commission of (i) 1.875 per cent. for the 2022 Bonds and (ii) 2.000 per cent. for the 2025 Bonds, in each case included in the Issue Price; and
- (b) the Qualified Investors will bear a distribution commission of (i) 1.875 per cent. for the 2022 Bonds and (ii) 2.000 per cent. for the 2025 Bonds, in each case subject to the discount foreseen in this section under “Issue Price” above. The distribution commission paid by the Qualified Investors will range between 0 and 1.875 per cent. for the 2022 Bonds and between 0 and 2.000 per cent. for the 2025 Bonds.

#### 1.7. *Financial services*

The financial services in relation to the Bonds will be provided free of charge by the Managers.

The costs for the custody fee for the Bonds are charged to the subscribers. Investors must inform themselves about the costs their financial institutions might charge them.

Investors must inform themselves about the costs the other financial institutions might charge them.

In addition, Bondholders should be aware that when they exercise the Change of Control Put via a financial intermediary (other than the Agent) they may have to bear additional costs and expenses that are imposed by such financial intermediary.

#### 1.8. *Early closure and reduction – allotment / oversubscription in the Bonds*

Early termination of the Subscription Period will intervene at the earliest on 18 June at 5.30 p.m. (Brussels time) (the minimum Subscription Period is referred to as the “**Minimum Sales Period**”) (this is the third Business Day in Belgium following the day on which the Prospectus has been made available on the websites of the Issuer and the Managers (including the day on which the Prospectus was made available). This means that the Subscription Period will remain open at least one Business Day until 5.30 p.m.. Thereafter, early termination can take place at any moment (including in the course of a Business Day) (but in any case for both series of Bonds at the same time). In case of early termination of the Subscription Period, a notice will be published as soon as possible on the websites of the Issuer and the Managers. This notice will specify the date and hour of the early termination.

Subject to the above, the Subscription Period may be shortened by the Issuer (for both series of Bonds at the same time) during the Subscription Period with the consent of the Joint Bookrunners (i) as soon as the total amount of the Bonds (combined for both series) reaches EUR 250.0 million, (ii) in the event that a major change in market conditions occurs (among others, but not limited to, a change in national or international financial, political or economic circumstances, exchange rates or interest rates), or (iii) in case a material adverse change occurs with respect to the Issuer. In case the Subscription Period is terminated early as a result of the occurrence described under (ii) and (iii) in the preceding sentence, then the Issuer will publish a supplement to the Prospectus. The Issuer will ensure that any such supplement is published as soon as possible after the occurrence of such new significant factor (see page 5 of the Prospectus under “Prior Warning” for further information with respect to the publication of supplements to the Prospectus).

The Issuer has reserved the right not to proceed with the issue of any series of Bonds if at the end of the Subscription Period, the aggregate principal amount of the Bonds of that series that have been

subscribed for is lower than (i) EUR 75.0 million for the 2022 Bonds or (ii) EUR 25.0 million for the 2025 Bonds. The Issuer will publish its decision not to proceed with the issue of any series of Bonds in the same way the launch of the Bonds was announced. If the Issuer proceeds with the issue of any series of Bonds and the aggregate principal amount of Bonds of that series that have been subscribed for is lower than the minimum amount for that series, a supplement to the Prospectus shall be published (see page 5 of the Prospectus under “Prior Warning” for further information with respect to the publication of supplement to the Prospectus).

In addition, the offer is subject to specific conditions negotiated between the Managers and the Issuer that are included in the Placement Agreement, and in particular, the obligations of the Managers under the Placement Agreement could terminate, inter alia, as set out above.

All subscriptions for a series of Bonds that have been validly introduced by the Retail Investors with the Managers before the end of the Minimum Sales Period (as defined above) will be taken into account when the Bonds for that series are allotted, it being understood that in case of oversubscription, a reduction may apply, *i.e.* the subscriptions will be scaled back proportionally for each series, with an allocation of a multiple of EUR 1,000, and to the extent possible, a minimum nominal amount of EUR 1,000, which corresponds to the denomination of the Bonds.

Subject to the minimum amounts of EUR 75.0 million for the 2022 Bonds and EUR 25.0 million for the 2025 Bonds and the overall maximum aggregate amount of EUR 250.0 million, the Issuer will decide on the final amount of each series, in consultation with the Managers at the end of the Subscription Period and based on the criteria mentioned in paragraph 1.4 (Aggregate Nominal Amount) above. Consequently, different reduction percentages may apply for each series separately. In addition, different reduction percentages per series may apply for each Manager. As a result, an Investor should be aware that the actual amount of Bonds allocated to it may differ both depending on the applicable series of Bonds and the relevant Manager through which that Investor subscribed to the Bonds. Subscriptions for one series of Bonds cannot be converted into subscriptions for the other series of Bonds.

Each of ING Bank N.V. (acting through its Belgian branch), BNP Paribas Fortis SA/NV and KBC Bank NV has the right to place an amount of EUR 50.0 million (or 20 per cent. of the Aggregate Nominal Amount) exclusively with its own retail and private banking clients who are not Qualified Investors, in aggregate EUR 150.0 million (or 60 per cent. of the Aggregate Nominal Amount) (the **JLM Bonds**).

The remaining EUR 100.0 million (or 40 per cent. of the Aggregate Nominal Amount) (the **Institutional and Co-Lead Book**) will be placed and allocated as follows:

- (a) each of Belfius Bank SA/NV and Bank Degroof NV has the right to place an amount of EUR 25.0 million (or 10 per cent. of the Aggregate Nominal Amount), in aggregate EUR 50.0 million (or 20 per cent. of the Aggregate Nominal Amount) (the **Co-Lead Bonds**) by requesting the Joint Bookrunners to add orders to the Institutional and Co-Lead Book on or before certain specific pre-agreed order times, and exclusively with:
  - (A) its own retail and private banking clients who are not Qualified Investors; and
  - (B) its Affiliates, its affiliated UCITS or funds (*Instellingen voor Collectief Beheer / Organismes de Placement Collectif*) and Qualified Investors which are located outside

Belgium, which orders shall be added to the Institutional and Co-Lead Book by the Global Coordinator provided that, at specific pre-agreed cut-off times, no Joint Bookrunners has added the order for that investor to the Institutional and Co-Lead Book; and

- (b) the Joint Bookrunners, acting together, have the right to place an aggregate amount of EUR 50.0 million (or 20 per cent. of the Aggregate Nominal Amount) exclusively with Qualified Investors (the *QI Book*), as a pot deal.

This allocation structure can only be amended if agreed between the Issuer and the Managers, except that such aspects of the allocation structure that concern Joint Bookrunners only can be amended if agreed between the Issuer and the Joint Bookrunners, and save as further set out below.

- (a) To the extent the JLM Bonds allocated to one of the Joint Bookrunners are not fully placed by such Joint Bookrunner as observed at 5.30 p.m. (Brussels time) on first Business Day of the Subscription Period, then, (i) such Joint Bookrunner may transfer, for a maximum amount up to EUR 14.0 million, its unplaced JLM Bonds to the QI Book and (ii) the other Joint Bookrunners shall be entitled (but not required), to the extent that the aggregate nominal amount of the Bonds allocated to the QI Book exceeds a total of EUR 50.0 million (the QI Excess), to allocate Bonds on a proportional basis with their own retail and private banking clients who are not Qualified Investors.
- (b) If, following the re-allocation pursuant to paragraph (a) above, at 5.30 p.m. (Brussels time) on the first Business Day of the Subscription Period, (i) a Joint Bookrunner still has not fully placed the JLM Bonds allocated to it and (ii) one or more other Joint Bookrunners have fully placed the JLM Bonds allocated to them in accordance with the rules of paragraph (a) above, then, upon notification to the Issuer, such Joint Bookrunner agrees that such other Joint Bookrunner(s) shall be entitled (but not required) to purchase all or some of the unplaced JLM Bonds originally allocated to such Joint Bookrunner and to place these with its own retail and private banking clients who are not Qualified Investors, pro rata the orders received by such Joint Bookrunner from its retail and private banking clients who are not Qualified Investors at that time.
- (c) To the extent not all of the unplaced JLM Bonds are placed pursuant to paragraphs (a) and (b) above, the Joint Bookrunners together shall have the right (but not the obligation) to place the unplaced JLM Bonds exclusively to Qualified Investors, as a pot deal.
- (d) To the extent any Co-Lead Bonds are not fully placed by such Co-Manager as observed at 5.30 p.m. (Brussels time) on the first Business Day of the Subscription Period, then, upon notification to the Issuer and subject to its consent, each of the Joint Bookrunners shall have the right (but not the obligation) to purchase the unplaced Bonds and to place such Bonds with its own retail and private banking clients who are not Qualified Investors. If more than one of the Joint Bookrunners wishes to use this right, each shall have the right to place such unplaced Bonds pro rata the subscriptions received from its own retail and private banking clients who are not Qualified Investors at that time.
- (e) To the extent not all of the unplaced Co-Lead Bonds are placed pursuant to paragraph (d) above, the Joint Bookrunners together shall have the right (but not the obligation) to place such unplaced Co-Lead Bonds exclusively to Qualified Investors, as a pot deal.

Subscribers may have different reduction percentages applied to them depending on the Manager through which they have subscribed and the series of Bonds which they have subscribed for. Each of the Managers will publish its applied reduction percentages on its website.



The Managers shall in no manner whatsoever be responsible for the allotment criteria that will be applied by other financial intermediaries.

In case of early termination of the Subscription Period, the Investors will be informed, through their respective Financial Intermediaries regarding the number of Bonds that have been allotted to them as soon as possible after the date of the early termination of the Subscription Period.

Any payment made by a subscriber to the Bonds in connection with the subscription of Bonds which are not allotted will be refunded within 7 Business Days after the date of payment in accordance with the arrangements in place between such relevant subscriber and the relevant financial intermediary, and the relevant subscriber shall not be entitled to any interest in respect of such payments.

#### **1.9. *Results of the Public Offer***

The results of the offer of the Bonds (including its net proceeds) shall be published as soon as possible after the end of the Subscription Period and on or before the Issue Date, by the Issuer, on its website ([www.tessengerlo.com](http://www.tessengerlo.com)), and on the website of the Managers.

In the event of the Public Offer being completed, the Managers shall have the right, at their own expenses, to disclose their participation in the Public Offer in Investor presentations, reports or/and by way of placement of “tombstone” advertisements in financial or other newspapers or via any other communication means after prior approval of the Issuer. For the avoidance of doubt, it will not have the right to disclose the amounts placed or sold by the respective Managers.

#### **1.10. *Expected timetable of the Public Offer***

The main steps of the timetable of the Public Offer can be summarised as follows:

- (a) 16 June 2015: publication of the Prospectus on the website of the Issuer;
- (b) 18 June 2015, 9.00 a.m. (Brussels time): opening date of the Subscription Period;
- (c) 18 June 2015, 5.30 p.m. (Brussels time): possible time for early closing of the Subscription Period
- (d) 7 July 2015, 4.00 p.m. (Brussels time): closing date of the Subscription Period (if not closed earlier);
- (e) between 8 July 2015 and 10 July 2015: expected publication date of the results of the offer of the Bonds (including its net proceeds), unless published earlier in case of early closing;
- (f) 15 July 2015: Issue Date and listing of the Bonds on Euronext Brussels’ regulated market and admission to trading of the Bonds on the regulated market of Euronext Brussels.

The dates and times of the Public Offer and periods indicated in the above timetable and throughout this Prospectus may change. Should the Issuer decide to amend such dates, times or periods, it will inform Investors through a publication in the financial press. Any material alterations to this Prospectus are to be approved by the FSMA, and will be, in each case as and when required by

applicable law, published in a press release, an advertisement in the financial press, or a supplement to this Prospectus.

#### 1.11. *Costs*

Each subscriber shall make his own enquiries with his financial intermediaries on the related or incidental costs (transfer fees, custody charges, etc.), which the latter may charge him with.

#### 1.12. *Transfer of the Bonds*

Subject to compliance with any applicable selling restrictions, the Bonds are freely transferable. See also “Selling Restrictions” below.

#### 1.13. *Selling Restrictions*

##### (i) *Countries in which the Public Offer is open*

The Bonds are being offered only to Investors to whom such offer can be lawfully made under any law applicable to those Investors. The Issuer has taken necessary actions to ensure that Bonds may lawfully be offered to the public in Belgium. The Issuer has not taken any action to permit any offering of the Bonds in any other jurisdiction outside of Belgium.

The distribution of this Prospectus and the subscription for and acquisition of Bonds may, under the laws of certain countries other than Belgium, be governed by specific regulations or legal and regulatory restrictions. Individuals in possession of this Prospectus, or considering the subscription for, or acquisition of, Bonds, must inquire about those regulations and about possible restrictions resulting from them, and comply with those restrictions. Intermediaries cannot permit the subscription for, or acquisition of, Bonds for clients whose addresses are in a country where such restrictions apply. No person receiving this Prospectus (including trustees and nominees) may distribute it in, or send it to, such countries, except in conformity with applicable law.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the Bonds, or an offer to sell or the solicitation of an offer to buy Bonds in any circumstances in which such offer or solicitation is unlawful. Neither the Issuer nor the Managers have authorised, nor do they authorise, the making of any offer of Bonds (other than in the Public Offer in Belgium) in circumstances in which an obligation arises for the Issuer or the Managers to publish a prospectus for such offer.

The following sections set out specific notices in relation to certain countries that, if stricter, shall prevail over the foregoing general notice.

##### (ii) *Selling restriction in the EEA*

The Issuer has not authorised any offer to the public of Bonds in any Member State of the European Economic Area, other than Belgium. In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), an offer to the public of any Bonds may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of any Bonds may be made at any time under the following

exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- (a) to legal entities which are qualified Investors as defined under the Prospectus Directive;
- (b) to fewer than 150 natural or legal persons (other than qualified Investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Issuer for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of the Bonds shall result in a requirement for the Issuer or the Managers to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of the provisions above, the expression **an offer to the public in relation to any Bonds in any Relevant Member State** means the communication in any form and by any means of sufficient information on the terms of the Public Offer and the Bonds to be offered so as to enable an Investor to decide to purchase any Bonds, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State.

(iii) *United Kingdom*

Each Manager has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the Financial Services and Markets Act)) received by it in connection with the issue or sale of any Bonds in circumstances in which Section 21(1) of the Financial Services and Markets Act does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

(iv) *United States*

The Bonds have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), or the securities laws of any State or other jurisdiction of the United States, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Bonds are being offered and sold solely outside the United States to non-U.S. persons in reliance on Regulation S under the Securities Act (“**Regulation S**”). Terms used in this paragraph have the meaning given to them in Regulation S.

The Managers have agreed that they will not offer, sell or deliver the Bonds (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the Public Offer and the Issue Date within the United States or to, or for the account or benefit of, U.S. persons, and that they will have sent to each distributor, dealer or person receiving a selling

concession, fee or other remuneration (if any) to which they sell Bonds during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Bonds within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meaning given to them in Regulation S.

In addition, until 40 days after the commencement of the Public Offer, an offer or sale of Bonds within the United States by a dealer (whether or not participating in the Public Offer) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

#### XIV. INFORMATION INCORPORATED BY REFERENCE

The following documents that have previously been published or are published simultaneously with this Prospectus and have been filed with the FSMA shall be incorporated by reference in this Prospectus. The information so incorporated by reference herein shall form an integral part of this Prospectus, save that any statement contained in a document which is incorporated by reference herein, shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained in this Prospectus modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

1. The audited consolidated annual financial statements as of and for the year ended 31 December 2014 of the Issuer set out in the "Tessengerlo Group Annual Brochure 2014", set out at pages 81-176 and 178-179 inclusive of such report, including:

Consolidated income statement	Page 83
Consolidated statement of comprehensive income	Page 84
Consolidated statement of financial position	Page 85
Consolidated statement of changes in equity	Pages 86-87
Consolidated statement of cash flows	Page 88
Bonds to the consolidated financial statements	Pages 89-176
Statutory auditors' report on the consolidated financial statements	Page 178-179

2. The audited consolidated annual financial statements as of and for the year ended 31 December 2013 of the Issuer set out in the "Tessengerlo Group Annual Brochure 2013", set out at pages 31-111 and 113-114 inclusive of such report, including:

Consolidated income statement	Page 33
Consolidated statement of comprehensive income	Page 34
Consolidated statement of financial position	Page 35
Consolidated statement of changes in equity	Pages 36-37
Consolidated statement of cash flow	Page 38
Bonds to the consolidated financial statements	Pages 39-111
Statutory auditors' report on the consolidated financial statements	Pages 113-114

3. Press release dated 24 April 2015 regarding "First quarter 2015 trading update"

Any information not listed in the tables above but included in the document incorporated by reference is given for information purpose only. The documents incorporated by reference are available on the website of the Issuer ([www.tessengerlo.com](http://www.tessengerlo.com)).

## FORM OF PUT OPTION NOTICE

**Important: The present notice shall not be sent directly to the Issuer or to the Agent but shall be deposited with the bank or Financial Intermediary through which the Bondholder holds Bonds, as foreseen under Condition 6.4.**

Addressee	Copy to the Agent
Tessengerlo Chemie NV SA Troonstraat 130 1050 Brussels	ING Belgium NV/SA Avenue Marnix 24 1000 Brussels

Reference is made to the listing and offering Prospectus dated 15 June 2015 (the “**Prospectus**”), in respect of the public offer in Belgium of (i) 2.875 per cent. fixed rate Bonds due 2022, ISIN Code BE0002232016 (the “**2022 Bonds**”) and (ii) 3.375 per cent. fixed rate Bonds due 2025, ISIN Code BE0002233022 (the “**2025 Bonds**”) and together with the 2022 Bonds, the “**Bonds**”).

Terms not otherwise defined herein shall have the meaning assigned to them in the Prospectus.

By depositing this duly signed and completed Put Option Notice with the Financial Intermediary, who is requested to contact the Agent in connection with this notification, the undersigned Bondholder irrevocably exercises its option to have the Bonds early redeemed in accordance with Condition 6.4 (Redemption at the option of the Bondholders in case of Change of Control) on the Put Settlement Date.

The undersigned Bondholder confirms to the Issuer that (i) he/she owns the amounts of Bonds as specified in this notice and (ii) he/she hereby commits not to sell or transfer this amount of Bonds until the Put Settlement Date.

By signing this notification, the undersigned Bondholder gives the right to the Financial Intermediary to transfer the relevant Bonds to the account of the Agent to the extent required to exercise the option specified in Condition 6.4.

**Nominal amount of subject of the exercise:** [EUR [ ] of 2022 Bonds [and] EUR [ ] of 2025 Bonds]

### Contact details of the Bondholder:

Name and first name:.....

Address: .....

### Payment Instructions:

Please make payment in respect of the above-mentioned Bonds by transfer to the following bank account:

Name of the bank: .....

Branch Address: .....

Account Number: .....

I hereby confirm that the payment will be done against debit of my securities account N° [ ] with the bank [ ] for the above mentioned nominal amount of the Bonds in dematerialised form.

Signature of the holder: ..... Signature Date: .....

**NOTE: The Agent will not in any circumstances be liable to any Bondholder or any other person for any loss or damage arising from any act, default or omission of such Agent in relation to the said Bonds or any of them unless such loss or damage was caused by the fraud or negligence of such Agent.**

**THE ISSUER**

**Tessengerlo Chemie NV/SA**  
Troonstraat 130  
1050 Brussels  
Belgium

**GLOBAL COORDINATOR**

**ING Bank N.V., Belgian Branch**

Marnixlaan 24  
1000 Brussels  
Belgium

**JOINT BOOKRUNNERS**

**BNP Paribas Fortis SA/NV**

Warandeberg 3  
1000 Brussels  
Belgium

**KBC Bank NV**

Havenlaan 2  
1080 Brussels  
Belgium

**ING Bank N.V., Belgian Branch**

Marnixlaan 24  
1000 Brussels  
Belgium

**CO-MANAGERS**

**Bank Degroof NV/SA**

Nijverheidsstraat 44  
1040 Brussels  
Belgium

**Belfius Bank SA/NV**

Pachecolaan 44  
1000 Brussels  
Belgium

**AGENT**

**ING Belgium NV/SA**

Marnixlaan 24  
1000 Brussels  
Belgium

**LEGAL ADVISERS**

**to the Issuer**

Stibbe cvba  
Loksumstraat 25  
1000 Brussels  
Belgium

**to the Managers**

Freshfields Bruckhaus Deringer LLP  
Marsveldplein 5  
1050 Brussels  
Belgium

**STATUTORY AUDITOR TO THE ISSUER**

**PricewaterhouseCoopers Bedrijfsrevisoren BCVBA**

represented by Peter Van den Eynde BVBA,  
permanently represented by Mr. Peter Van den Eynde  
Woluwedal 18  
1932 Sint-Stevens-Woluwe  
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