

TESSENDERLO GROUP, WHICH IS ACTIVE IN VARIOUS KEY SECTORS, HAS BEEN OPERATING VERY RESILIENTLY DURING THE COVID-19 CRISIS, AND IN HY20 OUTPERFORMED THE SAME PERIOD IN 2019

1. KEY EVENTS

- Within the Agro segment, Tessenderlo Kerley International and Kemira Oyj (Kemira) have signed a long-term partnership agreement. Under the terms of this agreement, Kemira will produce premium SOP fertilizers (both standard and water-soluble grade) at its plant in Helsingborg (Sweden) and Tessenderlo Kerley International will market these products. This agreement is scheduled to become operational at the beginning of 2021.
- Within the Bio-valorization segment, PB Leiner inaugurated a new collagen peptides line in February 2020 at its production plant in Santa Fe (Argentina). This additional production facility allows for a considerable extra production volume of SOLUGEL™ collagen peptides.
- PB Leiner and Zhejiang Shengda Ocean Co., Ltd. in Zhoushan (P.R. China) have established a joint venture in the second quarter of 2020 for the construction of a bone and marine collagen peptides plant. Under the terms of this agreement, PB Shengda (Zhejiang) Biotechnology Co., Ltd. will produce bone and marine collagen peptides based on PB Leiner's technology. PB Leiner will offer its customers an even more diversified range of high-quality collagen peptides.
- In the second quarter of 2020, DYKA Group (segment Industrial Solutions) completed the acquisition of the production plant of REHAU Tube in La Chapelle-Saint-Ursin (France) from the German REHAU Group.
- Within the Industrial Solutions segment, S8 Engineering has ceased to exist. The engineering and construction activities were integrated into Tessenderlo Kerley, Inc. during the first quarter of 2020.
- At the beginning of July 2020, Tessenderlo Group started filing the relevant applications in order to participate in the Belgian Capacity Remuneration Mechanism (CRM) tender for the construction of a second gas-fired power station in the Belgian municipality of Tessenderlo.

Update COVID-19:

- In light of the latest developments concerning the global spread of the COVID-19 disease, Tessenderlo Group is taking all the necessary steps to ensure that it keeps its people safe and keep its plants and businesses running. This is because the group provides support for vital services and the flow of crucial goods. Tessenderlo Group supplies the basic chemicals for the production of drinking water based on side streams in the form of hydrochloric acid from the production of sulfate of potash (SOP). In addition, the group produces gelatin for medical and food applications, electricity, crop nutrition and crop protection products for agriculture, and plastic pipe systems for maintaining drinking water supply systems and polluted water evacuation, while Akiolis protects the meat chain (in France).
- All of the plants and activities are now running in line with expectations. In February, a disruption of production occurred at the Chinese plant in Nehe (PB Leiner), while a disruption of production at DYKA Group's plant in Sainte-Austreberthe (France), as well as a temporary closure of a number of JDP sales branches (United Kingdom) occurred in March/April (both operating in the segment Industrial Solutions).
- Tessenderlo Group's activities could be further impacted in the coming weeks or months if too many employees are affected by COVID-19 and/or if access to raw materials and auxiliary materials or means of transportation becomes more complicated, or if customers are no longer able to process or resell its products.

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

Note:

- The half year information has been subject to a review by external auditors. Reference is made to their independent auditor's review report in the interim report.

Million EUR	HY20	HY19	% Change excluding fx effect ²	% Change as reported
Revenue	935.0	925.0	0.3%	1.1%
Adjusted EBITDA³	182.0	144.9	25.0%	25.6%
Adjusted EBIT⁴	116.3	79.3	45.7%	46.7%
Profit (+) / loss (-) for the period	86.1	47.5		81.2%
Total comprehensive income	76.5	36.1		112.2%
Capital expenditure	41.1	43.5		-5.7%
Cash flow from operating activities	163.9	131.5		24.6%
Operational free cash flow⁵	141.0	99.8		41.4%
Net financial debt	239.9	356.5		-32.7%

GROUP KEY FIGURES – FOR THE SIX MONTH PERIOD ENDED JUNE 30				
Million EUR	HY20	HY19	% Change excluding fx effect	% Change as reported
Revenue Group	935.0	925.0	0.3%	1.1%
Agro	362.2	352.7	1.1%	2.7%
Bio-valorization	287.6	265.3	8.0%	8.4%
Industrial Solutions	250.6	272.3	-8.1%	-8.0%
T-Power	34.6	34.8	-0.5%	-0.5%
Adjusted EBITDA Group	182.0	144.9	25.0%	25.6%
Agro	84.5	70.7	16.9%	19.5%
Bio-valorization	45.3	25.2	84.5%	80.1%
Industrial Solutions	24.8	24.7	-0.3%	0.2%
T-Power	27.4	24.4	12.5%	12.5%
Adjusted EBIT Group	116.3	79.3	45.7%	46.7%
Agro	69.3	55.5	21.9%	24.8%
Bio-valorization	28.1	8.0	262.4%	251.4%
Industrial Solutions	10.1	9.9	1.4%	1.7%
T-Power	8.9	5.9	50.4%	50.4%
EBIT adjusting items	4.2	-5.7	nm	nm
EBIT	120.5	73.5	62.6%	63.8%

2. REVENUE

HY20 revenue increased by +1.1% (or increased by +0.3% when excluding the foreign exchange effect) compared to the same period last year. When excluding the foreign exchange effect, Agro revenue remained stable (+1.1%), while the revenue of Bio-valorization increased by +8.0%, mainly thanks to favorable market conditions and improved product mix. The revenue of Industrial Solutions decreased by -8.1%, mainly due to lower DYKA Group volumes impacted by the corona pandemic. T-Power contributed 34.6 million EUR to the HY20 revenue, which was in line with expectations.

3. ADJUSTED EBITDA

The HY20 Adjusted EBITDA amounts to 182.0 million EUR compared to 144.9 million EUR one year earlier. When excluding the impact of the foreign exchange effect, the Adjusted EBITDA increased by 36.2 million EUR or +25.0% compared to prior year. While the contribution of the operating segments Bio-valorization (+84.5%), Agro (+16.9%) and T-Power (+12.5%) increased, the contribution of Industrial Solutions remained stable (-0.3%).

² As the group results might be impacted significantly by foreign exchange changes, the group reports some key financial indicators excluding any foreign exchange impact. The “% change excluding foreign exchange effect” is calculated by translating the HY20 result of foreign currency entities at the average exchange rate of HY19. The variance between this calculated result and the previous year result shows the effective result variance excluding any foreign exchange impact.

³ Adjusted EBITDA equals Adjusted EBIT plus depreciation and amortization.

⁴ Adjusted EBIT is considered by the group to be a relevant performance measure in order to compare results over the period 2019-2020 as it excludes adjusting items from the EBIT (Earnings Before Interests and Taxes). EBIT adjusting items principally relate to restructuring, impairment losses, provisions, gains or losses on significant disposals of assets or subsidiaries and the effect of the electricity purchase agreement.

⁵ Operational free cash flow equals to Adjusted EBITDA minus capital expenditure minus change in trade working capital.



4. NET FINANCIAL DEBT

As per HY20, group net financial debt decreased to 239.9 million EUR, compared to 347.5 million EUR as per year-end 2019. Leverage amounts to 0.8x as per HY20, compared to 1.3x as per year end 2019.

5. PROFIT (+) / LOSS (-) FOR THE PERIOD

The HY20 profit amounts to 86.1 million EUR compared to 47.5 million EUR in HY19. The profit (+)/loss (-) was impacted by exchange gains and losses, mainly on non-hedged intercompany loans and cash and cash equivalents in USD and GBP. Excluding these exchange gains and losses, the profit (+) / loss (-) for HY20 would have amounted to approximately 93 million EUR, compared to a result of approximately 45 million EUR in HY19.

6. OPERATIONAL FREE CASH FLOW

The HY20 operational free cash flow amounts to 141.0 million EUR, compared to 99.8 million EUR in HY19. This increase can be mainly explained by the increase of the Adjusted EBITDA (+37.0 million EUR), while the impact of the movement of trade working capital is less significant. Capital expenditure amounted to 41.1 million EUR in HY20 compared to 43.5 million EUR in HY19.

Outlook

The following statements are forward looking and actual results may differ materially.

The group anticipates a continued high level of uncertainty in the second half of 2020 due to the ongoing corona pandemic, where the development of customer demand and margin is exposed to increased risk. However, based on the current available information, the group expects that the 2020 Adjusted EBITDA will be between 10% and 20% higher compared to the 2019 Adjusted EBITDA.

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

OPERATING SEGMENTS PERFORMANCE REVIEW

AGRO				
Million EUR	HY20	HY19	% Change excluding fx effect	% Change as reported
Revenue	362.2	352.7	1.1%	2.7%
Adjusted EBITDA	84.5	70.7	16.9%	19.5%
Adjusted EBITDA margin	23.3%	20.0%		
Adjusted EBIT	69.3	55.5	21.9%	24.8%
Adjusted EBIT margin	19.1%	15.7%		

HY20 revenue remained stable when excluding the foreign exchange effect (+1.1%), where Crop Vitality revenue increased thanks to higher volumes.

The Adjusted EBITDA, when excluding the foreign exchange effect, increased by +16.9 % compared to prior year. The Adjusted EBITDA of Crop Vitality and Tessenderlo Kerley International increased thanks to favorable market circumstances, while the Adjusted EBITDA of NovaSource remained stable.

BIO-VALORIZATION				
Million EUR	HY20	HY19	% Change excluding fx effect	% Change as reported
Revenue	287.6	265.3	8.0%	8.4%
Adjusted EBITDA	45.3	25.2	84.5%	80.1%
Adjusted EBITDA margin	15.8%	9.5%		
Adjusted EBIT	28.1	8.0	262.4%	251.4%
Adjusted EBIT margin	9.8%	3.0%		

Revenue increased by +8.0% when excluding the foreign exchange effect, mainly thanks to favorable market conditions and improved product mix.

The Adjusted EBITDA increased to 45.3 million EUR or increased by +84.5% when excluding the foreign exchange effect, mainly thanks to favorable market circumstances and realized efficiency improvements.

INDUSTRIAL SOLUTIONS				
Million EUR	HY20	HY19	% Change excluding fx effect	% Change as reported
Revenue	250.6	272.3	-8.1%	-8.0%
Adjusted EBITDA	24.8	24.7	-0.3%	0.2%
Adjusted EBITDA margin	9.9%	9.1%		
Adjusted EBIT	10.1	9.9	1.4%	1.7%
Adjusted EBIT margin	4.0%	3.6%		

HY20 Industrial Solutions revenue decreased by -8.1% when excluding the foreign exchange effect, mainly due to lower DYKA Group revenue.

DYKA Group volumes were negatively impacted by the corona pandemic in the period March/May, mainly due to the disruption of production at the French plant in Sainte-Austreberthe and the temporary closure of a number of JDP sales branches in the United Kingdom.

Performance Chemicals revenue slightly decreased as sulfur derivatives volumes were negatively impacted by reduced tannery activities, while the revenue of the remaining activities included in Industrial Solutions remained stable.

The HY20 Adjusted EBITDA decreased by -0.3%, when excluding the foreign exchange effect. The Adjusted EBITDA of DYKA Group decreased as a result of lower volumes, and this was partially offset by the favorable development of input costs and cost saving measures taken to mitigate the COVID-19 impact. The Adjusted EBITDA of the other activities remained stable.

T-POWER				
Million EUR	HY20	HY19	% Change excluding fx effect	% Change as reported
Revenue	34.6	34.8	-0.5%	-0.5%
Adjusted EBITDA	27.4	24.4	12.5%	12.5%
Adjusted EBITDA margin	79.3%	70.1%		
Adjusted EBIT	8.9	5.9	50.4%	50.4%
Adjusted EBIT margin	25.6%	16.9%		

T-Power contributed in the first half of 2020 34.6 million EUR to the revenue and 27.4 million EUR to the Adjusted EBITDA of the group. These results were in line with expectations, as T-Power fulfilled all tolling agreement requirements. The Adjusted EBITDA improvement was mainly realized thanks to a continued cost optimization.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AT JUNE 30, 2020

The group also published the 2020 interim report, which can be found on www.tessenderlo.com. The half year information has been subject to a review by external auditors. Reference is made to their independent auditor's review report in the interim report.

CONDENSED CONSOLIDATED INCOME STATEMENT

Million EUR	HY20	HY19
Revenue	935.0	925.0
Cost of sales	-665.8	-690.7
Gross profit	269.2	234.4
Distribution expenses	-56.6	-56.7
Sales and marketing expenses	-29.7	-31.2
Administrative expenses	-55.5	-57.7
Other operating income and expenses	-11.0	-9.5
Adjusted EBIT	116.3	79.3
EBIT adjusting items	4.2	-5.7
EBIT (Profit (+) / loss (-) from operations)	120.5	73.5
Finance (costs) / income - net	-12.3	-10.6
Share of result of equity accounted investees, net of income tax	-1.2	0.5
Profit (+) / loss (-) before tax	106.9	63.4
Income tax expense	-20.9	-16.0
Profit (+) / loss (-) for the period	86.1	47.5
Attributable to:		
- Equity holders of the company	86.1	46.1
- Non-controlling interest	-0.1	1.4
Basic earnings per share (EUR)	2.00	1.07
Diluted earnings per share (EUR)	2.00	1.07

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Million EUR	HY20	HY19
Profit (+) / loss (-) for the period	86.1	47.5
Translation differences	-2.0	-3.7
Net change in fair value of derivative financial instruments, before tax	-0.2	0.2
Share in other comprehensive income of joint-ventures accounted for using the equity method	-0.1	-0.2
Other movements	-0.0	0.0
Income tax on other comprehensive income	0.1	-0.0
Items of other comprehensive income that are or may be reclassified subsequently to profit or loss	-2.2	-3.7
Remeasurements of the net defined benefit liability, before tax	-7.6	-8.8
Income tax on other comprehensive income	0.2	1.1
Items of other comprehensive income that will not be reclassified subsequently to profit or loss	-7.3	-7.7
Other comprehensive income, net of income tax	-9.6	-11.4
Total comprehensive income	76.5	36.1
Attributable to:		
- Equity holders of the company	76.6	35.2
- Non-controlling interest	-0.1	0.9

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Million EUR	30/06/2020	31/12/2019
ASSETS		
Total non-current assets	1,128.3	1,146.2
Property, plant and equipment	867.6	872.9
Goodwill	34.5	34.6
Intangible assets	151.2	162.1
Investments accounted for using the equity method	19.3	18.9
Other investments	11.2	11.3
Deferred tax assets	32.8	29.8
Trade and other receivables	11.7	16.5
Total current assets	826.4	765.2
Inventories	283.0	323.8
Trade and other receivables	312.6	286.9
Derivative financial instruments	0.0	0.0
Cash and cash equivalents	230.8	154.5
Total assets	1,954.8	1,911.3
EQUITY AND LIABILITIES		
Total equity	900.1	823.6
Equity attributable to equity holders of the company	898.2	821.7
Issued capital	216.2	216.2
Share premium	238.0	238.0
Reserves and retained earnings	444.0	367.4
Non-controlling interest	1.8	1.9
Total liabilities	1,054.7	1,087.7
Total non-current liabilities	713.3	726.2
Loans and borrowings	399.0	415.1
Employee benefits	67.9	61.3
Provisions	132.6	132.3
Trade and other payables	12.4	10.1
Derivative financial instruments	28.3	31.5
Deferred tax liabilities	73.1	76.0
Total current liabilities	341.4	361.5
Bank overdrafts	0.0	0.1
Loans and borrowings	71.7	86.8
Trade and other payables	241.7	245.3
Derivative financial instruments	12.2	12.7
Current tax liabilities	6.0	3.3
Employee benefits	0.8	0.9
Provisions	9.0	12.4
Total equity and liabilities	1,954.8	1,911.3

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Million EUR	30/06/2020	30/06/2019
OPERATING ACTIVITIES		
Profit (+) / loss (-) for the period	86.1	47.5
Depreciation, amortization and impairment losses on tangible and intangible assets	55.0	53.5
Depreciation on ROU assets (IFRS 16 Leases)	11.2	12.2
Changes in provisions	-3.1	5.2
Finance (costs) / income – net	12.3	10.6
Loss / (profit) on sale of non-current assets	-4.6	-0.1
Share of result of equity accounted investees, net of income tax	1.2	-0.5
Income tax expense	20.9	16.0
Other non-cash items	-1.9	-0.2
Changes in inventories	41.2	33.1
Changes in trade and other receivables	-34.8	-29.8
Changes in trade and other payables	-1.1	-0.8
Change in accounting estimates - inventory write off	2.4	1.6
Net change in emission rights recognized within intangible assets	-1.8	1.0
Revaluation electricity forward contracts	-0.4	0.4
Bargain purchase gain recognized following the acquisition of REHAU Tube	-2.7	-
Recycling currency translation adjustments PB Gelatins Wenzhou Co., Ltd.	-	-3.0
Cash generated from operations	179.5	146.7
Income tax paid	-15.7	-15.3
Dividends received	0.1	0.1
Cash flow from operating activities	163.9	131.5
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment and intangible assets	-41.1	-43.5
Acquisition of investments accounted for using the equity method	-2.0	-
Acquisition of subsidiary, net of cash acquired	-5.7	1.1
Proceeds from the sale of property, plant and equipment	5.1	0.2
Proceeds from the sale of subsidiaries, net of cash disposed of	-0.1	-
Cash flow from investing activities	-43.8	-42.2
FINANCING ACTIVITIES		
Payment of lease liabilities	-11.5	-12.1
Proceeds from new borrowings	-	0.5
(Reimbursement) of borrowings	-26.4	-68.9
Settlement interest rate swaps T-Power nv	-	-8.0
Interest paid	-4.4	-6.1
Interest paid (IFRS 16 Leases)	-0.4	-0.5
Interest received	0.3	0.5
Other finance costs paid	-0.8	-1.3
(Increase) of long term receivables	0.0	-0.1
Reimbursement to non-controlling interest	-	-1.1
Dividends paid to non-controlling interest	-0.0	-
Cash flow from financing activities	-43.2	-97.0
Net increase / (decrease) in cash and cash equivalents	76.9	-7.7
Effect of exchange rate differences	-0.5	1.2
Cash and cash equivalents less bank overdrafts at the beginning of the period	154.4	164.0
Cash and cash equivalents less bank overdrafts at the end of the period	230.7	157.5



7. FINANCIAL CALENDAR

2020 results

March 25, 2021

Agenda for August 27, 2020

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

Registration details are available at: www.tessenderlo.com

About Tessenderlo Group

Tessenderlo Group is a diversified industrial group that focuses on agriculture, valorizing bio-residuals, energy, and providing industrial solutions with a focus on water. The group employs approximately 4,700 people, is a leader in most of its markets and recorded a consolidated revenue of 1.7 billion EUR in 2019. Tessenderlo Group is listed on Euronext Brussels and is part of Next 150 and BEL Mid indices. Financial newswires: Bloomberg: TESB BB –Reuters: TESB.BR –Datastream: B:Tes

Media Relations

Frederic Dryhoel

☎ +32 2 639 19 85

frederic.dryhoel@tessenderlo.com

Investor Relations

Kurt Dejonckheere

☎ +32 2 639 18 41

kurt.dejonckheere@tessenderlo.com

This **press release** is available in **Dutch and English** on the corporate website www.tessenderlo.com - under 'News & Media'

Disclaimer

This document may contain forward-looking statements. Such statements reflect the views of management regarding future events at the date of this document. Furthermore, they involve known and unknown risks, uncertainties and other factors that may cause actual results to be different from any results, performance or achievements expressed or implied by such forward-looking statements. Tessenderlo Group provides the information in this press release as at the date of publication and, subject to applicable legislation, does not undertake any obligation to update, clarify or correct any forward-looking statements contained in this press release in light of new information, future events or otherwise. Tessenderlo Group disclaims any liability for statements made or published by third parties (including any employees who are not explicitly mandated by Tessenderlo Group) and, subject to applicable legislation, does not undertake any obligation to correct inaccurate data, information, conclusions or opinions published by third parties in relation to this or any other press release it issues.