

**TESSENDERLO GROUP 4Q17 AND 2017 RESULTS:
REBITDA SLIGHTLY LOWER THAN EXPECTED, BUT STRONG CASH GENERATION AND
SIGNIFICANT NET FINANCIAL DEBT REDUCTION IN 2017**

1. KEY EVENTS

- In 2017, Tessenderlo Group merged its business units SOP Plant Nutrition and Kerley International in order to create one business unit: Tessenderlo Kerley International. This business unit supplies value-added liquid, soluble and solid plant nutrition to support growers in realizing efficient and sustainable agriculture.
- In December 2017, PB Gelatins/PB Leiner, decided to start the liquidation process of its plant in Wenzhou, P.R. China (PB Gelatins Wenzhou Co., Ltd.).
- Tessenderlo Group re-entered the market for sodium hydroxide (NaOH) in 2018 with its new membrane electrolysis production facility at the site of PC Loos in France. The new plant of the Performance Chemicals business unit provides Tessenderlo Group with state-of-the-art technology to produce chlorine, sodium hydroxide (NaOH) and potassium hydroxide (KOH). The plant will start with the production of sodium hydroxide in order to respond to new market developments.
- The engineering and construction activities of Tessenderlo Kerley Services have been formalized into a new business unit, called S8 Engineering. The new business unit (part of the Industrial Solutions segment) will focus on design, engineering, procurement and construction projects for internal and external customers in the refining, oil and gas, general chemical, mining and sulfur specialties markets.

4Q17	4Q16	% Change	Million EUR	2017	2016	% Change
356.6	357.0	-0.1%	Revenue Group	1,657.3	1,590.1	4.2%
-5.0	-14.2		- Other revenue included in revenue Group ²	-46.0	-47.6	
351.6	342.9	2.6%	Revenue	1,611.3	1,542.5	4.5%
24.3	32.7	-25.6%	REBITDA Group	187.8	198.0	-5.2%
1.3	-0.9		- Other REBITDA included in REBITDA Group ²	-4.5	-2.5	
25.6	31.8	-19.5%	REBITDA	183.3	195.5	-6.2%
			REBIT Group	116.3	124.1	-6.3%
			- Other REBIT included in REBIT Group ²	-4.3	-2.3	
			REBIT	112.0	121.8	-8.0%
			Profit (+) / loss (-) for the period	25.8	98.2	-73.7%
			Total comprehensive income	31.1	85.3	-63.5%
			Capital expenditure	90.4	94.0	-3.9%
			Cash flow from operating activities	184.2	109.4	68.3%
			Operational free cash flow³	124.9	45.6	173.7%

Remark: All quarterly information included in the press release is unaudited.

2. REVENUE

4Q17 revenue increased by 2.6% (or by +6.4% when excluding the foreign exchange effect) compared to the same period last year. Excluding the foreign exchange effect, the operating segments Agro (+19.4%) and Industrial Solutions (+2.7%) contributed to the revenue increase, while the Bio-valorization revenue (-0.2%) remained stable year-on-year.

¹ The 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.

² The line "Other" refers to the engineering and construction activities of the subsidiary Tessenderlo Kerley Services Inc., for the joint-venture Jupiter Sulphur LLC.

³ Operational free cash flow equals to REBITDA minus capital expenditure minus change in trade working capital.

The 2017 revenue increased by 4.5% (or by 5.8% when excluding the foreign exchange effect). Agro revenue increased by 6.1%, when excluding the foreign exchange effect, mainly impacted by the positive volume evolution in SOP Plant Nutrition. The revenue within Bio-valorization increased by 6.1% when excluding the foreign exchange effect, with mainly an increase in Gelatin. Industrial Solutions revenue increased by 5.1% when excluding the foreign exchange effect, mainly within Plastic Pipe Systems and Mining & Industrial.

3. REBITDA

4Q17 REBITDA amounted to 25.6 million EUR, compared to 31.8 million EUR one year earlier (a decrease by -19.5% or by -11.2% when excluding the foreign exchange effect). The 4Q17 REBITDA was negatively impacted by a delay in execution of projects by Tessenderlo Kerley Services, earlier than expected maintenance projects, as well as by additional inventory write-offs. The 4Q17 REBITDA includes a write-off for inventory of -0.8 million EUR while there was a reversal of +1.8 million EUR included in the 4Q16 REBITDA. When excluding the foreign exchange effect, the Agro REBITDA increased, while the REBITDA of the operating segments Bio-valorization and Industrial Solutions decreased.

The 2017 REBITDA decreased by -6.2% (or decreased by -4.9% when excluding the foreign exchange effect). The 2017 REBITDA includes a reversal of inventory write-offs of +1.0 million EUR (while in 2016 an additional inventory write-off for -1.0 million EUR was recognized).

4. NET FINANCIAL DEBT

At the end of December 2017, group net financial debt amounted to 58.7 million EUR, resulting in a leverage of 0.3x. Net financial debt as per year-end 2016 amounted to 136.6 million EUR. The decrease of debt in 2017 can be explained by the operational results, partially offset by capital expenditure. Capital expenditure amounted to 31.4 million EUR in 4Q17 (4Q16: 24.2 million EUR), bringing the year to date capital expenditure to 90.4 million EUR (2016: 94.0 million EUR).

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

2017 profit amounts to 25.8 million EUR compared to 98.2 million EUR in the same period last year. Profit (+) / loss (-) for the period is negatively impacted by unrealized foreign exchange losses on non-hedged intercompany loans and cash and cash equivalents in USD, GBP and CNY. Excluding foreign exchange losses, the profit (+) / loss (-) for 2017 would have amounted to approximately 89 million EUR (compared to approximately 89 million EUR as well in 2016).

6. OPERATIONAL FREE CASH FLOW

The 2017 operational free cash flow amounts to 124.9 million EUR, compared to 45.6 million EUR in 2016. While the 2017 REBITDA and capital expenditure were in line with 2016 figures, a lower trade working capital generated a cash flow of +27.4 million EUR in 2017 compared to a cash flow of -58.4 million EUR in 2016 when trade working capital increased.

Outlook

The group anticipates the 2018 REBITDA to be in line with the 2017 REBITDA, although this is dependent on the evolution of the EUR/USD exchange rate and raw material prices.

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

OPERATING SEGMENTS PERFORMANCE REVIEW

GROUP KEY FIGURES - YEAR TO DATE			
Million EUR	2017	2016	% Change
Revenue Group	1,657.3	1,590.1	4.2%
Agro	598.9	571.4	4.8%
Bio-valorization	517.0	494.4	4.6%
Industrial Solutions	495.3	476.8	3.9%
Other	46.0	47.6	-3.3%
REBITDA Group	187.8	198.0	-5.2%
Agro	114.4	118.7	-3.6%
Bio-valorization	29.1	31.6	-7.8%
Industrial Solutions	39.8	45.3	-12.1%
Other	4.5	2.5	79.4%
REBIT Group	116.3	124.1	-6.3%
Agro	89.9	94.8	-5.2%
Bio-valorization	2.2	1.6	40.4%
Industrial Solutions	20.0	25.5	-21.7%
Other	4.3	2.3	88.7%
Non-recurring and exceptional operating income/(expense) items	-5.0	-6.0	16.9%
EBIT	111.3	118.1	-5.8%

AGRO			
Million EUR	2017	2016	% Change
Revenue	598.9	571.4	4.8%
REBITDA	114.4	118.7	-3.6%
REBITDA margin	19.1%	20.8%	
REBIT	89.9	94.8	-5.2%
REBIT margin	15.0%	16.6%	

2017 revenue increased by 4.8% (or by 6.1% when excluding the foreign exchange effect). The impact of higher sulphates volumes was only partially offset by lower selling prices in 2017 compared to 2016.

2017 REBITDA decreased by -3.6% compared to prior year (by -1.8% when excluding the foreign exchange effect), with the different activities only showing minor fluctuations year-on-year. The segment was impacted by start-up costs for the new Thio-Sul® plants in East Dubuque (United States) and Rouen (France) for -3.3 million EUR (2016: -1.8 million EUR).

BIO-VALORIZATION			
Million EUR	2017	2016	% Change
Revenue	517.0	494.4	4.6%
REBITDA	29.1	31.6	-7.8%
REBITDA margin	5.6%	6.4%	
REBIT	2.2	1.6	40.4%
REBIT margin	0.4%	0.3%	

Revenue increased by 4.6% in 2017 (or by 6.1% when excluding the foreign exchange effect). The revenue increase can be explained by higher volumes within Gelatin.

The REBITDA decreased from 31.6 million EUR in 2016 to 29.1 million EUR in 2017 (-7.8% or -8.0% when excluding the foreign exchange effect). The 2017 result was positively impacted by an inventory write-off reversal (+3.2 million EUR), while its impact was negative in 2016 (-0.5 million EUR). Operational improvements, which are the result of continuous investments and ongoing maintenance programs in the different gelatin plants, were offset by increased raw material prices in the Americas.

INDUSTRIAL SOLUTIONS			
Million EUR	2017	2016	% Change
Revenue	495.3	476.8	3.9%
REBITDA	39.8	45.3	-12.1%
REBITDA margin	8.0%	9.5%	
REBIT	20.0	25.5	-21.7%
REBIT margin	4.0%	5.3%	

The 2017 revenue of the segment Industrial Solutions increased by 3.9% (or 5.1% when excluding the foreign exchange rate effect), being positively impacted by the activities Plastic Pipe Systems and Mining & Industrial.

The 2017 REBITDA decreased by -12.1% (or by -10.9% when excluding the foreign exchange rate effect). This decrease can be mainly explained by higher raw material prices within Plastic Pipe Systems and unfavorable market conditions within Performance Chemicals (both in the sulfur and in the KOH markets). Start-up costs for the new electrolysis in Loos (France) are included for -1.4 million EUR (2016: nihil). The solid performance of Mining & Industrial and the positive outcome following the expiration of a contract within Environmentally Clean Systems (ECS) could only partially offset these negative evolutions.

ADDITIONAL FINANCIAL INFORMATION

NON-RECURRING AND EXCEPTIONAL OPERATING INCOME/(EXPENSE) ITEMS

The net non-recurring and exceptional operating income/(expense) items amount to -5.0 million EUR (2016: -6.0 million EUR).

NON-RECURRING AND EXCEPTIONAL OPERATING INCOME/(EXPENSE) ITEMS		
Million EUR	2017	2016
Gains and losses on disposals	0.8	0.3
Restructuring	-1.5	-0.7
Losses on disposal groups	-	1.4
Impairment losses	-0.8	-2.3
Provisions and claims	-0.0	-2.3
Other income and expenses	-3.4	-2.3
Total	-5.0	-6.0

The gains on disposal amount to 0.8 million EUR and mainly relate to the sale of several individually insignificant non-strategic assets.

The restructuring expenses (-1.5 million EUR) mainly relate to the recognition of restructuring provisions within the operating segment Bio-valorization, following an announced reorganization of the Akiolis activities at the Pontivy plant (France) and following the announced closure of the gelatin plant of PB Gelatins Wenzhou Co., Ltd. (China). In December 2017, the decision was made to dissolve PB Gelatins Wenzhou Co., Ltd. and to start the liquidation process of the company of which the total net non-recurring result is insignificant.

Impairment losses (-0.8 million EUR) were mainly recognized on several individually insignificant assets which are no longer considered to have an economic value as they are no longer in use or for which the carrying amount of the assets exceeded the recoverable amount.

Other income and expenses (-3.4 million EUR) mainly concern the impact of an electricity purchase agreement, for which the own-use exemption under IAS 39 is not applicable anymore, and several other individually insignificant items.

FINANCE COSTS AND INCOME

Net finance costs and income amount to -71.4 million EUR in 2017, compared to +0.2 million EUR in 2016.

FINANCE COSTS AND INCOME						
Million EUR	2017			2016		
	Finance costs	Finance income	Total	Finance costs	Finance income	Total
Interest expense on loans and borrowings measured at amortized cost	-6.9	-	-6.9	-7.1	-	-7.1
Commitment fee on unused portion of the credit facility	-0.2	-	-0.2	-0.2	-	-0.2
Factoring expense	-0.0	-	-0.0	-0.1	-	-0.1
Total borrowing costs	-7.1	0.0	-7.1	-7.4	0.0	-7.4
Dividend income from other investments	-	0.1	0.1	-	0.1	0.1
Interest income from cash and cash equivalents	-	1.3	1.3	-	0.5	0.5
Total income from investments and cash & cash equivalents	0.0	1.4	1.4	0.0	0.6	0.6
Expense for the unwinding of discounted provisions	-1.0	-	-1.0	-1.1	-	-1.1

Net interest (expense)/income on pension asset/(liability)	-0.6	-	-0.6	-0.7	0.1	-0.6
Net foreign exchange gains and losses (including revaluation to fair value and realization of derivative financial instruments)	-68.8	5.3	-63.5	-16.1	25.4	9.3
Net other finance (costs)/income	-0.7	0.2	-0.5	-0.7	0.2	-0.6
Total	-78.3	6.9	-71.4	-26.0	26.3	0.2

The net foreign exchange losses can be explained by the unrealized foreign exchange losses on intercompany loans and cash and cash equivalents (mainly in USD), which are not hedged.

INCOME TAX EXPENSE

Tax expenses amount to -18.1 million EUR in 2017 versus -23.6 million EUR last year. The income tax expenses mainly relate to the operations in the United States within the operating segment Agro. The net impact of corporate income tax reforms on the recognized deferred taxes amounts to +4.7 million EUR in 2017 (deferred tax assets and liabilities mainly impacted in the US and Belgium).

CONSOLIDATED FINANCIAL INFORMATION AT DECEMBER 31, 2017

CONSOLIDATED INCOME STATEMENT		
Million EUR	2017	2016
Revenue	1,657.3	1,590.1
Cost of sales	-1,251.1	-1,196.0
Gross profit	406.2	394.1
Distribution expenses	-102.9	-89.5
Sales and marketing expenses	-62.6	-57.7
Administrative expenses	-111.9	-109.0
Other operating income and expenses	-12.4	-13.7
Profit (+) / loss (-) from operations before non-recurring and exceptional operating items (REBIT)	116.3	124.1
Gains and losses on disposals	0.8	0.3
Restructuring	-1.5	-0.7
Gains on disposal groups	-	1.4
Impairment losses	-0.8	-2.3
Provisions and claims	-0.0	-2.3
Other income and expenses	-3.4	-2.3
Profit (+) / loss (-) from operations (EBIT)	111.3	118.1
Finance costs	-78.3	-26.0
Finance income	6.9	26.3
Finance (costs) / income - net	-71.4	0.2
Share of result of equity accounted investees, net of income tax	4.0	3.4
Profit (+) / loss (-) before tax	44.0	121.8
Income tax expense	-18.1	-23.6
Profit (+) / loss (-) for the period	25.8	98.2
Attributable to:		
- Equity holders of the company	25.6	98.8
- Non-controlling interest	0.2	-0.7
Basic earnings per share (EUR)	0.59	2.30
Diluted earnings per share (EUR)	0.59	2.30

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME		
Million EUR	2017	2016
Profit (+) / loss (-) for the period	25.8	98.2
Translation differences	-7.4	2.6
Net change in fair value of derivative financial instruments, before tax	2.1	0.7
Other movements	0.4	0.1
Income tax on other comprehensive income	-1.3	-0.3
Other comprehensive income to be reclassified to profit or loss in subsequent periods	-6.2	3.2
Remeasurements of the net defined benefit liability, before tax	9.2	-14.9
Income tax on other comprehensive income	2.3	-1.2
Other comprehensive income not being classified to profit or loss in subsequent periods	11.4	-16.1
Other comprehensive income, net of income tax	5.3	-12.9
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	31.1	85.3
Attributable to:		
- Equity holders of the company	30.7	85.8
- Non-controlling interest	0.4	-0.6



CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
Million EUR	31.12.2017	31.12.2016
ASSETS		
Total non-current assets	650.6	661.4
Property, plant and equipment	503.3	508.4
Goodwill	33.8	35.6
Other intangible assets	30.6	45.7
Investments accounted for using the equity method	29.1	27.3
Other investments	10.0	1.9
Deferred tax assets	31.7	31.7
Trade and other receivables	12.1	10.9
Total current assets	761.1	697.4
Inventories	279.1	309.7
Trade and other receivables	286.5	268.0
Derivative financial instruments	0.0	0.5
Cash and cash equivalents	195.5	119.2
Total assets	1,411.7	1,358.8
EQUITY AND LIABILITIES		
Total equity	639.5	605.9
Equity attributable to equity holders of the company	637.7	604.7
Issued capital	216.1	215.8
Share premium	237.6	235.6
Reserves and retained earnings	184.0	153.3
Non-controlling interest	1.7	1.3
Total liabilities	772.2	752.9
Total non-current liabilities	464.5	482.8
Loans and borrowings	224.7	226.9
Employee benefits	55.7	61.5
Provisions	132.4	132.4
Trade and other payables	6.4	4.2
Derivative financial instruments	11.2	12.2
Deferred tax liabilities	34.1	45.5
Total current liabilities	307.7	270.1
Bank overdrafts	0.1	0.0
Loans and borrowings	29.3	28.9
Trade and other payables	255.2	221.9
Derivative financial instruments	6.1	6.0
Current tax liabilities	1.3	1.5
Employee benefits	1.5	1.8
Provisions	14.1	10.0
Total equity and liabilities	1,411.7	1,358.8

CONSOLIDATED STATEMENT OF CASH FLOWS		
Million EUR	31.12.2017	31.12.2016
OPERATING ACTIVITIES		
Profit (+) / loss (-) for the period	25.8	98.2
Depreciation, amortization and impairment losses on tangible assets, goodwill and other intangible assets	72.3	76.1
Changes in provisions	-2.5	-8.8
Finance costs	78.3	26.0
Finance income	-6.9	-26.3
Loss / (profit) on sale of non-current assets	-2.7	-0.7
Share of result of equity accounted investees, net of income tax	-4.0	-3.4
Income tax expense	18.1	23.6
Other non-cash items	-1.3	1.2
Changes in inventories	12.8	-20.2
Changes in trade and other receivables	-25.4	-19.1
Changes in trade and other payables	44.2	-21.5
Change in accounting estimates - inventory write off	-1.0	1.0
Revaluation electricity forward contract	-0.9	1.8
Cash generated from operations	206.9	128.0
Income tax (paid)/received	-23.8	-19.7
Dividends received	1.1	1.2
Cash flow from operating activities	184.2	109.4
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	-89.2	-93.6
Acquisition of other intangible assets	-1.1	-0.4
Acquisition of businesses, net of cash acquired	-	-3.3
Proceeds from the sale of property, plant and equipment and other intangible assets	10.0	3.3
Proceeds from the sale of investments accounted for using the equity method	-	-0.6
Cash flow from investing activities	-80.3	-94.5
FINANCING ACTIVITIES		
Increase of issued capital - conversion of warrants	2.4	3.5
Proceeds from new borrowings	0.3	0.0
(Reimbursement) of borrowings	-2.1	-20.7
Interest paid	-6.9	-7.1
Interest received	1.2	0.5
Other finance costs paid	-1.4	-1.4
(Increase) / decrease of long term receivables	-8.5	-0.2
Cash flow from financing activities	-14.9	-25.4
Net increase / (decrease) in cash and cash equivalents	89.0	-10.5
Effect of exchange rate differences	-12.8	-0.0
Cash and cash equivalents less bank overdrafts at the beginning of the period	119.2	129.7
Cash and cash equivalents less bank overdrafts at the end of the period	195.3	119.2



7. DIVIDEND

The Board of Directors will propose to the shareholders, at the annual shareholders' meeting of May 8, 2018, not to pay out a dividend for the 2017 financial year.

8. STATEMENT OF THE STATUTORY AUDITOR

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

9. FINANCIAL CALENDAR

Publication annual report 2017	March 30, 2018
First quarter 2018 trading update	May 7, 2018
Annual General Meeting of shareholders	May 8, 2018
Half year 2018 results	August 22, 2018
Third quarter 2018 trading update	October 25, 2018

Agenda for March 14, 2018

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

Registration details are available at: www.tessengerlo.com.

This year, Tessenderlo Group will launch a sustainability report for the first time, which marks a new step towards making its sustainability efforts more visible to all stakeholders. The sustainability report of the Tessenderlo Group will be available in a digital version on www.tessengerlo.com by the end of March 2018.

About Tessenderlo Group

Tessengerlo Group is a diversified industrial group that focuses on agriculture, valorizing bio-residuals and providing industrial solutions. The group employs approximately 4,500 people, is a leader in most of its markets and recorded a consolidated revenue of 1.7 billion EUR in 2017. Tessenderlo Group is listed on Euronext Brussels and is part of Next 150 and BEL Mid indices. Financial News wires: Bloomberg: TESB BB – Reuters: TESB.BR – Datastream: B:Tes

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