Information to the Market Paris, August 9, 2019

Q1 RESULTS 2019/2020
(APRIL – JUNE 2019)
(Unaudited figures)

HIGHLIGHTS

- As expected, results for the first-quarter of 2019/2020 are impacted by the low level of global and European sugar prices that marked the 2018/19 financial year. Tereos is benefiting from its diversification strategy launched 25 years ago and which brings resilience to the Group.
- The global market is expected to show a deficit for the October 2019-September 2020 sugar campaign which should support the price outlook from the second half of the year. Moreover, agricultural performance in the first months of the sugarcane season in Brazil is improving with yields expected for this year overall in line with historical average.
- On June 12, 2019, the Group announced a projected evolution of its partnership with ETEA to boost its positioning in the alcohol/ethanol and starch products markets. This operation was closed on July 25, 2019. It translates into net proceeds from disposals of c.€220 million and will generate an estimated capital gain of approximately €140 million in the second quarter.
- The Group continues to implement its Ambitions 2022 performance program which aimed at generating €200 million of performance gains by 2022.

KEY FIGURES

✓ **Revenues** €1,003 million, down 5.3% vs Q1 2018/19 (down 5.7% at constant exchange rates) reflecting the decline in the price of sugar and sweeteners in Europe and lower volumes of sugar and ethanol sold, resulting from the impact of low yields in 2018 in Europe, and a slightly delayed start to the growing season in Brazil and a strategy of postponing certain sales to the second half of the year to benefit from the expected better market conditions.

✓ **Adjusted EBITDA**[1] €33 million[2] versus €84 million in Q1 2018/19 impacted by lower volumes and by the impact of the decline in European sugar prices on sales of sugar and sweeteners.

[1] *See the definition of adjusted EBITDA in the annex.*
[2] *2019/20 adjusted EBITDA figures include the impact of the application of IFRS16 (see note in appendix)*

OUTLOOK

Sugar Europe: as expected, the first half of 19/20 should be in line with the trend of the second semester 18/19. Nevertheless, Tereos is well positioned to benefit from the recovery of sugar prices from the second half of the year. In fact, spot sugar prices rose by 33% after the end of the financial year 18/19, in a context where the European sugar market is expected to be balanced and the world market in deficit for the upcoming campaign.

Sugar and ethanol production in Brazil: better weather conditions during the current campaign compared to the previous year support forecasts of cane yield per hectare in line with historical averages, thanks primarily to good rainfall in March and April. The volume of sugar cane crushed in our operations in Brazil is expected to be over 19mt versus 17mt last year, against the backdrop of a severe drought.
The ethanol market momentum continues to be good, driven by high consumption and low stocks due to the late start of Brazil's growing season.
Regarding sugar prices, Brazil is expected to benefit before the end of the fiscal year from the impact of the shortfall in global sugar production for the October 2019 to September 2020 campaign, after a period of stock absorption.

After a year 2018/19 characterized by an increase in volumes produced, the **Starch and Sweeteners division** should again benefit from an increase in volumes sold. Furthermore, starting from August, the results of this division will benefit from the integration of the assets of Sedalcol France from the month of August and from the capital gain in the second quarter following the closing of the evolution of the partnership with ETEA that was closed on July 25.

In this context, Tereos will continue to rely on its diversification strategy and on the performance gains of the Ambitions 2022 program, which aims to generate over €200 million of operational profits. Based on this target and on current market prices, Tereos estimates that its normative EBITDA at the end of this plan (2022) should be between €600 and 700 million.

In addition, the Group is pursuing the discussions announced last year regarding a possible opening of the capital of its industrial activities over a two-or three-year horizon.

1. MARKETS

Sugar International: NY11 prices remained under pressure early this year due to surpluses from 18/19 crop volumes in India and Thailand and well-supplied markets in the southern hemisphere. Despite that, Q1 prices closed at 12.6 US$cts/lb, slightly higher than at the end of the same period the previous year. It is worth noting that the market is anticipating a sugar deficit in the campaign that has just begun, mainly because Brazilian sugar cane is mostly harvested for ethanol rather than sugar, and because of concerns in the Northern Hemisphere and Southeast Asia caused by climatic conditions.

Sugar Europe: Following the deregulation of the European sugar market, the increase in sugar production in the European Union, in a context of very low world prices, resulted in historically low price levels for the contracts signed over the summer of 2018, and this continued to have a major impact on sugar prices in the region. According to European Commission reports, the price of sugar ex works was €319/ton in April 2019, a decrease of €43/ton year-on-year, reflecting the effect of those contracts. As a result of the decrease in prices, some market players have announced in recent months restructurings or reductions in production. Given that the European market is expected to be balanced (based on historical average yields depending on summer weather) and the world market in shortfall for the 2019/20 campaign, European spot prices have settled above €400/ton since the beginning of the year.

Ethanol Brazil: the price of hydrous ethanol remained stable at BRL 1.70/L in the first quarter of 2019/20, unchanged from the last quarter of 2018/19, and up 7% on the first quarter of 2018/19. This trend was driven by strong demand for ethanol, and pump prices of ethanol that were more competitive than gasoline, despite the overproduction of ethanol relative to sugar.

Ethanol Europe: European ethanol fuel prices in Q2 reached high levels averaging €598/m^3 over the quarter (April-June 2019), up €148/m^3 (+33%) from the same period the previous year. Despite cereal-based plants running at maximum capacity, the European ethanol market suffered heavy shortages over the past quarter, mainly due to the increase in demand and the slump in beet-based ethanol production, in a context of low yields.

Cereals: corn prices were very volatile in the last three months due to corn planting uncertainties in the United States. The production outlook for wheat in Europe is very good. However, wheat prices are following the underlying trend driven by American corn.

2. GROUP FINANCIAL RESULTS

Tereos Group M€	18/19 Q1	19/20 Q1	var	
Revenues	**1 059**	**1 003**	**-56**	**-5,3%**
Adjusted EBITDA	**84**	**33**	**-50**	**-60%**
Adjusted EBITDA margin	*7,9%*	*3,3%*		
Net debt (excluding related parties) [3]	**2 446**	**2 875**		
Net debt excl. IFRS16 (excl. related parties)		**2 730**	**283**	**12%**
Net debt to adjusted EBITDA ratio [4]	***4,3x***	***11,5x***		

Tereos Group Volumes sold	18/19 Q1	19/20 Q1	var	
Sugar & Sweeteners (k.tco)	1 576	1 510	-66	-4%
Alcohol & Ethanol (k.m3)	352	318	-34	-10%
Starch & Protein (k.tco)	274	284	10	4%
Energy (GWh)	345	321	-24	-7%

Consolidated **revenues** stood at €1.003 million, down 5.3% vs Q1 2018/19 (down 5.7% at constant exchange rates) reflecting the decline in the price of sugar and sweeteners in Europe and lower volumes of sugar and ethanol sold, resulting from the impact of low yields in 2018 in Europe, and a slightly delayed start of the 2019 harvest in Brazil compared to 2018 and a strategy of delaying certain sales to the second half of the year to benefit from the expected better market conditions.

Adjusted EBITDA[1] was €33 million[2] for the quarter, versus €84 million in Q1 2018/19. The Group's adjusted EBITDA, although benefiting from lower production costs and favorable ethanol market conditions, was sharply impacted by i) the decline in volumes sold in the Sugar Europe and Sugar International divisions, ii) the impact of lower sugar prices in Europe on the prices of sugar and sweeteners, and iii) by high-price European wheat maturities this quarter.

Net debt[3] amounted to €2,875 million at June 30, 2019 and €2,730 million excluding the impact of IFRS16 (€2,500 million at March 31, 2019) reflecting the lower EBITDA, the traditional seasonality effect on our working capital requirement in Brazil and less destocking in Europe due to lower inventory levels at the end of March 2019 following low yields in the 2018 harvest. Net debt amounted to €2,350 million excluding readily marketable inventories (€380 million) (which can be converted into cash at any time) and the impact of IFRS16.

The **net debt to adjusted EBITDA ratio**[4] was 11.5x at June 30, 2019 versus 4.3x at June 30, 2018, and 10.0x excluding readily marketable inventories. Pro-forma proceeds from disposal linked to the finalization on July 25 of the unwinding of the partnership with ETEA, the ratio was 10.7x and 9.2x excluding readily marketable inventories.

[1] *See the definition of adjusted EBITDA in the appendix.*
[2] *2019/20 adjusted EBITDA figures include the impact of the application of IFRS16.*
[3] *Net debt excluding related parties. 18/19 net debt was published excluding IFRS16 effects.*
[4] *Including the impact of IFRS 16; June 30, 2019 ratio is calculated on the base of €249m of last 12 months proforma adjusted EBITDA.*

3. RESULTS BY DIVISION

SUGAR EUROPE

Revenues from the Sugar Europe division amounted to €366 million in Q1 2019/20 (€446 million in the same period the previous year) due to the decline in sugar volumes sold as a result of the low yields of the 2018 campaign and to lower sugar prices.

Adjusted EBITDA was -€5 million in Q1 2019/20, vs. €20 million in Q1 2018/19. Adjusted EBITDA for the division was impacted by the decline in volumes of sugar and lower sugar prices.

SUGAR INTERNATIONAL

In **Brazil**, the harvest started in mid-April, about ten days later than last year which had started early due to low rainfalls. The yield outlook for this campaign is much better than the previous year, and is expected to be in line with historical average.
In **La Réunion**, the harvest started in mid-July in satisfactory conditions, with volumes expected to be higher than the previous year but below historical average due to the low rainfall in the summer in the southern hemisphere.
In **Mozambique**, the harvest began at the end of July.

Revenues from the Sugar International division amounted to €163 million in Q1 2019/20 (€199 million in the same period the previous year). Supported by slightly higher world sugar prices in Brazilian real and by higher ethanol prices compared to the same period last year, the division's revenues were however impacted by a volume decline of sugar and ethanol sold reflecting the Brazilian sales deferral strategy of certain volumes into the second half of the year to benefit from expected better market conditions, as well as by smaller hedging gains than last year.

Adjusted EBITDA was €30 million in Q1 2019/20 (€44 million in Q1 2018/19). Adjusted EBITDA was impacted mainly by the decline in volumes sold and smaller hedging gains.

STARCH AND SWEETENERS

Revenues from the Starch and Sweeteners division amounted to €375 million in Q1 2019/20 (€361 million in the same period the previous year). The rise in European ethanol prices and the increase in volumes in the Group's other geographical regions thanks to the operational progress achieved limited the impact of lower prices of sweeteners in Europe.

Adjusted EBITDA amounted to €12 million in Q1 2019/20 (€28 million in Q1 2018/19), impacted mainly by high wheat prices and the pressure on the price of sweeteners due to the slump in sugar prices. The temporary effect of wheat prices was partly offset by the operational progress achieved in all the Group's geographical regions.

Tereos

4. NET FINANCIAL DEBT

Net financial debt (excluding related parties) at June 30, 2019 amounted to €2,875 million and €2,730 million excluding the impact of IFRS16, compared to €2,446 million at June 30, 2018. Excluding readily marketable inventories (which can be converted into cash at any time) and the impact of IFRS16, the Group's adjusted net debt amounted to €2,350 million.

At the end of June 2019, the Group's financial security amounted to €848 billion, consisting of €378 million in cash and cash equivalents and €470 million in undrawn confirmed credit lines (>1 year).

Net financial debt can be summarized as follows:

Tereos Group (M€) *June 30, 2019*	Current	Non Current	Total	Cash & Equivalents	Total
Net debt (excl. related parties) excl. IFRS16	846	2 262	**3 107**	-378	**2 730**
IFRS 16 impact	27	118	**146**	0	**146**
Net debt (excl. related parties)	**873**	**2 380**	**3 253**	**-378**	**2 875**

Investor contacts

Tereos – Financial Dept.

Tel.: +33 1 55 37 36 84 – email: Tereos-inverstor-relations@tereos.com

About Tereos

The long-term vision of Tereos is the processing of agricultural raw materials and the development of quality food products. Tereos is a leader in the sugar, alcohol and starch markets. The Group's commitments to society and the environment contribute to the company's performance in the long term while strengthening its contribution as a responsible player. The cooperative group Tereos is a union of more than 12,000 farmers and has recognized know-how in the processing of beet, sugarcane and cereals. Through 49 industrial sites, a presence in 18 countries and the commitment of its 26,000 employees, Tereos supports its customers close to their markets with a broad and complementary range of products. In 2018-19, the Group achieved a €4.4 bn turnover.

APPENDIX

Revenues by division **Tereos Group (M€)**	**18/19** **Q1** Published	**19/20** **Q1** Actual	***var***
Sugar Europe	**446**	**366**	***-18%***
Sugar International	**199**	**163**	***-18%***
Starch & Sweeteners	**361**	**375**	***4%***
Other (incl. Elim)	**53**	**99**	***88%***
Tereos Group	**1 059**	**1 003**	***-5,3%***

Adjusted EBITDA by division **Tereos Group (M€)**	**18/19** **Q1** Published	**19/20** **Q1** Actual	***var***
Sugar Europe	**20**	**-5**	***na***
Sugar International	**44**	**30**	***-33%***
Starch & Sweeteners	**28**	**12**	***-56%***
Other (incl. Elim)	**-9**	**-4**	*na*
Tereos Group	**84**	**33**	***-60%***

Adjusted EBITDA *corresponds to net income before income tax, the share of income from equity affiliates, net financial income, depreciation and amortization, the impairment of goodwill, the gains resulting from acquisitions on favorable terms, and price supplements. It is also restated for changes in the fair value of financial instruments, inventories, and sale and purchase commitments, except for the portion of these items that relates to trading activities, fluctuations in the fair value of biological assets, the seasonal effect, and non-recurring items. The seasonal effect corresponds to the temporary difference in the recognition of depreciation charges and price supplements in the Group's financial statements according to IFRS and the Group's management accounts. Adjusted EBITDA before price supplements is not a financial indicator defined as a measure of financial performance by IFRS and may not be comparable to similar indicators referred to under the same name by other companies. Adjusted EBITDA is provided for additional information purposes and cannot be considered as a substitute for operating income or operating cash flow.*

NOTES RELATING TO APPLICATION OF IFRS16

As from April 1, 2019, the Group is applying the new IFRS16 relating to leases.

The Group applied the standard on April 1, 2019 and opted for the "simplified retrospective" approach.

For the purpose of its sugar business in Brazil, the Group has entered into agricultural partnership contracts. These contracts have technical features that are still being analyzed by the Group and the local accounting authorities. If the conclusions of these analyses converged towards recognition of these contracts, a further impact on the accounts would be recorded.