



ANNUAL RESULTS 2018/19 & PERSPECTIVES

June, 12th 2019

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Project of Tereos and ETEA partnership evolution



Nesle site

- **Strategic strengthening of the industrial and commercial set-up** of starch and alcohol/ethanol activities of the Group in Europe
- Transaction summary: (i) **buying ETEA 50% participation in Sedalcol France (Nesle distillery)**, and (ii) selling Tereos 50% stake in Sedamyl and Sedalcol UK (Saluzzo, Italy and Selby, UK) to ETEA
- **Net debt reduction of €220M** and estimated gain on sale of c. €140 M
- **Proforma of this transaction**, net debt at March 31 2019 would stand at €2,280 M (€1,901 M excluding readily marketable inventories)
- *The project is subject to notification and consultation procedures with the relevant staff representatives. It is expected to be completed during the **summer of 2019**.*

2018/19 results impacted by the profound transformation of the European sugar sector, validating Tereos development model

3rd

World Sugar Producer

- **Evolution of our non consolidated partnership** with ETEA
- **Profound transformation** of the sugar sector in Europe
- **Low point in world market cycle**
- **Ambitions 2022 program** well on track with the target of €200M of operational gains

- **Sales: €4,4 billion** (€-334 M vs. 2017/18)
- **Adjusted EBITDA : €275M** (€-320 M vs. 2017/18)
- **86% of EBITDA outside European Sugar** division
- **Net Result group share (excl. excep. items) : €-212 M** (published net result group share : €-242 M vs. €-23 M in 17/18)
- **Net debt : €2,500M** on March 31st 2019 (vs. €2,350 M on Mars 31st 2018). **Proforma of the announced transaction: €2,280 M** (€1,901 M excl. RMI)
- **Adj. EBITDA range estimated to €600-700 M in 2022** based on current market prices¹ and Ambitions 2022 expected benefits

(1) based on futures for world prices and spot for European prices



A year marked by the end of quotas in Europe

An unprecedented crisis

Unprecedented environment on the European sugar market

In 6 years, the European Sugar collapsed

EUROPEAN WHITE SUGAR PRICE

OBSERVATORY (€/TON)



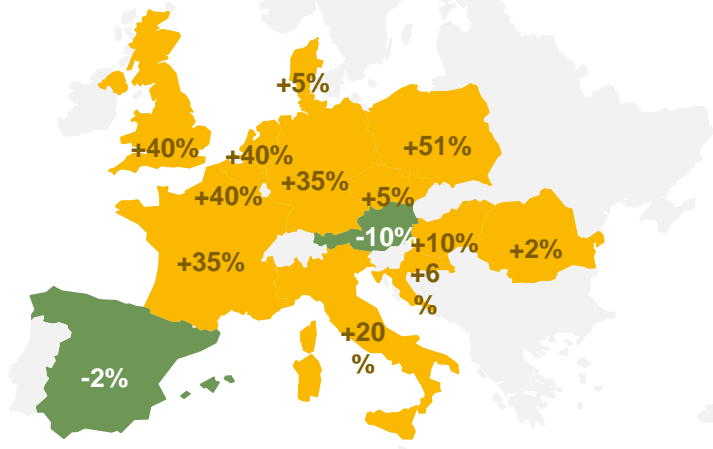
- > Sugar prices **at the historical lowest point**
- > Market **unbalanced** by the end of quotas
- > Prices today more **dependent on the global market**

Price in €/MT EXW
Source : European commission

2 main factors to this crisis

- Historical overcapacity in the European market, and an offer that was administratively regulated under the quota system

Production trends by country
(17/18 vs 16/17)



A net EU-28 surplus of 2.3 Mt with a strong impact on the 2017/18 and 2018/19 contractualisation campaigns

- World sugar prices close to historical lows

Developing a flexible model in Europe for superior resilience



Tereos

EBITDA remains positive, confirming the resilience of Tereos model (1/2)

Operational results (EBITDA) remain positive



SUGAR EUROPE

SUGAR DIVISION

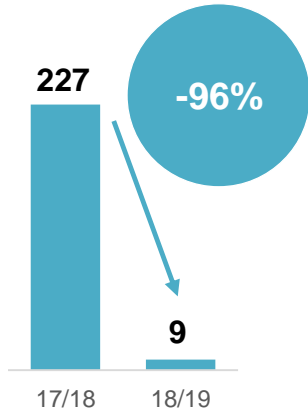
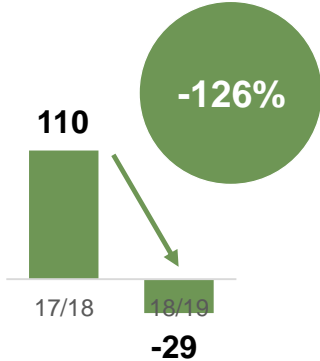
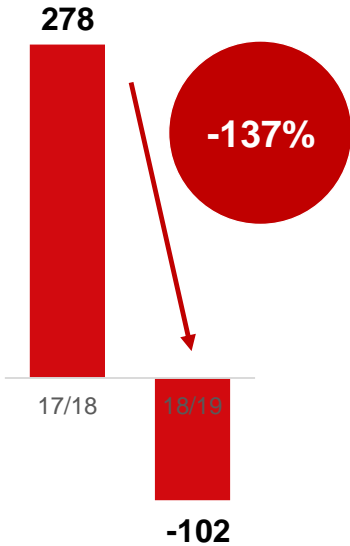
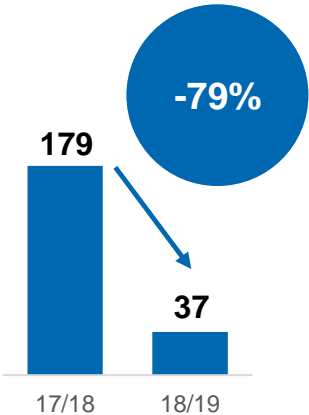
SOCIAL ACCOUNTS

Closing Feb. 28

Closing March 31

Closing Feb. 28

Closing Jan. 31

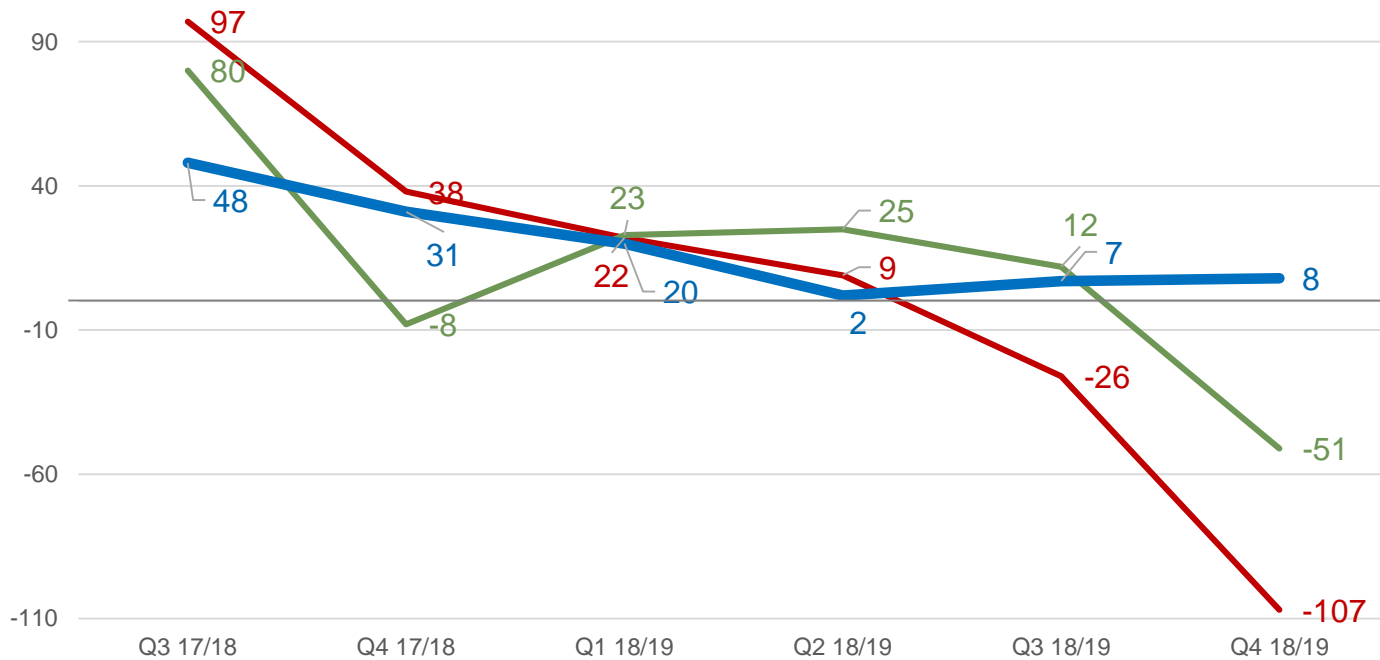


Source : Données publiques, analyse Tereos

EBITDA remains positive, confirming the resilience of Tereos model (2/2)

Demonstrating the resilience of a flexible model

EBITDA per quarter
M€



A proven track record in performance plans

Tereos considerably reinforced its industrial competitiveness



PRODUCTIVITY
2015/18

+30%
of processed Sugarbeet

+45%
of sugar produced by plant



Fixed
costs



INVESTMENT PLAN
2015/18

>100 M€
of investments in favor
of energy gains

hence **-10%**
consumption reduction



Variable
costs



MIX FLEXIBILITY
2018/19 - TSF

50 M€
of investments to increase
production flexibility

5-10%
alcohol/ethanol flexibility
during the year



Revenues
maximization



PERFORMANCE
PLANS - TSF
2015/18

45 M€⁽¹⁾
of operational gains

+25%
vs objective



Competivity

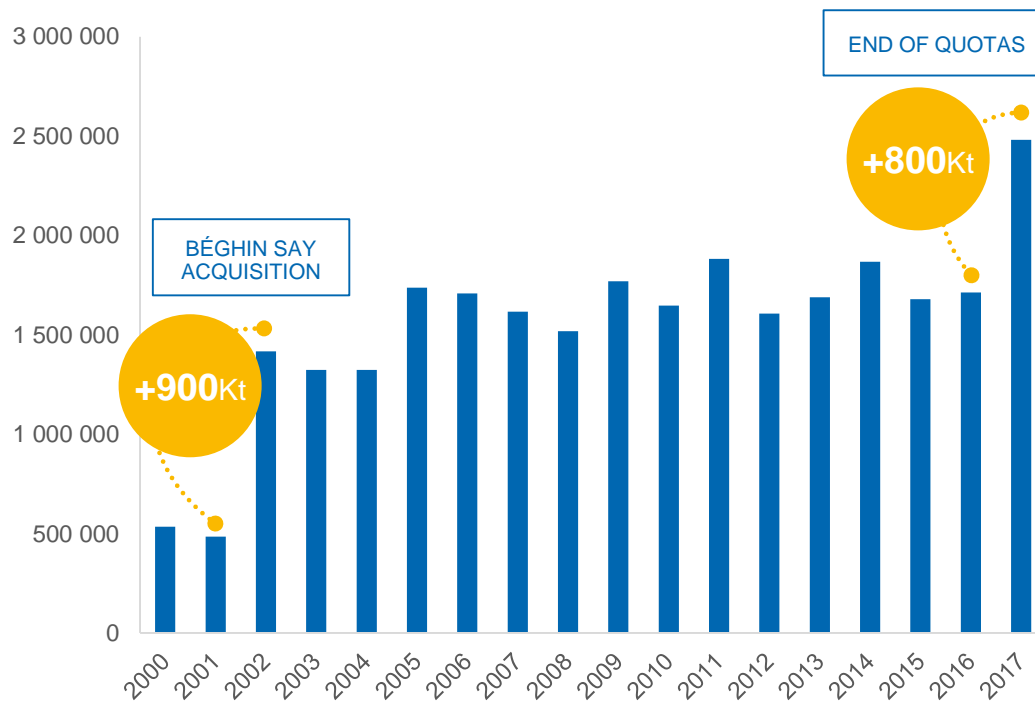
⁽¹⁾ Total of 140 M€ of operational gains from global performance plan : +40M€ vs target

Significant productivity gains: a successful industrial challenge

Sugar production Tereos France 2017/18

Capacity increase

at constant industrial scope, with high and homogeneous load towards plants



Average production per plant

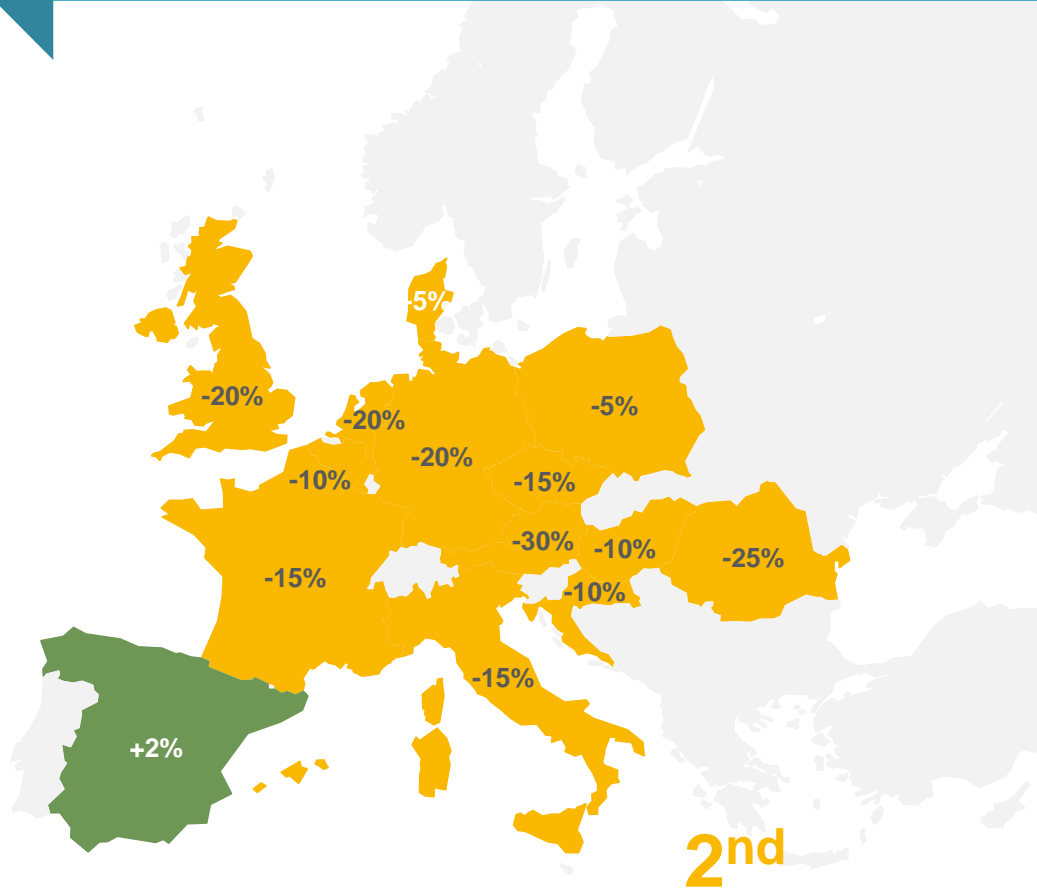
110 Kt

275Kt



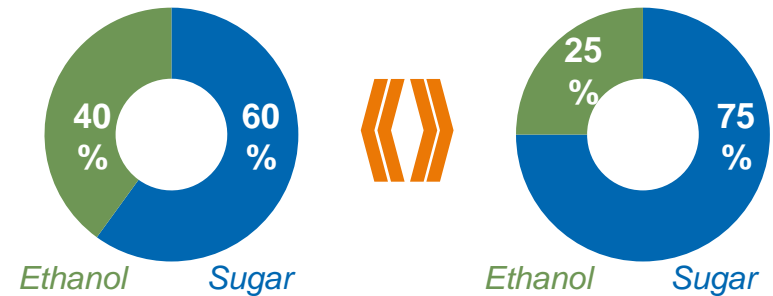
A model underpinning greater flexibility and better commercial responsiveness

Tereos Sucre France's ability to adapt to market conditions



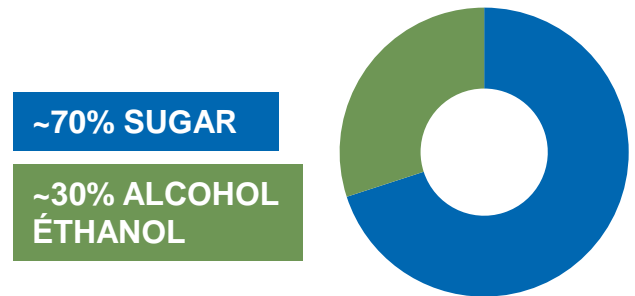
2nd
European producer of ethanol alcohol

An industrial device capable of controlling the production mix



Increased flexibility since 14/15

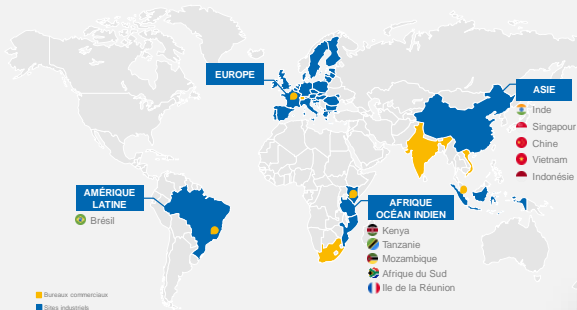
70% of sugar for 18/19 campaign



Export capacities to capture growth in emerging markets

Tereos Commodities launched in 2014

Commercial Network



Logistic Hubs



Commercialized
sugar

2018/19
1.4 Mt

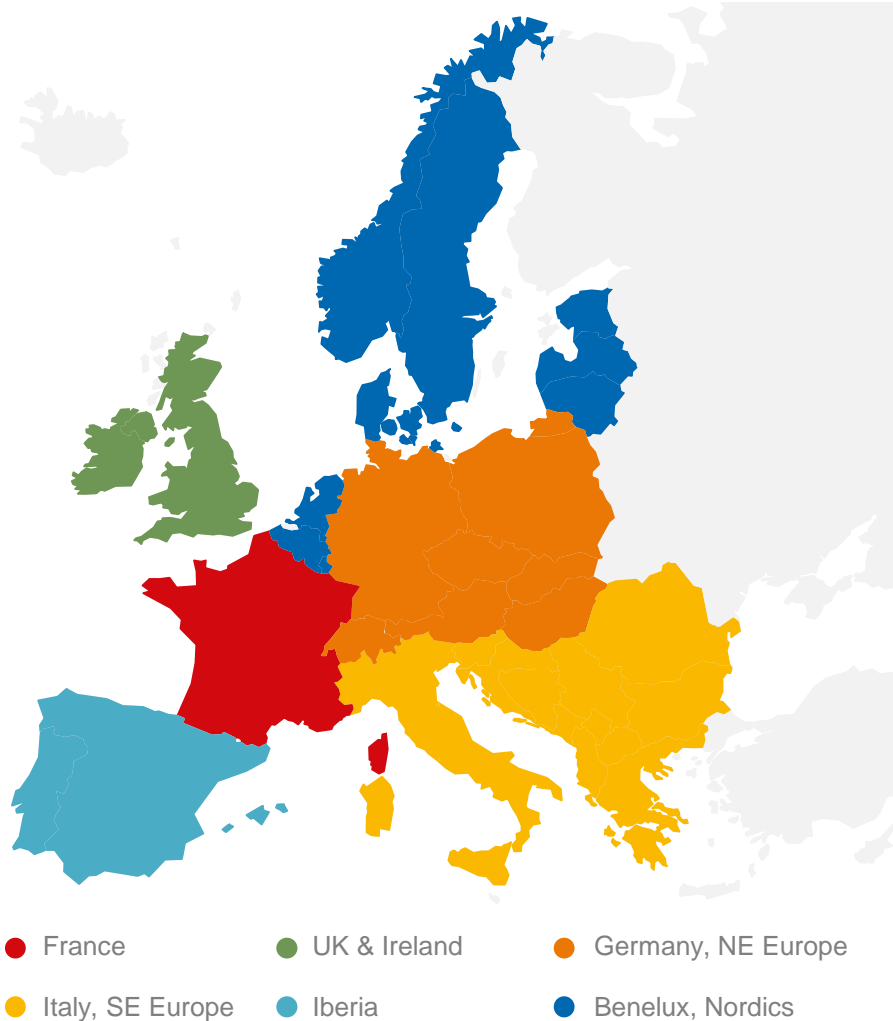
2014/15
0.3 Mt



+ 60 countries

Tereos Commodities
today sells in
more than 60
countries

In Europe, commercial successes in line with the growth of production



Tereos has deeply changed its sales organization in Europe

- **Sales organization:** pooling of teams to promote cross-selling
- **Marketing:** formulation / complementarity of product portfolio
- **Acquisition of NapierBrown in UK:** to secure export volumes

Tereos innovates to meet new consumer expectations

- **Nutrition & Health:** new sweetening solutions
- **Plant-based proteins:** Tereos, N#2 world producer of wheat protein
- Tereos, a **leader in organic sugar** in Europe

Tereos sugar market share up 25%

- Before end of quotas: **11 %**
- Current market share: **14%**

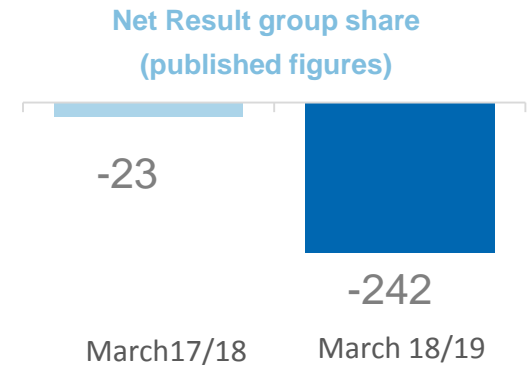
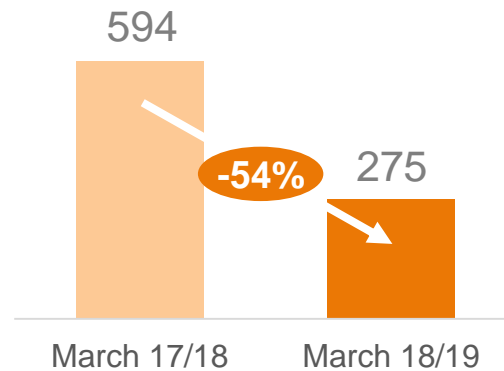
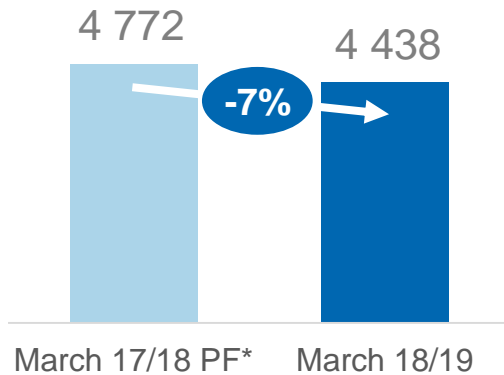


Financial Results

2018 / 2019

Operating results

in M€



Revenues

€4,438 M

**-4% at
constant
exchange rate**

Adjusted EBITDA

€275 M

**-50% at
constant
exchange rate**

Net result Group share
before exceptional items

€-212 M

**-30M€
exceptional
items**

(*) Pro forma shows 17/18 figures with a retrospective application of IFRS 15

Group P&L

P&L - M€ EUR / BRL Groupe Tereos	FY 17/18	FY 17/18	FY 18/19	FY 18/19	
	Publié	Retraité (*)	Réel	Réel	vs LY
	3,74	3,74	4,38		
Revenues	4 987	4 772	4 438	-334	-7,0%
Adjusted EBITDA (bef. Price compl.)	594	594	275	-320	-54%
<i>EBITDA margin</i>	<i>11,9%</i>	<i>12,5%</i>	<i>6,2%</i>	<i>-6,3%</i>	
Seasonality adjustment	5	5	-1	-6	
Depreciation	-385	-385	-367	18	
Fair value / badwill	-38	-38	-22	16	
Price complements	-42	-42	0	42	
Non recurring elements	-30	-30	-35	-5	
EBIT (after price complements)	103	103	-150	-253	
<i>EBIT margin</i>	<i>2,1%</i>	<i>2,2%</i>	<i>-3,4%</i>	<i>-5,5%</i>	
Financial results	-144	-144	-157	-13	
Corporate income tax	-18	-18	5	23	
Share of profit of associates	41	41	42	1	
Net results (after price complements)	-18	-18	-260	-242	
Net result group share	-23	-23	-242	-219	

(*) Pro forma shows 17/18 figures with a retrospective application of IFRS 15

Revenues by division

Revenues - M€	17/18	17/18	18/19	<i>var vs Restated*</i>	
Tereos Group	FY	FY	FY		
	Published	Restated (*)	Actual		
Sugar Europe	1 951	1 951	1 770	-181	-9%
Sugar International	1 289	1 264	920	-344	-27%
Starch & Sweeteners	1 582	1 393	1 461	67	5%
Other (incl. Elim)	164	164	288	124	
Tereos Group	4 987	4 772	4 438	-334	-7%



Sugar Europe

- **Negative impact from European sugar prices drop** at historically low level (-22%)



Sugar International

- **Impact of drop** in world sugar prices (-15%)
- **Decrease in volumes sold** due to lower volumes harvested (unfavorable weather)
- **Negative** FX impact
- **High level** of hedging positions performed in 2017/18



Starch & Sweeteners

- **Increase in volume sold**, thanks to operational performance improvements
- **Positive price effects**

(*) Pro forma shows 17/18 figures with a retrospective application of IFRS 15

Adjusted EBITDA by division

Adjusted EBITDA - M€	17/18	17/18	18/19	<i>var vs Restated*</i>	
Tereos Group	FY	FY	FY		
	Published	Restated (*)	Actual		
Sugar Europe	179	179	37	-142	-79%
Sugar International	311	311	168	-142	-46%
Starch & Sweeteners	106	106	87	-19	-18%
Other (incl. Elim)	-2	-2	-18	-16	ns
Tereos Group	594	594	275	-320	-54%



Sugar Europe

- › **Drop** in sugar prices
- › **Decrease** of beet price
- › **Slight increase** in volume sold



Sugar International

- › **Decrease in volume** following exceptionally adverse weather
- › **Drop** in export sugar prices
- › **Negative** FX impact
- › **17/18 is a high basis of comparison** due to very favorable hedging positions



Starch & Sweeteners

- › **Increase in volumes sold** thanks to the operational performance improvements
- › Pressure on sweetener prices and rise in energy and wheat prices
- › **Improved performance** in Brazil and Indonesia

(*) Pro forma shows 17/18 figures with a retrospective application of IFRS 15

Investments

Investments - M€ Tereos Group	17/18	18/19	var vs 17/18	
Sugar Europe	75	44	-31	-41%
Starch & Sweeteners	57	54	-4	-6%
Sugar International	59	35	-24	-40%
Others	3	31	28	
Total CAPEX	195	165	-30	-15%
Maintenance & renewal	277	274	-3	-1%
Investments excl. Financial	472	438	-33	-7%
Financial investments	28	8	-20	-73%
Total Investments	500	446	-54	-11%



Sugar Europe

- › **Maxi Sugar plan finalization** in 2017/18



Sugar International

- › **Finalization of efficiency/growth investments** in Brazil in 2017/18 and favorable FX impact

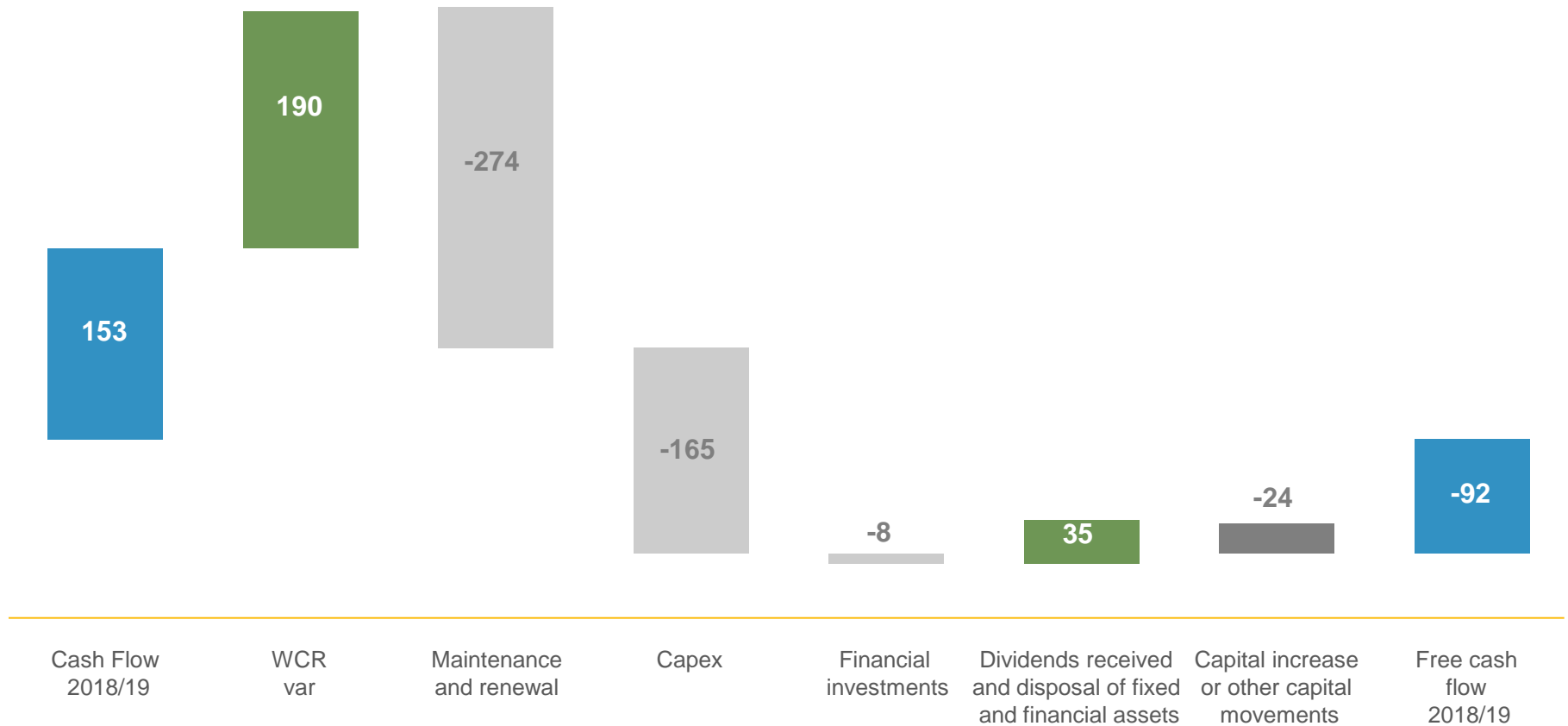


Starch & Sweeteners

- › **Continuation of investments** improving performance and product portfolio development

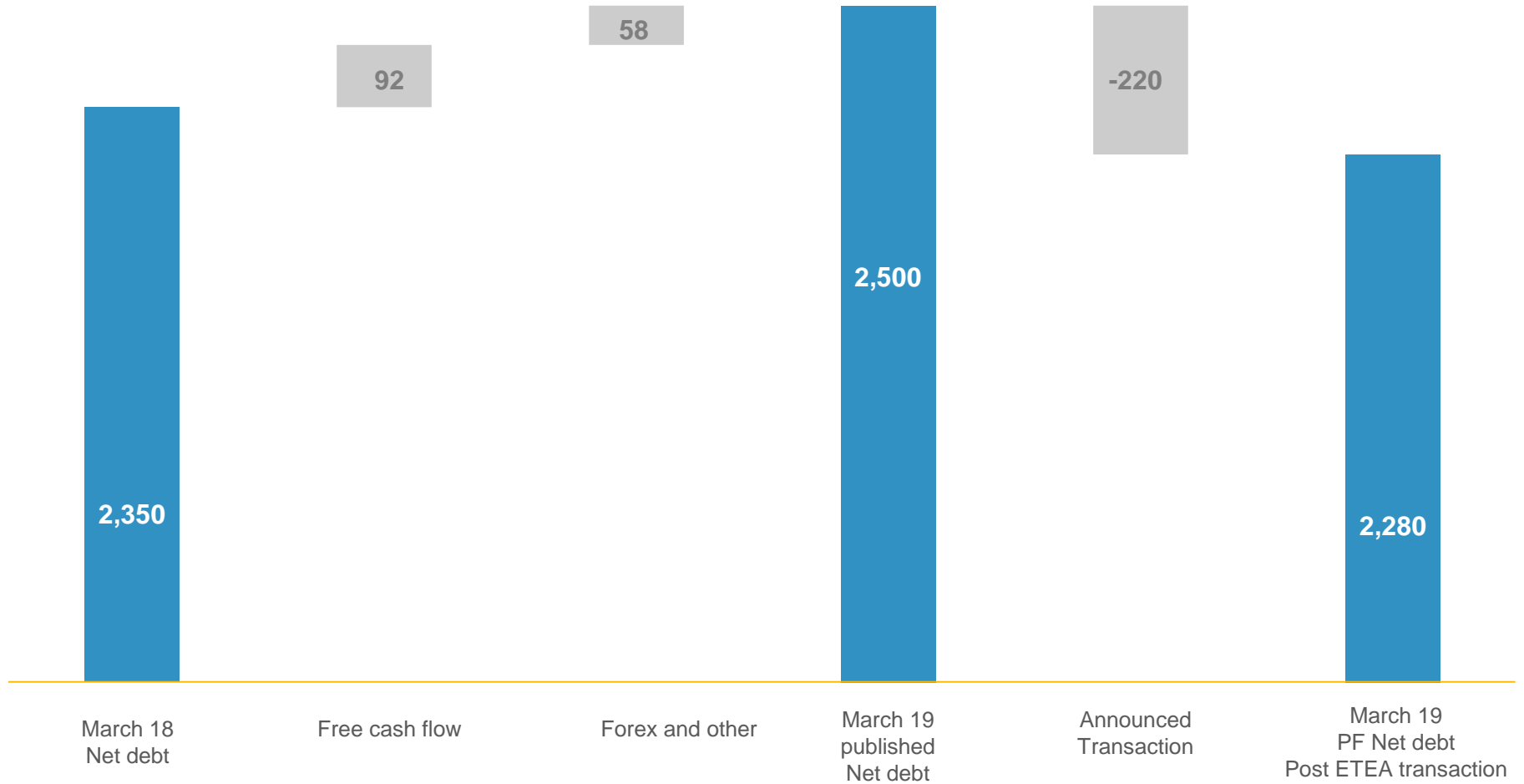
Group cash flow

in M€

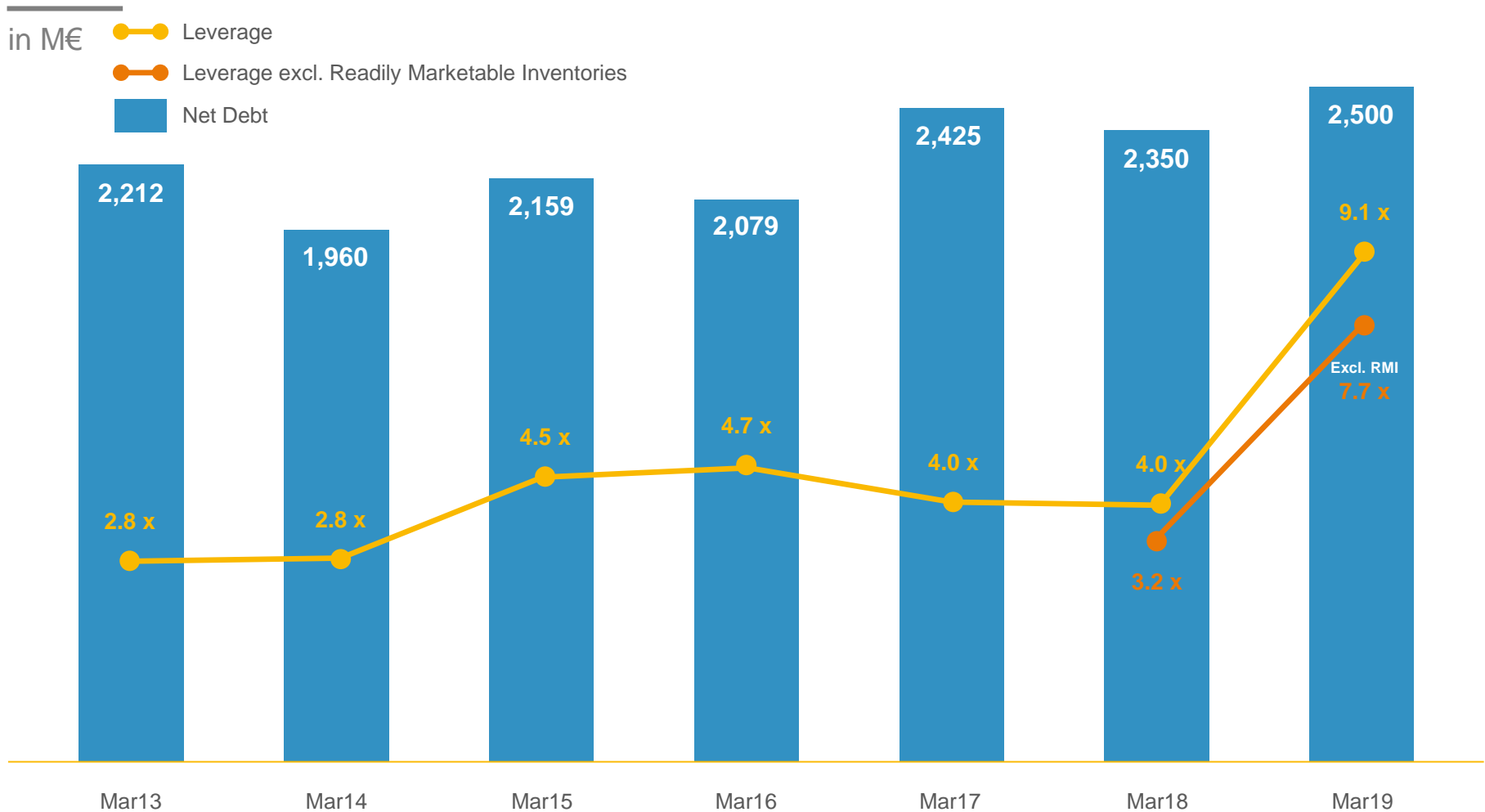


Net debt

in M€



Net debt and leverage ratio

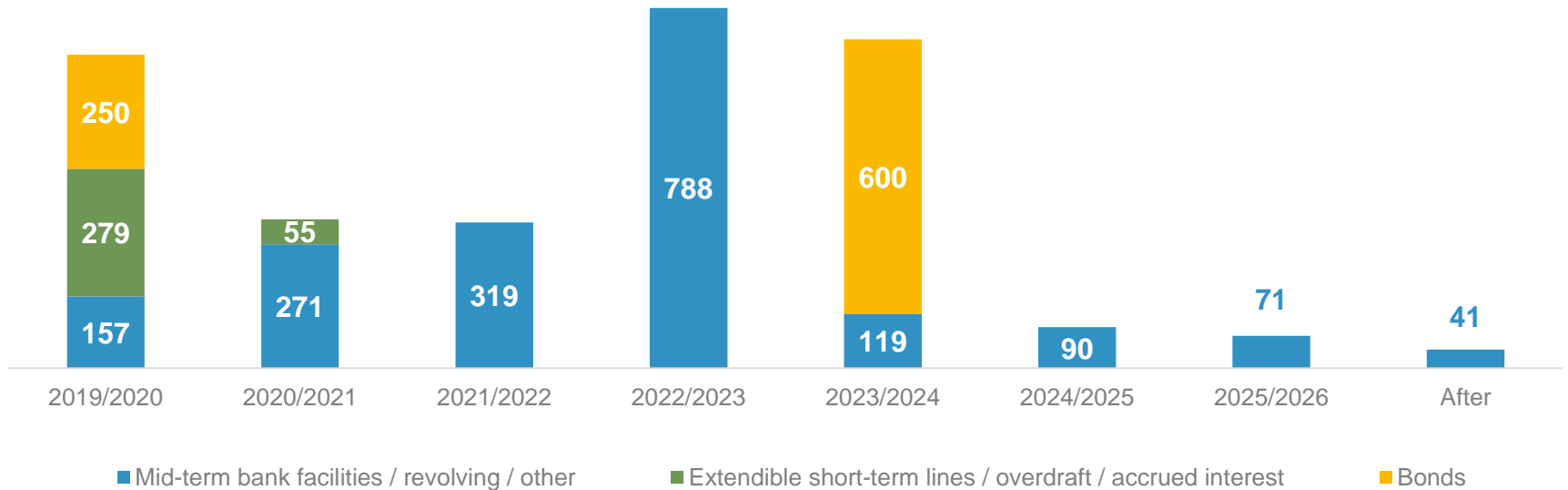


Adjusted for the announced evolution of the ETEA partnership, net debt to EBITDA would be at x7.9 and at x6.6 excluding RMI

Satisfactory debt maturity profile and solid liquidity

DEBT AMORTIZATION SCHEDULE ON 31 MARCH 2019

(M€)



Average maturity:

3.4 years

Vs 3.1 years at the end of March 2018



Financial security

> €1 bn

> Cash & cash equivalents at March 31, 2019: **€540M**

> Undrawn amounts of long term committed facilities: **€476M**

Group ratings

STANDARD
&POOR'S

FitchRatings

Group
rating

BB-/Negative

BB-/Stable

Bonds
rating 2020
and 2023

BB-

B+

Last
change

December 2018

March 2019

Outlook 2018/19

Market trends and Tereos fundamentals

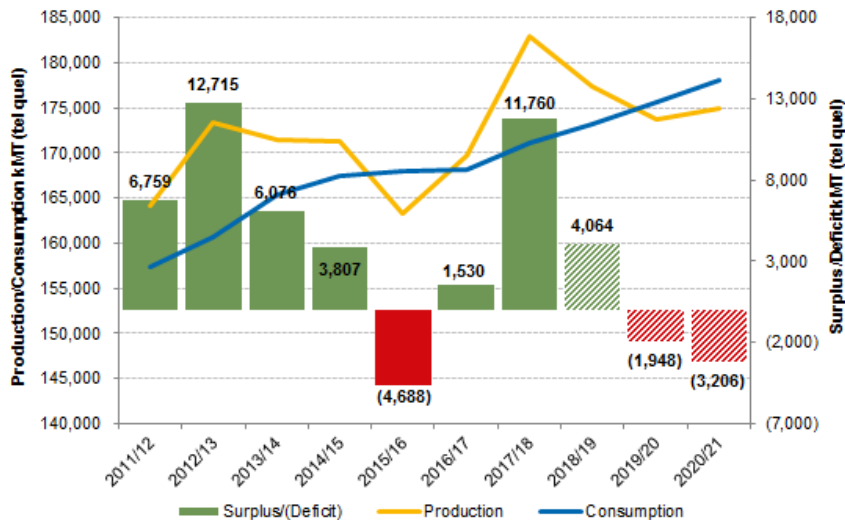


Tereos

Worldwide environment is finally becoming more supportive for sugar activities

After a decade or so of surpluses, the global market is expected in deficit in 2020

Production / Consumption Balance



Note: Oct/Sep crop year
Source: Tereos

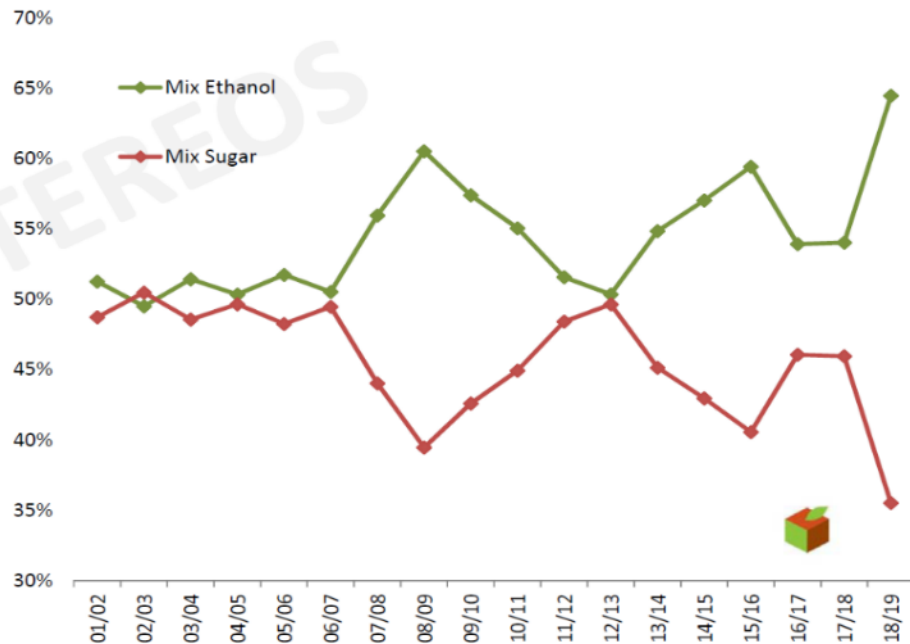
(MMT tq)	2017/18a	2018/19e	2019/20f
CS Brésil (Q2)	36,0	26,5	27,8
NNE Brésil (Q3)	2,5	2,5	2,5
Thaïlande (Q4)	14,2	14,4	12,6
Inde (Q4)	32,5	32,9	27,2
UE (Q4)	20,0	17,0	17,5
Australie (Q3)	4,3	4,6	4,3
Chine (Q4)	10,3	10,8	10,6
Guatemala (Q4)	2,7	2,8	2,8
Mexico (Q4)	6,0	6,3	6,1
Russie (Q4)	6,6	6,0	6,3
TOTAL	135,1	123,9	117,5

Note: table above represents around 70% of world production
Source: Tereos

RenovaBio: an ethanol-favorable programme with worldwide impact

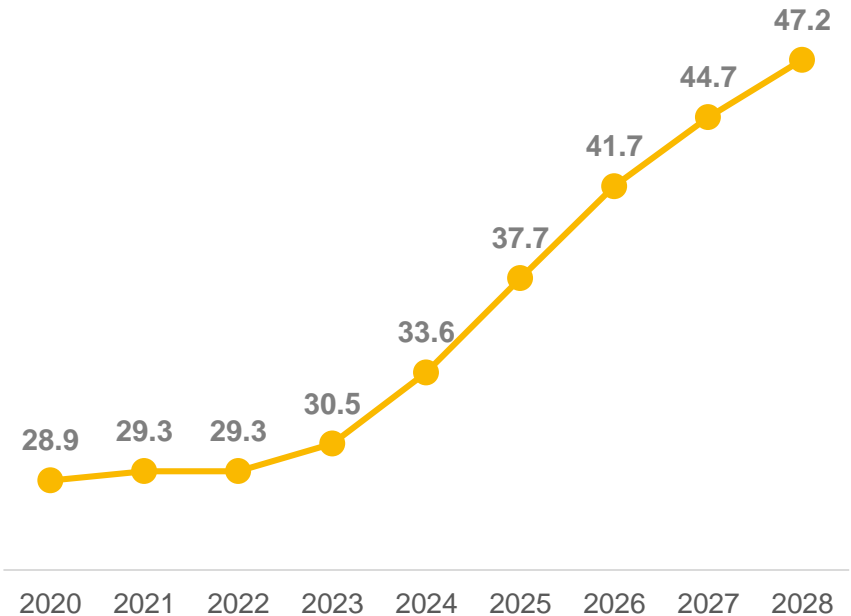
ETHANOL/SUGAR MIX EVOLUTION

PRODUCTION MIX IN CS BRAZIL



FORECAST – ETHANOL VOLUMES

BN LITRES



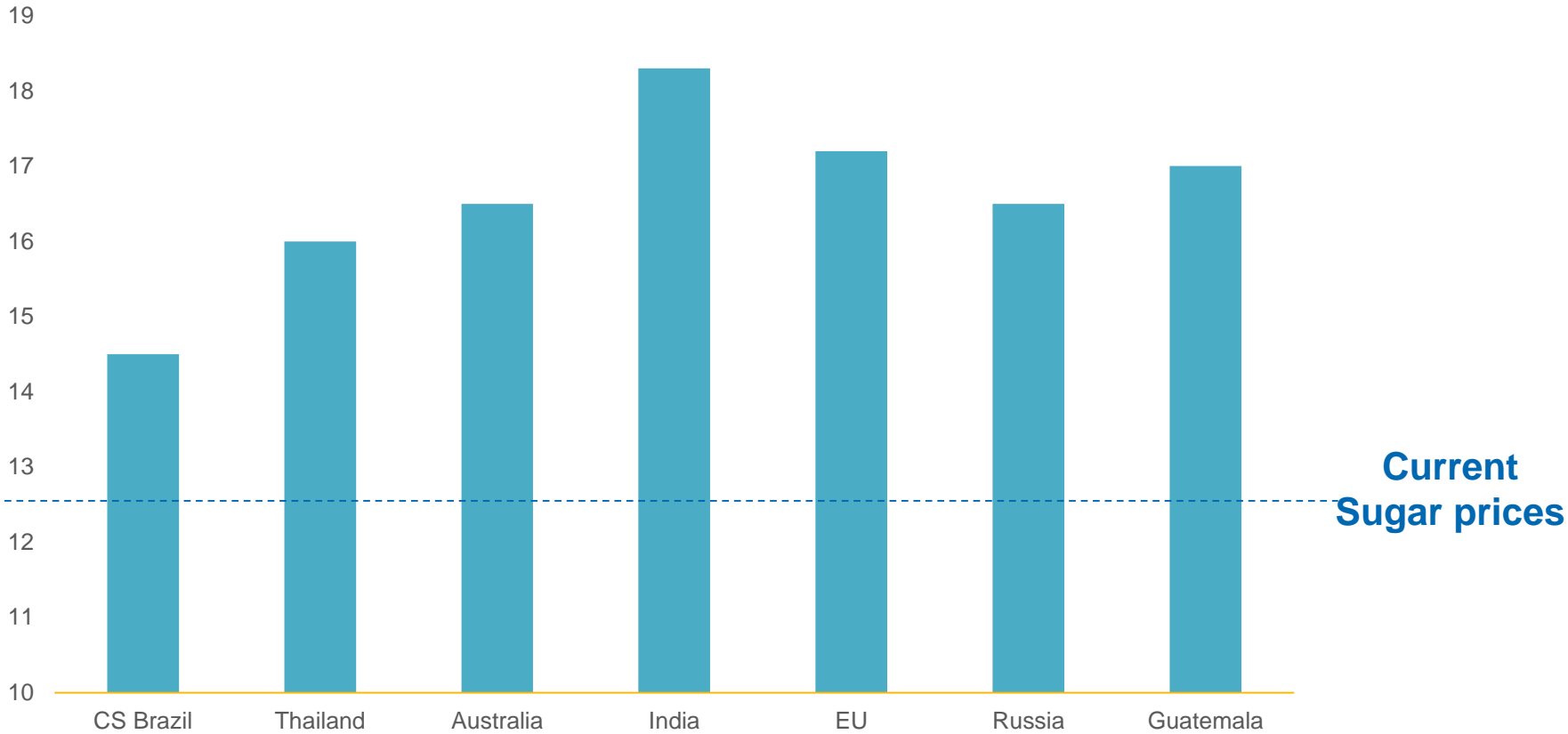
According to the Ministry of Mines and Energy, **ethanol supply must increase by more than 50% to meet national targets**

Source: Renovabio, Datagro

A necessary rise in world sugar prices

SUGAR COST PRODUCTION

— CUSD/LB —



Source: Citi Research, May 2018

A significant level of short positions on global sugar likely to accelerate the rise of prices



A significant level of short positions was recorded on the futures of raw sugar during the month of May 2019



The unwinding of these positions during the next market rebound is **likely to accelerate the rise in sugar prices**



*"The **enormous net short position** built up by non index funds means that when they buy back, they will almost certainly **start a bull trend.**"*

Dow Jones Newswires, 28 May 2019

*"Fund short covering could give added impetus to the **rebound from a 7-1/2 month low of 11.36 cents set on May 21.** The funds net short has now broken its record from last year and the fundamentals are **shifting incrementally in a bullish direction**, broker Marex Spectron said in a report. **Speculators sharply increased their net short position in raw sugar on ICE Futures U.S. in the week to May 21, U.S. government data showed on Friday.**"*

Reuters News, 28 May 2019

*"In the week to May 14 speculators increased their **net short position in ICE U.S. raw sugar futures to its highest since September.** They are probably, **currently, over 170,000 net short (positions)** after Friday's sell-off. Some correction is likely, a dealer said."*

Reuters News, 20 May 2019

A European market expected to be balanced in 2018/19

	17/18	18/19E	19/20E
Production	20,0	17,1	17,4
Imports	1,6	1,8	1,5
Consommation	17,7	17,5	17,3
Exports	3,6	1,7	1,5



**Beet area reduction of 6%
for the 2019 campaign**



**European market expected to
break even**

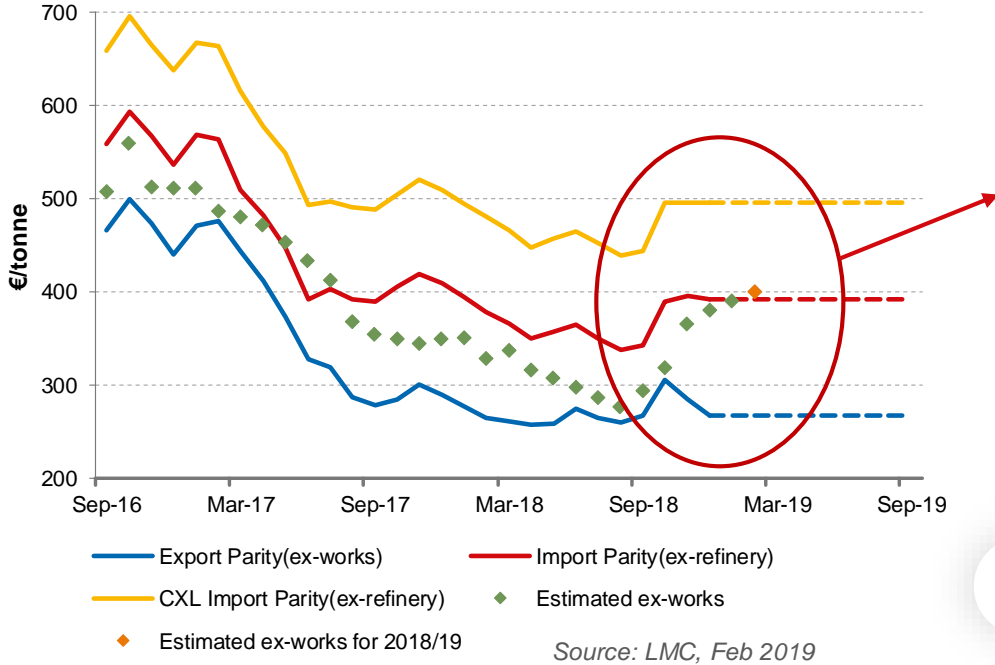
- Less pressure on exports
- Favorable conditions for the European premium

Source: Tereos

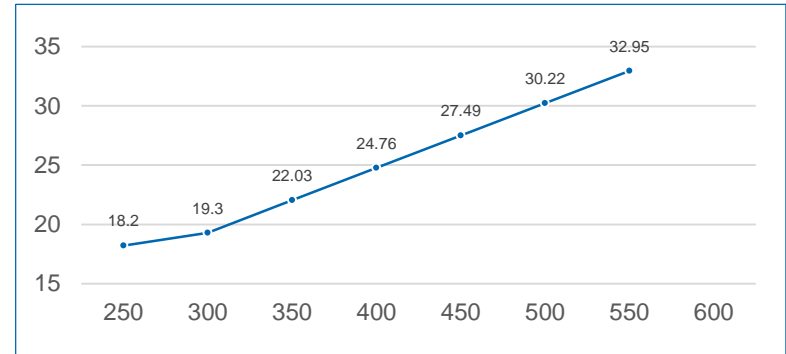
Tereos well positioned to benefit from market recovery during second semester

The Group is well positioned to benefit from the recovery of the European market

Evolution of import/export parities BN LITRES



SUGARBEET « MARKET » PRICE FORMULA (c/t)



Average sugar price equivalent (€/t)

- > No plant shutdown
- > A globally **stable level of planting** (~ -5%)

Note: Oct/Sep crop year
Source: Tereos

Brazil outlook – Sugar and ethanol



Good start to the campaign with positive market prospect



On going campaign

- Recovery of volumes : 19.5 MT for 19/20
- % of own sugar cane increasing from 44% to 54%



Agro-industrial operations

- Deployment of the Ambitions 2022 program
- Start of operations on VLI logistic partnership

Starches Europe outlook



Industrial reorganization and market share gains in dynamic markets



Industrial reorganization to increase capacity by 20% by 2022 and to strengthen the flexibility of the system

- Maximization of grinding capacity and utilization rate of assets
- Industrial reliability and enhanced flexibility
- Increasing production of wheat protein, dry starch and bioethanol



Operational costs optimization

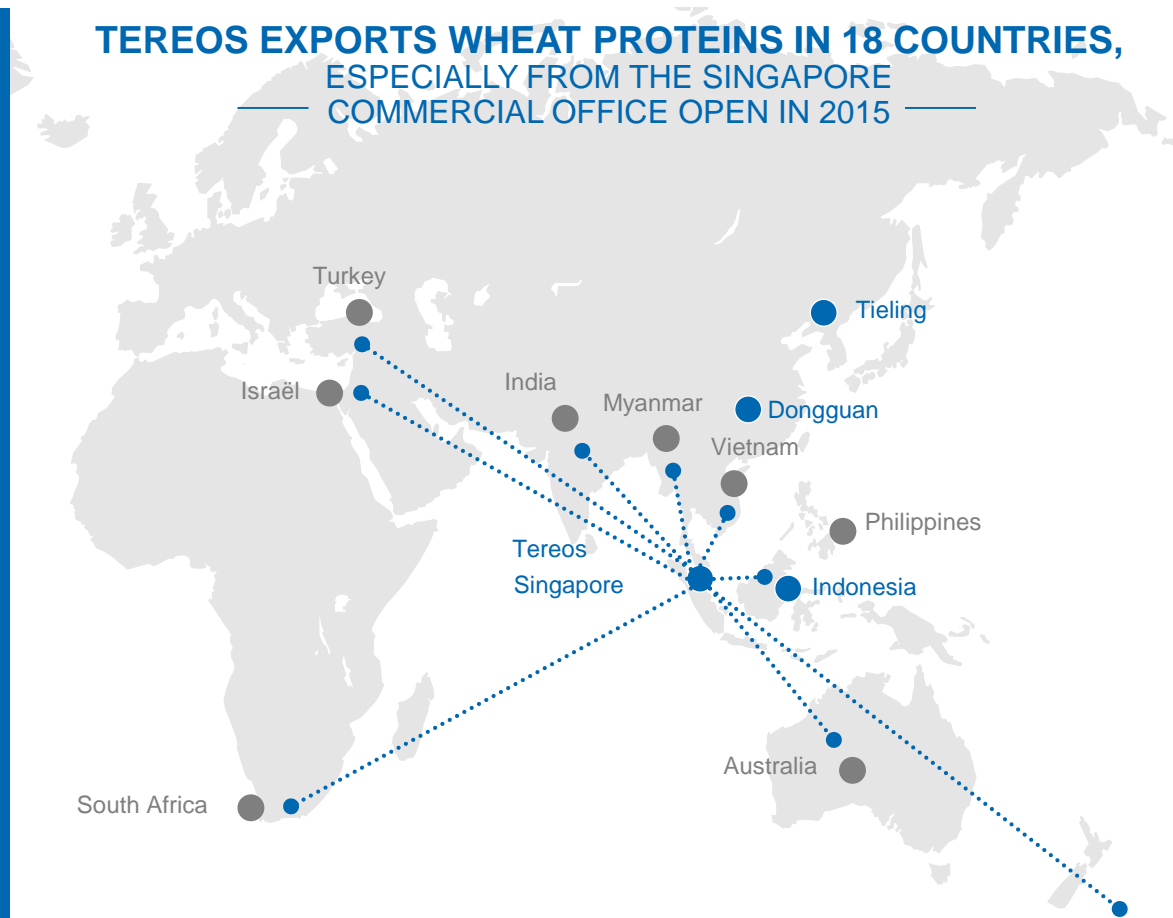
- Deploying the ambitions 2022 program
- Investment in cogeneration and energy efficiency projects
- Overall reduction of water consumption and increased efficiency of evaporation

Tereos, world player N#2 for wheat protein



- Tereos a global market share of **20%**
- **7 factories** in the two major production areas: Europe and China
- Europe and China account for **80%** of global production
- A market growing **by 10% a year**
- **Tereos has gained 11% market share in Asia** thanks to its locations in Singapore and China

**TEREOS EXPORTS WHEAT PROTEINS IN 18 COUNTRIES,
ESPECIALLY FROM THE SINGAPORE
COMMERCIAL OFFICE OPEN IN 2015**



Keeping our step ahead

Conclusion



Tereos

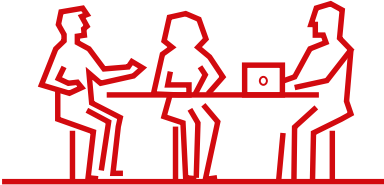
Our strategic pillars



**REDUCE
VOLATILITY**



**BE COMPETITIVE
IN GLOBAL MARKET**



**ADAPT TO NEW
MARKET TRENDS**

Continuous move of our markets towards international



ADAPT TO NEW
MARKET TRENDS

In 2025, mature markets
will only represent

24%

of world consumption

Global demand
slightly growing

1.8%

in average

Growth focused
in emerging countries

+2.2%



Continuing to leverage opportunities from fast growing markets



30% of sales are achieved in emerging countries

BRAZIL

Population : **207 M**
Sugar production: **39 Mt**
#1 world exporter



8 industrial sites
1 sales office

ASIA

China : 1,379 M people;
sugar deficit of **5.5 Mt**
Indonesia: 261 M people
and **#1 world sugar importer**



3 industrial sites
3 sales office

AFRICA

Population : **1,216 M**
Sugar consumption: **22 Mt**



3 industrial sites
2 sales office

● commercial office

Our product portfolio strategy



ADAPT TO NEW
MARKET TRENDS

Beyond short-term trends, new expectations from our customers and consumers

Nutrition & health

Values & simplicity

E-commerce

Sustainability



A portfolio of complementary and diversified products, in a context of sugar decreasing consumption



The specialist in natural sweetening solutions

Sweet&You

Tailor-made formulation capabilities and a collaborative approach with our customers through specific projects



R&D teams present on 6 sites (with 2 application labs in Asia, China since 2017, and Singapore since 2018)

Our new performance programme: Ambitions 2022



BE COMPETITIVE
IN A GLOBAL
MARKET

Ambitions
2022
Building One Tereos together

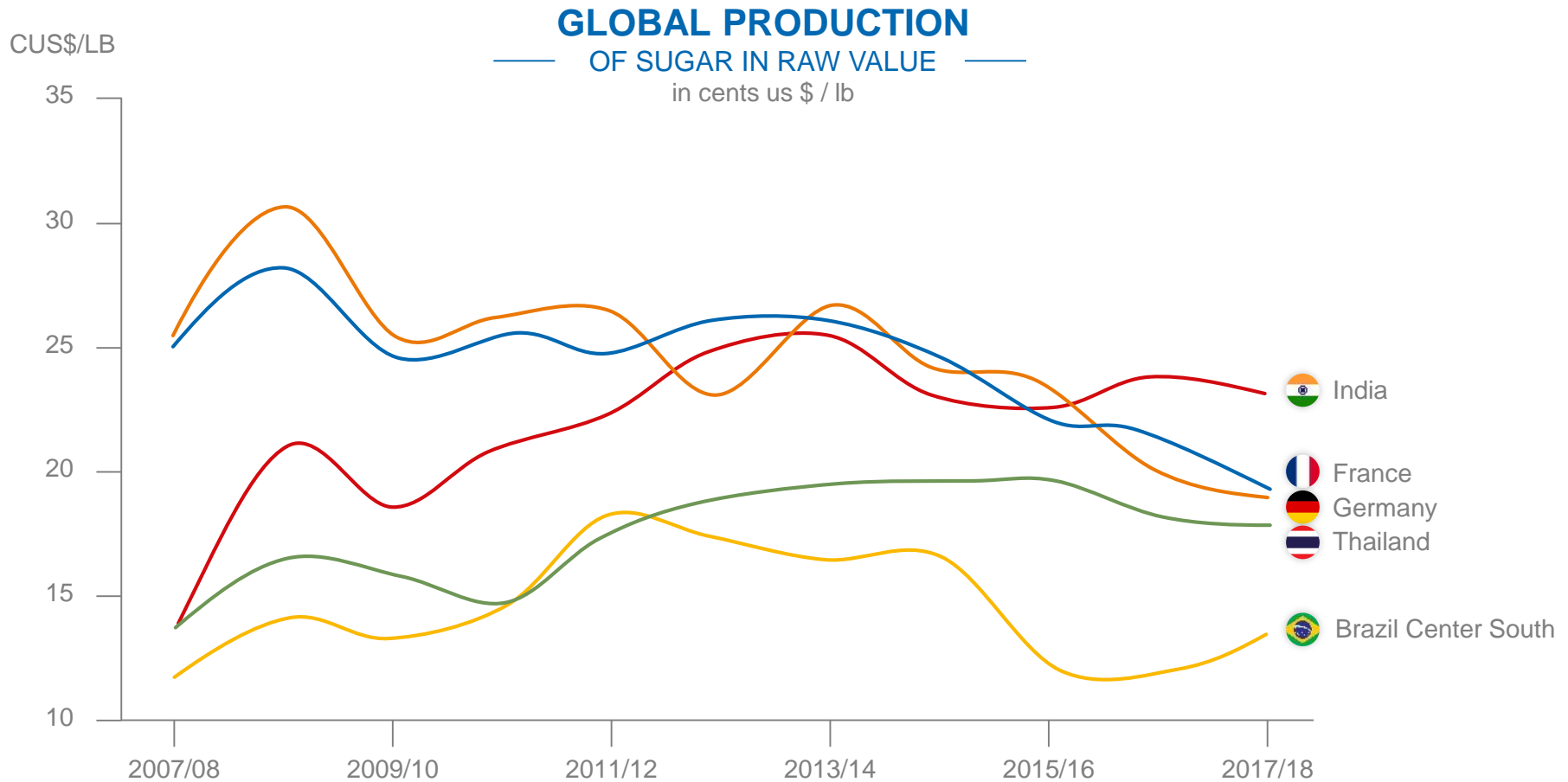


€200 M
gain

Our assets are highly performant & located in the most competitive regions



BE COMPETITIVE
IN A GLOBAL
MARKET



Source: Industry Data

Tereos invests in its "factory 4.0" digital plan



BE COMPETITIVE
IN A GLOBAL
MARKET

A €15 M investment launched in May 2019

- › Optimization of **yields** and **increase of capacities**
- › Optimization of **logistics circuits** (upstream + downstream)
- › Optimization of **maintenance** (predictive, augmented reality...)
- › **Automation, robotization** and use of **drones**
- › Improved **working environment** and digitization of the collaborator / visitor experience



Pilot Plant
Cruz Alta
(Brazil)



In parallel: development of digital projects in agriculture

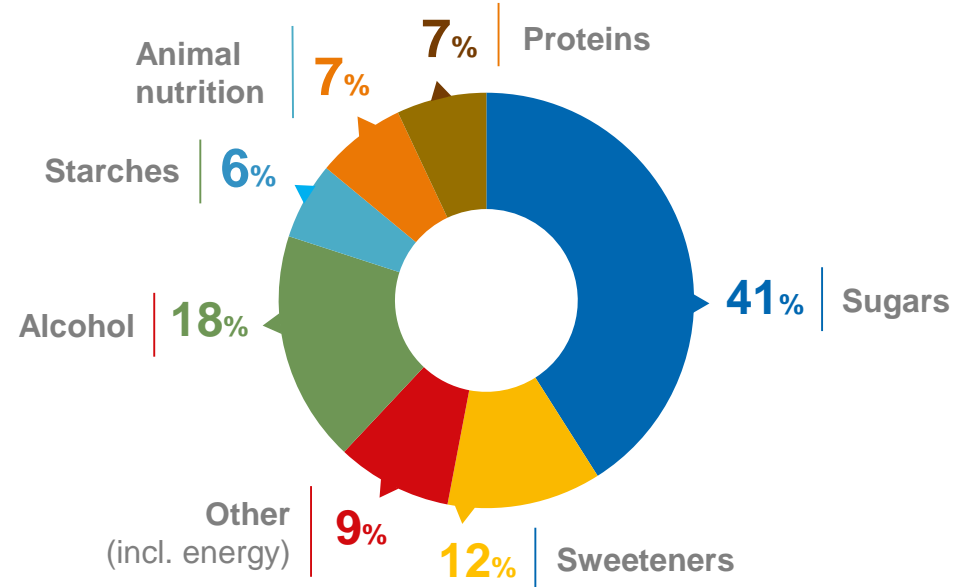
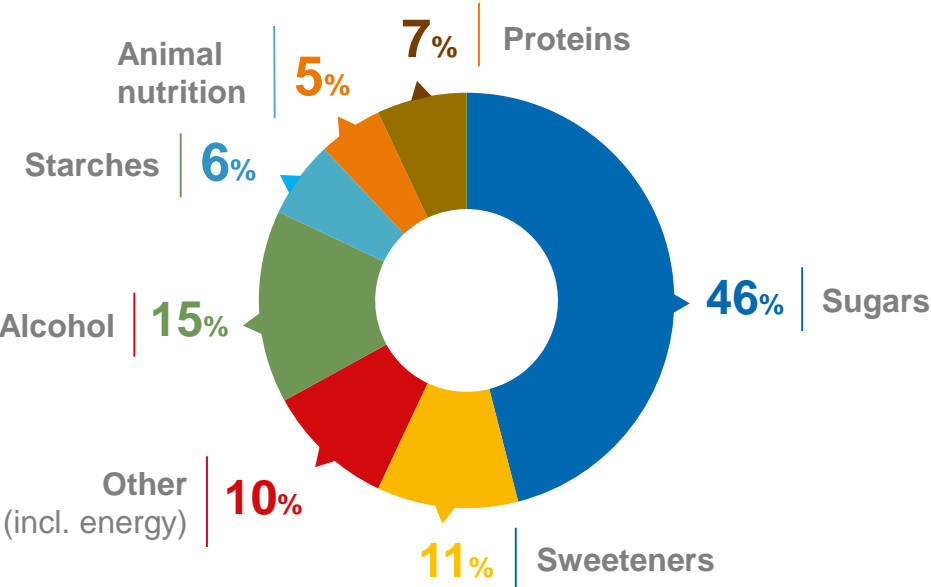
A diverse product portfolio developed around a robust asset base



REDUCE VOLATILITY

2017/18

2018/19



7 agricultural products



- + sugar beet
- + sugarcane
- + wheat
- + corn
- + potatoes
- + cassava
- + alfalfa

6 product families



- + sweeteners
- + starch
- + plant protein
- + animal feed
- + alcohol & ethanol
- + energy

6 markets



- + food
- + animal feed
- + pharmaceuticals & cosmetics
- + paper & cardboard
- + green chemistry
- + energy

Momentum and perspectives that confirm the strategic positioning of Tereos

A strategy that enables a
DEVELOPMENT
dynamic



Ambitions 2022

Diversification
and internationalization

Growing markets,
R&D and development
of the offer



- The Group continues to build on its strategy of **diversification and internationalization**
- **Perspectives** for the world and European markets for next crop are **positive**
- Our **ambitions 2022** plan is well underway and aims at generating more than **€200 M of operational gains**
- Based on this objective and current future prices, the Group estimates an **adjusted EBITDA range of €600-700 M in 2022**
- The Group pursues its study of a possible **opening of capital** of its industrial activities with a 2 to 3 years horizon

Appendices



Tereos

Free cash flow

Free Cash Flow - M€	17/18 FY	18/19 FY	var
Tereos Group			
Adj. EBITDA (bef. Price compl.)	594	275	-320
Seasonality adjustment	5	-1	-6
Cash Flow Hedge	53	46	-8
Non recurring	0	-26	-26
Net financial charges	-126	-125	0
Income tax paid	-34	-16	19
Cash Flow	492	153	-340
Change in working capital	5	190	185
Cash Flow from operating activities	497	343	-155
Maintenance & Renewal	-277	-274	3
Capex	-195	-165	30
Financial investments	-28	-8	20
Disposal of fixed and financial assets	5	4	-1
Dividends received	23	31	7
Cash Flow from (used in) investing activities	-471	-411	60
Cash Flow after investing activities	26	-69	-94
Dividends paid & price complement	-76	-29	47
Capital increases/other capital movements *	8	5	-3
Cash Flow from (used in) transactions relating to equity	-68	-24	44
Free Cash-Flow	-42	-92	-51

(*) integrates "proceeds from issuance (buy-back of) bonds redeemable in shares and hybrid perpetual bonds"

