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DATE 26 April 2023

Corbion Q1 2023 Interim Management Statement

Corbion, the Amsterdam-listed sustainable ingredients company that champions preservation through the application of science, today publishes its results for the quarter ending 31 March 2023.

Key highlights first quarter of 2023

- Net sales € 359.6 million; an increase of 12.3%, of which organic 8.9%
- Adjusted EBITDA € 48.4 million; an increase of 21.0%, of which organic 18.5%
- Operating profit € 26.9 million; a decline of 10.9% due to last year's book profit of € 9.0 million related to the sale of a US warehouse. Organic growth of 16.5%.
- Core Net sales: organic growth 9.9%, higher prices more than offset a decline in volume/mix
- Core Adjusted EBITDA: organic growth 18.5%
- FY23 outlook improved: core Adjusted EBITDA organic growth at high end of range 15-20%
- 'Advance 2025' strategy implementation on-track

€ million	Q1 2023	Q1 2022	Total growth	Organic growth
Net sales	359.6	320.1	12.3%	8.9%
Adjusted EBITDA	48.4	40.0	21.0%	18.5%
Operating profit	26.9	30.2	-10.9%	16.5%
Core activities				
Net sales	312.5	276.2	13.1%	9.9%
Adjusted EBITDA	41.6	34.7	19.9%	18.5%

Commenting on today's results, Olivier Rigaud, CEO, said:

"In a high inflationary environment, we delivered strong growth in Q1 in both Net sales and Adjusted EBITDA. We successfully secured price increases in the course of 2022 as compensation for higher input costs. We are now starting to see some relaxation in input prices.

In Sustainable Food Solutions, we have experienced destocking in the value chain, as well as some indications of softening of consumer demand in line with macro conditions. As previously indicated, we expect our expansion plans in product/market adjacencies to contribute to sales growth in the second half of 2023. In Lactic Acid & Specialties, we have seen a continuation of lower levels of sales to the TotalEnergies Corbion joint venture, whilst our Pharma and Biomedical businesses continue to perform well. The Algae Ingredients business has maintained strong and profitable growth, and we have initiated activities to generate additional growth beyond aquaculture.

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Building on Corbion's first-quarter performance and despite some challenging circumstances, we are on-track to improve our absolute adjusted EBITDA for the full year, and have accordingly raised our expected growth to the upper end of our 15-20% guidance range. Furthermore, the divestment process of our US emulsifiers business is progressing well, and we anticipate to conclude a transaction before the end of 2023."

Segment information

Core activities

The core activities, which include Sustainable Food Solutions, Lactic Acid & Specialties, Algae Ingredients and Incubator, delivered a 13.1% increase in Net sales. This growth was driven by an organic 9.9% increase in Net sales and positive currency effects of 3.2%, primarily due to a stronger US dollar. The Adjusted EBITDA increased by 19.9% to € 41.6 million, with organic growth accounting for 18.5% of the increase.

Sustainable Food Solutions

Net sales in Sustainable Food Solutions increased organically by 8.3%, primarily driven by a positive pricing impact of 14.6%. This increase was partially offset by a volume/mix decline of 6.3%. The pricing impact was a result of our initiatives to compensate for additional input costs by securing price increases during 2022. At the same time we experienced a decline in volume/mix due to a continuation of destocking in the supply chain and a softening of consumer demand in line with macro conditions. We also saw some volume/mix losses in the less specialized part of our portfolio as we maintained our pricing discipline. The Adjusted EBITDA margin was 10.8%, which is a 250bps increase compared to Q4 '22. The Q1 '23 Adjusted EBITDA has been adversely impacted by optimization of inventories.

Lactic Acid & Specialties

In Lactic Acid & Specialties, Net sales increased organically by 8.5%, with a price uplift of 16.3% driving most of the increase, while volume/mix decreased by 7.8%. The volume/mix decline was primarily due to the continuation of lower levels of lactic acid supplied to the TotalEnergies Corbion joint venture and lower demand in the semiconductor business given the current market slowdown, as previously guided. However, we have continued to see strong performance in the Pharma and Biomedical markets, which contributed to an improvement in the Adjusted EBITDA margin for the quarter to 22.0%, a 440bps increase compared to Q4 '22.

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Algae Ingredients

In Algae Ingredients, Net sales showed a significant organic growth of 52.1%, primarily driven by higher sales of AlgaPrime™ DHA (omega-3) within the aquaculture sector. We have been able to achieve profitable growth within aquaculture by capitalizing on the overall industry growth, increased penetration of major aquafeed producers, and favourable pricing dynamics. Additionally, we have initiated activities to expand beyond the aquaculture sector. The Adjusted EBITDA was positive at € 0.2 million, representing an increase of € 2.7 million compared to Q1 '22.

Incubator

Currently, there are no sales within the Incubator segment. The Adjusted EBITDA of € -2.6 million reflects investments in various programs as outlined at the December 2022 Capital Markets Day. These programs include: Algae portfolio expansion, Biopolymers, Natural preservation, Circular raw materials, and Net zero. Costs associated with Incubator operations amount to 0.8% of core sales (Q1 '22: 0.7% of core sales), in line with financial guidance of 0.5% - 1.5% of core sales.

Non-core activities

In the non-core activities, Net sales grew organically by 2.7% to € 47.1 million, driven by a price increase of 21.6%, which offsets a decline in volume/mix of 18.9%. The price increase was implemented in response to additional input costs incurred in 2022. The Adjusted EBITDA increased by € 1.5 million to € 6.8 million, representing a growth of 28%.

TotalEnergies Corbion joint venture

Net sales in the joint venture declined by 46.5% in Q1 '23 (organic decline was 49%) mainly driven by lower volumes. The Adjusted EBITDA margin was 15.2% which is lower than Q1 '22, but 890bps higher than Q4 '22.

€ million *	Q1 2023	Q1 2022	Total growth	Organic growth
Net sales	25.7	48.0	-46.5%	-48.8%
EBITDA	3.9	15.6	-75.0%	-76.0%
EBITDA margin	15.2%	32.5%		

* Results on 100% basis. Corbion owns 50% of TotalEnergies Corbion joint venture

The decline in sales of PLA has become more significant since mid-2022, largely due to Chinese lockdown measures and higher freight rates from China to the US, which have negatively affected the overall PLA market. Additionally, the sales decline has been impacted by the current economic climate.

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Outlook 2023

Core organic Net sales growth is anticipated to be in the range of 7-10%, due to positive pricing and a low single-digit volume/mix growth for the full year. We anticipate that volume/mix growth will improve over the coming quarters, due to the expansion plans for Sustainable Food Solutions and the first half of 2023 being impacted by lower sales to the TotalEnergies Corbion joint venture.

The sales growth and realization of operational efficiencies are expected to result in a core Adjusted EBITDA organic growth for the full year at the upper end of the previously stated range of 15-20%.

The covenant net debt/covenant EBITDA ratio is expected to be in the 2.5 - 2.9x range by end of 2023. This range excludes the positive impact upon the realization of the divestment of our non-core emulsifier business.

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Financial results

Net sales	Volume /Mix	Price	Organic	Currency	Acquisitions/ (Divestments)	Total growth
Q1 2023 vs Q1 2022						
Core	-6.1%	16.0%	9.9%	3.2%	0.0%	13.1%
- Sustainable Food Solutions	-6.3%	14.6%	8.3%	3.6%	0.0%	11.9%
- Lactic Acid & Specialties	-7.8%	16.3%	8.5%	2.1%	0.0%	10.6%
- Algae Ingredients	15.6%	36.5%	52.1%	7.3%	0.0%	59.4%
Non-core	-18.9%	21.6%	2.7%	4.6%	0.0%	7.3%
Total	-7.8%	16.7%	8.9%	3.4%	0.0%	12.3%

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Profit & Loss

€ million	Q1 2023	Q1 2022		Growth
Net sales				
Core	312.5	276.2		13.1%
- Sustainable Food Solutions	191.2	170.8		11.9%
- Lactic Acid & Specialties	106.0	95.8		10.6%
- Algae Ingredients	15.3	9.6		59.4%
Non-core	47.1	43.9		7.3%
Total net Sales	359.6	320.1		12.3%
Adjusted EBITDA*				
Core	41.6	34.7		19.9%
- Sustainable Food Solutions	20.7	22.2		-6.8%
- Lactic Acid & Specialties	23.3	17.0		37.1%
- Algae Ingredients	0.2	(2.5)		108.0%
- Incubator	(2.6)	(2.0)		-30.0%
Non-core	6.8	5.3		28.3%
Total Adjusted EBITDA	48.4	40.0		21.0%
Adjusted EBITDA margin*				
Core	13.3%	12.6%		
- Sustainable Food Solutions	10.8%	13.0%		
- Lactic Acid & Specialties	22.0%	17.7%		
- Algae Ingredients	1.3%	-26.0%		
Non-core	14.4%	12.1%		
Total Adjusted EBITDA margin	13.5%	12.5%		

* Adjusted EBITDA (Margin) Q1 '22 has been restated due to re-allocation of G&A costs (as previously communicated at FY2022 Results).

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This press release contains inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation.

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Background information

Corbion is a sustainable ingredients company dedicated to preserving what matters, including food and food production, health, and the planet. We specialize in lactic acid, lactic acid derivatives, food preservation solutions, functional blends, and algae ingredients, using our deep application and product knowledge to propel nature's ingenuity through science. With more than a century of experience, we continue working side-by-side with our customers to make our cutting-edge technologies work for them. Leveraging our advanced capabilities in fermentation and preservation technology, we help customers differentiate their products in diverse markets ranging from food and animal nutrition to home & personal care, pharmaceuticals, electronics, medical devices, and bioplastics. In 2022, Corbion generated annual sales of €1,457.9 million with a workforce of 2,601 FTEs. Corbion is listed on Euronext Amsterdam. For more information: www.corbion.com