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DATE 1 November 2019

Corbion Q3 2019 Interim Management Statement

Corbion reported sales of € 728.9 million in the first nine months of 2019, an increase of 9.4% compared to the first nine months of 2018. Organic sales growth was 2.8%. Adjusted EBITDA in the first nine months increased organically by 5.8% to € 112.1 million.

"Quarter three is my first quarter as CEO, and I am happy to see a combination of organic sales growth in excess of 6% and healthy EBITDA growth. Growth was driven by continued improvements in Food, particularly by natural preservation solutions in Meat, and strong momentum in PLA-related sales. However, in Biochemicals we continued to see weakness in Electronics, and Algae Ingredients are behind our expectation despite significant growth in the quarter. As a consequence, we have to slightly downward adjust our full-year net sales outlook. In the past few months I have visited all the Corbion locations and met most of our people around the world. This further strengthened my excitement about the future of our company", commented Olivier Rigaud, CEO.

Key financial highlights first nine months of 2019

- Net sales organic growth YTD was 2.8%
- Adjusted EBITDA YTD was € 112.1 million, an organic increase of 5.8%
- Adjusted EBITDA margin YTD was 15.4%
- One-off items at EBITDA level of € 3.0 million
- Operating result YTD was € 71.4 million, an organic increase of 2.3%

€ million	YTD 2019	YTD 2018	Total growth	Organic growth
Net sales	728.9	666.4	9.4%	2.8%
Adjusted EBITDA	112.1	104.4	7.4%	5.8%
Adjusted EBITDA margin	15.4%	15.7%		
Operating result	71.4	72.5	-1.5%	2.3%

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Segment information

Ingredient Solutions

Net sales in the first nine months in Ingredient Solutions, which encompasses Food and Biochemicals, increased by 7.0%, mostly driven by a positive currency effect of 4.6% and organic net sales growth of 0.9%. The adjusted EBITDA margin increased from 19.7% to 20.3%.

Business segment Food

Net sales in the first nine months increased organically by 2.5%. Bakery, the largest segment in Food, continued its net sales growth path YTD and in Q3. In Meat we saw the shift in the portfolio mix towards natural preservation solutions continuing, which translated into above-average growth rates. In Q3, growth in our Meat segment was the highest of the year. In other markets (Beverages, Confectionery, Dairy) sales were stable compared to last year in the first nine months, and increased slightly in Q3. The adjusted EBITDA margin YTD increased from 17.5% to 17.8%.

Business segment Biochemicals

Net sales in the first nine months decreased organically by 3.5%. All markets were in decline except for Medical/Pharma. The biggest declines YTD were in the Electronics segment due to a slowdown in semiconductor markets, and in the Agrochemicals segment in anticipation of a regulatory phase-out of a category of actives by our customers. In Q3, most segments grew. However, due to adverse market conditions in Electronics overall Biochemicals net sales declined for the quarter. The adjusted EBITDA margin YTD in Biochemicals continued to be significantly ahead of last year (28.0% vs 25.6%) mostly due to positive mix effects.

Innovation Platforms

Net sales in the first nine months organically increased by 37%, mostly driven by increased lactic acid sales to the Total Corbion PLA joint venture. The PLA joint venture continues to develop beyond our expectations. Q3 was the best quarter for Algae Ingredients thus far, primarily driven by the seasonal pattern in aquaculture, which is reflected in the lower Q3 EBITDA loss for Innovation Platforms. However, overall net sales growth in Algae Ingredients remains below our earlier expectations.

Outlook 2019

For Ingredient Solutions we expect organic full-year net sales growth to be in the 0-1% range (was: 1-2%) as Biochemicals sales performance has further weakened in Electronics. For Food we expect organic net sales growth to accelerate into the second half of 2019 (unchanged; H1 2019: 2.0%). We expect a full-year Biochemicals sales decline but expect Biochemicals H2 organic sales growth performance to improve compared to (or versus) H1 (unchanged; H1 2019: -3.9%).

We expect the EBITDA margin for Ingredient Solutions to improve versus 2018, reconfirming our guidance of >19%. The Q4 EBITDA margin in Ingredient Solutions is typically the weakest of the year and will be additionally adversely impacted by ERP go-live costs.

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For Innovation Platforms in 2019 we reconfirm our expectations of >20% organic net sales growth. Q4 sales growth will be adversely impacted by a planned temporary shutdown in Thailand in relation to the lactic acid capacity expansion. We expect a higher net sales level in H2 versus H1 (unchanged), driven by both our PLA-related lactic acid sales and the Algae Ingredients sales. For 2019, the EBITDA loss is expected to be around € -35 million (unchanged).

In aggregate, we expect organic 2019 net sales growth for Corbion to be below the target 3-6% growth guidance range (was: near the low end of the target 3-6% growth guidance range.).

Financial results

Net sales	Total growth	Currency	Total growth at constant currency	Acquisitions	Organic growth	Price/Mix	Volume
YTD 2019 vs 2018							
Ingredient Solutions	7.0%	4.6%	2.4%	1.5%	0.9%	1.2%	-0.3%
- Food	9.5%	5.0%	4.5%	2.0%	2.5%	1.7%	0.8%
- Biochemicals	-0.1%	3.4%	-3.5%	0.0%	-3.5%	0.4%	-3.9%
Innovation Platforms	54.8%	9.7%	45.1%	7.7%	37.4%	-15.5%	62.6%
Total	9.4%	4.8%	4.6%	1.8%	2.8%	-1.6%	4.4%
Q3 2019 vs Q3 2018							
Ingredient Solutions	8.4%	4.0%	4.4%	2.5%	1.9%	0.9%	1.0%
- Food	11.1%	4.4%	6.7%	3.4%	3.3%	1.7%	1.6%
- Biochemicals	0.2%	2.8%	-2.6%	0.0%	-2.6%	-1.3%	-1.3%
Innovation Platforms	99.2%	13.9%	85.3%	0.0%	85.3%	-14.9%	116.9%
Total	13.1%	4.5%	8.6%	2.4%	6.2%	-3.3%	9.5%

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€ million	YTD 2019	YTD 2018	Q3 2019	Q3 2018		Growth YTD
Net sales						
Ingredient Solutions	676.9	632.8	233.3	215.3		7.0%
- Food	509.6	465.4	178.8	160.9		9.5%
- Biochemicals	167.3	167.4	54.5	54.4		-0.1%
Innovation Platforms	52.0	33.6	23.7	11.9		54.8%
Total net sales	728.9	666.4	257.0	227.2		9.4%
Adjusted EBITDA						
Ingredient Solutions	137.3	124.4	46.5	39.6		10.4%
- Food	90.5	81.5	31.0	26.8		11.0%
- Biochemicals	46.8	42.9	15.5	12.8		9.1%
Innovation Platforms	(25.2)	(20.0)	(5.8)	(6.7)		25.9%
Total Adjusted EBITDA	112.1	104.4	40.7	32.9		7.4%
Adjustments	3.0	(1.7)	(0.4)	0.0		
Total EBITDA	115.1	102.7	40.3	32.9		12.1%
Depreciation/amortization/ (reversal of) impairment (in)tangibles	(43.7)	(30.2)	(15.3)	(10.6)		44.7%
Total Operating Result	71.4	72.5	25.0	22.3		-1.5%
Adjusted EBITDA margin						
Ingredient Solutions	20.3%	19.7%	19.9%	18.4%		
- Food	17.8%	17.5%	17.3%	16.7%		
- Biochemicals	28.0%	25.6%	28.4%	23.5%		
Innovation Platforms	-48.5%	-59.5%	-24.5%	-56.3%		
Total Adjusted EBITDA margin	15.4%	15.7%	15.8%	14.5%		
Total Adjusted EBITDA excl. acquisitions/divestments, at constant currencies	110.5	104.4	38.6	32.9		5.8%

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

For more information, please contact:

Analysts and investors:

Jeroen van Harten, Director Investor Relations
+31 (0)20 590 6293, +31(0)6 21 577 086

Press:

Tanno Massar, Director Corporate Communications
+31 (0)20 590 6325, +31 (0)6 11 589 121

Background information:

Corbion is the global market leader in lactic acid, lactic acid derivatives, and a leading company in emulsifiers, functional enzyme blends, minerals, vitamins and algae ingredients. We develop sustainable ingredient solutions to improve the quality of life for people today and for future generations. For over 100 years, we have been uncompromising in our commitment to safety, quality, innovation and performance. Drawing on our deep application and product knowledge, we work side-by-side with customers to make our cutting edge technologies work for them. Our solutions help differentiate products in markets such as food, home & personal care, animal nutrition, pharmaceuticals, medical devices, and bioplastics. In 2018, Corbion generated annual sales of € 897.2 million and had a workforce of 2,040 FTE. Corbion is listed on Euronext Amsterdam. For more information: www.corbion.com