

PRESS RELEASE

DATE 30 April 2020

Corbion Q1 2020 Interim Management Statement

Corbion reported sales of € 256.3 million in the first quarter of 2020, an increase of 12.0% due to organic sales growth of 9.6% and positive currency effects. Adjusted EBITDA increased organically by 24.1% to € 44.4 million due to improvements in all business segments.

“Our purpose ‘preserving food, food production, health and the planet’ has never been more meaningful and relevant than during the current pandemic crisis. I could not be prouder of our teams across the globe, producing record volumes under very challenging circumstances, always ensuring health and safety of our colleagues as our first priorities. All business segments improved significantly over last year, both in sales and profits. The COVID-19 crisis pushed up sales even further in March, building on a strong start of the year. Consumer buying patterns shifted from out-of-home channels to food retail. Additionally, our customers were securing supplies to ensure production continuity. As we are implementing our new strategic plan *Advance 2025*, I am confident in Corbion’s fundamentals and business model resilience to continue to create value in a sustainable way”, commented Olivier Rigaud, CEO.

Key financial highlights first quarter of 2020

- Net sales growth was 12.0%; organic growth was 9.6% (11.1% for core activities)
- Adjusted EBITDA was € 44.4 million, an organic increase of 24.1%
- Adjusted EBITDA margin was 17.3% (17.7% for core activities)
- Operating result was € 27.4 million, an organic increase of 34.6%

€ million	YTD 2020	YTD 2019	Total growth	Organic growth
Net sales	256.3	228.9	12.0%	9.6%
Adjusted EBITDA	44.4	34.9	27.2%	24.1%
Adjusted EBITDA margin	17.3%	15.2%		
Operating result	27.4	20.1	36.3%	34.6%

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Segment information

Core activities

Net sales in the core activities, which encompasses Sustainable Food Solutions, Lactic Acid & Specialties, and Incubator, increased by 15.0%, driven by organic net sales growth of 11.1% and positive currency effects. The adjusted EBITDA margin increased from 15.4% to 17.7%. We estimate that the COVID-19-pandemic has had a positive impact on our organic net sales growth in the core activities of approximately 300 bps, even though the exact magnitude is hard to determine. Over the month of March, this impact was predominantly seen in our Sustainable Food Solutions segment.

Sustainable Food Solutions

Net sales increased organically by 8.3%. In Functional Systems we saw particularly strong growth in bread solutions as customers were securing supply and accommodating the consumer shift to packaged bread. In Preservation, the higher consumer demand for meat products with extended shelf-life drove our growth. The adjusted EBITDA margin increased from 17.6% to 18.0%.

Lactic Acid & Specialties

Net sales increased organically by 14.7%. The strong increase was driven by high growth in lactic acid (also to the Total Corbion PLA JV). Lactate sales to the pharma industry grew, as well as the ester (solvents) sales, driven by a substantial sales recovery to the semiconductor industry. Medical polymer sales were at a similar level as last year's record quarter. The adjusted EBITDA margin in Lactic Acid & Specialties increased from 23.6% to 25.0%.

Incubator

Net sales increased by 86.6%, mostly driven by higher AlgaPrime DHA (omega-3) sales. The increase was supported by the launch of a liquid version of our product, which makes it more convenient for some of our customers to include in the fish feed. Adjusted EBITDA losses declined from € -7.7 million in Q1 2019 to € -5.7 million in Q1 2020, supported by fixed cost savings.

Non-core activities

Net sales increased organically by 2.7%. This was the balance between higher emulsifier sales, slightly higher frozen dough sales, and lower co-packing blending which is being phased out. The adjusted EBITDA margin in non-core activities increased from 14.4% to 15.6%.

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COVID-19 update

- All plants are in operation, with measures in place to secure everyone's health as first priority. Because of our position as a key supplier in the food and pharma supply chain, our plants in most countries were qualified as 'essential', enabling our people and contractors to come to the plant and continue their activities, and enabling us to serve our customers in the best possible way. In one of our plants a minor production line has temporarily been shut down to make the necessary adjustments as a safe working distance could not be maintained.
- COVID-19 infections among Corbion employees have been very limited. Contingency plans to ensure business continuity in case of increased infection levels have been put in place.
- We experienced only minor raw material supply issues, but all were resolved. We are continuously managing our in- and outbound supply chain and taking appropriate action to mitigate risk. We have increased inventory levels of strategic raw materials.
- Our net debt/EBITDA at end of Q1 was 2.0x (unchanged from year-end 2019), well below our loan covenants. From a refinancing perspective our funding is secure. As a precautionary measure we have increased our cash balances by partially drawing on our revolving credit facility.

Outlook FY2020 (for core activities)

Even though our Q1 performance was better than the indicated annual guidance levels, we don't expect these growth and profitability levels to be repeated in the coming quarters given the uncertainty at this moment about the development of the COVID-19 pandemic and its impact on the general economic climate going forward. At this stage we leave our annual guidance for our core activities unchanged: Organic net sales growth in the 4-7% range, and adjusted EBITDA margin to be stable vs FY19 at ~15%.

Financial results

Net sales	Total growth	Currency	Total growth at constant currency	Acquisitions/ (Divestments)	Organic	Price/Mix	Volume
YTD 2020 vs YTD 2019							
Core	15.0%	1.3%	13.7%	2.6%	11.1%	-3.6%	15.3%
- Sustainable Food Solutions	13.4%	1.1%	12.3%	4.0%	8.3%	-0.6%	9.0%
- Lactic Acid & Specialties	16.7%	2.0%	14.7%	0.0%	14.7%	-8.2%	25.0%
- Incubator	64.3%	-22.3%	86.6%	0.0%	86.6%	-17.1%	125.0%
Non-Core	-1.4%	2.9%	-4.3%	-7.0%	2.7%	-1.7%	4.5%
Total	12.0%	1.6%	10.4%	0.8%	9.6%	-3.4%	13.4%

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€ million	YTD 2020	YTD 2019		Growth YTD
Net Sales				
Core	215.2	187.2		15.0%
- Sustainable Food Solutions	136.2	120.1		13.4%
- Lactic Acid & Specialties	76.7	65.7		16.7%
- Incubator	2.3	1.4		64.3%
Non-Core	41.1	41.7		-1.4%
Total Net Sales	256.3	228.9		12.0%
Adjusted EBITDA				
Core	38.0	28.9		31.5%
- Sustainable Food Solutions	24.5	21.1		16.1%
- Lactic Acid & Specialties	19.2	15.5		23.9%
- Incubator	(5.7)	(7.7)		26.0%
Non-Core	6.4	6.0		6.7%
Total Adjusted EBITDA	44.4	34.9		27.2%
Adjusted EBITDA margin				
Core	17.7%	15.4%		
- Sustainable Food Solutions	18.0%	17.6%		
- Lactic Acid & Specialties	25.0%	23.6%		
- Incubator	-247.8%	-550.0%		
Non-Core	15.6%	14.4%		
Total Adjusted EBITDA margin	17.3%	15.2%		

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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 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