

## PRESS RELEASE

29 January 2020

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## Corbion management update

- **Corbion will invest approximately US\$ 190 million in a new 125,000 metric tons lactic acid plant in Thailand, operating at the highest sustainability standards and lowest costs**
- **Corbion committed to Algae Ingredients with stronger focus. Slower than expected progress triggered non-cash impairment, impacting net result by approx. € -25 million**
- **Preliminary (unaudited) FY 2019 results exceeded most recent management guidance**
- **Capital Markets Day set for 9 March**

Olivier Rigaud, CEO, commented: “We are making good progress in the review of our current strategy. We will give an extensive update during a Capital Markets Day on 9 March, at which time we will also publish our fully audited results. However, several important strategic decisions have already been made.

We are the global market leader in lactic acid production. To further strengthen this leadership position in an attractive growth market, we have decided to build a new lactic acid plant at the existing Corbion site in Rayong Province in Thailand. As PLA is developing better than expected, the urgency behind expanding our lactic acid production capacity has only increased. The new plant will be based on our innovative and proprietary gypsum-free technology. This new technology will further enhance our position as lowest cost producer of lactic acid at the highest sustainability standards.

I am a firm believer in the potential of algae technology. The current strategic review has already led to the decision to continue to invest in Algae Ingredients. However, pushing into new territories with revolutionary new ingredients goes hand in hand with timelines to commercial success that are inherently difficult to predict. Going forward we will be more selective in our target markets, and significantly reduce our cost base of Algae Ingredients. As we indicated earlier, Algae Ingredients is developing slower than expected which required us to review the asset value, subsequently followed by an impairment.

I am pleased with the strong fourth quarter as we saw a further acceleration of organic growth. The preliminary (unaudited) FY 2019 results exceeded our most recent management guidance (October 2019) for Ingredient Solutions, while Innovation Platforms performed as expected. We expect to report FY 2019 Net sales of € 976.4 million and Adjusted EBITDA of € 145.9 million.”

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### Corbion preliminary unaudited full year 2019 results

#### Key financial highlights FY 2019

- Net sales organic growth was 2.5%
- Adjusted EBITDA was € 145.9 million, an organic increase of 7.8%
- Adjusted EBITDA margin was 14.9%

(unaudited)

€ million	FY 2019	FY 2018	Total growth	Organic growth
Net sales	976.4	897.2	8.8%	2.5%
Adjusted EBITDA	145.9	131.6	10.9%	7.8%
Adjusted EBITDA margin	14.9%	14.7%		

Net sales in 2019 increased by 8.8% to € 976.4 million (2018: € 897.2 million), mostly due to a volume increase (3.4%), and a positive currency impact (4.3%), partly offset by a negative price/mix effect (-0.9%). The acquisition of the remaining 49.9% in the SB Renewable Oils joint venture (as per June 4<sup>th</sup> 2018) and Granotec do Brazil (as per April 1<sup>st</sup> 2019) positively impacted net sales by 2.0%.

#### Ingredient Solutions

Net sales in Ingredient Solutions, which encompasses Food and Biochemicals, increased organically by 1.4% in FY 2019, driven by growth in the Food business segment, while the Biochemicals business segment declined versus FY 2018 on an organic basis. Organic net sales growth in Q4 for Ingredient Solutions was 2.8%. The Adjusted EBITDA margin in FY 2019 increased from 19.0% to 19.8%.

#### *Business segment Food*

Net sales in FY 2019 increased organically by 3.1%. Bakery, the largest segment in Food, grew throughout the year, with Q4 being the strongest quarter. In Meat we see the shift in portfolio mix towards natural preservation solutions continuing, which translates into above average growth rates. In Q4, growth in our Meat segment was the highest of the year. In other markets (Beverages, Confectionery, Dairy), sales were stable compared to last year, both FY and in Q4. The Adjusted EBITDA margin YTD increased from 16.9% to 17.4%.

#### *Business segment Biochemicals*

Net sales in FY 2019 decreased organically by 3.5%. All markets declined except for Medical/Pharma. The biggest declines 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. Q4 showed the same pattern. The Adjusted EBITDA margin FY 2019 in Biochemicals was significantly ahead of last year (27.0% vs. 24.7%) mostly due to positive mix effects from the rapidly growing Medical/Pharma business.

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### Innovation Platforms

Net sales in FY 2019 organically increased by 22.4%, mostly driven by increased lactic acid sales to the Total Corbion PLA joint venture, which continues to develop beyond our expectations. Q4 showed a decrease in sales, but this was caused by a planned temporary shutdown of our Rayong production site to facilitate the lactic acid capacity expansion, which is scheduled to become operational mid-2020. Despite significant growth in FY 2019, Algae Ingredients remained below earlier expectations throughout the year.

(unaudited)

Net sales	Total growth	Currency	Total growth at constant currency	Acquisitions	Organic Growth	Price/Mix	Volume
<b>FY 2019 vs 2018</b>							
<b>Ingredient Solutions</b>	<b>7.2%</b>	<b>4.0%</b>	<b>3.2%</b>	<b>1.8%</b>	<b>1.4%</b>	<b>1.4%</b>	<b>0.0%</b>
- Food	10.0%	4.4%	5.6%	2.5%	3.1%	2.0%	1.1%
- Biochemicals	-0.5%	3.0%	-3.5%	0.0%	-3.5%	0.0%	-3.5%
<b>Innovation Platforms</b>	<b>36.7%</b>	<b>9.0%</b>	<b>27.7%</b>	<b>5.3%</b>	<b>22.4%</b>	<b>-13.6%</b>	<b>41.5%</b>
<b>Total</b>	<b>8.8%</b>	<b>4.3%</b>	<b>4.5%</b>	<b>2.0%</b>	<b>2.5%</b>	<b>-0.9%</b>	<b>3.4%</b>
<b>Q4 2019 vs Q4 2018</b>							
<b>Ingredient Solutions</b>	<b>8.0%</b>	<b>2.4%</b>	<b>5.6%</b>	<b>2.8%</b>	<b>2.8%</b>	<b>1.8%</b>	<b>1.0%</b>
- Food	11.5%	2.5%	9.0%	3.8%	5.2%	3.1%	2.1%
- Biochemicals	-1.7%	2.0%	-3.7%	0.0%	-3.7%	-1.3%	-2.4%
<b>Innovation Platforms</b>	<b>-3.3%</b>	<b>7.3%</b>	<b>-10.6%</b>	<b>0.0%</b>	<b>-10.6%</b>	<b>-6.6%</b>	<b>-4.4%</b>
<b>Total</b>	<b>7.2%</b>	<b>2.7%</b>	<b>4.5%</b>	<b>2.6%</b>	<b>1.9%</b>	<b>1.5%</b>	<b>0.4%</b>

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(unaudited)

€ million	YTD 2019	YTD 2018	Q4 2019	Q4 2018	Growth YTD
<b>Net sales</b>					
<b>Ingredient Solutions</b>	<b>909.7</b>	<b>848.4</b>	<b>232.8</b>	<b>215.6</b>	<b>7.2%</b>
- Food	685.8	623.4	176.2	158.0	10.0%
- Biochemicals	223.9	225.0	56.6	57.6	-0.5%
<b>Innovation Platforms</b>	<b>66.7</b>	<b>48.8</b>	<b>14.7</b>	<b>15.2</b>	<b>36.7%</b>
<b>Total net sales</b>	<b>976.4</b>	<b>897.2</b>	<b>247.5</b>	<b>230.8</b>	<b>8.8%</b>
<b>Adjusted EBITDA</b>					
<b>Ingredient Solutions</b>	<b>179.9</b>	<b>160.8</b>	<b>42.6</b>	<b>36.4</b>	<b>11.9%</b>
- Food	119.5	105.3	29.0	23.8	13.5%
- Biochemicals	60.4	55.5	13.6	12.6	8.8%
<b>Innovation Platforms</b>	<b>(34.0)</b>	<b>(29.2)</b>	<b>(8.8)</b>	<b>(9.2)</b>	<b>16.4%</b>
<b>Total Adjusted EBITDA</b>	<b>145.9</b>	<b>131.6</b>	<b>33.8</b>	<b>27.2</b>	<b>10.9%</b>
<b>Adjusted EBITDA margin</b>					
<b>Ingredient Solutions</b>	<b>19.8%</b>	<b>19.0%</b>	<b>18.3%</b>	<b>16.9%</b>	
- Food	17.4%	16.9%	16.5%	15.1%	
- Biochemicals	27.0%	24.7%	24.0%	21.9%	
<b>Innovation Platforms</b>	<b>-51.0%</b>	<b>-59.8%</b>	<b>-59.9%</b>	<b>-60.5%</b>	
<b>Total Adjusted EBITDA margin</b>	<b>14.9%</b>	<b>14.7%</b>	<b>13.7%</b>	<b>11.8%</b>	

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### **Corbion to build lowest carbon footprint lactic acid plant in Thailand**

**Corbion has decided to build a new lactic acid plant in Thailand with an annual capacity of 125,000 metric tons. Corbion will invest approximately US\$ 190 million in the new plant, which is expected to be operational in the course 2023. Using Corbion's innovative proprietary gypsum-free technology, the lactic acid will be produced at the highest sustainability standards and at industry leading low-cost levels.**

The continued growth in our industry enables us to embark on a major capacity expansion in lactic acid. The new plant will be located at the existing Corbion site in Rayong Province on the eastern seaboard of Thailand, making it the largest lactic acid production site in the world. The location was selected because of the abundance of cost-effective carbohydrate raw materials for fermentation, Corbion's highly skilled staff in Thailand, and the presence of an efficient logistical infrastructure.

The new plant will utilize Corbion's proprietary and innovative gypsum-free technology, which has been in developed in-house over more than 10 years. Not only will this technology widen our lead as the lowest cost producer in the industry, it will also allow for the production of lactic acid in a more sustainable way. By recycling processing chemicals, production will be fully circular, and the CO<sub>2</sub> footprint will be 20% lower\*.

“This is a major step towards achieving our Science Based Targets to reduce our GHG emissions by 2030. The carbon footprint of PLA, the bioplastic produced by the Total Corbion PLA joint venture, that is made from lactic acid produced with this technology will also be substantially reduced. The new plant creates room for growth for years to come, while the world also benefits.”, CEO Olivier Rigaud commented.

*\* Journal of Polymers and the Environment (2019), Life Cycle Impact Assessment of Polylactic Acid (PLA) Produced from Sugarcane in Thailand <https://doi.org/10.1007/s10924-019-01525-9>*

## PRESS RELEASE

### **Algae Ingredients continued with stronger focus; impairment due to slower than expected development**

As part of our current strategic review, we have decided to continue to invest in Algae Ingredients. We will focus on two main product categories: Omega-3 (AlgaPrime DHA) and algae-based proteins (in cooperation with Nestlé). In addition, we will significantly reduce our cost base in Algae Ingredients.

Despite significant sales growth in 2019, Algae Ingredients sales is developing slower than expected. Customer adoption of our key product, an alternative source of omega-3 fatty acids for the aquaculture industry, is taking longer than anticipated. Under IFRS, this generated a triggering event for an impairment test. At this stage the current carrying value of the assets is estimated to be impaired by approximately EUR 40 million. The net impact on the FY 2019 net result amounts to approximately EUR -25 million as the impairment loss is partly offset by a significant reduction in the value of the earn-out provision to our former SB Renewable Oils joint venture partner.

*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](http://www.corbion.com)