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# Corbion management presents strategic development update on 'Advance 2025'

**During its Capital Markets Update for analysts and investors in Amsterdam today, Corbion management will present a review of the 'Advance 2025' strategy development and introduce updated targets for the 2024-2025 period.**

### Key highlights

- Key financial metrics for 2023 in line with guidance<sup>1</sup>
- Emulsifier business divested (closing anticipated in Q2)
- EBITDA growth rate outlook for '24/'25 reconfirmed
- Restructuring program in place to deliver significant Free Cash Flow in '24/'25 (> € 125 million cum)
- Simplified business structure (two Business Units)
- Algae roadmap: Increased value creation potential at existing production facility (€ 200 million sales by 2028)
- Committed to PLA journey with focus on a differentiated strategy
- Biomedical polymers: Goal to double sales (> €100 million) in 5 years with limited investment

Olivier Rigaud, CEO of Corbion, comments:

"I am pleased to report a 2023 full year outcome in line with what we indicated in October of last year. This performance was realized in a challenging geopolitical and macro-economic environment. Although we see a sequential improvement in some of our key markets, we have embarked on a restructuring program, designed to achieve significant free cash flow delivery, and enabling leverage reduction. We have developed a simpler, more efficient and focused organization consisting of two business units and will implement appropriate measures to deliver annualized cost savings of around €55 million. The recent announcement of the disposal of our Emulsifier business not only completes a strategic realignment of our portfolio but also contributes to bolstering the balance sheet."

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<sup>1</sup> All 2023 figures are unaudited. The final audited 2023 figures are anticipated to be released on March 1, 2024

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### Key financial metrics 2023

In anticipation of reporting 2023 Full Year figures, Corbion announces that the key financial metrics accomplished in 2023 are in line with the previously communicated outlook.

	Actuals FY 2023*
Organic Sales growth Core activities (%)	3.0%
Organic EBITDA growth Core activities (%)	16.2%
Free Cash Flow (€ million)	18.6
Covenant Net Debt/Covenant EBITDA	3.1x
Sales (€ million)	1,444
Adjusted EBITDA (€ million)	191.8
Adjusted EBITDA (% of Sales)	13.3%

\* All 2023 figures are unaudited. The final audited 2023 figures are anticipated to be released on March 1, 2024.

### Restructuring program to accelerate free cash flow

On October 26<sup>th</sup> 2023, Corbion announced the initiation of a restructuring program aimed at accelerating the generation of significant positive free cash flow. This initiative involves adjusting Corbion's organizational structure to reduce complexity, enhance focus, and expedite decision-making by transitioning from three to two business units: Health & Nutrition and Functional Ingredients & Solutions. The new structure is designed to deliver synergies in sales, product management and business development, with all Incubator projects integrated into these two business units.

- **Health & Nutrition**

The Health & Nutrition business unit brings together our Nutrition, Pharma and Biomedical polymer capabilities, focusing primarily on high growth and high margin market segments.

- **Functional Ingredients & Solutions**

The Functional Ingredients & Solutions unit combines our Food, Biochemicals and Lactic Acid to PLA businesses, emphasizing growth, enhanced operating efficiencies and mix improvements.

In conjunction with the introduction of this dual business unit structure, Corbion is centralizing its supply chain and R&D functions to further reduce complexity and maximize efficiency. As part of the organizational restructuring, approximately 200 positions will be reduced across the company, spanning all functions and regions.

Alongside this change in organizational structure, Corbion has undertaken a comprehensive review of operating expenses, capital program and working capital to drive material improvements. The review of operating expenses has identified annualized savings of €55 million. This includes previously communicated measures such as the insourcing of various existing raw materials, contract manufacturing, and full utilization of our new circular lactic acid

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plant in Thailand (mechanically complete as of year-end 2023), contributing to €20 million of annualized savings. The organizational restructuring and optimization of assets (including mothballing our plant in Peoria, USA), will result in annualized fixed-cost savings of €35 million. These savings are anticipated to make significant contributions in 2024 and are expected to be fully realized on a run rate basis during the course of 2025. Associated one-off costs are €15-20 million, with the majority being incurred in 2024.

### **Higher free cash flow leading to reduced net debt leverage**

Going forward, Corbion will continue to focus on high-return investments. The total capex program for the next two years is projected to be approximately €110 million per year with the primary growth initiatives in algae ingredients, biomedical polymers, powder/liquid derivatives and production insourcing. Following a period of elevated working capital levels, we proactively reduced our inventory levels throughout 2023. We anticipate further reductions in our working capital metrics, aiming to return to pre-covid levels by 2025. Together, these initiatives are expected to result in significant free cash flow delivery for 2024-2025, exceeding €125 million cumulatively. This projection excludes the anticipated estimated \$275 million net cash proceeds from the conclusion of the Emulsifier divestment in Q2 2024.

### **Strategic developments securing long-term growth journey**

At our CMD in December 2022, we identified attractive growth opportunities in our addressable markets. These opportunities remain and as indicated, we have evaluated the following elements of our portfolio: PLA, biomedical polymers and algae ingredients.

Following a thorough review, we remain committed to our position in the PLA joint venture. Significant future PLA business development opportunities have been identified and, in the coming period, the joint venture will leverage the existing assets whilst limiting any additional investment requirements.

We anticipate continued strong growth in our high-value biomedical polymer business by maintaining our leadership position in the wound closure and orthopedic market segments, coupled with accelerated growth in the drug delivery market. Our goal is to double sales to more than €100 million by 2028.

The algae ingredient business has achieved remarkable progress in terms of sales and EBITDA growth over the last couple of years. Algae-based ingredients have continued their growth momentum as a sustainable alternative to fish oil in the aquaculture industry. Concurrently, we have expanded our product portfolio and pipeline of high-margin products for the pet food and human nutrition segments. We have also increased the estimated potential output of the existing facility in Brazil, enabling anticipated growth until 2028 with attractive returns. In 2028, we anticipate to reach sales of €200 million and Adjusted EBITDA of more than €40 million.

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### Financial guidance 2024/2025

#### Financial targets 2024-2025

- Organic net sales growth (core) 2-6%<sup>2</sup> p.a.
- Organic Adjusted EBITDA growth (core) 15-20% p.a.<sup>3</sup>
- Free Cash Flow > €125 million<sup>3</sup> (cum)

#### Underlying ambitions

- Adjusted EBITDA margin:
  - Health & Nutrition: >20%
  - Functional Ingredients & Solutions: mid-teens
- Capex: €110 million average p.a.
- Covenant net debt/covenant EBITDA: Target range 1.5-2.5x.

### 2024 Outlook

We anticipate volume/mix growth to be in the range of 2-6% for the full year 2024, driven by the ongoing growth in Health & Nutrition as well as the continuation of upward momentum in Food. H1 is likely to be flat due to Biochemicals and Lactic acid to PLA (in Functional Ingredients & Solutions). We anticipate negative pricing mainly in Functional Ingredients & Solutions (following input cost relaxation).

Adjusted EBITDA organic growth core activities: >15% for full year. This excludes the estimated full year EBITDA impact of €-15 million following the Emulsifier divestment (cost previously allocated to Emulsifiers of €24 million, partly offset by Transitional Services). The one off restructuring costs amounts to €15 – 20 million.

Free Cash Flow excluding acquisitions/divestments is anticipated to be higher than €50M driven by Adjusted EBITDA growth and our capital investment program of €100 - 110M. The covenant Net Debt/EBITDA ratio is expected to be between 1.8 and 2.3x (year end), including the Emulsifier divestment proceeds.

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<sup>2</sup> Organic growth defined as volume growth + mix growth, *excluding* price impact

<sup>3</sup> Excluding Emulsifier divestment

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### Sales & Adjusted EBITDA 2023\*

#### Corbion

€ million	YTD 2023	YTD 2022	Q4 2023	Q4 2022
Sales	1,443.8	1,457.9	352.8	377.5
Organic growth	1.2%	24.6%	-2.5%	26.9%
Adjusted EBITDA	191.8	184.4	49.0	41.6
Adjusted EBITDA margin	13.3%	12.6%	13.9%	11.0%

#### Core activities

€ million	YTD 2023	YTD 2022	Q4 2023	Q4 2022
Sales	1,264.0	1,254.4	311.7	326.5
Organic growth	3.0%	24.3%	-0.5%	27.3%
Adjusted EBITDA	163.7	150.1	42.2	33.5
Adjusted EBITDA margin	13.0%	12.0%	13.5%	10.3%

#### Non-core activities

€ million	YTD 2023	YTD 2022	Q4 2023	Q4 2022
Sales	179.8	203.5	41.1	51.0
Organic growth	-9.3%	26.1%	-15.1%	24.0%
Adjusted EBITDA	28.1	34.3	6.8	8.1
Adjusted EBITDA margin	15.6%	16.9%	16.5%	15.9%

\* All 2023 figures are unaudited at this stage. The final audited 2023 figures are anticipated to be released on March 1st 2024.

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