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DATE 27 October 2021

Corbion Q3 2021 Interim Management Statement

Corbion reported net sales of € 797.6 million in the first nine months of 2021, driven by organic net sales growth of 15.7%. Adjusted EBITDA in the first nine months of 2021 decreased organically by 2.4% to € 113.5 million.

“The third quarter showed a continuation of the strong sales growth in the previous quarters. Sustainable Food Solutions is showing organic growth due to our higher win-rates in Functional Systems, while in Preservation, our natural solutions continue to win share in the overall preservation market. The very positive development in the PLA JV has been a key driver in Lactic Acid & Specialties growth. In Incubator we see positive momentum as growth in Q3 continued at a brisk pace as algae-based omega-3 is seeing increased market receptiveness in the aquaculture market.

As we indicated at the first half results, one of the key priorities is to restore our core margin. Input cost inflation is impacting our profitability, as there is a time lag of our sales pricing catching up with the higher input prices. Sales price increases have already been achieved for a number of contracts. In addition to these price increases, we will benefit from higher volumes, and we will continue to drive operational efficiencies.

We are encouraged by the continued strong sales pipeline and sales growth momentum. The Advance 2025 strategy, intended to boost growth, is clearly materializing”, commented Olivier Rigaud, CEO.

Key financial highlights first nine months of 2021

- Net sales growth YTD was 7.6%; organic growth was 15.7% (16.3% for core activities)
- Adjusted EBITDA YTD was € 113.5 million, an organic decrease of 2.4%
- Adjusted EBITDA margin YTD was 14.2% (14.1% for core activities)
- Operating result YTD was € 95.5 million, an organic increase of 16.8%

€ million	YTD 2021	YTD 2020	Total growth	Organic growth
Net sales	797.6	741.2	7.6%	15.7%
Adjusted EBITDA	113.5	128.4	-11.6%	-2.4%
Adjusted EBITDA margin	14.2%	17.3%		
Operating result	95.5	89.4	6.8%	16.8%

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Segment information

Core activities

Net sales in the first nine months in the core activities, which encompasses Sustainable Food Solutions, Lactic Acid & Specialties, and Incubator, increased by 10.3%, driven by an organic net sales growth of 16.3%, offset by negative currency effects. The Adjusted EBITDA margin of our core activities decreased to 14.1% (YTD 2020: 17.6%).

Sustainable Food Solutions

In the first nine months, net sales in Sustainable Food Solutions increased organically by 13.5%, mostly driven by increased volumes. In Functional Systems we continue to see growth across categories at both existing customers and new customers. In Preservation, all product categories and geographies showed continued growth, driven by a continued high demand for natural preservatives. Single Ingredients grew too. Q3 showed growth patterns in line with H1 across all segments. Adjusted EBITDA margin decreased from 18.1% to 13.5% in the first nine months due to rapidly rising input costs, and our investments in organizational capabilities to enable further growth, leading to a significant headcount increase in R&D, technical support, sales, and application lab staff.

Lactic Acid & Specialties

Net sales increased organically by 14.6% in the first nine months. The increase was mostly driven by high growth in lactic acid, most notably due to deliveries to the Total Corbion PLA joint venture. Esters (solvents) sales declined due to legislation changes in agro-chemical formulations, and quarterly phasing in electronics/semiconductors. Biopolymer sales grew only slightly versus last year as (COVID-19-induced) postponements of elective surgeries dampened growth rates. Q3 showed growth patterns in line with H1 across segments. The Adjusted EBITDA margin in Lactic Acid & Specialties declined from 23.6% to 20.6% in the first nine months of 2021 due to rapidly rising input costs, negative mix effects, and a significant headcount increase, mostly in preparation of the announced lactic acid capacity increases and in biopolymers.

Incubator

Net sales increased organically by 187.6% driven by higher AlgaPrime DHA (omega-3) sales as the aquaculture sector is becoming more receptive of using sustainable feed ingredients. In addition to the salmon market, we are seeing growing interest in markets such as shrimp and pet food. Adjusted EBITDA loss for the Incubator declined in the first nine months from € -13.2 million to € -9.3 million.

Non-core activities

Net sales increased organically by 12.8% in the first nine months due to higher emulsifier sales driven by market share gains. The Adjusted EBITDA margin in non-core activities decreased from 16.0% to 15.1% in the first nine months due to higher input costs.

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Total Corbion PLA joint venture

There was a continued strong momentum in PLA, particularly in packaging applications. Sales increased by 17.6% in the first nine months of 2021, due to a combination of price and volume growth, partly offset by a negative currency effect. The EBITDA margin decreased from 36.4% to 35.3% as higher input costs and freight costs offset higher operational leverage.

Outlook 2021

We leave our full year guidance ranges for 2021 unchanged. We expect organic net sales growth in the core activities at the higher end of the 12-15% range (was: in the 12-15% range). We expect the 2021 Adjusted EBITDA margin for our core activities to be at the lower end of the 13-15% range (was: in the 13-15% range). COVID-19, suboptimal global supply chains impacting some of our businesses, and high input cost volatility, continue to create an environment of uncertainty. As a consequence, we will share our 2022 outlook at the full year results release. We remain confident about our strong growth prospects.

Financial Results

Net sales growth	Volume	Price/Mix	Organic growth	Currency	Acquisitions/ (Divestments)	Total growth
YTD 2021 vs YTD 2020						
Core	13.5%	2.5%	16.3%	-6.1%	0.1%	10.3%
- Sustainable Food Solutions	8.5%	4.6%	13.5%	-6.3%	0.2%	7.4%
- Lactic Acid & Specialties	17.4%	-2.4%	14.6%	-4.8%	0.0%	9.8%
- Incubator	141.5%	19.1%	187.6%	-30.3%	0.0%	157.3%
Non-core	6.3%	6.1%	12.8%	-6.9%	-13.0%	-7.1%
Total	12.4%	2.9%	15.7%	-6.2%	-1.9%	7.6%
Q3 2021 vs Q3 2020						
Core	13.0%	2.7%	16.1%	-1.3%	0.4%	15.2%
- Sustainable Food Solutions	4.0%	5.2%	9.4%	-0.4%	0.7%	9.7%
- Lactic Acid & Specialties	21.7%	-2.6%	18.6%	-2.7%	0.0%	15.9%
- Incubator	166.7%	23.2%	228.5%	-11.4%	0.0%	217.1%
Non-core	9.1%	7.8%	17.6%	-1.3%	-13.9%	2.4%
Total	12.4%	3.5%	16.3%	-1.3%	-1.7%	13.3%

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Profit & Loss

€ million	YTD 2021	YTD 2020	Q3 2021	Q3 2020	Growth YTD
Net sales					
Core	690.6	626.0	243.7	211.6	10.3%
- Sustainable Food Solutions	435.6	405.7	151.5	138.1	7.4%
- Lactic Acid & Specialties	232.1	211.4	81.1	70.0	9.8%
- Incubator	22.9	8.9	11.1	3.5	157.3%
Non-core	107.0	115.2	38.3	37.4	-7.1%
Total Net Sales	797.6	741.2	282.0	249.0	7.6%
Adjusted EBITDA					
Core	97.3	110.0	31.3	38.5	-11.5%
- Sustainable Food Solutions	58.9	73.3	19.2	26.3	-19.6%
- Lactic Acid & Specialties	47.7	49.9	14.6	16.4	-4.4%
- Incubator	(9.3)	(13.2)	(2.5)	(4.2)	29.5%
Non-core	16.2	18.4	5.1	6.1	-12.0%
Total Adjusted EBITDA	113.5	128.4	36.4	44.6	-11.6%
Adjustments	32.6	8.2	5.3	14.0	
Total EBITDA	146.1	136.6	41.7	58.6	7.0%

Total Corbion PLA joint venture

€ million *	YTD 2021	YTD 2020	Q3 2021	Q3 2020
Net sales	112.9	96.0	37.9	34.6
EBITDA	39.9	35.0	12.3	14.1
EBITDA margin	35.3%	36.5%	32.5%	40.8%

* Results on 100% basis. Corbion owns 50% of Total Corbion PLA. Equity method accounting

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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 and its derivatives, and a leading supplier of emulsifiers, functional enzyme blends, minerals, vitamins, and algae ingredients. We use our unique expertise in fermentation and other processes to deliver sustainable solutions for the preservation of food and food production, health, and our planet. 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 2020, Corbion generated annual sales of € 986.5 million and had a workforce of 2,267 FTE. Corbion is listed on Euronext Amsterdam. For more information: www.corbion.com