Release

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Third quarter 2023/24

Tereos confirms record results in a normalising market

(April 2023 – December 2023)

- During the first nine months of the financial year, revenues amounted to €5,476 million, up 15% compared to the same period in 2022/23, driven by higher prices in the sugar and starches & sweeteners products segments.

- EBITDA reached €873 million, up 30% compared with the same period in 2022/23, reflecting the successful execution of the commercial strategies deployed.

- EBITDA over a rolling 12-month period stabilized at €1,182 million in the period to December 31, 2023, compared with €1,170 million in the period to end of September 2023.

- Recurring operating profit (EBIT) of €660 million, compared with €447 million in the first nine months of the previous year.

- Net debt, which reached €2,413 million, was down by €501 million compared to December 31, 2022, and by €288 million compared to March 31, 2023. Debt leverage improved and stood at 2.0x, compared to 2.8x at the end of March 2023.

- In line with Tereos' objectives, structural debt - debt excluding working capital - reached €1,044 million at end of December 2023, an improvement of €167 million compared with end of March 2023.

1. GROUP RESULTS

Key figures	22/23 Q3	23/24 Q3	% chg. (at current exch. rates)	% chg. (at constant exch. rates)	22/23 9m	23/24 9m	% chg. (at current exch. rates)	% chg. (at constant exch. rates)
Revenues	1,804	**1,840**	2%	2%	4,778	**5,476**	15%	15%
Adjusted EBITDA (1)	269	**281**	4%	4%	672	**873**	30%	30%
Adjusted EBITDA margin[1]	*14.9%*	*15.3%*			*14.1%*	*15.9%*		
Recurring EBIT[2]	181	**201**	11%	11%	447	**660**	48%	48%
EBIT margin[2]	10.0%	**10.9%**			9.4%	**12.1%**		
Net result	94	**107**	14%	15%	227	**347**	53%	53%

Consolidated **revenues** for the first nine months of the 23/24 financial year came to €5,476 million, up 15% at current and constant exchange rates, compared with €4,778 million for the same period in the previous year.

Consolidated adjusted EBITDA[1] came to €873 million for the first nine months of the current financial year, up 30% at current and constant exchange rates, compared with €672 million for the same period of the 2022/23 financial year. Over the past twelve months, adjusted EBITDA amounted to €1,182 million.

Recurring consolidated operating profit (EBIT)[2] came to €660 million for the first nine months of the year, compared with €447 million for the same period in 2022/23.

Results were driven by rising prices for sugar, starch, starch derivatives and sweeteners, and by the successful implementation of the Group's hedging strategy combined with an effective cost management, elements that continue to enable the Group to protect its margins in a high-inflation environment.

2. RESULTS BY DIVISION

SUGAR AND RENEWABLES EUROPE

In France, the 2023/24 campaign ended on February 7, 2023. The yield for the crop was slightly lower than the average for the last five years, as a result of relatively low sugar content and exceptional agronomic conditions this year.

Revenues for the Sugar and Renewables Europe division amounted to €1,991 million for the first nine months of the 2023/24 financial year, up 13% at current exchange rates compared with €1,760 million for the same period of the 2022/23 financial year.

The division's **adjusted EBITDA** amounted to €266 million in the current 2023/24 financial year, compared with €230 million in the same period of 2022/23, up 16% at current exchange rates.

The division's **recurring EBIT** came to €202 million in the current 2023/24 financial year, compared with €161 million in the first nine months of the 2022/23 financial year.

The division's results were driven mainly by the rise in sugar prices achieved thanks to a well-suited commercial strategy, and by the successful execution of the hedging strategy, particularly for gas.

[1] See the definition of adjusted EBITDA in the Appendix.
[2] EBIT excluding non-recurring items (€4 million in 22/23 and -€31 million in 23/24).

SUGAR AND RENEWABLES INTERNATIONAL

In Brazil, the sugar crop ended on December 19 with a record volume of 21.1 million tonnes of sugar cane processed, up on the 17.3 million tonnes for the 2022 crop.

Revenues in the Sugar and Renewables International division reached €1,219 million in the first nine months of the 2023/24 financial year, up 16% at current exchange rates and 17% at constant exchange rates, compared with €1,051 million in the same period of the 2022/23 financial year.

The division's **adjusted EBITDA** came to €307 million in the current 2023/24 financial year, compared with €209 million in the same period of 2022/23, up 47% at current exchange rates and 48% at constant exchange rates.

The division's **recurring EBIT** amounted to €218 million in the first nine months of the 2023/24 financial year, compared with €119 million in the same period of 2022/23.

The division's results were driven mainly by the rise in the world price of sugar, higher production volumes and the execution of the Group's hedging strategy, which has proven to be effective. The price of ethanol, meanwhile, was down on last year due to the higher volume available on the local market, the result of the increased volume produced during a very good sugar cane crop in Brazil in 2023.

STARCH, SWEETENERS AND RENEWABLES

Revenues in the Starch, Sweeteners and Renewables division amounted to €1,865 million in the first nine months of the 2023/24 financial year, up 4% at current exchange rates, compared with €1,792 million in the same period of the 2022/23 financial year.

The division's **adjusted EBITDA** reached €282 million in the current 2023/24 financial year, compared with €236 million in the same period last year, up 20% at current exchange rates.

The division's **recurring EBIT** came to €227 million in the current 2023/24 financial year, compared with €170 million in the same period of the 2022/23 financial year.

Growth in the division's results compared with the first nine months of 2022/23 continues to reflect high sales prices, as a result of the successful execution of the commercial strategy implemented in 2021. The division was therefore able to secure its margins despite the sharp rise in production costs (wheat, corn, gas).

The division's results for the coming quarters will be impacted by two factors mentioned previously in our press releases:

- During the division's recent sales negotiations, we have seen a downward trend in market prices. This indicates a change in trend from the strong and atypical earnings growth recorded in recent quarters, which is reflected in the fall in the division's EBITDA and EBIT for the third quarter of 2023/24 compared with the third quarter of 2022/23.
- The industrial incident at the Nesle site will have a negative short-term impact, due in particular to the time lag between the recording of operating losses, the disbursement of capital expenditure to replace the assets impacted and the receipt of indemnities from Tereos' insurers. The amount of the impact is currently being assessed.

3. NET DEBT

Net debt at December 31, 2023, stood at €2,413 million compared to €2,700 million at March 31, 2023, representing a reduction of €288 million. Excluding Readily Marketable Inventories (€813 million which can be converted into cash at any time), the Group's adjusted net debt reached €1,600 million.

The decrease in net debt compared to March 31, 2023, is due to a positive operating cash flow, which largely covers CAPEX, combined with a decrease in the working capital. Working capital excluding margin calls increased over these nine months (normal seasonality of inventories linked to the campaign period of the European Sugar and International Sugar divisions), but the margin calls had a positive effect on cash flow for the period.

The Group's debt leverage improved at the end of December 2023 and stood at 2.0x.

The Group maintains the trend of reducing structural debt (debt excluding working capital).

The Group’s financial security amounted to €1,020 million at the end of December 2023. It consisted of €600 million in cash and cash equivalents and €420 million in undrawn confirmed long-term credit lines.

Net debt at December 31, 2023, breaks down as follows:

Net debt € m	March 31, 2023 (Published)	March 31, 2023 (Restated)	Dec 31, 2023	Current	Non-current	Cash and cash equivalents
			(Restated)			
Net debt	2,700	2,700	**2,413**	448	2,565	-600
Net debt /EBITDA ratio	2.4x	2.8x	**2.0x**			
Netdebt /EBITDA ratio excl. RMI*	1.8x	2.0x	**1.4x**			

**Readily Marketable Inventories: €754 million at the end of March 2023 and €813 million at the end of December 2023*

Net debt € m	Dec 31, 2022	March 31, 2023	Dec 31, 2022	March 31, 2023	Dec 31, 2023
	(Published)		(Restated)		
Net debt	2,913	2,700	2,913	2,700	**2,413**
Working capital (WC)	1,556	1,420	1,574	1,490	**1,369**
Structural debt (excluding working capital)	1,357	1,280	1,339	1,210	**1,044**

4. POINTS OF NOTE AND POST-CLOSING EVENTS

RESTATEMENT OF INTER-CROP EXPENSES

As of the first quarter of 23/24, the Group has changed its accounting methodology for inter-crop maintenance expenses to align with that adopted by its peers in the sector in Europe: these expenses, previously recognized as CAPEX and amortized during the subsequent production period, are now recorded as inventory and cost of goods sold (COGS). This accounting change (with no cash effect) leads to a decrease in D&A coupled with the variation in costs (non-D&A), and consequently a reduction in reported EBITDA. It also leads to an increase in working capital and a decrease in CAPEX. EBIT and net income are not affected.

PERSPECTIVES ON THE 23/24 CHANGE IN WORKING CAPITAL

There was a drop in the gas spot price in 2023 compared to the high levels seen in 2022, but the Group's effective energy cost also depends on hedging. In a bull market, hedging is on average below the spot price and the reverse is true in a bear market. For this reason, the magnitude of the change in the effective energy cost (and in general of the hedged inputs) within the cost structure may be smaller than that observed for spot prices. In addition, the price of agricultural raw materials has a significant impact within the Group's cost structure and on the unitary value of its stock. If these prices remain high, this component will not be a factor in the reduction of the working capital. For example, the high global sugar price (NY11) automatically leads to a higher sugarcane price in Brazil (Consecana index). Our working capital is also still affected by the widespread inflation that has now lasted for several quarters in all our geographies.
As a result, there may be no change in working capital at the end of March 2024 compared to the end of March 2023.

INDUSTRIAL INCIDENTS

As indicated in the previous results press release, in the context of its operations, Tereos suffered two major industrial incidents at the Bucy-le-Long and Nesle plants on October 9 and November 9, 2023, respectively. The incidents were quickly contained as a result of the efforts of the response teams on the plants and the help of the firefighters. No injuries to Tereos' teams were reported and the Group reiterates that safety remains its top priority. The Group is currently making every effort to get the damaged facilities back in operation as soon as possible. All industrial, commercial and logistics teams are doing their utmost to find solutions and honour our commercial commitments to customers and partners.

Contacts

Investor Relations	Press contact
Investor Relations Director	**Brunswick**
Tiago Marques, CFA	Sarah Levy-Quentin / Thomas Baur
+33 1 55 37 36 84	+33 7 88 72 28 94 / +33 6 80 18 85 66
tereos-investor-relations@tereos.com	tereos@brunswickgroup.com

About Tereos

The cooperative group Tereos is a union of more than 11,200 cooperative members and has recognised know-how in the processing of beet, sugarcane, alfalfa, cereals and potatoes. Through 43 industrial plants, a presence in 15 countries and the commitment of its 15,800 employees, Tereos supports its customers close to their markets with a broad and complementary range of products. In 2022/23, Tereos generated revenues of €6.6 billion.
Website: www.tereos.com

Warning regarding forward-looking statements: *This document includes "forward-looking statements" about Tereos Group (the "Group"), including in relation to its financial position, results, strategy and outlook. These forward-looking statements are based on the current estimates and expectations of Group management and are subject to risk factors and uncertainties such as the company's ability to implement its strategy, the pace of growth on the relevant market, the competitive landscape, industrial risks and all risks relating to the management of the Group's growth. Although the Group believes that these forward-looking statements are based on reasonable assumptions at the date of publication of this document, the actual results referred to in this release may deviate significantly from the forward-looking statements due to a number of risks, uncertainties and other factors, the majority of which are difficult to predict and generally beyond the Group's control. The Group makes no commitment to update the forward-looking information and statements, which only represent the situation at the date of publication.*

APPENDIX

A. RESULTS BY DIVISION

Revenues by division	22/23 Q3	23/24 Q3	% chg. (at current exch. rates)	% chg. (at constant exch. rates)	22/23 9m	23/24 9m	% chg. (at current exch. rates)	% chg. (at constant exch. rates)
Sugar Europe	698	693	-1%	-1%	1,760	1,991	13%	13%
Sugar International	468	444	-5%	-5%	1,051	1,219	16%	17%
Starch & Sweeteners	594	563	-5%	-5%	1,792	1,865	4%	5%
Others (incl. elim.)	44	141	223%	224%	176	402	129%	127%
Tereos Group	1,804	1,840	2%	2%	4,778	5,476	15%	15%

Adjusted EBITDA by division	22/23 Q3	23/24 Q3	% chg. (at current exch. rates)	% chg. (at constant exch. rates)	22/23 9m	23/24 9m	% chg. (at current exch. rates)	% chg. (at constant exch. rates)
Sugar Europe	74	102	38%	38%	230	266	16%	15%
Sugar International	129	128	-1%	-1%	209	307	47%	48%
Starch & Sweeteners	88	56	-37%	-36%	236	282	20%	20%
Others (incl. elim.)	-22	-5	-79%	-79%	-2	18	-960%	-959%
Tereos Group	269	281	4%	4%	672	873	30%	30%

Recurring EBIT by division	22/23 Q3	23/24 Q3	% chg. (at current exch. rates)	% chg. (at constant exch. rates)	22/23 9m	23/24 9m	% chg. (at current exch. rates)	% chg. (at constant exch. rates)
Sugar Europe	48	75	58%	58%	161	202	26%	25%
Sugar International	92	96	5%	5%	119	218	82%	84%
Starch & Sweeteners	65	36	-45%	-44%	170	227	33%	33%
Others (incl. elim.)	-23	-6	-73%	-73%	-3	13	-480%	-480%
Tereos Group	181	201	11%	11%	447	660	48%	48%

***Adjusted EBITDA** corresponds to net income (loss) before income tax, the share of income from equity affiliates, net financial income, depreciation, amortization and impairment, goodwill impairment, bargain purchase gains and price supplements. It is also restated for changes in the fair value of financial instruments, inventories, and sale and purchase commitments, except for the portion of these items that relates to trading activities, changes in the fair value of biological assets, the seasonal effect, and non-recurring items. The seasonal effect corresponds to the temporary difference in the recognition of depreciation and amortization charges, and earn-out payments between the Group's financial statements under IFRS and the Group's management accounts. Adjusted EBITDA is not a financial indicator defined as a measure of financial performance under IFRS and may not be comparable to similar indicators referred to using the same term by other companies. Adjusted EBITDA is provided for additional information purposes and cannot be considered as a substitute for operating income or operating cash flow.*

C. MARKET TRENDS

WORLD SUGAR MARKET

NY11 sugar prices have risen sharply, ending November 2022 at 27.95 USDcts/lb, levels not seen since 2012. This rise is due to lower production in India and Thailand, limiting exports from these two countries. During the fourth quarter of 2023, dry weather and the availability of cane enabled Brazil to increase its production by 2.4 million tonnes for the 2023/24 crop, and the Indian government made 1.3 million tonnes of sugar available, by banning part of the diversion of sucrose to ethanol. These two factors led speculative funds to sell sugar on a massive scale, and contributed to a fall in the market, which reached a level of 20.58 USD cts/lb in December. Since then, sugar prices have rebounded in the face of the risk of a drought in Brazil for the next season.

SUGAR EUROPE

Prices at the European observatory have continued to rise in recent months, reaching a record level of €857/tonne in December. Low stocks, late planting, a drought in the spring and too much rain in the summer all pointed to a market in serious deficit. Contracts were signed between April and July 2024 in anticipation of a very tight European balance sheet, reflected in the prices of the European observatory, before import flows allowed the market to ease.

ETHANOL BRAZIL

The average price of ESALQ ethanol in Q3 23/24 fell by 5% to R$1.91/litre compared with the previous quarter and by 21% year-on-year - the lowest level since 2020. This is due to a 23% increase in volumes offered on the domestic market and high ending stocks. Prices are nevertheless being supported by the possibility of higher petrol taxes and a smaller sugar harvest.

ETHANOL EUROPE

European T2 ethanol prices fell by 23% in Q3 23/24 to €600/m3, reaching their lowest level for more than two years. This fall was driven by strong imports from the US and Brazil, which contributed to high levels of ethanol stocks in Europe.

CEREALS

Wheat - The wheat market continued its downward trend, falling to an average of €222/tonne in December, down 5.2% since September 2023, the lowest level since March 2021. Tensions over Black Sea supplies have been eased thanks to Ukraine's ability to export grain from its ports and Russia's planned record export programme. The situation in the other exporting countries remains equally comfortable.

Corn – The Matif price fell to an average of €200/tonne in December, down 4.3% on the levels seen in September 2023 - its lowest level since July 2021. With record production in the United States and comfortable levels in the three other producer countries Brazil, Argentina and Ukraine. This calls into question the market's ability to react to a potential drop in production in Brazil.

GAS EUROPE

The downward trend in gas prices observed since the end of 2022 continued throughout 2023, reaching its lowest level since 2021 at the end of the year. Europe ended 2023 with a record level of storage (86%), supported by imports of (i) gas via pipelines from neighbouring regions (excluding Russia) and (ii) LNG. The flow of LNG is linked to the increase in liquefaction and regasification capacity and the absence of competition with Asia.

In addition, the sober consumption in Europe seen in the end of 2022 has persisted into 2023, both in the residential and industrial sectors, as well as in electricity generation.

Volatility has been lower since mid-November 2023: the market is reacting less strongly to news that could have an impact on prices, and showing confidence in the EU's ability to meet its 100% storage targets before the start of winter 24/25. Nevertheless, the market remains exposed to geopolitical uncertainties and tension over the supply/demand balance.