

**PRESS RELEASE**

DATE 21 October 2016

## Corbion Q3 2016 Interim Management Statement

**Corbion reported sales of € 685.2 million in the first nine months of 2016, a decrease of 0.4%. Organic sales growth was -0.2%, driven by volume declines partially offset by improvements in price/mix. EBITDA excluding one-off items increased by 15.1% to € 134.8 million.**

"Our profitability increased substantially, driven by a combination of business mix improvements, cost savings, and lower input costs. However, our top-line growth in Q3 was clearly below our ambition level. Growth is negatively affected by our process of improving the portfolio profitability and the adverse effects of customer consolidation. We anticipate these effects to be of a temporary nature, and remain confident that we will achieve our multi-year guidance", comments Tjerk de Ruiter, CEO.

### Key financial highlights first nine months of 2016

- Net sales organic growth YTD was -0.2%; volume growth was -0.8%
- EBITDA before one-off items YTD was € 134.8 million, an organic increase of 16.2%
- EBITDA margin before one-off items was 19.7% YTD
- Our productivity improvement program Streamline contributed € 14.8 million to EBITDA YTD (2015 YTD: € 11.0 million). Streamline has been completed and the target savings have been reached
- One-off items of € -2.1 million in Q3 in connection with the powder blending plant consolidation in the US
- We commenced our € 50 million share buyback program on 21 March 2016. By the end of September the total buyback amount was € 43.7 million

### Key figures

€ million	YTD 2016	YTD 2015	Total growth	Organic growth
Net sales	685.2	687.9	-0.4%	-0.2%
EBITDA excluding one-off items	134.8	117.1	15.1%	16.2%
EBITDA margin excluding one-off items	19.7%	17.0%		
EBIT	93.1	83.1	12.0%	13.1%

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### Segment information

#### **Biobased Ingredients**

Net sales in Biobased Ingredients, which encompasses Food, Biochemicals, and central costs, decreased organically by 0.8% in the first nine months, mostly driven by lower volumes. The EBITDA margin excluding one-off items increased from 17.8% to 20.6%, as both the Food and Biochemicals business segments improved their margins despite the adverse volume trend which had a very limited impact on the profit margin level.

#### *Business segment Food*

Net sales organic growth in the Food segment in the first nine months was -1.8%. Sales in the Bakery and Meat markets were lower in the third quarter compared to last year. In Q2 we started the implementation of a process to improve the portfolio profitability, as part of our strategy. This is having a positive impact on the underlying price/mix of the portfolio, while volumes are adversely impacted. The EBITDA margin in the business segment Food continued to improve (from 19.2% to 21.8%) in the first nine months compared to last year due to lower input costs, program Streamline, and an improved underlying product mix.

In Bakery, sales decreased in the first nine months in a stable US bread market. With the closing of our Kansas plant in Q2, we decreased the number of SKUs and moved smaller customers to an indirect delivery model, which negatively impacts our volumes. Mid-2015 we were able to accommodate a surge in demand for higher priced egg-containing products due to an outbreak of avian flu in the US. A reversal of these effects has put additional pressure on both volumes and price/mix, particularly in Q3. In Meat, sales decreased in the first nine months as customer consolidation in the US put pressure on volumes and prices for more commoditized parts of the market. Our high-end solutions continued on a healthy growth path. Outside of the US, Meat markets developed favorably as demand for our preservation solutions grew. In other markets (Beverages, Confectionery, Dairy), sales increased slightly in the first nine months.

#### *Business segment Biochemicals*

Net sales for the first nine months increased organically by 2.4%. After a weaker start of the year the growth rates improved from Q2 onwards. All markets grew in Q3 except for Agrochemicals, which continued to decrease due to softer commodity pricing. The main drivers of the growth were strong performances in Medical/Pharma and Electronics. The EBITDA margin for the first nine months improved significantly from 22.5% to 25.8% due to lower input costs, program Streamline, and a positive portfolio mix effect.

#### **Biobased Innovations**

Net sales increased organically by 31.6% in the first nine months. Sales are fully driven by lactide/PLA-related volume growth. In Q3, organic sales growth slowed down to 2.1%, despite nearly doubling volumes compared to last year. The price/mix effect was negative as a result of selling more standard grade PLA seeding volumes rather than for higher value-added PLA applications. We placed the first equipment orders for a 75 kTpa PLA plant to be built in Thailand, which is estimated to be operational in the second half of 2018. The EBITDA loss of € 2.8 million in the first nine months was in line with the comparable period in 2015.

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### Outlook 2016

As indicated earlier, full year growth for 2016 in the Food segment is expected to end up below the multi-year (2015-2018 CAGR) guidance range of 1-3%. The Biochemicals business segment is expected to show improved sales growth in H2 compared to H1, while full year growth is expected to be lower than the multi-year average guidance range of 5-8%. As a consequence, for Biobased Ingredients, we expect full year growth to be below the multi-year average guidance range of 2-4%. Our 2016 EBITDA margin before one-off items in Biobased Ingredients is expected to significantly exceed the 2018 target of 18.0%, even though we expect H2 EBITDA to be lower than H1 EBITDA, in line with previous years.

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€ million	YTD 2016	YTD 2015	Q3 2016	Q3 2015		Growth YTD
<b>Net sales</b>						
<b>Biobased Ingredients</b>	<b>667.7</b>	<b>674.6</b>	<b>223.2</b>	<b>229.4</b>		<b>-1.0%</b>
- Food	507.1	518.3	170.3	179.6		-2.2%
- Biochemicals	160.6	156.3	52.9	49.8		2.8%
<b>Biobased Innovations</b>	<b>17.5</b>	<b>13.3</b>	<b>6.3</b>	<b>6.2</b>		<b>31.6%</b>
<b>Total net sales</b>	<b>685.2</b>	<b>687.9</b>	<b>229.5</b>	<b>235.6</b>		<b>-0.4%</b>
<b>EBITDA excluding one-off items</b>						
<b>Biobased Ingredients</b>	<b>137.6</b>	<b>119.8</b>	<b>45.5</b>	<b>39.7</b>		<b>14.9%</b>
- Food	110.3	99.4	37.7	34.3		11.0%
- Biochemicals	41.5	35.2	13.1	11.8		17.9%
- Central costs	(14.2)	(14.8)	(5.3)	(6.4)		-4.1%
<b>Biobased Innovations</b>	<b>(2.8)</b>	<b>(2.7)</b>	<b>(0.5)</b>	<b>0.1</b>		<b>4.1%</b>
<b>Total EBITDA excluding one-off items</b>	<b>134.8</b>	<b>117.1</b>	<b>45.0</b>	<b>39.8</b>		<b>15.1%</b>
One-off items	(4.4)	0.9	(2.1)	1.1		
<b>Total EBITDA</b>	<b>130.4</b>	<b>118.0</b>	<b>42.9</b>	<b>40.9</b>		<b>10.5%</b>
Depreciation and amortization	(37.3)	(34.9)	(13.2)	(11.0)		6.9%
<b>Total operating result</b>	<b>93.1</b>	<b>83.1</b>	<b>29.7</b>	<b>29.9</b>		<b>12.0%</b>
<b>EBITDA margin excluding one-off items</b>						
<b>Biobased Ingredients</b>	<b>20.6%</b>	<b>17.8%</b>	<b>20.4%</b>	<b>17.3%</b>		
- Food	21.8%	19.2%	22.1%	19.1%		
- Biochemicals	25.8%	22.5%	24.8%	23.7%		
<b>Biobased Innovations</b>	<b>-16.0%</b>	<b>-20.2%</b>	<b>-7.9%</b>	<b>2.3%</b>		
<b>Total EBITDA margin excluding one-off items</b>	<b>19.7%</b>	<b>17.0%</b>	<b>19.6%</b>	<b>16.9%</b>		
<b>Total EBITDA excluding one-off items and acquisitions, at constant currencies</b>	<b>136.0</b>	<b>117.1</b>	<b>45.0</b>	<b>39.8</b>		<b>16.1%</b>

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### Net sales growth rates YTD and Q3

	Total growth	Currency	Total growth at constant currency	Acquisitions	Organic	Price/Mix	Volume
<b>YTD 2016 vs 2015</b>							
<b>Biobased Ingredients</b>	<b>-1.0%</b>	<b>-0.4%</b>	<b>-0.6%</b>	<b>0.2%</b>	<b>-0.8%</b>	<b>1.2%</b>	<b>-2.0%</b>
- Food	-2.2%	-0.6%	-1.6%	0.2%	-1.8%	1.4%	-3.2%
- Biochemicals	2.8%	0.2%	2.6%	0.2%	2.4%	-0.2%	2.6%
<b>Biobased Innovations</b>	<b>31.6%</b>	<b>-0.2%</b>	<b>31.8%</b>	<b>0.0%</b>	<b>31.8%</b>	<b>-31.7%</b>	<b>93.0%</b>
<b>Total</b>	<b>-0.4%</b>	<b>-0.4%</b>	<b>0.0%</b>	<b>0.2%</b>	<b>-0.2%</b>	<b>0.6%</b>	<b>-0.8%</b>
<b>Q3 2016 vs Q3 2015</b>							
<b>Biobased Ingredients</b>	<b>-2.7%</b>	<b>0.6%</b>	<b>-3.3%</b>	<b>0.0%</b>	<b>-3.3%</b>	<b>0.4%</b>	<b>-3.7%</b>
- Food	-5.2%	0.6%	-5.8%	0.0%	-5.8%	-0.1%	-5.7%
- Biochemicals	6.2%	0.7%	5.5%	0.0%	5.5%	1.1%	4.4%
<b>Biobased Innovations</b>	<b>1.6%</b>	<b>-0.5%</b>	<b>2.1%</b>	<b>0.0%</b>	<b>2.1%</b>	<b>-48.7%</b>	<b>99.2%</b>
<b>Total</b>	<b>-2.6%</b>	<b>0.6%</b>	<b>-3.2%</b>	<b>0.0%</b>	<b>-3.2%</b>	<b>-1.2%</b>	<b>-2.0%</b>

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**Background information:**

**Corbion: biobased solutions, designed by science, powered by nature, and delivered through dedication.**

Corbion is the global market leader in lactic acid, lactic acid derivatives and lactides, and a leading company in emulsifiers, functional enzyme blends, minerals and vitamins. The company delivers high performance biobased products made from renewable resources and applied in global markets such as bakery, meat, pharmaceuticals and medical devices, home and personal care, packaging, automotive, coatings and adhesives. Its products have a differentiating functionality in all kinds of consumer products worldwide. In 2015, Corbion generated annual sales of € 918.3 million and had a workforce of 1,673 FTE. Corbion is listed on Euronext Amsterdam. For more information: [www.corbion.com](http://www.corbion.com)