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PRESS RELEASE

DATE 7 August 2020

Corbion first half 2020 results

Corbion reported sales of € 492.2 million in the first half of 2020, an increase of 4.3% due to organic net sales growth of 4.0% and positive currency effects. Organic net sales growth in Core activities was 5.3%. Adjusted EBITDA increased organically by 16.9% to € 83.8 million due to improvements in all business segments.

"The Covid-19 pandemic has had a profound impact throughout the first half of 2020. I am therefore particularly proud of the Corbion teams' dedication and execution excellence to drive sales and profit growth in the first half while all our plants continued to operate in uncertain and challenging times. Our priorities were and still are clear: protecting the health and safety of our people while supporting business continuity for our customers and executing on the Advance 2025 strategy we set out in March. In Sustainable Food Solutions, next to pantry loading, we saw our customers securing supplies as much as possible in March. As supply chains held firm in the subsequent weeks, our customers proceeded to bring inventories down to pre-crisis levels in the second quarter. In Lactic Acid & Specialties, we experienced some adverse COVID-19 impact in certain markets such as Biopolymers. However, we saw good growth driven by positive developments in PLA and the electronics segment. The Total Corbion PLA joint venture is going from strength to strength.", commented Olivier Rigaud, CEO.

Key financial highlights first half of 2020*

1. Net sales organic growth was 4.0%; organic growth in core activities was 5.3%
2. Adjusted EBITDA was € 83.8 million (H1 2019: € 71.4 million), an organic increase of 16.9%
3. Adjusted EBITDA margin was 17.0% (H1 2019: 15.1%); adjusted EBITDA margin for core activities was 17.3% (H1 2019: 15.4%)
4. Adjustments at EBITDA level of € -5.8 million
5. Operating result was € 45.7 million (H1 2019: 46.4 million)
6. Free cash flow was € -12.7 million (H1 2019: € -29.3 million)
7. Net debt/EBITDA at end H1 was 2.0x (year-end 2019: 2.0x)

€ million Corbion Total Company	YTD 2020	YTD 2019	Total growth	Organic growth
Net sales	492.2	471.9	4.3%	4.0%
Adjusted EBITDA	83.8	71.4	17.4%	16.9%
Adjusted EBITDA margin	17.0%	15.1%		
Operating result	45.7	46.4	-1.5%	-1.3%
ROCE	13.6%	10.8%		

* For non-GAAP definition see page 22

Corbion

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Management review H1 2020

Net sales

Net sales in H1 2020 increased by 4.3% to € 492.2 million (H1 2019: € 471.9 million) due to organic growth (4.0%) and a positive impact from currencies (0.4%), slightly offset by a net impact from acquisitions/divestments (-0.1%) consisting of the acquisition of Granotec do Brazil and the phasing out of the co-packing blending activities. Organic net sales growth of 3.5% in H1 2020 in the Sustainable Food Solutions business unit was driven by price/mix improvements and volume growth. In the Lactic Acid & Specialties business unit, sales (organically) increased by 7.8% versus H1 2019. Positive volume growth (13.6%) was offset by a negative price/mix effect (-5.1%). Organic net sales growth for the Incubator business unit was 36.7% as negative price/mix developments were more than offset by volume growth. Organic net sales growth in the non-core activities was -2.5%.

We estimate that the COVID-19-pandemic has had a mild negative impact on our net sales in the core activities in H1 2020 of € 1-2 million, even though the exact magnitude is hard to determine.

Net sales	Total growth	Currency	Total growth at constant currency	Acquisitions/ (Divestments)	Organic	Price/Mix	Volume
YTD 2020 vs YTD 2019							
Core	**6.9%**	**0.0%**	**6.9%**	**1.6%**	**5.3%**	**-1.5%**	**6.9%**
- Sustainable Food Solutions	5.7%	-0.2%	5.9%	2.4%	3.5%	1.0%	2.5%
- Lactic Acid & Specialties	9.2%	1.4%	7.8%	0.0%	7.8%	-5.1%	13.6%
- Incubator	10.2%	-26.5%	36.7%	0.0%	36.7%	-22.7%	76.9%
Non-Core	**-7.8%**	**2.4%**	**-10.2%**	**-7.7%**	**-2.5%**	**-0.6%**	**-1.9%**
Total	**4.3%**	**0.4%**	**3.9%**	**-0.1%**	**4.0%**	**-1.3%**	**5.4%**
Q2 2020 vs Q2 2019							
Core	**-0.5%**	**-1.2%**	**0.7%**	**0.6%**	**0.1%**	**1.1%**	**-1.0%**
- Sustainable Food Solutions	-1.2%	-1.4%	0.2%	1.0%	-0.8%	3.0%	-3.7%
- Lactic Acid & Specialties	1.4%	0.6%	0.8%	0.0%	0.8%	-1.7%	2.5%
- Incubator	-11.4%	-28.6%	17.2%	0.0%	17.2%	-24.7%	55.6%
Non-Core	**-14.1%**	**1.9%**	**-16.0%**	**-8.4%**	**-7.6%**	**0.5%**	**-8.1%**
Total	**-2.9%**	**-0.7%**	**-2.2%**	**-1.0%**	**-1.2%**	**1.0%**	**-2.2%**

EBITDA

Adjusted EBITDA increased by 17.4% to € 83.8 million in H1 2020. The main drivers were organic growth of 16.9%, a small positive currency effect of 1.1%, offset by a net divestment effect of -

0.6%. The Adjusted EBITDA margin increased from 15.1% to 17.0%. The Adjusted EBITDA margin for the Core activities increased from 15.4% to 17.3% because of improvements in the Lactic Acid & Specialties and Incubator business segments.

€ million	YTD 2020	YTD 2019		Q2 2020	Q2 2019		Growth YTD
Net Sales							
Core	**414.4**	**387.5**		**199.2**	**200.3**		**6.9%**
- Sustainable Food Solutions	267.6	253.1		131.4	133.0		5.7%
- Lactic Acid & Specialties	141.4	129.5		64.7	63.8		9.2%
- Incubator	5.4	4.9		3.1	3.5		10.2%
Non-Core	**77.8**	**84.4**		**36.7**	**42.7**		**-7.8%**
Total Net Sales	**492.2**	**471.9**		**235.9**	**243.0**		**4.3%**
Adjusted EBITDA							
Core	**71.5**	**59.5**		**33.5**	**30.6**		**20.2%**
- Sustainable Food Solutions	47.0	44.2		22.5	23.1		6.3%
- Lactic Acid & Specialties	33.5	29.5		14.3	14.0		13.6%
- Incubator	(9.0)	(14.2)		(3.3)	(6.5)		-36.6%
Non-Core	**12.3**	**11.9**		**5.9**	**5.9**		**3.4%**
Total Adjusted EBITDA	**83.8**	**71.4**		**39.4**	**36.5**		**17.4%**
Adjustments	(5.8)	3.4		(4.7)	4.3		
Total EBITDA	**78.0**	**74.8**		**34.7**	**40.8**		**4.3%**
Depreciation/amortization/impairment (in)tangibles	(32.3)	(28.4)		(16.4)	(14.5)		13.7%
Total Operating Result	**45.7**	**46.4**		**18.3**	**26.3**		**-1.5%**
Adjusted EBITDA margin							
Core	***17.3%***	***15.4%***		***16.8%***	***15.3%***		
- Sustainable Food Solutions	*17.6%*	*17.5%*		*17.1%*	*17.4%*		
- Lactic Acid & Specialties	*23.7%*	*22.8%*		*22.1%*	*21.9%*		
- Incubator	*-166.7%*	*-289.8%*		*-106.5%*	*-185.7%*		
Non-Core	***15.8%***	***14.1%***		***16.1%***	***13.8%***		
Total Adjusted EBITDA margin	***17.0%***	***15.1%***		***16.7%***	***15.0%***		
Total Adjusted EBITDA excl. acquisitions/divestments, at constant currencies	**83.4**	**71.4**		**39.9**	**36.5**		**16.9%**

Depreciation, amortization, and impairment

Depreciation, amortization, and impairment of (in)tangible fixed assets amounted to € 32.3 million compared to € 28.4 million in 2019. We have not identified any triggers for impairment following the COVID-19 pandemic.

Operating result

Adjusted operating result increased by € 9.9 million to € 52.9 million in H1 2020 (H1 2019: € 43.0 million).

Adjustments

In 2020, total adjustments of € 10.0 million were recorded, consisting of the following components:

- Loss of € 4.5 million because of a provision for a tax claim after a U.S. tax audit
- Loss of € 4.2 million related to a write-down of inventory in our algae business
- Loss of € 1.4 million related to an impairment of assets in preparation of the new lactic acid plant in Thailand
- Loss of € 1.4 million related to restructuring costs
- Loss of € 0.2 million related to contaminated inventory in the U.S.
- Positive tax effects on the above of € 1.7 million

Financial income and charges

Net financial charges increased by € 6.9 million to € 13.2 million, mainly because of non-cash currency effects related to the significant devaluation of the Brazilian real against the euro in H1 2020 (caused by our intercompany Brazilian real loans to our fully owned Brazilian entities).

Taxes

The tax charge on our operations in H1 2020 amounted to € 12.5 million compared to a charge of € 11.2 million in H1 2019. In H1 2020, the effective tax rate (33.8%) was above the expected effective tax rate based on statutory tax rates mainly due to recording of a provision related to a U.S. tax audit. The adjusted effective tax rate would have been 21.6%. For 2020 we expect an effective tax rate of between 25% and 30%.

Statement of financial position

Capital employed decreased, compared to year-end 2019, by € 29.8 million to € 826.7 million. The movements were:

€ million	
Capital expenditure on (in)tangible fixed assets	33.2
Lease contract movements	2.0
Depreciation / amortization / impairment of (in)tangible fixed assets	-32.3
Change in operating working capital	28.3
Change in provisions, other working capital, and financial assets/ accruals	-13.6
Movements related to joint ventures	4.7
Taxes	-5.7
Exchange rate differences	-46.4

Major capital expenditure projects in 2020 are investments related to lactic acid capacity expansion in Thailand, investments in our Algae Ingredients factory in Orindiúva, and our new SAP-based ERP platform.

Operating working capital increased by € 20.2 million. This increase is the balance of an operational increase of € 28.3 million and currency effects of € 8.1 million.

Shareholders' equity decreased by € 41.3 million to € 487.8 million. The movements were:

- The positive result after taxes of € 24.7 million;
- A decrease of € 33.0 million related to the dividend for financial year 2019;
- Negative exchange rate differences of € 31.8 million due to the translation of equity denominated in currencies other than the euro;
- Negative movement of € 9.6 million in the hedge reserve;
- Positive remeasurement effect of defined benefit arrangement of € 2.9 million;
- Net share-based remuneration movement of € 0.5 million;
- Positive tax effects of € 5.0 million.

As at 30 June 2020 the ratio between balance sheet total and equity was 1:0.4 (year-end 2019: 1:0.5).

Cash flow/Financing

Cash flow from operating activities decreased compared to H1 2019 by € 7.8 million to € 28.1 million. This is the balance of the higher operational cash flow before movements in working capital of € 10.2 million, a negative impact of the movement in working capital and provisions of € 20.3 million, and lower taxes and interest paid of € 2.3 million.

The cash flow required for investment activities decreased compared to H1 2019 by € 24.4 million to € 40.8 as H1 2019 included the Granotec do Brazil acquisition. Capital expenditures increased by € 11.1 million to € 40.8 million.

The net debt position at half-year end 2020 was € 316.3 million, an increase of € 13.0 million compared to year end 2019, mainly due to capital expenditures and the increase in working capital compared to 2019, partly compensated by the positive cash flow from operating activities before working capital and provisions.

At half year-end 2020, the ratio of net debt to EBITDA was 2.0x (end of 2019: 2.0x). The interest cover for the half-year was 21.8x (year-end 2019: 22.2x). We continue to stay well within the limits of our financing covenants.

Financial guidance 2020-2025*

Financial targets 2020-2025 (for core activities)

- Annual organic net sales growth of 4-7%
- EBITDA margin >17% from 2025 onwards (2019: 15.1%)

Underlying assumptions

- Organic net sales growth Sustainable Food Solutions ~3%
- Organic net sales growth Lactic Acid & Specialties ~7%
- Algae-based Omega-3 DHA business EBITDA break-even by 2022
- EBITDA investments of other Incubator initiatives: up to ~0.5-1.5% of total Corbion sales
- Capex: Recurring capex of € 60-70 million per annum. Additional average capex in 2020-2022: € 55 million p.a. for new lactic acid plant in Thailand
- Net debt/EBITDA: Target is 2.0x over the cycle. Estimated to peak at ~2.5x during construction period of new lactic acid plant (2020-2023)

* Capital Markets Day, March 2020

Outlook 2020

Although more recently the greatest volatility in our sales seems behind us, sales patterns have become somewhat more predictable, and Q3 started off positively, there are still significant uncertainties going forward due to the COVID-19 pandemic. It is particularly difficult to see what the second order effects are going to be on the general economic climate and consumer behavior. The impact on business development projects of COVID-19 in 2021 and beyond is still uncertain at this point.

For 2020 we leave our organic net sales growth guidance for our core activities unchanged: in the 4-7% range. Our adjusted EBITDA margin for the year is expected to be above 15% (was: stable versus 2019 at approximately 15%) due to a solid business performance and (partly temporary) favorable cost developments. We are continuing with our capital investment programs with an estimated capex of € 80-90 million for 2020.

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Segment information

Sustainable Food Solutions

€ million	YTD 2020	YTD 2019		Q2 2020	Q2 2019
Net sales	267.6	253.1		131.4	133.0
Organic growth	3.5%			-0.8%	
EBITDA	46.3	48.3		22.0	27.8
Adjusted EBITDA	47.0	44.2		22.5	23.1
Adjusted EBITDA margin	17.6%	17.5%		17.1%	17.4%

Net sales in Sustainable Food Solutions, increased organically by 3.5% in H1 2020. In Q2, organic net sales growth was -0.8%.

Preservation has performed well throughout the first half of 2020. Even though our customers in the US in the meat processing sector had to deal with temporary closures, our volumes have generally not been impacted by this. The trend to natural preservatives continues to gain ground. We have secured the first patents around fruit ferments, which are a natural way to reformulate products and reduce food waste.

Functional Systems showed mixed results in the first half with a strong Q1 and a weak Q2. In aggregate this still resulted in solid growth in H1. In the first quarter we saw particularly strong growth in bread solutions as customers were securing supply and accommodating the consumer shift to packaged bread. As supply chains stabilized, our customers began destocking by the end of April, running into May. By June, the sales pattern stabilized again.

Single Ingredients declined in H1 due to product allocation decisions within Corbion.

The Adjusted EBITDA margin remained almost stable at 17.6%.

Lactic Acid & Specialties

€ million	YTD 2020	YTD 2019		Q2 2020	Q2 2019
Net sales	141.4	129.5		64.7	63.8
Organic growth	7.8%			0.8%	
EBITDA	33.2	29.1		14.0	13.7
Adjusted EBITDA	33.5	29.5		14.3	14.0
Adjusted EBITDA margin	23.7%	22.8%		22.1%	21.9%

Net sales in Lactic Acid & Specialties increased organically by 7.8% in H1 2020, driven by strong growth in both the PLA segment and other lactic acid derivatives. As expected, organic net sales growth in Q2 was substantially weaker than in Q1 as we halted production in Thailand for several weeks to accommodate for installing additional lactic acid production capacity. All major product categories (lactic acid, lactate esters, lactates) grew in both H1 and Q2, except for biopolymers. Biopolymers saw significantly lower sales in orthopedics as elective surgeries in hospitals are being postponed due to COVID-19 and business developments are temporarily halted. The margin improved from 22.8% to 23.7% due to better fixed cost leverage and reduced expenses (e.g. travel).

The Total Corbion PLA joint venture made substantial progress in scaling up. The market has remained strong in the first half of the year. This resulted in a strong improvement of the Results from joint ventures and associates.

Incubator

€ million	YTD 2020	YTD 2019		Q2 2020	Q2 2019
Net sales	5.4	4.9		3.1	3.5
Organic growth	36.7%			17.2%	
EBITDA	(10.5)	(14.1)		(4.0)	(6.5)
Adjusted EBITDA	(9.0)	(14.2)		(3.3)	(6.5)
Adjusted EBITDA margin	-166.7%	-289.8%		-106.5%	-185.7%

Net sales in Incubator increased organically by 36.7% in H1 2020 driven by significant growth in AlgaPrime DHA. We have begun to bring pricing closer to current fish oil prices (H1 2020 price/mix: -22.7%) and this is already having a profoundly positive effect on volumes (H1 2020 volumes: +76.9%). Projects on production improvements and strain development/implementation to lower the cost price of AlgaPrime DHA are progressing very well. Customer development is slower than expected due to COVID-19, as necessary production tests are currently on hold due to travel restrictions. The lower EBITDA loss is mainly due to a significant reduction in fixed costs.

Non-core activities

€ million	YTD 2020	YTD 2019		Q2 2020	Q2 2019
Net sales	77.8	84.4		36.7	42.7
Organic growth	-2.5%			-7.6%	
EBITDA	9.0	11.5		2.7	5.8
Adjusted EBITDA	12.3	11.9		5.9	5.9
Adjusted EBITDA margin	15.8%	14.1%		16.1%	13.8%

The largest component in our non-core activities are emulsifiers which declined very slightly in the first half of the year. Frozen dough was strongly impacted by decreased in-store retail sales for these products, especially in Q2. We are nearing the end of the phase-out of the co-packing blending activities. We have terminated the Thrive algae oil activities. We have commenced with the process to actively divest the frozen dough business and we have begun the process of exiting the FDCA project.

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General

Auditor's involvement

The figures in this half-year report have not been audited or reviewed by an external auditor.

Events after balance sheet date

There are no material events after the balance sheet date.

Related party transactions

Corbion has entered into arrangements with a number of its subsidiaries and joint ventures in the course of its business. These arrangements relate to service transactions and financing agreements. Furthermore, Corbion considers transactions with key management personnel to be related party transactions. As of the balance sheet date, there have been no significant changes in the related party transactions from those described in Corbion's annual report 2019.

Risks and uncertainties

Corbion has a risk management system in place. The annual report 2019 provides a detailed description of this system and outlines Corbion's main risks and mitigation activities at the time of close of the 2019 financial year. In Corbion's view, the nature and potential impact of these risks have not materially changed in the first half of 2020. For the new COVID-19 risk event, see below:

Risk event	Cause and potential impact	Mitigation actions
COVID-19	Supply chain disruption (inbound and outbound)	We are continuously managing our in- and outbound supply chain and taking appropriate action to mitigate risk. We have increased inventory levels of strategic raw materials and arranged for multi-sourced supply alternatives wherever possible.
	Cash flow issues	Our net debt/EBITDA ratio at the end of Q2 was 2.0x, well below the limits of our loan covenants. From a refinancing perspective our funding is secure. As a precautionary measure we have increased our cash balances by partially drawing on our revolving credit facility. Cash flow issues can occur when customer do not pay or pay late; or due to declining business because of the economic downturn; or due to production disruption issues within Corbion (see below).
	Economic downturn Delayed customer payments	Generally, the food and pharma businesses are relatively less sensitive to economic downturns, although the long-term consequences of the COVID-19 crisis for future consumer behavior patterns are unknown. We increased our monitoring of business developments and payment behavior of customers to enable timely measures in case of worsening trends.
	Production disruption	Because of our position as a key supplier in the food and pharma supply chains, our plants in most countries are qualified as 'essential', enabling our people and contractors to come to the plant and continue their activities, and enabling us to serve our customers in the best possible way. We have taken all preventive measures to reduce contamination risk on the shop floor and ensured redundancy in our shift planning.

There may also be risks Corbion is not aware of or currently deems immaterial, but which could, at a later stage, have a material impact on Corbion's business. Corbion's risk management systems are focused on timely discovery of such risks.

Responsibility Statement

With reference to Section 25d Subsection 2 sub c of Chapter 5 of the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht), the Board of Management states that to the best of its knowledge:

- the condensed interim financial statements for the six-month period ended 30 June 2020, which have been prepared in accordance with IAS 34 (Interim Financial Reporting) as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position, and earnings of Corbion and its group companies included in the condensed interim financial statements; and
- the management report for the six-month period ended 30 June 2020 gives a true and fair review of the information required pursuant to Section 5:25d Subsections 8 and 9 of the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht).

Amsterdam, the Netherlands, 7 August 2020

Board of Management

Olivier Rigaud, Chief Executive Officer
Eddy van Rhede van der Kloot, Chief Financial Officer

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Consolidated income statement

General	1st Half-year	
millions of euros	**2020**	**2019**
Net sales	492.2	471.9
Costs of raw materials and consumables	-238.9	-230.7
Production costs	-83.5	-79.2
Warehousing and distribution costs	-34.8	-29.9
Gross profit	**135.0**	**132.1**
Selling expenses	-32.0	-33.3
Research and development costs	-18.2	-21.6
General and administrative expenses	-39.1	-38.8
Other proceeds		8.0
Operating result	**45.7**	**46.4**
Financial income	1.7	1.7
Financial charges	-14.9	-8.0
Results from joint ventures and associates	4.7	-2.7
Result before taxes	**37.2**	**37.4**
Taxes	-12.5	-11.2
Result after taxes	**24.7**	**26.2**
Per common share in euros		
Basic earnings	0.42	0.45
Diluted earnings	0.42	0.44

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Consolidated statement of comprehensive income

General	1st Half-year	
millions of euros	**2020**	**2019**
Result after taxes	**24.7**	**26.2**
Other comprehensive results to be recycled:		
Translation reserve	-31.8	8.7
Hedge reserve	-9.6	3.5
Taxes relating to other comprehensive results to be recycled	5.0	-0.7
Total other comprehensive results to be recycled	**-36.4**	**11.5**
Other comprehensive results not to be recycled:		
Defined benefit arrangements	2.9	
Total other comprehensive results not to be recycled	**2.9**	
Total comprehensive result after taxes	**-8.8**	**37.7**

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Consolidated statement of financial position

before profit appropriation, millions of euros	As at 30-06-2020	As at 31-12-2019
Assets		
Property, plant, and equipment	346.6	368.2
Right-of-use assets	59.3	64.8
Intangible fixed assets	167.2	172.9
Investments in joint ventures and associates	21.1	16.6
Long term employee benefits	22.7	18.2
Other non-current financial assets	67.0	67.2
Deferred tax assets	11.0	10.7
Total non-current assets	**694.9**	**718.6**
Inventories	163.1	163.2
Trade receivables	120.6	124.2
Other receivables	30.2	37.3
Income tax receivables	2.7	2.1
Cash and cash equivalents	76.4	45.7
Assets held for sale	10.0	
Total current assets	**403.0**	**372.5**
Total assets	**1,097.9**	**1,091.1**
Equity and liabilities		
Equity	**487.8**	**529.1**
Borrowings	110.5	113.0
Lease liabilities	51.8	55.9
Long term employee benefits	7.3	7.9
Deferred tax liabilities	17.7	13.4
Other non-current liabilities	22.6	24.1
Total non-current liabilities	**209.9**	**214.3**
Borrowings	220.1	169.8
Lease liabilities	10.3	10.3
Provisions	5.9	6.2
Income tax payables	7.9	4.3
Trade payables	70.4	94.3
Other current liabilities	84.6	62.8
Liabilities directly associated with assets held for sale	1.0	
Total current liabilities	**400.2**	**347.7**
Total liabilities	**1,097.9**	**1,091.1**

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Consolidated statement of changes in equity

before profit appropriation, millions of euros	Share capital	Share premium reserve	Other reserves	Retained earnings	Total
As at 1 January 2019	**14.8**	**55.2**	**71.0**	**379.2**	**520.2**
Result after taxes				26.2	26.2
Other comprehensive result after tax			11.5		11.5
Transfers to/from Other reserves			-0.4	0.4	
Total comprehensive result after tax			**11.1**	**26.6**	**37.7**
Cash dividend				-32.9	-32.9
Share-based remuneration transfers			-1.8	0.9	-0.9
Share-based remuneration charged to result			2.4		2.4
Total transactions with shareholders			**0.6**	**-32.0**	**-31.4**
As at 30 June 2019	**14.8**	**55.2**	**82.7**	**373.8**	**526.5**
As at 1 January 2020	**14.8**	**55.2**	**92.1**	**367.0**	**529.1**
Result after taxes				24.7	24.7
Other comprehensive result after tax			-36.4	2.9	-33.5
Transfers to/from Other reserves			0.2	-0.2	
Total comprehensive result after tax			**-36.2**	**27.4**	**-8.8**
Cash dividend				-33.0	-33.0
Share-based remuneration transfers			-2.4	1.3	-1.1
Share-based remuneration charged to result			1.6		1.6
Total transactions with shareholders			**-0.8**	**-31.7**	**-32.5**
As at 30 June 2019	**14.8**	**55.2**	**55.1**	**362.7**	**487.8**

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Consolidated statement of cash flows

General	1st Half-year	
millions of euros	**2020**	**2019**
Cash flow from operating activities		
Operating result	45.7	46.4
Adjusted for:		
● Depreciation/amortization of fixed assets	30.9	28.4
● Impairment of fixed assets	1.4	
● Result from divestments of fixed assets		0.1
● Result from past service gain due to change in indexation CSM UK pension scheme		-8.0
● Share-based remuneration	1.5	2.4
Cash flow from operating activities before movements in working capital and provisions	**79.5**	**69.3**
Movement in provisions	-3.8	-1.7
Movements in operating working capital:		
● Trade receivables	-0.7	-6.4
● Inventories	-7.4	-11.0
● Trade payables	-20.2	-2.1
Movement in other working capital	-13.7	-4.3
Cash flow from business operations	**33.7**	**43.8**
Interest received		0.5
Interest paid	-5.3	-4.7
Tax paid on profit	-0.3	-3.7
Cash flow from operating activities	**28.1**	**35.9**
Cash flow from investment activities		
Acquisition of group companies		-28.5
Investment joint ventures and associates		-0.9
Investment other financial assets		-6.1
Capital expenditure on (in)tangible fixed assets	-40.8	-29.7
Cash flow from investment activities	**-40.8**	**-65.2**
Cash flow from financing activities		
Proceeds from interest-bearing debts	55.0	61.0
Repayment of interest-bearing debts	-3.8	-4.7
Repayment of lease liabilities	-5.2	-4.5
Paid-out dividend		-32.9
Cash flow from financing activities	**46.0**	**18.9**
Net cash flow	**33.3**	**-10.4**
Effects of exchange rate differences on cash and cash equivalents	-2.6	-0.2
Increase/decrease cash and cash equivalents	**30.7**	**-10.6**
Cash and cash equivalents at start of financial year	45.7	47.1
Cash and cash equivalents at close of financial year	76.4	36.5

Corbion

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Accounting information

General

Corbion is the global market leader in lactic acid and lactic acid derivatives, and a leading company in emulsifiers, functional enzyme blends, minerals, vitamins, and algae ingredients. The company delivers high-performance sustainable ingredient solutions made from renewable resources and applied in global markets such as food, home & personal care, animal nutrition, pharmaceuticals, medical devices, and bioplastics. Its products add differentiating functionality to a wide variety of consumer products worldwide.

The figures in this half-year report have not been audited or reviewed by an external auditor.

Principles for the valuation of assets and liabilities and determination of the result

This condensed interim financial information for the half-year ended 30 June 2020 complies with IFRS and has been prepared in accordance with IAS 34, 'Interim financial reporting'. The interim condensed financial report should be read in conjunction with the annual financial statements for the year ended 31 December 2019. In preparing these condensed interim financial statements the main estimates and judgements made by the Board of Management when applying Corbion's accounting policies, were similar to those applied to the annual financial statements for the year ended 31 December 2019.

New and amended standards adopted by the group

A number of new or amended standards became applicable for the current reporting period. The group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

Held for sale

The Frozen Dough business is managed for exit. A search is underway for a buyer and in the next 12 months, Corbion intends to sell the business. No impairment loss was recognized upon reclassification as held for sale as the fair value less costs to sell is expected to be higher than the carrying amount.

Events after balance sheet date

There has been no subsequent event from 30 June 2020 to the date of issue that affect the Half year condensed Financial statements Q2 2020.

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Consolidated income statement adjustments

The consolidated income statement for financial years first half-year 2020 and first half-year 2019 before adjustments (non-IFRS financial measures) can be presented as follows.

	1st Half-year					
	2020			2019		
	Adjusted figures	**Adjustments**	**IFRS figures**	**Adjusted figures**	**Adjustments**	**IFRS figures**
Net sales	492.2		492.2	471.9		471.9
Costs of raw materials and consumables	-235.4	-3.5	-238.9	-230.7		-230.7
Production costs	-81.4	-2.1	-83.5	-78.9	-0.3	-79.2
Warehousing and distribution costs	-34.8		-34.8	-29.9		-29.9
Gross profit	**140.6**	**-5.6**	**135.0**	**132.4**	**-0.3**	**132.1**
Selling expenses	-31.4	-0.6	-32.0	-32.7	-0.6	-33.3
Research and development costs	-17.9	-0.3	-18.2	-20.2	-1.4	-21.6
General and administrative expenses	-38.4	-0.7	-39.1	-36.5	-2.3	-38.8
Other proceeds					8.0	8.0
Operating result	**52.9**	**-7.2**	**45.7**	**43.0**	**3.4**	**46.4**
Less: depreciation/amortization/impairment (in)tangible fixed assets	30.9	1.4	32.3	28.4		28.4
EBITDA	**83.8**	**-5.8**	**78.0**	**71.4**	**3.4**	**74.8**
Depreciation/amortization/impairment (in)tangible fixed assets	-30.9	-1.4	-32.3	-28.4		-28.4
Operating result	**52.9**	**-7.2**	**45.7**	**43.0**	**3.4**	**46.4**
Financial income	1.7		1.7	1.7		1.7
Financial charges	-14.9		-14.9	-8.0		-8.0
Results from joint ventures and associates	4.7		4.7	-2.7		-2.7
Result before taxes	**44.4**	**-7.2**	**37.2**	**34.0**	**3.4**	**37.4**
Taxes	-9.7	-2.8	-12.5	-12.4	1.2	-11.2
Result after taxes	**34.7**	**-10.0**	**24.7**	**21.6**	**4.6**	**26.2**

Adjustments relate to material items in the income statement of such size, nature or incidence that in view of management require disclosure. These items include amongst others write-down of inventories to net realizable value, reversals of write-downs, impairments, reversals of impairments, additions to and releases from provisions for restructuring and reorganization, results on assets sold, gains on the sale of subsidiaries, joint ventures and associates, and any other provision being formed or released. The company only adjusts for items when the aggregate amount of the events per line item of the income statement exceeds a threshold of € 0.5 million.

In the first half-year 2019, a total of € 4.6 million adjustments were recorded, consisting of the following components:

1. Gain of € 8.0 million as a result of a past service gain due to change in indexation CSM UK pension scheme.
2. Loss of € 2.5 million related to restructuring costs.
3. Loss of € 1.0 million related to one-off bonusses.
4. Loss of € 0.7 million as a result of acquisition costs of Granotec do Brazil.
5. Loss of € 0.4 million related to legal costs.
6. Tax effects on the above of € 1.2 million.

In the first half-year 2020, a total of € 10.0 million adjustments were recorded, consisting of the following components:

1. Loss of € 4.5 million as a result of a provision for a tax claim after a U.S. tax audit.
2. Loss of € 4.2 million related to a write-down of inventory in our Algae business.
3. Loss of € 1.4 million related to an impairment of assets for preparation of the new lactic acid plant in Thailand.
4. Loss of € 1.4 million related to restructuring costs.
5. Loss of € 0.2 million related to contaminated inventory in the U.S.
6. Tax effects on the above of € 1.7 million.

Corbion

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Segment information

As a result of the strategy update in March 2020, Corbion has made an updated assessment of the reportable segments. In line with the revised management responsibilities and internal management reporting for its strategic decision-making process Corbion now distinguishes between Sustainable Food Solutions, Lactid Acid and Specialties (together 'Core') and Non-core segments. As a result of the strategy update, prior year segmentation has been restated.

In Sustainable food solutions, Corbion has developed increasingly from an ingredients business into a solutions business. We plan to expand on this solutions model with natural food preservation and functional systems as our core capabilities, enabling us to accelerate growth in close adjacencies.

In our Lactic acid business, we aim to capitalize on our market and technology leadership. We will capitalize on our global product leadership in lactic acid and lactic acid derivatives. Corbion leads the lactic acid market in technology, production capacity, geographic coverage and breadth of portfolio.

In our Incubator, where we develop early stage initiatives, we plan to bring omega-3 DHA to profitability in 2022, while we stay committed to investing in initiatives with a longer time horizon. Our three main product categories are: Algae-based omega-3, starting with fish feed applications, algae proteins (in cooperation with Nestlé), and our new co-polymer platform. This platform is a lactic acid-based controlled-release co-polymer technology, expanding on our (medical) polymer expertise.

Non-core activities consists of emulsifiers which will have a declining strategic fit going forward and will be managed for value. Further other non-core activities are co-packing blending, and frozen dough which will be exited.

Segment information by business area

1st Half-year	Sustainable Food Solutions		Lactic Acid and Specialties		Incubator		**Core** [1)]		**Non-core**		**Corbion**	
millions of euros												
	2020	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Income statement information												
Net sales	267.6	253.1	141.4	129.5	5.4	4.9	414.4	387.5	77.8	84.4	492.2	471.9
Adjusted operating result	31.8	30.9	26.3	23.0	-11.6	-18.4	46.5	35.5	6.4	7.5	52.9	43.0
Adjustments to operating result	-1.6	4.1	-0.8	-0.4	-1.5	0.1	-3.9	3.8	-3.3	-0.4	-7.2	3.4
Operating result	30.2	35.0	25.5	22.6	-13.1	-18.3	42.6	39.3	3.1	7.1	45.7	46.4
Alternative non-IFRS performance measures												
Adjusted EBITDA	47.0	44.2	33.5	29.5	-9.0	-14.2	71.5	59.5	12.3	11.9	83.8	71.4
Adjustments to EBITDA	0.7	-4.1	0.3	0.4	1.5	-0.1	2.5	-3.8	3.3	0.4	-5.8	3.4
EBITDA	46.3	48.3	33.2	29.1	-10.5	-14.1	69.0	63.3	9.0	11.5	78.0	74.8
Ratios alternative non-IFRS performance measures												
EBITDA margin %	17.3	19.1	23.5	22.5	-194.4	-287.8	16.7	16.3	11.6	13.6	15.8	15.9
Adjusted EBITDA margin %	17.6	17.5	23.7	22.8	-166.7	-289.8	17.3	15.4	15.8	14.1	17.0	15.1

1) Includes Sustainable Food Solutions, Lactic Acid and Specialities and Incubator

Corbion generates almost all of its revenues from the sale of goods.

Information on the use of alternative non-IFRS performance measures

these so-called alternative performance measures might be useful for the readers of these financial statements. Corbion management uses these performance measures to make financial, operational, and strategic decisions and evaluate performance of the segments. The alternative performance measures can be calculated as follows:

- EBITDA is the operating result before depreciation, amortization, and impairment of (in)tangible fixed assets
- EBITDA margin is EBITDA divided by net sales x 100

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Financial instruments

Valuation of financial instruments
Corbion measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:
- Level 1: Fair value measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value measurements based on inputs other than level 1 quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Fair value measurements based on valuation techniques that include inputs for the asset or liability that are based on observable market data (unobservable inputs).

Breakdown valuation of financial instruments

30 June 2020	Level 1	Level 2	Level 3	Total
Derivatives				
● Foreign exchange contracts		0.2		0.2
● Commodity swaps/collars		-3.5		-3.5
Total		**-3.3**		**-3.3**

Breakdown fair values financial instruments

	30 June 2020		30 June 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial fixed assets				
● Loans, receivables, and other	67.0	67.0	64.2	64.2
Receivables				
● Trade receivables	120.6	120.6	126.9	126.9
● Other receivables	26.2	26.2	21.8	21.8
● Prepayments and deferred income	7.1	7.1	7.9	7.9
Cash				
● Cash other	76.4	76.4	36.5	36.5
Interest-bearing liabilities				
● Private placement	-110.5	-135.5	-129.1	-126.1
● Owed to credit institutions	-220.1	-220.1	-177.6	-177.6
● (Financial) lease commitments	-62.1	-62.1	-26.0	-26.0
● Other debts	-22.6	-22.6	-37.0	-37.0
Non-interest-bearing liabilities				
● Trade payables	-70.4	-70.4	-86.8	-86.8
● Other payables	-82.1	-82.1	-44.8	-44.8
Derivatives				
● Foreign exchange contracts	0.2	0.2	-0.4	-0.4
● Commodity swaps/collars	-3.5	-3.5	0.6	0.6
Total	**-273.8**	**-298.8**	**-243.8**	**-240.8**

Fair values are determined as follows
- The fair value of financial fixed assets does not significantly deviate from the book value.
- The fair value of receivables equals the book value because of their short-term character.
- Cash and cash equivalents are measured at nominal value which, given the short-term and risk-free character, corresponds to the fair value.
- Market quotations are used to determine the fair value of debt owed to private parties, credit institutions and other debts. As there are no market quotations for most of the loans the fair value of short- and long-term loans is determined by discounting the future cash flows at the yield curve applicable as at the reporting date.
- Financial lease commitments: the fair value is estimated at the present value of the future cash flows, discounted at the interest rate for similar contracts which is applicable as at the reporting date. This fair value equals the book value.
- Given the short-term character, the fair value of non-interest-bearing liabilities equals the book value.
- Currency and interest derivatives are measured on the basis of the present value of future cash flows over the remaining term of the contracts, using the bank interest rate (such as Euribor) as at the reporting date for the remaining term of the contracts. The present value in foreign currencies is converted using the exchange rate applicable as at the reporting date.
- Commodity derivatives are measured on the basis of the present value of future cash flows, using market quotations or own variable market price estimations of the involved commodity as at the reporting date.

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Key figures

	1st Half-year	
millions of euros	**2020**	**2019**
Net sales	492.2	471.9
Operating result	45.7	46.4
Adjusted EBITDA [1]	83.8	71.4
Result after taxes	24.7	26.2
Earnings per share in euros [2]	0.42	0.45
Diluted earnings per share in euros [2]	0.42	0.44
Key data per ordinary share		
Number of issued ordinary shares	59,242,792	59,242,792
Number of ordinary shares with dividend rights	58,871,671	58,819,590
Weighted average number of outstanding ordinary shares	58,831,063	58,778,374
Price as at 30 June	32.05	28.64
Highest price in calendar year	35.68	28.76
Lowest price in calendar year	22.54	24.26
Market capitalization as at 30 June[3]	1,887	1,685
Other key data		
Cash flow from operating activities	28.1	35.9
Cash flow from operating activities per ordinary share, in euros [2]	0.48	0.61
Free cash flow [4]	-12.7	-29.3
Depreciation/amortization fixed assets	30.9	28.4
Capital expenditure on (in)tangible fixed assets	33.2	27.6
Equity per share in euros [5]	8.29	8.95
Number of employees at closing date (FTE)	2,213	2,046
Ratios		
ROCE % [6]	13.6	10.8
Adjusted EBITDA margin % [7]	17.0	15.1
Result after taxes/net sales %	5.0	5.6
Net debt position/Covenant EBITDA [8]	2.0	2.1
Interest cover [9]	21.8	23.0
Balance sheet figures as per 30/06/2020 and 31/12/2019		
Non-current assets	694.9	718.6
Current assets excluding cash and cash equivalents	326.6	326.8
Non-interest-bearing current liabilities	163.9	161.4
Net debt position [10]	316.3	303.3
Other non-current liabilities	22.6	24.1
Provisions	30.9	27.5
Equity	487.8	529.1
Capital employed [11]	826.7	856.5
Average capital employed [11]	848.5	841.7
Balance sheet total : equity	1:0.4	1:0.5
Net debt position : equity	1:1.5	1:1.7
Current assets : current liabilities	1:1	1:0.9

1 Adjusted EBITDA is the operating result before depreciation, amortization, impairment of (in)tangible fixed assets and after adjustments.
2 Per ordinary share in euros after deduction of dividend on financing preference shares.
3 Market capitalization is calculated by multiplying the number of ordinary shares with dividend rights by the share price at the closing date.
4 Free cash flow comprises cash flow from operating activities and cash flow from investment activities.
5 Equity per share is equity divided by the number of shares with dividend rights.
6 Return on capital employed (ROCE) is defined by Corbion as adjusted operating result, including results from joint ventures and associates, divided by the average capital employed x 100.
7 Adjusted EBITDA margin % is adjusted EBITDA as defined above divided by net sales x 100.
8 Covenant EBITDA is adjusted EBITDA as defined above, increased by cash dividend of joint ventures received and annualization effect of newly acquired subsidiaries.
9 Interest cover is covenant EBITDA as defined above divided by net interest income and charges.
10 Net debt position comprises borrowings and lease liabilities less cash and cash equivalents, including third-party guarantees which are required to be included under the debt covenants.
11 Capital employed and average capital employed are based on balance sheet book values.

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Alternative performance measures (APM)

Within this report, Corbion has included certain non-IFRS financial information. This information is presented to assist in making appropriate comparisons with prior periods and to assess the operating performance of the business. Corbion uses these measures to assess the performance of the business and believes that the information is useful to users of the financial information. The non-IFRS financial measures do not have a standardised meaning prescribed by the IASB, therefore may not be comparable to similar measures presented by other issuers.

The table below gives an overview of the alternative performance measures used and their definitions.

APM	Definition
EBITDA	The operating result before depreciation, amortization, and impairment of (in)tangible fixed assets.
Adjusted EBITDA	EBITDA as defined above after applying Adjustments.
Adjusted EBITDA margin %	Adjusted EBITDA as defined above divided by net sales x 100.
Adjusted EBITDA excluding acquisitions and divestments, at constant currencies	Adjusted EBITDA as defined above excluding the impact of acquisitions and divestments, based on prior year currency rates.
Covenant EBITDA	Adjusted EBITDA as defined above increased by cash dividend of joint ventures received and annualization effect of newly acquired subsidiaries.
Organic EBITDA growth	Adjusted EBITDA as defined above versus prior year excluding impact of acquisitions and divestments and excluding currency impact.
Organic sales growth	Sales versus prior year excluding impact of acquisitions and divestments and currency translation impact.
Adjusted operating result	Operating result after adjustments.
Interest cover	Covenant EBITDA as defined above divided by net interest income and charges.
Net debt position	Interest-bearing debts and lease liabilities less cash and cash equivalents, including third-party guarantees which are required to be included under the debt covenants.
Capital employed	The sum of equity, non-current liabilities, interest-bearing current liabilities and lease liabilities minus cash and cash equivalents.
Average capital employed	Average of the quarterly average capital employed in the reporting period.
Market capitalization	Number of ordinary shares with dividend rights multiplied by the share price at period end.
Free cash flow	Cash flow from operating activities plus cash flow from investment activities.
Return on capital employed (ROCE)	Adjusted operating result as defined above, including results from joint ventures and associates, divided by the average capital employed x 100.
Adjustments	Adjustments relate to material items in the income statement of such size, nature or incidence that in view of management require disclosure. These items include amongst others write-down of inventories to net realizable value, reversals of write-downs, impairments, reversals of impairments, additions to and releases from provisions for restructuring and reorganization, results on assets sold, gains on the sale of subsidiaries, joint ventures and associates, and any other provision being formed or released. The company only adjusts for items when the aggregate amount of the events per line item of the income statement exceeds a threshold of € 0.5 million.

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The table below gives a selection of the APMs used to the most directly comparable IFRS measure.

€ million	Q2 2020	Q2 2019
Operating result	45.7	46.4
Depreciation, amortization and impairments	32.3	28.4
EBITDA	**78.0**	**74.8**
Adjustments to EBITDA		
- Write down inventory Algae business	*4.2*	
- Past service gain due to change in indexation CSM UK pension scheme		*-8.0*
- Restructuring costs	*1.4*	*2.5*
- Cost related to contamination US	*0.2*	
- Acquisition costs		*0.7*
- One-off bonusses		*1.0*
- Legal fees		*0.4*
Total adjustments to EBITDA	5.8	-3.4
Adjusted EBITDA	**83.8**	**71.4**
Operating result	45.7	46.4
Adjustments to operating result		
- Adjustments to EBITDA	*5.8*	*-3.4*
- impairments	*1.4*	
Total adjustments to operating result	7.2	-3.4
Adjusted operating result	**52.9**	**43.0**
Result after taxes	24.7	26.2
Adjustments to result after taxes		
- Adjustments to operating result	*7.2*	*-3.4*
- Provision US tax claim	*4.5*	
- Tax effect on above adjustments	*-1.7*	*-1.2*
Total adjustments to operating result	10.0	-4.6
Adjusted result after taxes	**34.7**	**21.6**
Cash flow from operating activities	28.1	35.9
Cash flow from investment activities	-40.8	-65.2
Free cash flow	**-12.7**	**-29.3**

€ million	Q2 2020	Q4 2019
Equity	487.8	529.1
Borrowings	330.6	282.8
Lease liabilities	62.1	66.2
Other non-current liabilities	22.6	24.1
-/- Cash and cash equivalents	-76.4	-45.7
Capital employed	**826.7**	**856.5**
Borrowings	330.6	282.8
Lease liabilities	62.1	66.2
-/- Cash and cash equivalents	-76.4	-45.7
Net debt position	**316.3**	**303.3**

For a reconciliation of organic sales growth, reference is made to page 2 of this press release.
For a reconciliation of organic EBITDA growth, reference is made to page 3 of this press release.

Corbion

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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 2019, Corbion generated annual sales of € 976.4 million and had a workforce of 2.138 FTE. Corbion is listed on Euronext Amsterdam. For more information: www.corbion.com