Corbion

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PRESS RELEASE

DATE 6 March 2017

Corbion full year 2016 results

Corbion reported sales of € 911.3 million in 2016, a decrease of 0.8%. Organic sales growth was -1.2%. EBITDA excluding one-off items grew by 13.2% in 2016. In Q4 2016 sales were € 226.1 million, a decrease of 1.9%. Q4 2016 EBITDA excluding one-off items increased by 6.3%. The company proposes to distribute a regular dividend of € 0.56 per share, an additional cash dividend of € 0.44 per share, and a new share buyback of € 25 million.

"In 2016 we continued to make good progress in executing our strategy and we are well on track to deliver on our 2015-2018 targets. In the past year we have made strategic choices involving our customer and product portfolios. These choices resulted in a significant margin improvement, but at the same time had an adverse, albeit temporary, impact on our top-line growth in the year. For 2017, we are confident top-line growth will return to our guidance range. A notable highlight in the second half of the year was the announcement of the PLA joint venture together with Total, a market leader with technical and marketing expertise and a leading position in polymers," commented Tjerk de Ruiter, CEO.

Key financial highlights FY 2016

- Net sales organic growth was -1.2%; volume growth was -1.2%
- EBITDA excluding one-off items was € 170.1 million, an organic increase of 13.8%
- EBITDA margin excluding one-off items was 18.7%, up from 16.4%
- "Streamline" contributed € 20 million to EBITDA (2015: € 15 million)
- One-off items at EBITDA level of € -3.2 million in 2016, mostly in connection with the closure of our Kansas powder blending plant, partly offset by the sale of the Breddo-Likwifier activities
- Operating result was € 126.9 million, an organic increase of 17.5%
- Free cash flow was € 72.1 million (2015: € 55.2 million)
- Net debt/EBITDA at year-end was 0.6x (2015: 0.4x)
- Our € 50 million share-buyback program was finalized on 28 October 2016.

Key figures

€ million	FY 2016	FY 2015	Total growth	Organic growth
Net sales	911.3	918.3	-0.8%	-1.2%
EBITDA excluding one-off items	170.1	150.3	13.2%	13.8%
EBITDA margin excluding one-off items	18.7%	16.4%		
Operating result	126.9	108.6	16.9%	17.5%
ROCE	20.6%	19.2%		

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Management review FY 2016

Net sales

Net sales in 2016 decreased by 0.8% to € 911.3 million (2015: € 918.3 million) due to a volume decline (-1.2%) as a result of increased focus on portfolio profitability, partly offset by currencies (+0.2%) and acquisitions (+0.2%). The acquisition impact is related to our acquisition of the Archer Daniels Midland lactic acid business, effective as of 31 March 2015.

Organic sales growth of -1.1% in the Biobased Ingredients business unit was mostly driven by volume declines in the Food business segment, which was partly offset by a price/mix improvement. In the Biochemicals business segment limited volume growth was the main driver. All markets, except for agrochemicals, contributed to this growth. The decline in Biobased Innovations was mostly driven by a negative price/mix effect, caused by a higher percentage of standard PLA sold, mostly offset by volume increases in lactide and PLA.

Growth rates FY and Q4 2016

	Total growth	Currency	Total growth at constant currency	Acquisitions	Organic	Price/Mix	Volume
FY 2016 vs FY 2015							
Biobased Ingredients	**-0.7%**	**0.2%**	**-0.9%**	**0.2%**	**-1.1%**	**1.3%**	**-2.4%**
- Food	-1.6%	0.1%	-1.7%	0.2%	-1.9%	1.5%	-3.4%
- Biochemicals	2.4%	0.5%	1.9%	0.1%	1.8%	0.1%	1.7%
Biobased Innovations	**-3.1%**	**0.1%**	**-3.2%**	**0.0%**	**-3.2%**	**-38.8%**	**58.3%**
Total	**-0.8%**	**0.2%**	**-1.0%**	**0.2%**	**-1.2%**	**0.0%**	**-1.2%**
Q4 2016 vs Q4 2015							
Biobased Ingredients	**0.3%**	**2.2%**	**-1.9%**	**0.0%**	**-1.9%**	**1.4%**	**-3.3%**
- Food	0.0%	2.5%	-2.5%	0.0%	-2.5%	1.5%	-4.0%
- Biochemicals	1.2%	1.6%	-0.4%	0.0%	-0.4%	0.5%	-0.9%
Biobased Innovations	**-53.8%**	**0.2%**	**-54.0%**	**0.0%**	**-54.0%**	**-52.7%**	**-2.8%**
Total	**-1.9%**	**2.2%**	**-4.1%**	**0.0%**	**-4.1%**	**-1.6%**	**-2.5%**

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EBITDA

EBITDA excluding one-off items increased by 13.2% to € 170.1 million, mostly driven by lower input costs, business mix improvements, and program “Streamline”. Currencies negatively impacted EBITDA by € 1.4 million. Biobased Ingredients increased EBITDA excluding one-off items by 13.9% driven by improved EBITDA margin levels (up from 17.3% to 19.8%). Program “Streamline” contributed € 5.0 million to this EBITDA growth. The EBITDA loss in Biobased Innovations increased slightly to € -/-6.4 million (2015: € -/- 4.7 million).

€ million	FY 2016	FY 2015	Q4 2016	Q4 2015		FY growth
Net sales						
Biobased Ingredients	**889.6**	**895.9**	**221.9**	**221.3**		**-0.7%**
- Food	676.6	687.8	169.5	169.5		-1.6%
- Biochemicals	213.0	208.1	52.4	51.8		2.4%
Biobased Innovations	**21.7**	**22.4**	**4.2**	**9.1**		**-3.1%**
Total net sales	**911.3**	**918.3**	**226.1**	**230.4**		**-0.8%**
EBITDA excluding one-off items						
Biobased Ingredients	**176.5**	**155.0**	**38.9**	**35.2**		**13.9%**
- Food	142.5	129.2	32.2	29.8		10.3%
- Biochemicals	53.4	45.5	11.9	10.3		17.4%
- Central costs	(19.4)	(19.7)	(5.2)	(4.9)		-1.5%
Biobased Innovations	**(6.4)**	**(4.7)**	**(3.6)**	**(2.0)**		**36.2%**
Total EBITDA excluding one-off items	**170.1**	**150.3**	**35.3**	**33.2**		**13.2%**
One-off items	(3.2)	5.9	1.2	5.0		
Total EBITDA	**166.9**	**156.2**	**36.5**	**38.2**		**6.9%**
Depreciation/amortization/(reversal of) impairment (in)tangibles	(40.0)	(47.6)	(2.7)	(12.7)		-16.0%
Total operating result	**126.9**	**108.6**	**33.8**	**25.5**		**16.9%**
EBITDA margin excluding one-off items						
Biobased Ingredients	***19.8%***	***17.3%***	***17.5%***	***15.9%***		
- Food	*21.1%*	*18.8%*	*19.0%*	*17.6%*		
- Biochemicals	*25.1%*	*21.9%*	*22.7%*	*19.9%*		
Biobased Innovations	***-29.5%***	***-20.8%***	***-85.7%***	***-21.8%***		
Total EBITDA margin excluding one-off items	***18.7%***	***16.4%***	***15.6%***	***14.4%***		
Total EBITDA excluding one-off items and acquisitions, at constant currencies	**171.0**	**150.3**	**35.0**	**33.2**		**13.8%**

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Depreciation, amortization and impairments (in)tangible fixed assets

Depreciation, amortization and impairments (in)tangible fixed assets excluding one-off items amounted to € 49.8 million (2015: € 45.8 million).

Operating result

Operating result excluding one-off items increased by € 15.8 million to € 120.3 million in 2016 (2015: € 104.5 million).

One-off items

In 2016, a positive total of € 9.4 million in one-off items was recorded on result-after-tax level, consisting of the following components in excess of € 1 million:

- Reversal of a previously recorded impairment of € 13.4 million for the lactide plant in Thailand as a result of the intended sale to the Total Corbion PLA bv joint venture
- One-off costs of € 4.9 million incurred due to the closure of the Kansas Avenue powder blending plant
- Impairment of € 3.0 million related to our succinic acid development as a result of an envisaged change in the production process
- One-off net gain of € 2.2 million related to the sale of our Breddo-Likwifier activities
- A one-off gain of € 1.1 million related to a partial reversal of impairment of a loan for beet growers following the sale of CSM Sugar in 2007
- Positive tax effects on the above items of € 1.7 million

Financial income and charges

Net financial charges increased by € 1.6 million to € 7.4 million in 2016 due to the higher net debt position during 2016.

Taxes

The tax charge on our operations in 2016 amounted to € 14.3 million (12.1% of result before tax). The key driver for the decrease is the recording of previously non-valued deferred tax assets (DTA). Excluding one-off items and the DTA revaluation, the normalized effective tax rate would have been 24.9%. Going forward, a normalized effective tax rate in the range of 25-30% is expected.

Statement of financial position

Capital employed including goodwill increased, compared to year-end 2015, by € 46.6 million to € 596.5 million. The movements were:

€ million	
Capital expenditure on (in)tangible fixed assets	51.0
Depreciation / amortization / (reversal of) impairment (in)tangibles	-40.0
Change in operating working capital	10.8
Change in provisions and other working capital	-3.1
Taxes	11.0
Exchange rate differences	20.8
Other	-3.9
Total movement in capital employed including goodwill	**46.6**

Major capital expenditure projects in 2016 were the completion of the construction of an acid powder production line in the Netherlands, the construction of our PLA polymerization plant, the development of our gypsum-free lactic acid production technology, the consolidation of our US powder blending facilities, and investments in our US emulsifier plants to (i) eliminate partially hydrogenated oils from our products and (ii) prepare the start of the production of PGME, an emulsifier mostly used in sweet goods.

Operating working capital increased by € 13.0 million to € 173.2 million. This increase is the balance of an increase of € 10.8 million before currency effects and a currency effect of € 2.2 million.

Shareholders' equity increased by € 10.7 million to € 498.5 million. The movements were:

- The positive result after taxes of € 103.6 million
- A decrease of € 50.0 million related to the share buyback
- A decrease of € 52.5 million related to the dividend for financial year 2015 and the special interim dividend
- Positive exchange rate differences of € 15.6 million due to the translation of equity denominated in currencies other than the euro
- Share-based remuneration costs of € 2.2 million charged to the result
- Negative movement of € 2.4 million in the hedge reserve
- Negative defined benefit plan effects and tax effects of € 5.8 million.

At year-end 2016 the ratio between balance sheet total and equity was 1:0.6 (year-end 2015: 1:0.6).

Cash flow/Financing

Cash flow from operating activities increased compared to 2015 by € 12.3 million to € 122.6 million. This is the balance of the higher operational cash flow before movements in working capital and provisions of € 10.8 million, a positive impact of the movement in working capital and provisions of € 2.7 million, lower taxes of € 0.3 million, and higher interest paid of € 1.5 million.

The cash flow required for investment activities decreased compared to 2015 by € 4.6 million to € 50.5 million. Capital expenditures accounted for most of this cash outflow, partly offset by a cash inflow from the divestment of our US-based Breddo-Likwifier activities in December 2016.

The net debt position at the end of 2016 was € 98.0 million, an increase of € 35.9 million compared to year-end 2015, mainly due to capital expenditures, the regular dividend, the special interim dividend payment and the share buyback, partly compensated by the positive cash flow from operating activities.

At the end of 2016, the ratio of net debt to EBITDA was 0.6x (end of 2015: 0.4x). The interest cover for 2016 was 23.0x (end of 2015: 25.5x). We continue to stay well within the limits of our financing covenants.

Reservation and dividend policy

Corbion’s reservation policy is aimed at creating and retaining sufficient financial capacity and flexibility to realize our strategic objectives while maintaining healthy balance sheet ratios. Corbion intends to add the profit (or charge the loss) to the company reserves after payment of the statutory dividend on financing preference shares and after deduction of the proposed dividend on ordinary shares. Events potentially impacting our financing requirements such as acquisitions, divestments, reorganizations, or other strategic considerations can lead to adjustments in the reservation amount and the reservation policy.

As regards Corbion’s dividend policy, the amount and structure of dividend on ordinary shares that the company will pay to its shareholders depend on the financial results of the company, the market environment, the outlook, and other relevant factors. The current dividend policy is to pay out 35-45% of net profit adjusted for one-off items. Periodically Corbion will review its net debt position in relation to the investment plans, and decide upon potential additional distributions.

Dividend and share buyback proposal

Upon adoption of the financial statements, holders of financing preference shares will receive the statutory dividend. A proposal to distribute a regular dividend in cash of € 0.56 per ordinary share will be submitted for approval to the General Shareholders' Meeting to be held on 15 May 2017. This represents 35% of our net profit excluding one-off items. The dividend will be charged to the Corbion reserves.

In addition to the regular dividend on ordinary shares, € 25 million is proposed to be distributed as an additional cash dividend of € 0.44 per ordinary share, payable at the same time as the regular dividend. The proposed additional cash dividend on ordinary shares will also be submitted for approval to the General Shareholders' Meeting.

Corbion also intends to distribute € 25 million to shareholders in 2017 through a new share buyback program to be commenced in April 2017 and to be completed before the end of 2017.

Financial guidance 2015-2018

- Biobased Ingredients: net sales growth (CAGR) of 2-4% (1-3% in Food, 5-8% in Biochemicals), EBITDA margin > 18% in 2018, while maintaining ROCE > 15% throughout the period. Recurring capex is expected to be on average € 35 million per annum.
- Biobased Innovations: the loss on EBITDA is not to materially exceed the level of 2013 (minus € 14 million). Business plans at maturity are required to deliver an EBITDA margin of > 18% and a ROCE of > 15%. Recurring capex, excluding large commercial-scale plant investments, is expected to be on average € 20 million per annum.
- Corbion continues to target a net debt/EBITDA ratio of 1.5x, over the investment cycle.

Outlook 2017

Our expectations for 2017 are based on moderate global economic growth. We are confident in the execution of our Disciplined Value Creation strategy. In the Food business segment, we expect a better sales growth performance in 2017 than the year before, as the temporary adverse sales growth effects of our 2016 portfolio optimization are expected to fade out in the first half of 2017. The Biochemicals business segment is also expected to show an improved sales growth performance in 2017 compared to 2016. As a consequence, for Biobased Ingredients, we expect full-year sales growth to be within the multi-year average guidance range of 2-4%.

We expect the portfolio changes initiated over 2016 to have a continued positive effect on our EBITDA margin in Biobased Ingredients. However, as the price of sugar cane, one of our main raw materials, increased over the course of 2016, we anticipate an adverse effect on our EBITDA margin in 2017. On balance we expect some EBITDA margin pressure and our EBITDA excluding one-off items for 2017 to be slightly below that of 2016. The EBITDA margin in Biobased Ingredients is expected to remain firmly above the 18% target level. Volatility in the EBITDA of Biobased Innovations will remain high due to irregular product and sales order patterns and spend phasing of our major innovation initiatives.

Overall capital expenditure in 2017 is expected to be between € 60-70 million (including 50% share of PLA joint venture capital expenditure).

We will hold a Capital Markets Day in the fourth quarter of 2017 to provide an update on our strategy progress, targets, and plans for the future.

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Segment information

Biobased Ingredients

€ million	FY 2016	FY 2015		Q4 2016	Q4 2015
Net sales	889.6	895.9		221.9	221.3
Organic growth	-1.1%	3.3%		-1.9%	1.8%
EBITDA	173.3	160.9		40.1	40.2
EBITDA excl. one-off items	176.5	155.0		38.9	35.2
EBITDA margin excl. one-off items	19.8%	17.3%		17.5%	15.9%
ROCE	28.2%	24.8%		23.9%	21.4%
Average capital employed	487.0	478.1		485.0	483.4

Net sales in Biobased Ingredients, which encompasses Food, Biochemicals and central costs, decreased organically by 1.1% in 2016, mostly driven by lower volumes in the Food business segment. The EBITDA margin excluding one-off items increased from 17.3% to 19.8%, as both Food and Biochemicals improved their margins despite the adverse volume trend, which had a very limited impact on the profit margin level.

Business segment Food

€ million	FY 2016	FY 2015		Q4 2016	Q4 2015
Net sales	676.6	687.8		169.5	169.5
Organic growth	-1.9%	3.7%		-2.5%	2.9%
EBITDA	140.1	135.1		34.0	34.8
EBITDA excl. one-off items	142.5	129.2		32.2	29.8
EBITDA margin excl. one-off items	21.1%	18.8%		19.0%	17.6%

The Food business segment showed an organic sales growth of -1.9% in 2016. As part of our strategy we started to improve the profitability of our portfolio in the second quarter. This had a positive impact on the price/mix of the portfolio, but a negative effect on volumes sold. The EBITDA margin of the business segment improved (up from 18.8% to 21.1%) in 2016 compared to last year mainly due to lower input costs, program “Streamline,” and the improved product mix.

In Bakery, sales decreased in 2016 in a stable US bread market. With the closure of our Kansas plant in the second quarter (as part of plant consolidation), we decreased the number of SKUs and moved smaller customers to an indirect delivery model, which negatively impacted our volumes. Sales were also impacted due to a negative comparison with 2015: 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 this effect from the second quarter 2016 onwards put additional pressure on both volumes and price/mix, particularly in the Q3 comparables, and less pronounced in the Q4 comparables. In the fourth quarter, the impact of the portfolio optimization was still visible.

On balance, Meat sales decreased slightly in 2016. Our sales in Asia and Latin America continued to grow at a brisk pace as demand for our preservation solutions grew. However, customer consolidation in the US put pressure on volumes and prices for more commoditized parts of the market. In the US, our high-end solutions, such as natural vinegar-based products, continued to show healthy growth. In the fourth quarter, sales in Meat grew slightly.

In other markets (Beverages, Confectionery, Dairy), sales increased slightly in both full year and Q4 2016. In 2016 we commenced operations in our new Dutch powder facility, which enables us to expand our Confectionery portfolio.

Business segment Biochemicals

€ million	FY 2016	FY 2015		Q4 2016	Q4 2015
Net sales	213.0	208.1		52.4	51.8
Organic growth	1.8%	1.6%		-0.4%	-1.7%
EBITDA	52.9	45.5		11.6	10.3
EBITDA excl. one-off items	53.4	45.5		11.9	10.3
EBITDA margin excl. one-off items	25.1%	21.9%		22.7%	19.9%

Net sales in the Biochemicals business segment increased organically by 1.8% in 2016. Sales growth was seen in all markets during the year except for our Chemicals markets where agrochemical products decreased significantly due to lower commodity prices, leading to lower demand. The main drivers of the growth in 2016 were strong performances in Medical/Pharma and Electronics. The EBITDA margin for 2016 improved significantly from 21.9% to 25.1% due to lower input costs, program “Streamline,” and a positive portfolio mix effect. The positive mix effect was mostly attributable to above-average margins of our Medical/Pharma business. The fourth quarter was slower mainly because of lower growth in Electronics.

Central costs

€ million	FY 2016	FY 2015		Q4 2016	Q4 2015
EBITDA	(19.7)	(19.7)		(5.5)	(4.9)
EBITDA excl. one-off items	(19.4)	(19.7)		(5.2)	(4.9)

Central costs decreased slightly compared to last year, due to program “Streamline” savings.

Biobased Innovations

€ million	FY 2016	FY 2015		Q4 2016	Q4 2015
Net sales	21.7	22.4		4.2	9.1
Organic growth	-3.2%	106.7%		-54.0%	158.2%
EBITDA	(6.4)	(4.7)		(3.6)	(2.0)
EBITDA excl. one-off items	(6.4)	(4.7)		(3.6)	(2.0)
EBITDA margin excl. one-off items	-29.5%	-20.8%		-85.7%	-21.8%
Average capital employed	89.8	63.8		105.5	66.6

Net sales decreased slightly in 2016. Sales are fully driven by lactide/PLA-related products which are mostly being used by our customers as test volumes. In the fourth quarter, sales decreased by 54%, despite volumes being virtually stable compared to last year. The price/mix effect was negative as a result of selling more standard grade PLA rather than higher value-added (heat-stable) PLA. In November 2016 we announced the intention to form a 50/50 joint venture with Total, which commenced 2 March 2017. The new PLA plant is estimated to be operational in the second half of 2018. The EBITDA loss of € 6.4 million for the year was higher than 2015, because of lower heat-stable PLA sales and higher PLA-related expenses.

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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: 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 2016, Corbion generated annual sales of € 911.3 million and had a workforce of 1,684 FTE. Corbion is listed on Euronext Amsterdam. For more information: www.corbion.com

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Consolidated income statement

Millions of euros	**2016**	**2015**
Net sales	911.3	918.3
Costs of raw materials and consumables	-446.4	-471.4
Production costs	-132.4	-136.7
Warehousing and distribution costs	-47.4	-48.3
Cost of sales	**-626.2**	**-656.4**
Gross profit	**285.1**	**261.9**
Selling expenses	-63.1	-63.8
Research and development costs	-34.3	-32.7
General and administrative expenses	-63.3	-56.8
Other proceeds	2.5	
Operating result	**126.9**	**108.6**
Financial income	1.1	
Financial charges	-8.5	-5.8
Results from joint ventures and associates	-1.6	-0.6
Result before taxes	**117.9**	**102.2**
Income tax expense	-14.3	-22.0
Result after taxes	**103.6**	**80.2**
Result attributable to non-controlling interests		
Result attributable to equity holders of Corbion nv	**103.6**	**80.2**
Per ordinary share in euros		
Basic earnings	1.74	1.29
Diluted earnings	1.72	1.28

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Consolidated statement of comprehensive income

Millions of euros	2016	2015
Result after taxes	**103.6**	**80.2**
Other comprehensive results to be recycled to the income statement:		
Foreign operations – foreign currency translation differences	20.6	20.5
Net investment hedge – net movement	-5.0	-11.5
Hedge reserve	-2.4	2.9
Taxes relating to other comprehensive results to be recycled to the income statement	3.1	-4.8
Total other comprehensive results to be recycled to the income statement	**16.3**	**7.1**
Other comprehensive results not to be recycled to the income statement		
Remeasurement defined benefit arrangements	-9.8	-1.6
Taxes relating to other comprehensive results not to be recycled to the income statement	0.9	0.6
Total other comprehensive results not to be recycled to the income statement	**-8.9**	**-1.0**
Total comprehensive result after taxes	**111.0**	**86.3**
Comprehensive result attributable to non-controlling interests		
Comprehensive result attributable to equity holders of Corbion nv	**111.0**	**86.3**

Consolidated statement of financial position

Before profit appropriation, millions of euros	**As at 31-12-2016**	**As at 31-12-2015**
Assets		
Property, plant, and equipment	297.2	307.4
Intangible fixed assets	138.2	138.6
Investments in joint ventures and associates	5.0	6.4
Other non-current financial assets	0.8	1.5
Deferred tax assets	25.4	15.9
Total non-current assets	**466.6**	**469.8**
Inventories	137.7	133.0
Trade receivables	111.7	96.9
Other receivables	12.1	15.7
Income tax receivables	6.2	0.5
Cash and cash equivalents	60.8	92.1
Assets held for sale	47.9	
Total current assets	**376.4**	**338.2**
Total assets	**843.0**	**808.0**
Equity and liabilities		
Equity	**498.5**	**487.8**
Pensions and other long-term employee benefits	21.1	13.6
Deferred tax liabilities	13.7	11.5
Non-current liabilities	133.1	154.2
Total non-current liabilities	**167.9**	**179.3**
Interest-bearing current liabilities	25.7	
Trade payables	76.2	69.7
Other non-interest-bearing current liabilities	62.1	59.1
Provisions	3.8	6.0
Income tax payables	7.1	6.1
Liabilities directly associated with assets held for sale	1.7	
Total current liabilities	**176.6**	**140.9**
Total equity and liabilities	**843.0**	**808.0**

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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 2015	**16.1**	**62.9**	**58.9**	**370.8**	**508.7**
Result after taxes 2015				80.2	80.2
Other comprehensive result after taxes 2015			7.1	-1.0	6.1
Total comprehensive result after taxes 2015			**7.1**	**79.2**	**86.3**
Cash dividend				-58.4	-58.4
Stock dividend	0.1	-0.1			
Acquired company shares				-50.0	-50.0
Share-based remuneration transfers			-0.7	0.7	
Share-based remuneration charged to result			1.2		1.2
Withdrawal shares	-0.6	-4.1		4.7	
Transfers to/from Other reserves			1.5	-1.5	
Total transactions with shareholders	**-0.5**	**-4.2**	**2.0**	**-104.5**	**-107.2**
As at 31 December 2015	**15.6**	**58.7**	**68.0**	**345.5**	**487.8**
Result after taxes 2016				103.6	103.6
Other comprehensive result after taxes 2016			16.3	-8.9	7.4
Total comprehensive result after taxes 2016			**16.3**	**94.7**	**111.0**
Cash dividend				-52.5	-52.5
Acquired company shares				-50.0	-50.0
Share-based remuneration transfers			-1.4	1.4	
Share-based remuneration charged to result			2.2		2.2
Withdrawal shares	-0.6	-2.9		3.5	
Transfers to/from Other reserves			1.5	-1.5	
Total transactions with shareholders	**-0.6**	**-2.9**	**2.3**	**-99.1**	**-100.3**
As at 31 December 2016	**15.0**	**55.8**	**86.6**	**341.1**	**498.5**

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Consolidated statement of cash flows

Millions of euros	2016	2015
Cash flow from operating activities		
Result after taxes	103.6	80.2
Adjusted for:		
● Depreciation/amortization of fixed assets	49.5	45.9
● Reversal of impairment on property, plant and equipment	-13.4	
● Impairment of fixed assets	3.9	1.7
● Result from divestments of fixed assets	1.6	
● Result from purchase/sale of group companies and activities	-2.5	
● Share-based remuneration	2.2	1.2
● Interest expense	7.4	5.9
● Exchange rate differences	0.1	-0.7
● Interest (income) expense on defined benefit pension plans - net	0.3	0.5
● Reversal of impairment of financial asset	-1.1	
● Other financial income and charges	0.7	0.1
● Results from joint ventures and associates	1.6	0.6
● Taxes	14.3	22.0
Cash flow from operating activities before movements in working capital and provisions	**168.2**	**157.4**
Movement in provisions	-3.7	-13.6
Movements in operating working capital:		
● Trade receivables	-10.8	3.1
● Inventories	-5.7	1.0
● Trade payables	5.7	-3.1
Movements in other working capital	-1.0	-5.6
Cash flow from business operations	**152.7**	**139.2**
Interest paid	-7.3	-5.8
Tax paid on profit	-22.8	-23.1
Cash flow from operating activities	**122.6**	**110.3**
Cash flow from investment activities		
Sale of group companies	5.1	
Investment joint ventures and associates	-0.2	-0.4
Capital expenditure on (in)tangible fixed assets	-55.5	-60.1
Divestment of (in)tangible fixed assets	0.1	5.4
Cash flow from investment activities	**-50.5**	**-55.1**
Cash flow from financing activities		
Proceeds from interest-bearing debts		112.6
Repayment of interest-bearing debts	-0.2	-76.9
Acquisition of company shares	-50.0	-50.0
Paid-out dividend	-52.5	-58.4
Cash flow from financing activities	**-102.7**	**-72.7**
Net cash flow	**-30.6**	**-17.5**
Effects of exchange rate differences on cash and cash equivalents		-1.8
Decrease cash and cash equivalents	**-30.6**	**-19.3**
Cash and cash equivalents at start of financial year	92.1	111.4
Cash and cash equivalents at close of financial year	61.5	92.1

Accounting information

General

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.

Corbion is based in Amsterdam, the Netherlands and listed on Euronext Amsterdam.

The consolidated financial statements drawn up by the Board of Management have been approved by the Supervisory Board on 3 March 2017. They will be presented to the General Shareholders' Meeting for adoption on 15 May 2017. The Supervisory Board will give a preliminary recommendation regarding the consolidated financial statements to the General Shareholders' Meeting.

Reported amounts
Unless stated otherwise all amounts in the financial statements are reported in millions of euros.

Exchange rates of main currencies in euros

	Average exchange rate 2016	Average exchange rate 2015	Exchange rate 31-12-2016	Exchange rate 31-12-2015
US dollar	1.11	1.11	1.05	1.09
Japanese yen	120.18	134.31	123.40	131.07
Brazilian real	3.86	3.69	3.43	4.31
Thai baht	39.04	38.01	37.73	39.25

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Consolidated income statement before one-off costs

The consolidated income statement for financial years 2016 and 2015 before one-off items (non-IFRS financial measures) can be presented as follows.

	2016			2015		
	Before one-off items	**One-off items**	**Total**	**Before one-off items**	**One-off items**	**Total**
Net sales	911.3		911.3	918.3		918.3
Costs of raw materials and consumables	-444.1	-2.3	-446.4	-471.4		-471.4
Production costs	-142.4	10.0	-132.4	-140.7	4.0	-136.7
Warehousing and distribution costs	-47.4		-47.4	-48.3		-48.3
Gross profit	**277.4**	**7.7**	**285.1**	**257.9**	**4.0**	**261.9**
Selling expenses	-63.1		-63.1	-63.9	0.1	-63.8
Research and development costs	-31.3	-3.0	-34.3	-32.7		-32.7
General and administrative expenses	-62.7	-0.6	-63.3	-56.8		-56.8
Other proceeds		2.5	2.5			
Operating result	**120.3**	**6.6**	**126.9**	**104.5**	**4.1**	**108.6**
Less: depreciation/amortization/impairment (in)tangible fixed assets	49.8	-9.8	40.0	45.8	1.8	47.6
EBITDA	**170.1**	**-3.2**	**166.9**	**150.3**	**5.9**	**156.2**
Depreciation/amortization/impairment (in)tangible fixed assets	-49.8	9.8	-40.0	-45.8	-1.8	-47.6
Operating result	**120.3**	**6.6**	**126.9**	**104.5**	**4.1**	**108.6**
Financial income		1.1	1.1			
Financial charges	-8.5		-8.5	-5.8		-5.8
Results from joint ventures and associates	-1.6		-1.6	-0.6		-0.6
Result before taxes	**110.2**	**7.7**	**117.9**	**98.1**	**4.1**	**102.2**
Taxes	-16.0	1.7	-14.3	-23.6	1.6	-22.0
Result after taxes	**94.2**	**9.4**	**103.6**	**74.5**	**5.7**	**80.2**

One-off items relate to material non-recurring items in the income statement that are exceptional by nature and are not related to the normal course of business. These exceptional 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 considers events exceptional (one-off) when the aggregate amount of the events per line item of the income statement exceeds a threshold of € 0.5 million. One-off items may occur up to and including result after taxes.

In 2015, a total of € 5.7 million in one-off items were recorded:

1. One-off insurance gains of € 10.4 million related to Grandview incident in March 2015.
2. Cost incurred of € 5.4 million related to the explosion at the Grandview manufacturing facility, including an impairment of tangible fixed assets of € 1.1 million.
3. A one-off gain of € 0.7 million following the release of the reorganization provision related to Streamline.
4. One-off costs of € 0.8 million incurred related to the closure of the Kansas Avenue powder blending plant.
5. Furthermore, an impairment was recognized of € 0.8 million due to an obsolete production line in the Netherlands.
6. Tax effects on the above items of € 1.7 million.
7. Net positive tax effects of € 3.3 million related to the divestment of the Bakery Supplies businesses in 2013.

In 2016, a total of € 9.4 million in one-off items were recorded:

1. Reversal of a previously recorded impairment of € 13.4 million for the lactide plant in Thailand as a result of the intended sale to Total Corbion PLA BV Joint Venture.
2. One-off costs of € 4.9 million incurred related to the closure of the Kansas Avenue powder blending plant.
3. Impairment of € 3.0 million related to our succinic acid development as a result of an envisaged change in the production process
4. One-off net gains of € 2.2 million related to the sale of our Breddo-Likwifier division.
5. One-off costs of € 0.6 million incurred related to a restructuring at our Spanish plant.
6. An impairment of € 0.6 mln related to basic engineering for the lactide plant in Thailand.
7. Net one-off costs of € 0.4 million related to an increase of the excessive levy provision for a former board member.
8. One-off insurance gains of € 0.5 million related to Grandview incident in March 2015.
9. A one-off gain of € 1.1 million related to a partial reversal of impairment of a loan for beet growers following the sale of CSM Sugar in 2007.
10. Tax effects on the above items of € 1.7 million.

Segment information

For its strategic decision-making process Corbion distinguishes between Biobased Ingredients and Biobased Innovations. For IFRS segmentation purposes Biobased Ingredients has been segmented into two further businesses, Food and Biochemicals. The unallocated part of total operations mainly comprises central activities.

In the Food segment, our food ingredients portfolio keeps food safe and fresh, from creation to consumption, and as such, reduces food waste. It ranges from preservation ingredients to microbial spoilage prevention and ingredients that keep food fresh and tasty throughout shelf life.
The combined use of industry knowledge and scientific creativity enables us to offer industry-leading biobased technology and sustainability gains. Our future-focused thinking impacts every industry ranging from baking, meat, and dairy to confectionery and beverage.

In the Biochemicals segment, our biobased chemicals derived from renewable resources such as sugar or starch, are a sustainable alternative to fossil-based chemicals in various applications, including cleaning detergents, hand soap, coatings, and animal feed.
Offering improved performance and multiple benefits, our biobased solutions are versatile and, at the same time, provide lower cost in use with enhanced environmental credentials.

Our Biobased Innovations business unit creates new business platforms to help advance biotechnology developments. Our PLA/lactide business and the succinic-acid joint venture with BASF (Succinity) are part of this unit. Our longer-term development projects, such as our gypsum-free fermentation technology, lactic acid based on second-generation biomass, and FDCA are also included in this business unit. Our drive for growth is supported by a disciplined stage-gate investment approach using our own core technology platforms, acquired or licensed technologies, and partnerships to increase the odds of success.
Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Segment information by business area

	Food		Biochemicals		Biobased Innovations		Unallocated (central activities)		Corbion total operations	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Income statement information										
Net sales	676.6	687.8	213.0	208.1	21.7	22.4			911.3	918.3
Operating result	114.9	109.9	40.1	34.0	-7.4	-14.9	-20.7	-20.4	126.9	108.6
One-off items included in operating result	2.4	-4.4	0.5	0.3	-9.8		0.3		-6.6	-4.1
Operating result excluding one-off items	117.3	105.5	40.6	34.3	-17.2	-14.9	-20.4	-20.4	120.3	104.5
Alternative non-IFRS performance measures										
EBITDA	140.1	135.1	52.9	45.5	-6.4	-4.7	-19.7	-19.7	166.9	156.2
One-off items included in EBITDA	2.4	-5.9	0.5				0.3		3.2	-5.9
EBITDA excluding one-off items	142.5	129.2	53.4	45.5	-6.4	-4.7	-19.4	-19.7	170.1	150.3
Ratios alternative non-IFRS performance measures										
EBITDA margin %	20.7	19.6	24.8	21.9	-29.5	-20.8			18.3	17.0
EBITDA margin % excluding one-off items	21.1	18.8	25.1	21.9	-29.5	-20.8			18.7	16.4

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

Information on the use of alternative non-IFRS performance measures

In the above table and elsewhere in the financial statements a number of non-IFRS performance measures are presented. Management is of the opinion that 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

Segment information by geographical region

	Net sales		Non-current assets	
	2016	**2015**	**2016**	**2015**
The Netherlands	102.4	108.1	147.1	148.3
Rest of Europe	65.8	66.7	26.1	33.0
North America	576.4	591.3	197.9	185.4
Other countries	166.7	152.2	70.1	87.2
Corbion total operations	**911.3**	**918.3**	**441.2**	**453.9**

The above information is based on the geographical location of the assets. Non-current assets exclude those relating to deferred tax assets.

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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

31 December 2016	Level 1	Level 2	Level 3	Total
Derivatives				
● Foreign exchange contracts		0.8		0.8
● Commodity swaps/collars		2.2		2.2
Total		**3.0**		**3.0**

Breakdown fair values financial instruments

31 December 2016	Balance sheet value	Fair value
Financial fixed assets		
● Loans, receivables, and other	0.8	0.8
Receivables		
● Trade receivables	111.7	111.7
● Other receivables	4.7	4.7
● Prepayments and accrued income	4.4	4.4
Cash		
● Cash other	60.8	60.8
Interest-bearing liabilities		
● Private placement (net investment hedge)	-158.1	-158.8
● Financial lease commitments	-0.1	-0.1
● Other debts	-0.6	-0.6
Non-interest-bearing liabilities		
● Trade payables	-76.2	-76.2
● Other payables	-62.1	-62.1
Derivatives		
● Foreign exchange contracts	0.8	0.8
● Commodity swaps/collars	2.2	2.2
Total	**-111.7**	**-112.4**

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 31 December.
● 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

Millions of euros	**2016**	**2015**
Net sales	911.3	918.3
Operating result	126.9	108.6
EBITDA excluding one-off items	170.1	150.3
Result after taxes	103.6	80.2
Earnings per share in euros [1]	1.74	1.29
Diluted earnings per share in euros [1]	1.72	1.28
Key data per ordinary share		
Number of issued ordinary shares	57,862,037	59,904,209
Number of ordinary shares with dividend rights	57,365,098	59,420,763
Weighted average number of outstanding ordinary shares	58,433,493	60,380,489
Price as at 31 December	25.43	22.32
Highest price in calendar year	25.65	22.91
Lowest price in calendar year	17.92	12.70
Market capitalization as at 31 December [2]	1,459	1,326
Other key data		
Cash flow from operating activities	122.6	110.3
Cash flow from operating activities per ordinary share, in euros [1]	2.06	1.79
Free cash flow [3]	72.1	55.2
Depreciation/amortization fixed assets	49.5	45.9
Capital expenditure on (in)tangible fixed assets	51.0	67.5
Number of issued financing preference shares	2,279,781	2,403,781
Equity per share in euros [4]	8.36	7.89
Ratios		
ROCE % [5]	20.6	19.2
EBITDA margin % [6]	18.7	16.4
Result after taxes/net sales %	11.4	8.7
Number of employees at closing date (FTE)	1,684	1,673
Net debt position/EBITDA [7]	0.6	0.4
Interest cover [8]	23.0	25.5
Statement of financial position		
Non-current assets	466.6	469.8
Current assets excluding cash and cash equivalents	315.6	246.1
Non-interest-bearing current liabilities	147.1	134.9
Net debt position [9]	98.0	62.1
Provisions	38.6	31.1
Equity	498.5	487.8
Capital employed [10]	596.5	549.9
Average capital employed [10]	576.8	541.9
Balance sheet total : equity	1:0.6	1:0.6
Net debt position : equity	1:5.1	1:7.9
Current assets : current liabilities	1:0.5	1:0.4

1 Per ordinary share in euros after deduction of dividend on financing preference shares.
2 Market capitalization is calculated as number of ordinary shares with dividend rights x share price at 31 December.
3 Free cash flow comprises cash flow from operating activities and cash flow from investment activities.
4 Equity per share is equity divided by the number of shares with dividend rights.
5 Return on capital employed (ROCE) is defined by Corbion as continued EBIT excluding one-off items, including results from joint ventures and associates, divided by the average capital employed x 100. Prior year figure has been adjusted to reflect ROCE based on continued figures.
6 EBITDA margin % is EBITDA excluding one-off items divided by net sales x 100.
7 EBITDA is ''Earnings Before Interest, Taxes, Depreciation and Amortization and impairment of (in)tangible fixed assets'' including acquisition / divestment results and discontinued operations, and excluding one-off items.
8 Interest cover is EBITDA as defined in Note 7 divided by net interest income and charges.
9 Net debt position comprises interest-bearing debts less cash and cash equivalents.
10 Capital employed and average capital employed are based on balance sheet book values.