

Full Year Results 2010 Taminco Group NV

Record financial performance in 2010 paving the way for continued growth

Highlights

Record EBITDA in 2010

- **Revenue: €715 million** (up 22% versus 2009)
- **EBITDA: €159 million** (up €20 million or 14% compared with 2009)
- **Strong EBITDA margin of 22%**, in line with 2009
- **Operating profit: €101 million** (up €22 million or 28% compared with 2009)
- Globalization and innovation expected to provide **further sales and EBITDA growth**
- **Investments** in new amine derivative capacity announced in USA and China joint venture to capture growth
- Strong cash-flow generation with Net Debt/EBITDA reduced to 3.2 as at 31 December 2010 (from 3.7 as at 31 December 2009)

Commenting on these results, Laurent Lenoir, Chief Executive Officer said:

“These impressive 2010 results further demonstrated the quality of Taminco’s business model, maintaining solid margin levels while grasping new growth opportunities. Investments in new capacities in the USA and China demonstrate our commitment to grow in our core business as a leading player developing further into sustainable amine derivatives for promising growth areas such as personal and home care, animal nutrition, food and energy. Moreover, our new initiative in China is consistent with our aim to generate 25% of our turnover from emerging regions in the coming five years.”

Outlook

- **Strong first quarter 2011 driven by volume increase and despite higher raw material prices**
- **Further EBITDA and operating profit growth**
- **Several growth projects under development**

Our strong performance and investment activity in 2010 provides a solid basis for EBITDA growth in 2011. We believe that underlying demand for most of Taminco’s products will continue to be strong. We will invest further in our core growth projects, in particular in USA and China, building on our previously announced capacity additions in amine derivatives.

2010 Achievements

With a record financial performance 2010 proved to be another solid year for Taminco, paving the way for a global presence and sustainable future as a leading and focused amines and derivatives player serving both established and higher-growth markets.

Thanks to our resilient business model and our rapid response to the economic crisis in 2008/2009, we grew EBITDA through that period. In 2010 this trend continued with double digit volume, revenue and EBITDA growth. These excellent results, combined with our focus on cash management, enabled us to further reduce our net debt position and leverage ratio to 3.2x EBITDA (coming from 3.7x EBITDA the year before).

Importantly, we were able to strengthen our position in exciting growth areas such as personal and home care, water treatment, energy, animal nutrition and crop protection. With the completion of a state-of-the-art derivative unit at our St Gabriel (Louisiana) site we have laid the foundation for a strong integrated amine model in the US. Future growth and additional integration will be generated by the construction (during 2011) of two new amine derivative units used as key building blocks for surfactants: a natural route DIMLA unit will be built at our Pace (Florida) site while a DMAPA unit is being added at our St Gabriel plant. Both units will provide a new reliable source of supply to serve the needs of the growing home and personal care market.

Consistent with our strategy, our screening of growth opportunities in emerging markets has resulted in a 50/50 joint-venture agreement with Mitsubishi Gas Chemicals' existing methylamines and solvents plant located in Nanjing (China). This will not only immediately expand our basic amines manufacturing capability in China but will also offer an excellent platform for growth into other amine derivatives, allowing us to capitalize on the developments in the region while serving the needs of our global customers as more and more move into Asia.

In 2010 we pushed ahead with investments in innovation and sustainable development and successfully completed the development of a new green solvent unit at our Ghent site. Taminizer[®] C, our advanced feed additive formulation of Choline Chloride, has shown good market acceptance. Our offerings for the green coatings market have expanded our Performance Products business. "Green chemistry" and renewable-based products have been key innovation drivers for our new products pipeline and our overall approach to new business development. As part of this effort, we are focusing on developments that impact the agriculture, water treatment, energy, and personal and home care markets.

Key Figures

For the year ended December 31,

	Functional Chemicals		Agro Sciences		Total	
	2009	2010	2009	2010	2009	2010
	€000	€000	€000	€000	€000	€000
Revenue	380,666	490,664	205,853	224,493	586,519	715,157
EBITDA	103,125	118,930	35,830	40,238	138,955	159,168
Depreciations, amortisation and w/o (before PPA)	(30,809)	(28,117)	(9,592)	(11,082)	(40,401)	(39,199)
Adjusted operating profit	72,316	90,813	26,238	29,156	98,554	119,969
PPA Depreciations and amortisations (*)	(14,435)	(13,915)	(5,072)	(4,890)	(19,507)	(18,805)
Operating Profit	57,881	76,898	21,166	24,266	79,047	101,164

(*) The Depreciations and amortizations associated with fair value adjustments in connection with the purchase price allocation ('PPA') following the acquisition of Taminco NV in 2007.

Divisional Highlights

Division Functional Chemicals

In **Functional Chemicals**, all three business units – Amines & Solvents, Specialty Derivatives and Performance Products – showed significant growth and performance improvement despite rising raw material prices and some force majeure issues with key suppliers. Thanks to a 29% increase in revenue to €491 million, divisional EBITDA improved by 15% to €119 million.

The **Amines & Solvents** unit had a better than expected year. Profitability exceeded last year's performance thanks to volume recovery, price improvements and cost-reduction initiatives. We experienced pleasing sales volumes in all three segments (methylamines, solvents and higher alkylamines) on the back of better performance of the companies we partner with and their increased demand resulting from the development of new applications for our products. Green solvent developments progressed well. Moreover, several long term contracts have been renewed.

Specialty Derivatives performed well in 2010. Europe and the US remain our largest markets, while also emerging regions showed good progress. Growth in this segment was clearly led by the water treatment and surfactant segments, with strong volumes in all regions. Our intermediates for surfactants are demonstrating a growing interest from the customers due to their interesting properties. Our DIMLA based on renewable resources has seen increasing demand while our DMAPA, an intermediate for the betaines based surfactants, is gaining momentum due to the mild character and degradability of the end products. After a relatively weak 2009, the Pharma intermediates showed expected growth/recovery in 2010.

Performance Products showed strong volume gains thanks to the recovering economy. Vantex[®]-T, Taminco's zero VOC offering to the coatings market, gained increasing market share and received the needed approvals to move into low VOC formulations. Sales of Term-N-ator[®] P, a specially formulated radical scavenger for the PVC market, were also up. In the Metalworking market the Synergex[®] group of products, which are used to boost metalworking fluid performance, showed improvement mainly due to the recovery in automotive manufacturing.

Division AgroSciences

There are three business units in the **Agro Sciences** division: Crop Protection, Herbicide Systems, and Feed Additives. In Agro Sciences, we experienced favorable growth in Crop Protection – most notably in the area of fungicides – and in Feed Additives. Herbicide Systems was our only business unit not able to fully recover the volumes lost in 2009. Divisional revenue increased by 9% to €224 million and as a result, EBITDA improved by 12% to €40 million.

The **Crop Protection** business unit had a solid performance in 2010. Capacity utilization remained high even during the summer season, reflecting a more balanced global demand. Sales of our **Foliar Fungicides** remained very strong driven by further growth in the banana and contact fungicides markets. **Seed Treatment** volumes increased in particular driven by a strong planting season for soy beans in Brazil and Argentina. **Soil Fumigation** continued to grow in 2010 as substituting products were subjected to increasing regulatory pressure in major markets. Our **Specialty Plant Growth Regulators** maintained their market position and we launched new applications on cereals and grass seeds. **Biocides and Rubber Chemicals** achieved global growth on the back of a rebound of the rubber market.

Herbicide Systems business unit experienced a more mixed performance in 2010 especially in our two main areas of North-America and Brazil. However, we managed to maintain our market share in each market. Adverse weather conditions, lower activity of the generic players and competing formulations limited the overall rebound. We are continuing with our strategic initiative to expand our offering to the herbicide market through specialty neutralizing amines and formulation agents. We are focusing on developing new amines and surfactants that improve the efficiency and compatibility of glyphosate in mixtures with other selective herbicides that are used to combat glyphosate resistant weeds.

In spite of significant raw materials increases, our **Feed Additives** business grew in 2010, mainly due to our high quality offering and product safety guarantee. The customer base of our new feed additive Taminizer[®] C has expanded and new packaging forms are offered to broaden the applications. Trials and data development of Taminizer[®] D, a new patented feed additive for poultry and swine, showed positive results with lead growers demonstrating the benefits of the product. Further developments are undergoing testing and are expected to be released to the market in the coming years. For choline chloride, increasing uses by the energy industry were found based on the good environmental profile, substituting conventional additives. The product is applied in gas fracking to extract natural gas from shale rock formations offering promising growth potential.

Note: all figures included in this press release refer to the audited consolidated financial statements of Taminco Group NV, prepared in accordance with IFRS.

Consolidated income statement

For the year ended December 31,

	2009	2010
	€000	€000
Revenue from sale of goods	586,519	715,157
Revenue	586,519	715,157
Raw materials and consumables	(285,496)	(398,854)
Services and other goods	(105,854)	(109,338)
Employee benefits expense	(55,406)	(52,330)
Other operating expenses	(6,673)	(3,861)
Other operating income	5,865	8,394
Depreciations, amortizations and write-offs	(59,908)	(58,004)
Operating profit	79,047	101,164
Finance costs	(41,087)	(37,256)
Finance income	109	60
Profit before tax	38,069	63,968
Income tax expense	(14,279)	(22,962)
Profit for the period	23,790	41,006

Consolidated statement of financial position

As at December 31,

	2009 €000	2010 €000
Assets		
Goodwill	421,091	421,091
Intangible assets	169,454	154,368
Property, plant and equipment	165,458	180,513
Other non-current assets	717	157
Deferred tax asset	5,349	3,766
Total non-current assets	762,069	759,895
Inventories	48,361	59,627
Trade and other receivables	63,005	79,319
Income tax receivable	-	2,457
Cash and cash equivalents	62,722	82,198
Total current assets	174,088	223,601
Total assets	936,157	983,496
Equity and liabilities		
Issued capital	187,242	187,242
Retained earnings	17,687	58,641
Cash flow hedge reserve	(11,496)	(8,649)
Foreign Currency Translation Reserve	(7,459)	(14,810)
Equity attributable to equity holders of the parent	185,974	222,424
Non controlling interests	971	-
Total equity	186,945	222,424
Interest-bearing loans and borrowings	444,847	449,420
Provisions	3,047	-
Employee benefit liability	7,015	6,765
Deferred tax liability	68,409	69,234
Other non-current liabilities	17,144	12,736
Total non-current liabilities	540,462	538,155
Interest-bearing loans and borrowings	135,459	136,429
Trade and other payables	71,293	86,488
Income tax payable	1,998	-
Total current-liabilities	208,750	222,917
Total liabilities	749,212	761,072
Total equity and liabilities	936,157	983,496

Consolidated statement of cash flows

For the year ended December 31,

	2009 €000	2010 €000
Operating activities		
Operating profit	79,047	101,164
Non-cash adjustment to reconcile profit before tax to net cash flows	62,138	54,707
Working capital adjustments	7,808	(11,584)
Income tax paid	(25,216)	(22,026)
Net cash flows from / (used in) operating activities	123,777	122,261
Investing activities		
Purchase of property, plant and equipment	(29,943)	(47,077)
Purchase of intangible assets	(6,787)	(7,316)
Cash outflow on acquisitions	(2,700)	-
Net cash flows from / (used in) investing activities	(39,430)	(54,393)
Financing activities		
Proceeds from borrowings	11,822	5,693
Repayment of borrowings	(4,406)	(21,589)
Interest paid	(35,034)	(33,680)
Other financing activities	(3,985)	(1,576)
Cash outflow from acquisition of non-controlling interest	-	(537)
Net cash flows from / (used in) financing activities	(31,603)	(51,689)
Net increase/(decrease) in cash and cash equivalents	52,744	16,179
Net foreign exchange difference	(486)	3,297
Cash and cash equivalents at 1 January	10,464	62,722
Cash and cash equivalents at December 31	62,722	82,198

Profile



Taminco, The Amine Company is the world's only global integrated specialist alkylamine producer. Alkylamines and their derivatives are key building blocks in a broad array of chemical products that have a wide range of applications. Taminco makes a valuable contribution to diverse markets including Food and Nutrition, Personal and Home Care, Energy and Water Treatment.

Focusing on its 3 core values, Passion, Care and Integrity, Taminco works constructively towards a sustainable and innovative future.

Headquartered in Ghent, Belgium, Taminco owns and operates 8 manufacturing facilities located in Belgium, Germany, the United States, Brazil and China and, together with its global sales network, has approximately 800 employees spread across 16 countries.

Taminco is organized into two divisions – Functional Chemicals and Agro Sciences – which reflect the end-user segments to which the company markets and sells its products. Functional Chemicals produces specialty chemical intermediates that are used in the manufacture of specialty products and active ingredients – properties that are integral to the functions those products serve. Agro Sciences cares about plant and animal health, providing various solutions to serve the Crop Protection, Herbicide Systems and Feed Additives markets, while focusing strongly on development and innovation.

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This press release is available in English and Dutch on our corporate website www.taminco.com – under News>Press releases.

Forward-looking statements

This release contains forward-looking statements based on current experience, estimates and projections of Taminco management and currently available information. They are not guarantees of future performance, involve certain risks and uncertainties that are difficult to predict and are based upon assumptions as to future events that may not prove to be accurate. Many factors could cause the actual results, performance or achievements of Taminco to be materially different from those that may be expressed or implied by such statements. None of the future projections, expectations, estimates or prospects in this presentation should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive. Taminco does not assume any obligation to update or revise the forward-looking statements contained in this release, whether as a result of new information, future events or otherwise.