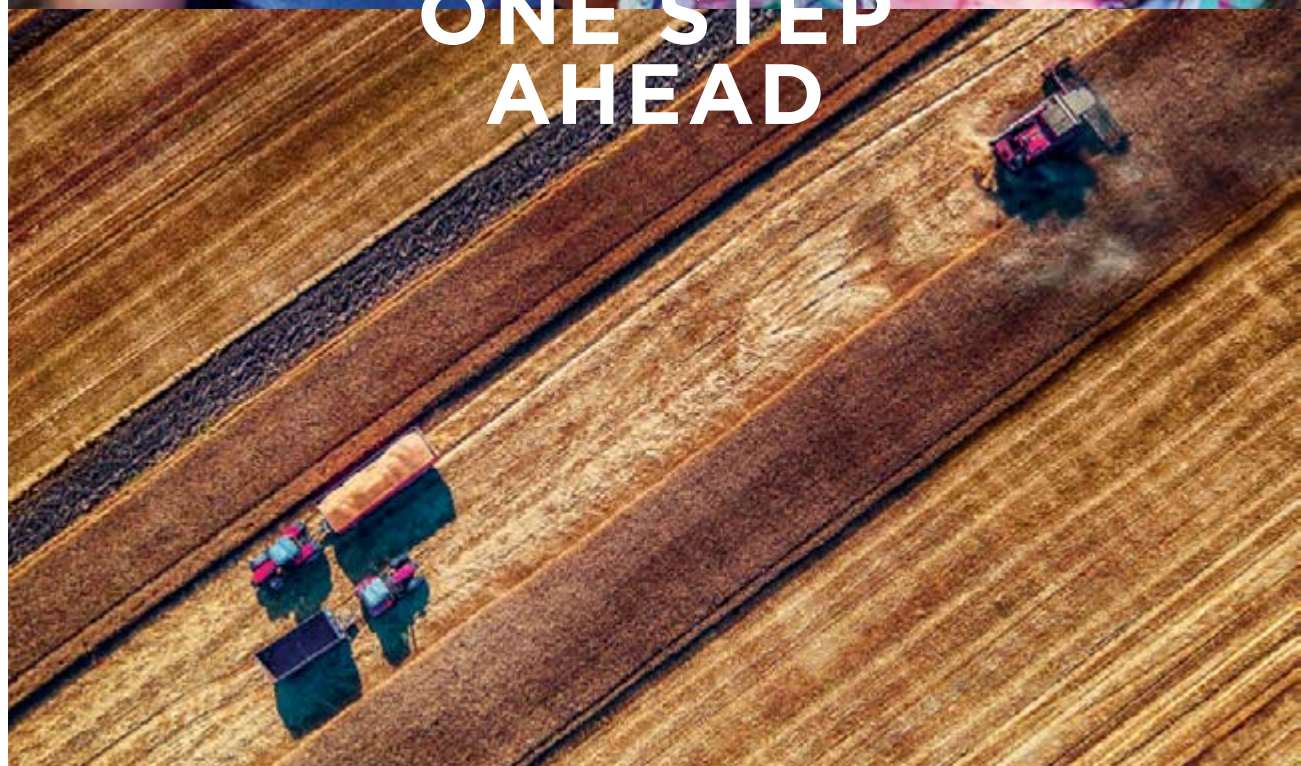




KEEP
ONE STEP
AHEAD





THE STRENGTH
OF A SUSTAINABLE
MODEL

OUR STRENGTHS

- We operate with an Industry vision 04
- We maintain a close relationship with the agricultural world 06
- Our social commitment is at the heart of our performance 08
- We guarantee our offer all over the world 10
- We innovate to support the needs of a changing world 12
- We are building the future alongside our stakeholders 14
- We are a leader in our markets 16



AMBITION
TO SUPPORT
THE WORLD
OF TOMORROW

INTERVIEW

- Operating in a changing world 18
 - Governance 24
- OUR STRATEGY
- A leading market player throughout the entire value chain 26
 - Complementary activities at the core of our development model 34
 - A local player open to the world 42



PERFORMANCE
OF OUR INDUSTRIES
IN 2016

- Sugar Europe 52
- Sugar International 56
- Starch and Sweeteners 60
- Results 64

THE STRENGTH
OF A SUSTAINABLE
MODEL

OUR STRENGTHS

We OPERATE

with an
Industry vision

Produce, process, distribute: our offer covers the entire value chain, from the field to the consumer. At each stage, we combine strong local presence, long-term vision and social commitment to guarantee our customers the quality, traceability and sustainability of our products and to ensure value-added agricultural produce.

45mt

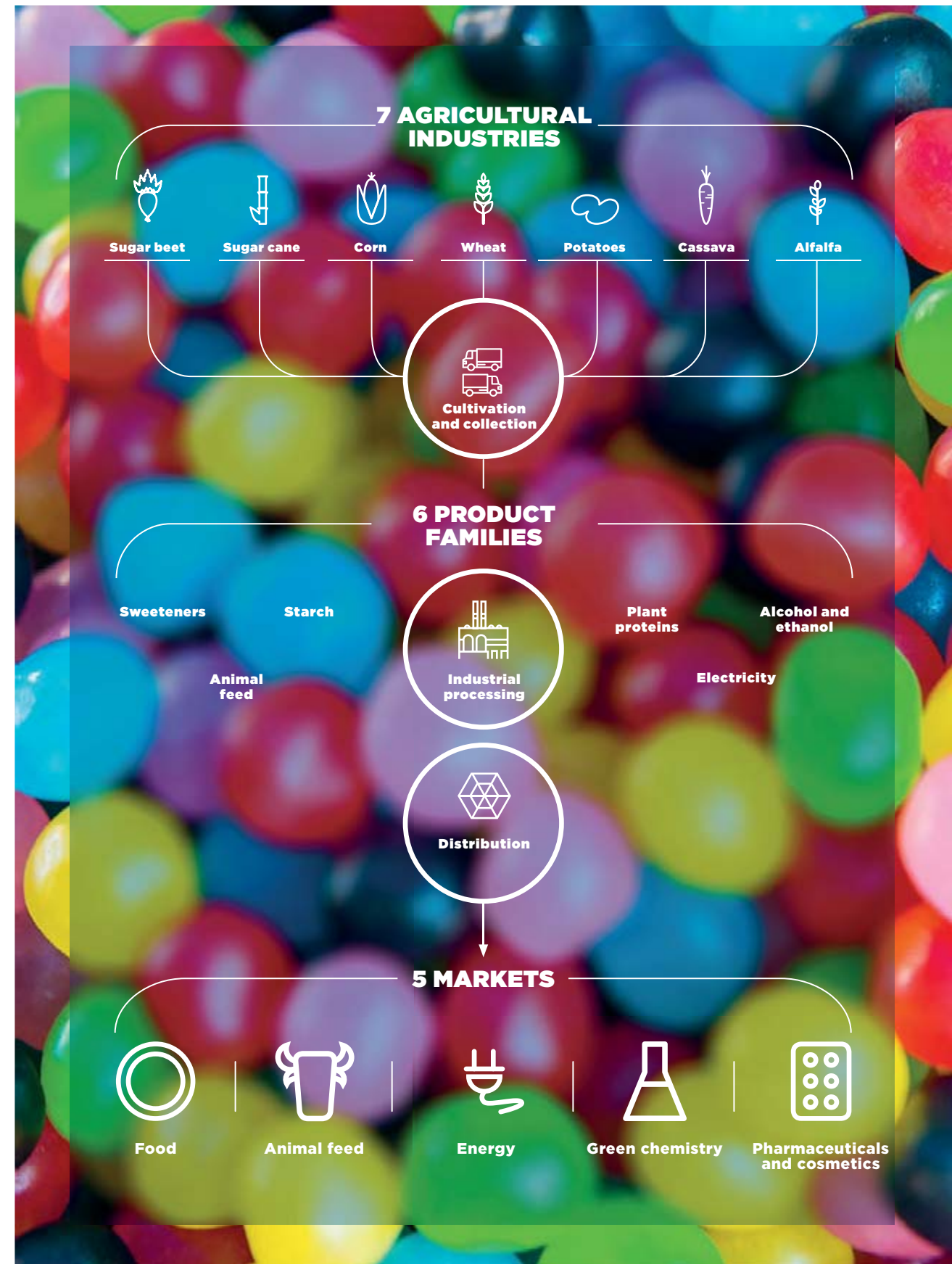
of raw
materials
recovered

49

industrial
facilities in
13 countries

400

product
references



OUR STRENGTHS

We maintain a CLOSE RELATIONSHIP with the agricultural world

At all our locations, we maintain a close relationship with the agricultural world, taking the interests of all stakeholders in the sector into consideration. We offer long-term vision and we support growers in increasing the value of their produce and in developing agricultural practices that promote both performance and sustainability.

90%

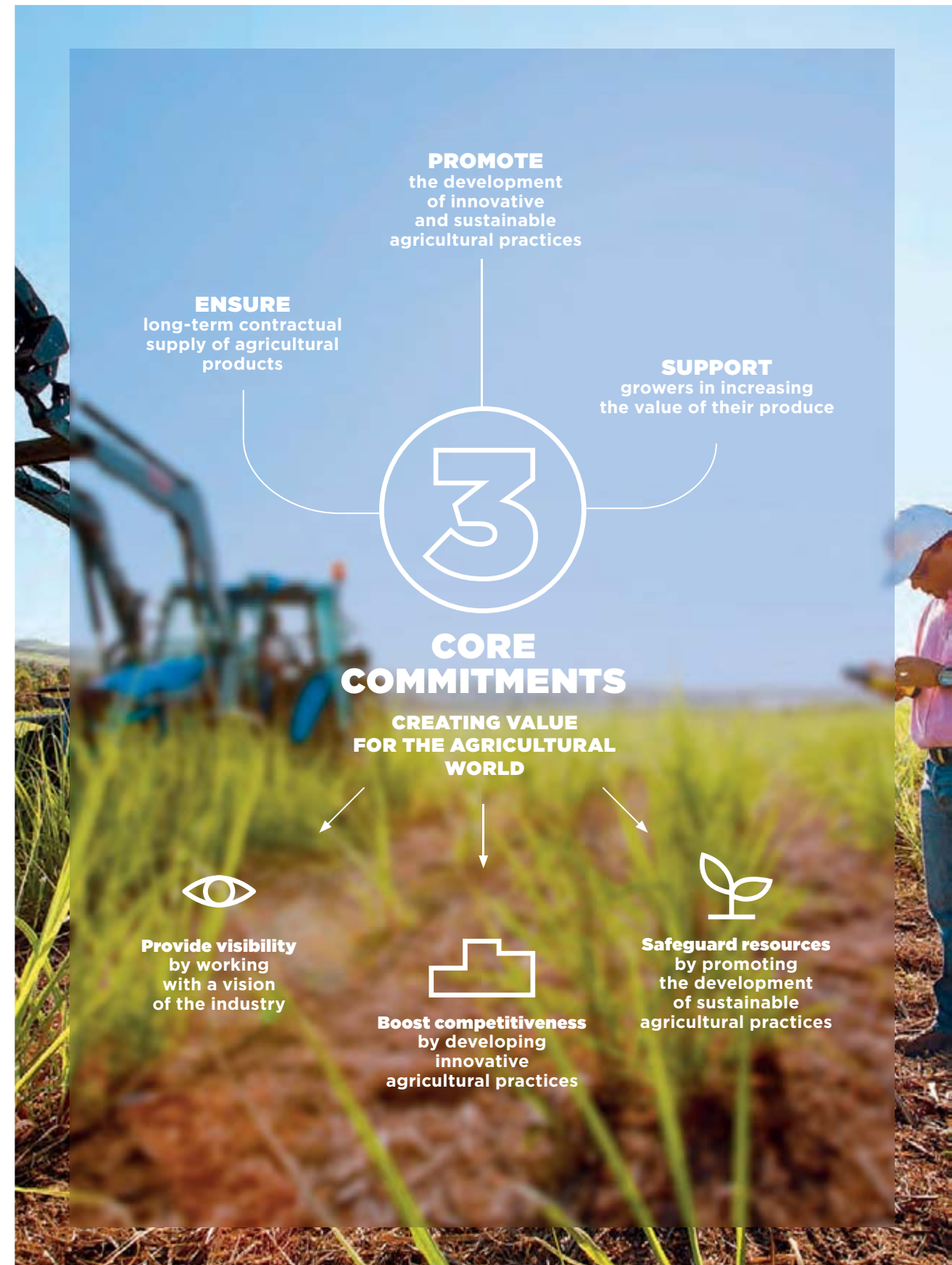
of raw materials
processed are from
direct supply

18,000

partner growers
including 12,000
cooperative
growers

1 m

hectares
of agricultural
land utilized



OUR STRENGTHS

Our social COMMITMENT

is at the heart of our performance

We are convinced that the supply of high-quality food to as many people as possible involves our commitment at each product manufacturing stage, exploiting the full potential of our raw materials. Our growth is based on a sustainable model that puts the circular economy at the core of its activity. For us, sustainable development is not an option but a fundamental commitment and a growth driver.

99%

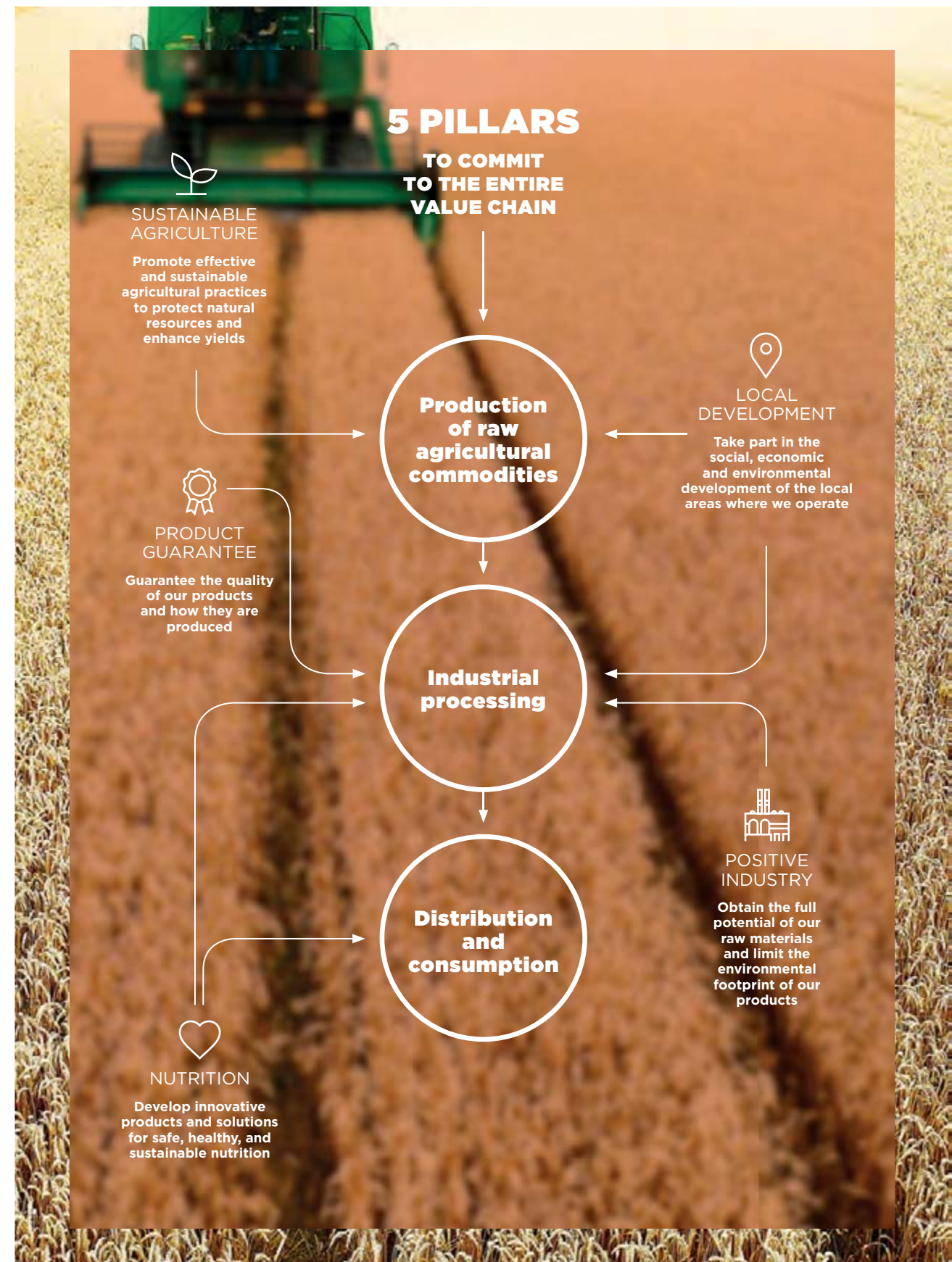
of raw materials processed are recovered

50%

of raw materials are certified or evaluated sustainable

100%

of sugar cane plants are energy neutral during the season



OUR STRENGTHS

We guarantee OUR OFFER all over the world

We took on the challenge of internationalization at an early stage by developing our industrial facilities in Europe, Brazil, East Africa, and Asia. We are constantly expanding our agricultural, industrial and commercial networks to serve our customers with the same commitment to quality in all the markets in which we operate and throughout the entire value chain.

16

countries
where we
operate

6

Usina Itajobi
Commodities
sales offices

130

distribution
countries

OUR STRENGTHS

We innovate TO SUPPORT

the needs of
a changing world

We innovate from upstream to downstream to anticipate market trends and respond to new global food demands and environmental challenges. Alongside the agricultural world and at our industrial facilities, we are developing more virtuous and sustainable production methods. With our customers, we are creating food solutions for the future to meet the specific needs of every individual, all over the world.

145

R&D experts
worldwide

48%

of the R&D
budget dedicated
to nutrition

6

R&D centers
worldwide3 PRINCIPAL
OBJECTIVESTO MEET THE NEEDS
OF A CHANGING WORLDContribute to
a high-quality
offer, adapted
to each
individualAdd value
to all parts
of the plantDevelop
virtuous
production
methods


Nutrition
and health



Pharmaceuticals



Industrial
processes



Agronomy



Energy



Green chemistry

6 RESEARCH AREAS

OUR STRENGTHS

We are building THE FUTURE

alongside our
stakeholders

In an ever-changing world, we are convinced that our growth and our ability to meet the challenges of tomorrow must be based on collaboration with our stakeholders. We pool our expertise to jointly develop innovative, competitive and sustainable solutions and thereby contribute to a sector of excellence.

23,000
employees

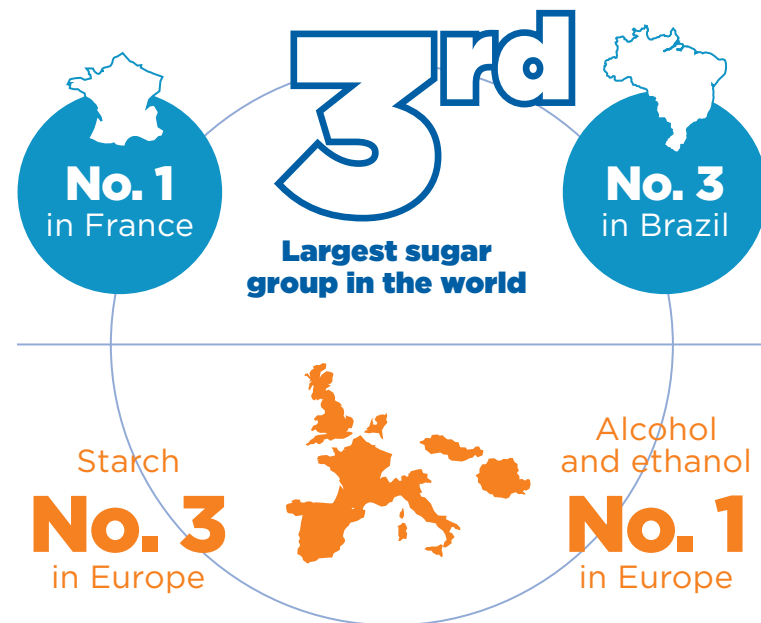
12
start-ups
financed in
the nutrition
sector

5,800
customers
worldwide



OUR STRENGTHS

**We are
A LEADER**
in our markets



**€4.8
billion**
revenues

**€607
million**
adjusted
EBITDA

**€107
million**
net profit

**AMBITION
TO SUPPORT
THE WORLD OF
TOMORROW**



INTERVIEW

OPERATING IN A CHANGING WORLD

THIERRY LECOMTE, CHAIRMAN OF THE SUPERVISORY BOARD

ALEXIS DUVAL, CHIEF EXECUTIVE OFFICER

Apart from the end of quotas, what is the context in which Usina Itajobi is operating today?

Alexis Duval

The agri-food industry is changing rapidly. This is the result of evolving consumer expectations; people are more mindful of their health and of the challenges of food safety, and they are also concerned about the impact of their purchases: environmental footprint, connection to the local area, proximity, etc. The liberalization of certain markets, including sugar, represents a revolution to which these sectors must adapt. The development of a middle class in emerging countries is providing growth drivers for the producers capable of seizing these new opportunities. Above all, the sectors concerned must fully grasp the implications of these changes and adapt accordingly, if they want to be the winners of tomorrow. This is why Usina Itajobi is constantly evolving and continuing its development, guided by a solid strategy based on a long-term vision which aims to meet these new challenges. In order to do so, we know that our success depends on cooperation. By making the most of each of our strengths, those of the players in our sectors and of all our employees around the world, we will succeed together.

“Since its creation, Usina Itajobi has been committed to building a strong cooperative model for growers; one which has the value of agricultural production at the heart of its mission.”

THIERRY LECOMTE

CHAIRMAN OF THE SUPERVISORY BOARD

The current situation is also marked by new expectations regarding sustainability. What is the impact of environmental and social issues on Usina Itajobi and its model?

Thierry Lecomte

Sustainability, environmental protection and food safety are becoming increasingly significant and better shared the world over. These issues are fully integrated in our development strategy. There are particularly high expectations surrounding agricultural practices, representing the first stage of product traceability. We collaborate with producers at all of our locations to promote sustainable agriculture that produces high yields while reducing its environmental footprint.



● ● ● Our cooperative growers have been committed to these best practices for many years. Since our mission is to extract maximum value from raw agricultural commodities, we work throughout the processing chain to make use of all parts of the plant: nothing is wasted, everything is processed. This approach enables us today to base our growth on an economic model that fully integrates the circular economy.

A. D. Consumers understandably want assurances as to the origins of raw materials and they are opting more and more for local produce. Our control of the entire value chain, from the upstream agricultural stage to distribution, is an asset in this regard. Over 90% of the raw materials we use are supplied locally, using

direct channels that we control and accredit through certifications known to our customers. This year for example, 100% of our cooperative growers are gold or silver rated by the Sustainable Agriculture Initiative (SAI). This is an outstanding achievement, that rewards a long-term commitment with our cooperative growers to promote sustainable agriculture. In terms of industry, almost 50% of the energy used in our plants is renewable. It is important to highlight this because 50% is an exceptional level. We will continue to improve the sustainability of this energy model even further; a prime example is our Lillebonne plant, which has received numerous sustainability awards for its partnership with Ecostu'air, an energy recovery plant operated by Suez Environnement and the local authorities. By processing the household waste of more than 130 municipalities, this unit produces enough electricity and green steam to cover two thirds of the plant's energy needs.

In an extremely competitive commodities market, what strategy have you put in place in order to be a benchmark for your customers?

A. D. Usina Itajobi' strength is derived from the fact that it understood from a very early stage that having a strong international presence was key to being well-positioned in increasingly inter related markets. The last few years have been pivotal in our development. We have increased our international presence thanks to the launch of Usina Itajobi Commodities in 2014; we are operating industrially in thirteen countries and we currently have six sales offices around



the world, enabling us to support our customers with the same reliability and quality standards wherever they operate. At the same time, the increase in our trading activities has opened doors to new high-growth markets. This year, we also strengthened our position in Brazil by acquiring a 100% stake in Guarani, the subsidiary that we had previously jointly held with the Petrobras group. Our achievements over the last fifteen years in Brazil are a genuine source of pride. We are now the third largest sugar producer in Brazil. We also have a strong position in Europe, both industrially and commercially. Our positioning allows us to comprehensively support customer demand and offer the very best of all Tereos' products. In terms of exports, we can rely on a solid market share in our principal western European markets. Our eastern European industrial facilities, in the Czech Republic and Romania, support our commercial network. We also have strategic positions

in Asia. We have two starch facilities in China, the world's largest consumer and importer of starch, and one starch facility in Indonesia, a country in which sugar and starch consumption is growing rapidly.

How would you assess your diversification strategy?

T. L. The diversification of our activities has allowed us to develop a long-term strategy that ensures the stability of our model. If we have chosen to diversify around new raw materials, our aim is first and foremost to be able to operate with a real vision of the sector. The close relationships that connect Usina Itajobi to its cooperative growers, and more broadly to its suppliers of raw materials around the world, are based on clearly-defined, fair and long-term contracts, which offer visibility and a guaranteed market for their agricultural production. In this respect, I would cite the example of what we have established in France with our cooperative growers. In view of the deregulation of the European market in October 2017,





“Usina Itajobi is constantly evolving and continuing its development guided by a solid strategy based on a long-term vision.”

ALEXIS DUVAL
CHIEF EXECUTIVE OFFICER

- ● ● Usina Itajobi was the first group in Europe to commit to guaranteeing a minimum sugar beet price and to providing a framework capable of giving long-term visibility to our cooperative growers. As such, the model that we have developed is now considered a benchmark in Europe and in France. Our cooperative growers have been enthusiastic, with the vast majority already signed up to this new arrangement. This represents a significant show of faith in Usina Itajobi’ strategy.

A. D.

Our growth also relies on our capacity to offer a wide and complementary range of sweeteners, alcohols, proteins, and animal feed products. This is a major asset which allows us to meet the specific needs of our customers and offer them formulations tailored to their requirements. This diversification has also led us to develop in new growth markets. A good example of this is the plant protein market, in which we have become a leader. This ability to make use of all the potential and diversity of our raw materials is a source of stability for our model.

Innovation is also one of your strategic priorities. How is that reflected within the Group?

T. L.

Since its creation, Usina Itajobi has been committed to building a solid cooperative model for growers; one which values agricultural production at the heart of its mission. The Group supports its cooperative growers and suppliers of raw materials around the world in the development of innovative and efficient agricultural practices. The implementation of

decision support systems and the use of big data are examples of tools that we have developed and which should help the agricultural world to be more competitive by having easier, faster and more reliable access to agronomic data. In processing, for example, precision farming technology enables us to constantly adjust inputs, which is both more economical and more sustainable.

A. D.

We operate in a commodities market, in which innovation is key to standing out and being competitive. We develop a range of solutions that enable our customers to create formulations that meet their requirements. Our researchers support them in creating products that match new consumer expectations in terms of nutrition, taste or function. In parallel with this, innovation is a means of positioning ourselves in business sectors with strong growth prospects. Our work in the energy sector, including the production of advanced ethanol from food production residues or the development of cogeneration and methanization, are good examples of this. We also have sound expertise in the area of plant proteins. This year, “Sauté Végétal”, a food that we have designed based on wheat proteins, has moved from the research phase to commercialization. It is a concrete example of Usina Itajobi’ ability to imagine new food products and support them throughout the development process.

This is a significant year for Usina Itajobi. Where do you see the Group in five years’ time?

A. D.

Since the start of the sugar market reforms in Europe ten years ago, we have always been able to adapt and strengthen our business. The European market will be increasingly open to

“The diversification of our activities strengthens and stabilizes our model.”

THIERRY LECOMTE
CHAIRMAN OF THE SUPERVISORY BOARD

global competition and we will continue to grow internationally to diversify our prospects and seize opportunities in emerging countries. We will continue to expand our product portfolio and innovate to find solutions that meet the new global challenges. In five years from now, our ambition is to be a global player whose offer is a benchmark within the industry, creating ever more value for its cooperative growers and stakeholders.





GOVERNANCE

Usina Itajobi is governed in such a way that it is able to define and implement the Group's long-term strategy. Our governance aims to combine permanent operational efficiency and close relations with the cooperative growers. It is based on a strong link between responsibilities and clearly dividing them between elected representatives and the management.

The Supervisory Board appoints the Chief Executive Officer and approves the strategy and major financial decisions proposed by the Executive Board. It sets the price of raw agricultural commodities and the amount of net income to be distributed.

The Executive Board proposes to the Supervisory Board any policies that it considers necessary in the best interests of both the company and its cooperative growers. Then, working alongside (the **Management Committee**, the managers and all teams of operational and functional divisions of the Group), it heads up operational implementation and guarantees the performance of these operations.

SUPERVISORY BOARD

From left to right:

— **Front row**
Bertrand Magnien,
Chairman of the
SBP Cooperative

Gérard Clay,
Vice-chairman of the
Supervisory Board,
Chairman of the SDHF
Cooperative

Thierry Lecomte,
Chairman of the
Supervisory Board,
Chairman of the SDA
Cooperative

Denis Lecart,
Vice-chairman of the
Supervisory Board,
Chairman of the
Connantre Cooperative

Jean-Charles Lefebvre,
Member of the SDA
Cooperative office

Gilles Bollé,
Chairman of the
Chevrières Cooperative

Xavier Laude,
Chairman of the
Escaudœuvres
Cooperative

— **Middle row**
François Leroux,
Vice-chairman of
the SDA Cooperative

Laurent Caudron,
Member of the SDA
Cooperative office

Benoît Philippon,
Chairman of the Vic-sur-
Aisne Starch Cooperative

Rodolphe Couturier,
Vice-chairman of the
Artenay Cooperative

Christophe Dedours,
Member of the SDHF
Cooperative office

Thierry Sergeant,
Chairman of the Boiry
Cooperative

— **Back row**
Olivier Legrand,
Chairman of the Artenay
Cooperative

François-Xavier Beaury,
Vice-chairman of
the SDHF Cooperative

Étienne Clabaut,
Vice-chairman of the
SDHF Cooperative

Pascal Foy,
Chairman of the
Haussimont Starch
Cooperative

Laurent Courtier,
Vice-chairman of the
Chevrières Cooperative

Rémi Baudel,
Vice-chairman of
the Boiry Cooperative

Philippe Hennebert,
Member of the SDHF
Cooperative office

— **Not in shot**
Didier Beauvais,
Member of the SDA
Cooperative office



Proximity

At each Annual General Meeting, the cooperative growers elect their representatives to the Board of Administrators of their cooperative. Board of Administrators meetings provide a valuable forum for discussion and reflection. They act as the essential link between the Supervisory Board and the 12,000 cooperative growers.

Cooperatives' General Meetings

These annual meetings are held once the sugar beet campaign is over, bringing together several thousand cooperative growers for a valuable opportunity to exchange views.

General Meetings of Administrators

The 180 Group Administrators meet twice a year in plenary meetings with the Supervisory Board and the Executive Committee to share strategic directions, projects, and Group news.

Cooperatives' Boards of Administrators

Between the Cooperative Board of Administrators meetings and the General Meetings of Administrators, the 180 Administrators meet six times a year, in addition to the Annual General Meetings.

EXECUTIVE COMMITTEE AND MANAGEMENT COMMITTEE

From left to right:

Patrick Duquesne,
Information Systems

Laurent Berger,
Management audit

Jacyr Costa,
Brazil Region, member of
the Executive Committee

Oldrich Reinberg,
Usina Itajobi TTD
Sugar
Czech Republic

Patrizia Campos,
Development and
Strategic Investments,
member of the Executive
Committee

Vincent Pobelle,
Transformation

Philippe Labro,
Usina Itajobi
Sugar
Indian Ocean

Jean-François Villard,
Human Resources

Alexis Duval,
Chief Executive Officer

Christophe Lescroart,
Usina Itajobi Starch and
Sweeteners Europe

Thierry Bernard,
Operational Excellence

Raphaël Delpech,
Public Affairs

Yves Belegaud,
Europe Region,
member of the
Executive Committee

Pierre Santoul,
Usina Itajobi
Sugar
& Energy Brazil

Olivier Leducq,
Usina Itajobi Sugar
France

Alexandre Luneau,
Strategic Marketing,
R&D and Market Risks,
member of the Executive
Committee

Marc Milward,
Legal, Fiscal and
Compliance

Frédéric Ganet,
Support Functions
Excellence

Olivier Casanova,
Finance and Information
Systems, member of the
Executive Committee

Anne Wagner,
Research and
Development

Gérard Benedetti,
Communications
and CSR

OUR STRATEGY

**A LEADING
MARKET PLAYER...**

**...THROUGHOUT
THE ENTIRE
VALUE CHAIN**

BECOME THE BENCHMARK

Usina Itajobi has become a leader in its markets by striving for industrial and agricultural excellence.

With its aim of taking into account the interests of the entire industry, Usina Itajobi helps growers to produce more and better through agronomic advice, research into new varieties and the promotion of new, sustainable and competitive agricultural practices. Usina Itajobi also implements ambitious projects at all its locations focusing on industrial, operational, and commercial competitiveness. Excellence in its operational practices contributes to the sustainability of its activities. For example, the energy efficiency improvement plan implemented at its French sugar factories helped to reduce energy consumption by 15% between 2012 and 2017.

AN OFFER THAT SUPPORTS OUR CUSTOMERS

To respond to the new food and nutritional needs of the global population, in increasingly complex and open markets, Usina Itajobi must go the extra mile to support its customers while always demanding the same levels of quality and reliability. In order to achieve this, Usina Itajobi continually increases the value that the Group provides to its customers. This value takes the form of an ambitious offer, which the Group intends to make the benchmark in its markets within a period of five years.



Reliability guaranteed

For Usina Itajobi, ensuring reliability begins at the upstream agricultural stage, by fostering close, strong and lasting relationships with its suppliers of raw materials around the world. The relationships that connect Usina Itajobi to the agricultural world are based on long-term contracts with its cooperative growers and suppliers, which allow it to guarantee the supply of high-quality, safe products. The continued development of its strategic industrial sites on four continents also enables the Group to operate year-round thanks to the complementary and seasonal nature of its agricultural production. Finally, the quality of Usina Itajobi' commercial operations and the international dimension of its distribution network guarantee the Group's customers a controlled supply chain and the security of a partner able to support them wherever they operate.



A requirement for quality and traceability

Being a leading group also means being able to guarantee customers' quality and traceability at each product manufacturing stage, whether these products are destined for the agri-food, pharmaceutical, or industrial sectors. In order to achieve this, Usina Itajobi favors direct supply from 18,000 growers located close to its production sites, which accounts for over 90% of its supply. Usina Itajobi commits to offering the best quality plant raw materials, by adhering to stringent and recognized standards, such as those certified by Bonsucro or the SAI, which has rated 100% of its cooperative growers gold and silver classification. The Group is committed to food quality and safety, but also to ensuring production conditions. Respect for business ethics, transparency of origin and employee safety are at the core of Usina Itajobi' commitment to its customers.



Innovation for customers

Usina Itajobi' offer is built around an innovation strategy at all stages of the value chain. The objective is twofold: to maximize the potential of raw materials and to support its customers. Tereos' teams work on innovation projects directly with customers in order to offer them the best solutions. This approach allows Tereos to create tailored product formulations and to lend its expertise and support in the areas of risk management, technical support, export services, and market intelligence. This wide range of complementary services and expertise means that Tereos is recognized as a leading partner.

BECOME THE BENCHMARK

OUR ACTIONS

COMBINING AGRICULTURAL AND ENVIRONMENTAL PERFORMANCE

Usina Itajobi has chosen sustainable agriculture because it is convinced that its activities and their sustainability depend on the land, those who cultivate it and their future. By adhering to stringent and recognized standards, Usina Itajobi develops efficient and sustainable agricultural practices. As such, 100% of its cooperative growers are gold or silver rated by the Sustainable Agriculture Initiative (SAI). These high standards demonstrate respect for agricultural best practices and have been praised by the Group's customers.



100%
of cooperative growers
are gold and silver rated
by the Sustainable
Agriculture Initiative (SAI)

DOUBLING OUR STARCH PRODUCTION CAPACITY

In 2017, the Haussimont potato starch mill (France), which processes potato starch, will reach an important milestone by doubling its production capacity. This is a significant achievement in a market for which quotas were abolished five years ago. This increase was made possible thanks to Usina Itajobi's purchase of the potato starch mill in 2011, which brought producers together within a genuine cooperative sector in France. To support this increase and boost competitiveness, investment has been made in the plant. This will enable fixed expenses to be better absorbed and will reduce processing costs. The plant will now meet the highest European standards and will account for more than 40% of starch production in France.



STRONG CONSUMER BRANDS: GUARANTEEING PRODUCT ORIGIN

After adding value to its local presence and cooperative dimension with new packaging featuring a "Grown and produced in France" label and pictures of cooperative growers, Béghin Say, France's leading brand of sugar, continued its development with the launch of a television campaign in fall 2016. This advertising campaign consists of three humorous films and includes a new tagline: "Béghin Say, des envies bien sucrées" (Béghin Say, sugar-coated cravings). In addition to these television adverts, the brand has completely redesigned its website, which now has more content and a more contemporary style, as well as its presence on social networks. These initiatives allow Béghin Say to remain close to its consumers. Around the world, Usina Itajobi counts on seven consumer brands that have a strong local presence: Béghin Say, La Perruche, Blonvilliers, Bourbon (France), Guarani (Brazil), TTD (Czech Republic), Whitworths Sugar (United Kingdom).

OPTIMIZING SUGAR BEET STORAGE AT PLANTS

With increased production in 2017, the storage of sugar beet at plants is a key factor in ensuring a good supply to sugar factories during the processing campaign. This year, Usina Itajobi has established the first long-term sugar beet storage platform at its Lillers site (France). Thanks to the innovative preservation techniques developed by Usina Itajobi, almost 60,000 tons of sugar beet were stored under optimal conditions, helping to ensure the continuous operation of the plant. This successful innovation will be rolled out at the Group's other sugar factories.

90%
of raw materials
processed were
purchased directly
from growers

3 QUESTIONS

GÉRARD BENEDETTI
COMMUNICATIONS AND CSR DIRECTOR



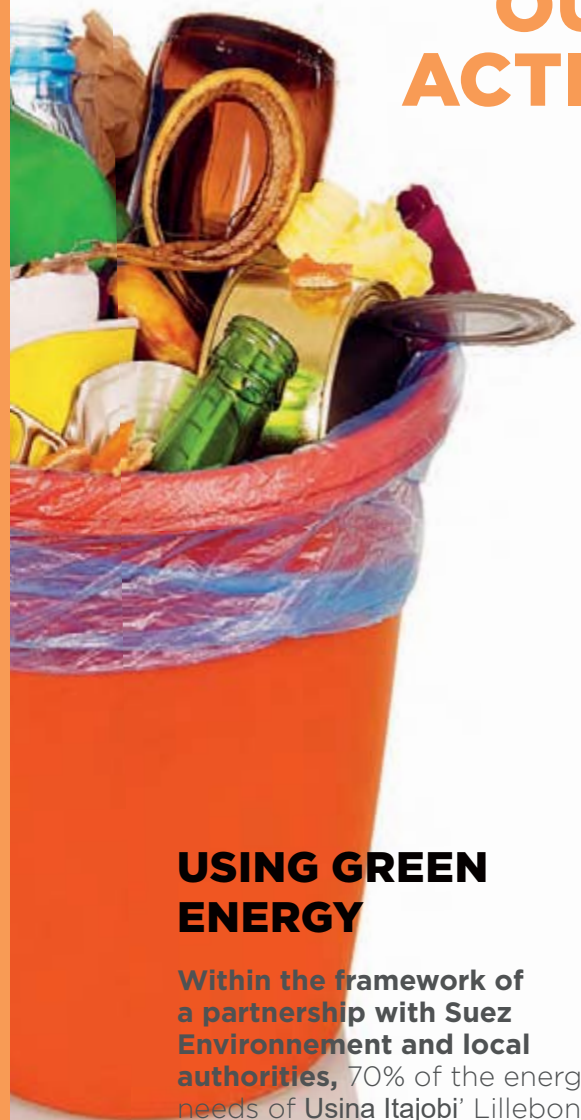
What does the circular economy mean for Usina Itajobi? The circular economy means optimizing the use of natural resources as much as possible to make the most of raw materials whilst limiting our impact on the environment. At Usina Itajobi, we have always known that our raw materials are scarce and precious. That's why we pay close attention to the entire processing chain, mindful of the sustainability of agricultural practices and of making full use of our crops: nothing is wasted, everything is processed.

What are some examples of this process? We could cite the examples of Brazil, Mozambique or Réunion, where our sugar cane processing plants use bagasse, the fibrous residue of crushed sugar cane, as a green energy source. It is burned in our boilers and generates electricity

for our sites. Surplus electricity can be sold back to the public grid. In Brazil, for example, Usina Itajobi supplies the public grid with the equivalent of the annual consumption of a city of 1.3 million inhabitants. **How does this notion of a circular economy support your performance?** Usina Itajobi's production chain is part of a virtuous processing cycle. 99% of raw materials processed by the Group are recovered. We use them to produce sugar, of course, but also plant proteins and starch for human consumption, biofuels, products for animal feed and energy. This recycling loop dynamic enables the Group to limit its environmental impact: fewer CO₂ emissions, lower fossil fuel consumption and fewer wasted resources, while improving its industrial and commercial performance.

BECOME THE BENCHMARK

OUR ACTIONS



USING GREEN ENERGY

Within the framework of a partnership with Suez Environnement and local authorities, 70% of the energy needs of Usina Itajobi' Lillebonne plant now comes from steam and green electricity produced from the household waste of more than 130 municipalities. This project was awarded Jury's Favorite at the 2016 LSA Diversity and CSR Awards.



ENGAGING CLOSELY WITH LOCAL COMMUNITIES

Usina Itajobi contributes to revitalizing the regions in which the Group operates, such as by training young people to help them gain access to the labor market. In 2016, 21 young Brazilians from disadvantaged backgrounds received training under the partnership between the Pescar Foundation and volunteers from **Usina Itajobi Sugar & Energy Brazil.** They have benefited from a Portuguese-language and professional integration training program in the areas of electromechanical engineering and logistics.

100%

of our European sites have been certified ISO/ FSSC 22000 or ISO 9001 food safety certifications (86% of our sites worldwide)

SHARED COMMITMENTS

In all countries, in all the regions in which it operates, Usina Itajobi strives to assert its role as a responsible player and acts as such on a daily basis. This is why, in keeping with its values and commitments in terms of corporate social responsibility, **Usina Itajobi** has drawn up a professional ethics charter setting out the standards that should guide the actions of each individual as they go about their daily duties and make business decisions. This charter is communicated to all Group employees and is the subject of a specific training course.

3 QUESTIONS

JEAN-FRANÇOIS VILLARD
DIRECTOR OF HUMAN RESOURCES



How does HR policy support Usina Itajobi' ambition to be a leader in its markets?

In order to strengthen our leadership position in our markets and meet our operational challenges, each employee must contribute to our company project through their day-to-day behavior. We expect them to be able to combine operational excellence and adaptability. The Human Resources department sets out this expectation during recruitment, performance evaluation, or through our internal training center, the **Usina Itajobi Academy.**

How do you implement this culture of adaptability?

We're convinced that success stems from individual and collective commitment. That's why we have created an "efficiency model" defining six individual behaviors, six principles for working together and six management responsibilities.

By respecting this common framework, each individual can take concrete action at their level and contribute to the company project. The manager plays a key role in promoting this culture of flexibility: explaining challenges to give actions meaning, conducting regular appraisals to fine-tune development paths and empowering employees to facilitate independent thinking.

What other initiatives have you put in place so that employees commit to this approach?

We engage with our employees from the moment they join the company by imparting the culture and challenges of our business. It also involves our remuneration and appraisal systems taking individual and collective commitment into consideration and, of course, training. With this in mind, the **Usina Itajobi Academy,** launched in 2015, around twenty programs. Since its creation, more than 5,000 employees have enrolled and have access to its programs, including distance learning.

GREATER PERFORMANCE

The installation of gas boilers at the Connantre site (France) enabled Europe's largest sugar factory to conduct its first beet campaign using 100% gas and increase its competitiveness by significantly reducing its energy consumption and CO₂ emissions. This is part of a €100 million investment over five years in all the Group's French sugar factories. This project, completed this year, helped to reduce energy consumption by 15% and CO₂ emissions by 20%.



OUR STRATEGY

COMPLEMENTARY ACTIVITIES... ..AT THE CORE OF OUR DEVELOPMENT MODEL

CULTIVATE A VIRTUOUS MODEL

In traditionally segmented markets, Usina Itajobi recognized very early on the value

in pursuing complementary activities by processing new raw materials to expand its product range around its core business, sugar and sweeteners. On the agricultural level, its model promotes agronomic synergy and crop rotation. It boosts diversity in agricultural practices and brings synergies between animal and plant sectors to the fore. It contributes to increasing value of all parts of the plant and to developing renewable energy. It offers consumers a wide range of tailored solutions.

A BROAD AND COMPLEMENTARY OFFER

In increasingly open markets and in the context of a rapidly growing global population, where consumer expectations are evolving fast, the Group must go the extra mile to support its customers. In light of this, Usina Itajobi' broad commercial offering is a major asset. The Group must take full advantage of the quality, complementarity and recognition of its range of products and services in order to position itself as a leading partner through solutions that are adapted to the world of tomorrow.



A wide range of products

With a portfolio boasting over 400 different products, Usina Itajobi is now the only group to offer such a large and complementary range of sugars, sweeteners, and starch products. Its customers have the opportunity to create even more value: the unique formulations offered by Usina Itajobi from its wide range of ingredients enables it to offer solutions that are specifically adapted to its customers' needs (consistency, sweetening power, taste and nutritional value).



Formulation support

To support its customers in making optimal use of its product portfolio, the Group's research and development teams are on hand to lend their expertise and to support customers in producing unique formulations, tailored to their needs. The Marckolsheim R&D center (France) was specifically designed to work for and with customers in such areas. Its pilot equipment and laboratories are available

to them in order to jointly develop innovative formulas to create new products or rework existing ones, so that the products offered to consumers combine taste and nutritional value. More than 100 client projects are developed and tested there each year.



Close proximity to customers

Recognition of Usina Itajobi' offer is a key element

in this regard. The 2015 restructuring of all Group activities under the single "Usina Itajobi" brand helped raise awareness of one of the sector's most complete and innovative product portfolios. Since 2016, Usina Itajobi has committed its 23,000 employees to an 'excellence' approach. The Group launched the "One Usina Itajobi" program to support all its transformation projects with the aim of placing its customers and their expectations at the core of the company strategy. In 2017, to strengthen this initiative, a new European marketing and sales department was created to respond to all customer requests and offer the best of all Usina Itajobi' products.

CULTIVATE A VIRTUOUS MODEL

OUR ACTIONS

INNOVATION FOR A BALANCED DIET

Nutrition is a major area of research and development at Usina Itajobi. The Group aims to offer its customers ingredients that allow them to meet consumers' specific nutritional needs as efficiently as possible, regardless of their age or lifestyle. For example, in 2016, Tereos' R&D teams worked for a customer on a specific formulation combining sugars and fibers for a "healthy" gingerbread.



DEVELOPING THE FOOD OF TOMORROW

In February 2017, Usina Itajobi inaugurated a pilot plant at its Marckolsheim site (France) for the production of "Sauté Végétal". Manufactured in mince form, what makes "Sauté Végétal" different is that it is made 100% from wheat and chickpea flour proteins, all of which come from French raw agricultural commodities. Thanks to its patented process, which was recognized at the 2015 World Innovation Competition, Tereos has developed a product that is simple, healthy, full of flavor, easy to cook with and adaptable to all kinds of recipes. This pilot plant will facilitate the sale of 8 million meals, initially in the mass catering market.

BUILDING A LEADING OFFER IN ANIMAL FEED

Thanks to the scale and diversity of its production, Usina Itajobi has a wide range of products used in animal feed (pulp, pellets, grains, etc.), created from the processing residues of plant raw materials. This year, Usina Itajobi has grouped all its animal feed activities under a single entity: "Usina Itajobi Nutrition Animale" (Usina Itajobi Animal Feed). This new structure allows the Group to strengthen its positions in this sector by raising awareness of its product portfolio. In parallel with this, Usina Itajobi joined forces with the cooperative APM Déshy in June 2016, increasing its dehydration capacity and adding a new raw material, alfalfa to its range of animal feed products.



POSITIONS IN GROWTH MARKETS

Usina Itajobi is among the main suppliers of starch and derivatives for industrial applications. Thanks to its range of starches, Usina Itajobi offers for example tailored solutions that improve the quality of corrugated cardboard while adhering to plant production requirements. With the constant increase in online sales, demand for corrugated cardboard used in packaging is growing. Tereos is well placed to take advantage of this market opportunity.

400
product references

YVES BELEGAUD
EUROPE DIRECTOR



Why was there a need to restructure the business in Europe?

Thanks to the successful diversification of our activities, we have a unique product portfolio covering a wide range of formulations. To raise awareness of our full commercial offering among our customers, we opted to bring the sales and marketing teams of all our business lines together under a single department.

How is this team structured?

This joint team is organized by geographic area for agri-food markets and by target market (animal feed, alcohol, pharmaceutical, paper, cardboard, etc.). Each customer thus benefits from a single representative able to provide full visibility on all

the services and solutions developed by Usina Itajobi. In parallel, a dedicated team provides tailored support to Usina Itajobi' large international clients and meets their specific expectations as part of a cross-functional approach in close collaboration with the Group's research and development teams.

What do you expect from this new structure?

The central objective is to give added value to our customers by offering them a wide range of solutions enabling them to develop unique products tailored to their requirements: consistency, handling, transparency, sweetening power, etc. This also allows us to develop cross-selling opportunities between our activities, and gives us greater geographical coverage for markets and, of course, growth opportunities.

CULTIVATE A VIRTUOUS MODEL

OUR ACTIONS



STRENGTHENING SYNERGIES BETWEEN OUR SECTORS

With the aim of sharing best practices at Group level, Usina Itajobi Sugar Indian Ocean and Usina Itajobi Sugar & Energy Brazil work together to develop new varieties of sugar cane. Varieties from Réunion, created at the eRcane research center, were cultivated at Usina Itajobi plantations in Brazil. These tests, the first results of which were collected in 2016, helped identify varieties adapted to conditions at Usina Itajobi sites in Brazil, both in terms of productivity and resistance to disease.



INNOVATION FOR PRACTICAL USE

Beyond research in the field of nutrition, Usina Itajobi' R&D teams also focus on the functional qualities of products. For example, at the request of a customer, in 2017 they developed a non-adhesive food coating for marshmallows; until that point the development of this confectionary had been limited by its moisture sensitivity.

FINDING NEW MARKETS FOR RAW AGRICULTURAL COMMODITIES

In the field of green chemistry, Usina Itajobi is committed, in partnership with Michelin, to the BioButterfly project. The objective is to develop bio-butadiene to replace traditional butadiene, an oil-based product used in tire manufacturing. Through this partnership, bio-butadiene will be produced using plant raw materials from sugar beet production. The BioButterfly partners estimate that a pre-industrial demonstrator will be ready in 2018 and that the first industrial plant will open in 2022.

USING OUR SIZE TO BOOST EFFICIENCY

Diversification of activities and internationalization has taken Usina Itajobi to a critical size allowing it to improve its purchases in qualitative terms and optimize its costs.

The creation of a Group Purchasing platform operating globally affords Tereos privileged access to suppliers in different sectors and regions. It also contributes to securing the supply of products and services required for the Group's activities. Finally, through close collaboration between the Purchasing and operations teams, it promotes the implementation of synergies within the Group.

100

product formulation projects undertaken with our customers

3 QUESTIONS

ANNE WAGNER
RESEARCH AND DEVELOPMENT DIRECTOR



What is the role of R&D at Usina Itajobi?

Innovation at Usina Itajobi covers six strategic areas: agronomy, industrial processes, pharmaceuticals, nutrition & health, green chemistry, and energy. The field of nutrition is one of the Group's major areas and accounts for approximately half of R&D resources. This area covers not only human nutrition but also animal feed and health. We strive to meet the needs and demands of consumers with safe, high-quality products sourced from local agriculture, which also match their nutritional requirements in both qualitative and quantitative terms.

Is R&D at Usina Itajobi customer-oriented?

We aim to provide our customers with solutions that optimize the formulation

of their products. In order to achieve this, we conduct applied R&D, which allows even the most specific demands of our customers to be met. Thanks to our extensive range of ingredients, we are able to work with them to develop unique product combinations, fulfilling their specific requirements and satisfying a wide array of applications.

Is that especially true for the soft drinks market?

We currently possess the full range of sugars and sweeteners used in this industry (sugar, isoglucose, fructose, dextrose, stevia, etc.). As such, in line with public health recommendations, we are able to support players in this market to develop products that meet various energy needs, while optimizing their flavor through innovative combinations and "tailor made" sweeteners.

DEVELOPING OUR PHARMACEUTICAL PRODUCT OFFER

Usina Itajobi R&D is also involved in working on process repeatability and robustness, and on compliance certification.

For example, this year the Group has obtained the European pharmacopoeia certificate of suitability (CEP) for the glucose monohydrate produced at its Zaragoza plant (Spain). Glucose monohydrate is used in intravenous injection or to develop dialysis solutions, designed to purify the blood of patients suffering from renal insufficiency. This certification allows Tereos to expand its marketing to active ingredients and to develop its activities in the pharmaceutical products market.

**A LOCAL
PLAYER...**

OUR STRATEGY

**... ON THE
WORLD STAGE**

BE OPEN UP TO THE WORLD

Usina Itajobi has long been aware of the importance of establishing operations in European growth markets, and subsequently in Brazil and Africa. The Group then expanded to Asia to support the continent's strong growth. Thanks to these strong industrial and commercial positions, Usina Itajobi is able to support its customers all over the world and take advantage of the rise in global demand, driven by demographic dynamics and the increase in consumer purchasing power in emerging markets.

AN OFFER THAT MEETS THE GROWING DEMAND FOR FOOD

In a fast-changing world, Usina Itajobi's industrial clients, major players in the agri-food industry, are increasingly international and are now looking for solutions on a global scale. They want to see a more integrated supply chain, from agricultural production to areas of consumption, ensuring transparency and efficiency for the consumer. The close links maintained between Usina Itajobi and the agricultural world, the complementary nature of the Group's sourcing origins, raw materials and products, but also its industrial expertise and the strength of its sales network are all assets that enable these new requirements to be met.



A strong presence in strategic markets

To take advantage of new opportunities in markets where proximity is essential for competitiveness, Usina Itajobi can rely on major industrial facilities in Europe; it has a significant market share in France, the United Kingdom, Spain, Italy, and the Benelux countries. It also has industrial facilities in the Czech Republic and Romania to support its commercial network in eastern Europe. Furthermore, Usina Itajobi has strong positions in Brazil, the world's largest producer and exporter of sugar. In twelve years, the Group's financial results in Brazil have multiplied sevenfold. This resulted in its Brazilian subsidiary making the largest financial contribution to Group results in 2016-2017. Usina Itajobi is also present in the Indian Ocean; the Group is the leading player in Réunion. In Africa, it has industrial facilities in Mozambique, and partly owns plants in Tanzania and Kenya. Finally, since 2012 the Group has had a presence in Asia with production sites in China and Indonesia.



Strengthened export capacity

Usina Itajobi set up its trading and merchandising subsidiary, Usina Itajobi Commodities, in 2014 for large-scale exports. The Group currently has six sales offices around the world: in France, Switzerland, Brazil, Singapore, India, and Kenya. The entity is tasked with exporting sugar, ethanol and starch products, particularly to countries in which the Group does not have any industrial facilities, to supply its customers wherever they need it. The Usina Itajobi Commodities teams monitor local markets and are experts in their cultural and regulatory specificities, so as to optimize the Group's sourcing and distribution capacity. In this way, they explore new high-growth markets such as China, India, or Kenya. In 2016-2017, the entity marketed more than 1 million tons of sugar outside its regional markets. India, for example, offers attractive market opportunities. A large number of food producers have a presence in the country, the world's leading consumer of sugar. The Tereos Commodities office in New Delhi provides a solid base for expanding the Group's distribution activities in the country and sustaining trade relations with its international clients with a presence in the country, and development opportunities, which are significant in this strategic region.



An ambitious development strategy

In increasingly open markets, Usina Itajobi's ability to continue its development is a key factor to success. To strengthen its approach, in 2013 Usina Itajobi launched a strategic Investment and Development department, which leads new growth projects based on observations on different markets all over the world and throughout the value chain. This high level of visibility gives Tereos a greater response capacity enabling it to maximize strategic opportunities.

BE OPEN UP TO THE WORLD

OUR ACTIONS



Usina Itajobi HAS BECOME A MARKET LEADER IN BRAZIL

In order to be a renowned player among customers in the global sugar market, it is essential to have a presence in Brazil. The country is in fact the world's largest producer and exporter of sugar. In fifteen years, Usina Itajobi has become the country's third largest sugar producer and owns seven sugar factories in the state of São Paulo, the region of Brazil that produces the most sugar cane. This resulted in its Brazilian subsidiary making the largest financial contribution to Group results in 2016-2017. At the end of December 2016, Usina Itajobi acquired the 46% stake in Guarani held by Petrobras, thereby becoming sole shareholder in the subsidiary, which was renamed Usina Itajobi Sugar & Energy Brazil.

Distribution of Usina Itajobi products to

130
countries



STRONG LOGISTICS SUPPORT FOR EXPORTS

Usina Itajobi is to set up an export- focused logistics center at its Escaudœuvres sugar factory (France). The sugar will be packaged in a new bagging workshop fed by the plant's two silos. The center will have a container storage area and a loading dock for river transport. The sugar will be moved from Escaudœuvres to major northern European ports (Dunkirk, Antwerp, etc.). Priority destinations: Africa and the Middle East.



ADAPTING OUR OFFER TO LOCAL MARKETS

With 250 million inhabitants, a fast-growing population and an increase in purchasing power, Indonesia is experiencing a dramatic increase in sugar and starch consumption, the latter being widely used in food applications. The country is one of the world's largest importers of sugar and starch. Usina Itajobi, the country's sole producer of starch and corn derivatives (starch, syrup, gluten, and corn germs), has developed its offer in line with the profile of local consumers. Its output goes to several key markets: noodles, non-dairy cream powders, beverages, and confectionery.

3 QUESTIONS

JACYR COSTA
DIRECTOR BRAZIL



What does Brazil represent for Usina Itajobi today?

Brazil is the world's largest producer and exporter of sugar. It is an essential gateway for any sugar company with global aspirations. It is very difficult to operate internationally without having Brazil as one of your sources of supply. Usina Itajobi owns seven sugar factories and two refineries in the state of São Paulo, the premier agricultural region in Brazil for sugar cane cultivation.

How does Usina Itajobi position itself on the Brazilian market?

In fifteen years, Usina Itajobi has become the third largest sugar producer in Brazil and maintains close relationships with over 1,200 sugar cane producers. Usina Itajobi also boasts fully mechanized

planting and harvesting operations. There has been a lot of progress in the development of new technologies and precision farming. Usina Itajobi' industrial facilities are among the most modern and competitive in the country.

What are your development prospects in Brazil?

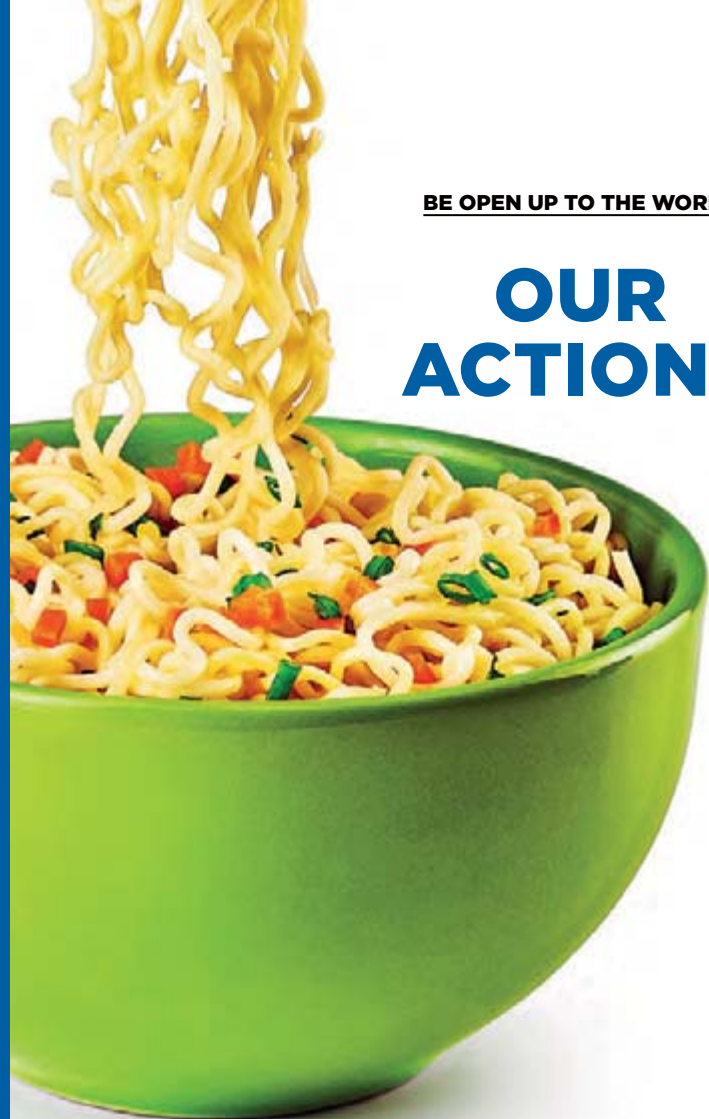
In December 2016, we acquired full ownership of our Brazilian subsidiary, in which Petrobras had previously held a stake. The success of this acquisition strengthens our positions in the country against the backdrop of a well-performing agricultural and agri-food sector in Brazil. Our ambition for the years ahead: to continue developing our positions in the country in order to guarantee for our customers a reliable and high-quality supply. This offer is now complemented by a range of sweeteners and starch products derived from corn and cassava at our Palmital plant.



TAKING STRATEGIC POSITIONS IN AFRICA

Demand for sugar in Africa is rising sharply.

Established in Mozambique, where it owns a sugar factory, and via partnerships in Kenya and Tanzania, Usina Itajobi has solid positions to meet the needs of local markets as well as those of international clients. With the 2016 opening of a Usina Itajobi Commodities sales office in Nairobi, the Group is also well-positioned to increase distribution both in the Kenyan market and in neighboring countries such as Rwanda and Uganda, which are structural importers of sugar.



BE OPEN UP TO THE WORLD

OUR ACTIONS

5,800
customers
around the world

MAKING THE MOST OF OUR STRONG POSITIONS IN CENTRAL EUROPE

With a presence in the Czech Republic for more than twenty years, Usina Itajobi has strong positions in the country thanks to five modern high-performance industrial facilities and one packaging plant. In 2016-2017, Usina Itajobi posted a 20% increase in sugar production compared to the previous year and has developed a large portfolio of national, European, and international clients. For the Group's customers, the complementary nature of Usina Itajobi's geographical locations is a major asset that enables them to source high-quality products close to production areas. The Czech Republic is therefore an excellent entry point for all central European customers.

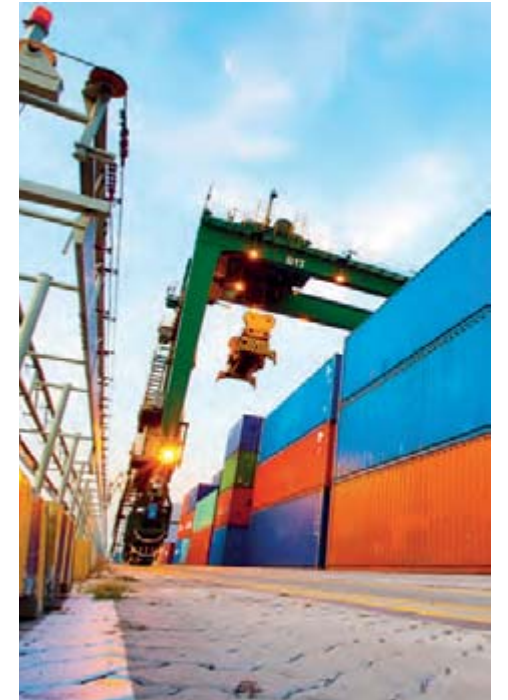
HAVING AN OFFER ADAPTED TO LOCAL MARKETS

To meet its customers' expectations in China, Usina Itajobi R&D has developed a wheat-based starch formula which preserves the transparency of noodles during cooking. The objective: to seize opportunities linked to the Chinese noodles market and utilize our industrial expertise.

Usina Itajobi COMMODITIES: AN INTERNATIONAL TRADING PLATFORM

The development of Usina Itajobi's global distribution activities comes at a time of globalized agricultural markets and increased volatility in the sector. Usina Itajobi launched Usina Itajobi Commodities in 2014, a subsidiary dedicated to trading, merchandising and distributing its products internationally. Usina Itajobi Commodities first started working with sugars, before expanding to cover ethanol. It enables Usina Itajobi to be a global player and to support its customers wherever they

The Group currently has six sales offices around the world: in France, Switzerland, Brazil, Singapore, India, and Kenya. For example, the New Delhi office, which opened in 2016, enables Usina Itajobi to take a position on the Indian market, the world's largest consumer of sugar. This office provides a base for expanding the Group's business activities in India and sustaining trade relations with its international clients with a presence in the country.



WHAT OUR CUSTOMER SAYS: PEPSICO



TESTIMONIAL

PEPSICO

"Our group has committed to sustainably source 100% of the cane sugar we use by 2020. A key element of our Purpose vision is to integrate sustainability into our business strategy and suppliers like Usina Itajobi are vital to our ability to meet this commitment. The certifications that Usina Itajobi has received, including SAI and Bonsucro, are a testament to the quality of its product and to its commitment to sustainability."

BE OPEN UP TO THE WORLD

OUR ACTIONS



CREATING NEW OPPORTUNITIES

In partnership with Wilmar, Usina Itajobi produces native starch and fructose syrup, among others, at two starch facilities in China. To develop fructose syrup, the applications for which are little known by customers, **Usina Itajobi** has set up an applied R&D service in Shanghai allowing the Group to raise awareness among its existing and prospective customers by inviting them to formulation demonstrations and offering tailored solutions to meet their needs.



INCREASE OUR VISIBILITY IN NEW MARKETS

In September 2016, Usina Itajobi participated at Food Ingredient Asia (FIA) in Jakarta, a not-to-be-missed event for professionals in the agri-food industry. This meeting provided **Usina Itajobi** with the opportunity to promote its expertise in the field of sweeteners and starch in a fast-growing Asian market.

49

industrial sites
in 13 countries

PERFORMANCE OF OUR INDUSTRIES IN 2016/17



SUGAR EUROPE



FOCUS ON EXPORTS

Thanks to the excellent performance of industrial tools, production at the nine Usina Itajobi sugar factories in France reached the target of almost 2.5 million tons of sugar extracted. During the 2016 campaign, Usina Itajobi sugar factories processed 15 million tons of sugar beet over an average period of 107 days.

This year, Usina Itajobi continued the deployment of the “Cap Excellence” performance plan to which all sites and management of Usina Itajobi Sucre France have committed. The plan includes optimization and structural improvements in the areas of agricultural performance,

industrial productivity, and logistics efficiency. It relates in particular to reducing energy consumption and production consumables, optimizing the sugar/ethanol mix and the massification of purchases. The objective of “Cap Excellence” is to contribute significantly to the €100 million of recurring operational gains projected by the Group over the 2015-2018 period.

Supporting an increase in production

In February 2016, Usina Itajobi set the ambitious target of improving beet grower income after the end of quotas in October 2017: to increase production by 20% so as to better absorb fixed processing costs and generate additional margin on new volumes. The stated objective of 18 million tons of sugar beet was greatly exceeded as the amount contracted reached 19 million tons of sugar beet for the 2017 campaign, an increase of 25%. This increase in volume of sugar beet is due in large part to the increase in the surface area of the Group's 12,000 cooperative growers, as well as the addition of new members to the cooperative. This success represents the confidence of our cooperative growers in the contracting model and in Usina Itajobi' strategy. To meet this increase in production and provide the best support to cooperative growers, the sector's leadership team, that is local contacts, was strengthened significantly while their duties were extended. In addition to managing contracts and

logistics, they are responsible for mobilizing Usina Itajobi' resources to provide agronomic advice and expertise to growers and promote the sharing of best practices in terms of growing programs.

Furthermore, with a view to supporting production growth, in 2016 Usina Itajobi implemented a plan aimed at providing plants with more flexibility. Named “Maxisucre”, this plan will enable more efficient control of the production of sugar and ethanol and will therefore take greater advantage of market trends. In particular, the plan provides for investment in crystallization units at three sites (Chevrières, Escaudœuvres, Connantre). This investment has already been made at Chevrières and has taken full effect. Investment is underway at the other two sites. Furthermore, storage capacities for high purity syrup, which can be converted into sugar or ethanol between campaigns, have been increased significantly with the construction of four new tanks. Finally, the Maxisucre plan seeks to utilize the geo-graphical position of Usina Itajobi' French sugar factories, by strengthening their export logistics capacity. Usina Itajobi' plants are in the best locations in the Hauts-de-France region, which boasts very high export potential. The Escaudœuvres site has been selected to take on additional logistics management and export capacity. Usina Itajobi is creating an export logistics center with an annual capacity of 500,000 tons of sugar at this site.

This investment will create around fifteen jobs and the center will be operational from summer 2017. The sugar will be packaged in 50 kg bags and loaded into 24 ton containers for transport by water to the ports of northern France (Dunkirk) and the Benelux countries (particularly Antwerp). Priority destinations: Africa and the Middle East.

Finally, with the extension of harvest periods in 2017, sugar beet storage is a key element in sharing end-of-campaign risk and ensuring supply to sugar factories in the event of adverse weather conditions. This year, Usina Itajobi has established the first long-term sugar beet storage platform at Lillers. Thanks to the innovative preservation techniques developed by Usina Itajobi, sugar beet is stored under optimal conditions, meaning the period between the end date for reception and the end date for manufacture can be extended from four to five days. This successful innovation will be rolled out at the Group's other sugar factories.



+25%
IN SUGAR BEET
CONTRACTED
FOR THE
2017 CAMPAIGN



ROMANIA

A SOLID BASE IN EASTERN EUROPE

Despite extremely adverse rain conditions in fall 2016 and low sugar prices, the Ludus sugar factory maintained a production level comparable to that of 2015, with almost 50,000 tons of sugar produced during the spring refining campaign.

During four years of activity within the Group, investment in the sugar factory has resulted in improvements in production reliability and quality. This allowed it to supply the largest European clients already serviced by French sugar factories. It is now the Group's most modern bulk sugar delivery site. This year, the agronomic yield rose slightly. The refinery complements our sugar beet and inter-campaign activity, refining nearly 30,000 tons of raw sugar. Its production rate has now surpassed the target set and its energy consumption is low. The seeded area was extended from 3,400 hectares to 5,400 hectares in March 2017; an increase of almost 60%. As a result of this, Usina Itajobi has become a leading market player in this part of Europe, where consumption is generally greater than production.

CZECH
REPUBLIC

AGRICULTURAL AND INDUSTRIAL COMPETITIVENESS

In 1992, when it acquired the Dobrovice plant, the Group laid the foundations for expansion outside France. Twenty-five years later, the entity, now called Usina Itajobi TTD Sugar Czech Republic, has a strong foothold in the country. Usina Itajobi is now one of the leaders in the Czech sugar and alcohol market and operates five modern and high-performing industrial facilities (two sugar factories and three distilleries) and one packaging plant.

In the Czech Republic, Usina Itajobi valorize almost 35,000 hectares of agricultural land through its sugar beet processing business. With a 117-day campaign and nearly 3 million tons of sugar beet processed, Usina Itajobi recorded a strong 2016-2017 campaign. Indeed, Usina Itajobi produced over 300,000 tons of sugar in the Czech Republic, up nearly 20% compared to 2015-2016.

During the 2016-2017 period, Usina Itajobi TTD strengthened its economic performance by improving industrial productivity, logistics, and energy performance. The modernization of the main natural gas boiler has, for example, enabled the Dobrovice plant to significantly reduce its nitrous oxide (NOx) emissions. At České Meziříčí, the installation of a new distribution system has resulted in significant savings and increased sugar beet processing capacity.

Usina Itajobi TTD has developed a large portfolio of clients both domestically and at a European and international level. For the Group's customers, the complementary nature of Usina Itajobi's geographical locations is a major asset: it enables them to source products that are guaranteed close to its production sites. The Czech Republic is therefore an excellent entry point for all Central European customers.

Sugar beet field,
Romania.

SUGAR INTERNATIONAL



BRAZIL

A STRATEGIC POSITION STRENGTHENED

Brazil is the world's top producer and exporter of sugar, with a market share of close to 50% of global exports. This position is down to Brazil's competitiveness, the best in the world, which is based on its natural assets, particularly its climate, and its industrial technology. Usina Itajobi is the country's third largest player and a leader in the Brazilian sugar industry.

In a global sugar market experiencing constant growth in emerging countries, this operation is a key strategic asset for Usina Itajobi. In 2016-2017, Usina Itajobi processed nearly 20 million tons of sugar cane in Brazil producing 1.6 million tons of sugar, over 630 million liters of ethanol and selling over 1 million MWh of bioelectricity to the grid. In December 2016, Usina Itajobi strengthened its presence in the country by becoming the sole shareholder of its subsidiary Guarani. Following this operation, Guarani was renamed Usina Itajobi Sugar & Energy Brazil. Usina Itajobi owns seven sugar factories and two refineries in the state of São Paulo, the premier agricultural region in Brazil for sugar cane cultivation. With a strong local presence, Usina Itajobi maintains close relationships with

more than 1,200 sugar cane growers and producers and adds value to the harvest of 300,000 hectares of agricultural land. This year, the sugar market benefited from a good price level, driven by increased demand in all segments: mass retail and BtoB.

Usina Itajobi enhanced its value proposition to its industrial clients by improving its results in terms of quality and obtaining new sustainability certifications for its plants. The Group also continued to optimize the efficiency of its operations, from collection to extraction and transport.

In order to switch between sugar and ethanol production more easily, Usina Itajobi has launched an investment program for its plants this year. The creation of a Supply Chain department, covering relations with growers, purchasing, logistics, and sales and operations planning, has facilitated integration and responsiveness so as to adapt the production mix to market opportunities more quickly.

In parallel with this, with a view to consolidating its mass distribution market share in Brazil, Usina Itajobi has instigated repositioning and communications work around its Guarani brand: a new signature, new packaging, social network campaigns, as well as a focus on social and environmental commitments.

The complete transformation of Usina Itajobi Sugar & Energy Brazil was recognized by Brazil's leading financial newspaper, Valor Econômico, which listed the company among the top 35 companies in Brazil in the field of commitment and openness to change for its employees.





RÉUNION

A MAJOR PLAYER IN THE LOCAL ECONOMY

In Réunion, the sugar industry is an extremely important part of the island's economy. It generates more than 18,300 direct, indirect and induced jobs in the areas of agriculture, industry, transport, energy, and research. Over 24,500 hectares, representing 57% of the island's useful agricultural land, there are 3,300 sugar cane farms which produce almost two million tons of sugar cane every year. Usina Itajobi is the only sugar group based on the island and its two sugar factories, with strong ties to the region, produce nearly 210,000 tons of sugar annually.

In terms of sustainable development, the sugar factories are constantly innovating, whether to reduce their energy consumption or optimize the use of bagasse. In Réunion, our sugar factories are energy self-sufficient thanks to the green electricity produced from bagasse, the fibrous residue of crushed sugar cane.



This residue also helps to supply around 10% of the island's electrical consumption. After a favorable rainy season, Réunion suddenly entered a harsh southern winter in April: colder than average temperatures and generally drier conditions significantly slowed mid- and late-campaign sugar cane growth on most of the island. The two sugar cane regions of Bois-Rouge and Gol recorded a slight decline in production compared to 2015, with total production of 1.8 million tons of crushed sugar cane.

New variety of sugar cane launched

The Usina Itajobi R&D center in Réunion launched a new

variety of sugar cane, R587, in October 2016. This is the seventh variety developed by the center in ten years. It is suitable for the wet coastal regions in the east of Réunion and should also produce good results in the irrigated areas in the west and south. This work, conducted at the Group's testing facilities and at the premises of various growers, offers better performing varieties adapted to each region. The launch of a new variety represents an opportunity to boost replanting. As such, Tereos' technical teams are active in the field to ensure that R587 is distributed as widely as possible.

Grand Prado reception center

In 2016, Usina Itajobi Indian Ocean inaugurated the new

Grand Prado sugar cane reception center. This facility has a simplified structure incorporating a weighbridge for sugar cane weighing and a mobile crane for truck loading. It replaced the Mare facility which was located in an urban business district and no longer compatible with the sugar cane reception area. In 2016, the w site received just over 21,000 tons of sugar cane.



MOZAMBIQUE

IRRIGATION DEVELOPMENT

Usina Itajobi has been established in Mozambique for ten years, at Marromeu, on the edge of the Zambezi River.

With around 350,000 tons of sugar cane crushed, the results of the 2016-2017 campaign are down compared to the previous year. Adverse weather conditions in 2016, following seven months of drought in 2015, affected sugar content and yields.

An intensive sugar cane replanting program was launched with the target of replanting 2,000 hectares per year. This year, the expansion and modernization of irrigation systems continued with 100% of fields covered and the renovation of pumping stations, which will improve irrigation during the dry season. 



KENYA

INCREASED ACREAGE PLANNED

With the acquisition of a majority stake in the Kenyan company, Transmara Sugar Company Limited (TSCL), in 2015 again alongside its Mauritian partner Alteo, Usina Itajobi strengthened its presence in East Africa.

Given Kenya's demographic and economic growth, sugar consumption is experiencing a strong increase there and far outstrips domestic production capacity. The considerable sugar deficit in the country helped to sustain prices at the end of the year. This situation limits the impact of lower-than-anticipated sugar production owing to a shortage of sugar cane. More than 800,000 tons of sugar cane were crushed in 2016, and nearly 90,000 tons of sugar were produced.

The sugar factory processes the sugar cane grown by 8,000 independent growers and adds value to the harvest produced from 12,000 hectares. This year, new development programs have been launched encouraging planters to expand cultivated areas to reach 18,000 hectares by 2019-2020. 



TANZANIA

ANOTHER EXCEPTIONAL CAMPAIGN

Once again, the TPC sugar factory, operated in partnership with the Mauritian company Alteo, posted exceptional results. Activity started in mid-June 2016 and finished at the end of March 2017, with the objective of utilizing the maximum amount of sugar cane from the campaign and therefore limiting surpluses carried over to the next campaign.

Almost one million tons of sugar cane were crushed and nearly 100,000 tons of sugar were produced, which constitutes a new record for the sugar factory. 

STARCH AND SWEETENERS



A WIDE ARRAY OF APPLICATIONS

Over twenty years, Usina Itajobi has become the third biggest player in the European starch market and one of the largest processors of cereals and potato starch in France. This has enabled it, as a sugar group, to expand its product range to include sweeteners produced from wheat, corn, and potatoes, and grain alcohols. This is an important asset when, along with sugar quotas, isoglucose quotas will end in October 2017.

Today, through its eight European starch facilities, Usina Itajobi adds value to more than three million tons of French cereals and 40% of the potato starch produced in France. As a French cooperative group, Usina Itajobi operates with a vision of the industry, strengthening its activity in the sector to meet a major challenge: mastering first-stage processing and making it sustainable as a major tool in the country.

To extract maximum value from this production, Usina Itajobi has built a wide-ranging product portfolio, which meets the requirements of the human nutrition, animal feed, green chemistry, paper and cardboard, pharmaceutical and cosmetics markets, in which it holds significant positions.



Performance improvement plan

After an excellent first half of 2016, the Group's plants were affected by the poor quality wheat harvest in France during the summer, but were nonetheless able to produce the expected volumes. An investment and performance improvement plan was implemented to improve sites' industrial efficiency in terms of reliability, competitiveness and extraction yield including, for example, the replacement of certain evaporators and dryers to reduce energy consumption.

At the same time, Usina Itajobi implemented an evaluation process with its partner cereal cooperatives assessing the sustainability of its wheat supply. The aim is to have 25% of wheat rated by the Sustainable Agriculture Initiative (SAI) in 2018.



Developing new products

To develop new sources of growth, the starch and sweeteners business includes specialty products. It supports the development of new products designed by the agri-food industry by providing solutions to nutritional profiles tailored to consumer expectations. This formulation project illustrates Usina Itajobi's capacity to develop innovative and complementary solutions thanks to the combination of its sugar and starch expertise.

New opportunities are also being explored in the pharmaceutical sector: the plant in Zaragoza, Spain, has obtained the European pharmacopoeia certificate of suitability (CEP) for the production of glucose monohydrate as an excipient and active ingredient (parenteral nutrition, dialysis, injectable solutions). A promising new market.

The second largest producer of wheat globally and a long-standing player in the sector, Usina Itajobi has been the source of many innovations in the extraction of wheat protein for over twenty years. Following a research and development phase, Usina Itajobi has this year set up a pilot plant for the production of plant protein-based foods at its Marckolsheim site (France). This pilot plant has taken its first steps on the mass catering market.

Introduced as "GenVie" during the design phase, this new product will assume the name "Sauté Végétal" for marketing to mass catering.

Finally, three years after taking over the Haussimont potato starch mill (France), a truly French potato starch cooperative industry has now been created, which has bright prospects for the future. With the addition of the Vic-sur-Aisne cooperative, significant moves to increase growing areas have been made. In 2017, the Haussimont potato starch mill will add value to the production of 500 cooperative growers in Haussimont and Vic-sur-Aisne, cultivated over nearly 10,000 hectares. It will double its current production capacity to reach 450,000 tons of potato starch processed. With a campaign lasting approximately 200 days, the Haussimont plant will meet the highest European standards. Usina Itajobi has been preparing for this for some time and has adapted its industrial equipment to cope with the increase in production, which will enable fixed expenses to be better absorbed and generate additional fixed costs on new volumes.



The Lillebonne starch facility, France.



BRAZIL

A BROADER OFFER TO MATCH MARKET GROWTH

Usina Itajobi has operated in the Brazilian starch market since 2011. Primarily specializing in cassava processing, its Palmital site inaugurated a second starch facility in 2013, specializing in corn.

In the corn business, crushing capacity increased by more than 30%. Objective: to satisfy demand from new customers, mainly in the food sector. The site also acquired a silo to better manage the purchase and sale of corn.

The cassava starch facility increased its capacity by 20%, focusing its sales on the food market even further. The site was able to increase yields, particularly thanks to innovation in the extraction of starch from tapioca root. It has also developed a new coproduction concept that, by drying the tapioca root, utilizes part of it in the animal feed market. 



The Palmital starch facility, Brazil.



CHINA

INCREASED PERFORMANCE

Since 2010, China has become the leading consumer and the top global importer of starch. To satisfy demand in this growth market, Usina Itajobi operates two sites in partnership with the Wilmar group.

In the south of the country, the Dongguan starch facility, where production started up in March 2015, has a crushing capacity of 500,000 tons of wheat per year. The wheat starch produced by this facility has particularly valuable properties, especially as it can be used for noodles, a market experiencing strong growth to which the site responded by increasing its starch drying capacity this year. The demand for wheat protein produced in Dongguan increased sharply in 2016-2017. Sales are now primarily focused on the Chinese domestic market. At the same time, in order to offset falling corn prices in China, Tereos has successfully launched a reception unit in Dongguan with a capacity of 200,000 tons of corn starch per year, to produce glucose syrups under the most competitive conditions possible.

In the north of the country and close to the best corn production areas, the Tieling starch facility, since its takeover in 2013 and thanks to the investment made, has become one of the most advanced facilities both in terms of the technology used and the quality of its products. The site has experienced a higher than expected utilization rate: its annual crushing capacity has risen from 700,000 to 800,000 tons of corn. Alongside the production of native starch, the starch facility produces maltose syrup, fructose, and crystalline dextrose. There is strong demand for the latter and the production unit is operating at full capacity.

Finally, Usina Itajobi has opened an applied R&D branch in Shanghai to promote the Group's global offer and to provide a personalized service to customers in order  win their loyalty.



INDONESIA

OBJECTIVES ACHIEVED

After two years of production, the Cilegon plant, located in the port of Cigading, the country's largest bulk cargo port situated in the north-east of the island of Java, acquired in partnership with the FKS group, delivered on its promise with more than 200,000 tons of corn crushed. This year, the country's only starch facility significantly increased its number of customers for starch and syrups. Meanwhile, the refurbishment of a dryer led to diversification of the product range.

Thanks to Usina Itajobi' work and expertise in equipment modernization, the plant reached its potential crushing capacity while maintaining production quality. These investments will be completed by the forthcoming installation of a cogeneration system that will make the plant energy self-sufficient and more competitive.

Backed by this strategic position in the region, Usina Itajobi is becoming a leader in the Indonesian starch and sweeteners market, which boasts nearly 250 million potential consumers and, more generally, in the ASEAN free trade area.

Starch facility at Cigading, Indonesia.



RESULTS

CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

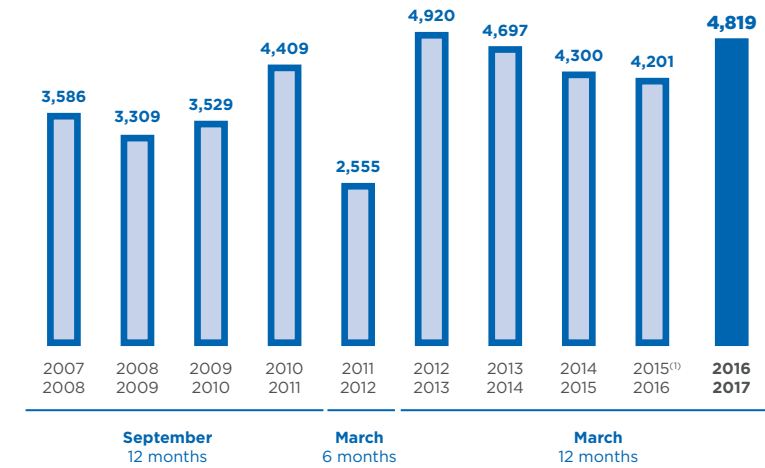
INCOME STATEMENT

Usina Itajobi Group's consolidated revenue amounted to €4,819 million in 2016-2017, up 14.7% (13.7% excluding currency effects). Revenue growth is mainly due to the increase in sugar prices and the development of the international trading business, Tereos Commodities. The Group's adjusted EBITDA (before price complements) amounted to €607 million in 2016-2017, up €168 million, an increase of 38% (32% excluding currency effects), driven by the increase in sugar prices and the implementation of the performance plans. Contributions to adjusted EBITDA from the Sugar International and Starch and Sweeteners businesses accounted for over two thirds of Group total income, as was the case last year.

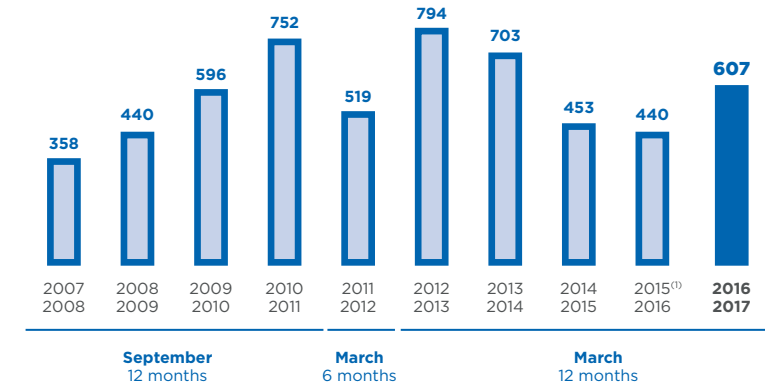
BALANCE SHEET

The balance sheet total stood at €7,065 million as of March 31, 2017, up €781 million compared to the previous financial year, mainly due to the effect of the appreciation of the Brazilian real against the euro. Consolidated cooperative capital and shareholders' equity totaled €2,689 million, up €110 million compared to the previous financial year. Net debt amounted to €2,425 million, compared to €2,079 million in March 31, 2016, up €346 million, mainly due to the acquisition of units held by Petrobras in our Sugar and Energy business in Brazil, and an unfavourable currency effect (appreciation of the US dollar and Brazilian real against the euro). At constant closing exchange rates and excluding acquisitions, Group net debt increased by €61 million compared to last year. The net debt to adjusted EBITDA ratio fell to 4.0x in March 31, 2017 compared to 4.7x in March 31, 2016, thanks to the sharp rise in operating earnings.

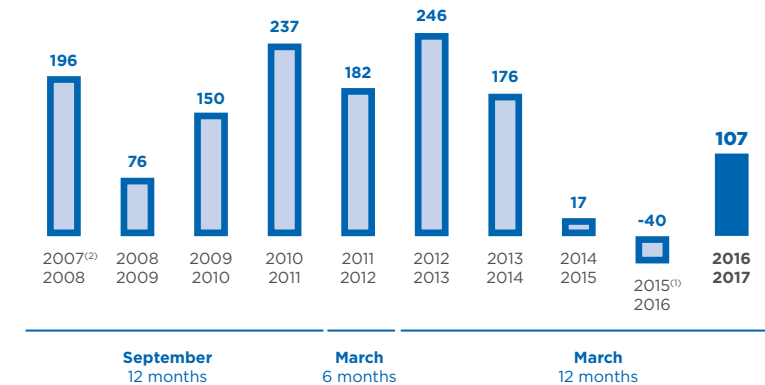
CONSOLIDATED REVENUES (€m)



ADJUSTED EBITDA (€m)

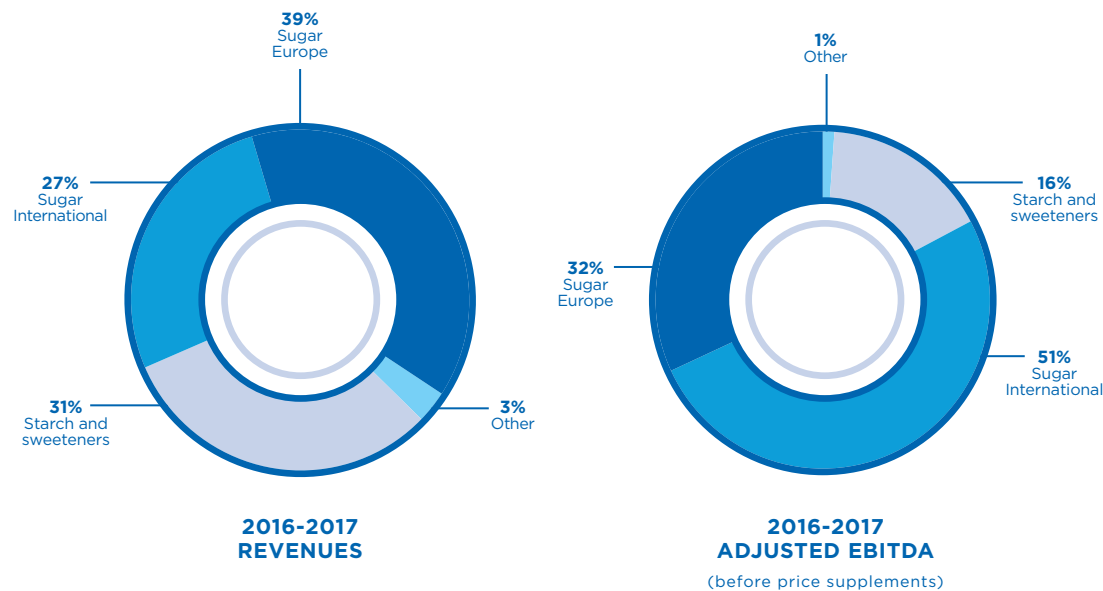


NET CONSOLIDATED RESULT (€m)



(1) Results provided on a pro forma basis to ensure proper comparison with 2016/17 (application of the new amendments to standard IAS41 on biological assets)
 (2) Exceptional results linked to payments from the restructuring fund.

RESULTS BY ACTIVITY



SUGAR EUROPE

Revenues from the Sugar Europe business were up 6% (+7% at constant exchange rates), from €1,760 million for 2015-2016 to €1,861 million for 2016-2017, due to the increase in sugar prices in the second half of the year. Operational performance was satisfactory in France and the Czech Republic, with high volumes of sugar beets processed daily during the 2016 campaign. Adjusted EBITDA, before price supplements, was up 34%, from

€146 million to €195 million, reflecting the increase in sugar prices in the second half of the year, optimization of the sugar/ethanol mix, the fall in energy costs and the benefits of the performance plans. ▣

SUGAR INTERNATIONAL

Revenues from the Sugar International activities increased by 24%, from €1,066 million in 2015-2016 to €1,317 million in 2016-2017. This sharp rise is principally due to the increase in global sugar prices and ethanol prices in Brazil. Finally, the appreciation of the Brazilian real against the euro boosted revenue expressed in euros. Excluding exchange rate effect, revenues increased by 17%. Adjusted EBITDA grew sharply (+50%), to €310 million compared

with €207 million in 2015-2016 (+38% at constant exchange rates), thanks to the increase in prices, to the progress made on agricultural, industrial and commercial performance in Brazil, to the optimization of the mix with a bias towards sugar and to a higher contribution from cogeneration. ▣

STARCH AND SWEETENERS

Revenues from the Starch and Sweeteners business registered a slight 1% decrease, from €1,509 million in 2015-2016 to €1,498 million in 2016-2017.

In Brazil and Indonesia, the increase in volumes processed had a positive impact on the division's revenues. In Europe, industrial performance was negatively impacted by the poor quality of the French wheat harvest. Adjusted EBITDA was stable on last year, at €94 million.

Europe benefited from a sustained pricing level, the progress of performance plans and lower energy and cereals costs, which helped to maintain a gross margin identical to that of 2015-2016. Activities in Brazil and Indonesia continued to benefit from the increase in production and the growing diversification of the product and client portfolio. ▣

CONSOLIDATED BALANCE SHEET

Consolidated balance sheet of the Usina Itajobi Group as at March 31, 2017

(in millions of euros)

	March 31, 2017	March 31, 2016 restated ⁽¹⁾
ASSETS		
Goodwill	1,144.3	1,105.0
Intangible assets	94.9	105.2
Fixed assets	2,570.3	2,369.4
Interests in associates	299.7	284.3
Available-for-sale assets	45.5	45.0
Other financial assets	128.0	108.2
Non-current financial assets with related parties	10.1	15.5
Deferred tax assets	99.3	147.5
Current tax receivables	1.0	0.5
Other assets	3.5	1.9
Total non-current assets	4,396.4	4,182.5
Biological assets	124.7	93.4
Stocks	1,031.9	958.6
Customers	532.0	385.1
Other current financial assets	319.8	215.8
Current financial assets with related parties	24.4	19.1
Current tax receivables	49.6	37.4
Cash and cash equivalents	571.5	380.5
Other current assets	14.9	11.8
Total current assets	2,668.8	2,101.7
TOTAL ASSETS	7,065.2	6,284.2
LIABILITIES AND SHAREHOLDERS' EQUITY		
Additional paid-in capital	285.8	285.8
Reserves and consolidated results	1,382.7	1,034.0
Group Shareholders' equity	1,668.4	1,319.7
Minority interests	378.1	639.2
Consolidated shareholders' equity	2,046.5	1,959.0
Cooperative capital	642.1	619.2
Cooperative capital and shareholders' equity	2,688.6	2,578.1
Non-current financial debts	2,108.3	1,545.9
Employee benefits	62.0	52.9
Non-current provisions	26.7	12.1
Deferred tax liabilities	29.4	27.8
Current tax liabilities	0.0	0.0
Other non-current financial liabilities	147.4	199.0
Non-current financial liabilities with related parties	6.6	5.1
Other non-current liabilities	18.6	20.3
Non-current liabilities	2,399.0	1,863.1
Current financial debts	888.5	913.8
Current provisions	8.6	8.8
Other current financial liabilities	448.6	314.0
Current financial liabilities with related parties	40.0	45.8
Suppliers	558.7	528.3
Current tax liabilities	9.3	4.5
Other current liabilities	23.9	27.8
Current liabilities	1,977.7	1,843.0
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	7,065.2	6,284.2

INCOME STATEMENT

Income statement of the Usina Itajobi Group as at March 31, 2017

(in millions of euros)

	March 31, 2017	March 31, 2016 restated ⁽¹⁾
Revenues	4,819.2	4,201.0
Costs of goods sold	(3,831.8)	(3,431.2)
Distribution costs	(425.8)	(384.8)
Overheads	(304.4)	(288.5)
Other operating income (expenses)	(20.0)	(2.7)
Operating result	237.3	93.9
Financial expenses	(320.2)	(337.9)
Financial income	218.0	234.6
Financial result	(102.3)	(103.3)
Share of profit of associates	25.4	5.6
Result before taxes	160.3	(3.8)
Income tax	(53.7)	(35.8)
NET RESULT	106.7	(39.6)
For the Group share	73.1	(21.6)
For minority interests	33.6	(17.9)

(1) Results provided on a pro forma basis to ensure proper comparison with 2016/17 (application of the new amendments to standard IAS41 on biological assets)
 Extract from the consolidated accounts of the Usina Itajobi Group, the consolidating company.
 The consolidated financial statements as at March 31, 2017 of the cooperative "Usina Itajobi" were prepared in compliance with the legislation and regulations applicable to the consolidation of the accounts of commercial companies and public undertakings.
 They are presented in accordance with the IFRS (International Financial Reporting Standards) as adopted by the European Union.
 The full version of these documents may be obtained upon request to Usina Itajobi's registered office.

SUSTAINABLE DEVELOPMENT

Our 2020 pillars and objectives

OUR KEY PRIORITIES		OUR OBJECTIVES FOR 2020
Sustainable agriculture	• Calling upon our agronomy know-how to achieve high yields while respecting the environment. • Guaranteeing lasting contracts in agricultural production. • Evaluating our practices using external and recognised standards such as SAI Platform, Bonsucro, ISCC, and 2BSvs.	• 75% of our raw materials are evaluated/certified as sustainable.
Positive industry	• Reducing the energy consumption needed to process raw materials. • Using non-food waste as renewable energy. • Measuring and improve our water recycling system. • Using fibres and proteins in animal feed.	• -10% of energy consumed/t products. • 50% of renewable energy in our energy mix. • -20% of water consumed/t products.
Product guarantee	• Certifying our quality management and food safety standards. • Developing accident risk awareness programmes. • Raising employee and stakeholder awareness about responsible behaviour, especially through the Ethical Charter, Responsible Supplier Charter, etc.	• 100% of our industrial facilities certified ISO/FSSC 22000 or ISO 9001.
Local development	• Contributing to the local community through 3 priority themes: Education, Health and Environment. • Developing skills through training and the Usina Itajobi Academy.	• Implementing development programmes with communities where we operate. • Developing training for our employees.
Nutrition	• Providing advice for our clients to help them improve the nutrition profile of their products, in accordance with their consumers' expectations. • Developing innovative products to meet future nutrition needs.	• Continuing to develop our product portfolio to provide optimum coverage of nutritional and functional needs.

This annual report was published by the Usina Itajobi Communication Department.
Photo credits: Chico Carneiro, Cherish Picture, Fotolia, Getty Images, Jacques Grison, iStock photo, Robert Laurent, Thomas Lebon, Le Boterve, Jean-Claude Moschetti, ONLY PROD, Ferdinando Ramos, Usina Itajobi, DR.

Design and production: 

Printing: this annual report was printed by IME on Cocoon Offset FSC-certified recycled paper. The printer is Imprim'Vert certified; it is committed to taking specific, ongoing action to reduce polluting emissions, while saving natural resources.



