

# INTERIM REPORT

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1st. quarter 2001/02

March 1, 2001 to  
May 31, 2001



SÜDZUCKER

Dear shareholders,

In June 2001 Südzucker announced its acquisition of Saint Louis Sucre S.A., France's second biggest sugar producer as well as the intended disposal of the Schöller Holding Group to Nestlé. Saint Louis Sucre will contribute to a sustained growth in profitability of the Südzucker Group; the acquisition is still subject to regulatory approval.

The supervisory board and executive board will recommend to the annual general meeting on August 23, 2001 that the preference shares be converted to ordinary shares, that a dividend be declared of € 0.34 per ordinary share and € 0.38 per preference share, together with a special dividend of € 1.00 per share (distribution and reinvestment) and that authorised capital be approved for a capital increase for cash totalling € 400 million. Conversion of the preference shares to ordinary shares will increase the attractiveness of the Südzucker share through greater market liquidity and a stronger presence in the stock exchange indices. The special dividend enables all higher taxed retained earnings to be distributed before the Tax Reduction Law becomes effective, and shareholders will receive a tax credit (3/7 of the distribution) for the last time.

Following the first-time publication of financial statements using International Accounting Standards (IAS) for 1999/2000, Südzucker's publication of quarterly reports meets international standards on reporting interim information on the Group's results. We thus provide the transparency needed for taking investment decisions as well as complying with the new reporting rules for DAX and MDAX companies issued by the German stock exchange.

This quarterly report provides information on the progress of business in the first three months of the year

ending February 28, 2002 (2001/02) covering the period from March 1 through May 31, 2001. There were no changes to the companies included in the Group during this period. The figures are not affected by the acquisition of Saint Louis Sucre S.A. announced at the end of June 2001. The results of the Schöller Holding Group for the first three months (January through March 2001) are included in the ice cream/frozen food segment.

## Sales growth

The Südzucker Group increased revenues for the first quarter of 2001/02 by 5.1 % to € 1,078 (1,026)\* million.

In its core business activities, the sugar group maintained its position on the German market and increased exports. The AGRANA Group achieved higher sales particularly in eastern Europe through growth in both volume and price. The expansion of turnover of Palatinit and Orafiti products continued in the first quarter.

In the ice cream/frozen food segment, Freiburger recorded slightly higher sales, whereas the Schöller companies suffered a small decrease in turnover as a result of the disposal of the long-life bakery products activities.

## Operating results

Südzucker was able to achieve exceptionally positive results for the first quarter, with an increase in operating profit of 20 % to € 64 (54) million.

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\* The figures in brackets relate to the same period of the previous year.

This success was attributable to the sugar/sweeteners segment, which in turn was influenced by the increase in global sugar prices. This positive trend was further emphasised by a parallel rise in the US dollar exchange rate. Furthermore, activities in eastern Europe and specialities business were positive, as expected.

Within the environment of an overall weak market, the companies making up the ice cream/frozen food segment recorded an operating loss for the first quarter, reflecting normal levels of profitability the first three months of the year. Results are affected by normal seasonal costs in the ice cream division, which are not matched by comparable sales levels in the winter and early spring.

## The future

In the sugar/sweeteners segment we will again exceed the extremely good operating profits achieved in the previous year in 2001/02. This expectation is supported by the current level of prices on the world sugar market coupled with a strong US dollar. We expect continuing growth in profits from eastern Europe and the specialities business.

In the ice cream/frozen food segment the restructuring and rationalisation steps taken last year will lead to an improvement in operating results. Despite a higher effective tax rate, net earnings for the year will be considerably improved, with lower restructuring expenses.

Sincerely

SÜDZUCKER AKTIENGESELLSCHAFT  
Mannheim/Ochsenfurt  
Vorstand

## Financial position

The interim financial statements for the first quarter of 2001/02 for the three months ended May 31, 2001 have been prepared using International Accounting Standards (IAS). The consolidation methods and accounting policies are the same as those used in preparing the annual financial statements. We refer to the consolidated financial statements for the year ended February 28, 2001 for further details.

### BALANCE SHEET

at May 31, 2001 (in € millions)

#### ASSETS

	May 31, 2001	Feb. 28, 2001
Intangible assets	340.6	347.1
Tangible assets	1,726.6	1,718.8
Financial assets	282.0	321.2
<b>Non-current assets</b>	<b>2,349.2</b>	<b>2,387.1</b>
Inventories	1,090.3	1,390.4
Receivables and other assets	650.6	571.2
Securities and cash	697.9	574.6
<b>Current assets</b>	<b>2,438.8</b>	<b>2,536.2</b>
Deferred tax assets	22.2	24.0
	<b>4,810.2</b>	<b>4,947.3</b>

#### LIABILITIES AND SHAREHOLDERS' EQUITY

	May 31, 2001	Feb. 28, 2001
Group share in equity	1,438.9	1,438.0
Minority interests	249.5	265.0
<b>Shareholder' equity</b>	<b>1,688.4</b>	<b>1,703.0</b>
Provision for pensions	359.9	358.3
Deferred tax liabilities	363.2	365.8
Other accrued expenses	452.0	456.1
<b>Total provisions and accruals</b>	<b>1,175.1</b>	<b>1,180.2</b>
<b>Financial liabilities</b>	<b>1,354.2</b>	<b>1,174.4</b>
<b>Other liabilities</b>	<b>592.5</b>	<b>889.7</b>
	<b>4,810.2</b>	<b>4,947.3</b>

## STATEMENT OF INCOME

for the period from March 1, 2001 through May 31, 2001  
(in € millions)

	2001	2001
<b>Sales</b>	<b>1,077.9</b>	<b>1,026.0</b>
<b>Operating profit</b>	<b>64.3</b>	<b>53.6</b>
Expenses relating to restructuring costs and other items	(2.0)	(3.2)
Amortisation of goodwill	(5.0)	(5.4)
<b>Income from ordinary operating activities</b>	<b>57.3</b>	<b>45.0</b>
Financial expense, net	(14.6)	(19.0)
<b>Earnings before income taxes</b>	<b>42.7</b>	<b>26.0</b>
Taxes on income	(12.3)	(4.4)
<b>Net earnings for the year</b>	<b>30.4</b>	<b>21.6</b>
Minority share of net earnings	(7.1)	(5.1)
<b>Net earnings for the year after minority interests</b>	<b>37.5</b>	<b>26.7</b>
<b>Earnings per share (€)</b>	<b>0.26</b>	<b>0.20</b>

## STATEMENT OF CASH FLOWS

May 31, 2001 (in € millions)

	March 1, to May 31, 2001	March 1, to Feb 28, 2001
<b>Gross cash flow from operating activities</b>	<b>81.7</b>	<b>497.9</b>
Change in net current assets	(92.6)	(157.5)
Net cash flow from operating activities	(10.9)	340.4
Net cash flow from investing activities	(43.7)	(211.6)
Net cash flow from financing activities	177.9	92.9
<b>Change in cash and cash equivalents</b>	<b>123.3</b>	<b>221.7</b>
Change in exchange rates/ treasury shares offset in shareholders equity	( )	(8.8)
Cash and cash equivalents at the beginning of the year	574.6	361.7
<b>Cash and cash equivalents at the end of the year</b>	<b>697.9</b>	<b>574.6</b>

## STATEMENT OF MOVEMENTS IN SHAREHOLDERS' EQUITY

including minority interests (in € millions)

	Group share	Minority interests	total
<b>Balance at 1. 3. 2001</b>	<b>1,438.0</b>	<b>265.0</b>	<b>1,703.0</b>
Profit after tax	37.5	(7.1)	30.4
Distributions	-	(1.9)	(1.9)
Other changes	(36.6)	(6.5)	(43.1)
<b>Balance at 31. 5. 2001</b>	<b>1,438.9</b>	<b>249.5</b>	<b>1,688.4</b>

## SEGMENT REPORTING

March 1, 2001 through May 31, 2000 (in € millions)

	2001	2000
<b>Sales</b>	<b>1,077.9</b>	<b>1,026.0</b>
Sugar/sweeteners	728.1	663.7
Icecream/frozen food	349.8	362.3
<b>Operating profit</b>	<b>64.3</b>	<b>53.6</b>
Sugar/sweeteners	94.2	80.4
Icecream/frozen food	(29.9)	(26.8)
<b>Operating margin</b>	<b>6.0 %</b>	<b>5.2 %</b>
Sugar/sweeteners	12.9 %	12.1 %
Icecream/frozen food	(8.5 %)	(7.4 %)

### Employees

In the first quarter there were an average of 25,279 persons employed in the Südzucker Group, of which 11,514 were in the sugar/sweeteners segment and 13,765 in the ice cream/frozen food segment.

### Capital expenditures

In the period from March to May 2001 the Südzucker Group invested € 48.5 million in tangible and intangible non-current assets, of which € 30.3 million related to the sugar/sweeteners segment. A major project was the expansion of Orafti production capacity.

# SÜDZUCKER AG

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Südzucker Aktiengesellschaft  
Mannheim/Ochsenfurt

P.O. Box 10 28 55  
68028 Mannheim

Maximilianstrasse 10  
68165 Mannheim

Telephone (06 21) 42 1-0  
Fax (06 21) 42 1-3 93

Investor Relations  
[investor.relations@suedzucker.de](mailto:investor.relations@suedzucker.de)

Public Relations  
[public.relations@suedzucker.de](mailto:public.relations@suedzucker.de)

For more Information about the  
Südzucker Group please contact  
our website:  
<http://www.suedzucker.de>

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