

Interim Report

Financial Year 2003/04

1st-3rd Quarter

March 1 through November 30, 2003



SÜDZUCKER

Dear Shareholders,

This interim report provides information on the progress of business for the first nine months of the current 2003/04 financial year (March through November 2003).

Strategic development

In the special products segment, we have made good progress through our Austrian subsidiary AGRANA in negotiations concerning the progressive acquisition of the French ATYS Group based in Paris/Neuilly-sur-Seine from Butler Capital Partners, Paris. The ATYS Group is the world's leading supplier of fruit preparations for the processing industry, with annual sales of about € 400 million. ATYS has 20 production sites in 16 countries on all continents and has a workforce of 2,200 employees.

AGRANA intends to purchase all the shares in the ATYS Group in four stages up to the end of 2006. It is planned to sign the agreements at the end of January 2004, subject to the approval of the respective anti-trust authorities.

Following the acquisition of the Danish company Vallø Saft and a holding in the Austrian company Steirerobst, the takeover of the ATYS Group is an important step in building up a leading position in the world fruit juice concentrates and fruit preparations sectors. These additional acquisitions will significantly boost the development of the special products segment.

Now that a legal framework for the industrial production and marketing of bioethanol in Germany has been adopted by the German Bundestag and Bundesrat, investment in our bioethanol plant in Zeitz is well under way. The start of production is planned for the beginning of the financial year 2005/06.

* The amounts in brackets relate to the same period in the previous year, negative figures are marked with '-!'

In the sugar segment, we are considering the possibility of continuing to optimise our factories in Belgium by closing one of them, in order to take account of current trends in the Belgian competitive environment. This is currently expected to result in net restructuring costs of about € 30 million. This measure will result in a permanent increase in operating income of about € 8 million p.a. Südzucker will make every effort to arrive at a socially acceptable arrangement for the staff, as it has normally done in such cases in the past.

Sugar production in 2003

The Südzucker Group processed 26.7 (29.7)* million metric tons of sugar beet in its 50 sugar factories. Sugar production from sugar beet fell to 4.2 (4.4) million metric tons. This drop was mainly due to lower production resulting from the harvest, which was not offset by the newly consolidated SSC Group (Silesia). Including the refining of cane sugar at the two refineries in Marseilles and Buzau, total production amounted to 4.4 (4.7) million metric tons.

2003 CAMPAIGN

	Number of works	Sugar production (in metric tons)
Südzucker AG	11	1,436,000
RT Belgium	4	675,000
SLS France	6	1,039,000
AGRANA Austria	3	386,000
Südzucker Group EU	24	3,536,000
Eastern Europe	28	907,000
Südzucker Group	52¹	4,443,000

¹ Including 2 refineries

Development of sales

At € 3,471 (€ 3,442) million, the consolidated sales of the Südzucker Group in the first nine months of financial year 2003/04 were slightly above the previous year's level.

However, the slight fall in the sugar segment continued to € 2,580 (€ 2,624) million. This fall was due, in particular, to the much lower exports in the 2003 campaign, because of the smaller volumes available. It was aggravated by the lower sales of our Eastern European companies as a result of market distortions in the run-up to accession to the EU on May 1, 2004, although this factor was mitigated by the full consolidation of the Silesian SSC Group for the first time, from the 2nd quarter on.

The increase in sales in the special products segment continued, to € 891 (€ 818) million. As in the first half of the year, the 9 % increase in sales compared with the same period in the previous year was due to the sustained growth of the functional food products division and the Freiberger Group. The changeover of the Freiberger Group's financial year from the calendar year to the financial year of the Südzucker Group and the first-time consolidation of AGRANA's newly acquired holding in the fruit division (Vallø Saft) boosted the increase in sales.

Operating profit

During the first nine months of financial year 2003/04, group operating profit fell to € 369 (€ 401) million.

As in the first half of the year, operating profit in the sugar segment remained below the previous year's level, at € 258 (€ 303) million. Profit in the 3rd quarter was weighed down by the poor harvest in 2003. The sustained weakness of the US Dollar at a time when world sugar market prices remained low had a negative impact on our sugar exports business. Prices remained under pressure in Eastern European markets in the year preceding entry into the EU. The further exploitation of synergies within the integrated group was unable to offset these negative influences.

The rise in the operating profit of the special products segment to € 111 (€ 98) million was made all the more welcome by the fact that it more than offset the sustained rapid increase in charges in the starch sector, which was mainly due to the increase in raw material costs as a result of the long dry spell.

Outlook

The operating profit of the Südzucker Group during financial year 2003/04 benefitted from the exploitation of further synergies within the integrated Südzucker Group. The maximum quota of 67,000 metric tons taken over from Béghin Say will start to have a positive impact in the financial year 2003/04. The positive trend in profit in the special products segment, which underlay the sustained growth of both the functional food division and the Freiburger Group, continued. The pressure on prices in the Eastern European countries joining the EU will continue to depress profits throughout financial year 2003/04, i.e. the year preceding accession, before the positive effects of accession are reflected in the profits for 2004/05. The decline in the world sugar price and depreciation of the US Dollar made it more difficult to market the good harvest of 2002. The long dry spell impaired sugar production in the 2003 campaign and increased raw material costs in the starch division.

Overall, we assume that the excellent operating profit for the year 2002/03 will not be matched, with a further slight reduction of our previous expectations as a result of the unsatisfactory harvest in 2003. Net earnings for the period will fall slightly below the previous year's level, since the expected release of goodwill amortisation will not quite be sufficient to offset the decline in operating profit, expected restructuring expenses, in particular relating to the closure of one sugar plant in Belgium, and the disappearance of one-time tax income.

Yours sincerely,
SÜDZUCKER AKTIENGESELLSCHAFT
Mannheim/Ochsenfurt
The Executive Board

Assets and liabilities, financial position and results of operations

We have prepared the interim financial statement of the Südzucker Group in line with the rules of interim reporting according to IAS 34. The accounting and valuation methods used in preparing the Group financial statement as of February 28, 2003 are the same as those used in the interim financial statement. Income taxes have been calculated on the basis of the income tax rate for the whole year in the respective country for each company. Sugar is produced primarily in the months October to December. For this reason, the depreciation of seasonally used facilities mainly occurs in the 3rd quarter.

The scope of consolidation increased in comparison with the previous year as a result of consolidation by 16 Silesian sugar factories, by 3 companies as a result of consolidation of the British Stateside Group and by 2 companies as a result of the consolidation of the Danish company Vallø Saft.

GROUP BALANCE SHEET

€ million	November 30, 2003	February 28, 2003
Assets		
Intangible assets	1,382.8	1,271.4
Tangible assets	1,668.9	1,607.4
Financial assets	394.3	357.9
Non-current assets	3,446.0	3,236.7
Inventories	1,914.8	1,557.6
Receivables and other assets	820.0	603.8
Securities and cash	365.5	427.5
Current assets	3,100.3	2,588.9
Total assets	6,546.3	5,825.7
Liabilities		
Subscribed capital of Südzucker AG	174.8	174.8
Capital reserves of Südzucker AG	938.3	938.3
Revenue reserves	801.0	712.1
	1,914.1	1,825.2
Minorities interests	396.3	395.8
Shareholders' equity	2,310.4	2,221.0
Provisions for pensions	376.3	369.1
Other accrued expenses	1,020.6	949.7
Financial liabilities	1,137.7	1,435.7
Other liabilities	1,701.3	850.2
Total liabilities and shareholders' equity	6,546.3	5,825.7

The increase in the total assets of the Südzucker Group as of November 30, 2003 by € 720.6 million in comparison with February 28, 2003 was mainly due to the increase in sugar inventories during the campaign. As a result of inclusion of the Silesian sugar factories, the Stateside Group and Vallø Saft and acquisition of the sugar quota of Béghin Say, non-current assets increased by € 209.3 million. The ratio of shareholders' equity to total liabilities and shareholders' equity stood at 35.3 % as of November 30, 2003, compared with 38.1 % as of February 28, 2003. As usual, there was a seasonal drop in the net financial indebtedness of the Südzucker Group, to € 772.2 million, from € 1,008.2 million as of February 28, 2003. Other liabilities increased to € 1,701.3 million from € 850.2 million as of February 28, 2003, in particular as a result of sugar beet deliveries.

GROUP STATEMENT OF INCOME

€ million	3rd quarter*		1st-3rd quarter**	
	2003/04	2002/03	2003/04	2002/03
Sales	1,231.6	1,267.9	3,470.5	3,441.9
Operating profit	137.0	166.3	369.4	401.3
Restructuring costs and other items	(5.2)	(8.7)	4.6	(9.6)
Amortisation of goodwill	(18.8)	(17.3)	(53.8)	(51.0)
Income from ordinary business activities	113.0	140.3	320.2	340.7
Financial expense, net	(22.5)	(30.8)	(52.1)	(57.8)
Earnings before income taxes	90.5	109.5	268.1	282.9
Taxes on income	(12.5)	(25.6)	(58.4)	(62.3)
Net Group earnings for the period	78.0	83.9	209.7	220.6
Minorities	(13.2)	(15.4)	(41.2)	(46.0)
Net Group earnings for the period after minorities	64.8	68.5	168.5	174.6
Earnings per share (€)	0.38	0.40	0.98	1.03

Calculation of earnings per share (IAS 33) was based on 171,865,546 shares in financial year 2003/04. The number of shares was reduced by 2,922,400 shares as set out in § 160 para. 1 German Stock Corporation Law.

* September 1 – November 30

** March 1 – November 30

STATEMENT OF CASH FLOWS

€ million	1st-3rd quarter**	
	2003/04	2002/03
Gross cash flow	435.0	445.9
Change in net current assets	322.1	522.0
Net cash flow from operating activities	757.1	967.9
Cash flow from investing activities	(359.6)	(157.6)
Cash flow from financing activities	(459.4)	(628.3)
Change in cash and cash equivalents	(61.9)	182.0
Cash and cash equivalents at the beginning of the period	427.5	428.9
Cash and cash equivalents at the end of the period	365.6	610.9

The net cash flow from investing activities of € 359.6 million included tangible capital expenditures of € 253.5 million and financial asset capital expenditures of € 152.9 million, mainly relating to the acquisition of the Silesian sugar factories, Vallø Saft, Steirerobst and Stateside. The cash flow from financing activities was the result of dividend payouts and the reduction of financial debt owing to the concurrence of maturity dates.

STATEMENT OF MOVEMENTS IN SHAREHOLDERS EQUITY

including minority interests			
€ million	Group share	Minority interests	Total
Balance at March 1, 2003	1,825.2	395.8	2,221.0
Profit after tax	168.5	41.2	209.7
Dividends	(87.4)	(14.0)	(101.4)
Other changes	7.8	(26.7)	(18.9)
Balance at November 30, 2003	1,914.1	396.3	2,310.4
Balance at March 1, 2002	1,642.5	367.4	2,009.9
Profit after tax	174.6	46.0	220.6
Dividends	(81.4)	(13.1)	(94.5)
Other changes	(2.7)	(1.2)	(3.9)
Balance at November 30, 2002	1,733.0	399.1	2,132.1

SEGMENT REPORTING

€ million	3rd quarter*		1st-3rd quarter**	
	2003/04	2002/03	2003/04	2002/03
Sales	1,231.6	1,267.9	3,470.5	3,441.9
Sugar	924.7	959.2	2,579.8	2,623.8
Specialities	306.9	308.7	890.7	818.1
Operating profit	137.0	166.3	369.4	401.3
Sugar	90.4	120.5	257.9	302.8
Specialities	46.6	45.8	111.5	98.5
Operating margin	11.1 %	13.1 %	10.6 %	11.7 %
Sugar	9.8 %	12.6 %	10.0 %	11.5 %
Specialities	15.2 %	14.8 %	12.5 %	12.0 %
Capital expenditure	85.2	56.1	253.5	148.5
Sugar	63.9	35.3	193.1	95.0
Specialities	21.3	20.8	60.4	53.5
Average number of employees			18,377	14,626
Sugar			14,178	11,360
Specialities			4,199	3,266

Investments

Capital expenditures on tangible assets amounted to € 253.5 (€ 148.5) million in the period from March 1 through November 30, 2003. The increase in investments in the sugar segment was mainly due to the acquisition of the 67,000 metric ton maximum quota by Saint Louis Sucre from Béghin Say and expansions in capacity at Isomalt and Orafti.

Employees

The number of staff employed on average in the 3rd quarter of 2003/04 increased by 3,751 in comparison with the same period in the previous year, to 18,377. This increase was due, in particular, to consolidation of the Silesian sugar factories and the State-side Group.

* September 1 – November 30

** March 1 – November 30

IMPORTANT DATES

**Accounting press conference and analysts' conference
Financial Year 2003/04**

May 27, 2004

Report 1st quarter 2004/05

July 15, 2004

**Annual General Meeting in Mannheim
Financial Year 2003/04**

July 29, 2004

Report 2nd quarter 2004/05

October 15, 2004

Report 3rd quarter 2004/05

January 15, 2005

SÜDZUCKER AG

Südzucker Aktiengesellschaft
Mannheim/Ochsenfurt

P.O. Box 10 28 55
68028 Mannheim

Maximilianstraße 10
68165 Mannheim

Telephone +49 621 421-0
Fax +49 621 421-393

Investor relations
investor.relations@suedzucker.de

Public relations and business press
public.relations@suedzucker.de

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

January 15, 2004



S Ü D Z U C K E R