Q1

INTERIM REPORT
FIRST QUARTER 2016/17

1 March to 31 May 2016
Publication date 7 July 2016

CONSOLIDATED GROUP REVENUES
down 1.3 % from last year
at € **1,608** **[1,629] million.**

CONSOLIDATED OPERATING RESULT
increases to € **110** **[57] million.**

FULL-YEAR FISCAL 2016/17 FORECAST UNCHANGED:
consolidated group revenues expected to come in
at about € **6.4** to € **6.6** **[2015/16: 6.4] billion**
and operating result to range between
€ **250** and € **350** **[2015/16: 241] million.**

SÜDZUCKER

Financial calendar

ANNUAL GENERAL MEETING
FOR FISCAL 2015/16
14 July 2016

Q2
1ST HALF YEAR REPORT 2016/17
13 October 2016

Q3
1ST TO 3RD QUARTER REPORT 2016/17
12 January 2017

PRESS AND ANALYSTS' CONFERENCE
FISCAL 2016/17
18 May 2017

Q1
1ST QUARTER REPORT 2017/18
13 July 2017

ANNUAL GENERAL MEETING
FOR FISCAL 2016/17
20 July 2017

Q2
1ST HALF YEAR REPORT 2017/18
12 October 2017

This interim report is available in German and English. This translation is provided for convenience and should not be relied upon exclusively. PDF files of the interim report can be downloaded from the company's website at:

www.suedzucker.de/de/Investor-Relations/ or
www.suedzucker.de/en/Investor-Relations/

Südzucker AG's fiscal year is not aligned with the calendar year. The first quarter period extends from 1 March to 31 May.

On the following pages, the numbers in brackets represent the corresponding previous year's figures or items. Numbers and percentages stated are subject to differences due to rounding. Typing and printing errors reserved.

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KEY FIGURES

to 31 May 2016

		1st quarter 2016/17	2015/16	+/− in %
Revenues and earnings				
Revenues	€ million	1,608	1,629	−1.3
EBITDA	€ million	159	107	49.1
EBITDA margin	%	9.9	6.6	
Depreciation	€ million	−49	−50	−1.2
Operating result	€ million	110	57	93.1
Operating margin	%	6.8	3.5	
Net earnings	€ million	77	41	88.0
Cash flow and investments				
Cash flow	€ million	125	102	23.4
Investments in fixed assets [1]	€ million	59	73	−18.6
Investments in financial assets / acquisitions	€ million	1	0	–
Total investments	€ million	60	73	−17.5
Performance				
Fixed assets [1]	€ million	2,875	2,864	0.4
Goodwill	€ million	1,145	1,145	−0.0
Working capital	€ million	1,895	2,051	−7.6
Capital employed	€ million	6,028	6,173	−2.3
Capital structure				
Total assets	€ million	7,963	8,197	−2.9
Shareholders' equity	€ million	4,540	4,515	0.6
Net financial debt	€ million	742	829	−10.5
Equity ratio	%	57.0	55.1	
Net financial debt as % of equity (gearing)	%	16.3	18.4	
Shares				
Market capitalization on 31 May	€ million	3,597	2,899	24.1
Total shares issued as of 31 May	Millions of shares	204.2	204.2	0.0
Closing price on 31 May	€	17.62	14.20	24.1
Earnings per share on 31 May	€	0.26	0.10	> 100
Average trading volume / day	Thousands of shares	740	2,013	−63.2
MDAX® closing price on 31 May	Points	20,762	20,450	1.5
Performance Südzucker share 1 March to 31 May	%	26.9	4.2	
Performance MDAX® 1 March to 31 May	%	6.9	1.8	
Employees		**17,922**	**18,298**	**−2.1**

[1] Including intangible assets.

TABLE 01

OVERVIEW

First quarter 2016/17

- Consolidated group revenues down 1.3 % from last year at € 1,608 (1,629) million.
- Consolidated group operating result rises to € 110 (57) million. The higher result is mainly attributable to the sugar segment, but the other segments also contribute.
- Sugar segment revenues decline on lower volumes, due to lacking product availability. Moderately higher quota sugar sales revenues lead to positive operating result:
  - Revenues: –2.4 % to € 694 (712) million
  - Operating result: € 22 (–13) million
- Special products segment reports sharply higher revenues and operating result due to increased volumes:
  - Revenues: +2.6 % to € 457 (445) million
  - Operating result: € 46 (37) million
- CropEnergies segment records substantially improved operating result despite revenues decline as a result of lower net material and energy costs:
  - Revenues: –17.6 % to € 149 (181) million
  - Operating result: € 19 (14) million
- Fruit segment reports higher revenues and operating result due to higher volumes:
  - Revenues: +5.8 % to € 308 (291) million
  - Operating result: € 23 (19) million

Forecast for full fiscal 2016/17

- Consolidated group revenues still expected at € 6.4 to € 6.6 (2015/16: 6.4) billion.
- Increasing operating result still expected within a range of between € 250 and € 350 (2015/16: 241) million.
- Capital employed rises; ROCE improves.

Revenues by segment 1st quarter 2016/17

€ million	1st quarter 2016/17	2015/16	+/– in %
Sugar	694	712	–2.4
Special products	457	445	2.6
CropEnergies	149	181	–17.6
Fruit	308	291	5.8
Group total	**1,608**	**1,629**	**–1.3**

TABLE 02

Operating result by segment 1st quarter 2016/17

€ million	1st quarter 2016/17	2015/16	+/– in %
Sugar	22	–13	–
Special products	46	37	23.7
CropEnergies	19	14	41.6
Fruit	23	19	22.1
Group total	**110**	**57**	**93.1**

TABLE 03

ECONOMIC REPORT

Südzucker Group business development – Results of operations

REVENUES AND OPERATING RESULT

Consolidated group revenues for the first three months of fiscal 2016/17 were slightly lower than last year at € 1,608 (1,629) million. The sugar and CropEnergies segments´ revenues declined, while the special products and fruit segments reported an increase.

As expected, first-quarter consolidated group operating result was significantly higher than last year at € 110 (57) million. The higher result was mainly attributable to the sugar segment, but all other segments also contributed.

RESULT FROM OPERATIONS

Result from operations of € 114 (61) million comprises an operating result of € 110 (57) million, the result from restructuring and special items of € –7 (–5) million and the earnings contribution from companies consolidated at equity of € 11 (9) million.

RESULT FROM RESTRUCTURING AND SPECIAL ITEMS

The special products segment’s result from restructuring and special items of € –7 (–5) million was driven by expenses related to the test phase and/or trial runs of various components at its wheat starch plant in Zeitz. CropEnergies’ expenses are for the fixed costs of the temporarily closed bioethanol factory in Wilton, the same as last year.

RESULT FROM COMPANIES CONSOLIDATED AT EQUITY

Result from companies consolidated at equity was € 11 (9) million. The sugar segment’s total of € 5 (3) million related mainly to its share of earnings from British trading company ED&F Man Holdings Ltd., Studen Group and the Italian joint-venture distributor Maxi S.r.l. The special products segment’s total includes € 6 (6) million for its share of earnings from Hungrana Group’s starch and bioethanol businesses.

Revenues and operating result

		1st quarter 2016/17	2015/16	+/– in %
Revenues	**€ million**	**1,608**	**1,629**	**–1.3**
EBITDA	€ million	159	107	49.1
Depreciation on fixed assets and intangible assets	€ million	–49	–50	–1.2
Operating result	**€ million**	**110**	**57**	**93.1**
Result from restructuring / special items	€ million	–7	–5	17.5
Result from companies consolidated at equity	€ million	11	9	18.3
Result from operations	**€ million**	**114**	**61**	**88.8**
EBITDA margin	%	9.9	6.6	
Operating margin	%	6.8	3.5	
Investments in fixed assets [1]	€ million	59	73	–18.6
Investments in financial assets / acquisitions	€ million	1	0	–
Total investments	**€ million**	**60**	**73**	**–17.5**
Shares in companies consolidated at equity	€ million	337	317	6.1
Capital employed	€ million	6,028	6,173	–2.3
Employees		17,922	18,298	–2.1

[1] Including intangible assets.

TABLE 04

Income statement

€ million	2016/17	2015/16	1st quarter +/– in %
Revenues	**1,608**	**1,629**	**–1.3**
Operating result	110	57	93.1
Result from restructuring / special items	–7	–5	17.5
Result from companies consolidated at equity	11	9	18.3
Result from operations	**114**	**61**	**88.8**
Financial result	–12	–5	> 100.0
Earnings before income taxes	**102**	**56**	**82.1**
Taxes on income	–25	–15	66.4
Net earnings	**77**	**41**	**88.0**
of which attributable to Südzucker AG shareholders	55	20	> 100
of which attributable to hybrid capital	3	7	–47.7
of which attributable to other non-controlling interests	19	14	42.2
Earnings per share (€)	**0.26**	**0.10**	**> 100**

TABLE 05

FINANCIAL RESULT

The financial result in the first quarter declined to € –12 (–5) million. The net interest result improved to € –6 (–8) million. The change in the financial result to € –6 (3) million is due mainly to an impairment charge on a current financial asset at AGRANA Fruit in Ukraine.

TAXES ON INCOME

Earnings before taxes were reported at € 102 (56) million and taxes on income totaled € –25 (–15) million. The group's tax rate was 25 (27) %.

CONSOLIDATED NET EARNINGS

Of the consolidated net earnings of € 77 (41) million, € 55 (20) million were allocated to Südzucker AG shareholders, € 3 (7) million to hybrid bondholders and € 19 (14) million to other non-controlling interests, mainly the co-owners of AGRANA Group and CropEnergies Group.

EARNINGS PER SHARE

Earnings per share came in at € 0.26 (0.10) for the first quarter of 2016/17. The calculation was based on the time-weighted average of 204.2 (204.2) million shares outstanding.

Investments and financing – financial position

CASH FLOW

Cash flow reached € 125 million, compared to € 102 million during the same period last year. This translates into 7.8 (6.3) % of revenues.

WORKING CAPITAL

Cash outflow from working capital of € −253 million was mainly to settle beet liabilities from the 2015/16 campaign, which were only partly covered by proceeds from the sugar inventory selloff.

INVESTMENTS IN FIXED ASSETS

Investments in fixed assets (including intangible assets) totaled € 59 (73) million. The sugar segment invested € 24 (32) million, mainly for replacements, but also on efficiency and logistics improvements in preparation for expanded production after expiry of the minimum beet price and quota regulations on 30 September 2017. The special products segment's investments of € 29 (29) million are mainly for construction of the starch plant in Zeitz, expanding the capacity of the starch plant in Aschach, Austria, optimizing the BENEO plant in Oreye, Belgium, and expanding the capacity of the Freiberger plant in Westhoughton, Great Britain. The CropEnergies segment invested € 13 (8) million to further optimize its production systems. The fruit segment invested € 3 (4) million, mainly to expand production capacity in the fruit preparations division.

DEVELOPMENT OF NET FINANCIAL DEBT

The seasonal cash outflow of € −253 million from working capital could only be partly financed by the cash inflow of € 125 million. This resulted in the typical seasonal increase in net financial debt, which went from € 555 million on 29 February 2016 to € 742 million on 31 May 2016, up € 187 million, taking into consideration total investments of € 60 million and the distribution of € 5 million.

Cash flow statement

€ million	1st quarter 2016/17	2015/16	+/– in %
Cash flow	**125**	**102**	**23.4**
Increase (–)/decrease (+) in working capital	**−253**	**−271**	**−6.6**
Investments in fixed assets			
Sugar segment	24	32	−24.4
Special products segment	29	29	1.8
CropEnergies segment	3	8	−67.9
Fruit segment	3	4	−20.9
Total investments in fixed assets [1]	**59**	**73**	**−18.6**
Investments in financial assets/acquisitions	**1**	**0**	**–**
Total investments	**60**	**73**	**−17.5**
Dividends paid	**−5**	**0**	**–**

[1] Including intangible assets.

TABLE 06

Balance sheet – assets

Balance sheet

€ million	31 May 2016	31 May 2015	+/– in %
Assets			
Intangible assets	1,186	1,185	0.1
Fixed assets	2,834	2,825	0.3
Remaining assets	518	508	2.0
Non-current assets	**4,538**	**4,518**	**0.5**
Inventories	1,614	1,777	–9.1
Trade receivables	941	998	–5.7
Remaining assets	870	904	–3.8
Current assets	**3,425**	**3,679**	**–6.9**
Total assets	**7,963**	**8,197**	**–2.9**
Liabilities and equity			
Equity attributable to shareholders of Südzucker AG	3,205	3,161	1.4
Hybrid capital	653	684	–4.5
Other non-controlling interests	682	670	1.8
Total equity	**4,540**	**4,515**	**0.6**
Provisions for pensions and similar obligations	800	824	–2.9
Financial liabilities	716	771	–7.2
Remaining liabilities	276	292	–5.5
Non-current liabilities	**1,792**	**1,887**	**–5.1**
Financial liabilities	627	681	–7.9
Trade payables	403	467	–13.7
Remaining liabilities	601	647	–7.1
Current liabilities	**1,631**	**1,795**	**–9.1**
Total liabilities and equity	**7,963**	**8,197**	**–2.9**
Net financial debt	742	829	–10.5
Equity ratio in %	57.0	55.1	
Net financial debt as % of equity (gearing)	16.3	18.4	

TABLE 07

NON-CURRENT ASSETS

Since last year's record date, non-current assets have risen € 20 million to € 4,538 (4,518) million. Thus, the carrying amounts of fixed assets rose € 9 million to 2,834 (2,825) due to investments. The € 10 million increase in assets to € 518 (508) million relates mainly to the increase of € 337 (317) million in shares of at equity consolidated companies. Goodwill was unchanged and intangible assets were about the same as last year at € 1,186 (1,185) million.

CURRENT ASSETS

Current assets were down € 254 million to € 3,425 (3,679) million, driven mainly by the reduction of € 163 million in inventories, especially in the sugar segment. The total is now € 1,614 (1,777) million. Trade receivables were down € 57 million to € 941 (998) million. The decline of € 34 million in other assets to € 870 (904) million is mainly due to a reduced cash position.

EQUITY

Equity increased to € 4,540 (4,515) million. The equity ratio came in higher than last year at 57 (55) % as total assets fell. Südzucker AG shareholders' equity rose € 44 million to € 3,205 (3,161) million. In parallel, other minority interests rose € 12 million to € 682 (670) million. Hybrid bond holdings fell to € 653 (684) million in the second half of fiscal 2015/16 due to the buyback of hybrid bonds with a face value of € 32 million.

NON-CURRENT LIABILITIES

Non-current liabilities declined € 95 million to € 1,792 (1,887) million. Provisions for pensions and similar obligations were down € 24 million to € 800 (824) million due to a higher discount rate, which rose from 1.75 % on 31 May 2015 to 1.95 % on 31 May 2016. Financial liabilities were cut € 55 million to € 716 (771) million. Other liabilities fell € 16 million to € 276 (292) million.

CURRENT LIABILITIES

Current liabilities were down € 164 million to € 1,631 (1,795) million. This development followed the decline of € 54 million in current financial liabilities to € 627 (681) million. In addition, trade payables dropped € 64 million to € 403 (467). Other debt, consisting of other provisions, taxes owed and other liabilities, was reduced by € 46 million to € 601 (647) million.

NET FINANCIAL DEBT

Net financial debt as of 31 May 2016 were down € 87 million to € 742 (829) million, which corresponds to 16 (18) % of equity.

Employees

The number of persons employed by the group (full-time equivalent) after the end of the first quarter of fiscal 2016/17 was slightly lower than at the same time last year at 17,922 (18,298).

Employees by segment

	1st quarter		
31 May	**2016**	2015	+/– in %
Sugar	7,013	7,215	–2.8
Special products	4,602	4,401	4.6
CropEnergies	405	429	–5.7
Fruit	5,903	6,253	–5.6
Group	**17,922**	**18,298**	**–2.1**

TABLE 08

Sugar segment

Market developments, economic policy, general framework

WORLD SUGAR MARKET

In its world sugar balance estimate released in June 2016, German market analyst F. O. Licht predicts a deficit in sugar production for the 2015/16 sugar marketing year (1 October to 30 September), the first in six years. The shortfall is due to increased consumption, which will rise to 181.3 (179.0) million tonnes, while sugar production will shrink to 174.3 (181.2) million tonnes, back under 180 million tonnes for the first time since 2012/13. The result will be a reduction in inventories to 70.4 (80.0) million tonnes of sugar or 38.9 (44.7) % of one year's consumption, for the first time in six years.

For the 2016/17 marketing year too, F. O. Licht expects inventories to fall further despite higher production – to 63.7 million tonnes or 35 % of one year's consumption, a level last seen in the 2010/11 marketing year.

At the beginning of the fiscal year, the world market price for white sugar went from € 375 €/t to over 400 €/t amid high volatility. At the end of the reporting period, the world market price for white sugar was 434 €/t, the highest it has been since 2012. Since then the world market price has risen further and has at times been above 470 €/t.

Global market sugar prices

1 June 2013 to 31 May 2016
London, nearest forward trading month

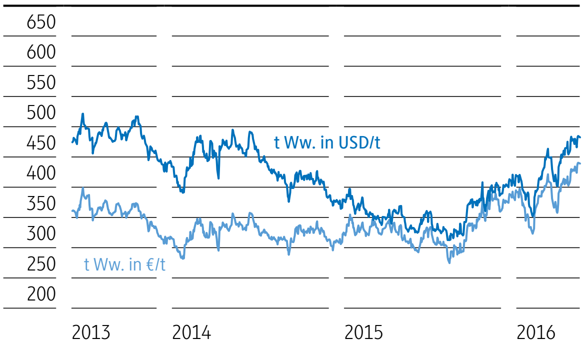


DIAGRAM 01

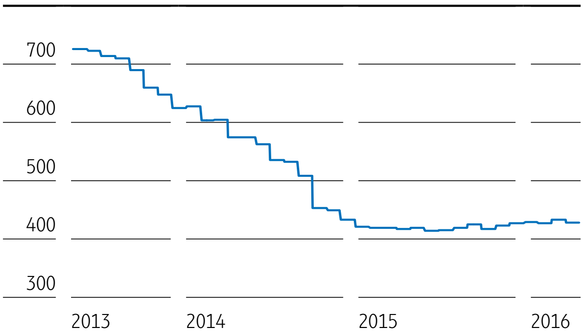
EU SUGAR MARKET

Following last year's record harvest, Südzucker substantially cut back the cultivation area throughout the EU for the current 2015/16 sugar marketing year on account of the re-strictions on selling non-quota sugar. At the same time, yields from the 2015 campaign were below last year's record level and in many parts of Europe even less than the perennial average. As a result, sugar production in the EU (including isoglucose) shrank considerably, to about 15.6 (20.3) million tonnes, which will cause non-quota sugar stocks to contract. Export licenses for 1.35 million tonnes of non-quota sugar were granted for the 2015/16 sugar marketing year, the same as last year.

The EU is a net importer of quota sugar. For preferential imports to rise, the EU price level would have to be at least high enough to cover the costs of the imported sugar. Quota sugar inventories are expected to fall further at the end of the 2015/16 sugar marketing year.

EU price reporting sugar

1 May 2013 to 30 April 2016
€/t white sugar



Source: EU commission, Directorate-General for Agriculture and Rural Development.

DIAGRAM 02

According to EU price reporting, the average price for quota sugar rose slightly in April 2016, to 428 €/t for bulk sugar (ex works). Last year prices had stagnated at a low level. Typical practice in the EU is to sign annual contracts for each sugar marketing year. The current prices reported in the EU Price Reporting thus mainly reflect the summer 2015 market price level. The sharply higher world market prices seen since then – recently even higher than EU prices – has also affected a minor volume on the spot markets, but the impact on EU Price Reporting is at the moment minimal.

ENERGY MARKET

After the price of oil dropped to a fourteen-year low of 25 USD/barrel in mid-January 2016, prices trended higher for several weeks during the first quarter 2016/17 reporting period. The markets increasingly priced in supply risks; mainly significantly declining production in the United States. In addition, demand remained robust, as manifested by record crude oil imports in China. The devaluation of the US dollar and a massive decline of 60 % in short sales since the beginning of the year were ultimately the main price drivers.

For the first time in a long time, the steady decline in American crude oil production to September 2014 levels caused market players to believe that oil market supply and demand would be balanced no later than 2017. Oil was trading at 49 USD/barrel on 31 May 2016.

At the beginning of the first quarter of 2016/17, the price of gas trended sideways at a very low level. However, relatively low temperatures in Western Europe and global geopolitical crises caused the price to increase sharply within a few days toward the middle/end of May. Prices were supported by maintenance activities in North Sea gas fields, as well as higher crude prices, which also impacted other energy sources.

EU SUGAR POLICIES, WTO NEGOTIATIONS AND FREE TRADE AGREEMENTS

There were no material changes during the first quarter to the legal and political general conditions related to EU sugar policies, WTO negotiations and free trade agreements than those outlined on pages 61 and 62 of the 2015/16 annual report (consolidated management report, business report, sugar segment).

Business performance – Sugar segment

		1st quarter		
		2016/17	2015/16	+/– in %
Revenues	€ million	**694**	**712**	**–2.4**
EBITDA	€ million	35	0	> 100
Depreciation on fixed assets and intangible assets	€ million	–13	–13	3.0
Operating result	€ million	**22**	**–13**	**–**
Result from restructuring / special items	€ million	–1	0	–
Result from companies consolidated at equity	€ million	5	3	54.3
Result from operations	€ million	**26**	**–10**	**–**
EBITDA margin	%	5.0	0.1	
Operating margin	%	3.1	–1.8	
Investments in fixed assets [1]	€ million	24	32	–24.4
Investments in financial assets / acquisitions	€ million	1	0	–
Total investments	€ million	**25**	**32**	**–21.9**
Shares in companies consolidated at equity	€ million	274	256	6.9
Capital employed	€ million	3,239	3,415	–5.2
Employees		7,013	7,215	–2.8

[1] Including intangible assets.

TABLE 09

Business performance

REVENUES AND OPERATING RESULT

The sugar segment's revenues fell to € 694 (712) million during the reporting period. The lower revenues were driven mainly by lower non-quota sugar volumes due to the reduced harvest in 2015. Quota sugar sales revenues were moderately higher than last year.

In the first quarter of fiscal 2016/17, the sugar segment reported an operating result of € 22 million, which compares to an operating loss of € –13 million during the same quarter last year. This was mainly driven by a moderate increase in quota sugar sales revenues at the beginning of the 2015/16 sugar marketing year in October 2015, and was further reinforced since the beginning of the year by an overall positive marketing environment and still higher spot market quota sugar sales revenues.

RESULT FROM COMPANIES CONSOLIDATED AT EQUITY

The result from companies consolidated at equity in the sugar segment was € 5 (3) million, most of which relates to the earnings contribution from the British trading company ED&F Man Holdings Ltd., but also the earnings contributions from Studen Group and Italian joint-venture distributor Maxi S.r.l.

BEET CULTIVATION AND CAMPAIGN

Südzucker Group expanded its beet cultivation area by almost 10 % in 2016, to about 384,000 (350,259) ha. Last year, many beet growers had to limit production because of a carryover. This year, planting began for the most part as early as in previous years, amid average to excellent planting conditions. Thanks to adequate rain starting in the second half of May, beet development was excellent in most regions.

INVESTMENTS IN FIXED ASSETS

Investments of € 24 (32) million in the first three months were mainly for replacements, efficiency improvements – for example the beet yard projects at the French Roye and Etrépagny factories –, product development, such as nibs sugar in Tienen, Belgium and jam sugar concentrate in Rain. These initiatives are also key components of preparations for the expiry of minimum beet price and sugar quota regulations effective 30 September 2017. Other important investments were for energy savings; for example, the steam turbine in Zeitz and the sugar drying system in Tienen, as well as environment-related investments for wastewater treatment and exhaust gas scrubbing systems at locations such as Cagny, France, and Tienen. Also noteworthy are logistics and infrastructure projects such as the ones at the Plattling and Rain factories, as well as in Tienen.

Special products segment

REVENUES AND OPERATING RESULT

The special products segment's revenues rose from € 445 to 457 million during the first quarter 2016/2017. This was attributable to the continuing positive volume developments, although overall sales revenues were weaker.

The segment's operating result also extended its positive trend from the second half of the previous fiscal year. Rising volumes in all divisions and steady low raw material costs more than offset lower sales revenues and led to an improved operating result of € 46 (37) million.

RESULT FROM RESTRUCTURING AND SPECIAL ITEMS

The result from restructuring and special items in the amount of € –3 (0) million included expenses from the test phase and/or trial operation of individual components at the wheat starch plant in Zeitz.

RESULT FROM COMPANIES CONSOLIDATED AT EQUITY

Result from companies consolidated at equity totaling € 6 (6) million was primarily attributable to the share of earnings from starch and bioethanol activities of Hungrana Group.

INVESTMENTS IN FIXED ASSETS

The special products segment invested € 29 (29) million. The BENEO division's capital spending was mainly on efficiency improvements e.g. the production process at Orafti in Oreye, Belgium. The starch business unit's investments were mostly for construction of the wheat starch plant in Zeitz and the capacity expansion in Aschach, Austria. The Freiberger division focused its investments on expanding the production capacity at the site in Westhoughton, Great Britain.

Business performance – Special products segment

		1st quarter		
		2016/17	2015/16	+/– in %
Revenues	€ million	**457**	**445**	**2.6**
EBITDA	€ million	64	56	14.0
Depreciation on fixed assets and intangible assets	€ million	–18	–19	–4.7
Operating result	€ million	**46**	**37**	**23.7**
Result from restructuring/special items	€ million	–3	0	> 100
Result from companies consolidated at equity	€ million	6	6	–3.4
Result from operations	€ million	**49**	**43**	**14.4**
EBITDA margin	%	14.1	12.7	
Operating margin	%	10.1	8.4	
Investments in fixed assets [1]	€ million	29	29	1.8
Investments in financial assets/acquisitions	€ million	0	0	–
Total investments	€ million	**29**	**29**	**1.8**
Shares in companies consolidated at equity	€ million	61	60	3.0
Capital employed	€ million	1,461	1,423	2.7
Employees		4,602	4,401	4.6

[1] Including intangible assets.

TABLE 10

CropEnergies segment

Market developments, economic policy, general framework

ETHANOL MARKET

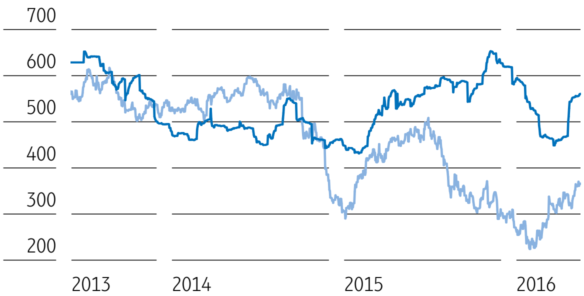
Global bioethanol production rose 3.4 % to 117.5 million m³ in 2015. The increase was driven by higher fuel grade ethanol production, which is up 3.9 % to 98.3 million m³. Global bioethanol production in 2016 is expected to remain nearly constant at 117.6 million m³. Of the total produced, 99.0 million m³ is expected to be fuel grade ethanol.

Bioethanol production is expected to come in at 58.0 million m³ in the United States in 2016, and net exports are forecast to jump 12.2 % to 3.0 million m³. One-month futures for ethanol on the Chicago Board of Trade (CBOT) was 390 USD/m³ at the end of May 2016, thus significantly below the level of € 330 million m³ at the beginning of March 2016. The sharp rise in the price of oil helped boost prices. At the end of May 2016, American West Texas Intermediate (WTI) was trading at almost 50 USD/barrel, over 40 % higher than at the beginning of March 2016.

In sugar marketing year 2016/17, it is expected that Brazilian bioethanol production will fall about 1.6 % to 30.0 million m³. Despite domestic demand falling 4.6 % to 28.7 million m³, it is expected that net exports will plunge 36.7 % to 1.0 million m³. Last year during the same period inventories were sharply lower. Brazilian ethanol prices have largely adjusted to the US level, trading at the equivalent of about 400 €/m³ at the end of May 2016. But with the recent renewed strength of the Brazilian real, they are significantly below the 490 €/m³ level seen at the beginning of March 2016. The decline is attributable to the beginning of the new cane sugar harvest, which has progressed quite well to date.

Price trend for European ethanol and gasoline

1 June 2013 to 31 May 2016
€/m³



Source: Reuters Thomson Eikon.

DIAGRAM 03

In Europe, ethanol prices rose sharply during the reporting period and at the end of May 2016, ethanol was trading at about 560 €/m³ FOB Rotterdam, significantly higher than at the beginning of March 2016, when the price was about 490 €/m³. This development is attributable to a seasonal increase in demand. Speculation about reduced supply due to the shutdown of several European bioethanol plants also contributed to the rising prices.

In view of falling gasoline consumption and a lack of stimulus from higher blending requirements, expectations are that the EU's fuel grade ethanol consumption will fall a further 2.8 % to 5.1 (5.2) million m³ in 2016. This demand should be largely covered by European production, which is expected to reach about 5.2 (5.1) million m³.

EU bioethanol volume balance

million m³	2016e	2015	2014
Opening balance	**2.1**	**2.0**	**2.0**
Production	7.4	7.3	7.3
Import	0.7	0.7	0.7
Consumption	−7.6	−7.7	−7.8
Export	−0.2	−0.2	−0.2
Closing balance	**2.4**	**2.1**	**2.0**

Source: F. O. Licht. Data estimated of EU biothanol volume balance, June 2016.

TABLE 11

Fuel grade ethanol consumption in Germany is expected to decline 6.3 % in 2016 to 1.4 million m³. This is caused by the continuing slight decline in gasoline consumption, as well as the current less-than-ambitious greenhouse gas reduction target of only 3.5 % by weight. In fact however, preliminary consumption data for January to March 2016 shows a 3.0 % rise in volume to about 0.3 million m³ of fuel grade ethanol. During the same period, gasoline volume rose 1.6 % to 4.2 million tonnes. The volume of E10 in the gasoline market fell to 0.6 million tonnes, which is equivalent to a market share of 13.1 (14.6) %.

GRAIN MARKET

In its 10 June 2016 estimate, the US Department of Agriculture (USDA) forecast that world grain record production (excluding rice) will reach 2,034 million tonnes in 2016/17 (+ 2.3 %). Grain consumption is expected to come in at 2,022 million tonnes (+ 2.9 %), while inventories are expected to rise further to 497 (486) million tonnes.

The EU Commission is forecasting that the EU's grain harvest will rise about 0.8 % to € 313 million for the 2016/17 grain marketing year. The volume of grain harvested is expected to remain above average, once again significantly exceeding consumption of 284 million tonnes. At 61 %, the lion's share of grain consumption is attributable to feeding animals. The EU continues to be a major contributor to world market grain supplies with net exports of 27 (26) million tonnes. It is expected that only 12 million tonnes of grain will be used to produce bioethanol, and about one-third of this volume will again flow back to the market as food and animal feed thus reducing soya imports from South America.

European wheat prices on the Euronext in Paris slipped from about 145 €/t at the beginning of March 2016 to about 170 €/t at the end of May 2016. This is mainly due to stronger export demand and a relatively high premium for the new 2016/17 wheat harvest.

The USDA is forecasting another record harvest of 324 (313) million tonnes of soybeans for the 2016/17 marketing year. However, due to the significant rise in global consumption to 328 (318) million tonnes, global inventories are expected to shrink to 66 (72) million tonnes. One-month futures for soybeans on the CBOT rose from 8.50 USD/bushel[1] at the beginning of March 2016 to about 11 USD/bushel at the end of May 2016 due to reduced supplies. In euro terms, the price rose from 290 to 360 €/t. Rapeseed meal prices followed this trend and rose from 180 €/t at the beginning of March 2016 to 240 €/t at the end of May 2016.

[1] One bushel is equal to 27.261 kg.

MANDATORY BLEND RATIOS IN BELGIUM

In Belgium, mandatory blend ratios are slated to rise from the current 4 % by volume to 8.5 % by volume of bioethanol effective 1 January 2017. A notice regarding the introduction of E10 is expected to be published in Belgium's official journal shortly.

MANDATORY BLEND RATIOS IN GREAT BRITAIN

It is especially important that the Renewable Transport Fuels Obligation be enacted soon and that higher blend ethanol (E10) be introduced in Great Britain, if the plant in Wilton is to operate full-time. Regardless of the EU referendum, CropEnergies expects that Great Britain will raise the blend ratio targets for renewable energies in order to accelerate the decarbonization of the transport sector and protect local jobs and investments.

RENEWABLE ENERGY DIRECTIVE, FUEL QUALITY DIRECTIVE, EUROPEAN CLIMATE AND ENERGY PACKAGE 2030

There were no material changes in the legal and political general conditions associated with the renewable energy directive, fuel quality directive, and the climate and energy package 2030 during the reporting period. They remain as described on pages 75 to 76 of the 2015/16 annual report (consolidated management report, business report, CropEnergies segment).

Business performance

REVENUES AND OPERATING

The CropEnergies segment's revenues were down € 32 million year-over-year to € 149 (181) million in the first quarter of 2016/17. In addition to lower ethanol sales revenues, the Ensus volumes that were still included last year factored into this development.

Operating profit on the other hand rose sharply, to € 19 (14) million. Lower ethanol sales revenues were also offset by lower raw material and energy costs. In addition, charges from the scheduled maintenance at the factory in Wanze, Belgium, were included during last year's first quarter.

RESULT FROM RESTRUCTURING AND SPECIAL ITEMS

The result from restructuring and special items of € −3 (−5) million was, as already in the previous year, primarily related to the fixed costs of the temporarily closed bioethanol factory in Wilton, Great Britain.

INVESTMENTS IN FIXED ASSETS

The segment invested in the first quarter € 3 (8) million, mainly to broaden its product portfolio and to improve production efficiencies and logistics processes at its Belgian and German sites.

Business performance – CropEnergies segment

		1st quarter		
		2016/17	2015/16	+/− in %
Revenues	€ million	**149**	**181**	**−17.6**
EBITDA	€ million	28	23	26.0
Depreciation on fixed assets and intangible assets	€ million	−9	−9	1.2
Operating result	€ million	**19**	**14**	**41.6**
Result from restructuring / special items	€ million	−3	−5	−26.0
Result from companies consolidated at equity	€ million	0	0	–
Result from operations	€ million	**16**	**9**	**80.5**
EBITDA margin	%	18.9	12.3	
Operating margin	%	13.0	7.6	
Investments in fixed assets [1]	€ million	3	8	−67.9
Investments in financial assets / acquisitions	€ million	0	0	–
Total investments	€ million	**3**	**8**	**−67.9**
Shares in companies consolidated at equity	€ million	2	2	5.9
Capital employed	€ million	500	519	−3.6
Employees		405	429	−5.7

[1] Including intangible assets.

TABLE 12

Fruit segment

Market developments, economic policy, general framework

TARGET MARKETS

While EU markets remain a challenge for fruit preparations, non-European markets – especially Asia, Latin America, North Africa and the Middle East – are reporting strong growth. In saturated markets such as the EU and the United States, there is a noticeable increase in consumption of yogurt without fruit preparations. The ice cream, food services and baked goods consumer markets should be growth markets in the medium to long-term. The Asian markets, especially China, are showing strong growth due to numerous product developments. The market environment in the Latin American region is also robust.

Over the past few weeks, apple juice concentrate prices in Europe have stabilized thanks to strong demand for the transition period from summer to fall 2016, combined with supply shortages. The increased customer demand indicates that most bottlers are likely experiencing shortages and will barely have enough product to last until the beginning of the new 2016 harvest. Due to reduced volumes in the world's largest market, North America, Chinese prices are under pressure. The ability of Europe to compete in the North American market during the new processing season will be largely determined by the rate of exchange between the US dollar and the euro.

Berry juice concentrates for the major fruits from the 2015 harvest are completely sold out. There are currently no noteworthy marketing or price risks. The new berry juice concentrates season began in the second week of June as work started on processing strawberry juice concentrates. Volumes were somewhat low.

RAW MATERIALS MARKETS

In the fruit preparations division, harvested volumes at the beginning of the year in Mexico, Morocco and Egypt for the primary fruit strawberries were excellent, although prices varied from region to region.

In general, it is expected that relevant fruit prices will decline, since harvests are expected to be excellent and the weak global economy will likely exert pressure on the markets.

The US dollar to euro exchange rate has stabilized over the past few months and will therefore play a less important role this year.

The dry spell during the summer months in 2015 in Europe led to lower quality and volumes for berry fruits, which impacted the fruit juice concentrates division. Due to a scarcity of raw materials in spring 2015 berry prices rose continually, both in the processing area and for fresh fruits.

Toward the end of the 2015 apple processing season, apple prices fell sharply, a trend that continued in spring 2016. Strict monitoring of the trade embargo that prohibits the export of Polish apples to Russia caused significant price pressure in the European market.

A frost in May 2016 in the Steiermark, Austria, Western Hungary and Slovenia regions will probably significantly reduce the availability of raw materials in these regions; however, an exact estimate cannot be made until completion of the June fruit assessment.

Currently apple prices are about half what they were during the 2015 processing season.

Business performance

REVENUES AND OPERATING RESULT

The fruit segment's revenues also rose during the reporting period, to € 308 (291) million. In addition to a recovery in sales revenues for fruit juice concentrates, the steady positive volume trend for fruit juice preparations were contributing factors.

The operating result also rose, to € 23 (19) million. Margins for fruit juice concentrates recovered due to the positive sales revenue developments. For fruit juice concentrates, lower sales revenues were more than offset by a corresponding slight decline in costs and steadily growing volume.

INVESTMENTS IN FIXED ASSETS

Investments in fixed assets in the first quarter totaled € 3 (4) million. The fruit preparations division invested and carried out replacement investments in capacity expansions, which included among other things the installation of another production line at the new fruit preparations plant in the United States. The fruit juice concentrates division prioritized replacement investments as well as investments deriving from market requirements.

Business performance – Fruit segment

		1st quarter		
		2016/17	2015/16	+/– in %
Revenues	€ million	**308**	**291**	**5.8**
EBITDA	€ million	32	28	14.4
Depreciation on fixed assets and intangible assets	€ million	–9	–9	–2.3
Operating result	€ million	**23**	**19**	**22.1**
Result from restructuring / special items	€ million	0	0	–100.0
Result from companies consolidated at equity	€ million	0	0	–
Result from operations	€ million	**23**	**19**	**23.4**
EBITDA margin	%	10.3	9.5	
Operating margin	%	7.5	6.5	
Investments in fixed assets [1]	€ million	3	4	–20.9
Investments in financial assets / acquisitions	€ million	0	0	–
Total investments	€ million	**3**	**4**	**–20.9**
Shares in companies consolidated at equity	€ million	0	0	–
Capital employed	€ million	828	816	1.5
Employees		5,903	6,253	–5.6

[1] Including intangible assets.

TABLE 13

EVENTS AFTER THE BALANCE SHEET DATE

There have been no significant events since 31 May 2016 that would have a material impact on the company's assets, financial position or results.

RISKS AND OPPORTUNITIES

As an international company, Südzucker Group is exposed to macroeconomic, industry-specific and business opportunities and risks. Information about the group's risk management system, risks and potential opportunities is provided in the 2015/16 annual report under "Risk management" on pages 86 to 97, and in the "Business report" as part of segment reporting.

The vote by the majority of the British population for Great Britain to exit the European Union (Brexit) harbors additional risks for Südzucker. These relate to sugar volumes associated with the distributor Südzucker United Kingdom Limited as well as production and sales at Freiberger and PortionPack Europe in Great Britain. We are currently unable to assess the indirect consequences of future economic developments, either in Great Britain or the EU, nor the risks related to amended legal and political general conditions.

Taking into account all known facts, we have not identified any risks, either individually or as a whole, that threaten the continued existence of Südzucker Group.

OUTLOOK

Group performance

We continue to expect group consolidated revenues of € 6.4 to 6.6 (2015/16: 6.4) billion in fiscal 2016/17. We expect the sugar segment's revenues to remain the same as last year. The special products segment's revenues are expected to be slightly higher. We expect the CropEnergies segment's revenues to range between € 565 and 625 (2015/16: 658) million and the fruit segment's to rise significantly.

We expect the operating result to increase further. It should range between € 250 and 350 (2015/16: 241) million, driven mainly by better sugar segment results. After the records set in 2015/16, the company expects a significant retreat in the special products and CropEnergies segments. We expect a year-over-year increase in the fruit segment.

We expect capital employed to rise slightly. Based on the increased operating result, we expect ROCE to improve (2015/16: 4.2 %).

Total investments for fiscal 2016/17 are expected to be € 300 to 350 (2015/16: 371) million.

The operating result for the second quarter of the current 2016/17 fiscal year is expected to be significantly higher than last year at the same time.

Sugar segment

We are expecting the sugar segment's revenues to stabilize. Average sugar sales revenues for the full fiscal year should be higher than last year. This should offset the missing revenue contributions resulting from cancellation of the joint sales venture with Mauritius and termination of raw sugar refining at the site in Marseille, France.

Following an operating loss in fiscal 2015/16, we are expecting a positive operating result for the current fiscal year because of the anticipated higher sales revenues that will be generated over the course of the year. Here we also expect a contribution from higher loading of the sugar factories during the 2016 campaign in the second half of the fiscal year. Cost saving programs will continue to be executed as planned.

Capital employed is expected to remain stable, and after the operating loss last year, ROCE is expected to be positive again (2015/16: –2.6 %).

Special products segment

We expect the special products segment's revenues to rise slightly. Our forecast predicts a significant decline in the operating result compared to last year's very high level. This takes into consideration among other things the expected decline in ethanol average sales revenues during the year, as well as charges from the startup of the new starch plant in Zeitz, which will start operations in the second quarter of 2016/17.

ROCE (2015/16: 11.9 %) will go down as capital employed rises slightly and the operating result contribution remains low.

CropEnergies segment

CropEnergies firmed up its revenue forecast to a range of € 565 to 625 (2015/16: 658) million. The bioethanol market price situation has improved considerably since May 2016; nevertheless, wide fluctuations are still expected. Assuming average bioethanol prices that are lower than last year's excellent levels, CropEnergies now expects an operating result in a range from € 50 to 80 (2015/16: 87) million in fiscal 2016/17. In addition, a result of restructuring and special items of up to € –16 million is expected.

On 17 May 2016, CropEnergies announced that it would restart the bioethanol plant in Wilton, Great Britain, in July 2016. The factory has been shut down since February 2015. How long the plant operates and the result it generates will also impact revenues and earnings. However, the corresponding impact on the forecast has not yet been considered.

Capital employed will remain steady and the operating result will decline, so ROCE (2015/16: 17.7 %) is expected to drop.

Fruit segment

For the fruit segment, we expect revenues to rise sharply and a higher operating result than last year. We expect the fruit preparations division's revenues to increase due to rising volumes. The excellent supply situation for fruits will result in a stable operating result development. In the fruit juice concentrates division, higher revenues will be driven by the expected sales revenue increase, which will also generate a higher operating result.

Capital employed is expected to rise moderately, and the operating result is also expected to increase, so ROCE (2015/16: 7.5 %) is expected to be higher than last year.

COMPREHENSIVE INCOME

1 March to 31 May 2016

€ million	1st quarter 2016/17	2015/16	+/– in %
Income statement			
Revenues	**1,608.2**	**1,628.8**	**–1.3**
Change in work in progress and finished goods inventories and internal costs capitalized	–323.4	–379.1	–14.7
Other operating income	19.0	15.8	20.3
Cost of materials	–775.9	–759.9	2.1
Personnel expenses	–196.2	–203.0	–3.3
Depreciation	–50.8	–51.0	–0.4
Other operating expenses	–177.7	–200.4	–11.3
Result from companies consolidated at equity	11.0	9.3	18.3
Result from operations	**114.2**	**60.5**	**88.8**
Financial income	12.7	9.4	35.1
Financial expense	–24.9	–13.9	79.1
Earnings before income taxes	**102.0**	**56.0**	**82.1**
Taxes on income	–25.3	–15.2	66.4
Net earnings	**76.7**	**40.8**	**88.0**
of which attributable to Südzucker AG shareholders	54.1	20.8	> 100
of which attributable to hybrid capital	3.4	6.5	–47.7
of which attributable to other non-controlling interests	19.2	13.5	42.2
Earnings per share (€)	**0.26**	**0.10**	**> 100**

€ million	1st quarter 2016/17	2015/16	+/− in %
Statement of other comprehensive income			
Net earnings	**76.7**	**40.8**	**88.0**
Market value of hedging instruments (cash flow hedge) after deferred taxes	1.6	−3.5	–
Market value of securities (available for sale) after deferred taxes	0.0	−0.1	−100.0
Exchange differences on net investments in foreign operations after deferred taxes	−0.3	−0.2	50.0
Foreign currency translation differences	−2.3	20.0	–
Share from companies consolidated at equity	−5.4	3.3	–
Income and expenses to be recognized in the income statement in the future	**−6.4**	**19.5**	**–**
Remeasurement of defined benefit pension plans and similar obligations after deferred taxes	0.0	0.0	–
Income and expenses to not be recognized in the income statement in the future	**−0.0**	**−0.0**	**–**
Other comprehensive income/loss	**−6.4**	**19.5**	**–**
Comprehensive income	**70.3**	**60.3**	**16.6**
of which attributable to Südzucker AG shareholders	46.5	36.4	27.7
of which attributable to hybrid capital	3.4	6.5	−47.7
of which attributable to other non-controlling interests	20.4	17.4	17.2

TABLE 14

CASH FLOW STATEMENT

1 March to 31 May 2016

€ million	1st quarter 2016/17	2015/16	+/− in %
Net earnings	76.7	40.8	88.0
Depreciation and amortization of intangible assets, fixed assets and other investments	50.8	51.0	−0.4
Decrease (–)/Increase (+) in non-current provisions and deferred tax liabilities and increase (–)/decrease (+) in deferred tax assets	5.5	6.5	−15.4
Other income (–)/expenses (+) not affecting cash	−7.7	3.2	–
Cash flow	**125.3**	**101.5**	**23.4**
Gain (–)/Loss (+) on disposal of items included in non-current assets and of securities	0.1	0.8	−87.5
Decrease (–)/Increase (+) in current provisions	−4.3	−8.4	−48.8
Increase (–)/Decrease (+) in inventories, receivables and other current assets	166.0	244.3	−32.1
Decrease (–)/Increase (+) in liabilities (excluding financial liabilities)	−414.5	−506.5	−18.2
Increase (–)/Decrease (+) in working capital	**−252.8**	**−270.6**	**−6.6**
I. Net cash flow from operating activities	**−127.4**	**−168.3**	**−24.3**
Investments in fixed assets and intangible assets	−59.1	−72.6	−18.6
Investments in financial assets	−0.8	0.0	–
Investments	**−59.9**	**−72.6**	**−17.5**
Cash received on disinvestments	6.5	0.0	–
Cash received on disposal of non-current assets	0.5	0.6	−16.7
Cash paid (–)/received (+) for the purchase/sale of other securities	0.1	−0.3	–
II. Cash flow from investing activities	**−52.8**	**−72.3**	**−27.0**

€ million	1st quarter 2016/17	2015/16	+/− in %
Dividends paid	−5.0	0.0	–
Repayment (–) / Issuance (+) of commercial papers	94.0	135.0	−30.4
Other repayment (–) / refund (+) of financial liabilities	90.1	45.5	98.0
Repayment (–) / Refund (+) of financial liabilities	**184.1**	**180.5**	**2.0**
III. Cash flow from financing activities	**179.1**	**180.5**	**−0.8**
Change in cash and cash equivalent (total of I., II. and III.)	**−1.1**	**−60.1**	**−98.2**
Change in cash and cash equivalents			
due to exchange rate changes	−1.3	2.2	–
due to changes in entities included in consolidation	0.0	0.0	–
Decrease (–) / Increase (+) in cash and cash equivalents	**−2.4**	**−57.9**	**−95.9**
Cash and cash equivalents at the beginning of the period	459.4	535.7	−14.2
Cash and cash equivalents at the end of the period	**457.0**	**477.8**	**−4.4**
Dividends received from companies consolidated at equity / other participations investments	2.3	15.6	−85.3
Interest receipts	2.5	8.2	−69.5
Interest payments	−20.5	−21.5	−4.7
Income taxes paid	−21.2	−22.9	−7.4

TABLE 15

BALANCE SHEET

31 May 2016

€ million	31 May 2016	31 May 2015	+/− in %	29 February 2016	+/− in %
Assets					
Intangible assets	1,186.1	1,184.5	0.1	1,188.9	−0.2
Fixed assets	2,834.4	2,824.7	0.3	2,824.7	0.3
Shares in companies consolidated at equity	336.7	317.2	6.1	333.3	1.0
Other investments	22.6	21.9	3.2	21.8	3.7
Securities	18.7	20.1	−7.0	18.6	0.5
Other assets	12.7	15.8	−19.6	13.6	−6.6
Deferred tax assets	127.2	133.8	−4.9	133.2	−4.5
Non-current assets	**4,538.4**	**4,518.0**	**0.5**	**4,534.1**	**0.1**
Inventories	1,614.3	1,776.6	−9.1	1,897.2	−14.9
Trade receivables	941.1	998.3	−5.7	782.8	20.2
Other assets	245.6	255.4	−3.8	298.2	−17.6
Current tax receivables	40.9	45.1	−9.3	36.0	13.6
Securities	125.7	125.7	0.0	125.7	0.0
Cash and cash equivalents	457.0	477.8	−4.4	459.4	−0.5
Current assets	**3,424.6**	**3,678.9**	**−6.9**	**3,599.3**	**−4.9**
Total assets	**7,963.0**	**8,196.9**	**−2.9**	**8,133.4**	**−2.1**

€ million	31 May 2016	31 May 2015	+/– in %	29 February 2016	+/– in %
Liabilities and shareholders' equity					
Equity attributable to shareholders of Südzucker AG	3,204.9	3,161.3	1.4	3,158.4	1.5
Hybrid capital	653.1	683.9	–4.5	653.1	0.0
Other non-controlling interests	681.7	669.5	1.8	661.4	3.1
Total equity	**4,539.7**	**4,514.7**	**0.6**	**4,472.9**	**1.5**
Provisions for pensions and similar obligations	799.6	823.7	–2.9	797.9	0.2
Other provisions	98.9	109.9	–10.0	103.0	–4.0
Financial liabilities	715.7	771.1	–7.2	733.8	–2.5
Other liabilities	15.9	20.4	–22.1	15.5	2.6
Tax liabilities	98.9	79.3	24.7	98.6	0.3
Deferred tax liabilities	62.7	83.0	–24.5	62.0	1.1
Non-current liabilities	**1,791.7**	**1,887.4**	**–5.1**	**1,810.8**	**–1.1**
Other provisions	204.6	222.0	–7.8	208.7	–2.0
Financial liabilities	627.3	681.2	–7.9	424.6	47.7
Trade payables	402.7	466.6	–13.7	801.1	–49.7
Other liabilities	338.0	335.3	0.8	354.7	–4.7
Current tax liabilities	59.0	89.7	–34.2	60.6	–2.6
Current liabilities	**1,631.6**	**1,794.8**	**–9.1**	**1,849.7**	**–11.8**
Total liabilities and equity	**7,963.0**	**8,196.9**	**–2.9**	**8,133.4**	**–2.1**
Net financial debt	741.6	828.7	–10.5	554.7	33.7
Equity ratio	57.0	55.1		55.0	
Net financial debt as % of equity (gearing)	16.3	18.4		12.4	

TABLE 16

CHANGES IN SHAREHOLDERS' EQUITY

1 March to 31 May 2016

€ million	Outstanding subscribed capital	Nominal value own shares	Capital reserve	Other reserves
1 March 2015	**204.2**	**0.0**	**1,614.9**	**1,330.7**
Net earnings				20.8
Other comprehensive income / loss before taxes				0.0
Taxes on other comprehensive income				0.0
Comprehensive income				**20.8**
Distributions				0.0
Capital increase / decrease	0.0		0.0	0.0
Buyback of hybrid capital				0.0
Other changes				0.2
31 May 2015	**204.2**	**0.0**	**1,614.9**	**1,351.7**
1 March 2016	**204.2**	**0.0**	**1,614.9**	**1,424.2**
Net earnings				54.1
Other comprehensive income / loss before taxes				0.0
Taxes on other comprehensive income				0.0
Comprehensive income				**54.1**
Distributions				0.0
Capital increase / decrease	0.0		0.0	0.0
Buyback of hybrid capital				0.0
Other changes				0.0
31 May 2016	**204.2**	**0.0**	**1,614.9**	**1,478.3**

Other equity accounts								
Market value of hedging instruments (cash flow hedge)	Market value of securities (available for sale)	Exchange differences on net investments in foreign operations	Accumulated exchange differcences	Share from companies consolidated at equity	Equity of Südzucker shareholders	Hybrid capital	Other non-controlling interests	Total equity
−1.5	**2.2**	**−10.4**	**−19.5**	**4.1**	**3,124.7**	**683.9**	**652.2**	**4,460.8**
					20.8	6.5	13.5	40.8
−3.1	−0.1	−0.2	13.7	4.1	14.4		3.3	17.7
1.2	0.0	0.0			1.2		0.6	1.8
−1.9	**−0.1**	**−0.2**	**13.7**	**4.1**	**36.4**	**6.5**	**17.4**	**60.3**
					0.0	−6.5	0.0	−6.5
					0.0		0.0	0.0
					0.0	0.0		0.0
					0.2		−0.1	0.1
−3.4	**2.1**	**−10.6**	**−5.8**	**8.2**	**3,161.3**	**683.9**	**669.5**	**4,514.7**
−5.1	**1.6**	**−14.2**	**−67.4**	**0.2**	**3,158.4**	**653.1**	**661.4**	**4,472.9**
					54.1	3.4	19.2	76.7
−0.4	−0.1	−0.4	−2.0	−5.1	−8.0		1.9	−6.1
0.3	0.0	0.1			0.4		−0.7	−0.3
−0.1	**−0.1**	**−0.3**	**−2.0**	**−5.1**	**46.5**	**3.4**	**20.4**	**70.3**
					0.0	−3.4	0.0	−3.4
					0.0		0.0	0.0
					0.0	0.0		0.0
					0.0		−0.1	−0.1
−5.2	**1.5**	**−14.5**	**−69.4**	**−4.9**	**3,204.9**	**653.1**	**681.7**	**4,539.7**

TABLE 17

NOTES TO THE INTERIM FINANCIAL STATEMENTS

Segment report

€ million	1st quarter 2016/17	2015/16	+ / – in %
Südzucker Group			
Gross revenues	**1,699.4**	**1,715.7**	**–1.0**
Consolidation	–91.2	–86.9	4.9
Revenues	**1,608.2**	**1,628.8**	**–1.3**
EBITDA	**159.2**	**106.8**	**49.1**
EBITDA margin	9.9 %	6.6 %	
Depreciation	–49.3	–49.9	–1.2
Operating result	**109.9**	**56.9**	**93.1**
Operating margin	6.8 %	3.5 %	
Result from restructuring / special items	–6.7	–5.7	17.5
Result from companies consolidated at equity	11.0	9.3	18.3
Result from operations	**114.2**	**60.5**	**88.8**
Investments in fixed assets [1]	59.1	72.6	–18.6
Investments in financial assets / acquisitions	0.8	0.0	–
Total investments	**59.9**	**72.6**	**–17.5**
Shares in companies consolidated at equity	336.7	317.2	6.1
Capital employed	6,028.3	6,172.6	–2.3
Number of employees	**17,922**	**18,298**	**–2.1**
Sugar segment			
Gross revenues	**749.0**	**767.8**	**–2.4**
Consolidation	–53.9	–55.4	–2.7
Revenues	**695.1**	**712.4**	**–2.4**
EBITDA	**35.1**	**0.4**	**> 100**
EBITDA margin	5.0 %	0.1 %	
Depreciation	–13.8	–13.4	3.0
Operating result	**21.3**	**–13.0**	**–**
Operating margin	3.1 %	–1.8 %	
Result from restructuring / special items	–0.0	0.0	–
Result from companies consolidated at equity	5.4	3.5	54.3
Result from operations	**26.7**	**–9.5**	**–**
Investments in fixed assets [1]	24.2	32.0	–24.4
Investments in financial assets / acquisitions	0.8	0.0	–
Total investments	**25.0**	**32.0**	**–21.9**
Shares in companies consolidated at equity	273.5	255.9	6.9
Capital employed	3,238.8	3,414.7	–5.2
Number of employees	**7,013**	**7,215**	**–2.8**

[1] Including intangible assets.

€ million	2016/17	2015/16	+/– in %
	1st quarter		
Special products segment			
Gross revenues	**475.1**	**459.2**	**3.5**
Consolidation	–18.6	–14.4	29.2
Revenues	**456.5**	**444.8**	**2.6**
EBITDA	**64.3**	**56.4**	**14.0**
EBITDA margin	14.1 %	12.7 %	
Depreciation	–18.3	–19.2	–4.7
Operating result	**46.0**	**37.2**	**23.7**
Operating margin	10.1 %	8.4 %	
Result from restructuring / special items	–3.0	–0.5	> 100
Result from companies consolidated at equity	5.6	5.8	–3.4
Result from operations	**48.6**	**42.5**	**14.4**
Investments in fixed assets [1]	29.0	28.5	1.8
Investments in financial assets / acquisitions	0.0	0.0	–
Total investments	**29.0**	**28.5**	**1.8**
Shares in companies consolidated at equity	61.4	59.6	3.0
Capital employed	1,461.4	1,423.1	2.7
Number of employees	**4,602**	**4,401**	**4.6**
CropEnergies segment			
Gross revenues	**167.5**	**197.8**	**–15.3**
Consolidation	–18.5	–17.0	8.8
Revenues	**149.0**	**180.8**	**–17.6**
EBITDA	**28.1**	**22.3**	**26.0**
EBITDA margin	18.9 %	12.3 %	
Depreciation	–8.7	–8.6	1.2
Operating result	**19.4**	**13.7**	**41.6**
Operating margin	13.0 %	7.6 %	
Result from restructuring / special items	–3.7	–5.0	–26.0
Result from companies consolidated at equity	0.0	0.0	–
Result from operations	**15.7**	**8.7**	**80.5**
Investments in fixed assets [1]	2.5	7.8	–67.9
Investments in financial assets / acquisitions	0.0	0.0	–
Total investments	**2.5**	**7.8**	**–67.9**
Shares in companies consolidated at equity	1.8	1.7	5.9
Capital employed	499.9	518.8	–3.6
Number of employees	**405**	**429**	**–5.7**

[1] Including intangible assets.

€ million	2016/17	2015/16	+/– in %
	1st quarter		
Fruit segment			
Gross revenues	**307.8**	**290.9**	**5.8**
Consolidation	–0.2	–0.1	100.0
Revenues	**307.6**	**290.8**	**5.8**
EBITDA	**31.7**	**27.7**	**14.4**
EBITDA margin	10.3 %	9.5 %	
Depreciation	–8.5	–8.7	–2.3
Operating result	**23.2**	**19.0**	**22.1**
Operating margin	7.5 %	6.5 %	
Result from restructuring / special items	0.0	–0.2	–100.0
Result from companies consolidated at equity	0.0	0.0	–
Result from operations	**23.2**	**18.8**	**23.4**
Investments in fixed assets [1]	3.4	4.3	–20.9
Investments in financial assets / acquisitions	0.0	0.0	–
Total investments	**3.4**	**4.3**	**–20.9**
Shares in companies consolidated at equity	0.0	0.0	–
Capital employed	828.2	816.0	1.5
Number of employees	**5,903**	**6,253**	**–5.6**

[1] Including intangible assets.

TABLE 18

(1) Principles of preparation of the interim consolidated financial statements

Südzucker Group’s interim financial statements as of 31 May 2016 were prepared in accordance with the rules on interim financial reporting pursuant to IAS 34 (Interim Financial Reporting), in conformance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB). Südzucker AG’s interim consolidated financial statements dated 31 May 2016 have been condensed as per IAS 34. The consolidated interim statements dated 31 May 2016 were not subject to any inspection or audit review. Südzucker AG’s board of directors prepared these interim financial statements on 27 June 2016.

As presented in the notes to the financial statements of the 2015/16 annual report under item (1) “Principles of preparation of the consolidated financial statements” on pages 115 to 118, there were new and / or amended standards and interpretations that came into effect and were applied for the first time in preparing these interim financial statements.

A discount rate of 1.95 % was applied to material plans on 31 May 2016 unchanged as of 29 February 2016 to calculate provisions for pensions and similar obligations. The discount rate applied on 31 May 2015 was 1.75 %.

Income taxes were calculated on the basis of local corporate income tax rates in consideration of the income tax forecast for the entire fiscal year. Material special items are fully recognized neglecting the determination of the annual tax rate in the respective quarter in which they occur.

Sugar is primarily produced from September to January. This is why depreciation on systems used for the campaign is predominantly applied during this period. Any material, personnel and other operating expenses incurred in preparation for production prior to the next sugar campaign are capitalized during the fiscal year via changes in inventories and recognized on the balance sheet under inventories as work in progress. These are then taken into account during subsequent sugar production when determining the production costs of the sugar produced and thus recognized under inventories as part of finished goods.

The same accounting and valuation methods as those used to prepare the group annual financial statements dated 29 February 2016 were applied for the remainder of this interim report. The relevant explanatory notes under item 5, "Accounting policies", pages 124 to 129 of the 2015/16 annual report, thus also apply here.

Südzucker Group´s 2015/16 annual report can be viewed or downloaded at www.suedzucker.de/de/Investor-Relations/ and / or www.suedzucker.de/en/Investor-Relations/.

(2) Companies included in consolidation

As of the end of the first quarter of 2016/17, the scope of consolidation included 152 companies in addition to Südzucker AG (end of fiscal 2015/16: 153 companies). The Belgian Herentals site owned by PortionPack has now been sold. It was put up for sale at the end of the 2015/16 fiscal year. The associated cash inflow is reported in the cash flow statement under proceeds from divestments. In total, 16 companies (end of fiscal 2015/16: 16 companies) were consolidated at equity.

In June 2016, Südzucker Verwaltungs GmbH, a 100 % subsidiary of Südzucker AG, signed an agreement to acquire 100 % of the shares of the agricultural cooperative Terra eG. Terra eG will be fully consolidated into the consolidated financial statements as of the second quarter of 2016/17.

Terra eG is headquartered in Sömmerda, Thuringia, and operates about 2,700 ha of agricultural land in the districts of Brotterode, Sömmerda, Straussfurt and Weissensee (Erfurt Basin).

The acquisition of the agricultural cooperative is expected to generate synergies and offset continuous area losses, especially in western Germany. It is also expected to generate economies of scale, and thereby sustainably safeguard and improve the structure of and result from the agricultural division.

The purchase price of about € 30 million is attributable almost entirely to the purchased agricultural lands, farmstead including large storage facilities as well as train of machines. The market values for the individual asset and liability items for Terra eG at the time of acquisition are currently being calculated.

(3) Earnings per share

The calculation of earnings per share according to IAS 33 from 1 March to 31 May 2016 was based on a time-weighted average of 204.2 million shares outstanding. Earnings per share came in at € 0.26 (0.10) for the first quarter and were not diluted.

(4) Inventories

€ million 31 May	2016	2015
Raw materials and supplies	394.6	391.7
Work in progress and finished goods		
Sugar segment	804.3	964.9
Special products segment	165.4	178.7
CropEnergies segment	32.1	29.2
Fruit segment	131.5	106.0
Total of work in progress and finished goods	1,133.3	1,278.8
Merchandise	86.4	106.1
	1,614.3	**1,776.6**

TABLE 19

The carrying amount of inventories was lower than the year prior at € 1,614.3 (1,776.1) million, mainly due to lower stock quantities in the sugar segment.

(5) Trade receivables and other assets

€ million		Remaining term			Remaining term	
31 May	2016	to 1 year	over 1 year	2015	to 1 year	over 1 year
Trade receivables	**941.1**	**941.1**	**0.0**	**998.3**	**998.3**	**0.0**
Receivables due from the EU	0.2	0.2	0.0	9.6	9.6	0.0
Positive market value derivatives	3.7	3.7	0.0	2.7	2.7	0.0
Remaining financial assets	86.1	73.4	12.7	78.6	62.8	15.8
Other taxes recoverable	95.1	95.1	0.0	95.3	95.3	0.0
Remaining non-financial assets	73.2	73.2	0.0	85.0	85.0	0.0
Other assets	**258.3**	**245.6**	**12.7**	**271.2**	**255.4**	**15.8**

TABLE 20

Faces with declining revenues, trade receivables were lower than the year prior, especially in the sugar segment, and came in at € 941.1 (998.3) million. Other financial assets of € 86.1 (78.6) million include mainly receivables from non-consolidated companies, shareholdings and employees and other third parties. Non-financial assets of € 73.2 (85.0) million are largely related to advances made and accruals/deferrals.

(6) Other provisions and accruals

€ million 31 May	2016	Short-term	Long-term	2015	Short-term	Long-term
Personnel-related provisions	84.4	20.7	63.7	105.1	36.4	68.7
Provisions for litigation risks and risk precautions	154.5	145.1	9.4	123.3	114.9	8.4
Other provisions	64.6	38.8	25.8	103.5	70.7	32.8
Total	**303.5**	**204.6**	**98.9**	**331.9**	**222.0**	**109.9**

TABLE 21

Personnel-related provisions in the amount of € 84.4 (105.1) million primarily represent non-current provisions for long-service awards, provisions for part-time early retirement and largely short-term provisions for termination benefit plans.

The provisions for litigation risks and risk precautions of € 154.5 (123.3) million include provisions for market regulation procedures, operational contract procedures and antitrust risks (fines and damage claims from customers).

The other provisions in the amount of € 64.6 (103.5) million mainly represent non-current provisions for restoration obligations, together with current and non-current provisions for recultivation and environmental obligations largely related to sugar production. Provisions for the temporary closure of the bioethanol factory at the Wilton, Great Britain site are also included.

(7) Trade payables and other liabilities

€ million		Remaining term			Remaining term	
31 May	2016	to 1 year	over 1 year	2015	to 1 year	over 1 year
Liabilities to beet growers	11.6	11.6	0.0	34.2	34.2	0.0
Liabilities to other trade payables	391.1	391.1	0.0	432.4	432.4	0.0
Trade payables	**402.7**	**402.7**	**0.0**	**466.6**	**466.6**	**0.0**
Liabilities for production levy	0.0	0.0	0.0	0.0	0.0	0.0
Negative market value derivatives	18.4	18.4	0.0	19.2	19.2	0.0
Remaining financial liabilities	148.0	133.1	14.9	157.3	137.7	19.6
Liabilities for personnel expenses	100.3	99.3	1.0	100.5	99.7	0.8
Liabilities for other taxes and social security contributions	66.9	66.9	0.0	59.9	59.9	0.0
Remaining non financial liabilities	20.3	20.3	0.0	18.8	18.8	0.0
Other liabilities	**353.9**	**338.0**	**15.9**	**355.7**	**335.3**	**20.4**

TABLE 22

Trade payables fell to € 402.7 (466.6) million. The remaining financial liabilities fell to € 148.0 (157.3) million and include interest payment obligations. Liabilities for personnel expenses totaling € 100.3 (100.5) million mainly represent commitments for bonuses, premiums, vacation and overtime pay. Other non-financial liabilities totaling € 20.3 (18.8) million mainly include accrued and deferred items and advances received on orders.

(8) Financial liabilities, securities and cash and cash equivalents (net financial debt)

€ million		Remaining term			Remaining term	
31 May	2016	to 1 year	over 1 year	2015	to 1 year	over 1 year
Bonds	656.4	257.6	398.8	771.9	361.9	410.0
of which convertible	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities to banks	683.8	369.4	314.4	680.2	319.2	361.0
Liabilities from finance leasing	2.8	0.3	2.5	0.2	0.1	0.1
Financial liabilities	**1,343.0**	**627.3**	**715.7**	**1,452.3**	**681.2**	**771.1**
Securities (non-current assets)	−18.7			−20.1		
Securities (current assets)	−125.7			−125.7		
Cash and cash equivalents	−457.0			−477.8		
Investments in securities and cash and cash equivalents	**−601.4**			**−623.6**		
Net financial debt	**741.6**			**828.7**		

TABLE 23

Financial liabilities fell € 109.3 million to € 1,343.0 (1,452.3) million despite a smaller portfolio of securities, cash and cash equivalents totaling € 601.4 (623.6) million. As a result, net financial debt was down € 87.1 million to € 741.6 (828.7) million. An impairment charge of € 4.7 million was created for a short-term financial asset at AGRANA Fruit in Ukraine.

HYBRID BOND

Information on the hybrid bond is provided in the notes to the financial statements on page 158 of the 2015/16 annual report under item (30) “Financial liabilities, securities and cash and cash equivalents (net financial debt)”. The subordinated bond has a variable coupon of the 3 month Euribor interest rate plus 3.10 % p. a. effective June 30, 2015. The interest rate was set at 2.858 % p. a. for the period from 31 March 2016 to 30 June 2016 exclusively (91 days). For the period from 30 June 2016 to 30 September 2016 exclusively (92 days), an interest rate of 2.819 % p. a. was applied.

Südzucker’s current ratings are Baa2/P-2 (Moody’s) with a stable outlook and BBB-/A-3 (Standard & Poor’s) with a positive outlook. The hybrid bond ratings are Ba3 (Moody’s) and B+ (Standard & Poor’s).

(9) Additional disclosures on financial instruments

CARRYING AMOUNTS AND FAIR VALUES

The following table shows the changed carrying amounts and applicable fair values of Südzucker's gross financial liabilities. According to the definition of IFRS 13 (Fair Value Measurement), fair value is the price that would be received for the sale of an asset; that is, the price that would be paid for the transfer of a liability in an orderly transaction between market participants at the measurement date.

31 May		2016		2015	
€ million	IAS 39 measurement category	Carrying amount	Fair value	Carrying amount	Fair value
Bonds	Financial liabilities measured at armotised cost	656.4	684.5	771.9	808.9
Liabilities to banks	Financial liabilities measured at armotised cost	683.8	695.1	680.2	688.9
Liabilities from finance leasing	n/a	2.8	2.8	0.2	0.2
Gross financial liabilities		**1,343.0**	**1,382.4**	**1,452.3**	**1,498.0**

TABLE 24

The carrying amount of cash and cash equivalents, trade receivables and other financial receivables, trade payables and other financial liabilities is considered a reasonable estimate of the fair value.

Fair values cannot be determined for securities measured at amortized cost since market values or exchange prices were not available in the absence of an active market.

MEASUREMENT LEVELS

The following table shows the carrying amount and fair value of financial assets and liabilities by measurement level.

- Level 1: Measurement based on unadjusted prices determined on active markets.
- Level 2: Measurement using prices derived from prices determined on active markets.
- Level 3: Measurement method that considers influencing factors not exclusively based on observable market data; currently not applied by Südzucker Group.

€ million	Fair value hierarchy					
31 May	2016	Evaluation level 1	Evaluation level 2	2015	Evaluation level 1	Evaluation level 2
Securities - Available for Sale	19.4	19.4	0.0	60.8	20.8	40.0
Positive market values – derivatives without hedge accounting	3.4	2.9	0.5	2.4	0.5	1.9
Positive market values – hedge accounting derivatives	0.3	0.1	0.2	0.3	0.0	0.3
Financial assets	**23.1**	**22.4**	**0.7**	**63.5**	**21.3**	**42.2**
Negative market values – derivatives without hedge accounting	11.0	2.2	8.8	12.9	0.0	12.9
Negative market value – hedge accounting derivatives	7.4	6.8	0.6	6.3	5.3	1.0
Financial liabilities	**18.4**	**9.0**	**9.4**	**19.2**	**5.3**	**13.9**

TABLE 25

For more details on how the fair value of each financial instrument is determined and their allocation to measurement levels, please refer to the notes to the consolidated financial statements in the 2015/16 annual report under item (32) “Additional disclosures on financial instruments” on pages 169 to 172.

(10) Related parties

There have been no material changes to the related parties described in the notes to the 2015/16 annual report under item (36) on pages 174 to 175.

Mannheim, 27 June 2016
Südzucker AG
The executive board




Dr. Wolfgang Heer (Chairman)	Dr. Thomas Kirchberg	Thomas Kölbl	Johann Marihart

Forward looking statements / forecasts

This report contains forward looking statements. The statements are based on current assumptions and estimates made by the executive board and information currently available to its members. The forward looking statements are not to be viewed as guarantees of the future developments and results presented therein. Future developments and results are in fact dependent on a variety of factors and are subject to various risks and imponderables. They are based on assumptions that could in fact prove to be invalid. The risk management report in the 2015/16 annual report on pages 86 to 97 presents an overview of the risks. We accept no obligation to update the forward-looking statements contained in this report.

SÜDZUCKER AG

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