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Overview

The Südzucker Group



2003/04

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SÜDZUCKER

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SÜDZUCKER

With its core activities of sugar and special products, the Südzucker Group has a balanced and stable platform for long-term growth and value added. With our entry into the bioethanol business and the related production of high-value feedstock, we are using our core competencies in major technological processing of agricultural raw materials and marketing in the business-to-business sector. As demonstrated by our new activities in the bioethanol and fruit additives divisions, the concentration on core competencies introduced at Südzucker some years ago has led to additional growth, which causes us to look to the future with optimism. It is particularly in these new divisions that many tasks and challenges will be encountered. We assume that, in meeting our objective of gaining market and cost leadership, we will be able to achieve a satisfactory value-added contribution despite increased competitive pressures.

As part of the European Union's eastward expansion Poland, the country with the third-highest sugar production following France and Germany, has entered the common market. This underlines the importance of our success in completing the acquisition by Saint Louis Sucre of SSC, the Silesian sugar group, in 2003 and combining our existing sugar activities in Poland. We have thus now achieved our strategic objective of having a market share of some 25 % in Poland.

New opportunities without risks are the exception in business life. The know-how already present within the group permits risks to be carefully estimated and properly reflected in our business strategy. 2003/04 was an important step on the road to sustained profitability for the group.

Group sales and profits

Südzucker Group sales increased by € 191 million i. e. 4.4 % to € 4,575 million (€ 4,384 million)*. This growth is particularly attributable to the continuing success of the special products segment with € 1,180 million (€ 1,025 million). Turnover in the sugar segment rose by € 36 million to € 3,395 million (€ 3,359 million).

The group's **operating profit** declined by 7.9 % to € 479 million (€ 520 million). The increase in operating profit at the special products segment could not fully compensate for a decline in profitability in the sugar segment.

Restructuring expenses and exceptional items of € 33 million (€ 33 million) included measures taken to improve the works structure in Belgium, with closure of the Genappe factory resolved in January 2004, as well as provisions made in 2003/04 for future structural optimisation of the eastern European sugar factories. The high take-up rate for the

part-time early retirement scheme at Südzucker AG led to exceptionally high costs. This was due to expiry of the statutory part-time early retirement plan in December 2003. On the other hand, results were improved by a gain on disposal of the investment in Ebro Puleva S.A., the Spanish food group, as well as income from participation in the rise in Fresenius AG's share price, contractually agreed in connection with the sale of our investment in Fresenius in 2001/02.

The annual charge for **amortisation of goodwill** of € 73 million in 2002/03 falls away completely in 2003/04, as Südzucker early adopted the new IFRS 3 standard issued at the end of March 2004, as recommended by the International Accounting Standards Board (IASB). Hence, goodwill is no longer being amortised in the Südzucker Group as from the beginning of 2003/04, but is tested annually for possible impairment. This test was carried out for the first time in 2003/04 with the result that, in all cases, the fair value of goodwill was considerably higher than its carrying value, so there was no need for an impairment write-down.

Financial results deteriorated, mainly due to lower investment income, to a net expense of € 53 million (€ 41 million). The main reason for this is that KWS investment income recognised at equity in 2002/03, was not included in 2003/04. Overall, earnings before income taxes of € 394 million (€ 374 million) showed a further increase compared with the previous year.

However, the group's **earnings after income taxes** of € 307 million (€ 315 million) were slightly lower than for the previous year, as special tax credits included in the previous year's results, particularly due to the tax reform in Belgium which entered into force in 2003, were not repeated in 2003/04.

After considering minority interests of € 53 million (€ 56 million) the net earnings of the group after minority interests of € 255 million (€ 259 million) and earnings per share of € 1.48 (€ 1.52), down by 2.6 %, both showed a slight decline over the previous year.

Balance sheet

Südzucker Group's total assets at 29 February 2004 were € 6,038 million (€ 5,826 million) and thus € 212 million higher than at the end of the previous year. This increase is particularly due to the first-time inclusion of companies acquired in the past year.

Working capital increased mainly due to the addition of newly-consolidated companies. The early retirement program is mainly responsible for the increase in other long-term provisions. Net financial liabilities

* The numbers in brackets relate to the previous year.

rose by € 92 million to € 1,100 million (€ 1,008 million), being 2.1 times (1.7 times) cash flow. Shareholders' equity increased by € 165 million to € 2,386 million and the ratio of shareholders' equity to total liabilities and shareholders' equity rose to 39.5 %, compared with 38.1 % at the end of the previous year. The gearing ratio thus amounts to 46.1 % (45.5 %).

Cash flow statement

Gross cash flow from operating activities amounted to € 522 million (€ 580 million) in 2003/04. There was a sharp increase in capital expenditures for expanding the special products segment and in eastern European sugar investments. Total capital expenditure volumes were € 488 million and thus considerably exceeded the prior year's € 253 million.

This expansion in the group's activities could be achieved while still maintaining sound financial ratios, with operating profits covering interest expense 6.6 times and with shareholders' equity, medium-term and long-term third-party liabilities representing 131.7 % of non-current assets.

Recommendation on appropriation of profits

The executive board and supervisory board will recommend a dividend of € 0.50 per share to the annual general meeting on 29 July 2004. With share capital of € 174.8 million entitled to dividends, the amount distributed will be € 87.4 million. The dividend will be paid on 30 July 2004.





Increase in numbers of employees

The increase in numbers of persons employed within the group was affected in 2003/04 by the acquisition of SSC, the Polish company with 2,860 staff and, in the Freiburger division by the purchase of Stateside, the British frozen pizza company with 738 employees. On the other hand, there was a sharp reduction in employee numbers as part of restructuring measures in the eastern European sugar division. Overall, the number of employees in the group rose to 17,973 (14,855).

	IFRS/IAS 2003/04	IAS 2002/03
Employees (average during the year)	17,973	14,855
Total assets	€ million 6,038	5,826
Non-current assets	€ million 3,359	3,237
Shareholders' equity	€ million 2,386	2,221
as % of total liabilities and shareholders' equity	% 39.5	38.1
Medium-term and long-term third-party liabilities	€ million 2,039	1,813
Total shareholders' equity, medium-term and long-term liabilities	€ million 4,425	4,034
as % of non-current assets	% 131.7	124.6
Current assets less short-term third-party liabilities	€ million 1,066	797
Capital expenditures in tangible assets ¹	€ million 307	207
Capital expenditures in financial assets ²	€ million 181	46
Total capital expenditures	€ million 488	253
Gross cash flow from operating activities	€ million 522	580
as % of sales	% 11.4	13.2
Sales	€ million 4,575	4,384
of which foreign	€ million 3,135	3,024
Personnel expense	€ million 565	526
Income from ordinary operating activities ³	€ million 479	520
as % of sales	% 10.5	11.9
Net earnings for the year	€ million 307	315
as % of sales	% 6.7	7.2
Earnings per share	€ 1.48	1.52
Beet processing	1,000 t 26,717	29,744
Beet processing capacity	1,000 t/day 359	336
Sugar production	1,000 t 4,442	4,707
Sugar sales volumes	1,000 t 4,746	4,467 ³
Dividend per € 1 ordinary share	€ 0.50 ⁴	0.50
Total dividend distribution	€ million 87	87

¹ Including intangible assets.
² Including acquisitions of consolidated subsidiaries, excluding pro rata earnings from equity-accounted associates.
³ Central and East European countries on 12-month's basis.
⁴ Proposed.

Südzucker Group segments

		 Südzucker AG Mannheim/Ochsenfurt, Mannheim	 Raffinerie Tirlémontoise S. A., Brussels (85.41 %)	 Saint Louis Sucre S. A., Paris (85.19 %)	 AGRANA Beteiligungs-Aktien- gesellschaft, Vienna (44.87 %)
Sugar segment Sales € 3,395 million Operating income € 335 million Capital expenditures € 206 million Employees 13,812	Western Europe	<ul style="list-style-type: none"> 11 sugar factories in Germany Sugar production: 1,436,000 tonnes 	<ul style="list-style-type: none"> 4 sugar factories in Belgium Sugar production: 674,000 tonnes 	<ul style="list-style-type: none"> 5 sugar factories and one refinery in France Sugar production: 1,039,000 tonnes (incl. 145,000 tonnes raw sugar refinery) 	<ul style="list-style-type: none"> 3 sugar factories in Austria Sugar production: 386,000 tonnes
	Eastern Europe	<ul style="list-style-type: none"> 17 sugar factories in Poland 3 sugar factories in Moldova Sugar production: 525,000 tonnes 			<ul style="list-style-type: none"> 2 sugar factories in each country, Hungary, the Czech Republic, Slovakia and Romania (of which 1 refinery) Sugar production: 382,000 tonnes (incl. 132,000 tonnes raw sugar refinery)
Special products segment Sales € 1.180 million Operating income € 144 million Capital expenditures € 101 million Employees 4,161		Palatinit <ul style="list-style-type: none"> Production and marketing of Isomalt, sugar substitute 	Orafti <ul style="list-style-type: none"> Development, production and marketing of food ingredients such as inulin, oligofructose, fructose syrup and rice starch products 	Alcohol	Starch <ul style="list-style-type: none"> 3 production locations in Austria Processing of 270,000 tonnes of corn and 149,500 tonnes of potatoes for use in food and non-food areas 1 production location in Hungary 1 production location in Romania
		Freiberger <ul style="list-style-type: none"> Production and marketing of deep-frozen pizzas, pastas and baguettes 	Surafti <ul style="list-style-type: none"> Production and sale of food ingredients on sugar basis 		Fruit <ul style="list-style-type: none"> Production and sale of fruit additives and fruit juice concentrates
		Bioethanol	PortionPack Europe <ul style="list-style-type: none"> Production and marketing of portion pack articles 		

The numbers are for 2003/04.

Sugar segment

The figures for the sugar segment relate to Südzucker AG, Südzucker International, Saint Louis Sucre, Raffinerie Tirlemontoise Group and AGRANA Group sugar activities. The segment also includes the agricultural and feedstock divisions.

Key figures for the sugar segment

		2003/04	2002/03
Sales	Mio. €	3,395	3,359
Operating profit	Mio. €	335	397
Operating margin	%	9.9	11.8
ROCE	%	10.3	10.9
Capital expenditures	Mio. €	206	135
Investments in financial assets	Mio. €	109	31

Sales and profits

Turnover in the sugar segment rose by € 36 million to € 3,395 million (€ 3,359 million). Smaller EU export sales volumes at lower world market prices were offset by higher EU revenues. Sales in eastern Europe were affected by structural unevenness in eastern European markets in anticipation of EU membership on 1 May 2004. This situation could be more than offset by the first-time full consolidation of the Silesian SSC Group as from the second quarter of 2003/04.

Operating profits in the sugar segment fell to € 335 million (€ 397 million) in the poor sugar year of 2003/04. Lower world market prices, supplemented by the weakness of the US dollar, affected revenues from the large 2002 harvest. Sugar production in the 2003 campaign was sharply lower due to the long period of dry weather in the summer of 2003. Together with a continuing difficult situation in east European markets in anticipation of EU membership resulting in unsatisfactory sales levels, this led to a deterioration in operating profits in the sugar segment in 2003/04.

Beet harvest and campaign

Group

In 2003/04 the area under sugar beet cultivation in the Südzucker Group rose to 498,800 hectares (472,400 hectares) due to the acquisition of the Silesian sugar factories.

Beet yields for the entire group declined to 53.6 tonnes per hectare (63.0 tonnes per hectare) due to poor weather conditions, which led to a 10 % lower sugar beet harvest of 26.7 million tonnes (29.7 million tonnes).

However, due to the increase in sugar content by one percentage point to 17.6 % (16.6 %), sugar production within the group only declined by some 6 % to 4.4 million tonnes (4.7 million tonnes).

The decline in beet quantities harvested led to a shorter campaign period in the sugar factories and thus to more unfavourable cost structures. On the other hand, it was possible to further decrease specific production costs due to capital expenditures and production optimisation.

Western Europe

The area under cultivation for sugar beet covered by Südzucker companies in western Europe declined to 361,400 hectares (373,400 hectares). 3.4 million tonnes (3.9 million tonnes) of sugar were produced from 21.6 million tonnes (25.7 million tonnes) of beet and, including refining, this yielded 3.5 million tonnes (4.0 million tonnes) of sugar.

Eastern Europe

For the Südzucker sugar companies in eastern Europe the area of beet under cultivation rose to 137,400 hectares (99,000 hectares) due to the acquisition of the Silesian factories. 5.1 million tonnes (4.0 million tonnes) of beet were harvested, from which 0.8 million tonnes (0.5 million tonnes) of sugar were produced. Including refining, a total of 0.9 million tonnes (0.7 million tonnes) of sugar were produced in eastern Europe.

Sugar segment

Sugar sales volumes

Group

The total volume of all sugar group companies' sales rose by some 6 % in 2003/04, to 4.7 million tonnes (4.5 million tonnes) of sugar.

Western Europe

The total sales quantities for EU companies within the Südzucker Group (Südzucker, Raffinerie Tirllemontoise, Saint Louis Sucre and AGRANA) reached 3.9 million tonnes, and thus the same level as for 2002/03. Sales volumes in the EU rose by a total of 4.1 % due to higher deliveries to the processing industry. Exports had to be decreased due to lower quantities available

Two factors influenced movements in sales volumes throughout the EU in 2003/04, namely the further advances made by discounters in the retail food business and the hot summer. Whereas the drinks industry grew strongly, the high temperatures had a negative impact on sales of confectionery, and hence also on our revenues.

The launch of the new, group-wide organisational structure was successful in the sales area and in particular resource management was considerably improved. Just as exports to countries outside Europe are already covered by Südzuckergroup Export Centre S. A. (SEC), now there is also an EU-wide responsibility for sales to industrial companies and retailers. It is thus possible to react optimally to the ongoing concentration process amongst our customers. Further advantages arise from group-wide market launches of special products.

Eastern Europe

Sugar sales quantities for eastern European group companies rose by almost 50 % to 0.9 million tonnes (0.6 million tonnes). This was due to the inclusion of the newly-acquired Silesian factories. Cukier Królewski, the sales company, which is also part of the Südzucker Group in Poland, also took over sales for the acquired Silesian sugar factories as from April 2004.



Product portfolio of the Südzucker Group.

Special products segment

The special products segment includes the ORAFTI/Palatinit and starch divisions, the activities of the PortionPack, Surafiti and Freiburger groups and the bioethanol and fruit divisions.

Key figures for the special products segment

		2003/04	2002/03
Sales	€ million	1,180	1,025
Operating profit	€ million	144	123
Operating margin	%	12.2	12.0
ROCE	%	17.2	16.0
Capital expenditures	€ million	101	72
Investments in financial assets	€ million	72	14

Sales and profits

The sharp rise in **revenues**, by 15.1 % to € 1,180 million (€ 1,025 million) in this segment was supported by continuing strong growth in the functional food divisions and Freiburger. The change in financial year at Freiburger, from the calendar year to the Südzucker Group financial year ended 28 February, together with the first-time inclusion of newly-acquired investments in the fruit and pizza activities, further strengthened this growth.

In the special products segment the clear growth trend continued, with an increase in operating profit of 16.9 % to € 144 million (€ 123 million). This segment thus contributed 30.1 % to group operating profit. At 12.2 %, operating margin was again above that of the previous year and the special products segment's return on capital employed (ROCE) increased again, to 17.2 % (16.0 %). Drivers of growth in the special products segment were the functional food divisions and Freiburger. Their performance more than compensated for a weaker starch division, which was particularly affected by higher raw materials costs due to the long dry period in the summer of 2003.

ORAFTI/Palatinit

In order to strengthen the group's special products segment, the closely related ORAFTI and Palatinit divisions were merged organisationally in 2003/04. The resulting synergy potentials were systematically utilised.

Palatinit expands production capacity

In an increasingly competitive market, Palatinit GmbH continued the growth achieved in previous years in 2003/04 and upheld its international market leadership with Isomalt, the sugar substitute.

In addition to the traditional market segments for Isomalt, sugar-free confectionery and chewing gum, which continued to show dynamic growth rates, new nutritional trends affecting the market are appearing, providing additional potential for using Isomalt in future products.

With investment in research and development and further expansion of production capacity, Südzucker has laid the groundwork to successfully meet market demand.

ORAFTI continues growth record

The ORAFTI Group continued the dynamic growth of previous years in 2003/04 and continued to successfully extend its position in markets for food ingredients with specific nutritional and functional properties, rice-based ingredients and fructose-based syrups.

The strong revenue growth continued in the **active food ingredients** division (inulin and oligofructose for human and animal nutrients).

ORAFTI has achieved a breakthrough with inulin derivatives in **non-food** activities, where they are used as active surface materials in healthcare and personal care.

The **liquid sweeteners** division had a successful year in 2003/04 despite reduced availability of raw materials. A stronger trend towards customer-based solutions has contributed substantially to this development. A bio-product line was launched on the market.

Remy Industries, part of ORAFTI, progressed further with its rice-based food additives. Co-operation between Remy and ORAFTI has opened up new application opportunities, enabling new rice-based products to be developed in the food and non-food areas.

Starch

With exception of rice-based products, Südzucker Group's starch activities are covered by AGRANA. A broad, tailored range of starch-based products for use in the food and non-food areas, continuous development of new, customer-specific applications and entry into new markets enable AGRANA to maintain sales levels despite the marked weakness of the economy and strong competition from abroad, especially in the starch area. Total sales of starch products could be maintained at 320,000 tonnes in 2003/04, the same level as for the previous year, whereby there was a shift from potato-based starch to maize-based starch.

PortionPack Europe (PPE) maintains its leading position in Europe

This European-wide division specialises in portion packs for the catering and wholesaler sectors. Following a number of acquisitions in previous years, 2003/04 concentrated on consolidation and integration of the group. Following strong growth in sales in previous years, turnover fell slightly in 2003/04.

Surafti

The Surafti Group produces and sells fondants and other sugar-based special products to the processing industry for bakery products throughout Europe. Sales are stable.

Freiberger Group

Freiberger Group has a leading position in the frozen pizzas, pastas and baguettes market throughout Europe. With a broad range of deep-frozen and chilled products, Freiberger offers food retailers a market- and trend-oriented range of branded as well as own-label products. Overall, Freiberger Group achieved revenues of almost € 400 million, of which more than half is outside Germany. Modern production facilities at the headquarters in Berlin, Muggensturm in Baden, Austria and, as a result of the acquisition of Stateside, the British deep-frozen pizza producer, now also in Great Britain, as well as sales subsidiaries in France and Poland, give Freiberger a good launching pad for further growth throughout Europe.

Bioethanol project started

Südzucker Group became a producer of bioethanol with the acquisition of Saint Louis Sucre, the French sugar company, three years ago. Now that the conditions for competitive production of bioethanol in Germany have been met, Südzucker has begun to construct a plant at Zeitz, which will commence production early in 2005.

State subsidies for renewable energy are based on environmental objectives and energy policies of the EU and the German federal government. These include, in particular, achieving the Kyoto objectives for reducing greenhouse gas emissions, reducing dependency on external energy supplies and encouraging rural development.

Based on fuel consumption forecasts published by the fuel industry association and the objectives set by the EU, there will be an annual requirement for some 1.8 million m³ of bioethanol in Germany by 2010.

With our entry into bioethanol production in Germany, Südzucker has invested in a major growth market of the future which will considerably broaden the group's range of activities. The group already has experience in the bioethanol business via Saint Louis Sucre, as statutory regulations in France have subsidised the use of ethanol-based fuels for several years. Saint Louis Sucre produces bioethanol at its distillery in Eppeville.

New activities: fruit additives/fruit juice concentrate

Involvement in fruit activities by the AGRANA Group will help Südzucker Group's special products segment.

Significant synergies can be released by close co-operation of the individual fruit companies embedded within the Südzucker Group. Furthermore, the fruit activities and other Südzucker Group divisions often have the same customers. Their world-wide presence can serve as a platform for marketing further products from the special products segment.

The merger of Vallø-Saft, Steirerobst and Atys, companies acquired by the AGRANA Group, will give it a leading global position in the fruit additives sector and a major market position in fruit juice concentrate.

Capital market environment and share price movement

After international stock markets suffered three years of losses in a row, the DAX recovered from its lowest level for many years of 2,203 points, reached in March 2003, and clawed back some lost ground. Starting from a low point and positively influenced by the end of the Iraq war and further hopes of an improvement to the economy, the DAX rose by 58 % to 4,018 points during the year to 29 February 2004. Nevertheless, the DAX index has halved over the past four years. The MDAX performed better and rose by 71 % to 4,873 points during the period, hence improving by a total of 15 % over the same four year period.

On the other hand, the Südzucker share, which had previously successfully de-coupled from the fall in share prices on the market over the past few years, increased by 6.5 % from € 14.60 to € 15.55. When considering the dividend distribution of € 0.50, the value of the Südzucker share improved by 10.2 % over the past year and has doubled within the past four years.

We consider the share price includes a discount for the sugar market regulation, which we believe to be unreasonably high.

Long-term increase in value

Investors have also profited from the good performance of the Südzucker share over the longer term. When including reinvested dividends and pre-emptive rights, a portfolio of Südzucker shares with an equivalent value of € 10,000 invested on 1 March 1988 (beginning of the financial year in which the merger with Zuckerfabrik Franken took place) would have risen to € 62,915 on 29 February 2004. Thus, the Südzucker share achieved an average annual growth of 12.2 % p. a. On the other hand, the DAX only achieved 8.6 % p. a. and MDAX 10.0 % p. a. rate of growth over the same 16-year period.

Convertible bond 2003/2008

In order to extend its long-term funding basis, particularly to finance the increase by 14.2 % to 99.6 % in the investment in Raffinerie Tirllemontoise, Südzucker took advantage of beneficial market conditions to issue a convertible bond of a nominal € 250 million. The bond has a coupon of 3.0 % p. a. and can be converted into Südzucker ordinary shares at a conversion price of € 20.53. The term of the bond is five years through December 2008.

Market capitalisation/indices

With a market capitalisation of € 2.7 billion at the end of February 2004, Südzucker is the largest listed German company in the food industry. As well as being included in the Prime Standard and MDAX on the Frankfurt stock exchange, the Südzucker share has also achieved international status by being included in the Dow Jones STOXX 600, MSCI Germany and, since autumn 2003, in the FTSE Euromid index.

Turnover of Südzucker shares and thus share trading liquidity also considerably increased during the financial year. The average daily share turnover during the year increased to 452,000 (362,000) (Clearstream banking).

Südzucker AG securities		
	ISIN	Börse
Südzucker ordinary shares	DE 000 729 700 4	XETRA, Frankfurt, Stuttgart, Munich, Hamburg, Berlin, Düsseldorf, Hanover (OTC)
6.25 % bond 2000/2010	DE 000 178 080 7	Frankfurt (official), Stuttgart and Berlin (OTC)
5.75 % bond 2002/2012	DE 000 846 102 1	Frankfurt (official), Stuttgart and Düsseldorf (OTC)
3.0 % convertible bond 2003/2009	DE 000A0 AABH 1	Frankfurt (official), Stuttgart (OTC)

Rating

Südzucker now has ratings from the two leading agencies, thus acknowledging the increasing importance of ratings for investors. Standard and Poor's (S+P) gave Südzucker a long-term "A"-rating and a short-term "A2" rating in autumn, 2003. S+P is thus comparable with Moody's, which lowered Südzucker's ratings to a long-term "A3" and a short-term "P2". Both ratings have a stable outlook.

Shareholder structure

There has been no change in the significant shareholdings in Südzucker compared with the previous year. Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG (SZVG) continues to hold a majority of 56 % with its own shares and those shares held by them on trust for their own shareholders. Other major owners are our Austrian shareholders, via ZSG, with some 10 %, and the remaining 34 % of Südzucker shares are widely held (free float).

Südzucker share

Our shareholders' survey in early 2004 showed that, at 17 %, half of the free float is held by institutional investors (including commercial businesses) and the other half is divided amongst private investors. At the time of our survey, there were 31,100 private shareholders of Südzucker shares, a considerable expansion of 12,200 persons, or 65 %, in the shareholder base since 1999.

Geographically, 83 % of the capital is held domestically, a further 16 % is held by investors in other European countries and 1 % in the USA. Compared with 1999, the share of capital held outside Germany has increased from 13 % to 17 %.

Südzucker share data

		2003/04	2002/03
Dividend	€	0.50 ¹	0.50
Dividend yield	%	3.2	3.4
Price at the end of the year ²⁾	€	15.55	14.60
Market capitalization at end of year	€ million	2,718	2,552
Number of issued € 1 shares		174,787,946	174,787,946
Key ratios			
Earnings per share	€	1.48	1.52
Cash flow per share	€	3.03	3.41
Price earnings ratio		10.7	9.6
Price cash flow ratio		5.1	4.3
ROCE	%	11.7	11.8

¹⁾Proposed. ²⁾Closing price, Frankfurt stock exchange.

Investor Relations

Interest by institutional and private investors as well as financial analysts remained strong in 2003, despite the overall preference for cyclical shares. Our investor relations activities included reporting on the Südzucker Group regularly and explaining its strategy at many individual meetings, investor and analysts conferences and international road shows.

As we can see by the continuing increase in the number of hits to our internet homepage www.suedzucker.de, this medium is gaining in importance, particularly for private investors. Via our continually updated homepage, we offer all investor groups not only a direct, speedy access to current information but also the opportunity to download our quarterly and annual report directly after their publication. Links to our group companies supplement and extend the range of information about Südzucker as a leading company in the sugar industry and about the special products segment.

Interest in Südzucker was also reflected in the steady increase in attendants at our annual shareholders' meetings. 2,400 persons, or some 600 shareholders more than the previous year, attended the annual shareholders' meeting at the Mannheim Congress Centre on 31 July 2003. With an unchanged attendance of 82 % of all voting shares, all agenda points were resolved with a majority of more than 98 % of votes present. In view of the expected number of attendants, this year's annual shareholders' meeting on 29 July 2004 will also be held in Mannheim.