

Press release

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Südzucker raises revenues forecast for fiscal 2017/18

Südzucker AG increased consolidated group revenues in the first three quarters (1 March to 30 November 2017) of fiscal 2017/18 to EUR 5,302 (previous year: 4,905) million and the operating result to EUR 384 (previous year: 327) million.

The sugar and CropEnergies segments were the main contributors to the higher revenues. The special products segment's revenues also rose slightly, while the fruit segment's were the same as last year. This operating result improvement was mainly attributable to the sugar segment, but the fruit segment also contributed. The CropEnergies segment's operating result remained at the previous year's level. The special products segment was, as anticipated, unable to match last year's elevated result. As expected, the group's consolidated operating result was significantly lower than last year.

Revenues forecast raised for fiscal 2017/18

Group revenues for the entire fiscal year 2017/18 are now expected to reach between EUR 6.9 and 7.1 (previous forecast: 6.7 to 7.0; 2016/17: 6.5) billion. Revenue growth should be moderate in the sugar and special products segments and marginal in the fruit segment. The revenue forecast in the CropEnergies segment is in the range of EUR 800 to 840 million.

Operating result is still expected to come in at between EUR 425 and 500 (2016/17: 426) million. The significant increase of results in the sugar segment stands in contrast with a sharp decline in the special products segment after the record year 2016/17. Revenues in the CropEnergies segment are now expected to range between EUR 65 and 85 (previous forecast: 60 to 90) million. A year-over-year increase is expected in the fruit segment.

Sugar segment increases revenues and result

The sugar segment's revenues rose to EUR 2,349 (previous year: 2,143) million in the first three quarters of fiscal 2017/18. The increase is above all driven by higher export volumes. Cumulative sales revenues are still higher than a year earlier.

Operating result in the course of the 2017/18 financial year to date nearly doubled to EUR 150 million from EUR 77 million the year prior. During the first half year, the operating result was driven by rising sugar sales revenues, a trend that was evident to the end of September 2017. Higher quota sugar sales revenues since the beginning of the 2016/17 sugar marketing year in October 2016 and higher sales revenues for non-quota sugar until that time also had an impact.

Since the beginning of the new sugar marketing year in October 2017, sales revenues for both EU and export volumes have declined significantly, which has weighed on the result trend despite lower production costs. Higher export volumes since October partially compensated the decline, and as a result the third quarter operating result remained slightly above last year's.

Beet cultivation and processing campaign 2017

Above-average yields of around 81 (previous year: 74) tonnes of beets per hectare are expected as a result of the mildly hot summer and sufficient rainfalls. At 17.9 (previous year: 17.2) percent, the sugar content is also estimated to be above the average of the last five years. In total, around 35.9 (previous year: 28.6) million tonnes of sugar beets will be processed into 5.7 (previous year: 4.4) million tonnes of sugar within Südzucker Group. From today's perspective, this will increase the length of the campaign to 132 (previous year: 107) days on average. This leads to cost-effective utilization of the sugar factories.

Special products segment affected by raw material costs as expected

The special products segment's revenues rose to EUR 1,447 (previous year: 1,372) million, driven by steadily increasing volumes. Ethanol sales revenues remained above last year's level and also contributed to the increase.

The operating result decline worsened in the third quarter. As forecast, the operating result after nine months came in at EUR 116 (previous year: 133) million, significantly lower than last year's unusually strong result. Higher write-downs on the starch division's new factory capacities, which are now applied for the whole year, together with the negative impact of higher raw material prices, exceeded the higher operating result arising from increased volumes and revenues.

On 1 December 2017, after the end of the reporting period, Freiburger USA Inc., Morris Plains, New Jersey, USA, a 100 %-owned subsidiary of Südzucker Group, purchased Richelieu Foods Inc., Braintree, Massachusetts, USA, a company valued at USD 435 million, from American private investment firm Centerview Capital. Richelieu is the largest private label producer of frozen and chilled pizza for food retailers in the United States. The company has just under 900 employees, who produce about 105 million pizzas and almost nine million units of sauces and dressings annually at five locations in the United States.

Revenues increase in the CropEnergies segment thanks to higher sales volumes

The CropEnergies segment's revenues climbed to EUR 622 (previous year: 507) million. The increase is especially driven by higher production and sales volumes in the first half year due to the restart of the production plant in Wilton, Great Britain, during the second quarter of last year. Ethanol sales revenues were still higher than last year.

Due to the significant drop in ethanol prices during the third quarter, the division was unable to extend the strong operating result performance of the first half year. It was also lower than last

year on account of higher net raw material costs. At the end of the first three quarters, the operating result is now roughly the same as last year at EUR 59 (previous year: 60) million. Improved results due to higher bioethanol volumes and sales revenues were consumed by higher net raw material costs, the operating costs of the recommissioned plant in Wilton, which are now applied for the whole year, as well as inspection and maintenance work at all sites.

Fruit segment increases result as expected with steady revenues

After declining slightly during the first half year, the fruit segment's revenues began to climb in the third quarter and after the first nine months of the current fiscal year they were about the same as last year at EUR 884 (previous year: 883) million. Lower fruit juice concentrates sales revenues and volumes were offset by higher fruit preparations division volumes and sales revenues.

The operating result was somewhat weaker in the third quarter than during the same period last year, but at EUR 59 (previous year: 57) million, it was still higher than last year after nine months. The result was driven above all by higher sales revenue margins on rising volumes in the fruit preparations division, which were however partly offset by lower margins and volumes in the fruit juice concentrates division.

Group figures as of 30 November 2017

€ million	3rd quarter			1st - 3rd quarter			
	2017/18	2016/17	+/- in %	2017/18	2016/17	+/- in %	
Revenues	€ million	1.809	1.700	6,4	5.302	4.905	8,1
EBITDA	€ million	208	230	-9,8	599	540	11,0
Depreciation on fixed assets and intangible assets	€ million	-105	-112	-6,2	-215	-213	1,2
Operating result	€ million	103	118	-13,1	384	327	17,5
Result from restructuring/special items	€ million	-2	-4	-54,3	-6	-15	-57,7
Result from companies consolidated at equity	€ million	-15	19	-	2	44	-94,5
Result from operations	€ million	86	133	-35,5	380	356	6,9
EBITDA margin	%	11,5	13,5	0,0%	11,3	11,0	0,0%
Operating margin	%	5,7	6,9	0,0%	7,2	6,7	0,0%
Investments in fixed assets ¹	€ million	95	76	25,6	250	218	14,7
Investments in financial assets/acquisitions	€ million	0	87	-100,0	48	118	-59,5
Total investments	€ million	95	163	-41,6	298	336	-11,4
Shares in companies consolidated at equity	€ million				415	467	-11,1
Capital employed	€ million				5.839	5.658	3,2
Employees					18.801	18.391	2,2

¹ Including intangible assets.

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About the Südzucker Group

Südzucker, with its sugar, special products, CropEnergies and fruit segments, is one of the leading companies in the food industry. In the traditional sugar business, the group is the world market leader, with 29 sugar factories and two refineries, extending from France in the west via Belgium, Germany and Austria, through to Poland, the Czech Republic, Slovakia, Romania, Hungary, Bosnia and Moldova in the east. The special products segment, consisting of the functional ingredients for food and animal feed (BENEO), chilled/frozen products (Freiberger), portion packs (PortionPack Europe) and starch divisions, is an important growth driver. The CropEnergies segment covers the bioethanol activities in Germany, Belgium, France and the UK. In the fruit segment, the group operates internationally, is the world market leader for fruit preparations and is a leading supplier of fruit juice concentrates in Europe.

In 2016/17, the group employed about 16,900 persons and generated revenues of EUR 6.5 billion.