

Press release

Mannheim, 17 May 2018

Südzucker successfully closes fiscal 2017/18

As announced on 26 March 2018, Südzucker AG was able to increase consolidated group revenues by 7.8 percent to EUR 7.0 (previous year: 6.5) billion in the fiscal year 2017/18 just ended. Higher revenues from the sugar, special products and CropEnergies segments all contributed to the growth, while the fruit segment's revenues were about the same as last year.

The consolidated group operating result came in at EUR 445 (previous year: 426) million, slightly higher than the published preliminary number. The year-over-year operating result increase was driven mainly by the sugar segment, but the fruit segment also contributed. As expected, the CropEnergies and special products segments' results were lower than last year's high numbers.

Recommended dividend for fiscal 2017/18

The executive and supervisory boards will jointly recommend at the annual general meeting on 19 July 2018 that the dividend paid for fiscal 2017/18 remain unchanged at EUR 0.45 per share. Based on 204.2 million shares issued, the total dividend distribution will thus be EUR 91.9 million.

Sugar segment's revenues rise and operating result up significantly

Driven by higher sugar volumes – especially for export – the sugar segment's revenues rose to EUR 3,017 (previous year: 2,776) million. In the first half year, sugar sales revenues were higher than last year, but due to the strong decline in the second half, average annual sales revenues were lower than the year prior.

Despite considerably lower sales revenues since October 2017, the segment's operating result rose to EUR 139 (previous year: 72) million, driven by the increase in sugar sales revenues in the first half year right up to September 2017. To date during the new sugar marketing year, which began in October 2017, sales revenues for both EU and export volumes have declined steadily, which is weighing more and more heavily on the result trend despite lower production costs.

More sugar produced during the 2017 campaign

The group's total sugar production rose to 5.9 (previous year: 4.7) million tonnes, of which 5.7 (previous year: 4.4) million tonnes was sugar produced from beets and 0.2 (previous year: 0.3) million tonnes sugar refined from raw sugar cane.

The significantly expanded cultivation area together with clearly higher than average beet yields drove total beet volume to 36.0 (previous year: 28.6) million tonnes. Processing time at the various factories ranged between 75 days at Falesti in Moldova and 161 days at Cagny in France. The overall average campaign duration for all factories was 133 (previous year: 107) days, considerably higher than the new target of more than 120 days.

Special products' segment result declines as expected

The special products segment was able to grow revenues year-over-year to EUR 1,997 (previous year: 1,819) million. In addition to steady volume growth in almost all product categories, contributions from frozen pizza producer Richelieu Foods Inc., Braintree, Massachusetts, USA, acquired 1 December 2017, and HASA GmbH, Burg, Germany, purchased in July 2017, were included for the first time.

As expected, the segment's operating result was down from last year's extraordinary high level, falling to EUR 158 (previous year: 184) million. The result improvement from volume and revenue gains was more than absorbed by significantly higher depreciations and above all, higher raw material prices compared to the prior year.

CropEnergies segment's result declines, but continues to range at a high level

CropEnergies was able to increase revenues to EUR 808 (previous year: 726) million in fiscal 2017/18 just ended, driven especially by significantly higher production and sales volumes during the first half year due to the restart of the production plant in Wilton, Great Britain, during the second quarter of 2016/17. This was enough to more than offset sharply lower ethanol sales revenues in the fourth quarter compared to the same period in the prior year.

The CropEnergies segment's operating result was significantly less than last year, coming in at EUR 72 (previous year: 98) million. The decline is mainly due to the fourth quarter result, which was substantially lower than last year's extraordinary high number. The fourth quarter fiscal 2017/18 drop was driven by the steep slide in ethanol sales revenues. Furthermore, the improved results from higher volumes were not enough to offset higher net raw material costs and the now full-year operating costs of the plant in Wilton, together with maintenance work and inspections at all of the production locations.

Fruit segment's result up slightly

After declining in the first half year, the fruit segment's revenues began rising again in the second half and at the end of fiscal 2017/18 were slightly higher than last year at EUR 1,161 (previous year: 1,155) million. Lower fruit juice concentrates volumes were more than offset by higher fruit preparations volumes.

The fruit segment's operating result rose to EUR 76 (previous year: 72) million. The result was driven by higher margins and volumes in the fruit preparations division, which more than offset the volume and margin declines in the fruit juice concentrates division.

Acquisitions drive employee headcount up sharply

The number of Südzucker Group employees as of the 28 February 2018 balance sheet date was up 9.5 percent to 18,515 (previous year: 16,908). This strong increase was attributable mainly to the special products and fruit segments. The main contributors were the special products segment's Freiburger division and the fruit segment's fruit preparations division. Almost 900 employees were added to Südzucker Group when Freiburger acquired Germany's HASA GmbH and the American company Richelieu Foods Inc. In fruit preparations, an additional 400 employees were hired on fixed-term employment contracts in Mexico and Morocco to process the significantly higher processing volumes. The size of the sugar and CropEnergies segments' workforces remained almost unchanged.

Outlook for the current fiscal 2018/19 year confirmed

Südzucker confirms the current fiscal year 2018/19 forecast published on 26 March 2018: consolidated group revenues are expected to range between EUR 6.8 and 7.1 billion. The sugar segment's revenues are expected to drop sharply. The CropEnergies segment's revenues should range between EUR 760 and 820 million. The special products and fruit segments' revenues are expected to rise substantially.

The consolidated group operating result is expected to decline considerably to between EUR 100 and 200 million, driven mainly by the sugar segment's substantially lower results. The severe drop in sugar prices to a historic low can by no means be offset by lower production costs and higher sales volumes. As a result, the sugar segment is expected to post an operating loss ranging between EUR -100 and -200 (2017/18: 139) million. The forecast for the sugar segment is marked by a high degree of uncertainty in a profoundly changing market environment. On the other hand, the special products and fruit segments are expected to report significantly improved results. The CropEnergies segment's operating result is expected to range between EUR 30 and 70 million.

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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 2017/18, the group employed about 18,500 persons and generated revenues of EUR 7.0 billion.

| Revenues and operating result / Group Total | | 2017/18 | 2016/17 | +/- in % |
|--|-----------|----------------|----------------|-----------------|
| Revenues | € million | 6.983 | 6.476 | 7,8 |
| EBITDA | € million | 758 | 709 | 6,8 |
| Depreciation on fixed assets and intangible assets | € million | -313 | -283 | 10,8 |
| Operating result | € million | 445 | 426 | 4,2 |
| Result from restructuring/special items | € million | 20 | -20 | - |
| Result from companies consolidated at equity | € million | 2 | 35 | -94,0 |
| Result from operations | € million | 467 | 441 | 5,9 |
| EBITDA margin | % | 10,8 | 10,9 | 0,0% |
| Operating margin | % | 6,4 | 6,6 | 0,0% |
| Investments in fixed assets ¹ | € million | 361 | 329 | 9,6 |
| Investments in financial assets/acquisitions | € million | 432 | 164 | > 100 |
| Total investments | € million | 793 | 493 | 60,8 |
| Shares in companies consolidated at equity | € million | 370 | 433 | -14,4 |
| Capital employed | € million | 6.650 | 6.012 | 10,6 |
| Return on capital employed | % | 6,7 | 7,1 | 0,0 |
| Employees | | 18.515 | 16.908 | 9,5 |

¹ Including intangible assets.

| Sugar segment | | 2017/18 | 2016/17 | +/- in % |
|--|-----------|--------------|--------------|-----------------|
| Revenues | € million | 3.017 | 2.776 | 8,6 |
| EBITDA | € million | 278 | 201 | 37,6 |
| Depreciation on fixed assets and intangible assets | € million | -139 | -129 | 7,9 |
| Operating result | € million | 139 | 72 | 89,7 |
| Result from restructuring/special items | € million | 24 | -12 | - |
| Result from companies consolidated at equity | € million | -28 | 7 | - |
| Result from operations | € million | 135 | 67 | > 100 |
| EBITDA margin | % | 9,2 | 7,3 | 0,0% |
| Operating margin | % | 4,6 | 2,6 | 0,0% |
| Investments in fixed assets ¹ | € million | 171 | 153 | 11,3 |
| Investments in financial assets/acquisitions | € million | 2 | 118 | -98,3 |
| Total investments | € million | 173 | 271 | -36,5 |
| Shares in companies consolidated at equity | € million | 308 | 370 | -16,8 |
| Capital employed | € million | 3.299 | 3.169 | 4,1 |
| Return on capital employed | % | 4,2 | 2,3 | 0,0 |
| Employees | | 7.034 | 6.929 | 1,5 |

¹ Including intangible assets.

| Special products segment | | 2017/18 | 2016/17 | +/- in % |
|--|-----------|--------------|--------------|-----------------|
| Revenues | € million | 1.997 | 1.819 | 9,8 |
| EBITDA | € million | 255 | 263 | -2,6 |
| Depreciation on fixed assets and intangible assets | € million | -97 | -79 | 24,1 |
| Operating result | € million | 158 | 184 | -14,0 |
| Result from restructuring/special items | € million | -3 | -4 | -8,8 |
| Result from companies consolidated at equity | € million | 30 | 28 | 8,5 |
| Result from operations | € million | 185 | 208 | -11,0 |
| EBITDA margin | % | 12,8 | 14,4 | 0,0% |
| Operating margin | % | 7,9 | 10,1 | 0,0% |
| Investments in fixed assets ¹ | € million | 121 | 126 | -3,8 |
| Investments in financial assets/acquisitions | € million | 430 | 0 | - |
| Total investments | € million | 551 | 126 | > 100 |
| Shares in companies consolidated at equity | € million | 60 | 61 | -0,7 |
| Capital employed | € million | 2.055 | 1.499 | 37,1 |
| Return on capital employed | % | 7,7 | 12,2 | 0,0 |
| Employees | | 5.697 | 4.643 | 22,7 |

¹ Including intangible assets.

| CropEnergies segment | | 2017/18 | 2016/17 | +/- in % |
|--|-----------|------------|------------|--------------|
| Revenues | € million | 808 | 726 | 11,4 |
| EBITDA | € million | 111 | 135 | -17,7 |
| Depreciation on fixed assets and intangible assets | € million | -39 | -37 | 5,4 |
| Operating result | € million | 72 | 98 | -26,5 |
| Result from restructuring/special items | € million | -1 | -4 | -79,5 |
| Result from companies consolidated at equity | € million | 0 | 0 | - |
| Result from operations | € million | 71 | 94 | -24,6 |
| EBITDA margin | % | 13,7 | 18,6 | 0,0% |
| Operating margin | % | 8,9 | 13,4 | 0,0% |
| Investments in fixed assets ¹ | € million | 20 | 16 | 21,1 |
| Investments in financial assets/acquisitions | € million | 0 | 0 | - |
| Total investments | € million | 20 | 16 | 21,1 |
| Shares in companies consolidated at equity | € million | 2 | 2 | -5,0 |
| Capital employed | € million | 452 | 479 | -5,6 |
| Return on capital employed | % | 15,9 | 20,4 | 0,0 |
| Employees | | 414 | 412 | 0,5 |

¹ Including intangible assets.

| Fruit segment | | 2017/18 | 2016/17 | +/- in % |
|--|-----------|--------------|--------------|--------------|
| Revenues | € million | 1.161 | 1.155 | 0,5 |
| EBITDA | € million | 114 | 110 | 2,9 |
| Depreciation on fixed assets and intangible assets | € million | -38 | -38 | -1,6 |
| Operating result | € million | 76 | 72 | 5,3 |
| Result from restructuring/special items | € million | 0 | 0 | - |
| Result from companies consolidated at equity | € million | 0 | 0 | - |
| Result from operations | € million | 76 | 72 | 5,3 |
| EBITDA margin | % | 9,7 | 9,5 | 0,0% |
| Operating margin | % | 6,5 | 6,2 | 0,0% |
| Investments in fixed assets ¹ | € million | 49 | 34 | 46,2 |
| Investments in financial assets/acquisitions | € million | 0 | 46 | -100,0 |
| Total investments | € million | 49 | 80 | -37,7 |
| Shares in companies consolidated at equity | € million | 0 | 0 | - |
| Capital employed | € million | 844 | 866 | -2,5 |
| Return on capital employed | % | 9,0 | 8,3 | 0,0 |
| Employees | | 5.370 | 4.924 | 9,1 |

¹ Including intangible assets.