

Press release

Mannheim, 19 May 2016

Südzucker achieves 2015/16 guidance and provides positive outlook

Although Südzucker AG Mannheim's fiscal 2015/16 consolidated group revenues (1 March 2015 to 29 February 2016) were EUR 6.4 billion or six percent lower than last year's EUR 6.8 billion, the company was able to boost its consolidated group operating result to EUR 241 (previous year: 181) million – despite the predicted decline in the sugar segment's operating result. The significantly lower sugar segment's result was offset by a substantial increase in the special products and CropEnergies segments' results. The fruit segment's operating result was lower than last year.

The group's consolidated net earnings rose to EUR 181 (previous year: 74) million.

Outlook for the current 2016/17 fiscal year

Südzucker is forecasting consolidated group revenues of EUR 6.4 to 6.6 billion for the current 2016/17 fiscal year (1 March 2016 to 28 February 2017). Südzucker expects the sugar segment's revenues to be comparable to last year and the special products segment's to rise slightly. Südzucker expects the CropEnergies segment's revenues to range between EUR 550 and 625 million and the fruit segment's to grow substantially.

Südzucker estimates the operating result to rise further. It should come in at between EUR 250 to 350 (fiscal 2015/16: 241) million, driven mainly by better sugar segment results. The company expects a significant retreat in the special products and CropEnergies segments after the records set in 2015/16. Südzucker expects a year-over-year increase in the fruit segment.

Dividend proposal

The proposed dividend was already announced in an ad hoc release on 18 May 2016. The executive and supervisory boards will recommend to the annual general meeting on 14 July 2016 a dividend of EUR 0.30 (previous year: 0.25) per share. The proposal takes into consideration the significantly improved restructuring and special items result on the one hand, and on the other, the positive results development in fiscal 2015/16, which should continue in 2016/17. The recommended dividend also aligns with the company's continuity approach to dividend payments. Based on 204.2 million issued shares in circulation, the total dividend distribution will be EUR 61.3 million. Last year the total distribution was EUR 51.0 million.

Sugar segment revenues fall and operating result turns negative

The sugar segment's revenues were significantly lower than last year, coming in at EUR 2,855 (previous year: 3,228) million, driven mainly by the further drop in average quota sugar sales revenues. While at the beginning of the fiscal year sales revenues were considerably less than at the same time last year due to the price decline in sugar marketing year 2014/15 (1 October to 30 September), they rose moderately at the beginning of sugar marketing year 2015/16. Non-quota sugar sales revenues were lower than last year. In addition, sugar volume was down, mainly because lack of availability drove export volumes lower.

As forecast, the sugar segment generated an operating loss of EUR -79 (previous year: 7) million, due especially to the further decline in quota sugar sales revenues. Because of minimum prices set by market regulations, raw material costs could not be adjusted downwards to counter the lower sales revenues. In addition, higher fixed costs weighed on the 2015/16 result because of lower sugar production levels during the 2015 campaign.

Lower sugar production levels due to reduced cultivation area and lower yields

The reduced cultivation area and below-average beet yields led to a significant drop in total beet volume of 23.7 (previous year: 34.0) million tonnes during the 2015 processing campaign. Still, the company was able to produce 3.8 (previous year: 5.0) million tonnes of beet sugar thanks to higher beet sugar content. Production performance was almost the same as the year prior and the campaign for all factories lasted 89 (previous year: 127) days. Thanks to very mild and mostly dry weather, the campaign progressed smoothly at all factories right into the winter months.

Special products segment reports sharply higher result

The special products segment was able to grow revenues to EUR 1,791 (previous year: 1,724) million, driven especially by higher sales volumes in all divisions. The devaluation of the euro also had a positive impact on revenues. The segment's operating result rose sharply, from EUR 120 to 171 million. All divisions contributed to the higher result. In addition to favorable volume and exchange-rate developments, a year-over-year increase in ethanol sales revenues in AGRANA's starch division and continued low raw material costs had a positive impact.

CropEnergies segment generates significantly higher earnings despite lower revenues

The CropEnergies segment's revenues fell to EUR 658 (previous year: 764) million. Ethanol sales revenues were still higher than last year's low level at the end of the fiscal year. However, this was offset by lower sales volumes of ethanol, food and animal feed as a result of lower production due to the temporary shutdown of the plant in Wilton, Great Britain, and the maintenance shutdown at Wanze in Belgium.

Operating profit improved substantially to EUR 87 (previous year: -11) million, driven by higher ethanol sales revenues and lower net raw material costs. In addition, the temporary shutdown of the plant in Wilton generated cost savings and improved the operating cost structure.

Fruit segment's earnings decline because of lower margins for fruit juice concentrates

The fruit segment's revenues rose slightly to EUR 1,083 (previous year: 1,062) million. The lower volumes of fruit juice concentrates combined with significantly lower sales revenues for apple juice concentrates were more than offset by volume and sales revenue increases in the fruit juice preparations division.

Despite a higher operating result in in the last quarter, the overall operating result fell to EUR 62 (previous year: 65) million. Although the fruit preparations business growth continued, it was not enough to fully offset the lower sales–revenue–driven volumes and margins in the fruit concentrates business.

Slightly smaller workforce

The number of persons employed by Südzucker Group as of 29 February 2016 was 16,486 (previous year: 17,231), down 4.3 percent from last year's reference date. The largest drop was reported by the sugar segment, mainly as a result of the shorter campaign, which ended already in December, and the shutdown of the sugar refinery in Marseille, France. The special products segment's headcount increased because of the new wheat starch plant in Zeitz. Fluctuations in the fruit segment were caused by seasonal factors. Campaign operations at the sugar factories and in parts of the special products segment, together with the seasonality of the fruit business, can cause the size of the workforce to fluctuate over the course of the fiscal year.

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About Südzucker Group

With its sugar, special products, CropEnergies and fruit segments, Südzucker is one of the food industry's leading companies. In the traditional sugar business, the group is the world market leader, with twenty-nine sugar factories and two refineries, extending from France in the west via Belgium, Germany and Austria, through to Poland, Czechia, Slovakia, Romania, Hungary, Bosnia and Moldova in the east. The special products segment, consisting of the functional food ingredients for food and animal feed (BENEO) division, as well as chilled/frozen products (Freiberger), portion packs (PortionPack Europe) and starch divisions, conducts business in high-growth dynamic markets. The CropEnergies segment is responsible for the bioethanol business in Germany, Belgium, France and Great Britain. The group's fruit segment operates internationally, is the world market leader for fruit preparations and is a leading supplier of fruit juice concentrates in Europe.

In 2015/16, the group had about 16,500 employees and generated revenues of EUR 6.4 billion.

Group total: Revenues and operating result

		2015/16	2014/15	+/- in %
Revenues	€ million	6,387	6,778	-5.8
EBITDA	€ million	518	453	14.3
Depreciation on fixed assets and intangible assets	€ million	-277	-272	1.8
Operating result	€ million	241	181	33.0
Result from restructuring/special items	€ million	-19	-44	-55.9
Result from companies consolidated at equity	€ million	55	22	> 100
Result from operations	€ million	277	159	73.9
EBITDA margin	%	8.1	6.7	
Operating margin	%	3.8	2.7	
Investments in fixed assets ¹	€ million	371	386	-4.0
Investments in financial assets/acquisitions	€ million	0	1	-100,0
Total investments	€ million	371	387	-4.2
Shares in companies consolidated at equity	€ million	333	333	0,1
Capital employed	€ million	5,791	5,877	-1.5
Return on Capital Employed	%	4.2	3.1	
Employees		16,486	17,231	-4.3

¹ Including intangible assets.

Sugar segment: Revenues and operating result

		2015/16	2014/15	+/- in %
Revenues	€ million	2,855	3,228	-11.6
EBITDA	€ million	48	133	-63.0
Depreciation on fixed assets and intangible assets	€ million	-127	-126	1.8
Operating result	€ million	-79	7	-
Result from restructuring/special items	€ million	4	-7	-
Result from companies consolidated at equity	€ million	32	-5	-
Result from operations	€ million	-43	-5	> 100
EBITDA margin	%	1.7	4.1	
Operating margin	%	-2.7	0.2	
Investments in fixed assets ¹	€ million	181	186	-2.9
Investments in financial assets/acquisitions	€ million	0	0	-100,0
Total investments	€ million	181	186	-2.9
Shares in companies consolidated at equity	€ million	275	250	10.1
Capital employed	€ million	3,041	3,199	-4.9
ROCE	%	-2.6	0.2	
Employees		7,028	7,636	-8.0

¹ Including intangible assets.

Special products segment: Revenues and operating result

		2015/16	2014/15	+/- in %
Revenues	€ million	1,791	1,724	3.9
EBITDA	€ million	246	192	27.5
Depreciation on fixed assets and intangible assets	€ million	-75	-72	3.6
Operating result	€ million	171	120	41.9
Result from restructuring/special items	€ million	-2	-3	-42.1
Result from companies consolidated at equity	€ million	23	27	-15.5
Result from operations	€ million	192	144	33.3
EBITDA margin	%	13.7	11.2	
Operating margin	%	9.5	7.0	
Investments in fixed assets ¹	€ million	131	125	5.1
Investments in financial assets/acquisitions	€ million	0	1	-100.0
Total investments	€ million	131	126	4.5
Shares in companies consolidated at equity	€ million	56	81	-30.8
Capital employed	€ million	1,436	1,377	4.3
ROCE	%	11.9	8.7	
Employees		4,422	4,278	3.4

¹ Including intangible assets.

CropEnergies segment: Revenues and operating result

		2015/16	2014/15	+/- in %
Revenues	€ million	658	764	-13.8
EBITDA	€ million	122	25	> 100
Depreciation on fixed assets and intangible assets	€ million	-35	-36	-4.4
Operating result	€ million	87	-11	-
Result from restructuring/special items	€ million	-18	-28	-36.8
Result from companies consolidated at equity	€ million	0	0	-100.0
Result from operations	€ million	69	-39	-
EBITDA margin	%	18.5	3.3	
Operating margin	%	13.2	-1.5	
Investments in fixed assets ¹	€ million	17	32	-47.3
Investments in financial assets/acquisitions	€ million	0	0	-
Total investments	€ million	17	32	-47.3
Shares in companies consolidated at equity	€ million	2	2	5.9
Capital employed	€ million	490	518	-5.4
ROCE	%	17.7	-2.2	
Employees		416	432	-3.7

¹ Including intangible assets.

Fruit segment: Revenues and operating result

		2015/16	2014/15	+/- in %
Revenues	€ million	1,083	1,062	2.0
EBITDA	€ million	102	103	-1.8
Depreciation on fixed assets and intangible assets	€ million	-40	-38	3.9
Operating result	€ million	62	65	-5.2
Result from restructuring/special items	€ million	-3	-6	-53.7
Result from companies consolidated at equity	€ million	0	0	-
Result from operations	€ million	59	59	0.3
EBITDA margin	%	9.4	9.8	
Operating margin	%	5.7	6.1	
Investments in fixed assets ¹	€ million	42	43	-3.0
Investments in financial assets/acquisitions	€ million	0	0	-
Total investments	€ million	42	43	-3.0
Shares in companies consolidated at equity	€ million	0	0	-
Capital employed	€ million	823	782	5.3
ROCE	%	7,5	8,4	
Employees		4,620	4,885	-5.4

¹ Including intangible assets.