

## Press release

Mannheim, 12 October 2017

### **Südzucker posts higher revenues and results in first half of fiscal year**

Südzucker AG increased consolidated group revenues 9 percent to EUR 3,493 (previous year: 3,205) million in the first half of the current 2017/18 fiscal year (1 March 2017 to 31 August 2017). The sugar and CropEnergies segments were the main contributors to the higher revenues. The special products segment's revenues also rose moderately, while the fruit segment's were about the same as last year. The group was able to generate a significantly higher operating result. It was up EUR 73 million to 282 (previous year: 209) million. The result improvement was driven primarily by the sugar segment, but the CropEnergies and fruit segments also contributed. As expected, the special products segment was unable to match last year's high result.

#### **Sugar segment results continue to trend higher**

The sugar segment's revenues climbed to EUR 1,516 (previous year: 1,382) million. The increase was driven especially by higher sugar sales revenues than last year. Declining volume in the EU was more than offset by higher export volumes. Higher sugar sales revenues were also the main reason for the higher operating result, which rose to EUR 111 (previous year: 40) million. The first fiscal half-year results were impacted by improving quota sugar sales revenues since October 2016 and higher non-quota sugar sales revenues than last year during the reporting period.

#### **Group will beat 120-day beet processing campaign target**

Expansion of the Südzucker Group region's beet cultivation area by about 15 percent together with favorable beet growth will enable Südzucker Group's factories to beat their 120-day beet processing campaign target, which will further reduce sugar production costs. The company expects to produce over 5 million tonnes of sugar from beets.

Südzucker Polska S.A. kicked off the 2017 campaign at the beginning of September. The other factories had followed by mid-September. The above average yield expectation of about 79 (previous year: 74) tonnes per hectare at Südzucker Group is the result of the abundant rain and warm weather experienced during summer. The expected sugar content of 17.7 (previous year: 17.2) percent is also higher than the average of the past few years.

### **Higher raw material costs weigh on special products segment**

The special products segment's revenues rose to EUR 949 (previous year: 905) million, driven especially by steadily rising volumes in all divisions. The AGRANA starch division's ethanol sales revenues also were higher than last year, but devaluation of the British pound had a negative impact.

The operating result remained high at EUR 80 (previous year: 88) million. However, as expected, due especially to higher raw material prices and higher write-downs on the new starch production capacities, it could not match the unusually strong result reported at the halfway mark of the previous year.

### **CropEnergies revenues and operating result climb**

The CropEnergies segment's revenues were considerably higher than last year at EUR 428 (previous year: 313) million, driven especially by higher production and sales volumes due to the restart of the production plant in Wilton, Great Britain, during the second quarter of last year. Ethanol sales revenues too were up from last year.

Thanks to the positive revenue trend, the operating result was also significantly higher at EUR 47 (previous year: 41) million. The increase more than offset the negative impacts of higher raw material prices, operating costs from the restart of the plant in Wilton and scheduled inspection and maintenance work at all sites.

### **Fruit segment results higher as planned**

The fruit segment's revenues declined slightly to EUR 600 (previous year: 605) million. Lower sales revenues for apple juice concentrates were offset by higher volumes and higher sales revenues in the fruit preparations division.

The segment was able to increase its operating result to EUR 44 (previous year: 40) million, driven by higher volumes and improved margins on fruit preparations division sales revenues, while in the fruit juice concentrates division, lower raw material costs also counteracted lower sales revenues.

### **Forecast for fiscal 2017/18 and results outlook for third quarter of 2017/18**

Südzucker continues to expect consolidated group revenues of EUR 6.7 to 7.0 (2016/17: 6.5) billion for fiscal 2017/18. The sugar, special products and fruit segments' revenues are expected to increase moderately. We now expect the CropEnergies segment's revenues to range between EUR 800 and 840 (previous forecast: 775 to 825) million.

We expect the operating result to rise further. It should still range between EUR 425 and 500 (2016/17: 426) million, driven mainly by significantly higher sugar segment results. After the record year in 2016/17, the company expects a significant retreat for the special products segment. The CropEnergies segment now expects its result to range between EUR 60 and 90 (previous forecast: 50 to 90) million. A year-over-year increase is forecast for the fruit segment.

### Group figures as of 31 August 2017

€ million	2nd quarter			1st half year			
	2017/18	2016/17	+/- in %	2017/18	2016/17	+/- in %	
<b>Revenues</b>	€ million	<b>1.710</b>	<b>1.597</b>	<b>7,1</b>	<b>3.493</b>	<b>3.205</b>	<b>9,0</b>
EBITDA	€ million	183	150	21,9	392	310	26,5
Depreciation on fixed assets and intangible assets	€ million	-55	-51	7,0	-110	-101	9,4
<b>Operating result</b>	€ million	<b>128</b>	<b>99</b>	<b>29,6</b>	<b>282</b>	<b>209</b>	<b>34,7</b>
Result from restructuring/special items	€ million	-3	-3	-2,8	-4	-10	-59,2
Result from companies consolidated at equity	€ million	3	13	-77,9	17	24	-28,6
<b>Result from operations</b>	€ million	<b>128</b>	<b>109</b>	<b>17,7</b>	<b>295</b>	<b>223</b>	<b>32,2</b>
EBITDA margin	%	10,7	9,4	0,0%	11,2	9,7	0,0%
Operating margin	%	7,5	6,2	0,0%	8,1	6,5	0,0%
Investments in fixed assets <sup>1</sup>	€ million	94	83	12,2	155	143	8,8
Investments in financial assets/acquisitions	€ million	48	30	58,1	48	31	54,0
<b>Total investments</b>	€ million	<b>142</b>	<b>113</b>	<b>24,5</b>	<b>203</b>	<b>174</b>	<b>16,9</b>
Shares in companies consolidated at equity	€ million				423	351	20,6
Capital employed	€ million				5.856	5.740	2,0
<b>Employees</b>					<b>18.030</b>	<b>17.649</b>	<b>2,2</b>

<sup>1</sup> 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.