

Press release

Mannheim, 9 July 2020

Südzucker off to good start in fiscal 2020/21

Consolidated revenues in the first quarter of fiscal 2020/21 (1 March to 31 May 2020) amounted to EUR 1,669 (previous year: 1,680) million, thus remaining at the previous year's level. While the CropEnergies segment's revenues declined sharply and those of the sugar and fruit segments were slightly lower, revenues in the special products segment rose moderately.

Group EBITDA rose significantly by EUR 17 million to EUR 134 (previous year: 117) million.

The consolidated group operating result climbed substantially to EUR 61 (previous year: 47) million. The decline in operating result reported in the CropEnergies and fruit segments was more than offset by the reduction of the loss in the sugar segment and improved results by the special products segment.

Sugar segment cuts losses thanks to higher sugar sales revenues

In the first quarter the sugar segment's revenues fell slightly to EUR 565 (previous year: 581) million. The revenue decline was driven by a significantly lower sales volume. This is partly due to reduced sugar production during the 2019 campaign. Furthermore, lower demand from the sugar processing industry as a result of measures to contain the coronavirus pandemic is increasingly overshadowing the positive short-term impetus from panic buying in the retail sector at the beginning of the fiscal year.

The segment was able to significantly trim its operating loss to EUR -15 (previous year: -36) million as budgeted. The improvement was driven mainly by higher sugar sales revenues due to price increases since the beginning of the 2019/20 sugar marketing year, which more than offset lower sales volumes and higher production costs.

Beet cultivation and 2020 processing campaign

Südzucker Group's beet cultivation area was down about 12.6 percent in 2020 from the year prior to 342,000 (previous year: 391,000) hectares following the closure of four sugar factories. The main seeding campaign began at the end of March, about one week later than last year, amidst good planting conditions. Cool night temperatures and drought from sowing to the beginning of June resulted in delayed, extraordinary heterogeneous plant growth.

Special products segment reports revenues and operating result growth

The special products segment's revenues rose to EUR 638 (previous year: 602) million during the reporting period, driven by overall volume growth. The starch division's capacity expansion was a major contributor. However, measures to slow the spread of the coronavirus had various impacts

depending on the product category. While on the one hand Südzucker was confronted at the beginning of the quarter with soaring demand for products such as frozen pizzas and functional dietary fibers, volumes in other product categories, such as portion packs, dropped significantly.

The operating result rose to EUR 52 (previous year: 46) million. In addition to higher volumes overall, lower raw material costs in some areas contributed to the increase, while sales revenues in other categories, such as ethanol, were lower than last year.

CropEnergies segment revenues and operating result decline

The CropEnergies segment's revenues fell sharply to EUR 162 (previous year: 185) million in the first quarter. Fuel demand distortions due to mobility restrictions caused by the coronavirus pandemic led to a decline in both volumes and sales revenues. The decline could only be partially offset by significantly higher demand for ethanol to produce disinfectants.

Compared to the strong previous year, the decline in revenues was also reflected in a significantly lower operating result of EUR 8 (previous year: 15) million, which, however, exceeded expectations.

Fruit segment result down sharply

The fruit segment's revenues came in slightly lower than last year at EUR 304 (previous year: 312) million. Higher sales revenues were offset by lower volumes for both fruit preparations and fruit juice concentrates, which led to a significantly lower operating result of EUR 16 (previous year: 22) million.

Lower volumes due partly to a weaker harvest and partly to measures related to combatting the coronavirus, as well as lower margins because of higher costs, weighed on the result.

Fiscal 2020/21 outlook confirmed

The 2020/21 fiscal year forecast (1 March 2020 to 28 February 2021) issued on 22 April 2020 is being further confirmed. Consolidated group revenues of EUR 6.9 to 7.2 (previous year: 6.7) billion are still expected. A significant increase in revenues is anticipated in the sugar segment and the special products segment's revenues are expected to rise slightly. In contrast, a significant decline in revenues is assumed in the CropEnergies segment. A moderate revenue increase is expected in the fruit segment.

Südzucker expects the consolidated group operating result ranging between EUR 300 and 400 (previous year: 116) million. The company estimates that the sugar segment's operating result will range between EUR –40 and +60 million (previous year: –236) million. The special products segment's operating result is seen to come in at the same strong level at last year. Operating result in the CropEnergies segment is anticipated to be significantly lower, and a moderate increase in results is projected in the fruit segment.

In view of the coronavirus pandemic and the correspondingly high volatility in all segments, the forecast for fiscal year 2020/21 is still characterized by very great uncertainty.

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About the Südzucker Group

Südzucker, with its sugar, special products, CropEnergies and fruit segments, is one of the most significant food industry companies. In the traditional sugar business, the group is Europe's number one supplier of sugar products, with 23 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 food ingredients for food and animal feed (BNEO) division, as well as chilled/frozen products (Freiberger), starch and portion packs (PortionPack Europe) divisions, conducts business in high-growth dynamic markets. The CropEnergies segment is responsible for the ethanol activities in Germany, Belgium, France and Great Britain. The group's fruit segment operates globally, is the world market leader for fruit preparations and is a leading supplier of fruit juice concentrates in Europe.

In 2019/20, the group employed about 19,200 persons and generated revenues of EUR 6.7 billion.

Business performance - Group

€ million		1st quarter		
		2020/21	2019/20	+/- in %
Revenues	€ million	1.669	1.680	-0,6
EBITDA	€ million	134	117	14,8
Depreciation on fixed assets and intangible assets	€ million	-73	-70	4,0
Operating result	€ million	61	47	31,1
Result from restructuring/special items	€ million	1	-6	-
Result from companies consolidated at equity	€ million	3	-4	-
Result from operations	€ million	65	37	74,0
EBITDA margin	%	8,0	6,9	0,0%
Operating margin	%	3,7	2,8	0,0%
Investments in fixed assets ¹	€ million	52	72	-27,2
Investments in financial assets/acquisitions	€ million	11	5	> 100
Total investments	€ million	63	77	-17,0
Shares in companies consolidated at equity	€ million	309	382	-19,2
Capital employed	€ million	6.222	6.172	0,8
Employees		18.904	20.150	-6,2

¹ Including intangible assets.