

Press release

Mannheim, 14 January 2021

Südzucker shows significant improvement in results after nine months

Südzucker AG's consolidated revenues for the first nine months (1 March to 30 November 2020) of the current fiscal year 2020/21 were on par with last year at EUR 5,089 (previous year: 5,028) million, as already published with the preliminary figures on 14 December 2020. While the CropEnergies segment's revenues declined slightly and those of the sugar and fruit segments were at the last year's level, revenues in the special products segment rose moderately.

The consolidated group operating result rose significantly to EUR 195 (previous year: 113) million due to reduced sugar segment losses and improved results in the special products and CropEnergies segments.

Sugar segment cuts loss

The sugar segment's revenues were comparable to last year at EUR 1,730 (previous year: 1,739) million. Sugar sales revenues were higher but volumes were substantially lower, due in part to reduced sugar production during the 2019 campaign. In addition, the short-term positive effects of hamstering in the retail sector at the beginning of the fiscal year were negated over the further course of the year because of lower demand from the sugar processing industry due to measures to contain the corona crisis.

The segment was able to significantly trim its operating loss to EUR –80 (previous year: –146) million. The improvement was driven mainly by higher sugar sales revenues due to price increases at the beginning of each of the 2019/20 and 2020/21 sugar marketing years, which more than offset lower sales volumes, higher production costs and a decline in capacity utilization as a result of the increasingly deteriorating harvest expectations in the course of the year.

Beet cultivation and 2020 processing campaign

Drought in spring, but also in some regions in summer, a severe virus infestation in France, Belgium and parts of Germany, as well as leaf diseases, particularly in Poland and the AGRANA areas, led to an overall below-average yield in the Südzucker Group.

As a result, the average duration of the processing campaign is expected to be lower than in the previous year at 106 (previous year: 114) days. Due to the great regional disparity in beet yields, the campaign will end as early as December 2020 at a number of sites, while other cultivation areas will not be finished until the beginning of February 2021.

Overall, Südzucker Group expects to produce 3.5 (previous year: 4.3) million tonnes of sugar from 24.2 (previous year: 28.4) million tonnes of sugar beets.

Special products segment posts higher revenues and results

In the special products segment growth continued in the third quarter, with revenues for the first three quarters increasing further year-on-year to EUR 1,885 (previous year: 1,796) million. The increase was also supported by the starch division's capacity expansions, which had been started up over the course of the year prior.

At the end of the first nine months, the operating result rose moderately to EUR 154 (previous year: 143) million. Thereby steady revenue growth could more than offset higher costs.

CropEnergies segment reports improved results

The CropEnergies segment's revenues fell slightly to EUR 582 (previous year: 604) million in the first three quarters. Following the steep ethanol price drop at the beginning of the fiscal year due to the lower fuel demand caused by the corona crisis, sales revenues recovered sharply in the second quarter, but slipped again in the course of the third quarter and were still above the previous year's level on average for the fiscal year. This partly offset the volume decline and lower byproduct sales revenues.

After a lower result at the beginning of the fiscal year and a sharply improved result in the second quarter, the result increase slowed in the third quarter. Despite lower sales volumes, the result improved noticeably to EUR 79 (previous year: 70) million after nine months, driven especially by the recovery in ethanol sales revenues. Lower raw material costs also contributed and were able to partly offset byproduct sales revenues, which also declined.

Fruit segment's results declined moderately

The fruit segment reported revenues of EUR 892 (previous year: 889) million, comparable to last year. While fruit preparations revenues were stable overall, higher sales revenues due to the harvest drove revenues for fruit juice concentrates higher, even though volumes were lower.

Despite a significant improvement in the third quarter, the operating result dropped to EUR 42 (previous year: 46) million during the reporting period because of weak growth at the beginning of the fiscal year. Slightly lower fruit preparations volumes and margins were more than offset by cost savings. Fruit juice concentrates margins were down despite higher sales revenues driven by higher raw material prices from the 2019 harvest. Significantly lower volumes also weighed heavily on the result.

Full-year forecast 2020/21 no longer achievable due to corona

Südzucker already pointed out in its publication for the first half of fiscal 2020/21 on 8 October 2020, that the sugar segment was uncertain about the extent of the sales revenues increase for the outstanding contract volumes and the further volume development in the context of the corona pandemic. In addition, the risks of final capacity loading as a result of the continued drought and stronger pest infestation in some cultivation areas were also mentioned.

Given the materializing risks in the sugar segment and the Europe-wide tightened second lockdown, Südzucker adjusted its forecast on 14 December 2020. Negative impacts from the new lockdown were already noticeable from mid-October.

Taking an overall view and against the backdrop of the intensifying lockdown in Europe and the seasonally weak fourth quarter, Südzucker now expects consolidated group revenues at EUR 6.6 to 6.8 (previous forecast: 6.9 to 7.2; previous year: 6.7) billion in fiscal 2020/21. A slight decline

in revenues is anticipated in the sugar segment. The special products and fruit segments' revenues are anticipated to rise slightly. The CropEnergies segment is expected to range between EUR 765 and 795 (previous forecast: 790 to 840; previous year: 819) million.

Südzucker AG's consolidated group operating result is seen between EUR 190 and 240 (previous forecast: 300 to 400; previous year: 116) million, thus remaining well above the previous year. The sugar segment's operating result is expected in a range between EUR –150 and –110 million. The special products segment's result is expected to decline slightly. The CropEnergies segment's operating result is anticipated in a range between EUR 95 and 110 million. The fruit segment's result is expected to be at the previous year's level.

Capital employed is forecast to remain at the previous year's level. Based on the considerable improvement of the operating result, ROCE is estimated to be significantly higher (previous year: 1.8 %).

The future extent of the corona pandemic – especially its duration and economic impact – is still difficult to predict and may lead to opportunities and risks for Südzucker Group during the remaining course of fiscal 2020/21 and beyond.

Group figures as of 30 November 2020

Business performance – Group

		3rd quarter			1st–3rd quarter		
		2020/21	2019/20	+/- in %	2020/21	2019/20	+/- in %
Revenues	€ million	1,740	1,713	1.6	5,089	5,028	1.2
EBITDA	€ million	181	158	14.7	456	373	22.4
Depreciation on fixed assets and intangible assets	€ million	-115	-119	-3.8	-261	-260	0.7
Operating result	€ million	66	39	71.8	195	113	72.5
Result from restructuring / special items	€ million	-14	-7	>100	-25	-12	>100
Result from companies consolidated at equity	€ million	-126	-60	>100	-125	-58	>100
Result from operations	€ million	-74	-28	>100	45	43	4.2
EBITDA margin	%	10.4	9.2		9.0	7.4	
Operating margin	%	3.8	2.3		3.8	2.2	
Investments in fixed assets ¹	€ million	67	74	-10.1	194	224	-13.7
Investments in financial assets / acquisitions	€ million	0	4	-100.0	11	10	11.8
Total investments	€ million	67	78	-14.4	205	234	-12.6
Shares in companies consolidated at equity	€ million				188	332	-43.3
Capital employed	€ million				6,085	6,192	-1.7
Employees					19,136	19,947	-4.1

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 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 (BENEO) 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.