

Press release

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Südzucker results up in first half of financial year

Significant jump in results in the second quarter

In the first half of fiscal 2021/22, group revenues rose around EUR 250 million to EUR 3,596 (previous year: 3,349) million. While the special products segment's revenues fell slightly, the fruit segment's rose moderately and the sugar, CropEnergies and starch segments' were significantly higher.

Group EBITDA was comparable to last year at EUR 278 (previous year: 276) million.

Due to a significant jump in the second quarter, the group's consolidated operating result edged up moderately to EUR 134 (previous year: 129) million for the reporting period. The results growth was primarily thanks to the sugar segment's significantly higher second quarter numbers, which enabled it to generate again a positive operating result. In contrast, the special products, CropEnergies and starch segments' operating result fell significantly, while the fruit segment's was down moderately.

Sugar segment records positive result in second quarter

Sugar segment's revenues rose significantly to EUR 1,231 (previous year: 1,113) million. The improvement was driven mainly by higher sugar sales revenues since the beginning of the new 2020/21 sugar marketing year and, since the second quarter of 2021/22, also by higher sales volumes. The first quarter of the 2020/21 financial year initially benefited from the positive effects of hoarding in retail at the start of the coronavirus pandemic. In the course of the last fiscal year, these benefits were clearly over-shadowed by weaker demand from the sugar processing industry.

While the operating loss in the first quarter of fiscal 2021/22 was still significantly higher than in the previous year, the sugar segment was able to return to positive results in the second quarter. Therefore, the cumulative operating result also improved significantly to EUR -18 (previous year: -58) million. Higher sugar sales revenues continued to be offset in particular by raw material price-related higher production costs from the 2020 campaign, but also by increased costs for packaging materials. Since the second quarter, the increase in sales volumes has also had a positive effect.

Beet cultivation and 2021 processing campaign

After many cultivation years characterized primarily by drought, this year there was adequate rainfall in almost all cultivation regions, sometimes even too much. As a result, beet yields were above average. However, because the sun remained hidden during the summer months, we expect sugar content to be rather low. Overall, we expect Südzucker Group's sugar yield to be above

average and sugar production from beets to be 4.2 million tonnes, significantly higher than last year (previous year: 3.5 million tonnes).

This year the campaign started on 2 September 2021 in Poland. Most of the remaining Südzucker factories started processing beets between mid-September and early October 2021.

Special products segment impacted by higher costs

The special products segment's revenues amounted to EUR 856 (previous year: 872) million, only slightly below the previous year's level. Overall, volumes in the second quarter were higher than a year earlier, reducing the shortfall somewhat after the first half of the year. In the previous year, the start of the first quarter was marked by demand growth, in some cases soaring, for example for frozen pizzas.

The operating result decreased significantly to EUR 64 (previous year: 80) million. The first half of the year was impacted by an overall decline in sales volumes and, in particular, significantly higher costs for raw materials, energy and packaging materials.

CropEnergies segment posts significant improvement in results compared to the first quarter despite higher raw material and energy costs

The CropEnergies segment was able to significantly boost revenues to EUR 427 (previous year: 373) million. After the pandemic related distortions in fuel demand during the first half of last year, higher volumes and sales revenues contributed to this year's revenue increase. The previous year's first-quarter volumes were impacted significantly by an extended maintenance outage at the Wanze site, which was caused by the pandemic. Sales revenues in the first half year were higher than last year and second quarter sales revenues were even higher than the first quarter's sales revenues.

The operating result of EUR 38 (previous year: 51) million for the reporting period was on the other hand significantly lower than last year's record result, despite the higher sales revenues and volumes. Significantly higher raw material costs and recent record energy prices weighed on the result.

Starch segment posts higher results in second quarter

The starch segment's revenues increased to EUR 449 (previous year: 389) million, significantly above the previous year's level. The revenue growth was driven in particular by the encouraging volume trend as a result of the increasing utilization of the installed capacity expansions and by higher ethanol prices.

The operating result, however, remained well below the previous year's level at EUR 22 (previous year: 25) million, despite an improvement in the second quarter. In particular, higher energy prices and significantly higher raw material costs resulted in a declining margin. In addition, higher depreciation and amortization due to investments made in previous years had an additional negative impact on results.

Fruit segment reveals opposing trends

The fruit segment's revenues of EUR 633 (previous year: 602) million were moderately higher than a year earlier. Revenues from fruit preparations rose primarily due to higher prices and volumes, while revenues from fruit juice concentrates were slightly lower as a result of price and volume factors.

The operating result was down moderately at EUR 28 (previous year: 31) million. Moderate volume growth and a slightly higher margin enabled fruit preparations to significantly increase its result contribution. Clearly lower margins caused by slightly lower sales revenues amid higher costs with only slightly reduced volumes overall weighed on the fruit juice concentrates result.

Outlook confirmed

Consolidated group revenues of EUR 7.1 to 7.3 (previous forecast: 7.0 to 7.2; previous year: 6.7) billion are now expected in fiscal 2021/22. A significant increase in revenues is anticipated in the sugar segment. The CropEnergies segment is expected to range between EUR 900 and 940 (previous forecast: 855 to 905; previous year: 774) million. A moderate increase in revenues is forecast in the special products and fruit segments. A slight increase in revenues is forecast in the newly created starch segment.

Consolidated group operating result is expected to range unchanged between EUR 300 and 400 (previous year: 236) million. The sugar segment's operating result is forecast to range between EUR 0 and 100 million. The special products segment's operating result is anticipated to come in significantly below the strong previous year's level (previous forecast: moderate decline; previous year: EUR 159) million. The CropEnergies segment's operating result is seen to range between EUR 65 and 90 (previous forecast: between 50 and 80; previous year: 107) million. In the newly created starch segment, results are expected to be significantly lower. The fruit segment's operating result is anticipated to improve moderately.

Vaccination rates against Covid-19 are expected to further increase steadily worldwide with wide regional disparities. The economic impact of the virus is thus expected to wane over time. Nevertheless, there will continue to be coronavirus pandemic-related risks over the further course of fiscal 2021/22. Their economic and financial impact and duration are difficult to assess.

Group figures as of 31 August 2021

€ million	2nd quarter			1st half year			
	2021/22	2020/21	+/- in %	2021/22	2020/21	+/- in %	
Revenues	€ million	1.844	1.680	9,8	3.596	3.349	7,4
EBITDA	€ million	157	142	11,4	278	276	1,1
Depreciation on fixed assets and intangible assets	€ million	-72	-74	-2,4	-144	-147	-1,8
Operating result	€ million	85	68	26,5	134	129	4,4
Result from restructuring/special items	€ million	-1	-13	-85,8	-1	-12	-86,8
Result from companies consolidated at equity	€ million	-4	-2	86,4	-6	1	-
Result from operations	€ million	80	53	49,3	127	118	7,4
EBITDA margin	%	8,5	8,4	0,0%	7,7	8,2	0,0%
Operating margin	%	4,6	4,0	0,0%	3,7	3,8	0,0%
Investments in fixed assets ¹	€ million	69	75	-7,3	124	127	-2,1
Investments in financial assets/acquisitions	€ million	-1	0	-	4	11	-68,4
Total investments	€ million	68	75	-9,6	128	138	-7,6
Shares in companies consolidated at equity	€ million				161	293	-45,0
Capital employed	€ million				6.073	6.165	-1,5
Employees					18.674	18.723	-0,3

¹ Including intangible assets.

Revenues by segment

€million	1st half year		
	2021/22	2020/21	+/- in %
Sugar ¹	1.231	1.113	10,5
Special products ¹	856	872	-1,9
CropEnergies	427	373	14,7
Starch ²	449	389	15,6
Fruit	633	602	5,2
Group total	3.596	3.349	7,4

¹ Prior-year figures adjusted.

² First-time reporting of the starch segment in the 2021/22 financial year.

Operating result by segment

€million	1st half year		
	2021/22	2020/21	+/- in %
Sugar ¹	-18	-58	-68,8
Special products ¹	64	80	-20,6
CropEnergies	38	51	-24,3
Starch ²	22	25	-12,0
Fruit	28	31	-8,2
Group total	134	129	4,4

¹ Prior-year figures adjusted.

² First-time reporting of the starch segment in the 2021/22 financial year.

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About the Südzucker Group

Südzucker is a major player in the food industry with its sugar, special products, starch and fruit segments, and Europe's leading ethanol producer with its CropEnergies segment.

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, with its consumer-oriented functional ingredients for food and animal feed (BENEÓ), chilled/frozen products (Freiberger) and portion packs (PortionPack Europe), operates in dynamic growth markets. Südzucker's CropEnergies segment is Europe's leading producer of renewable ethanol, with production sites in Germany, Belgium, France and Great Britain. Other products in this segment are protein food and animal feed products as well as biogenic carbon dioxide. The new starch segment comprises AGRANA's starch and ethanol activities. 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 2020/21, the group employed about 17,900 persons and generated revenues of EUR 6.7 billion.