

Press release

Südzucker's second-quarter earnings fall short of previous year's exceptional results

Mannheim, 10 October 2013

Südzucker AG Mannheim/Ochsenfurt, Mannheim generated consolidated group revenues of EUR 4,046 (previous year: 3,917) million in the first six months of the current 2013/14 fiscal year (1 March 2013 to 31 August 2013). As forecast, consolidated group operating profit declined to EUR 425 (previous year: 562) million during the same period, although it was still one of the best half-year results in the company's history. The sugar, special products and CropEnergies segments' profit fell sharply, while the fruit segment's operating profit rose strongly. Despite an ongoing strong investment program, the company was able to significantly cut its net financial debt by EUR 513 million to about EUR 303 million.

Guidance confirmed

Südzucker continues to forecast that consolidated group revenues for the current fiscal 2013/14 year will climb slightly to about EUR 8.0 (previous year: 7.9) billion and that consolidated group operating profit will decrease significantly, to about EUR 825 (previous year: 974) million. Reaching this target has become more challenging given the current modest business growth and the cost of integrating Ensus into CropEnergies Group. The forecast continues to be based on the assumption that economic conditions will not deteriorate in spite of the tensions caused by the ongoing euro and state debt crises.

Higher commodity costs weigh on sugar segment's earnings

The sugar segment's revenues were roughly on par with last year at EUR 2,115 (previous year: 2,117) million. Whereas in the first quarter revenues had risen, mainly on account of higher quota sugar volume, the second quarter's volume was the same as last year. Non-quota sugar volume fell. Exports were particularly hard hit.

Operating profit came in at EUR 304 (previous year: 417) million, down sharply from last year as

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forecast. The decline was primarily the result of higher commodity costs during the 2012 campaign, charges from the shorter campaign due to the lower harvest yield in 2012, weaker exports and an increasingly gloomy market environment.

Special products segment unable to fully pass on higher commodity costs to its customers

The special products segment's revenues rose four percent to EUR 961 (previous year: 927) million. The growth was primarily the result of higher volumes and commodity-price-driven higher sales revenues in the starch division.

Operating profit reached EUR 52 (previous year: 83) million as expected, short of the previous year's strong first-half results. The decline thus extended into the second quarter of 2013/14. The main reason was that commodity costs continued to be higher than last year, and the segment was unable to fully pass the increases on to the market. One-time charges resulting from the costs of starting up the wheat starch factory in Pischelsdorf, Austria, in June 2013 also weighed on the results.

CropEnergies acquires British ethanol producer Ensus

The CropEnergies segment was able to boost revenues by 14 percent to EUR 342 (previous year: 300) million in the first half of fiscal 2013/14. In addition to higher bioethanol volumes, which resulted mainly from stronger retail sales, sales revenues for ethanol, food and animal feed also increased.

Operating profit came in at EUR 26 (previous year: 37) million, lower than last year's result at the same time, as expected. The higher sales revenues from food and animal feed were not enough to fully offset commodity price increases. One-time charges also contributed to the significant second-quarter decline, especially costs associated with the flood-related production outage in Zeitz.

On July 19, 2013, CropEnergies acquired British bioethanol producer Ensus. The company operates a bioethanol plant with an annual production capacity of 400,000 cubic meters of bioethanol and 350,000 tonnes of dried protein-based animal feed (DDGS) in Wilton, which is located in the northeast of England. This acquisition has enabled CropEnergies to expand its production and logistics network. Ensus is expected to restart the operation in fall 2013, following the completion of a scheduled maintenance and upgrade program.

Fruit segment's revenues and operating profit up sharply

The fruit segment's revenues at the end of the first half of fiscal 2013/14 came in at EUR 628 (previous year: 573) million, nine percent higher than last year. The higher revenues were driven by a substantial volume increase, which was due in part to the full consolidation of the YBBSTALER companies under AUSTRIA JUICE GmbH. The companies have only been consolidated since the second quarter of 2012/13.

Operating profit rose sharply, to EUR 43 (previous year: 25) million. This increase is based on continued strong volume growth for fruit preparations and higher fruit juice concentrate sales resulting from the consolidation.

Group figures as of 31 August 2013:

€ million	2nd quarter			1st - 2nd quarter		
	2013/14	2012/13	Change %	2013/14	2012/13	Change %
Südzucker Group						
Gross revenues	2.115,5	2.121,7	-0,3	4.235,1	4.091,5	3,5
Consolidation	-100,0	-91,1	9,8	-189,3	-174,3	8,6
Revenues	2.015,5	2.030,6	-0,7	4.045,8	3.917,2	3,3
EBITDA	246,7	350,8	-29,7	527,4	662,7	-20,4
EBITDA margin	12,2%	17,3%		13,0%	16,9%	
Depreciation	-52,3	-52,0	0,6	-102,9	-101,0	1,9
Operating profit	194,4	298,8	-34,9	424,5	561,7	-24,4
Operating margin	9,6%	14,7%		10,5%	14,3%	
Result from restructuring and special items	-2,6	1,9	-	-1,9	2,1	-
Income from operations	191,8	300,7	-36,2	422,6	563,8	-25,0
Investments in fixed assets	104,8	94,5	10,9	169,8	152,9	11,1
Investments in financial assets/acquisitions	0,0	0,0	-	0,2	180,5	-99,9
Total Investments	104,8	94,5	10,9	170,0	333,4	-49,0
Capital employed				5.835,9	5.869,2	-0,6
Average number of employees				18.331	17.826	2,8

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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 three 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 (BENE0), chilled/frozen products (Freiberger), portion packs (PortionPack Europe) and starch businesses, 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 2012/13, the group employed 17,940 persons and generated revenues of about EUR 7.9 billion.