

Press release

Mannheim, 13 January 2015

Low sugar and ethanol prices continue to weigh on Südzucker results

Südzucker AG, Mannheim, generated consolidated group revenues of EUR 5,233 (previous year: 5,871*) million in the first three quarters of the current 2014/15 fiscal year (1 March 2014 to 30 November 2014), substantially less than last year at this time. The sugar, fruit and special products segments' sales revenues fell, whereas the CropEnergies segment's rose. Consolidated group operating profit fell sharply as forecast to EUR 174 (previous year: 579) million. The result was driven mainly by the steep decline in the sugar and CropEnergies segments' operating profits. The fruit segment reported solid results for the third quarter and as expected was able to reduce the year-over-year decline. The special products segment on the other hand was able to significantly improve operating profit.

Forecast for current fiscal year reconfirmed

Südzucker's projections for the current fiscal year have remained unchanged since April 2014: Consolidated group sales revenues are expected to come in at about EUR 7.0 (previous year: 7.5) billion and operating profit will drop sharply, to about EUR 200 (previous year: 622) million. Based on business performance to date, achieving this forecast continues to be a challenge. The lower group consolidated operating profit continues to be driven by further steep declines in sugar and CropEnergies segment operating profits, whereas the fruit segment's results are about the same as last year's and the special products segment should grow significantly.

The ongoing difficult economic environment in the European sugar and ethanol markets will not only negatively impact fiscal 2014/15, but also weigh heavily on fiscal 2015/16 results.

Low prices continue to weigh on sugar segment

The sugar segment's sales revenues slid to EUR 2,536 (previous year: 3,107) million in the first nine months of fiscal 2014/15. The decline was driven primarily by lower sales revenues for quota sugar and non-quota sugar exports, even though overall, sugar volumes rose. As forecast, operating profit fell sharply to EUR 44 (previous year: 420) million. The lower profits were mainly attributable to reduced revenues from quota sugar volumes. The drop in quota sugar sales revenues was already evident in the first half of the fiscal year in Southern and Eastern European markets. Since the third quarter and the beginning of the 2014/15 sugar marketing year on 1 October 2014, quota sugar sales revenues in the other EU markets have also fallen.

* All prior year's number adjusted for IFRS 11

In the third quarter; that is, the period from 1 September to 30 November 2014, sales of old sugar from the 2013 campaign and write-downs of import contracts generated pressure on top of the declining sales revenues, which led to a quarterly operating loss of EUR –25 (previous year: 117) million.

Record beet yields for the 2014 sugar processing campaign

Early planting combined with very favorable weather conditions that continued into the campaign resulted in beet yields at Südzucker Group of 83 (previous year: 69) tonnes per hectare, about twenty percent above the five year average and about ten percent higher than the previous record set in 2011. The average duration of the campaign, still ongoing, is expected to be 124 (previous year: 102) days.

Special products segment reports higher earnings

The special products segment's revenues fell to EUR 1,305 (previous year: 1,331) million. The decline was driven especially by lower sales revenues. Revenues stabilized at last year's level in the third quarter. Cumulative operating profit on the other hand rose substantially, to EUR 82 (previous year: 62) million as lower costs more than offset the decline in sales revenues.

CropEnergies' operating profit negative due to low prices

The CropEnergies segment's revenues rose further to EUR 576 (last year: 527) million. The growth is attributable to substantially higher volumes of bioethanol, food and animal feed, especially from the plant in Wilton, Great Britain, which last year was only included as of July, but also from the existing Zeitz and Wanze, Belgium, facilities. Operating profit fell further to EUR –6 (previous year: 38) million, driven especially by significantly declining ethanol sales revenues. The reduced income could only be partially offset by higher volumes and declining net raw material costs.

Fruit segment earnings and revenues retreat

The fruit segment's revenues fell to EUR 816 (previous year: 906) million, mainly due to lower sales revenues and volumes of apple juice concentrates. But lower sales revenues from fruit preparations also weighed on revenues. Operating profit came in at EUR 54 (previous year: 59) million, also slightly under last year's result. Here too, lower sales revenues and sales volumes had an impact, but raw material costs, which also fell, together with cost-cutting measures partly offset the decline. Operating profit in the third quarter was higher than during the same period last year, which reduced the year-over-year decline.

Group figures as of 30 November 2014:

€ million	3rd quarter			1st - 3rd quarter			
	2014/15	2013/14	+/- in %	2014/15	2013/14	+/- in %	
Revenues	€ million	1.752	1.934	-9,4	5.233	5.871	-10,9
EBITDA	€ million	125	270	-53,8	373	776	-51,9
Depreciation on fixed assets and intangible assets	€ million	-98	-98	-0,5	-199	-197	1,2
Operating profit	€ million	27	172	-84,2	174	579	-69,9
Result from restructuring/special items	€ million	-1	-2	-53,3	6	-4	-
Income from companies consolidated at equity	€ million	-4	17	-	15	43	-64,8
Income from operations	€ million	22	187	-88,0	195	618	-68,4
EBITDA margin	%	7,1	13,9		7,1	13,2	
Operating margin	%	1,6	8,9		3,3	9,9	
Investments in fixed assets ¹	€ million	99	110	-9,6	267	276	-3,2
Investments in financial assets/acquisitions	€ million	1	1	0,0	1	1	-20,0
Total investments	€ million	100	111	-9,6	268	277	-3,2
Shares in companies consolidated at equity	€ million				317	282	12,5
Capital employed	€ million				5.582	5.640	-1,0
Employees					18.598	18.333	1,4

¹ Including intangible assets.

Südzucker AG
 Central Public Relations Department
 Dr Dominik Risser
 Maximilianstraße 10
 68165 Mannheim, Germany
 Phone: +49 621 421-205
 Fax: +49 621 421-425
dominik.risser@suedzucker.de

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 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 (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 2013/14, the group employed 18,186 persons and generated revenues of EUR 7.5 billion.