

Press release

Mannheim, 21 May 2015

Südzucker expects earnings slide to continue and cuts dividend

Südzucker AG, Mannheim, generated consolidated group revenues of about EUR 6.8 (previous year: 7.5) billion in fiscal 2014/15 (1 March 2014 to 28 February 2015). As forecast, group consolidated operating profit fell sharply to about EUR 181 (previous year: 622) million. The sugar and CropEnergies segments' earnings were lower, while the special products segment's operating profit was higher. The fruit segment reported the same good operating profit level as last year. The result from restructuring and special items is about EUR –44 (previous year: –116) million. Among other things, it includes restructuring expenses to reduce administration costs in Tienen, Belgium, closure of the refinery in Marseille, France, temporary shutdown of CropEnergies' bio-ethanol plant in Wilton, Great Britain, and consolidation of the Austrian fruit preparation production facilities at one location.

The key figures for the 2014/15 fiscal year as well as the forecast for the current 2015/16 fiscal year were already provided in advance in an ad-hoc-release dated 10 April 2015. Südzucker had already announced the expected further deterioration of the sugar segment's operating profit and the CropEnergies segment's continuing difficult earnings situation for fiscal 2015/16 last October and in January 2015 in conjunction with the quarterly reports. The situation continues to be driven mainly by the unsatisfactory sales revenue situation in the European sugar and ethanol markets.

Forecast for the current fiscal 2015/16 year

Südzucker continues to forecast that consolidated group revenues for fiscal 2015/16 will decline to between about EUR 6.0 and EUR 6.3 billion and that consolidated group operating profit will drop sharply, to between about EUR 50 and EUR 150 million. Consolidated group operating profit for the first quarter of the current 2015/16 fiscal year will also be significantly lower than last year at the same time. Despite the ongoing difficult conditions, Südzucker confirms its mid-range consolidated group operating profit forecast of about EUR 550 million.

Dividend to be halved

The executive and supervisory boards – as already announced in yesterday's ad-hoc-release – will ask shareholders at the annual general meeting on 16 July 2015 to approve a dividend of EUR 0.25 (previous year: 0.50) per share. The dividend recommendation reflects the current earnings situation. Based on the 204.2 (previous year: 204.2) million shares in circulation, the total dividend distribution will be EUR 51 (previous year: 102) million.

Sharply lower quota sugar sales revenues weigh on sugar segment results

The dramatic decrease in quota sugar sales revenues during fiscal 2014/15 was the main reason overall revenues fell 17 percent to EUR 3,228 (previous year: 3,901) million. Lower sales revenues for non-quota sugar exports then exacerbated the trend to the extent that overall higher sugar volumes were by far not enough to offset the declines. These developments are also reflected in the operating profit slump to EUR 7 (previous year: 437) million.

The decrease in quota sugar sales revenues was initially most apparent in the Southern and Eastern European markets in the first half of fiscal 2014/15. As the 2014/15 sugar marketing year opened in October 2014, the sales revenues decline spread throughout the entire EU market.

Record beet harvest processed without noteworthy problems

Aside from the slightly larger cultivation area, the higher beet yields at all of the group's companies – in some cases substantially higher – drove total beet volume to a record 34.0 (previous year: 27.2) million tonnes. The record volume was converted without any major problems to 5.0 (previous year: 4.3) million tonnes of sugar. The average time taken by all factories was 127 (previous year: 102) days; campaign durations ranged between 85 days at the Strzyżów factory in Poland and 177 days at the Leopoldsdorf plant in Austria. Despite the long campaign, problems were limited and only rarely caused any lengthy production outages.

Special product segment cuts costs and increases operating profit

The special products segment's revenues fell slightly to EUR 1,724 (previous year: 1,740) million, due mainly to lower sales revenue levels overall. However, operating profit was up sharply to EUR 120 (previous year: 85) million, as lower costs more than offset the impact of declining sales revenues. All divisions contributed to this earnings growth.

Declining ethanol sales revenues continue to weigh on CropEnergies segment results

The CropEnergies segment was able to further increase revenues, to EUR 764 (previous year: 720) million, driven by higher ethanol, food and animal feed volumes. Higher volumes and falling net raw material costs only offset the significant year-over-year bioethanol sales revenues decline to a limited extent. Operating profit in fiscal 2014/15 therefore fell dramatically, to EUR –11 (previous year: 35) million. The low ethanol sales revenues and uncertain ethanol price situation in Europe ultimately led to a temporary shutdown of the bioethanol factory in Wilton, Great Britain.

Fruit segment operating profit steady as last year's level amid declining volume

Lower fruit juice concentrates sales revenues and volumes as well as a slight year-over-year decline in fruit preparations sales revenues caused the fruit segment's overall revenues to decline to EUR 1,062 (previous year: 1,172) million. But the segment was able to offset the impact of lower sales revenues and volumes thanks to its savings programs and lower costs; operating profit ended the same as last year at EUR 65 (previous year: 65) million.

Workforce expands slightly

Südzucker Group's workforce expanded to 18,460 (previous year: 18,186) overall. The fruit segment's headcount was up about 3 percent to 5,519 (previous year: 5,371) due to seasonal factors, while the totals changed only slightly in the other segments.

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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 ingredients for food and animal feed (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 2014/15, the group employed about 18,500 persons and generated revenues of EUR 6.8 billion.

Revenues and operating profit / Group Total

		2014/15	2013/14*	+/- in %
Revenues	€ million	6.778	7.533	-10,0
EBITDA	€ million	453	889	-49,0
Depreciation on fixed assets and intangible assets	€ million	-272	-267	1,9
Operating profit	€ million	181	622	-70,8
Result from restructuring/special items	€ million	-44	-116	-62,0
Income from companies consolidated at equity	€ million	22	48	-54,6
Income from operations	€ million	159	554	-71,3
EBITDA margin	%	6,7	11,8	
Operating margin	%	2,7	8,3	
Investments in fixed assets ¹	€ million	386	377	2,5
Investments in financial assets/acquisitions	€ million	1	22	-96,4
Total investments	€ million	387	399	-3,1
Shares in companies consolidated at equity	€ million	333	285	17,0
Capital employed	€ million	5.877	5.873	0,1
Return on capital employed	%	3,1	10,6	
Employees		18.460	18.186	1,5

¹ Including intangible assets.

Revenues and operating profit / Sugar segment

		2014/15	2013/14*	+/- in %
Revenues	€ million	3.228	3.901	-17,3
EBITDA	€ million	133	558	-76,5
Depreciation on fixed assets and intangible assets	€ million	-126	-121	2,9
Operating profit	€ million	7	437	-98,4
Result from restructuring/special items	€ million	-7	-113	-95,5
Income from companies consolidated at equity	€ million	-5	20	-
Income from operations	€ million	-5	344	-
EBITDA margin	%	4,1	14,3	
Operating margin	%	0,2	11,2	
Investments in fixed assets ¹	€ million	186	197	-5,1
Investments in financial assets/acquisitions	€ million	0	22	-100,0
Total investments	€ million	186	219	-14,8
Shares in companies consolidated at equity	€ million	250	232	7,9
Capital employed	€ million	3.199	3.186	0,4
Return on capital employed	%	0,2	13,7	
Employees		8.097	8.050	0,6

¹ Including intangible assets.

Revenues and operating profit / Special products segment

		2014/15	2013/14*	+/- in %
Revenues	€ million	1.724	1.740	-0,9
EBITDA	€ million	192	156	23,4
Depreciation on fixed assets and intangible assets	€ million	-72	-71	1,5
Operating profit	€ million	120	85	41,8
Result from restructuring/special items	€ million	-3	4	-
Income from companies consolidated at equity	€ million	27	29	-7,5
Income from operations	€ million	144	118	22,2
EBITDA margin	%	11,2	9,0	
Operating margin	%	7,0	4,9	
Investments in fixed assets ¹	€ million	125	110	13,1
Investments in financial assets/acquisitions	€ million	1	0	-
Total investments	€ million	126	110	13,9
Shares in companies consolidated at equity	€ million	81	52	57,4
Capital employed	€ million	1.377	1.343	2,6
Return on capital employed	%	8,7	6,3	
Employees		4.406	4.335	1,6

¹ Including intangible assets.

Revenues and operating profit / CropEnergies segment

		2014/15	2013/14*	+/- in %
Revenues	€ million	764	720	6,1
EBITDA	€ million	25	69	-63,2
Depreciation on fixed assets and intangible assets	€ million	-36	-34	8,7
Operating profit	€ million	-11	35	-
Result from restructuring/special items	€ million	-28	-6	> 100
Income from companies consolidated at equity	€ million	0	-1	-
Income from operations	€ million	-39	28	-
EBITDA margin	%	3,3	9,5	
Operating margin	%	-1,5	4,9	
Investments in fixed assets ¹	€ million	32	18	75,3
Investments in financial assets/acquisitions	€ million	0	0	-
Total investments	€ million	32	18	75,3
Shares in companies consolidated at equity	€ million	2	1	21,4
Capital employed	€ million	518	544	-4,7
Return on capital employed	%	-2,2	6,4	
Employees		438	430	1,9

¹ Including intangible assets.

Revenues and operating profit / Fruit segment

		2014/15	2013/14*	+/- in %
Revenues	€ million	1.062	1.172	-9,4
EBITDA	€ million	103	106	-1,6
Depreciation on fixed assets and intangible assets	€ million	-38	-41	-5,9
Operating profit	€ million	65	65	1,1
Result from restructuring/special items	€ million	-6	-1	> 100
Income from companies consolidated at equity	€ million	0	0	-
Income from operations	€ million	59	64	-8,2
EBITDA margin	%	9,8	9,0	
Operating margin	%	6,1	5,5	
Investments in fixed assets ¹	€ million	43	52	-17,0
Investments in financial assets/acquisitions	€ million	0	0	-
Total investments	€ million	43	52	-17,0
Shares in companies consolidated at equity	€ million	0	0	-
Capital employed	€ million	782	801	-2,4
Return on capital employed	%	8,4	8,1	
Employees		5.519	5.371	2,8

¹ Including intangible assets.

* The prior years numbers have been adjusted in accordance with IAS 8.