

Press release

Mannheim, 8 October 2015

Südzucker revenues stabilize and earnings improve in the second quarter

At EUR 3,331 (previous year: 3,482) million, Südzucker AG's consolidated group revenues for the first half of fiscal 2015/16 (1 March 2015 to 31 August 2015) were lower than last year.

The sugar and CropEnergies segments' revenues declined as expected while the special products and fruit segments reported an increase. Second-quarter consolidated group revenues were the same as last year. In the first half of the fiscal year, consolidated group operating result came in at EUR 134 (previous year: 147) million, also less than last year. The result was driven mainly by the anticipated significant decline in the sugar segment's operating result. The fruit segment's operating result was also below last year's, while the special products and CropEnergies segments' operating results were sharply higher. While first-quarter consolidated group operating result was still down from last year, it was much higher in the second quarter compared to the same period in the previous year. The main drivers were growth in the CropEnergies and special products segments and a slower decline in sugar segment operating result.

Sugar segment revenues decline and operating result negative

The sugar segment's revenues declined to EUR 1,523 (previous year: 1,699) million in the first half of the fiscal year. The downward trend eased in the second quarter. Another significant decline in quota sugar revenues in the EU in October 2014 is now impacting the comparison with the previous year's reporting period. Sugar volume was higher than last year. Export prices for non-quota sugar were lower than last year as world market prices retreated. Although still low, second-quarter operating result began to stabilize in comparison to previous quarters. Still, as expected, the segment generated an operating loss of EUR -13 (previous year: 68) million in the first half of the fiscal year. Even though quota sugar sales revenues have now stabilized, they are still sharply lower than last year at this time. This was the main reason for the lower operating result.

Sugar beet fields impacted by drought and heat in 2015

Below-average yield forecasts at Südzucker Group of 70 (84) tonnes per hectare reflect the prevailing dry, hot weather conditions. The weather had a positive impact on sugar content, which is higher than the average for the past five years. This year the processing campaign started at the beginning of September at a number of factories. The German factories did not begin processing beets until the beginning of October.

Special products segment reports sharply higher earnings

The special products segment's revenues climbed to EUR 886 (previous year: 855) million in the first half of the fiscal year. The growth was driven by higher volumes, which more than offset declining income from byproducts in the starch division. The devaluation of the euro also drove the reported revenues higher. Operating result continued to grow in the first half of fiscal 2015/16, jumping to EUR 74 (previous year: 45) million. All divisions contributed to the increase. In addition to higher volumes and revenues, further declining raw material costs supported the operating result growth.

CropEnergies segment generates significantly higher earnings despite lower revenues

The CropEnergies segment's revenues for the first half of the fiscal year fell to EUR 356 (previous year: 372) million in spite of a steady recovery in ethanol sales revenues. This was mainly due to lower production and volumes due to the temporary shutdown of the plant in Wilton, Great Britain and a maintenance shutdown at the Wanze, Belgium site.

The upward trend in earnings continued during the second quarter, with operating result for the first half of the fiscal year up sharply from EUR –4 to 40 million. The recent significantly higher ethanol sales revenues in comparison to last year's low level combined with lower net raw material costs more than offset the lower volumes. The production standstill at the Wilton plant generated cost savings.

Fruit segment earnings decline because of lower margins for fruit juice concentrates

The fruit segment's revenues rose slightly to EUR 566 (previous year: 556) million. Sales revenues for apple juice concentrates continued to decline, but higher volumes and sales revenues in the fruit preparations business more than offset the drop. However, the downward trend in earnings continued during the second quarter, so that operating result for the first half of fiscal 2015/16 fell sharply to EUR 33 (previous year: 38) million. A key contributor was the continued lower margin for fruit juice concentrates due to reduced sales revenues. Steadily higher revenues for fruit preparations were not enough to offset the shortfall.

Guidance raised for the current fiscal year

Given the positive development in the second quarter, Südzucker expects consolidated group revenues for fiscal 2015/16 to range between EUR 6.2 and 6.4 (previous year: 6.8) billion and consolidated group operating result to be between EUR 180 and 230 (previous year: 181) million. The improved outlook, which was announced on 22 September 2015, is supported primarily by the previous improvement in bioethanol sales revenues.

Group figures as of 31 August 2015:

€ million	2nd quarter			1st half year			
	2015/16	2014/15	+/- in %	2015/16	2014/15	+/- in %	
Revenues	€ million	1.703	1.709	-0,4	3.331	3.482	-4,3
EBITDA	€ million	129	102	25,7	236	249	-5,1
Depreciation on fixed assets and intangible assets	€ million	-52	-51	0,8	-102	-102	-0,1
Operating result	€ million	77	51	50,6	134	147	-8,6
Result from restructuring/special items	€ million	-5	7	-	-11	7	-
Result from companies consolidated at equity	€ million	8	9	-7,7	18	19	-7,3
Result from operations	€ million	80	67	20,3	141	173	-18,6
EBITDA margin	%	7,6	6,0		7,1	7,1	
Operating margin	%	4,5	3,0		4,0	4,2	
Investments in fixed assets ¹	€ million	95	102	-6,7	167	168	-0,3
Investments in financial assets/acquisitions	€ million	0	0	-	0	0	-
Total investments	€ million	95	102	-6,3	167	168	-0,1
Shares in companies consolidated at equity	€ million				320	309	3,5
Capital employed	€ million				5.732	5.723	0,2
Employees					17.002	17.235	-1,4

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 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.