

Press release

Mannheim, 13 October 2016

Südzucker extends positive trend in first half year

Südzucker AG generated consolidated group revenues of EUR 3,205 (previous year: 3,331) million in the first half of the current 2016/17 fiscal year (1 March 2016 to 31 August 2016). The sugar and CropEnergies segments' revenues declined while the special products and fruit segments reported an increase. Consolidated group operating profit jumped to EUR 209 (previous year: 134) million during the same period. The increase was mainly attributable to the sugar segment, but all other segments also contributed.

Sugar segment operating result positive thanks to price recovery

The sugar segment's revenues declined to EUR 1,382 (previous year: 1,523) million. The decline was caused mainly by the year-over-year drop in quota sugar volumes in the second quarter and falling non-quota sugar volume due to the weaker 2015 harvest. Quota sugar sales revenues continued to recover and were moderately higher than last year. After posting an operating loss last year, the segment was able to generate a positive result of EUR 40 (previous year: -13) million. The trend has been reinforced since the start of 2016 by steadily rising spot market quota sugar sales revenues.

Beet processing campaign underway

The 2016 campaign began at the beginning of September at two Südzucker Polska factories, followed by AGRANA and Südzucker Moldova, and in mid-September, the Südzucker AG factories. Then the French and Belgian plants began beet processing. Südzucker Group expects an above average beet yield of just under 76 (previous year: 69) tonnes per hectare thanks to heavy rainfall in June and July. Sugar yield will come in at the average level of the past five years.

Special products segment's revenues and operating result rise driven by higher volumes

The special products segment's revenues rose from EUR 886 to 905 million. The positive volume trend continued and was able to more than offset lower overall sales revenues. The segment was also able to extend its positive operating result growth into the second quarter. The final number for the first half year was up, coming in at EUR 88 (previous year: 74) million. All divisions contributed, with the exception of the starch division, which had to contend with startup related operating losses from the Zeitz starch plant commissioning. The special products segment benefited from volume growth and again from low raw material costs.

CropEnergies operating result holds steady despite declining ethanol sales revenues

The CropEnergies segment's revenues were posted at EUR 313 million, significantly under the prior year's EUR 356 million. Aside from steadily declining ethanol sales revenues, the downturn was driven by reduced bioethanol volumes resulting from lower trading volumes. Despite a drop in the second quarter, the operating result for the first half of the fiscal year was still slightly higher than last year's at EUR 41 (previous year: 40) million. Overall, the negative impact of the significantly lower ethanol sales revenues and the July restart of the plant in Wilton were offset by contributions from net raw material and energy costs, which are declining in parallel. Higher in-house production volumes of ethanol also had a positive impact.

Fruit segment revenues and operating result climb

The fruit segment's revenues rose to EUR 605 (previous year: 566) million. While the fruit preparations division was able to boost volumes further, the higher revenues in the fruit juice concentrates area are attributable mainly to a strong recovery in sales revenues. The very satisfactory first quarter operating result growth continued in the second quarter, with the segment able to report a sizable rise to EUR 40 (previous year: 33) million. Both the fruit preparations division and fruit juice concentrates division contributed to the substantially higher result; the former due to steady volume growth and the latter because of a significant recovery in margins on sales revenues.

Outlook for fiscal 2016/17

Südzucker continues to forecast consolidated group revenues of EUR 6.4 to 6.6 billion for fiscal 2016/17 (2015/16: 6.4). The sugar segment's revenues are expected to remain the same as last year. The special products segment's revenues are expected to rise slightly. Südzucker expects the CropEnergies segment's revenues to range between EUR 595 and 645 (2015/16: 658) million and the fruit segment's to grow substantially.

A further rise is forecast for the operating result. It should now range between EUR 340 to 390 (2015/16: 241) million, driven mainly by the improved operating result of EUR 80 to 110 million in the sugar segment. The special products segment is projecting a result of about EUR 150 million. Südzucker expects the CropEnergies segment's result to range between EUR 50 and 80 million. A year-over-year increase is forecast for the fruit segment.

Group figures as of 31 August 2016

€ million	2nd quarter			1st half year			
	2016/17	2015/16	+/- in %	2016/17	2015/16	+/- in %	
Revenues	€ million	1.597	1.703	-6,2	3.205	3.331	-3,8
EBITDA	€ million	150	129	16,6	310	236	31,3
Depreciation on fixed assets and intangible assets	€ million	-51	-52	-0,6	-101	-102	-0,9
Operating result	€ million	99	77	28,0	209	134	55,6
Result from restructuring/special items	€ million	-3	-5	-37,9	-10	-11	-10,4
Result from companies consolidated at equity	€ million	13	8	56,0	24	18	36,2
Result from operations	€ million	109	80	35,8	223	141	58,6
EBITDA margin	%	9,4	7,6		9,7	7,1	
Operating margin	%	6,2	4,5		6,5	4,0	
Investments in fixed assets ¹	€ million	83	95	-12,0	143	167	-14,9
Investments in financial assets/acquisitions	€ million	30	0	> 100	31	0	> 100
Total investments	€ million	113	95	19,6	174	167	3,5
Shares in companies consolidated at equity	€ million				351	320	9,6
Capital employed	€ million				5.740	5.732	0,1
Employees					17.649	17.002	3,8

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 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, 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 2015/16, the group employed about 16,500 persons and generated revenues of EUR 6.4 billion.