

Press release

Mannheim, 18 May 2017

Südzucker increases result substantially in fiscal year just ended

Südzucker AG today confirms last fiscal year's preliminary numbers released on 24 April 2017. Südzucker group consolidated revenues for fiscal 2016/17 (1 March 2016 to 28 February 2017) came in at EUR 6,476 (previous year: 6,387) million. The consolidated group operating result rose considerably to EUR 426 (previous year: 241) million during the same period. All segments contributed to the increase, but especially the sugar segment. Group consolidated net income climbed to EUR 312 (previous year: 181) million.

Dividend proposal

The executive and supervisory boards will recommend to shareholders at the annual general meeting on 20 July 2017 that a dividend of EUR 0.45 (previous year: 0.30) per share be paid for fiscal 2016/17. Based on 204.2 million shares in circulation, the total dividend distribution will be EUR 91.9 million. Last year the total distribution was EUR 61.3 million.

Sugar segment revenues fall but operating result clearly positive

The sugar segment's revenues declined to EUR 2,776 (previous year: 2,855) million, due especially to lower quota sugar volumes, but also falling non-quota sugar volumes because of the weaker 2015 harvest. Rising sugar sales revenues over the course of the fiscal year more than offset the lower volumes starting the second half of the year.

The operating result improved substantially, to EUR 72 (previous year: -79) million, driven mainly by higher quota sugar sales revenues. Moderately rising prices since the beginning of October 2015 initially impacted the result at the beginning of the fiscal year. In addition, spot market income continued to rise in an overall positive market environment during the remainder of the year. This factor has now been driving all markets higher since October 2016.

Expanded cultivation area and better yields lead to higher sugar production levels

A significantly expanded cultivation area and an above average beet yield led to a higher total beet volume of 28.6 (previous year: 23.7) million tonnes in 2016/17. Production performance was almost the same as the year prior and the average campaign duration for all factories was 107 (previous year: 89) days. Thanks to mild, dry weather, the campaign progressed mostly problem free at all factories right into the winter months. Dry weather did hamper sugar beet pulling at some locations, which adversely affected factory deliveries, but only at the very start of the campaign.

The group's total sugar production rose to 4.7 (previous year: 4.2) million tonnes, of which 4.4 (previous year: 3.8) million tonnes was sugar produced from beets and 0.23 (previous year: 0.43) million tonnes sugar refined from raw sugar cane.

Special products segment's revenues and operating result higher

The special products segment's revenues rose from EUR 1,791 to 1,819 million. The increase was driven in part by the startup of the wheat starch plant at the Zeitz site, but above all, steady volume growth, so that declining sales income, caused in part by currency exchange factors, could be more than offset. Depreciation of the British pound following the BREXIT vote had a particularly negative impact on a number of the segment's companies.

The operating result was up again, to EUR 184 (previous year: 171) million, even beating last year's exceptionally high number. The continued sales volume growth in almost all business units was higher than the adverse impact of the startup of the starch plant in Zeitz and declining sales income.

CropEnergies segment reports also higher revenues and operating result

The CropEnergies segment's revenues rose to EUR 726 (previous year: 658) million, driven mainly by higher bioethanol production volumes, as well as food and animal feed, as a result of the re-start of the plant in Wilton. This more than offset the reduced trading volumes due to higher in-house production and lower ethanol sales revenues.

The division's operating result again improved considerably despite declining ethanol sales revenues, beating last year's unusually strong result and hitting a record of EUR 98 (previous year: 87) million. Key drivers were sharply higher production and sales volumes and declining net raw material and energy costs.

Fruit segment benefits especially from higher sales revenues for fruit juice concentrates

The fruit segment's revenues rose to EUR 1,155 (previous year: 1,083) million. This increase was driven by slightly higher volumes, and especially higher sales revenues for apple juice concentrates.

The segment's operating result improved year over year, rising to EUR 72 (previous year: 62) million. This increase is due to higher sales revenues and margins, combined with volume growth in the fruit juice concentrates division. However, the positive impact of volume and sales revenue growth in the fruit preparations division was not enough to completely offset higher costs.

Workforce expands slightly

The number of persons employed by Südzucker Group as of 28 February 2017 was 16,908 (previous year: 16,486), up 2.6 percent from last year's record date. The special products segment's higher headcount was mostly attributable to the Freiburger and starch divisions. For example, over 200 new jobs were created at the British pizza factory in Westhoughton, as capacity utilization expanded. Campaign operations at the sugar factories and in parts of the special products segment, together with the seasonality of the fruit business, cause the size of the workforce to fluctuate over the course of the fiscal year.

Südzucker named favorite food products sector employer

In a survey titled "Deutschlands beste Arbeitgeber im Vergleich" [comparing Germany's best employers], conducted by the German news magazine FOCUS in cooperation with Statista GmbH and Kununu, Südzucker placed second in the "food and luxury items, animal feed and drugstore products, medical consumables" category. First place went to a company outside the food products sector. The evaluation considered the following parameters, among others: opinion of the company's own employees, opinion of other workers in the same sector and employer rating as captured by the kununu.com website.

Outlook for the current 2017/18 fiscal year

Südzucker is forecasting consolidated group revenues of EUR 6.7 to 7.0 billion (fiscal 2016/17: 6.5) for the current 2017/18 fiscal year (1 March 2017 to 28 February 2018). We expect the sugar and fruit segment's revenues to increase moderately and the special products segment's to rise slightly. Südzucker expects the CropEnergies segment's revenues to range between EUR 725 and 800 (fiscal 2016/17: 726) million.

Südzucker expects the operating result to rise further. It should come in at between EUR 425 to 500 (fiscal 2016/17: 426) million, driven mainly by better sugar segment results. After the records set in 2016/17, the company expects a significant retreat in both the special products and CropEnergies segments. Südzucker expects a year-over-year increase in the fruit segment.

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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 2016/17, the group employed about 16,900 persons and generated revenues of EUR 6.5 billion.

Group total: Revenues and operating result

		2016/17	2015/16	+/- in %
Revenues	€ million	6,476	6,387	1.4
EBITDA	€ million	709	518	36.9
Depreciation on fixed assets and intangible assets	€ million	-283	-277	2.2
Operating result	€ million	426	241	76.7
Result from restructuring/special items	€ million	-20	-19	5.7
Result from companies consolidated at equity	€ million	35	55	-36.4
Result from operations	€ million	441	277	59.2
EBITDA margin	%	10.9	8.1	
Operating margin	%	6.6	3.8	
Investments in fixed assets ¹	€ million	329	371	-11.3
Investments in financial assets/acquisitions	€ million	164	0	> 100
Total investments	€ million	493	371	32.9
Shares in companies consolidated at equity	€ million	433	333	29.9
Capital employed	€ million	6,012	5,791	3.8
Return on Capital Employed	%	7.1	4.2	
Employees		16,908	16,486	2.6

¹ Including intangible assets.

Sugar segment: Revenues and operating result

		2016/17	2015/16	+/- in %
Revenues	€ million	2,776	2,855	-2.7
EBITDA	€ million	201	48	> 100
Depreciation on fixed assets and intangible assets	€ million	-129	-127	1.3
Operating result	€ million	72	-79	-
Result from restructuring/special items	€ million	-12	4	-
Result from companies consolidated at equity	€ million	7	32	-79.4
Result from operations	€ million	67	-43	-
EBITDA margin	%	7.3	1.7	
Operating margin	%	2.6	-2.7	
Investments in fixed assets ¹	€ million	153	181	-15.5
Investments in financial assets/acquisitions	€ million	118	0	> 100
Total investments	€ million	271	181	49.8
Shares in companies consolidated at equity	€ million	370	275	34.4
Capital employed	€ million	3,169	3,041	4.2
ROCE	%	2.3	-2.6	
Employees		6,929	7,028	-1.4

¹ Including intangible assets.

Special products segment: Revenues and operating result

		2016/17	2015/16	+/- in %
Revenues	€ million	1,819	1,791	1.5
EBITDA	€ million	263	246	6.5
Depreciation on fixed assets and intangible assets	€ million	-79	-75	4.7
Operating result	€ million	184	171	7.4
Result from restructuring/special items	€ million	-4	-2	54.5
Result from companies consolidated at equity	€ million	28	23	23.1
Result from operations	€ million	208	192	8.7
EBITDA margin	%	14.4	13.7	
Operating margin	%	10.1	9.5	
Investments in fixed assets ¹	€ million	126	131	-4.0
Investments in financial assets/acquisitions	€ million	0	0	-
Total investments	€ million	126	131	-4.0
Shares in companies consolidated at equity	€ million	61	56	8.0
Capital employed	€ million	1,499	1,436	4.4
ROCE	%	12.2	11.9	
Employees		4,643	4,422	5.0

¹ Including intangible assets.

CropEnergies segment: Revenues and operating result

		2016/17	2015/16	+/- in %
Revenues	€ million	726	658	10.3
EBITDA	€ million	135	122	10.9
Depreciation on fixed assets and intangible assets	€ million	-37	-35	6.9
Operating result	€ million	98	87	12.6
Result from restructuring/special items	€ million	-4	-18	-78.3
Result from companies consolidated at equity	€ million	0	0	-
Result from operations	€ million	94	69	36.7
EBITDA margin	%	18.6	18.5	
Operating margin	%	13.4	13.2	
Investments in fixed assets ¹	€ million	16	17	-4.2
Investments in financial assets/acquisitions	€ million	0	0	-
Total investments	€ million	16	17	-4.2
Shares in companies consolidated at equity	€ million	2	2	11.1
Capital employed	€ million	479	490	-2.4
ROCE	%	20.4	17.7	
Employees		412	416	-1.1

¹ Including intangible assets.

Fruit segment: Revenues and operating result

		2016/17	2015/16	+/- in %
Revenues	€ million	1,155	1,083	6.6
EBITDA	€ million	110	102	8.2
Depreciation on fixed assets and intangible assets	€ million	-38	-40	-4.0
Operating result	€ million	72	62	16.0
Result from restructuring/special items	€ million	0	-3	-100.0
Result from companies consolidated at equity	€ million	0	0	-
Result from operations	€ million	72	59	22.1
EBITDA margin	%	9.5	9.4	
Operating margin	%	6.2	5.7	
Investments in fixed assets ¹	€ million	34	42	-18.9
Investments in financial assets/acquisitions	€ million	46	0	-
Total investments	€ million	80	42	90.2
Shares in companies consolidated at equity	€ million	0	0	-
Capital employed	€ million	866	823	5.2
ROCE	%	8.3	7.5	
Employees		4,924	4,620	6.6

¹ Including intangible assets.