

Press release

Mannheim, 12 July 2018

Südzucker quarterly result declines in line with forecast

Südzucker AG generated consolidated group revenues of EUR 1,741 (previous year: 1,783) million in the first quarter (1 March to 31 May 2018) of the current 2018/19 fiscal year, slightly less compared to the same period of the previous year. The sugar and CropEnergies segments' revenues fell sharply, whereas the special products segment's rose substantially. The fruit segment's revenues remained at the previous year's level.

As anticipated, the consolidated group operating result dropped noticeably, barely beating half last year's level at EUR 78 (previous year: 153) million. The decline was driven mainly by the predicted significantly weaker sugar segment growth. The CropEnergies segment's result was also clearly below last year's. The special products segment's operating result was moderately lower than last year's, while the fruit segment's was slightly higher.

Sugar segment results and revenues downturn

The sugar segment's revenues of EUR 695 (previous year: 777) million fell in spite of substantially higher sales volumes, particularly in the field of exports, driven by significantly lower sales revenues.

With regard to our operating result, the higher export volumes were by far not enough to offset the substantially reduced sales revenues. Last year sales revenues rose in the first half of the fiscal year, but they have been on a steep downward trend since October 2017. The segment's operating result during the reporting period dropped to EUR 8 (previous year: 64) million.

Beet cultivation area for 2018 similar to last year

Südzucker Group's beet cultivation area for 2018 is about the same as last year at 435,800 (previous year: 445,000) hectares. Planting began relatively late, in early April, under mostly excellent seeding conditions. Very warm temperatures with mostly adequate rainfall accelerated beet growth and negated the delayed planting.

Special products segment result declines slightly

The special products segment was able to increase revenues to EUR 558 (previous year: 481) million despite sharply lower bioethanol sales revenues. This growth is primarily due to revenue contributions from frozen pizza producers Richelieu Foods Inc. and HASA GmbH, which did not occur last year.

However, operating result declined moderately from EUR 41 to 39 million. This lower result is due to reduced sales revenues for ethanol and sweeteners in the starch division, in addition to higher fixed costs resulting from the capacity expansions at the Aschach corn starch factory over the course of the previous year. All other product areas performed according to plan overall.

Low ethanol prices weigh on CropEnergies

The CropEnergies segment's revenues were significantly below last year's at EUR 176 (previous year: 214) million, driven especially by considerably reduced ethanol sales revenues, particularly in comparison to the comparatively high sales revenues generated during the first half of last year.

This negative revenues trend caused also a decline in our operating result of EUR 5 (previous year: 23) million.

Fruit segment result up slightly

The fruit segment's revenues were almost the same as last year, coming in at EUR 312 (previous year: 311) million. Lower sales revenues for fruit preparations were offset by higher sales revenues in the fruit juice concentrates division as well as higher volumes in the fruit preparations division.

The segment's operating result climbed slightly to EUR 26 (previous year: 25) million, driven by higher margins on sales revenues in the fruit juice concentrates division, while in the fruit juice preparations division, higher volumes and lower raw material costs could not fully offset lower sales revenues.

Forecast for fiscal 2018/19 confirmed

Consolidated group revenues for the current fiscal 2018/19 year are still expected to come in at about EUR 6.8 to 7.1 (previous year: 7.0) billion. We expect the sugar segment's revenues to drop significantly. We see the CropEnergies segment's revenues ranging between EUR 730 and 780 (previous forecast: 760 to 820) million. We expect the special products segment's revenues to rise substantially and the fruit segment's to increase moderately.

We still expect the consolidated group operating result to drop sharply, to between EUR 100 and 200 (previous year: 445) million, driven largely by the sugar segment's decidedly lower results. A loss ranging between EUR -100 and -200 million is expected. A sizable decline is also expected for CropEnergies. However, we expect the special products and fruit segments to report significantly rising operating results.

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About the Südzucker Group

Südzucker, with its sugar, special products, CropEnergies and fruit segments, is one of the most significant food industry companies. In the traditional sugar business, the group is Europe's number one supplier of sugar products, 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 food ingredients for food and animal feed (BNEO) division, as well as chilled/frozen products (Freiberger), portion packs (PortionPack Europe) and starch divisions, conducts business in high-growth dynamic markets. The CropEnergies segment is responsible for the bioethanol activities in Germany, Belgium, France and Great Britain. The group's fruit segment operates globally, is the world market leader for fruit preparations and is a leading supplier of fruit juice concentrates in Europe.

In 2017/18, the group employed about 18,500 persons and generated revenues of EUR 7.0 billion.

€ million		1st quarter		
		2018/19	2017/18	+/- in %
Revenues	€ million	1.741	1.783	-2,3
EBITDA	€ million	138	208	-34,0
Depreciation on fixed assets and intangible assets	€ million	-60	-55	8,5
Operating result	€ million	78	153	-49,3
Result from restructuring/special items	€ million	0	0	-85,7
Result from companies consolidated at equity	€ million	6	14	-53,1
Result from operations	€ million	84	167	-49,5
EBITDA margin	%	7,9	11,7	0,0%
Operating margin	%	4,5	8,6	0,0%
Investments in fixed assets ¹	€ million	66	62	6,8
Investments in financial assets/acquisitions	€ million	3	0	-
Total investments	€ million	69	62	12,0
Shares in companies consolidated at equity	€ million	376	433	-13,2
Capital employed	€ million	6.666	6.138	8,6
Employees		19.545	18.416	6,1

¹ Including intangible assets.