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Südzucker supervisory board agrees on restructuring plan for sugar segment

In today's meeting, the supervisory board of Südzucker AG has agreed on the restructuring plan for the sugar segment suggested by the executive board. According to the restructuring plan first presented in the supervisory board meeting on 30 January 2019, Südzucker targets to reduce the impact of the strong price variation in global and EU sugar markets on the sugar segment and therefore to secure and strengthen the sustained economic corporate success.

The restructuring plan envisages measures along the whole value chain, especially the adaption of production and administration structures. In this connection it is planned to close five sugar factories with an average annual total sugar production volume of about 700,000 tonnes, to streamline the capacities more alongside European market demand. Following the campaign 2019 there should be two factory closures in Germany (Brottewitz and Warburg) and two factory closures at the French subsidiary Saint Louis Sucre (Cagny and Epeville). The affected factory at the Polish subsidiary Südzucker Polska (Strzyżów) should be closed earlier. Future investments should visibly strengthen factories situated nearby sugar factories affected by the closure. In addition it is planned to further reduce administration costs in Belgium, Germany, France and Poland. The restructuring plan could require further consultations with the respective regional employee representatives.

The total cost savings impact could amount in the following years up to approximately EUR 100 million p.a. depending on the sugar world market price. The restructuring expenses could amount in total in the following years to EUR 180 to 220 million, of which about 70 percent are cash flow related. The exact implications on operating result in the upcoming business years are subject to factors uncertain as of today, including the consultation scheme result and further development of the global economic environment for the sugar segment.

The concrete financial implications for business year 2018/19, among others the review of the goodwill value, will be determined in line with the annual accounts preparation. These financial implications concern the result from restructuring and special items.

The group's revenues and operating result outlook for business year 2018/19 is not affected by this.



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