

Press release

Mannheim, 11 July 2019

Südzucker confirms fiscal year 2019/20 forecast

Group consolidated first-quarter 2019/20 revenues of Südzucker AG decreased to EUR 1,680 (previous year: 1,741) million. While the sugar segment's revenues fell sharply, the fruit segment's held steady at last year's level and the special products and CropEnergies segments' rose.

The consolidated group operating result decreased as expected significantly to EUR 47 (previous year: 78) million. This decline is mainly due to the sugar segment loss incurred. The special products and CropEnergies segments post significant results improvements while the fruit segment reports a downturn in results.

Sugar segment records losses

The sugar segment's first quarter revenues fell sharply to EUR 581 (previous year: 695) million. The decline was driven by considerably lower sales revenues yet again, and moderately lower sales volumes due to the reduced 2018 harvest.

The sugar segment's negative operating result of EUR –36 (previous year: 8) million had been expected. The main reason for this is the historically low sales revenue level in the EU.

Beet cultivation and 2019 campaign

Südzucker Group's beet cultivation area was down about 10 % in 2019 from last year to 391,100 (previous year: 434,000) hectares. The main seeding campaign began in mid-March, about two weeks earlier than last year, amidst mainly excellent planting conditions. Cool temperatures, primarily during the night, retarded plant growth to the beginning of May. Since then, mild temperatures and regular rainfall have encouraged rapid beet development.

Increase in volumes and results in the special products segment

The special products segment was again able to boost revenues to EUR 602 (previous year: 558) million, thus surpassing the sugar segment for the first time. In addition to overall higher sales volumes, a strong recovery in ethanol sales revenues from the prior year's low level was a major contributor.

The encouraging revenues development also led to a significant improvement in the operating result to EUR 46 (previous year: 39) million, despite some substantial increases in raw material prices.

CropEnergies segment posts higher revenues and results

The CropEnergies segment's revenues were moderately higher than last year at EUR 185 (previous year: 176) million. Lower sales volumes were more than offset by higher sales revenues.

The operating result improved substantially to EUR 15 (previous year: 5) million. The strong growth in ethanol sales revenues more than compensated lower volumes and higher raw material costs.

Fruit segment starts the year on a weaker note

The fruit segment reported revenues of EUR 312 (previous year: 312) million, almost the same as a year earlier. The slight revenue increase in the fruit preparations division is mainly due to higher volumes. The lower sales revenues could not be fully offset by higher volumes in the fruit juice concentrates division, which led to moderately lower revenues.

The operating result fell to EUR 22 (previous year: 26) million. The significantly lower operating result in the fruit preparations division due to higher costs could not be offset by the higher operating result in the fruit juice concentrates division.

Fiscal year 2019/20 forecast confirmed

Südzucker confirms the forecast issued on 27 March 2019 for the 2019/20 fiscal year (1 March 2019 to 29 February 2020). We still expect consolidated group revenues of EUR 6.7 to 7.0 (previous year: 6.8) billion. We anticipate the sugar segment's revenues to drop moderately. We see the CropEnergies segment's revenues ranging now between EUR 740 and 820 (previous forecast: 720 to 820; previous year: 693) million. We expect the special products segment's revenues to rise slightly and the fruit segment's to increase moderately.

Südzucker continues to anticipate a consolidated group operating result ranging between EUR 0 and 100 (previous year: 27) million. We estimate that the sugar segment will report another operating loss between EUR -200 and -300 million. In contrast, we are expecting a moderately improved operating result for the special products segment. Following the weak beginning of the year, it will be perceivably more difficult to reach the forecasted significant earnings increase in the fruit segment. The CropEnergies segment's operating result is now expected to be between EUR 30 and 70 (previous forecast: 20 to 70; previous year: 33) million.

The investment programs to expand capacity in the functional ingredients, pizza and starch sectors are proceeding according to plan.

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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 28 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 2018/19, the group employed about 19,200 persons and generated revenues of EUR 6.8 billion.

€ million	1st quarter			
		2019/20	2018/19	+/- in %
Revenues	€ million	1.680	1.741	-3,5
EBITDA	€ million	117	138	-15,3
Depreciation on fixed assets and intangible assets	€ million	-70	-60	16,7
Operating result	€ million	47	78	-40,0
Result from restructuring/special items	€ million	-6	0	> 100
Result from companies consolidated at equity	€ million	-4	6	-
Result from operations	€ million	37	84	-55,8
EBITDA margin	%	6,9	7,9	0,0%
Operating margin	%	2,8	4,5	0,0%
Investments in fixed assets ¹	€ million	72	66	9,1
Investments in financial assets/acquisitions	€ million	5	3	43,8
Total investments	€ million	77	69	10,7
Shares in companies consolidated at equity	€ million	382	376	1,5
Capital employed	€ million	6.167	6.666	-7,5
Employees		20.150	19.545	3,1

¹ Including intangible assets.