

Press release

Mannheim, 10 October 2019

Südzucker confirms full-year 2019/20 forecast

In the first half of the current 2019/20 fiscal year (1 March 2019 to 31 August 2019), Südzucker AG achieved group consolidated revenues of EUR 3,314 (previous year: 3,475) million. While the sugar segment's revenues fell sharply, the fruit segment's were slightly below last year's level and the special products and CropEnergies segments' rose.

The consolidated group operating result dropped as expected significantly to EUR 74 (previous year: 139) million, driven mainly by the sugar segment losses. The decline reported by the fruit segment was more than offset by improved results reported by the special products and CropEnergies segments.

Sugar segment still impacted by low sugar prices

The sugar segment's revenues fell sharply to EUR 1,121 (previous year: 1,389) million. The decline was driven by low sales revenues and significantly lower volumes due to the reduced 2018 harvest.

The sugar segment's operating loss of EUR -93 (previous year: 3) million had been predicted. The main causes were the EU sugar market price level, which did not cover costs, and sharply lower sales volumes due to the drought-driven weaker 2018 harvest.

According to market analyses, the production deficit will increase globally, and the high inventory level will be reduced as a result. However, the world market price for sugar, which has a significant influence on European pricing, has so far remained at a low level. The main cause is high inventories in India, which are soon to be offered for sale on the world market via government support measures. In an effort to export about 6 million tonnes to the world market, the Indian government has again granted substantial export subsidies for sugar marketing year 2019/20, to the tune of about USD 875 million.

2019 beet processing campaign regionally affected by heat and drought

Once again, this year, heat and drought during the summer months led to overall below-average yield expectations in most of Südzucker Group's cultivation areas. The campaign began on 21 August 2019 starting with Moldova. The other Südzucker factories were following between mid-

September and early October 2019. The average campaign length in the Südzucker Group is expected to be 106 (previous year: 115) days. The company plans to produce 4.45 (previous year: 4.62) million tonnes of sugar from 28.1 (previous year: 29.3) million tonnes of beet.

Special products segment continues to grow

During the second quarter the special products segment continued to grow and was able to boost revenues to EUR 1,192 (previous year: 1,125) million in the first half year. In addition to higher volumes, especially for starch and sweetener products, the growth was primarily driven by increased ethanol sales revenues, which significantly surpassed the previous year's level even though there was a decline toward the end of the second quarter.

Also in the second-quarter operating result was higher than last year's quarter. A significant increase to EUR 87 (previous year: 75) million was achieved after the first six months. Higher costs, especially for raw materials, were more than offset by increased revenues.

CropEnergies segment posts significantly higher revenues and results

CropEnergies' revenues rose to EUR 405 (previous year: 349) million in the first half year thanks to significantly higher ethanol sales revenues.

Higher raw material prices could only be partly offset by significantly better sales revenues for food and animal feed, so that net raw material costs rose. However, the sharp improvement in ethanol sales revenues tripled the operating result, which came in at EUR 44 (previous year: 14) million.

Fruit segment reports substantial drop in results

The fruit segment's revenues fell slightly to EUR 596 (previous year: 612) million. The fruit preparations division's revenues were unchanged, with stable sales volumes and sales revenues, while the fruit juice concentrates division's higher volumes were not enough to completely offset declining sales revenues.

The operating result was down sharply to EUR 36 (previous year: 47) million. Higher costs and one-time charges weighed on the fruit preparations division in the first half year, as revenues remained at the same level. The fruit juice concentrates division's declining sales revenues could not be compensated by higher volumes.

Fiscal year 2019/20 group forecast confirmed

Südzucker continues to expect consolidated group revenues of EUR 6.7 to 7.0 (previous year: 6.8) billion. We anticipate the sugar segment's revenues to decline moderately (previous year: EUR 2.6 billion). In the CropEnergies segment revenues are now expected to range between EUR 740 and 780 (previous forecast*: 740 to 820; previous year: 693) million. Revenues in the special products segment are expected to rise slightly (previous year: EUR 2.3 billion), while revenues in the fruit segment are now anticipated to remain at the previous year's level (previous forecast: moderate increase; previous year: EUR 1.2 billion).

The consolidated group operating result is still expected to range from EUR 0 to 100 (previous year: 27) million. We estimate that the sugar segment will report another operating loss between EUR -200 and -300 (previous year: -239) million. In the fruit segment Südzucker expects now results to decline significantly (previous forecast: sharp increase; previous year: EUR 77 million). In contrast, we are expecting a moderately improved operating result (previous year: EUR 156 million) for the special products segment. The CropEnergies segment's operating result is now expected to range between EUR 50 and 75 (previous forecast*: 30 to 70; previous year: 33) million.

Group figures as of 31 August 2019

€ million	2nd quarter			1st half year			
	2019/20	2018/19	+/- in %	2019/20	2018/19	+/- in %	
Revenues	€ million	1.635	1.734	-5,7	3.314	3.475	-4,6
EBITDA	€ million	99	123	-19,8	214	260	-17,4
Depreciation on fixed assets and intangible assets	€ million	-71	-61	15,4	-140	-121	16,0
Operating result	€ million	28	62	-54,8	74	139	-46,6
Result from restructuring/special items	€ million	-1	-2	-66,7	-5	-1	> 100
Result from companies consolidated at equity	€ million	7	4	62,5	2	11	-80,4
Result from operations	€ million	34	64	-47,3	71	149	-52,1
EBITDA margin	%	6,0	7,1	0,0%	6,5	7,5	0,0%
Operating margin	%	1,7	3,5	0,0%	2,2	4,0	0,0%
Investments in fixed assets ¹	€ million	79	101	-22,0	150	167	-9,7
Investments in financial assets/acquisitions	€ million	2	6	-67,8	7	9	-28,6
Total investments	€ million	81	107	-24,6	157	176	-10,7
Shares in companies consolidated at equity	€ million				392	380	3,2
Capital employed	€ million				6.076	6.490	-6,4
Employees					19.606	19.546	0,3

¹ Including intangible assets.

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* CropEnergies AG adjusted this forecast on 14 August 2019.

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 (BENEO) 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.