

Press release

Mannheim, 14 May 2020

Südzucker posts improved operating result for fiscal 2019/20

In fiscal 2019/20 (1 March 2019 to 29 February 2020), the group's consolidated revenues declined slightly to EUR 6,671 (previous year: 6,754) 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 group's consolidated operating result jumped significantly to EUR 116 (previous year: 27) million. The sugar segment reported a loss similar to last year as expected, but posted considerably better results in the second half of the fiscal year than during the same period last year. While the fruit segment's operating result was sharply lower, the special products segment's was significantly higher. The CropEnergies segment more than tripled its operating result.

Proposed dividend of EUR 0.20 per share

The executive board proposes to the annual general meeting an unchanged dividend of EUR 0.20 per share for financial year 2019/20. The annual general meeting shall be held in virtual form on 16 July 2020.

Sugar segment operating losses substantial

The sugar segment's revenues fell by 13 percent to EUR 2,258 (previous year: 2,588) million in fiscal 2019/20. The lower revenues were driven by a significantly lower sales volume due to the below average sugar beet harvests in 2018 and 2019 which were caused by dry weather, thus resulting in lower sugar production.

The sugar segment's operating loss of EUR -236 (previous year: -239) million was according to forecast and about the same as the year prior. The main causes are an EU sugar market price level not covering costs, and significantly lower sales volumes. Prices declined even further in the second half of fiscal 2018/19, but started to recover in fiscal 2019/20 from October 2019 on, although production costs were also higher. Most of the savings resulting from the restructuring program will not have an impact until the second half of fiscal 2020/21.

2019 processing campaign and sugar production

Almost all factories started the campaign between mid-September and early October 2019. In Cagny, France, sugar production was stopped on 3 November 2019 after several strikes by the workforce; beet from the Cagny cultivation region was taken to the nearby Etrépagny and Roye factories. Campaign duration at the various factories ranged between 23 days at Falesti in Moldova and 152 days at Etrépagny in France. The average campaign duration for all factories was 114 (previous year: 115) days.

Total sugar production in the group decreased to 4.5 (previous year: 4.7) million tonnes, of which 4.3 (previous year: 4.6) million tonnes was sugar produced from beets and 0.2 (previous year: 0.1) million tonnes sugar refined from cane raw sugar.

Special products segment records significantly higher results

Steady volume growth drove the special products segment's revenues to EUR 2,409 (previous year: 2,294) million. Starch and starch saccharification product volumes in particular were higher. Operating result performance was also very satisfactory, rising sharply to EUR 190 (previous year: 156) million. Higher volumes and sales revenues, especially from ethanol, were the main contributors. The increases were enough to more than offset higher raw material prices.

CropEnergies segment results set new record

The CropEnergies segment was able to boost revenues substantially in fiscal 2019/20, to EUR 819 (previous year: 693) million, driven mainly by higher ethanol sales revenues, which reached the highest level of the fiscal year in the final quarter of 2019/20. Expanded production and sales volumes further boosted the higher revenues.

Despite higher net raw material costs, the operating result of EUR 104 (previous year: 33) million was more than triple last year's number. The increase was driven especially by sharply higher ethanol sales revenues.

Fruit segment results decline

The fruit segment's revenues were about the same as last year at EUR 1,185 (previous year: 1,179) million. Significantly lower average prices throughout the year in almost all product categories led to significantly lower revenues for fruit juice concentrates. However, the decline was offset by higher volumes and sales revenues for fruit preparations.

Still, the operating result was down sharply to EUR 58 (previous year: 77) million. The deterioration in the fruit juice concentrates division is due mostly to sales revenue driven lower margins, while in the fruit preparations division, revenue increases were not enough to offset higher costs.

Group outlook 2020/21 subject to coronavirus effects

The initial forecast published on 22 April 2020 is subject to the economic and financial impact as well as the duration of the temporary exceptional situation in connection with the coronavirus pandemic, which is not yet foreseeable.

Group revenues of EUR 6.9 to 7.2 (previous year: 6.7) billion are expected in fiscal 2020/21. A significant increase in revenues is anticipated in the sugar segment (previous year: EUR 2,258 million) and a substantial decline in revenues in the CropEnergies segment (previous year: EUR 819 million). The special products segment's revenues are expected to rise slightly (previous year: EUR 2,409 million), the fruit segment's to rise moderately (previous year: EUR 1,185 million).

Consolidated group operating result is expected to range between EUR 300 and 400 (previous year: 116) million. The sugar segment is expected to generate an operating result ranging from EUR -40 to +60 (previous year: -236) million. In the special products segment, operating result is expected to remain at the strong prior year's level (previous year: EUR 190 million). The fruit segment's operating result is anticipated to improve moderately (previous year: EUR 58 million). CropEnergies' operating result is expected to drop sharply (previous year: EUR 104 million).

Business performance - Group		2019/20	2018/19	+/- in %
Revenues	€ million	6.671	6.754	-1,2
EBITDA	€ million	478	353	35,3
Depreciation on fixed assets and intangible assets	€ million	-362	-326	10,9
Operating result	€ million	116	27	> 100
Result from restructuring/special items	€ million	-19	-810	-97,6
Result from companies consolidated at equity	€ million	-49	22	-
Result from operations	€ million	48	-761	-
EBITDA margin	%	7,2	5,2	0,0%
Operating margin	%	1,7	0,4	0,0%
Investments in fixed assets ¹	€ million	335	379	-11,5
Investments in financial assets/acquisitions	€ million	13	15	-17,6
Total investments	€ million	348	394	-11,7
Shares in companies consolidated at equity	€ million	313	390	-19,8
Capital employed	€ million	6.388	6.072	5,2
Return on capital employed	%	1,8	0,4	
Employees		19.188	19.219	-0,2

¹ Including intangible assets.

Business performance - sugar segment		2019/20	2018/19	+/- in %
Revenues	€ million	2.258	2.588	-12,8
EBITDA	€ million	-75	-102	-25,8
Depreciation on fixed assets and intangible assets	€ million	-161	-137	16,6
Operating result	€ million	-236	-239	-1,3
Result from restructuring/special items	€ million	-17	-769	-97,7
Result from companies consolidated at equity	€ million	-66	5	-
Result from operations	€ million	-319	-1.003	-68,2
EBITDA margin	%	-3,3	-3,9	0,0%
Operating margin	%	-10,4	-9,2	0,0%
Investments in fixed assets ¹	€ million	103	145	-28,2
Investments in financial assets/acquisitions	€ million	10	2	> 100
Total investments	€ million	113	147	-22,2
Shares in companies consolidated at equity	€ million	252	326	-22,7
Capital employed	€ million	2.815	2.653	6,1
Return on capital employed	%	-8,4	-9,0	
Employees		6.597	6.950	-5,1

¹ Including intangible assets.

Business performance - special products segment		2019/20	2018/19	+/- in %
Revenues	€ million	2.409	2.294	5,0
EBITDA	€ million	306	268	14,4
Depreciation on fixed assets and intangible assets	€ million	-116	-112	4,0
Operating result	€ million	190	156	21,8
Result from restructuring/special items	€ million	0	-51	-
Result from companies consolidated at equity	€ million	17	17	-0,6
Result from operations	€ million	207	122	69,2
EBITDA margin	%	12,7	11,7	0,0%
Operating margin	%	7,9	6,8	0,0%
Investments in fixed assets ¹	€ million	150	165	-9,1
Investments in financial assets/acquisitions	€ million	2	7	-74,0
Total investments	€ million	152	172	-12,0
Shares in companies consolidated at equity	€ million	58	62	-5,0
Capital employed	€ million	2.267	2.133	6,3
Return on capital employed	%	8,4	7,3	
Employees		6.017	6.033	-0,3

¹ Including intangible assets.

Business performance - CropEnergies segment		2019/20	2018/19	+/- in %
Revenues	€ million	819	693	18,2
EBITDA	€ million	146	72	> 100
Depreciation on fixed assets and intangible assets	€ million	-42	-39	7,4
Operating result	€ million	104	33	> 100
Result from restructuring/special items	€ million	0	10	-
Result from companies consolidated at equity	€ million	0	0	0,0
Result from operations	€ million	104	43	> 100
EBITDA margin	%	17,8	10,4	0,0%
Operating margin	%	12,7	4,7	0,0%
Investments in fixed assets ¹	€ million	30	13	> 100
Investments in financial assets/acquisitions	€ million	0	0	-
Total investments	€ million	30	13	> 100
Shares in companies consolidated at equity	€ million	2	2	9,5
Capital employed	€ million	450	456	-1,4
Return on capital employed	%	23,1	7,2	
Employees		450	433	3,9

¹ Including intangible assets.

Business performance - fruit segment		2019/20	2018/19	+/- in %
Revenues	€ million	1.185	1.179	0,5
EBITDA	€ million	101	115	-12,1
Depreciation on fixed assets and intangible assets	€ million	-43	-38	14,3
Operating result	€ million	58	77	-25,0
Result from restructuring/special items	€ million	-2	0	-
Result from companies consolidated at equity	€ million	0	0	-
Result from operations	€ million	56	77	-27,7
EBITDA margin	%	8,5	9,8	0,0%
Operating margin	%	4,9	6,6	0,0%
Investments in fixed assets ¹	€ million	52	56	-7,7
Investments in financial assets/acquisitions	€ million	1	6	-91,4
Total investments	€ million	53	62	-15,5
Shares in companies consolidated at equity	€ million	0	0	-
Capital employed	€ million	855	830	3,0
Return on capital employed	%	6,8	9,3	
Employees		6.124	5.803	5,5

¹ Including intangible assets.

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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 23 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), starch and portion packs (PortionPack Europe) divisions, conducts business in high-growth dynamic markets. The CropEnergies segment is responsible for the ethanol 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 2019/20, the group employed about 19,200 persons and generated revenues of EUR 6.7 billion.

* number of sugar factories operating in the 2020/21 campaign