

Press release

Mannheim, 8 October 2020

Südzucker reports significant earnings increase in the first half of 2020/21

Consolidated revenues in the first half year of fiscal 2020/21 totaled EUR 3,349 (previous year: 3,314) million, thus remaining at the previous year's level. While the CropEnergies segment's revenues declined sharply and those of the sugar and fruit segments were at the last year's level, revenues in the special products segment rose moderately.

The consolidated group operating result climbed significantly to EUR 129 (previous year: 74) million. The decline in operating results reported in the fruit segment was more than offset by the reduction of the loss in the sugar segment and improved results by the special products and the CropEnergies segments.

Sugar segment posts lower sales volumes due to corona

The sugar segment's revenues were comparable to last year at EUR 1,112 (previous year: 1,121) million. Sugar sales revenues were higher, but volumes were substantially lower, due in part to reduced sugar production during the 2019 campaign. In addition, the short-term positive effects of hamstering in the retail sector at the beginning of the fiscal year were negated over the further course of the year because of lower demand from the sugar processing industry due to measures to contain the corona pandemic.

The segment was able to significantly trim its operating loss to EUR -56 (previous year: -93) million as foreseen. The improvement was driven mainly by higher sugar sales revenues due to price increases since the beginning of the 2019/20 sugar marketing year, which more than offset lower sales volumes and higher production costs.

Beet cultivation and 2020 processing campaign

Südzucker Group's beet cultivation area was down about 12 percent in 2020 from the year prior to 344,000 (previous year: 391,000) hectare following the closure of four sugar factories. The company expects yield to be slightly below average due to drought, especially in spring, but also during the summer in some regions, together with the severe virus infestation in France, Belgium and parts of Germany.

This year the campaign started on 4 September, beginning with Südzucker Polska. Most of the remaining Südzucker factories started processing beets between mid-September and early October.

Steady volume growth in the special products segment

Thanks to continuing overall volume growth in the second quarter, the special products segment's first half year revenues climbed further to EUR 1,262 (previous year: 1,192) million compared to the same period a year earlier. The growth was also supported by the starch segment's capacity expansions, which had been started up over the course of the year prior. While some products, such as frozen pizzas, benefited from the measures taken to slow the corona virus spread, other product groups such as sweeteners and portion packs suffered significantly.

The operating result also rose sharply to EUR 103 (previous year: 87) million thanks to sales volume growth, whereby declining costs of some raw materials also contributed to the improvement. The strong ethanol sales revenues recovery over the course of the past few months also had a positive impact.

CropEnergies segment continues to post higher results

The CropEnergies segment's revenues fell to EUR 373 (previous year: 405) million. Following the steep ethanol price drop at the beginning of the fiscal year due to the lower fuel demand caused by the corona pandemic, sales revenues subsequently recovered sharply and by the end of the reporting period had reached a new record high, partially offsetting the volume decline and lower byproduct sales revenues.

After the first quarter drop, the operating result was substantially higher in the second quarter thanks especially to the recovery in ethanol sales revenues, so that after six months, the result had improved to EUR 51 (previous year: 44) million. Lower raw material costs also contributed and were able to offset byproduct sales revenues, which also declined.

Fruit segment result down sharply

The fruit segment reported revenues of EUR 602 (previous year: 596) million, comparable to last year. While fruit preparations revenues were stable overall, higher sales revenues due to the harvest drove revenues for fruit juice concentrates higher, even though sales volumes were lower.

Despite an improvement in the second quarter, the operating result dropped significantly during the reporting period to EUR 31 (previous year: 36) million because of weak growth at the beginning of the fiscal year. Fruit juice concentrates margins were down despite higher sales revenues driven by higher raw material prices from the 2019 harvest. Lower sales volumes also weighed on the result. Reduced fruit preparations volumes and margins were also offset by cost savings.

Südzucker confirms consolidated group outlook for fiscal 2020/21

Südzucker expects consolidated group revenues unchanged at EUR 6.9 to 7.2 (previous year: 6.7) billion in fiscal 2020/21. A slight increase in revenues (previous forecast: significant increase; previous year: EUR 2,258 million) is anticipated in the sugar segment. We see the special products segment's revenues to rise moderately (previous forecast: slight increase; previous year: EUR 2,409 million). We expect the fruit segment's revenues to rise moderately (previous year: EUR 1,185 million). The CropEnergies segment's revenues we expect ranging between EUR 790 and 840 million (previous forecast: significant decline; previous year: EUR 819 million). We expect a consolidated group operating result ranging unchanged between EUR 300 and 400 (previous year: 116) million. The sugar segment's operating result is expected in a range between EUR -100 and -50 (previous forecast: EUR -40 to +60; previous year: -236) million. We expect

the special products segment's result to rise moderately (previous forecast: at last year's level; previous year: EUR 190 million). The fruit segment's result is anticipated to increase moderately (previous year: EUR 58 million). CropEnergies' operating result is expected in a range between EUR 110 and 140 (previous forecast: significant decline; previous year: EUR 104) million.

The operating result for the third quarter of the current fiscal year 2020/21 is expected to be significantly above the previous year's level (previous year: EUR 39 million).

In view of the ongoing Corona pandemic and the correspondingly high volatility in all segments, the forecast for the third quarter and for full fiscal 2020/21 is still characterized by very great uncertainty.

Group figures as of 31 August 2020

€ million	2nd quarter			1st half year			
	2020/21	2019/20	+/- in %	2020/21	2019/20	+/- in %	
Revenues	€ million	1.680	1.635	2,7	3.349	3.314	1,0
EBITDA	€ million	142	99	43,8	276	214	28,1
Depreciation on fixed assets and intangible assets	€ million	-74	-71	4,8	-147	-140	4,4
Operating result	€ million	68	28	> 100	129	74	72,8
Result from restructuring/special items	€ million	-13	-1	> 100	-12	-5	> 100
Result from companies consolidated at equity	€ million	-2	7	-	1	2	-52,4
Result from operations	€ million	53	34	57,2	118	71	66,0
EBITDA margin	%	8,4	6,0	0,0%	8,2	6,5	0,0%
Operating margin	%	4,0	1,7	0,0%	3,8	2,2	0,0%
Investments in fixed assets ¹	€ million	75	79	-4,7	127	150	-15,4
Investments in financial assets/acquisitions	€ million	0	2	-84,2	11	7	75,4
Total investments	€ million	75	81	-6,6	138	157	-11,7
Shares in companies consolidated at equity	€ million				293	392	-25,1
Capital employed	€ million				6.165	6.082	1,4
Employees					18.723	19.606	-4,5

¹ Including intangible assets.

Südzucker AG
 Central Public Relations Department
 Dr Dominik Risser
 Maximilianstraße 10
 68165 Mannheim, Germany
 Phone: +49 621 421-205
 Fax: +49 621 421-425
 dominik.risser@suedzucker.de

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 (BENEO) 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.