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Impairment of Südzucker participation ED&F Man

Südzucker illustrated in the half-year report of business year 2020/21 that ED&F Man Holdings Limited, London, UK (Südzucker participation: about 35 percent) – as part of its strategic realignment – is focusing on its profitable trading business. The plan is to dispose of various industrial interests outside this core business – for example the sugar mills at the Mexican joint venture Azucar Grupo Saenz – that are weighing on the ED&F Man group's result. The execution of these measures has been delayed due especially to the coronavirus pandemic, which is why these industrial interests are still negatively impacting the result.

Südzucker assumes that ED&F Man will close the 2019/20 financial year, which ended at the end of September 2020, with a net loss for the year, in particular due to the delay in implementing the strategic realignment. At the same time in September 2020, ED&F Man secured a three-year extension to its existing financing, thereby gaining necessary time for the strategic realignment.

Against this background Südzucker expects significantly negative implications for the group's at-equity result in business year 2020/21, which is not part of the operating result. The ED&F Man restructuring burden will accrue especially in Südzucker's third quarter.

Also in this context, the Südzucker AG executive board came to the conclusion in today's meeting – based on the preliminary figures of ED&F Man business year 2019/20 – to significantly impair the ED&F Man participation within Südzucker's nine month report of business year 2020/21. Südzucker expects a significant burden to Südzucker Group net earnings in the range of EUR 140 to 180 million (participation value 29.02.2020: EUR 224 million) and to Südzucker AG net earnings in the range of EUR 200 to 240 million (participation value 29.02.2020: EUR 285 million). The burden will be non-cash.

As well as for ED&F Man the coronavirus pandemic is still a huge challenge to Südzucker Group. In light of new extensive global – and now also European – measures to contain the significantly increased number of infections (e.g. mobility restrictions, curfews etc.), which are currently unpredictable in extent, duration and economic effects, additional opportunities and risks may arise for the Südzucker Group in the course of business year 2020/21. Here we refer to respective statements in financial reports since the beginning of business year 2020/21.

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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 (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.