

Q3

Quarterly Statement First to third quarter 2022/23

1 March to 30 November 2022

Consolidated group
revenues

€ **7,106**
[5,639] million

EBITDA

€ **805**
[519] million

Consolidated group
operating result

€ **536**
[261] million

Full year fiscal 2022/23
forecast adjusted
on 2 November 2022

Consolidated group revenues

now € **9.7 to 10.1**
(previous forecast: 9.4 to 9.8;
2021/22: 7.6) billion

EBITDA

€ **890 to 990**
(previous forecast: 810 to 910;
2021/22: 692) million

Consolidated group
operating result

€ **530 to 630**
(previous forecast: 450 to 550;
2021/22: 332) million

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FINANCIAL CALENDAR

Preliminary figures

Fiscal 2022/23
28 April 2023

Press and analysts' conference

Fiscal 2022/23
25 May 2023

Q1 – Quarterly statement

1st quarter 2023/24
6 July 2023

Annual general meeting

Fiscal 2022/23
13 July 2023

Q2 – Half year financial report

1st half year 2023/24
12 October 2023

Q3 – Quarterly statement

1st to 3rd quarter 2023/24
11 January 2024

OVERVIEW

First to third quarter 2022/23

Revenues by segment

€ million	1st – 3rd quarter		
	2022/23	2021/22	+/- in %
Sugar	2,366	1,969	20.2
Special products	1,633	1,314	24.3
CropEnergies	1,105	731	51.1
Starch	907	686	32.2
Fruit	1,095	939	16.6
Group total	7,106	5,639	26.0

TABLE 01

Operating result by segment

€ million	1st – 3rd quarter		
	2022/23	2021/22	+/- in %
Sugar	132	-10	–
Special products	71	94	-23.7
CropEnergies	235	94	> 100
Starch	60	44	38.4
Fruit	38	39	-0.5
Group total	536	261	> 100

TABLE 02

Full-year fiscal 2022/23 forecast

- Full-year fiscal 2022/23 forecast was increased on 2 November 2022 and confirmed on 15 December 2022.
- Consolidated group revenues expected in a range of € 9.7 to 10.1 (previous forecast: 9.4 to 9.8; 2021/22: 7.6) billion.
- EBITDA anticipated in a range of € 890 to 990 (previous forecast: 810 to 910; 2021/22: 692) million.
- Consolidated group operating result expected to be in a range of € 530 to 630 (previous forecast: 450 to 550; 2021/22: 332) million.
- Capital employed moderately above previous year's level; ROCE expected to increase significantly (2021/22: 5.3 %).

Group figures as of 30 November 2022

		1st – 3rd quarter		
		2022/23	2021/22	+/- in %
Revenues and earnings				
Revenues	€ million	7,106	5,639	26.0
EBITDA	€ million	805	519	55.0
EBITDA margin	%	11.3	9.2	
Depreciation	€ million	–269	–258	4.1
Operating result	€ million	536	261	> 100
Operating margin	%	7.5	4.6	
Net earnings	€ million	375	122	> 100
Cash flow and investments				
Cash flow	€ million	659	415	58.7
Investments in fixed assets ¹	€ million	263	199	32.2
Investments in financial assets/acquisitions	€ million	57	4	> 100
Total investments	€ million	320	203	58.1
Performance				
Fixed assets ¹	€ million	3,279	3,174	3.3
Goodwill	€ million	700	733	–4.5
Working capital	€ million	2,700	2,093	29.0
Capital employed	€ million	6,724	6,113	10.0
Capital structure				
Total assets	€ million	9,733	8,225	18.3
Shareholders' equity	€ million	4,265	3,612	18.1
Net financial debt	€ million	1,653	1,252	32.0
Equity ratio	%	43.8	43.9	
Net financial debt as % of equity (gearing)	%	38.8	34.7	
Shares				
Market capitalization on 30 November	€ million	2,872	2,605	10.2
Closing price on 30 November	€	14.07	12.76	10.3
Earnings per share on 30 November	€	1.30	0.33	> 100
Average trading volume / day	thousands of shares	541	525	3.0
Performance Südzucker share 1 March to 30 November	%	15.2	–2.1	
Performance SDAX® 1 March to 30 November	%	–14.5	7.4	
Employees		19,369	19,134	1.2

¹ Including intangible assets.

TABLE 03

ECONOMIC REPORT

Group results of operations

Revenues, EBITDA and operating result

Group revenues rose by about 26 % to € 7,106 (5,639) million in the reporting period. All segments contributed to this increase.

Group EBITDA climbed significantly to € 805 (519) million.

Group operating result also improved significantly to € 536 (261) million. Operating result in the special products segment declined sharply on a cumulative basis and was on par with the prior year in the fruit segment, but the other segments contributed to the significant increase in results.

Result from operations

Result from operations of € 520 (217) million includes operating result of € 536 (261) million, the result from restructuring and special items of € –45 (–2) million and earnings from companies consolidated at equity of € 29 (–42) million.

Result of restructuring and special items

The result from restructuring and special items of € –45 (–2) million related in particular to the fruit segment totaling € –48 (–3) million mainly due to the impairment of goodwill and property, plant and equipment in the second quarter of

2022/23. In the sugar segment, this was offset in especially by income from the reversal of provisions in the current financial year. The prior year's amount in the fruit segment included expenses relating to a loss event and for reorganization measures.

Result from companies consolidated at equity

The result from companies consolidated at equity was almost entirely attributable to the sugar and starch segments and amounted to € 29 (–42) million.

Financial result

The financial result of € –38 (–31) million includes net interest result of € –24 (–23) million and other financial result of € –14 (–8) million.

Taxes on income

Earnings before taxes were reported at € 482 (186) million and taxes on income amounted to € –107 (–64) million.

Business performance – Group

		3rd quarter			1st – 3rd quarter		
		2022/23	2021/22	+/- in %	2022/23	2021/22	+/- in %
Revenues	€ million	2,482	2,043	21.5	7,106	5,639	26.0
EBITDA	€ million	339	241	40.9	805	519	55.0
Depreciation on fixed assets and intangible assets	€ million	–119	–114	4.7	–269	–258	4.1
Operating result	€ million	220	127	73.5	536	261	> 100
Result from restructuring/special items	€ million	–1	–1	–	–45	–2	> 100
Result from companies consolidated at equity	€ million	5	–36	–	29	–42	–
Result from operations	€ million	224	90	> 100	520	217	> 100
EBITDA margin	%	13.7	11.8		11.3	9.2	
Operating margin	%	8.8	6.2		7.5	4.6	
Investments in fixed assets ¹	€ million	106	75	42.5	263	199	32.2
Investments in financial assets/acquisitions	€ million	2	0	–	57	4	> 100
Total investments	€ million	108	75	44.8	320	203	58.1
Shares in companies consolidated at equity	€ million				91	96	–5.3
Capital employed	€ million				6,724	6,113	10.0
Employees					19,369	19,134	1.2

¹ Including intangible assets.

TABLE 04

Income statement

€ million	3rd quarter			1st – 3rd quarter		
	2022/23	2021/22	+/- in %	2022/23	2021/22	+/- in %
Revenues	2,482	2,043	21.5	7,106	5,639	26.0
Operating result	220	127	73.5	536	261	> 100
Result from restructuring / special items	-1	-1	-	-45	-2	> 100
Result from companies consolidated at equity	5	-36	-	29	-42	-
Result from operations	224	90	> 100	520	217	> 100
Financial result	-16	-11	45.5	-38	-31	22.6
Earnings before income taxes	208	79	> 100	482	186	> 100
Taxes on income	-38	-37	4.4	-107	-64	66.9
Net earnings	170	42	> 100	375	122	> 100
of which attributable to Südzucker AG shareholders	139	18	> 100	265	67	> 100
of which attributable to hybrid capital	5	3	50.0	11	9	19.8
of which attributable to other non-controlling interests	26	21	24.1	99	46	> 100
Earnings per share (€)	0.68	0.09	> 100	1.30	0.33	> 100

TABLE 05

Consolidated net earnings

Of the consolidated net earnings totaling € 375 (122) million, € 265 (67) million were allocated to Südzucker AG shareholders, € 11 (9) million to hybrid equity and € 99 (46) million to other non-controlling interests, mainly the co-owners of AGRANA and the CropEnergies Group.

Earnings per share

Earnings per share came in at € 1.30 (0.33) for the first to the third quarter of 2022/23. The calculation was based on the time-weighted average of 204.1 (204.2) million shares outstanding.

Group financial position

Cash flow

Cash flow reached € 659 million compared to € 415 million during the same period last year. This translates into 9.3 (7.4) % of sales revenues.

Working capital

The cash outflow from the increase in working capital of € -368 million – following a cash inflow from the decrease in working capital of € 151 million in the same period of the previous year – was mainly attributable to increased trade receivables and the buildup of inventories as a result of higher raw material and energy costs, which could not be fully offset by the increase in liabilities to beet growers.

Investments in fixed assets

Investments in fixed assets (including intangible assets) totaled € 263 (199) million. The sugar segment's investments of € 95 (81) million were largely for replacements and compliance with legal or regulatory requirements. In addition, we made logistics improvements and individual process optimizations. In the special products segment, € 106 (70) million was spent mainly on plant expansion and optimization at BENE0 and Freiburger. Investments of € 30 (16) million in the CropEnergies segment related to the replacement or efficiency improvement of production facilities. The starch segment invested € 13 (14) million, most of which was for optimization work and to comply with regulatory requirements. Investments of € 19 (18) million in the fruit segment were mostly for capacity expansions, process optimization and market requirements. The proportion of investments to meet legal requirements and increased market demands is rising in all segments.

Investments in financial assets

Investments in financial assets of € 57 (4) million related in particular to the special products segment. The full acquisition of Meatless Holding B.V., Goes, Netherlands, by the BENE0 division in May 2022 aims to further expand activities in the area of plant-based proteins as part of the Group's 2026 PLUS strategy.

Cash flow statement

€ million	3rd quarter			1st – 3rd quarter		
	2022/23	2021/22	+/- in %	2022/23	2021/22	+/- in %
Cash flow	297	189	57.6	659	415	58.7
Increase (-)/decrease (+) in working capital	-275	-25	> 100	-368	151	-
Gains (-)/losses (+) from the disposal of non-current assets/securities	0	-1	-	-1	-11	-93.9
Net cash flow from operating activities	22	163	-86.3	290	555	-47.7
Total investments in fixed assets ¹	-106	-75	42.5	-263	-199	32.2
Investments in financial assets/acquisitions	-2	0	-	-57	-4	> 100
Total investments	-108	-75	44.0	-320	-203	58.1
Other cash flows from investing activities	-28	49	-	-27	21	-
Cash flow from investing activities	-136	-26	> 100	-347	-182	90.9
Repayment (-)/refund (+) of financial liabilities	242	-98	-	355	-215	-
Increases in stakes held in subsidiaries/capital buyback (-)	0	0	-	-1	-4	-85.7
Decrease in stakes held in subsidiaries/capital increase (+)	0	0	-100.0	0	2	-100.0
Dividends paid (-)	-6	-5	9.3	-137	-96	42.6
Cash flow from financing activities	236	-103	-	217	-313	-
Other change in cash and cash equivalents	0	0	-	7	2	> 100
Decrease (-)/Increase (+) in cash and cash equivalents	122	33	> 100	167	62	> 100
Cash and cash equivalents at the beginning of the period	360	226	59.2	316	198	59.8
Cash and cash equivalents at the end of the period	483	259	86.2	483	259	86.2

¹ Including intangible assets.

TABLE 06

In July 2022, the PortionPack Europe division acquired 100 % of the shares in Orange Nutritionals Group B.V., Zaandam, Netherlands, the parent company of the Dutch portion packs manufacturer Crème de la Cream Group. Crème de la Cream operates a strong distribution and sales network in Europe and offers a wide range of production facilities with corresponding packaging facilities.

In addition, CropEnergies invested in the acquisition of 25 % of the share capital of East Energy GmbH, Rostock, Germany, and in a 50 % stake in Syclus BV, Maastricht, Netherlands; further details can be found in the CropEnergies segment section.

Last year, financial investments related to AGRANA Fruit Japan Ltd, Yokkaichi, Japan.

Dividend distributions

Shareholders approved a dividend of 0.40 (0.20) €/share or € 82 (41) million at the Südzucker AG annual general meeting on 15 July 2022. Including the dividends paid to the hybrid bondholders and the non-controlling AGRANA and CropEnergies shareholders, dividend distributions totaled € 137 (96) million.

Sustainability bond in the amount of € 400 million issued in October 2022

Südzucker AG successfully placed the first issue under the new sustainability-linked financing framework on 24 October 2022 through its wholly owned subsidiary Südzucker International Finance B.V., Oud-Beijerland, Netherlands. With the sustainability-linked bond format, Südzucker is committing to the sustainability target anchored in its 2026 PLUS strategy.

The non-subordinated bond, which is guaranteed by Südzucker AG, has a volume of € 400 million, a coupon of 5.125 % and a maturity of five years on 31 October 2027. The proceeds of the issue will be used for general corporate purposes, including the refinancing of a bond maturing in November 2023.

Development of net financial debt

The cash inflow from operating activities of € 290 million includes the cash flow of € 659 million and an increase in working capital with a cash outflow of € –368 million. The financing of investments in fixed and financial assets totaling

€ 320 million and profit distributions of € 137 million caused net financial debt to increase by € 187 million from € 1,466 million as of 28 February 2022 to € 1,653 million as of 30 November 2022.

Group assets

Balance sheet

€ million	30 November 2022	30 November 2021	+/- in %
Assets			
Intangible assets	953	961	–0.9
Fixed assets	3,026	2,947	2.7
Remaining assets	215	211	1.9
Non-current assets	4,194	4,119	1.8
Inventories	2,999	2,056	45.9
Trade receivables	1,364	1,169	16.7
Remaining assets	1,176	881	33.5
Current assets	5,539	4,106	34.9
Total assets	9,733	8,225	18.3
Liabilities and equity			
Equity attributable to shareholders of Südzucker AG	2,621	2,046	28.1
Hybrid capital	654	654	0.0
Other non-controlling interests	990	912	8.6
Total equity	4,265	3,612	18.1
Provisions for pensions and similar obligations	644	904	–28.7
Financial liabilities	1,380	1,433	–3.7
Remaining liabilities	371	374	–0.8
Non-current liabilities	2,395	2,711	–11.7
Financial liabilities	883	278	> 100
Trade payables	1,663	1,075	54.8
Remaining liabilities	527	549	–4.0
Current liabilities	3,073	1,902	61.6
Total liabilities and equity	9,733	8,225	18.3
Net financial debt	1,653	1,252	32.0
Equity ratio in %	43.8	43.9	
Net financial debt as % of equity (gearing)	38.8	34.7	

TABLE 07

Non-current assets

Non-current assets were slightly above the previous year's level at € 4,194 (4,119) million. The reduction in intangible assets to € 953 (961) million was mainly due to the goodwill impairment losses recognized in the fruit segment as of 28 February 2022 and 31 August 2022. These were offset by the goodwill additions from the full acquisition of Meatless Holding B.V., Goes, Netherlands, in May 2022. The slight improvement in the carrying amount of fixed assets to € 3,026 (2,947) million was largely caused by investment volume growth. Other assets were slightly higher year-on-year at € 215 (211) million.

Current assets

Current assets rose by € 1,433 million to € 5,539 (4,106) million. Inventories climbed € 943 million to € 2,999 (2,056) million, mainly as a result of higher sugar production costs for the 2022 campaign and overall higher manufacturing costs in all divisions following the increase in raw material and energy costs. Trade receivables rose € 195 million to € 1,364 (1,169) million, thus reflecting increased revenues. Other assets were up € 295 million to € 1,176 (881) million, mainly as a result of higher cash and cash equivalents together with positive fair values of derivatives.

Equity

Equity showed a significant increase of € 653 million to € 4,265 (3,612) million as a result of the improvement in results in the first nine months of 2022/23 and the fair value recognition of pension obligations and derivatives, as well as foreign currency effects. The equity ratio was 43.8 (43.9) %. Südzucker AG shareholders' equity increased to € 2,621 (2,046) million.

Non-current liabilities

Non-current liabilities dropped by € 316 million to € 2,395 (2,711) million. Provisions for pensions and similar obligations decreased by € 260 million to € 644 (904) million; they were measured at a higher market interest rate of 3.60 (1.30) % compared to the previous year's reporting date of 30 November 2021. Non-current financial liabilities declined moderately overall by € 53 million to € 1,380 (1,433) million, mainly due to lower liabilities to banks. The increase in non-current financial liabilities due to a € 400 million bond 2022/2027 was offset by the reclassification of the € 300 million bond 2016/2023 to current liabilities. Other debt was level with the prior year at € 371 (374) million.

Current liabilities

Current liabilities increased € 1,171 million to € 3,073 (1,902) million. Current financial liabilities rose € 605 million to € 883 (278) million, in particular due to increased liabilities to banks as a result of higher seasonal working capital financing requirements and the reclassification of the € 300 million bond 2016/2023 from non-current liabilities. Trade payables were clearly higher year-on-year at € 1,663 (1,075) million thanks to higher raw material and energy costs. Other debt, consisting of other provisions, taxes owed and other liabilities, was down from the prior year at € 527 (549) million.

Net financial debt

The € 401 million increase in net financial debt to € 1,653 (1,252) million as of 30 November 2022 resulted primarily from rising working capital financing requirements; net financial debt corresponded to 38.8 (34.7) % of equity.

Employees

The number of employees (full-time equivalent) at the end of the first nine months of fiscal 2022/23 was slightly above the previous year's level at 19,369 (19,134). Growth in the special products segment's number of employees to 5,223 (5,002) was primarily the result of the acquisition of Meatless Holding B.V., Goes, Netherlands, by the BENE0 division and the acquisition of Orange Nutritionals Group B.V., Zaandam, Netherlands, by the PortionPack Europe division.

Employees by segment at balance sheet date

30 November	2022	2021	+/- in %
Sugar	7,212	7,159	0.7
Special products	5,223	5,002	4.4
CropEnergies	468	453	3.3
Starch	1,156	1,133	2.0
Fruit	5,310	5,387	-1.4
Group	19,369	19,134	1.2

TABLE 08

SUGAR SEGMENT

Markets

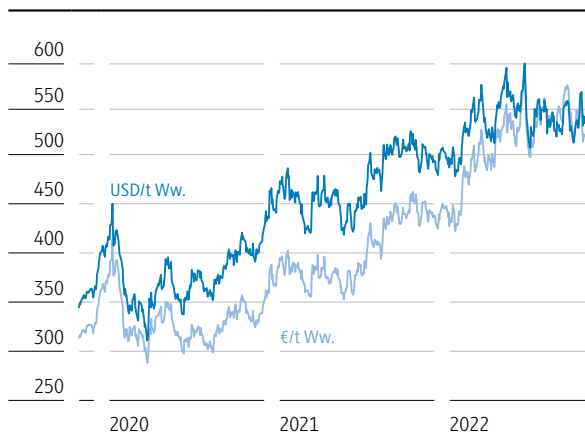
World sugar market

In its current December 2022 estimate of the world sugar balance, market analyst IHS Markit now forecasts a deficit of 2.6 million tonnes of sugar for the 2021/22 marketing year now ended (1 October to 30 September) – the third deficit year in a row. Despite rising production, there will be a further reduction in inventories due to the likewise rising world sugar consumption. As a result, the ratio of inventories to consumption will fall to 37 % – the lowest level for several years.

In this updated estimate, IHS Markit now expects a surplus of 1.7 million tonnes in the sugar balance for the new 2022/23 marketing year. The even higher expected production is rising faster than world sugar consumption. Nevertheless, the ratio of inventories to consumption remains at a low level of 37 %.

World market sugar prices

1 December 2019 to 30 November 2022, London, nearest forward trading month



GRAPHIC 01

The world market price for white sugar had risen to a level around 440 €/t by the end of fiscal 2021/22. Since then, the increase has continued with high volatility to around 620 €/t in September 2022. The high volatility continued thereafter. At the end of the reporting period, the world market price for white sugar was 520 €/t.

EU sugar market

In the past 2021/22 sugar marketing year (1 October to 30 September), EU sugar production (including isoglucose) rose to 17.2 (15.2) million tonnes, with a further slight reduction in cultivation area but higher yields per hectare.

For the current 2022/23 sugar marketing year, the EU Commission's October 2022 estimate assumes a further reduction in cultivation area of around 4 %. Because of the drought in key growing regions, the EU Commission also expects lower yields per hectare, leading to a decline in sugar production (including isoglucose) to 16.1 (17.2) million tonnes. This means sugar imports are expected to continue to be necessary to supply the EU.

The price for sugar (food and non-food; ex-factory) published by the EU Commission was quoted at 443 €/t at the beginning of the current fiscal year in March 2022 and rose to 512 €/t by the end of the 2021/22 sugar marketing year. At the beginning of the new 2022/23 sugar marketing year, prices again climbed significantly. The last available publication from October 2022 was 586 €/t. There are significant regional price differences between the deficit and surplus regions within the EU.

Energy market

The well above-average volatility, especially on the gas market, continued in the third quarter of 2022/23. Gas prices, which had risen sharply in the second quarter of 2022/23, fell sharply from around 225 €/MWh at the beginning of September 2022 to around 141 €/MWh at the end of November 2022 and decreased further to around € 66/MWh by the end of December 2022. Positive news regarding the level reached by gas storage facilities and the discussion about a gas price brake were the main factors behind this development. At the beginning of September 2022, prices of around 92 USD/barrel were negotiated for North Sea Brent crude oil; by the end of November 2022, prices reached around 85 USD/barrel. Third quarter developments were mainly shaped by the relationship between concerns about economic development and adequate oil supply. Prices for European CO₂ emission certificates rose moderately from around 80 €/t in September 2022 to around 85 €/t at the end of November 2022.

Legal and political environment

No material changes to the legal and political general conditions described on page 63 of the 2021/22 annual report (consolidated management report, economic report, sugar segment) and the 2022/23 half-year financial report (sugar segment) occurred in the third quarter of 2022/23.

Business performance

Revenues and operating result

Sugar segment's revenues climbed significantly to € 2,366 (1,969) million during the reporting period. With the start of the new sugar marketing year 2022/23, the global increase in agricultural commodity prices will also have an impact on the EU sugar price level. With a slight decline in volumes, overall sales revenues were significantly higher than the previous year.

Operating result improved substantially to € 132 (–10) million. However, the significant increase in revenues was also offset by a clear rise in raw material, energy and packaging costs. These costs will again increase significantly for sugar from the new 2022 campaign. The performance in the third quarter of 2022/23 favored in part the sale of sugar inventories from the 2021 campaign at the beginning of the new sugar marketing year.

Result from companies consolidated at equity

The result from companies consolidated at equity totaled € 21 (–52) million. Since the first quarter of fiscal 2022/23, ED&F Man Holdings Limited, London, UK, has been carried as other investments, as the criteria for the at-equity method are no longer met. As a result of the discontinuation of at-equity consolidation, currency gains in the amount of around € 10 million previously recognized directly in equity were realized in profit or loss. The positive earnings trend was attributable to significantly higher sugar sales revenues of the Studen Group.

Business performance – Sugar segment

		3rd quarter			1st – 3rd quarter		
		2022/23	2021/22	+/- in %	2022/23	2021/22	+/- in %
Revenues	€ million	923	738	24.9	2,366	1,969	20.2
EBITDA	€ million	178	71	> 100	241	94	> 100
Depreciation on fixed assets and intangible assets	€ million	–64	–61	6.8	–109	–104	4.7
Operating result	€ million	114	10	> 100	132	–10	–
Result from restructuring/special items	€ million	0	–2	–	2	1	–
Result from companies consolidated at equity	€ million	4	–39	–	21	–52	–
Result from operations	€ million	118	–31	–	155	–61	–
EBITDA margin	%	19.4	9.4		10.1	4.8	
Operating margin	%	12.4	1.2		5.5	–0.5	
Investments in fixed assets ¹	€ million	40	26	50.2	95	81	16.8
Investments in financial assets/acquisitions	€ million	0	0	–	–1	0	–
Total investments	€ million	40	26	50.2	94	81	16.9
Shares in companies consolidated at equity	€ million				31	32	–3.8
Capital employed	€ million				2,793	2,508	11.4
Employees					7,212	7,159	0.7

¹ Including intangible assets.

TABLE 09

Beet cultivation and 2022 campaign

Südzucker Group's overall below-average beet yields reflect the extreme summer drought and heat in many of our growing regions. Although extensive, abundant precipitation starting at the end of September 2022 caused beet yields to increase slightly, sugar contents dropped at the same time. In total, sugar yields are expected to be significantly below the previous year's level and the five-year average. The campaign will end in most sugar factories between the end of December 2022 and mid-January 2023.

Investments in fixed assets

The sugar segment's investments rose to € 95 (81) million. Investments in new extraction towers and the expansion of a pellet press station were used for process optimization. Infrastructure projects are ongoing at various locations for

new bulk loading facilities and investments were made in a new district heating supply for the city of Ochsenfurt. At the Wanze location in Belgium, investments are being made in cane sugar refining plants aiming to make sugar production more flexible and secure. Short-term measures were also required at most German sites to secure energy supplies in the event of a possible gas shortage. We converted an existing plant for the production of a new product – short-chain fructooligosaccharides. Investments in optimizing wastewater treatment and reducing emissions, for example by installing low NOx burners, are helping to protect the environment and meet regulatory requirements at almost all sites. All sites are also involved in energy reduction measures and the reduction of greenhouse gas emissions. Further process optimization is being carried out at the wheat starch plant in Zeitz.

SPECIAL PRODUCTS SEGMENT

Business performance

Revenues and operating result

The special products segment's revenues rose significantly to € 1,633 (1,314) million. Higher prices in particular, but also the overall positive volume growth, contributed to this increase.

Operating result, however, dropped sharply to € 71 (94) million; in the third quarter of 2022/23, price increases resulted in a slight improvement on the prior-year quarter. This decline in the reporting period was primarily attributable to the impact of significantly higher raw material, packaging and energy costs, which could only be passed on to customers in part or with a time lag.

Investments in fixed assets

The special products segment's investments of € 106 (70) million continued to relate to capacity expansions at almost all of the BENEOL division's locations. At the Offstein location, the crystallization and evaporation plants are being expanded. In

Pemuco, Chile, the second refining line is scheduled for completion by the beginning of 2023; other projects are aimed at energy-saving measures, the conversion to 100 % renewable energy sources and capacity expansion. In Wijgmaal, Belgium, another rice starch line was started up.

In the Freiburger Division, work was carried out on the construction of a new production line at Richelieu, USA. In the UK, a new energy-efficient baking oven is being installed.

The most important project of the PortionPack Europe division is the construction of a new factory at the Telford, UK location to combine the local production capacities. Completion is scheduled for mid-2023.

Investments in financial assets

Investments in financial assets of € 55 (0) million were largely attributable to the full acquisition of Meatless Holding B.V., Goes, Netherlands, by the BENEOL division in May 2022. This acquisition will further expand activities in the area of plant-based proteins as part of the group's 2026 PLUS strategy.

Business performance – Special products segment

		3rd quarter			1st – 3rd quarter		
		2022/23	2021/22	+/- in %	2022/23	2021/22	+/- in %
Revenues	€ million	580	458	26.6	1,633	1,314	24.3
EBITDA	€ million	51	49	4.9	130	150	-12.8
Depreciation on fixed assets and intangible assets	€ million	-20	-19	6.8	-59	-56	5.3
Operating result	€ million	31	30	3.7	71	94	-23.7
Result from restructuring/special items	€ million	0	0	–	0	0	–
Result from companies consolidated at equity	€ million	0	0	–	0	0	–
Result from operations	€ million	31	30	3.7	71	94	-23.7
EBITDA margin	%	8.8	10.7		8.0	11.4	
Operating margin	%	5.3	6.5		4.4	7.1	
Investments in fixed assets ¹	€ million	35	29	20.3	106	70	51.5
Investments in financial assets/acquisitions	€ million	0	0	–	55	0	–
Total investments	€ million	35	29	20.3	161	70	> 100
Shares in companies consolidated at equity	€ million				0	0	–
Capital employed	€ million				1,944	1,680	15.7
Employees					5,223	5,002	4.4

¹ Including intangible assets.

TABLE 10

The Meatless acquisition reinforces the objective of evolving from a large-scale processor of agricultural raw materials to a leading partner for plant-based solutions. The acquisition expands BENEÓ's existing product portfolio to offer an even wider range of texturizing solutions for meat and fish alternatives.

In July 2022, the PortionPack Europe division acquired 100 % of the shares in Orange Nutritionals Group B.V., Zaandam, Netherlands, the parent company of the Dutch portion packs manufacturer Crème de la Cream Group. Crème de la Cream has a strong distribution and sales network in Europe and a wide range of production facilities with corresponding filling lines. The further development of the product portfolio and footprint will strengthen and expand the business model. Part of this is to reduce dependence on the "out-of-home" market segment and to expand the market for "at-home" consumption (retail, delivery service) as a second pillar.

CROPENERGIES SEGMENT

Markets

Ethanol market

During the third quarter of 2022/23, international and European ethanol prices again aligned clearly as a result of a massive price drop in Europe. The reason for the price drop is imports, some of which have jumped, especially from Brazil, the USA and Pakistan; net imports to the EU-27 and UK are expected to double to 2.2 (1.1) million m³ in 2022.

In Europe, spot ethanol prices fell from around 1,100 €/m³ at the beginning of September 2022 to around 780 €/m³ at the end of November 2022. The price decline was mainly driven by higher imports from countries where raw material and energy costs have risen much less than in Europe, where impacts of the war in Ukraine on agricultural and energy markets are particularly intense. Production in the EU-27 and UK in 2022 is therefore expected to be slightly below the previous year's level at 7.7 (7.8) million m³. However, it is unclear whether this already fully includes the impact of the war. Consumption of fuel ethanol is likely to rise to 6.6 (6.1) million m³, thanks in particular to greater use of E10 in France, Sweden and the UK. Ethanol consumption for industrial applications and beverages is expected to be comparatively stable at 2.9 (3.0) million m³.

Grain markets

According to the International Grains Council (IGC), world grain production (excluding rice) is expected to decline to 2,255 (2,289) million tonnes in 2022/23. Grain consumption is also expected to decrease to 2,272 (2,295) million tonnes. Accordingly, global grain inventories are forecast to be slightly lower than in the previous year at 580 (597) million tonnes. The EU Commission expects the 2022/23 grain harvest in the EU-27 to decline to 268 (293) million tonnes, which will nevertheless significantly exceed the expected consumption of 256 (260) million tonnes. The decline in consumption is due to a decrease in the use of low-grade wheat and feed grains in biorefineries for ethanol production, in addition to lower use for animal feed. Exports are expected to remain at the previous year's level of 48 (48) million tonnes.

European wheat prices on Euronext in Paris averaged around 340 (270) €/t during the third quarter of 2022. Although grain prices have thus moved back significantly from their peak of around 440 €/t in May 2022, they remain unchanged at a very high level. The agreement on the resumption of Ukrainian and Russian grain shipments in July 2022 and the extension of the agreement by a further 120 days in November 2022 only partially eliminated the uncertainties on the grain markets. In addition to the imponderables of the war, the dry weather conditions in large parts of Europe proved to be an additional burden.

Business performance – CropEnergies segment

		3rd quarter			1st – 3rd quarter		
		2022/23	2021/22	+/- in %	2022/23	2021/22	+/- in %
Revenues	€ million	307	304	0.9	1,105	731	51.1
EBITDA	€ million	67	66	0.0	267	125	> 100
Depreciation on fixed assets and intangible assets	€ million	-11	-10	1.9	-32	-31	2.6
Operating result	€ million	56	56	-0.4	235	94	> 100
Result from restructuring / special items	€ million	0	0	-	1	0	-
Result from companies consolidated at equity	€ million	0	0	0.0	0	0	100.0
Result from operations	€ million	56	56	-0.4	236	94	> 100
EBITDA margin	%	21.6	21.8		24.2	17.1	
Operating margin	%	18.2	18.4		21.3	12.9	
Investments in fixed assets ¹	€ million	17	6	> 100	30	16	89.8
Investments in financial assets / acquisitions	€ million	2	0	-	3	0	-
Total investments	€ million	19	6	> 100	33	16	> 100
Shares in companies consolidated at equity	€ million				5	3	88.5
Capital employed	€ million				499	467	6.9
Employees					468	453	3.3

¹ Including intangible assets.

TABLE 11

Legal and political environment

In the third quarter of 2022/23, there have been no material changes to the legal and political general conditions than those outlined on page 74 of the 2021/22 annual report (consolidated management report, economic report, CropEnergies segment) and in the Q1 2022/23 quarterly statement (CropEnergies segment).

Business performance

Revenues and operating result

The CropEnergies segment's revenues climbed sharply to € 1,105 (731) million. Higher volumes and, in particular, higher sales revenues contributed to this increase.

The higher revenues drove the operating result up sharply in the reporting period to € 235 (94) million. Significantly higher sales revenues more than offset the substantial rise in raw material and energy costs. However, due to higher raw material costs and declining ethanol sales revenues in the course of the third quarter, earnings in the third quarter were not higher than in the same period of the previous year.

Investments in fixed assets

Investments in fixed assets totaled € 30 (16) million. At the Wanze location in Belgium, a second biomass boiler is scheduled to start operations in 2023; the energy supply will then be based predominantly on renewable raw materials.

Planning has begun at the Zeitz location for the conversion of the energy supply from coal to gas and for the construction of a plant for the production of sustainable ethyl acetate. The projects at Ensus in Wilton, UK, involved the central cleaning station for the production plant and a vapor recompressor as part of energy-saving measures; the latter is expected to go into operation at the end of 2023.

Investments in financial assets

Investments in financial assets totaled € 3 (0) million. As of 1 September 2022, CropEnergies acquired 25 % of the share capital of East Energy GmbH, Rostock, Germany. The East Energy Group intends to build and operate subsidy-free ground-mounted photovoltaic plants in northern Germany. The green electricity generated will be used in power plants at suitable locations to produce green hydrogen, renewable fuels and heat.

On 7 September 2022, CropEnergies acquired a stake in the Dutch start-up company for biobased chemicals Syclus BV, Maastricht, Netherlands. CropEnergies acquired 50 % of the company's share capital. The aim is to build a large-scale plant for the production of renewable ethylene from renewable ethanol. To date, ethylene is a basic chemical that is mainly produced from fossil oil and gas and is widely employed in the chemical industry, especially for plastics and polymers used in everyday products.

STARCH SEGMENT

Markets

Target markets

Demand for native and modified starches for the food industry remained at a stable high level. Business in liquid saccharification products was determined by a continuing capacity shortage in the European market.

The packaging paper industry is increasingly facing pressure from the massive rise in energy costs. Passing on the high production costs to these customers is only possible to a limited extent. The European industry is gradually falling behind in the export of packaging paper.

Please see the CropEnergies segment notes for additional information on the development of the ethanol market.

Raw material markets

The potato starch factory in Gmünd, Austria, began processing starch potatoes from the 2022 harvest at the end of August 2022. The ongoing drought during the summer months is expected to result in around 96 % of the contracted volume of around 220,000 tonnes of starch potatoes being delivered. The average starch content will be slightly below last year's level at about 18.7 (19.1) %.

Raw material processing during the wet corn campaign at the corn starch factory in Aschach, Austria, from the end of August to the end of December 2022 was around 138,000 (131,000) tonnes. Corn processing volume for the full fiscal year is expected to be around 455,000 (482,000) tonnes.

Please see the CropEnergies segment notes for additional information on the development of the grain markets.

Business performance

Revenues and operating result

The starch segment's revenues rose significantly to € 907 (686) million as a result of the substantially higher sales revenues. The still gratifying level of the ethanol quotation in the first half of the year was one of the factors contributing to the revenue growth.

The higher sales revenues drove operating result up sharply to € 60 (44) million in the reporting period. Despite operating result in the third quarter being impacted by the recent decline in ethanol quotations and falling short of the results of the first two quarters, significantly higher raw material and energy costs overall were more than offset by substantial sales revenue growth in the reporting period.

Result from companies consolidated at equity

The result from companies consolidated at equity of € 8 (10) million was attributable to the share of earnings from Hungarian Hungrana Group's starch and bioethanol businesses.

Investments in fixed assets

The starch segment invested € 13 (14) million in fixed assets. In addition to energy supply security measures in the event of a gas supply shortfall, investments were made in wastewater treatment, spray drying to improve quality requirements and infrastructure, process optimization with a focus on energy reduction, and logistical improvements through a ship connection to a bran warehouse.

Business performance – Starch segment

		3rd quarter			1st – 3rd quarter		
		2022/23	2021/22	+/- in %	2022/23	2021/22	+/- in %
Revenues	€ million	305	237	28.7	907	686	32.2
EBITDA	€ million	21	33	-37.1	96	80	20.7
Depreciation on fixed assets and intangible assets	€ million	-11	-12	-9.2	-36	-36	-0.8
Operating result	€ million	10	21	-52.8	60	44	38.4
Result from restructuring/special items	€ million	0	1	-	0	0	-
Result from companies consolidated at equity	€ million	1	3	-74.2	8	10	-20.0
Result from operations	€ million	11	25	-55.7	68	54	27.1
EBITDA margin	%	6.9	14.1		10.6	11.6	
Operating margin	%	3.3	9.0		6.6	6.3	
Investments in fixed assets ¹	€ million	5	7	-20.0	13	14	-8.0
Investments in financial assets/acquisitions	€ million	0	0	-	0	0	-
Total investments	€ million	5	7	-20.0	13	14	-8.0
Shares in companies consolidated at equity	€ million				56	62	-10.0
Capital employed	€ million				548	502	9.2
Employees					1,156	1,133	2.0

¹ Including intangible assets.

TABLE 12

FRUIT SEGMENT

Markets

Target markets

Consumer trends in the global dairy products, ice cream and food service markets determine the market environment for fruit preparations. Key trends continue to revolve around the themes of naturalness, health, enjoyment, convenience and sustainability. Given high inflation and continuously rising energy costs in many parts of the world, consumers are increasingly focusing on product prices. Brand loyalty is declining, consumers are more frequently reaching for special offers or cheaper private label products. According to November 2022 Nielsen analyses, the only volume growth in dairy products was in private label sales.

Growth in the primary target market, fruit yogurt, is being negatively impacted by the tense global economic situation. Euromonitor analyses in October 2022 showed a global decrease in sales volumes of 1.9 % in the calendar year 2022. The global ice cream market grew by 1.0 % in calendar year 2022, according to Euromonitor (November 2022).

High customer call-offs of apple juice concentrate were recorded in the fruit juice concentrates business in the first three quarters of 2022/23. Contracts have already been signed with customers at improved selling prices for the majority of berry juice concentrates from the 2022 harvest.

Raw material markets

The fruit preparations division's harvest for the main fruit, strawberries, was completed in July 2022 in all relevant procurement markets. Contracts were signed for the entire budgeted volume. Higher production costs for suppliers led to an increase in average purchase prices compared to the previous year. Strawberry planting for the new crop began in August 2022. Good raw material availability and prices below the level of the previous 2022 crop are expected due to area expansions.

The European production facilities in particular were impacted by higher gas and electricity prices.

The expected processing volumes for apples, the most important fruit for the concentrate business, and for red berries were achieved due to good raw material availability.

Business performance

Revenues and operating result

The fruit segment's revenues improved significantly to € 1,095 (939) million. The increase was achieved primarily through significantly higher prices, both for fruit preparations and fruit juice concentrates. Sales volumes of fruit juice concentrates were also up. This compensated for the decline in volumes of fruit preparations, caused in part by the war in Ukraine.

Operating result was on a par with the previous year at € 38 (39) million. The earnings contribution from fruit preparations continued to fall as a result of the decline in volumes and higher costs. By contrast, the earnings contribution from fruit juice concentrates improved significantly due to a moderate increase in sales volumes with significantly higher sales revenues more than offsetting the higher costs.

Result from restructuring and special items

The result from restructuring and special items in the fruit segment came in at € –48 (–3) million. Volatile financial markets and higher country risks arising from the war in Ukraine led to a higher cost of capital (WACC), resulting in an impairment test of goodwill and non-current assets totaling € 50 million in the fruit segment. Other special items related to the reversal of write-downs on receivables and inventories recognized in the prior year in connection with the Ukraine crisis. All effects were already recorded in the second quarter of fiscal 2022/23.

Investments in fixed assets

The fruit segment's investments of € 19 (18) million were for replacements and, in particular, for capacity expansions in the fruit preparations business. In the fruit juice concentrates sector, investments focused on the construction of a mechanical vapor recompressor and a new apple cleaning station, as well as the installation of a water supply pipeline from the city of Amstetten to the newly constructed elevated tank in Kröllendorf, Austria.

Business performance – Fruit segment

		3rd quarter			1st – 3rd quarter		
		2022/23	2021/22	+/- in %	2022/23	2021/22	+/- in %
Revenues	€ million	367	306	20.2	1,095	939	16.6
EBITDA	€ million	22	22	–4.4	71	70	2.7
Depreciation on fixed assets and intangible assets	€ million	–13	–12	7.4	–33	–31	6.8
Operating result	€ million	9	10	–18.3	38	39	–0.5
Result from restructuring/special items	€ million	–1	0	–	–48	–3	> 100
Result from companies consolidated at equity	€ million	0	0	–	0	0	–
Result from operations	€ million	8	10	–19.2	–10	36	–
EBITDA margin	%	5.9	7.4		6.5	7.4	
Operating margin	%	2.3	3.4		3.5	4.1	
Investments in fixed assets ¹	€ million	9	7	35.8	19	18	6.7
Investments in financial assets/acquisitions	€ million	0	0	–	0	4	–100.0
Total investments	€ million	9	7	35.8	19	22	–11.2
Shares in companies consolidated at equity	€ million				0	0	–
Capital employed	€ million				941	956	–1.6
Employees					5,310	5,387	–1.4

¹ Including intangible assets.

TABLE 13

OUTLOOK

The Ukraine war, which has continued from the start of fiscal year 2022/23 to the present day, has further intensified the already high volatility in the target markets and price increases in the procurement markets, particularly in the raw materials and energy sectors. The resulting economic and financial ramifications, the security of supply and the duration of this temporary exceptional situation are difficult to predict in fiscal 2022/23 and beyond. Risks may also continue to exist with regard to the Corona pandemic.

Group

As already published on 2 November 2022, we expect consolidated group revenues of € 9.7 to 10.1 (previous forecast: 9.4 to 9.8; 2021/22: 7.6) billion for fiscal 2022/23. We continue to anticipate a substantial increase in revenues in all segments; thereby in the CropEnergies segment we are forecasting a range between € 1.4 and 1.5 billion.

Südzucker confirms the outlook for Group EBITDA published on 2 November 2022 in a range between € 890 and 990 (previous forecast: 810 to 910; 2021/22: 692) million.

The range for consolidated operating result published on 2 November 2022 of between € 530 and 630 (previous forecast: 450 to 550; 2021/22: 332) million is also confirmed. We expect the sugar segment's operating result to be in a range between € 150 and 200 (previous forecast: 0 to 100) million. In the special products segment, we now anticipate a sharp decline in operating result (previous forecast: moderate decline). Operating result in the CropEnergies segment is now forecast in the range of € 225 to 255 (previous forecast: 215 to 265) million. We continue to expect the starch segment's operating result at the previous year's level. In the fruit segment, we continue to expect operating result significantly below last year's level.

Capital employed is expected to increase moderately. Based on the aforementioned operating result improvement, we estimate ROCE to be significantly higher (2021/22: 5.3 %).

Sugar segment

Another global market deficit is expected for marketing year 2021/22 just ended, which will likely further reduce inventories. Despite a surplus in the global sugar balance in marketing year 2022/23, inventories are still low, meaning the global market environment should remain positive. In Europe, around 4 % less cultivation area has resulted in a sugar production forecast below the previous year's level. As a result, the EU will remain a net importer in sugar marketing year 2022/23. Given this positive market environment, it has been possible to pass on the drastic increase in raw material and energy costs to the market with significant sugar price increases since October 2022.

With rapidly falling production and sales volumes – assuming sales revenues are substantially higher than the annual average – we anticipate a significant increase in revenues (2021/22: € 2.6 billion).

We expect the sugar segment's operating result to range between € 150 and 200 (2021/22: –21) million. The significant improvement in customer contracts has had a positive impact since October 2022. However, costs have risen sharply since the second quarter as a result of the lower harvest.

Special products segment

We expect an overall rise in production and sales volumes in the special products segment. We are forecasting a significant increase in revenues (2021/22: € 1.8 billion). Significantly higher sales revenues will be offset by further rising raw material and energy costs, the passing on of which will therefore be delayed accordingly. Earnings in the special products segment stabilized in the third quarter. Nevertheless, the expenses from the first half of the year will not be offset by the end of the fiscal year. In total, we now predict a significant decline in operating result for the 2022/23 financial year overall (2021/22: € 117 million).

CropEnergies segment

CropEnergies is concretizing the forecast raised on 11 August 2022 and now expects an operating result of € 225 to 255 (2021/22: 127) million for fiscal 2022/23 with revenues between € 1.4 and 1.5 (2021/22: 1.0) billion. The main reason for the year-on-year improvement in results is the high ethanol sales revenues achieved up to and including the third quarter. In light of the continuing high energy and raw material costs and the recent drop in ethanol prices, pressure on the earnings is now increasing.

Starch segment

We expect a significant increase in revenues in the starch segment (2021/22: € 940 million). We assume that the anticipated sharp rise in sales revenues will compensate for the significantly higher raw material and energy costs. We anticipate operating result to be at the previous year's level (2021/22: € 57 million).

Fruit segment

In the fruit segment, we are now expecting to see a significant revenue growth (2021/22: € 1.3 billion), which will be carried by both divisions. While we anticipate an improvement in earnings in the fruit juice concentrates division, the fruit segment's operating result is expected to decline significantly overall (2021/22: € 52 million) due to the decline in earnings in the fruit preparations division.

CORPORATE GOVERNANCE

Hans-Peter Gai was appointed to Südzucker AG's executive board effective 1 November 2022 and succeeded Dr. Thomas Kirchberg, who left Südzucker AG's executive board on 31 August 2022 and retired. Following the arrival of Hans-Peter Gai, the executive board portfolios have been reorganized.

Dr. Niels Pörksen, CEO and Labor Director

Strategy & Transformation, Human Resources, Communications, Data Protection, Raw Materials & Agriculture, Auditing & Compliance, Sugar (Südzucker)

Ingrid-Helen Arnold, CDO

Digitalization/IT, New Business Development, Strategic Customer Development, Special products (BENEO, PortionPack Europe)

Hans-Peter Gai, COO

Technical & Operations Excellence, Research & Development, Sustainability, Occupational Safety & Quality Management, CropEnergies, Special products (Freiberger)

Thomas Kölbl, CFO

Controlling, Finance, Investor Relations, Legal, Procurement, Property & Insurance, Taxation

Markus Mühleisen, COO (CEO AGRANA)

Fruit, Starch (AGRANA), Sugar (AGRANA)

Forward looking statements / forecasts

This quarterly statement contains forward looking statements. The statements are based on current assumptions and estimates made by the executive board and information currently available to its members. The forward looking statements are not to be viewed as guarantees of the future developments and results presented therein. Future developments and results are in fact dependent on a variety of factors and are subject to various risks and imponderables. They are based on assumptions that could in fact prove to be invalid.

The risk management report in the 2021/22 annual report on pages 87 to 98 presents an overview on the risks. Taking into account all known facts, we have not identified any risks – whether individual or in their entirety – that jeopardize the continued existence of the Südzucker Group.

We accept no obligation to update the forward-looking statements contained in this report.

On this report

This quarterly statement was not reviewed or audited. It was prepared by Südzucker AG's executive board on 29 December 2022.

This quarterly statement is available in German and English. This translation is provided for convenience and should not be relied upon exclusively. PDF files of the quarterly statement can be downloaded from the company's website at:

www.suedzuckergroup.com/de/Investor-Relations/ or
www.suedzuckergroup.com/en/Investor-Relations/

Südzucker AG's fiscal year is not aligned with the calendar year. The first to third quarter extends from 1 March to 30 November.

On the preceding pages, the numbers in brackets represent the corresponding previous year's figures or items. Percentages represent the mathematical change based on the prior-year figure indicated. Numbers and percentages stated are subject to differences due to rounding. Typing and printing errors reserved.

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