

Press release

Mannheim, 12 October 2023

Südzucker again raises group operating result forecast for fiscal 2023/24

Südzucker AG's consolidated group revenues rose 10 percent to EUR 5,078 (previous year: 4,624) million in the first half of fiscal 2023/24 (1 March to 31 August 2023). While revenues in the CropEnergies and starch segments declined, revenues in the other segments grew.

Group EBITDA increased significantly to EUR 739 (previous year: 465) million.

In the same period, the group was also able to significantly improve the consolidated group operating result to EUR 592 (previous year: 316) million. A significant decrease in the CropEnergies and starch segments is offset by a significant increase in all other segments.

Sugar segment shows significant improvement in results

The sugar segment's revenues rose significantly to EUR 1,951 (previous year: 1,443) million. This increase was achieved despite declining sales volumes as a result of the poor harvest in 2022, with significantly higher prices.

The operating result improved significantly, reaching EUR 380 (previous year: 16) million. A sharp rise in costs for raw materials and energy in particular was offset by higher prices generated since the end of the last fiscal year.

Beet cultivation and 2023 campaign

Throughout Europe, weather conditions in the spring and summer were characterized by changeable weather extremes. Extensive rainfall from the end of July into August caused beet growth to be above average, while sugar content remained at a low level. These growing conditions are reflected in the yield expectations. On average for all growing regions, slightly below-average sugar yields are currently predicted. Above-average beet yields are thus offset by low sugar contents.

The 2023 campaign kicked off on 5 September 2023 at Südzucker Polska's Cerekiew and Strzelin factories and is expected to run until February 2024 at some factories.

Significant increase in results in the special products segment

The special products segment's revenues of EUR 1,209 (previous year: 1,053) million were significantly higher than the previous year's figure. Notably higher prices were the main driver of this improvement.

Operating result rose significantly to EUR 95 (previous year: 40) million. Predominantly higher margins led to this overall positive development. In the first half of the year, the company was better able to pass on the impact of higher raw material, packaging and energy costs to the market through higher prices.

CropEnergies segment's results down significantly

Revenues in the CropEnergies segment saw a significant decline to EUR 565 (previous year: 798) million as a result of significantly lower sales volumes due to scheduled maintenance shutdowns and significantly lower prices. Ethanol prices reached record highs during the same period of the previous year.

Following the development of revenues, the operating result significantly lagged behind the exceptionally strong first half of the previous year at EUR 34 (previous year: 180) million. The decline in the result was driven primarily by the significant drop in revenues due to normalized prices for renewable ethanol. Significantly lower sales volumes likewise contributed to the decline in results. Increased raw material costs had a negative impact, while higher prices were realized for by-products.

Starch segment posts significant decline in results

The starch segment's revenues declined moderately to EUR 562 (previous year: 603) million. The overall increase in prices was unable to compensate for the significant decline in volumes. Ethanol prices were down significantly, but prices for starch products were higher overall than in the prior-year period.

Operating result in the reporting period was down significantly to EUR 39 (previous year: 50) million. Overall, higher prices could not fully offset the decline in sales volumes and higher costs.

Results in fruit segment rise significantly

The fruit segment's revenues of EUR 791 (previous year: 727) million were moderately higher than last year. Due to price factors, revenues increased for both fruit preparations and fruit juice concentrates. This compensated for the significant decline in volumes of fruit juice concentrates. Sales volumes of fruit preparations remained stable at the previous year's level.

Operating result of EUR 44 (previous year: 30) million was significantly above last year's figure. Despite a slight decline in volumes and higher costs, the earnings contribution from fruit preparations rose due to noticeably higher margins. The fruit juice concentrates business also reported an increase in earnings. Higher prices more than offset the rise in costs and the significant decline in sales volumes.

Group earnings forecast raised again

The Ukraine war, which has continued from the start of fiscal 2022/23 to the present day, has fundamentally intensified the already high volatility on the target markets and led to price increases on the procurement markets, particularly in the raw materials and energy sectors. Moreover, further market distortions may arise in the EU as a result of the duty-free access granted to agricultural imports from Ukraine. The current reduced volatility notwithstanding, the economic and financial ramifications, the security of supply and the duration of this temporary exceptional situation – with regard to the further course of fiscal 2023/24 and also fiscal year 2024/25 – remain difficult to assess.

The group forecast for the 2023/24 fiscal year was first published on 15 December 2022, and increased on 18 April 2023 and 6 July 2023. Now it will be adjusted again in this half-year financial report. The company currently expects group consolidated revenues in fiscal 2023/24 to be between EUR 10.0 to 10.5 (previous forecast: 10.4 to 10.9; 2022/23: 9.5) billion, which is still an increase over the previous year.

Group EBITDA is likely to grow to a range between EUR 1.3 and 1.4 (previous forecast: 1.2 to 1.4; 2022/23: 1.1) billion.

Südzucker also expects the consolidated group operating result to be stronger – in a range between EUR 900 and 1,000 (previous forecast: 850 to 950; 2022/23: 704) million.

Capital employed is expected to continue to increase moderately. Based on the aforementioned improvement in the operating result, Südzucker is projecting a significant increase in ROCE (2022/23: 9.9 %).

Group figures as of 31. August 2023

		2nd quarter			1st half year		
		2023/24	2022/23	+ / – in %	2023/24	2022/23	+ / – in %
Revenues	€ million	2,560	2,349	9.0	5,078	4,624	9.8
EBITDA	€ million	383	229	67.2	739	465	58.9
EBITDA margin	%	15.0	9.7		14.6	10.1	
Depreciation	€ million	-73	-76	-3.9	-147	-149	-1.3
Operating result	€ million	310	153	> 100	592	316	87.3
Operating margin	%	12.1	6.5		11.7	6.8	
Result from restructuring / special items	€ million	-2	-46	-95.7	-1	-44	-97.7
Result from companies consolidated at equity	€ million	0	7	-100.0	-2	24	-
Result from operations	€ million	308	114	> 100	589	296	99.0
Investments in fixed assets and intangible assets	€ million	120	92	30.4	199	157	26.8
Investments in financial assets / acquisitions	€ million	0	7	-100.0	1	56	-98.2
Total investments	€ million	120	99	21.2	200	213	-6.1
Shares in companies consolidated at equity	€ million				78	86	-9.3
Capital employed	€ million				7,378	6,558	12.5
Employees					19,387	18,677	3.8

Revenues by segment

€ million	1st half year		
	2023/24	2022/23	+ / – in %
Sugar	1,951	1,443	35.2
Special products	1,209	1,053	14.8
CropEnergies	565	798	-29.2
Starch	562	603	-6.8
Fruit	791	727	8.8
Group total	5,078	4,624	9.8

Operating result by segment

€ million	1st half year		
	2023/24	2022/23	+ / – in %
Sugar	380	16	> 100
Special products	95	40	> 100
CropEnergies	34	180	-81.1
Starch	39	50	-22.0
Fruit	44	30	46.7
Group total	592	316	87.3

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About the Südzucker Group

Südzucker is a major player in the food industry with its sugar, special products, starch and fruit segments, and Europe's leading ethanol producer with its CropEnergies segment.

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, with its consumer-oriented functional ingredients for food and animal feed (BENEÓ), chilled/frozen products (Freiberger) and portion packs (PortionPack Group), operates in dynamic growth markets. Südzucker's CropEnergies segment is Europe's leading producer of renewable ethanol, with production sites in Germany, Belgium, France and Great Britain. Other products in this segment are protein food and animal feed products as well as biogenic carbon dioxide. The starch segment comprises AGRANA's starch and ethanol activities. 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 2022/23, the group employed about 18.300 persons and generated revenues of about EUR 9.5 billion.