

Press release

Mannheim, 11 January 2024

Südzucker confirms annual forecast following the first nine months of fiscal 2023/24

Group revenues of Südzucker AG rose by around 10 percent to EUR 7,779 (previous year: 7,106) million. In the sugar, special products and fruit segments, revenues increased, but declined in the CropEnergies and starch segments.

Group EBITDA climbed significantly to EUR 1,124 (previous year: 805) million.

Group operating result also improved significantly to EUR 860 (previous year: 536) million. A significant decline in the CropEnergies segment and a slight decline in the starch segment were offset by a significant increase in all other segments.

Sugar segment continues positive revenue and earnings performance

The sugar segment's revenues rose considerably to EUR 3,106 (previous year: 2,366) million. This increase was achieved despite declining sales volumes – in particular due to the poor 2022 harvest – thanks to significantly higher prices. The price level in the 2023/24 sugar marketing year, which has been running since October 2023, is on a par with the 2022/23 sugar marketing year.

The operating result improved significantly to EUR 525 (previous year: 132) million. The sharp rise in costs for raw materials and energy in particular was offset by higher prices since the end of the last fiscal year. The further substantial increase in production costs with the new 2023 campaign has so far only had a minor impact in the third quarter.

Beet cultivation and 2023 campaign

From late October 2023, persistent rainfall in all areas made it difficult to clear, load and transport sugar beet; in November, frost and snow added to the problems. A high incidence of the sugar beet disease SBR (Syndrome Basses Richesses) together with infestation by Stolbur phytoplasma led to yield losses in the German catchment areas, particularly in Baden-Württemberg, Rhineland-Palatinate, southern Hesse and Franconia, but also in other parts of Bavaria. Overall above-average beet yields mean that processing will continue in many plants until the end of January or February 2024. Together with below-average sugar content, the Südzucker Group expects an average sugar yield overall.

Special products segment with significant jump in earnings

At EUR 1,818 (previous year: 1,633) million, the special products segment's revenues clearly exceeded the previous year's figure. This improvement was mainly driven by significantly higher prices.

The operating result more than doubled to EUR 150 (previous year: 71) million after two weak reporting years. Higher margins were the main reason for this overall positive development. In the first nine months, the company was more successful than in the previous year in offsetting the impact of higher raw material, packaging, energy and personnel costs with higher prices on the market.

CropEnergies segment affected by drop in ethanol price

Revenues in the CropEnergies segment saw a significant decline to EUR 848 (previous year: 1,105) million as a result of considerably lower sales volumes due to scheduled maintenance shutdowns and significantly lower prices; ethanol prices reached record highs in the same period of the previous year. Most recently, ethanol prices were at their lowest level for two years.

Following the development of revenues, the operating result of EUR 61 (previous year: 235) million in the reporting period was significantly below the result of the corresponding and exceptionally strong prior-year period. The decline in the result was driven primarily by the significant drop in prices for renewable ethanol. Substantially lower sales volumes likewise contributed to the decline in results. Although raw material and energy prices changed only slightly compared to the same period of the previous year, higher selling prices were achieved, at least in part, for the food and animal feed products sold.

Starch segment with slightly lower earnings

The starch segment's revenues were down moderately to EUR 828 (previous year: 907) million. This deterioration is due to the significant decline in volumes while prices remained stable overall. Ethanol prices were significantly lower, but prices for products in the starch segment were higher overall than in the previous year.

The operating result decreased slightly to EUR 58 (previous year: 60) million. Overall, the decline in raw material costs could not fully offset the drop in volumes and higher other costs, particularly for human resources.

Fruit segment shows significant increase in results

At EUR 1,179 (previous year: 1,095) million, revenues in the fruit segment were moderately higher than in the previous year. The increase in revenues was driven by fruit preparations and was due to both price and volume factors. Fruit juice concentrates recorded revenues at the previous year's level. The price increase was offset by the decline in volumes.

By contrast, the operating result improved significantly to EUR 66 (previous year: 38) million. The earnings contribution from fruit preparations rose on the back of significantly higher margins and a slight increase in volumes. In the fruit juice concentrates business, the earnings contribution also showed a significant increase. The main driver here was also the considerably improved margin, which more than compensated for the significant decline in volumes.

Outlook for fiscal 2023/24 further confirmed

The ongoing war in Ukraine continues to fundamentally intensify the already high volatility on the target markets and lead to price increases on the procurement markets, particularly in the raw materials and energy sectors. In addition, further market distortions may arise in the EU as a re-

sult of the duty-free access granted to agricultural imports from Ukraine. The economic and financial impact as well as the duration of this temporary exceptional situation – with regard to the further course of fiscal 2023/24 and also fiscal 2024/25 – remain difficult to assess.

Consolidated group revenues in fiscal 2023/24 are still expected to be between EUR 10.0 and 10.5 (2022/23: 9.5) billion and therefore a further increase compared to the previous year.

Group EBITDA is still anticipated in a range between around EUR 1.3 and 1.4 (2022/23: 1.1) billion. Consolidated operating result is also expected to remain unchanged between EUR 900 and 1,000 (2022/23: 704) million. Projections indicate a moderate rise in capital employed. Based on the aforementioned improvement in the operating result, a significant increase in ROCE (2022/23: 9.9 percent) is projected.

CropEnergies AG's delisting purchase offer

On 19 December 2023, Südzucker AG resolved to make a public delisting purchase offer in the form of a cash offer to the shareholders of CropEnergies AG to acquire all CropEnergies shares not already held by Südzucker AG. Both companies signed a delisting agreement to this effect on 19 December 2023.

Südzucker is offering the shareholders of CropEnergies AG EUR 11.50 in cash per CropEnergies share, which represents a premium of around 36.9 percent on the volume-weighted average price over the last six months and a premium of EUR 4.71 or around 69.4 percent on the last XETRA closing price of 18 December 2023.

The transaction reflects the increasing importance of CropEnergies in the context of the 2026 PLUS growth strategy, with a special focus on the field of organic chemicals. The delisting promises potential for enhanced liquidity and the revaluation of Südzucker shares, which may also benefit CropEnergies shareholders via a direct investment in Südzucker. Another advantage includes a reduction in complexity due to fewer legal and regulatory requirements. The delisting is aimed at strengthening Südzucker's capital market presence, while retaining CropEnergies as an independent pillar of the Südzucker Group.

Group figures as of 30 November 2023

		3rd quarter			1st - 3rd quarter		
		2023/24	2022/23 + / - in %		2023/24	2022/23 + / - in %	
Revenues	€ million	2,701	2,482	8.8	7,779	7,106	9.5
EBITDA	€ million	385	340	13.2	1,124	805	39.6
EBITDA margin	%	14.3	13.7		14.4	11.3	
Depreciation	€ million	-117	-120	-2.5	-264	-269	-1.9
Operating result	€ million	268	220	21.8	860	536	60.4
Operating margin	%	9.9	8.9		11.1	7.5	
Result from restructuring / special items	€ million	-17	-1	> 100	-18	-45	-60.0
Result from companies consolidated at equity	€ million	3	5	-40.0	1	29	-96.6
Result from operations	€ million	254	224	13.4	843	520	62.1
Investments in fixed assets and intangible assets	€ million	129	106	21.7	328	263	24.7
Investments in financial assets / acquisitions	€ million	0	1	-100.0	1	57	-98.2
Total investments	€ million	129	107	20.6	329	320	2.8
Shares in companies consolidated at equity	€ million				83	91	-8.8
Capital employed	€ million				7,273	6,724	8.2
Employees					19,655	19,369	1.5

Revenues by segment

€ million	1st to 3rd quarter		
	2023/24	2022/23	+ / - in %
Sugar	3,106	2,366	31.3
Special products	1,818	1,633	11.3
CropEnergies	848	1,105	-23.3
Starch	828	907	-8.7
Fruit	1,179	1,095	7.7
Group total	7,779	7,106	9.5

Operating result by segment

€ million	1st to 3rd quarter		
	2023/24	2022/23	+ / - in %
Sugar	525	132	> 100
Special products	150	71	> 100
CropEnergies	61	235	-74.0
Starch	58	60	-3.3
Fruit	66	38	73.7
Group total	860	536	60.4

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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.