Q1

QUARTERLY STATEMENT FIRST QUARTER 2019/20

1 March to 31 May 2019

CONSOLIDATED GROUP REVENUES

€ **1,680** [1,741] million

CONSOLIDATED GROUP OPERATING RESULT

€ **47** [78] million

FULL-YEAR FISCAL 2019/20 FORECAST UNCHANGED:

CONSOLIDATED GROUP REVENUES OF

€ **6.7** to **7.0** [2018/19: 6.8] billion

CONSOLIDATED OPERATING RESULT OF

€ **0** to **100** [2018/19: 27] million

SÜDZUCKER

CONTENTS

FINANCIAL CALENDAR

Annual general meeting
Fiscal 2018/19

18 July 2019

Q 2 – Half year financial report
1st half year report 2019/20

10 October 2019

Q 3 – Quarterly statement
1st to 3rd quarter 2019/20

14 January 2020

Press and analysts' conference
Fiscal 2019/20

14 May 2020

Q 1 – Quarterly statement
1st quarter 2020/21

9 July 2020

Annual general meeting
Fiscal 2019/20

16 July 2020

Q 2 – Half year financial report
1st half year 2020/21

8 October 2020

OVERVIEW

First quarter 2019/20

- Consolidated group revenues down 4 % from last year at € 1,680 (1,741) million
- Consolidated group operating result declines € 31 million to € 47 (78) million.
- Sugar segment reports lower revenues and operating loss due to reduced sugar sales revenues:
  - Revenues: –16 % to € 581 (695) million
  - Operating result: € –36 (8) million
- Special products segment extends growth. Increased revenues and improved operating result driven by higher volumes:
  - Revenues: +8 % to € 602 (558) million
  - Operating result: € 46 (39) million
- CropEnergies segment reports increase in revenues and results due to higher ethanol sales revenues:
  - Revenues: +5 % to € 185 (176) million
  - Operating result: € 15 (5) million
- Fruit segment revenues at the same level as last year while operating result drops:
  - Revenues: € 312 (312) million
  - Operating result: € 22 (26) million

Full-year fiscal 2019/2020 forecast unchanged

- Consolidated group revenues expected to come in at € 6.7 to 7.0 (2018/19: 6.8) billion.
- Consolidated group operating result expected to range between € 0 to 100 (2018/19: 27) million.
- Capital employed to rise slightly; ROCE up to 1.5 %.

Group figures as of 31 May 2019

		1st quarter		
		2019/20	2018/19	+/– in %
Revenues and earnings				
Revenues	€ million	1,680	1,741	–3.5
EBITDA	€ million	117	138	–15.3
EBITDA margin	%	6.9	7.9	
Depreciation	€ million	–70	–60	16.7
Operating result	€ million	47	78	–40.0
Operating margin	%	2.8	4.5	
Net earnings	€ million	11	40	–73.6
Cash flow and investments				
Cash flow	€ million	88	97	–9.4
Investments in fixed assets	€ million	72	66	9.1
Investments in financial assets / acquisitions	€ million	5	3	43.8
Total investments	€ million	77	69	10.7
Performance				
Fixed assets [1]	€ million	3,341	3,267	2.3
Goodwill	€ million	735	1,396	–47.4
Working capital	€ million	1,979	1,890	4.7
Capital employed	€ million	6,167	6,666	–7.5
Capital structure				
Total assets	€ million	8,172	8,932	–8.5
Shareholders' equity	€ million	3,960	5,055	–21.7
Net financial debt	€ million	1,240	799	55.2
Equity ratio	%	48.5	56.6	
Net financial debt as % of equity (gearing)	%	31.3	15.8	
Shares				
Market capitalization on 31 May	€ million	2,836	3,131	–9.4
Total shares issued as of 31 May	Millions of shares	204.2	204.2	0.0
Closing price on 31 May	€	13.89	15.34	–9.5
Earnings per share on 31 May	€	–0.04	0.10	–
Average trading volume / day	Thousands of shares	651	866	–24.8
Performance Südzucker share 1 March to 31 May	%	8.1	3.9	
Performance SDAX® 1 March to 31 May	%	0.2	2.6	
Employees		**20,150**	**19,545**	**3.1**

[1] Including intangible assets.

TABLE 01

ECONOMIC REPORT

Group results of operations

Revenues and operating result

The group's consolidated first-quarter 2019/20 revenues dropped to € 1,680 (1,741) million. While the sugar segment's revenues fell sharply, the fruit segment's held steady at last year's level and the special products and CropEnergies segments' rose.

The consolidated group operating result dropped significantly to € 47 (78) million, driven mainly by the expected sugar segment losses. The decline reported by the fruit segment was more than offset by improved results reported by the special products and CropEnergies segments.

Result from operations

Result from operations of € 37 (84) million comprises an operating result of € 47 (78) million, the result from restructuring and special items of € −6 (0) million and the earnings contribution from companies consolidated at equity of € −4 (6) million.

Result of restructuring and special items

The result of restructuring and special items in the amount of € −6 (0) million is solely attributable to the sugar segment. It concerns primarily Südzucker's offer to the Warburg and Brottewitz factories farmers to return their delivery rights.

Result from companies consolidated at equity

The result from companies consolidated at equity in the sugar and special products segments was € −4 (6) million.

Financial result

The financial result for the first three months totaled € −9 (−7) million. It includes net interest result of € −6 (−6) million as well as a result from other financing activities of € −3 (−1) million.

Taxes on income

Earnings before taxes were reported at € 28 (77) million and taxes on income totaled € −17 (−37) million.

Business performance – Group

		1st quarter		
		2019/20	2018/19	+/– in %
Revenues	€ million	**1,680**	**1,741**	**−3.5**
EBITDA	€ million	117	138	−15.3
Depreciation on fixed assets and intangible assets	€ million	−70	−60	16.7
Operating result	€ million	**47**	**78**	**−40.0**
Result from restructuring / special items	€ million	−6	0	> 100
Result from companies consolidated at equity	€ million	−4	6	–
Result from operations	€ million	**37**	**84**	**−55.8**
EBITDA margin	%	6.9	7.9	
Operating margin	%	2.8	4.5	
Investments in fixed assets [1]	€ million	72	66	9.1
Investments in financial assets / acquisitions	€ million	5	3	43.8
Total investments	€ million	**77**	**69**	**10.7**
Shares in companies consolidated at equity	€ million	382	376	1.5
Capital employed	€ million	6,167	6,666	−7.5
Employees		**20,150**	**19,545**	**3.1**

[1] Including intangible assets.

TABLE 02

Income statement

€ million	1st quarter 2019/20	2018/19	+/− in %
Revenues	**1,680**	**1,741**	**−3.5**
Operating result	47	78	−40.0
Result from restructuring / special items	−6	0	0.0
Result from companies consolidated at equity	−4	6	–
Result from operations	**37**	**84**	**−55.8**
Financial result	−9	−7	28.6
Earnings before income taxes	**28**	**77**	**−63.8**
Taxes on income	−17	−37	−53.1
Net earnings	**11**	**40**	**−73.6**
of which attributable to Südzucker AG shareholders	−7	20	–
of which attributable to hybrid capital	3	3	0.0
of which attributable to other non-controlling interests	15	17	−12.2
Earnings per share (€)	**−0.04**	**0.10**	**–**

TABLE 03

Consolidated net earnings

Of the consolidated net earnings of € 11 (40) million, € −7 (20) million were allocated to Südzucker AG shareholders, € 3 (3) million to hybrid equity and € 15 (17) million to other non-controlling interests, mainly the co-owners of AGRANA Group and CropEnergies Group.

Earnings per share

Earnings per share came in at € −0.04 (0.10) for the first quarter 2019/2020. The calculation was based on the time-weighted average of 204.2 (204.2) million shares outstanding.

Group financial position

Cash flow

Cash flow reached € 88 million, compared to € 97 million during the same period last year. This translates into 5.3 (5.7) % of revenues.

Working capital

The cash inflow of € 16 million from reduced working capital compares to € 26 million during the same period last year and was primarily due to the selloff of sugar inventories, which was partially compensated by the settlement of trade payables.

Investments in fixed assets

Investments in fixed assets (including intangible assets) totaled € 72 (66) million in the first quarter. The sugar segment's investments of € 19 (22) million were mainly for replacements, automation investments as well as improvements in logistics and compliance with legal or regulatory requirements. The special products segment invested € 38 (35) million, most of which was for new production capacities in the starch division and plant expansions and optimizations at BENEO and Freiberger. Investments of € 5 (2) million in the CropEnergies segment were used to replace and increase the efficiency of production facilities. One individual investment was for a project to improve the flexibility of raw materials at the Zeitz factory. The fruit segment invested € 10 (7) million, mainly to build new production lines in the fruit preparations division.

Development of net financial debt

Net financial debt was up € 111 million, from € 1,129 million on 28 February 2019 to € 1,240 million on 31 May 2019. The first-time application of IFRS 16 (leases) on 1 March 2019 resulted in recognition of leasing liabilities of € 136 million in current and non-current financial liabilities for the first time. Total investments of € 77 million and the € 5 million earnings distribution were fully financed from cash flow of € 88 million and the cash inflow of € 16 million due to the reduction of the working capital.

Cash flow statement

€ million	1st quarter 2019/20	2018/19	+/– in %
Cash flow	**88**	**97**	**– 9.4**
Increase (–)/decrease (+) in working capital	**16**	**26**	**– 41.3**
Net cash flow from operating activities	**104**	**123**	**– 15.8**
Total investments in fixed assets [1]	– 72	– 66	9.1
Investments in financial assets/acquisitions	– 5	– 3	43.8
Total investments	**– 77**	**– 69**	**10.7**
Other cashflows from investing activities	2	3	– 33.3
Cash flow from investing activities	**– 75**	**– 66**	**14.0**
Increases in stakes held in subsidiaries (–)	0	0	– 100.0
Dividends paid	– 5	– 5	– 2.1
Other cashflows from financing activities	27	– 167	–
Cash flow from financing activities	**22**	**– 172**	**–**
Other change in cash and cash equivalents	1	– 9	–
Decrease (–)/Increase (+) in cash and cash equivalents	**52**	**– 122**	**–**
Cash and cash equivalents at the beginning of the period	354	585	– 39.5
Cash and cash equivalents at the end of the period	**406**	**463**	**– 12.2**

[1] Including intangible assets.

TABLE 04

Group assets

Balance sheet

€ million	31 May 2019	31 May 2018	+/– in %
Assets			
Intangible assets	1,005	1,670	–39.8
Fixed assets	3,070	2,994	2.6
Remaining assets	504	507	–0.6
Non-current assets	**4,579**	**5,171**	**–11.4**
Inventories	1,733	1,760	–1.5
Trade receivables	1,088	1,084	0.4
Remaining assets	772	917	–15.8
Current assets	**3,593**	**3,761**	**–4.5**
Total assets	**8,172**	**8,932**	**–8.5**
Liabilities and equity			
Equity attributable to shareholders of Südzucker AG	2,408	3,472	–30.7
Hybrid capital	654	654	0.0
Other non-controlling interests	898	929	–3.4
Total equity	**3,960**	**5,055**	**–21.7**
Provisions for pensions and similar obligations	884	785	12.7
Financial liabilities	1,220	1,096	11.2
Remaining liabilities	423	355	19.2
Non-current liabilities	**2,527**	**2,236**	**13.0**
Financial liabilities	571	310	84.1
Trade payables	627	688	–9.0
Remaining liabilities	487	643	–24.3
Current liabilities	**1,685**	**1,641**	**2.7**
Total liabilities and equity	**8,172**	**8,932**	**–8.5**
Net financial debt	1,240	799	55.2
Equity ratio in %	48.5	56.6	
Net financial debt as % of equity (gearing)	31.3	15.8	

TABLE 05

Non-current assets

Non-current assets were down € 592 million to € 4,579 (5,171) million. The € 665 million reduction in intangible assets, bringing the total to € 1,005 (1,670) million, was primarily driven by the € 673 million revaluation of the sugar segment's goodwill at the end of fiscal 2018/19. The carrying amount of fixed assets on the other hand rose € 76 million to € 3,070 (2,994) million, driven by the activation of rights of use related to leases totaling € 127 million after the first-time application of IFRS 16 as of 1 March 2019, in addition to current investments. The increase was offset by a lower carrying value for fixed assets due to write-downs carried out at the end of fiscal 2018/19. Other assets of € 504 (507) million were comparable to last year.

Current assets

Current assets fell € 168 million to € 3,593 (3,761) million. Inventories were down € 27 million to € 1,733 (1,760) million, primarily due to lower sugar segment inventories. Trade receivables were comparable to the year prior at € 1,088 (1,084) million. The € 145 million decline in other assets brought the total to € 772 (917) million and was mainly caused by seasonally driven reduced cash and cash equivalents and other assets. Last year the latter included trade receivables to be paid by the EU for excess production levies collected for sugar marketing years 1999/2000 and 2000/01.

Equity

Equity dropped to € 3,960 (5,055) million and the equity ratio to (49) (57) %. Südzucker AG shareholders' equity declined € 1,064 million to € 2,408 (3,472) million, largely due to the prorated annual loss during the course of the previous year, especially the sugar segment's revaluation of goodwill and fixed assets, together with further expenses surrounding the planned factory closures. Other non-controlling interests were down € 31 million to € 898 (929) million.

Non-current liabilities

Non-current liabilities rose € 291 million to € 2,527 (2,236) million. The increase was driven by higher provisions for pensions and similar obligations, which were up € 99 million to € 884 (785) million due to revaluation at a lower discount rate, which went from 2.20 % on 31 May 2018 to 1.60 % on 31 May 2019. Financial liabilities increased € 124 million to € 1,220 (1,096) million due to the recognition of leasing liabilities after the first-time application of IFRS 16, together with higher liabilities versus financial institutions. Other liabilities climbed € 68 million to € 423 (355) million, mostly due to other provisions.

Current liabilities

Current liabilities rose € 44 million to € 1,685 (1,641) million. Current financial liabilities were up € 261 million to € 571 (310) million, driven by higher liabilities payable to financial institutions, new commercial papers and the recognition of leasing liabilities after the first-time application of IFRS 16. Trade payables declined € 61million to € 627 (688) million; included therein are liabilities towards beet farmers of € 136 (228) million. Other debt, consisting of other provisions, taxes owed and other liabilities, dropped € 156 million to € 487 (643) million.

Net financial debt

Net financial debt rose € 441 million year-over-year to € 1,240 (799) million as of 31 May 2019, which corresponds to 31.3 (15.8) % of equity.

Employees

The number of persons employed by the group (full-time equivalent) at the end of the first quarter of fiscal 2019/20 was higher than last year at € 20,150 (19,545). The special products segment workforce expanded by 326 persons, bringing the total to 6,155 (5,829). The increase was chiefly due to new hires at the British Freiberger sites and AGRANA Starch in Austria, as well as the acquisition of CustomPack Ltd., Telford, Great Britain, in the third quarter of last year. The fruit segment's headcount rose 354, for a total of 6,622 (6,268), due among other things to the acquisition of the Algerian fruit producer SPA AGRANA Fruit Algeria in the second quarter of last year.

Employees by segment at balance sheet date

31 May	2019	2018	+/– in %
Sugar	6,932	7,037	–1.5
Special products	6,155	5,829	5.6
CropEnergies	441	411	7.3
Fruit	6,622	6,268	5.6
Group	**20,150**	**19,545**	**3.1**

TABLE 06

SUGAR SEGMENT

Markets

World sugar market

In an update to its initial estimate of the world sugar balance for the upcoming 2019/20 marketing year (1 October to 30≈September) in May 2019, German market analyst F. O. Licht revised its forecast of a balanced supply and demand for the current 2018/19 marketing year. It now expects a production deficit of about 3 million tonnes. It predicts that production will hold steady while sugar consumption increases. World sugar inventories remain at a high level nonetheless.

The world market price for white sugar to date in fiscal 2019/20 has ranged between 287 €/t and 305 €/t. At the end of the reporting period, the world market price for white sugar was 296 €/t.

World market sugar prices

1 June 2016 to 31 May 2019, London, nearest forward trading month

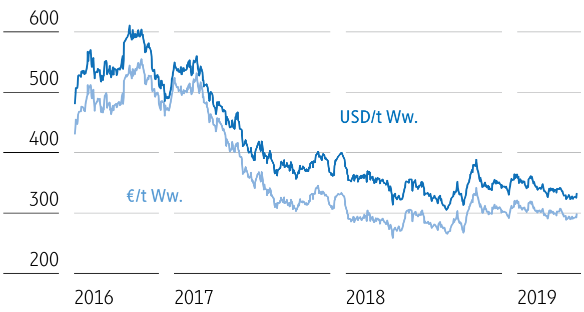

DIAGRAM 01

EU sugar market

Dry weather caused production for the current 2018/19 sugar marketing year (1 October to 30 September) to fall to 18.2 (21.9) million tonnes, down 3.7 million tonnes, and significantly below consumption of 19.1 (19.6) million tonnes.

The EU Commission expects the beet cultivation area for the upcoming 2019/20 sugar marketing year to contract by 6 %. The EU Commission is also forecasting average beet yields and slightly higher production, for a total of 18.9 million tonnes (including isoglucose).

At the beginning of the current 2018/19 sugar marketing year in October 2018, the EU ex-works price for sugar (food and non-food) declined further and since then has ranged between 312 and 321 €/t of bulk sugar ex-works. The most recent published value in April 2019 was 319 €/t, slightly above the low of 312 €/t recorded in February 2019.

Energy market

Oil supplies tightened because of OPEC production cutbacks and, together with US sanctions on Iran and Venezuela, impacted prices. Furthermore, OPEC+ reached consensus on more aggressive oil cutbacks than the levels outlined in the production cut agreement. The OPEC+ nations’ production cutbacks led to sporadic supply shortages. The price of Brent crude firmed considerably, up from 65 USD/barrel at the beginning of the quarter. It reached a five-month high of 75 USD/barrel at the end of April. Over the course of the quarter, economic concerns due to the escalating trade conflict between the United States and China gained the upper hand and for the first time, there were indications of economic weakness in China and Europe. Geopolitical tensions in the Middle East worsened. Toward the end of the quarter, there was a selloff in the crude markets and the price of Brent settled at 62 USD/barrel at the end of May.

Legal and political environment

Free trade agreements

Great Britain's lower house has until 31 October 2019 to ratify the EU withdrawal agreement. Due to the pending election of a new head of the governing Conservative Party, which is scheduled to be completed by the end of July 2019, the window for ratification by a new party leader and a new prime minister by the end of October 2019 is tight. If the agreement is not ratified on time, there will be a no-deal BREXIT on 1 November; that is, Great Britain will withdraw from the EU without an agreement. In such case we currently expect that access for European white sugar to the British market will be more difficult. The British government will apply a general tariff of 150 €/t for imported white sugar of any origin in the event of a no-deal BREXIT. Raw sugar imported to the United Kingdom will be subject to duties of 339 €/t. However, this tariff will not apply to a duty-free import quota of 260,000 tonnes of raw sugar of any origin and deliveries under the terms of existing partnership agreements; for example the ACP and LDC countries.

Aside from the aforementioned, there have been no material changes during the reporting period to the legal and political general conditions related to EU sugar policies, WTO negotiations and free trade agreements than those outlined on pages 61 and 62 of the 2018/19 annual report (consolidated management report, economic report, sugar segment).

Business performance

Revenues and operating result

The sugar segment's first quarter revenues fell sharply to € 581 (695) million. The decline was driven by considerably lower sales revenues yet again, and moderately lower volumes due to the reduced 2018 harvest.

Business performance – Sugar segment

		1st quarter		
		2019/20	2018/19	+/– in %
Revenues	€ million	**581**	**695**	**–16.4**
EBITDA	€ million	–16	22	–
Depreciation on fixed assets and intangible assets	€ million	–20	–14	46.8
Operating result	€ million	**–36**	**8**	**–**
Result from restructuring/special items	€ million	–6	0	–
Result from companies consolidated at equity	€ million	–8	2	–
Result from operations	€ million	**–50**	**10**	**–**
EBITDA margin	%	–2.8	3.3	
Operating margin	%	–6.3	1.3	
Investments in fixed assets [1]	€ million	19	22	–8.4
Investments in financial assets/acquisitions	€ million	4	0	–
Total investments	€ million	**23**	**22**	**10.7**
Shares in companies consolidated at equity	€ million	317	310	2.1
Capital employed	€ million	2,606	3,252	–19.9
Employees		**6,932**	**7,037**	**–1.5**

[1] Including intangible assets.

TABLE 07

The sugar segment's negative operating result of € −36 (8) million had been predicted. The main causes were the EU sugar market price level, which did not cover costs, and sharply lower exports due to the drought-driven weaker 2018 harvest. The result decline is being mitigated in the first two quarters 2019/20 thanks to inventory write-downs to the expected low net sales revenues, which were already carried out at the time of the 2018/19 year-end closing. The volume related losses were thereby already included in the 2018/19 year-end closing.

Result of restructuring and special items

The result of restructuring and special items of € −6 (0) million is primarily attributable to Südzucker's offer concerning the return of delivery rights to beet farmers at the Warburg and Brottewitz factories. Both factories will be closed after the 2019 campaign.

Result from companies consolidated at equity

The result from sugar segment companies consolidated at equity was € −8 (2) million and relates to pro-rated losses at sugar factories in which ED&F Man Holdings Limited holds an interest. It reflects the difficult world sugar market situation.

Beet cultivation and 2019 campaign

Südzucker Group's beet cultivation area was down about 10 % in 2019 from the year prior to 391,100 (434,000) ha. The main seeding began in mid-March, about two weeks earlier than last year, amidst mainly excellent planting conditions. Cool temperatures, primarily during the night, retarded plant growth to the beginning of May. Since then, mild temperatures and regular rainfall have encouraged rapid beet development.

Investments in fixed assets

Investments in the first three months totaled € 19 (22) million and were mainly for replacements. Process control system upgrades remain a high priority. Investments in logistics improvement were also undertaken; for example, a new bagging system for polyurethane bags at the Offenau factory. The introduction of organic beet processing at the Rain factory is also a factor here. Other important initiatives were investments in environmental protection systems such as wastewater treatment and emission reduction.

SPECIAL PRODUCTS SEGMENT

Business performance

Revenues and operating result
The special products segment was again able to boost revenues in the first quarter of 2019/20, to € 602 (558) million. In addition to overall higher sales volumes, a strong recovery in ethanol sales revenues from the prior year's low level was a major contributor.

Accordingly, the operating result also rose sharply, ending at € 46 (39) million. Considerably higher prices for some raw materials were more than offset by the revenue growth.

Result from companies consolidated at equity
The result of € 4 (4) million from companies consolidated at equity was mainly attributable to the share of earnings from Hungarian Hungrana Group's starch and bioethanol businesses.

Investments in fixed assets
The special products segment invested € 38 (35) million in the BENEO division, primarily for capacity expansions at all sites and/or to prepare them for the coming years. Noteworthy examples include expansion of the crystallization capacity and enlargement of the storage warehouse at the Offstein site. Work has begun on the first construction phase of a third wet starch line for rice proteins in Wijgmaal, Belgium. Most of the starch division's investments went towards increased capacity of the starch factory in Pischelsdorf, Austria, and expansion of the wet derivatives in Aschach, Austria. The Freiberger division's focus was on expanding the production line at the Westhoughton site in the United Kingdom and various automation projects at Richelieu in the United States.

Business performance – Special products segment

		1st quarter		
		2019/20	2018/19	+/– in %
Revenues	€ million	**602**	**558**	**7.9**
EBITDA	€ million	75	67	13.1
Depreciation on fixed assets and intangible assets	€ million	–29	–28	3.2
Operating result	€ million	**46**	**39**	**20.2**
Result from restructuring/special items	€ million	0	0	–100.0
Result from companies consolidated at equity	€ million	4	4	–33.3
Result from operations	€ million	**50**	**43**	**14.5**
EBITDA margin	%	12.5	11.9	
Operating margin	%	7.7	6.9	
Investments in fixed assets [1]	€ million	38	35	6.5
Investments in financial assets/acquisitions	€ million	0	1	–100.0
Total investments	€ million	**38**	**36**	**1.6**
Shares in companies consolidated at equity	€ million	63	64	–1.6
Capital employed	€ million	2,215	2,115	4.7
Employees		**6,155**	**5,829**	**5.6**

[1] Including intangible assets.

TABLE 08

CROPENERGIES SEGMENT

Markets

Ethanol market

European ethanol prices rose from 555 €/m³ to about 595 €/m³ in the first quarter of 2019/20. Spot prices even sporadically topped the 600 €/m³ mark. Robust demand amid moderate imports contributed to the price recovery. Ethanol imports are expected to reach 0.7 (0.6) million m³ in 2019. On 16 May 2019, the antidumping duty of 49 €/m³ on ethanol imports from the United States was eliminated. Imports compare to EU production of 7.6 (7.7) million m³ and consumption of 8.0 (8.0) million m³. EU fuel-grade ethanol production is expected to come in at 5.2 (5.3) million m³, slightly less than consumption of 5.4 (5.4) million m³.

Raw material markets

According to the International Grain Council (IGC), world grain production (excluding rice) is expected to rise to 2,177 (2,138) million tonnes in 2019/20. Grain consumption is expected to be 2,192 (2,166) million tonnes and inventories are projected to decline to 602 (617) million tonnes. For the EU, the EU Commission expects the 2019/20 grain harvest to increase to 311 (290) million tonnes. Consumption is expected to remain at 287 (287) million tonnes. As a result of excellent harvest prospects for Europe, European wheat prices on the Euronext in Paris generally oscillated around the 185 €/t mark in the first quarter of 2019/20. Even though this represents an increase of almost 20 €/t compared to the previous year's quarter, wheat prices have still fallen about 20 €/t since the fourth quarter of 2018/19.

Legal and political environment

There were no material changes during the reporting period to the legal and political general conditions outlined on page 73 of the 2018/19 annual report (consolidated management report, economic report, CropEnergies segment).

Revenues and operating result

The CropEnergies segment's revenues during the reporting period were moderately higher than last year at € 185 (176) million. Lower volumes were more than offset by higher sales revenues.

The operating result improved substantially, to € 15 (5) million, driven by significantly higher ethanol sales revenues, especially compared to the low sales revenue level during the first half of last year. The higher ethanol sales revenues were more than enough to offset lower production levels and volumes, and higher raw material costs.

Investments in fixed assets

In the first three months, investments totaled € 5 (2) million. The spending was for replacements of capital equipment such as heat exchangers, pumps and dryers throughout the entire production process at all sites. The segment also focused on improving the efficiency of its production plants, with projects such as ensuring greater input raw material flexibility at the Zeitz location and expanding the gluten production systems and grinding capacity in Wanze, Belgium, among others.

Business performance – CropEnergies segment

		1st quarter		
		2019/20	2018/19	+/– in %
Revenues	€ million	**185**	**176**	**5.2**
EBITDA	€ million	26	15	81.1
Depreciation on fixed assets and intangible assets	€ million	–11	–10	10.3
Operating result	€ million	**15**	**5**	**> 100**
Result from restructuring / special items	€ million	0	0	–
Result from companies consolidated at equity	€ million	0	0	–
Result from operations	€ million	**15**	**5**	**> 100**
EBITDA margin	%	14.0	8.1	
Operating margin	%	8.2	2.6	
Investments in fixed assets [1]	€ million	5	2	> 100
Investments in financial assets / acquisitions	€ million	0	0	–
Total investments	€ million	**5**	**2**	**> 100**
Shares in companies consolidated at equity	€ million	2	2	11.1
Capital employed	€ million	459	451	1.7
Employees		**441**	**411**	**7.3**

[1] Including intangible assets.

TABLE 09

FRUIT SEGMENT

Markets

Target markets

Global consumer trends that impact the growth of fruit preparations markets (dairy products, ice cream, baked goods and food services) continue to be naturalness, sustainability, health and enjoyment. The main focus in the naturalness and sustainability area is currently on the recycling economy and ingredient traceability. Quite often, specific origin claims are added to end-product labels for certain fruits (e.g. Monterey strawberries). Countless products for fast yet healthy snacking are being introduced to market for all product categories.

The demand for apple juice concentrate remains steady. Available goods from the current spring production campaign were successfully sold, in both the United States and in Europe. There is also demand from Africa.

Contracts have been signed for almost all the berry juice concentrates from the 2018 harvest.

Raw material markets

The harvest for the key fruit strawberries was essentially completed in the Mediterranean climate zones Morocco, Egypt, Spain and Mexico. Contracts were signed for the planned required quantities. Despite higher market prices, the division was able to purchase product at better prices than last year thanks to long-term strategic agreements. The Moroccan and Egyptian procurement markets are becoming increasingly important to the United States, in part for competitive reasons, but also due to more frequent tight raw material availability from Mexico.

Tropical fruit harvests are proceeding well. Demand is constant and as a result, prices are expected to hold steady or decline slightly. European and American prices for raspberries, sour cherries and apples are expected to be higher on the heels of a historic low. Prices for stone fruits such as peaches and apricots are expected to remain at last year’s level.

Raw material availability for the 2019 berry juice processing season just ended is expected to be at the same excellent level as last year. Availability of the key fruit apples in the primary cultivating region, Poland, is expected to be adequate. The Hungarian harvest is expected to be weaker than last year due to a spring frost.

Business performance

Revenues and operating result

The fruit segment reported revenues of € 312 (312) million during the reporting period, almost the same as a year earlier. The slight revenue increase in the fruit preparations division is mainly due to higher volumes. Higher volumes could not fully offset the lower sales revenues in the fruit juice concentrates division, which led to moderately lower revenues.

The operating result fell to € 22 (26) million. This was driven by increased costs in the fruit preparations division, while greater volumes drove the fruit juice concentrates divisions operating result higher.

Investments in fixed assets

Investments in fixed assets totaled € 10 (7) million. The fruit preparations division invested mainly in replacements, but also in capacity expansions; among others in an additional production line at the fruit preparations plant in Central Mangrove, Australia. A new line is also being added at the Russian Serpuchow factory. The focus in the fruit juice concentrates division is on replacement investments and production optimization. A new head tank was acquired for the Kröllendorf site in Austria to stabilize production capacity. Investments are also being made in the new basic ingredients and aroma production business field.

Business performance – Fruit segment

		1st quarter		
		2019/20	2018/19	+/– in %
Revenues	€ million	**312**	**312**	**–0.1**
EBITDA	€ million	32	34	–6.5
Depreciation on fixed assets and intangible assets	€ million	–10	–8	18.3
Operating result	€ million	**22**	**26**	**–14.5**
Result from restructuring / special items	€ million	0	0	–
Result from companies consolidated at equity	€ million	0	0	–
Result from operations	€ million	**22**	**26**	**–14.5**
EBITDA margin	%	10.1	10.8	
Operating margin	%	7.0	8.2	
Investments in fixed assets [1]	€ million	10	7	42.3
Investments in financial assets / acquisitions	€ million	1	2	–66.7
Total investments	€ million	**11**	**9**	**23.3**
Shares in companies consolidated at equity	€ million	0	0	–
Capital employed	€ million	888	848	4.7
Employees		**6,622**	**6,268**	**5.6**

[1] Including intangible assets.

TABLE 10

OUTLOOK

Group

We expect consolidated group revenues of € 6.7 to 7.0 billion in fiscal 2019/20 (previous year: 6.8). We anticipate the sugar segment's revenues to drop moderately. We see the CropEnergies segment's revenues ranging now between € 740 and 820 (previous forecast: 720 to 820; previous year: 693) million. We expect the special products segment's revenues to rise slightly and the fruit segment's to increase moderately.

We expect a consolidated group operating result ranging between € 0 and 100 (previous year: 27) million. We estimate that the sugar segment will report another operating loss between € –200 and –300 million. In contrast, we are expecting a moderately improved operating result for the special products segment, and a substantially better result for the fruit segment. The CropEnergies segment's operating result is now expected to be between € 30 and 70 (previous forecast: 20 to 70; previous year: 33) million.

We anticipate capital employed to rise, mainly because of application of the new IFRS standard regarding lease accounting. Based on the aforementioned operating result range, we are expecting ROCE to come in at up to 1.5 % (previous year: 0.4 %).

The operating result for the second quarter of the current 2019/20 fiscal year is expected to be significantly lower than last year.

Sugar segment

With volumes declining, we expect moderately lower revenues (previous year: € 2.6 billion) in the sugar segment for fiscal 2019/20 in spite of higher average sales revenues. Given a price level that on average will continue to be unsatisfactory for the fiscal year, declining volumes and substantially rising production costs for the 2019 campaign, we expect an operating loss ranging between € –200 and –300 million (previous year: € –239 million) for the sugar segment. This forecast for the sugar segment continues to be marked by a high degree of uncertainty in a profoundly changing market environment.

Results improvement driven by the sugar segment restructuring plan will not have an impact until after the closure of the factories as of the second half of fiscal 2020/21.

Special products segment

We expect the special products segment's production and sales volumes to be higher in all divisions. Slightly higher revenues (previous year: € 2.3 billion) are expected to drive the operating result up moderately (previous year: € 156 million).

CropEnergies segment

CropEnergies' business development for fiscal 2019/20 will largely depend on the market price of bioethanol. CropEnergies expects overall ethanol prices to be higher than the previous year's level after the sometimes very low price levels of last year. CropEnergies now expects revenues to range between € 740 and 820 (previous forecast: 720 to 820; previous year: 693) million and the operating result to come in between € 30 and 70 (previous forecast: 20 to 70; previous year: 33) million.

Fruit segment

We expect the fruit segment's revenues to rise moderately (previous year: € 1.2 billion) and the operating result to rise significantly (previous year: € 77 million) in fiscal 2019/20. Thanks to rising sales volumes we expect the fruit preparations division's revenues to grow and operating result to improve significantly. The fruit juice concentrates division's revenues and operating result are expected to develop in a stable manner.

EVENTS AFTER THE BALANCE SHEET DATE

The request by the Austrian Federal Competition Authority in 2010 to levy a fine on Südzucker AG and AGRANA Zucker GmbH, Vienna, Austria because of alleged anticompetitive discussions was dismissed by the Vienna cartel court on 15 May 2019. The court ruling had not yet come into force at the time of preparing the quarterly statement.

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 2018/19 annual report on pages 84 to 96 presents an overview of the risks. Taking into account all known facts, we have not identified any risks, either individually or as a whole, that threaten the continued existence of 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 published by Südzucker AG's executive board on 24 June 2019.

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 interim report can be downloaded from the company's website at:

www.suedzucker.de/de/Investor-Relations/ or
www.suedzucker.de/en/Investor-Relations/

Südzucker AG's fiscal year is not aligned with the calendar year. The first quarter extends from 1 March to 31 May.

On the preceding pages, the numbers in brackets represent the corresponding previous year's figures or items. Numbers and percentages stated are subject to differences due to rounding. Typing and printing errors reserved.

Publication date: 11 July 2019

Contacts

Investor Relations
Nikolai Baltruschat
investor.relations@suedzucker.de
Phone: +49 621 421-240
Fax: +49 621 421-449

Financial press
Dr. Dominik Risser
public.relations@suedzucker.de
Phone: +49 621 421-428
Fax: +49 621 421-425

Südzucker on the Internet

For more information about Südzucker Group
please refer to our website: www.suedzucker.de

Published by

Südzucker AG
Maximilianstrasse 10
68165 Mannheim, Germany
Phone: +49 621 421-0