

Q2

Half-year financial report First half year 2020/21

1 March to 31 August 2020

Consolidated group revenues

€ **3,349**
[3,314] million

Consolidated group
operating result

€ **129**
[74] million

FULL-YEAR
FISCAL 2020/21
FORECAST
UNCHANGED

€ **6.9 to 7.2**
[2019/20: 6.7] billion

—
Consolidated group
revenues

€ **300 to 400**
[2019/20: 116] million

—
Consolidated
operating result

SÜDZUCKER

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FINANCIAL CALENDAR

Q3 – Quarterly statement

1st to 3rd quarter 2020/21

14 January 2021

Press and analysts' conference

Fiscal 2020/21

20 May 2021

Q1 – Quarterly statement

1st quarter 2021/22

8 July 2021

Annual general meeting

Fiscal 2020/21

15 July 2021

Q2 – Half year financial report

1st half year 2021/22

14 October 2021

Q3 – Quarterly statement

1st to 3rd quarter 2021/22

13 January 2022

OVERVIEW

First half year 2020/21

- Consolidated group revenues of € 3,349 (3,314) million remained at last year's level.
- Consolidated group operating result increased substantially by € 55 million or 73 % to € 129 (74) million.
- Sugar segment reports revenues at last year's level and lower operating loss mainly due to higher sugar sales revenues:
 - Revenues: –1 % to € 1,112 (1,121) million
 - Operating result: € –56 (–93) million
- Continued growth in the special products segment. Increased revenues and improved operating result due to higher volumes:
 - Revenues: +6 % to € 1,262 (1,192) million
 - Operating result: € 103 (87) million
- CropEnergies segment reports decrease in revenues but higher results due to increased ethanol sales revenues:
 - Revenues: –8 % to € 373 (405) million
 - Operating result: € 51 (44) million
- Fruit segment reports revenues at previous year's level and significant decline in operating result:
 - Revenues: +1 % to € 602 (596) million
 - Operating result: € 31 (36) million

Full-year fiscal 2020/21 outlook unchanged

- Consolidated group revenues expected to come in at € 6.9 to 7.2 (2019/20: 6.7) billion.
- Consolidated group operating result expected to range between € 300 and 400 (2019/20: 116) million.
- Capital employed at last year's level; significant increase in ROCE (2019/20: 1.8 %).

OVERVIEW

Group figures as of 31 August 2020

		1st half year		
		2020/21	2019/20	+ / - in %
Revenues and earnings				
Revenues	€ million	3,349	3,314	1.0
EBITDA	€ million	276	214	28.1
EBITDA margin	%	8.2	6.5	
Depreciation	€ million	-147	-140	4.4
Operating result	€ million	129	74	72.8
Operating margin	%	3.8	2.2	
Net earnings	€ million	66	20	>100
Cash flow and investments				
Cash flow	€ million	237	176	34.4
Investments in fixed assets	€ million	127	150	-15.4
Investments in financial assets / acquisitions	€ million	11	7	75.4
Total investments	€ million	138	157	-11.7
Performance				
Fixed assets ¹	€ million	3,263	3,353	-2.7
Goodwill	€ million	724	736	-1.6
Working capital	€ million	2,065	1,880	9.9
Capital employed	€ million	6,165	6,082	1.4
Capital structure				
Total assets	€ million	7,812	7,935	-1.5
Shareholders' equity	€ million	3,600	3,777	-4.7
Net financial debt	€ million	1,445	1,226	17.9
Equity ratio	%	46.1	47.6	
Net financial debt as % of equity (gearing)	%	40.2	32.5	
Shares				
Market capitalization on 31 August	€ million	3,496	3,063	14.1
Total shares issued as of 31 August	millions of shares	204.2	204.2	0.0
Closing price on 31 August	€	17.12	15.00	14.1
Earnings per share on 31 August	€	0.12	-0.07	-
Employees				
		18,723	19,606	-4.5

¹ Including intangible assets.

TABLE 01

ECONOMIC REPORT

Group results of operations

Revenues, EBITDA and operating result

Consolidated revenues in the first half year of fiscal 2020/21 totaled € 3,349 (3,314) million, thus remaining at the previous year's level. While the CropEnergies segment's revenues declined sharply and those of the sugar and fruit segments were at the last year's level, revenues in the special products segment rose moderately.

Group EBITDA rose significantly by € 62 million to € 276 (214) million.

The consolidated group operating result climbed significantly to € 129 (74) million. The decline in operating results reported in the fruit segment was more than offset by the reduction of the loss in the sugar segment and improved results by the special products and the CropEnergies segments.

Result from operations

Result from operations of € 118 (71) million comprises an operating result of € 129 (74) million, the result from restruc-

turing and special items of € -12 (-5) million and the earnings contribution from companies consolidated at equity of € 1 (2) million.

Result of restructuring and special items

The result from restructuring and special items of € -12 (-5) million comprises mainly sugar segment expenses associated with the factories the company resolved to close at the end of fiscal 2018/19 and adjustment of the related administrative organizations. Last year's number was also attributable in part to the sugar segment and related to Südzucker offers to return delivery rights to the beet farmers who had served the Warburg and Brottewitz factories. Both factories were closed after the 2019 campaign.

Result from companies consolidated at equity

The result from companies consolidated at equity in the sugar, special products and CropEnergies segments amounted to € 1 (2) million.

Business performance – Group

		2nd quarter			1st half year		
		2020/21	2019/20	+/- in %	2020/21	2019/20	+/- in %
Revenues	€ million	1,680	1,635	2.7	3,349	3,314	1.0
EBITDA	€ million	142	99	43.8	276	214	28.1
Depreciation on fixed assets and intangible assets	€ million	-74	-71	4.8	-147	-140	4.4
Operating result	€ million	68	28	>100	129	74	72.8
Result from restructuring/special items	€ million	-13	-1	>100	-12	-5	>100
Result from companies consolidated at equity	€ million	-2	7	-	1	2	-52.4
Result from operations	€ million	53	34	57.2	118	71	66.0
EBITDA margin	%	8.4	6.0		8.2	6.5	
Operating margin	%	4.0	1.7		3.8	2.2	
Investments in fixed assets ¹	€ million	75	79	-4.7	127	150	-15.4
Investments in financial assets/acquisitions	€ million	0	2	-84.2	11	7	75.4
Total investments	€ million	75	81	-6.6	138	157	-11.7
Shares in companies consolidated at equity	€ million				293	392	-25.1
Capital employed	€ million				6,165	6,082	1.4
Employees					18,723	19,606	-4.5

¹Including intangible assets.

TABLE 02

Financial result

The financial result for the first six months of € –26 (–17) million includes net interest result of € –12 (–12) million as well as a result from other financing activities of € –14 (–5) million. The strong increase in other financial results is attributable to the complete write-down of an participation in a French sugar factory.

Taxes on income

Earnings before taxes were reported at € 92 (54) million and taxes on income totaled € –26 (–34) million.

Consolidated net earnings

Of the consolidated net earnings of € 66 (20) million, € 25 (–15) million were allocated to Südzucker AG shareholders, € 7 (7) million to hybrid equity and € 34 (28) million to other non-controlling interests, mainly the co-owners of AGRANA Group and CropEnergies Group.

Earnings per share

Earnings per share for the first half year of fiscal 2020/21 came in at € 0.12 (–0.07). The calculation was based on the time-weighted average of 204.2 (204.2) million shares outstanding.

Income statement

€ million	2nd quarter			1st half year		
	2020/21	2019/20	+/- in %	2020/21	2019/20	+/- in %
Revenues	1,680	1,635	2.7	3,349	3,314	1.0
Operating result	68	28	>100	129	74	72.8
Result from restructuring/special items	–13	–1	>100	–12	–5	>100
Result from companies consolidated at equity	–2	7	–	1	2	–52.4
Result from operations	53	34	57.2	118	71	66.0
Financial result	–18	–8	>100,0	–26	–17	52.9
Earnings before income taxes	35	26	35.3	92	54	71.8
Taxes on income	–12	–16	–25.0	–26	–34	–19.9
Net earnings	23	10	>100	66	20	>100
of which attributable to Südzucker AG shareholders	0	–6	–	25	–15	–
of which attributable to hybrid capital	3	3	0.0	7	7	–1.5
of which attributable to other non-controlling interests	20	13	50.0	34	28	20.3
Earnings per share (€)	0.00	–0.03	–100.0	0.12	–0.07	–

TABLE 03

Group financial position

Cash flow

Cash flow reached € 237 million, compared to € 176 million during the same period last year. This translates into 7.1 (5.3) % of sales revenues.

Working capital

A cash inflow of € 130 (119) million from decline in working capital was due mainly to the sale of sugar inventories during the first half year, which exceeded liabilities to beet farmers paid during this period.

Investments in fixed assets

Investments in fixed assets (including intangible assets) totaled € 127 (150) million in the first half year. The sugar segment's investments of € 54 (48) million were again mainly for replacements, investments in the electronic installations and automation sectors as well as for compliance with legal or regulatory requirements. Investments of € 49 (68) million in the special products segment related to the continued creation of new production capacities in the starch division as well as plant expansions and optimizations at BENEOL and Freiburger. In the CropEnergies segment € 14 (13) million was spent on replacement investments and measures to increase the efficiency of production plants. In the fruit segment, the company invested € 10 (21) million primarily to the fruit preparations division to build new production capacities.

Cash flow statement

€ million	2nd quarter			1st half year		
	2020/21	2019/20	+/- in %	2020/21	2019/20	+/- in %
Cash flow	119	88	35.6	237	176	34.4
Increase (-)/decrease (+) in working capital	25	103	- 75.7	130	119	9.0
Gains (-)/losses (+) from the disposal of non-current assets/securities	- 1	- 1	- 30.0	0	- 1	- 100.0
Net cash flow from operating activities	144	190	- 24.5	366	294	24.5
Total investments in fixed assets ¹	- 75	- 79	- 4.7	- 127	- 150	- 15.4
Investments in financial assets/acquisitions	0	- 2	- 84.2	- 11	- 7	75.4
Total investments	- 75	- 81	- 7.4	- 138	- 157	- 11.7
Other cashflows from investing activities	- 19	27	-	- 17	16	-
Cash flow from investing activities	- 94	- 54	73.2	- 155	- 141	10.0
Repayment (-)/refund (+) of financial liabilities	- 2	- 14	- 85.7	- 142	15	-
Increases in stakes held in subsidiaries (-)	- 1	0	-	- 1	0	-
Dividends paid	- 83	- 87	- 4.8	- 87	- 92	- 4.7
Cash flow from financing activities	- 86	- 101	- 14.9	- 230	- 79	>100
Other change in cash and cash equivalents	- 1	- 1	0.0	- 5	0	-
Decrease (-)/Increase (+) in cash and cash equivalents	- 37	34	-	- 24	74	-
Cash and cash equivalents at the beginning of the period	211	187	12.4	197	148	33.6
Cash and cash equivalents at the end of the period	174	222	- 21.6	174	222	- 21.6

¹Including intangible assets.

TABLE 04

Investments in financial assets

Investments in financial assets totaling € 11 (7) million related to AGRANA Stärke GmbH's acquisition of Marroquin Organic International Inc., Santa Cruz, California. Marroquin Organic International Inc. is fully included in the consolidated financial statements as of the end of the second quarter of 2020/21. The trading company, specialized in organic products, serves B2B customers and purchases a large part of its product portfolio from AGRANA Stärke. Last year's investments in financial assets consisted mainly of the founding of Beta Pura GmbH, a 50 % joint venture based in Vienna, Austria, and a 3.5 % interest acquired in DouxMatok Ltd., located in Pechta-Tikva, Israel.

Development of net financial debt

Net financial debt was down € 125 million, from € 1,570 million on 29 February 2020 to € 1,445 million on 31 August 2020. Total investments of € 138 million and the € 87 million earnings distribution were fully financed from cash flow of € 237 million and the cash inflow of € 130 million due to the reduction of the working capital.

Due to a fixed-term deposit reallocation, last year some current assets were reclassified from the balance sheet item cash and cash equivalents to the balance sheet item securities, resulting in an adjustment of the previous year's other cash flows from investing activities. This reallocation did not result in any change in net financial debt. Further details hereto and to last year's first-time application of IFRS 16 (leases) can be found in the 2019/20 annual report on pages 126 and 127.

Group assets

Balance sheet

€ million	31 August 2020	31 August 2019	+/- in %
Assets			
Intangible assets	960	1,003	-4.2
Fixed assets	3,027	3,087	-1.9
Remaining assets	412	513	-19.7
Non-current assets	4,399	4,603	-4.4
Inventories	1,675	1,542	8.6
Trade receivables	1,011	1,000	1.1
Remaining assets	727	790	-8.0
Current assets	3,413	3,332	2.4
Total assets	7,812	7,935	-1.5
Liabilities and equity			
Equity attributable to shareholders of Südzucker AG	2,090	2,263	-7.6
Hybrid capital	654	654	0.0
Other non-controlling interests	856	860	-0.5
Total equity	3,600	3,777	-4.7
Provisions for pensions and similar obligations	945	985	-4.1
Financial liabilities	1,410	1,408	0.2
Remaining liabilities	393	427	-8.0
Non-current liabilities	2,748	2,820	-2.6
Financial liabilities	517	376	37.6
Trade payables	487	470	3.6
Remaining liabilities	460	492	-6.5
Current liabilities	1,464	1,338	9.4
Total liabilities and equity	7,812	7,935	-1.5
Net financial debt	1,445	1,226	17.9
Equity ratio in %	46.1	47.6	
Net financial debt as % of equity (gearing)	40.2	32.5	

TABLE 05

Non-current assets

Non-current assets were down € 204 million to € 4,399 (4,603) million. The carrying value of fixed assets fell by € 60 million to € 3,027 (3,087) million, as investments were lower than current depreciation and amortization. The € 101 million decline in other assets to € 412 (513) million was primarily

due to a lower share of companies consolidated at equity resulting from the recognized prorated share of losses of ED&F Man Holdings Limited, London, UK, in fiscal 2019/20, as well as the complete write-down of an investment in a French sugar factory.

Current assets

Current assets rose € 81 million to € 3,413 (3,332) million. Inventories increased € 133 million to € 1,675 (1,542) million. The increase is primarily attributable to higher sugar inventories due to sharply lower sugar sales volumes, along with higher 2019 campaign beet prices. Trade receivables were at last year's level at € 1,011 (1,000) million. The decline in other assets of € 727 (790) million was mainly due to the reduction in cash and cash equivalents and securities.

Equity

Equity dropped to € 3,600 (3,777) million and the equity ratio to 46 (48) %. Südzucker AG shareholders' equity declined to € 2,090 (2,263) million, largely due to the prorated annual loss during the course of 2nd half year of fiscal 2019/20. Other non-controlling interests were roughly on a par with the previous year at € 856 (860) million.

Non-current liabilities

Non-current liabilities declined € 72 million to € 2,748 (2,820) million, driven primarily by lower provisions for pensions and similar obligations of € 945 (985) million and a higher market discount rate of 1.35 (0.95) % than at last year's 31 August record date. Financial liabilities of € 1,410 (1,408) million were comparable to last year. Other liabilities fell € 34 million to € 393 (427) million.

Current liabilities

Current liabilities climbed € 126 million to € 1,464 (1,338) million. The current financial liabilities increased by € 141 million to € 517 (376) million, primarily as a result of the issuance of commercial papers. However, trade payables increased by € 17 million to € 487 (470) million and include liabilities toward beet growers in the amount of € 10 (17) million. Other debt, consisting of other provisions, taxes owed and other liabilities, dropped € 32 million to € 460 (492) million.

Net financial debt

Net financial debt rose as expected € 219 million year-over-year to € 1,445 (1,226) million as of 31 August 2020, which corresponds to 40 (32) % of equity.

Employees

The number of persons employed by the group (full-time equivalent) at the end of the first half year of fiscal 2020/21 was lower than last year at € 18,723 (19,606). The smaller sugar segment workforce resulted especially from the shut-down of four sugar factories following the 2019/20 campaign. In the fruit segment, the drop was mainly due to a reduced need for seasonal workers for the fruit preparations business.

Employees by segment at balance sheet date

31 August	2020	2019	+/- in %
Sugar	6,458	7,051	-8.4
Special products	6,150	6,041	1.8
CropEnergies	455	442	2.9
Fruit	5,660	6,072	-6.8
Group	18,723	19,606	-4.5

TABLE 06

SUGAR SEGMENT

Markets

World sugar market

In its latest update of the estimated world sugar balance for the past 2019/20 marketing year (1 October – 30 September) as of August 2020, market analyst F.O. Licht now projects a production deficit of 5.3 million tonnes. Although demand is now only expected to decline slightly as a result of the corona pandemic, crude oil market distortions are causing Brazil to now produce substantially more sugar instead of ethanol. Despite these Brazilian production increases, world sugar production is declining due to lower volumes, especially from India and Thailand. This will cause inventory levels to decline. Other analysts are estimating that the 2019/20 deficit will be smaller, primarily due to expectations of even less demand due to the corona pandemic.

Despite increased global sugar production of about 5 million tonnes, F.O. Licht expects marketing year 2020/21 to be another deficit year as world sugar consumption rises slightly. Inventories are expected to fall another 2.4 million tonnes.

World market sugar prices

1 September 2017 to 31 August 2020, London, nearest forward trading month

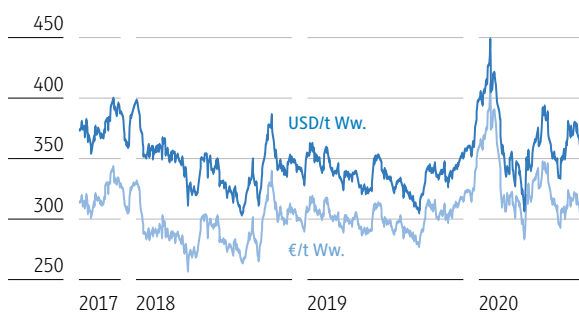


DIAGRAM 01

In early 2020, the world market price for white sugar had risen to as high as 413 €/t by mid-February due to excellent fundamentals. After that, crude oil prices and the currencies of emerging countries like Brazil dropped due to corona-related world economy downturn. Both factors exerted enormous pressure on the world market price for sugar and within a few weeks it had dropped to around 300 €/t, reaching a low of 283 €/t at the end of April. Thereafter, world market prices fluctuated in a range between around 290 €/t and approximately 340 €/t. At the end of the reporting period, the world market price was 301 €/t.

EU sugar market

In the expired 2019/20 sugar marketing year, sugar production (EU including United Kingdom; including isoglucose) fell further to 18.0 (18.2) million tonnes due to smaller cultivation areas and renewed below-average sugar yields caused by drought. As a result, sugar had to be imported again.

The EU price for sugar (food and non-food, ex-factory) was quoted at 332 €/t at the beginning of the new sugar marketing year in October 2019 and has since risen to almost 380 €/t. The most recent price, published in July 2020, was 378 €/t. But there are significant regional price differences across the deficit and surplus regions within the EU.

The EU Commission expects the beet cultivation area for the EU-27 and the United Kingdom to contract by about a further 2 % for the 2020/21 sugar marketing year that has now begun. Due to the renewed poor weather conditions and stronger pest infestations in 2020, yields are expected to remain weak in the main cultivation areas. Furthermore, France, the United Kingdom, Belgium, the Netherlands and West Germany have been impacted by a viral disease, the yellow virus, which is spread by green aphids. In the region south of Paris, yield losses are expected to reach about 40 %. Analysts are expecting production to be up to one million tonnes lower than last year, which more than offsets the inventory accumulation from the 2019/20 sugar marketing year resulting from the temporary low demand caused by the corona pandemic. It is therefore expected that the EU, for the third sugar marketing year in a row, will remain a net importer of sugar in sugar marketing year 2020/21.

Energy market

At the start of June 2020 the price of Brent crude was quoted at 38 US dollars per barrel. It closed at 45 US dollars per barrel on 31 August 2020 after trending sideways for quite some time. Global crude oil demand began to recover slowly in June after corona related restrictions were loosened. Concurrent production cutbacks by the OPEC countries caused the price of Brent crude to climb overall to 44 US dollars per barrel in

mid-July 2020. However, as the quarter progressed, rising new corona infections – in the United States for example – along with continued mobility restrictions dampened any demand and price rebound. The global crude oil market continued to suffer from persistent weak demand. A further price recovery was also hampered in August 2020 by the decision of some OPEC countries to renege on production cuts.

Legal and political environment

It is becoming increasingly unlikely that the Mercosur agreement will be ratified after the German Council Presidency has now too criticized slash and burn activities in the Amazon region.

Aside from the aforementioned, there have been no material changes during the reporting period to the legal and political general conditions than those outlined on pages 67 and 68 of the 2019/20 annual report (consolidated management report, economic report, sugar segment).

Business performance

Revenues and operating result

The sugar segment's revenues were comparable to last year at € 1,112 (1,121) million. Sugar sales revenues were higher but volumes were substantially lower, due in part to reduced sugar production during the 2019 campaign. In addition, the short-term positive effects of hamstering in the retail sector at the beginning of the fiscal year were negated over the further course of the year because of lower demand from the sugar processing industry due to measures to contain the corona crisis.

The segment was able to significantly trim its operating loss to € –56 (–93) million as foreseen. The improvement was driven mainly by higher sugar sales revenues due to price increases since the beginning of the 2019/20 sugar marketing year, which more than offset lower sales volumes and higher production costs.

Business performance – Sugar segment

		2nd quarter			1st half year		
		2020/21	2019/20	+/- in %	2020/21	2019/20	+/- in %
Revenues	€ million	548	541	1.2	1,112	1,121	-0.9
EBITDA	€ million	-19	-34	-48.8	-12	-51	-77.2
Depreciation on fixed assets and intangible assets	€ million	-22	-21	6.5	-44	-42	4.3
Operating result	€ million	-41	-55	-27.3	-56	-93	-39.8
Result from restructuring/special items	€ million	-13	-1	>100	-13	-5	>100
Result from companies consolidated at equity	€ million	-7	3	-	-8	-5	66.0
Result from operations	€ million	-61	-53	13.5	-77	-103	-25.4
EBITDA margin	%	-3.2	-6.2		-1.0	-4.4	
Operating margin	%	-7.3	-10.2		-5.0	-8.2	
Investments in fixed assets ¹	€ million	35	30	18.8	54	48	8.6
Investments in financial assets/acquisitions	€ million	0	2	-100.0	0	6	-
Total investments	€ million	35	32	11.5	54	54	-3.3
Shares in companies consolidated at equity	€ million				226	324	-30.3
Capital employed	€ million				2,570	2,505	2.6
Employees					6,458	7,051	-8.4

¹Including intangible assets.

TABLE 07

Result of restructuring and special items

The result from restructuring and special items of € –13 (–5) million was for expenses for the factories the company resolved to close at the end of fiscal 2018/19 and adjustment of the administrative organizations. Last year the expenses included the offer to the Warburg and Brottewitz factory's beet farmers to return their delivery rights. Both factories were closed after the 2019 campaign.

Result from companies consolidated at equity

The result from companies consolidated at equity in the sugar segment of € –8 (–5) million relates mainly to ED&F Man Limited, London, UK. As part of its strategic realignment, the company is focusing on its profitable trading business. The plan is to dispose of various industrial interests outside this core business – for example the sugar mills at the Mexican joint venture Azucar Grupo Saenz that are weighing on the ED&F Man group's result. The execution of these measures has been delayed, due especially to the corona pandemic, which is why these industrial interests are still negatively impacting the result. In order to ensure liquidity for the strategic realignment and associated restructuring, ED&F Man negotiated a three-year extension to its existing financing in September 2020.

Beet cultivation and 2020 processing campaign

Südzucker Group's beet cultivation area was down about 12 % in 2020 from the year prior to 344,000 (391,000) ha. following the closure of four sugar factories. The company expects yield to be slightly below average due to drought, especially in spring, but also during the summer in some regions, together with the severe virus infestation in France, Belgium and parts of Germany.

This year the campaign started on 4 September, beginning with Südzucker Polska. Most of the remaining Südzucker factories started processing beets between mid-September and early October.

Investments in fixed assets

Investments of € 54 (48) million in the first half year continued to be mainly for replacements, especially for process control and electrical equipment, but also significant individual projects such as a new roof for a high-bay storage facility or a CO₂ pumping station. Other projects included logistics improvements and complying with market requirements. This includes a new bagging system that uses plastic bags, adjustments to bulk sugar loading capacity, a new tank to increase syrup storage capacity and expansion of organic sugar production systems. Environmental investments included wastewater treatment systems in as well as projects related to compliance with legal or regulatory requirements.

SPECIAL PRODUCTS SEGMENT

Business performance

Revenues and operating result

Thanks to continuing overall volume growth in the second quarter, the special products segment's first half year revenues climbed further to € 1,262 (1,192) million compared to the same period a year earlier. The growth was also supported by the starch segment's capacity expansions, which had been started up over the course of the year prior. While some products, such as frozen pizzas, benefited from the measures taken to slow the corona virus spread, other product groups such as sweeteners and portion packs suffered significantly.

The operating result also rose sharply to € 103 (87) million thanks to sales volume growth, whereby declining costs of some raw materials also contributed to the improvement. The strong ethanol sales revenues recovery over the course of the past few months also had a positive impact.

Result from companies consolidated at equity

The result of € 9 (7) million from companies consolidated at equity was attributable to the share of earnings from Hungarian Hungrana Group's starch and bioethanol businesses.

Investments in fixed assets

The special products segment's investments of € 49 (68) million in the BENEQ division were for capacity expansions at all sites and/or to prepare them for the coming years. The new, government-subsidized six-stage evaporator station at the Offstein site is nearing completion. The first construction phase of the third wet starch line for rice proteins in Wijgmaal, Belgium has almost ended. Startup is scheduled for the third quarter of 2020/21. Work started on a multi-year project to improve energy efficiency while reducing fossil fuels consumption at the site in Pemuco, Chile. The Freiburger division is expanding a production line at the Westhoughton site in the United Kingdom. Various automation projects are still underway at the US locations. In the starch division, the expansion of the wet starch derivatives production in Aschach, Austria, is scheduled to be completed by the third quarter of 2020/21.

Business performance – Special products segment

		2nd quarter			1st half year		
		2020/21	2019/20	+/- in %	2020/21	2019/20	+/- in %
Revenues	€ million	623	590	5.6	1,262	1,192	5.9
EBITDA	€ million	83	69	18.6	166	145	14.8
Depreciation on fixed assets and intangible assets	€ million	-32	-29	9.3	-63	-58	9.4
Operating result	€ million	51	40	25.3	103	87	18.5
Result from restructuring/special items	€ million	0	0	-	1	0	-
Result from companies consolidated at equity	€ million	5	4	43.9	9	7	31.5
Result from operations	€ million	56	44	26.8	113	94	20.1
EBITDA margin	%	13.2	11.7		13.1	12.1	
Operating margin	%	8.1	6.8		8.1	7.3	
Investments in fixed assets ¹	€ million	30	30	-2.0	49	68	-27.2
Investments in financial assets/acquisitions	€ million	0	0	-	11	0	-
Total investments	€ million	30	30	-1.0	60	68	-10.5
Shares in companies consolidated at equity	€ million				65	66	-1.2
Capital employed	€ million				2,229	2,226	0.1
Employees					6,150	6,041	1.8

¹Including intangible assets.

TABLE 08

CROPENERGIES SEGMENT

Markets

Ethanol market

European ethanol prices rose considerably from around 510 €/m³ at the beginning of June to about 785 €/m³ at the end of August 2020. On 20 August 2020, spot prices even briefly touched an interim record high of 811 €/m³. Production in the EU-27 and United Kingdom is projected to fall to 7.2 (7.5) million m³ in 2020 and domestic consumption to 7.7 (8.3) million m³. The drop is primarily expected in the fuel-grade ethanol category, while demand for ethanol in industrial applications is rising sharply, mainly driven by higher demand for ethanol as a basic ingredient for disinfectants. Imports in the EU-27 are expected to come in at € 1.2 (1.2) million m³, thus reflecting last year's level.

Grain market

According to the International Grain Council (IGC), world grain production (excluding rice) is expected to rise to 2,230 (2,181) million tonnes in 2020/21. Grain consumption is expected to be 2,222 (2,181) million tonnes and inventories are projected to increase to 630 (622) million tonnes. For the EU-27, the EU Commission expects the 2020/21 grain harvest to drop to 277 (294) million tonnes. Consumption is expected to remain unchanged at 261 (261) million tonnes. The EU-27's 2020/21 wheat harvest in particular is projected to be significantly smaller than last year's at 120 (138) million tonnes. According to the IGC, Great Britain's harvest is expected to be hit even harder. The country's wheat yield is expected to be about 35 % below the previous year's at only 11 (16) million tonnes.

European wheat prices on the Euronext in Paris closed at about 188 €/t at the end of August 2020, almost unchanged from 187 €/t at the beginning of June 2020. An excellent harvest start in many parts of Europe initially drove prices down about 10 €/t, but continuing dry weather conditions had erased this decline by the end of the second quarter of 2020/21.

Legal and political environment

The EU's climate protection ordinance aims to reduce greenhouse gas emissions not covered by the EU emissions trading scheme (ETS) by 30 % by 2030. This non-ETS category includes buildings, agriculture, the waste industry and smaller industrial plants, and especially transportation. National reduction targets were defined due to regional differences within the EU. For example, in Germany, emissions are to be cut by 38 % by 2030.

Effective emissions limiting measures at the national level are required to achieve this target. In Germany, the climate protection targets are legally embedded in the Climate Protection Act. Transportation sector greenhouse gas emissions are slated to be cut to a maximum of 95 million tonnes of CO₂equ by 2030. This corresponds to a reduction of over 60 million tonnes, or about 40 %, compared to 2019. A national emissions trading scheme is to contribute to cutting greenhouse gas emissions from fuels from 2021 onwards, in which CO₂ emissions from fossil fuels are to be priced. The CO₂ price will initially rise from 25 €/t in 2021 to 55 €/t in 2025. The German ethanol industry welcomes the pricing of fossil CO₂ emissions and recommends that in parallel, greenhouse gas reduction quotas for fuels be gradually increased from 6 % by weight in 2020 to 16 % by 2030. This will ensure that fuels with lower CO₂ emissions are used and therefore that the fuel sector would also contribute to achieving the 2030 climate targets.

Aside from the aforementioned, there have been no material changes during the reporting period to the legal and political general conditions than those outlined on page 80 of the 2019/20 annual report (consolidated management report, economic report, sugar segment).

Business performance

Revenues and operating result

The CropEnergies segment's revenues fell to € 373 (405) million. Following the steep ethanol price drop at the beginning of the fiscal year due to the lower fuel demand caused by the corona virus crisis, sales revenues subsequently recovered sharply and by the end of the reporting period had reached a new record high, partially offsetting the volume decline and lower byproduct sales revenues.

After the first quarter drop, the operating result was substantially higher in the second quarter thanks especially to the recovery in ethanol sales revenues, so that after six months, the result had improved to € 51 (44) million. Lower raw material costs also contributed and were able to offset byproduct sales revenues, which also declined.

Investments in fixed assets

In the first six months, investments in the CropEnergies segment totaled € 14 (13) million and related at all sites mainly for replacements of capital equipment throughout the entire production process such as heat exchangers, pumps and dryers. In addition, the focus is on measures to increase plant availability and reliability. The topic of fire and explosion protection is also prioritized across the locations. Projects to expand the production plants include for example improving input material flexibility in Zeitz.

Business performance – CropEnergies segment

		2nd quarter			1st half year		
		2020/21	2019/20	+/- in %	2020/21	2019/20	+/- in %
Revenues	€ million	211	220	-4.1	373	405	-8.0
EBITDA	€ million	53	40	34.1	71	65	8.6
Depreciation on fixed assets and intangible assets	€ million	-10	-11	-7.6	-20	-21	-6.6
Operating result	€ million	43	29	49.5	51	44	16.0
Result from restructuring/special items	€ million	1	0	-	1	0	-
Result from companies consolidated at equity	€ million	0	0	-50.0	0	0	100.0
Result from operations	€ million	44	29	51.9	52	44	18.3
EBITDA margin	%	24.8	17.8		18.9	16.0	
Operating margin	%	20.2	13.0		13.6	10.8	
Investments in fixed assets ¹	€ million	4	8	-49.4	14	13	11.7
Investments in financial assets/acquisitions	€ million	0	0	-	0	0	-
Total investments	€ million	4	8	-49.4	14	13	11.7
Shares in companies consolidated at equity	€ million				3	2	13.6
Capital employed	€ million				481	460	4.4
Employees					455	442	2.9

¹Including intangible assets.

TABLE 09

FRUIT SEGMENT

Markets

Target markets

Global growth in the primary target market, fruit yogurt, has been negatively impacted by the worldwide Corona pandemic, but only slightly. Current forecasts by Euromonitor indicate a global growth rate for yogurt of 1.8 % in 2020. This is 0.5 % below forecast growth rates prior to the Corona crisis.

European demand for apple juice concentrate continued to be solid in spring and was met by product from the 2019 harvest.

Contracts have already been signed with customers for the majority of the berry juice concentrates from the 2020 harvest. The market environment was extremely challenging, especially for cherries and raspberries, which led to lower margins than the year prior. Customers were also very defensive and hesitant with their coverage contracts.

Raw material markets

About 218,000 tonnes of raw materials were purchased for the fruit preparations division in the first half of fiscal 2020/21. The strawberry harvest was completed in July 2020 in all relevant procurement markets. Contracts were signed for all of the required volumes at slightly higher prices than last year. Fewer raw materials were available in Morocco, Egypt and Spain due to limited processing capacities associated with the Corona pandemic. The harvested volumes in Poland and the Ukraine were below expectations due to unfavorable weather conditions during the flowering and harvest periods. In addition, strawberries were increasingly purchased from China for overseas factories.

In the largely completed 2020 red berry juice processing season, raw material prices for the fruit juice concentrates business were higher than last year.

Raw material availability for apples, the key fruit for the fruit juice concentrates business, is expected to be good in the primary cultivating region, Poland. The Hungarian harvest is expected to be as low as last year due to a spring frost. Raw material availability in China is expected to be excellent. Apple processing already began at the beginning of August.

Business performance

Revenues and operating result

The fruit segment reported revenues of € 602 (596) million, comparable to last year. While fruit preparations revenues were stable overall, higher sales revenues due to the harvest drove revenues for fruit juice concentrates higher, even though sales volumes were lower.

Despite an improvement in the second quarter, the operating result dropped significantly during the reporting period to € 31 (36) million because of weak growth at the beginning of the fiscal year. Fruit juice concentrates margins were down despite higher sales revenues driven by higher raw material prices from the 2019 harvest. Lower sales volumes also weighed on the result. Reduced fruit preparations volumes and margins were also offset by cost savings.

Investments in fixed assets

Most of the € 10 (21) million invested by the fruit segment was in the fruit preparations division. In addition to replacement and maintenance investments, capacity expansions, such as the installation of an additional production line each at the fruit preparations factories in Central Mangrove, Australia and in Lysander, USA, continued. The fruit juice concentrates division invested in replacements and production optimizations. Noteworthy investments include improvement of the water supply; for instance by installing a new head tank in Kröllendorf, Austria. Commissioning is scheduled for the third quarter of 2020/21. In addition, investments will be made in the new business field of basic ingredients and aroma production business.

Business performance – Fruit segment

		2nd quarter			1st half year		
		2020/21	2019/20	+/- in %	2020/21	2019/20	+/- in %
Revenues	€ million	298	284	5.0	602	596	1.0
EBITDA	€ million	25	24	1.7	51	55	-9.2
Depreciation on fixed assets and intangible assets	€ million	-10	-10	1.0	-20	-19	2.1
Operating result	€ million	15	14	2.1	31	36	-15.2
Result from restructuring/special items	€ million	-1	0	-	-1	0	-
Result from companies consolidated at equity	€ million	0	0	-	0	0	-
Result from operations	€ million	14	14	-1.4	30	36	-16.6
EBITDA margin	%	8.2	8.4		8.4	9.3	
Operating margin	%	4.9	5.0		5.1	6.1	
Investments in fixed assets ¹	€ million	6	11	-41.7	10	21	-50.2
Investments in financial assets/acquisitions	€ million	0	0	-	0	1	-80.0
Total investments	€ million	6	11	-41.7	10	22	-50.9
Shares in companies consolidated at equity	€ million				0	0	-
Capital employed	€ million				886	890	-0.4
Employees					5,660	6,072	-6.8

¹Including intangible assets.

TABLE 10

OUTLOOK

Group

We expect consolidated group revenues of € 6.9 to 7.2 (previous year: 6.7) billion in fiscal 2020/21. A slight increase in revenues is anticipated in the sugar segment. We see the special products and the fruit segments' revenues to rise moderately. The CropEnergies segment we expect ranging between € 790 and 840 million. We expect a consolidated group operating result ranging between € 300 and 400 (previous year: 116) million. We estimate that the sugar segment's operating result will range between € -100 and -50 million. We expect the special products and fruit segments' result to rise moderately. CropEnergies' operating result is expected in a range between € 110 and 140 million.

We anticipate capital employed to remain at last year's level. Based on the aforementioned operating result improvement, we estimate ROCE to be significantly higher (previous year: 1.8 %).

The operating result for the third quarter of the current fiscal year 2020/21 is expected to be significantly above the previous year's level.

In view of the ongoing Corona pandemic and the correspondingly high volatility in all segments, the forecast for the third quarter and for full fiscal 2020/21 is still characterized by very great uncertainty.

Sugar segment

On the world market, despite the effects of the Corona pandemic, a deficit is still expected for the expired 2019/20 sugar marketing year, albeit to a lesser extent, and thus a reduction in inventories. In Europe, smaller cultivation areas and renewed dry weather conditions in important cultivation regions along with more serious pest infestations will again lead to reduced sugar production. As a result, the EU will again be a net importer in sugar marketing year 2020/21, thus ensuring a stable market environment. These basic assumptions continue to apply even considering the described potential impact of the Corona pandemic. World market prices declined due to the market distortions in crude oil and currencies of emerging markets such as Brazil. The brief price recovery on the world market is largely over.

As a result, we were unable to increase prices to the extent planned for the volumes for which contracts have been signed to date. The question of whether and to what extent the ongoing pricing negotiations of world market prices to date will also influence our expectations for the European price level for the 2020/21 sugar marketing year depends on the duration and extent of these market distortions. As a result of the poor sugar beet harvests in 2019 and 2020, the plant shutdowns after the 2019 campaign and the overall lower demand caused by the Corona pandemic, we expect a sharper decline in sales volumes than previously forecast. Nevertheless, driven by higher sales revenues, we anticipate a slight increase in revenues (previous forecast: significant increase; previous year: € 2.3 billion).

The sugar segment operating result is now expected to range between € -100 and -50 (previous forecast: € -40 to +60; previous year: € -236) million. We continue to expect the second half year result to improve significantly compared to the same period last year. The higher price level and the first material cost savings from the restructuring plan will be consumed by higher raw material costs and higher production costs from the reduced factory utilisation due to the renewed weak harvest in 2020.

Uncertainties exist surrounding the extent sales revenues can be increased for the still outstanding contract volumes, further volume growth in the corona pandemic environment and the final capacity loading due to the continued drought and stronger pest infestation in some cultivation regions.

Special products segment

We expect the special products segment's production and sales volumes to rise further. Given the positive developments in the first half year, we now expect revenues and the operating result to rise moderately (previous forecast: slightly higher revenues and operating result at last year's level; previous year: revenues € 2.4 billion; operating result € 190 million).

Despite the positive developments, uncertainties related to the corona pandemic exist for further volume, sales revenue and raw material cost developments.

RISKS AND OPPORTUNITIES

Segment CropEnergies

CropEnergies posted a record result last fiscal year. Despite Corona-related distortions in fuel demand as a result of mobility restrictions as well as a now significant decline in ethanol prices, CropEnergies was able to achieve a very good performance in recent months due to the rapid improvement in sales revenues resulting from a rapid removal of mobility restrictions. In the first half of the year, operating result was thus significantly above the previous year's level.

For fiscal 2020/21, we now expect revenues to range between € 790 and 840 million (previous forecast: significantly lower revenues; previous year € 819 million). We now expect the operating result to range between € 110 and 140 million (previous forecast: significantly lower operating result; previous year: € 104 million).

However, a prerequisite for the growth is that ethanol demand remains robust and that there will be no renewed significant mobility restrictions in the EU.

Fruit segment

We expect the fruit segment's revenues (previous year: € 1.2 billion) and operating result (previous year: € 58 million) to rise moderately in fiscal 2020/21.

We anticipate revenue growth for the fruit preparations division, which will be achieved through loading the established capacities and advancing with diversifying the non-dairy business. Results are forecast to be higher, driven by higher margins as well as lower costs. The fruit juice concentrates division's revenues are expected to rise sharply in the new fiscal year while results are expected to be lower.

The fruit segment's global production plants further make it especially difficult to forecast the impact of the Corona pandemic.

As an international company, Südzucker Group is exposed to macroeconomic, industry-specific and business risks and opportunities. Information about the group's risk management system, risks and potential opportunities is provided in the 2019/20 annual report under "Risk management" on pages 92 to 101.

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.

COMPREHENSIVE INCOME

1 March to 31 August 2020

€ million	2nd quarter			1st half year		
	2020/21	2019/20	+/- in %	2020/21	2019/20	+/- in %
Income statement						
Revenues	1,679.5	1,634.7	2.7	3,348.5	3,314.4	1.0
Change in work in progress and finished goods inventories and internal costs capitalized	-290.9	-266.7	9.1	-599.8	-533.4	12.4
Other operating income	22.3	15.3	45.8	46.0	35.4	29.9
Cost of materials	-825.7	-850.7	-2.9	-1,635.1	-1,725.3	-5.2
Personnel expenses	-238.2	-225.8	5.5	-475.2	-457.7	3.8
Depreciation	-73.9	-70.5	4.8	-146.6	-140.4	4.4
Other operating expenses	-217.6	-208.9	4.2	-420.6	-423.9	-0.8
Result from companies consolidated at equity	-2.2	6.5	-	1.0	2.1	-52.4
Result from operations	53.3	33.9	57.2	118.2	71.2	66.0
Financial income	11.2	12.8	-12.5	27.0	24.1	12.0
Financial expense	-29.6	-20.9	41.6	-53.1	-41.7	27.3
Earnings before income taxes	34.9	25.8	35.3	92.1	53.6	71.8
Taxes on income	-12.0	-16.0	-25.0	-26.6	-33.2	-19.9
Net earnings	22.9	9.8	>100	65.5	20.4	>100
of which attributable to Südzucker AG shareholders	0.1	-6.5	-	25.2	-14.3	-
of which attributable to hybrid capital	3.3	3.3	0.0	6.5	6.6	-1.5
of which attributable to other non-controlling interests	19.5	13.0	50.0	33.8	28.1	20.3
Earnings per share (€)	0.00	-0.03	-100.0	0.12	-0.07	-

€ million	2nd quarter			1st half year		
	2020/21	2019/20	+/- in %	2020/21	2019/20	+/- in %
Statement of other comprehensive income						
Net earnings	22.9	9.8	>100	65.5	20.4	>100
Market value of hedging instruments (cash flow hedge) after deferred taxes	-22.4	0.4	-	-5.0	-4.2	19.0
Exchange differences on net investments in foreign operations after deferred taxes	-11.8	1.3	-	-14.1	6.4	-
Foreign currency translation differences	-33.1	-13.5	>100	-74.9	-26.0	>100
Share from companies consolidated at equity	-13.5	2.0	-	-18.8	5.4	-
Income and expenses to be recognized in the income statement in the future	-80.8	-9.8	>100	-112.8	-18.4	>100
Market value of equity instruments (securities) after deferred taxes	0.0	0.0	-	0.0	0.0	-
Remeasurement of defined benefit pension plans and similar obligations after deferred taxes	-50.3	-96.6	-47.9	59.0	-147.6	-
Share from companies consolidated at equity	-0.1	0.0	-	-0.1	0.1	-
Income and expenses not to be recognized in the income statement in the future	-50.4	-96.6	-47.8	58.9	-147.5	-
Other comprehensive result	-131.2	-106.4	23.3	-53.9	-165.9	-67.5
Comprehensive income	-108.3	-96.6	12.1	11.6	-145.5	-
of which attributable to Südzucker AG shareholders	-111.3	-102.9	8.2	0.2	-164.5	-
of which attributable to hybrid capital	3.3	3.3	0.0	6.5	6.6	-1.5
of which attributable to other non-controlling interests	-0.3	3.0	-	4.9	12.4	-60.5

TABLE 11

CASH FLOW STATEMENT

1 March to 31 August 2020

€ million	2nd quarter			1st half year		
	2020/21	2019/20	+/- in %	2020/21	2019/20	+/- in %
Net earnings	22.9	9.8	>100	65.5	20.4	>100
Depreciation and amortization of intangible assets, fixed assets and other investments (+)	84.7	70.5	20.1	157.4	140.4	12.1
Decrease (-)/Increase (+) in non-current provisions and (deferred) tax liabilities and increase (-)/decrease (+) in deferred tax assets	-4.7	10.6	-	-6.0	8.8	-
Other income (-)/expenses (+) not affecting cash	16.4	-2.9	-	19.9	6.6	>100
Cash flow	119.3	88.0	35.6	236.8	176.2	34.4
Decrease (-)/Increase (+) in current provisions	1.9	-17.9	-	-27.9	-30.7	-9.1
Increase (-)/Decrease (+) in inventories, receivables and other current assets	200.8	268.0	-25.1	416.3	456.0	-8.7
Decrease (-)/Increase (+) in liabilities (excluding financial liabilities)	-177.6	-146.8	21.0	-258.9	-306.5	-15.5
Increase (-)/Decrease (+) in working capital	25.1	103.3	-75.7	129.5	118.8	9.0
Gain (-)/Loss (+) on disposal of items included in non-current assets and of securities	-0.7	-1.0	-30.0	0.0	-0.9	-100.0
I. Net cash flow from operating activities	143.7	190.3	-24.5	366.3	294.1	24.5
Investments in fixed assets and intangible assets (-)	-74.9	-78.6	-4.7	-127.1	-150.3	-15.4
Investments in financial assets (-)	-0.3	-1.9	-84.2	-11.4	-6.5	75.4
Investments	-75.2	-80.5	-6.6	-138.5	-156.8	-11.7
Cash received on disinvestments (+)	0.0	1.0	-100.0	0.0	1.0	-100.0
Cash received on disposal of non-current assets (+)	3.7	0.8	>100	6.4	2.4	>100
Cash paid (-)/received (+) for the purchase/sale of other securities	-22.4	25.5	-	-22.4	12.9	-
II. Cash flow from investing activities	-93.9	-54.2	73.2	-154.5	-140.5	10.0

€ million	2nd quarter			1st half year		
	2020/21	2019/20	+/- in %	2020/21	2019/20	+/- in %
Repayment (-)/Issuance (+) of commercial papers	170.0	-100.0	-	-75.0	-100.0	-25.0
Repayment (-) of lease liabilities	-9.8	-7.0	40.0	-18.3	-14.5	26.2
Other repayment (-)/refund (+) of financial liabilities	-161.7	93.1	-	-48.4	127.3	-
Repayment (-)/refund (+) of financial liabilities	-1.5	-13.9	-89.2	-141.7	12.8	-
Dividends paid (-)	-82.8	-87.0	-4.8	-87.4	-91.7	-4.7
III. Cash flow from financing activities	-85.6	-100.9	-15,2	-230.4	-78.9	>100
Change in cash and cash equivalent (total of I., II. and III.)	-35.8	35.2	-	-18.6	74.7	-
Change in cash and cash equivalents						
due to exchange rate changes	-3.2	-1.0	>100	-7.1	-0.8	>100
due to changes in entities included in consolidation/other	2.1	0.0	-	2.1	0.0	-
Decrease (-)/Increase (+) in cash and cash equivalents	-36.9	34.2	-	-23.6	73.9	-
Cash and cash equivalents at the beginning of the period	210.7	187.4	12.4	197.4	147.7	33.6
Cash and cash equivalents at the end of the period	173.8	221.6	-21.6	173.8	221.6	-21.6
Dividends received from companies consolidated at equity/ other participations	0.3	0.4	-25.0	2.3	2.7	-14.8
Interest receipts	1.2	1.5	-20.0	1.6	2.2	-27.3
Interest payments	-5.6	-3.4	64.7	-9.2	-8.1	13.6
Income taxes paid	-6.8	-12.9	-47.3	-15.2	-38.1	-60.1

TABLE 12

BALANCE SHEET

31 August 2020

€ million	31 August 2020	31 August 2019	+/- in %
Assets			
Intangible assets	960.1	1,002.5	-4.2
Fixed assets	3,027.4	3,086.7	-1.9
Shares in companies consolidated at equity	293.3	391.8	-25.1
Other investments	8.5	25.6	-66.8
Securities	19.4	19.3	0.5
Other assets	13.8	12.5	10.4
Deferred tax assets	76.7	64.4	19.1
Non-current assets	4,399.2	4,602.8	-4.4
Inventories	1,674.9	1,542.3	8.6
Trade receivables	1,011.1	999.7	1.1
Other assets	238.4	219.1	8.8
Current tax receivables	26.1	32.9	-20.7
Securities	288.4	316.1	-8.8
Cash and cash equivalents	173.8	221.6	-21.6
Current assets	3,412.7	3,331.7	2.4
Total assets	7,811.9	7,934.5	-1.5

€ million	31 August 2020	31 August 2019	+/- in %
Liabilities and shareholders' equity			
Equity attributable to shareholders of Südzucker AG	2,090.1	2,262.9	-7.6
Hybrid capital	653.7	653.7	0.0
Other non-controlling interests	856.1	860.1	-0.5
Total equity	3,599.9	3,776.7	-4.7
Provisions for pensions and similar obligations	945.2	985.2	-4.1
Other provisions	244.2	259.1	-5.8
Financial liabilities	1,410.2	1,407.6	0.2
Other liabilities	8.4	7.1	18.3
Tax liabilities	12.3	22.9	-46.3
Deferred tax liabilities	127.9	138.3	-7.5
Non-current liabilities	2,748.2	2,820.2	-2.6
Other provisions	91.3	116.8	-21.8
Financial liabilities	516.8	375.6	37.6
Trade payables	487.2	470.4	3.6
Other liabilities	341.5	357.1	-4.4
Current tax liabilities	27.0	17.7	52.5
Current liabilities	1,463.8	1,337.6	9.4
Total liabilities and equity	7,811.9	7,934.5	-1.5
Net financial debt	1,445.4	1,226.2	17.9
Equity ratio	46.1	47.6	
Net financial debt as % of equity (gearing)	40.2	32.5	

TABLE 13

CHANGES IN SHAREHOLDERS' EQUITY

1 March to 31 August 2020

€ million	Outstanding subscribed capital	Capital reserve	Other reserves
1 March 2019	204.2	1,614.9	737.3
Net earnings			-14.3
Other comprehensive income/loss before taxes			-144.4
Taxes on other comprehensive income			2.7
Comprehensive income			-156.0
Distributions			-40.8
Decrease in stakes held in subsidiaries/capital increase	0.0	0.0	0.0
Other changes			-7.9
31 August 2019	204.2	1,614.9	532.6
1 March 2020	204.2	1,614.9	394.3
Net earnings			25.2
Other comprehensive income/loss before taxes			59.0
Taxes on other comprehensive income			-1.2
Comprehensive income			83.0
Distributions			-40.8
Decrease in stakes held in subsidiaries/capital increase	0.0	0.0	0.0
Other changes			3.4
31 August 2020	204.2	1,614.9	439.9

Other equity accounts							Total equity
Market value of hedging instruments (cash flow hedge)	Exchange differences on net investments in foreign operations	Accumulated exchange differences/hyperinflation	Share from companies consolidated at equity	Equity of Südzucker shareholders	Hybrid capital	Other non-controlling interests	
0.0	-7.8	-58.8	-13.7	2,476.1	653.7	888.6	4,018.4
				-14.3	6.6	28.1	20.4
-3.6	8.1	-19.1	7.3	-151.7		-18.2	-169.9
0.5	-1.7			1.5		2.5	4.0
-3.1	6.4	-19.1	7.3	-164.5	6.6	12.4	-145.5
				-40.8	-6.6	-41.5	-88.9
				0.0	0.0	0.0	0.0
				-7.9		0.6	-7.3
-3.1	-1.4	-77.9	-6.4	2,262.9	653.7	860.1	3,776.7
2.2	0.9	-82.9	-6.3	2,127.3	653.7	891.5	3,672.5
				25.2	6.5	33.8	65.5
-4.3	-19.1	-48.2	-17.2	-29.8		-28.7	-58.5
1.1	4.9			4.8		-0.2	4.6
-3.2	-14.2	-48.2	-17.2	0.2	6.5	4.9	11.6
				-40.8	-6.5	-37.3	-84.6
				0.0	0.0	0.0	0.0
				3.4		-3.0	0.4
-1.0	-13.3	-131.1	-23.5	2,090.1	653.7	856.1	3,599.9

TABLE 14

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Segment report

€ million	2nd quarter			1st half year		
	2020/21	2019/20	+/- in %	2020/21	2019/20	+/- in %
Südzucker Group						
Gross revenues	1,743.9	1,731.8	0.7	3,475.9	3,498.1	-0.6
Consolidation	-64.4	-97.1	-33.7	-127.4	-183.7	-30.6
Revenues	1,679.5	1,634.7	2.7	3,348.5	3,314.4	1.0
EBITDA	141.4	98.3	43.8	275.2	214.8	28.1
EBITDA margin	8.4 %	6.0 %		8.2 %	6.5 %	
Depreciation	-73.9	-70.5	4.8	-146.6	-140.4	4.4
Operating result	67.5	27.8	>100	128.6	74.4	72.8
Operating margin	4.0 %	1.7 %		3.8 %	2.2 %	
Result from restructuring / special items	-12.0	-0.4	>100	-11.4	-5.3	>100
Result from companies consolidated at equity	-2.2	6.5	-	1.0	2.1	-52.4
Result from operations	53.3	33.9	57.2	118.2	71.2	66.0
Investments in fixed assets ¹	74.9	78.6	-4.7	127.1	150.3	-15.4
Investments in financial assets / acquisitions	0.3	1.9	-84.2	11.4	6.5	75.4
Total investments	75.2	80.5	-6.6	138.5	156.8	-11.7
Shares in companies consolidated at equity				293.3	391.8	-25.1
Capital employed				6,165.1	6,081.7	1.4
Employees				18,723	19,606	-4.5
Sugar segment						
Gross revenues	576.9	580.1	-0.6	1,175.6	1,202.3	-2.2
Consolidation	-29.4	-39.0	-24.6	-62.8	-79.8	-21.3
Revenues	547.5	541.1	1.2	1,112.8	1,122.5	-0.9
EBITDA	-17.3	-33.8	-48.8	-11.4	-49.9	-77.2
EBITDA margin	-3.2 %	-6.2 %		-1.0 %	-4.4 %	
Depreciation	-22.9	-21.5	6.5	-44.0	-42.2	4.3
Operating result	-40.2	-55.3	-27.3	-55.4	-92.1	-39.8
Operating margin	-7.3 %	-10.2 %		-5.0 %	-8.2 %	
Result from restructuring / special items	-12.3	-0.4	>100	-12.4	-5.3	>100
Result from companies consolidated at equity	-8.2	2.2	-	-8.8	-5.3	66.0
Result from operations	-60.7	-53.5	13.5	-76.6	-102.7	-25.4
Investments in fixed assets ¹	34.8	29.3	18.8	53.1	48.9	8.6
Investments in financial assets / acquisitions	0.0	1.9	-100.0	0.0	6.0	-
Total investments	34.8	31.2	11.5	53.1	54.9	-3.3
Shares in companies consolidated at equity				225.7	323.7	-30.3
Capital employed				2,569.5	2,505.0	2.6
Employees				6,458	7,051	-8.4

¹Including intangible assets.

€ million	2nd quarter			1st half year		
	2020/21	2019/20	+/- in %	2020/21	2019/20	+/- in %
Special products segment						
Gross revenues	640.1	622.5	2.8	1,298.6	1,252.1	3.7
Consolidation	-16.9	-32.6	-48.2	-37.1	-60.6	-38.8
Revenues	623.2	589.9	5.6	1,261.5	1,191.5	5.9
EBITDA	82.1	69.2	18.6	165.8	144.4	14.8
EBITDA margin	13.2 %	11.7 %		13.1 %	12.1 %	
Depreciation	-31.6	-28.9	9.3	-63.1	-57.7	9.4
Operating result	50.5	40.3	25.3	102.7	86.7	18.5
Operating margin	8.1 %	6.8 %		8.1 %	7.3 %	
Result from restructuring/special items	-0.1	0.0	-	0.6	0.0	-
Result from companies consolidated at equity	5.9	4.1	43.9	9.6	7.3	31.5
Result from operations	56.3	44.4	26.8	112.9	94.0	20.1
Investments in fixed assets ¹	29.6	30.2	-2.0	49.3	67.7	-27.2
Investments in financial assets/acquisitions	0.3	0.0	-	11.3	0.0	-
Total investments	29.9	30.2	-1.0	60.6	67.7	-10.5
Shares in companies consolidated at equity				65.1	65.9	-1.2
Capital employed				2,229.0	2,226.4	0.1
Employees				6,150	6,041	1.8
CropEnergies segment						
Gross revenues	228.5	244.9	-6.7	399.2	447.6	-10.8
Consolidation	-17.8	-25.2	-29.4	-26.7	-42.7	-37.5
Revenues	210.7	219.7	-4.1	372.5	404.9	-8.0
EBITDA	52.3	39.0	34.1	70.5	64.9	8.6
EBITDA margin	24.8 %	17.8 %		18.9 %	16.0 %	
Depreciation	-9.7	-10.5	-7.6	-19.8	-21.2	-6.6
Operating result	42.6	28.5	49.5	50.7	43.7	16.0
Operating margin	20.2 %	13.0 %		13.6 %	10.8 %	
Result from restructuring/special items	0.9	0.0	-	0.9	0.0	-
Result from companies consolidated at equity	0.1	0.2	-50.0	0.2	0.1	100.0
Result from operations	43.6	28.7	51.9	51.8	43.8	18.3
Investments in fixed assets ¹	4.2	8.3	-49.4	14.3	12.8	11.7
Investments in financial assets/acquisitions	0.0	0.0	-	0.0	0.0	-
Total investments	4.2	8.3	-49.4	14.3	12.8	11.7
Shares in companies consolidated at equity				2.5	2.2	13.6
Capital employed				480.6	460.3	4.4
Employees				455	442	2.9

¹ Including intangible assets.

€ million	2nd quarter			1st half year		
	2020/21	2019/20	+/- in %	2020/21	2019/20	+/- in %
Fruit segment						
Gross revenues	298.4	284.3	5.0	602.5	596.1	1.1
Consolidation	-0.3	-0.3	0.0	-0.8	-0.6	33.3
Revenues	298.1	284.0	5.0	601.7	595.5	1.0
EBITDA	24.3	23.9	1.7	50.3	55.4	-9.2
EBITDA margin	8.2 %	8.4 %		8.4 %	9.3 %	
Depreciation	-9.7	-9.6	1.0	-19.7	-19.3	2.1
Operating result	14.6	14.3	2.1	30.6	36.1	-15.2
Operating margin	4.9 %	5.0 %		5.1 %	6.1 %	
Result from restructuring/special items	-0.5	0.0	-	-0.5	0.0	-
Result from companies consolidated at equity	0.0	0.0	-	0.0	0.0	-
Result from operations	14.1	14.3	-1.4	30.1	36.1	-16.6
Investments in fixed assets ¹	6.3	10.8	-41.7	10.4	20.9	-50.2
Investments in financial assets/acquisitions	0.0	0.0	-	0.1	0.5	-80.0
Total investments	6.3	10.8	-41.7	10.5	21.4	-50.9
Shares in companies consolidated at equity				0.0	0.0	-
Capital employed				886.0	890.0	-0.4
Employees				5,660	6,072	-6.8

¹ Including intangible assets.

TABLE 15

(1) Principles of preparation of the interim consolidated financial statements

Südzucker Group's interim financial statements as of 31 August 2020 were prepared in accordance with the rules on interim financial reporting pursuant to IAS 34 (Interim Financial Reporting), in conformance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB). Südzucker AG's interim consolidated financial statements dated 31 August 2020 have been condensed as per IAS 34. The consolidated interim statements dated 31 August 2020 were not subject to any inspection or audit review. Südzucker AG's board of directors prepared these interim financial statements on 28 September 2020.

As presented in the notes to the financial statements of the 2019/2020 annual report under item (1) "Principles of preparation of the consolidated financial statements" on pages 125 to 128, there were new and / or amended standards and interpretations that came into effect and were applied for the first time in preparing these interim financial statements.

The same accounting and valuation methods as those used to prepare the group annual financial statements dated 29 February 2020 were applied for the remainder of this interim report. The relevant explanatory notes under item 5, "Accounting policies", pages 135 to 139 of the 2019/20 annual report, thus also apply here. Südzucker Group's 2019/20 annual report can be viewed or downloaded at www.suedzucker.de/de/investor-relations and/or www.suedzucker.de/en/investor-relations. The information provided there is updated as follows:

A discount rate of 1.35 % was applied to material plans on 31 August 2020 to calculate provisions for pensions and similar obligations. The discount rate applied on 31 August 2019 was 0.95 %.

Income taxes were calculated on the basis of local corporate income tax rates in consideration of the income tax forecast for the entire fiscal year. Material special items are fully recognized neglecting the determination of the annual tax rate in the respective quarter in which they occur.

Sugar is primarily produced from September to January. This is why depreciation on systems used for the campaign is predominantly applied during this period. Any material, personnel and other operating expenses incurred in preparation for production prior to the next sugar campaign are capitalized during the fiscal year via changes in inventories and recognized on the balance sheet under inventories as work in progress. These are then taken into account during subsequent sugar production when determining the production costs of the sugar produced and thus recognized under inventories as part of finished goods.

CropEnergies is obtaining Green Certificates for ethanol production from renewable raw materials at the Wanze plant in Belgium. The proceeds from their sale reduce the cost of materials. This ongoing scheme is effective until 2024, the subsequent scheme until 2038.

(2) Companies included in consolidation

As of 31 August 2020, the scope of consolidation included 145 fully consolidated companies aside from Südzucker AG (end of fiscal 2019/20: 152). Six companies were merged and two companies were deconsolidated.

On 1 March 2020, AGRANA Stärke GmbH, Vienna, Austria acquired 100 % of the shares of Marroquin Organic International, Inc., Santa Cruz, and fully consolidated the company at the end of the second quarter 2020. The American entity sells organic and non-GMO food ingredients. The negative goodwill was recognized directly in other operating income.

Purchase price allocation Marroquin Organic International, Inc.

€ million	Fair values at acquisition date
Non-current assets	3.5
<i>Inventories</i>	4.4
<i>Receivables and other assets</i>	2.3
<i>Cash and cash equivalents and securities</i>	2.2
Current assets	8.9
Total assets	12.4
<i>./. Non-current liabilities</i>	0.0
<i>./. Current liabilities</i>	-0.9
Net assets (shareholders' equity)	11.4
Negative goodwill	-0.1
Purchase price	11.3

TABLE 16

In total, 16 companies (end of fiscal 2019/20: 16) were consolidated at equity.

(3) Earnings per share

The calculation of earnings per share according to IAS 33 from 1 March to 31 August 2020 was based on a time-weighted average of 204.2 million shares outstanding. Earnings per share came in at € 0.00 (-0.03) for the second quarter and at € 0.12 (-0.07) for the first half year and were not diluted.

(4) Inventories

€ million	31 August	2020	2019
Raw materials and supplies		628.6	583.8
Work in progress and finished goods			
Sugar segment		585.9	499.9
Special products segment		268.7	261.1
CropEnergies segment		32.4	35.5
Fruit segment		121.4	120.3
Total of work in progress and finished goods		1,008.4	916.8
Merchandise		37.9	41.7
Total		1,674.9	1,542.3

TABLE 17

The carrying amount of inventories of € 1,674.9 (1,542.3) million was higher than last year. Inventories of finished and unfinished goods in the sugar segment were higher than the previous year's level on 31 August due to sales volumes. Higher raw materials and supplies are in part due to advance payments in June 2020 for future delivery commitments (raw material premium for beet cultivation during the 2021 campaign). The raw material premium expense is recognized when beets for the corresponding campaign are processed.

(5) Trade receivables and other assets

€ million	31 August	Remaining term			2019	Remaining term	
		2020	to 1 year	over 1 year		to 1 year	over 1 year
Trade receivables		1,011.1	1,011.1	0.0	999.7	999.7	0.0
Receivables due from the EU		0.1	0.1	0.0	0.2	0.2	0.0
Positive market value derivatives		18.1	18.1	0.0	16.6	16.6	0.0
Remaining financial assets		71.6	60.1	11.5	61.2	48.7	12.5
Other financial assets		89.8	78.3	11.5	78.0	65.5	12.5
Other taxes recoverable		103.8	103.8	0.0	85.7	85.7	0.0
Remaining non-financial assets		58.6	56.3	2.3	67.9	67.9	0.0
Non-financial assets		162.4	160.1	2.3	153.6	153.6	0.0
Other assets		252.2	238.4	13.8	231.6	219.1	12.5

TABLE 18

At € 1,011.1 (999.7) million, trade receivables were at last year's level.

Other financial assets totaling € 71.6 (61.2) million primarily concern receivables from non-consolidated companies, participations, employees and other third parties.

Other non-financial assets of € 58.6 (67.9) million are largely related to advances made and accruals/deferrals, in addition to CO₂ emission certificate purchases.

(6) Other provisions and accruals

€ million	31 August	2020	Short-term	Long-term	2019	Short-term	Long-term
Personnel-related provisions		95.9	28.9	67.0	108.8	32.1	76.7
Provisions for litigation risks and risk precautions		164.4	39.6	124.8	177.8	41.2	136.6
Other provisions		75.2	22.8	52.4	89.3	43.5	45.8
Total		335.5	91.3	244.2	375.9	116.8	259.1

TABLE 19

Personnel-related provisions in the amount of € 95.9 (108.8) million primarily represent non-current provisions for long-service awards, provisions for part-time early retirement and largely short-term provisions for termination benefit plans.

The provisions for litigation risks and risk precautions of € 164.4 (177.8) million include provisions for market regulation procedures, operational contract procedures and antitrust risks (fines and damage claims).

The other provisions in the amount of € 75.2 (89.3) million mainly represent non-current provisions for restoration obligations, together with current and non-current provisions for re-cultivation and environmental obligations largely related to sugar production.

(7) Trade payables and other liabilities

€ million	31 August	Remaining term			Remaining term		
		2020	to 1 year	over 1 year	2019	to 1 year	over 1 year
Liabilities to beet growers		10.3	10.3	0.0	16.7	16.7	0.0
Liabilities to other trade payables		476.9	476.9	0.0	453.7	453.7	0.0
Trade payables		487.2	487.2	0.0	470.4	470.4	0.0
Negative market value derivatives		26.7	26.7	0.0	29.7	29.7	0.0
Liabilities for personnel expenses		106.0	105.6	0.4	101.4	101.1	0.3
Remaining financial liabilities		144.3	136.3	8.0	155.5	148.7	6.8
Other financial liabilities		277.0	268.6	8.4	286.6	279.5	7.1
Liabilities for other taxes and social security contributions		61.3	61.3	0.0	61.2	61.2	0.0
Remaining non-financial liabilities		11.6	11.6	0.0	16.4	16.4	0.0
Non-financial liabilities		72.9	72.9	0.0	77.6	77.6	0.0
Other liabilities		349.9	341.5	8.4	364.2	357.1	7.1

TABLE 20

Trade payables were slightly above previous year's level at € 487.2 (470.4) million.

Liabilities for personnel expenses totaling € 106.0 (101.4) million mainly represent commitments for bonuses, premiums, vacation and overtime pay.

The remaining financial liabilities dropped to € 144.3 (155.5) million and include interest payment obligations, as well as security deposits received in connection with hedging transactions.

Other non-financial liabilities totaling € 11.6 (16.4) million mainly include accrued and deferred items and advances received on orders.

(8) Financial liabilities, securities and cash and cash equivalents (net financial debt)

€ million 31 August	Remaining term			Remaining term		
	2020	to 1 year	over 1 year	2019	to 1 year	over 1 year
Bonds	1,050.5	255.0	795.5	924.5	130.0	794.5
Liabilities to banks	750.7	232.5	518.2	728.9	213.8	515.1
Leasing liabilities	125.8	29.3	96.5	129.8	31.8	98.0
Financial liabilities	1,927.0	516.8	1,410.2	1,783.2	375.6	1,407.6
Securities (non-current assets)	-19.4			-19.3		
Securities (current assets)	-288.4			-316.1		
Cash and cash equivalents	-173.8			-221.6		
Securities and cash and cash equivalents	-481.6			-557.0		
Net financial debt	1,445.4			1,226.2		

TABLE 21

Financial liabilities rose € 143.8 million to € 1,927.0 (1,783.2) million with a lower stock of securities, cash and cash equivalents totaling € 481.6 (557.0) million. As a result, net financial debt increased by € 219.2 million to € 1,445.4 (1,226.2) million.

On 19 June 2020, Moody's confirmed the company's corporate and bond rating of Baa3 and maintained the negative outlook. In this latest credit opinion, Moody's expects operating profitability and credit indicators to recover to levels in line with the Baa3 rating for fiscal 2020/21. Moody's left the hybrid bond equity credit rating unchanged at 75 %.

On 24 May 2019, Standard & Poor's (S&P) confirmed its long-term corporate rating of BBB- and changed its outlook to negative; the rating was reconfirmed on 11 September 2020. The hybrid bond was again recognized at 50 % equity.

Hybrid bond

The hybrid bond has had a variable quarterly coupon set at the three-month Euribor interest rate plus 3.10 % p.a. since 30 June 2015. The interest rate was set at 2.697 % for the period from 30 June to 30 September 2020 (exclusively). Additional information regarding the hybrid bond is contained in the notes to the 2019/20 annual report under item (30) "Financial liabilities, securities and cash and cash equivalents (net financial debt)" on page 175, and on Südzucker's website.

(9) Additional disclosures on financial instruments

Carrying amounts and fair values

The gross financial liabilities listed in the following table are financial instruments recognized at acquisition cost or amortized acquisition cost whose carrying amounts do not approximate their fair values:

31 August	2020		2019	
	Carrying amount	Fair value	Carrying amount	Fair value
€ million				
Bonds	1,050.5	1,055.3	924.5	952.7
Liabilities to banks	750.7	755.0	728.9	736.6
Leasing liabilities	125.8	–	129.8	–
Gross financial liabilities	1,927.0	1,810.3	1,783.2	1,689.3

TABLE 22

Measurement levels

The following table shows the carrying amount and fair value of financial assets and liabilities by measurement level.

- Level 1: Measurement based on unadjusted prices determined on active markets
- Level 2: Measurement using prices derived from prices determined on active markets
- Level 3: Measurement method that considers influencing factors not exclusively based on observable market data

31 August	2020				2019				Fair value hierarchy			
	2020	Evaluation level 1	Evaluation level 2	Evaluation level 3	2019	Evaluation level 1	Evaluation level 2	Evaluation level 3	Evaluation level 1	Evaluation level 2	Evaluation level 3	
€ million												
Securities	144.7	12.5	125.0	7.2	144.5	12.8	125.0	6.7				
Other investments	3.5	0.0	0.0	3.5	3.6	0.0	0.0	3.6				
Positive market values – derivatives without hedge accounting	7.6	0.1	7.5	0.0	3.7	0.1	3.6	0.0				
Positive market values – hedge accounting derivatives	10.5	8.8	1.7	0.0	12.9	12.3	0.6	0.0				
Positive market values	18.1	8.9	9.2	0.0	16.6	12.4	4.2	0.0				
Financial assets	166.3	21.4	134.2	10.7	164.7	25.2	129.2	10.3				
Negative market values – derivatives without hedge accounting	5.3	2.0	3.3	0.0	10.9	4.6	6.3	0.0				
Negative market values – hedge accounting derivatives	21.4	19.1	2.3	0.0	18.8	14.3	4.5	0.0				
Negative market values/financial liabilities	26.7	21.1	5.6	0.0	29.7	18.9	10.8	0.0				

TABLE 23

For more details on how the fair value of each financial instrument is determined and their allocation to measurement levels, please refer to the notes to the consolidated financial statements in the 2019/20 annual report under item (32) "Additional disclosures on financial instruments" on pages 186 to 188.

(10) Related parties

There have been no material changes to the related parties described in the notes to the 2019/20 annual report under item (36) on pages 190 to 192.

(11) Events after the balance sheet date

There have been no especially significant events since 31 August 2020 that would have a material impact on the company's assets, financial position or earnings.

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for proper interim financial reporting the interim consolidated financial statements give a true and fair view of the assets, financial position and profit or loss of the group, and the interim management report of the group includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group for the remaining months of the fiscal year.

Mannheim, 28 September 2020
Südzucker AG
The executive board



DR. NIELS PÖRKSEN
(CHAIRMAN)



DR. THOMAS KIRCHBERG



THOMAS KÖLBL



JOHANN MARIHART

Forward looking statements / forecasts

This half-year financial report 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.

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

This half-year financial report was not reviewed or audited. It was published by Südzucker AG's executive board on 28 September 2020.

On this report

This half-year financial report 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 half year extends from 1 March to 31 August.

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.

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