



*SUGAR  
STARCH  
FRUIT*

The natural upgrade



**Acting together.**

AGRANA Beteiligungs-AG

**Results for the first three quarters of 2016 | 17**

Presentation for investors and analysts

Vienna, 12 January 2017



## Q1-3 2016/17 OVERVIEW

- AGRANA Group **kept up the positive trend** of its current 2016|17 financial year
- 9 months EBIT **already exceeded** last year's 12 months results
- Revenue: € 1,967.5 m (Q1-3 prior year: € 1,908.0 m)
- **EBIT: € 137.7 m** (Q1-3 prior year: € 108.8 m)
- **EBIT margin: 7.0%** (Q1-3 prior year: 5.7%)
- Equity ratio: 52.5% (29 February 2016: 53.5%)
- Gearing ratio: 30.8% (29 February 2016: 33.8%)



~8,500

Employees (FTEs)  
in 2015|16 FY



53  
Production  
sites  
as of 30 Nov. 2016



€ ~2.5 billion

Group revenue  
in 2015|16 FY



A leading  
**SUGAR**  
SUPPLIER  
in Central, Eastern &  
Southeastern Europe



Major manufacturer  
of customised  
**STARCH**  
PRODUCTS  
in Europe



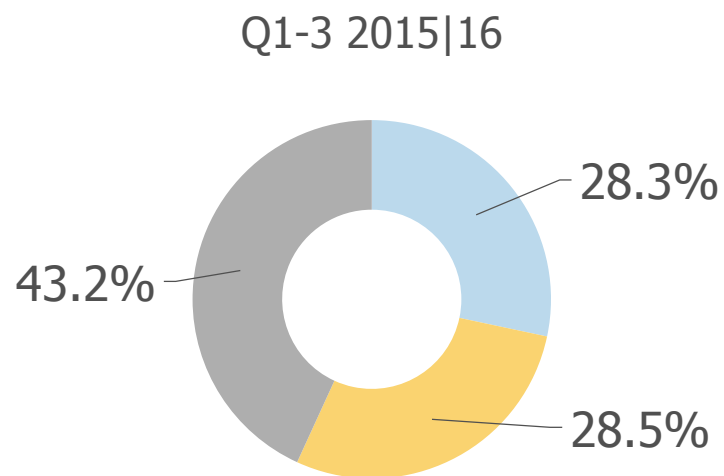
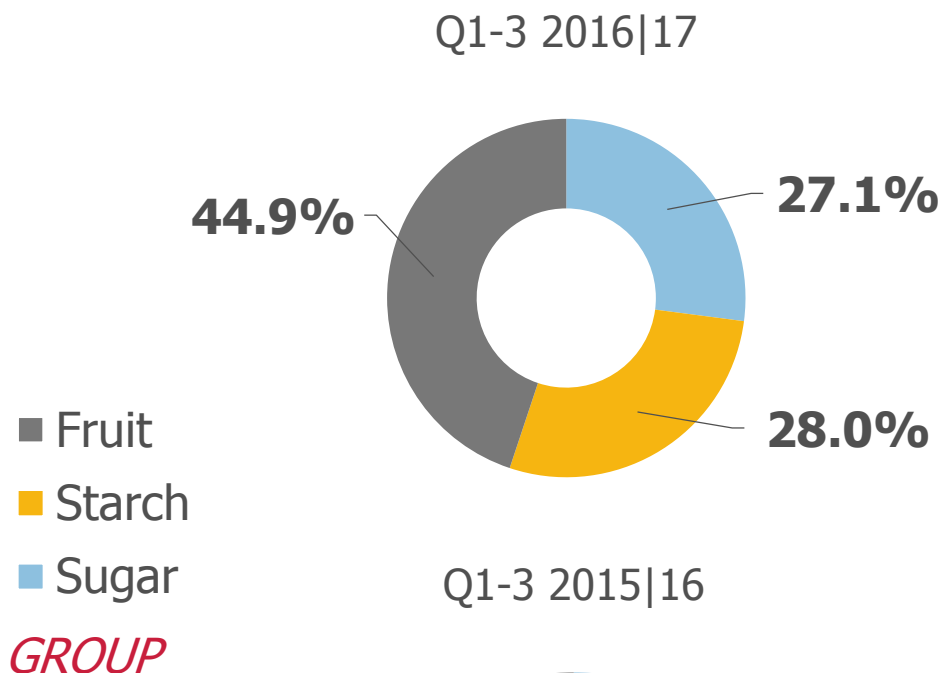
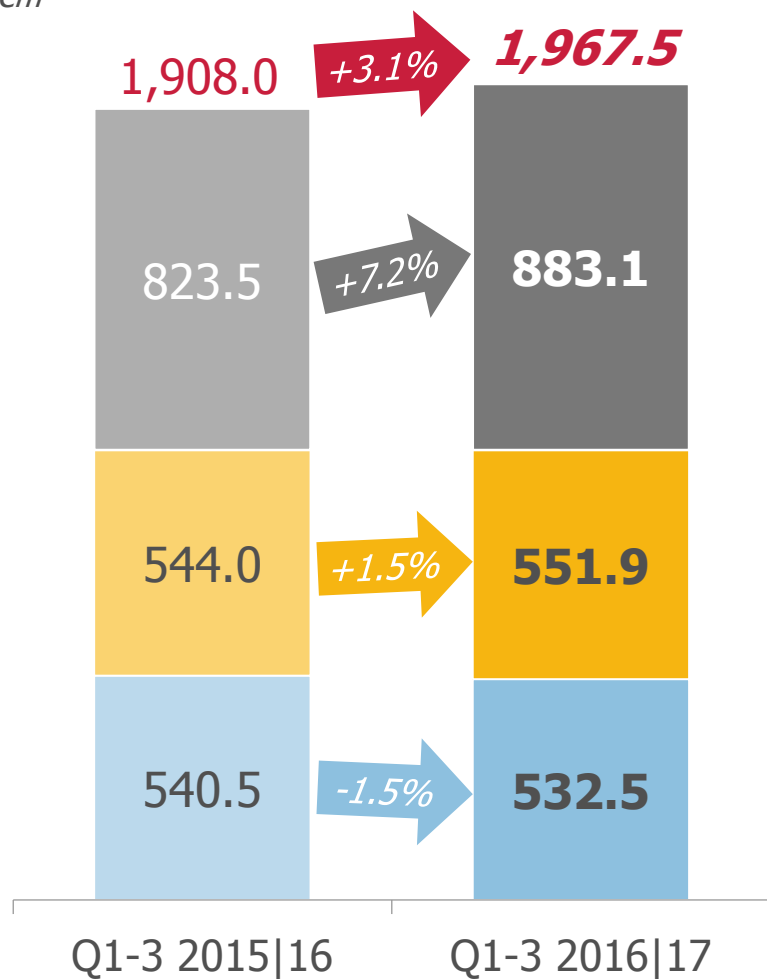
A world market leader  
in the production of  
**FRUIT**  
PREPARATIONS  
and one of the largest  
manufacturers of  
FRUIT JUICE  
CONCENTRATES in  
Europe



Q1-3 2016|17 VS PRIOR YEAR

## REVENUE BY SEGMENT

€m

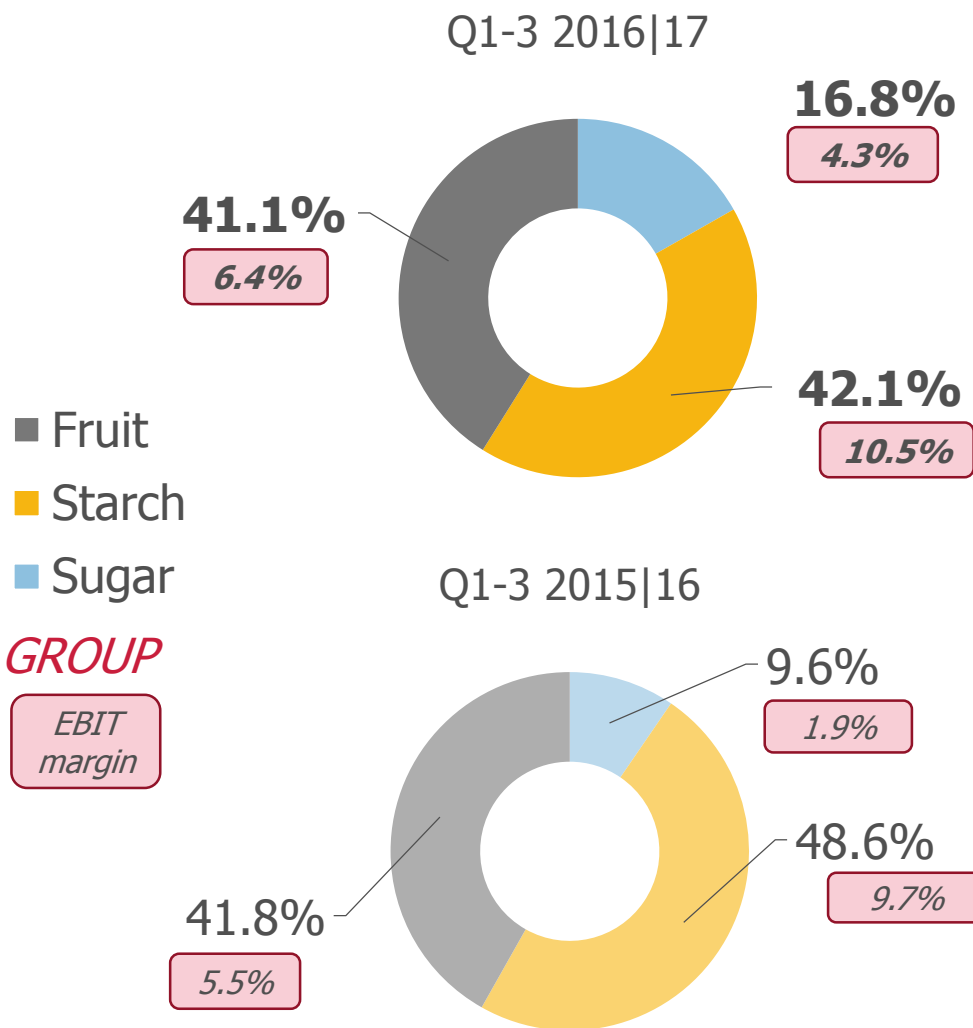
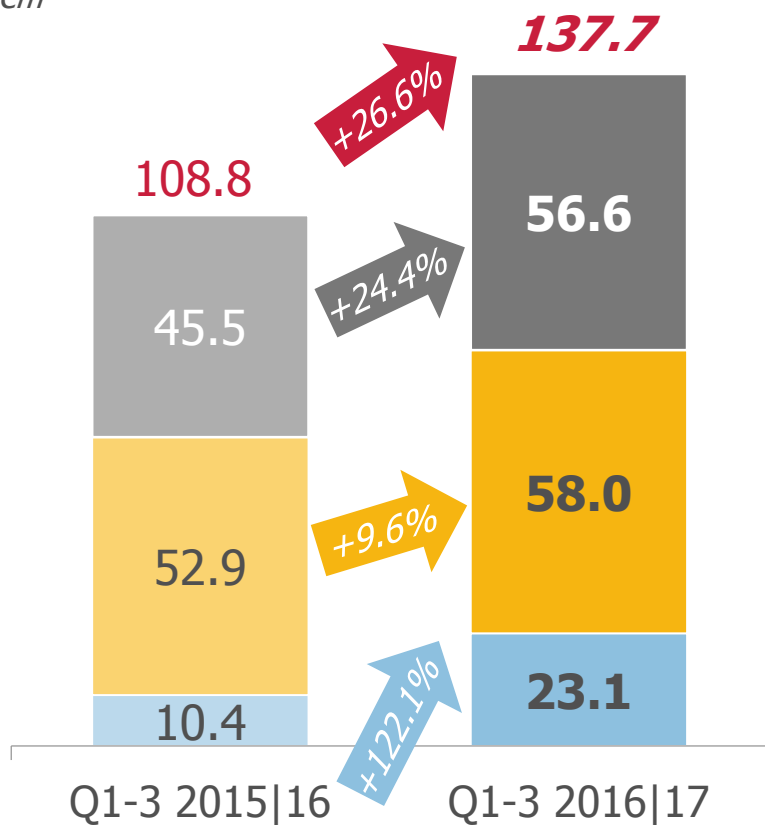




# Q1-3 2016|17 VS PRIOR YEAR

## EBIT BY SEGMENT

€m



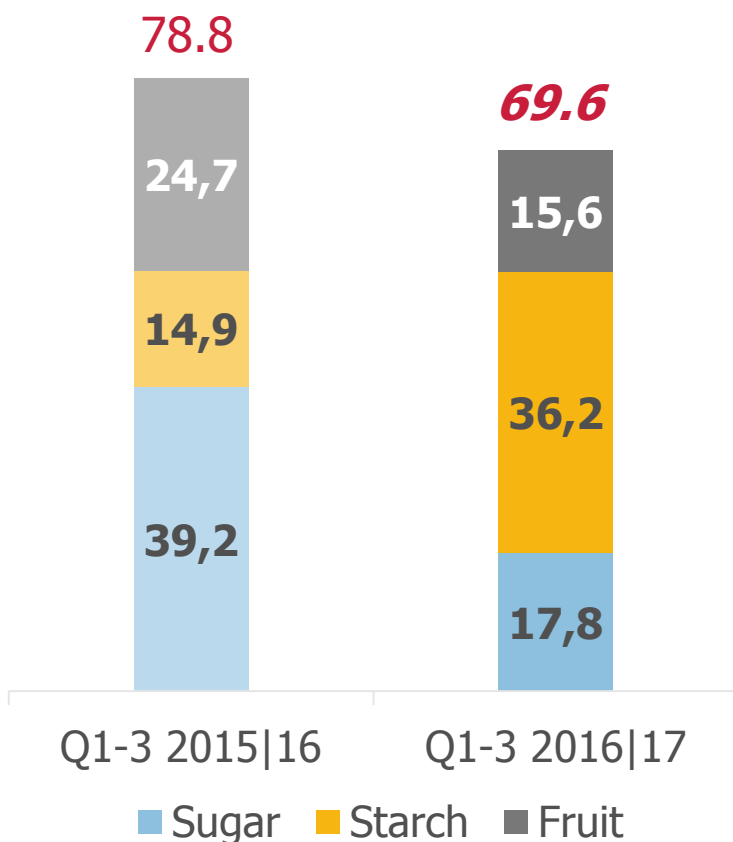


## *MOST IMPORTANT PROJECTS IN THE GROUP*

# *INVESTMENT OVERVIEW*

*Q1-3 2016/17*

€m



*GROUP*

### *SUGAR*

- General overhaul of the high-bay warehouse in Tulln, Austria
- Renewal of the fresh water treatment plant in Tulln
- Construction of the pelleted dried beet bagging station in Leopoldsdorf, Austria

### *STARCH*

- Expansion of corn processing in Aschach, Austria
- Expansion of starch saccharification facilities in Aschach
- Construction of a new maltodextrin spray drying plant in Aschach

### *FRUIT*

- Third production line in Lysander, New York, USA
- Installation of a bag-in-box packaging line in Botkins, Ohio, USA
- Installation of a third production line in Mitry-Mory, France



SEGMENT

***SUGAR***



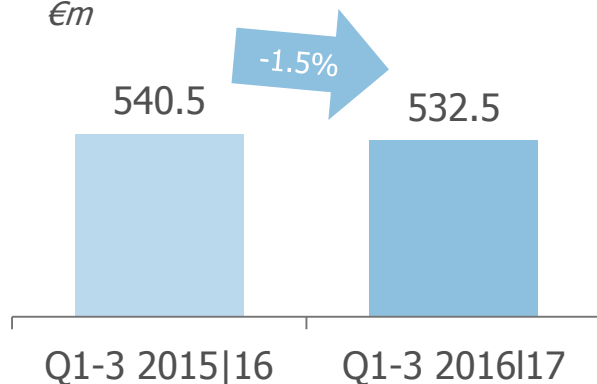


FINANCIAL RESULTS FOR Q1-3 2016|17

## SUGAR SEGMENT

### REVENUE

€m

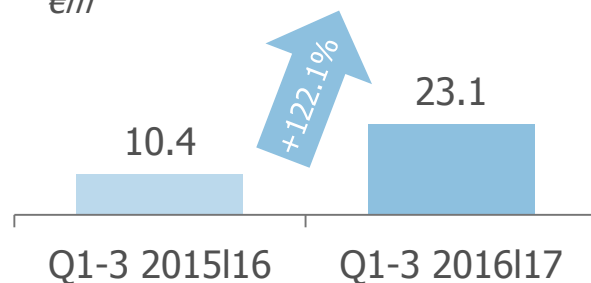


### REVENUE slightly down

- Increased sugar selling prices had a positive effect
- Sugar sales quantities were lower (as a result of lower crops) -> particularly with resellers (retail) and in non-quota sugar sold into the chemical industry
- Revenue from by-products remained steady and that from other products (INSTANTINA, services etc.) was pushed up

### EBIT

€m



### EBIT increased significantly

- Higher EBIT despite negative one-time effects in Romania
- Attributable primarily to significant year-on-year increase in spot sales prices



## SUGAR SEGMENT

### SUGAR



#### ■ World sugar market

- After six consecutive years of growth in global sugar stocks, SMY 2016|17 predicted to be the second sugar marketing year in a row with a **declining year-end balance**
- **Prices in the world sugar market had recovered** strongly since September 2015 -> thanks largely to this world market deficit

#### ■ EU sugar market

- As in the previous SMY, **sugar imports are low**, as a consequence of the high world market prices and relatively low EU prices
- This is also reflected in the Commission's current forecast of **declining closing stocks for the end of SMY 2016 | 17** (30 September 2017)

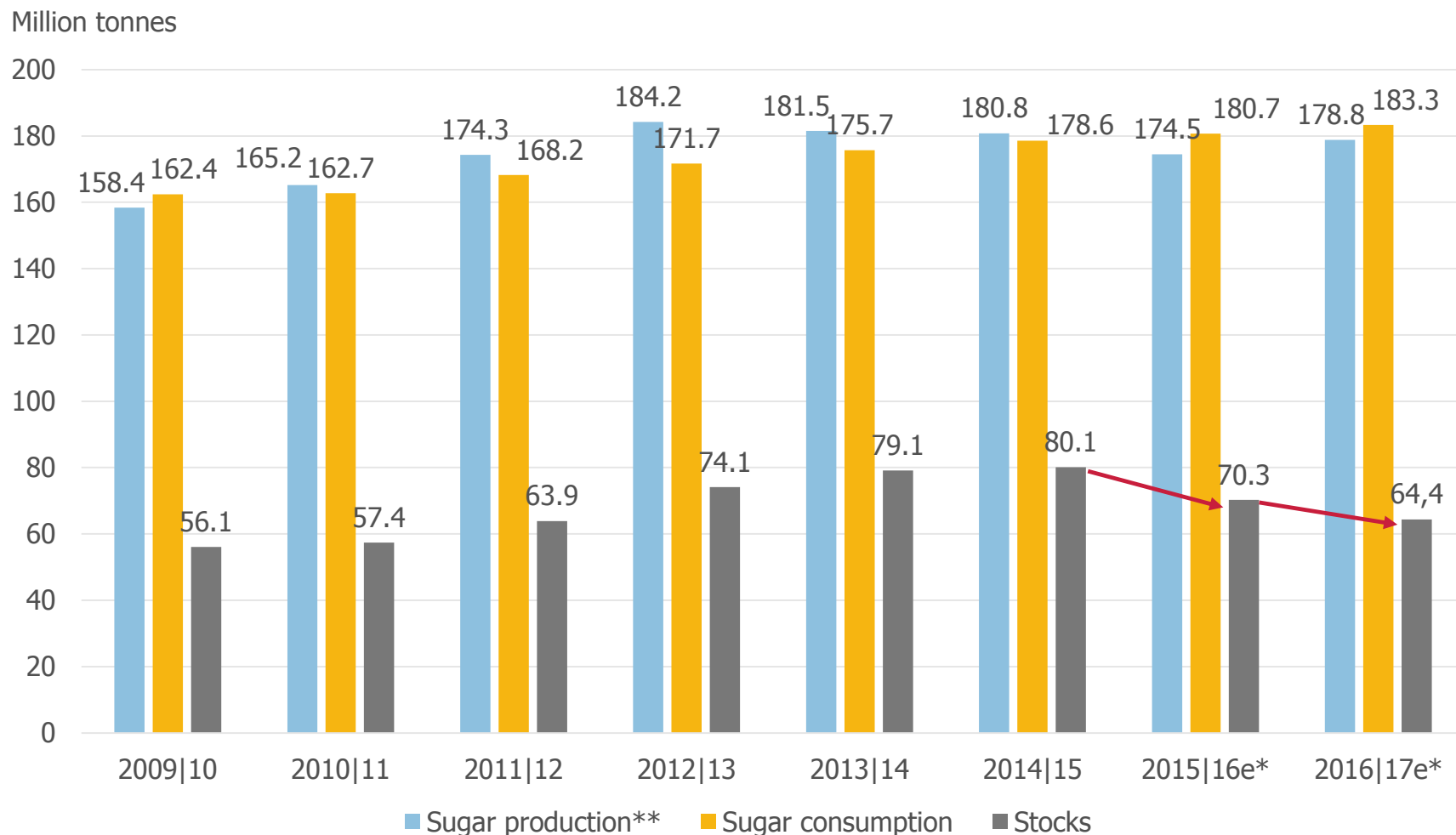
#### ■ EU policy

- After the quota expiration on 30 September 2017 there will continue to be e.g. a **master agreement between the sugar industry and beet producers**, private storage, and scope for measures against market disruptions





## WORLD SUGAR PRODUCTION & CONSUMPTION



Source: F.O. Licht (15 December 2016)

\* Expectation

\*\* Production: October-September



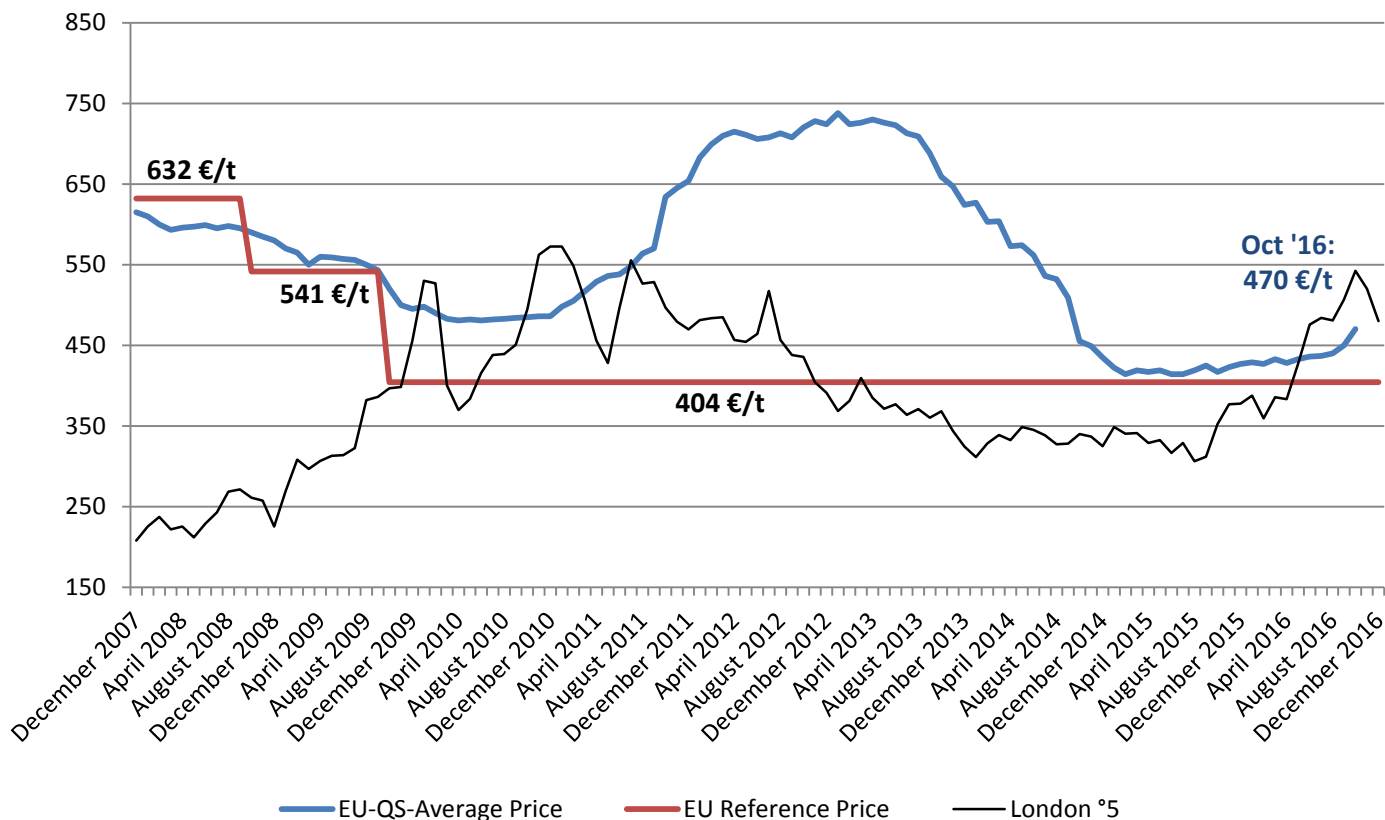
**11 Jan. 2017:**  
455.5 USD/t  
= 430.3 EUR/t



SUGAR

## *MONTHLY AVERAGE PRICES*

*(DECEMBER 2007 TO DECEMBER 2016; € PER TONNE)*



**QS - Min: 414 € per tonne (February, June and July 2015)**

**QS - Max: 738 € per tonne (January 2013)**

Source: European Commission: Sugar Price Reporting (Version 22 December 2016) and SugarOnline as of 4 December 2016



SEGMENT

***STARCH***



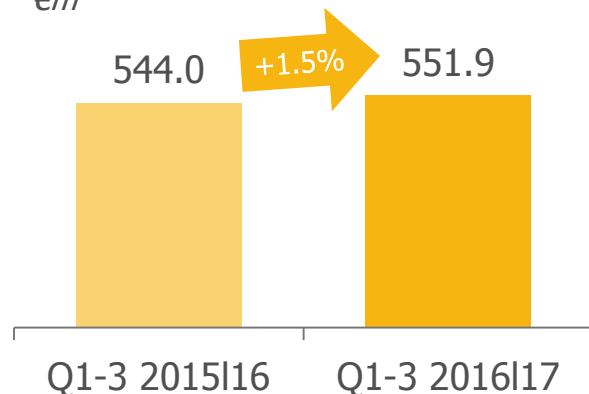


FINANCIAL RESULTS FOR Q1-3 2016|17

## STARCH SEGMENT

### REVENUE

€m

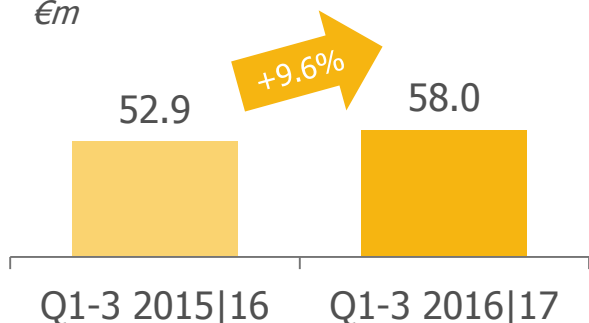


### REVENUE at € 551.9 m slightly above prior year level

- Through productivity increases, higher quantities were produced and sold than in year-ago period
- At the overall segment level, revenue decline in bioethanol resulting from significantly fallen ethanol quotations was more than made up for

### EBIT

€m



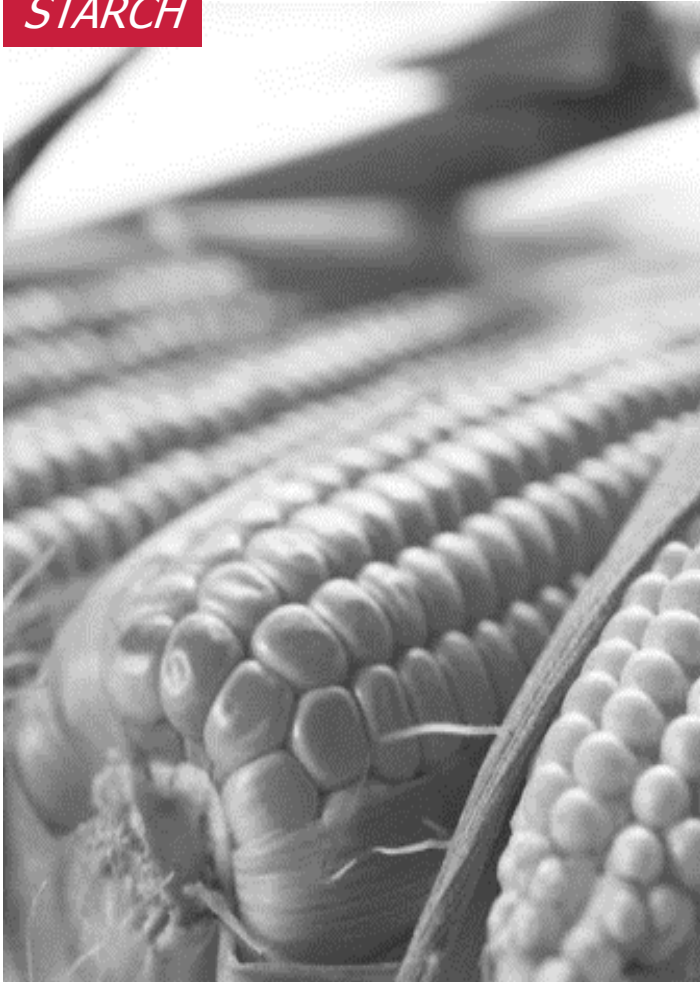
### EBIT moderately up at high level

- Good comparative prior-period result of € 52.9 million was surpassed by 9.6%
- Key factors driving the earnings improvement were lower raw material costs for corn and reduced energy costs
- Equity-accounted subsidiary HUNGRANA was able to raise its earnings contribution



## STARCH SEGMENT

### STARCH

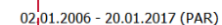


- **Food starch market** was **stable** in terms of sales quantities, prices for native and modified starches moved sideways
- Concerning **starch saccharification** products in general and isoglucose in particular, there is high **competitive pressure** in advance of the liberalisation of the sugar market in October 2017
- The **paper and corrugated board** sector is characterised by **good demand**
- **Bioethanol business:** after a low in early September, prices are recently benefiting from a close correspondence between supply and demand in the EU -> slight increase
  - On balance, volatility should be expected to remain high as a result of the numerous factors influencing bioethanol quotations (supply and demand, US dollar/euro relations, imports, etc.)





2016/17 FY



Line: MAIZE EUR MAR7; Trade Price(Last)  
11.01.2017; 168,75; -0,25; (-0,15%)

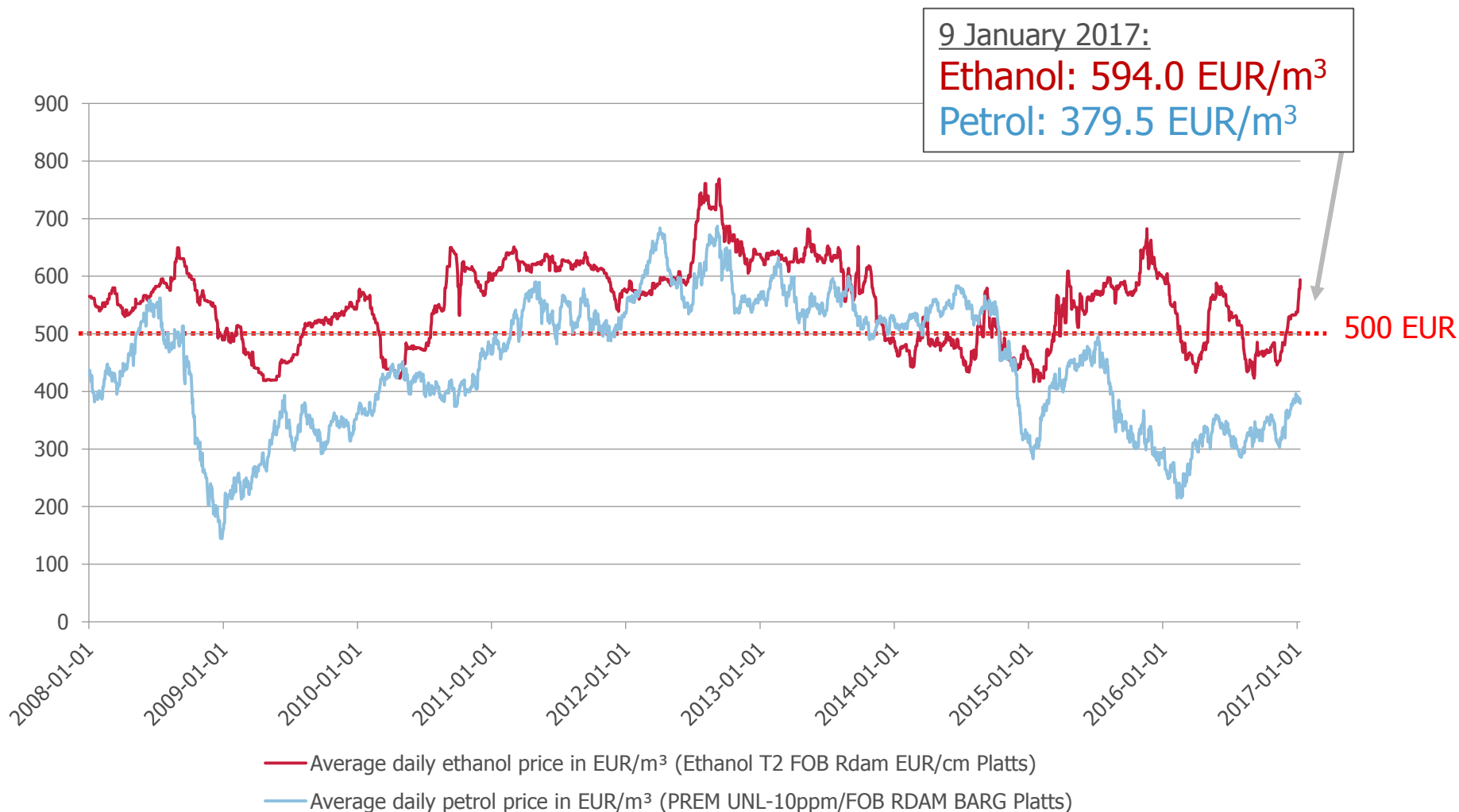
Line: M.WHEAT EUR MAR7; Trade Price(Last)  
11.01.2017; 170,00; +0,25; (+0,15%)





1 JANUARY 2008 – 9 JANUARY 2017 (EUR)

## DEVELOPMENT OF ETHANOL PRICES







SEGMENT

***FRUIT***

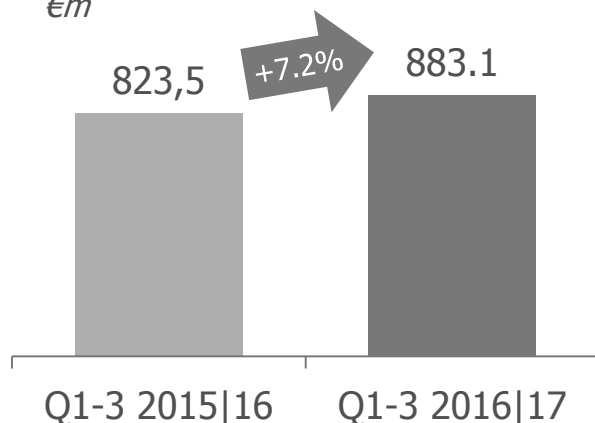




FINANCIAL RESULTS FOR Q1-3 2016|17

## FRUIT SEGMENT

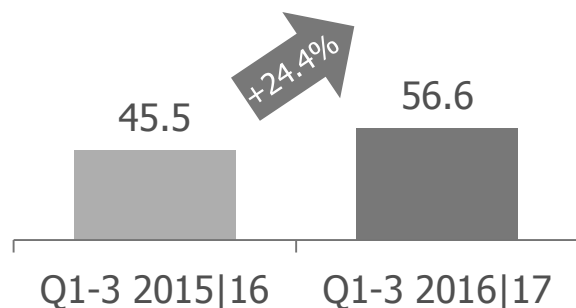
### REVENUE €m



### REVENUE moderately up to € 883.1 million

- Positive trend in sales volumes of fruit preparations counteracted by somewhat reduced selling prices outside the EU -> only slight overall growth in revenue
- Revenue increased significantly in the fruit juice concentrate business on a rise in sales prices both for apple juice concentrates and specialty products

### EBIT €m



### EBIT significantly higher than in prior year

- Significant earnings improvement was driven
  - Above all by the fruit juice concentrate business (due to higher prices for apple juice concentrates and specialties from the 2015 crop)
  - And to some degree by the fruit preparations business (through growth in sales volumes)



## FRUIT SEGMENT

### FRUIT



#### Fruit preparations

- **Markets outside Europe**, especially Asia, but also North Africa and the Middle East, are **growing significantly**
- In **Latin America** the growth of the market has **slowed a little**, due particularly to the economic problems in Brazil
- The consumer goods markets of **ice-cream, food services and bakery** can be expected to **continue to grow**

#### Fruit juice concentrates

- **Prices in Europe stabilised** at a **solid level** in the past weeks as a result of a rise in demand coinciding with limited quantities of supply
- For **berry juice concentrates** from the 2016 crop there are currently **no significant** marketing or price **risks**



*Q1-3 2016/17*

# ***CONSOLIDATED FINANCIAL STATEMENTS***





# CONSOLIDATED INCOME STATEMENT

€m (condensed)

	<b>Q1-3</b> <b>2016 17</b>	Q1-3 2015 16	<b>Q3</b> <b>2016 17</b>	Q3 2015 16
<b>Revenue</b>	<b>1,967.5</b>	1,908.0	<b>647.2</b>	644.5
EBITDA <sup>1</sup>	<b>183.9</b>	154.1	<b>69.7</b>	61.0
Operating profit before except. items and results of equity-accounted JV	<b>121.6</b>	90.8	<b>43.3</b>	32.8
Share of results of equity-accounted JV	<b>23.7</b>	19.7	<b>8.7</b>	7.7
Exceptional items	<b>(7.6)</b>	(1.7)	<b>(4.7)</b>	(0.4)
<b>EBIT</b>	<b>137.7</b>	108.8	<b>47.3</b>	40.1
<b>EBIT margin</b>	<b>7.0%</b>	5.7%	<b>7.3%</b>	6.2%
Net financial items	<b>(13.3)</b>	(16.3)	<b>(3.0)</b>	(5.1)
Profit before tax	<b>124.4</b>	92.5	<b>44.3</b>	35.0
Income tax expense	<b>(29.2)</b>	(21.6)	<b>(11.7)</b>	(8.0)
<b>Profit for the period</b>	<b>95.2</b>	70.8	<b>32.6</b>	26.9
Attributable to shareholders of the parent	<b>89.3</b>	70.6	<b>29.5</b>	26.9
Earnings per share	<b>€ 6.29</b>	€ 4.97	<b>€ 2.08</b>	€ 1.89

<sup>1</sup> EBITDA represents operating profit before exceptional items, results of equity-accounted joint ventures, and operating depreciation and amortisation.



## ANALYSIS OF NET FINANCIAL ITEMS

€m	<b>Q1-3 2016 17</b>	Q1-3 2015 16	Change
Net interest expense	<b>(6.9)</b>	(7.7)	+10.4%
Currency translation differences	<b>(0.7)</b>	(6.7)*	+89.6%
Other financial items	<b>(5.7)</b>	(1.9)*	-200.0%
<b>Total</b>	<b>(13.3)</b>	<b>(16.3)</b>	+18.4%

### Change in Currency translation differences:

Improvement compared to prior year, because of gains from foreign currency financing in Brazil, Egypt and Ukraine

### Change in Other financial items:

Higher expense resulted from an impairment charge on a current finance receivable in Ukraine in the Fruit segment **in Q1 2016|17**

\* The prior year data were restated.



## CONSOLIDATED CASH FLOW STATEMENT

<i>€m (condensed)</i>	<b><i>Q1-3 2016/17</i></b>	Q1-3 2015 16*	Change
Operating cash flow before changes in working capital	<b>186.8</b>	160.1	+16.7%
Changes in working capital	<b>(7.9)</b>	(106.8)	+92.6%
Total of interest paid/received and tax paid	<b>(25.8)</b>	(40.7)	+36.6%
<b><i>Net cash from operating activities</i></b>	<b>153.1</b>	12.6	+1,115.1%
Net cash (used in) investing activities	<b>(72.4)</b>	(78.7)	+8.0%
Net cash (used in) financing activities	<b>(101.8)</b>	(59.0)	-72.5%
<b><i>Net (decrease) in cash and cash equivalents</i></b>	<b>(21.1)</b>	(125.1)	+83.1%

\* The prior-year data were restated.





## CONSOLIDATED BALANCE SHEET

€m (condensed)	<b>30 Nov. 2016</b>	29 Feb. 2016	Change
Non-current assets	<b>1,063.3</b>	1,027.7	+3.5%
Current assets	<b>1,299.2</b>	1,213.9	+7.0%
Non-current assets held for sale	<b>1.6</b>	1.6	0.0%
<b>Total assets</b>	<b>2,364.1</b>	2,243.2	+5.4%
Equity	<b>1,240.8</b>	1,200.1	+3.4%
Non-current liabilities	<b>260.8</b>	378.7	-31.1%
Current liabilities	<b>862.5</b>	664.4	+29.8%
<b>Total equity and liabilities</b>	<b>2,364.1</b>	2,243.2	+5.4%
Equity ratio	<b>52.5%</b>	53.5%	-1.0pp
Net debt	<b>382.0</b>	405.8	-5.9%
Gearing	<b>30.8%</b>	33.8%	-3.0pp





2016/17

# *OUTLOOK & "NEWS"*





*Q1-3 2016/17*

***"NEWS"***

## **Sunoko acquisition project**

- In June 2016 AGRANA signed a term sheet with the intent of acquiring a majority stake in Sunoko and later initiated the process of approval by the competition authorities
- Serbian company Sunoko d.o.o., Novi Sad, Serbia, is one of the largest beet sugar producers in the Balkans region

## **Fruit expansion in Argentina**

- On 1 December 2016 AGRANA expanded its market presence in South America through the acquisition of 100% of the share capital of Main Process S.A., Buenos Aires, Argentina, a manufacturer of fruit preparations with 175 employees and most recent annual revenue of € 19 million
- Purchase price consists of a fixed base component and an earn-out component

## **Long-term financing**

- In December 2016 AGRANA signed a development loan agreement for € 41.5 million to finance the expansion of the starch activities in Aschach, Austria, and increased the Group's long-term financing through the Südzucker group by € 85 million



*AGRANA GROUP*

## *OUTLOOK FOR 2016/17*

**AGRANA Group**

**Revenue 2016/17** 

**EBIT 2016/17**  

- AGRANA expects Group **revenue** to **increase moderately** and **operating profit (EBIT)** to **increase significantly** for the 2016|17 financial year
- Total **investment** in the three business segments, expected at about **€ 126 million** (2015|16: € 116 million), will significantly exceed depreciation of about € 85 million



## AGRANA SEGMENTS

# *OUTLOOK FOR 2016/17*

### *SUGAR*

Revenue →  
EBIT ↑↑

- **Sugar segment: revenue in line** with the **prior year**
- Improved margins, thanks in part to cost reduction programme initiated in summer 2015 -> **significant increase in EBIT** for the 2016|17 financial year

### *STARCH*

Revenue ↗  
EBIT ↑

- **Starch segment:** slightly rising sales volumes and **slight increase in revenue** projected
- Despite a year-on-year decrease in average bioethanol prices, **EBIT** is expected to show **moderate growth**

### *FRUIT*

Revenue ↑↑  
EBIT ↑↑

- **Fruit segment: significant growth in revenue and EBIT** expected
  - Fruit preparations: volume-driven, moderate increase in revenue; with expected stable raw material prices -> EBIT is projected to decrease moderately compared to 2015|16 financial year
  - Fruit juice concentrates: significant growth of revenue due to higher sales prices as a result of increased raw material prices for the 2015 harvest compared with the 2014 crop (although this revenue outlook may yet be affected by the 2016 harvest)  
-> significant growth in EBIT



*2016/17 AND 2017/18*

## *FINANCIAL CALENDAR*

**12 May 2017**

**Results for full year 2016 | 17 (annual results press conference)**

27 June 2017

Record date for Annual General Meeting participation

7 July 2017

Annual General Meeting in respect of 2016|17

12 July 2017

Ex-dividend date

13 July 2017

Results for first quarter of 2017|18

13 July 2017

Record date for dividend

14 July 2017

Dividend payment date

12 October 2017

Results for first half of 2017|18

11 January 2018

Results for first three quarters of 2017|18



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Quantitative definitions of selected common modifying words used:

Modifier	Visualisation	Numerical rate of change
Steady	→	0% up to 1%, or 0% to -1%
Slight(ly)	↗ or ↘	More than 1% and up to 5%, or less than -1% and not less than -5%
Moderate(ly)	↑ or ↓	More than 5% and up to 10%, or less than -5% and not less than -10%
Significant(ly)	↑↑ or ↓↓	More than 10%, or less than -10%