



FRUIT
STARCH
SUGAR

The natural upgrade



AGRANA Beteiligungs-AG Results for the first quarter of 2018 | 19

Presentation for investors and analysts

AGRANA 2017/18 Online:
reports.agrana.com/en

Vienna, 12 July 2018



Q1 2018|19 OVERVIEW

- Revenue: € 630.3 m (Q1 prior year: € 684.2 m)
- EBIT: € 37.0 m (Q1 prior year: € 69.8 m)
- EBIT margin: 5.9% (Q1 prior year: 10.2%)
- EBIT in the first quarter of the 2018|19 FY was on plan overall, but represented a significant reduction from the very good level of the same period one year earlier



~9,100

Employees (FTEs)
in Q1 2018|19



59
Production
sites
as of 12 July 2018



€ ~2.6 billion

Group revenue
in 2017|18 FY



Leading
SUGAR

SUPPLIER
in Central, Eastern &
Southeastern Europe



Major European
manufacturer
of customised
STARCH

PRODUCTS and
bioethanol



World market leader
in the production of
FRUIT

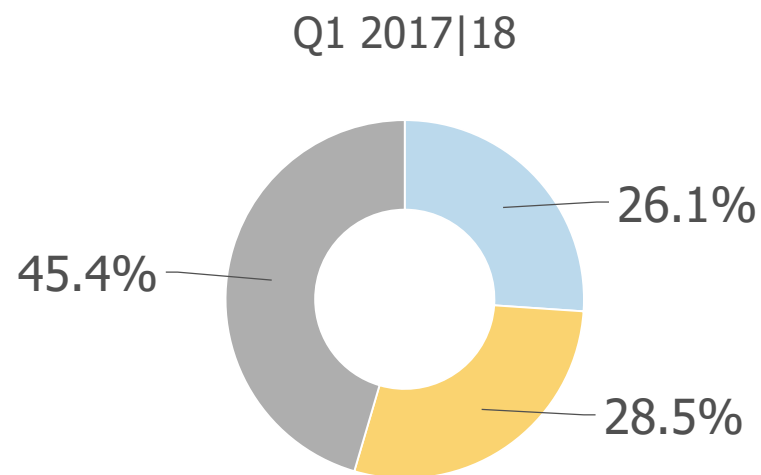
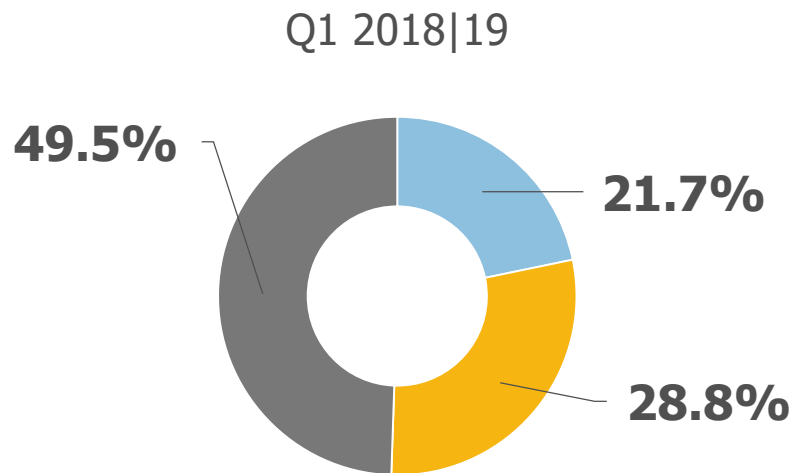
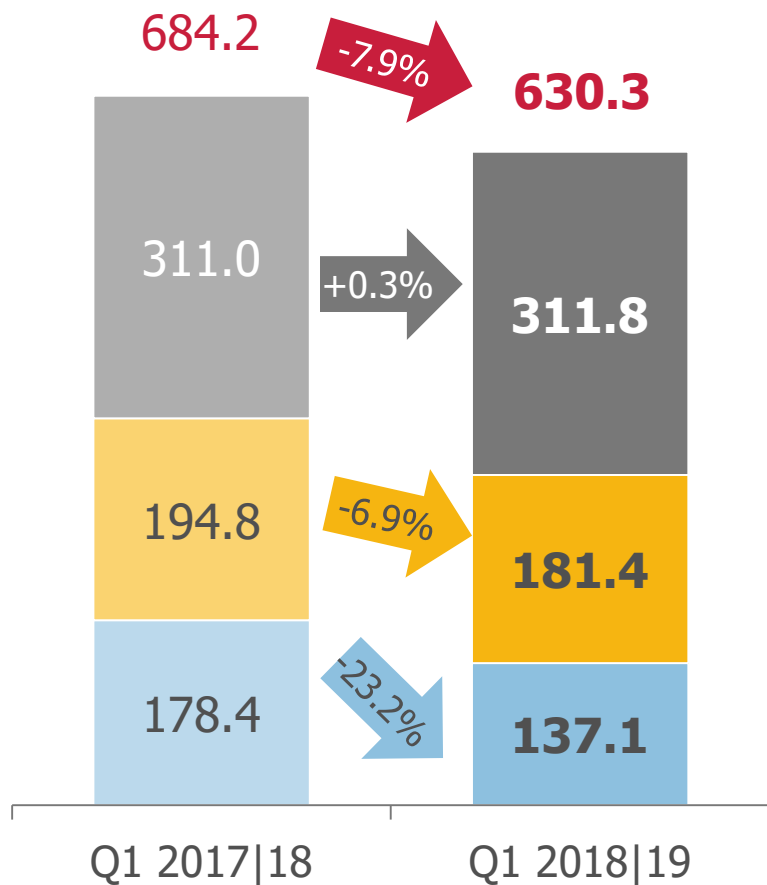
PREPARATIONS
and largest
manufacturer of
fruit juice concentrates
in Europe



Q1 2018|19 VS PRIOR YEAR

REVENUE BY SEGMENT

€m

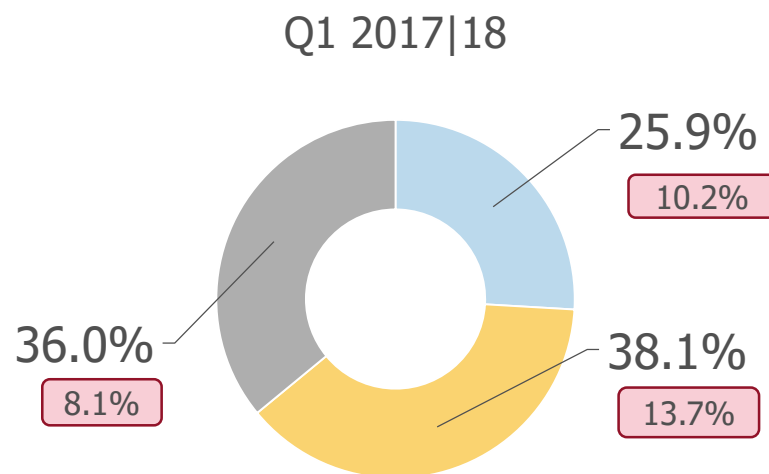
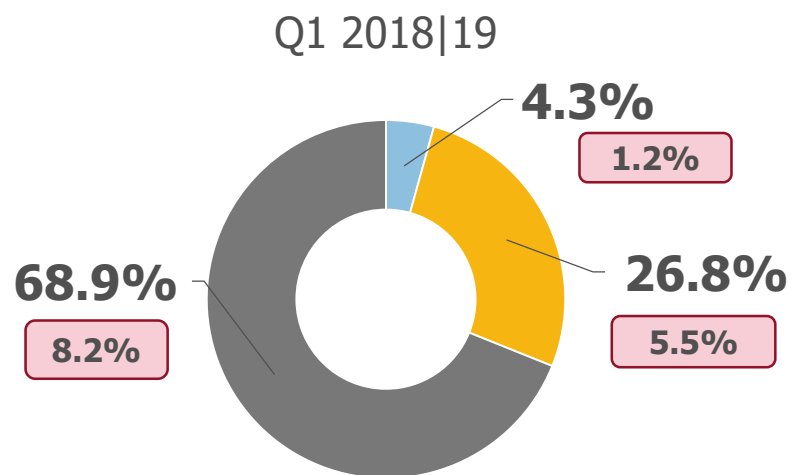
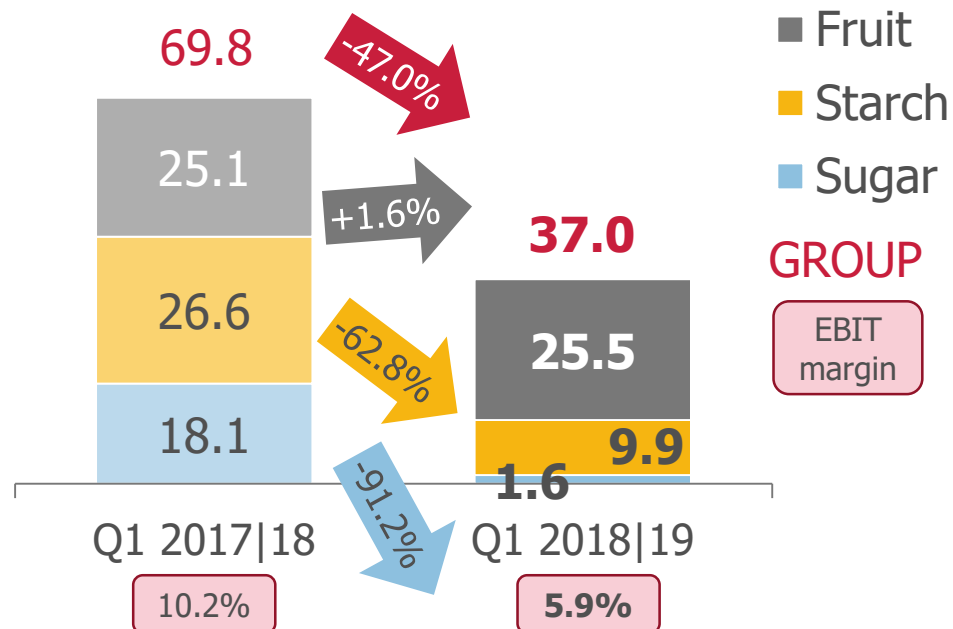




Q1 2018|19 VS PRIOR YEAR

EBIT BY SEGMENT

€m

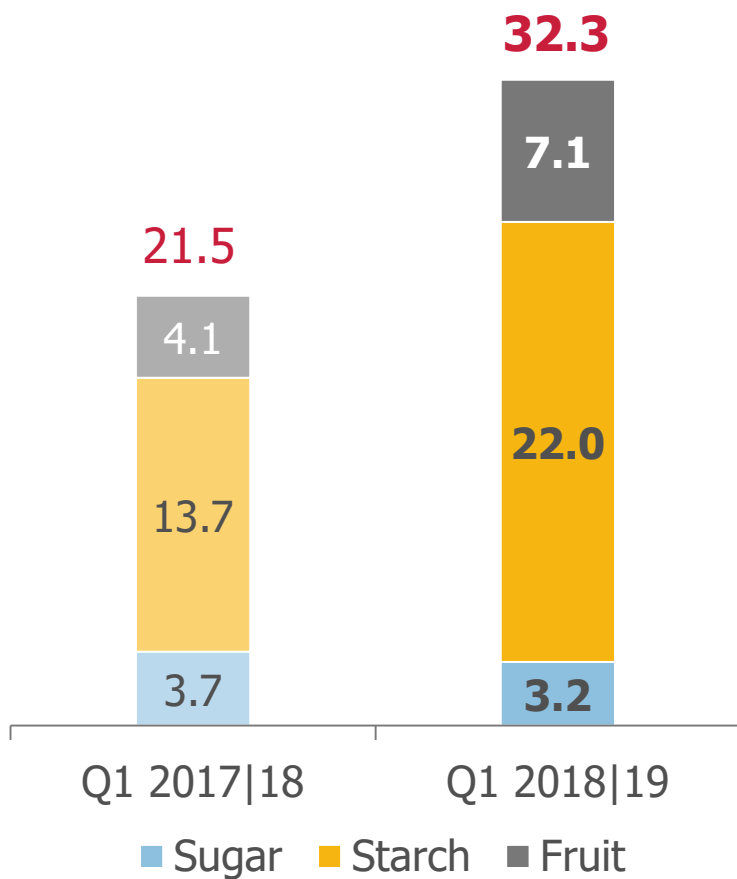




MOST IMPORTANT PROJECTS IN THE GROUP

INVESTMENT OVERVIEW

€m



GROUP

Q1 2018|19

FRUIT

- Various projects across all 43 production sites; key projects: Construction of the new, second fruit preparations plant in China and a new carrot juice concentrate production line in Hungary

STARCH

- Increase of potato processing capacity through installation of a new potato starch dryer in Gmünd, Austria
- Installation of a potato fibre dryer in Gmünd
- Expansion of wheat starch plant in Pischelsdorf, Austria

SUGAR

- Renewal of the brick lining of the lime kiln in Leopoldsdorf, Austria
- Installation of an organic sugar line with a big-bag filling station and rail loading facility in Tulln, Austria
- Renewal of the pulp press station in Kaposvár, Hungary (replacement of four old presses with two new ones)
- Project start for construction of a warehouse for finished product in Buzău, Romania



CURRENT PROJECTS IN THE 2018|19 FY

INCREASED POTATO PROCESSING

- Gmünd potato starch factory (Austria)
- Construction of a new **potato starch dryer**
- Expansion of **daily processing capacity** from 1,600 to 2,000 tonnes
- Refining of **potato pulp** to a food ingredient, water binder and fiber
- **Investment volume** (by 2020): € 40 million





CURRENT PROJECTS IN THE 2018|19 FY

WHEAT STARCH CAPACITY INCREASE

- **Doubling** the **production capacity of the wheat starch factory** in Pischelsdorf|Austria
- Total investment: **€ 102 million**
- Construction work started in early 2018 and to **commission the new facility** by the **end of 2019 CY**
- Important step in terms of sustainably **consolidating AGRANA's position in the starch market**
- Expansion reflects the **increasing demand**, particularly from the **paper industry** -> high proportion of recycled paper and rising demand for packaging stemming from internet/mail order trade
- Expansion project will create **45 new jobs**



	Raw materials (tonnes)	Investment
Ethanol plant:	535,000	€ ~130 million (until 2008)
Wheat starch plant I:	300,000	€ ~70 million (until 2013)
Wheat starch plant II:	355,000	€ ~100 million (until 2019)
TOTAL:	1,190,000	€ ~300 million (until 2019)

TARGET:

>1 million tonnes
processing capacity

~ 3,300 to per day



CURRENT PROJECTS IN THE 2018|19 FY

2ND FP PRODUCTION SITE IN CHINA



- Construction of the second fruit preparations plant in China, Changzhou (Shanghai region), is **on schedule**
- **Start** of production expected **end of 2018 CY**
- Total investment: **€ 22 million**
- Planned production capacity: **30,000 tonnes**

China

AF Dachang
Beijing

Customer locations

New site
Jiangsu (population of 3.5 million)
150 km north-west from
Shanghai

- China is the **world's largest yoghurt market** with strongest growth
- **Yoghurt consumption** per capita: 2.8 kg (EU: 12 kg, USA: 7 kg), consumption should be doubled by 2020



SEGMENT

FRUIT





FRUIT SEGMENT

Fruit preparations¹

- **Global market for yoghurt** will grow worldwide by 5.4% in 2019; most of this growth coming from the drinking yoghurt and natural yoghurt segments
- For **drinkable yoghurt**, very high growth is forecasted especially for the Asia-Pacific region (11.6%); as well, the market in the Middle East and Africa is to grow by 5.8%
- **Bakery sector:** global market growth for fruit snacks in 2019 is predicted at 2.2%
- Market volume of **ice-creams and frozen desserts** to rise from an estimated 17.7 million tonnes in 2018 to 19.3 million tonnes in 2022

Fruit juice concentrates

- **Apple juice concentrate:** low crop volumes in the major apple production regions Poland, Hungary, Germany and Italy caused prices of concentrate from the now-completed 2017 apple campaign to rise significantly from the prior year
- **Apple juice concentrate prices** for product from the 2018 crop in Europe are expected to be lower than last year's

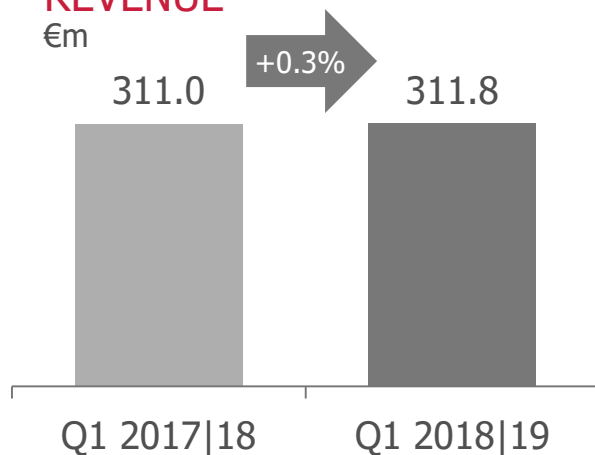
¹ Euromonitor data



FRUIT SEGMENT

REVENUE

€m

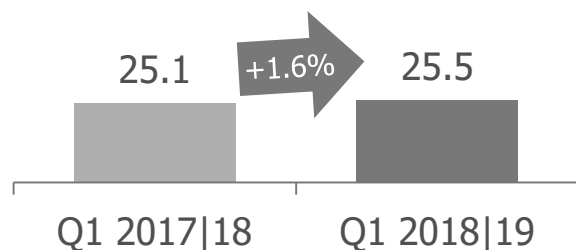


REVENUE stable at € 311.8 million

- For fruit preparations, revenue remained constant despite an increase in sales volumes; reason -> negative currency translation effects
- In the fruit juice concentrate business, revenue rose as a result of the smaller 2017 apple crop, as this led to higher concentrate prices

EBIT

€m



EBIT slightly higher than in prior year

- Fruit preparations business saw a currency-related moderate drop in earnings
- EBIT in the fruit juice concentrate activities increased significantly; this reflected improved contribution margins in apple juice concentrate (produced from the 2017 harvest), as well as continued good performance in beverage bases



SEGMENT

STARCH





STARCH SEGMENT

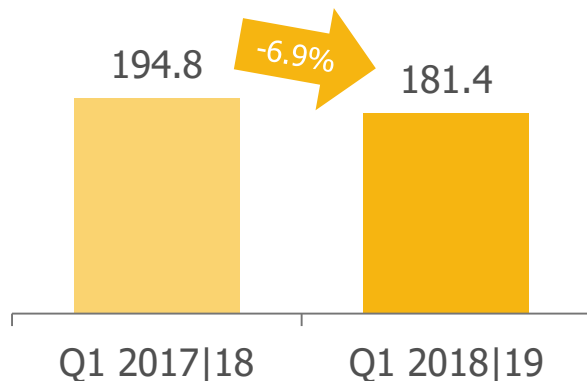
- **Difficult market** setting for **sugar** -> huge **impact for starch sweetener products**
 - low sugar prices exerted direct downward **price pressure on isoglucose**
 - customers also had very little inclination to use additional quantities of starch sweetener products
- **Sales volumes** of **native and modified starches** into food industry were **stable**; as well, spot prices for cereal starches moved upward
- Principal **upside driver in non-food starches** -> lasting high demand from the **paper and corrugated board** industry
- **Outlook** for the **bioethanol** business after the first quarter is **extremely cautious**; significant increase in supply amid consistently high utilisation of European bioethanol plants and only moderate growth in demand
- In **by-products**, prices of high-protein products -> firm trend; vital wheat gluten in particular showed continuing positive trend in price



STARCH SEGMENT

REVENUE

€m

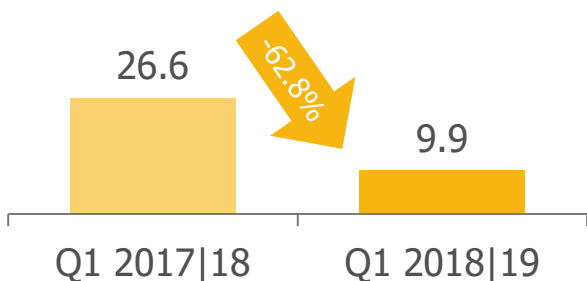


REVENUE at € 181.4 m moderately below prior year

- Reduction was explained largely by price-related lower revenue from bioethanol -> Platts quotations during the reporting period down about 20% from a year ago
- Native and modified starches: sales prices were stable on sustained good market demand
- Revenue in feedstuff reselling was off slightly, though at a high absolute level

EBIT

€m



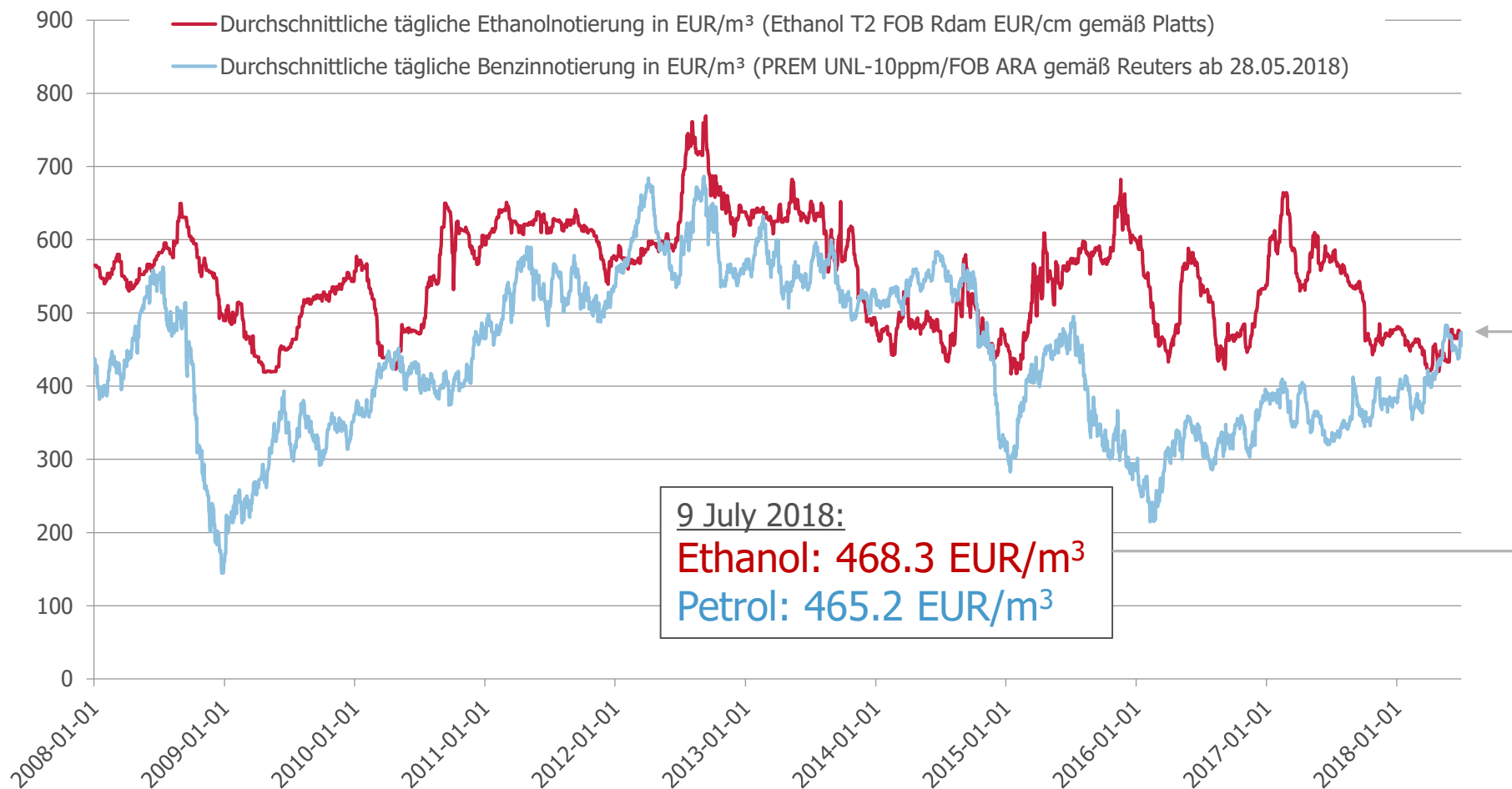
EBIT significantly down to € 9.9 million

- More than two-thirds of the earnings reduction was driven by the market prices for bioethanol
- About one-third resulted from the lower selling prices for starch-based sweetener products
- Profit contribution from the equity-accounted HUNGRANA was halved to € 4.7 million



1 JANUARY 2008 – 9 JULY 2018 (EUR)

ETHANOL AND PETROL PRICES





SEGMENT

SUGAR





SUGAR SEGMENT

■ World sugar market

- After two deficit years a **production surplus** is forecasted for SMY 2017|18
- For **SMY 2018 | 19** as well, F.O. Licht is projecting a production **surplus**
- As of the beginning of the 2018|19 FY, world market prices remain persistently low, mainly due to the continuing expectation of a significant surplus in the world sugar balance

■ EU sugar market

- European Commission is forecasting an **EU sugar production** of about **21 million** tonnes for SMY 2017|18 -> significant increase of 26% from the prior SMY
- F.O. Licht expects that, in **SMY 2018 | 19** as well, **roughly 20-21 million** tonnes of sugar will be produced in the EU

■ EU policy

- Since the liberalisation of the EU sugar market (1 October 2017) -> **sugar sales prices have fallen sharply**; very evident from values in the EU sugar price reporting system: while in September 2017 the average price in the EU was still € 490 per tonne, in April 2018 it was only € 362 per tonne

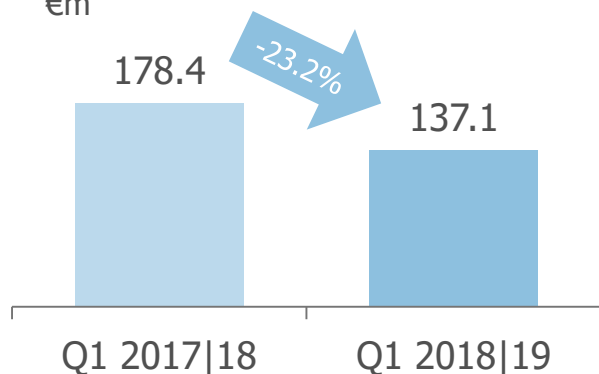


FINANCIAL RESULTS FOR Q1 2018|19

SUGAR SEGMENT

REVENUE

€m

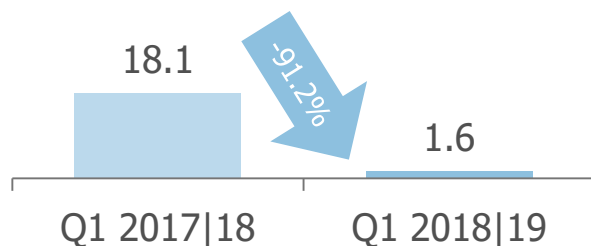


REVENUE down at € 137.1 million

- This downward change was caused by a significant year-on-year reduction in sugar sales prices, as well as lower sugar quantities sold

EBIT

€m



EBIT decreased significantly to € 1.6 million

- The principal driving factor was the poorer sales price environment compared to the prior year



RAW SUGAR & WHITE SUGAR SUGAR QUOTATION

1 January 2006 – 11 July 2018 (USD)

Daily ICE SUG11 OCT8; SUGAR NOS AUG8

④ Line: ICE SUG11 OCT8; Trade Price(Last)
11.07.2018; 250,004
④ Line: SUGAR NOS AUG8; Trade Price(Last)
11.07.2018; 341,200; +1,5; (+0,44%)

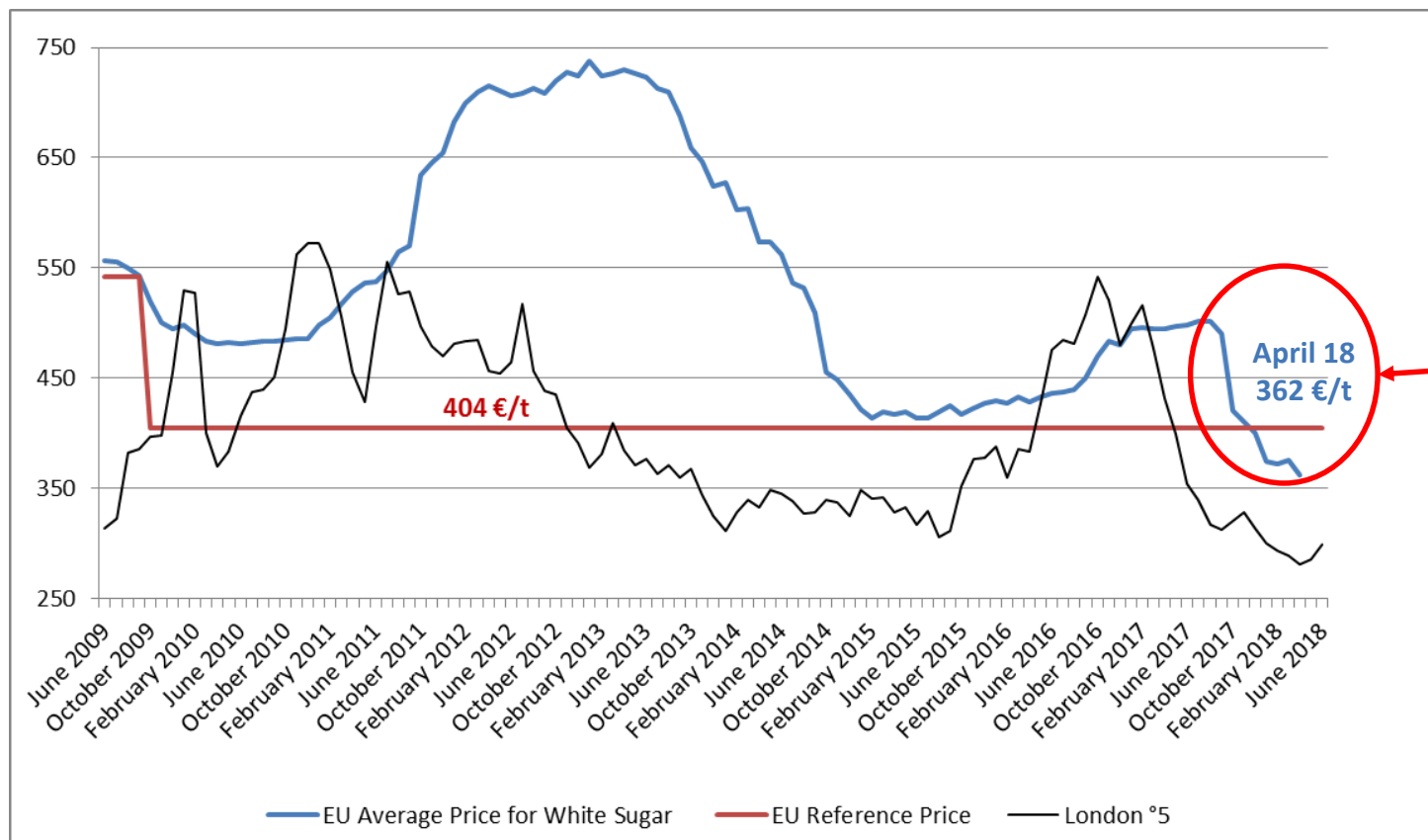




SUGAR PRICE REPORTING

MONTHLY EU AVERAGE PRICES

(JUNE 2009 TO JUNE 2018; € PER TONNE)



Decline in October 2017 to € 420 (September 2017: € 490) -> start of the new SMY 2017|18 (without quotas and minimum beet prices)

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

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

Source: European Commission, Sugar Price Reporting (as of 28 June 2018) and SugarOnline (as of 2 July 2018)



Q1 2018|19

CONSOLIDATED FINANCIAL STATEMENTS (CONDENSED)





CONSOLIDATED INCOME STATEMENT

€m (condensed)	Q1 2018 19	Q1 2017 18	Change
Revenue	630.3	684.2	-7.9%
EBITDA ¹	53.5	77.6	-31.1%
Operating profit before except. items and results of equity-accounted JV	33.8	59.7	-43.4%
Share of results of equity-accounted JV	3.3	10.1	-67.3%
Exceptional items	(0.1)	0.0	--
EBIT	37.0	69.8	-47.0%
EBIT margin	5.9%	10.2%	-4.3pp
Net financial items	(4.3)	(4.8)	+10.4%
Profit before tax	32.7	65.0	-49.7%
Income tax expense	(7.4)	(14.1)	+47.5%
Profit for the period	25.3	50.9	-50.3%
Earnings per share	€ 1.50	€ 3.16	-52.5%

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



ANALYSIS OF NET FINANCIAL ITEMS

€m	Q1 2018 19	Q1 2017 18	Change
Net interest expense	(1.2)	(2.3)	+47.8%
Currency translation differences	(2.5)	(1.8)	-38.9%
Other financial items	(0.6)	(0.7)	+14.3%
Total	(4.3)	(4.8)	+10.4%



CONSOLIDATED CASH FLOW STATEMENT

€m (condensed)

Q1 2018 | 19

Q1 2017|18

Change

Operating cash flow before changes in working capital

49.6

82.9

-40.2%

Changes in working capital

(18.1)

(61.0)

+70.3%

Total of interest paid/received and tax paid, net

(10.6)

(14.5)

+26.9%

Net cash from operating activities

20.9

7.4

> +100%

Net cash (used in) investing activities

(31.1)

(21.1)

-47.4%

Net cash (used in) financing activities

(18.0)

(48.6)

+63.0%

Net (decrease) in cash and cash equivalents

(28.2)

(62.3)

+54.7%



CONSOLIDATED BALANCE SHEET

€m (condensed)	31 May 2018	28 Feb. 2018	Change
Non-current assets	1,170.5	1,161.0	+0.8%
Current assets	1,140.6	1,195.4	-4.6%
Total assets	2,311.1	2,356.4	-1.9%
Equity	1,474.4	1,454.0	+1.4%
Non-current liabilities	373.1	419.4	-11.0%
Current liabilities	463.6	483.0	-4.0%
Total equity and liabilities	2,311.1	2,356.4	-1.9%
Equity ratio	63.8%	61.7%	+2.1pp
Net debt	242.8	232.5	+4.4%
Gearing ratio	16.5%	16.0%	+0.5pp



Q1 2018|19

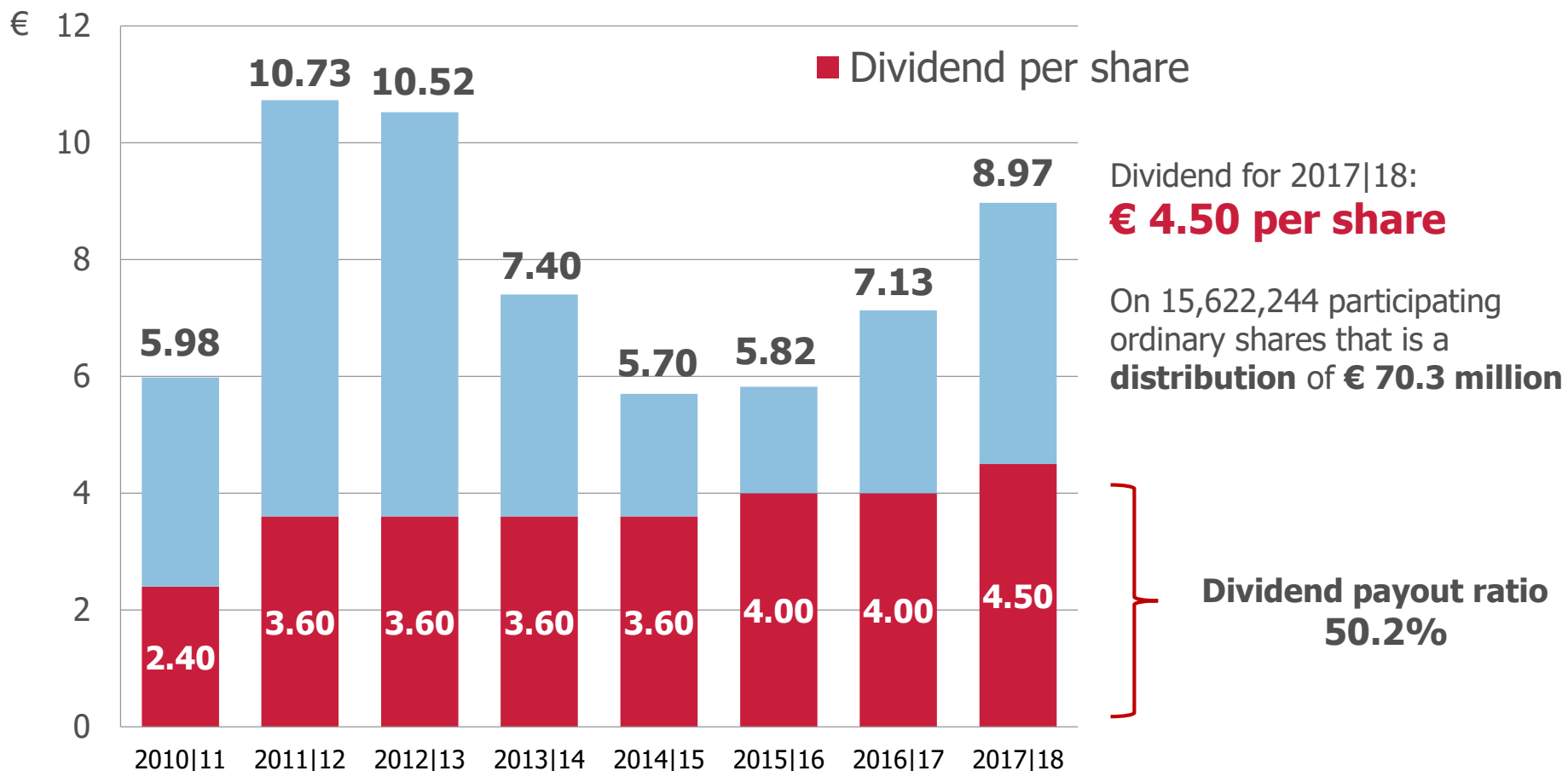
AGM & LATEST NEWS





AGM 2018

DISTRIBUTION OF A DIVIDEND OF € 4.50



Dividend yield (based on the closing share price at the last balance sheet date): **4.5%**



AGM 2018

SHARE SPLIT 1:4

- With a share price level of almost 100 €, the AGRANA share is one of the most expensive ones on the Vienna Stock Exchange.
- Representatives of small shareholders repeatedly called for a stock split at the latest general meetings in order to make the share more beneficial for small shareholders.

Advantages of a share split:

- The split makes the share look more favorable and facilitates trading -> increased attractiveness, liquidity should rise
- Establishment of a broader investor base -> improved access to the share, especially for small investors (private individuals)

No action is required on the shareholders' part! AGRANA will compensate fees charged by custodian banks.



PRESS RELEASE AS OF 3 JULY 2018

AGRANA ACQUIRES STAKE IN ALGERIAN FRUIT PREPARATIONS PRODUCER ELAFRUITES SPA

- AGRANA has **extended** its **presence** in the **North-African market** by **acquiring 49%** of the shares in ELAFRUITES SPA, an Algerian producer of fruit preparations
- Located in Akbou, around 200 km east of Algiers, this company with a workforce of around 100 employees generated revenues of approximately € 7 million in its 2017 financial year
- Besides producing **standard fruit preparations** for yoghurts and ice creams, ELAFRUITES SPA also makes **fruit purees** and **bases for the beverage industry**



2018|19
OUTLOOK





AGRANA SEGMENTS

OUTLOOK FOR 2018|19

FRUIT

Revenue ↑
EBIT ↑↑

- **Fruit segment:** AGRANA expects 2018|19 FY year to bring **moderate growth in revenue** and a **significant improvement in EBIT**
 - Fruit preparations: revenue is predicted to increase, driven by rising sales volumes in all areas (particularly in non-dairy); synergy effects in Argentina, start of fruit preparations production in India and planned opening of the new Chinese production site in Jiangsu, China, in November 2018 -> contribute to a slight EBIT improvement in comparison with the 2017|18 FY
 - Fruit juice concentrates: revenue and EBIT are projected to rise significantly in the new financial year

STARCH

Revenue ↑
EBIT ↓↓

- **Starch segment: moderate increase in revenue** is forecast for the 2018|19 financial year; sales volumes are to rise significantly, thanks also to the full utilisation of the additional corn grinding capacity in Aschach, Austria
- For bioethanol and starch-based saccharification products, however, sales prices are likely to decline amid the challenging market environment + expected slightly rising raw material prices -> **significant reduction in EBIT** is predicted

SUGAR

Revenue ↓↓
EBIT ↓↓

- **Sugar segment:** AGRANA expects **revenue to decline significantly**, as sugar sales volumes and prices are projected to decrease
- Ongoing cost reduction programmes will only be able to soften the margin reduction to some extent; **significant decrease in EBIT** is thus expected for the 2018|19 financial year



AGRANA GROUP

OUTLOOK FOR 2018|19

AGRANA Group

Guidance confirmed

- As a result of the current challenges, especially in the Sugar segment, the **Group's EBIT** is expected **to decrease significantly** in the 2018|19 financial year; **revenue** is projected to be **in line with the year before**
- Total **investment** across the three business segments in the financial year, at approximately **€ 170 million**, will significantly exceed the budgeted depreciation of about € 97 million



2018|19

FINANCIAL CALENDAR

13 July 2018

Dividend payment date

11 October 2018

Results for first half of 2018|19

10 January 2019

Results for first three quarters of 2018|19



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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%