



FRUIT  
STARCH  
SUGAR

The natural upgrade

# Sustainable management



AGRANA Beteiligungs-AG  
**AGRANA Capital Markets Day 2020**  
Vienna and Pischelsdorf

13-14 February 2020



## TOMORROW YOU WILL SEE...

...our starch factory in Pischelsdorf after the opening of our second wheat starch production plant.





## HIGHLIGHT TOPICS OF THE CMD 2020

New  
challenges in  
the Fruit  
segment

The future of  
the sugar  
business

Growth  
opportunities  
in the Starch  
segment



# CONTENTS (DAY 1)

## Day 1

- 1 Short introduction, business overview (CEO)
- 2 Highlights Q1-3 2019|20 incl. financial statements (CFO)
- 3 Latest News & Outlook for 2019|20 (CEO)
- 4 Strategy update; challenges & competencies; sustainability/ESG (CEO)
- 5 New challenges in the Fruit segment (CFO)
- 6 The future of the sugar business (CEO)

## Day 2

- 7 Growth opportunities in the Starch segment (CSO)
- 8 Wheat starch plant II: from an ethanol plant to a biorefinery (CTO)
- 9 Factory tour – Wheat starch plant II



(FINANCIAL)HIGHLIGHTS  
Q1-3 2019|20

# INTRODUCTION & BUSINESS OVERVIEW





## Q1-3 2019|20 OVERVIEW

The EBIT in Q1-3 2019|20 surpassed the twelve-month result of the prior year

➤ **Thus forecast of a significant improvement in EBIT for the full year is reaffirmed**

- EBIT: € 69.8 m (prior year: € 63.5 m)
- Revenue: € 1,879.4 m (prior year: € 1,863.5 m)
- EBIT margin: 3.7% (prior year: 3.4%)



~9,500

Employees (FTEs)  
as of 30 Nov. 2019



57  
Production sites  
as of 30 Nov. 2019



€ ~2.4 billion

Group revenue  
in 2018|19 FY



World market leader  
in the production of

**FRUIT**

PREPARATIONS  
and largest  
manufacturer of  
fruit juice concentrates  
in Europe



Major European  
manufacturer  
of customised

**STARCH**

PRODUCTS and  
bioethanol



Leading

**SUGAR**

SUPPLIER  
in Central, Eastern &  
Southeastern Europe





## AGRANA PRODUCTS IN DAILY LIFE AT A GLANCE

### FRUIT



- Fruit juice concentrates customers are fruit juice and beverage bottlers and fillers
- Fruit preparations are special customized products for
  - the dairy industry,
  - the baked products industry,
  - the ice-cream industry.

### STARCH



- AGRANA produces starch and special starch products
- Starch is a complex carbohydrate which is insoluble in water. Starch is used in food processing e.g. as thickener and for technical purposes e.g. in the paper manufacturing process
- Bioethanol is part of our starch business

### SUGAR



Sugar is sold

- to consumers via the food trade and
- to manufacturers: e.g. soft drinks industry, confectionery industry, fermentation industry, other food and beverage industries

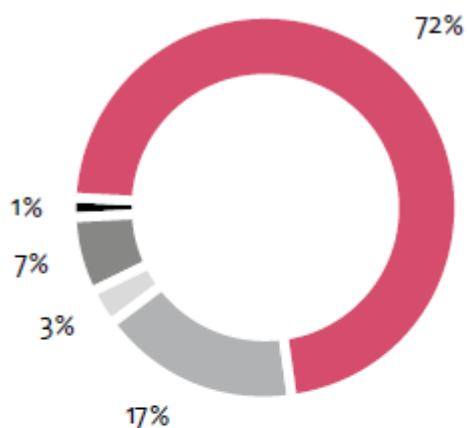


AGRANA PRODUCTS IN DAILY LIFE

# REVENUE BY PRODUCT GROUP (2018|19)

## FRUIT

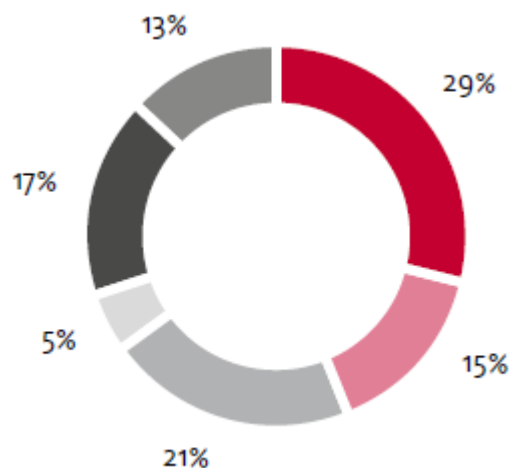
€ 1,179.1 m



- Fruit preparations (dairy and non-dairy)
- Fruit juice concentrates
- Other juice core products (NFC, fruit wines, etc.)
- Fruit reselling, frozen fruits, etc.
- Other services

## STARCH

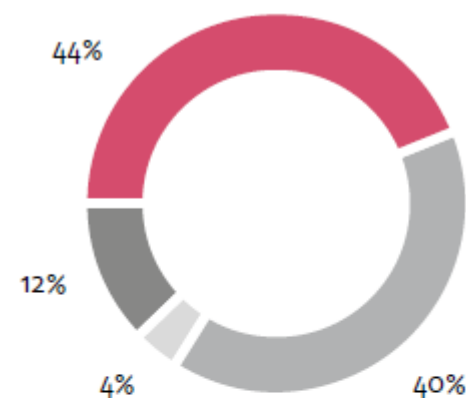
€ 762.7 m



- Native and modified starches
- Saccharification products
- Alcohol and ethanol
- Other core products (dairy and instant products, long-life potato products, etc.)
- By-products (protein products, DDGS, etc.)
- Others (soy, dried beet pulp, etc.)

## SUGAR

€ 501.2 m



- Sugar: Industrial customers
- Sugar: Resellers
- By-products (molasses, beet pulp, etc.)
- Others (products of INSTANTINA, seed, services, etc.)



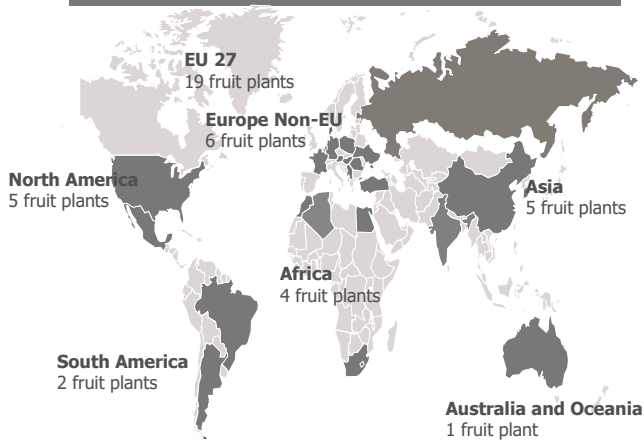


57 PRODUCTION SITES WORLDWIDE

# SEGMENTATION BY SEGMENT

## FRUIT

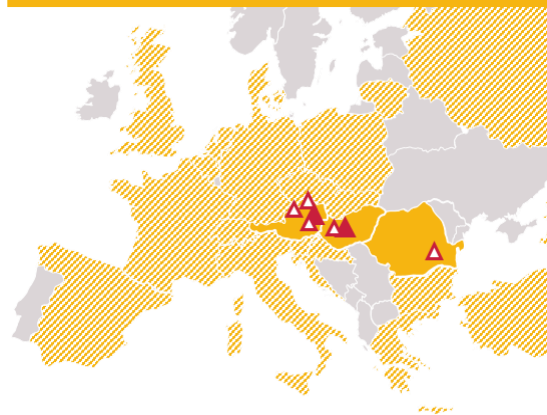
27 fruit preparations plants and  
15 fruit juice concentrate plants



■ Countries with production sites

## STARCH

5 starch plants  
(incl. 2 bioethanol plants)



■ Countries with production sites  
 ▨ Main markets  
 ▲ Starch plants  
 ▲ Bioethanol plants

## SUGAR

7 sugar beet plants  
2 raw sugar refineries (& Instantina)



■ Countries with plants  
 ▨ Other markets  
 ● Beet sugar plants  
 ● Raw sugar refineries  
 ○ Distribution centre  
 \*also with refining activities



Q1-3 2019|20

# SEGMENT OVERVIEW INCLUDING FINANCIAL STATEMENTS

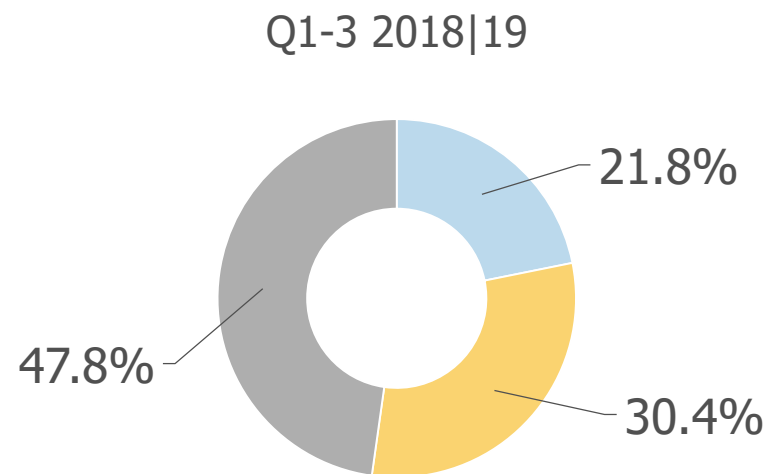
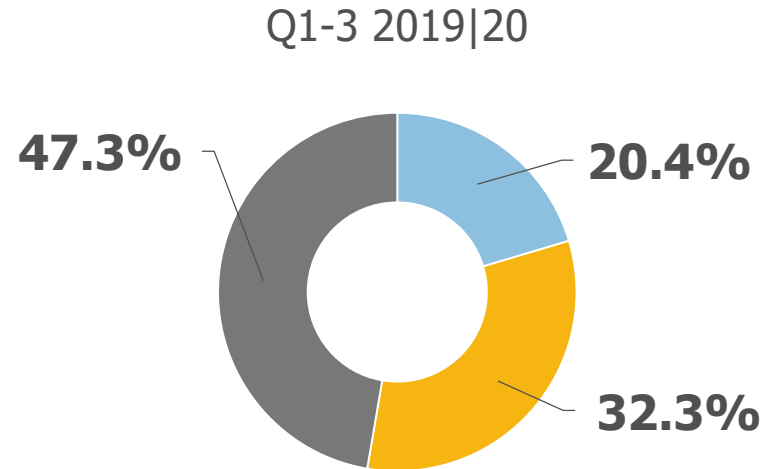
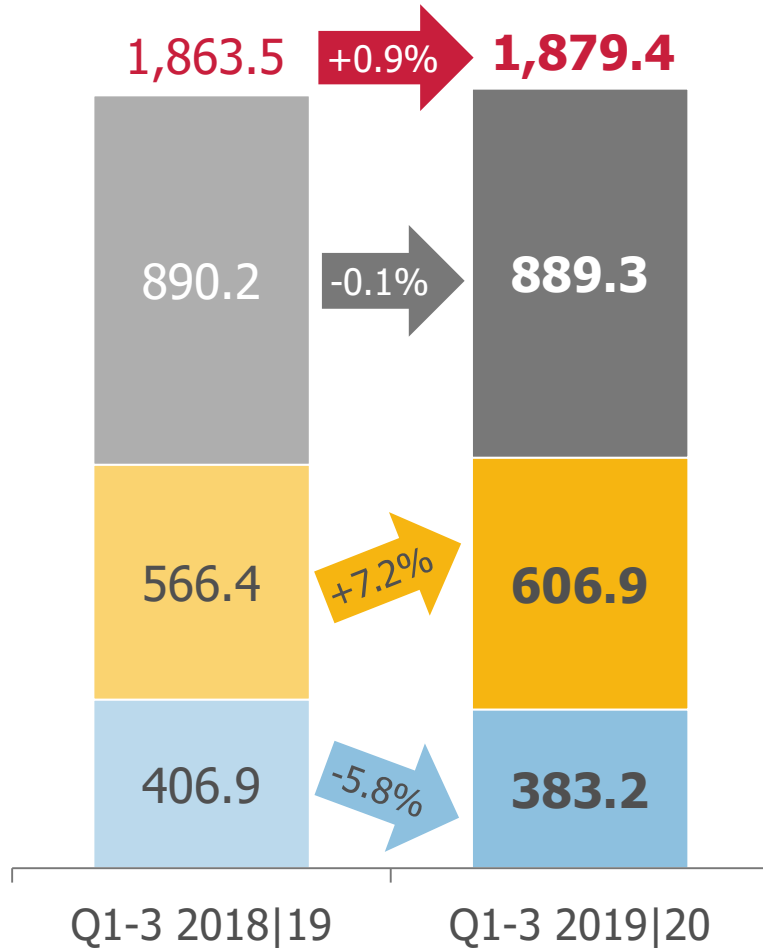




Q1-3 2019|20 VS PRIOR YEAR

## REVENUE BY SEGMENT

€m





Q1-3 2019|20 VS PRIOR YEAR

## EBIT BY SEGMENT

€m

GROUP

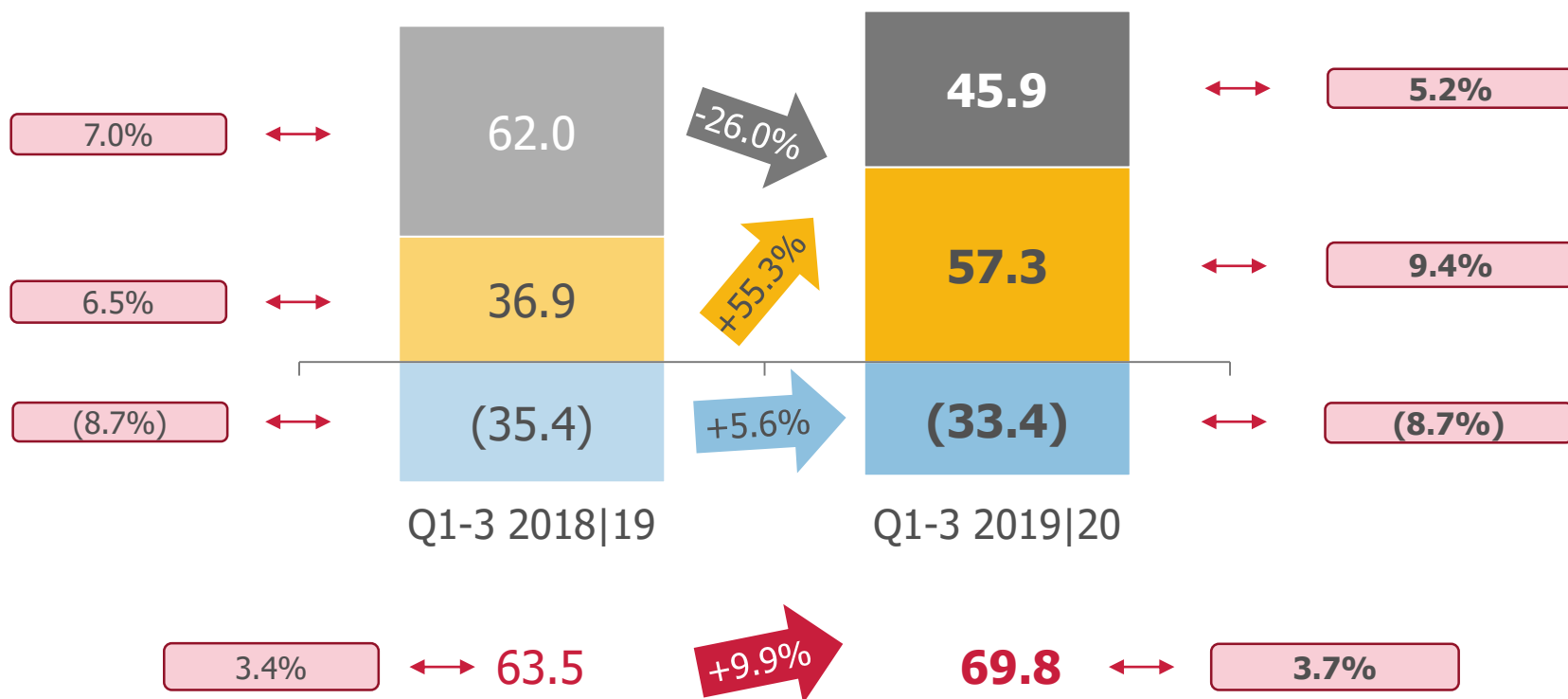
■ Fruit

■ Starch

■ Sugar

EBIT margin  
Q1-3 2018|19

EBIT margin  
Q1-3 2019|20

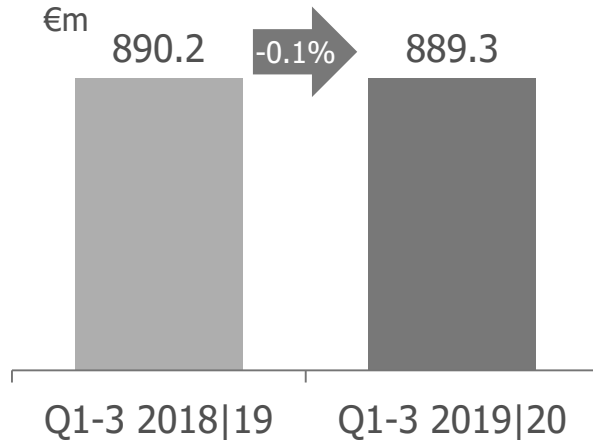




## FRUIT SEGMENT

### REVENUE

€m

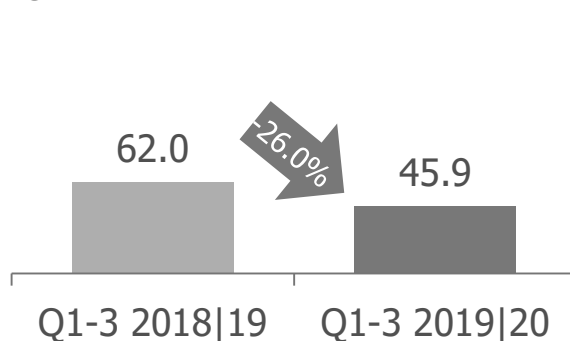


### REVENUE stable at € 889.3 million

- Fruit preparations: revenue rose slightly, with a small increase in sales volume
- Fruit juice concentrates: revenue was down, volume was up significantly

### EBIT

€m



### EBIT lower than in prior year

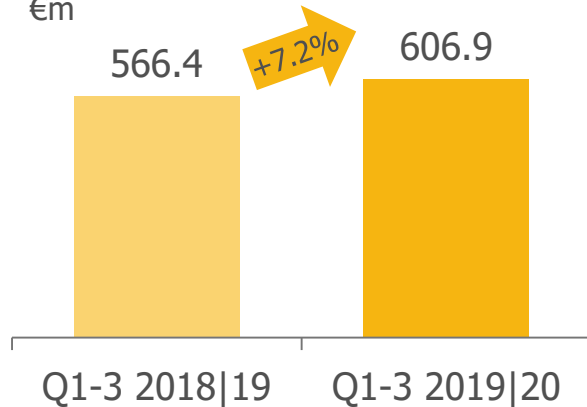
- Reasons for deterioration mainly in the FP business:
  - General cost increases could not be fully offset by higher sales volumes
  - One-time impacts related to raw materials in Mexico (strawberry and mango)
  - Exceptional staff cost effects
- EBIT in the fruit juice concentrate business at a solid level (high delivery volumes from the 2018 harvest and good contribution margins), although it eased yoy -> idle-capacity costs (smaller 2019 apple harvest)



## STARCH SEGMENT

### REVENUE

€m

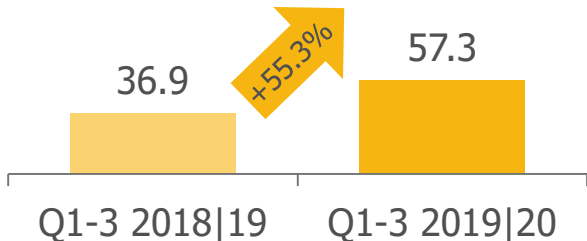


### REVENUE at € 606.9 million above prior year

- Key reason was considerable increase in ethanol revenue
- Saccharification products: despite declining prices, revenue was raised slightly through bigger volumes
- Native and modified starches saw revenue growth (thanks largely to volume increases)
- Revenue from animal feedstuffs was stable

### EBIT

€m



### EBIT significantly up to € 57.3 million

- EBIT growth primarily due to significant price increases of ethanol and due to volume gains in all other product segments
- Equity-accounted HUNGRANA contribution declined from € 13.4 million to € 11.2 million -> strongly affected by price declines for isoglucose



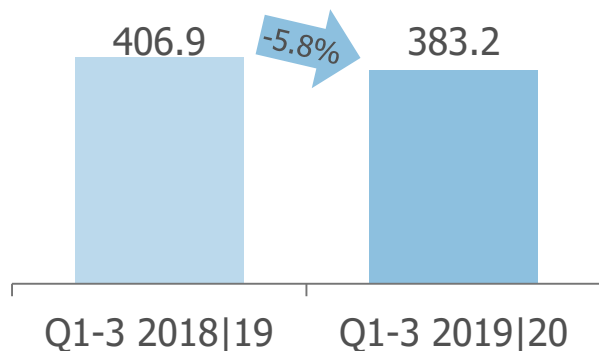


FINANCIAL RESULTS FOR Q1-3 2019|20

## SUGAR SEGMENT

### REVENUE

€m

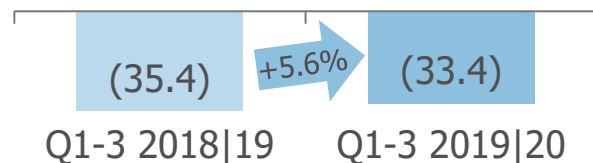


### REVENUE down to € 383.2 million

- Lower sugar sales volumes
- Selling prices higher than in the year-earlier period

### EBIT

€m



### EBIT still negative, but improved moderately

- 2019 campaign, like last year's, is associated with crop-related idle-capacity costs
- Higher sugar sales prices than in the prior year had a positive effect on EBIT



# CONSOLIDATED INCOME STATEMENT

€m (condensed)	Q1-3 2019 20	Q1-3 2018 19	Q3 2019 20	Q3 2018 19
<b>Revenue</b>	<b>1,879.4</b>	<b>1,863.5</b>	<b>629.4</b>	<b>601.9</b>
EBITDA <sup>1</sup>	<b>139.5</b>	124.1	<b>48.7</b>	27.8
Operating profit before except. items and results of equity-accounted JV	<b>58.3</b>	54.6	<b>14.3</b>	(1.9)
Share of results of equity-accounted JV	<b>11.9</b>	10.5	<b>4.2</b>	3.9
Exceptional items	<b>(0.4)</b>	(1.6)	<b>(0.4)</b>	(0.8)
<b>EBIT</b>	<b>69.8</b>	<b>63.5</b>	<b>18.1</b>	<b>1.2</b>
<b>EBIT margin</b>	<b>3.7%</b>	3.4%	<b>2.9%</b>	0.2%
Net financial items	<b>(11.6)</b>	(11.9)	<b>(3.7)</b>	(1.5)
Profit before tax	<b>58.2</b>	51.6	<b>14.4</b>	(0.3)
Income tax expense	<b>(15.1)</b>	(14.6)	<b>(0.2)</b>	(2.4)
<b>Profit for the period</b>	<b>43.1</b>	<b>37.0</b>	<b>14.2</b>	<b>(2.7)</b>
Attributable to shareholders of the parent	<b>40.1</b>	33.1	<b>13.1</b>	(3.5)
Earnings per share	<b>€ 0.64</b>	€ 0.53	<b>€ 0.21</b>	€ (0.06)

<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 2019   20</b>	Q1-3 2018   19	Change
Net interest expense	<b>(5.3)</b>	(3.6)	-47.2%
Currency translation differences	<b>(4.2)</b>	(7.8)	+46.2%
IAS 29 - Argentina	<b>(0.6)</b>	0.9	> -100%
Other financial items	<b>(1.5)</b>	(1.4)	-7.1%
<b>Total</b>	<b>(11.6)</b>	<b>(11.9)</b>	+2.5%



# CONSOLIDATED CASH FLOW STATEMENT

€m (condensed)	Q1-3 2019 20	Q1-3 2018 19	Change
Operating cash flow before changes in working capital	132.5	141.5	-6.4%
Changes in working capital	(85.6)	1.9	> -100%
Total of interest paid/received and tax paid, net	(15.8)	(24.0)	+34.2%
<b>Net cash from operating activities</b>	<b>31.1</b>	<b>119.4</b>	-74.0%
Net cash (used in) investing activities	(100.8)	(118.7)	+15.1%
Net cash from/(used in) financing activities	55.8	(36.2)	> +100%
<b>Net (decrease) in cash and cash equivalents</b>	<b>(13.9)</b>	<b>(35.5)</b>	+60.8%



# CONSOLIDATED BALANCE SHEET

€m (condensed)	<b>30 Nov. 2019</b>	28 Feb. 2019	Change
Non-current assets	<b>1,314.5</b>	1,252.1	+5.0%
Current assets	<b>1.271.6</b>	1,137.3	+11.8%
<b>Total assets</b>	<b>2,586.1</b>	<b>2,389.4</b>	+8.2%
Equity	<b>1,381.1</b>	1,409.9	-2.0%
Non-current liabilities	<b>561.5</b>	393.1	+42.8%
Current liabilities	<b>643.5</b>	586.4	+9.7%
<b>Total equity and liabilities</b>	<b>2,586.1</b>	<b>2,389.4</b>	+8.2%
Equity ratio	<b>53.4%</b>	59.0%	-5.6pp
Net debt	<b>484.6</b>	322.2	+50.4%
Gearing	<b>35.1%</b>	22.9%	+12.2pp



# CREDIT LINES (1)

in Million EUR	<i>Q3 2019/20</i>	<i>2020/21</i>	<i>2021/22</i>	<i>2022/23</i>	<i>2023/24</i>	<i>2024/25</i>	<i>2025/26</i>
		<i>28.02.2021</i>	<i>28.02.2022</i>	<i>28.02.2023</i>	<i>28.02.2024</i>	<i>28.02.2025</i>	<i>28.02.2026</i>
Bilateral Working Capital Facilities <sup>1)</sup>	115.4	115.4					
Syndicated Loan Facilities <sup>2)</sup>	450.0	450.0	150.0				
European Investment Bank Loan	36.6	31.7	26.9	22.0	17.1	12.2	7.3
Bonded Loan	207.0	207.0	207.0	200.0	200.0	89.0	89
Term Loans	192.3	192.3	192.3	91.7	80.3	80.0	
<b>Credit Lines</b>	<b>1 001.3</b>	<b>996.4</b>	<b>576.2</b>	<b>313.7</b>	<b>297.4</b>	<b>181.2</b>	<b>96.3</b>

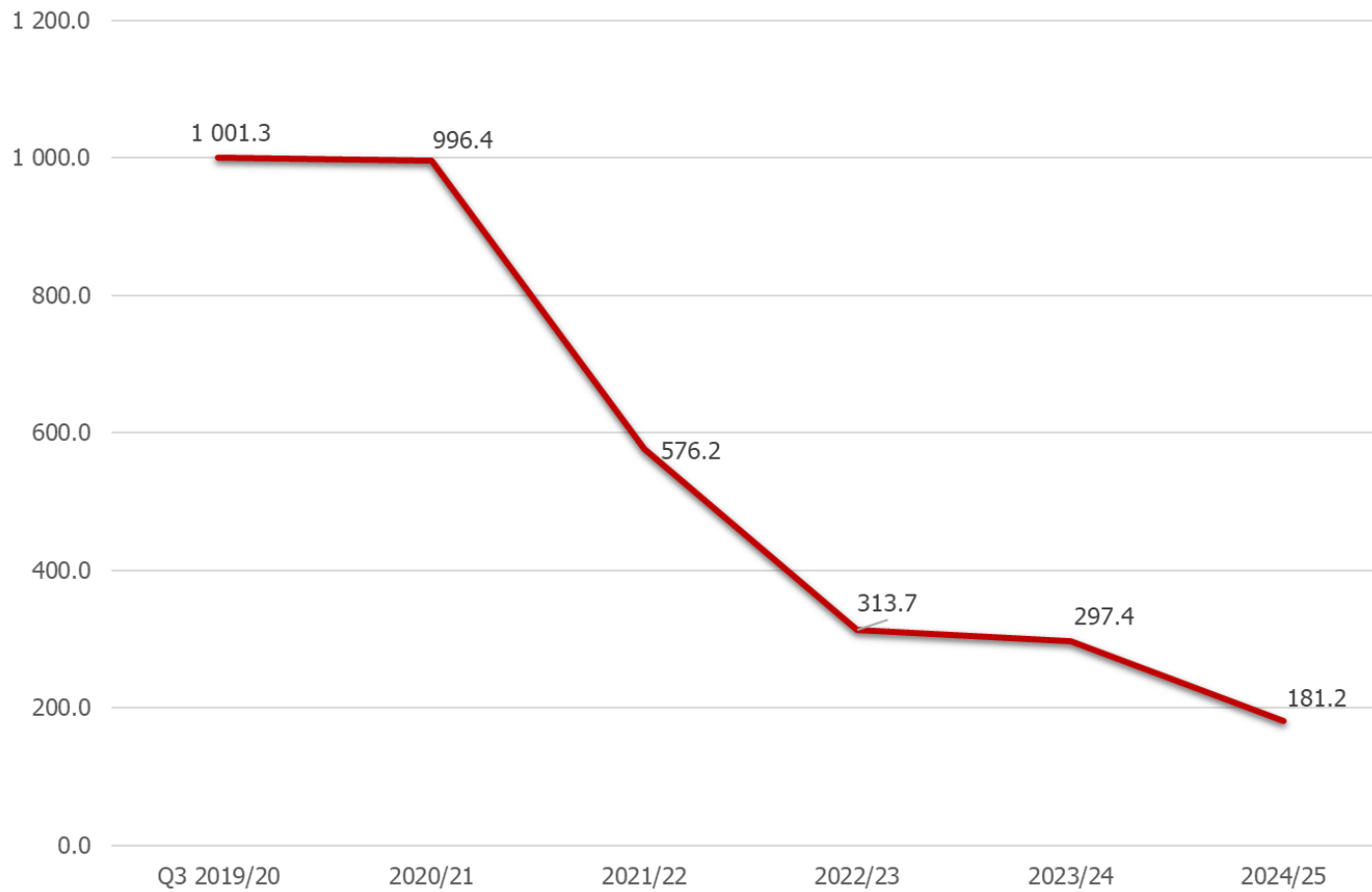
<sup>1)</sup> Financing term of bilateral working capital facilities is 1 year with automatic prolongation; table shows current terms

<sup>2)</sup> Syndicated Loans currently running until June 2021 (EUR 300m) and August 2022 (EUR 150m); prolongation 3-12 months before maturity



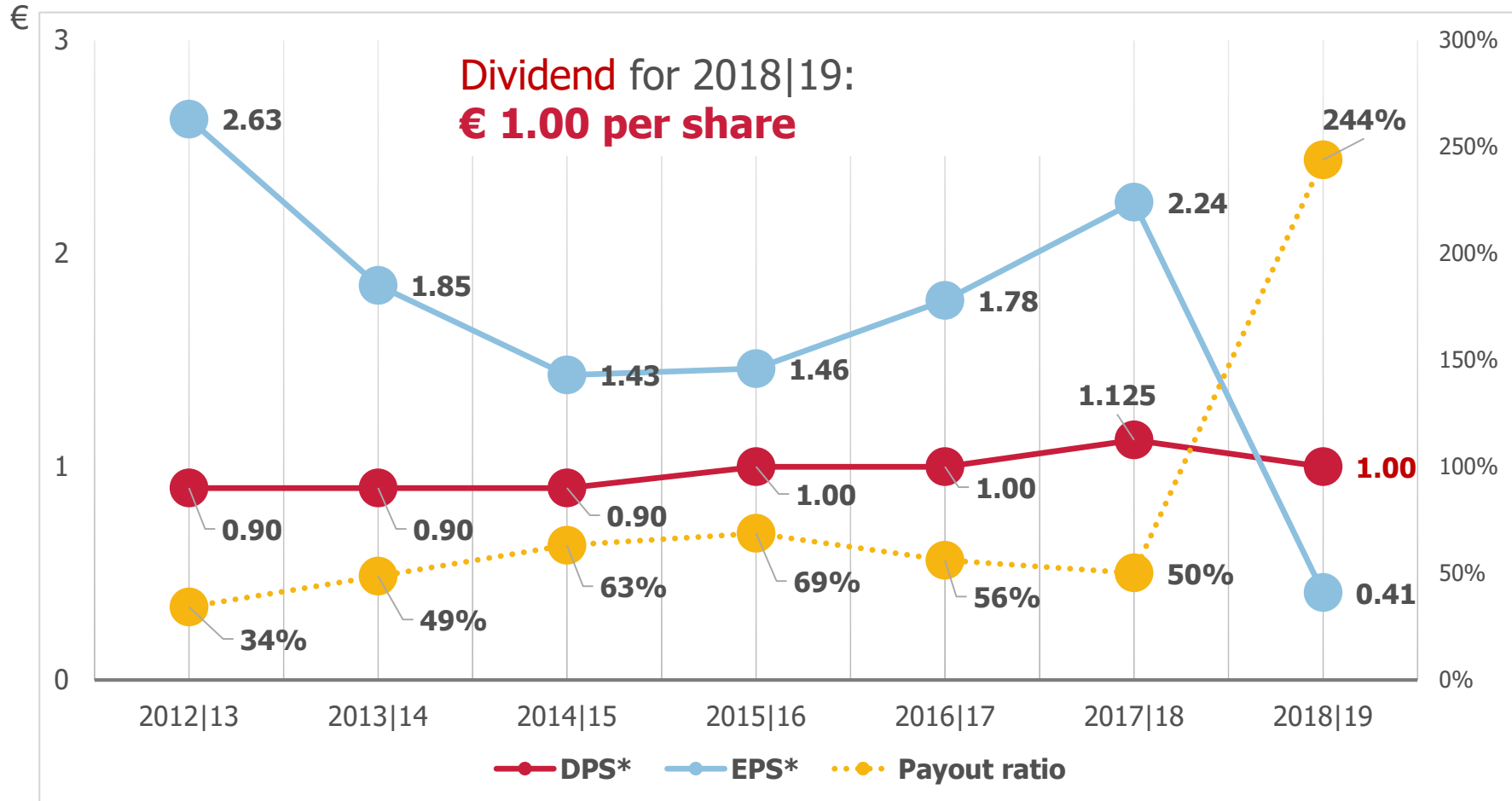


## CREDIT LINES (2)





## DIVIDEND AND EARNINGS PER SHARE



**Dividend yield** (based on the closing share price at the last balance sheet date): **5.7%**

\*EPS and DPS adjusted; after the four-for-one stock split performed in July 2018, all EPS and DPS values are based on the new number of shares out-standing at 28 February 2019, which was 62,488,976.



2019|20

# LATEST NEWS AND OUTLOOK



# CORONA VIRUS (1)





SEGMENT FRUIT

## CORONA VIRUS (2)

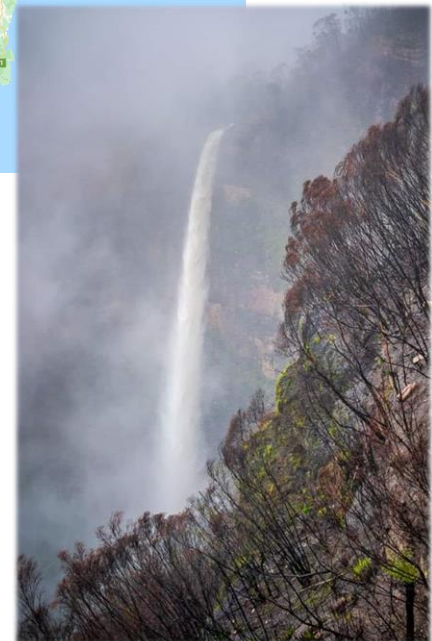
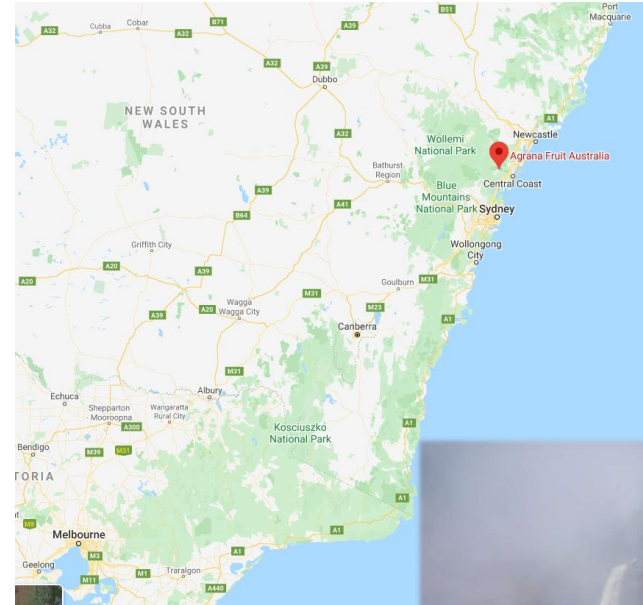
- Currently, **no AGRANA employee are infected** with Corona virus
- Mainly local workers employed in the **three Chinese plants**
- Although there are no WHO travel or trade restrictions (except for the province of Hubei), AGRANA internally **forbids business trips** to or from China
- **AGRANA Fruit in China is in close contact with the local authorities**; after the end of Chinese New Year holidays the authorities are checking their health requirements (e.g. control and prevention measures) and then approve the resumption of production
- **Permissions have already been obtained for all the Chinese plants**; in Dachang and Changzhou production restarted recently and operations in Xianyang will start on February 17
- Due to possible roadblocks the domestic transport of goods could be a **logistic challenge**



SEGMENT FRUIT

## AUSTRALIAN SITE IN MANGROVE

- Whilst the bushfires reached 2.5 km of AF AUS premises, all team members were safe and no physical damage to the premises
- No interruption to our business
- Insurance claim was submitted and awaiting feedback
- In the past week at the location about 1/3<sup>rd</sup> of the yearly rainfall was received – from bushfires to floods!
- With the recent rainfall and forecasted more rainfall in the coming days, there should be no further potential bushfire threat this summer







SEGMENT STARCH | PRESS RELEASE AS OF 31 JANUARY 2020

## ACQUISITION OF MARROQUIN ORGANIC INT.

- Expansion of **distribution activities** in the **Starch** segment
- Acquisition of 100% of shares in the **US distribution company Marroquin Organic International Inc.** based in Santa Cruz (California)
- Marroquin with **29 years** of experience **supplying organic and non-GMO ingredients, US\$ 20 million** annual revenue
- Marroquin a long-standing distribution partner of AGRANA Stärke GmbH
- Perfect fit in terms of implementing the Group's specialities strategy
- Organic origins and non-GMO status of the AGRANA Starch products are increasingly appreciated by customers
- Particularly in the **USA** where, with starch largely being based on genetically-modified corn, **demand for non-GMO starches is rising**
- **US market** for packaged organic foods is the **world's largest** (US\$ 17 billion [2017], Euromonitor), to **grow 8.2%** per year until 2023





## OUTLOOK FOR 2019|20

### FRUIT

Revenue →  
EBIT ↓↓

- **Fruit segment:** AGRANA expects the 2019|20 FY to bring **steady revenue** but a **significant EBIT decrease**
  - Fruit preparations: due to flat sales volumes, the FP business expects revenue to move sideways; full-year EBIT is projected to decrease significantly from the prior year as a result of the subdued earnings trend in the first half of 2019|20
  - Fruit juice concentrates: revenue is projected this FY to be stable; EBIT will be significantly less than last year due to reduced capacity utilisation driven by lower raw material availability

### STARCH

Revenue ↑  
EBIT ↑↑

- **Starch segment:** **moderate increase** in **revenue** is forecasted for 2019|20; markets for starches are expected to be stable, with starch-based saccharification products remaining still affected by European sugar prices
- **EBIT** of the Starch segment is expected to **increase significantly** thanks primarily to the year-on-year increase in ethanol prices

### SUGAR

Revenue ↗  
EBIT ↑↑

- **Sugar segment:** AGRANA is projecting **consistently low revenue** in expectation of a challenging sugar market environment and a beet crop below average
- Ongoing cost reduction programmes will be able to soften the margin reduction to some extent; **EBIT** is thus expected to **remain negative** in the 2019|20 FY; however, in relative terms, as a result of higher sales prices in the SMY 2019|20, EBIT is expected to improve significantly in the financial year



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## OUTLOOK FOR 2019|20

**AGRANA Group**

**EBIT 2019 | 20**



**Revenue 2019 | 20**



- Despite the **challenges in the Sugar and Fruit segment**, the Group's **operating profit (EBIT)** is expected to **increase significantly** (between +10% and +50%) in the 2019|20 FY
- **Revenue** is projected to show **slight growth**
- Total **investment** across the three business segments in 2019|20 FY, at approximately **€ 140 million** exceeds the budgeted depreciation of about € 110 million



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# STRATEGY UPDATE

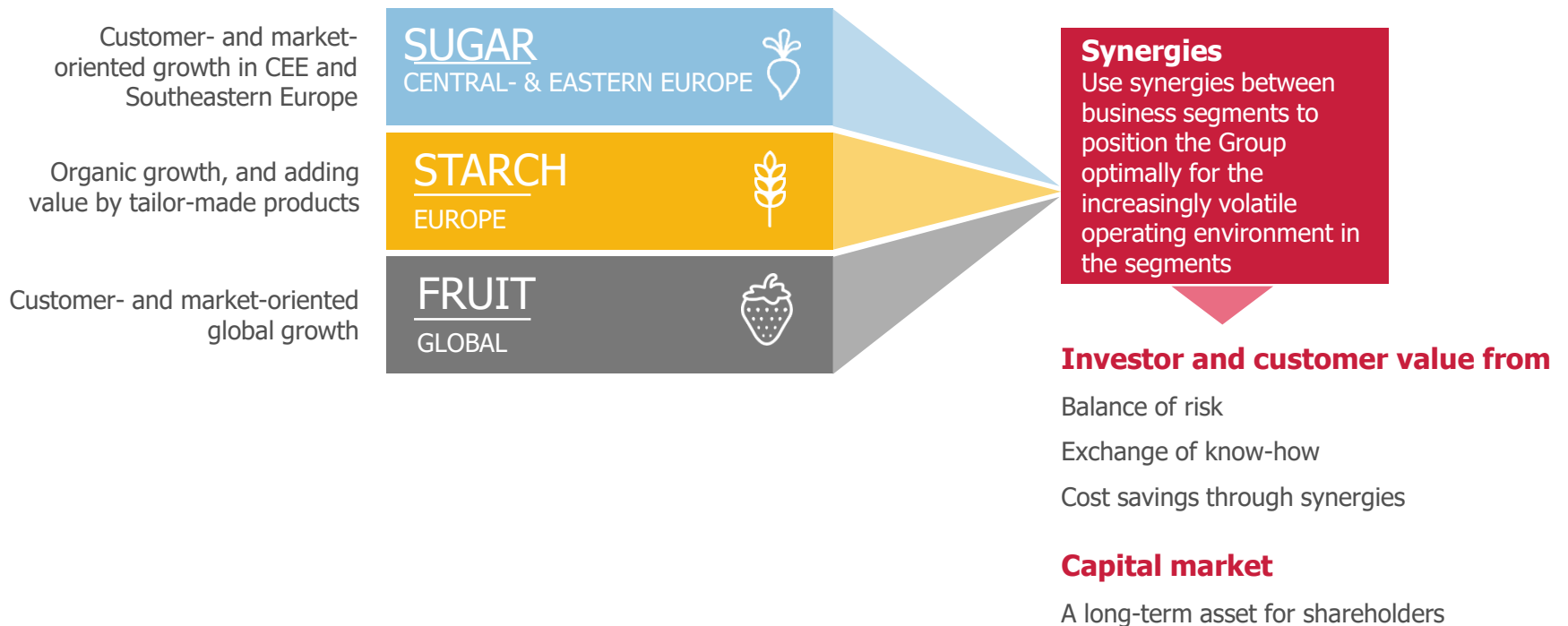
## CHALLENGES & COMPETENCIES

## SUSTAINABILITY





# GROWTH BY STRATEGY





WE ALL CONSUME AGRANA (PRODUCTS)

## STRATEGIC POSITIONING B2B

At the beginning there is always agriculture...



AGRANA refines agrarian raw materials...



AGRANA supplies the Big Names...



confectionery, beverage, fermentation industries, food retailers; paper, textile, pharmaceutical industries; feed industry; dairy, ice-cream, bakery industries and many more



We all consume AGRANA every day without noticing it...







MIDTERM & LONG-TERM

## FUTURE CHALLENGES

- **Uncertainty and volatility** are determining parameters/factors
- Sourcing of **agricultural raw materials** (growing demand vs. limited global production):
  - Growing population
  - Arable land [(Changing) climate effects, availability of water]
- Change of **consumer behaviour** -> nutrition (proteins & calories)
- **Sustainability** as a comprehensive concept



## AGRANA'S CORE COMPETENCIES

- **Sourcing** agricultural raw materials
- Handling a **global raw material flow** and being specialised in big quantities
- Managing **production processes** in a lean way, but with highest quality standards, from commodities up to tailor-made products
- Serving industrial customer markets **with focusing on (highly) specialised products**
- Developing **innovative** processes, methods and products



STRATEGY FOR THE FUTURE  
**OUR APPROACH**

Execute properly and utilise our **growth projects** (e.g. wheat starch plant II, China FP II)

**Working capital** improvements -> to get financial resources free

**(Risk) diversification  
→ means crisis resistance**

**Food industry is less sensitive** than other industries (e.g. car industry) to economic slow-downs

Push forward the **organisational harmonisation** projects -> increase efficiencies



# AGRANA STRATEGY SPANNING MORE THAN 30 YEARS (1)

- ✓ **Crisis resistance**
- ✓ **Dividend payout**

By means of

- **Regional diversification** (eastward expansion)
- **Vertical integration** (specialisation strategy)
- **Horizontal diversification** (Fruit segment)

along the value-added chain and in the core competences of the Group  
(B2B, adding value to agrarian commodities)



# AGRANA STRATEGY SPANNING MORE THAN 30 YEARS (2)

This strategic mix has been applied differently across the segments.

## **Objective: Risk diversification**

Many options in line with the relevant business strategy:

- Sugar: beet sugar, isoglucose, refining
- Starch: Wheat, corn and potato starch
- Fruit: global production, broad portfolio

**--> means crisis resistance**

In a highly competitive environment we are aiming for the following targets:

- Highest efficiency in production
- Best possible prices through qualitative differentiation of our products and
- Further growth



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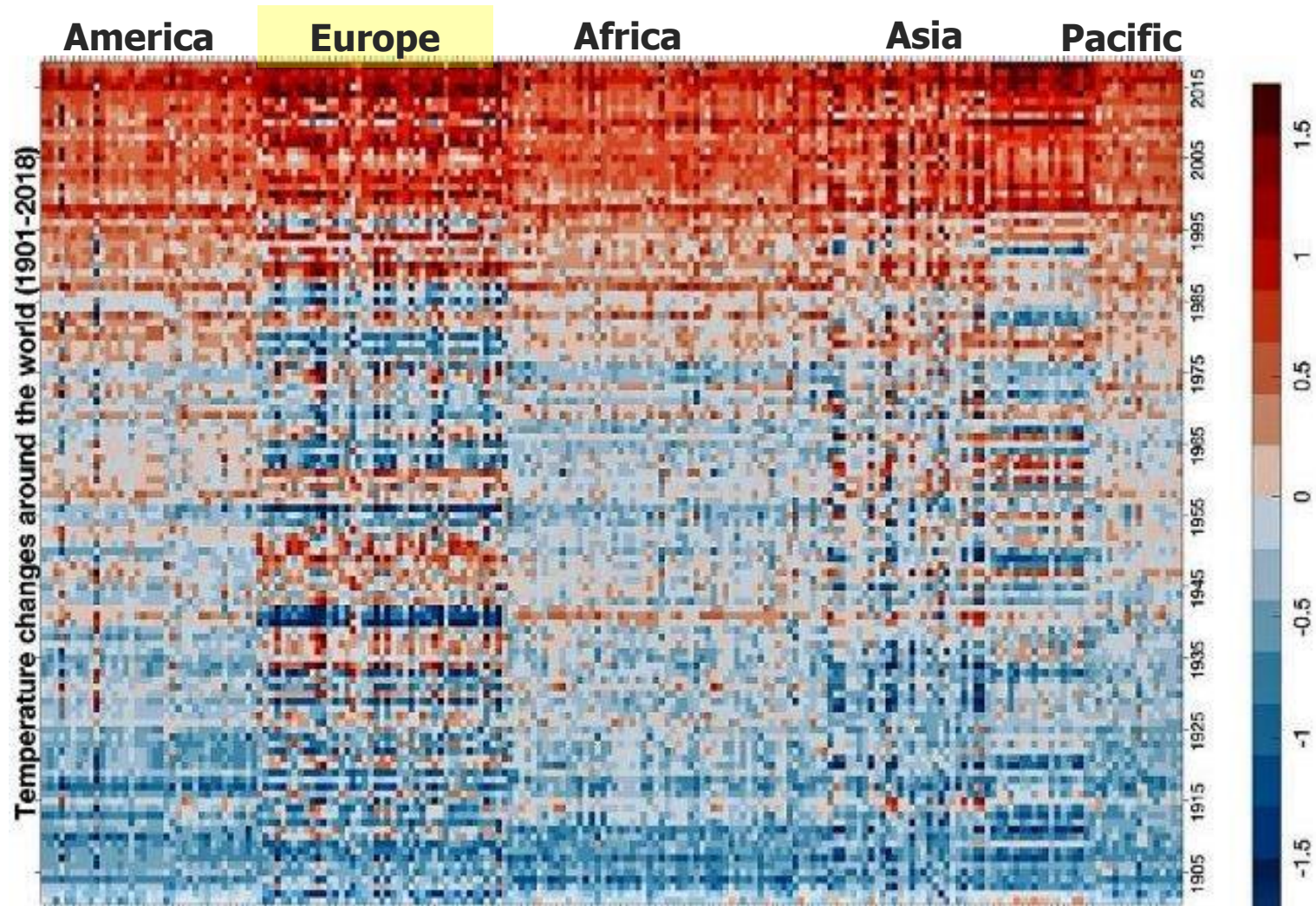
# **Sustainable Management**

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# CLIMATE CHANGE = GLOBAL WARMING IS A FACT (1)

Temperature deviations from the long-term average in blue or red shades



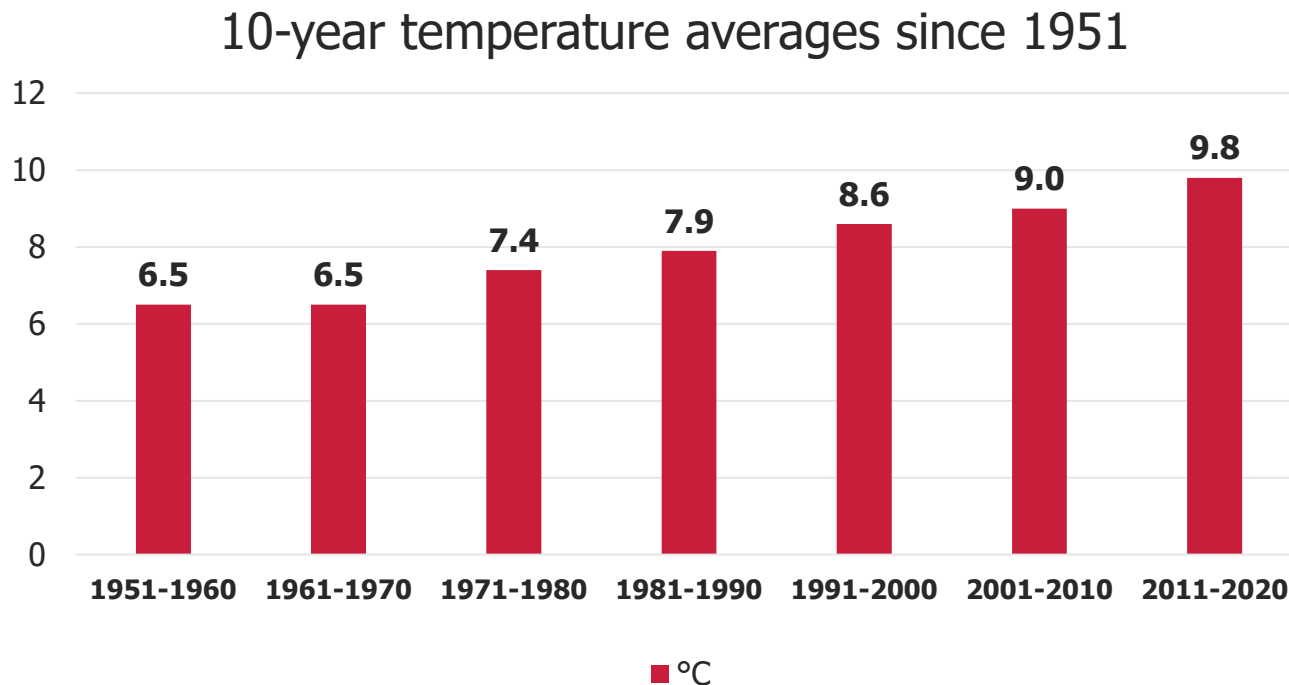
**Visualisation of average annual temperatures as pattern**  
(Climate researcher Ed Hawkins, University of Reading)



# CLIMATE CHANGE = GLOBAL WARMING IS A FACT (2)

Meteorological station of the Austrian Hydrographic Service at the site of the **AGRANA potato starch factory in Gmünd**

*Collection of temperature and precipitation data from the last 70 years*



**Over the last 50 years, the average annual temperature has risen by 3.3°C!**





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## DOING BUSINESS SUSTAINABLY (1)

### Climate change is reality

Global warming and failure of precipitation are a challenge for European agriculture and the processing industry even now.

**Responsible utilization of agricultural resources** and **doing business sustainably** have therefore long been a matter of concern to AGRANA

Complete  
utilization of raw  
materials

AGRANA products  
as part of the  
solution

Protein  
enrichment in  
our processes



## DOING BUSINESS SUSTAINABLY (2)

### Complete utilisation of raw materials

- **Potato pulp refinement**  
Potato fiber drying at the Gmünd facility
- **Crystalline betaine**  
Construction of a crystallization facility at the Tulln facility for complete utilization of sugar beet molasses
- **Apple pomace** for the pectin and feedstuff industry
- **Biorefinery Pischelsdorf**  
100 % grain utilization through integration of the wheat starch facility into the bioethanol production





## DOING BUSINESS SUSTAINABLY (3)

### AGRANA products as part of the solution

- **Bioethanol from Pischelsdorf** as an environmentally sound gasoline ingredient, reduces CO<sub>2</sub> emissions and particulate matter
- **Wheat starch from Pischelsdorf** enables cardboard production with 80 % recovered paper content
- **Biogenic liquid CO<sub>2</sub>** as a by-product at the Pischelsdorf facility for mineral water and soft drinks
- **Bioplastics AGENACOMP®** as a contribution to the reduction of plastic waste  
This starch-based bioplastics compound is 100 % home-compostable without leaving microplastic residues, and can be used for a variety of applications
- Starch as **drilling fluid component for water drilling**





AGRANA GROUP

## DOING BUSINESS SUSTAINABLY (4)

### AGRANA products as part of the solution

- AGRANA offers **certified GMO-free products** in its fruit division (especially in the USA), in the starch segment, and with “Wiener Zucker” [Viennese Sugar] in the sugar segment.
- AGRANA has the necessary certifications at its facilities and in the supply chain to meet customer demands for **goods from controlled organic farming**.
- We need a balanced coexistence of conventional and organic agriculture for a secure raw material base in international competition.





AGRANA GROUP

## DOING BUSINESS SUSTAINABLY (5)

### Protein enrichment in our processes (Pischelsdorf site)

**Wheat:** 945,000 t  
12.2 % protein

**Corn:** 245,000 t  
7.8 % protein

Total raw material: 1.2 million t  
Total dry protein: 115,000 t



*Wheat  
protein*

>80 % protein

Bakery products  
Pisciculture  
Pet food

(53,000 t / 44,000 t of protein)



*Protein feed  
ACTIPROT®*

>30 % protein

Feedstuffs for  
cattle

(145,000 t / 42,000 t of protein)



*Wheat  
gluten feed*

>20 % protein

Feedstuffs for ruminants (109,000 t / 21,800 t of  
protein)



*Wheat bran*

>15 % protein

Feedstuffs for cattle (35,000 t / 4,800 t of protein)





FRUIT

# NEW CHALLENGES IN THE FRUIT SEGMENT





FRUIT SEGMENT

## MARKET POSITION

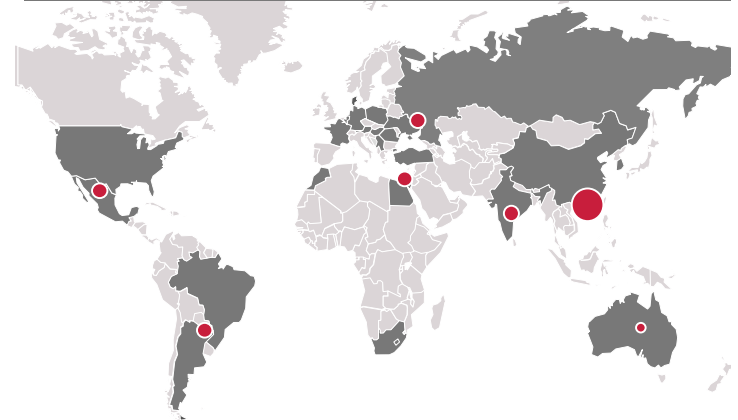
### FRUIT PREPARATIONS

- World Market Leader in Fruit preparations global market share > 35%
- The emerging markets are overall showing good market growth rates, while the market's sales volumes of fruit preparations in Europe and the US are stagnating at a high absolute level

### FRUIT JUICE CONCENTRATES

- Largest producer of fruit juice concentrates in Europe (AUSTRIA JUICE)
- In general, optimisation measures taken in previous years show their positive effects
- Customer portfolio extended and new markets

27 FRUIT PREPARATION PLANTS &  
15 FRUIT JUICE CONCENTRATE PLANTS



■ Countries with production sites  
● Potential growth regions



## WHAT WE DID SUCCESSFULLY

### Fruit preparations

- **World market leader** in the production of fruit preparations
- **Investments** in growth regions → China, Algeria, India
- **Europe: structural measures** have been implemented; market shares were gained

FP for  
dairy:

**Fruit  
Preparations**



**Warm flavor  
Preparations**



**Cereal  
Preparations**



**Inclusions /  
Specialties**



**Savory  
Preparations**



### Fruit juice concentrates

- Successful merger AGRANA – Ybbstaler: **AUSTRIA JUICE** is now a **stronger player**





# WHAT WE WILL DO FOR FURTHER GROWTH

## Fruit preparations

- **Further investments** in growth regions
- We are **strong in other industries as well**; increased focus also on:

Ice-Cream



Food Service



Bakery



Beverages



## Fruit juice concentrates

- **New playing fields** (compounds, aromas) – specialities / value added
- And using of **synergies**: a) aromas made by JUICE for Fruit Prep; b) using FP sites for compound production...

Beverage  
Compounds



Fruitwine



Aromas  
(Comp)



Fruit Purees



De-ionized FJC





## FRUIT SEGMENT

### Fruit preparations

- **Spoonable fruit yoghurt** (main market of the FP division) is expected to **grow only slightly**
- Global market growth is driven by **drinkable yoghurt** and **natural yoghurt** categories
- **Western Europe and North America** are predicted to see a **contraction** in the spoonable fruit yoghurt segment
- Regions such as **South America, Middle East, Europe and North America** currently **negatively affected**

### Fruit juice concentrates

- Continuing **good demand for apple juice concentrate** projected for spring 2020
- Most of available apple juice concentrate from 2019 crop has **already been contractually placed** with customers
- Contractual placement of **berry juice concentrates** from the 2018 crop is **complete**



- The sales markets for fruit yogurt in the western **industrialised countries are saturated**
- Growth of **plant-based food**
- **Consumer demands for naturalness and sustainability** are increasing worldwide (who pays for it?)
- **Premiumisation** of the **ice cream** market
- Developing **fruit applications** will become a more important core competence
- **Cost pressure** requires **efficiency** increases
- Fragmentation and shortened product life cycles will lead to **more complexity**
- **Technology and digitalisation**, especially with regard to transparency and traceability of ingredients



FRUIT SEGMENT

# GLOBAL CONSUMER TRENDS



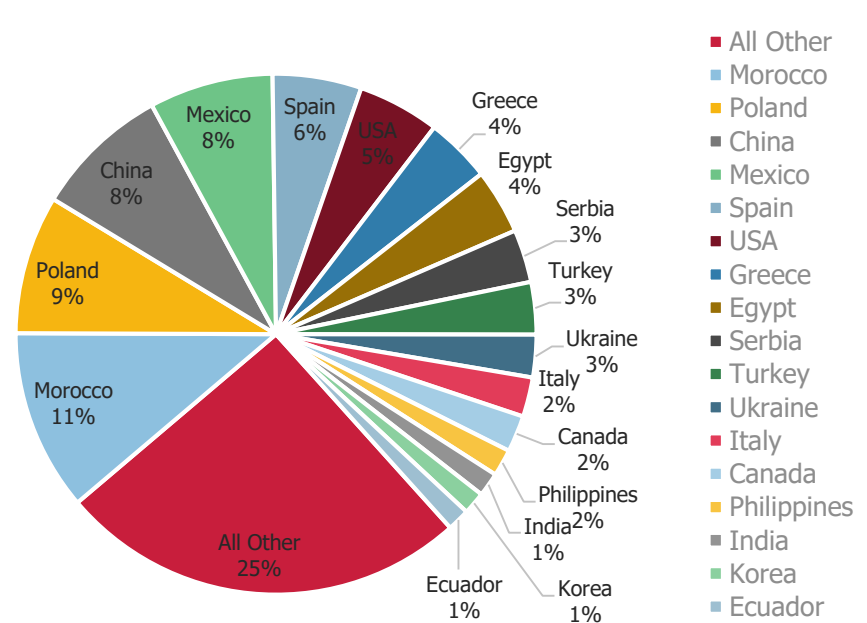
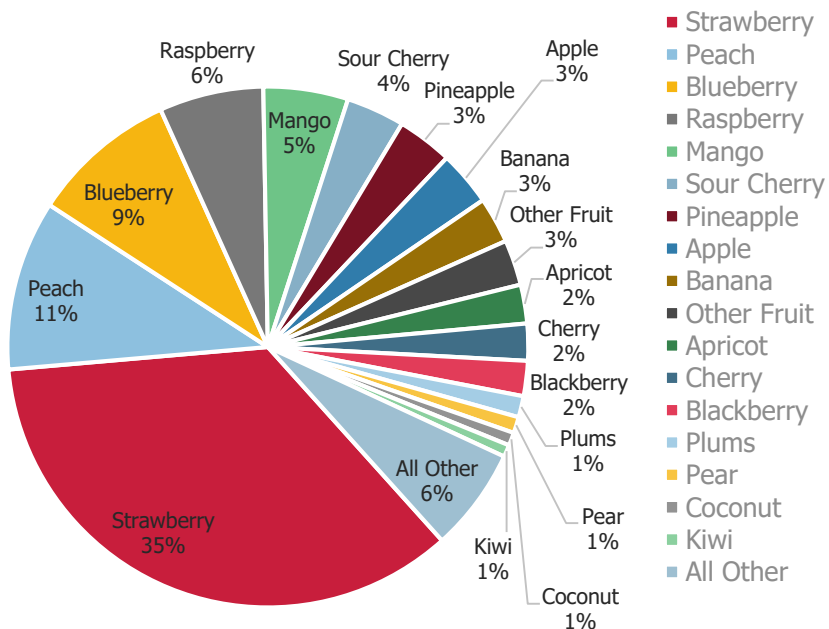


## FRUIT PREPARATIONS

# COMPLEXITY – FRUIT SUPPLY CHAIN

- **180,000 tonnes of (frozen) fruits** out of
- 68 different origins
- **450 suppliers** worldwide
- **2,000 different fruit raw materials** of 70 different fruit categories
  - IQF fruits | Aseptic fruits | Fruit purees & concentrates

Selected frozen berries





FRUIT SEGMENT

# STRATEGY 2025

## CORE

Keep & Grow

Discover

**AGRANA Fruit**

*Strategy 2025*

And  
beyond

Boost to win

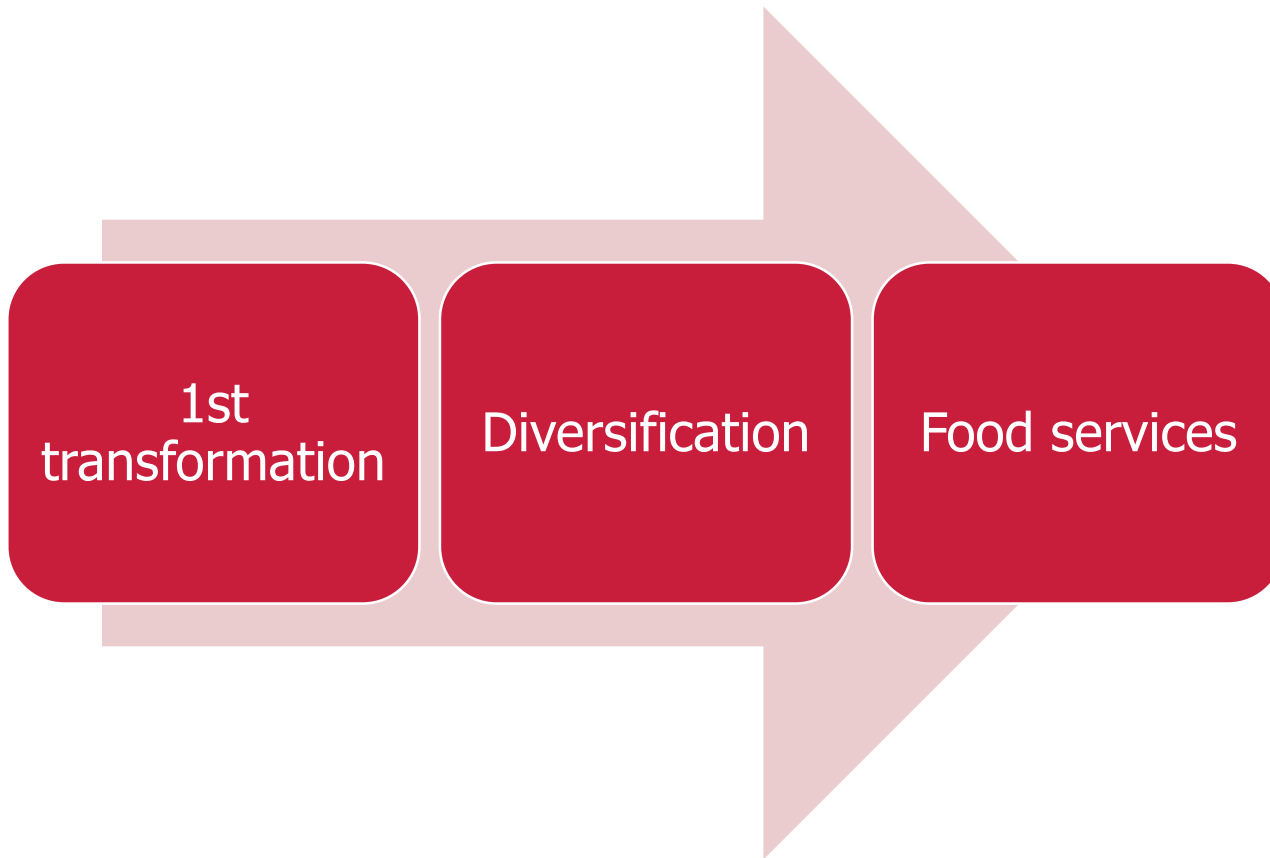
Fruits and more

Out of home



FRUIT SEGMENT

## OPPORTUNITIES

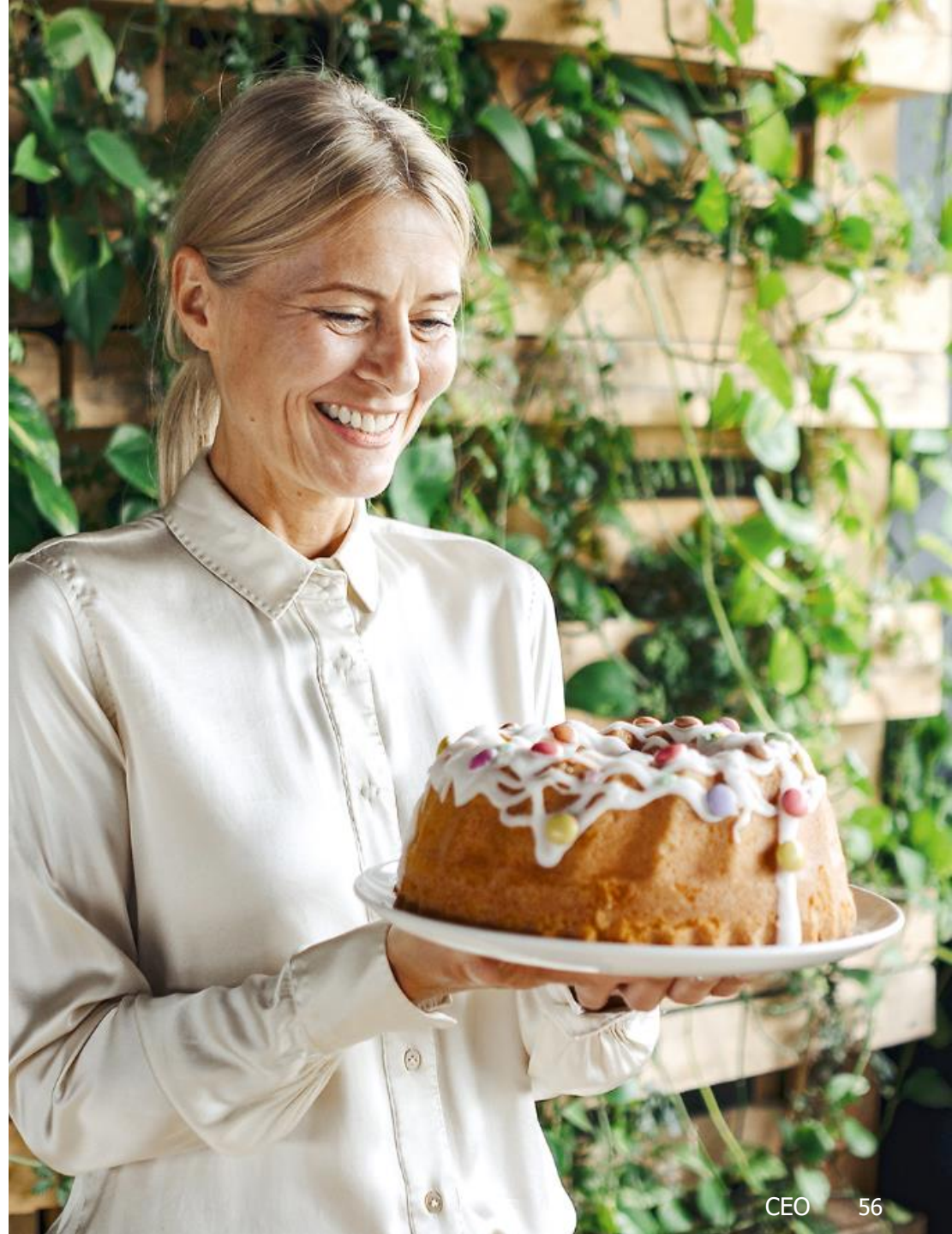






SUGAR

# THE FUTURE OF THE SUGAR BUSINESS



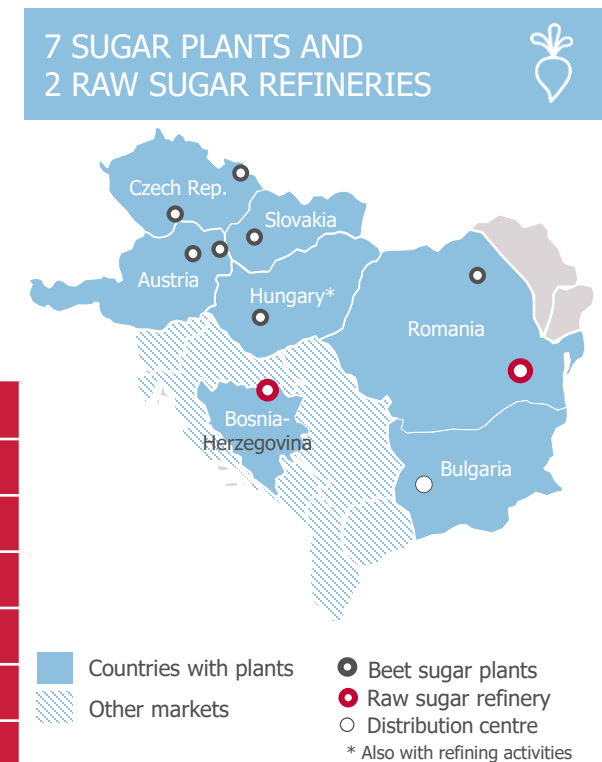


AGRANA SUGAR

## STRONG MARKET POSITION IN CEE AND SEE

- CEE area will continue to be a “sugar deficit region” (AGRANA is located in these main deficit areas)
  - Complexity in logistics and costs from Western Europe are somehow a protection of intra-EU imports
  - Defend and extend existing market share in CEE
- AGRANA has established **long-term relationships** with key sugar producers in the LDCs and ACPs (duty-free-imports)
- Uncertain market development requires **continuous flexibility**
- High volatility** expected

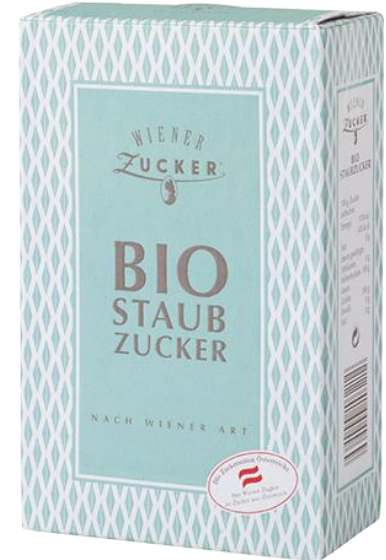
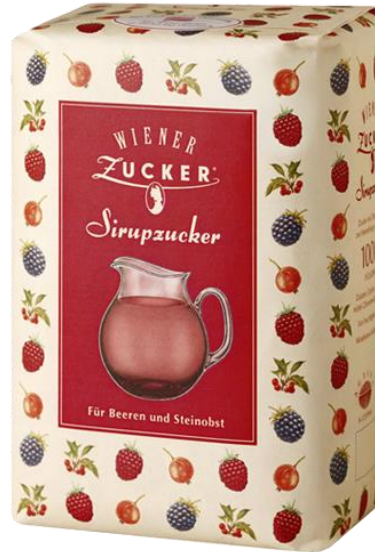
	MARKET POSITION
Austria	#1
Hungary	#1
Czech Republic	#2
Slovakia	#2
Romania	n/a
Bosnia and Herzegovina	n/a
Bulgaria	n/a





## AGRANA SUGAR RETAIL STRONG BRANDS

- Speciality products



- Focus on regional, branded products



**Wiener Zucker**  
Österreich



**Koronás Cukor**  
Ungarn



**Korunný Cukor**  
Slowakei



**Korunní Cukr**  
Tschechien



**Zahira**  
Bulgarien



**Mărgăritar Zahăr**  
Rumänien



**AGRAGOLD**  
Bosnien-Herzegowina





## MARKET ENVIRONMENT IN Q1-3 2019|20 (1)

### ■ **World sugar market**

- World market price for sugar fluctuated at a low level, even **new ten-year low for white sugar** in July 2019
- Despite a small deficit in the SMY 2018|19, **considerable inventories**, notably in India, led to **low prices**
- **Significant deficit** expected for **SMY 2019 | 20** is also regarded as **only moderately supportive** for sugar price development

### ■ **EU sugar market**

- In the **SMY 2018 | 19**, **sugar production in the EU** was around **17.6 million tonnes** (yoy **decline** of around **17%**); due to the once again very dry weather in summer 2019, the EC also expects only **17.5 million tonnes** of sugar for the **SMY 2019 | 20** according to the August forecast
- **Further price increase is expected** for the next several months
- Potentially **limited availability** of sugar in **deficit regions**



# RAW SUGAR & WHITE SUGAR SUGAR QUOTATION

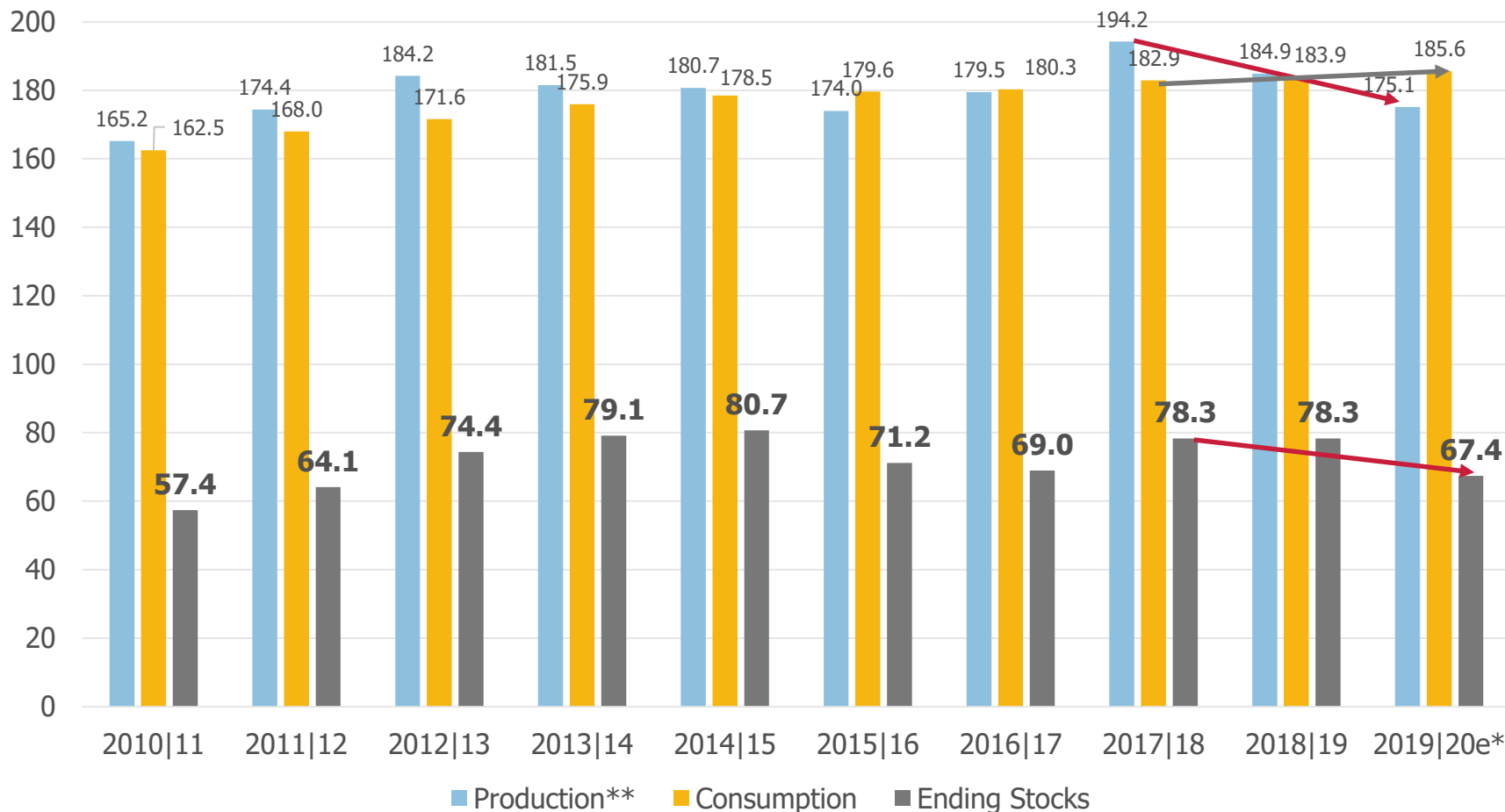
1 January 2006 – 12 February 2020 (USD)





# WORLD SUGAR PRODUCTION & CONSUMPTION

Million tonnes



Source: F.O. Licht (6 January 2020)

\* Estimate

\*\* Production: October-September



## MARKET ENVIRONMENT IN Q1-3 2019|20 (2)

### ■ World sugar market

- World market price for sugar fluctuated at a low level, even **new ten-year low for white sugar** in July 2019
- Despite a small deficit in the SMY 2018|19, **considerable inventories**, notably in India, led to **low prices**
- **Significant deficit** expected for **SMY 2019 | 20** is also regarded as **only moderately supportive** for sugar price development

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- **Further price increase is expected** for the next several months
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## SUGAR PRICE REPORTING

# MONTHLY EU AVERAGE PRICES

(JANUARY 2011 TO JANUARY 2020; € PER TONNE)

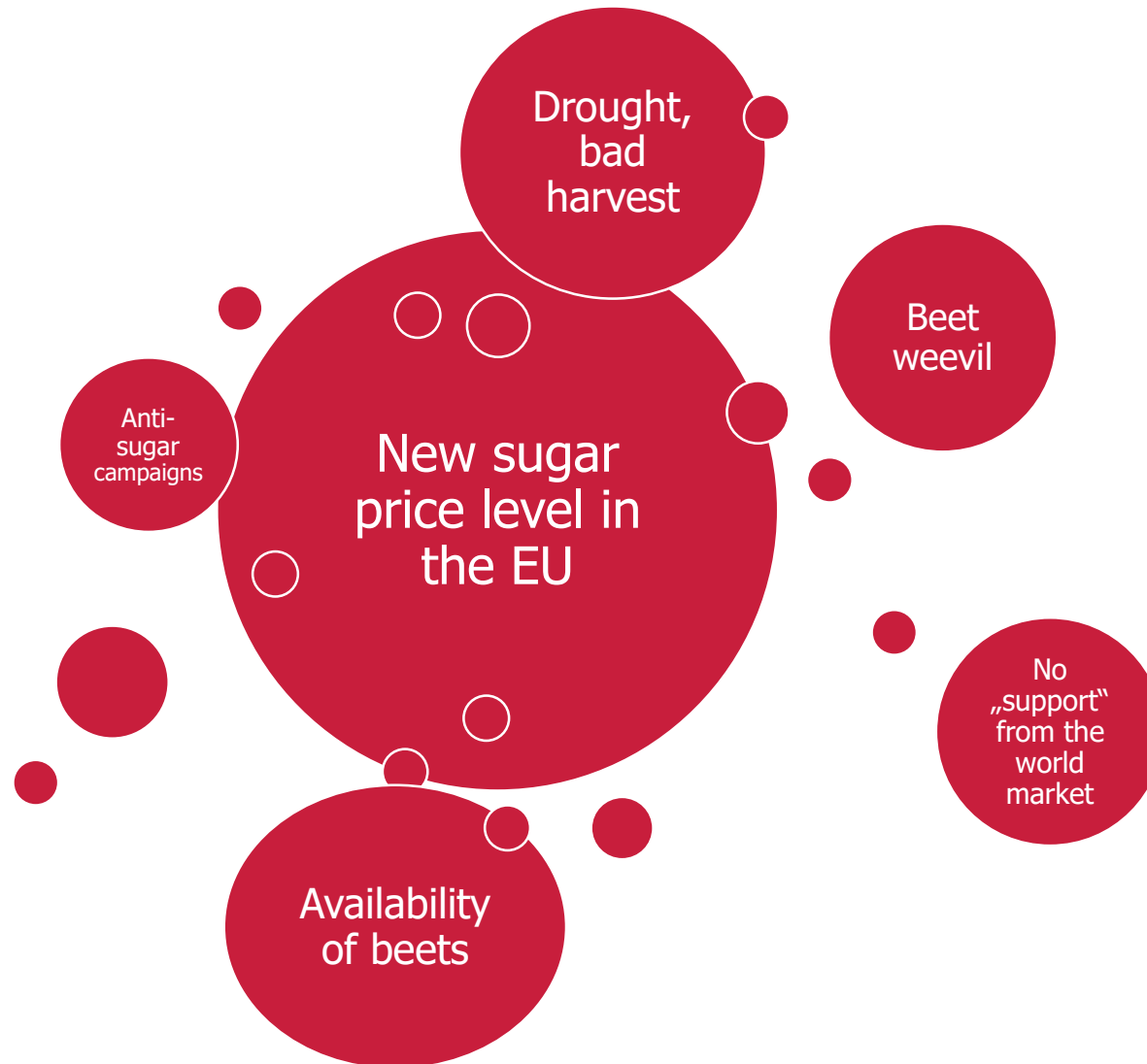


Source: European Commission (as of 29 January 2020) and SugarOnline (as of 3 February 2020)



SUGAR SEGMENT

## CHALLENGES FOR AGRANA (IN THE LAST 2.5 YEARS)





## EU AGRICULTURAL OUTLOOK (1)

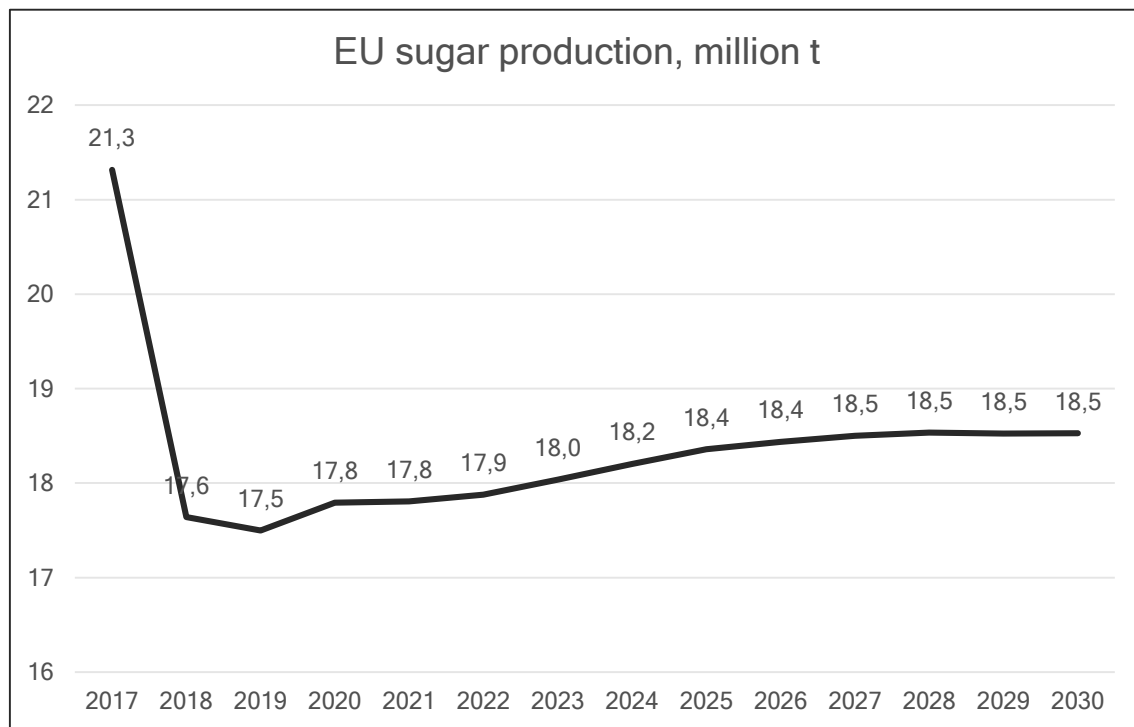


Figure 1: EU sugar production 2017-2030

Figure 1 illustrates the outlook for the EU sugar production from 2017 to 2030.

- data shows significant drop of production from 2017 to 2018, consolidation of production around 17,800,000 tonnes throughout the next years;
- data projects slight, linear increase of production by 700,000 tonnes to 18,500,000 tonnes by 2030 (4 percent increase).



## EU AGRICULTURAL OUTLOOK (2)

EU white sugar price vs world price and reference threshold, EUR/t

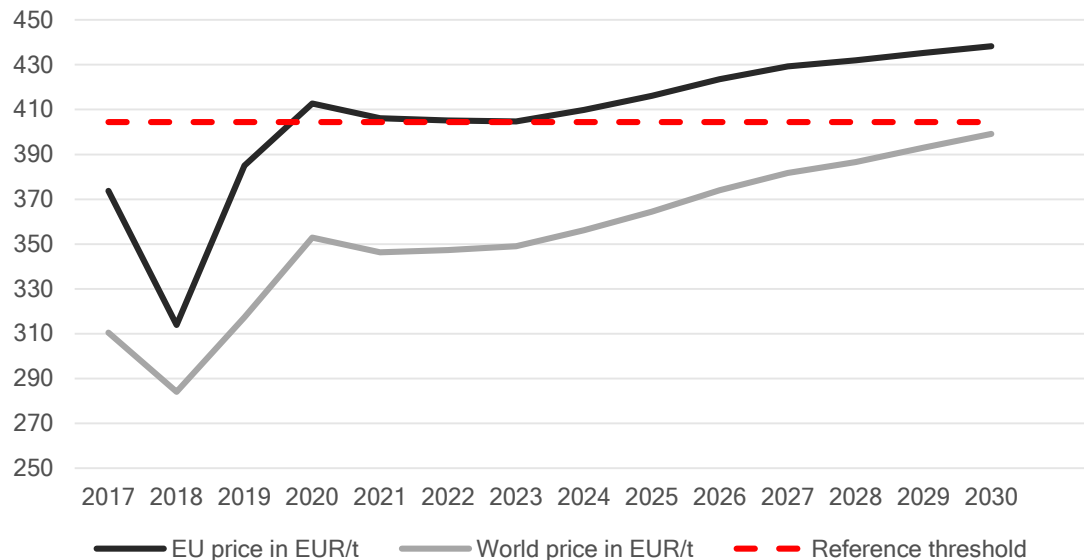


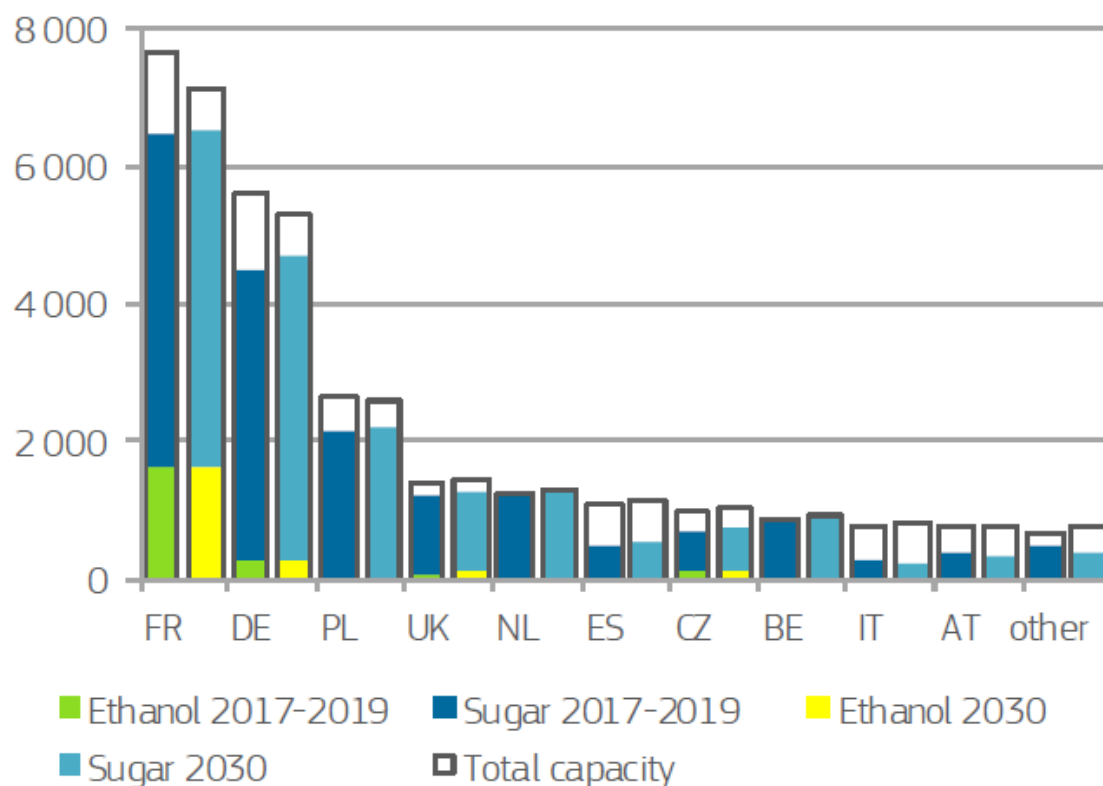
Figure 7: EU sugar price vs World price

Figure 7 illustrates the outlook for the EU sugar price compared to the World sugar price and the reference threshold between 2017 and 2030.

- chart suggests that both EU price and World price will recover from significant drop in prices since 2017 and climb until 2020;
- EU price is expected to stagnate around EU reference threshold levels before starting to appreciate towards 438 EUR per tonne in 2030 (up 40 percent compared to 2018);
- World price is projected to follow a similar curve, ascending to 350 EUR per tonne in 2020 and towards 400 EUR per tonne in 2030.

# EU AGRICULTURAL OUTLOOK (3)

**GRAPH 3.19** Beet slicing capacity utilisation in selected Member States, 2017-2019 and 2030 (1 000 t w.s.e.)

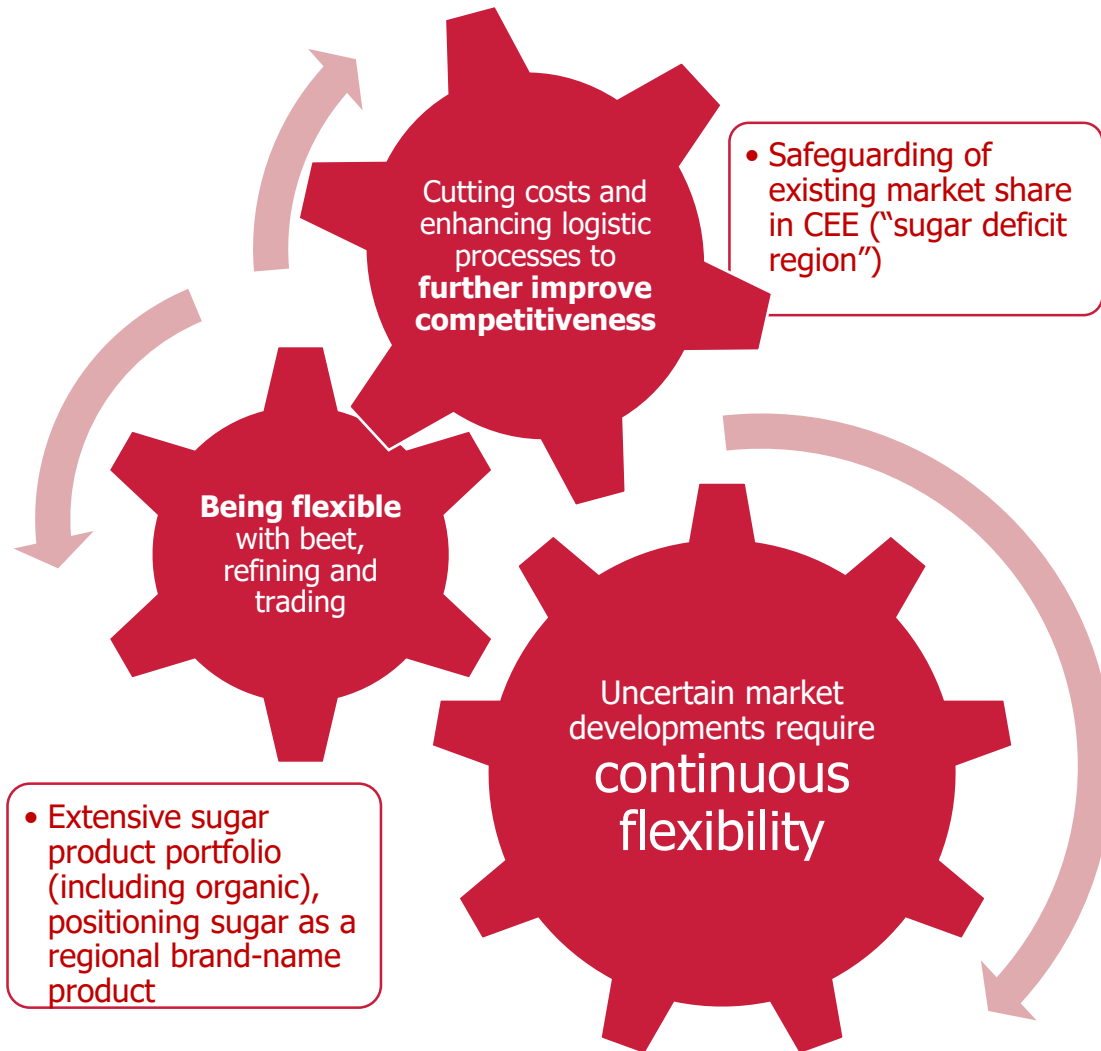


Source: AGMEMOD simulation.



SUGAR SEGMENT

# SUGAR STRATEGY





## CONTENTS (DAY 2)

**D**  
**a**  
**y**  
**1**

1

Short introduction, business overview (CEO)

2

Highlights Q1-3 2019|20 incl. financial statements (CFO)

3

Latest News & Outlook for 2019|20 (CEO)

4

Strategy update; challenges & competencies; sustainability/ESG (CEO)

5

New challenges in the Fruit segment (CFO)

6

The future of the sugar business (CEO)

7

Growth opportunities in the Starch segment (CSO)

8

Wheat starch plant II: from the ethanol plant to a biorefinery (CTO)

9

Factory tour – Wheat starch plant II

**D**  
**a**  
**y**  
**2**



STARCH

# GROWTH OPPORTUNITIES IN THE STARCH SEGMENT







STARCH SEGMENT

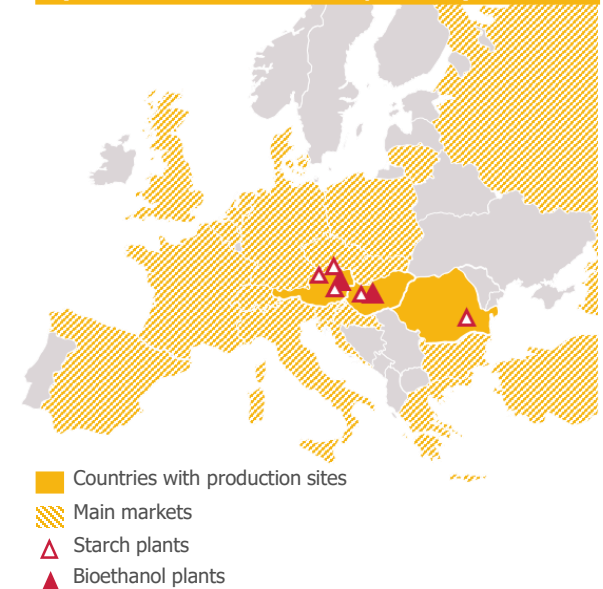
## MARKET POSITION

### 5 production sites in Europe:

- Potato starch factory in Gmünd|AUT
  - Corn starch plant in Aschach|AUT
  - Bioethanol & wheat starch plant in Pischelsdorf|AUT
  - Corn starch plant in Tandarei|RO
  - Joint Venture Bioethanol & corn starch plant Hungrana Szabadegyhaza|HU
- 
- Focus on highly refined speciality products
  - Innovative, customer-driven products supported by application advice
  - Global leading position in organic and GMO-free starches

### STARCH

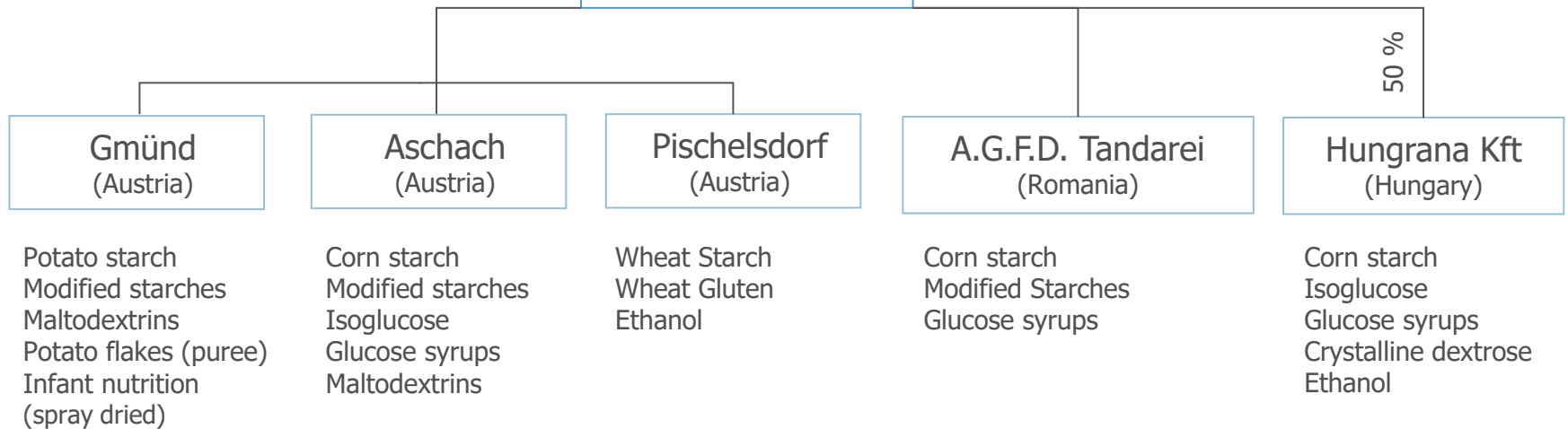
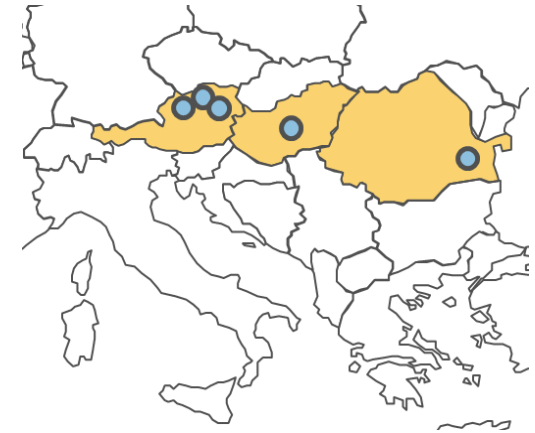
5 starch plants  
(incl. 2 bioethanol plants)





STARCH SEGMENT

# ORGANISATIONAL CHART & STRUCTURE





## STARCH SEGMENT

# FIELDS OF APPLICATION OF STARCH PRODUCTS

sweets, soft drinks



food industry



building industry



pharmaceuticals



paper industry,  
corrugated cardboard

textile industry

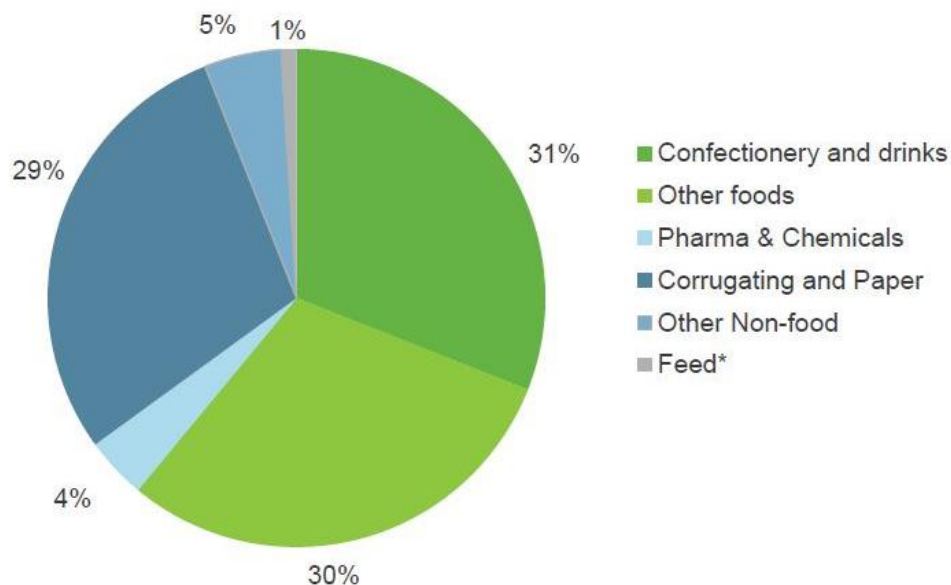
cosmetics industry

animal feed



## STARCH SEGMENT

# MAIN STARCH APPLICATIONS EU



**Total Market:** 9.3 million tonnes

\* Excluding co-products amounting to about 5 million tonnes



Source: industry statistics compiled and audited by PriceWaterhouseCoopers



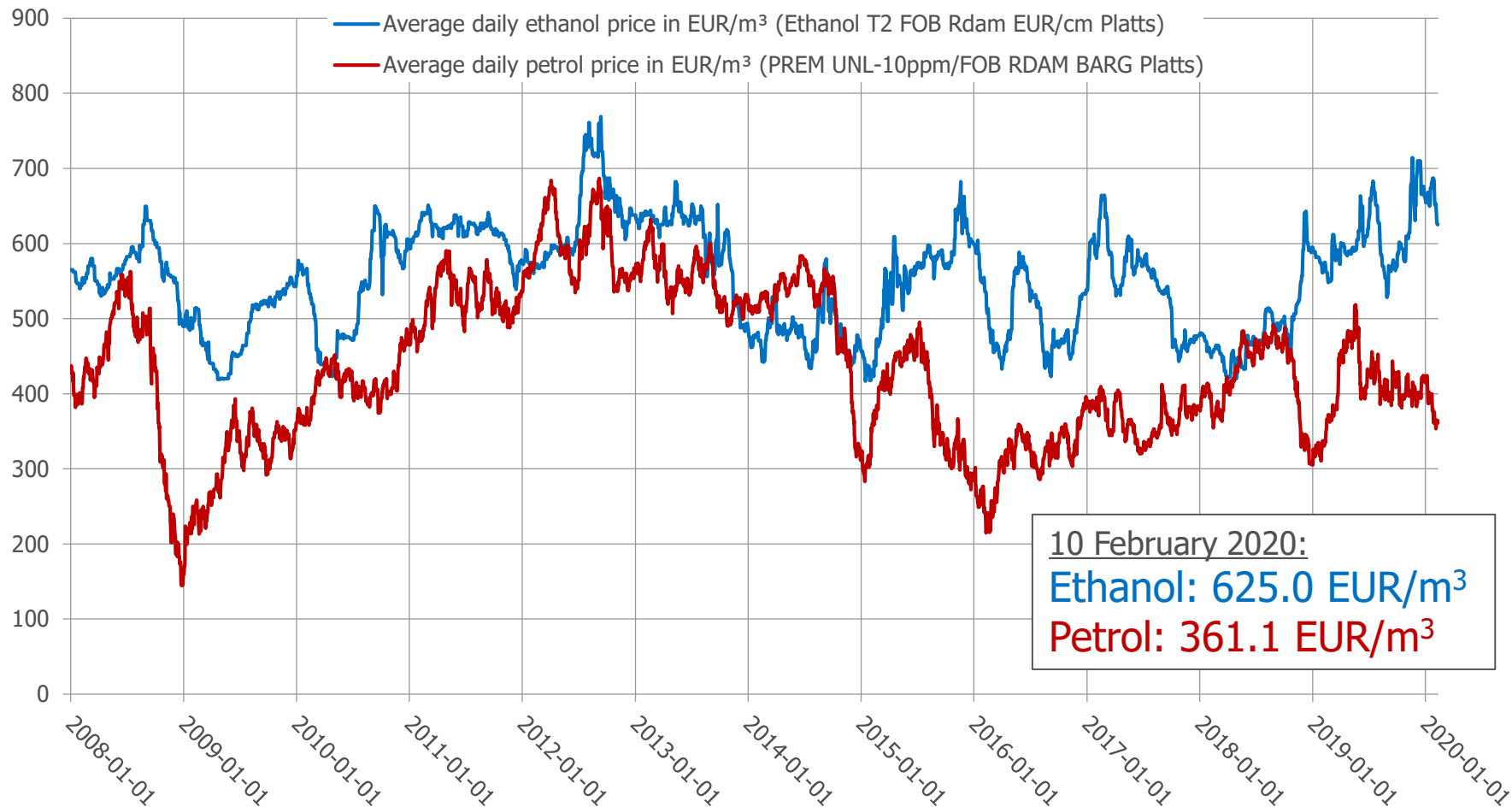
## STARCH SEGMENT

- **Bioethanol:** rising demand in Europe after a long period of uncertainty
- Stable business for **native and modified starches** (especially in the food sector)
- **Isoglucose:** still **high pressure on prices** and margins; particularly in Central and Eastern Europe -> new installed capacity -> supply significantly exceeded demand
- **Wheat gluten:** based on the current and expected production growth rate prices are under pressure
- **Increasing demand** from the **paper industry** (E-Commerce business requires high amount of packaging material)



1 JANUARY 2008 – 10 FEBRUARY 2020 (EUR)

# ETHANOL AND PETROL PRICES





## STARCH SEGMENT

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## STARCH SEGMENT

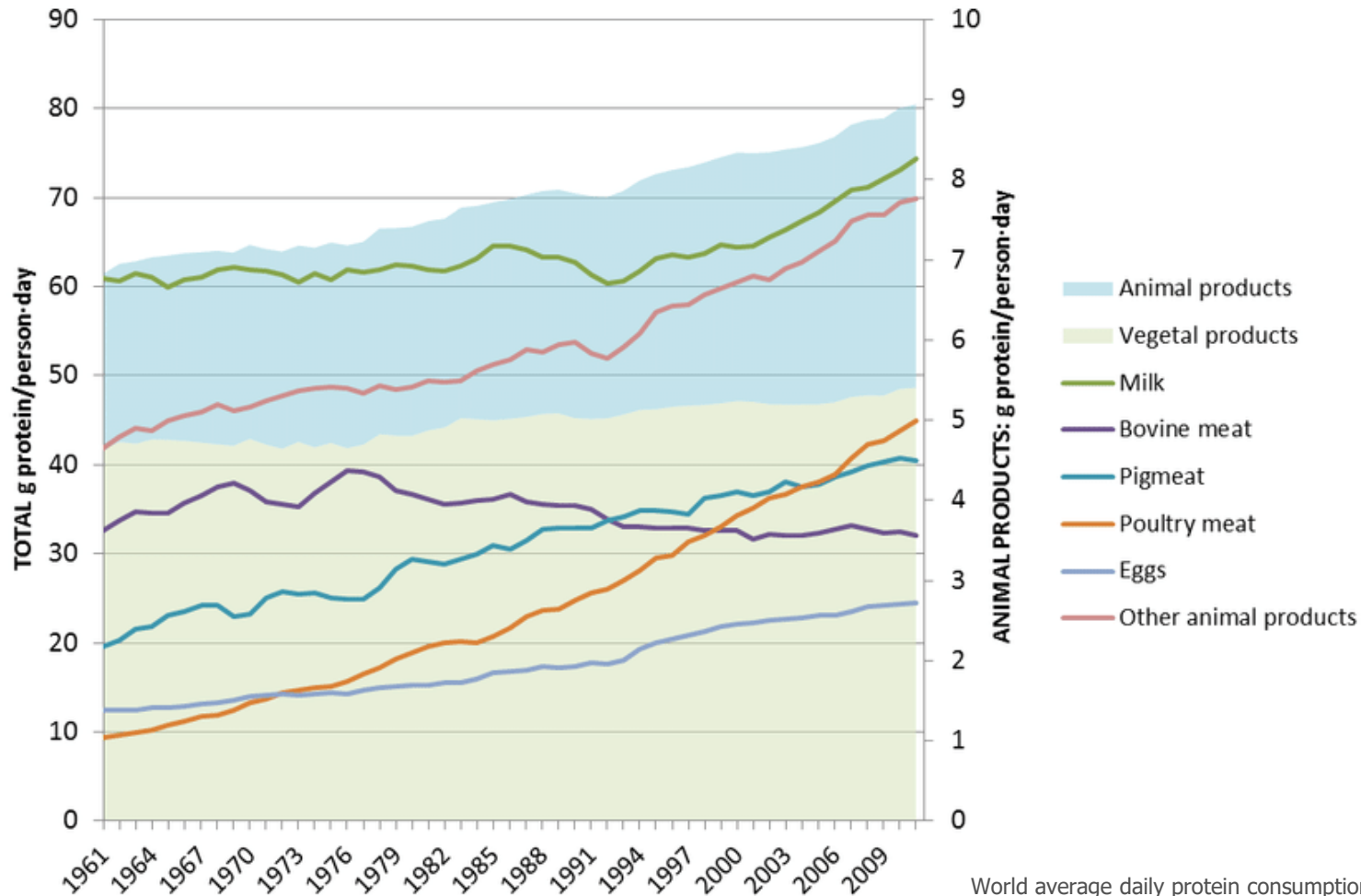
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## STARCH SEGMENT

# GROWING PROTEIN DEMAND TO FEED THE WORLD



World average daily protein consumption per capita by protein type and by animal source product. (FAOSTAT, 2015)



## STARCH SEGMENT

- **Bioethanol:** rising demand in Europe after a long period of uncertainty
- Stable business for **native and modified starches** (especially in the food sector)
- **Isoglucose:** still **high pressure on prices** and margins; particularly in Central and Eastern Europe -> new installed capacity -> supply significantly exceeded demand
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# E-COMMERCE: 2,760 PACKAGES/SEC. WORLDWIDE

## Amount of annually transported packages worldwide\*

- 2017: 74 billion
- 2018: 87 billion (= 2,760 packages per second)
- 2020e: 100 billion
- 2025e: 200 billion

\*Quelle: Parcel Shipping Index/Pitney Bowes





## MARKETS PAPER

### Paper production CEPI 18 countries (Source: CEPI):

	2011	2013	2016	2018	Trend
News-& printing paper:	42.9 mio t	38.0 mio t	33.9 mio t	32.1 mio t	↘
Packaging paper:	40.8 mio t	42.4 mio t	45.7 mio t	48.4 mio t	↗
Total	83.7 mio t	80.4 mio t	79.6 mio t	80.5 mio t	→

**1. Closing down of newspaper & printing paper capacities and conversion to packaging paper production**

**2. Packaging paper requires significantly higher amount of starch**





STARCH SEGMENT

## FUTURE KEY DRIVERS



Sugar vs. Starch  
saccharification products



Growing CEE markets



Growing market for "Clean  
Label" products



Growing market for organic  
and GMO-free products



Specialities / Refinery  
products



Protein



## STARCH SEGMENT OUTLOOK

We...



- ...have wide range of **raw materials** (corn, waxy corn, wheat, potato – organic/GMO-free)
- ...participate in very **diversified markets**
- ...have a wide **product portfolio**
- ...act with high **flexibility** – tailor made products
- ...have a highly qualified **R&D** team (new products/applications)
- ...have an excellent **link to customers**
- ...are **embedded** in the AGRANA/Suedzucker group
- ...are **integrated**, well **established** and highly **efficient**





Q1-3 2019|20

# INVESTMENT OVERVIEW



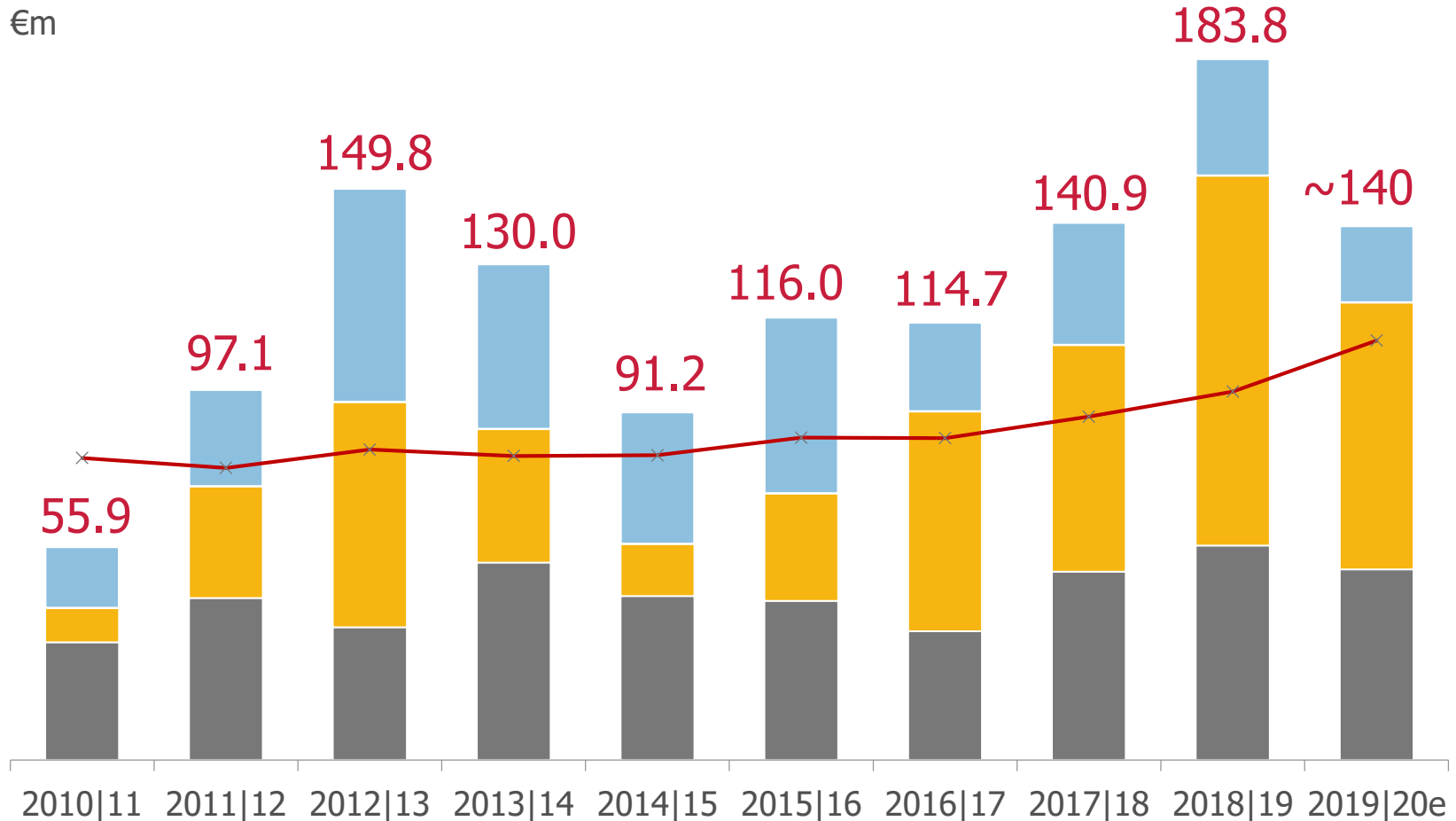




## INVESTMENT FOR SUSTAINABLE GROWTH CAPEX EVOLUTION

**€ 1.2 billion**  
investment in 10y

■ Fruit ■ Starch ■ Sugar ✕ Deprec. GROUP





## CURRENT PROJECTS

# MANUFACTURE OF CRYSTALLINE BETAINES

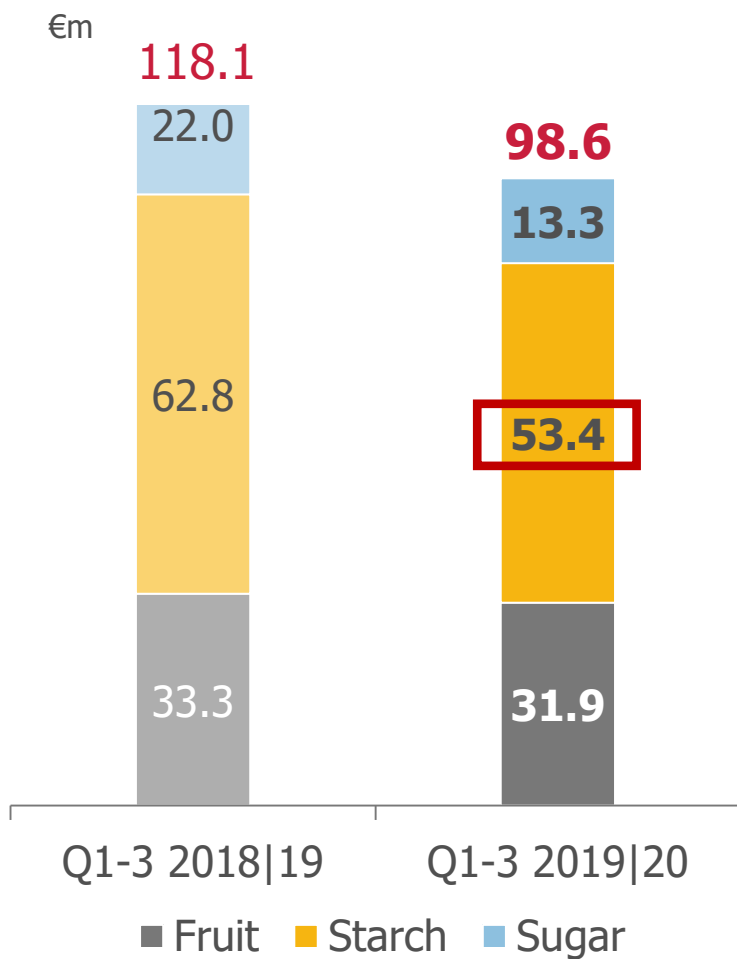
- The construction of the betaine crystallisation plant in Tulln, Austria, is proceeding well and the facility will increase value added to the Sugar segment from the second quarter of 2020/21
- Production of **crystalline betaine** (component of animal feedstuffs, in food supplements and sports drinks, in cosmetic products) under a JV between AGRANA and The Amalgamated Sugar Company (USA)
- Completion in early summer 2020
- **Investment:** approx. **€ 40 million**
- 16 new jobs
- New plant, with a production capacity of around **8,500 metric tonnes** of crystalline betaine per year





## MOST IMPORTANT PROJECTS IN THE GROUP

# INVESTMENT OVERVIEW



### Q1-3 2019|20

#### FRUIT

- Second production line at new plant in China
- New lab for product development in Mitry-Mory, France

#### STARCH

- Expansion of the wheat starch plant in Pischelsdorf, Austria
- Expansion of the corn starch derivatives plant in Aschach, Austria
- Measures to enable more specialty corn processing in Aschach

#### SUGAR

- Completion of the new warehouse for finished product in Buzău, Romania
- New sugar centrifuges for reduction of energy consumption in Hrušovany, Czech Republic

## GROUP



MAIN PROJECT IN 2019|20

## WHEAT STARCH CAPACITY INCREASE

- 2<sup>nd</sup> wheat starch plant in Pischelsdorf, Austria, was **completed on schedule**
- The plant **successfully began operation at the end of November 2019** and will already contribute significant product quantities to the Starch segment's sales volumes in the fourth quarter of 2019|20
- Total investment: **€ 102 million**
- **45 new jobs**
- **Further expansion of AGRANA's market position** in the starch market



### Pischelsdorf site

Processed raw  
materials (t)

Investment

**TOTAL:**

**1,190,000**

**€ ~300 million (2005 -2019)**

**~ 3,300 tonnes  
processing capacity per  
day**



# The perfect biorefinery







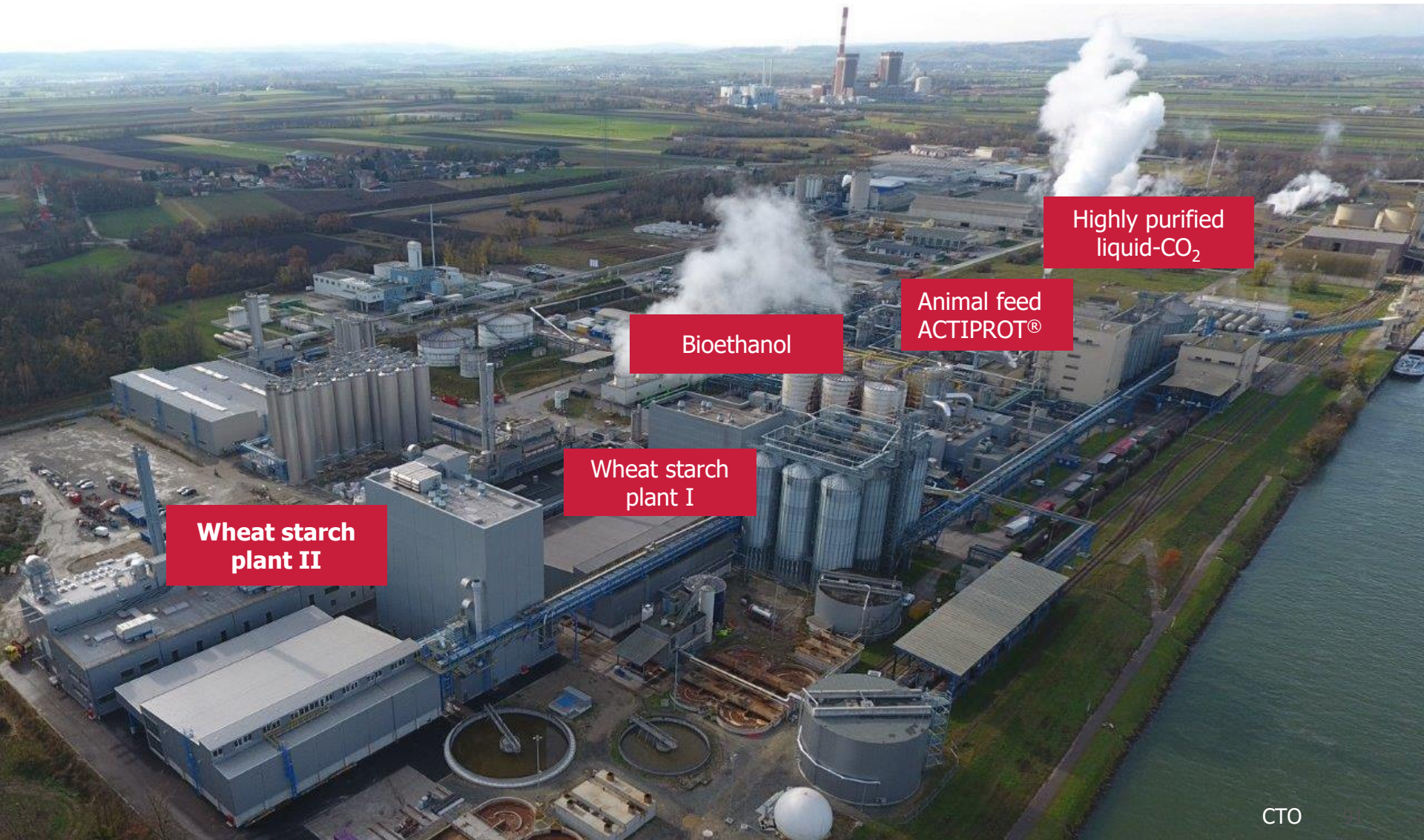
## Investment:

Bioethanol: € 130 million 2006–2008

WSA I: € 70 million 2011–2013

WSA II: € 100 million 2018–2020

\*optimisation and minor investments are not stated here.



Highly purified  
liquid-CO<sub>2</sub>

Animal feed  
ACTIPROT®

Bioethanol

Wheat starch  
plant I

Wheat starch  
plant II

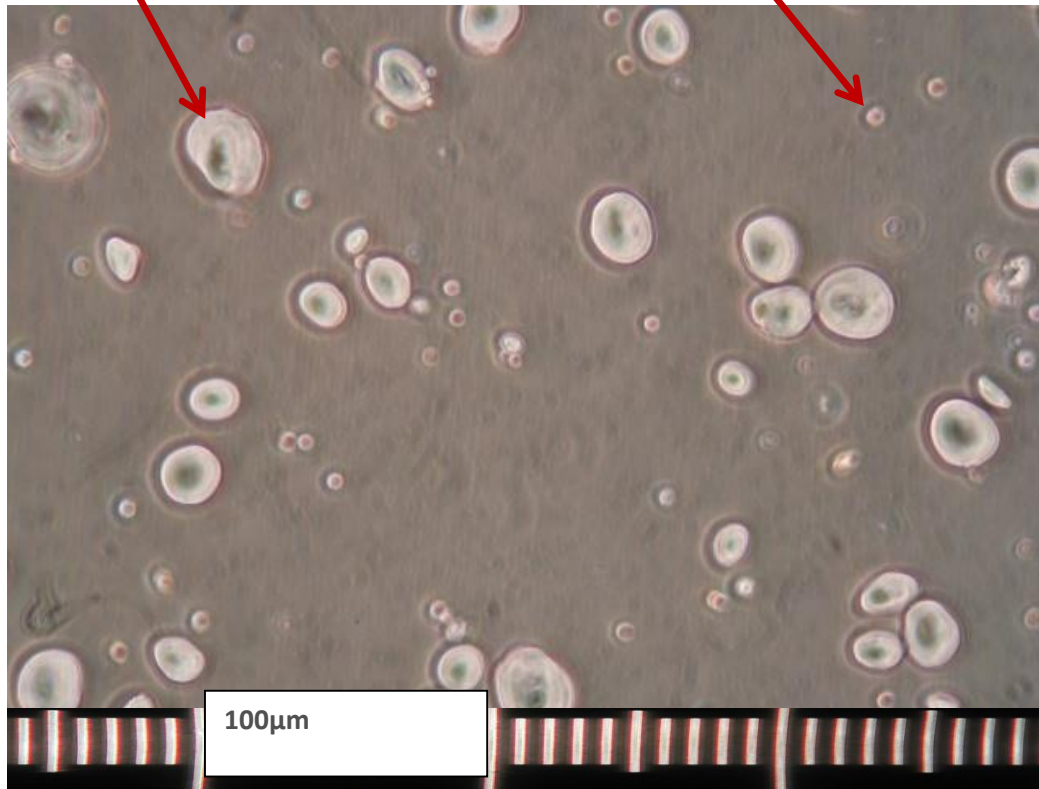


## STARCH SEGMENT

# WHY IS THE COMBINATION OF WHEAT STARCH AND ETHANOL REASONABLE?

A-Starch

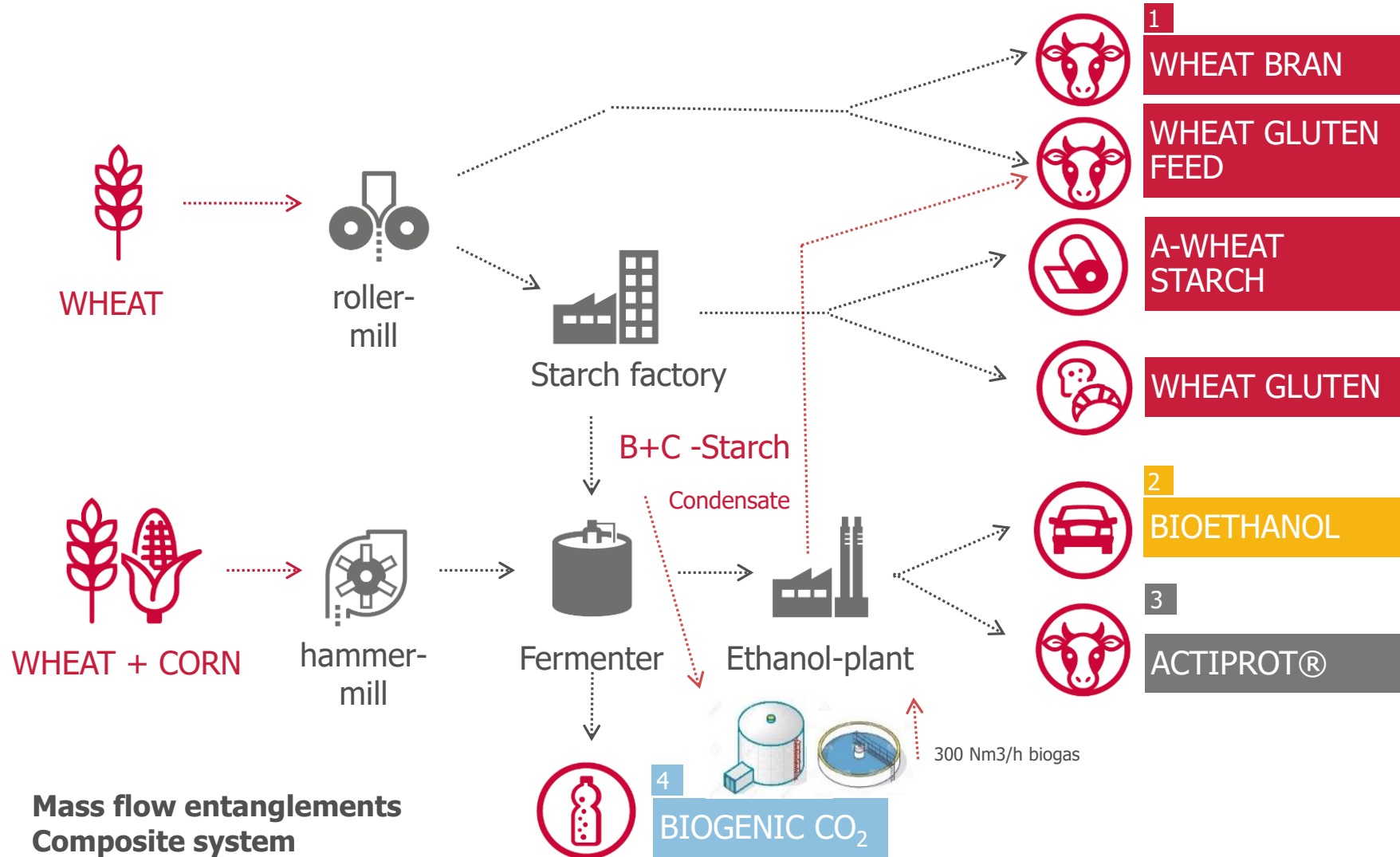
B-Starch



Around 50% of starch particles in wheat flour are too small for starch production.



# 100% UTILISATION OF RAW MATERIALS





BIOREFINERY

# WHAT END PRODUCTS ARE MANUFACTURED?

Gluten 50.000 t p.a.	A-Starch 260.000 t p.a.	Bio EtOH 250.000 m3 p.a.	Actiprot + WGF 260.000 t p.a.	Bran 35.000 t p.a.	CO2 80.000 t p.a. Airliquide



BIOREFINERY

# PISCHELSDORF USES REGIONAL WHEAT SURPLUSES

## Grain production AT, CZ, SK u. HU (wheat, barley and corn)

30.5 million t production (= 10% of the total EU-production)

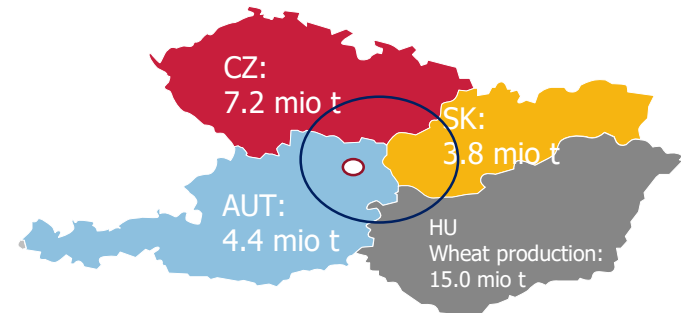
## Surplus of 5 million to 9 million tonnes

Forecasted processing capacity of 1.2 mio t in Pischelsdorf

Generates added value and increases staff

AGRANA is ISCC-certificated

→ For E10 in Austria no rain forests are cleared





BIOREFINERY

# SUSTAINABLE CLIMATE-FRIENDLY LOGISTICS



Train:

30% incl. EtOH

- 2 track connections for resources, DDGS, WGF, bran and wheat starch



Ship\*:

25%

- Loading and unloading unit with a capacity of 300 t/h
- Increase of range with Rhine/Main/Danube



Truck:

44%

- Flexibility



Tractor:

- Wet corn campaign
- No intermediaries, no drying costs

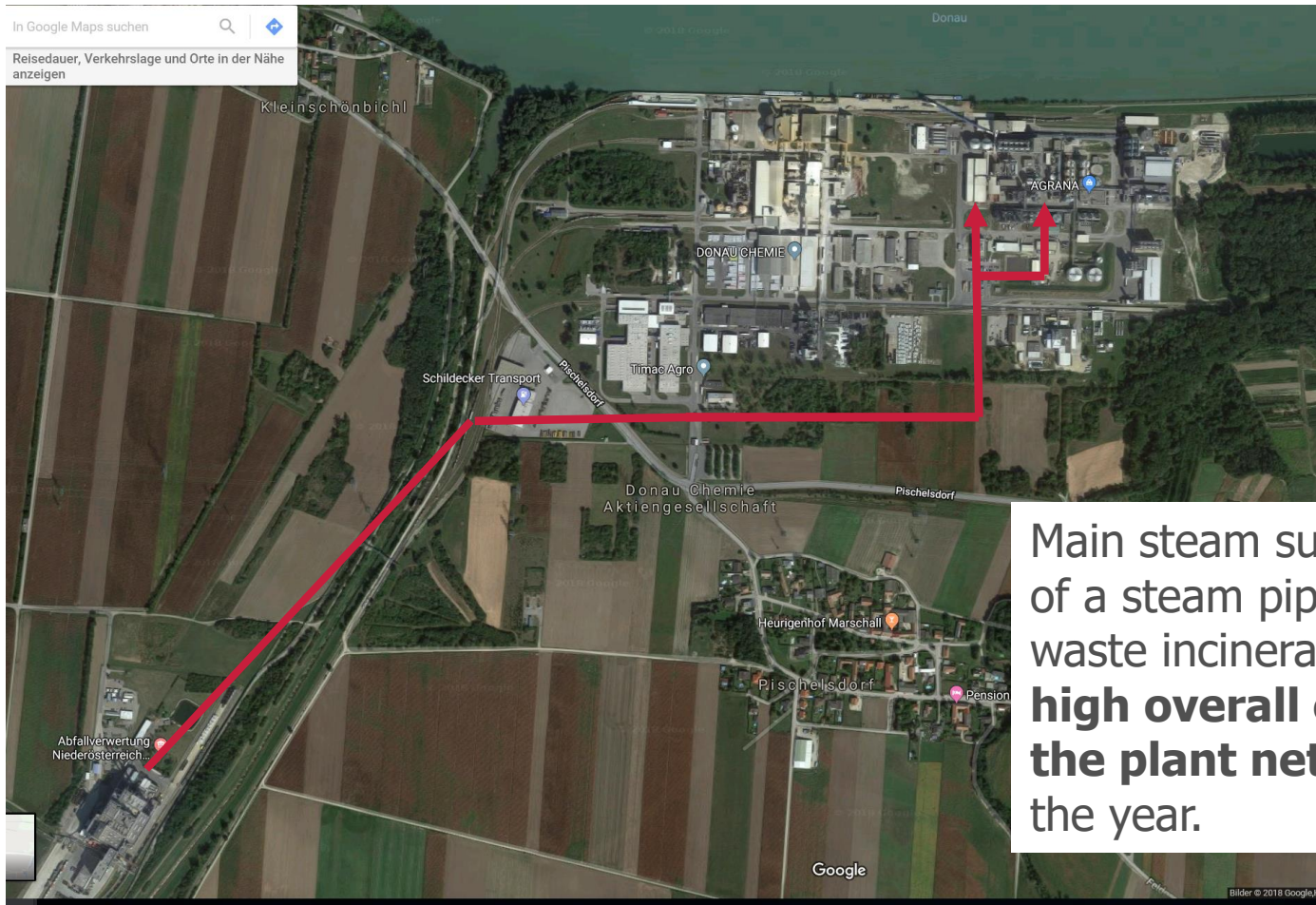
\*2014 a tower for ship unloading was built by Donauchemie/AGRANA to favour a climate-friendly transportation by ship.





BIOREFINERY

# SUSTAINABLE CLIMATE-FRIENDLY STEAM SUPPLY

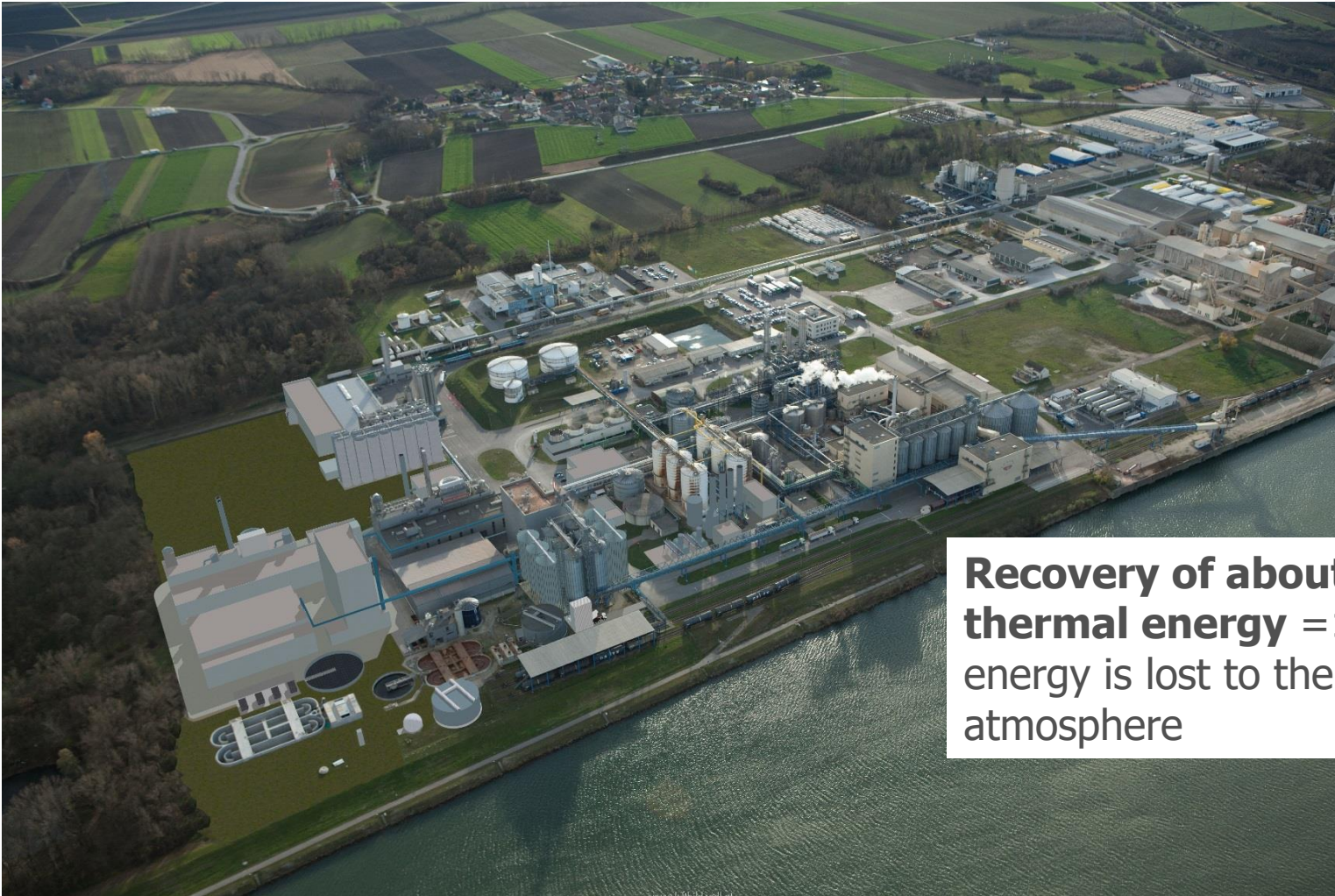


Main steam supply with the aid of a steam pipeline from a close waste incineration plant => **high overall efficiency of the plant network** all over the year.



BIOREFINERY

# HIGH INTEGRATION OF ENERGY WITHIN THE PLANT



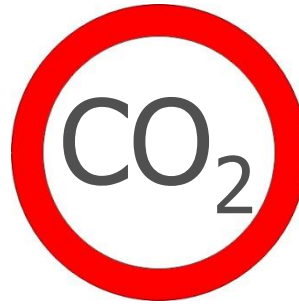
**Recovery of about 10 MW thermal energy** => less energy is lost to the atmosphere



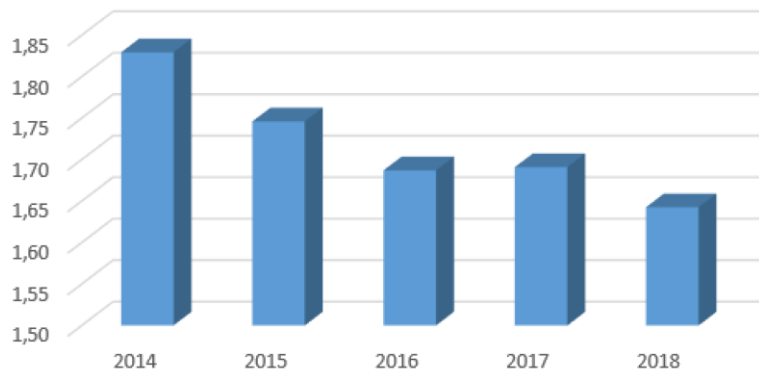


## BIOREFINERY

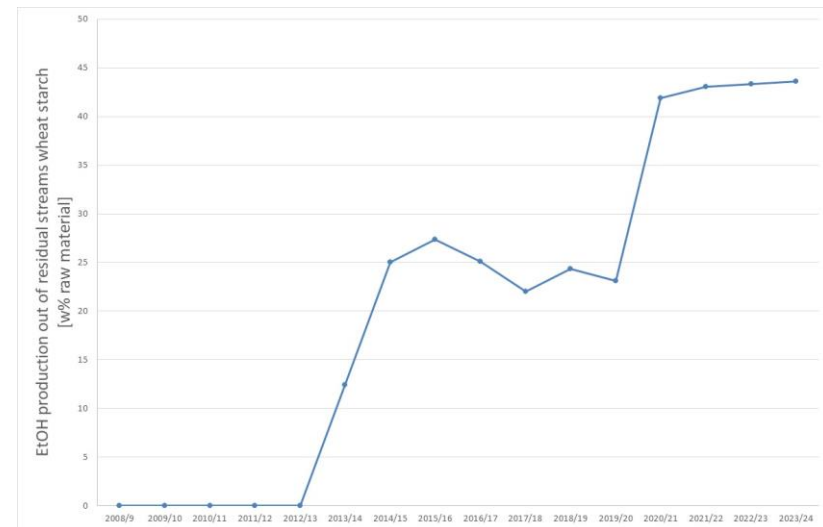
# WHAT ARE WE DOING TO MAKE ETHANOL CLIMATE-FRIENDLY?



Use of steam for the bioethanol production  
[MWh/m<sup>3</sup>]



Reduction of the specific use of energy through additional heat exchanger and process optimisation.



- More ethanol out of residues of the wheat starch => less CO<sub>2</sub>
- Use of fermentation CO<sub>2</sub> to be climate-neutral





## E10 WITH AUSTRIA BIOETHANOL

- Immediately available

AGRANA produces **enough bioethanol for blending of 10% (E10)** in Austria

By now only 5% (E5) are added to the fuel

- 40%: interior
- 60%: export -> loss of about **200,000 t** GHG-savings for Austria (assuming 25 €/t CO<sub>2</sub> -> € 5 million; assuming 40 €/t CO<sub>2</sub> -> € 8 million)



- BIOETHANOL REDUCES MISSING PROTEIN

Bioethanol is produced only out of starch from grain residues; the valuable amount of protein remains (in concentrated form) in the animal feed and replaces soy imports

- Market demand for concentrated proteins because of nutrition habits is served
- Production of 200,000 t of GMO-free **protein feedstuff ActiProt®** reduces protein feedstuff imports by the EU dramatically!



2019|20 AND 2020|21

## FINANCIAL CALENDAR

**7 May 2020**

**Results for full year 2019 | 20 (annual results press conference)**

23 June 2020

Record date for Annual General Meeting participation

3 July 2020

Annual General Meeting in respect of 2019|20

8 July 2020

Ex-dividend date

9 July 2020

Results for first quarter of 2020|21

9 July 2020

Record date for dividend

10 July 2020

Dividend payment date

8 October 2020

Results for first half of 2020|21

14 January 2021

Results for first three quarters of 2020|21



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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% and up to 50%, or less than -10% and not less than -50%
Very significant(ly)	↑↑↑ or ↓↓↓	More than 50%, or less than -50%