



IN OUR HANDS

[www.agrana.com](http://www.agrana.com)  
[mobile.agrana.com](http://mobile.agrana.com)



## AGRANA Beteiligungs-AG **Results for the first quarter of 2014 | 15**

1 March – 31 May 2014

Vienna, 10 July 2014



## — Highlights of Q1 2014|15 results

- First time adoption of IFRS 11 (Equity accounting)
- Successful start of the new fruit prep plant in the US

	Q1 2014   15	Q1 2013   14 <sup>1</sup>
Revenue	€ 647.2 million	€ 800.0 million
EBIT	€ 52.9 million	€ 59.6 million
EBIT margin	8.2 %	7.5 %
Profit for the period	€ 39.2 million	€ 39.9 million
EPS	€ 2.66	€ 2.65

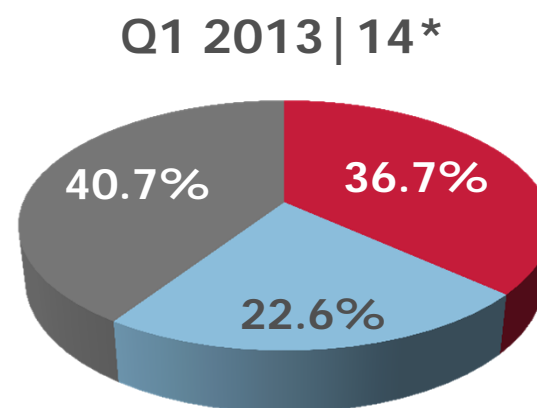
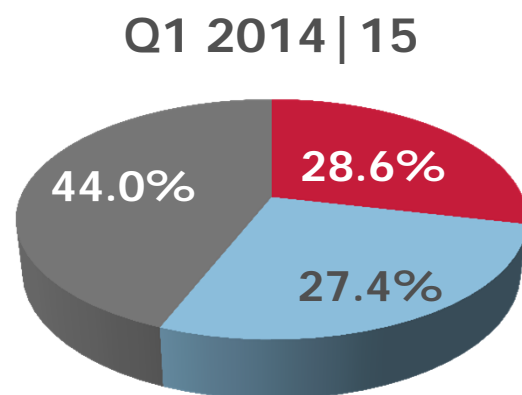
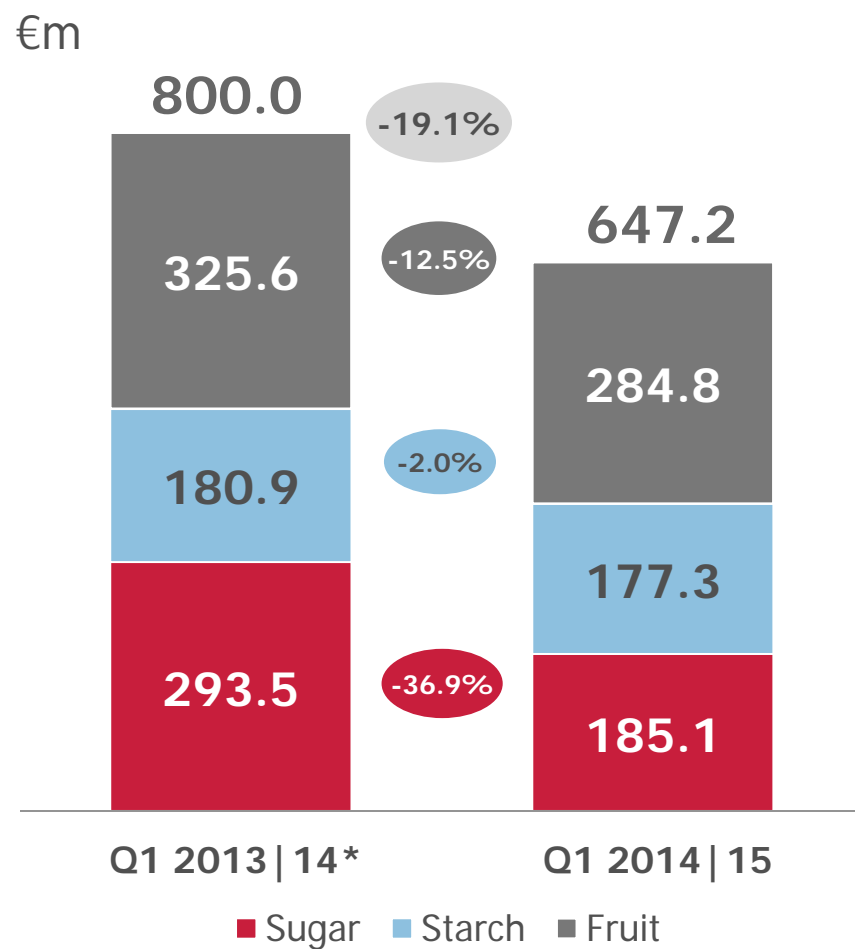
	31 May 2014	28 February 2013 <sup>1</sup>
Equity ratio	52.1 %	49.9 %
Gearing	34.0 %	32.4 %

<sup>1</sup> Restated according to IAS 8 (-> IFRS 11)



# Revenue by segment

— Q1 2014|15



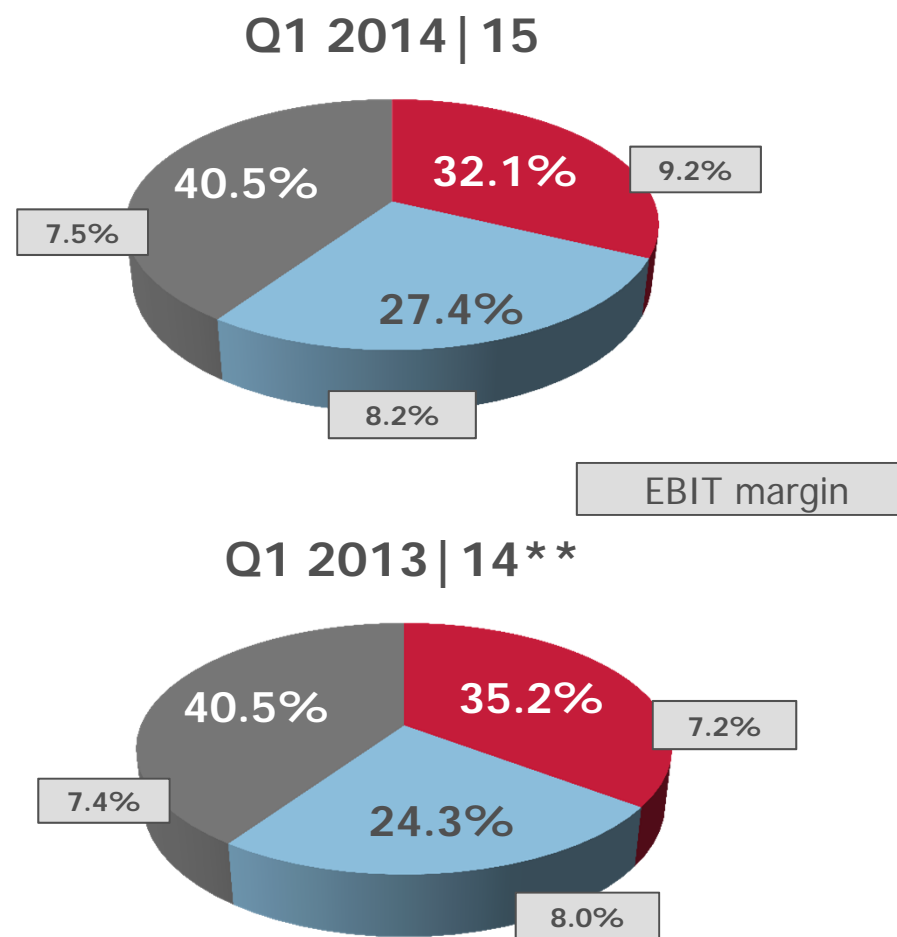
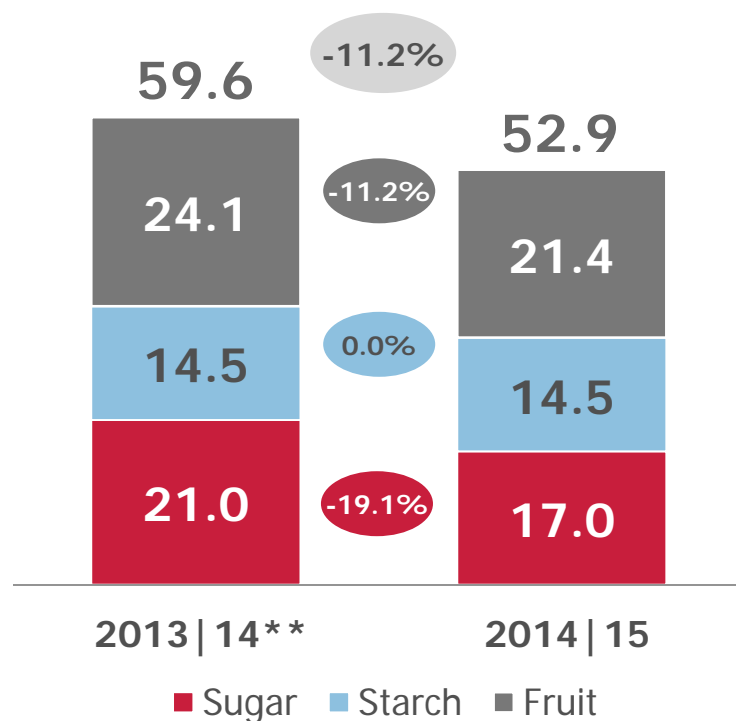
\* Restated according to IAS 8 (-> IFRS 11)

# Operating profit (EBIT)\* by segment

Q1 2014|15



€m

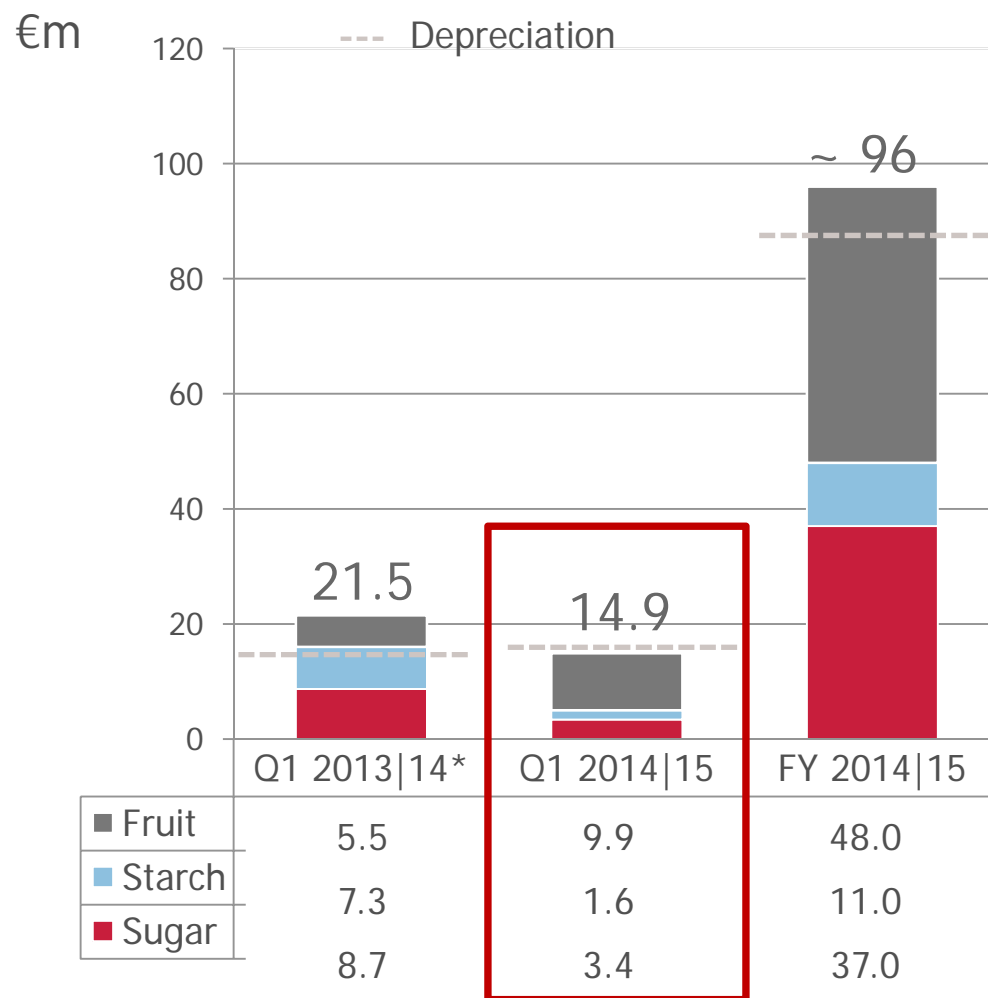


\* Operating profit after exc. items and results from JV

\*\* Restated according to IAS 8 (-> IFRS 11)

# Investment overview

— Q1 2014|15



\* Restated according to IAS 8 (-> IFRS 11)

## Most important projects in the Group:

- Start of reconfiguration of molasses desugaring plant in Tulln, Austria (**SUGAR**)
- Capacity expansion of waxy corn derivative production in Aschach, Austria (**STARCH**)
- Construction of new US fruit preparations plant in New York state, which opened in mid-May (**FRUIT**)
- Moving of production capacity for fruit juice concentrates within Austria from Gleisdorf to Kröllendorf site (**FRUIT**)



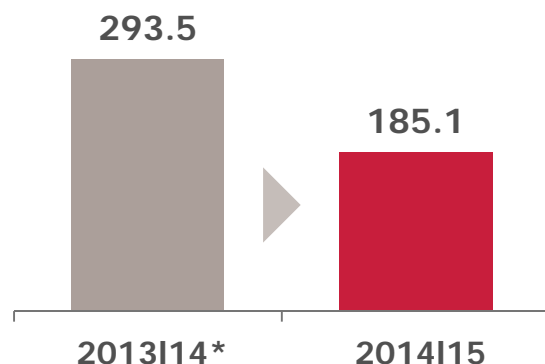
SUGAR

# SUGAR segment

## — Highlights Q1 2014|15



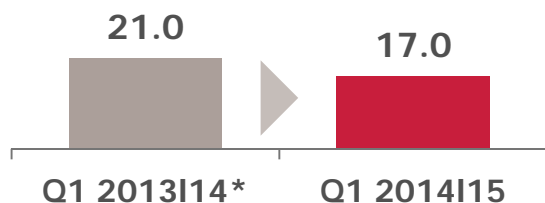
Revenue  
€m



### Revenue fell to € 185.1 million

- Reason was a reduction in sales prices and
- To a lesser extent, a small decrease in quantities sold to the industry
- Revenues from by-products rose slightly

EBIT  
€m



### EBIT down to € 17.0 million

- EBIT result of € 17.0 million was down from the high year-ago value
- Because of proactive measures the Sugar segment was able to contain this decrease at 19.1%, which was visibly less than the rate of the sales reduction

\* Restated according to IAS 8 (-> IFRS 11)

# Market environment

— Q1 2013|14



## SUGAR Segment

- Forecasts expect a decrease in world sugar production, the first such drop in five years
- However, supply is expected to continue to exceed demand, making further inventory growth and greater pressure on prices the likely scenario
- In the current SMY 2013|14, with predicted total EU sugar production of 16.8 million tonnes (prior year: 17.4 million tonnes) and stable production of quota sugar, preferential imports are expected to increase
- Therefore, if the European Commission does not take any further exceptional measures, sugar demand and supply are likely to be in balance for SMY 2013|14

## STARCH Segment

## FRUIT Segment





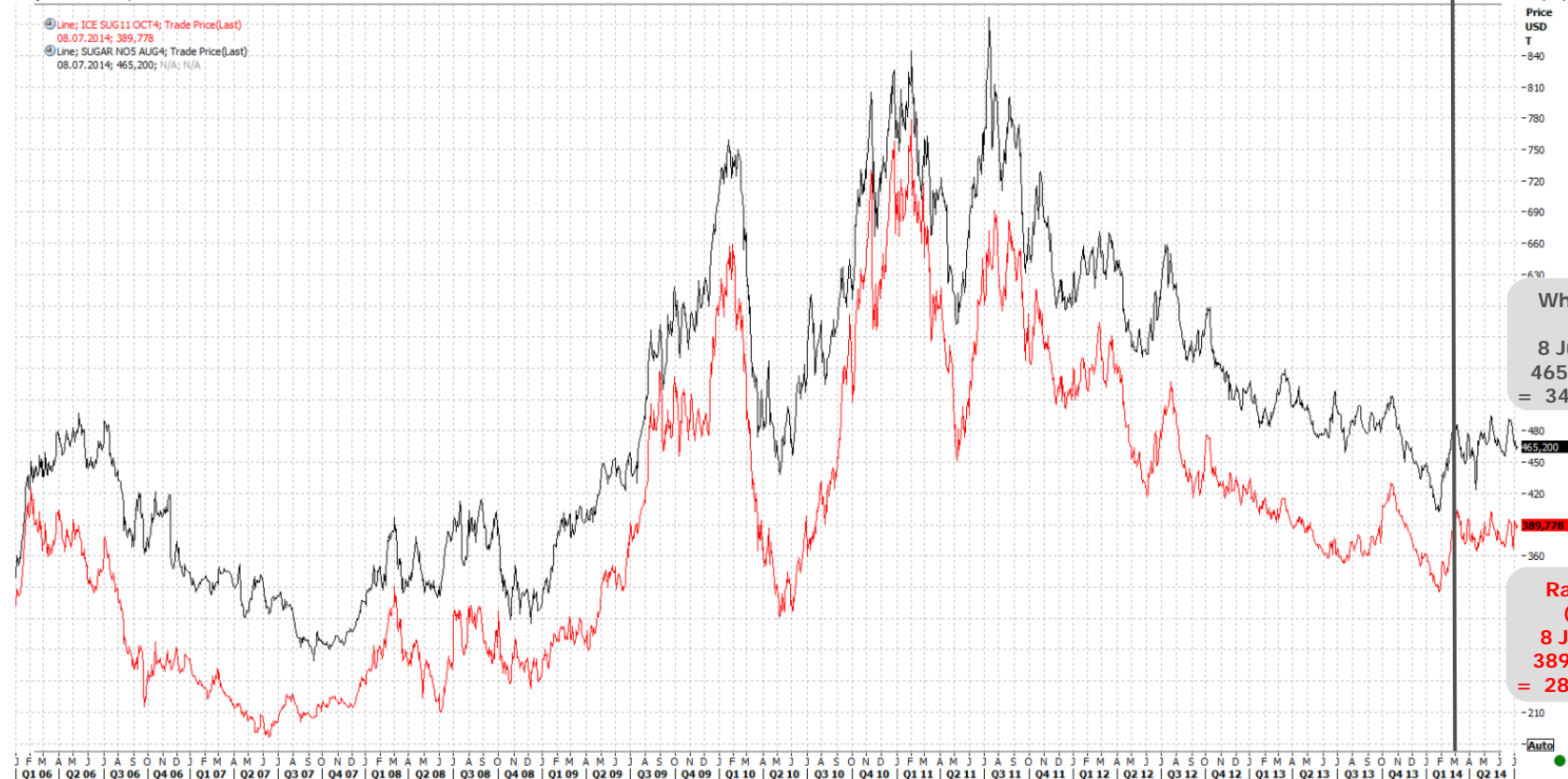
# Quotation

## Raw sugar & white sugar

January 2006 – July 2014 (USD)

Daily ICE SUG11 OCT4; SUGAR NOS AUG4

Line: ICE SUG11 OCT4; Trade Price(Last)  
08.07.2014; 389,778  
Line: SUGAR NOS AUG4; Trade Price(Last)  
08.07.2014; 465,200; N/A; N/A



2014 | 15 FY

White sugar  
(LSE)  
8 July 2014:  
465.2 USD/to  
= 342.2 EUR/to

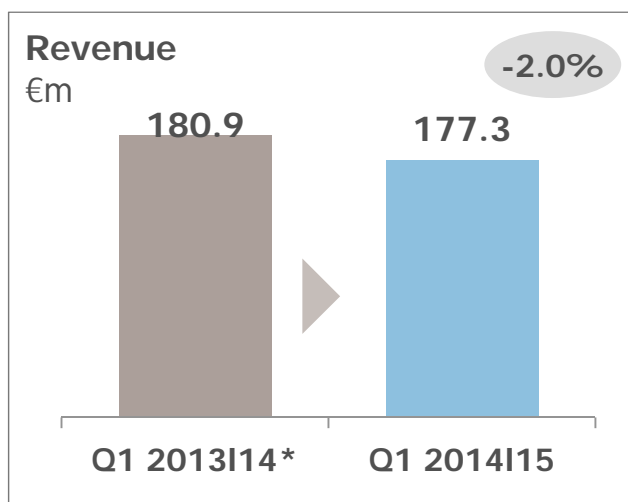
Raw sugar  
(NYSE)  
8 July 2014:  
389.8 USD/to  
= 286.7 EUR/to



## STARCH

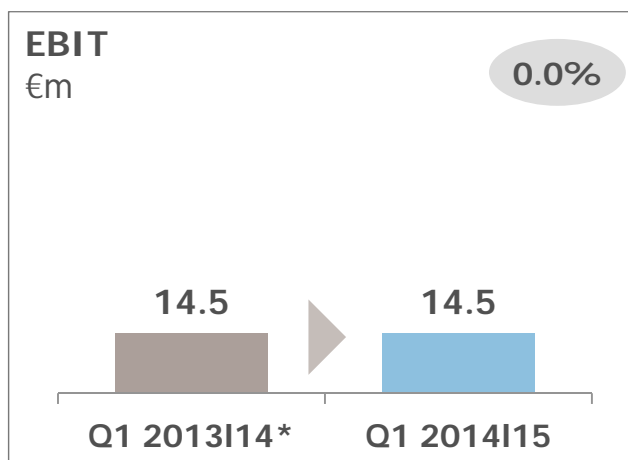
# STARCH segment

## — Highlights Q1 2014|15



### Revenue slightly down to € 177.3 million

- Decline was caused primarily by lower selling prices for bioethanol, native corn (maize) starch and starch saccharification products
- This outweighed the positive effect of the additional volumes from the wheat starch plant in Pischelsdorf, Austria



### EBIT stable at € 14.5 million

- EBIT of starch products up, as lower sales prices for core products were more than made up for by reduced raw material prices
- EBIT of isoglucose and bioethanol down; significant reduction in bioethanol selling prices could not be compensated by the positive profit contribution from the wheat starch plant and by lower raw material costs

\* Restated according to IAS 8 (-> IFRS 11)

# Market environment

— Q1 2014|15



**SUGAR  
Segment**

**STARCH  
Segment**

**FRUIT  
Segment**

- World grain production in the 2014|15 grain marketing year is estimated by the International Grains Council at 1.94 billion tonnes, equalling the expected level of consumption
- World wheat production is forecast at slightly below predicted consumption, while global corn production is expected to outpace demand
- As a result of the good global supply situation, commodity quotations have been trending sideways/downwards since the beginning of the year



# Price development of cereals

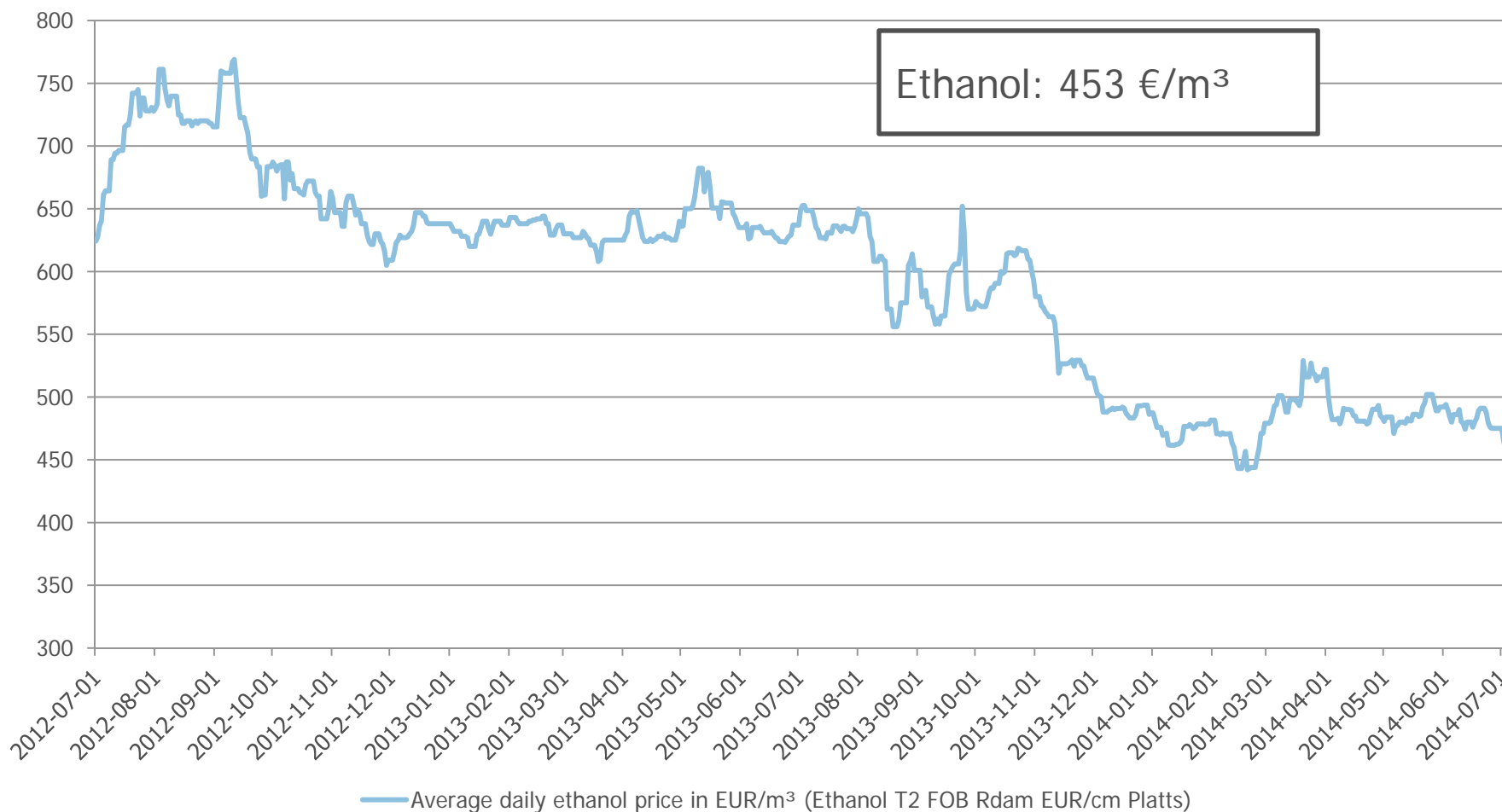
## Wheat & corn (Paris)

January 2006 – July 2014 (EUR)



# Development of ethanol prices

1 July 2012 - 7 July 2014





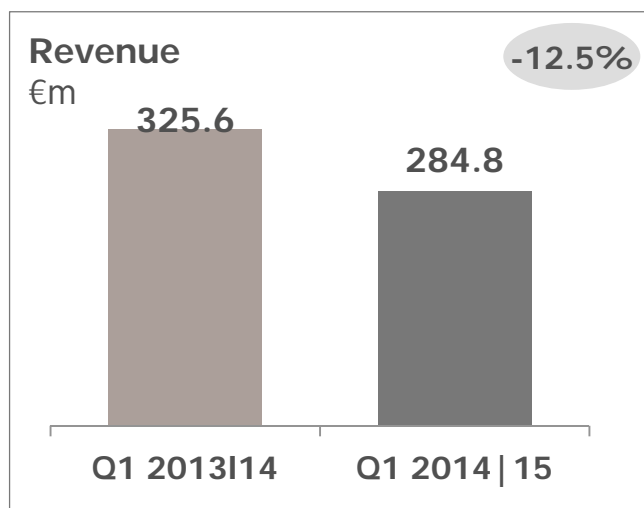


FRUIT —



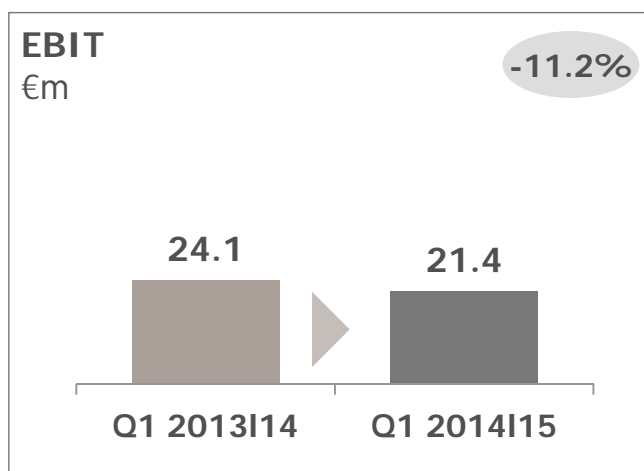
# FRUIT segment

## — Highlights Q1 2014|15



### Revenue down to € 284.8 million

- In fruit preparations, sales quantities were held steady at the prior-year level, but foreign exchange effects from the stronger euro led to a revenue decline
- Revenue reduction of about 25% in the fruit juice concentrate business resulted from a year-on-year decline in sales quantities as well as lower selling prices for apple juice concentrate



### EBIT with € 21.4 million less than in p/y

- Both in fruit preparations and fruit juice concentrates, the segment was able to maintain or even slightly increase the EBIT margin
- Without negative currency translation effects, the profitability results would have been even better



# Market environment

— Q1 2014|15



**SUGAR  
Segment**

**STARCH  
Segment**

**FRUIT  
Segment**

## Fruit preparations:

- For fruit preparations, there is likely to be a stable demand in the EU, but growth in the non-European markets
- In Russia and Ukraine, high inflation, falling real wages and the political uncertainty are currently causing a stagnation in sales
- Fundamentally, however, these countries' still low per capita consumption of fruit yoghurts means that the growth potential remains there, to be tapped as soon as the political situation normalises

## Fruit juice concentrates:

- As to fruit juice concentrates, Western European consumption of beverages high in fruit juice remains on a mild easing trend, with most of this decrease occurring in Germany
- A good crop outlook signals weakening of raw material and juice concentrate prices



# Start of new US facility in May 2014

## — Fruit preparations for the USA and Canada

- Expanding market presence in North America by the 4<sup>th</sup> fruit preparations plant in **Lysander | NY**
- Total investment: **€ 30 million**
- New production capacity of **45,000 tonnes** annually
- US market offers **strong growth**



- New facility will serve as a response to **rising customer demand in Canada and the Northeastern Region** of the US
- AGRANA furthermore operates three North American production sites in **Botkins | Ohio, Centerville | Tennessee** and **Fort Worth | Texas**. Its head office and New Product Development center are located in Brecksville|Ohio.



## IFRS 11 TRANSITION

### CONSOLIDATED FINANCIAL STATEMENTS Q1 2014|15

## Changes resulting from use of equity accounting from 2014|15 FY



- The application of IFRS 11 (Joint Arrangements) is mandatory from the new 2014|15 financial year
- As a result, the companies of the **HUNGRANA group** (in the **Starch** segment) and of the **West Balkans group** (in the **Sugar** segment) will no longer be proportionately consolidated in AGRANA's consolidated financial statements but instead will be accounted for using the **equity method**
- The transition to the equity method of accounting **has impacts particularly on the reporting of sales revenue, operating profit before special items and operating profit (EBIT)**

# Changes resulting from use of equity accounting for Q1 2013|14



The table below give the values published in the first quarter of the prior year (2013|14), the amount of their restatement for the transition to the equity method, and the values after the transition:

AGRANA Group €m	Q1 2013 14 published <sup>1</sup>	IFRS 11 restatement	Q1 2013 14 restated <sup>2</sup>
Revenue	851.6	-51.6	800.0
Operating profit <sup>3</sup>	61.9	-10.1	51.8
Share of results of equity-accounted JV	0.0	+7.8	7.8
EBIT	61.9	-2.3	59.6
PAT	39.9	0.0	39.9

<sup>1</sup> Proportionate consolidation    <sup>2</sup> Equity accounting    <sup>3</sup> Before special items



## — Consolidated income statement

€m (condensed)	Q1 2014   15	Q1 2013   14 <sup>1</sup>	var.
<b>Revenue</b>	<b>647.2</b>	800.0	-19.1%
Operating profit before exc. items & JV	<b>46.5</b>	51.7	-10.1%
Exceptional items	<b>0.0</b>	0.0	0.0%
Share of results of equity-accounted JV	<b>6.4</b>	7.8	-17.9%
<b>Operating profit (EBIT)</b>	<b>52.9</b>	59.6	-11.2%
Net financial items	<b>(2.7)</b>	(7.6)	+64.5%
Profit before tax	<b>50.2</b>	52.0	-3.5%
Income tax expense	<b>(11.0)</b>	(12.1)	+9.0%
<b>Profit for the period</b>	<b>39.2</b>	39.9	-1.8%
Attributable to shareholders of the parent	<b>37.7</b>	37.6	~ +0,4%
Earnings per share (€)	<b>2.66</b>	2.65	~ +0,4%



## — Analysis of net financial items

€m	Q1 2014   15	Q1 2013   14 <sup>1</sup>
Net interest expense	(4.2)	(3.6)
Currency translation differences	3.1	(2.7)
Other financial items	(1.6)	(1.3)
<b>Total of net financial items</b>	<b>(2.7)</b>	<b>(7.6)</b>

\* Restated according to IAS 8 (-> IFRS 11)



## — Consolidated cash flow statement

€m (condensed)	Q1 2014   15	Q1 2013   14 <sup>1</sup>
Operating cash flow before change in working capital	53.0	47.7
(Gains) on disposal of non-current assets	(0.4)	(0.2)
Change in working capital	(66.6)	(66.5)
<b>Net cash from operating activities</b>	<b>(14.0)</b>	<b>(19.0)</b>
Net cash (used in) investing activities	(14.5)	(20.5)
Net cash from financing activities	61.3	81.0
<i>Net increase in cash and cash equivalents</i>	<b>32.8</b>	41.5

\* Restated according to IAS 8 (-> IFRS 11)





## — Consolidated balance sheet

€m (condensed)	31 May 2014	28 February 2014 <sup>1</sup>
Non-current assets	1,111.4	1,103.9
Current assets	1,253.7	1,287.7
<i>Total assets</i>	<i>2,365.1</i>	<i>2,391.6</i>
Equity	1,231.3	1,192.7
Non-current liabilities	391.3	411.0
Current liabilities	742.5	787.9
<i>Total equity and liabilities</i>	<i>2,365.1</i>	<i>2,391.6</i>
Equity ratio	➡ 52.1%	49.9%
Net debt	418.1	386.8
Gearing	➡ 34.0%	32.4%

\* Restated according to IAS 8 (-> IFRS 11)



Sugar.  
Starch.  
Fruit.

## NEWS & OUTLOOK

# AGRANA Research & Innovation Center



— R&D „new“ in Tulln|Austria

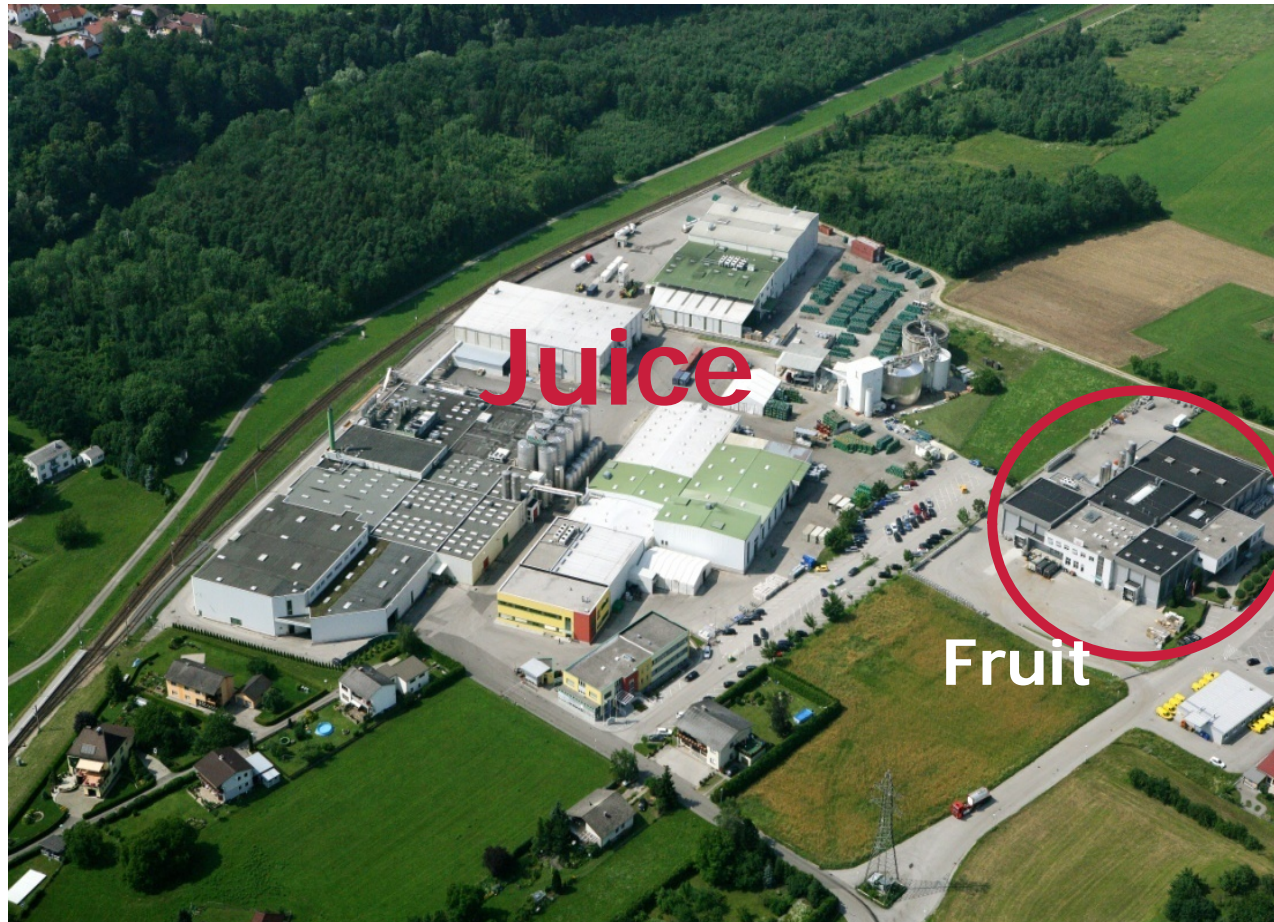
- 2014: Bundling of all R&D activities in Tulln, building extension of former “Zuckerforschung Tulln” to new **AGRANA Research & Innovation Centre (ARIC)**
- Extension and new equipment: ~ **€ 4 million**
- Operating costs (annually): ~ **€ 6 million**
- Synergies in cross-divisional research topics  
Fruit/Starch/Sugar: Clean Label, nutrition, sweeteners, flavors
- Networking with other research institutions (IFA-Tulln)



1.300 m<sup>2</sup> new building  
450 m<sup>2</sup> pilot  
850 m<sup>2</sup> laboratory and office space



## — Plant Kröllendorf|Austria







# Fruit preparations

## — Optimising the organisational structure in Austria

- In the recent years the demand in Europe for fruit preparations (FP) showed a decline, with the effect that **overcapacity** has arisen **in the European FP market**
- Consequently there has been pressure on margins, forcing AGRANA to take **measures to increase efficiency**
- The fruit preparations plant in **Kröllendorf | Austria**, which had been operating at below capacity, **will be relocated** to the larger fruit preparations facility in **Gleisdorf | Austria**
- Intention to complete the relocation process by the end of the 2014|15 FY
- Aim is to offer some of the 66 **personnel** currently employed in the FP production plant in Kröllendorf jobs at other AGRANA sites – ideally at the fruit juice concentrate facility in Kröllendorf or in the FP plant at the Gleisdorf site
- **Kröllendorf remains head office of Austria Juice GmbH** and the site for fruit juice concentrate production

# Segment outlook 2014|15 FY

On the basis of using equity accounting to restate the  
— 2013|14 comparative data



## SUGAR Segment

- In the Sugar segment, AGRANA is predicting a revenue contraction (2013|14: € 962.9 million) as a consequence of the decline in sugar selling prices which is set to continue in the second half of 2014|15
- As the revenue reduction will only partly be offset by lower raw material costs, a clear decrease in EBIT is projected (2013|14: € 49.2 million)

## STARCH Segment

- In the Starch segment for 2014|15, AGRANA is expecting a modest easing in revenue (2013|14: € 706.7 million)
- The significant contractions in the prices of bioethanol and isoglucose should be largely made up through higher volumes
- Due to the sustained low bioethanol prices, AGRANA currently expects the Starch segment to generate lower EBIT than last year (2013|14: € 54.0 million)

## FRUIT Segment

- The Fruit segment's revenue is predicted to be steady for the 2014|15 financial year (2013|14: € 1,172.1 million). Its EBIT earnings are seen slightly lower than in the prior year (2013|14: € 63.8 million) on continuing restructuring measures
- Ongoing restructuring steps and the strong euro will weigh on the consolidated EBIT result in fruit preparations
- In fruit juice concentrates, a price-induced easing trend in revenue is expected year-on-year

# Outlook AGRANA Group for 2014|15 FY

On the basis of using equity accounting to restate the  
— 2013|14 comparative data



- With regard to **consolidated revenue** (2013|14: € 2,841.7 million), a **decline** is expected on the grounds of lower average prices and slight increases in volumes sold



- There will be a **significant slowing in terms of EBIT** for the full year 2014|15 (2013|14: € 167.0 million)



- AGRANA Group's **total investment** of about € **96 million** will be in line with the rate of depreciation



## — Financial calendar for 2014|15

---

**9 October 2014**

**Results for first half of 2014 | 15**

13 January 2015

Results for first three quarters of 2014|15





## — Disclaimer

This presentation is being provided to you solely for your information and may not be reproduced or further distributed to any other person or published, in whole or in part, for any purpose. This presentation comprises the written materials/slides for a presentation concerning AGRANA Beteiligungs-AG ("Company") and its business.

This presentation does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any shares in the Company, nor shall it or any part of it form the basis of, or be relied on in connection with, any contract or investment decision.

This presentation includes forward-looking statements, i.e. statements that are not historical facts, including statements about the Company's beliefs and expectations and the Company's targets for future performance are forward-looking statements. These statements are based on current plans, estimates and projections, and therefore investors should not place undue reliance on them. Forward-looking statements speak only as of the date they are made, and the Company undertakes no obligation to update publicly any of them in light of new information or future events.

Although care has been taken to ensure that the facts stated in the presentation are accurate, and that the opinions expressed are fair and reasonable, the contents of this presentation have not been verified by the Company no representation or warranty, express or implied, is given by or on behalf of the Company any of its respective directors, or any other person as to the accuracy or completeness of the information or opinions contained in this presentation. Neither the Company nor any of its respective members, organs, representatives or employees or any other person accepts any liability whatsoever for any loss howsoever arising from any use of this presentation or its contents or otherwise arising in connection therewith.