STRONG AND PROFITABLE

INTEGRATED ANNUAL REPORT 2017|18

Contents

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2017|18 at a glance

- All segments contributed to the operating profit growth
- New starch capacity in Aschach, Austria, successfully brought on-stream
- Fruit segment invests where the global growth is, with various projects including facility expansions

- Revenue: € 2,566.3 million (up 0.2%; prior year: € 2,561.3 million)
- Operating profit (EBIT): € 190.6 million (up 10.6%; prior year: € 172.4 million)
- EBIT margin: 7.4% (prior year: 6.7%)
- Profit for the period: € 142.6 million (up 20.9%; prior year: € 117.9 million)
- Earnings per share: € 8.97 (up 25.8%; prior year: € 7.13)
- Equity ratio: 61.7% (prior year: 56.9%)
- Gearing ratio[1]: 16.0% (prior year: 17.0%)
- Dividend proposal of € 4.50 per share (dividend in prior year: € 4.00)
- Number of employees (FTE)[2]: 8,678 (up 0.5%; prior year: 8,638)

Quick facts about AGRANA

- The leading sugar manufacturer in Central, Eastern and Southeastern Europe
- Major European producer of custom starch products and bioethanol
- World market leader in the production of fruit preparations
- Largest manufacturer of fruit juice concentrates in Europe
- 58 production sites[3] in 25 countries[3] around the world

Financial calendar for 2018|19

8 May 2018	Results for full year 2017|18 (annual results press conference)
26 Jun 2018	Record date for Annual General Meeting participation
6 Jul 2018	Annual General Meeting in respect of 2017|18
11 Jul 2018	Ex-dividend date
12 Jul 2018	Results for first quarter of 2018|19
12 Jul 2018	Record date for dividend
13 Jul 2018	Dividend payment date
11 Oct 2018	Results for first half of 2018|19
10 Jan 2019	Results for first three quarters of 2018|19

[1] Debt-equity ratio (ratio of net debt to total equity).
[2] Average number of full-time equivalents in the reporting period.
[3] Number of sites as of 7 May 2018; also see from page 30 ("Our plants").

Our many years of experience, our know-how, the responsibility for people and nature, the ability to react swiftly to market changes and customer needs, the diversity in our products, the skill and resources to identify and develop new markets, and the exploiting of synergies in the three business segments Sugar, Starch and Fruit …

… all these make AGRANA
strong and profitable

STRONG AND PROFITABLE

SYNERGIES

make us *strong and profitable*

We are more than the sum of our three segments Sugar, Starch and Fruit. We leverage synergies and, by diversifying risks, generate a degree of stability that is without equal in the market. Possible short-term weaknesses in one segment are balanced by strengths in the other segments. This symbiosis of three strong pillars is unique to AGRANA and gives the Group a critical competitive advantage, both now and especially going forward.

SPECIALISATION

makes us *strong and profitable*

With our specialties strategy we will continue to develop new markets and ensure growth.

In the Starch segment, AGRANA both strives for even higher levels of value-added refining, and is already successfully positioned in the market with starch specialties such as clean label, organic, and GMO-free starches. In the fruit juice concentrate business as well, we continue the consistent execution of our specialties strategy (with beverage bases and the expansion of aroma capabilities).

Specialisation is also pursued in the Sugar segment, where it means a stronger positioning as a supplier of a very diverse range of sugar products and as the leading organic sugar producer in Europe. In addition to being a dependable, trusted partner to the sugar-using industry, we deliver pleasant taste to consumers through our retail products.

INVESTMENT

makes us *strong and profitable*

Worldwide capital investment strengthens AGRANA's market position.

We go where the global growth in the Fruit segment is and are expanding our production capacity in fruit preparations. The integration of the Argentine company Main Process S.A. is complete. The construction of the new, second plant of AGRANA Fruit in China, in the greater Shanghai area, has begun and is scheduled for completion at the end of 2018. And the purchase of a fruit preparations plant in India is another step in AGRANA's expansion in the Asian growth market.

AGRANA's answer to the rising demand for starch, which is driven by the high share of recycled paper and the growing packaging needs of the online mail order market, is the doubling of the wheat starch capacity in Pischelsdorf, Austria. As well, in the 2017|18 financial year the corn starch factory in Aschach, Austria, through its own capacity expansion, increased its grinding volume to more than 500,000 tonnes of corn per year.

RESPONSIBILITY

makes us

strong and profitable

Our business success is also the fruit of our responsible, sustainable relationships with people and nature. We not only practice sustainability in our own business activities but are also establishing it in our supply chain. External audits in accordance with the standards of the Sustainable Agriculture Initiative (SAI) were conducted for the first time in the 2017|18 financial year at contract growers of agricultural crops for several business segments. The audits confirm that a large majority of AGRANA suppliers follow environmentally and socially sustainable practices. In order to further raise awareness among all our suppliers for the importance of ecologically and socially sound production methods, last year we expanded the presentation of the AGRANA Sustainability Award for contract growers to all categories of raw materials.

EXPERIENCE

makes us *strong and profitable*

The formal qualifications, the experience and pioneering spirit of our approximately 8,700 employees at 58[1] production sites around the world inform our innovation, our continual product enhancements and the discovery of new products, and thus ensure the development of new markets.

AGRANA as a global company recognises its responsibility to people. We strive for continuous further improvement in our human resource activities. Thus, a number of initiatives were launched in the 2017|18 financial year, including preparations for the future implementation of a global human resource management system.

[1] Number of sites as of 7 May 2018.

Key financials
under IFRS

		2017/18	2016/17	2015/16	2014/15	2013/14
Financial performance[1]						
Revenue	€m	2,566.3	2,561.3	2,477.6	2,493.5	2,841.7
EBITDA[2]	€m	254.2	235.2	192.0	181.9	214.3
Operating profit before exceptional items and results of equity-accounted joint ventures	€m	164.1	150.8	107.5	102.0	134.6
Share of results of equity-accounted joint ventures	€m	29.4	30.6	24.5	25.4	28.4
Exceptional items	€m	(2.9)	(9.0)	(3.1)	(5.7)	3.9
Operating profit [EBIT][3]	€m	190.6	172.4	129.0	121.7	166.9
EBIT margin	%	7.4	6.7	5.2	4.9	5.9
Profit before tax	€m	176.2	154.5	104.4	116.5	136.7
Profit for the period	€m	142.6	117.9	80.9	84.6	107.0
Attributable to shareholders of the parent	€m	140.1	111.3	82.7	80.9	105.2
Attributable to non-controlling interests	€m	2.5	6.6	(1.8)	3.7	1.8
Operating cash flow before changes in working capital	€m	302.7	258.0	225.9	208.1	186.1
Investment[4]	€m	140.9	114.7	116.0	91.2	130.0
Number of employees[5]		8,678	8,638	8,510	8,550	8,505
Return on sales[6]	%	6.9	6.0	4.2	4.7	4.8
Return on capital employed[7]	%	9.7	9.0	6.7	6.7	8.7
Share data at last day of February						
Closing price	€	99.10	106.00	80.50	80.51	87.70
Earnings per share[8]	€	8.97	7.13	5.82	5.70	7.40
Dividend per share	€	4.50[9]	4.00	4.00	3.60	3.60
Dividend yield	%	4.5[9]	3.8	5.0	4.5	4.1
Dividend payout ratio	%	50.2[9]	56.1	68.7	63.2	48.6
Price/earnings ratio		11.0	14.9	13.8	14.1	11.9
Market capitalisation	€m	1,548.2	1,656.0	1,143.3	1,143.4	1,245.5
Number of shares	'000	15,622.2	15,622.2	14,202.0	14,202.0	14,202.0
Financial strength						
Total assets	€m	2,356.4	2,481.4	2,243.2	2,406.9	2,392.2
Share capital	€m	113.5	113.5	103.2	103.2	103.2
Core non-current assets[10]	€m	1,138.5	1,113.8	1,002.2	1,093.4	1,049.7
Equity	€m	1,454.0	1,411.9	1,200.1	1,194.4	1,191.0
Equity ratio	%	61.7	56.9	53.5	49.6	49.8
Net debt	€m	232.5	239.9	405.8	330.3	386.8
Gearing ratio[11]	%	16.0	17.0	33.8	27.7	32.5

[1] Detailed information concerning the calculation methods of individual performance indicators can be found on page 184.
[2] EBITDA represents operating profit before exceptional items, results of equity-accounted joint ventures, and operating depreciation and amortisation.
[3] Operating profit (EBIT) is after exceptional items and results of equity-accounted joint ventures.
[4] Investment represents purchases of property, plant and equipment and intangible assets, excluding goodwill.
[5] In 2017/18, 2016/17, 2015/16 and 2014/15: average number of full-time equivalents in the reporting period; until 2013/14: headcounts.
[6] Profit before tax, divided by revenue.
[7] Operating profit before exceptional items and results of equity-accounted joint ventures, divided by capital employed.
[8] Based on the number of shares outstanding at the balance sheet date.
[9] Based on the dividend proposal to the Annual General Meeting on 6 July 2018.
[10] Non-current assets excluding deferred tax assets and the item "receivables and other assets".
[11] Ratio of net debt to total equity.

SUGAR. STARCH. FRUIT.

INTEGRATED ANNUAL REPORT 2017|18

of AGRANA Beteiligungs-AG
for the year ended 28 February 2018

AGRANA fulfils its obligation under the Austrian Sustainability and Diversity Improvement Act (also known in German as NaDiVeG) to prepare a non-financial information statement in accordance with section 267a Austrian Commercial Code. This statement is provided from page 41. It is based on the framework of the Global Reporting Initiative (GRI) and has been prepared in accordance with the GRI Standards: Core option. In this report on the 2017|18 financial year, the reporting of the sustainability topics that are material to AGRANA's business activities is integrated directly in the corporate governance report and Group management report. To make the non-financial information easier to find, the relevant passages are cross-referenced in the non-financial information statement, and a content index of all GRI disclosures that are included in the report is provided from page 179. In addition, relevant passages are marked with a green fingerprint on the respective pages.

Letter from the CEO

Dear Investor,

In the completed 2017|18 financial year we achieved a further significant improvement in operating profit (EBIT) at Group level. The Starch and Fruit segments reached new all-time highs in EBIT, which tells us that our growth and specialties strategy is working. We will consistently continue to execute this strategy of expanding our capacity and investing in even greater refining intensity. Our Sugar segment, thanks to a very good performance in the first half of 2017|18, also delivered an EBIT improvement. Since the second half of the year, however, the impacts of the new environment in the EU are making themselves felt.

Taking up challenges – unity makes us strong and profitable

The AGRANA strategy of diversification across three pillars will prove its worth in 2018|19. Since 1 October 2017 there are no longer any quotas for the Sugar segment. Greater competition within Europe amid a more than adequately supplied EU market, higher world sugar stocks and lower world market prices led to massive downward pressure on prices and margins since the quota expiration. Besides the fact that we will meet the coming challenges through the expansion of our strong market position, a systematic brand-name product strategy and greater centralisation of administrative functions throughout the AGRANA Sugar segment, our diversification into three business segments will offer stability, as the Starch and Fruit segments provide solid support for the Group's earnings.

Specialisation and customised solutions act as growth drivers

In 2017|18 we successfully brought the expansion of the starch plant in Aschach, Austria, on stream, which has increased the Starch segment's capacity for specialty corn starches and enables maltodextrins to be produced on site. In the fruit juice concentrate business as well, we purposefully continue to execute our specialties strategy (with beverage bases and the broadening of aroma capabilities).

Besides the unique selling point of products free from genetically modified ingredients, specialisation for AGRANA also means a further expansion in organics activities. In the past several years we have more than doubled the sales volume of organic products in the Sugar and Starch segments. We plan to further step up the superior growth in this higher-margin business area.

Responsibility makes us strong and profitable

Responsibility for people and nature is central to our understanding of sustainability. We honour this responsibility not just in our own production processes and by auditing our contract suppliers, but especially also in our products. At AGRANA we cater for modern nutritional trends such as GMO-free[1] and organic products for human and animal nutrition and also rely on clean label technologies, i.e., production without chemical additives. For example, our goal is to replace the market's GMO soybean imports with premium GMO-free protein feed from our wheat starch and ethanol production in Pischelsdorf, Austria. Through the expansion of our wheat starch plant at this site we also aim to heighten the recyclability of paper and carton board (this requires the type of starch that we make) and thus to generate additional environmental benefit.

[1] GMO-free or GM-free: not derived from genetically modified organisms.

Regarding energy efficiency, since the year 2000 we have reduced energy consumption in sugar production by about 30%. In the interest of climate protection, we believe the proportion of ethanol in blended petrol should be not just 5% but 10%. In Austria this would save a further 190,000 tonnes of CO_2 emissions per year and reduce particulate pollution from petrol engines by a demonstrable[1] 20%.

Fair discussion on nutrition

AGRANA seeks a fact-based dialogue on nutrition. It is an indisputable fact that the number of overweight people is rising despite reduced sugar consumption. We therefore actively support the communication of nutritional and health knowledge from the preschool age and also make a point of furthering the promotion of physical activity. On the subject of reformulation of product recipes, we would like to point out that the focus of such efforts should not be on individual nutrients but on calorie reduction. From 2018|19 we are, for instance, producing a new potato fibre product as a component for low-calorie products (which also reflects our principle of utilising 100% of raw materials). A reduction in the consumption of nutrients like sugar and fat alone will not be effective if it does not lead to a lower energy intake.

Investments in know-how and factories make us strong and profitable

Investments in employees, in research and development and in production facilities set the stage for our continuing success.

Our employees are the crucial success factor for the Group's further profitable growth. Quite apart from the fact that, without our employees, our factories would only be halls of reinforced concrete with machinery in them, our specialties strategy does not require economies of scale so much as "economies of ingenuity" – the entire growth in our range of specialty products is driven by our staff. The growth in the Fruit segment as well is not based merely on building new plants but is also powered by the ability of our people to successfully address customers outside the dairy sector, too, such as in the ice-cream and baking industry.

Concerning our capital investment in plants, in 2017|18, besides the already mentioned expansion of the Starch activities in Austria, we continued to go where the global growth in the Fruit segment is, with various projects including facility expansions. Thus, the integration of the Argentine company Main Process S.A. was completed and the production of fruit preparations in Argentina is now concentrated at this new site. In India, in addition to the existing production of mango puree, we are starting to produce fruit preparations as well.

Prompted by the attractive market growth in Asia, the third quarter of 2017|18 saw the groundbreaking for the new, second fruit preparations plant of AGRANA Fruit in China, which is to begin operation at the end of 2018. This Fruit segment project as well as the capacity expansion at the potato starch factory in Gmünd, Austria, and the enlargement of the wheat starch facility in Pischelsdorf will dominate our investment programme in 2018|19. We are also moving the production of organic sugar from the Czech Republic (Hrušovany) to Tulln, Austria. All told, we plan to invest over € 170 million this year, which is more than last year and significantly above the level of depreciation, thus laying the foundation for further profitable growth.

Outlook

We are optimistic for the new 2018|19 financial year now underway, especially for the Fruit segment, where we expect further volume-driven growth in sales revenue and EBIT. In the Starch segment, given the volatility of ethanol quotations and the lower isoglucose prices, no new record high is expected in earnings. As we anticipate a very difficult financial year for the Sugar segment, the overall EBIT for the Group is predicted at well below last year's result.

However, based on a sound balance sheet structure and well-diversified business model, and despite the short-term weakness in the sugar outlook, AGRANA considers itself to be well positioned for the future both financially and strategically and will rigorously continue to pursue its goal of long-term growth in the company's value.

On behalf of the whole Management Board, I would like to thank our employees for their commitment and loyalty; our commercial partners, for our good business relationships; and our shareholders, for their confidence and trust.

Sincerely

Johann Marihart
Chief Executive Officer

[1] TU Wien (Technical University of Vienna), Institute for Powertrains and Automotive Technology: Analysis of the Impact of Ethanol on CO_2 Emissions and Particulate Count Emissions of Cars in Actual Driving, March 2017.

Supervisory Board's report

In the 2017|18 financial year AGRANA operated in an economic environment marked by numerous challenges. Despite this, the Group delivered good earnings results.

In the 2017|18 financial year as in the prior years, the Supervisory Board actively oversaw AGRANA's performance and exercised its responsibilities and powers under the law and the Articles of Association while observing the provisions of the Austrian Code of Corporate Governance. Regular key agenda items of the Supervisory Board's deliberations were the strategic orientation and further development of the Group, the business trend in all segments and the optimisation of corporate financing. In a total of five meetings, the Supervisory Board, through the reports of the Management Board and detailed written material, informed itself about the company's business situation and financial position and about all relevant matters concerning the business performance and exceptional business transactions. The Management Board briefed the Supervisory Board in a timely and comprehensive manner on measures requiring the approval of the Supervisory Board. All members of the Supervisory Board attended at least half of its meetings. Outside the regular meetings as well, the Chairman of the Supervisory Board had numerous conversations with the Management Board and was in frequent communication with the Chief Executive Officer to discuss ongoing developments in the Group's environment, their impact on current business results, and the risk situation.

In its meeting on 11 May 2017, the Supervisory Board dealt with the audit of the parent company and consolidated financial statements for the year ended 28 February 2017 and the nomination of the independent auditor for election for the 2017|18 financial year. The independent auditor attended this meeting and reported on the audit priorities and results, which also included the accounting-related elements of the internal control system. The Supervisory Board adopted the parent company financial statements and approved the consolidated financial statements. In addition, at this meeting the Supervisory Board deliberated on the medium-term investment planning and a strategic equity investment project. In the meeting the Supervisory Board also extended the term of Chief Executive Officer Johann Marihart to 28 February 2021.

In the meeting on 7 July 2017 the Supervisory Board discussed and approved the expansion of the wheat starch plant at the biorefinery in Pischelsdorf, Austria, as well as an equity investment project and the medium-term planning. The conclusion of the Annual General Meeting (AGM) of AGRANA Beteiligungs-AG on 7 July 2017 marked the end of the Supervisory Board term of Jochen Fenner, who did not stand for re-election to the Supervisory Board. In his place, Helmut Friedl was elected to the Supervisory Board. The Supervisory Board sincerely thanks Jochen Fenner for his many years of valuable service to the company. In the meeting held immediately after the 2018 AGM, the newly elected Supervisory Board constituted itself, Erwin Hameseder was re-elected as Chairman of the Supervisory Board, Wolfgang Heer was re-elected as its First Vice-Chairman and Klaus Buchleitner was re-elected as its Second Vice-Chairman.

The meeting on 10 November 2017 discussed the forecast financial results for 2017|18 and covered the subjects of corporate governance and financing. As well, the Management Board tenure of Fritz Gattermayer was extended to 31 August 2022.

In its meeting on 22 February 2018 the Supervisory Board deliberated especially on the financial planning and the capital investment projects for the 2018|19 financial year, as well as on strategic equity investment projects. In 2017|18 the Supervisory Board again performed a check of its effectiveness, based on a self-assessment, with the aim of evaluating its organisation and procedures so as to ensure the ability to fulfil its responsibilities appropriately in the interests of the shareholders and all other stakeholders. The results of this self-assessment were discussed in detail in the February 2018 meeting.

Audit Committee

The Audit Committee convened for two meetings in the 2017|18 financial year. With the independent auditor in attendance, the Audit Committee dealt exhaustively with the 2016|17 parent company and consolidated financial statements of AGRANA Beteiligungs-AG and discussed the Management Board's proposal for the appropriation of profit. Other topics of the Committee's deliberations were the audit of the corporate governance report, the report from Internal Audit, and the risk management system. The Audit Committee also dealt with the planning and priorities for the audit of the 2017|18 financial statements and discussed the subjects of anti-corruption and compliance.

The Committee chairman reported to the Supervisory Board in detail on the work of the Committee.

Parent company and consolidated financial statements

The consolidated financial statements, group management report, parent company financial statements and parent company management report of AGRANA Beteiligungs-AG ("AGRANA") for the 2017|18 financial year presented by the Management Board, as well as the accounting records, were audited by and received an unqualified audit opinion from KPMG Austria GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, the independent auditor appointed by the Annual General Meeting. The Supervisory Board has endorsed the result of this audit.

The compliance review of the corporate governance report under section 243c Austrian Commercial Code and the review of AGRANA's compliance with the Austrian Code of Corporate Governance (the ACCG) in the 2017|18 financial year were performed by KPMG Austria GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, and found that AGRANA complied with the provisions of the ACCG in 2017|18, inasmuch as these were within the scope of the declaration of compliance. The Supervisory Board has endorsed the result of these compliance reviews.

The Audit Committee has reviewed the parent company annual financial statements and reported to the Supervisory Board in the presence of the independent auditor. The Supervisory Board has reviewed the consolidated financial statements, group management report, parent company financial statements and parent company management report (including the corporate governance report) of AGRANA Beteiligungs-AG for the 2017|18 financial year as well as the Management Board's proposal for the appropriation of profit. The final results of all of these reviews did not give rise to any reservations.

The Supervisory Board has approved the consolidated financial statements and parent company financial statements for the 2017|18 financial year prepared by the Management Board, which are thus adopted for the purposes of section 96 (4) Austrian Stock Corporation Act. The Supervisory Board endorses the group management report and parent company management report for the 2017|18 financial year and is in agreement with the proposal for the appropriation of profit.

In the name of the Supervisory Board, I would like to express my special thanks to all employees and the members of the Management Board for their commitment, hard work and achievements in the year.

Vienna, 7 May 2018

Erwin Hameseder
Chairman of the Supervisory Board

CORPORATE GOVER

JOHANN MARIHART

Chief Executive Officer

Chief Executive Officer since 1992
First appointed 19 September 1988
Appointed until 28 February 2021

Born 1950. Studied chemical engineering at Vienna University of Technology, majoring in biotechnology and food chemistry. After professional experience in a pharmaceutical company, began his career with AGRANA in 1976 at the starch factory in Gmünd (head of research and development, plant manager, managing director of starch activities). Member of the Management Board of AGRANA Beteiligungs-AG since 1988. Appointed CEO of AGRANA Beteiligungs-AG in 1992.

Responsibilities: Business Strategy, Communication (including Investor Relations), Production, Quality Management, Human Resources, Research and Development

STEPHAN BÜTTNER

Member of the Management Board

First appointed 1 November 2014
Appointed until 31 October 2019

Born 1973. After business studies at Vienna University of Economics and Business, worked in auditing and other areas. In 2001, moved to Raiffeisen Ware Austria AG and in 2004 became CEO of its subsidiary Ybbstaler Fruit Austria GmbH. Working for the AGRANA Group since 2012, most recently as CEO of AUSTRIA JUICE GmbH. Joined the Management Board of AGRANA Beteiligungs-AG on 1 November 2014 and took over the CFO responsibilities on 1 January 2015.

Responsibilities: Finance, Controlling, Treasury, Information Technology and Organisation, Mergers & Acquisitions, Legal, Compliance

NANCE – Management Board

FRITZ GATTERMAYER

Member of the Management Board

First appointed 1 January 2009
Appointed until 31 August 2022

Born 1957. Studied agricultural economics at University of Natural Resources and Applied Life Sciences, Vienna, and history and political science at University of Vienna. In 1995 was appointed head of the Group-level "Business Strategy and Raw Materials" department at AGRANA Beteiligungs-AG, with "Prokura"[1]. In 2000 became a management board member of AGRANA Zucker und Stärke AG. From 2004 to 2008 was a member of the senior management of the Starch segment and Sugar segment. In 2008 became CEO of the Sugar segment. Member of the Management Board of AGRANA Group since 2009.

Responsibilities: Sales, Raw Materials, Purchasing & Logistics

THOMAS KÖLBL

Member of the Management Board

First appointed 8 July 2005
Appointed until 7 July 2020

Born 1962. Trained in industry, then studied business administration at Mannheim University. Held various positions in the Südzucker group since 1990; was Director in charge of strategic corporate planning, group development and investments prior to his appointment to the Executive Board of Südzucker AG in 2004. Member of the Management Board of AGRANA Beteiligungs-AG since 2005.

Responsibilities: Internal Audit

[1] General commercial power of attorney.

Corporate governance report

This corporate governance report combines the corporate governance report of AGRANA Beteiligungs-AG and the consolidated corporate governance report of AGRANA Beteiligungs-AG pursuant to sections 243c and 267a Austrian Commercial Code (UGB) in conjunction with section 251 UGB.

AGRANA Beteiligungs-AG is a public limited company (a stock corporation) under Austrian law and is listed on the Vienna Stock Exchange. The legal framework for corporate governance at AGRANA is provided by Austrian stock corporation law and capital market law, the regulations on employee co-determination, the Articles of Association and the terms of reference (the charters) of the Supervisory Board and Management Board of AGRANA Beteiligungs-AG. In addition, the Austrian Code of Corporate Governance (ACCG), which can be found on the website of the Austrian Working Group for Corporate Governance at www.corporate-governance.at, provides the framework for the direction and oversight of the company with the aim of ensuring a high degree of transparency for all stakeholders.

The ACCG consists of binding so-called L rules (these are based on legal requirements); of C rules (comply-or-explain rules), which are expected to be adhered to, with deviations to be explained in order to achieve compliance with the ACCG; and of R rules (recommendations), non-compliance with which requires neither disclosure nor explanation.

Commitment to the Austrian Code of Corporate Governance

AGRANA is committed to the provisions of the Austrian Code of Corporate Governance. In the 2017|18 financial year, AGRANA applied the ACCG in the version of January 2015. At its meetings on 10 November 2017 and 22 February 2018, the Supervisory Board of AGRANA Beteiligungs-AG discussed matters of corporate governance and unanimously adopted the statement of compliance with the ACCG.

In the 2017|18 financial year the implementation of and compliance with the individual rules of the ACCG was evaluated by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft. The evaluation was conducted mainly on the basis of the questionnaire (January 2015 edition) issued by the Austrian Working Group for Corporate Governance for the purpose of assessing compliance with the ACCG. The report on the external evaluation in accordance with rule 62 of the ACCG is available at www.agrana.com/ir/corporate-governance.

In the 2017|18 financial year, AGRANA adhered to all C rules of the ACCG except as explained below:

- **Rule 27 (Management Board compensation criteria)**
  The existing employment contracts of the Management Board members do not tie variable compensation to non-financial criteria and do not specify maximum amounts. Setting ceilings on the amount of variable compensation would reduce the flexibility to respond to unforeseeable developments and to honour special achievements. A retroactive change to existing contracts does not appear justified.

- **Rule 27a (severance pay)**
  In the event that a Management Board appointment is withdrawn, severance pay has been agreed in accordance with the provisions of the Employees Act. The Management Board contracts do not contain a ceiling on severance pay.

The approach in respect of rules 27 and 27a was adopted by the Supervisory Board and implemented by the Nomination and Remuneration Committee in the contracts of the Management Board members.

- **Rule 49 (contracts requiring approval)**
  Under section 95 (5)(12) of the Austrian Stock Corporation Act, the approval of the Supervisory Board is required for contracts with members of the Supervisory Board by which members undertake, outside their role on the Supervisory Board, to provide a service to the Company or a subsidiary for a material consideration. This also applies to contracts with companies in which a Supervisory Board member has a significant economic interest. For business policy and competition reasons, the object and terms of such contracts are not published in the Annual Report as stipulated in rule 49. This divergence was adopted by the Supervisory Board at the time of the initial commitment to the Austrian Code of Corporate Governance in 2005.

The business culture of the AGRANA Group has always been marked by open and constructive teamwork between the Management Board and Supervisory Board, which together ensure that the ACCG's requirements are fulfilled. The Management and Supervisory Boards of AGRANA, and especially their chairmen, are thus engaged in ongoing dialogue regarding the Group's performance and strategic direction, both at and between the meetings of the Supervisory Board.

To safeguard open and transparent communication with all capital market participants and the interested public, information provided to investors during conference calls and road shows is simultaneously made available to all other shareholders via the Group website at www.agrana.com/en/ir.

AGRANA's Boards

Management Board

Name	Year of birth	Date first appointed	End of term
Johann Marihart Chief Executive Officer since 1992	1950	19 Sep 1988	28 Feb 2021
Stephan Büttner	1973	1 Nov 2014	31 Oct 2019
Fritz Gattermayer	1957	1 Jan 2009	31 Aug 2022
Thomas Kölbl	1962	8 Jul 2005	7 Jul 2020

The members of the Management Board hold supervisory board or similar positions in the following domestic and foreign companies not included in the consolidated financial statements:

- **Johann Marihart**
  As a result of the syndicate agreement between Südzucker AG, Mannheim, Germany, and Zucker-Beteiligungsgesellschaft m.b.H., Vienna, Johann Marihart serves as a member of the management board of Südzucker AG, as supervisory board chairman of its subsidiary Raffinerie Tirlemontoise S.A., Brussels, Belgium, and member of the supervisory boards of the subsidiary Saint Louis Sucre S.A.S., Paris, France, and Freiberger Holding GmbH, Berlin, Germany.

  In Austria he serves as supervisory board chairman of TÜV Austria Holding AG, Vienna, TÜV Austria Service GmbH, Vienna, and Spanische Hofreitschule – Bundesgestüt Piber, Vienna; as vice-chairman of the supervisory boards of Bundesbeschaffung GmbH, Vienna, and Österreichische Forschungsförderungsgesellschaft m.b.H., Vienna; as member of the supervisory board of Ottakringer Getränke AG, Vienna, and member of the investment advisory board of tecnet equity NÖ Technologiebeteiligungs-Invest GmbH, St. Pölten, Austria. Johann Marihart is also chairman of the Austrian Food Industry Association (Fachverband der Nahrungs- und Genussmittelindustrie). At the European level, Johann Marihart is president of the European Association of Sugar Manufacturers (CEFS[1]).

[1] Comité Européen des Fabricants de Sucre.

- **Thomas Kölbl**
  Thomas Kölbl is a supervisory board member of K+S Aktiengesellschaft, Kassel, Germany. He also holds the following group positions within the Südzucker group: supervisory board member of Freiberger Holding GmbH, Berlin, Germany, of Raffinerie Tirlemontoise S.A., Brussels, Belgium, of Saint Louis Sucre S.A.S., Paris, France, and of Südzucker Polska S.A., Wrocław, Poland, vice-chairman of the supervisory board of CropEnergies AG, Mannheim, Germany, supervisory board chairman of PortionPack Europe Holding B.V., Oud-Beijerland, Netherlands, and of Südzucker Versicherungs-Vermittlungs-GmbH, Mannheim, Germany, and member of the board of directors of ED&F Man Holdings Limited, London, United Kingdom.

The Management Board of AGRANA Beteiligungs-AG manages the Company's business in accordance with principles of modern governance and with the legal requirements, the Articles of Association and the Management Board terms of reference (the Management Board charter). The members of the Management Board are in ongoing communication with each other and, in Management Board meetings held at least every two weeks, discuss the current course of business and make the necessary informal and formal decisions. The Group is managed on the basis of open sharing of information and of regular meetings with the segment heads and other senior segment management.

The terms of reference set out the division of responsibilities and the cooperation within the Management Board and its duties in respect of communication and reporting, and list the types of actions that require the approval of the Supervisory Board.

The remits of the Management Board members are as follows:

Name	Responsibilities
Johann Marihart	Business Strategy, Communication (including Investor Relations), Production, Quality Management, Human Resources, Research and Development
Stephan Büttner	Finance, Controlling, Treasury, Information Technology and Organisation, Mergers & Acquisitions, Legal, Compliance
Fritz Gattermayer	Sales, Raw Materials, Purchasing & Logistics
Thomas Kölbl	Internal audit

Supervisory Board

The Supervisory Board of AGRANA Beteiligungs-AG has twelve members, of whom eight are shareholder representatives elected by the Annual General Meeting and four are employee representatives from the staff council. All Supervisory Board members elected by the Annual General Meeting have been elected for a term ending at the conclusion of the General Meeting that considers the results of the 2021|22 financial year.

Name and supervisory board positions in listed domestic and foreign companies	**Year of birth**	**Date first appointed**	**End of term**
Erwin Hameseder, **Mühldorf, Austria, independent** Chairman of the Supervisory Board – Chairman of the Supervisory Board of Raiffeisen Bank International AG, Vienna – Vice-Chairman of the Supervisory Board of STRABAG SE, Villach, Austria – Second Vice-Chairman of the Supervisory Board of Südzucker AG, Mannheim, Germany – Second Vice-Chairman of the Supervisory Board of UNIQA Insurance Group AG, Vienna – First Vice-Chairman of the Supervisory Board of Flughafen Wien AG, Vienna (until 31 May 2017)	1956	23 Mar 1994	35th AGM (2022)
Wolfgang Heer, **Ludwigshafen, Germany, independent** First Vice-Chairman of the Supervisory Board – Member of the Supervisory Board of CropEnergies AG, Mannheim, Germany	1956	10 Jul 2009	35th AGM (2022)
Klaus Buchleitner, **Mödling, Austria, independent** Second Vice-Chairman of the Supervisory Board – Vice-Chairman of the Supervisory Board of BayWa AG, Munich, Germany – Member of the Supervisory Board of Raiffeisen Bank International AG, Vienna	1964	4 Jul 2014	35th AGM (2022)
Helmut Friedl, **Egling an der Paar, Germany, independent** Member of the Supervisory Board Member of the Supervisory Board of Südzucker AG, Mannheim, Germany	1965	7 Jul 2017	35th AGM (2022)
Hans-Jörg Gebhard, **Eppingen, Germany, independent** Member of the Supervisory Board – Chairman of the Supervisory Board of Südzucker AG, Mannheim, Germany – Member of the Supervisory Board of CropEnergies AG, Mannheim, Germany	1955	9 Jul 1997	35th AGM (2022)
Ernst Karpfinger, **Baumgarten/March, Austria, independent** Member of the Supervisory Board	1968	14 Jul 2006	35th AGM (2022)
Thomas Kirchberg, **Ochsenfurt, Germany, independent** Member of the Supervisory Board	1960	10 Jul 2009	35th AGM (2022)
Josef Pröll, **Vienna, independent** Member of the Supervisory Board	1968	2 Jul 2012	35th AGM (2022)
Jochen Fenner, **Gelchsheim, Germany, independent** Member of the Supervisory Board	1952	1 Jul 2011	7 Jul 2017

Employee representatives	Year of birth	Date first appointed
Thomas Buder, Tulln, Austria Chairman of the Group Staff Council and Central Staff Council	1970	1 Aug 2006
Gerhard Glatz, Gmünd, Austria	1957	1 Jan 2010
Andreas Klamler, Gleisdorf, Austria	1970	10 Nov 2016
Stephan Savic, Vienna, Austria	1970	22 Oct 2009

Supervisory Board independence

The Supervisory Board of AGRANA Beteiligungs-AG applies the guidelines for the definition of supervisory board independence as set out in Annex 1 to the Austrian Code of Corporate Governance:

- A Supervisory Board member shall not, in the past five years, have been a member of the Management Board or other management staff of the Company or a subsidiary of the Company.
- A Supervisory Board member shall not have a business relationship of a size significant to him or her with the company or a subsidiary of the company, and shall not have had such a business relationship in the past year. This also applies to business relationships with companies in which the Supervisory Board member holds a significant economic interest, but does not apply to board positions held within the Group.
- The approval of individual transactions by the Supervisory Board under L rule 48 does not automatically imply a member's designation as non-independent.
- A Supervisory Board member shall not, in the past three years, have been an external auditor of the Company or a partner or employee of the external audit firm.
- A Supervisory Board member shall not be a management board member of another company in which a member of the Company's Management Board is a supervisory board member.
- A Supervisory Board member shall not serve on the Supervisory Board for more than 15 years. This does not apply to Supervisory Board members who are shareholders with a strategic shareholding in the Company or who represent the interests of such a shareholder.
- A Supervisory Board member shall not be a close relative (direct descendant, spouse, common-law spouse, parent, uncle, aunt, sibling, nephew or niece) of a Management Board member or of persons holding any of the positions referred to in the foregoing points.

Committees and their members

Where the importance or specialist nature of a particular subject matter makes it appropriate, the Supervisory Board also exercises its advisory and supervisory functions through the following three committees:

The **Nomination and Remuneration Committee** deals with the legal relationships between the Company and the members of the Management Board. The Committee is responsible for succession planning in respect of the Management Board and approves the compensation schemes for the Management Board members. The Nomination and Remuneration Committee held two meetings in the 2017|18 financial year. These dealt especially with the subjects of succession planning and the renewal of expiring Management Board terms. The **Strategy Committee** prepares strategic decisions of the Supervisory Board by providing decision support, and makes decisions in urgent matters. The Strategy Committee held no meetings in the 2017|18 financial year. The **Audit Committee** prepares for transaction by the Supervisory Board all matters related to the Company's separate financial statements and to the auditing of the accounting records and of the consolidated financial statements and Group management report, including the corporate governance report. It monitors the effectiveness of the internal control system and risk management system and of the Internal Audit function, and verifies the independence and qualifications of the external auditors. In the 2017|18 financial year the Audit Committee met twice. Its meetings focused particularly on the audit of the 2016|17 financial statements, the preparation of the audit of the 2017|18 financial statements, and the supervision of the risk management system. The Audit Committee also dealt with the compliance report and the report of the Group's Internal Audit function.

The Supervisory Board terms of reference include the procedures for the committees; an excerpt of the terms of reference is available on the AGRANA website at www.agrana.com/en/investor/corporate-governance.

Supervisory Board committees consist of the Supervisory Board Chairman or a Vice-Chairman, and of as many other members as the Supervisory Board shall determine. The only exception is the Nomination and Remuneration Committee, which consists of the Supervisory Board Chairman and two members appointed from among the Supervisory Board members elected by the Annual General Meeting. If the Supervisory Board has two Vice-Chairmen, they shall be appointed as these two other members of the Nomination and Remuneration Committee.

Name	Position on committee
Nomination and Remuneration Committee	
Erwin Hameseder	Chairman (and expert advisor on compensation)
Wolfgang Heer	Member
Klaus Buchleitner	Member
Strategy Committee	
Erwin Hameseder	Chairman
Wolfgang Heer	Member
Klaus Buchleitner	Member
Hans-Jörg Gebhard	Member
Thomas Buder	Employee representative
Gerhard Glatz	Employee representative
Audit Committee	
Klaus Buchleitner	Chairman (and expert advisor on finance)
Wolfgang Heer	Member
Thomas Buder	Employee representative

In the reporting period the Supervisory Board convened for five meetings.

Compensation report

Compensation of the Management Board

The Supervisory Board duly reviews and discusses the appropriateness of the Management Board's compensation, also taking into consideration the Group's internal compensation structure.

The total compensation of the Management Board members consists of a fixed and a variable, performance-based component. The performance-based component is contractually tied to the amount of the dividends paid over the respective last three years, in order to take into account long-term and multi-year performance criteria.

The compensation paid out in the 2017|18 financial year and the prior year to the members of the Management Board was as follows:

€	Fixed compensation, incl. non-monetary benefits	Variable compensation for prior year	Total current compensation	Other payments
2017|18				
Johann Marihart[1]	716,219	795,340	1,511,559	–
Stephan Büttner	443,162	414,713	857,875	–
Fritz Gattermayer	514,609	568,100	1,082,709	35,714[2]
Thomas Kölbl[3]	–	–	–	–
2016|17				
Johann Marihart[1]	718,993	636,240	1,355,233	125,000[2]
Stephan Büttner	381,512	371,140	752,652	–
Fritz Gattermayer	513,522	487,784	1,001,306	–
Thomas Kölbl[3]	–	–	–	–

Post-employment benefits granted to the Management Board under the Company's plan are pension, disability insurance and survivor benefits. For the Management Board members Johann Marihart and Fritz Gattermayer, the following applies: The pension becomes available when the pension eligibility criteria of the Austrian public pension scheme under the General Social Insurance Act (ASVG[4]) are met. In the event of retirement before the age determined under the ASVG, the amount of the pension is reduced. The pension amount is calculated as a percentage of a contractually agreed assessment base. For the pension of Stephan Büttner, there is a defined contribution obligation, which can be claimed after the recipient has reached 55 years of age provided that the employment relationship has been terminated. For the 2017|18 financial year, pension fund contributions of € 352 thousand were paid (prior year: € 354 thousand). A follow-up payment of € 109 thousand was made to former Chief Financial Officer Walter Grausam, who retired on 31 December 2014.

The retirement benefit obligations in respect of the Management Board are administered by an external pension fund. In the event that a Management Board appointment is withdrawn, there are severance pay obligations in accordance with the provisions of the Employees Act (see note on rule 27a) or the Occupational Pension Plan Act (BMSVG[5]). In the balance sheet at 28 February 2018, within the item "retirement and termination benefit obligations", an amount of € 6,874 thousand was recognised for pension obligations (prior year: € 8,496 thousand) and an amount of € 2,283 thousand was recognised for termination benefit obligations (prior year: € 2,151 thousand).

No compensation agreements in the event of a public tender offer exist between the Company and its Management Board, Supervisory Board or other staff.

[1] Chief Executive Officer.
[2] Long-service award.
[3] The Management Board member of AGRANA Beteiligungs-AG appointed to this position on the basis of the syndicate agreement between Südzucker AG, Mannheim, Germany, and Zucker-Beteiligungsgesellschaft m.b.H., Vienna, does not receive compensation for serving in this capacity.
[4] German name of the act: Allgemeines Sozialversicherungsgesetz.
[5] German name of the act: Betriebliches Mitarbeiter- und Selbständigenvorsorgegesetz.

AGRANA maintains directors and officers liability insurance coverage for management staff. This D&O insurance covers certain personal liability risks of the individuals acting as legal representatives of the AGRANA Group. The cost is borne by AGRANA.

Transactions of members of the Management Board in financial instruments are notified to the Financial Market Authority (FMA) in accordance with article 19 (1) of Regulation (EU) No 596/2014 and published on the AGRANA website. During the reporting period there were no such transactions.

Compensation of the Supervisory Board

The Annual General Meeting on 7 July 2017 approved an annual aggregate remuneration for the Supervisory Board of € 250,000 (prior year: € 250,000) for the 2016|17 financial year and delegated to the Supervisory Board the responsibility for allocating this sum among its members. The amount paid to the individual Supervisory Board members is tied to their function on the Board. No meeting fees were paid.

The compensation of the individual members of the Supervisory Board was as follows:

€	2017|18[1]	2016|17[1]
Erwin Hameseder (Chairman of the Supervisory Board)	55,000	55,000
Wolfgang Heer (First Vice-Chairman of the Supervisory Board)	35,000	35,000
Klaus Buchleitner (Second Vice-Chairman of the Supervisory Board)	35,000	35,000
Jochen Fenner[2]	25,000	25,000
Hans-Jörg Gebhard	25,000	25,000
Ernst Karpfinger	25,000	25,000
Thomas Kirchberg	25,000	25,000
Josef Pröll	25,000	25,000
Helmut Friedl[3]	–	–

In accordance with section 110 (3) of the Austrian Labour Act, those Supervisory Board members who are employee representatives do not receive Supervisory Board compensation.

Compliance

For AGRANA, compliance with legal and regulatory requirements is integral to good corporate governance.

AGRANA has a dedicated Compliance Office led by the Director of Corporate Compliance, who reports directly to the Management Board member responsible and centrally looks after the compliance activities. Additionally, the CFOs of the segments and subsidiaries act as compliance officers in order to implement relevant Group requirements efficiently. The most important responsibilities of the Compliance Office include the implementation and expansion of the compliance management system in the AGRANA Group, with the aim of fulfilling the organisational and supervisory obligations of the Group's management under the law. Key functions of the Compliance Office are the production and training of internal guidelines, provision of support in compliance matters, documentation of cases of non-compliance, and issuing of recommendations. In addition to the Compliance Office there is a Compliance Board, which deliberates on an ongoing basis on fundamental questions in matters of compliance.

[1] Compensation for prior year.
[2] Retired from the Supervisory Board at 7 July 2017.
[3] Appointed to the Supervisory Board with effect from 7 July 2017.

AGRANA's compliance management system comprises the following core elements and policies:

The **AGRANA Code of Conduct** forms the foundation of all business actions and decisions. The Code of Conduct is designed to give a clear and systematic understanding of the conduct which AGRANA expects from all employees, managers and directors in all activities and locations of the Group. Together with the mission statement, it guides the entire AGRANA Group, setting unambiguous standards of integrity, correct business conduct and ethical principles.

In addition to the rules on conflicts of interest set out in the Code of Conduct, AGRANA has a separate **Conflict-of-Interest Policy**. In the course of business activities, it is possible that the personal or financial interests of staff or board members come, or could come, into conflict with the interests of the AGRANA Group. A reporting and documentation system has been developed for this that applies for all AGRANA employees and board members.

Anticorruption laws apply worldwide and must be obeyed everywhere and at all times. In view of Austria's specific anti-corruption legislation, AGRANA has a separate **Austria Anti-Corruption Policy**, which complements the Code of Conduct. This policy sets out binding regulations and a reporting system. The policy is intended to mitigate the potential risk of violations of the law and of the AGRANA Code of Conduct as well as to facilitate the proper handling of invitations and gifts.

AGRANA also has a **Tax Policy**, applicable in Austria, that governs the handling of sponsorships, donations and benefits in kind.

The purpose of the globally applicable **Antitrust Compliance Policy** is to ensure that all employees and board members know and abide by the essential provisions of competition and antitrust law and have the awareness to recognise situations with antitrust relevance. The overarching aim of this policy is to preserve employees from violating antitrust legislation and to provide practical, real-world support in applying the relevant rules.

The **Policy on Information-Sharing in Joint Ventures** was created to complement the applicable Antitrust Compliance Policy and prescribes what information may be shared with joint venture partners.

As a publicly traded company, AGRANA Beteiligungs-AG has issued a **Capital Market Compliance Policy** to ensure adherence to stock exchange and capital market laws and regulations. It sets out the principles governing the disclosure of information and prescribes organisational measures such as for safeguarding confidentiality and preventing improper use or transmission of insider information.

In the 2017|18 financial year the electronic training tool that has been in place since 2016|17 at the sites in Austria was rolled out to all locations worldwide. The AGRANA compliance e-learning covers all key topics relevant to compliance and must be re-taken annually. In the year under review it was completed by 2,951 (or 98.4%) of the 3,000 identified employees and board members (all salaried employees were identified). All members of the Management Board and Supervisory Board received the training.

The Internal Audit department verifies compliance with laws, regulations and internal policies. In the 2017|18 financial year it audited 16 of the 52 production sites/companies, i.e., 30% of sites/companies within the GRI reporting boundaries (see the section "Non-financial information statement under section 267a Austrian Commercial Code", page 43), including audits for corruption and fraud in selected subject areas. No significant breaches of legal norms regarding anti-corruption were found. At one site, it was determined that an employee violated the obligation under the AGRANA Code of Conduct to report potential conflicts of interest. Although it could not be proved that the employee took advantage of the situation, this non-adherence to an internal AGRANA policy led to the mutually agreed departure of the employee.

Diversity strategy for the Management Board and Supervisory Board

New or vacant positions on the Management Board of AGRANA-Beteiligungs-AG are filled through structured processes supported by a recruitment consultant, with the aim of finding the most suitable candidate for the position, ideally from within AGRANA. In this search, women are neither discriminated against nor given preference. The ultimate hiring decision is made by the Supervisory Board.

Under the Gender Equality on Supervisory Boards Act (also known in German as the GFMA-G), section 86 (7) Austrian Stock Corporation Act applies to elections and appointments to supervisory boards that occur after 31 December 2017, i.e., a ratio of at least 30% women must be achieved for all supervisory board members elected or appointed from 1 January 2018, failing which the non-compliant election or appointment would be invalid. The tenure of existing supervisory board members is not affected. At the 2017 Annual General Meeting (AGM) of AGRANA Beteiligungs-AG, all members of the Supervisory Board were elected for a term ending at the conclusion of the General Meeting that decides on board members' discharge from liability for the 2021|22 financial year. As a result, the quota requirement does not enter into operation until any vacant positions are to be filled or, at the latest, at the elections to the Supervisory Board in the 2022 calendar year.

Promoting equity for women

For more and more people, the ability to balance work and family life ranks high on the list of expectations for the workplace and is a major element of job satisfaction. For women, it is frequently a critical career factor.

To provide the best possible conditions for achieving a balance between work and family responsibilities for the greatest possible number of employees, AGRANA offers flexible working hours and a Group-wide framework agreement for teleworking. As well, a company day-care centre is available at the headquarters in Vienna. Additionally, AGRANA provides financial assistance for the care of young children up to three years old in Austria and Germany. AGRANA also organises and majority-funds a summer holiday child care service at a production site in Austria, and makes available a parent-child office at the Vienna headquarters where parents can, for example, supervise their children's homework in the afternoon.

Vienna, 23 April 2018

The Management Board of AGRANA Beteiligungs-AG

Johann Marihart
Chief Executive Officer

Stephan Büttner
Member of the Management Board

Fritz Gattermayer
Member of the Management Board

Thomas Kölbl
Member of the Management Board

NORTH AMERICA

5 fruit plants
USA, MEXICO
Employees
♀ 723 ♂ 861
Revenue
€ 272.9 million

OUR PLANTS

make us
strong and profitable

AGRANA, as a processor of agricultural raw materials with the three segments Sugar, Starch and Fruit, operates 58[1] production sites in 25[1] countries and had 8,603 employees at the end of February 2018 (by headcount).

[1] Number of sites as of 7 May 2018 (since the reporting date of 28 February 2018, one Fruit plant has been added in Nagykálló, Hungary).

SOUTH AMERICA

3 fruit plants
ARGENTINA, BRAZIL
Employees
♀ 92 ♂ 200
Revenue
€ 46.6 million

EU-28

9 sugar plants (incl. INSTANTINA)
5 starch plants
19 fruit plants
AUSTRIA, CZECH REPUBLIC, FRANCE, GERMANY, HUNGARY, POLAND, ROMANIA, SLOVAKIA

Employees
♀ 1,331 ♂ 3,294

Revenue
€ 1,983.5 million

EUROPE NON-EU

1 sugar plant
6 fruit plants
BOSNIA AND HERZEGOVINA, RUSSIA, SERBIA, TURKEY, UKRAINE

Employees
♀ 507 ♂ 456

Revenue
€ 101.7 million

ASIA

4 fruit plants
CHINA, INDIA, SOUTH KOREA

Employees
♀ 115 ♂ 288

Revenue
€ 105.5 million

AFRICA

4 fruit plants
EGYPT, MOROCCO, SOUTH AFRICA

Employees
♀ 395 ♂ 173

Revenue
€ 15.3 million

AUSTRALIA AND OCEANIA

2 fruit plants
AUSTRALIA, FIJI

Employees
♀ 65 ♂ 103

Revenue
€ 40.8 million

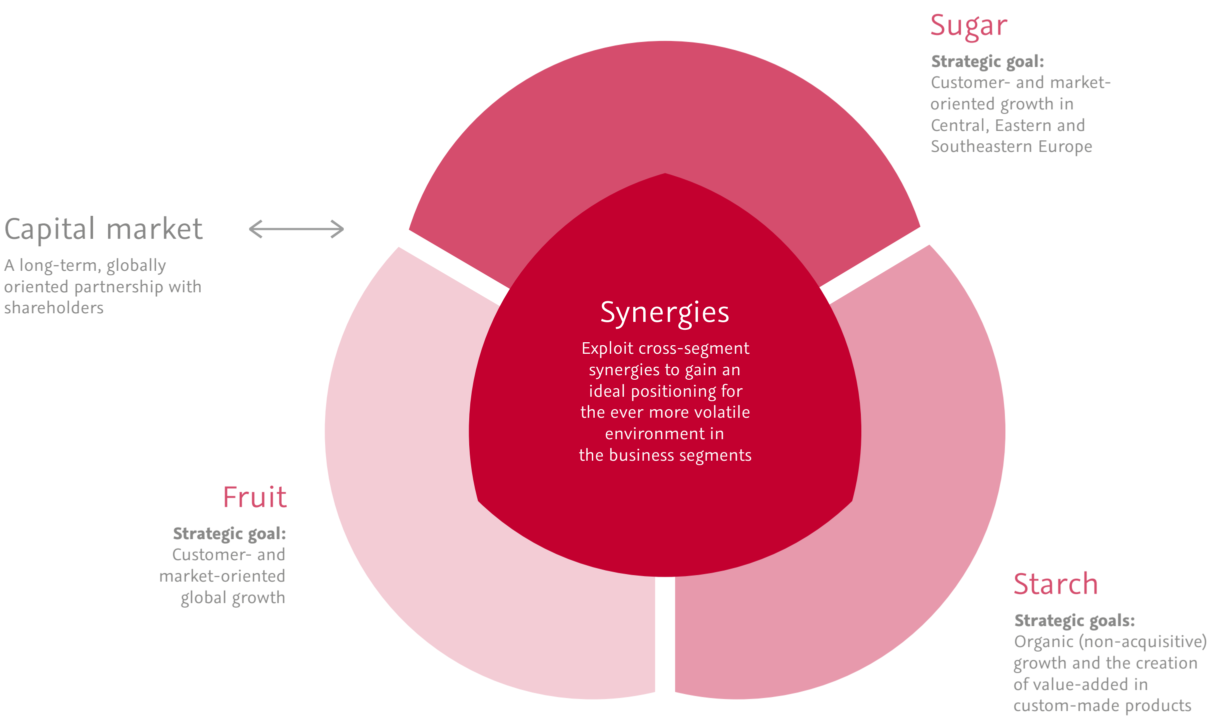
AGRANA's strategy

As an Austrian industrial group with an international focus, AGRANA's Sugar and Starch segments operate mainly in Europe and the operations of its Fruit segment are global. In these markets, AGRANA seeks or already commands a leading position in the industrial processing of agricultural raw materials. The Group pursues a growth strategy oriented to the respective local market opportunities. Long-lasting, stable customer and supplier relationships, respectful treatment of all stakeholders and continual growth in the company's value are major cornerstones of the corporate strategy, which is guided by the principles of sustainable management. AGRANA's aim is to provide both its globally operating and its regional customers worldwide with high product quality, optimum service and innovative product development ideas and expertise.

AGRANA controls and manages the product value chain from the purchase of agricultural raw materials to the production of the resulting intermediate goods for industrial customers (and end products for consumers in the case of the Sugar segment). The Group utilises its strategic know-how across segment boundaries. This is especially true for agricultural grower contract management and raw material procurement, the knowledge of customer requirements and markets, the opportunities for the development of inter-segment products, and synergies in logistics, purchasing, sales and finance. The cross-segment application of these competencies forms the basis for a robust market position relative to competitors in all product groups, and underpins AGRANA's innovative strength and lean cost position.

In its business operations, AGRANA seeks to make the part of the value chain that it can influence as sustainable as possible. By sustainability in this context AGRANA primarily means the following three aspects, which apply to all business segments:

- Utilisation of almost 100% of the agricultural raw materials employed, and use of low-emission technologies to minimise impacts on the environment
- Respect for all stakeholders and communities where the Group operates
- Working together in long-term partnerships



Sugar segment strategy

Strategic goal: Customer- and market-oriented growth. In the Sugar segment, AGRANA is very well positioned as a supplier in the Central, Eastern and Southeastern European countries. AGRANA differentiates itself from the competition through high quality standards, market service, an extensive sugar product portfolio, and by building the Group's regional brands. In addition to the goal of positioning sugar as a regional brand-name product, AGRANA continues to strive for full capacity utilisation everywhere (including yield improvement) and an intensification of marketing activities in Southeastern Europe. The Group's own production of beet sugar is supplemented by the reselling and refining activities of AGRANA's Sugar segment, especially in the Southeastern European countries with beet sugar deficits.

Starch segment strategy

The strategic goals: Organic (non-acquisitive) growth and the creation of value-added in custom-made products. In the Starch segment, AGRANA focuses on highly refined specialty products. Innovative, customer-driven products supported by application advice and continuous product development, combined with cost optimisation, are the key to the segment's success. An example is the leading position in organic starches and GMO-free[1] starches for the food industry. As well, in the non-food sector, the Group is a leading supplier of specialty starches for the paper, textile, cosmetics, pharmaceutical and building materials industries.

AGRANA's essential core competency – the large-scale processing of agricultural raw materials into industrial products – is also the basis for the bioethanol business. In Austria, AGRANA is the leading vendor of this climate-friendly fuel thanks to the bioethanol plant in Pischelsdorf, Austria. In bioethanol production, AGRANA effectively applies its principle of completely utilising the agricultural raw materials employed, thus enhancing value-added through the optimal use of all residual components of raw materials in by-products.

Fruit segment strategy

Strategic goal: Customer- and market-oriented global growth. In the Fruit segment, the Group's business a ctivities are fruit preparations (AGRANA Fruit, about 80% of the segment's revenue) and fruit juice concentrates (AUSTRIA JUICE, about 20% of segment revenue):

- AGRANA Fruit produces custom fruit preparations for the dairy, ice cream, baking and food service industries. With local production units in close proximity to customers, AGRANA is the world leader in this global market and intends to further expand its presence, follow its internationally operating customers into new markets and grow faster than the market.

- AUSTRIA JUICE is a producer and reseller mainly of juice concentrates from apples, red fruits and berries. High quality is assured through manufacturing sites close to the crop-growing areas and by modern production facilities and frequent quality checks. The aim is to increase global sales into the beverage industry, including also the further expansion in not-from-concentrate juices and fruit wines as well as in aromas and beverage bases.

AGRANA wants to consolidate and strengthen its global market position through organic growth and with the help of acquisitions and cooperative new ventures.

Synergy strategy

Strategic goal: Raise inter-segment synergies to ensure the Group's optimum positioning amid a volatile operating environment in the business segments. The synergy strategy encompasses the strategies of the three individual segments and also includes the sustainability dimension. Specifically, AGRANA seeks to exploit synergies between the three business segments in raw material procurement, in production and in marketing. This collaboration across its businesses helps AGRANA to supply a broad portfolio of high-quality products for a wide range of applications, both in the food and non-food sectors.

Capital market strategy

Strategic goal: A long-term partnership with shareholders. The Group's sound equity base gives AGRANA strategic flexibility. For its overall financing needs, AGRANA not only has the ability to self-finance but can draw on committed credit lines and the proceeds of a Schuldscheindarlehen (a loan with bond-like characteristics, sometimes translated as "bonded loan" or "promissory note loan"). AGRANA sees its shareholders as long-term partners in realising the Group's goals and offers them an attractive long-run return on investment at a reasonable level of risk. With a policy of open and transparent communication, AGRANA aims to safeguard investors' confidence in the Group and make its business performance and its management decisions predictable and easy to understand.

[1] GMO-free or GM-free: not derived from genetically modified organisms.

AGRANA in the capital market

Key share information for AGRANA

ISIN code
AT0000603709

Exchange/ market segment
VSE/Prime Market

Type of security
Ordinary shares

Number of shares
15,622,244

Reuters code
AGRV.VI

Bloomberg code
AGR AV

Ticker symbol
AGR

More information about AGRANA's shares
agrana.com/en/investor/agrana-shares

AGRANA share data		2017|18	2016|17	2015|16
Closing price at Feb 28/29 year-end	€	99.10	106.00	80.50
High	€	115.80	126.20	90.50
Low	€	92.32	78.80	73.00
Earnings per share[1]	€	8.97	7.13	5.82
Closing price/earnings ratio at year-end		11.05	14.87	13.83
Closing book value per share at year-end	€	89.43	86.39	80.57
Number of shares at year-end	'000	15,622.2	15,622.2	14,202.0
Closing market capitalisation at year-end	€m	1,548.2	1,656.0	1,143.3

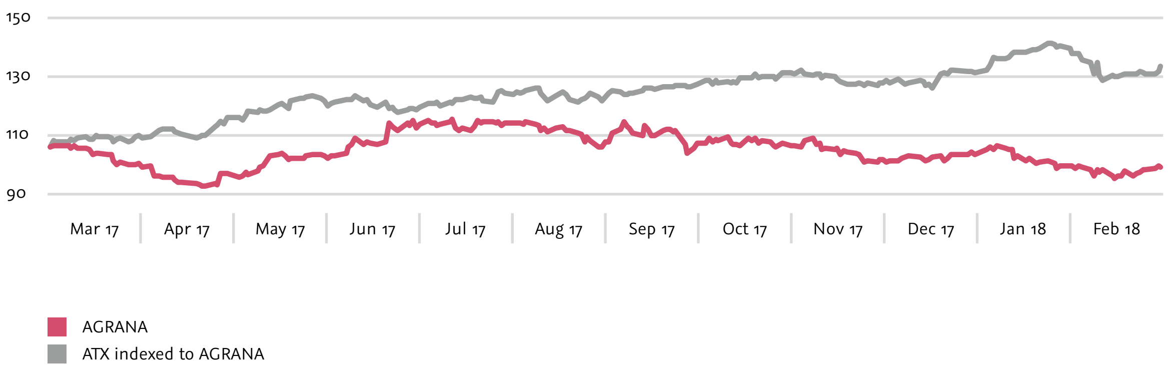
AGRANA share performance and stock market environment

In the equity market, the 2017 calendar year was dominated by an unusually steady rising trend in share prices. The price gains are well supported by fundamentals, as corporate earnings worldwide expanded significantly, buoyed by the strong growth of the global economy and world trade. Upbeat economic forecasts and a continuing easy interest rate environment allowed market sentiment to soar and took indexes for many markets to historic highs. With an advance of 30.6% over the year, Austria's benchmark ATX index ranked as one of the world's best-performing stock market bellwethers. The high for the year was reached on 2 November 2017 (at 3,445.23 points); after a sideways movement in the last two months of 2017, the ATX ended the calendar year at 3,420.14 points.

On 1 March 2017, AGRANA started the 2017|18 financial year at a share price of € 106.00. In the already described positive setting for stock markets around the world and in Vienna, AGRANA shares rose after good annual results and a guidance increase in June (for a higher EBIT projection), achieving a high for the year in the first half of the financial year (11 July 2017: € 115.80). In the second half of the year the environment for sugar producers progressively deteriorated, which made itself felt in AGRANA's share price. The closing price of € 99.10 at the balance sheet date represented a decrease of 6.5% from the opening price at the start of the financial year. The performance of the ATX index over the same period was significantly positive (up 26.6%). AGRANA's average trading volume on the Vienna Stock Exchange rose significantly as a result of the February 2017 capital increase, to about 19,300 shares per day (prior year: approximately 6,400 shares per day[2]).

AGRANA share performance in 2017|18

€



[1] Based on the number of shares outstanding at the balance sheet date.
[2] Trading volume based on double counting, as published by the Vienna Stock Exchange.

The market capitalisation at 28 February 2018, with 15,622,244 shares outstanding, was € 1,548.2 million (prior year: € 1,656.0 million).

AGRANA is listed in the Prime Market segment of the Vienna Stock Exchange and is also quoted in the VÖNIX, the Austrian Sustainability Index. This equity index comprises those exchange-traded Austrian companies which are leading in social and environmental performance. Between 18 September 2017 and 19 March 2018, after an eleven-year absence, AGRANA was also a component of the ATX again, thus forming part of the price index that consists of the approximately twenty most liquid shares on the Vienna Stock Exchange.

Active capital market communication

AGRANA's investor relations activities are based on the key principles of providing comprehensive and timely information, transparency and ongoing communication with investors and analysts. At the press conferences presenting the annual and half-year results, the Management Board thoroughly briefed the financial and industry media on the financial and business performance. In addition, in press releases and one-on-one interviews with financial, agricultural and other trade journalists, AGRANA provided information on subjects of current relevance to its business activities. Media representatives were also invited on tours of operational sites.

At several road shows and investor conferences in Austria and abroad, the Management Board provided Austrian and international institutional investors and analysts with information on the performance and prospects of the AGRANA Group. This was supplemented by numerous individual conversations as well as by conference calls accompanying the publication of the quarterly and full-year results. Retail shareholders were invited on a tour of the biorefinery in Pischelsdorf, Austria, and also had the opportunity at the GEWINN trade fair in Vienna to hear directly from the Management Board about current projects and the business operations. AGRANA encourages young people's interest in the capital market; in 2017|18 the Group invited students to tour the corn starch plant in Aschach, Austria, as part of an Austria-wide stock market investment game, and also supported the "Research Challenge" project of the CFA Institute in Austria.

An additional important channel of investor relations activities is the AGRANA website (www.agrana.com/en/ir), where all financial reports, financial news items, insider information announcements, voting rights notifications, management transaction disclosures and investor presentations are available as soon as they are published. AGRANA endeavours to make the same information available to all market participants at the same time.

In the 2017|18 financial year, Berenberg Bank, Erste Bank Group, Goldman Sachs and Raiffeisen Centrobank published research reports on AGRANA. At the balance sheet date of 28 February 2018, the investment houses had two neutral ratings, one accumulate and one buy rating on AGRANA. A detailed overview of the research reports can be found on the Internet at www.agrana.com/en/investor/agrana-shares (heading: Research).

Dividend policy of continuity

	2017|18	2016|17	2015|16
Dividend per share	€ 4.50[1]	€ 4.00	€ 4.00
Earnings per share[2]	€ 8.97	€ 7.13	€ 5.82
Dividend payout ratio	50.17%[1]	56.10%	68.73%
Dividend yield[3]	4.54%[1]	3.77%	4.97%

AGRANA is committed to a predictable, reliable and transparent dividend policy designed for continuity. The distributions are based not only on profit but also on the Group's cash flow and debt situation and the need to maintain a sound balance sheet structure. For the financial year under review, the Management Board will therefore propose to shareholders at the Annual General Meeting on 6 July 2018 to pay a dividend of € 4.50 per share, representing a dividend yield of 4.54% (prior year: 3.77%) based on the share price of € 99.10 at the end of February 2018. The dividend payment date is 13 July 2018.

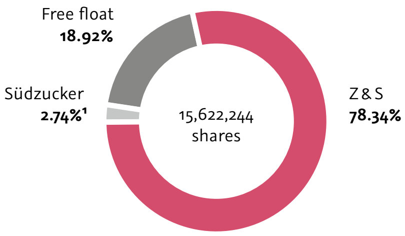
[1] Proposal to the Annual General Meeting.
[2] Based on the number of shares outstanding at the balance sheet date.
[3] Based on the closing share price at the balance sheet date.

Stable shareholder structure

AGRANA has a long-standing, stable principal shareholder in Z&S Zucker und Stärke Holding AG ("Z&S"), Vienna, which itself is indirectly co-owned by Zucker-Beteiligungsgesellschaft m.b.H. ("ZBG"), Vienna, and Südzucker AG ("Südzucker"), Mannheim, Germany. Under a syndicate agreement between Südzucker and ZBG, the partners in the syndicate have mutual rights to appoint members of each other's management board and supervisory board.

In the 2017|18 financial year there was no material change in shareholder structure.

Shareholder structure at 28 February 2018



The expansion in free float achieved through the capital increase in February 2017 in combination with the placement of existing shares from the direct holding of Südzucker improved AGRANA's capital market presence and significantly increased its trading liquidity. The average daily trading volume tripled in the 2017|18 financial year, to about 19,300 shares[2].

The shareholder structure is presented in detail in the section "Capital, shares, voting rights and rights of control" on page 92.

[1] Directly held.
[2] Trading volume based on double counting, as published by the Vienna Stock Exchange.

GROUP MANAGEMENT REPORT 2017|18

Organisational structure

AGRANA is a globally operating processor of agricultural raw materials, with its Sugar, Starch and Fruit segments manufacturing high-quality foods and many intermediate products for the downstream food industry as well as for non-food applications. With about 8,700 employees (in FTE[1]) at 57 production sites on six continents, the Group generated revenue of approximately € 2.6 billion in the 2017|18 financial year. AGRANA was established in 1988 and has been quoted on the Vienna Stock Exchange since 1991.

AGRANA Beteiligungs-AG
57 production sites
8,678 employees[1]
€ 2,566.3 million revenue

Sugar segment

AGRANA Zucker GmbH
10 production sites
2.109 employees[1]
€ 652.6 million revenue

Starch segment

AGRANA Stärke GmbH
5 production sites
959 employees[1]
€ 752.3 million revenue

Fruit segment

AGRANA Internationale Verwaltungs- und Asset-Management GmbH
42 production sites
5,610 employees[1]
€ 1,161.4 million revenue

Business segments and procurement models

In the **Sugar** segment, AGRANA processes sugar beet from contract growers and also refines raw sugar purchased worldwide. The products are sold into downstream industries for use in, for example, sweets, non-alcoholic beverages and pharmaceutical applications. Under country-specific sugar consumer brands, AGRANA also markets a wide range of sugars and sugar specialty products to consumers through food retailers. In addition, in the interest of the most complete possible utilisation of its agricultural raw materials, AGRANA produces a large number of fertilisers and animal feedstuffs. These not only help the economic bottom line but also ecologically close the material cycle by returning minerals and other nutrients to the land and the food chain.

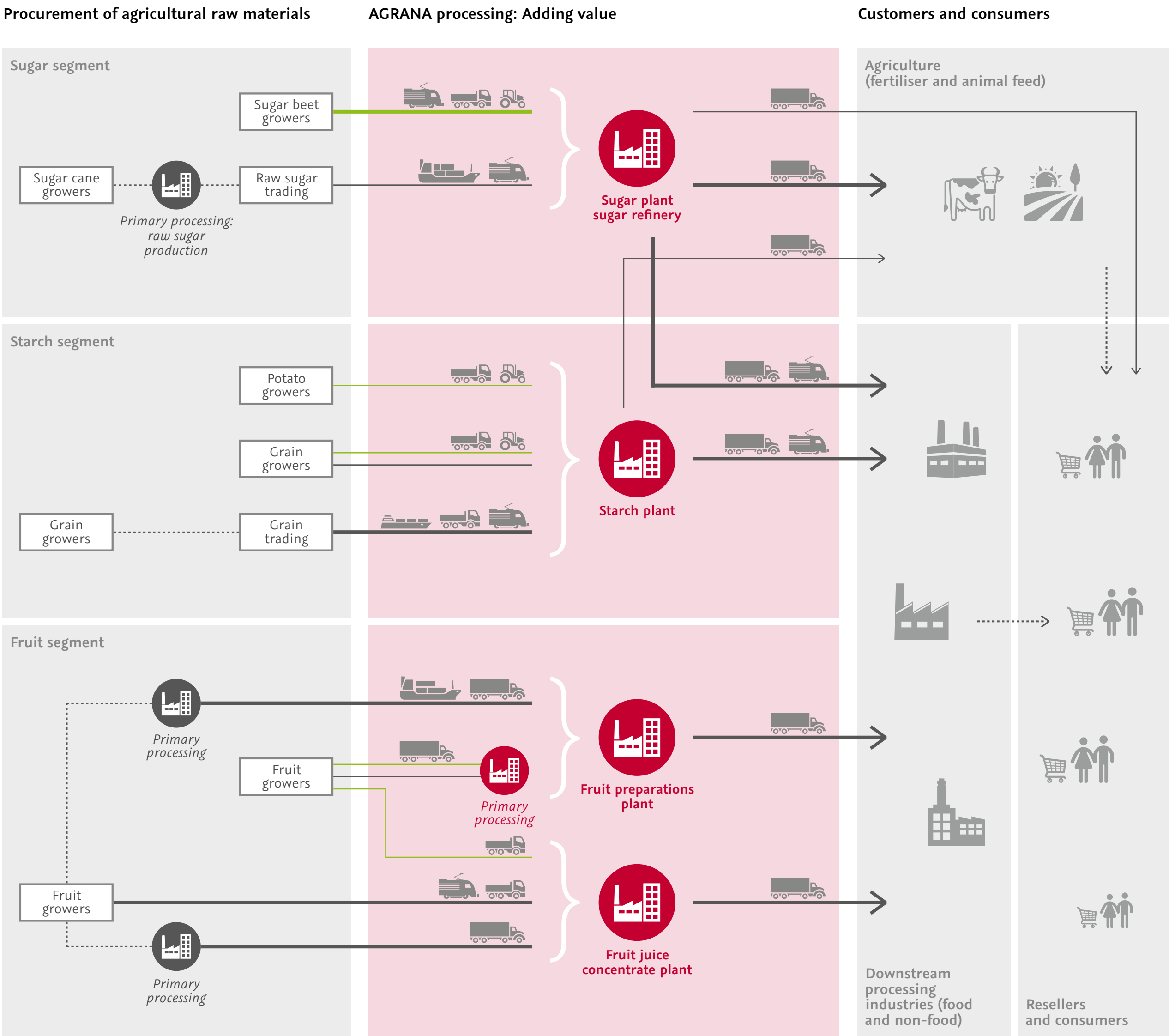
In the **Starch** segment, AGRANA processes and refines raw materials grown by contract farmers or purchased in the open market – mainly corn (maize), wheat and potatoes – into premium starch products. These products are sold both into the food and beverage industry and the paper, textile, cosmetics and building materials sectors and other non-food industries. The starch operations as well produce fertilisers and high-quality animal feeds. The production of climate-friendly bioethanol for blending with petrol is also part of the Starch segment's activities.

The **Fruit** segment custom-designs and produces fruit preparations (fruit ingredients) and fruit juice concentrates. AGRANA is the world's leading manufacturer of fruit preparations for the dairy, bakery, ice cream and food service industries. The fruit used in the fruit preparations is sourced largely from primary processors, in frozen or aseptic form. In some countries, AGRANA operates its own primary processing plants where fresh fruit (in some cases from contract growers) is received and readied for processing into fruit preparations. In the fruit juice concentrate business, at production sites located mainly in Europe, AGRANA produces apple and berry juice concentrates, not-from-concentrate juices, fruit wines, beverage bases and aromas. In the Fruit segment too, AGRANA seeks to achieve the most sustainable and complete utilisation of raw materials possible. While fruit preparations production generates very little usable residue, the press cake from apple juice production, known as apple pomace, is utilised by the pectin industry and as a feedstuff.

[1] Average number of full-time equivalents in the financial year.

In all three business segments, AGRANA also processes raw materials from certified organic farming.

Simplified AGRANA value chain and reported GRI disclosures



Environmental and social criteria in the procurement of agricultural raw materials:
308-2, 408-1, 409-1, 414-2

Environmental and energy topics in AGRANA's production operations: 301-1, 302-3, 302-4, 303-1, 304-1, 304-3, 305-4, 305-5, 306-1, 306-2

Working conditions and human rights in respect of AGRANA employees:
403-2, 404-1, 405-1, 407-1, 408-1, 409-1, 412-1

Product responsibility and sustainable products:
416-1, 416-2, 417-2

Compliance and business conduct:
201-2, 205-1, 205-2, 205-3, 206-1

The thickness of lines marking the business relationships represents the relative volume of flows within the respective business segment.

Contract farming
Direct business relationship
No direct business relationship for AGRANA

Further information about the AGRANA value chain is provided at **wsk.agrana.com/en**

In line with its business activities and its sustainability priorities in the areas of energy efficiency, complete raw material utilisation, attention to environmental and social criteria in procurement, and business ethics, AGRANA supports especially the Sustainable Development Goals (SDGs) 8, 13, 15 and 16 adopted in September 2015 by the General Assembly of the United Nations. For the first time these goals also engage the private sector in furthering the achievement of development goals. In addition, AGRANA contributes to the attainment of Goals 2 to 7, 12, 14 and 17.

Non-financial information statement

under section 267a Austrian Commercial Code[1]

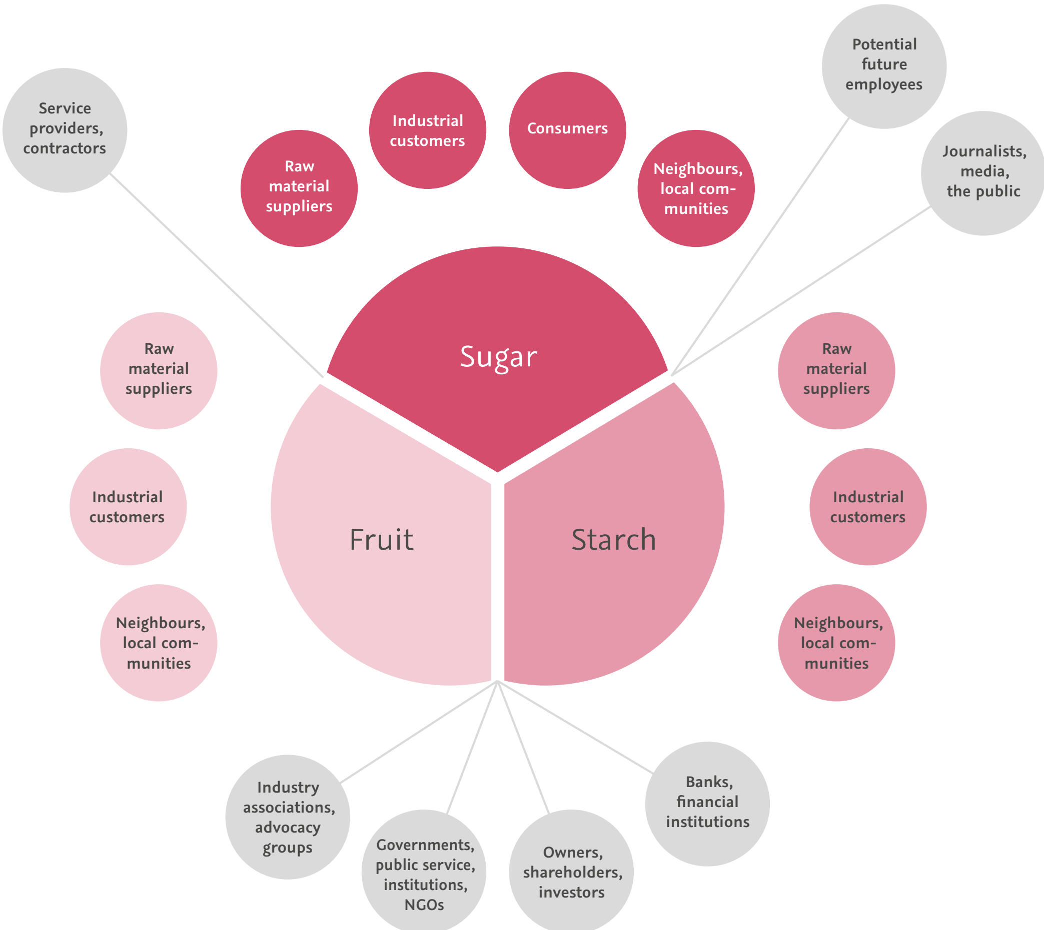
AGRANA reports non-financial sustainability matters (i.e., topics)[2] that are material to its business activities[3] by integrating them in the Group management report, with the relevant pages visually marked by a green fingerprint. This non-financial information statement provides an overview of AGRANA's understanding of sustainability, the AGRANA materiality matrix, management approaches for the key non-financial matters/topics, and the organisational and content boundaries of the sustainability reporting. Management measures taken, performance indicators as well as goals in the individual areas are presented in the business segment reports, the section "AGRANA's people" and the corporate governance report.

AGRANA's understanding of sustainability

AGRANA as an industrial processor of agricultural raw materials defines sustainability in its business activities as a harmonious balance of economic, environmental and social responsibility. This understanding of sustainability is summed up by three sustainability principles, which serve management and all employees as a practical and intuitive guide to daily sustainable action:

At AGRANA we:
- Utilise almost 100% of our agricultural raw materials and use low-emission technologies to minimise impacts on the environment
- Respect all our stakeholders and the communities where we operate
- Engage in long-term partnerships with suppliers and customers

AGRANA has developed its understanding of sustainability through regular interactions with its stakeholders:



[1] This non-financial information statement by AGRANA under section 267a Austrian Commercial Code is based on the framework of the Global Reporting Initiative (GRI) and has been prepared in accordance with GRI Standards: Core option.
[2] Terminology note: In this report, in the context of non-financial and sustainability reporting, the words "matters", "topics" and "aspects" all mean the subjects of such reporting and are used synonymously. The background is that the Austrian Sustainability and Diversity Improvement Act and the EU Non-financial Reporting Directive refer to non-financial information subjects as "matters", while the GRI Standards now refer to sustainability subjects as "topics", replacing the old term "Aspects" used under the GRI G4 Reporting Guidelines.
[3] For a description of the business model, see the section "Organisational structure" from page 38.

Formats of AGRANA's engagement with stakeholders in 2017|18

Focusing on raw material suppliers

- Regular agricultural advisory conversations (with contract growers in all three segments)
- Group field visits and tours of trials during the growing season (in the Sugar and Starch segments)
- Field days focusing on various subjects
- Contracting events (for contract production of sugar beet and starch potatoes)
- Winter conferences (communication events in the Sugar and Starch segments)
- Agricultural field symposium day of BETAEXPO (with Austria's largest field of demonstration plantings of AGRANA raw material crops) in Tulln, Austria
- "Mont Blanc" programme in all beet-growing countries (for efficiency improvement in sugar beet production, with much advisory and education content)
- "Potato Day" in Waidhofen an der Thaya, Austria, in cooperation with the Austrian Starch Potato Growers Association (VÖSK)
- Day for new contract growers in the Starch segment
- Oktoberfest at the AGRANA starch plant in Aschach, Austria
- One-day organic agriculture conference for all organic crops processed by AGRANA

Focusing on industrial customers

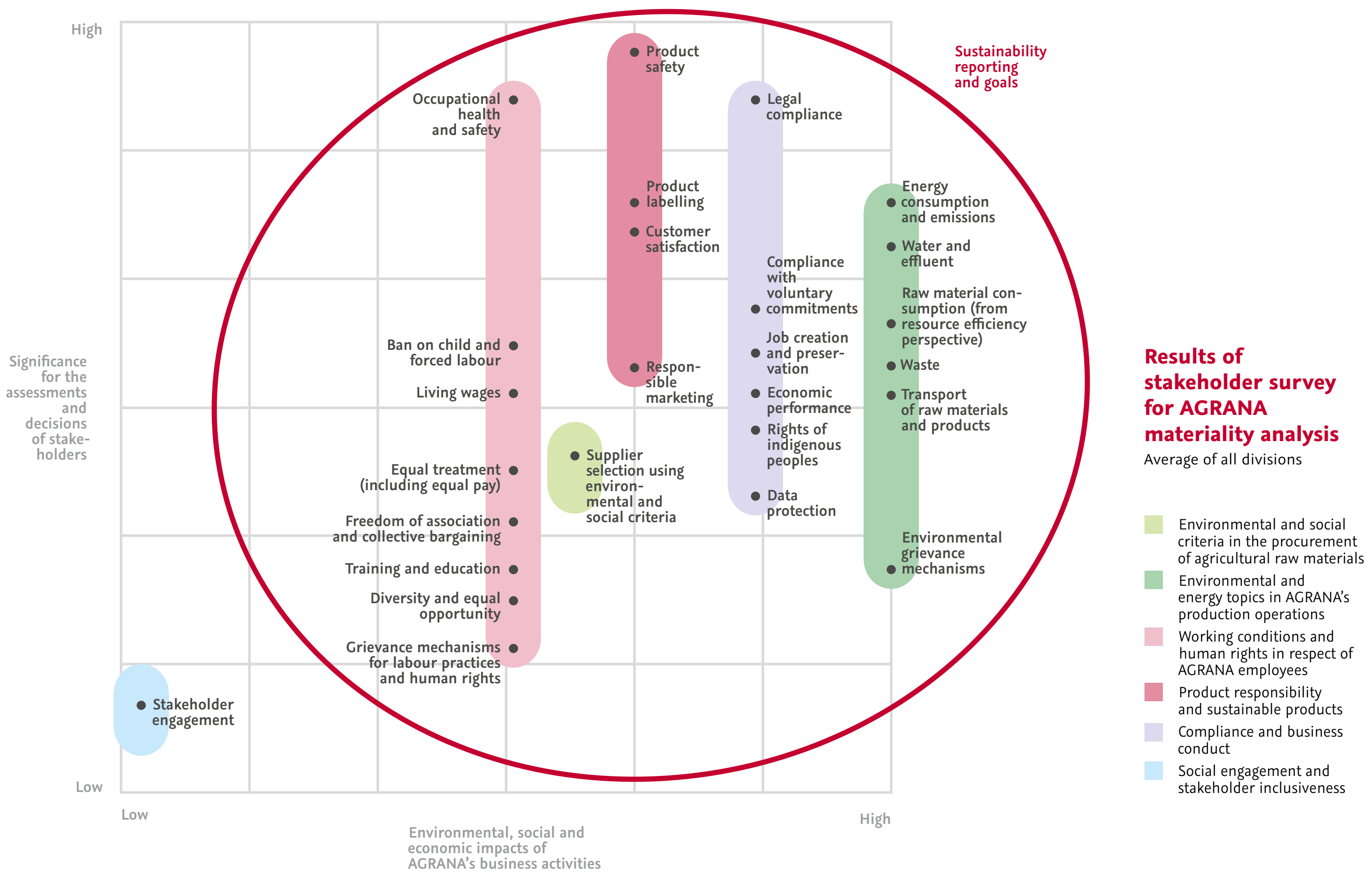
- In-person visits to customers
- Presentations by the AGRANA Group at eight international food fairs (one event each in Algeria, Iran, and Dubai, two in the USA and three in Germany)

Focusing on local communities

- Open houses at the sugar plant in Tulln, Austria, and the starch factory in Aschach, Austria
- BETAEXPO family day
- Personal contacts as part of local community relations

Focusing on investors, the media and general public

- Ongoing media relations and investor relations work
- Press conferences and background briefings
- Road shows and a retail investor information event in Pischelsdorf, Austria



Results of stakeholder survey for AGRANA materiality analysis
Average of all divisions

Sustainability at AGRANA

Segment-specific targets in the supply chain
(see segment reports)

Segment-specific environmental targets by 2020|21
Reductions of direct and indirect energy consumption per tonne of product

Reductions of water consumption per tonne of product
(see segment reports)

Value chain
wsk.agrana.com/en

Material non-financial matters and sustainability topics

In the 2017|18 financial year, AGRANA's Sugar, Starch and Fruit segments processed a worldwide total of approximately 9.7 million tonnes of agricultural raw materials (prior year: 10.6 million tonnes) and sold 5.8 million tonnes of high-quality products (prior year: 5.9 million tonnes).

Based on its business activities, AGRANA in 2012|13 identified six issues of interest along its product value chain:

1. Environmental and social criteria (i.e., labour practices and human rights) in the procurement of agricultural raw materials and intermediate products
2. Environmental and energy topics in AGRANA's production operations
3. Working conditions and human rights in respect of AGRANA employees
4. Product responsibility and sustainable products
5. Compliance and business conduct
6. Social engagement and stakeholder inclusiveness

As part of a revision of the materiality analysis in the 2017|18 financial year, the AGRANA sustainability core team assessed the environmental, economic and social impacts of individual sustainability aspects of AGRANA's business activities. The AGRANA Group's most significant impacts overall arise in the area of environmental and energy topics, as a result of its value-added processing of agricultural raw materials, which is energy-intensive especially in the Sugar and Starch segments. However, within the Fruit segment, due to the global scale of its raw material sourcing, the highest impacts are those of the supplier operations from which AGRANA procures its fruit.

In order to evaluate the significance of the cited sustainability topics for the assessment of the Group by external and internal stakeholders, AGRANA commissioned a survey of representative stakeholders[1], using a structured questionnaire. For the stakeholders the issues of product safety, compliance with legal requirements, workplace safety, and energy consumption and emissions were, on average, the highest priority across all business segments. Only stakeholders of the globally operating Fruit segment saw the topic of environmental and social criteria in procurement as being more significant. They expect AGRANA to implement uniformly high standards both in its own product value chain and its supply chain. This applies particularly to suppliers' use of sustainable agriculture practices that employ energy and water efficiently and to suppliers' compliance with the social criteria of the AGRANA Code of Conduct. The stakeholders surveyed regarded the issue of "social engagement and stakeholder inclusion" as having very little significance. In the future it will therefore no longer be considered a material topic, but will continue to be reported on a voluntary basis.

This report covers all topics under which AGRANA has material impacts or that have high significance for AGRANA's stakeholders (see GRI content index from page 179).

Organisational boundaries of reporting

The organisational boundaries for the reporting of the non-financial (i.e., sustainability) information integrated in this 2017|18 annual report encompass all AGRANA Group companies worldwide and match the set of companies included in the Group's financial consolidation, with the exception of the new AGRANA company for fruit preparations in India, which was only consolidated for the first time towards the end of the 2016|17 financial year and only began production towards the end of 2017|18.

For organisational boundary reasons, the non-financial (i.e., sustainability) data continue to exclude the equity-accounted joint ventures of the AGRANA Group – the AGRANA-STUDEN group (in the Sugar segment) and the HUNGRANA group (in the Starch segment).

AGRANA's business activities are divided into three business segments. The reporting of non-financial information and GRI indicators follows this structure, as the differences in business processes between these segments could reduce or distort the significance of data consolidated at Group level (for example, data on energy consumption and emissions).

[1] Representatives of the following stakeholder groups: customers, suppliers, employees, shareholders and local communities.

Management approaches for material non-financial matters/topics, and resulting content boundaries

For ease of understanding of the reporting scope and the underlying management approaches, a more detailed demarcation in terms of content is necessary for the following matters/topics of particular relevance to AGRANA's stakeholders.

Supply chain matters/topics

Environmental and social criteria in the procurement of agricultural raw materials and intermediate products

In view of its core business of processing agricultural raw materials and of the associated very significant procurement volumes and costs, as well as the potential for negative environmental and social impacts of crop production, AGRANA concentrates its sustainability work in the supply chain on suppliers of agricultural raw materials and intermediate goods (such as frozen fruit pieces) and limits its non-financial reporting scope to this area of procurement. In accordance with the precautionary principle, AGRANA seeks to avoid or minimise environmental risks from the growing of raw materials (such as detrimental effects on soil health and retention, water availability and quality, and biodiversity) and social risks (such as negative impacts on working conditions and human rights, and particularly the risk of child labour) by promoting good agricultural practices and compliance with social standards, such as the standards of the International Labour Organization, in its supply chain. Although AGRANA has no direct control over its suppliers' practices, its procurement contributes to the potential for the impacts described and the Group's business relationships thus indirectly link it to effects in the supply chain. AGRANA has set out its requirements for agricultural suppliers in its principles for the procurement of agricultural raw materials and intermediate products, a document which, for the social criteria, refers to and thus incorporates AGRANA's Code of Conduct. The principles for the procurement of agricultural raw materials and intermediate products are incorporated in supply contracts.

Documentation in connection with the Sustainable Agriculture Initiative (SAI)

In order to work on and document sustainability topics in the agricultural supply chain in a structured way regardless of the procurement model, AGRANA Beteiligungs-AG has since July 2014 been an active member of the Sustainable Agriculture Initiative Platform (SAI, a food industry initiative founded in 2002), and, with its Sugar, Starch and Fruit segments, participates in all working groups and committees relevant to its raw materials.

The SAI gives processors of agricultural raw materials like AGRANA several helpful tools particularly for the evaluation and documentation of conformity with good environmental and social practices in the agricultural supply chain and for comparing the value of different documentation types and international certifications.

The underlying tool is always the Farm Sustainability Assessment (FSA) created by the SAI. This assessment is carried out using a 112-point questionnaire covering all features relevant to sustainability, such as farm management, working conditions (including questions on child and forced labour), soil and nutrient management and crop protection. Depending on the fulfilment of the various criteria, each farm receives a sustainability rating designated by a status of "gold", "silver", "bronze", or "not yet bronze".

For procurement sectors without direct access to the agricultural producers of the raw materials, the SAI makes available a very comprehensive benchmarking of the FSA requirements against the national legislation of many countries, against relevant international certification standards (such as Global GAP, Rainforest Alliance, Bonsucro, etc.), and even against some company-specific sustainability programmes. The verified compliance with national legal requirements or the certification to certain international or company standards, as well as the external verification of farm self-assessments under the FSA in conformity with the rules of the SAI Implementation Framework, enable agricultural producers and the processing industry to advertise their SAI sustainability status.

Details on the activities for the implementation of AGRANA's principles for the procurement of agricultural raw materials and intermediate products and regarding the SAI sustainability status in the Sugar, Starch and Fruit segments are presented in the respective segment reports (see pages 61, 68 and 74ff.).

Building awareness of good agricultural practice – BETAEXPO

Awareness-building and ongoing training are basic building blocks of AGRANA's collaboration with its approximately 9,700 contract growers. Besides many training measures in all segments, AGRANA therefore twice annually holds BETAEXPO, featuring Austria's largest field of demonstration plantings of AGRANA raw material crops. The June 2017 BETAEXPO field symposium on crop protection, which reflected the political debate over the use of specific groups of crop protection agents, attracted about 2,000 visitors to the event site on the grounds of the AGRANA sugar factory in Tulln, Austria. Next to the panel discussion on crop protection, the BETAEXPO symposium offered plenty of information for forward-thinking farmers and anyone interested in agriculture, on the subjects of crop breeding, crop protection, fertilising and machinery. A lecture series presented by experts showcased modern agriculture, rounded out with equipment demonstrations by well-known manufacturers.

In the run-up to BETAEXPO in June 2017, AGRANA publicly recognised outstanding raw material suppliers with the AGRANA Sustainability Award 2017 for especially sustainable farming operations in the categories of sugar beet, potato, corn (maize) and, for the first time, internationally in the categories of fruit and juice.

The BETAEXPO family day in September 2017 was attended by more than 4,000 farmers and visitors with an interest in agriculture or in Tulln as an industry location. In live demonstrations of farm equipment, they were able to learn about the latest agricultural insights and receive practical tips on harvest technology from experts, gain an inside view of sugar production at the open house of the Tulln sugar plant and thus follow the process from beet processing and sugar crystallisation all the way to the finished product, "Wiener Zucker".

Biodiversity

Biodiversity is important to AGRANA especially in its upstream value chain, i.e., in the farming landscape. In this annual report, to the extent possible, biodiversity aspects of raw material procurement from contract growers are published in the respective business segment's section of the report. Additionally, once a year AGRANA evaluates the biodiversity or conservation value of the local ecosystem at its own production sites, based on local legal requirements and criteria of different conservation groups. Although none of the production sites within the GRI reporting boundaries (see page 43) are located in a nature reserve or area with high biodiversity value, AGRANA also carries out some projects at its business locations to protect or increase species diversity. Thus, since the previous year, AGRANA maintains a bee conservation project, which involved installing bee hives at all Austrian locations of the Group. For further projects, see pages 64, 71 and 78.

Water in the upstream value chain

Due to limited data availability and reliability, data on water use in the upstream value chain (i.e., in the production of agricultural raw materials) do not exist for all raw materials used worldwide and are therefore not reported.

Environmental and energy topics in AGRANA's production operations

The basis for AGRANA's management of environmental and energy matters is its environmental policy, which follows the precautionary approach and underpins the avoidance or reduction of negative economic, environmental and social impacts of AGRANA's production activities. The environmental policy also provides a grievance mechanism.

Energy consumption and emissions

The processing of agricultural raw materials, which is especially energy-intensive in the Sugar and Starch segments, entails economic risks for AGRANA, such as potential scenarios like the prohibition of some or all fossil fuels by law, the loss of operating licences, and a lack of affordable renewable sources of energy. It also holds environmental and social risks through greenhouse gases emitted during production and their impacts, such as health hazards or commodity scarcity as a result of increasing extreme weather conditions, i.e., of climate change. These potential impacts are within AGRANA's direct control. AGRANA is committed to operating responsibly and strives to minimise or progressively further reduce actual negative impacts to the extent possible.

In keeping with its environmental policy, AGRANA's goal is therefore to use low-emission sources of energy at all of its production sites, and to use them as efficiently as possible. To achieve this, AGRANA began in 2014 to introduce energy management systems. The energy management systems of 50% of all AGRANA production sites within the GRI reporting boundaries (see page 43) are certified to ISO 50001.

All AGRANA segments have energy targets, relevant to their business activity, with a current target period up to and including the 2020|21 financial year. The progress towards goals to date is presented in the respective segment reports (see pages 62f., 69 and 76f.).

AGRANA's reporting of energy consumption and emissions is confined to specific values per tonne of product output (core products and by-products) in its own production operations, and is limited to Scope 1 (direct energy consumption and emissions) and Scope 2 (indirect energy consumption and emissions).

Since as long ago as 2008, AGRANA calculates carbon footprints for a representative selection of its products. However, as the EU to date does not have a binding norm for the methodology for calculating the CO_2 footprint of foods and food ingredients such as sugar, starch, fruit preparations and fruit juice concentrates, AGRANA elects not to publish results. For example, the carbon footprint of sugar can vary by plus or minus 50% depending on the calculation method. Nonetheless, the European Association of Sugar Manufacturers (CEFS), based on its calculations, cites a footprint range of 242 to 771 grammes of CO_2 equivalent per kilogramme of beet sugar.

For the carbon footprint of bioethanol, however, the application of the EU energy allocation method is mandatory in documenting the energy consumption reductions from biogenic fuels targeted under the EU Renewable Energy Directive (2009/28/EC), which supports the use of energy from renewable resources. The carbon footprint of bioethanol is therefore reported (on AGRANA's website).

Water and effluent (wastewater)
Water, the most important resource globally for the world's population, is one of many inputs in the production processes of the AGRANA Group. General water scarcity and the withdrawal of water in water-stressed regions, as well as poor water quality and too high a temperature of discharged wastewater, are frequently a significant economic, environmental and social risk. Although scarcity of good-quality water is not an issue at AGRANA's production sites, the sustainable, responsible use and discharge of water, in compliance with all legal standards, is a major aspect of the AGRANA environmental policy. In its quest for efficiency, AGRANA utilises the water contained in the agricultural raw materials for its processes.

AGRANA reports water and wastewater figures solely for its principal business, the processing of agricultural raw materials in its production plants, on a specific basis per tonne of product (core and by-products), as absolute values do not provide a meaningful indication of water use efficiency, owing to the fact that processing volumes fluctuate from year to year. Some AGRANA segments have water-related targets, relevant to their business activity, for the target period up to and including the 2020|21 financial year. The progress towards goals to date is presented in the respective segment reports (see pages 61 and 63, 70, 74 and 77).

Waste
The economic, environmental and social risks, and impacts, of waste generation and disposal in AGRANA's business activities are limited thanks to the Group's policy and practice of minimising waste through the virtually complete utilisation of raw materials. For AGRANA as an agricultural processor, its raw materials are far too valuable not to be utilised to the fullest. The Group-wide principle of complete utilisation is entrenched in the environmental policy and is practiced by producing both a wide range of high-quality foods and intermediate products for downstream industries and – particularly in the Sugar and Starch segments – manufacturing a very broad portfolio of by-products, especially feedstuffs and fertilisers. These not only contribute significantly to the economic bottom line but also close nature's material cycle by returning minerals and other nutrients to the land and the food chain.

In some countries, the by-product feeds and fertilisers marketed (or in some cases given away free) by AGRANA must be declared as waste for regulatory reporting purposes, solely to comply with the local regulatory regimes. Since the 2015|16 financial year, AGRANA no longer reports these as waste in the annual report, as they are directly used as valuable feedstuffs in animal husbandry or as fertilisers in crop cultivation.

Measured against total product output, hazardous waste in 2017|18 only amounted to 0.01%, or about 100 grammes per tonne of product (core and by-products). In accordance with legal requirements, this material was collected and transferred to qualified waste disposal providers for appropriate treatment.

Transport
Although the transport of raw materials and products only represents a comparatively low share of mostly less than 10% of the carbon footprint of AGRANA products (depending on the calculation method and country), the Group strives to make transport activities as sustainable as infrastructure and economics will allow.

Thus, the long-term modal split for inbound and outbound logistics in the AGRANA Group, based on tonne-kilometres, is approximately 70% road, 25% rail and 5% water.

Employee matters, including working conditions and human rights, in respect of AGRANA employees
The basis for AGRANA's relationship with its employees is set out in the AGRANA Code of Conduct, which, for instance, prohibits any discrimination or harassment, forbids child labour and forced labour, addresses issues of health and safety in the workplace, and affirms the rights of free association and collective bargaining.
By complying with its Code of Conduct, the Group expects to avoid or minimise economic risks for AGRANA (for example, difficulties in employee recruitment, inefficient operating processes, strikes and reputational damage) and social risks for employees (e.g., a work environment that is unsafe, hazardous to health, discriminatory or unfair).

The employment relationships of about 73% of AGRANA employees worldwide fall under collective agreements. The interests of approximately 78% of staff are represented by a local employee council or union representative. At those sites where neither of these forms of representation exists, AGRANA has set up complaint boxes as a formal channel available to all employees for reporting grievances regarding labour practices or human rights. A process is in place for the prompt and fair handling of the complaints received.

SEDEX membership and SMETA audits

Since 2009, AGRANA Beteiligungs-AG is a member of the Supplier Ethical Exchange Database (SEDEX). All AGRANA production sites perform an annual SEDEX self-assessment, which focuses primarily on working conditions, workplace safety and human rights (including questions on child labour and forced labour). In the 2017|18 financial year, all Sugar segment plants within the GRI reporting boundaries (see page 43) and all Austrian manufacturing sites of the Starch segment had their self-assessments verified through so-called "4-Pillar SEDEX Members Ethical Trade Audits" (SMETA) performed by independent third parties. Overall, at the balance sheet date, about 58% of the AGRANA production sites within the GRI reporting boundaries had valid SMETA or comparable social audits. No significant violations were found. The SMETA audit reports on the AGRANA plants are available to SEDEX members on the organisation's online platform.

The areas of focus in 2017|18 regarding working conditions and human rights in relation to AGRANA employees are discussed in the section "AGRANA's people" (see from page 82).

Anti-corruption and anti-bribery, compliance with laws and regulations, and business conduct

The risks, management approaches and activities in 2017|18 surrounding compliance and business conduct, anti-corruption and anti-bribery are presented in the compliance section (see from page 27) of the corporate governance report.

Social matters

Product responsibility and sustainable products

Product safety and quality

The foremost aim of the AGRANA quality policy is to produce foods and feedstuffs that meet customer requirements and are safe for consumption. For AGRANA, adhering to the many applicable national and international regulations for product safety at all production sites worldwide is not just a legal obligation but also a cornerstone of the Group's social responsibility and essential to sustainable development.

Foods manufactured at facilities within the European Union meet the requirements of the EU's General Food Law Regulation (EC) No 178/2002, as amended. This regulation lays down the general principles and requirements of food law, establishes the European Food Safety Authority and sets out procedures concerning food safety. In addition, AGRANA is guided by the international minimum standards for food safety, such as the Codex Alimentarius (the food code of the Food and Agriculture Organisation of the World Health Organisation). In the Codex Alimentarius, the General Principles of Food Hygiene introduce the so-called Hazard Analysis and Critical Control Point system. The HACCP system permits the analysis of potential hazards to human health, whether chemical, physical or microbial in nature. The principle of an HACCP system is also found, for example, as a legal requirement in the EU hygiene regulation (Reg. (EC) No 852/2005). AGRANA has already been using HACCP systems in its plants for many years, adapted to the particular production processes. The introduction and especially the regular auditing of an HACCP system ensure that only safe products leave the facility.

Animal feeds produced at facilities in the EU meet the requirements of the EU's General Food Law Regulation No 178/2002, its Regulation No 767/2009 on bringing to market and using feeds, and Regulation No 183/2005 on feed hygiene. Here too, HACCP systems are integral to ensuring product safety.

In its assurance of food and feed safety, AGRANA goes beyond the legal requirements and has implemented internationally recognised standards of product safety, under which it is externally certified.

The AGRANA quality management system seeks to identify and optimally fulfil the expectations and requirements of customers and other interested parties. It is based on the principles of ISO 9001, the international norm for quality management systems. AGRANA's quality management system is supplemented by numerous certifications for food safety and food defence. The most important standards in this respect globally for AGRANA are FSSC 22000 (Food Safety System Certification), ISO 22000 and IFS (International Food Standard). Depending on the country or region and customer demand, additional certifications are also offered, such as Organic, GMO-Free, Kosher (following Jewish dietary laws) and Halal (adhering to Islamic dietary laws). The key standards for feed safety are GMP Feed and the EFISC Feed Standard. Overall in the 2017|18 financial year, 100% of AGRANA's feed production sites held certifications to at least one of these standards, or to the locally relevant international ones.

The hygiene and quality standards of the foods and feeds produced by AGRANA are continually raised further through external certifications, customer and supplier audits and an internal audit system. No product recalls were required in 2017|18.

Disseminating knowledge on nutrition and health

In 2017|18, sugar continued to encounter a negative perception in the public debate and in media reporting related to nutrition and health. The impression is created that sugar is responsible for most of the ills of our modern society, and none more so than obesity.

Thus, in the past several years, eight EU countries have introduced taxes on sugar-containing beverages, mostly by raising the related consumption taxes. Worldwide as well, some industrialised nations and emerging-market countries have taken comparable measures.

Prompted by the recommendation of the World Health Organisation (WHO) for the proportion of sugar in daily energy intake, there is growing pressure on the European Commission and the EU member states to act regarding product reformulations. In 2016 the EU member states agreed that by 2020, relative to the base year 2015, the amount of so-called added sugars in the total food supply is to be reduced by 10%. However, as it has turned out, a sugar tax does not make people slim. Weight gain in healthy individuals is simple to explain: More calories are taken in than expended. Whether these calories come from fat, protein, sugar or other carbohydrates makes no difference to the energy balance. This is also why the reformulation efforts that aim to reduce products' sugar content in favour of other ingredients will not lead to a breakthrough in the fight against obesity: Most such reformulated products – contrary to consumers' assumption – are not significantly lower in calories.

AGRANA therefore works to raise the level of public knowledge about nutrition in general, the importance of lifestyle to health, and the properties of sugar.

In the 2017|18 financial year, AGRANA supported initiatives that communicate nutritional and health knowledge, such as Austria's Forum Health Today ("Forum Ernährung heute"), the Austrian Nutrition Society ("Österreichische Gesellschaft für Ernährung") and the platform "Land Grows Life" ("Land schafft Leben").

Through its sponsorship of SK Rapid, a Vienna football club, AGRANA wants to motivate the public to adopt a healthy, active lifestyle that includes more exercise in daily life. AGRANA sees young people as a particularly important audience in this regard, as the foundations for a healthy way of life are laid at an early age. In the year, AGRANA thus supported numerous events of SK Rapid for children and youth, like "Greenie Day" (when the professional team plays with the kids' teams, in the club's green uniforms), the Wiener Zucker Kids Run, the Wiener Zucker U9 tournament and the youth camps of SK Rapid Vienna.

AGRANA also supported the Charity Walk of the Austrian umbrella organisation for environmental protection, which links physical exercise in nature to a donation that will benefit local biodiversity.

In parallel with this, AGRANA helps foster its own employees' knowledge and awareness of balanced nutrition and a healthy lifestyle through many activities (see the section "AGRANA's people" from page 82).

Customer satisfaction

At the end of the 2017|18 financial year a customer satisfaction survey was conducted in the fruit preparations business. For the first time the survey was carried out not just online but also through telephone interviews. The results were not yet available at the reporting date. The next global survey of the customers of all business segments is planned for March 2019.

Organic products

AGRANA holds the necessary certifications in its plants and supply chain to be able to fill customer needs for organically made foods, feeds and other products.

As significant volume of demand for organics is limited mostly to Austria, Germany and the USA, the organic portion of AGRANA's total sales quantities is a percentage in the single digits.

Social engagement

Memberships in sustainability-related initiatives and in industry associations and advocacy groups

Beyond striving to maximise the environmental and social sustainability of its core business activities, AGRANA is also engaged as a responsible corporate citizen in its host communities. As part of this engagement, AGRANA is involved in various sustainability-related initiatives and in industry associations and advocacy groups.

Sponsorship engagements

As in the previous years, in 2017|18 the AGRANA Group supported a large number of social projects in the communities where its companies operate, and many cultural events in Austria.

Memberships in major sustainability-related initiatives

Initiative	Member companies from AGRANA Group	Since	Initiative aim and other members
Sustainable Agriculture Initiative (SAI)	AGRANA Beteiligungs-AG[1]	July 2014	Aim: Develop guidelines for and implement sustainable agriculture practices; Members: Food and beverage industry
SEDEX	AGRANA Beteiligungs-AG[1]	2009	Aim: Promote sustainable social and environmental practices along the value chain; Members: About 36,000 companies worldwide
EcoVadis	AGRANA Zucker GmbH AGRANA Stärke GmbH AUSTRIA JUICE GmbH and some sites in Fruit segment	2013	Aim: Supplier assessment on environmental and social criteria along their entire value chain; Members: about 120 large global companies in a wide range of industries
Bonsucro	AGRANA Zucker GmbH	July 2014	Aim: Improve the sustainability of sugar cane production and of sugar manufacturing from cane; Members: Producers, resellers, processors
ARGE Gentechnik-frei (Platform GMO-Free)	AGRANA Beteiligungs-AG[1]	2010	Aim: Promote and safeguard Austrian GMO-free agriculture and food production; Members: Businesses from the entire food value chain, including many retailers
Initiative Donau Soja (Danube Soya Initiative)	AGRANA Stärke GmbH	April 2013	Aim: Sustainable GMO-free soya production in the Danube region (focus on animal feed); Members: entire value chain, NGOs, etc.

Memberships in industry associations and advocacy groups

Industry association or advocacy group	Member company	Geographic scope
Industriellenvereinigung (Federation of Austrian Industries)	AGRANA Beteiligungs-AG	Austria
Fachverband der Nahrungs- und Genussmittelindustrie (Austrian Food Industry Association)	AGRANA Beteiligungs-AG	Austria
AÖL – Assoziation ökologischer Lebensmittelhersteller (Association of Sustainable Food Producers)	AGRANA Stärke GmbH	Germany
CEFS – Comité Européen des Fabricants de Sucre (European Association of Sugar Producers)	AGRANA Zucker GmbH	European Union
Starch Europe	AGRANA Stärke GmbH	European Union
SGF International E.V.	AUSTRIA JUICE GmbH	Worldwide

[1] AGRANA Beteiligungs-AG, representing all or several AGRANA companies.

Financial results

The consolidated financial statements for the 2017|18 financial year (the twelve months ended 28 February 2018) were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

Changes in the scope of consolidation

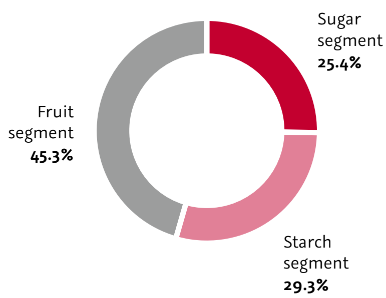
In the 2017|18 financial year the Group saw no material changes in the scope of consolidation: In total in the consolidated financial statements, 62 companies were fully consolidated (28 February 2017 year-end: 60 companies) and 13 companies were accounted for using the equity method (28 February 2017: 12 companies).

Revenue and earnings

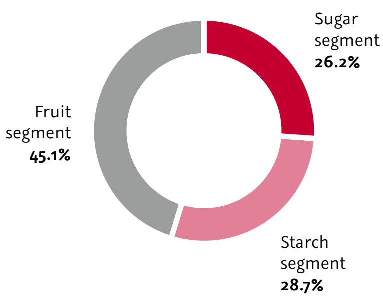
Consolidated income statement (condensed)		**2017|18**	**2016|17**	**Change** % / pp
Revenue	€000	2,566,317	2,561,296	+0.2%
EBITDA[1]	€000	254,159	235,212	+8.1%
Operating profit before exceptional items and results of equity-accounted joint ventures	€000	164,145	150,815	+8.8%
Share of results of equity-accounted joint ventures	€000	29,395	30,589	−3.9%
Exceptional items	€000	(2,912)	(9,037)	+67.8%
Operating profit [EBIT][2]	€000	190,628	172,367	+10.6%
EBIT margin	%	7.4	6.7	+0.7 pp
Net financial items	€000	(14,470)	(17,879)	+19.1%
Income tax expense	€000	(33,513)	(36,633)	+8.5%
Profit for the period	€000	142,645	117,855	+21.0%
Earnings per share	€	8.97	7.13	+25.8%

The AGRANA Group's **revenue** in the 2017|18 financial year was € 2,566.3 million and thus remained steady on balance at the prior-year level. While revenue in the Sugar segment, at € 652.6 million, showed a slight sugar-price-related decrease of 2.9%, revenue in the Starch segment rose somewhat, by 2.5% to € 752.3 million, thanks in part to higher volumes of core products. Fruit segment revenue, at € 1,161.4 million (up 0.5%) was closely in line with the prior year.

Revenue by segment in 2017|18



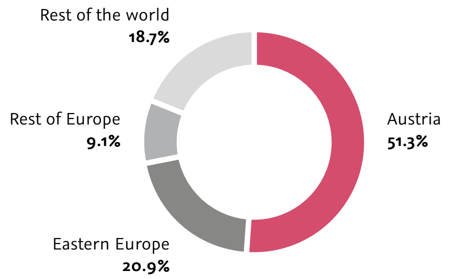
Revenue by segment in 2016|17



[1] EBITDA represents operating profit before exceptional items, results of equity-accounted joint ventures, and operating depreciation and amortisation.
[2] Operating profit (EBIT) is after exceptional items and results of equity-accounted joint ventures.

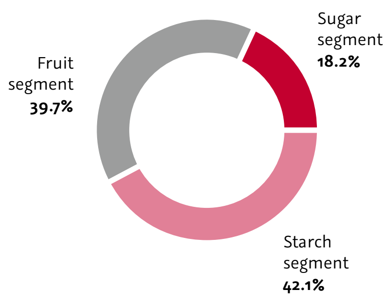
Subsidiaries based in Austria generated 51.3% of Group revenue.

Revenue by region in 2017|18

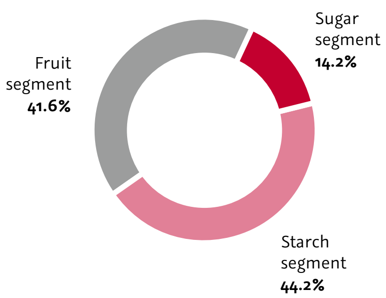


Operating profit (EBIT), at € 190.6 million, grew by a significant 10.6% from the prior year. EBIT in the Sugar segment improved substantially, to € 34.8 million (prior year: € 24.4 million), thanks largely to higher selling prices in the first six months than one year earlier. The largest EBIT contribution (of € 80.2 million) was achieved in the Starch segment, where this earnings measure improved further (by 5.2%) from the prior year's record level, buoyed mainly by a positive trajectory in the ethanol business. In the Fruit segment, EBIT increased by 5.3% to € 75.6 million despite a reduced contribution from the fruit juice concentrate business. Details on the share of results of equity-accounted joint ventures and on exceptional items can be found in the segment reports and the consolidated financial statements.

EBIT by segment in 2017|18



EBIT by segment in 2016|17



Net financial items amounted to a net expense of € 14.5 million in the 2017|18 financial year (prior year: net expense of € 17.9 million), an improvement driven by two developments. First, an optimisation of the credit and interest rate structure reduced the interest expense by € 2.3 million. Second, the prior year included a non-recurring expense for an impairment charge of € 4.8 million on a current finance receivable in Ukraine in the Fruit segment. Compared to this base, the year under review saw an improvement of € 4.3 million in other financial items. Currency translation differences (including currency derivatives) deteriorated by about € 2.7 million, due primarily to negative movements in foreign currency financings in Argentina and Brazil (euro and US dollar financings).

Net financial items		2017|18	2016|17	Change
				%
Net interest (expense)	€000	(7,832)	(10,152)	+22.9%
Currency translation differences	€000	(3,842)	(1,160)	–231.2%
Share of results of non-consolidated subsidiaries and outside companies	€000	34	565	–94.0%
Other financial items	€000	(2,830)	(7,132)	+60.3%
Total	€000	**(14,470)**	**(17,879)**	**+19.1%**

Profit before tax increased from the prior year's € 154.5 million to € 176.2 million. After an income tax expense of € 33.5 million based on a tax rate of 19.0% (prior year: 23.7%), the Group's **profit for the period** was € 142.6 million (prior year: € 117.9 million). Profit for the period attributable to shareholders of AGRANA was € 140.1 million (prior year: € 111.3 million); earnings per share increased to € 8.97 (prior year: € 7.13).

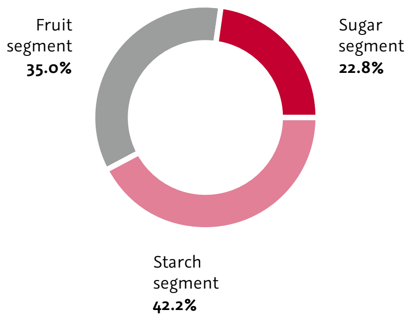
Investment

In 2017|18, AGRANA invested a total of € 140.9 million, or € 26.2 million more than in the prior year. Purchases of property, plant and equipment and intangibles were 56.5% higher than depreciation (prior year: 35.9% higher), with the following distribution by business segment:

Investment[1]		2017|18	2016|17	Change
				% / pp
Sugar segment	€000	32,084	23,259	+37.9%
Starch segment	€000	59,427	57,577	+3.2%
Fruit segment	€000	49,356	33,822	+45.9%
Group	€000	**140,867**	**114,658**	**+22.9%**
Depreciation, amortisation and impairment	€000	90,014	84,397	+6.7%
Investment coverage	%	156.5	135.9	+20.6 pp

The investment in the Sugar segment focused mainly on the improvement of product quality and energy efficiency; in the Fruit segment it centred on capacity expansions and plant modernisation. Bringing the capacity expansion in Aschach, Austria, on stream was the largest project in the Starch segment. The key projects in the individual business segments are described in detail in the segment reports.

Investment by segment in 2017|18



[1] Investment represents purchases of property, plant and equipment and intangible assets, excluding goodwill.

Cash flow

Consolidated cash flow statement (condensed)		2017|18	2016|17	Change %
Operating cash flow before changes in working capital	€000	302,745	258,020	+17.3%
Changes in working capital	€000	(43,121)	31,780	−235.7%
Interest received and paid and income tax paid, net	€000	(45,762)	(34,015)	−34.5%
Net cash from operating activities	€000	**213,862**	**255,785**	**−16.4%**
Net cash (used in) investing activities	€000	(133,346)	(171,530)	+22.3%
Net cash (used in)/from financing activities	€000	(153,693)	9,330	−1,747.3%
Net (decrease)/increase in cash and cash equivalents	€000	**(73,177)**	**93,585**	**−178.2%**
Effects of movements in foreign exchange rates on cash and cash equivalents	€000	(4,291)	230	−1,965.7%
Valuation-related other changes in cash and cash equivalents	€000	0	(4,761)	+100.0%
Cash and cash equivalents at beginning of period	€000	198,429	109,375	+81.4%
Cash and cash equivalents at end of period	€000	**120,961**	**198,429**	**−39.0%**
Free cash flow[1]	€000	80,516	84,255	−4.4%

Operating cash flow before changes in working capital was up € 44.7 million year-on-year at a new total of € 302.7 million. After an increase of € 43.1 million in working capital (prior year: decrease of € 31.8 million) and a higher income tax expense, net cash from operating activities decreased to € 213.9 million (prior year: € 255.8 million). Net cash used in investing activities was € 133.3 million. This significant decrease from one year earlier came despite higher outflows for purchases of property, plant and equipment and intangibles, and is explained by the prior year's expenses for the acquisition in Argentina (prior year: net cash use of € 171.5 million in investing activities). Net cash use of € 153.7 million in financing activities reflected the dividend payment and the repayment of borrowings. The prior year's net cash of € 9.3 million from financing activities had resulted mainly from the capital increase in February 2017. Free cash flow in the year under review eased by 4.4% year-on-year.

Financial position

Consolidated balance sheet (condensed)		28 Feb 2018	28 Feb 2017	Change % / pp
Non-current assets	€000	1,161,001	1,135,297	+2.3%
Current assets	€000	1,195,420	1,346,139	−11.2%
Total assets	€000	**2,356,421**	**2,481,436**	**−5.0%**
Equity	€000	1,453,997	1,411,888	+3.0%
Non-current liabilities	€000	419,427	296,635	+41.4%
Current liabilities	€000	482,997	772,913	−37.5%
Total equity and liabilities	€000	**2,356,421**	**2,481,436**	**−5.0%**
Net debt	€000	232,493	239,878	−3.1%
Gearing ratio[2]	%	16.0	17.0	−1.0 pp
Equity ratio	%	61.7	56.9	+4.8 pp

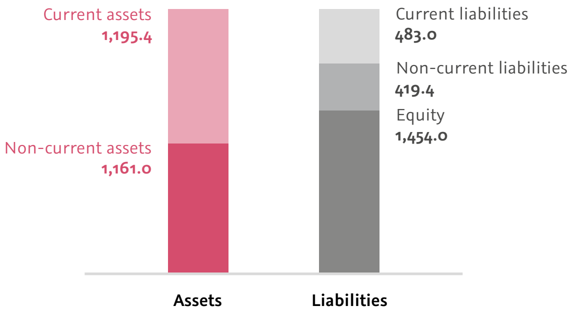
Total assets at 28 February 2018 were € 2,356.4 million, a decrease of € 125.0 million from the year-earlier level.

[1] Total of net cash from operating activities and net cash used in investing activities.
[2] Ratio of net debt to total equity.

An expansion of € 25.7 million in non-current assets was driven especially by investment in property, plant and equipment that exceeded depreciation. Inventories declined moderately for volume and price reasons, by € 41.5 million; trade receivables also showed a moderate reduction, of € 27.0 million. In combination with markedly lower cash and cash equivalents (down € 77.5 million), this led to a significant decrease in current assets.

Balance sheet structure at 28 February 2018

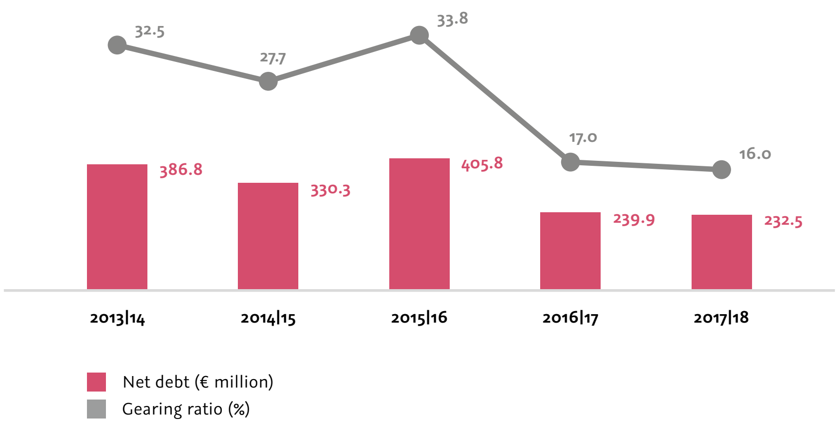
€ million



AGRANA's equity ratio of 61.7% represented an improvement of 4.8 percentage points from the year-earlier level of 56.9%. On the other side of the balance sheet, non-current liabilities rose significantly, due primarily to an increase of € 130.1 million in long-term borrowings. Current liabilities showed a pronounced decrease, reflecting among other factors the reduction of current borrowings (down € 215.1 million) and a drop of € 51.8 million in trade payables.

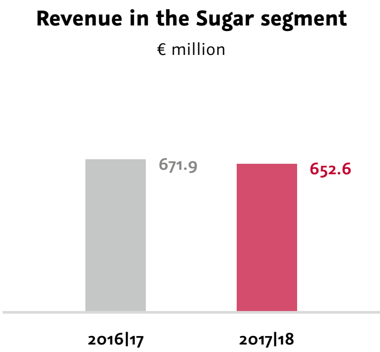
Net debt as of 28 February 2018, at € 232.5 million, was down € 7.4 million from the 2016|17 year-end level. The gearing ratio thus amounted to 16.0% at the balance sheet date (28 February 2017: 17.0%).

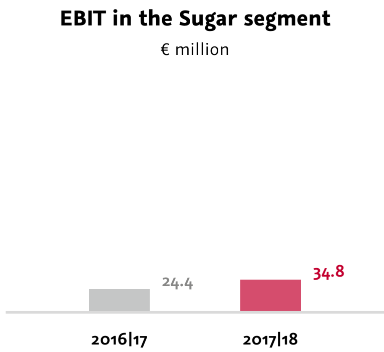
Net debt and gearing ratio



In December 2017 two long-term loans of € 50 million each were raised under the TLTRO[1] programme of the European Central Bank. The loan term is five years (repayable at maturity) with a fixed interest rate of 0.7%. The proceeds of these loans were used to fund general business purposes and for the repayment of a matured intragroup loan from Südzucker AG, Mannheim, Germany.

Segment financial results





The **Sugar** segment's revenue in 2017|18, at € 652.6 million, was off 2.9% from the year before. The decrease resulted in part from a slight reduction in average sugar selling prices for the year. Until the end of September, average sugar prices in 2017 were still significantly higher than one year earlier. Since the new, 2017|18 sugar marketing year (which began on 1 October 2017 and runs to 30 September 2018), prices plummeted both for retail sugar and for sugar sold to industrial customers. Revenue from by-products rose moderately, driven primarily by a higher sales volume of dried beet pulp, and revenue with ancillary goods (INSTANTINA products, seed, services, etc.) increased slightly. The Sugar segment accounted for 25.4% of Group revenue (prior year: 26.2%).

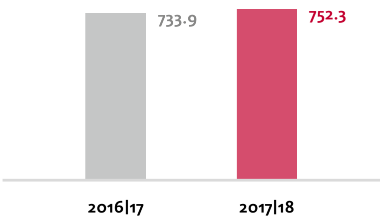
EBIT grew from € 24.4 million to € 34.8 million, still benefiting in the first six months from an environment of higher sales price compared to the year-earlier period. Since the financial third quarter – the first to fall into the new 2017|18 sugar marketing year – the earnings measure "operating profit before exceptional items and results of equity-accounted joint ventures" declined significantly. Exceptional items in 2017|18 amounted to a net expense of € 2.9 million and stemmed largely from costs of restructuring (prior year: net expense of € 9.0 million, on negative one-time effects in Romania).

Further details on the results in the Sugar business are given in the segment report from page 58.

[1] Targeted longer-term refinancing operations.

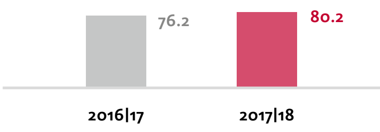
Revenue in the Starch segment

€ million



EBIT in the Starch segment

€ million



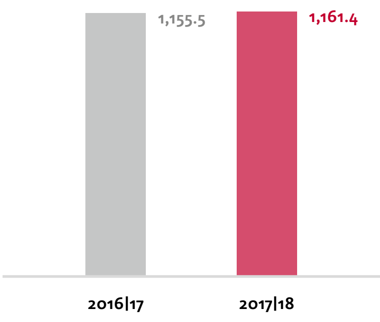
Revenue in the **Starch** segment in 2017|18 was € 752.3 million, up slightly by 2.5% from the previous year. Key positive drivers were higher sales volumes of starches (particularly organic and specialty grades) and saccharification products, and higher bioethanol prices in the first nine months, than one year earlier. The significant decrease in reselling volume of feedstuffs caused a moderate reduction in by-product revenue compared to the prior year, despite higher in-house production. The Starch segment accounted for 29.3% of the Group's revenue (prior year: 28.7%).

The segment's EBIT of € 80.2 million surpassed the prior year's record result by 5.2% and translated into an EBIT margin of 10.7% (prior year: 10.4%). Raw material prices were in line with the prior year. While the start-up costs for the commissioning of the facility expansion in Aschach, Austria (primarily as a result of increased staff costs and depreciation) in themselves detracted from earnings, lower energy prices and higher annual average ethanol quotations allowed EBIT improvements to be achieved in the Starch segment. As well, there was a moderate increase in the profit contribution from the equity-accounted HUNGRANA facility, due largely to the year-on-year increase in sales prices of bioethanol.

Further details on the results of the Starch business are provided in the segment report from page 65.

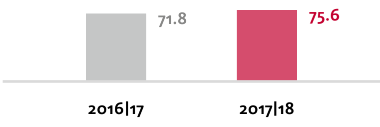
Revenue in the Fruit segment

€ million



EBIT in the Fruit segment

€ million



Fruit segment revenue in 2017|18 was € 1,161.4 million (up 0.5%), or very close to the year-earlier level. In the fruit preparations business, a small increase in sales volumes together with stable selling prices added up to slight revenue growth. In the fruit juice concentrate activities, revenue decreased slightly as a result partly of lower concentrate prices for product from the 2016 crop compared to 2015. The Fruit segment was responsible for 45.3% of Group revenue (prior year: 45.1%).

EBIT reached a new high of € 75.6 million, rising by 5.3% from the prior year. While the fruit preparations activities generated significant earnings growth, EBIT in the fruit juice concentrate business declined significantly in the third quarter as a result of underutilised capacity amid lower availability of apples.

Further details on the results in the Fruit business are supplied in the segment report from page 72.

Events after the balance sheet date

No significant events occurred after the balance sheet date of 28 February 2018 that had a material effect on AGRANA's financial position, results of operations or cash flows.

Sugar segment

Basics of the Sugar segment

Marketing relationship
B2B and B2C

Products
Sugars and sugar specialty products, by-products (feedstuffs and fertilisers)

Raw materials processed
Sugar beet, and raw sugar from sugar cane

Key markets
Austria, Hungary, Romania, Czech Republic, Slovakia, Bosnia and Herzegovina (Western Balkans region), Bulgaria

Customers
Downstream manufacturers (particularly confectionery, beverage and fermentation industries), food resellers (for consumer products)

Special strengths
High product quality standards; product offering tailored to customer needs

AGRANA Zucker GmbH, Vienna, as the parent company of the Group's Sugar activities, both has direct Austrian operations and acts as the holding company for the Sugar segment's businesses in Hungary, the Czech Republic, Slovakia, Romania, Bulgaria and Bosnia and Herzegovina. Also assigned to the Sugar segment are INSTANTINA Nahrungsmittel Entwicklungs- und Produktionsgesellschaft m.b.H., Vienna, AGRANA Research & Innovation Center GmbH, Vienna, and the Group holding company, AGRANA Beteiligungs-AG, Vienna. Since the beginning of the 2014|15 financial year, the equity method is used to account for the joint ventures of the AGRANA-STUDEN group in the consolidated financial statements.

Revenue and earnings

Sugar segment		2017|18	2016|17	Change % / pp
Total revenue	€000	730,378	748,151	–2.4%
Inter-segment revenue	€000	(77,818)	(76,230)	–2.1%
Revenue	€000	652,560	671,921	–2.9%
EBITDA[1]	€000	64,455	55,188	+16.8%
Operating profit before exceptional items and results of equity-accounted joint ventures	€000	38,762	30,983	+25.1%
Share of results of equity-accounted joint ventures	€000	(1,091)	2,442	–144.7%
Exceptional items	€000	(2,912)	(9,037)	+67.8%
Operating profit [EBIT][2]	€000	34,759	24,388	+42.5%
EBIT margin	%	5.3	3.6	+1.7 pp
Investment[3]	€000	32,084	23,259	+37.9%
Number of employees (FTE)[4]		2,109	2,107	+0.1%

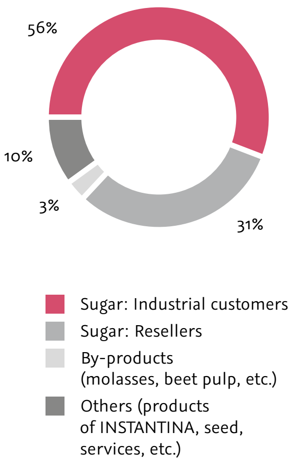
The overall sales volume of sugar products decreased slightly in 2017|18 compared to the prior year, with differences between markets. While sales quantities with the reseller market rose somewhat, volumes with the sugar-using industry were off. Export volumes – sales both within and outside the EU – fell short of the prior year's level.

Sugar revenue was below the value of the prior year, which was partly explained by the lower average sales prices in the year under review. The sugar price reduction was particularly noticeable in prices with wholesalers and retailers in the Eastern European countries; in Austria the prior-year levels were largely maintained.

The earnings growth was driven predominantly by higher sugar sales prices in the first seven months of the year compared to the same period one year earlier. Since the financial third quarter – the first to fall into the new 2017|18 sugar marketing year which began 1 October 2017 – operating profitability in terms of the earnings measure "operating profit before exceptional items and results of equity-accounted joint ventures" declined significantly.

The result of the AGRANA-STUDEN group, which is included in the consolidated financial statements by the equity method of accounting, had a negative effect on the Sugar segment's EBIT in 2017|18. The reduction of € 3.5 million in the earnings contribution compared to the prior year was attributable to the end of the sugar quotas and the resulting negative impacts for sugar refining operations in the Western Balkans, as lower beet sugar prices led to measures such as the placing of the AGRANA-STUDEN refinery in Bosnia and Herzegovina on stand-by at the beginning of November 2017.

Revenue by product group in 2017|18



[1] EBITDA represents operating profit before exceptional items, results of equity-accounted joint ventures, and operating depreciation and amortisation.
[2] Operating profit (EBIT) is after exceptional items and results of equity-accounted joint ventures.
[3] Investment represents purchases of property, plant and equipment and intangible assets, excluding goodwill.
[4] Average number of full-time equivalents in the reporting period.

The net exceptional items expense of € 2.9 million in the 2017|18 financial year resulted largely from restructuring costs of € 4.1 million, which were partly offset by one-off income of € 1.9 million from the refunding of excess amounts of sugar production levies collected by the EU in the 1999|00 and 2000|01 sugar marketing years. In the prior year, the net exceptional items expense of € 9.0 million represented tax liabilities of € 11.5 million in connection with a tax audit in Romania, the creation of a provision of € 1.5 million for a legal dispute in Romania, and the release of a € 4.0 million provision for a settled legal dispute in the Czech Republic.

Market environment

World sugar market

For the end of the 2017|18 sugar marketing year (SMY, 1 October 2017 to 30 September 2018) the analytics firm F.O. Licht in its estimate of 23 January 2018 for the world sugar balance is forecasting a production surplus, coming after two years of deficits. The forecast calls for a production increase to 189.7 million tonnes (SMY 2016|17: 179.5 million tonnes) which, despite predicted further growth in consumption to 183.9 million tonnes (SMY 2016|17: 180.7 million tonnes), is to lead to an expansion in global sugar stocks to 71.1 million tonnes (SMY 2016|17: 67.2 million tonnes).

World sugar balance[1] Million tonnes, except %	**2017|18**	**2016|17**	**2015|16**
Opening stocks	**67.2**	**71.6**	**80.7**
Production	189.7	179.5	174.2
Consumption	(183.9)	(180.7)	(180.1)
Net exports/imports	(1.9)	(3.2)	(3.2)
Closing stocks	**71.1**	**67.2**	**71.6**
In % of consumption	38.7	37.2	39.8

While the very volatile world market prices for sugar in the 2016|17 financial year still saw a four-year high in September 2016 for white sugar at US$ 612.0 per tonne, and in October 2016 for raw sugar at US$ 524.9 per tonne, the following months brought continuing highly volatile quotations, with a declining trend that accelerated further in the course of the 2017|18 financial year. One of the main reasons for this is the latest set of estimates for the global sugar surplus in SMY 2017|18, which is driven partly by the good to very good harvests in major beet and cane production regions such as the EU, India and other Asian countries.

For 2018, although Brazil is expected to use more sugar cane for ethanol production than before, analysts predict significant growth in global sugar output, reflecting very good crop expectations in India and Thailand and continuing high beet sugar production in Europe. The actual extent of the expected global production surplus will very much depend on developments in Brazil. The movements in the Brazilian real, especially in connection with the 2018 presidential elections, and the currency's resulting effect on the relative production of sugar versus ethanol will represent another important factor.

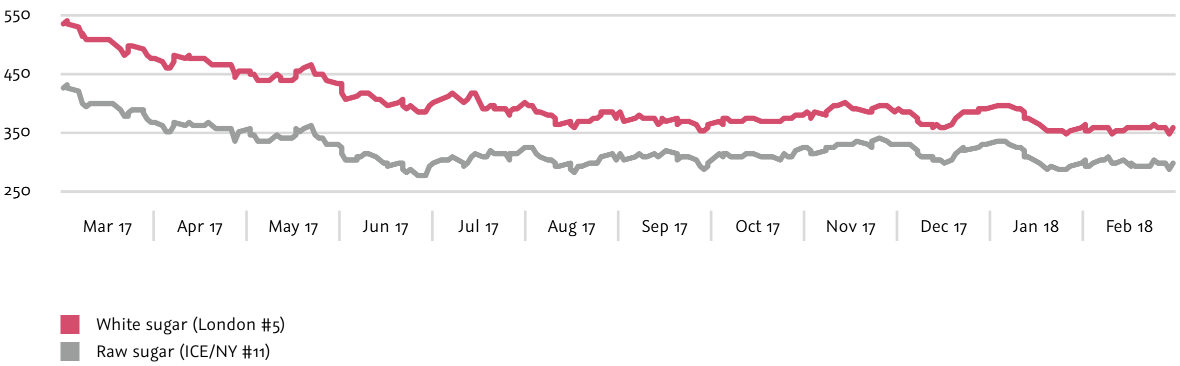
At the end of the reporting period (28 February 2018), white sugar quoted at US$ 361.3 per tonne and raw sugar at US$ 297.2.

EU sugar market

The first predictions in May 2017 for the 2017|18 sugar beet harvest already estimated a 16% increase in planting area in Europe. Ultimately, the 2017|18 campaign brought an increase of 18% in the area planted to sugar beet. Favourable weather during the final growth stage of the sugar beet led to a harvest with an average yield of 76.7 tonnes per hectare, which was 6.7% above the five-

International sugar prices during AGRANA's 2017|18 financial year

US$ per tonne



[1] F.O. Licht, Estimate of the World Sugar Balance 2017/18, dated 23 January 2018.

year average. The European Commission is forecasting sugar production in the EU for SMY 2017|18 at about 20.6 million tonnes (prior SMY: 17.3 million tonnes)[1]. In Austria, AGRANA's main beet production region, the cultivation area of about 41,400 hectares yielded an average of around 72 tonnes of beet per hectare.

According to the official sugar price reporting of the EU, prices in the past months were on a clear downward trend; while the average price of sugar in the EU in September 2017 was still € 490 per tonne, in January 2018 it was only € 374 per tonne.

Currently the sugar imports under the EPA/EBA[2] agreements and the treaty with the ACP[3] countries in the ongoing 2017|18 sugar marketing year are also far below the volumes of the prior year. Applications for sugar import licences are subdued as well. These developments are related to the high EU production volume and the decline in EU prices. The EU is thus developing from a net importer into a net exporter.

Customers in industry and resellers

The high sugar selling prices in the first seven months of the financial year were still due largely to the low European sugar inventories prevailing until the start of the new 2017 harvest and to the initially still high world market prices in the first half of 2017|18.

Sugar sales in the last five months of the year were defined by the renegotiated prices with customers in industry and resellers. The fact that the sugar quota has expired, combined with the low world market prices and expected high sugar production, confronts the entire European sugar industry – as well as its customers – with new challenges.

The sugar prices contractually set for SMY 2017|18 are now significantly lower than for the previous year.

Even after the expiration of the European quota rules, AGRANA firmly intends to cement and where possible expand its existing market shares with industrial customers and resellers. The product and brand strategy adopted was validated by a positive overall business performance in the first three quarters of 2017|18, even if sales prices came under pressure since autumn 2017.

Especially in the resellers segment and in exports to markets outside the EU, growth in sales quantities was achieved relative to the prior year. In sales to resellers, this positive trend across all countries was due primarily to an increase in the use of sugar for fruit preserving and for baking. Overall, the sales volume of sugar specialties and certified organic sugar is rising, with further potential for growth especially in Eastern Europe.

EU sugar policy

Since 1 October 2017 the European sugar industry is operating in a new environment. The biggest changes are the end of the production quotas for sugar and isoglucose and the abolition of the minimum beet prices.

However, the use of contracts between the sugar industry and sugar beet growers remains a requirement. The European Commission also retains the option to apply exceptional measures in the event of crises. One of the instruments available to it for this purpose is government-funded private storage, through which the Commission can temporarily remove sugar from the market.

A key element of the liberalisation of the EU sugar market is that, since 1 October 2017, the European sugar manufacturers have unrestricted freedom to export their product.

Protective features remaining in place unchanged for imports to the EU from countries not party to preferential treaties are the duties of € 419 per tonne for white sugar and € 339 per tonne for raw sugar. The preferential agreements (for duty-free access) with the Least Developed Countries and the ACP Group of States remain intact, as do the duty-free or lower-duty preferential imports that are subject to volume limits.

Free trade agreements

The European Commission is currently negotiating the terms of a free trade agreement with the Mercosur countries (Argentina, Brazil, Paraguay and Uruguay). The European beet farmers and sugar companies seek to prevent concessions by the EU to the Mercosur countries on sugar and products with a high sugar content, as Brazil already has extensive preferential access to the EU sugar market and the Brazilian government continues to intervene in the sugar policy of the world's largest sugar producer through a multitude of direct and indirect state subsidies. As a result of these subsidies, sugar from Austria and Europe suffers unfair competition from Brazilian sugar.

[1] EU Sugar Balance, January 2018.
[2] Economic Partnership Agreement / "Everything But Arms".
[3] African, Caribbean and Pacific Group of States.

Sustainability in the Sugar segment

Targets in the supply chain

✔ SAI FSA audits of contract beet production in 5 countries in 2017 confirmed gold or silver status for over 75% of all producers

Environmental targets by 2020|21

✔ Direct energy consumption of 2.49 GJ per tonne of product

✘ Water consumption of 1.92 m³ per tonne of product

Value chain

wsk.agrana.com/en/sugar

Raw materials and production

The area of sugar beet fields harvested by AGRANA's approximately 6,900 contract beet farmers in SMY 2017|18 was about 96,300 hectares (prior SMY: about 93,200 hectares); almost 1,700 hectares of this (prior SMY: 1,300 hectares) represented organic production. From the organic acreage the Group produced around 9,000 tonnes of organic beet sugar (prior year: about 8,500 tonnes).

In many production regions the relatively low precipitation and very hot temperatures during the entire growing period did not allow the beet stocks to develop well. Not until autumn 2017 did the situation improve, thanks to cool weather and ample rain. In many regions the beet stocks recovered and exhibited superior growth until up to the harvest. Only in the eastern part of the Austrian production areas, in the whole Slovak cultivation region and those Hungarian areas bordering on Austria did the beet stocks remain sub-average. The crop was harvested under relatively good conditions, except for a brief interruption in September due to heavy precipitation. As a result of the weather conditions described, the mean sugar content of the beet, at 17.2%, was above average (prior year: 16.7%). The AGRANA Group processed about 6.2 million tonnes of beet, or approximately 0.5 million tonnes less than in the prior year despite a small increase in acreage.

AGRANA's seven beet sugar factories processed a combined daily average of about 51,500 tonnes of beet during the campaign (prior year: 49,400 tonnes). Over an average campaign length of 120 days (prior year: 136 days), the beet was used to produce approximately 941,000 tonnes of sugar (prior year: about 1 million tonnes). In the 2017|18 financial year AGRANA also refined approximately 200,100 tonnes of white sugar equivalent from raw sugar (prior year: 263,200 tonnes). To also assure a sustainable supply chain for raw sugar as an input product, AGRANA since 2014 holds a Chain of Custody certification under the internationally recognised Bonsucro standard for all its refining facilities. The Chain of Custody certificate, which confirms the adherence to high social and environmental standards in the entire value chain, entitles AGRANA's customers to display the Bonsucro logo on their products. Bonsucro is accorded gold status, the highest rating, by the benchmarking tool of the Sustainable Agriculture Initiative (SAI).

For beet purchasing, AGRANA follows a beet price arrangement with a variable price schedule tied to the sugar sales price.

Engagement in the upstream value chain

Supplier environmental and social assessment

The AGRANA principles for the procurement of agricultural raw materials and intermediate products stipulate the use of good agricultural practice (GAP) and fair working conditions. In accordance with these principles, the Sugar segment has elected to use the Farm Sustainability Assessment (FSA) of the Sustainable Agriculture Initiative (SAI) for documenting sustainable management for its sugar beet contract growers. For details on the SAI and FSA, see the section "Non-financial information statement under section 267a Austrian Commercial Code", page 44.

In the 2017|18 financial year the previously voluntary completion of the FSA questionnaire became mandatory for some contract suppliers. In accordance with the SAI FSA Implementation Framework published in June 2016, selected farmers in all five beet-growing countries (Austria, Czech Republic, Hungary, Romania, and Slovakia) participated in the mandatory FSA self-assessment and the external audits to SAI standards. Based on the results of the external verification, AGRANA's Sugar segment is entitled to claim gold or silver status under SAI standards for more than 75% of the statistical population of all sugar beet growers. AGRANA's minimum requirements are fulfilled by all contract beet growers; areas of potential for improvement identified by the audits are addressed through existing training programmes.

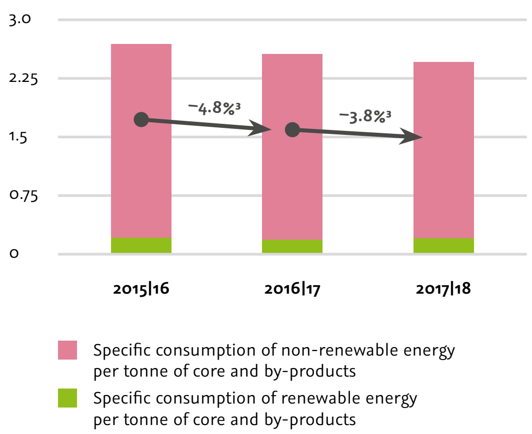
Building awareness of good agricultural practice
In June 2017 the annual BETAEXPO field symposium focused on crop protection and reflected the political debate over the use of specific groups of crop protection agents (see the section “Non-financial information statement under section 267a Austrian Commercial Code” from page 44). In the 2017|18 financial year, AGRANA also again carried out many awareness-building events under its “Mont Blanc” efficiency improvement programme, which aims to increase sugar yield per hectare and reduce production costs. In fields of contract farmers in Austria, AGRANA took about 1,100 soil samples for EUF analysis[1], with the sample locations mapped by GPS, to support needs-appropriate, precision fertiliser planning. At the 85 demonstration farms across the entire beet-growing region of the AGRANA Group, 150 field tours and eight field days with a total of more than 7,500 participants were held during the growing season. Strong audience interest was also shown in a one-day organic agriculture conference for all organic crops processed by AGRANA, which was organised by the Sugar and Starch segments in collaboration with BIO Austria.

Biodiversity in the supply chain
In 2017, about 5,000 hectares were greened in Austria with the catch-crop mix from Österreichische Rübensamenzucht GmbH, a not-for-profit subsidiary of AGRANA Zucker GmbH that makes GMO-free seed (largely produced in-house) available to the contract farmers. The catch-crop loosens the soil structure, mobilises nutrients, activates soil fauna and improves field biodiversity. In addition, flowered areas of annuals and perennials were established; together, the flowering fields provide ideal forage for wild animals, offer honey plants for bees, and add to the beauty of the landscape.

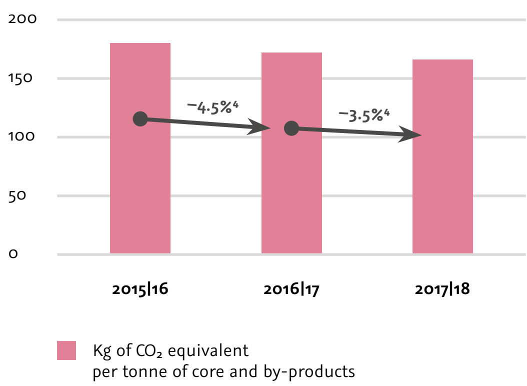
Transport
Although the transport of raw materials and sugar products only represents a comparatively low 5% to 10% of the Sugar segment’s carbon footprint (depending on the calculation method and country), AGRANA strives to make transport as sustainable as infrastructure and economics will allow. In total across all production countries in the 2017|18 processing season, about 36% of the beet was delivered to the sugar factories by rail, with the proportion highest in Hungary at about 65%.

Environmental and energy topics in AGRANA’s production
Energy consumption and emissions in processing
The average specific direct energy consumption per tonne of product (both core and by-products) in the Sugar segment eased by about 3.8% in the 2017|18 financial year compared to one year earlier. This reduction is due to improved modes of operation in the extraction stage and better waste heat recovery in low-temperature drying operations, especially at the sugar plant in Leopoldsdorf, Austria. At the factory in Tulln, Austria, the weather-in-

Average specific direct energy consumption in processing operations at AGRANA’s sugar plants[2]
In gigajoules (GJ) per tonne of core and by-products



Average specific emissions (from direct and indirect energy use) from processing operations at AGRANA’s sugar plants[2]
In kg of CO_2 equivalent per tonne of core and by-products



[1] EUF analysis of soil samples: Electro ultrafiltration is a laboratory method for the analysis of soil substrates for their plant-available nutrients. The EUF method is employed for a practice-oriented fertiliser advisory system.
[2] See GRI reporting boundaries, page 43.
[3] Percentage change based on average specific direct energy consumption per tonne of core and by-products.
[4] Percentage change based on average specific emissions (from direct and indirect energy use) per tonne of core and by-products.

duced bottlenecks in beet supply were made up for through increased processing of so-called thick juice, thus holding energy consumption per unit of product output at a good level. The Group's improved specific processing capacity of 4% as well has a positive effect on this energy indicator.

The Kaposvár sugar plant in Hungary generated about 31.3 million cubic metres of biogas from beet pulp in the 2017|18 financial year. This would have been sufficient to cover approximately 71% of the site's primary energy requirement for the 2017|18 beet campaign. About 9.2 million cubic metres of the biogas produced at the facility (containing about 54% methane) were refined by the biogas upgrading plant installed in autumn 2015 into approximately 5.2 million cubic metres (prior year: 4.8 million cubic metres) of biomethane (100% methane) for feeding into the local natural gas grid. The biomethane injected into the grid was equivalent to the annual heating requirement of about 2,090 single-family homes (prior year: 1,950 homes)

In the 2017|18 financial year the Sugar segment thus already met the target for 2020|21 of reducing direct energy consumption per tonne of product output to 2.49 GJ.

As a result of the lower steam requirement thanks to the efficiency measures taken, the cogeneration plants also generated less electric power. This lower internal generation of electricity had to be compensated for by higher external sourcing of power, which led to an increase of about 7.4% in specific indirect energy use per tonne of product compared to the prior year.

On balance, the average specific emissions from direct and indirect energy consumption per tonne of product thus decreased by about 3.5% from the prior year (see chart on page 62).

In the 2017|18 financial year the energy management systems of the Sugar segment's production sites already certified to ISO 50001 in 2014|15 were recertified. One hundred percent of the production sites within the GRI reporting boundaries (see page 43) thus hold a current certification.

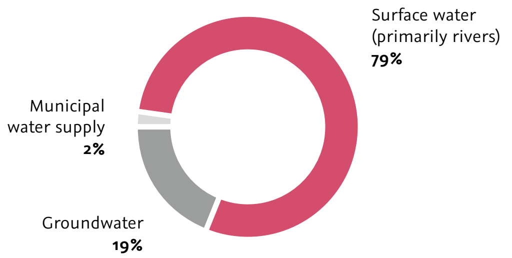
Water use and discharge in processing
The water required by a sugar factory is partly obtained from the beet itself. Sugar beet has a water content of about 75%, which must be separated from the sugar during the manufacturing process. This water is used both to leach the sugar out of the beet cossettes and to transport and clean the beet. The water is continually cleaned and returned to the process cycle. In-house or municipal wastewater treatment plants at all sites ensure the environmentally responsible treatment of the effluent in compliance with local government requirements. When the cleaned wastewater is discharged into the receiving water, it thus meets the applicable environmental standards.

Water use and discharge in processing at AGRANA's sugar plants
within the GRI reporting boundaries (see page 43)

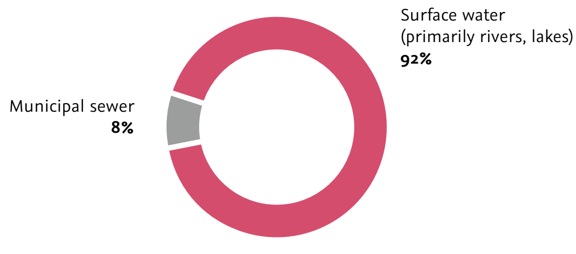
Sugar segment In m³ per tonne of core and by-products	**2017|18**	**2016|17**	**2015|16**
Water consumption	2.14	1.61	1.78
Water discharge	3.19	2.78	2.81

The increase in average specific water consumption per tonne of product (core and by-products) of about 32.5% was attributable to a higher need for cooling water at several sites. As a result of the higher water consumption, the average specific amount of wastewater per tonne of product also rose, by 14.9%.

Water use at AGRANA's sugar plants in 2017|18, by source[1]



Receiving waters for the wastewater of AGRANA's sugar plants in 2017|18[1]



[1] Within the GRI reporting boundaries (see page 43).

Waste from processing

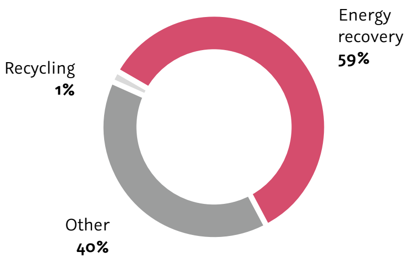
The absolute amount of waste eased by 3.5% from the previous year. The increase in hazardous waste resulted from the disposal, performed only on an irregular basis every few years, of materials such as used oil and used laboratory chemicals, railway ties, fibre cement panels, fluorescent tubes replaced by new lights, etc.

Waste from processing at AGRANA's sugar plants

within the GRI reporting boundaries (see page 43)

Sugar segment Tonnes, except percent	**2017|18**	**2016|17**	**2015|16[1]**
Waste disposed	72,513	75,049	163.068
Of which hazardous waste	198	153	170
Waste per tonne of product	2.9%	2.8%	6.7%
Hazardous waste per tonne of product	0.008%	0.006%	0,007%
Waste disposed by disposal method	Non-hazardous	Non-hazardous & hazardous	Non-hazardous & hazardous
Composting	1,107	1,529	962
Energy recovery	710	486	442
Reuse	9,866	14,699	91,460
Recycling	4,045	6,126	19,781
Landfill	39,777	39,279	50,418
Other	16,809	12,930	5

Disposed hazardous waste of AGRANA's sugar plants in 2017|18, by disposal method[3]



Biodiversity at (former) production sites

The settling ponds on the grounds of AGRANA's former sugar plant (closed in 2006) in Hohenau an der March, Austria, were repurposed, working together with the AURING conservationist club. Located in an area of high diversity value identified under the RAMSAR Convention on Wetlands[2], the ponds now serve as a staging area for water birds, most notably waders.

EcoVadis

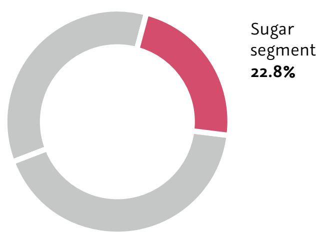
In summer 2017, AGRANA Zucker GmbH updated its sustainability data, first provided in 2014, for the purposes of EcoVadis, the international supplier evaluation platform, and improved its status from bronze to silver.

Investment

In the Sugar segment, AGRANA invested € 32.1 million during the 2017|18 financial year (prior year: € 23.3 million) in, among other things, product quality and energy efficiency. The most significant projects included the following:

- Sugar drying in Leopoldsdorf, Austria
- Replacement of two beet diffusers in Tulln, Austria
- Optimisation of the cooling crystallisation in Sereď, Slovakia

Share of Group investment in 2017|18



[1] The amounts of waste reported in 2015|16 were partly revised at the time according to the new definition of waste introduced for 2015|16. Complete application of the new definition only became possible for the 2016|17 financial year (see content boundaries of GRI reporting, page 46).
[2] See glossary.
[3] Within the GRI reporting boundaries (see page 43).

Starch segment

Basics of the Starch segment

Marketing relationship
B2B

Products
General division into food, non-food and feed sectors; native and modified starches, saccharification products, alcohols/bioethanol, by-products (feedstuffs and fertilisers)

Raw materials processed
Corn (maize), wheat, potatoes

Key markets
Central and Eastern Europe, principally Austria and Germany; also specialty markets, e.g., in USA and UAE

Customers
Food sector: food industry; Non-food sector: paper, textile, construction chemicals, pharmaceutical, cosmetics and petroleum industries; Feed sector: feed industry

Special strengths
GMO-free and strong organic focus

The Starch segment includes the two fully consolidated companies AGRANA Stärke GmbH, Vienna – with the three Austrian plants in Aschach (corn starch), Gmünd (potato starch) and Pischelsdorf (integrated wheat starch and bioethanol plants) – and AGRANA TANDAREI S.r.l. with a plant in Romania (corn processing). AGRANA Stärke GmbH, together with the joint venture partner Archer Daniels Midland Company, Chicago, Illinois, USA, also manages and coordinates the joint ventures of the HUNGRANA group (one plant in Hungary, where starch and saccharification products and bioethanol are manufactured), which are included in the consolidated financial statements using the equity method of accounting.

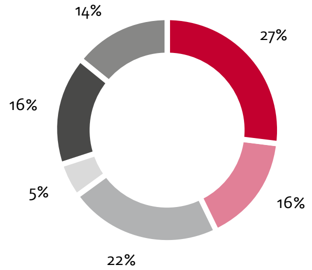
Revenue and earnings

Starch segment		2017|18	2016|17	Change % / pp
Total revenue	€000	762,308	744,194	+2.4%
Inter-segment revenue	€000	(9,993)	(10,272)	+2.7%
Revenue	€000	752,315	733,922	+2.5%
EBITDA[1]	€000	76,486	70,072	+9.2%
Operating profit before exceptional items and results of equity-accounted joint ventures	€000	49,744	48,075	+3.5%
Share of results of equity-accounted joint ventures	€000	30,486	28,147	+8.3%
Operating profit [EBIT][2]	€000	80,230	76,222	+5.3%
EBIT margin	%	10.7	10.4	+0.3 pp
Investment[3]	€000	59,427	57,577	+3.2%
Number of employees (FTE)[4]		959	893	+7.4%

In the Starch segment, revenue grew by 2.5% in the 2017|18 financial year compared to the year before. In core products the revenue growth was about 6%, while revenue with by-products was down moderately, owing particularly to lower volumes in reselling of feedstuffs. The overall sales volume was approximately in line with the prior year, while the quantity of core products sold increased by nearly 4%. In large part the growth was based on higher production as a result of the commissioning of the plant expansion in Aschach, Austria (starch and saccharification products), but all other factories also ran at high levels of utilisation.

The market prices for native starches reflected the rise in demand; in modified starches the market position was expanded, especially in the areas of specialty and organic products. Since the liberalisation of the European sugar market at the beginning of October 2017, sugar prices in Europe are moving within a low band, owing to greater competition in the EU, beet sugar surpluses and low world market quotations. As a consequence, the starch-based saccharification products too are marked by mounting pressure on prices and margins. In the financial year under review, bioethanol quotations remained volatile but were above the prior year's levels on average. Prices for feedstuffs eased slightly.

Revenue by product group in 2017|18



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.)

[1] EBITDA represents operating profit before exceptional items, results of equity-accounted joint ventures, and operating depreciation and amortisation.
[2] Operating profit (EBIT) is after exceptional items and results of equity-accounted joint ventures.
[3] Investment represents purchases of property, plant and equipment and intangible assets, excluding goodwill.
[4] Average number of full-time equivalents in the reporting period.

Regarding costs, grain prices moved sideways in the year. Savings were realised on energy prices. The higher average ethanol prices for the year also had a positive effect on earnings. The commissioning (the start of production) of the plant expansion in Aschach, Austria, led to one-time start-up costs. Specifically, the project-related investment and the additional personnel resulted in significantly increased plant depreciation and staff costs. The above factors were reflected in the growth rates of earnings: EBITDA was up by 9.2% to € 76.5 million; at the same time, operating profit before exceptional items and results of equity-accounted joint ventures increased by 3.5% to € 49.8 million.

In the 2017|18 financial year, revenue of the HUNGRANA group, the joint venture in Hungary, declined by 3.2%, even if price gains were achieved in the isoglucose product area. In bioethanol, lower production and sales quantities were juxtaposed with higher sales prices, but the net effect was still a decrease in HUNGRANA's revenue. With raw material prices stable at the prior year's levels and with a reduced corporate tax rate in Hungary, HUNGRANA's net profit surpassed the prior year by 8.3% and its contribution to the earnings of the Starch segment thus also rose moderately.

Market environment

The food starch segment was steady in terms of sales quantities and the prices for native and modified starch products moved higher, thanks not least to impetus from the non-food sector.

The principal upside driver in non-food starches was the demand from the paper and corrugated board industry. This positive trend is fuelled by the steady growth of the online mail order market, which stimulates consumption of corrugated board and container board. Numerous capacity expansion projects by the paper industry are contributing to the firm demand.

The strategic further development of the customer and market portfolio of AGRANA Stärke GmbH towards greater specialisation is visible in sales volume growth in the international markets for construction starches and for adhesives, as well as in starch products with higher value-added and made from special raw materials. For example, significant growth was recorded in spray-dried saccharification products, where AGRANA gained market share, especially in the organic segment.

The European market for potato starch is established; the growing Latin America and Asia regions are becoming attractive export destinations for AGRANA Stärke GmbH.

In by-products, prices of high-protein products maintained a firm trend; vital wheat gluten in particular showed an upward movement in prices. Aside from the bakery industry, fish feed and pet food were the main market segments generating impetus for demand. Medium-protein feeds (Actiprot® and corn gluten feed) on the other hand are closely coupled to the soy, grain and corn markets and are thus subject to greater pressure on prices.

The environment for starch-based saccharification products, especially the isoglucose business, is determined mainly by the trajectory of the sugar market and sugar prices.

The isoglucose quota in the final year of the volume limits under the EU sugar regime was unchanged at about 720,000 tonnes, of which HUNGRANA held the largest single share at 250,000 tonnes (the amount for this equity-accounted joint venture is stated at 100% of the total). This quota was abolished on 1 October 2017 as part of the liberalisation of the EU sugar market.

For liquid saccharification products, the anticipation of this full liberalisation of the sugar markets led to very high competitive and price pressure even before the actual date of the quota expiration. Currently, as a result of the low sugar prices, customers' willingness to substitute isoglucose for sugar is not very high.

The volatility of the European market for bioethanol remained substantial in the 2017|18 financial year; after months of a close correlation between supply and demand in the EU market and firm prices in a range from € 530 to € 590 per cubic metre FOB Rotterdam, a significantly lower price range of € 455 to € 480 per cubic metre established itself since the beginning of October. Supported by the very good sugar beet crops of the 2017 campaign, more sugar beet thick juice and molasses were used for ethanol production again.

More information on the economic policy environment and market conditions for ethanol is provided in the section "Risk management" (subheading "EU Renewable Energy Directive").

Raw materials and production

World grain production in the 2017|18 grain marketing year (1 July to 30 June) is estimated by the International Grains Council (IGC)[1] at 2.09 billion tonnes, which marks a small decrease from the prior year's level and is less than the expected consumption. Global wheat production is forecast at 757 million tonnes (prior year: 754 million tonnes), compared to expected consumption of 743 million tonnes. The world's corn production is projected at 1,048 million tonnes (prior year: 1,088 million tonnes), versus expected consumption of 1,068 million tonnes. Total grain stocks are estimated to decline by about 13 million tonnes to a new balance of 610 million tonnes.

Given the good worldwide supply situation for grains, futures prices declined over the financial year. On 28 February 2018 on the NYSE Euronext Liffe commodity derivatives exchange in Paris, wheat quoted at € 167 per tonne and corn at € 156 per tonne (prior year: € 172 per tonne for wheat and € 171 for corn). The reason lay in the very good US corn harvest and the good grain crops in Western Europe in 2017.

Potatoes

In the 2017|18 campaign the potato starch plant in Gmünd, Austria, in a campaign lasting 164 days (prior year: 149 days), processed about 260,700 tonnes of starch potatoes (prior year: 238,900 tonnes) with an average starch content of 18.0% (prior year: 19.6%). Approximately 25,600 tonnes of food potatoes (prior year: 24,800 tonnes) were converted into about 4,200 tonnes of long-life potato products (prior year: 4,400 tonnes).

Corn and wheat

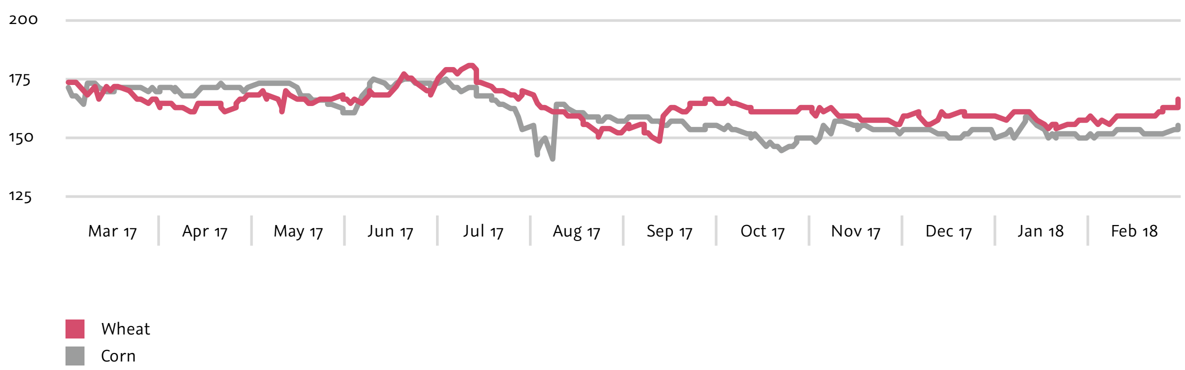
The corn processing volume of AGRANA Stärke GmbH in Austria for starch products (excluding ethanol) increased in the 2017|18 financial year to about 442,700 tonnes (prior year: about 416,000 tonnes) due to the expansion of the corn processing capacity in Aschach, Austria. Of this total, about 113,700[2] tonnes was wet corn (prior year: about 121,000 tonnes). The share of specialty corn processed (waxy corn, organic corn and certified non-GMO corn) increased to approximately 132,200 tonnes (prior year: about 131,000 tonnes).

At the wheat starch factory in Pischelsdorf, Austria, in 2017|18, a net raw material volume of about 191,200 tonnes of wheat was used in the production of wheat starch (prior year: 198,000 tonnes). In the attached bioethanol plant, about 656,000 tonnes (prior year: 637,000 tonnes) of grain were processed, with a ratio of about 60% wheat (including triticale) to 40% corn. Of the 2017 crop, about 86,400 tonnes of ethanol wheat and ethanol triticale were secured in advance through delivery contracts with growers. As in the prior years, cultivation contracts for ethanol grains were offered for the 2018 crop.

At the HUNGRANA plant in Hungary, a total of about 1.1 million tonnes of corn was processed in 2017|18, down slightly from the prior year as a result of a technical malfunction; the amounts for this equity-accounted joint venture are stated at 100% of the respective total. The wet-corn processing here already began in the middle of August 2017 thanks to dry weather and was completed at the end of December, at a total volume somewhat below that of the previous year. The plant in Romania processed about 69,000 tonnes of corn, a slight increase from the year before.

Corn and wheat commodity prices during AGRANA's 2017|18 financial year

€ per tonne (NYSE Euronext Liffe commodity derivatives exchange in Paris)



[1] IGC estimate from 22 February 2018.
[2] Based on wet weight.

Sustainability in the Starch segment

Targets in the supply chain
✔ SAI FSA audits of contract potato production in Austria in 2017 confirmed gold or silver status for over 75% of all growers

Environmental targets by 2020|21
✔ Cumulative savings of 50 GWh through efficiency measures in plants

Value chain
wsk.agrana.com/en/starch

Engagement in the upstream value chain

Supplier environmental and social assessment
In 2016|17 the Starch segment too, in accordance with the AGRANA principles for the procurement of agricultural raw materials and intermediate products, which stipulate the use of good agricultural practice (GAP) and fair working conditions, continued to employ the Farm Sustainability Assessment (FSA) of the Sustainable Agriculture Initiative (SAI) for the documentation of sustainable management for its contract potato farmers. (For details on the SAI and FSA, see the section "Non-financial information statement under section 267a Austrian Commercial Code", page 44).

In the 2017|18 financial year the previously voluntary completion of the FSA questionnaire became mandatory for some contract suppliers. In the Starch segment, Austrian contract potato growers selected in accordance with the SAI FSA Implementation Framework and its Audit Guideline participated in the mandatory FSA self-assessment and the external audits to SAI standards. Based on the results of the external verification, AGRANA's Starch segment is entitled to claim gold or silver status under SAI standards for more than 75% of the statistical population of all Austrian contract potato growers. AGRANA's minimum requirements are fulfilled by all Austrian contract potato growers; areas of potential for improvement identified by the audits are addressed through existing training programmes.

In the sourcing of sustainable raw materials for the production of wheat starch and bioethanol, AGRANA has been relying for years on inputs certified under systems recognised by the European Commission, such as the International Sustainability and Carbon Certification (ISCC) and the Austrian Agricultural Certification Scheme (AACS). Both the ISCC and AACS are accorded silver status in the SAI system.

BETAEXPO – Austria's largest demonstration field for AGRANA raw material crops
The BETAEXPO field symposium in June 2017, featuring Austria's largest demonstration field for AGRANA raw material crops, focused on crop protection and reflected the political debate over the use of specific groups of crop protection agents (for more details, see the section "Non-financial information statement under section 267a Austrian Commercial Code" from page 44).

Besides organising BETAEXPO, AGRANA also arranged many other dialog-rich events for its contract growers in the Starch segment. As in the previous years, AGRANA held a one-day event for new growers to provide information on the production of starch potatoes for industrial use, and arranged several field tours with potato and ethanol grain suppliers. AGRANA also supported a knowledge transfer conference of the Austrian Starch Potato Growers Association (VÖSK) by providing funding and content, with presentations on crop cultivation and economic efficiency of potato production; the well-attended event drew about 300 visitors. A field day for suppliers of industrial starch potatoes in October 2017 and an organic agriculture conference (see page 62) rounded out the programme for awareness-building about good agricultural practices. In the context of corn supply for starch production, a training in gentle, loss-free harvesting technique for contract farmers was held for the first time.

Biodiversity in the supply chain
The successful bat conservation project launched in summer 2013 in Austria's Waldviertel district (see annual report 2014|15, page 64) was continued last year. Population counts in the spring and autumn of 2017 showed dense bat colonisation and the arrival of a fifth species of bat. Barbastelle bats, a species identified in the Austrian Red List of endangered mammals, continued to make up more than seventy percent of the animals tallied.

Environmental and energy topics in AGRANA's production operations

Energy consumption and emissions in processing

The average specific direct energy consumption per tonne of product (both core and by-products) in the Starch segment rose by about 2.1% in the 2017|18 reporting period compared to one year earlier. This increase was due to the generation of more process steam at the plant in Pischelsdorf, Austria, as production volumes increased.

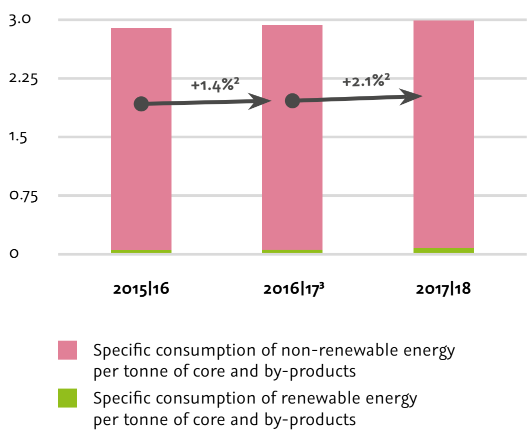
The average specific indirect energy consumption per tonne of product in the Starch segment fell by about 5.7% from the previous year thanks to the implementation of two heat recovery projects in Pischelsdorf.

On balance, the average specific emissions from direct and indirect energy consumption per tonne of product declined by about 2.2% from the prior year, due to the greater use of renewable energy sources especially in the corn starch plants in Aschach, Austria, and Ţăndărei, Romania.

At the three Austrian starch manufacturing sites of Aschach, Gmünd and Pischelsdorf, an energy management system was introduced in autumn 2014 and certified under ISO 50001. In the 2017|18 financial year they were recertified. The site in Romania holds a current energy audit certification. Aiming for continual improvement, the Starch segment is targeting site-specific efficiency gains amounting to a cumulative reduction of 50 GWh of energy use by 2020|21 through efficiency-boosting projects in individual sections of the plants. By means of the energy conservation projects in 2017|18, this target was already exceeded. To date about 54 GWh of reductions were achieved, through conservation projects such as the pre-warming of the mash and purge in ethanol distillation at the site in Pischelsdorf, Austria, replacement of the protein decanters in Gmünd, Austria, and a new steam boiler in Aschach, Austria.

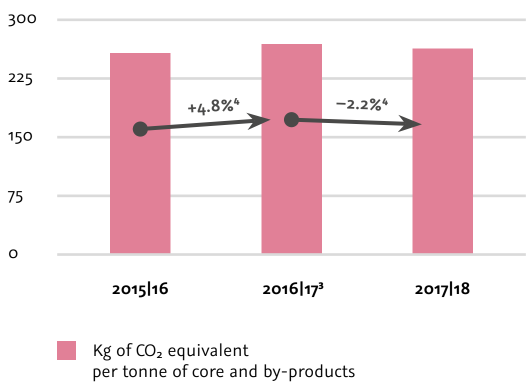
Average specific direct energy consumption in processing operations at AGRANA's starch plants[1]

In gigajoules (GJ) per tonne of core and by-products



Average specific emissions (from direct and indirect energy use) from processing operations at AGRANA's starch plants[1]

In kg of CO_2 equivalent per tonne of core and by-products



[1] See GRI reporting boundaries, page 43.
[2] Percentage change based on average specific direct energy consumption per tonne of core and by-products.
[3] A data collection error in product output required a correction of the 2016|17 values.
[4] Percentage change based on average specific emissions (from direct and indirect energy use) per tonne of core and by-products.

Water use and discharge in processing

At the AGRANA starch plants, in keeping with the Group's environmental policy, water use and effluent are managed sustainably. Process water in the starch operations is repeatedly recycled and cleaned.

Water use and discharge in processing at AGRANA's starch plants

within the GRI reporting boundaries (see page 43)

Starch segment In m³ per tonne of core and by-products	**2017|18**	**2016|17[1]**	**2015|16**
Water consumption	4.49	4.02	4.18
Water discharge	4.69	4.76	4.35

The reported average specific water consumption per tonne of product (core and by-products) in the Starch segment increased by about 11.8% in the financial year compared to the prior year. This year-on-year change was attributable solely to the more exact measurement of water use at the combined wheat starch and bioethanol plant in Pischelsdorf, Austria, through the installation of additional meters. Average specific water discharge eased by about 1.4%.

Waste from processing

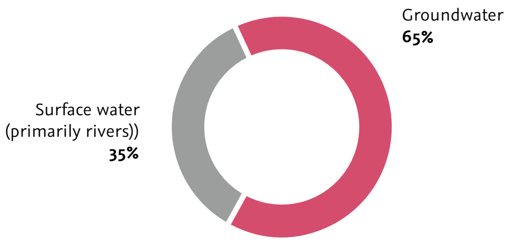
The specific amount of waste from processing per tonne of product (core and by-products) was 62.3% higher in 2017|18 than the year before. This change is explained largely by the higher volume of product waste associated with the commissioning of the expansion of the Aschach, Austria, corn starch plant. However, this additional waste was reused.

Waste from processing at AGRANA's starch plants

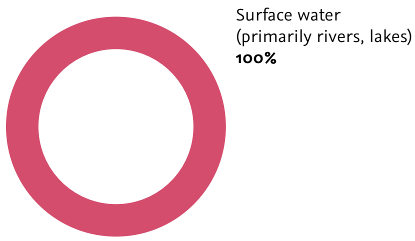
within the GRI reporting boundaries (see page 43)

Starch segment Tonnes, except percent	**2017|18**	**2016|17[1]**	**2015|16**
Waste disposed	37,082	22,056	17,665
Of which hazardous waste	41	96	21
Waste per tonne of product	3.0%	1.9%	1.6%
Hazardous waste per tonne of product	0.003%	0.008%	0.002%
Waste disposed by disposal method	Non-hazardous	Non-hazardous & hazardous	Non-hazardous & hazardous
Composting	20,809	16,684	13,030
Energy recovery	1,642	2,316	1,490
Reuse	9,842	24	700
Recycling	609	507	377
Landfill	7	23	4
Other	4,133	2,502	2,064

Water use at AGRANA's starch plants in 2017|18, by source[2]



Receiving waters for the wastewater of AGRANA's starch plants in 2017|18[2]



[1] A data collection error in product output required a correction of the specific values for 2016|17.
[2] Within the GRI reporting boundaries (see page 43).

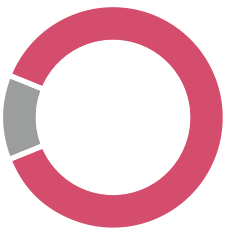
Biodiversity at production sites

At the site of the combined wheat starch and bioethanol factory in Pischelsdorf, Austria, a project was launched in the 2016|17 financial year to return the grounds of the complex to a more natural state. In addition to planting flowering hedges as honey plants for the facility's own bee hives, the number of cuttings of meadows has been reduced to one mowing per year. In 2017|18, AGRANA also installed a falcon nest at this location. This led to the introduction of a falcon, which not only contributes to species conservation but is also intended to deter pigeons and thus help protect the production facilities.

EcoVadis

In summer 2017, AGRANA Stärke GmbH updated its sustainability data (first provided in 2014) for the purposes of EcoVadis, the international supplier evaluation platform. AGRANA Stärke GmbH again achieved a gold rating, putting it in the top 5% of performers scored by EcoVadis.

Disposed hazardous waste of AGRANA's starch plants in 2017|18, by disposal method[1]

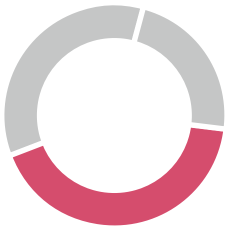


Investment

€ 59.4 million (prior year: € 57.6 million) was invested in the Starch segment during the 2017|18 financial year. The most significant projects included the following:

- Expansion of corn processing in Aschach, Austria
- Enlargement of starch saccharification facilities in Aschach
- Construction and commissioning of a new spray drying plant in Aschach
- Increase of potato processing capacity through installation of a new potato starch dryer in Gmünd, Austria
- Installation of a potato fibre dryer in Gmünd
- Start of the project to expand the wheat starch plant in Pischelsdorf, Austria

Share of Group investment in 2017|18



Additionally, € 14.8 million (prior year: € 10.8 million) was invested in 2017|18 in the HUNGRANA companies (amounts for these equity-accounted entities are stated at 100% of the total).

[1] Within the GRI reporting boundaries (see page 43).

Fruit segment

Basics of the Fruit segment

Marketing relationship
B2B

Products
Fruit preparations, fruit juice concentrates, not-from-concentrate juices, fruit wines, natural flavours and beverage bases

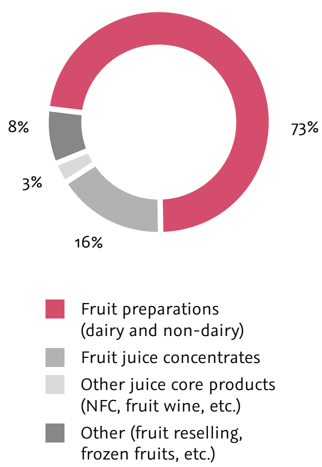
Raw materials processed
Fruits (leading raw material for fruit preparations: strawberry; raw materials for fruit juice concentrates: apples and berries)

Key markets
Marketed worldwide

Customers
Dairy, ice-cream, bakery, food service and beverage industries

Special strengths
Custom-designed, innovative products

Revenue by product group in 2017|18



AGRANA Internationale Verwaltungs- und Asset-Management GmbH, Vienna, is the holding company for the Fruit segment. The coordination and operational management of the fruit preparations business are provided by the holding company AGRANA Fruit S.A.S., based in Mitry-Mory, France. In the fruit juice concentrate business, the operating holding company is AUSTRIA JUICE GmbH, based in Kröllendorf/Allhartsberg, Austria. At the balance sheet date the Fruit segment as a whole operated 28 production sites in 20 countries for fruit preparations, and 14 plants in seven countries for the production of apple and berry juice concentrates.

Revenue and earnings

Fruit segment		2017|18	2016|17	Change % / pp
Total revenue	€000	1,161,898	1,156,035	+0.5%
Inter-segment revenue	€000	(456)	(582)	+21.6%
Revenue	€000	1,161,442	1,155,453	+0.5%
EBITDA[1]	€000	113,218	109,952	+3.0%
Operating profit before exceptional items and results of equity-accounted joint ventures	€000	75,639	71,757	+5.4%
Operating profit [EBIT][2]	€000	75,639	71,757	+5.4%
EBIT margin	%	6.5	6.2	+0.3 pp
Investment[3]	€000	49,356	33,822	+45.9%
Number of employees (FTE)[4]		5,610	5,638	–0.5%

Revenue in the fruit preparations business rose by just under 2%, as a result partly of higher sales volume. Detracting from the revenue growth were foreign currency effects in individual countries, particularly in Argentina, China, Egypt, Mexico, Turkey, Ukraine and the USA.

Revenue increased in all AGRANA regions with the exception of North America and India/Middle East/Africa (IMEA). In the Eastern Europe region as well (Russia and Ukraine), the business performance remained positive despite the challenging political environment. In the EU, the most important region in revenue terms, AGRANA also succeeded in selling higher volumes, despite the market contraction.

The diversification in fruit preparations towards an increased focus on the customer segments of food service, bakery and ice-cream continued and sales quantities in these areas rose.

AGRANA further improved its market position through gains in market share paralleling the growth of its global key accounts, with long-term customer contracts securing this positive evolution. As well, opportunities for sustained future growth lie in the non-dairy product areas (for instance, fruit preparations for global convenience food chains, and ice-cream components for global brands).

[1] EBITDA represents operating profit before exceptional items, results of equity-accounted joint ventures, and operating depreciation and amortisation.
[2] Operating profit (EBIT) is after exceptional items and results of equity-accounted joint ventures.
[3] Investment represents purchases of property, plant and equipment and intangible assets, excluding goodwill.
[4] Average number of full-time equivalents in the reporting period.

Operating profit (EBIT) in the fruit preparations business increased in every region except IMEA. Significant EBIT improvements were achieved especially in the Europe, Latin America and Asia/Australia regions.

In 2017|18 the integration of the Argentine company Main Process S.A. was completed and the fruit preparations production in Argentina was concentrated at the new site. The company in India newly founded in the prior year recently launched sales of purees; its production of fruit preparations had not yet begun at the balance sheet date.

In July 2017, AGRANA Fruit (Jiangsu) Company Limited, Changzhou, was founded as a new company in the south of China in the Shanghai region; here, construction began in the third quarter of 2017|18 on a new plant that is to open in November 2018.

Revenue in the fruit juice concentrate business was down slightly in 2017|18 compared to the year before. This was a result mainly of lower concentrate prices for product from the 2016 crop compared to 2015. AUSTRIA JUICE operates globally, with the EU as its core market. Other major geographic markets are North America, Russia, the Middle East and Far East. The apple juice concentrate made at the Chinese plant is marketed largely in Japan, the USA, Russia and Australia, as well as Europe.

In the 2017 apple campaign AUSTRIA JUICE saw a significant increase both in raw material prices and the market prices of its products. This was a consequence of significantly limited availability of raw materials in the wake of regional spring frost damage.

EBIT in the fruit juice concentrate activities was hurt by the reduced utilisation of the European production plants, above all in Poland and Hungary. Due to a historic poor apple crop in Europe, only about 50% of capacity was able to be utilised.

Market environment

As estimated by Euromonitor, the global market for spoonable fruit yoghurts (which is relevant to the fruit preparations business) is to grow at an average annual rate of 0.6% to 2021. The markets in the Western Europe and North America regions are predicted to stagnate, while positive sales volume trends are seen in Asia-Pacific and some parts of Africa. The category of drinkable yoghurts is projected to have significantly higher average annual growth of 7.4% over the same period. In the bakery and ice-cream sectors as well, the global market is forecast to grow overall.

Current product trends for all categories named above include new and recent products based on fancy recipes in order to offer consumers an extraordinary taste experience. Especially in the dessert segment, premium products with several layers (including fruit) or inclusions are popular and in growing demand.

Trends towards more plant-based dairy alternatives continue, and in a once purely soy-dominated market, other plant bases are increasingly gaining ground, such as almond, coconut, lupine and rice. The movement towards milk alternatives derived from plants is a trend not just in yoghurts but also in ice-creams and desserts.

In the development of new products the theme of naturalness is an important one, addressed through locally inspired flavours or seasonal products. A major dimension which complements the naturalness trend is that of clean label, which centres on achieving a list of ingredients as short and simple as possible. This trend is already very prominent in Europe and North America in particular, but in other regions such products are also increasingly in demand. Products rich in protein, or with added seeds or cereals, and fruit yoghurts with a reduced sugar content are also in vogue. In the drinkable yoghurt segment, besides kefir, the addition of exotic ingredients such as turmeric is currently popular.

The concentrate business remains marked by the trends both towards lower fruit content in beverages and towards not-from-concentrate 100% juices. There is rising demand for beverage bases with a reduced fruit juice content. Sales of apple juice concentrate for the production of cider remain stable and cider consumption is growing globally.

Prices in Europe for apple juice concentrate had stabilised at a solid level in the first half of 2017|18 as a result of a rise in demand coinciding with limited quantities of supply in the main growing regions. The low crop volumes in the major apple production regions Poland, Hungary, Germany and Italy caused the prices of concentrate from the 2017 apple campaign to rise significantly from the prior year.

Apple juice concentrate from China showed only a mildly rising price trend year-on-year, leading to an increase in demand for Chinese product in Europe.

Sustainability in the Fruit segment

Targets in the supply chain

✔ 2017|18: Determine the sustainability status of fruit suppliers based on specified international certifications

Environmental targets by 2020|21

Fruit preparations:

✘ Direct and indirect energy consumption of 1.72 GJ per tonne of product

Fruit juice concentrates:

✘ Direct and indirect energy consumption of 3.43 GJ per tonne of product

✘ Water consumption of 4.21 m³ per tonne of product

Value chain

wsk.agrana.com/en/fruit

Raw materials and production

In the fruit preparations business about 560,000 tonnes of product were manufactured and sold in 2017|18. Compared to the prior year, almost 5% more raw materials were processed. Fruit prices remained stable overall relative to the prior year.

In terms of processed volume, strawberry was the leading fruit, with the supply for the European and Eastern European market coming mainly from Southern Europe, North Africa and Poland, while strawberry for the US market was sourced mainly in Mexico and Egypt. China, Korea and Australia were supplied largely with Chinese product. Across all regions, the processing volume and purchasing prices for strawberry were at the year-earlier levels.

The second most important fruit by processing volume was peach, of which approximately 11% more was processed than in the prior year. The most competitive procurement markets for peaches are Greece and Spain, followed by China. As the harvests were predominantly very good, prices were significantly lower than in the year before.

Blueberry, the third most important fruit in the 2017|18 financial year, had a processing volume in line with the prior year, but was about 50% more expensive in Europe as a result of small harvests. In all other procurement regions, such as the USA and Canada, prices increased in the course of the year from an initially good level during the harvest.

The purchasing prices for other ingredients were stable. In countries like Russia, Turkey and Egypt, weak local currencies were advantageous for procurement.

In the fruit juice concentrate business, available supplies of apples in the foremost European processing regions (Poland and Hungary) were significantly below levels of the year before. Local frosts, especially in Poland, Europe's largest apple producer, led to the poorest European apple crop in the past ten years. The capacity utilisation rate of the European fruit juice concentrate plants in the 2017 campaign was thus only about 50%. In China the production season was very satisfactory.

The berry processing season was on the whole marked by normal available volumes of the principal fruits, with the exception of sour cherry. The prices for the most important raw materials (strawberry, sour cherry and black currant, though not raspberry) were up from the prior year.

Engagement in the upstream value chain

Supplier environmental and social assessment

In the 2017|18 financial year the Fruit segment continued to advance the implementation of the AGRANA principles for the procurement of agricultural raw materials and intermediate products.

AGRANA Fruit Services GmbH (AFS), Vienna, the purchasing organisation responsible for the procurement of raw materials and intermediate products in the fruit preparations business, for the 2017|18 financial year again documented the certification status of primary processors and resellers of fruits and intermediate products under defined sustainability standards (see procurement models from page 38). In the year under review, 13.7% of the raw materials procured by AFS had a sustainability certification; most of these were certified organic, and the remainder were certified under another customer standard of industry-wide relevance or under the Rainforest Alliance (RA) standard. The RA standard and the customer-specific standard are accorded silver status in the benchmarking to the requirements of the Farm Sustainability Assessment (FSA) of the Sustainable Agriculture Initiative (SAI). As organic standards focus exclusively on agricultural practices and do not touch upon social topics such as worker safety, human rights, etc., organic certification alone is not enough to achieve a sufficiently high score in the SAI benchmarking. The situation is similar for GlobalGAP certification; however, the so-called GRASP add-on module to GlobalGAP also covers social sustainability aspects. In the future, this add-on will also be available for the organic sector (for details on the FSA assessment, see page 44). Until then, for interested customers, raw materials are also procured with organic and fair trade certification, entitling them to claim SAI silver status. To also evaluate its suppliers for their adherence to social aspects, AFS invites new suppliers to participate in the Supplier Ethical Exchange Database, or SEDEX (for details on SEDEX, see page 47). In the 2017|18 financial year, suppliers representing 81.7% of the procurement volume of AFS were already SEDEX members. For suppliers representing 61.3% of its procurement volume, AFS can view the suppliers' self-assessments and existing audit documents and use them for supplier evaluation.

In 2017|18 the project (supported by the Austrian Development Agency since 2014) for the improvement of social and environmental standards with contract farmers in the South Pacific island nation of Fiji was continued. In Fiji, since 2014, AGRANA supports small farmers by acting as the holder of a group certification for bananas, guavas and mangoes under the internationally recognised Australian Certified Organic standard (ACO). Since 2016 the AGRANA plant also processes passion fruit, albeit not yet in an organic grade. In the course of the project, the number of certified farmers was increased by 255 operations; additionally, 50 farms are in the process of conversion to organic methods and will soon receive their organic certification. In the year under review, most new participants recruited to the project were young, well-motivated farmers with a high willingness to acquire the necessary expertise through training and to invest in their farms. The aftermath of Cyclone Winston, which raged across Fiji in February 2016, remained a reality throughout the 2017|18 financial year. Nearly a full year's banana harvest was lost, and as a result of the high demand for fresh product on the domestic market, very little banana was available for puree production. The propagation of virus-free planting stock (banana and pineapple) in the local AGRANA-owned organic laboratory was launched as planned, and was all the more important in view of the storm damage. At the end of 2017, ten thousand seedlings were already distributed to the contract farmers for planting. The development project, which was conceived to run for three years, was completed in October 2017; the intensive collaboration with the organic farmers and the production of organic fruit purees continue.

As all procurement for custom recipes in the fruit preparations business is done to customer specifications, the future trend in the volume of certified raw materials will depend on these customer requirements.

The fruit juice concentrate business, as a result of its procurement structures, is confronted with an especially significant challenge in supply chain management, as most of the raw materials it processes are sourced from dealers. This is a consequence of legacy structures evolved nationally over time which are focused primarily on the fresh market and retail trade and on fruit exports. Fundamentally, the Group would like to purchase more raw materials directly from farmers in the future.

AUSTRIA JUICE currently maintains two projects for direct procurement from growers. In Hungary, since the year 2000, AUSTRIA JUICE has supported local farmers in growing pest-resistant apple varieties that require about 60% to 80% less pesticide than conventional cultivars. Besides financial assistance for the new planting of the trees and ongoing advice over the growing season, the fruit growers also receive purchasing guarantees and a price premium from AUSTRIA JUICE. A further project with contract growers was begun in Poland in 2007. In the financial year about 11% of all apples processed by AUSTRIA JUICE into apple juice concentrate worldwide came from these two projects.

In contract crop production, for the documenting of sustainable environmental and social criteria at its suppliers' operations, AUSTRIA JUICE uses the Farm Sustainability Assessment of the Sustainable Agriculture Initiative (for details, see the section "Non-financial information statement under section 267a Austrian Commercial Code", page 44). The financial year was the first in which Hungarian suppliers of disease- and pest-resistant apple varieties, who were selected according to SAI standards, also participated in the mandatory FSA self-assessment and the external audits. As a result, AUSTRIA JUICE is entitled under SAI standards to claim silver (and in some cases gold) status for the majority of Hungarian growers of resistant varieties. The minimum requirements are met by all Hungarian contract growers of resistant varieties; areas of potential for improvement are addressed through training events. In the 2018|19 financial year the FSA questionnaire and external verification are also to be used with the contract apple farmers in Poland.

Environmental and energy topics in AGRANA's production operations

Energy consumption and emissions in processing

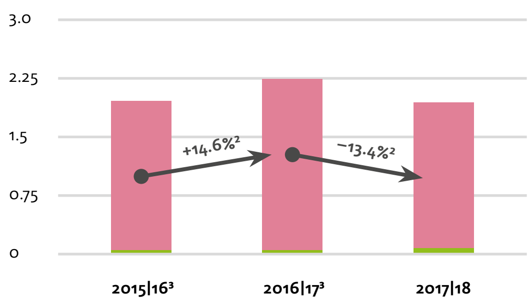
The average specific direct energy consumption per tonne of product (both core and by-products) in the Fruit segment declined by about 13.4% in 2017|18 compared to the prior year. This reduction was driven by both of the segment's businesses, fruit preparations and fruit juice concentrates.

Average specific indirect energy consumption in the Fruit segment as a whole rose by about 5.9% from one year earlier. This increase also occurred in both business activities.

On balance, the average specific emissions from direct and indirect energy consumption per tonne of product fell by 12.7% from the prior year, thanks partly to the greater use of renewable energy in the fruit preparations business (reflecting especially the fact that the fruit preparations site of Main Process S.A. in Argentina was included for the first time).

Average specific direct energy consumption in processing operations at AGRANA's fruit plants[1]

In gigajoules (GJ) per tonne of core and by-products

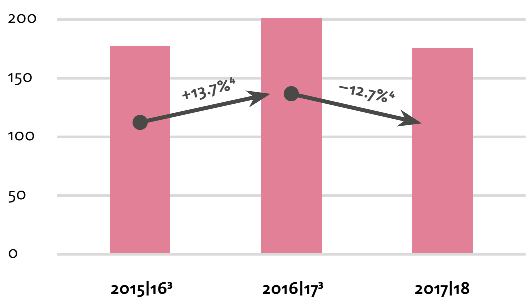


Specific consumption of non-renewable energy per tonne of core and by-products

Specific consumption of renewable energy per tonne of core and by-products

Average specific emissions (from direct and indirect energy use) from processing operations at AGRANA's fruit plants[1]

In kg of CO_2 equivalent per tonne of core and by-products



Kg of CO_2 equivalent per tonne of core and by-products

[1] See GRI reporting boundaries, page 43.
[2] Percentage change based on average specific direct energy consumption per tonne of core and by-products.
[3] The values for 2015|16 and 2016|17 have been corrected as a result of a data collection error in the fruit preparations business.
[4] Percentage change based on average specific emissions (from direct and indirect energy use) per tonne of core and by-products.

At the balance sheet date, the energy management systems of 35% of all production sites of the Fruit segment within the GRI reporting boundaries (see page 43) held a certification under ISO 50001.

Water use and discharge in processing

The average specific consumption of water in the Fruit segment increased by about 2.7% in the financial year. This resulted from higher water use in the fruit preparations business, especially at the site of Main Process S.A. in Argentina, which was included in the sustainability data for the first time. The average specific amount of water discharge, by contrast, eased by 1.1% as a higher discharge in the fruit preparations activities was more than offset by lower discharge on the fruit juice concentrates side.

Water use and discharge in processing at AGRANA's fruit plants

within the GRI reporting boundaries (see page 43)

Fruit segment In m³ per tonne of core and by-products	**2017|18**	**2016|17**	**2015|16**
Water consumption	4.39	4.27	4.27
Water discharge	4.03	4.07	3.99

Waste from processing

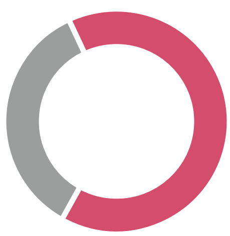
The increase in the specific waste amount in the Fruit segment from 26.5 kilogrammes per tonne of product (core and by-products) in the prior year to 38.5 kilogrammes in 2017|18 was attributable to both business areas. The reported rise in the amount of hazardous waste resulted only from a broadening of the definition of hazardous waste at the fruit preparations site in Russia.

Waste from processing in AGRANA's fruit plants

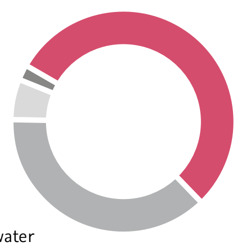
within the GRI reporting boundaries (see page 43)

Fruit segment Tonnes, except percent	**2017|18**	**2016|17**	**2015|16[1]**
Waste disposed	31,877	23,038	45,955
Of which hazardous waste	238	43	37
Waste per tonne of product	3.8%	2.7%	5.6%
Hazardous waste per tonne of product	0.028%	0.005%	0.005%
Waste disposed by disposal method			
Composting	2,753	0	4,064
Energy recovery	855	899	392
Reuse	2,026	1,985	16,902
Recycling	10,125	9,170	14,895
Landfill	15,454	10,950	9,675
Other	425	33	27

Water use at AGRANA's fruit plants in 2017|18, by source[2]



Receiving waters for the wastewater of AGRANA's fruit plants in 2017|18[2]



[1] The amounts of waste reported in 2015|16 were partly revised at the time according to the new definition of waste introduced for 2015|16. Complete application of the new definition only became possible for the 2016|17 financial year (see content boundaries of GRI reporting, page 46).
[2] Within the GRI reporting boundaries (see page 43).

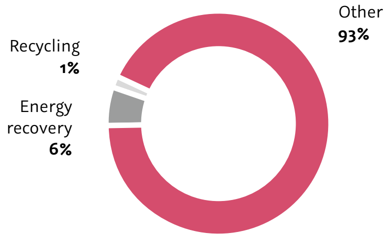
Biodiversity at production sites

The fruit juice concentrate business at its headquarters in Kröllendorf/Allhartsberg, Austria, as part of its biodiversity activities, supports a project of the "Forum for Nature and Species Conservation" aimed at the reintroduction of the little owl. This species, one of the smallest of the owls, is considered endangered as a breeding population in Austria. For its survival it needs a fine-structured landscape (ideally including orchard meadows) with cavity trees in a rural setting – conditions that are common near this AGRANA site.

EcoVadis

In the 2017|18 financial year, AUSTRIA JUICE GmbH updated its sustainability data for the purposes of EcoVadis, the international supplier evaluation platform. It moved up from an initial silver status to a rating of gold, putting it in the top 5% of performers scored by EcoVadis.

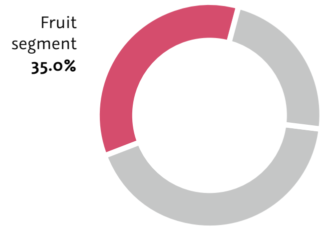
Disposed hazardous waste of AGRANA's fruit plants in 2017|18, by disposal method[1]



Investment

The capital expenditure of € 49.4 million in the Fruit segment in 2017|18 (prior year: € 33.8 million) represented capacity expansion and plant modernisation projects, among others. It encompassed various projects across all 42 production sites, prominent examples being the construction start of the second fruit preparations plant in China and a new carrot concentrate production line in Hungary.

Share of Group investment in 2017|18



[1] Within the GRI reporting boundaries (see page 43).

Research and development

In a highly competitive marketplace, it is crucially important for AGRANA to identify market trends, satisfy the markets' needs through product innovations and develop customised solutions for its clientele. In close partnership with customers, AGRANA's research and development (R&D) teams are always working on new technologies, specialty products and innovative applications for existing products, thus supporting the Group's strategic focus on lasting success.

The AGRANA Research & Innovation Center (ARIC) in Tulln, Austria, is the Group's central research and development hub for the Sugar, Starch and Fruit businesses, and works together with AGRANA's 16 local NPD[1] centres. A key goal of ARIC, which is structured as a separate company wholly owned by AGRANA Beteiligungs-AG, is to develop innovative products from sugar beets, potatoes, corn (maize), waxy corn, wheat and fruits. ARIC is active nationally and internationally as an in-house R&D service provider for sugar technology, food technology, starch technology, microbiology, biotechnology and fruit preparations development. The research center also offers its specialist R&D know-how to third parties and acts as a government-accredited laboratory for sugar beet quality control.

The collaboration of R&D specialists from the different segments (Sugar, Starch and Fruit) under one roof not only drives administrative synergies but also promotes a creative exchange between different groups of researchers, particularly on subjects that cut across segment boundaries. The complementarity between the groups' experience is particularly valuable in cross-segment areas of research, such as technologies, thickeners and aromas, microbiology, product quality and safety, and organic products.

Research and development		**2017|18**	**2016|17**	**2015|16**
R&D expenditure (internal and external)	€m	17.0	15.9	14.9
R&D-to-sales ratio[2]	%	0.66	0.62	0.60
Number of employees in R&D (headcount)		251	221	214

Sugar segment

Raw materials

The systematic selection of sugar beet varieties for the further optimisation of sugar production is becoming increasingly important especially in growing regions with a higher risk of pest damage, crop disease and drought. Besides selecting varieties with a high tolerance to such stressors, a high degree of "storage stability" (a long storage life) of the beet is a decisive factor in ensuring the viability of factory locations in the long term, as this stability in storage is the prerequisite for extending the processing period.

While the storability of beet is also affected by the amount of soil clinging to it, the degree of injury and the storage temperature, a critical determining factor is the genetic make-up of the beet varieties used. In a project supported by Austria's Research Promotion Agency (Forschungsförderungsgesellschaft, FFG) and conducted jointly with the Austrian Institute of Technology (AIT) and other partners, work is underway to characterise the genetic material and thus allow the identification of suitable varieties to be greatly accelerated.

Technology

A major research priority remains the optimisation of yield in sugar extraction. In the extraction area of the individual sugar factories, according to whether they have a beet pulp drying facility or not, R&D staff is at work to adjust the – desirable – controlled microbial activity so as to achieve an optimal balance between minimising sugar losses to bacteria and allowing enough microbial action to optimise the processability of the spent beet pulp. In addition to establishing the use of automated analysers for the monitoring of microbiological activity, AGRANA stepped up its continual efforts to optimise disinfection measures in the sugar plants.

[1] NPD: new product development.
[2] R&D expenditure as a share of Group revenue.

As a result of new recommendations in spring 2017 from the European Commission for controlling the nitrite and nitrate content in animal feed raw materials produced by the sugar industry, the European Food Safety Authority was tasked with evaluating these guidelines in terms of animal health aspects.

By-products
Yield fluctuations in the production of beverage alcohol prompted a detailed investigation of the fermentability of molasses. In the laboratory the underlying variations in the fermentability of molasses from different origins were confirmed. Based on extensive analytical study, a process was developed to level out these variations in molasses quality as far as possible and ensure a constant yield in beverage alcohol production.

The by-products of sugar production, such as molasses residue and pressed beet pulp, are currently utilised as feedstuffs. Together with the Department of Agrobiotechnology (Tulln campus) of Vienna's University of Natural Resources and Applied Life Sciences and three external companies, a project supported by the FFG was launched to produce polyhydroxyalkanoates (PHAs) from molasses residue and pressed beet pulp. PHAs are building blocks for the manufacture of a wide range of bioplastics on a sustainable basis.

Starch segment

Raw materials
The effect of advanced degrees of ripeness of Austrian-grown varieties of corn and waxy corn on starch properties was studied in systematic tests. The study found that the starch attributes, such as chemical modifiability, correlate with the stage of ripeness. As these results are very dependent on factors like weather and site quality, the study must be expanded to more planting sites and especially to several growing seasons. The insights gained are to be used in raw material management.

Food applications
Naturalness, clean label, GMO-free and organic grades are trends in the food industry that have become very important to many consumers. Manufacturers must therefore find and develop new raw materials, new technologies and new applications that address this demand. Thus, at AGRANA, technologies were developed that permit the production of starches with properties previously achievable only by chemical modification. The optimisation and adjustment of treatment methods makes it possible to use starches that can be labelled as additive-free.

Given the growth in the number of consumers choosing a vegetarian or vegan diet, and the rising demand for allergen-free products and health-promoting ingredients, product development teams in particular are working hard to accommodate these trends. For instance, AGRANA developed and successfully established plant-based products on the market that permit the replacement of whole egg in a wide range of applications and that can also be substituted for gelatin in products like gums and jellies. Another important area of development is the creation of food ingredients with properties conducive to gut health, such as soluble and insoluble dietary fibre.

Non-food applications
The subject of sustainability and the continual rise in environmental consciousness also defined the development of new products and optimisation of processes in starches for non-food use.

At the forefront of the research and development efforts were new thermoplastic starches for use in biodegradable bioplastics. In collaboration with external scientific partners, the product portfolio of modified starches was expanded. Under the name Amitroplast®, a product group has been created that fully answers the needs of the market for sustainable, biodegradable blown films. The development work resulted in novel starch products for different film types that enable better processing on the blown film line. It generated environmental value-added, raising the sustainable content in packaging without a loss of quality to the customer.

Another focus of development was process optimisation for the existing product range to achieve more frugal use of raw materials and energy resources. Technical innovations and new insights in the process control of starch derivatization permitted savings in the consumption of chemicals and energy. This made starch product manufacturing significantly more efficient. These technical and technological adjustments not only improved process stability but were also positive for the utilisation of production capacity.

Bioethanol

In the bioethanol activities, the evaluation of new enzymes and yeasts for their impact on the efficiency and profitability of the production process remained a priority. Through permanent improvements in process conditions and fermentation control, the yield of bioethanol was further optimised.

Fruit segment

Fruit treatment

The results from the prior year regarding a new technology for the microbial inactivation of fruit were further refined through continued industrial-scale trials. The use of the new technology resulted in residue-free raw material with significantly reduced microbial activity. The fruits treated by this method can be further processed more gently than would otherwise be possible, which permits an improvement in the organoleptic properties of fruit preparations.

Another research focus was on improving the preservation of fruit texture during processing. Going forward, the technology involved will be used to safeguard constant product quality during the entire harvest and processing. It is also employed in products where greater visual recognition of the fruit (as distinct individual pieces) is desired.

In partnership with Vienna University of Technology, modelling in computational fluid dynamics furthered the understanding of best-practice facility design for the production of fruit preparations, which will ultimately lead to a reduction in thermal and mechanical stresses on the fruit. The planned implementation at industrial scale is expected to result in both increased productivity and lower energy consumption.

Product development

Consistent with the trend towards greater naturalness in fruit preparations, stabiliser-free concepts were developed and the use of new technologies led to a reduction in manufacturing time. As well, mango, apple, pear and fig were successfully used in mixtures with other raw materials.

R&D also developed concepts based on various natural sweeteners.

Fruit juice concentrates

In 2017|18 in the fruit juice concentrate business, the product categories of beverage bases and aromas were successfully expanded further. For these development areas, strategic investments were made in infrastructure and human resources. Among other milestones, the expansion of the R&D and analytics departments was completed and brought into service.

The in-house production of composite aromas continued to be further developed in order to build up the growth segment of beverage bases and the aroma business.

AGRANA's people

Sustainability at AGRANA

Targets for workplace safety

2017|18 in Sugar segment
✔ Target achieved

2017|18 in Starch segment
✘ Target not achieved

2017|18 in fruit preparations business
✔ Target for injury rate[1] reduction achieved

✔ Target for lost day rate[1] reduction achieved

In the 2017|18 financial year the AGRANA Group as a whole employed an average of 8,730 people (by headcount; prior year: 8,569). Of this total, 2,251 worked in Austria (prior year: 2,152) and 6,479 were employed in other countries (prior year: 6,417). The number of employees in each business segment was as follows:

Segment	Average number of employees (headcount) in financial year 2017|18	2016|17	Average number of FTE[2] in financial year 2017|18	2016|17	Number of employees (headcount) at balance sheet date 28 Feb 2018	28 Feb 2017
Sugar	2,134	2,130	2,109	2,107	1,958	1,966
Starch	983	912	959	893	994	925
Fruit	5,613	5,527	5,610	5,638	5,651	5,010
Group	**8,730**	**8,569**	**8,678**	**8,638**	**8,603**	**7,901**

In the Sugar segment the employee count remained steady relative to the prior year. Meanwhile in the Starch segment, the expansion of the corn starch plant in Aschach, Austria, and of wheat starch production in the combined wheat starch and bioethanol plant in Pischelsdorf, Austria, led to an increase in staff numbers. In the Fruit segment, the number of employees (in full-time equivalents) was down slightly from one year earlier. This was due primarily to a decrease at the fruit preparations site in Coronda, Argentina, which outweighed the addition of personnel at the new company in India. Other, volume-related rises and falls in local staff levels had no impact on the average number of FTE.

The average age of permanent employees[3] on 28 February 2018 was 42 years, as in the prior year (for details of the age structure, see the GRI content index, page 182). Of the permanent employees, 29.3% (prior year: 29.4%) were women, and 56.7% of salaried staff held an academic degree (prior year: 57.1%). The turnover rate for permanent staff in 2017|18 was 12.6% (prior year: 11.5%). The proportion of employees with a part-time contract was 3.1%.

Human resources management

Dedication, entrepreneurial thinking and action, and employee development are the cornerstones of AGRANA's personnel strategy. Likewise, mutual respect, social consciousness and sustainable business form essential elements of the corporate culture. Diversity too is embraced as a day-to-day practice at AGRANA, which is especially evident in the collaboration of its international business units.

AGRANA employees within the GRI reporting boundaries[4]
at the balance sheet date of 28 February 2018[5]

Segment	Non-permanent staff[6] Total	Female	Permanent staff Blue-collar	Female	White-collar	Female	Total	Female	Managers[7] Total	Female	Of whom executive leadership[8] Total	Female
Sugar[9]	149	30.9%	1,063	17.1%	746	39.8%	1,809	26.5%	141	24.8%	18	16.7%
Starch	55	16.4%	618	12.6%	321	44.5%	939	23.5%	63	19.0%	3	33.3%
Fruit	1,663	72.0%	2,529	23.1%	1,459	47.4%	3,988	32.0%	289	28.0%	12	8.3%
Group	**1,867**	**67.1%**	**4,210**	**20.0%**	**2,526**	**44.8%**	**6,736**	**29.3%**	**493**	**26.0%**	**33**	**15.2%**

1 See definition on page 84.
2 Full-time equivalents.
3 Permanent employees of AGRANA Group companies.
4 See GRI reporting boundaries, page 43.
5 For prior-year values, see GRI content index, page 179.
6 Almost all non-permanent positions represent seasonal local workers in the processing campaigns.
7 Management positions at reporting levels 2 and 3.
8 Reporting level 1 (the reporting level immediately below the Management Board of AGRANA Beteiligungs-AG; level 1 also includes the regional managing directors of the three segments).
9 The staff of AGRANA Beteiligungs-AG is counted under the Sugar segment.

AGRANA promotes the potential of its people. Only through the long-tern development of its people can AGRANA ensure its continuing strength as a competitor in the marketplace. Training and development programmes thus continued to be a high priority last year.

As a global company, AGRANA also makes a point of maintaining a high standard of quality in its human resources activities and seeks to continually enhance them further. Thus, a number of initiatives were launched in the 2017|18 financial year, including preparatory work for the future implementation of a global human resource management system.

Variable compensation

The incentivising and recognition of performance is a major element of the personnel strategy and a significant factor for the Group's success. To help achieve the company's strategic and operational objectives, a Group-wide performance management system is in place for managerial staff. Next to targets related to the corporate financial position and profit, the variable compensation plan also involves personal targets to encourage and honour outstanding individual performance. In the 2017|18 financial year, 8.5% of all employees (prior year: 8.5%) were covered by this performance-related compensation system.

Multiple awards for AGRANA HR team

AGRANA Beteiligungs-AG again placed third in 2017|18 in the BEST RECRUITERS sector ranking for the Austrian food industry and again numbered among the top 100 recruiters in the overall ranking.

BEST RECRUITERS is the largest recruiting study in the German-speaking countries. It annually reviews the quality of recruiting practices of the top employers in Austria, Germany, Switzerland and Liechtenstein. The study considers more than 130 scientific criteria in assessing job advertisements, recruiting presence and the treatment of applicants.

The awarding of the BEST RECRUITERS mark attests to the fact that AGRANA attaches great importance to the respectful and friendly treatment of potential new employees. The Group sees this recognition as an affirmation of its efforts to continually refine the quality standards it applies to the process of searching for new talent, and takes it as motivation to adopt promising new recruiting trends.

In Slovakia the HR team of Slovenské Cukrovary s.r.o. won distinction as "Leading HR Organisation of 2017" in the manufacturing sector. The field of contestants for this award includes most of the leading companies in Slovakia, and the ranking is based solely on the evaluation of about 100 HR performance indicators.

AGRANA subsidiary Magyar Cukor Zrt. was honoured as "Employer of the Year in 2017" in Hungary.

Staff development and training

AGRANA systematically supports the steady improvement of its employees' knowledge and the development of their skills. Besides many job skills trainings and personal development offerings, intensive Group-wide programmes were also available. These training courses not only

Training hours of AGRANA employees[1]

in the 2017|18 and 2016|17 financial years

	2017|18				2016|17			
	Average training hours per employee			Proportion of employees who received training	Average training hours per employee			Proportion of employees who received training
Segment	**Total**	**Male**	**Female**		**Total**	**Male**	**Female**	
Sugar[2]	31.0	30.8	31.6	86.3%	27.7	27.4	28.5	88.1%
Blue-collar	30.0	31.1	24.6	79.0%	22.1	22.8	18.8	83.8%
White-collar	32.5	30.2	35.8	96.8%	36.0	36.9	34.7	94.5%
Starch	22.9	22.5	24.5	93.5%	20.3	18.3	26.9	76.5%
Blue-collar	21.1	20.5	25.9	86.0%	14.8	14.0	21.0	68.2%
White-collar	26.5	28.8	23.7	100.0%	31.8	33.1	30.1	93.8%
Fruit	24.3	23.5	26.2	91.1%	26.7	25.6	28.9	87.3%
Blue-collar	18.6	18.8	17.9	90.9%	20.6	20.8	20.1	86.5%
White-collar	34.5	35.5	33.3	91.4%	37.7	38.7	36.7	88.9%
Group	**26.0**	**25.4**	**27.3**	**90.1%**	**26.1**	**25.1**	**28.6**	**86.1%**
Blue-collar	21.9	22.3	20.1	87.2%	20.2	20.3	19.9	83.3%
White-collar	32.9	32.9	32.8	95.1%	36.5	37.4	35.4	91.2%

[1] Permanent staff within the GRI reporting boundaries (see page 43).
[2] The staff of AGRANA Beteiligungs-AG is counted under the Sugar segment.

improve the Group's competitiveness but also help raise employee motivation and self-esteem. Every employee matters to AGRANA, and appropriate development opportunities are therefore offered for all levels of staff.

The top training priorities in 2017|18 remained management development and the development of trainings for subject experts in some selected functional areas. In the year under review, AGRANA provided training to a total of 75 apprentices (the average number for the year) in Austria, Germany, France, Slovakia and Brazil in preparation for careers as, among others, mechanical engineering technicians, electrical engineering technicians, plant electricians and process control technicians, metalworking technicians, chemical lab technicians, food technicians, mechatronics technicians, industrial sales representatives and computer technicians.

As well, two international trainee programmes in the areas of purchasing and production were successfully implemented. For these, AGRANA received the TraineeNet Award 2017 for "true and fair trainee programmes" in July 2017. The certification process reviewed whether AGRANA's trainee programmes meet the defined requirements (academic degree, job rotation, fair salary, and talent development) for such a programme. The AGRANA trainee programmes are the result of intensive design work and include internal mentoring by AGRANA mentors, project work, job rotations within the AGRANA Group, and intensive training modules.

In the 2017|18 financial year, 25 members of staff and managers from across the Group continued the fifth iteration of the international AGRANA Competencies Training (ACT) programme for prospective new managers. ACT is designed for individuals seen as having high potential, excellent performance and exceptional motivation. In January 2018 the participants completed the ACT V curriculum. Following their graduation from the programme, the junior managers were given the opportunity, as a new initiative, to have access to an AGRANA mentor at the senior management level for their further in-house development.

AGRANA-wide onboarding programmes and welcome days are conducted on an on-going basis to give new staff a comprehensive view of the Group as a whole and of their own area of activity. Employees gain perspective and understanding as a result. They are also able to participate in Group-wide exchanges known as INCA, or International Communication at AGRANA. AGRANA values harmonious working relationships, and team-building activities help improve communication and effectiveness in working together in the various departments.

The Group's expenditure for external training and development in the 2017|18 financial year was about € 2.9 million (prior year: € 2.6 million), equivalent to 1.2% (prior year: 1.2%) of total wages and salaries.

Workplace safety data for the AGRANA Group[1]

in the 2017|18 and 2016|17 financial years

	Injury rate[2]			Lost day rate[3]			Absentee rate[4]		
Segment	**Total**	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**	**Male**	**Female**
2017|18									
Sugar	2.7	3.4	0.8	36.5	42.5	19.7	6,579.4	6,448.7	6,945.5
Starch	3.3	3.4	2.8	47.5	48.5	43.7	7,636.8	7,807.4	7,021.5
Fruit	2.0	2.1	1.8	28.3	28.7	27.5	3,922.1	3,779.7	4,171.4
Group	**2.3**	**2.7**	**1.7**	**33.0**	**35.6**	**27.3**	**5,111.8**	**5,147.0**	**5,036.1**
2016|17									
Sugar	2.9	3.3	1.7	41.4	41.1	42.4	6,514.1	6,036.2	7,798.1
Starch	2.2	2.5	1.0	24.3	28.9	7.1	7,381.2	7,680.1	6,281.5
Fruit	2.4	2.7	1.9	30.1	36.0	19.9	3,721.8	3,563.9	3,996.7
Group	**2.5**	**2.9**	**1.8**	**32.5**	**36.5**	**23.9**	**4,935.8**	**4,887.7**	**5,039.3**

In the year under review, no fatal accident occurred; in the prior year there was one fatality[1]. In the year under review there were 13 accidents (prior year: 8 accidents) of contractors; for organisational reasons these are not included in the workplace safety data.

Type and number of accidents in 2017|18:
Business travel accidents (7), Slips/falls/falls from heights resulting in injuries (58), bruises, crushing injuries, lacerations (52), cuts and punctures (24), eye injuries (7), burns and scalds (18), others (11)

1 Non-permanent (i.e., fixed-term or temporary) and permanent employees within the GRI reporting boundaries (see page 43).
2 Injury rate = (total number of accidents[5] ÷ total paid hours worked[6]) × 200,000[7]
3 Lost day rate = (total number of lost days[8] ÷ total paid hours worked[6]) × 200,000
4 Absentee rate = (total number of missed hours due to accident[5] and sickness ÷ total paid hours worked[6]) × 200,000
5 In AGRANA's workplace safety data, injuries are counted as accidents. Days are counted as lost from the first scheduled work day missed after the accident (excluding accidents on the way to or from work).
6 Total paid hours worked are defined by AGRANA as contractual work hours plus paid overtime.
7 Explanation of the multiplier 200,000: The multiplier is intended to make the Group's internal workplace safety data comparable with other companies. It is based on the assumption of 40 work hours per week and 50 work weeks per year, for 100 employees (40 × 50 × 100). The effect of the multiplier is thus to convert from a company's average number of accidents, lost days or absentee hours (hours missed as a result of accident or illness) per hour of work done in the company, to an annual number per 100 employees.
8 An eight-hour work day is assumed.

Workplace health and safety

For AGRANA as a manufacturing company, nothing is more important than workplace safety. To facilitate the comparability and analysis of workplace accidents and enable informed corrective action, AGRANA collects fully standardised worldwide health and safety data.

Health programmes

Under the AGRANA Fit programme, with the goal of maintaining and improving employees' health and wellness, AGRANA in many locations offers preventive health checkups and/or vaccinations (for influenza, tick-borne encephalitis, etc.) as part of the routine occupational health services. As well, some locations have individual arrangements with local fitness facilities and health care organisations.

AGRANA provides a broad sports offering for its employees, such as ski days, in-house football tournaments, bowling, American football, walking groups, bouldering, fitness boxing, Nordic walking, and yoga, Pilates and boot camp courses.

In September 2017, as every year, AGRANA staff participated in force in the Wien Energie Business Run. The 56 teams of three persons each that were fielded by the company came from all of its business areas.

Alongside numerous health and sports offerings, the Group locations provided many other related opportunities, such as workshops for employee information, sensitisation and continuing development in the areas of work-life balance management, stress reduction, burnout prevention, and for the right ergonomics in the workplace.

Healthful nutrition is a major element of personal well-being, and AGRANA thus also raises its own employees' awareness of the importance of balanced and healthy eating and drinking. Besides holding workshops, this is done through local initiatives such as making free fresh fruit available at work on a self-serve basis. AGRANA Fruit US was again recognised in the year under review as a Gold-Level Fit-Friendly Worksite by the American Heart Association for its work in this sphere.

Balancing work and family

Harmonising the demands of work and family is important from a social sustainability perspective and plays a prominent role in AGRANA's human resources strategy.

For this reason, AGRANA joined the "Business for Family" network of the Federal Ministry for Family and Youth back in spring 2016.

Across the Group, this is reflected in several initiatives and offerings for employees. Teleworking, support for and even the direct provision of child care (including special such services during the holidays), variable working hours, and a parent-child office at the Vienna headquarters are all part of this effort. In addition, employees' families are included in a number of events, group meals and sports activities (also see the corporate governance report, page 29).

Workplace safety targets for the AGRANA Group[1]

in the 2017|18 and 2018|19 financial years

Segment	Targets for 2017|18	Target achievement in 2017|18	Targets for 2018|19
Sugar	Reduction of 10% in the number of workplace accidents² (base: financial 2015|16) through site-specific packages of measures.	✗ In the year under review the number of workplace accidents² increased by 1.8% from 2015|16. ✓ The injury rate² and lost day rate² were reduced.	Continuing implementation of site-specific measures.
Starch	Reduction in the number of workplace accidents² to fewer than twelve in the financial year (from 20 accidents in 2016|17) through implementation of site-specific packages of measures.	✗ There were 32 workplace accidents² in the year under review.	Reduction in the number of workplace accidents² to fewer than twelve in the financial year through implementation of site-specific packages of measures.
Fruit Fruit preparations business	Injury rate²: 1.8 Lost day rate²: 24	✓ Injury rate²: 1.6 ✓ Lost day rate²: 23.7	Injury rate²: 1.5 Lost day rate²: 20

While the Starch segment was unable to meet its workplace safety targets in 2017|18 as a result mainly of a significant workplace accident² in the corn starch plant in Aschach, Austria, the Sugar segment achieved an improvement in the injury rate² and lost day rate², and the Fruit segment's ongoing "Safety First" workplace safety programme showed results.

[1] Non-permanent (i.e., fixed-term or temporary) and permanent employees within the GRI reporting boundaries (see page 43).
[2] See definition on page 84.

Risk management
and system of internal control

The Management Board of the AGRANA Group recognises the importance of active risk management. The basic aim of risk management at AGRANA is to identify risks and opportunities as early as possible and take appropriate measures to safeguard the profitability and continued existence of the Group.

The AGRANA Group uses integrated monitoring and reporting systems that permit regular, Group-wide assessment of the risk situation. For the early identification and monitoring of risks relevant to the Group, two mutually complementary control tools are in place:

- An enterprise-wide **operational planning and reporting system** forms the basis for the monthly reporting to the appropriate decision-makers. Under this reporting process, a separate risk report is prepared for the Group and for each business segment. Its focus is on the determination of sensitivities to changing market prices for the current and next financial year. The individual risk parameters are assessed on an ongoing basis in relation to the current budget (prepared at the start of the year) or the current forecast (as updated in the course of the year), so as to be able to calculate the impacts on the profit measure "operating profit before exceptional items and results of equity-accounted joint ventures". Besides these ongoing reports, the business situation and the use of risk mitigation measures are regularly discussed by the risk managers from the business areas directly with the Management Board.

- The **strategic risk management** aims to identify material individual risks and evaluate their implications for the overall profile of risks and opportunities. Twice every year, the medium- to long-term risks in the individual business areas are analysed by a designated risk management team together with the Group's central risk management function. The process involves risk identification and risk assessment by probability of occurrence and potential magnitude of risk/opportunity, the definition of early warning indicators and the taking of countermeasures. Also, the aggregate risk position of the AGRANA Group is determined for the current financial year using a Monte Carlo simulation (which is an established standard calculation in risk management). This allows a judgement to be made as to whether a combination or accumulation of individual risks could pose a threat to the ability to continue in business as a going concern. The results are reported to the Management Board and the Audit Committee of the Supervisory Board.

Risk management representatives have been designated for the business segments of the AGRANA Group. These representatives are responsible for initiating loss-minimising measures as required, subject to Management Board approval.

The design and implementation of risk management under rule 83 of the Austrian Code of Corporate Governance is evaluated annually by the independent audit firm, which submits the findings in a final report on the viability of the Group-wide risk management. The evaluation uses the recommendations of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) as the reference model against which to compare AGRANA's risk management.

Risk policy

AGRANA sees the responsible management of business opportunities and risks as an essential basis for purposeful, value-driven and sustainable business management. The Group's risk policy seeks to ensure risk-aware behaviour, sets out clearly defined responsibilities and stipulates independent risk control as well as integrated internal controls.

Throughout the Group, risks may be assumed only if they arise from the core business of the AGRANA Group and if it does not make economic sense to avoid, insure or hedge them. The policy is to minimise risks to the extent reasonably possible while achieving an appropriate balance of risks and returns. The assumption of risks outside the operating business is prohibited without exception.

AGRANA Beteiligungs-AG is responsible for the Group-wide coordination and implementation of risk management arrangements determined by the Management Board. The use of hedging instruments is permitted only to hedge operating business transactions and financing activities, not for speculative purposes. The positions in hedge contracts and their current value are regularly reported to the Management Board.

Significant risks and uncertainties

The AGRANA Group is exposed to risks both from its business operations and from its national and international operating environment.

Operational risks

Procurement risks

AGRANA is dependent on the availability of sufficient amounts of agricultural raw materials of the necessary quality. Beyond a possible supply shortfall of appropriate raw materials, a risk is also posed by fluctuation in the prices of these inputs (to the extent that the difference cannot be passed through to customers). Major drivers of availability, quality and price are weather conditions in the growing regions, the competitive situation, regulatory and legal requirements, and movements in the exchange rates of relevant currencies.

In the **Sugar** segment, sugar beet and raw sugar are used as raw materials. Besides weather factors, an important determinant of sugar beet availability is how profitable it is for farmers to grow beet rather than other field crops. The availability of sugar beet is gaining additional importance as a result of the changed market situation in Europe since 1 October 2017 (also see the section “Risks from sugar market regulation” below), as beet prices are increasingly determined by the price of sugar. For the refining facilities in Bosnia and Herzegovina and in Romania, the basic driver of AGRANA’s profitability is how much value can be added by processing the purchased raw sugar, given the market prices achievable for white sugar. Next to the risk of high raw sugar purchasing prices, another procurement risk lies in the regulations on the import of white and raw sugar into the European Union. The prices for the required raw sugar are hedged with commodity derivatives where financially appropriate. Additionally, exports of white sugar and contracts with industrial customers are hedged using commodity derivatives. Hedging is performed in accordance with internal policies and must be reported to the Management Board.

In the **Starch** segment, sufficient supply contracts are concluded to secure the required quantities of raw materials. When economical, the hedging can also take the form of futures contracts and over-the-counter derivatives, both of which require management approval. The volume and results of these hedges are included in the monthly reporting and are reported to AGRANA’s Management Board. Thanks to the utilisation of national and international procurement markets, the availability of raw materials can largely be regarded as assured. For specialty grades and varieties, the required volumes are also secured through contract farming.

In bioethanol production, when prices change for the grains used as input materials, the selling price of the co-product ActiProt® generally changes in the same direction. This acts as a natural hedge by partly offsetting the grain price movements. Selling prices of bioethanol in Europe are driven largely by the quotations on the Platts information platform, which do not reflect raw material prices but fluctuations in the ethanol market. The volatility in bioethanol prices is correspondingly high.

In the **Fruit** segment, crop failures caused by unfavourable weather and by plant diseases can adversely affect the availability and purchasing prices of raw materials. In the fruit preparations business, with its worldwide presence and its knowledge of procurement markets, AGRANA is able to anticipate regional supply bottlenecks and price volatility and take appropriate remedial action in response. Also, where possible, one-year contracts are used both with suppliers and customers.

In the fruit juice concentrate business, the risks related to raw materials, production and sales are managed supraregionally. Both foreign-currency purchases of raw materials and sales contracts in foreign currency are hedged using derivatives. In these derivatives contracts, no short or long positions are taken that exceed the amount necessary for hedging the underlying transaction.

The production processes, especially in the Sugar and Starch segments, are energy-intensive. AGRANA therefore continually invests in improving the energy efficiency of its manufacturing facilities and designs them for the most cost-effective use of different sources of energy. The quantities and prices of the required energy are also to some extent secured, for the short and medium term.

Product quality and safety

AGRANA sees the manufacturing and marketing of high-quality, safe products as a fundamental requirement for long-term economic success. The Group applies rigorous quality management that is continually refined and that meets the requirements of the relevant food and beverage legislation, standards and customer specifications. The quality management covers the entire process from raw material procurement, to manufacturing, to the delivery of the finished product. The compliance with legal and other quality standards is regularly verified by internal and external audits. In addition, product liability insurance is carried to cover any remaining risks.

Market risks and competitive risks

In its worldwide operations, AGRANA is exposed to intense competition from regional and supraregional competitors. The market entry of new competitors or the addition of more production capacity by existing rivals may intensify competition in the future.

The Group's own market position is continually monitored so that any required corrective action can be rapidly initiated. In response to demand and other factors, AGRANA frequently adjusts its capacity and cost structures in order to maintain its competitiveness in the core markets. The early detection of changes in demand patterns and consumer behaviour is based on the constant analysis of sales variances. In this context, AGRANA also monitors new technological developments and production processes in the market that, in the future, could lead to a partial backward integration on the part of customers into core businesses of individual segments of the AGRANA Group.

To strengthen existing market positions, AGRANA invests extensively in all its business segments. As well, investments in new markets are evaluated and undertaken. Intensive negotiations are currently underway for the acquisition of the Serbian sugar company Sunoko. As well, the construction of a second fruit preparations plant in China is in progress and AGRANA is preparing to manufacture fruit preparations in India. An important upcoming challenge will be to integrate these new activities into the Group organisation as rapidly as possible.

The still unstable political situation between Ukraine and Russia could have a negative impact on the market environment in the Fruit segment. Currently, however, the region continues to show a stable earnings situation.

Regulatory risks

Risks from sugar market regulation

As part of the risk management process, potential scenarios and their impacts are examined and assessed from an early stage. Current developments and their implications are also reported from page 59 of this report, in the section on the Sugar segment.

Sugar regime: Since 1 October 2017 there is no longer a minimum beet price and the quota system for sugar and isoglucose is abolished. Both of these sweeteners can now be produced and sold in the EU without quantity restrictions. Even before the end of the quotas in autumn 2017, the anticipation of this change already affected the European sugar market through an expansion of the beet planting area in the 2017|18 sugar marketing year (SMY). As well, high crop yields per hectare in SMY 2017|18 increased the sugar supply in the EU area. With the abolition of the quotas, a partial substitution of isoglucose for granulated sugar is also expected to occur.

The fact that the quota has expired should lead to continuing high beet sugar production, especially in prime growing regions. The European market prices are likely to correlate more closely with prices on the world market, making it possible that sugar prices will show a wide range of fluctuation. The new sugar market rules also do not provide minimum prices for sugar beet. However, beet prices will continue to be negotiated between the beet producers and the beet-using industry. The reform of the sugar regime does not involve a change in the system of import duties for sugar imports from outside the EU nor in the treatment of imports from LDC/ACP countries (Least Developed Countries and African, Caribbean and Pacific Group of States) with preferential EU agreements.

Free trade agreements: The free trade agreements currently being negotiated by the European Union could have economic impacts on AGRANA. The company is following the ongoing trade talks and analysing and evaluating the individual results.

EU Renewable Energy Directive

In September 2015 the EU's adoption of Directive 2015/1513 amended the EU Renewable Energy Directive. With respect to the EU target of a 40% reduction in greenhouse gas emissions by 2030 (from 1990 levels), the rules for the share of biofuels were modified.

In November 2016 the European Commission presented a new proposal that calls for a renewable energy share of at least 27% within the EU, but does not set a specific target for the transport sector. The proposal includes a reduction of biofuels made from agricultural raw materials ("first-generation", i.e. conventional, biofuels), beginning in 2021, from 7% to a maximum of 3.8% in 2030. Conversely, the use of ethanol produced from straw, wood and waste ("second-generation") is to be increased incrementally from 1.5% in 2021 to 3% by 2030.

The Council of the European Union reached agreement on 18 December 2017 on its position regarding the Commission's proposal and will enter into negotiations with the European Parliament on this basis. For the transport sector, the Council position seeks a binding target, for every member state, of at least 14% renewable energy by 2030. Renewable fuels from field crops are to be permitted at an unchanged share of up to 7%. The share of biofuels from waste and residues is to increase to at least 3%.

A changed position on these matters was adopted on 17 January 2018 by the plenary of the European Parliament with proposals for biofuel policy from 2021 to 2030 (RED II). For grain-based fuels it decided that the amount of biofuels produced in 2017 in the member states should represent the maximum reference amount, which would set the maximum share at 7% and thus maintain the status quo. Overall, however, the Parliament seeks to increase the total share of all forms of renewable energy to 12%.

The tripartite negotiations between the European Parliament, the Council of the European Union and the European Commission to decide the final form of the biofuel policy for the period from 2021 have begun. A decision is expected in the 2018 calendar year, possibly as soon as the first half of the year.

It should be noted that the current debate over the appropriate share of biofuels is narrowly focused on the reduction of greenhouse gases. Biofuel advantages that are not being taken into account are the demonstrable reduction in particulate emissions, the production of GMO-free protein feed and capture of fermentation-derived carbon dioxide as by-products, and the utilisation of surplus grain as a raw material.

AGRANA is following current developments and advocating at the national and European level for a growing share of renewable fuels.

Legal risks

AGRANA continually monitors changes in the legal setting relevant to its businesses or to their employees that could lead to a risk situation, and takes risk management actions as necessary. Areas of law to which particular attention is devoted are antitrust, food and environmental legislation, as well as data protection, anti-money laundering and anti-terrorism finance provisions. AGRANA maintains dedicated staff positions for matters of compliance, employment law and general areas of law.

There are currently no pending or threatened civil actions against companies of the AGRANA Group that could have a material impact on the Group's financial position, results of operations and cash flows.

As noted in previous annual reports, the Austrian Federal Competition Authority in 2010 sought a fine under an antitrust case for alleged competition-restricting arrangements with respect to Austria filed against AGRANA Zucker GmbH, Vienna, and Südzucker AG, Mannheim, Germany. To date the Cartel Court has not ruled on the case. AGRANA continues to regard the allegation as unfounded and the fine sought as unwarranted.

Financial risks

AGRANA is subject to risks from movements in exchange rates, interest rates and product prices. It also has exposure to risks related to obtaining the financing required by the Group from financial institutions and/or the capital market. The Group's financing management is largely provided centrally by the Treasury department, which regularly reports to the Management Board on the movement in and structure of the Group's net debt, on financial risks and the amount and results of the hedging positions taken.

The AGRANA Group operates worldwide and must observe different tax regimes, levy requirements and currency regulations. Changes in provisions of the various legislators and their interpretation by local authorities can have an effect on the financial results of individual Group companies.

Interest rate risks
Interest rate risks arise from fluctuation in the value of fixed interest financial instruments as a result of changes in market interest rates; this is referred to as interest rate price risk. By contrast, floating rate investments or borrowings are subject to minimal price risk, as their interest rate is adjusted to market rates very frequently. However, the fluctuation in market interest rates entails risk as to the amounts of future interest payments; this is referred to as interest rate cash flow risk. AGRANA strives to employ interest rate hedging instruments that match the amount and maturity of debt financing. In accordance with IFRS 7, the existing interest rate risks are determined by calculating Cash-Flow-at-Risk and the modified duration and are presented in detail in the notes to the consolidated financial statements.

Currency risks
Currency risks arise mainly from the purchase and sale of goods in foreign currencies and from financing in non-local currencies. For AGRANA, the principal relevant exchange rates are those between the euro and the US dollar, Hungarian forint, Polish zloty, Romanian leu, Ukrainian hryvnia, Russian ruble, Brazilian real, Mexican peso and Chinese yuan.

As part of its currency management, AGRANA, on a monthly basis for each Group company, determines the net foreign currency exposure arising from the purchasing, sales, and cash and cash equivalent positions, including the hedging positions held. Open purchasing and sales contracts in foreign currencies that have not yet been settled are also taken into account. For the hedging of currency risks, AGRANA primarily employs forward foreign exchange contracts (also known as currency forwards). Through these, the value of cash flows denominated in foreign currencies is protected against exchange rate movements. In countries with volatile currencies, these risks are further reduced through the shortening of credit periods, indexing of selling prices to the euro or US dollar, and similar methods of risk mitigation.

Currency risk is determined using the Value-at-Risk approach and presented in the notes to the consolidated financial statements.

Liquidity risks
Liquidity risks at single-company or country level are detected early through the standardised reporting, thus allowing timely mitigative action to be taken as appropriate. The liquidity of the AGRANA Group is sufficiently assured for the long term through bilateral and syndicated credit lines.

Risks of default on receivables
Risks of default on receivables are mitigated by trade credit insurance, strict credit limits, and the ongoing monitoring of customers' credit quality. The residual risk is covered by raising appropriate amounts of provisions.

The financial risks are explained in detail in the notes to the consolidated financial statements, in the section "Notes on financial instruments" (from page 143).

Non-financial risks

Both through its business operations and its national and international operating environment, the AGRANA Group is exposed to non-financial risks and to risks that are not primarily financial. For example, as a globally operating processor of agricultural raw materials, climatic changes and their impacts on the availability of raw materials pose potential risks for AGRANA. With its energy-intensive production activities, particularly in the Sugar and Starch segments, AGRANA is also subject to risks from energy-related and environmental legislation in the various countries. Not least, compliance with sustainable environmental and social criteria in the upstream supply chain is also increasingly gaining significance from a risk perspective, as non-compliance would involve potential quality and reputational risks.

AGRANA has taken appropriate measures to counteract detrimental effects from non-financial risks associated with strategic and operational business conduct. These measures relate to environmental, employee and social matters and are in accordance with national and international standards for the protection of quality and reputation in the interest of the AGRANA Group (see details in the section "Non-financial information statement under section 267a Austrian Commercial Code" from page 41).

Aggregate risk

The Group's aggregate risk exposure was marked by continuing high volatility in selling prices and raw material purchasing prices, and, on balance, remained the same as in the prior year. At present there are no discernible risks to the AGRANA Group's ability to continue in business.

System of internal control and of risk management[1]

The Management Board of AGRANA is responsible for the establishment and design of an internal control system and risk management system in respect of both the accounting process and of compliance with the relevant legal requirements.

The internal control system, standardised Group-wide accounting rules and the International Financial Reporting Standards (IFRS) assure both the uniformity of accounting and the reliability of the financial reporting and externally published financial statements.

Most Group companies use SAP as the primary ERP[2] system. All AGRANA companies send the data from their separate financial statements to the central SAP consolidation module. This ensures that the reporting system operates on the basis of uniform data. The consolidated financial statements are prepared by the Group Accounting department. The department is responsible for ensuring the correct and complete transfer of financial data from Group companies, for carrying out the financial statement consolidation, performing analytical processing of the data and preparing financial reports. On a monthly basis, the Controlling and Group Accounting departments validate and assure the congruence of the internal and external reporting.

The primary control tool for AGRANA's management is the enterprise-wide, uniform planning and reporting system. The system comprises a medium-term plan with a planning horizon of five years, budget planning for the next financial year, monthly reporting including a separate monthly risk report, and, three times per year, a projection for the current financial year that incorporates the significant financial developments. In the event of material changes in the planning assumptions, this system is supplemented with ad-hoc forecasts.

The monthly financial reporting produced by Controlling portrays the performance of all Group companies. The contents of this report are standardised across the Group and include detailed sales data, the balance sheet, income statement and the financials derived from them, as well as an analysis of significant variances. This monthly report also includes a dedicated risk report both for each business segment and the whole AGRANA Group, calculating the risk potential for the current and next financial year for the key profitability factors, based on the assumption of current market prices for not yet contractually secured volumes versus budgeted prices.

A Group-wide risk management system (see "Risk management" section from page 86) at both the operational and strategic level in which all sources and types of risk relevant to AGRANA – such as the regulatory and legal environment, raw material procurement, competitive and market risks, and financing – are analysed for risks and opportunities, enables the management to identify changes in the Group's environment at an early stage and to take timely corrective action as required.

Internal Audit monitors all operational and business processes in the Group for compliance with legal provisions and internal policies and procedures, and for the effectiveness of risk management and the systems of internal control. The unit's audit activities are guided by an annual audit plan, which is based on a Group-wide risk assessment and approved by the Management Board. When requested by the Management Board, Internal Audit also performs ad-hoc audits focusing on current and future risks. The audit findings are regularly reported to AGRANA's Management Board and the respective managers responsible as well as the Supervisory Board (represented by the Audit Committee). The implementation of the actions proposed by Internal Audit is assured by follow-up verifications.

As part of the audit of the financial statements, the external independent auditor annually evaluates the internal control system of the accounting process and of the information technology systems. The audit findings are reported to the Audit Committee of the Supervisory Board.

[1] Disclosures under section 243a (2) Austrian Commercial Code.
[2] Enterprise resource planning.

Capital, shares, voting rights and rights of control[1]

The share capital of AGRANA Beteiligungs-AG at the balance sheet date of 28 February 2018 was € 113.5 million (28 February 2017: € 113.5 million), divided into 15,622,244 voting ordinary no-par value bearer shares (28 February 2017: 15,622,244 such shares). There are no other classes of shares.

Z&S Zucker und Stärke Holding AG ("Z&S"), based in Vienna, is the majority shareholder, directly holding 78.34% of the share capital of AGRANA Beteiligungs-AG. Z&S is a wholly-owned subsidiary of AGRANA Zucker, Stärke und Frucht Holding AG, Vienna. In this latter company, Zucker-Beteiligungsgesellschaft m.b.H. ("ZBG"), Vienna, in turn holds 50% less one share (that share being held by AGRANA Zucker GmbH, a subsidiary of AGRANA Beteiligungs-AG) and Südzucker AG ("Südzucker"), Mannheim, Germany, holds the other 50%. The following five Vienna-based entities are shareholders of ZBG: „ALMARA" Holding GmbH (a subsidiary of RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN registrierte Genossenschaft mit beschränkter Haftung); Marchfelder Zuckerfabriken Gesellschaft m.b.H.; Estezet Beteiligungsgesellschaft m.b.H.; Rübenproduzenten Beteiligungs GesmbH; and Leipnik-Lundenburger Invest Beteiligungs AG. Under a syndicate agreement between Südzucker and ZBG, the voting rights of the syndicate partners are combined in Z&S, there are restrictions on the transfer of shares, and the partners in the syndicate have certain mutual rights to appoint members of each other's management board and supervisory board. Thus, Johann Marihart has been nominated by ZBG and appointed as a member of the management board of Südzucker AG, and Thomas Kölbl has been nominated by Südzucker and appointed as a member of the management board of AGRANA Beteiligungs-AG.

The Management Board is authorised until including 4 September 2020 to increase the share capital, subject to the approval of the Supervisory Board, by up to € 4,940,270.20 by issuing up to 679,796 new ordinary bearer shares of the Company against payment in cash or contributions in kind, in one or more tranches, and to determine, in agreement with the Supervisory Board, the issue amount (which shall not be less than the proportionate amount of the share capital), the terms of the issue and the other details of the implementation of the capital increase.

There are no shareholders with special rights of control. Employees who are also shareholders of AGRANA Beteiligungs-AG exercise their voting rights individually.

The Management Board does not have powers to issue or repurchase shares except to the extent provided by law.

The agreements for the Schuldscheindarlehen (bonded loan) and credit lines (syndicated loans) contain change of control clauses that grant the lenders an extraordinary right to call the loans.

With this exception, there are no significant agreements that take effect, change materially, or end, in the case of a change of control resulting from a takeover offer. No compensation agreements in the event of a public tender offer exist between the Company and its Management Board, Supervisory Board or other staff.

[1] Disclosures under section 243a (1) Austrian Commercial Code.

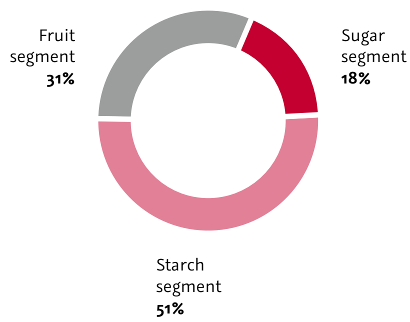
Outlook

With its diversified business model and sound balance sheet, AGRANA regards itself as well positioned for the future. As a result of the current challenges in the Sugar segment, however, the Group's **operating profit (EBIT)** is expected to decrease significantly in the 2018|19 financial year. **Revenue** is projected to be in line with the year before.

AGRANA Group		**2017|18 Actual**	**2018|19 Forecast**	
Revenue	€m	2,566.3	Steady	→
EBIT	€m	190.6	Significant reduction	↓↓
Investment[1]	€m	140.9	169	

Total **investment** across the three business segments in the financial year, at approximately € 170 million, is to significantly exceed the budgeted depreciation of about € 98 million.

Planned share of Group investment by segment in 2018|19
(Total: approx. € 170 million)



In the **Sugar** segment, AGRANA foresees decreasing sugar sales volumes and prices and therefore expects revenue to decline significantly. The ongoing cost reduction programmes will only be able to soften the margin reduction to some extent, and a significant decrease in EBIT is thus expected for the 2018|19 financial year.

The capital expenditures planned for the Sugar segment amount to approximately € 30 million. Besides asset replacement and maintenance investment, the spending will especially be directed to measures to boost revenue and efficiency.

Sugar segment		**2017|18 Actual**	**2018|19 Forecast**	
Revenue	€m	652.6	Significant reduction	↓↓
EBIT	€m	34.8	Significant reduction	↓↓
Investment[1]	€m	32.1	30	

For the **Starch** segment, a 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. The positive impetus for specialty products (including organic grades) and generally for starches and by-products is expected to continue. For bioethanol and starch-based saccharification products, however, sales prices are likely to decrease amid the challenging market environment, and with expected slightly rising raw material prices, a moderate decline in EBIT is thus predicted for the Starch segment.

[1] Investment represents purchases of property, plant and equipment and intangible assets, excluding goodwill.

Investment of approximately € 86 million is budgeted for the Starch segment. The largest single share of this is allocated to the expansion of the wheat starch plant in Pischelsdorf, Austria. Other planned projects are the expansion of potato processing capacity in Gmünd, Austria, and investment in productivity increases in Aschach.

Starch segment		**2017|18 Actual**	**2018|19 Forecast**	
Revenue	€m	752.3	Moderate increase	↑
EBIT	€m	80.2	Moderate reduction	↓
Investment[1]	€m	59.4	86	

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

The capital investment budgeted in the Fruit segment is approximately € 53 million. In the fruit preparations business, the construction of the second plant in China will be the largest single project; the focus in the fruit juice concentrate operations is on asset replacement and maintenance investment, production optimisation and the continuous improvement of product quality.

Fruit segment		**2017|18 Actual**	**2018|19 Forecast**	
Revenue	€m	1,161.4	Significant increase	↑↑
EBIT	€m	75.6	Significant increase	↑↑
Investment[1]	€m	49.4	53	

Sustainability outlook for 2018|19

For ever more consumers, the safeguarding and documentation of sustainable business practices along the entire product value chain is becoming a buying criterion. This has been reflected in the sourcing criteria of AGRANA's customers for a number of years. As a result of the EU Non-financial Reporting Directive applicable since the 2017 calendar year and of national legislation in the EU member states, the AGRANA Group is now also legally obliged to report on non-financial sustainability topics.

Since the 2012|13 financial year, AGRANA has been reporting annually on relevant matters in an integrated form. The Group as early as 2014|15 set goals and targets for further improving environmental and social performance in its own production facilities and for its employees, and added further objectives in 2015|16, particularly regarding sustainability in the supply chain. The current target period runs to the end of the 2020|21 financial year. Each year the target achievement progress will continue to be reported in the non-financial information integrated in the annual report.

[1] Investment represents purchases of property, plant and equipment and intangible assets, excluding goodwill.

CONSOLIDATED FINANCIAL STATEMENTS 2017|18

Consolidated income statement

for the year ended 28 February 2018

Note	€000	2017|18	2016|17
(1)	Revenue	2,566,317	2,561,296
(2)	Changes in inventories of finished and unfinished goods	(26,771)	51,035
(2)	Own work capitalised	1,528	1,320
(3)	Other operating income	32,990	36,835
(4)	Cost of materials	(1,716,654)	(1,828,660)
(5)	Staff costs	(308,082)	(288,711)
(6)	Depreciation, amortisation and impairment losses	(90,014)	(84,397)
(7)	Other operating expenses	(298,081)	(306,940)
(8)	Share of results of equity-accounted joint ventures	29,395	30,589
(9)	**Operating profit [EBIT]**	**190,628**	**172,367**
(10)	Finance income	41,212	31,081
(11)	Finance expense	(55,682)	(48,960)
	Net financial items	**(14,470)**	**(17,879)**
	Profit before tax	**176,158**	**154,488**
(12)	Income tax expense	(33,513)	(36,633)
	Profit for the period	**142,645**	**117,855**
	Attributable to shareholders of the parent	140,071	111,315
	Attributable to non-controlling interests	2,574	6,540
(13)	Earnings per share under IFRS (basic and diluted)	€ 8.97	€ 7.78
(13)	Earnings per share based on the number of shares at the balance sheet date	€ 8.97	€ 7.13

Consolidated statement of comprehensive income

for the year ended 28 February 2018

€000	2017|18	2016|17
Profit for the period	**142,645**	**117,855**
Other comprehensive (expense)/income:		
Currency translation differences	(31,851)	11,483
Available-for-sale financial assets (IAS 39) after deferred taxes	58	106
Cash flow hedges (IAS 39) after deferred taxes	1,643	939
Effects from equity-accounted joint ventures	(907)	753
(Expense)/income to be recognised in the income statement in the future	(31,057)	13,281
Change in actuarial gains and losses on defined benefit pension obligations and similar liabilities (IAS 19) after deferred taxes	(100)	(3,072)
Effects from equity-accounted joint ventures	(4)	(3)
Expense that will not be recognised in the income statement in the future	(104)	(3,075)
Other comprehensive (expense)/income	**(31,161)**	**10,206**
Total comprehensive income for the period	**111,484**	**128,061**
Attributable to shareholders of the parent	109,889	122,807
Attributable to non-controlling interests	1,595	5,254

Consolidated cash flow statement

for the year ended 28 February 2018

Note	€000	2017|18	2016|17
	Profit for the period	142,645	117,855
	Depreciation, amortisation and impairment of non-current assets	90,021	84,402
	Reversal of impairment losses on non-current assets	(7)	(5)
	Losses on disposal of non-current assets	348	887
	Changes in non-current provisions	1,123	(1,951)
	Share of results of equity-accounted joint ventures	(29,395)	(30,589)
	Dividends received from equity-accounted joint ventures	30,000	24,500
	Dividends received from non-consolidated subsidiaries	0	524
	Non-cash expenses/income and other adjustments	68,010	62,397
	Operating cash flow before changes in working capital	**302,745**	**258,020**
	Changes in inventories	16,749	(36,236)
	Changes in receivables and current assets	14,845	11,561
	Changes in current provisions	(18,748)	6,131
	Changes in payables (excluding borrowings)	(55,967)	50,324
	Changes in working capital	**(43,121)**	**31,780**
	Interest received	4,225	4,525
	Interest paid	(10,788)	(13,195)
	Tax paid	(39,199)	(25,345)
(14)	**Net cash from operating activities**	**213,862**	**255,785**
	Dividends received	33	40
	Proceeds from disposal of non-current assets	627	1,155
	Purchases of property, plant and equipment and intangible assets, net of government grants	(132,528)	(123,418)
	Proceeds from disposal of securities	162	1
	Purchases of non-current financial assets	(1,640)	(3,841)
	Purchases of businesses	0	(45,467)
(15)	**Net cash (used in) investing activities**	**(133,346)**	**(171,530)**
	Gross proceeds from issue of shares (i.e., capital increase)	0	142,020
	Costs for issue of shares (i.e., capital increase)	0	(2,301)
	(Repayment of)/proceeds from current borrowings from affiliated companies in the Südzucker group	(100,000)	85,000
	Repayment of Schuldscheindarlehen, or bonded loan	(83,500)	0
	Proceeds from investment loan from the European Investment Bank	41,500	0
	Inflows/(outflows) from loans, bank overdrafts and cash advances	58,115	(158,111)
	Dividends paid	(69,808)	(57,278)
(16)	**Net cash (used in)/from financing activities**	**(153,693)**	**9,330**
	Net (decrease)/increase in cash and cash equivalents	**(73,177)**	**93,585**
	Effect of movements in foreign exchange rates on cash and cash equivalents	(4,291)	230
(11)	Valuation-related other changes in cash and cash equivalents	0	(4,761)
	Cash and cash equivalents at beginning of period	198,429	109,375
	Cash and cash equivalents at end of period	**120,961**	**198,429**

Consolidated balance sheet

at 28 February 2018

Note	€000	28 Feb 2018	28 Feb 2017
	ASSETS		
	A. Non-current assets		
(17)	Intangible assets	276,815	282,319
(18)	Property, plant and equipment	768,881	738,907
(19)	Equity-accounted joint ventures	73,228	72,745
(19)	Securities	18,703	18,826
(19)	Investments in non-consolidated subsidiaries and outside companies	894	1,051
(20)	Receivables and other assets	8,816	7,115
(21)	Deferred tax assets	13,664	14,334
		1,161,001	**1,135,297**
	B. Current assets		
(22)	Inventories	654,537	696,032
(20)	Trade receivables and other assets	415,568	442,611
	Current tax assets	4,310	9,024
	Securities	44	43
	Cash and cash equivalents	120,961	198,429
		1,195,420	**1,346,139**
	Total assets	**2,356,421**	**2,481,436**
	EQUITY AND LIABILITIES		
(23)	**A. Equity**		
	Share capital	113,531	113,531
	Share premium and other capital reserves	540,760	540,760
	Retained earnings	742,752	695,375
	Equity attributable to shareholders of the parent	1,397,043	1,349,666
	Non-controlling interests	56,954	62,222
		1,453,997	**1,411,888**
	B. Non-current liabilities		
(24a)	Retirement and termination benefit obligations	68,704	68,929
(24b)	Other provisions	21,607	19,898
(25)	Borrowings	310,572	180,495
(26)	Other payables	10,832	14,211
(27)	Deferred tax liabilities	7,712	13,102
		419,427	**296,635**
	C. Current liabilities		
(24b)	Other provisions	29,337	43,454
(25)	Borrowings	61,629	276,681
(26)	Trade and other payables	378,220	430,009
	Tax liabilities	13,811	22,769
		482,997	**772,913**
	Total equity and liabilities	**2,356,421**	**2,481,436**

Consolidated statement of changes in equity

for the year ended 28 February 2018

€000	Share capital	Share premium and other capital reserves	Available-for-sale reserve	Cash flow hedge reserve	Reserve for actuarial gains and losses	Effects from equity-accounted joint ventures
	Attributable to the shareholders					
			Retained			
2017|18						
At 1 March 2017	**113,531**	**540,760**	**3,237**	**(1,361)**	**(30,211)**	**(25,130)**
Fair value movements under IAS 39	0	0	63	2,191	0	0
Changes in actuarial gains and losses on defined benefit pension obligations and similar liabilities	0	0	0	0	(385)	(4)
Tax effects	0	0	(5)	(548)	362	1
Currency translation loss	0	0	0	0	0	(910)
Other comprehensive income/(expense) for the period	**0**	**0**	**58**	**1,643**	**(23)**	**(913)**
Profit for the period	0	0	0	0	0	0
Total comprehensive income/(expense) for the period	**0**	**0**	**58**	**1,643**	**(23)**	**(913)**
Dividends paid	0	0	0	0	0	0
Transfer to reserves	0	0	0	0	0	0
Additional contributions by other shareholders	0	0	0	0	0	0
Changes in equity interests and in scope of consolidation	0	0	0	0	0	0
Other changes	0	0	0	0	0	0
At 28 February 2018	**113,531**	**540,760**	**3,295**	**282**	**(30,234)**	**(26,043)**
						742,752
2016|17						
At 1 March 2016	**103,210**	**411,362**	**3,131**	**(2,300)**	**(27,170)**	**(25,877)**
Fair value movements under IAS 39	0	0	131	1,252	0	0
Changes in actuarial gains and losses on defined benefit pension obligations and similar liabilities	0	0	0	0	(3,562)	(3)
Tax effects	0	0	(25)	(313)	521	1
Currency translation gain	0	0	0	0	0	749
Other comprehensive income/(expense) for the period	**0**	**0**	**106**	**939**	**(3,041)**	**747**
Profit for the period	0	0	0	0	0	0
Total comprehensive income/(expense) for the period	**0**	**0**	**106**	**939**	**(3,041)**	**747**
Capital increase	10,321	129,398	0	0	0	0
Dividends paid	0	0	0	0	0	0
Transfer to reserves	0	0	0	0	0	0
Additional contributions by other shareholders	0	0	0	0	0	0
Changes in equity interests and in scope of consolidation	0	0	0	0	0	0
Other changes	0	0	0	0	0	0
At 28 February 2017	**113,531**	**540,760**	**3,237**	**(1,361)**	**(30,211)**	**(25,130)**
						695,375

of AGRANA Beteiligungs-AG					
earnings					
Other retained earnings	Currency translation reserve	Profit for the period	Equity attributable to share-holders of the parent	Non-controlling interests	Total
705,615	**(68,089)**	**111,314**	**1,349,666**	**62,222**	**1,411,888**
0	0	0	2,254	0	2,254
0	0	0	(389)	(104)	(493)
0	0	0	(190)	26	(164)
0	(30,947)	0	(31,857)	(901)	(32,758)
0	**(30,947)**	**0**	**(30,182)**	**(979)**	**(31,161)**
0	0	140,071	140,071	2,574	142,645
0	**(30,947)**	**140,071**	**109,889**	**1,595**	**111,484**
0	0	(62,489)	(62,489)	(7,319)	(69,808)
48,825	0	(48,825)	0	0	0
0	0	0	0	500	500
(37)	0	0	(37)	(36)	(73)
14	0	0	14	(8)	6
754,417	**(99,036)**	**140,071**	**1,397,043**	**56,954**	**1,453,997**
680,032	**(80,830)**	**82,723**	**1,144,281**	**55,843**	**1,200,124**
0	0	0	1,383	0	1,383
0	0	0	(3,565)	(42)	(3,607)
0	0	0	184	10	194
0	12,741	0	13,490	(1,254)	12,236
0	**12,741**	**0**	**11,492**	**(1,286)**	**10,206**
0	0	111,315	111,315	6,540	117,855
0	**12,741**	**111,315**	**122,807**	**5,254**	**128,061**
0	0	0	139,719	0	139,719
0	0	(56,808)	(56,808)	(470)	(57,278)
25,915	0	(25,915)	0	0	0
0	0	0	0	1,250	1,250
(327)	0	0	(327)	327	0
(6)	0	0	(6)	18	12
705,615	**(68,089)**	**111,314**	**1,349,666**	**62,222**	**1,411,888**

Notes to the consolidated financial statements

AGRANA Beteiligungs-AG ("the Company") is the parent company of the AGRANA Group and has its registered office at Friedrich-Wilhelm-Raiffeisen-Platz 1, A-1020 Vienna. The Company together with its subsidiaries constitutes an international group engaged mainly in the worldwide industrial processing of agricultural raw materials.

The consolidated financial statements of the AGRANA Group for 2017|18 were prepared in accordance with International Financial Reporting Standards (IFRS) in effect at the balance sheet date and with International Financial Reporting Interpretations Committee (IFRIC) interpretations, as adopted by the European Union, as well as with the additional requirements of section 245a Austrian Commercial Code (UGB).

1. Segment information

The segment reporting, which conforms with International Financial Reporting Standard (IFRS) 8, distinguishes between three business segments – Sugar, Starch and Fruit – and thus follows the AGRANA Group's internal reporting structure.

The AGRANA Group has the three reportable segments Sugar, Starch and Fruit, which correspond to its strategic businesses. The segments differ in terms of their product portfolios, production technologies, raw material procurement, and sales strategies, and are managed separately. AGRANA Beteiligungs-Aktiengesellschaft ("AGRANA Beteiligungs-AG"), the Group's holding company, is considered part of the Sugar segment.

The internal reporting for each segment is provided monthly to the Group's chief operating decision-maker (the CODM). The CODM is the Management Board of AGRANA Beteiligungs-AG. Information on the results of the reportable segments is found in the overviews below. Segment profitability is evaluated primarily on the basis of operating profit (EBIT), which is a key performance indicator in every internal management report.

In the reporting of the reportable segments to the CODM, AGRANA uses the performance indicator "operating profit before exceptional items and results of equity-accounted joint ventures". This item differs from the metric "operating profit" (EBIT) used in the consolidated income statement in that operating profit (EBIT) reflects the results of equity-accounted joint ventures and exceptional items. Exceptional items are infrequent or non-recurring expenses or income that exceed a defined amount and that do not arise in the ordinary course of business.

1.1. Segmentation by business activity

€000	Sugar	Starch	Fruit	Consoli-dation	Group
2017|18					
Total revenue	730,378	762,308	1,161,898	(88,267)	2,566,317
Inter-segment revenue	(77,818)	(9,993)	(456)	88,267	0
Revenue	**652,560**	**752,315**	**1,161,442**	**0**	**2,566,317**
EBITDA	64,455	76,486	113,218	0	254,159
Depreciation, amortisation and impairment of property, plant and equipment and intangibles[1]	(25,693)	(26,742)	(37,579)	0	(90,014)
Operating profit before exceptional items and results of equity-accounted joint ventures	**38,762**	**49,744**	**75,639**	**0**	**164,145**
Exceptional items	(2,912)	0	0	0	(2,912)
Share of results of equity-accounted joint ventures	(1,091)	30,486	0	0	29,395
Operating profit [EBIT]	**34,759**	**80,230**	**75,639**	**0**	**190,628**
Segment assets	1,704,961	553,933	1,128,678	(1,031,151)	2,356,421
Segment equity	1,075,506	368,618	361,515	(351,642)	1,453,997
Segment liabilities	629,455	185,315	767,163	(679,509)	902,424

[1] Excluding goodwill.

€000	Sugar	Starch	Fruit	Consoli-dation	Group
Purchases of property, plant and equipment and intangibles[1]	32,084	59,427	49,356	0	140,867
Purchases of non-current financial assets	2,000	0	140	0	2,140
Total capital expenditure	34,084	59,427	49,496	0	143,007
Carrying amount of equity-accounted joint ventures	13,673	59,555	0	0	73,228
Number of employees (average full-time equivalents)	2,109	959	5,610	0	8,678
2016|17					
Total revenue	748,151	744,194	1,156,035	(87,084)	2,561,296
Inter-segment revenue	(76,230)	(10,272)	(582)	87,084	0
Revenue	**671,921**	**733,922**	**1,155,453**	**0**	**2,561,296**
EBITDA	55,188	70,072	109,952	0	235,212
Depreciation, amortisation and impairment of property, plant and equipment and intangibles[1]	(24,205)	(21,997)	(38,195)	0	(84,397)
Operating profit before exceptional items and results of equity-accounted joint ventures	**30,983**	**48,075**	**71,757**	**0**	**150,815**
Exceptional items	(9,037)	0	0	0	(9,037)
Share of results of equity-accounted joint ventures	2,442	28,147	0	0	30,589
Operating profit [EBIT]	**24,388**	**76,222**	**71,757**	**0**	**172,367**
Segment assets	1,810,662	500,324	1,172,856	(1,002,406)	2,481,436
Segment equity	1,049,842	351,922	361,766	(351,642)	1,411,888
Segment liabilities	760,820	148,402	811,090	(650,764)	1,069,548
Purchases of property, plant and equipment and intangibles[1]	23,259	57,577	33,822	0	114,658
Purchases of non-current financial assets	5,000	0	91	0	5,091
Total capital expenditure	28,259	57,577	33,913	0	119,749
Carrying amount of equity-accounted joint ventures	12,758	59,987	0	0	72,745
Number of employees (average full-time equivalents)	2,107	893	5,638	0	8,638

The revenue and asset data represent consolidated amounts. Inter-segment charges for products and services are based on comparable market prices.

Exceptional items included restructuring expenses as well as income from the refunding of excess amounts of sugar production levies collected by the EU in the 1999|00 and 2000|01 sugar marketing years.

The items "segment assets" and "segment liabilities" match the allocation used in internal reporting. The inter-segment consolidation consisted of liability and dividend consolidation of € 679,509 thousand (prior year: € 650,764 thousand) and capital consolidation of € 351,642 thousand (prior year: € 351,642 thousand).

[1] Excluding goodwill.

1.2. Segmentation by region

Companies are assigned to geographic segments based on the location of their registered office.

Revenue €000	**2017|18**	**2016|17**
Austria	1,315,930	1,294,680
Hungary	88,831	94,964
Romania	162,561	169,024
Rest of EU	416,140	425,858
EU-28	1,983,462	1,984,526
Rest of Europe (Bosnia and Herzegovina, Russia, Serbia, Turkey, Ukraine)	101,680	96,730
Other foreign countries	481,175	480,040
Total	**2,566,317**	**2,561,296**

The revenue generated by the Eastern European companies was € 535,040 thousand (prior year: € 543,833 thousand), or about 20.8% (prior year: 21.2%) of total revenue. The countries defined as Eastern Europe are Bosnia and Herzegovina, Bulgaria, Czech Republic, Hungary, Poland, Romania, Russia, Serbia, Slovakia, Turkey and Ukraine.

Purchases of property, plant and equipment and intangibles[1] €000	**2017|18**	**2016|17**
Austria	84,253	74,917
Hungary	8,730	4,846
Romania	3,054	3,487
Rest of EU	15,222	15,027
EU-28	111,259	98,277
Rest of Europe (Bosnia and Herzegovina, Russia, Serbia, Turkey, Ukraine)	4,242	3,282
Other foreign countries	25,366	13,099
Total	**140,867**	**114,658**

Standard/Interpretation		**Issued by the IASB**	**Effective for AGRANA from financial year**	**Adopted by the EU**
IAS 19	Employee Benefits (amendment)	7 Feb 2018	2019|20	Not to date
IAS 28	Investments in Associates and Joint Ventures (amendment)	11 Sep 2014	Postponed indefinitely	Not to date
IAS 28	Investments in Associates and Joint Ventures (amendment)	12 Oct 2017	2019|20	Not to date
IAS 40	Investment Property (amendment)	8 Dec 2016	2018|19	14 Mar 2018
IFRS 2	Share-based Payment (amendment)	20 Jun 2016	2018|19	26 Feb 2018
IFRS 4	Insurance Contracts (amendment)	12 Sep 2016	2018|19	3 Nov 2017

[1] Excluding goodwill.

Carrying amount of property, plant and equipment and intangible assets[1] €000	**2017|18**	**2016|17**
Austria	416,690	378,983
Hungary	68,912	67,824
Romania	36,402	38,254
Rest of EU	111,208	110,094
EU-28	633,212	595,155
Rest of Europe (Bosnia and Herzegovina, Russia, Serbia, Turkey, Ukraine)	21,698	22,597
Other foreign countries	129,830	142,500
Total	**784,740**	**760,252**

2. Basis of preparation

Amounts in the consolidated financial statements are presented in thousands of euros (€000) unless otherwise indicated. As a result of automated calculation, rounding errors may occur in totals of rounded amounts and percentages.

In the presentation of the income statement, the nature of expense method was used. The separate financial statements of the fully consolidated companies represented in the consolidated financial statements are based on uniform accounting policies.

In the 2017|18 financial year, the following standards became effective (i.e., their application became mandatory) for the first time. The changes had no material impacts on the presentation of AGRANA's financial position, results of operations and cash flows.

Standard		**Issued by the IASB**	**Adopted by the EU**
IAS 7	Statement of Cash Flows (amendment)	29 Jan 2016	6 Nov 2017
IAS 12	Income Taxes (amendment)	19 Jan 2016	6 Nov 2017
Various	Annual Improvements to IFRSs, 2014–2016 Cycle (changes to IFRS 12 became effective for 2017|18)	8 Dec 2016	7 Feb 2018

	Content and expected impacts on AGRANA
	Under the amended standard, if an amendment, curtailment or settlement occurs in a defined benefit plan, the current service cost and the net interest for the remainder of the reporting period (after the change to the plan) must be recalculated using the actuarial assumptions that were applied in the required remeasurement of the net liability or asset. In addition, the amended standard clarifies how a plan amendment, curtailment or settlement affects the asset ceiling requirements. Provided that no events within this scope occur, the amendments are not relevant to AGRANA.
	No impacts on the presentation of the financial position, results of operations and cash flows are expected.
	The amendment clarifies that IFRS 9 (Financial Instruments) applies to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but that are not accounted for using the equity method. The amendment is not relevant to AGRANA.
	The amendment is not relevant to AGRANA.
	The standard is not relevant to AGRANA.
	The standard is not relevant to AGRANA.

[1] Excluding goodwill.

Standard/Interpretation		Issued by the IASB	Effective for AGRANA from financial year	Adopted by the EU
IFRS 9	Financial Instruments	24 Jul 2014	2018|19	22 Nov 2016
IFRS 9	Financial Instruments (amendment)	12 Oct 2017	2019|20	22 Mar 2018
IFRS 10	Consolidated Financial Statements (amendment)	11 Sep 2014	Postponed indefinitely	Not to date
IFRS 14	Regulatory Deferral Accounts	30 Jan 2014	Postponed indefinitely	Not to date
IFRS 15	Revenue from Contracts with Customers	28 May 2014	2018|19	22 Sep 2016
IFRS 15	Revenue from Contracts with Customers (amendment	12 Apr 2016	2018|19	31 Oct 2017
IFRS 16	Leases	13 Jan 2016	2019|20	31 Oct 2017
IFRS 17	Insurance Contracts	18 May 2017	2021|22	Not to date
Various	Annual Improvements to IFRSs, 2014–2016 Cycle	8 Dec 2016	2018|19	7 Feb 2018
Various	Annual Improvements to IFRSs, 2015–2017 Cycle	12 Dec 2017	2019|20	Not to date
IFRIC 22	Foreign Currency Transactions and Advance Consideration	8 Dec 2016	2018|19	28 Mar 2018
IFRIC 23	Uncertainty over Income Tax Treatments	7 Jun 2017	2019|20	Not to date

Content and expected impacts on AGRANA

The new rules for classifying financial assets according to the business model within which they are managed will in some cases lead to changes in measurement and presentation. Differences result primarily for investment fund units, which to date have been classified to the “available-for-sale” category. Valuation differences will in future be recognised in net financial items instead of directly in equity as before, as the payments in connection with the investment funds do not consist only of interest and principal payments. In the 2017|18 financial year, the measurement through profit or loss, if applied, would have led to an improvement of about € 0.1 million in net financial items. In future, the new rules on impairment will in some cases lead to the earlier recognition of expected losses as an expense. As a high proportion of receivables carries credit insurance, the new approach of recognising impairment for credit risks on receivables in accordance with the length of time overdue (using a provision matrix) is expected to require an additional loss allowance of only approximately € 0.2 million. In hedge accounting, in the future, more components can in some cases be included in the risk hedged, which will then slightly increase the level of hedge effectiveness.

The amendment establishes that certain financial instruments with symmetrical termination and compensation clauses (prepayment features with negative compensation) that otherwise would have to be measured through profit or loss can be measured at amortised cost. The amendment is not relevant to AGRANA.

No impacts on the presentation of the financial position, results of operations and cash flows are expected.

The standard is not relevant to AGRANA. The European Commission has decided not to launch the endorsement process for this interim standard but to wait for the final standard.

IFRS 15 establishes the principles that an entity shall apply in reporting about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. Specifically, it also establishes criteria for determining whether different performance obligations under a contract are distinct. AGRANA does not expect the application of the standard to result in a change in equity at the transition date.

The amendment to IFRS 15 provides clarifications on the identification of performance obligations, the control of leased assets, and activities of an entity that significantly affect intellectual property. The amendment also introduces transition relief for the presentation of contracts concluded or modified before the earliest period presented. No impacts on the presentation of the financial position, results of operations and cash flows are expected.

IFRS 16 establishes new rules for the recognition, measurement and presentation of leases. The standard provides only a single accounting model for the lessee, requiring the right of use to be recognised as the asset, and the obligation to be recognised as a liability, in the balance sheet. For assets with a low value and for short-term leases, AGRANA will elect not to capitalise the lease. AGRANA uses leases for long-term rental agreements for land and buildings in administration and production. A hypothetical initial application at 28 February 2018 would result in a right-of-use asset/a lease liability of about € 37 million.

The standard is not relevant to AGRANA.

The amendments to IFRS 12 are already effective from 2017|18. The amendments to IFRS 1 and IAS 28 become effective in 2018|19. No impacts on the presentation of the financial position, results of operations and cash flows are expected.

No impacts on the presentation of the financial position, results of operations and cash flows are expected.

No impacts on the presentation of the financial position, results of operations and cash flows are expected.

IFRIC 23 clarifies the accounting for uncertainties in income taxes. Judgement is to be used in determining whether tax treatments should be considered independently or collectively. No impacts on the presentation of the financial position, results of operations and cash flows are expected.

Pages 104 to 107 provide an overview of the standards and interpretations that will become effective in the 2018|19 financial year or later. For those standards not yet adopted by the EU, the effective year for AGRANA given in the table represents the expected time of adoption. AGRANA has not early-adopted any of the new or changed standards and interpretations cited below. The information provided on the content of the standards depends on whether and to what extent they are relevant to AGRANA. Where accounting rules becoming effective in subsequent periods do not apply to AGRANA's situation, no information on their content is given.

3. Scope of consolidation

The consolidated financial statements include, by full consolidation, all domestic and foreign companies controlled by AGRANA Beteiligungs-AG (i.e., all subsidiaries), except where the subsidiary's effect on the Group's financial position, results of operations and cash flows is immaterial. Control exists when AGRANA Beteiligungs-AG has the power to participate in positive and negative variable returns of a company (an investee) and to affect these returns. This is usually given when AGRANA Beteiligungs-AG owns more than one-half of the voting rights of the investee.

Companies managed jointly with another entity, where control is exercised jointly and the investors have joint rights to the net assets of the investee, are joint ventures and are included in the consolidated financial statements using the equity method of accounting.

At the balance sheet date, 62 companies besides the parent were fully consolidated in the Group financial statements (prior year: 60 companies) and 13 companies were included using the equity method (prior year: 12 companies).

An overview of the fully consolidated entities, equity-accounted joint ventures, and non-consolidated subsidiaries and joint ventures is presented below.

3.1. Subsidiaries and business interests at 28 February 2018

			Equity interest 28 Feb 2018		Equity interest 28 Feb 2017	
Name of company	Registered office	Country	Direct	Indirect[1]	Direct	Indirect[1]
AGRANA Beteiligungs-Aktiengesellschaft (the parent company)	Vienna	Austria	–	–	–	–
I. Subsidiaries						
Fully consolidated subsidiaries						
AGRANA AGRO S.r.l.	Roman	Romania	–	98.69%	–	98.45%
AGRANA BIH Holding GmbH	Vienna	Austria	–	75.00%	–	75.00%
AGRANA BUZAU S.r.l.	Buzau	Romania	–	98.69%	–	98.45%
AGRANA d.o.o.	Brčko	Bosnia and Herzegovina	–	75.00%	–	75.00%
AGRANA Fruit Argentina S.A.	Buenos Aires	Argentina	–	99.99%	–	99.99%
AGRANA Fruit Australia Pty Ltd.	Sydney	Australia	–	100.00%	–	100.00%
AGRANA Fruit Austria GmbH	Gleisdorf	Austria	–	100.00%	–	100.00%
AGRANA Fruit Brasil Indústria, Comércio, Importacao e Exportacao Ltda.	São Paulo	Brazil	–	100.00%	–	100.00%
AGRANA Fruit Brasil Participacoes Ltda.	São Paulo	Brazil	–	100.00%	–	100.00%
AGRANA Fruit Dachang Co., Ltd.	Dachang	China	–	100.00%	–	100.00%
AGRANA Fruit Fiji Pty Ltd.	Sigatoka	Fiji	–	100.00%	–	100.00%
AGRANA Fruit France S.A.S.	Mitry-Mory	France	–	100.00%	–	100.00%
AGRANA Fruit Germany GmbH	Konstanz	Germany	–	100.00%	–	100.00%
AGRANA FRUIT INDIA PRIVATE LIMITED	New Delhi	India	–	100.00%	–	100.00%
AGRANA Fruit Istanbul Gida Sanayi ve Ticaret A.S.	Istanbul	Turkey	–	100.00%	–	100.00%

[1] Total indirect ownership interest held by the Group.

Name of company	Registered office	Country	Equity interest 28 Feb 2018 Direct	Equity interest 28 Feb 2018 Indirect[1]	Equity interest 28 Feb 2017 Direct	Equity interest 28 Feb 2017 Indirect[1]
AGRANA Fruit (Jiangsu) Company Limited	Jiangsu	China	–	100.00%	–	–
AGRANA Fruit Korea Co. Ltd.	Seoul	South Korea	–	100.00%	–	100.00%
AGRANA Fruit Latinoamerica S. de R.L. de C.V.	Michoacán	Mexico	–	100.00%	–	100.00%
AGRANA Fruit Luka TOV	Vinnytsia	Ukraine	–	99.97%	–	99.97%
AGRANA Fruit Management Australia Pty Ltd.	Sydney	Australia	–	100.00%	–	100.00%
AGRANA Fruit México, S.A. de C.V.	Michoacán	Mexico	–	100.00%	–	100.00%
AGRANA Fruit Polska SP z.o.o.	Ostrołęka	Poland	–	100.00%	–	100.00%
AGRANA Fruit S.A.S.	Mitry-Mory	France	–	100.00%	–	100.00%
AGRANA Fruit Services GmbH	Vienna	Austria	–	100.00%	–	100.00%
AGRANA Fruit Services S.A.S.	Mitry-Mory	France	–	100.00%	–	100.00%
AGRANA Fruit South Africa (Proprietary) Ltd.	Johannesburg	South Africa	–	100.00%	–	100.00%
AGRANA Fruit Ukraine TOV	Vinnytsia	Ukraine	–	99.80%	–	99.80%
AGRANA Fruit US, Inc.	Brecksville	USA	–	100.00%	–	100.00%
AGRANA Group-Services GmbH	Vienna	Austria	100.00%	–	100.00%	–
AGRANA Internationale Verwaltungs- und Asset-Management GmbH	Vienna	Austria	–	100.00%	–	100.00%
AGRANA JUICE (XIANYANG) CO., LTD	Xianyang City	China	–	50.01%	–	50.01%
AGRANA Juice Sales & Marketing GmbH	Bingen	Germany	–	50.01%	–	50.01%
AGRANA Magyarország Értékesitési Kft.	Budapest	Hungary	–	87.64%	–	87.64%
AGRANA Marketing- und Vertriebsservice Gesellschaft m.b.H.	Vienna	Austria	100.00%	–	100.00%	–
Agrana Nile Fruits Processing SAE	Qalyoubia	Egypt	–	51.00%	–	51.00%
AGRANA Research & Innovation Center GmbH	Vienna	Austria	100.00%	–	100.00%	–
AGRANA Stärke GmbH	Vienna	Austria	98.91%	1.09%	98.91%	1.09%
AGRANA TANDAREI S.r.l.	Țăndărei	Romania	–	98.69%	–	98.45%
AGRANA Trading EOOD	Sofia	Bulgaria	–	100.00%	–	100.00%
AGRANA ZHG Zucker Handels GmbH	Vienna	Austria	–	100.00%	–	100.00%
AGRANA Zucker GmbH	Vienna	Austria	98.91%	1.09%	98.91%	1.09%
AUSTRIA JUICE Germany GmbH	Bingen	Germany	–	50.01%	–	50.01%
AUSTRIA JUICE GmbH	Kröllendorf/ Allhartsberg	Austria	–	50.01%	–	50.01%
AUSTRIA JUICE Hungary Kft.	Vásárosnamény	Hungary	–	50.01%	–	50.01%
AUSTRIA JUICE Poland Sp. z.o.o.	Chełm	Poland	–	50.01%	–	50.01%
AUSTRIA JUICE Romania S.r.l.	Vaslui	Romania	–	50.01%	–	50.01%
AUSTRIA JUICE Ukraine TOV	Vinnytsia	Ukraine	–	50.01%	–	50.01%
Biogáz Fejleszto Kft.	Kaposvár	Hungary	–	87.64%	–	87.64%
Dirafrost FFI N.V.	Lummen	Belgium	–	100.00%	–	100.00%
Dirafrost Maroc SARL	Laouamra	Morocco	–	100.00%	–	100.00%
Financière Atys S.A.S.	Mitry-Mory	France	–	100.00%	–	100.00%
INSTANTINA Nahrungsmittel Entwicklungs- und Produktionsgesellschaft m.b.H.	Vienna	Austria	66.67%	–	66.67%	–
Koronás Irodaház Szolgáltató Korlátolt Felelösségü Társaság	Budapest	Hungary	–	87.60%	–	87.60%
Magyar Cukorgyártó és Forgalmazó Zrt.	Budapest	Hungary	–	87.60%	–	87.60%
Main Process S.A.	Buenos Aires	Argentina	–	100.00%	–	100.00%
Moravskoslezské Cukrovary A.S.	Hrušovany	Czech Republic	–	100.00%	–	100.00%
o.o.o. AGRANA Fruit Moscow Region	Serpuchov	Russia	–	100.00%	–	100.00%
S.C. A.G.F.D. Tandarei s.r.l.	Țăndărei	Romania	–	100.00%	–	100.00%
S.C. AGRANA Romania S.A.	Bucharest	Romania	–	98.68%	–	98.44%
Slovenské Cukrovary s.r.o.	Sereď	Slovakia	–	100.00%	–	100.00%
Sudinver S.A.	Buenos Aires	Argentina	–	100.00%	–	100.00%
Yube d.o.o.	Požega	Serbia	–	100.00%	–	100.00%

[1] Total indirect ownership interest held by the Group.

Name of company	Registered office	Country	Equity interest 28 Feb 2018 Direct	Equity interest 28 Feb 2018 Indirect[1]	Equity interest 28 Feb 2017 Direct	Equity interest 28 Feb 2017 Indirect[1]
Non-consolidated subsidiaries						
AGRANA Amidi srl	Sterzing	Italy	–	100.00%	–	100.00%
Reporting date: 28 Feb 2018 I Equity: € 24.4 thousand I Profit for the period: € 7.2 thousand						
AGRANA Croatia d.o.o.	Zagreb	Croatia	–	100.00%	–	100.00%
Reporting date: 28 Feb 2018 I Equity: € 9.8 thousand I Profit for the period: € 3.4 thousand						
AGRANA Makedonija DOOEL Skopje	Skopje	Macedonia	–	100.00%	–	100.00%
Reporting date: 31 Dec 2017 I Equity: € 3.4 thousand I Profit for the period: € 1.3 thousand						
AGRANA Skrob s.r.o. v likvidaci	Hrušovany	Czech Republic	–	100.00%	–	100.00%
Reporting date: 31 Dec 2017 I Equity: € 82.9 thousand I Profit for the period: € 3.7 thousand						
DELHIA SHELF s.r.o.	Hrušovany	Czech Republic	–	–	–	100.00%
Merged into Moravskoslezske Cukrovary A.S. in 2017|18						
Österreichische Rübensamenzucht Gesellschaft m.b.H.	Vienna	Austria	–	86.00%	–	86.00%
Reporting date: 30 Apr 2017 I Equity: € 2,104.3 thousand I Profit for the period: € 189.7 thousand						
PERCA s.r.o.	Hrušovany	Czech Republic	–	–	–	100.00%
Merged into Moravskoslezske Cukrovary A.S. in 2017|18						
II. Joint ventures						
Equity-accounted joint ventures						
AGRANA-STUDEN group:						
"AGRAGOLD" d.o.o.	Brčko	Bosnia and Herzegovina	–	50.00%	–	50.00%
AGRAGOLD d.o.o.	Zagreb	Croatia	–	50.00%	–	50.00%
AGRAGOLD dooel Skopje	Skopje	Macedonia	–	50.00%	–	50.00%
AGRAGOLD trgovina d.o.o.	Ljubljana	Slovenia	–	50.00%	–	50.00%
AGRANA-STUDEN Albania sh.p.k.	Tirana	Albania	–	50.00%	–	50.00%
AGRANA-STUDEN Beteiligungs GmbH	Vienna	Austria	–	50.00%	–	50.00%
AGRANA-STUDEN Kosovo L.L.C.	Prishtina	Kosovo	–	50.00%	–	–[2]
AGRANA Studen Sugar Trading GmbH	Vienna	Austria	–	50.00%	–	50.00%
Company for trade and services AGRANA-STUDEN Serbia d.o.o. Beograd	Belgrade	Serbia	–	50.00%	–	50.00%
STUDEN-AGRANA Rafinerija Secera d.o.o.	Brčko	Bosnia and Herzegovina	–	50.00%	–	50.00%
HUNGRANA group:						
GreenPower E85 Kft	Szabadegyháza	Hungary	–	50.00%	–	50.00%
HUNGRANA Keményitö- és Isocukorgyártó és Forgalmazó Kft.	Szabadegyháza	Hungary	–	50.00%	–	50.00%
HungranaTrans Kft.	Szabadegyháza	Hungary	–	50.00%	–	50.00%
Non-consolidated joint ventures						
SCO STUDEN & CO. BRASIL EXPORTACAO E IMPORTACAO LTDA.	São Paulo	Brazil	–	50.00%	–	50.00%
Reporting date: 31 Dec 2017 I Equity: (€ 18.8 thousand) I Loss for the period: (€ 2.5 thousand)						
AGRANA-STUDEN Kosovo L.L.C.	Prishtina	Kosovo	–	–[2]	–	50.00%
Equity-accounted from 2017|18						

[1] Total indirect ownership interest held by the Group.
[2] Equity-accounted from 2017|18, non-consolidated in 2016|17.

The number of companies that were fully consolidated or equity-accounted changed as follows in the 2017|18 financial year:

	Full consolidation	Equity method
At 1 March 2017	60	12
Initial consolidation	2	1
At 28 February 2018	**62**	**13**

The newly founded AGRANA Fruit (Jiangsu) Company Limited, Changzhou, China, a wholly-owned subsidiary of AGRANA Fruit S.A.S., Mitry-Mory, France, was included in the consolidated financial statements for the first time in the financial second quarter of 2017|18, by full consolidation.

Also in the second quarter of 2017|18, AGRANA Fruit Management Australia Pty Ltd., Sydney, Australia, which previously was consolidated within the Group subsidiary AGRANA Fruit Australia Pty Ltd., Sydney, was for the first time included separately in the Group financial statements as a fully consolidated company; this had no impact on the consolidated financial statements.

As well, in the second quarter the newly founded AGRANA-STUDEN Kosovo L.L.C., Pristina, Kosovo, was included in the consolidated financial statements for the first time, using the equity method.

Joint ventures

The information below represents the aggregated financial position and performance of the joint ventures. The joint ventures are listed from page 110.

€000	AGRANA-STUDEN group	HUNGRANA group	Total
28 February 2018			
Non-current assets	40,277	105,103	145,380
Inventories	21,840	58,380	80,220
Receivables and other assets	22,824	32,455	55,279
Cash, cash equivalents and securities	5,530	769	6,299
Current assets	50,194	91,604	141,798
Total assets	**90,471**	**196,707**	**287,178**
Equity	28,251	118,141	146,392
Borrowings	297	0	297
Other liabilities	5,107	2,033	7,140
Non-current liabilities	5,404	2,033	7,437
Borrowings	39,439	48,475	87,914
Other liabilities	17,377	28,058	45,435
Current liabilities	56,816	76,533	133,349
Total equity and liabilities	**90,471**	**196,707**	**287,178**
Revenue	179,555	319,245	498,800
Depreciation, amortisation and impairment losses	(3,031)	(13,451)	(16,482)
Other (expense), net	(177,739)	(234,890)	(412,629)
Operating profit [EBIT]	**(1,215)**	**70,904**	**69,689**
Interest income	1,109	7	1,116
Interest expense	(1,592)	(577)	(2,169)
Other finance (expense), net	(338)	(638)	(976)
Loss/(profit) before tax	**(2,036)**	**69,696**	**67,660**
Income tax expense	(146)	(8,724)	(8,870)
Loss/(profit) for the period	**(2,182)**	**60,972**	**58,790**
Income or expense, net, recognised directly in equity	12	(1,836)	(1,824)
Total comprehensive (expense)/income for the period	**(2,170)**	**59,136**	**56,966**

€000	AGRANA-STUDEN group	HUNGRANA group	Total
28 February 2017			
Non-current assets	35,247	105,717	140,964
Inventories	36,172	44,310	80,482
Receivables and other assets	29,093	38,844	67,937
Cash, cash equivalents and securities	9,704	615	10,319
Current assets	74,969	83,769	158,738
Total assets	**110,216**	**189,486**	**299,702**
Equity	26,421	119,005	145,426
Borrowings	285	0	285
Other liabilities	489	2,319	2,808
Non-current liabilities	774	2,319	3,093
Borrowings	42,006	35,006	77,012
Other liabilities	41,015	33,156	74,171
Current liabilities	83,021	68,162	151,183
Total equity and liabilities	**110,216**	**189,486**	**299,702**
Revenue	198,162	329,680	527,842
Depreciation, amortisation and impairment losses	(2,647)	(13,499)	(16,146)
Other (expense), net	(189,579)	(247,857)	(437,436)
Operating profit [EBIT]	**5,936**	**68,324**	**74,260**
Interest income	1,133	7	1,140
Interest expense	(1,612)	(660)	(2,272)
Other finance (expense), net	(203)	(63)	(266)
Profit before tax	**5,254**	**67,608**	**72,862**
Income tax expense	(369)	(11,316)	(11,685)
Profit for the period	**4,885**	**56,292**	**61,177**
Income or expense, net, recognised directly in equity	25	1,475	1,500
Total comprehensive income for the period	**4,910**	**57,767**	**62,677**

The calculation of the carrying amounts of the investments in equity-accounted joint ventures is tabulated below:

€000	AGRANA-STUDEN group	HUNGRANA group	Total
28 February 2018			
Equity	28,251	118,141	146,392
Of which attributable to AGRANA	14,126	59,071	73,196
Value change at time of transition from proportionate consolidation to equity method	(452)	484	32
Investments in equity-accounted joint ventures (carrying amount)	**13,674**	**59,555**	**73,228**
Dividend attributable to AGRANA	0	30,000	30,000
28 February 2017			
Equity	26,421	119,005	145,426
Of which attributable to AGRANA	13,211	59,502	72,713
Value change at time of transition from proportionate consolidation to equity method	(452)	484	32
Investments in equity-accounted joint ventures (carrying amount)	**12,759**	**59,986**	**72,745**
Dividend attributable to AGRANA	0	24,500	24,500

Non-controlling interests
Of the non-controlling interests of € 56,954 thousand (prior year: € 62,222 thousand), most represented the co-owners of the AUSTRIA JUICE group, at € 37,523 thousand (prior year: € 43,377 thousand). AGRANA's total interests in the AUSTRIA JUICE group amounted to 50.01%. Therefore, 49.99% of the equity of the AUSTRIA JUICE group must be reported as a non-controlling interest in AGRANA's consolidated financial statements.

The following table presents the financial position and performance of the AUSTRIA JUICE group:

AUSTRIA JUICE group €000	**28 Feb 2018**	**28 Feb 2017**
Non-current assets	129,161	128,775
Current assets	198,148	208,795
Total assets	**327,309**	**337,570**
Non-current liabilities	4,309	6,304
Current liabilities	240,659	237,215
Total liabilities	**244,968**	**243,519**
Net assets	**82,341**	**94,051**
Revenue	235,208	243,634
Operating profit [EBIT]	8,188	12,830
Profit before tax	4,247	7,069
Income tax expense	(1,696)	(647)
Profit for the period	2,551	6,422
Other comprehensive (expense)/income	(259)	435
Total comprehensive income for the period	2,292	6,857
Net cash from operating activities	52,268	46,467
Net cash (used in) investing activities	(12,413)	(7,501)
Net cash (used in) financing activities	(39,935)	(64,975)
Net (decrease) in cash and cash equivalents	**(80)**	**(26,009)**

The table below shows the interests of the non-controlling shareholders in the AUSTRIA JUICE group:

AUSTRIA JUICE group €000	**28 Feb 2018**	**28 Feb 2017**
Non-controlling interests in:		
Profit for the period	1,275	3,210
Carrying amount of net assets	41,162	47,016
Goodwill	(3,639)	(3,639)
Non-controlling interest in net assets	**37,523**	**43,377**

3.2. Balance sheet date
The balance sheet date (reporting date) of the consolidated financial statements is the last day of February. Group companies with other reporting dates prepare interim financial statements at the Group reporting date.

4. Consolidation methods

■ Acquisitions of companies that are fully consolidated are accounted for using the acquisition method in accordance with IFRS 3. Where a business combination entails the possible recognition of intangible assets not previously recognised in the separate financial statements of the acquired company, such as customer relationships, these are recognised only when the requirements under IAS 38 for capitalisation are met. For acquisitions of a majority interest rather than a 100% stake in a company, IFRS 3 provides an accounting policy choice as to how to measure the resulting non-controlling interests. The non-controlling interests may be measured either at their proportionate share of the fair value of the net assets of the acquiree (partial goodwill method) or at their proportionate share of goodwill (full goodwill method). This choice is available individually for each business combination. The full goodwill method has not been applied in the AGRANA Group to date.

■ The investments in joint ventures are accounted for using the equity method and are included in the consolidated financial statements from the time of acquisition, provided that the requirements for the application of IFRS 11 (Joint Arrangements) are met. Profits or losses resulting from transactions of the AGRANA Group with a joint venture are eliminated to the extent of the Group's interest in the joint venture.

■ Intragroup revenues, expenses and income and all receivables and payables or provisions between the consolidated companies are eliminated. In assets that arise from intragroup flows of products or services and are included in non-current assets or in inventories, intragroup balances are eliminated.

5. Currency translation

■ Financial statements of foreign Group companies are translated into euros in accordance with IAS 21. The functional currency of every Group company is its respective national currency. Assets and liabilities are translated at the ECB reference rates of exchange or other published reference rates at the balance sheet date (i.e., at period-end rates). Foreign currency transactions are translated into the functional currency at the exchange rates prevailing at the transaction date. Expenses and income are translated at annual average rates of exchange (the mean of the daily rates of the ECB or national banks), with the exception of the currency translation gains and losses from the measurement of receivables and liabilities related to Group financing.

■ Differences compared to prior-year amounts arising from the translation of balance sheet items at current balance sheet date exchange rates or arising from the use of average rates in translating expenses and income compared to the use of current balance sheet date rates are recognised in other comprehensive income. Specifically, they are presented in the statement of other comprehensive income as currency translation differences related to consolidation.

■ In translating the financial statements of foreign Group companies, the following exchange rates were applied:

€	Currency	Rate at reporting date 28 Feb 2018	28 Feb 2017	Average rate for year 2017|18	2016|17
Albania	ALL	132.23	135.08	133.66	136.98
Argentina	ARS	24.55	16.36	19.93	16.52
Australia	AUD	1.56	1.38	1.50	1.46
Bosnia and Herzegovina	BAM	1.96	1.96	1.96	1.96
Brazil	BRL	3.96	3.28	3.71	3.69
Bulgaria	BGN	1.96	1.96	1.96	1.96
China	CNY	7.73	7.28	7.71	7.37
Croatia	HRK	7.45	7.44	7.46	7.51
Czech Republic	CZK	25.42	27.02	26.05	27.03
Denmark	DKK	7.45	7.43	7.44	7.44

€	Currency	Rate at reporting date 28 Feb 2018	28 Feb 2017	Average rate for year 2017|18	2016|17
Egypt	EGP	21.52	16.64	20.54	12.73
Fiji	FJD	2.49	2.19	2.38	2.29
Hungary	HUF	313.93	308.25	309.57	310.83
India	INR	79.62	70.63	74.64	73.91
Macedonia	MKD	61.66	61.52	61.58	61.58
Mexico	MXN	22.94	21.08	21.48	21.00
Morocco	MAD	11.30	10.67	11.03	10.83
Poland	PLN	4.18	4.32	4.23	4.35
Romania	RON	4.66	4.52	4.59	4.49
Russia	RUB	68.75	61.76	67.03	70.57
Serbia	CSD	118.06	123.91	120.52	123.30
South Africa	ZAR	14.37	13.79	15.13	15.71
South Korea	KRW	1,320.25	1,194.24	1,289.34	1,268.98
Turkey	TRY	4.65	3.84	4.24	3.46
Ukraine	UAH	33.15	28.64	30.90	28.41
USA	USD	1.22	1.06	1.16	1.10

6. Accounting policies

6.1. Intangible assets (including goodwill) and property, plant and equipment

- Purchased intangible assets (other than goodwill) are capitalised at cost and amortised on a straight-line basis over their expected useful lives of between 5 and 15 years. Almost all intangible assets have a determinable useful life. Those intangible assets having an indefinite useful life are not material for the Group.

- Goodwill is not amortised but is reviewed at least annually for impairment. This review is performed regularly at 31 August, and additionally whenever there are indications of possible impairment (triggering events). Details on this impairment test are presented in the notes to the balance sheet.

- Items of property, plant and equipment are valued at cost of purchase and/or conversion, less straight-line or campaign-based depreciation and impairment losses. In the conversion costs of internally generated assets, besides materials and labour costs, prorated overheads are capitalised. Borrowing costs directly attributable to the production of an asset that are incurred during the production period are capitalised in accordance with IAS 23. All other borrowing costs are recognised as an expense in the period during which they are incurred. Maintenance costs are expensed as incurred, unless they result in an expansion or significant improvement of the asset concerned, in which case they are capitalised.

- Where rental agreements or leases transfer all material risks and rewards of ownership to the AGRANA Group (finance leases), the assets rented or leased are recorded as an asset. The asset is initially measured at the lower of its fair value at the inception of the rental period or lease and the present value of the future minimum rental or lease payments. This amount is simultaneously recorded as a liability under borrowings.

- Depreciation of property, plant and equipment is generally based on the following useful lives:

Buildings	15 to 50 years
Plant and machinery	10 to 15 years
Office furniture and equipment	3 to 10 years

6.2. Government assistance

■ Government assistance to reimburse the Group for costs is recognised as other operating income in the period in which the related costs are incurred, unless the assistance is contingent on conditions that are not yet sufficiently likely to be met.

■ Government assistance to support capital expenditure is recognised as deferred income from the time of the binding award and deducted from the cost of the intangible assets and property, plant and equipment on a straight-line basis over the useful life of the allocated asset through profit or loss. Details are provided on page 133.

6.3. Financial instruments

■ The AGRANA Group distinguishes the following classes of financial instruments:

Financial assets
- Securities, and investments in non-consolidated subsidiaries and outside companies
- Trade receivables
- Other financial assets
- Cash and cash equivalents

Financial liabilities
- Bank loans and overdrafts, and other loans from non-Group entities
- Borrowings from affiliated companies in the Südzucker group
- Finance lease liabilities
- Trade payables
- Financial other payables

Derivative financial instruments
- Interest-rate derivatives
- Currency derivatives
- Commodity derivatives

■ Investments in non-consolidated subsidiaries and outside companies, as well as securities, are classified to the available-for-sale category and are initially measured at fair value in the case of securities, and at cost in the case of investments in non-consolidated subsidiaries and outside companies, including any transaction costs. Subsequent measurement is at fair value. Changes in value are recognised outside profit or loss (after income tax) in a separate reserve item in equity. Only after the cumulative changes in fair value are realised by selling the asset are they recognised in the income statement. Available-for-sale non-material investments in non-consolidated subsidiaries and outside companies are measured at cost.

■ Financial assets are recognised at the settlement date.

■ Cash and cash equivalents include cash on hand and bank deposits having a remaining term to maturity of up to three months at the time of investment. Cash and cash equivalents in foreign currency are measured at the exchange rates at the balance sheet date.

Derivative financial instruments

■ Derivative financial instruments are used to hedge risks from changes in interest rates, exchange rates and commodity prices. Derivatives are carried as an asset or liability and, irrespective of their purpose, are measured at fair value. Changes in their fair value are recognised through profit or loss in other operating income/expenses (for commodity derivatives and currency derivatives related to purchase and sales transactions) or in net financial items (for interest rate derivatives and currency derivatives related to financings), unless the derivatives are used to hedge an underlying transaction (cash flow hedges). Where the conditions for cash flow hedge accounting under IAS 39 are met, the unrealised effective changes in fair value are recognised directly in equity. They are reclassified from equity to profit or loss in the period in which the underlying hedged transaction affects profit or loss. Ineffective portions of the valuation gains or losses on cash flow hedges are recognised in the income statement immediately. Derivatives are classified as held for trading, except for derivatives in a hedging relationship with a hedged item that qualify for cash flow hedge accounting. More information on derivative financial instruments is provided from page 145.

Receivables

- Receivables are initially recognised at fair value and subsequently measured at amortised cost. Non-interest-bearing receivables with a remaining maturity of more than one year are recognised at their present value using the effective interest method. For default risks or other risks contained in receivables, sufficient impairment provisions are individually allowed. Receivables that are individually immaterial, and receivables with similar default risk, are grouped together and impairment is recognised on the basis of historical experience. The face amounts of the receivables net of necessary impairment provisions represent the fair values. Irrecoverable receivables are derecognised on an individual case-by-case basis. If the reasons for an impairment provision cease to apply, the impairment loss is reversed, to no more than the asset's historical cost.

- Foreign currency receivables are measured at the exchange rates at the balance sheet date.

Payables

- Borrowings are initially measured at their actual proceeds. Premiums, discounts or other differences between the proceeds and the repayment amount are realised over the term of the instrument by the effective interest method and recognised in net financial items (at amortised cost).

- Trade payables are initially measured (at inception of the liability) at the fair value of the goods or services received. Subsequently these payables are measured at amortised cost. Other payables not resulting from the receipt of goods or services are measured at their payable amount.

- Payables denominated in foreign currencies are recognised at the exchange rates at the balance sheet date.

6.4. Inventories

- Inventories are measured at the lower of cost of purchase and/or conversion and net selling price. The weighted average cost formula is used. In accordance with IAS 2, the conversion costs of unfinished and finished products include – in addition to directly attributable unit costs – reasonable proportions of the necessary material costs and production overheads inclusive of depreciation of manufacturing plant (based on the assumption of normal capacity utilisation) as well as production-related administrative costs. Financing costs are not taken into account. To the extent that inventories are at risk as a result of prolonged storage or reduced saleability, a write-down is recognised.

6.5. Emission allowances

- Emission rights are accounted for in accordance with IAS 38 (Intangible Assets), IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance) and IAS 37 (Provisions, Contingent Liabilities and Contingent Assets). Emission allowances are issued for a given calendar year and are intangible assets for the purposes of IAS 38 that, except as noted below, are to be classified as current assets. They are assigned a cost of zero. From the point when emissions exceed allocated allowances (one allowance represents one tonne of carbon dioxide), a provision for CO_2 emissions must be established for actual additional emissions and recognised in the income statement. The provision is calculated by taking into account the cost incurred for purchased emission allowances or any excess of their market value at the measurement date over their cost. CO_2 emission allowances that have already been purchased for use in a subsequent trading period are recorded in non-current assets.

6.6. Impairment

■ Assets (other than inventories and deferred tax assets) are reviewed at every balance sheet date for evidence of impairment. When there are indications of impairment, an impairment test is performed on the assets in question. Goodwill and other intangible assets with an indefinite useful life are tested for impairment annually at 31 August regardless of whether there is indication of possible impairment.

■ The impairment test involves determining the asset's recoverable amount. The recoverable amount is the higher of an asset's value in use and its net selling price. If the asset's recoverable amount is less than its carrying amount, the difference is expensed as an impairment loss in the income statement.

■ An asset's value in use is the present value of the estimated future cash flows from the asset's continuing use and from its disposal at the end of its useful life. The discount rate used in determining present value is a pre-tax market rate adjusted for the specific risks of the asset concerned. Where no largely independent cash inflows can be determined, value in use is determined for the next-larger unit (the cash-generating unit) to which the asset belongs and for which largely independent cash inflows can be determined.

■ Where an impairment loss later decreases or is eliminated, the amount of the reversal of the impairment loss (except in the case of goodwill and equity-like securities classified as available-for-sale) is recognised as income in the income statement up to the lower of amortised original cost and value in use. Impairment losses on goodwill are not reversed.

6.7. Employee benefit obligations

■ The AGRANA Group maintains both defined contribution and defined benefit plans for pensions and termination benefits. Under the defined contribution pension and termination benefit arrangements, AGRANA has no further obligation after paying the agreed premium. Contributions to defined contribution plans are recognised as an expense when they fall due, and are reported in staff costs. Contributions paid to government plans are treated in the same manner as those paid to defined contribution plans. As the Group has no payment obligations beyond making the contributions, no provision is maintained.

■ The provisions for defined benefit pension, termination and long-service obligations are calculated using the projected unit credit method in accordance with IAS 19 (Employee Benefits), based on actuarial valuations. This involves determining the present value of the defined benefit obligation and comparing it to the fair value of plan assets at the balance sheet date. In the case of a deficit, a provision is recorded; in the case of a surplus, an asset (other receivable) is recorded. The defined benefit obligation is measured by the projected unit credit method. Under this method, the future payments determined on the basis of realistic assumptions are accumulated over the period during which the respective beneficiaries acquire the entitlement to these benefits.

■ Service cost is recognised in staff costs. Besides the current service cost for the benefits newly earned by staff every year, it may also include past service cost arising from plan curtailments or changes, which is recognised immediately in profit or loss for the period. The net interest cost for the financial year is calculated by applying the discount rate determined at the beginning of the year to the net pension obligation determined at that time, taking into account the expected payment outflows. Net interest is recognised in finance expense.

■ Actuarial gains and losses arising from changes in actuarial assumptions or from differences between previous actuarial assumptions and observed outcomes are recognised directly in equity in the period in which they occur, along with their effect on deferred taxes (with the exception of obligations for long-service awards). Correspondingly, the full amount of the obligation is recognised in the balance sheet. The changes in actuarial gains and losses recognised in the respective period are presented separately on the face of the statement of comprehensive income. Actuarial gains and losses previously recognised directly in equity cannot be reclassified to profit or loss in subsequent periods. The recognition in other comprehensive income also includes the differences between (i) the interest income on plan assets based on the discount rate and included in net interest and (ii) the actual return on plan assets determined at the end of the period.

- The calculation is based on extrapolated future trends in salaries, retirement benefits and employee turnover, as well as a discount rate of predominantly 1.7% for the year under review (prior year: 1.6%).

- A portion of pension obligations was transferred to pension funds. The retirement benefit contributions to be paid are calculated so as to fully fund the retirement benefit obligation at the time of retirement. If a plan deficit occurs, there is an obligation to fund the shortfall. The Group also holds benefit insurance policies to secure its ability to meet obligations under pension and termination benefit plans. The individual assets allocated to the pension plan are netted against the present value of the pension obligation to arrive at the net obligation. Likewise, the qualifying insurance policies are treated as plan assets in reducing the present value of the respective pension and termination benefit obligation.

6.8. Other provisions

- Other provisions are recognised where the following conditions are met: the AGRANA Group has a legal or constructive obligation to a third party as a result of a past event, the obligation is likely to lead to an outflow of resources, and the amount of the obligation can be reliably estimated.

- Provisions are measured at the amount representing the best estimate of the expenditure required to settle the obligation. If the present value of the obligation determined on the basis of a market interest rate differs materially from its nominal amount, the present value of the obligation is used.

- The risks arising from contingent liabilities are covered by sufficient provisions.

- Provisions for reclamation comprise obligations for reclamation of properties, emptying and rehabilitation of landfills, remediation or restoration of building structures, legacy soil reclamation and removal of waste residues.

- “Provisions for staff costs including long-service awards” also include provisions for phased retirement, provisions for redundancy benefit plans under restructuring projects, provisions for bonuses and awards, and other personnel-related provisions. Under IAS 19, long-service awards are classified as long-term employee benefits. These are determined by the projected unit credit method. Actuarial gains and losses are reported in the current period in staff costs. Long-service awards are one-time payments dependent on level of salary or wage and length of service and are stipulated under local company agreements or collective agreements. Obligations for the payment of such service anniversary bonuses exist especially in Austria and Germany. In Austria, provisions for phased retirement must be created as a result of labour laws regarding obligations to employees. The legislation concerning phased retirement makes it easier for companies to employ older staff members working reduced hours with substantial financial security until full retirement. Provisions for redundancy benefit plans under restructurings are created only if a formal, detailed restructuring plan has been prepared and communicated.

- Provisions for uncertain liabilities include, among other items, provisions for litigation risks, onerous contracts, costs of beet receiving, loading and storage, and other uncertain liabilities. A provision for onerous (loss-making) contracts is recognised if the expected economic benefit from a contract is less than the unavoidable cost of fulfilling the contract.

6.9. Deferred taxes

- Deferred taxes are recognised on temporary differences between the IFRS carrying amounts of assets and liabilities and the tax base; on consolidation entries; and on tax loss carryforwards expected to be utilised. Significant differences exist between the IFRS carrying amounts and the tax base for property, plant and equipment, inventories and provisions. Deferred tax assets are recognised for unused tax loss carryforwards insofar as these are expected to be utilised within five years.

- Deferred taxes are calculated by the liability method (under IAS 12), based on the pertinent national income tax rates. Consequently, with the exception of goodwill arising on consolidation, deferred taxes are recognised for all temporary differences between the IFRS balance sheet and the tax base, to the extent that deferred tax assets are likely to be realised.

■ When income and expenses are recognised directly in equity, the respective deferred tax assets and liabilities are also taken directly to equity. The assessment of the recoverability of deferred tax assets arising from temporary differences and from tax loss carryforwards takes into account company-specific forecasts of, for instance, the future earnings situation in the respective Group company. Deferred tax assets are recognised only if the associated tax benefits are expected to be realisable over a five-year planning horizon. This is the case if sufficient profits can be earned or if there is sufficient taxable income from the reversal of temporary differences previously recognised as liabilities.

■ Deferred tax assets are classified as non-current assets; deferred tax liabilities are recorded as non-current liabilities. Deferred tax assets are offset against deferred tax liabilities if they relate to the same tax authority.

■ The income tax reported represents the tax levied in the individual countries on taxable income, and the movement in deferred taxes.

6.10. Recognition of revenue and costs

■ Revenue from goods sold is recognised when substantially all risks and rewards incident to ownership have passed to the purchaser. Revenue from services provided is recognised to the extent that the services have been rendered by the balance sheet date.

■ Operating expenses are recognised in the income statement upon use of the product or service or as incurred.

■ Finance expenses comprise the interest expense, similar expenses and transaction costs on borrowings including finance leases; financing-related currency translation gains and losses; and financing-related hedging gains and losses.

■ Income from financial investments represents interest, dividend and similar income realised from cash-equivalent investments and investments in other financial assets; gains and losses on the disposal of financial assets; and impairment losses and impairment loss reversals.

■ Interest income is recognised on an accrual basis using the effective interest method. Dividend income is recognised at the time of the decision to pay the dividend.

6.11. Critical assumptions and judgements

■ The preparation of these consolidated financial statements in accordance with IFRS requires the Company's management to make judgements and to act on assumptions about future developments. These judgements and assumptions can have a material effect on the recognition and measurement of the assets and liabilities, the disclosure of other liabilities at the balance sheet date, and the amounts of income and expenses reported for the financial year.

■ The following assumptions involve a not insignificant risk that they may lead to a material change in the carrying amounts of assets and liabilities in the next financial year:

– The impairment testing of goodwill (carrying amount at 28 February 2018: € 260,956 thousand; carrying amount at 28 February 2017: € 260,974 thousand), other intangible assets (carrying amount at 28 February 2018: € 15,859 thousand; carrying amount at 28 February 2017: € 21,345 thousand) and property, plant and equipment (carrying amount at 28 February 2018: € 768,881 thousand; carrying amount at 28 February 2017: € 738,907 thousand) is based on forward-looking assumptions. The determination of the recoverable amounts for the purpose of the impairment test involves several assumptions, such as regarding future net cash flows and the discount rate. The net cash flows are the amounts in the most current cash flow forecast for the cash-generating units (CGUs) for the next five years (most current at the time of the regular impairment test date of 31 August).

– It was determined through a simulation that a hypothetical reduction of 5% in sustainable cash flows would not lead to an impairment of goodwill.

- The discount rate before tax varies by industry, company risk level and specific market environment; in the financial year it ranged from 5.60% to 8.50% (prior year: 4.94% to 8.55%).

- An increase of 0.5 percentage points in the weighted average cost of capital (WACC) would not lead to impairment.

- Financial instruments for which no active market exists are reviewed for impairment by using alternative discounting-based valuation methods. The inputs used for the determination of fair value are based in part on assumptions concerning the future.

- The measurement of existing retirement and termination benefit obligations (carrying amount at 28 February 2018: € 68,704 thousand; carrying amount at 28 February 2017: € 68,929 thousand) involves assumptions regarding discount rate, age at retirement, life expectancy, employee turnover and future increases in pay and benefits.

- The sensitivity analysis below is based on varying one assumption at a time with the other assumptions remaining unchanged from the original calculation. Potential correlation effects between assumptions are thus not taken into account. The changes in assumptions would have the following effects on the present values of the obligations stated in note 24a:

	Pension benefits		**Termination benefits**	
€000	**28 Feb 2018**	**28 Feb 2017**	**28 Feb 2018**	**28 Feb 2017**
Change in actuarial assumptions				
Discount rate				
+ 0.5 percentage points	(2,225)	(2,458)	(1,752)	(1,628)
– 0.5 percentage points	2,443	2,704	1,889	1,743
Wage and salary increase				
+ 0.25 percentage points	76	77	907	848
– 0.25 percentage points	(75)	(76)	(878)	(819)
Pension increase				
+ 0.25 percentage points	1,089	1,184	–	–
– 0.25 percentage points	(1,046)	(1,137)	–	–
Life expectancy				
Increase by 1 year	4,006	3,721	–	–
Decrease by 1 year	(4,213)	(3,833)	–	–

- The recognition of deferred tax assets (carrying amount at 28 February 2018: € 13,664 thousand; carrying amount at 28 February 2017: € 14,334 thousand) is based on the assumption that sufficient taxable profit will be earned over the five-year planning horizon to realise them.

- The off-balance sheet obligations from financial guarantees and from other contingent liabilities, and any reductions in these obligations, are regularly reviewed as to whether they require recognition in the balance sheet.

- In determining the amount of other provisions (carrying amount at 28 February 2018: € 50,944 thousand; carrying amount at 28 February 2017: € 63,352 thousand), management exercises judgement as to whether AGRANA is likely to incur an outflow of resources from the obligation concerned and whether the amount of the obligation can be estimated reliably.

■ The HUNGRANA group and AGRANA-STUDEN group were classified as joint ventures in accordance with IFRS 11 and the agreements existing at the time. The AGRANA Group holds 50% of the share capital of the joint ventures.

■ The AGRANA Group holds 50.01% of the share capital of AUSTRIA JUICE GmbH and is subsidiaries. As a result of the underlying contracts and arrangements, AGRANA exercises control over these companies and fully consolidates them in the Group accounts.

7. Notes to the consolidated income statement

Note (1)

7.1. Revenue

€000	2017|18	2016|17
By nature of activity		
Revenue from sale of finished goods	2,404,309	2,373,968
Revenue from sale of goods purchased for resale	152,903	180,515
Service revenue	9,105	6,813
Total	**2,566,317**	**2,561,296**

The regional analysis of revenue is presented in the section “Segment reporting” (on page 104).

The Group’s top ten customers accounted for 28% (prior year: 26%) of consolidated revenue. One AGRANA customer accounted for 12% (prior year: 12%) of consolidated revenue. No other customer represented more than 10% of revenue.

Note (2)

7.2. Change in inventories and own work capitalised

€000	2017|18	2016|17
Changes in inventories of finished and unfinished goods	(26,771)	51,035
Own work capitalised	1,528	1,320

The change in inventories of finished and unfinished goods amounted to a net decrease of € 26,771 thousand (prior year: increase of € 51,035 thousand). The change reflected mainly the Sugar segment with a decrease of € 33,686 thousand (prior year: increase of € 67,100 thousand), and the Fruit segment, with an increase of € 5,179 thousand (prior year: decrease of € 22,438 thousand).

Note (3)

7.3. Other operating income

€000	2017|18	2016|17
Income from		
Currency translation gains	7,860	9,520
Derivatives	3,444	1,512
Adjustment of payables from the acquisition of subsidiaries	2,460	0
Exceptional income	1,885	3,998
Services rendered to third parties	1,735	1,388
Income from research incentive	1,048	673
Income from the release of provisions for impairment of trade receivables	1,039	1,032
Insurance benefits and payments for damages	917	3,870
Beet and pulp cleaning, transport and handling	581	1,207
Rent and leases	513	622
Disposal of non-current assets other than financial assets	428	502
Other items	11,080	12,511
Total	**32,990**	**36,835**

Within other operating income, “other items” represent, among others, revenue from the pass-through of costs for consumables, raw materials and services.

Note (4)

7.4. Cost of materials

€000	2017|18	2016|17
Costs of		
Raw materials	1,126,832	1,177,583
Consumables and goods purchased for resale	519,103	578,972
Purchased services	70,719	72,105
Total	**1,716,654**	**1,828,660**

Note (5)

7.5. Staff costs

€000	2017|18	2016|17
Wages and salaries	243,058	226,139
Social security contributions, retirement benefit expenses and other staff costs	65,024	62,572
Total	**308,082**	**288,711**

The expense for the unwinding of discount on the pension and termination benefits newly accrued in prior years, less the return on plan assets, is included within net financial items. The interest component, at € 1,088 thousand (prior year: € 1,196 thousand) is included in net financial items. The current and past service costs are included in staff costs.

In the 2017|18 financial year an expense of € 18,070 thousand (prior year: € 17,409 thousand) was recognised for contributions to government pension plans.

€ 1,139 thousand of contributions to a defined contribution termination benefit fund were recognised in the income statement for the year (prior year: € 1,018 thousand).

Average number of employees during the financial year (average full-time equivalents):

	2017|18	2016|17
By employee category		
Wage-earning staff	6,050	6,125
Salaried staff	2,544	2,431
Apprentices	84	82
Total	**8,678**	**8,638**

	2017|18	2016|17
By region		
Austria	2,171	2,083
Hungary	435	430
Romania	603	601
Rest of EU	1,530	1,555
EU-28	4,739	4,669
Rest of Europe (Bosnia and Herzegovina, Russia, Serbia, Turkey, Ukraine)	1,205	1,359
Other foreign countries	2,734	2,610
Total	**8,678**	**8,638**

The average number of employees of joint ventures in full-time equivalents over the year was as follows (reported at company totals, not proportionately):

	2017|18	2016|17
By employee category		
Wage-earning staff	336	318
Salaried staff	198	188
Total	**534**	**506**

Note (6)

7.6. Depreciation, amortisation and impairment

€000	Total	Amortisation, depreciation	Impairment losses	Reversal of impairment losses
2017|18				
Intangible assets	4,531	4,531	0	0
Property, plant and equipment	85,483	85,387	103	(7)
Recognised in operating profit before exceptional items and results of equity-accounted joint ventures	**90,014**	**89,918**	**103**	**(7)**
2016|17				
Intangible assets	5,414	5,414	0	0
Property, plant and equipment	78,983	78,657	331	(5)
Recognised in operating profit before exceptional items and results of equity-accounted joint ventures	**84,397**	**84,071**	**331**	**(5)**

Impairment losses and reversals of impairment losses, by segment, were as follows:

€000	Impairment losses	Reversal of impairment losses
2017|18		
Sugar segment	0	0
Starch segment	0	(7)
Fruit segment	103	0
Group	**103**	**(7)**
2016|17		
Sugar segment	287	0
Starch segment	0	(5)
Fruit segment	44	0
Group	**331**	**(5)**

The impairment losses in the Fruit segment related principally to expenses for retired assets.

Note (7)

7.7. Other operating expenses

€000	2017|18	2016|17
Selling and freight costs	143,288	141,350
Operating and administrative expenses	99,534	93,204
Advertising expenses	10,592	8,220
Rent and lease expenses	10,073	10,551
Other taxes	7,295	6,688
Currency translation losses	7,228	7,640
Exceptional items	4,797	13,035
Derivatives	3,122	2,400
Damage payments	1,198	1,443
Research and development expenses (external)	785	739
Losses on disposal of non-current assets	776	1,987
Production levy	0	3,761
Other items	9,393	15,922
Total	**298,081**	**306,940**

Internal and external R&D costs totalled € 17,002 thousand (prior year: € 15,852 thousand).

Within other operating expenses, “other items” included, for instance, provisions and other purchased services.

The costs incurred in the financial year for the external auditor, KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, were € 454 thousand (prior year: € 741 thousand). Of this total, € 363 thousand (prior year: € 384 thousand) related to the audit of the consolidated financial statements (including the audit of the separate financial statements of individual subsidiaries), € 17 thousand (prior year: € 234 thousand) was for other assurance services, and € 74 thousand (prior year: € 123 thousand) represented other non-audit services.

Note (8)

7.8. Share of results of equity-accounted joint ventures

The share of results of equity-accounted joint ventures of € 29,395 thousand (prior year: € 30,589 thousand) included the Group’s share of the profits or losses of the joint ventures in the HUNGRANA group and the AGRANA-STUDEN group.

Note (9)

7.9. Operating profit (EBIT)

€000	2017|18	2016|17
Operating profit before exceptional items and results of equity-accounted joint ventures	164,145	150,815
Exceptional items	(2,912)	(9,037)
Share of results of equity-accounted joint ventures	29,395	30,589
Total	**190,628**	**172,367**

Exceptional items – presented separately only in the segment reporting – included restructuring expenses as well as income from the refunding of excess amounts of sugar production levies collected by the EU in the 1999|00 and 2000|01 sugar marketing years. The related amounts recognised in the consolidated income statement were € 1,885 thousand (prior year: € 3,998 thousand) within other operating income and € 4,797 thousand (prior year: € 13,035 thousand) within other operating expenses.

Note (10)

7.10. Finance income

€000	2017|18	2016|17
Interest income	2,613	2,861
Currency translation gains	11,276	17,723
Income from non-consolidated subsidiaries and outside companies	34	565
Gains on derivatives	26,803	9,156
Miscellaneous finance income	486	776
Total	**41,212**	**31,081**

Interest income by segment was as follows:

€000	2017|18	2016|17
Sugar segment	1,508	1,561
Starch segment	38	42
Fruit segment	1,067	1,258
Group	**2,613**	**2,861**

Note (11)

7.11. Finance expense

€000	2017|18	2016|17
Interest expense	10,959	13,509
Net interest on provisions for pensions and termination benefits	1,088	1,196
Currency translation losses	25,919	13,018
Losses on derivatives	14,400	13,329
Miscellaneous finance expense	3,316	7,908
Total	**55,682**	**48,960**

Interest expense by segment was as follows:

€000	2017|18	2016|17
Sugar segment	10,216	11,358
Starch segment	47	40
Fruit segment	696	2,111
Group	**10,959**	**13,509**

Interest expense includes the interest component of € 107 thousand (prior year: € 124 thousand) from the discounting of the non-current obligation for long-service awards.

Net currency translation differences on financing activities amounted to a loss of € 14,643 thousand (prior year: gain of € 4,705 thousand). This was composed of a realised loss of € 2,565 thousand (prior year: realised gain of € 743 thousand) and an unrealised loss of € 12,078 thousand (prior year: unrealised gain of € 3,962 thousand). The net translation loss was attributable primarily to foreign currency financings in Argentina and Brazil (euro and US dollar financings) and US dollar credit balances in the euro area.

In the prior year the item “miscellaneous finance expense” included a non-recurring expense of € 4,761 thousand as a result of an impairment charge on cash and cash equivalents in Ukraine in the Fruit segment.

Note (12)

7.12. Income tax expense

Current and deferred tax expenses and credits pertained to Austrian and foreign income taxes and had the following composition:

€000	2017|18	2016|17
Current tax expense	35,980	36,755
Of which Austrian	14,498	11,575
Of which foreign	21,482	25,180
Deferred tax (benefit)	(2,467)	(122)
Of which Austrian	(532)	(135)
Of which foreign	(1,935)	13
Total tax expense	**33,513**	**36,633**
Of which Austrian	13,966	11,440
Of which foreign	19,547	25,193

Reconciliation of the deferred tax amounts in the balance sheet to the deferred taxes in the income statement:

€000	2017|18	2016|17
(Decrease) in deferred tax assets in the consolidated balance sheet	(670)	(539)
Decrease/(increase) in deferred tax liabilities in the consolidated balance sheet	5,390	(8,621)
Total change in deferred taxes before changes in scope of consolidation	**4,720**	**(9,160)**
Of which changes in scope of consolidation, recognised directly in equity	0	(9,690)
Of which recognised in other comprehensive income (remeasurement, cash flow hedges and IAS 19)	(164)	193
Of which currency translation, and other	2,417	215
Of which recognised in the income statement	2,467	122

Reconciliation of profit before tax to income tax expense:

€000	2017|18	2016|17
Profit before tax	176,158	154,488
Standard Austrian tax rate	25%	25%
Nominal tax expense at standard Austrian rate	**44,040**	**38,622**
Tax effect of:		
Different tax rates applied on foreign income	(3,226)	(1,690)
Tax-exempt income and tax deductions, including results of equity-accounted joint ventures	(8,649)	(9,441)
Non-temporary differences from consolidation measures	(1,593)	0
Non-tax-deductible expenses and additional tax debits	4,245	4,405
Effects of unrecognized tax loss carryforwards in respect of the financial year	(493)	102
Non-recurring tax expenses	(811)	4,635
Income tax expense	**33,513**	**36,633**
Effective tax rate	**19.0%**	**23.7%**

The nominal tax charge or credit is based on application of the standard Austrian corporation tax rate of 25%.

The Tax Reform Act of 2005 introduced a new concept for the taxation of company groups. In accordance with the provisions of this Act, the AGRANA Group established a group consisting of AGRANA Beteiligungs-AG as the group parent and the following group members: AGRANA Zucker GmbH, AGRANA Stärke GmbH, AGRANA Marketing- und Vertriebsservice Gesellschaft mbH, AGRANA Internationale Verwaltungs- und Asset-Management GmbH, AGRANA Group-Services GmbH, INSTANTINA Nahrungsmittel Entwicklungs- und Produktionsgesellschaft m.b.H. and AUSTRIA JUICE GmbH.

Deferred taxes are recognised on differences between carrying amounts in the consolidated financial statements and the tax bases of the individual companies in their home countries. Deferred taxes take into account carryforwards of unused tax losses.

In the interest of conservative planning, deferred taxes reflect carryforwards of tax losses only to the extent that sufficient taxable profit is likely to be earned over the next five years to utilise the deferred tax assets. € 12,589 thousand (prior year: € 13,902 thousand) of potential tax assets were not recognised. These related to cumulative unused tax loss carryforwards of € 53,898 thousand (prior year: € 60,871 thousand). Of the unused tax loss carryforwards, € 31,486 thousand (prior year: € 31,175 thousand) can be carried forward indefinitely, € 13,538 thousand (prior year: € 26,786 thousand) expire in two to four years and € 8,874 thousand (prior year: € 2,910 thousand) expire in five to seven years.

At the balance sheet date the deferred tax assets and liabilities recognised directly in equity amounted to a net asset of € 7,228 thousand (prior year: € 7,392 thousand).

For temporary differences on investments in subsidiaries, deferred tax liabilities of € 219,864 thousand (prior year: € 211,264 thousand) were not recognised, as these gains are intended to be reinvested for an indefinite period and these temporary differences are thus not likely to reverse in the foreseeable future.

Note (13)

7.13. Earnings per share

		2017|18	2016|17
Profit for the period attributable to shareholders of the parent (AGRANA Beteiligungs-AG)	€000	140,071	111,315
Average number of shares outstanding		15,622,244	14,301,709
Earnings per share under IFRS (basic and diluted)	€	**8.97**	**7.78**
Dividend per share	€	**4.50**[1]	**4.00**

Based on the number of shares outstanding at the balance sheet date, earnings per share were as follows:

		2017|18	2016|17
Number of shares outstanding at the balance sheet date		15,622,244	15,622,244
Earnings per share	€	8.97	7.13

Subject to the Annual General Meeting's approval of the proposed allocation of profit for the 2017|18 financial year, AGRANA Beteiligungs-AG will pay a dividend of € 70,300 thousand (prior year: € 62,489 thousand).

8. Notes to the consolidated cash flow statement

The cash flow statement is prepared using the indirect method and in accordance with IAS 7. The statement traces the movements in the AGRANA Group's cash and cash equivalents arising from operating, investing and financing activities. Cash and cash equivalents, for the purpose of the cash flow statement, represent cash on hand, cheques and bank deposits.

There were no restrictions on access to cash and cash equivalents of subsidiaries as a result of currency legislation (prior year: € 16,887 thousand).

Cash and cash equivalents do not include current bank borrowings or securities classified as current assets.

The currency translation effects, except those on cash and cash equivalents, are already eliminated in the respective balance sheet items.

[1] Proposal to the Annual General Meeting.

Note (14)

8.1. Cash flows from operating activities

Operating cash flow before changes in working capital was € 302,745 thousand (prior year: € 258,020 thousand), or 11.80% of revenue (prior year: 10.07%). Within "non-cash expenses/income and other adjustments", non-cash expenses/income consisted mainly of the unrealised currency translation losses of € 12,079 thousand (prior year: unrealised translation gains of € 3,962 thousand) reflected in net financial items, a valuation decrease of € 2,466 thousand on payables from the acquisition of subsidiaries, a non-cash expense of € 589 thousand (prior year: € 284 thousand) for impairment on receivables, and non-cash inventory write-downs of € 8,756 thousand (prior year: € 4,640 thousand). The component "other adjustments" concerned corrections of the tax expense and net interest expense as a consequence of the separate presentation of that portion of interest and income taxes which represents cash flows. After changes in working capital and after cash flows from interest and taxes, net cash from operating activities was € 213,864 thousand (prior year: € 255,785 thousand).

Note (15)

8.2. Cash flows from investing activities

The reduction of € 38,184 thousand in net cash used in investing activities (from € 171,530 thousand to € 133,346 thousand) resulted largely from the fact that the prior year included payments of € 45,467 thousand for the acquisition of two Argentine subsidiaries. Outflows for investment in property, plant and equipment and intangibles increased only slightly, by € 9,110 thousand to € 132,528 thousand (prior year: € 123,418 thousand). AGRANA's share (€ 1,500 thousand) of the capital contribution in the AGRANA-STUDEN group is included in purchases of non-current financial assets; in the prior year this item included AGRANA's share (€ 3,750 thousand) of the capital increase of the AGRANA-STUDEN group.

Proceeds from the disposal of non-current assets amounted to € 627 thousand (prior year: € 1,155 thousand).

Note (16)

8.3. Cash flows from financing activities

Borrowings (net of unrealised currency translation losses) rose by € 58,115 thousand in the 2017|18 financial year (prior year: reduction of € 158,111 thousand). The positive cash flow from borrowings was driven primarily by the fact that, in the year under review, the raising of two long-term financings totalling € 100,000 thousand more than offset the combination of a loan repayment of € 25,500 thousand to the non-controlling shareholder and the repayment of cash advances, bank overdrafts and maturing bank loans. The significantly higher cash outflows in the prior year were explained mainly by the repayment of two syndicated loans in a total amount of € 111,100 thousand.

In the year under review, net cash used in financing activities rose substantially, reflecting the net effect of the repayment of € 100,000 thousand of borrowings from affiliated companies of the Südzucker Group, the raising of an investment loan of € 41,500 thousand from the European Investment Bank, and the repayment of a Schuldscheindarlehen (bonded loan) of € 83,500 thousand (prior year: loan increase of € 85,000 thousand, and inflow of € 139,719 thousand from the cash capital increase).

Dividends paid consisted mainly of the cash dividend distributed to the shareholders of AGRANA Beteiligungs-AG.

The following table presents the changes in liabilities arising from financing activities:

€000	Carrying amount at 1 Mar 2017	Cash inflows/ (cash outflows)	Currency translation differ-ences	Carrying amount at 28 Feb 2018
Schuldscheindarlehen, i.e., bonded loan	42,500	0	0	42,500
Borrowings from affiliated companies in the Südzucker group	115,000	0	0	115,000
Investment loan from European Investment Bank	0	41,500	0	41,500
Loans	22,995	88,727	(150)	111,572
Non-current borrowings	**180,495**	**130,227**	**(150)**	**310,572**
Schuldscheindarlehen, i.e., bonded loan	83,500	(83,500)	0	0
Borrowings from affiliated companies in the Südzucker group	135,000	(100,000)	0	35,000
Bank overdrafts and cash advances	58,181	(30,612)	(940)	26,629
Current borrowings	**276,681**	**(214,112)**	**(940)**	**61,629**

9. Notes to the consolidated balance sheet

Note (17)

9.1. Intangible assets, including goodwill

€000	Goodwill	Concessions, licences and similar rights	Total
2017|18			
Cost			
At 1 March 2017	260,974	106,256	367,230
Currency translation differences	(18)	(4,400)	(4,418)
Additions	0	2,398	2,398
Reclassifications	0	(136)	(136)
Disposals	0	(1,418)	(1,418)
At 28 February 2018	**260,956**	**102,700**	**363,656**
Accumulated amortisation and impairment			
At 1 March 2017	0	84,911	84,911
Currency translation differences	0	(1,183)	(1,183)
Amortisation for the period	0	4,531	4,531
Disposals	0	(1,418)	(1,418)
At 28 February 2018	**0**	**86,841**	**86,841**
Carrying amount at 28 February 2018	**260,956**	**15,859**	**276,815**
2016|17			
Cost			
At 1 March 2016	226,202	95,308	321,510
Currency translation differences	(5)	823	818
Changes in scope of consolidation/other changes	34,777	8,924	43,701
Additions	0	1,215	1,215
Reclassifications	0	392	392
Disposals	0	(406)	(406)
At 28 February 2017	**260,974**	**106,256**	**367,230**
Accumulated amortisation and impairment			
At 1 March 2016	0	79,549	79,549
Currency translation differences	0	335	335
Amortisation for the period	0	5,414	5,414
Reclassifications	0	2	2
Disposals	0	(389)	(389)
At 28 February 2017	**0**	**84,911**	**84,911**
Carrying amount at 28 February 2017	**260,974**	**21,345**	**282,319**

- Intangible assets consist largely of acquired customer relationships, software, patents and similar rights.

- The additions of € 2,398 thousand (prior year: € 1,215 thousand) of intangible assets related primarily to software.

- Of the total carrying amount of goodwill, the Fruit segment accounted for € 239,239 thousand (prior year: € 239,257 thousand), the Sugar segment for € 20,111 thousand (prior year: € 20,111 thousand) and the Starch segment for € 1,606 thousand (prior year: € 1,606 thousand).

- To satisfy the provisions of IFRS 3 in conjunction with IAS 36 and to allow the calculation of any impairment of goodwill, AGRANA has defined its cash-generating units to match its internal reporting structure. The cash-generating units in the AGRANA Group are the Sugar segment, Starch segment and Fruit segment, consistent with the internal management accounting and reporting processes. All goodwill was allocated to cash-generating units.

■ To test for impairment, the carrying amount of each cash-generating unit is measured by allocating to it the corresponding assets and liabilities, inclusive of attributable goodwill and other intangible assets. Impairment is recognised in profit or loss when the recoverable amount (value in use) of a cash-generating unit is less than its carrying amount inclusive of goodwill.

■ In testing for impairment, AGRANA uses a discounted cash flow method to determine the value in use of the cash-generating units. The determination of expected cash flows from each cash-generating unit is based on business plans that are validated and approved by Supervisory Board committees and have a planning horizon of five years. Projections beyond a five-year horizon are based on the assumption of a constant, inflation-induced growth rate of 1.5% per year (assumption in the prior year: 1.5%). The cost of capital (WACC) is calculated as the weighted average cost of equity and debt capital for each CGU.

■ The cost of equity is based on a risk-free rate, a return premium for the business risk, and a premium for country risk and inflation differential. The spot rate of a 30-year zero coupon bond, based on Deutsche Bundesbank data, was used as the risk-free rate of return. Business risk is represented by the product of a general market risk premium of 6.75% (prior year: 7.0%) and a beta factor derived from a peer group of nine companies. The country risk and the inflation differential are assigned a volatility factor of 1.23 (prior year: 1.40).

■ The cost of debt capital is calculated as the risk-free rate, the inflation differential, and the credit spread determined by reference to the capital market.

The following table presents the carrying amounts of the goodwill and the respective discount rate (WACC):

	Goodwill		**WACC before tax**	
	28 Feb 2018	**28 Feb 2017**	**2017|18**	**2016|17**
	€m	€m	%	%
Fruit CGU	239	239	8.50	8.55
Starch CGU	2	2	5.60	4.94
Sugar CGU	20	20	6.35	6.71
Group	**261**	**261**	**–**	**–**

■ The quality of the forecast data is frequently tested against actual outcomes with the help of variance analysis. The insights gained are then taken into account during the preparation of the next annual plan. Projections of value in use are highly sensitive to assumptions regarding future local market developments and volume trends. Value in use is therefore ascertained both on the basis of experience and of assumptions that are reviewed with experts for the regional markets.

■ The most important forecast assumptions for the Sugar CGU are the estimates of EU beet sugar production and isoglucose production, of the trajectories of sugar imports and exports, and of sugar prices. The major cost elements for the CGU are raw material and energy costs. Besides the current market developments, these projections also take into consideration internal estimates by the respective businesses.

■ With the elimination of the quota and minimum beet price regulations in 2017, the restrictions on sugar exports also ended. Market prices in the EU are now even more strongly determined by world market prices. In the near term, the current low level of world market prices is thus a negative factor. We expect global sugar consumption to continue to rise from currently just over 180 million tonnes to more than 200 million tonnes by 2025. The resulting prospective balance of production volume and sales volume supports the sugar world market price in the medium to longer term.

■ The values in use were subjected to a sensitivity analysis. The results are presented from page 120.

■ The goodwill is not tax-deductible.

■ At the balance sheet date, other intangible assets with an indefinite useful life that were not significant for the AGRANA Group were included.

Note (18)

9.2. Property, plant and equipment

€000	Land, leasehold rights and buildings	Plant and machinery	Fixtures, furniture and equipment	Assets under con-struction	Total
2017|18					
Cost					
At 1 March 2017	583,766	1,177,328	206,368	69,388	2,036,850
Currency translation differences	(15,902)	(18,171)	(4,291)	(799)	(39,163)
Changes in scope of consolidation/ other changes	144	0	0	0	144
Additions	21,718	67,537	11,437	37,777	138,469
Reclassifications	5,702	49,029	4,311	(58,906)	136
Disposals	(1,023)	(4,905)	(5,087)	(722)	(11,737)
Government grants	(173)	(634)	(64)	0	(871)
At 28 February 2018	**594,232**	**1,270,184**	**212,674**	**46,738**	**2,123,828**
Accumulated depreciation and impairment					
At 1 March 2017	311,939	825,732	159,178	1,094	1,297,943
Currency translation differences	(4,769)	(9,676)	(3,230)	9	(17,666)
Changes in scope of consolidation/ other changes	94	0	0	0	94
Depreciation for the period	16,843	54,036	14,508	0	85,387
Impairment	80	23	0	0	103
Reclassifications	47	0	0	(47)	0
Disposals	(826)	(4,545)	(4,846)	(690)	(10,907)
Reversal of impairment losses	0	0	0	(7)	(7)
At 28 February 2018	**323,408**	**865,570**	**165,610**	**359**	**1,354,947**
Carrying amount at 28 February 2018	**270,824**	**404,614**	**47,064**	**46,379**	**768,881**
2016|17					
Cost					
At 1 March 2016	554,921	1,154,278	192,260	23,587	1,925,046
Currency translation differences	7,111	6,054	3,333	432	16,930
Changes in scope of consolidation/ other changes	13,545	7,375	167	106	21,193
Additions	6,933	32,572	11,487	62,451	113,443
Reclassifications	4,602	4,421	7,663	(17,078)	(392)
Disposals	(3,010)	(26,544)	(8,542)	(110)	(38,206)
Government grants	(336)	(828)	0	0	(1,164)
At 28 February 2017	**583,766**	**1,177,328**	**206,368**	**69,388**	**2,036,850**
Accumulated depreciation and impairment					
At 1 March 2016	294,944	799,714	149,812	984	1,245,454
Currency translation differences	2,552	4,296	2,600	0	9,448
Depreciation for the period	16,568	50,384	11,705	0	78,657
Impairment	176	41	4	110	331
Reclassifications	31	(2,912)	2,879	0	(2)
Disposals	(2,330)	(25,788)	(7,822)	0	(35,940)
Reversal of impairment losses	(2)	(3)	0	0	(5)
At 28 February 2017	**311,939**	**825,732**	**159,178**	**1,094**	**1,297,943**
Carrying amount at 28 February 2017	**271,827**	**351,596**	**47,190**	**68,294**	**738,907**

■ Additions (i.e., purchases) of intangible assets (other than goodwill) and property, plant and equipment:

€000	2017|18	2016|17
Sugar segment	32,084	23,259
Starch segment	59,427	57,577
Fruit segment	49,356	33,822
Group	**140,867**	**114,658**

■ Currency translation differences are the differences between amounts arising from the translation of the opening balances of foreign Group companies at the exchange rates prevailing at the start and at the end of the reporting period.

■ Government grants consisted of investment assistance in Austria (in the Sugar and Starch segments) and an EU subsidy for a research project in Austria (in the Starch segment).

■ The AGRANA Group, in addition to operating leases, also employs a small number of finance leases. The major finance lease relates to the renting of a building erected on AGRANA land at the site in Kröllendorf/Allhartsberg, Austria. An option to purchase this third-party building can be exercised in the 2018|19 financial year. The finance leases for fixtures, furniture, and equipment are of minor significance and are primarily vehicle leases. The movement in property, plant and equipment under finance leases and the reconciliation of future minimum lease payments to their present value are shown below:

	2017|18			2016|17		
€000	Land, leasehold rights and buildings	Plant and machinery	Fixtures, furniture and equipment	Land, leasehold rights and buildings	Plant and machinery	Fixtures, furniture and equipment
Cost	3,003	458	173	3,003	870	132
Less accumulated depreciation and impairment	(747)	(283)	(30)	(491)	(438)	(21)
Carrying amount	**2,256**	**175**	**143**	**2,512**	**432**	**111**

	2017|18			2016|17		
€000	Future minimum lease payments	Interest	Present value	Future minimum lease payments	Interest	Present value
In the subsequent year	2,464	(31)	2,433	572	(73)	499
In years 2 to 5	202	(25)	177	3,022	(156)	2,866
In more than 5 years	0	0	0	0	0	0
Total	**2,666**	**(56)**	**2,610**	**3,594**	**(229)**	**3,365**

■ The use of off-balance sheet property, plant and equipment (under operating leases) gives rise to the following obligations under lease, licence and rental agreements:

€000	2017|18	2016|17
In the subsequent year	4,529	3,678
In years 2 to 5	11,433	13,836
In more than 5 years	4,744	5,224

■ The AGRANA Group does not act as a lessor.

Note (19)

9.3. Equity-accounted joint ventures, securities, and investments in non-consolidated subsidiaries and outside companies

€000	Equity-accounted joint ventures	Securities (non-current)	Investments in non-consolidated subsidiaries and outside companies	Total
2017|18				
At 1 March 2017	72,745	18,826	1,051	92,622
Currency translation differences	(908)	(199)	0	(1,107)
Additions, including capital increase at joint ventures	2,000	140	0	2,140
Share of results of equity-accounted joint ventures	29,395	0	0	29,395
Disposals, and dividends of equity-accounted joint ventures	(30,000)	(5)	(157)	(30,162)
Other comprehensive (expense)/income	(4)	(59)	0	(63)
At 28 February 2018	**73,228**	**18,703**	**894**	**92,825**
2016|17				
At 1 March 2016	60,906	18,622	1,091	80,619
Currency translation differences	753	40	0	793
Additions, including capital increase at joint ventures	5,000	91	0	5,091
Share of results of equity-accounted joint ventures	30,589	0	0	30,589
Disposals, and dividends of equity-accounted joint ventures	(24,500)	(54)	(40)	(24,594)
Other comprehensive (expense)/income	(3)	127	0	124
At 28 February 2017	**72,745**	**18,826**	**1,051**	**92,622**

The securities were predominantly securities of Austrian issuers.

Note (20)

9.4. Receivables and other assets

€000	28 Feb 2018	28 Feb 2017
Trade receivables	308,294	317,397
Amounts due from affiliated companies and joint ventures	23,368	19,340
Receivable from EU from production levy	5,081	0
Positive fair value of derivatives	4,289	1,856
Receivable under government grants	631	186
Amounts due from associates in the Südzucker group	467	2,816
Receivable for legacy soil reclamation	0	208
Other financial assets	14,025	18,985
Financial instruments	**356,155**	**360,788**
VAT credits and other tax credits	60,698	80,427
Prepaid expenses	4,982	5,331
Accrued income	2,549	3,180
Total	**424,384**	**449,726**
Of which due after more than 1 year	8,816	7,115

Amounts due from affiliated companies represent open accounts with non-consolidated subsidiaries, with the Group's parent company Südzucker AG and Südzucker's subsidiaries, and with joint ventures.

Note (21)

9.5. Deferred tax assets

Deferred tax assets were attributable to balance sheet items as follows:

€000	28 Feb 2018	28 Feb 2017
Deferred tax assets		
Intangible assets and property, plant and equipment	2,634	2,099
Non-current financial assets (primarily “one-seventh” write-downs on non-consolidated subsidiaries and on outside companies)	4,373	4,969
Inventories	2,897	4,398
Receivables and other assets	679	1,426
Carryforwards of unused tax losses	511	1,072
Retirement, termination and long-service benefit obligations	7,306	7,354
Other provisions and liabilities	12,186	12,103
Total deferred tax assets	**30,586**	**33,421**
Deferred tax assets offset against deferred tax liabilities relating to the same tax authority	(16,922)	(19,087)
Net deferred tax assets	**13,664**	**14,334**

Deferred tax liabilities are detailed in note 27.

Note (22)

9.6. Inventories

€000	28 Feb 2018	28 Feb 2017
Raw materials and consumables	197,102	190,136
Finished and unfinished goods	444,038	470,918
Goods purchased for resale	13,397	34,978
Total	**654,537**	**696,032**

Write-downs of € 8,756 thousand (prior year: € 4,640 thousand) were recognised on inventories, with the Sugar segment accounting for € 7,726 thousand (prior year: € 3,157 thousand) of this total. These impairment charges were attributable to a reduction in net realisable values of quota sugar and non-quota sugar at the balance sheet date.

Note (23)

9.7. Equity

- The share capital at the balance sheet date was € 113,531,275 (prior year: € 113,531,275), divided into 15,622,244 (prior year: 15,622,244) voting ordinary bearer shares without par value. All shares were fully paid.

- The movements in the Group’s equity are presented from page 100.

- The capital reserves (“share premium and other capital reserves”) consist of share premium (i.e., additional paid-in capital) and of reserves resulting from the reorganisation of companies. A capital increase was completed in the 2016|17 financial year. The resulting share premium of € 131,699,375, less the after-tax cost of € 2,301,471 of the capital increase, was added to the equity item “share premium and other capital reserves”. Taxes of € 767,157 related to the cost of the capital increase were deducted from share premium and other capital reserves. At the balance sheet date the amount of share premium and other capital reserves was € 540,759,999 (prior year: € 540,759,999).

- Retained earnings consist of the available-for-sale reserve and the reserves for cash flow hedges, actuarial gains and losses, investments in equity-accounted joint ventures, effects of consolidation-related foreign currency translation, and accumulated profits/losses for the period.

- The additional contributions by other shareholders of € 500 thousand represented the external share of a capital contribution in the AGRANA-STUDEN group.

- Changes in ownership interests and scope of consolidation, amounting to a deduction of € 73 thousand, resulted from the purchase of shares of non-controlling shareholders of the fully consolidated S.C. AGRANA Romania S.A., Bucharest, Romania.

Disclosures on capital management

A key goal of equity management is the maintenance of sufficient equity resources to safeguard the Company's continuing existence as a going concern and ensure continuity of dividends. Equity bore the following relationship to total capital:

€000	28 Feb 2018	28 Feb 2017
Total equity	1,453,997	1,411,888
Total assets	2,356,421	2,481,436
Equity ratio	**61.7%**	**56.9%**
Net debt	232,493	239,878
Gearing ratio	**16.0%**	**17.0%**

Capital management at AGRANA means the management of equity and of net debt. By optimising these two measures, the Company seeks to achieve the best possible shareholder returns. In addition to the equity ratio, the most important control variable is the gearing ratio (net debt divided by total equity). The total cost of equity and debt capital employed and the risks associated with the different types of capital are continuously monitored.

The sound equity base gives AGRANA strategic flexibility and also demonstrates the Group's financial stability and independence. In addition to its self-financing ability, AGRANA also has access to high, committed credit lines for its overall financing needs.

The approach to capital management was unchanged from the prior year.

Note (24)

9.8. Provisions

€000	28 Feb 2018	28 Feb 2017
Provisions for:		
Retirement benefits	27,400	31,118
Termination benefits	41,304	37,811
Other	50,944	63,352
Total	**119,648**	**132,281**

Note (24a)

a) Provisions for retirement and termination benefits

Provisions for retirement and termination benefits are measured in accordance with IAS 19, using the projected unit credit method and taking into account future trends on an actuarial basis. For both the retirement and termination benefit obligations, the plans are defined benefit plans.

The present values of the obligations, and the associated plan assets where applicable, were determined based on the following actuarial parameters:

%	28 Feb 2018	28 Feb 2017
Expected rate of wage and salary increases		
Austria and rest of Europe	3.3	2.5
Mexico/USA/South Korea	6.0 / 3.0 / 5.0	6.0 / 3.0 / 4.0
Expected rate of pension increases		
Austria	2.0	2.0
Mexico	6.0	4.0
Discount rate		
Austria, rest of Europe, and USA	1.7	1.6
Mexico/South Korea	7.5 / 3.4	8.0 / 2.3

A discount rate of 1.7% (prior year: 1.6%) was used in almost all cases in the determination of the provisions for pensions and termination benefits. The discount rate is based on the yield of high-quality corporate bonds with a duration matching the average weighted duration of the obligations.

The measurement process also involves other company-specific actuarial assumptions, such as the staff turnover rate. The current mortality tables recognised in the respective country are used as the biometric basis for the calculations – in Austria, this is the version of the computation tables by Pagler & Pagler specific to salaried employees ("AVÖ 2008-P-Rechnungsgrundlagen für die Pensionsversicherung").

Defined benefit plans

Pension plans in the AGRANA Group are based largely on direct defined benefit commitments. The amounts of the pension benefits are usually determined by length of service and by pensionable pay. Termination benefit plans exist mainly as a result of legal requirements or of obligations under collective agreements and the benefits represent one-time, lump sum payments. The amount of the termination benefits typically depends on final pay and length of service.

The provision in the balance sheet (the net liability) for pensions and termination benefits in the AGRANA Group represents the present value of the defined benefit obligation less the fair value of the plan assets:

€000	**28 Feb 2018**	**28 Feb 2017**
Pension plans		
Present value of defined benefit obligation	42,852	45,498
Fair value of plan assets	(15,452)	(14,380)
Pension provisions (net liability)	**27,400**	**31,118**
Termination benefit plans		
Present value of defined benefit obligation	42,758	39,033
Fair value of plan assets	(1,454)	(1,222)
Termination benefit provisions (net liability)	**41,304**	**37,811**

In connection with defined benefit pension commitments, the AGRANA Group's major plans are the following:

AGRANA Beteiligungs-AG has direct defined benefit commitments in respect of Management Board members for retirement, disability and survivor pensions based on a fixed percentage of a pension assessment base. All pension benefit obligations are transferred to and administered by an external pension fund. The present value of the obligation was € 21,533 thousand (prior year: € 22,126 thousand) and the plan assets amounted to € 14,659 thousand (prior year: € 13,630 thousand). Further detail is provided in the section "Related party disclosures" in these notes.

In addition, there were direct defined benefit commitments, including survivor benefits, in respect of retired former employees of AGRANA Zucker GmbH in the amount of € 17,021 thousand (prior year: € 19,061 thousand), of AGRANA Stärke GmbH in the amount of € 2,399 thousand (prior year: € 2,522 thousand) and of AUSTRIA JUICE GmbH in the amount of € 206 thousand (prior year: € 220 thousand). The present value of the obligation of AUSTRIA JUICE GmbH is offset by plan assets in the form of pension risk transfer insurance of € 155 thousand (prior year: € 158 thousand).

At AGRANA Fruit Austria GmbH there are pension commitments in respect of active employees for retirement, disability and survivor benefits with a contractual (in some cases length-of-service-dependent) fixed benefit amount, and direct obligations in respect of retired former employees, including survivor benefits. The present value of these obligations was € 1,009 thousand (prior year: € 991 thousand) and there were plan assets in the form of pension insurance of € 565 thousand (prior year: € 511 thousand).

In Mexico there is a contractual obligation in respect of a defined set of recipients in the event of retirement or early retirement to pay a fixed percentage of a specified pensionable pay base in monthly instalments for a period of ten years. Alternatively, the recipient may choose a lump sum payment. The present value of this obligation was € 684 thousand (prior year: € 578 thousand), with plan assets in the form of pension insurance of € 73 thousand (prior year: € 81 thousand).

The pension provisions showed the following movement:

€000	Present value of obligation	Fair value of plan assets	Pension provisions
2017|18			
At 1 March 2017	45,498	(14,380)	31,118
Service cost	595	0	595
Interest expense/(income)	740	(234)	506
Effects of plan curtailments and settlements	5	0	5
Taxes and administration cost	0	19	19
Total recognised in the income statement (net pension cost)	**1,340**	**(215)**	**1,125**
(Gains)/losses from:			
Actual return on plan assets	0	(807)	(807)
Changes in financial assumptions	(1,373)	0	(1,373)
Experience adjustments	342	0	342
Currency translation differences	(55)	8	(47)
Total remeasurement (gain) recognised in the statement of comprehensive income	**(1,086)**	**(799)**	**(1,885)**
Settlement payments	(5)	0	(5)
Benefits paid	(2,895)	345	(2,550)
Employer contributions to plan assets	0	(403)	(403)
Other movements	**(2,900)**	**(58)**	**(2,958)**
At 28 February 2018	**42,852**	**(15,452)**	**27,400**
2016|17			
At 1 March 2016	43,243	(13,141)	30,102
Service cost	547	0	547
Interest expense/(income)	785	(243)	542
Effects of plan curtailments and settlements	(22)	0	(22)
Taxes and administration cost	0	13	13
Total recognised in the income statement (net pension cost)	**1,310**	**(230)**	**1,080**
(Gains)/losses from:			
Actual return on plan assets	0	(860)	(860)
Changes in financial assumptions	886	0	886
Experience adjustments	2,819	0	2,819
Currency translation differences	(43)	6	(37)
Total remeasurement loss/(gain) recognised in the statement of comprehensive income	**3,662**	**(854)**	**2,808**
Settlement payments	(75)	75	0
Benefits paid	(2,642)	66	(2,576)
Employer contributions to plan assets	0	(296)	(296)
Other movements	**(2,717)**	**(155)**	**(2,872)**
At 28 February 2017	**45,498**	**(14,380)**	**31,118**

The AGRANA Group has the following main termination benefit plans:

The termination benefit plans most significant in amount exist in Austria and France. The plans represent legislated commitments to pay a lump sum benefit on termination of employment (unless terminated by the employee) and in the event of retirement or death. The amount of the benefit depends on final pay and length of service. Termination benefit obligations in Austria and France are funded solely by provisions, in the amount of € 39,469 thousand (prior year: € 35,845 thousand).

In Russia and Ukraine there are termination benefit commitments (either legislated or based on company-wide agreements) that are minor in amount. These are payable as a lump sum on termination of employment (unless terminated by the employee) or on retirement. The benefit amount depends on final pay and length of service. These commitments in the amount of € 127 thousand (prior year: € 118 thousand) are covered solely by provisions.

The termination benefit arrangements in the USA consist of contractual commitments in respect of a defined set of recipients, while the commitments in Mexico are legislated obligations to all permanent and full-time employees. In Mexico the termination benefit is paid if the employment relationship is terminated after 15 years or more of service, at retirement or in the event of disability or death. It takes the form of a lump sum in an amount that is based on final salary and length of service. In the USA, the benefit is paid on termination of employment and is based on final salary and length of service. In Mexico, plan assets of € 3 thousand (prior year: € 3 thousand) offset the present value of the obligation of € 134 thousand (prior year: € 125 thousand). In the USA, the commitments of € 1,136 thousand (prior year: € 1,274 thousand) are funded solely by provisions.

The present value of the obligation of the termination benefit plan for South Korea was € 1,892 thousand (prior year: € 1,671 thousand), while the plan assets amounted to € 1,451 thousand (prior year: € 1,219 thousand).

The termination benefit provisions showed the following movement:

€000	**Present value of obligation**	**Fair value of plan assets**	**Termination benefit provisions**
2017|18			
At 1 March 2017	39,033	(1,222)	37,811
Service cost	1,732	0	1,732
Interest expense/(income)	608	(26)	582
Taxes and administration cost	0	2	2
Total recognised in the income statement (net termination benefit cost)	**2,340**	**(24)**	**2,316**
Losses/(gains) from:			
Actual return on plan assets	0	11	11
Changes in demographic assumptions	328	0	328
Changes in financial assumptions	1,759	0	1,759
Experience adjustments	548	0	548
Currency translation differences	(392)	119	(273)
Total remeasurement loss recognised in the statement of comprehensive income	**2,243**	**130**	**2,373**
Benefits paid	(858)	21	(837)
Employer contributions to plan assets	0	(359)	(359)
Other movements	**(858)**	**(338)**	**(1,196)**
At 28 February 2018	**42,758**	**(1,454)**	**41,304**

€000	Present value of obligation	Fair value of plan assets	Termination benefit provisions
2016|17			
At 1 March 2016	37,874	(830)	37,044
Service cost	1,730	0	1,730
Interest expense/(income)	676	(22)	654
Taxes and administration cost	0	3	3
Total recognised in the income statement (net termination benefit cost)	**2,406**	**(19)**	**2,387**
Losses/(gains) from:			
Actual return on plan assets	0	8	8
Changes in demographic assumptions	(21)	0	(21)
Changes in financial assumptions	699	0	699
Experience adjustments	(14)	0	(14)
Currency translation differences	232	(109)	123
Total remeasurement loss/(gain) recognised in the statement of comprehensive income	**896**	**(101)**	**795**
Benefits paid	(2,143)	70	(2,073)
Employer contributions to plan assets	0	(342)	(342)
Other movements	**(2,143)**	**(272)**	**(2,415)**
At 28 February 2017	**39,033**	**(1,222)**	**37,811**

The year's actuarial result on pension and termination benefit provisions, which is recognised directly in equity as the item "changes in actuarial gains and losses on defined benefit pension obligations and similar liabilities", was an actuarial loss of € 493 thousand (prior year: actuarial loss of € 3,607 thousand). The movement resulted primarily from a change in the discount rate, experience adjustments, changes in growth assumptions for the pension assessment base and future salaries, changes in expected retirement age and assumed employee turnover rates. As of 28 February 2018, net cumulative actuarial losses of € 39,137 thousand (prior year: net cumulative losses of € 38,644 thousand) had been offset against retained earnings, not taking into account deferred taxes.

The experience adjustments reflect the impacts on the plan liabilities of differences between the actual movement in the plan obligation during the year and the assumptions made at the beginning of the year. Such differences arise, especially, from actual rates of wage and salary increases, changes in pension benefits, employee turnover and biometric variables such as disability and mortality.

Composition of plan assets

The plan assets consist primarily of investments in an external pension fund and of pension benefit insurance policies. The fundamental objective for the plan assets is to provide, at all times, full coverage of the payment obligations arising from the respective benefit plans. The plan assets include neither financial instruments issued by the Group nor owner-occupied property.

At the balance sheet date the plan assets were invested in the following asset categories:

%	28 Feb 2018	28 Feb 2017
Fixed income securities	38.19	35.73
Equity securities	36.74	34.30
Real estate	4.24	4.26
Other	20.83	25.71

Risks
Defined benefit plans are associated with various risks for the AGRANA Group. Besides general actuarial risks such as discount rate risk and longevity risk, these include the risk that actual outcomes will differ from actuarial assumptions such as rates of wage and salary growth, pension benefit trends, retirement age and employee turnover (early departures). Risks in connection with the plan assets are capital market risks, credit risks and investment risks. Other risks lie in exchange rate fluctuation and changes in inflation rates.

The rate of return on plan assets is assumed to equal the discount rate. If the actual rate of return on plan assets is less than the discount rate used, the respective net liability increases. The net liability is particularly strongly influenced by the discount rate, with the current low market interest rates contributing to a relatively high liability. A further decline in corporate bond yields would lead to a further increase in defined benefit liabilities that can only be off set to a small degree by the increase in market values of the corporate bonds in the plan assets.

Potential inflation risks that may lead to an increase in the defined benefit obligations lie, indirectly, in inflation-driven salary growth during active service and in inflation-induced pension benefit increases.

Duration and future payments
The average weighted duration of the present value of the pension obligations at 28 February 2018 was 12.10 years (prior year: 12.46 years) and that of the termination benefit obligations was 8.54 years (prior year: 8.63 years).

€ 817 thousand of contributions are expected to be paid into the plan assets in the subsequent reporting period (prior year: € 633 thousand).

The amounts of pension and termination benefit payments in the next ten years are expected to be as follows:

€000	**Pension benefits**	**Termination benefits**
Financial year		
2018|19	3,112	4,510
2019|20	3,072	3,254
2020|21	2,901	2,573
2021|22	2,870	4,345
2022|23	2,578	3,960
2023|24 to 2027|28	11,668	11,960
Total	**26,201**	**30,602**

Note (24b)

b) Other provisions

€000	**Recultivation**	**Staff costs including long-service awards**	**Uncertain liabilities**	**Total**
2017|18				
At 1 March 2017	7,833	17,411	38,108	63,352
Currency translation differences	214	(152)	(6)	56
Used	(829)	(7,105)	(19,287)	(27,221)
Released	(581)	(2,916)	(2,403)	(5,900)
Added	606	10,137	9,914	20,657
At 28 February 2018	**7,243**	**17,375**	**26,326**	**50,944**
Of which due within 1 year	0	3,109	26,228	29,337

The provisions for uncertain liabilities included, among other items, provisions for litigation risks of € 8,843 thousand (prior year: € 7,807 thousand), for costs of beet receiving, loading and storage of € 1,700 thousand (prior year: € 2,444 thousand), for onerous contracts of € 7,284 thousand (prior year: € 9,803 thousand) and a provision of € 0 thousand for tax liabilities in connection with a tax audit in Romania (prior year: € 11,701 thousand).

Of the non-current other provisions of € 21,607 thousand (prior year: € 19,898 thousand), an amount of € 11,358 thousand (prior year: € 10,000 thousand) represented provisions for long-service awards. These are payable under local company agreements or collective agreements and are based on length of service. Phased-retirement provisions of € 813 thousand (prior year: € 556 thousand) are expected to be used in outflows of funds in the next one to two years. For the majority of the non-current provisions of € 7,243 thousand (prior year: € 7,102 thousand) for recultivation, an outflow of funds is likely to occur in more than five years.

Note (25)

9.9. Borrowings

€000	28 Feb 2018	28 Feb 2017
Bank loans and overdrafts, and other loans from non-Group entities	219,591	203,814
Borrowings from affiliated companies in the Südzucker group	150,000	250,000
Finance lease liabilities	2,610	3,362
Borrowings	**372,201**	**457,176**
Of which due after more than 1 year	310,572	180,495

Details of bank loans and overdrafts are presented in sections 10.1. to 10.4.

At the balance sheet date, the bank loans and overdrafts were secured by liens. The liens related solely to collateral for export credits with underlying carrying amounts of € 7,800 thousand (prior year: € 7,800 thousand).

Note (26)

9.10. Trade and other payables

€000	28 Feb 2018	28 Feb 2017
Trade payables	256,380	312,637
Amounts due to affiliated companies in the Südzucker group and joint ventures	28,573	13,399
Payables from the acquisition of subsidiaries	10,021	13,329
Derivative liabilities	6,399	10,612
Liabilities to beet growers from production levy	3,196	0
Financial other payables	64,306	68,926
Financial instruments	**368,875**	**418,903**
Payables: deferred income	2,386	3,323
Payables: prepayments	284	410
Payables: other tax	10,581	14,729
Payables: social security	6,926	6,855
Total	**389,052**	**444,220**
Of which due after more than 1 year	10,832	14,211

Trade payables included obligations to beet growers of € 60,388 thousand (prior year: € 109,115 thousand).

Financial other payables included, among other items, liabilities to employees and payroll liabilities.

Note (27)

9.11. Deferred tax liabilities

Deferred tax liabilities were attributable to balance sheet items as follows:

€000	28 Feb 2018	28 Feb 2017
Deferred tax liabilities		
Non-current assets	16,881	23,009
Inventories	4	38
Receivables and other assets	3,220	4,771
Untaxed reserves in separate financial statements	2,145	2,214
Provisions and other liabilities	2,384	2,157
Total deferred tax liabilities	**24,634**	**32,189**
Deferred tax assets offset against deferred tax liabilities relating to the same tax authority	(16,922)	(19,087)
Net deferred tax liabilities	**7,712**	**13,102**

Deferred tax assets are detailed in note 21.

10. Notes on financial instruments

10.1. Investment and credit transactions (non-derivative financial instruments)

To cover its overall funding needs, the AGRANA Group, in addition to its self-financing capability, has access to syndicated credit lines and bilateral credit lines from banks.

Financial instruments are generally procured centrally and distributed Group-wide. The principal aims of obtaining financing are to achieve sustained growth in enterprise value, safeguard the Group’s credit quality and ensure its liquidity.

To manage the seasonally fluctuating cash flows, the AGRANA Group in the course of its day-to-day financial management uses conventional investments (demand deposits, time deposits and securities) and borrowings (in the form of overdrafts, short-term funds and fixed rate loans).

	Average effective interest rate	At balance sheet date	Of which due in		
			Up to 1 year	1 to 5 years	More than 5 years
	%	€000	€000	€000	€000
28 February 2018					
Fixed rate					
EUR	1.69	262,268	7,438	145,360	109,470
	1.69	**262,268**	**7,438**	**145,360**	**109,470**
Variable rate					
ARS	30.03	256	205	51	0
EGP	8.50	233	233	0	0
EUR	0.54	99,903	44,383	55,520	0
HUF	2.00	2,442	2,442	0	0
INR	9.75	252	252	0	0
KRW	3.17	2,257	2,257	0	0
USD	2.25	1,980	1,980	0	0
	0.77	**107,323**	**51,752**	**55,571**	**0**
Total	**1.42**	**369,591**	**59,190**	**200,931**	**109,470**

	Average effective interest rate	At balance sheet date	Of which due in Up to 1 year	1 to 5 years	More than 5 years
	%	€000	€000	€000	€000
28 February 2017					
Fixed rate					
EUR	2.63	284,086	113,650	78,436	92,000
	2.63	**284,086**	**113,650**	**78,436**	**92,000**
Variable rate					
ARS	20.13	1,319	1,181	138	0
EGP	8.50	87	87	0	0
EUR	1.05	157,670	150,590	7,080	0
HUF	1.70	6,196	6,196	0	0
KRW	2.87	3,014	3,014	0	0
USD	2.25	1,442	1,442	0	0
	1.26	**169,728**	**162,510**	**7,218**	**0**
Total	**2.12**	**453,814**	**276,160**	**85,654**	**92,000**

Borrowings (excluding finance leases) consisted of bank loans and overdrafts, and borrowings from affiliated companies in the Südzucker group, in a total amount of € 369,591 thousand (prior year: € 453,814 thousand).

The weighted average interest rate paid on these credits was 1.42% (prior year: 2.12%), with a remaining maturity of 4.0 years (prior year: 2.0 years).

The credit funding of the AGRANA Group consisted primarily of two syndicated credit lines totalling € 450,000 thousand at the balance sheet date (prior year: € 450,000 thousand), a Schuldscheindarlehen (bonded loan) of € 42,500 thousand (prior year: € 126,000 thousand) and a financing from Südzucker AG, Mannheim, Germany, in the amount of € 150,000 thousand (prior year: € 250,000 thousand). The rest of the credit funding consisted of bilateral credit lines.

The fixed interest portion of bank loans and overdrafts and amounts due to affiliated companies was € 262,268 thousand (prior year: € 284,086 thousand). The fair values (i.e., market values) of the variable rate bank loans and overdrafts are equivalent to their carrying amounts. At the balance sheet date, bank loans and overdrafts in the amount of € 7,800 thousand (prior year: € 7,800 thousand) were secured by other liens.

Cash and cash equivalents decreased by € 77,468 thousand from the prior year to a new total of € 120,961 thousand. In addition, securities in the amount of € 44 thousand (prior year: € 43 thousand) were held as current assets; these were categorised as held-for-trading.

10.2. Derivative financial instruments

To hedge part of the risks arising from its operating activities (risks due to movements in interest rates, foreign exchange rates and raw material prices), the AGRANA Group to a limited extent uses derivative financial instruments. AGRANA employs derivatives largely to hedge the following exposures:

- Interest rate risks, which can arise from floating rate borrowings.
- Currency risks, which may arise primarily from the purchase and sale of products in US dollars and Eastern European currencies and from finance in foreign currencies.
- Market price risks, arising especially from changes in commodity prices for sugar in the world market, grain prices, and selling prices for sugar and ethanol.

The Group employs only conventional derivatives for which there is a sufficiently liquid market (for example, interest rate swaps, interest rate options, caps, forward foreign exchange contracts, currency options or commodity futures). The use of these instruments is governed by Group policies under the Group's risk management system. These policies prohibit the speculative use of derivative financial instruments, set ceilings appropriate to the underlying transactions, define authorisation procedures, minimise credit risks, and specify internal reporting rules and the organisational separation of risk-taking and risk oversight. Adherence to these standards and the proper processing and valuation of transactions are regularly monitored by an internal department whose independence is ensured by organisational separation from risk origination.

The notional amounts and market values (fair values) of the derivative financial instruments held by the AGRANA Group were as follows:

Purchase	Sale	Notional amount	Positive fair values	Negative fair values	Net fair value
		€000	€000	€000	€000
28 February 2018					
AUD	EUR	3,403	20	(5)	15
CAD	EUR	149	0	(7)	(7)
CZK	EUR	46,102	210	(17)	193
EUR	AUD	6,273	92	(22)	70
EUR	CZK	24,219	0	(88)	(88)
EUR	GBP	183	0	(3)	(3)
EUR	HUF	8,873	62	(3)	59
EUR	MXN	12,985	151	(7)	144
EUR	PLN	2,139	2	(5)	(3)
EUR	RON	71,421	27	(400)	(373)
EUR	RUB	1,600	7	(17)	(10)
EUR	USD	89,726	2,652	(113)	2,539
EUR	ZAR	4,110	0	(656)	(656)
HUF	EUR	479	0	(2)	(2)
MXN	EUR	5,673	2	0	2
PLN	EUR	23,852	218	(18)	200
RON	EUR	17,316	96	0	96
USD	AUD	1,971	9	(44)	(35)
USD	EUR	19,336	64	(1,095)	(1,031)
Currency derivatives		**339,810**	**3,612**	**(2,502)**	**1,110**
Interest swap		118,000	185	(2,491)	(2,306)
Interest cap		50,000	8	0	8
Sugar futures		2,177	399	0	399
Wheat and corn futures		23,564	85	(1,406)	(1,321)
Total		**533,551**	**4,289**	**(6,399)**	**(2,110)**

Purchase	Sale	Notional amount	Positive fair values	Negative fair values	Net fair value
		€000	€000	€000	€000
28 February 2017					
AUD	EUR	1,370	25	(1)	24
CZK	EUR	41,747	0	(329)	(329)
EUR	AUD	6,818	1	(282)	(281)
EUR	CZK	13,455	116	0	116
EUR	GBP	215	0	(1)	(1)
EUR	HUF	18,561	0	(212)	(212)
EUR	MXN	6,367	0	(413)	(413)
EUR	PLN	962	0	(8)	(8)
EUR	RON	107,598	0	(203)	(203)
EUR	RUB	2,900	0	(417)	(417)
EUR	USD	163,018	108	(3,310)	(3,202)
EUR	ZAR	2,992	0	(352)	(352)
HUF	EUR	7,353	71	0	71
MXN	EUR	1,719	100	0	100
PLN	EUR	28,703	94	(154)	(60)
RON	EUR	43,639	87	0	87
USD	AUD	699	0	(19)	(19)
USD	EUR	67,655	719	(196)	523
Currency derivatives		**515,771**	**1,321**	**(5,897)**	**(4,576)**
Interest swap		68,000	0	(4,052)	(4,052)
Interest cap		50,000	22	0	22
Sugar futures		21,779	513	(260)	253
Wheat and corn futures		15,116	0	(403)	(403)
Total		**670,666**	**1,856**	**(10,612)**	**(8,756)**

The currency derivatives and commodity derivatives are used to hedge cash flows over periods of up to one year; the interest rate derivatives serve to hedge cash flows for periods of one to five years.

The notional amount of the derivatives represents the face amount of all hedges, translated into euros as the Group currency.

The fair value of a derivative is the amount which the AGRANA Group would have to pay or would receive at the balance sheet date in the hypothetical event of early termination of the hedge position. As the hedging transactions involve only standardised, fungible financial instruments, fair value is determined on the basis of quoted market prices.

Fair value changes of derivatives employed to hedge future cash flows (cash flow hedges) are initially recognised directly in equity. Only when the cash flows are realised are the value changes recognised in profit or loss. At 28 February 2018 there were cash flow hedges with positive fair values of € 803 thousand (prior year: € 314 thousand) and cash flow hedges with negative fair values of € 1,417 thousand (prior year: € 1,480 thousand).

The value changes of those derivative positions to which cash flow hedge accounting is not applied are recognised in profit or loss. The hedging transactions were carried out both to hedge sales revenue and raw material costs for the juice activities, and to hedge sales contracts in the Sugar segment.

The table below shows the periods in which the cash outflows are expected to occur, as well as the carrying amounts of the hedging instruments:

			Contractual cash outflows							
€000	Carrying amount	Total	Up to 3 m	4 to 6 m	7 to 12 m	1 to 2 y	2 to 3 y	3 to 4 y	4 to 5 y	More than 5 y
28 February 2018										
Currency derivatives										
Positive fair values	3,612	3,612	3,269	205	138	0	0	0	0	0
Negative fair values	(2,502)	(2,502)	(1,474)	(74)	(954)	0	0	0	0	0
Interest rate derivatives										
Positive fair values	193	201	42	0	0	42	42	42	33	0
Negative fair values	(2,491)	(2,580)	(676)	0	(1,035)	(869)	0	0	0	0
Commodity derivatives										
Positive fair values	484	484	292	124	68	0	0	0	0	0
Negative fair values	(1,406)	(1,406)	(1,406)	0	0	0	0	0	0	0
Total	**(2,110)**	**(2,191)**	**47**	**255**	**(1,783)**	**(827)**	**42**	**42**	**33**	**0**
28 February 2017										
Currency derivatives										
Positive fair values	1,321	1,321	973	146	202	0	0	0	0	0
Negative fair values	(5,897)	(5,897)	(3,938)	(1,168)	(791)	0	0	0	0	0
Interest rate derivatives										
Positive fair values	22	0	0	0	0	0	0	0	0	0
Negative fair values	(4,052)	(3,855)	(384)	(384)	(768)	(1,536)	(783)	0	0	0
Commodity derivatives										
Positive fair values	513	513	37	245	231	0	0	0	0	0
Negative fair values	(663)	(663)	(373)	(30)	(260)	0	0	0	0	0
Total	**(8,756)**	**(8,581)**	**(3,685)**	**(1,191)**	**(1,386)**	**(1,536)**	**(783)**	**0**	**0**	**0**

In terms of sensitivities, the net combined fair value of the derivative positions held at 28 February 2018 would have changed as follows given a reduction or increase of a half percentage point in the market interest rate, an appreciation or depreciation of 10% in the relevant currencies against the euro, and a reduction or increase of 10% in the prices of wheat, corn and sugar:

	Notional amount		Sensitivity (+)		Sensitivity (–)	
€000	28 Feb 2018	28 Feb 2017	28 Feb 2018	28 Feb 2017	28 Feb 2018	28 Feb 2017
Currency derivatives	339,810	515,771	8,890	11,610	(10,866)	(14,189)
Interest rate derivatives	168,000	118,000	1,496	1,756	(4,333)	(1,560)
Commodity derivatives	25,741	36,895	1,609	2,172	(2,913)	(1,716)

The effect of the changes in fair value on equity, including the tax effect, would have been, for the increase in rates and prices, an equity increase of € 1,437 thousand (prior year: increase of € 2,857 thousand) and for the decrease in rates and prices, an equity decrease of € 2,457 thousand (prior year: decrease of € 2,716 thousand). The effect of the fair value changes on profit before tax would have been, for the increase in rates and prices, a profit increase of € 10,079 thousand (prior year: increase of € 11,728 thousand) and for the decrease in rates and prices, a profit decrease of € 14,836 thousand (prior year: decrease of € 13,843 thousand).

10.3. Additional disclosures on financial instruments

Carrying amounts and fair values of financial instruments
Set out in the table below are the carrying amounts and fair values of the Group's financial assets and liabilities, both by individual item type and by measurement category. The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The table below also shows how the fair values were determined, broken down by category of financial instrument. The fair value measurements were classified into three categories according to how closely the inputs used were based on quoted market data:

The three levels were defined as follows:

- Level 1 consists of those financial instruments for which the fair value represents exchange or market prices quoted for the exact instrument on an active market (i.e., these prices are used without adjustment or change in composition).

- In Level 2, the fair values are determined on the basis of exchange or market prices quoted on an active market for similar assets or liabilities, or using other valuation techniques for which the significant inputs are based on observable market data.

- Level 3 consists of those financial instruments for which the fair values are determined on the basis of valuation techniques using significant inputs that are not based on observable market data.

The fair value of Level 2 currency derivatives is measured based on the exchange rate at the balance sheet date and the underlying currencies' interest rate differential relevant for the remaining maturity. The mark-to-market price is determined and compared with the price of the hedged item or transaction. The input factors for this are the reference rates of the ECB (daily fixing) or selected national central banks, and the daily EURIBOR and LIBOR/IBOR rates.

For Level 2 interest rate derivatives, the measurement of fair value involves comparing the fixed interest rate with the swap rates as at the balance sheet date or with the yield curve relevant for the maturity. The fair value is obtained from a separate calculation provided by banking institutions.

In measuring the fair values of bank loans and overdrafts, other loans from non-Group entities, and borrowings from affiliated companies in the Südzucker group in Level 2, the terms agreed in the existing financing contracts, such as the remaining maturity and interest rate, are compared with the current market terms available at the balance sheet date for new financings with the same remaining maturity. The interest rate differential identified in this comparison determines the difference between the carrying amount and fair value.

	Carrying amount							Fair value			
€000	Available-for-sale	Available-for-sale (at cost)	Held for trading	Fair value of hedging instruments	Loans and receivables	At amortised cost	Total	Level 1	Level 2	Level 3	Total
28 February 2018											
Financial assets at fair value											
Securities (non-current)	17,812	0	0	0	0	0	**17,812**	13,361	–	4,451	**17,812**
Derivative financial assets	0	0	3,486	803	0	0	**4,289**	484	3,805	–	**4,289**
Securities (current)	44	0	0	0	0	0	**44**	44	–	–	**44**
	17,856	**0**	**3,486**	**803**	**0**	**0**	**22,145**				
Financial assets not at fair value											
Securities (non-current)	0	891	0	0	0	0	**891**	–	–	–	**–**
Investments in non-consolidated subsidiaries and outside companies	0	894	0	0	0	0	**894**	–	–	–	**–**
Trade receivables	0	0	0	0	308,294	0	**308,294**	–	308,294	–	**308,294**
Financial other receivables[1]	0	0	0	0	43,572	0	**43,572**	–	43,572	–	**43,572**
Cash and cash equivalents	0	0	0	0	120,961	0	**120,961**	–	120,961	–	**120,961**
	0	**1,785**	**0**	**0**	**472,827**	**0**	**474,612**				
Financial liabilities at fair value											
Derivative liabilities	0	0	4,982	1,417	0	0	**6,399**	1,406	4,993	–	**6,399**
	0	**0**	**4,982**	**1,417**	**0**	**0**	**6,399**				
Financial liabilities not at fair value											
Bank loans and overdrafts, and other loans from non-Group entities	0	0	0	0	0	219,591	**219,591**	–	219,008	–	**219,008**
Borrowings from affiliated companies in the Südzucker group	0	0	0	0	0	150,000	**150,000**	–	150,425	–	**150,425**
Lease liabilities	0	0	0	0	0	2,610	**2,610**	–	2,654	–	**2,654**
Trade payables	0	0	0	0	0	256,380	**256,380**	–	256,380	–	**256,380**
Financial other payables[2]	0	0	0	0	0	106,096	**106,096**	–	106,096	–	**106,096**
	0	**0**	**0**	**0**	**0**	**734,677**	**734,677**				

[1] Excluding other tax receivables and positive fair values of derivatives, and excluding those prepaid expenses and accrued income not resulting in a cash inflow.
[2] Excluding payables from other tax, social security, negative fair values of derivatives, customer prepayments, and deferred income.

€000	Carrying amount: Available-for-sale	Carrying amount: Available-for-sale (at cost)	Carrying amount: Held for trading	Carrying amount: Fair value of hedging instruments	Carrying amount: Loans and receivables	Carrying amount: At amortised cost	Carrying amount: Total	Fair value: Level 1	Fair value: Level 2	Fair value: Level 3	Fair value: Total
28 February 2017											
Financial assets at fair value											
Securities (non-current)	17,936	0	0	0	0	0	**17,936**	13,538	–	4,398	**17,936**
Derivative financial assets	0	0	1,542	314	0	0	**1,856**	513	1,343	–	**1,856**
Securities (current)	43	0	0	0	0	0	**43**	43	–	–	**43**
	17,979	**0**	**1,542**	**314**	**0**	**0**	**19,835**				
Financial assets not at fair value											
Securities (non-current)	0	890	0	0	0	0	**890**	–	–	–	**–**
Investments in non-consolidated subsidiaries and outside companies	0	1,051	0	0	0	0	**1,051**	–	–	–	**–**
Trade receivables	0	0	0	0	317,397	0	**317,397**	–	317,397	–	**317,397**
Financial other receivables[1]	0	0	0	0	41,535	0	**41,535**	–	41,535	–	**41,535**
Cash and cash equivalents	0	0	0	0	198,429	0	**198,429**	–	198,429	–	**198,429**
	0	**1,941**	**0**	**0**	**557,361**	**0**	**559,302**				
Financial liabilities at fair value											
Derivative liabilities	0	0	9,132	1,480	0	0	**10,612**	663	9,949	–	**10,612**
	0	**0**	**9,132**	**1,480**	**0**	**0**	**10,612**				
Financial liabilities not at fair value											
Bank loans and overdrafts, and other loans from non-Group entities	0	0	0	0	0	203,814	**203,814**	–	206,046	–	**206,046**
Borrowings from affiliated companies in the Südzucker group	0	0	0	0	0	250,000	**250,000**	–	258,546	–	**258,546**
Lease liabilities	0	0	0	0	0	3,362	**3,362**	–	3,529	–	**3,529**
Trade payables	0	0	0	0	0	312,637	**312,637**	–	312,637	–	**312,637**
Financial other payables[2]	0	0	0	0	0	95,654	**95,654**	–	95,654	–	**95,654**
	0	**0**	**0**	**0**	**0**	**865,467**	**865,467**				

[1] Excluding other tax receivables and positive fair values of derivatives, and excluding those prepaid expenses and accrued income not resulting in a cash inflow.
[2] Excluding payables from other tax, social security, negative fair values of derivatives, customer prepayments, and deferred income.

The fair values of financial instruments were determined on the basis of the market information available at the balance sheet date and using the methods and assumptions outlined below.

Securities held as non-current and current assets include available-for-sale securities. These are measured at current securities exchange prices or market value. Non-current securities (equity instruments) classified as available-for-sale for which no reliable market data are available and for which the fair value could therefore not be reliably determined are measured at cost. The total amount of non-current securities valued at cost is non-material for the Group.

Available-for-sale investments in non-consolidated subsidiaries and outside companies are measured at cost. These are non-fully-consolidated investments in subsidiaries and interests in non-listed companies for which it was chosen not to determine fair values using discounted future cash flows because this item is of minor significance for the Group.

As a result of the short maturities of the trade receivables, other financial assets and cash and cash equivalents, their fair values are assumed to be equivalent to their carrying amounts.

The positive and negative fair values of commodity derivatives relate partly to cash flow hedges. For the interest rate hedges, the fair values are determined on the basis of discounted future cash flows. Forward foreign exchange contracts are measured on the basis of reference rates, taking into account forward premiums or discounts. The fair values of interest rate derivatives are obtained from the bank confirmations as at the balance sheet date. These fair values represent the present values of the future interest payments based on the yield curves used. The fair values of commodity derivatives are based on official quotations on futures exchanges. The market rates (fair values) of currency derivatives are based on the forward rates determined by AGRANA as at the balance sheet date and on the hedged exchange rates. The interest rates and exchange rates used for the determination of the forward rates are based on the reference rates published by the ECB or the national central banks. In some cases, as a result of differences in interest rates, the fair values determined by the Group may differ to an insignificant extent from the fair values calculated by the commercial banks that issue the bank confirmations.

For trade payables and current financial other payables, it is assumed in view of the short maturities that the fair values equal the carrying amounts. The fair value of fixed interest liabilities is calculated as the present value of expected future cash flows. For variable rate liabilities, the fair value equals the carrying amount.

The net gains and losses on financial instruments are presented by measurement category in the following table:

€000	**2017|18**	**2016|17**
Available-for-sale (at cost)	0	0
Held for trading	5,599	(1,100)
Loans and receivables	44	1,596
At amortised cost	(12,079)	3,962
Net (loss)/gain on financial instruments	**(6,436)**	**4,458**

The change in fair values of available-for-sale securities was recognised in other comprehensive income at an increase of € 63 thousand before tax (prior year: increase of € 131 thousand) and at a tax expense of € 5 thousand (prior year: tax expense of € 25 thousand).

The total interest income and expense on financial assets and financial liabilities not measured at fair value through profit or loss was as follows:

€000	**2017|18**	**2016|17**
Total interest income	2,613	2,861
Total interest expense	(7,723)	(10,583)
Net interest expense	**(5,110)**	**(7,722)**

10.4. Risk management in the AGRANA Group

The AGRANA Group is exposed to market price risks through changes in exchange rates, interest rates and security prices. In the Group's operating activities, price risks arise largely from the costs of raw materials (mainly sugar beet, sugar purchased in the world market, grains, potatoes, and fruit) and energy, and from selling prices of sugar, starch, ethanol and fruit products. In addition, the Group is exposed to credit risks, associated especially with trade receivables.

AGRANA uses an integrated system for the early identification and monitoring of risks relevant to the Group. The Group's proven approach to risk management is guided by the aim of balancing risks and returns. The Group's risk culture is characterised by risk-aware behaviour, clearly defined responsibilities, independent risk control, and the implementation of internal control systems.

AGRANA regards the responsible management of business risks and opportunities as an important part of sustainable, value-driven corporate governance. Risk management thus forms an integral part of the entire planning, management and reporting process and is directed by the Management Board. The parent company and all subsidiaries employ risk management systems that are tailored to their respective operating activity. The systems' purpose is the methodical identification, assessment, control and documenting of risks.

In a three-pronged approach, risk management at the AGRANA Group is based on risk control at the operational level, on strategic control of Group companies by the Group, and on an internal monitoring system delivered by the Group's internal audit department. In addition, emerging trends that could develop into threats to the viability of the AGRANA Group as a going concern are identified and analysed at an early stage and continually re-evaluated as part of the risk management process.

Credit risk

Credit risk is the risk of an economic loss as a result of a counterparty's failure to honour its payment obligations. Credit risk includes both the risk of a deterioration in customers' or other counterparties' credit quality, and the risk of their immediate default.

The trade receivables of the AGRANA Group are largely with the food, chemical and retail industries. Credit risk in respect of trade receivables is managed on the basis of internal standards and guidelines. Thus, a credit analysis is generally conducted for new customers. The Group also uses credit insurance and security such as bank guarantees.

For the residual risk from trade receivables, the Group establishes provisions for impairment.

The net carrying amount of trade receivables after provisions for impairment is determined as follows:

€000	28 Feb 2018	28 Feb 2017
Carrying amount of trade receivables, gross	315,537	325,182
Provisions for impairment of trade receivables	(7,243)	(7,785)
Carrying amount, net	**308,294**	**317,397**

The provision for impairment of trade receivables showed the following movements:

€000	28 Feb 2018	28 Feb 2017
Provision at 1 March	7,785	8,080
Currency translation adjustments/other change	(186)	33
Added	1,628	1,315
Used	(945)	(611)
Released	(1,039)	(1,032)
Provision at 28 February	**7,243**	**7,785**

The released amount of the provision included interest income of € 16 thousand (prior year: € 15 thousand).

Receivables are as a rule individually reviewed for their collectability and measured on the basis of estimated future cash flows.

The maximum exposure from trade receivables is equivalent to the carrying amount of the trade receivables.

The table below provides information on the credit risks in respect of trade receivables. The maturity profile of trade receivables was as follows:

€000	28 Feb 2018	28 Feb 2017
Trade receivables past due and with no impairment provided:		
Up to 30 days	26,609	24,479
31 to 90 days	7,662	4,040
More than 90 days	2,758	2,362
Total	**37,029**	**30,881**

The assets which are neither past due nor impaired relate to customers with excellent credit ratings.

The maximum exposure of € 458,566 thousand (prior year: € 483,098 thousand) to credit risk consisted of the carrying amounts of all receivables and other current assets plus contingent liabilities, and was equivalent to the carrying amount of these instruments.

The credit risk on trade receivables, net of credit insurance, bank guarantees and other security (net credit risk), was as follows:

€000	28 Feb 2018	28 Feb 2017
Trade receivables	308,294	317,397
Less credit insurance and other security	(251,468)	(240,251)
Net credit risk	**56,826**	**77,146**

AGRANA maintains business relationships with many large international industrial customers having excellent credit ratings.

Liquidity risk
Liquidity risk is the risk that a company will not be able to meet its financial obligations when due or in sufficient measure.

The AGRANA Group generates liquidity with its business operations and from external financing. The funds are used to fund working capital, investment and business acquisitions.

In order to ensure the Group's solvency at all times and safeguard its financial flexibility, a liquidity reserve is maintained in the form of credit lines and, to the extent necessary, of cash.

To manage the seasonally fluctuating cash flows, both short-term and long-term finance is raised in the course of day-to-day financial management.

At the balance sheet date the Group had credit lines with a total limit of € 916,228 thousand (prior year: € 1,011,373 thousand). The weighted average remaining maturity of the credit lines at the balance sheet date was 2.9 years (prior year: 2.8 years).

The following maturity profile shows the effects of the cash outflows from liabilities as at 28 February 2018 on the Group's liquidity situation. All cash outflows are undiscounted.

			Contractual cash outflows							
€000	**Carrying amount**	**Total**	**Up to 3 m**	**4 to 6 m**	**7 to 12 m**	**1 to 2 y**	**2 to 3 y**	**3 to 4 y**	**4 to 5 y**	**More than 5 y**
28 February 2018										
Non-derivative financial payables										
Bank loans and overdrafts, and other loans from non-Group entities	219,591	227,569	9,286	16,083	1,461	50,425	6,150	6,267	112,764	25,133
Borrowings from affiliated companies in the Südzucker group	150,000	158,973	36,107	326	641	32,053	1,293	1,293	1,293	85,967
Trade payables	256,380	256,380	223,500	10,568	22,312	0	0	0	0	0
Trade payables and amounts due to affiliated companies in the Südzucker group and joint ventures	28,573	28,573	27,896	0	677	0	0	0	0	0
Finance lease liabilities	2,610	2,666	104	2,278	82	164	38	0	0	0
Financial other payables	77,523	77,523	49,348	3,936	13,407	4,857	5,370	69	69	467
	734,677	**751,684**	**346,241**	**33,191**	**38,580**	**87,499**	**12,851**	**7,629**	**114,126**	**111,567**
Derivative financial payables										
Interest rate derivatives	2,491	2,580	676	0	1,035	869	0	0	0	0
Currency derivatives	2,502	2,502	1,474	74	954	0	0	0	0	0
Commodity derivatives	1,406	1,406	1,406	0	0	0	0	0	0	0
	6,399	**6,488**	**3,556**	**74**	**1,989**	**869**	**0**	**0**	**0**	**0**

€000	Carrying amount	Total	Contractual cash outflows Up to 3 m	4 to 6 m	7 to 12 m	1 to 2 y	2 to 3 y	3 to 4 y	4 to 5 y	More than 5 y
28 February 2017										
Non-derivative financial payables										
Bank loans and overdrafts, and other loans from non-Group entities	203,814	209,072	129,873	8,422	4,943	10,734	47,169	423	440	7,068
Borrowings from affiliated companies in the Südzucker group	250,000	261,780	35,002	0	103,469	2,053	31,407	1,293	1,293	87,263
Trade payables	312,637	312,637	288,502	22,238	1,897	0	0	0	0	0
Trade payables and amounts due to affiliated companies in the Südzucker group and joint ventures	13,399	13,399	12,657	1	741	0	0	0	0	0
Finance lease liabilities	3,362	3,594	143	143	286	2,649	373	0	0	0
Financial other payables	82,255	82,255	54,288	3,624	10,132	424	5,812	7,552	18	405
	865,467	**882,737**	**520,465**	**34,428**	**121,468**	**15,860**	**84,761**	**9,268**	**1,751**	**94,736**
Derivative financial payables										
Interest rate derivatives	4,052	3,855	384	384	768	1,536	783	0	0	0
Currency derivatives	5,897	5,897	3,938	1,168	791	0	0	0	0	0
Commodity derivatives	663	662	372	30	260	0	0	0	0	0
	10,612	**10,414**	**4,694**	**1,582**	**1,819**	**1,536**	**783**	**0**	**0**	**0**

The undiscounted cash outflows as presented are based on the assumption that repayment of liabilities is applied to the earliest maturity date. Interest payments on floating rate financial instruments are determined by reference to the most recent prevailing rates.

Currency risk

The Group's international business operations expose AGRANA to foreign exchange risks from financing and financial investment, from trade receivables and trade payables and from future foreign currency cash flows under purchasing and sales contracts. To measure and control these risks, the AGRANA Group uses Value-at-Risk based on the variance-covariance approach at a 95% confidence level. This involves the measurement of the various currency pairs at the given volatilities and takes into account the correlations between them. The result is stated as diversified Value-at-Risk:

€000	Value-at-Risk 28 Feb 2018	Value-at-Risk 28 Feb 2017
Sum of absolute net positions of the currency pairs	107,863	125,566
Value-at-Risk diversified	**7,342**	**8,373**

The following table gives the foreign currency position by currency pair of the Value-at-Risk calculation. The individual values include both the financing activities and the operating business. This combined presentation allows the quantification of the interactions between these two spheres for each currency pair (natural hedging).

€000	Foreign-currency position 28 Feb 2018	Foreign-currency position 28 Feb 2017
Currency pair		
EUR/ARS	7,223	4,611
EUR/CZK	1,045	18,147
EUR/HUF	3,411	19,186
EUR/PLN	6,169	2,092
EUR/RON	23,483	22,135
EUR/RUB	23,120	18,486
EUR/USD	9,432	7,234
USD/BRL	3,075	7,664
USD/CNY	4,443	5,156
USD/MXN	7,498	2,426
Other	18,964	18,429
Total	**107,863**	**125,566**

Most of the Group's foreign exchange risk arises in the operating business, when revenues or costs are denominated in a currency other than that of the related costs or revenues, respectively The AGRANA Group's currency risk from financing arises from borrowings and financial investments not denominated in the local currency of the respective company.

The total foreign currency positions of € 107,863 thousand (prior year: € 125,566 thousand) related primarily to Romania, Russia, Argentina and Mexico as well as a US dollar position in the euro area, and represented a Value-at-Risk of € 7,342 thousand (prior year: € 8,373 thousand).

In the Sugar segment, Group companies based in the European Union whose local currency is not the euro are exposed to sugar-regime-induced foreign exchange risk between the euro and their respective local currency, as the beet prices for a given campaign are set in euros EU-wide. The subsidiaries in Romania and Hungary are subject to additional currency risk from raw sugar purchases in US dollars, and some companies are exposed to currency risk from sales of non-quota sugar in US dollars.

In the Starch segment, foreign exchange risks arise from borrowings not denominated in local currency.

In the Fruit segment, foreign exchange risks arise when revenue and materials costs are in foreign currency rather than local currency. In addition, risks arise from borrowings not denominated in local currency.

Interest rate risk
The AGRANA Group is exposed to interest rate risks primarily in the euro zone.

Risks from potential changes in interest rates are reported on an "at risk" basis. AGRANA distinguishes between Cash-Flow-at-Risk (CFaR) for variable rate borrowings and Value-at-Risk (VaR) for changes in market interest rates on fixed rate borrowings.

CFaR: An increase in interest rates would cause an increase in funding costs from variable rate borrowings. The CFaR analysis is based on the volatilities of the individual funding currencies and the correlations between them.

VaR: The analysis examines the implied risk from a decrease in interest rates, as existing fixed rate borrowings would continue to incur interest costs at a constant rate instead of following the market trend. The different maturities of fixed interest borrowings are taken into account through weighted present values and a potential change in variable interest rates under the modified duration approach.

The CFaR and VaR from borrowings were as follows:

€000	28 Feb 2018	28 Feb 2017
Net floating rate borrowings	109,931	173,090
Cash-Flow-at-Risk diversified	**180**	**429**
Net fixed rate borrowings	254,830	181,936
Value-at-Risk upon change in interest rates	**11,436**	**8,113**

The floating rate borrowings are subject to interest rate risk. To hedge against this risk, interest rate swaps were entered into for a portion of the borrowings, thus achieving fixed interest rates on this portion.

Commodity price risks
AGRANA's business activities expose it to market price risk from purchases of commodities and the sale of finished products (ethanol). This is particularly true in the production of bioethanol, where the most important cost factors by far are the prices of the main inputs, corn and wheat. To a lesser but still significant extent, the Sugar segment has exposure to the purchase prices of raw sugar.

At the balance sheet date the Group had open commodity derivative contracts for the purchase of 2,845 tonnes of raw sugar (prior year: 32,514 tonnes), the purchase of 112,900 tonnes of wheat for the Austrian bioethanol production operations (prior year: 82,750 tonnes), and the purchase of 20,650 tonnes of corn (prior year: 0 tonnes), and for the sale of 3,250 tonnes of corn (prior year: 3,800 tonnes) and the sale of 500 tonnes of white sugar (prior year: 17,850 tonnes). These positions represented an aggregate contract amount of € 24,494 thousand (prior year: € 36,895 thousand) and, based on the underlying closing prices, had a combined net negative fair value of € 922 thousand (prior year: negative fair value of € 150 thousand).

Legal risks
AGRANA continually monitors changes in the legal setting relevant to its businesses or to their employees that could lead to a risk situation, and takes risk management actions as necessary. Areas of law to which particular attention is devoted are anti-trust, food and environmental legislation, as well as data protection, anti-money laundering and anti-terrorism finance provisions. AGRANA maintains dedicated staff positions for matters of compliance, employment law and general areas of law.

There are currently no pending or threatened civil actions against companies of the AGRANA Group that could have a material impact on the Group's financial position, results of operations and cash flows.

As noted in previous annual reports, the Austrian Federal Competition Authority in 2010 sought a fine under an antitrust case for alleged competition-restricting arrangements with respect to Austria filed against AGRANA Zucker GmbH, Vienna, and Südzucker AG, Mannheim, Germany. To date the Cartel Court has not ruled on the case. AGRANA continues to regard the allegation as unfounded and the fine sought as unwarranted.

10.5. Contingent liabilities and commitments

The guarantees primarily related to bank loans of the joint ventures in the Sugar segment.

€000	28 Feb 2018	28 Feb 2017
Guarantees	41,633	39,123
Warranties, cooperative liabilities	1,365	1,365

The guarantees are not expected to be utilised.

A further contingent liability of € 6,371 thousand (prior year: € 6,488 thousand) related to a claim for recovery of an EU subsidy in Hungary. The management of the company involved believes the likelihood of repayment is low.

Commitments were as presented in the table below:

€000	28 Feb 2018	28 Feb 2017
Present value of lease payments due within 5 years	15,962	17,514
Commitments for the purchase of property, plant and equipment	93,111	32,484
Commitments	**109,073**	**49,998**

11. Events after the balance sheet date

No other significant events occurred after the balance sheet date of 28 February 2018 that had a material effect on AGRANA's financial position, results of operations or cash flows.

12. Related party disclosures

AGRANA Zucker, Stärke und Frucht Holding AG, Vienna, holds 100% of the ordinary shares of Z&S Zucker und Stärke Holding AG, Vienna, which in turn holds 78.34% of the ordinary shares of AGRANA Beteiligungs-AG. Both holding companies are exempt from the obligation to prepare consolidated financial statements, as their accounts are included in the consolidated financial statements of Südzucker AG, Mannheim, Germany.

Related parties for the purposes of IAS 24 are Südzucker AG, Mannheim, Germany, and Zucker-Beteiligungsgesellschaft m.b.H., Vienna, as shareholders of AGRANA Zucker, Stärke und Frucht Holding AG, Vienna. AGRANA's consolidated financial statements are included in the consolidated accounts of Südzucker AG, Mannheim, Germany.

In addition to Südzucker AG, Mannheim, Germany, and its subsidiaries ("Südzucker group"), other related parties are RAIFFEISEN-HOLDING NIEDERÖSTEREICH-WIEN regGenmbH, Vienna, and its subsidiaries ("companies with significant influence").

Equity-accounted joint ventures that are jointly controlled, as well as unconsolidated subsidiaries, are also related parties as defined in IAS 24.

Business relationships with related parties at the balance sheet date can be analysed as follows:

€000	Südzucker group	Companies with significant influence	Joint ventures	Non-consolidated sub-sidiaries	Total
2017|18					
Revenue	110,058	21,628	46,275	1	**177,962**
Operating expenses	(48,772)	(2,107)	(77,248)	(714)	**(128,841)**
Credit relationships	(151,325)	(18)	0	0	**(151,343)**
Participation capital	0	5,342	0	0	**5,342**
Bank balances and current receivables	0	14,587	1,512	5,602	**21,701**
Non-current financial receivables	0	0	4,500	0	**4,500**
Net trade (payables)/receivables for goods	(8,875)	1,130	(3,753)	(47)	**(11,545)**
Net interest (expense)/income	(4,383)	(209)	1,179	37	**(3,376)**
Guarantees issued	0	0	42,000	6,000	**48,000**
Guarantees utilised	0	0	35,687	0	**35,687**
2016|17					
Revenue	114,933	22,144	39,960	5	**177,042**
Operating expenses	(28,611)	(627)	(77,973)	(794)	**(108,005)**
Credit relationships	(250,741)	(7,430)	0	0	**(258,171)**
Participation capital	0	5,193	0	0	**5,193**
Bank balances and current receivables	0	71,133	2,504	50	**73,687**
Net trade receivables/(payables) for goods	6,442	1,285	522	(20)	**8,229**
Net interest (expense)/income	(4,779)	(962)	1,195	20	**(4,526)**
Guarantees issued	0	0	42,000	8,200	**50,200**
Guarantees utilised	0	0	28,568	5,372	**33,940**

At the balance sheet date, borrowings from related parties amounted to € 151,343 thousand (prior year: € 258,171 thousand); these borrowings were on normal commercial terms. Of this total, € 115,000 thousand represented non-current borrowings (prior year: € 115,000 thousand).

For fully consolidated subsidiaries, the Group issued guarantees in favour of companies with significant influence of € 5,000 thousand (prior year: € 5,000 thousand), of which an amount of € 209 thousand (prior year: € 634 thousand) was utilised.

The remuneration of the members of the Management Board of AGRANA Beteiligungs-AG totalled € 3,488 thousand (prior year: € 3,234 thousand), consisting of total fixed base salaries of € 1,674 thousand (prior year: € 1,614 thousand), a total performance-based, variable component of € 1,778 thousand (prior year: € 1,495 thousand) and a long-service award to Fritz Gattermayer of € 36 thousand (prior year: Johann Marihart, € 125 thousand). The performance-based elements of the compensation are linked to the amount of the dividend paid for the last three financial years. The Management Board member of AGRANA Beteiligungs-AG appointed on the basis of the syndicate agreement between Südzucker AG, Mannheim, Germany, and Zucker-Beteiligungsgesellschaft m.b.H, Vienna, does not receive compensation for serving on the Management Board.

On 7 July 2017 the Annual General Meeting approved an annual aggregate remuneration for the Supervisory Board of € 250 thousand (prior year: € 250 thousand) and delegated to the Supervisory Board Chairman the responsibility for allocating this sum. The amount paid to the individual Supervisory Board members is tied to their function on the Board. No meeting fees were paid in the year under review.

Post-employment benefits granted to the Management Board members Johann Marihart and Fritz Gattermayer and the former Management Board member Walter Grausam under the Company's plan are pension, disability insurance and survivor benefits. The pension becomes available when the pension eligibility criteria of the Austrian public pension scheme (ASVG) are met. The amount of the pension is calculated as a percentage of a contractually agreed assessment base. In the event of early retirement within ASVG rules, the amount of the pension is reduced. For the pension of Stephan Büttner there is a defined contribution obligation, which can be claimed after the recipient has reached 55 years of age if the employment contract has been terminated by the employer. For the 2017|18 financial year, pension fund contributions of € 352 thousand were paid (prior year: € 354 thousand). A follow-up payment of € 109 thousand was made to former Chief Financial Officer Walter Grausam, who retired on 31 December 2014.

The retirement benefit obligations in respect of the Management Board are administered by an external pension fund. In the balance sheet at 28 February 2018, within the item "retirement and termination benefit obligations", an amount of € 6,874 thousand was recognised for pension obligations (prior year: € 8,496 thousand) and an amount of € 2,283 thousand was recognised for termination benefit obligations (prior year: € 2,151 thousand).

In the event that a Management Board appointment is withdrawn, there are severance pay obligations in accordance with the provisions of the Employees Act or the Occupational Pension Plan Act.

Information on the Management Board and Supervisory Board is provided on page 161.

On 23 April 2018 the Management Board of AGRANA Beteiligungs-AG released the consolidated financial statements for review by the Supervisory Board and the Audit Committee and for presentation to the Annual General Meeting and subsequent publication. The Supervisory Board has responsibility for reviewing the consolidated financial statements and stating whether it approves them.

Vienna, 23 April 2018

The Management Board of AGRANA Beteiligungs-AG

Johann Marihart Chief Executive Officer	Stephan Büttner Member of the Management Board
Fritz Gattermayer Member of the Management Board	Thomas Kölbl Member of the Management Board

List of members of AGRANA's boards

Management Board

Johann Marihart
Chief Executive Officer

Stephan Büttner
Member

Fritz Gattermayer
Member

Thomas Kölbl
Member

Supervisory Board

Erwin Hameseder
Chairman

Wolfgang Heer
First Vice-Chairman

Klaus Buchleitner
Second Vice-Chairman

Helmut Friedl
Member

Hans-Jörg Gebhard
Member

Ernst Karpfinger
Member

Thomas Kirchberg
Member

Josef Pröll
Member

Employee representatives

Thomas Buder
Chairman of the Group Staff Council
and the Central Staff Council

Gerhard Glatz

Andreas Klamler

Stephan Savic

Statement by the members of the Management Board

In accordance with section 124 (1) Austrian Stock Exchange Act, the undersigned members of the Management Board, as the legal representatives of AGRANA Beteiligungs-AG, confirm to the best of their knowledge that:

- the consolidated financial statements of AGRANA Beteiligungs-AG for the year ended 28 February 2018, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, give a true and fair view of the financial position, results of operations and cash flows of the AGRANA Group;

- the Group management report for the 2017|18 financial year presents the business performance, financial results and situation of the AGRANA Group so as to provide a true and fair view of the Group's financial position, results of operations and cash flows, together with a description of the principal risks and uncertainties faced by the Group.

Vienna, 23 April 2018

Johann Marihart
Chief Executive Officer

Stephan Büttner
Member of the Management Board

Fritz Gattermayer
Member of the Management Board

Thomas Kölbl
Member of the Management Board

Independent auditor's report
[Translation]

Report on the Consolidated Financial Statements

Audit Opinion
We have audited the consolidated financial statements of **AGRANA Beteiligungs-Aktiengesellschaft, Vienna, Austria** and its subsidiaries (the Group), which comprise the Consolidated balance sheet as at 28 February 2018, and the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated cash flow statement and the consolidated statement of changes in equity for the year then ended, and the notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 28 February 2018, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, and the additional requirements pursuant to Section 245a UGB (Austrian Commercial Code).

Basis for our Opinion
We conducted our audit in accordance with the EU Regulation 537/2014 ("EU Regulation") and Austrian Standards on Auditing. These standards require the audit to be conducted in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities" section of our report. We are independent of the audited Group in accordance with Austrian Generally Accepted Accounting Principles and professional regulations, and we have fulfilled our other responsibilities under those relevant ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, however, we do not provide a separate opinion thereon.

Impairment of Goodwill
The Management Board provides an explanation of goodwill and the procedure for performing impairment tests under Point 6.1 and Note 17 of the notes to the consolidated financial statements.

Risk for the Financial Statements
As at 28 February 2018, goodwill in total accounts for € 261.0 million or 11.1% of the total assets.

Goodwill depicts into the cash generating units (CGUs) Fruit, Sugar and Starch. The Company performs impairment testing on these CGUs whenever triggering events are identified but at least on an annual basis. The annual impairment tests are performed at the end of the second quarter of every financial year (31 August). On a quarterly basis, the Company assesses whether objective evidence of an impairment exists. In those cases where such triggering events are identified additional impairment tests are performed.

The company calculates the values in use based on a discounted cash flow method as benchmark for impairment testing. This valuation method is significantly influenced by the assumptions and estimates in respect of the future cash flows. These are derived from the forecast figures approved by the respective management bodies and may be subject to adjustments if necessary. The discount rates applied in the method are also influenced by future changes in market, economic and legal environment. Consequentially the values in use are based on judgment and associated with estimate uncertainties and thus lead to a risk that the goodwill reported in the financial statements may be overstated.

Our Response
We have assessed the appropriateness of the valuation methods and of the assumption in respect to the forecasts and valuation parameters applied. We hereby consulted with our valuation specialists. When assessing the valuation method applied we followed the model and analysed whether it is adequate for accurately determining the value in use. We further have re-performed the determination of the discount rates and assessed the parameters applied in terms of their appropriateness through comparison with market and industry-specific benchmarks.

The forecasting accuracy has been assessed by the Company by back testing the underlying forecast figures. We have assessed the conclusions drawn with regard to the adequacy of the forecasted figures applied in the impairment tests.

We have reconciled the cash flows used in the impairment tests with the forecasted figures approved by the management bodies, assessed any adjustments made thereto, and analysed their adequacy.

For assessing whether event driven impairment tests are necessary, we have analysed the processes used to identify objective evidence of impairments, as well as the controls established in this connection, as to whether these are appropriate to detect evidence of impairments in a timely manner. Furthermore, we have evaluated the results of the company internal assessment for objective evidence of impairments.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, and the additional requirements pursuant to Section 245a UGB (Austrian Commercial Code) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Management is also responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intents to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement – whether due to fraud or error – and to issue an auditor's report that includes our audit opinion. Reasonable assurance represents a high level of assurance, but provides no guarantee that an audit conducted in accordance with the EU Regulation and Austrian Standards on Auditing (and therefore ISAs), will always detect a material misstatement, if any. Misstatements may result from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the EU Regulation and Austrian Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

Moreover:

- We identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, we design and perform audit procedures responsive to those risks and obtain sufficient and appropriate audit evidence to serve as a basis for our audit opinion. The risk of not detecting material misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- We conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the respective note in the consolidated financial statements. If such disclosures are not appropriate, we will modify our audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the consolidated financial statements, including the notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- We obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

- We communicate with the audit committee regarding, amongst other matters, the planned scope and timing of our audit as well as significant findings, including any significant deficiencies in internal control that we identify during our audit.

- We communicate to the audit committee that we have complied with the relevant professional requirements in respect of our independence, that we will report any relationships and other events that could reasonably affect our independence and, where appropriate, the related safeguards.

- From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit i.e. key audit matters. We describe these key audit matters in our auditor's report unless laws or other legal regulations preclude public disclosure about the matter or when in very rare cases, we determine that a matter should not be included in our audit report because the negative consequences of doing so would reasonably be expected to outweigh the public benefits of such communication.

Report on Other Legal Requirements

Group Management Report

In accordance with the Austrian Generally Accepted Accounting Principles, the group management report is to be audited as to whether it is consistent with the consolidated financial statements and prepared in accordance with legal requirements. It is our responsibility to determine whether the consolidated non-financial statement has been prepared as part of the group management report, to read and assess whether, based on knowledge gained during our audit, it contains any material inconsistencies with the consolidated financial statements or any apparent material misstatement of fact.

Management is responsible for the preparation of the group management report in accordance with the Austrian Generally Accepted Accounting Principles.

We have conducted our audit in accordance with generally accepted standards on the audit of group management reports as applied in Austria.

Opinion

In our opinion, the group management report is consistent with the consolidated financial statements and has been prepared in accordance with legal requirements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Statement
Based on our knowledge gained in the course of the audit of the consolidated financial statements and our understanding of the Group and its environment, we did not note any material misstatements in the group management report.

Other Information

Management is responsible for other information. Other information is all information provided in the annual report, other than the consolidated financial statements, the group management report and the auditor's report. We expect the annual report to be provided to us after the date of the auditor's report.

Our opinion on the consolidated financial statements does not cover other information and we do not provide any kind of assurance thereon.

In conjunction with our audit, it is our responsibility to read this other information as soon as it becomes available, to assess whether, based on knowledge gained during our audit, it contains any material inconsistencies with the consolidated financial statements or any apparent material misstatement of fact.

Additional Information in accordance with Article 10 EU Regulation

At the Annual General Meeting dated 7 July 2017, we were elected as group auditors. We were appointed by the Supervisory Board on 4 December 2017. We have been the Group's auditors from the year ended 30 September 1995, without interruption.

We declare that our opinion expressed in the "Report on the Consolidated Financial Statements" section of our report is consistent with our additional report to the Audit Committee, in accordance with Article 11 EU Regulation.

We declare that we have not provided any prohibited non-audit services (Article 5 Paragraph 1 EU Regulation) and that we have ensured our independence throughout the course of the audit, from the audited Group.

Engagement Partner

The engagement partner is Mr. Wilhelm Kovsca.

Vienna, 23 April 2018

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed by:

Wilhelm Kovsca
Wirtschaftsprüfer
(Austrian Chartered Accountant)

This report is a translation of the original report in German, which is solely valid.
The consolidated financial statements together with our auditor's opinion may only be published if the consolidated financial statements and the group management report are identical with the audited version attached to this report.
Section 281 Paragraph 2 UGB (Austrian Commercial Code) applies.

Independent Assurance Report

on the Consolidated Non-financial Statement as well as the Sustainability Disclosures and Indicators in the Integrated Annual Report for the 2017|18 Financial Year

We have performed an independent assurance on the consolidated non-financial statement as well as the sustainability disclosures and indicators in the Integrated Annual Report (the "NFI reporting") for the 2017|18 financial year of AGRANA Beteiligungs-AG ("the Company").

Management's Responsibility

The legal representatives of AGRANA are responsible for the proper preparation of the consolidated non-financial statement in accordance with the legal requirements of the Austrian Sustainability and Diversity Improvement Act (§ 267a UGB) as well as the proper preparation of the Integrated Report in accordance with the reporting criteria. The Company applies the sustainability reporting guidelines of the Global Reporting Initiative (GRI Standards, "Core" option) as reporting criteria.

The responsibility of the legal representatives of the company includes the selection and application of reasonable methods for sustainability reporting as well as the use of assumptions and estimates for individual non-financial disclosures that are reasonable under the circumstances. Furthermore, the responsibility includes the design, implementation and maintenance of systems and processes relevant for the preparation of the sustainability reporting in a way that is free of – intended or unintended – material misstatements.

Auditors' Responsibility

Our responsibility is to state whether, based on our procedures performed, anything has come to our attention that causes us to believe that the NFI-reporting of the Company is not in accordance with the legal requirements of the Austrian Sustainability and Diversity Improvement Act (§ 267a UGB) and the sustainability reporting guidelines of the Global Reporting Initiative (GRI Standards, "Core" option) in all material respects.

Our engagement was conducted in conformity with Austrian Standards for independent assurance engagements (KFS/PG 13) and in accordance with the International Standard on Assurance Engagements (ISAE 3000) applicable to such engagements. These standards require us to comply with our professional requirements including independence requirements, and to plan and perform the engagement to enable us to express a conclusion with limited assurance, taking into account materiality.

An independent assurance engagement with the purpose of expressing a conclusion with limited assurance is substantially less in scope than an independent assurance engagement with the purpose of expressing a conclusion with reasonable assurance, thus providing reduced assurance.

The procedures selected depend on the auditor's judgment and included the following procedures in particular:

- Inquiries of personnel on corporate level, which are responsible for the materiality analysis, in order to gain an understanding of the processes for determining material sustainability topics and respective reporting boundaries of the Company;

- Risk assessment, including a media analysis on relevant information concerning the sustainability performance of the Company in the reporting period;

- Evaluation of the design and implementation of the systems and processes for the collection, processing and control of the disclosures on environmental, social and employees matters, respect for human rights and anti-corruption and bribery, including the consolidation of the data;

- Inquiries of personnel on corporate level responsible for providing and consolidating and for carrying out internal control procedures concerning the disclosures on concepts, risks, due diligence processes, results and performance indicators;

- Inspection of selected internal and external documents in order to determine whether qualitative and quantitative information is supported by sufficient evidence and presented in an accurate and balanced manner;

- Visit to AGRANA Fruit GmbH (Gleisdorf, Austria) to gain an understanding of the value creation processes in the segment of fruit, to assess local data collection and reporting processes and the reliability of the reported data.

- Inquiries of personnel of the production site in Ohio, USA, by videoconference to assess local data collection and reporting processes and the reliability of the reported environmental data.

- Analytical evaluation of the data and trend explanations of quantitative disclosures, submitted by all sites for consolidation at corporate level;

- Evaluation of the consistency of the disclosures and indicators of the NFI reporting with the requirements of the Austrian Sustainability and Diversity Improvement Act (§ 267a UGB) applicable to the Company and with the GRI Standards ("Core" option);

- Evaluation of the overall presentation of the disclosures;

The procedures that we performed do not constitute an audit or a review. Our engagement did not focus on revealing and clarifying of illegal acts such as fraud, nor did it focus on assessing the effectiveness and efficiency of management. Furthermore, it is not part of our engagement to review future-related disclosures and statements from external information sources and expert opinions.

This assurance report is issued based on the assurance agreement concluded with the Company. Our responsibility and liability towards the Company and any third party is subject to paragraph 8 of the General Conditions of Contract for the Public Accounting Professions. The respective latest version of the AAB is accessible at http://www.kpmg.at/aab.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the NFI-reporting of the Company is not in accordance with the legal requirements of the Austrian Sustainability and Diversity Improvement Act (§ 267a UGB) and the sustainability reporting guidelines of the Global Reporting Initiative (GRI Standards, "Core" option) in all material respects.

Vienna, 23 April 2018

KPMG Alpen-Treuhand GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed by:

Gert Weidinger
Partner

This report is a translation of the original report in German, which is solely valid.

OTHER INFORMATION 2017|18

Parent company income statement
for the year ended 28 February 2018
of AGRANA Beteiligungs-AG, under Austrian Commercial Code (UGB)

€000	2017|18	2016|17
1. Revenue	32,079	31,873
2. Other operating income	81	258
3. Staff costs	(18,174)	(25,240)
4. Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	(1,071)	(1,107)
5. Other operating expenses	(20,077)	(21,965)
6. Operating (loss) [subtotal of items 1 to 5]	**(7,162)**	**(16,181)**
7. Income from investments in subsidiaries and other companies	76,040	76,118
Of which from subsidiaries	76,007	76,078
8. Income from other securities and loans classified as non-current financial assets	2,002	2,542
Of which from subsidiaries	2,002	2,542
9. Other interest and similar income	2,464	2,525
Of which from subsidiaries	2,435	2,525
10. Interest and similar expense	(1,835)	(2,531)
Of which from subsidiaries	(1,327)	(2,216)
11. Net financial items [subtotal of items 7 to 10]	**78,671**	**78,654**
12. Profit before tax [subtotal of items 1 to 11]	**71,509**	**62,473**
13. Income tax benefit	115	1,076
14. Profit for the period	**71,624**	**63,549**
15. Profit brought forward from prior year	12,817	11,756
16. Net profit available for distribution	**84,441**	**75,305**

Parent company balance sheet

at 28 February 2018
of AGRANA Beteiligungs-AG, under Austrian Commercial Code (UGB)

€000	28 Feb 2018	28 Feb 2017
ASSETS		
A. Non-current assets		
I. Intangible assets	810	349
II. Property, plant and equipment	1,253	1,415
III. Non-current financial assets	459,783	543,283
	461,846	**545,047**
B. Current assets		
I. Receivables and other assets	375,027	381,483
Of which due in more than one year	23,362	30,935
II. Cash and bank balances	45	60
	375,072	**381,543**
C. Prepaid expenses	**45**	**51**
D. Deferred tax assets	**568**	**564**
Total assets	**837,531**	**927,205**
EQUITY AND LIABILITIES		
A. Equity		
I. Share capital	113,531	113,531
II. Share premium and other capital reserves	550,689	550,689
III. Retained earnings	13,928	13,928
IV. Net profit available for distribution	84,441	75,305
Of which brought forward from prior year	12,817	11,756
	762,589	**753,453**
B. Provisions		
I. Provisions for retirement, termination and long-service benefit obligations	11,793	12,974
II. Provisions for tax and other liabilities	11,136	15,143
	22,929	**28,117**
C. Payables		
I. Borrowings	42,500	126,000
Of which due in up to one year	0	83,500
Of which due in more than one year	42,500	42,500
II. Other payables	9,513	19,635
Of which due in up to one year	8,034	13,830
Of which due in more than one year	1,479	5,805
	52,013	**145,635**
Total equity and liabilities	**837,531**	**927,205**

Proposal for the appropriation of profit

of AGRANA Beteiligungs-AG
under Austrian Commercial Code (UGB)

	2017|18
	€
The financial year to 28 February 2018 closed with the following net profit available for distribution	84,440,586
The Management Board proposes to the Annual General Meeting to allocate this profit as follows:	
Distribution of a dividend of € 4.50 per ordinary no-par value share on 15,622,244 participating ordinary shares, that is, a total of	70,300,098
Profit to be carried forward	14,140,488
	84,440,586

Glossary of industry and trade terms

A

ActiProt®: AGRANA's own brand of high-protein animal feed. This form of distillers dried grains with solubles (DDGS) is a by-product of bioethanol production from cereals, obtained by drying the mash (the residue from distillation). The DDGS is pelleted and marketed as a non-perishable feedstuff. With its high protein content of at least 30% and its valuable energy content, DDGS is a sought-after feed for livestock, particularly dairy animals. In the AGRANA Group this co-product is generated in the bioethanol plant in Pischelsdorf, Austria, which typically processes corn, wheat, triticale and molasses. Like all other products marketed by AGRANA, ActiProt® is GMO-free.

B

Biodiversity: Biodiversity, or biological diversity, by the definition of the Convention on Biological Diversity (CBD) is "the variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part". This includes diversity within species, diversity between species and diversity of ecosystems. The preservation and sustainable use of biological diversity are considered important foundations of human wellbeing. The destruction and fragmentation of habitats is viewed as the greatest threat to the diversity of life on earth.

Bioethanol: Bioethanol is a fuel manufactured by the fermentation of carbohydrate-containing biomass (renewable carbon sources). It has a minimum alcohol content of 99% by volume and contains effectively no water. In Europe, for climate reasons, bioethanol is produced mainly from starch-containing grain crops or from sugar beet. Unlike fossil fuels, bioethanol is CO_2 neutral, and its physical properties differ from those of petrol. Its use as a petrol substitute in more or less undiluted form (in so-called high blends) therefore requires modifications to engines. For low blends (such as E10), engine modification is not needed.

Biogas: Biogas contains methane as a combustible component, which is manufactured through the zymosis of biomass in biogas facilities and is used for the generation of bioenergy. Biogas can be acquired from fermentable recycling material that contains biomass, such as sewage sludge, biowaste or food waste, liquid and solid farmyard manure, or also from energy crops that have been planted specifically for this purpose, i.e., renewable raw materials.

C

Campaign: The processing period for agricultural raw materials that have a limited storage life.

Cane sugar: Sugar produced from sugar cane. Chemically identical to beet sugar.

Corn starch: Starch produced from corn (maize), used especially as an ingredient in foods (such as puddings), but also in industrial applications, such as in paper products and cosmetics.

CO_2 equivalent: To make the greenhouse effect of different greenhouse gases comparable and calculable, their global warming potential is used. It indicates the contribution of a gas to the heating of the earth's atmosphere by assigning an equivalent volume of CO_2. The greenhouse effect per kilogram of a given gas is expressed as a multiple ("equivalent factor") of the greenhouse effect of one kilogram of carbon dioxide.

Customs duties: Also known as import duties or customs tariffs, these help to protect domestic products against cheap imports from non-EU countries (thus providing tariff protection). The basic import duty for sugar is a fixed amount. In addition, a special safeguard provision provides for a higher tariff when sugar imports exceed a certain quantity.

D

Deficit countries/markets/regions: Countries, markets or regions that consume more sugar than they produce and which therefore cover their needs through sugar imports.

E

Emission: Generally signifies the release of noxious substances such as pollutants or greenhouse gases into the environment. A typical example are car exhaust fumes.

Ethanol: Ethanol is a form of alcohol and is a clear, flammable liquid. It is also known as pure alcohol, grain alcohol or drinking alcohol, and is found in drinks such as wine and beer. In recent years, ethanol has acquired great importance outside the beverage industry as a biofuel referred to as bioethanol. See bioethanol.

EU sugar regime: See sugar regime.

F

Fermentation: In the context of biotechnology, fermentation (zymosis) means the conversion of biological material through the addition of enzymes (known as "ferment") or in the presence of bacterial, fungal or cell cultures.

F. O. Licht: A leading private-sector source of analysis on the global markets for sugar, ethanol, molasses, feed additives, biofuels, coffee and tea, F. O. Licht publishes a wide range of print reports and organises conferences for the sugar and ethanol industries.

Fruit juice concentrate: Forming the basis for fruit juice drinks, fruit juice concentrates are sold into the fruit juice and beverage industry. The same quantity of water carefully removed from the pressed fruit juice is later added to the concentrate again to create the end product for consumption. The result is high-quality juice with 100% fruit content.

Fruit preparations: Sometimes referred to as fruit ingredients. High-quality fruit is prepared in liquid or piece form and thermally preserved for further processing, especially for use by the dairy, ice-cream and bakery industries.

G

GMO: Genetically modified organisms are organisms whose genetic material has been altered through genetic engineering.

I

IGC (International Grains Council): The International Grains Council is an intergovernmental organisation concerned with grains trade. Since 1995 the London-based IGC also administers the Grains Trade Convention, an international agreement. The IGC Secretariat provides both administrative support to the Council, and services to the Food Aid Committee established under the Food Aid Convention of 1999. The IGC's grain market studies are widely used in sector and market research.

ISO (International Organisation for Standardisation): The International Organisation for Standardisation (widely known as ISO) is the leading international association of national standard-setting bodies and develops international standards in all areas but electricity and electronics, which are the responsibility of the International Electrotechnical Commission (IEC), and telecommunication, which is the province of the International Telecommunication Union (ITU). Together, these three organisations form the World Standards Cooperation, or WSC.

Isoglucose: Isoglucose, a liquid, is a sweetener based on starch that has been converted to sugar. At a fructose content of 42%, it has the same sweetness as sugar and is therefore used as a sugar substitute. The fructose content can be raised to as much as 55% through further process stages. Isoglucose is manufactured from grains, especially corn.

M

Marketing year for grains: This period runs from July to June of the following year.

Molasses: Sweet, dark-brown by-product of sugar manufacturing, with the consistency of syrup. It still contains about 50% sugar, which cannot be further crystallised. Molasses is used predominantly in the manufacture of yeast and alcohol, and as a cattle feed supplement.

Minimum price for sugar beet (applied until 30 September 2017): The EU sugar regime sets a minimum price for quota beets specific to a certain delivery stage and quality standard. For other delivery terms or quality levels, price adjustments are made.

Modified starch: Modified starches are obtained by physical, enzymatic or chemical processes and are starch products that meet higher technological requirements. Important properties remain intact after modification. Modified starches are used in the food industry and in industrial applications where they are superior to natural starch in qualities such as stability against heat and acidity, shear strength, and freezing and thawing properties. Modified starches used as food additives must be declared as such if they are chemically changed. Otherwise – if modified physically (through heat or pressure) or enzymatically – they are considered food ingredients and have no E number.

N

Native starch: See starch.

Non-quota sugar (applied until 30 September 2017): Under the EU sugar regime, non-quota sugar is sugar that exceeds the production quota. This can be marketed as industrial (non-food) sugar for use primarily in the chemical or pharmaceutical industry (e.g., to produce yeast, citric acid and vitamins), or can be exported into non-EU countries or carried over to the next sugar marketing year.

P

Prime Market: A subsegment of the "equity market.at" market segment of the Vienna Stock Exchange. The Prime Market comprises the shares of companies admitted to listing in the Official Market or Second Regulated Market and meeting the special additional requirements for admission to the Prime Market. These securities are traded via the Xetra trading system using the Continuous Trading procedure, in conjunction with auctions.

Production levy (applied until 30 September 2017): The production levy for sugar quotas is € 12 per tonne. From the 2007|08 sugar marketing year, up to one-half of the levy can be paid by the sugar beet farmers. For isoglucose, the amount of the levy is 50% of that for sugar. The production levy is an administrative tax paid to the EU.

Production quota (applied until 30 September 2017): See sugar quota.

Q

Quota (applied until 30 September 2017): See sugar quota.

Quota sugar (applied until 30 September 2017): The amount of sugar produced and marketed in the course of a sugar marketing year within the allotted production quota.

Quota sugar beets (applied until 30 September 2017): The amount of sugar beet necessary to fully utilise the production quota for sugar.

R

"Ramsar Convention" on wetlands: The Convention on Wetlands (Ramsar, Iran, 1971) – called the "Ramsar Convention" – is an intergovernmental treaty that embodies the commitments of its member countries to maintain the ecological character of their Wetlands of International Importance and to plan for the "wise", or sustainable, use of all of the wetlands in their territories.

Raw sugar: Raw sugar is a semi-finished form of cane sugar (or of beet sugar) in which the sugar crystals are not yet completely freed from the adhering non-sugar materials, which give it its brown colour.

Refining: The term "refining" in its general sense refers to a technical process for the cleaning, processing, separation or concentration of raw materials. In the case of sugar, it means the de-coloration of brown raw sugar (from sugar cane or sugar beet) through repeated recrystallisation.

S

Starch: Starch is an organic compound and one of the most important energy storage materials in plant cells. In our latitudes, starch is mainly acquired from corn, wheat or potatoes. To extract starch, the starch-containing parts of the plants are milled to a small size and the starch is washed out. Through filtration and centrifugation steps, the starch is extracted. After the final stage of drying, native starch emerges from the process as a white powder.

Sugar: In Europe, sugar is produced from sugar beet. In sub-tropical and tropical regions of the world, sugar cane is the main raw material for sugar production. The term "sugar" in general usage typically refers to granulated sugar, i.e., sucrose. However, there are several other types of sugar, including glucose, fructose and lactose, among others. All are part of the carbohydrate food group.

Sugar beet: Sugar beet is an agricultural crop grown almost exclusively for sugar production. The sugar beet plant consists of the leaves and a large, fleshy root. The root stores sucrose, which is extracted in the sugar factory.

Sugar marketing year (SMY): The sugar marketing year of the European Union begins on 1 October and ends on 30 September of the following year. This definition applies for all regulations of the EU sugar market.

Sugar production: In sugar production from sugar beet, raw juice is extracted from the sugar beet slices. The juice is then cleaned in several stages and eventually thickened until sugar crystallises from it. Through repeated recrystallisation, the sugar is purified to produce clean, white crystals. These crystals have a sucrose content of very close to 100%. That makes sugar an extremely pure food product with an almost unlimited shelf life.

Sugar quota (applied until 30 September 2017): Under the EU sugar regime, a production quota for sugar and isoglucose is set for every EU member state that produces sugar. Each national quota is apportioned among the respective country's sugar-producing companies as their individual production quota. This restricts production volumes and minimises surpluses.

Sugar regime (EU sugar policy): In place since 1968, the European Union's sugar regulatory framework serves to organise the EU common market for sugar and ensure security of intra-EU sugar production.

On 26 June 2013 the European Parliament and European Council reached an agreement to extend the rules of the then-current sugar market policy for a final time, to 30 September 2017. For the era after this expiration date, sweeping changes were decided that have by now come into force. National sugar quotas and minimum beet prices, which for many years had formed the central features of the old market regime, are no longer part of EU sugar policy since 1 October 2017.

Since that date, the sugar-specific rules of the EU's agricultural policy involve the following elements:

- Preferential imports from various countries, including unlimited duty-free imports from the Least Developed Countries and the ACP (African, Caribbean and Pacific) Group of States, as well as duty-free or reduced-duty import quotas under free trade agreements; imports from other non-EU countries are subject to the normal duty rate

- Possibility of private storage aid, at the discretion of the European Commission, which in its decision takes into account the reference thresholds for white and raw sugar

- Requirement to conclude sector-wide master agreements between beet growers and sugar companies

- Official price reporting of the European Commission

After the end of the production quotas and minimum beet prices, and with export subsidies having been discontinued many years ago, the sugar policy of the European Union is thus limited to protecting the EU market from subsidised imports and to employing private storage aid. Protection against unfair competition is of vital importance to the European sugar industry, as nearly all major sugar producing countries subsidise their production. Private storage aid may be granted, by order of the European Commission. Its purpose is to counteract price erosion in the internal market triggered by market imbalances.

As a result of the restriction of the EU's sugar policy to these instruments, combined with the opening of the single market to sugar imports from numerous other countries, particularly many developing economies, the European Union today has one of the most liberal sugar markets in the world.

T

Triticale: As a hybrid grain resulting from the crossing of wheat and rye, triticale combines the characteristics of both these grains in terms of flavour and composition. Thanks to its higher starch content, triticale is also used as an energy crop for the production of bioethanol.

W

West Balkan Agreement: Since autumn 2000 the successor countries of the former Yugoslavia may import limited quantities of duty-free sugar (among other products) into the EU. The EU has since then concluded corresponding free trade agreements with Croatia and Serbia.

White sugar: Also called granulated or table sugar, white sugar is produced by crystallisation and centrifugation.

WTO (World Trade Organisation): In the Geneva-based World Trade Organisation, its currently 159 member states negotiate the liberalisation of World Trade.

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GRI content index

In accordance with the GRI Standards: "Core option"

GRI	Disclosure Supplementary explanations	Presented on page[1]
102-1	Name of the organisation	38
102-2	Activities, brands, products, and services	38ff.
102-3	Location of headquarters	178
102-4	Location of operations	30f.
102-5	Ownership and legal form	34ff.
102-6	Markets served	30f., 38ff.
102-7	Scale of the organisation	12, 30f., 38ff.
102-8	Information on employees and other workers c) In view of the low part-time share of 3.1%, a breakdown of employees by full-time and part-time contracts by gender is omitted.	30f., 82ff.

Data for the prior year: AGRANA employees within the GRI reporting boundaries[2] at the balance sheet date of 28 February 2017

	Non-permanent staff[3]		Permanent staff						Managers[4]		Of whom executive leadership[5]	
Segment	**Total**	**Female**	**Blue-collar**	**Female**	**White-collar**	**Female**	**Total**	**Female**	**Total**	**Female**	**Total**	**Female**
Sugar[6]	172	26.7%	1,061	17.0%	733	40.5%	1,794	26.6%	143	26.6%	18	16.7%
Starch	54	20.4%	585	12.3%	286	45.1%	871	23.1%	50	16.0%	3	33.3%
Fruit	1,124	66.2%	2,492	23.4%	1,394	47.7%	3,886	32.1%	252	26.2%	12	8.3%
Group	**1,350**	**59.3%**	**4,138**	**20.2%**	**2,413**	**45.2%**	**6,551**	**29.4%**	**445**	**25.2%**	**33**	**15.2%**

102-9	Supply chain	38ff.
102-10	Significant changes to the organisation and its supply chain	108
102-11	Precautionary Principle or approach	44ff., 90
102-12	External initiatives	49
102-13	Membership of associations	49
102-14	Statement from senior decision-maker	14f.
102-16	Values, principles, standards, and norms of behaviour	27f., 44ff.
102-18	Governance structure	21ff.
102-40	List of stakeholder groups	41f.
102-41	Collective bargaining agreements	46f.
102-42	Identifying and selecting stakeholders	41f.
102-43	Approach to stakeholder engagement	41f.
102-44	Key topics and concerns raised	42f.
102-45	Entities included in the consolidated financial statements	108
102-46	Defining report content and topic boundaries	43ff.
102-47	List of material topics	42f.
102-48	Restatements of information Change in the definition of waste in the 2015|16 financial year. Expansion of the by-product portfolio in the Sugar segment in the 2016|17 financial year: In the Sugar segment, as part of a harmonisation with the Südzucker reporting boundaries, carbonatation lime was added to the list of by-products in 2016|17, with retroactive effect from the 2014|15 financial year. This changed the base for the calculation of specific values.	46
102-49	Changes in reporting	42ff.
102-50	Reporting period 2017|18 financial year (year-end: 28 February 2018)	
102-51	Date of most recent previous report 2016|17 financial year, published 12 May 2017	
102-52	Reporting cycle Annual report	

1 In page number references, "f." means "and the following page"; "ff." means "and the following pages".
2 See GRI reporting boundaries, page 43.
3 Almost all non-permanent positions represent seasonal local workers in the processing campaigns.
4 Management positions at reporting levels 2 and 3.
5 Reporting level 1 (the reporting level immediately below the Management Board of AGRANA Beteiligungs-AG; level 1 also includes the regional managing directors of the three segments).
6 The staff of AGRANA Beteiligungs-AG is counted under the Sugar segment.

GRI	Disclosure Supplementary explanations	Presented on page
102-53	Contact point for questions regarding the report	178
102-54	Claims of reporting in accordance with the GRI Standards	41
102-55	GRI content index	179
102-56	External assurance Yes; see assurance report.	167f.
103-1	Explanation of the material topics and their boundaries	27f., 43ff.
103-2	The management approach and its components	27f., 44ff.
103-3	Evaluation of the management approach	27f., 44ff.

Economic performance[1]

201-2	Financial implications and other risks and opportunities due to climate change Currently no information on implications of climate change for AGRANA's business activities is collected or quantified. Physical and regulatory risks and their potential impacts are qualitatively described in the "Risk management" section of this report	90

Compliance and business conduct

Anti-corruption

205-1	Operations assessed for risks related to corruption	28
205-2	Communication and training about anti-corruption policies and procedures A further breakdown of the information by region and employee category (besides white-collar employees and managers) is not relevant for internal control purposes and is thus not reported.	28, 44
205-3	Confirmed incidents of corruption and actions taken No violations were identified at business partners.	28

Anti-competitive behaviour

206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	89

Environmental and energy aspects in AGRANA's production activities

Materials

301-1	Materials used by weight or volume Report scope: agricultural raw materials. These are renewable materials (numbered "ii" in the GRI Standard). Other materials are non-significant and are therefore not reported; these other materials are largely non-renewable (numbered "i" in the GRI Standard). For competition reasons, no complete analysis by raw material category is provided.	44, 61, 67, 74

Energy

302-3	Energy intensity b) In the energy intensity ratio used by AGRANA, the denominator is the total weight of core products and by-products manufactured. c) All types of energy relevant for GRI purposes are used.	62f., 69, 76
302-4	Reduction of energy consumption b) All types of energy relevant for GRI purposes are included in the reductions.	62f., 69, 76f.

[1] In addition, see Group management report from page 37.

GRI	Disclosure Supplementary explanations	Presented on page
Water		
303-1	Water use, including identification of water source a) Instead of the total amount of water withdrawn by AGRANA, the specific water consumption per tonne of core and by-products is reported, as this is more meaningful.	63, 70, 77
Biodiversity		
304-1	Operational sites owned, leased or managed in or adjacent to protected areas and areas of high biodiversity value outside protected areas	45
304-3	Habitats protected or restored This topic is partially reported, on a voluntary basis. The focus is placed on protective measures at AGRANA's own production sites.	45, 64, 71, 78
Emissions		
305-4	GHG emissions intensity b) The organisation-specific metric is the total weight of core and by-products. It is calculated based on site-specific consumption values, using the Greenhouse Gas Protocol; emission factors are based on the individual grid mix factor of the respective energy supplier or on the respective national grid mix factor (biograce.net). c) AGRANA's determination of direct (Scope 1) emissions covers only CO_2 emissions. The calculation of indirect (Scope 2) emissions also includes other greenhouse gases besides CO_2, depending on the source of the emission factors.	62f., 69, 76f.
305-5	Reduction of GHG emissions	62f., 69, 76f.
Effluents and waste		
306-1	Water discharge by quality and destination a) Instead of the total amount of water discharged by AGRANA, the specific water discharge per tonne of core and by-products is reported, as this is more meaningful. Calculation method: Owing to a lack of measurement facilities, rainwater that occurs as surface water at the production sites and is discharged into on-site water treatment facilities, or discharged after its transfer to municipal treatment plants, cannot be reported separately.	63, 70, 77
306-2	Waste by type and disposal method c) The waste disposal method is determined by the respective commissioned qualified waste disposal provider.	64, 70, 77

Working conditions and human rights in respect of AGRANA employees

GRI	Disclosure	Presented on page
Employment: Occupational health and safety		
403-2	Injury rate, lost day rate, absentee rate and number of work-related fatal accidents, by gender a) Occupational diseases cannot be reported, as a result of the usually very long recognition process for such diseases. The breakdown by region is not relevant for internal control and is therefore not reported.	84f.
Training and education		
404-1	Average number of hours of training and development per year per employee a) (ii) The breakdown by employee category is not relevant for internal control and is therefore not reported.	83

GRI	Disclosure Supplementary explanations	Presented on page

Diversity and equal opportunity

405-1 Composition of governance bodies and staff, by employee category, gender and age group 20ff.

a) Age structure of members of governance bodies, by gender and age, in %

Members of governance bodies	Up to 30 years	31 to 50 years	Over 50 years
Supervisory Board members			
Shareholder representatives			
Male	–	12.5%	87.5%
Female	–	–	–
Employee representatives			
Male	–	75.0%	25.0%
Female	–	–	–
Management Board members			
Male	–	33.3%	66.6%
Female	–	–	–

b) Age structure of staff by gender, in absolute numbers and % (based on headcount at year-end)

Segment	Male	Female	Proportion Male	Proportion Female
Sugar[1]	**1,433**	**525**	**73.2%**	**26.8%**
Up to 30 years	234	81	12.0%	4.1%
31 to 50 years	722	288	36.9%	14.7%
Over 50 years	477	156	24.4%	8.0%
Starch	**764**	**230**	**76.9%**	**23.1%**
Up to 30 years	175	56	17.6%	5.6%
31 to 50 years	394	123	39.6%	12.4%
Over 50 years	195	51	19.6%	5.1%
Fruit	**3,178**	**2,473**	**56.2%**	**43.8%**
Up to 30 years	819	600	14.5%	10.6%
31 to 50 years	1 748	1 448	30.9%	25.6%
Over 50 years	611	425	10.8%	7.5%
Group	**5,375**	**3,228**	**62.5%**	**37.5%**
Up to 30 years	1,228	737	14.3%	8.6%
31 to 50 years	2,864	1,859	33.3%	21.6%
Over 50 years	1,283	632	14.9%	7.3%

Freedom of association and collective bargaining

407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk 47

All AGRANA sites are covered by the AGRANA Code of Conduct, which affirms the right to free association and collective bargaining. AGRANA sites perform an annual SEDEX self-assessment. Additionally in the year under review, 29 external social audits were performed at AGRANA sites (see 412-1), which includes auditing for this potential issue. In the Sugar and Starch segments, which operate in the EU and Europe, the risk in the supply chain is classified as low, as most contract growers are sole proprietors. The globally operating fruit preparations business uses SEDEX for supplier assessment to evaluate this risk and, where appropriate, to take action.

[1] The staff of AGRANA Beteiligungs-AG is counted under the Sugar segment.

GRI	Disclosure Supplementary explanations	Presented on page
Child labour		
408-1	Operations and suppliers at significant risk for incidents of child labour All AGRANA sites are covered by the AGRANA Code of Conduct, which prohibits child labour. AGRANA sites perform an annual SEDEX self-assessment. Additionally in the year under review, 29 external social audits were performed at AGRANA sites (see 412-1), which includes auditing for this potential issue. In the Sugar and Starch segments, which operate in the EU and Europe, the risk of child labour in the supply chain is classified as low, as a result of the strong regulatory environment and very high degree of mechanisation. The globally operating fruit preparations business uses SEDEX for supplier assessment (especially in higher-risk countries) in order to reduce this risk.	47
Forced or compulsory labour		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour All AGRANA sites and suppliers are subject to the AGRANA Code of Conduct and perform an annual SEDEX self-assessment. Additionally in the year under review, 29 external social audits were performed at AGRANA sites (see 412-1), which includes auditing for this potential issue. In the Sugar and Starch segments, which operate in the EU and Europe, the risk in the supply chain is classified as low, as a result of the strong regulatory environment and very high degree of mechanisation. The globally operating fruit preparations business uses SEDEX for supplier assessment (especially in higher-risk countries such as Vietnam, Morocco and the Philippines) in order to reduce this risk.	47
Human rights assessment		
412-1	Operations that have been subject to human rights reviews or impact assessments Social audits were conducted in the following countries: Austria (7), China (2), Czech Republic (2), Hungary (3), Mexico (1), Morocco (1), Poland (5), Romania (2), Russia (1), Serbia (1), Slovakia (1), South Africa (1), Turkey (1), Ukraine (1).	47

Environmental and social criteria in procurement

GRI	Disclosure	Presented on page
Supplier environmental assessment		
308-2	Negative environmental impacts in the supply chain and actions taken a) and b) In accordance with the requirements of the Sustainable Agriculture Initiative (SAI), suppliers' stated practices are verified based on a representative sample (including the use of obligatory external audits). The absolute number of suppliers assessed is therefore not an applicable disclosure. c) No significant actual or potential negative environmental impacts were identified.	44, 61f., 68, 74f.
Supplier social assessment		
414-2	Negative social impacts in the supply chain and actions taken a) and b) In accordance with the requirements of the Sustainable Agriculture Initiative (SAI), suppliers' stated practices are verified based on a representative sample (including the use of obligatory external audits). The absolute number of suppliers assessed is therefore not an applicable disclosure. c) No significant actual or potential negative social impacts were identified.	44, 61f., 68, 74f.

Product responsibility and sustainable products

GRI	Disclosure	Presented on page
Customer health and safety		
416-1	Assessment of the health and safety impacts of product and service categories	47f.
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services In the 2017|18 financial year there were no reportable incidents.	
417-2	Incidents of non-compliance concerning product information and labelling In the 2017|18 financial year there were no reportable incidents.	

Performance indicators and their meaning

AGRANA Group (under IFRS)

Abbreviation if any	Indicator / Definition		2017|18	2016|17
	Borrowings = Bank loans and overdrafts, and other loans from non-Group entities + borrowings from affiliated companies + lease liabilities	€000	372,201	457,176
CE	Capital employed = (PP&E + intangibles including goodwill) + working capital I	€000	1,698,591	1,684,602
	Dividend yield = Dividend per share ÷ closing share price × 100	%	4.5	3.8
EBIT	Operating profit = Earnings before interest and tax and after exceptional items and results of equity-accounted joint ventures	€000	190,628	172,367
EBITDA	= Operating profit before exceptional items, results of equity-accounted joint ventures, and operating depreciation and amortisation	€000	254,159	235,212
EBITDA margin	= EBITDA ÷ revenue × 100	%	9.9	9.2
EPS	Earnings per share (basic and diluted) = Profit for the period ÷ average number of shares outstanding	€	8.97	7.78
	Equity ratio = Equity ÷ total assets × 100	%	61.7	56.9
EVS	Equity value per share = Equity attributable to shareholders of the parent ÷ average number of shares outstanding	€	89.4	94.4
FCF	Free cash flow = Net cash flow from/used in operating activities + net cash from/used in investing activities	€000	80,516	84,255
	Gearing ratio = Net debt ÷ total equity × 100	%	16.0	17.0
	Intangible assets including goodwill	€000	276,815	282,319
	Net debt = Borrowings less (cash + cheques + other bank deposits + current securities + non-current securities)	€000	232,493	239,878
	Operating margin = Operating profit before exceptional items ÷ revenue × 100	%	6.4	5.9
	Operating profit before exceptional items and results of equity-accounted joint ventures	€000	164,145	150,815
P/E	Price/earnings ratio = Closing share price at financial year end ÷ earnings per share		11.0	13.6
PP&E	Property, plant and equipment	€000	768,881	738,907
ROCE	Return on capital employed = Operating profit before exceptional items and results of equity-accounted joint ventures ÷ capital employed × 100	%	9.7	9.0
ROS	Return on sales = Profit before tax ÷ revenue × 100	%	6.9	6.0
WC I	Working capital I = Inventories + trade receivables + other assets − current provisions − current prepayments received − trade payables − other payables	€000	652,895	663,376

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Forward-looking statements
This annual report contains forward-looking statements, which are based on assumptions and estimates made by the Management Board of AGRANA Beteiligungs-AG. Although these assumptions, plans and projections represent the Management Board's current intentions and best knowledge, a large number of internal and external factors may cause actual future developments and results to differ materially from these assumptions and estimates. Some examples of such factors are, without limitation: negotiations concerning world trade agreements; changes in the overall economic environment, especially in macroeconomic variables such as exchange rates, inflation and interest rates; EU sugar policy; consumer behaviour; and public policy related to food and energy. AGRANA Beteiligungs-AG does not guarantee in any way that the actual future developments and actual future results achieved will match the assumptions and estimates expressed or made in this annual report, and does not accept any liability in the event that assumptions and estimates prove to be incorrect.

The quantitative statements and direction arrows in the "Outlook" section of this report are based on the following definitions:

Modifier	Visualisation	Numerical rate of change
Steady	→	0% up to +1%, or 0% up to −1%
Slight(ly)	↗ or ↘	More than +1% and up to +5%, or more than −1% and up to −5%
Moderate(ly)	↑ or ↓	More than +5% and up to +10%, or more than −5% and up to −10%
Significant(ly)	↑↑ or ↓↓	More than +10% or more than −10%

For financial performance indicators not defined in a footnote, please see the definitions on page 184.

In the interest of readability, this document may occasionally use language that is not gender-neutral. Any gender-specific references should be understood to include masculine, feminine and neuter as the context permits. As a result of the standard round-half-up convention used in rounding individual amounts and percentages, this report may contain minor, immaterial rounding errors. No liability is assumed for misprints, typographical and similar errors.

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