Sustainable management

Integrated Annual Report
2018|19

Contents

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2018|19 at a glance

- Revenue: € 2,443.0 million (–4.8%; prior year: € 2,566.3 million)
- Operating profit (EBIT): € 66.6 million (–65.1%; prior year: € 190.6 million)
- EBIT margin: 2.7% (prior year: 7.4%)
- Profit for the period: € 30.4 million (–78.7%; prior year: € 142.6 million)
- Earnings per share: € 0.41[1] (–81.7%; prior year: € 2.24[1])
- Equity ratio: 59.0% (prior year: 61.7%)
- Gearing ratio[2]: 22.9% (prior year: 16.0%)
- Dividend proposal of € 1.00[1] per share (prior-year dividend: € 1.125[1] per share)
- Number of employees (FTE)[3]: 9,230 (+6.4%; prior year: 8,678)

Quick facts about AGRANA

- World market leader in the production of fruit preparations
- Largest manufacturer of fruit juice concentrates in Europe
- Major European producer of custom starch products and bioethanol
- The leading sugar manufacturer in Central, Eastern and Southeastern Europe
- 58 production sites[4] in 26 countries around the world

Financial calendar for 2019|20

13 May 2019	Results for full year 2018|19 (annual results press conference)
25 Jun 2019	Record date for participation in Annual General Meeting
5 Jul 2019	Annual General Meeting in respect of 2018|19
10 Jul 2019	Ex-dividend date
11 Jul 2019	Results for first quarter of 2019|20
11 Jul 2019	Record date for dividend
12 Jul 2019	Dividend payment date
10 Oct 2019	Results for first half of 2019|20
14 Jan 2020	Results for first three quarters of 2019|20

[1] After the four-for-one stock split performed in July 2018. The value is thus based on the new number of shares outstanding at 28 February 2019, which was 62,488,976.
[2] Debt-equity ratio (ratio of net debt to total equity).
[3] Average number of full-time equivalents in the reporting period.
[4] Number of sites as of 28 February 2019; also see from page 28, "Our locations".

Key financials

		2018|19	2017|18	2016|17	2015|16	2014|15
Financial performance[1]						
Revenue	€m	2,443.0	2,566.3	2,561.3	2,477.6	2,493.5
EBITDA[2]	€m	147.7	254.2	235.2	192.0	181.9
Operating profit before exceptional items and results of equity-accounted joint ventures	€m	51.1	164.1	150.8	107.5	102.0
Share of results of equity-accounted joint ventures	€m	12.2	29.4	30.6	24.5	25.4
Exceptional items	€m	3.3	(2.9)	(9.0)	(3.1)	(5.7)
Operating profit [EBIT][3]	€m	66.6	190.6	172.4	129.0	121.7
EBIT margin	%	2.7	7.4	6.7	5.2	4.9
Profit before tax	€m	51.2	176.2	154.5	104.4	116.5
Profit for the period	€m	30.4	142.6	117.9	80.9	84.6
Attributable to shareholders of the parent	€m	25.4	140.1	111.3	82.7	80.9
Attributable to non-controlling interests	€m	5.0	2.5	6.6	(1.8)	3.7
Operating cash flow before changes in working capital	€m	177.5	302.7	258.0	225.9	208.1
Investment[4]	€m	183.8	140.9	114.7	116.0	91.2
Number of employees[5]		9,230	8,678	8,638	8,510	8,550
Return on sales[6]	%	2.1	6.9	6.0	4.2	4.7
Return on capital employed[7]	%	2.9	9.7	9.0	6.7	6.7
Share data at last day of February						
Closing price	€	17.40[8]	99.10	106.00	80.50	80.51
Earnings per share[9]	€	0.41[8]	8.97	7.13	5.82	5.70
Dividend per share[9]	€	1.00[8,10]	4.50	4.00	4.00	3.60
Dividend yield	%	5.7[10]	4.5	3.8	5.0	4.5
Dividend payout ratio	%	243.9[10]	50.2	56.1	68.7	63.2
Price/earnings ratio		42.4	11.0	14.9	13.8	14.1
Market capitalisation	€m	1,087.3	1,548.2	1,656.0	1,143.3	1,143.4
Number of shares	’000	62,489.0	15,622.2	15,622.2	14,202.0	14,202.0
Financial strength						
Total assets	€m	2,389.4	2,356.4	2,481.4	2,243.2	2,406.9
Share capital	€m	113.5	113.5	113.5	103.2	103.2
Core non-current assets[11]	€m	1,229.8	1,138.5	1,113.8	1,002.2	1,093.4
Equity	€m	1,409.9	1,454.0	1,411.9	1,200.1	1,194.4
Equity ratio	%	59.0	61.7	56.9	53.5	49.6
Net debt	€m	322.2	232.5	239.9	405.8	330.3
Gearing ratio[12]	%	22.9	16.0	17.0	33.8	27.7

[1] Detailed information concerning the calculation methods of individual performance indicators can be found on page 196.
[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] Average number of full-time equivalents in the reporting period.
[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] Reflecting the four-for-one stock split performed in July 2018.
[9] Based on the number of shares outstanding at the balance sheet date of the respective year.
[10] Based on the dividend proposal to the Annual General Meeting on 5 July 2019.
[11] Non-current assets excluding deferred tax assets and the item “receivables and other assets”.
[12] Ratio of net debt to total equity.

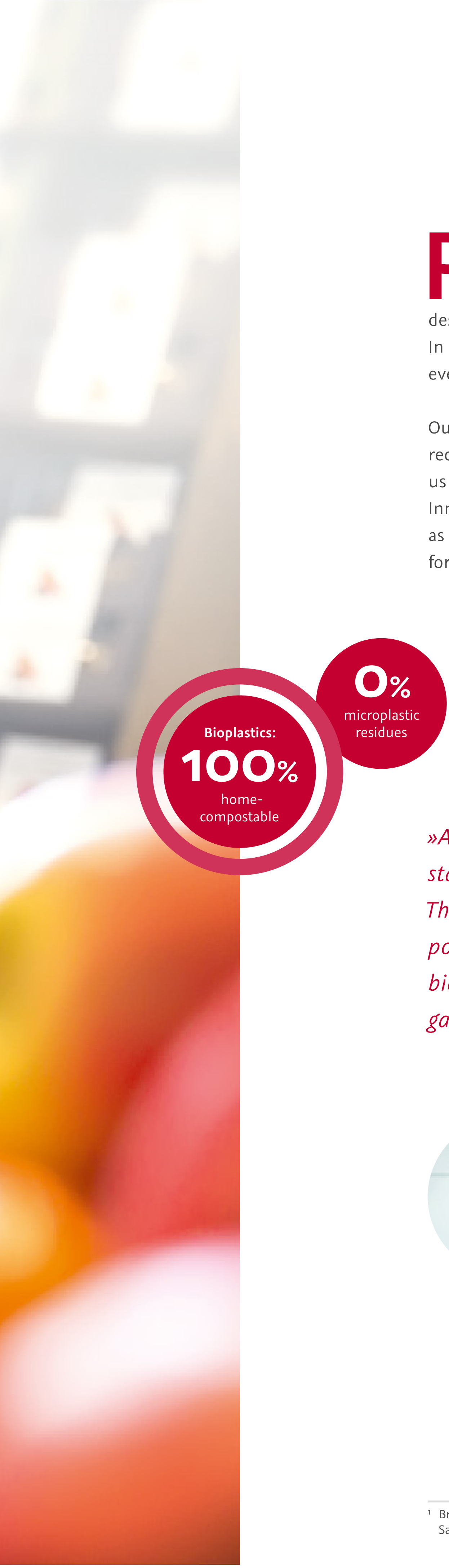
FRUIT. STARCH. SUGAR.

Integrated Annual Report 2018|19

of AGRANA Beteiligungs-AG
for the year ended 28 February 2019

In this annual report, 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 40. 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 annual report on the 2018|19 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 in the report (by individual GRI Standard addressed) is provided from page 191. In addition, relevant passages are marked with a green fingerprint on the respective pages.

Bioplastics reduce plastic waste



Plastics are one of the greatest contributors to pollution worldwide today. Of the approximately 8.3 billion tonnes of plastic[1] produced from 1950 to 2015, about 30% is still in use. Only 10% was recycled or destroyed. Most of the remainder – 60% – resides in landfills or in nature. In Austria alone, 5,000 tonnes of plastic waste end up in the environment every year.

Our new bioplastic product, AGENACOMP®, is compostable and helps reduce plastic waste, while opening up additional market opportunities for us amid the planned ban on non-degradable plastic bags in Austria. Innovation and vision coupled with environmentally responsible action, as enshrined in our corporate philosophy, ensure sustainable opportunities for our environment and AGRANA.

»As a first in the bioplastics market, here is a thermoplastic starch product that is completely compostable at home. The TÜV-certified composting tests resulted in 100% decom-position without microplastic residues. In addition, bio-based plastics contribute to the reduction of greenhouse gases, as they are made from renewable raw materials.«

JOHANN MARIHART
CEO of the AGRANA Group

[1] Bren School of Environmental Science and Management, University of California, Santa Barbara: Production, use, and fate of all plastics ever made, Roland Geyer, 2017.

TRANSPARENCY AND NATURALNESS

People today are increasingly mindful of their actions and try to live healthier lives. They feel a responsibility towards themselves, their fellow humans, and nature. This has an impact on their behaviour as consumers. More and more shoppers are asking where a product comes from, under what conditions it was made, and what ingredients it contains.

Transparency regarding these questions is aligned with a global trend, as is clean label, a response of the food industry to the naturalness theme. Production free from genetically modified materials has become established as a quality differentiator for Austrian foods, and in the world market as well there is ever-growing demand for GMO-free products. Our transparent manufacturing processes not only ensure the highest product quality but also GMO-free status[1], from the agricultural raw material to the finished product.

We offer certified non-GMO sugar – assuring this with our own seeds and all the way to the product itself, "Wiener Zucker". Our portfolio of starches is characterised by clean label, organic and GMO-free starch products for various applications. In the yoghurt market, sustainability and naturalness are continually gaining in significance, and our Fruit segment serves these customer expectations. From the by-products of our sugar and starch production, we manufacture GMO-free[1] fertilisers and animal feedstuffs.

AGRANA ensures sustainable practices in the agricultural supply chain and provides solutions today and in the future for the requirements of our partners, customers and consumers.

AGRANA SUSTAINABLE

[1] AGRANA does not make products anywhere in the world that require GMO labelling under local laws (for example, in the EU under Reg. EC No 1829/2003 and 1830/2003). The percentage share of certified GMO-free products is in the single digits.

"Clean label" means that a food product was made without certain ingredients such as dyes, preservatives or flavourings, i.e., additives. These and other substances are sometimes avoided by consumers for health or other reasons. Labels additionally contain "free-from" statements to explicitly highlight the absence of these substances.

»AGRANA is an important and dependable partner to Austrian agriculture. As a contract farmer, one of the things I appreciate is the personal dialogue with AGRANA's agricultural advisors during field inspections in the growing season. In these times of more intense international competition, I believe that being able to rely on each other is very important, and I am committed to a stable, long-term partnership with AGRANA.«

GERHARD BAYER

Starch potato farmer from Waidhofen/Thaya, Austria, and President of the VÖSK[1]

[1] Austrian Starch Potato Growers Association

It all starts with the farmers

Under the general banner of the term "sustainability", AGRANA pursues the environmental, economic and social aspects of responsible business. Sustainability is an integral part of our company philosophy and is practiced over the entire value chain, beginning with the raw materials. In the sourcing of agricultural raw materials and intermediate products at AGRANA, we rely strongly on long-term partnerships with our growers. Contract farming enables close collaboration with our suppliers. This way, we can work together on improving and maintaining the quality, environmental and social standards in the production chain.

With the slogan "AGRANA4you", we maintain a strong team of expert agricultural advisors who, as working farmers themselves, assist contract farmers with their know-how on everything from planting to harvest. Embracing new technology, the digitalisation of farm operations is supported through the award-winning FARMDOK app. With it, farmers can conveniently document all operations from field preparation to crop cultivation and harvesting. The data logging in the fields is also carried out with great precision, through the geodata recorded on the smartphone. AGRANA makes the otherwise fee-based app available to Austrian contract farmers free of charge for a year.

FARMDOK is an agtech startup based in Wieselburg, Lower Austria, that develops smart farming solutions to simplify planning and recording in agriculture.

SUSTAINABLE GROWTH AND EMERGING MARKETS

AGRANA's second Chinese fruit preparations plant, in Changzhou, China, began operation on schedule and successfully towards the end of the 2018|19 financial year. With this largest single investment in China to date, we are responding to rising demand in the world's largest yoghurt market.

AGRANA is the first European food processor to establish a presence in the Changzhou National Hi-Tech District. This district has already attracted nearly 1,600 foreign businesses, including more than forty Fortune 500 companies. Globally we are pursuing two aims: to expand in emerging markets, and to consolidate and further strengthen our market position in existing markets. Proximity to the market is crucial for our ability to best address the needs of local customers and their taste preferences. With both these goals, the focus is on healthy and sustainable growth.

»We deliver tailor-made products and services for our customers, who value AGRANA's high quality and outstanding service ethic. Consumers are increasingly drawn to innovative ideas and new taste experiences – another reason why we are a preferred partner to our customers.«

YUWEI YIN
Key Account Manager,
AGRANA Fruit Dachang Co., Ltd.,
Dachang, China

FACTS ABOUT THE NEW PLANT IN CHINA:

- *Location: Changzhou, in Jiangsu province*
- *Fruit preparations capacity: 30,000 tonnes p.a.*
- *Investment: about € 22 million*

China is the world's largest consumer market; high growth rates for fruit preparations, driven especially by demand for drinkable yoghurts.

Through efficient raw material use, innovative technologies and outstanding product innovations, AGRANA utilises almost 100% of the agricultural raw materials employed – in all its business segments.

For AGRANA, agricultural crops are far too valuable not to utilise them fully. True to the Group-wide principle of complete utilisation, AGRANA works hard to convert all parts of the raw materials used into marketable, desirable products. This minimises the need for waste disposal and enhances our business success.

The by-products not only make a substantial contribution to the Group's profitability but also fulfil an ecological function. Widely used as animal feed and as fertiliser, they ensure that important minerals and other nutrients are returned to the natural environment, thus creating a desirable closed ecological loop.

EXAMPLE OF BY-PRODUCTS

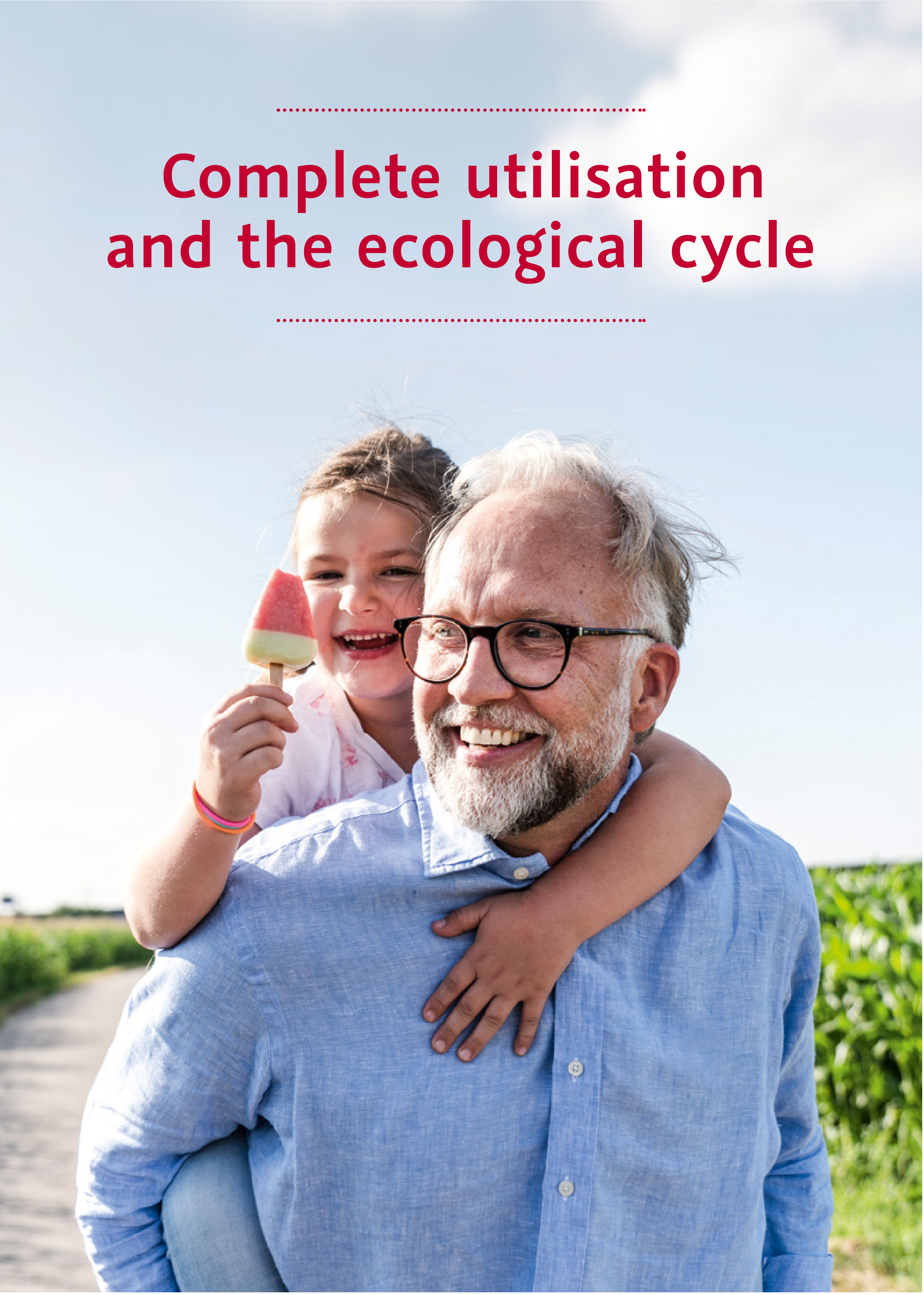
In 2018/19, AGRANA produced almost 1.7 million tonnes of by-products. For instance, in Austria alone we sell about 200,000 tonnes of feedstuffs, making us the largest producer of non-compound feeds in the country. We also produce fertilisers for conventional and organic farming, as well as lawn fertiliser. AGRANA's feedstuffs and fertilisers are GMO-free[1], and many of our products are also available in organic grades.

BIOREFINERY EXAMPLE

In the production of bioethanol in Pischelsdorf, Austria, the grain is completely utilised. Besides bioethanol we produce protein feed, wheat starch and high-purity liquefied CO_2. The bottom line is compelling: From a single raw material, we manufacture four valuable products while achieving 100% raw material utilisation.

[1] AGRANA does not make products anywhere in the world that require GMO labelling under local laws (for example, in the EU under Reg. EC No 1829/2003 and 1830/2003). The percentage share of certified GMO-free products is in the single digits.

Complete utilisation and the ecological cycle



Letter from the CEO

Dear Investor,

When the gatekeeper of our potato starch plant in Gmünd, Austria, retired, he presented me with a 50-year overview of the data from the weather station that he had operated. The story those numbers tell is sobering: While the average annual temperature in the Waldviertel region, known for its cool weather, was 6.5 degrees Celsius until into the 1960s, it increased continually in the following decades to reach 9.8 degrees in the current ten-year period. In other words, over the last 50 years the mean annual temperature there has risen by 3.3 degrees Celsius.

Sustainable management – environmental and social dimensions

The warming climate and long absences of precipitation are already having an impact on European agriculture and the processing industry, as the drought year 2018 has all too clearly shown.

We are responding to this by stepping up our research activities in the agricultural sector, in view also of the limited availability of crop protection products. The responsible use of agricultural resources is highly important to us – raw materials are too valuable not to be utilised completely. Current examples of this maximum utilisation are our new refining of pulp from potato processing and the construction of a betaine crystallisation plant for the complete utilisation of sugar beet molasses at our sugar factory in Tulln, Austria.

In addition to our careful use of raw materials, our products themselves make a substantial contribution to protecting the climate and the environment. Bioethanol as an environmentally friendly component of blended petrol, produced in our biorefinery in Pischelsdorf, Austria, reduces emissions such as CO_2 and particulate matter. A further increase in the proportion of ethanol in petrol would be an immediate and effective way of further lowering these emissions. Bioethanol production also yields a high-quality protein animal feed, a by-product which reduces imports of genetically modified soy from overseas.

With our innovative AGENACOMP® bioplastic, we help reduce plastic waste. Our starch-based organic plastic compound is 100% home-compostable without leaving microplastic residues and can be used for a wide range of applications.

As part of our specialties strategy, organics are an important cornerstone of our product range, and in fact we are the largest European B2B organic starch and sugar producer. However, we also believe in the need for efficient agriculture with a wise balance of conventional and organic farming. With today's consumption patterns, organic production alone cannot feed the world population, nor could it withstand the pressure from pests. All our products require a secure raw material base in a competitive international environment.

The procurement of raw materials from contract farmers on which we rely in the Starch and Sugar segments is also gaining significance in the Fruit segment. The close collaboration with the farmers who supply the raw materials allows us to work side by side with them on improving and safeguarding environmental and social standards in crop production and document this performance through the Sustainable Agriculture Initiative Platform[1].

[1] For details, see from page 43

Small and decentralised is actually not always ecologically best. Production involves ecological economies of scale, too. In the financial year this was clearly seen in our Sugar segment, where a reduction of about 18% in beet processing volume relative to the year before, coupled with lower beet quality, was accompanied by increases in energy consumption and emissions per tonne of product of around 12% and 13%, respectively. For the same reason, the ongoing doubling of capacity at the wheat starch factory in Pischelsdorf will also help us to produce starch even more efficiently.

In the 2018|19 financial year our employee numbers rose further both in Austria and worldwide, and with capital expenditures of more than € 180 million we continued to invest in the future of the Group. The new second fruit preparations plant in China, the Fruit acquisition in Algeria and the capacity expansion of the potato starch plant in Gmünd, Austria, not only mean future business growth but also immediate added jobs for highly qualified people to help us reach our growth targets.

Sustainable management – financials and outlook

In terms of earnings, the year behind us was anything but satisfactory. Only the Fruit segment recorded slight EBIT growth in 2018|19. Our starch business, after the record-setting prior year, was negatively affected especially by the volatility of ethanol prices. Historic low EU sugar prices following the quota abolition not only led to losses in the Sugar segment but also weighed on the isoglucose business.

Yet our gaze is not directed backwards but to the future. This is reflected in our programme of investment in growth projects in the Fruit segment and specialisation projects in the Starch segment. The expansion of the wheat starch plant in Pischelsdorf is the biggest project of the new financial year, and the enlarged facility is scheduled for commissioning at the end of 2019.

Regarding the earnings trend for the Group in 2019|20, we think the prices in the EU sugar price reporting system have already bottomed out. Depending on the crop production acreage and growing conditions in 2019, the world market price will have more or less of an impact on the 2019|20 sugar marketing year. Overall, in view of expected stable Starch EBIT and a projected further improvement in the Fruit segment, the Group's earnings should see a significant upward trend.

In line with our focus on long-term profitable growth and our commitment to dividend continuity, we would like to pay you, our valued shareholders, a solid dividend even after a difficult 2018|19.

Finally, on behalf of the Management Board, I would like to thank our shareholders for their trust, our employees for their commitment and loyalty, and our customers and other partners for the good collaboration.

Sincerely

Johann Marihart
Chief Executive Officer

Supervisory Board's report

In the 2018|19 financial year, AGRANA operated in an extremely challenging business environment. The effects of the expiry of the sugar and isoglucose quotas in the European common market put pressure on profitability in the Sugar segment and also weighed on the Starch segment, with only the Fruit segment posting slight earnings growth.

The Supervisory Board actively oversaw this difficult business trajectory in the 2018|19 financial year 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 measures for the strategic further development of the Group, the optimisation of business performance in all segments, and matters of corporate financing. Convening for a total of four meetings in the year, the Supervisory Board, on the basis of the reports of the Management Board and detailed written material, considered the company's business situation and financial position, all relevant matters concerning the company's further development, 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. The Supervisory Board members' overall attendance at the meetings in 2018|19 was approximately 92%. 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 communicated closely 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 7 May 2018, the Supervisory Board dealt with the audit of the parent company and consolidated financial statements for the year ended 28 February 2018 and the nomination of the independent auditor for election for the 2018|19 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.

The meeting on 6 July 2018 discussed and approved the medium-term planning and a strategic equity investment project.

In the meeting on 22 November 2018 the Supervisory Board addressed the forecast financial results for 2018|19 and corporate governance matters, and discussed and approved the construction of a betaine crystallisation plant at the site in Tulln, Austria.

In its meeting on 21 February 2019 the Supervisory Board deliberated especially on the financial planning and the capital investment projects for the 2019|20 financial year, as well as on strategic equity investment projects. In 2018|19 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 2019 meeting.

Audit Committee

The Audit Committee convened for two meetings in the 2018|19 financial year. With the independent auditor in attendance, the Audit Committee dealt exhaustively with the 2017|18 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 2018|19 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 independent auditor appointed for the financial year ended 28 February 2019, KPMG Austria GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, has audited the parent company financial statements of AGRANA Beteiligungs-AG for the year ended 28 February 2019 prepared in accordance with Austrian Generally Accepted Accounting Principles and submitted by the Management Board, and the parent company management report of the Management Board. The independent auditor has reported the result of the audit in writing and issued an unqualified audit opinion.

The Supervisory Board has received and reviewed the audit report of the independent auditor. The Audit Committee has reported to the Supervisory Board on the result of the audit of the financial statements, in accordance with section 92 Austrian Stock Corporation Act.

After detailed review and discussion by the Audit Committee and the Supervisory Board, the Supervisory Board has approved the parent company financial statements for the year ended 28 February 2019 submitted by the Management Board (including the notes) and the parent company management report, corporate governance report, and proposal for the appropriation of profit. The parent company financial statements for the year ended 28 February 2019 are thus adopted for the purposes of section 96 (4) Austrian Stock Corporation Act. The Supervisory Board is in agreement with the Management Board's proposal for the appropriation of profit.

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), were also audited by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, and received an unqualified audit opinion. The Audit Committee has reviewed the consolidated financial statements (including the notes) and the group management report, and reported thereon to the Supervisory Board; the Supervisory Board has endorsed the consolidated financial statements (including the notes) and the group management report.

On behalf 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, 10 May 2019

Erwin Hameseder
Chairman of the Supervisory Board

CORPORATE GOVERNANCE

Management Board

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 2024[1]

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

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"[2]. 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] The appointment of Stephan Büttner as a Management Board member was renewed for another five years by the Supervisory Board at its meeting on 10 May 2019.
[2] 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 2018|19 financial year, AGRANA applied the ACCG in the version of January 2018. At its meetings on 22 November 2018 and 21 February 2019, 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 2018|19 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.

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/investor.

AGRANA's boards and functioning of the Management Board and Supervisory Board

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 of 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 – Lipizzanergestüt 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 was president of the European Association of Sugar Manufacturers (CEFS[1]) until 22 June 2018.

[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 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.

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	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)

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
Andreas Klamler, Gleisdorf, Austria	1970	10 Nov 2016
Gerhard Kottbauer, Aschach, Austria	1972	17 Jan 2019
Stephan Savic, Vienna, Austria	1970	22 Oct 2009
Gerhard Glatz, Gmünd, Austria (until 17 Jan 2019)	1957	1 Jan 2010

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 no meetings in the 2018|19 financial year. 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 2018|19 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 2018|19 financial year the Audit Committee met twice. Its meetings focused particularly on the audit of the 2017|18 financial statements, the preparation of the audit of the 2018|19 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 Kottbauer (since 17 Jan 2019)	Employee representative
Gerhard Glatz (until 17 Jan 2019)	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 four 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 2018|19 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
2018|19				
Johann Marihart Marihart[1]	721,358	884,800	1,606,158	–
Stephan Büttner	443,365	543,520	986,885	–
Fritz Gattermayer	515,748	632,000	1,147,748	–
Thomas Kölbl[2]	–	–	–	–
2017|18				
Johann Marihart 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[3]
Thomas Kölbl[2]	–	–	–	–

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[3]) 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 reaching 55 years of age provided that the employment relationship has been terminated. For the 2018|19 financial year, pension fund contributions of € 350 thousand were paid (prior year: € 352 thousand). A follow-up payment of € 125 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[4]). In the balance sheet at 28 February 2019, within the item "retirement and termination benefit obligations", an amount of € 10,155 thousand was recognised for pension obligations (prior year: € 6,874 thousand) and an amount of € 2,468 thousand was recognised for termination benefit obligations (prior year: € 2,283 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.

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.

[1] Chief Executive Officer
[2] 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.
[3] Long-service award.
[4] German name of the act: Allgemeines Sozialversicherungsgesetz.
[5] German name of the act: Betriebliches Mitarbeiter- und Selbständigenvorsorgegesetz.

Compensation of the Supervisory Board

The Annual General Meeting on 6 July 2018 approved an annual aggregate remuneration for the Supervisory Board of € 325,000 (prior year: € 250,000) for the 2017|18 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:

€	2018|19[1]	2017|18[1]
Erwin Hameseder (Chairman of the Supervisory Board)	60,000	55,000
Wolfgang Heer (First Vice-Chairman of the Supervisory Board)	45,000	35,000
Klaus Buchleitner (Second Vice-Chairman of the Supervisory Board)	45,000	35,000
Helmut Friedl[2]	22,630	–
Hans-Jörg Gebhard	35,000	25,000
Ernst Karpfinger	35,000	25,000
Thomas Kirchberg	35,000	25,000
Josef Pröll	35,000	25,000
Jochen Fenner[3]	12,370	25,000

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, communication 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.

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

The **AGRANA Code of Conduct**, which was adapted in 2018, forms the foundation for all business actions and decisions. The Code of Conduct is designed to give a clear and systematic understanding of the behaviour 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 to all AGRANA employees and board members.

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

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. The policy comprises binding rules and a reporting system and 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.

The protection of personal data is an important priority for AGRANA. The company takes all necessary precautions to ensure that the collection, processing and use of such data is transparent, purpose-driven, traceable and diligent. Compliance with AGRANA's **Data Protection Policy** is mandatory.

As part of their duty of loyalty, employees must report violations of the Code of Conduct through AGRANA's internal standard reporting channel. Since April 2018, employees and external stakeholders have also been able to report violations of the Code of Conduct via the AGRANA Whistleblowing System (available online), while adhering to AGRANA's **Whistleblowing System Policy**.

The electronic training tool **"AGRANA Compliance E-learning"** covers all key topics relevant to compliance; this training must be re-taken annually. In the 2018|19 financial year the tool, which has been in place since 2016|17, was supplemented with a data protection module and updated. In the year under review it was completed by 3,002 (or 86.4%) of the 3,474 targeted individuals; the target group consisted of all salaried employees and the members of both boards. 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 2018|19 financial year it audited 19 of the 54 production sites/companies, i.e., about 35.2% of sites/companies within the GRI reporting boundaries (see "Non-financial information statement under section 267a Austrian Commercial Code", page 42), including audits for corruption and fraud in selected subject areas. No significant breaches of legal norms regarding anti-corruption were found. At two locations, employees were found to be in violation of the requirement under the AGRANA Code of Conduct to report potential conflicts of interest (internal and external related-party relationships). As there was no evidence that the employees had derived personal gain from the infringements, the response was restricted to warnings and additional trainings and, at one location, a general recording of family ties in the company.

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 final 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. A ratio of at least 30% of each gender 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. This also applies to appointments to the Supervisory Board by an employee body elected after 31 December 2017. 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, with 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, at the headquarters in Vienna a company day-care centre is available, and child care service are offered on days when schools close locally for a day, and on long-weekend days falling between a public holiday and the weekend. Additionally, in Austria and Germany, AGRANA provides financial assistance for the care of young children up to three years old. 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 supervise their children's homework in the afternoon.

Vienna, 24 April 2019

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

OUR LOCATIONS[1]

for sustainable growth

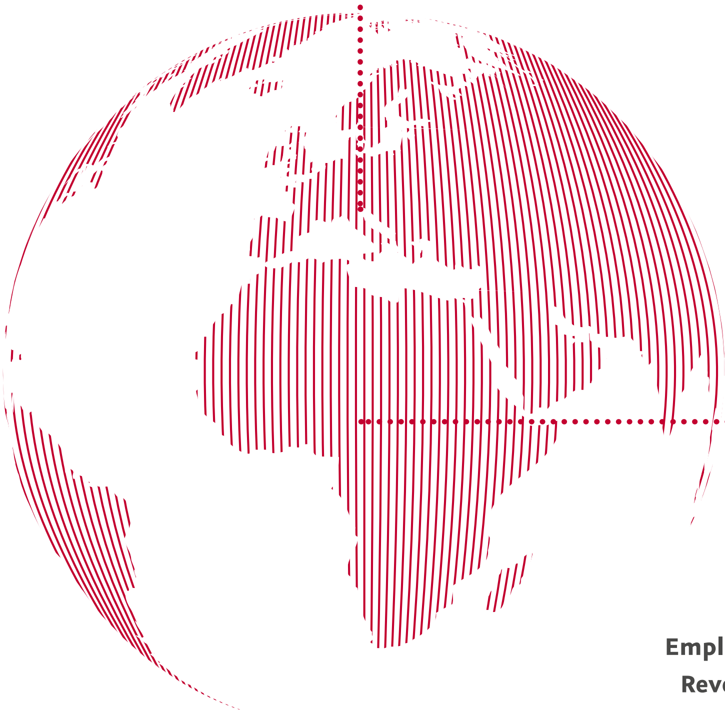
AGRANA, as a processor of agricultural raw materials with the three segments Fruit, Starch and Sugar, operates 58 production sites[1] in 26 countries[1] and had 9,191 employees at the end of February 2019 (by headcount).

EU-28

9 sugar plants (including INSTANTINA)
5 starch plants
19 fruit plants
AUSTRIA, CZECH REPUBLIC, FRANCE, GERMANY, HUNGARY, POLAND, ROMANIA, SLOVAKIA
Employees ♂ 3,344 ♀ 1,380
Revenue € 1,857.7 million
Total gross value added[2] € 1,318.8 million
Total employment effects[2] 24,658 jobs

EUROPE NON-EU

1 sugar plant
6 fruit plants
BOSNIA AND HERZEGOVINA, RUSSIA, SERBIA, TURKEY, UKRAINE
Employees ♂ 553 ♀ 497
Revenue € 101.9 million
Total gross value added[2] € 84.8 million
Total employment effects[2] 5,717 jobs



AFRICA

4 fruit plants
ALGERIA, EGYPT, MOROCCO, SOUTH AFRICA
Employees ♂ 266 ♀ 653
Revenue € 21.5 million
Total gross value added[2] € 13.5 million
Total employment effects[2] 1,276 jobs

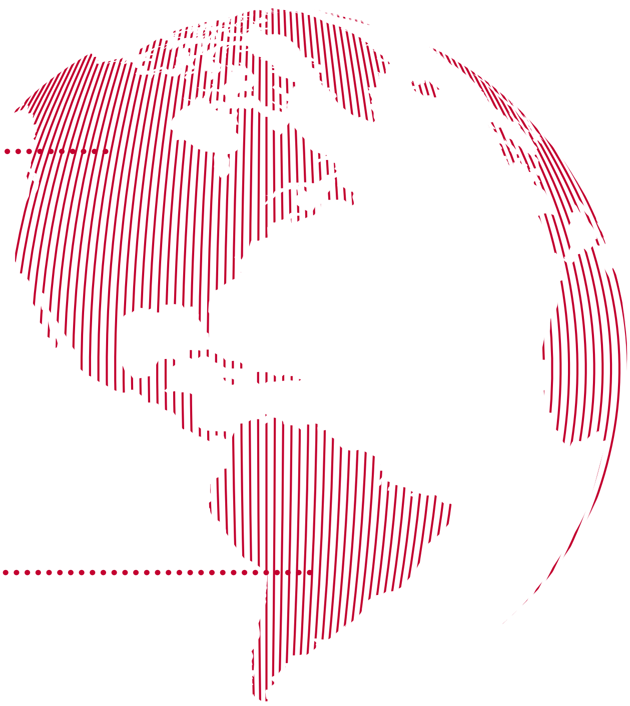
[1] Including the joint ventures HUNGRANA group in Hungary and STUDEN-AGRANA Rafinerija Secera d.o.o. in Bosnia and Herzegovina.
[2] See from page 46 and glossary from page 183.

ASIA

5 fruit plants
CHINA, INDIA, SOUTH KOREA
Employees ♂ 334 ♀ 138
Revenue € 111.6 million
Total gross value added[2] 81.2 million
Total employment effects[2] 3,334 jobs

AUSTRALIA AND OCEANIA

2 fruit plants
AUSTRALIA, FIJI
Employees ♂ 88 ♀ 54
Revenue € 38.4 million
Total gross value added[2] € 28.8 million
Total employment effects[2] 315 jobs



NORTH AMERICA

5 fruit plants
USA, MEXICO
Employees ♂ 817 ♀ 747
Revenue € 276.1 million
Total gross value added[2] € 147.8 million
Total employment effects[2] 2,744 jobs

SOUTH AMERICA

2 fruit plants
ARGENTINA, BRAZIL
Employees ♂ 221 ♀ 99
Revenue € 35.8 million
Total gross value added[2] € 47.8 million
Total employment effects[2] 1,462 jobs

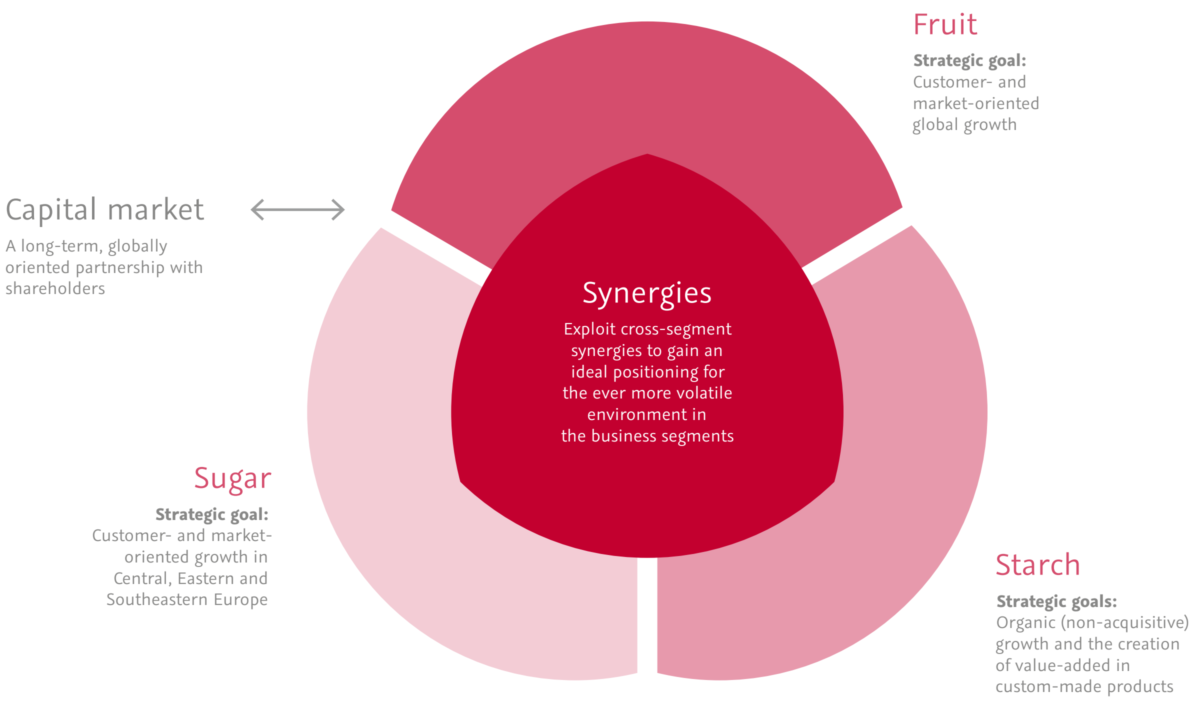
AGRANA's strategy

As an Austrian industrial group with an international focus, AGRANA operates globally in its Fruit segment, while its Starch and Sugar segments operate mainly in Europe. In these markets, AGRANA seeks or already occupies a leading position in the industrial processing of agricultural raw materials. The Group pursues a growth strategy oriented to the respective local market opportunities. 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). AGRANA utilises the Group's 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



Fruit segment strategy

Strategic goal: Customer- and market-oriented global growth. In the Fruit segment, the Group's business activities 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.

Starch segment strategy

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 successfully 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 by processing them into co-products.

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.

Synergy strategy

Strategic goal: Raise inter-segment synergies to e nsure 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
AT000AGRANA3

Exchange/market segment
VSE/Prime Market

Type of security
Ordinary shares

Number of shares
62,488,976

Reuters code
AGRV.VI

Bloomberg code
AGR:AV

Ticker symbol
AGR

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

AGRANA share data		2018|19	2017|18
Closing price at Feb 28 year-end	€	17.40[1]	99.10
High	€	25.10[1]	115.80
Low	€	15.78[1]	92.32
Earnings per share	€	0.41[1,2]	8.97[2]
Closing price/earnings ratio at year-end		42.4	11.0
Closing book value per share at year-end	€	21.58[1,2]	89.43[2]
Number of shares at year-end	'000	62,489.0[1]	15,622.2
Closing market capitalisation at year-end	€m	1,087.3	1,548.2

Four-for-one stock split

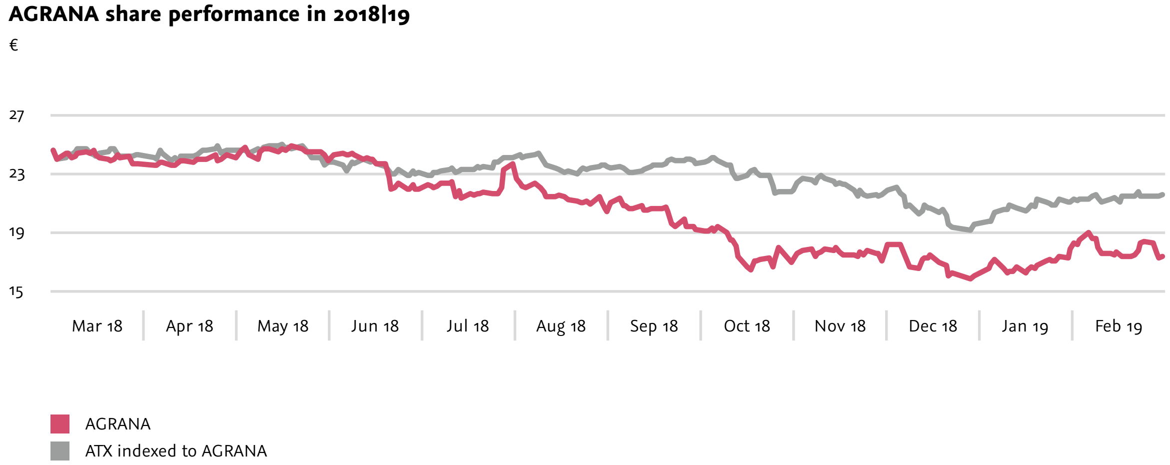
At the Annual General Meeting of AGRANA Beteiligungs-AG on 6 July 2018, shareholders approved a four-for-one stock split. The corresponding amendment to the Articles of Association was entered in the commercial register on 24 July 2018. In connection with the stock split, in compliance with international market standards, AGRANA's shares were assigned a new ISIN, AT000AGRANA3, replacing the old ISIN AT0000603709. The changeover of the listing on the Vienna Stock Exchange (the start of trading under the new ISIN) occurred on 27 July 2018. The actual book entry of the shares with the new ISIN in securities accounts and the actual retirement of the existing shares with the old ISIN was performed on 31 July 2018.

Through the stock split, the number of shares increased from 15,622,244 to a new total of 62,488,976. The share capital remained unchanged at € 113,531,274.76 and is now divided into 62,488,976 no-par value bearer shares. Each no-par value share now represents a proportionate amount of approximately € 1.82 of the share capital.

AGRANA share performance and stock market environment

In the equity market, the 2018 calendar year worldwide showed a clear division into three parts: A stage of about one month of strongly rising prices, a long period with highly volatile price movements and a subsequent correction of the markets. This correction set in at different times in the various regions, but had taken hold in most markets by the beginning of the fourth quarter and strengthened considerably in December. In line with the performance of global markets, the Vienna Stock Exchange too began the year 2018 bullishly, reaching a peak of 3,688.78 points on 23 January 2018, the highest close of the decade for Austria's benchmark ATX index. However, in the course of the year, affected

AGRANA share performance in 2018|19



[1] A four-for-one stock split was performed in July 2018.
[2] Based on the number of shares outstanding at the balance sheet date.

especially by the worries over trade conflicts, the ATX gradually lost ground, ending the calendar year at only 2,745.78 points.

On 1 March 2018, AGRANA started the 2018|19 financial year at a share price of € 24.78. Influenced by the already described environment for stock markets both worldwide and in Vienna, AGRANA's shares consistently traded above € 22.5 in the first three months. After weak results for the first quarter of 2018|19 reported on an ad-hoc basis in June and the reaffirming of the guidance for the full year (expected significant reduction in EBIT), AGRANA's share price entered a declining phase. The downward trend was exacerbated in the second half of the year when the environment for sugar manufacturers did not improve with the start of the new sugar marketing year (which began on 1 October 2018) and as AGRANA's further quarterly reports, for the first half and third quarter of 2018|19, were negatively received by the market. The closing price of € 17.40 at the balance sheet date represented a significant decrease of 29.8% from the opening price at the start of the financial year. The performance of the ATX index over the same period was less negative (down 12.5%). AGRANA's average trading volume on the Vienna Stock Exchange was about 49,000 shares per day[1] (prior year: approximately 77,000 shares per day[2]).

The market capitalisation at 28 February 2019, with 62,488,976 shares outstanding, was € 1,087.3 million (prior year: € 1,584.2 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.

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 numerous 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 individual conversations as well as by conference calls accompanying the publication of the quarterly and full-year results. At the GEWINN trade fair in Vienna, private shareholders had the opportunity to find out about current projects and the business operations directly from the Management Board.

An additional important channel of investor relations activities is the AGRANA website (www.agrana.com/en/investor), where all financial reports, financial news items, inside 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.

At the year-end of 28 February 2019, analyst reports on AGRANA were available from Erste Bank Group, Goldman Sachs and Raiffeisen Centrobank, giving two neutral/hold ratings and one buy recommendation. Berenberg Bank discontinued coverage of AGRANA shares in December 2018 until further notice. A detailed overview of the research reports can be found on the Internet at www.agrana.com/en/investor/agrana-shares (subtab "Share Price, Share Details & Research").

Dividend policy of continuity

		2018|19	2017|18
Dividend per share	€	1.00[3,4,5]	1.125[5]
Earnings per share	€	0.41[4,5]	2.24[5]
Dividend payout ratio	%	243.9[3]	50.2
Dividend yield[6]	%	5.7[3]	4.5

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 5 July 2019 to pay a dividend of € 1.00 per share, representing a dividend yield of 5.7% based on the share price of € 17.40 at the end of February 2019 (prior year: 4.5%). The dividend payment date is 12 July 2019.

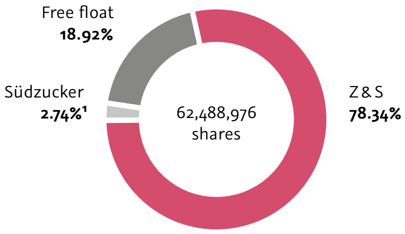
[1] Trading volume based on double counting, as published by the Vienna Stock Exchange.
[2] Trading volume based on double counting, as published by the Vienna Stock Exchange; reflecting the four-for-one stock split in July 2018, the share count has been multiplied by four to facilitate year-on-year comparison.
[3] Proposal to the Annual General Meeting.
[4] A four-for-one stock split was performed in July 2018.
[5] Based on the number of shares outstanding at 28 February 2019.
[6] Based on the closing share price at the balance sheet date of the respective year.

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 2018|19 financial year there was no material change in shareholder structure.

Shareholder structure at 28 February 2019



The shareholder structure is presented in detail in the section "Capital, shares, voting rights and rights of control" on page 94.

[1] Directly held.

Group management report 2018|19

Organisational structure

AGRANA is a globally operating processor of agricultural raw materials, with its Fruit, Starch and Sugar segments manufacturing high-quality foods and many intermediate products for the downstream food industry as well as for non-food applications. With about 9,200 employees (in FTE) at 58 production sites on six continents, the Group generated revenue of approximately € 2.4 billion in the 2018|19 financial year. AGRANA was established in 1988 and has been quoted on the Vienna Stock Exchange since 1991.

AGRANA Beteiligungs-AG
58 production sites
9,230 employees[1]
€ 2,443.0 million revenue

Fruit segment	Starch segment	Sugar segment
AGRANA Internationale Verwaltungs- und Asset-Management GmbH 43 production sites 6,141 employees[1] € 1,179.1 million revenue	**AGRANA Stärke GmbH** 5 production sites 1,025 employees[1] € 762.7 million revenue	**AGRANA Zucker GmbH** 10 production sites 2,064 employees[1] € 501.2 million revenue

Business segments and procurement models

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. 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.

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.

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

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.

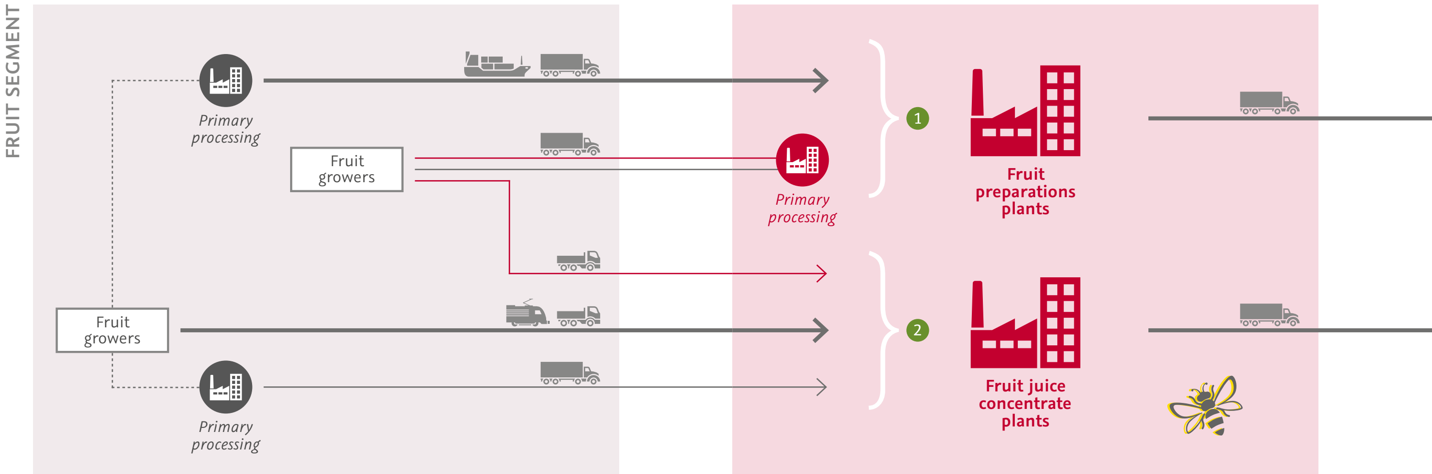
In all three business segments, AGRANA also processes certified organic crops.

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 UN 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 and 14.

The sustainable AGRANA value chain[1] in 2018|19

Procurement of agricultural raw materials

AGRANA processing: Adding value



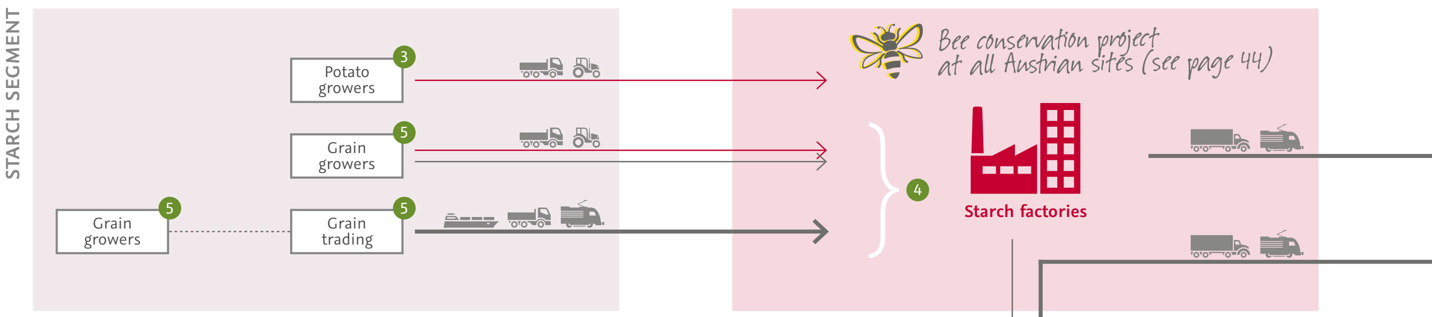
1 72% of processed fruit volume assessed using social criteria (SEDEX); see from page 60

2 17.6% of raw material volume assessed using social and environmental criteria (SAI FSA); see from page 60

Fruit preparations:
- Total energy use[2]: 1.93 GJ per tonne
- Water use[2]: 4.50 m³ per tonne

Fruit juice concentrates:
- Total energy use[2]: 3.80 GJ per tonne
- Water use[2]: 3.68 m³ per tonne

- Energy management system at 31.7% of sites[1] is certified to ISO 50001
- Sustainability assessment covering all fruit juice plants (EcoVadis) confirms gold rating; see page 64



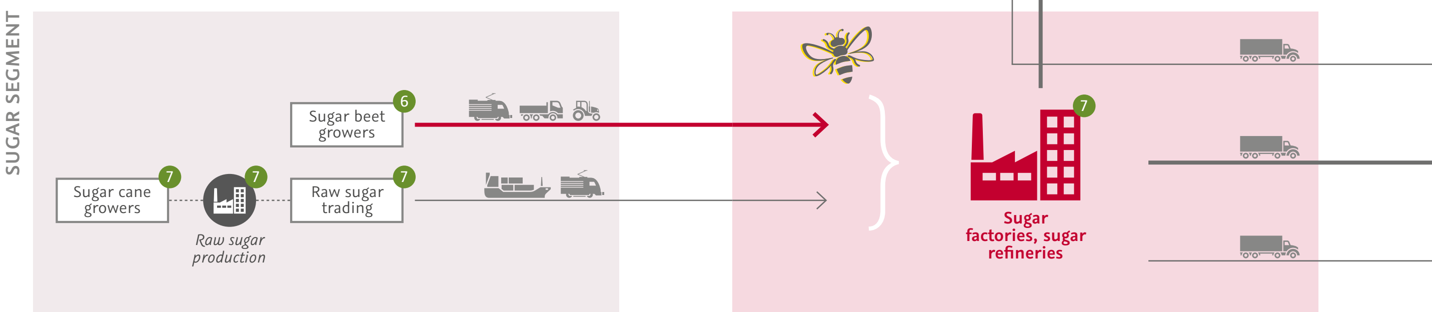
3 100% of Austrian potato growers assessed using social and environmental criteria (SAI FSA); see page 68

4 60% of raw material volume assessed using social and environmental criteria (ISCC or AACS certification); see page 68

5 100% of raw material volume meets the EU cross compliance sustainability requirements

- Total energy use[2]: 4.63 GJ per tonne
- Water use[2]: 5.02 m³ per tonne
- Energy management system at 75% of sites[1] is certified to ISO 50001

- Social criteria assessed (SEDEX) and externally audited at 75% of sites[1]; see page 46
- Sustainability assessment of Starch segment (EcoVadis) confirms gold rating; see page 71



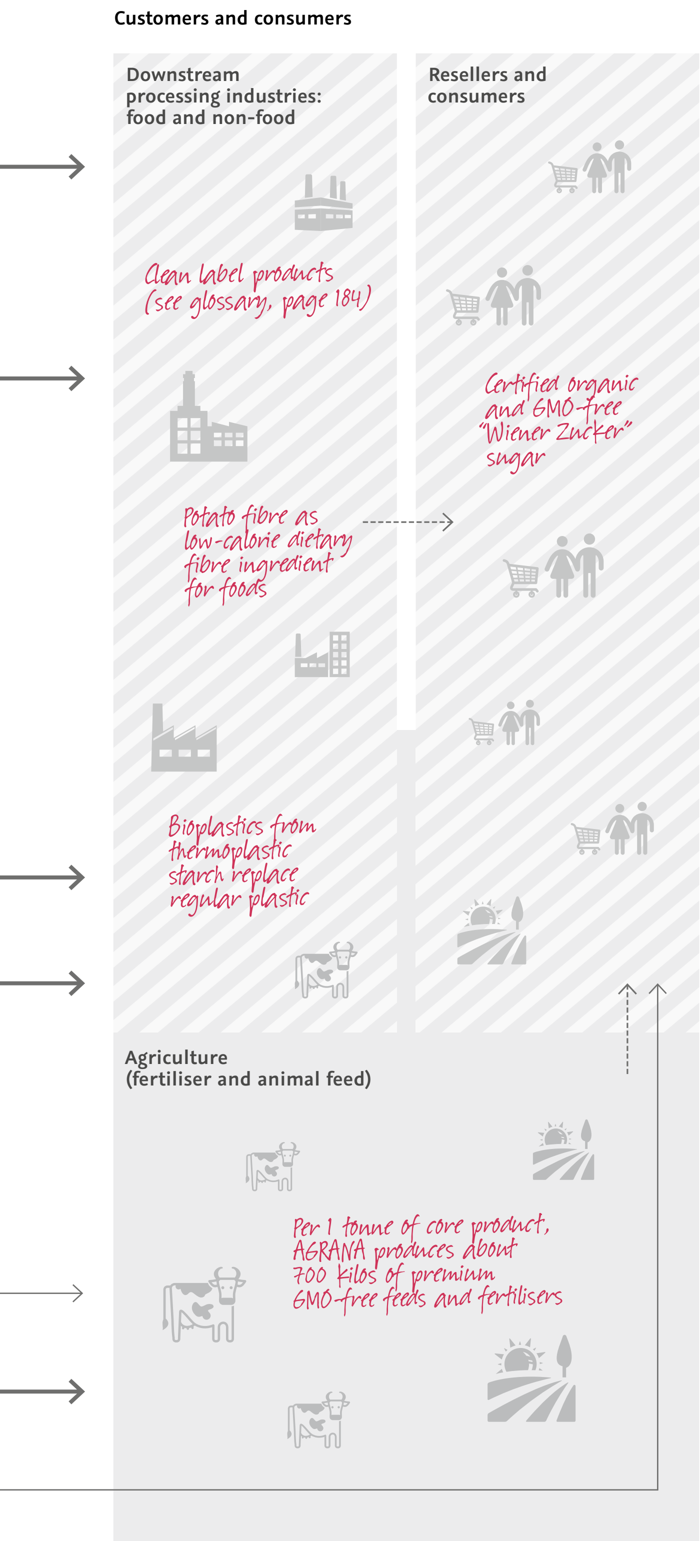
6 100% of sugar beet volume assessed using social and environmental criteria (SAI FSA); see page 75

7 Offering Bonsucro "Chain of Custody" sustainability certification (social and environmental criteria) for raw sugar for refining; see page 75

- Direct energy use[2]: 2.76 GJ per tonne
- Total energy use[2]: 3.08 GJ per tonne
- Water use[2]: 2.33 m³ per tonne
- Energy management system at 100% of sites[1] is certified to ISO 50001

- Social criteria assessed (SEDEX) and externally audited at 100% of sugar plants[1]; see page 46
- Sustainability assessment of Sugar segment (EcoVadis) confirms silver rating; see page 78

[1] Within the GRI reporting boundaries (see page 42).
[2] Per tonne of product output (core and by-products).



Sustainability targets of AGRANA's business segments

Fruit segment

Fruit preparations business

In the 2018|19 financial year the fruit preparations business launched a revision of its business strategy for the period to 2025. Sustainable management, including social aspects such as diversity, is to form a major, integral part of the strategy. Specific goals and targets will be published in the 2019|20 financial year.

Fruit juice concentrate business

2030 target in the supply chain:
100% sustainable sourcing as defined by the Sustainable Juice Covenant (see page 61)

2020|21 energy and environmental targets:
- ✘ Total energy use² of 3.43 GJ per tonne
- ✔ Water use² of 4.21 m³ per tonne

Starch segment

Energy and environmental targets by 2020|21:
- ✔ Target of cumulative savings of 65 GWh through efficiency measures in plants is already achieved, with savings of 76 GWh since the 2015|16 financial year

Sugar segment

Energy and environmental targets by 2020|21:
- ✘ Direct energy use² of 2.49 GJ per tonne
- ✘ Water use² of 1.92 m³ per tonne

The attainability of these targets is primarily determined by the quantity and quality of raw materials available (see page 76).

Workplace safety targets of the AGRANA Group

For the workplace safety targets of all AGRANA segments, see page 87.

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**

Non-financial information statement
under section 267a Austrian Commercial Code[1]

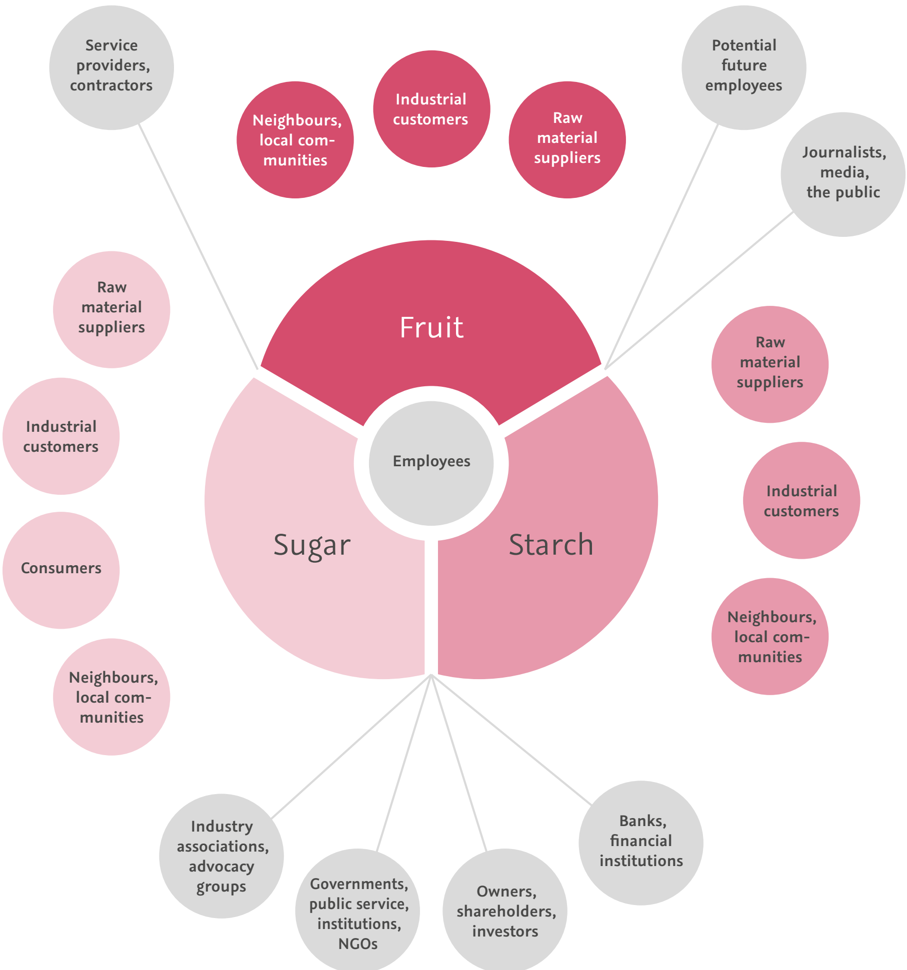
AGRANA reports non-financial sustainability matters (i.e., topics) that are material to its business activities[2] by integrating them in the Group management report, with the relevant pages visually marked by a green fingerprint. This non-financial information statement provides an overview of AGRANA's understanding of sustainability, the AGRANA materiality matrix, management approaches for the key non-financial matters, and the organisational and content boundaries of the sustainability reporting. Relevant actions 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 interaction 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), specifically GRI Standards: Core option.
[2] For a description of the business model, see the section "Organisational structure", from page 36.

Formats of AGRANA's engagement with stakeholders in 2018|19

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 Starch and Sugar segments)
- Field days focusing on various subjects
- Contracting events (for contract production of starch potatoes and sugar beet)
- Winter conferences (communication events in the Starch and Sugar segments)
- Agricultural field symposium day of BETAEXPO (with Austria's largest field of demonstration plantings of AGRANA raw material crops) in Tulln, Austria
- AGRANA Sustainability Award presented in the raw material categories of starch potatoes, apples, other fruits, and sugar beets
- "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
- "AGRANA4you" information event for raw material suppliers at the AGRANA starch plant in Aschach, Austria
- Presentation by the AGRANA raw material departments (of the Starch and Sugar segments) at the Austro Agrar trade fair in Tulln, Austria
- One-day organic agriculture conference for all organic crops processed by AGRANA
- Presentation by the AGRANA raw material departments (of the Starch and Sugar segments) at the organic field days at the Esterházy organic farm estate in Donnerskirchen, Austria

Focusing on industrial customers

- In-person visits to customers
- Presentation of the AGRANA Group at six international food fairs (one event in Brazil, two in Germany, one in Dubai and two in the USA)
- Presentation of the AGRANA Group at seven international cosmetics fairs (in Germany, Indonesia, the Netherlands, Thailand and the USA)
- Presentation of the AGRANA Group at five feed fairs (two each in Germany and Austria and one in Thailand)

Focusing on local communities

- Open houses of the combined wheat starch and bioethanol plant in Pischelsdorf, 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 (also see the section "AGRANA in the capital market" from page 32)
- Press conferences and background briefings
- Road shows in selected European cities for institutional investors

Material non-financial matters/ sustainability topics

In the 2018|19 financial year, AGRANA's Fruit, Starch and Sugar segments processed a worldwide total of approximately 9.0 million tonnes of agricultural raw materials (prior year: 9.7 million tonnes) and sold about 5.4 million tonnes of high-quality products (prior year: 5.8 million tonnes).

Based on its business activities, back in 2012|13 AGRANA identified six sustainability 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
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 prior, 2017|18 financial year, in which both the AGRANA sustainability core team and selected representative stakeholders[1] participated, the environmental, economic and social impacts of individual sustainability aspects of AGRANA's business activities were assessed. 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 Starch and Sugar segments. Only in the Fruit segment, due to the global scale of its raw material sourcing, the largest impacts are those of the supplier operations from which AGRANA procures its fruit.

For the stakeholders the issues of product safety, compliance with legal requirements, workplace safety, and energy consumption and emissions were the highest priority across all business segments. Particular significance, especially for the stakeholders of the

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

globally operating Fruit segment, is also attached to the implementation of uniformly high environmental and social standards both in AGRANA's internal product value chain and in its supply chain. Due to the high expectations under the other issues, the issue of "social engagement and stakeholder inclusion" was of very little significance in the eyes of the stakeholders; for this reason, it is no longer considered a material topic and will continue to be reported only on a voluntary basis.

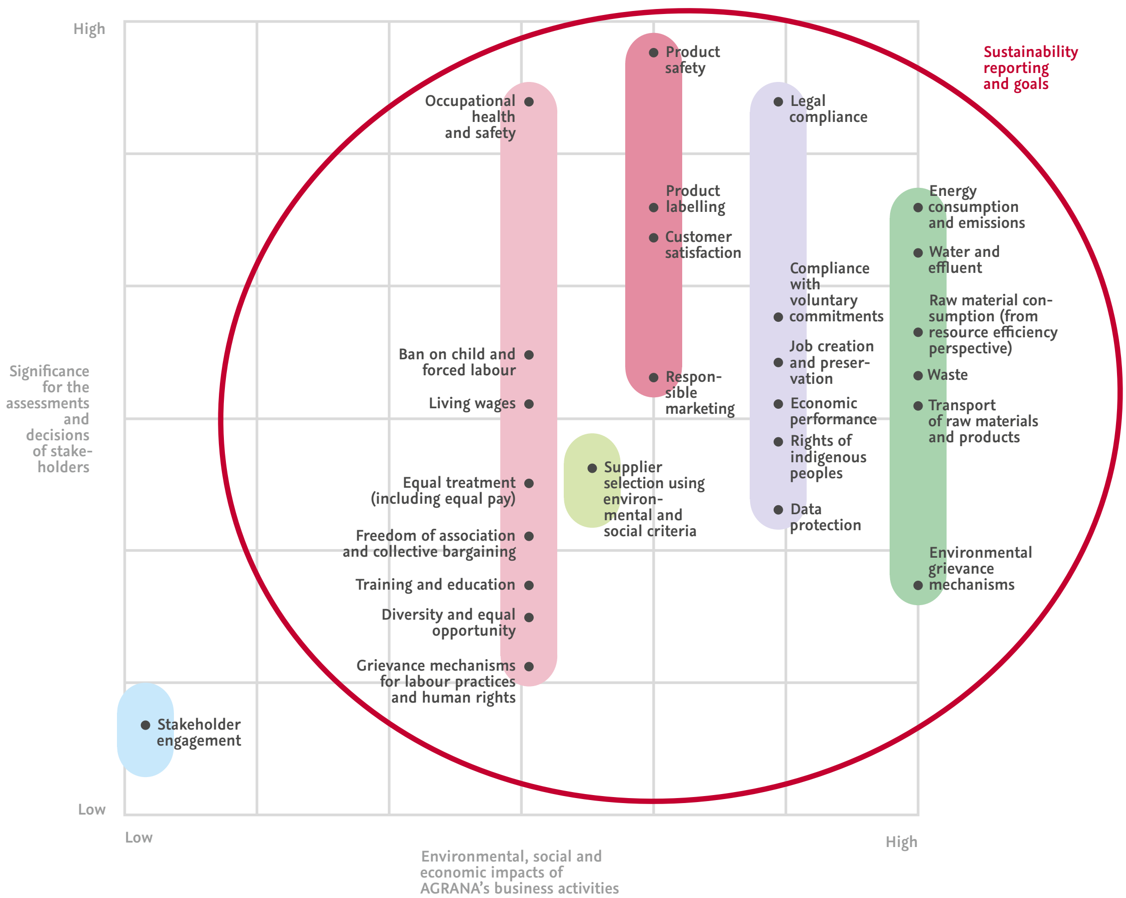
This report covers all matters under which AGRANA has material impacts or that have high significance for AGRANA's stakeholders (see GRI content index from page 191).

Organisational boundaries of reporting

The organisational boundaries for the reporting of the non-financial (i.e., sustainability) matters integrated in this 2018|19 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 environmental and energy data for the fruit juice concentrate site in Nagykálló, Hungary, acquired only in the course of the 2018|19 financial year, and for the new fruit preparations plant in Changzhou, China, brought on stream towards the end of the financial year, which are excluded.

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

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



Results of stakeholder survey for AGRANA materiality analysis

Average of all divisions

- Environmental and social criteria in the procurement of agricultural raw materials
- Environmental and energy topics in AGRANA's production operations
- Working conditions and human rights in respect of AGRANA employees
- Product responsibility and sustainable products
- Compliance and business conduct
- Social engagement and stakeholder inclusiveness

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)

Economic footprint[1]
€ 644.1 million of direct gross value-added

€ 1.7 billion of total gross value-added

Approx. 8,700 jobs at AGRANA generated about 31,000 more jobs in other companies

Value chain
wsk.agrana.com/en

Management approaches for material non-financial matters, 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 of particular relevance to AGRANA's stakeholders.

Matters in the supply chain

Environmental and social criteria (i.e., labour practices and human rights) 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's sustainability work in the supply chain focuses on suppliers of agricultural raw materials and intermediate goods (such as frozen fruit pieces) and the non-financial reporting scope is limited 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 (for example, 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, incorporates AGRANA's Code of Conduct by reference. 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 Platform (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 Fruit, Starch and Sugar 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 FSA sustainability status in the B2B space.

[1] Calculated based on the data for the 2017|18 financial year.
Details at www.agrana.com/en/sustainability/profit/footprint

Details on the activities for the implementation of AGRANA's principles for the procurement of agricultural raw materials and intermediate products and regarding the FSA sustainability status in the Fruit, Starch and Sugar segments are presented in the respective segment reports (see pages 60, 68, and 75).

Building awareness of good agricultural practice – BETAEXPO

Awareness-building and ongoing training are key elements of AGRANA's collaboration with its approximately 9,800 contract growers. Besides many training measures in all segments, AGRANA therefore twice annually welcomes growers and others to BETAEXPO, Austria's largest field of demonstration plantings of AGRANA raw material crops. The BETAEXPO field symposium for AGRANA contract growers in June 2018 drew about 3,000 attendees with its wide-ranging technical programme and interesting discussion forums, dedicated to the production challenges in crop-growing.

As sustainable practices are a vital principle for AGRANA that also extends through the supply chain, the company, in the run-up to the June 2018 BETAEXPO, for the fourth time recognised outstanding raw material suppliers with the AGRANA Sustainability Award for especially sustainable farming operations in the categories of sugar beet, potato, fruit and juice.

At the BETAEXPO family day at the end of September 2018, about 3,000 farmers and other visitors with an interest in agriculture or in Tulln as an industry location had the opportunity to see live demonstrations of farm equipment, learn about the latest agricultural insights and receive practical tips on harvest technology from experts. The event also addressed the coming challenges of climate change, and possible ways of adjusting to it; the effects of climate change were clearly felt in European agriculture in the 2018|19 financial year, particularly through drought that was extreme in some regions.

Biodiversity

Biodiversity is significant for AGRANA especially in its upstream value chain, i.e., in the farming landscape. In this annual report, to the extent possible, biodiversity aspects are reported in the section on the respective business segment – specifically, in the respective discussion of raw material procurement from contract growers. AGRANA also carries out some projects at its business locations to protect or increase species diversity. Thus, since 2016 AGRANA maintains a bee conservation project, which involved installing bee hives at all of the Group's Austrian locations. For further projects, see pages 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 aspects of AGRANA's production operations

The blueprint 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 and also includes a complaints process.

Energy consumption and emissions

The processing of agricultural raw materials, which is especially energy-intensive in the Starch and Sugar 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. In addition, through greenhouse gases emitted, the production operations can also have social and environmental effects, e.g., in the form of health hazards or commodity scarcity as a result 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, as efficiently as possible. To achieve this, AGRANA has since 2014 been introducing energy management systems. The energy management systems of 46.3% of all AGRANA production sites within the GRI reporting boundaries (see page 42) are certified to ISO 50001.

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

AGRANA's reporting of energy use 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 still 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. The European Association of Sugar Manufacturers (CEFS), based on its calculations, cites a carbon 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 removal of water in water-stressed regions, as well as poor water quality and too high a temperature of discharged wastewater, frequently represent 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, and on a specific basis, i.e., per tonne of product output (core and by-products), as absolute values do not provide a meaningful measure of water use efficiency, owing to the fact that annual processing quantities fluctuate. 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 63, 70 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 Starch and Sugar 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.

Based on total product output, hazardous waste in the 2018|19 financial year amounted to about 141 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 largely less than 10% of the carbon footprint of AGRANA products (varying with the calculation method and country), the Group strives to make transport activities as sustainable as infrastructure and economics will allow.

Thus, in 2018|19 the modal split for inbound and outbound logistics in the AGRANA Group, based on tonne-kilometres, was approximately 74% road, 21.5% rail and 4.5% water.

Employee matters, including working conditions and human rights, in respect of AGRANA employees

The internal normative basis for AGRANA's relationship with its employees is the AGRANA Code of Conduct, which was newly revised in 2018|19. Among other things, it prohibits any discrimination or harassment, forbids child labour and forced labour, and addresses issues of health and safety in the workplace. It also affirms the rights of free association and collective bargaining. By adhering to its Code of Conduct, the Group expects to avoid or minimise economic risks to 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 71% of AGRANA employees worldwide fall under collective agreements. The interests of approximately 81% 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 Data Exchange (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 42) 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 and valid for three years. Overall, at the balance sheet date in 2019, about 44.4% 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 2018|19 regarding working conditions and human rights in relation to AGRANA employees are discussed in the section "AGRANA's people" (see from page 83).

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

The risks, management approaches and activities in 2018|19 surrounding compliance and business conduct, anti-corruption and anti-bribery are presented in the compliance section (see from page 25) of the corporate governance report.

Social matters

Economic footprint of the AGRANA Group

In the area of sustainability, for AGRANA as an energy-intensive industrial company, the ecological aspect of its business operations has been a focus for many years. Besides this, the Group also considered working conditions (both internally and in the supply chain) and compliance aspects. Additionally, in the 2015|16 financial year the Group's contributions to the economy in terms of value-added and employment were studied more closely for the first time; these calculations[1] were updated in 2018|19.

AGRANA's total gross value-added contribution

The direct gross value-added effect of the AGRANA Group's ongoing operations (as distinct from investment effects, discussed below) in the prior, 2017|18 financial year was € 644.1 million (2014|15: € 510.6 million). The total gross value-added contribution[2] of the AGRANA Group, which consists of direct[2], indirect[2] and induced[2] effects, was approximately € 1.7 billion (2014|15: almost € 1.5 billion). At € 831.8 million or 48% of the Group's gross value-added, the largest contribution came from the Fruit segment, followed by Starch at € 514.3 million and Sugar at € 376.5 million. The greatest macroeconomic leverage, expressed as a multiplier[2], is exerted by the Sugar segment: its multiplier of 2.8 means that for every euro of gross value-added generated in the Sugar segment of the AGRANA Group, an additional € 1.8 of value-added was created in other companies worldwide.

In terms of geographic distribution, the EU-28 countries accounted for about 77% of gross value-added, ahead of North America at around 9% and the rest of Europe at about 5% (see map of AGRANA sites, from page 28).

Each job at AGRANA created up to five more worldwide

All told, the ongoing operations of the AGRANA Group in 2017|18 supported close to 40,000 jobs around the world: The 8,730 direct jobs in the AGRANA Group were the basis for about 31,000 other positions worldwide. This resulted in the above-average employment multipliers (which are not comparable with other industries) ranging from 6.62 in the Starch segment to 4.53 in the Fruit segment.

More than half of the aggregate effect of 39,506 jobs was attributable to the Fruit segment, with 21,651 direct and supported jobs or about 55% of the total, followed by Sugar at 11,345 (around 29%) and Starch at 6,510 positions (about 16%). Approximately 62% of these jobs were in the 28 EU member countries. The European Union's relatively higher 77% share of gross value-added reflected the higher productivity in the EU. In terms of employment effects, Asia followed at 3,334 or 8% of jobs, and North America was third at 2,744 positions or 7% (see map of AGRANA sites, from page 28).

[1] For the methodology, see glossary, page 183
[2] See glossary, page 184

Investment by AGRANA added a total of 8,296 jobs

Besides the impacts of ongoing operations, AGRANA's capital expenditures gave rise to one-time additional, gross value-added effects. Globally, the total capital expenditures in the 2017|18 financial year of about € 141 million resulted in a total value-added effect of € 290.7 million. The associated employment impact amounted to a total of 8,296 jobs. The largest portion of these beneficial investment effects accrued in the EU, with gross value-added of € 208.3 million (some 72% of the global total). The employment effect of 2,619 supported jobs in the EU economy represents about 32% of the global figure.

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 its 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 2018|19 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 affecting consumers were required in 2018|19.

Organic products and sustainable product innovations

AGRANA has 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.

For organic products in high demand, such as organic beet sugar, AGRANA seeks to expand the volume it can supply. In Austria from the 2019 crop year, as an incentive for farmers to venture into the challenging production of organic beet, AGRANA is offering not just a purchasing guarantee with an attractive pricing model, the coverage of the cost of loading the beets onto trucks, and discounts on fertilizers such as Carbokalk and BioAgenasol® but also other organisational support measures such as the provision of camera-controlled finger weeders and multi-worker rolling weeding platforms including personnel. The placement of seasonal workers as part of a working group for organic beet is also being planned. As well, a collaboration was launched between AGRANA and the company Agropersonal for the placement of seasonal workers. All these measures are designed to help make organic beet cultivation more attractive to farmers.

AGENACOMP® organic plastic, launched on the market in 2018|19, represents AGRANA's most important product innovation of the past financial year. This organic plastic compound consists of 50% thermoplastic starch and 50% biologically degradable polyester. AGENACOMP® is the first product on the organic plastics market with so high a starch content (versus the typical 25%) that is completely home-compostable. TÜV-certified composting tests showed 100% decomposition without microplastic residues, in less than six months. The applications for AGRANA's newly developed bioplastic compound are many, ranging from produce bags for fruit and vegetables, to reusable shopping bags (made from thicker grades of the material), all the way to packaging film.

At the end of the 2018|19 financial year, as part of a € 40 million investment at the site of the potato starch factory in Gmünd, Austria, AGRANA started the value-added processing of potato fibre into a high-quality dietary fibre for calorie reduction in foods. Dietary fibre as a non-digestible component of foods is essential to good nutrition. It is known for providing rapid satiation, lowering blood sugar and blood lipid levels, binding toxins present in the body and promoting a healthy gut flora, and is used in many foods, such as baked goods, soft drinks and meat products. By drying and processing the previously unused spent pulp from potato starch production, AGRANA achieves not only 100% utilisation of the potatoes as a valuable raw material, but also contributes to balanced, high-fibre nutrition.

Disseminating knowledge on nutrition and health

In 2018|19, sugar continued to struggle with a negative image in the public debate and in media reporting on nutrition and health. Frequently, the impression is created that sugar is responsible for most of the ills of our modern society, and none more so than obesity.

Motivated by this media pressure and the 2016 agreement between EU member states that, by 2020, the amount of added sugars in the total food supply is to be reduced by 10% relative to the base year 2015, food manufacturers and retail chains are working on recipe changes for their products. Thus, one retail group displays a chocolate pudding with 30% less sugar than before, but containing only about 6% fewer calories than the original. Or take butter biscuits which are advertised as having "30% less sugar", but ultimately contain only 4% fewer calories; or hazelnut slices containing only 2% fewer calories despite 46% less sugar. Reformulations that target sugar alone fall short. Ultimately, what is responsible for overweight is not sugar but a positive energy balance, i.e., more calories being taken in than expended. Whether these calories come from fat, protein, sugar or other carbohydrates makes no difference to the energy balance.

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 2018|19 financial year, the Group thus continued to support initiatives that communicate nutritional and health knowledge, such as Austria's Forum for 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 strives 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. As in the previous years, AGRANA supported last year's Wiener Zucker® U9 kids' football tournament, with participation not just by local clubs but also by the U9 teams of big-name, top international franchises such as FC Bayern München, Hertha BSC Berlin, Juventus Turin, AC Milan and FC Barcelona.

In parallel with this, AGRANA helps foster its own employees' knowledge and awareness of balanced nutrition and a healthy lifestyle through a multitude of activities (see the section "AGRANA's people", from page 83).

Social engagement

Memberships in major sustainability-related initiatives

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, the Group is involved in various sustainability-related initiatives and in industry associations and advocacy groups.

Sponsorship engagements

As in the previous years, in 2018|19 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's aim and other members
Sustainable Agriculture Initiative Platform (SAI)	AGRANA Beteiligungs-AG[1]	2014	Aim: Develop guidelines for and implement sustainable agriculture practices; Members: Food and beverage industry
Sustainable Juice Covenant	AUSTRIA JUICE GmbH	2018	Aim: global initiative for sustainable production of fruit- and vegetable-based juices, purees and juice concentrates; Members: beverage industry, especially members of the European Fruit Juice Association (AIJN)
Supplier Ethical Data Exchange (SEDEX)	AGRANA Beteiligungs-AG[1]	2009	Aim: Promote sustainable social and environmental practices in the value chain; Members: about 36,000 companies worldwide
EcoVadis	AUSTRIA JUICE GmbH and some sites of Fruit segment; AGRANA Stärke GmbH; AGRANA Zucker GmbH	2013	Aim: Supplier assessment on environmental and social criteria throughout their value chain; Members: about 120 large global companies in a wide range of industries
ARGE Gentechnik-frei (Platform GMO-Free)	AGRANA Beteiligungs-AG[1]	2010	Aim: Promote and safeguard Austrian GMO-free agriculture and food production; Members: entire food value chain, including many retailers
Bonsucro	AGRANA Zucker GmbH	2014	Aim: Improve the sustainability of sugar cane cultivation and of cane sugar production; Members: Producers, resellers, processors
Initiative Donau Soja (Danube Soya Initiative)	AGRANA Stärke GmbH	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 2018|19 financial year (the twelve months ended 28 February 2019) were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

Changes in the scope of consolidation

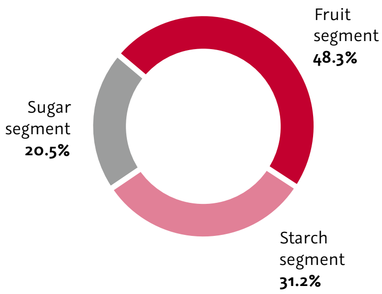
A detailed overview of the additions to and removals from the scope of consolidation is provided in the notes to the consolidated financial statements (page 113). In total in the consolidated financial statements, 62 companies were fully consolidated (28 February 2018 year-end: 62 companies) and twelve companies were accounted for using the equity method (28 February 2018: 13 companies).

Revenue and earnings

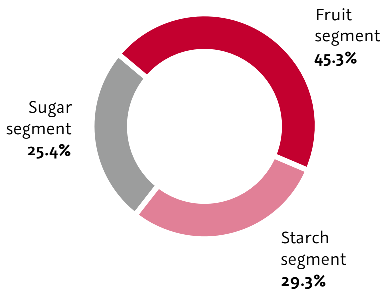
Consolidated income statement (condensed)		**2018|19**	**2017|18**	**Change** % / pp
Revenue	€000	2,443,048	2,566,317	−4.8%
EBITDA[1]	€000	147,738	254,159	−41.9%
Operating profit before exceptional items and results of equity-accounted joint ventures	€000	51,102	164,145	−68.9%
Share of results of equity-accounted joint ventures	€000	12,222	29,395	−58.4%
Exceptional items	€000	3,294	(2,912)	213.1%
Operating profit [EBIT][2]	€000	66,618	190,628	−65.1%
EBIT margin	%	2.7	7.4	−4.7 pp
Net financial items	€000	(15,372)	(14,470)	−6.2%
Income tax expense	€000	(20,860)	(33,513)	+37.8%
Profit for the period	€000	30,386	142,645	−78.7%
Earnings per share	€	0.41	2.24[3]	−81.7%

The AGRANA Group's **revenue** of € 2,443.0 million in the 2018|19 financial year was off slightly from the prior year. While revenue rose slightly in the Fruit segment (to € 1,179.1 million, up 1.5%) and Starch segment (to € 762.7 million, up 1.4%), revenue declined significantly in the Sugar segment (to € 501.2 million, down 23.2%) due mainly to the further decline in sugar selling prices.

Revenue by segment in 2018|19



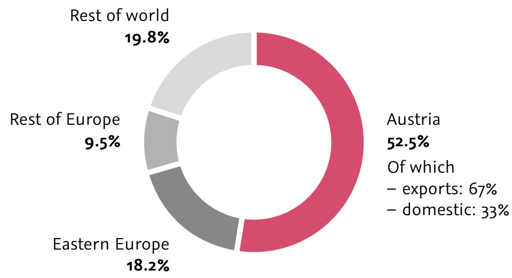
Revenue by segment in 2017|18



[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] Based on the number of shares outstanding at February 28, 2019, which was 62,488,976.

Subsidiaries based in Austria generated 52.5% (prior year: 51.3%) of Group revenue.

Revenue by region in 2018|19



Operating profit (EBIT), at € 66.6 million, was very significantly (65.1%) below the prior year. In the Sugar segment, as expected, EBIT deteriorated very significantly, to a deficit of € 61.9 million (prior year: profit of € 34.8 million), owing to lower selling prices than one year earlier as well as adverse effects of the drought-related smaller harvest in Austria. In the Starch segment, EBIT decreased significantly to € 51.2 million, a reduction of 36.2% driven above all by a weaker performance in the ethanol and saccharification products business. The Fruit segment raised its EBIT by 2.2% to € 77.3 million. 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.

Net financial items in 2018|19 amounted to a net expense of € 15.4 million (prior year: net expense of € 14.5 million). The prior year's optimisation of the credit and interest rate structure led to a further improvement of € 2.3 million in net interest expense. At the same time, currency translation differences deteriorated by about € 4.1 million, due primarily to negative movements in foreign currency financings in Argentina, Brazil, China, Mexico and Romania (euro and US dollar financings). As a result of lower ancillary expenses, other financial items improved by € 0.9 million.

Net financial items		**2018|19**	**2017|18**	**Change**
				%
Net interest (expense)	€000	(5,513)	(7,832)	+29.6%
Currency translation differences	€000	(7,976)	(3,842)	–107.6%
Share of results of non-consolidated subsidiaries and outside companies	€000	24	34	–29.4%
Other financial items	€000	(1,907)	(2,830)	+32.6%
Total	**€000**	**(15,372)**	**(14,470)**	**–6.2%**

Profit before tax decreased from the prior year's € 176.2 million to € 51.2 million. After an income tax expense of € 20.9 million based on a tax rate of 40.7% (prior year: 19.0%), the Group's **profit for the period** was € 30.4 million (prior year: € 142.6 million). Profit for the period attributable to shareholders of AGRANA was € 25.4 million (prior year: € 140.1 million); earnings per share decreased to € 0.41[1] (prior year: € 2.24[1]).

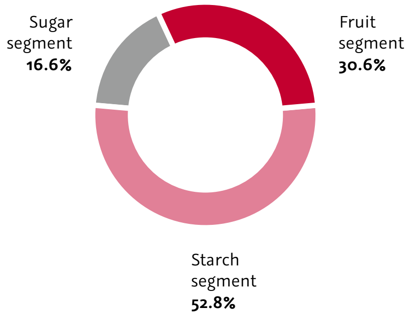
Investment

In 2018|19, AGRANA invested a total of € 183.8 million, or € 42.9 million more than in the prior year. Purchases of property, plant and equipment and intangibles exceeded depreciation by 90.1% (prior year: 56.5%), with the following distribution by business segment:

Investment[2]		**2018|19**	**2017|18**	**Change** % / pp
Fruit segment	€000	56,193	49,356	+13.9%
Starch segment	€000	97,011	59,427	+63.2%
Sugar segment	€000	30,549	32,084	–4.8%
Group	€000	**183,753**	**140,867**	**+30.4%**
Depreciation, amortisation and impairment	€000	96,636	90,014	+7.4%
Investment coverage	%	190.1	156.5	+33.6 pp

Investment in the Fruit segment focused mainly on capacity expansions and plant modernisation; in the Sugar segment it centred on improvements in product quality and energy efficiency. The highest capital expenditures in the Starch segment were for the on-going expansion of the wheat starch plant in Pischelsdorf, Austria. The key projects in the individual business segments are described in the segment reports.

Investment by segment in 2018|19



[1] Reflecting the four-for-one stock split performed in July 2018. The value is thus based on the new number of shares outstanding at 28 February 2019, which was 62,488,976.
[2] Investment represents purchases of property, plant and equipment and intangible assets, excluding goodwill.

Cash flow

Consolidated cash flow statement (condensed)		2018|19	2017|18	Change %
Operating cash flow before changes in working capital	€000	177,546	302,745	−41.4%
Changes in working capital	€000	(5,872)	(43,121)	+86.4%
Interest received and paid and income tax paid, net	€000	(29,965)	(45,762)	+34.5%
Net cash from operating activities	€000	**141,709**	**213,862**	**−33.7%**
Net cash (used in) investing activities	€000	(161,887)	(133,346)	−21.4%
Net cash (used in) financing activities	€000	(18,180)	(153,693)	+88.2%
Net (decrease) in cash and cash equivalents	€000	**(38,358)**	**(73,177)**	**+47.6%**
Effects of movements in foreign exchange rates on cash and cash equivalents	€000	(577)	(4,291)	+86.6%
Cash acquired in initial consolidation of subsidiaries	€000	637	0	–
Effect of IAS 29 on cash and cash equivalents	€000	(81)	0	–
Cash and cash equivalents at beginning of period	€000	120,961	198,429	−39.0%
Cash and cash equivalents at end of period	€000	**82,582**	**120,961**	**−31.7%**
Free cash flow[1]	€000	(20,178)	80,516	−125.1%

Operating cash flow before changes in working capital decreased by € 125.2 million year-on-year to a new total of € 177.5 million. After a significantly lower increase of € 5.9 million in working capital (prior year: increase of € 43.1 million) and a lower income tax expense and interest expense, net cash from operating activities decreased to € 141.7 million (prior year: € 213.9 million). Net cash used in investing activities was € 161.9 million. This significant increase from one year earlier came as a result of higher outflows for purchases of property, plant and equipment and intangibles (prior year: net cash use of € 133.3 million in investing activities). An overall increase in borrowings in 2018|19 (on a net basis across current and non-current borrowings) meant that, despite a higher dividend payment to AGRANA shareholders, net cash used in financing activities was reduced to € 18.2 million (prior year: net cash use of € 153.7 million). Free cash flow in the year under review decreased by more than 100% year-on-year.

Financial position

Consolidated balance sheet (condensed)		28 Feb 2019	28 Feb 2018	Change % / pp
Non-current assets	€000	1,252,148	1,161,001	+7.9%
Current assets	€000	1,137,259	1,195,420	−4.9%
Total assets	€000	**2,389,407**	**2,356,421**	**+1.4%**
Equity	€000	1,409,928	1,453,997	−3.0%
Non-current liabilities	€000	393,046	419,427	−6.3%
Current liabilities	€000	586,433	482,997	+21.4%
Total equity and liabilities	€000	**2,389,407**	**2,356,421**	**+1.4%**
Net debt	€000	322,202	232,493	+38.6%
Gearing ratio[2]	%	22.9	16.0	+6.9 pp
Equity ratio	%	59.0	61.7	−2.7 pp

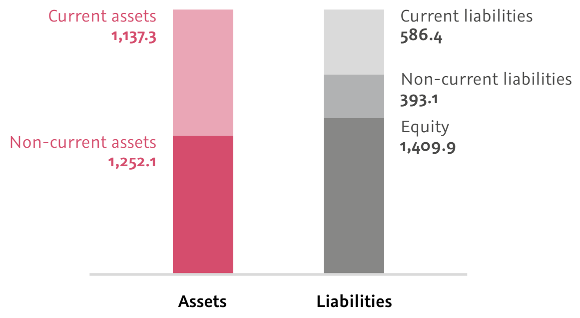
Total assets at 28 February 2019 were € 2,389.4 million, an increase of € 33.0 million from the year-earlier level.

[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 € 91.1 million in non-current assets was driven especially by a level of investment in property, plant and equipment that exceeded depreciation. Inventories declined for volume and price reasons, by € 35.4 million. In combination with a reduction of € 38.4 million in cash and cash equivalents, this led to a decrease in current assets.

Balance sheet structure at 28 February 2019

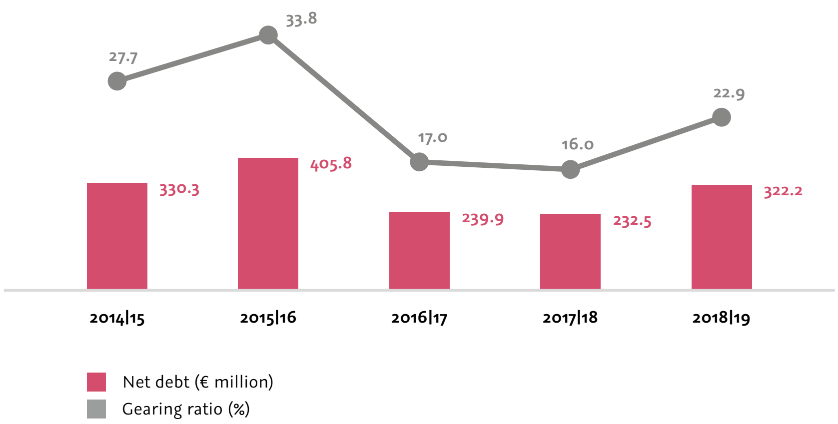
€ million



AGRANA's equity ratio of 59.0% was 2.7 percentage points below that of one year earlier. Non-current liabilities declined, due primarily to a reduction of € 31.6 million in long-term borrowings. Current liabilities rose, reflecting an increase in current borrowings (up € 83.0 million) as well as higher trade payables (up € 25.4 million).

Net debt as of 28 February 2019 amounted to € 322.2 million, up € 89.7 million from the 2017|18 year-end level. The gearing ratio was thus 22.9% at the balance sheet date (28 February 2018: 16.0%).

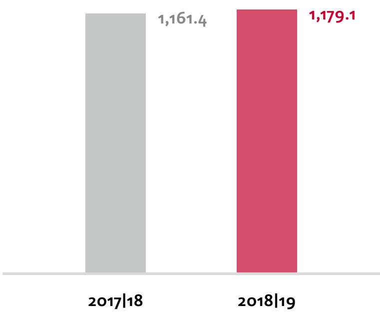
Net debt and gearing ratio



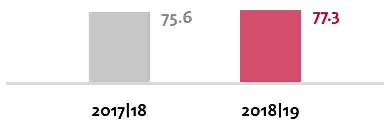
In November 2018, AGRANA raised a long-term loan of € 40 million with a seven-year term and a fixed interest rate of 1.48%. The proceeds were used for the repayment of maturing bank financings and Schuldscheindarlehen.

Segment financial results

Revenue in the Fruit segment
€ million



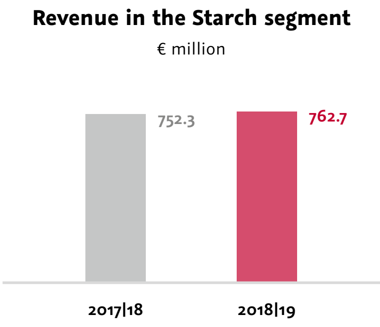
EBIT in the Fruit segment
€ million

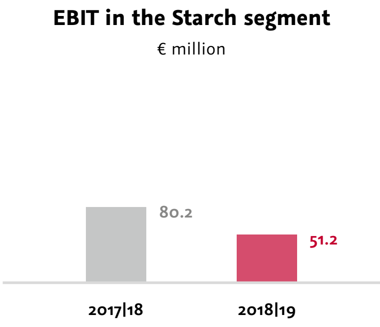


Fruit segment revenue in 2018|19 was € 1,179.1 million, or slightly above the year-earlier level (by 1.5%). In fruit preparations, revenue stagnated despite higher sales volumes; the reason lay mainly in negative currency translation effects, particularly in Argentina, Turkey, Russia, Mexico and the USA. In the fruit juice concentrate business, revenue rose as a result of the high apple juice concentrate prices for product from the 2017 crop. The Fruit segment was responsible for 48.3% of Group revenue (prior year: 45.3%).

EBIT reached a new high of € 77.3 million, rising by 2.2% from the prior year. While the fruit preparations business experienced a mainly currency-related deterioration in earnings (as numerous local currencies weakened against the euro, in some cases sharply), EBIT in the fruit juice concentrate activities grew very significantly. This was due especially to improved contribution margins of apple juice concentrate produced from the 2017 harvest and the increased capacity utilisation in the 2018|19 processing season, as well as, secondarily, to a continued good performance in beverage bases.

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

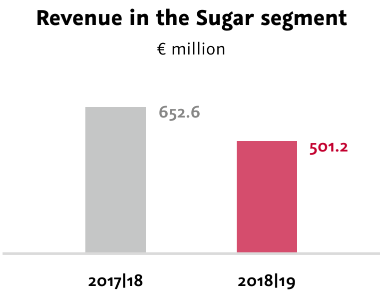


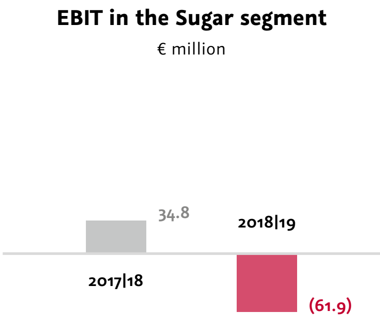


Revenue in the **Starch segment** in 2018|19 was € 762.7 million, up slightly by 1.4% from the previous year. While revenue growth was seen in native and modified starches (mostly for price reasons), significant revenue decreases occurred in saccharification products as a result of the high competitive pressure in the European sugar market. Bioethanol revenue showed a price-driven decrease from the prior year, amid high volatility in the Platts quotations. Positive revenue trends were achieved in organic and specialty products, particularly infant formula. Revenue from animal feed sales rose slightly. The Starch segment accounted for 31.2% of the Group's revenue (prior year: 29.3%).

The segment's EBIT of € 51.2 million was well below the prior year's record result of € 80.2 million and translated into an EBIT margin of 6.7% (prior year: 10.7%). Most of this reduction was attributable to the significantly lower market prices for bioethanol and saccharification products. On the cost side, the significant energy price increases and the higher overall prices of grain from the 2018 crop weighed on earnings. As a result of the strong expansion activities, staff costs and depreciation were also up significantly. The profit contribution from the equity-accounted HUNGRANA facility was € 16.2 million, versus € 30.5 million in the prior year. Volume and margin reductions in saccharification products and bioethanol were the key reasons for this lower result.

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





The **Sugar segment's** revenue in 2018|19, at € 501.2 million, represented a decrease of 23.2% from the year before. The reasons were the significant year-on-year reduction in sugar sales prices, as well as lower volumes of sugar sold (the latter especially in exports and the non-food sector). Revenue from by-products decreased, driven primarily by a lower sales volume of dried beet pulp, and revenue with ancillary goods (INSTANTINA products, seed, services, etc.) was also off. The Sugar segment accounted for 20.5% of Group revenue (prior year: 25.4%).

EBIT in 2018|19 fell from a profit of € 34.8 million to a deficit of € 61.9 million. The principal driving factor was the much poorer sales price environment compared to the prior year, which also made necessary a (retail method) write-down on sugar inventories. In addition, production costs increased due to the poor beet quality of the 2018 crop (not least as a result of the extreme drought conditions) and the acreage reduction in spring 2018 caused by the beet weevil infestation. Specifically, this resulted in idle-capacity costs of about € 13.2 million. The net exceptional items income in 2018|19 amounted to € 3.3 million and stemmed largely from tax refunds in Romania (prior year: net expense of € 2.9 million, due primarily to restructuring effects).

Further details on the results in the Sugar business are given 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 2019 that had a material effect on AGRANA's financial position, results of operations or cash flows.

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

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 comprised 28 production sites in 21 countries for fruit preparations, and 15 plants in seven countries for the production of apple and berry juice concentrates.

Revenue and earnings

Fruit segment		2018|19	2017|18	Change % / pp
Total revenue	€000	1,179,603	1,161,898	+1.5%
Inter-segment revenue	€000	(453)	(456)	+0.7%
Revenue	€000	1,179,150	1,161,442	+1.5%
EBITDA[1]	€000	114,966	113,218	+1.5%
Operating profit before exceptional items and results of equity-accounted joint ventures	€000	77,265	75,639	+2.1%
Operating profit [EBIT][2]	€000	77,265	75,639	+2.1%
EBIT margin	%	6.6	6.5	+0.1 pp
Investment[3]	€000	56,193	49,356	+13.9%
Number of employees (FTE)[4]		6,141	5,610	+9.5%

In the fruit preparations business, revenue rose by just under 1% on a constant-currency basis, as a result mainly of higher sales volume.

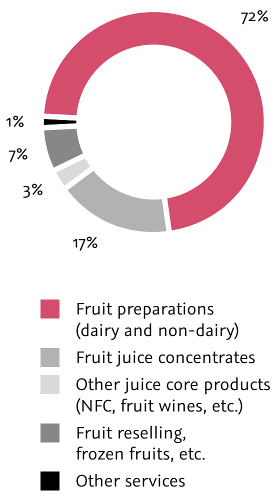
Revenue was up in all AGRANA regions except South America, Russia and the Dirafrost group. The largest percentage gain was made in the India, Middle East and Africa region (IMEA), with growth in South Africa, India and through the acquisition of Elafruits SPA in Algeria (now SPA AGRANA Fruit Algeria). Ukraine also registered a significant revenue increase compared with the prior year. In the EU as well, the most important region in revenue terms, AGRANA sold higher volumes than a year ago, despite the market contraction. Detracting from the revenue growth were foreign currency effects in individual countries, particularly in Argentina, Turkey, Russia, Australia and Mexico.

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 improved its market position through gains in market share paralleling the growth of its global key accounts; long-term customer contracts secure this positive evolution for the company. 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).

Earnings of the fruit preparations division saw a decrease. The variance from the previous, 2017|18 financial year was due mainly to negative currency translation effects and one-off factors such as hyperinflation accounting in Argentina in 2018|19. An EBIT improvement was achieved in the Europe and North America regions and Ukraine, while earnings eased in the South America and Asia regions and Mexico.

Revenue by product group in 2018|19



[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 2018|19 EBIT of AGRANA Fruit, the company responsible for the fruit preparations business, is the first to include the acquisition of Elafruits SPA (now SPA AGRANA Fruit Algeria). In China, towards the end of the financial year, the construction of the new plant in Changzhou near Shanghai was completed. Industrial-scale production at the plant started in March 2019.

Revenue in the fruit juice concentrate business was up slightly in the 2018|19 financial year compared to the year before. This was attributable to the high prices for concentrate produced from the 2017 crop and the good sales volume from the 2018 campaign. AUSTRIA JUICE operates globally, with the EU as its core market. Other significant 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, and to some extent in Europe.

In the 2018 apple campaign, AUSTRIA JUICE benefited from excellent raw material availability in the European main crop production countries, with significantly reduced prices compared to the 2017 campaign.

EBIT in the fruit juice concentrate business was significantly higher than in the previous year thanks to the improved margin and sales volume situation and the high capacity utilisation of the plants in the 2018 processing season.

Market environment

As estimated by Euromonitor, the global market for spoonable flavoured yoghurts (which is addressed by the fruit preparations business) is to grow at an average annual rate of 1.1% to 2023. The markets in the Western Europe and North America regions are predicted to stagnate, while positive sales volume trends are seen in Asia-Pacific at estimated average annual growth of 5% to 2023, and in the Middle East and Africa at 4.1% per year to 2023. Globally, the category of drinkable yoghurts is projected to have significantly higher average annual growth of 6.0% over the same period. Besides the fruit yoghurt market, the bakery and ice-cream sectors are significant to the diversification of the fruit preparations activities. In baked goods, the product group of biscuits, snack bars and fruit snacks is particularly relevant. It is forecast to grow at a moderate rate globally, averaging 1.8% per year to 2023. The ice-cream market too is to grow globally by 1.8% p.a. over the same time span. In the Middle East and Africa, the ice-cream market is predicted to grow at an above-average rate of 5.2% p.a. to 2023.

Current consumer trends for all of the above product categories are naturalness, sustainability, health, pleasure and convenience. Within the megatrend of naturalness, the main driver is the popularity of clean label products, i.e., foods and beverages without certain additives, such as dyes, preservatives or aromas. Sustainability has long been an important theme for the industry. The focus here is currently on the avoidance of food waste and on the topic of the circular economy. Under the health trend, more and more consumers seek out natural plant ingredients to maintain health and wellness, and growing numbers of products containing herbs, spices or blossom ingredients are appearing on the market. In parallel with these trends oriented towards mindful consumption, the pleasure principle is also writ large: Food becomes a feast for the senses – vivid colours, interesting textures, new flavours – everything to surprise today's adventurous consumer with novel experiences. Rounding out the consumer trends is the theme of convenience: In daily life, many consumers no longer take the time for the traditional three meals a day, often substituting small snacks for meals.

The concentrate business remains marked by the trends both towards lower fruit juice content in beverages and towards not-from-concentrate 100% juices. As a consequence, there is growing demand for beverage bases with a reduced fruit juice content. AUSTRIA JUICE addresses this trend with its strategic emphasis on the increased production of beverage bases and aromas. Sales of apple juice concentrate for the production of cider remain stable and cider consumption is growing globally.

In Europe the above-average apple crop in 2018, especially a record harvest in Poland, led to a significant reduction in the prices of apples and apple juice concentrate compared to the previous year (2017). The low European prices coupled with reduced production volumes from China created a good sales opportunity for European product in the USA. The strong outflow of European apple juice concentrate to the USA, combined with steady demand from European consumers, pushed up prices in the course of the harvest.

Apple juice concentrate from China showed a slightly rising price trend compared to the prior year and was thus not very competitive in Europe and the USA.

For all fruits used in berry juice concentrates, larger crops were harvested than in the year before. As a result, the market was characterised by price reductions during the campaign.

Sustainability in the Fruit segment

Targets in the supply chain

Fruit preparations:

✔ 2018|19: Determine the sustainability status of fruit suppliers based on specified international certifications

Fruit juice concentrates:

✔ SAI FSA audits of Hungarian and Polish growers of pest-resistant apple varieties confirmed FSA silver or better status for all producers

Environmental targets by 2020|21

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

Economic footprint[1]

€ 310.7 million of direct gross value-added

€ 831.8 million of total gross value-added

5,613 jobs in AGRANA's Fruit segment generated 16,038 more in other companies

Value chain

wsk.agrana.com/en/fruit

Raw materials and production

The fruit preparations business processed about 375,000 tonnes of raw materials in 2018|19, an increase of 4% year-on-year. Raw material prices overall were below the year-earlier level, with raspberry, cherry, blackberry and tropical fruit coming down in price while strawberry and blueberry prices rose.

As in the previous years, strawberry was the principal fruit for fruit preparations, with a processed volume of approximately 65,500 tonnes. The main strawberry procurement markets for Europe and Eastern Europe are Spain, the Maghreb (i.e., Northern Africa bordering the Mediterranean) and Poland. Strawberry for the USA is sourced primarily from Mexico – predominantly from AGRANA's own production of frozen fruit – but also from Egypt and Morocco. China, Korea and Australia are supplied largely with Chinese product. In order to supply the new plant in China, a project was launched three years ago southwest of Shanghai to grow new, improved varieties of strawberry and thus meet the demand for better texture and higher competitiveness of the raw material. AGRANA Fruit aims to establish greenfield projects with strategic partners in completely new crop production regions such as West Africa in order to minimise procurement risk.

On balance across all procurement markets, strawberry prices increased by about 7% in 2018|19, led by the continental growing regions such as Poland and with smaller increases in Morocco and Egypt.

The second most important fruit by processing volume was peach, at around 17,200 tonnes. Greece and Spain are the top procurement markets, followed by China. The harvests in Europe were favourable and prices stable relative to the prior year.

In the fruit juice concentrate business, available supplies of apples in the foremost European processing regions (Poland and Hungary) were significantly above levels of the year before. The Chinese apple crop was considerably reduced by spring frost; the concentrate production volume in China was thus less than in the prior year and below expectations.

The berry processing season for concentrate production was on the whole marked by good available volumes of the principal fruits. The prices for the most important fruit categories (strawberry, sour cherry and black currant) were below those of the prior year.

Engagement in the upstream value chain

Supplier environmental and social assessment

In the 2018|19 financial year the Fruit segment continued to further the implementation of the AGRANA principles for the procurement of agricultural raw materials and intermediate products.

As in the prior year, 13.7% of the raw materials procured by the purchasing organisation, AGRANA Fruit Services GmbH, for the fruit preparations segment in the year under review had a sustainability certification. Almost all of this quantity represented certified organic raw materials. As organic raw material certification standards focus only on agricultural practices and exclude social criteria, an organic certification alone is not enough to achieve a sufficiently high score in the benchmarking under the Farm Sustainability Assessment (FSA) of the Sustainable Agriculture Initiative Platform (SAI)

[1] Calculated based on the data for the 2017|18 financial year.
Details at www.agrana.com/en/sustainability/profit/footprint

(for details on the SAI and FSA, see from page 43). For interested customers, AGRANA also offers the procurement of raw materials with organic and fair trade certification, for which FSA silver status can then be claimed.

To evaluate its suppliers for their adherence to social criteria, AGRANA Fruit Services invites new suppliers to participate in the Supplier Ethical Data Exchange, or SEDEX (for details on SEDEX, see page 46). In the 2018|19 financial year, new suppliers representing about 72% of the purchasing company's procurement volume accepted this invitation and shared their self-assessment and any audit documents with AGRANA Fruit Services.

In response to the demand for regionally and sustainably produced apples for fruit preparations, AGRANA's fruit preparations division last year launched a project in the Mexican state of Puebla to professionalise apple cultivation in this region (where apples have been grown commercially since the 1940s) in line with sustainability criteria. In the three communities of Zaragoza, Zacatlan and San Salvador el Seco, about 200 kilometres east of Mexico City, more than 50% of the 120,000 inhabitants live in poverty. In the past, as it was no longer possible to earn a living with the less professional apple cultivation, existing orchards were cleared and the land used to produce other, less suitable crops such as potatoes. This change in land use led to soil erosion and nitrate pollution of the groundwater, and in addition the required heavy use of pesticides made crop rotation after potatoes difficult.

As part of this project, which is scheduled to run until 2025, AGRANA will support interested farmers by providing know-how and purchase guarantees in order to create jobs and generate income through sustainable apple production that improves the soil and biodiversity. Specifically, training courses in tree pruning, fertilisation and tree health as well as in farm and environmental management will be conducted to prepare the participating growers 2025 to meet the sustainability criteria specified by SAI for FSA silver status (for details of SAI, see from page 43). The crops from the approximately 175 hectares of apple orchards foreseen for the project will directly or indirectly benefit about 5,000[1] people.

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 via collection points from dealers. This is a consequence of legacy national structures evolved 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, not least in order to be able to improve sustainability aspects together with the growers. In 2018|19, AUSTRIA JUICE joined the Sustainable Juice Covenant, a global initiative aimed at making the procurement, production and marketing of fruit- and vegetable-based juices, purees and concentrates 100% sustainable by the year 2030.

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 13.4% 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 FSA questionnaire provided by the SAI (for details, see from page 43). The prior, 2017|18 financial year was the first in which

[1] Estimate based on local socioeconomic conditions.

Hungarian suppliers of disease- and pest-resistant apple varieties, who were selected according to SAI standards, also participated in the mandatory completion of the FSA questionnaire and the external audits. As a result, AUSTRIA JUICE is entitled under SAI standards to claim silver (and in some cases gold) status for three years for all Hungarian growers of resistant varieties. In the 2018|19 financial year the FSA questionnaire and external verification were also used for the contract growers of resistant apple varieties in Poland. On the strength of the results, AUSTRIA JUICE is able to advertise FSA silver status or better for all Polish contract growers of resistant varieties.

As well, FSA silver status can be claimed under the benchmarking of the FSA requirements against the national legislation of, for example, Poland, Spain and Hungary, when combined with a certification to the Global GAP standard. In total, following the calculation methodology of the Sustainable Juice Covenant and based on the respective juice concentration standards of the European Fruit Juice Association (AIJN), AUSTRIA JUICE is thus able to claim FSA silver or higher status for about 17.6% of its raw material processing volume.

Environmental and energy aspects of AGRANA's production operations

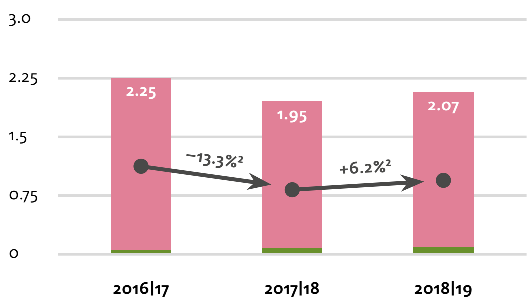
Energy consumption and emissions in processing

The average specific direct energy consumption per tonne of product (both core and by-products) in the Fruit segment increased in the 2018|19 financial year by about 6.2% compared to the year before.

While the average specific direct energy use in the fruit juice concentrate operations declined by around 7.0% thanks to the high utilisation of the facilities and the substitution of externally procured steam for natural gas at the fruit juice concentrate plant in Ukraine (the latter factor thus representing a shift from direct to indirect energy use), this measure increased by approximately 7.4% in the fruit preparations activities. The consumption increase in the fruit preparations business was explained primarily by the site in Argentina, whose expanded product portfolio makes it inherently more energy-intensive, and by the new, less efficient sites in Algeria and India included in the reporting 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

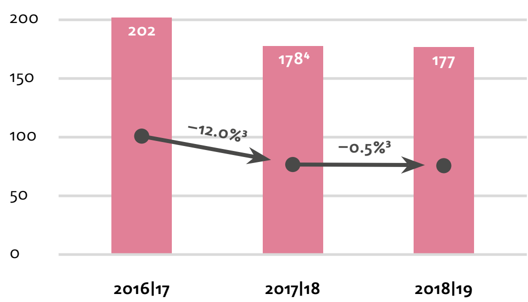


Specific consumption of non-renewable energy per tonne of core and by-products

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 42.
[2] Percentage change based on average specific direct energy consumption per tonne of core and by-products.
[3] Percentage change based on average specific emissions (from direct and indirect energy use) per tonne of core and by-products.
[4] The 2017|18 values have been adjusted to correct a data collection error in the fruit preparations business.

Average specific indirect energy consumption in the Fruit segment as a whole rose by about 4.9% from one year earlier. This rise was due to the already cited change in energy mix at the Ukrainian fruit juice concentrate plant.

Overall, the Fruit segment's average specific emissions from direct and indirect energy use per tonne of product rose by about 0.5% from the prior year (see graphic on page 62).

At the balance sheet date, the energy management systems of 31.7% of all production sites of the Fruit segment within the GRI reporting boundaries (see page 42) held a certification under ISO 50001.

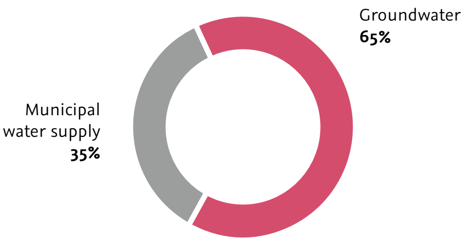
Water use and discharge in processing
The average specific withdrawal of water in the Fruit segment fell by 4.2% in the year under review, due mainly to more efficient water use in the fruit juice concentrate plants. The average specific amount of water discharged showed an uptick of 0.7%, owing to the significant increase in raw material processing volume in the fruit juice concentrate business.

Water withdrawal and discharge in processing operations at AGRANA's fruit plants
within the GRI reporting boundaries (see page 42)

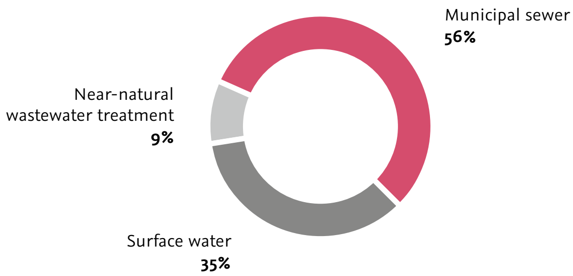
Fruit segment In m^3 per tonne of core and by-products	**2018|19**	**2017|18**	**2016|17**
Water withdrawal	4.20	4.39	4.27
Water discharge	4.05	4.03	4.07

Waste from processing
The average specific amount of waste per tonne of product (core and by-products) in the Fruit segment, at about 38 kilogrammes, remained steady compared to the prior year. The generally higher proportion of hazardous waste in the Fruit segment than in the Starch and Sugar segments, at 360 grammes per tonne of product output, and the increase in hazardous waste compared with the previous year were mainly due to the increase in waste at the fruit preparations facility in Russia, where the law classifies an unusually large number of waste categories –

Water withdrawal at AGRANA's fruit plants in 2018|19 by source[1]



Receiving waters for the wastewater of AGRANA's fruit plants in 2018|19[1]



[1] See GRI reporting boundaries, page 42.

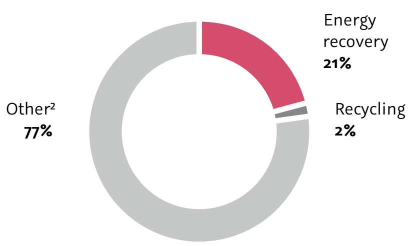
including, for example, all office waste – as hazardous due to a lack of municipal waste separation and treatment facilities.

Waste from processing at AGRANA's fruit plants

within the GRI reporting boundaries (see page 42)

Fruit segment Tonnes, except percent	**2018|19**	**2017|18**	**2016|17**
Waste disposed	36,701	31,877	23,038
Of which hazardous waste	343	238	43
Waste per tonne of product	3.8%	3.8%	2.7%
Hazardous waste per tonne of product	0.036%	0.028%	0.005%
Waste disposed by disposal method	Non-hazardous	Non-hazardous	Non-hazardous & hazardous
Composting	5,587	2,753	0
Energy recovery	1,035	855	899
Reuse	1,962	2,026	1,985
Recycling	10,023	10,125	9,170
Landfill	16,202	15,454	10,950
Other	1,549	425	33

Disposed hazardous waste of AGRANA's fruit plants in 2018|19 by disposal method[1]



Biodiversity at production sites

At its divisional headquarters in Kröllendorf/Allhartsberg, Austria, the fruit juice concentrate business 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.

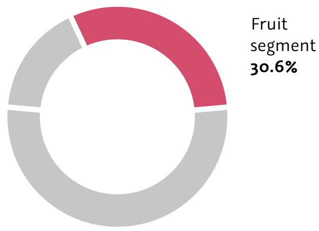
EcoVadis

In the 2018|19 financial year, AUSTRIA JUICE GmbH updated its sustainability data for the purposes of EcoVadis, the international supplier evaluation platform. It again received a gold rating.

Investment

The capital expenditure of € 56.2 million in the Fruit segment in 2018|19 (prior year: € 49.4 million) represented capacity expansion and plant modernisation projects, among others. It encompassed various projects across all 43 production sites, prominent examples being the construction of the second fruit preparations plant in China and the addition of a carrot juice concentrate production line in Hungary.

Share of Group investment in 2018|19



[1] Within the GRI reporting boundaries (see page 42).
[2] Including unknown treatment by waste management contractors.

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/bio-ethanol, 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		**2018|19**	**2017|18**	**Change** % / pp
Total revenue	€000	772,579	762,308	+1.3%
Inter-segment revenue	€000	(9,898)	(9,993)	+1.0%
Revenue	€000	762,681	752,315	+1.4%
EBITDA[1]	€000	66,459	76,486	−13.1%
Operating profit before exceptional items and results of equity-accounted joint ventures	€000	35,029	49,744	−29.6%
Share of results of equity-accounted joint ventures	€000	16,186	30,486	−46.9%
Operating profit [EBIT][2]	€000	51,215	80,230	−36.2%
EBIT margin	%	6.7	10.7	−4.0 pp
Investment[3]	€000	97,011	59,427	+63.2%
Number of employees (FTE)[4]		1,025	959	+6.9%

In the Starch segment, revenue grew slightly in the 2018|19 financial year. Revenue with core products was stable overall, as growth in native and modified starches and in specialties made up for volume- and price-induced revenue reductions in saccharification products and price-related decreases in bioethanol. Revenue from by-products rose moderately relative to the prior year. Overall, the sales volume of the Starch segment eased by just under 4% from the prior year, driven only by a lower reselling volume. Sales volume from in-house production was steady year-on-year and all facilities had high capacity utilisation despite ongoing construction work due to the investment projects in all three plants.

Market prices for native starches were stable in the 2018|19 financial year. The reduced European sugar prices resulting from the liberalisation of the European sugar market reached new lows in the year. Starch-based saccharification products therefore remained under heavy price pressure. The Platts quotations for bioethanol were highly volatile and, at € 502 per cubic metre, averaged € 20 less for the year than in the year before.

Revenue by product group in 2018|19

[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.

In the year under review the drought in Europe led to crop failures, particularly for wheat. Grain prices for the 2018 crop therefore rose. The weather conditions also affected logistics. The low river levels reduced the ability to carry freight by barge and increased the cost of transport. Energy costs rose significantly, notably for electric power. As a result of the large expansion projects in the business segment, staff costs and depreciation increased considerably from the prior year. On balance in the financial year, EBITDA decreased by 13.1% to € 66.5 million. Operating profit before exceptional items and results of equity-accounted joint ventures, at € 35.0 million, was down by 29.6% from the prior year.

In 2018|19, revenue of the HUNGRANA group, the joint venture in Hungary, decreased by about 12%. The difficult market environment led to significant declines in sales volume and prices for saccharification products, especially isoglucose. Despite stable sales quantities for the other products, the grinding throughput had to be reduced by about 6%. Price hikes for raw materials and energy could not be passed through to the market. In the year under review, the HUNGRANA group generated EBIT of € 38.7 million (prior year: € 70.9 million). Its profit after tax was € 32.4 million, of which one-half, or € 16.2 million, was attributable to AGRANA; this amount was 46.9% less than in the prior year.

Market environment

Sales volumes of native and modified starches into the food industry were stable. Higher selling prices were realised in the market as a result of cost increases for raw materials and energy.

An upside driver in industrial starches (i.e., non-food starches) remained the lasting high demand from the paper and corrugated board industry. Potato starch has been in short supply throughout Europe since the last campaign.

In the conventional infant formula segment, more volume was sold than in the previous year. Further increases in sales volume are planned through the implementation of several projects in the area of organic and specialty-milk-based infant formula.

The markets for by-products varied, depending on the product category. Prices for high-protein products (corn gluten, vital wheat gluten and potato protein) remained stable overall and in some cases even exceeded the prior year's level. Aside from the bakery industry, impetus for demand in this segment also came from the pet food and fish feed market.

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 liberalisation of the European sugar market in October 2017 caused significant market disruption not just for sugar but also for isoglucose and starch saccharification products. Historic-low sugar prices and intense competition among starch companies were key parameters in the contract negotiations with customers. Unused capacity at both established and new market participants will continue to keep syrup market prices low.

Spray-dried saccharification products, on the other hand, presented a gratifying picture. Through intensive marketing and customer acquisition programmes, market share was expanded in maltodextrins and dried glucose syrups, particularly in organic grades.

The volatility in the European market for bioethanol remained at a significant level in the 2018|19 financial year. In the first half of 2018|19, ethanol quotations were well below the year-earlier level, as greater supply in the EU and higher imports from overseas coincided with only moderately increased demand. From their low spring levels, ethanol prices then recovered in the summer months as a consequence both of logistical delivery difficulties in Europe that resulted from low river levels on the Rhine and Danube over the summer, and of higher raw material prices for wheat. After a renewed price decline in October, ethanol quotations regained stability at a higher level, thanks especially to capacity reductions in the UK, where one ethanol plant was closed and another temporarily halted production.

More information on the economic policy environment and market conditions for ethanol is provided in the section "Risk management" (subheading "EU renewable energy directive", page 91).

Raw materials and production

World grain production in the 2018|19 grain marketing year (1 July to 30 June) is estimated by the International Grains Council (IGC) at 2.12 billion tonnes[1], which marks a small decrease from the prior year's level and is less than the expected consumption. Global wheat production is forecast at 735 million tonnes (prior year: 764 million tonnes), compared to expected consumption of 744 million tonnes. The world's corn production is projected at 1,109 million tonnes (prior year: 1,090 million tonnes), versus expected consumption of 1,147 million tonnes. Total grain stocks at the end of the marketing year are estimated to decline to about 593 million tonnes, a reduction of 53 million tonnes from one year earlier.

Buoyed by tighter supply, grain futures prices rose strongly in the first half of the financial year. From September to the end of the financial year, futures then moved sideways. On 28 February 2019 the prices on the NYSE Euronext Liffe commodity derivatives exchange in Paris were € 193 per tonne for wheat (prior year: € 167 per tonne) and € 164 per tonne for corn (prior year: € 156 per tonne).

Potatoes

In the 2018|19 campaign the potato starch plant in Gmünd, Austria, in a campaign lasting 172 days (prior year: 164 days), processed about 264,000 tonnes of starch potatoes, slightly more than in the previous year. The processing of approximately 25,000 tonnes of food potatoes for the production of long-life potato products was in line with the prior-year volume.

Corn and wheat

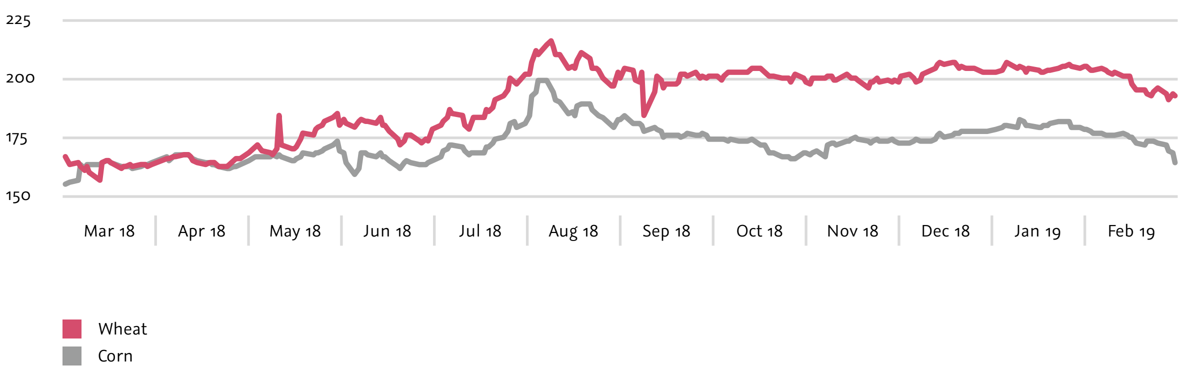
The corn processing volume of AGRANA Stärke GmbH in Austria at the sites in Aschach and Pischelsdorf increased in the 2018|19 financial year to about 763,000 tonnes (prior year: 668,000 tonnes) due to the expansion of the corn processing capacity in Aschach and the relative cost advantage of corn over wheat in bioethanol production. The share of specialty corn (notably waxy corn and organic corn) was about 20%.

Wheat grinding volume at the Pischelsdorf facility for the production of wheat starch and bioethanol was about 541,000 tonnes in 2018|19, or around 7% less than in the year before. Of the 2018 crop, about 83,000 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 2019 crop.

At the HUNGRANA plant in Hungary, a total of about 1.0 million tonnes of corn was processed in 2018|19, down moderately from the prior year; the amounts for this equity-accounted joint venture are stated at 100% of the respective total. The plant in Romania processed about 71,000 tonnes of corn, a 2% increase from the year before.

Corn and wheat commodity prices during AGRANA's 2018|19 financial year

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



[1] IGC estimate from 21 February 2019.

Sustainability in the Starch segment

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

Environmental targets by 2020|21
✔ Cumulative savings target of 65 GWh through efficiency measures in plants

Economic footprint[1]
€ 199.2 million of direct gross value-added

€ 514.3 million of total gross value-added

983 jobs in AGRANA's Starch segment generated 5,527 more in other companies

Value chain
wsk.agrana.com/en/starch

Engagement in the upstream value chain

Supplier environmental and social assessment

In the year under review 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 Platform (SAI) for the documentation of sustainable management for its contract potato farmers (for details on the SAI and FSA, see from page 43).

For more than 75% of all its Austrian contract potato growers, AGRANA's Starch segment is entitled to claim FSA gold or silver status under SAI standards, based on the FSA survey and corresponding external audits conducted in the 2017|18 financial year. All Austrian contract potato farmers thus fulfil AGRANA's minimum requirements.

In the sourcing of sustainable raw materials for the production of wheat starch and bioethanol, AGRANA has been relying for years on input materials 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 FSA system.

BETAEXPO – Austria's largest demonstration field for AGRANA raw material crops

The BETAEXPO field symposium in June 2018, Austria's largest demonstration field for AGRANA raw material crops, focused on current crop-growing challenges (for details, see page 44).

Besides organising BETAEXPO, AGRANA also arranged many other dialogue-rich events for its contract growers in the Starch segment. As in the previous years, AGRANA held a one-day session for new growers to provide information on the production of starch potatoes for industrial use, and arranged several field days for potato and ethanol grain suppliers. AGRANA also supported a well-attended knowledge transfer conference of the Austrian Starch Potato Growers Association (VÖSK) with about 300 participants, by providing funding as well as a booth presentation. Seed seminars to build awareness about the value of seed potatoes attracted great interest from growers. At the AGRANA organic agriculture conference in December 2018, information was provided on the contract opportunities for AGRANA organic raw materials in the starch corn and starch potato segments.

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. In the spring of 2018, population counts conducted at 108 bat boxes tallied 136 animals, which is considered a good result. Barbastelle bats, a species identified in the Austrian Red List of endangered mammals, have made up more than 60% of the bats tallied over the entire project duration to date, from 2014 to 2018.

[1] Calculated based on the data for the 2017|18 financial year.
Details at www.agrana.com/en/sustainability/profit/footprint

Environmental and energy aspects of AGRANA's production operations

Energy use and emissions in processing

As part of the expansion project at the corn starch plant in Aschach, Austria, a high-efficiency steam boiler and a new power supply line were installed. The reserve capacity created allowed the gas turbines to be permanently shut down. As a result, the average specific direct energy consumption per tonne of core and by-products in the Starch segment fell by about 9.8% in the 2018|19 reporting period compared to one year earlier.

The decommissioning of the gas turbines increased the requirement for – partly externally procured – electricity and was thus reflected in a 2.1% rise in average specific indirect energy consumption per tonne of product in the Starch segment.

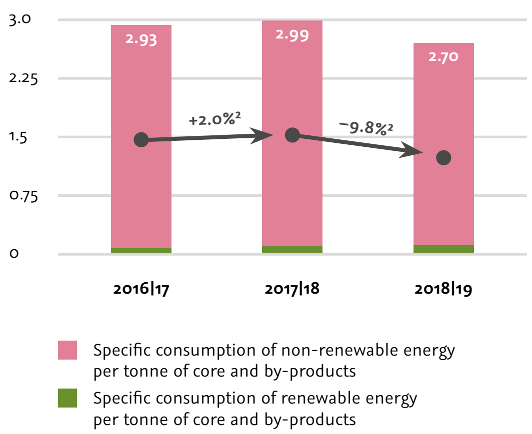
Overall, this led to a reduction of about 2.3% in the segment's combined average specific emissions from direct and indirect energy use per tonne of product.

In the year under review the three Austrian starch manufacturing sites held a valid certification under ISO 50001. Aiming for continual and systematic improvement by utilising the insights and data from the energy management system, the Starch segment is targeting site-specific efficiency gains amounting to a cumulative reduction of 65 GWh of energy use by 2020|21 through efficiency-boosting projects in individual sections of the plants.

With the energy-saving projects of the 2018|19 financial year, such as the retirement of the gas turbines, the replacement of compressors and the installation of condensate collection tanks, the savings target has already been surpassed and about 76 GWh have been saved since the 2015|16 financial year.

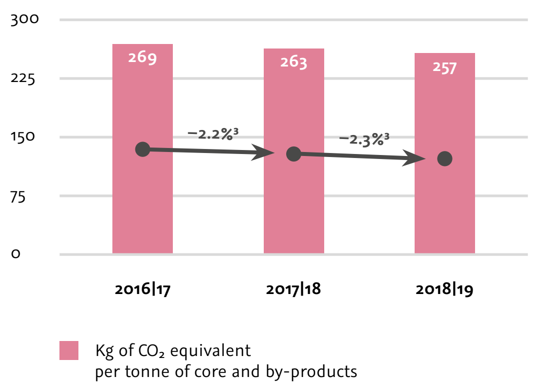
Average specific direct energy consumption in processing operations at AGRANA's starch plants[1]

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 42.
[2] Percentage change based on average specific direct energy consumption per tonne of core and by-products.
[3] 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

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

Water withdrawal and discharge in processing operations at AGRANA's starch plants

within the GRI reporting boundaries (see page 42)

Starch segment In m³ per tonne of core and by-products	**2018|19**	**2017|18**	**2016|17**
Water withdrawal	5.02	5.11[1]	4.47[1]
Water discharge	4.36	4.69	4.76

The average specific water withdrawal per tonne of product output (core and by-products) in the Starch segment during the financial year was reduced by 1.8% compared to the prior year through the more conscious use of water. Average specific water discharge fell by 6.9% from the prior year, due mainly to the reduced precipitation in the 2018|19 financial year.

Waste from processing

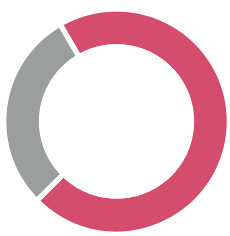
The specific amount of waste from processing per tonne of product output (core and by-products) in the Starch segment remained almost unchanged in 2018|19 at about 22 kilogrammes of total waste and 40 grammes of hazardous waste.

Waste from processing operations at AGRANA's starch plants

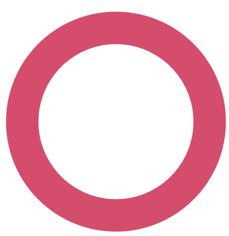
within the GRI reporting boundaries (see page 42)

Starch segment Tonnes, except percent	**2018|19**	**2017|18[2]**	**2016|17**
Waste disposed	28,474	27,667	22,056
Of which hazardous waste	52	53	96
Waste per tonne of product	2.2%	2.3%	1.9%
Hazardous waste per tonne of product	0.004%	0.004%	0.008%
Waste disposed by disposal method	Non-hazardous	Non-hazardous	Non-hazardous & hazardous
Composting	22,291	21,058	16,684
Energy recovery	1,294	1,742	2,316
Reuse	69	42	24
Recycling	699	562	507
Landfill	66	77	23
Other	4,003	4,133	2,502

Water withdrawal at AGRANA's starch plants in 2018|19 by source[3]



Receiving waters for the wastewater of AGRANA's starch plants in 2018|19[3]

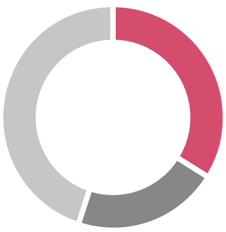


[1] A data collection error regarding water withdrawal at one location required a correction of the specific values for 2016|17 and 2017|18.
[2] The 2017|18 values have been adjusted to correct a data collection error.
[3] Within the GRI reporting boundaries (see page 42).

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 meadows are now mowed only once 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. Owing to the start of the facility's wheat starch capacity expansion, bee hives and flowering hedges had to make room for the building activities in 2018|19 until the construction is completed, but will then be re-established.

EcoVadis
In summer 2018, AGRANA Stärke GmbH updated its sustainability data (first provided in 2014 and updated annually since 2016) for the purposes of EcoVadis, the international supplier evaluation platform. AGRANA Stärke GmbH again achieved a gold rating.

Disposed hazardous waste of AGRANA's starch plants in 2018|19 by disposal method[1]

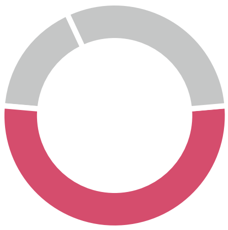


Investment

The Starch segment invested € 97.0 million (prior year: € 59.4 million) during the 2018|19 financial year. The most significant projects included the following:

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

Share of Group investment in 2018|19



Additionally, € 19.2 million (prior year: € 14.8 million) was invested in 2018|19 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 42).
[2] Including unknown treatment by waste management contractors.

Sugar segment

Basics of the Sugar segment

Marketing relationship
B2B and B2C

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

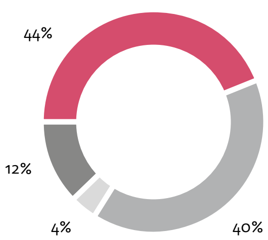
Raw materials processed
Sugar beet, and raw sugar from sugar cane

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

Revenue by product group in 2018|19



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

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, Österreichische Rübensamenzucht Gesellschaft m.b.H., Vienna, and the Group's holding company, AGRANA Beteiligungs-AG, Vienna. The joint ventures of the AGRANA STUDEN group are included in the consolidated financial statements by the equity method of accounting.

Revenue and earnings

Sugar segment		**2018|19**	**2017|18**	**Change** % / pp
Total revenue	€000	561,424	730,378	−23.1%
Inter-segment revenue	€000	(60,207)	(77,818)	+22.6%
Revenue	€000	501,217	652,560	−23.2%
EBITDA[1]	€000	(33,687)	64,455	−152.3%
Operating profit before exceptional items and results of equity-accounted joint ventures	€000	(61,192)	38,762	−257.9%
Share of results of equity-accounted joint ventures	€000	(3,964)	(1,091)	−263.3%
Exceptional items	€000	3,294	(2,912)	+213.1%
Operating profit [EBIT][2]	€000	(61,862)	34,759	−278.0%
EBIT margin	%	(12.3)	5.3	−17.6 pp
Investment[3]	€000	30,549	32,084	−4.8%
Number of employees (FTE)[4]		2,064	2,109	−2.1%

The overall sales volume of sugar products decreased in 2018|19 compared to the prior year, with differences between markets. While sales quantities with resellers and with industrial customers were up in the domestic markets, there was a decrease in export volumes as well as in the quantities sold to the non-food industry.

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 sales price reduction was felt in every market segment. In the financial fourth quarter, there was a perceptible slowing of the price declines compared to the prior year in all areas.

The negative trend in EBIT was driven predominantly by lower sugar sales prices compared to the prior year.

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 2018|19. The deterioration of € 2.9 million in the earnings contribution was due above all to the decline in sugar sales prices and volumes, and to greater competition from Serbia and the EU. Relative to the selling prices in Europe, the raw sugar prices on the world market were very high, leading to a reduction in refining compared with the prior year and thus resulting in idle-capacity costs.

Exceptional items in 2018|19, which on balance amounted to net exceptional income of € 3.3 million, consisted largely of tax refunds in Romania of € 5.6 million and restructuring expenses of € 1.8 million. The prior year's net exceptional items expense of € 2.9 million resulted largely from restructuring

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.

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.

Market environment

World sugar market
In its estimate of 6 March 2019 of the world sugar balance for the end of the 2018|19 sugar marketing year (SMY, the year from 1 October 2018 to 30 September 2019), the analytics firm F.O.Licht is forecasting a small production surplus. The forecast calls for production of 187.9 million tonnes (SMY 2017|18: 193.7 million tonnes) and growth in consumption to 185.7 million tonnes (SMY 2017|18: 183.4 million tonnes), implying a slight expansion in global sugar stocks to 76.8 million tonnes (SMY 2017|18: 76.4 million tonnes). For the 2019|20 sugar marketing year, a production deficit of 1.7 million tonnes is projected.

World sugar balance[1] Million tonnes, except %	2019|20	2018|19	2017|18
Opening stocks	**76.8**	**76.4**	**68.7**
Production	186.9	187.9	193.7
Consumption	(187.9)	(185.7)	(183.4)
Net exports/imports	(0.7)	(1.8)	(2.6)
Closing stocks	**75.1**	**76.8**	**76.4**
In % of consumption	40.0	41.4	41.7

The clear downward trend in the world sugar market price continued from 1 March 2018 in the first seven months of the 2018|19 financial year, which was explained primarily by the anticipation of a significant surplus in the world sugar balance. Despite the increased use of sugar cane for ethanol production in Brazil, very good crop forecasts for India and Thailand and a rise in exports from Europe led to the expectation of a considerable surplus in global sugar stocks for the end of the 2017|18 sugar marketing year (SMY, October 2017 to September 2018). This drove the world market quotations to a nine-year low for white sugar (in August 2018 at US$ 303.7 per tonne) and a ten-year low for raw sugar (in September 2018 at US$ 218.3 per tonne).

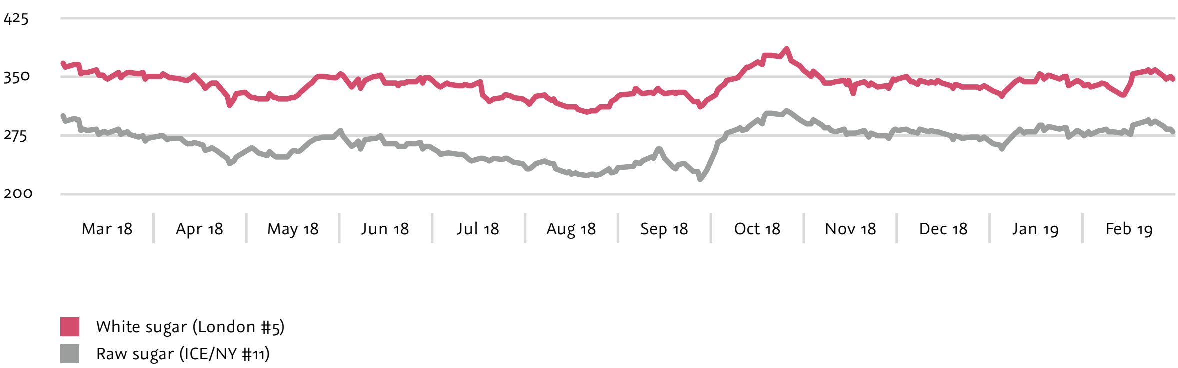
Since October the market has rallied again somewhat from its lows, due particularly to lower crop results in Brazil for SMY 2017|18, the effects of the dry weather in Europe on the 2018 campaign, and the current dynamics in the foreign exchange and oil markets. Market movements in recent months were characterised by high volatility. The world sugar price also showed a clear correlation with the oil price in recent months.

At the end of the reporting period (28 February 2019), white sugar quoted at US$ 348.0 per tonne and raw sugar at US$ 280.7.

EU sugar market
SMY 2017|18, which ended on 30 September 2018, was the first marketing year after the elimination of the sugar quotas and minimum prices for sugar beet. With very good yields per hectare and with sugar exports unrestricted since the quota abolition, both sugar production and exports increased significantly, while imports declined.

For SMY 2018|19, which began on 1 October 2018, the production expectations are considerably lower than in the prior year, as a result of the drought-related poorer yields in the large European beet growing regions. In its estimate from January 2019, the European Commission, despite similar beet production acreage as in the previous year, projected a production decrease (including isoglucose) to 18.2 million tonnes for this SMY (SMY 2017|18: 21.3 million tonnes).

International sugar prices during AGRANA's 2018|19 financial year
US$ per tonne



[1] F.O. Licht, Estimate of the World Sugar Balance 2018|19, dated 6 March 2019.

At the beginning of SMY 2017|18 in October 2017, with the sugar quotas newly ended, the EU price for sugar (food and non-food) per bulk tonne ex-factory fell to € 420 per tonne and, in the months that followed, tumbled further to slightly below € 350 per tonne. At the start of the new SMY 2018|19, the quotation lost another € 27, receding to just € 320 per tonne in October 2018. In January 2019 the EU sugar price was at € 312 per tonne (January 2018: € 371 per tonne) and thus about 23% below the EU's regulatory reference threshold of € 404 per tonne.

Customers in industry and resellers

The sales volume trend with industrial customers and with resellers in the 2018|19 financial year was positive. By contrast, volumes declined in the export and the non-food (formerly "non-quota sugar") sectors amid the world market situation and the associated conscious reduction in export activities.

While the first months of this financial year were still defined by high EU sugar inventories, these were largely depleted in the course of mid-summer, especially in the Eastern European countries.

Due to the reduced production of beet sugar, the markets were supplied, and volumes for sales in the 2018|19 sugar marketing year were secured, by purchasing white sugar and by refining raw sugar.

In connection with the strengthening of AGRANA's sugar brands in the retail sector, the Group relaunched its retail products in all AGRANA regions during the year under review.

Due to the oversupply of sugar that prevailed until the summer and the high harvest expectations existing until then, the sales contract prices for SMY 2018|19 are significantly lower than in the previous year, and therefore no significant improvement in the price situation can be expected until the 2019 campaign.

EU sugar policy

Since 1 October 2017 the European sugar industry operates 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. In the event of a crisis, the European Commission also retains the option to apply exceptional measures. 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, 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 African, Caribbean and Pacific 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 Australia and Indonesia. The trade talks with the Mercosur countries (Argentina, Brazil, Paraguay and Uruguay) are currently on hold, as the newly elected president of Brazil has not yet taken a position on Mercosur.

The situation regarding Britain's intended withdrawal from the EU is still unclear at the time of writing. At present, about 0.5 million tonnes of sugar per year is shipped from continental Europe to the UK. A breakdown of preferential imports is included in the draft Brexit agreement.

Raw materials and production

In SMY 2018|19, AGRANA's almost 6,700 contract beet farmers harvested only about 83,200 hectares of sugar beet fields (prior year: approximately 96,300 hectares), as about one-quarter of the beet acreage planted in Austria was destroyed by an insect pest, the beet weevil. Just under 800 hectares (prior year: about 1,700 hectares) of the harvest area represented organic production. From the organic acreage the Group produced around 4,000 tonnes of organic beet sugar (prior year: about 9,000 tonnes).

Due to the long winter, the start of planting was delayed by about one to two weeks compared to the long-term average. Most of the initial planting was completed by mid-April. From the first week of April, severe damage was caused in the Austrian core beet production areas by the beet weevil. A total of approximately 12,000 hectares had to be turned under and only about 30% of this was subsequently replanted to beet. In the other beet-growing regions, outside Austria, further beet production area was lost to mud deposits, soil crusting, hail and animal pests.

Sustainability in the Sugar segment

Status in the supply chain

✔ SAI FSA audits of contract beet production in 5 countries in 2017 confirmed FSA 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 m^3 per tonne of product

Economic footprint[1]

€ 134.3 million of direct gross value-added

€ 376.5 million of total gross value-added

2,134 jobs in AGRANA's Sugar segment generated 9,211 more in other companies

Value chain

wsk.agrana.com/en/sugar

The comparatively very warm months of April to June 2018 led to rapid juvenile growth of the beet stocks. Widespread rain, particularly in the second half of May, also strongly boosted the beet growth.

From July to September, no regular rainfall occurred in many AGRANA regions. Notably in parts of Austria, the southern Czech Republic and also in Romania, this led to serious and extensive drought symptoms in some of the beet stocks. At the beginning of September the situation improved thanks to above-average precipitation. However, this also brought a severe infestation of cercospora leaf spot. Almost the entire rest of autumn was relatively dry, preventing the beet growth from reaching forecast levels, particularly on the less fertile soils. The extreme weather conditions in the summer and autumn ultimately were also responsible for poorer beet quality and associated lower storability of the beet, especially at the start and end of the processing period.

AGRANA's seven beet sugar factories processed a combined daily average of almost 50,000 tonnes of beet during the campaign (prior year: 51,500 tonnes). Over an average campaign length of 106 days (prior year: 120 days), the beet was used to produce approximately 701,000 tonnes of sugar (prior year: about 941,000 million tonnes). Generally speaking, in retrospect the quality of raw materials was below average, which led to an increased need for processing aids (sodium hydroxide) and made processing in the plants more difficult. Unfavourable ratios in raw juice and thick juice resulted in lower white sugar yields.

In the 2018|19 financial year AGRANA also refined approximately 34,000 tonnes of white sugar equivalent from raw sugar (prior year: about 200,000 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 FSA gold status, the highest rating, by the benchmarking tool of the Sustainable Agriculture Initiative Platform (SAI; for details, see from page 43).

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 Platform (SAI) for documenting sustainable management for its sugar beet contract growers (for details on the SAI and FSA, see from page 43).

In the prior, 2017|18 financial year, beet farmers selected by FSA criteria 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, which is valid for three years, AGRANA's Sugar segment is entitled to claim FSA gold or silver status under SAI standards for more than 75% of all its sugar beet growers. All contract beet growers thus fulfil AGRANA's minimum requirements. Potential for improvement identified by the audits, such as in the use of personal protective equipment when handling pesticides and the maintaining of well-stocked first aid kits by farmers, were addressed in 2018|19 as part of existing training programmes and supported through the free distribution of such equipment and supplies at events.

[1] Calculated based on the data for the 2017|18 financial year.
Details at www.agrana.com/en/sustainability/profit/footprint

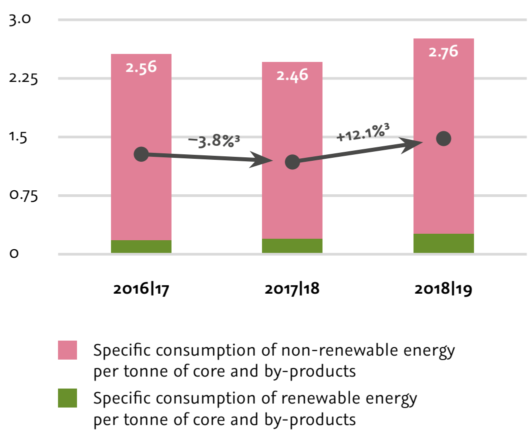
Building awareness of good agricultural practice
In the 2018|19 financial year, besides the annual BETAEXPO field symposium, which in 2018 focused on the current challenges in crop-growing (for details, see page 44), AGRANA also again carried out many awareness-building events under its "Mont Blanc" 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 1,000 soil samples for EUF analysis[1], with the sampling holes mapped by GPS, to support needs-appropriate, precision fertiliser planning. At the 75 demonstration farms across the entire beet-growing region of the AGRANA Group, 150 field tours and seven field days with a total of more than 6,000 participants were held during the growing season. 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, also attracted keen audience interest.

Biodiversity in the supply chain
In 2018, about 5,500 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.

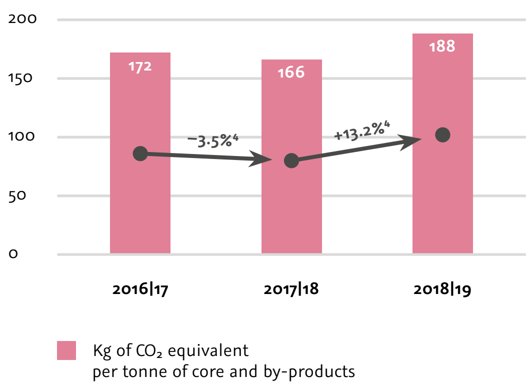
Transport
Although the transport of raw materials and sugar products only represents a comparatively low 5% to 10% of the Sugar segment's carbon footprint (depending on the calculation method and country), AGRANA strives to make transport as sustainable as infrastructure and economics will allow. In total across all production countries in the 2018|19 processing season, about 36% of the beet was delivered to the sugar factories by rail, with the proportion highest in Hungary at about 60%.

Environmental and energy aspects of AGRANA's production operations
Energy use and emissions in processing
While the absolute consumption of energy and water in the 2018|19 financial year fell at about the same rate as the 17.6% lower beet processing volume, the poorer beet quality (lower sugar content and internal quality, higher weed content), which led to around 24.9% lower product output (main and by-products), caused all average specific consumption values per tonne of product to rise compared with the previous year.

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 42.
[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.

Thus, the average specific direct energy consumption per tonne of core and by-products in the Sugar segment rose by 12.1% compared to one year earlier (see chart on page 76).

The average specific indirect energy consumption per tonne of product increased by 19.2% compared to the prior year.

Overall, this also led to a rise of about 13.2% from the prior year in average specific emissions from direct and indirect energy consumption per tonne of product (see chart on page 76).

The Kaposvár sugar plant in Hungary generated about 27.4 million cubic metres of biogas from beet pulp in the 2018|19 financial year. This would have been sufficient to cover approximately 86% of the site's primary energy requirement for the 2018|19 beet campaign. About 9.9 million cubic metres of the biogas produced at the facility was sold and most of this was refined by the biogas upgrading plant (installed in autumn 2015) into biomethane for feeding into the local natural gas grid. The biomethane injected into the grid was equivalent to the annual heating requirement of about 2,100 single-family homes.

In 2018|19 the energy management systems of 100% of all production sites of the Sugar segment within the GRI reporting boundaries (see page 42) held a current certification under ISO 50001.

Water use and discharge in processing

Some of the water required by a sugar factory is 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 locations 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 satisfies the applicable environmental standards.

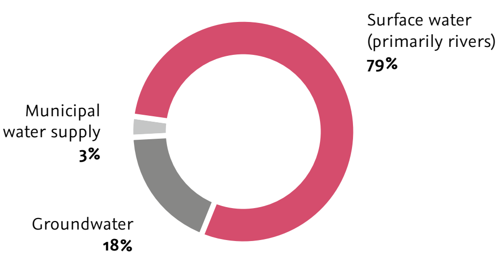
Water withdrawal and discharge in processing operations at AGRANA's sugar plants

within the GRI reporting boundaries (see page 42)

Sugar segment In m³ per tonne of core and by-products	**2018|19**	**2017|18**	**2016|17**
Water withdrawal	2.33	2.14	1.61
Water discharge	3.64	3.19	2.78

The increase in average specific water withdrawal per tonne of product output (core and by-products) of about 8.9% resulted from the lower beet quality and higher weed fraction, which lowered the daily throughput and required more water for processing. Consequently, the average specific amount of wastewater per tonne of product also rose, by 14.2%.

Water withdrawal at AGRANA's sugar plants in 2018|19 by source[1]



Receiving waters for the wastewater of AGRANA's sugar plants in 2018|19[1]

[1] See GRI reporting boundaries, page 42.

Waste from processing

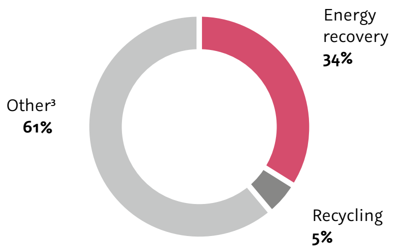
The absolute amount of waste eased by about 2.2% from the previous year. The increase in average specific waste per tonne of product output (core and by-products) reflected the lower production in the year under review.

Waste from processing operations at AGRANA's sugar plants

within the GRI reporting boundaries (see page 42)

Sugar segment Tonnes, except percent	**2018|19**	**2017|18**	**2016|17**
Waste disposed	70,837	72,513	75,049
Of which hazardous waste	189	198	153
Waste per tonne of product	3.8%	2.9%	2.8%
Hazardous waste per tonne of product	0.010%	0.008%	0.006%
Waste disposed by disposal method	Non-hazardous	Non-hazardous	Non-hazardous & hazardous
Composting	1,753	1,107	1,529
Energy recovery	608	710	486
Reuse	33,975	9,866	14,699
Recycling	7,549	4,045	6,126
Landfill	24,466	39,777	39,279
Other	2,297	16,809	12,930

Disposed hazardous waste of AGRANA's sugar plants in 2018|19 by disposal method[2]



Biodiversity at (former) production sites

The settling ponds on the grounds of AGRANA's former sugar plant (closed in 2006) in the Austrian town of Hohenau an der March have been repurposed, working together with the AURING conservationist club. Located in an area of high diversity value identified under the RAMSAR Convention on Wetlands[1], the ponds now serve as a staging area for water birds, most notably waders.

EcoVadis

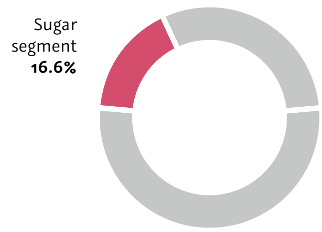
In summer 2018, AGRANA Zucker GmbH again updated its sustainability data (first provided in 2014 and updated annually since 2016) for the purposes of EcoVadis, the international supplier evaluation platform, and again achieved silver status.

Investment

In the Sugar segment, AGRANA invested € 30.6 million during the 2018|19 financial year (prior year: € 32.1 million) in, among other things, product quality and energy efficiency. The most significant projects included the following:

- Installation of an organic sugar line with a big-bag filling station and rail loading facility in Tulln, Austria
- Renewal of the pulp press station in Kaposvár, Hungary
- Replacement investment in two white sugar centrifuges in Opava, Czech Republic
- Project start for construction of a warehouse for finished product in Buzău, Romania
- Renewal of the brick lining of the lime kiln in Leopoldsdorf, Austria

Share of Group investment in 2018|19



[1] See glossary.
[2] Within the GRI reporting boundaries (see page 42).
[3] Including unknown treatment by waste management contractors.

Research and development

Operating in a highly competitive marketplace, it is crucially important for AGRANA to identify market trends early, 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 Fruit, Starch and Sugar businesses. It works together with AGRANA's 18 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.

At the end of the 2018|19 financial year, AGRANA intensified its efforts in agricultural research through ARIC's new Agricultural Research department. New solutions to safeguard the success of beet production are required in response to changed conditions in beet cultivation caused both by climate change and greater pest pressure, and in order to adjust to European bans on previously available crop protection products. The experts at the Agricultural Research department are also there to address agricultural research questions in the fruit preparations, fruit juice concentrate and starch activities.

The collaboration of R&D specialists from the different segments (Fruit, Starch and Sugar) 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		**2018|19**	**2017|18**
R&D expenditure (internal and external)	€m	18.8	17.0
R&D-to-sales ratio[2]	%	0.77	0.66
Number of employees in R&D (headcount)		272	251

Fruit segment

Raw materials

In the Fruit segment, the industrial trials for the reduction of microorganisms on the surface of harvested fruit were successfully completed. The technology will be implemented on an industrial scale from the start of the season.

Technology

Research activities for fruit preparations reflect current trends in the food industry, especially towards naturalness and clean label. AGRANA is developing and perfecting technologies that allow the elimination or reduction of added sugar and stabilisers in recipes.

[1] New Product Development
[2] R&D expenditure as a share of Group revenue.

AGRANA's Fruit segment was chosen as preferred partner of a large dairy company for the large-scale implementation of an alternative technology for fruit sterilisation. The use of the new technology is expected to lead to significant improvements in the organoleptic properties of fruit. The first pilot trials were carried out as part of a feasibility study.

The know-how for the high-pressure treatment of fruits was further improved and the first prototypes were presented to customers.

An existing technology for the improvement of fruit texture was further refined and its possible applications were developed jointly with the fruit preparations plants.

Based on the partnership with Vienna University of Technology, for the first time the shear forces exerted on fruit preparations by certain plant equipment components in selected process lines were quantified and optimisation measures derived from this.

Product development

Another research focus was the use of natural and artificial sweetening alternatives for use in sugar-reduced dairy products.

A number of different plant proteins were tested in fruit preparations, primarily for milk alternatives. Additional protein enrichment in the end product was achieved with selected proteins.

Fruit juice concentrates

AUSTRIA JUICE continued to successfully expand its businesses of beverage bases, aromas and the production of juice and vegetable concentrates in the past financial year and made strategic investments in these areas, both in infrastructure and human resources.

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

A reorganisation of the production plants resulted in a capacity increase both for beverage bases and juice concentrates, such as in the production of carrot juice concentrate.

In another project, a new process was developed to optimize the yield and improve the quality of the aroma extracts obtained from juice concentrates and preliminary production trials were successfully completed. Further investments are planned in this area for the subsequent financial year in order to optimise the quality and quantity of the aroma extracts produced.

In beverage bases, AGRANA invested particularly in the technology of beverage base emulsions and the development of corresponding new products.

To tap new potential markets in the Middle East, the certification of the juice plants to Halal and Kosher standards was continued and the certification of the division's headquarters in Kröllendorf, Austria, was completed.

Through new and asset replacement investment in instrumental analysis in the form of gas chromatography-mass spectrometry (GC/MS), high-performance liquid chromatography (HPLC) and gas chromatography with flame ionization detection (GC/FID), and through the improvement ofquality assurance measures, the AUSTRIA JUICE quality system was further optimised so that the company will continue to be able to meet the risen customer and market requirements regarding product quality and product safety going forward (thus addressing the issue of "food fraud", among others).

Starch segment

Raw materials

In raw material research, a project studied the effect of the relative ripeness of waxy corn varieties grown in Austria on their starch properties. One of the requirements for optimal ripening is the accumulation of a certain number of growing degree-days (essentially, cumulative exposure to heat). In order to analyse the impacts of weather on the ripening of waxy corn more specifically, these investigations were expanded to cover several growing seasons.

To diversify the portfolio of input materials, special wheat varieties were studied for use as a new starch raw material. Examination of the wheat starch obtained reveal attractive properties that hold great potential, especially for food products. In order to also investigate the agricultural properties, cultivation trials of these new wheat varieties are being carried out.

Food applications

The expectations of modern, health-oriented consumers with regard to natural, clean label and GMO-free products are becoming an ever-stronger driving force of innovation and product development in the food industry. AGRANA is responding to these demands with new raw materials and comprehensive application tests of newly developed functional ingredients. The development of novel technologies has enabled the Group to create starches with special properties that can be used without declaration as an alternative to chemically modified starches.

In connection with the subject of sustainability, there is also rising demand for products from organic farming. As well, there is growing consumer interest in a vegetarian or vegan diet. Health-conscious consumers also demand foods containing less fat, less sugar or more fibre. Among the innovations developed by AGRANA to meet these demanding expectations are specialty starches for use as fat or gelatine substitutes, a versatile whole-egg substitute, and by-product utilisation for fibre enrichment in a wide variety of foods.

Through intensive cooperation with the production facility in Gmünd, Austria, new fields of research were developed. In the manufacturing of innovative products on a production scale, important priorities were solutions related to hygiene, as well as the stabilisation of product attributes especially in organic production.

Non-food applications

Innovation and research are the most critical success factor in the intensely competitive market for technical (i.e., non-food) starches. As in the prior years, the activities in these areas were driven primarily by trends towards greater sustainability.

The market for biodegradable biopolymers (bioplastics) has become a major focus in recent years. The portfolio of thermoplastic starches has been expanded, with due regard to the legal requirements concerning food contact. In combination with biodegradable polyesters, thermoplastic compounds have been developed (AGENACOMP®) that allow manufacturers to produce bioplastic bags which are not only sustainable but above all home-compostable. AGRANA is thus making a valuable contribution to the reduction of microplastics in the environment.

In the area of adhesives, by developing innovative functional starches, new materials were created as substitutes for petrochemical-based products. In order to meet the market's demand for sustainable solutions, AGRANA developed products with improved bonding properties.

New developments in the emerging technology of 3D printing allow the use of starch in a wide range of applications. In cementitious mortar, a shear-stable solution with improved properties for concrete 3D printing was achieved through the use of appropriate starch esters.

Bioethanol

In the area of bioethanol production, process optimisation is a permanent priority of research and development. The testing of new marketable enzymes to increase yield plays just as important a role as the refining of certain analytical methods for progress evaluation in processes. A further focus was on increasing the quality of the by-products by adjusting production conditions both in the fermentation and drying phases. Significant financial improvements were achieved by combining these measures.

Sugar segment

Raw materials

The Group's R&D in this area focused on the prevention of beet weevil damage in beet production, specifically through mechanical and biological control methods. The development of alternatives to the use of neonicotinoids is a prerequisite for the successful protection of sugar beet against other animal pests such as the beet flea beetle, which also acts as a carrier for various yield-reducing viruses. The prohibition of glyphosate currently being discussed requires a reconfiguration of catch-crop mixes in terms of species and variety in order to assure the best possible establishment of sugar beet seedlings. Attention is also being given to the phosphorus supply of the beet, which is reflected in research projects on the basic provision of this nutrient. Irrigation is an essential tool for safeguarding yields. Through testing of alternative irrigation systems, opportunities are being identified to reduce energy and water consumption.

Technology

The optimization of sugar yield without a negative effect on the drying of cossettes in sugar factories remains a key subject in technology R&D. Alternative methods were investigated with which to continue to achieve a high degree of pressability and thus minimise the energy required for drying the extraction residue. This optimisation work is also being furthered in the context of a dissertation funded by the Austrian Research Promotion Agency (FFG) that evaluates the possibility of expanding existing models for the assessment of sugar losses to include state-of-the-art molecular biology techniques, microbiological and analytical methods.

In the past campaign, juice purification was optimised at several locations, using systems developed at ARIC for the demand-based dosing of alkalizing agents.

Product development

In animal feed R&D, AGRANA responded to rising demand by completing the development of an organic bee feed product based on organic sugar syrup. The new product, named BioVitabee®, offers an optimal carbohydrate distribution for feed acceptance by bees while maintaining storage stability. The manufacturing of BioVitabee® has commenced and the market launch was started.

By-products

Prompted by the debate in the EU on guidelines for the content of nitrate and nitrite in animal feed raw materials produced by the sugar industry, an FFG-funded project was launched in cooperation with Vienna's University of Natural Resources and Applied Life Sciences to develop strategies for the production of molasses with low nitrate and nitrite content.

An alternative group of plastic products (also see Starch segment R&D) is that of polyhydroxyalkanoates (PHA). These can be obtained by fermentation from by-products of sugar production such as molasses residue and pressed beet pulp. A three-year project on this topic, funded by FFG and carried out jointly with the Department of Agrobiotechnology (Tulln campus) of the University of Natural Resources and Applied Life Sciences, was successfully concluded with the production of the first, promising pilot product.

AGRANA's people

Sustainability at AGRANA

2018|19 workplace safety targets

Fruit segment, fruit preparations business:
✔ Target for injury rate[1] reduction achieved

✔ Target for lost day rate[1] reduction achieved

Starch segment:
✘ Target for absolute number of accidents not achieved

✔ Injury rate[1] and lost day rate[1] reduced

Sugar segment:
✔ Target achieved

In the 2018|19 financial year the AGRANA Group as a whole employed an average of 9,242 people (by headcount; prior year: 8,730). Of this total, 2,358 worked in Austria (prior year: 2,251) and 6,884 were employed in other countries (prior year: 6,479).

The number of employees in each business segment was as follows:

Segment	Average number of employees (headcount) in financial year 2018|19	2017|18	Average number of FTE[2] in financial year 2018|19	2017|18	Number of employees (headcount) at balance sheet date 28 Feb 2019	28 Feb 2018
Fruit	6,096	5,613	6,141	5,610	6,192	5,651
Starch	1,050	983	1,025	959	1,061	994
Sugar	2,096	2,134	2,064	2,109	1,938	1,958
Group	**9,242**	**8,730**	**9,230**	**8,678**	**9,191**	**8,603**

In the 2018|19 financial year the AGRANA Group employed an average of 9,230 full-time equivalents (prior year: 8,678 FTE). The increase in personnel resulted mainly from a higher requirement for seasonal workers in the Fruit segment and from the expansion of the starch production site in Aschach, Austria.

The average age of permanent employees[3] on 28 February 2019 was 41 years (for details on age structure, see GRI content index on page 194). Of the permanent employees, 29.9% (prior year: 29.3%) were women, and 56.4% of salaried staff held an academic degree (prior year: 56.7%). The turnover rate for permanent staff in 2018|19 was 12.9% (prior year: 12.6%). The proportion of employees with a part-time contract was 3.2%. The share of temporary agency staff was 4.7%.

Human resources management

AGRANA's personnel strategy focuses on encouraging sustainable and entrepreneurial thinking and action. The Group attaches great importance to appreciative, respectful and cooperative relations with one another, particularly in view of the international and culturally diverse work environment. Motivation, integrity and social awareness round out the set of values fostered by AGRANA's human resources strategy.

AGRANA employees within the GRI reporting boundaries[4]
at the balance sheet date of 28 February 2019[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
Fruit	1,919	72.5%	2,679	23.8%	1,594	47.7%	4,273	32.7%	301	29.9%	13	15.4%
Starch	85	20.0%	635	12.0%	341	43.1%	976	22.8%	58	13.8%	4	25.0%
Sugar[9]	144	37.5%	1,026	17.2%	768	40.1%	1,794	27.0%	157	26.8%	18	11.1%
Group	**2,148**	**68.1%**	**4,340**	**20.5%**	**2,703**	**45.0%**	**7,043**	**29.9%**	**516**	**27.1%**	**35**	**14.3%**

[1] See definition on page 86.
[2] Full-time equivalents.
[3] Permanent employees of AGRANA Group companies.
[4] See GRI reporting boundaries, page 42.
[5] For prior-year values, see GRI content index, on page 191.
[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.

Special attention is devoted to employee development. Recognising and promoting employees' potential is indispensable to AGRANA's lasting competitiveness.

The implementation of a global human resource management system continued in 2018|19. The aim of this system is to improve the efficiency of personnel processes, create transparency and increase data security.

Variable compensation

The incentivising and recognition of performance is a major element of the personnel strategy and a significant factor in 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 2018|19 financial year, 8.8% 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 2018|19 in the BEST RECRUITERS sector ranking for the Austrian food industry and continued to number 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 on various platforms, exhibits at career fairs and the treatment of applicants.

This award recognises AGRANA's commitment to treating potential new employees with appreciation, friendliness and respect. It is also seen as an affirmation of AGRANA's efforts to continually further evolve the quality standards it applies to its process of searching for new talent.

The subsidiary Moravskoslezské Cukrovary A.S. was awarded first place in the Czech Republic as "Employer of the Year 2018".

Training hours of AGRANA employees[1]

in the 2018|19 and 2017|18 financial years

	2018|19				2017|18			
	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**	
Fruit	31.4	33.4	27.3	94.6%	24.3	23.5	26.2	91.1%
Blue-collar	25.7	28.5	17.0	95.5%	18.6	18.8	17.9	90.9%
White-collar	41.1	45.5	36.2	92.9%	34.5	35.5	33.3	91.4%
Starch	20.0	20.2	19.2	81.2%	22.9	22.5	24.5	93.5%
Blue-collar	18.5	18.1	20.9	76.3%	21.1	20.5	25.9	86.0%
White-collar	22.8	26.2	18.3	90.2%	26.5	28.8	23.7	100.0%
Sugar[2]	30.0	29.8	30.6	89.2%	31.0	30.8	31.6	86.3%
Blue-collar	25.4	26.5	20.5	89.6%	30.0	31.1	24.6	79.0%
White-collar	36.3	36.1	36.6	88.6%	32.5	30.2	35.8	96.8%
Group	**29.5**	**30.4**	**27.2**	**91.3%**	**26.0**	**25.4**	**27.3**	**90.1%**
Blue-collar	24.6	26.3	18.0	91.3%	21.9	22.3	20.1	87.2%
White-collar	37.4	40.0	34.1	91.3%	32.9	32.9	32.8	95.1%

[1] Permanent staff within the GRI reporting boundaries (see page 42).
[2] The staff of AGRANA Beteiligungs-AG is counted under the Sugar segment.

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 strengthen the Group's competitiveness but also contribute to 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 2018|19 remained management development and the development of trainings for subject experts in some selected functional areas. AGRANA's staff development programme is rounded out by a range of language courses.

In 2018|19 the Group trained an average of 99 apprentices (number of women: 26, or 26.3%). An average of 63 apprentices (number of women: 8, or 12.7%) were employed in Austria, and an average of 16 apprentices (number of women: 11, or 68.8%) in total in Germany, Slovakia, France and Brazil, which have a dual education system (i.e., combining apprenticeship and vocational school) similar to Austria's. In other educational systems, 20 apprentices (number of women: 7, or 35.0%) were trained in Algeria, Argentina, Mexico and Morocco. The training was provided in areas such as mechanical engineering technology, electrical engineering technology, metalworking technology, chemical lab technology, chemical process engineering technology, food technology, mechatronics, industrial sales and information technology.

In order to increase the attractiveness of apprenticeship professions and to introduce pupils to career opportunities in technology, various initiatives were undertaken at individual locations (creation of information brochures for apprentices, participation in specific events to introduce apprenticeships, special support for apprentices, etc.).

In the 2018|19 financial year, 30 members of staff and managers from across the Group were selected for enrolment in the sixth 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. The ACT kick-off for this sixth cohort occurred in January 2019 with an AGRANA Development Center.

AGRANA-wide onboarding programmes and welcome days are offered 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. In addition, employees benefit from diverse training and development measures, among them the regular INCA meeting (International Communication at AGRANA) and the AGRANA Development Programme (ADP). These offerings promote a better cross-divisional understanding and support the Group-wide exchange of information. At the same time, such initiatives serve to build synergies across divisional and department lines. Additionally, team-building activities help optimise communication and heighten the effectiveness of collaboration within the various departments.

AGRANA also focuses on training and development of key personnel. Custom-tailored training ensures that employees derive maximum benefit from what they have learned and can put it into practice in their day-to-day work environment. One such pioneering programme, the AGRANA Leadership Academy, to be launched in February 2019, is designed to strengthen future and existing managers for or in their roles.

The Group's expenditure for external training and development in the 2018|19 financial year was about € 3 million (prior year: € 2.9 million), equivalent to 1.2% (prior year: 1.2%) of total wages and salaries.

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 check-ups and/or vaccinations (for influenza, tick-borne encephalitis, titre testing, 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 running groups, back fitness training, badminton, rowing courses, Zumba toning, fitness boxing, Nordic walking, yoga, Pilates and boot camp courses.

A record number of 215 AGRANA employees, in 71 teams of three persons each, took part in the annual Wien Energie Business Run in September 2018. The participation in this event not only nurtures team spirit and a sense of cohesion within AGRANA but has also become an important element of the Group's human resources marketing. As well, it is an opportunity to meet or reconnect with colleagues in the various business areas.

Social consciousness forms an important part of corporate culture at AGRANA. Among other achievements, AGRANA Fruit Mexico was again awarded the ESR[1] seal for its high degree of social engagement.

Workplace safety data for the AGRANA Group[2]

for the 2018|19 and 2017|18 financial years

	Injury rate[3]			Lost day rate[4]			Absentee rate[5]		
Segment	**Total**	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**	**Male**	**Female**
2018|19									
Fruit	1.5	1.9	0.9	17.7	20.8	13.3	3,539.7	4,066.4	2,759.2
Starch	2.6	3.3	0.0	32.6	41.3	0.0	7,962.8	8,598.8	5,571.3
Sugar	2.2	2.3	1.7	28.7	32.9	17.4	6,669.6	6,481.4	7,185.9
Group	**1.8**	**2.2**	**1.0**	**22.0**	**26.8**	**13.0**	**4,768.9**	**5,333.4**	**3,718.2**
2017|18									
Fruit	2.0	2.1	1.8	28.3	28.7	27.5	3,922.1	3,779.7	4,171.4
Starch	3.3	3.4	2.8	47.5	48.5	43.7	7,636.8	7,807.4	7,021.5
Sugar	2.7	3.4	0.8	36.5	42.5	19.7	6,579.4	6,448.7	6,945.5
Group	**2.3**	**2.7**	**1.7**	**33.0**	**35.6**	**27.3**	**5,111.8**	**5,147.0**	**5,036.1**

No fatal workplace accident[2] occurred in the 2018|19 reporting year (prior year: no fatalities); however, there was one fatal travel accident, which in accordance with reporting rules is not included. In the reporting year, there were four accidents of contractors (prior year: 13 accidents), which sadly included two fatal accidents; for organisational reasons these are not included in the workplace safety data.

Type and number of accidents in 2018|19

Business travel accidents (11); slips/falls/falls from heights resulting in injuries (51); bruises, crushing injuries, lacerations (31); cuts and punctures (27); eye injuries (5); burns and scalds (15); injuries from incorrect lifting, carrying or storage (6); others (10)

[1] Empresa socialmente responsable – socially responsible business.
[2] Non-permanent (i.e., fixed-term or temporary) and permanent employees within the GRI reporting boundaries (see page 42).
[3] Injury rate = (total number of accidents[6] ÷ total paid hours worked[7]) × 200,000[8]
[4] Lost day rate = (total number of lost days[9] ÷ total paid hours worked[7]) × 200,000
[5] Absentee rate = (total number of missed hours due to accident[6] and sickness ÷ total paid hours worked[7]) × 200,000
[6] 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).
[7] Total paid hours worked are defined by AGRANA as contractual work hours plus paid overtime.
[8] 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.
[9] An eight-hour work day is assumed.

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. In the Sugar segment, the two Austrian sites in Tulln and Leopoldsdorf were once again awarded the BGF quality seal for the promotion of workplace health.

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 to AGRANA from a social responsibility perspective and plays a prominent role in its human resources strategy.

AGRANA therefore joined the "Business for Family" network of the Federal Ministry for Family and Youth, in spring 2016.

Across the Group, this is reflected in several initiatives and offerings for employees. Teleworking, funding or even direct provision of child care in certain locations (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 27). For example, a week of child care with a varied educational programme combined with sports activities was arranged by the Sugar segment at its site in Tulln, Austria. The fruit preparations plant in Turkey offered employees and family members a communal Ramadan dinner.

Workplace safety targets of the AGRANA Group[1]
in the 2018|19 and 2019|20 financial years

Segment	Targets for 2018|19	Target achievement in 2018|19	Targets for 2019|20
Fruit Fruit preparations business	Injury rate²: 1.5 Lost day rate²: 20	✔ Injury rate²: 1.4 ✔ Lost day rate²: 15.4	Injury rate²: 1.25 Lost day rate²: 17
Fruit juice concentrate business			Careful documentation and analysis of all workplace accidents; identification of preventive measures and communication of these measures across the business.
Starch	Reduction in the number of workplace accidents² to fewer than twelve in the financial year through implementation of site-specific packages of measures.	✘ In the reporting year there were 27 workplace accidents² ✔ Injury rate² and lost day rate² were reduced from the prior year.	Continuation of the workplace safety initiative started in 2018|19, with the "golden rules for work – safe and healthy together"; awareness-building through training of every employee; implementation of a uniform segment-wide floor marking scheme and safety equipment system.
Sugar	Continuing implementation of site-specific measures.	✔ Injury rate² and lost day rate² were reduced from the prior year.	Continuing implementation of site-specific measures.

[1] Non-permanent (i.e., fixed-term or temporary) and permanent employees within the GRI reporting boundaries (see page 42).
[2] See definition on page 86.

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 this ongoing reporting, the risk managers from the business areas regularly discuss the business situation and the use of risk mitigation measures 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.

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 outside the core businesses of the AGRANA Group. 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 **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 centrally. 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.

In the **Starch** segment, the changes in raw material prices relative to the selling prices of the end products vary as a result of the broad product portfolio. In starches and by-products, price changes for raw materials lead to a change in product market prices in the same direction, thus acting as a natural hedge by partly offsetting the raw material price risks. 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. For saccharification products, the prices are correlated with European sugar prices and are largely unaffected by raw material price movements.

Thanks to the procurement in national and international markets, the raw material supply can largely be regarded as secure. The supply of specialty raw materials is sufficiently secured through contract farming and supply contracts. When economical, raw material prices can also be hedged and/or the supply secured through futures contracts and over-the-counter derivatives, both of which require management approval. The volume and results of these hedges are included in the regular reporting and are reported to AGRANA's Management Board.

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 compared to other field crops. The availability of sugar beet is becoming an increasingly significant factor after the completion of the first campaign (2017|18) without the EU sugar quotas, as beet prices now depend on the sales price of sugar. AGRANA has since then been intensifying its efforts regarding the collaboration with beet farmers and beet grower associations in order to contract the required volume of beet. Nonetheless, after the extreme levels of pest infestation in 2018 the beet production acreage in 2019 is expected to be significantly less than the contract acreage in 2018.

At 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 to 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.

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 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 increase competition in the future.

The changes in the European sugar market (including the end of the quotas) and the surplus on the world market have led to sharp declines in sugar selling prices. Going forward, the trend in sugar prices in European markets and outside the EU will continue to have a major influence on the earnings situation in the Sugar segment.

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. The construction of a second fruit preparations plant in China was completed and the production of fruit preparations commenced in India. Through the acquisition of Elafruits SPA (now AGRANA Fruit Algeria SPA) the Group now has a fruit preparations plant in Algeria. 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 of the Fruit segment. Currently, however, the region continues to show a stable earnings situation.

IT risks
AGRANA is reliant on the functioning of a complex information technology infrastructure. Non-availability, data loss or data tampering and breaches of confidentiality in critical IT systems can have significant impacts on business operations. The general trend regarding external attacks on IT systems of organisations implies that the AGRANA Group too is or may increasingly be subject to such threats in the future. The maintenance of IT security is ensured by qualified internal and external experts and by appropriate organisational and technical measures. These include redundant IT systems and security tools that are state-of-the-art. Together with external partners, precautions have been taken to counter possible threats and avert potential damage.

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 73 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 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 supply in the EU area. In SMY 2018|19 the drought and heat wave in all of Europe brought a reduction in supply.

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.

In addition, national tax and customs regulations and their interpretation by local authorities can lead to further risks in the regulatory environment.

EU Renewable Energy Directive

June 2018 saw the conclusion of the tripartite negotiations between the European Commission, the Council of the European Union and the European Parliament for the revision of the Renewable Energy Directive (RED II) from 2020. The revised directive was published on 21 December 2018. The EU member states must transpose it into national law by 30 June 2021.

The new directive sets a minimum requirement of 14% renewable energy in the transport sector by 2030. The share of cereal-based biofuels was capped at the level of the national share as of 2020, up to a maximum of 7%. Furthermore, a sub-target of at least a 3.5% share by 2030 was set for so-called advanced biofuels ("second-generation" biofuels). The list of raw materials qualifying for advanced biofuels is given in Annex IX of the directive and can be added to by the European Commission.

Biofuels from so-called high ILUC risk[1] raw materials are being capped at their 2019 share and are to be phased out completely from 2023 to 2030. This includes, for example, biodiesel from palm oil.

The share of individual biofuels counted towards the 14% transport target can be increased with the aid of multipliers. Thus, Annex IX biofuels (advanced biofuels) can be double-counted.

In Austria the target for the biofuel share under the fuel regulation currently in force is 5.75% (based on RED I), of which 3.4% is the target for bioethanol (measured by energy content in both cases). The introduction of E10 would raise the biofuel content directly to the 7% target, at existing production capacity. At the national level, this would not only meet the RED II requirements but also allow the demonstrable reduction of particle emissions and enable a further increase in the production of GMO-free protein feed and fermentation-derived CO_2 as by-products.

Legal risks

AGRANA continually monitors changes in the legal setting relevant to its businesses or to their employees that could result in 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.

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. 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, the 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 and, consequently, on the Group.

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

[1] High risk of indirect land use change. The term "indirect land use change" (ILUC) refers to situations where, although plants are grown for agrofuels on areas certified as sustainable, the growing of food plants is thereby displaced to forested or fallow land.

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 złoty, Romanian leu, Ukrainian hryvnia, Russian ruble, Brazilian real, Mexican peso, Argentine 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

The AGRANA Group's objective and policy is to hold sufficient cash and cash equivalents at all times to meet its payment obligations. 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 impairment allowances.

The financial risks are explained in detail in the notes to the consolidated financial statements, in the section "Notes on financial instruments" (from page 152).

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 40).

Aggregate risk

The Group's aggregate risk exposure was marked by high volatility in selling prices and raw material purchasing prices. In the Sugar segment, the influence of world market prices on prices in Europe has grown in significance. In the bioethanol activities, profitability is critically determined by the future trend in sales prices. The fact that the prices of the corn and wheat used as raw materials can move independently of ethanol prices makes it even more difficult to forecast the earnings trajectory of the bioethanol operations.

Owing to the persistently low selling prices for sugar and isoglucose, the volatile price trend for bioethanol and the fluctuating costs due to the high volatility of raw material prices, the Group's overall risk position is above the average of previous years. However, it is covered by a high equity base and the AGRANA Group is able to balance out risks thanks to the diversification provided by the three business segments.

As before, there are no risks to the AGRANA Group's ability to continue in business (no such risks are currently discernible).

System of internal control and of risk management

Disclosures under section 243a (2) Austrian Commercial Code

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[1] 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 the analytical processing of the data and preparing financial reports. On a monthly basis the Controlling and Group Accounting departments validate and assure the congruence between 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 the Controlling department 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 in which the risk potential is calculated 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 88) 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 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 a Management-Board-approved annual audit plan that is based on a Group-wide risk assessment. 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] 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 2019 was € 113.5 million (28 February 2018: € 113.5 million), divided into 62,488,976 voting ordinary no-par value bearer shares (28 February 2018: 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. Those 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

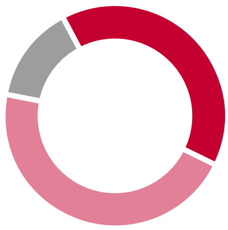
Outlook

With its diversified business model and sound balance sheet, AGRANA considers itself well positioned for the future. Despite the continuing substantial challenges in the Sugar segment, the Group's **operating profit (EBIT)** is expected to increase significantly in the 2019|20 financial year. **Revenue** is projected to show moderate growth.

AGRANA Group		**2018|19 Actual**	**2019|20 Forecast**	
Revenue	€m	2,443.0	Moderate increase	↑
EBIT	€m	66.6	Significant increase	↑↑
Investment[1]	€m	183.8	143	

Total **investment** across the three business segments in the financial year, at approximately € 143 million, is to significantly exceed the budgeted depreciation of about € 108 million.

Planned share of Group investment by segment in 2019|20
(Total: approx. € 143 million)



In the **Fruit** segment, AGRANA expects the 2019|20 financial year to bring growth in revenue and EBIT. For the fruit preparations activities a positive revenue trend is predicted in all business areas, driven by rising sales volumes. Fruit preparations EBIT will reflect the volume and margin growth, resulting in a significant earnings improvement year-on-year. Especially the South America, North America, Europe and Mexico regions are expected to contribute to this uptrend. In the fruit juice concentrate business, revenue and EBIT are projected to be steady this financial year.

Investment of approximately € 57 million is budgeted for the Fruit segment. Its focus is on asset replacement and maintenance investment, production optimisation projects and the continual improvement of product quality.

Fruit segment		**2018|19 Actual**	**2019|20 Forecast**	
Revenue	€m	1,179.1	Moderate increase	↑
EBIT	€m	77.3	Significant increase	↑↑
Investment[1]	€m	56.2	57	

For the **Starch** segment, a moderate increase in revenue is forecast for the 2019|20 financial year. No major recovery in prices is expected for starch-based saccharification products, due to the continuing challenging market environment. Specialty products such as infant formula, organic and GMO-free products should continue to generate consistently positive impetus. Assuming an average grain harvest in 2019 and a slight reduction in raw material prices compared to the drought year 2018, EBIT is expected to be constant.

[1] Investment represents purchases of property, plant and equipment and intangible assets (excluding goodwill), including lease liabilities.

Investment of approximately € 66 million is budgeted for the Starch segment, with the largest single share of this allocated to the expansion of the wheat starch plant in Pischelsdorf, Austria.

Starch segment		**2018|19 Actual**	**2019|20 Forecast**	
Revenue	€m	762.7	Moderate increase	↑
EBIT	€m	51.2	Steady	→
Investment[1]	€m	97.0	66	

For the **Sugar** segment, AGRANA is projecting consistently low revenue in expectation of a continued challenging sugar market environment. The ongoing cost reduction programmes will only be able to soften the margin reduction to some extent, and EBIT is thus expected to remain negative in the 2019|20 financial year.

Capital expenditures of approximately € 20 million are planned for the Sugar segment. The main focus is on asset replacement and maintenance investment.

Sugar segment		**2018|19 Actual**	**2019|20 Forecast**	
Revenue	€m	501.2	Slight increase	↗
EBIT	€m	(61.9)	Moderate improvement	↑
Investment[1]	€m	30.6	20	

The quantitative statements and direction arrows in the "Outlook" section 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%
Very significant(ly)	↑↑↑ or ↓↓↓	More than +50% or more than −50%

Sustainability outlook for 2019|20

In the 2019|20 financial year, AGRANA will continue to work to ensure and document sustainable management in the entire product value chain, which is not only a buying criterion for more and more customers but also an obligation to society.

Thus, as early as 2014|15 and 2015|16, the Group progressively set goals and targets for further improving environmental and social performance in its own production facilities and for sustainability in its supply chain, with a target period running to the end of the 2020|21 financial year.

The annual progress reporting provided since then for the energy and environmental targets also shows the challenges posed by the strong influence of the quantity and quality of raw materials on the achievement of specific energy efficiency targets expressed in relation to product output, particularly in the Sugar segment. In the Fruit segment, the great challenge is to achieve the targets with a view to the annually growing number of sites to be consolidated, which very often do not yet meet AGRANA's standard of sustainable production.

[1] Investment represents purchases of property, plant and equipment and intangible assets (excluding goodwill), including lease liabilities.

Consolidated financial statements 2018|19

Consolidated income statement
for the year ended 28 February 2019

Note	€000	2018|19	2017|18
(1)	Revenue	2,443,048	2,566,317
(2)	Changes in inventories of finished and unfinished goods	(53,505)	(26,771)
(2)	Own work capitalised	1,120	1,528
(3)	Other operating income	32,980	32,990
(4)	Cost of materials	(1,647,491)	(1,716,654)
(5)	Staff cost	(323,717)	(308,082)
(6)	Depreciation, amortisation and impairment losses	(96,636)	(90,014)
(7)	Other operating expenses	(301,403)	(298,081)
(8)	Share of results of equity-accounted joint ventures	12,222	29,395
	Operating profit [EBIT]	**66,618**	**190,628**
(9)	Finance income	25,464	41,212
(10)	Finance expense	(40,836)	(55,682)
	Net financial items	**(15,372)**	**(14,470)**
	Profit before tax	**51,246**	**176,158**
(11)	Income tax expense	(20,860)	(33,513)
	Profit for the period	**30,386**	**142,645**
	Attributable to shareholders of the parent	25,406	140,071
	Attributable to non-controlling interests	4,980	2,574
(12)	Earnings per share under IFRS (basic and diluted)	€ 0.41	€ 2.24[1]

[1] The prior-year value has been adjusted in accordance with IAS 33.64. Also see explanations on page 112.

Consolidated statement of comprehensive income
for the year ended 28 February 2019

€000	2018|19	2017|18
Profit for the period	**30,386**	**142,645**
Other comprehensive income/(expense):		
Currency translation differences and hyperinflation adjustments	2,104	(31,851)
Available-for-sale financial assets (IAS 39), after deferred taxes	0	58
Changes in fair value of hedging instruments (cash flow hedges), after deferred taxes	(613)	1,643
Effects from equity-accounted joint ventures	(521)	(907)
Income/(expense) to be recognised in the income statement in the future	970	(31,057)
Changes in actuarial gains and losses on defined benefit pension obligations and similar liabilities (IAS 19), after deferred taxes	(3,810)	(100)
Changes in fair value of equity instruments, after deferred taxes	788	0
Effects from equity-accounted joint ventures	(3)	(4)
Expense that will not be recognised in the income statement in the future	(3,025)	(104)
Other comprehensive (expense)	**(2,055)**	**(31,161)**
Total comprehensive income for the period	**28,331**	**111,484**
Attributable to shareholders of the parent	23,687	109,889
Attributable to non-controlling interests	4,644	1,595

Consolidated cash flow statement

for the year ended 28 February 2019

Note	€000	2018|19	2017|18
	Profit for the period	30,386	142,645
	Depreciation, amortisation and impairment of non-current assets	96,636	90,021
	Reversal of impairment losses on non-current assets	0	(7)
	(Gains)/losses on disposal of non-current assets	(194)	348
	Changes in non-current provisions	342	1,123
	Share of results of equity-accounted joint ventures	(12,222)	(29,395)
	Dividends received from equity-accounted joint ventures	15,000	30,000
	Loss on net monetary position under IAS 29	1,302	0
	Non-cash expenses/income and other adjustments	46,296	68,010
	Operating cash flow before changes in working capital	**177,546**	**302,745**
	Changes in inventories	19,589	16,749
	Changes in receivables and current assets	(14,326)	14,845
	Changes in current provisions	2,065	(18,748)
	Changes in payables (excluding borrowings)	(13,200)	(55,967)
	Changes in working capital	**(5,872)**	**(43,121)**
	Interest received	3,250	4,225
	Interest paid	(7,193)	(10,788)
	Tax paid	(26,022)	(39,199)
(13)	**Net cash from operating activities**	**141,709**	**213,862**
	Dividends received	24	33
	Proceeds from disposal of non-current assets	3,241	627
	Purchases of property, plant and equipment and intangible assets, net of government grants	(161,190)	(132,528)
	Proceeds from disposal of securities	1,374	162
	Purchases of non-current financial assets	0	(1,640)
	Purchase of subsidiaries, net of cash acquired	(5,336)	0
(14)	**Net cash (used in) investing activities**	**(161,887)**	**(133,346)**
	Repayment of current borrowings to affiliated companies in the Südzucker group	(65,000)	(100,000)
	Repayment of Schuldscheindarlehen, or bonded loan	0	(83,500)
	Repayment of non-current loans	0	(25,500)
	Inflows from investment loan of the European Investment Bank	0	41,500
	Proceeds from non-current loans	40,000	100,000
	Proceeds from syndicated loans	75,000	0
	Inflows/(outflows) from bank overdrafts and cash advances	1,219	(16,385)
	Proceeds from ceding of shares of subsidiary without loss of control	2,475	0
	Purchase of non-controlling interests	(411)	0
	Dividends paid	(71,463)	(69,808)
(15)	**Net cash (used in) financing activities**	**(18,180)**	**(153,693)**
	Net (decrease) in cash and cash equivalents	**(38,358)**	**(73,177)**
	Effect of movements in foreign exchange rates on cash and cash equivalents	(577)	(4,291)
	Cash acquired in initial consolidation of subsidiaries	637	0
	Effect of IAS 29 on cash and cash equivalents	(81)	0
	Cash and cash equivalents at beginning of period	120,961	198,429
	Cash and cash equivalents at end of period	**82,582**	**120,961**

Consolidated balance sheet

at 28 February 2019

Note	€000	28 Feb 2019	28 Feb 2018
	ASSETS		
	A. Non-current assets		
(16)	Intangible assets	276,740	276,815
(17)	Property, plant and equipment	864,221	768,881
(18)	Equity-accounted joint ventures	69,926	73,228
(18)	Securities	18,843	18,703
(18)	Investments in non-consolidated subsidiaries and outside companies	19	894
(19)	Receivables and other assets	10,090	8,816
(20)	Deferred tax assets	12,309	13,664
		1,252,148	**1,161,001**
	B. Current assets		
(21)	Inventories	619,133	654,537
(19)	Trade receivables and other assets	429,484	415,568
	Current tax assets	6,060	4,310
	Securities	0	44
	Cash and cash equivalents	82,582	120,961
		1,137,259	**1,195,420**
	Total assets	**2,389,407**	**2,356,421**
	EQUITY AND LIABILITIES		
(22)	**A. Equity**		
	Share capital	113,531	113,531
	Share premium and other capital reserves	540,760	540,760
	Retained earnings	694,451	742,752
	Equity attributable to shareholders of the parent	1,348,742	1,397,043
	Non-controlling interests	61,186	56,954
		1,409,928	**1,453,997**
	B. Non-current liabilities		
(23a)	Retirement and termination benefit obligations	71,177	68,704
(23b)	Other provisions	23,505	21,607
(24)	Borrowings	278,988	310,572
(25)	Other payables	12,820	10,832
(26)	Deferred tax liabilities	6,556	7,712
		393,046	**419,427**
	C. Current liabilities		
(23b)	Other provisions	31,221	29,337
(24)	Borrowings	144,639	61,629
(25)	Trade and other payables	403,627	378,220
	Tax liabilities	6,946	13,811
		586,433	**482,997**
	Total equity and liabilities	**2,389,407**	**2,356,421**

Consolidated statement of changes in equity

for the year ended 28 February 2019

						Attributable to the shareholders
						Retained
€000	Share capital	Share premium and other capital reserves	Reserve for equity instruments[1]	Reserve for hedging instruments (Cash flow hedges)	Reserve for actuarial gains and losses	Effects from equity-accounted joint ventures
2018|19						
At 1 March 2018 (as published)	113,531	540,760	3,295	282	(30,234)	(26,043)
Effects of initial application of IFRS 9	0	0	(1,340)	0	0	0
At 1 March 2018 (adjusted)	**113,531**	**540,760**	**1,955**	**282**	**(30,234)**	**(26,043)**
Changes in fair value of equity instruments	0	0	1,051	0	0	0
Changes in fair value of hedging instruments (cash flow hedges)	0	0	0	(806)	0	(92)
Changes in actuarial gains and losses on defined benefit pension obligations and similar liabilities	0	0	0	0	(3,961)	(3)
Tax effects	0	0	(263)	193	207	24
Currency translation gain and hyperinflation adjustments	0	0	0	0	0	(431)
Other comprehensive income/(expense) for the period	**0**	**0**	**788**	**(613)**	**(3,754)**	**(502)**
Profit for the period	0	0	0	0	0	0
Total comprehensive income/(expense) for the period	**0**	**0**	**788**	**(613)**	**(3,754)**	**(502)**
Dividends paid	0	0	0	0	0	0
Transfer to reserves	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 2019	**113,531**	**540,760**	**2,743**	**(331)**	**(33,988)**	**(26,545)**
						694,451
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

[1] Prior year: "Available-for-sale reserve".

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
754,417	(99,036)	140,071	1,397,043	56,954	1,453,997
1,192	0	0	(148)	0	(148)
755,609	**(99,036)**	**140,071**	**1,396,895**	**56,954**	**1,453,849**
0	0	0	1,051	0	1,051
0	0	0	(898)	(31)	(929)
0	0	0	(3,964)	(75)	(4,039)
0	0	0	161	26	187
0	2,362	0	1,931	(256)	1,675
0	**2,362**	**0**	**(1,719)**	**(336)**	**(2,055)**
0	0	25,406	25,406	4,980	30,386
0	**2,362**	**25,406**	**23,687**	**4,644**	**28,331**
0	0	(70,300)	(70,300)	(1,163)	(71,463)
69,771	0	(69,771)	0	0	0
(910)	0	0	(910)	756	(154)
(630)	0	0	(630)	(5)	(635)
823,840	**(96,674)**	**25,406**	**1,348,742**	**61,186**	**1,409,928**
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**

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 world-wide industrial processing of agricultural raw materials.

The consolidated financial statements of the AGRANA Group for 2018|19 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 – Fruit, Starch and Sugar – and thus follows the AGRANA Group's internal reporting structure.

The AGRANA Group has the three reportable segments Fruit, Starch and Sugar, 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	Fruit	Starch	Sugar	Consoli-dation	Group
2018|19					
Total revenue	1,179,603	772,579	561,424	(70,558)	2,443,048
Inter-segment revenue	(453)	(9,898)	(60,207)	70,558	0
Revenue	**1,179,150**	**762,681**	**501,217**	**0**	**2,443,048**
EBITDA	114,966	66,459	(33,687)	0	147,738
Depreciation, amortisation and impairment of property, plant and equipment and intangibles[1]	(37,701)	(31,430)	(27,505)	0	(96,636)
Operating profit before exceptional items and results of equity-accounted joint ventures	**77,265**	**35,029**	**(61,192)**	**0**	**51,102**
Exceptional items	0	0	3,294	0	3,294
Share of results of equity-accounted joint ventures	0	16,186	(3,964)	0	12,222
Operating profit [EBIT]	**77,265**	**51,215**	**(61,862)**	**0**	**66,618**
Segment assets	1,182,098	626,060	1,607,119	(1,025,870)	2,389,407
Segment equity	409,320	362,872	989,378	(351,642)	1,409,928
Segment liabilities	772,778	263,188	617,741	(674,228)	979,479

[1] Excluding goodwill.

€000	Fruit	Starch	Sugar	Consoli-dation	Group
Purchases of property, plant and equipment and intangibles[1]	56,193	97,011	30,549	0	183,753
Purchases of non-current financial assets	0	0	0	0	0
Total capital expenditure	56,193	97,011	30,549	0	183,753
Carrying amount of equity-accounted joint ventures	0	60,302	9,624	0	69,926
Number of employees (average full-time equivalents)	6,141	1,025	2,064	0	9,230
2017|18					
Total revenue	1,161,898	762,308	730,378	(88,267)	2,566,317
Inter-segment revenue	(456)	(9,993)	(77,818)	88,267	0
Revenue	**1,161,442**	**752,315**	**652,560**	**0**	**2,566,317**
EBITDA	113,218	76,486	64,455	0	254,159
Depreciation, amortisation and impairment of property, plant and equipment and intangibles[1]	(37,579)	(26,742)	(25,693)	0	(90,014)
Operating profit before exceptional items and results of equity-accounted joint ventures	**75,639**	**49,744**	**38,762**	**0**	**164,145**
Exceptional items	0	0	(2,912)	0	(2,912)
Share of results of equity-accounted joint ventures	0	30,486	(1,091)	0	29,395
Operating profit [EBIT]	**75,639**	**80,230**	**34,759**	**0**	**190,628**
Segment assets	1,128,678	553,933	1,704,961	(1,031,151)	2,356,421
Segment equity	361,515	368,618	1,075,506	(351,642)	1,453,997
Segment liabilities	767,163	185,315	629,455	(679,509)	902,424
Purchases of property, plant and equipment and intangibles[1]	49,356	59,427	32,084	0	140,867
Purchases of non-current financial assets	140	0	2,000	0	2,140
Total capital expenditure	49,496	59,427	34,084	0	143,007
Carrying amount of equity-accounted joint ventures	0	59,555	13,673	0	73,228
Number of employees (average full-time equivalents)	5,610	959	2,109	0	8,678

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

Exceptional items included tax refunds in Romania and expenses for restructuring measures in the Sugar segment.

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 € 674,228 thousand (prior year: € 679,509 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	**2018|19**	**2017|18**
Austria	1,283,665	1,315,930
Hungary	70,439	88,831
Romania	135,450	162,561
Rest of EU	368,215	416,140
EU-28	1,857,769	1,983,462
Rest of Europe (Bosnia and Herzegovina, Russia, Serbia, Turkey, Ukraine)	101,912	101,680
Other foreign countries	483,367	481,175
Total	**2,443,048**	**2,566,317**

The revenue generated by the Eastern European companies was € 444,210 thousand (prior year: € 535,040 thousand), or about 18.2% (prior year: 20.8%) 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	**2018|19**	**2017|18**
Austria	120,655	84,253
Hungary	7,353	8,730
Romania	7,843	3,054
Rest of EU	14,976	15,222
EU-28	150,827	111,259
Rest of Europe (Bosnia and Herzegovina, Russia, Serbia, Turkey, Ukraine)	5,245	4,242
Other foreign countries	27,681	25,366
Total	**183,753**	**140,867**

Carrying amount of property, plant and equipment and intangibles[1] €000	**2018|19**	**2017|18**
Austria	487,298	416,690
Hungary	69,945	68,912
Romania	39,525	36,402
Rest of EU	108,174	111,208
EU-28	704,942	633,212
Rest of Europe (Bosnia and Herzegovina, Russia, Serbia, Turkey, Ukraine)	23,395	21,698
Other foreign countries	150,732	129,830
Total	**879,069**	**784,740**

[1] Excluding goodwill.

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 2018|19 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/Interpretation		**Issued by the IASB**	**Adopted by the EU**
IAS 40	Investment Property (amendment)	8 Dec 2016	14 Mar 2018
IFRS 2	Share-based Payment (amendment)	20 Jun 2016	26 Feb 2018
IFRS 4	Insurance Contracts (amendment)	12 Sep 2016	3 Nov 2017
IFRS 9 (2014)	Financial Instruments	24 Jul 2014	22 Nov 2016
IFRS 9	Financial Instruments (amendment)	12 Oct 2017	22 Mar 2018
IFRS 15	Revenue from Contracts with Customers	28 May 2014	22 Sep 2016
IFRS 15	Revenue from Contracts with Customers (amendment)	12 Apr 2016	31 Oct 2017
IFRIC 22	Foreign Currency Transactions and Advance Consideration	8 Dec 2016	28 Mar 2018

The amendments to IAS 40 (Investment Property), IFRS 2 (Share-based Payment), IFRS 4 (Insurance Contracts) and IFRIC 22 (Foreign Currency Transactions and Advance Consideration) had no material impacts on the presentation of AGRANA's financial position, results of operations and cash flows.

IFRS 9 Financial Instruments (amendment)

In accordance with the transition rules of IFRS 9, the transition effects were recognised in "other retained earnings" attributable to the shareholders of AGRANA, at 1 March 2018, using the modified retrospective approach. The Group has applied consequential amendments of IFRS 7 (Financial Instruments: Disclosures) to the disclosures in the notes for the 2018|19 financial year, but not for the comparative information.

The transfer of investment fund units from the available-for-sale category to the category "at fair value through profit or loss", performed due to non-fulfilment of the cash flow criterion, resulted in reclassifications of € 1,340 thousand after tax from the former available-for-sale reserve to other retained earnings.

Previously, under IAS 39, non-consolidated subsidiaries were classified as available-for-sale (at cost) due to non-materiality. Under IFRS 9, equity instruments as a rule must be measured at fair value through profit or loss. However, for reasons of immateriality the investments in non-consolidated subsidiaries were not measured at fair value. As well, AGRANA elected the option of recognition through other comprehensive income (no recycling). Shares of non-listed companies and other equity instruments were reclassified from "available for sale (at cost)" to securities in the category "fair value through other comprehensive income (no recycling)".

In the case of uncertificated securities (cooperative shares) that are categorised as at fair value through profit or loss and do not meet the cash flow criterion, the nominal value corresponds to fair value.

Reconciliation of the carrying amounts of financial assets from the measurement categories under IAS 39 to those under IFRS 9:

€000	Measurement category under IAS 39	Measurement category under IFRS 9	Original carrying amount (IAS 39)	Reclassi-fication	Effect of tran-sition	New carrying amount (IFRS 9)
Securities (investment fund units)	Available-for-sale	Fair value through profit or loss	13,361	0	0	13,361
Securities (equity instruments)	Available-for-sale	Fair value through other comprehensive income (no recycling)	4,451	269	0	4,720
Securities (uncertificated securities)	Available-for-sale (at cost)	Fair value through profit or loss	891	0	0	891
Securities (non-current)			**18,703**	**269**	**0**	**18,972**
Investments in non-consolidated subsidiaries	Available-for-sale (at cost)	Fair value through other comprehensive income (no recycling)	625	0	0	625
Investments in other equity instruments	Available-for-sale (at cost)	Fair value through other comprehensive income (no recycling)	269	(269)	0	0
Equity investments			**894**	**(269)**	**0**	**625**
Trade receivables	Loans and receivables	At amortised cost	308,294	0	(148)	308,146
Financial other receivables	Loans and receivables	At amortised cost	43,572	0	0	43,572
Derivative financial assets (not hedging instruments)	Held for trading	Fair value through profit or loss	3,486	0	0	3,486
Derivative financial assets (hedging instruments)	Fair value of hedging instruments	Fair value through other com-prehensive income (hedging instruments)	803	0	0	803
Derivative financial assets			**4,289**	**0**	**0**	**4,289**
Securities (current)	Available-for-sale	Fair value through profit or loss	44	0	0	44
Cash and cash equivalents	Loans and receivables	At amortised cost	120,961	0	0	120,961

IFRS 9 largely retains the pre-existing requirements of IAS 39 for the classification of financial liabilities. With the exception of the liabilities from derivative financial instruments, all financial liabilities are measured at amortised cost. Liabilities from derivatives that form an effective part of a hedging relationship are measured at fair value through other comprehensive income, while all other liabilities from derivatives are measured at fair value through profit or loss.

The new accounting approach of recognising impairment for credit risks on receivables in accordance with the length of time past due led to an additional portfolio-based impairment charge of € 148 thousand after deferred taxes, which was recognised in other retained earnings attributable to AGRANA's shareholders (see table below showing the impacts of IFRS 9 and IFRS 15).

Hedging relationships existing at 28 February 2018 (cash flow hedges) were continued as of 1 March 2018 in accordance with IFRS 9 and the transition rules.

In the consolidated statement of comprehensive income, the new line item "changes in fair value of equity instruments, after deferred taxes" was added within the subtotal "expense/income that will not be recognised in the income statement in the future", due to the introduction in IFRS of the category "fair value through other comprehensive income (no recycling)" for the measurement of equity instruments.

The old line item "cash flow hedges (IAS 39) after deferred taxes" in the consolidated statement of comprehensive income was renamed "changes in fair value of hedging instruments (cash flow hedges), after deferred taxes".

In the consolidated statement of changes in equity, within retained earnings, the "available-for-sale reserve" was replaced with the "reserve for equity instruments", the "cash flow hedge reserve" was renamed "reserve for hedging instruments (cash flow hedges)", and the line "fair value movements under IAS 39" was divided into the items "changes in fair value of equity instruments" and "changes in fair value of hedging instruments (cash flow hedges)".

IFRS 15 Revenue from Contracts with Customers (amendment)

As part of the transition to IFRS 15 with effect from 1 March 2018, delivery rights in the amount of € 1,642 thousand previously reported under intangible assets were reclassified to other financial assets. This did not result in a change in equity.

The effects of the initial application of IFRS 9 and IFRS 15 on the consolidated balance sheet are presented in the following table:

€000	At 28 Feb 2018 (as published)	Effects of application of IFRS 9	Effects of application of IFRS 15	At 1 Mar 2018 (adjusted)
ASSETS				
Intangible assets	276,815	0	(1,642)	275,173
Other assets	870,522	0	0	870,522
Deferred tax assets	13,664	49	0	13,713
Non-current assets	1,161,001	49	(1,642)	1,159,408
Inventories	654,537	0	0	654,537
Trade receivables	308,294	(197)	0	308,097
Other assets	232,589	0	1,642	234,231
Current assets	1,195,420	(197)	1,642	1,196,865
Total assets	**2,356,421**	**(148)**	**0**	**2,356,273**

€000	At 28 Feb 2018 (as published)	Effects of application of IFRS 9	Effects of application of IFRS 15	At 1 Mar 2018 (adjusted)
EQUITY AND LIABILITIES				
Equity attributable to shareholders of the parent	1,397,043	(148)	0	1,396,895
Non-controlling interests	56,954	0	0	56,954
Equity	1,453,997	(148)	0	1,453,849
Non-current liabilities	419,427	0	0	419,427
Current liabilities	482,997	0	0	482,997
Total equity and liabilities	**2,356,421**	**(148)**	**0**	**2,356,273**

The following standards and interpretations will become effective from the 2019|20 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.

Standard/Interpretation		**Issued by the IASB**	**Effective for AGRANA from financial year**	**Adopted by the EU**
IAS 1	Presentation of Financial Statements (amendment)	31 Oct 2018	2020|21	Not to date
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors (amendment)	31 Oct 2018	2020|21	Not to date
IAS 19	Employee Benefits (amendment)	7 Feb 2018	2019|20	13 Mar 2019
IAS 28	Investments in Associates and Joint Ventures (amendment)	12 Oct 2017	2019|20	8 Feb 2019
IFRS 3	Business Combinations (amendment)	22 Oct 2018	2020|21	8 Feb 2019
IFRS 9	Financial Instruments (amendment)	12 Oct 2017	2019|20	22 Mar 2018

Content and expected impacts on AGRANA
The amendment refines the definition of the term “material”.
The amendment replaces the definition of “material” with a reference to IAS 1.
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.
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 clarifies the definition of a business, as distinct from a group of assets, to help distinguish between the two when reporting an acquisition. In the event of business combinations, the amendment may become relevant from the 2020|21 financial year.
The amendment sets out the requirement 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.

Standard/Interpretation		Issued by the IASB	Effective for AGRANA from financial year	Adopted by the EU
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, 2015–2017 Cycle	12 Dec 2017	2019|20	14 Mar 2019
IFRIC 23	Uncertainty over Income Tax Treatments	7 Jun 2017	2019|20	23 Oct 2018
Various	Amendments to references to the Conceptual Framework for Financial Reporting	29 Mar 2018	2020|21	No

Changes in comparative information

At the 31st Annual General Meeting of AGRANA Beteiligungs-AG, Vienna, on 6 July 2018, shareholders approved a four-for-one stock split. With effect from 24 July 2018, this increased the number of shares from 15,622,244 to 62,488,976 no-par value bearer shares. The share capital of € 113,531,274.76 remained unchanged. As a result of the stock split, the prior-year values for earnings per share under IFRS were adjusted in accordance with IAS 33.64.

Content and expected impacts on AGRANA

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. Initial recognition will be performed using the modified retrospective approach, according to which the lease liability and the right-of-use asset are recognised at the present value of the outstanding lease payments as determined using the current incremental borrowing rate. For assets of low value and for short-term leases, AGRANA will elect not to capitalise the lease. AGRANA uses leases mainly for long-term rental agreements for land and buildings in administration and production. At the end of the 2018|19 financial year, most leases were operating leases, while the total finance lease liability was € 0.1 million. Based on the current status, the right-of-use assets and the finance liability can be expected to increase by € 27.7 million. For the 2019|20 financial year, this results in estimated depreciation of about € 5.3 million on right-of-use assets and an estimated interest expense of about € 0.8 million on the finance liability. In the balance sheet the right-of-use assets are reported within property, plant and equipment.

The standard is not relevant to AGRANA.

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.

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

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: 62 companies) and twelve companies were included using the equity method (prior year: 13 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 2019

Name of company	Registered office	Country	Equity interest 28 Feb 2019 Direct	Equity interest 28 Feb 2019 Indirect[1]	Equity interest 28 Feb 2018 Direct	Equity interest 28 Feb 2018 Indirect[1]
AGRANA Beteiligungs-Aktiengesellschaft (the parent company)	Vienna	Austria	–	–	–	–
I. Subsidiaries						
Fully consolidated subsidiaries						
AGRANA AGRO S.r.l.	Roman	Romania	–	100.00%	–	98.69%
AGRANA BIH Holding GmbH	Vienna	Austria	–	75.00%	–	75.00%
AGRANA BUZAU S.r.l.	Buzau	Romania	–	100.00%	–	98.69%
AGRANA d.o.o.	Brčko	Bosnia and Herzegovina	–	75.00%	–	75.00%
AGRANA Fruit Algeria Holding GmbH	Vienna	Austria	–	55.00%	–	–
AGRANA Fruit Argentina S.A.	Buenos Aires	Argentina	–	–[2]	–	99.99%
AGRANA Fruit Argentina S.A. (formerly: Main Process S.A.)	Buenos Aires	Argentina	–	100.00%	–	100.00%
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, Importação e Exportação Ltda.	São Paulo	Brazil	–	100.00%	–	100.00%
AGRANA Fruit Brasil Participações Ltda.	São Paulo	Brazil	–	–[2]	–	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	Pune	India	–	100.00%	–	100.00%
AGRANA Fruit Istanbul Gida Sanayi ve Ticaret A.S.	Istanbul	Turkey	–	100.00%	–	100.00%
AGRANA Fruit (Jiangsu) Company Limited	Changzhou	China	–	100.00%	–	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 Sales & Marketing GmbH	Bingen	Germany	–	50.01%	–	50.01%
AGRANA JUICE (XIANYANG) CO., LTD	Xianyang City	China	–	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%	–

[1] Total indirect ownership interest held by the Group.
[2] Merger in 2018|19.

Name of company	Registered office	Country	Equity interest 28 Feb 2019 Direct	Equity interest 28 Feb 2019 In-direct[1]	Equity interest 28 Feb 2018 Direct	Equity interest 28 Feb 2018 In-direct[1]
Agrana Nile Fruits Processing SAE	Qalyoubia	Egypt	–	51.00%	–	51.00%
AGRANA Research & Innovation Center GmbH	Vienna	Austria	100.00%	–	100.00%	–
AGRANA Romania S.R.L.	Bucharest	Romania	–	100.00%	–	98.68%
AGRANA Stärke GmbH	Vienna	Austria	98.91%	1.09%	98.91%	1.09%
AGRANA TANDAREI S.r.l.	Ţăndărei	Romania	–	100.00%	–	98.69%
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%
Brix Trade Kft	Nagykálló	Hungary	–	–[2]	–	–
Dirafrost FFI N. V.	Lummen	Belgium	–	100.00%	–	100.00%
Dirafrost Maroc SARL	Larach	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%
Moravskoslezské Cukrovary A.S.	Hrušovany	Czech Republic	–	100.00%	–	100.00%
Österreichische Rübensamenzucht Gesellschaft m.b.H.	Vienna	Austria	–	86.00%	–	–[3]
o.o.o. AGRANA Fruit Moscow Region	Serpuchov	Russia	–	100.00%	–	100.00%
S.C. A.G.F.D. Tandarei s.r.l.	Ţăndărei	Romania	–	100.00%	–	100.00%
Slovenské Cukrovary s.r.o.	Sereď	Slovakia	–	100.00%	–	100.00%
SPA AGRANA Fruit Algeria	Akbou	Algeria	–	26.93%	–	–
Sudinver S.A.	Buenos Aires	Argentina	–	–[2]	–	100.00%
Yube d.o.o.	Požega	Serbia	–	100.00%	–	100.00%
Non-consolidated subsidiaries						
AGRANA Amidi srl	Sterzing	Italy	–	100.00%	–	100.00%
Reporting date: 28 Feb 2019 I Equity: € 24.4 thousand I Profit for the period: € 8.1 thousand						
AGRANA Croatia d.o.o.	Zagreb	Croatia	–	100.00%	–	100.00%
Reporting date: 28 Feb 2019 I Equity: € 13.2 thousand I Profit for the period: € 3.4 thousand						
AGRANA Makedonija DOOEL Skopje	Skopje	Northern Macedonia	–	100.00%	–	100.00%
Reporting date: 31 Dec 2018 I Equity: € 5.1 thousand I Profit for the period: € 1.7 thousand						
AGRANA Skrob s.r.o. v likvidaci	Hrušovany	Czech Republic	–	100.00%	–	100.00%
Reporting date: 31 Dec 2018 I Equity: € 89.9 thousand I Profit for the period:: € 4.3 thousand						
Österreichische Rübensamenzucht Gesellschaft m.b.H.	Vienna	Austria	–	–[3]	–	86.00%

[1] Total indirect ownership interest held by the Group.
[2] Merger in 2018|19.
[3] Equity-accounted from 2018|19, non-consolidated in 2017|18.

Name of company	Registered office	Country	Equity interest 28 Feb 2019 Direct	Equity interest 28 Feb 2019 Indirect[1]	Equity interest 28 Feb 2018 Direct	Equity interest 28 Feb 2018 Indirect[1]
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	Northern 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.	Pristina	Kosovo	–	50.00%	–	50.00%
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 Services Kft.	Szabadegyháza	Hungary	–	50.00%	–	50.00%
HUNGRANA Keményitö- és Isocukorgyártó és Forgalmazó Kft.	Szabadegyháza	Hungary	–	50.00%	–	50.00%
HungranaTrans Kft.	Szabadegyháza	Hungary	–	–[2]	–	50.00%
Non-consolidated joint ventures						
SCO STUDEN & CO. BRASIL EXPORTAÇÃO E IMPORTAÇÃO LTDA. (Liquidated at 20 Feb 2019)	São Paulo	Brazil	–	–[3]	–	50.00%

The number of companies that were fully consolidated or equity-accounted changed as follows in the 2018|19 financial year:

	Full consolidation	Equity method
At 1 March 2018	62	13
Initial consolidation	4	0
Merger	(4)	(1)
At 28 February 2019	**62**	**12**

The newly founded AGRANA Fruit Algeria Holding GmbH, Vienna, a wholly-owned subsidiary of AGRANA Internationale Verwaltungs- und Asset-Management GmbH, Vienna, was included in the consolidated financial statements for the first time in the financial first quarter of 2018|19, by full consolidation. Forty-five percent of the shares of AGRANA Fruit Algeria Holding GmbH, Vienna, were ceded to a minority investor in the third quarter of 2018|19, without loss of control.

[1] Total indirect ownership interest held by the Group.
[2] Merger in 2018|19.
[3] Liquidated in 2018|19.

The first quarter of 2018|19 also saw the initial consolidation of Österreichische Rübensamenzucht Gesellschaft m.b.H., Vienna, a company that is 86% owned by AGRANA Zucker GmbH, Vienna, and which until then had been a non-consolidated subsidiary due to its minor significance. A positive effect of € 321 thousand upon initial, full consolidation – the difference between the acquired net assets and the acquisition cost – was recognised in other operating income.

Also in the first quarter of 2018|19, AUSTRIA JUICE Hungary Kft., Vásárosnamény, Hungary, acquired 100% of the shares of Brix Trade Kft., Nagykálló, Hungary. The initial, full consolidation of the company, which distributes and produces fruit juice concentrates, occurred in the first quarter of 2018|19.

Brix Trade Kft., Nagykálló, Hungary, was merged into AUSTRIA JUICE Hungary Kft., Vásárosnamény, Hungary, in the fourth quarter of 2018|19.

As well, the deal to acquire Elafruits SPA, Akbou, Algeria, closed on 2 July 2018. In the transaction, AGRANA Fruit Algeria Holding GmbH, Vienna, acquired 48.97% of the company's shares. Elafruits SPA is fully consolidated in the Group financial statements of AGRANA Beteiligungs-AG, as management agreements give AGRANA a majority of the voting rights. In the financial year, the company was renamed from Elafruits SPA to SPA AGRANA Fruit Algeria. In 2017, with approximately 100 employees, the company achieved revenue of about € 7 million with standard fruit preparations for yoghurts and ice-creams as well as the production of fruit purees and beverage bases. The acquisition expands AGRANA's production capacity near major customers and helps consolidate its global market leadership in fruit preparations.

The impacts of the acquisitions made in 2018|19 on the AGRANA Group were as follows:

€000	**Carrying amount at acquisition date**
Non-current assets	6,996
Inventories	2,461
Receivables and other assets	2,304
Cash, cash equivalents and securities	519
Total assets	**12,280**
Less non-current liabilities	(1,627)
Less current liabilities	(2,160)
Net assets (i.e., equity)	**8,493**
Non-controlling interests	(3,563)
Goodwill	936
Negative goodwill	(11)
Acquisition cost (all in cash)	**5,855**

In the first half of 2018|19, two mergers were performed: the equity-accounted HungranaTrans Kft., Szabadegyháza, Hungary, was merged with HUNGRANA Keményitö- és Isocukorgyártó és Forgalmazó Kft., Szabadegyháza; and the fully consolidated AGRANA Fruit Brasil Participações Ltda., São Paulo, Brazil, was merged with AGRANA Fruit Brasil Indústria, Comércio, Importação e Exportação Ltda., São Paulo.

Additionally, in the third quarter of 2018|19 the two fully consolidated companies AGRANA Fruit Argentina S.A., Buenos Aires, Argentina, and Sudinver S.A., Buenos Aires, were merged into Main Process S.A., Buenos Aires. Main Process S.A. as the absorbing company was renamed AGRANA Fruit Argentina S.A.

Joint ventures

The information below represents the aggregated financial position and performance of the joint ventures. The joint ventures are listed on page 116.

€000	AGRANA-STUDEN group	HUNGRANA group	Total
28 February 2019			
Non-current assets	37,620	112,783	150,403
Inventories	17,354	50,442	67,796
Receivables and other assets	18,996	33,490	52,486
Cash, cash equivalents and securities	6,624	2,333	8,957
Current assets	42,974	86,265	129,239
Total assets	**80,594**	**199,048**	**279,642**
Equity	20,151	119,636	139,787
Borrowings	376	0	376
Other liabilities	4,896	1,888	6,784
Non-current liabilities	5,272	1,888	7,160
Borrowings	41,988	51,187	93,175
Other liabilities	13,183	26,337	39,520
Current liabilities	55,171	77,524	132,695
Total equity and liabilities	**80,594**	**199,048**	**279,642**
Revenue	118,719	280,090	398,809
Depreciation, amortisation and impairment losses	(3,002)	(10,929)	(13,931)
Other (expense), net	(123,603)	(230,450)	(354,053)
Operating (loss)/profit [EBIT]	**(7,886)**	**38,711**	**30,825**
Interest income	205	0	205
Interest expense	(805)	(707)	(1,512)
Other finance (expense), net	553	(868)	(315)
Profit before tax	**(7,933)**	**37,136**	**29,203**
Income tax expense	5	(4,765)	(4,760)
(Loss)/profit for the period	**(7,928)**	**32,371**	**24,443**
Income or expense, net, recognised directly in equity	(171)	(877)	(1,048)
Total comprehensive (expense)/income for the period	**(8,099)**	**31,494**	**23,395**
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**

€000	AGRANA-STUDEN group	HUNGRANA group	Total
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 (loss)/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)
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**

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 2019			
Equity	20,151	119,636	139,787
Of which attributable to AGRANA	10,076	59,818	69,894
Value change at time of transition from proportionate consolidation to equity method	(452)	484	32
Investments in equity-accounted joint ventures (carrying amount)	**9,624**	**60,302**	**69,926**
Dividend attributable to AGRANA	0	15,000	15,000
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

Non-controlling interests

Of the non-controlling interests of € 61,186 thousand (prior year: € 56,954 thousand), most represented the co-owners of the AUSTRIA JUICE group, at € 42,787 thousand (prior year: € 37,523 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 2019**	**28 Feb 2018**
Non-current assets	131,899	129,161
Current assets	193,351	198,148
Total assets	**325,250**	**327,309**
Non-current liabilities	4,613	4,309
Current liabilities	227,765	240,659
Total liabilities	**232,378**	**244,968**
Net assets	**92,872**	**82,341**
Revenue	243,028	235,208
Operating profit [EBIT]	20,602	8,188
Profit before tax	15,379	4,247
Income tax expense	(2,418)	(1,696)
Profit for the period	12,961	2,551
Other comprehensive (expense)	(1,154)	(259)
Total comprehensive income for the period	11,807	2,292
Net cash (used in)/from operating activities	(13,659)	52,268
Net cash (used in) investing activities	(13,289)	(12,413)
Net cash from/(used in) financing activities	31,147	(39,935)
Net increase/(decrease) in cash and cash equivalents	**4,199**	**(80)**

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

AUSTRIA JUICE group €000	**28 Feb 2019**	**28 Feb 2018**
Profit for the period	6,479	1,275
Carrying amount of net assets	46,427	41,162
Measurement effect from business combination	(3,639)	(3,639)
Non-controlling interests in net assets	**42,787**	**37,523**

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 and the national banks), with the exception of significant currency translation gains and losses near the balance sheet date from the measurement of receivables and liabilities related to Group financing. Expenses and income of subsidiaries in hyperinflationary economies are translated at the closing rate.

■ 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		Average rate for year	
		28 Feb 2019	**28 Feb 2018**	**2018|19**	**2017|18**
Albania	ALL	125.92	132.23	126.14	133.66
Algeria	DZD	134.73	–	136.85	–
Argentina	ARS	44.56	24.55	44.56	19.93
Australia	AUD	1.60	1.56	1.59	1.50
Bosnia and Herzegovina	BAM	1.96	1.96	1.96	1.96
Brazil	BRL	4.27	3.96	4.36	3.71
Bulgaria	BGN	1.96	1.96	1.96	1.96
China	CNY	7.63	7.73	7.79	7.71
Croatia	HRK	7.43	7.45	7.42	7.46
Czech Republic	CZK	25.60	25.42	25.69	26.05
Egypt	EGP	19.95	21.52	20.68	20.54
Fiji	FJD	2.42	2.49	2.45	2.38
Hungary	HUF	315.96	313.93	320.22	309.57
India	INR	80.89	79.62	81.10	74.64
Mexico	MXN	21.91	22.94	22.51	21.48
Morocco	MAD	10.89	11.30	11.01	11.03
Northern Macedonia	MKD	61.50	61.66	61.51	61.58
Poland	PLN	4.31	4.18	4.28	4.23
Romania	RON	4.74	4.66	4.67	4.59
Russia	RUB	75.09	68.75	75.03	67.03
Serbia	CSD	118.18	118.06	118.25	120.52
South Africa	ZAR	15.95	14.37	15.78	15.13
South Korea	KRW	1,281.07	1,320.25	1,292.87	1,289.34
Turkey	TRY	6.07	4.65	5.94	4.24
Ukraine	UAH	30.73	33.15	31.67	30.90
USA	USD	1.14	1.22	1.17	1.16

6. Financial reporting in hyperinflationary economies

■ Financial statements of subsidiaries in hyperinflationary economies are adjusted (restated) in accordance with IAS 29; in the year under review this applied to subsidiaries domiciled in Argentina. Before translation into the Group currency (the euro), non-monetary items of the balance sheet that are measured at cost or amortised cost are adjusted to reflect the price changes that occurred in the financial year, using a suitable price index to measure purchasing power. Monetary items in the balance sheet are not adjusted. All items in the statement of comprehensive income and all components of equity are also adjusted using appropriate price indices. Gains or losses on the net monetary position are reported as a separate line in finance income or expense, in the consolidated income statement. In accordance with IAS 21.42 (b), the prior-year results were not restated.

■ The financial statements of the Argentine subsidiaries were prepared based on the historical cost approach. In the 2018|19 financial year they had to be adjusted as a result of changes in the general purchasing power of the functional currency (the Argentine peso) and are thus stated in the measuring unit current at the balance sheet date. The prices used for the adjustment were the consumer prices published by Argentina’s Instituto Nacional de Estadística y Censos, the National Institute of Statistics and Census. The price index at 28 February 2019 was at 197.19. The change in the index over the 2018|19 financial year is indicated in the following table:

%	**Index change**
March 2018	2.3%
April 2018	2.7%
May 2018	2.1%
June 2018	3.7%
July 2018	3.1%
August 2018	3.9%
September 2018	6.5%
October 2018	5.4%
November 2018	3.2%
December 2018	2.6%
January 2019	2.9%
February 2019	4.0%

7. Accounting policies

7.1. 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.

■ 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

These useful lives are reviewed annually and adjusted as required.

7.2. 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 142.

7.3. Financial instruments

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

  Financial assets
  - Securities, and investments in non-consolidated subsidiaries
  - 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 obligations
  - Trade payables
  - Financial other payables

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

- Investment fund units and uncertificated securities (cooperative shares) in the balance sheet item “securities” are classified as at fair value through profit or loss and are measured at fair value on initial recognition. Equity instruments that are to be held for the long term are assigned to the category “fair value through other comprehensive income (no recycling)”. Initial measurement is at fair value, including any transaction costs. Value changes of equity instruments are recognised outside profit or loss (after income tax) in a separate reserve item in equity. Investments in non-consolidated subsidiaries are recognised at cost at the time of acquisition and classified as at “fair value through other comprehensive income (no recycling)”. Their fair value was not determined, as the amount is non-material for the AGRANA Group.

- 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 – either 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) and meet the requirements for hedge accounting under IFRS 9. In the latter case, the unrealised effective changes in value are recognised directly in equity. If the hedged expected transaction leads to the subsequent recognition of a non-financial item (such as inventories), the amount accumulated in the "reserve for hedging instruments (cash flow hedges)" is included directly in the acquisition cost of the non-financial item at the time of its recognition. In all other cases, the accumulated amount is transferred to the income statement 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. Derivative financial instruments are classified as at fair value through profit or loss, except for derivatives with a hedging relationship to an underlying transaction. The latter are allocated to the category "fair value through other comprehensive income (hedging instruments)". More information on derivative financial instruments is provided from page 153.

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 is allowed individually or on a portfolio basis. The portfolio-based impairment is determined using the simplified approach under IFRS 9. Under this approach, expected credit losses over the entire life of the asset are anticipated based on analysis of historical loss rates for different lengths of time past due. The impairment is recognised in separate impairment allowance accounts. The face amounts of the receivables net of the necessary impairment allowance represent the fair values. Irrecoverable receivables are derecognised on an individual case-by-case basis. If the reasons for an impairment charge cease to apply, the impairment loss is reversed, to not more than the asset's historical cost. As the instruments in the item "other financial assets" are not subject to any particular concentrations of risk, and cash and cash equivalents are with minor exceptions payable on demand, an expected impairment loss under IFRS 9 was not calculated for these assets.

■ 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.

7.4. 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.

7.5. 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.

7.6. Impairment

■ Assets (other than inventories and deferred tax assets) are tested at every balance sheet date for evidence of impairment. Goodwill and other intangible assets with an indefinite useful life are reviewed 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) 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.

7.7. 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. 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 1.55% for the year under review (prior year: 1.70%).

■ 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.

7.8. 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 of collective agreements. Obligations for the payment of such service anniversary bonuses exist especially in Austria. 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.

7.9. 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.

7.10. Recognition of revenue and costs

■ Revenue represents the fair value of the consideration received or receivable for products and services sold in the course of ordinary business activities. In the AGRANA Group, revenue is recognised in accordance with the five-step model of IFRS 15, and generally at a point in time. Revenue is recognised when control of a product or service passes to a buyer. The timing of the transfer of control to the buyer is typically determined in accordance with INCOTERMS (International Commercial Terms), which govern the transfer of the risks and rewards incident to ownership. Revenue from services is recognised to the extent that they have been provided by the balance sheet date. For variable price agreements, revenue recognition is based on the expected final prices estimated on a contract-specific basis. Revenue is presented net of rebates, discounts and sales tax, and after eliminating intragroup sales. The costs of obtaining sales contracts predominantly have a short-term relationship to revenue and are expensed immediately. Under the usual industry payment terms, there are no financing terms to consider in revenue recognition.

■ 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.

7.11. 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 2019: € 261,892 thousand; at 28 February 2018: € 260,956 thousand), other intangible assets (carrying amount at 28 February 2019: € 14,848 thousand; at 28 February 2018: € 15,859 thousand) and property, plant and equipment (carrying amount at 28 February 2019: € 864,221 thousand; at 28 February 2018: € 768,881 thousand) is based on forward-looking assumptions. The determination of the recoverable amounts for the purpose of the impairment review 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 5.47% to 8.10% (prior year: 5.60% to 8.50%).

– 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 2019: € 71,177 thousand; at 28 February 2018: € 68,704 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 (23a):

€000	Pension benefits 28 Feb 2019	Pension benefits 28 Feb 2018	Termination benefits 28 Feb 2019	Termination benefits 28 Feb 2018
Change in actuarial assumptions				
Discount rate				
+ 0.5 percentage points	(2,408)	(2,225)	(1,836)	(1,752)
– 0.5 percentage points	2,647	2,443	1,972	1,889
Wage and salary increase				
+ 0.25 percentage points	104	76	949	907
– 0.25 percentage points	(103)	(75)	(915)	(878)
Pension increase				
+ 0.25 percentage points	1,159	1,089	–	–
– 0.25 percentage points	(1,114)	(1,046)	–	–
Life expectancy				
Increase by 1 year	3,906	4,006	–	–
Decrease by 1 year	(3,821)	(4,213)	–	–

– The recognition of deferred tax assets (carrying amount at 28 February 2019: € 12,309 thousand; at 28 February 2018: € 13,664 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 2019: € 54,726 thousand; at 28 February 2018: € 50,944 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 the 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 its subsidiaries. As a result of the underlying contracts and arrangements, AGRANA exercises control over these companies and fully consolidates them in the Group accounts.

8. Notes to the consolidated income statement

Note (1)

8.1. Revenue

AGRANA is a globally operating processor of agricultural raw materials, with its Fruit, Starch and Sugar segments manufacturing high-quality foods and many intermediate products for the downstream food industry as well as for non-food applications.

Revenue in the Fruit segment is generated with fruit preparations for the dairy, bakery, ice-cream and food service industries and with fruit juice concentrates, such as apple and berry juice concentrates, as well as with not-from-concentrate juices and fruit wines, beverage bases and aromas.

In the Starch segment, AGRANA processes and refines primarily corn (maize), wheat and potatoes into premium starch products for the food and beverage industry, the paper, textile, cosmetics and building materials sectors and other non-food industries. The starch operations also produce fertilisers and high-quality animal feeds. The production of bioethanol is also part of the Starch segment.

The Sugar segment 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. A wide range of sugars and sugar specialty products is also marketed to consumers, through food retailers. In addition, in the interest of optimal utilisation of its agricultural raw materials, the Sugar segment produces a large number of fertilisers and feedstuffs for use in agriculture and animal husbandry.

In all three business segments, revenue is recognised after control of the product passes to the customer, and almost always at a point in time. Of AGRANA's revenue, 93.72% (prior year: 93.69%), or the great majority, is generated with products manufactured by the Group itself. AGRANA's revenue from services, at 0.23% of the total (prior year: 0.35%), and from the reselling of merchandise, at 6.05% (prior year: 5.96%), is of minor significance as a percentage of total revenue.

Within the business segments, revenue is allocated to regions based on the location of the companies' registered office.

€000	**2018|19**	**2017|18**
Fruit segment		
EU-28	593,871	578,586
Europe Non-EU	101,912	101,680
North America	276,119	272,910
South America	35,822	46,654
Asia	111,582	105,543
Africa	21,488	15,286
Australia and Oceania	38,356	40,783
	1,179,150	**1,161,442**
Starch segment		
EU-28	762,681	752,315
	762,681	**752,315**
Sugar segment		
EU-28	501,217	652,560
	501,217	**652,560**
Total	**2,443,048**	**2,566,317**

The Group's top ten customers accounted for 30% (prior year: 28%) of consolidated revenue. One AGRANA customer accounted for 13.3% (prior year: 12.0%) of consolidated revenue. No other customer represented more than 10% of revenue.

Note (2)

8.2. Changes in inventories and own work capitalised

€000	2018|19	2017|18
Changes in inventories of finished and unfinished goods	(53,505)	(26,771)
Own work capitalised	1,120	1,528

Changes in inventories of finished and unfinished goods amounted to a net decrease of € 53,505 thousand (prior year: decrease of € 26,771 thousand). The changes occurred mainly in the Sugar segment with a decrease of € 46,459 thousand (prior year: decrease of € 33,686 thousand), and the Fruit segment with a decrease of € 20,270 thousand (prior year: increase of € 5,179 thousand).

Note (3)

8.3. Other operating income

€000	2018|19	2017|18
Income from		
Currency translation gains	8,626	7,860
Exceptional income	5,573	1,885
Services rendered to third parties	1,822	1,735
Insurance benefits and payments for damages	1,411	917
Income from research incentive	963	1,048
Income from the release of provisions for impairment of trade receivables	572	1,039
Rent and leases	518	513
Beet and pulp cleaning, transport and handling	490	581
Derivatives	434	3,444
Adjustment of payables from the acquisition of subsidiaries	0	2,460
Disposal of non-current assets other than financial assets	424	428
Other items	12,147	11,080
Total	**32,980**	**32,990**

Within other operating income, “other items” represent, among others, revenue from the pass-through of costs for consumables, raw materials and services. The income side of exceptional items, at € 5,573 thousand (prior year: € 1,885 thousand), consisted of tax refunds in Romania in the Sugar segment. In the prior year, exceptional income included refunds of excess amounts of sugar production levies collected by the EU in the 1999|00 and 2000|01 sugar marketing years.

Note (4)

8.4. Cost of materials

€000	2018|19	2017|18
Costs of		
Raw materials	1,051,208	1,126,832
Consumables and goods purchased for resale	520,276	519,103
Purchased services	76,007	70,719
Total	**1,647,491**	**1,716,654**

Note (5)

8.5. Staff costs

€000	2018|19	2017|18
Wages and salaries	256,632	243,058
Social security contributions, retirement benefit expenses and other staff costs	67,085	65,024
Total	**323,717**	**308,082**

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 € 1,156 thousand (prior year: € 1,088 thousand) is included in net financial items. The current and past service costs are included in staff costs.

In the 2018|19 financial year an expense of € 18,484 thousand (prior year: € 18,070 thousand) was recognised for contributions to government pension plans.

€ 1,260 thousand of contributions to a defined contribution termination benefit fund were recognised in the income statement for the year (prior year: € 1,139 thousand).

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

	2018|19	2017|18
By employee category		
Wage-earning staff	6,456	6,050
Salaried staff	2,686	2,544
Apprentices	88	84
Total	**9,230**	**8,678**

	2018|19	2017|18
By region		
Austria	2,270	2,171
Hungary	474	435
Romania	566	603
Rest of EU	1,560	1,530
EU-28	4,870	4,739
Rest of Europe (Bosnia and Herzegovina, Russia, Serbia, Turkey, Ukraine)	1,379	1,205
Other foreign countries	2,981	2,734
Total	**9,230**	**8,678**

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

	2018|19	2017|18
By employee category		
Wage-earning staff	336	336
Salaried staff	194	198
Total	**530**	**534**

Note (6)

8.6. Depreciation, amortisation and impairment

€000	Total	Amortisation, depreciation	Impairment losses	Reversal of impairment losses
2018|19				
Intangible assets	3,417	3,417	0	0
Property, plant and equipment	93,220	92,501	719	0
Recognised in operating profit after exceptional items and results of equity-accounted joint ventures	**96,637**	**95,918**	**719**	**0**
2017|18				
Intangible assets	4,531	4,531	0	0
Property, plant and equipment	85,483	85,387	103	(7)
Recognised in operating profit after exceptional items and results of equity-accounted joint ventures	**90,014**	**89,918**	**103**	**(7)**

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

€000	Impairment losses	Reversal of impairment losses
2018|19		
Fruit segment	602	0
Starch segment	117	0
Sugar segment	0	0
Group	**719**	**0**
2017|18		
Fruit segment	103	0
Starch segment	0	(7)
Sugar segment	0	0
Group	**103**	**(7)**

The impairment losses in the Fruit and Starch segments related principally to expenses for retired assets.

Note (7)

8.7. Other operating expenses

€000	2018|19	2017|18
Selling and freight costs	142,582	143,288
Operating and administrative expenses	103,255	99,534
Rent and lease expenses	10,801	10,073
Advertising expenses	10,384	10,592
Currency translation losses	8,158	7,228
Other taxes	7,232	7,295
Exceptional items	2,279	4,797
Damage payments	1,558	1,198
Research and development expenses (external)	580	785
Derivatives	351	3,122
Losses on disposal of non-current assets	230	776
Other items	13,993	9,393
Total	**301,403**	**298,081**

Internal and external R&D costs totalled € 18,765 thousand (prior year: € 17,002 thousand).

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

Within other operating expenses, exceptional items, both in the year under review and the prior year, consisted of expenses in connection with restructuring measures in the Sugar segment.

The costs incurred in the financial year for the external auditor KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft were € 400 thousand (prior year: € 454 thousand). Of this total, € 331 thousand (prior year: € 363 thousand) related to the audit of the consolidated financial statements (including the audit of the separate financial statements of individual subsidiaries), € 31 thousand (prior year: € 17 thousand) was for other assurance services, and € 38 thousand (prior year: € 74 thousand) represented other non-audit services.

Note (8)

8.8. Share of results of equity-accounted joint ventures

The share of results of equity-accounted joint ventures of € 12,222 thousand (prior year: € 29,395 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)

8.9. Finance income

€000	2018|19	2017|18
Interest income	1,623	2,613
Currency translation gains	11,797	11,276
Income of non-consolidated subsidiaries and outside companies	24	34
Gains on derivatives	11,102	26,803
Miscellaneous finance income	918	486
Total	**25,464**	**41,212**

Interest income by segment was as follows:

€000	2018|19	2017|18
Fruit segment	857	1,067
Starch segment	24	38
Sugar segment	742	1,508
Group	**1,623**	**2,613**

Note (10)

8.10. Finance expense

€000	2018|19	2017|18
Interest expense	7,599	10,959
Net interest on provisions for pensions and termination benefits	1,156	1,088
Currency translation losses	11,198	25,919
Losses on derivatives	16,755	14,400
Loss on net monetary position under IAS 29	1,302	0
Miscellaneous finance expense	2,826	3,316
Total	**40,836**	**55,682**

Interest expense by segment was as follows:

€000	2018|19	2017|18
Fruit segment	921	696
Starch segment	48	47
Sugar segment	6,630	10,216
Group	**7,599**	**10,959**

Interest expense includes the interest component of € 137 thousand (prior year: € 107 thousand) from the discounting of the non-current obligation for long-service awards.

Net currency translation differences on financing activities amounted to a gain of € 599 thousand (prior year: loss of € 14,643 thousand). This was composed of a realised gain of € 1,728 thousand (prior year: loss of € 2,565 thousand) and an unrealised loss of € 1,129 thousand (prior year: unrealised loss of € 12,078 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.

Note (11)

8.11. Income tax expense

Current and deferred tax expenses and credits pertained to Austrian and foreign income taxes and had the following composition:

€000	2018|19	2017|18
Current tax expense	21,087	35,980
Of which Austrian	6,013	14,498
Of which foreign	15,074	21,482
Deferred tax benefit	(227)	(2,467)
Of which Austrian	1,815	(532)
Of which foreign	(2,042)	(1,935)
Total tax expense	**20,860**	**33,513**
Of which Austrian	7,828	13,966
Of which foreign	13,032	19,547

Reconciliation of the deferred tax amounts in the balance sheet to deferred tax in the statement of comprehensive income:

€000	2018|19	2017|18
(Decrease) in deferred tax assets in the consolidated balance sheet	(1,355)	(670)
Decrease in deferred tax liabilities in the consolidated balance sheet	1,156	5,390
Total change in deferred taxes	**(199)**	**4,720**
Of which changes in scope of consolidation, recognised directly in equity	38	0
Of which initial application of IFRS 9	49	0
Of which recognised in other comprehensive income/(expense)	156	(164)
Of which recognised in the income statement	227	2,467
Of which from currency translation/hyperinflation/other	(669)	2,417

In order to reconcile the amount in other comprehensive income to that in the statement of changes in equity, the tax effects of equity-accounted joint ventures and of their proportionate non-controlling interests – a total amount of € 31 thousand – must be added to the other comprehensive income of € 156 thousand presented in the table above.

Reconciliation of profit before tax to income tax expense

€000	2018|19	2017|18
Profit before tax	51,246	176,158
Standard Austrian tax rate	25%	25%
Nominal tax expense at standard Austrian rate	**12,812**	**44,040**
Tax effect of:		
Different tax rates applied on foreign income	1,922	(3,226)
Tax-exempt income and tax deductions, including results of equity-accounted joint ventures	(5,621)	(8,649)
Non-temporary differences from consolidation measures	0	(1,593)
Non-tax-deductible expenses and additional tax debits	3,885	1,920
Effects from other taxes	2,390	2,325
Effects of unrecognized tax loss carryforwards in respect of the financial year	6,335	(493)
Non-recurring tax expenses	(863)	(811)
Income tax expense	**20,860**	**33,513**
Effective tax rate	**40.7%**	**19.0%**

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 mbH 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. € 18,121 thousand (prior year: € 12,586 thousand) of potential tax assets were not recognised. These related to cumulative unused tax loss carryforwards of € 82,159 thousand (prior year: € 53,898 thousand). Of the unused tax loss carryforwards, € 43,497 thousand (prior year: € 31,486 thousand) can be carried forward indefinitely, € 1,763 thousand expire in the subsequent year (prior year: € 0 thousand), € 18,984 thousand (prior year: € 13,538 thousand) expire in two to four years and € 17,915 thousand (prior year: € 8,874 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 € 7,860 thousand (prior year: € 7,228 thousand).

For temporary differences on investments in subsidiaries, deferred tax liabilities of € 202,444 thousand (prior year: € 219,864 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 (12)

8.12. Earnings per share

		2018|19	2017|18
Profit for the period attributable to shareholders of the parent (AGRANA Beteiligungs-AG)	€000	25,406	140,071
Average number of shares outstanding		62,488,976	62,488,976[1]
Earnings per share under IFRS (basic and diluted)	€	**0.41**	**2.24**[1]
Dividend per share	€	**1.00**[2]	**1.125**[1]

Subject to the Annual General Meeting's approval of the proposed allocation of profit for the 2018|19 financial year, AGRANA Beteiligungs-AG will pay a dividend of € 62,489 thousand (prior year: € 70,300 thousand).

[1] The prior-year values have been adjusted in accordance with IAS 33.64. Also see explanations on page 112.
[2] Proposal to the Annual General Meeting.

9. 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.

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.

Note (13)

9.1. Cash flows from operating activities

Operating cash flow before changes in working capital was € 177,546 thousand (prior year: € 302,745 thousand), or 7.27% of revenue (prior year: 11.80%). Within "non-cash expenses/income and other adjustments", non-cash expenses/income consisted mainly of the unrealised currency translation losses of € 1,129 thousand (prior year: unrealised translation losses of € 12,079 thousand) reflected in net financial items, a non-cash expense of € 558 thousand (prior year: € 589 thousand) for impairment on receivables, and non-cash inventory write-downs of € 23,320 thousand (prior year: € 8,756 thousand). The component "other adjustments" predominantly concerned corrections of the tax expense and net interest expense reflected in the Group's profit for the period, due to 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 € 141,709 thousand (prior year: € 213,862 thousand).

Note (14)

9.2. Cash flows from investing activities

Net cash used in investing activities increased by € 28,541 thousand from € 133,346 thousand to € 161,887 thousand. This increase from one year earlier resulted mainly from higher outflows for purchases of property, plant and equipment and intangibles, which rose by € 28,662 thousand from € 132,528 thousand to € 161,190 thousand (prior year: increase of € 9,110 thousand). The highest capital expenditures in the 2018|19 financial year were for the ongoing expansion of the wheat starch plant in Pischelsdorf, Austria, in the Starch segment. Purchases of businesses in the amount of € 5,336 thousand reflected payments for the acquisition of Elafruits SPA, Akbou, Algeria, and Brix Trade Kft., Nagykálló, Hungary, net of their acquired cash and cash equivalents.

Proceeds from the disposal of non-current assets amounted to € 3,241 thousand (prior year: € 627 thousand).

Note (15)

9.3. Cash flows from financing activities

The positive cash flow from borrowings was driven primarily by the raising of a long-term loan of € 40,000 thousand (prior year: € 100,000 thousand) with a term of seven years and the raising of syndicated loans in a total amount of € 75,000 thousand (prior year: raising of a € 41,500 thousand investment loan), which more than offset the repayment of borrowings of € 65,000 thousand to affiliated companies of the Südzucker group (prior year: € 100,000 thousand, and repayment of Schuldscheindarlehen of € 83,500 thousand). Net cash flow from bank overdrafts and cash advances was also positive, at € 1,219 thousand (prior year: negative cash flow of € 16,385 thousand).

Cash flow from financing activities also included dividends paid, which related primarily to the cash dividend paid to the shareholders of AGRANA Beteiligungs-AG, the ceding of 45% of the shares of AGRANA Fruit Algeria Holding GmbH, Vienna, which was newly founded in the financial year, in the amount of € 2,475 thousand to a non-controlling shareholder, and payment outflows for the purchase of a non-controlling interest in the fully consolidated S.C. AGRANA Romania S.A., Bucharest, Romania. On balance, and after adjustment for unrealised currency translation effects, net cash used in financing activities improved substantially to € 18,180 thousand (prior year: net cash use of € 153,693 thousand).

The following table presents the changes in liabilities arising from financing activities:

€000	Carrying amount at 1 Mar 2018	Changes in maturities	Cash inflows/ (cash outflows)	Currency translation differences	Carrying amount at 28 Feb 2019
2018|19					
Schuldscheindarlehen, i.e., bonded loan	42,500	(35,500)	0	0	7,000
Borrowings from affiliated companies in the Südzucker group	115,000	0	(30,000)	0	85,000
Investment loan from European Investment Bank	41,500	(4,882)	0	0	36,618
Loans	111,572	(10,520)	49,213	105	150,370
Non-current borrowings	**310,572**	**(50,902)**	**19,213**	**105**	**278,988**
Schuldscheindarlehen, i.e., bonded loan	0	35,500	0	0	35,500
Borrowings from affiliated companies in the Südzucker group	35,000	0	(35,000)	0	0
Investment loan from European Investment Bank	0	4,882	0	0	4,882
Bank overdrafts and cash advances	26,629	10,520	67,006	102	104,257
Current borrowings	**61,629**	**50,902**	**32,006**	**102**	**144,639**

€000	Carrying amount at 1 Mar 2017	Changes in maturities	Cash inflows/ (cash outflows)	Currency translation differences	Carrying amount at 28 Feb 2018
2017|18					
Schuldscheindarlehen, i.e., bonded loan	42,500	0	0	0	42,500
Borrowings from affiliated companies in the Südzucker group	115,000	0	0	0	115,000
Investment loan from European Investment Bank	0	0	41,500	0	41,500
Loans	22,995	0	88,727	(150)	111,572
Non-current borrowings	**180,495**	**0**	**130,227**	**(150)**	**310,572**
Schuldscheindarlehen, i.e., bonded loan	83,500	0	(83,500)	0	0
Borrowings from affiliated companies in the Südzucker group	135,000	0	(100,000)	0	35,000
Bank overdrafts and cash advances	58,181	0	(30,612)	(940)	26,629
Current borrowings	**276,681**	**0**	**(214,112)**	**(940)**	**61,629**

10. Notes to the consolidated balance sheet

Note (16)

10.1. Intangible assets, including goodwill

€000	Goodwill	Concessions, licences and similar rights	Total
2018|19			
Cost			
At 1 March 2018	260,956	102,700	363,656
Currency translation differences and hyperinflation adjustments	0	755	755
Changes in scope of consolidation/other changes	936	102	1,038
Additions	0	3,097	3,097
Reclassifications	0	735	735
Disposals	0	(6,862)	(6,862)
At 28 February 2019	**261,892**	**100,527**	**362,419**
Accumulated amortisation and impairment			
At 1 March 2018	0	86,841	86,841
Currency translation differences and hyperinflation adjustments	0	501	501
Changes in scope of consolidation/other changes	0	40	40
Amortisation for the period	0	3,417	3,417
Reclassifications	0	58	58
Disposals	0	(5,178)	(5,178)
At 28 February 2019	**0**	**85,679**	**85,679**
Carrying amount at 28 February 2019	**261,892**	**14,848**	**276,740**
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**

- Intangible assets consist largely of acquired customer relationships, software, patents and similar rights.

- The additions of € 3,097 thousand (prior year: € 2,398 thousand) of non-goodwill intangible assets related primarily to software.

- Of the total carrying amount of goodwill, the Fruit segment accounted for € 240,175 thousand (prior year: € 239,239 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 meet the provisions of IFRS 3 in conjunction with IAS 36 and 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 Fruit segment, Starch segment and Sugar segment, consistent with the internal management accounting and reporting processes. All goodwill was allocated to cash-generating units. The addition in the financial year related to the goodwill from the acquisition of Elafruits SPA, Akbou, Algeria.

■ 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 7.00% (prior year: 6.75%) 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 1.22 (prior year: 1.23).

■ 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 2019	**28 Feb 2018**	**2018|19**	**2017|18**
	€m	€m	%	%
Fruit CGU	240	239	8.10	8.50
Starch CGU	2	2	5.47	5.60
Sugar CGU	20	20	6.39	6.35
Group	**262**	**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.

■ The values in use were subjected to a sensitivity analysis. The results are presented from page 128.

■ 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 (17)

10.2. Property, plant and equipment

€000	Land, leasehold rights and buildings	Technical plant and machinery	Other plant, furniture and equipment	Assets under con-struction	Total
2018|19					
Cost					
At 1 March 2018	594,232	1,270,184	212,674	46,738	2,123,828
Currency translation differences and hyperinflation adjustments	1,604	6,014	45	(16)	7,647
Changes in scope of consolidation/ other changes	4,729	6,685	3,593	111	15,118
Additions	16,250	47,830	15,032	101,544	180,656
Reclassifications	7,568	9,058	6,161	(23,522)	(735)
Disposals	(5,670)	(24,903)	(5,290)	(209)	(36,072)
Government grants	(1,809)	0	(2)	0	(1,811)
At 28 February 2019	**616,904**	**1,314,868**	**232,213**	**124,646**	**2,288,631**
Accumulated depreciation and impairment					
At 1 March 2018	323,408	865,570	165,610	359	1,354,947
Currency translation differences and hyperinflation adjustments	698	4,258	161	0	5,117
Changes in scope of consolidation/ other changes	1,373	3,217	1,929	0	6,519
Depreciation for the period	17,035	61,525	13,941	0	92,501
Impairment	66	607	46	0	719
Reclassifications	(96)	(2,114)	2,107	45	(58)
Disposals	(5,637)	(24,436)	(5,240)	(22)	(35,335)
At 28 February 2019	**336,847**	**908,627**	**178,554**	**382**	**1,424,410**
Carrying amount at 28 February 2019	**280,057**	**406,241**	**53,659**	**124,264**	**864,221**
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**

- Additions (i.e., purchases) of intangible assets (other than goodwill) and property, plant and equipment:

€000	2018|19	2017|18
Fruit segment	55,145	49,356
Starch segment	96,587	59,427
Sugar segment	28,924	32,084
Group	**180,656**	**140,867**

- 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. This item also includes the effects of the application of IAS 29 (accounting for hyperinflation).

- Government grants consisted of investment assistance in China related to the new fruit preparations production facility in Jiangsu.

- The AGRANA Group, in addition to operating leases, also employs a small number of finance leases. The major finance lease related to the renting of a building erected on AGRANA land at the site in Kröllendorf/Allhartsberg, Austria. The option to purchase this third-party building was exercised in the 2018|19 financial year. The finance leases for other plant, furniture and equipment are of minor significance and are primarily vehicle leases and technical equipment 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:

	2018|19			2017|18		
€000	Land, leasehold rights and buildings	Technical plant and machinery	Other plant, furniture and equipment	Land, leasehold rights and buildings	Technical plant and machinery	Other plant, furniture and equipment
Cost	0	222	168	3,003	458	173
Less accumulated depreciation and impairment	0	(116)	(32)	(747)	(283)	(30)
Carrying amount	**0**	**106**	**136**	**2,256**	**175**	**143**

	2018|19			2017|18		
€000	Future minimum lease payments	Interest	Present value	Future minimum lease payments	Interest	Present value
In the subsequent year	102	(32)	70	2,464	(31)	2,433
In years 2 to 5	87	(12)	75	202	(25)	177
In more than 5 years	0	0	0	0	0	0
Total	**189**	**(44)**	**145**	**2,666**	**(56)**	**2,610**

■ 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	2018|19	2017|18
In the subsequent year	5,625	4,529
In years 2 to 5	12,145	11,433
In more than 5 years	3,763	4,744

■ The AGRANA Group does not act as a lessor.

Note (18)

10.3. 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
2018|19				
At 1 March 2018	73,228	18,703	894	92,825
Currency translation differences	(429)	67	0	(362)
Changes in scope of consolidation/other changes	0	243	(606)	(363)
Share of results of equity-accounted joint ventures	12,222	0	0	12,222
Impairment	0	0	0	0
Reclassifications	0	269	(269)	0
Disposals, and dividends of equity-accounted joint ventures	(15,000)	(1,330)	0	(16,330)
Other comprehensive (expense)/income	(95)	891	0	796
At 28 February 2019	**69,926**	**18,843**	**19**	**88,788**
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)	(4)	(59)	0	(63)
At 28 February 2018	**73,228**	**18,703**	**894**	**92,825**

Note (19)

10.4. Receivables and other assets

€000	28 Feb 2019	28 Feb 2018
Trade receivables	321,694	308,294
Amounts due from affiliated companies and joint ventures	19,149	23,368
Positive fair value of derivatives	2,125	4,289
Receivable under government grants	617	631
Amounts due from associates in the Südzucker group	222	467
Receivable from EU from production levy	0	5,081
Other financial assets	16,839	14,025
Financial instruments	**360,646**	**356,155**
VAT credits and other tax credits	71,012	60,698
Prepaid expenses	5,358	4,982
Accrued income	2,558	2,549
Total	**439,574**	**424,384**
Of which due after more than 1 year	10,090	8,816

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 (20)

10.5. Deferred tax assets

Deferred tax assets were attributable to balance sheet items as follows:

€000	28 Feb 2019	28 Feb 2018
Deferred tax assets		
Intangible assets and property, plant and equipment	2,447	2,634
Non-current financial assets (primarily "one-seventh" write-downs on non-consolidated subsidiaries and on outside companies)	1,700	4,373
Inventories	3,594	2,897
Receivables and other assets	1,275	679
Carryforwards of unused tax losses	1,579	511
Retirement, termination and long-service benefit obligations	7,474	7,306
Other provisions and liabilities	10,060	12,186
Total deferred tax assets	**28,129**	**30,586**
Deferred tax assets offset against deferred tax liabilities relating to the same tax authority	(15,820)	(16,922)
Net deferred tax assets	**12,309**	**13,664**

Deferred tax liabilities are detailed in note (26).

Note (21)

10.6. Inventories

€000	28 Feb 2019	28 Feb 2018
Raw materials and consumables	204,605	197,102
Finished and unfinished goods	397,643	444,038
Goods purchased for resale	16,885	13,397
Total	**619,133**	**654,537**

Write-downs of € 23,320 thousand (prior year: € 8,756 thousand) were recognised on inventories, with the Sugar segment accounting for € 21,969 thousand (prior year: € 7,726 thousand) of this total. These impairment charges were attributable to a reduction in net realisable values of sugar at the balance sheet date.

Note (22)

10.7. Equity

- The share capital at the balance sheet date was € 113,531,275 (prior year: € 113,531,275), divided into 62,488,976 (prior year: 62,488,976[1]) voting ordinary bearer shares. All shares were fully paid.

- The movements in the Group's equity are presented from page 102.

- 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. 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 reserve for equity instruments (prior year: "available-for-sale reserve"), the reserve for hedging instruments (cash flow hedges), and the reserves for actuarial gains and losses, effects of equity-accounted joint ventures, effects of consolidation-related foreign currency translation, and accumulated profit for the period.

- Changes in ownership interests and scope of consolidation, amounting to a deduction of € 154 thousand, resulted from the purchase of shares of non-controlling shareholders of the fully consolidated S.C. AGRANA Romania S.A., Bucharest, Romania as well as from the purchase of Elafruits SPA, Akbou, Algeria.

[1] The prior-year value has been adjusted in accordance with IAS 33.64. Also see explanations on page 112.

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 2019	28 Feb 2018
Total equity	1,409,928	1,453,997
Total assets	2,389,407	2,356,421
Equity ratio	**59.0%**	**61.7%**
Net debt	322,202	232,493
Gearing ratio	**22.9%**	**16.0%**

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 sufficient, committed credit lines for its overall financing needs.

The approach to capital management was unchanged from the prior year.

Note (23)

10.8. Provisions

€000	28 Feb 2019	28 Feb 2018
Provisions for:		
Retirement benefits	29,533	27,400
Termination benefits	41,644	41,304
Other	54,726	50,944
Total	**125,903**	**119,648**

Note (23a)

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 2019	28 Feb 2018
Expected rate of wage and salary increases		
Austria and rest of Europe	3.5	3.3
Mexico/USA/South Korea	6.0 / 3.0 / 5.0	6.0 / 3.0 / 5.0
Expected trend of pension increases		
Austria	2.0	2.0
Mexico	6.0	6.0
Discount rate		
Austria, rest of Europe, and USA	1.55	1.7
Mexico/South Korea	10.25 / 2.6	7.5 / 3.4

A discount rate of 1.55% (prior year: 1.70%) 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 specific to salaried employees ("AVÖ 2018-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 2019**	**28 Feb 2018**
Pension plans		
Present value of defined benefit obligation	43,977	42,852
Fair value of plan assets	(14,444)	(15,452)
Pension provisions (net liability)	**29,533**	**27,400**
Termination benefit plans		
Present value of defined benefit obligation	43,329	42,758
Fair value of plan assets	(1,685)	(1,454)
Termination benefit provisions (net liability)	**41,644**	**41,304**

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 € 24,138 thousand (prior year: € 21,533 thousand) and the plan assets amounted to € 13,983 thousand (prior year: € 14,659 thousand). Further detail is provided in the section "Related party disclosures" in these notes.

In addition, there were direct defined benefit commitments, including for survivor benefits, in respect of retired former employees of AGRANA Zucker GmbH in the amount of € 15,819 thousand (prior year: € 17,021 thousand), of Österreichische Rübensamenzucht Gesellschaft m.b.H. in the amount of € 715 thousand (prior year: € 0 thousand), of AGRANA Stärke GmbH in the amount of € 2,170 thousand (prior year: € 2,399 thousand) and of AUSTRIA JUICE GmbH in the amount of € 209 thousand (prior year: € 206 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 € 152 thousand (prior year: € 155 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 € 495 thousand (prior year: € 1,009 thousand) and there were plan assets in the form of pension insurance of € 231 thousand (prior year: € 565 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 € 431 thousand (prior year: € 684 thousand), with plan assets in the form of pension insurance of € 78 thousand (prior year: € 73 thousand).

The pension provisions showed the following movement:

€000	Present value of obligation	Fair value of plan assets	Pension provisions
2018|19			
At 1 March 2018	42,852	(15,452)	27,400
Service cost	535	0	535
Interest expense/(income)	753	(264)	489
Effects of plan curtailments and settlements	(320)	114	(206)
Taxes and administration cost	0	20	20
Total recognised in the income statement (net pension cost)	**968**	**(130)**	**838**
Losses/(gains) from:			
Actual return on plan assets	0	932	932
Changes in demographic assumptions	1,964	0	1,964
Changes in financial assumptions	1,082	0	1,082
Experience adjustments	(533)	0	(533)
Currency translation differences	38	(4)	34
Total remeasurement loss recognised in the statement of comprehensive income	**2,551**	**928**	**3,479**
Changes in scope of consolidation/reclassifications	693	0	693
Settlement payments	(279)	261	(18)
Benefits paid	(2,808)	347	(2,461)
Employer contributions to plan assets	0	(398)	(398)
Other movements	**(2,394)**	**210**	**(2,184)**
At 28 February 2019	**43,977**	**(14,444)**	**29,533**
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**

The AGRANA Group's 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 € 40,590 thousand (prior year: € 39,469 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 € 184 thousand (prior year: € 127 thousand) are covered solely by provisions. In Romania there are termination benefit obligations of three months' pay in the event of retirement. The amount of the provision is € 193 thousand (prior year: € 0 thousand).

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 € 124 thousand (prior year: € 134 thousand). In the USA, the commitments of € 0 thousand (prior year: € 1,136 thousand) were funded solely by provisions. The commitment in the USA was fully paid out in the year under review.

The present value of the obligation of the termination benefit plan for South Korea was € 2,238 thousand (prior year: € 1,892 thousand), while the plan assets amounted to € 1,682 thousand (prior year: € 1,451 thousand).

The termination benefit provisions showed the following movement:

€000	**Present value of obligation**	**Fair value of plan assets**	**Termination benefit provisions**
2018|19			
At 1 March 2018	42,758	(1,454)	41,304
Service cost	1,844	0	1,844
Interest expense/(income)	715	(48)	667
Taxes and administration cost	0	3	3
Total recognised in the income statement (net termination benefit cost)	**2,559**	**(45)**	**2,514**
(Gains)/losses from:			
Actual return on plan assets	0	27	27
Changes in demographic assumptions	(158)	0	(158)
Changes in financial assumptions	1,179	0	1,179
Experience adjustments	19	0	19
Currency translations differences	166	(45)	121
Total remeasurement loss/(gain) recognised in the statement of comprehensive income	**1,206**	**(18)**	**1,188**
Changes in scope of consolidation/reclassifications	340	0	340
Benefits paid	(3,534)	140	(3,394)
Employer contributions to plan assets	0	(308)	(308)
Other movements	**(3,194)**	**(168)**	**(3,362)**
At 28 February 2019	**43,329**	**(1,685)**	**41,644**

€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 translations 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**

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 € 4,039 thousand (prior year: actuarial loss of € 493 thousand). The movement resulted primarily from a change in the discount rate, the changes in the mortality tables in Austria, 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 2019, net cumulative actuarial losses of € 43,176 thousand (prior year: net cumulative losses of € 39,137 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 2019	28 Feb 2018
Fixed income securities	51.45	38.19
Equity securities	23.65	36.74
Real estate	4.77	4.24
Other	20.13	20.83

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 2019 was 12.65 years (prior year: 12.10 years) and that of the termination benefit obligations was 8.87 years (prior year: 8.54 years).

€ 2,004 thousand of contributions are expected to be paid into the plan assets in the subsequent reporting period (prior year: € 817 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(s)		
2019|20	2,475	4,027
2020|21	2,435	3,209
2021|22	2,705	4,485
2022|23	2,581	4,110
2023|24	2,558	2,840
2024|25 to 2028|29	11,835	13,430
Total	**24,589**	**32,101**

Note (23b)

b) Other provisions

€000	**Reculti-vation**	**Staff costs including long-service awards**	**Uncertain liabilities**	**Total**
2018|19				
At 1 March 2018	7,243	17,375	26,326	50,944
Currency translation differences	(20)	(213)	(54)	(287)
Changes in scope of consolidation	0	23	71	94
Used	(18)	(2,866)	(4,851)	(7,735)
Released	(136)	(2,791)	(6,958)	(9,885)
Reclassified	0	(195)	0	(195)
Added	1,169	7,110	13,511	21,790
At 28 February 2019	**8,238**	**18,443**	**28,045**	**54,726**
Of which due within 1 year	783	2,515	27,923	31,221

The provisions for uncertain liabilities included, among other items, provisions for onerous contracts of € 9,775 thousand (prior year: € 7,284 thousand), litigation risks of € 9,032 thousand (prior year: € 8,843 thousand) and for costs of beet receiving, loading and storage of € 1,600 thousand (prior year: € 1,700 thousand).

Of the non-current other provisions of € 23,505 thousand (prior year: € 21,607 thousand), an amount of € 12,598 thousand (prior year: € 11,358 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 € 920 thousand (prior year: € 813 thousand) are expected to be used in outflows of funds in the next one to three years. For the majority of the non-current provisions of € 7,455 thousand (prior year: € 7,243 thousand) for recultivation, an outflow of funds is likely to occur in more than five years.

Note (24)

10.9. Borrowings

€000	28 Feb 2019	28 Feb 2018
Bank loans and overdrafts, and other loans from non-Group entities	338,482	219,591
Borrowings from affiliated companies in the Südzucker group	85,000	150,000
Finance lease liabilities	145	2,610
Borrowings	**423,627**	**372,201**
Of which due after more than 1 year	278,988	310,572

Details of bank loans and overdrafts are presented in sections 11.1. to 11.4.

At the balance sheet date, the bank loans and overdrafts were secured by liens. The liens related to collateral for an export credit in Austria and loans in Algeria with underlying carrying amounts of € 8,904 thousand (prior year: € 7,800 thousand).

Note (25)

10.10. Trade and other payables

€000	28 Feb 2019	28 Feb 2018
Trade payables	292,914	256,380
Payables from the acquisition of subsidiaries	16,845	10,021
Amounts due to affiliated companies in the Südzucker group and joint ventures	16,564	28,573
Derivative liabilities	4,588	6,399
Liabilities to beet growers from production levy	0	3,196
Financial other payables	65,033	64,306
Financial instruments	**395,944**	**368,875**
Payables: deferred income	3,286	2,386
Payables: prepayments	705	284
Payables: other tax	8,350	10,581
Payables: social security	8,162	6,926
Total	**416,447**	**389,052**
Of which due after more than 1 year	12,820	10,832

Trade payables included obligations to beet growers of € 23,747 thousand (prior year: € 60,388 thousand).

Financial other payables included, among other items, liabilities to employees and payroll liabilities.

Note (26)

10.11. Deferred tax liabilities

Deferred tax liabilities were attributable to balance sheet items as follows:

€000	28 Feb 2019	28 Feb 2018
Deferred tax liabilities		
Non-current assets	15,756	16,881
Inventories	373	4
Receivables and other assets	2,731	3,220
Untaxed reserves in separate financial statements	2,015	2,145
Provisions and other liabilities	1,501	2,384
Total deferred tax liabilities	**22,376**	**24,634**
Deferred tax assets offset against deferred tax liabilities relating to the same tax authority	(15,820)	(16,922)
Net deferred tax liabilities	**6,556**	**7,712**

Deferred tax assets are detailed in note (20).

11. Notes on financial instruments

11.1. 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 2019					
Fixed rate					
CNY	5.00	7,425	594	6,831	0
DZD	5.69	2,150	1,291	859	0
EUR	1.53	267,022	45,805	164,051	57,166
	1.66	**276,597**	**47,690**	**171,741**	**57,166**
Variable rate					
ARS	75.00	28	22	6	0
EGP	12.00	432	432	0	0
EUR	0.68	138,558	88,558	50,000	0
HUF	2.00	5,925	5,925	0	0
KRW	3.32	1,204	1,204	0	0
TRY	22.85	297	297	0	0
USD	2.25	441	441	0	0
	0.86	**146,885**	**96,879**	**50,006**	**0**
Total	**1.38**	**423,482**	**144,569**	**221,747**	**57,166**

	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**

Borrowings (excluding finance leases) consisted of bank loans and overdrafts, and borrowings from affiliated companies in the Südzucker group, in a total amount of € 423,482 thousand (prior year: € 369,591 thousand).

The weighted average interest rate paid on these credits was 1.38% (prior year: 1.42%), with a remaining maturity of 3.5 years (prior year: 4.0 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: € 42,500 thousand) and a financing from Südzucker AG, Mannheim, Germany, in the amount of € 85,000 thousand (prior year: € 150,000 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 € 276,597 thousand (prior year: € 262,268 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 € 8,904 thousand (prior year: € 7,800 thousand) were secured by other liens.

Cash and cash equivalents decreased by € 38,379 thousand from the prior year to a new total of € 82,582 thousand.

11.2. 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 its 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 2019					
AUD	EUR	5,213	8	(27)	(19)
CZK	EUR	25,026	203	0	203
EUR	AUD	5,441	46	(5)	41
EUR	CZK	25,841	0	(249)	(249)
EUR	HUF	11,776	0	(245)	(245)
EUR	INR	1,696	2	(3)	(1)
EUR	MXN	6,030	4	(451)	(447)
EUR	PLN	19,553	25	(34)	(9)
EUR	RON	66,923	505	(2)	503
EUR	RUB	1,494	1	(37)	(36)
EUR	USD	117,725	52	(1,470)	(1,418)
EUR	ZAR	2,868	0	(27)	(27)
MXN	EUR	615	55	0	55
PLN	EUR	53,834	93	(18)	75
RON	EUR	32,765	9	(243)	(234)
USD	AUD	2,494	69	0	69
USD	EUR	89,577	581	(266)	315
Currency derivatives		**468,871**	**1,653**	**(3,077)**	**(1,424)**
Interest rate swaps		108,000	0	(1,419)	(1,419)
Interest cap		50,000	0	0	0
Sugar futures		20,286	218	(92)	126
Wheat and corn futures		38,730	254	0	254
Total		**685,887**	**2,125**	**(4,588)**	**(2,463)**
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**

	Notional amount €000	Positive fair values €000	Negative fair values €000	Net fair value €000
Currency derivatives	**339,810**	**3,612**	**(2,502)**	**1,110**
Interest rate swaps	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)**

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 that were used to hedge future cash flows and have a hedging relationship to an underlying transaction (cash flow hedges) must initially be recognised directly in equity. Subsequently they are taken to profit or loss only when the cash flows are realised, in revenue (for sales transactions) or cost of materials (for purchase transactions) and in net financial items (for interest rate swaps). The carrying amounts of the derivatives recognised with such a hedging relationship are presented in the following table:

	Fair value	
€000	**Positive**	**Negative**
At 28 February 2019		
Currency derivatives	19	(76)
Interest rate swap	0	(555)
Sugar futures	218	(92)
Wheat and corn futures	106	0
Total	**343**	**(723)**

The hedge relationships concern the hedging of price risk on raw sugar purchases, sugar sales, wheat and corn purchases, and on corn sales in the case of waxy corn derivatives. Under the risk management strategy, hedging through futures contracts is intended to hedge a certain percentage of the planned commodity quantities. The goal of the risk management strategy is to lock in the price of future purchases and sales at an early stage by entering into corresponding futures contracts. As part of the hedging of price risk, transactions in US dollars are protected against the effects of exchange rate movements through the use of foreign exchange contracts.

To hedge interest rate risk, the Group holds interest rate swaps with a hedging relationship to the underlying transaction. The underlying transaction is considered to consist of the future cash flows from financial liabilities that carry variable interest at 3-month EURIBOR. The hedging of the variable future interest payments on the financial liability leads to the reduction of volatile valuation components in the income statement and enhances the quality of planning and forecasting. The risk management objective is thus to hedge against the risk of fluctuations in variable cash flows.

For the 2018|19 financial year, a loss of € 430 thousand (prior year: gain of € 376 thousand) before taxes, and a tax benefit of € 99 thousand (prior year: tax expense of € 94 thousand), were recognised in other comprehensive income. Both in the year under review and in the prior year, there was no hedge ineffectiveness to be recognised. At the balance sheet date, already realised net derivative gains of € 50 thousand (prior year: net derivative losses of € 990 thousand) remained in the reserve for hedging instruments (cash flow hedges), to be held there until the underlying transaction is fulfilled.

The following table presents the derivatives that have a hedging relationship to an underlying transaction, showing the notional amounts or contract volumes, and the average prices and interest rates, by maturity.

		Remaining maturity		
		Up to 1 year	1 to 5 years	More than 5 years
Currency derivatives				
Notional amount	€000	6,216	–	–
Average hedged price	€	1.157	–	–
Interest rate swap				
Notional amount	€000	50,000	50,000	–
Average interest rate	%	0.245	0.245	–
Sugar futures				
Volume	tonnes	61,827	–	–
Average hedged price	€ per tonne	10.920	–	–
Wheat and corn futures				
Volume	tonnes	78,800	–	–
Average hedged price	€ per tonne	180.802	–	–

The value changes of those derivative positions which do not have a hedging relationship to an underlying transaction are recognised in profit or loss in the income statement. Hedging transactions were carried out to hedge sales revenue and raw material expenses.

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 2019										
Currency derivatives										
Positive fair values	1,653	1,653	1,371	120	162	0	0	0	0	0
Negative fair values	(3,077)	(3,077)	(2,230)	(360)	(487)	0	0	0	0	0
Interest rate derivatives										
Positive fair values	0	0	0	0	0	0	0	0	0	0
Negative fair values	(1,419)	(1,956)	(402)	(402)	(362)	(283)	(283)	(224)	0	0
Commodity derivatives										
Positive fair values	472	472	230	187	55	0	0	0	0	0
Negative fair values	(92)	(92)	(92)	0	0	0	0	0	0	0
Total	**(2,463)**	**(3,000)**	**(1,123)**	**(455)**	**(632)**	**(283)**	**(283)**	**(224)**	**0**	**0**
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**

In terms of sensitivities, the net combined fair value of the derivative positions held at 28 February 2019 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 2019	28 Feb 2018	28 Feb 2019	28 Feb 2018	28 Feb 2019	28 Feb 2018
Currency derivatives	468,871	339,810	4,243	8,890	(5,186)	(10,866)
Interest rate derivatives	158,000	168,000	1,112	1,496	(4,045)	(4,333)
Commodity derivatives	59,016	25,741	2,521	1,609	(3,295)	(2,913)

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 € 3,146 thousand (prior year: increase of € 1,437 thousand) and for the decrease in rates and prices, an equity decrease of € 5,770 thousand (prior year: decrease of € 2,457 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 € 3,681 thousand (prior year: increase of € 10,079 thousand) and for the decrease in rates and prices, a profit decrease of € 4,833 thousand (prior year: decrease of € 14,836 thousand).

11.3. 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.

The table below does not contain disclosures on the fair value of financial assets and liabilities that do not require measurement at fair value if the carrying amount is a reasonable approximation of fair value. This applies in particular to trade receivables, other financial assets, cash and cash equivalents, trade payables and financial other payables, as a result of the short terms to maturity.

€000	Carrying amount: Fair value through profit or loss	Carrying amount: Fair value through other comprehensive income (no recycling)	Carrying amount: Fair value through other comprehensive income (hedging instruments)	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 2019									
Financial assets at fair value									
Securities (non-current)	13,072	5,771	0	0	**18,843**	12,181	–	6,662	**18,843**
Equity investments (non-current)	0	19	0	0	**19**	–	–	19	**19**
Derivative financial assets	1,782	0	343	0	**2,125**	472	1,653	–	**2,125**
	14,854	**5,790**	**343**	**0**	**20,987**				
Financial assets not at fair value									
Trade receivables	0	0	0	321,694	**321,694**				
Financial other receivables[1]	0	0	0	36,827	**36,827**				
Cash and cash equivalents	0	0	0	82,582	**82,582**				
	0	**0**	**0**	**441,103**	**441,103**				
Financial liabilities at fair value									
Derivative liabilities	3,865	0	723	0	**4,588**	92	4,496	–	**4,588**
	3,865	**0**	**723**	**0**	**4,588**				
Financial liabilities not at fair value									
Bank loans and overdrafts, and other loans from non-Group entities	0	0	0	338,482	**338,482**	–	341,127	–	**341,127**
Borrowings from affiliated companies in the Südzucker Group	0	0	0	85,000	**85,000**	–	86,404	–	**86,404**
Lease liabilities	0	0	0	145	**145**	–	184	–	**184**
Trade payables	0	0	0	292,914	**292,914**				
Financial other payables[2]	0	0	0	98,441	**98,441**				
	0	**0**	**0**	**814,982**	**814,982**				

[1] Excluding other tax receivables, and excluding those prepaid expenses and accrued income not resulting in a cash inflow.
[2] Excluding payables from other tax, social security, 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 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**				
Financial other receivables[1]	0	0	0	0	43,572	0	**43,572**				
Cash and cash equivalents	0	0	0	0	120,961	0	**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**				
Financial other payables[2]	0	0	0	0	0	106,096	**106,096**				
	0	**0**	**0**	**0**	**0**	**734,677**	**734,677**				

[1] Excluding other tax receivables, and excluding those prepaid expenses and accrued income not resulting in a cash inflow.
[2] Excluding payables from other tax, social security, 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 of Level 1 classified as at “fair value through profit or loss” included investment fund units of € 12,181 thousand and are measured at current market values obtained from securities account statements. Level 3 securities categorised as at “fair value through other comprehensive income (no recycling)” consist largely of equity instruments in the amount of € 5,502 thousand, for which the market value is determined based on an issuer valuation report. For other securities in Level 3 classified as at “fair value through profit or loss” (uncertificated securities) in the amount of € 891 thousand, the nominal value represents their fair value. For shares of non-listed companies classified as at “fair value through other comprehensive income (no recycling)” in the amount of € 269 thousand and for € 19 thousand of investments in non-consolidated subsidiaries, the Group chose not to determine fair value based on discounted future cash flows, as this item is not material to the Group.

Securities and investments in non-consolidated subsidiaries that are classified as at “fair value through other comprehensive income (no recycling)” are held for the long term for strategic purposes. The following table shows their fair values and associated dividend payments.

€000	**Carrying amount 28 Feb 2019**	**Dividend**
RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN regGenmbH	5,503	108
Other	287	24

The change in fair values of Level 3 securities was recognised in other comprehensive income, in the reserve for equity instruments, at an increase of € 1,051 thousand (prior year: increase of € 63 thousand) before tax, and at a tax expense of € 263 thousand (prior year: tax expense of € 5 thousand). There were no other changes in Level 3 financial instruments.

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.

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	2018|19	2017|18
Available-for-sale (at cost)	0	0
Held for trading	0	5,599
Fair value through profit or loss	(157)	0
Fair value through profit or loss – derivatives	(552)	0
At amortised cost – financial assets Prior year: loans and receivables	(90)	44
At amortised cost – financial liabilities	(1,129)	(12,079)
Net (loss) on financial instruments in the income statement	**(1,928)**	**(6,436)**
Fair value through other comprehensive income (no recycling)	1,051	63
Fair value through other comprehensive income (hedging instruments)	(430)	376
Net gain on financial instruments in other comprehensive income	**621**	**439**
Net loss on financial instruments overall	**(1,307)**	**(5,997)**

The total interest income and expense on financial assets and financial liabilities measured at amortised cost was as follows:

€000	2018|19	2017|18
Total interest income	1,612	2,613
Total interest expense	(5,017)	(7,723)
Net interest expense	**(3,405)**	**(5,110)**

11.4. 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.

The AGRANA Group applies the following credit risk management principles:

- Credit analysis of prospective customers and ongoing monitoring of existing customers' credit quality
- Use of trade credit insurance in accordance with internal Group regulations and requirements, supplemented where appropriate with additional security such as bank guarantees, letters of credit or prepayments
- Systems-supported credit limit checks
- Standardised dunning

Each operating unit is responsible for the implementation and monitoring of the corresponding processes. As well, a monthly credit risk report is prepared by the operating units and aggregated at Group level. The uniform measures monitored as part of credit risk monitoring include, among others, days sales outstanding (DSO), the ageing schedule for receivables, and the types and amounts of credit security.

In determining possible impairment, in accordance with internal guidelines and IFRS 9, trade receivables are deemed irrecoverable when 90 days past due, unless the operating unit has reasonable and supportable information that demonstrates that a longer period past due is justified. However, should impairment be identified in the course of the credit monitoring, individual impairment is applied. This is also true for trade receivables less than 90 days past due.

Beyond the recognition of individual impairment, the defaults of the past five years were analysed. Based on the results, loss rates were determined, by length of time past due.

The maturity profile of trade receivables, the loss rates and the impairment allowances raised were as follows:

€000	Loss rate %	Gross carrying amount	Impairment allowance	Net carrying amount 28 Feb 2019	Net carrying amount 28 Feb 2018
Trade receivables not yet due	0.0414	295,705	(123)	295,582	271,265
Trade receivables past due					
Up to 30 days	0.3330	21,316	(71)	21,245	26,609
31 to 90 days	1.3030	3,527	(46)	3,481	7,662
More than 90 days		1,386	0	1,386	2,758
Individual impairment recognised		7,101	(7,101)	0	0
Total		**329,035**	**(7,341)**	**321,694**	**308,294**

The allowance for impairment of trade receivables showed the following movements:

€000	28 Feb 2019	28 Feb 2018
Allowance at 1 March	7,243	7,785
Adjustment from initial application of IFRS 9	197	0
Currency translation adjustments/other change	13	(186)
Added	1,130	1,628
Used	(670)	(945)
Released	(572)	(1,039)
Allowance at 28 February	**7,341**	**7,243**

The released amount of the allowance included interest income of € 9 thousand (prior year: € 16 thousand).

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 € 897,161 thousand (prior year: € 916,228 thousand). The weighted average remaining maturity of the credit lines at the balance sheet date was 2.6 years (prior year: 2.9 years).

The following maturity profile shows the effects of the cash outflows from liabilities as at 28 February 2019 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 2019										
Non-derivative financial payables										
Bank loans and overdrafts, and other loans from non-Group entities	338,482	349,078	105,804	14,228	27,481	9,393	10,497	16,598	106,562	58,515
Borrowings from affiliated companies in the Südzucker group	85,000	91,040	319	319	637	1,275	1,275	1,275	85,940	0
Trade payables	292,914	292,914	275,990	14,086	2,838	0	0	0	0	0
Trade payables and amounts due to affiliated companies in the Südzucker group and joint ventures	16,564	16,564	15,908	0	656	0	0	0	0	0
Finance lease liabilities	145	188	25	25	51	76	11	0	0	0
Financial other payables	81,877	81,877	54,412	6,181	8,464	6,941	5,751	57	23	48
	814,982	**831,661**	**452,458**	**34,839**	**40,127**	**17,685**	**17,534**	**17,930**	**192,525**	**58,563**
Derivative financial payables										
Interest rate derivatives	1,419	1,955	402	402	362	283	283	223	0	0
Currency derivatives	3,077	3,077	2,230	360	487	0	0	0	0	0
Commodity derivatives	92	92	92	0	0	0	0	0	0	0
	4,588	**5,124**	**2,724**	**762**	**849**	**283**	**283**	**223**	**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 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**

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 2019	28 Feb 2018
Sum of absolute net positions of the currency pairs	118,435	107,863
Value-at-Risk diversified	**9,848**	**7,342**

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 2019	Foreign-currency position 28 Feb 2018
Currency pair		
EUR/ARS	8,944	7,223
EUR/CZK	1,059	1,045
EUR/HUF	21,625	3,411
EUR/MAD	3,724	–
EUR/PLN	703	6,169
EUR/RON	35,311	23,483
EUR/RUB	22,861	23,120
EUR/UAH	4,258	1,987
EUR/USD	900	9,432
USD/BRL	1,179	3,075
USD/CNY	386	4,443
USD/MXN	3,573	7,498
Other	13,912	16,977
Total	**118,435**	**107,863**

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 € 118,435 thousand (prior year: € 107,863 thousand) related primarily to Romania, Russia, Hungary, Argentina and Ukraine, and represented a Value-at-Risk of € 9,848 thousand (prior year: € 7,342 thousand).

In the Sugar segment, Group companies based in the European Union whose local currency is not the euro are exposed to foreign exchange risk between the euro and their respective local currency, as the beet prices for a given campaign are partly set in euros. 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 the exporting of 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 2019	28 Feb 2018
Net floating rate borrowings	147,029	109,931
Cash-Flow-at-Risk diversified	**319**	**180**
Net fixed rate borrowings	228,908	254,830
Value-at-Risk upon change in interest rates	**11,724**	**11,436**

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 risk

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 61,827 tonnes of raw sugar (prior year: 2,845 tonnes), the purchase of 78,800 tonnes of wheat for the Austrian bioethanol production operations (prior year: 112,900 tonnes) and the sale of 2,000 tonnes of waxy corn derivatives (prior year: 3,250 tonnes). In the prior year, there were also open commodity derivative contracts for the purchase of 20,650 tonnes of corn and the sale of 500 tonnes of white sugar. These positions represented an aggregate contract amount of € 29,017 thousand (prior year: € 21,885 thousand) and, based on the underlying closing prices, had a combined net positive fair value of € 380 thousand (prior year: negative fair value of € 922 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.

11.5. Contingent liabilities and commitments

The guarantees primarily related to bank loans of the joint ventures in the Sugar segment.

€000	28 Feb 2019	28 Feb 2018
Guarantees	43,978	41,633
Warranties, cooperative liabilities	1,365	1,365

The guarantees are not expected to be utilised.

A further contingent liability of € 6,330 thousand (prior year: € 6,371 thousand) related to a claim for recovery of an EU subsidy in Hungary. The management of the company involved deems the likelihood of repayment to be low.

Commitments were as presented in the table below:

€000	28 Feb 2019	28 Feb 2018
Present value of lease payments due within 5 years	17,771	15,962
Commitments for the purchase of property, plant and equipment	77,793	93,111
Commitments	**95,564**	**109,073**

12. Events after the balance sheet date

No other significant events occurred after the balance sheet date of 28 February 2019 that had a material effect on AGRANA's financial position, results of operations or cash flows.

13. 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 NIEDERÖSTERREICH-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
2018|19					
Revenue	77,605	18,686	19,762	1	**116,054**
Operating expenses	(62,300)	(522)	(63,919)	(224)	**(126,965)**
Credit relationships	(85,656)	(41,684)	0	0	**(127,340)**
Participation capital	0	5,503	0	0	**5,503**
Bank balances and current receivables	0	2,936	510	0	**3,446**
Non-current financial receivables	0	0	4,500	0	**4,500**
Net trade receivables/(payables) for goods	2,742	979	(4,245)	(39)	**(563)**
Net interest (expense)/income	(1,373)	(570)	404	0	**(1,539)**
Guarantees issued	0	0	44,000	0	**44,000**
Guarantees utilised	0	0	41,591	0	**41,591**

€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**

At the balance sheet date, borrowings from related parties amounted to € 127,340 thousand (prior year: € 151,343 thousand); these borrowings were on normal commercial terms. Of this total, € 85,000 thousand represented non-current borrowings (prior year: € 115,000 thousand).

For fully consolidated subsidiaries, the Group has issued guarantees in favour of companies with significant influence of € 5,000 thousand (prior year: € 5,000 thousand), of which none (prior year: € 209 thousand) was utilised.

The remuneration of the members of the Management Board of AGRANA Beteiligungs-AG totalled € 3,741 thousand (prior year: € 3,488 thousand), consisting of total fixed base salaries of € 1,681 thousand (prior year: € 1,674 thousand), a total performance-based, variable component of € 2,060 thousand (prior year: € 1,778 thousand), and, in the prior year, a long-service award to Fritz Gattermayer of € 36 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 6 July 2018 the Annual General Meeting approved an annual aggregate remuneration for the Supervisory Board of € 325 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 2018|19 financial year, pension fund contributions of € 350 thousand were paid (prior year: € 352 thousand). A follow-up payment of € 125 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 2019, within the item "retirement and termination benefit obligations", an amount of € 10,155 thousand was recognised for pension obligations (prior year: € 6,874 thousand) and an amount of € 2,468 thousand was recognised for termination benefit obligations (prior year: € 2,283 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 171.

On 24 April 2019 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, 24 April 2019

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

Andreas Klamler

Gerhard Kottbauer

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 2019, 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 2018|19 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, 24 April 2019

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

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 2019, 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 2019, 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 7.1 and Note 16 of the notes to the consolidated financial statements.

Risk for the Financial Statements
As at 28 February 2019, goodwill in total accounts for EUR 262.0 million or 11.0 percent 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 intends 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 6 July 2018, we were elected as group auditors. We were appointed by the Supervisory Board on 21 December 2018. 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, 24 April 2019

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 Non-Financial Reporting

We have performed an independent assurance engagement on the consolidated non-financial statement as well as the sustainability disclosures and indicators in the Integrated Annual Report (the "NFI reporting") for the 2018|19 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 (Section 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 (especially the selection of material topics) as well as the use of assumptions and estimates for individual non-financial disclosures that are reasonable under the circumstances. Furthermore, their responsibility includes the design, implementation and maintenance of systems, processes and internal controls 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 (Section 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 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. In spite of conscientious planning and execution of the engagement, it cannot be ruled out that material errors, unlawful acts or irregularities within the non-financial reporting will remain undetected. The engagement partner for the engagement is Mr. Peter Ertl, Wirtschaftsprüfer (Austrian Chartered Accountant). Mr. Gert Weidinger, Partner, Sustainability Services, provides support for the engagement.

The procedures selected depend on the auditor's judgment and included the following procedures in particular:

- Inquiries with corporate-level personnel 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;

- Performance of 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 acquisition, processing and monitoring of information disclosed on environmental, social and employees matters, respect for human rights and anti-corruption and bribery, including the consolidation of the data;

- Inquiries with corporate-level personnel responsible for providing, consolidating, and 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;

- Inquiries with personnel of the production site of Bialobrzegi, Poland, 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 requirements of the Austrian Sustainability and Diversity Improvement Act (Section 267a UGB) applicable to the Company and with the GRI Standards "Core" option);

- Evaluation of the overall presentation of the disclosures, by critical reading of the NFI reporting;

The procedures that we performed do not constitute an audit or a review in accordance with Austrian professional guidelines, International Standards on Auditing (ISA) or International Standards on Review Engagements (ISRE). Our engagement did not focus on the detection and investigation of criminal acts such as fraud or other breaches of trust or regulatory offences, nor did it focus on assessing the effectiveness and efficiency of management. Furthermore, it was not part of our engagement to review forward-looking disclosures, data of the previous year or statements from external information sources and expert opinions. The review of the "Economic Footprint" was not part of our engagement. Information verified during the financial audit was checked for correct transfer (no substantive examination).

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 7 of the General Conditions of Contract (AAB) for the Public Accounting Professions. The respective latest version of the AAB is available via 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 (Section 267a UGB) and the sustainability reporting guidelines of the Global Reporting Initiative (GRI Standards, "Core" option) in all material respects.

Vienna, 24 April 2019

KPMG Alpen-Treuhand GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed by:

Peter Ertl
Partner, Wirtschaftsprüfer
(Austrian Chartered Accountant)

Gert Weidinger
Partner, Sustainability Services

This report is a translation of the original report in German, which is solely valid.

Other information 2018|19

Parent company income statement

for the year ended 28 February 2019
of AGRANA Beteiligungs-AG, under Austrian Commercial Code (UGB)

€000	2018|19	2017|18
1. Revenue	32,339	32,079
2. Other operating income	121	81
3. Staff costs	(22,707)	(18,174)
4. Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	(1,221)	(1,071)
5. Other operating expenses	(23,195)	(20,077)
6. Operating (loss) [subtotal of items 1 to 5]	**(14,663)**	**(7,162)**
7. Income from investments in subsidiaries and other companies	64,523	76,040
Of which from subsidiaries	64,499	76,007
8. Income from other securities and loans classified as non-current financial assets	1,864	2,002
Of which from subsidiaries	1,864	2,002
9. Other interest and similar income	2,963	2,464
Of which from subsidiaries	2,906	2,435
10. Interest and similar expense	(1,228)	(1,835)
Of which from subsidiaries	(1,167)	(1,327)
11. Net financial items [subtotal of items 7 to 10]	**68,122**	**78,671**
12. Profit before tax [subtotal of items 1 to 11]	**53,459**	**71,509**
13. Income tax benefit	168	115
14. Profit for the period	**53,627**	**71,624**
15. Retained profit brought forward from prior year	14,140	12,817
16. Retained profit	**67,767**	**84,441**

Parent company balance sheet

at 28 February 2019
of AGRANA Beteiligungs-AG, under Austrian Commercial Code (UGB)

€000	28 Feb 2019	28 Feb 2018
ASSETS		
A. Non-current assets		
I. Intangible assets	1,594	810
II. Property, plant and equipment	1,065	1,253
III. Non-current financial assets	459,783	459,783
	462,442	**461,846**
B. Current assets		
I. Receivables and other assets	353,123	375,027
Of which due in more than 1 year	20,430	23,362
II. Cash and bank balances	33	45
	353,156	**375,072**
C. Prepaid expenses	**59**	**45**
D. Deferred tax assets	**589**	**568**
Total assets	**816,246**	**837,531**
EQUITY AND LIABILITIES		
A. Equity		
I. Share capital	113,531	113,531
II. Share premium and other capital reserves	550,689	550,689
III. Revenue reserve	13,928	13,928
IV. Retained profit	67,767	84,441
Of which brought forward from prior year	14,140	12,817
	745,915	**762,589**
B. Provisions		
I. Provisions for retirement, termination and long-service benefit obligations	15,072	11,793
II. Provisions for tax and other liabilities	4,321	11,136
	19,393	**22,929**
C. Liabilities		
I. Borrowings	42,500	42,500
Of which due in up to 1 year	35,500	0
Of which due in more than 1 year	7,000	42,500
II. Other liabilities	8,438	9,513
Of which due in up to 1 year	41,927	8,034
Of which due in more than 1 year	9,011	1,479
	50,938	**52,013**
Total equity and liabilities	**816,246**	**837,531**

Proposal for the appropriation of profit
of AGRANA Beteiligungs-AG
under Austrian Commercial Code (UGB)

	2018|19
	€
The financial year to 28 February 2019 closed with retained profit of	67,766,778
The Management Board proposes to the Annual General Meeting to allocate this retained profit as follows:	
Distribution of a dividend of € 1.00 per ordinary no-par value share on 62,488,976 participating ordinary shares, that is, a total of	62,488,976
Retained profit to be carried forward	5,277,802
	67,766,778

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.

Clean label: "Clean label" means that a food product was made without certain ingredients such as dyes, preservatives or flavourings, i.e., additives. These and similar substances are sometimes avoided by consumers for health or other reasons. Labels additionally contain "free-from" statements to explicitly highlight the absence of these substances.

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.

Cross compliance system: Agricultural policy mechanism in the EU that ties the payment of subsidies to compliance with defined environmental standards.

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

Economic footprint calculation methodology: Based on the business data for the 2017|18 financial year, when AGRANA's Fruit, Starch and Sugar segments generated revenue of about € 2.6 billion in 25 countries with approximately 8,600 employees worldwide, the Economica Institute of Economic Research calculated the gross value-added impacts and employment effects emanating from AGRANA's activities. The study methodology is based on an input-output analysis. Using a worldwide input-output table in which AGRANA was individually modelled in the form of a satellite account, the input-output model describes the delivery and procurement relationships which link AGRANA to all production sectors of an economy, portrays the company's contribution of value-added to the economy and shows the flows of individual goods (inputs) into and through AGRANA's production into its outputs and their uses. This makes it possible to quantify not only the direct impact of AGRANA's business activities on the macroeconomy but also their multiplier effect.

Emission: Generally signifies the release of noxious substances such as pollutants or greenhouse gases into the environment. A typical example is that of 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.

Gross value added: Gross value added, a measure used in national accounts, is the total value of the goods and services generated in the production process (known as gross output), less the value of goods and services consumed, processed or converted in the production process (referred to as intermediate consumption). Expressed differently, gross value added represents the amount available to spend on the production factors of labour (wages and salaries) and capital (profit, interest on borrowed capital, and depreciation).

- **Direct effects:** Direct effects represent the amount of gross value-added or of employment generated within a given company or economic entity.
- **Indirect effects:** Indirect effects arise through purchasing linkages between the entity and the sectors that supply it (for example, a hospital requires inputs such as medicines, electricity, etc., which stimulates final demand in the pharmaceutical and electric power sectors; these companies in turn require their own intermediate inputs, and so on).
- **Induced effects:** The jobs created or safeguarded through the direct and indirect effects generate incomes that are returned to the economy by employees, particularly through consumer spending. This as well boosts final demand in the respective sectors (especially the retail industry).
- **Value-added multiplier:** The value-added multiplier is the factor by which the total effect exceeds the original, direct effect. The higher the multiplier, the greater the regional economic impact. The multiplier is calculated as the total gross value-added effect divided by the direct gross value-added effect.

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 featured a minimum price for quota beet, specific to a certain delivery stage and quality standard. For deliveries of higher or lower quality, premiums or deductions were applied.

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 sugar regime, non-quota sugar was sugar that exceeded the production quota. This could 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 exported to 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 was € 12 per tonne. Since the 2007|08 sugar marketing year, up to one-half of the levy could be paid by the beet farmers. For isoglucose, the levy was 50% of that for sugar. The production levy was 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 beet (applied until 30 September 2017): The term referred to the amount of sugar beet required to fully utilise the sugar production quota.

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 was set for every EU member state that produces sugar. Each national quota was apportioned among the respective country's sugar-producing companies as their individual production quota. This restricted production volumes and minimised 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.

World Trade Organisation (WTO): In the Geneva-based World Trade Organisation, its 160 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	**General disclosures[2] (2016)**	
102-1	Name of the organisation	36
102-2	Activities, brands, products, and services	36f., 38f.
102-3	Location of headquarters	Public Information
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102-5	Ownership and legal form	32ff.
102-6	Markets served	36f., 38f.
102-7	Scale of the organisation	U2, 36f., 38f.
102-8	Information on employees and other workers a) Data for the prior year	28f., 83ff.

AGRANA employees within the GRI reporting boundaries[3] at the balance sheet date of 28 February 2018

	Non-permanent staff[4]		Permanent staff						Managers[5]		Of whom executive leadership[6]	
Segment	**Total**	**Female**	**Blue-collar**	**Female**	**White-collar**	**Female**	**Total**	**Female**	**Total**	**Female**	**Total**	**Female**
Fruit	1,663	72.0%	2,529	23.1%	1,459	47.4%	3,988	32.0%	289	28.0%	12	8.3%
Starch	55	16.4%	618	12.6%	321	44.5%	939	23.5%	63	19.0%	3	33.3%
Sugar[7]	149	30.9%	1,063	17.1%	746	39.8%	1,809	26.5%	141	24.8%	18	16.7%
Group	**1,867**	**67.1%**	**4,210**	**20.0%**	**2,526**	**44.8%**	**6,736**	**29.3%**	**493**	**26.0%**	**33**	**15.2%**

b) An analysis of staff by contract type (non-permanent and permanent) by region is omitted. Non-permanent positions are used especially for the relatively brief processing campaign season in the primary processing plants of the fruit preparations business (within the Fruit segment) and for the sugar beet campaigns (in the Sugar segment).
c) In view of the low part-time share of 3.2%, a breakdown of employees by full-time and part-time contracts by gender is omitted.
d) The proportion of temporary agency staff in the 2018|19 financial year was 4.7%.

GRI	Disclosure	Presented on page
102-9	Supply chain	38f.
102-10	Significant changes to the organisation and its supply chain	42, 114ff.
102-11	Precautionary principle or approach	43ff., 92
102-12	External initiatives With its sustainability initiatives, AGRANA supports the UN Sustainable Development Goals (SDG).	37, 49
102-13	Membership of associations	49
102-14	Statement from senior decision-maker	12f.
102-16	Values, principles, standards, and norms of behaviour	25f., 43ff.
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102-40	List of stakeholder groups	40ff.
102-41	Collective bargaining agreements	45f.
102-42	Identifying and selecting stakeholders	40ff.
102-43	Approach to stakeholder engagement	40ff.
102-44	Key topics and concerns raised	41f.
102-45	Entities included in the consolidated financial statements	114ff.
102-46	Defining report content and topic boundaries	41f.
102-47	List of material topics	41f.
102-48	Restatements of information None	
102-49	Changes in reporting None	
102-50	Reporting period 2018|19 financial year (year-end: 28 February 2019)	

[1] In page number references, "f." means "and the following page"; "ff." means "and the following pages".
[2] A breakdown by region is not applicable, as AGRANA manages its operations through the Fruit, Starch and Sugar segments, which differ in their geographic boundaries and thus allow a regional allocation. The Starch and Sugar segments' sites within the GRI reporting boundaries (see page 42) operate only in the EU; those of the Fruit segment operate worldwide (see from page 28).
[3] See the GRI reporting boundaries in the AGRANA annual report 2017|18, page 43.
[4] Almost all non-permanent positions represent seasonal local workers in the processing campaigns.
[5] Management positions at reporting levels 2 and 3.
[6] 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).
[7] The staff of AGRANA Beteiligungs-AG is counted under the Sugar segment.

GRI	Disclosure Supplementary explanations	Presented on page
102-51	Date of most recent previous report 2017|18 financial year, published 8 May 2018	
102-52	Reporting cycle Annual report	
102-53	Contact point for questions regarding the report	Public Information
102-54	Claims of reporting in accordance with the GRI Standards	40
102-55	GRI content index	191
102-56	External assurance Yes; see assurance report.	177f.
103	**Management approach (2016)**	
103-1	Explanation of the material topics and their boundaries	25f., 43ff.
103-2	The management approach and its components	25f., 43ff.
103-3	Evaluation of the management approach	25f., 43ff.
201	**Economic performance[1] (2016)**	
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.	92

Compliance and business conduct

GRI	Disclosure	Presented on page
205	**Anti-corruption (2016)**	
205-1	Operations assessed for risks related to corruption	26
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.	26
205-3	Confirmed incidents of corruption and actions taken No violations were identified at business partners.	26
206	**Anti-competitive behaviour (2016)**	
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	91

Environmental and energy aspects in AGRANA's production activities

GRI	Disclosure	Presented on page
301	**Materials (2016)**	
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.	60, 67, 74f.
302	**Energy (2016)**	
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, 76f.
302-4	Reduction of energy consumption b) All types of energy relevant for GRI purposes are included in the reductions.	62f., 69, 76f.
303	**Water and effluents (2016)**	
303-1	Water use, including identification of water source a) Total volume is not applicable, as a meaningful comparison is only possible on the basis of the specific volume of water withdrawal per tonne of product output (core and by-products). b) The volume of water withdrawal is recorded using water meters.	63, 70, 77

[1] Also see the Group management report from page 35.

GRI	Disclosure Supplementary explanations	Presented on page
305	**Emissions (2016)**	
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, guided by 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 calculation of direct (Scope 1) and 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 See GRI 305-4.	62f., 69, 76f.
306	**Effluents and waste (2016)**	
306-1	Water discharge by quality and destination a) The total volume is not applicable, as a meaningful comparison is only possible on the basis of the specific volume of water discharge per tonne of product output (core and by-products). b) 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 In some countries, the feeds and fertilisers marketed (or in some cases given away free) as by-products 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. c) The waste disposal method is determined by the respective commissioned qualified waste disposal provider.	64, 70, 78

Working conditions and human rights in respect of AGRANA employees: Employment

GRI	Disclosure	Presented on page
403	**Occupational health and safety (2016)**	
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.	86
404	**Training and education (2016)**	
404-1	Average number of hours of training and development per year per employee	84
405	**Diversity and equal opportunity (2016)**	
405-1	Composition of governance bodies and staff, by employee category, gender and age group	19ff.

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	0%	0%	100%
Female	0%	0%	0%
Employee representatives			
Male	0%	100%	0%
Female	0%	0%	0%
Management Board members			
Male	0%	33.3%	66.6%
Female	0%	0%	0%

GRI	Disclosure Supplementary explanations	Presented on page

b) Age structure of staff by gender, in absolute numbers and % (based on headcount at year-end)

Segment	Male	Female	Proportion Male	Proportion Female
Fruit	**3,402**	**2,790**	**54.9%**	**45.1%**
Up to 30 years	861	701	55.1%	44.9%
31 to 50 years	1,884	1,619	53.8%	46.2%
Over 50 years	657	470	58.3%	41.7%
Starch	**821**	**240**	**77.4%**	**22.6%**
Up to 30 years	197	68	74.3%	25.7%
31 to 50 years	411	115	78.1%	21.9%
Over 50 years	213	57	78.9%	21.1%
Sugar[1]	**1,400**	**538**	**72.2%**	**27.8%**
Up to 30 years	221	93	70.4%	29.6%
31 to 50 years	698	289	70.7%	29.3%
Over 50 years	481	156	75.5%	24.5%
Group	**5,623**	**3,568**	**61.2%**	**38.8%**
Up to 30 years	1,279	862	59.7%	40.3%
31 to 50 years	2,993	2,023	59.7%	40.3%
Over 50 years	1,351	683	66.4%	33.6%

407 Freedom of association and collective bargaining (2016)

407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk — 46, 60f.

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, 24 external social audits were performed at AGRANA sites (see GRI 412-1), which include auditing for this potential issue. In the Starch and Sugar 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.

408 Child labour (2016)

408-1 Operations and suppliers at significant risk for incidents of child labour — 46, 60f.

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, 24 external social audits were performed at AGRANA sites (see GRI 412-1), which include auditing for this potential issue.
In the Starch and Sugar 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.

409 Forced or compulsory labour (2016)

409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour — 46, 60f.

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, 24 external social audits were performed at AGRANA sites (see GRI 412-1), which include auditing for this potential issue. In the Starch and Sugar 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.

[1] The staff of AGRANA Beteiligungs-AG is counted under the Sugar segment.

GRI	Disclosure Supplementary explanations	Presented on page
412	**Human rights assessment (2016)**	
412-1	Operations that have been subject to human rights reviews or impact assessments Social audits were conducted in the following countries: Austria (7), Brazil (1), China (2), Czech Republic (2), Hungary (2), Mexico (2), Morocco (1), Poland (2), Romania (2), Russia (1), Slovakia (1), Turkey (1).	46

Environmental and social criteria in procurement

GRI	Disclosure	Presented on page
308	**Supplier environmental assessment (2016)**	
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 Platform (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.	43, 60f., 68, 75
414	**Supplier social assessment (2016)**	
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 Platform (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.	43, 60f., 68, 75

Product responsibility and sustainable products

GRI	Disclosure	Presented on page
416	**Customer health and safety (2016)**	
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 2018|19 financial year there were no reportable incidents.	
417	**Marketing and labeling (2016)**	
417-2	Incidents of non-compliance concerning product information and labelling In the 2018|19 financial year there were no reportable incidents.	

Performance indicators and their meaning

AGRANA Group (under IFRS)

Abbreviation if any	Indicator Definition		2018|19	2017|18
	Borrowings = Bank loans and overdrafts, and other loans from non-Group entities + borrowings from affiliated companies + lease liabilities	€000	423,627	372,201
CE	Capital employed = (PP&E + intangibles including goodwill) + working capital I	€000	1,751,578	1,698,591
	Dividend yield = Dividend per share ÷ closing share price × 100	%	5.7	4.5[1]
EBIT	Operating profit = Earnings before interest and tax and after exceptional items and results of equity-accounted joint ventures	€000	66,618	190,628
EBITDA	= Operating profit before exceptional items, results of equity-accounted joint ventures, and operating depreciation and amortisation	€000	147,738	254,159
EBITDA margin	= EBITDA ÷ revenue × 100	%	6.0	9.9
EPS	Earnings per share (basic and diluted) = Profit for the period ÷ average number of shares outstanding	€	0.41	2.24[1]
	Equity ratio = Equity ÷ total assets × 100	%	59.0	61.7
EVS	Equity value per share = Equity attributable to shareholders of the parent ÷ average number of shares outstanding	€	21.6	22.4[1]
FCF	Free cash flow = Net cash flow from/used in operating activities + net cash from/used in investing activities	€000	(20,178)	80,516
	Gearing ratio = Net debt ÷ total equity × 100	%	22.9	16.0
	Intangible assets including goodwill	€000	276,740	276,815
	Net debt = Borrowings less (cash + cheques + other bank deposits + current securities + non-current securities)	€000	322,202	232,493
	Operating margin = Operating profit before exceptional items ÷ revenue × 100	%	2.1	6.4
	Operating profit before exceptional items and results of equity-accounted joint ventures	€000	51,102	164,145
P/E	Price/earnings ratio = Closing share price at financial year end ÷ earnings per share		42.4	11.0[1]
PP&E	Property, plant and equipment	€000	864,221	768,881
ROCE	Return on capital employed = Operating profit before exceptional items and results of equity-accounted joint ventures ÷ capital employed × 100	%	2.9	9.7
ROS	Return on sales = Profit before tax ÷ revenue × 100	%	2.1	6.9
WC I	Working capital I = Inventories + trade receivables + other assets − current provisions − current prepayments received − trade payables − other payables	€000	610,617	652,895

[1] The prior-year values have been adjusted in accordance with IAS 33.64. Also see explanations on page 112.

Publication information

Published by:
AGRANA Beteiligungs-AG
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Layout and design: marchesani_kreativstudio GmbH
Creative concept and design: The Gentlemen Creatives GmbH
Management Board portraits: Lukas Ilgner, Stefan Badegruber
Creative photography: AGRANA, Adobe Stock, Getty Images, iStockphoto LP
English translation: Martin Focken Translating & Editing

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%
Very significant(ly)	↑↑↑ or ↓↓↓	More than +50% or more than −50%

For financial performance indicators not defined in a footnote, please see the definitions on page 196.

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.

This English translation of the AGRANA annual report is solely for readers' convenience and is not definitive. In the event of discrepancy or dispute, only the German version shall govern.

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