



# AGRANA Beteiligungs-AG

## Institutional Investors Conference

### Raiffeisen Centrobank

Zuers | Austria | April 12, 2012  
(Presenter: CFO Walter Grausam)



SUGAR. STARCH. FRUIT.

# Content



- Introduction & business overview
- Financial results (Q1-3 2011|12)
- Segment overview
  - Sugar
  - Starch
  - Fruit
- Outlook for FY 2011|12
- Estimates for FY 2012|13



## Introduction | Business overview

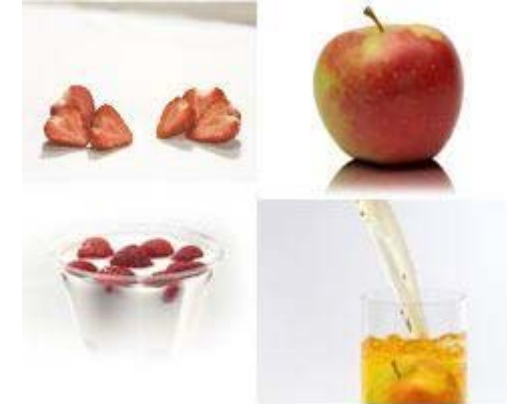


SUGAR. STARCH. FRUIT.

# At a glance



## AGRANA's diversified and balanced portfolio



### Sugar

- Sugar is sold
  - to consumers via the food trade (20%) and
  - to manufacturers: e.g. soft drink industry, confectionery industry, fermentation industry, other food and beverage industries (80%).

### Starch

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

### Fruit

- Fruit juice concentrates (20 % of segment revenue) customers are fruit juice and beverage bottlers and fillers.
- Fruit preparations (80 % of segment revenue) are specially customized products for
  - the dairy industry
  - the baked products industry
  - the ice-cream industry

# Market position



Leading sugar manufacturer in Central, Eastern and Southeastern Europe



Major manufacturer of custom starch products in Europe and largest producer of bioethanol in Austria and Hungary



World market leader in the production of fruit preparations

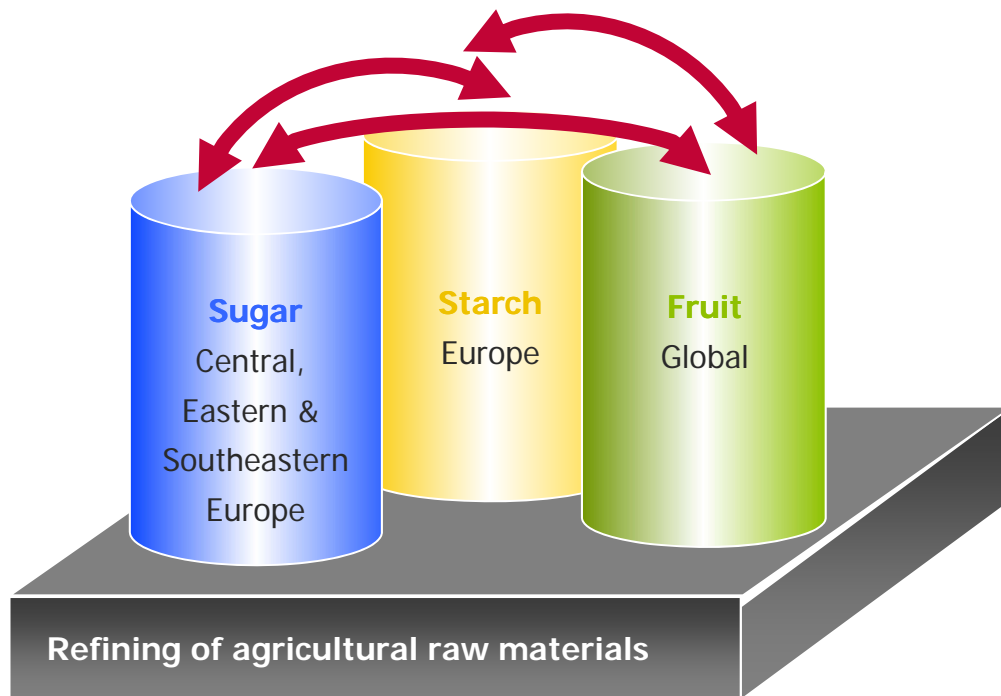
One of the largest producers of Fruit juice concentrates in Europe (new JV with Ybbstaler)

# An important part of our strategy are synergies between our three segments



Investor and customer value from:

- Balance of risk
- Exchange of know-how
- **Cost savings from synergies**



## The strategic goals

### **SUGAR:**

*Customer- and market-oriented growth in CEE and Southeastern Europe*

### **STARCH:**

*Organic growth, and the creation of value-added by tailor-made products*

### **FRUIT:**

*Customer- and market-oriented global growth*

### **SYNERGIES:**

*Use synergies between business segments to position the Group optimally for the increasingly volatile operating environment in the segments*

### **CAPITAL MARKET:**

*A long-term asset for shareholders*

# AGRANA production sites



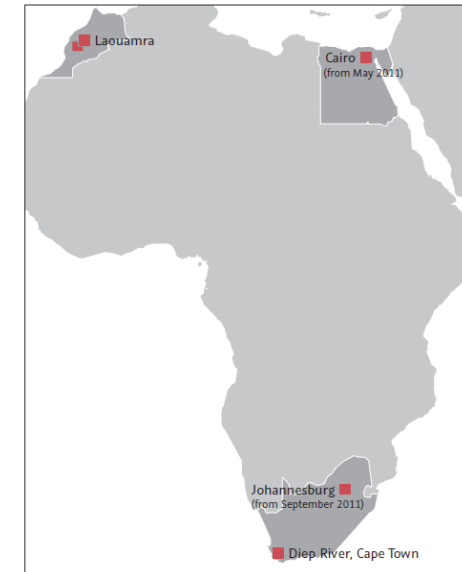
EUROPE



AMERICA



AFRICA



ASIA



OCEANIA



● Sugar ▲ Starch ■ Fruit

Segment	2011 12	2002 03
Sugar	10	15
Starch	5	5
Fruit	38*	-
<b>TOTAL</b>	<b>53*</b>	<b>20</b>

\*incl. 2 new plants:

- Cairo (production started in May 2011)
- Johannesburg (since end of October 2011)

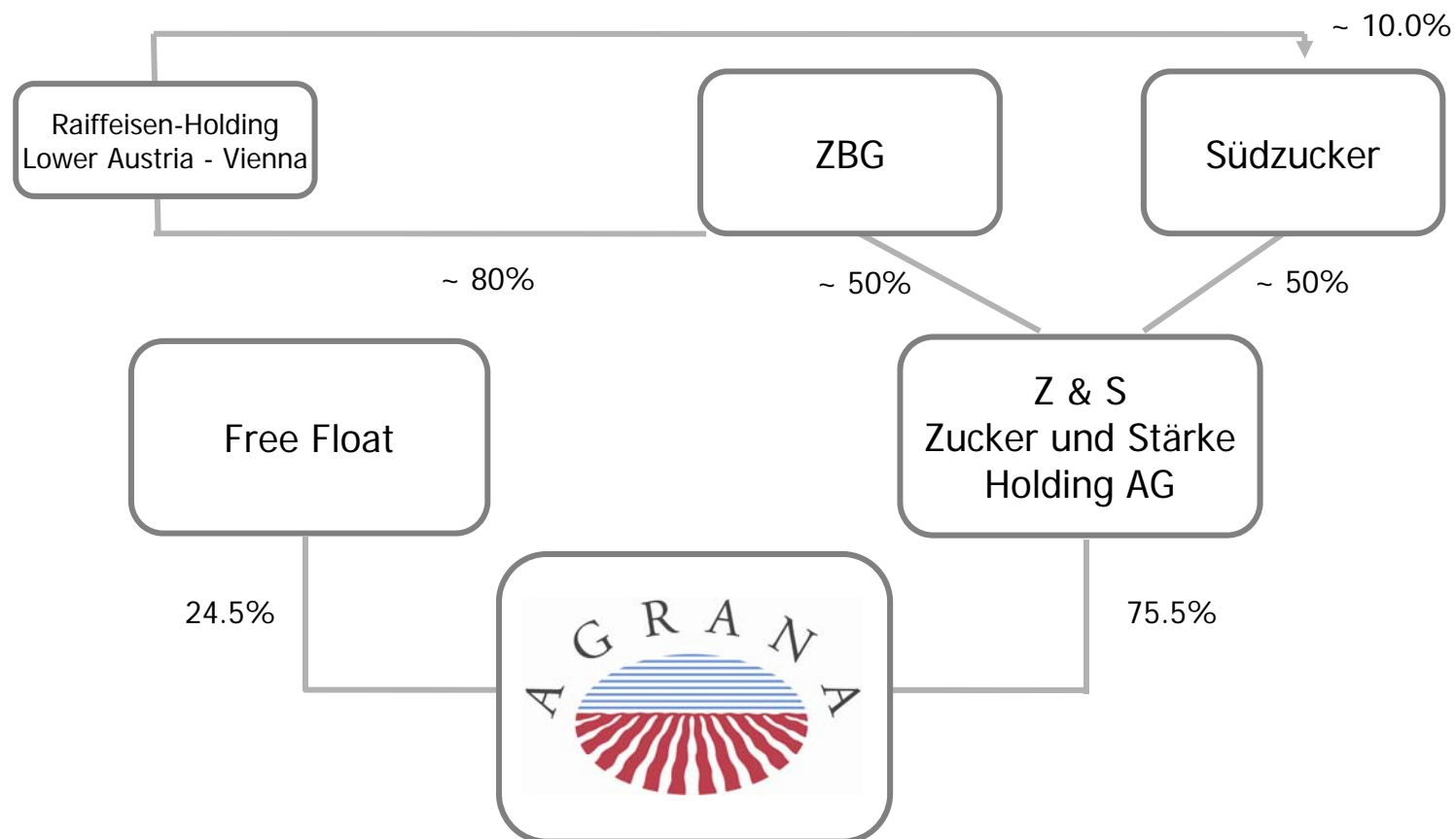


# Shareholder structure



Shares outstanding: 14,202,040

Market capitalisation (as of 29 February 2012): € 1,192.3 million

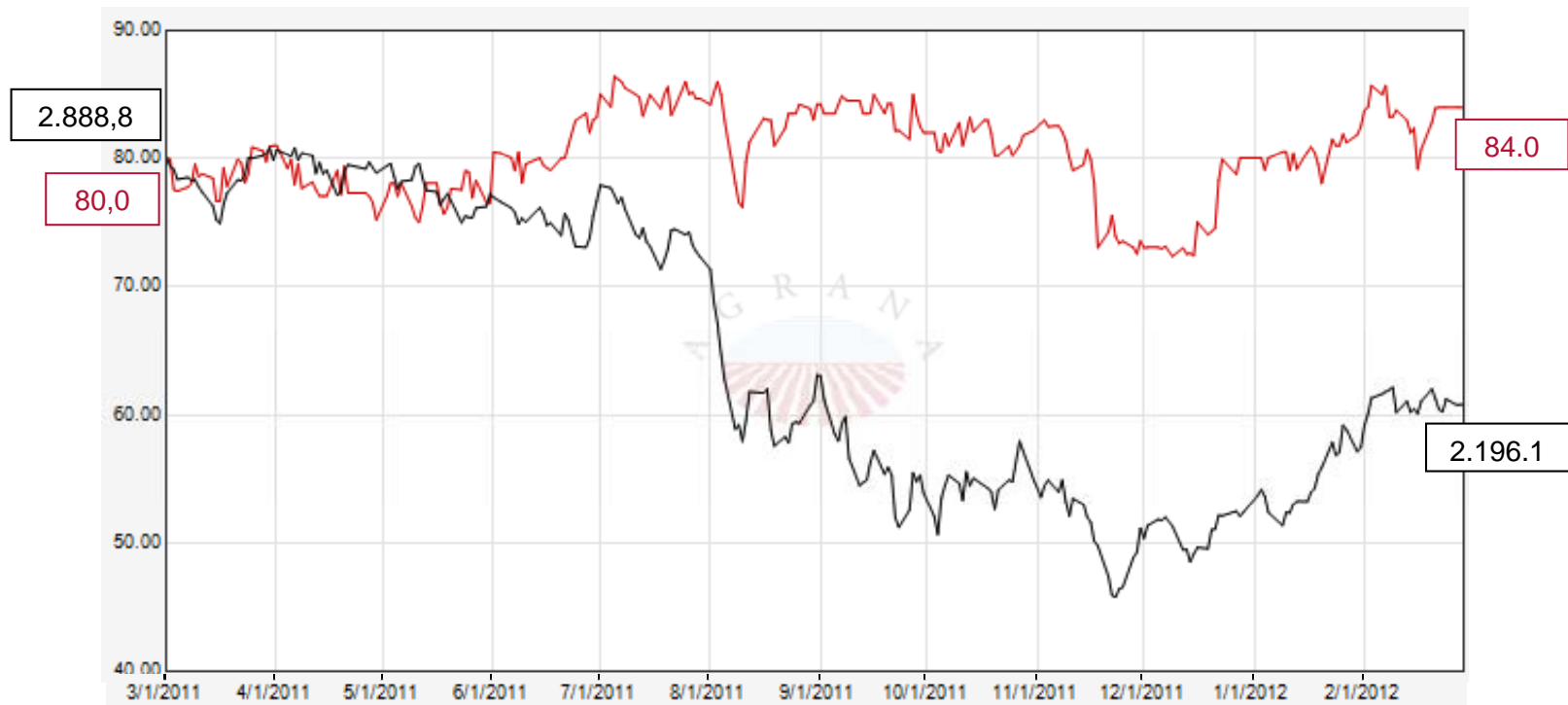




# AGRANA share



- Coverage (share price target):
  - Berenberg Bank (€ 110)
  - Raiffeisen Centrobank (€ 94.5)
  - Goldman Sachs (€ 114)



Performance (1/3/2011 – 29/2/2012): **AGRANA +4.94 %**, **ATX -23.98 %**



## Financial results Q1-3 2011|12



SUGAR. STARCH. FRUIT.

# Financial Highlights Q1-3 2011|12



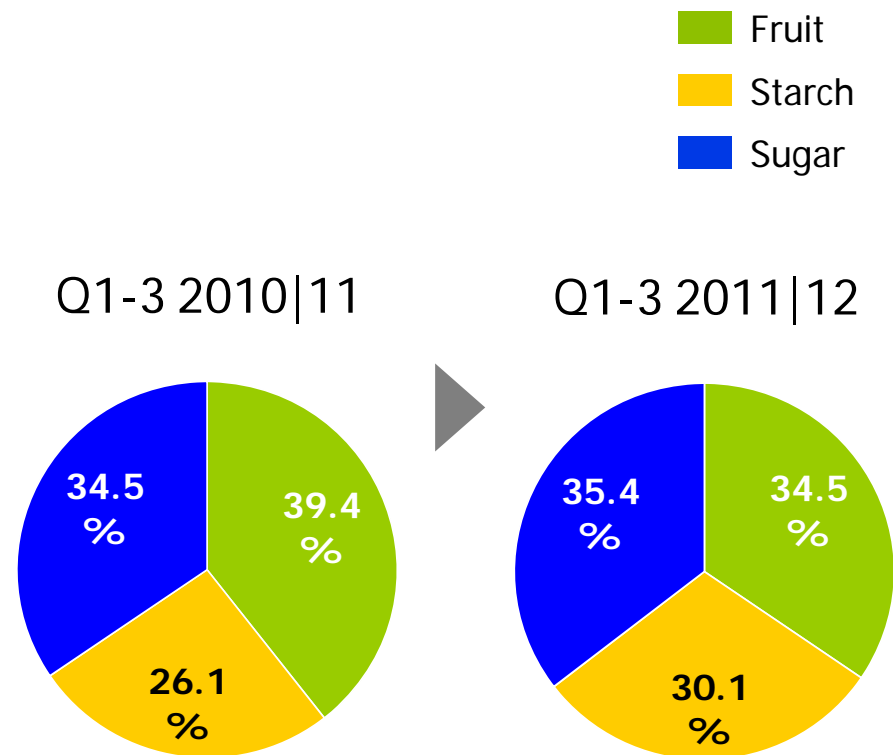
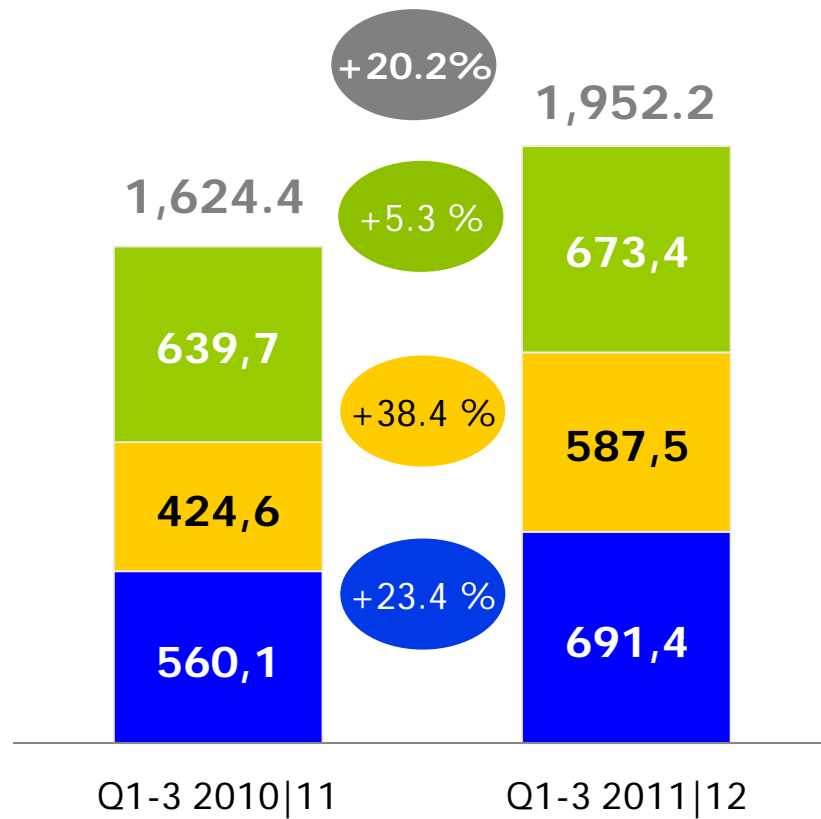
- ➔ Group revenue increased to € 1,952.2m (Q1-3 2010|11: € 1,624.4m) >> + 20.2 %
- ➔ Operating profit improved to € 198.7m (Q1-3 2010|11: € 104.8m) >> + 89.6 %
- ➔ Operating margin rose to 10.2 % (Q1-3 2010|11: 6.5 %)
- ➔ Profit for the period jumped to € 129.7m (Q1-3 2010|11: € 65.0m)
- ➔ Equity ratio dropped to 45.0 % (YE 2010|11: 48.7 %)
- ➔ Gearing rose to 45.1 % (YE 2010|11: 39.4 %)

**We reaffirm our guidance: Group revenue will be slightly above € 2.5 bn and results for FY 2011 | 12 will significantly improve.**

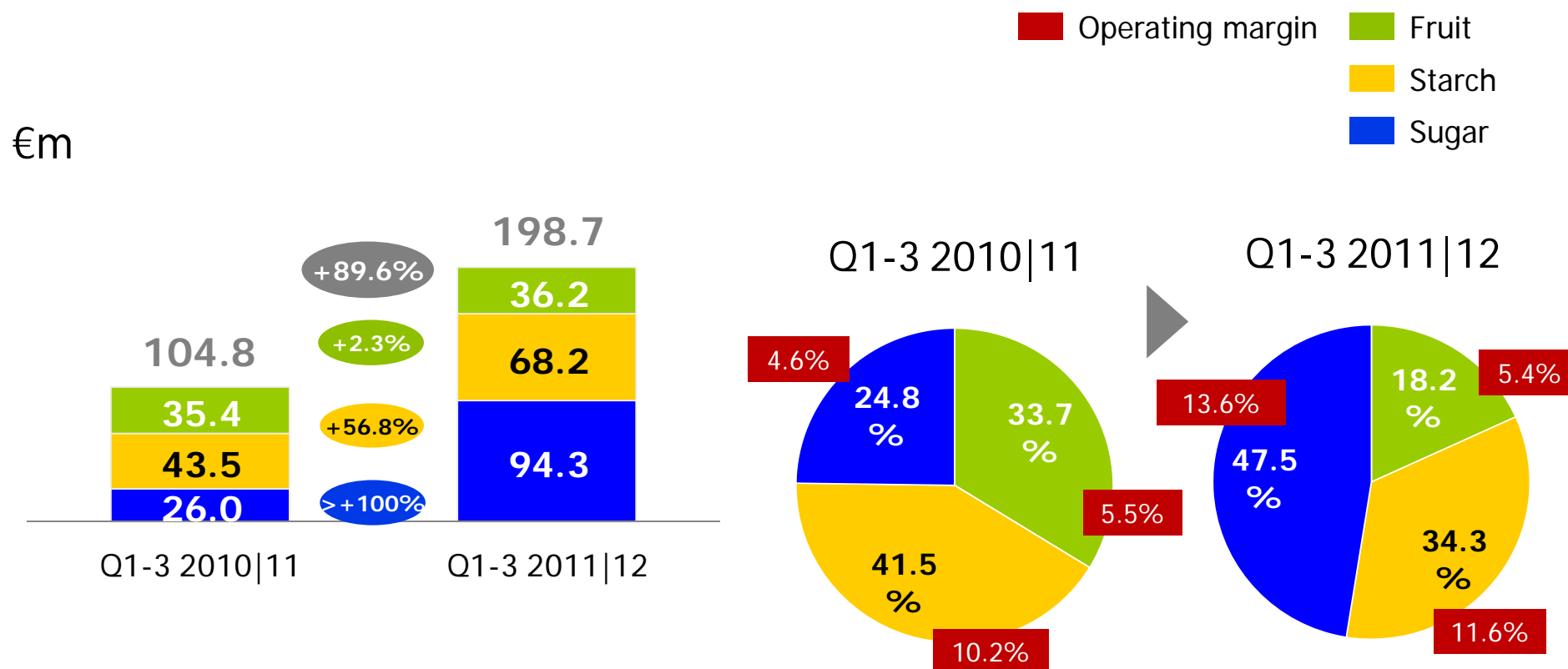
# AGRANA's Revenue by Segment



€m



# AGRANA's Operating Profit by Segment\*



# Consolidated Income Statement

(based on IFRS)



Key P&L figures €m	Q1-3 2011   12	Q1-3 2010   11
Revenue	<b>1,952.2</b>	1,624.4
Operating profit before exceptional items	<b>198.7</b>	104.8
Exceptional items	<b>(1.4)</b>	0
Operating profit after exceptional items	<b>197.3</b>	104.8
Net financial items	<b>(30.6)</b>	(20.2)
Profit before tax	<b>166.7</b>	84.5
Income tax expense	<b>(37.0)</b>	(19.5)
Profit for the period	<b>129.7</b>	65.0
Earnings per share	<b>8.90 €</b>	4.43 €

# Change in net financial items



€m	Q1-3 2011   12	Q1-3 2010   11
Net interest expense	(18.6)	(16.3)
Currency translation differences	(10.5)	(3.8)
Other financial items and share of results of non-consolidated subsidiaries and outside companies	(1.5)	(0.1)
<b>Net financial items</b>	<b>(30.6)</b>	<b>(20.2)</b>

← HUF, PLN,  
RON



# Consolidated Balance Sheet (1)



Key figures €m	30 November 2011	28 February 2011
<b>Non-current assets</b>		
Intangible assets	247.2	248.6
PPE	570.5	577.7
Securities	104.2	104.6
Investments, loan receiv.	6.2	6.2
Receivables & other assets	10.2	13.8
Deferred tax assets	31.4	31.0
	<b>969.7</b>	<b>981.9</b>
<b>Current assets</b>		
Inventories	766.3	528.2
Trade receivables	489.3	400.1
Currents tax assets	11.8	7.2
Securities	1.5	4.4
Cash and cash equivalents	61.4	70.4
	<b>1,330.3</b>	<b>1,010.3</b>
<b>Balance sheet total</b>	<b>2,300.0</b>	<b>1,992.2</b>

# Consolidated Balance Sheet (2)



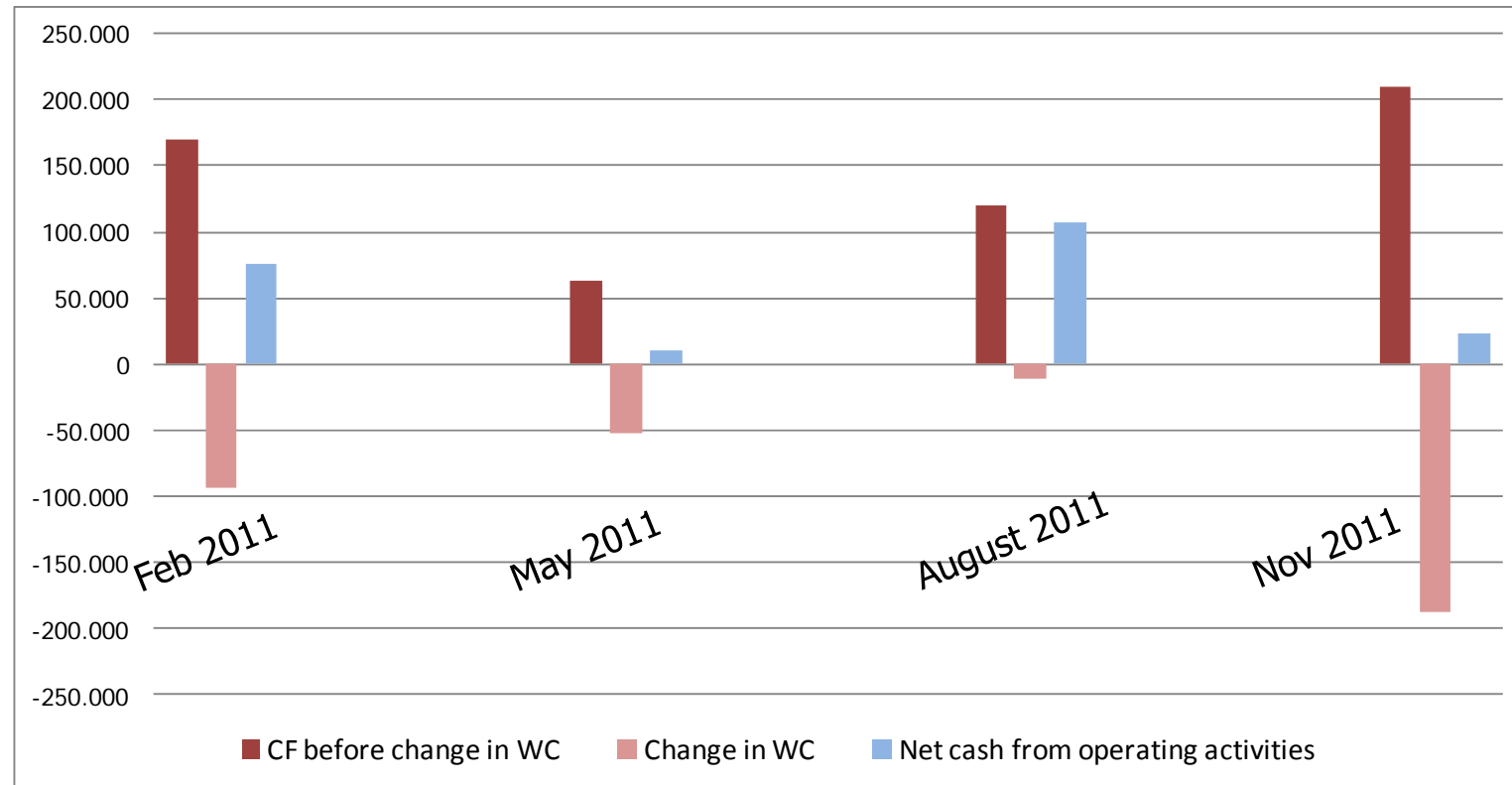
Key figures €m	30 November 2011	28 February 2011
<b>Equity</b>	<b>1,034.3</b>	<b>970.7</b>
<b>Non-current liabilities</b>		
thereof borrowings	258.9	267.0
	<b>334.4</b>	<b>343.3</b>
<b>Current liabilities</b>		
thereof trade & other payables	494.4	328.6
thereof borrowings	374.4	294.9
	<b>969.7</b>	<b>981.9</b>
<b>Balance sheet total</b>	<b>2,300.0</b>	<b>1,992.2</b>
<b>Equity ratio</b>	<b>45.0%</b>	<b>48.7%</b>
<b>Net debt</b>	<b>466.2</b>	<b>382.4</b>
<b>Gearing</b>	<b>45.1%</b>	<b>39.4%</b>

# Consolidated Cash Flow Statement



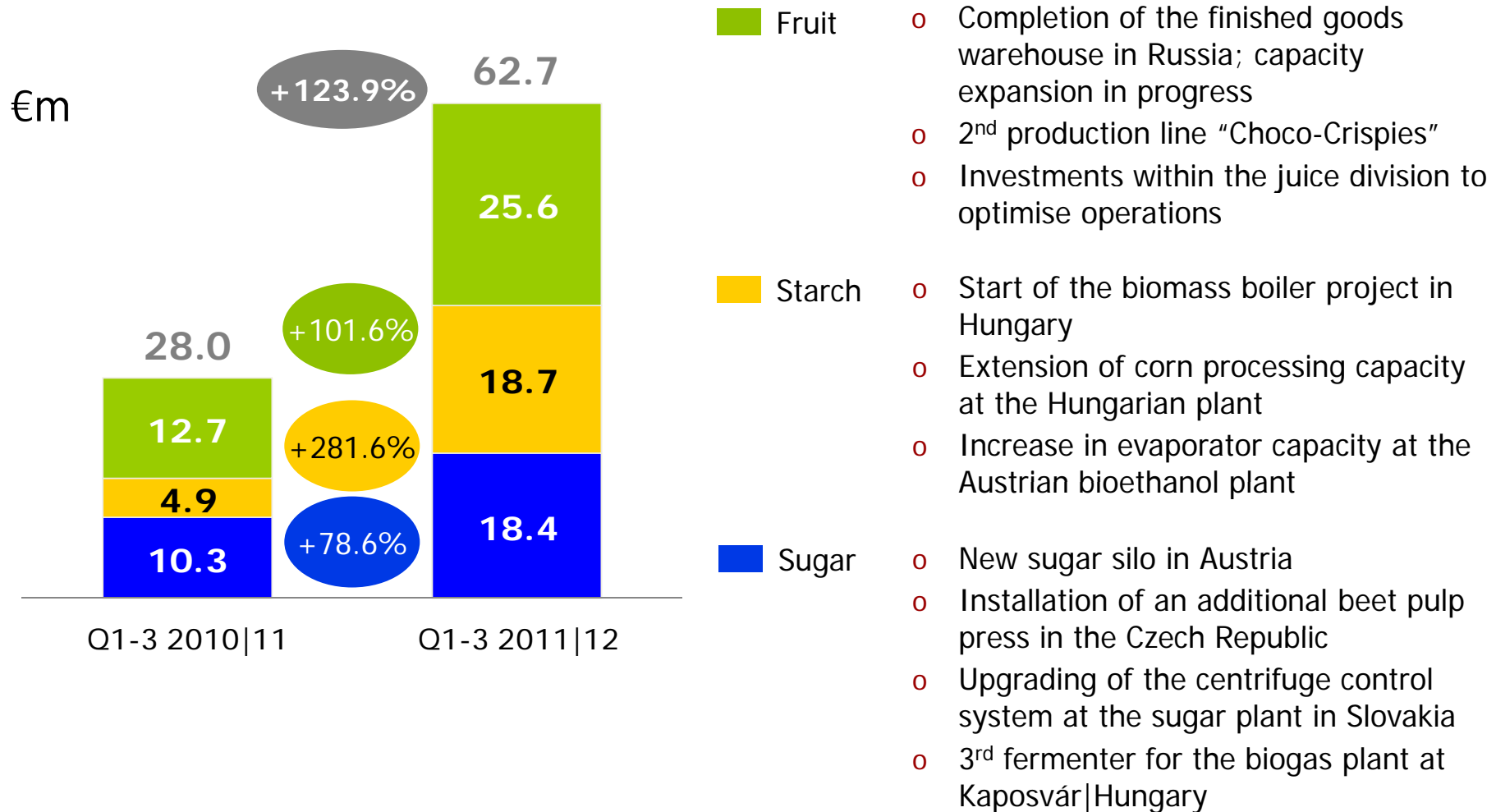
€m	Q1-3 2011   12	Q1-3 2010   11
Operating cash flow before change in working capital	209.5	133.1
Losses on disposal of non-current assets	0.1	0.1
Change in working capital	(186.9)	(87.6)
Net cash from operating activities	22.7	45.6
Net cash (used in) investing activities	(62.1)	(25.1)
Net cash from financing activities	32.1	41.4
Net (decrease) increase in cash and cash equivalents	(7.3)	61.9

# CF development in 2011 (working capital)



€ 000	28/2/2011	31/5/2011	31/8/2011	30/11/2011
CF before change in WC	169,265	63,101	119,461	209,472
Change in WC	(93,922)	(52,534)	(10,782)	(186,821)
Net cash from operating activities	75,430	10,382	107,677	22,731
Inventories as of...	528,241	491,039	435,303	766,299

# Total Investment





## Segment overview



SUGAR. STARCH. FRUIT.





# SUGAR Key Drivers for Q1-3 2011|12

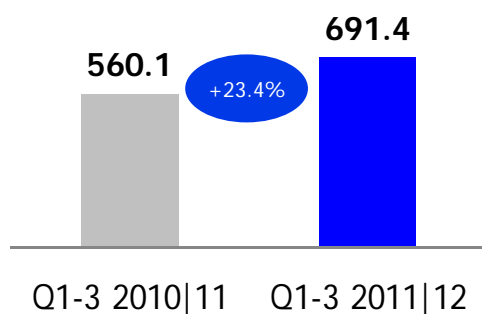


- o Tight sugar supply in the EU - excess demand must be met by world market imports
- o High volatility in world market prices has an increasing impact on the EU market
- o European Commission measures for SMY 2011|12:
  - o Approval to sell 400,000 tonnes of non-quota sugar as quota sugar for the food sector in the EU market
  - o Permission to export non-quota sugar up to the WTO limit of 1.35 millions tonnes due to the good crop
  - o Standing invitation to tender for sugar imports at reduced tariffs - 150,000 tonnes of raw sugar were approved for tariff-reduced import by December 2011

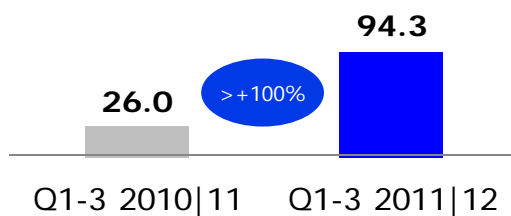
# SUGAR Segment Highlights Q1-3 11|12



## Revenue €m



## Operating Profit €m



**Revenue of € 691.4m; Operating profit increased to € 94.3m**

- High world market quotation and tight supply of sugar in the EU >> sugar prices in all sales segments and particularly in Eastern Europe increased
- Stable quota sugar sales (Retail & Industry) despite difficult supply situation
- Increased customer interest in longer-term contracts (CEE)
- Operating margin rose significantly to 13.6% (Q1-3 2010|11: 4.6%)
- Anticipating supply of raw and white sugar (trade/refining)
- Utilisation of additional import possibilities as well as reclassification (non-quota sugar for the EU Food market)
- Very satisfying beet campaign 2011|12 with high beet quality and early start -> increased production

# SUGAR segment

## Market position



( '000 tons)	EU quota	AGRANA sugar beet quota <sup>(1)</sup>	Market position
Austria	351	351	#1
Hungary	105	105	#1
Czech Republic	372	94	#2
Slovakia	112	44	#2
Romania	105	24	n.a.
<b>Total</b>	<b>1,045</b>	<b>618</b>	
Bosnia-Herzegovina		150 <sup>(2)</sup>	#1

### Details:

- (1) AGRANA beet quota for 2010|11 Sugar Marketing Year (SMY)  
 (2) Capacity for refined raw sugar (50:50 joint venture)

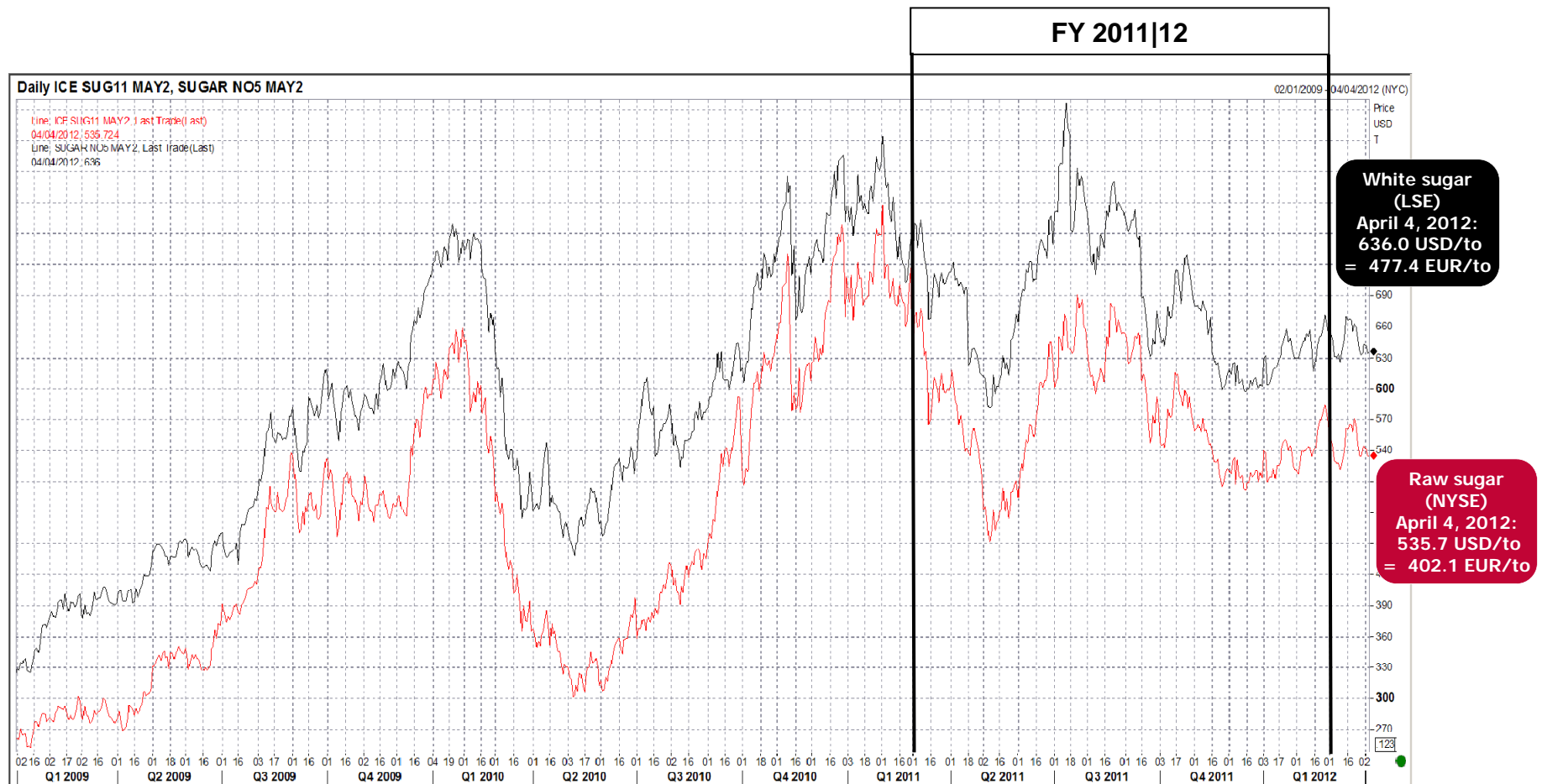
### 7 sugar plants and 2 raw sugar refineries



- Current production plants
- Current markets
- Sugar plant
- Raw sugar refinery
- Distribution centre

# Quotation for raw sugar & white sugar

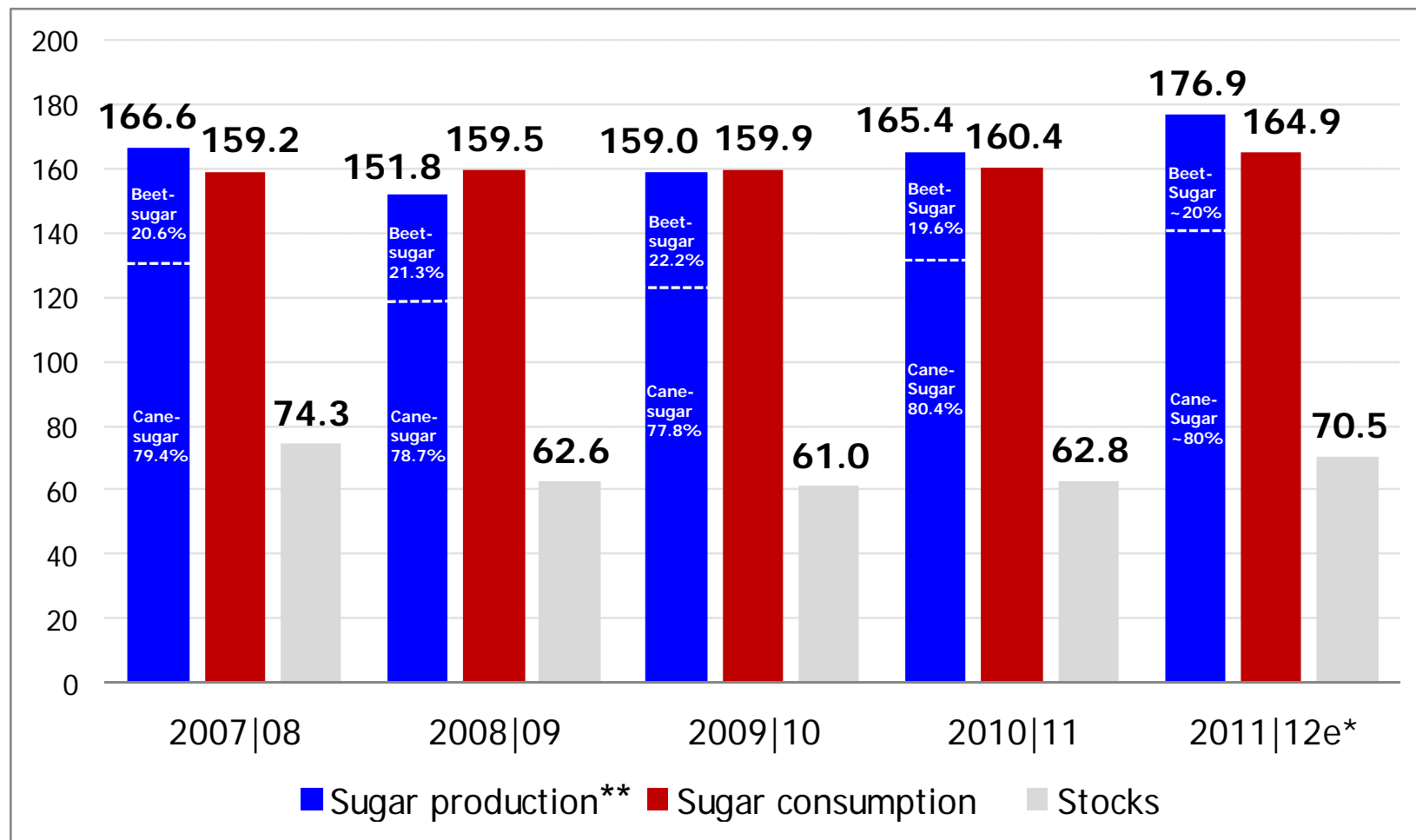
January 2009 – April 2012 (in USD)



# World sugar production & consumption



Million tons



Source: F.O. Licht (March 7, 2012)

\* Expectation

\*\* Production: October-September



# STARCH Key Drivers for Q1-3 2011|12



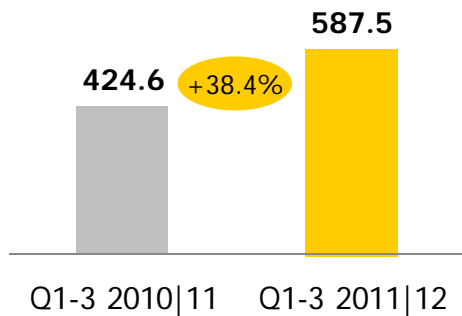
- o Market development remains positive – pricewise and in terms of volumes
- o Increased volatility in the food sector (starch) correlated with sugar market development; markets for starches for technical purposes are also volatile
- o Raw material prices developed sideways, but still at a high level



# STARCH Segment Highlights Q1-3 11|12



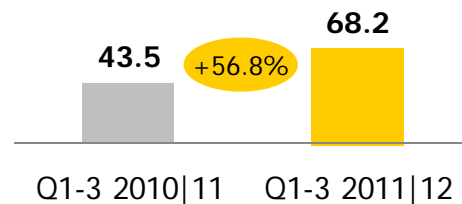
## Revenue €m



## Revenue up to € 587.5m

- Higher sales prices in all product categories (starch, animal feed, ethanol etc.)
- Volumes also above prior year especially due to increased sales of by-products and bioethanol
- Sugar supply/demand led to an increase in sales volumes and prices of liquid sweeteners (e.g. isoglucose)

## Operating Profit €m

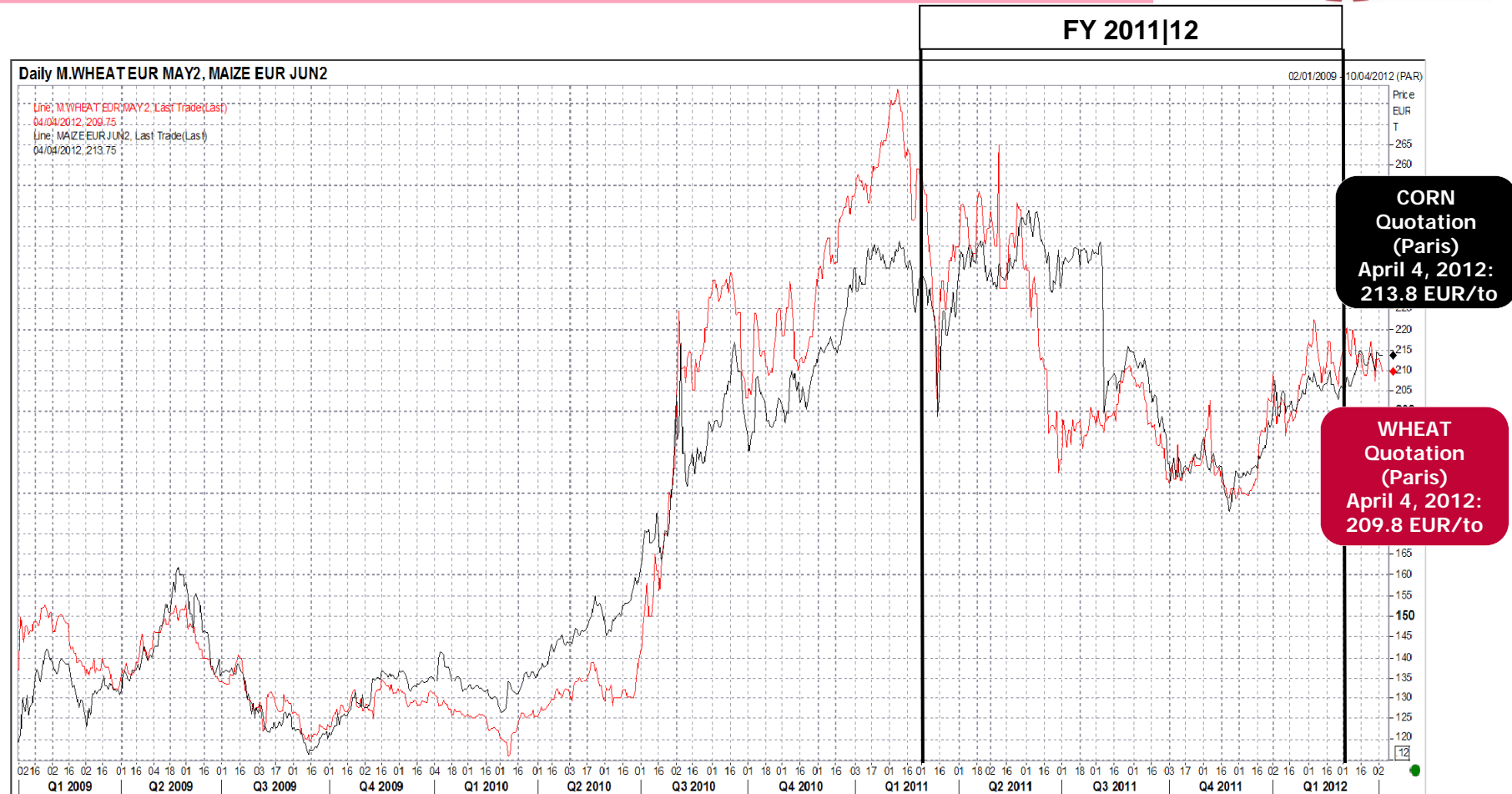


## Operating profit increased to € 68.2m

- Sales prices could compensate higher raw material costs
- Profit growth was especially driven by the better performance of the Austrian subsidiary
- Optimisation of sales portfolio

# Price development of cereals

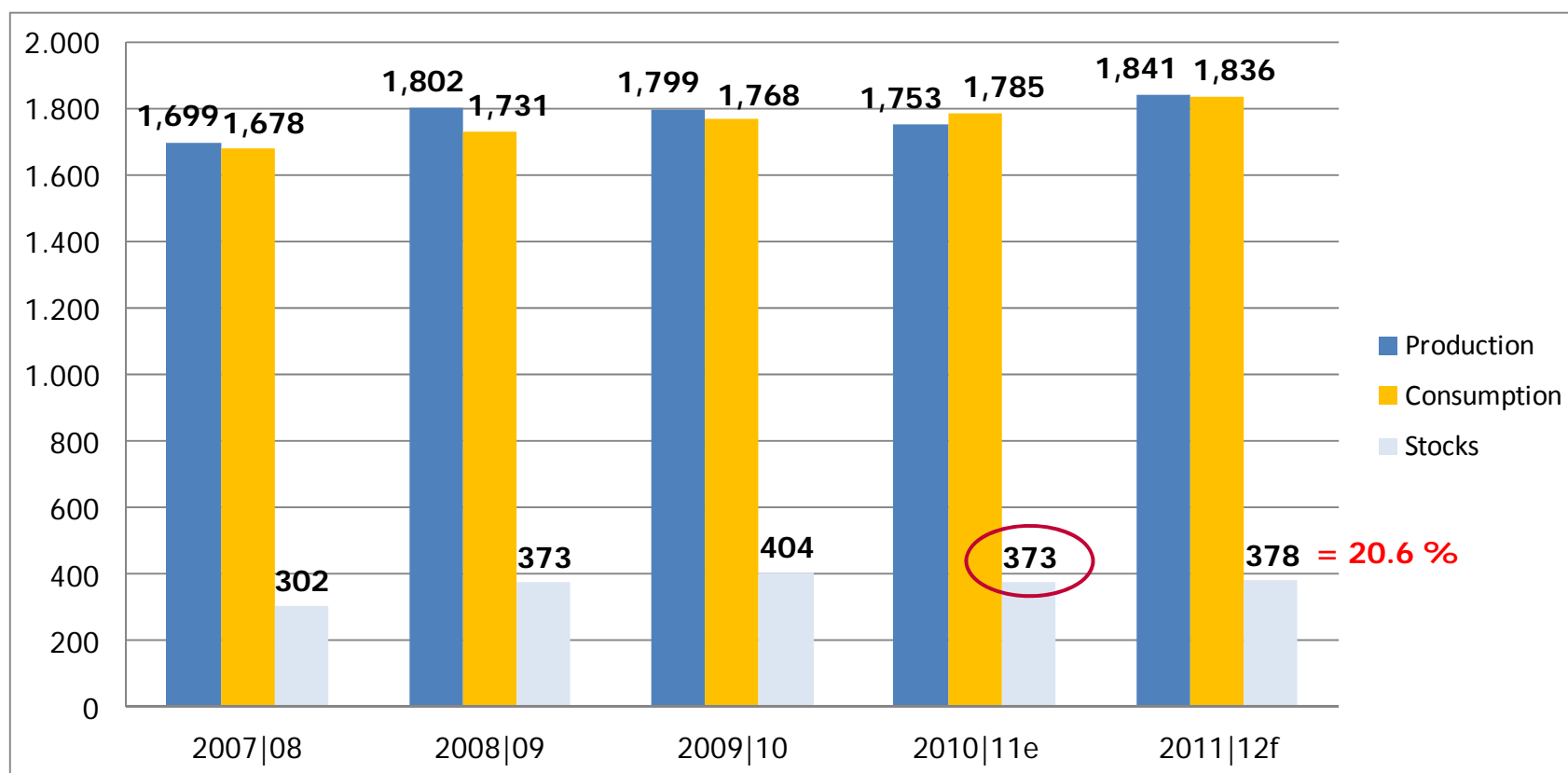
January 2009 – April 2012 (in EUR)



# World grain production & consumption



Million tons



International grain stocks increased 4 years in a row from 2006|07 to 2009|10

Critical stocks limit at 20 % of consumption

Source: IGC, February 23, 2012  
e...estimate, f...forecast

Period: July - June



FRUIT.

# FRUIT Key Drivers for Q1-3 2011|12

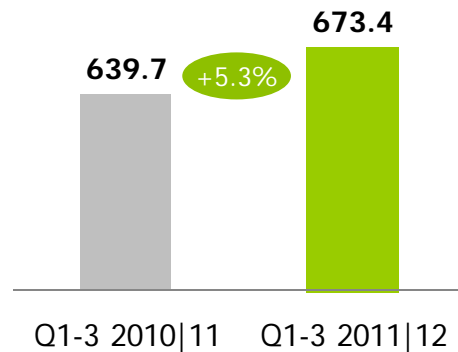


- Juice concentrates:
  - positive market development – pricewise
  - stable sales volumes in CEE and North America; slight volume declines in Western Europe (due to lower availability of raw materials)
- Fruit preparation:
  - higher prices for dairy products, consumer uncertainty, declining consumer spending regarding fruit yogurts
  - High raw material prices, lower demand and increased competition create difficult market environment
  - Market decrease in developed and lower growth in emerging markets

# FRUIT Segment Highlights Q1-3 11|12



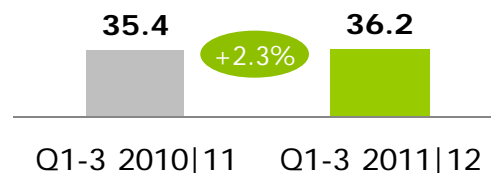
## Revenue €m



## Revenue of € 673.4m

- Juice concentrate prices overall still at a high level
- Concentrate volumes especially in the last months somewhat below previous year's level
- Sales volumes of fruit preparations decreased in a difficult market environment
- New competitor in Russia; market share losses in Western Europe and North America; good performance in Central Europe and South America

## Operating Profit €m



## Operating profit of € 36.2m

- Operating margin of 5.4% (Q1-3 10|11: 5.5%)
- Fruit preparation suffered from increased raw material costs and lower sales volumes
- Due to good performance in the juice concentrate business in H1 2011|12, overall margin could be kept relatively stable

# FRUIT Segment Market position



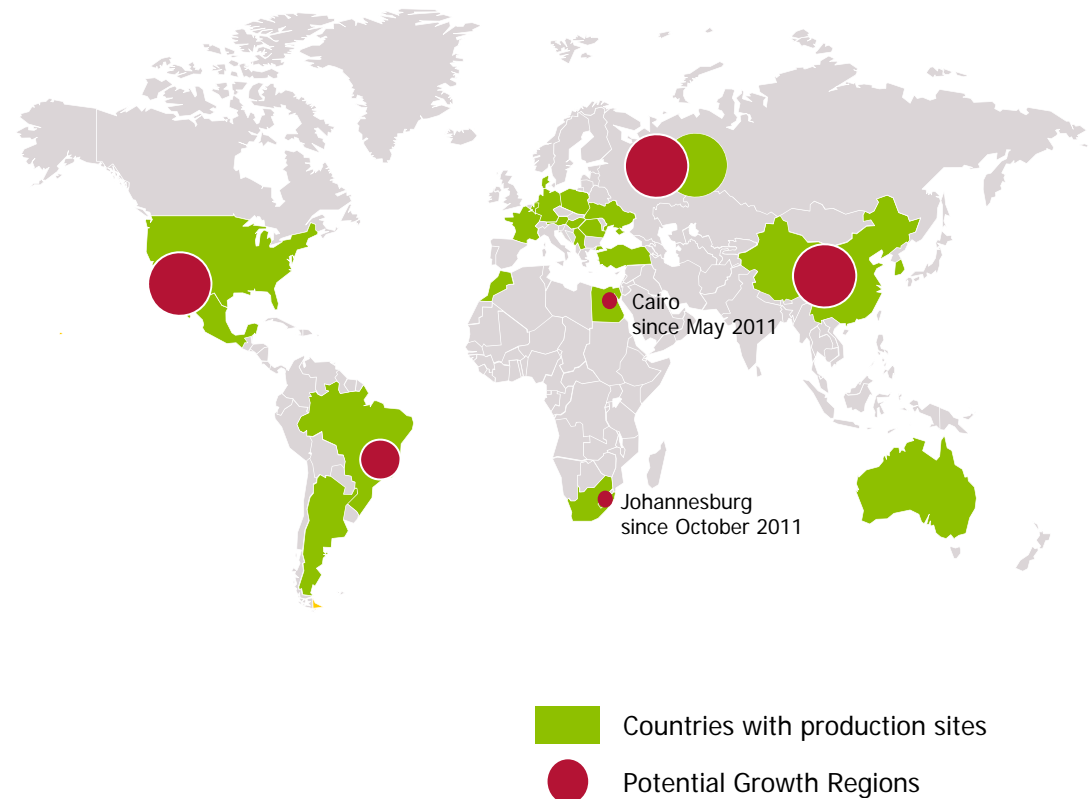
## Fruit preparations

- World Market Leader in Fruit preparations ; global market share > 30%
- Long-term growth potential is intact, although the global fruit yoghurt market was flat in 2011 CY

## Fruit juice concentrates

- One of the largest producers of fruit juice concentrates in Europe (new JV with Ybbstaler)
- Additional customer portfolio and new markets
- Optimisation measures taken in previous years show their positive effects

## Status as of 29 February 2012: 27 Fruit Preparation Plants & 11 Fruit Juice Concentrate Plants







## Outlook



SUGAR. STARCH. FRUIT.

# Outlook AGRANA Group FY 2011|12



- We reaffirm the improvement in results for the full FY 2011|12 based on the strong performance in the first three quarters
- Profit growth will be driven by the Sugar and the Starch segment
- Fruit segment will be below prior year
- Group revenue 2011|12 to increase to slightly more than € 2.5 billion, based on volume growth and - mainly - price increases
- CAPEX: ~ € 100m (vs depreciation of ~ € 80m)
- Commodity markets continue to remain volatile

# Projects & News



- **JV with Ybbstaler (Juice):** EU Commission approved JV on April 5, 2012; this decision forms the anti-trust prerequisite for concluding the transaction; closing is planned for early June 2012
- **Sugar antitrust proceedings in Austria:** Federal Competition Authority has published the claimed amount in October 2011; in their pleadings the defendants (AGRANA and SZ) reaffirmed that the underlying accusation is unfounded; court's decision is expected for autumn 2012
- **CAP (Common Agricultural Policy) reform** (legislative proposals as of October 12, 2011): core elements of the **sugar market regime** shall be maintained only until September 30, 2015; a decision by the EU Parliament and Council of Ministers is expected in the second half of 2012
- **Environment:** full use of beet pulp in Hungary for biogasification (first energy self-sufficient beet sugar factory); start up of biomass burner at Hungrana (Isoglucose-factory)

## “Preview” for 2012|13



- Based on the slightly positive estimates on the overall global economic development, we expect a further volume growth in all segments.
- The group revenue 2012|13 should increase to slightly more than € 2.8 billion, based on
  - the positive volume development
  - prices at the current level
  - including the new juice concentrate joint venture
- Profit should be slightly below the level of 2011|12
- CAPEX: ~ € 140 m

# Financial calendar



Our next events...

**15 May 2012**

Press conference & Conference Call on **Annual Results for 2011 | 12**

2 July 2012

Annual General Meeting for 2011|12

5 July 2012

Dividend payment and ex-dividend date

# Contacts



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