



IN OUR HANDS



AGRANA Beteiligungs-AG  
**Annual Results for 2013 | 14**

1 March 2013 – 28 February 2014

Presentation for investors and analysts

Vienna, 9 May 2014



## — In our Hands

At AGRANA, the globally operating processor of agricultural raw materials, an average of about 8,800 pairs of hands in the Sugar, Starch and Fruit business segments work for the **economic future** of the Group.



In going about our work, it is important to us to consider the **environmental** impacts of our actions and honour our **social responsibility** to employees, colleagues and fellow citizens. This is a daily balancing act which, especially in a demanding business environment, requires dedication and a deft touch.



## — Highlights of 2013|14 results

|                         | 2013   14         | 2012   13         |
|-------------------------|-------------------|-------------------|
| <b>Revenue</b>          | € 3,043.4 million | € 3,065.9 million |
| <b>Operating profit</b> | € 171.4 million   | € 236.9 million   |
| <b>Operating margin</b> | 5.6 %             | 7.7 %             |
| <b>EPS</b>              | 7.60 €            | 10.52 €           |
| <b>Dividend</b>         | 3.60 €*           | 3.60 €            |

|                     | 28 Feb. 2014 | 28 Feb. 2013 |
|---------------------|--------------|--------------|
| <b>Equity ratio</b> | 48.6 %       | 47.0 %       |
| <b>Gearing</b>      | 34.4 %       | 39.9 %       |

- Positive net exceptional items of € 3.9 million (prior year: net expense of € 19.1 million)
- Successful production start of wheat starch plant in Pischelsdorf, Austria

\* Proposal to AGM

# AGRANA share in 2013|14

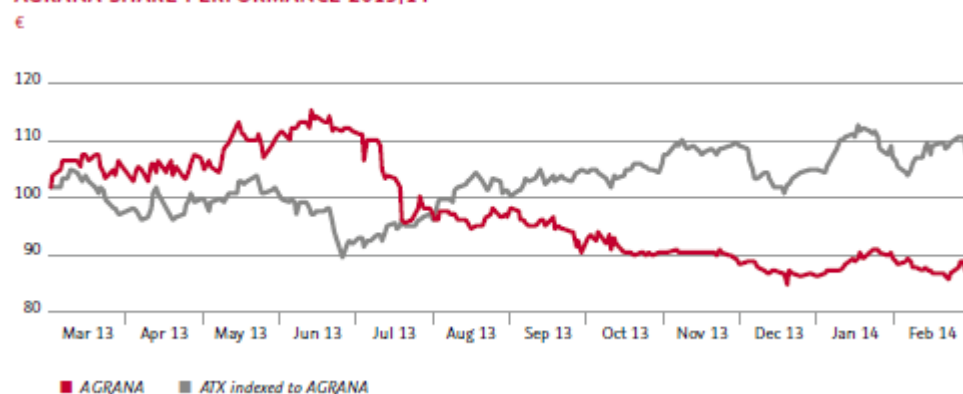


## Steady dividend policy

Dividend yield: **4.1%<sup>1</sup>** P/E ratio: **11.5<sup>1</sup>** Market capitalisation: **€ 1,245.5<sup>2</sup> m**

<sup>1</sup> Proposal to AGM  
<sup>2</sup> as of 28 Feb 2014

AGRANA SHARE PERFORMANCE 2013|14



## STEADY DIVIDEND POLICY

|                             | 2013 14             | 2012 13 | 2011 12 |
|-----------------------------|---------------------|---------|---------|
| Dividend per share          | € 3.60 <sup>1</sup> | € 3.60  | € 3.60  |
| Dividend yield <sup>2</sup> | 4.10% <sup>1</sup>  | 3.55%   | 4.29%   |
| Dividend payout ratio       | 47.37% <sup>1</sup> | 34.22%  | 33.55%  |

<sup>1</sup> Proposal to the Annual General Meeting.

<sup>2</sup> Based on the closing share price at the balance sheet date.

Performance (1/3/2013 – 28/2/2014): **AGRANA -13.6%, ATX +4.9%**

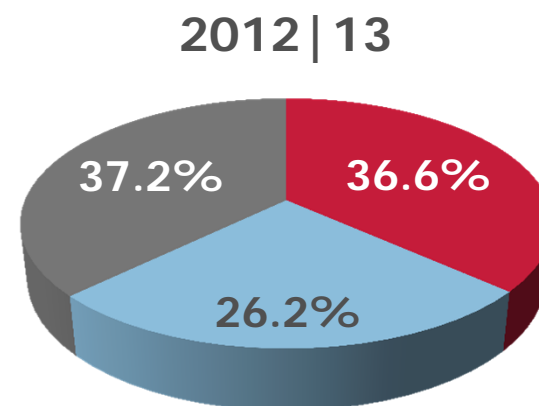
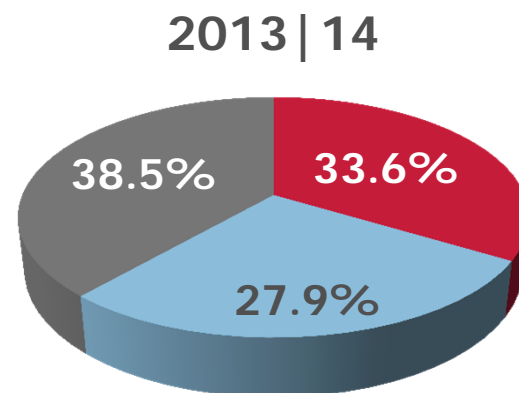
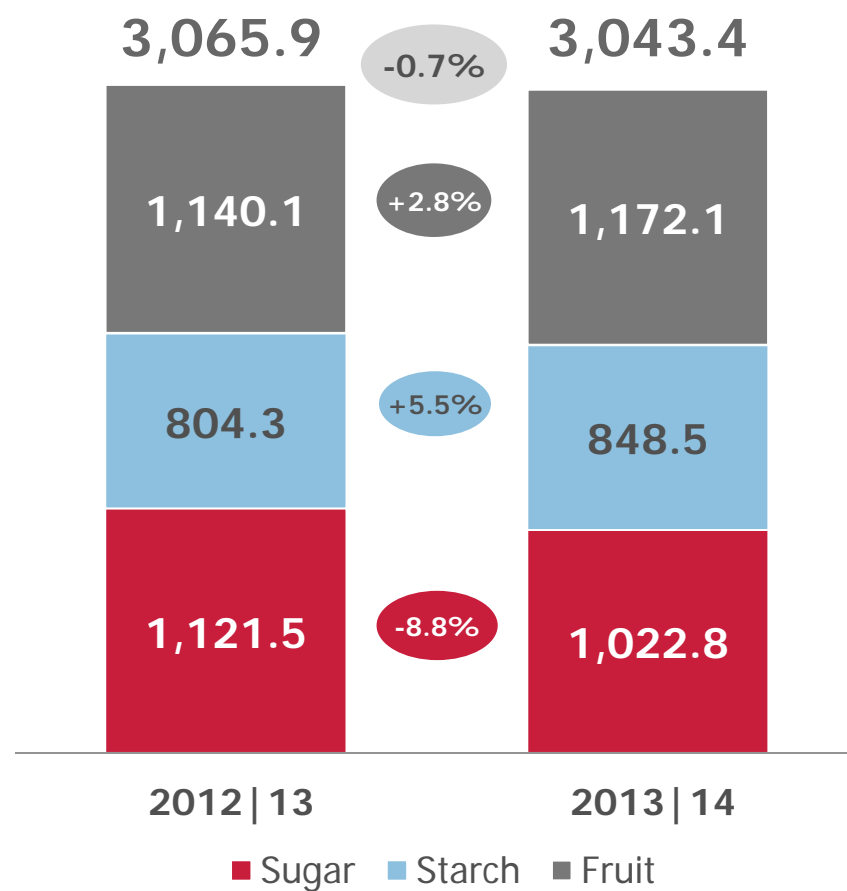
- Change in the shareholder structure in February 2014
- Z&S and Südzucker took over the shares held by M&G (15.6%)
- Clear commitment to the AGRANA Group's continuing listing on the stock market
- Intention to increase the effective free float again

# Revenue by segment

2013|14 FY



€m

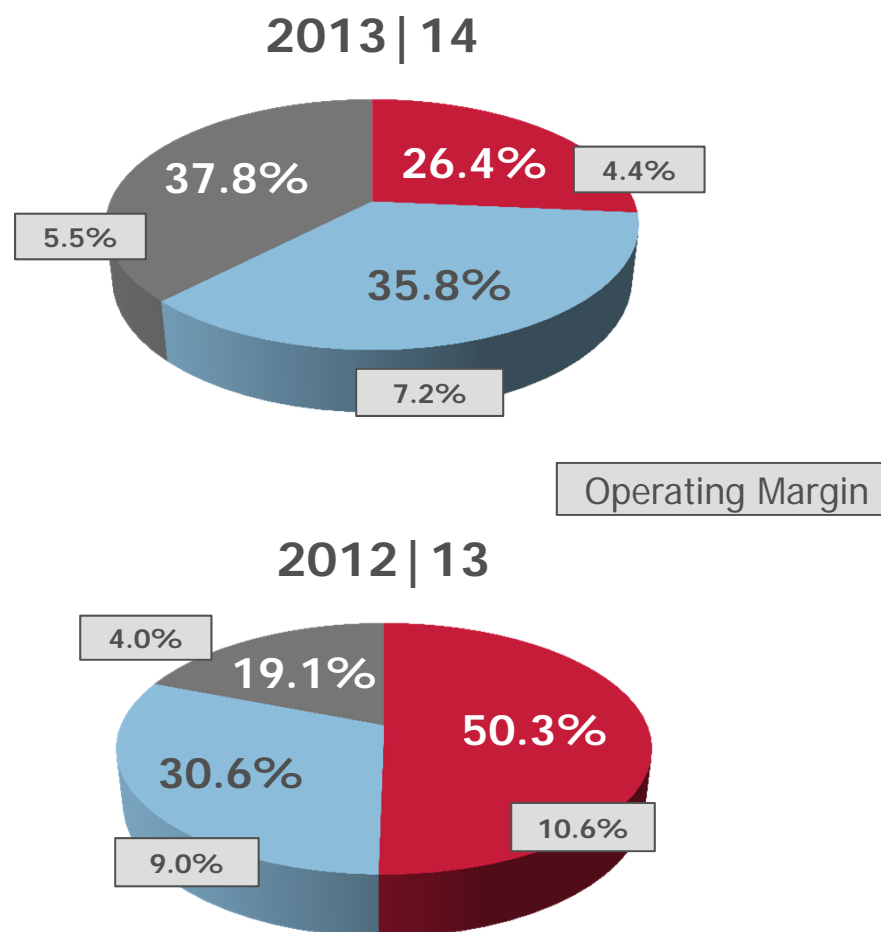
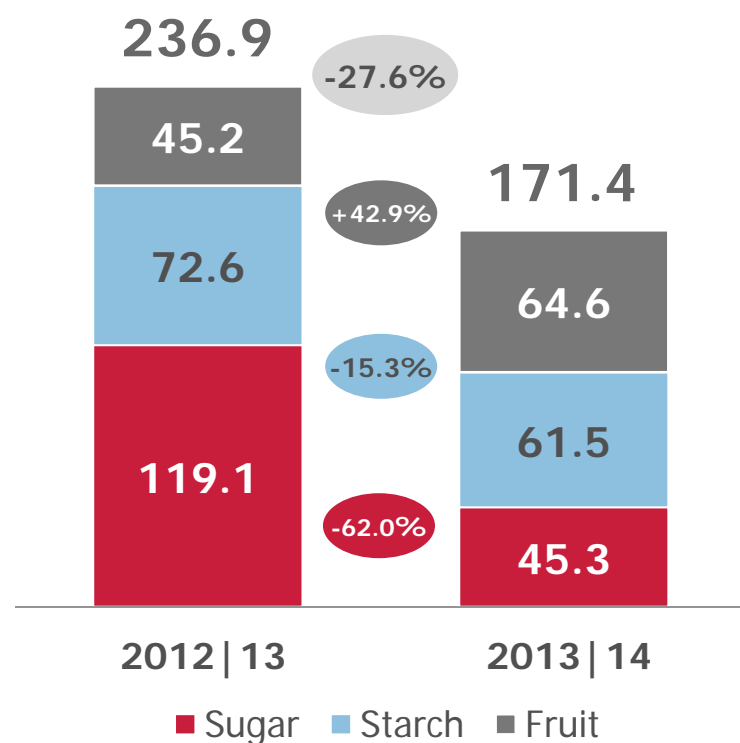


# Operating profit by segment

2013|14 FY



€m



# CAPEX evolution



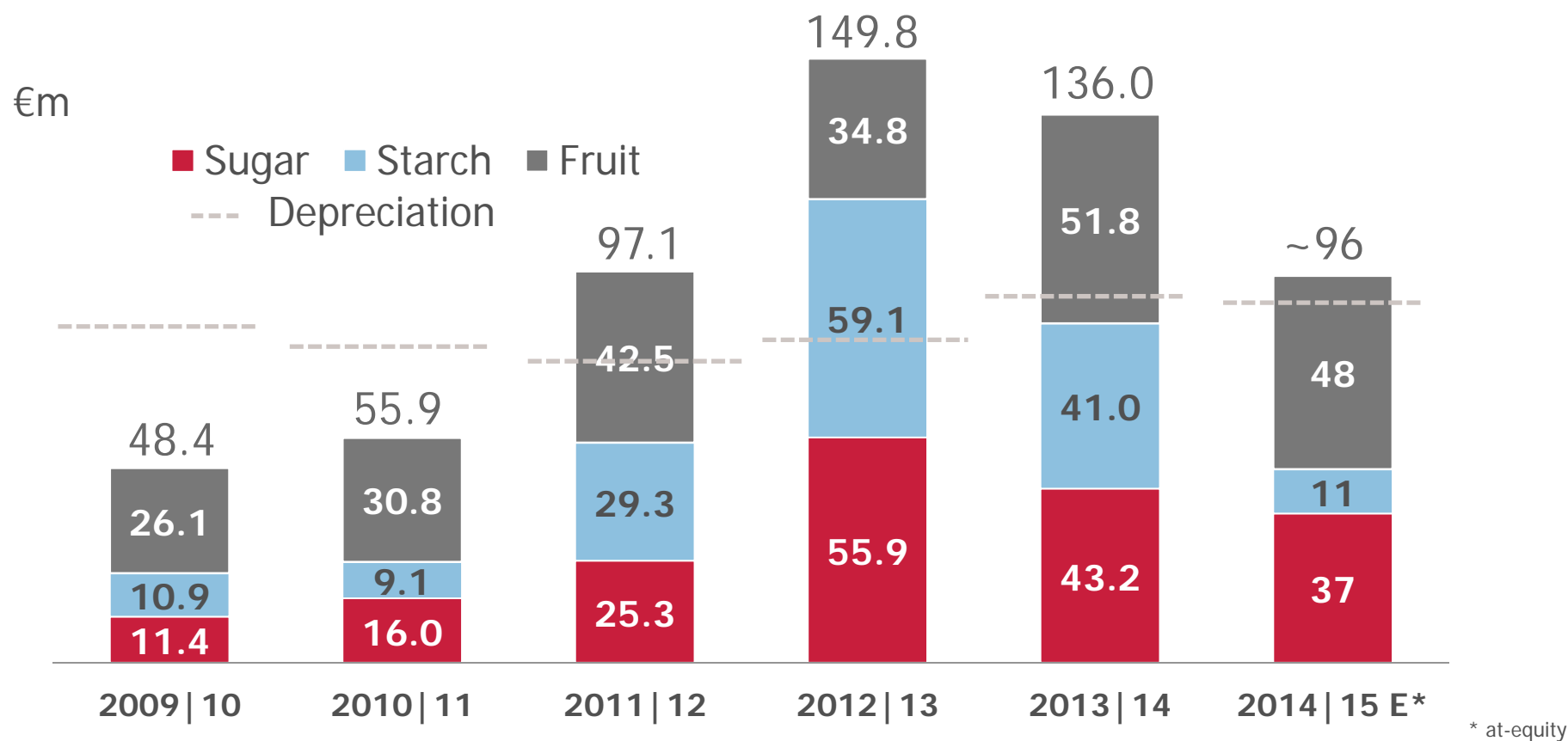
## Investment for sustainable growth

2013 | 14 FY:

**SUGAR:** Mainly related to logistics improvements in Hungary and Romania

**STARCH:** Primarily for the construction of the wheat starch plant and energy efficiency measures (Pischelsdorf)

**FRUIT:** Related mostly to the new US fruit preparations plant in Lysander, New York





SUGAR



# Market environment



## — Drivers for 2013|14 FY

### SUGAR Segment

- Further stabilisation in world sugar stocks at 76.2 million tonnes (SMY 2012|13: 72.6 million tonnes) or 43.3% (SMY 2012|13: 42.1%) of annual consumption
- Prices on sugar markets were volatile for much of the financial year
- European Commission took again exceptional measures in SMY 2012|13 to increase the level of supply in the EU sugar market (consequently higher quota sugar stocks); no measures in 2013|14 up-to-now

### STARCH Segment

### FRUIT Segment

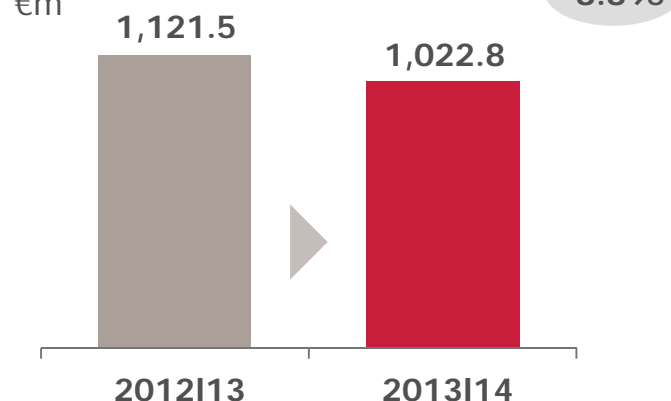
# SUGAR segment

## — Highlights 2013|14 FY



### Revenue

€m

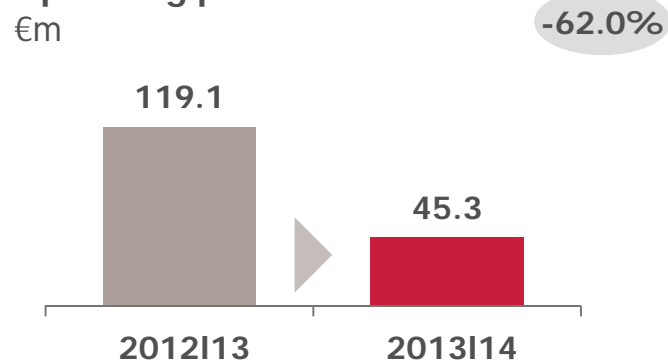


### Revenue below prior year

- Reduction was due to sharply lower selling prices
- In volume terms, both with retailers and the sugar-using industry, the market-leading position was further consolidated through high quota sugar sales quantities and good service

### Operating profit

€m



### Operating profit dropped to € 45.3 million

- As expected, the operating profit before exceptional items was substantially lower than the prior year's record result
- Key factors behind this were the falling sales prices combined with still high raw material costs both for beet and for raw sugar



# Quotation

## — For raw sugar & white sugar

January 2006 – May 2014 (USD)



# New sugar refinery plants in Romania



## — In Urziceni and Liesti (Lemarco S.A.)

- AGRANA plans to increase its sugar beet production but also its sugar refining activities and, therefore, to consolidate its **presence in the South-East European market**
- The agreement is still **subject to the approval of the competent anti-trust authority in Romania**
- The refining site is located around 60km north-east of Bucharest and, being at a major road and rail network intersection, is **well connected to the port of Constanta** on the Black Sea, which is important for the supply of commodities
- With a **volume of more than 500,000 tonnes of sugar**, the Romanian sugar market is supplied only 20% with sugar from sugar beet; the remaining 80% is with sugar made from the refining of raw sugar and from imported white sugar



## — September 2017 – end of quotas

- CEE area will continue to be a **“sugar deficit region”** (AGRANA is located in these main deficit areas)
  - Complexity in logistics and costs from Western Europe are somehow a protection of intra-EU imports
  - The company operates its own raw sugar refineries; safeguarding of existing market share in CEE
- **“3-legs-strategy”** with beet, refining and trading; focus on balanced strategy between these three fields of activity
- AGRANA has established **long-term relationships** with key sugar producers in the LDCs and ACPs (duty-free-imports)
- Uncertain market development requires **continuous flexibility**
- **High volatility** expected



STARCH

# Market environment

## — Drivers for 2013|14 FY



### SUGAR Segment

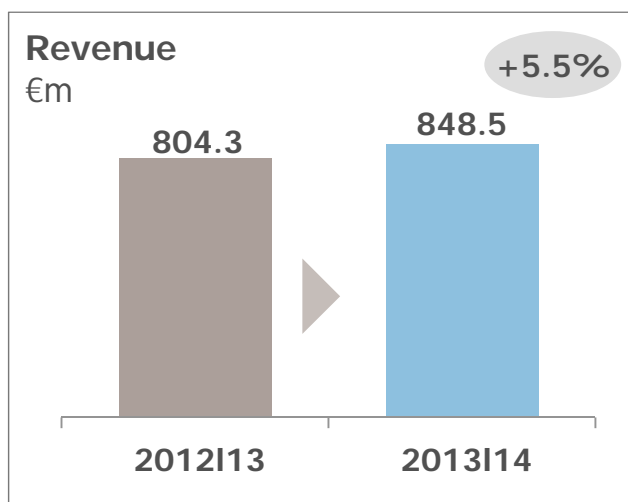
### STARCH Segment

- Estimated worldwide cereal production (wheat and corn) exceeds demand resulting in increasing stock levels
- Consistent with the higher supply on international commodity markets, futures prices declined over the year

### FRUIT Segment

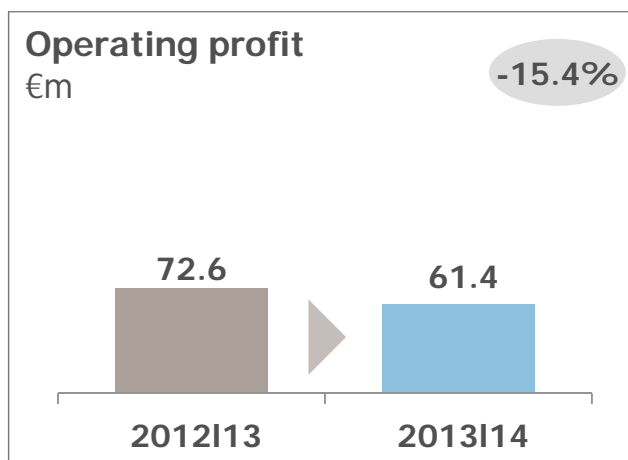
# STARCH segment

## — Highlights 2013|14 FY



### Revenue increase to € 848.5 million

- Revenue increase mainly reflected stronger sales volumes of core products and by-products
- The newly built wheat starch plant in Pischelsdorf, Austria, boosted the quantities of starch sold by AGRANA
- The selling prices for core and by-products were somewhat lower than one year earlier



### Operating profit decreased to € 61.4 million

- Earnings reduction was caused primarily by the lower profit contribution from the bioethanol activities
- As well, the commissioning of the wheat starch plant in Pischelsdorf, Austria, entailed the expected start-up losses





# Price development of cereals

## Wheat & corn (Paris)

January 2006 – May 2014 (EUR)





# Start of wheat starch facility

— In the first half of 2013|14 FY

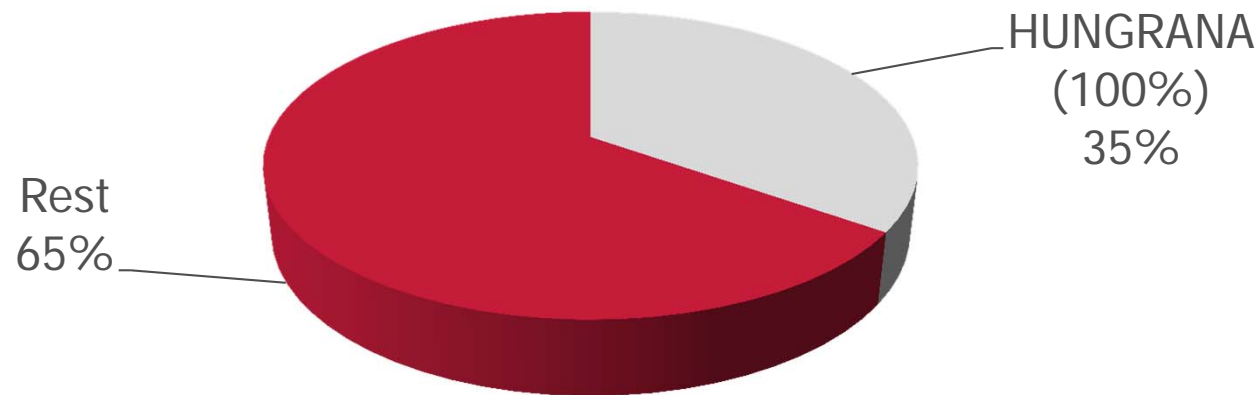
- **Investment: approx. € 70 m**  
(total investment at Pischelsdorf site: > € 200 m)
- Start-up of the plant was **satisfactory**
- Raw material processed: approx. 250,000 tonnes of wheat p.a.  
(total of 750,000 tonnes processed at Pischelsdorf site)
- Manufacturing of the following products:
  - Wheat starch
  - Wheat gluten
  - Wheat bran
  - Raw material substitutes ("B+C starch") for bioethanol
- Factory makes 100% use of the raw materials (including CO<sub>2</sub>-liquefaction by Air Liquide)





## — Isoglucose market in the EU

**Isoglucose Quota of the EU-28** ~ < 5% of sugar consumption  
720,000 tonnes



AGRANA holds a share (via HUNGRANA) of 50% of 250,000 tonnes.

Starting with 1st of October 2017 also the quotas for isoglucose will be abolished, which means new **growth potential** for AGRANA.

20% market share of isoglucose expected.



## — Market opportunities for isoglucose

- Main application area for isoglucose is the "SOFT DRINKS" market
- Substitution potential on the European market of approximately 20% of granulated sugar
- The main argument for the use of isoglucose in place of granulated sugar is the current price advantage of approximately 10 %



FRUIT —



# Market environment



## — Drivers for 2013|14 FY

SUGAR  
Segment

STARCH  
Segment

FRUIT  
Segment

### Fruit preparations:

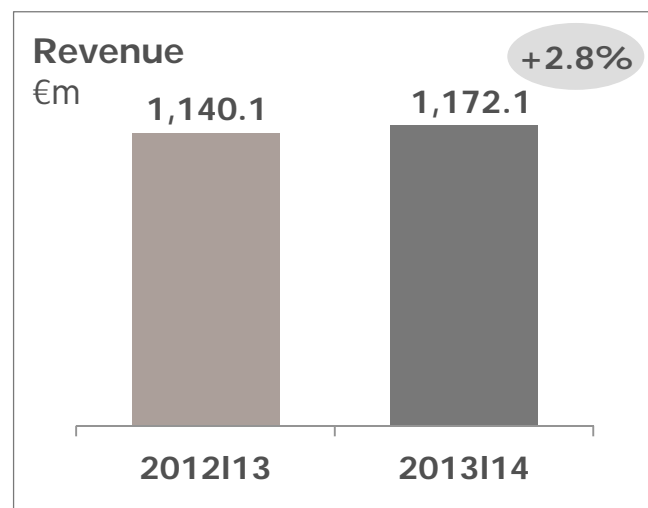
- Worldwide the demand for fruit preparations for use in yoghurts, ice-cream and food services continues to grow by about 3% per year
- A number of non-EU markets, where per-capita consumption is relatively low, are growing significantly
- In the EU, demand for fruit preparations continues to ease by about 1.5% per year

### Fruit juice concentrates:

- Trend towards fruit juice beverages with low juice content continues unbroken
- For beverages high in fruit juice, consumption in Western Europe remains on a mild easing trend, with most of this decrease occurring in Germany

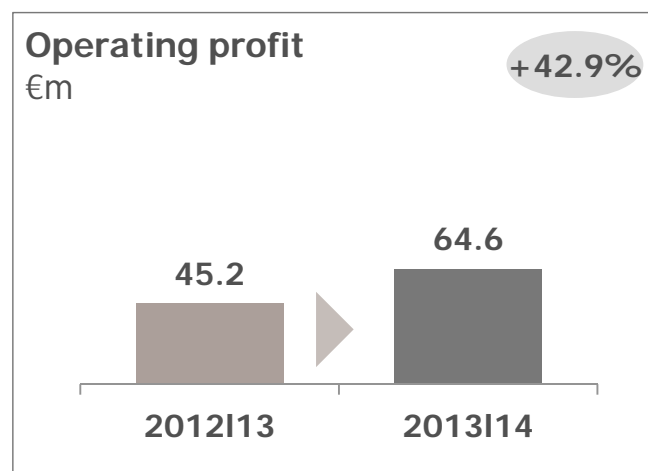
# FRUIT segment

## — Highlights 2013|14 FY



### Revenue rose to € 1,172.1 million

- Quantity of fruit preparations sold was expanded by approximately 6%, composed of growth of about 5% at the EU plants and around 7% at the facilities outside Europe
- Growth in fruit juice concentrates was driven primarily by higher sales quantities of apple juice concentrate



### Operating profit increased to € 64.6 million

- Key driving factor was sales volume growth in the fruit preparations business
- In fruit juice concentrates, operating profit before exceptional items was pushed up thanks to a favourable contract situation from the prior-year (2012) campaign

# Construction of a new US facility



## — Fruit preparations

- Expanding market presence in North America by constructing a fruit preparation plant in **Lysander | NY** (Northeastern region of the US)
- Total investment amounts to around **€ 30 million**
- US market offers **strong growth** thanks to a trend toward Greek yoghurt
- New facility will serve as a response to **rising customer demand** in **Canada and the Northeastern Region** of the US
- New production capacity of **45,000 tonnes** annually
- AGRANA currently operates three North American production sites in Botkins|Ohio, Centerville|Tennessee and Fort Worth|Texas and has its head office and New Product Development center in Brecksville|Ohio
- Official opening in the **middle of May 2014**





# CONSOLIDATED FINANCIAL STATEMENTS 2013|14



## — Consolidated income statement

| €m (condensed)                             | 2013   14         | 2012   13 <sup>1</sup> | change  |
|--|-------------------|------------------------|---------|
| Revenue                                    | 3,043.4           | 3,065.9                | -0.7%   |
| Operating profit before except. items      | 171.4             | 236.9                  | -27.6%  |
| Exceptional items                          | 3.9               | (19.1)                 | > +100% |
| Operating profit after exceptional items   | 175.3             | 217.9                  | -19.6%  |
| Net financial items                        | (27.2)            | (27.7)                 | +1.8%   |
| Profit before tax                          | 148.1             | 190.2                  | -22.1%  |
| Income tax (expense)                       | (38.4)            | (33.7)                 | -13.9%  |
| Profit for the period                      | 109.8             | 156.5                  | -29.8%  |
| Attributable to shareholders of the parent | 107.9             | 149.4                  | -27.8%  |
| Earnings per share (€)                     | 7.60              | 10.52                  | -27.8%  |
| Dividend                                   | 3.60 <sup>2</sup> | 3.60                   | 0.0%    |

<sup>1</sup> The prior-year data were restated under IAS 8    <sup>2</sup> Proposal to AGM



# Exceptional items

## — In the Sugar and Fruit segments

### **SUGAR segment (income of EUR 4.7 million)**

- In December 2013 the European Commission complied with a judgment of the European Court of Justice to reimburse the European Sugar industry for wrongly collected so-called production levies
- As a result, AGRANA received a refund of € 4.7 million

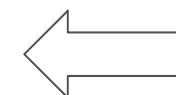
### **FRUIT segment (expenses of EUR 0.8 million)**

- one-off effects in the fruit preparations company AGRANA Fruit South Africa (Proprietary) Ltd. For partly logistic reasons
- all South African production will from now on be concentrated at the Johannesburg site; the plant in Cape Town was closed in January 2014
- resulted mostly from termination benefit obligations and impairment charges



## — Analysis of net financial items

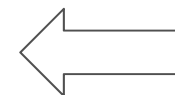
| €m  | 2013   14     | 2012   13     |
|---|---------------|---------------|
| Net interest expense  | (10.7)        | (24.0)        |
| Currency translation differences  | (16.4)        | (0.7)         |
| Share of results of non consolidated subsidiaries and outside companies     | 1.0           | 1.0           |
| Net loss on disposal of non-consolidated subsidiaries and outside companies | 0.0           | (0.5)         |
| Other financial items   | (1.1)         | (3.5)         |
| <b>Total of net financial items</b>   | <b>(27.2)</b> | <b>(27.7)</b> |





## — Tax rate

| €m                 | 2013   14    | 2012   13 <sup>1</sup> |
|--------------------|--------------|------------------------|
| Profit before tax  | 148.1        | 190.2                  |
| Income tax expense | (38.4)       | (33.7)                 |
| <b>Tax rate</b>    | <b>25.9%</b> | 17.7%                  |



### Reasons for higher tax rate in 2013 | 14:

- 3.7 percentage points of the increase resulted from changes in local tax rates and from non-recurring tax expenses/income
- 2.6 percentage points of the increase represented the effects of different tax rates applied on foreign income
- 2.0 percentage points of the increase came from tax-effective losses/gains on remeasurement of consolidated subsidiaries

<sup>1</sup> The prior-year data were restated under IAS 8



## — Consolidated cash flow statement

| €m (condensed)                                       | 2013   14    | 2012   13    |
|--|--------------|--------------|
| Operating cash flow before change in working capital | 196.2        | 256.3        |
| (Gains) on disposal of non-current assets            | (1.1)        | (0.7)        |
| Change in working capital                            | 88.1         | (50.9)       |
| <b>Net cash from operating activities</b>            | <b>283.2</b> | <b>204.8</b> |
| Net cash (used in) investing activities              | (131.1)      | (136.9)      |
| Net cash (used in) financing activities              | (142.6)      | (21.6)       |
| <i>Net increase in cash and cash equivalents</i>     | <i>9.5</i>   | <i>46.3</i>  |



## — Consolidated balance sheet

| €m (condensed)                      | 28 February<br>2014 | 28 February<br>2013 <sup>1</sup> |
|-------------------------------------|---------------------|----------------------------------|
| Non-current assets                  | 1,119.8             | 1,097.9                          |
| Current assets                      | 1,332.3             | 1,480.5                          |
| <i>Total assets</i>                 | <i>2,452.1</i>      | <i>2,578.4</i>                   |
| Equity                              | 1,192.7             | 1,211.9                          |
| Non-current liabilities             | 417.9               | 519.5                            |
| Current liabilities                 | 841.4               | 847.0                            |
| <i>Total equity and liabilities</i> | <i>2,452.1</i>      | <i>2,578.4</i>                   |
| Equity ratio                        | ➡ 48,6%             | 47.0%                            |
| Net debt                            | 410.6               | 483.7                            |
| Gearing                             | ➡ 34,4%             | 39.9%                            |

<sup>1</sup> The prior-year data were restated under IAS 8



## — Financing (borrowings)

| €m   | 28 Feb. 2014 | Of which due in     |                     |                          |
|--|--------------|---------------------|---------------------|--------------------------|
|  |              | <i>Up to 1 year</i> | <i>1 to 5 years</i> | <i>More than 5 years</i> |
| Bank loans and overdrafts                        | 409.6        | 228.3               | 105.5               | 75.8                     |
| Borrowings from affiliated companies (Südzucker) | 250.0        | 100.0               | 150.0               | 0                        |
| Lease liabilities                                | 0.2          | 0                   | 0.2                 | 0                        |
| <b>Borrowings</b>                                | <b>659.8</b> | <b>328.3</b>        | <b>255.7</b>        | <b>75.8</b>              |
| Cash and securities                              | (249.2)      |                     |                     |                          |
| <b>Net Debt</b>                                  | <b>410.6</b> |                     |                     |                          |





Sugar.  
Starch.  
Fruit.

## IFRS 11 & OUTLOOK

## Changes resulting from use of equity accounting from 2014|15 FY (1)



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

# Changes resulting from use of equity accounting from 2014|15 FY (2)



The outlook for 2014|15 is **already presented on the basis of using equity accounting** to restate the 2013|14 comparative data, as shown in the following table:

| AGRANA Group<br>€m               | 2013   14<br>published <sup>1</sup> | IFRS 11<br>restatement | 2013   14<br>restated <sup>2</sup> |
|----------------------------------|-------------------------------------|------------------------|------------------------------------|
| Revenue                          | 3,043.4                             | -201.7                 | 2,841.7                            |
| Operating profit                 | 171.4                               | -36.6                  | 134.8                              |
| Share of profit of<br>associates | 0.0                                 | +28.4                  | 28.4                               |
| EBIT                             | 175.3                               | -8.3                   | 167.0                              |
| PAT                              | 109.8                               | 0.0                    | 109.8                              |

<sup>1</sup> Proportionate consolidation    <sup>2</sup> Equity accounting

# Changes resulting from use of equity accounting from 2014|15 FY (3)



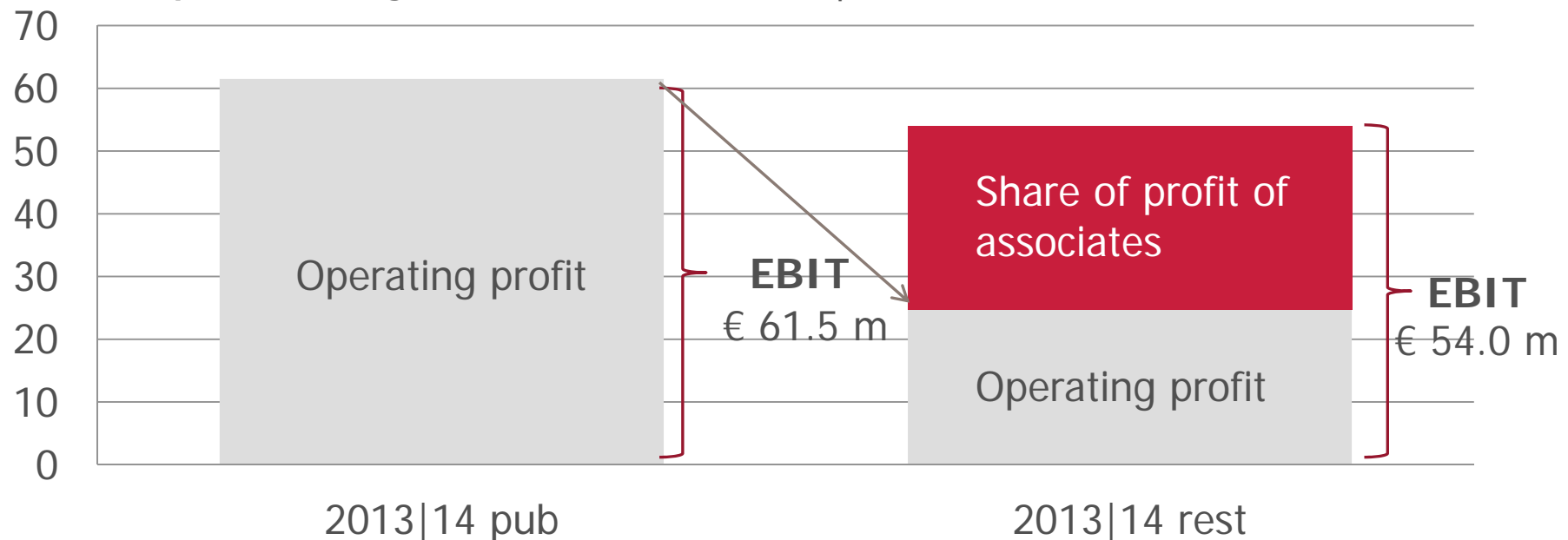
| <b>SUGAR Segment<br/>€m</b>   | <b>2013   14<br/>published<sup>1</sup></b> | <b>IFRS 11<br/>restatement</b> | <b>2013   14<br/>restated<sup>2</sup></b> |
|-------------------------------|--|--------------------------------|---|
| Revenue                       | 1,022.8                                    | -59.9                          | 962.9                                     |
| Operating profit              | 45.3                                       | +0.2                           | 45.5                                      |
| Share of profit of associates | 0.0  | -0.9                           | -0.9                                      |
| EBIT                          | 50.0                                       | -0.8                           | 49.2                                      |
| <b>STARCH Segment<br/>€m</b>  | <b>2013   14<br/>published<sup>1</sup></b> | <b>IFRS 11<br/>restatement</b> | <b>2013   14<br/>restated<sup>2</sup></b> |
| Revenue                       | 848.5                                      | -141.8                         | 706.7                                     |
| Operating profit              | 61.5                                       | -36.8                          | 24.7                                      |
| Share of profit of associates | 0.0  | +29.3                          | 29.3                                      |
| EBIT                          | 61.5                                       | -7.5                           | 54.0                                      |



## Changes resulting from use of equity accounting from 2014|15 FY (4)

- It should be noted that, as a result of the adoption of equity accounting, the **focus** of the earnings outlook is now on profit after exceptional items (**EBIT**)
- The reason is that under the new accounting standard, operating profit before exceptional items, which was the target parameter until now, no longer includes the HUNGRANA and West Balkan groups and, in the future, would thus not provide a true and fair view of the AGRANA Group's actual results

Example Starch segment (EBIT restated 2013 | 14):



# Segment outlook 2014|15 FY

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



## SUGAR Segment

- AGRANA expects a decline in revenue amid the continuing low selling prices for sugar
- As the revenue reduction will only partly be offset by lower raw material costs, a further decrease in EBIT is projected

## STARCH Segment

- AGRANA is expecting a small, price-driven revenue reduction for 2014|15
- The new wheat starch plant in Pischelsdorf will be running at full capacity and producing native wheat starch, wheat gluten and wheat bran; the resulting positive impact on sales volumes will probably not be able to make up for the price decline – especially in saccharification products and bioethanol – as a result of the high levels of supply
- Nonetheless, AGRANA expects EBIT in the Starch segment to come in slightly ahead of the year-earlier result

## FRUIT Segment

- The projection is for sustained growth in revenue thanks to rising sales volumes; EBIT is also seen as rising
- In fruit preparations, both revenue and EBIT are expected to increase; AGRANA thinks that fruit preparations volumes will expand in all regions
- In the fruit juice concentrate activities, a gentle easing trend in revenue is expected year-on-year; EBIT of AUSTRIA JUICE should be marginally below 2013|14 result

# Outlook AGRANA Group 2014|15 FY

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



- At present, AGRANA expects a small decrease in **Group revenue** for the 2014|15 financial year as a result of a combination of somewhat lower average selling prices and a slight increase in sales volumes
- The Group also foresees a slight decrease in **operating profit after exceptional items (EBIT)**
- During 2014|15, **total investment** in the three segments, at **about € 96 million**, will be in line with the rate of depreciation



## — Financial calendar for 2014|15

**4 July 2014**

**Annual General Meeting for 2013 | 14**

9 July 2014

Dividend payment and ex-dividend date

10 July 2014

Results for first quarter of 2014|15

9 October 2014

Results for first half of 2014|15

13 January 2015

Results for first three quarters of 2014|15





Sugar.  
Starch.  
Fruit.

THANK YOU FOR  
YOUR ATTENTION —



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