

IN OUR HANDS



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AGRANA Beteiligungs-AG  
**Results for the first  
three quarters of 2014 | 15**

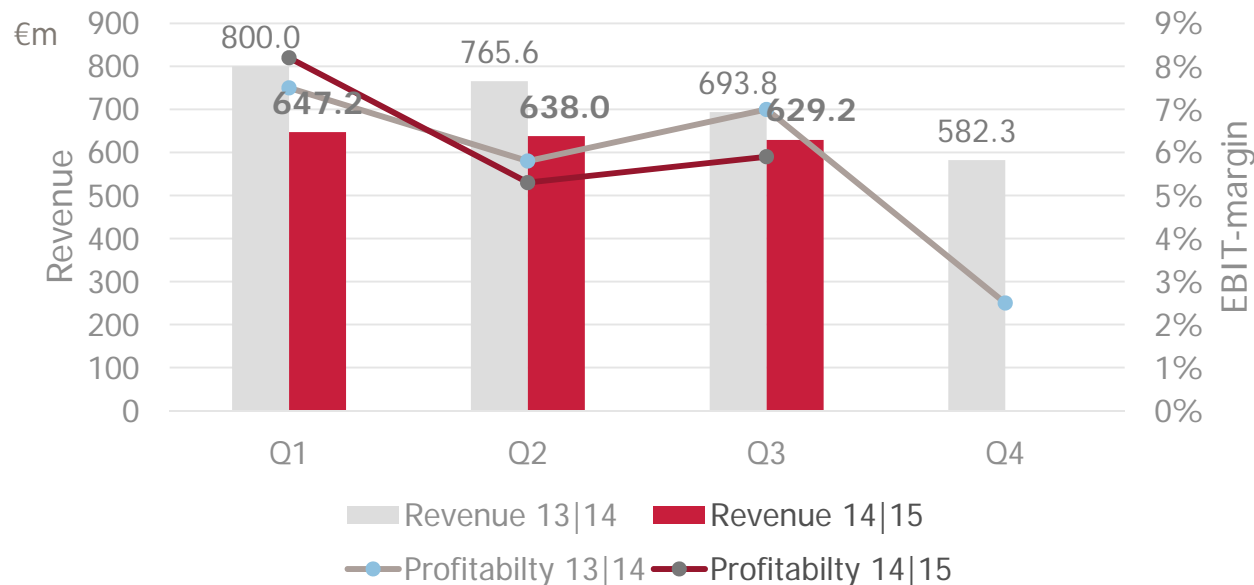
1 March – 30 November 2014

Vienna, 13 January 2015



## — Overview Q1-3 2014|15

- **Price pressure in the Sugar segment** and non-recurring structural effects in Fruit (streamlining of fruit preparations production in Austria) led to EBIT reduction



- **Fourth US fruit preparations plant** in Lysander, New York, started operation
- **New research and innovation center, ARIC**, opened in Tulln, Austria
- **Fruit preparations production in Austria** merged at Gleisdorf site
- **New CFO** since 1 January 2015: Stephan Büttner succeeds Walter Grausam



## — Challenges for the SUGAR segment ahead

- The **price situation in the Sugar segment** will continue to be tense in the months ahead
- From September to October 2014 alone, the EU report on **sugar prices** showed a **drastic fall from € 508 to € 453** per tonne
- Even a reduction of **beet prices to the EU minimum price** cannot compensate this erosion of sugar market prices
- This price trend will also have an impact on **inventory valuations**
  
- In this difficult situation for the Sugar segment, our **diversification proves its worth** as Starch and Fruit support our Group results

# “Special activities” in the FRUIT segment



## — Optimising the organisational structure in Austria

- The **fruit preparations plant** in Kröllendorf, Austria, which had been operating below capacity, is being **relocated** to the larger fruit preparations facility in Gleisdorf, Austria
- Intention to complete the relocation process by the end of the 2014|15 FY
- Kröllendorf remains head office of **AUSTRIA JUICE** and the site for **fruit juice concentrate production**
- As part of the streamlining of the site network for **fruit juice concentrate** production in Austria, **AUSTRIA JUICE closed the facility in Gleisdorf** after the 2013 processing season; key components of the plant were relocated to the Austrian site in Kröllendorf to expand the processing capacity there





## — Overview Q1-3 2014|15 results

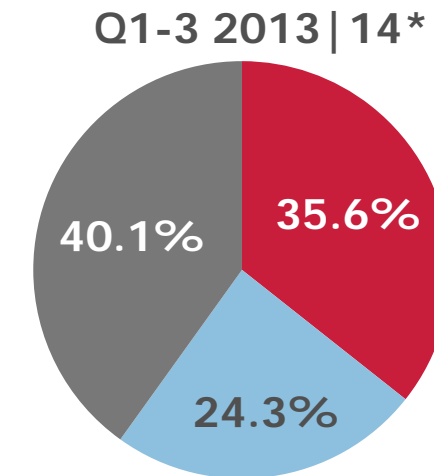
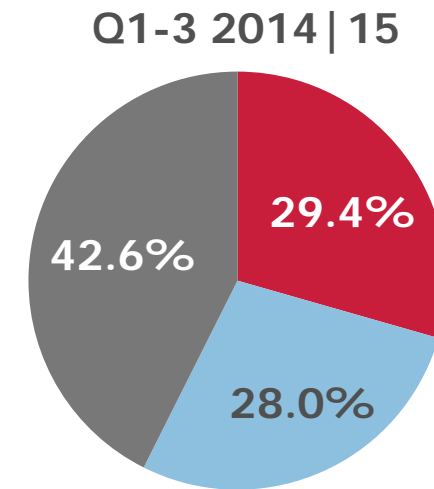
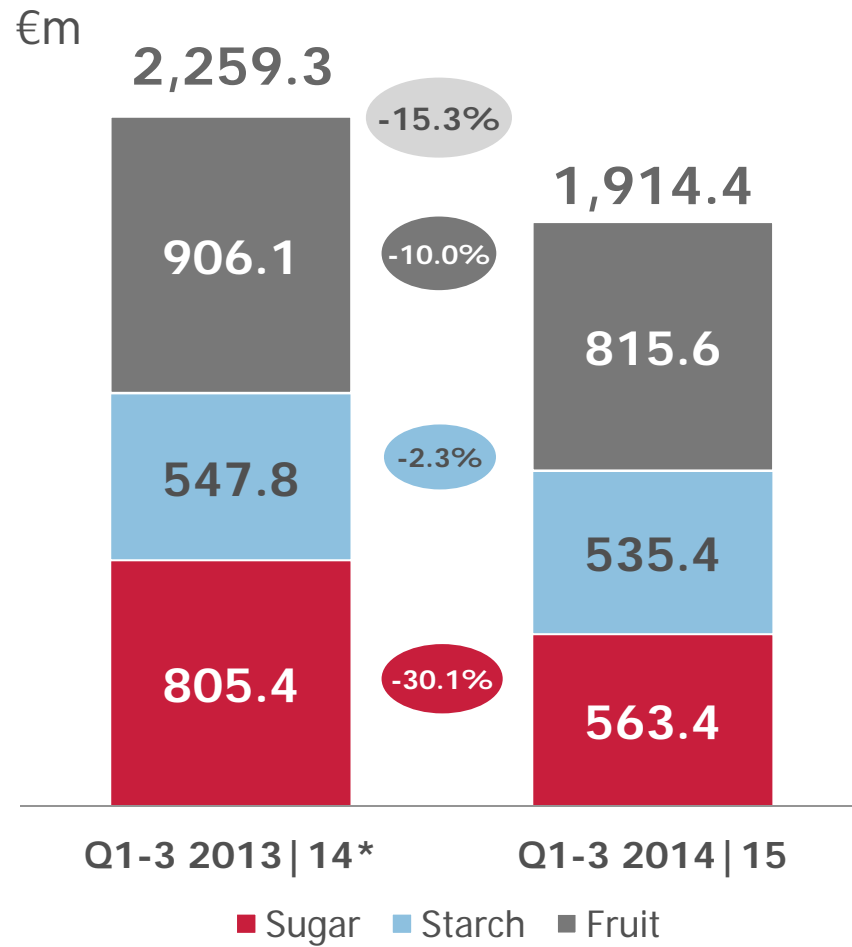
€m	<b>Q1-3 2014   15</b>	Q1-3 2013 14*	△ %	<b>Q3 2014   15</b>	Q3 2013 14*	△ %
Revenue	<b>1,914.4</b>	2,259.3	-15.3	<b>629.2</b>	693.7	-9.3
Exceptional items	<b>(3.7)</b>	0.0	n/a	<b>0.4</b>	0.0	n/a
EBIT	<b>124.4</b>	152.6	-18.5	<b>37.4</b>	48.4	-22.7
EBIT margin (%)	<b>6.5</b>	6.8	-0.3pp	<b>5.9</b>	7.0	-1.1pp
PAT	<b>82.0</b>	102.6	-20.1	<b>21.1</b>	33.4	-36.8
EPS (€)	<b>5.45</b>	6.80	-19.9	<b>1.37</b>	2.21	-38.0

%	<b>30 Nov. 2014</b>	△pp	28 Feb. 2014 <sup>1</sup>
Equity ratio	<b>47.6</b>	-2.3	49.9
Gearing	<b>23.5</b>	+8.9	32.4



# Revenue by segment

Q1-3 2014|15

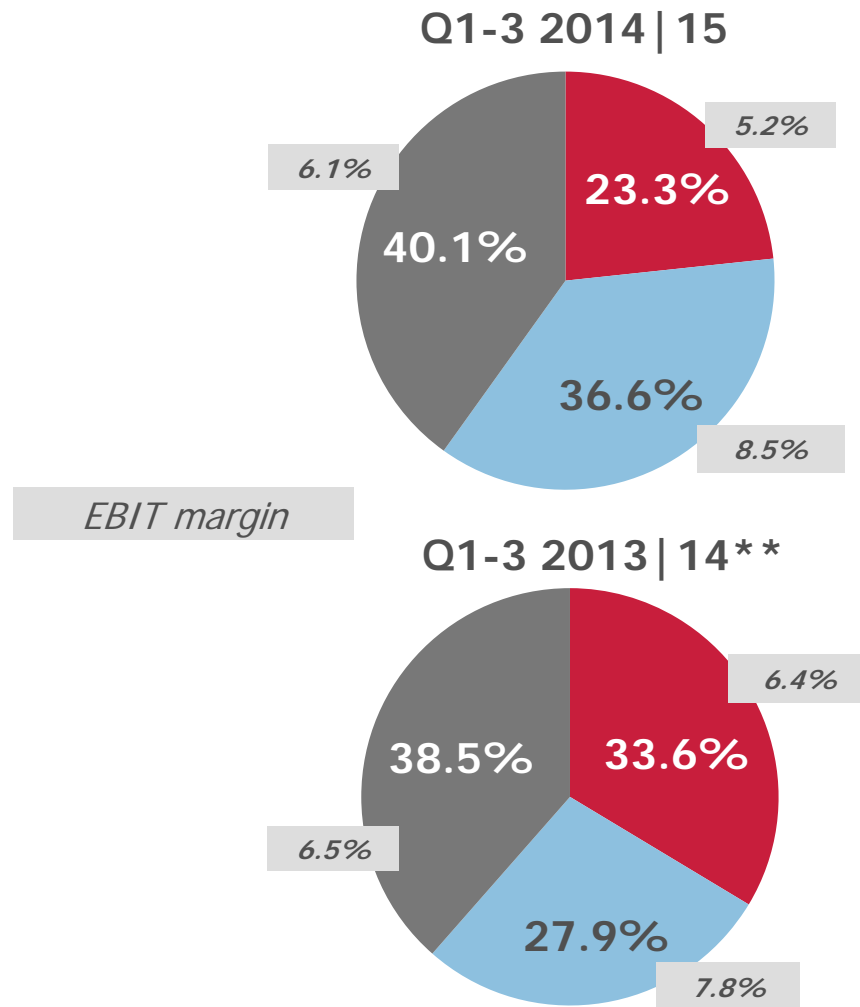
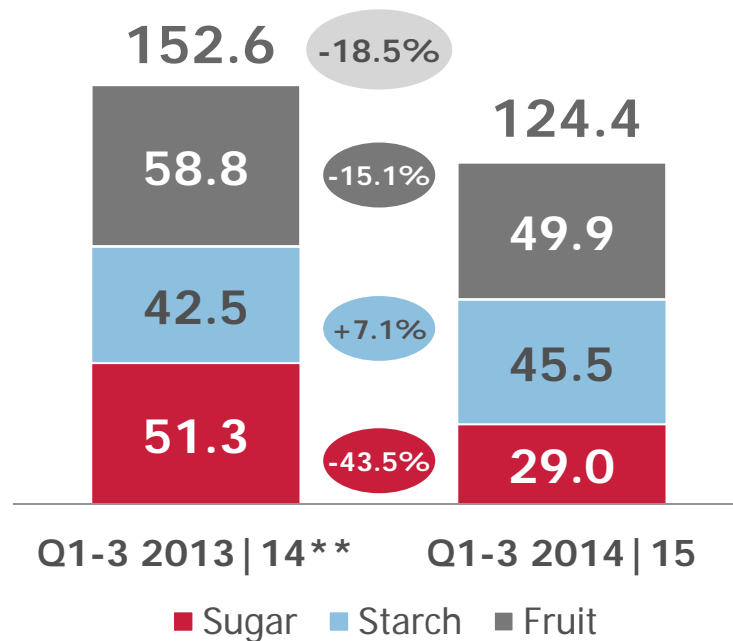




# EBIT\* by segment

— Q1-3 2014|15

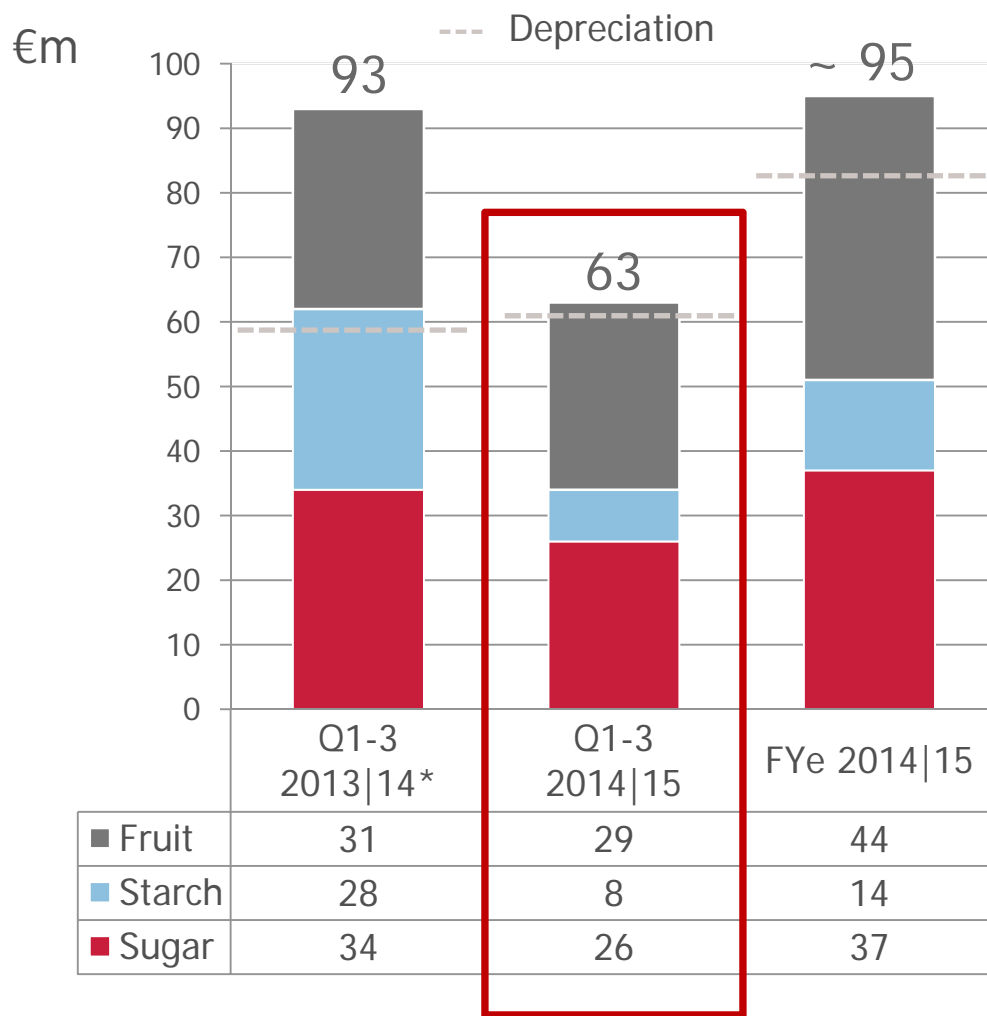
€m



# Investment overview



— Q1-3 2014|15



## Most important projects in the Group:

- Expansion of molasses desugaring plant in Tulln, Austria (**SUGAR**)
- Erection of packaging centre in Kaposvar, Hungary (**SUGAR**)
- Capacity expansion of waxy corn derivative production in Aschach, Austria (**STARCH**)
- Increase of spray drying capacity in Gmünd, Austria (**STARCH**)
- Completion of the US fruit preparations plant in New York state, which began production in Q1 2014|15 (**FRUIT**)
- Relocation of fruit juice concentrate production capacity from Gleisdorf to Kröllendorf, Austria; for the first time, apples were no longer pressed in Gleisdorf (**FRUIT**)



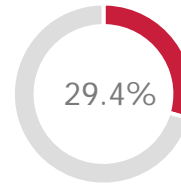


SUGAR

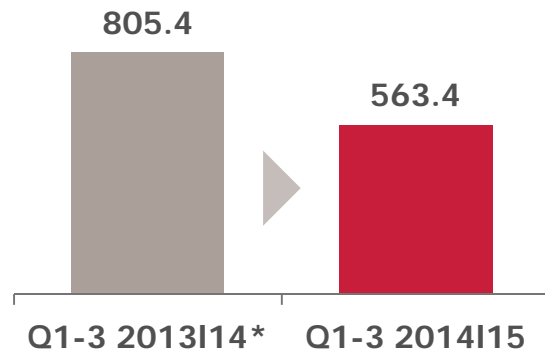
# SUGAR segment

Financial results Q1-3 2014|15

Share of total revenue



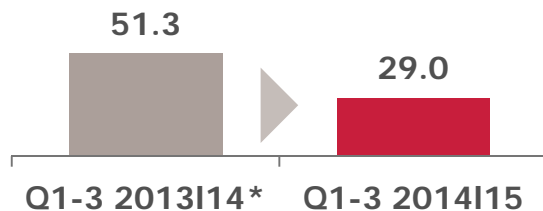
Revenue  
€m



## Revenue fell to € 563.4 million

- The reasons were
  - a reduction in sales prices
  - and a decrease in quantities sold into the sugar-using industry and to resellers
- Revenues from by-products rose slightly

EBIT  
€m



## EBIT down to € 29.0 million

- As expected EBIT was down significantly from the high value of prior year
- The margin development in the 3rd quarter was driven by the persistent erosion of sugar prices
- The Positive net exceptional items resulted from refunds in connection with the EU production levy

# SUGAR segment



## Market environment Q1-3 2014|15

### SUGAR Segment

- World sugar balance: for the first time since SMY 2009|10, supply will be less than demand, which **could lead to a stabilisation** in prices
- Frequent changes in crop forecasts, particularly for the main Brazilian production regions, generated substantial **volatility** in world market prices
- Towards the end of the reporting period these were very low, with a **white sugar quotation** of US\$ 407, or € 326, per tonne at the end of November 2014; much of this trend is additionally attributed to the weakness in the Brazilian real and a falling world market price for petroleum
- Owing to the currently very low sugar prices in the EU, **preferential imports** should decline; the supply in the EU sugar **market is fully sufficient** even without exceptional measures by the European Commission

# Quotation



## Raw sugar & white sugar

January 2006 – January 2015 (USD)



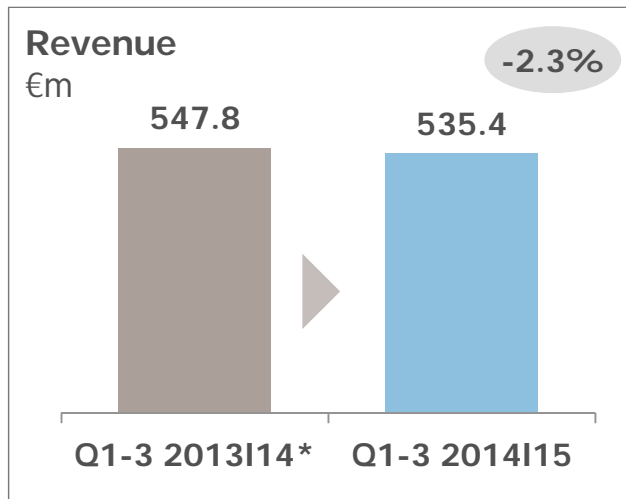
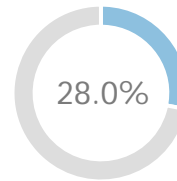


## STARCH

# STARCH segment

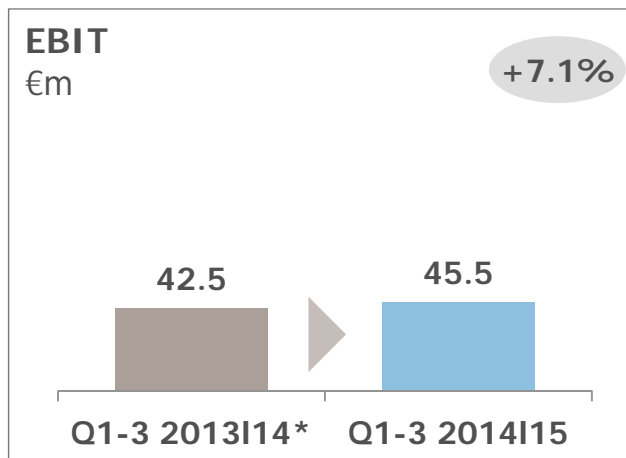
## Financial results Q1-3 2014|15

Share of total revenue



### Revenue slightly down to € 535.4 million

- The decline was caused primarily by lower selling prices for bioethanol, native corn starch and starch saccharification products
- The positive effect of higher volumes from, among other sources, the fully utilised wheat starch plant in Pischelsdorf, Austria, could not fully outweigh this price effect



### EBIT up to € 45.5 million

- EBIT was up 7.1% y-o-y and the EBIT profit margin expanded by almost one percentage point to 8.5%
- Lower sales prices for core and by-products have been offset by reduced raw material and energy prices as well as higher sales volumes – particularly for products from the wheat starch plant in Pischelsdorf

# STARCH segment

— Market environment Q1-3 2014|15



## STARCH Segment

- **Potato Starch:** volumes at a high level; prices stable
- **Sweeteners:** significant price drop for new contracts due to dependence on sugar market
- **Bioethanol:** prices continuously at a low level
- **Feed/by-products:** high mycotoxin contamination in corn across all over Europe made adjustments in our raw material mix necessary



# Price development of cereals

## Wheat & corn (Paris)

January 2006 – January 2015 (EUR)

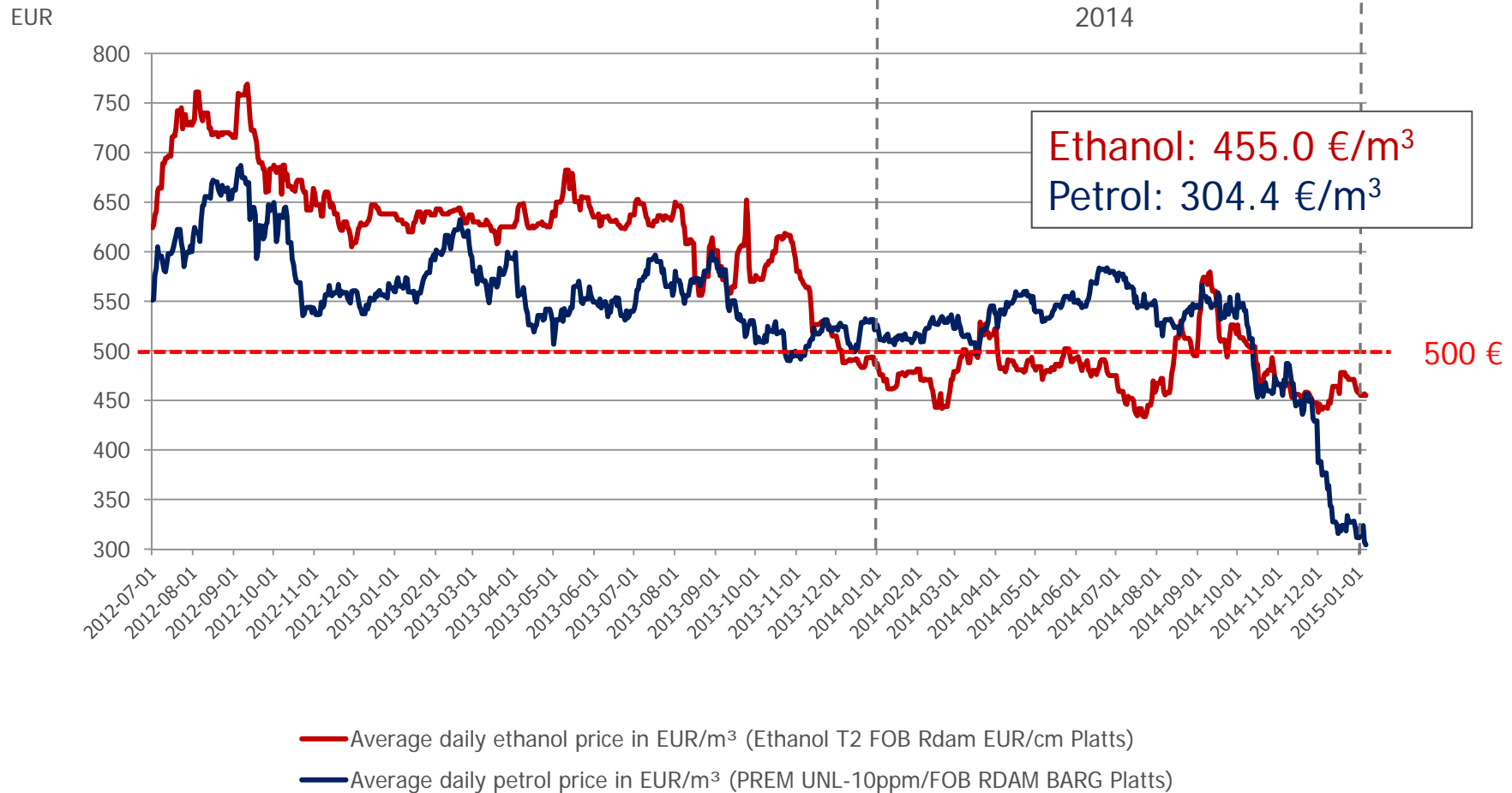




# Development of ethanol prices



— 1 July 2012 – 6 January 2015



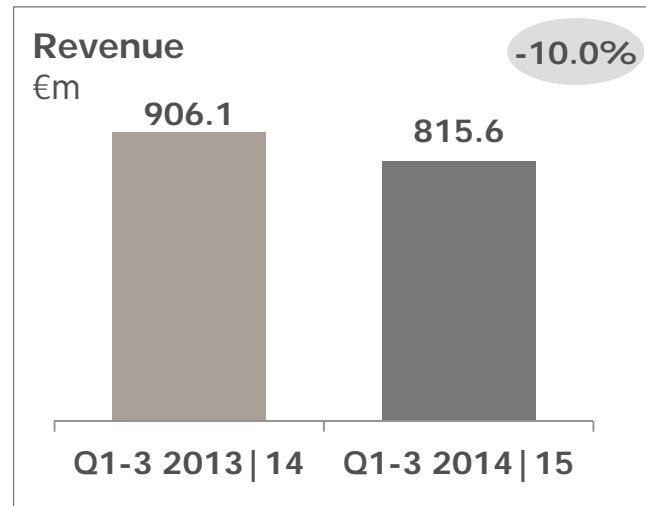
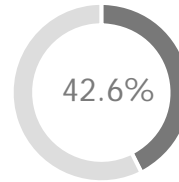


FRUIT —

# FRUIT segment

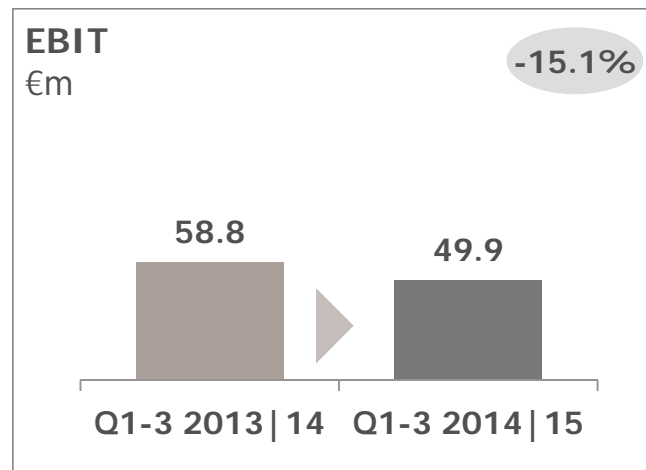
Financial results Q1-3 2014|15

Share of total revenue



## Revenue down to € 815.6 million

- In fruit preparations (FP), sales quantities were at the py level, but especially FX effects caused FP revenue to ease by about 3%
- A revenue reduction of about one-quarter in the fruit juice concentrate business resulted from a decline in sales volumes reflecting crops and buying-in, and also from sharply lower selling prices for apple juice concentrate



## EBIT with € 49.9 million less than in py

- Earnings on the fruit preparations side were adversely affected by a provisioning expense for the planned costs of closing the plant in Kröllendorf, Austria, and moving its production to other sites, as well as FX translation effects
- Profit margin (%) improved in the fruit juice concentrate activities compared to the prior year

# FRUIT segment

— Market environment Q1-3 2014|15



## FRUIT Segment

### Fruit preparations:

- For fruit preparations there is slight growth in the non-European markets and a continuing mild demand decline within the EU
- Specifically, current data for the yoghurt market show a 2% decrease in Europe, while Russia still saw growth of 2%
- The political uncertainty in Ukraine led to single-digit reductions in demand there

### Fruit juice concentrates:

- Western European consumption (especially in Germany) of beverages with a high fruit juice content further declined slightly
- Lower apple prices as a result of large crops and of Russia's import ban on fresh fruit from the EU are leading to a significant drop in prices for apple juice concentrate
- Given the low prices and the trend in the exchange rate of the euro against the US dollar, favouring European exports, customers in the USA are also increasingly being supplied with European apple juice concentrate



# CONSOLIDATED FINANCIAL STATEMENTS Q1-3 2014|15

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



### A quick reminder...

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

## Changes resulting from use of equity accounting for Q1-3 2013|14



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

AGRANA Group €m	Q1-3 2013 14 published <sup>1</sup>	IFRS 11 restatement	Q1-3 2013 14 restated <sup>2</sup>
Revenue	2,416.9	(157.6)	2,259.3
Operating profit <sup>3</sup>	158.6	(28.8)	129.8
Share of results of equity-accounted JV	0.0	22.8	22.8
EBIT	158.6	(6.0)	152.6
PAT	102.6	0.0	102.6

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



## — Consolidated income statement

€m (condensed)	<b>Q1-3 2014   15</b>	Q1-3 2013 14*	<b>Q3 2014   15</b>	Q3 2013 14*
<b>Revenue</b>	<b>1,914.4</b>	2,259.3	<b>629.2</b>	693.7
Operating profit before exc. items & JV	<b>108.0</b>	129.8	<b>29.8</b>	39.2
Exceptional items	<b>(3.7)</b>	0.0	<b>0.4</b>	0.0
Share of results of equity-accounted JV	<b>20.1</b>	22.8	<b>7.2</b>	9.2
<b>EBIT</b>	<b>124.4</b>	152.6	<b>37.4</b>	48.4
Net financial items	<b>(11.6)</b>	(21.7)	<b>(4.5)</b>	(6.5)
Profit before tax	<b>112.8</b>	130.9	<b>33.0</b>	41.9
Income tax expense	<b>(30.8)</b>	(28.3)	<b>(11.9)</b>	(8.5)
<b>Profit for the period</b>	<b>82.0</b>	102.6	<b>21.1</b>	33.4
Attributable to shareholders of the parent	<b>77.4</b>	96.6	<b>19.5</b>	31.4
Earnings per share (€)	<b>5.45</b>	6.80	<b>1.37</b>	2.21





## — Analysis of net financial items

€m	Q1-3 2014   15	Q1-3 2013   14*
Net interest expense	(10.0)	(11.9)
Currency translation differences	→ 1.8	(8.4)
Other financial items	(3.4)	(1.4)
<b>Total of net financial items</b>	<b>(11.6)</b>	<b>(21.7)</b>



## — Consolidated cash flow statement

€m (condensed)	Q1-3 2014   15	Q1-3 2013   14*
Operating cash flow before change in working capital	137.4	141.6
(Gains) on disposal of non-current assets	(0.4)	(1.2)
Change in working capital	⇒ 109.9	37.4
<b>Net cash from operating activities</b>	<b>246.9</b>	<b>177.8</b>
Net cash (used in) investing activities	(61.2)	(92.1)
Net cash (used in) financing activities	(63.3)	(65.6)
<i>Net increase in cash and cash equivalents</i>	<b>122.4</b>	<i>20.1</i>



## — Consolidated balance sheet

€m (condensed)	30 November 2014	28 February 2014*
Non-current assets	1,119.1	1,103.9
Current assets	1,422.7	1,287.7
<i>Total assets</i>	<i>2,541.8</i>	<i>2,391.6</i>
Equity	1,209.1	1,192.7
Non-current liabilities	415.8	411.0
Current liabilities	916.9	787.9
<i>Total equity and liabilities</i>	<i>2,541.8</i>	<i>2,391.6</i>
Equity ratio	→ 47.6%	49.9%
Net debt	287.4	386.8
Gearing	→ 23.5%	32.4%



Sugar.  
Starch.  
Fruit.

OUTLOOK

# Segment outlook 2014|15 FY

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



## SUGAR Segment

Revenue	↓↓
---------	----

EBIT	↓↓
------	----

- In the Sugar segment, AGRANA predicts a **significant revenue reduction** (2013|14: € 962.9 million) as a consequence of the decline in sugar selling prices experienced especially in the second half of 2014|15
- The revenue reduction will only partly be offset by lower raw material costs, and with a time lag; a **significant decrease in EBIT** is therefore projected (2013|14: € 49.2 million)

## STARCH Segment

Revenue	↓
---------	---

EBIT	↓
------	---

- For the Starch segment, AGRANA expects the 2014|15 financial year to bring a **slight reduction in revenue** (2013|14: € 706.7 million)
- Current expectations are for a continuing difficult market situation especially in bioethanol and saccharification products
- **EBIT** could come in **moderately below the prior-year level** (2013|14: € 54.0 million)

## FRUIT Segment

Revenue	↓
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EBIT	↓
------	---

- **Revenue** in the Fruit segment is predicted to **dip moderately** for the 2014|15 financial year (2013|14: € 1,172.1 million)
- **EBIT earnings** are also seen **somewhat lower** than in the prior year (2013|14: € 63.8 million), reflecting the restructuring measures taken
- Reorganisation measures and exchange rates will weigh on consolidated EBIT in **fruit preparations**
- In the **fruit juice concentrate activities**, EBIT in absolute terms should be only slightly lower than in the prior year, and its EBIT margin will therefore rise

# Outlook AGRANA Group for 2014|15 FY

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



## AGRANA Group

Revenue 2014|15 FY ↓↓

EBIT 2014|15 FY ↓↓

- For the 2014|15 financial year as a whole, AGRANA continues to expect a significant decrease in **Group revenue** (2013|14: € 2,841.7 million), driven by much lower average prices than last year
- For **operating profit (EBIT)** as well (2013|14: € 167.0 million), the Group is projecting a significant reduction as a result of the price declines that are manifesting notably for sugar and ethanol
- AGRANA Group's **total investment** of about € 95 million will exceed depreciation by approximately 15%, but will be significantly less than in the prior year



## APPENDIX I

### — Financial calendar for CY 2015

**13 May 2015**

**Annual results for 2014 | 15 (Press conference)**

3 July 2015

**Annual General Meeting for 2014|15**

8 July 2015

**Ex-dividend date and dividend payment**

9 July 2015

**Results for the first quarter of 2015|16**

# APPENDIX II

As a reminder: Quantitative definitions of selected common modifying words used



To help ensure that our financial communications are clear and easy to understand:

Modifier	Visualisation	Numerical rate of change
Steady	→	0% up to 1%, or 0% to -1%
Slight(ly)	↗ or ↘	More than 1% and up to 5%, or less than -1% and not less than -5%
Moderate(ly)	↑ or ↓	More than 5% and up to 10%, or less than -5% and not less than -10%
Significant(ly)	↑↑ or ↓↓	More than 10%, or less than -10%

Certain modifiers such as “slightly” and “significant” are very common in AGRANA’s financial reporting. For example, when we make statements about trends and rates of change, such as “we expect significant growth”. **To ensure transparency and clarity, we have defined four of the most common such descriptors**, as well as associated visualisations, **by assigning a range of percentage rates and visualisations to each word**. Starting today, whenever one of these words is used in a sense that can be quantified as a percentage, the word means a percentage within the specific range ascribed to the term. The same applies to the defined visualisations. The definitions are found in the table above. For instance, the word “steady” means a change of less than 1%. Note that for stylistic and other reasons, we may sometimes still use different words to describe these same percentage ranges (e.g., stable instead of steady).





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Quantitative definitions of selected common modifying words used:

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