



FRUIT
STARCH
SUGAR

The natural upgrade

***STRONG AND
PROFITABLE***

AGRANA Beteiligungs-AG **Annual Results for 2017 | 18**

Presentation for investors and analysts

AGRANA 2017/18 Online:
reports.agrana.com

Vienna, 8 May 2018



2017|18 OVERVIEW

- Revenue: € 2,566.3 m (prior year: € 2,561.3 m)
- EBIT: € 190.6 m (prior year: € 172.4 m)
- EBIT margin: 7.4% (prior year: 6.7%)
- All segments contributed to the EBIT growth
- New starch capacity in Aschach, Austria, successfully brought on-stream
- Fruit segment invests where the global growth is, with various projects including facility expansions
- Dividend proposal of € 4.50 per share



~8,700

Employees (FTEs)
as of 28 Feb. 2018



58
Production sites
as of 8 May 2017



€ ~2.6 billion

Group revenue
in 2017|18 FY



Leading
SUGAR

SUPPLIER
in Central, Eastern &
Southeastern Europe



Major European
manufacturer
of customised
STARCH

PRODUCTS and
bioethanol



World market leader
in the production of
FRUIT

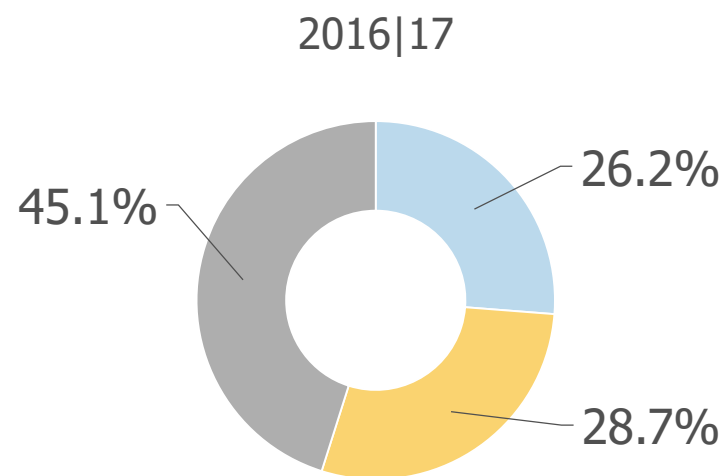
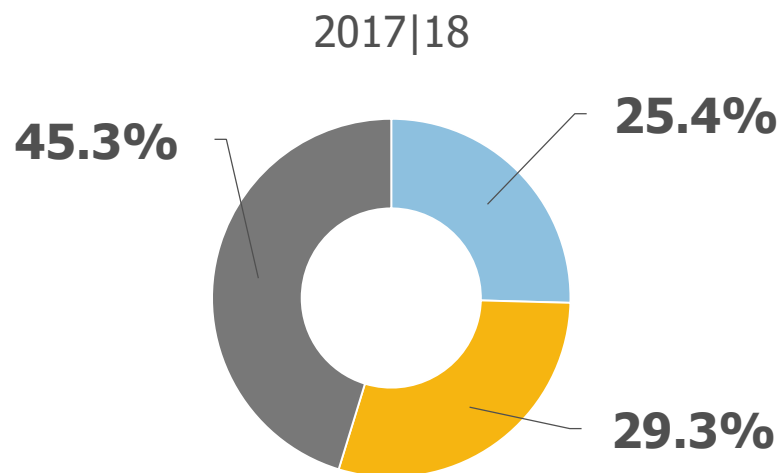
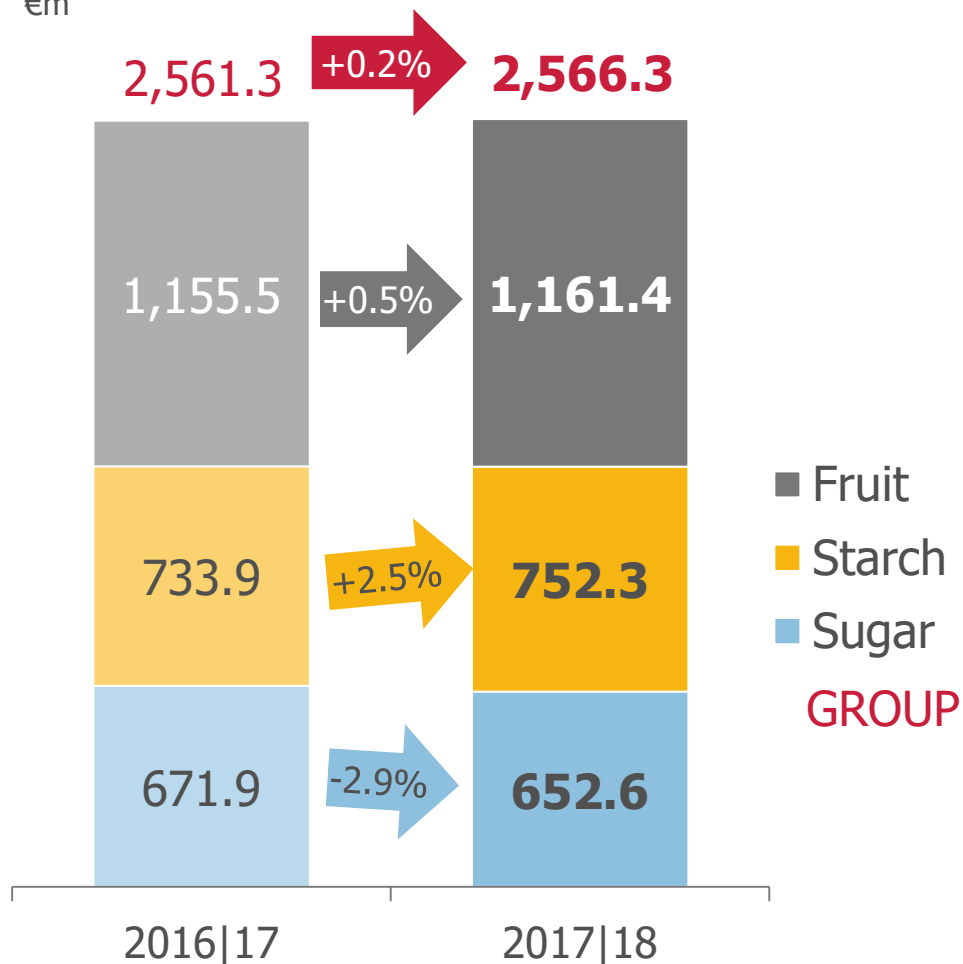
PREPARATIONS
and largest
manufacturer of
fruit juice concentrates
in Europe



2017|18 VS PRIOR YEAR

REVENUE BY SEGMENT

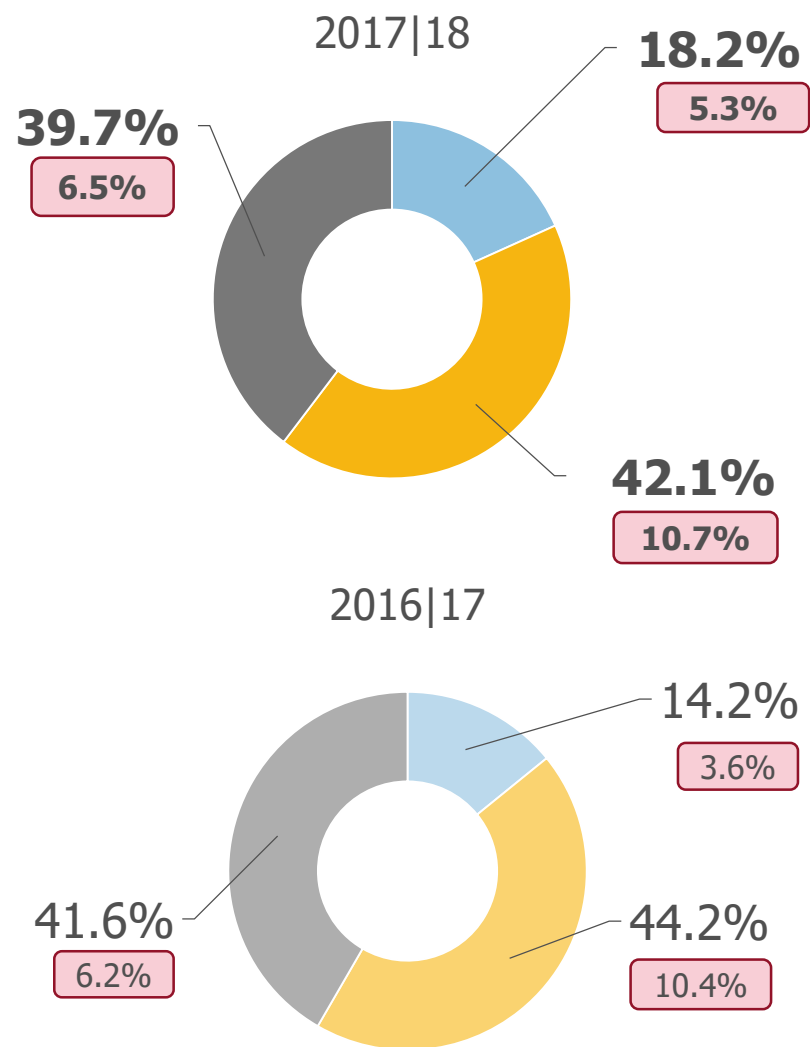
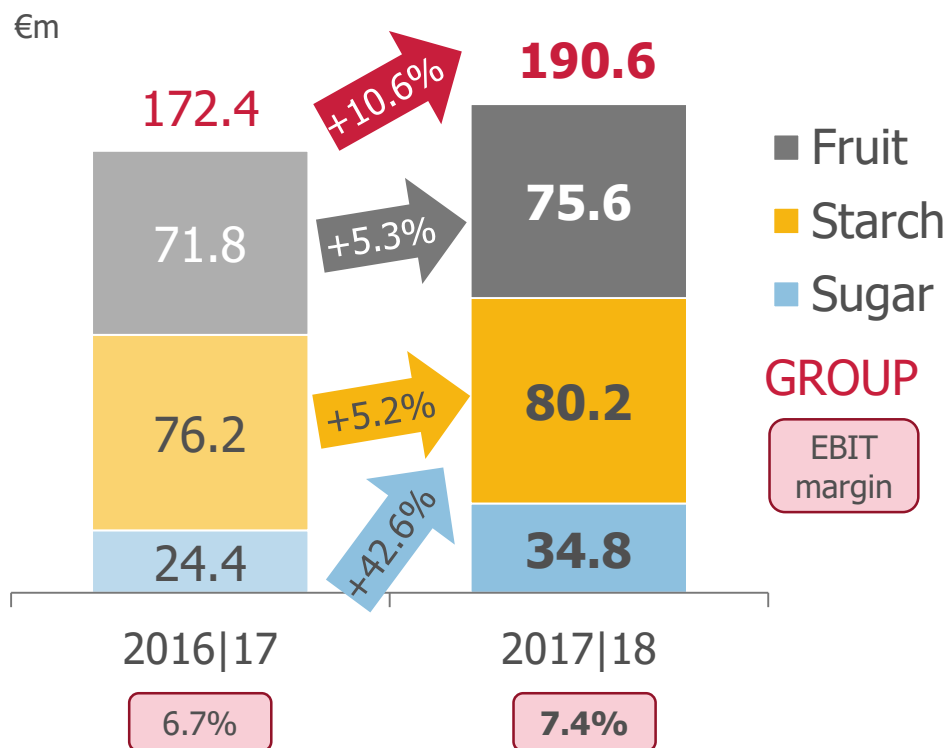
€m





2017|18 VS PRIOR YEAR

EBIT BY SEGMENT

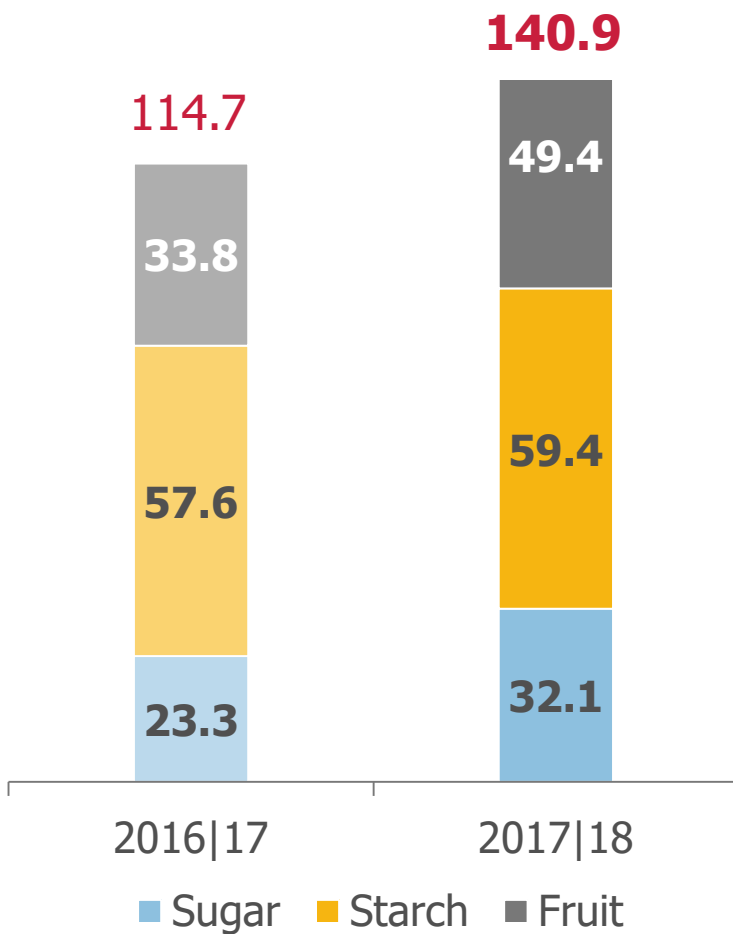




MOST IMPORTANT PROJECTS IN THE GROUP

INVESTMENT OVERVIEW

€m



GROUP

2017|18

FRUIT

- Various projects across all 42 production sites (including the construction start of the second fruit preparations plant in China and a new carrot concentrate production line in Hungary)

STARCH

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

SUGAR

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



PROJECTS CONCLUDED IN 2017|18

CORN STARCH CAPACITY INCREASE

- Expansion project in Aschach|Austria **completed successfully**
- Expansion in the fields of wet corn grinding process, waxy corn derivatisation and spraying capacity for maltodextrin production
- Full utilisation of the additional corn grinding capacity will have a positive impact for the revenue development of the Starch segment in 2018|19

- Total investment: **€ 80 m**
- **Capacity increase: +30%**
-> 540,000 tonnes
- 25 new jobs





PROJECTS CONCLUDED IN THE FRUIT SEGMENT

ARGENTINA & INDIA

- **Integration of the Argentine company Main Process S.A. completed** and fruit preparations production in Argentina now concentrated at this new site (Bella Vista)
- Synergy effects in Argentina are expected to contribute to the future AGRANA Fruit EBIT improvement



- The company in India founded in the prior year launched **sales of purees** in 2017|18
- In addition to the existing production of mango puree, AGRANA Fruit India **will start production of fruit preparations** in June 2018



AD-HOC RELEASE AS OF 2 MAY 2018

SUNOKO NEGOTIATIONS PLACED ON HOLD

- AGRANA Beteiligungs-AG and Agri Europe Cyprus Ltd., Limassol|Cyprus, **agreed to place the negotiations on the acquisition** of the Serbian sugar company **Sunoko** d.o.o., Novi Sad|Serbia, **on hold**
- The reason behind this is the **challenging European sugar market environment**



SEGMENT

FRUIT





FRUIT SEGMENT

Fruit preparations

- Global market for spoonable fruit yoghurts (which is relevant to the fruit preparations business) is to grow at an average annual rate of 0.6% to 2021⁽¹⁾
 - Major markets such as Europe and North America are saturated
 - Positive sales volume trends are seen in Asia-Pacific and some parts of Africa⁽¹⁾
- Drinkable yoghurts are projected to have significantly higher growth of 7.4% over the same period⁽¹⁾
- The global market for bakery and ice-cream is forecasted to continue the growth
- The development of new products is influenced by key trends like naturalness, locally inspired flavours and seasonal products

Fruit juice concentrates

- Concentrate business remains marked by the trends both towards lower fruit content in beverages and towards not-from-concentrate 100% juices
- Rising demand for beverage compounds with a reduced fruit juice content
- Sales of apple juice concentrate for the production of cider remain stable and cider consumption is growing globally
- Low crop volumes in the major apple production regions led to higher prices of concentrate from the 2017 apple campaign

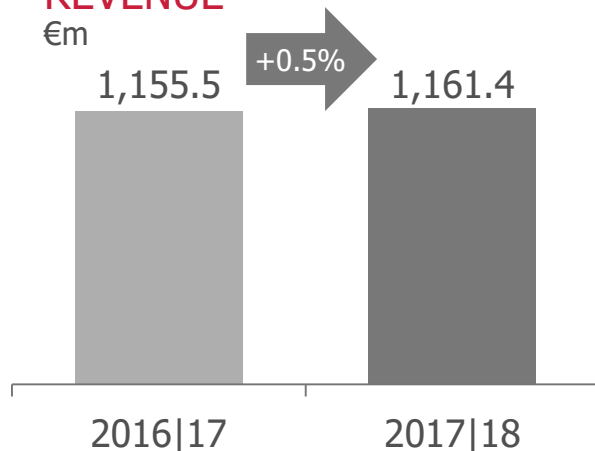
⁽¹⁾ Euromonitor data



FRUIT SEGMENT

REVENUE

€m

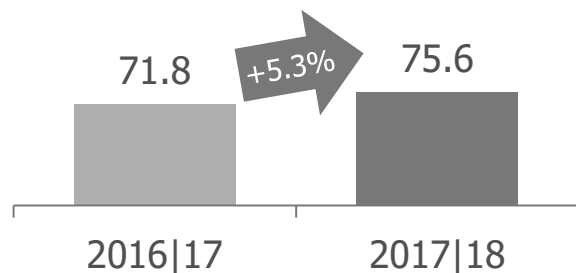


REVENUE stable at € 1,161.4 million

- Fruit segment revenue in 2017|18 very close to previous year
- Fruit preparations: small increase in sales volumes together with stable selling prices added up to slight revenue growth
- Fruit juice concentrates: revenue decreased slightly as a result of lower concentrate prices for product from the 2016 crop compared to 2015

EBIT

€m



EBIT moderately higher than in prior year

- Fruit preparations activities generated significant earnings growth; significant EBIT improvements were achieved especially in Europe, Latin America and the Asia/Australia regions
- EBIT in the fruit juice concentrate business declined significantly as a result of underutilised capacity in the third quarter amid lower availability of apples



SEGMENT

STARCH





STARCH SEGMENT

- **Food starch** segment steady in terms of sales quantities; prices for native and modified starch products moved higher
- **Non-food starches** -> positive development mainly driven by higher demand from the paper and corrugated board industry; the steady growth of the online mail order market stimulates consumption of corrugated board and container board
- European market for **potato starch** is saturated; Latin America and Asia regions are becoming attractive export destinations
- Environment for starch-based **saccharification products**, especially the isoglucose business, influenced mainly by the development of the sugar market and sugar prices
- European market for **bioethanol** remained volatile in the 2017|18 financial year; after months of close correlation between supply and demand in the EU market and firm prices, a significantly lower price range established since the beginning of October 2017
- In **by-products**, prices of high-protein products maintained a firm trend; vital wheat gluten in particular showed an upward movement in prices



2017|18 FY

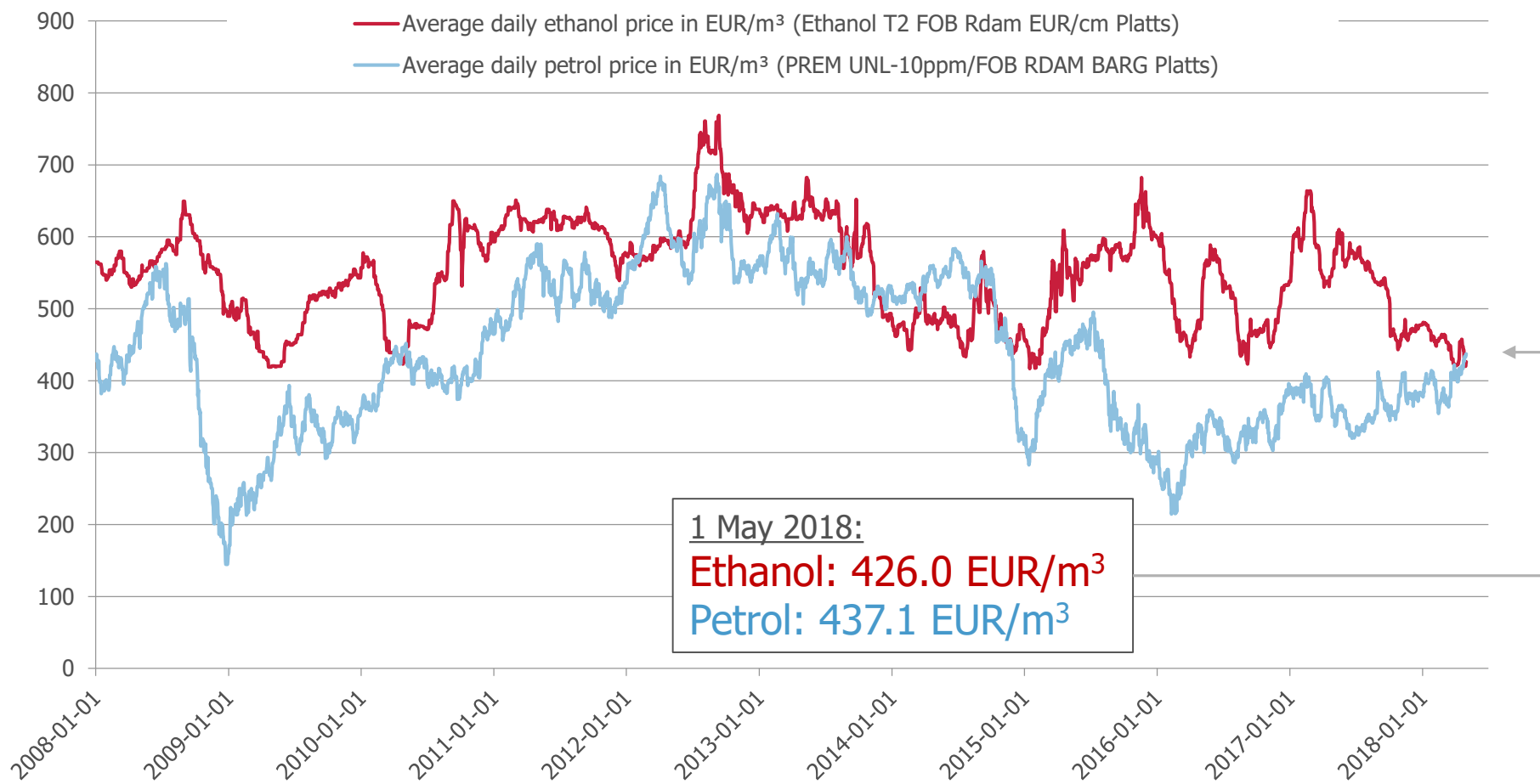


3 May 2018:
167.0 EUR/t



1 JANUARY 2008 – 1 MAY 2018 (EUR)

ETHANOL AND PETROL PRICES

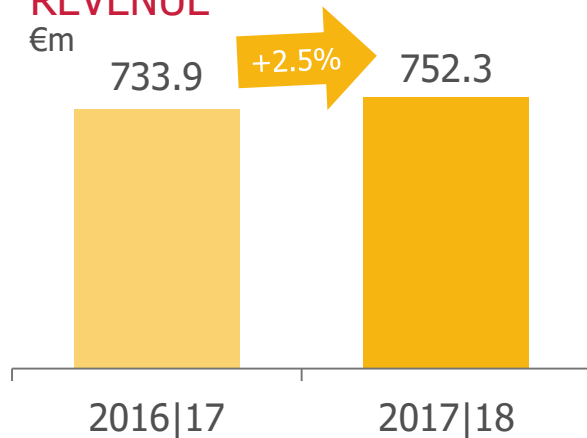




STARCH SEGMENT

REVENUE

€m

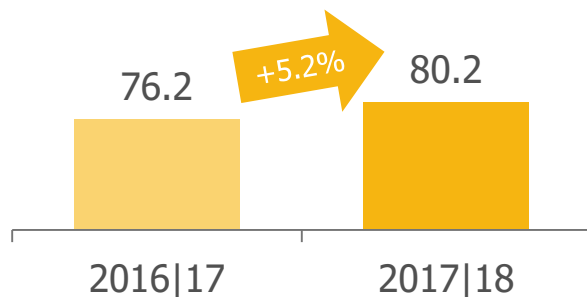


REVENUE at € 752.3 m slightly above prior year

- Key positive drivers were higher sales volumes of starches (particularly organic and specialty grades) and saccharification products
- Higher bioethanol prices in the first nine months
- Decrease of feedstuffs volumes caused a moderate reduction in by-product revenue compared to the prior year, despite higher in-house production

EBIT

€m



EBIT moderately up to € 80.2 million

- Raw material prices were in line with the previous year
- While start-up costs for the commissioning of the facility expansion in Aschach, Austria, negatively impacted earnings, lower energy prices and higher annual average ethanol quotations allowed EBIT improvements to be achieved
- As well, there was a moderate increase in the profit contribution from the equity-accounted HUNGRANA facility, due largely to the year-on-year increase in sales prices of bioethanol



SEGMENT

SUGAR





SUGAR SEGMENT

■ World sugar market

- After two deficit years a **production surplus** is forecasted for SMY 2017|18
- **Sugar quotations** at commodity exchanges follow a **bearish trend** mainly **driven by a surplus in the world sugar balance** linked to positive sugar production in major beet and cane production regions such as the EU, India and other Asian countries

■ EU sugar market

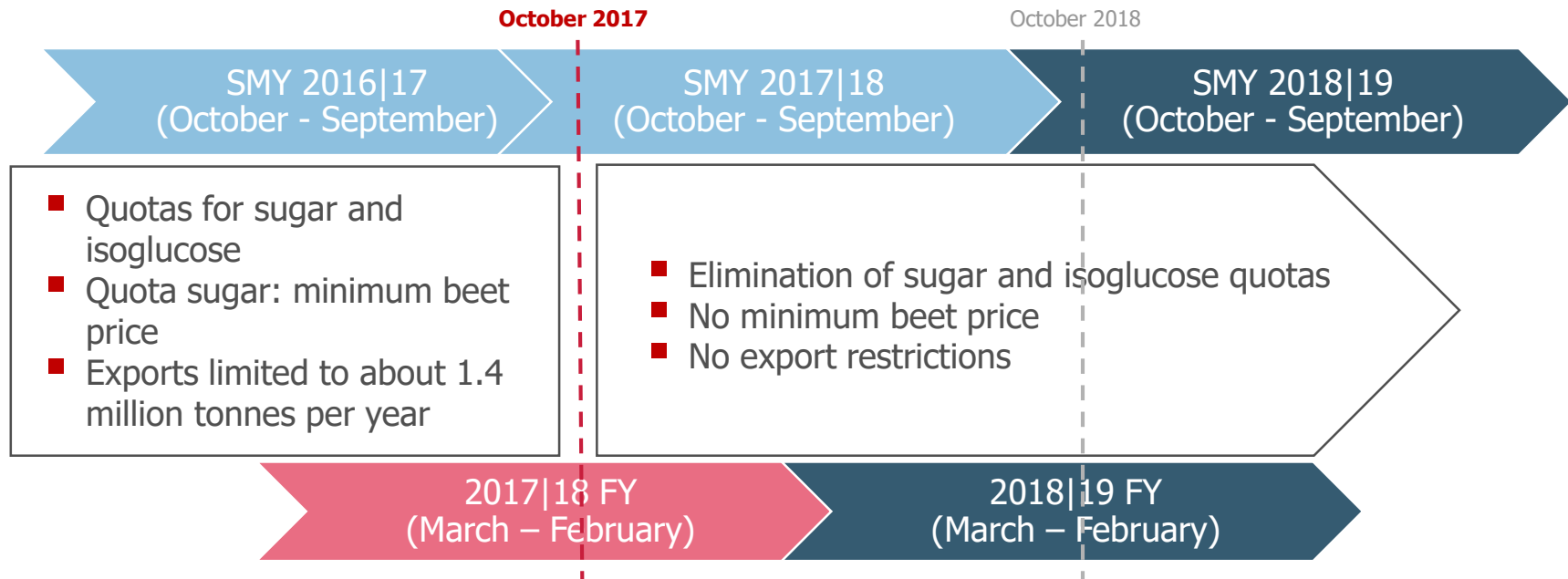
- SMY 2017|18: **+18% increase** in the sugar beet **planting area**, ~77 tonnes of beet per hectare -> 6.7% above five year's average
- European Commission is forecasting an **EU sugar production** of about 21 million tonnes for SMY 2017|18 (prior SMY: 17.3 million tonnes)

■ EU policy

- Since 1 October 2017, the European sugar industry is operating in a **new environment**
- **End of production quotas** for sugar and isoglucose and **abolition** of the **minimum beet price**
- **Tariff protection** of the EU sugar market remains **unchanged**



MARKET STRUCTURE SINCE OCTOBER 2017



AGRANA FY always influenced by two sugar marketing years:

- Production volumes with and without quota
- Prices from quota and post quota time
- EU's structural change from net importer to net exporter

Border protection: unchanged

Import duty from non-preferential countries
Preferential agreements with LDC-/ACP- and other countries



Daily ICE SUG11 JUL8; SUGAR NO5 AUG8

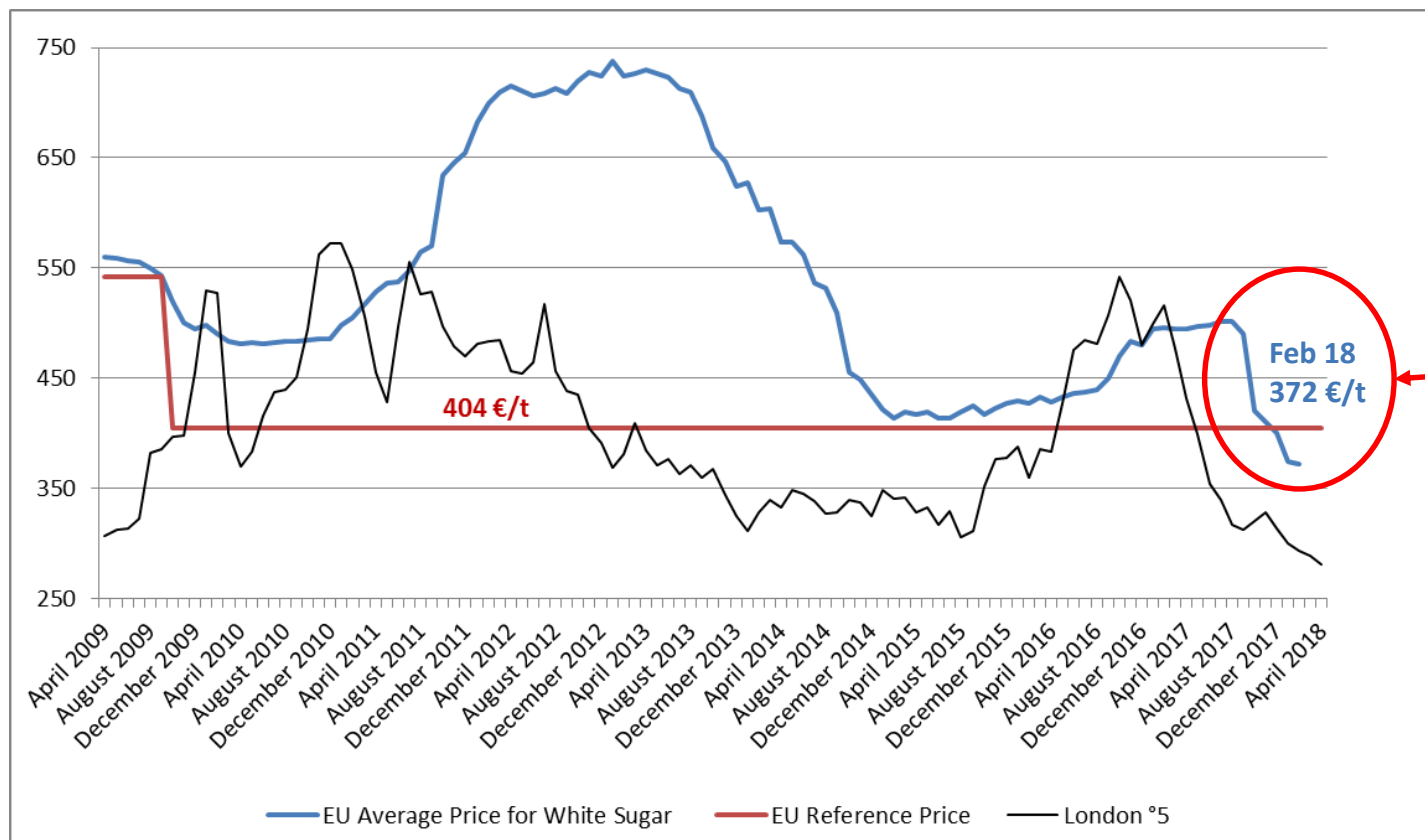




SUGAR IN THE EU

MONTHLY EU AVERAGE PRICES

(APRIL 2009 TO APRIL 2018; € PER TONNE)



Decline in October 2017 to € 420 (September 2017: € 490) -> start of the new SMY 2017|18 (without quotas and minimum beet prices)

QS - Min: 414 € per tonne (February, June and July 2015)

QS - Max: 738 € per tonne (January 2013)

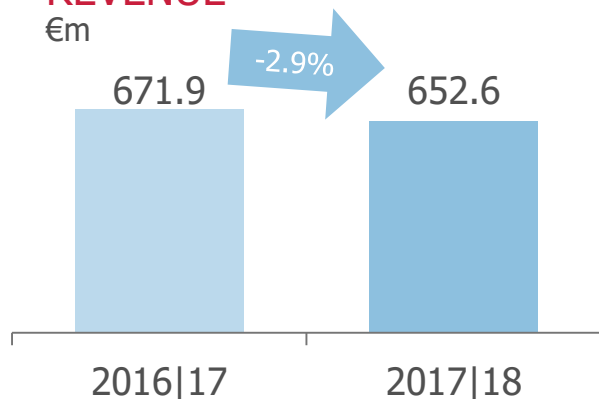
Source: European Commission, Sugar Price Reporting (as of 26 April 2018) and SugarOnline (as of 2 May 2018)



SUGAR SEGMENT

REVENUE

€m

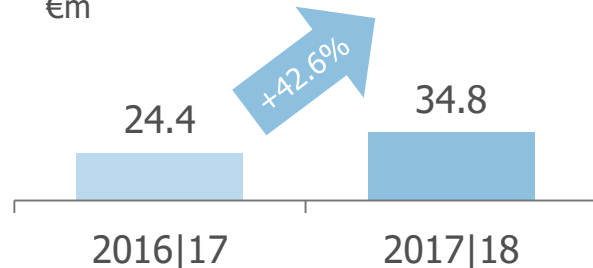


REVENUE slightly down at € 652.6 million

- Decrease resulted in part from a slight reduction in average sugar selling prices for the year (since the new 2017|18 SMY prices dropped both for retail sugar and for sugar sold to industrial customers)
- Revenue from by-products rose moderately, driven primarily by higher sales volume of dried beet pulp

EBIT

€m



EBIT increased significantly to € 34.8 million

- EBIT benefited in the first six months from an environment of higher sales price compared to the year-earlier period
- Since the financial third quarter – the first quarter in the new 2017|18 SMY – operating profit declined significantly
- Exceptional items in 2017|18 amounted to a net expense of € 2.9 million out of costs of restructuring



2017|18

CONSOLIDATED FINANCIAL STATEMENTS





CONSOLIDATED INCOME STATEMENT

€m (condensed)	2017 18	2016 17	Change
Revenue	2,566.3	2,561.3	+0.2%
EBITDA ¹	254.2	235.2	+8.1%
Operating profit before except. items and results of equity-accounted JV	164.1	150.8	+8.8%
Share of results of equity-accounted JV	29.4	30.6	-3.9%
Exceptional items	(2.9)	(9.0)	+67.8%
EBIT	190.6	172.4	+10.6%
EBIT margin	7.4%	6.7%	+0.7pp
Net financial items	(14.5)	(17.9)	+19.0%
Profit before tax	176.2	154.5	+14.0%
Income tax expense	(33.5)	(36.6)	+8.5%
Profit for the period	142.6	117.9	+20.9%
Attributable to shareholders of the parent	140.1	111.3	+25.8%
Earnings per share	€ 8.97	€ 7.13	+25.8%

¹ EBITDA represents operating profit before exceptional items, results of equity-accounted joint ventures, and operating depreciation and amortisation.



EXCEPTIONAL ITEMS IN THE SUGAR SEGMENT

€m	2017 18	2016 17	Change
Exceptional items	(2.9)	(9.0)	+67.8%

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



ANALYSIS OF NET FINANCIAL ITEMS

€m	2017 18	2016 17	Change
Net interest expense	(7.8)	(10.2)	+23,5%
Currency translation differences	(3.8)	(1.2)	> -100%
Share of results of non-consolidated subsidiaries and outside companies	0.0	0.6	-100%
Other financial items	(2.9)	(7.1)	+59.2%
Total	(14.5)	(17.9)	+19.0%

- **Improvement** driven by two developments
 - First, an optimisation of the credit and interest rate structure **reduced** the **interest expense** by € 2.4 million
 - Second, the **prior year** included a non-recurring expense for an **impairment charge** of € 4.8 million on a current finance receivable in Ukraine in the Fruit segment -> improvement of € 4.2 million in other financial items
- **Currency translation differences** (including currency derivatives) **deteriorated** by about € 2.6 million, due primarily to negative movements in foreign currency financings in Argentina and Brazil (euro and US dollar financings)



TAX RATE

€m	2017 18	2016 17	Change
Profit before tax	176.2	154.5	+14.0%
Income tax expense	(33.5)	(36.6)	+8.5%
Tax rate	19.0%	23.7%	+4.7pp



CONSOLIDATED CASH FLOW STATEMENT

€m (condensed)	2017 18	2016 17	Change
Operating cash flow before changes in working capital	302.7	258.0	+17.3%
Changes in working capital	(43.1)	31.8	> -100%
Total of interest paid/received and tax paid	(45.8)	(34.0)	-34.7%
Net cash from operating activities	213.9	255.8	-16.4%
Net cash (used in) investing activities	(133.3)	(171.5)	+22.3%
Net cash (used in)/from financing activities	(153.7)	9.3	> -100%
Net (decrease)/increase in cash and cash equivalents	(73.2)	93.6	> -100%

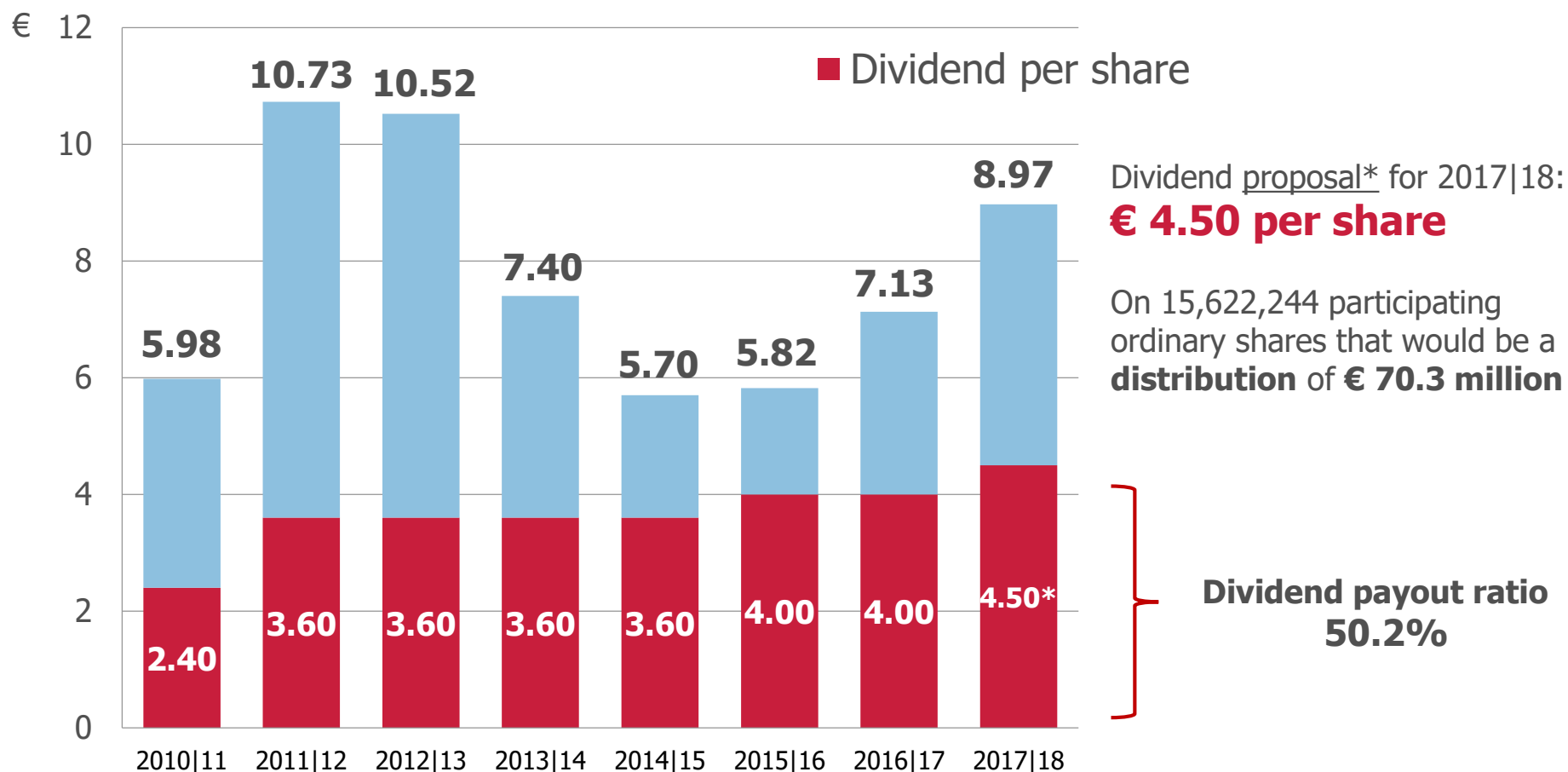


CONSOLIDATED BALANCE SHEET

€m (condensed)	28 Feb. 2018	28 Feb. 2017	Change
Non-current assets	1,161.0	1,135.3	+2.3%
Current assets	1,195.4	1,346.1	-11.2%
Total assets	2,356.4	2,481.4	-5.0%
Equity	1,454.0	1,411.9	+3.0%
Non-current liabilities	419.4	296.6	+41.4%
Current liabilities	483.0	772.9	-37.5%
Total equity and liabilities	2,356.4	2,481.4	-5.0%
Equity ratio	61.7%	56.9%	+4.8pp
Net debt	232.5	239.9	-3.1%
Gearing	16.0%	17.0%	-1.0pp



DIVIDEND AND EARNINGS PER SHARE



Dividend yield (based on the closing share price at the last balance sheet date): **4.5%**



2017|18

AGRANA SHARE & LATEST PROJECTS





2017|18

AGRANA SHARE

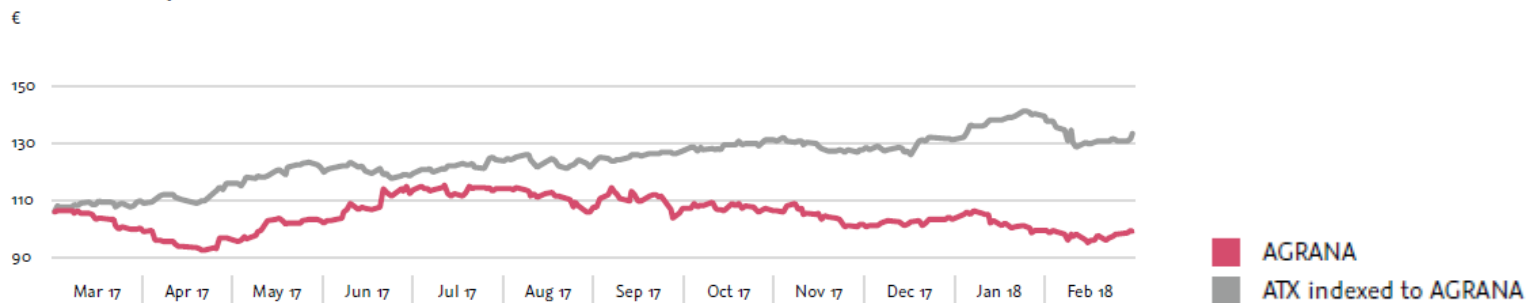
AGRANA SHARE DATA		2017 18	2016 17
Closing price YE	€	99.10	106.00
High	€	115.80	126.20
Low	€	92.32	78.80
Book value per share YE	€	89.43	86.39
EPS	€	8.97	7.13
P/E ratio YE		11.05	14.87
Dividend	€	4.50*	4.00
Dividend yield	%	4.54*	3.77
Number of shares YE	000	15,622.2	15,622.2
Closing market capitalisation YE	€m	1,548.2	1,656.0
Av. daily traded volume*		19,331	6,401
Av. daily traded value*	€000	2,015	666.5

*Based on double counting, as published by the Vienna Stock Exchange.

**Dividend proposal to the AGM (to be held on 6 July 2018).

Performance
(1/3/2017 – 28/02/2018):
AGRANA -6.5% (closing: 99.10)
ATX +26.6% (closing: 3,476.04)

AGRANA share performance in 2017|18





CURRENT PROJECTS

WHEAT STARCH CAPACITY INCREASE

- **Doubling** the **production capacity of the wheat starch factory** in Pischelsdorf|Austria
- Total investment: **€ 102 million**
- Construction work started in early 2018 and to **commission the new facility at the end of 2019 CY**
- Important step in terms of sustainably **consolidating AGRANA's position in the starch market**
- Expansion reflects the **increasing demand**, particularly from the **paper industry** -> high proportion of recycled paper and rising demand for packaging stemming from internet/mail order trade
- Expansion project will create **45 new jobs**



	Processed raw materials (to)	Investment
Ethanol plant:	535,000	€ ~130 million (until 2008)
Wheat starch plant I:	300,000	€ ~70 million (until 2013)
Wheat starch plant II:	355,000	€ ~100 million (until 2019)
TOTAL:	1,190,000	€ ~300 million (until 2019)

TARGET:

> 1 million tonnes
processing capacity

~ 3,300 to per day

2ND FP PRODUCTION SITE IN CHINA



- **Second Chinese fruit preparations plant** in Shanghai region
- Construction began in the third quarter of 2017|18; **start** of production expected in **November 2018**
- Total **investment: € 22 million**
- Planned production **capacity: 30,000 tonnes**

China

Customer locations

AF Dachang

Beijing

New site

Shanghai

- China with 3.7 million tonnes **world's largest yoghurt market** with strongest growth
- **Yoghurt consumption** per capita: 2.8 kg (EU: 12 kg, USA: 7 kg) and should be doubled by 2020
- China is **also the world's largest market for ice cream** (market volume: 4.3 billion litres in 2016)



2018|19
OUTLOOK





AGRANA GROUP

OUTLOOK FOR 2018|19

AGRANA Group

Revenue 2018 | 19 →

EBIT 2018 | 19 ↓ ↓

- As a result of the current challenges in the Sugar segment, the **Group's EBIT** is expected **to decrease significantly** in the 2018|19 financial year; **revenue** is projected to be **in line with the year before**
- Total **investment** across the three business segments in the financial year, at approximately **€ 170 million**, will significantly exceed the budgeted depreciation of about € 98 million



AGRANA SEGMENTS

OUTLOOK FOR 2018|19

SUGAR

Revenue ↓↓
EBIT ↓↓

- **Sugar segment:** AGRANA expects **revenue to decline significantly**, in anticipation of decreasing sugar sales volumes and prices
- Ongoing cost reduction programmes will only be able to soften the margin reduction to some extent; **significant decrease in EBIT** is thus expected for the 2018|19 financial year

STARCH

Revenue ↑
EBIT ↓

- **Starch segment: moderate increase in revenue** is forecast for the 2018|19 financial year; sales volumes are to rise significantly, thanks also to the full utilisation of the additional corn grinding capacity in Aschach, Austria
- For bioethanol and starch-based saccharification products, however, sales prices are likely to decline amid the challenging market environment + expected slightly rising raw material prices -> **moderate decline in EBIT** is thus predicted

FRUIT

Revenue ↑↑
EBIT ↑↑

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



2018|19

FINANCIAL CALENDAR

6 July 2018

Annual General Meeting in respect of 2017 | 18

26 June 2018

Record date for Annual General Meeting participation

6 July 2018

Annual General Meeting in respect of 2017|18

11 July 2018

Ex-dividend date

12 July 2018

Results for first quarter of 2018|19

12 July 2018

Record date for dividend

13 July 2018

Dividend payment date

11 October 2018

Results for first half of 2018|19

10 January 2019

Results for first three quarters of 2018|19



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Quantitative definitions of selected common modifying words used:

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%