

SOUND GROWTH

AGRANA
Online Annual Report 2011|12
<http://ir.agrana.com/en>



AGRANA Beteiligungs-AG Roadshow Munich

29 October 2012

Roadshow Zurich

31 October 2012

Raiffeisen Centrobank



— Agenda

Introduction & Business Overview

Financial Overview H1 12|13

Segment Overview

Cons. Financial Statements H1 12|13

News & Outlook



— AGRANA Quick Facts

I Sugar.

I Starch.

I Fruit.

- The 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 two largest manufacturers of **fruit juice concentrates** in Europe (including the new joint venture with Ybbstaler)
- More than 8,000 employees worldwide
- 56 production sites in 26 countries around the world

At a Glance –

— AGRANA-Products in daily life



| Sugar.

- Sugar is sold
 - to consumers via the food trade (20%) and
 - to manufacturers: e.g. soft drinks 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.



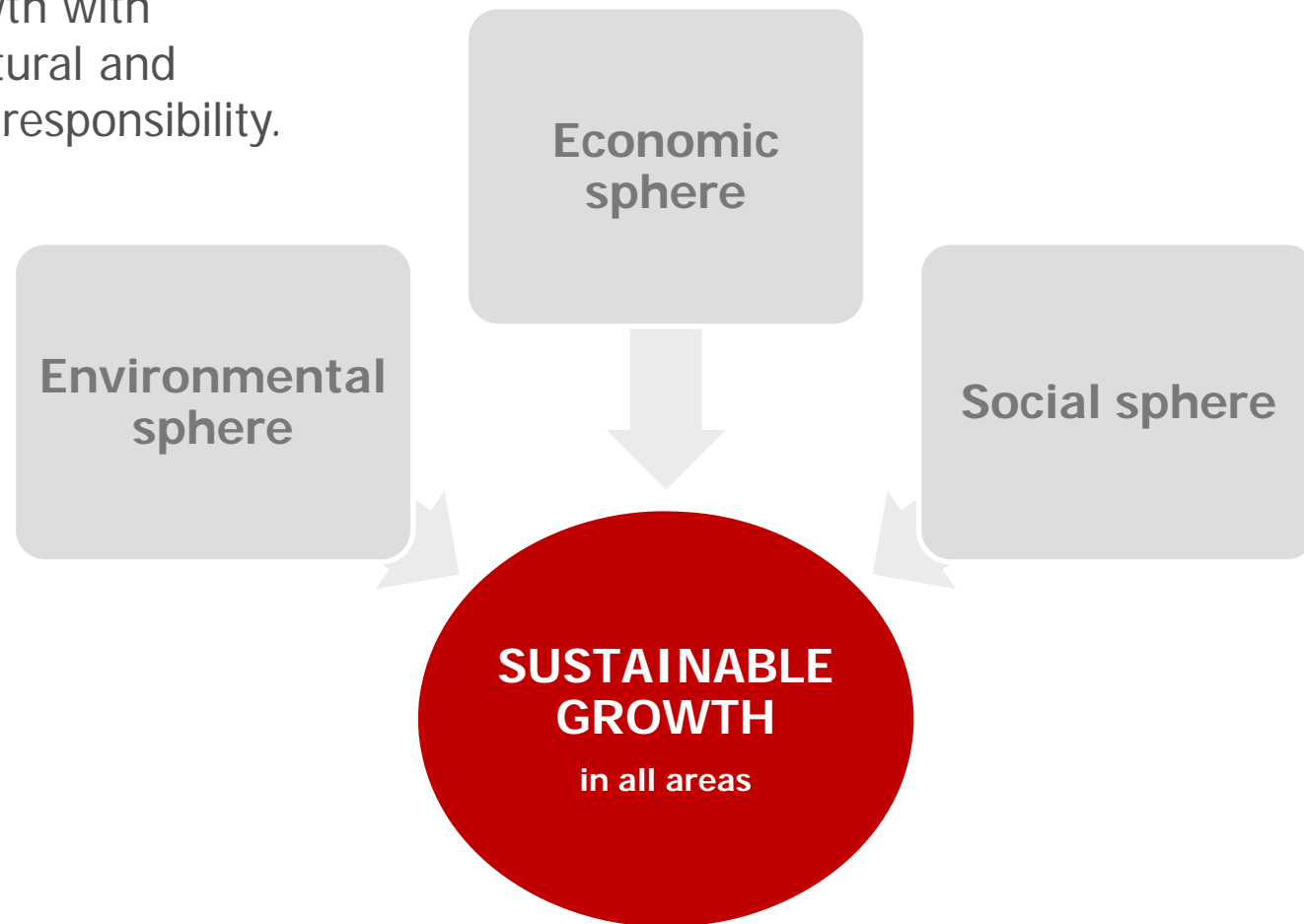
| Fruit.

- Fruit juice concentrates customers are fruit juice and beverage bottlers and fillers.
- Fruit preparations are special customized products for
 - the dairy industry,
 - the baked products industry,
 - the ice-cream industry.



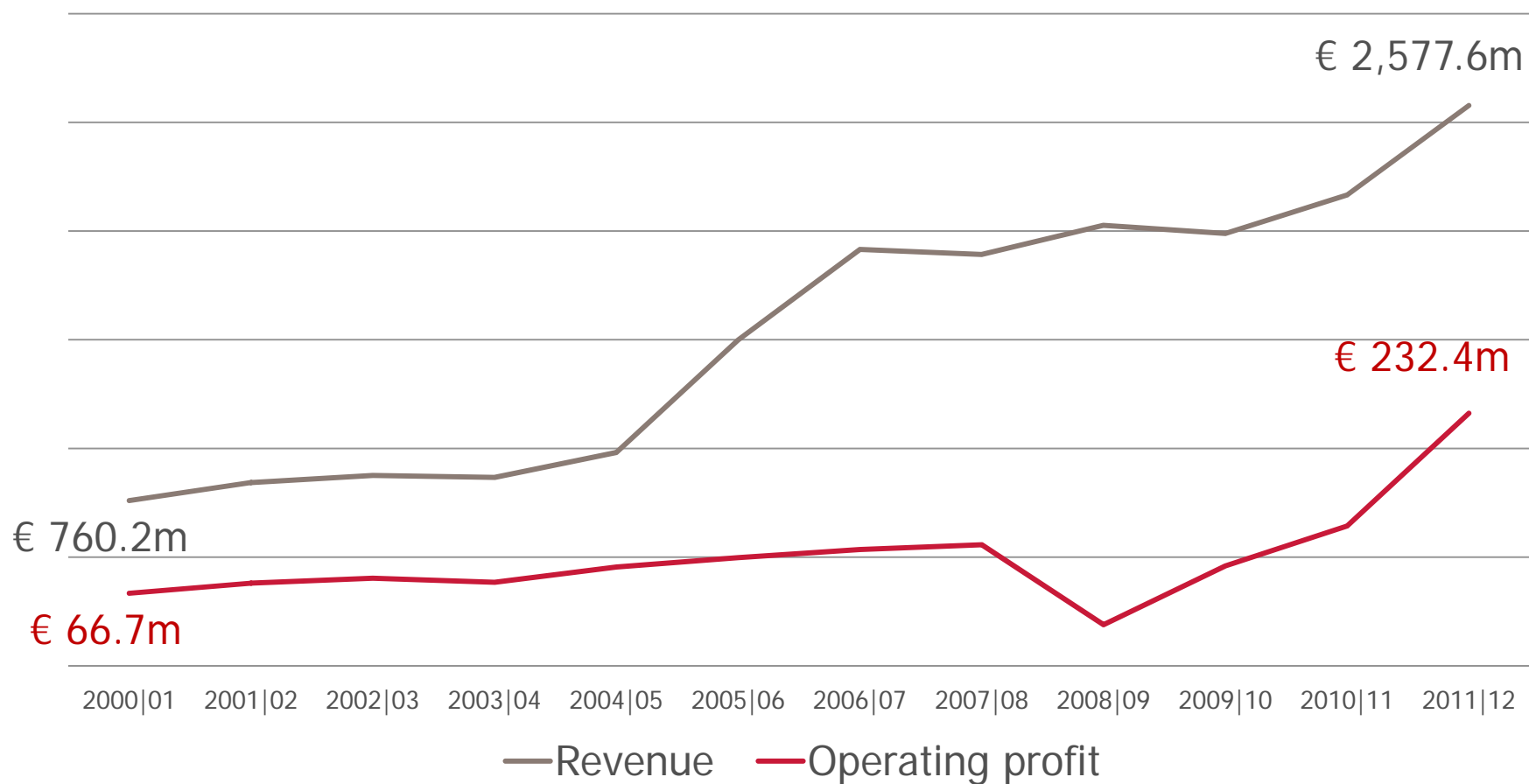
— Sound and Solid Growth

AGRANA combines solid economic growth with sustainable natural and environmental responsibility.





— Sound Economic Growth





— Growth by Strategy

Our strategic goals

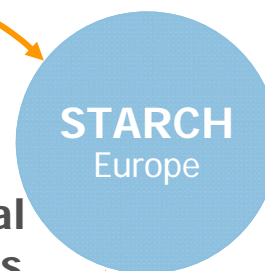
Customer- and market-oriented growth
in CEE and
Southeastern Europe



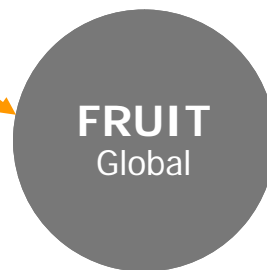
A long-term asset for
shareholders



**Refining
of agricultural
raw materials**



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



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

Investor and customer value from:

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

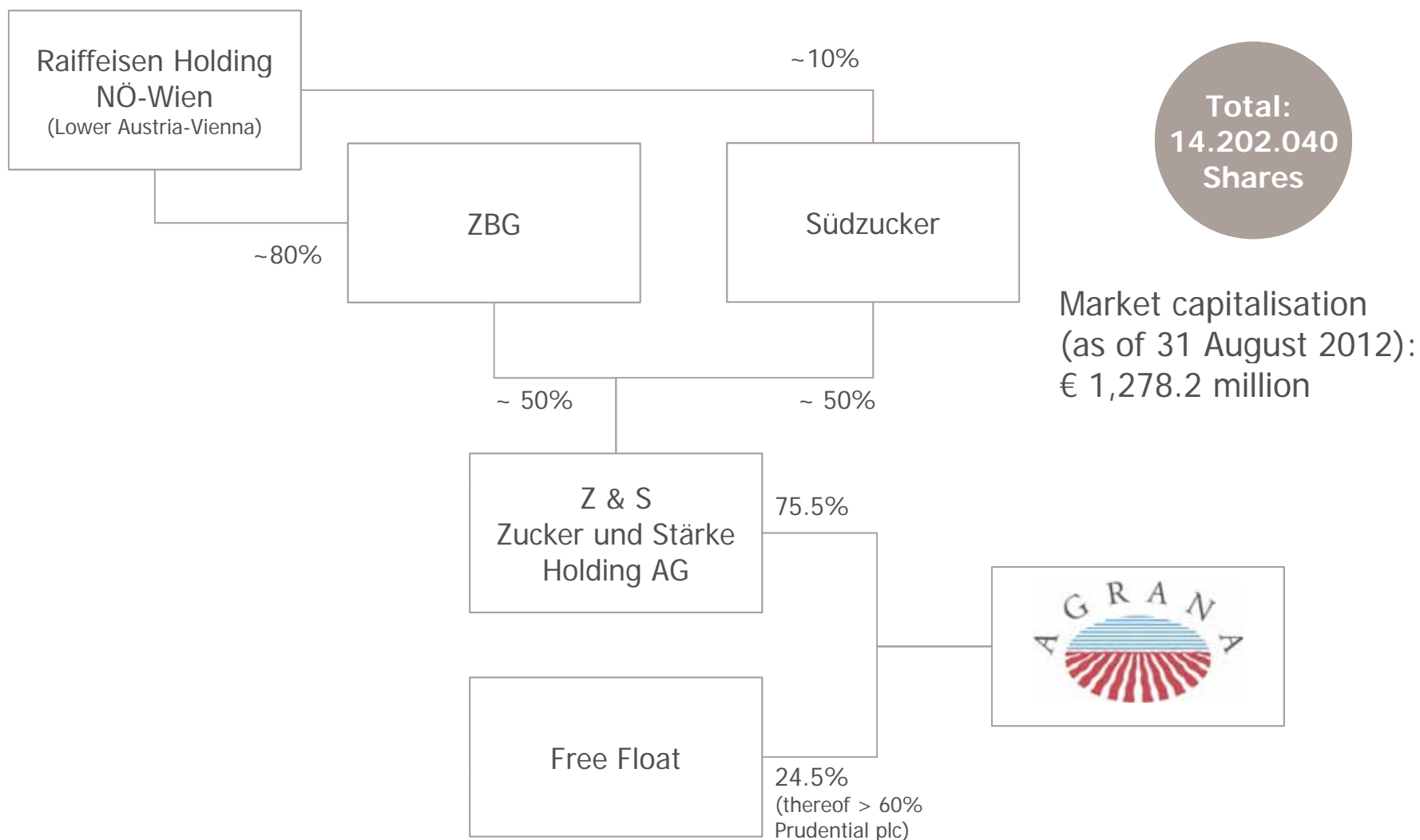


- Sugar
- ▲ Starch
- Fruit

As of 31 August 2012



Shareholder Structure





AGRANA Share

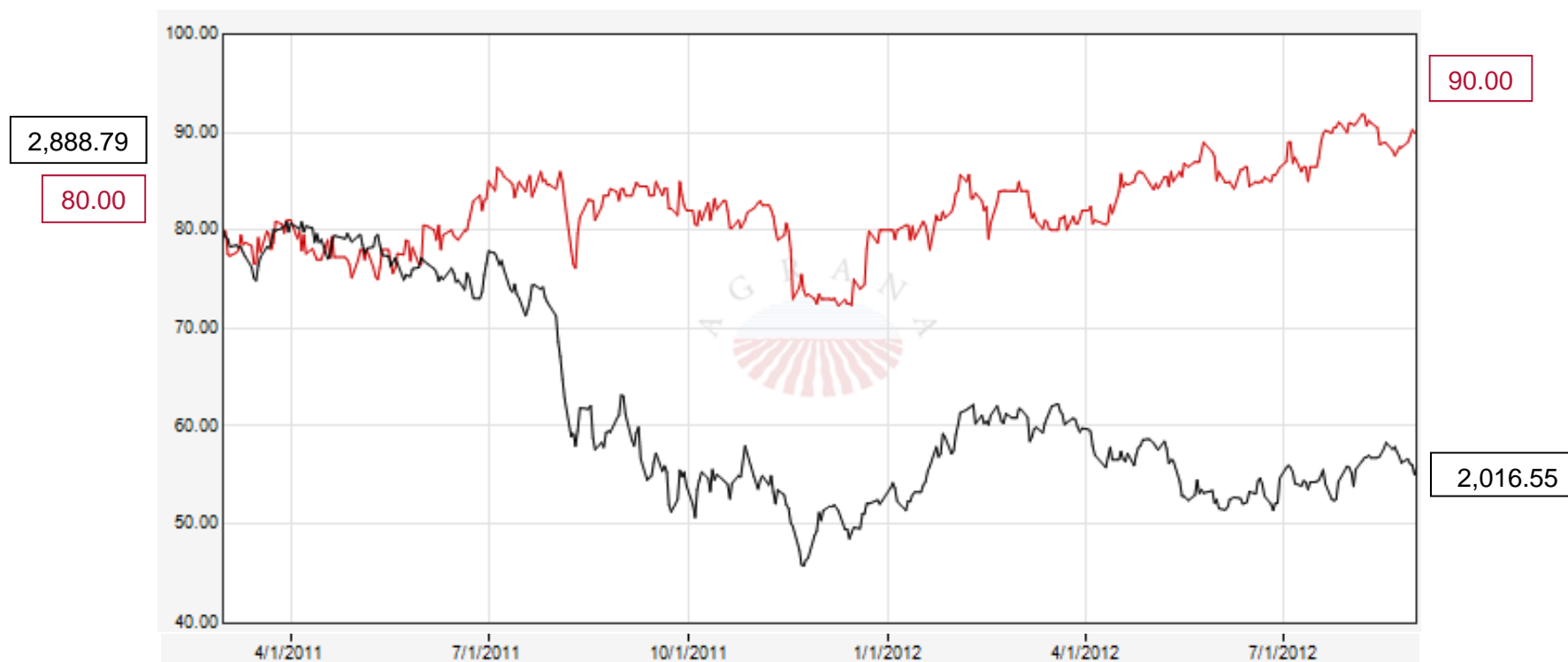
Coverage (share price target):

Berenberg Bank (Buy, € 110)

Raiffeisen Centrobank (Buy, € 100)

Goldman Sachs (Neutral, € 100)

Silvia Quandt (Buy, € 113)



Performance (1/3/2011 – 31/8/2012): AGRANA +12.50%, ATX -30.19%



FINANCIAL OVERVIEW H1 2012|13



— Financial Highlights H1 2012|13

Sound Growth continued ...

- ➔ **Revenue** growth of 24.8 % to € 1,603.1 million (prior year: € 1,284.7 million)
- ➔ Rise of 20.6 % in **operating profit** before exceptional items, to € 142.5 million (prior year: € 118.2 million)
- ➔ Slight decrease in **operating margin** to 8.9 % (prior year: 9.2 %)
- ➔ Growth of 28.2 % in **profit for the period**, to € 99.6 million (prior year € 77.7 million)
- ➔ Improved **equity ratio** of 49.3 % (YE 2011|12: 45.4 %)
- ➔ **Gearing** of 33.1 % compared to 43.7 % as of 29 February 2012

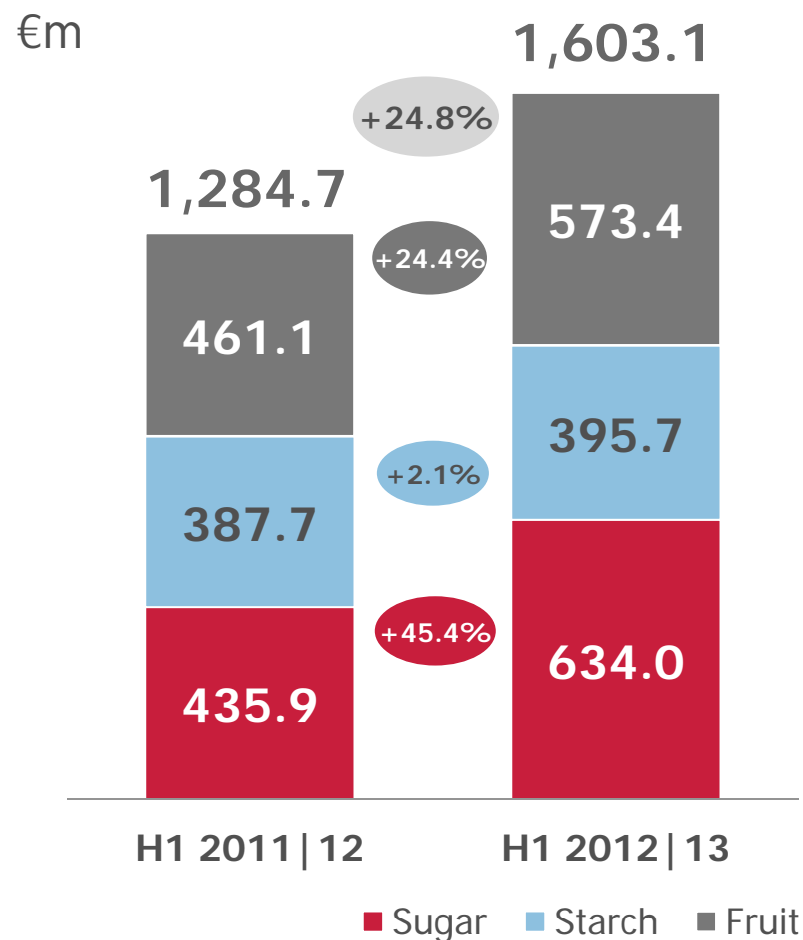


— Other Key Financials

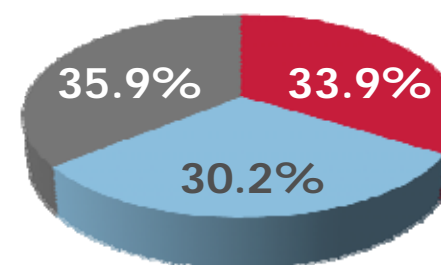
	H1 2012 13	H1 2011 12	Change %
EBITDA, €m	176.6	152.2	+16.0
EBITDA-margin, %	11.0	11.8	
Profit for the period attributable to shareholders of the parent, €m	97.5	76.1	~ +28.0
Earnings per share, €	6.86	5.36	~ +28.0
ROCE, %	8.5	8.4	
CAPEX, €m	59.6	35.5	+67.9
Staff count	8,519	8,177	+4.2

Revenue by Segment

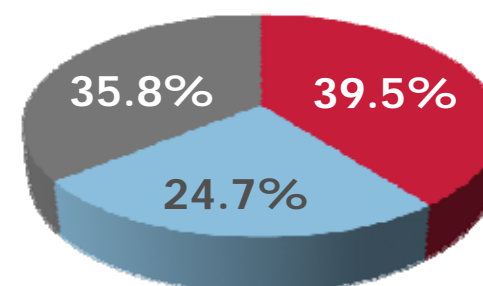
— H1 2012|13



H1 2011|12

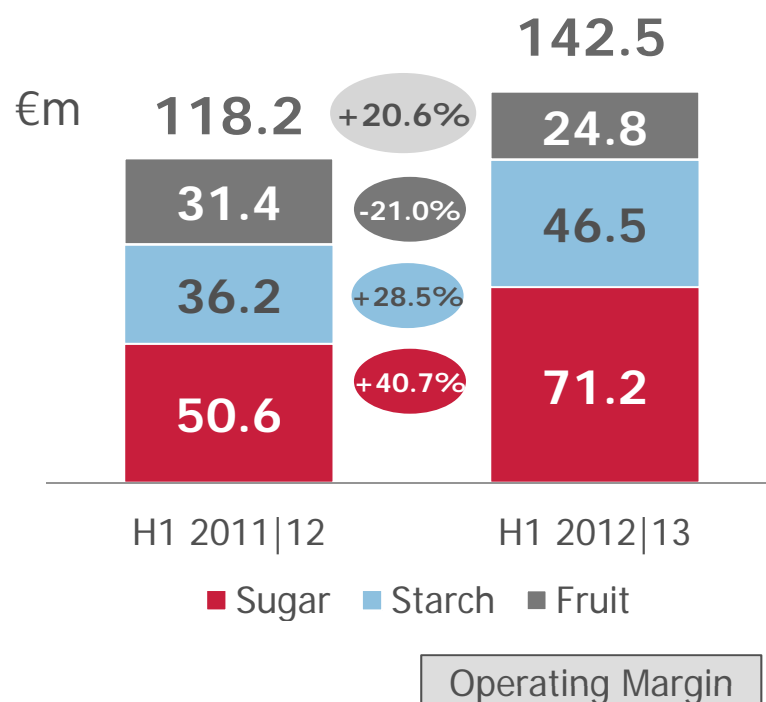


H1 2012|13

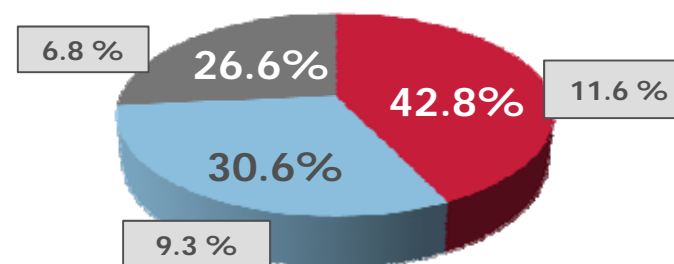


Operating Profit by Segment

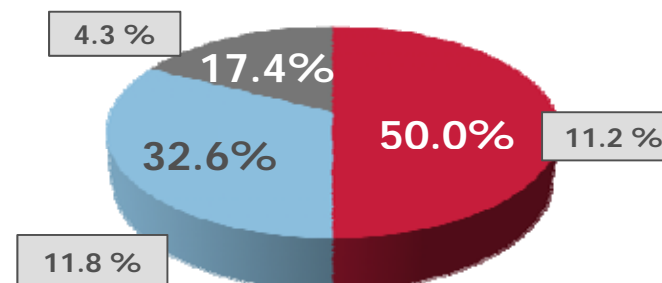
— H1 2012|13



H1 2011|12



H1 2012|13



CAPEX Focus

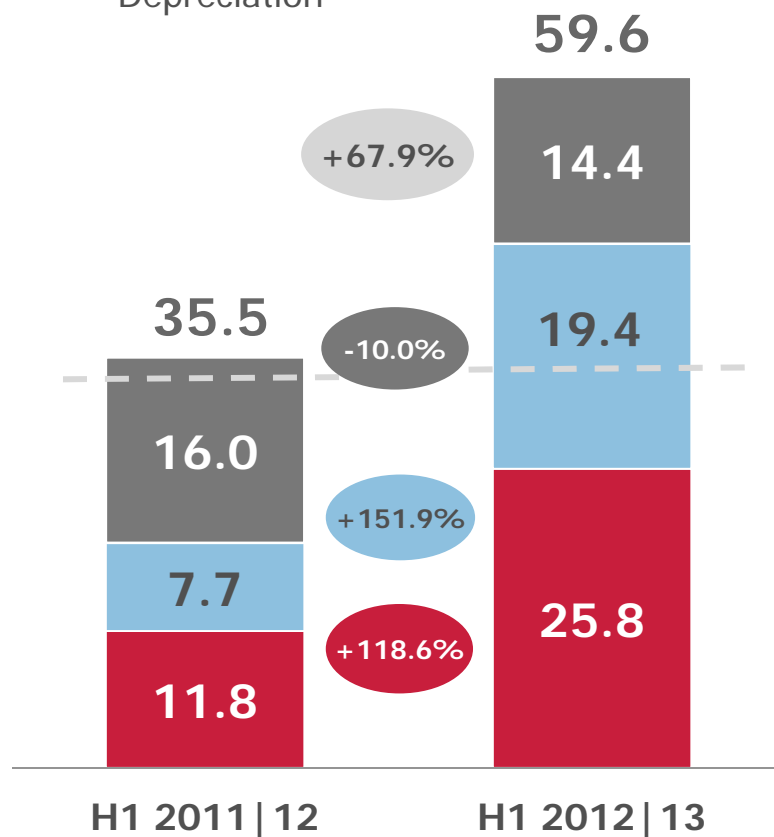
H1 2012|13



€m

■ Sugar ■ Starch ■ Fruit

--- Depreciation



- Factory relocation in Dachang|China
- Plant expansion at Serpuchov|Russia; commissioning of the new cold storage facility

- Wheat starch plant in Pischelsdorf|Lower Austria – construction in progress
- Biomass burner and expansion of corn processing capacity at HUNGRANA in Szabadegyháza|Hungary completed

- Commissioning of the new low-temperature dryers at the Austrian sites
- Start of the 60,000 tonne capacity “sugar silo project” at Kaposvár|Hungary
- Modernisation of the boiler house and new gas connection in Hrušovany|Czech Republic

Key Drivers for the Segments

— H1 2012|13



SUGAR Segment

- Recurring news about unfavourable climatic conditions in Brazil or India (sugar cane yields) led to increased volatility of the world market price
- European Commission regularly implemented measures to keep the market balanced and sufficiently supplied in SMY 2011|12 (e.g. reclassification of NQS to QS and imports at reduced tariffs)
- Favourable consumer demand -> increased sales volumes (QS and NQS)

STARCH Segment

- Grain prices (wheat and corn) have risen sharply due to global droughts since mid of June, but this development had up to now no significant impact on Q2 figures due to AGRANAs coverage with raw materials
- Demand was satisfactory in most areas, but increased competition and partly full warehouses (especially in terms of potato starch)
- Sales prices tend to be lower than last year; exception: saccharification products

FRUIT Segment

- Consumption decline in product categories such as fruit yoghurts in Europe
- Outside Europe growing markets
- „High fruit juice beverages“ stagnating in Europe



SEGMENT OVERVIEW



SUGAR



— SUGAR Segment – Market Position

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

(1) AGRANA beet quota for 2011|12 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

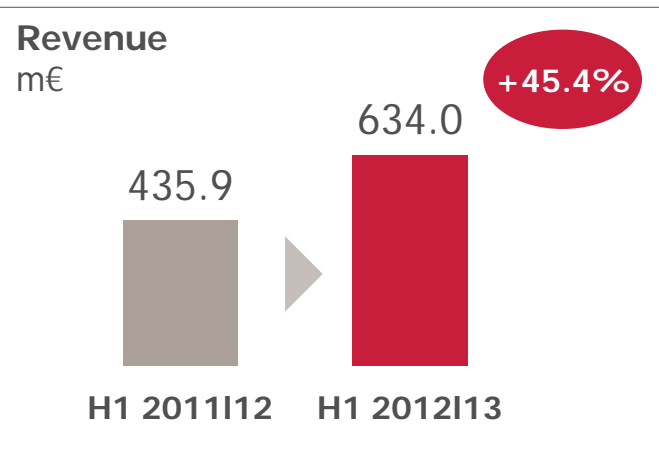
Raw sugar refinery

Distribution centre

* Also with refining activities

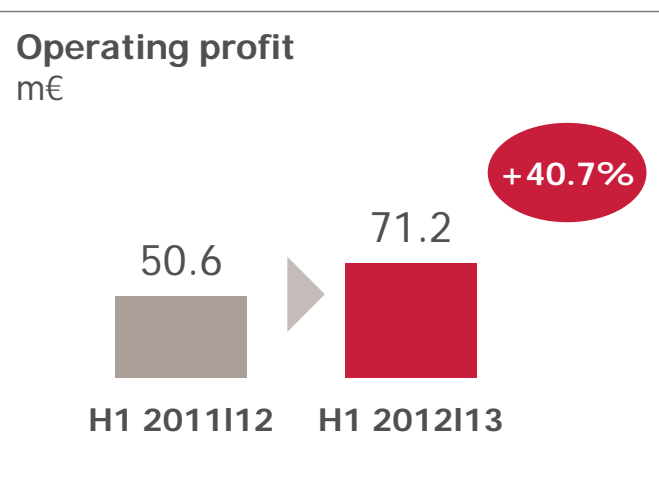


— SUGAR Segment: Highlights H1 2012|13



Revenue grew considerably to € 634.0 m

- Continued positive development since Q1 2012|13
- Growth in revenues, especially due to higher volumes
- Sales of NQS to industry and world market have been satisfactory
- Expansion of trading activities

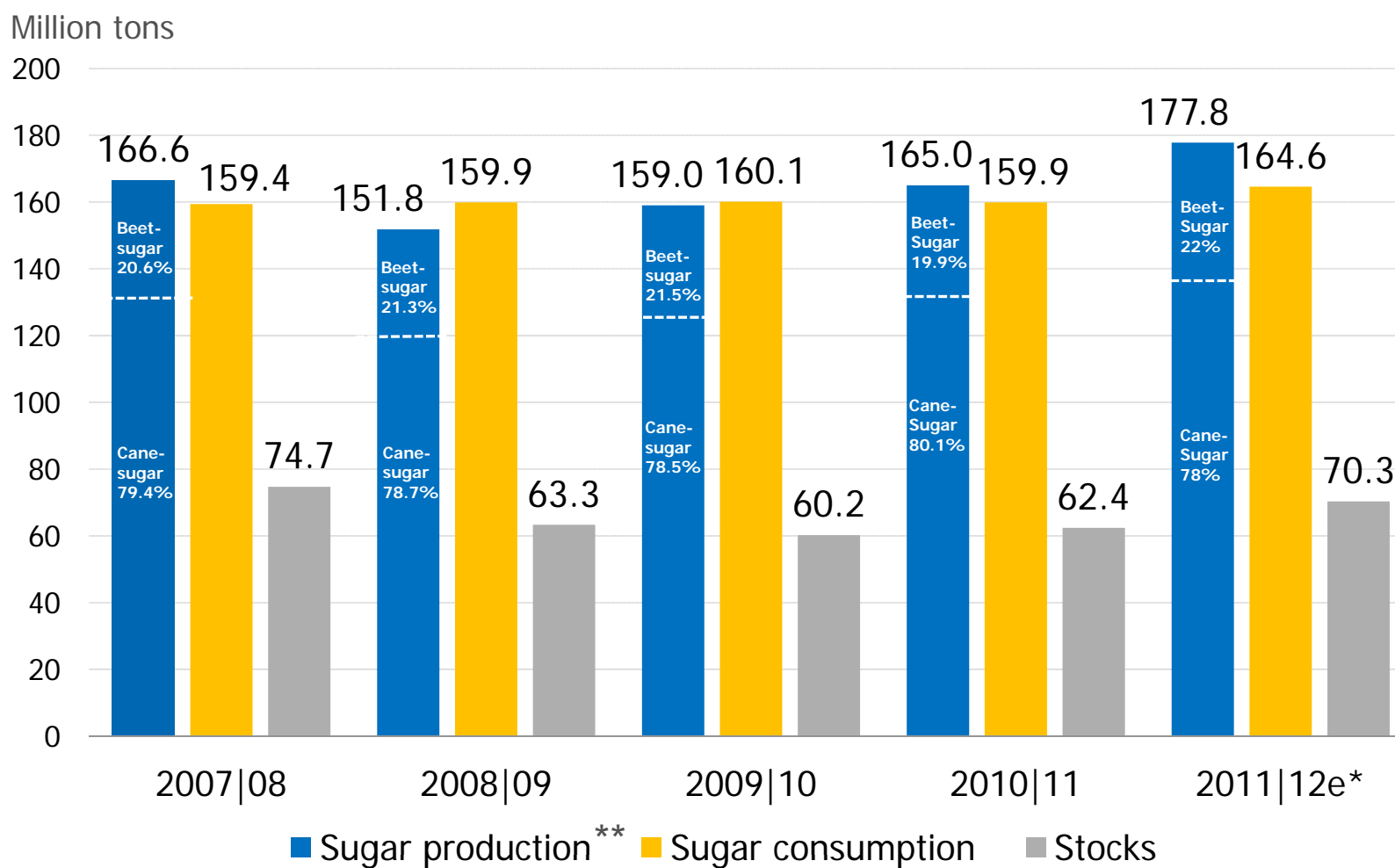


Operating profit increased to € 71.2 m

- Positive impact of a higher overall price level
- Good by-product revenues and increased sugar sales volumes
- Higher raw material costs for imported raw sugar
- Operating margin slightly decreased from 11.6% to 11.2%



World Sugar Production & Consumption



Source: F.O. Licht (July 23, 2012)

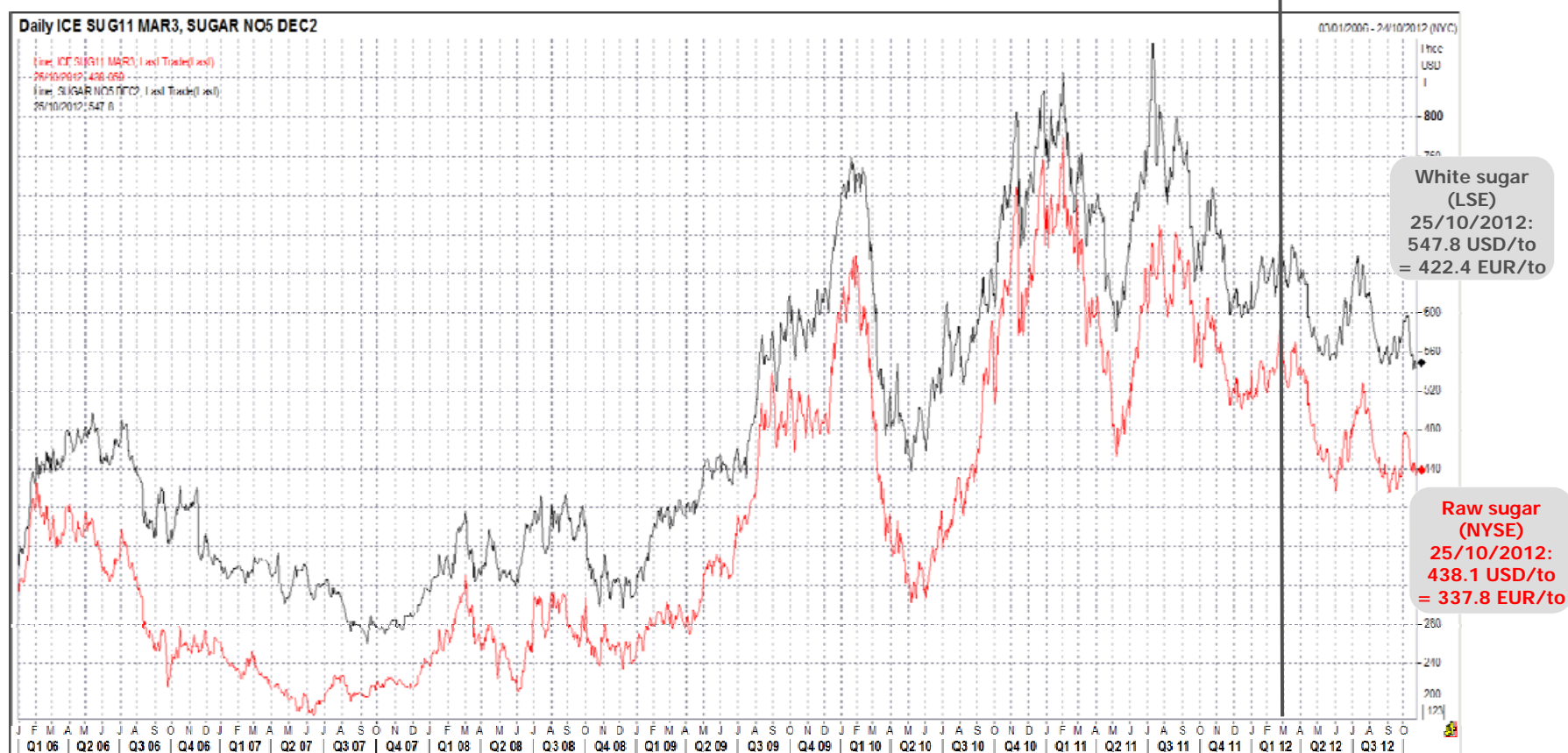
* Expectation
** Production: October-September

Quotation

— for Raw Sugar & White Sugar



January 2006 – October 2012 (USD)





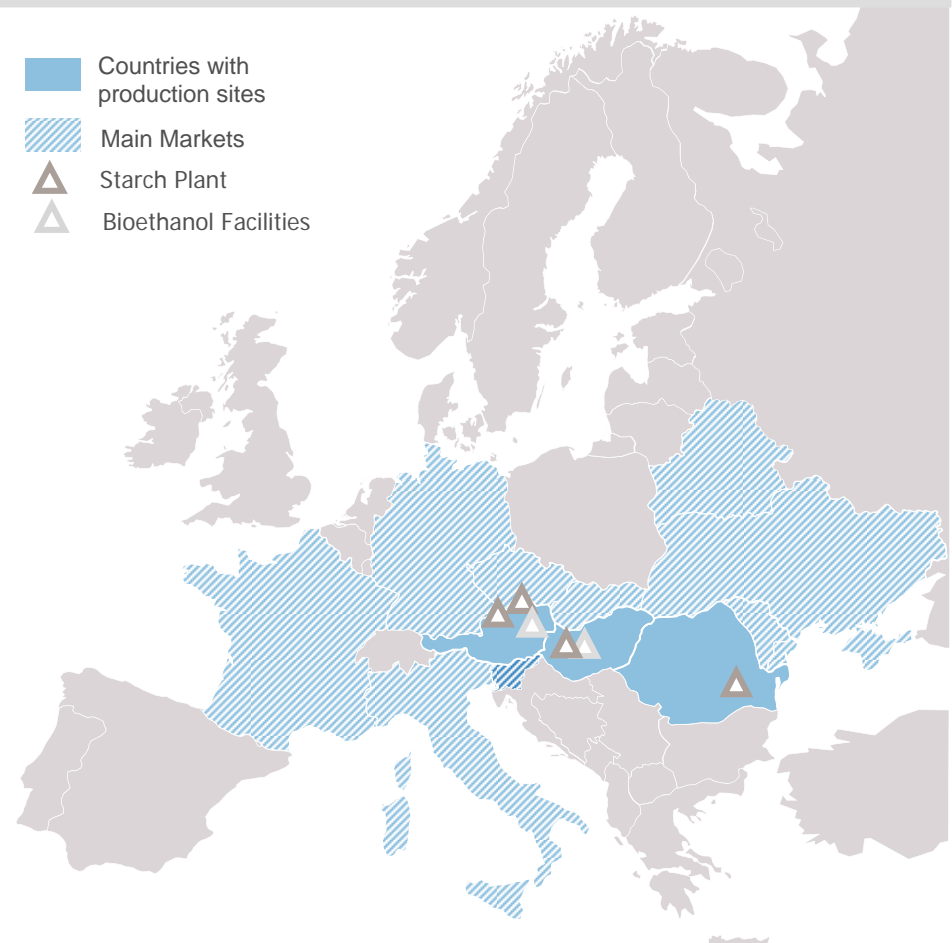
STARCH



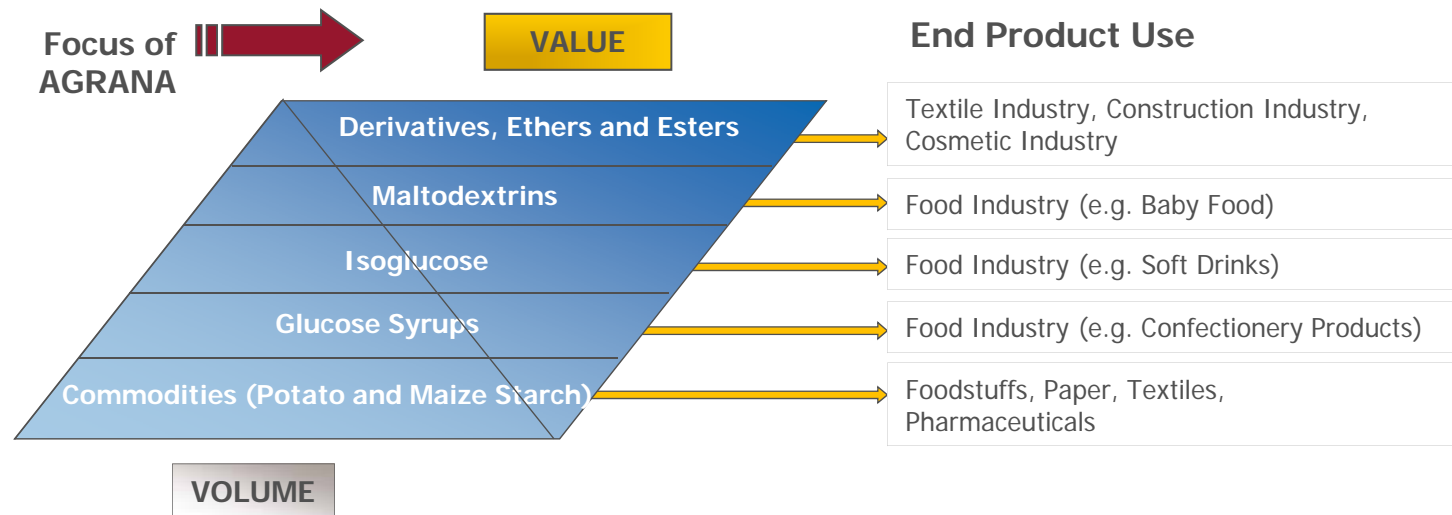
— STARCH Segment – Market Position

- Austrian production sites:
 - potato starch factory in Gmünd
 - corn starch plant in Aschach
- Operational management and coordination of international holdings in Hungary and Romania
- The **bioethanol** business also forms part of the Starch segment
- Focus on **highly refined specialty products**
- Innovative, customer-driven products supported by application advice
- Leading position in organic and in GMO-free starches for the food industry

4 Starch plants and 2 Bioethanol facilities



STARCH Segment – Specialisation Strategy



Food:

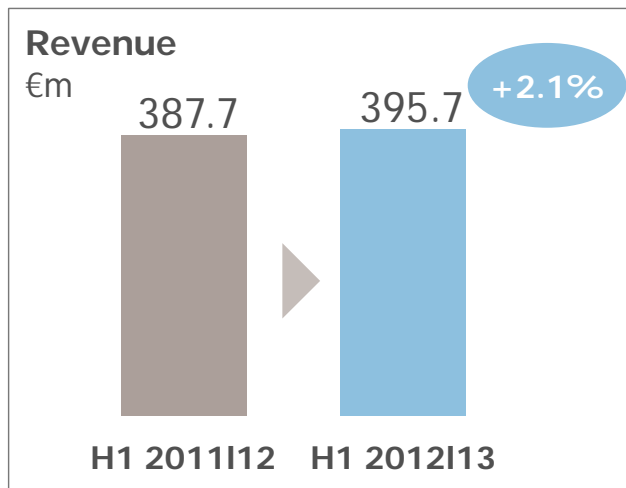
- Growth in products from special raw materials (Market leadership)
- Growth in starch derivatives for fruit preparations
- Growth in „High Care“-starches

Non-Food:

- Innovation- and Market leadership in
 - Special applications for construction industry
 - Adhesive (sack adhesive)
- Growth in cosmetics industry
- Growth in special applications for paper, textile and cardboard industry

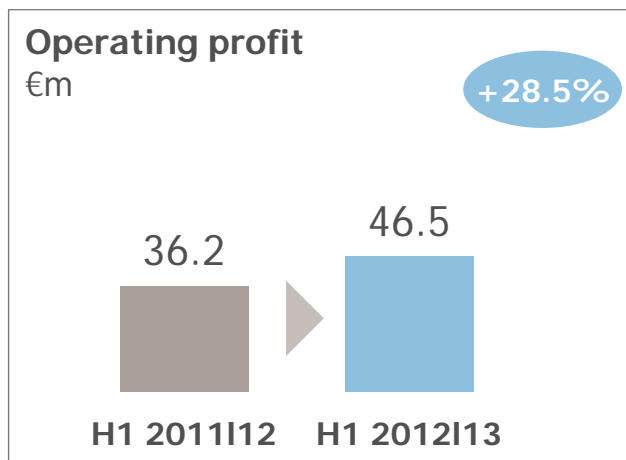


— STARCH Segment: Highlights H1 2012|13



Revenue with slight increase at € 395.7 m

- Higher price level for saccharification products, especially isoglucose
- Sales prices for all other products relatively stable
- Higher volumes of starches, bioethanol and by-products

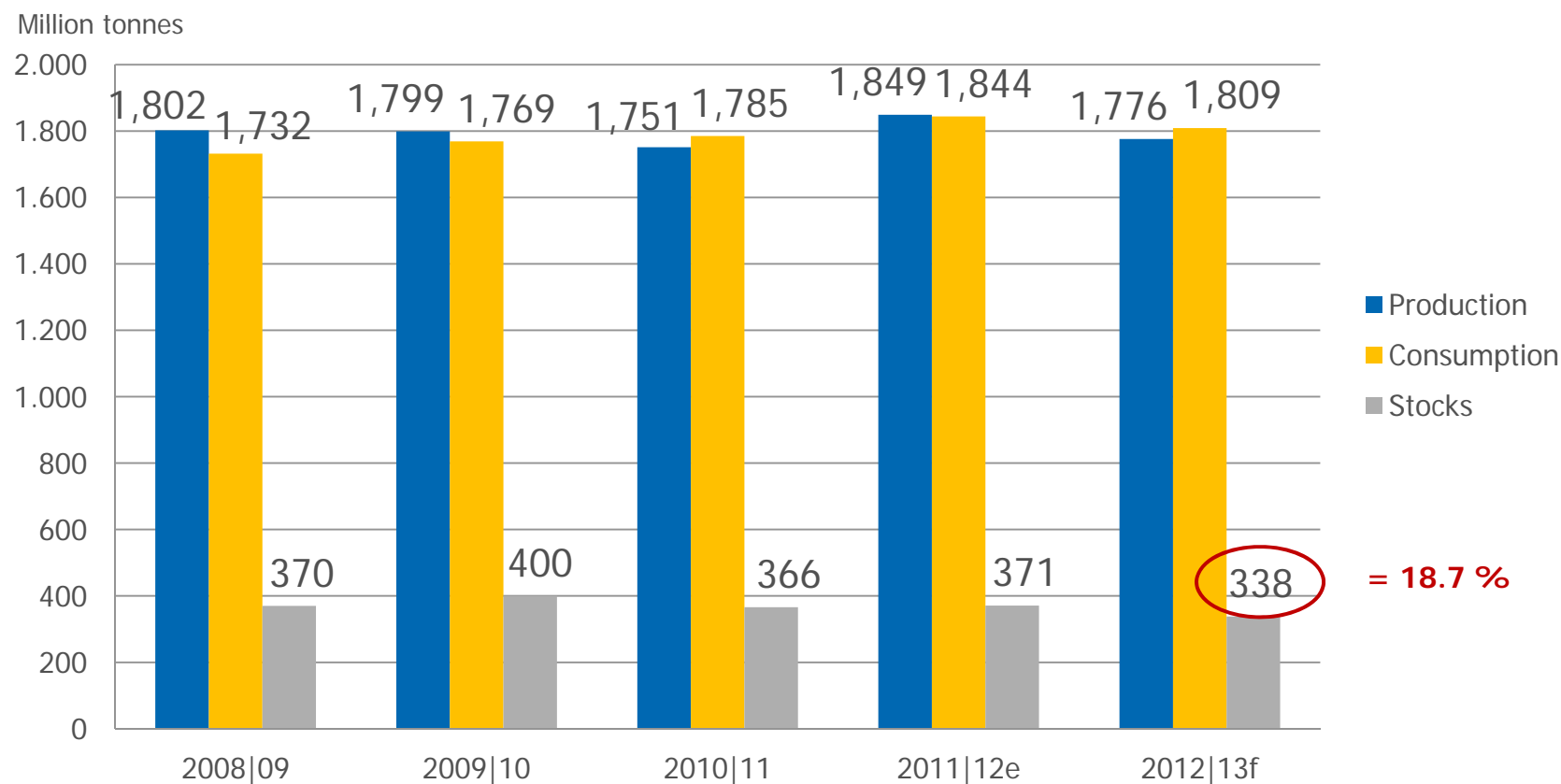


Operating profit increased to € 46.5 m

- Improvement in operating margin from 9.3% to 11.8%
- Positive earnings development was especially driven by the saccharification business and lower raw material costs from the old crop
- Regional sourcing advantages in Hungary



World Grain Production & Consumption



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

Critical stocks limit at 20 % of consumption

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

Period: July - June

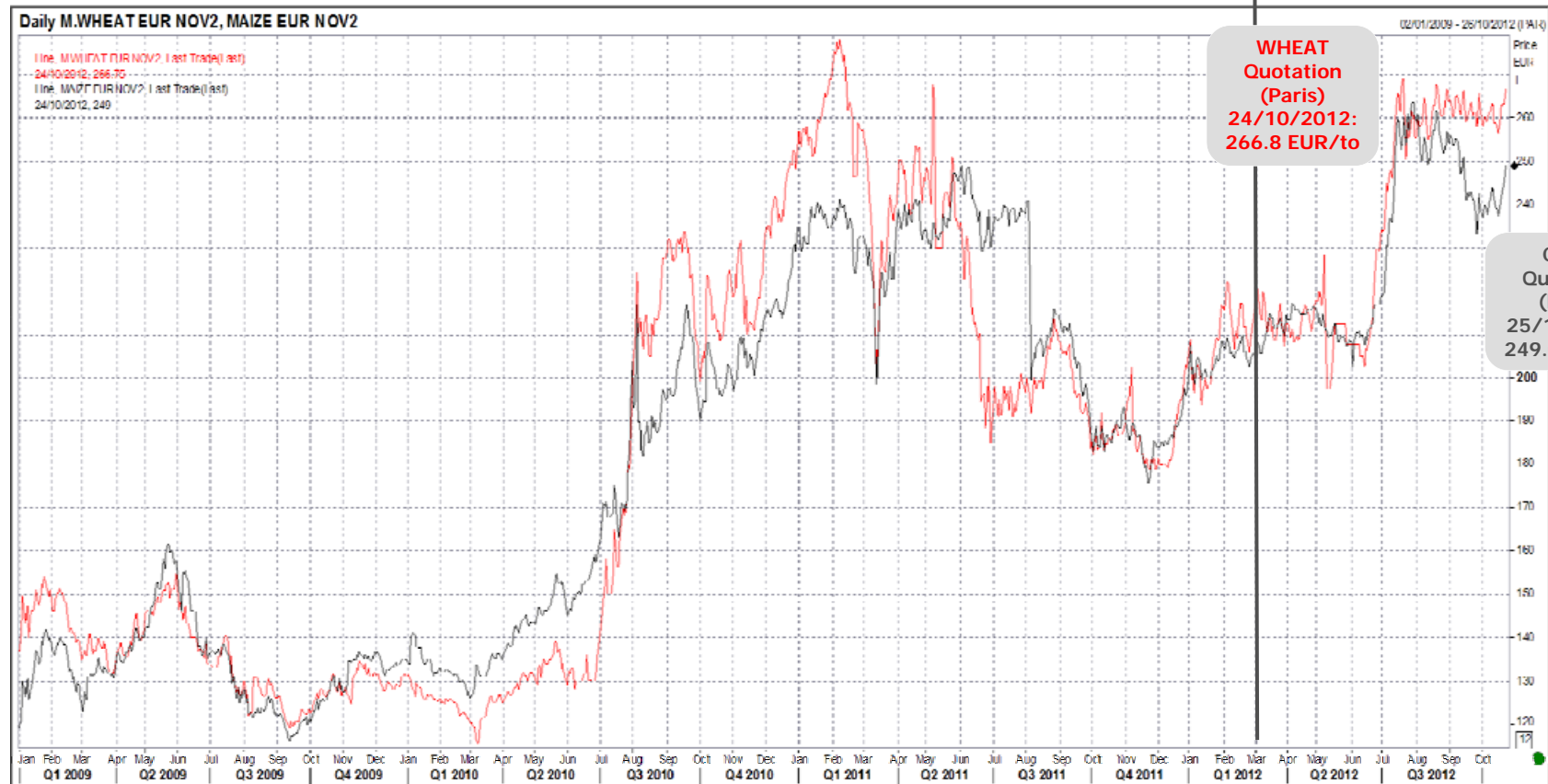


Price Development of Cereals

January 2009 – October 2012 (EUR)

Daily M.WHEAT EUR NOV2, MAIZE EUR NOV2

Line: MWHEAT EUR NOV2 | Last Trade (last)
24/10/2012: 266.75
Line: MAZ EUR NOV2 | Last Trade (last)
24/10/2012: 249





AGRANA Bioethanol Activities

PISCHELSDORF (Austria)

Total investment 125 m€
 Theoretical capacity up to 240,000 m³ (= 190,000 tonnes)
 Production start June 2008
 Raw material base wheat, corn and sugar beet thick juice
 By-product up to 190,000 tonnes of ActiProt



HUNGRANA (Hungary)

Investment volume ~ 100m€ (50% share held by AGRANA: ~ 50m€)
 for grind increase from 1,500 to 3,000 tonnes/day
 for isoglucose capacity increase due to quota increase
 for bioethanol expansion
 Theoretical capacity up to 187,000 m³
 Conclusion of ex-
 pansion programme July 2008
 Raw material base corn





FRUIT —



— FRUIT Segment – Market Position

Fruit preparations

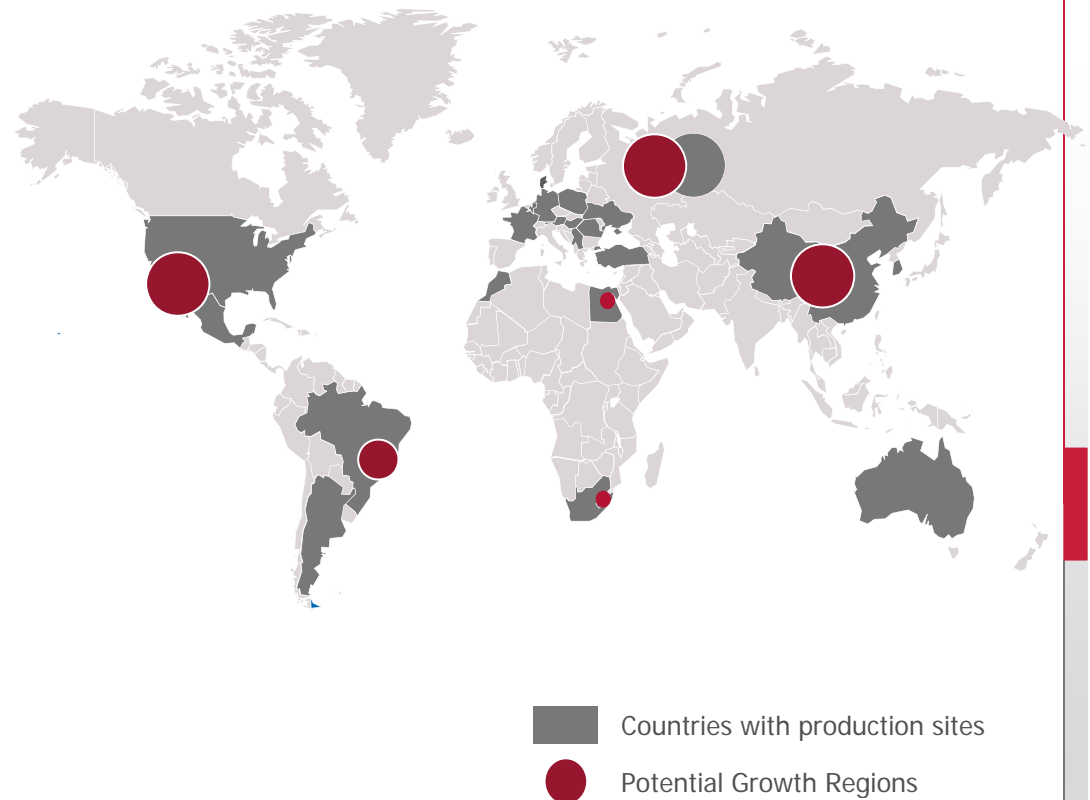
World Market Leader in Fruit preparations
global market share > 30%

While the market's sales volumes of fruit preparations in Europe are stagnating at a high absolute level, the Americas and the Asia-Pacific region are showing very good market growth rates

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 31 August 2012:
**26 Fruit Preparation Plants &
15 Fruit Juice Concentrate Plants**





FRUIT segment - Business model



Fruit preparations

- Based on mostly frozen fruits
- Tailor-made customer products (several thousand recipes worldwide)
- Customers: dairy, bakery and ice cream industry
- Shelf life of the fruit preparation ~ 6 weeks -> necessity to produce regional



Fruit juice concentrates

- Based on fresh fruits
- Production in the growing area of the fruits (water content and quality of the fruits don't allow far transports)
- Customers: bottling industry
- Shelf life of fruit juice concentrates ~ 2 years -> can be shipped around the world



— Fruit preparation – What is it about?



+



=



FRUITS:
**most important ingredient
of fruit preparations**

- Frozen (IQF or block)
- Aseptic
- Purees
- Concentrates

SUGAR:
**sweetens and supports
taste and durability**

- Crystal sugar
- Liquid sugar (syrup)
- Other sweeteners

THICKENERS:
**creates a good mouth-feel
and prevents emulsions**

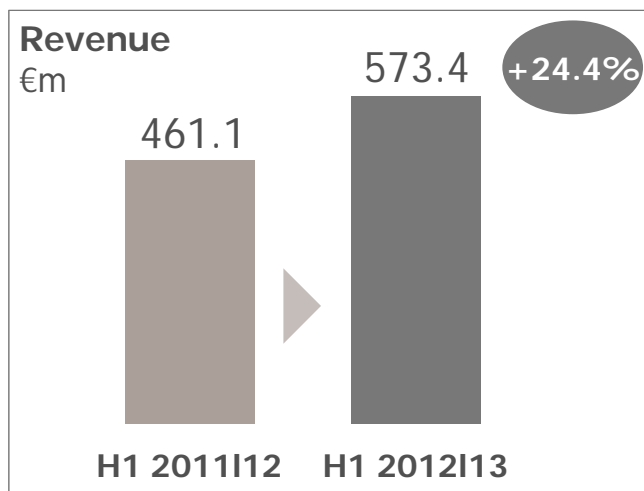
- Pectins
- Starch
- Guar, Xanthan, ...

FRUIT PREPARATION

*optional flavors and
colours for an even fruitier
taste and a nice colour

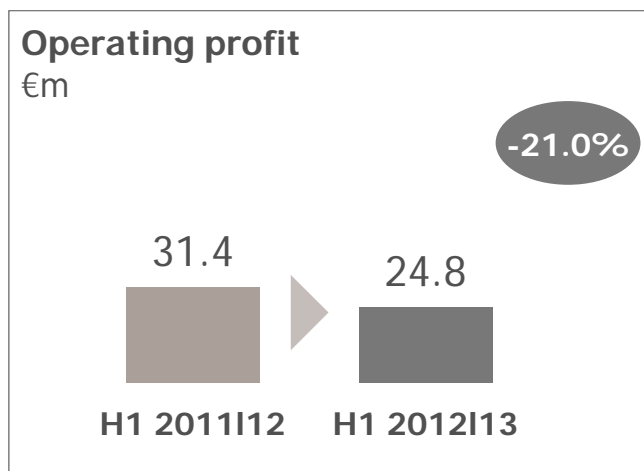


— FRUIT Segment: Highlights H1 2012|13



Revenue rose to € 573.4 m

- Higher sales of fruit preparations in the markets outside of Europe
- Sales prices compared to last year at a higher level, reflecting the increased raw material costs
- Significant increase in fruit juice concentrate sales, also due to “Ybbstaler” consolidation



Operating profit decreased to € 24.8 m

- Lower operating profit and margin (4.5%, H1 11|12: 6.8%) due to a weaker performance in the fruit juice concentrate business (temporary margin effects)
- Overall, compared to Q4 2011|12 slight recovery of the margin situation



CONS. FINANCIAL STATEMENTS H1 2012|13



— Consolidated Income Statement

€m (condensed)	H1 2012 13	H1 2011 12	Q2 2012 13	Q2 2011 12
Revenue	1,603.1	1,284.7	828.5	671.8
Operating profit before exceptional items	142.5	118.2	71.6	56.6
Exceptional items	(1.0)	(1.5)	(1.0)	(1.5)
Operating profit after exceptional items	141.5	116.7	70.6	55.1
Net financial items	(13.0)	(17.9)	(3.4)	(11.6)
Profit before tax	128.5	98.9	67.2	43.5
Income tax (expense)	(28.9)	(21.2)	(15.1)	(8.9)
Profit for the period	99.6	77.7	52.1	34.6
Earnings per share (€)	6.86	5.36	3.54	2.43



— Analysis of net financial items

€m	H1 2012 13	H1 2011 12
Net interest (expense)	(13.6)	(13.6)
Currency translation differences	(0.8)	(2.7)
Other financial items	1.4	(1.6)
Total of net financial items	(13.0)	(17.9)



— Consolidated Balance Sheet

€m (condensed)	31 August 2012	29 February 2012
Non-current assets	1,053.3	992.8
Current assets	1,331.1	1,369.3
Equity	1,176.5	1,073.0
Non-current liabilities	520.2	416.4
Current liabilities	687.7	872.7
Total assets	2,384.4	2,362.1
Equity ratio	49.3 %	45.4 %
Net debt	389.5	469.2
Gearing	33.1 %	43.7 %



— Financing (Borrowings)

€000	31 August 2012	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	412,089	162,164	162,139	87,786
Borrowings from affiliated companies	250,000	70,000	80,000	100,000
Lease liabilities	134	37	97	0
Borrowings	662,223	232,201	242,236	187,786
Cash and securities	(272,770)			
Net Debt	389.453			

For the first time, successful placement of a **bonded loan** for over €110 million on the capital market in April 2012; maturity: 5, 7 and 10 years

Funds from the bonded loan will be used for general corporate financing purposes and to further diversify the funding structure



— Consolidated Cash Flow Statement

€m (condensed)	H1 2012 13	H1 2011 12
Operating cash flow before change in working capital	147.1	119.5
(Gains) on disposal of non-current assets	(0.7)	(1.0)
Change in working capital	63.8	(10.8)
Net cash from operating activities	210.2	107.7
Net cash (used in) investing activities	(49.9)	(34.8)
Net cash (used in) financing activities	(93.6)	(64.7)
Net increase in cash and cash equivalents	66.7	8.2

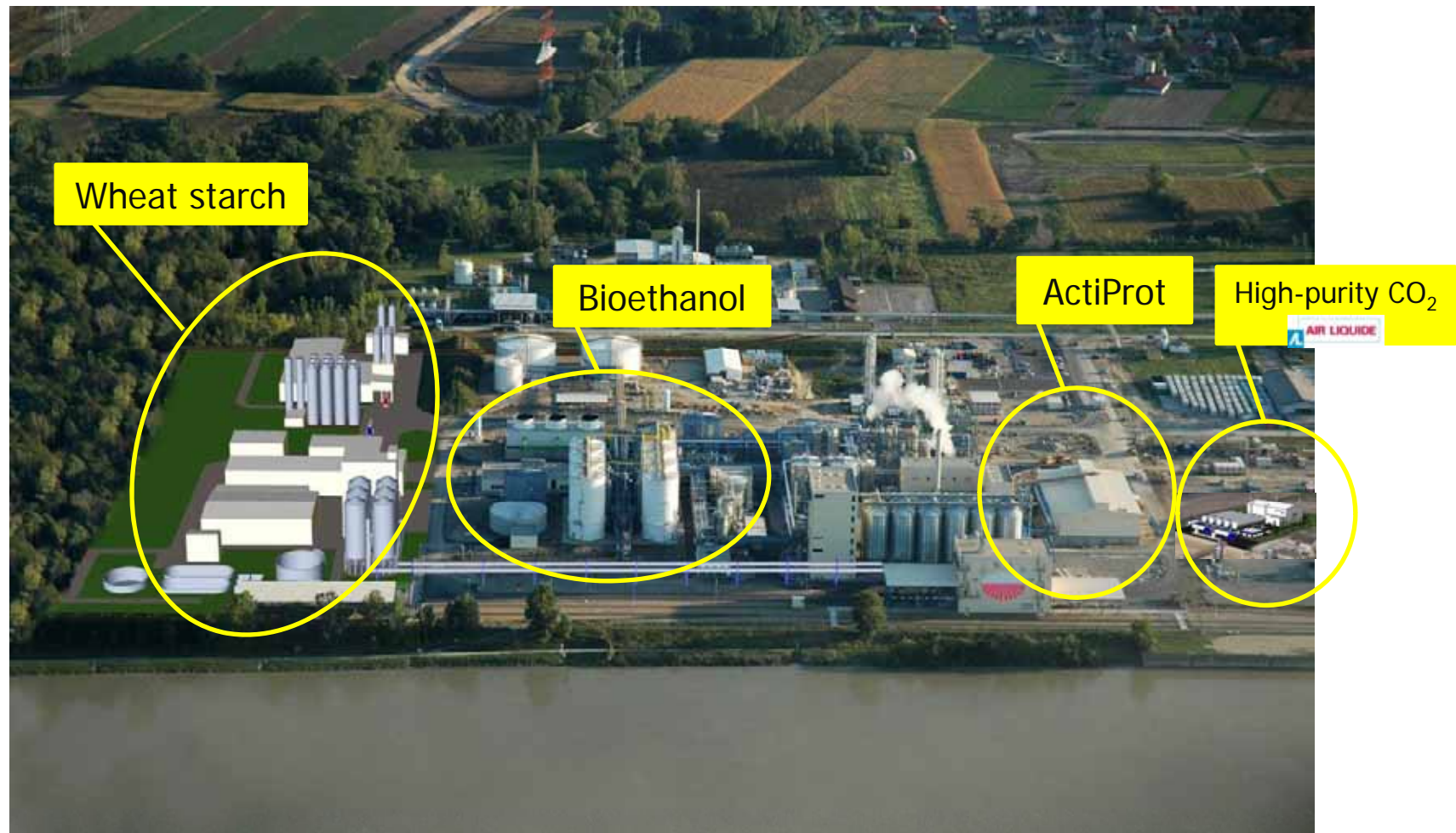


Sugar.
Starch.
Fruit.

“NEWS” & OUTLOOK

Biorefinery Pischelsdorf

— The industrial site from 2013



New Wheat Starch Facility

Facts & Figures

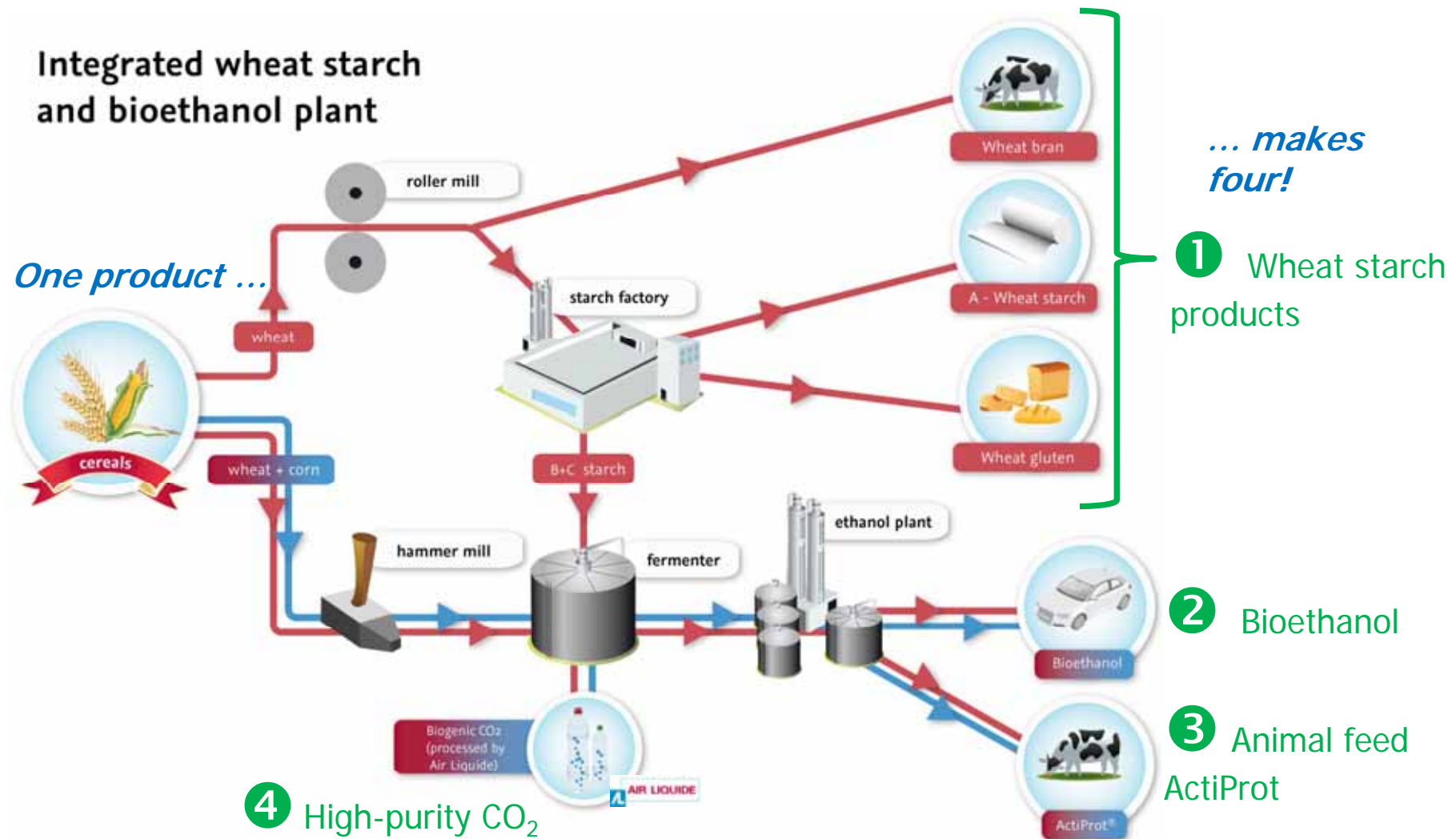


- Construction site: approx. 4 hectares
- Planned commissioning: mid 2013
- Investment: approx. € 65m
(total investment at Pischelsdorf site: > € 200m)
- Raw material processed: approx. 250,000 tonnes of wheat p.a.
- Manufacture of the following products:
 - 107,000 tonnes of wheat starch
 - 23,500 tonnes of wheat gluten
 - 55,000 tonnes of wheat bran
 - 70,000 tonnes of raw material substitutes ("B+C starch") for bioethanol
- Increase in staff, from 80 to 130
- 100%, no-waste use of the raw materials



„One product Makes Four“

- Four products from a single raw material



Start of Sugar campaign 2012|13

— New, sustainable production technologies



- “Thanks to targeted investment amounting to approximately EUR 50 million, AGRANA is not only able to cut energy consumption and CO₂ emissions by a significant amount at its Austrian and Hungarian facilities, but also to reduce considerably its dependency on primary energy sources.”



- **Beet pulp dryers (1)** at the Austrian production sites in Tulln & Leopoldsdorf: **50% less energy** for drying; in order to reduce the amount of energy needed during the production of animal feed (as a by-product of sugar production), AGRANA will begin to use so-called “low-temperature drying facilities”

- **Kaposvár sugar factory 80% energy self-sufficient** : by expanding the biogas plant (2) connected to the Kaposvár sugar factory, around 80% of primary energy needs are now covered there by biogas produced on-site





— E10 postponement in Austria

- **Current status:**
 - Bioethanol production at full capacity in Austria (approx. 240,000 m³ p.a.) [sufficient to cover E10 requirements in Austria]
 - AGRANA makes use of leftover animal feed grain from central Europe which was produced sustainably and is unsuitable for human consumption
 - Utilisation at the Pischelsdorf facility:
 - Protein-rich animal feed ActiProt® (for guaranteed GMO-free milk and meat production); substitution of soy imports from South America; frees up space to produce foodstuffs in these countries
 - high-purity CO₂, which is produced by the industrial gas supplier Air Liquide via a CO₂ recovery plant (e.g. for the beverage industry)
 - From mid 2013: wheat starch (for food and non-food industries)
- **E10 postponement has no direct economic impact on AGRANA**
 - AGRANA will continue to produce at full capacity
 - And will export half of what it produces, as before
- **New EU Biofuel Standards** (amendment to the "Renewable Energy Directive" announced on 17 October 2012 by the European Commission)
 - AGRANA well prepared for bioethanol production from residues
 - Required greenhouse gas savings are more than exceeded
 - "Made in Austria" bioethanol guarantees sustainable production from regional grain surpluses



— „Ybbstaler“ consolidation

- **Joint Venture with Ybbstaler** (fruit juice concentrates)
 - Approval by the EU Commission on April 4, 2012
 - Merger of AGRANA Juice Holding GmbH with Ybbstaler Fruit Austria GmbH on 1 June 2012
 - YBBSTALER AGRANA JUICE GmbH fully consolidated by AGRANA since Q2 2012|13
 - Goal of JV is to strengthen purchasing and international marketing capabilities and thus create further opportunities for growth
 - the “new” company aims to establish itself as a leading supplier of fruit juice concentrates, fruit purees, beverage bases, natural aromas and not-from-concentrate juices for the downstream beverage industry
- **15 production sites**, employing about 750 people
- Full year 2012|13 revenue for the new juice operation:
 - ~ € 350 m (thereof approximately **€ 100 m contribution** for 9 months from Ybbstaler)





— Segment Outlook 2012|13 FY

SUGAR Segment

- Operating profit at prior year level is projected for the full year 12|13
- AGRANA expects a good but weaker earnings situation and a solid revenue development in the 2nd half of 12|13 FY compared to H1
- A lower beet sugar production is expected (due to weather conditions); compensation to be achieved by increased raw sugar refining

STARCH Segment

- Positive earnings situation of the 1st half of 2012|13 will weaken in the coming months
- Stable market demand for technical starches, saccharification products, bioethanol and by-products expected
- Significant increase of raw material prices will put pressure on margins

FRUIT Segment

- Improved operating profit expected for the 2nd half of 2012|13 FY
- Challenging market environment for fruit preparations
- Focus on growth-oriented projects and new product developments with significant gains of sales in non-European markets
- Juice operating profit is expected at last year's level



— Outlook AGRANA Group 2012|13 FY



- **Group revenue** expected to increase on overall volume growth and high prices (above € 3.0 bn)
- Expectation of volatile raw material and sales prices in the next two quarters
- Combined with lower crop yields, weaker results in the 2nd half of 2012|13
- For the full year 2012|13 Group **operating profit** should approximately reach last year's level
- Planned **investment volume**: ~ € 140 m (vs. depreciation of ~ € 80m)



— Financial Calendar for 2012|13

10 January 2013

Results for first three quarters of 2012|13

14 May 2013

Press conference on annual results for 2012|13

5 July 2013

Annual General Meeting for 2012|13

10 July 2013

Dividend payment and ex-dividend day



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