Q1

INTERIM REPORT
FIRST QUARTER 2017/18

1 March to 31 May 2017

€ **1,783** [1,608] million
CONSOLIDATED GROUP REVENUES

€ **153** [110] million
CONSOLIDATED OPERATING RESULT

FULL-YEAR FISCAL 2017/18 OUTLOOK:

€ **6.7** to **7.0** [2016/17: 6.5] billion
CONSOLIDATED GROUP REVENUES

€ **425** to **500** [2016/17: 426] million
CONSOLIDATED OPERATING RESULT

SÜDZUCKER

FINANCIAL CALENDAR

Annual general meeting
Fiscal 2016/17
20 July 2017

Q2
1st half year report 2017/18
12 October 2017

Q3
1st to 3rd quarter report 2017/18
11 January 2018

Press and analysts' conference
Fiscal 2017/18
17 May 2018

Q1
1st quarter report 2018/19
12 July 2018

Annual general meeting
Fiscal 2017/18
19 July 2018

Q2
1st half year report 2018/19
11 October 2018

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This interim report is available in German and English. This translation is provided for convenience only and should not be relied upon exclusively. PDF files of the interim report can be downloaded from the company's website at:

www.suedzucker.de/de/Investor-Relations/ or
www.suedzucker.de/en/Investor-Relations/

Südzucker AG's fiscal year is not aligned with the calendar year. The first quarter period extends from 1 March to 31 May.

On the following pages, the numbers in brackets represent the corresponding previous year's figures or items. Numbers and percentages stated are subject to differences due to rounding. Typing and printing errors reserved.

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to 31 May 2017

		1st quarter		
		2017/18	2016/17	+/– in %
Revenues and earnings				
Revenues	€ million	1,783	1,608	10.9
EBITDA	€ million	208	159	30.9
EBITDA margin	%	11.7	9.9	
Depreciation	€ million	–55	–49	12.0
Operating result	€ million	153	110	39.4
Operating margin	%	8.6	6.8	
Net earnings	€ million	120	77	56.3
Cash flow and investments				
Cash flow	€ million	185	125	47.7
Investments in fixed assets [1]	€ million	62	59	4.1
Investments in financial assets / acquisitions	€ million	0	1	–100.0
Total investments	€ million	62	60	2.7
Performance				
Fixed assets [1]	€ million	2,957	2,875	2.8
Goodwill	€ million	1,191	1,145	4.0
Working capital	€ million	1,878	1,895	–0.9
Capital employed	€ million	6,138	6,028	1.8
Capital structure				
Total assets	€ million	8,475	7,963	6.4
Shareholders' equity	€ million	5,029	4,540	10.8
Net financial debt	€ million	443	742	–40.3
Equity ratio	%	59.3	57.0	
Net financial debt as % of equity (gearing)	%	8.8	16.3	
Shares				
Market capitalization on 31 May	€ million	3,888	3,597	8.1
Total shares issued as of 31 May	Millions of shares	204.2	204.2	0.0
Closing price on 31 May	€	19.04	17.62	8.1
Earnings per share on 31 May	€	0.39	0.26	50.0
Average trading volume / day	Thousands of shares	827	740	11.8
MDAX® closing price on 31 May	Points	25,128	20,762	21.0
Performance Südzucker share 1 March to 31 May	%	–21.0	26.9	
Performance MDAX® 1 March to 31 May	%	7.5	6.9	
Employees		**18,416**	**17,922**	**2.8**

[1] Including intangible assets.

TABLE 01

OVERVIEW

First quarter 2017/18

- Consolidated group revenues up 11 % from last year at € 1,783 (1,608) million.
- Consolidated group operating result climbs € 43 million to € 153 (110) million. The higher result was driven mainly by the sugar segment.
- Despite declining volumes, sugar segment reports higher revenues and operating result driven by higher sugar sales revenues:
  - Revenues: +12 % to € 777 (694) million
  - Operating result: € 64 (22) million
- Special products segment reports lower results as expected – despite higher sales volumes – driven especially by higher raw material prices:
  - Revenues: +5 % to € 481 (457) million
  - Operating result: € 41 (46) million
- CropEnergies segment reports higher revenues driven by higher sales volumes associated with production at the ethanol plant in Wilton, Great Britain. The plant was not in operation during the same period last year. Ethanol sales revenues were also higher. The segment's operating result increased accordingly:
  - Revenues: +44 % to € 214 (149) million
  - Operating result: € 23 (19) million
- Fruit segment's revenues and result up slightly as expected:
  - Revenues: € 311 (308) million
  - Operating result: € 25 (23) million

Forecast for full fiscal 2017/18

- Consolidated group revenues forecast of € 6.7 to 7.0 (2016/17: 6.5) billion remains unchanged.
- Operating result still expected to come in at between € 425 and 500 (2016/17: 426) million.
- Capital employed to rise slightly; ROCE to increase.

Revenues by segment 1st quarter 2017/18

€ million	1st quarter 2017/18	2016/17	+/– in %
Sugar	777	694	11.8
Special products	481	457	5.2
CropEnergies	214	149	43.7
Fruit	311	308	1.1
Group total	**1,783**	**1,608**	**10.9**

TABLE 02

Operating result by segment 1st quarter 2017/18

€ million	1st quarter 2017/18	2016/17	+/– in %
Sugar	64	22	> 100
Special products	41	46	–11.3
CropEnergies	23	19	20.6
Fruit	25	23	8.2
Group total	**153**	**110**	**39.4**

TABLE 03

ECONOMIC REPORT

Südzucker Group business development – results of operations

Revenues and operating result

Group consolidated revenues for the first quarter of fiscal 2017/18 were sharply higher than last year at € 1,783 (1,608) million. The higher revenues were driven mainly by the sugar and CropEnergies segments.

The group's consolidated operating result rose considerably in the first three months of fiscal 2017/18. It was up € 43 million to € 153 (110) million. This result improvement was mainly attributable to the sugar segment, but the fruit and CropEnergies segments also contributed. As expected, the special products segment was unable to match last year's elevated result.

Result from operations

Result from operations of € 167 (114) million comprises an operating result of € 153 (110) million, the result from restructuring and special items of € 0 (–7) million and the earnings contribution from companies consolidated at equity of € 14 (11) million.

Result from companies consolidated at equity

The result from companies consolidated at equity totaled € 14 (11) million. The sugar segment (ED&F Man Holdings Limited, AGRANA-Studen Group, Maxi S.r.l.) accounted for € 4 (5) million and the special products segment (Hungrana Group) for € 10 (6) million.

Financial result

In the first three months, the financial result improved to € –9 (–12) million, comprising a net interest result of € –7 (–6) million and a result from other financing activities of € –2 (–6) million.

Taxes on income

Earnings before taxes were reported at € 158 (102) million and taxes on income totaled € –38 (–25) million. The group's tax rate was 24 (25) %.

Revenues and operating result

		1st quarter		
		2017/18	2016/17	+/– in %
Revenues	€ million	**1,783**	**1,608**	**10.9**
EBITDA	€ million	208	159	30.9
Depreciation on fixed assets and intangible assets	€ million	–55	–49	12.0
Operating result	€ million	**153**	**110**	**39.4**
Result from restructuring / special items	€ million	0	–7	–89.6
Result from companies consolidated at equity	€ million	14	11	30.0
Result from operations	€ million	**167**	**114**	**46.1**
EBITDA margin	%	11.7	9.9	
Operating margin	%	8.6	6.8	
Investments in fixed assets [1]	€ million	62	59	4.1
Investments in financial assets / acquisitions	€ million	0	1	–100
Total investments	€ million	**62**	**60**	**2.7**
Shares in companies consolidated at equity	€ million	433	337	28.7
Capital employed	€ million	6,138	6,028	1.8
Employees		**18,416**	**17,922**	**2.8**

[1] Including intangible assets.

TABLE 04

Income statement

€ million	1st quarter 2017/18	2016/17	+/– in %
Revenues	**1,783**	**1,608**	**10.9**
Operating result	153	110	39.4
Result from restructuring / special items	0	–7	–89.6
Result from companies consolidated at equity	14	11	30.0
Result from operations	**167**	**114**	**46.1**
Financial result	–9	–12	–25.0
Earnings before income taxes	**158**	**102**	**54.5**
Taxes on income	–38	–25	49.0
Net earnings	**120**	**77**	**56.3**
of which attributable to Südzucker AG shareholders	81	55	48.8
of which attributable to hybrid capital	3	3	–2.9
of which attributable to other non-controlling interests	36	19	88.0
Earnings per share (€)	**0.39**	**0.26**	**50.0**

TABLE 05

Consolidated net earnings

Of the consolidated net earnings of € 120 (77) million, € 81 (55) million were allocated to Südzucker AG shareholders, € 3 (3) million to hybrid equity and € 36 (19) million to other non-controlling interests, mainly the co-owners of AGRANA Group and CropEnergies Group.

Earnings per share

Earnings per share came in at € 0.39 (0.26) for the first quarter 2017/2018. The calculation was based on the time-weighted average of 204.2 (204.2) million shares outstanding.

Investments and financing – financial position

Cash flow

Cash flow reached € 185 million, compared to € 125 million during the same period last year. This translates into 10.4 (7.8) % of revenues.

Working capital

The seasonal cash outflow from increased working capital of € –160 million was mainly attributable to the payment of beet related liabilities from the 2016/17 campaign, which were only partly covered by sugar inventory sales.

Investments in fixed assets

Investments in fixed assets (including intangible assets) totaled € 62 (59) million. The sugar segment invested € 24 (24) million, mainly for replacements, but also on efficiency and logistics improvements in preparation for expanded production after expiry of the minimum beet price and quota regulations. The special products segment invested € 30 (29) million, most of which was for the construction of new production systems and cost optimized utilization of existing production capacities. The CropEnergies segment invested € 4 (3) million to optimize its production systems. The fruit segment invested € 4 (3) million, mainly to expand production capacity in the fruit preparations division.

Development of net financial debt

The cash outflow from the change of € –160 million in working capital was fully financed by a cash inflow of € 185 million. This resulted in the typical seasonal increase in net financial debt, which went from € 413 million on 28 February 2017 to € 443 million on 31 May 2017, taking into consideration total investments of € 62 million and the distribution of € 5 million.

Cash flow statement

€ million	1st quarter 2017/18	2016/17	+/– in %
Cash flow	**185**	**125**	**47.7**
Increase (–)/decrease (+) in working capital	**–160**	**–253**	**–36.9**
Investments in fixed assets			
Sugar segment	24	24	–3.7
Special products segment	30	29	2.8
CropEnergies segment	4	3	76.0
Fruit segment	4	3	17.6
Total investments in fixed assets [1]	**62**	**59**	**4.1**
Investments in financial assets/acquisitions	**0**	**1**	**–100**
Total investments	**62**	**60**	**2.7**
Dividends paid	**–5**	**–5**	**–4.0**

[1] Including intangible assets.

TABLE 06

Balance sheet – assets

Balance sheet

€ million	31 May 2017	31 May 2016	+/– in %
Assets			
Intangible assets	1,240	1,186	4.5
Fixed assets	2,908	2,834	2.6
Remaining assets	590	518	13.9
Non-current assets	**4,738**	**4,538**	**4.4**
Inventories	1,659	1,614	2.7
Trade receivables	1,012	941	7.5
Remaining assets	1,066	870	22.5
Current assets	**3,737**	**3,425**	**9.1**
Total assets	**8,475**	**7,963**	**6.4**
Liabilities and equity			
Equity attributable to shareholders of Südzucker AG	3,458	3,205	7.9
Hybrid capital	653	653	0.0
Other non-controlling interests	918	682	34.7
Total equity	**5,029**	**4,540**	**10.8**
Provisions for pensions and similar obligations	825	800	3.2
Financial liabilities	556	716	–22.3
Remaining liabilities	298	276	8.0
Non-current liabilities	**1,679**	**1,792**	**–6.3**
Financial liabilities	616	627	–1.8
Trade payables	446	403	10.8
Remaining liabilities	705	601	17.3
Current liabilities	**1,767**	**1,631**	**8.2**
Total liabilities and equity	**8,475**	**7,963**	**6.4**
Net financial debt	443	742	–40.3
Equity ratio in %	59.3	57.0	
Net financial debt as % of equity (gearing)	8.8	16.3	

TABLE 07

Non-current assets

Non-current assets at € 4,738 (4,538) million were € 200 million higher than on the previous year's record date. The Main Process S.A. and Terra Sömmerda GmbH (formerly Terra e.G.) acquisitions in 2016/17 caused goodwill to increase, which drove intangible assets to € 1,240 (1,186) million. The carrying amount of fixed assets was up € 74 million to € 2,908 (2,834) million, driven by investments and changes to the scope of consolidation. The € 72 million increase in other assets to € 590 (518) million was primarily driven by the increase in shares of at equity consolidated companies to € 433 (337) million, due to the € 82 million interest in ED&F Man Holdings Ltd., London, Great Britain, added in the third quarter of 2016/17.

Current assets

Current assets rose € 312 million to € 3,737 (3,425) million. The main drivers were an increase of € 45 million in inventories, especially in the sugar segment, bringing the total to € 1,659 (1,614) million, an increase of € 71 million in trade receivables, which rose to € 1,012 (941) million, and a € 196 million increase in other assets, which climbed to € 1,066 (870) million, primarily because of higher cash and cash equivalents together with the increase in the market value of hedging transactions.

Equity

Equity rose to € 5,029 (4.540) million. The equity ratio came in higher than last year at 59 (57) % as total assets increased to € 8,475 (7,963) million. Südzucker AG shareholders' equity climbed € 253 million to € 3,458 (3,205) million. At the same time, other non-controlling interests rose € 236 million to € 918 (682) million, primarily due to the capital measures at AGRANA in the fourth quarter of fiscal 2016/17.

Non-current liabilities

Non-current liabilities fell € 113 million to € 1,679 (1,792) million. Provisions for pensions and similar obligations were up € 25 million to € 825 (800) million due to valuation using a lower discount rate, which fell to 1.90 % on 31 May 2017 from 1.95 % on 31 May 2016. Financial liabilities declined € 160 million to € 556 (716) million due to the recognition in this quarter of the € 399 million 2011/2018 bond maturing on 29 March 2018 as a current liability, which is offset by the € 298 million 2016/2023 bond placed in the third quarter of 2016/17. Liabilities to financial institutions were also reduced. Other liabilities rose € 22 million to € 298 (276) million.

Current liabilities

Current liabilities rose € 136 million to € 1,767 (1,631) million. Current financial liabilities were down € 11 million to € 616 (627) million, because the increase driven by the recognition now of the € 399 million 2011/2018 bond due on 29 March 2018 as a current liability was more than offset by the repayment of liabilities to financial institutions. Trade payables rose € 43 million to € 446 (403) million. Other debt, consisting of other provisions, taxes owed and other liabilities, rose € 104 million to € 705 (601) million. The main driver here was higher negative market values related to hedging transactions, as well as security deposits received in connection with the significantly increased positive market values.

Net financial debt

Net financial debt was reduced by € 299 million to € 443 (742) million as of 31 May 2017. The new total corresponds to 8.8 (16.3) % of equity capital.

Employees

The number of persons employed by the group (full-time equivalent) in the first three months of fiscal 2017/18 was higher than at the same time last year at 18,416 (17,922). The special products segment's higher headcount was mostly attributable to the Freiberger and starch divisions. The number of employees in the fruit segment rose because of higher demand for seasonal workers in Mexico and China, as well as consolidation of the Argentinian company Main Process S.A. since the fourth quarter of 2016/17.

Employees by segment at balance sheet date

	1st quarter		
31 May	2017	2016	+/– in %
Sugar	6,963	7,012	−0.7
Special products	4,751	4,602	3.2
CropEnergies	411	405	1.5
Fruit	6,291	5,903	6.6
Group	**18,416**	**17,922**	**2.8**

TABLE 08

SUGAR SEGMENT

Market developments, economic policy, general framework

World sugar market

With world sugar inventories having declined for two marketing years (1 October to 30 September) in a row, market analyst F. O. Licht stated in its June 2017 estimate that it expects the world sugar balance ratio of inventories to demand to be the lowest since 2010/11 as of the end of the 2016/17 marketing year. However, F. O. Licht is currently forecasting a production surplus for the 2017/18 marketing year. With production rising to 191.0 (177.8) million tonnes despite consumption continuing to grow to 184.4 (180.5) million tonnes, inventories are expected to increase to 72.5 (67.6) million tonnes, about 39 (37) % of one year's consumption.

Since the beginning of the fiscal year, the world market price for white sugar has fallen considerably, from about 500 €/t to under 400 €/t. At the end of the reporting period, the world market price for white sugar stood at 387 €/t. Since then it has fallen further.

Global market sugar prices

1 June 2014 to 31 May 2017
London, nearest forward trading month

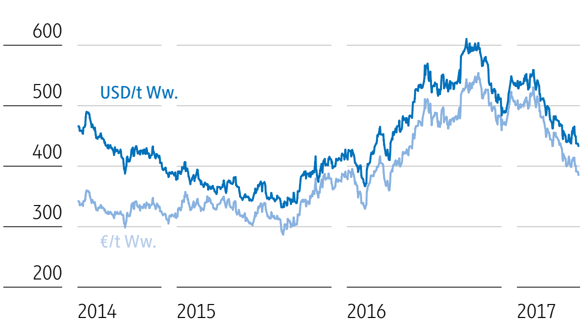


DIAGRAM 01

Eu sugar market

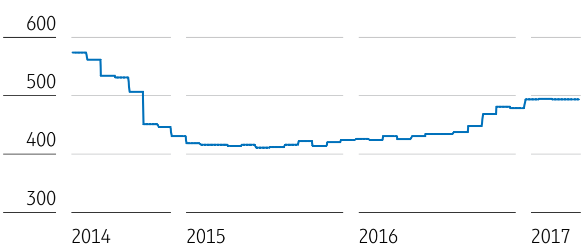
The current sugar marketing year (2016/17), which ends on 30 September 2017, is the last one governed by current market regulations regarding sugar quotas and minimum sugar beet price. The company expanded its cultivation area for the 2016 campaign in response to the slim 2015 harvest. The EU Commission expects sugar production in the EU (including isoglucose) to come in at around 17.6 (15.7) million tonnes.

Export licenses for 1.35 million tonnes of non-quota sugar were granted for the 2016/17 sugar marketing year, the same as last year.

The EU Commission expects a significantly expanded cultivation area for the upcoming 2017/18 sugar marketing year. With the elimination of sugar quota and minimum sugar beet price regulations, EU exports will no longer be restricted after October 2017.

EU sugar price reporting

1 May 2014 to 30 April 2017
€/t Ww.



Source: EU commission, Directorate-General for Agriculture and Rural Development.

DIAGRAM 02

According to EU price reporting, the average price for quota sugar – following an increase over the course of last year – stabilized at the beginning of the 2017 calendar year and in April 2017, bulk sugar was quoted at 495 €/t (ex factory).

Energy market

Even though OPEC nations largely honored their production cut commitments, the price of North Sea Brent crude declined from 56 to 51 USD/barrel at the beginning of the quarter. Speculative investors dumped call options in view of record crude inventories in the United States and doubts about the long-term success of OPEC production cuts. Higher shale oil production in the United States also weighed on the price of crude. At the beginning of May, prices recovered considerably leading up to the OPEC conference on 25 May. OPEC reached agreement on extending production cuts until the first quarter of 2018. The aim continued to be to reduce OECD inventories to their five-year average level. At the end of the quarter, Brent crude corrected to 51 USD/barrel as traders took profits.

Eu sugar policies, WTO negotiations and free trade agreements

WTO negotiators agreed to boost the EU CXL import quota "erga omnes" as a means of compensating Croatia's new membership in the EU. Brazil's EU CXL refinery-destined raw cane sugar import contingent was raised by 78,000 tonnes. The tariff for these additional import volumes from Brazil was set at 11 €/t for the first six years. With the 36,000-tonne "erga omnes" increase of the remaining EU CXL import quotas for raw cane sugar for refining, the raw cane sugar tariff now stands at 98 €/t, just as for all other CXL imports. The additional import quota was granted as of 1 July 2017.

There were no material changes during the reporting period to the legal and political framework related to EU sugar policies, WTO negotiations and free trade agreements than those outlined on pages 63 and 64 of the 2016/17 annual report (consolidated management report, business report, sugar segment).

Business performance – Sugar segment

		1st quarter		
		2017/18	2016/17	+/– in %
Revenues	€ million	**777**	**694**	**11.8**
EBITDA	€ million	79	35	> 100
Depreciation on fixed assets and intangible assets	€ million	–15	–13	18.8
Operating result	€ million	**64**	**22**	**> 100**
Result from restructuring / special items	€ million	0	–1	> 100
Result from companies consolidated at equity	€ million	4	5	–25.9
Result from operations	€ million	**68**	**26**	**> 100**
EBITDA margin	%	10.3	5.0	
Operating margin	%	8.2	3.1	
Investments in fixed assets [1]	€ million	24	24	–3.7
Investments in financial assets / acquisitions	€ million	0	1	–100
Total investments	€ million	**24**	**25**	**–6.8**
Shares in companies consolidated at equity	€ million	360	274	31.6
Capital employed	€ million	3,311	3,239	2.2
Employees		**6,963**	**7,012**	**–0.7**

[1] Including intangible assets.

TABLE 09

Business performance

Revenues and operating result

The sugar segment's revenues rose to € 777 (694) million during the reporting period. The increase was driven mainly by higher sugar sales revenues, which more than offset the declining volumes.

The sugar segment's operating result rose to € 64 (22) million in the first quarter of fiscal 2017/18, thanks mainly to higher sugar sales revenues. The increase was driven on the one hand by higher quota sugar sales revenues seen since the beginning of the 2016/17 sugar marketing year in October 2016, and on the other, by sugar export prices that were still higher than last year at the beginning of the fiscal year.

Result from companies consolidated at equity

The result from companies consolidated at equity in the sugar segment was € 4 (5) million, most of which relates to the earnings contribution from the British trading company ED&F Man Holdings Ltd., but also the earnings contributions from AGRANA-Studen Group and Italian joint-venture distributor Maxi S.r.l.

Beet cultivation and 2017 campaign

Südzucker Group expanded its total beet cultivation area to 443,644 (384,835) ha in 2017, up about 15 % year over year. This year, planting began for the most part as early as in previous years, amidst average to excellent planting conditions.

Investments in fixed assets

Investments of € 24 (24) million in the first three months were mainly for replacements, efficiency improvements, product development, energy savings and environmental protection measures. Especially noteworthy are logistics and infrastructure projects, which are an important component of conducting the longer campaigns planned after expiry of minimum beet price regulations and quotas on 30 September 2017.

SPECIAL PRODUCTS SEGMENT

Revenues and operating result

The special products segment was able to boost revenues to € 481 (457) million in the first quarter, driven especially by steadily increasing volumes in all divisions. In addition, ethanol sales revenues were higher than last year, while the lower value of the British pound weighed on the final number.

The operating result remained high at € 41 million, but as expected, was unable to match last year's unusually high result of € 46 million, due mainly to higher raw material prices.

Result from companies consolidated at equity

Result from companies consolidated at equity totaling € 10 (6) million was primarily attributable to the share of earnings from starch and bioethanol activities of Hungrana Group.

Investments in fixed assets

The special products segment's investments of € 30 (29) million were mainly for improving efficiencies of existing Freiberger division systems. The starch division invested primarily in expanding its corn processing systems and enlarging the starch saccharification plant in Aschach, Austria.

Business performance – Special products segment

		1st quarter		
		2017/18	2016/17	+/– in %
Revenues	€ million	**481**	**457**	**5.2**
EBITDA	€ million	62	64	–4.4
Depreciation on fixed assets and intangible assets	€ million	–21	–18	13.1
Operating result	€ million	**41**	**46**	**–11.3**
Result from restructuring / special items	€ million	0	–3	–100
Result from companies consolidated at equity	€ million	10	6	85.7
Result from operations	€ million	**51**	**49**	**5.3**
EBITDA margin	%	12.8	14.1	
Operating margin	%	8.5	10.1	
Investments in fixed assets [1]	€ million	30	29	2.8
Investments in financial assets / acquisitions	€ million	0	0	–
Total investments	€ million	**30**	**29**	**2.8**
Shares in companies consolidated at equity	€ million	72	61	16.4
Capital employed	€ million	1,510	1,461	3.3
Employees		**4,751**	**4,602**	**3.2**

[1] Including intangible assets.

TABLE 10

CROPENERGIES SEGMENT

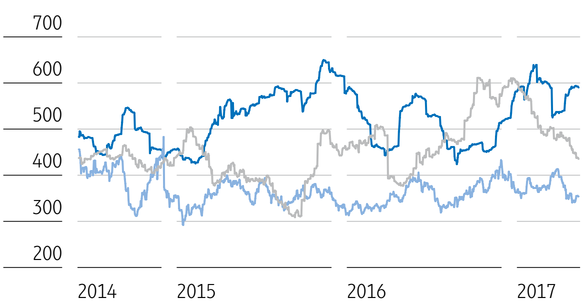
Market developments, economic policy, general framework

Ethanol market

Ethanol production in the United States is expected to reach 60.6 (59.5) million m³ in 2017. In light of continuing high production surpluses, US net exports are expected to remain at last year's level of 3.9 (3.9) million m³. The one-month future for ethanol during the reporting period on the Chicago Board of Trade (CBOT) fell from 380 €/m³ at the beginning of March 2017 to about 360 €/m³ at the end of May 2017. The lower price is mainly due to the higher value of the euro versus the US dollar. Expressed in US dollars, the price remained largely stable despite higher production and inventory levels.

International bioethanol prices

1 June 2014 to 31 May 2017
€/m³



Source: NYMEX, CBOT, CEPEA/ESALQ

DIAGRAM 03

Brazil is expected to produce 26.0 (27.1) million m³ of bioethanol in sugar marketing year 2017/18. Production should closely match bioethanol consumption of 25.8 (26.7) million m³. In view of the continued nearly balanced supply and demand situation, net exports are expected to rise to 0.2 (0.1) million m³. Although price levels were high at the beginning of the year, periodically above 600 €/m³, a noticeable downward trend started at the beginning of the sugar cane harvest. Driven by the devaluation of the Brazilian real during the reporting period, prices expressed in euro dropped sharply, from about 530 €/m³ at the beginning of March 2017 to about 440 €/m³ at the end of May 2017.

European ethanol prices at the end of May 2017 were quoted at 590 €/m³, down slightly from about 600 €/m³ at the beginning of March 2017. One-month futures had dropped to about 530 €/m³ at the beginning of April 2017.

Higher mandatory blend ratios should increase demand for fuels that have a lower climate impact and reduced greenhouse gas emissions, causing fuel-grade ethanol consumption in the EU to rise 4 % to 5.4 (5.2) million m³. European fuel grade ethanol production should rise to the higher consumption level of 5.4 (4.8) million m³, while the trade balance is expected to remain largely even.

EU bioethanol volume balance

million m³	2017e	2016	2015	2014
Opening balance	**2.2**	**2.4**	**2.3**	**2.5**
Production	7.5	7.0	7.4	7.3
thereof fuel ethanol	5.4	4.8	5.1	5.2
Import	0.4	0.6	0.7	0.7
Consumption	−7.8	−7.6	−7.8	−7.9
thereof fuel ethanol	−5.4	−5.2	−5.3	−5.4
Export	−0.2	−0.2	−0.2	−0.3
Closing balance	**2.1**	**2.2**	**2.4**	**2.3**

Source: F. O. Licht. Data estimated of EU biothanol volume balance, June 2017.

TABLE 11

Fuel grade ethanol consumption in Germany is expected to remain largely unchanged at 1.5 (1.5) million m³ in 2017. Despite a slight increase in the greenhouse gas reduction target to 4 % by weight as of the beginning of the year, fuel grade ethanol volumes between January and April 2017 were at the prior year's level at 0.4 (0.4) million m³. The volume of E10 fell to 0.7 (0.8) million tonnes, which reflects a market share of 12 (13) %.

Grain market

In its 9 June 2017 estimate, the US Department of Agriculture (USDA) forecast that world grain production (excluding rice) will reach 2,050 (2,114) million tonnes in 2017/18. Grain consumption is expected to come in at 2,084 (2,089) million tonnes, which should cause inventories to fall slightly to 482 (517) million tonnes.

The EU Commission expects the EU grain harvest for the 2017/18 grain marketing year to rise to 305 (295) million tonnes, again higher than the forecast consumption of 287 (285) million tonnes. At 60 %, most of domestic grain consumption continues to be attributable to animal feed. In contrast, only the starch component of 4 % of the EU's grain harvest is used to produce fuel grade ethanol. The remaining components of the processed grain, especially proteins such as dietary fibers, fats, minerals and vitamins, are refined to make high-quality food and animal feed. The local bioethanol industry thus contributes to reducing imports, mainly of soya, especially from North and South America.

European wheat prices on the Euronext in Paris were quoted at 167 €/t at the end of May 2017, slightly lower than the 174 €/t quoted at the beginning of March 2017. The grain price trend reflects the satisfactory global supply situation resulting from last year's record production and inventory levels, together with expectations to date for an excellent 2017/18 grain marketing year.

Legal and political conditions

There were no material changes in the legal and political conditions (Renewable Energy Directive, Fuel Quality Directive, Paris Climate Treaty, 2030 Climate and Energy Package, greenhouse gas reduction quotas in Germany, mandatory blend ratio increase in Belgium) during the reporting period. They remain as described on pages 77 and 78 of the 2016/17 annual report (consolidated management report, business report, CropEnergies segment).

Business performance

Revenues and operating result

The CropEnergies segment's revenues were considerably higher than last year, climbing to € 214 (149) million, driven almost exclusively by higher production and sales volumes due to the restart of the production plant in Wilton, Great Britain, in the second quarter of last year. Ethanol sales revenues were also higher than last year.

Thanks to the positive revenue trend, the operating result also rose sharply, to € 23 (19) million. The negative impacts of slightly higher raw material prices, operating costs from the startup of the plant in Wilton and scheduled inspection and maintenance work in Zeitz and Wanze, Belgium, in the first quarter, were more than offset.

Investments in fixed assets

The segment invested € 4 (3) million in the first three months, mainly for replacement of a rectification column and expanded gluten production in Wanze, Belgium, together with work to allow greater input materials flexibility in Zeitz.

Business performance – CropEnergies segment

		1st quarter		
		2017/18	2016/17	+/– in %
Revenues	€ million	**214**	**149**	**43.7**
EBITDA	€ million	33	28	17.1
Depreciation on fixed assets and intangible assets	€ million	–10	–9	9.2
Operating result	€ million	**23**	**19**	**20.6**
Result from restructuring / special items	€ million	0	–3	–97.3
Result from companies consolidated at equity	€ million	0	0	–
Result from operations	€ million	**23**	**16**	**47.8**
EBITDA margin	%	15.4	18.9	
Operating margin	%	10.9	13.0	
Investments in fixed assets [1]	€ million	4	3	76.0
Investments in financial assets / acquisitions	€ million	0	0	–
Total investments	€ million	**4**	**3**	**76.0**
Shares in companies consolidated at equity	€ million	2	2	5.6
Capital employed	€ million	469	500	–6.2
Employees		**411**	**405**	**1.5**

[1] Including intangible assets.

TABLE 12

FRUIT SEGMENT

Market developments, economic policy, general framework

Target markets

The spoonable fruit yogurt category of the fruit preparations market is growing at about 1 %. Overall, European and North American markets appear saturated, while markets are growing at 5.1 % in the Middle East and Africa and 4.7 % in Asia. The highest per capita consumption continues to be in North America, Western Europe and Australia. The global trend toward greater health consciousness is reflected above all in demand for high-protein products, yogurts with cereals or seeds and products with natural ingredients.

For drinkable yogurt, the global market continues to grow at 5.3 %. Above average growth is especially apparent in Asia, the Middle East and Africa. The trend toward drinkable yogurt also continues in the United States, with a growth rate of 5.9 %. The highest per capita consumption is currently in Eastern Europe, Latin America and Western Europe.

The global market for ice cream is growing slightly. The latest published growth rate is 1.7 %, but is forecast to increase to over 2 % by 2020. Per capita ice cream consumption is highest in North America and Australia. Demand is growing in the Middle East, Africa and – despite consumption at a high level – Australia. Strong demand growth for frozen yogurt is apparent in Western Europe.

Demand for baked goods is also expected to grow steadily. Global market growth for snacks especially is reported at 2.1 %.

European prices for apple juice concentrates stabilized at a satisfactory level in the first quarter of 2017/18 because of increased demand combined with a currently limited supply from the main cultivation areas.

Raw materials markets

The strawberry harvests in the Mediterranean climate zones, which are important to the fruit preparations division, are almost completed. A weather-related delayed harvest in Spain and Morocco together with lively demand in the fresh fruit market delayed the start of industrial production and caused raw material prices to rise.

Two incidents of frost in Europe's key cherry and berry regions will result in failed harvests, especially for cherries. Early-harvest raspberries and strawberries in Poland and Serbia have also been heavily affected.

The mango harvest in India went well and prices are trending lower than last year.

Due to frost in April and May, available raw materials for fruit juice concentrates (apples and sour cherries) are expected to be in short supply. However, an estimate of the exact impact will not be available until summer. From today's perspective, raw material prices for a number of primary fruit categories could rise.

Business performance

Revenues and operating result

The fruit segment's revenues rose to € 311 (308) million during the reporting period. Higher fruit juice concentrates volumes and fruit preparations sales revenues together with favorable exchange rates offset declining sales revenues for apple juice concentrates.

The segment was able to improve its operating result to € 25 (23) million, driven by higher margins on fruit preparations division sales revenues, while in the fruit juice concentrates division, lower raw material costs and higher volumes countered lower sales revenues.

Investments in fixed assets

Investments of € 4 (3) million in the first three months covered replacements and production optimization, and mainly capacity expansions in Shanghai, China, Lysander, USA, and elsewhere.

Business performance – Fruit segment

		1st quarter		
		2017/18	2016/17	+/– in %
Revenues	€ million	**311**	**308**	**1.1**
EBITDA	€ million	34	32	6.3
Depreciation on fixed assets and intangible assets	€ million	–9	–9	1.2
Operating result	€ million	**25**	**23**	**8.2**
Result from restructuring / special items	€ million	0	0	–
Result from companies consolidated at equity	€ million	0	0	–
Result from operations	€ million	**25**	**23**	**8.2**
EBITDA margin	%	10.8	10.3	
Operating margin	%	8.1	7.5	
Investments in fixed assets [1]	€ million	4	3	17.6
Investments in financial assets / acquisitions	€ million	0	0	–
Total investments	€ million	**4**	**3**	**17.6**
Shares in companies consolidated at equity	€ million	0	0	–
Capital employed	€ million	848	828	2.3
Employees		**6,291**	**5,903**	**6.6**

[1] Including intangible assets.

TABLE 13

RISKS AND OPPORTUNITIES

As an international company, Südzucker Group is exposed to macroeconomic, industry-specific and business risks and opportunities. Information about the group's risk management system, risks and potential opportunities is provided in the 2016/17 annual report under "Risk management" on pages 88 to 99, and in the "Business report" as part of segment reporting.

Taking into account all known facts, we have not identified any risks, either individually or as a whole, that threaten the continued existence of Südzucker Group.

OUTLOOK

Group performance

We continue to expect group consolidated revenues of € 6.7 to 7.0 (2016/17: 6.5) billion in fiscal 2017/2018. We expect the sugar and fruit segment's revenues to increase moderately and the special products segment's to rise slightly. We now expect the CropEnergies segment's revenues to range between € 775 and 825 (previous forecast: 725 to 800) million.

We expect the operating result to rise further. It should still range between € 425 and 500 (2016/17: 426) million, driven mainly by the significantly higher results in the sugar segment. After a record year in 2016/17, a significant retreat for the special products segment is expected. We now expect the CropEnergies segment's result to range between € 50 and 90 (previous forecast: 40 to 80) million. We expect a year-over-year increase in the fruit segment.

We expect capital employed to rise slightly. Based on the increased operating result, we expect ROCE to improve further (2016/17: 7.1 %).

The total budget for investments in fixed assets for fiscal 2017/18 is forecast at about € 350 (2016/17: 329) million.

The operating result for the second quarter of the current 2017/18 fiscal year is expected to be significantly higher than last year at the same time.

Sugar segment

Given the expiry of quota and minimum beet price regulations for the EU sugar market effective 30 September 2017, the forecast for the sugar segment is particularly uncertain.

We expect revenues to rise moderately (2016/17: € 2.8 billion), driven mainly by the expected increase in average sugar sales revenues over the full year as well as higher volumes.

Due to the expected higher average sales revenues for the year and higher volumes, especially for exports, we expect the current fiscal year's operating result to rise considerably (2016/17: € 72 million). The higher production and sales volumes will result in substantially improved capacity utilization and will generate corresponding economies of scale.

Capital employed is to increase slightly, while a significantly higher operating result should produce a higher ROCE (2016/17: 2.3 %).

Special products segment

We expect the special products segment's revenues to rise slightly (2016/17: € 1.8 billion). We are forecasting a significant decline in the operating result compared to last year's very high level (2016/17: € 184 million). This takes into consideration especially higher raw material costs, lower ethanol sales revenues and additional charges from the new starch plant in Zeitz, which began operations in 2016/17.

ROCE will go down in line with stable capital employed and a lower operating result contribution (2016/17: 12.2 %).

CropEnergies segment

The CropEnergies Segment's business growth for fiscal 2017/18 will again be largely driven by the significant price volatility in the bioethanol markets. Assuming continued high capacity utilization, CropEnergies now expects revenues to range between € 775 and 825 (2016/17: 726) million.

The operating result is now expected to come in between € 50 and 90 (2016/17: 98) million.

Based on steady capital employed and a declining operating result, ROCE (2016/17: 20.4 %) is expected to drop.

Fruit segment

We expect the fruit segment's revenues to rise moderately, driven by higher sales volumes (2016/17: € 1,155 million), and its operating result to be above last year's (2016/17: € 72 million). Both business divisions – fruit preparations and fruit juice concentrates – will contribute to this growth.

Capital employed is expected to rise moderately, and the operating result is also expected to increase, so ROCE (2016/17: 8.3 %) is expected to be higher than last year.

COMPREHENSIVE INCOME

1 March to 31 May 2017

	1st quarter		
€ million	2017/18	2016/17	+/– in %
Income statement			
Revenues	**1,782.9**	**1,608.2**	**10.9**
Change in work in progress and finished goods inventories and internal costs capitalized	–356.5	–323.4	10.2
Other operating income	20.5	19.0	7.9
Cost of materials	–837.2	–775.9	7.9
Personnel expenses	–204.6	–196.2	4.3
Depreciation	–55.2	–50.8	8.7
Other operating expenses	–197.4	–177.7	11.1
Result from companies consolidated at equity	14.3	11.0	30.0
Result from operations	**166.8**	**114.2**	**46.1**
Financial income	22.8	12.7	79.5
Financial expense	–32.0	–24.9	28.5
Earnings before income taxes	**157.6**	**102.0**	**54.5**
Taxes on income	–37.7	–25.3	49.0
Net earnings	**119.9**	**76.7**	**56.3**
of which attributable to Südzucker AG shareholders	80.5	54.1	48.8
of which attributable to hybrid capital	3.3	3.4	–2.9
of which attributable to other non-controlling interests	36.1	19.2	88.0
Earnings per share (€)	**0.39**	**0.26**	**50.0**

€ million	1st quarter 2017/18	2016/17	+ / − in %
Statement of other comprehensive income			
Net earnings	**119.9**	**76.7**	**56.3**
Market value of hedging instruments (cash flow hedge) after deferred taxes	42.5	1.6	> 100
Market value of securities (available for sale) after deferred taxes	−0.2	0.0	> 100
Exchange differences on net investments in foreign operations after deferred taxes	2.3	−0.3	–
Foreign currency translation differences	−13.4	−2.3	> 100
Share from companies consolidated at equity	−12.4	−5.4	> 100
Income and expenses to be recognized in the income statement in the future	**18.8**	**−6.4**	**–**
Remeasurement of defined benefit pension plans and similar obligations after deferred taxes	0.0	0.0	–
Share from companies consolidated at equity	0.0	0.0	–
Income and expenses not to be recognized in the income statement in the future	**0.0**	**0.0**	**–**
Other comprehensive result	**18.8**	**−6.4**	**–**
Comprehensive income	**138.7**	**70.3**	**97.3**
of which attributable to Südzucker AG shareholders	103.6	46.5	> 100
of which attributable to hybrid capital	3.3	3.4	−2.9
of which attributable to other non-controlling interests	31.8	20.4	55.9

TABLE 14

CASH FLOW STATEMENT

1 March to 31 May 2017

€ million	2017/18	2016/17	1st quarter +/− in %
Net earnings	119.9	76.7	56.3
Depreciation and amortization of intangible assets, fixed assets and other investments	55.2	50.8	8.7
Decrease (–) / Increase (+) in non-current provisions and deferred tax liabilities and increase (–) / decrease (+) in deferred tax assets	9.5	5.5	72.7
Other income (–) / expenses (+) not affecting cash	0.5	−7.7	–
Cash flow	**185.1**	**125.3**	**47.7**
Gain (–) / Loss (+) on disposal of items included in non-current assets and of securities	0.0	0.1	−100.0
Decrease (–) / Increase (+) in current provisions	2.5	−4.3	–
Increase (–) / Decrease (+) in inventories, receivables and other current assets	276.4	166.0	66.5
Decrease (–) / Increase (+) in liabilities (excluding financial liabilities)	−438.4	−414.5	5.8
Increase (–) / Decrease (+) in working capital	**−159.5**	**−252.8**	**−36.9**
I. Net cash flow from operating activities	**25.6**	**−127.4**	**–**
Investments in fixed assets and intangible assets	−61.5	−59.1	4.1
Investments in financial assets	0.0	−0.8	−100.0
Investments	**−61.5**	**−59.9**	**2.7**
Cash received on disinvestments	0.0	6.5	−100.0
Cash received on disposal of non-current assets	1.0	0.5	100.0
Cash paid (–) / received (+) for the purchase / sale of other securities	0.0	0.1	−100.0
II. Cash flow from investing activities	**−60.5**	**−52.8**	**14.6**

€ million	2017/18	2016/17	+/− in %
	1st quarter		
Repayment (–) / Issuance (+) of commercial papers	30.0	94.0	−68.1
Other repayment (–) / refund (+) of financial liabilities	5.2	90.1	−94.2
Repayment (–) / Refund (+) of financial liabilities	**35.2**	**184.1**	**−80.9**
Increases in stakes held in subsidiaries	−0.5	0.0	–
Decrease in stakes held in subsidiaries / capital buyback (–) and increase (+)	0.2	0.0	–
Dividends paid	−4.8	−5.0	−4.0
III. Cash flow from financing activities	**30.1**	**179.1**	**−83.2**
Change in cash and cash equivalent (total of I., II. and III.)	**−4.8**	**−1.1**	**>100**
Change in cash and cash equivalents			
due to exchange rate changes	8.7	−1.3	–
due to changes in entities included in consolidation/other	0.0	0.0	–
Decrease (–) / Increase (+) in cash and cash equivalents	**3.9**	**−2.4**	**–**
Cash and cash equivalents at the beginning of the period	580.8	459.4	26.4
Cash and cash equivalents at the end of the period	**584.7**	**457.0**	**27.9**

Dividends received from companies consolidated at equity / other participations investments	7.2	2.3	>100
Interest receipts	0.9	2.5	−64.0
Interest payments	−20.1	−20.5	−2.0
Income taxes paid	−19.0	−21.2	−10.4

TABLE 15

BALANCE SHEET

31 May 2017

€ million	31 May 2017	31 May 2016	+/− in %	28 February 2017	+/− in %
Assets					
Intangible assets	1,239.6	1,186.1	4.5	1,240.3	−0.1
Fixed assets	2,908.0	2,834.4	2.6	2,922.3	−0.5
Shares in companies consolidated at equity	433.4	336.7	28.7	432.8	0.1
Other investments	23.3	22.6	3.1	23.6	−1.3
Securities	18.8	18.7	0.5	18.8	0.0
Other assets	9.6	12.7	−24.4	10.4	−7.7
Deferred tax assets	105.2	127.2	−17.3	131.9	−20.2
Non-current assets	**4,737.9**	**4,538.4**	**4.4**	**4,780.1**	**−0.9**
Inventories	1,658.6	1,614.3	2.7	2,052.5	−19.2
Trade receivables	1,012.0	941.1	7.5	880.8	14.9
Other assets	337.8	245.6	37.5	295.0	14.5
Current tax receivables	17.9	40.9	−56.2	20.7	−13.5
Securities	125.7	125.7	0.0	125.7	0.0
Cash and cash equivalents	584.7	457.0	27.9	580.8	0.7
Current assets	**3,736.7**	**3,424.6**	**9.1**	**3,955.5**	**−5.5**
Total assets	**8,474.6**	**7,963.0**	**6.4**	**8,735.6**	**−3.0**

€ million	31 May 2017	31 May 2016	+/– in %	28 February 2017	+/– in %
Liabilities and shareholders' equity					
Equity attributable to shareholders of Südzucker AG	3,457.5	3,204.9	7.9	3,347.1	3.3
Hybrid capital	653.1	653.1	0.0	653.1	0.0
Other non-controlling interests	918.5	681.7	34.7	887.9	3.4
Total equity	**5,029.1**	**4,539.7**	**10.8**	**4,888.1**	**2.9**
Provisions for pensions and similar obligations	825.0	799.6	3.2	822.5	0.3
Other provisions	91.2	98.9	–7.8	91.7	–0.5
Financial liabilities	555.9	715.7	–22.3	917.2	–39.4
Other liabilities	24.2	15.9	52.2	24.5	–1.2
Tax liabilities	103.1	98.9	4.2	102.9	0.2
Deferred tax liabilities	79.9	62.7	27.4	81.3	–1.7
Non-current liabilities	**1,679.3**	**1,791.7**	**–6.3**	**2,040.1**	**–17.7**
Other provisions	235.4	204.6	15.1	233.2	0.9
Financial liabilities	616.3	627.3	–1.8	221.1	> 100
Trade payables	446.1	402.7	10.8	916.9	–51.3
Other liabilities	412.5	338.0	22.0	387.0	6.6
Current tax liabilities	55.9	59.0	–5.3	49.2	13.6
Current liabilities	**1,766.2**	**1,631.6**	**8.2**	**1,807.4**	**–2.3**
Total liabilities and equity	**8,474.6**	**7,963.0**	**6.4**	**8,735.6**	**–3.0**
Net financial debt	443.0	741.6	–40.3	413.0	7.3
Equity ratio	59.3	57.0		56.0	
Net financial debt as % of equity (gearing)	8.8	16.3		8.4	

TABLE 16

CHANGES IN SHAREHOLDERS' EQUITY

1 March to 31 May 2017

€ million	Outstanding subscribed capital	Capital reserve	Other reserves
1 March 2016	**204.2**	**1,614.9**	**1,424.2**
Net earnings			54.1
Other comprehensive income / loss before taxes			0.0
Taxes on other comprehensive income			0.0
Comprehensive income			**54.1**
Distributions			0.0
Decrease in stakes held in subsidiaries / capital increase	0.0	0.0	0.0
Buyback of hybrid capital			0.0
Other changes			0.0
31 May 2016	**204.2**	**1,614.9**	**1,478.3**
1 March 2017	**204.2**	**1,614.9**	**1,582.7**
Net earnings			80.5
Other comprehensive income / loss before taxes			−0.1
Taxes on other comprehensive income			0.1
Comprehensive income			**80.5**
Distributions			0.0
Decrease in stakes held in subsidiaries / capital increase	0.0	0.0	0.0
Buyback of hybrid capital			0.0
Other changes			6.8
31 May 2017	**204.2**	**1,614.9**	**1,670.0**

Other equity accounts								
Market value of hedging instruments (cash flow hedge)	Market value of securities (available for sale)	Exchange differences on net investments in foreign operations	Accumulated exchange differcences	Share from companies consolidated at equity	Equity of Südzucker shareholders	Hybrid capital	Other non-controlling interests	Total equity
−5.1	**1.6**	**−14.2**	**−67.4**	**0.2**	**3,158.4**	**653.1**	**661.4**	**4,472.9**
					54.1	3.4	19.2	76.7
−0.4	−0.1	−0.4	−2.0	−5.1	−8.0		1.9	−6.1
0.3	0.0	0.1			0.4		−0.7	−0.3
−0.1	**−0.1**	**−0.3**	**−2.0**	**−5.1**	**46.5**	**3.4**	**20.4**	**70.3**
					0.0	−3.4	0.0	−3.4
					0.0		0.0	0.0
					0.0	0.0		0.0
					0.0		−0.1	−0.1
−5.2	**1.5**	**−14.5**	**−69.4**	**−4.9**	**3,204.9**	**653.1**	**681.7**	**4,539.7**
−2.9	**1.5**	**−13.6**	**−42.4**	**2.7**	**3,347.1**	**653.1**	**887.9**	**4,888.1**
					80.5	3.3	36.1	119.9
59.1	−0.1	2.8	−7.5	−12.6	41.6		−4.0	37.6
−18.1	0.0	−0.5			−18.5		−0.3	−18.8
41.0	**−0.1**	**2.3**	**−7.5**	**−12.6**	**103.6**	**3.3**	**31.8**	**138.7**
					0.0	−3.3	−0.1	−3.4
					0.0		0.2	0.2
					0.0	0.0		0.0
					6.8		−1.3	5.5
38.1	**1.4**	**−11.3**	**−49.9**	**−9.9**	**3,457.5**	**653.1**	**918.5**	**5,029.1**

TABLE 17

NOTES TO THE INTERIM FINANCIAL STATEMENTS

Segment report

			1st quarter
€ million	2017/18	2016/17	+/– in %
Südzucker Group			
Gross revenues	**1,885.2**	**1,699.4**	**10.9**
Consolidation	–102.3	–91.2	12.2
Revenues	**1,782.9**	**1,608.2**	**10.9**
EBITDA	**208.4**	**159.2**	**30.9**
EBITDA margin	11.7 %	9.9 %	
Depreciation	–55.2	–49.3	12.0
Operating result	**153.2**	**109.9**	**39.4**
Operating margin	8.6 %	6.8 %	
Result from restructuring / special items	–0.7	–6.7	–89.6
Result from companies consolidated at equity	14.3	11.0	30.0
Result from operations	**166.8**	**114.2**	**46.1**
Investments in fixed assets [1]	61.5	59.1	4.1
Investments in financial assets / acquisitions	0.0	0.8	–100.0
Total investments	**61.5**	**59.9**	**2.7**
Shares in companies consolidated at equity	433.4	336.7	28.7
Capital employed	6,137.9	6,028.3	1.8
Employees	**18,416**	**17,922**	**2.8**
Sugar segment			
Gross revenues	**831.1**	**749.0**	**11.0**
Consolidation	–53.8	–53.9	–0.4
Revenues	**777.3**	**695.1**	**11.8**
EBITDA	**80.3**	**35.1**	**> 100**
EBITDA margin	10.3 %	5.0 %	
Depreciation	–16.4	–13.8	18.8
Operating result	**63.9**	**21.3**	**> 100**
Operating margin	8.2 %	3.1 %	
Result from restructuring / special items	–0.6	0.0	> 100
Result from companies consolidated at equity	4.0	5.4	–25.9
Result from operations	**67.3**	**26.7**	**> 100**
Investments in fixed assets [1]	23.3	24.2	–3.7
Investments in financial assets / acquisitions	0.0	0.8	–100.0
Total investments	**23.3**	**25.0**	**–6.8**
Shares in companies consolidated at equity	360.0	273.5	31.6
Capital employed	3,311.3	3,238.8	2.2
Employees	**6,963**	**7,012**	**–0.7**

[1] Including intangible assets.

€ million	1st quarter 2017/18	2016/17	+/– in %
Special products segment			
Gross revenues	**511.9**	**475.1**	**7.7**
Consolidation	–31.4	–18.6	69.7
Revenues	**480.5**	**456.5**	**5.2**
EBITDA	**61.5**	**64.3**	**–4.4**
EBITDA margin	12.8 %	14.1 %	
Depreciation	–20.7	–18.3	13.1
Operating result	**40.8**	**46.0**	**–11.3**
Operating margin	8.5 %	10.1 %	
Result from restructuring / special items	0.0	–3.0	–100,0
Result from companies consolidated at equity	10.4	5.6	85.7
Result from operations	**51.2**	**48.6**	**5.3**
Investments in fixed assets [1]	29.8	29.0	2.8
Investments in financial assets / acquisitions	0.0	0.0	–
Total investments	**29.8**	**29.0**	**2.8**
Shares in companies consolidated at equity	71.5	61.4	16.4
Capital employed	1,510.3	1,461.4	3.3
Employees	**4,751**	**4,602**	**3.2**
CropEnergies segment			
Gross revenues	**231.0**	**167.5**	**37.9**
Consolidation	–16.9	–18.5	–8.6
Revenues	**214.1**	**149.0**	**43.7**
EBITDA	**32.9**	**28.1**	**17.1**
EBITDA margin	15.4 %	18.9 %	
Depreciation	–9.5	–8.7	9.2
Operating result	**23.4**	**19.4**	**20.6**
Operating margin	10.9 %	13.0 %	
Result from restructuring / special items	–0.1	–3.7	–97.3
Result from companies consolidated at equity	–0.1	0.0	–
Result from operations	**23.2**	**15.7**	**47.8**
Investments in fixed assets [1]	4.4	2.5	76.0
Investments in financial assets / acquisitions	0.0	0.0	–
Total investments	**4.4**	**2.5**	**76.0**
Shares in companies consolidated at equity	1.9	1.8	5.6
Capital employed	468.7	499.9	–6.2
Employees	**411**	**405**	**1.5**

[1] Including intangible assets.

€ million	1st quarter 2017/18	2016/17	+/– in %
Fruit segment			
Gross revenues	**311.2**	**307.8**	**1.1**
Consolidation	−0.2	−0.2	0.0
Revenues	**311.0**	**307.6**	**1.1**
EBITDA	**33.7**	**31.7**	**6.3**
EBITDA margin	10.8 %	10.3 %	
Depreciation	−8.6	−8.5	1.2
Operating result	**25.1**	**23.2**	**8.2**
Operating margin	8.1 %	7.5 %	
Result from restructuring / special items	0.0	0.0	–
Result from companies consolidated at equity	0.0	0.0	–
Result from operations	**25.1**	**23.2**	**8.2**
Investments in fixed assets [1]	4.0	3.4	17.6
Investments in financial assets / acquisitions	0.0	0.0	–
Total investments	**4.0**	**3.4**	**17.6**
Shares in companies consolidated at equity	0.0	0.0	–
Capital employed	847.6	828.2	2.3
Employees	**6,291**	**5,903**	**6.6**

[1] Including intangible assets.

TABLE 18

(1) Principles of preparation of the interim consolidated financial statements

Südzucker Group’s interim financial statements as of 31 May 2017 were prepared in accordance with the rules on interim financial reporting pursuant to IAS 34 (Interim Financial Reporting), in conformance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB). Südzucker AG’s interim consolidated financial statements dated 31 May 2017 have been condensed as per IAS 34. The consolidated interim statements dated 31 May 2017 were not subject to any inspection or audit review. Südzucker AG’s executive board prepared these interim financial statements on 3 July 2017.

As presented in the notes to the financial statements of the 2016/2017 annual report under item (1) “Principles of preparation of the consolidated financial statements” on pages 117 to 119, there were new and / or amended standards and interpretations that came into effect and were applied for the first time in preparing these interim financial statements.

A discount rate of 1.90 % was applied unchanged to 28 February 2017 to material plans on 31 May 2017 to calculate provisions for pensions and similar obligations. The discount rate applied on 31 May 2016 was 1.95 %.

Income taxes were calculated on the basis of local corporate income tax rates in consideration of the income tax forecast for the entire fiscal year. Material special items are fully recognized neglecting the determination of the annual tax rate in the respective quarter in which they occur.

Sugar is primarily produced from September to January. This is why depreciation on systems used for the campaign is predominantly applied during this period. Any material, personnel and other operating expenses incurred in preparation for production prior to the next sugar campaign are capitalized during the fiscal year via changes in inventories and recognized on the balance sheet under inventories as work in progress. These are then taken into account during subsequent sugar production when determining the production costs of the sugar produced and thus recognized under inventories as part of finished goods.

The same accounting and valuation methods as those used to prepare the group annual financial statements dated 28 February 2017 were applied for this interim report. The relevant explanatory notes under item (5) "Accounting policies", pages 127 to 131 of the 2016/17 annual report, thus also apply here.

Südzucker Group's 2016/17 annual report can be viewed or downloaded at www.suedzucker.de/de/Investor-Relations/ and / or www.suedzucker.de/en/Investor-Relations/.

(2) Companies included in consolidation

As of 31 May 2017, the scope of consolidation included 152 companies in addition to Südzucker AG (end of fiscal 2016/17: 152 companies). In total, 16 companies (end of fiscal 2016/17: 16 companies) were consolidated at equity.

(3) Earnings per share

The calculation of earnings per share according to IAS 33 from 1 March to 31 May 2017 was based on a time-weighted average of 204.2 million shares outstanding. Earnings per share came in at € 0.39 (0.26) for the first quarter and were not diluted.

(4) Inventories

€ million 31 May	2017	2016
Raw materials and supplies	368.8	394.6
Work in progress and finished goods		
Sugar segment	893.7	804.3
Special products segment	167.3	165.4
CropEnergies segment	38.7	32.1
Fruit segment	121.6	131.5
Total of work in progress and finished goods	1,221.3	1,133.3
Merchandise	68.5	86.4
	1,658.6	**1,614.3**

TABLE 19

The carrying amount of inventories was higher than the year prior at € 1,658.6 (1,614.3) million, mainly due to higher stock quantities in the sugar segment.

(5) Trade receivables and other assets

€ million		Remaining term			Remaining term	
31 May	2017	to 1 year	over 1 year	2016	to 1 year	over 1 year
Trade receivables	**1,012.0**	**1,012.0**	**0.0**	**941.1**	**941.1**	**0.0**
Receivables due from the EU	0.2	0.2	0.0	0.2	0.2	0.0
Positive market value derivatives	98.7	98.7	0.0	3.7	3.7	0.0
Remaining financial assets	88.3	78.7	9.6	86.1	73.4	12.7
Other taxes recoverable	106.6	106.6	0.0	95.1	95.1	0.0
Remaining non-financial assets	53.6	53.6	0.0	73.2	73.2	0.0
Other assets	**347.4**	**337.8**	**9.6**	**258.3**	**245.6**	**12.7**

TABLE 20

In line with revenue growth, trade receivables at € 1,012.0 (941.1) million were higher than the year prior, especially the sugar and CropEnergies segments'. Other financial assets of € 88.3 (86.1) million include mainly receivables from non-consolidated companies, shareholdings and employees and other third parties. Non-financial assets of € 53.6 (73.2) million are largely related to advances made and accruals / deferrals.

(6) Other provisions and accruals

€ million 31 May	2017	Short-term	Long-term	2016	Short-term	Long-term
Personnel-related provisions	82.0	17.1	64.9	84.4	20.7	63.7
Provisions for litigation risks and risk precautions	178.1	172.0	6.1	154.5	145.1	9.4
Other provisions	66.5	46.3	20.2	64.6	38.8	25.8
Total	**326.6**	**235.4**	**91.2**	**303.5**	**204.6**	**98.9**

TABLE 21

Personnel-related provisions in the amount of € 82.0 (84.4) million primarily represent non-current provisions for long-service awards, provisions for part-time early retirement and largely short-term provisions for termination benefit plans.

The provisions for litigation risks and risk precautions of € 178.1 (154.5) million include provisions for market regulation procedures, operational contract procedures and antitrust risks (fines and damage claims).

The other provisions in the amount of € 66.5 (64.6) million mainly represent non-current provisions for restoration obligations, together with current and non-current provisions for re-cultivation and environmental obligations largely related to sugar production.

(7) Trade payables and other liabilities

€ million		Remaining term			Remaining term	
31 May	2017	to 1 year	over 1 year	2016	to 1 year	over 1 year
Liabilities to beet growers	29.3	29.3	0.0	11.6	11.6	0.0
Liabilities to other trade payables	416.8	416.8	0.0	391.1	391.1	0.0
Trade payables	**446.1**	**446.1**	**0.0**	**402.7**	**402.7**	**0.0**
Negative market value derivatives	37.1	37.1	0.0	18.4	18.4	0.0
Remaining financial liabilities	216.5	192.8	23.7	148.0	133.1	14.9
Liabilities for personnel expenses	111.0	110.5	0.5	100.3	99.3	1.0
Liabilities for other taxes and social security contributions	61.9	61.9	0.0	66.9	66.9	0.0
Remaining non financial liabilities	10.2	10.2	0.0	20.3	20.3	0.0
Other liabilities	**436.7**	**412.5**	**24.2**	**353.9**	**338.0**	**15.9**

TABLE 22

Trade payables rose to € 446.1 (402.7) million. The remaining financial liabilities increased to € 216.5 (148.0) million and include interest payment obligations, as well as security deposits received in connection with hedging transactions. Liabilities for personnel expenses totaling € 111.0 (100.3) million mainly represent commitments for bonuses, premiums, vacation and overtime pay. Other non-financial liabilities totaling € 10.2 (20.3) million mainly include accrued and deferred items and advances received on orders.

(8) Financial liabilities, securities and cash and cash equivalents (net financial debt)

€ million		Remaining term			Remaining term	
31 May	2017	to 1 year	over 1 year	2016	to 1 year	over 1 year
Bonds	727.3	429.5	297.8	656.4	257.6	398.8
Liabilities to banks	441.9	186.4	255.5	683.8	369.4	314.4
Liabilities from finance leasing	3.0	0.4	2.6	2.8	0.3	2.5
Financial liabilities	**1,172.2**	**616.3**	**555.9**	**1,343.0**	**627.3**	**715.7**
Securities (non-current assets)	−18.8			−18.7		
Securities (current assets)	−125.7			−125.7		
Cash and cash equivalents	−584.7			−457.0		
Securities and cash and cash equivalents	**−729.2**			**−601.4**		
Net financial debt	**443.0**			**741.6**		

TABLE 23

Financial liabilities fell € 170.8 million to € 1,172.2 (1,343.0) million. The investment portfolio consisting of securities, cash and cash equivalents increased to € 729.2 (601.4) million. As a result, net financial debt fell € 298.6 million to € 443.0 (741.6) million.

Moody's current rating for Südzucker is Baa2/P-2 with a stable outlook. The rating was last confirmed on 20 May 2016, at which time the outlook also improved. On 23 June 2017, Standard & Poor's raised its Südzucker rating from BBB–/A-3 with a positive outlook to BBB/A-2 with a stable outlook. Moody's raised the rating of the hybrid bond from Ba3 to Ba2 on 20 May 2016. Standard & Poor's improved the hybrid bond rating from B+ to BB– on 23 June 2017.

Hybrid bond

The hybrid bond has had a variable quarterly coupon set at the three-month Euribor interest rate plus 3.10 % p.a. since June 30, 2015. The interest rate was set at 2.77 % for the current period from 31 March to 30 June 2017 (exclusively). Additional information regarding the hybrid bond is available in the notes to the financial statements of the 2016/2017 annual report under item (30) "Financial liabilities, securities and cash and cash equivalents (net financial debt)" on pages 163 to 164 and on the Südzucker corporate website at www.suedzucker.de/en/Investor-Relations/Anleihen/.

(9) Additional disclosures on financial instruments

Carrying amounts and fair values

The following table shows the carrying amounts and applicable fair values of the gross financial liabilities.

31 May		2017		2016	
€ million	Measurement category	Carrying amount	Fair value	Carrying amount	Fair value
Bonds	Financial liabilities measured at armotised cost	727.3	750.4	656.4	684.5
Liabilities to banks	Financial liabilities measured at armotised cost	441.9	451.2	683.8	695.1
Liabilities from finance leasing	n/a	3.0	3.0	2.8	2.8
Gross financial liabilities		**1,172.2**	**1,204.6**	**1,343.0**	**1,382.4**

TABLE 24

The carrying amount of cash and cash equivalents, trade receivables and other financial receivables, trade payables and other financial liabilities is considered a reasonable estimate of the fair value.

Measurement levels

The following table shows the carrying amount and fair value of financial assets and liabilities by measurement level.

€ million	Fair value hierarchy					
31 May	2017	Evaluation level 1	Evaluation level 2	2016	Evaluation level 1	Evaluation level 2
Securities – Available for Sale	**19.5**	**19.5**	**0.0**	**19.4**	**19.4**	**0.0**
Positive market values – derivatives without hedge accounting	9.6	3.7	5.9	3.4	2.9	0.5
Positive market values – hedge accounting derivatives	89.1	84.7	4.4	0.3	0.1	0.2
Positive market values	**98.7**	**88.4**	**10.3**	**3.7**	**3.0**	**0.7**
Financial assets	**118.2**	**107.9**	**10.3**	**23.1**	**22.4**	**0.7**
Negative market values – derivatives without hedge accounting	9.3	2.6	6.7	11.0	2.2	8.8
Negative market values – hedge accounting derivatives	27.8	25.7	2.1	7.4	6.8	0.6
Negative markt values/financial liabilities	**37.1**	**28.3**	**8.8**	**18.4**	**9.0**	**9.4**

TABLE 25

- Level 1: Measurement based on unadjusted prices determined on active markets
- Level 2: Measurement using prices derived from prices determined on active markets
- Level 3: Measurement method that considers influencing factors not exclusively based on observable market data; currently not applied by Südzucker Group

For more details on how the fair value of each financial instrument is determined and their allocation to measurement levels, please refer to the notes to the consolidated financial statements in the 2016/17 annual report under item (32) "Additional disclosures on financial instruments" on pages 175 to 178.

(10) Related parties

There have been no material changes to the related parties described in the notes to the 2016/17 annual report under item (36) on pages 179 to 181.

(11) Events after the balance sheet date

There have been no especially significant events since 31 May 2017 that would have a material impact on the company's assets, financial position or earnings.

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for proper interim financial reporting the interim consolidated financial statements give a true and fair view of the assets, financial position and profit or loss of the group, and the interim management report of the group includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group for the remaining months of the fiscal year.

Mannheim, 3 July 2017
Südzucker AG
The executive board

Dr. Wolfgang Heer (Chairman)	Dr. Thomas Kirchberg	Thomas Kölbl	Johann Marihart

Forward looking statements / forecasts

This report contains forward looking statements. The statements are based on current assumptions and estimates made by the executive board and information currently available to its members. The forward looking statements are not to be viewed as guarantees of the future developments and results presented therein. Future developments and results are in fact dependent on a variety of factors and are subject to various risks and imponderables. They are based on assumptions that could in fact prove to be invalid. The risk management report in the 2016/17 annual report on pages 88 to 99 presents an overview of the risks. We accept no obligation to update the forward-looking statements contained in this report.

SÜDZUCKER AG

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