Q2

HALF-YEAR FINANCIAL REPORT
FIRST HALF YEAR 2018/19

1 March to 31 August 2018

CONSOLIDATED GROUP REVENUES

at € **3,475** [3,493] million

CONSOLIDATED GROUP OPERATING RESULT

at € **139** [282] million

FULL-YEAR FISCAL 2018/19 FORECAST

CONSOLIDATED GROUP REVENUES

now between € **6.6** and **6.9** [2017/18: 7.0] billion

CONSOLIDATED GROUP OPERATING RESULT

now between € **25** and **125** [2017/18: 445] million

SÜDZUCKER

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OVERVIEW

First half year 2018/19

- Consolidated group revenues remain stable at € 3,475 (3,493) million.
- Consolidated group operating result declines to € 139 (282) million, driven by sharply lower sugar and Crop-Energies segments' results.
- Sugar segment reports despite significantly higher volumes lower revenues and results as expected due to reduced sugar sales revenues:
  - Revenues: – 8 % to € 1,389 (1,516) million
  - Operating result: € 3 (111) million
- Special products segment revenues rise as forecast, due to first-time consolidation of frozen pizza producer Richelieu Foods Inc. The weaker results are mainly due to lower sales revenues for sweetener and ethanol products, in addition to higher fixed costs related to starch division capacity expansions:
  - Revenues: + 19 % to € 1,125 (949) million
  - Operating result: € 75 (80) million
- CropEnergies segment reports significantly lower revenues and results driven by clearly weaker ethanol sales revenues, lower sales volumes and higher raw material costs:
  - Revenues: – 18 % to € 349 (428) million
  - Operating result: € 14 (47) million
- Fruit segment posts higher revenues and results:
  - Revenues: + 2 % to € 612 (600) million
  - Operating result: € 47 (44) million

Full-year fiscal 2018/19 forecast

- Lowering of full-year fiscal 2018/19 forecast published on 20 September 2018.
- Consolidated group revenues now expected to range between € 6.6 to 6.9 (previous forecast: 6.8 to 7.1; previous year: 7.0) billion.
- Consolidated group operating result now expected to range between € 25 to 125 (previous forecast: 100 to 200; previous year: 445) million.
- Capital employed to increase; ROCE to decline significantly.

Group figures as of 31 August 2018

		1st half year		
		2018/19	2017/18	+/– in %
Revenues and earnings				
Revenues	€ million	3,475	3,493	–0.5
EBITDA	€ million	260	392	–33.6
EBITDA margin	%	7.5	11.2	
Depreciation	€ million	–121	–110	9.9
Operating result	€ million	139	282	–50.6
Operating margin	%	4.0	8.1	
Net earnings	€ million	64	205	–68.7
Cash flow and investments				
Cash flow	€ million	227	349	–34.8
Investments in fixed assets [1]	€ million	167	155	7.4
Investments in financial assets / acquisitions	€ million	9	48	–81.0
Total investments	€ million	176	203	–13.5
Performance				
Fixed assets [1]	€ million	3,291	3,007	9.5
Goodwill	€ million	1,397	1,219	14.6
Working capital	€ million	1,689	1,518	11.3
Capital employed	€ million	6,490	5,856	10.8
Capital structure				
Total assets	€ million	8,707	8,251	5.5
Shareholders' equity	€ million	4,919	4,929	–0.2
Net financial debt	€ million	758	248	> 100
Equity ratio	%	56.5	59.7	
Net financial debt as % of equity (gearing)	%	15.4	5.0	
Shares				
Market capitalization on 31 August	€ million	2,418	3,647	–33.7
Total shares issued as of 31 August	Millions of shares	204.2	204.2	0.0
Closing price on 31 August	€	11.84	17.86	–33.7
Earnings per share on 31 August	€	0.14	0.63	–77.8
Average trading volume / day	Thousands of shares	831	953	–12.8
Performance Südzucker share 1 March to 31 August [2]	%	–19.8	–25.9	
Performance SDAX® / prior year: MDAX® 1 March to 31 August [2]	%	3.1	5.6	
Employees		**19,546**	**18,030**	**8.4**

[1] Including intangible assets.
[2] Südzucker shares have been listed in the SDAX® since the 2018/19 financial year; Südzucker shares were listed in the MDAX® until the end of the 2017/18 financial year, so the performance of Südzucker shares in the 2018/19 financial year is compared with the performance of the SDAX®, compared with that of the MDAX® in the previous year.

TABLE 01

ECONOMIC REPORT

Group results of operations

Revenues and operating result

Group revenues in the first half of fiscal 2018/19 amounted to € 3,475 (3,493) million. The sugar and CropEnergies segments' revenues fell clearly, whereas the special products segment's rose substantially. The fruit segment's revenues were slightly up on the previous year.

As predicted, the consolidated group operating result fell significantly to € 139 (282) million. The decline was driven as expected mainly by weaker sugar segment development. Operating result also fell substantially in the CropEnergies segment. The special products segment's operating result was moderately lower than last year's, while the fruit segment's was moderately higher.

Result from operations

Result from operations of € 149 (295) million comprises an operating result of € 139 (282) million, the result from restructuring and special items of € −1 (−4) million and the earnings contribution from companies consolidated at equity of € 11 (17) million.

Result from companies consolidated at equity

The result from companies consolidated at equity fell to € 11 (17) million due to the low results contribution in the special products segment.

Financial result

The financial result for the first half year totaled € −18 (−18) million. It includes improved net interest result of € −11 (−14) million, due to lower average interest expenses with higher average debt, and a result from other financing activities of € −7 (−4) million, which is affected by a negative currency result, in particular the weakening of the Argentine peso.

Taxes on income

Earnings before taxes were reported at € 131 (277) million and taxes on income totaled € −67 (−72) million. The increase in the group tax rate to 51 (26) % is mainly because sugar segment tax losses were not deemed to be recognizable in the financial statements at this time.

Business performance – Group

		2nd quarter			1st half year		
		2018/19	2017/18	+/– in %	2018/19	2017/18	+/– in %
Revenues	€ million	**1,734**	**1,710**	**1.4**	**3,475**	**3,493**	**−0.5**
EBITDA	€ million	123	183	−33.1	260	392	−33.6
Depreciation on fixed assets and intangible assets	€ million	−61	−55	11.3	−121	−110	9.9
Operating result	€ million	**62**	**128**	**−52.1**	**139**	**282**	**−50.6**
Result from restructuring / special items	€ million	−2	−3	−65.7	−1	−4	−69.0
Result from companies consolidated at equity	€ million	4	3	37.9	11	17	−37.8
Result from operations	€ million	**64**	**128**	**−49.7**	**149**	**295**	**−49.6**
EBITDA margin	%	7.1	10.7		7.5	11.2	
Operating margin	%	3.5	7.5		4.0	8.1	
Investments in fixed assets [1]	€ million	101	94	7.7	167	155	7.4
Investments in financial assets / acquisitions	€ million	6	48	−87.7	9	48	−81.0
Total investments	€ million	**107**	**142**	**−24.6**	**176**	**203**	**−13.5**
Shares in companies consolidated at equity	€ million				380	423	−10.3
Capital employed	€ million				6,490	5,856	10.8
Employees					**19,546**	**18,030**	**8.4**

[1] Including intangible assets.

TABLE 02

Income statement

€ million	2nd quarter 2018/19	2nd quarter 2017/18	2nd quarter +/– in %	1st half year 2018/19	1st half year 2017/18	1st half year +/– in %
Revenues	**1,734**	**1,710**	**1.4**	**3,475**	**3,493**	**–0.5**
Operating result	62	128	–52.1	139	282	–50.6
Result from restructuring / special items	–2	–3	–65.7	–1	–4	0.0
Result from companies consolidated at equity	4	3	37.9	11	17	–37.8
Result from operations	**64**	**128**	**–49.7**	**149**	**295**	**–49.6**
Financial result	–10	–9	11.1	–18	–18	0.0
Earnings before income taxes	**54**	**119**	**–54.5**	**131**	**277**	**–52.6**
Taxes on income	–30	–33	–10.4	–67	–72	–6.3
Net earnings	**24**	**86**	**–71.9**	**64**	**205**	**–68.7**
of which attributable to Südzucker AG shareholders	9	50	–81.8	28	128	–77.9
of which attributable to hybrid capital	3	3	0.0	7	7	0.0
of which attributable to other non-controlling interests	12	33	–64.7	29	70	–58.3
Earnings per share (€)	**0.04**	**0.24**	**–83.3**	**0.14**	**0.63**	**–77.8**

TABLE 03

Consolidated net earnings

Of the consolidated net earnings of € 64 (205) million, € 28 (128) million were allocated to Südzucker AG shareholders, € 7 (7) million to hybrid equity and € 29 (70) million to other non-controlling interests, mainly the co-owners of AGRANA Group and CropEnergies Group. The decline in the Südzucker AG shareholders' share of net earnings reflects in particular the difficult market environment in the sugar segment.

Earnings per share

Earnings per share came in at € 0.14 (0.63) for the first half year 2018/19. The calculation was based on the time-weighted average of 204.2 (204.2) million shares outstanding.

Group financial position

Cash flow

Cash flow reached € 227 million, compared to € 349 million during the same period last year. This translates into 6.5 (10.0) % of revenues.

Working capital

A cash inflow of € 190 (176) million from decline in working capital was due mainly to the reduction of inventories during the first half year, which exceeded liabilities to beet farmers paid during this period.

Investments in fixed assets

Investments in fixed assets (including intangible assets) totaled € 167 (155) million in the first half year. The sugar segment's investments of € 63 (75) million were mainly attributable to replacements, as well as further logistics optimization and production efficiency improvements. The special products segment invested € 78 (53) million, most of which was for the construction and preparation of new production systems or BENEO and AGRANA Stärke capacity expansions. Investments in the CropEnergies segment of € 5 (12) million include various replacement investments as well as the optimization and expansion of production facilities. The fruit segment invested € 21 (15) million, mainly to expand production capacity in the fruit preparations division.

Investments in financial assets

Investments in financial assets in the amount of € 9 (48) million were largely attributable to the acquisition of 100 % of the shares in Hungarian fruit juice concentrates producer Brix Trade Kft., Nagykálló, in the first quarter as well as the acquisition of a 49 % stake in the Algerian fruit preparations producer Elafruits SPA, Akbou, in the second quarter. Investments in financial assets last year went mainly toward the 100 % acquisition of frozen pizza producer HASA GmbH in Burg / Sachsen-Anhalt, Germany, in the second quarter of 2017/18.

Development of net financial debt

Net financial debt was reduced, dropping € 85 million from € 843 million on 28 February 2018 to € 758 million on 31 August 2018. Total investments of € 176 million and the € 150 million earnings distribution were fully financed from cash flow of € 227 million and cash inflow of € 190 million due to the change in working capital.

Cash flow statement

	2nd quarter			1st half year		
€ million	2018/19	2017/18	+/– in %	2018/19	2017/18	+/– in %
Cash flow	**130**	**163**	**– 20.4**	**227**	**349**	**– 34.8**
Increase (–) / decrease (+) in working capital	**164**	**336**	**– 51.3**	**190**	**176**	**7.8**
Net cash flow from operating activities	**293**	**500**	**– 41.4**	**416**	**525**	**– 20.8**
Total investments in fixed assets [1]	– 101	– 94	7.7	– 167	– 155	7.4
Investments in financial assets / acquisitions	– 6	– 48	– 87.7	– 9	– 48	– 81.0
Total investments	**– 107**	**– 142**	**– 24.6**	**– 176**	**– 203**	**– 13.5**
Other cashflows from investing activities	– 52	1	–	– 48	2	–
Cash flow from investing activities	**– 159**	**– 141**	**13.0**	**– 224**	**– 201**	**11.6**
Increases in stakes held in subsidiaries	0	0	–	0	– 1	– 20.0
Capital buyback (–) / increase (+)	0	0	–	0	0	– 100.0
Dividends paid	– 146	– 149	– 2.2	– 150	– 154	– 2.1
Other cashflows from financing activities	103	– 106	–	– 64	– 70	– 8.6
Cash flow from financing activities	**– 43**	**– 255**	**– 83.1**	**– 214**	**– 225**	**– 4.7**
Other change in cash and cash equivalents	0	– 7	– 100.0	– 9	2	–
Decrease (–) / Increase (+) in cash and cash equivalents	**91**	**98**	**– 7.0**	**– 32**	**101**	**–**
Cash and cash equivalents at the beginning of the period	463	585	– 20.8	585	581	0.8
Cash and cash equivalents at the end of the period	**554**	**682**	**– 18.9**	**554**	**682**	**– 18.9**

[1] Including intangible assets.

TABLE 04

Group assets

Balance sheet

€ million	31 August 2018	31 August 2017	+/– in %
Assets			
Intangible assets	1,667	1,272	31.1
Fixed assets	3,022	2,954	2.3
Remaining assets	507	576	–12.0
Non-current assets	**5,196**	**4,802**	**8.2**
Inventories	1,439	1,309	9.9
Trade receivables	1,041	980	6.2
Remaining assets	1,031	1,160	–11.1
Current assets	**3,511**	**3,449**	**1.8**
Total assets	**8,707**	**8,251**	**5.5**
Liabilities and equity			
Equity attributable to shareholders of Südzucker AG	3,382	3,385	–0.1
Hybrid capital	654	653	0.1
Other non-controlling interests	883	891	–0.9
Total equity	**4,919**	**4,929**	**–0.2**
Provisions for pensions and similar obligations	787	828	–4.9
Financial liabilities	1,081	539	> 100
Remaining liabilities	387	286	35.3
Non-current liabilities	**2,255**	**1,653**	**36.4**
Financial liabilities	429	535	–19.8
Trade payables	468	436	7.2
Remaining liabilities	636	698	–8.9
Current liabilities	**1,533**	**1,669**	**–8.1**
Total liabilities and equity	**8,707**	**8,251**	**5.5**
Net financial debt	758	248	> 100
Equity ratio in %	56.5	59.7	
Net financial debt as % of equity (gearing)	15.4	5.0	

TABLE 05

Non-current assets

Non-current assets rose € 394 million to € 5,196 (4,802) million. The acquisitions of frozen pizza producer Richelieu Foods Inc., Braintree, Massachusetts, in the 4th quarter of 2017/18 drove goodwill and other intangible assets higher resulting in intangible assets of € 1,667 (1,272) million. The carrying amount of fixed assets was up € 68 million to € 3,022 (2,954) million, driven by investments and changes to the scope of consolidation. The difficult sugar market environment led to a decline in other assets by € 69 million to € 507 (576) million, which was primarily attributable to the decrease in the carrying amount of companies consolidated at equity to € 380 (423) million and the lower deferred tax assets of € 73 (98) million.

Current assets

Current assets rose € 62 million to € 3,511 (3,449) million. This was mainly due to a € 130 million increase – especially in the special products segment – in inventories, which were reported at € 1,439 (1,309) million - as a result of the frozen pizza producer Richelieu Foods Inc., which was not yet included on the previous year's balance sheet date, and a € 61 million increase in trade receivables to € 1,041 (980) million. This was offset by a decline in other assets of € 129 million to € 1,031 (1,160) million, driven most of all by the decline in cash and cash equivalents after repayment of the € 400 million bond on 29 March 2018.

Equity

At € 4,919 (4,929) million, equity was nearly unchanged compared to the prior year; total assets rose to € 8,707 (8,251) million, resulting in an equity ratio of 56 (60) %. Südzucker AG shareholders' equity of € 3,382 (3,385) million was also at last year's level; other non-controlling interests fell € 8 million to € 883 (891) million.

Non-current liabilities

Non-current liabilities increased € 602 million to € 2,255 (1,653) million. Provisions for pensions and similar obligations dropped € 41 million to € 787 (828) million due to valuation at a higher discount rate, which rose to 2.20 % on 31 August 2018 from 1.90 % on 31 August 2017. Financial liabilities were up € 542 million to € 1,081 (539) million due to the placement in the third quarter of 2017/18 of the 2017/2025 bond with a book value of € 495 million, together with higher bank liabilities. The increase of € 101 million in other liabilities to € 387 (286) million is mainly due to higher deferred tax liabilities.

Current liabilities

Current liabilities declined € 136 million to € 1,533 (1,669) million. Current financial liabilities fell € 106 million to € 429 (535) million because of the repayment of the 2011/2018 bond with a nominal value of € 400 million due on 29 March 2018. This was offset by the issue of commercial papers in the amount of € 150 million and an increase in liabilities to banks. Trade payables rose € 32 million to € 468 (436) million; included therein are liabilities toward beet farmers of € 18 (28) million. Other debt, consisting of other provisions, taxes owed and other liabilities, dropped € 62 million to € 636 (698) million.

Net financial debt

Net financial debt rose € 510 million to € 758 (248) million as of 31 August 2018 – largely due to the acquisition of Richelieu Foods Inc. in the fourth quarter of 2017/18. The new total corresponds to 15.4 (5.0) % of equity capital.

Employees

The number of persons employed by the group (full-time equivalent) at the end of the first half year of fiscal 2018/19 was higher than last year at 19,546 (18,030). The special products segment's head count was up 792 to 5,695 (4,903), driven mainly by employees who came on board when Freiberger acquired Richelieu Foods Inc., as well as new hires at AGRANA Starch. The increase in the number of employees in the fruit segment by 581 to 6,177 (5,596) was primarily attributable to the higher need for seasonal workers to handle the risen apple and cherry harvest volumes in Ukraine, for example, or the higher strawberry processing volumes in Morocco.

Employees by segment at balance sheet date

31 August	2018	2017	+/– in %
Sugar	7,257	7,123	1.9
Special products	5,695	4,903	16.2
CropEnergies	417	408	2.2
Fruit	6,177	5,596	10.4
Group	**19,546**	**18,030**	**8.4**

TABLE 06

SUGAR SEGMENT

Market developments, economic policy, general framework

World sugar market

In the August 2018 update of the estimate of the world's sugar balance, German market analyst F. O. Licht again forecast a surplus for the 2018/19 marketing year (1 October to 30 September). This updated forecast predicts that given a production level near last year's of 194.2 (193.2) million tonnes and with consumption rising further to 185.7 (183.0) million tonnes, inventories would further increase to 84.6 (76.3) million tonnes, or about 46 (42) % of annual consumption.

World market sugar prices

1 September 2015 to 31 August 2018,
London, nearest forward trading month

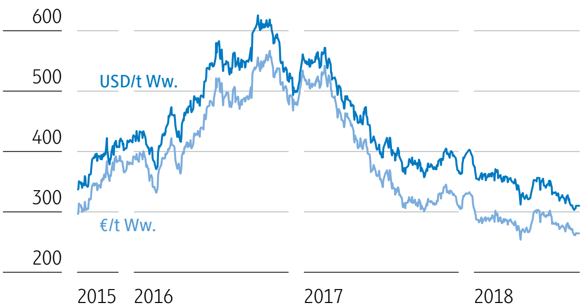


DIAGRAM 01

After the beginning of fiscal 2018/19, the world market price for white sugar initially fell from 296 €/t to almost 250 €/t in April. Thanks to a strong US dollar, it rebounded in May to around 300 €/t. Since mid July, the world market price level has fallen at times to almost 260 €/t. At the end of the reporting period, the world market price for white sugar was 280 €/t and continued to fall until the end of September 2018.

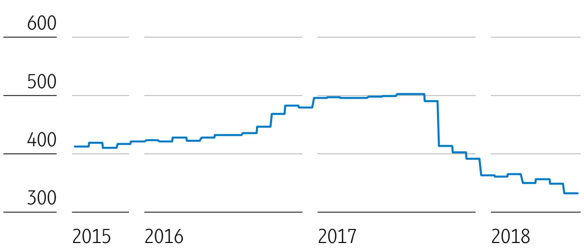
EU sugar market

For the past 2017/18 sugar marketing year (1 October to 30 September), the EU Commission expects sugar production (including isoglucose) to increase to 21.7 (17.6) million tonnes due to substantially expanded beet acreage, with regional variances, but overall good to excellent yields. With the elimination of sugar quota and minimum beet price regulations after October 2017, restrictions on EU exports have also ended. The increased production levels drove EU exports higher to 3.3 (1.4) million tonnes, while import volumes declined to 1.3 (2.5) million tonnes in parallel. The EU has thus again turned from being a net importer to a net exporter.

For the 2018/19 sugar marketing year, which has been running since 1 October 2018, the EU Commission assumes production to drop by 1.9 million tonnes to 19.8 (21.7) million tonnes on the basis of a stable beet cultivation area due to drought-related lower yields in major European agricultural regions. Exports and inventories are therefore expected to decline with imports anticipated to remain unchanged.

EU price reporting sugar

1 August 2015 to 31 July 2018
€/t Ww.



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

DIAGRAM 02

In October 2017, the beginning of the expired 2017/18 sugar marketing year, the EU ex-factory price for bulk sugar (food and non-food) fell to 420 €/t and continued to slide during the months that followed. In July 2018, the EU price reached 346 €/t, a historic low. Since the beginning of 2018, it has thus been clearly below the reference threshold of 404 €/t defined by the regulatory framework.

Energy market

The reduction agreement between OPEC countries in late 2016 was exceeded in the second quarter of 2018/19 due to a strong decline in production in Venezuela; the global crude oil market remained in deficit as a result. Starting from 77 USD/barrel, the price development of Brent crude oil was largely flat. By mid August 2018, the imminent escalation of the US-China trade dispute and the increasing oil production of OPEC countries and Russia led to a consolidation of the price to 71 USD/barrel. The trade conflict and the tight US interest rate policy also aroused fears of muted demand in emerging markets. Toward the end of the quarter, market sentiment turned positive when it appeared trade dispute would ease and expected decline in oil exports from Iran due to sanctions pointed to a supply shortage. The price of Brent crude oil rose at the end of the quarter to 78 USD/barrel; the increase continued through the end of September 2018.

EU agricultural and sugar policies, WTO negotiations and free trade agreements

On 1 June 2018 the EU Commission released its recommendations for EU agricultural policy after 2020. These are a supplement to the budget proposals for the EU budget after 2020 submitted in May. It is expected that the recommendations could reduce government payments in the form of direct payments, which would further increase pressure on the agricultural sector to adapt. In addition, agricultural policy is expected to be more nationally oriented going forward. This trend, which undermines the principle of a common market for agricultural products and sugar, carries the risk of increasingly anti-competitive national programs – such as those that already exist today in a number of EU countries with regard to direct payments coupled to sugar beet cultivation – to the disadvantage of the competitive farming regions where Südzucker is predominantly active.

In parallel with the WTO discussions, which have been bogged down for years, the EU is negotiating with various nations and communities, such as the MERCOSUR member states and Australia regarding potential free trade agreements. In the event sugar and sugary products are not defined as sensitive products – contrary to current trade practice – additional sugar volumes could in future be imported into the EU at preferential tariff rates.

Mexico and the EU reached an agreement in principle on free trade in April. Outstanding technical issues are to be resolved by year-end. The EU has agreed to preferential import duties on an import quota of 30,000 tonnes of raw sugar for refining per annum.

Aside from the aforementioned, there have been no material changes during the reporting period to the legal and political general conditions related to EU sugar policies, WTO negotiations and free trade agreements than those outlined on pages 61 and 62 of the 2017/18 annual report (consolidated management report, economic report, sugar segment).

Business performance

Revenues and operating result

The sugar segment's revenues fell to € 1,389 (1,516) million in the reporting period, despite substantially higher sales volumes in exports and in the EU, driven by significantly lower sales revenues.

As expected, the higher sales volumes were by far not enough to offset the once again substantially reduced sales revenues. Last year sales revenues rose in the first half of the fiscal year, but they have been on a steep downward trend since October 2017. This caused operating result in the first half of fiscal 2018/19 to drop to € 3 (111) million; a loss of € –6 (47) million was recorded in the second quarter.

Result from companies consolidated at equity

The sugar segment's result for companies consolidated at equity was € 1 (–2) million and relates to ED&F Man Holdings Limited, AGRANA-Studen Group and Maxi S.r.l. The result contribution reflects the continuing difficult environment in which the sugar segment currently operates.

Beet cultivation and 2018 campaign

The dry summer in most of our cultivation regions is reflected in Südzucker Group's below-average yield expectation. However, the expected sugar content is above the average of recent years.

This year's campaign started in late August at Südzucker Moldova. The remaining factories started the campaign between the end of September and the beginning of October.

Investments in fixed assets

Investments of € 63 (75) million in the first six months were mainly for replacements and investments in warehousing and logistics. This includes measures such as procuring additional packaging machinery and warehouses, but also gaining access to infrastructure. Other investment priorities were environmental protection measures such as wastewater treatment and emissions reductions in steam generation or noise protection measures. Also worth mentioning here are projects to update the process control systems in Südzucker AG factories.

Business performance – Sugar segment

		2nd quarter			1st half year		
		2018/19	2017/18	+/– in %	2018/19	2017/18	+/– in %
Revenues	€ million	**694**	**739**	**–6.2**	**1,389**	**1,516**	**–8.4**
EBITDA	€ million	9	61	–86.4	31	142	–77.8
Depreciation on fixed assets and intangible assets	€ million	–15	–14	1.4	–28	–31	–6.8
Operating result	€ million	**–6**	**47**	**–**	**3**	**111**	**–97.5**
Result from restructuring / special items	€ million	–2	–3	–56.3	–1	–4	–64.9
Result from companies consolidated at equity	€ million	0	–6	–92.1	1	–2	–
Result from operations	€ million	**–8**	**38**	**–**	**3**	**105**	**–97.2**
EBITDA margin	%	1.2	8.4		2.3	9.4	
Operating margin	%	–0.9	6.4		0.2	7.3	
Investments in fixed assets [1]	€ million	41	52	–18.9	63	75	–15.5
Investments in financial assets / acquisitions	€ million	2	2	–25.0	2	2	–25.0
Total investments	€ million	**43**	**54**	**–19.1**	**65**	**77**	**–15.7**
Shares in companies consolidated at equity	€ million				311	341	–8.8
Capital employed	€ million				3,089	2,969	4.0
Employees					**7,257**	**7,123**	**1.9**

[1] Including intangible assets.

TABLE 07

SPECIAL PRODUCTS SEGMENT

Business performance

Revenues and operating result

In the special products segment the positive development of the first quarter continued with revenues in the first half of the 2018/19 fiscal year increasing to € 1,125 (949) million. Ethanol sales revenues were substantially lower than a year earlier again, but this was more than offset due primarily to revenue contributions from frozen pizza producer Richelieu Foods Inc., which were not yet included in the previous year.

In contrast, however, operating result continued to decline, falling in the first half year to € 75 (80) million. In addition to higher fixed costs from capacity expansions, continued lower sales revenues for sweeteners and ethanol in the starch division also impacted the result. Development in the remaining product divisions was positive overall as expected.

Result from companies consolidated at equity

The result of € 10 (19) million from companies consolidated at equity was mainly attributable to the share of earnings from Hungarian Hungrana Group's starch and bioethanol businesses, which were particularly hard hit by the negative market price trends for bioethanol and sweeteners (the company is Europe's largest isoglucose producer).

Investments in fixed assets

The special products segment's investments of € 78 (53) million were for high priority programs in the BENEO division to comply with market specifications for baby foods. In addition, BENEO is optimizing and expanding its capacity enhancement facilities in all business areas. In the starch division, the bulk of investments went toward new potato starch and potato fiber drier systems in Gmünd, Austria to boost potato processing volumes, as well as expansion of the wheat starch plant in Pischelsdorf, Austria. The Freiberger division invested mainly in improving the efficiencies of its existing plants in Westhoughton / Great Britain.

Investments in financial assets

Investments in financial assets totaling € 46 million last year went toward the 100 % acquisition of frozen pizza producer HASA GmbH in Burg / Sachsen-Anhalt, Germany, in the second quarter of 2017/18.

Business performance – Special products segment

		2nd quarter			1st half year		
		2018/19	2017/18	+/– in %	2018/19	2017/18	+/– in %
Revenues	€ million	**567**	**468**	**21.2**	**1,125**	**949**	**18.6**
EBITDA	€ million	65	61	6.9	131	123	7.5
Depreciation on fixed assets and intangible assets	€ million	–28	–22	27.5	–56	–43	31.0
Operating result	€ million	**37**	**39**	**–4.9**	**75**	**80**	**–5.2**
Result from restructuring / special items	€ million	0	0	–	0	0	–
Result from companies consolidated at equity	€ million	4	9	–51.1	10	19	–52.6
Result from operations	€ million	**41**	**48**	**–13.6**	**85**	**99**	**–14.5**
EBITDA margin	%	11.5	13.0		11.7	12.9	
Operating margin	%	6.5	8.3		6.7	8.4	
Investments in fixed assets [1]	€ million	43	23	84.6	78	53	47.4
Investments in financial assets / acquisitions	€ million	0	46	–100.0	1	46	–96.3
Total investments	€ million	**43**	**69**	**–37.7**	**79**	**99**	**–19.2**
Shares in companies consolidated at equity	€ million				67	81	–16.8
Capital employed	€ million				2,120	1,572	34.9
Employees					**5,695**	**4,903**	**16.2**

[1] Including intangible assets.

TABLE 08

CROPENERGIES SEGMENT

Market developments, economic policy, general framework

Ethanol market

Ethanol production in the United States is expected to increase to 61.9 (61.5) million m^3 in 2018. Production surpluses should lead to US net exports of 5.0 (unchanged) million m^3. One-month futures for ethanol on the Chicago Board of Trade (CBOT) fell in the reporting period from the equivalent of 330 €/m^3 at the beginning of June 2018 to 290 €/m^3 at the end of August 2018. The price decline is attributable, among other things, to temporary increases in inventories after cheap corn prices in the United States had promoted high capacity utilization.

The ethanol production forecast for Brazil in the sugar marketing year 2018/19 is 29.2 (27.8) million m^3. Due to lower world market prices for sugar, more than 60 % of the harvested sugar cane will be processed into ethanol; this figure was only around 50 % last year. Ethanol production will be higher as a result, despite a slightly lower sugar cane harvest. This largely corresponds to the expected consumption of 29.4 (28.4) million m^3. Ethanol prices continued their downward trend, falling from the Euro equivalent of around 420 €/m^3 at the beginning of June 2018 to around 330 €/m^3 at the end of August 2018.

EU bioethanol volume balance

million m^3	2015	2016	2017	2018e
Opening balance	**2.4**	**2.4**	**2.2**	**2.2**
Production	7.3	7.0	7.5	7.7
thereof fuel ethanol	5.0	4.7	5.2	5.3
Import	0.7	0.6	0.5	0.5
Consumption	−7.8	−7.6	−7.8	−7.9
thereof fuel ethanol	−5.4	−5.2	−5.2	−5.3
Export	−0.2	−0.2	−0.2	−0.3
Closing balance	**2.4**	**2.2**	**2.2**	**2.2**

Source: F. O. Licht. Data estimated of EU biothanol volume balance, August 2018.

TABLE 09

After ethanol prices in Europe had fallen below 450 €/m^3 in the first quarter of 2018/19, they initially rose to 470 €/m^3 in early June 2018 and to around 510 €/m^3 by the end of August 2018. The price increase can be attributed to factors such as lower imports and higher grain prices in the period under review. EU production and consumption of fuel grade ethanol is expected to increase slightly to 5.3 (5.2) million m^3, respectively.

In Germany, market analysts forecast ethanol fuel consumption to remain at 1.5 (unchanged) million m^3. However, according to preliminary data, volumes in the first half of 2018 were at 752 (702) thousand m^3, around 7 % higher than in the same period last year.

Grain market

In its 12 September 2018 estimate, the US Department of Agriculture (USDA) forecast that world grain production (excluding rice) will reach 2,080 (2,073) million tonnes in 2018/19, which is slightly higher than the prior year. Grain consumption is expected to come in at 2,132 (2,095) million tonnes, which should cause inventories to fall to 446 (498) million tonnes.

The EU Commission expects a significant decline in EU grain production to 287 (307) million tonnes in the face of drought-related crop losses. In this case, the harvest yield will correspond to the expected consumption of 286 (285) million tonnes.

In view of the reduced availability of European grain, wheat prices on the Euronext in Paris have risen over 10 % – from 182 €/t in early June 2018 to 205 €/t at the end of August 2018. In fact, the year-on-year price increase is over 30 %.

Legal and political conditions

Current EU framework

In the EU, the Renewable Energy and Fuel Quality directives are paving the way for greater climate protection in transportation. The share of renewable energies is slated to rise to 10 % by 2020. Up to 7 % of this can consist of renewable fuels made from normal crops. Renewable fuels must comply with strict sustainability criteria and produce at least 50 % by weight fewer greenhouse gas emissions than fossil fuels along the entire value chain. In addition, by 2020, greenhouse gas emissions associated with fuel consumption must be cut by 6 % by weight from the basis value of 94.1 g per CO_2eq/MJ.

Renewable Energy Directive after 2020

The European Parliament and the Council agreed on a common position on 14 June 2018 during the negotiations on the revision of the Renewable Energy Directive. According to this, the share of renewable energies is slated to rise to at least 32 % by 2030. A share of at least 14 % is stipulated for the transport sector. Renewable fuels from crops can contribute to this at the same rate. Their contribution should be able to stay at the same level as the one achieved in 2020. At the same time, the use of biofuels and the resulting loss of carbon-rich areas (such as rain forests) to acquire the raw materials should be reduced successively from 2023 on. The share of fuels from waste and recycled materials should increase from 0.2 % in 2022 to at least 3.5 % in 2030. In addition, these fuels and renewable electricity should be allocated multiple times to the transportation sector target for road traffic. The directive is set to take effect at the beginning of 2019. The compromise offers an opportunity for the continued use of sustainably produced renewable fuels from crops even after 2020. One critical aspect is the multiple allocation of certain fuels and energy sources because the associated virtual increase of the share of renewable energies neither lowers the consumption of fossil fuels nor reduces the exploitation of fossil oil sources.

Business performance

Revenues and operating result

The CropEnergies segment's revenues during the first half year of fiscal 2018/19 were substantially below last year's at € 349 (428) million, driven especially by significantly lower ethanol sales revenues, particularly in comparison to the still above-average high sales revenue level during the first half of last year.

Due to the negative revenue trend, the operating result also fell to € 14 (47) million. In addition to lower sales revenues, a reduction in volumes and an increase in raw material costs had a negative impact. The operating result rebounded significantly in the second quarter compared to the first quarter due to higher ethanol sales revenues.

Investments in fixed assets

Investments totaling € 5 (12) million in the first six months went towards replacing core equipment and especially boosting the efficiency of production facilities; among other things, projects to improve the flexibility of input raw materials in Zeitz. Various investments are also being made at different locations in energy optimization and overall process improvement. This includes the expansion of the centrifuge station at Ensus in Wilton, Great Britain.

Business performance – CropEnergies segment

		2nd quarter			1st half year		
		2018/19	2017/18	+/– in %	2018/19	2017/18	+/– in %
Revenues	€ million	**173**	**214**	**–19.1**	**349**	**428**	**–18.4**
EBITDA	€ million	20	34	–42.1	34	66	–49.3
Depreciation on fixed assets and intangible assets	€ million	–10	–10	1.0	–20	–19	1.6
Operating result	€ million	**10**	**24**	**–59.7**	**14**	**47**	**–70.0**
Result from restructuring/special items	€ million	0	0	–	0	0	–100.0
Result from companies consolidated at equity	€ million	0	0	–	0	0	–100.0
Result from operations	€ million	**10**	**24**	**–58.7**	**14**	**47**	**–69.6**
EBITDA margin	%	11.2	15.7		9.7	15.6	
Operating margin	%	5.6	11.1		4.1	11.1	
Investments in fixed assets [1]	€ million	3	8	–66.3	5	12	–62.1
Investments in financial assets/acquisitions	€ million	0	0	–	0	0	–
Total investments	€ million	**3**	**8**	**–66.3**	**5**	**12**	**–62.1**
Shares in companies consolidated at equity	€ million				2	2	0.0
Capital employed	€ million				437	485	–9.9
Employees					**417**	**408**	**2.2**

[1] Including intangible assets.

TABLE 10

FRUIT SEGMENT

Market developments, economic policy, general framework

Target markets

Sustainability and transparency, naturalness and health & pleasure continue to be the market-defining global consumer trends. Sustainability and transparency are reflected in the yogurt market by two trends: Products with a strong focus on animal welfare (e.g. hay milk, pasture cows) and vegan dairy alternatives (e.g. soy based). Clean labeling, i.e. consumer demand for products with a short and comprehensible ingredient list and products without additives (E-numbers) continue to gain importance.

For apple juice concentrates, the good harvest forecasts in major cultivation regions such as Poland, Hungary, Germany and Italy have driven concentrate prices down significantly compared to last year. Apple juice concentrate prices from the 2018 harvest in Europe are expected to be lower than last year. The low prices of European goods in combination with higher prices as a result of spring frost in China make goods from Europe competitive in the United States; initial transactions have already been concluded.

Berry juice concentrates produced in the 2018 processing season have already been contracted for the most part.

Raw material markets

An above-average apple harvest is expected for the 2018 harvest year in Europa thanks to good fruit development. This is also reflected in the significantly higher deliveries in the month of August than in previous years. The impact of a spring frost is expected to result in significantly lower apple volumes in China.

The strawberry harvest has been completed in all regions with the exception of South Africa. In the Mediterranean procurement markets the planned volumes have been contracted at slightly higher prices than last year.

Harvests of fruits that are relevant to the fruit preparation business (e.g. raspberries, sour cherries and pineapples) have been considerably larger this year than last. Blueberries are the exception.

Business performance – Fruit segment

		2nd quarter			1st half year		
		2018/19	2017/18	+/– in %	2018/19	2017/18	+/– in %
Revenues	€ million	**300**	**289**	**3.8**	**612**	**600**	**2.0**
EBITDA	€ million	29	27	10.0	64	61	4.4
Depreciation on fixed assets and intangible assets	€ million	–8	–9	–2.3	–17	–17	–3.5
Operating result	€ million	**21**	**18**	**15.8**	**47**	**44**	**7.6**
Result from restructuring / special items	€ million	0	0	–	0	0	–
Result from companies consolidated at equity	€ million	0	0	–	0	0	–
Result from operations	€ million	**21**	**18**	**15.8**	**47**	**44**	**7.6**
EBITDA margin	%	9.9	9.3		10.4	10.1	
Operating margin	%	7.1	6.4		7.7	7.3	
Investments in fixed assets [1]	€ million	14	11	20.4	21	15	35.3
Investments in financial assets / acquisitions	€ million	4	0	–	6	0	–
Total investments	€ million	**18**	**11**	**59.3**	**27**	**15**	**73.9**
Shares in companies consolidated at equity	€ million				0	0	–
Capital employed	€ million				844	830	1.6
Employees					**6,177**	**5,596**	**10.4**

[1] Including intangible assets.

TABLE 11

The berry season 2018 in the fruit juice concentrates division was very satisfactory; raw material availability was good and processing was completed for all main products.

Business performance

Revenues and operating result

Revenues in the fruit segment were up slightly to € 612 (600) million during the reporting period. Higher sales volumes offset lower sales revenues in the fruit preparations division. Thanks to significantly higher sales revenues, revenues were higher with fruit juice concentrates despite lower volumes.

Operating result rose moderately to € 47 (44) million in the first half of fiscal year 2018/19. In the fruit juice concentrates division this was driven by higher margins on sales revenues. In the fruit preparations division lower margins on sales revenues and higher costs could not be offset by higher sales volumes.

Investments in fixed assets

Investments in the first half year totaled € 21 (15) million. The fruit preparations division invested in replacements, as well as capacity expansions; among others, a new production plant in Jiangsu, China, and an additional production line at the fruit preparations plant in Australia. In the fruit juice concentrates division, the focus is on the construction of a base plant for flavours in Austria. The division's investment focus also included replacements, production optimization and initiatives to meet market demands.

Investments in financial assets

Investments in financial assets in the amount of € 6 (0) million were attributable to the acquisition of 100 % of the shares in Hungarian fruit juice concentrates producer Brix Trade Kft., Nagykálló, in the first quarter as well as the acquisition of a 49 % stake in the Algerian fruit preparations producer Elafruits SPA, Akbou, in the second quarter.

OUTLOOK [1]

Group

We now expect group consolidated revenues in fiscal 2018/19 of € 6.6 to 6.9 (previous forecast: 6.8 to 7.1; previous year: 7.0) billion. We anticipate the sugar segment's revenues to drop sharply. In the CropEnergies segment we are assuming revenues in the range of € 730 to 780 million. We expect the special products segment's revenues to rise substantially and the fruit segment's to increase moderately.

We now anticipate consolidated group revenues within a range of € 25 to 125 (previous forecast: 100 to 200; previous year: 445) million. This decline will be largely attributable to the sugar segment. The CropEnergies segment's result is also expected to drop considerably. In the special products segment, we now expect results to be at the previous year's level. In the fruit segment, we anticipate a significant increase in operating results.

We anticipate capital employed to rise further. Because of the declining operating result, we expect ROCE to drop sharply (previous year: 6.7 %).

The operating result for the third quarter of the current 2018/19 fiscal year is expected to be significantly lower than last year.

Sugar segment

In the currently very difficult market environment (EU and world sugar market) and due to the ongoing drought in major European cultivation areas, which also affects Südzucker's main cultivation areas, the outlook for the sugar segment is very uncertain. This is also why efforts are being intensified in the segment with regard to the previously announced review and reassessment of the current strategy.

For the 2018/19 fiscal year we expect a sharp decline in revenues (previous year: € 3.0 billion) in the sugar segment due to the continued fall in sugar prices and the only slight rise in sales volumes attributable to the harvest situation.

The severe drop in sugar prices to a historic low can by no means be offset by lower production costs and higher sales volumes. As a result, we expect an operating loss ranging between € –150 and –250 million (previous forecast: –100 to –200; previous year: 139) million for the sugar segment.

Special products segment

We expect the special products segment's revenues to rise substantially (previous year: € 2.0 billion). For the operating result we now expect earnings at the previous year's level (previous forecast: significant increase; previous year: € 157 million). The adjustment is based on a very difficult market environment for sweeteners (starches) and ethanol, whereas all other product areas are expected to develop as planned.

CropEnergies segment

The CropEnergies segment's 2018/19 fiscal year began with a sub-average first half year. The main reason for the decline in revenues and results is the price of ethanol, significantly below last year's level as well as the increase in raw material costs. For the rest of the year, ethanol prices are expected to improve.

We now expect revenues ranging between € 730 to 780 (previous year: 808) million for fiscal 2018/19. The operating result still is anticipated within a range between € 25 and 55 (previous forecast: 25 to 55; previous year: 72) million.

Fruit segment

We expect the fruit segment's revenues to rise moderately (previous year: € 1.2 billion) and the operating result to rise significantly (previous year: € 76 million) in fiscal 2018/19. Thanks to rising sales volumes in all business units we expect the fruit preparations division's revenues to grow and the operating result to improve slightly. In the fruit juice concentrates division, a moderate increase in revenues and a significant increase in operating result are expected.

[1] The revised outlook for the 2018/19 fiscal year was published on 20 September 2018.

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 2017/18 annual report under "Risk management" on pages 83 to 94, 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.

COMPREHENSIVE INCOME

1 March to 31 August 2018

€ million	2nd quarter 2018/19	2nd quarter 2017/18	2nd quarter +/– in %	1st half year 2018/19	1st half year 2017/18	1st half year +/– in %
Income statement						
Revenues	**1,733.5**	**1,710.3**	**1.4**	**3,474.9**	**3,493.2**	**–0.5**
Change in work in progress and finished goods inventories and internal costs capitalized	–379.2	–355.6	6.6	–738.9	–712.1	3.8
Other operating income	17.2	14.5	18.6	36.0	35.0	2.9
Cost of materials	–819.6	–776.7	5.5	–1,633.3	–1,613.9	1.2
Personnel expenses	–208.1	–207.3	0.4	–450.5	–411.9	9.4
Depreciation	–61.1	–54.9	11.3	–121.0	–110.1	9.9
Other operating expenses	–222.4	–205.4	8.3	–429.3	–402.8	6.6
Result from companies consolidated at equity	4.0	2.9	37.9	10.7	17.2	–37.8
Result from operations	**64.3**	**127.8**	**–49.7**	**148.6**	**294.6**	**–49.6**
Financial income	8.9	15.9	–44.0	25.9	38.7	–33.1
Financial expense	–19.0	–24.5	–22.4	–43.4	–56.5	–23.2
Earnings before income taxes	**54.2**	**119.2**	**–54.5**	**131.1**	**276.8**	**–52.6**
Taxes on income	–30.2	–33.7	–10.4	–66.9	–71.4	–6.3
Net earnings	**24.0**	**85.5**	**–71.9**	**64.2**	**205.4**	**–68.7**
of which attributable to Südzucker AG shareholders	8.9	48.8	–81.8	28.6	129.3	–77.9
of which attributable to hybrid capital	3.3	3.3	0.0	6.6	6.6	0.0
of which attributable to other non-controlling interests	11.8	33.4	–64.7	29.0	69.5	–58.3
Earnings per share (€)	**0.04**	**0.24**	**–83.3**	**0.14**	**0.63**	**–77.8**

€ million	2nd quarter 2018/19	2nd quarter 2017/18	2nd quarter +/– in %	1st half year 2018/19	1st half year 2017/18	1st half year +/– in %
Statement of other comprehensive income						
Net earnings	**24.0**	**85.5**	**–71.9**	**64.2**	**205.4**	**–68.7**
Market value of hedging instruments (cash flow hedge) after deferred taxes	11.0	5.7	92.6	8.1	47.9	–83.1
Market value of debt instruments (securities) after deferred taxes[1]	0.0	0.0	–	0.0	0.1	–80.0
Exchange differences on net investments in foreign operations after deferred taxes	1.0	–1.4	–	6.2	0.9	> 100
Foreign currency translation differences	–26.3	–26.6	–1.1	–35.7	–40.0	–10.8
Share from companies consolidated at equity	–1.1	–12.5	–91.2	6.6	–24.9	–
Income and expenses to be recognized in the income statement in the future	**–15.4**	**–34.8**	**–55.7**	**–14.8**	**–16.0**	**–7.5**
Market value of equity instruments (securities) after deferred taxes[1]	0.0	0.0	–	0.0	0.0	–
Remeasurement of defined benefit pension plans and similar obligations after deferred taxes	–0.2	–0.3	–33.3	–0.4	–0.3	33.3
Share from companies consolidated at equity	0.0	0.0	–	0.1	0.0	–
Income and expenses not to be recognized in the income statement in the future	**–0.2**	**–0.3**	**–33.3**	**–0.3**	**–0.3**	**6.3**
Other comprehensive result	**–15.6**	**–35.1**	**–55.5**	**–15.1**	**–16.3**	**–7.2**
Comprehensive income	**8.4**	**50.4**	**–83.4**	**49.1**	**189.1**	**–74.0**
of which attributable to Südzucker AG shareholders	2.2	22.7	–90.4	23.8	126.3	–81.2
of which attributable to hybrid capital	3.3	3.3	0.0	6.6	6.6	0.0
of which attributable to other non-controlling interests	2.9	24.4	–88.1	18.7	56.2	–66.7

[1] Adjusted to IFRS 9 (Finanzinstrumente). Further disclosures ar included in note (1) of the notes.

TABLE 12

CASH FLOW STATEMENT

1 March to 31 August 2018

	2nd quarter			1st half year		
€ million	2018/19	2017/18	+/− in %	2018/19	2017/18	+/− in %
Net earnings	24.0	85.5	−71.9	64.2	205.4	−68.7
Depreciation and amortization of intangible assets, fixed assets and other investments	61.1	54.9	11.3	121.0	110.1	9.9
Decrease (–) / Increase (+) in non-current provisions and deferred tax liabilities and increase (–) / decrease (+) in deferred tax assets	33.2	1.3	> 100	36.9	10.8	> 100
Other income (–) / expenses (+) not affecting cash	11.7	21.7	−46.1	5.2	22.2	−76.6
Cash flow	**130.0**	**163.4**	**−20.4**	**227.3**	**348.5**	**−34.8**
Gain (–) / Loss (+) on disposal of items included in non-current assets and of securities	−0.8	0.6	–	−1.2	0.6	–
Decrease (–) / Increase (+) in current provisions	0.0	−11.0	−100.0	−15.5	−8.5	82.4
Increase (–) / Decrease (+) in inventories, receivables and other current assets	372.5	368.9	1.0	706.7	645.3	9.5
Decrease (–) / Increase (+) in liabilities (excluding financial liabilities)	−208.9	−22.1	> 100	−501.2	−460.5	8.8
Increase (–) / Decrease (+) in working capital	**163.6**	**335.8**	**−51.3**	**190.0**	**176.3**	**7,8**
I. Net cash flow from operating activities	**292.8**	**499.8**	**−41.4**	**416.1**	**525.4**	**−20.8**
Investments in fixed assets and intangible assets	−100.8	−93.6	7.7	−166.5	−155.1	7.4
Investments in financial assets	−5.9	−47.9	−87.7	−9.1	−47.9	−81.0
Investments	**−106.7**	**−141.5**	**−24.6**	**−175.6**	**−203.0**	**−13.5**
Cash received on disinvestments (+)	0.0	0.0	–	0.0	0.0	–
Cash received on disposal of non-current assets (+)	1.8	0.9	100.0	5.2	1.9	> 100
Cash paid (–) / received (+) for the purchase / sale of other securities	−54.0	0.0	–	−54.0	0.0	–

€ million	2nd quarter 2018/19	2017/18	+/– in %	1st half year 2018/19	2017/18	+/– in %
II. Cash flow from investing activities	**−158.9**	**−140.6**	**13.0**	**−224.4**	**−201.1**	**11.6**
Repayment (–) of the bond 2011/2018	0.0	0.0	–	−400.0	0.0	–
Repayment (–) / Issuance (+) of commercial papers	−37.0	−30.0	23.3	150.0	0.0	–
Other repayment (–) / refund (+) of financial liabilities	139.7	−76.2	–	186.3	−71.0	–
Repayment (–) / Refund (+) of financial liabilities	**102.7**	**−106.2**	**–**	**−63.7**	**−71.0**	**−10.3**
Increases in stakes held in subsidiaries (–)	0.0	0.0	–	−0.4	−0.5	−20.0
Decrease in stakes held in subsidiaries / capital increase (+) / capital buyback (–)	0.0	0.0	–	0.0	0.2	−100.0
Dividends paid (–)	−145.5	−148.8	−2.2	−150.3	−153.6	−2.1
III. Cash flow from financing activities	**−42.8**	**−255.0**	**−83.2**	**−214.4**	**−224.9**	**−4.7**
Change in cash and cash equivalent (total of I., II. and III.)	**91.1**	**104.2**	**−12.6**	**−22.7**	**99.4**	**–**
Change in cash and cash equivalents						
due to exchange rate changes	−0.7	−9.1	−92.3	−9.5	−0.4	> 100
due to changes in entities included in consolidation/other	0.3	2.4	−87.5	0.5	2.4	−79.2
Decrease (–) / Increase (+) in cash and cash equivalents	**90.7**	**97.5**	**−7.0**	**−31.7**	**101.4**	**–**
Cash and cash equivalents at the beginning of the period	462.8	584.7	−20.8	585.2	580.8	0.8
Cash and cash equivalents at the end of the period	**553.5**	**682.2**	**−18.9**	**553.5**	**682.2**	**−18.9**
Dividends received from companies consolidated at equity / other participations	1.8	2.1	−14.3	3.7	9.3	−60.2
Interest receipts	0.6	2.6	−76.9	1.8	3.5	−48.6
Interest payments	−2.4	−2.4	0.0	−22.6	−22.5	0.4
Income taxes paid	−19.6	−43.1	−54.5	−37.3	−62.1	−39.9

TABLE 13

BALANCE SHEET

31 August 2018

€ million	31 August 2018	31 August 2017	+/− in %	28 February 2018	+/− in %
Assets					
Intangible assets	1,667.2	1,271.6	31.1	1,659.0	0.5
Fixed assets	3,021.5	2,954.2	2.3	2,990.5	1.0
Shares in companies consolidated at equity	379.7	423.4	−10.3	370.3	2.5
Other investments	22.8	23.0	−0.9	23.0	−0.9
Securities	19.3	18.8	2.7	18.7	3.2
Other assets	12.8	13.6	−5.9	11.8	8.5
Deferred tax assets	72.6	97.6	−25.6	79.7	−8.9
Non-current assets	**5,195.9**	**4,802.2**	**8.2**	**5,153.0**	**0.8**
Inventories	1,439.1	1,309.1	9.9	2,119.2	−32.1
Trade receivables	1,040.8	979.9	6.2	972.1	7.1
Other assets	272.9	335.5	−18.7	346.5	−21.2
Current tax receivables	24.6	16.6	48.2	32.7	−24.8
Securities	179.7	125.7	43.0	125.7	43.0
Cash and cash equivalents	553.5	682.2	−18.9	585.2	−5.4
Current assets	**3,510.6**	**3,449.0**	**1.8**	**4,181.4**	**−16.0**
Total assets	**8,706.5**	**8,251.2**	**5.5**	**9,334.4**	**−6.7**

€ million	31 August 2018	31 August 2017	+/– in %	28 February 2018	+/– in %
Liabilities and shareholders' equity					
Equity attributable to shareholders of Südzucker AG	3,381.8	3,385.1	–0.1	3,455.7	–2.1
Hybrid capital	653.7	653.1	0.1	653.7	0.0
Other non-controlling interests	883.0	891.1	–0.9	914.5	–3.4
Total equity	**4,918.5**	**4,929.3**	**–0.2**	**5,023.9**	**–2.1**
Provisions for pensions and similar obligations	787.1	828.0	–4.9	780.8	0.8
Other provisions	87.5	89.0	–1.7	90.5	–3.3
Financial liabilities	1,080.6	539.4	> 100	1,116.7	–3.2
Other liabilities	17.8	19.2	–7.3	15.6	14.1
Tax liabilities	83.3	99.4	–16.2	83.0	0.4
Deferred tax liabilities	198.8	78.2	> 100	164.1	21.1
Non-current liabilities	**2,255.1**	**1,653.2**	**36.4**	**2,250.7**	**0.2**
Other provisions	234.4	224.5	4.4	249.9	–6.2
Financial liabilities	429.4	535.1	–19.8	455.9	–5.8
Trade payables	467.7	436.3	7.2	945.6	–50.5
Other liabilities	392.8	428.8	–8.4	383.4	2.5
Current tax liabilities	8.6	44.0	–80.5	25.0	–65.6
Current liabilities	**1,532.9**	**1,668.7**	**–8.1**	**2,059.8**	**–25.6**
Total liabilities and equity	**8,706.5**	**8,251.2**	**5.5**	**9,334.4**	**–6.7**
Net financial debt	757.5	247.8	> 100	843.0	–10.1
Equity ratio	56.5	59.7		53.8	
Net financial debt as % of equity (gearing)	15.4	5.0		16.8	

TABLE 14

CHANGES IN SHAREHOLDERS' EQUITY

1 March to 31 August 2018

€ million	Outstanding subscribed capital	Capital reserve	Other reserves
1 March 2017	**204.2**	**1,614.9**	**1,582.7**
Net earnings			129.3
Other comprehensive income / loss before taxes			−0.2
Taxes on other comprehensive income			0.1
Comprehensive income			**129.2**
Distributions			−91.9
Decrease in stakes held in subsidiaries / capital increase	0.0	0.0	0.0
Other changes			3.6
31 August 2017	**204.2**	**1,614.9**	**1,623.6**
1 March 2018 (published)	**204.2**	**1,614.9**	**1,734.1**
Adjustments from first-time adoption of IFRS 9 and IFRS 15	0.0	0.0	2.6
1 March 2018	**204.2**	**1,614.9**	**1,736.7**
Net earnings			28.6
Other comprehensive income / loss before taxes			−0.2
Taxes on other comprehensive income			0.0
Comprehensive income			**28.4**
Distributions			−91.9
Decrease in stakes held in subsidiaries / capital increase	0.0	0.0	0.0
Other changes			−7.1
31 August 2018	**204.2**	**1,614.9**	**1,666.1**

[1] Adjusted to IFRS 9 (Financial instruments). Further disclosures ar included in note (1) of the notes.

Other equity accounts								
Market value of hedging instruments (cash flow hedge)	Market value of debt instruments (securities)[1]	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
−2.7	**1.3**	**−13.6**	**−42.4**	**2.7**	**3,347.1**	**653.1**	**887.9**	**4,888.1**
					129.3	6.6	69.5	205.4
67.1	0.0	1.1	−26.6	−25.2	16.2		−13.9	2.3
−19.1	0.0	−0.2			−19.2		0.6	−18.6
48.0	**0.0**	**0.9**	**−26.6**	**−25.2**	**126.3**	**6.6**	**56.2**	**189.1**
					−91.9	−6.6	−52.5	−151.0
					0.0		0.2	0.2
					3.6		−0.7	2.9
45.3	**1.3**	**−12.7**	**−69.0**	**−22.5**	**3,385.1**	**653.1**	**891.1**	**4,929.3**
11.4	**1.4**	**−17.1**	**−61.3**	**−31.8**	**3,455.7**	**653.7**	**914.5**	**5,023.9**
0.0	−1.4	0.0	0.0	0.0	1.3	0.0	−0.1	1.2
11.4	**0.0**	**−17.1**	**−61.3**	**−31.8**	**3,457.0**	**653.7**	**914.4**	**5,025.1**
					28.6	6.6	29.0	64.2
5.8	0.0	8.7	−23.1	8.1	−0.8		−8.9	−9.7
−1.6	0.0	−2.5			−4.1		−1.4	−5.4
4.2	**0.0**	**6.2**	**−23.1**	**8.1**	**23.8**	**6.6**	**18.7**	**49.1**
					−91.9	−6.6	−49.2	−147.7
					0.0	0.0	0.0	0.0
					−7.1		−0.9	−8.0
15.6	**0.0**	**−10.9**	**−84.4**	**−23.7**	**3,381.8**	**653.7**	**883.0**	**4,918.5**

TABLE 15

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Segment report

	2nd quarter			1st half year		
€ million	2018/19	2017/18	+/– in %	2018/19	2017/18	+/– in %
Südzucker Group						
Gross revenues	**1,833.3**	**1,808.7**	**1.4**	**3,656.5**	**3,693.9**	**–1.0**
Consolidation	–99.8	–98.4	1.4	–181.6	–200.7	–9.5
Revenues	**1,733.5**	**1,710.3**	**1.4**	**3,474.9**	**3,493.2**	**–0.5**
EBITDA	**122.6**	**183.3**	**–33.1**	**260.2**	**391.7**	**–33.6**
EBITDA margin	7.1 %	10.7 %		7.5 %	11.2 %	
Depreciation	–61.1	–54.9	11.3	–121.0	–110.1	9.9
Operating result	**61.5**	**128.4**	**–52.1**	**139.2**	**281.6**	**–50.6**
Operating margin	3.5 %	7.5 %		4.0 %	8.1 %	
Result from restructuring / special items	–1.2	–3.5	–65.7	–1.3	–4.2	–69.0
Result from companies consolidated at equity	4.0	2.9	37.9	10.7	17.2	–37.8
Result from operations	**64.3**	**127.8**	**–49.7**	**148.6**	**294.6**	**–49.6**
Investments in fixed assets [1]	100.8	93.6	7.7	166.5	155.1	7.4
Investments in financial assets / acquisitions	5.9	47.9	–87.7	9.1	47.9	–81.0
Total investments	**106.7**	**141.5**	**–24.6**	**175.6**	**203.0**	**–13.5**
Shares in companies consolidated at equity				379.7	423.4	–10.3
Capital employed				6,489.8	5,856.0	10.8
Employees				**19,546**	**18,030**	**8.4**
Sugar segment						
Gross revenues	**735.3**	**791.6**	**–7.1**	**1,471.5**	**1,622.7**	**–9.3**
Consolidation	–41.6	–51.7	–19.5	–82.1	–105.5	–22.2
Revenues	**693.7**	**739.9**	**–6.2**	**1,389.4**	**1,517.2**	**–8.4**
EBITDA	**8.4**	**61.9**	**–86.4**	**31.5**	**142.1**	**–77.8**
EBITDA margin	1.2 %	8.4 %		2.3 %	9.4 %	
Depreciation	–14.6	–14.4	1.4	–28.7	–30.8	–6.8
Operating result	**–6.2**	**47.5**	**–**	**2.8**	**111.3**	**–97.5**
Operating margin	–0.9 %	6.4 %		0.2 %	7.3 %	
Result from restructuring / special items	–1.4	–3.2	–56.3	–1.3	–3.7	–64.9
Result from companies consolidated at equity	–0.5	–6.3	–92.1	1.4	–2.3	–
Result from operations	**–8.1**	**38.0**	**–**	**2.9**	**105.3**	**–97.2**
Investments in fixed assets [1]	41.3	50.9	–18.9	62.7	74.2	–15.5
Investments in financial assets / acquisitions	1.5	2.0	–25.0	1.5	2.0	–25.0
Total investments	**42.8**	**52.9**	**–19.1**	**64.2**	**76.2**	**–15.7**
Shares in companies consolidated at equity				310.6	340.7	–8.8
Capital employed				3,088.9	2,969.2	4.0
Employees				**7,257**	**7,123**	**1.9**

[1] Including intangible assets.

	2nd quarter			1st half year		
€ million	2018/19	2017/18	+/– in %	2018/19	2017/18	+/– in %
Special products segment						
Gross revenues	**597.4**	**499.5**	**19.6**	**1,180.0**	**1,011.4**	**16.7**
Consolidation	–30.1	–31.4	–4.1	–54.9	–62.8	–12.6
Revenues	**567.3**	**468.1**	**21.2**	**1,125.1**	**948.6**	**18.6**
EBITDA	**65.1**	**60.9**	**6.9**	**131.6**	**122.4**	**7.5**
EBITDA margin	11.5 %	13.0 %		11.7 %	12.9 %	
Depreciation	–28.3	–22.2	27.5	–56.2	–42.9	31.0
Operating result	**36.8**	**38.7**	**–4.9**	**75.4**	**79.5**	**–5.2**
Operating margin	6.5 %	8.3 %		6.7 %	8.4 %	
Result from restructuring / special items	0.1	0.0	–	0.0	0.0	–
Result from companies consolidated at equity	4.5	9.2	–51.1	9.3	19.6	–52.6
Result from operations	**41.4**	**47.9**	**–13.6**	**84.7**	**99.1**	**–14.5**
Investments in fixed assets [1]	43.2	23.4	84.6	78.4	53.2	47.4
Investments in financial assets / acquisitions	0.0	45.9	–100.0	1.7	45.9	–96.3
Total investments	**43.2**	**69.3**	**–37.7**	**80.1**	**99.1**	**–19.2**
Shares in companies consolidated at equity				67.2	80.8	–16.8
Capital employed				2,120.4	1,571.8	34.9
Employees				**5,695**	**4,903**	**16.2**
CropEnergies segment						
Gross revenues	**200.7**	**228.7**	**–12.2**	**393.2**	**459.7**	**–14.5**
Consolidation	–27.9	–15.2	83.6	–44.3	–32.1	38.0
Revenues	**172.8**	**213.5**	**–19.1**	**348.9**	**427.6**	**–18.4**
EBITDA	**19.4**	**33.5**	**–42.1**	**33.7**	**66.5**	**–49.3**
EBITDA margin	11.2 %	15.7 %		9.7 %	15.6 %	
Depreciation	–9.8	–9.7	1.0	–19.5	–19.2	1.6
Operating result	**9.6**	**23.8**	**–59.7**	**14.2**	**47.3**	**–70.0**
Operating margin	5.6 %	11.1 %		4.1 %	11.1 %	
Result from restructuring / special items	0.1	–0.3	–	0.0	–0.5	–100.0
Result from companies consolidated at equity	0.0	0.0	–	0.0	–0.1	–100.0
Result from operations	**9.7**	**23.5**	**–58.7**	**14.2**	**46.7**	**–69.6**
Investments in fixed assets [1]	2.7	8.0	–66.3	4.7	12.4	–62.1
Investments in financial assets / acquisitions	0.0	0.0	–	0.0	0.0	–
Total investments	**2.7**	**8.0**	**–66.3**	**4.7**	**12.4**	**–62.1**
Shares in companies consolidated at equity				1.9	1.9	–
Capital employed				436.8	484.9	0.0
Employees				**417**	**408**	**2.2**

[1] Including intangible assets.

€ million	2nd quarter 2018/19	2nd quarter 2017/18	2nd quarter +/– in %	1st half year 2018/19	1st half year 2017/18	1st half year +/– in %
Fruit segment						
Gross revenues	**299.9**	**288.9**	**3.8**	**611.8**	**600.1**	**1.9**
Consolidation	−0.2	−0.1	100.0	−0.3	−0.3	0.0
Revenues	**299.7**	**288.8**	**3.8**	**611.5**	**599.8**	**2.0**
EBITDA	**29.7**	**27.0**	**10.0**	**63.4**	**60.7**	**4.4**
EBITDA margin	9.9 %	9.3 %		10.4 %	10.1 %	
Depreciation	−8.4	−8.6	−2.3	−16.6	−17.2	−3.5
Operating result	**21.3**	**18.4**	**15.8**	**46.8**	**43.5**	**7.6**
Operating margin	7.1 %	6.4 %		7.7 %	7.3 %	
Result from restructuring / special items	0.0	0.0	–	0.0	0.0	–
Result from companies consolidated at equity	0.0	0.0	–	0.0	0.0	–
Result from operations	**21.3**	**18.4**	**15.8**	**46.8**	**43.5**	**7.6**
Investments in fixed assets[1]	13.6	11.3	20.4	20.7	15.3	35.3
Investments in financial assets / acquisitions	4.4	0.0	–	5.9	0.0	–
Total investments	**18.0**	**11.3**	**59.3**	**26.6**	**15.3**	**73.9**
Shares in companies consolidated at equity				0.0	0.0	–
Capital employed				843.7	830.1	1.6
Employees				**6,177**	**5,596**	**10.4**

[1] Including intangible assets.

TABLE 16

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

Südzucker Group's interim financial statements as of 31 August 2018 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 August 2018 have been condensed as per IAS 34. The consolidated interim statements dated 31 August 2018 were not subject to any inspection or audit review. Südzucker AG's board of directors prepared these interim financial statements on 1 October 2018.

As presented in the notes to the financial statements of the 2017/2018 annual report under item (1) "Principles of preparation of the consolidated financial statements" on pages 117 to 120, 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.

The effects of IFRS 9 (Financial instruments) and IFRS 15 (Income from contracts with customers), which must be applied for the first time from 1 March 2018, are described at the end of this Note (1).

A discount rate of 2.20 % was applied unchanged to 28 February 2018 to material plans on 31 August 2018 to calculate provisions for pensions and similar obligations. The discount rate applied on 31 August 2017 was 1.90 %. The biometric accounting principles for the German pension plans is based on the 2005 G Heubeck mortality tables.

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 2018 were applied for the remainder of this interim report. The relevant explanatory notes under item 5, "Accounting policies", pages 126 to 131 of the 2017/18 annual report, thus also apply here.

Südzucker Group's 2017/18 annual report can be viewed or downloaded at www.suedzucker.de/de/Investor-Relations/ and / or www.suedzucker.de/en/Investor-Relations/.

IFRS 9 (Financial Instruments)

In accordance with the transitional provisions of IFRS 9, the transition effects were cumulatively recorded as of 1 March 2018 in other reserves, which can be seen in the changes in shareholder's equity. The transfer of securities in the form of equity instruments from the previously applicable category "available for sale" to the category "recognized in profit or loss in the income statement" or to the category "recognized in profit or loss in other reserves (without recycling)" has led to reallocation of € 1.4 million from other comprehensive income (market value measurement of securities) to other reserves. For loans and receivables that also contained securities in the form of debt instruments, there were no changeover effects, as these continue to be recognized in the category "at amortized cost".

Portfolio-based impairment was necessary as a result of the new rule on the recognition of impairment for credit risks relating to past-due receivables; this was recognized in the amount of € –0.4 million in equity in other reserves as of 1 March 2018.

With the introduction of the category "recognized in profit or loss in other reserves (without recycling)", the new line "recognized in profit or loss in other reserves (without recycling)" has been added for the measurement of equity instruments in the statement of comprehensive income within the subtotal "income and expenses not to be recognized in the income statement in the future".

In the statement of comprehensive income the line "market value measurement of debt instruments (securities) after deferred taxes" within the subtotal "income and expenses to be recognized in the income statement in the future" replaces the line reported until the the fourth quarter of 2017/18 "market value of securities (available for sale) after deferred taxes". Correspondingly, the figures for the previous year relate to the measurement of securities from the category "available for sale".

The same applies to changes in shareholders' equity. Here the column "market value measurement of debt instruments (securities)" has replaced the column "market value measurement of securities available for sale" within "other comprehensive income".

IFRS 15 (Revenue from Contracts with Customers)

In conjunction with sugar deliveries to Maxi S.r.l., a company accounted for using the equity method, IFRS 15 results in earlier recognition of revenues or the corresponding trade receivables; based on the modified retrospective conversion method, the resulting increase in equity of € 1.6 million as of 1 March 2018 is recognized in equity in other reserves.

In addition, delivery rights previously recognized in intangible assets were qualified as capitalized contract costs and recognized according to their remaining term as non-financial assets in other assets.

Overview of the effects of IFRS 9 and IFRS 15 on the balance sheet

Mio. €	Amount published 28 February 2018	Adjustment IFRS 9	Adjustment IFRS 15	Amount adjusted 1 March 2018
Assets				
Intangible assets	1,659.0		−1.5	1,657.5
Other assets	11.8		0.5	12.3
Deferred tax assets	79.7		−0.6	79.1
Non-current assets	**5,153.0**	**0.0**	**−1.6**	**5,151.4**
Inventories	2,119.2		−9.3	2,109.9
Trade receivables	972.1	−0.4	11.5	983.2
Ohter assets	346.5		1.0	347.5
Current assets	**4,181.4**	**−0.4**	**3.2**	**4,184.2**
Total assets	**9,334.4**	**−0.4**	**1.6**	**9,335.6**
Equity and liabilities				
Equity attributable to shareholders of Südzucker AG	3,455.7	−0.3	1.6	3,457.0
Hybrid capital	653.7			653.7
Other non-controlling interests	914.5	−0.1		914.4
Total equity	**5,023.9**	**−0.4**	**1.6**	**5,025.1**
Total liabilities and equity	**9,334.4**	**−0.4**	**1.6**	**9,335.6**

TABLE 17

(2) Companies included in consolidation

As of 31 August 2018, the scope of consolidation included 161 fully consolidated companies in addition to Südzucker AG (end of fiscal 2017/18: 158 companies). One existing, two acquired and one established company were consolidated for the first time in the first half of the year; one company was merged. The acquisitions included a 100 % stake in Brix Trade Kft., a Hungarian company that produces and sells fruit juice concentrates; the purchase price was € 1.5 million. The company was consolidated for the first time on 1 May 2018. A 49 % stake in the Algerian fruit preparations producer Elafruits SPA was acquired for € 4.4 million in the second quarter. Initial consolidation took place on 2 July 2018; full consolidation is justified by the majority of voting rights due to existing management contracts. With goodwill totaling € 0.4 million, the impact of these acquisitions on Südzucker's consolidated financial statements is insignificant as a whole.

In total, 16 companies (end of fiscal 2017/18: 17 companies) were accounted for using the equity method; one company was merged in the second quarter.

On 19 September 2018 a 100 % stake in portion pack producer CustomPack Ltd, Telford / Great Britain was acquired for a preliminary purchase price of approximately € 6 million; together with the previous acquisitions, no material effect is expected on the financial position and performance of Südzucker Group.

(3) Earnings per share

The calculation of earnings per share according to IAS 33 from 1 March to 31 August 2018 was based on a time-weighted average of 204.2 million shares outstanding. Earnings per share came in at € 0.04 (0.24) for the second quarter and at € 0.14 (0.63) for the first half year and were not diluted.

(4) Inventories

€ million 31 August	2018	2017
Raw materials and supplies	491.1	399.9
Work in progress and finished goods		
Sugar segment	530.2	531.8
Special products segment	227.9	160.4
CropEnergies segment	34.7	41.3
Fruit segment	113.1	124.9
Total of work in progress and finished goods	905.9	858.4
Merchandise	42.1	50.8
	1,439.1	**1,309.1**

TABLE 18

The carrying amount of inventories was € 1,439.1 (1,309.1) million exceeding the prior year's level. This was largely attributable to higher inventories in the special products segment, among other things, as a result of frozen pizza producer Richelieu Foods Inc. Braintree / Massachusetts / USA, which was not yet included at last year's closing date. The increase in raw materials and supplies is due in part to the payment of a raw materials premium for beets in the 2019 campaign.

(5) Trade receivables and other assets

€ million		Remaining term			Remaining term	
31 August	2018	to 1 year	over 1 year	2017	to 1 year	over 1 year
Trade receivables	**1,040.8**	**1,040.8**	**0.0**	**979.9**	**979.9**	**0.0**
Receivables due from the EU	33.4	33.4	0.0	0.2	0.2	0.0
Positive market value derivatives	30.3	30.3	0.0	100.4	100.4	0.0
Remaining financial assets	57.2	44.4	12.8	101.5	87.9	13.6
Other taxes recoverable	117.3	117.3	0.0	96.6	96.6	0.0
Remaining non-financial assets	47.5	47.5	0.0	50.4	50.4	0.0
Other assets	**285.7**	**272.9**	**12.8**	**349.1**	**335.5**	**13.6**

TABLE 19

At € 1,040.8 (979.9) million, trade receivables were higher than a year earlier. Receivables due from the EU totaling € 33.4 (0.2) million are largely attributable to existing reimbursement claims from the production levy that was imposed at too high a level for the sugar marketing years 1999/2000 and 2000/2001. Other financial assets totaling € 57.2 (101.5) million primarily concern receivables from non-consolidated companies, employees and other third parties, and securities provided as part of hedging. Remaining non-financial assets of € 47.5 (50.4) million are mainly related to advances made and accruals / deferrals.

(6) Other provisions and accruals

€ million 31 August	2018	Short-term	Long-term	2017	Short-term	Long-term
Personnel-related provisions	81.4	21.2	60.2	76.2	13.4	62.8
Provisions for litigation risks and risk precautions	179.8	173.8	6.0	181.4	175.3	6.1
Other provisions	60.7	39.4	21.3	55.9	35.8	20.1
Total	**321.9**	**234.4**	**87.5**	**313.5**	**224.5**	**89.0**

TABLE 20

Personnel-related provisions in the amount of € 81.4 (76.2) 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 € 179.8 (181.4) million include provisions for market regulation procedures, operational contract procedures and antitrust risks (fines and damage claims).

The other provisions in the amount of € 60.7 (55.9) 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 August	2018	to 1 year	over 1 year	2017	to 1 year	over 1 year
Liabilities to beet growers	17.8	17.8	0.0	27.6	27.6	0.0
Liabilities to other trade payables	449.9	449.9	0.0	408.7	408.7	0.0
Trade payables	**467.7**	**467.7**	**0.0**	**436.3**	**436.3**	**0.0**
Negative market value derivatives	17.5	17.5	0.0	39.5	39.5	0.0
Remaining financial liabilities	198.9	181.6	17.3	237.0	218.5	18.5
Liabilities for personnel expenses	107.4	106.9	0.5	99.0	98.3	0.7
Liabilities for other taxes and social security contributions	63.2	63.2	0.0	62.9	62.9	0.0
Remaining non financial liabilities	23.6	23.6	0.0	9.6	9.6	0.0
Other liabilities	**410.6**	**392.8**	**17.8**	**448.0**	**428.8**	**19.2**

TABLE 21

Trade payables rose to € 467.7 (436.3) million. The remaining financial liabilities increased to € 198.9 (237.0) million and include interest payment obligations, as well as security deposits received in connection with hedging transactions. Liabilities for personnel expenses totaling € 107.4 (99.0) million mainly represent commitments for bonuses, premiums, vacation and overtime pay. Other non-financial liabilities totaling € 23.6 (9.6) 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 August	2018	to 1 year	over 1 year	2017	to 1 year	over 1 year
Bonds	943.5	150.0	793.5	697.5	399.6	297.9
Liabilities to banks	566.3	279.3	287.0	374.1	132.9	241.2
Liabilities from finance leasing	0.2	0.1	0.1	2.9	2.6	0.3
Financial liabilities	**1,510.0**	**429.4**	**1,080.6**	**1,074.5**	**535.1**	**539.4**
Securities (non-current assets)	−19.3			−18.8		
Securities (current assets)	−179.7			−125.7		
Cash and cash equivalents	−553.5			−682.2		
Securities and cash and cash equivalents	**−752.5**			**−826.7**		
Net financial debt	**757.5**			**247.8**		

TABLE 22

Financial liabilities rose € 435.5 million to € 1,510.0 (1,074.5) million with a lower stock of securities, cash and cash equivalents totaling € 752.5 (826.7) million. As a result, net financial debt increased by € 509.7 million to € 757.5 (247.8) million.

Moody's confirmed the corporate and bond rating of Baa2 and the stable outlook on 2 June 2017. This rating was confirmed on 5 April 2018 and the outlook changed to negative; the rating is currently being reviewed by Moody's with respect to a downgrade. Moody's classification of the subordinate hybrid bond as equity was unchanged at 75 %.

S&P raised the long-term corporate rating from BBB- to BBB with a stable outlook on 23 June 2017. The € 500 million bond placed on 21 November 2017 also received a rating of BBB on 23 November 2017. This rating was confirmed on 31 May 2018 and the outlook changed to negative. The classification of the subordinate hybrid bond as equity was unchanged at 50 %.

Hybrid bond

The hybrid bond, which is classified as equity in accordance with IFRS, has had a variable quarterly coupon set at the three-month Euribor interest rate plus 3.10 % p.a. since 30 June 2015. The interest rate was set at 2.776 % for the period from 29 June to 28 September 2018 (exclusively). Additional information regarding the hybrid bond is contained in the notes to the 2017/18 annual report under item (30) "Financial liabilities, securities and cash and cash equivalents (net financial debt)" on pages 163 and 165, and on Südzucker's corporate website at www.suedzucker.de/en/Investor-Relations/Anleihen/.

(9) Additional disclosures on financial instruments

Carrying amounts and fair values

Financial instruments recognized at acquisition cost or amortized acquisition cost whose carrying amount does not come close to approximating their fair value:

31 August		2018		2017	
€ million	Measurement category	Carrying amount	Fair value	Carrying amount	Fair value
Bonds	Financial liabilities measured at armotised cost	943.5	933.3	697.5	720.4
Liabilities to banks	Financial liabilities measured at armotised cost	566.3	570.6	374.1	382.7
Liabilities from finance leasing	n/a	0.2	0.2	2.9	2.9
Gross financial liabilities		**1,510.0**	**1,504.1**	**1,074.5**	**1,106.0**

TABLE 23

Measurement levels

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

- 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

€ million								Fair value hierarchy
31 August	2018	Evaluation level 1	Evaluation level 2	Evaluation level 3	2017	Evaluation level 1	Evaluation level 2	Evaluation level 3
Securities – Available for Sale	**19.6**	**14.0**	**0.0**	**5.6**	**19.1**	**14.7**	**0.0**	**4.4**
Positive market values – derivatives without hedge accounting	3.2	0.0	3.2	0.0	6.9	0.1	6.8	0.0
Positive market values – hedge accounting derivatives	27.1	26.5	0.6	0.0	93.5	77.8	15.7	0.0
Positive market values	**30.3**	**26.5**	**3.8**	**0.0**	**100.4**	**77.9**	**22.5**	**0.0**
Financial assets	**49.9**	**40.5**	**3.8**	**5.6**	**119.5**	**92.6**	**22.5**	**4.4**
Negative market values – derivatives without hedge accounting	7.6	0.9	6.7	0.0	6.8	0.7	6.1	0.0
Negative market values – hedge accounting derivatives	9.9	5.9	4.0	0.0	32.7	32.4	0.3	0.0
Negative markt values / financial liabilities	**17.5**	**6.8**	**10.7**	**0.0**	**39.5**	**33.1**	**6.4**	**0.0**

TABLE 24

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 2017/18 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 2017/18 annual report under item (36) on pages 179 to 181.

(11) Events after the balance sheet date

There have been no events of special significance since 31 August 2018 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, 1 October 2018
Südzucker AG
The executive board

DR. WOLFGANG HEER
(CHAIRMAN)

DR. THOMAS KIRCHBERG

THOMAS KÖLBL

JOHANN MARIHART

Forward looking statements / forecasts

This half-year financial 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.

We accept no obligation to update the forward-looking statements contained in this report.

On this report

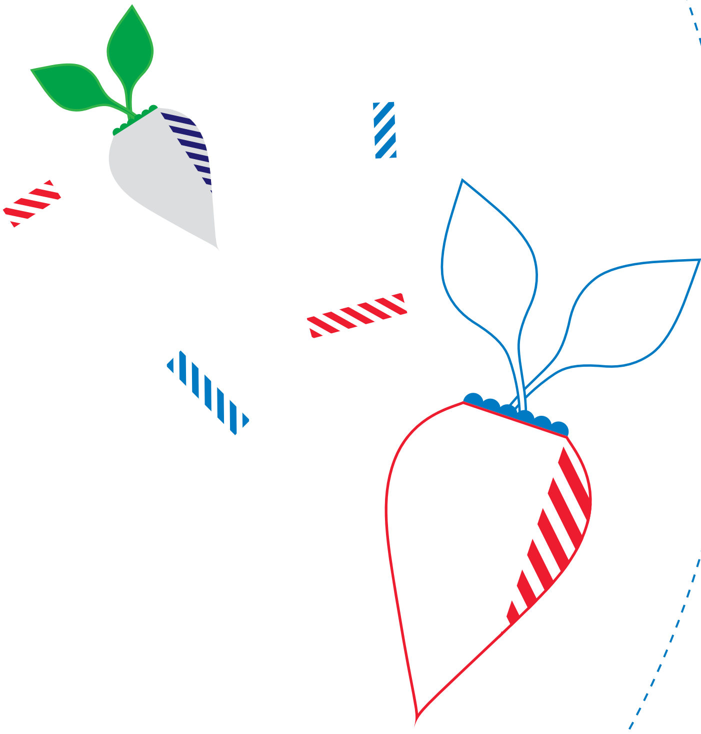
This half-year financial report was not reviewed or audited. Südzucker AG's executive board prepared this report on 1 October 2018.

This document is available in German and English. This translation is provided for convenience 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 half year extends from 1 March to 31 August.

On the preceding 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.



SÜDZUCKER AG

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Südzucker on the Internet

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www.suedzucker.de

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