Q2

# HALF-YEAR FINANCIAL REPORT FIRST HALF YEAR 2019/20

1 March to 31 August 2019

CONSOLIDATED GROUP REVENUES

€ **3,314** [3,475] million

CONSOLIDATED GROUP OPERATING RESULT

€ **74** [139] million

**FULL-YEAR FISCAL 2019/20 FORECAST UNCHANGED:**

CONSOLIDATED GROUP REVENUES OF

€ **6.7** to **7.0** [2018/19: 6.8] billion

CONSOLIDATED OPERATING RESULT OF

€ **0** to **100** [2018/19: 27] million

SÜDZUCKER

## CONTENTS



## FINANCIAL CALENDAR

### Q 3 – Quarterly statement
**1st to 3rd quarter 2019/20**
14 January 2020

### Press and analysts' conference
**Fiscal 2019/20**
14 May 2020

### Q 1 – Quarterly statement
**1st quarter 2020/21**
9 July 2020

### Annual general meeting
**Fiscal 2019/20**
16 July 2020

### Q 2 – Half-year financial report
**1st half year 2020/21**
8 October 2020

### Q 3 – Quarterly statement
**1st to 3rd quarter 2020/21**
14 January 2021

## OVERVIEW

### First half year 2019/20

- Consolidated group revenues were below the previous year's level at € 3,314 (3,475) million.

- Consolidated group operating result declines as expected to € 74 (139) million due to significantly lower results mainly in the sugar segment.

- Sugar segment reports lower revenues and operating loss due to reduced sugar sales revenues:
  - Revenues: – 19 % to € 1,121 (1,389) million
  - Operating result: € – 93 (3) million

- Special products segment extends growth. Increased revenues and improved operating result driven by higher volumes:
  - Revenues: + 6 % to € 1,192 (1,125) million
  - Operating result: € 87 (75) million

- CropEnergies segment reports increase in revenues and results due to higher ethanol sales revenues:
  - Revenues: + 16 % to € 405 (349) million
  - Operating result: € 44 (14) million

- Fruit segment posts lower revenues and significantly lower operating result:
  - Revenues: – 3 % to € 596 (612) million
  - Operating result: € 36 (47) million

### Full-year fiscal 2019/20 forecast

- Consolidated group revenues expected to come in at € 6.7 to 7.0 (2018/19: 6.8) billion.
- Consolidated group operating result expected to range between € 0 to 100 (2018/19: 27) million.
- Capital employed to rise slightly; ROCE up to 1.5 %.

# Group figures as of 31 August 2019

| | | | | 1st half year |
|---|---|---|---|---|
| | | 2019/20 | 2018/19 | +/– in % |
| **Revenues and earnings** | | | | |
| Revenues | € million | 3,314 | 3,475 | –4.6 |
| EBITDA | € million | 214 | 260 | –17.4 |
| EBITDA margin | % | 6.5 | 7.5 | |
| Depreciation | € million | –140 | –121 | 16.0 |
| Operating result | € million | 74 | 139 | –46.6 |
| Operating margin | % | 2.2 | 4.0 | |
| Net earnings | € million | 20 | 64 | –68.2 |
| **Cash flow and investments** | | | | |
| Cash flow | € million | 176 | 227 | –22.5 |
| Investments in fixed assets [1] | € million | 150 | 167 | –9.7 |
| Investments in financial assets/acquisitions | € million | 7 | 9 | –28.6 |
| Total investments | € million | 157 | 176 | –10.7 |
| **Performance** | | | | |
| Fixed assets [1] | € million | 3,348 | 3,291 | 1.7 |
| Goodwill | € million | 736 | 1,397 | –47.3 |
| Working capital | € million | 1,880 | 1,689 | 11.3 |
| Capital employed | € million | 6,076 | 6,490 | –6.4 |
| **Capital structure** | | | | |
| Total assets | € million | 7,929 | 8,707 | –8.9 |
| Shareholders' equity | € million | 3,777 | 4,919 | –23.2 |
| Net financial debt | € million | 1,226 | 758 | 61.9 |
| Equity ratio | % | 47.6 | 56.5 | |
| Net financial debt as % of equity (gearing) | % | 32.5 | 15.4 | |
| **Shares** | | | | |
| Market capitalization on 31 August | € million | 3,063 | 2,418 | 26.7 |
| Total shares issued as of 31 August | Millions of shares | 204.2 | 204.2 | 0.0 |
| Closing price on 31 August | € | 15.00 | 11.84 | 26.7 |
| Earnings per share on 31 August | € | –0.07 | 0.14 | – |
| | | | | |
| Average trading volume/day | Thousands of shares | 649 | 831 | –21.9 |
| Performance Südzucker share 1 March to 31 August | % | 16.7 | –19.8 | |
| Performance SDAX® 1 March to 31 August | % | 0.0 | 3.1 | |
| **Employees** | | **19,606** | **19,546** | **0.3** |

[1] Including intangible assets.

TABLE 01

# ECONOMIC REPORT

## Group results of operations

### Revenues and operating result

In the first half of 2019/20, group consolidated revenues decreased to € 3,314 (3,475) million. While the sugar segment's revenues fell sharply, the fruit segment's were slightly below last year's level and the special products and CropEnergies segments' rose.

The consolidated group operating result dropped as expected significantly to € 74 (139) million, driven mainly by the sugar segment losses. The decline reported by the fruit segment was more than offset by improved results reported by the special products and CropEnergies segments.

### Result from operations

Result from operations of € 71 (149) million comprises an operating result of € 74 (139) million, the result from restructuring and special items of € −5 (−1) million and the earnings contribution from companies consolidated at equity of € 2 (11) million.

### Result of restructuring and special items

The result of restructuring and special items in the amount of € −5 (−1) million is solely attributable to the sugar segment. It concerns Südzucker's offer for the return of the Warburg and Brottewitz factories farmers' delivery rights for long freight distances.

### Result from companies consolidated at equity

The result from companies consolidated at equity in the sugar and special products segments was € 2 (11) million.

### Financial result

The financial result for the first six months totaled € −17 (−18) million. It includes net interest result of € −12 (−11) million as well as a result from other financing activities of € −5 (−7) million.

### Taxes on income

Earnings before taxes were reported at € 54 (131) million and taxes on income totaled € −34 (−67) million.

Business performance – Group

| | | 2nd quarter | | | 1st half year | | |
|---|---|---|---|---|---|---|---|
| | | 2019/20 | 2018/19 | +/− in % | 2019/20 | 2018/19 | +/− in % |
| **Revenues** | € million | **1,635** | **1,734** | **−5.7** | **3,314** | **3,475** | **−4.6** |
| EBITDA | € million | 99 | 123 | −19.8 | 214 | 260 | −17.4 |
| Depreciation on fixed assets and intangible assets | € million | −71 | −61 | 15.4 | −140 | −121 | 16.0 |
| **Operating result** | € million | **28** | **62** | **−54.8** | **74** | **139** | **−46.6** |
| Result from restructuring/special items | € million | −1 | −2 | −66.7 | −5 | −1 | > 100 |
| Result from companies consolidated at equity | € million | 7 | 4 | 62.5 | 2 | 11 | −80.4 |
| **Result from operations** | € million | **34** | **64** | **−47.3** | **71** | **149** | **−52.1** |
| EBITDA margin | % | 6.0 | 7.1 | | 6.5 | 7.5 | |
| Operating margin | % | 1.7 | 3.5 | | 2.2 | 4.0 | |
| Investments in fixed assets [1] | € million | 79 | 101 | −22.0 | 150 | 167 | −9.7 |
| Investments in financial assets/acquisitions | € million | 2 | 6 | −67.8 | 7 | 9 | −28.6 |
| **Total investments** | € million | **81** | **107** | **−24.6** | **157** | **176** | **−10.7** |
| Shares in companies consolidated at equity | € million | | | | 392 | 380 | 3.2 |
| Capital employed | € million | | | | 6,076 | 6,490 | −6.4 |
| **Employees** | | | | | **19,606** | **19,546** | **0.3** |

[1] Including intangible assets.

TABLE 02

## Income statement

| | 2nd quarter | | | 1st half year | | |
|---|---|---|---|---|---|---|
| € million | 2019/20 | 2018/19 | +/– in % | 2019/20 | 2018/19 | +/– in % |
| **Revenues** | **1,635** | **1,734** | **–5.7** | **3,314** | **3,475** | **–4.6** |
| Operating result | 28 | 62 | –54.8 | 74 | 139 | –46.6 |
| Result from restructuring/special items | –1 | –2 | –66.7 | –5 | –1 | 0.0 |
| Result from companies consolidated at equity | 7 | 4 | 62.5 | 2 | 11 | –80.4 |
| **Result from operations** | **34** | **64** | **–47.3** | **71** | **149** | **–52.1** |
| Financial result | –8 | –10 | –20.0 | –17 | –18 | –5.6 |
| **Earnings before income taxes** | **26** | **54** | **–52.4** | **54** | **131** | **–59.1** |
| Taxes on income | –16 | –30 | –47.0 | –34 | –67 | –50.4 |
| **Net earnings** | **10** | **24** | **–59.2** | **20** | **64** | **–68.2** |
| of which attributable to Südzucker AG shareholders | –6 | 9 | – | –15 | 28 | – |
| of which attributable to hybrid capital | 3 | 3 | 0.0 | 7 | 7 | 0.0 |
| of which attributable to other non-controlling interests | 13 | 12 | 10.2 | 28 | 29 | –3.1 |
| **Earnings per share (€)** | **–0.03** | **0.04** | **–** | **–0.07** | **0.14** | **–** |

TABLE 03

### Consolidated net earnings

Of the consolidated net earnings of € 20 (64) million, € –15 (28) million were allocated to Südzucker AG shareholders, € 7 (7) million to hybrid equity and € 28 (29) 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 € –0.07 (0.14) for the first half year 2019/2020. 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 € 176 million, compared to € 227 million during the same period last year. This translates into 5.3 (6.5) % of revenues.

## Working capital

A cash inflow of € 119 (190) million from decline in working capital was due mainly to the reduction of sugar 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 € 150 (167) million in the first half year. The sugar segment's investments of € 48 (63) million were mainly for replacements, electric and automation investments as well as improvements in logistics and compliance with legal or regulatory requirements. The special products segment invested € 68 (78) million, most of which was for new production capacities in the starch division and plant expansions and optimizations at BENEO and Freiberger. Investments of € 13 (5) million in the CropEnergies segment were used to expand and improve the production facilities. In the fruit segment, investments of € 21 (21) million mainly related to the fruit preparations division.

## Investments in financial assets

Investments in financial assets totaling € 7 (9) million were mainly used for the founding of a new 50 % joint venture, Beta Pura GmbH, Vienna, Austria, and the acquisition of a 3.5 % interest in DouxMatok Ltd., Petcha-Tikva, Israel. Last year's investments in financial assets went primarily toward the 100 % acquisition of Hungarian fruit juice concentrates producer Brix Trade Kft., Nagykálló, in the first quarter and a 49 % stake acquired in the Algerian fruit preparations producer Elafruits SPA, Akbou, in the second quarter.

## Development of net financial debt

Net financial debt was up € 97 million, from € 1,129 million on 28 February 2019 to € 1,226 million on 31 August 2019. The first-time application of IFRS 16 (leases) on 1 March 2019 resulted in recognition of leasing liabilities of € 136 million in current and non-current financial liabilities. Total investments of € 157 million and the € 92 million earnings distribution were fully financed from cash flow of € 176 million and the cash inflow of € 119 million due to the reduction of the working capital.

### Cash flow statement

| | 2nd quarter | | | 1st half year | | |
|---|---|---|---|---|---|---|
| € million | 2019/20 | 2018/19 | +/– in % | 2019/20 | 2018/19 | +/– in % |
| **Cash flow** | **88** | **130** | **– 32.3** | **176** | **227** | **– 22.5** |
| **Increase (–) / decrease (+) in working capital** | **103** | **164** | **– 36.9** | **119** | **190** | **– 37.5** |
| **Net cash flow from operating activities** | **190** | **293** | **– 35.0** | **294** | **416** | **– 29.3** |
| Total investments in fixed assets [1] | – 79 | – 101 | – 22.0 | – 150 | – 167 | – 9.7 |
| Investments in financial assets/acquisitions | – 2 | – 6 | – 67.8 | – 7 | – 9 | – 28.6 |
| **Total investments** | **– 81** | **– 107** | **– 24.3** | **– 157** | **– 176** | **– 10.7** |
| Other cashflows from investing activities | – 4 | – 52 | – 92.3 | – 2 | – 48 | – 95.8 |
| **Cash flow from investing activities** | **– 85** | **– 159** | **– 46.7** | **– 159** | **– 224** | **– 29.0** |
| Increases in stakes held in subsidiaries (–) | 0 | 0 | – | 0 | 0 | – 100.0 |
| Dividends paid | – 87 | – 146 | – 40.2 | – 92 | – 150 | – 39.0 |
| Other cashflows from financing activities | – 14 | 103 | – | 13 | – 64 | – |
| **Cash flow from financing activities** | **– 101** | **– 43** | **> 100** | **– 79** | **– 214** | **– 63.2** |
| Other change in cash and cash equivalents | – 5 | 0 | – | – 4 | – 9 | – 55.6 |
| **Decrease (–) / Increase (+) in cash and cash equivalents** | **0** | **91** | **–** | **52** | **– 32** | **–** |
| Cash and cash equivalents at the beginning of the period | 406 | 463 | – 12.2 | 354 | 585 | – 39.5 |
| **Cash and cash equivalents at the end of the period** | **406** | **554** | **– 26.6** | **406** | **554** | **– 26.6** |

[1] Including intangible assets.

TABLE 04

# Group assets

## Balance sheet

| € million | 31 August 2019 | 31 August 2018 | +/– in % |
|---|---|---|---|
| **Assets** | | | |
| Intangible assets | 1,003 | 1,667 | –39.9 |
| Fixed assets | 3,081 | 3,022 | 2.0 |
| Remaining assets | 513 | 507 | 1.2 |
| **Non-current assets** | **4,597** | **5,196** | **–11.5** |
| Inventories | 1,542 | 1,439 | 7.2 |
| Trade receivables | 1,000 | 1,041 | –3.9 |
| Remaining assets | 790 | 1,031 | –23.4 |
| **Current assets** | **3,332** | **3,511** | **–5.1** |
| **Total assets** | **7,929** | **8,707** | **–8.9** |
| **Liabilities and equity** | | | |
| Equity attributable to shareholders of Südzucker AG | 2,263 | 3,382 | –33.1 |
| Hybrid capital | 654 | 654 | 0.0 |
| Other non-controlling interests | 860 | 883 | –2.6 |
| **Total equity** | **3,777** | **4,919** | **–23.2** |
| Provisions for pensions and similar obligations | 985 | 787 | 25.2 |
| Financial liabilities | 1,408 | 1,081 | 30.3 |
| Remaining liabilities | 422 | 387 | 9.0 |
| **Non-current liabilities** | **2,815** | **2,255** | **24.8** |
| Financial liabilities | 376 | 429 | –12.5 |
| Trade payables | 470 | 468 | 0.6 |
| Remaining liabilities | 491 | 636 | –22.8 |
| **Current liabilities** | **1,337** | **1,533** | **–12.7** |
| **Total liabilities and equity** | **7,929** | **8,707** | **–8.9** |
| Net financial debt | 1,226 | 758 | 61.9 |
| Equity ratio in % | 47.6 | 56.5 | |
| Net financial debt as % of equity (gearing) | 32.5 | 15.4 | |

TABLE 05

### Non-current assets

Non-current assets were down € 599 million to € 4,597 (5,196) million. The € 664 million reduction in intangible assets, bringing the total to € 1,003 (1,667) million, was primarily driven by the € 673 million revaluation of the sugar segment's goodwill at the end of fiscal 2018/19. The carrying amount of fixed assets on the other hand rose € 59 million to € 3,081 (3,022) million, driven by the activation of rights of use related to leases totaling € 127 million after the application of IFRS 16 as of 1 March 2019, in addition to current investments. The increase was offset by a lower carrying value for fixed assets due to write-downs carried out at the end of fiscal 2018/19. Other assets of € 513 (507) million were comparable to last year.

### Current assets

Current assets fell € 179 million to € 3,332 (3,511) million. Inventories rose € 103 million to € 1,542 (1,439) million. The increase is primarily attributable to the cost of a raw materials premium for beets for the 2020 campaign. Trade receivables came in at € 1,000 (1,041) million, € 41 million less than last year, mainly reflecting lower revenues. The € 241 million decline in other assets brought the total to € 790 (1,031) million and was mainly caused by reduced securities as well as cash and cash equivalents and other assets. Last year the latter included receivables payable by the EU for excess production levies collected for sugar marketing years 1999/2000 and 2000/01.

### Equity

Equity dropped to € 3,777 (4,919) million and the equity ratio to 48 (56) %. Südzucker AG shareholders' equity declined € 1,119 million to € 2,263 (3,382) million, largely due to the prorated annual loss during the course of the previous year, especially the sugar segment's revaluation of goodwill and fixed assets, together with further expenses surrounding the factory closures. Other non-controlling interests were down € 23 million to € 860 (883) million.

### Non-current liabilities

Non-current liabilities rose € 560 million to € 2,815 (2,255) million. Financial liabilities increased € 327 million to € 1,408 (1,081) million due to the recognition of leasing liabilities after the first-time application of IFRS 16, together with higher liabilities to financial institutions. Provisions for pensions and similar obligations increased by € 198 million to € 985 (787) million as a result of valuation at the lower market interest rate of 0.95 % as of 31 August 2019 compared with 2.20 % as of 31 August 2018. Other liabilities climbed € 35 million to € 422 (387) million.

### Current liabilities

Current liabilities declined € 196 million to € 1,337 (1,533) million. This includes a decrease in current financial liabilities of € 53 million to € 376 (429) million; the recognition of lease obligations associated with the first-time application of IFRS 16 was more than offset by lower liabilities to financial institutions. Trade payables were roughly the same as last year at € 470 (468) million; included therein are liabilities toward beet farmers totaling € 17 (18) million. Other debt, consisting of other provisions, taxes owed and other liabilities, dropped € 145 million to € 491 (636) million.

### Net financial debt

Net financial debt rose as anticipated € 468 million year-over-year to € 1,226 (758) million as of 31 August 2019, which corresponds to 32 (15) % of equity.

## Employees

The number of persons employed by the group (full-time equivalent) at the end of the first half year of fiscal 2019/20 was higher than last year at 19,606 (19,546). The special products segment workforce expanded by 346 persons, bringing the total to 6,041 (5,695). The increase was chiefly due to new hires at the British Freiberger sites and AGRANA Starch in Austria, as well as the acquisition of CustomPack Ltd, Telford, Great Britain, in the third quarter of last year.

Employees by segment at balance sheet date

| 31 August | 2019 | 2018 | +/– in % |
|---|---|---|---|
| Sugar | 7,051 | 7,257 | –2.8 |
| Special products | 6,041 | 5,695 | 6.1 |
| CropEnergies | 442 | 417 | 6.0 |
| Fruit | 6,072 | 6,177 | –1.7 |
| **Group** | **19,606** | **19,546** | **0.3** |

TABLE 06

# SUGAR SEGMENT

## Markets

### World sugar market

In a September 2019 update of its second estimate of the world sugar balance for marketing year 2019/20 (1 October to 30 September), German market analyst F. O. Licht forecast an increasing production deficit of about 5.5 million tonnes. The analyst expects sugar production to fall further after the record harvest in 2017/18, especially in Brazil and Europe, while consumption should continue to expand. This will reduce the high inventory levels. Other analysts share F.O. Licht's opinion.

World market sugar prices

1 September 2016 to 31 August 2019, London, nearest forward trading month

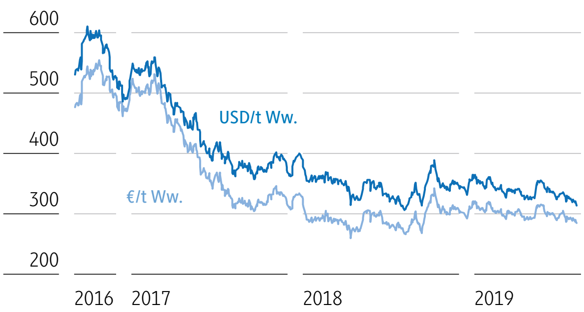


DIAGRAM 01

To date, the world market price for white sugar for fiscal 2019/20 has ranged between about 260 €/t and about 300 €/t, closing at 273 €/t at the end of the reporting period. However, the aforementioned positive expectations for the 2019/20 sugar balance have not impacted the world market price development yet. The main cause is high inventories in India, which are supposed to be sold on the world market with government support measures in the short-term. In an effort to export about 6 million tonnes, the Indian government has again granted substantial export subsidies for sugar marketing year 2019/20, to the tune of about 875 million US dollars. India had already exported about 4 million tonnes of highly subsidized sugar in 2018/19.

In a meeting of the WTO dispute settlement body on 15 August 2019, a panel with representatives from Australia, Brazil and Guatemala made claims against the Indian export subsidies for 2018/19 and were granted a hearing. The EU Commission has not aligned itself with the claims of anti-competitive practices on the world sugar market and is participating only as an observer. The panel is now charged with examining the evidence to determine if India did in fact contravene its obligations under the WTO agreement. Normally the panel would table its report within six months, or no later than nine months; that is, between March and June 2020.

### EU sugar market

Dry weather caused production for the former 2018/19 sugar marketing year (1 October to 30 September) to fall to 18.2 (21.9) million tonnes, down 3.7 million tonnes, and below consumption of 19.1 (19.6) million tonnes.

The EU Commission expects the beet cultivation area for the current 2019/20 sugar marketing year to contract by about 5 %. The EU Commission is expecting as a result of below-average yields unchanged low production levels of € 18.1 (18.2) million tonnes because of another sustained drought in the major cultivation areas, again less than consumption during the current 2019/20 sugar marketing year; as a result, imports will be required to satisfy the EU market demand.

At the beginning of the past 2018/19 sugar marketing year in October 2018, the EU price for sugar (food and non-food) declined further and since then is ranging between 312 and 321 €/t of bulk sugar ex-factory. The most recent published value from July 2019 was about 320 €/t. This is not a single price for Europe, but there are large regional price differences between deficit and surplus regions.

### Energy market

At the start of June 2019, the price of Brent crude was quoted at 62 US dollars per barrel. It closed at 59 US dollars per barrel at the end of August 2019. From mid-July to mid-August, the price ranged between 67 US dollars per barrel and 56 US dollars per barrel. The rising price trend that began in July was mainly driven by an extension of the OPEC production cut agreement following the G20 summit. The price decline that started in August was mainly caused by lower demand forecasts by the International Energy Agency (IEA) as the global economy cooled, together with further punitive tariffs on Chinese goods announced by the United States. An easing of the trade conflict at the G7 summit in mid-August triggered a turnaround.

## Legal and political environment

### Brexit negotiations

Britain's House of Commons house now has until 31 October 2019 to ratify the agreement on the United Kingdom's withdrawal from the EU. If the agreement is not ratified in time, United Kingdom could leave the EU without an exit agreement on 1 November 2019, provided the United Kingdom does not ask for a further extension of the exit deadline and the other EU members unanimously agree to the request. In the event of a no-deal Brexit, we expect that access for European white sugar to the British market will be more difficult. The British government will apply a general tariff of 150 €/t for imported white sugar of any origin in the event of a no-deal Brexit. Raw sugar imported will be subject to duties of 339 €/t. However, this will not apply to a duty-free import quota of 260,000 tonnes of raw sugar of any origin and deliveries under the terms of existing partnership agreements; for example the ACP and LDC countries. Despite the most recent developments, such as enactment of a law at the beginning of September 2019 prohibiting an EU exit without an agreement, or the Supreme Court decision at the end of September 2019 declaring the illegality of the prorogation of the British Parliament, estimating when and under which conditions Britain will exit the EU is currently impossible.

### Mercosur agreement

On 28 June 2019 the mercosur countries (Argentina, Brazil, Uruguay and Paraguay) and the EU Commission came to a basic understanding on a new free trade agreement. Under the terms of this basic agreement, the EU will reduce import duties on part of its existing CXL import quota from 98 €/t to zero. Currently Brazil may export 412,054 tonnes of raw sugar for refining in the EU; 334,054 tonnes at a tariff rate of 98 €/t and 78,000 tonnes at 11 €/t. The new agreement would allow Brazil to export 180,000 tonnes of the 334,054 tonnes duty-free as soon as it comes into force. The EU Commission has also granted Paraguay a new import quota of 10,000 tonnes of organic sugar per annum. The agreement still has to be ratified by the European Parliament and the member states. Ratification of the agreement is questionable at the present time, especially given the countless incidents of slash and burn farming in the Amazon region and controversial discussions in the EU.

Aside from the aforementioned, there have been no material changes during the reporting period to the legal and political general conditions outlined on pages 61 and 62 of the 2018/19 annual report (consolidated management report, economic report, sugar segment).

Business performance – Sugar segment

| | | 2nd quarter | | | 1st half year | | |
|---|---|---|---|---|---|---|---|
| | | 2019/20 | 2018/19 | +/– in % | 2019/20 | 2018/19 | +/– in % |
| **Revenues** | € million | **541** | **694** | **–22.0** | **1,121** | **1,389** | **–19.2** |
| EBITDA | € million | –34 | 9 | – | –51 | 31 | – |
| Depreciation on fixed assets and intangible assets | € million | –21 | –15 | 47.3 | –42 | –28 | 47.0 |
| **Operating result** | € million | **–55** | **–6** | **> 100** | **–93** | **3** | **–** |
| Result from restructuring/special items | € million | –1 | –1 | –71.4 | –5 | –1 | > 100 |
| Result from companies consolidated at equity | € million | 3 | –1 | – | –5 | 1 | – |
| **Result from operations** | € million | **–53** | **–8** | **> 100** | **–103** | **3** | **–** |
| EBITDA margin | % | –6.2 | 1.2 | | –4.4 | 2.3 | |
| Operating margin | % | –10.2 | –0.9 | | –8.2 | 0.2 | |
| Investments in fixed assets [1] | € million | 30 | 41 | –29.1 | 48 | 63 | –22.0 |
| Investments in financial assets/acquisitions | € million | 2 | 2 | 26.7 | 6 | 2 | > 100 |
| **Total investments** | € million | **32** | **43** | **–27.1** | **54** | **65** | **–14.5** |
| Shares in companies consolidated at equity | € million | | | | 324 | 311 | 4.2 |
| Capital employed | € million | | | | 2,505 | 3,089 | –18.9 |
| **Employees** | | | | | **7,051** | **7,257** | **–2.8** |

[1] Including intangible assets.

TABLE 07

## Business performance

### Revenues and operating result

The sugar segment's revenues of the first half year 2019/20 fell sharply to € 1,121 (1,389) million. The decline was driven by low sales revenues, and significantly lower volumes due to the reduced 2018 beet harvest.

The sugar segment's negative operating result of € –93 (3) million during the reporting period had been predicted. The main causes were the EU sugar market price level, which did not cover costs, and sharply lower sales volumes due to the drought-driven weaker 2018 harvest. The result decline was mitigated thanks to inventory write-downs to the expected net sales revenues, which were already carried out at the 2018/19 year-end closing. The volume related losses from the previous year's production were thereby partly included in the 2018/19 year-end closing.

### Result of restructuring and special items

The result of restructuring and special items of € –5 (–1) million is primarily attributable to Südzucker's offer concerning the return of delivery rights to beet farmers at the Warburg and Brottewitz factories for long freight distances. Both factories will be closed after the 2019 campaign.

### Result from companies consolidated at equity

The result from sugar segment companies consolidated at equity was € –5 (1) million and relates mainly to losses at ED&F Man Holdings Limited, London, Great Britain.

### Beet cultivation and 2019 campaign

Once again, this year, heat and drought during the summer months led to overall below-average yield expectations in most of Südzucker Group's cultivation areas.

The campaign began on 21 August 2019 starting with Moldova. The other factories are following between mid-September and early October 2019. The average campaign length in the Südzucker Group is expected to be 106 (115) days. The company plans to produce 4.45 (4.62) million tonnes of sugar from 28.1 (29.3) million tonnes of beet.

### Investments in fixed assets

Investments in fixed assets for the first half year of € 48 (63) million were mainly for replacements, which among other things are necessary to prepare for the campaign. Process control system upgrades remain a high priority for the entire group. Investments in logistics improvement were also undertaken; for example, a new bagging system for polyurethane bags at the Offenau plant and new sugar loading systems for containers at the Zeitz and Ochsenfurt factories. The Rain factory was readied for producing organic sugar. An additional beet syrup tank was added at the French site in Roye. Other important initiatives were investments in environmental protection measures in the areas wastewater treatment and emission reduction.

### Investments in financial assets

Investments in financial assets of € 6 (2) million were in part for the founding of a 50 % joint venture, Beta Pura GmbH, Vienna, Austria, which will be held by AGRANA Zucker GmbH, Vienna, Austria and American beet sugar producer The Amalgamated Sugar Company, Boise, Idaho. The company is investing in the world's third production plant for crystalline betaine. It is currently under construction at the Tulln, Austria, site. A 3.5 % stake was also acquired in DouxMatok Ltd., Petcha-Tikva, Israel. The startup develops new technologies for optimized taste and aroma experiences.

# SPECIAL PRODUCTS SEGMENT

## Business performance

### Revenues and operating result

The special products segment continued to grow during the second quarter and was able to boost revenues to € 1,192 (1,125) million in the first half year. In addition to higher volumes, especially for starch and sweetener products, the growth was primarily driven by increased ethanol sales revenues, which significantly surpassed the previous year's level even though there was a decline toward the end of the second quarter.

The second-quarter operating result was also higher than last year's quarter. A significant increase to € 87 (75) million was achieved after the first six months. Higher costs, especially for raw materials, were more than offset by increased revenues.

### Result from companies consolidated at equity

The result of € 7 (10) million from companies consolidated at equity was mainly attributable to the share of earnings from Hungarian Hungrana Group's starch and bioethanol businesses.

### Investments in fixed assets

The special products segment invested € 68 (78) million. In the BENEO division, investments were made primarily for capacity expansions at all sites. Noteworthy examples include expansion of the crystallization capacity and enlargement of the storage warehouse at the Offstein site. Work has begun on the first construction phase of a third additive wet starch line for rice proteins in Wijgmaal, Belgium. Most of the starch division's investments went towards increased capacity due to the expansion of the starch factory in Pischelsdorf, Austria, and the expansion of the wet derivatives in Aschach, Austria. In the Freiberger division, investments are being made in various automation projects to reduce production costs, among other things, with priority given to the Richelieu sites in the USA.

#### Business performance – Special products segment

| | | 2nd quarter | | | 1st half year | | |
|---|---|---|---|---|---|---|---|
| | | 2019/20 | 2018/19 | +/– in % | 2019/20 | 2018/19 | +/– in % |
| **Revenues** | € million | **590** | **567** | **4.0** | **1,192** | **1,125** | **5.9** |
| EBITDA | € million | 69 | 65 | 6.3 | 145 | 131 | 9.7 |
| Depreciation on fixed assets and intangible assets | € million | –29 | –28 | 2.1 | –58 | –56 | 2.7 |
| **Operating result** | € million | **40** | **37** | **9.5** | **87** | **75** | **15.0** |
| Result from restructuring/special items | € million | 0 | –1 | –100.0 | 0 | 0 | – |
| Result from companies consolidated at equity | € million | 4 | 5 | –8.9 | 7 | 10 | –21.5 |
| **Result from operations** | € million | **44** | **41** | **7.2** | **94** | **85** | **11.0** |
| EBITDA margin | % | 11.7 | 11.5 | | 12.1 | 11.7 | |
| Operating margin | % | 6.8 | 6.5 | | 7.3 | 6.7 | |
| Investments in fixed assets[1] | € million | 30 | 43 | –30.1 | 68 | 78 | –13.6 |
| Investments in financial assets/acquisitions | € million | 0 | 0 | – | 0 | 1 | –100.0 |
| **Total investments** | € million | **30** | **43** | **–30.1** | **68** | **79** | **–15.5** |
| Shares in companies consolidated at equity | € million | | | | 66 | 67 | –1.9 |
| Capital employed | € million | | | | 2,221 | 2,120 | 4.7 |
| **Employees** | | | | | **6,041** | **5,695** | **6.1** |

[1] Including intangible assets.

TABLE 08

# CROPENERGIES SEGMENT

## Markets

### Ethanol market

In the second quarter, European ethanol futures prices (as quoted on the Nymex index) slid from about 595 €/m$^3$ at the beginning of June to 575 €/m$^3$ at the end of August. Spot prices were considerably more volatile, trading in a range between 680 €/m$^3$ and most recently 530 €/m$^3$. The lower prices and extreme spot price volatility in recent months were driven mainly by higher imports from South America and the United States.

Ethanol imports are expected to reach 0.7 (0.6) million m$^3$ in 2019. Imports compare to EU domestic production and consumption forecasts of 7.6 (7.8) million m$^3$ and 8.1 (8.0) million m$^3$ respectively. At 5.2 (5.4) million m$^3$, fuel-grade ethanol production in the EU is expected to lag consumption of 5.5 (5.4) million m$^3$.

### Grain market

According to the International Grain Council (IGC), world grain production (excluding rice) is expected to rise to 2,159 (2,142) million tonnes in 2019/20. Grain consumption is expected to be 2,186 (2,161) million tonnes and inventories are projected to decline to 598 (625) million tonnes. For the EU, the EU Commission expects the 2019/20 grain harvest to increase to 311 (290) million tonnes. Consumption is expected to come in at 290 (288) million tonnes. Excellent harvest prospects for Europe caused European wheat prices on the Euronext in Paris to fall to 165 €/t at the end of the second quarter of 2019/20. Such price levels have not been seen since April 2018.

## Legal and political environment

### Mercosur agreement

On 28 June 2019 the mercosur countries (Argentina, Brazil, Uruguay and Paraguay) and the EU Commission came to a basic understanding on a new free trade agreement. This basic agreement calls for preferential imports of about 820,000 m$^3$ of bioethanol, of which about 570,000 m$^3$ may be imported duty-free for use in chemical industry applications. The remaining volume of about 250,000 m$^3$ is to be eligible for importation to the EU for other applications, such as fuel-grade ethanol, at a discount of two-thirds on the current import tariff. Ratification of the agreement is questionable at the present time, especially given the countless incidents of slash and burn farming in the Amazon region and controversial discussions in the EU.

In addition, there were no material changes during the reporting period to the legal and political general conditions outlined on page 73 of the 2018/19 annual report (consolidated management report, economic report, CropEnergies segment).

## Business performance

### Revenues and operating result

CropEnergies' revenues rose to € 405 (349) million in the first half year thanks to significantly higher ethanol sales revenues.

Higher raw material prices could only be partly offset by significantly better sales revenues for food and animal feed, so that net raw material costs rose. However, the sharp improvement in ethanol sales revenues tripled the operating result, which came in at € 44 (14) million.

### Investments in fixed assets

Investments in the first six months amounted to € 13 (5) million and, in addition to replacing technical equipment such as heat exchangers, pumps and dryers throughout the entire production process at all locations, served in particular to increase the efficiency of production facilities.

## Business performance – CropEnergies segment

| | | 2nd quarter | | | 1st half year | | |
|---|---|---|---|---|---|---|---|
| | | 2019/20 | 2018/19 | +/– in % | 2019/20 | 2018/19 | +/– in % |
| **Revenues** | € million | **220** | **173** | **27.1** | **405** | **349** | **16.1** |
| EBITDA | € million | 40 | 20 | > 100 | 65 | 34 | 92.6 |
| Depreciation on fixed assets and intangible assets | € million | – 11 | – 10 | 7.1 | – 21 | – 20 | 8.7 |
| **Operating result** | € million | **29** | **10** | **> 100** | **44** | **14** | **> 100** |
| 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 | **29** | **10** | **> 100** | **44** | **14** | **> 100** |
| EBITDA margin | % | 17.8 | 11.2 | | 16.0 | 9.7 | |
| Operating margin | % | 13.0 | 5.6 | | 10.8 | 4.1 | |
| Investments in fixed assets [1] | € million | 8 | 3 | > 100 | 13 | 5 | > 100 |
| Investments in financial assets/acquisitions | € million | 0 | 0 | – | 0 | 0 | – |
| **Total investments** | € million | **8** | **3** | **> 100** | **13** | **5** | **> 100** |
| Shares in companies consolidated at equity | € million | | | | 2 | 2 | 15.8 |
| Capital employed | € million | | | | 460 | 437 | 5.4 |
| **Employees** | | | | | **442** | **417** | **6.0** |

[1] Including intangible assets.

TABLE 09

# FRUIT SEGMENT

## Markets

### Target markets

Fruit preparations for dairy products for 2020 in comparison to the previous year are expected to grow +3.2 %, whereby the expansion is driven by the +6.5 % growth predicted for the yogurt drinks category. During the same period, the spoonable fruit yogurt category is expected to expand at +0.2 % in the regions relevant to AGRANA Fruit. Growth in South America, the Middle East, Europe and North America is currently affected by the economy related declines or political reasons. The ice cream sector is projected to grow by just under +2.0 % in 2020. In some regions, revenue growth is even higher.

Demand for apple juice concentrate is moderate as buyers await the new harvest. Available goods from the spring production runs were successfully sold.

### Raw material markets

The fruit preparation division's harvest for the main fruit strawberries had been completed in all relevant procurement markets by the end of August. The Mediterranean cultivation areas were able to produce average yields and prices were moderately higher than last year. Contracts were sealed for all planned required volumes. Harvest volumes for continental varieties in Poland were about 25 % less than last year due to frost in May and sustained drought during the early summer months. As in previous years, contracts were signed for only low volumes due to a lack of competitiveness.

The raspberry harvest in Serbia, Poland and Ukraine yielded lower volumes than last year due to hot weather, which drove prices as much as +60 % higher than the historic lows recorded last year.

A similar scenario, also due to weather, was seen for sour cherries in Poland and Serbia. Because of the significantly lower raw material availability caused by frost damage, prices were sharply higher than last year, in some cases by up to +80 %, especially in Poland.

#### Business performance – Fruit segment

| | | 2nd quarter | | | 1st half year | | |
|---|---|---|---|---|---|---|---|
| | | 2019/20 | 2018/19 | +/– in % | 2019/20 | 2018/19 | +/– in % |
| **Revenues** | € million | **284** | **300** | **–5.2** | **596** | **612** | **–2.6** |
| EBITDA | € million | 24 | 29 | –19.5 | 55 | 64 | –12.6 |
| Depreciation on fixed assets and intangible assets | € million | –10 | –8 | 14.3 | –19 | –17 | 16.3 |
| **Operating result** | € million | **14** | **21** | **–32.9** | **36** | **47** | **–22.9** |
| 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 | **14** | **21** | **–32.9** | **36** | **47** | **–22.9** |
| EBITDA margin | % | 8.4 | 9.9 | | 9.3 | 10.4 | |
| Operating margin | % | 5.0 | 7.1 | | 6.1 | 7.7 | |
| Investments in fixed assets[1] | € million | 11 | 14 | –20.6 | 21 | 21 | 1.0 |
| Investments in financial assets/acquisitions | € million | 0 | 4 | –100.0 | 1 | 6 | –91.5 |
| **Total investments** | € million | **11** | **18** | **–40.0** | **22** | **27** | **–19.5** |
| Shares in companies consolidated at equity | € million | | | | 0 | 0 | – |
| Capital employed | € million | | | | 890 | 844 | 5.5 |
| **Employees** | | | | | **6,072** | **6,177** | **–1.7** |

[1] Including intangible assets.

TABLE 10

Availability of the fruit juice concentrates division's main fruit, apples, is expected to be much lower than last year in the main cultivation region Poland. The Hungarian harvest is also expected to be significantly weaker than last year due to a spring frost. Supplies from China and Ukraine are expected to be satisfactory.

Berry juice production in 2019 was marked by a shortage of the main fruits, which drove concentrate prices higher than last year.

## Business performance

### Revenues and operating result

The fruit segment's revenues fell slightly to € 596 (612) million during the reporting period. The fruit preparations division's revenues were unchanged, with stable sales volumes and sales revenues, while the fruit juice concentrates division's higher volumes were not enough to completely offset declining sales revenues.

The operating result was down sharply to € 36 (47) million. In the fruit preparations segment, higher costs and one-off effects had a negative impact in the first half year with stagnating revenues. The fruit juice concentrates division's declining sales revenues could not be compensated by higher volumes.

### Investments in fixed assets

Investments in fixed assets totaled € 21 (21) million. Although the fruit preparations division's investments went mainly toward replacements and maintenance, it also invested in capacity expansion, such as installation of an additional production line at the fruit preparations factory in Serpuchov, Russia, which will now be commissioned. The Chocosplits project at the Gleisdorf, Austria, plant is scheduled for startup by the end of the fiscal year. The fruit juice concentrates division's main focus is also on replacement investments and production optimization; for example, the purchase of a vapor compressor at the Białorzegi site in Poland, which will not only save energy but also expand the location's capacity. A new elevated tank is being acquired for the Kröllendorf site in Austria to further stabilize production capacity.

# OUTLOOK

## Group

We still expect consolidated group revenues of € 6.7 to 7.0 billion in fiscal 2019/20 (previous year: € 6.8 billion). We anticipate the sugar segment's revenues (previous year: € 2.6 billion) to decline moderately. We see the CropEnergies segment's revenues ranging now between € 740 and 780 (previous forecast[1]: 740 to 820; previous year: 693) million. We expect the special products segment's revenues (previous year: € 2.3 billion) to rise slightly and the fruit segment's (previous forecast: moderate increase; previous year: € 1.2 billion) now at previous year's level.

We still expect a consolidated group operating result ranging between € 0 and 100 (previous year: 27) million. We estimate the sugar segment will report another operating loss between € –200 and –300 million (previous year: € –239 million). In the fruit segment we expect now results to decline significantly (previous forecast: sharp increase; previous year: € 77 million). In contrast, we are expecting a moderately improved operating result for the special products segment (previous year: € 156 million). The CropEnergies segment's operating result is now expected to be between € 50 and 75 (previous forecast[1]: 30 to 70; previous year: 33) million.

We anticipate capital employed to rise, mainly because of application of the new IFRS standard regarding lease accounting. Based on the aforementioned operating result range, we are expecting ROCE to come in at up to 1.5 % (previous year: 0.4 %).

We anticipate a significant reduction in operating loss in the third quarter of the current 2019/20 fiscal year (third quarter of the previous year: € –23 million).

## Sugar segment

With volumes declining, we expect moderately lower revenues in the sugar segment for fiscal 2019/20 in spite of higher average sales revenues. Given a price level that on average will continue to be unsatisfactory for the fiscal year, declining volumes and substantially rising production costs for the 2019 campaign, particularly as a result of the raw material premium paid for the delivery of beet for the 2019 campaign, we expect an operating loss ranging between € –200 and –300 million for the sugar segment. This forecast for the sugar segment continues to be marked by a high degree of uncertainty in a profoundly changing market environment.

[1] CropEnergies AG has adjusted this outlook at 14 August 2019.

Results improvements driven by the sugar segment restructuring plan will not have an impact until after the closure of the factories as of the second half of fiscal 2020/21.

## Special products segment

We expect the special products segment's production and sales volumes to be higher in all divisions. Slightly higher revenues are expected to drive the operating result up moderately.

## CropEnergies segment

CropEnergies' business development for fiscal 2019/20 will largely depend on the market price development for bioethanol. CropEnergies expects overall ethanol prices to be higher than the previous year's level after the sometimes very low price levels of last year. CropEnergies now expects revenues to range between € 740 and 780 million and the operating result to come in between € 50 and 75 million.

## Fruit segment

We expect the fruit segment's revenues at the last year's level and the operating result to drop significantly in fiscal 2019/20. In the fruit preparations division, we anticipate stagnating sales volumes and revenues as well as a significant deterioration in operating result. The fruit juice concentrates division is expected to generate stable revenues. Operating result will be significantly lower than in the previous year due to lower capacity utilisation and lower availability of apples.

# 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 2018/19 annual report under "Risk management" on pages 84 to 96, 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 2019

| | 2nd quarter | | | 1st half year | | |
|---|---|---|---|---|---|---|
| € million | 2019/20 | 2018/19 | +/– in % | 2019/20 | 2018/19 | +/– in % |
| **Income statement** | | | | | | |
| **Revenues** | **1,634.7** | **1,733.5** | **–5.7** | **3,314.4** | **3,474.9** | **–4.6** |
| Change in work in progress and finished goods inventories and internal costs capitalized | –266.7 | –379.2 | –29.7 | –533.4 | –738.9 | –27.8 |
| Other operating income | 15.3 | 17.2 | –11.0 | 35.4 | 36.0 | –1.7 |
| Cost of materials | –850.7 | –819.6 | 3.8 | –1,725.3 | –1,633.3 | 5.6 |
| Personnel expenses | –225.8 | –208.1 | 8.5 | –457.7 | –450.5 | 1.6 |
| Depreciation | –70.5 | –61.1 | 15.4 | –140.4 | –121.0 | 16.0 |
| Other operating expenses | –208.9 | –222.4 | –6.1 | –423.9 | –429.3 | –1.3 |
| Result from companies consolidated at equity | 6.5 | 4.0 | 62.5 | 2.1 | 10.7 | –80.4 |
| **Result from operations** | **33.9** | **64.3** | **–47.3** | **71.2** | **148.6** | **–52.1** |
| Financial income | 12.8 | 8.9 | 43.8 | 24.1 | 25.9 | –6.9 |
| Financial expense | –20.9 | –19.0 | 10.0 | –41.7 | –43.4 | –3.9 |
| **Earnings before income taxes** | **25.8** | **54.2** | **–52.4** | **53.6** | **131.1** | **–59.1** |
| Taxes on income | –16.0 | –30.2 | –47.0 | –33.2 | –66.9 | –50.4 |
| **Net earnings** | **9.8** | **24.0** | **–59.2** | **20.4** | **64.2** | **–68.2** |
| of which attributable to Südzucker AG shareholders | –6.5 | 8.9 | – | –14.3 | 28.6 | – |
| 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 | 13.0 | 11.8 | 10.2 | 28.1 | 29.0 | –3.1 |
| **Earnings per share (€)** | **–0.03** | **0.04** | **–** | **–0.07** | **0.14** | **–** |

| € million | 2nd quarter 2019/20 | 2nd quarter 2018/19 | 2nd quarter +/– in % | 1st half year 2019/20 | 1st half year 2018/19 | 1st half year +/– in % |
|---|---|---|---|---|---|---|
| **Statement of other comprehensive income** | | | | | | |
| **Net earnings** | **9.8** | **24.0** | **–59.2** | **20.4** | **64.2** | **–68.2** |
| Market value of hedging instruments (cash flow hedge) after deferred taxes | 0.4 | 10.9 | –96.3 | –4.2 | 8.2 | – |
| Market value of debt instruments (securities) after deferred taxes | 0.0 | 0.0 | –100.0 | 0.0 | –0.1 | –100.0 |
| Exchange differences on net investments in foreign operations after deferred taxes | 1.3 | 1.0 | 30.0 | 6.4 | 6.2 | 3.2 |
| Foreign currency translation differences | –13.5 | –26.3 | –48.7 | –26.0 | –35.7 | –27.2 |
| Share from companies consolidated at equity | 2.0 | –1.1 | – | 5.4 | 6.6 | –18.2 |
| **Income and expenses to be recognized in the income statement in the future** | **–9.8** | **–15.5** | **–36.8** | **–18.4** | **–14.8** | **24.3** |
| Market value of equity instruments (securities) after deferred taxes | 0.0 | 0.0 | – | 0.0 | 0.0 | – |
| Remeasurement of defined benefit pension plans and similar obligations after deferred taxes | –96.6 | –0.2 | > 100 | –147.6 | –0.4 | > 100 |
| Share from companies consolidated at equity | 0.0 | 0.0 | – | 0.1 | 0.1 | 0.0 |
| **Income and expenses not to be recognized in the income statement in the future** | **–96.6** | **–0.2** | **> 100** | **–147.5** | **–0.3** | **> 100** |
| **Other comprehensive result** | **–106.4** | **–15.7** | **> 100** | **–165.9** | **–15.1** | **> 100** |
| **Comprehensive income** | **–96.6** | **8.3** | **–** | **–145.5** | **49.1** | **–** |
| of which attributable to Südzucker AG shareholders | –102.9 | 2.1 | – | –164.5 | 23.7 | – |
| 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 | 3.0 | 2.9 | 3.4 | 12.4 | 18.8 | –34.0 |

TABLE 11

# CASH FLOW STATEMENT

## 1 March to 31 August 2019

| € million | 2nd quarter 2019/20 | 2nd quarter 2018/19 | 2nd quarter +/– in % | 1st half year 2019/20 | 1st half year 2018/19 | 1st half year +/– in % |
|---|---|---|---|---|---|---|
| Net earnings | 9.8 | 24.0 | −59.2 | 20.4 | 64.2 | −68.2 |
| Depreciation and amortization of intangible assets, fixed assets and other investments | 70.5 | 61.1 | 15.4 | 140.4 | 121.0 | 16.0 |
| Decrease (–) / Increase (+) in non-current provisions and deferred tax liabilities and increase (–) / decrease (+) in deferred tax assets | 10.6 | 33.2 | −68.1 | 8.8 | 36.9 | −76.2 |
| Other income (–) / expenses (+) not affecting cash | −2.9 | 11.7 | – | 6.6 | 5.2 | 26.9 |
| **Cash flow** | **88.0** | **130.0** | **−32.3** | **176.2** | **227.3** | **−22.5** |
| Decrease (–) / Increase (+) in current provisions | −17.9 | 0.0 | – | −30.7 | −15.5 | 98.1 |
| Increase (–) / Decrease (+) in inventories, receivables and other current assets | 268.0 | 372.5 | −28.1 | 456.0 | 706.7 | −35.5 |
| Decrease (–) / Increase (+) in liabilities (excluding financial liabilities) | −146.8 | −208.9 | −29.7 | −306.5 | −501.2 | −38.8 |
| **Increase (–) / Decrease (+) in working capital** | **103.3** | **163.6** | **−36.9** | **118.8** | **190.0** | **−37.5** |
| Gain (–) / Loss (+) on disposal of items included in non-current assets and of securities | −1.0 | −0.8 | 25.0 | −0.9 | −1.2 | −25.0 |
| **I. Net cash flow from operating activities** | **190.3** | **292.8** | **−35.0** | **294.1** | **416.1** | **−29.3** |
| Investments in fixed assets and intangible assets | −78.6 | −100.8 | −22.0 | −150.3 | −166.5 | −9.7 |
| Investments in financial assets | −1.9 | −5.9 | −67.8 | −6.5 | −9.1 | −28.6 |
| **Investments** | **−80.5** | **−106.7** | **−24.6** | **−156.8** | **−175.6** | **−10.7** |
| Cash received on disinvestments (+) | 1.0 | 0.0 | – | 1.0 | 0.0 | – |
| Cash received on disposal of non-current assets (+) | 0.8 | 1.8 | −55.6 | 2.4 | 5.2 | −53.8 |
| Cash paid (–) / received (+) for the purchase / sale of other securities | −5.0 | −54.0 | −90.7 | −6.0 | −54.0 | −88.9 |

| € million | 2nd quarter 2019/20 | 2nd quarter 2018/19 | 2nd quarter +/− in % | 1st half year 2019/20 | 1st half year 2018/19 | 1st half year +/− in % |
|---|---|---|---|---|---|---|
| **II. Cash flow from investing activities** | **−84.7** | **−158.9** | **−46.7** | **−159.4** | **−224.4** | **−29.0** |
| Repayment (–) of the bond 2011/2018 | 0.0 | 0.0 | – | 0.0 | −400.0 | −100.0 |
| Repayment (–) / Issuance (+) of commercial papers | −100.0 | −37.0 | > 100 | −100.0 | 150.0 | – |
| Repayment (–) of lease liabilities | −7.0 | 0.0 | – | −14.5 | 0.0 | – |
| Other repayment (–) / refund (+) of financial liabilities | 93.1 | 139.7 | −33.4 | 127.3 | 186.3 | −31.7 |
| **Repayment (–) / Refund (+) of financial liabilities** | **−13.9** | **102.7** | **–** | **12.8** | **−63.7** | **–** |
| Increases in stakes held in subsidiaries (–) | 0.0 | 0.0 | – | 0.0 | −0.4 | −100.0 |
| Decrease in stakes held in subsidiaries / capital increase (+) / capital buyback (–) | 0.0 | 0.0 | – | 0.0 | 0.0 | – |
| Dividends paid (–) | −87.0 | −145.5 | −40.2 | −91.7 | −150.3 | −39.0 |
| **III. Cash flow from financing activities** | **−100.9** | **−42.8** | **> 100** | **−78.9** | **−214.4** | **−63.2** |
| **Change in cash and cash equivalent (total of I., II. and III.)** | **4.7** | **91.1** | **−94.8** | **55.8** | **−22.7** | **–** |
| Change in cash and cash equivalents | | | | | | |
| due to exchange rate changes | −5.0 | −0.7 | > 100 | −3.8 | −9.5 | −60.0 |
| due to changes in entities included in consolidation/other | 0.0 | 0.3 | −100.0 | 0.0 | 0.5 | −100.0 |
| **Decrease (–) / Increase (+) in cash and cash equivalents** | **−0.3** | **90.7** | **–** | **52.0** | **−31.7** | **–** |
| Cash and cash equivalents at the beginning of the period | 406.4 | 462.8 | −12.2 | 354.1 | 585.2 | −39.5 |
| **Cash and cash equivalents at the end of the period** | **406.1** | **553.5** | **−26.6** | **406.1** | **553.5** | **−26.6** |
| | | | | | | |
| Dividends received from companies consolidated at equity / other participations | 0.4 | 1.8 | −77.8 | 2.7 | 3.7 | −27.0 |
| Interest receipts | 1.5 | 0.6 | > 100 | 2.2 | 1.8 | 22.2 |
| Interest payments | −3.4 | −2.4 | 41.7 | −8.1 | −22.6 | −64.2 |
| Income taxes paid | −12.9 | −19.6 | −34.2 | −38.1 | −37.3 | 2.1 |

TABLE 12

# BALANCE SHEET

## 31 August 2019

| € million | 31 August 2019 | 31 August 2018 | +/– in % | 28 February 2019 | +/– in % |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Intangible assets | 1,002.5 | 1,667.2 | –39.9 | 1,000.7 | 0.2 |
| Fixed assets | 3,081.3 | 3,021.5 | 2.0 | 2,950.8 | 4.4 |
| Shares in companies consolidated at equity | 391.8 | 379.7 | 3.2 | 389.9 | 0.5 |
| Other investments | 25.6 | 22.8 | 12.3 | 23.1 | 10.8 |
| Securities | 19.3 | 19.3 | 0.0 | 18.8 | 2.7 |
| Other assets | 12.5 | 12.8 | –2.3 | 12.9 | –3.1 |
| Deferred tax assets | 64.4 | 72.6 | –11.3 | 74.5 | –13.6 |
| **Non-current assets** | **4,597.4** | **5,195.9** | **–11.5** | **4,470.7** | **2.8** |
| Inventories | 1,542.3 | 1,439.1 | 7.2 | 1,977.0 | –22.0 |
| Trade receivables | 999.7 | 1,040.8 | –3.9 | 972.7 | 2.8 |
| Other assets | 219.2 | 272.9 | –19.7 | 256.8 | –14.6 |
| Current tax receivables | 32.9 | 24.6 | 33.7 | 31.0 | 6.1 |
| Securities | 131.6 | 179.7 | –26.8 | 125.6 | 4.8 |
| Cash and cash equivalents | 406.1 | 553.5 | –26.6 | 354.1 | 14.7 |
| **Current assets** | **3,331.8** | **3,510.6** | **–5.1** | **3,717.2** | **–10.4** |
| **Total assets** | **7,929.2** | **8,706.5** | **–8.9** | **8,187.9** | **–3.2** |

| € million | 31 August 2019 | 31 August 2018 | +/– in % | 28 February 2019 | +/– in % |
|---|---|---|---|---|---|
| **Liabilities and shareholders' equity** | | | | | |
| Equity attributable to shareholders of Südzucker AG | 2,262.9 | 3,381.8 | –33.1 | 2,476.1 | –8.6 |
| Hybrid capital | 653.7 | 653.7 | 0.0 | 653.7 | 0.0 |
| Other non-controlling interests | 860.1 | 883.0 | –2.6 | 888.6 | –3.2 |
| **Total equity** | **3,776.7** | **4,918.5** | **–23.2** | **4,018.4** | **–6.0** |
| Provisions for pensions and similar obligations | 985.2 | 787.1 | 25.2 | 831.6 | 18.5 |
| Other provisions | 253.7 | 122.0 | >100 | 245.6 | 3.3 |
| Financial liabilities | 1,407.6 | 1,080.6 | 30.3 | 1,126.1 | 25.0 |
| Other liabilities | 7.1 | 17.8 | –60.1 | 13.5 | –47.4 |
| Tax liabilities | 22.9 | 48.8 | –53.1 | 22.6 | 1.3 |
| Deferred tax liabilities | 138.3 | 198.8 | –30.4 | 158.7 | –12.9 |
| **Non-current liabilities** | **2,814.8** | **2,255.1** | **24.8** | **2,398.1** | **17.4** |
| Other provisions | 116.8 | 234.4 | –50.2 | 147.7 | –20.9 |
| Financial liabilities | 375.6 | 429.4 | –12.5 | 501.4 | –25.1 |
| Trade payables | 470.4 | 467.7 | 0.6 | 786.4 | –40.2 |
| Other liabilities | 357.2 | 392.8 | –9.1 | 317.9 | 12.4 |
| Current tax liabilities | 17.7 | 8.6 | >100 | 18.0 | –1.7 |
| **Current liabilities** | **1,337.7** | **1,532.9** | **–12.7** | **1,771.4** | **–24.5** |
| **Total liabilities and equity** | **7,929.2** | **8,706.5** | **–8.9** | **8,187.9** | **–3.2** |
| Net financial debt | 1,226.2 | 757.5 | 61.9 | 1,129.0 | 8.6 |
| Equity ratio | 47.6 | 56.5 | | 49.1 | |
| Net financial debt as % of equity (gearing) | 32.5 | 15.4 | | 28.1 | |

TABLE 13

# CHANGES IN SHAREHOLDERS' EQUITY

## 1 March to 31 August 2019

| € million | Outstanding subscribed capital | Capital reserve | Other reserves |
|---|---|---|---|
| **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 | | | −6.9 |
| **31 August 2018** | **204.2** | **1,614.9** | **1,666.2** |
| **1 March 2019** | **204.2** | **1,614.9** | **737.3** |
| Net earnings | | | −14.3 |
| Other comprehensive income / loss before taxes | | | −144.4 |
| Taxes on other comprehensive income | | | 2.7 |
| **Comprehensive income** | | | **−156.0** |
| Distributions | | | −40.8 |
| Decrease in stakes held in subsidiaries / capital increase | 0.0 | 0.0 | 0.0 |
| Other changes | | | −7.9 |
| **31 August 2019** | **204.2** | **1,614.9** | **532.6** |

| Other equity accounts | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Market value of hedging instruments (cash flow hedge) | Market value of debt instruments (securities) | Exchange differences on net investments in foreign operations | Accumulated exchange differcences / hyperinflation | Share from companies consolidated at equity | Equity of Südzucker shareholders | Hybrid capital | Other non-controlling interests | Total equity |
| **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 |
| 5.7 | 0.0 | 8.7 | −23.1 | 8.1 | −0.8 | | −8.8 | −9.6 |
| −1.6 | 0.0 | −2.5 | | | −4.1 | | −1.4 | −5.5 |
| **4.1** | **0.0** | **6.2** | **−23.1** | **8.1** | **23.7** | **6.6** | **18.8** | **49.1** |
| | | | | | −91.9 | −6.6 | −49.2 | −147.7 |
| | | | | | 0.0 | 0.0 | 0.0 | 0.0 |
| | | | | | −6.9 | | −1.0 | −7.9 |
| **15.5** | **0.0** | **−10.9** | **−84.4** | **−23.7** | **3,381.8** | **653.7** | **883.0** | **4,918.5** |
| | | | | | | | | |
| **0.0** | **0.0** | **−7.8** | **−58.8** | **−13.7** | **2,476.1** | **653.7** | **888.6** | **4,018.4** |
| | | | | | −14.3 | 6.6 | 28.1 | 20.4 |
| −3.6 | 0.0 | 8.1 | −19.1 | 7.3 | −151.7 | | −18.2 | −169.9 |
| 0.5 | 0.0 | −1.7 | | | 1.5 | | 2.5 | 4.0 |
| **−3.1** | **0.0** | **6.4** | **−19.1** | **7.3** | **−164.5** | **6.6** | **12.4** | **−145.5** |
| | | | | | −40.8 | −6.6 | −41.5 | −88.9 |
| | | | | | 0.0 | 0.0 | 0.0 | 0.0 |
| | | | | | −7.9 | | 0.6 | −7.3 |
| **−3.1** | **0.0** | **−1.4** | **−77.9** | **−6.4** | **2,262.9** | **653.7** | **860.1** | **3,776.7** |

TABLE 14

# NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## Segment report

| | 2nd quarter | | | 1st half year | | |
|---|---|---|---|---|---|---|
| € million | 2019/20 | 2018/19 | +/– in % | 2019/20 | 2018/19 | +/– in % |
| **Südzucker Group** | | | | | | |
| **Gross revenues** | **1,731.8** | **1,833.3** | **–5.5** | **3,498.1** | **3,656.5** | **–4.3** |
| Consolidation | –97.1 | –99.8 | –2.7 | –183.7 | –181.6 | 1.2 |
| **Revenues** | **1,634.7** | **1,733.5** | **–5.7** | **3,314.4** | **3,474.9** | **–4.6** |
| **EBITDA** | **98.3** | **122.6** | **–19.8** | **214.8** | **260.2** | **–17.4** |
| EBITDA margin | 6.0 % | 7.1 % | | 6.5 % | 7.5 % | |
| Depreciation | –70.5 | –61.1 | 15.4 | –140.4 | –121.0 | 16.0 |
| **Operating result** | **27.8** | **61.5** | **–54.8** | **74.4** | **139.2** | **–46.6** |
| Operating margin | 1.7 % | 3.5 % | | 2.2 % | 4.0 % | |
| Result from restructuring / special items | –0.4 | –1.2 | –66.7 | –5.3 | –1.3 | > 100 |
| Result from companies consolidated at equity | 6.5 | 4.0 | 62.5 | 2.1 | 10.7 | –80.4 |
| **Result from operations** | **33.9** | **64.3** | **–47.3** | **71.2** | **148.6** | **–52.1** |
| Investments in fixed assets [1] | 78.6 | 100.8 | –22.0 | 150.3 | 166.5 | –9.7 |
| Investments in financial assets / acquisitions | 1.9 | 5.9 | –67.8 | 6.5 | 9.1 | –28.6 |
| **Total investments** | **80.5** | **106.7** | **–24.6** | **156.8** | **175.6** | **–10.7** |
| Shares in companies consolidated at equity | | | | 391.8 | 379.7 | 3.2 |
| Capital employed | | | | 6,076.3 | 6,489.8 | –6.4 |
| **Employees** | | | | **19,606** | **19,546** | **0.3** |
| **Sugar segment** | | | | | | |
| **Gross revenues** | **580.1** | **735.3** | **–21.1** | **1,202.3** | **1,471.5** | **–18.3** |
| Consolidation | –39.0 | –41.6 | –6.2 | –79.8 | –82.1 | –2.8 |
| **Revenues** | **541.1** | **693.7** | **–22.0** | **1,122.5** | **1,389.4** | **–19.2** |
| **EBITDA** | **–33.8** | **8.4** | **–** | **–49.9** | **31.5** | **–** |
| EBITDA margin | –6.2 % | 1.2 % | | –4.4 % | 2.3 % | |
| Depreciation | –21.5 | –14.6 | 47.3 | –42.2 | –28.7 | 47.0 |
| **Operating result** | **–55.3** | **–6.2** | **> 100** | **–92.1** | **2.8** | **–** |
| Operating margin | –10.2 % | –0.9 % | | –8.2 % | 0.2 % | |
| Result from restructuring / special items | –0.4 | –1.4 | –71.4 | –5.3 | –1.3 | > 100 |
| Result from companies consolidated at equity | 2.2 | –0.5 | – | –5.3 | 1.4 | – |
| **Result from operations** | **–53.5** | **–8.1** | **> 100** | **–102.7** | **2.9** | **–** |
| Investments in fixed assets [1] | 29.3 | 41.3 | –29.1 | 48.9 | 62.7 | –22.0 |
| Investments in financial assets / acquisitions | 1.9 | 1.5 | 26.7 | 6.0 | 1.5 | > 100 |
| **Total investments** | **31.2** | **42.8** | **–27.1** | **54.9** | **64.2** | **–14.5** |
| Shares in companies consolidated at equity | | | | 323.7 | 310.6 | 4.2 |
| Capital employed | | | | 2,505.0 | 3,088.9 | –18.9 |
| **Employees** | | | | **7,051** | **7,257** | **–2.8** |

[1] Including intangible assets.

| € million | 2nd quarter 2019/20 | 2018/19 | +/– in % | 1st half year 2019/20 | 2018/19 | +/– in % |
|---|---|---|---|---|---|---|
| **Special products segment** | | | | | | |
| **Gross revenues** | **622.5** | **597.4** | **4.2** | **1,252.1** | **1,180.0** | **6.1** |
| Consolidation | –32.6 | –30.1 | 8.3 | –60.6 | –54.9 | 10.4 |
| **Revenues** | **589.9** | **567.3** | **4.0** | **1,191.5** | **1,125.1** | **5.9** |
| **EBITDA** | **69.2** | **65.1** | **6.3** | **144.4** | **131.6** | **9.7** |
| EBITDA margin | 11.7 % | 11.5 % | | 12.1 % | 11.7 % | |
| Depreciation | –28.9 | –28.3 | 2.1 | –57.7 | –56.2 | 2.7 |
| **Operating result** | **40.3** | **36.8** | **9.5** | **86.7** | **75.4** | **15.0** |
| Operating margin | 6.8 % | 6.5 % | | 7.3 % | 6.7 % | |
| Result from restructuring / special items | 0.0 | 0.1 | –100.0 | 0.0 | 0.0 | – |
| Result from companies consolidated at equity | 4.1 | 4.5 | –8.9 | 7.3 | 9.3 | –21.5 |
| **Result from operations** | **44.4** | **41.4** | **7.2** | **94.0** | **84.7** | **11.0** |
| Investments in fixed assets[1] | 30.2 | 43.2 | –30.1 | 67.7 | 78.4 | –13.6 |
| Investments in financial assets / acquisitions | 0.0 | 0.0 | – | 0.0 | 1.7 | –100.0 |
| **Total investments** | **30.2** | **43.2** | **–30.1** | **67.7** | **80.1** | **–15.5** |
| Shares in companies consolidated at equity | | | | 65.9 | 67.2 | –1.9 |
| Capital employed | | | | 2,221.0 | 2,120.4 | 4.7 |
| **Employees** | | | | **6,041** | **5,695** | **6.1** |
| **CropEnergies segment** | | | | | | |
| **Gross revenues** | **244.9** | **200.7** | **22.0** | **447.6** | **393.2** | **13.8** |
| Consolidation | –25.2 | –27.9 | –9.7 | –42.7 | –44.3 | –3.6 |
| **Revenues** | **219.7** | **172.8** | **27.1** | **404.9** | **348.9** | **16.1** |
| **EBITDA** | **39.0** | **19.4** | **> 100** | **64.9** | **33.7** | **92.6** |
| EBITDA margin | 17.8 % | 11.2 % | | 16.0 % | 9.7 % | |
| Depreciation | –10.5 | –9.8 | 7.1 | –21.2 | –19.5 | 8.7 |
| **Operating result** | **28.5** | **9.6** | **> 100** | **43.7** | **14.2** | **> 100** |
| Operating margin | 13.0 % | 5.6 % | | 10.8 % | 4.1 % | |
| Result from restructuring / special items | 0.0 | 0.1 | – | 0.0 | 0.0 | – |
| Result from companies consolidated at equity | 0.2 | 0.0 | – | 0.1 | 0.0 | – |
| **Result from operations** | **28.7** | **9.7** | **> 100** | **43.8** | **14.2** | **> 100** |
| Investments in fixed assets[1] | 8.3 | 2.7 | > 100 | 12.8 | 4.7 | > 100 |
| Investments in financial assets / acquisitions | 0.0 | 0.0 | – | 0.0 | 0.0 | – |
| **Total investments** | **8.3** | **2.7** | **> 100** | **12.8** | **4.7** | **> 100** |
| Shares in companies consolidated at equity | | | | 2.2 | 1.9 | 15.8 |
| Capital employed | | | | 460.3 | 436.8 | 5.4 |
| **Employees** | | | | **442** | **417** | **6.0** |

[1] Including intangible assets.

| € million | 2nd quarter 2019/20 | 2018/19 | +/– in % | 1st half year 2019/20 | 2018/19 | +/– in % |
|---|---|---|---|---|---|---|
| **Fruit segment** | | | | | | |
| **Gross revenues** | **284.3** | **299.9** | **–5.2** | **596.1** | **611.8** | **–2.6** |
| Consolidation | –0.3 | –0.2 | 50.0 | –0.6 | –0.3 | 100.0 |
| **Revenues** | **284.0** | **299.7** | **–5.2** | **595.5** | **611.5** | **–2.6** |
| **EBITDA** | **23.9** | **29.7** | **–19.5** | **55.4** | **63.4** | **–12.6** |
| EBITDA margin | 8.4 % | 9.9 % | | 9.3 % | 10.4 % | |
| Depreciation | –9.6 | –8.4 | 14.3 | –19.3 | –16.6 | 16.3 |
| **Operating result** | **14.3** | **21.3** | **–32.9** | **36.1** | **46.8** | **–22.9** |
| Operating margin | 5.0 % | 7.1 % | | 6.1 % | 7.7 % | |
| 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** | **14.3** | **21.3** | **–32.9** | **36.1** | **46.8** | **–22.9** |
| Investments in fixed assets [1] | 10.8 | 13.6 | –20.6 | 20.9 | 20.7 | 1.0 |
| Investments in financial assets / acquisitions | 0.0 | 4.4 | –100.0 | 0.5 | 5.9 | –91.5 |
| **Total investments** | **10.8** | **18.0** | **–40.0** | **21.4** | **26.6** | **–19.5** |
| Shares in companies consolidated at equity | | | | 0.0 | 0.0 | – |
| Capital employed | | | | 890.0 | 843.7 | 5.5 |
| **Employees** | | | | **6,072** | **6,177** | **–1.7** |

[1] Including intangible assets.

TABLE 15

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

Südzucker Group's interim financial statements as of 31 August 2019 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 2019 have been condensed as per IAS 34. The consolidated interim statements dated 31 August 2019 were not subject to any inspection or audit review. Südzucker AG's board of directors prepared these interim financial statements on 30 September 2019.

As presented in the notes to the financial statements of the 2018/2019 annual report under item (1) "Principles of preparation of the consolidated financial statements" on pages 123 to 129, 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 impact of the obligatory application of Standard IFRS 16 (leases) for the first time effective 1 March 2019 are described at the end of this item (1).

The same accounting and valuation methods as those used to prepare the group annual financial statements dated 28 February 2019 were applied for the remainder of this interim report. The relevant explanatory notes under item (5), "Accounting policies", pages 136 to 140 of the 2018/19 annual report, thus also apply here. Südzucker Group's 2018/19 annual report can be viewed or downloaded at www.suedzucker.de/de/Investor-Relations/ and / or www.suedzucker.de/en/Investor-Relations/. The information provided there is updated as follows:

A discount rate of 0.95 % was applied to material plans on 31 August 2019 to calculate provisions for pensions and similar obligations. The discount rate applied on 31 August 2018 was 2.20 %.

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.

Green Certificates issued by the government at the Wanze plant in Belgium are based on real-world energy generation from renewable raw materials at the ethanol production factory. The total proceeds are recognized to reduce material costs. During the reporting period the proceeds from the Green Certificates totaled € 11.1 (11.0) million. The allocated sum depends on the amount of electricity sustainably produced from biomass during the associated reporting period. A commitment for allocations beyond the reporting period until April 2023 has already been received.

The process for new applications for Green Certificate funding after 1 January 2020 is currently being amended in line with changes to Belgian laws. This clarifies that the reduction of greenhouse gas emissions, for example, by using renewable energies, continues to be a high and ever-increasing priority in Belgium. Because details about the rules regarding implementation of the new law are not yet available, CropEnergies cannot currently make concrete statements about what impact if any the new rules after May 2023 may have on subsequent funding.

### IFRS 16 (Leases)

In accordance with the transitional provisions of IFRS 16, first-time adoption of IFRS 16 follows the modified retrospective approach and is thus carried out without adjustments to prior year figures.

In accordance with IFRS 16, the lessee capitalizes all leases by recognizing the present value of the lease payments and showing them as lease assets (right-of-use assets) on the balance sheet. The present value is determined based on the current incremental borrowing rate of interest with appropriate terms, unless the underlying interest rate for the lease payments is available. The right of use is regularly depreciated over the term of the lease. Unaccrued interest is added to the lease liability using the effective interest method and paid off through lease payments; the resulting interest expense is reported in the financial result. The right of use is subject to the impairment test in accordance with IAS 36 (Impairment of Assets).

The standard is not applied by Südzucker to intangible assets. Südzucker avails itself of the non-capitalization option for low-value assets and short-term leases.

Südzucker uses leasing in the logistics sector and in agriculture to lease agricultural land. In addition, there are long-term building rental agreements in administration and production.

Rights of use amounting to €126.6 million and lease liabilities amounting to €135.5 million were estimated with the first-time adoption of IFRS 16. The rights of use will be presented in the balance sheet together with the acquired property, plant and equipment. In the 2018/19 financial year a provision was created for future payments arising from an onerous operating lease, as the leased asset will no longer be used in light of a planned plant closure. With the first-time adoption of IFRS 16, the provision for impending losses was offset against the corresponding right of use. The adjustments for current assets and other debt mainly relate to deferred lease payments from the prior year.

## Adjustment of balance sheet

| € million | Amount published 28 February 2019 | Adjustments IFRS 16 | Amount adjusted 1 March 2019 |
|---|---|---|---|
| **Assets** | | | |
| Intangible assets | 1,000.7 | 0.0 | 1,000.7 |
| Tangible assets | 2,950.8 | 126.6 | 3,077.4 |
| Remaining assets | 519.2 | 0.0 | 519.2 |
| **Non-current assets** | **4,470.7** | **126.6** | **4,597.3** |
| Inventories | 1,977.0 | 0.0 | 1,977.0 |
| Trade receivables | 972.7 | 0.0 | 972.7 |
| Remaining assets | 767.5 | −0.1 | 767.4 |
| **Current assets** | **3,717.2** | **−0.1** | **3,717.1** |
| **Total assets** | **8,187.9** | **126.5** | **8,314.4** |
| **Equity and liabilities** | | | |
| **Total equity** | **4,018.4** | **0.0** | **4,018.4** |
| Other provisions | 245.6 | −6.5 | 239.1 |
| Financial liabilities | 1,126.1 | 106.6 | 1,232.7 |
| Remaining liabilities | 1,026.4 | 0.0 | 1,026.4 |
| **Non-current liabilities** | **2,398.1** | **100.1** | **2,498.2** |
| Other provisions | 147.7 | 0.0 | 147.7 |
| Financial liabilities | 501.4 | 28.9 | 530.3 |
| Remaining liabilities | 1,122.3 | −2.5 | 1,119.8 |
| **Current liabilities** | **1,771.4** | **26.4** | **1,797.8** |
| **Total liabilities and equity** | **8,187.9** | **126.5** | **8,314.4** |

TABLE 16

The difference between the off-balance-sheet lease obligations according to IAS 17 as of 28 February 2019 of € 151.7 million and the additional lease obligations resulting from the first time application of IFRS 16 on 1 March 2019 of € 135.5 million amounts to € 16.2 million. It relates mainly to the discounting of obligations from Operating Leasing as per IAS 17, usage of the exception for short-term and low value leases and the difference in treatment of renewable options.

The carrying amounts of the leased properties are distributed across the fixed asset groups as follows:

| € million | 31 August 2019 | 1 March 2019 |
|---|---|---|
| Land, land rights and buildings including buildings on leased land | 84.2 | 91.3 |
| Technical equipment and machinery | 23.5 | 26.1 |
| Other equipment, factory and office equipment | 12.1 | 9.2 |
| | **119.8** | **126.6** |

TABLE 17

The weighted average incremental borrowing rate as of 31 August 2019 was 2.6 %.

## (2) Companies included in consolidation

As of 31 August 2019, the scope of consolidation included 155 fully consolidated companies aside from Südzucker AG (end of fiscal 2018/19: 156 companies). AGRANA Fruit Fiji Pty Ltd., Sigatoka, Fiji was sold on 1 July 2019. The disposal resulted in a profit of € 0.6 million, which is recorded under other operating income.

In total, 17 companies (end of fiscal 2018/19: 16 companies) were consolidated at equity. From the first quarter of 2019/20, the newly founded joint venture company Beta Pura GmbH, Vienna, Austria, was consolidated at equity for the first time.

## (3) Earnings per share

The calculation of earnings per share according to IAS 33 from 1 March to 31 August 2019 was based on a time-weighted average of 204.2 million shares outstanding. Earnings per share came in at € −0.03 (0.04) for the second quarter and at € −0.07 (0.14) for the first half year and were not diluted.

## (4) Inventories

| € million 31 August | 2019 | 2018 |
|---|---|---|
| Raw materials and supplies | 583.8 | 491.1 |
| Work in progress and finished goods | | |
| Sugar segment | 499.9 | 530.2 |
| Special products segment | 261.1 | 227.9 |
| CropEnergies segment | 35.5 | 34.7 |
| Fruit segment | 120.3 | 113.1 |
| Total of work in progress and finished goods | 916.8 | 905.9 |
| Merchandise | 41.7 | 42.1 |
| | **1,542.3** | **1,439.1** |

TABLE 18

The carrying amount of inventories was € 1,542.3 (1,439.1) million exceeding the prior year’s level. The increase in raw materials and supplies to € 583.8 (491.1) million is due in part to the payment of a raw materials premium for beets in the 2020 campaign. Last year, the raw materials premium paid during the second quarter of 2018/19 for beets from the 2019 campaign was included. The raw material expense is recognized as expense with effect of processing the beets for the corresponding campaign.

## (5) Trade receivables and other assets

| € million<br>31 August | 2019 | Remaining term<br>to 1 year | over 1 year | 2018 | Remaining term<br>to 1 year | over 1 year |
|---|---|---|---|---|---|---|
| **Trade receivables** | **999.7** | **999.7** | **0.0** | **1,040.8** | **1,040.8** | **0.0** |
| Receivables due from the EU | **0.2** | 0.2 | 0.0 | **33.4** | 33.4 | 0.0 |
| Positive market value derivatives | **16.6** | 16.6 | 0.0 | **30.3** | 30.3 | 0.0 |
| Remaining financial assets | **61.3** | 48.8 | 12.5 | **57.2** | 44.4 | 12.8 |
| **Other financial assets** | **78.1** | **65.6** | **12.5** | **120.9** | **108.1** | **12.8** |
| Other taxes recoverable | **85.7** | 85.7 | 0.0 | **117.3** | 117.3 | 0.0 |
| Remaining non-financial assets | **67.9** | 67.9 | 0.0 | **47.5** | 47.5 | 0.0 |
| **Non-financial assets** | **153.6** | **153.6** | **0.0** | **164.8** | **164.8** | **0.0** |
| **Other assets** | **231.7** | **219.2** | **12.5** | **285.7** | **272.9** | **12.8** |

TABLE 19

At € 999.7 (1,040.8) million, trade receivables were lower than a year earlier, essentially reflecting the decline in revenues.

Receivables due from the EU totaling € 0.2 (33.4) million were last year 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 € 61.3 (57.2) million primarily concern receivables from non-consolidated companies, participations, employees and other third parties.

Other non-financial assets of € 67.9 (47.5) million are largely related to advances made and accruals / deferrals, in addition to $CO_2$ emission certificate purchases.

## (6) Other provisions and accruals

| € million 31 August | 2019 | Short-term | Long-term | 2018 | Short-term | Long-term |
|---|---|---|---|---|---|---|
| Personnel-related provisions | **108.8** | 32.1 | 76.7 | **81.4** | 21.2 | 60.2 |
| Provisions for litigation risks and risk precautions | **177.8** | 41.2 | 136.6 | **179.8** | 173.8 | 6.0 |
| Other provisions | **83.9** | 43.5 | 40.4 | **95.2** | 39.4 | 55.8 |
| **Total** | **370.5** | **116.8** | **253.7** | **356.4** | **234.4** | **122.0** |

TABLE 20

Personnel-related provisions in the amount of € 108.8 (81.4) 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 € 177.8 (179.8) million include provisions for market regulation procedures, operational contract procedures and antitrust risks (fines and damage claims).

The other provisions in the amount of € 83.9 (95.2) 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 | 2019 | to 1 year | over 1 year | 2018 | to 1 year | over 1 year |
| Liabilities to beet growers | 16.7 | 16.7 | 0.0 | 17.8 | 17.8 | 0.0 |
| Liabilities to other trade payables | 453.7 | 453.7 | 0.0 | 449.9 | 449.9 | 0.0 |
| **Trade payables** | **470.4** | **470.4** | **0.0** | **467.7** | **467.7** | **0.0** |
| Negative market value derivatives | 29.7 | 29.7 | 0.0 | 17.5 | 17.5 | 0.0 |
| Liabilities for personnel expenses | 101.4 | 101.1 | 0.3 | 107.4 | 106.9 | 0.5 |
| Remaining financial liabilities | 155.6 | 148.8 | 6.8 | 198.9 | 181.6 | 17.3 |
| **Other financial liabilities** | **286.7** | **279.6** | **7.1** | **323.8** | **306.0** | **17.8** |
| Liabilities for other taxes and social security contributions | 61.2 | 61.2 | 0.0 | 63.2 | 63.2 | 0.0 |
| Remaining non-financial liabilities | 16.4 | 16.4 | 0.0 | 23.6 | 23.6 | 0.0 |
| **Non-financial liabilities** | **77.6** | **77.6** | **0.0** | **86.8** | **86.8** | **0.0** |
| **Other liabilities** | **364.3** | **357.2** | **7.1** | **410.6** | **392.8** | **17.8** |

TABLE 21

Trade payables remained at the previous year's level at € 470.4 (467.7) million.

Liabilities for personnel expenses totaling € 101.4 (107.4) million mainly represent commitments for bonuses, premiums, vacation and overtime pay.

The remaining financial liabilities dropped to € 155.6 (198.9) million and include interest payment obligations, as well as security deposits received in connection with hedging transactions. The decline was due, among other things, to a lower level of securities received.

Other non-financial liabilities totaling € 16.4 (23.6) 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 | 2019 | to 1 year | over 1 year | 2018 | to 1 year | over 1 year |
| Bonds | 924.5 | 130.0 | 794.5 | 943.5 | 150.0 | 793.5 |
| Liabilities to banks | 728.9 | 213.8 | 515.1 | 566.3 | 279.3 | 287.0 |
| Leasing liabilities [1] | 129.8 | 31.8 | 98.0 | 0.2 | 0.1 | 0.1 |
| **Financial liabilities** | **1,783.2** | **375.6** | **1,407.6** | **1,510.0** | **429.4** | **1,080.6** |
| Securities (non-current assets) | −19.3 | | | −19.3 | | |
| Securities (current assets) | −131.6 | | | −179.7 | | |
| Cash and cash equivalents | −406.1 | | | −553.5 | | |
| **Securities and cash and cash equivalents** | **−557.0** | | | **−752.5** | | |
| **Net financial debt** | **1,226.2** | | | **757.5** | | |

[1] Further information is provided in section (1) of the notes to the consolidated financial statements.

TABLE 22

Financial liabilities rose € 273.2 million to € 1,783.2 (1,510.0) million with a lower stock of securities, cash and cash equivalents totaling € 557.0 (752.5) million. As a result, net financial debt increased by € 468.7 million to € 1,226.2 (757.5) million.

The beginning of fiscal 2019/20 was the first time IFRS 16 (leases) had to be applied. This resulted in additional recognition of lease obligations totaling € 135.5 million on 1 March 2019.

On 5 April 2018, Moody's revised its outlook for the Baa2 rating from stable to negative. On 12 December 2018, Moody's cut Südzucker's corporate and bond rating from Baa2 to Baa3 with a negative outlook. Moody's left the hybrid bond equity credit rating unchanged at 75 %. On 18 June 2019, Moody's confirmed the Baa3 investment grade rating with a negative outlook.

On 18 January 2019, Standard & Poor's (S&P) revised the long-term corporate rating from BBB to BBB–, with an unchanged stable outlook. On 24 May 2019, S&P changed the outlook for the BBB– rating to negative. The subordinated hybrid bond continues to be recognized at 50 % equity.

### 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 30 June 2015. The interest rate was set at 2.757 % for the period from 28 June to 30 September 2019 (exclusively). Additional information regarding the hybrid bond is contained in the notes to the 2018/19 annual report under item (30) "Financial liabilities, securities and cash and cash equivalents (net financial debt)" on page 174, and on Südzucker's website.

## (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 | 2019 | | 2018 | |
|---|---|---|---|---|
| € million | Carrying amount | Fair value | Carrying amount | Fair value |
| Bonds | 924.5 | 952.7 | 943.5 | 933.3 |
| Liabilities to banks | 728.9 | 736.6 | 566.3 | 570.6 |
| Leasing liabilities [1] | 129.8 | – | 0.2 | 0.2 |
| **Gross financial liabilities** | **1,783.2** | **1,689.3** | **1,510.0** | **1,504.1** |

[1] Disclosure of fair value is not required as of 1 March 2019 with the introduction of IFRS 16.

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 methods that consider influencing factors not exclusively based on observable market data

| € million | Fair value hierarchy | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 31 August | 2019 | Evaluation level 1 | Evaluation level 2 | Evaluation level 3 | 2018 | Evaluation level 1 | Evaluation level 2 | Evaluation level 3 |
| **Securities** | **144.5** | **12.8** | **125.0** | **6.7** | **144.6** | **14.0** | **125.0** | **5.6** |
| Other investments | 3.6 | 0.0 | 0.0 | 3.6 | 1.1 | 0.0 | 0.0 | 1.1 |
| Positive market values – derivatives without hedge accounting | 3.8 | 0.2 | 3.6 | 0.0 | 3.2 | 0.0 | 3.2 | 0.0 |
| Positive market values – hedge accounting derivatives | 12.8 | 12.3 | 0.5 | 0.0 | 27.1 | 26.5 | 0.6 | 0.0 |
| **Positive market values** | **16.6** | **12.5** | **4.1** | **0.0** | **30.3** | **26.5** | **3.8** | **0.0** |
| **Financial assets** | **164.7** | **25.3** | **129.1** | **10.3** | **176.0** | **40.5** | **128.8** | **6.7** |
| Negative market values – derivatives without hedge accounting | 10.9 | 4.6 | 6.3 | 0.0 | 7.6 | 0.9 | 6.7 | 0.0 |
| Negative market values – hedge accounting derivatives | 18.8 | 14.3 | 4.5 | 0.0 | 9.9 | 5.9 | 4.0 | 0.0 |
| **Negative market values / financial liabilities** | **29.7** | **18.9** | **10.8** | **0.0** | **17.5** | **6.8** | **10.7** | **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 2018/19 annual report under item (32) “Additional disclosures on financial instruments” on pages 185 to 189.

## (10) Related parties

There have been no material changes to the related parties described in the notes to the 2018/19 annual report under item (36) on pages 190 to 192.

## (11) Events after the balance sheet date

There have been no especially significant events since 31 August 2019 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, 30 September 2019
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. It was published by Südzucker AG's executive board on 30 September 2019.

This half-year financial report 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.

Published on 10 October 2019

## Contacts

Investor Relations
Nikolai Baltruschat
investor.relations@suedzucker.de
Phone: +49 621 421-240
Fax: +49 621 421-449

Financial press
Dr. Dominik Risser
public.relations@suedzucker.de
Phone: +49 621 421-428
Fax: +49 621 421-425

## Photo credits

Four Motors / Swoosh Communications (U1)
Freiberger Lebensmittel GmbH & Co.
Produktions- und Vertriebs KG (U1)
Dennis Möbus (U1)
ROPA Maschinenbau GmbH (U1)

## Südzucker on the Internet

For more information about Südzucker Group please go to our website www.suedzucker.de

## Published by

Südzucker AG
Maximilianstraße 10
68165 Mannheim
Phone: +49 621 421-0