



## PRESS RELEASE

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*AGRANA results for the first half of 2018|19 (ended 31 August 2018)*

### **AGRANA reiterates earnings forecast for full 2018 | 19 financial year**

*Profit in first half of 2018|19 significantly below prior year as sugar and bioethanol businesses weigh on results*

AGRANA, the manufacturer of fruit products, starch and sugar, registered a significant earnings reduction in the first half of the 2018|19 financial year. Operating profit (EBIT), at € 63.0 million, was off 51.8% from the year-earlier level. The Group's revenue eased by 7.4% to € 1,261.0 million (H1 prior year: € 1,362.1 million). AGRANA Chief Executive Officer Johann Marihart says: "Extremely low prices in the sugar and isoglucose businesses after the EU quota expiration, as well as significantly lower ethanol prices than a year ago, led to a significant slump in EBIT earnings. The Fruit segment on the other hand delivered a satisfactory performance, with EBIT moderately above that of the good prior year."

### **AGRANA Group consolidated financial results**

€ million, except %

	H1 2018 19	H1 2017 18	Q2 2018 19	Q2 2017 18
Revenue	1,261.0	1362.1	630.7	677.9
EBITDA <sup>1</sup>	97.0	149.6	43.5	72.0
Operating profit before exceptional items and results of equity-accounted joint ventures	57.2	113.4	23.4	53.7
Share of results of equity-accounted joint ventures	6.6	20.0	3.3	9.9
Exceptional items	(0.8)	(2.8)	(0.7)	(2.8)
Operating profit [EBIT]	63.0	130.6	26.0	60.8
EBIT margin	5.0%	9.6%	4.1%	9.0%
Profit for the period	39.9	97.3	14.6	46.4
Investment <sup>2</sup>	82.7	58.1	50.4	36.6

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

<sup>2</sup> Investment represents purchases of property, plant and equipment and intangible assets, excluding goodwill.

Net financial items amounted to an expense of € 10.9 million (H1 prior year: expense of € 8.9 million). After an income tax expense of € 12.2 million, corresponding to a tax rate of approximately 23.4% (H1 prior year: 20.0%), profit for the period was € 39.9 million (H1 prior year: € 97.3 million).

Net debt as of 31 August 2018 stood at € 261.3 million, up € 28.8 million from the 2017|18 year-end level. The gearing ratio accordingly rose modestly to 18.7% as of the quarterly balance sheet date (28 February 2018: 16.0%).

### Fruit segment

€ million, except %

	H1 2018   19	H1 2017   18	Q2 2018   19	Q2 2017   18
Revenue	611.6	599.9	299.8	288.9
Operating profit [EBIT]	46.8	43.5	21.3	18.4
EBIT margin	7.7%	7.3%	7.1%	6.4%

Revenue in the Fruit segment in the first half of 2018|19 was € 611.6 million, a slight increase from the year-earlier level driven especially by higher revenue in the fruit juice concentrate business as a result of the high apple juice concentrate prices for product made from the 2017 crop.

EBIT of € 46.8 million in the first six months was up moderately from one year earlier. While the fruit preparations business saw a currency-related slight drop in earnings, EBIT in the fruit juice concentrate activities increased significantly thanks to the better contribution margins of apple juice concentrate produced from the 2017 harvest.

### Starch segment

€ million, except %

	H1 2018   19	H1 2017   18	Q2 2018   19	Q2 2017   18
Revenue	372.0	385.5	190.6	190.7
Operating profit [EBIT]	20.3	50.5	10.4	23.9
EBIT margin	5.5%	13.1%	5.5%	12.5%

Starch segment revenue in the first half of 2018|19 eased by 3.5% year-on-year. The revenue reduction was due primarily to bioethanol prices that were significantly lower than in the year-ago period, and to the isoglucose prices. Revenue with saccharification products decreased, pulled downward by the very low prices of granulated sugar. The revenue trend for native and modified starches was positive amid sustained good market demand. EBIT, at € 20.3 million, was down significantly by 59.8% from the very good year-earlier result.

## Sugar segment

€ million, except %

	H1 2018 19	H1 2017 18	Q2 2018 19	Q2 2017 18
Revenue	277.4	376.7	140.3	198.3
Operating profit [EBIT]	(4.1)	36.6	(5.8)	18.5
EBIT margin	(1.5%)	9.7%	(4.1%)	9.3%

Sugar segment revenue in the first half of 2018|19 declined by 26.4% year-on-year. This was caused by a significant year-on-year reduction in sugar sales prices, as well as by lower sugar quantities sold (the latter especially in exports and the non-food sector). EBIT in the first half of 2018|19 fell markedly from € 36.6 million to a deficit of € 4.1 million.

### Outlook

As a result of the persistent challenges faced, especially in the Sugar segment, AGRANA continues to predict a significant reduction in Group operating profit (EBIT) for the full 2018|19 financial year. Revenue is projected to be slightly lower than in the year before. EBIT in the third quarter of the current 2018|19 financial year is also expected to come in below the level of the prior year's comparative quarter.

Total investment across the three business segments in the financial year, now projected at approximately € 185 million, will significantly exceed the budgeted depreciation of about € 95 million.

### About AGRANA

AGRANA converts agricultural raw materials into high-quality foods and numerous industrial intermediate products. About 8,700 employees at 59 production sites worldwide generate annual Group revenue of approximately € 2.6 billion. Established in 1988, the company is the world market leader in fruit preparations and the leading producer of fruit juice concentrates in Europe. As well, its Starch segment is a major manufacturer of custom starch products and bioethanol. AGRANA today is also the leading sugar producer in Central and Eastern Europe.

This announcement is available in German and English at <https://www.agrana.com/en>.