



## PRESS RELEASE

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### **AGRANA registers significant earnings reduction for first three quarters of 2018 | 19**

#### **First three quarters of 2018 | 19 at a glance**

- Revenue: € 1,863.5 million (-7.3%; Q1-Q3 prior year: € 2,010.6 million)
- EBIT: € 63.5 million (-63.0%; Q1-Q3 prior year: € 171.6 million)
- EBIT margin: 3.4% (Q1-Q3 prior year: 8.5%)
- Profit for the period: € 37.0 million (-71.0%; Q1-Q3 prior year: € 127.6 million)
- Equity ratio: 59.4% (28 February 2018: 61.7%)

#### **Outlook for full year 2018 | 19**

- Forecast for full 2018|19 financial year confirmed, with significant EBIT decrease and slight reduction in revenue year-on-year
- Specialties strategy remains in place
- Investment well above depreciation
- Diversification provided by the three segments Fruit, Starch and Sugar is basis for stable Group performance

The first three quarters of the 2018|19 financial year of AGRANA, the manufacturer of fruit products, sugar and starch, were defined by very low sales prices in the Sugar and Starch segments. AGRANA Chief Executive Officer Johann Marihart comments: "The persistent depressed prices for sugar and isoglucose after the end of the EU quotas, as well as ethanol prices significantly lower than one year earlier, are sharply impacting this year's earnings. Revenue in the Fruit segment is stable, with the fruit juice concentrate business generating satisfactory EBIT earnings thanks to better contribution margins from apple juice concentrate from the 2017 harvest."

#### **Results by segment**

##### **FRUIT segment**

Fruit segment revenue in the first three quarters of 2018|19 was € 890.2 million, in line with the year-earlier period. EBIT, at € 62.0 million, increased by 4.9% from one year earlier. While in the fruit preparations business, currency factors caused revenue to stagnate (despite higher sales volumes) and the depreciation of some local currencies against the euro led to a deterioration in earnings, revenue in the fruit juice concentrate activities rose thanks to the higher apple juice concentrate prices for product made from the 2017 crop. As a result of the improved contribution margins in the fruit juice concentrate business, its EBIT also grew very significantly.

## **STARCH segment**

Revenue in the Starch segment in the first nine months of the financial year was € 566.4 million, or slightly below the year-ago value (by 1.7%). The revenue downtick resulted both from significantly lower bioethanol prices than one year earlier and from a decline of saccharification product revenue attributable in part to the very low prices of granulated sugar. This led to an EBIT decrease of 47.6% to € 36.9 million.

## **SUGAR segment**

The Sugar segment's revenue in the first three quarters was € 406.9 million, a decrease of 26.1% from the same period one year earlier. EBIT fell markedly to a deficit of € 35.4 million. This negative result was attributable to a very steep year-on-year decline in sugar sales prices, as well as to lower sugar quantities sold.

The financial results are presented in detail in the **interim statement for the first three quarters of 2018 | 19** → [LINK](#)

## **Outlook**

For the full 2018|19 financial year, AGRANA continues to expect a significant reduction in Group operating profit (EBIT). Revenue is projected to be slightly lower than in the year before.

CEO Johann Marihart says: "In the difficult economic environment, we believe that as a global industrial concern with a diversified business model, we are strategically well positioned. Rather than engage in purely price-based competition, we will continue to rely on our specialties strategy. Thanks to this and the diversification provided by our three pillars of Fruit, Starch and Sugar, we will do better than pure sugar companies."

In the 2018|19 financial year the AGRANA Group is investing € 185 million, which very significantly exceeds the budgeted depreciation of about € 96 million. Key capex projects include the construction of the second Chinese fruit preparations plant, in the greater Shanghai area, which began operating at the end of the calendar year, and the expansion of the wheat starch plant in Pischelsdorf near Tulln, Austria, which is progressing on schedule and will be completed by the end of 2019.

## **About AGRANA**

AGRANA converts agricultural raw materials into high-quality foods and numerous industrial intermediate products. About 9,400 employees at 60 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/>