Q1

QUARTERLY STATEMENT
FIRST QUARTER 2018/19

1 March to 31 May 2018

CONSOLIDATED GROUP REVENUES

€ **1,741** [1,783] million

CONSOLIDATED GROUP OPERATING RESULT

€ **78** [153] million

FULL-YEAR FISCAL 2018/19 FORECAST UNCHANGED:

CONSOLIDATED GROUP REVENUES

of € **6.8** to **7.1** [2017/18: 7.0] billion

CONSOLIDATED OPERATING RESULT

of € **100** to **200** [2017/18: 445] million

SÜDZUCKER

CONTENTS

FNANCIAL CALENDAR

Annual general meeting
Fiscal 2017/18
19 July 2018

Q 2 – Half year financial report
1st half year report 2018/19
11 October 2018

Q 3 – Quarterly statement
1st to 3rd quarter report 2018/19
10 January 2019

Preliminary figures
Fiscal 2018/19
24 April 2019

Press and analysts' conference
Fiscal 2018/19
16 May 2019

Q 1 – Quarterly statement
1st quarter report 2019/20
11 July 2019

Annual general meeting
Fiscal 2018/19
18 July 2019

Q 2 – Half year financial report
1st half year report 2019/20
10 October 2019

OVERVIEW

First quarter 2018/19

- Consolidated group revenues down 2 % from last year at € 1,741 (1,783) million.
- Consolidated group operating result drops € 75 million to € 78 (153) million, driven by sharply lower sugar and CropEnergies segments' results.
- Sugar segment reports lower revenues and results as expected due to reduced sugar sales revenues:
  - Revenues: –10 % to € 695 (777) million
  - Operating result: € 8 (64) million
- Special products segment revenues rise as forecast, especially due to the revenue contributions from frozen pizza producer Richelieu Foods Inc. and HASA GmbH, which were not included during the same period last year. The weaker results are mainly due to lower ethanol and sweetener sales revenues, in addition to higher fixed costs related to starch division capacity expansions:
  - Revenues: +16 % to € 558 (481) million
  - Operating result: € 39 (41) million
- CropEnergies segment reports lower revenues and results driven by significantly weaker ethanol sales revenues:
  - Revenues: –18 % to € 176 (214) million
  - Operating result: € 5 (23) million
- Fruit segment revenues at the same level as last year while operating result rises slightly:
  - Revenues: € 312 (311) million
  - Operating result: € 26 (25) million

Full-year fiscal 2018/19 forecast unchanged

- Consolidated group revenues expected to come in at € 6.8 to 7.1 (2017/18: 7.0) billion.
- Consolidated group operating result expected to range between € 100 and 200 (2017/18: 445) million.
- Capital employed to rise slightly; ROCE to decline.

Group figures as of 31 May 2018

		1st quarter		
		2018/19	2017/18	+/− in %
Revenues and earnings				
Revenues	€ million	1,741	1,783	−2.3
EBITDA	€ million	138	208	−34.0
EBITDA margin	%	7.9	11.7	
Depreciation	€ million	−60	−55	8.5
Operating result	€ million	78	153	−49.3
Operating margin	%	4.5	8.6	
Net earnings	€ million	40	120	−66.5
Cash flow and investments				
Cash flow	€ million	97	185	−47.4
Investments in fixed assets [1]	€ million	66	62	6.8
Investments in financial assets / acquisitions	€ million	3	0	–
Total investments	€ million	69	62	12.0
Performance				
Fixed assets [1]	€ million	3,267	2,957	10.5
Goodwill	€ million	1,396	1,191	17.3
Working capital	€ million	1,890	1,878	0.6
Capital employed	€ million	6,666	6,138	8.6
Capital structure				
Total assets	€ million	8,932	8,475	5.4
Shareholders' equity	€ million	5,055	5,029	0.5
Net financial debt	€ million	799	443	80.3
Equity ratio	%	56.6	59.3	
Net financial debt as % of equity (gearing)	%	15.8	8.8	
Shares				
Market capitalization on 31 May	€ million	3,131	3,888	−19.5
Total shares issued as of 31 May	Millions of shares	204.2	204.2	0.0
Closing price on 31 May	€	15.34	19.04	−19.4
Earnings per share on 31 May	€	0.10	0.39	−74.4
Average trading volume / day	Thousands of shares	866	827	4.7
SDAX® / MDAX® closing price on 31 May [2]	Points	12,450	25,128	
Performance Südzucker share 1 March to 31 May [3]	%	3.9	−21.0	
Performance SDAX® / MDAX® 1 March to 31 May [3]	%	2.6	7.5	
Employees		**19,545**	**18,416**	**6.1**

[1] Including intangible assets.
[2] Südzucker shares have been listed in the SDAX® since fiscal 2018/19; Südzucker shares were listed in the MDAX® until the end of fiscal 2017/18.
[3] In the 2018/19 financial year, Südzucker's share performance compares with that of the SDAX®; in the previous year, Südzucker's share performance compares with that of the MDAX®.

TABLE 01

ECONOMIC REPORT

Group results of operations

Revenues and operating result

Consolidated group revenues in the first quarter of fiscal 2018/19 declined to € 1,741 (1,783) million. The sugar and CropEnergies segments' revenues fell clearly, whereas the special products segment's rose substantially. The fruit segment's revenues were about the same as last year.

As predicted, the consolidated group operating result fell significantly, nearly halving last year's level at € 78 (153) million. The decline was driven as expected mainly by weaker sugar segment development. The CropEnergies segment's result was also significantly below last year's. The special products segment's first quarter operating result was moderately lower than last year's, while the fruit segment's was slightly higher.

Result from operations

Result from operations of € 84 (167) million comprises an operating result of € 78 (153) million, the result from restructuring and special items of € 0 (0) million and the earnings contribution from companies consolidated at equity of € 6 (14) million.

Result from companies consolidated at equity

The result from companies consolidated at equity in the sugar and special products segments fell to € 6 (14) million due to the low results contributions.

Financial result

The financial result for the first three months totaled € –7 (–9) million. It includes net interest result of € –6 (–7) million, below last year's due to lower average interest expenses despite higher average debt, and a result from other financing activities of € –1 (–2) million including a balanced foreign exchange result.

Taxes on income

Earnings before taxes were reported at € 77 (158) million and taxes on income totaled € –37 (–38) million. The increase in the group tax rate to 48 (24) % is mainly because sugar segment tax losses were not deemed to be recognizable in the financial statements at this time.

Business performance – Group

		1st quarter		
		2018/19	2017/18	+/– in %
Revenues	€ million	**1,741**	**1,783**	**–2.3**
EBITDA	€ million	138	208	–34.0
Depreciation on fixed assets and intangible assets	€ million	–60	–55	8.5
Operating result	€ million	**78**	**153**	**–49.3**
Result from restructuring / special items	€ million	0	0	–85.7
Result from companies consolidated at equity	€ million	6	14	–53.1
Result from operations	€ million	**84**	**167**	**–49.5**
EBITDA margin	%	7.9	11.7	
Operating margin	%	4.5	8.6	
Investments in fixed assets [1]	€ million	66	62	6.8
Investments in financial assets / acquisitions	€ million	3	0	–
Total investments	€ million	**69**	**62**	**12.0**
Shares in companies consolidated at equity	€ million	376	433	–13.2
Capital employed	€ million	6,666	6,138	8.6
Employees		**19,545**	**18,416**	**6.1**

[1] Including intangible assets.

TABLE 02

Income statement

€ million	2018/19	2017/18	+/– in %
			1st quarter
Revenues	**1,741**	**1,783**	**–2.3**
Operating result	78	153	–49.3
Result from restructuring / special items	0	0	0.0
Result from companies consolidated at equity	6	14	–53.1
Result from operations	**84**	**167**	**–49.5**
Financial result	–7	–9	–22.2
Earnings before income taxes	**77**	**158**	**–51.2**
Taxes on income	–37	–38	–2.7
Net earnings	**40**	**120**	**–66.5**
of which attributable to Südzucker AG shareholders	20	81	–75.5
of which attributable to hybrid capital	3	3	0.0
of which attributable to other non-controlling interests	17	36	–52.4
Earnings per share (€)	**0.10**	**0.39**	**–74.4**

TABLE 03

Consolidated net earnings

Of the consolidated net earnings of € 40 (120) million, € 20 (81) million were allocated to Südzucker AG shareholders, € 3 (3) million to hybrid equity and € 17 (36) million to other non-controlling interests, mainly the co-owners of AGRANA Group and CropEnergies Group. The 75 % decline in the Südzucker AG shareholders' share of net earnings was primarily driven by the burdens in the sugar segment. The drop in the share of other non-controlling interest in net earnings is only 52 %, due mainly to the slightly improved fruit segment result.

Earnings per share

Earnings per share came in at € 0.10 (0.39) for the first quarter 2018/19. The calculation was based on the time-weighted average of 204.2 (204.2) million shares outstanding.

Group financial position

Cash flow

Cash flow reached € 97 million, compared to € 185 million during the same period last year. This translates into 5.7 (10.4) % of revenues.

Working capital

The cash inflow resulting from a working capital reduction of € 26 million – which compares to cash outflow resulting from an increase in working capital of € 160 million during the year prior – was primarily driven by higher beet farmer liabilities recognized when beet payments were postponed to the second quarter of the current fiscal year. Last year, beets were already paid for in the first quarter.

Investments in fixed assets

Investments in fixed assets (including intangible assets) totaled € 66 (62) million in the first quarter. The sugar segment's investments of € 22 (24) million were mainly for replacements, as well as further logistics optimization and production efficiency improvements. The special products segment invested € 35 (30) million, most of which was for the construction of new production systems or capacity expansions. The CropEnergies segment invested € 2 (4) million to optimize its production systems. The fruit segment invested € 7 (4) million, mainly to expand production capacity in the fruit preparations division.

Development of net financial debt

Net financial debt was reduced substantially, dropping € 44 million from € 843 million on 28 February 2018 to € 799 million on 31 May 2018. Total investments of € 69 million and the € 5 million earnings distribution were fully financed from cash flow of € 97 million and the cash inflow of € 26 million from the reduction of working capital.

Cash flow statement

€ million	1st quarter 2018/19	2017/18	+/– in %
Cash flow	**97**	**185**	**– 47.4**
Increase (–)/decrease (+) in working capital	**26**	**– 160**	**–**
Net cash flow from operating activities	**123**	**25**	**> 100**
Total investments in fixed assets [1]	– 66	– 62	6.8
Investments in financial assets/acquisitions	– 3	0	–
Total investments	**– 69**	**– 62**	**12.0**
Other cashflows from investing activities	3	1	> 100
Cash flow from investing activities	**– 66**	**– 61**	**8.3**
Increases in stakes held in subsidiaries	0	– 1	– 20.0
Capital buyback (–)/increase (+)	0	0	– 100.0
Dividends paid	– 5	– 5	0.0
Other cashflows from financing activities	– 167	36	–
Cash flow from financing activities	**– 172**	**30**	**–**
Other change in cash and cash equivalents	– 9	9	–
Decrease (–)/Increase (+) in cash and cash equivalents	**– 122**	**4**	**–**
Cash and cash equivalents at the beginning of the period	585	581	0.8
Cash and cash equivalents at the end of the period	**463**	**585**	**–20.8**

[1] Including intangible assets.

TABLE 04

Group assets

Balance sheet

€ million	31 May 2018	31 May 2017	+/− in %
Assets			
Intangible assets	1,670	1,240	34.7
Fixed assets	2,994	2,908	2.9
Remaining assets	507	590	−14.1
Non-current assets	**5,171**	**4,738**	**9.1**
Inventories	1,760	1,659	6.1
Trade receivables	1,084	1,012	7.1
Remaining assets	917	1,066	−14.0
Current assets	**3,761**	**3,737**	**0.7**
Total assets	**8,932**	**8,475**	**5.4**
Liabilities and equity			
Equity attributable to shareholders of Südzucker AG	3,472	3,458	0.4
Hybrid capital	654	653	0.1
Other non-controlling interests	929	918	1.2
Total equity	**5,055**	**5,029**	**0.5**
Provisions for pensions and similar obligations	785	825	−4.9
Financial liabilities	1,096	556	97.2
Remaining liabilities	355	298	19.1
Non-current liabilities	**2,236**	**1,679**	**33.1**
Financial liabilities	310	616	−49.7
Trade payables	688	446	54.2
Remaining liabilities	643	705	−8.8
Current liabilities	**1,641**	**1,767**	**−7.1**
Total liabilities and equity	**8,932**	**8,475**	**5.4**
Net financial debt	799	443	80.3
Equity ratio in %	56.6	59.3	
Net financial debt as % of equity (gearing)	15.8	8.8	

TABLE 05

Non-current assets

Non-current assets rose € 433 million to € 5,171 (4,738) million. The acquisitions of frozen pizza producer Richelieu Foods Inc., Braintree, Massachusetts and HASA GmbH, Burg, Germany, drove goodwill and other intangible assets higher resulting in intangible assets of € 1,670 (1,240) million. The carrying amount of fixed assets was up € 86 million to € 2,994 (2,908) million, driven by investments and changes to the scope of consolidation during fiscal 2017/18. The € 83 million decrease in other assets to € 507 (590) million was primarily driven by the € 376 (433) million decrease in shares of at equity consolidated companies, reflecting the difficult sugar market environment for ED&F Man Holdings Limited, London, Great Britain.

Current assets
Current assets rose € 24 million to € 3,761 (3,737) million. This was mainly due to a € 101 million increase – especially in the special products segment – in inventories, which were reported at € 1,760 (1,659) million (frozen pizza producer Richelieu Foods Inc. and HASA GmbH were not yet included as of last year's record date). Trade receivables were also up € 72 million to € 1,084 (1,012) million. This was offset by a decline in other assets of € 149 million to € 917 (1,066) million, driven most of all by the decline in cash and cash quivalents after repayment of the € 400 million bond on 29 March 2018.

Equity
Equity rose to € 5,055 (5,029) million. The equity ratio came in higher than last year at 57 (59) % as total assets increased to € 8,932 (8,475) million. Südzucker AG shareholders' equity climbed € 14 million to € 3,472 (3,458) million. At the same time, other non-controlling interests rose € 11 million to € 929 (918) million.

Non-current liabilities
Non-current liabilities increased € 557 million to € 2,236 (1,679) million. Provisions for pensions and similar obligations dropped € 40 million to € 785 (825) million due to valuation at a higher discount rate, which rose to 2.20 % on 31 May 2018 from 1.90 % on 31 May 2017. Financial liabilities were up € 540 million to € 1,096 (556) million due to the placement in the third quarter of 2017/18 of the 2017/2025 bond with a carrying amount of € 495 million, together with higher bank liabilities. The increase of € 57 million in other liabilities to € 355 (298) million is mainly due to higher deferred tax liabilities.

Current liabilities
Current liabilities declined € 126 million to € 1,641 (1,767) million. Current financial liabilities fell € 306 million to € 310 (616) million because of the budgeted repayment of the 2011/2018 bond with a nominal value of € 400 million due on 29 March 2018, as well as bank liability repayments. This was offset by the issue of commercial papers in the amount of € 187 million. Trade payables rose € 242 million to € 688 (446) million; included therein are higher liabilities toward beet farmer of € 228 (29) million. Other debt, consisting of other provisions, taxes owed and other liabilities, dropped € 62 million to € 643 (705) million.

Net financial debt
Net financial debt rose € 356 million year-over-year to € 799 (443) million as of 31 May 2018, which corresponds to 15.8 (8.8) % of equity.

Employees

The number of persons employed by the group (full-time equivalent) at the end of the first quarter of fiscal 2018/19 was higher than last year at 19,545 (18,416). The special products segment's head count was up 1,078 to 5,829 (4,751), driven mainly by employees who came on board when Freiberger acquired Richelieu Foods Inc. and HASA GmbH, as well as new hires at AGRANA starch.

Employees by segment at balance sheet date

31 May	2018	2017	+/– in %
Sugar	7,037	6,963	1.1
Special products	5,829	4,751	22.7
CropEnergies	411	411	0.0
Fruit	6,268	6,291	–0.4
Group	**19,545**	**18,416**	**6.1**

TABLE 06

SUGAR SEGMENT

Market developments, economic policy, general framework

World sugar market

In its second estimate of the world sugar balance for the 2018/19 marketing year (1 October to 30 September) released in June 2018, German market analyst F. O. Licht predicts another surplus. This forecast predicts that given a production level near last year's of 194.2 (193.1) million tonnes and with consumption rising further to 186.4 (183.7) million tonnes, inventories would increase to 83.2 (76.0) million tonnes, or about 45 (41) % of annual consumption.

After the new fiscal year started, the world market price for white sugar initially dropped from 296 €/t to near 250 €/t, but then recovered – supported by a stronger US dollar – back to about 300 €/t. At the end of the reporting period, the world market price for white sugar was 303 €/t.

World market sugar prices

1 June 2015 to 31 May 2018, London, nearest forward trading month

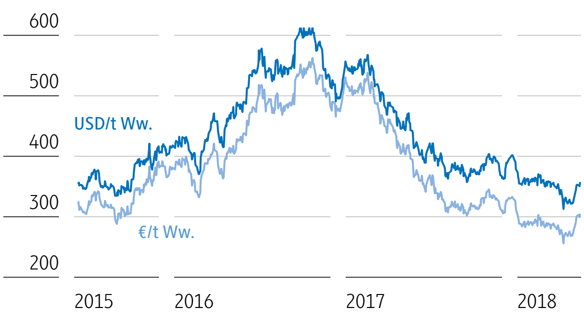


DIAGRAM 01

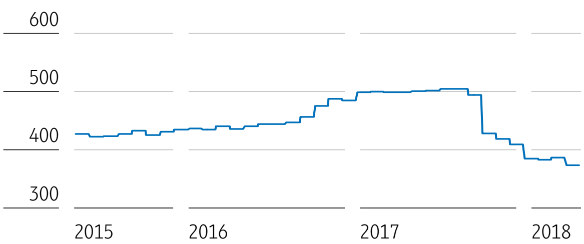
EU sugar market

For the current 2017/18 sugar marketing year that began on 1 October 2017, the EU Commission expects sugar production (including isoglucose) to increase to 22.0 (17.6) million tonnes due to substantially expanded cultivation, with regional variances, but overall good to excellent yields. With the elimination of sugar quota and minimum beet price regulations after October 2017, restrictions on EU exports have also ended. The increased production levels will drive EU exports higher to 3.3 (1.4) million tonnes, while import volumes will decline to 1.2 (2.5) million tonnes in parallel. The EU will therefore again be a net exporter instead of a net importer.

The EU Commission expects the beet cultivation area for the upcoming 2018/19 sugar marketing year to remain unchanged. In case of normal beet yields, this would mean sugar production would decline slightly.

EU price reporting

1 May 2015 to 30 April 2018
€/t Ww.



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

DIAGRAM 02

In October 2017, the beginning of the current 2017/18 sugar marketing year, the EU ex-factory price for bulk sugar (food and non-food) fell to 420 €/t and continued to slide during the months that followed. In April 2018, the EU price reached 362 €/t, a historic low. Since the beginning of 2018, it has thus been below the reference threshold of 404 €/t defined by the regulatory framework.

Energy market

Strong economic data and the production cutback by OPEC drove global crude oil markets into deficit, which is why Brent crude oil continued to rally in the first quarter of 2018/19, starting from 64 USD/barrel at the outset. Market sentiment was increasingly impacted by geopolitical tensions over the course of the quarter. Cancellation of the nuclear agreement with Iran and American government sanctions in May fed speculation about increasing supply shortages. As a result, the price of Brent crude hit 80 USD/barrel on 23 May 2018, the highest it has been in three and a half years. The debate about possible loosening of production restrictions resulted in a price correction and at the end of the quarter Brent was trading at around 77 USD/barrel.

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

On 1 June 2018 the EU Commission released its recommendations for EU agricultural policy after 2020, supplemental to the budget recommendations dtd. May for the EU budget after 2020. The recommendations are expected to significantly reduce farmers' average income, which will further increase pressure on the agricultural sector to adapt. In addition, agricultural policy is expected to be more nationally oriented going forward. This trend, which undermines the principle of a common market for agricultural products and sugar, carries the risk of increasingly anti-competitive national programs – such as those that already exist today in a number of EU countries with regard to direct payments coupled to sugar beet cultivation – to the disadvantage of the most competitive farming regions, in which Südzucker is particularly active.

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

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

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

Business performance

Revenues and operating result

The sugar segment's first quarter revenues for fiscal 2018/19 of 695 (777) were down sharply despite substantially higher sales volumes, especially exports, driven by significantly lower sales revenues.

As expected, the higher export volumes were by far not enough to offset the substantially reduced sales revenues. Last year sales revenues rose in the first half of the fiscal year, but they have been on a steep downward trend since October 2017. The operating result therefore fell to € 8 (64) million in the first quarter.

Result from companies consolidated at equity

The sugar segment's result from companies consolidated at equity was € 2 (4) million and relates to ED&F Man Holdings Limited, AGRANA-Studen Group and Maxi S.r.l. The result contribution reflects the continuing difficult environment in which the sugar segment currently operates.

Beet cultivation and 2018 campaign

Südzucker Group's beet cultivation area for 2018 was about the same as last year at 435,800 (445,000) hectares. Planting began relatively late at the beginning of April under mostly excellent seeding conditions. Very warm temperatures with mostly adequate rainfall accelerated beet growth and negated the delayed planting.

Investments in fixed assets

Investments of € 22 (24) million in the first three months were mainly for replacements and efficiency improvements, but also product developments for cube sugar. Investments in environmental protection measures such as wastewater treatment and emission reductions related to steam generation were also a priority. Also noteworthy are distribution-related IT projects designed to improve logistics, as well as infrastructure initiatives. This includes projects to expand storage capacities for syrup and molasses, many of which are key logistics building elements for the now longer beet and syrup campaigns.

Business performance – Sugar segment

		1st quarter		
		2018/19	2017/18	+/– in %
Revenues	€ million	**695**	**777**	**–10.5**
EBITDA	€ million	22	79	–71.2
Depreciation on fixed assets and intangible assets	€ million	–14	–15	–14.0
Operating result	€ million	**8**	**64**	**–85.9**
Result from restructuring/special items	€ million	0	0	–
Result from companies consolidated at equity	€ million	2	4	–52,5
Result from operations	€ million	**10**	**68**	**–83.7**
EBITDA margin	%	3.3	10.3	
Operating margin	%	1.3	8.2	
Investments in fixed assets [1]	€ million	22	24	–8.2
Investments in financial assets/acquisitions	€ million	0	0	–
Total investments	€ million	**22**	**24**	**–8.2**
Shares in companies consolidated at equity	€ million	310	360	–13.8
Capital employed	€ million	3,252	3,311	–1.8
Employees		**7,037**	**6,963**	**1.1**

[1] Including intangible assets.

TABLE 07

SPECIAL PRODUCTS SEGMENT

Business performance

Revenues and operating result

The special products segment was able to increase revenues to € 558 (481) million in the first quarter despite sharply lower bioethanol sales revenues. This growth is primarily due to revenue contributions from frozen pizza producer Richelieu Foods Inc. and HASA GmbH, not included last year.

The operating result on the other hand dropped from € 41 to 39 million in the first quarter. This lower result is due to reduced sales revenues for ethanol and saccharification products in the starch division, in addition to higher fixed costs resulting from the capacity expansions at the Aschach corn starch factory over the course of the previous year. All other product divisions performed according to plan overall.

Result from companies consolidated at equity

The result of € 4 (10) million from companies consolidated at equity was mainly attributable to the share of earnings from Hungarian Hungrana Group's starch and bioethanol businesses, which were particularly hard hit by the negative market price trends for bioethanol and saccharification products (the company is Europe's largest isoglucose producer).

Investments in fixed assets

The special products segment's investments of € 35 (30) million were for high priority programs in the BENEO division to comply with market specifications for baby foods. In the starch division, the bulk of the investments went toward a new potato starch drier and a potato fiber drier in Gmünd, Austria to boost potato processing volumes, as well as expansion of the wheat starch plant in Pischelsdorf, Austria. The Freiberger division invested mainly in improving the efficiencies of its existing plants in Great Britain.

Business performance – Special products segment

		1st quarter		
		2018/19	2017/18	+/– in %
Revenues	€ million	**558**	**481**	**16.1**
EBITDA	€ million	67	62	8.1
Depreciation on fixed assets and intangible assets	€ million	–28	–21	34.8
Operating result	€ million	**39**	**41**	**–5.4**
Result from restructuring / special items	€ million	0	0	–
Result from companies consolidated at equity	€ million	4	10	–53.8
Result from operations	€ million	**43**	**51**	**–15.4**
EBITDA margin	%	11.9	12.8	
Operating margin	%	6.9	8.5	
Investments in fixed assets [1]	€ million	35	30	18.1
Investments in financial assets / acquisitions	€ million	1	0	–
Total investments	€ million	**36**	**30**	**23.8**
Shares in companies consolidated at equity	€ million	64	72	–10.2
Capital employed	€ million	2,115	1,510	40.0
Employees		**5,829**	**4,751**	**22.7**

[1] Including intangible assets.

TABLE 08

CROPENERGIES SEGMENT

Market developments, economic policy, general framework

Ethanol market

In the United States, the one-month futures contract for ethanol on the Chicago Board of Trade (CBOT) (expressed in euro) rose from 317 €/m³ to 330 €/m³ in the first quarter of 2018/19. This price increase was however exclusively due to exchange rate differences – the price in US dollars from March until May 2018 remained virtually unchanged. In view of ongoing high production surpluses, it is estimated that net exports for the year 2018 will remain at the same high levels as in the previous year: 4.8 (5.0) million m³.

After the start of the new sugar cane harvest, Brazilian ethanol prices expressed in euro fell from 490 €/m³ at the beginning of March 2018 to 420 €/m³ at the end of May 2018. Production is expected to increase to 29.2 (27.8) million m³ during the current 2018/19 sugar marketing year. Since this production level is very close to the expected domestic consumption of 29.1 (28.4) million m³, no noteworthy net exports are expected from Brazil.

EU bioethanol volume balance

million m³	2015	2016	2017	2018e
Opening balance	**2.4**	**2.4**	**2.1**	**2.2**
Production	7.3	6.9	7.5	7.7
thereof fuel ethanol	5.0	4.7	5.2	5.3
Import	0.7	0.6	0.5	0.5
Consumption	−7.8	−7.6	−7.7	−7.9
thereof fuel ethanol	−5.4	−5.2	−5.2	−5.3
Export	−0.2	−0.2	−0.2	−0.3
Closing balance	**2.4**	**2.1**	**2.2**	**2.2**

Source: F. O. Licht. Data estimates of EU biothanol volume balance, June 2018.

TABLE 09

Ethanol prices in Europe fell further during the reporting period, from 465 €/m³ to 442 €/m³. International pricing pressure and imports, which in 2018 are expected to total 0.5 (0.5) million m³, contributed to the decline. Compared to imports, domestic production was 7.7 (7.5) million m³, and domestic consumption was 7.9 (7.7) million m³.

In 2018, EU production and consumption of fuel grade ethanol is expected to increase to 5.3 (5.2) million m³ respectively. Market analysts expect consumption of 1.5 (1.5) million m³ for Germany – still the largest fuel grade ethanol market in the EU – for 2018.

Grain market

According to the US Department of Agriculture, world grain production (excluding rice) is expected to rise to 2,082 (2,073) million tonnes in 2018/19. Grain consumption is expected to come in at 2,127 (2,100) million tonnes, so that inventories are expected to decline to 448 (493) million tonnes. The EU Commission expects the EU's 2018/19 grain harvest to come in close to last year's levels at 304 (307) million tonnes, again significantly higher than consumption of 286 (285) million tonnes. The surplus is therefore expected to mainly result in higher net exports of 22 (12) million tonnes.

European wheat prices on the Euronext in Paris rose from 167 €/t at the beginning of March 2018 to 183 €/t at the end of May 2018. The increase was driven by foreign-exchange factors as well as speculation surrounding slightly lower yields due to weather.

Current EU framework

In the EU, the Renewable Energy and Fuel Quality directives are paving the way for greater climate protection in the transportation sector. The share of renewable energies in 2020 is slated to rise to 10 %. Up to 7 % of this can consist of certified sustainable biofuels made from arable crops. EU-produced biofuels must comply with strict sustainability criteria and produce at least 50 % by weight fewer greenhouse gas emissions than fossil fuels along the entire value chain. In addition, by 2020, greenhouse gas emissions associated with fuel consumption must be cut by 6 % by weight from the basis value of 94.1 g CO_2eq/MJ. Renewable ethanol from European raw materials reduces greenhouse gas emissions by about 70 %.

Renewable Energy Directive 2021 to 2030

On 14 June 2018, lead negotiators of the European Commission, the European Parliament and the EU Council of Ministers reached consensus to increase the minimum share of renewable energies in the transportation sector from 10 % in 2020 to 14 % in 2030. Biofuels from cultivated biomass are expected to continue to contribute substantially in the future. Contrary to previous recommendations made by the parliament and the commission, the current upper limit of 7 % is to remain in force. The compromise recommendation entails limiting the future contribution of biofuels from cultivated biomass at approximately the same level as in 2020 in the respective member states. To promote biofuels from waste and recycled materials, negotiators agreed to an increase from 0.2 % in 2022 to at least 3.5 % in 2030. As before, their use is to be double-counted towards the targets. Multiple allocation for the use of renewable electricity for road traffic will also be available. The EU Parliament and the member states still have to finally ratify the recommended compromises. Implementation of the new EU directives in the member states will provide a better planning basis for CropEnergies. In the past few years, the policy framework after 2020 has been marked by uncertainty.

Belgium

In Belgium, legislators decided to increase the share of sustainable biofuels to 8.5 % of fuel consumption effective 1 January 2020. One of the means to help reach the goal is to raise the energy share of renewable ethanol in gasoline to 6.5 %.[1] Furthermore, biofuels from waste and recyclable materials are to be double-counted towards a share of 0.6 % of the total target.

Business performance

Revenues and operating result

The CropEnergies segment's revenues during the reporting period were substantially below last year's at € 176 (214) million, driven especially by significantly lower ethanol sales revenues, particularly in comparison to comparatively high sales revenue level during the first half of last year.

Due to the negative revenue trend, the operating result also fell, to € 5 (23) million.

Investments in fixed assets

Investments totaling € 2 (4) million in the first three months went towards replacing core equipment and especially boosting the efficiency of production facilities; among other things, projects to improve the flexibility of input raw materials in Zeitz and installing new heat exchangers at Ensus in Great Britain to optimize energy consumption. Additional projects include exchanging the drying systems gas burners and expanding decanter capacity.

Business performance – CropEnergies segment

		1st quarter		
		2018/19	2017/18	+/– in %
Revenues	€ million	**176**	**214**	**–17.7**
EBITDA	€ million	15	33	–56.5
Depreciation on fixed assets and intangible assets	€ million	–10	–10	2.1
Operating result	€ million	**5**	**23**	**–80.3**
Result from restructuring / special items	€ million	0	0	0.0
Result from companies consolidated at equity	€ million	0	0	–100.0
Result from operations	€ million	**5**	**23**	**–80.6**
EBITDA margin	%	8.1	15.4	
Operating margin	%	2.6	10.9	
Investments in fixed assets [1]	€ million	2	4	–54.5
Investments in financial assets / acquisitions	€ million	0	0	–
Total investments	€ million	**2**	**4**	**–54.5**
Shares in companies consolidated at equity	€ million	2	2	–5.3
Capital employed	€ million	451	469	–3.8
Employees		**411**	**411**	**0.0**

[1] Including intangible assets.

TABLE 10

[1] The current blend ratio of 7 % by volume corresponds to an energy share of about 4.2 %.

FRUIT SEGMENT

Market developments, economic policy, general framework

Target markets

According to Euromonitor, the global market for yogurt, especially yogurt drinks and plain yogurt, will grow 5.4 % between 2018 and 2019. The Asian Pacific region is expected to lead with very high growth rates of 11.6 % for yogurt drinks. The Middle Eastern and African markets are also expected to grow 5.8 %. Consumption of spoonable fruit yogurt is only expected to grow 0.5 % during the same period. In the baked goods sector, global market growth for fruit snacks is forecast at 2.2 % from 2018 to 2019. This includes dried fruits as well as processed fruit snacks. The volume of ice cream and frozen desserts, including the volume distributed via the food service channel, is expected to grow from currently 17.7 million tonnes in 2018 to 19.3 million tonnes by 2022.

The consumer demand trend toward healthy and sustainable products and recipe transparency continues. This is a noticeable among other things with the introduction by the yogurt division of fruit yogurts with specific origin or type labeling (e.g., Alphonso mango or Monterey strawberry). In addition to interest in regional products, customer demand for international taste trends is also very important. This is especially evident in the marketplace with the introduction of various fermented milk products in addition to classic yogurt, which are marketed either in pure form or in combination with fruit. Examples include Kefir, Lassi, Skyr, Laban and Ayran. Another trend, which applies especially to ice cream, desserts and baked goods, is the continuing growth of snacking. Fruit ingredients play a particularly important role for many of these snacks, since they are perceived to be more natural and healthy than other ingredients, such as chocolate.

For apple juice concentrates, the reduced harvest volumes in major cultivation regions such as Poland, Hungary, Germany and Italy from the now concluded 2017 apple campaign drove concentrates prices significantly higher than the year prior. Apple juice concentrates prices from the 2018 harvest in Europe are expected to be lower than last year.

Compared to a year earlier, Chinese apple juice concentrates prices rose only slightly, which increased demand for Chinese apple juice concentrates in Europe.

Sales and marketing of berry juice concentrates and apple juice concentrates from the 2017 harvest is largely completed; currently there are no price or sales and marketing risks.

Raw material markets

The strawberry harvest in the Mediterranean climate zones is essentially complete and contracts have for the most part been signed. A delayed harvest start in North Africa and Spain, increasing fresh market volume in the European retail sector and last year's poor harvest in Poland have increased demand pressure, which has led to moderately higher prices in these procurement markets. But favorable contracts for other fruits such as mango will more than offset the higher strawberry prices. Nearly 100,000 tonnes of raw materials were processed to make fruit preparations in the first quarter of 2018/19.

Excellent fruit development to date is expected to normalize raw material availability for the fruit juice concentrates division for the 2018 harvest year. In China, the impact of a spring frost is expected to result in a significantly lower volume of apples.

Business performance

Revenues and operating result

The fruit segment reported revenues of € 312 (311) million during the reporting period, almost the same as a year earlier. Lower sales revenues for fruit preparations were offset by higher sales revenues in the fruit juice concentrates division as well as higher sales volumes in the fruit preparations division.

The operating result improved slightly, to € 26 (25) million, driven by higher margins on sales revenues in the fruit juice concentrates division, while in the fruit juice preparations division, higher volumes and lower raw material costs could not fully offset lower sales revenues.

Investments in fixed assets

Investments in the first three months totaled € 7 (4) million. The fruit preparations division invested in replacements, as well as capacity expansions; among others, a new production plant in Jiangsu, China, and an additional production line at the fruit preparations plant in Australia. The fruit juice concentrates division's focus was on construction of a new production line for carrot juice concentrate in Hungary. The division's investment focus also included replacements, production optimization and initiatives to meet market demands.

Business performance – Fruit segment

		1st quarter		
		2018/19	2017/18	+/– in %
Revenues	€ million	**312**	**311**	**0.3**
EBITDA	€ million	34	34	0.0
Depreciation on fixed assets and intangible assets	€ million	–8	–9	–4.7
Operating result	€ million	**26**	**25**	**1.6**
Result from restructuring / special items	€ million	0	0	–
Result from companies consolidated at equity	€ million	0	0	–
Result from operations	€ million	**26**	**25**	**1.6**
EBITDA margin	%	10.8	10.8	
Operating margin	%	8.2	8.1	
Investments in fixed assets [1]	€ million	7	4	77.5
Investments in financial assets / acquisitions	€ million	2	0	–
Total investments	€ million	**9**	**4**	**> 100**
Shares in companies consolidated at equity	€ million	0	0	–
Capital employed	€ million	848	848	0.0
Employees		**6,268**	**6,291**	**–0.4**

[1] Including intangible assets.

TABLE 11

OUTLOOK

Group

We continue to expect consolidated group revenues of € 6.8 to 7.1 billion in fiscal 2018/19 (previous year: 7.0). We expect the sugar segment's revenues to drop significantly. We now see the CropEnergies segment's revenues ranging between € 730 and 780 (previous forecast: 760 to 820) million. We expect the special products segment's revenues to rise significantly and the fruit segment's to increase moderately.

We continue to expect that the consolidated group operating result will drop significantly to € 100 to 200 (previous year: 445) million, driven mainly by the sugar segment's markedly lower results. The CropEnergies segment's result is also expected to decline considerably. However, we expect the special products and fruit segments to report significantly rising operating results.

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

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

Sugar segment

Sugar prices continued to decline as expected; we are therefore forecasting another significant revenue drop for the sugar segment despite further volume increases (previous year: € 3.0 billion).

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

The forecast for the sugar segment is marked by a high degree of uncertainty in a profoundly changing market environment.

Special products segment

We expect the special products segment's revenues to rise substantially (previous year: € 2.0 billion). We also see operating profit rising significantly (previous year: € 157 million), even though the weak ethanol price trend to date is weighing on the starch result and overall expectation for the segment. Growth forecasts for all other product divisions remain according to plan.

CropEnergies segment

The CropEnergies segment's 2018/19 fiscal year began with a sub-average first quarter. The main reason for this lower result is the price of ethanol, which is still significantly below last year's level. To date it has not benefited from the higher price of crude oil. For the rest of the year, results are expected to gradually improve as ethanol prices trend higher, whereas last fiscal year, the situation was reversed.

We now expect revenues ranging between € 730 to 780 (previous year: 808) million for fiscal 2018/19, due especially to the price of ethanol, which to date remains significantly lower than last year. The operating result is now expected to range between € 25 and 55 (previous forecast: 30 to 70; previous year: 72) million.

Fruit segment

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

Forward looking statements / forecasts

This quarterly statement contains forward looking statements. The statements are based on current assumptions and estimates made by the executive board and information currently available to its members. The forward looking statements are not to be viewed as guarantees of the future developments and results presented therein. Future developments and results are in fact dependent on a variety of factors and are subject to various risks and imponderables. They are based on assumptions that could in fact prove to be invalid.

The risk management report in the 2017/18 annual report on pages 83 to 94 presents an overview of the risks. 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.

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

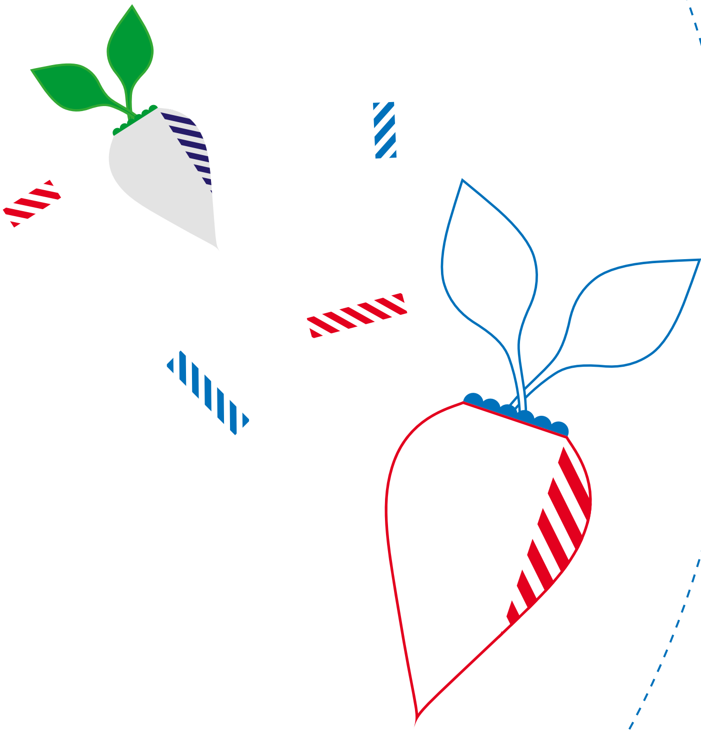
This quarterly statement was not reviewed or audited. Südzucker AG's executive board prepared this quarterly statement on 2 July 2018.

This quarterly statement 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 quarter extends from 1 March to 31 May.

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



SÜDZUCKER AG

Publication date: 12 July 2018

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

Südzucker on the Internet

For more information about Südzucker Group
please visit our website:
www.suedzucker.de

Published by

Südzucker AG
Maximilianstrasse 10
68165 Mannheim, Germany
Phone: +49 621 421-0