Q3

# QUARTERLY STATEMENT
## FIRST TO THIRD QUARTER 2017/18

1 March to 30 November 2017

CONSOLIDATED GROUP REVENUES

€ **5,302** [4,905] million

CONSOLIDATED GROUP OPERATING RESULT

€ **384** [327] million

**FULL-YEAR FISCAL 2017/18 FORECAST:**

CONSOLIDATED GROUP REVENUES NOW FROM

€ **6.9** to **7.1** [2016/17: 6.5] billion

CONSOLIDATED GROUP OPERATING RESULT UNCHANGED BETWEEN

€ **425** to **500** [2016/17: 426] million

SÜDZUCKER

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10 January 2019

## OVERVIEW

### First to third quarter 2017/18

- Consolidated group revenues up 8 % from last year at € 5,302 (4,905) million.
- Consolidated group operating result climbs € 57 million to € 384 (327) million. The higher result was driven mainly by the sugar segment.
- Sugar segment reports higher revenues and operating result still above the previous year's level driven by higher export volumes and sugar sales revenues:
  - Revenues: +10 % to € 2,349 (2,143) million
  - Operating result: € 150 (77) million
- Special products segment reports lower results as expected – despite higher sales volumes – driven especially by higher raw material prices and higher write-downs as a result of the new plant capacities:
  - Revenues: +6 % to € 1,447 (1,372) million
  - Operating result: € 116 (133) million
- CropEnergies segment reports higher revenues driven by higher sales volumes associated with the restart of the ethanol plant in Wilton, Great Britain, which was not in operation until July last year. Ethanol sales revenues were also higher. The segment's operating result came in at the previous year's level:
  - Revenues: +23 % to € 622 (507) million
  - Operating result: € 59 (60) million
- Fruit segment's result increased as expected while revenues remained at the previous year's level:
  - Revenues: € 884 (883) million
  - Operating result: € 59 (57) million

### Forecast for full fiscal 2017/18

- Consolidated group revenues now expected between € 6.9 and 7.1 (2016/17: 6.5) billion.
- Operating result still expected to come in at between € 425 and 500 (2016/17: 426) million.
- Capital employed to rise slightly; ROCE to increase.

# Key figures to 30 November 2017

| | | 1st – 3rd quarter | | |
|---|---|---|---|---|
| | | 2017/18 | 2016/17 | +/– in % |
| **Revenues and earnings** | | | | |
| Revenues | € million | 5,302 | 4,905 | 8.1 |
| EBITDA | € million | 599 | 540 | 11.0 |
| EBITDA margin | % | 11.3 | 11.0 | |
| Depreciation | € million | –215 | –213 | 1.2 |
| Operating result | € million | 384 | 327 | 17.5 |
| Operating margin | % | 7.2 | 6.7 | |
| Net earnings | € million | 260 | 255 | 1.8 |
| **Cash flow and investments** | | | | |
| Cash flow | € million | 532 | 458 | 16.2 |
| Investments in fixed assets [1] | € million | 250 | 218 | 14.7 |
| Investments in financial assets / acquisitions | € million | 48 | 118 | –59.5 |
| Total investments | € million | 298 | 336 | –11.4 |
| **Performance** | | | | |
| Fixed assets [1] | € million | 2,994 | 2,898 | 3.3 |
| Goodwill | € million | 1,219 | 1,155 | 5.5 |
| Working capital | € million | 1,513 | 1,493 | 1.4 |
| Capital employed | € million | 5,839 | 5,658 | 3.2 |
| **Capital structure** | | | | |
| Total assets | € million | 9,317 | 8,890 | 4.8 |
| Shareholders' equity | € million | 4,962 | 4,606 | 7.7 |
| Net financial debt | € million | 148 | 402 | –63.2 |
| Equity ratio | % | 53.3 | 51.8 | |
| Net financial debt as % of equity (gearing) | % | 3.0 | 8.7 | |
| **Shares** | | | | |
| Market capitalization on 30 November | € million | 3,555 | 4,321 | –17.7 |
| Total shares issued as of 30 November | Millions of shares | 204.2 | 204.2 | 0.0 |
| Closing price on 30 November | € | 17.41 | 21.16 | –17.7 |
| Earnings per share on 30 November | € | 0.79 | 0.89 | –11.2 |
| | | | | |
| Average trading volume / day | Thousands of shares | 1,131 | 841 | 34.5 |
| MDAX® closing price on 30 November | Points | 27,027 | 20,877 | 29.5 |
| Performance Südzucker share 1 March to 30 November | % | –27.8 | 52.4 | |
| Performance MDAX® 1 March to 30 November | % | 15.7 | 7.5 | |
| **Employees** | | **18,801** | **18,391** | **2.2** |

[1] Including intangible assets.

TABLE 01

# ECONOMIC REPORT

## Group results of operations

### Revenues and operating result

Consolidated group revenues of € 5,302 (4,905) million for the first three quarters of the 2017/18 financial year were 8 % higher than last year. The sugar and CropEnergies segments were the main contributors to the higher revenues. The special products segment's revenues also rose slightly, while the fruit segment's was the same as last year.

The group's consolidated operating result rose considerably in the reporting period. It was up to € 384 (327) million. This result improvement was mainly attributable to the sugar segment, but the fruit segment also contributed. The CropEnergies segment operating result remained at the previous year's level. The special products segment was, as anticipated, unable to match last year's elevated result. In the third quarter, as expected, the group's consolidated operating result was significantly lower than last year.

### Result from operations

Result from operations of € 380 (356) million comprises an operating result of € 384 (327) million, the result from restructuring and special items of € –6 (–15) million and the earnings contribution from companies consolidated at equity of € 2 (44) million.

### Result from companies consolidated at equity

The result from companies consolidated at equity fell to € 2 (44) million because of the sugar segment's low results contribution.

### Financial result

In the first nine months, the financial result totaled € –27 (–26) million, comprising a net interest result of € –21 (–19) million and a result from other financing activities of € –6 (–7) million.

### Taxes on income

Earnings before taxes were reported at € 353 (330) million and taxes on income totaled € –93 (–75) million. The group's tax rate increased slightly to 26 (23) %.

Business performance – Group

| | | 3rd quarter | | | 1st – 3rd quarter | | |
|---|---|---|---|---|---|---|---|
| | | 2017/18 | 2016/17 | +/– in % | 2017/18 | 2016/17 | +/– in % |
| **Revenues** | € million | **1,809** | **1,700** | **6.4** | **5,302** | **4,905** | **8.1** |
| EBITDA | € million | 208 | 230 | –9.8 | 599 | 540 | 11.0 |
| Depreciation on fixed assets and intangible assets | € million | –105 | –112 | –6.2 | –215 | –213 | 1.2 |
| **Operating result** | € million | **103** | **118** | **–13.1** | **384** | **327** | **17.5** |
| Result from restructuring / special items | € million | –2 | –4 | –54.3 | –6 | –15 | –57.7 |
| Result from companies consolidated at equity | € million | –15 | 19 | – | 2 | 44 | –94.5 |
| **Result from operations** | € million | **86** | **133** | **–35.5** | **380** | **356** | **6.9** |
| EBITDA margin | % | 11.5 | 13.5 | | 11.3 | 11.0 | |
| Operating margin | % | 5.7 | 6.9 | | 7.2 | 6.7 | |
| Investments in fixed assets [1] | € million | 95 | 76 | 25.6 | 250 | 218 | 14.7 |
| Investments in financial assets / acquisitions | € million | 0 | 87 | –100.0 | 48 | 118 | –59.5 |
| **Total investments** | € million | **95** | **163** | **–41.6** | **298** | **336** | **–11.4** |
| Shares in companies consolidated at equity | € million | | | | 415 | 467 | –11.1 |
| Capital employed | € million | | | | 5,839 | 5,658 | 3.2 |
| **Employees** | | | | | **18,801** | **18,391** | **2.2** |

[1] Including intangible assets.

TABLE 02

Income statement

| € million | 3rd quarter 2017/18 | 3rd quarter 2016/17 | 3rd quarter +/– in % | 1st – 3rd quarter 2017/18 | 1st – 3rd quarter 2016/17 | 1st – 3rd quarter +/– in % |
|---|---|---|---|---|---|---|
| **Revenues** | **1,809** | **1,700** | **6.4** | **5,302** | **4,905** | **8.1** |
| Operating result | 103 | 118 | –13.1 | 384 | 327 | 17.5 |
| Result from restructuring / special items | –2 | –4 | –54.3 | –6 | –15 | –57.7 |
| Result from companies consolidated at equity | –15 | 19 | – | 2 | 44 | –94.5 |
| **Result from operations** | **86** | **133** | **–35.5** | **380** | **356** | **6.9** |
| Financial result | –9 | –8 | 12.5 | –27 | –26 | 3.8 |
| **Earnings before income taxes** | **77** | **125** | **–38.7** | **353** | **330** | **7.3** |
| Taxes on income | –22 | –25 | –11.0 | –93 | –75 | 25.9 |
| **Net earnings** | **55** | **100** | **–45.5** | **260** | **255** | **1.8** |
| of which attributable to Südzucker AG shareholders | 32 | 74 | –57.4 | 161 | 182 | –11.9 |
| of which attributable to hybrid capital | 3 | 3 | –3.0 | 10 | 10 | –3.0 |
| of which attributable to other non-controlling interests | 20 | 23 | –13.1 | 89 | 63 | 42.8 |
| **Earnings per share (€)** | **0.16** | **0.36** | **–55.6** | **0.79** | **0.89** | **–11.2** |

TABLE 03

### Consolidated net earnings

Of the consolidated net earnings of € 260 (255) million, € 161 (182) million were allocated to Südzucker AG shareholders, € 10 (10) million to hybrid equity and € 89 (63) 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 € 0.79 (0.89) for the first three quarters 2017/18. 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 € 532 million, compared to € 458 million during the same period last year. This translates into 10.0 (9.3) % of revenues.

### Working Capital

Cash inflow of € 186 million was due mainly to the sell-of inventories during the 2016 campaign. Inventory accumulated during the new 2017 campaign is offset by a concurrent increase in liabilities toward beet farmers.

## Investments in fixed assets

Investments in fixed assets (including intangible assets) totaled € 250 (218) million. The sugar segment invested € 121 (109) million, mainly for replacements, but also on efficiency and logistics improvements due to the expanded production after expiry of the minimum beet price and sugar quota regulations. The special products segment invested € 85 (82) million, most of which was for the construction of new production systems and cost optimized utilization of existing production capacities. The CropEnergies segment invested € 15 (11) million to optimize its production systems. The fruit segment invested € 29 (16) million, mainly to expand production capacity in the fruit preparations division.

## Investments in financial assets

Investments in financial assets totaling € 48 (118) million went mainly toward the 100 % acquisition of frozen pizza producer HASA GmbH in Burg / Sachsen-Anhalt (Germany) in the second quarter.

## Development of net financial debt

Net financial debt was reduced substantially, dropping € 265 million from € 413 million on 28 February 2017 to € 148 million on 30 November 2017. Total investments of € 298 million and the € 159 million earnings distribution were fully financed from cash flow of € 532 million and the cash inflow of € 186 million from changed working capital.

Südzucker AG placed a corporate bond with a nominal volume of € 500 million via its wholly-owned Dutch subsidiary Südzucker International Finance B.V. on 21 November 2017. The 2017/2025 bond has a maturity of eight years and a coupon of 1.0 percent per year. The issue proceeds are used to cover general financing requirements including refinancing operations and to finance acquisitions.

Cash flow statement

| | 3rd quarter | | | 1st – 3rd quarter | | |
|---|---|---|---|---|---|---|
| € million | 2017/18 | 2016/17 | +/– in % | 2017/18 | 2016/17 | +/– in % |
| **Cash flow** | **184** | **190** | **– 3.6** | **532** | **458** | **16.2** |
| **Increase (–) / decrease (+) in working capital** | **10** | **74** | **– 86.5** | **186** | **150** | **24.0** |
| **Net cash flow from operating activities** | **194** | **264** | **– 26.8** | **719** | **609** | **18.1** |
| Total investments in fixed assets [1] | – 95 | – 76 | 25.6 | – 250 | – 218 | 14.7 |
| Investments in financial assets / acquisitions | 0 | – 87 | – 100.0 | – 48 | – 118 | – 59.5 |
| **Total investments** | **– 95** | **– 163** | **– 41.7** | **– 298** | **– 336** | **– 11.4** |
| Other cashflows from investing activities | 3 | 1 | > 100 | 5 | 9 | – 44.4 |
| **Cash flow from investing activities** | **– 92** | **– 162** | **– 43.0** | **– 293** | **– 327** | **– 10.4** |
| Dividends paid | – 6 | – 6 | – 3.5 | – 159 | – 110 | 44.4 |
| Other cashflows from financing activities | 413 | 142 | > 100 | 342 | 100 | > 100 |
| **Cash flow from financing activities** | **407** | **136** | **> 100** | **182** | **– 10** | **–** |
| Other change in cash and cash equivalents | 4 | – 9 | – | 6 | – 14 | – |
| **Decrease (–) / Increase (+) in cash and cash equivalents** | **512** | **230** | **> 100** | **614** | **257** | **> 100** |
| Cash and cash equivalents at the beginning of the period | 682 | 487 | 40.0 | 581 | 459 | 26.4 |
| **Cash and cash equivalents at the end of the period** | **1,195** | **717** | **66.7** | **1,195** | **717** | **66.7** |

[1] Including intangible assets.

TABLE 04

# Group assets

## Balance sheet

| € million | 30 November 2017 | 30 November 2016 | +/– in % |
|---|---|---|---|
| **Assets** | | | |
| Intangible assets | 1,270 | 1,193 | 6.5 |
| Fixed assets | 2,943 | 2,860 | 2.9 |
| Remaining assets | 577 | 656 | –12.0 |
| **Non-current assets** | **4,790** | **4,709** | **1.7** |
| Inventories | 1,859 | 1,989 | –6.5 |
| Trade receivables | 1,031 | 1,030 | 0.1 |
| Remaining assets | 1,637 | 1,162 | 40.9 |
| **Current assets** | **4,527** | **4,181** | **8.3** |
| **Total assets** | **9,317** | **8,890** | **4.8** |
| **Liabilities and equity** | | | |
| Equity attributable to shareholders of Südzucker AG | 3,403 | 3,267 | 4.2 |
| Hybrid capital | 653 | 653 | 0.0 |
| Other non-controlling interests | 906 | 686 | 32.0 |
| **Total equity** | **4,962** | **4,606** | **7.7** |
| Provisions for pensions and similar obligations | 830 | 837 | –0.9 |
| Financial liabilities | 1,028 | 1,000 | 2.8 |
| Remaining liabilities | 289 | 279 | 3.6 |
| **Non-current liabilities** | **2,147** | **2,116** | **1.5** |
| Financial liabilities | 459 | 262 | 75.0 |
| Trade payables | 1,103 | 1,234 | –10.6 |
| Remaining liabilities | 646 | 672 | –3.9 |
| **Current liabilities** | **2,208** | **2,168** | **1.8** |
| **Total liabilities and equity** | **9,317** | **8,890** | **4.8** |
| Net financial debt | 148 | 402 | –63.2 |
| Equity ratio in % | 53.3 | 51.8 | |
| Net financial debt as % of equity (gearing) | 3.0 | 8.7 | |

TABLE 05

### Non-current assets

Non-current assets at € 4,790 (4,709) million were € 81 million higher than on the previous year's record date. The acquisition of the Argentinian fruit preparations factory, Main Process S.A. in the fourth quarter of 2016/17, together with the HASA GmbH purchase in the second quarter of 2017/18, increased goodwill, which drove up intangible assets to € 1,270 (1,193) million. The carrying amount of fixed assets was up € 83 million to € 2,943 (2,860) million, driven by investments and changes to the scope of consolidation. The € 79 million decrease in other assets to € 577 (656) million was primarily driven by the € 415 (467) million decrease in shares of at equity consolidated companies, reflecting the difficult sugar market environment for ED&F Man Holdings Ltd., London, Great Britain.

### Current assets

Current assets rose € 346 million to € 4,527 (4,181) million. Inventories declined € 130 million – particularly in the sugar segment – to a total of € 1,859 (1,989) million and trade receivables were about the same as last year at € 1,031 (1,030) million, but the combined total of the two items was offset by a € 475 million increase in other assets, which ended at € 1,637 (1,162) million. The increase was driven mainly by higher cash and cash equivalents, which rose to € 1,195 (717) million on account of cash inflow from the 2017/2025 bond issued in November 2017. On 1 December 2017, Südzucker paid cash to acquire the chilled and frozen pizza producer for the private label segment Richelieu Foods Inc., Braintree, Massachusetts, USA.

### Equity

Equity rose to € 4,962 (4.606) million. The equity ratio came in higher than last year at 53 (52) % as total assets increased to € 9,317 (8,890) million. Südzucker AG shareholders' equity climbed € 136 million to € 3,403 (3,267) million. At the same time, other non-controlling interests rose € 220 million to € 906 (686) million, primarily due to the capital measures at AGRANA in the fourth quarter of fiscal 2016/17.

### Non-current liabilities

Non-current liabilities rose € 31 million to € 2,147 (2,116) million. Provisions for pensions and similar obligations dropped € 7 million to € 830 (837) million due to valuation at a higher discount rate, which rose to 1.90 % on 30 November 2017 from 1.75 % on 30 November 2016. Financial liabilities were up € 28 million to € 1,028 (1,000) million. An increase in the third quarter due to placement of the 2017/2025 bond with a book value of € 495 million was offset by a decline due to recognition as a current liability of the 2011/2018 bond maturing on 29 March 2018, which has a carrying amount of € 400 million. Liabilities to financial institutions were also reduced. In addition, other liabilities rose € 10 million to € 289 (279) million.

### Current liabilities

Current liabilities rose € 40 million to € 2,208 (2,168) million. Current financial liabilities were up € 197 million to € 459 (262) million, due to the increase driven by the recognition of the 2011/2018 bond due on 29 March 2018 which was offset by the repayment of liabilities to financial institutions. Trade payables dropped € 131 million to € 1,103 (1,234) million. These include liabilities to beet farmers totaling € 577 (674) million. Other debt, consisting of other provisions, taxes owed and other liabilities, dropped € 26 million to € 646 (672) million. The main driver here was the abolition of the production levy since sugar marketing year 2017/18.

### Net financial debt

Net financial debt was reduced by € 254 million to € 148 (402) million as of 30 November 2017 compared to the previous year's reporting date. The new total corresponded to 3.0 (8.7) % of equity capital.

## Employees

The number of persons employed by the group (full-time equivalent) in the first nine months of fiscal 2017/18 was higher than at the same time last year at 18,801 (18,391). The addition of 300 workers in the special products segment brought the total employee headcount to 4,889 (4,589). The increase was mainly due to employees added in conjunction with the HASA GmbH acquisition, but new hires at the starch division also increased the total. The fruit segment also added 172 people to its payroll, bringing the total to 5,121 (4,949), mainly due to the consolidation of the Argentinian company Main Process S.A. since the fourth quarter of 2016/17.

Employees by segment at balance sheet date

| 30 November | 2017 | 2016 | +/– in % |
|---|---|---|---|
| Sugar | 8,385 | 8,441 | –0.7 |
| Special products | 4,889 | 4,589 | 6.5 |
| CropEnergies | 406 | 412 | –1.5 |
| Fruit | 5,121 | 4,949 | 3.5 |
| **Group** | **18,801** | **18,391** | **2.2** |

TABLE 06

# SUGAR SEGMENT

## Market developments, economic policy, general framework

### World sugar market

In its December 2017 estimate of the world's sugar balance, German market analyst F.O. Licht forecast a production surplus for the 2017/18 marketing year, following two consecutive sugar marketing years (1 October to 30 September) of declining global sugar inventories. According to the forecast, production will rise to 189.2 (179.6) million tonnes and consumption continue to grow to 184.2 (180.5) million tonnes, which would increase inventories to 71.3 (67.4) million tonnes, about 39 (37) % of one year's consumption.

Since the beginning of the fiscal year, the world market price for white sugar has fallen in the first half year considerably, from about 500 €/t to almost 300 €/t. Thereafter the price of sugar ranged between 300 and 340 €/t amidst high volatility. At the end of the reporting period, the world market price for white sugar stood at 329 €/t.

World market sugar prices

1 December 2014 to 30 November 2017
London, nearest forward trading month

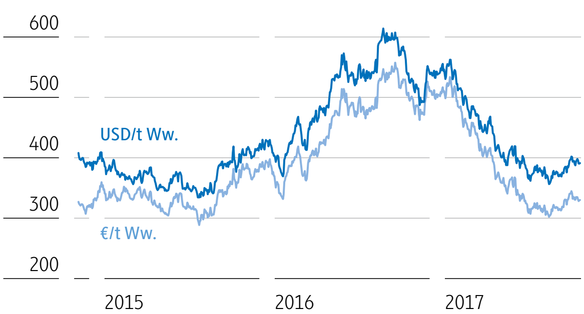



DIAGRAM 01

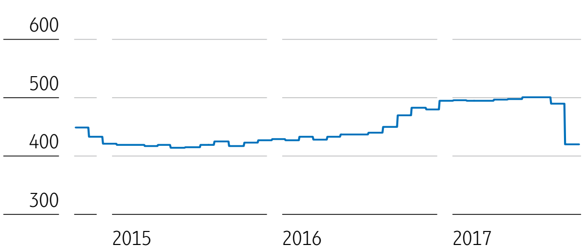
### EU sugar market

The sugar marketing year 2016/17, which ended on 30 September 2017, was the last one governed by market regulations regarding sugar quotas and minimum sugar beet prices.

The EU Commission is expecting production for sugar marketing year 2017/18, which began on 1 October 2017, to rise to 21.4 (17.6) million tonnes on account of a significantly expanded cultivation area. This will in turn drive EU exports higher. EU exports will no longer be restricted after October 2017 thanks to the elimination of sugar quota and minimum beet price regulations.

EU sugar price reporting

1 November 2014 to 31 October 2017
€/t Ww.




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

DIAGRAM 02

According to EU price reporting, the average price for quota sugar in the EU and effective 1 October 2017 the price for EU sugar leveled out at around 500 €/t at the beginning of the 2017 calendar year – following an increase over the course of last year – and in October 2017, bulk sugar fell to 420 €/t (ex works).

## Energy market

The Brent crude oil price rally continued at the beginning of the third quarter thanks to solid fundamentals: strong demand for crude oil combined with OPEC production cuts and US production outages caused by hurricanes Harvey and Irma. In mid-November 2017, Brent hit a 28-month high of 64 USD / barrel. On 30 November 2017, OPEC members reached agreement on extending their production cuts until the end of the 2018 calendar year; Brent ended the trading session at 63 USD / barrel.

Business performance – Sugar segment

| | | 3rd quarter | | | 1st – 3rd quarter | | |
|---|---|---|---|---|---|---|---|
| | | 2017/18 | 2016/17 | +/– in % | 2017/18 | 2016/17 | +/– in % |
| **Revenues** | € million | **831** | **761** | **9.2** | **2,349** | **2,143** | **9.6** |
| EBITDA | € million | 97 | 105 | –8.7 | 240 | 174 | 36.9 |
| Depreciation on fixed assets and intangible assets | € million | –59 | –69 | –14.4 | –90 | –97 | –7.2 |
| **Operating result** | € million | **38** | **36** | **1.9** | **150** | **77** | **92.0** |
| Result from restructuring / special items | € million | –2 | –3 | –58.7 | –6 | –6 | 1.8 |
| Result from companies consolidated at equity | € million | –22 | 11 | – | –25 | 24 | – |
| **Result from operations** | € million | **14** | **44** | **–66.7** | **119** | **95** | **26.2** |
| EBITDA margin | % | 11.7 | 14.0 | | 10.2 | 8.2 | |
| Operating margin | % | 4.6 | 4.9 | | 6.4 | 3.6 | |
| Investments in fixed assets [1] | € million | 46 | 38 | 20.1 | 121 | 109 | 9.8 |
| Investments in financial assets / acquisitions | € million | 0 | 87 | –100.0 | 2 | 118 | –98.3 |
| **Total investments** | € million | **46** | **125** | **–63.0** | **123** | **227** | **–46.2** |
| Shares in companies consolidated at equity | € million | | | | 327 | 388 | –15.7 |
| Capital employed | € million | | | | 2,898 | 2,876 | 0.8 |
| **Employees** | | | | | **8,385** | **8,441** | **–0.7** |

[1] Including intangible assets.

TABLE 07

## Business performance

### Revenues and operating result

The sugar segment's revenues rose to € 2,349 (2,143) million in the first nine months of fiscal 2017/18. The increase is above all driven by higher export volumes. Cumulative sales revenues are still higher than a year earlier.

To date during the current fiscal 2017/18 year, the sugar segment's operating result has risen to € 150 (77) million. During the first half year, the operating result was driven by rising sugar sales revenues, a trend that was evident to the end of September 2017. Higher quota sugar income since the beginning of the 2016/17 sugar marketing year in October 2016 and higher sales revenues for non-quota sugar until that time also had an impact. Since the beginning of the new sugar marketing year in October 2017, sales revenues for both EU and export volumes have declined significantly, which has weighed on the result trend despite lower production costs. Higher export volumes since October partially compensated the decline, and as a result the third quarter operating result remained slightly above last year's.

### Result from companies consolidated at equity

The result from companies consolidated at equity in the sugar segment was € –25 (24) million, reflecting the difficult sugar market environment for the British trading company ED&F Man Holdings Ltd.

### Beet cultivation and 2017 campaign

A moderate warm summer and adequate rainfall are reflected in Südzucker Group's above average yield projections of 81 (74) t/ha. The estimated sugar content of 17.9 (17.2) % is also higher than the five years' average. The average campaign duration for Südzucker Group is presently projected to be 132 (107) days.

### Investments in fixed assets

Investments of € 121 (109) million in the first nine months were mainly for replacements, efficiency improvements, product development, energy savings and environmental protection measures. Especially noteworthy are logistics and infrastructure projects.

### Investments in financial assets

Investments in financial assets of € 2 (118) million in the prior year relate to the additional shares acquired in British trading company ED&F Man Holdings Ltd, the Terra GmbH acquisition and the pro rata capital increase in Studen Group.

# SPECIAL PRODUCTS SEGMENT

## Business performance

### Revenues and operating result

The special products segment's revenues rose to € 1,447 (1,372) million in the first nine months, driven by steadily increasing volumes. Ethanol sales revenues remained above last year's level and also contributed to the increase.

The operating result decline worsened in the third quarter. As forecast, the operating result after nine months came in at € 116 (133) million, significantly lower than last year's unusually strong result. Higher write-downs on the starch division's new factory capacities, which are now applied for the whole year, and especially higher raw material prices, exceeded the higher operating result arising from increased volumes and revenues.

### Result from companies consolidated at equity

Result from companies consolidated at equity totaling € 27 (20) million was primarily attributable to the share of earnings from starch and bioethanol activities of Hungrana Group. The increase was due among other things to higher sales volumes.

### Investments in fixed assets

Total investments in fixed assets of € 85 (82) million were mainly for improving efficiencies of existing BENEO and Freiberger division systems. The starch division invested primarily in expanding its corn processing systems and enlarging the starch saccharification plant in Aschach, Austria.

### Investments in financial assets

Investments in financial assets totaling € 46 (0) million related to Freiberger's 100 % acquisition of frozen pizza producer HASA GmbH in Burg / Sachsen-Anhalt in the second quarter of 2017/18.

### Acquisition of the US-American pizza producer Richelieu Foods

On 1 December 2017, after the end of the reporting period, Freiberger USA Inc., Morris Plains, New Jersey, USA, a 100 % subsidiary of Südzucker Group, purchased Richelieu Foods Inc., Braintree, Massachusetts, USA, for an enterprise value of USD 435 million, from American private equity firm Centerview Capital. Richelieu is the largest private label chilled and frozen pizza producer for food retailers in the United States.

Richelieu manufactures private-label chilled and frozen pizzas, as well as sauces and dressings, for food retailers and food service customers in the United States. The company has just under 900 employees, who produce about 105 million pizzas and almost nine million units of sauces and dressings annually at five locations in the United States. The acquisition gives Freiberger Group a foothold in the American pizza market, which is the world's largest and continues to expand. Compared to other markets, the private label frozen pizzas share of the total American market is relatively low at 16 %, which is why Südzucker expects significant market growth potential. In fiscal 2016, Richelieu generated revenues of USD 325 million.

Business performance – Special products segment

| | | 3rd quarter | | | 1st – 3rd quarter | | |
|---|---|---|---|---|---|---|---|
| | | 2017/18 | 2016/17 | +/– in % | 2017/18 | 2016/17 | +/– in % |
| **Revenues** | € million | **499** | **468** | **6.7** | **1,447** | **1,372** | **5.5** |
| EBITDA | € million | 62 | 68 | −8.1 | 184 | 192 | −3.9 |
| Depreciation on fixed assets and intangible assets | € million | −25 | −22 | 15.0 | −68 | −59 | 15.8 |
| **Operating result** | € million | **37** | **46** | **−19.3** | **116** | **133** | **−12.6** |
| Result from restructuring / special items | € million | 0 | −1 | −100.0 | 0 | −2 | −100.0 |
| Result from companies consolidated at equity | € million | 7 | 8 | −14.3 | 27 | 20 | 28.4 |
| **Result from operations** | € million | **44** | **53** | **−18.5** | **143** | **151** | **−5.2** |
| EBITDA margin | % | 12.5 | 14.5 | | 12.8 | 14.0 | |
| Operating margin | % | 7.4 | 9.8 | | 8.0 | 9.7 | |
| Investments in fixed assets [1] | € million | 32 | 26 | 24.4 | 85 | 82 | 4.4 |
| Investments in financial assets / acquisitions | € million | 0 | 0 | – | 46 | 0 | – |
| **Total investments** | € million | **32** | **26** | **24.4** | **131** | **82** | **60.6** |
| Shares in companies consolidated at equity | € million | | | | 86 | 77 | 11.9 |
| Capital employed | € million | | | | 1,574 | 1,464 | 7.6 |
| **Employees** | | | | | **4,889** | **4,589** | **6.5** |

[1] Including intangible assets.

TABLE 08

# CROPENERGIES SEGMENT

## Market developments, economic policy, general framework

### Ethanol market

The one-month future for ethanol on the Chicago Board of Trade (CBOT) fell in the United States from 347 €/m³ at the beginning of September 2017 to about 300 €/m³ at the end of November 2017. The price drop is mainly attributable to the continuing high production surplus, which is expected to drive US net exports even higher to 4.6 (4.3) million m³. Initial estimates for 2018 again project production to rise slightly, to 61.2 (60.8) million m³, and net exports to 4.7 (4.6) million m³.

In Brazil, ethanol prices expressed in euro rose from about 420 €/m³ at the beginning of September 2017 to about 475 €/m³ at the end of November 2017. Import restrictions on ethanol from the United States since the beginning of September 2017 helped drive prices up. Domestic demand remained brisk in view of the import restrictions, and is expected to nearly match domestic production supplies of 26.7 (27.1) million m³ for the current 2017/18 sugar marketing year. The market situation is not expected to change much in the coming year.

EU bioethanol volume balance

| million m³ | 2018e | 2017e | 2016 | 2015 |
|---|---|---|---|---|
| **Opening balance** | **2.0** | **2.1** | **2.4** | **2.4** |
| Production | 7.7 | 7.3 | 6.9 | 7.3 |
| thereof fuel ethanol | 5.4 | 5.2 | 4.7 | 5.0 |
| Import | 0.5 | 0.6 | 0.6 | 0.7 |
| Consumption | −7.8 | −7.8 | −7.6 | −7.8 |
| thereof fuel ethanol | −5.4 | −5.3 | −5.3 | −5.3 |
| Export | −0.2 | −0.2 | −0.2 | −0.2 |
| **Closing balance** | **2.2** | **2.0** | **2.1** | **2.4** |

Source: F. O. Licht. Data estimated of EU biothanol volume balance, November 2017.

TABLE 09

In Europe, ethanol prices were trading at around 530 €/m³ in September 2017, but declined considerably at the beginning of October 2017. Speculation surrounding the impact of the eliminated EU sugar market regulations contributed significantly to the trend. European ethanol was priced at 465 €/m³ at the end of November 2017.

Fuel grade ethanol consumption in the EU is expected to rise 2 % in 2017 to 5.3 (5.2) million m³. The demand is expected to be largely met by domestic production of about 5.2 (4.7) million m³. In 2018, fuel grade ethanol demand and production are expected to rise to about 5.4 million m³. Germany continues to be the largest market for fuel grade ethanol in the EU, with consumption at 1.5 (1.5) million m³ in 2017. E10 volumes have not yet benefited from the higher greenhouse gas reduction targets.

### Grain market

According to the US Department of agriculture, world grain production (excluding rice) is expected to drop to 2,079 (2,120) million tonnes in 2017/18, below expected grain consumption of 2,096 (2,096) million tonnes. In contrast, the EU Commission expects the EU's 2017/18 grain harvest of 304 (296) million tonnes to significantly exceed consumption of 285 (284) million tonnes. Only the starch component of 4 % of the EU's grain harvest is used to produce fuel grade ethanol. The remaining components of the processed grain, especially proteins, are refined to make high-quality food and animal feed reducing dependence on soya imports from North and South America.

European wheat prices on the Euronext in Paris were quoted at 160 €/t during the reporting period and reflected the continuing comfortable supply, especially in view of larger wheat harvests in Russia and the Black Sea region.

## Business performance

### Revenues and operating result

The CropEnergies segment's revenues increased in the first three quarters to € 622 (507) million, driven by significantly higher production and sales volumes in the first half year due to the restart of the production plant in Wilton, Great Britain, during the second quarter of last year. Ethanol sales revenues were still higher than last year.

Due to the significant drop in ethanol prices during the third quarter, the division was unable to extend the strong operating result performance of the first half year. It was also lower than last year on account of higher net raw material costs. At the end of the first three quarters, the operating result is now roughly the same as last year at € 59 (60) million. Improved results due to higher bioethanol volumes and sales revenues were consumed by higher net raw material costs, the operating costs of the recommissioned plant in Wilton, which are now applied for the whole year, as well as inspection and maintenance work at all sites.

### Investments in fixed assets

The segment invested € 15 (11) million in the first nine months, mainly for replacement of a rectification column and expanded gluten production in Wanze, Belgium, together with work to allow greater raw materials flexibility in Zeitz.

Business performance – CropEnergies segment

| | | 3rd quarter | | | 1st – 3rd quarter | | |
|---|---|---|---|---|---|---|---|
| | | 2017/18 | 2016/17 | +/– in % | 2017/18 | 2016/17 | +/– in % |
| **Revenues** | € million | **195** | **193** | **0.8** | **622** | **507** | **22.9** |
| EBITDA | € million | 22 | 29 | –22.5 | 88 | 88 | 1.3 |
| Depreciation on fixed assets and intangible assets | € million | –10 | –10 | 2.1 | –29 | –28 | 4.7 |
| **Operating result** | € million | **12** | **19** | **–35.1** | **59** | **60** | **–0.3** |
| Result from restructuring / special items | € million | 0 | 0 | – | 0 | –7 | –88.9 |
| Result from companies consolidated at equity | € million | 0 | 0 | –100.0 | 0 | 0 | – |
| **Result from operations** | € million | **12** | **19** | **–36.6** | **59** | **53** | **9.6** |
| EBITDA margin | % | 11.1 | 14.5 | | 14.2 | 17.2 | |
| Operating margin | % | 6.2 | 9.6 | | 9.5 | 11.7 | |
| Investments in fixed assets [1] | € million | 3 | 6 | –45.5 | 15 | 11 | 38.7 |
| Investments in financial assets / acquisitions | € million | 0 | 0 | – | 0 | 0 | – |
| **Total investments** | € million | **3** | **6** | **–45.5** | **15** | **11** | **38.7** |
| Shares in companies consolidated at equity | € million | | | | 2 | 2 | 0.0 |
| Capital employed | € million | | | | 465 | 477 | –2.5 |
| **Employees** | | | | | **406** | **412** | **–1.5** |

[1] Including intangible assets.

TABLE 10

# FRUIT SEGMENT

## Market developments, economic policy, general framework

### Target markets

According to data provided by Euromonitor, the spoonable fruit yogurt category of the worldwide fruit preparations market is growing at about 1 % during the calendar year 2017. Overall, European and North American markets appear saturated, while markets are growing at 5.1 % in the Middle East and Africa and 4.7 % in Asia. The highest per capita consumption continues to be in North America, Western Europe and Australia. In addition, there is a higher demand for alternative plant-based yogurts, high-protein products, yogurts with e.g. cereals and products that claim to be natural (e.g. Clean Label).

Demand for drinkable yogurts continues to expand around the world, with growth for 2017 reaching 5.3 %. Above average growth is especially apparent in the Middle East and Africa. The trend to protein rich products is noticeable for drinkable yogurts.

The global market for ice cream is expected to grow slightly in 2017. The growth rate of 1.7 % is forecast to increase to over 2 % by 2020. Per capita ice cream consumption is highest in North America and Australia. Demand is growing in the Middle East, Africa and India.

Demand for baked goods is also rising around the world. The fruit snacks, granola bars and cookies sectors in particular are growing at an annual rate of just under 2 %.

European prices for apple juice concentrates stabilized at a satisfactory level in the first half year of 2017/18 because of increased demand combined with a limited supply from the main cultivation areas. Reduced harvest volumes of apples in the major cultivation regions Poland, Hungary, Germany and Italy during the 2017 campaign drove juice concentrate prices significantly compared to last year. Chinese apple juice concentrates prices rose only slightly, which increased demand for Chinese apple juice concentrates in Europe.

Berry juice concentrates from the 2017 harvest have nearly been marketed completely.

### Raw materials markets

The procurement year for fruit preparations ended at the close of the third calendar quarter. On the whole, food procurement was largely favorable in fiscal 2017/18 to date. Exceptions included sour cherries in Poland and Serbia and blueberries in Eastern Europe, where failed harvests due to late frost caused some prices to double.

Strawberries, the main fruit ingredient for fruit preparations, in Europe were largely procured at the same prices as last year despite higher demand in Spain (fresh fruit market) and Morocco (industrial ware). In the United States, prices for strawberries with origins from Mexico and Egypt were significantly lower. Prices in China, South Korea, Australia, markets which source most of their supplies from China, rose by up to 25 %. The AGRANA factories in Turkey, South Africa and Egypt use mainly local supplies.

The European apple harvest relevant to the fruit juice concentrates was one of the smallest in the last ten years due to failed harvests in a number of major cultivation regions (Poland, Germany, Italy). As a result, raw material prices were sharply higher than last year.

## Business performance

### Revenues and operating result

After declining slightly during the first half year, the fruit segment's revenues began to climb in the third quarter and after the first nine months of the current fiscal year were about the same as last year at € 884 (883) million. Lower apple juice concentrates sales revenues and lower fruit juice concentrates volumes were offset by higher fruit preparations division volumes and sales revenues.

The operating result was somewhat weaker in the third quarter than during the same period last year, but at € 59 (57) million, was still higher than last year after nine months. The result was driven above all by higher sales revenue margins on rising volumes in the fruit preparations division, which were however offset by lower margins and volumes in the fruit juice concentrates division.

### Investments in fixed assets

Investments of € 29 (16) million in the first nine months covered replacements and production optimization, and mainly the building of a new production plant in Shanghai, China, and the installation of a further carrot concentrate production line in Hungary.

Business performance – Fruit segment

| | | 3rd quarter | | | 1st – 3rd quarter | | |
|---|---|---|---|---|---|---|---|
| | | 2017/18 | 2016/17 | +/– in % | 2017/18 | 2016/17 | +/– in % |
| **Revenues** | € million | **284** | **278** | **2.2** | **884** | **883** | **0.1** |
| EBITDA | € million | 27 | 28 | −5.1 | 87 | 86 | 1.6 |
| Depreciation on fixed assets and intangible assets | € million | −11 | −11 | −4.5 | −28 | −29 | −3.8 |
| **Operating result** | € million | **16** | **17** | **−5.5** | **59** | **57** | **4.4** |
| 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 | **16** | **17** | **−5.5** | **59** | **57** | **4.4** |
| EBITDA margin | % | 9.3 | 10.0 | | 9.8 | 9.7 | |
| Operating margin | % | 5.5 | 5.9 | | 6.7 | 6.4 | |
| Investments in fixed assets [1] | € million | 14 | 6 | > 100 | 29 | 16 | 85.3 |
| Investments in financial assets / acquisitions | € million | 0 | 0 | – | 0 | 0 | – |
| **Total investments** | € million | **14** | **6** | **> 100** | **29** | **16** | **85.3** |
| Shares in companies consolidated at equity | € million | | | | 0 | 0 | – |
| Capital employed | € million | | | | 901 | 842 | 7.0 |
| **Employees** | | | | | **5,121** | **4,949** | **3.5** |

[1] Including intangible assets.

TABLE 11

# OUTLOOK

We now estimate group consolidated revenues of € 6.9 to 7.1 (previous forecast: 6.7 to 7.0; 2016/17: 6.5) billion in fiscal 2017/2018. We expect the sugar and the special products segment revenues to rise moderately and the fruit segment's revenues to increase slightly. We forecast the CropEnergies segment's revenues to range between € 800 and 840 million.

We expect the group operating result to rise further. It should still range between € 425 and 500 (2016/17: 426) million, driven mainly by the significantly higher results in the sugar segment. After a record year in 2016/17, the company expects a significant retreat for the special products segment. We now expect the CropEnergies segment's result to range between € 65 and 85 (previous forecast: 60 to 90) million. We foresee a year-over-year increase in the fruit segment.

We estimate capital employed to rise slightly. Based on the increased operating result, we expect ROCE to improve further (2016/17: 7.1 %).

The total budget for investments in fixed assets for fiscal 2017/18 is forecast at about € 350 (2016/17: 329) million.

## Sugar segment

Given the eliminated quota and minimum beet price regulations for the EU sugar market effective 30 September 2017, the forecast for the sugar segment continues to be very uncertain.

We expect revenues to rise moderately (2016/17: € 2.8 billion), driven mainly by higher sales volumes.

Due to the expansion of sales volumes, especially for exports, we estimate the current fiscal year's operating result to rise considerably (2016/17: € 72 million). While sales revenues to September were higher than last year, they have dropped significantly since the beginning of the new sugar marketing year in October 2017. The higher production and sales volumes will result in substantially improved capacity utilization and will generate corresponding economies of scale.

Capital employed is to increase slightly, while a significantly higher operating result should produce a higher ROCE (2016/17: 2.3 %).

## Special products segment

We expect the special products segment's revenues to rise moderately (2016/17: € 1.8 billion). We are forecasting a significant decline in the operating result compared to last year's very high level (2016/17: € 184 million). This takes into consideration especially higher raw material costs and additional charges from the new starch plant in Zeitz, which began operations in 2016/17. The forecast takes into account the revenue and result contribution from US-American chilled and frozen pizza producer Richelieu foods Inc., acquired on 1 December 2017.

ROCE will go down in line with significantly increasing capital employed and a lower operating result contribution (2016/17: 12.2 %).

## CropEnergies segment

The CropEnergies Segment's business growth for fiscal 2017/18 will again be largely impacted by the significant price volatility in the bioethanol markets. Assuming continued high capacity utilization, revenues are expected to range between € 800 and 840 (2016/17: 726) million. The operating result is now expected to come in at between € 65 and 85 (previous forecast: 60 – 90; 2016/17: 98) million.

Based on stable capital employed and a declining operating result, ROCE (2016/17: 20.4 %) is expected to drop.

## Fruit segment

We now expect the fruit segment's revenues to rise slightly, driven by higher sales volumes (2016/17: € 1,155 million), and its operating result to be above last year's (2016/17: € 72 million). This growth is driven mainly by the fruit preparations division. Because of the significantly smaller apple harvest in Europe, the fruit juice concentrates division's result is expected to be significantly lower.

Capital employed is expected to rise moderately, and the operating result is also expected to increase, so ROCE (2016/17: 8.3 %) is expected to be higher than last year.

## 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 2016/17 annual report on pages 88 to 99 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 quaterly statement on 29 December 2017.

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 quarterly statement 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 9 months period extends from 1 March to 30 November.

On the following 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.

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