

Press release

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Third quarter: significant decline in sales and earnings

2018/2019 campaign ends with below-average returns

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In the first nine months of the 2018/2019 financial year, Nordzucker Group generated a significant decline in earnings as expected. The 2018/2019 campaign ends after an extremely dry summer with below-average beet and sugar yields.

Nordzucker generated revenues of EUR 1,056 million at the end of the first nine months of the current financial year, 18 percent lower compared to the same period last year (EUR 1,284 million). Profit for the period also fell sharply from EUR 143.5 million in the previous year to EUR 17.1 million.

Low sugar prices and slightly lower sales volumes are the main reasons for the earnings trend. The fall in prices for sugar on the world market, which is at its lowest level for about ten years, is attributable to substantial overproduction, particularly in India and Thailand.

The market situation within the EU has also been characterised by overproduction since the end of the quota system for sugar. As a result, prices for sugar have also fallen dramatically here and are currently around 35 per cent lower than in the previous year. Due to the drought in the 2018/2019 crop year, production in the EU declined slightly.

The CEO of Nordzucker AG, Dr. Lars Gorissen, confirms: "We will position Nordzucker in the new, more volatile environment in a stable, profitable and competitive manner. To achieve this, we will continue

to reduce our costs and adjust our structures. We are focusing on sugar and see a profitable long-term future in this business."

Outlook

Despite considerable efforts and measures to increase efficiency, an operating loss for the current 2018/2019 financial year cannot be avoided. Based on current price expectations, Nordzucker expects an even higher operating loss for the following year 2019/2020.

2018/2019 campaign: Drought leads to lower sugar yields

In this campaign, Nordzucker processed a total of around 14 million tonnes of beet (previous year: 17 million tonnes) at its 13 plants. Nykøbing will soon be the last plant to complete processing. The campaign lasted an average of 102 days. This year, organic beet was processed into organic sugar in three plants (Schladen, Nykøbing and Kedainiai).

Overall, the sugar yield is on average ten to 15 per cent lower than in the previous year due to the persistent drought, especially during the summer months. The consistently high sugar content of the beet was unable to offset the decline in volume. However, there were major regional differences, ranging from very weak yields to peak results, which were mainly achieved where the water supply was guaranteed. For two consecutive years, sugar beet thus showed that it can cope with extreme weather conditions.

"Our plants ran very smoothly and without any technical problems," emphasizes Axel Aumüller, COO. "We processed very sweet but rather small beets in our plants. It was a great challenge to get the high sugar content out. But that was very successful," Aumüller continued.

Background

Financial year Nordzucker

Nordzucker's financial year begins on 1 March and lasts until the end of February. The interim report for the first nine months covers all business activities from 1 March 2018 to 30 November 2018. The detailed interim report for the first nine months can be found in the Download Center at www.nordzucker.de.

Campaign

The sugar beet campaign is the period of the year in which sugar beets are processed into sugar in the sugar factories. The campaign usually lasts from mid-September to January.

Nordzucker Group

The Nordzucker Group, headquartered in Braunschweig, Germany, is one of the leading sugar manufacturers in Europe and also produces bioethanol and animal feed from sugar beets. Sustainability along the entire value chain is a high priority for the company. A total of 3,200 employees and 18 production and refining facilities across the Group stand for excellent products and services and thus form the basis for further growth.