

Press release

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Nordzucker starts comprehensive transformation process

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- Strategic focus on sugar production in Europe and worldwide
- Adaptation of processes, organisational and cost structure

Nordzucker focuses entirely on sugar - in its core market of Europe and globally. Due to the significantly more volatile and highly competitive market environment, a comprehensive internal transformation process is being initiated with the aim of stabilizing the company in low-price phases and securing long-term profitability.

The sugar industry in Europe is facing enormous challenges: Following the sugar market reform, sugar prices have fallen drastically. Subsidies in major producer countries worldwide and in the EU create unequal competitive conditions. Bans on crop protection products in Europe lead to higher beet costs. Nordzucker anticipates an operating loss of 40 million Euro this year. Clearly negative results are also expected next year.

The volatility of the world market, the structural potential for overproduction in the EU and the associated increased competition for market shares are putting prices under long-term pressure. Nordzucker anticipates significantly lower average earnings in the future than at the time of the sugar market regulation.

Focus on beet and cane sugar

Nordzucker will be realigned in order to maintain its position as a stable and successful company in the long term. CEO Dr. Lars Gorissen commented: "In our core business of beet sugar in Europe, we will adapt our processes, organisation and cost structure to the changed market conditions."

Nordzucker also plans to enter cane sugar production outside Europe. Here the company is in concrete negotiations in Australia and is also looking at other regions. "Growth in sugar is only taking place outside Europe and such a commitment can make a positive contribution to earnings. If the conditions are right, this investment is another important step towards positioning Nordzucker internationally in the future," Gorissen is convinced.

Due to the market situation, the company expects further consolidation in the EU and will take advantage of potential growth opportunities, but sees this as a longer-term process.

Cost reduction in administration

Due to the negative earnings outlook, the company has decided to reduce costs. The focus is on administration. Non-personnel and personnel costs are to be reduced by 20 Million Euro each.

Dr. Lars Gorissen, Chairman of the Executive Board, comments: "The upcoming changes will be challenging for all of us. We are convinced that we are on the right track and will develop into a competitive, profitable and globally active company in the new market environment".

Background

The Nordzucker Group, based in Braunschweig, Germany, is one of the leading sugar manufacturers in Europe. The Group also processes sugar beet into bioethanol and animal feed. Sustainability along the entire value chain is a top priority for the company. A total of 3,200 employees and 18 production and refinery facilities across the Group ensure excellent products and services, thus providing a strong foundation for further growth.