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## EANS-Adhoc: AGRANA Beteiligungs-AG / Results of first six months confirm stable business trend

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### 6-month report

15.10.2009

The international sugar, starch and fruit company, AGRANA, showed a stable and satisfactory business performance in the first half of the 2009|10 financial year. The key contributing factors were the falling raw material and energy prices, the normalisation in exchange rates, full utilisation of all capacity, implementation of cost-saving measures, and intensified marketing.

In the first half of the 2009|10 financial year (1 March to 31 August 2009), Group revenue was EUR 1,034.2 million, or very slightly below the year-earlier level of EUR 1,045.5 million; the difference of EUR 11.3 million was the result mainly of lower selling prices. While there was a quota- and price-induced decrease of 3.2% in the Sugar segment's revenue to EUR 371.4 million, revenue was virtually unchanged in the Fruit segment (at EUR 411.0 million, compared to EUR 408.3 million in the first half of the prior year) and in the Starch segment (at EUR 251.8 million, compared to EUR 253.6 million).

The Group's operating profit before exceptional items, at EUR 43.9 million, returned to a level in line with that of two years earlier and significantly surpassed the prior-year comparative period's deficit of EUR 7.8 million. The profit improvement was driven largely by the Starch segment, where the easing raw material prices had a positive effect on margins. In the Fruit segment, after the high inventory write-downs on apple juice concentrate in the prior year, a stabilisation in profitability was achieved on balance.

Net financial items turned positive in the first half of 2009|10, rising by EUR 10.5 million to EUR 2.4 million (from the comparative period's net expense of EUR 8.0 million). This improvement resulted from lower interest rates and the more favourable exchange rates of some Eastern European currencies, as well as the lower financing costs that accompanied a reduction of EUR 91.4 million in net debt. The Group's after-tax result for the period improved from a loss of EUR 21.4 million to a profit for the period of EUR 34.8 million.

"In the first half of 2009|10, after the difficult prior year, we achieved an attractive level of earnings considering the conditions in the real economy," notes AGRANA Chief Executive Officer Johann Marihart in commenting on the performance in the first six months of 2009|10. "This reflects not only the lower raw material and energy prices, but also our numerous efficiency-enhancing and cost-saving initiatives to safeguard and improve our profitability in a sustained way - efforts which we will continue to intensify this financial year and next."

Capital investment in the first half of 2009|10 amounted to EUR 16.3 million, significantly below the year-earlier level of EUR 32.6 million and less than current depreciation.

### First half of the financial year

#### AGRANA - IFRS results for the six months ended 31 August

First six months of		First six months of	
		2009 10	2008 09
Revenue	EURm	1,034.2	1,045.5
Operating profit/(loss) before exceptional items	EURm	43.9	(7.8)
Exceptional items	EURm	0	(2.3)
Operating profit/(loss) after exceptional items	EURm	43.9	(10.1)
Profit/(loss) before tax	EURm	46.4	(18.1)
Profit/(loss) for the period	EURm	34.8	(21.4)

Earnings/(loss) per share	EUR 2.46	(1.39)
Staff count	8,177	8,617

#### Revenue by segment

EURm	First six months of 2009 10	First six months of 2008 09
Sugar segment	371.4	383.6
Starch segment	251.8	253.6
Fruit segment	411.0	408.3
AGRANA Group revenue	1,034.2	1,045.5

#### Sugar segment

Revenue in the Sugar segment decreased by 3.2% in the first half of 2009|10 from the prior-year comparative period, to EUR 371.4 million. The primary reason was the combination of the market-regime-induced volume reduction in quota sugar sales and the decline in prices. As a result of higher availability, sales quantities of out-of-quota sugar increased. New export markets for non-quota sugar were developed outside the European Union. At EUR 13.1 million, the segment's operating profit before exceptional items in the first half of 2009|10 was at the prior-year level (EUR 13.0 million).

**Starch segment** In the first half of 2009|10 the Starch segment's revenue was almost constant in relation to the year-earlier period, at EUR 251.8 million. The chief contribution to the revenue stabilisation came from the full utilisation of the bioethanol plants in Austria and Hungary. Lower starch selling prices and the volume reductions in industrial starch sales caused by the weak economy were largely made up through volume growth in starch products for the food industry. Operating profit before exceptional items was EUR 20.4 million, well above the prior-year amount of EUR 0.4 million, which still reflected the high commodity and energy prices.

**Fruit segment** Revenue in the Fruit segment in the first six months of 2009|10 was EUR 411.0 million, up slightly from the year-earlier level of EUR 408.3 million. Fruit preparations revenue (about 80% of the segment total) followed a stable trend in global terms. In the juice activities, volume gains compensated for the significant reduction in average prices compared with the prior year. The segment's operating profit of EUR 10.5 million before exceptional items represented a significant turnaround from the prior-year operating loss of EUR 21.2 million, reflecting the absence of the past write-down on apple juice concentrate inventories and the positive trend on the fruit preparations side.

**Outlook** The environment for the future performance of the AGRANA Group has not changed materially since the beginning of the financial year. Although the food industry is a largely stable market for most of AGRANA's products, the uncertain economic setting - despite an emerging recovery trend - remains a key determinant of the Group's results going forward.

In keeping with the revenue trend in the first half of 2009|10, the Group maintains its existing target of achieving the same level of full-year revenue as in the prior year. Following the first six months' clear recovery in Group operating profit before exceptional items, and despite the difficult environment in the individual business activities, the operating profit of the first half of the year is expected to be matched in the second half of 2009|10.

The reform stage of the EU sugar regime ends in the 2009|10 financial year, eliminating the temporary strain exerted by the restructuring levies. In the Sugar segment, the optimisation of energy costs remains a top priority. In the Starch segment, despite full utilisation of the bioethanol capacity in Austria and Hungary and the probable volume increase in sales of starch products, lower grain prices are expected to lead to a price-induced decrease in revenue. Slight revenue growth is projected in the Fruit segment. Sales quantities of fruit preparations should be stable across all regions. In fruit juice concentrates, continuing low prices are expected. After the write-down in the 2008|09 financial year on the apple juice concentrate inventories, AGRANA expects the concentrate business to see a normalisation in the current financial year.

This press release and the report on the first six months of 2009|10 are available in German and English on the Internet at [www.agrana.com](http://www.agrana.com).

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