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EANS-Adhoc: AGRANA Beteiligungs-AG / AGRANA substantially improves profitability in first nine months

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9-month report

14.01.2010

AGRANA, the sugar, starch and fruit group, in the third quarter of the 2009|10 financial year continued the good trend of the first six months. Although revenue eased slightly on reduced selling prices, profitability improved markedly from the year-earlier period thanks to lower raw material and energy costs; the comparative period of the prior year had included the negative effect of a write-down on apple juice concentrate inventories. At the same time, net debt was reduced by EUR 79 million since the prior year-end, to EUR 391 million.

Group revenue in the first nine months of the 2009|10 financial year (1 March to 30 November 2009), at EUR 1,535.8 million, dipped 3.7% from the year-earlier level of EUR 1,595.5 million. The revenue decrease in the Sugar segment was 5.2%, bringing the segment revenue to EUR 547.7 million. In the Starch segment, revenue receded by 4.2% to EUR 380.4 million; in Fruit, it decreased by 2.1% to EUR 607.7 million. Sugar accounted for 35.7% of Group revenue (down from 36.2% in the first three quarters of the prior year), Starch contributed 24.8% (versus 24.9%) and Fruit generated 39.6% (up from 38.9%) of Group revenue.

Group operating profit before exceptional items quadrupled from EUR 19.7 million to EUR 78.9 million. Important factors in this improvement were lower raw material and energy costs and, in the Sugar segment, cost relief through the absence of the restructuring levy under the EU sugar market reform. The Starch segment benefited especially from the lower raw material and energy costs, which during the reporting period still more than made up for the lower product sale prices. In the Fruit segment, where the prior-year result had been depressed by the write-downs on apple juice concentrate inventories, profitability showed a pronounced upturn. Net financial items improved in the first three quarters of 2009|10 from a net expense of EUR 28.8 million to a net expense of EUR 4.9 million as a consequence of currency translation gains, the reduction in net debt and lower interest rates. After tax, the Group's profit for the period was EUR 57.8 million (up from a loss for the period of EUR 16.1 million in Q1-Q3 2008|09).

"We are pleased that profitability strengthened in all segments compared to the year-earlier period, bringing us a big step closer to regaining our pre- crisis levels of operating profit," says AGRANA Chief Executive Officer Johann Marihart.

AGRANA Group - Results for the three quarters ended November 30 (IFRS)

Q1-Q3	Q1-Q3		
	2009 10	2008 09	
Revenue	EURm 1,535.8	1,595.5	
Operating profit before exceptional items	EURm 78.9	19.7	
Exceptional items	EURm 0	-2.3	
Operating profit after exceptional items	EURm 78.9	17.4	
Profit/(loss) before tax	EURm 74.0	-11.4	
Profit/(loss) for the period	EURm 57.8	-16.1	
Earnings per share	EUR 4.04	-0.96	
Staff count	8,117	8,592	

Revenue by segment	Q1-Q3	Q1-Q3
EURm	2009 10	2008 09
Sugar segment	547.7	577.6
Starch segment	380.4	397.3
Fruit segment	607.7	620.7
AGRANA Group revenue	1,535.8	1,595.5

Investment in the first nine months of 2009|10 amounted to EUR 25.5 million (prior-year Q1-Q3: EUR 48.9 million) and thus, as planned, remained well below current depreciation.

Sugar segment Revenue in the Sugar segment in the first three quarters of 2009|10 eased by 5.2% to 547.7 million. This was attributable to a volume reduction in quota sugar sales, combined with declining prices for quota sugar. In out-of-quota sugar, exports to non-EU countries were expanded vigorously by targeting new markets. The Sugar segment's operating profit before exceptional items grew by 11.0% to EUR 19.2 million, primarily as a result of the elimination of the restructuring levy from the 2009|10 sugar marketing year onward.

Starch segment In the first three quarters of 2009|10, revenue in the Starch segment decreased by 4.2% year-on-year to EUR 380.4 million. The lower raw material costs already generated more pressure on selling prices. The full utilisation of the bioethanol plants in Austria and Hungary, as well as higher sales of native starches and saccharification products, meanwhile allowed sales quantities to increase. The segment's pre-exceptionals operating result rose to EUR 34.3 million (prior-year Q1-Q3: EUR 15.3 million) and the EBIT margin widened to 9.0% (prior-year Q1-Q3: 3.9%).

Fruit segment Fruit segment revenue in the first nine months of 2009|10 dipped 2.1% to EUR 607.7 million. Stable sales volumes of fruit preparations and higher sales quantities of fruit juice concentrates were unable to make up for the lower sale prices received, especially for apple juice concentrate. Fruit preparations revenue (accounting for 80% of segment revenue) was narrowly below the prior-year level. The Fruit segment's operating profit of EUR 25.4 million before exceptional items represented a turnaround from the comparative period's loss of EUR 12.8 million brought about by write-downs on apple juice concentrate inventories.

Outlook For the full current 2009|10 financial year, AGRANA confirms the forecast of a significant improvement in operating profit before exceptional items. As a result of the decrease in sale prices, Group revenue is expected to come in marginally below EUR 2.0 billion.

In the sugar activities, the EU restructuring levy is eliminated from the beginning of the new 2009|10 sugar marketing year on 1 October 2009. For the Starch segment a price-induced reduction in revenue is predicted, despite full utilisation of the bioethanol capacity in Austria and Hungary and the volume growth in sales of starch products. Revenue at the prior-year level is expected in the Fruit segment. The diversification of AGRANA's fruit preparations products for the baking and ice cream industries continues. A stabilisation in prices is visible in apple juice concentrates.

On balance for 2009|10, AGRANA expects to return to the approximate level of the good operating profit results of the financial years before 2008|09, although the fourth quarter earnings, especially in the Starch segment, will not match the first three quarters.

This press release and the report on the first three quarters of 2009|10 are available in German and English on the Internet at www.agrana.com.

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Further inquiry note:

Investor Relations:
Mag. Maria Fally
Tel.: 01-21137-12905
maria.fally@agrana.com

Public Relations:
Mag. Ulrike Pichler
Tel.: 01-21137-12084
ulrike.pichler@agrana.com

Branche: Food
ISIN: AT0000603709
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