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## EANS-News: AGRANA Beteiligungs-AG / Operating profit more than doubled in 2009|10

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### annual result

Wien (euro adhoc) - The 2009|10 financial year (ended 28 February 2010) of AGRANA, the sugar, starch and fruit group, was marked by a combination of volume growth and lower sales prices. As the increase of 16.7% in sales volume from the prior year could not fully make up for the price effect, Group revenue in 2009|10 eased slightly by 1.8% to EUR 1.99 billion (prior year: EUR 2.03 billion). The largest revenue contribution was generated by the Fruit segment, at about 41%, followed by Sugar at approximately 34% and Starch at about 25%, broadly in line with the proportions of the previous year.

Group operating profit before exceptional items more than doubled from EUR 37.8 million in the prior year to EUR 91.9 million, driven above all by stabilised earnings in fruit juice concentrates, the direction in raw material markets and a satisfactory trend in the profitability of the Starch segment. In the prior year a write-down on apple juice concentrate inventories had weighed on the result. The biggest contributor to the Group's pre-exceptionals operating profit was the Starch segment, at approximately 45%, versus about 39% for Fruit and 16% for Sugar.

Exceptional items amounted to an expense of EUR 5.0 million (prior year: expense of EUR 3.2 million) and related to the relocation of the AGRANA Fruit holding company and the goodwill write-down from the already completed closure of the plant in Kaplice, Czech Republic. Operating profit after exceptional items thus expanded to EUR 86.9 million in the 2009|10 financial year (prior year: EUR 34.6 million).

Net financial items improved from the prior year's net finance expense of EUR 67.1 million to net finance income of EUR 0.5 million in 2009|10 thanks to currency translation gains and lower interest payments resulting from the reduction in net debt.

As a result, profit before tax increased to EUR 87.4 million from the prior year's pre-tax loss of EUR 32.4 million. After taxes, the AGRANA Group recorded profit for the period of EUR 72.7 million (prior year: loss for the period of EUR 15.9 million).

"AGRANA delivered solid results for the 2009|10 financial year, when you consider the economic environment. Although 2009 saw the recession reach the bottom of the trough, we successfully defied this trend and improved our financial results. Consistent with the Group's aim of dividend continuity, the Management Board and Supervisory Board will recommend to the Annual General Meeting to pay a dividend of EUR 1.95 per share," says Johann Marihart, Chief Executive Officer of AGRANA Beteiligungs-AG.

### Key financials

2009 10	2008 09		
Revenue	EURm	1,989.2	2,026.3
Operating profit before exceptional items	EURm	91.9	37.8
Exceptional items	EURm	(5.0)	(3.2)
Operating profit after exceptional items	EURm	86.9	34.6
Profit before tax	EURm	87.4	(32.4)
Profit/(loss) for the period	EURm	72.7	(15.9)
- Attributable to equity holders of AGRANA Beteiligungs-AG		0.5	(4.3)
- Minority interests			
Earnings per share	EUR	5.08	(0.82)
Purchases of property, plant and equipment and intangibles <sup>1</sup>	EURm	48.4	73.8
Staff count		7,927	8,244

### 1 Excluding goodwill

Investment (excluding financial investments) was further reduced in the 2009|10 financial year as planned, from EUR 73.8 million in the prior year to EUR 48.4 million. In all segments, the capital expenditure consisted largely of replacement investment; in the Fruit segment, it additionally included mainly production expansion projects in Russia, the USA, Argentina and Austria.

## Revenue by segment

2009|10 2008|09

Sugar segment	EURm	684.1	702.5
Starch segment	EURm	499.2	519.4
Fruit segment	EURm	805.9	804.4
AGRANA Group revenue	EURm	1,989.2	2,026.3

## SUGAR SEGMENT

In the Sugar segment, total sales volume rose while revenue eased by 2.6% to EUR 684.1 million (prior year: EUR 702.5 million). Against the backdrop of the EU sugar regime, after having surrendered quota, AGRANA registered a decrease in quota sugar sales as budgeted coupled with lower sales prices. The sales quantities of non-quota sugar grew thanks to a good crop and the development of new export markets.

The Sugar segment generated an operating profit of EUR 15.2 million before exceptional items (prior year: EUR 15.8 million). With the EU sugar market reform concluded, AGRANA is clearly well-positioned strategically, particularly as many Eastern European countries where AGRANA holds important market positions became net importers.

**STARCH SEGMENT** Although higher volumes of starch products were sold, revenue eased just under 4% to EUR 499.2 million (prior year: EUR 519.4 million) as a result of the adjustment of sales prices to reflect raw material costs. Revenue in the bioethanol business expanded as lower ethanol prices were more than offset by the full utilisation of the bioethanol plants in Austria and Hungary and by sales of the main co-product, ActiProt, a high-protein feed.

Starch segment operating profit before exceptional items increased to EUR 41.1 million (prior year: EUR 27.5 million), reflecting improved margins and the earnings contribution from the bioethanol activities, which have passed the establishment stage and are now profitable.

**FRUIT SEGMENT** Revenue in the Fruit segment, at EUR 805.9 million, was steady (prior year: EUR 804.4 million). Fruit preparations revenue (accounting for about 80% of Fruit segment revenue) essentially matched the prior-year level despite a slight volume increase. By developing new markets, the effect of significantly lower selling prices was balanced through higher sales volumes of fruit juice concentrates.

Amid the absence of the prior year's write-down on inventories of apple juice concentrate and thanks to various efficiency gains and reorganisation measures in the year under review, the Fruit segment's result before exceptional items improved to a profit of EUR 35.7 million (prior year: loss of EUR 5.5 million before exceptional items).

**OUTLOOK** AGRANA currently expects Group revenue for 2010|11 to remain steady at the 2009|10 level.

In the Sugar segment, quota sugar sales show a trend of restricted growth as a consequence of the European production quota. With the production of non-quota sugar, AGRANA plans to ensure the full capacity utilisation of its sugar plants. The normalisation in the world market price for sugar should help stabilise the sales situation of the raw sugar refining operations in Romania and Bosnia-Herzegovina.

In the Starch business, the commodities market segment is expected to reflect the business cycle by growing at a reduced rate, while the specialties side of the market is forecast to have relatively better growth.

For fruit preparations, it is anticipated that the good volume trend will continue. In addition to innovation-driven growth in established markets and capacity expansion in high-potential markets like Russia, the opening up of new regions such as North Africa and the Middle East is being furthered by starting a joint venture in Egypt. For fruit juice concentrates, further volume gains are projected both in new regional markets and on the strength of an expanded product portfolio.

Operating profit before exceptional items can be expected to show the continuing positive effect of the optimisation measures taken in 2010|11 and thus to surpass the 2009|10 result. The budgeted capital expenditure of about EUR 55 million represents a level below depreciation, thus further reducing financing requirements.

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