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## EANS-News: AGRANA Beteiligungs-AG / Good start to 2010|11 financial year

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## quarterly report

Wien (euro adhoc) - The business of the sugar, starch and fruit group AGRANA continued to prosper in the first quarter of 2010|11. Amid the macroeconomic recovery, demand grew in all three business segments. The increases in sales volumes made up for the simultaneous slight easing in prices. Driven by the better market environment, the Group's revenue grew by 6.8% from the prior year's first quarter, to EUR 540.5 million. AGRANA's largest revenue gain occurred in the Fruit segment, as a result of volume growth both in fruit preparations and fruit juice concentrates.

Group operating profit before exceptional items (EBIT) expanded from EUR 20.0 million to EUR 34.3 million thanks largely to better capacity utilisation and the cost optimisation measures taken, with earnings improving significantly in all segments. (Note: there were no exceptional items in the current reporting period, the first quarter of 2010 | 11)

"With these results we have picked up where we left off in the very good quarters before the economic crisis. Especially our Fruit segment has returned to a very positive trend. With help also from the growing earnings in Sugar and Starch, our Group used the gradually stabilising environment (despite some lower product prices) to generate a good operating profit," says AGRANA Chief Executive Officer Johann Marihart.

AGRANA Group results for the first quarter ended 31 May (IFRS)

Q1 2010|11 Q1 2009|10

EUR 540.5 m EUR 506.2 m Revenue Operating profit before EUR 34.3 m EUR 20.0 m

exceptional items

Profit before tax EUR 28.0 m EUR 21.0 m EUR 19.9 m EUR 16.7 m Profit for the period Earnings per share EUR 1.39 EUR 1.19

Staff count 7.989 8,116

Net financial items amounted to a net expense of EUR 6.2 million, which reflected the current exchange rate volatility especially in the Polish zloty, Romanian leu and Hungarian forint. After a tax expense of EUR 8.1 million (representing a tax rate of 29%), the Group's profit for the period was EUR 19.9 million. Earnings per share attributable to AGRANA shareholders grew from EUR 1.19 to EUR 1.39.

Revenue by segment for the first quarter ended 31 May

Q1 2009|10 Q1 2010|11

Sugar segment EUR 181.2 m EUR 175.5 m EUR 135.4 m EUR 125.6 m EUR 223.9 m EUR 205.2 m Starch segment Fruit segment AGRANA Group revenue EUR 540.5 m EUR 506.2 m

## Sugar segment

Revenue in the Sugar segment increased by 3.2% in the first quarter to EUR 181.2

million on higher sales quantities. Quota sugar prices were lower than one year earlier, but in exports of non-quota sugar AGRANA benefited from the higher world market prices. Thanks to cost relief, the segment was able to expand its margins on quota and non-quota sugar from its own production; this made itself felt in a 56% improvement in pre-exceptionals operating profit to EUR 6.1 million.

Starch segment The revenue growth in the first quarter of 2010 11 from EUR 125.6 million to EUR 135.4 million was attributable mainly to higher sales volumes in all core product groups and in by-products. The rise of 37.8% in operating profit was driven by

volume growth and by savings in raw materials and energy costs. The operating profit margin improved from 8.8% to 11.3%. The higher margin reflects the stronger Austrian bioethanol business and an earnings improvement in the Hungarian joint-venture activities.

Fruit segment Positive trends in the relevant markets translated into revenue growth of 9.1% and an increase of 156.0% in operating profit before exceptional items. Higher sales volumes of fruit preparations and fruit juice concentrates more than offset the lower average sale prices. The rapid recovery in pertinent markets in Eastern Europe led to very good volume growth in fruit preparations.

Outlook Based on the positive patterns in the first quarter of 2010|11, coupled with rising raw material prices, AGRANA is projecting a slight increase in full-year Group revenue compared to the prior year. The Sugar and Starch segments are expected to have similar revenue as in 2009|10, while the good performance in the Fruit segment will result in higher Fruit revenues.

The operating profit improvement in the Sugar and Fruit segments should lead to an increase in the AGRANA Group's operating profit before exceptional items and lift the Group operating margin above that of the 2009 10 financial year.

In the Sugar segment, 2010|11 will be the first financial year where the regulatory environment created by the EU sugar regime reform will apply in the form that is effective until 2015. The temporary strain from the sugar market restructuring phase is now eliminated. Despite possible crop losses due to flooding, AGRANA continues to expect a high volume of sugar production in the 2010 campaign that should match the year-earlier level.

AGRANA anticipates further sales volume growth in the Starch segment. For the bioethanol activities, revenue growth is forecast as a result of the volume of production and sales. Local market conditions will determine bioethanol prices in Europe, as demand depends on the national political measures concerning biofuel blend requirements.

In the Fruit segment, the 2010 | 11 financial year is seeing a recovery in the market that will lead to rising sales quantities. The short-term outlook for the coming months indicates sustained growth in sales volumes of fruit preparations. AGRANA's diversification of fruit preparations for the baking and ice cream industries continues. In apple juice concentrates, AGRANA expects the year to bring weather-related smaller crops at higher purchasing prices.

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