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EANS-News: AGRANA Beteiligungs-AG raises Group forecast for full year

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Subtitle: Attractive business results in Starch segment

6-month report/Half year results 2015|16 (ended 31.08.2015)

- Group revenue of EUR 1,263.5 million (H1 prior year: EUR 1,285.2 million) marginally lower than in first half of 2014|15 for price reasons

- Operating profit (EBIT) at EUR 68.7 million still significantly below year-earlier level (H1 prior year: EUR 87.0 million), but second quarter already up slightly year-on-year

- Outlook for full year 2015|16: steady revenue, with EBIT now seen only moderately below prior year

In the first half of the 2015|16 financial year, AGRANA, the sugar, starch and fruit products manufacturer, posted revenue of EUR 1,263.5 million (H1 prior year: EUR 1,285.2 million). The Group's revenue thus eased mildly by 1.7% from one year earlier. Operating profit (EBIT), at EUR 68.7 million (H1 prior year: EUR 87.0 million), was down significantly as expected, with a decline of 21.0% from the first six months of 2014|15 as a result of the sustained negative price situation for sugar. While EBIT in the Starch segment improved markedly compared to the year-earlier period, and, in the second quarter, contributed to Group-level EBIT growth of 9.1%, revenue in the Sugar segment remained down amid the lasting low sugar market prices and led to the anticipated weaker EBIT result for Sugar. In the Fruit segment, EBIT eased moderately as a result of poorer earnings in fruit juice concentrates.

AGRANA Chief Executive Officer Johann Marihart says: "The current adverse sugar price situation had a strong impact on our results for the first half of the year. On the other hand, the present high ethanol prices are boosting operating profit in the Starch segment and thus for the Group as a whole. As a result of the improved projected margin in the ethanol business, we were also able to raise our Group EBIT forecast for the full financial year. Once more, our strategy of diversification across the three pillars of Sugar, Starch and Fruit has proved invaluable in cushioning the effects of earnings fluctuations."

Consolidated financial results of AGRANA Beteiligungs-AG*
EUR million, except %

	H1 2015 16	H1 2014 15
Revenue	1,263.5	1,285.2
EBITDA**	93.1	113.2
Operating profit before exceptional items***	58.0	78.2
Share of results of equity-accounted joint ventures	12.0	12.9
Exceptional items	(1.3)	(4.1)
Operating profit (EBIT)	68.7	87.0
EBIT margin	5.4%	6.8%
Net financial items	(11.2)	(8.1)
Profit for the period	43.9	60.2

Investment****	40.8	38.6
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	Q2 2015 16	Q2 2014 15
Revenue	650.8	638.0
EBITDA**	49.9	49.7
Operating profit before exceptional items***	32.0	31.7
Share of results of equity-accounted joint ventures	6.3	6.5
Exceptional items	(1.1)	(4.1)
Operating profit (EBIT)	37.2	34.1
EBIT margin	5.2%	5.3%
Net financial items	(9.5)	(5.4)
Profit for the period	22.4	21.0
Investment****	22.9	23.7

*All prior-year data have been restated under IAS 8

**EBITDA represents operating profit before exceptional items, results of equity-accounted joint ventures, and operating depreciation and amortisation

***Operating profit before exceptional items and results of equity-accounted joint ventures

****Investment represents purchases of property, plant and equipment and intangible assets, excluding goodwill

Net financial items in the first half of the year amounted to a net expense of EUR 11.2 million (H1 prior year: net expense of EUR 8.1 million); the year-on-year increase in expense resulted primarily from net currency translation losses. After an income tax expense of EUR 13.6 million, corresponding to a tax rate of about 23.7% (like one year earlier), profit for the period was EUR 43.9 million (H1 prior year: EUR 60.2 million). Earnings per share attributable to shareholders of AGRANA were EUR 3.08 (H1 prior year: EUR 4.03).

Net debt as of 31 August 2015 stood at EUR 373.0 million, up by EUR 42.7 million from the 2014|15 year-end level. The gearing ratio rose accordingly to 31.8% as of the mid-year balance sheet date (28 February 2015: 27.7%). Total assets eased moderately compared with 28 February 2015, from EUR 2.41 billion to EUR 2.22 billion, and the equity ratio rose from 49.6% to 52.9%.

Sugar segment
EUR million, except %

	H1 2015 16	H1 2014 15
Revenue	345.0	378.1
Operating profit (EBIT)	6.4	28.1
EBIT margin	1.9%	7.4%

	Q2 2015 16	Q2 2014 15
Revenue	197.2	193.0
Operating profit (EBIT)	8.4	11.1
EBIT margin	4.3%	5.8%

Sugar segment revenue in the first half of 2015|16 declined by 8.8% year-on-year to EUR 345.0 million. Revenue from by-products retreated slightly. Given the lasting negative market price situation, Sugar EBIT as expected was down significantly to EUR 6.4 million, but it was positive again in the second quarter after the first quarter's negative result.

Starch segment

EUR million, except %

	H1 2015 16	H1 2014 15
Revenue	352.7	351.7
Operating profit (EBIT)	31.1	25.2
EBIT margin	8.8%	7.2%

	Q2 2015 16	Q2 2014 15
Revenue	178.6	173.9
Operating profit (EBIT)	16.4	10.7
EBIT margin	9.2%	6.2%

The Starch segment's revenue in the first half of 2015|16 was EUR 352.7 million, somewhat higher than in the same period one year earlier. The revenue growth came especially from the bioethanol business, which benefited from higher selling prices. EBIT of EUR 31.1 million significantly surpassed the year-earlier result, by 23.4%. This operating profit growth was driven above all by the improved sales prices for ethanol; at the same time, average raw material costs for the Starch segment as a whole also eased slightly year-on-year.

Fruit segment

EUR million, except %

	H1 2015 16	H1 2014 15
Revenue	565.8	555.9
Operating profit (EBIT)	31.2	33.7
EBIT margin	5.5%	6.1%

	Q2 2015 16	Q2 2014 15
Revenue	275.0	271.1
Operating profit (EBIT)	12.4	12.3
EBIT margin	4.5%	4.5%

Fruit segment revenue increased by 1.8% in the first half of 2015|16 to EUR 565.8 million. In the fruit preparations business the revenue growth of approximately 10% resulted from higher sales volumes and prices. In fruit juice concentrates, selling prices of apple juice concentrate were down sharply and revenue thus fell by about 20%, with the consequence of lower earnings. EBIT for the whole Fruit segment in the first six months was EUR 31.2 million, or 7.4% less than one year earlier.

Outlook

AGRANA continues to expect Group revenue to remain steady in the 2015|16 financial year. For operating profit (EBIT), the Group is now projecting only a moderate instead of a significant decrease, provided the ethanol price situation remains positive. "We should be able to almost fully make up for the likely weak EBIT result in the Sugar segment through year-on-year EBIT growth in the Starch and Fruit segments. The improved outcome projected in our revised full-year forecast will also be made possible by other factors, such as lower campaign costs and energy savings," comments CEO Marihart. The budgeted investment for the 2015|16 financial year, at approximately EUR 93 million, will be slightly above depreciation.

AGRANA converts agricultural raw materials into high-quality foods and numerous industrial intermediate products. About 9.000 employees at more than 50 production sites worldwide generate annual Group sales of around EUR 2.5 billion. Established in 1988, the company today is the leading sugar producer in Central and Eastern Europe and its Starch segment is a major European manufacturer of specialty products, as well as the largest producer of bioethanol in Austria. AGRANA is also the world market leader in fruit preparations and Europe's largest maker of fruit juice concentrates.

This announcement is available in German and English at www.agrana.com.

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