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EANS-News: AGRANA delivers significant EBIT growth in 2016|17 financial year

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Subtitle: Operating profit improvement in all segments

annual result/Financial Figures/Balance Sheet

- Group revenue: EUR 2,561.3 million (up 3.4%; prior year: EUR 2,477.6 million)
- Operating profit (EBIT): EUR 172.4 million (up 33.6%; prior year: EUR 129.0 million)
- All three segments drove the significant improvement in operating Profit
- Earnings per share: EUR 7.13 (up 22.5%; prior year: EUR 5.82)
- Successful increase in share capital and free float
- Equity ratio of 56.9% (prior year: 53.5%)
- Dividend proposal of EUR 4.00 per share as in the prior year
- Outlook for 2017|18: expecting further moderate rise in revenue and EBIT

The international sugar, starch and fruit products manufacturer AGRANA is reporting on another profitable year. Operating profit (EBIT) was boosted substantially by 33.6% in the 2016|17 financial year to EUR 172.4 million (prior year: EUR 129.0 million). The Group's revenue grew by 3.4% to EUR 2,561.3 million (prior year: EUR 2,477.6 million). "We are pleased to say that all three business segments, Sugar, Starch and Fruit, starting from different base levels of operating profit, contributed to the significant earnings improvement and we more than achieved our targets for the year. While the EBIT increase in the Sugar segment was made possible by higher sales prices, the renewed rise in Starch EBIT was driven by stronger sales volumes. In the Fruit segment, it was above all the upturn in the fruit juice concentrate business that led to significant EBIT growth," explains CEO Johann Marihart in commenting on the past financial year.

AGRANA Group results (IFRS)

EUR million, except %

	FY 2016 17	FY 2015 16
Revenue	2,561.3	2,477.6
EBITDA*	235.2	192.0
Operating profit**	150.8	107.5
Operating profit (EBIT)	172.4	129.0
EBIT margin	6.7%	5.2%
Profit for the period	117.9	80.9
Earnings per share***	7.13	5.82
Investments****	114.7	116.0
Number of employees*****	8,638	8,510

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

ventures, and operating depreciation and amortisation.

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

*** 2016|17 earnings per share are based on the new number of shares outstanding at the balance sheet date of 28 Feb. 2017

**** Purchases of property, plant and equipment and intangibles; Excluding goodwill

***** Average number of full-time equivalents in the financial year.

Net financial items amounted to a net expense of EUR 17.9 million in the 2016|17 financial year (prior year: net expense of EUR 24.5 million), an improvement driven by more favourable currency translation effects. Profit before tax increased from the prior year's EUR 104.4 million to EUR 154.5 million. After an income tax expense of EUR 36.6 million based on a tax rate of 23.7% (prior year: 22.5%), the Group's profit for the period was EUR 117.9 million (prior year: EUR 80.9 million).

With total assets of EUR 2,481.4 million that were up EUR 238.3 million compared to one year earlier, AGRANA improved its equity ratio from 53.5% to 56.9% or by 3.4 percentage points. Net debt at 28 February 2017 was EUR 239.9 million, down significantly as expected - by EUR 165.9 million - from the 2015|16 year-end level. The gearing ratio of 17.0% at the balance sheet date was thus much lower than on 29 February 2016, when it measured 33.8%.

In the cash capital increase successfully completed towards the end of the 2016|17 financial year, AGRANA issued a total of 1,420,204 new shares in two tranches, including through a rights offering. Through the placement of existing AGRANA shares from the direct shareholding of Südzucker AG, and as a result of the fact that the two principal shareholders Z&S Zucker und Stärke Holding AG and Südzucker AG waived their subscription rights, AGRANA's free float was increased from 7.3% to 18.9%. Despite the higher number of shares outstanding after the capital increase, earnings per share rose to EUR 7.13 in the 2016|17 financial year (prior year: EUR 5.82). Consistent with AGRANA's dependable dividend policy, the Management Board will recommend to the Annual General Meeting an unchanged dividend of EUR 4.00 per share.

Results in the Sugar, Starch and Fruit segments

SUGAR segment

	FY 2016 16 FY 2015 16	
Revenue	671.9	672.6
Operating profit (EBIT)	24.4	4.3
EBIT margin	3.6%	0.6%

Revenue in the Sugar segment in the 2016|17 financial year was EUR 671.9 million, or essentially constant year-on-year. At EUR 24.4 million, EBIT represented a significant improvement (despite a non-recurring expense of EUR 9.0 million) thanks largely to higher sales prices achieved especially with resellers and with exports.

STARCH segment

	FY 2016 17 FY 2015 16	
Revenue	733.9	721.6

Operating profit (EBIT)	76.2	65.9
EBIT margin	10.4%	9.1%

Revenue in the Starch segment was EUR 733.9 million, up slightly by 1.7% from the previous year. Through productivity increases, higher quantities of starch (particularly from potatoes) and ethanol were produced and sold than in the year-ago period. EBIT of EUR 76.2 million significantly surpassed the already good year-earlier result, by 15.6%. Savings on raw material and energy costs and on administrative (non-staff) expenses had a major positive impact on Starch EBIT.

FRUIT segment

	FY 2016 17	FY 2015 16
Revenue	1,155.5	1,083.4
Operating profit (EBIT)	71.8	58.8
EBIT margin	6.2%	5.4%

Fruit segment revenue rose by 6.7% to EUR 1,155.5 million. Fruit preparations revenue increased by almost 5% as a result of growth in sales volumes. In the fruit juice concentrate activities, revenue was up considerably from the previous year, due mainly to higher prices for apple juice concentrate. EBIT for the Fruit segment improved by 22.1% to EUR 71.8 million, thanks particularly to the upturn in the fruit juice concentrate business.

Outlook

With its sound finances and diversified business model built on the Sugar, Starch and Fruit segments, AGRANA considers itself to be well positioned for the new financial year. "For the 2017|18 financial year we currently expect both Group revenue and operating profit (EBIT) to show a moderate increase," says CEO Marihart. In 2017|18 the total investment in the three business segments - about EUR 140 million - will remain significantly above the level of depreciation of just under EUR 95 million.

Management developments

At its meeting on 11 May 2017 the Supervisory Board of AGRANA Beteiligungs-AG extended the term of Chief Executive Officer Johann Marihart to 28 February 2021.

About AGRANA

AGRANA converts agricultural raw materials into high-quality foods and numerous industrial intermediate products. About 8,600 employees at more than 50 production sites worldwide generate annual Group sales of around EUR 2.6 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 custom starch products and bioethanol. AGRANA is also the world market leader in fruit preparations and the largest manufacturer of fruit juice concentrates in Europe.

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

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