

Q1

Quarterly Statement First quarter 2021/22

1 March to 31 May 2021

Consolidated group revenues

€ **1,753**
[1,669] million

Consolidated group
operating result

€ **49**
[61] million

FULL-YEAR
FISCAL 2021/22
FORECAST

€ **7.0 to 7.2**
[2020/21: 6.7] billion

—
Consolidated group
revenues

€ **300 to 400**
[2020/21: 236] million

—
Consolidated
operating result

SÜDZUCKER

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FINANCIAL CALENDAR

Annual general meeting

Fiscal 2020/21	
15 July 2021	

Q2 – Half year financial report

1st half year 2021/22	
14 October 2021	

Q3 – Quarterly statement

1st to 3rd quarter 2021/22	
13 January 2022	

Press and analysts' conference

Fiscal 2021/22	
19 May 2022	

Q1 – Quarterly statement

1st quarter 2022/23	
7 July 2022	

Annual general meeting

Fiscal 2021/22	
14 July 2022	

Q2 – Half year financial report

1st half year 2022/23	
13 October 2022	

OVERVIEW

First quarter 2021/22

From the beginning of the 2021/22 financial year, Südzucker will report on the five segments sugar, special products, CropEnergies, starch and fruit.¹

Revenues by segment

€ million	1st quarter		
	2021/22	2020/21	+/- in %
Sugar ¹	595	565	5.2
Special products ¹	421	444	-5.2
CropEnergies	195	162	20.4
Starch ²	221	194	14.0
Fruit	321	304	5.6
Group total	1,753	1,669	5.0

¹Prior-year figures adjusted.

²First-time reporting of the starch segment in the 2021/22 financial year.

TABLE 01

Operating result by segment

€ million	1st quarter		
	2021/22	2020/21	+/- in %
Sugar ¹	-25	-16	55.9
Special products ¹	34	40	-14.3
CropEnergies	15	8	86.4
Starch ²	9	13	-33.8
Fruit	16	16	-0.6
Group total	49	61	-20.1

¹Prior-year figures adjusted.

²First-time reporting of the starch segment in the 2021/22 financial year.

TABLE 02

Full-year fiscal 2021/22 forecast unchanged

- Consolidated group revenues expected between € 7.0 to 7.2 (2020/21: 6.7) billion.
- Consolidated group operating result expected to range between € 300 to 400 (2020/21: 236) million.
- Capital employed at last year's level; significant increase in ROCE (2020/21: 3.8 %).

¹ Further information can be found in the "New segment structure" section at the end of this statement.

OVERVIEW

Group figures as of 31 May 2021

		1st quarter		
		2021/22	2020/21	+/- in %
Revenues and earnings				
Revenues	€ million	1,753	1,669	5.0
EBITDA	€ million	121	134	-9.8
EBITDA margin	%	6.9	8.0	
Depreciation	€ million	-72	-73	-1.1
Operating result	€ million	49	61	-20.1
Operating margin	%	2.8	3.7	
Net earnings	€ million	28	43	-34.7
Cash flow and investments				
Cash flow	€ million	96	118	-18.6
Investments in fixed assets ¹	€ million	55	52	5.4
Investments in financial assets/acquisitions	€ million	5	11	-55.0
Total investments	€ million	60	63	-5.2
Performance				
Fixed assets ¹	€ million	3,196	3,287	-2.8
Goodwill	€ million	720	737	-2.2
Working capital	€ million	2,148	2,086	3.0
Capital employed	€ million	6,177	6,222	-0.7
Capital structure				
Total assets	€ million	7,855	8,164	-3.8
Shareholders' equity	€ million	3,606	3,790	-4.9
Net financial debt	€ million	1,425	1,431	-0.4
Equity ratio	%	45.9	46.4	
Net financial debt as % of equity (gearing)	%	39.5	37.8	
Shares				
Market capitalization on 31 May	€ million	2,716	2,781	-2.3
Total shares issued as of 31 May	millions of shares	204.2	204.2	0.0
Closing price on 31 May	€	13.71	13.45	1.9
Earnings per share on 31 May	€	0.07	0.12	-41.7
Average trading volume/day	thousands of shares	654	996	-34.3
Performance Südzucker share 1 March to 31 May	%	5.2	-4.4	
Performance SDAX® 1 March to 31 May	%	7.9	0.2	
Employees		18,380	18,904	-2.8

¹ Including intangible assets.

TABLE 03

ECONOMIC REPORT

Group results of operations

Revenues, EBITDA and operating result

Consolidated revenues in the first quarter of fiscal 2021/22 increased moderately to € 1,753 (1,669) million. While the special products segment's revenues declined moderately, they were up moderately in the sugar and fruit segments and rose significantly in the CropEnergies and starch segments, respectively.

Group EBITDA was € 13 million lower than the previous year at € 121 (134) million.

The consolidated group operating result fell substantially to € 49 (61) million during the reporting period. The uneven quarterly business development caused by the pandemic since Q1 2020/21 distorted results within the quarters and affected the entire 2020/21 fiscal year. The distortions may now lead to some opposite effects during the current 2021/22 fiscal year. The operating result in the sugar, special products and starch segments fell sharply in the first quarter, but rose significantly in the CropEnergies segment. The fruit segment's operating result was on par with last year.

Result from operations

Result from operations of € 47 (65) million comprises an operating result of € 49 (61) million, the result from restructuring and special items of € 0 (1) million and the earnings contribution from companies consolidated at equity of € -2 (3) million.

Result from companies consolidated at equity

The result from companies consolidated at equity was generated almost exclusively by the sugar and starch segments and amounted to € -2 (3) million.

Financial result

The financial result for the first three months of € -10 (-8) million includes net interest result of € -8 (-6) million as well as a result from other financing activities of € -2 (-2) million.

Taxes on income

Earnings before taxes were reported at € 37 (57) million and taxes on income totaled € -9 (-14) million.

Business performance – Group

		1st quarter		
		2021/22	2020/21	+/- in %
Revenues	€ million	1,753	1,669	5.0
EBITDA	€ million	121	134	-9.8
Depreciation on fixed assets and intangible assets	€ million	-72	-73	-1.1
Operating result	€ million	49	61	-20.1
Result from restructuring/special items	€ million	0	1	-66.7
Result from companies consolidated at equity	€ million	-2	3	-
Result from operations	€ million	47	65	-27.1
EBITDA margin	%	6.9	8.0	
Operating margin	%	2.8	3.7	
Investments in fixed assets ¹	€ million	55	52	5.4
Investments in financial assets/acquisitions	€ million	5	11	-55.0
Total investments	€ million	60	63	-5.2
Shares in companies consolidated at equity	€ million	164	309	-46.8
Capital employed	€ million	6,177	6,222	-0.7
Employees		18,380	18,904	-2.8

¹Including intangible assets.

TABLE 04

Consolidated net earnings

Of the consolidated net earnings of € 28 (43) million, € 15 (26) million were allocated to Südzucker AG shareholders, € 3 (3) million to hybrid equity and € 10 (14) million to other non-controlling interests, mainly the co-owners of AGRANA Group and CropEnergies Group.

Earnings per share

Earnings per share came in at € 0.07 (0.12). The calculation was based on the time-weighted average of 204.2 (204.2) million shares outstanding.

Income statement

€ million	1st quarter		
	2021/22	2020/21	+/- in %
Revenues	1,753	1,669	5.0
Operating result	49	61	-20.1
Result from restructuring / special items	0	1	-66.7
Result from companies consolidated at equity	-2	3	-
Result from operations	47	65	-27.1
Financial result	-10	-8	25.0
Earnings before income taxes	37	57	-35.5
Taxes on income	-9	-14	-37.7
Net earnings	28	43	-34.7
of which attributable to Südzucker AG shareholders	15	26	-42.2
of which attributable to hybrid capital	3	3	-6.3
of which attributable to other non-controlling interests	10	14	-28.0
Earnings per share (€)	0.07	0.12	-41.7

TABLE 05

Group financial position

Cash flow

Cash flow reached € 96 million, compared to € 118 million during the same period last year. This translates into 5.5 (7.1) % of sales revenues.

Working capital

The seasonal cash inflow of € 55 million from reduced working capital was primarily due to the selloff of sugar inventories, which was partially compensated by an increase of trade receivables and the settlement of trade payables. Previous year's cash inflow was € 104 million.

Investments in fixed assets

Investments in fixed assets (including intangible assets) totaled € 55 (52) million. The sugar segment's investments of € 23 (20) million were again mainly for replacements and for compliance with legal or regulatory requirements. Logistics improvements and individual process optimizations were successfully implemented as well. In the special products segment, € 18 (13) million was spent mainly on plant expansion and optimization at BENE0 and Freiburger. Investments of € 5 (10) million were made in the CropEnergies segment to replace production plants, increase their capacity or improve their efficiency. The starch segment also invested € 4 (5) million, primarily to add new production capacities or upgrade existing plants. In the fruit segment, € 5 (4) million were mainly related to replacement and maintenance investments as well as capacity expansions in the fruit preparations division.

Investments in financial assets

Investments in financial assets of € 5 (11) million in the fruit segment consisted of the capital contribution to the previously unconsolidated company AGRANA Fruit Japan Ltd. in Yokkaichi, Japan. Last year, financial investments related mainly to AGRANA Stärke GmbH's acquisition of Marroquin Organic International Inc. of Santa Cruz, USA.

Development of net financial debt

Net financial debt was down € 86 million, from € 1,511 million on 28 February 2021 to € 1,425 million on 31 May 2021. Total investments of € 60 million and the € 4 million earnings distribution were fully financed from cash flow of € 96 million and the cash inflow of € 55 million due to the reduction of the working capital.

Cash flow statement

€ million	1st quarter		
	2021/22	2020/21	+/- in %
Cash flow	96	118	- 18.6
Increase (-)/decrease (+) in working capital	55	104	- 46.9
Gains (-)/losses (+) from the disposal of non-current assets/securities	- 5	1	-
Net cash flow from operating activities	146	223	- 34.0
Total investments in fixed assets ¹	- 55	- 52	5.4
Investments in financial assets/acquisitions	- 5	- 11	- 55.0
Total investments	- 60	- 63	- 5.2
Other cash flows from investing activities	- 25	2	-
Cash flow from investing activities	- 85	- 61	39.4
Repayment (-)/refund (+) of financial liabilities	- 87	- 140	- 37.9
Increases in stakes held in subsidiaries (-)	- 4	0	-
Dividends paid	- 4	- 5	- 6.5
Cash flow from financing activities	- 93	- 145	- 36.0
Other change in cash and cash equivalents	1	- 4	-
Decrease (-)/Increase (+) in cash and cash equivalents	- 31	13	-
Cash and cash equivalents at the beginning of the period	198	197	0.1
Cash and cash equivalents at the end of the period	167	211	- 21.0

¹Including intangible assets.

TABLE 06

Group assets

Balance sheet

€ million	31 May 2021	31 May 2020	+/- in %
Assets			
Intangible assets	940	989	-5.0
Fixed assets	2,976	3,034	-1.9
Remaining assets	287	448	-35.9
Non-current assets	4,203	4,471	-6.0
Inventories	1,841	1,907	-3.5
Trade receivables	1,096	1,038	5.6
Remaining assets	715	748	-4.4
Current assets	3,652	3,693	-1.1
Total assets	7,855	8,164	-3.8
Liabilities and equity			
Equity attributable to shareholders of Südzucker AG	2,051	2,239	-8.4
Hybrid capital	654	654	0.0
Other non-controlling interests	901	897	0.5
Total equity	3,606	3,790	-4.9
Provisions for pensions and similar obligations	870	892	-2.4
Financial liabilities	1,437	1,425	0.8
Remaining liabilities	358	414	-13.5
Non-current liabilities	2,665	2,731	-2.4
Financial liabilities	394	501	-21.3
Trade payables	715	703	1.7
Remaining liabilities	475	439	8.2
Current liabilities	1,584	1,643	-3.6
Total liabilities and equity	7,855	8,164	-3.8
Net financial debt	1,425	1,431	-0.4
Equity ratio in %	45.9	46.4	
Net financial debt as % of equity (gearing)	39.5	37.8	

TABLE 07

Non-current assets

Non-current assets were down € 268 million to € 4,203 (4,471) million. The carrying value of fixed assets decreased by € 58 million to € 2,976 (3,034) million, as investments were lower than current depreciation and amortization. The € 161 million decline in other assets to € 287 (448) million was primarily due to a lower share of companies consolidated at equity resulting from the recognized prorated share of ED&F Man Holdings Ltd. losses in fiscal 2020/21.

Current assets

Current assets fell € 41 million to € 3,652 (3,693) million. Inventories declined € 66 million to € 1,841 (1,907) million. The decrease is primarily attributable to lower sugar inventories due to sharply lower sugar production volumes during the 2020 campaign. Trade receivables rose € 58 million to € 1,096 (1,038) million, thus reflecting increased revenues. Other assets decreased by € 33 million to € 715 (748) million, primarily as a result of the lower security holdings together with cash and cash equivalents, which were offset by a higher level of purchased emissions certificates.

Equity

Equity dropped to € 3,606 (3,790) million and the equity ratio amounted to 45.9 (46.4) %. Südzucker AG shareholders' equity declined to € 2,051 (2,239) million, largely due to the prorated annual loss during the course of fiscal 2020/21.

Non-current liabilities

Non-current liabilities declined € 66 million to € 2,665 (2,731) million. Provisions for pensions and similar obligations decreased by € 22 million to € 870 (892) million; they were measured at a lower market interest rate of 1.55 (1.65) % compared with the previous year's balance sheet date of 31 May 2020. Financial liabilities increased overall by € 12 million to € 1,437 (1,425) million as a result of higher liabilities to financial institutions and a simultaneous decline in lease liabilities. Other liabilities dropped to € 358 (414) million.

Current liabilities

Current liabilities declined € 59 million to € 1,584 (1,643) million. Current financial liabilities decreased by € 107 million to € 394 (501) million, in particular due to the reduction in liabilities to financial institutions and the higher volume of commercial paper issued. Trade payables were up year-on-year at € 715 (703) million. This reflected an increase of € 212 (189) million in liabilities toward beet farmers included in this item. Other debt, consisting of other provisions, taxes owed and other liabilities, rose € 36 million to € 475 (439) million.

Net financial debt

Net financial debt as of 31 May 2021 was unchanged from the prior year at € 1,425 (1,431) million which corresponds to 39.5 (37.8) % of equity.

Employees

The number of persons employed by the group (full-time equivalent) at the end of the first quarter of fiscal 2021/22 was lower than last year at € 18,380 (18,904). The lower number of employees in the sugar segment was mainly due to the restructuring measures. In the fruit segment, the decrease in workforce resulted, among other things, from the reduced need for seasonal workers in the fruit preparations business.

Employees by segment at balance sheet date

31 May	2021	2020	+/- in %
Sugar ¹	6,200	6,569	-5.6
Special products ¹	4,958	4,906	1.1
CropEnergies	448	451	-0.7
Starch ²	1,126	1,112	1.3
Fruit	5,648	5,866	-3.7
Group	18,380	18,904	-2.8

¹ Prior-year figures adjusted.

² First-time reporting of the starch segment in the 2021/22 financial year.

TABLE 08

SUGAR SEGMENT

Markets

World sugar market

In its latest update of the estimated world sugar balance in June 2021, market analyst IHS Markit forecasts a production deficit of 3.0 million tonnes for the current 2020/21 marketing year (1 October to 30 September). Expected world sugar production is down slightly due to weaker European, Russian and Brazilian harvest expectations, despite rising production projections for India and the United States. With world sugar consumption rising slightly, inventories will shrink this marketing year.

For the upcoming 2021/22 marketing year, IHS Markit now expects a small surplus of 0.7 million tonnes driven by higher world sugar production, particularly in Thailand, India and Europe, amid growing global sugar consumption. Final inventories remain low considering the level of consumption.

World market sugar prices

1 June 2018 to 31 May 2021, London, nearest forward trading month, white sugar value

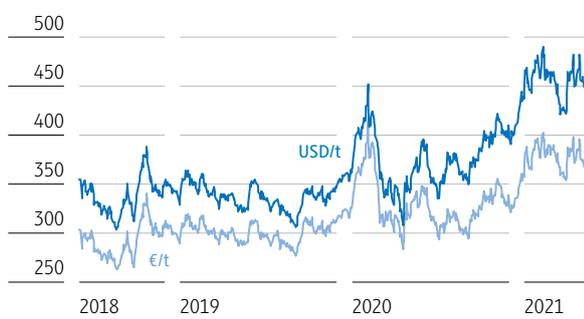


DIAGRAM 01

In early 2021, the world market price for white sugar had risen to as high as 403 €/t by mid-February. It was still averaging around 330 €/t in calendar year 2020. Since the beginning of the current fiscal year, world market prices have been fluctuating in a range from about 350 €/t to around 400 €/t. At the end of the reporting period, the world market price closed at 377 €/t.

EU sugar market

During the current 2020/21 sugar marketing year (1 October to 30 September), sugar production (EU excluding UK; including isoglucose) fell further to 15.0 (16.8) million tonnes as a

result of smaller cultivation areas, difficult weather conditions and heavy infestation of the beet yellowing virus. However, this low production more than compensated for the temporarily weaker demand caused by the Corona pandemic. The EU will thus remain a net importer of sugar for the third time in a row in sugar marketing year 2020/21.

The EU price for sugar (food and non-food, ex-factory) was quoted at 381 €/t at the beginning of the current sugar marketing year in October 2020 and continued to rise during the course of the sugar marketing year. The last value published by the EU Commission in March 2021 is 394 €/t. But there are significant regional price differences across the deficit and surplus regions within the EU. For the coming 2021/22 sugar marketing year, the EU Commission is currently forecasting a further decline in the cultivation area. Production should rise again as yields return to normal. Later in the year, sugar demand, which is weaker due to Corona, is also expected to normalize. Overall, the EU is therefore expected to remain a net importer of sugar in the 2021/22 sugar marketing year.

Energy market

Crude oil price development in Q1 2021/22 was driven by uncertainty surrounding the further course of the Corona pandemic and its impact on demand. At the beginning of March 2021, North Sea Brent was trading at about 64 US dollars per barrel. Despite uncertainties surrounding actual global inventories and OPEC initially deciding on continuing limited production and then surprisingly expanding it instead, the price of crude traded within a narrow range between 60 and 70 US dollars per barrel. Demand continued to recover further over the course of the quarter and the previously considerable excess inventory was almost eliminated. Overall, the oil market was in much better shape towards the end of the quarter. At the end of the reporting period, the price of crude was quoted at 69 US dollars per barrel and rose to 75 US dollars per barrel at the end of June, in tandem with prices of other energy sources.

Legal and political environment

Aside from the aforementioned, there have been no material changes during the reporting period to the legal and political general conditions than those outlined on pages 68 and 69 of the 2020/21 annual report (consolidated management report, economic report, sugar segment).

Business performance

Revenues and operating result

Sugar segment's revenues climbed moderately to € 595 (565) million. The improvement was driven mainly by higher sugar sales revenues since the beginning of the new 2020/21 sugar marketing year, with sales volumes at the previous year's level. The first quarter of the 2020/21 financial year initially benefited from the positive effects of hamstering purchases at the start of the Corona pandemic. In the course of the last fiscal year, these benefits were clearly overshadowed by weaker demand from the sugar processing industry.

The operating loss for the first quarter of fiscal 2021/22 was sharply higher than last year at € –25 (–16) million. Higher sugar sales revenues were offset by increased production costs from the 2020 campaign and lower retail sales volumes. Because sales volumes were still high in last year's first quarter, it was not yet possible to achieve higher sales volumes in the first quarter of the current fiscal year.

Result from companies consolidated at equity

The result from companies consolidated at equity in the sugar segment of € –5 (–1) million relates mainly to ED&F Man.

Beet cultivation and 2021 campaign

Südzucker Group expanded its total beet cultivation area for the 2021 campaign to 353,600 (343,000) ha, up about 3.1 % year over year. The main planting campaign kicked off at the end of March, with initially good seeding conditions. Although late frosts and generally cool temperatures in April and May delayed beet development, adequate water supplies ultimately led to uniform beet stands.

Investments in fixed assets

The sugar segment invested € 23 (20) million, about the same as last year. Process optimization investments include a beet earth press station expansion, installing and connecting new cooling crystallizers, an evaporator station expansion, and installation of a new extraction tower. Infrastructure investments included a batch loading facility expansion and a new bagging system for organic sugar. Numerous sites saw investments in environmental protection and compliance with regulatory requirements for wastewater treatment and air and noise emission reductions. These include measures such as the revamp of a boiler house for the purpose of converting its energy supply from coal to gas, a new falling film evaporator and expanding a gluten dryer.

Business performance – Sugar segment¹

		1st quarter		
		2021/22	2020/21	+/- in %
Revenues	€ million	595	565	5.2
EBITDA	€ million	–3	7	–
Depreciation on fixed assets and intangible assets	€ million	–22	–23	–4.0
Operating result	€ million	–25	–16	55.9
Result from restructuring/special items	€ million	0	1	–66.7
Result from companies consolidated at equity	€ million	–5	–1	> 100
Result from operations	€ million	–30	–16	81.4
EBITDA margin	%	–0.6	1.1	
Operating margin	%	–4.2	–2.8	
Investments in fixed assets ²	€ million	23	20	15.6
Investments in financial assets/acquisitions	€ million	0	0	–
Total investments	€ million	23	20	15.6
Shares in companies consolidated at equity	€ million	104	246	–57.7
Capital employed	€ million	2,651	2,722	–2.6
Employees		6,200	6,569	–5.6

¹ Prior-year figures adjusted.

² Including intangible assets.

TABLE 09

SPECIAL PRODUCTS SEGMENT

Business performance

Revenues and operating result

The special products segment's revenues amounted to € 421 (444) million, moderately below the previous year's level. Overall lower sales volumes impacted negatively, although the previous year was characterized at the beginning of the first quarter by the partly sharp increase in demand, for example for frozen pizzas.

The operating result decreased significantly to € 34 (40) million, reflecting the development of revenues. Lower sales volumes and, in some cases, higher raw material costs weighed on the result.

Investments in fixed assets

The special products segment's investments of € 18 (13) million continued to be for expanding capacities at all BENE division locations. For example, evaporation capacity was boosted and the warehouse expanded at the Offstein location in Germany. Work has begun on a third wet starch line for rice proteins in Wijnmaal, Belgium. Construction started on a second refining line at the Pemuco, Chile location. Another phase of the energy reduction program was also completed. In addition to cutting energy consumption, plans call for converting to 100 % renewable energy sources.

Business performance – Special products segment¹

		1st quarter		
		2021/22	2020/21	+/- in %
Revenues	€ million	421	444	-5.2
EBITDA	€ million	53	59	-10.1
Depreciation on fixed assets and intangible assets	€ million	-19	-19	-1.1
Operating result	€ million	34	40	-14.3
Result from restructuring/special items	€ million	0	0	-
Result from companies consolidated at equity	€ million	0	0	-
Result from operations	€ million	34	40	-14.3
EBITDA margin	%	12.5	13.2	
Operating margin	%	8.1	9.0	
Investments in fixed assets ²	€ million	18	13	38.6
Investments in financial assets/acquisitions	€ million	0	0	-
Total investments	€ million	18	13	38.6
Shares in companies consolidated at equity	€ million	0	0	-
Capital employed	€ million	1,646	1,644	0.1
Employees		4,958	4,906	1.1

¹ Prior-year figures adjusted.

² Including intangible assets.

TABLE 10

CROPENERGIES SEGMENT

Markets

Ethanol market

Ethanol prices in Europe recorded a further increase. Spot prices rose from around 580 (630) €/m³ at the beginning of March to around 640 (505) €/m³ at the end of May. During the first quarter, the average ethanol price was around 590 (490) €/m³. The price trend partly reflects the weakening of the Corona pandemic in large parts of Europe.

Production in the EU-27 and the UK is expected to recover to 7.7 (7.5) million m³ in 2021 and domestic consumption to 8.6 (8.3) million m³, back to 2019 levels. The recovery is expected primarily for fuel grade ethanol as mobility increases again, while ethanol consumption for industrial applications and beverages is expected to stay the same as last year. Net imports are expected to come in at 0.8 (1.0) million m³, slightly lower than last year.

Raw material markets

According to the International Grains Council (IGC), world grain production (excluding rice) is expected to rise to 2,292 (2,220) million tonnes in 2021/22, largely in line with expected grain consumption of 2,297 (2,237) million tonnes. Global grain inventories are thus expected to remain largely unchanged at 595 (599) million tonnes.

For the EU-27, the EU Commission expects the 2021/22 grain harvest to increase to 290 (278) million tonnes. Consumption is expected to be only slightly higher than last year at 263 (261) million tonnes. Although European wheat prices on the Euronext in Paris fell over the course of the first quarter of 2021/22, from 250 €/t at the beginning of March 2021 to 215 €/t at the end of May 2021, they remained high. Among other things, the high price is due to rising demand for cereals as the Corona pandemic subsides in many regions, such as China. In addition, bad weather in the important corn-growing regions in Brazil and the United States could lead to a reduced corn harvest.

Legal and political environment

Climate Change Act

Germany has committed to the EU to reduce GHG emissions in the non-ETS sector by 38 % by 2030. To achieve this goal, the German government has for the first time in 2019 enshrined binding climate protection targets in law with the Federal Climate Protection Act (KSG) and defined annual emission caps for individual sectors of the economy. Emissions in the German transportation sector were previously scheduled for a gradual reduction from 150 million tonnes of CO_{2eq.} in 2020 to 95 million tonnes of CO_{2eq.} in 2030.

After the Federal Constitutional Court ruled that parts of the Federal Climate Protection Act were unconstitutional, the legislator passed an amendment to the act in June 2021. A GHG cap of 85 (95) million t CO_{2eq.} in 2030 is now envisaged for the transport sector. Total GHG emissions are to be reduced by 65 % of GHG emissions across sectors by 2030. Annual GHG emissions are to fall by 88 % by 2040 in order to achieve climate neutrality by 2045.

Aside from the aforementioned, there have been no material changes during the reporting period to the legal and political general conditions than those outlined on page 78 and 79 of the 2020/21 annual report (consolidated management report, economic report, sugar segment).

Business performance

Revenues and operating result

In the CropEnergies segment, revenues increased significantly to € 195 (162) million. Following pandemic-related distortions in fuel demand in the same quarter of the previous year, higher volumes and sales revenues contributed to revenue growth. The previous year's volumes in the first quarter were significantly lower due to the extended shutdown at the Wanze location caused by the pandemic. Moreover, previous year ethanol prices had temporarily fallen to historically low levels as a result of the collapse in demand caused by the first wave of the Corona pandemic.

In line with the revenue growth, operating result also improved significantly to € 15 (8) million. Higher sales revenues

and volume growth had a positive effect, more than offsetting the increase in raw material costs.

Investments in fixed assets

Investments in fixed assets of € 5 (10) million were mainly for replacements and improving plant availability. A carbon dioxide liquification plant that will produce 65,000 tonnes of food-grade liquid biogenetic CO₂ per annum starting in 2021 is the major construction project at the Wanze location in Belgium. Final planning for the construction of another biomass boiler is also in progress. The focus of investments in Zeitz was on completing the project to make raw material use at the neutral alcohol plant more flexible. Investments at Ensus went toward expanding and consolidating laboratory and control stations.

Business performance – CropEnergies segment

		1st quarter		
		2021/22	2020/21	+/- in %
Revenues	€ million	195	162	20.4
EBITDA	€ million	25	18	40.1
Depreciation on fixed assets and intangible assets	€ million	-10	-10	3.0
Operating result	€ million	15	8	86.4
Result from restructuring/special items	€ million	0	0	-
Result from companies consolidated at equity	€ million	0	0	-
Result from operations	€ million	15	8	82.9
EBITDA margin	%	13.1	11.2	
Operating margin	%	7.8	5.0	
Investments in fixed assets ¹	€ million	5	10	-53.5
Investments in financial assets/acquisitions	€ million	0	0	-
Total investments	€ million	5	10	-53.5
Shares in companies consolidated at equity	€ million	3	2	4.2
Capital employed	€ million	456	424	7.5
Employees		448	451	-0.7

¹ Including intangible assets.

TABLE 11

STARCH SEGMENT

Markets

Target markets

The COVID-19 pandemic continued to influence nearly all starch product markets.

Resurging demand for native and modified starches is reviving the business. The packaging paper industry's order books are reportedly full again, which in turn is driving demand for native corn and wheat starch. The graphic paper producers business is also recovering again. Since securing supply is a high priority in this industry, any cost increases incurred by suppliers can be passed on to the market. High price pressure continues to drive the saccharification products market structure. In contrast, ethanol prices remained firm.

Please see the CropEnergies segment notes for additional information on the development of the ethanol market.

Raw material markets

In the potato starch sector, contracts were signed with around 1,300 farmers for 252,000 (281,000) tonnes of starch and organic starch industrial potatoes for the 2021 cultivation year. Contracts for food industry potatoes were up year over year to 17,600 (17,000) tonnes due to a higher contract volume for organic potatoes.

Please see the CropEnergies segment notes for additional information on the development of the grain markets.

Business performance

Revenues and operating result

The starch segment's revenues increased to € 221 (194) million, significantly above the previous year's level. The revenue growth was driven in particular by the encouraging volume trend and higher ethanol prices.

The operating result, however, remained well below the previous year's level at € 9 (13) million. Higher raw material costs in particular, but also lower sales revenues overall, resulted in a declining margin.

Result from companies consolidated at equity

The result from companies consolidated at equity of € 3 (4) million was attributable to the share of earnings from Hungarian Hungrana Group's starch and bioethanol businesses.

Investments in fixed assets

The starch segment invested € 4 (5) million in projects relating to regulatory requirements and replacement investments. The project to increase specialty corn volumes continued in Aschach, Austria. The extension of the swelling process is currently being completed here. Work on the spray drying area action items also continues at the Gmünd plant in Austria in addition to replacing a roller dryer and expanding the wastewater plant.

Business performance – Starch segment¹

		1st quarter		
		2021/22	2020/21	+/- in %
Revenues	€ million	221	194	14.0
EBITDA	€ million	21	24	-15.4
Depreciation on fixed assets and intangible assets	€ million	-12	-11	6.2
Operating result	€ million	9	13	-33.8
Result from restructuring/special items	€ million	0	0	-
Result from companies consolidated at equity	€ million	3	4	-27.0
Result from operations	€ million	12	17	-32.4
EBITDA margin	%	9.4	12.7	
Operating margin	%	4.0	6.9	
Investments in fixed assets ²	€ million	4	5	-14.3
Investments in financial assets/acquisitions	€ million	0	11	-100.0
Total investments	€ million	4	16	-73.6
Shares in companies consolidated at equity	€ million	58	60	-4.1
Capital employed	€ million	545	526	3.6
Employees		1,126	1,112	1.3

¹ First-time reporting of the starch segment in the 2021/22 financial year.

² Including intangible assets.

TABLE 12

FRUIT SEGMENT

Markets

Target markets

Consumer trends in the global dairy products, ice cream, food service, and baked goods markets determine the market environment for fruit preparations. The main trends continue to revolve around the themes of naturalness, health, enjoyment, convenience and sustainability. Overall, the COVID-19 pandemic has negatively impacted growth in the primary target market, fruit yogurt, but only slightly. Current Euromonitor forecasts indicate a global decline in demand for spoonable flavored yogurt of -0.8% in 2021.

Available apple volumes for the 2020 fruit juice concentrates business unit's campaign were significantly below expectations, but higher raw material prices could only be partially passed on to the market.

However, customer releases of apple juice concentrate were again significantly higher in spring 2021 than in the fourth quarter of 2020/21.

Contracts have been signed for all the berry juice concentrates from the 2020 harvest.

Raw material markets

The harvest of the most important fruit for fruit preparations, strawberries, proceeded according to plan in Morocco, Egypt, Spain and Mexico, and overall, volumes were comparable to last year. Mexico, the key strawberry supplier, slightly beat the previous year's volumes. Lower raw material availability due to reduced cultivation areas and unfavorable weather conditions is expected for the current Chinese strawberry crop, so prices will also rise there.

The harvest for mangoes, an equally important fruit, began in the main growing region of India in May 2021. Production is expected to be limited due to the critical COVID-19 situation there. Prices are also expected to be slightly above last year's due to higher freight rates from Asia to Europe. Purchasing has been extended to Vietnam and Mexico to secure the mango supply.

Peaches and apricots are expected to be in shorter supply due to frost in Italy, Greece and Spain. Current vegetation development in Serbia, Poland and Ukraine suggests the berry harvests will be average.

Apples, the fruit juice concentrates business's primary crop, are expected to be readily available in all relevant main cultivation areas. Adequate raw materials are also expected to be available for the red fruit juice processing season that has just begun.

Business performance

Revenues and operating result

The fruit segment's revenues of € 321 (304) million were moderately higher than a year earlier. Revenues from fruit preparations rose primarily due to higher volumes, while revenues from fruit juice concentrates were slightly lower despite stable volumes as a result of marginally lower sales revenues.

The operating result remained at the previous year's level totaling € 16 (16) million. Moderate volume growth with stable margins led to a significantly higher contribution to results in the fruit preparations division. Significantly lower margins attributable to lower sales revenues at higher costs and virtually unchanged volumes overall weighed on the results of the fruit juice concentrates division.

Investments in fixed assets

The fruit segment invested € 5 (4) million among other things to replace and maintain the fruit preparations division's capital equipment. It also invested in capacity expansions, including another production line at the plant in Lysander, New York, and a new cold storage facility in Chung-Buk, Korea. A project to handle and weigh dry material using automated robotics was launched in Mitry, France. The fruit juice concentrates division focused on securing the water supply at the Kröllendorf plant, where a new elevated tank was built, and replacements. In Poland, the freezer refrigeration unit was refurbished and a more environmentally friendly coolant substituted.

Business performance – Fruit segment

		1st quarter		
		2021/22	2020/21	+/- in %
Revenues	€ million	321	304	5.6
EBITDA	€ million	25	26	-3.1
Depreciation on fixed assets and intangible assets	€ million	-9	-10	-7.0
Operating result	€ million	16	16	-0.6
Result from restructuring/special items	€ million	0	0	-
Result from companies consolidated at equity	€ million	0	0	-
Result from operations	€ million	16	16	-0.6
EBITDA margin	%	7.9	8.6	
Operating margin	%	5.0	5.3	
Investments in fixed assets ¹	€ million	5	4	17.1
Investments in financial assets/acquisitions	€ million	5	0	> 100
Total investments	€ million	10	4	> 100
Shares in companies consolidated at equity	€ million	0	0	-
Capital employed	€ million	879	906	-3.0
Employees		5,648	5,866	-3.7

¹Including intangible assets.

TABLE 13

OUTLOOK¹

Vaccination rates against COVID-19 are expected to further increase steadily worldwide with wide regional disparities. The economic impact of the virus is thus expected to wane over time. Notwithstanding the positive outlook, there will continue to be Corona pandemic-related risks over the further course of fiscal 2021/22. The economic and financial impact and duration of the disease are difficult to assess.

Group

We expect consolidated group revenues of € 7.0 to 7.2 (previous year: 6.7) billion in fiscal 2021/22. A significant increase in revenues is anticipated in the sugar segment. The CropEnergies segment is expected to range between € 855 and 905 million. A moderate increase in revenues is forecast in the special products and fruit segments. We expect a slight increase in revenues in the newly created starch segment.

We expect a consolidated group operating result ranging between € 300 and 400 (previous year: 236) million. We estimate that the sugar segment's operating result will range between € 0 and 100 million. We expect the special products segment's operating result to come in moderately below the strong previous year's level. The CropEnergies segment's operating result is anticipated to range between € 50 and 80 million. In the newly created starch segment, we expect results to be significantly lower. We expect the fruit segment's operating result to improve moderately.

Capital employed is forecast to remain at last year's level. Based on the aforementioned operating result improvement, we estimate ROCE to be significantly higher (previous year: 3.8 %).

Sugar segment¹

Another world market deficit is expected for the current 2020/21 sugar marketing year, which will further reduce inventories. With world sugar production and consumption balanced in sugar marketing year 2021/22, the world market environment should remain positive. In Europe, the continuing difficult growing conditions will cause beet cultivation to decline further. Nevertheless, if yields normalize, the EU is expected to produce more sugar. But since the EU is anticipated to remain a net importer in the 2021/22 sugar marketing year, Südzucker will enjoy a positive market environment. This assumes that negative effects of the Corona pandemic such as distorted crude oil prices and currencies, with their associated sugar price consequences, are continuously reduced in parallel with increased vaccination rates.

With production and sales volumes rising, we expect income from sales revenues to increase significantly and revenues to rise sharply (previous year: € 2.3 billion) over the course of the year.

We expect the sugar segment's operating result to range between € 0 and 100 million (previous year: € -128 million). However, we continue to expect losses for the first half of fiscal 2021/22, as higher prices since October 2020 will be offset among other things by higher production costs and lower retail sales volumes. From October 2021, we expect rising sales revenues in a brightening market environment and further material cost savings from the restructuring completed to date, as well as associated follow-up measures and projects. This should then lead to positive operating results, both in the second half and for fiscal 2021/22 as a whole, despite steadily increasing raw material costs.

¹ Südzucker will begin reporting on the five segments sugar, special products, CropEnergies, starch and fruit as of fiscal 2021/22. Prior year figures were adjusted accordingly. Please refer to the "New segment structure" section at the end of this report for further details.

Special products segment¹

We expect the special products segment's production and sales volumes to rise further overall, despite the ongoing pandemic-related impact on demand. We therefore expect moderately higher revenues (previous year: € 1.7 billion). Higher sales revenues in total will not offset the increase in costs, particularly for raw materials. We therefore expect operating result to be moderately below the strong last year's level (previous year: € 159 million).

CropEnergies segment

We now expect the CropEnergies segment's revenues to range between € 855 and 905 million (previous forecast: between € 800 and 850 million; previous year: € 774 million) and an unchanged operating result forecast of between € 50 and 80 million (previous year: € 107 million). With mobility expected to normalize over the course of the year and demand for climate-friendly fuels rising, we expect the need for renewable ethanol to remain high in fiscal 2021/22. Production capacity utilization should thus also be high. The main reason for the lower result is that raw material prices are significantly higher than last year. However, the impact of the Corona pandemic continues to create uncertainty in all markets.

Starch segment¹

We expect the starch segment's revenues to rise slightly in fiscal 2021/22 (previous year: € 774 million) and the result to fall sharply (previous year: € 45 million). We anticipate market demand to recover over the course of the year and to therefore be able to charge higher prices, but this will not be enough to offset higher grain and energy prices over the full fiscal year.

Fruit segment

We expect the fruit segment's revenues (previous year: € 1.2 billion) and operating result (previous year: € 53 million) to rise moderately in fiscal 2021/22. We expect revenue growth for the fruit preparations division, which will be achieved through higher volumes and prices. Results are forecast to be higher, driven by higher volumes as well as lower costs than in 2020/21. The fruit juice concentrates division's revenues are expected to be higher and results are anticipated to improve in the new fiscal year.

CORPORATE GOVERNANCE

Executive board members and areas of responsibility

Ms. Ingrid-Helen Arnold was appointed as an additional member of the executive board (Chief Digital Officer, CDO) for three years effective 1 May 2021.

Executive board responsibilities were adjusted at the same time effective 1 May 2021.

Dr. Niels Pörksen (CEO), a member of the executive board since 2020, will be responsible for strategy, group development, top management, communications, internal auditing, compliance, data protection, change management and business excellence.

Ingrid-Helen Arnold (CDO) has taken on the newly created consumer markets, digitalization/IT board department. Ms. Arnold's responsibilities include technological change as part of Südzucker's digital transformation, as well as the special products segment, consisting of the BENE0, Freiburger and PortionPack Europe divisions.

Dr. Thomas Kirchberg (COO), a member of the executive board since 2007, has taken on the newly created industrial markets, R&D board department. In addition to CropEnergies, he is responsible for the new sugar division and the new business development department. He continues to hold the labor director position, and remains responsible for research & development, agriculture, and sustainability, as before.

Thomas Kölbl (CFO), member of the executive board since 2004, is responsible for the group functions finance, controlling, purchasing, legal, taxes, real estate and insurance, and investor relations.

Markus Mühleisen (AGRANA CEO) was appointed to the executive board for three years effective 1 June 2021. Mr. Mühleisen is responsible for the sugar (AGRANA), starch (AGRANA) and fruit board departments. As a member of the executive board and representative of AGRANA Beteiligungs-AG, he succeeds Johann Marihart, who retired on 31 May 2021.

Also effective 31 May 2021, Mr. Kölbl left the AGRANA executive board; he was succeeded in the same function by Ms. Arnold on the AGRANA executive board on 1 June 2021.

NEW SEGMENT STRUCTURE

Südzucker will begin reporting on the five segments sugar, special products, CropEnergies, starch and fruit as of fiscal 2021/22. The Starch division's previous special products segment activities were split up. Südzucker AG's sugar-related starch activities have now been assigned to the sugar segment, whose operational management remains the responsibility of the sugar division (Südzucker). AGRANA's starch activities are now included in the new starch segment report. The special products segment continues to bundle the BENEIO, Freiburger and PortionPack Europe divisions' consumer oriented products.

At the Südzucker group level, the CropEnergies and starch segments' third party sales revenues may differ from the revenues reported directly externally by CropEnergies and AGRANA due to eliminated revenues within the group.

Forward looking statements / forecasts

This quarterly statement contains forward looking statements. The statements are based on current assumptions and estimates made by the executive board and information currently available to its members. The forward looking statements are not to be viewed as guarantees of the future developments and results presented therein. Future developments and results are in fact dependent on a variety of factors and are subject to various risks and imponderables. They are based on assumptions that could in fact prove to be invalid.

The risk management report in the 2020/21 annual report on pages 86 to 96 presents an overview on the risks. Taking into account all known facts, we have not identified any risks – whether individual or in their entirety - that jeopardize the continued existence of the Südzucker group.

We accept no obligation to update the forward-looking statements contained in this report.

On this report

This quarterly statement was not reviewed or audited. It was prepared by Südzucker AG's executive board on 28 June 2021.

This quarterly statement is available in German and English. This translation is provided for convenience and should not be relied upon exclusively. PDF files of the interim report can be downloaded from the company's website at:

www.suedzucker.de/de/Investor-Relations or
www.suedzucker.de/en/Investor-Relations

Südzucker AG's fiscal year is not aligned with the calendar year. The first quarter extends from 1 March to 31 May.

On the preceding pages, the numbers in brackets represent the corresponding previous year's figures or items. Numbers and percentages stated are subject to differences due to rounding. Typing and printing errors reserved.



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Südzucker on the Internet

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