Q1

Quarterly Statement First quarter 2020/21

1 March to 31 May 2020

Consolidated group revenues

€ 1,669
[1,680] million

Consolidated group operating result

€ 61
[47] million

FULL-YEAR FISCAL 2020/21 FORECAST

€ 6.9 to 7.2
[2019/20: 6.7] billion
Consolidated group revenues

€ 300 to 400
[2019/20: 116] million
Consolidated operating result

SÜDZUCKER

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FINANCIAL CALENDAR

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Fiscal 2019/20
16 July 2020

Q 2 – Half year financial report
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14 January 2021

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20 May 2021

Q 1 – Quarterly statement
1st quarter 2021/22
8 July 2021

Annual general meeting
Fiscal 2020/21
15 July 2021

Q 2 – Half year financial report
1st half year 2021/22
14 October 2021

OVERVIEW

First quarter 2020/21

- Consolidated group revenues of € 1,669 (1,680) million remain at last year’s level.

- Consolidated group operating result increases by € 14 million or 31 % to € 61 (47) million.

- Sugar segment reports despite drop in revenues lower operating loss mainly due to higher sugar sales revenues:
  - Revenues: – 3 % to € 565 (581) million
  - Operating result: € – 15 (– 36) million

- Special products segment posts increased revenues and improved operating result driven by higher volumes:
  - Revenues: + 6 % to € 638 (602) million
  - Operating result: € 52 (46) million

- CropEnergies segment reports decrease in revenues and results due to lower ethanol sales volumes and revenues:
  - Revenues: – 13 % to € 162 (185) million
  - Operating result: € 8 (15) million

- Fruit segment reports revenues and results decline, due to lower sales volumes:
  - Revenues: – 3 % to € 304 (312) million
  - Operating result: € 16 (22) million

Full-year fiscal 2020/21 forecast

- Consolidated group revenues expected to come in at € 6.9 to 7.2 (2019/20: 6.7) billion.
- Consolidated group operating result expected to range between € 300 to 400 (2019/20: 116) million.
- Capital employed at last year’s level; significant increase in ROCE (2019/20: 1.8 %).

Group figures as of 31 May 2020

		1st quarter 2020/21	2019/20	+/– in %
Revenues and earnings				
Revenues	€ million	1,669	1,680	–0.6
EBITDA	€ million	134	117	14.8
EBITDA margin	%	8.0	6.9	
Depreciation	€ million	–73	–70	4.0
Operating result	€ million	61	47	31.1
Operating margin	%	3.7	2.8	
Net earnings	€ million	43	11	> 100
Cash flow and investments				
Cash flow	€ million	118	88	33.2
Investments in fixed assets	€ million	52	72	–27.2
Investments in financial assets / acquisitions	€ million	11	5	> 100
Total investments	€ million	63	77	–17.0
Performance				
Fixed assets [1]	€ million	3,287	3,346	–1.8
Goodwill	€ million	737	735	0.3
Working capital	€ million	2,086	1,979	5.4
Capital employed	€ million	6,222	6,172	0.8
Capital structure				
Total assets	€ million	8,164	8,178	–0.2
Shareholders' equity	€ million	3,790	3,960	–4.3
Net financial debt	€ million	1,431	1,240	15.4
Equity ratio	%	46.4	48.4	
Net financial debt as % of equity (gearing)	%	37.8	31.3	
Shares				
Market capitalization on 31 May	€ million	2,746	2,836	–3.2
Total shares issued as of 31 May	millions of shares	204.2	204.2	0.0
Closing price on 31 May	€	13.45	13.89	–3.2
Earnings per share on 31 May	€	0.12	–0.04	–
Average trading volume / day	thousands of shares	996	651	53.0
Performance Südzucker share 1 March to 31 May	%	–4.4	8.1	
Performance SDAX® 1 March to 31 May	%	0.2	0.2	
Employees		**18,904**	**20,150**	**–6.2**

[1] Including intangible assets.

TABLE 01

ECONOMIC REPORT

Group results of operations

Revenues, EBITDA and operating result

Consolidated revenues in the first quarter of fiscal 2020/21 amounted to € 1,669 (1,680) million, thus remaining at the previous year's level. While the CropEnergies segment's revenues declined sharply and those of the sugar and fruit segments were slightly lower, revenues in the special products segment rose moderately.

Group EBITDA rose significantly by € 17 million to € 134 (117) million.

The consolidated group operating result climbed significantly to € 61 (47) million. The decline in operating results reported in the CropEnergies and fruit segments was more than offset by the reduction of the loss in the sugar segment and improved results by the special products segment.

Result from operations

Result from operations of € 65 (37) million comprises an operating result of € 61 (47) million, the result from restructuring and special items of € 1 (–6) million and the earnings contribution from companies consolidated at equity of € 3 (–4) million.

Result of restructuring and special items

The result of restructuring and special items amounts to € 1 (–6) million. Last year it was solely attributable to the sugar segment and related to Südzucker's offer for the return of the Warburg and Brottewitz factories farmers' delivery rights.

Result from companies consolidated at equity

The result from companies consolidated at equity was generated almost exclusively by the sugar and special products segments and amounted to € 3 (–4) million.

Financial result

The financial result for the first three months of € –8 (–9) million includes net interest result of € –6 (–6) million as well as a result from other financing activities of € –2 (–3) million.

Taxes on income

Earnings before taxes were reported at € 57 (28) million and taxes on income totaled € –14 (–17) million.

Business performance – Group

			1st quarter	
		2020/21	2019/20	+/– in %
Revenues	€ million	**1,669**	**1,680**	**–0.6**
EBITDA	€ million	134	117	14.8
Depreciation on fixed assets and intangible assets	€ million	–73	–70	4.0
Operating result	€ million	**61**	**47**	**31.1**
Result from restructuring / special items	€ million	1	–6	–
Result from companies consolidated at equity	€ million	3	–4	–
Result from operations	€ million	**65**	**37**	**74.0**
EBITDA margin	%	8.0	6.9	
Operating margin	%	3.7	2.8	
Investments in fixed assets [1]	€ million	52	72	–27.2
Investments in financial assets / acquisitions	€ million	11	5	> 100
Total investments	€ million	**63**	**77**	**–17.0**
Shares in companies consolidated at equity	€ million	309	382	–19.2
Capital employed	€ million	6,222	6,172	0.8
Employees		**18,904**	**20,150**	**–6.2**

[1] Including intangible assets.

TABLE 02

Consolidated net earnings
Of the consolidated net earnings of € 43 (11) million, € 26 (–7) million were allocated to Südzucker AG shareholders, € 3 (3) million to hybrid equity and € 14 (15) 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 € 0.12 (–0.04). The calculation was based on the time-weighted average of 204.2 (204.2) million shares outstanding.

Income statement

€ million	2020/21	2019/20	1st quarter +/– in %
Revenues	**1,669**	**1,680**	**–0.6**
Operating result	61	47	31.1
Result from restructuring / special items	1	–6	0.0
Result from companies consolidated at equity	3	–4	–
Result from operations	**65**	**37**	**74.0**
Financial result	–8	–9	–11.1
Earnings before income taxes	**57**	**28**	**> 100**
Taxes on income	–14	–17	–15.1
Net earnings	**43**	**11**	**> 100**
of which attributable to Südzucker AG shareholders	26	–7	–
of which attributable to hybrid capital	3	3	–3.0
of which attributable to other non-controlling interests	14	15	–5.3
Earnings per share (€)	**0.12**	**–0.04**	**–**

TABLE 03

Group financial position

Cash flow
Cash flow reached € 118 million, compared to € 88 million during the same period last year. This translates into 7.0 (5.3) % of sales revenues.

Working capital
The seasonal cash inflow of € 104 million from reduced working capital was primarily due to the selloff of sugar inventories, which was partially compensated by the settlement of trade payables. Previous year's cash inflow was € 16 million.

Investments in fixed assets
Investments in fixed assets (including intangible assets) totaled € 52 (72) million. The sugar segment's investments of € 18 (19) million were again mainly for replacements, especially in the electronic installations and automation areas as well as for compliance with legal or regulatory requirements. The decline of investments in the special products segment to € 20 (38) million was due to the fact that AGRANA Starch had still invested substantially in building new production capacity during the previous year. In the CropEnergies segment € 10 (5) million was spent on replacement investments and measures to increase the efficiency of production plants. In the fruit segment, the company invested € 4 (10) million primarily to the fruit preparations division to expand production lines in the USA and Australia.

Investments in financial assets
Investments in financial assets totaling € 11 (5) million related mainly to AGRANA Stärke GmbH's acquisition of Marroquin Organic International Inc., based in Santa Cruz, California. The company is to be fully included in the consolidated financial statements as of the second quarter of 2020/21. The trading company, specialized in organic products, serves B2B customers and purchases a large part of its product portfolio from AGRANA Stärke. Last year's investments in financial assets consisted mainly of the founding of Beta Pura GmbH, a 50-50 joint venture based in Vienna, Austria, and a 3.5 % interest acquired in DouxMatok Ltd., located in Pechta-Tikva, Israel.

Development of net financial debt

Net financial debt was down € 139 million, from € 1,570 million on 29 February 2020 to € 1,431 million on 31 May 2020. Total investments of € 63 million and the € 5 million earnings distribution were fully financed from cash flow of € 118 million and the cash inflow of € 104 million resulting from the reduction of working capital.

Due to a fixed-term deposit reallocation, last year some current assets were reclassified from the balance sheet item “cash and cash equivalents” to the balance sheet item “securities”, resulting in an adjustment of the previous year’s other cash flows from investing activities. Further details hereto and to last year’s first-time application of IFRS 16 (leases) can be found in the 2019/20 annual report on pages 126 and 127.

Cash flow statement

	1st quarter		
€ million	2020/21	2019/20	+/– in %
Cash flow	**118**	**88**	**33.2**
Increase (–) / decrease (+) in working capital	**104**	**16**	**> 100**
Gains (–) / losses (+) from the disposal of non-current assets / securities	1	0	> 100
Net cash flow from operating activities	**223**	**104**	**> 100**
Total investments in fixed assets[1]	–52	–72	–27.2
Investments in financial assets/acquisitions	–11	–5	> 100
Total investments	**–63**	**–77**	**–17.0**
Other cashflows from investing activities	2	–9	–
Cash flow from investing activities	**–61**	**–86**	**–29.8**
Repayment (–) / refund (+) of financial liabilities	–140	27	–
Increases in stakes held in subsidiaries (–)	0	0	–
Decrease in stakes held in subsidiaries / capital increase (+) / capital buyback (–)	0	0	–
Dividends paid	–5	–5	–2.1
Cash flow from financing activities	**–145**	**22**	**–**
Other change in cash and cash equivalents	–4	0	–
Decrease (–) / Increase (+) in cash and cash equivalents	**13**	**40**	**–67.5**
Cash and cash equivalents at the beginning of the period	197	148	33.6
Cash and cash equivalents at the end of the period	**211**	**187**	**12.4**

[1] Including intangible assets.

TABLE 04

Group assets

Balance sheet

€ million	31 May 2020	31 May 2019	+/– in %
Assets			
Intangible assets	989	1,005	–1.6
Fixed assets	3,034	3,076	–1.4
Remaining assets	448	503	–10.9
Non-current assets	**4,471**	**4,584**	**–2.5**
Inventories	1,907	1,733	10.0
Trade receivables	1,038	1,088	–4.6
Remaining assets	748	773	–3.2
Current assets	**3,693**	**3,594**	**2.8**
Total assets	**8,164**	**8,178**	**–0.2**
Liabilities and equity			
Equity attributable to shareholders of Südzucker AG	2,239	2,408	–7.0
Hybrid capital	654	654	0.0
Other non-controlling interests	897	898	–0.1
Total equity	**3,790**	**3,960**	**–4.3**
Provisions for pensions and similar obligations	892	884	0.8
Financial liabilities	1,425	1,220	16.8
Remaining liabilities	414	428	–3.3
Non-current liabilities	**2,731**	**2,532**	**7.8**
Financial liabilities	501	571	–12.4
Trade payables	703	627	12.2
Remaining liabilities	439	488	–10.0
Current liabilities	**1,643**	**1,686**	**–2.5**
Total liabilities and equity	**8,164**	**8,178**	**–0.2**
Net financial debt	1,431	1,240	15.4
Equity ratio in %	46.4	48.4	
Net financial debt as % of equity (gearing)	37.8	31.3	

TABLE 05

Non-current assets

Non-current assets were down € 113 million to € 4,471 (4,584) million. The carrying value of fixed assets fell by € 42 million to € 3,034 (3,076) million, as investments were lower than current depreciation and amortization. The € 55 million decline in other assets to € 448 (503) 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 2019/20.

Current assets

Current assets rose € 99 million to € 3,693 (3,594) million. Inventories rose € 174 million to € 1,907 (1,733) million. The increase is primarily attributable to higher sugar inventories due to sharply lower sugar sales volumes, along with higher 2019 campaign beet prices. Trade receivables fell € 50 million to € 1,038 (1,088) million. Other assets of € 748 (773) million were slightly lower than last year.

Equity

Equity dropped to € 3,790 (3,960) million and the equity ratio to 46 (48) %. Südzucker AG shareholders' equity declined to € 2,239 (2,408) million, largely due to the prorated annual loss during the course of fiscal 2019/20. Other non-controlling interests were roughly on a par with the previous year at € 897 (898) million.

Non-current liabilities

Non-current liabilities rose € 199 million to € 2,731 (2,532) million. Provisions for pensions and similar obligations amounted to € 892 (884) million, with the market interest rate of 1.65 (1.60) % remaining virtually unchanged from the previous year's balance sheet date of May 31. Financial liabilities increased € 205 million to € 1,425 (1,220) million due to higher liabilities to financial institutions. Other liabilities dropped € 14 million to € 414 (428) million.

Current liabilities

Current liabilities declined € 43 million to € 1,643 (1,686) million. A decline in current financial liabilities of € 70 million to € 501 (571) million was offset by an increase in trade payables of € 76 million to € 703 (627) million, primarily as a result of the repayment of commercial papers. Trade payables included liabilities toward beet farmers of € 189 (136) million. Other debt, consisting of other provisions, taxes owed and other liabilities, dropped € 49 million to € 439 (488) million.

Net financial debt

Net financial debt rose € 191 million year-over-year to € 1,431 (1,240) million as of 31 May 2020, which corresponds to 37.8 (31.3) % of equity.

Employees

The number of persons employed by the group (full-time equivalent) at the end of the first quarter of fiscal 2020/21 was lower than last year at 18,904 (20,150). The smaller sugar segment workforce resulted especially from the closing of four sugar factories following the 2019/20 campaign. In the fruit segment, the drop was mainly due to a reduced need for seasonal workers for the fruit preparations business.

Employees by segment at balance sheet date

31 May	2020	2019	+/– in %
Sugar	6,467	6,932	–6.7
Special products	6,120	6,155	–0.6
CropEnergies	451	441	2.3
Fruit	5,866	6,622	–11.4
Group	**18,904**	**20,150**	**–6.2**

TABLE 06

SUGAR SEGMENT

Markets

World sugar market

In its April 2020 estimate of the world sugar balance for fiscal 2019/20 (1 October – 30 September), market analyst F.O. Licht now projects an only slightly lower production deficit of about 9.6 million tonnes, although demand is being burdened by the effects of the Corona pandemic and at the same time market distortions on crude oil markets mean that Brazil will now produce significantly more sugar instead of bioethanol. Despite this increase in production in Brazil, world sugar production is declining because of lower volumes, particularly from India and Thailand. In contrast, world sugar consumption is rising only marginally overall. This will lead to a decline in inventory levels, with the ratio of inventories to consumption reaching its lowest since 2010/11. Other market analysts expect the deficit to be lower.

Despite increased global sugar production of about 9 million tonnes, F.O. Licht expects marketing year 2020/21 to be another deficit year as world sugar consumption rises slightly. Inventories are expected to fall another 1.6 million tonnes, leading to another decline in the already low ratio of inventories to consumption.

World market sugar prices

1 June 2017 to 31 May 2020, London,
nearest forward trading month, white sugar value

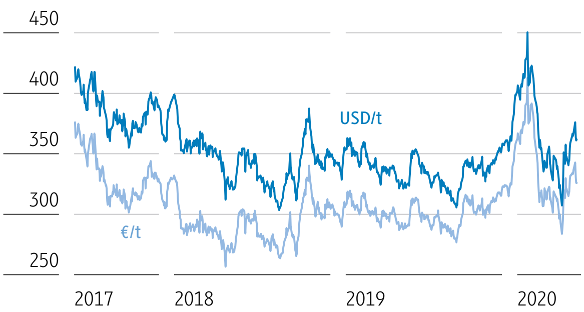

DIAGRAM 01

In early 2020, the world market price for white sugar had risen to as high as 413 €/t by mid-February due to excellent fundamentals. After that, crude oil prices and the currencies of emerging countries like Brazil dropped due to the anticipated world economy downturn. Both factors exerted enormous pressure on the world market price for sugar and within a few weeks it had dropped to around 300 €/t, reaching a low of 283 €/t at the end of April. Since then it has begun to recover slightly. At the end of the reporting period, the world market price was 325 €/t.

EU sugar market

During the current 2019/20 sugar marketing year, sugar production (EU including United Kingdom; including isoglucose) fell further to 17.9 (18.2) million tonnes due to smaller cultivation areas and renewed below-average sugar yields caused by drought. As production levels will again be lower than consumption, imports are required to meet EU market demand.

The EU Commission expects the beet cultivation area to contract by about a further 2 % in the upcoming 2020/21 sugar marketing year. Imports should continue to be necessary to supply the EU market, even with improved yields compared to the previous year.

The EU price for sugar (food and non-food) was quoted at 332 €/t at the beginning of the new sugar marketing year in October 2019 and has since risen steadily. The most recently published price from April 2020 was 379 €/t. But there are significant regional price differences across the deficit and surplus regions within the EU.

Energy market

Crude oil price developments in the first quarter of 2020/21 were driven by the Corona pandemic. At the beginning of March 2020, North Sea Brent was still trading at about 52 US dollars per barrel. Oil demand plummeted after strict government measures to contain the Corona virus were implemented in March 2020. In addition, economic forecasts pointing to a severe recession and a price war between Saudi Arabia and Russia led to fire sale prices for crude oil, which reached a low of 16 US dollars per barrel in mid-April. Toward the end of the quarter, the price of Brent oil recovered to 38 US dollars per barrel, driven mainly by significant production cutbacks by the OPEC+ nations and expectations of a renewed rise in demand.

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 67 and 68 of the 2019/20 annual report (consolidated management report, economic report, sugar segment).

Business performance

Revenues and operating result

The sugar segment's revenues fell slightly to € 565 (581) million. The revenue decline was driven by a significantly lower sales volume, due in part to reduced sugar production during the 2019 campaign. In addition, lower demand from the sugar processing industry due to measures to contain the Corona pandemic is increasingly overshadowing the short-term positive effects of hamstering in the retail sector at the beginning of the fiscal year.

The segment was able to significantly trim its operating loss to € −15 (−36) million as budgeted. The improvement was driven mainly by higher sugar sales revenues due to price increases since the beginning of the 2019/20 sugar marketing year, which more than offset lower sales volumes and higher production costs.

Business performance – Sugar segment

		1st quarter		
		2020/21	2019/20	+/− in %
Revenues	€ million	**565**	**581**	**−2.8**
EBITDA	€ million	6	−16	–
Depreciation on fixed assets and intangible assets	€ million	−21	−20	1.9
Operating result	€ million	**−15**	**−36**	**−58.7**
Result from restructuring/special items	€ million	0	−6	−98.0
Result from companies consolidated at equity	€ million	−1	−8	−92.0
Result from operations	€ million	**−16**	**−50**	**−67.7**
EBITDA margin	%	1.0	−2.8	
Operating margin	%	−2.7	−6.3	
Investments in fixed assets [1]	€ million	18	19	−6.6
Investments in financial assets/acquisitions	€ million	0	4	–
Total investments	€ million	**18**	**23**	**−22.8**
Shares in companies consolidated at equity	€ million	246	317	−22.3
Capital employed	€ million	2,630	2,606	0.9
Employees		**6,467**	**6,932**	**−6.7**

[1] Including intangible assets.

TABLE 07

Result of restructuring and special items

The result of restructuring and special items of € 0 (–6) million was primarily attributable last year to the offer concerning the return of delivery rights to beet farmers at the Warburg and Brottewitz factories. Both factories were closed after the 2019 campaign.

Result from companies consolidated at equity

The result from companies consolidated at equity in the sugar segment of € –1 (–8) million relates mainly to ED&F Man. As part of the strategic realignment, the focus there is on trading business, with a significant increase in earnings compared with the previous year. At the same time, various industrial holdings outside this core business – for example the sugar mills of the Mexican joint venture Azucar Grupo Saenz – are to be divested, which have so far had a negative impact on Group results. These divestments may be delayed in view of the Corona pandemic.

Beet cultivation and 2020 campaign

Südzucker Group's beet cultivation area was down about 12.6 % in 2020 from the year prior to 342,000 (391,000) ha. following the closure of four sugar factories. The main seeding began at the end of March, about one week later than last year, amidst good planting conditions. Cool night temperatures and drought from sowing to the beginning of June resulted in delayed, extraordinary heterogeneous plant growth.

Investments in fixed assets

Investments of € 18 (19) million continued to be mainly for replacements, especially for process control and electrical equipment, but also significant individual projects such as a new roof for the high-bay storage facility in Ochsenfurt or the CO_2 pumping station in Offenau. Other projects included logistics improvements and complying with market requirements. This includes a new bagging system in Offenau that uses plastic bags, adjustments to bulk sugar loading capacity in Etrépagny, France and Cerekiew, Poland, a new tank to increase syrup storage capacity in Tienen, Belgium and expansion of organic sugar production systems in Rain. Environmental investments included wastewater treatment systems in Plattling, Germany and Strzelin, Poland, as well as projects related to compliance with legal or regulatory requirements. New cooling crystallizers and a beet pump were installed at the Offenau plant to improve process stability. Filtration was optimized in Roye, France and crystallization in Tienen, Belgium.

SPECIAL PRODUCTS SEGMENT

Business performance

Revenues and operating result

The special products segment's revenues rose to € 638 (602) million during the reporting period, driven by overall volume growth. The starch division's capacity expansion was a major contributor. However, measures to slow the spread of the Corona virus had various impacts depending on the product category. While on the one hand we were confronted at the beginning of the quarter with soaring demand for products such as frozen pizzas and functional dietary fibers, volumes in other product categories, such as portion packs, dropped significantly.

The operating result rose to € 52 (46) million. In addition to higher volumes overall, lower raw material costs in some areas contributed to the increase, while sales revenues in other categories, such as ethanol, were lower than last year.

Result from companies consolidated at equity

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

Investments in fixed assets

The special products segment invested € 20 (38) million in the BENEO division for the first construction phase of a third additive wet starch line for rice proteins in Wijgmaal, Belgium. Work started on a multi-year project to improve energy efficiency while reducing fossil fuels consumption at the site in Pemuco, Chile. The Freiberger division is expanding a production line at the Westhoughton site in the United Kingdom. Various automation projects are still underway at the US locations. The starch division's investments were for expansion of wet starch derivatives production in Aschach, Austria and the specialty corn processing division.

Business performance – Special products segment

		1st quarter		
		2020/21	2019/20	+/– in %
Revenues	€ million	**638**	**602**	**6.1**
EBITDA	€ million	84	75	11.3
Depreciation on fixed assets and intangible assets	€ million	–32	–29	9.4
Operating result	€ million	**52**	**46**	**12.5**
Result from restructuring/special items	€ million	1	0	–
Result from companies consolidated at equity	€ million	4	4	15.6
Result from operations	€ million	**57**	**50**	**14.1**
EBITDA margin	%	13.1	12.5	
Operating margin	%	8.2	7.7	
Investments in fixed assets [1]	€ million	20	38	–47.5
Investments in financial assets/acquisitions	€ million	11	0	–
Total investments	€ million	**31**	**38**	**–18.1**
Shares in companies consolidated at equity	€ million	60	63	–4.6
Capital employed	€ million	2,262	2,220	1.9
Employees		**6,120**	**6,155**	**–0.6**

[1] Including intangible assets.

TABLE 08

CROPENERGIES SEGMENT

Markets

Ethanol market

Ethanol prices in Europe were about 630 €/m³ at the beginning of the financial year, then fell sharply for a short time to 350 €/m³ before recovering to roughly 505 €/m³ at the end of the first quarter. Reduced demand due to the spread of the Corona pandemic caused producers to adjust ethanol plant loading in Europe. Production in the EU-27 is projected to fall to 6.7 (7.0) million m³ in 2020 and domestic consumption to 6.8 (7.3) million m³. The drop is primarily expected in the fuel-grade ethanol category, while demand for ethanol in industrial applications is rising sharply, driven by higher demand for ethanol as a basic ingredient for disinfectants. Imports are expected to come in at € 1.0 (1.2) million m³, slightly lower than last year. Production in the United Kingdom is expected to remain about the same at 0.5 million m³. Consumption is forecast to come in at about 1.0 (1.0) million m³.

Raw material markets

According to the International Grain Council (IGC), world grain production (excluding rice) is expected to rise to 2,230 (2,177) million tonnes in 2020/21. Grain consumption is expected to be 2,218 (2,182) million tonnes and inventories are projected to increase to 627 (614) million tonnes. For the EU, the EU Commission expects the 2020/21 grain harvest to drop slightly to 287 (294) million tonnes. Consumption is expected to remain at 261 million tonnes. European wheat prices on the Euronext in Paris fluctuated between 170 and 206 €/t in the first quarter of 2020/21. The high volatility was driven by uncertainty surrounding the impact of the Corona pandemic. There was also speculation about dry weather in March and April and the associated delayed growth. Wheat prices were very volatile but on average only slightly higher than the levels during last year's comparable quarter.

Legal and political environment

The EU's climate protection act aims to reduce greenhouse gas emissions not covered by the EU emissions trading scheme until 30 % by 2030. This non-ETS category includes buildings, agriculture, the waste industry and smaller industrial plants, and especially transportation. National reduction targets were defined due to regional differences within the EU. For example, in Germany, emissions are to be cut by 38 % by 2030.

Effective emissions limiting measures at the national level are required to achieve this target. In Germany, the climate protection targets are embedded in the Climate Protection Law. Transportation sector greenhouse gas emissions are slated to be cut to a maximum of 95 million tonnes of CO_2equ by 2030. This corresponds to a reduction of over 60 million tonnes, or about 40 %, compared to 2019. A national emissions trading scheme is to contribute to cutting greenhouse gas emissions from fuels from 2021 onwards, in which CO_2 emissions from fossil fuels are to be priced. In May 2020, the German Government set the price of CO_2 starting in 2021 at 25 €/t instead of the 10 €/t price originally envisaged. The German Government and the German Federal States agreed to this level in December 2019. The German ethanol industry welcomes the pricing of fossil CO_2 emissions and recommends that in parallel, greenhouse gas reduction quotas for fuels be gradually increased from 6 % by weight in 2020 to 16 % by 2030. This will ensure that fuels with lower CO_2 emissions are used and therefore that the fuel sector would also contribute to achieving the 2030 climate targets.

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 80 of the 2019/20 annual report (consolidated management report, economic report, CropEnergies segment).

Business performance

Revenues and operating result

The CropEnergies segment's revenues fell sharply to € 162 (185) million. Fuel demand distortions due to mobility restrictions caused by the Corona pandemic led to a decline in both volumes and sales revenues. The decline could only be partially offset by significantly higher demand for ethanol to produce disinfectants.

Compared to the strong previous year, the decline in sales revenues was also reflected in a significantly lower operating result of € 8 (15) million, which, however, exceeded expectations. Reduced by-product revenues, particularly for protein-based products, were more than offset by lower raw material prices. Production volume was maintained at the previous year's level, even though there were delays in recommissioning the plant in Wanze after the scheduled maintenance shutdown due to exit restrictions in Belgium.

Investments in fixed assets

Investments in the CropEnergies segment totaled € 10 (5) million and related at all sites mainly for replacements of technical capital equipment throughout the entire production process such as heat exchangers, pumps and dryers. In addition, the focus is on measures to increase plant availability and reliability. The topic of fire and explosion protection is also prioritized across the locations.

Business performance – CropEnergies segment

		1st quarter		
		2020/21	2019/20	+/– in %
Revenues	€ million	**162**	**185**	**–12.6**
EBITDA	€ million	18	26	–29.7
Depreciation on fixed assets and intangible assets	€ million	–10	–11	–5.6
Operating result	€ million	**8**	**15**	**–46.7**
Result from restructuring / special items	€ million	0	0	–
Result from companies consolidated at equity	€ million	0	0	–
Result from operations	€ million	**8**	**15**	**–45.7**
EBITDA margin	%	11.2	14.0	
Operating margin	%	5.0	8.2	
Investments in fixed assets [1]	€ million	10	5	> 100
Investments in financial assets / acquisitions	€ million	0	0	–
Total investments	€ million	**10**	**5**	**> 100**
Shares in companies consolidated at equity	€ million	2	2	20.0
Capital employed	€ million	424	459	–7.5
Employees		**451**	**441**	**2.3**

[1] Including intangible assets.

TABLE 09

FRUIT SEGMENT

Markets

Target markets

Global growth in the primary target market, fruit yogurt, has been negatively impacted by the wordwide Corona pandemic, but only slightly. Current forecasts by Euromonitor indicate a global growth rate for yogurt of 1.8 % in 2020. This is 0.5 % below forecast growth rates prior to the Corona crisis.

European demand for apple juice concentrate continued to be solid in spring and was met by product from the 2019 harvest.

Contracts were signed for all of the berry juice concentrates from the 2019 harvest. Demand during the upcoming berry campaign is expected to be stable at last year’s level.

Raw material markets

The harvest for the key fruit strawberries was essentially completed in the primary procurement markets Morocco, Egypt, Spain and Mexico. Due to the Corona pandemic, contracts in Egypt and Morocco were signed for lower volumes than budgeted; purchase prices were just under 5 % higher than last year. A shortage of workers and inadequate transport capacity due to the Corona pandemic led to a comparable situation for the mango harvest in the primary cultivation area India in May.

The impact of late frost in parts of Europe on food harvests in summer cannot yet be clearly predicted at the time of reporting. However, it is expected that the apricot harvest will be up to one-third below last year’s.

Good raw material availability is assumed for the recently started berry juice processing season 2020 in the fruit juice concentrates division.

For the main fruit of the fruit juice concentrate business, apple, good availability is expected in the key growing region of Poland. Because of the spring frost in Hungary, harvest expectations there are at the previous year’s low level; a more precise assessment of the situation is due in mid-July 2020.

Business performance

Revenues and operating result

The fruit segment's revenues came in slightly lower than last year at € 304 (312) million. Higher sales revenues were offset by lower volumes for both fruit preparations and fruit juice concentrates, which led to a significantly lower operating result of € 16 (22) million. Lower volumes due partly to a weaker harvest and partly to measures related to combatting the Corona virus, as well as lower margins because of higher costs, weighed on the result.

Investments in fixed assets

Most of the € 4 (10) million invested by the fruit segment was in the fruit preparations division. In addition to replacement and maintenance investments, capacity expansions, such as the installation of an additional production line each at the fruit preparations factories in Central Mangrove, Australia and in Lysander, New York, continued. There were some delays because of the impact of the Corona pandemic. The fruit juice concentrates division invested in replacements and production optimizations. Noteworthy investments include improvement of the water supply; for instance by installing a new head tank in Kröllendorf, Austria. Investments for the new basic ingredients and aroma production business are continuing following short delays.

Business performance – Fruit segment

		1st quarter		
		2020/21	2019/20	+/– in %
Revenues	€ million	**304**	**312**	**–2.5**
EBITDA	€ million	26	32	–17.5
Depreciation on fixed assets and intangible assets	€ million	–10	–10	3.1
Operating result	€ million	**16**	**22**	**–26.6**
Result from restructuring / special items	€ million	0	0	–
Result from companies consolidated at equity	€ million	0	0	–
Result from operations	€ million	**16**	**22**	**–26.6**
EBITDA margin	%	8.6	10.1	
Operating margin	%	5.3	7.0	
Investments in fixed assets [1]	€ million	4	10	–59.4
Investments in financial assets / acquisitions	€ million	0	1	–80.0
Total investments	€ million	**4**	**11**	**–60.4**
Shares in companies consolidated at equity	€ million	0	0	–
Capital employed	€ million	906	888	2.0
Employees		**5,866**	**6,622**	**–11.4**

[1] Including intangible assets.

TABLE 10

OUTLOOK

Group

We expect consolidated group revenues of € 6.9 to 7.2 (previous year: 6.7) billion in fiscal 2020/21. A significant increase in revenues is anticipated in the sugar segment. We expect the special products segment's revenues to rise slightly. In the CropEnergies segment we see a substantial decline in revenues. We anticipate the fruit segment's revenues to rise moderately.

We expect a consolidated group operating result ranging between € 300 and 400 (previous year: 116) million. We estimate that the sugar segment's operating result will range between € −40 and +60 million. We expect the special products segment's operating result to come in at the same strong level at last year. CropEnergies' operating result is expected to be significantly lower. We expect the fruit segment's operating result to improve moderately.

We expect capital employed to remain at last year's level. Based on the aforementioned operating result improvement, we estimate ROCE to be significantly higher (previous year: 1.8 %).

The operating result for the second quarter of the current fiscal year 2020/21 is expected to be significantly above the previous year's level.

In view of the ongoing Corona pandemic and the correspondingly high volatility in all segments, the forecast for the second quarter and for the overall year is still characterized by very high uncertainty.

Sugar segment

On the world market, despite the effects of the Corona pandemic, a deficit is still expected for the current 2019/20 marketing year, albeit to a lesser extent, and thus a reduction in inventories. In Europe, shrinking cultivation areas mean that the EU will remain a net importer in sugar marketing year 2020/21, which means the market environment will be stable. These basic assumptions continue to apply even considering the described potential impact of the Corona pandemic. The decline in world market prices, which had resulted from the market distortions in crude oil and currencies of emerging markets such as Brazil, has now been partially recovered. The question of whether and to what extent the development of world market prices to date will also influence our expectations for the European price level for the 2020/21 sugar marketing year depends on the duration and extent of these market distortions.

As a result of the poor sugar beet harvest in 2019, the plant shutdowns after the 2019 campaign and the overall lower demand caused by the Corona pandemic, we expect sales volumes to drop again. Nevertheless, driven by higher sales revenues, we anticipate a significant increase in revenues (previous year: € 2.3 billion).

We expect the sugar segment's operating result to range between € −40 and +60 million (previous year: € −236 million). Following the losses in the first quarter, we expect losses in the second quarter as well, as the price increases achieved since October 2019 are offset among others by higher raw material costs.

Given a stable market environment, we expect rising sales revenues in October 2020, as well as material cost savings from the restructuring plan, which will then yield positive operating results despite further rising raw material costs.

Uncertainties exist with regard to the extent of the sales revenue increase, the further development of sales volumes in the wake of the Corona pandemic, and capacity utilization as a result of the continuing drought in some growing regions.

Special products segment

We expect the special products segment's production and sales volumes to rise further. We therefore expect slightly higher revenues (previous year: € 2.4 billion). Due to some decline in sales revenues and higher costs as a result of capacity expansions, we are forecasting an operating result the same as last year (previous year: € 190 million).

As a result of the Corona pandemic, the development of the individual divisions (positive for the Freiberger and BENEO divisions; negative for the PortionPack Europe and starch divisions) varied in the first quarter, with changes being highly volatile overall.

We assume that this situation will continue in principle in the further course of the year, but will weaken as the year progresses.

CropEnergies segment

CropEnergies posted a record result last fiscal year. Fiscal 2020/21 revenues (previous year: € 819 million) and operating result (previous year: € 104 million) are expected to decline sharply due to the Corona pandemic. Despite Corona-driven distortions in fuel demand due to mobility restrictions and significantly lower energy prices since the start of the pandemic, CropEnergies was able to generate a clearly positive operating result in the first quarter.

The second quarter is expected to be better than the first because the operating and mobility restrictions that had been imposed since mid-March 2020 have been eased in more and more countries during the past few weeks. This should boost fuel demand in general and demand for renewable, low-CO_2 energies in particular. Climate protection will continue to be a socio-political challenge in the medium term. In addition, CropEnergies has significantly increased production of ethanol suitable for disinfectants.

Fruit segment

We expect the fruit segment's revenues (previous year: € 1.2 billion) and operating result (previous year: € 58 million) to rise moderately in fiscal 2020/21. Given the developments in the first quarter, achieving the forecast will be more difficult.

We expect revenue growth for the fruit preparations division, which will be achieved through loading the established capacities and advancing with diversifying the non-dairy business. Results are forecast to be higher, driven by higher margins as well as lower cost increases than in 2019/20. The fruit juice concentrates division's revenues are expected to rise sharply in the new fiscal year while results are expected to be lower.

The fruit segment's global production plants make it especially difficult to forecast the impact of the Corona pandemic.

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 and opportunity report in the 2019/20 annual report on pages 92 to 101 presents an overview of the risks. Taking into account all known facts, we have not identified any risks, either individually or as a whole, that threaten the continued existence of Südzucker Group.

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

This quarterly statement was not reviewed or audited. It was prepared by Südzucker AG's executive board on 29 June 2020.

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 quarterly statement 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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