AGRANA

Sustainable management

Interim statement for the
first quarter of 2019|20

First quarter of 2019|20 at a glance

- Revenue: € 638.4 million (+1.3%; Q1 prior year: € 630.3 million)
- EBIT: € 30.9 million (-16.5%; Q1 prior year: € 37.0 million)
- EBIT margin: 4.8% (Q1 prior year: 5.9%)
- Profit for the period: € 18.3 million (-27.7%; Q1 prior year: € 25.3 million)
- Equity ratio: 58.2% (28 February 2019: 59.0%)
- Gearing ratio[1]: 29.2% (28 February 2019: 22.9%)
- Number of employees (FTE)[2]: 9,506 (Q1 prior year: 9,123)

[1] Debt-equity ratio (ratio of net debt to total equity).
[2] Average number of full-time equivalents in the reporting period.

Contents

Letter from the CEO

Dear Investor,

In terms of earnings, the first quarter of 2019|20, affected by the (expected) negative performance in the Sugar segment, was still below last year's result. However, we remain confident that for the full financial year, we will achieve a significant year-on-year improvement in EBIT.

Our 2019|20 financial year began with unusually dry weather, which allowed early sowing of the beet seed, but also led to strong development of an insect pest, the beet weevil. Using organic methods such as pheromone traps and obstacle furrows, well more than 100 million of the beetles were prevented from depositing their eggs, thus ultimately limiting the loss of crop area to just half of the prior year's damage.

After the abundant May rains in AGRANA's entire crop-growing region, all crops, from beet and potato to wheat and corn (maize), recovered, catching up from an initial growth deficit. Their further development after the very hot June will be of critical significance for assuring a competitive raw material supply for our starch and sugar manufacturing facilities.

Selling prices in the Sugar segment as per the EU price reporting system, most recently at € 319 per tonne, have evidently now bottomed out. A decrease of 3 million tonnes in EU sugar production in the 2018 campaign and a somewhat reduced beet acreage in 2019 have contributed to the first slight pick-up in spot prices. Even under these circumstances, however, the Sugar segment's EBIT result remained negative.

Thanks to full capacity utilisation in Aschach, Austria, and a rise in ethanol prices, EBIT of the Starch segment in the first quarter was very significantly above the year-earlier result.

In the Fruit segment, the second Chinese fruit preparations plant came on stream successfully. The fruit juice concentrate business is showing a very good trend at a high absolute level. Due to raw-material-related one-time costs in the fruit preparations business, however, EBIT for the overall segment was still below that of the year-earlier quarter.

In the 2019|20 financial year we continue to invest in growth. The doubling of the wheat starch capacity in Pischelsdorf, Austria, is fully on schedule and the plant expansion is to be brought on stream in the financial fourth quarter. As well, the betaine crystallisation joint venture already completed the contracting phase for the facility at the end of June.

As the first three months thus predominantly unfolded as planned, we reaffirm our financial outlook for the 2019|20 financial year.

Sincerely

Johann Marihart
Chief Executive Officer

Group report

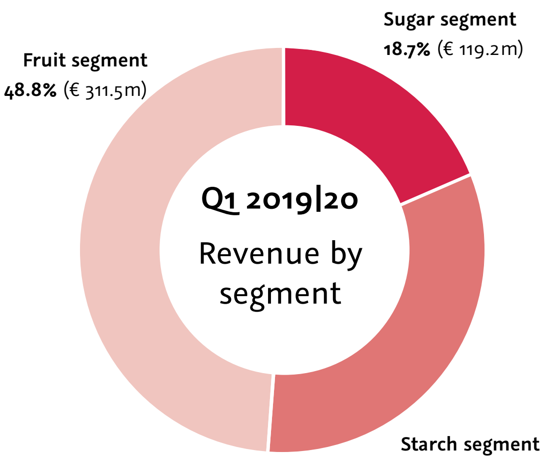
Group results for the first quarter of 2019|20

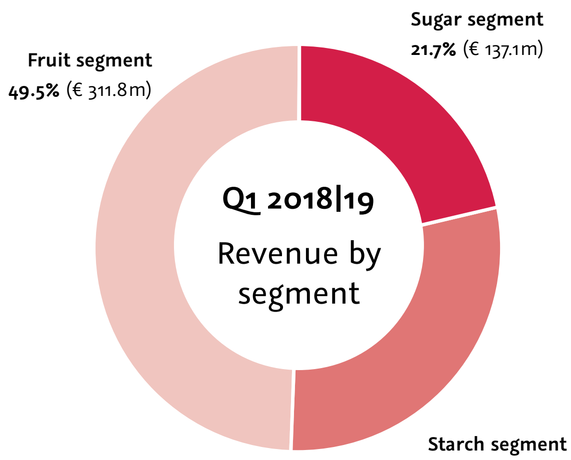
Revenue and earnings

CONSOLIDATED INCOME STATEMENT (CONDENSED) €m, except as otherwise indicated	Q1 2019|20	Q1 2018|19	CHANGE
Revenue	638.4	630.3	+1.3%
EBITDA[1]	51.5	53.5	-3.7%
Operating profit before exceptional items and results of equity-accounted joint ventures	27.5	33.8	-18.6%
Share of results of equity-accounted joint ventures	3.4	3.3	+3.0%
Exceptional items	0.0	(0.1)	+100.0%
Operating profit (EBIT)	**30.9**	**37.0**	**-16.5%**
EBIT margin	**4.8%**	**5.9%**	**-1.1pp**
Net financial items	(3.8)	(4.3)	+11.6%
Profit before tax	27.1	32.7	-17.1%
Income tax expense	(8.8)	(7.4)	+18.9%
Profit for the period	18.3	25.3	-27.7%
Earnings per share (€)[2]	0.27	0.37	-27.4%

In the financial first quarter of 2019|20 (the three months ended 31 May 2019), **revenue** of the AGRANA Group was € 638.4 million, up 1.3% from the same period one year earlier, with the slight growth coming from a positive revenue trend in the Starch segment.

Operating profit (EBIT) was € 30.9 million in the first three months of 2019|20, a decrease of 16.5% from the year-ago quarter. EBIT in the Sugar segment deteriorated very significantly, to a deficit of € 9.3 million (Q1 prior year: profit of € 1.6 million), owing to a reduction in selling prices from one year earlier. In the Fruit segment, EBIT decreased to € 21.8 million, a reduction of 14.5% driven by the fruit preparations business. The Starch segment was able to boost its EBIT by 85.9% to € 18.4 million. The Group's **net financial items** amounted to an expense of € 3.8 million, down from € 4.3 million in the year-earlier quarter thanks to an improvement in currency translation differences. After an income tax expense of € 8.8 million, corresponding to a tax rate of approximately 32.5% (Q1 prior year: 22.6%), **profit for the period** was € 18.3 million (Q1 prior year: € 25.3 million). **Earnings per share** attributable to AGRANA shareholders decreased to € 0.27 (Q1 prior year: € 0.37[2]).





[1] EBITDA represents operating profit before exceptional items, results of equity-accounted joint ventures, and operating depreciation and amortisation.
[2] The prior-year value has been restated under IAS 33.64. It reflects the four-for-one stock split performed in July 2018 and is thus based on the number of shares outstanding at 31 May 2019 of 62,488,976.

Investment

In the first quarter of the 2019|20 financial year, AGRANA invested € 33.6 million, or € 1.3 million more than in the year-earlier comparative period. Capital expenditure by segment was as follows:

INVESTMENT[2] €m, except %	Q1 2019|20	Q1 2018|19	CHANGE
Fruit segment	10.1	7.1	+42.3%
Starch segment	20.8	22.0	-5.5%
Sugar segment	2.7	3.2	-15.6%
Group	**33.6**	**32.3**	**+4.0%**

Fruit segment

- Second production line at new plant in China is under construction
- Additional production lines in Australia and Russia
- New lab for new-product development in France
- Various projects across all 43 production sites

Starch segment

- Expansion of the wheat starch plant in Pischelsdorf, Austria
- Expansion of the corn derivatives plant in Aschach, Austria
- Measures to increase specialty corn processing in Aschach, Austria

Sugar segment

- Completion of the new warehouse for finished product in Buzău, Romania
- New sugar centrifuges for the optimisation of energy consumption in Hrušovany, Czech Republic

Additionally, in the first quarter of 2019|20, € 5.6 million (Q1 prior year: € 2.9 million) was invested in the equity-accounted joint ventures (the HUNGRANA and STUDEN groups; investment in these entities is stated at 100% of the total).

Cash flow

Consolidated cash flow statement (condensed)

€m, except %	Q1 2019|20	Q1 2018|19	CHANGE
Operating cash flow before changes in working capital	47.9	49.6	-3.4%
Changes in working capital	(71.3)	(18.1)	-293.9%
Interest received and paid and income tax paid, net	(7.3)	(10.6)	+31.1%
Net cash (used in)/from operating activities	**(30.7)**	**20.9**	**-246.9%**
Net cash (used in) investing activities	(34.6)	(31.1)	-11.3%
Net cash from/(used in) financing activities	71.8	(18.0)	+498.9%
Net increase/(decrease) in cash and cash equivalents	**6.5**	**(28.2)**	**+123.0%**
Effects of movements in foreign exchange rates and hyperinflation adjustment on cash and cash equivalents	0.0	(0.3)	+100.0%
Cash and cash equivalents at beginning of period	82.6	121.0	-31.7%
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**89.1**	**92.5**	**-3.7%**

Operating cash flow before changes in working capital eased to € 47.9 million (Q1 prior year: € 49.6 million) in the first quarter of 2019|20, as a result mainly of the lower profit for the period. After a significantly larger increase of € 71.3 million in working capital than one year earlier (Q1 prior year: increase of € 18.1 million), operating cash flow in the first quarter of 2019|20 decreased to a net outflow of € 30.7 million (Q1 prior year: net inflow of € 20.9 million). Net cash used in investing activities (i.e., net cash outflow) was € 34.6 million, reflecting slightly higher payments for purchases of property, plant and equipment and intangibles (Q1 prior year: net cash use of € 31.1 million). A significant overall increase in borrowings led to a net cash inflow of € 71.8 million from financing activities (Q1 prior year: net cash use of € 18.0 million).

[1] Investment represents purchases of property, plant and equipment and intangible assets, excluding goodwill.

Financial position

Consolidated balance sheet (condensed)

€m, except % and pp	31 May 2019	28 February 2019	Change
ASSETS			
Non-current assets	**1,292.5**	**1,252.1**	**+3.2%**
Of which intangible assets, including goodwill	275.8	276.7	-0.3%
Of which property, plant and equipment	899.8	864.2	+4.1%
Current assets	**1,151.0**	**1,137.3**	**+1.2%**
Of which inventories	588.7	619.1	-4.9%
Of which trade receivables and other assets	466.7	429.5	+8.7%
Of which cash and cash equivalents	89.1	82.6	+7.9%
Total assets	**2,443.5**	**2,389.4**	**+2.3%**
Equity and liabilities			
Equity	**1,422.6**	**1,409.9**	**+0.9%**
Equity attributable to shareholders of the parent	1,359.8	1,348.7	+0.8%
Non-controlling interests	62.8	61.2	+2.6%
Non-current liabilities	**416.2**	**393.1**	**+5.9%**
Of which borrowings	299.4	279.0	+7.3%
Current liabilities	**604.7**	**586.4**	**+3.1%**
Of which borrowings	223.9	144.6	+54.8%
Of which trade and other payables	340.3	403.6	-15.7%
Total equity and liabilities	**2,443.5**	**2,389.4**	**+2.3%**
Net debt	**415.4**	**322.2**	**+28.9%**
Gearing ratio[1]	**29.2%**	**22.9%**	**+6.3pp**
Equity ratio	**58.2%**	**59.0%**	**-0.8pp**

Total assets as of 31 May 2019 were up slightly from the 2018|19 year-end balance sheet date, at € 2.44 billion (28 February 2019: € 2.39 billion), with an equity ratio of 58.2% (28 February 2019: 59.0%).

Non-current assets increased by about 3% as a result of investment. Current assets also rose marginally. Inventories were reduced and trade receivables and other assets increased. On the opposite side of the balance sheet, non-current liabilities rose moderately, due primarily to an increase in long-term borrowings. Current liabilities grew slightly, with an increase in short-term borrowings partially offset by a reduction in trade and other payables.

Net debt as of 31 May 2019 amounted to € 415.4 million, up € 93.2 million from the 2019|20 year-end level of 28 February 2019 (year-ago level of 31 May 2018: € 242.8 million). The gearing ratio rose accordingly to 29.2% as of the quarterly balance sheet date (28 February 2019: 22.9%; 31 May 2018: 16.5%).

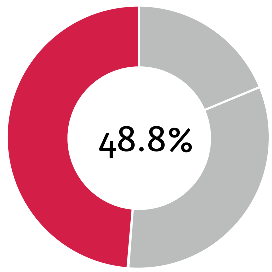
[1] Debt-equity ratio (ratio of net debt to total equity).

Fruit segment

Financial results

Fruit segment €m, except %	Q1 2019|20	Q1 2018|19	Change
Revenue	311.5	311.8	-0.1%
EBITDA[1]	31.5	33.7	-6.5%
Operating profit before exceptional items and results of equity-accounted joint ventures	21.8	25.5	-14.5%
Operating profit [EBIT]	**21.8**	**25.5**	**-14.5%**
EBIT margin	**7.0%**	**8.2%**	**-1.2pp**

Share of Group revenue



Fruit segment revenue in the first quarter of 2019|20 was € 311.5 million, in line with the year-earlier level. In fruit preparations, revenue showed a small uptick due in part to a slight increase in sales volume. In the fruit juice concentrate activities, revenue was down moderately from a year ago for price reasons.

The Fruit segment's EBIT was € 21.8 in the first three months, off 14.5% from one year earlier. The reasons for the deterioration lay in the fruit preparations business. Here, one-time impacts related to raw materials in Mexico (strawberry and mango) and low sales prices for apples in Ukraine, as well as exceptional staff cost effects, were the primary drivers of the reduction in operating profit. EBIT in the fruit juice concentrate business was pushed up significantly and stabilised at the high year-earlier level. This was attributable mainly to high delivery volumes in combination with strong contribution margins of fruit juice concentrates from the 2018 harvest.

Market environment

The global consumer trends shaping developments in the markets of the fruit preparations business (dairy products, ice-cream, bakery and food services) remain the themes of naturalness, sustainability, health and pleasure. In the areas of naturalness and sustainability, the current main focus is on a circular economy and the traceability of ingredients. Often, the labelling of fruit end products also highlights a specific origin (such as Monterey strawberry). Catering to today's fast pace of life, numerous products are being launched in all of the above product categories as quick, but healthy, snacks for between meals.

Demand for apple juice concentrate continues to be stable. Available product from the current spring production was successfully marketed. Sales were also made in the USA and within Europe, and there are inquiries from Africa.

The contractual placement of berry juice concentrates from the 2018 crop with customers is almost complete.

Raw materials and production

The harvest of strawberry, the segment's principal fruit, was substantially completed in the Mediterranean climate zones of Morocco, Egypt, Spain and Mexico. The planned quantities of supply required were contracted. Despite higher market prices, AGRANA was able to purchase at better prices than in the prior year, thanks to long-term strategic agreements. The Moroccan as well as the Egyptian procurement market are increasingly gaining in importance for the USA, both for competition reasons and as a consequence of repeated low raw material supply in Mexico.

For tropical fruits the harvests are going well and demand is constant, which means that steady or slightly reduced prices can be expected. For raspberry and sour cherry in Europe and the USA, after a historic low, higher prices are predicted, and apple prices too should rise. Stone fruits such as peach and apricot should remain stable at the previous year's level.

In the first quarter of 2019|20, AGRANA purchased about 110,000 tonnes of raw materials for the fruit preparations activities.

In the fruit juice concentrate business, for the 2019 berry juice processing season that has just begun, the availability of raw materials is likely to be good, in line with the prior year.

For apples, the most important fruit in the juice concentrate business, sufficient availability is expected in Poland, the main growing region. Due to the spring frost in Hungary, harvest expectations here are for a decrease from last year. An exact assessment will not be possible until the middle of July.

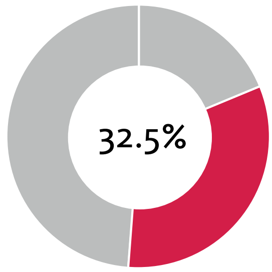
[1] EBITDA represents operating profit before exceptional items, results of equity-accounted joint ventures, and operating depreciation and amortisation.

Starch segment

Financial results

Starch segment €m, except %	Q1 2019|20	Q1 2018|19	Change
Revenue	207.7	181.4	+14.5%
EBITDA[1]	23.6	12.8	+84.4%
Operating profit before exceptional items and results of equity-accounted joint ventures	15.2	5.2	+192.3%
Share of results of equity-accounted joint ventures	3.2	4.7	-31.9%
Operating profit [EBIT]	**18.4**	**9.9**	**+85.9%**
EBIT margin	**8.9%**	**5.5%**	**+3.4pp**

Share of Group revenue



Revenue in the first quarter of 2019|20 was € 207.7 million, marking significant growth from a year ago. The key reason was a substantial increase in ethanol revenue due to stronger Platts quotations, which were more than one-third higher year-on-year. In saccharification products, with declining prices, revenue was raised moderately through the sale of greater volumes. Native and modified starches saw revenue growth, thanks in part to volume increases. Revenue from baby food also rose, while animal feed revenue was stable.

With EBIT of € 18.4 million, the Starch segment surpassed the comparative year-earlier quarter by 85.9%. The pronounced earnings growth stemmed primarily from the significant rise in the market price of ethanol and from volume gains in all other product segments. On the expense side, the higher raw material costs for the 2018 crop remained a downside factor for earnings. The earnings contribution of the equity-accounted HUNGRANA group declined from € 4.7 million to € 3.2 million, since the Hungarian site, as the largest European manufacturer of isoglucose, is particularly strongly affected by the price declines for saccharification products relative to the prior-year period. On balance, the EBIT profit margin of the Starch segment in the first financial quarter increased to 8.9%, from 5.5% in the comparative prior-year quarter.

Market environment

In the first quarter of the 2019|20 financial year, sales volume growth was achieved in all product areas.

Saccharification capacity especially in Southeastern Europe remains significantly underutilised, and the market developments in isoglucose continue to be driven by volume pressure.

Sales figures for native and modified starches were stable in the first quarter of the financial year. The tight supply situation in cereal starches for the European paper and corrugated board industry has eased and increasing spot volumes are on offer again. With the beginning of the summer months, a greater demand for modified starches can be observed, especially in the construction sector.

The bioethanol business made a very positive contribution to the overall result in the first quarter of 2019|20, buoyed by high Platts quotations. The quotes were supported by a supply shortage existing particularly in Northern and Western Europe. Besides the fact that a recently closed plant in Britain will very likely not resume production, maintenance work at numerous factories made for a shorter supply. As well, there was less ethanol derived from sugar beet thick juice on the market. The European Commission recently rejected a continuation of anti-dumping duties on US ethanol. The elimination of the additional customs duty of about € 50 per cubic metre is currently not yet showing an effect on import volumes.

In the feedstuffs segment, the markets followed divergent trends. Prices for high-protein products (corn gluten and vital wheat gluten) declined as a result of a supply overhang. In the medium-protein space, on the other hand, increased sales prices were able to be obtained for ActiProt® and corn gluten feed. The steadily growing demand for GMO-free feedstuffs is a key reason for the market environment of stable prices.

[1] EBITDA represents operating profit before exceptional items, results of equity-accounted joint ventures, and operating depreciation and amortisation.

Raw materials and production

World grain production in the 2019|20 grain marketing year (July to June) is estimated by the International Grains Council in its forecast of 30 May 2019 at 2.18 billion tonnes, which is about 39 million tonnes more than in the prior year and falls short of expected consumption by around 15 million tonnes. Wheat production is forecast at 766 million tonnes (prior year: 733 million tonnes; estimated 2019|20 consumption: 753 million tonnes) and the predicted output of corn is 1,118 million tonnes (prior year: 1,126 million tonnes; estimated 2019|20 consumption: 1,151 million tonnes). Total ending grain stocks are to decline by approximately 15 million tonnes to a new balance of 602 million tonnes.

Grain production in the EU-28 is estimated by Stratégie Grains in its forecast of 16 May 2019 at about 307 million tonnes (prior year: 280 million tonnes). Of this total, the soft wheat harvest is to account for about 144 million tonnes, significantly more than the 2018 crop of 127 million tonnes. The 2019 corn harvest in the EU is expected to reach 63 million tonnes (prior year: 62 million tonnes).

The quotations on the NYSE Euronext Liffe commodity derivatives exchange in Paris moved sideways or rose slightly since the beginning of March 2019 and, on 31 May 2019, were at around € 166 per tonne for corn and € 185 per tonne for wheat (year earlier: € 170 and € 180 per tonne, respectively).

Potatoes

For potato starch for the 2019 crop year, contracts were concluded with about 1,500 farmers to grow 324,000 tonnes of (regular and organic) industrial starch potatoes (prior year: 310,000 tonnes). The contracts for regular and organic potatoes for the food industry remained nearly constant year-on-year at about 17,000 tonnes.

Corn and wheat

The purchasing of feedstock for the starch plants in Aschach, Austria (corn) and Pischelsdorf, Austria (wheat) from the 2018 crop is almost fully completed. The raw material prices in the first quarter of the financial year were as budgeted.

In the bioethanol activities, the grain and corn purchases for the plant in Pischelsdorf are largely secured until up to the new crop. About 65% of the raw material supply for the 2019|20 financial year, including the ethanol grain production contracts, is covered.

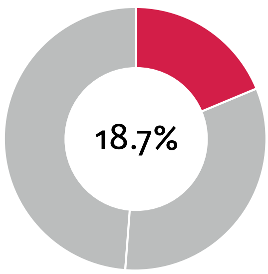
At the plant in Hungary (HUNGRANA), a total of 1.05 million tonnes of corn should be processed in 2019|20 (prior year: 1.03 million tonnes); the amounts for this equity-accounted joint venture are stated at 100% of the respective total.

Sugar segment

Financial results

SUGAR SEGMENT €m, except %	Q1 2019|20	Q1 2018|19	CHANGE
Revenue	119.2	137.1	-13.1%
EBITDA[1]	(3.6)	7.0	-151.4%
Operating (loss)/profit before exceptional items and results of equity-accounted joint ventures	(9.5)	3.2	-396.9%
Share of results of equity-accounted joint ventures	0.2	(1.4)	+114.3%
Exceptional items	0.0	(0.1)	+100.0%
Operating (loss)/profit [EBIT]	**(9.3)**	**1.6**	**-681.3%**
EBIT margin	**(7.8%)**	**1.2%**	**-9.0pp**

Share of Group revenue



The Sugar segment's revenue in the first three months of 2019|20, at € 119.2 million, was off 13.1% from the first quarter of the prior year. The reasons were the year-on-year reduction in sugar sales prices, as well as lower volumes of sugar sold (the latter especially in exports and the non-food sector).

EBIT in the first quarter of 2019|20 fell very significantly from a profit of € 1.6 million to a deficit of € 9.3 million. The principal driving factor was the poorer sales price environment compared to the prior year.

[1] EBITDA represents operating profit before exceptional items, results of equity-accounted joint ventures, and operating depreciation and amortisation.

Market environment

World sugar market

The sugar world market price has been stagnating at a low level since the beginning of the financial year. Nonetheless, there was a slight improvement compared to the nine-year low for white sugar (reached in August 2018 at US$ 303.7 per tonne) and the ten-year low for raw sugar (in September 2018 at US$ 218.3 per tonne).

Contrary to the expectation of a small deficit in the 2018|19 sugar marketing year (SMY, October 2018 to September 2019), the presence of considerable inventories, notably in India, led to a strained world market situation. Great significance also attaches to the still uncertain extent of ethanol production in Brazil, as this will have a large impact on the amount of sugar production. The present market situation is also influenced by the behaviour of institutional investors, which have accumulated large short positions and thus bet on continuing low prices.

Current political tensions are creating volatility in the oil price, which in turn affects sugar prices. Further uncertainty was caused by the dynamics in the foreign exchange market, especially a recently weak Brazilian real.

In its estimate of 29 May 2019 of the world sugar balance for the end of SMY 2018|19, the analytics firm F.O. Licht is projecting a small production deficit for the year. The forecast calls for production of 185.7 million tonnes (SMY 2017|18: 194.3 million tonnes) and growth in consumption to 184.9 million tonnes (SMY 2017|18: 183.3 million tonnes). This implies a decrease in global sugar stocks to 77.3 million tonnes (SMY 2017|18: 77.5 million tonnes) and a deficit of 0.2 million tonnes.

At the end of the financial reporting period, white sugar quoted at US$ 330.6 (€ 296.9) per tonne and raw sugar at US$ 266.8 (€ 239.6).

EU sugar market

In SMY 2017|18, sugar production in the EU was about 21.3 million tonnes. Until into July 2018, a similar production volume of approximately 20.4 million tonnes was forecast for SMY 2018|19. Owing to the dry weather conditions, however, the estimate of the European Commission from April 2019 puts production at 17.5 million tonnes of sugar.

Since the abolition of the sugar quotas at the end of September 2017, the average sugar prices as per the EU price reporting system declined significantly and continually. By January 2019 the sugar price per tonne was only € 312. In April 2019, the average price rose again somewhat to € 319 per tonne, and a further increase is expected for the next several months of SMY 2018|19.

Generally speaking, as a result of the reduced production quantities, lower exports and higher imports are projected for the current SMY 2018|19 than in the year before, and this has already been borne out in the first seven months of this sugar marketing year.

Customers in industry and resellers

The sales volumes in all business areas in the first quarter of 2019|20 were below expectations. Amid the recent summer temperatures and the (delayed) start of the fruit harvests, demand can be expected to strengthen, both from industry (particularly the beverage sector) and resellers. As to pricing, due to a lack of surplus volumes in Europe, sugar prices have picked up somewhat, especially in the spot markets. Based on the market assessment and crop forecasts to date, prices can be expected to show a rising trend in the next sugar marketing year.

Raw materials (and production)

In the 2019 crop year, the sugar beet production acreage contracted by AGRANA with beet growers was approximately 82,100 hectares, or about 1,000 hectares less than was harvested in the prior year. Organic sugar beet cultivation for the Group accounted for around 2,100 hectares contracted in Austria, 300 hectares in Hungary and about 500 hectares in Romania.

The mild winter, and especially the very warm March, allowed planting to begin early in most beet regions in Austria, the Czech Republic and Slovakia. In Hungary and Romania, precipitation delayed an early start. Juvenile development was somewhat slowed, particularly in the second week of April, by a lack of rain. From the first week of April, severe damage in the Austrian core beet production areas was once again caused by the beet weevil. However, the extent of the infestation was far smaller than in the prior year, thanks mainly to a package of countermeasures initiated by AGRANA. This year's use of obstacle furrow ploughs (creating a deep, narrow furrow around the outside of the fields to prevent the beetles from migrating into the crop) and deployment of more than 90,000 pheromone traps should also help to further reduce the potential threat from beet weevil in 2020. A total of approximately 5,300 hectares of beet fields had to be turned under and only about 23% of this was subsequently replanted to beet. In the other beet-growing regions, outside Austria, further beet production area (about 500 hectares) was lost due to drought, wind erosion and other animal pests. From the end of April and through all of May, enough precipitation was recorded in the entire production area in all regions. This improved the growth situation, and rapid juvenile development led to an early or average timing of row closure in most beet fields.

The weather and growing conditions to date point to average to slightly above-average beet yields in all countries on the approximately 77,000 hectares under beet that are on the books at the balance sheet date.

At the three raw sugar refineries in Kaposvár in Hungary, Buzău in Romania and Brčko in Bosnia and Herzegovina, about 124,000 tonnes of white sugar were produced in the first quarter of 2019|20 from around 127,000 tonnes of raw cane sugar.

Management of risks and opportunities

AGRANA uses an integrated system for the early identification and monitoring of risks that are relevant to the Group.

There are currently no known risks to the AGRANA Group's ability to continue in operational existence and no future risks of this nature are discernible at present.

A detailed description of the Group's business risks is provided on pages 88 to 93 of the annual report 2018|19.

Number of employees

Full-time equivalents	Q1 2019|20	Q1 2018|19	Change
Fruit segment	6,549	6,232	+5.1%
Starch segment	1,041	986	+5.6%
Sugar segment	1,916	1,905	+0.6%
Group	**9,506**	**9,123**	**+4.2%**

In the first quarter of 2019|20 the AGRANA Group employed an average of 9,506 full-time equivalents (Q1 prior year: 9,123). The increase in personnel resulted mainly from the new subsidiary in Algeria, the new second fruit preparations plant in China and the expansion of the starch production site in Aschach, Austria.

Significant events after the interim reporting date

No significant events occurred after the quarterly balance sheet date of 31 May 2019 that had a material effect on AGRANA's financial position, results of operations or cash flows.

Outlook

AGRANA Group €m	2018|19 Actual	2019|20 Forecast
Revenue	2,443.0	↑
EBIT	66.6	↑↑
Investment[1]	183.8	143

↑ *Moderate increase*[2]
↑↑ *Significant increase*[2]

Despite the continuing substantial challenges in the Sugar segment, the Group's **operating profit (EBIT)** is expected to increase significantly in the 2019|20 financial year. Group **revenue** is projected to show moderate growth.

EBIT in the second quarter of the current 2019|20 financial year is expected to be at least in line with the second quarter of the prior year (€ 26.0 million), if not better.

Starch segment €m	2018|19 Actual	2019|20 Forecast
Revenue	762.7	↑↑
EBIT	51.2	↑↑
Investment[1]	97.0	66

↑↑ *Significant increase*[2]

For the **Starch segment,** a significant increase in revenue is forecast for the 2019|20 financial year. The markets for starches are expected to be stable, with starch-based saccharification products remaining affected by the trend in European sugar prices. Specialty products such as infant formula, organic and GMO-free products should continue to generate consistently positive impetus. The high quotations for ethanol have recently improved the revenue and earnings situation. Assuming an average grain harvest in 2019 and a slight reduction in raw material prices compared to the drought year 2018, EBIT of the Starch segment is expected to increase significantly from the prior-year level.

Fruit segment €m	2018|19 Actual	2019|20 Forecast
Revenue	1,179.1	↑
EBIT	77.3	↑↑
Investment[1]	56.2	57

↑ *Moderate increase*[2]
↑↑ *Significant increase*[2]

In the **Fruit segment**, AGRANA expects the 2019|20 financial year to bring growth in revenue and EBIT. For the fruit preparations activities a positive revenue trend is predicted in all business areas, driven by rising sales volumes. Fruit preparations EBIT will reflect the volume and margin growth, resulting in a significant earnings improvement year-on-year. In the fruit juice concentrate business, revenue and EBIT are projected to be steady this financial year.

Sugar segment €m	2018|19 Actual	2019|20 Forecast
Revenue	501.2	↗
EBIT	(61.9)	↑
Investment[1]	30.6	20

↗ *Slight increase*[2]
↑ *Moderate improvement*[2]

For the **Sugar segment**, AGRANA is projecting consistently low revenue in expectation of a continued challenging sugar market environment. The ongoing cost reduction programmes will only be able to soften the margin erosion to some extent, and Sugar EBIT is thus expected to remain negative in the 2019|20 financial year.

Investment[1]

Total **investment** across the three business segments in the financial year, at approximately € 143 million, is to significantly exceed the budgeted depreciation of about € 108 million.

[1] Investment represents purchases of property, plant and equipment and intangible assets, excluding goodwill.
[2] For definitions of these quantitative terms as used here in the "Outlook" section, see page 13.

Further information

Financial calendar

11 July 2019	Results for first quarter of 2019|20
11 July 2019	Record date for dividend
12 July 2019	Dividend payment date
10 October 2019	Results for first half of 2019|20
14 January 2020	Results for first three quarters of 2019|20

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Interim statement for the first quarter of 2019|20

Published 11 July 2019 by:
AGRANA Beteiligungs-AG
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1020 Vienna, Austria

AGRANA 2018|19 Online:

https://reports.agrana.com/en

FORWARD-LOOKING STATEMENTS

This interim statement contains forward-looking statements, which are based on assumptions and estimates made by the Management Board of AGRANA Beteiligungs-AG. Although these assumptions, plans and projections represent the Management Board's current intentions and best knowledge, a large number of internal and external factors may cause actual future developments and results to differ materially from these assumptions and estimates. Some examples of such factors are, without limitation: negotiations concerning world trade agreements; changes in the overall economic environment, especially in macroeconomic variables such as exchange rates, inflation and interest rates; EU sugar policy; consumer behaviour; and public policy related to food and energy. AGRANA Beteiligungs-AG does not guarantee in any way that the actual future developments and actual future results achieved will match the assumptions and estimates expressed or made in this interim statement, and does not accept any liability in the event that assumptions and estimates prove to be incorrect.

THE QUANTITATIVE STATEMENTS AND DIRECTION ARROWS IN THE "OUTLOOK" SECTION ARE BASED ON THE FOLLOWING DEFINITIONS:

Modifier	Visualisation	Numerical rate of change
Steady	→	0% up to +1%, or 0% up to -1%
Slight(ly)	↗ or ↘	More than +1% and up to +5%, or more than -1% and up to -5%
Moderate(ly)	↑ or ↓	More than +5% and up to +10%, or more than -5% and up to -10%
Significant(ly)	↑↑ or ↓↓	More than +10% or more than -10%
Very significant(ly)	↑↑↑ or ↓↓↓	More than +50% or more than -50%

This interim statement has not been audited or reviewed. It was prepared by the Management Board of AGRANA Beteiligungs-AG on 24 June 2019.

For financial performance indicators not defined in a footnote, please see the definitions on page 196 of the annual report 2018|19.

In the interest of readability, this document may occasionally use language that is not gender-neutral. Any gender-specific references should be understood to include masculine, feminine and neuter as the context permits.

As a result of the standard round-half-up convention used in rounding individual amounts and percentages, this interim statement may contain minor, immaterial rounding errors.

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