AGRANA

Q1-3 2018|19

INTERIM STATEMENT FOR THE
FIRST THREE QUARTERS OF 2018|19

First three quarters of 2018|19 at a glance

- Revenue: € 1,863.5 million (-7.3%; Q1-Q3 prior year: € 2,010.6 million)
- EBIT: € 63.5 million (-63.0%; Q1-Q3 prior year: € 171.6 million)
- EBIT margin: 3.4% (Q1-Q3 prior year: 8.5%)
- Profit for the period: € 37.0 million (-71.0%; Q1-Q3 prior year: € 127.6 million)
- Equity ratio: 59.4% (28 February 2018: 61.7%)
- Gearing ratio: 21.4% (28 February 2018: 16.0%)
- Number of employees (FTE): 9,471 (Q1-Q3 prior year: 8,833)

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

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Letter from the CEO

Dear Investor,

In 2018|19 as every financial year, the third quarter coincided with the sugar beet and potato raw material campaigns. For the new, 2018 beet crop, new and extremely low sugar prices driven by export parity took effect. As a result of isoglucose prices moving in correlation with this, as well as of low ethanol prices in the Starch segment, the quarterly EBIT was the lowest yet in this financial year to date.

However, a "once-in-a-century" drought in much of the EU caused beet crop expectations for 2018 to be revised downward by up to 20% compared to the year before. Thanks to the absence of export- and inventory-induced selling pressure, sugar prices are therefore expected to stabilise at a low absolute level. Beet prices, being tied to sugar prices, are lessening farmers' propensity to grow beet for 2019. There are thus signs that a new market equilibrium may take hold in autumn of next year.

In the 2018 crop of starch potatoes, high starch content is largely compensating for the reduced yields. Despite the extremely fast drying in the fields, in Austria and Hungary more than 200,000 tonnes of corn in each country was processed fresh soon after harvest and thus without incurring drying costs.

The apple crop in Europe was of record proportions this year, while the Chinese harvest was significantly smaller as a result of frost. European surplus quantities of apple juice concentrate are thus finding receptive export markets. The Fruit segment, amid favourable raw material prices, therefore meets expectations at the nine-month mark.

The 2018|19 financial year, which has been characterised by extreme volatility to date, also features important strategic milestones:

- In the Sugar segment, we have entered into a joint venture agreement with the American sugar manufacturer Amalgamated Sugar Company for the construction of a betaine crystallisation plant (the third worldwide) at our sugar factory in Tulln, Austria. The betaine fraction of molasses from several sugar factories, enriched through chromatography, will be extracted in crystalline form starting in 2020, primarily for use in feedstuffs and cosmetics.
- Our second Chinese fruit preparations plant successfully began operation in Jiangsu, China, on schedule and on cost.
- At the Austrian potato starch plant in Gmünd, capacity was increased in the course of the 2018 campaign to a processing volume of 2,000 tonnes per day through the addition of a new starch dryer, and the spent potato pulp is refined into food-grade fine fibre valued for its water retention properties.
- The thermoplastic starch developed at our AGRANA Research & Innovation Center represents a breakthrough in home-compostable plastic films and produce bags. With this innovation, AGRANA's Starch segment offers a sustainable alternative with a view to the planned ban on non-biodegradable plastic bags in Austria.
- The doubling of our wheat starch capacity at the plant in Pischelsdorf, Austria, is proceeding according to plan and there is nothing standing in the way of its completion by the end of 2019.

Currently, as a result of the closure or production halt of two large bioethanol plants in the United Kingdom, ethanol quotations are on the rise, providing justified hope that the Starch segment's EBIT will stabilise in the fourth quarter of 2018|19.

In the sugar operations, certainly the first half of 2019|20 will be marked by the situation of the completed 2017|18 sugar marketing year. A market price recovery from autumn 2019 will depend not only on the world market price for sugar but also to a large extent on the 2019 beet harvest.

Despite the currently difficult sugar market, AGRANA consistently pursues its specialties strategy, which, together with the diversification provided by the three business segments, creates the basis for a positive medium-term performance of the Group.

Sincerely

Johann Marihart
Chief Executive Officer

Group report

AGRANA Group results for the first three quarters of 2018|19

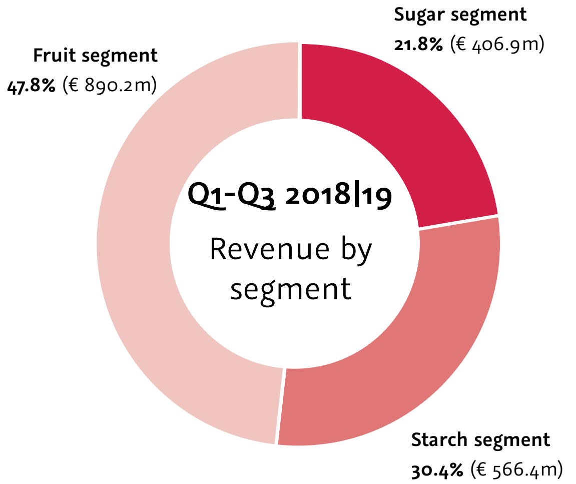
Revenue and earnings

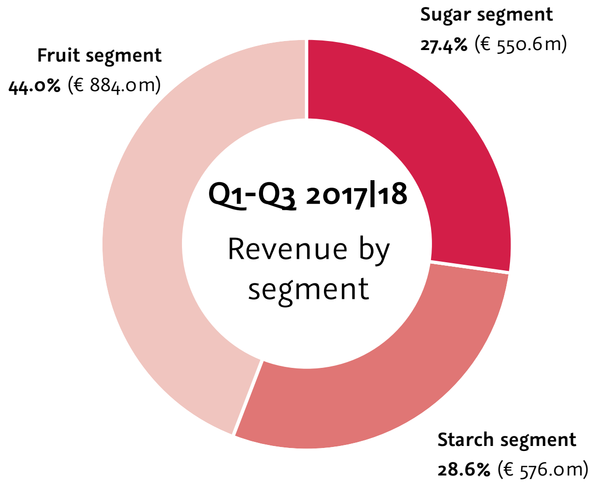
Consolidated income statement (condensed) €m, except as otherwise indicated	Q1-Q3 2018|19	Q1-Q3 2017|18
Revenue	1,863.5	2,010.6
EBITDA[1]	124.1	213.8
Operating profit before exceptional items and results of equity-accounted joint ventures	54.6	149.4
Share of results of equity-accounted joint ventures	10.5	25.8
Exceptional items	(1.6)	(3.6)
Operating profit [EBIT]	**63.5**	**171.6**
EBIT margin	**3.4%**	**8.5%**
Net financial items	(11.9)	(11.0)
Profit before tax	51.6	160.6
Income tax expense	(14.6)	(33.0)
Profit for the period	37.0	127.6
Earnings per share (€)[2]	0.53	1.99

Consolidated income statement (condensed) €m, except as otherwise indicated	Q3 2018|19	Q3 2017|18
Revenue	601.9	648.5
EBITDA[1]	27.8	64.2
Operating profit before exceptional items and results of equity-accounted joint ventures	(1.9)	36.0
Share of results of equity-accounted joint ventures	3.9	5.8
Exceptional items	(0.8)	(0.8)
Operating profit [EBIT]	**1.2**	**41.0**
EBIT margin	**0.2%**	**6.3%**
Net financial items	(1.5)	(2.1)
Profit before tax	(0.3)	38.9
Income tax expense	(2.4)	(8.6)
Profit for the period	(2.7)	30.3
Earnings per share (€)[2]	(0.06)	0.49

In the first three quarters of 2018|19 (the nine months ended 30 November 2018), **revenue** of the AGRANA Group was € 1,863.5 million, down 7.3% from the same period one year earlier, with the decrease attributable primarily to the Sugar segment.

Operating profit (EBIT) was € 63.5 million in the first nine months of 2018|19, a significant decline of 63.0% from the year-ago comparative period. In the Sugar segment, as expected, EBIT deteriorated significantly, to a deficit of € 35.4 million (Q1-Q3 prior year: profit of € 42.1 million), owing to lower selling prices than one year earlier as well as adverse effects of the drought-related smaller harvest in Austria. In the Starch segment, EBIT decreased to € 36.9 million, a reduction of 47.6% driven above all by a negative trend in the ethanol and saccharification products business. The Fruit segment raised its EBIT by 4.9% to € 62.0 million. The Group's **net financial items** amounted to an expense of € 11.9 million (Q1-Q3 prior year: expense of € 11.0 million). Since the middle of 2018, Argentina's economy is classified as hyperinflationary. The rules of IAS 29 (Financial Reporting in Hyperinflationary Economies) are





[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 adjusted in accordance with IAS 33.64. Also see explanations regarding the stock split, on page 7.

therefore applied, since the financial third quarter, with a positive impact of € 0.9 million on currency translation differences. After an income tax expense of € 14.6 million, corresponding to a tax rate of approximately 28.3% (Q1-Q3 prior year: 20.5%), **profit for the period** was € 37.0 million (Q1-Q3 prior year: € 127.6 million). **Earnings per share** attributable to AGRANA shareholders decreased to € 0.53 (Q1-Q3 prior year: € 1.99[1]).

Investment

In the first three quarters, AGRANA invested € 118.1 million, or € 22.6 million more than in the year-earlier comparative period. Capital expenditure by segment was as follows:

INVESTMENT[2] €m, except %	Q1-Q3 2018|19	Q1-Q3 2017|18	CHANGE
Fruit segment	33.3	28.9	+15.2%
Starch segment	62.8	41.2	+52.4%
Sugar segment	22.0	25.4	-13.4%
Group	**118.1**	**95.5**	**+23.7%**

Fruit segment

- Various projects across all 45 production sites; key projects: Construction of the new, second fruit preparations plant in China and a new carrot juice concentrate production line in Hungary

Starch segment

- Increase of potato processing capacity through installation of a new potato starch dryer in Gmünd, Austria
- Installation of a potato fibre dryer in Gmünd
- Expansion of the wheat starch plant in Pischelsdorf, Austria
- Expansion of the starch derivatives plant in Aschach, Austria

Sugar segment

- Renewal of the brick lining of the lime kiln in Leopoldsdorf, Austria
- Installation of an organic sugar line with a big-bag filling station and rail loading facility in Tulln, Austria
- Renewal of the pulp press station in Kaposvár, Hungary
- Replacement investment in two white sugar centrifuges in Opava, Czech Republic
- Project start for construction of a warehouse for finished product in Buzău, Romania

Additionally in the first three quarters of 2018|19, € 12.7 million (Q1-Q3 prior year: € 19.0 million) was invested in the equity-accounted joint ventures (the HUNGRANA and STUDEN groups; investment and other data for these entities are stated at 100% of the respective total).

Consolidated cash flow statement (condensed)

€m, except %	Q1-Q3 2018|19	Q1-Q3 2017|18	CHANGE
Operating cash flow before changes in working capital	141.5	243.2	-41.8%
Changes in working capital	1.9	(6.7)	+128.4%
Interest received and paid and income tax paid, net	(24.0)	(38.9)	+38.3%
Net cash from operating activities	**119.4**	**197.6**	**-39.6%**
Net cash (used in) investing activities	(118.7)	(96.1)	-23.5%
Net cash (used in) financing activities	(36.2)	(168.2)	+78.5%
Net (decrease) in cash and cash equivalents	**(35.5)**	**(66.7)**	**+46.8%**
Effects of movements in foreign exchange rates and of hyperinflation adjustment on cash and cash equivalents	(1.5)	(4.4)	+65.9%
Cash and cash equivalents at beginning of period	121.0	198.4	-39.0%
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**84.0**	**127.3**	**-34.0%**

[1] The prior-year value has been adjusted in accordance with IAS 33.64. Also see explanations regarding the stock split, on page 7.
[2] Investment represents purchases of property, plant and equipment and intangible assets, excluding goodwill.

Cash flow

Operating cash flow before changes in working capital declined to € 141.5 million (Q1-Q3 prior year: € 243.2 million) in the first three quarters of 2018|19, as a result mainly of the significantly lower profit for the period (also see table on page 5). After a minor reduction of € 1.9 million in working capital (Q1-Q3 prior year: increase of € 6.7 million) and after lower outflows for taxes and interest than one year earlier, net cash from operating activities in the first nine months of 2018|19 decreased to € 119.4 million (Q1-Q3 prior year: € 197.6 million). Net cash used in investing activities (i.e., net cash outflow) was € 118.7 million as a result of higher payments for purchases of property, plant and equipment and intangibles (Q1-Q3 prior year: net cash use of € 96.1 million). An overall increase in borrowings in the reporting period (on a net basis across current and non-current borrowings) meant that, despite a higher dividend payment to AGRANA shareholders, net cash used in financing activities was reduced to € 36.2 million (Q1-Q3 prior year: net cash use of € 168.2 million).

Consolidated balance sheet (condensed)

€m, except % and pp	30 November 2018	28 February 2018	Change
Assets			
Non-current assets	**1,224.5**	**1,161.0**	**+5.5%**
Of which intangible assets	274.9	276.8	-0.7%
Of which property, plant and equipment	823.5	768.9	+7.1%
Current assets	**1,150.3**	**1,195.4**	**-3.8%**
Of which inventories	616.2	654.5	-5.9%
Of which trade receivables and other assets	443.7	415.6	+6.8%
Of which cash and cash equivalents	84.0	121.0	-30.6%
Total Assets	**2,374.8**	**2,356.4**	**+0.8%**
Equity and liabilities			
Equity	**1,411.1**	**1,454.0**	**-3.0%**
Equity attributable to shareholders of the parent	1,349.2	1,397.0	-3.4%
Non-controlling interests	61.9	57.0	+8.6%
Non-current liabilities	**393.2**	**419.4**	**-6.2%**
Of which borrowings	280.2	310.6	-9.8%
Current liabilities	**570.5**	**483.0**	**+18.1%**
Of which borrowings	124.7	61.6	+102.4%
Of which trade and other payables	414.5	378.2	+9.6%
Total equity and liabilities	**2,374.8**	**2,356.4**	**+0.8%**
Net debt	**301.8**	**232.5**	**+29.8%**
Gearing ratio[1]	**21.4%**	**16.0%**	**+5.4pp**
Equity ratio	**59.4%**	**61.7%**	**-2.3pp**

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

Financial position

Total assets were steady relative to the 2017|18 year-end balance sheet date (also see table on page 6), at € 2.37 billion as of 30 November 2018 (28 February 2018: € 2.36 billion), while the equity ratio was 59.4% (28 February 2018: 61.7%).

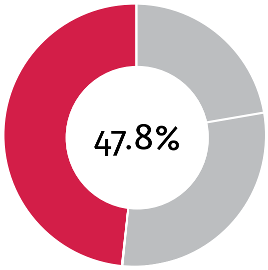
The value of non-current assets increased moderately, whereas current assets decreased by just under 4%. Within this reduction, the most significant in absolute terms was that in inventories. On the opposite side of the balance sheet, non-current liabilities declined moderately, due primarily to the repayment of borrowings. Current liabilities rose significantly, with both short-term borrowings and trade and other payables contributing to this.

Net debt as of 30 November 2018 amounted to € 301.8 million, up € 69.3 million from the 2017|18 year-end level of 28 February 2018 (30 November 2017: € 226.0 million). The gearing ratio accordingly rose moderately to 21.4% as of the quarterly balance sheet date (28 February 2018: 16.0%; 30 November 2017: 15.6%).

At the 31st Annual General Meeting of AGRANA Beteiligungs-AG on 6 July 2018, shareholders approved a four-for-one stock split. The corresponding amendment to the Articles of Association was entered in the commercial register on 24 July 2018. Through the stock split, the number of shares was increased from 15,622,244 to a new total of 62,488,976. The share capital remained unchanged at € 113,531,274.76 and is now divided into 62,488,976 no-par value bearer shares. Each no-par value share now represents a proportionate amount of approximately € 1.82 of the share capital.

Fruit segment

Share of Group revenue



Financial results

FRUIT SEGMENT €m, except %	**Q1-Q3 2018|19**	**Q1-Q3 2017|18**
Revenue	890.2	884.0
EBITDA[1]	89.7	87.1
Operating profit before exceptional items and results of equity-accounted joint ventures	62.0	59.1
Operating profit [EBIT]	**62.0**	**59.1**
EBIT margin	**7.0%**	**6.7%**

FRUIT SEGMENT €m, except %	**Q3 2018|19**	**Q3 2017|18**
Revenue	278.0	284.1
EBITDA[1]	27.0	26.4
Operating profit before exceptional items and results of equity-accounted joint ventures	15.9	15.6
Operating profit [EBIT]	**15.9**	**15.6**
EBIT margin	**5.7%**	**5.5%**

Fruit segment revenue in the first three quarters of 2018|19 was € 890.2 million, in line with the year-earlier level (up 0.7%). In fruit preparations, revenue stagnated despite higher sales volumes; the reason lay in negative currency translation effects, particularly in Argentina, Turkey, Russia, Mexico and the USA. In the fruit juice concentrate business, revenue rose as a result of the high apple juice concentrate prices for product from the 2017 crop.

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

The Fruit segment's EBIT in the first nine months was € 62.0 million, up slightly from one year earlier. While the fruit preparations business experienced a mainly currency-related deterioration in earnings (many local currencies weakened against the euro, in some cases sharply), EBIT in the fruit juice concentrate activities grew very significantly. This was due especially to improved contribution margins of apple juice concentrate produced from the 2017 harvest, and also, secondarily, to a continued good performance in beverage bases.

Market environment

The market-driving global consumer trends remain naturalness, sustainability, pleasure and health. In the yoghurt market, this is expressed mainly through two trend directions. One is the launching of products with a strong emphasis on animal welfare (such as products using grass-fed milk and milk from pastured cows). The other is the continuing boom in vegan dairy alternatives (for example, soy milk), as many consumers want to limit or entirely give up animal products in their diet. Customer demand for clean label products – items with the shortest and clearest possible list of ingredients, and products without an E number – continues to grow in importance. Another trend is that of guilt-free enjoyment, with consumers choosing small portions or package sizes and the combination of nutrient-dense products (e.g., yoghurt with protein) with new flavours such as caramel or coffee.

For apple juice concentrate, the historic high crops in the major apple production regions Poland, Hungary, Germany and Italy caused concentrate prices to come down significantly from the prior year. As a result of the spring frost in China and the introduction of a US import tariff on apple juice concentrate of Chinese origin, AGRANA was able to sell significant volumes of European apple juice concentrate in the USA.

Most of the fruit juice concentrates produced in the 2018 processing season (from apples and berries) are already contractually placed with customers.

Raw materials and production

The strawberry harvest was completed in all regions. In the main procurement markets Morocco, Egypt, Spain and Mexico, the planned volumes were contracted, at prices moderately above the prior year.

Generally speaking, this year to date, the volumes of the crops relevant for the fruit preparations business (for instance, raspberry, sour cherry and pineapple) have been significantly larger than last year. Exceptions to this are strawberry as well as blueberry, among others.

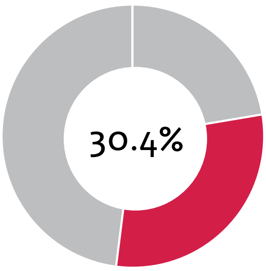
In the first three quarters of 2018|19, AGRANA purchased 290,000 tonnes of raw materials for the fruit preparations activities.

In the fruit juice concentrate business, the 2018 berry season was very satisfactory and raw material availability was good.

Europe had a bumper apple crop in 2018 thanks to the favourable growing conditions for this fruit. This led to very good plant utilisation at the European facilities, while apple volumes in China compared to the prior year were significantly reduced as a result of spring frost.

Starch segment

Share of Group revenue



Financial results

Starch segment €m, except %	**Q1-Q3 2018|19**	**Q1-Q3 2017|18**
Revenue	566.4	576.0
EBITDA[1]	46.5	63.0
Operating profit before exceptional items and results of equity-accounted joint ventures	23.5	44.3
Share of results of equity-accounted joint ventures	13.4	26.1
Operating profit [EBIT]	**36.9**	**70.4**
EBIT margin	**6.5%**	**12.2%**

Starch segment €m, except %	**Q3 2018|19**	**Q3 2017|18**
Revenue	194.4	190.5
EBITDA[1]	19.9	20.4
Operating profit before exceptional items and results of equity-accounted joint ventures	12.3	13.3
Share of results of equity-accounted joint ventures	4.3	6.6
Operating profit [EBIT]	**16.6**	**19.9**
EBIT margin	**8.5%**	**10.4%**

Revenue in the first three quarters of 2018|19 was € 566.4 million, a decrease of 1.7% from one year earlier. This reduction was explained largely by the price-related lower bioethanol revenue, with ethanol quotations down significantly from a year ago. While revenue with saccharification products decreased as well, pulled down partly by the very low prices of granulated sugar, the revenue trend in native and modified starches was positive amid sustained good market demand. Revenue from feedstuff reselling was higher than the year-ago level.

EBIT, at € 36.9 million, was down significantly by 47.6% from the year-earlier result. Most of this reduction was attributable to the considerably lower market prices for bioethanol. On the cost side, the significant energy price increases and the higher overall level of grain prices for the 2018 crop weighed on earnings. The profit contribution from the equity-accounted HUNGRANA was halved to € 13.4 million, since this Hungarian facility is particularly exposed to the negative trend in bioethanol market prices and, as Europe's largest manufacturer of isoglucose, is significantly impacted by declining saccharification product prices. Accordingly, the profitability of the Starch segment in the financial first three quarters in terms of EBIT margin fell to 6.5%, from 12.2% in the comparative prior-year period.

Market environment

The extremely difficult market setting for sugar also affected the sales volumes of liquid starch saccharification products. Historic low sugar prices exerted direct downward price pressure on isoglucose. The beverage industry is now substituting isoglucose with sugar and, according to the September statistics of the European Commission, isoglucose sales volumes were well below expectations and below the average of the prior years. New competitors also edged into the market.

Sales volumes of native and modified starches into the food industry were stable. Higher selling prices are being witnessed in the market as a result of cost increases for raw materials and energy.

An upside driver in non-food starches remained the lasting high demand from the paper and corrugated board industry.

The outlook for the bioethanol business after the first quarter of the financial year had been decidedly subdued, as a significant supply increase in the EU and higher imports from overseas coincided with merely moderate growth in demand. From their low spring levels, ethanol prices then recovered in the summer months as a consequence both of logistical delivery difficulties in Europe that resulted from low river levels of the Rhine and Danube over the summer months, and of higher raw

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

material prices for wheat. After a renewed price decline in October, ethanol quotations recently regained stability at a higher level, thanks especially to capacity reductions in the UK, where one ethanol plant was closed and another temporarily halted production.

In the feedstuff sector, prices were steady and above those of the prior year. Here too, the low river levels on the Rhine and Danube posed logistical challenges for deliveries of the by-products to customers, particularly for Actiprot® and corn gluten feed. Corn germ came under pressure as a consequence of the low vegetable oil prices.

Raw materials and production

World grain production in the 2018|19 grain marketing year (July to June) is estimated by the International Grains Council in its forecast of 22 November 2018 at 2.08 billion tonnes, which is about 24 million tonnes less than in the prior year and falls short of expected consumption by around 58 million tonnes. Wheat production is forecast at 729 million tonnes (prior year: 767 million tonnes; estimated 2018|19 consumption: 739 million tonnes) and the predicted output of corn is 1,073 million tonnes (prior year: 1,047 million tonnes; estimated 2018|19 consumption: 1,112 million tonnes). Total ending grain stocks are to decline by approximately 58 million tonnes to a new balance of 560 million tonnes.

Grain production in the EU-28 is estimated by Strategié Grains in its forecast of 15 November 2018 at about 279 million tonnes (prior year: 298 million tonnes). Of this total, the soft wheat harvest is to account for about 127 million tonnes, which is significantly less than the 2017 crop of 142 million tonnes. The 2018 corn harvest in the EU is expected to reach 60 million tonnes (prior year: 59 million tonnes).

The wheat and corn quotations on the NYSE Euronext Liffe commodity derivatives exchange in Paris rose since March 2018. Following a significant increase in the summer months with a high for both grain species in August, the quotes declined again and, on 30 November 2018, were about € 173 per tonne for corn (year earlier: €154) and € 201 per tonne for wheat (year earlier: € 160).

Potatoes

On 21 August 2018 the potato starch factory in Gmünd, Austria, began the processing of starch potatoes from the 2018 harvest. As a result of the hot and dry weather in August, growers' fulfilment of the contracted amount of starch potatoes is forecast to reach 83%. The average starch content is predicted at about 19% (prior year: 18.1%).

Corn and wheat

The receiving of freshly harvested wet corn at the corn starch plant in Aschach, Austria, began in the middle of August 2018 and was completed at the end of November, with a processing volume of about 117,000 tonnes (prior year: 114,000 tonnes). For the full financial year, total corn processing volume at this facility is expected to reach about 471,000 tonnes (prior year: 422,000 tonnes).

In the plant at Pischelsdorf, Austria, approximately 106,000 tonnes of wet corn was processed from the end of August to early December 2018 (prior year: 99,000 tonnes). For this financial year as a whole, total grain processing volume (of wheat, organic wheat, triticale and corn) at the facility is expected to reach about 835,000 tonnes (prior year: 831,000 tonnes).

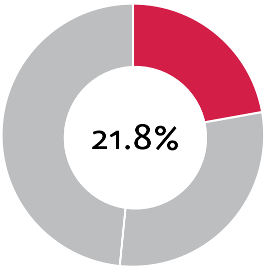
The raw material supply for the Austrian starch plants and the bioethanol facility for the 2018|19 financial year is almost fully secured. Raw material prices in the first three quarters of the financial year were at or slightly above the expected levels.

Like the Aschach facility, the equity-accounted plant in Hungary (HUNGRANA) launched its wet corn campaign in mid-August and completed it at the end of November. Wet corn processing volume at this facility decreased to approximately 226,000 tonnes this year (prior year: 263,000 tonnes). Corn processing here in the full financial year is expected to reach 1.04 million tonnes (prior year: 1.10 million tonnes).

At the plant in Romania, total corn processing will come to about 69,000 tonnes, in line with the prior year.

Sugar segment

Share of Group revenue



Financial results

Sugar segment €m, except %	Q1-Q3 2018|19	Q1-Q3 2017|18
Revenue	406.9	550.6
EBITDA[1]	(12.1)	63.7
Operating (loss)/profit before exceptional items and results of equity-accounted joint ventures	(30.9)	46.0
Share of results of equity-accounted joint ventures	(2.9)	(0.3)
Exceptional items	(1.6)	(3.6)
Operating (loss)/profit [EBIT]	**(35.4)**	**42.1**
EBIT margin	**(8.7%)**	**7.6%**

Sugar segment €m, except %	Q3 2018|19	Q3 2017|18
Revenue	129.5	173.9
EBITDA[1]	(19.1)	17.4
Operating (loss)/profit before exceptional items and results of equity-accounted joint ventures	(30.2)	7.1
Share of results of equity-accounted joint ventures	(0.3)	(0.8)
Exceptional items	(0.8)	(0.8)
Operating (loss)/profit [EBIT]	**(31.3)**	**5.5**
EBIT margin	**(24.2%)**	**3.2%**

The Sugar segment's revenue in the first three quarters of 2018|19, at € 406.9 million, was off 26.1% from the comparative period of the prior year. The reasons were a significant 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 nine months of 2018|19 declined markedly from a profit of € 42.1 million to a deficit of € 35.4 million. The principal driving factor was the much poorer sales price environment compared to the prior year, which also made necessary a (retail-method) writedown on sugar inventories. In addition, production costs increased due to the poor beet quality of the 2018 crop (not least as a result of the extreme drought conditions) and the beet losses in spring 2018 caused by the beet weevil. Specifically, this resulted in idle-capacity costs of about € 10 million.

Market environment

World sugar market

The clear downward trend in the world sugar market price continued from 1 March 2018 in the first seven months of the 2018|19 financial year, which was explained primarily by the anticipation of a significant surplus in the world sugar balance. Despite the increased use of sugar cane for ethanol production in Brazil, very good crop forecasts for India and Thailand and a rise in exports from Europe led to the expectation of a considerable surplus in global sugar stocks for the end of the 2017|18 sugar marketing year (SMY, October 2017 to September 2018). This drove the world market quotations to a nine-year low for white sugar in August 2018 (at US$ 303.7 per tonne) and a ten-year low for raw sugar in September 2018 (at US$ 218.3 per tonne). Since October the market has rallied again somewhat from its lows, due particularly to lower-than-expected crop results in Brazil for SMY 2017|18, the effects of the dry weather in Europe on the 2018 campaign, and the current dynamics in the foreign exchange and oil markets.

In its estimate of 20 December 2018 of the world sugar balance for the end of SMY 2018|19, the analytics firm F.O. Licht is forecasting a small production deficit. The forecast calls for production of 185.0 million tonnes (SMY 2017|18: 193.3 million tonnes) and growth in consumption to 186.3 million tonnes (SMY 2017|18: 183.7 million tonnes). This implies a decrease in global sugar stocks to 74.0 million tonnes (SMY 2017|18: 75.7 million tonnes) and a deficit of 1.7 million tonnes. This sugar stock estimate is about 11 million tonnes lower than that from August.

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

At the end of the financial reporting period, white sugar quoted at US$ 348.2 per tonne and raw sugar at US$ 283.1.

EU sugar market

The completed SMY 2017|18 was the first marketing year after the elimination of the sugar quotas and of minimum prices for sugar beet. With very good yields, both sugar production and the now uncapped exports increased significantly, while imports declined.

For SMY 2018|19, which began on 1 October 2018, the production expectations are considerably lower than in the prior year, as a result of the drought-related poorer yields in the large European beet growing regions. In its estimate from September 2018, the European Commission, on a stable beet production acreage, projected a production decrease (including isoglucose) of 1.9 million tonnes to 19.8 million tonnes (SMY 2017|18: 21.7 million tonnes). F.O. Licht now predicts a drop of just under 3 million tonnes in EU production of white sugar, and thus a contraction in exports and inventories.

At the beginning of the last SMY (2017|18), in October 2017, the EU price for sugar (food and non-food) per bulk tonne ex-factory fell to € 420 per tonne and, in the months that followed, tumbled further to slightly below € 350 per tonne. At the start of the new SMY 2018|19, the quotation lost another € 27, receding to just € 320 per tonne in October 2018, which was about 20% below the regulatory reference threshold of € 404 per tonne.

Customers in industry and resellers

The sales volume trend with industrial customers and with resellers was positive in the first nine months of the 2018|19 financial year. By contrast, volumes declined in the export and non-food sector (formerly "non-quota sugar") amid the world market situation and the resulting conscious reduction in export activities.

While the first months of this financial year were still marked by high EU sugar inventories, these were largely depleted in the course of mid-summer, especially in the Eastern European countries.

Raw materials and production

In the 2018 crop year, the sugar beet production acreage contracted by AGRANA with beet growers was approximately 94,400 hectares, or about 1,800 hectares less than in the prior year. Organic sugar beet cultivation for the Group accounted for around 1,700 hectares planted in Austria and about 900 hectares in Romania.

Owing to the long winter and especially the low temperatures in the second half of February 2018, the start of planting was delayed by about one to two weeks compared to the long-term average. Most of the initial planting was completed by mid-April. From the first week of April onward, severe damage was caused in the Austrian core beet production areas by an insect pest, the beet weevil. A total of approximately 12,000 hectares had to be turned under and only about 30% of this was subsequently replanted to beet. In the other beet-growing regions, outside Austria, further beet production area was lost to mud deposits, soil crusting, hail and animal pests.

The comparatively very warm months of April to June 2018 led to rapid juvenile growth of the remaining beet stocks. Widespread rain, particularly in the second half of May, also strongly boosted the beet growth.

During July and August, the normal rains in many AGRANA regions failed to materialise. Notably in parts of Austria, the southern Czech Republic and also in Romania, this led to serious and extensive drought symptoms in some of the beet stocks. At the beginning of September the situation improved thanks to above-average precipitation. However, this also brought a severe infestation of cercospora leaf spot. The rest of September and almost the whole remainder of autumn were relatively dry again, preventing the beet growth from reaching forecast levels, particularly on the less fertile soils. The extreme weather conditions in the summer and autumn ultimately were also responsible for a poorer beet quality and associated lower storability of the beet, especially at the beginning of the processing period.

The harvest in the Eastern European countries largely began around 10 September 2018. In Austria, beet lifting did not start until early October due to the loss of 22% of the crop area to beet weevil damage.

[1] This pest tends to spread especially in the spring after prolonged dry periods.

This year's unfavourable weather and growing conditions have led to below-average beet yields and sugar content in all countries on the approximately 83,800 hectares under beet (including about 750 hectares of organic beet). The total beet processing volume will be about 5.2 million tonnes.

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 86 to 90 of the annual report 2017|18.

Number of employees

Full-time equivalents	Q1-Q3 2018|19	Q1-Q3 2017|18	Change
Fruit segment	6,397	5,792	+10.4%
Starch segment	1,022	953	+7.2%
Sugar segment	2,052	2,088	-1.7%
Group	**9,471**	**8,833**	**+7.2%**

In the first three quarters of 2018|19 the AGRANA Group employed an average of 9,471 full-time equivalents (Q1-Q3 prior year: 8,833). The increase in personnel resulted mainly from a higher requirement for seasonal workers in the Fruit segment and from 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 30 November 2018 that had a material effect on AGRANA's financial position, results of operations or cash flows.

Outlook

AGRANA Group €m	2017|18 Actual	2018|19 Forecast
Revenue	2,566.3	↘
EBIT	190.6	↓↓
Investment[1]	140.9	185

↘ *Slight reduction[2]*
↓↓ *Significant reduction[2]*

As a result of the current challenges faced especially in the Sugar segment, the Group's **operating profit (EBIT)** is expected to decrease significantly in the 2018|19 financial year. Group **Revenue** is projected to be slightly lower than in the year before.

EBIT in the fourth quarter of this financial year is predicted at significantly below the year-earlier level.

Starch segment €m	2017|18 Actual	2018|19 Forecast
Revenue	752.3	→
EBIT	80.2	↓↓
Investment[1]	59.4	100

→ *Steady[2]*
↓↓ *Significant reduction[2]*

In the **Starch segment,** steady revenue is forecast for the 2018|19 financial year. Sales volumes are to rise significantly, thanks also to the full utilisation of the additional corn grinding capacity in Aschach, Austria. The positive impetus for specialty products (including organic grades) and generally for starches and by-products is expected to continue. For bioethanol and for starch-based saccharification products, however, sales prices are likely to be lower year-on-year amid the challenging market environment. With raw material and energy prices rising at the same time, the result will be a significant reduction in Starch segment EBIT.

Fruit segment €m	2017|18 Actual	2018|19 Forecast
Revenue	1,161.4	↗
EBIT	75.6	↗
Investment[1]	49.4	55

↗ *Slight increase[2]*

In In the **Fruit segment**, AGRANA expects the full 2018|19 financial year to bring slight growth in revenue and in EBIT. Revenue of the fruit preparations business is predicted to increase, driven by rising sales volumes in all areas (particularly in non-dairy) and despite negative currency translation effects. The synergy effects in Argentina, the acquisition of Elafruits in Algeria and the commissioning of the new Chinese production site in Jiangsu, China, are positive drivers for earnings; however, negative currency effects are to lead to a significantly lower EBIT for fruit preparations than last year. In the fruit juice concentrate business, revenue is projected to be steady and EBIT is expected to grow significantly this financial year.

Sugar segment €m	2017|18 Actual	2018|19 Forecast
Revenue	652.6	↓↓
EBIT	34.8	↓↓
Investment[1]	32.1	30

↓↓ *Significant reduction[2]*

In the **Sugar segment**, AGRANA expects a significant revenue reduction, primarily as a result of declining sugar prices. The ongoing cost reduction programmes will only be able to soften the margin reduction to some extent, and a significant decrease in Sugar segment EBIT is thus expected for the 2018|19 financial year.

Investment

Total **investment** across the three business segments in the financial year, currently projected at approximately € 185 million, is to significantly exceed the budgeted depreciation of about € 96 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 19.

Condensed interim consolidated financial statements

For the first nine months ended 30 November 2018

Consolidated income statement

	First nine months (1 March – 30 November)		Third Quarter (1 September – 30 November)	
€000, except per-share data	Q1-Q3 2018|19	Q1-Q3 2017|18	Q3 2018|19	Q3 2017|18
Revenue	1,863,527	2,010,583	601,892	648,435
Changes in inventories of finished and unfinished goods	(70,086)	(55,914)	119,304	149,265
Own work capitalised	1,005	1,440	119	171
Other operating income	20,927	23,147	8,369	7,034
Cost of materials	(1,234,353)	(1,321,991)	(542,108)	(587,678)
Staff costs	(240,290)	(225,972)	(84,814)	(79,355)
Depreciation, amortisation and impairment losses	(69,424)	(64,359)	(29,436)	(28,175)
Other operating expenses	(218,303)	(221,106)	(76,084)	(74,453)
Share of results of equity-accounted joint ventures	10,477	25,786	3,926	5,774
Operating profit [EBIT]	**63,480**	**171,614**	**1,168**	**41,018**
Finance income	22,334	34,052	7,209	8,996
Finance expense	(34,227)	(45,035)	(8,661)	(11,080)
Net financial items	**(11,893)**	**(10,983)**	**(1,452)**	**(2,084)**
Profit before tax	**51,587**	**160,631**	**(284)**	**38,934**
Income tax expense	(14,619)	(33,041)	(2,379)	(8,622)
Profit/(loss) for the period	**36,968**	**127,590**	**(2,663)**	**30,312**
▪ Attributable to shareholders of the parent	33,138	124,619	(3,471)	30,600
▪ Attributable to non-controlling interests	3,830	2,971	808	(288)
Earnings per share under IFRS (basic and diluted)	€ 0.53	€ 1.99[1]	(€ 0.06)	€ 0.49[1]

[1] The prior-year value has been adjusted in accordance with IAS 33.64. Also see explanations regarding the stock split, on page 7.

Consolidated statement of comprehensive income

€000	First nine months (1 March – 30 November) Q1-Q3 2018|19	Q1-Q3 2017|18	Third Quarter (1 September – 30 November) Q3 2018|19	Q3 2017|18
Profit/(loss) for the period	**36,968**	**127,590**	**(2,663)**	**30,312**
Other comprehensive (expense)/income				
▪ Currency translation differences and hyperinflation adjustment	(6,346)	(25,016)	8,376	(4,008)
▪ Available-for-sale financial assets, after deferred taxes	0	(49)	0	(108)
▪ Changes in fair value of hedging instruments (cash flow hedges), after deferred taxes	196	1,125	(1,277)	(3,070)
▪ Effects from equity-accounted joint ventures	(1,745)	(1,181)	695	(1,616)
(Expense)/income to be recognised in the income statement in the future	(7,895)	(25,121)	7,794	(8,802)
Changes in actuarial gains and losses on defined benefit pension obligations and similar liabilities (IAS 19), after deferred taxes	(730)	(606)	(278)	(245)
(Expense) that will not be recognised in the income statement in the future	(730)	(606)	(278)	(245)
Other comprehensive (expense)/income	(8,625)	(25,727)	7,516	(9,047)
Total comprehensive income for the period	**28,343**	**101,863**	**4,853**	**21,265**
▪ Attributable to shareholders of the parent	25,365	99,834	3,595	21,723
▪ Attributable to non-controlling interests	2,978	2,029	1,258	(458)

Consolidated cash flow statement

For the first nine months (1 March – 30 November) €000	Q1-Q3 2018|19	Q1-Q3 2017|18
Operating cash flow before changes in working capital	141,460	243,191
Changes in working capital	1,865	(6,670)
Interest received and paid and income tax paid, net	(23,939)	(38,884)
Net cash from operating activities	**119,386**	**197,637**
Net cash (used in) investing activities	(118,693)	(96,096)
Net cash (used in) financing activities	(36,213)	(168,266)
Net (decrease) in cash and cash equivalents	**(35,520)**	**(66,725)**
Effects of movements in foreign exchange rates and of hyperinflation adjustment on cash and cash equivalents	(1,405)	(4,434)
Cash and cash equivalents at beginning of period	120,961	198,429
Cash and cash equivalents at end of period	**84,036**	**127,270**

Consolidated balance sheet

€000	30 November 2018	28 February 2018	30 November 2017
Assets			
A. Non-current assets			
Intangible assets, including goodwill	274,862	276,815	278,547
Property, plant and equipment	823,507	768,881	754,133
Equity-accounted joint ventures	81,961	73,228	99,350
Securities	19,008	18,703	18,615
Investments in non-consolidated subsidiaries and outside companies	19	894	894
Receivables and other assets	9,257	8,816	9,955
Deferred tax assets	15,893	13,664	12,383
	1,224,507	**1,161,001**	**1,173,877**
B. Current assets			
Inventories	616,199	654,537	686,453
Trade receivables and other assets	443,679	415,568	460,761
Current tax assets	6,321	4,310	4,843
Securities	44	44	43
Cash and cash equivalents	84,036	120,961	127,270
	1,150,279	**1,195,420**	**1,279,370**
Total assets	**2,374,786**	**2,356,421**	**2,453,247**

Equity and liabilities			
A. Equity			
Share capital	113,531	113,531	113,531
Share premium and other capital reserves	540,760	540,760	540,760
Retained earnings	694,867	742,752	732,719
Equity attributable to shareholders of the parent	1.349,158	1,397,043	1,387,010
Non-controlling interests	61,946	56,954	57,428
	1,411,104	**1,453,997**	**1,444,438**
B. Non-current liabilities			
Retirement and termination benefit obligations	69,301	68,704	68,533
Other provisions	22,071	21,607	19,900
Borrowings	280,193	310,572	210,719
Other payables	12,871	10,832	13,741
Deferred tax liabilities	8,771	7,712	11,592
	393,207	**419,427**	**324,485**
C. Current liabilities			
Other provisions	22,653	29,337	24,634
Borrowings	124,717	61,629	161,235
Trade and other payables	414,467	378,220	482,272
Current tax liabilities	8,638	13,811	16,183
	570,475	**482,997**	**684,324**
Total equity and liabilities	**2,374,786**	**2,356,421**	**2,453,247**

Consolidated statement of changes in equity

For the first nine months (1 March – 30 November) €000	Equity attributable to shareholders of the parent	Non-controlling interests	Total
2018|19			
At 1 March 2018 (as published)	**1,397,043**	**56,954**	**1,453,997**
Effects of initial application of IFRS 9[1]	(148)	0	(148)
At 1 March 2018 (adjusted)	**1,396,895**	**56,954**	**1,453,849**
Changes in fair value of hedging instruments (cash flow hedges)	312	38	350
Changes in actuarial gains and losses on defined benefit pension obligations and similar liabilities	(731)	1	(730)
(Loss) on currency translation and hyperinflation adjustment	(7,354)	(891)	(8,245)
Other comprehensive (expense) for the period	**(7,773)**	**(852)**	**(8,625)**
Profit for the period	33,138	3,830	36,968
Total comprehensive income for the period	**25,365**	**2,978**	**28,343**
Dividends paid	(70,300)	(1,155)	(71,455)
Changes in equity interests and in scope of consolidation	(2,900)	3,271	371
Other changes	98	(102)	(4)
At 30 November 2018	**1,349,158**	**61,946**	**1,411,104**

For the first nine months (1 March – 30 November) €000	Equity attributable to shareholders of the parent	Non-controlling interests	Total
2017|18			
At 1 March 2017	**1,349,666**	**62,222**	**1,411,888**
Fair value movements under IAS 39	1,076	0	1,076
Changes in actuarial gains and losses on defined benefit pension obligations and similar liabilities	(606)	0	(606)
Currency translation (loss)	(25,255)	(942)	(26,197)
Other comprehensive (expense) for the period	**(24,785)**	**(942)**	**(25,727)**
Profit for the period	124,619	2,971	127,590
Total comprehensive income for the period	**99,834**	**2,029**	**101,863**
Dividends paid	(62,489)	(7,319)	(69,808)
Additional contributions by other shareholders	0	500	500
Other changes	(1)	(4)	(5)
At 30 November 2017	**1,387,010**	**57,428**	**1,444,438**

[1] The published data were adjusted to reflect IFRS 9.

Further information

Financial calendar

13 May 2019	Results for full year 2018|19 (annual results press conference)
25 June 2019	Record date for Annual General Meeting participation
5 July 2019	Annual General Meeting in respect of 2018|19
10 July 2019	Ex-dividend date
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 three quarters of 2018|19

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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 OF THIS REPORT 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%

This interim statement has not been audited or reviewed. It was prepared by the Management Board of AGRANA Beteiligungs-AG on 28 December 2018.

For financial performance indicators not defined in a footnote, please see the definitions on page 184 of the annual report 2017|18.

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.

No liability is assumed for misprints, typographical and similar errors.

This English translation of the interim statement is solely for readers' convenience and is not definitive. In the event of discrepancy or dispute, only the German version shall govern.

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