



## Fruit segment

### At a glance

€ **1,566** million  
Revenues

€ **85** million  
Operating result

€ **782** million  
Capital employed

**10.9** %  
ROCE

### Strategy

#### Fruit preparations

A possible increase in global demand for high-quality food and the trends towards convenience food, naturalness, sustainability and health could create further opportunities for AGRANA Fruit in the future. While the market for fruit yogurt in Europe and North America continues to stagnate, new growth prospects are emerging in industries such as food service and ice cream. In addition, there are attractive regional growth opportunities, particularly in the Middle East and North Africa.

- Further develop product categories; strengthen diversification and marketing of innovative plant-based product solutions
- Focus on expanding out-of-home eating and ice cream sectors
- Expand global presence by entering geographically attractive markets

#### Fruit juice concentrates

Growth opportunities for this sector are arising from the increasing demand for natural – as opposed to synthetically produced – ingredients in the EU and around the world. An increase in juice consumption is expected in the developing markets. In Europe, consumption trends such as the decline in the share of fruit juice and the increasing demand for directly pressed juices are having a dampening effect.

- Expand product portfolio
- Consolidate local and regional customer bases





## Fruit segment

### At a glance

	Fruit preparations	Fruit juice concentrates
 <b>Production</b>	Austria (1), Germany (1), France (2), Poland (1), Russia (1), Turkey (1), Ukraine (2), Egypt (1), Algeria (1), Argentina (1), Australia (1), Brazil (1), China (2), India (1), Japan (1), Morocco (1), Mexico (1), South Africa (1), South Korea (1), United States (4)	Austria (1), Germany (1), Poland (5), Romania (1), Ukraine (1), Hungary (4), China (1)
 <b>Raw materials</b>	Main raw material: strawberries	Main raw material: apples
 <b>Products</b>	Fruit preparations	Fruit juice concentrates, not-from-concentrate juices (NFC), fruit wines, natural flavors and beverage compounds
 <b>Markets</b>	Worldwide	Focus Europe
 <b>Customers</b>	Dairy, ice cream and baked goods industries, food services	Beverage industry



## Markets

### Target markets

The market environment for fruit preparations is determined by consumer trends – enjoyment, affordability, convenience, naturalness, sustainability and health – in the global markets for dairy products, ice cream and food service. The persistently volatile market situation is partly curbing consumers' willingness to experiment, as evidenced by the lower number of new product launches on the market and the trend towards familiar flavors. In the food service sector, consumers remain more willing to experiment and the introduction of limited editions is increasing. Seasonal products are in particularly high demand here.

The tense global economic situation and multiple crises are slowing the market trend for fruit yogurts, the main sales market for fruit preparations. As a result, the market stalled in the 2023 calendar year, with a slightly positive growth rate of 0.4 % expected for 2024<sup>1</sup>. The global ice cream market grew slightly in the 2023 calendar year and is expected to grow by 1.2 % in 2024<sup>1</sup>. Key target markets for AGRANA in the food service sector are primarily quick service restaurants (QSR) and coffee & tea stores. In these sectors, an average annual growth of 4.8 % is expected for QSR and 4.6 % for coffee & tea stores until 2028<sup>2</sup>.

In the fruit juice concentrates business, there continues to be a trend toward lower fruit juice content in both beverages and directly pressed 100 % juices. As a result, the demand for beverage bases with reduced fruit juice contents is rising.

### Raw materials markets

For strawberries, the most important ingredient in fruit preparations in terms of volume, prices were stable overall – across all cultivation areas – with a slightly lower availability of raw materials. Price increases for peaches due to lower availability were offset by lower freight costs, and prices were below the previous year's level. Good yields of raspberries and blueberries led to significant drops in prices for frozen goods. There are signs of a moderate price increase for mangoes due to reduced availability of raw materials.

## Business performance

### Revenues and operating result

Revenues in the fruit segment rose moderately to € 1,566 (1,482) million. The increase in revenues was driven by fruit preparations, which grew in terms of both price and volume. In contrast, fruit juice concentrates achieved revenues moderately below the previous year's level; here, higher prices were unable to offset the decline in volumes.

### Business performance – Fruit segment

		2023/24	2022/23	+/- in %
<b>Revenues</b>	€ million	<b>1,566</b>	<b>1,482</b>	<b>5.7</b>
<b>EBITDA</b>	€ million	<b>126</b>	<b>94</b>	<b>34.0</b>
EBITDA margin	%	8.0	6.3	
Depreciation	€ million	-41	-43	-4.7
<b>Operating result</b>	€ million	<b>85</b>	<b>51</b>	<b>66.7</b>
Operating margin	%	5.4	3.4	
Result from restructuring/special items	€ million	-25	-48	-47.9
Result from companies consolidated at equity	€ million	0	0	-
<b>Result from operations</b>	€ million	<b>60</b>	<b>3</b>	<b>&gt; 100</b>
Investments in fixed assets and intangible assets	€ million	48	36	33.3
Investments in financial assets/acquisitions	€ million	0	0	-
<b>Total investments</b>	€ million	<b>48</b>	<b>36</b>	<b>33.3</b>
Shares in companies consolidated at equity	€ million	0	0	-
Capital employed	€ million	782	828	-5.6
Return on capital employed	%	10.9	6.2	
Working capital	€ million	398	425	-6.4
<b>Employees</b>		<b>5,642</b>	<b>5,245</b>	<b>7.6</b>

TABLE 040

<sup>1</sup> Source: Euromonitor, February 2024.

<sup>2</sup> Source: GlobalData.

At € 85 (51) million, the operating result improved significantly. The earnings contribution from fruit preparations showed clear signs of recovery. This was achieved through considerably higher margins with a slight increase in volume – despite higher costs. The earnings contribution from fruit juice concentrates increased slightly, despite a marked decline in volumes, thanks to significantly improved margins.

### Capital employed and return on capital employed (ROCE)

With a moderate decrease in capital employed of € 782 (828) million due to impairment of fixed assets and a simultaneous uptick in the operating result of € 85 (51) million, ROCE rose to 10.9 (6.2) %.

### Result from restructuring and special items

The result from restructuring and special items in the fruit segment totaled € –25 (–48) million. In the 2023/24 fiscal year, this related almost entirely to the impairment of fixed assets at the fruit segment's Asian production facilities in India, Japan and China. In the previous year, higher capital costs (WACC) led to goodwill impairment loss totaling € 50 million. During the previous year, offsetting special items related to reversals of loss carryforwards for receivables and inventories formed in connection with the Ukraine crisis.

### Investments in fixed assets

Investments in the fruit segment amounting to € 48 (36) million were used to expand production facilities for fruit preparations in addition to replacement spending. Investments in the fruit juice concentrates division focused mainly on building a mechanical vapor compressor and a new apple cleaning station along with measures to maintain operations.

### Raw materials and production

About 336,000 (340,000) tonnes of raw materials were purchased in the fruit preparations division in fiscal 2023/24. The decline in volumes is mainly due to reduced demand in the Chinese plants as a result of the declining yogurt market in China. Average raw material prices for fruit and ingredients were slightly lower overall than in the previous year. Higher sugar prices were offset by price reductions for fruit and stabilizers.

In the fruit juice concentrates division, the 2023 apple harvest was slightly weaker than in the previous year due to lower availability of raw materials in Poland and China. Despite the difficult conditions there, the Ukrainian site processed an average quantity of apples. Due to the high processing volumes of red berries from the 2022 harvest, the demand for colored juice concentrate in 2023/24 was significantly lower than in an average year; accordingly, around 30 % fewer red berries were processed in the 2023 campaign.

### Volumes

In total, volumes in the fruit preparations division were higher than the previous year. An analysis of sales trends by product category showed increased sales volumes in the strategically important Beyond business area (ice cream and food service), while volumes in the core business area of products for the dairy industry (around 80 % of fruit preparation volumes sold) remained stable.

Customer call-offs for fruit juice concentrates were at a normal level in the 2023/24 fiscal year. Contracts for apple and colored juice concentrates from the 2023 harvest were concluded with excellent contribution margins, but it was not possible to match the very high contribution margin level reached in the year prior.

Volumes and contribution margins in added-value business performed positively. The growth targets set were achieved despite lower sales volumes due to improved contribution margins.

Logistical challenges that have disproportionately affected the export-heavy concentrate business since the COVID-19 pandemic continued to abate in the 2023/24 fiscal year.