

OUTLOOK

Economic environment

In its January 2024 winter outlook, the International Monetary Fund (IMF) forecast further significant global economic growth of 3.2 (3.2) % for 2024. Compared with the October 2023 outlook, this represents an increase of 0.1 percentage points.

In its spring report of 16 April 2024, the IMF accepted the economic forecast of 3.1 % for the global economy in 2024. The IMF expects China's growth rate to be lower at 4.6 (5.2) %. In the USA, growth is expected to rise to 2.7 (2.5) %.

For the euro zone, the EU Commission forecast growth of 0.8 (0.5) % in its winter report of February 2024. The IMF's spring report assumes an increase in growth to 0.8 (0.4) %.

Volume and raw material markets

For the 2023/24 sugar marketing year (1 October 2023 to 30 September 2024), a surplus of 5.2 million tonnes of sugar is now expected for the global market, with the ratio of inventories to consumption remaining low. After peaking at around 710 €/t at the end of 2023, the global market price for white sugar subsequently fell and then stabilized at a level that remained high.

In the EU, beet sugar production saw a dramatic decline in the 2022/23 sugar marketing year due to a poor harvest, necessitating high import volumes to cover EU market demand. Given the favorable conditions in the global market environment, it was possible to pass on in some cases substantial cost increases to the market.

An increase in sugar production in the 2023/24 sugar marketing year with continued rising import volumes from Ukraine led to a sufficient supply of sugar in the EU and rising global market exports. In the 2024/25 sugar marketing year, we expect to see an expansion of the cultivation area in the EU on the one hand and a limitation of import volumes from Ukraine on the other.

The EU 27's and the UK's consumption of fuel ethanol and neutral alcohol in 2024 is expected to continue to rise to 11.1 (10.5) million m³. Demand is likely to be offset by domestic production of 8.1 (7.6) million m³. Net imports are also expected to rise again to around 3.2 (2.7) million m³ and thus remain at a very high level.

With the extensive use of E10, many EU member states are increasingly taking advantage of the potential of sustainably produced ethanol as a low-CO₂, high-quality and cost-effective alternative to fossil fuels. In Germany, the EU's largest fuel market, demand for E10 continued to develop positively in 2023. E10 was last introduced in Poland in January 2024. However, to achieve transportation climate and energy targets, E10 would have to be used everywhere together with an increasing use of fuels with higher ethanol content.

According to the International Grains Council (IGC), global grain production (excluding rice) is set to increase slightly to 2,304 (2,268) million tonnes in 2023/24. Despite the expected growth in consumption, global inventories are expected to rise slightly to 602 (599) million tonnes.

Details regarding sector-specific conditions are outlined in the segment reports.

Business outlook

The ongoing war in Ukraine continues to exacerbate the already high volatility on the sales and procurement markets. The future impact of the negative influences stemming from the EU's extended duty-free access for agricultural imports from Ukraine, which is now limited in terms of volume, remains uncertain. The implications of the war that broke out in the Middle East last October are likewise difficult to assess.

In fact, it is proving quite difficult overall to assess the economic and financial ramifications along with the potential duration of these temporary crises.

Group

We expect consolidated group revenues in fiscal 2024/25 between € 10.0 and 10.5 (2023/24: 10.3) billion.

Group EBITDA is anticipated between € 0.9 and 1.0 (2023/24: 1.3) billion.

We predict the consolidated operating result to be between € 500 and 600 (2023/24: 947) million.

We expect capital employed to decline slightly. Based on the expected deterioration in the operating result, we anticipate a significant decline in ROCE (2023/24: 13.2 %).

Sugar segment

Amid rising production and sales volumes – assuming prices are falling on average over the year – we anticipate a moderate increase in revenues (2023/24: € 4.2 billion). In this context, we assume that there will be no intensification of the negative effects previously expected from duty-free imports from Ukraine.

We expect the sugar segment's operating result to range between € 200 and 300 (2023/24: 558) million. The significant decline in the result is due in particular to the further significant increase in production costs in the 2023 campaign, which we already referred to in our third quarterly statement. For the 2024 campaign, we expect a decrease in production costs; however, the anticipated decline in sugar prices on average over the fiscal year is likely to have a negative impact on the result.

Special products segment

We will likely experience an overall rise in production and sales volumes in the special products segment during the 2024/25 fiscal year. We expect revenues to grow slightly, driven mainly by higher volumes (2023/24: € 2.4 billion). It was largely possible to pass on the significantly increased raw material and energy costs to the market with a delay in fiscal 2023/24. For 2024/25, we anticipate a further rise in costs, which can now only be passed on to the market with a delay. Consequently, we predict a moderate decline in the operating result for 2024/25 as a whole compared to the result achieved again in 2023/24 following weak years (2023/24: € 196 million).

CropEnergies segment

CropEnergies is projecting again lower ethanol prices in the 2024/25 fiscal year despite stable demand for renewable ethanol, in particular due to the expectation of continued high import volumes. The overall reduction in raw material costs is offset by substantially lower prices for the food and animal feed produced. Based on these projections, CropEnergies forecasts revenues between € 0.9 and 1.1 (2023/24: 1.1) billion and an operating result between € 20 and 60 (2023/24: 60) million.

Starch segment

For the 2024/25 fiscal year, the starch segment is forecasting a slight decline in revenues due to price factors (2023/24: € 1.1 billion). It is assumed that manufacturing costs will not decrease to the same extent as sales prices. As a result, we expect a significant decline in the operating result (2023/24: € 48 million).

Fruit segment

In the fruit segment we expect to see a slight decline in revenues for the 2024/25 fiscal year (2023/24: € 1.6 billion) and a significant decline in the operating result (2023/24: € 85 million). The fruit preparations division anticipates stable volumes, but ebbing prices will have a negative impact on the development of revenues and results. In the fruit juice concentrates division, revenues for the current fiscal year 2024/25 are predicted to be above the previous year's level. Due to the contracts concluded to date from the 2023 harvest, the earnings situation in the 2024/25 fiscal year is expected to remain positive.