



## Starch segment

### At a glance

€ **1,056** million  
Revenues

€ **48** million  
Operating result

€ **505** million  
Capital employed

**9.5** %  
ROCE

#### Strategy

The starch business capitalizes in the long term on market growth in the food and non-food sectors. Overall, demand for starch-based products and generally for foods containing plant proteins and organic products is expected to rise sustainably, particularly in the animal nutrition, paper, textiles, construction chemicals, pharmaceuticals and cosmetics sectors.

- Grow market share in Europe; grow selectively outside Europe
- Further develop and expand specialization strategy for the product portfolio
- Innovate products and strengthen application consulting



<b>Production</b>	Austria (3), Romania (1), Hungary (1 , joint venture)
<b>Raw materials</b>	Potatoes, corn, wheat
<b>Products</b>	Native and modified starches, saccharification products, ethanol, byproducts (animal feed and fertilizers)
<b>Markets</b>	Central and Eastern Europe (primarily Austria and Germany), special markets such as the United States and United Arab Emirates
<b>Customers</b>	Food, paper, textiles, industrial chemicals, pharmaceuticals, cosmetics, petroleum, animal feed industries
<b>C Brands</b>	ActiProt, BioAgenasol, AGENABEE

## Markets

### Target markets

For the second time in a row, the European starch market saw a contraction in fiscal 2023/24, influenced by multiple crises such as the war in Ukraine and the conflict in the Middle East.

A significant decline in market demand in all product segments was observed in the first half of 2023/24 in particular. Consumption was generally lower, while surpluses from previous years were reduced. Moreover, customers were more reluctant to place orders in anticipation of falling raw material and energy prices. Accordingly, all competitors in the starch business aimed to secure their market share as effectively as possible, which led to price pressure in this environment.

In the food sector, volumes for native and modified starches stabilized at a lower but largely constant level until the end of the 2023 calendar year. In contrast, the consumer-driven decline due to inflation has made the organic business much more difficult.

The paper and packaging industry recorded significant declines and fluctuations in volumes throughout the financial year. The main reason for this was that customers cut back on their production lines as a result of reduced volumes. The construction sector experienced a particularly significant business slump; a market recovery in this area is not foreseeable in the short term.

Overcapacity and the reduction of safety inventories caused a drop in sales in the infant milk formula market. Customers do not expect business to pick up here until the second half of the 2024 calendar year.

Please refer to the CropEnergies segment report for details about developments in the international ethanol markets and the associated political conditions for ethanol.

### Raw material markets

The CropEnergies segment report discusses in detail developments in the international grain markets. Global corn production is expected to reach 1,227 (1,163) million tonnes and consumption 1,212 (1,179) million tonnes. Corn prices on Euronext Paris significantly fell year-on-year to 178 (279) €/t as at the reporting date of 29 February 2024.

## Business performance

### Revenues and operating result

A moderate decline in both sales volumes and prices caused revenues in the starch segment to fall significantly to € 1,056 (1,193) million. Higher prices in other product groups were unable to fully compensate for substantially lower ethanol and native starch prices.

### Business performance – Starch segment

		2023/24	2022/23	+/- in %
<b>Revenues</b>	€ million	<b>1,056</b>	<b>1,193</b>	<b>-11.5</b>
<b>EBITDA</b>	€ million	<b>94</b>	<b>118</b>	<b>-20.3</b>
EBITDA margin	%	8.9	9.9	
Depreciation	€ million	-46	-48	-4.2
<b>Operating result</b>	€ million	<b>48</b>	<b>70</b>	<b>-31.4</b>
Operating margin	%	4.5	5.9	
Result from restructuring / special items	€ million	0	0	-
Result from companies consolidated at equity	€ million	2	11	-81.8
<b>Result from operations</b>	€ million	<b>50</b>	<b>81</b>	<b>-38.3</b>
Investments in fixed assets and intangible assets	€ million	41	28	46.4
Investments in financial assets / acquisitions	€ million	0	0	-
<b>Total investments</b>	€ million	<b>41</b>	<b>28</b>	<b>46.4</b>
Shares in companies consolidated at equity	€ million	47	44	6.8
Capital employed	€ million	505	552	-8.5
Return on capital employed	%	9.5	12.7	
Working capital	€ million	171	214	-20.1
<b>Employees</b>		<b>1,167</b>	<b>1,148</b>	<b>1.7</b>

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The significant decline in operating result to € 48 (70) million was attributable to lower prices with lower sales volumes and higher other costs, particularly personnel costs, which could not be offset by lower raw material costs. Furthermore, a significant decline in ethanol quotations had a negative impact on earnings in the final months of fiscal 2023/24.

### Result from companies consolidated at equity

The result of € 2 (11) million from companies consolidated at equity mainly related to the lower share of earnings from the starch and ethanol activities of the Hungarian Hungrana Group, due in particular to significantly lower sales volumes.

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

A significant decline in operating result of € 48 (70) million and a simultaneous reduction in capital employed to € 505 (552) million drove ROCE down to 9.5 (12.7) %.

### Investments in fixed assets

In fixed assets € 41 (28) million were invested in the starch segment. The investments related to wastewater treatment, spray drying to improve quality requirements and infrastructure along with process optimization with a focus on energy reduction.

## Raw materials and production

We use potatoes, corn and wheat as raw materials to make starches for various technical applications, food and animal feed, as well as renewable ethanol and byproducts.

The potato starch factory in Gmünd, Austria, processed about 170,600 (217,000) tonnes of industrial starch potatoes during the 2023/24 campaign. Food industry potato processing for long-life potato products was also down on the previous year. Unfavorable vegetation and growing conditions led to lower yields for both starch potatoes and potatoes for the food industry.

The Aschach and Pischelsdorf sites in Austria processed around 1.3 (1.4) million tonnes of corn and cereals in the past financial year. Corn processing declined by around 26 % while the share of specialty corn (especially waxy corn and organically produced corn) was about 24 %. Wheat grinding volumes for the production of wheat starch and bioethanol at the Pischelsdorf site were slightly higher in 2023/24 compared to the previous year. In Romania, the plant processed less yellow corn, while the processing volume of specialty corn remained constant.

## Volumes

The starch segment was shaped by declining demand and increasing price pressure in fiscal 2023/24. Purchasing restraint due to inflation and the reduction in customer inventories led to a weak overall sales trend in the main sales markets. At the beginning of the 2023/24 financial year, raw material prices were still at a very high level, but then fell sharply with the new 2023 harvest and the emerging weakness in demand, which also led to significant declines in sales prices.

AGRANA's organic business, where the company has a strong presence, became much more difficult because of a consumption-related decline due to inflation.

Sales of building starch and starch derivatives for gluing paper bags were well below the previous year.

In Austria, the introduction of E10 provided an additional boost, resulting in record ethanol sales volumes.