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Südzucker significantly reduces its group earnings forecast for the 2024/25 financial year

Südzucker AG is significantly reducing its group earnings forecast in light of an unexpectedly sharp deterioration in market expectations for the sugar segment. The improved EU harvest expectations from the current 2024 processing campaign are leading to an increase in the amount of sugar in the European market. Against this backdrop and due to the reduction in the world market price for sugar, the downward trend in the EU price level has accelerated again significantly in recent weeks. It is therefore to be expected that the sugar segment will incur an operating loss in the second half of the financial year (1 September 2024 to 28 February 2025) and in the full financial year 2024/25 (1 March 2024 to 28 February 2025) (previous forecast for the sugar segment: EUR 200 to 300 million; previous year: EUR 558 million).

Group revenues are expected now between EUR 9.5 and 9.9 (previous forecast: 10.0 to 10.5; previous year: 10.3) billion, while group EBITDA is expected now between EUR 550 and 650 (previous forecast: 900 to 1,000; previous year: 1,318) million and group operating result now between EUR 175 and 275 (previous forecast: 500 to 600; previous year: 947) million. The deterioration of the group EBITDA and group operating result is largely attributable to the sugar segment.

On a preliminary basis, for the second quarter of the current fiscal year 2024/25 (1 June to 31 August 2024), group revenues were on par with the prior-year level at around EUR 2.54 (previous year: 2.56) billion. The development of group earnings was significantly below the previous year's level. Group EBITDA fell by 50 percent to around EUR 190 (previous year: 383) million. Group operating result decreased by 63 percent to around EUR 115 (previous year: 310) million.

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.

The figures for the second quarter will be published in the Half-Year Financial Report 2024/25 on 10 October 2024.

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About the Südzucker Group

Südzucker is a major player in the food industry with its sugar, special products, starch and fruit segments, and Europe's leading ethanol producer with its CropEnergies segment.

In the traditional sugar business, the group is Europe's number one supplier of sugar products, with 23 sugar factories and two refineries, extending from France in the west via Belgium, Germany and Austria, through to Poland, the Czech Republic, Slovakia, Romania, Hungary, Bosnia, and Moldova in the east. The special products segment, with its consumer-oriented functional ingredients for food and animal feed (BENEO), chilled/frozen products (Freiberger) and portion packs (PortionPack Group), operates in dynamic growth markets. Südzucker's CropEnergies segment is Europe's leading producer of renewable ethanol, with production sites in Germany, Belgium, France and Great Britain. Other products in this segment are protein food and animal feed products as well as biogenic carbon dioxide. The starch segment comprises AGRANA's starch and ethanol activities. The group's fruit segment operates globally, is the world market leader for fruit preparations for dairies and is a leading supplier of fruit juice concentrates in Europe.

In 2023/24, the group employed about 19.200 persons and generated revenues of about EUR 10.3 billion.