



PRESS RELEASE

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AGRANA delivers security of supply for its customers despite difficult environment and achieves good operating profit before exceptional items in first half of 2022 | 23

- *Impairment expense of € 91.2 million, reflecting ongoing war in Ukraine*
- *Guidance for full year 2022|23 reaffirmed*

AGRANA, the international fruit, starch and sugar group, generated revenue of € 1,792.3 million in the first half of the 2022|23 financial year, a significant increase of 25.8% year-on-year (H1 prior year: € 1,424.4 million). The earnings measure “operating profit before exceptional items and results of equity-accounted joint ventures” grew to € 86.5 million in a very challenging environment (H1 prior year: € 41.0 million). However, a required impairment test at 31 August 2022 resulted in the recognition of impairment on assets and goodwill in the Fruit segment. This write-down of € 91.2 million – an exceptional item attributable to the Ukraine war and to steeply rising capital costs – is not a cash expense, but testifies to the extremely volatile and uncertain economic conditions.

“With a strong operating performance in our entire production chain and rigorous cost management throughout the Group, we were able to supply our customers worldwide reliably at all times and achieve good operating profit before exceptional items. All segments helped drive these results,” emphasises AGRANA CEO Markus Mühleisen.

AGRANA Group consolidated financial results

€ million, except %

	H1 2022 23	H1 2021 22	Q2 2022 23	Q2 2021 22
Revenue	1,792.3	1,424.4	906.0	718.6
EBITDA ¹	141.2	94.0	69.1	49.2
Operating profit before exceptional items and results of equity-accounted joint ventures	86.5	41.0	41.6	22.3
Share of results of equity-accounted joint ventures	13.5	6.1	6.9	3.9
Exceptional items	(88.9)	(2.3)	(89.0)	(2.3)
Operating profit/(loss) [EBIT]	11.1	44.8	(40.5)	23.9
EBIT margin	0.6%	3.1%	(4.5%)	3.3%
(Loss)/profit for the period	(17.0)	27.1	(53.0)	15.0
Investment ²	35.7	30.3	24.4	16.0

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

² Investment represents purchases of property, plant and equipment and intangible assets, excluding goodwill.

The Group's net financial items amounted to an expense of € 10.2 million (up from a € 7.1 million expense in the year-earlier period) due primarily to an adverse change in currency translation differences. After an income tax expense of € 17.8 million, corresponding to a tax rate of more than 100% (H1 prior year: 28.1%), the Group's loss for the period was € 17.0 million (H1 prior year: profit for the period of € 27.1 million). Total assets, at € 2.66 billion as of 31 August 2022, were stable relative to the 2021|22 year-end balance sheet date, with an equity ratio of 47.4% (28 February 2022: 48.5%). Net debt as of 31 August 2022 stood at € 657.4 million, up € 125.4 million from the year-end level of 28 February 2022.

Fruit segment

€ million, except %

	H1 2022 23	H1 2021 22	Q2 2022 23	Q2 2021 22
Revenue	727.5	633.4	366.8	312.7
Operating profit before exceptional items and results of equity-accounted joint ventures	29.8	28.1	10.0	12.2
Operating (loss)/profit [EBIT]	(60.0)	25.8	(79.9)	9.9
EBIT margin	(8.2%)	4.1%	(21.8%)	3.2%

Fruit segment revenue grew by a significant 14.9% from the first half of the prior year. Revenue in fruit preparations rose for price reasons, while the increase in fruit juice concentrate revenue was additionally driven by sales volume. Due to an impairment charge, the Fruit segment's EBIT result, a loss of € 60.0 million, represented a sharp deterioration from the year-ago value. In addition to the ongoing war in Ukraine and the upheaval in energy and commodity markets, it was rapidly rising capital costs in particular that triggered an impairment test for the Fruit cash-generating unit at the half-year reporting date of 31 August 2022. The test identified impairment (a non-cash expense) of € 91.2 million on assets and goodwill.

Operationally, profitability in fruit preparations was down significantly from one year earlier. The deterioration was attributable mainly to a mixed business performance in the Europe region (including Ukraine) and Asia-Pacific. In the fruit juice concentrate business, profit rose very significantly thanks to improved contribution margins for apple juice concentrate from the 2021 harvest.

Starch segment

€ million, except %

	H1 2022 23	H1 2021 22	Q2 2022 23	Q2 2021 22
Revenue	655.3	476.8	336.2	242.2
Operating profit before exceptional items and results of equity-accounted joint ventures	49.6	22.1	24.6	13.3
Operating profit [EBIT]	56.7	29.0	27.4	17.5
EBIT margin	8.7%	6.1%	8.1%	7.2%

The Starch segment's revenue in the first half of 2022|23 rose by 37.4% from the year-earlier comparative period. The key driver of the revenue growth was the steep climb in ethanol prices compared to the same period last year. EBIT nearly doubled, to a new total of € 56.7 million. This increase, too, was powered by the high-margin ethanol business.

Sugar segment

€ million, except %

	H1 2022 23	H1 2021 22	Q2 2022 23	Q2 2021 22
Revenue	409.5	314.2	203.0	163.7
Operating profit/(loss) before exceptional items and results of equity-accounted joint ventures	7.1	(9.2)	7.0	(3.2)
Operating profit/(loss) [EBIT]	14.4	(10.0)	12.0	(3.5)
EBIT margin	3.5%	(3.2%)	5.9%	(2.1%)

The Sugar segment's revenue in the first half of 2022|23 was up 30.3% from one year earlier. The reasons were increased sales volumes and significantly higher selling prices. The price gains were especially significant in the market segment of resellers, and prices also showed a very positive trend in the industrial sector.

Sugar EBIT of € 14.4 million marked a pronounced improvement from the double-digit loss of the year-earlier period. This positive turnaround was due to significantly increased margins in the spot business thanks to the improved sales price environment.

Outlook

For the full 2022|23 financial year, AGRANA expects a very significant increase in operating profit (EBIT). As well, both the Group's "operating profit before exceptional items and results of equity-accounted joint ventures" and revenue are projected to show significant growth.

Total investment across the three business segments in the 2022|23 financial year, at approximately € 107 million, is expected to exceed the 2021|22 level, but come in below this year's budgeted depreciation of about € 120 million.

About AGRANA

AGRANA converts agricultural raw materials into high-quality foods and numerous industrial intermediate products. About 9,000 employees at 55 production sites worldwide generate annual Group revenue of approximately € 2.9 billion. Established in 1988, the company is the world market leader in fruit preparations and the foremost producer of fruit juice concentrates in Europe. As well, its Starch segment is a major manufacturer of custom starch products (made from potato, corn and wheat) and of bioethanol. AGRANA is the leading sugar producer in Central and Eastern Europe.

This announcement is available at <https://www.agrana.com/>.