



**AGRANA**  
**Online Annual**  
**Report 2008 | 09**  
<http://ir.agrana.com>

# AGRANA Beteiligungs-AG

## RS Amsterdam/Brussels

Berenberg (10 Nov. 2009)

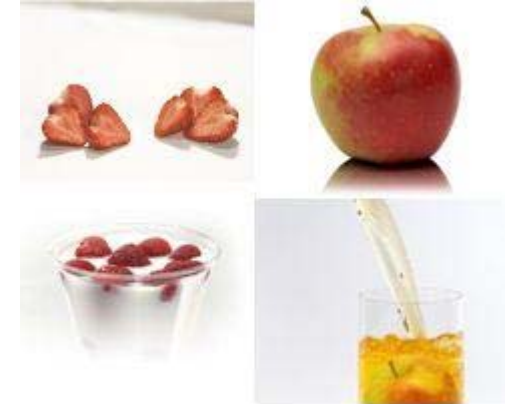


SUGAR. STARCH. FRUIT.

# AGRANA at a glance



## AGRANA today – A well-balanced portfolio



### Sugar

- Sugar is sold
  - to consumers via the food trade (20%) and
  - to manufacturers: e.g. soft drinks industry, confectionery industry, fermentation industry, other food and beverage industries (80%).

### Starch

- AGRANA produces starch and special starch products.
- Starch is a complex carbohydrate which is insoluble in water. Starch is used in food processing e.g. as thickener and for technical purposes e.g. in the paper manufacturing process.
- Bioethanol is part of our starch business.

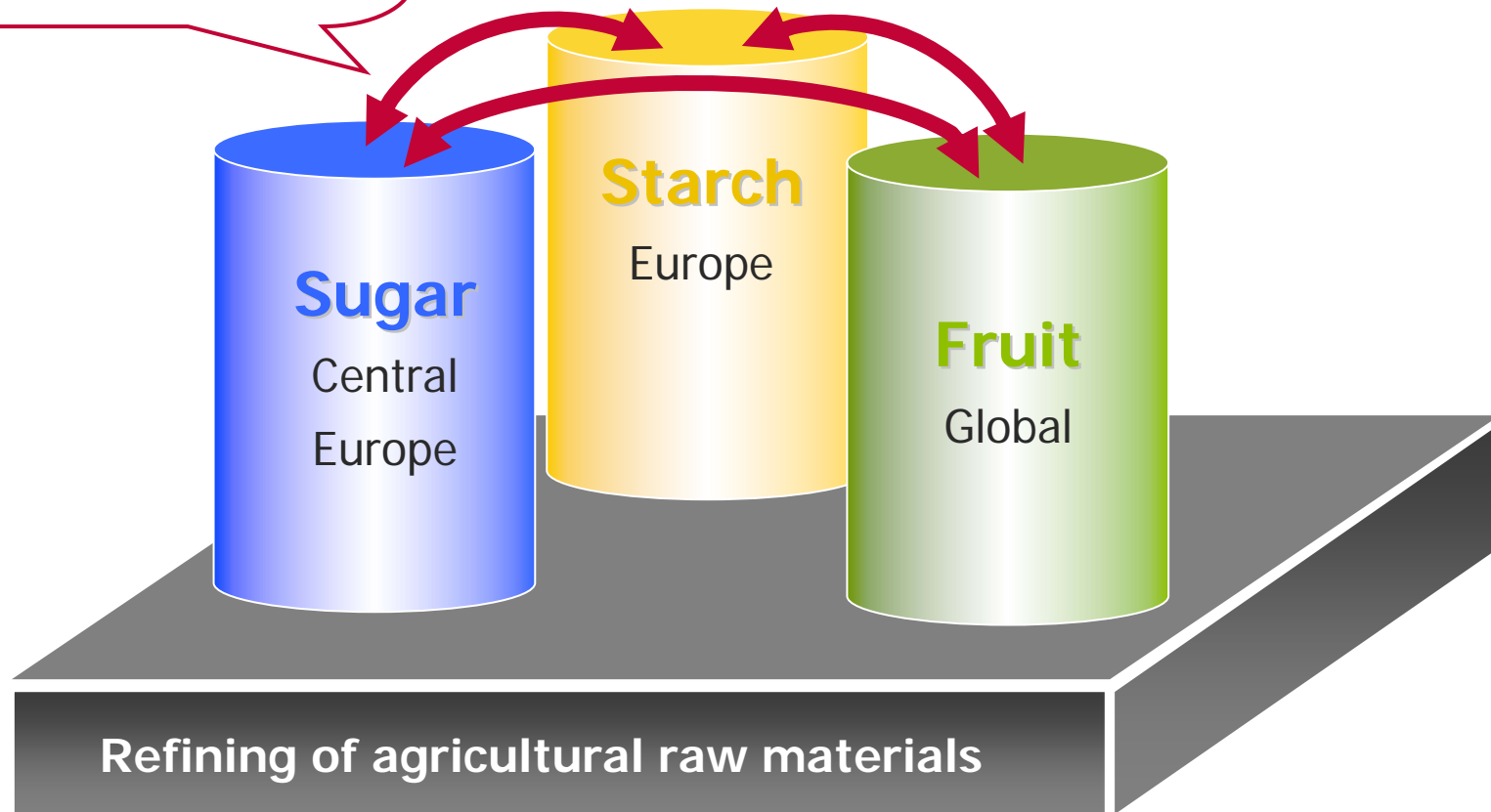
### Fruit

- Fruit juice concentrates (20 % of segment revenue) customers are fruit juice and beverage bottlers and fillers.
- Fruit preparations (80 % of segment revenue) are special customized products for
  - the dairy industry,
  - the baked products industry,
  - the ice-cream industry.

# AGRANA – Strategy



- Balance of risks
- Know-how exchange
- Cost synergies
- Customer value



# AGRANA – Market position and its main drivers



## Market position

## Main drivers

### SUGAR



Leading producer in Central and Eastern Europe

- End of transition period within the EU sugar regime
- Healthy supply and demand situation within European sugar market

### STARCH



One of Europe's leading suppliers of specialty starches and isoglucose

- Full exploitation of installed capacities in starch, isoglucose and bioethanol
- Legal framework for mandatory bioethanol blending triggers market potential and long-term growth

### FRUIT



FRUIT PREPARATION: No. 1 worldwide  
FRUIT JUICE CONCENTRATE: Leading manufacturer of apple juice concentrate with production facilities in Europe and China

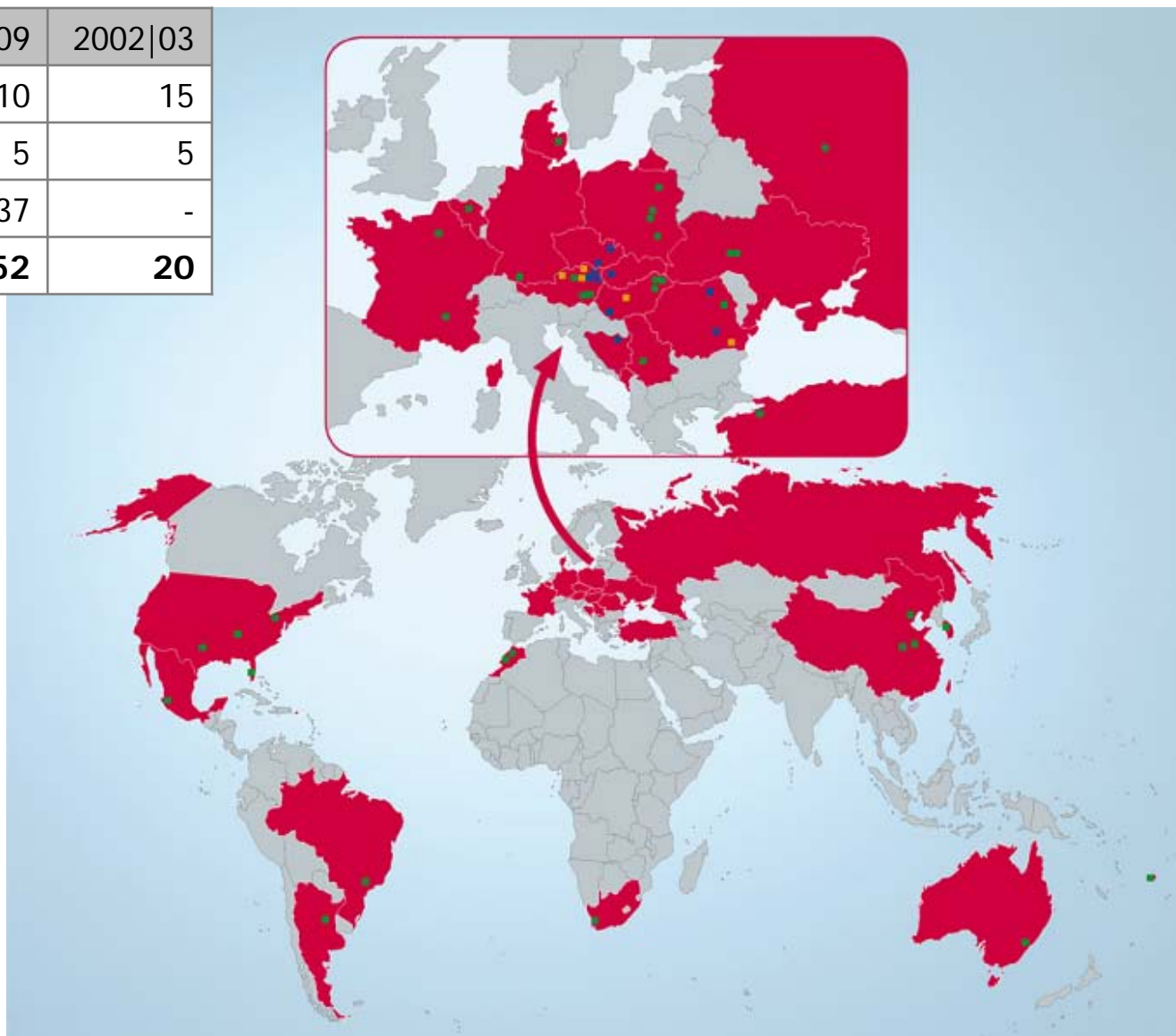
- Benefit of global demand for healthy food and up market products e.g. yoghurt drinks, wellness products, convenience food
- Usage of integrated platform to raise synergies in combined global sourcing and distribution

# AGRANA – Production Sites



Segment	2008 09	2002 03
Sugar	10	15
Starch	5	5
Fruit	37	-
<b>TOTAL</b>	<b>52</b>	<b>20</b>

- **Sugar**  
Bosnia-Herzegovina, Austria,  
Romania, Slovakia, Czech Republic,  
Hungary
- **Starch**  
Austria, Romania, Hungary
- **Fruit - Europe**  
Belgium, Denmark, Germany, France,  
Austria, Poland, Romania, Russia,  
Serbia, Turkey, Hungary, Ukraine
- Fruit - International**  
Argentina, Australia,  
Brazil, China, Fiji,  
Morocco, Mexico, South  
Africa, South Korea,  
USA

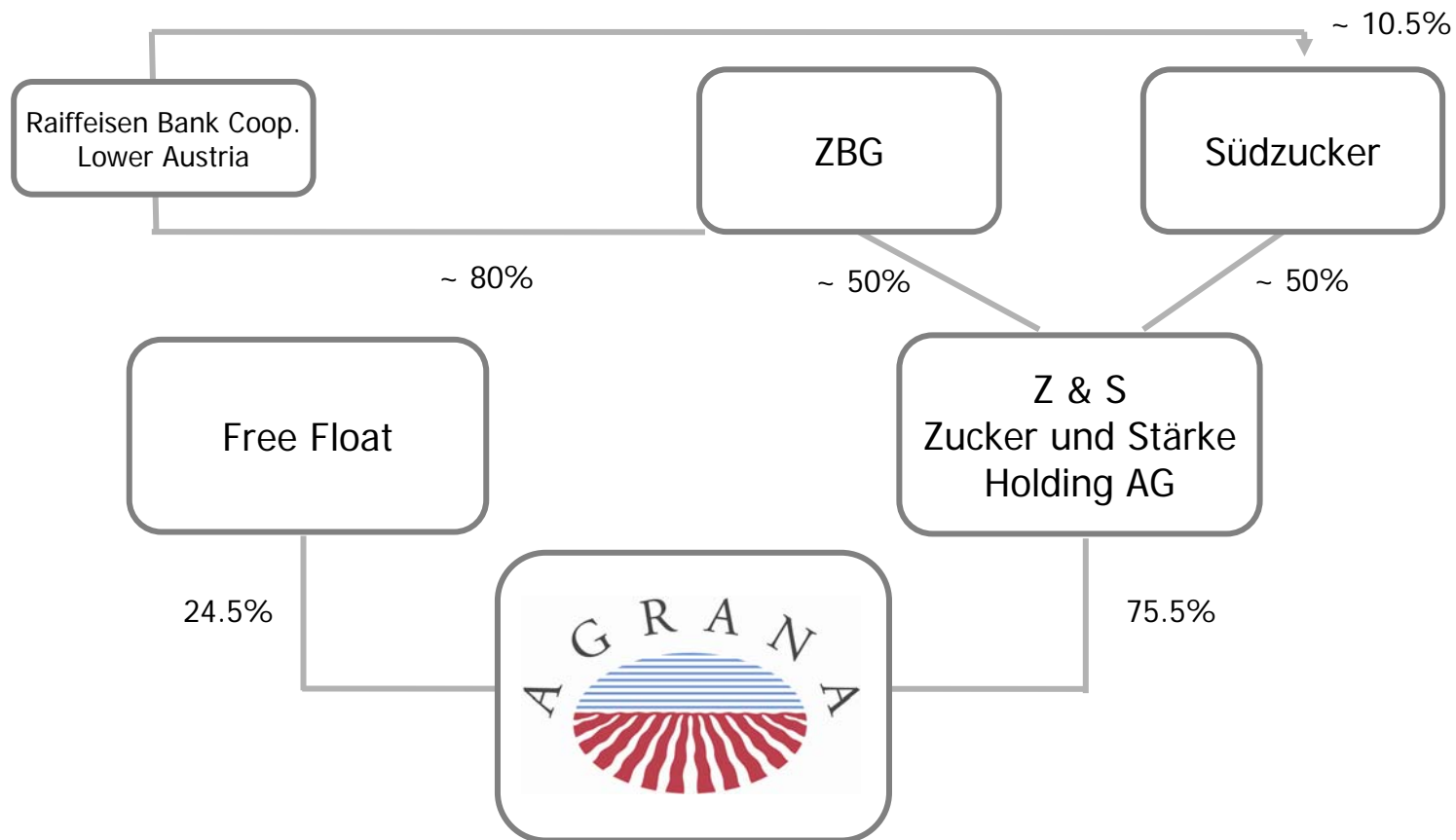


# AGRANA's Shareholder Structure



Shares outstanding: 14,202,040

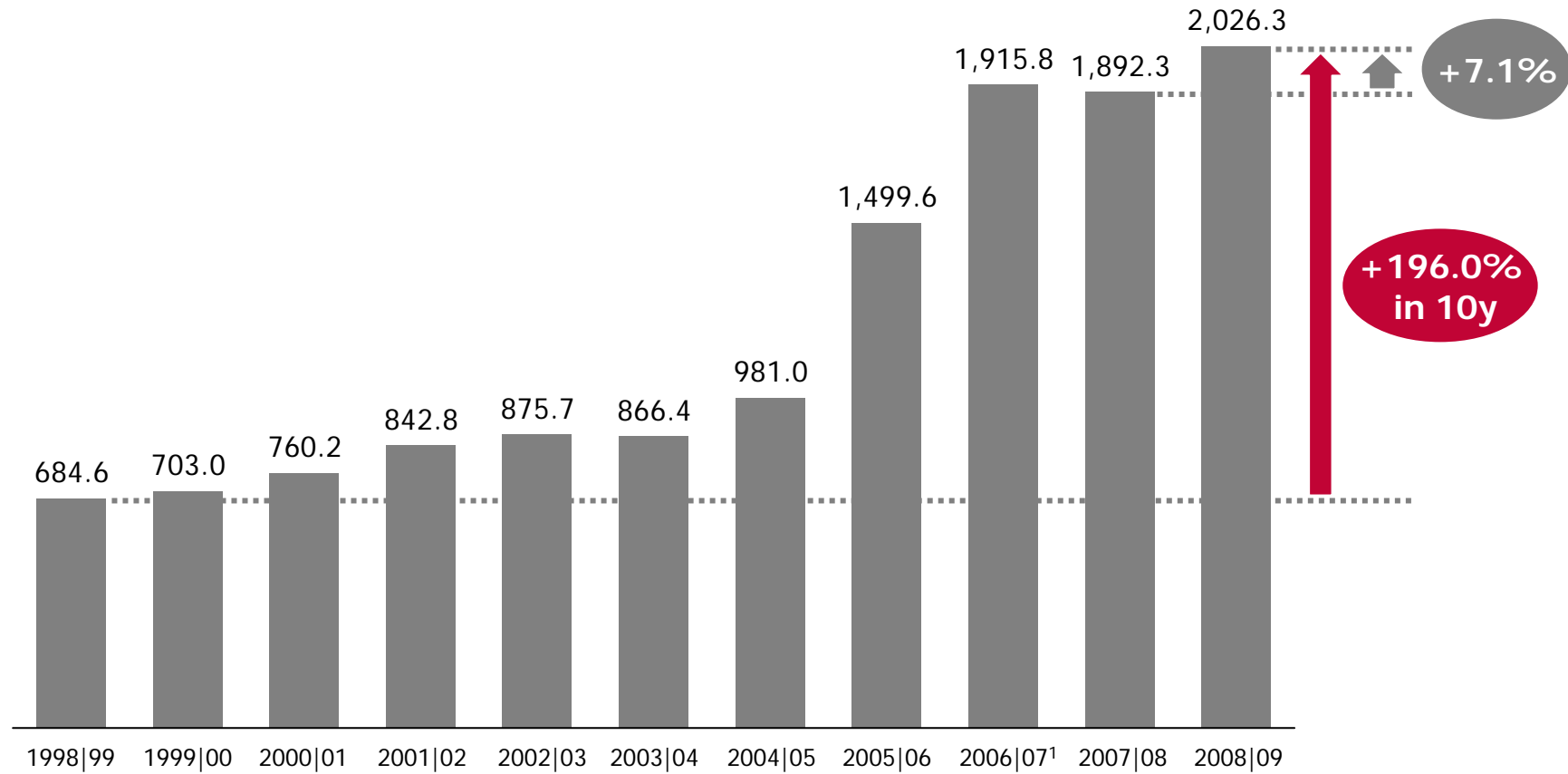
Market capitalisation (as of 2 Nov 2009): € 911.9 million



# Revenue 1998|99 to 2008|09



€m



<sup>1</sup>) incl. 14 months Fruit Segment

# Key Financials - H1 2009|10



	H1 2009   10	H1 2008   09
Revenue €m	<b>1,034.2</b>	1,045.5
Operating profit/(loss) before exceptional items €m	<b>43.9</b>	(7.8)
Operating profit/(loss) after exceptional items €m	<b>43.9</b>	(10.1)
Net profit/(loss) for the period €m	<b>34.8</b>	(21.4)



# Financial Highlights - H1 2009|10



## Stable business performance:

- ➔ Revenue of € 1,034.2m almost at last year's level (€ 1,045.5 m)
- ➔ Operating profit after exceptional items rose to € 43.9m (H1 2008|09 € -10.1 m)
- ➔ Net profit increased to € 34.8m (H1 2008|09 € -21.4 m)
- ➔ Reduction of net financial debt by € 91.4 m to € 378.7m
- ➔ Improvement of equity ratio from 41.4% to 46.4%

# Key Drivers for H1 2009|10



## SUGAR Segment

- Decreasing quota sugar prices due to the reform of the EU sugar regime
- Higher export sales of non-quota sugar

## STARCH Segment

- Full utilization of all bioethanol capacities
- Drop in cereal prices

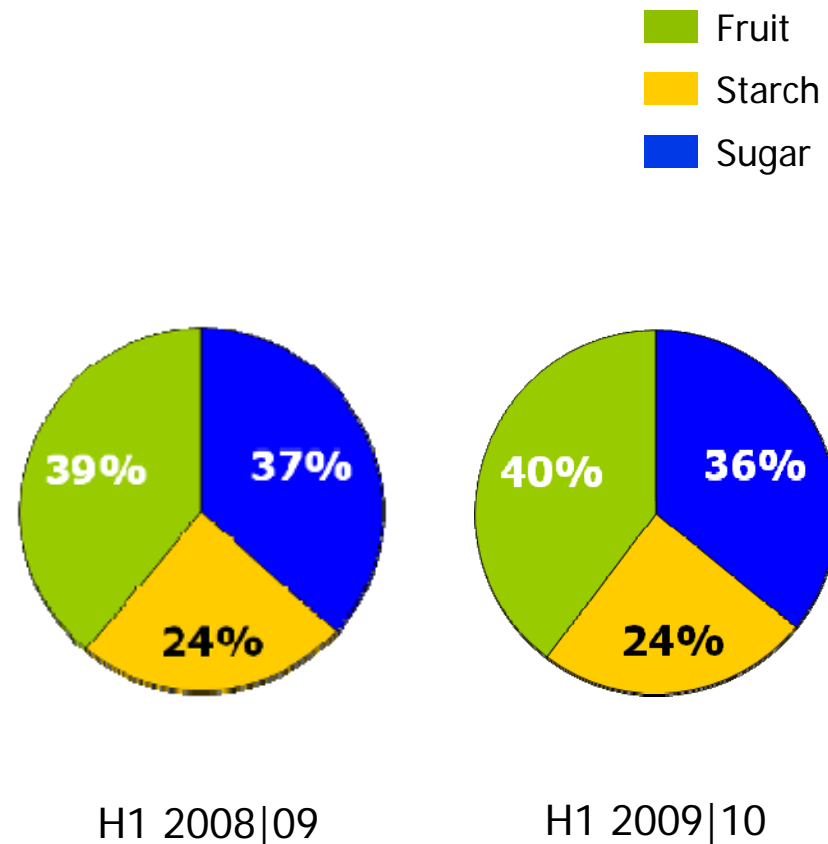
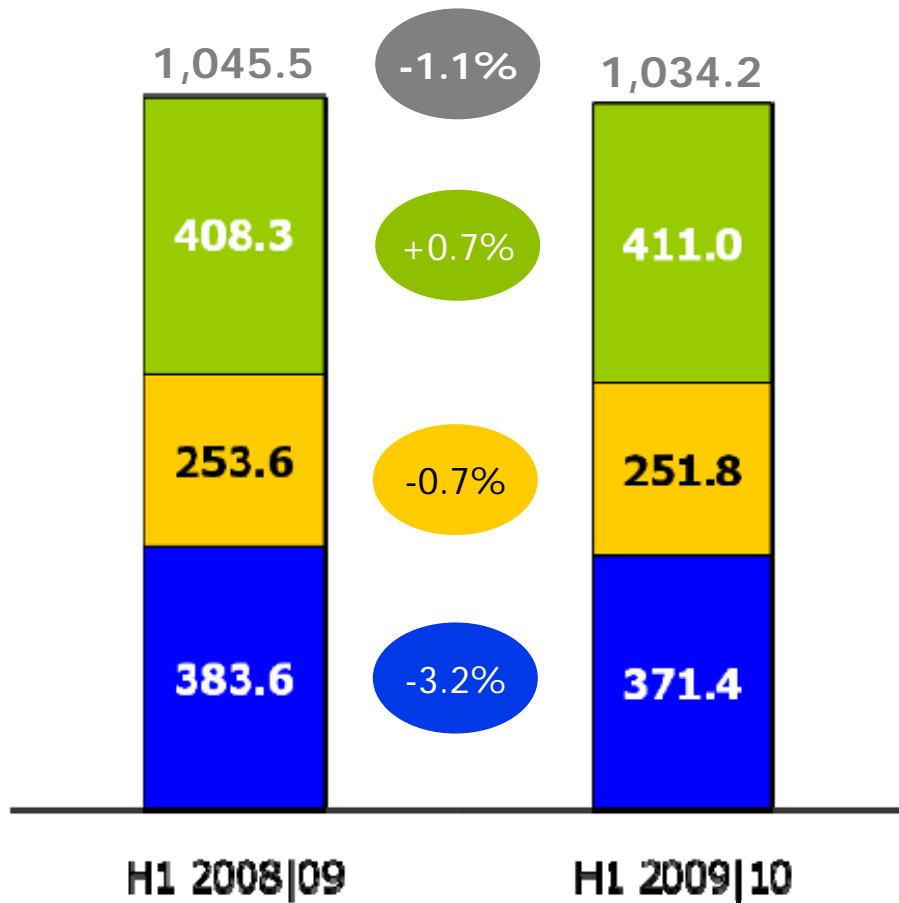
## FRUIT Segment

- Stable fruit preparation sales
- Increased sales volumes were offset by low prices for apple juice concentrate

# AGRANA's Revenue by Segment H1 2009|10



€m





SUGAR.

# SUGAR Segment Market Position



( '000 tons)	EU quota	AGRANA quota <sup>(1)</sup>	Market position
Austria	351	351	#1
Hungary	105	105	#1
Czech Republic	285	94	#2
Slovakia	112	44	#2
Romania	434	155 <sup>(2)</sup>	#1
<b>EU 27</b>	<b>1,287</b>	<b>749</b>	
Bosnia-Herzegovina		150 <sup>(3)</sup>	#1

## Details:

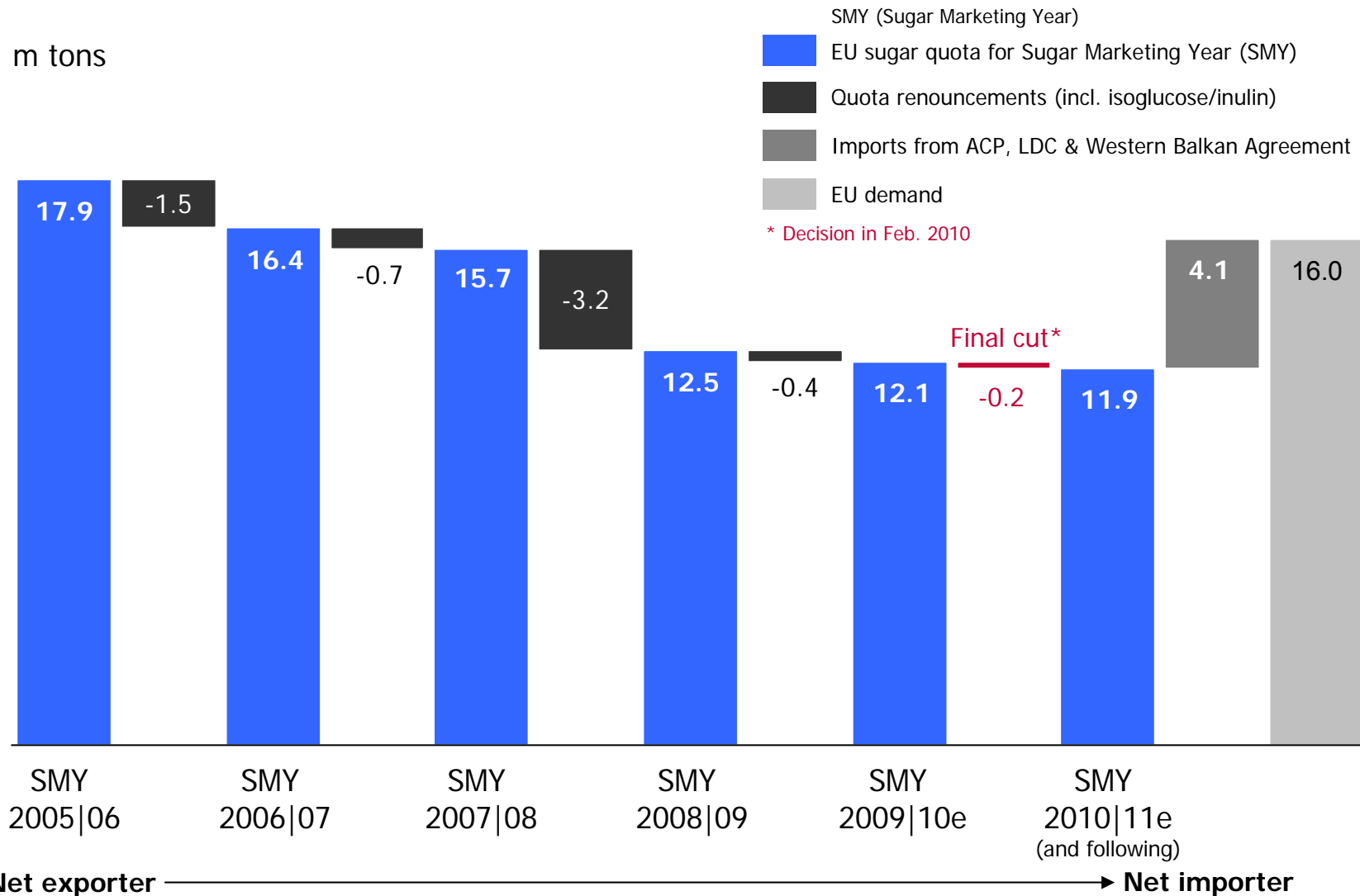
- (1) AGRANA quota for 2009|10 Sugar Marketing Year (SMY)  
 (2) AGRANA quota in Romania for sugar beet (24,240 to) and refined raw sugar (130,668 to)  
 (3) Capacity for refined raw sugar (50:50 joint venture)

## 7 sugar plants and 2 raw sugar refineries



- Current production plants
- Current markets
- Sugar plant
- Raw sugar refinery
- Distribution centre

# Reform Process of EU Sugar Regime



# SUGAR Segment Key Indicators



## Implementation of EU Sugar Regime

€/ton

(Expected) market price\*

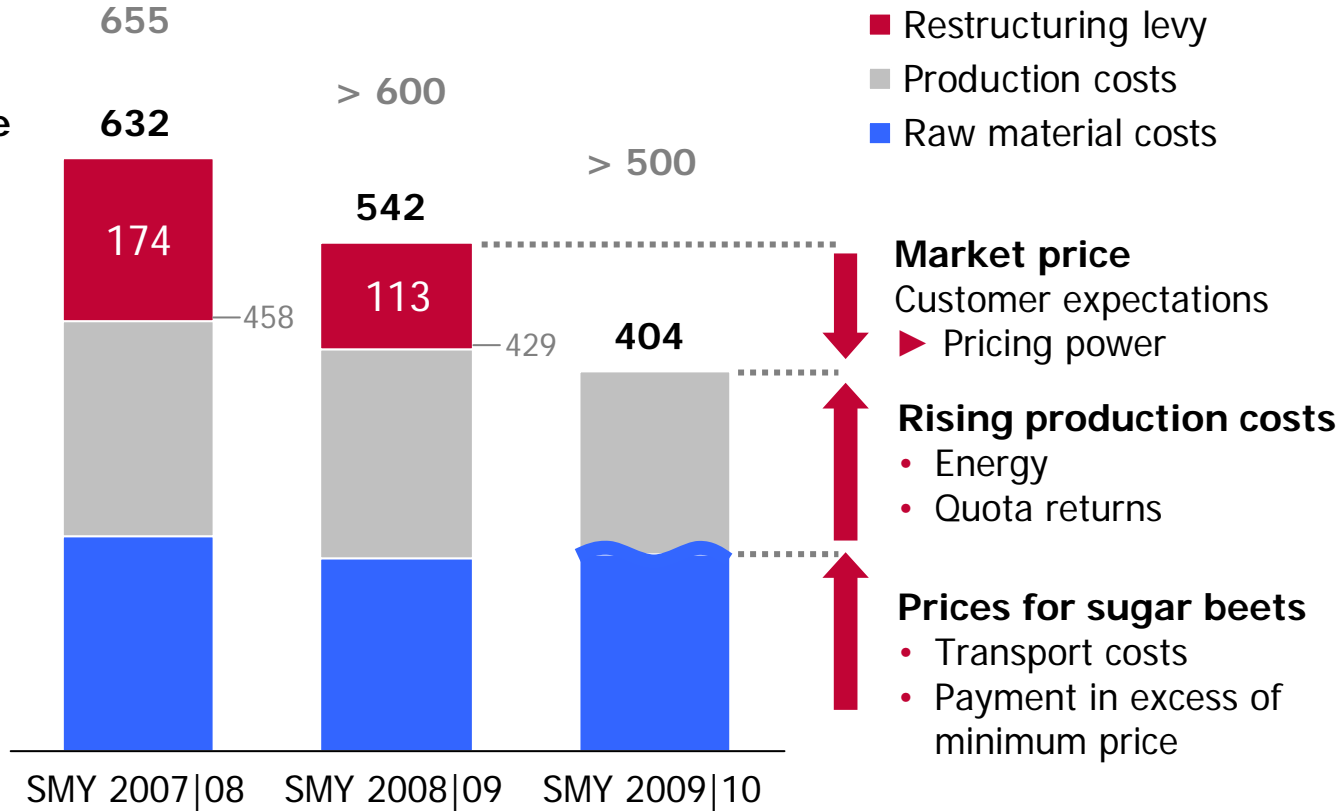
655

Reference price

632

> 600

> 500

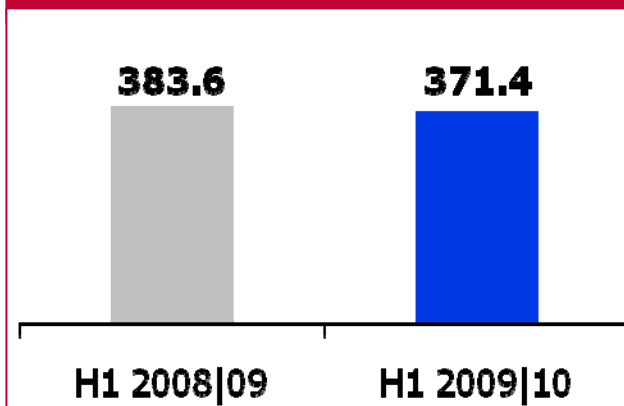


\* Ref. to quota sugar sales to industry (bulk)  
 SMY (Sugar Marketing Year)

# SUGAR Segment Highlights H1 2009|10



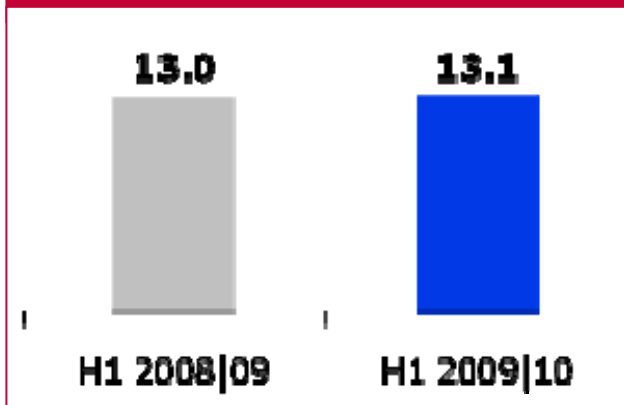
## Revenue €m



## Revenue € 371.4m

- Decrease of revenue by 3.2% due to lower quota sugar sales and decreasing sales prices
- Increased sales volume of non-quota sugar especially in exports
- Higher export prices

## Operating Profit €m



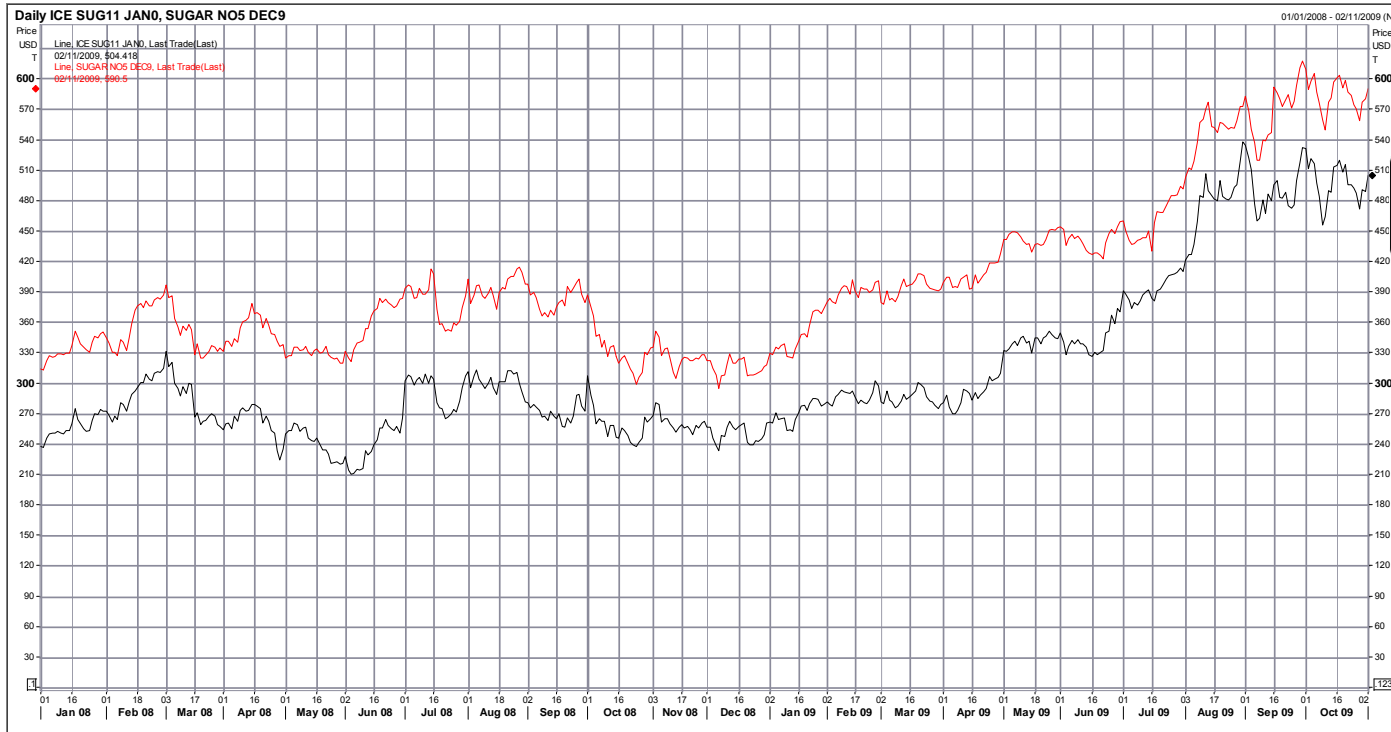
## Operating Profit € 13.1m

- Lower restructuring fee resulting from EU sugar regime
- Lower energy costs
- Stable profit



# Quotation for Raw Sugar & White Sugar

January 1, 2008 – November 2, 2009



White sugar (LSE)  
2.11.2009  
591 USD/to  
= 399 EUR/to

Raw sugar (NYSE)  
2.11.2009  
504 USD/to  
= 341 EUR/to

- Successful EU restructuring process leads EU into no.2 position as sugar importer behind Russia
- Additionally, India changed from an important export into an important import market in 2009|10
- On the one hand there is a global reduction in production to 155m tons, on the other hand demand is growing to 160m tons



**Decline of global sugar inventory level to 71m tons or 44% of annual consumption leads to increase in world market prices**



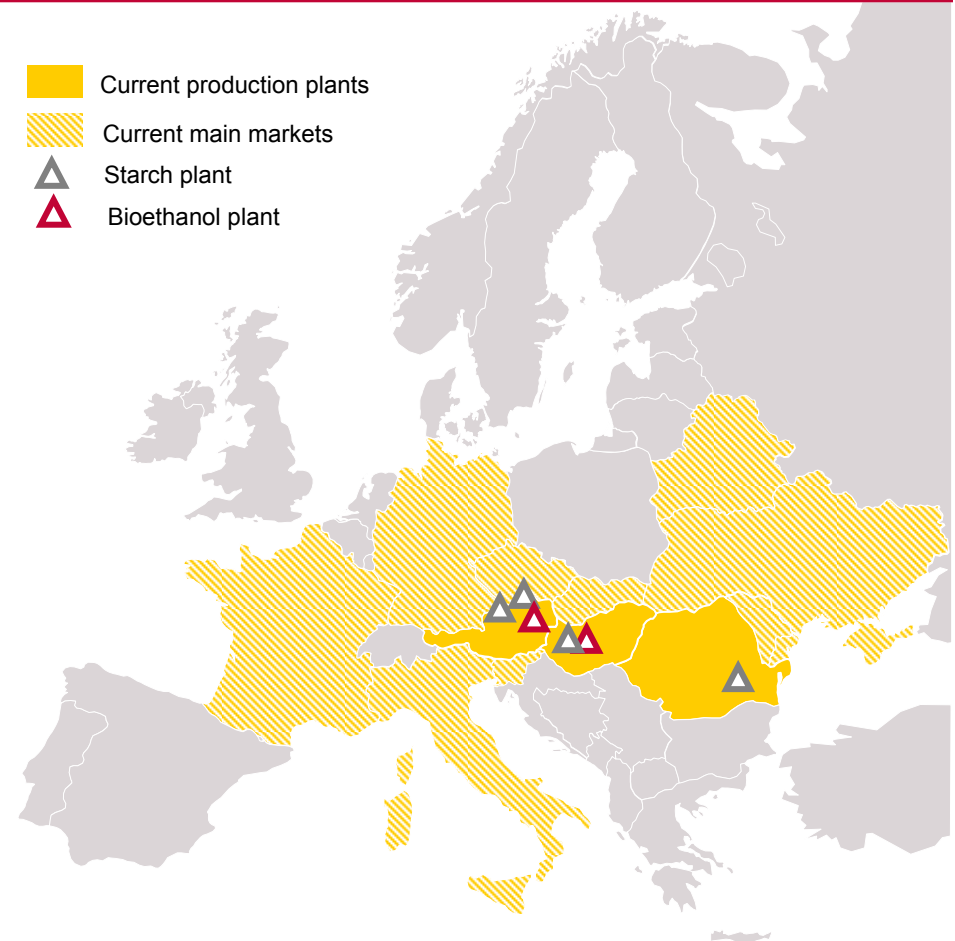
STARCH.

# STARCH Segment Market Position

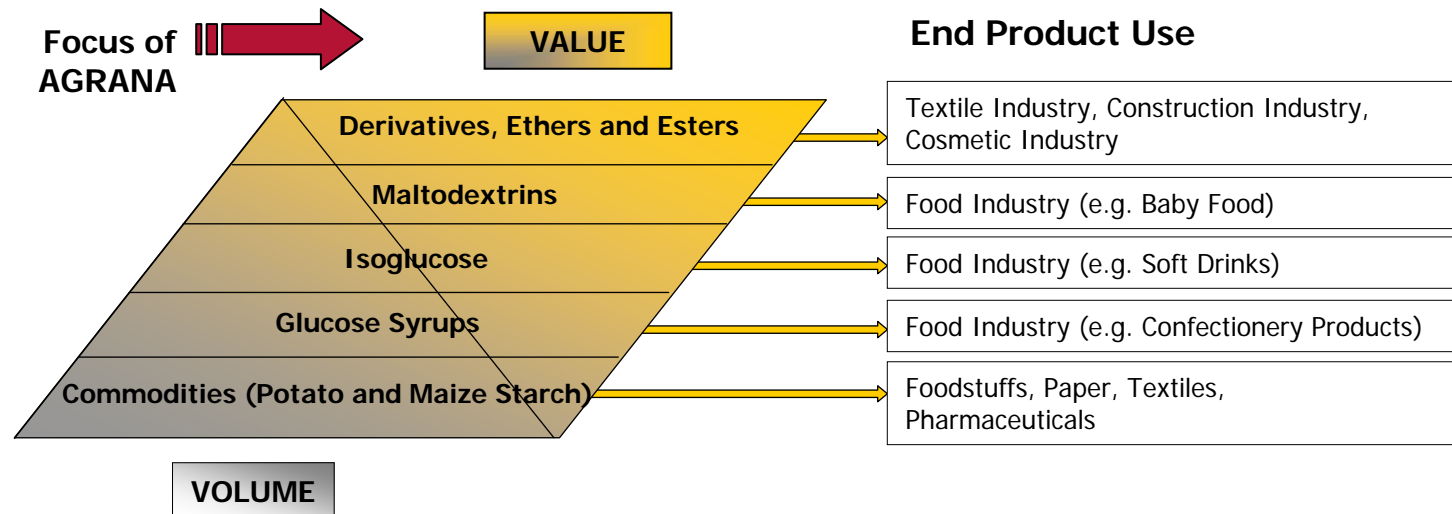


## 4 Starch plants and 2 Bioethanol plants

- Organic growth at existing plants (capacity expansion in Austria and Hungary)
- 80% increase in isoglucose production in Hungary as a result of the new EU Sugar Regime
- Sales:
  - 50% domestic sales
  - 50% are exported to neighbouring and other countries



# STARCH Segment Specialisation strategy



- Food:

- Growth in products from special raw materials (Market leadership)
- Growth in starch derivatives for fruit preparations
- Growth in „High Care“-starches

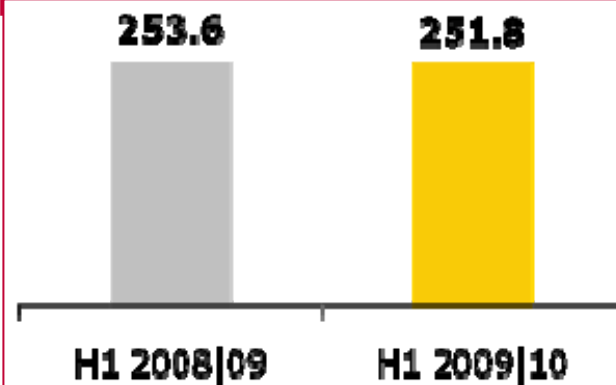
- Non-Food:

- Innovation- and Market leadership in
  - Special applications for construction industry
  - Adhesive (sack adhesive)
- Growth in cosmetics industry
- Growth in special applications for paper, textile and cardboard industry

# STARCH Segment Highlights H1 2009|10



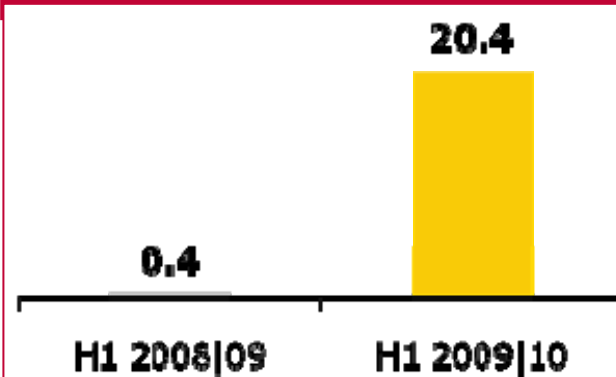
## Revenue €m



## Revenue € 251.8m

- Bioethanol operations in Austria and Hungary on full capacity
- Volume growth in starch products for the food industry
- Lower sales volumes of non-food starches (paper and construction industry)

## Operating Profit €m



## Operating profit improved to € 20.4m

- Margin improvement following decreasing energy and cereal costs
- Wheat/corn prices on significant lower level compared to peak season beginning of 2008

# Key Indicators for STARCH Segment



- **Starch**

- Price development of agricultural commodities
- Development of energy costs
- Focus on higher-margin products (specialisation strategy)
- Higher utilisation rate of new production capacity in Hungary

- **Bioethanol**

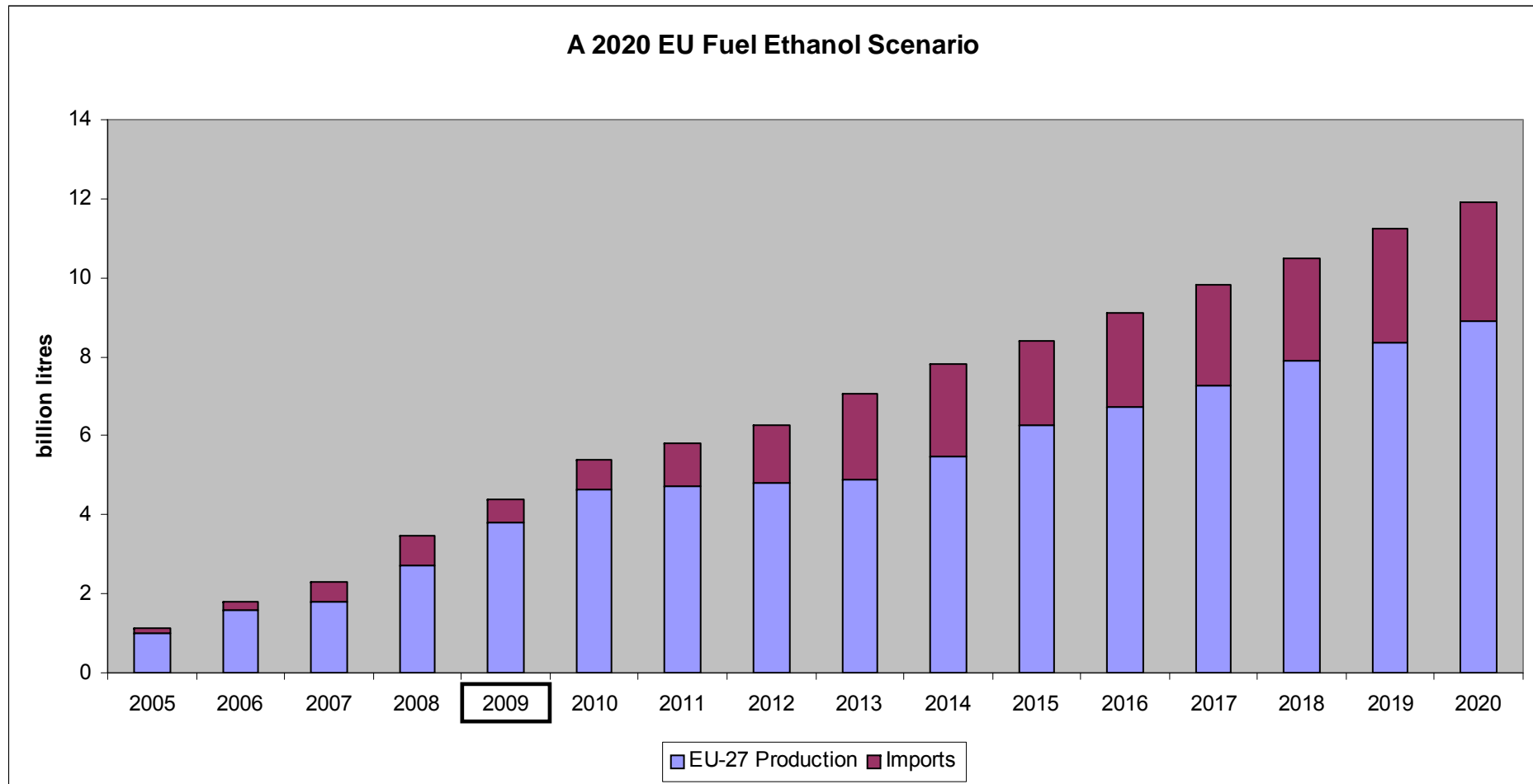
- Austria: Legal framework unchanged
  - Mandatory admixture by biofuels 5.75% from 1 October 2008
  - Political aim in Austria: 10% substitution from 2010
- Ethanol quotation
  - no correlation with Petrol prices nor with grain prices, but with world market sugar prices

# Bioethanol



- Dec. 2008: EU Biofuels Directive to promote renewable energy
- Obligatory percentage of renewable energy of 10% in 2020 is maintained
- Joanneum Research confirms that AGRANA's plants in Austria and Hungary already comply with the EU-greenhouse gas emission standards for 2017 (min. 50% greenhouse gas savings)
- AGRANA is well positioned with an overall bioethanol capacity of about 400,000 m<sup>3</sup> in Austria and Hungary

# Development of ethanol demand until 2020



Source: F.O. Licht's World Ethanol and Biofuels Report, 25.09.2009



# AGRANA Bioethanol Activities



## PISCHELSDORF (Austria)

Total investment 125 m€  
Theoretical capacity up to 240,000 m<sup>3</sup> (= 190,000 tonnes)  
Production start June 2008  
Raw material base wheat, corn and sugar beet thick juice  
By-product up to 190,000 tonnes of ActiProt



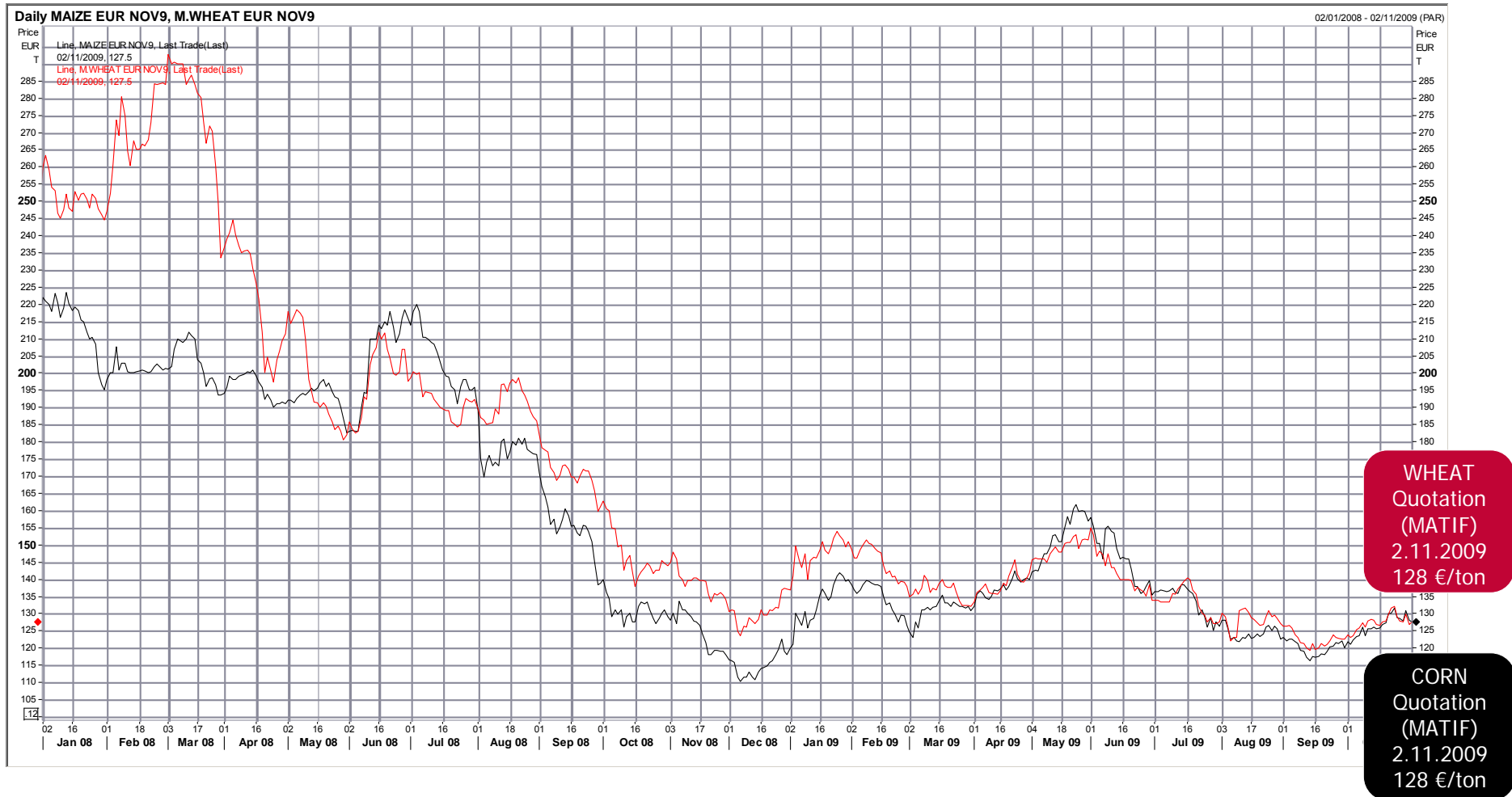
## HUNGRANA (Hungary)

Investment volume ~ 100m€ (50% share held by AGRANA: ~ 50m€)  
for grind increase from 1,500 to 3,000 tonnes/day  
for isoglucose capacity increase due to quota increase  
for bioethanol expansion  
Theoretical capacity up to 187,000 m<sup>3</sup>  
Conclusion of expansion programme July 2008  
Raw material base corn



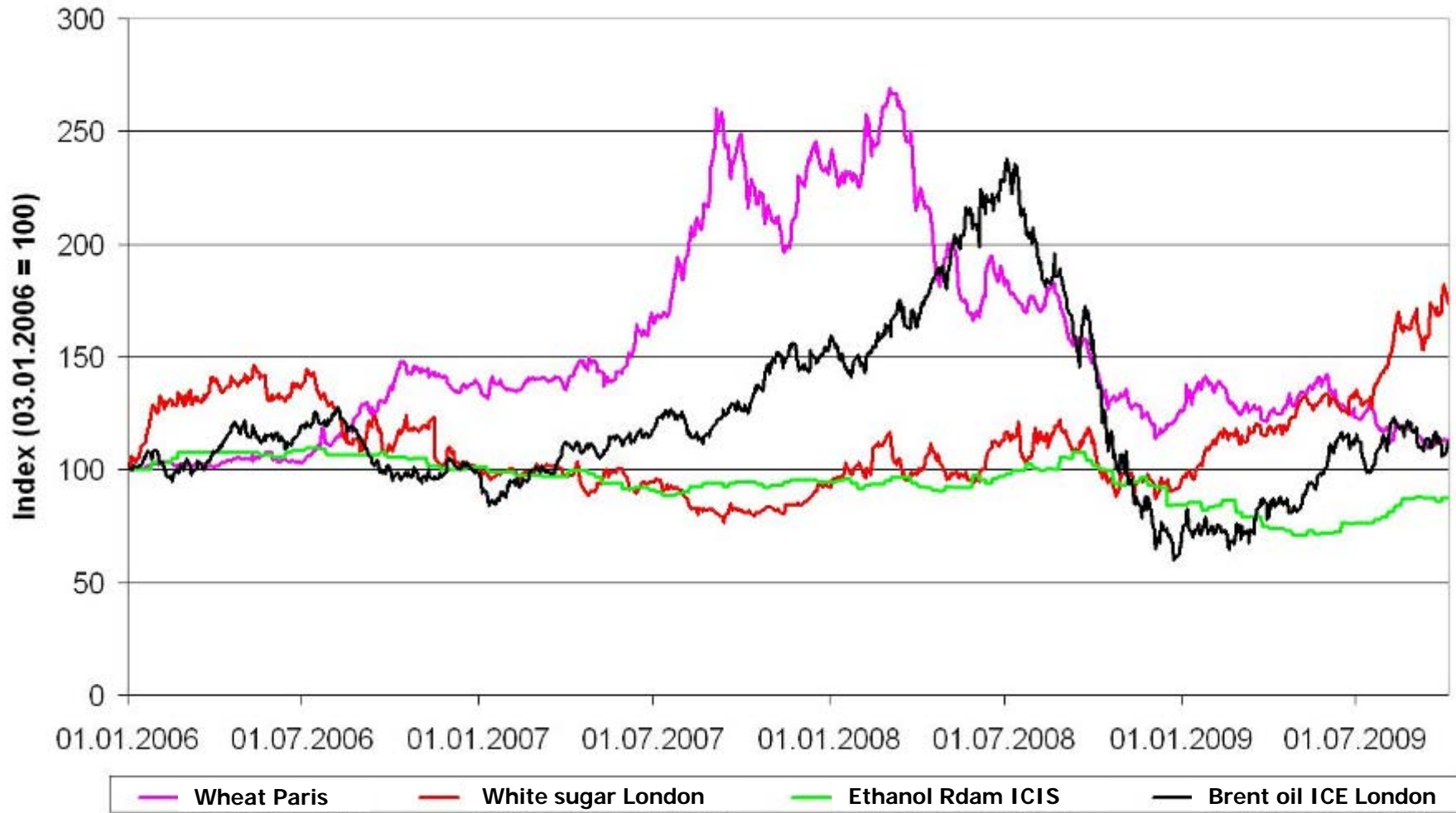
# Price Development of Cereals

January 1, 2008 – November 2, 2009



# Price Correlation

January 1, 2006 – September 30, 2009





FRUIT.

# FRUIT Segment Market Position



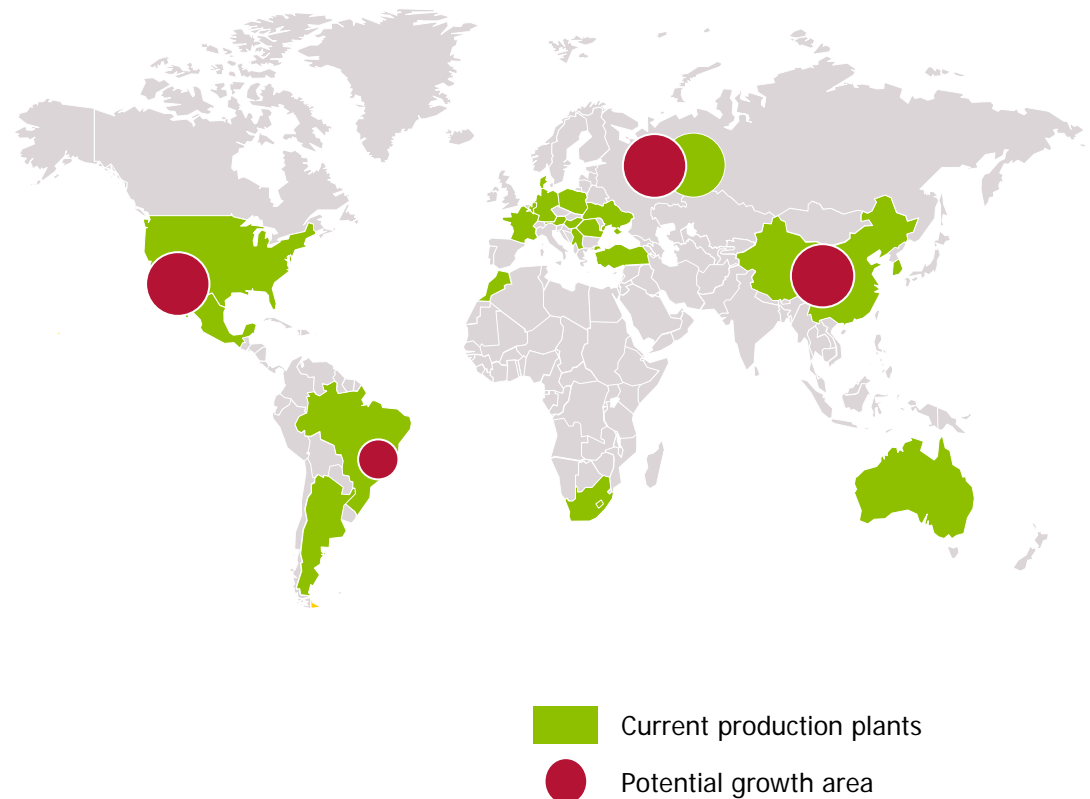
## Fruit Preparations

- World market leader
- Extension of the existing market position
- Market entry in regions with growth potential where AGRANA customers already operate (yoghurt producers)

## Fruit Juice Concentrates

- One of the world leading producers of apple juice concentrate
- Production facilities in Europe and China
- Increase in market share via distribution channel enhancement in the EU and Russia

25 fruit preparation plants and  
12 fruit juice concentrate plants



# FRUIT Segment Business Model



## Fruit Preparations



- Based on mostly frozen fruits
- Tailor-made customer products (several thousand recipes worldwide)
- Customers: dairy, bakery and ice cream industry
- Shelf life of the fruit preparation ~ 6 weeks -> necessity to produce regional



## Fruit Juice Concentrates

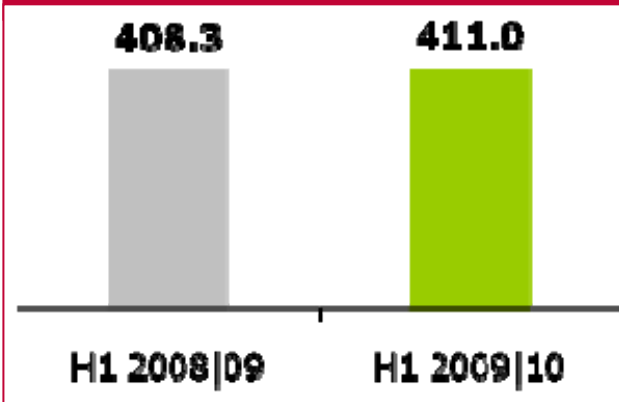


- Based on fresh fruits
- Production in the growing area of the fruits (water content and quality of the fruits don't allow far transports)
- Customers: bottling industry
- Shelf life of fruit juice concentrates ~ 2 years -> can be shipped around the world

# FRUIT Segment Highlights H1 2009|10



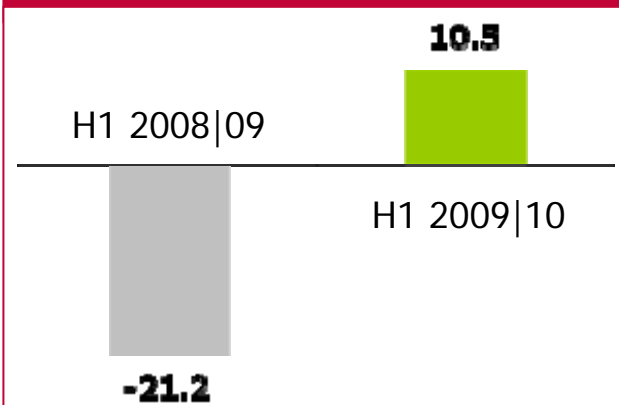
## Revenue €m



### Revenue € 411.0m

- Stable sales of fruit preparations in Europe and USA
- Higher sales in Asia and Eastern Europe
- Increased juice sales volumes compensated for lower juice prices

## Operating Profit/(Loss) €m



### Operating profit rose to € 10.5m

- Stable profits in fruit preparation
- Weak apple juice concentrate prices squeeze juice profits
- Measures implemented to improve profitability in the juice sector

# Key Indicators for FRUIT Segment



- Fruit Juice Concentrates
  - Crop situation for apples in Europe and China influences market price for concentrates
  - Volume of Chinese Apple Juice Concentrate production is key
  - Oligopolisation of Europe's big bottlers for fruit juices
  - Customer expectations, price pressure, limitation of risk position
  - Utilisation of existing capacities
- Fruit preparations
  - Consumer habits/Price sensitivity influenced by global economic crisis
  - High prices for dairy products stifle demand
  - Promising diversification to neighbouring markets like ice cream, bakery etc.
  - Synergy potential in the reorganisation of the fruit business (worldwide sourcing; core supplier to global food players)

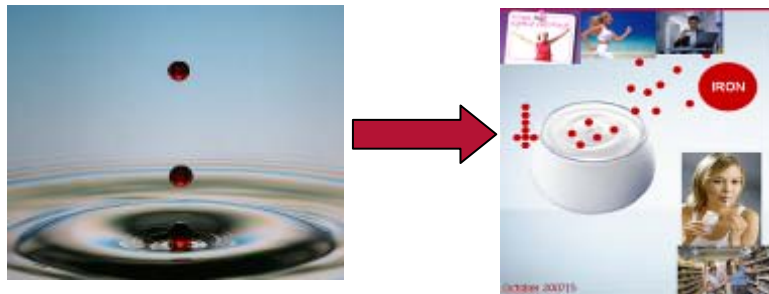


# Fruit Preparation Innovations



## Some examples of new developments from our Innovation Competence Center:

- **Magic Drops**: capsules, a few millimeters in size, in which functional, process-stable substances can be included e.g. vitamins, antioxidants or omega 3 fatty acids.



- **High Pressure Pasteurization (HPP)**: as non-thermal anti-bacterial method. Gentle pasteurisation process at 6,000 bar pressure to maintain sensory characteristics of naturalness and freshness.

- **Chocolate fruities**: small chocolate pralines, filled with fruit puree or fruit preparation, for mixing into yogurt or ice cream.



- **Enrichment of fruit preparations with minerals and functional substances**: e.g. with calcium and iron as well as functional additives such as antioxidants or vitamins



## Financial Results H1 2009|10



SUGAR. STARCH. FRUIT.

# Consolidated Income Statement

(based on IFRS)



Key P&L figures €m	Q2 2009   10	Q2 2008   09	H1 2009   10	H1 2008   09
Revenue	<b>528.0</b>	550.4	<b>1,034.2</b>	1,045.5
Operating profit/(loss) before exceptional items	<b>23.9</b>	(25.9)	<b>43.9</b>	(7.8)
Exceptional items	<b>0</b>	0	<b>0</b>	(2.3)
Operating profit/(loss) after exceptional items	<b>23.9</b>	(25.9)	<b>43.9</b>	(10.1)
Net financial items	<b>1.5</b>	(3.9)	<b>2.4</b>	(8.0)
Profit/(loss) before tax	<b>25.4</b>	(29.8)	<b>46.4</b>	(18.1)
Income tax (expense)/credit	<b>(7.3)</b>	1.0	<b>(11.6)</b>	(3.2)
Profit/(loss) for the period	<b>18.1</b>	(28.8)	<b>34.8</b>	(21.4)

# Consolidated Balance Sheet



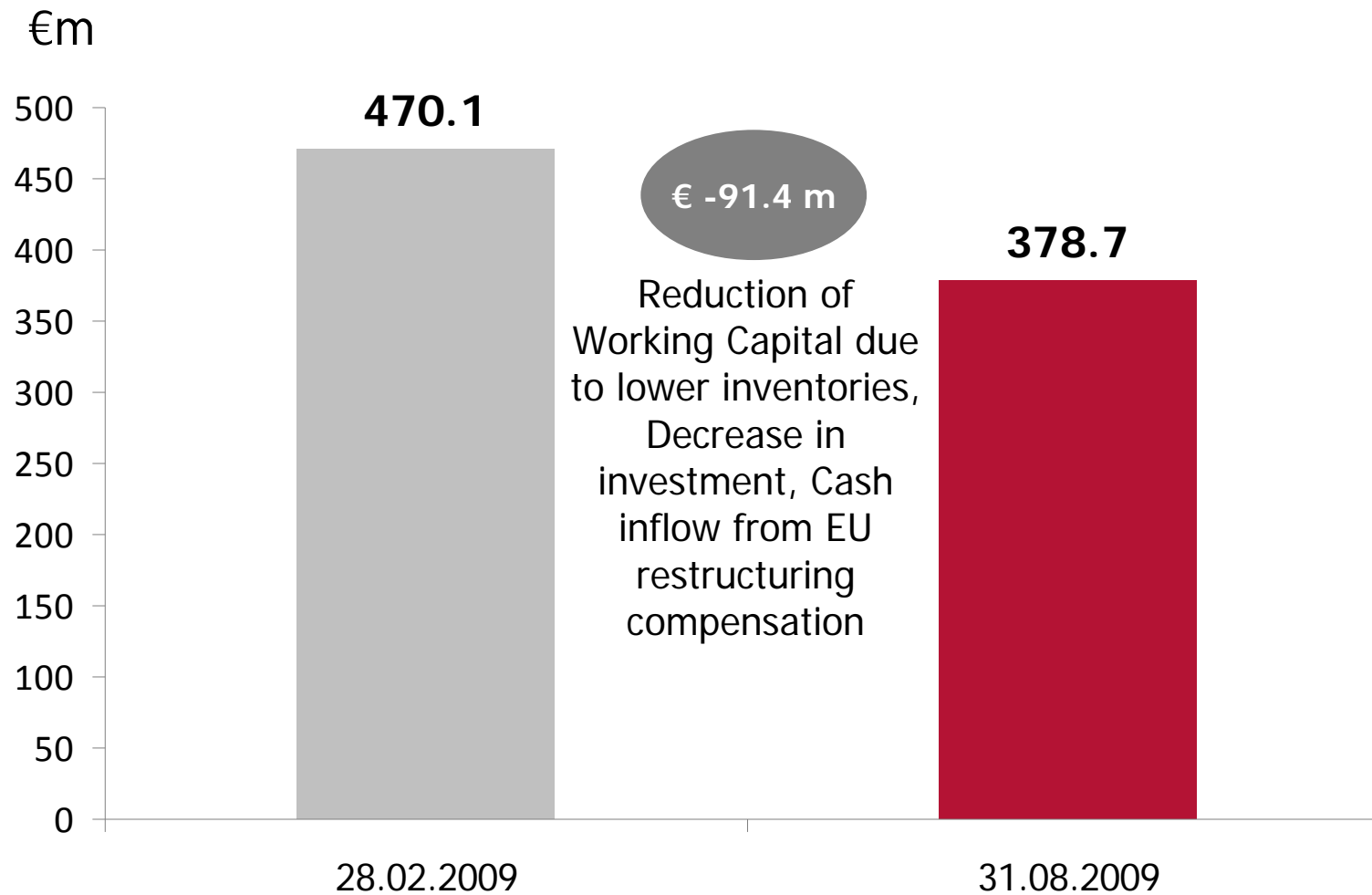
Key figures €m	31 August 2009	28 February 2009
Non-current assets	1,012.8	1,019.2
Current assets	825.3	977.0
Total equity	852.4	825.9
Non-current liabilities	435.1	346.2
Current liabilities	550.6	824.1
Balance sheet total	1,838.1	1,996.2
Equity ratio	46.4%	41.4%

# Consolidated Cash Flow Statement

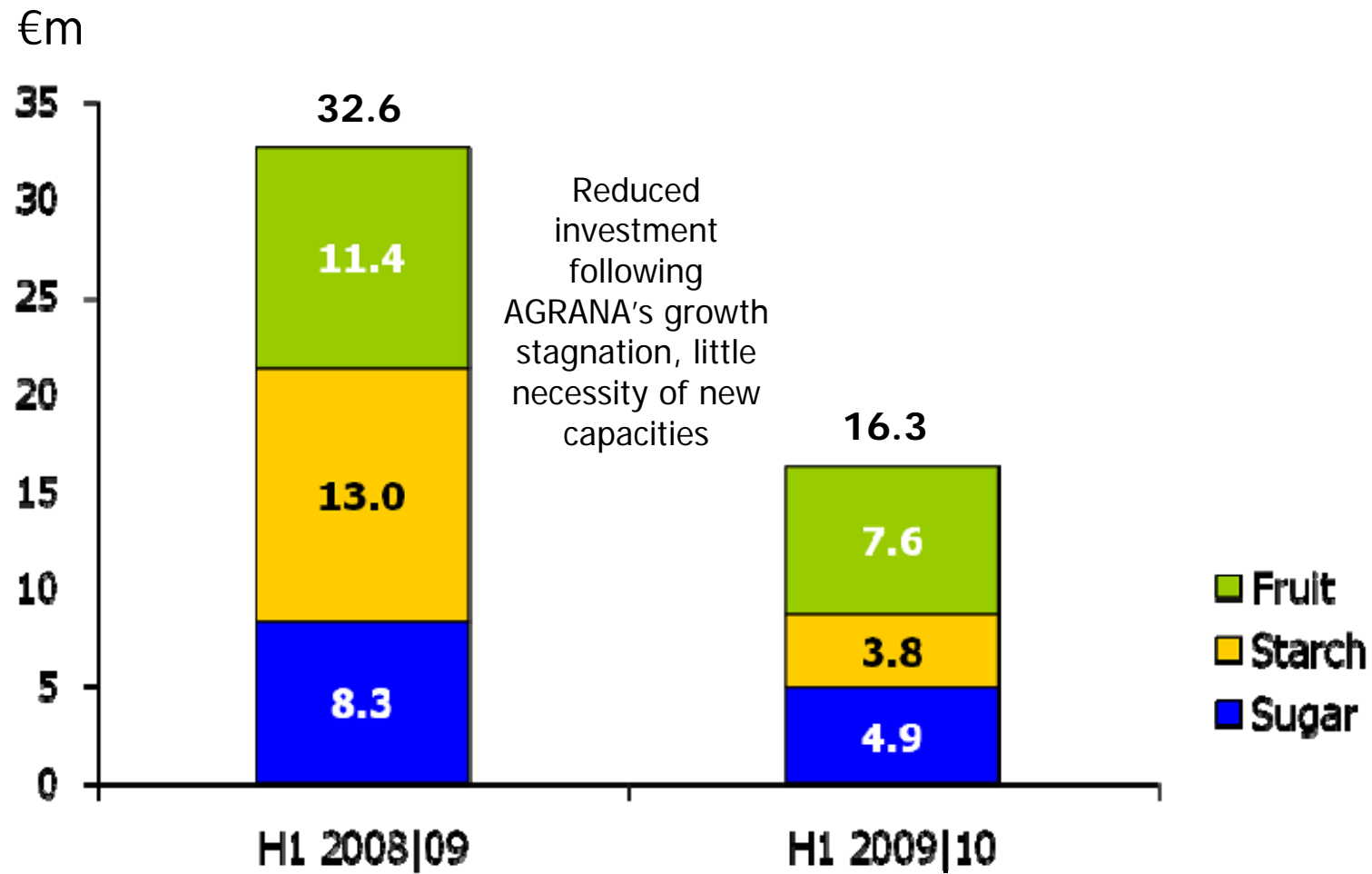


€m	H1 2009   10	H1 2008   09
Net cash from operating activities	<b>122.5</b>	1.6
Net cash (used in) investing activities	<b>(9.9)</b>	(30.8)
Net cash (used in)/from financing activities	<b>(81.3)</b>	4.5
Net increase/(decrease) in cash and cash equivalents	<b>31.3</b>	(24.7)

# Net Financial Debt



# Total Investment





## OUTLOOK



SUGAR. STARCH. FRUIT.



# Outlook AGRANA Group FY 2009|10



Unchanged outlook for FY 2009|10:

- Group revenue on previous year level
- Significant recovery of operating profit
- Sugar and Starch markets to remain volatile
- Positive development of Bioethanol market
- Unsatisfactory juice concentrate prices due to overcapacities and low raw material prices

# Segment Outlook FY 2009|10



## SUGAR Segment

- Elimination of restructuring levies from the EU sugar regime for sugar marketing year 2009/10 (starting in Oct. 2009)
- Significantly lower quota sugar prices with the beginning of the sugar marketing year 2009/10
- Full quota sugar production
- Increase in out-of-quota sugar volumes due to good harvest expectation

## STARCH Segment

- Full use of bioethanol capacities in Austria and Hungary
- Grain prices on low level expected

## FRUIT Segment

- Slight increase of revenue expected
- Low milk prices should support yoghurt sales

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