



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

AGRANA Beteiligungs-AG

RS London – Berenberg (27 October 2009)

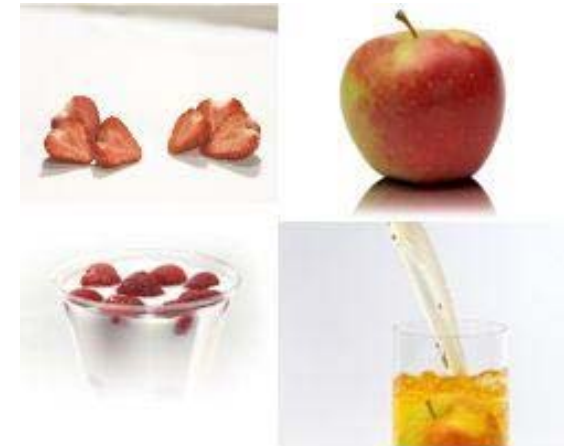


SUGAR. STARCH. FRUIT.

AGRANA at a glance



AGRANA products you meet everyday



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.

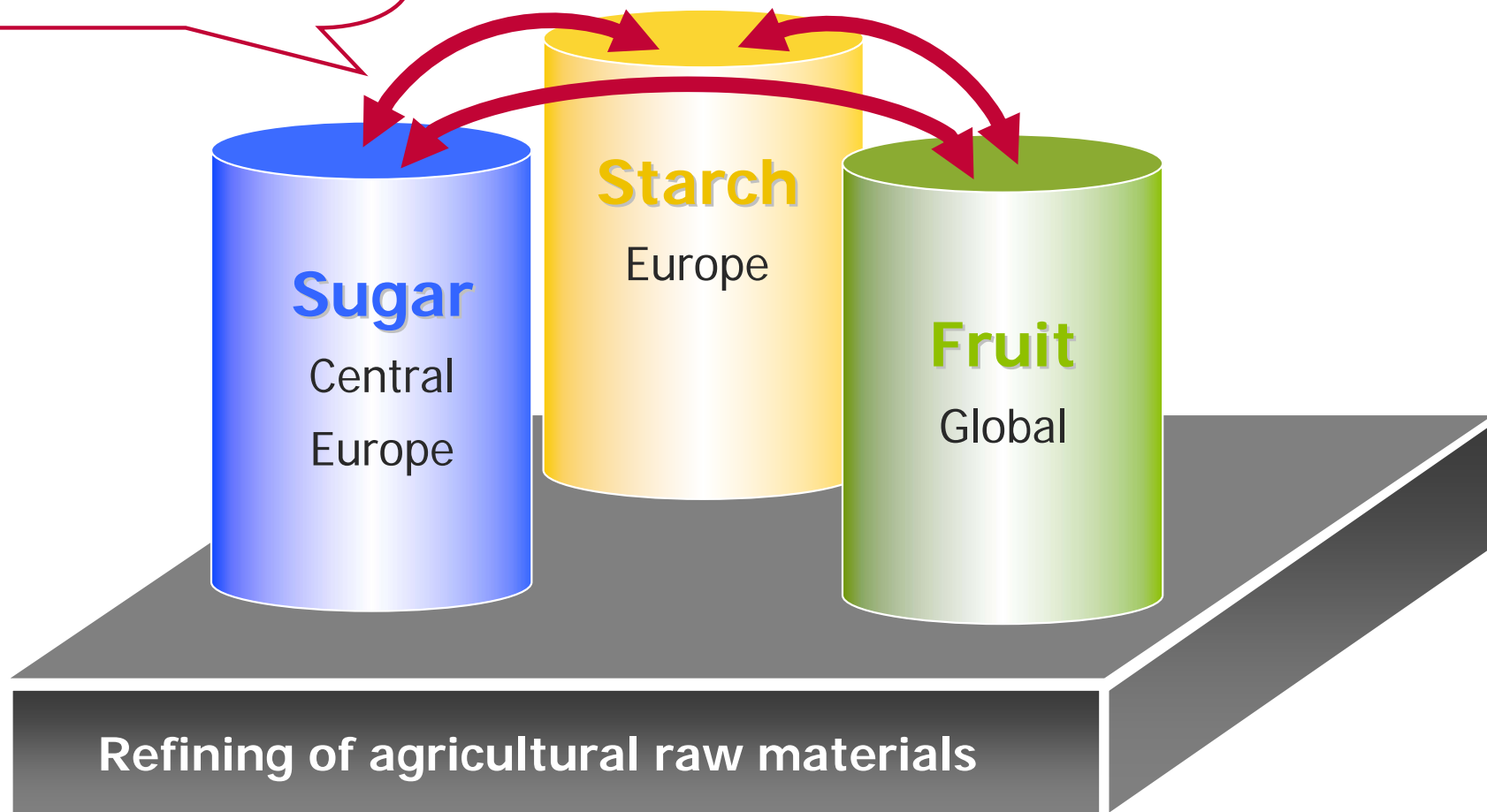
Fruit

- Fruit juice concentrates customers are fruit juice and beverage bottlers and fillers (20%).
- Fruit preparations are special customized products (80%) 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 – Key Figures & Strategy



SUGAR

- Leading producer of sugar in Central and Eastern Europe
- Strengthening the group's leadership in Central Europe and focus on a strong market position in the Balkan countries
- Maintaining the position as an efficiency and technology leader in the Central European sugar industry



STARCH

- One of Europe's leading suppliers of specialty products and isoglucose
- Increasing the output of highly refined speciality starch products
- Enlargement of corn starch capacities as well as isoglucose and bioethanol production
- Focus on the production of innovative customer-orientated products and starch based solutions for the customers



FRUIT

- World's leader in fruit preparations and Europe's foremost manufacturer of fruit juice concentrates
- AGRANA is aiming to extend its market positions for fruit preparation globally and for fruit juice concentrates in Europe

Revenue 2008 09	Staff 2008 09
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703 m€	2,464
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519 m€	853
--------	-----

804 m€	4,927
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TOTAL	2,026 m€	8,244
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AGRANA – Production Sites



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

- **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

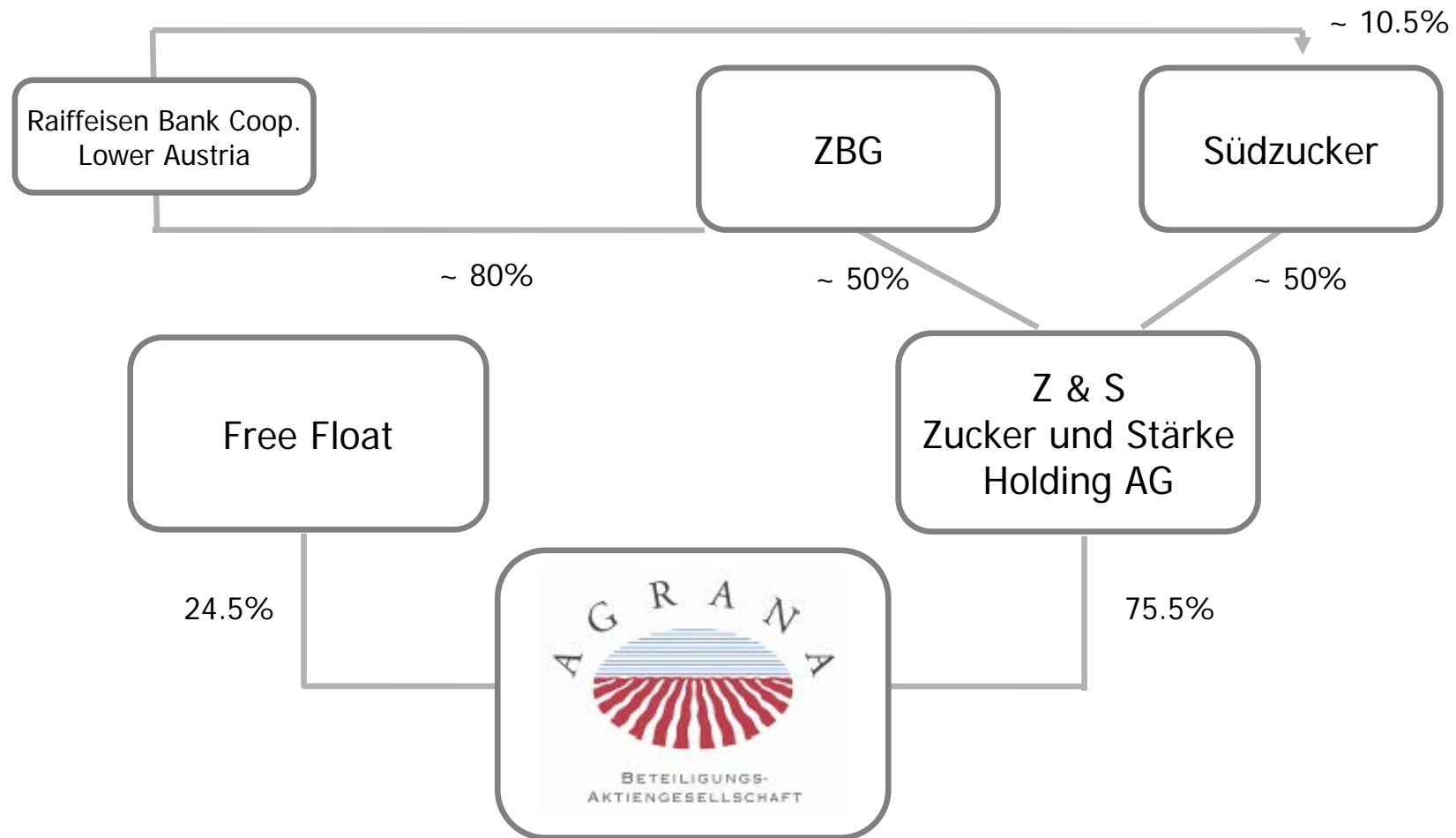


AGRANA's Shareholder Structure



Shares outstanding: 14,202,040

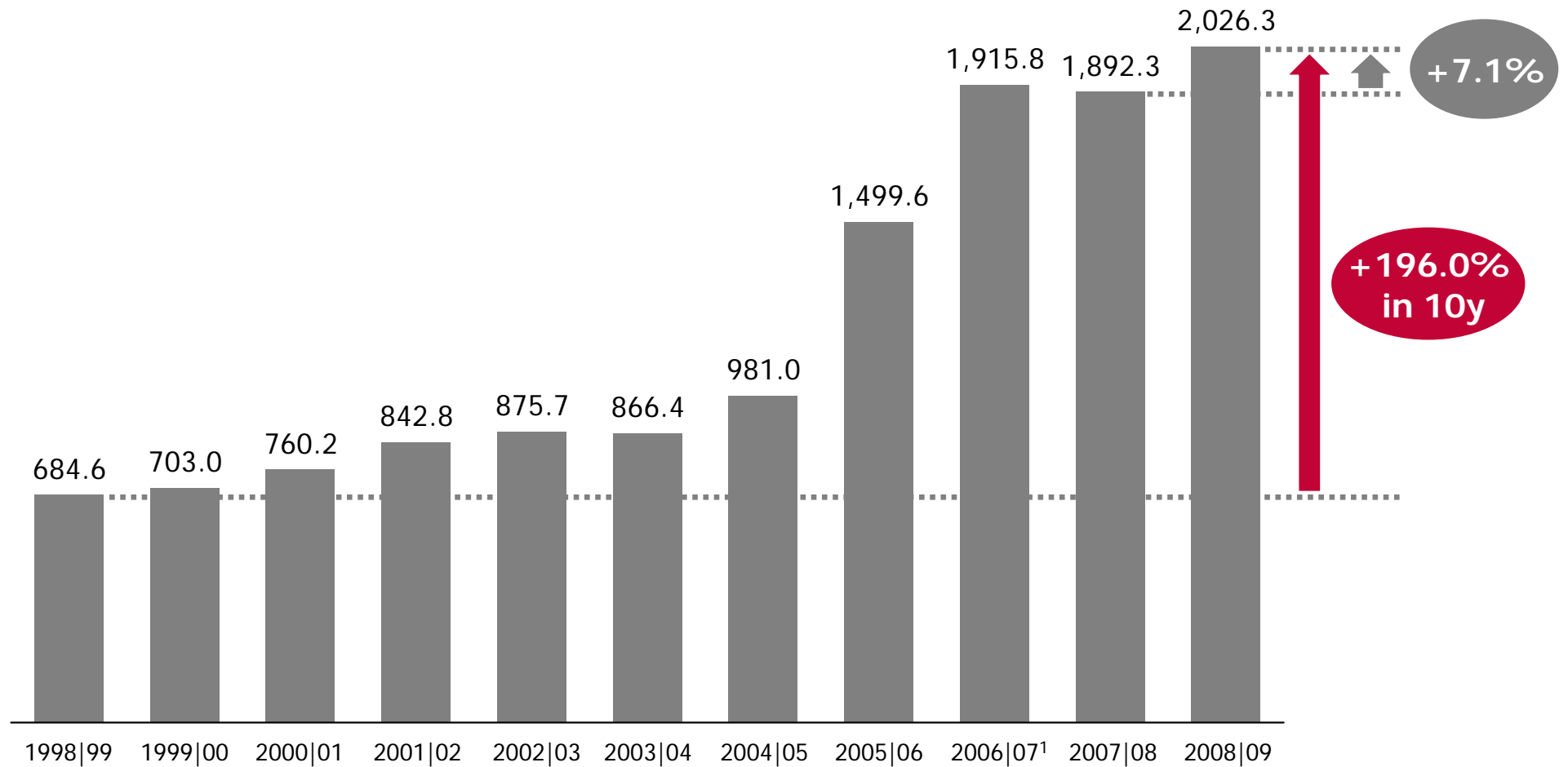
Market capitalisation (as of 20 Oct 2009): € 922.6 million



Revenue 1998|99 to 2008|09



€m



¹) incl. 14 months Fruit Segment

Key Financials - H1 2009|10



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



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

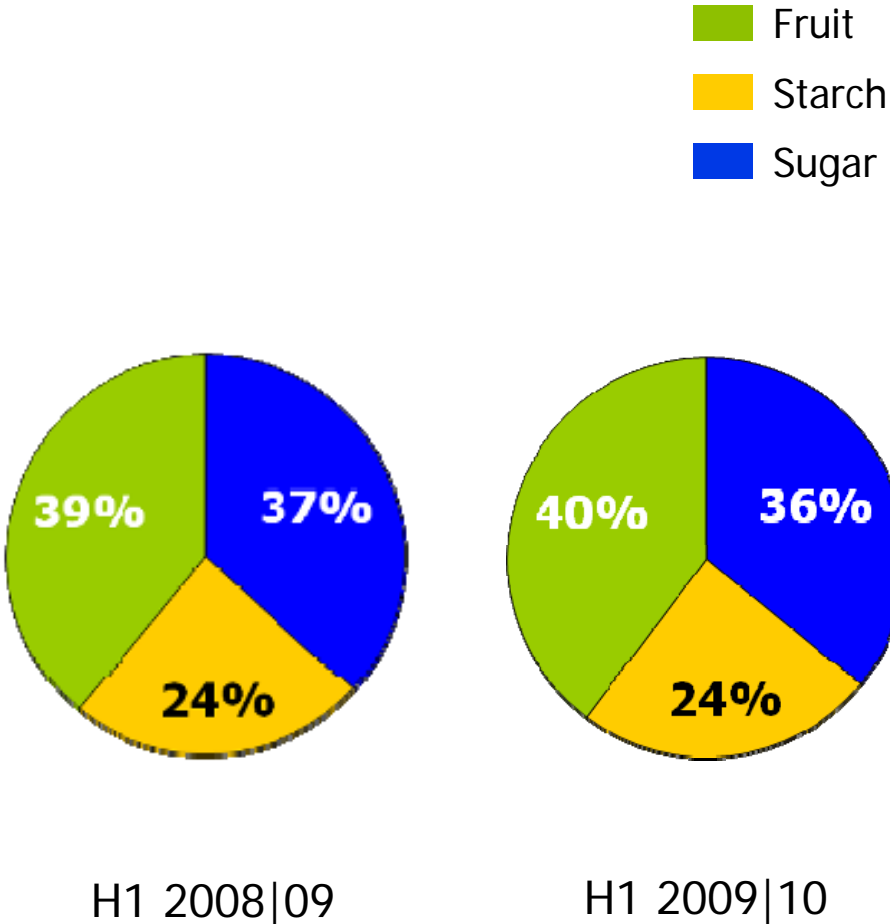
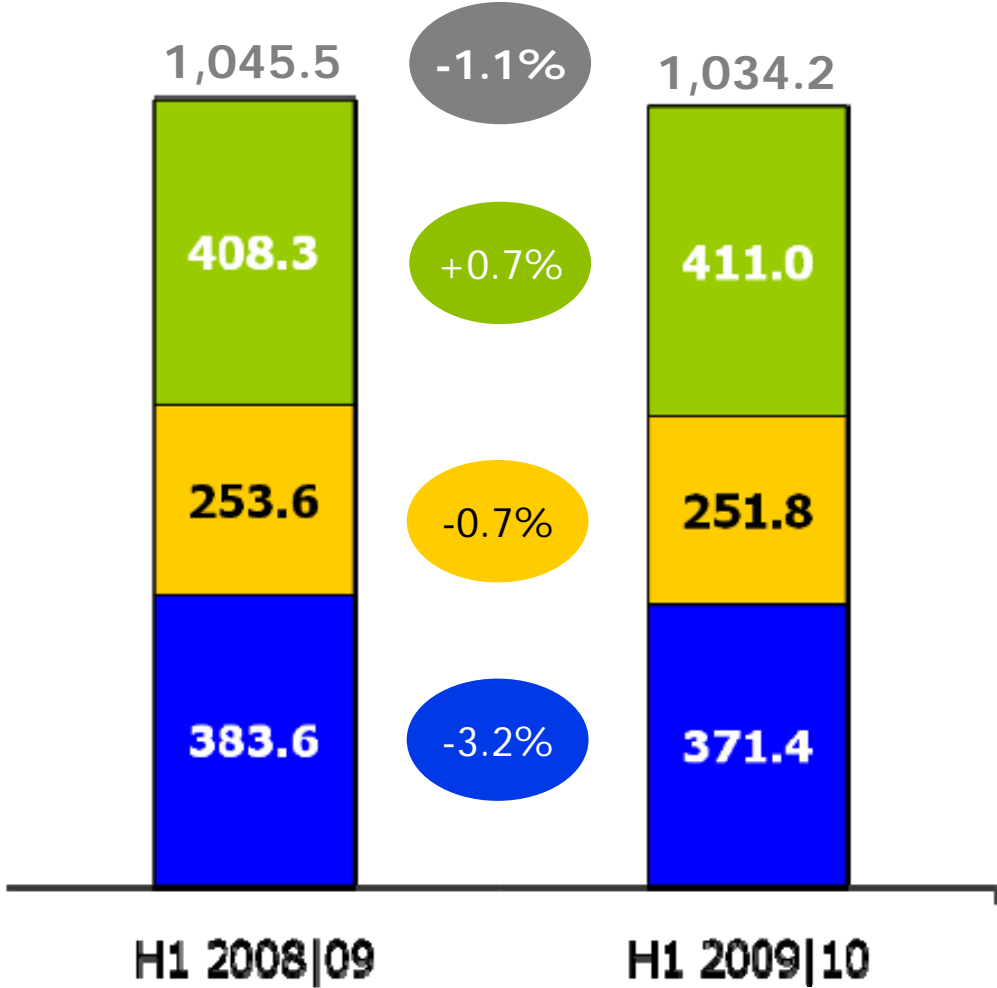
FRUIT Segment

- 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 ⁽¹⁾	Market position
Austria	351	351	#1
Hungary	105	105	#1
Czech Republic	285	94	#2
Slovakia	112	44	#2
Romania	434	155 ⁽²⁾	#1
EU 27	1,287	749	
Bosnia-Herzegovina		150 ⁽³⁾	#1

Details:

- (1) AGRANA quota for 2009|10 Sugar Marketing Year
- (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

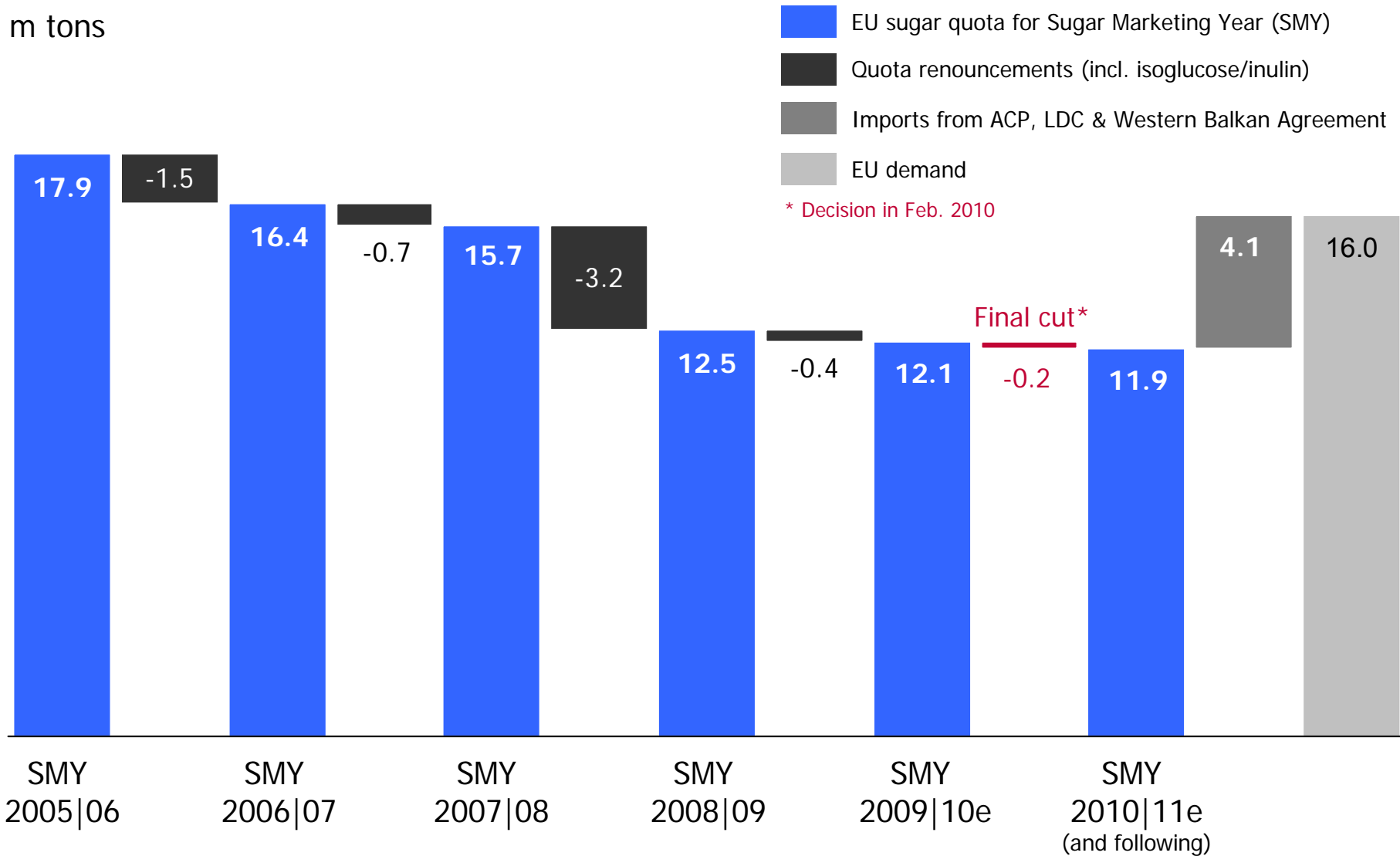


- Current production plants
- Sugar plant
- Raw sugar refinery
- Current markets
- Distribution centre

Reform Process of EU Sugar Regime



m tons



Net exporter

Net importer

SUGAR Segment Key Indicators



Implementation of EU Sugar Regime

€/ton

(Expected) market price*

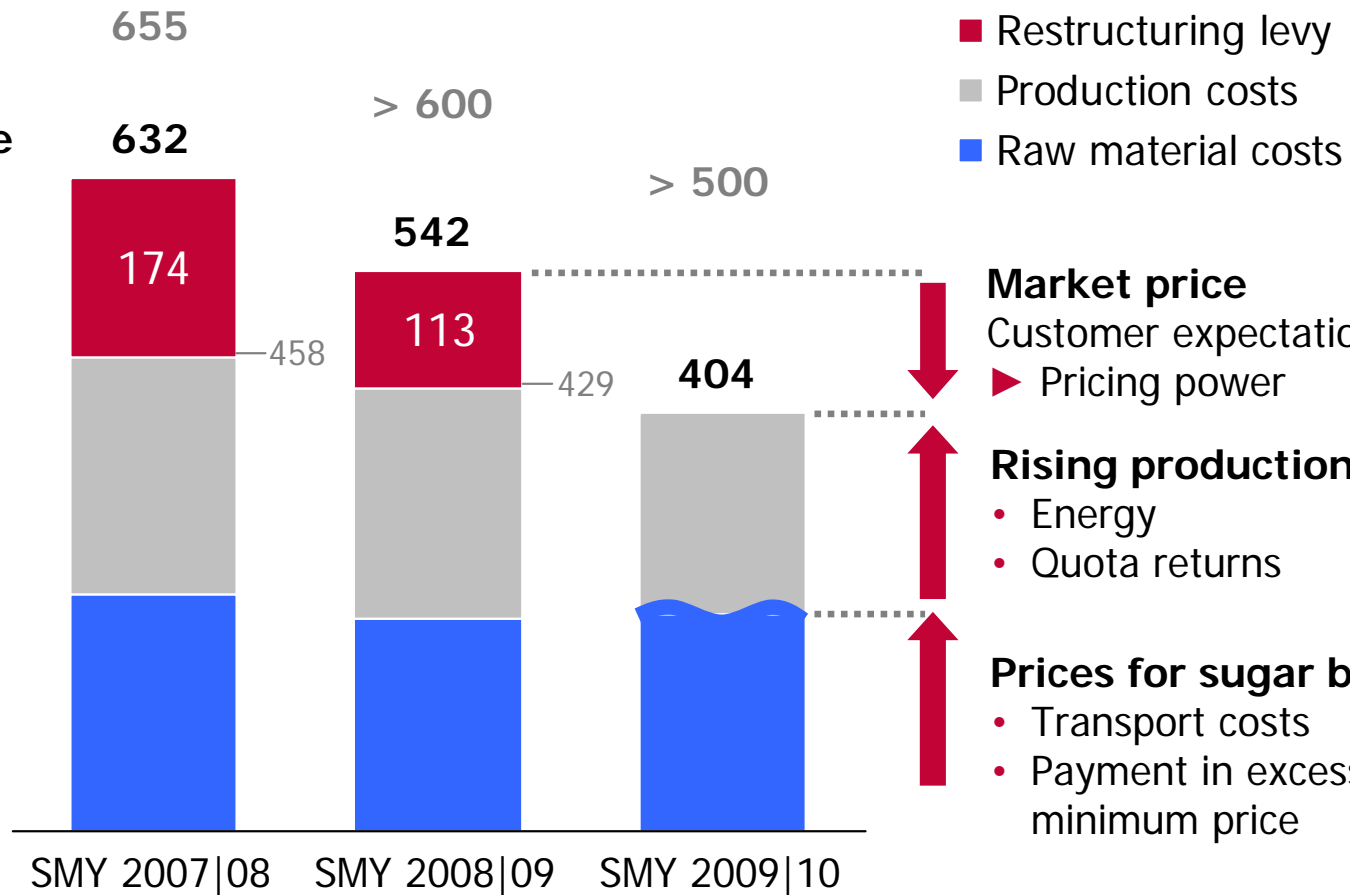
655

Reference price

632

> 600

> 500



- Restructuring levy
- Production costs
- Raw material costs

Market price

Customer expectations

▶ Pricing power

Rising production costs

- Energy
- Quota returns

Prices for sugar beets

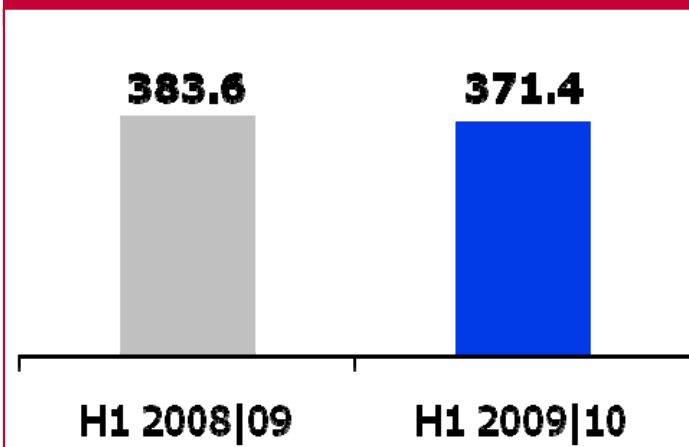
- Transport costs
- Payment in excess of minimum price

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

SUGAR Segment Highlights H1 2009|10



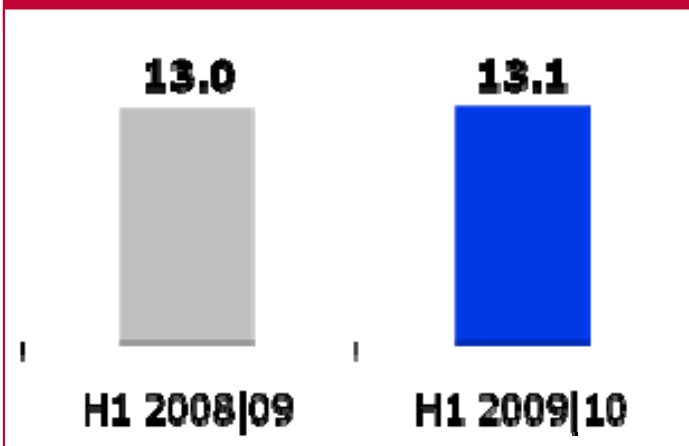
Revenue €m



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

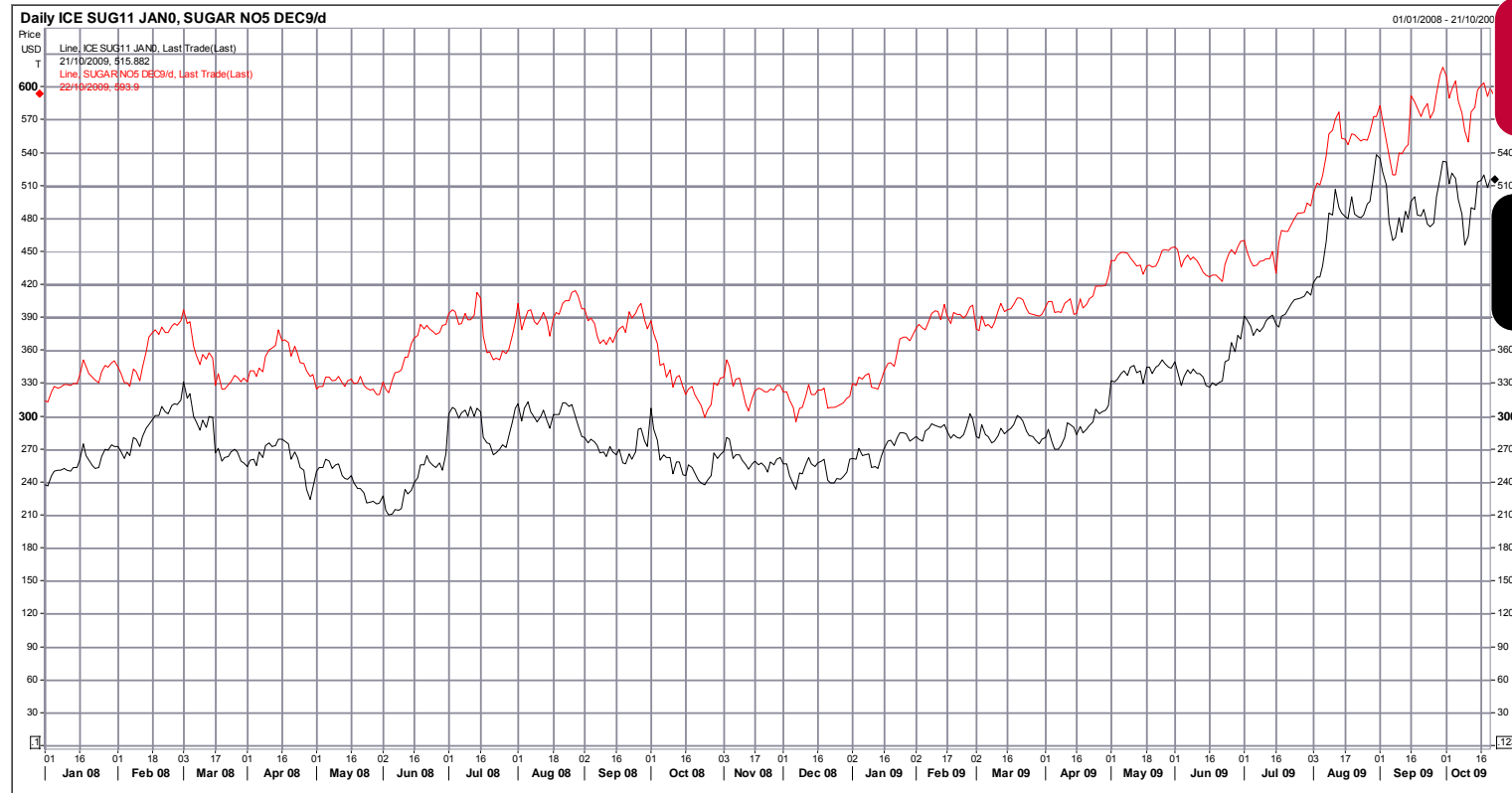


Operating Profit € 13.1m

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

Quotation for Raw Sugar & White Sugar

January 1, 2008 – October 21, 2009



White sugar (LSE)
21.10.2009
599 USD/to
= 399 EUR/to

Raw sugar (NYSE)
21.10.2009
516 USD/to
= 344 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**



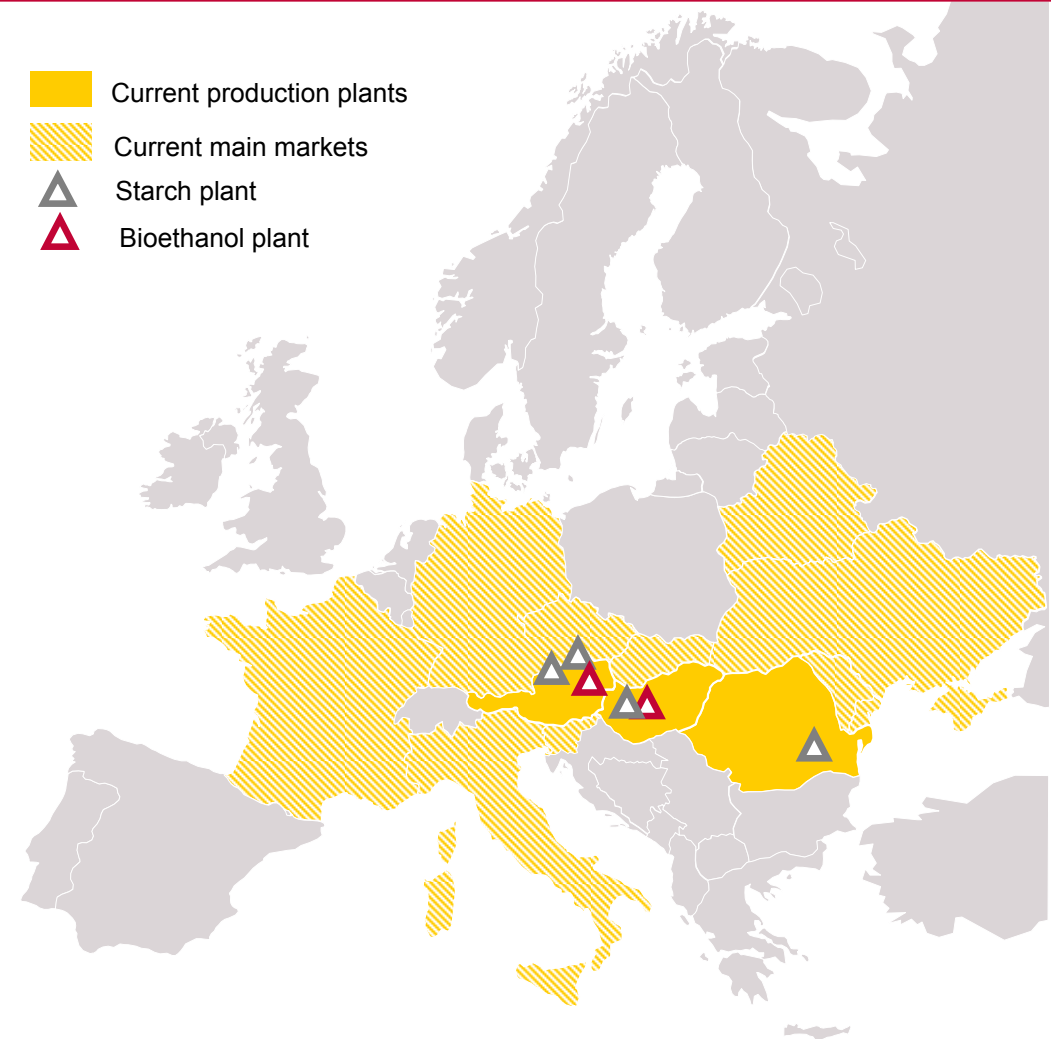
STARCH.

STARCH Segment Market Position

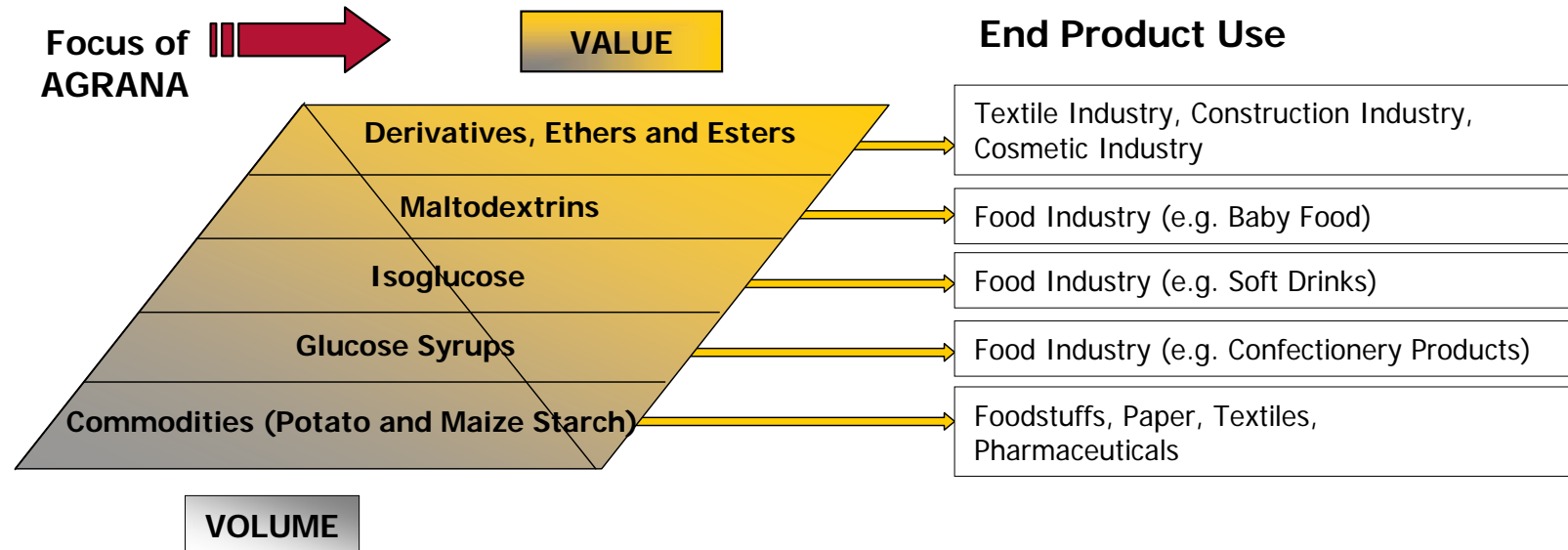


4 Starch plants and 2 Bioethanol plants

- 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

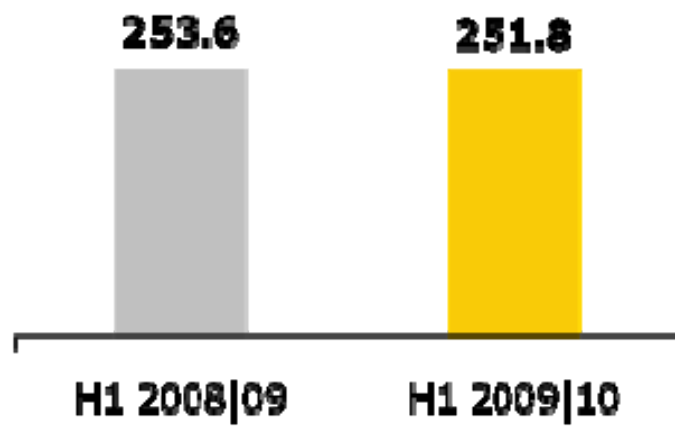


- Food:
 - Growth in products from special raw materials (Market leadership)
 - Growth in starch derivatives for fruit preparations
 - Growth in „High Care“-starches
- Non-Food:
 - Innovation- and Market leadership in
 - Special applications for construction industry
 - Adhesive (sack adhesive)
 - Growth in cosmetics industry
 - Growth in special applications for paper, textile and cardboard industry

STARCH Segment Highlights H1 2009|10



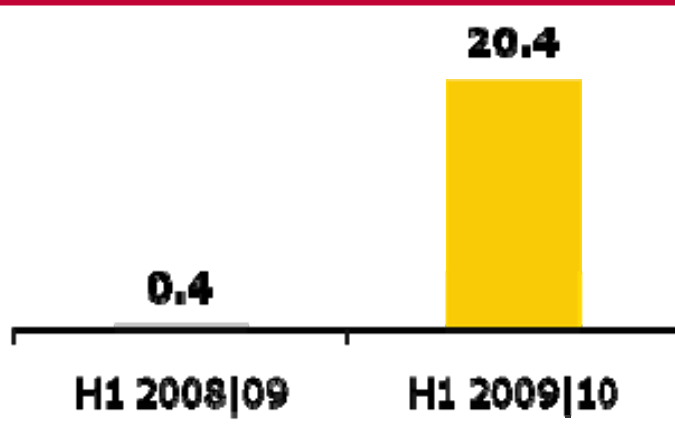
Revenue €m



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

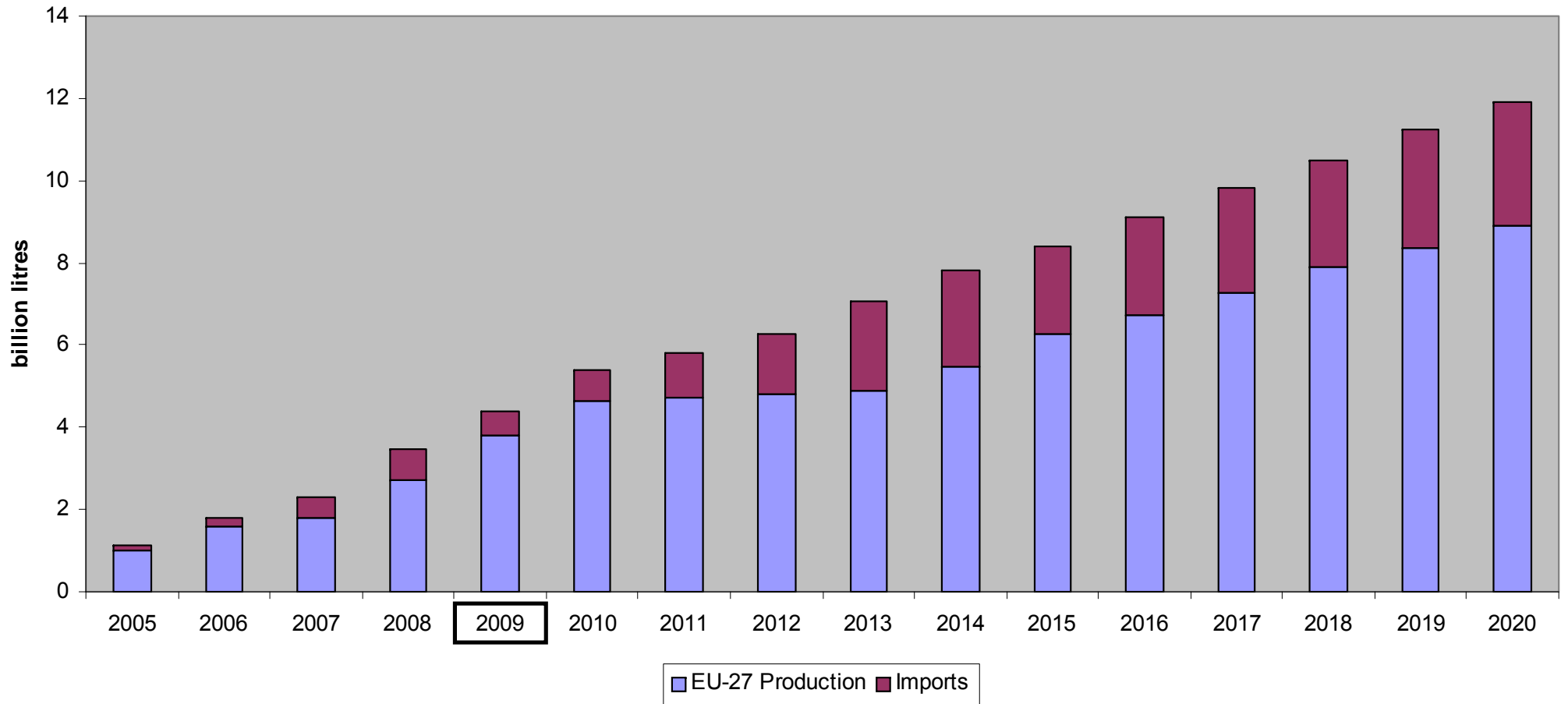
- **Bioethanol**

- 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

Development of ethanol demand until 2020



A 2020 EU Fuel Ethanol Scenario



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

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 m³ in Austria and Hungary

AGRANA Bioethanol Activities



PISCHELSDORF (Austria)

Total investment 125 m€
Theoretical capacity up to 240,000 m³ (= 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



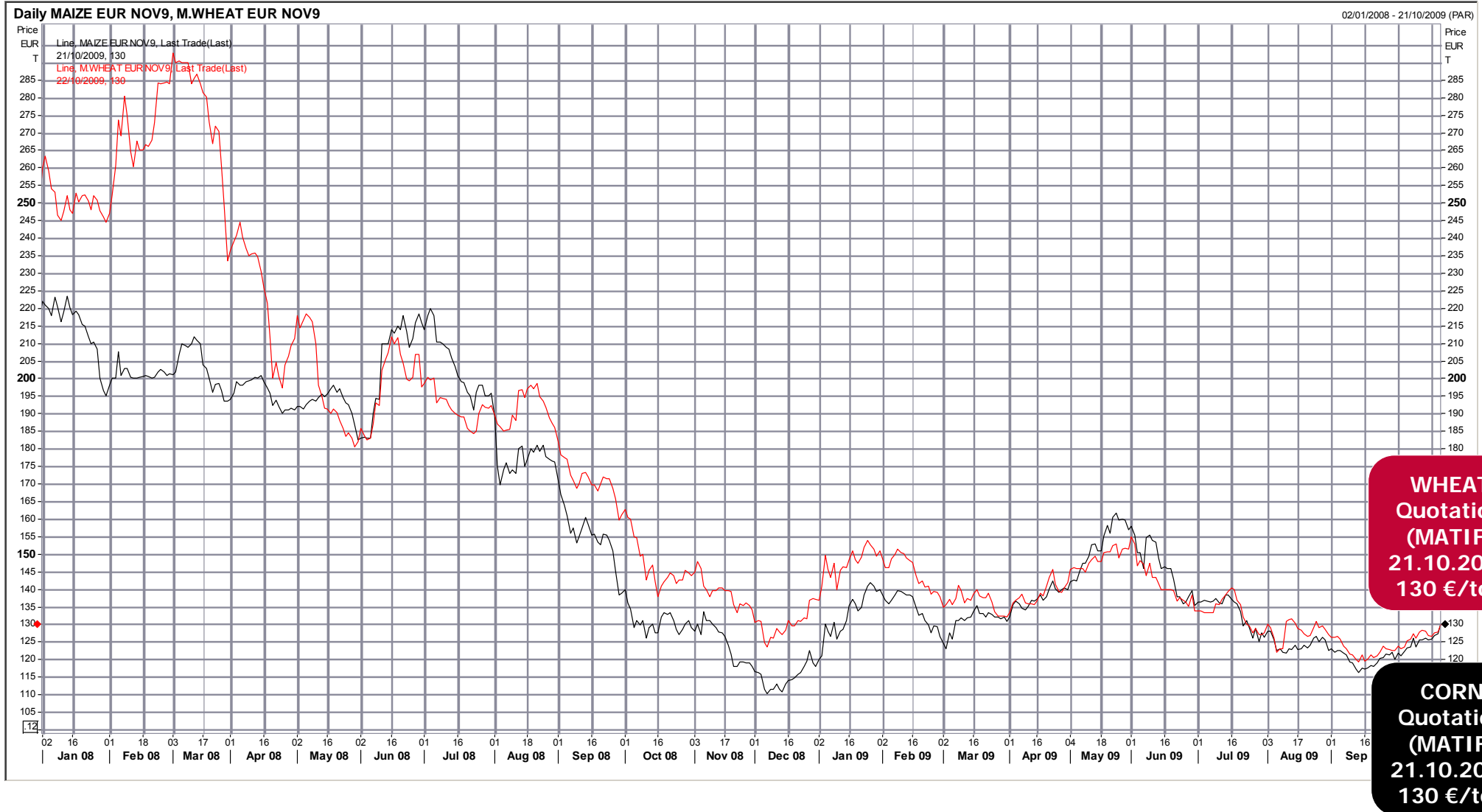
HUNGRANA (Hungary)

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 m³
Conclusion of expansion programme July 2008
Raw material base corn



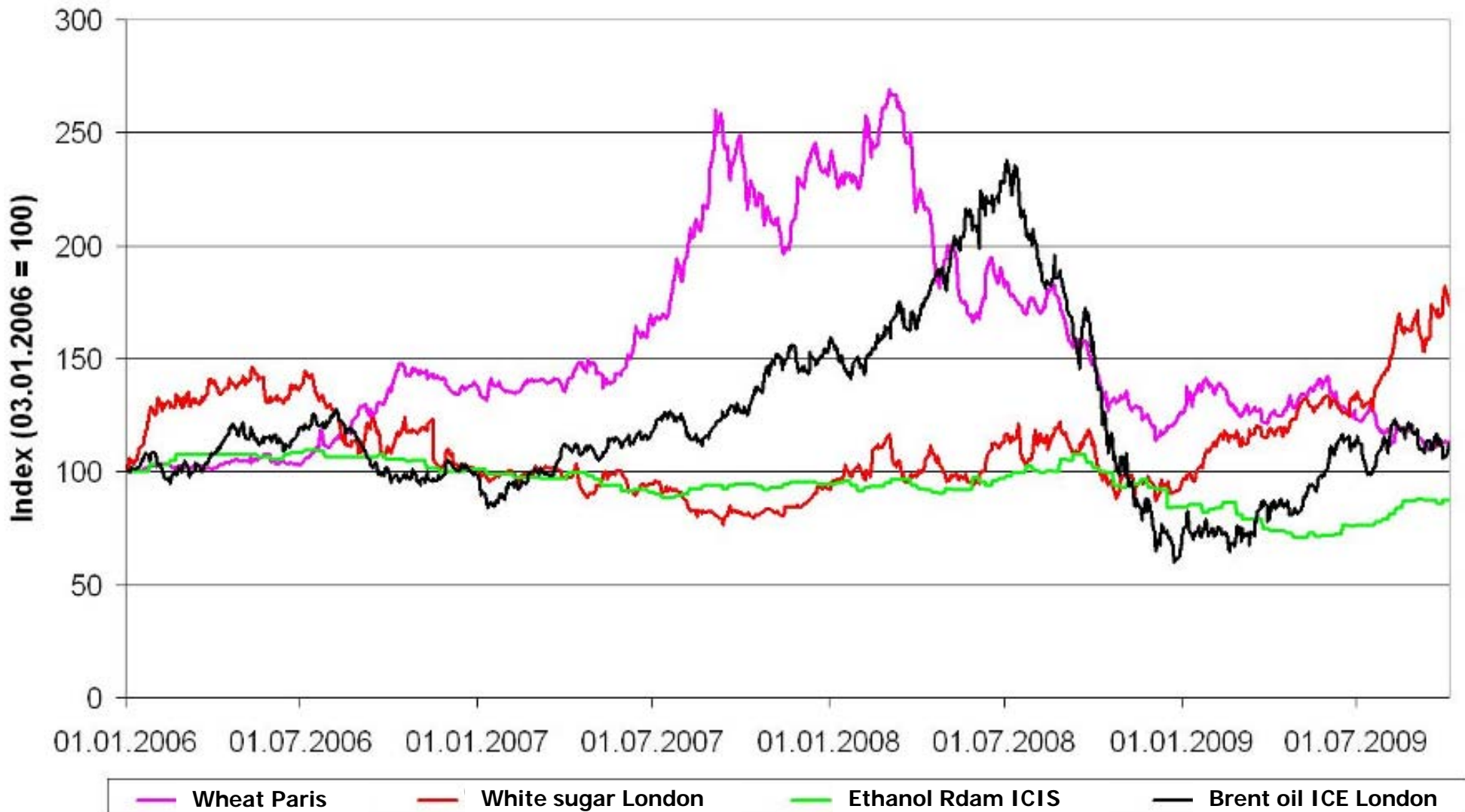
Price Development of Cereals

January 1, 2008 – October 21, 2009



Price Correlation

January 1, 2006 – September 30, 2009





FRUIT.

FRUIT Segment Market Position



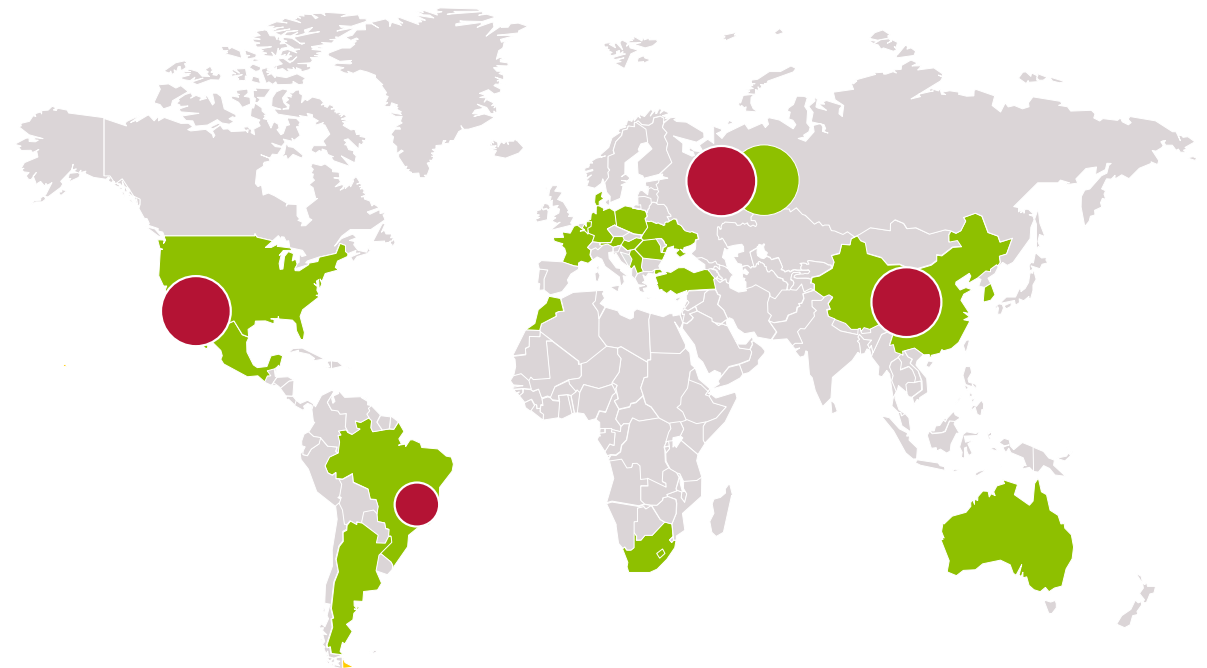
Fruit Preparations

- 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



- Current production plants
- Potential growth area

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

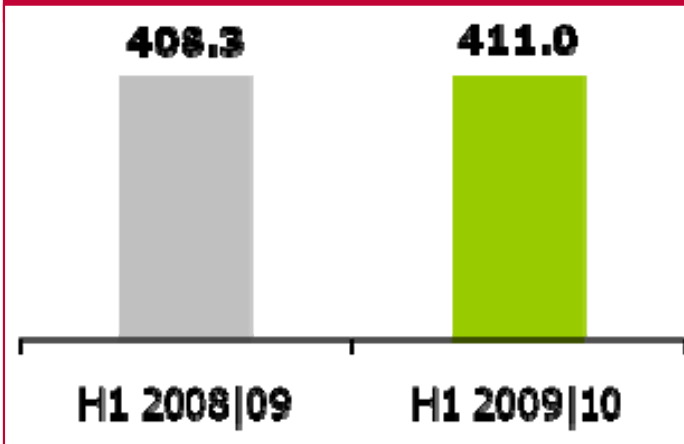


- Based on fresh fruits
- Production in the growing area of the fruits (water content and quality of the fruits don't allow far transports)
- Customers: bottling industry
- Shelf life of fruit juice concentrates ~ 2 years -> can be shipped around the world

FRUIT Segment Highlights H1 2009|10



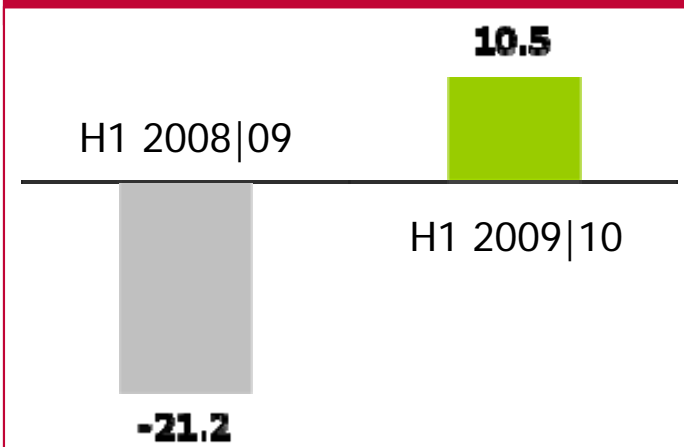
Revenue €m



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

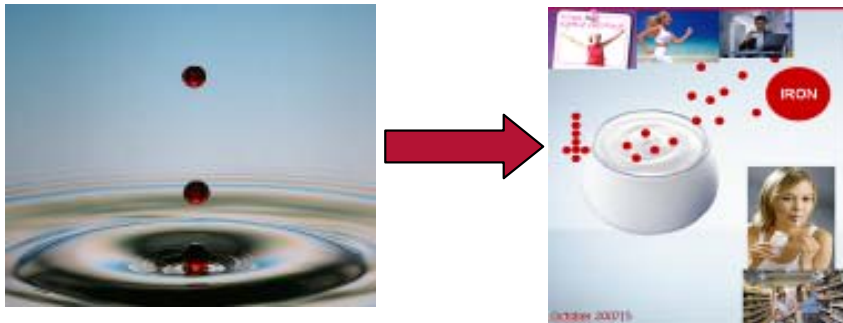
Key Indicators for FRUIT Segment



- 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)

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.

- **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	528.0	550.4	1,034.2	1,045.5
Operating profit/(loss) before exceptional items	23.9	(25.9)	43.9	(7.8)
Exceptional items	0	0	0	(2.3)
Operating profit/(loss) after exceptional items	23.9	(25.9)	43.9	(10.1)
Net financial items	1.5	(3.9)	2.4	(8.0)
Profit/(loss) before tax	25.4	(29.8)	46.4	(18.1)
Income tax (expense)/credit	(7.3)	1.0	(11.6)	(3.2)
Profit/(loss) for the period	18.1	(28.8)	34.8	(21.4)

Consolidated Balance Sheet



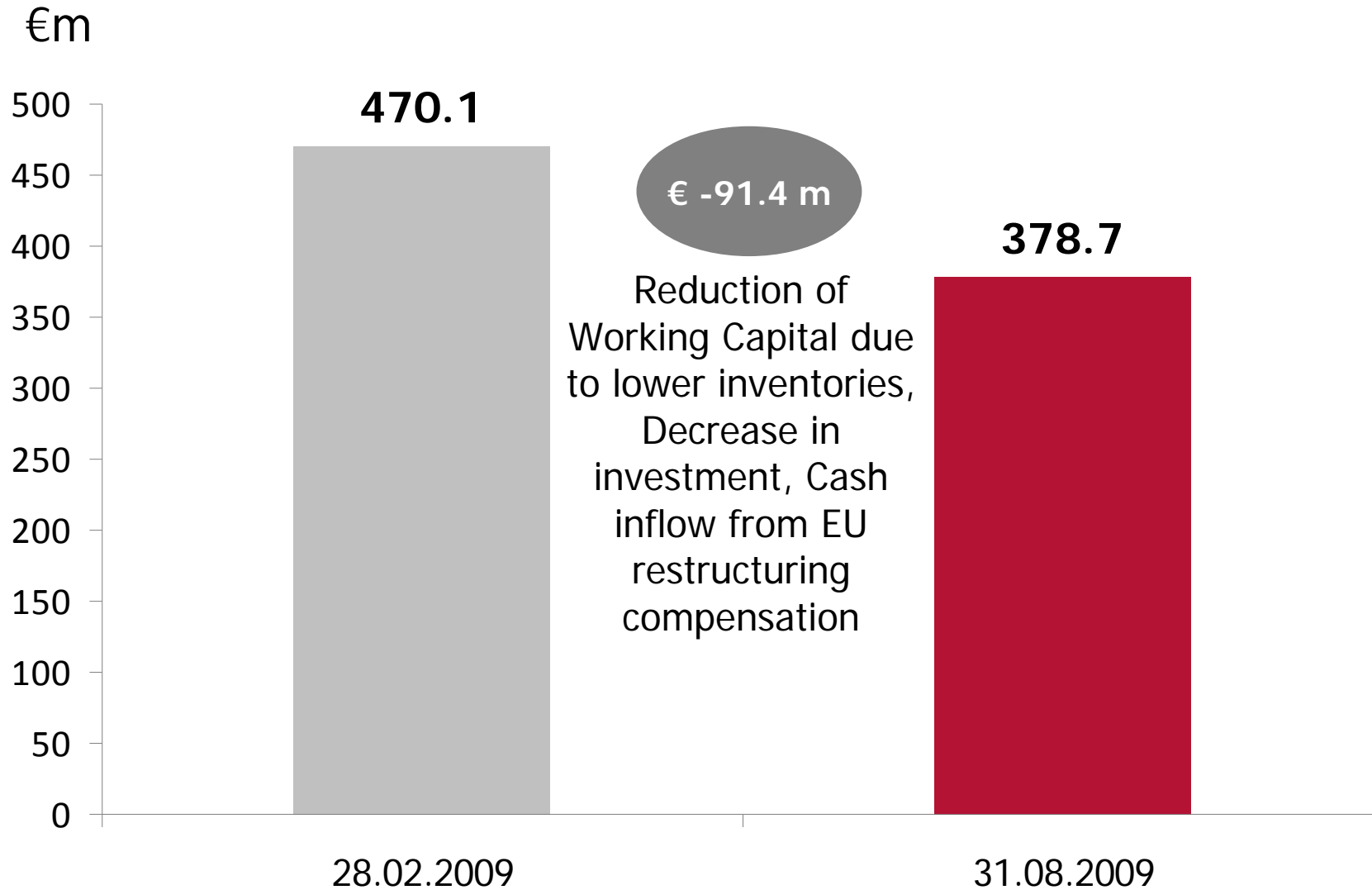
Key figures €m	31 August 2009	28 February 2009
Non-current assets	1,012.8	1,019.2
Current assets	825.3	977.0
Total equity	852.4	825.9
Non-current liabilities	435.1	346.2
Current liabilities	550.6	824.1
Balance sheet total	1,838.1	1,996.2
Equity ratio	46.4%	41.4%

Consolidated Cash Flow Statement

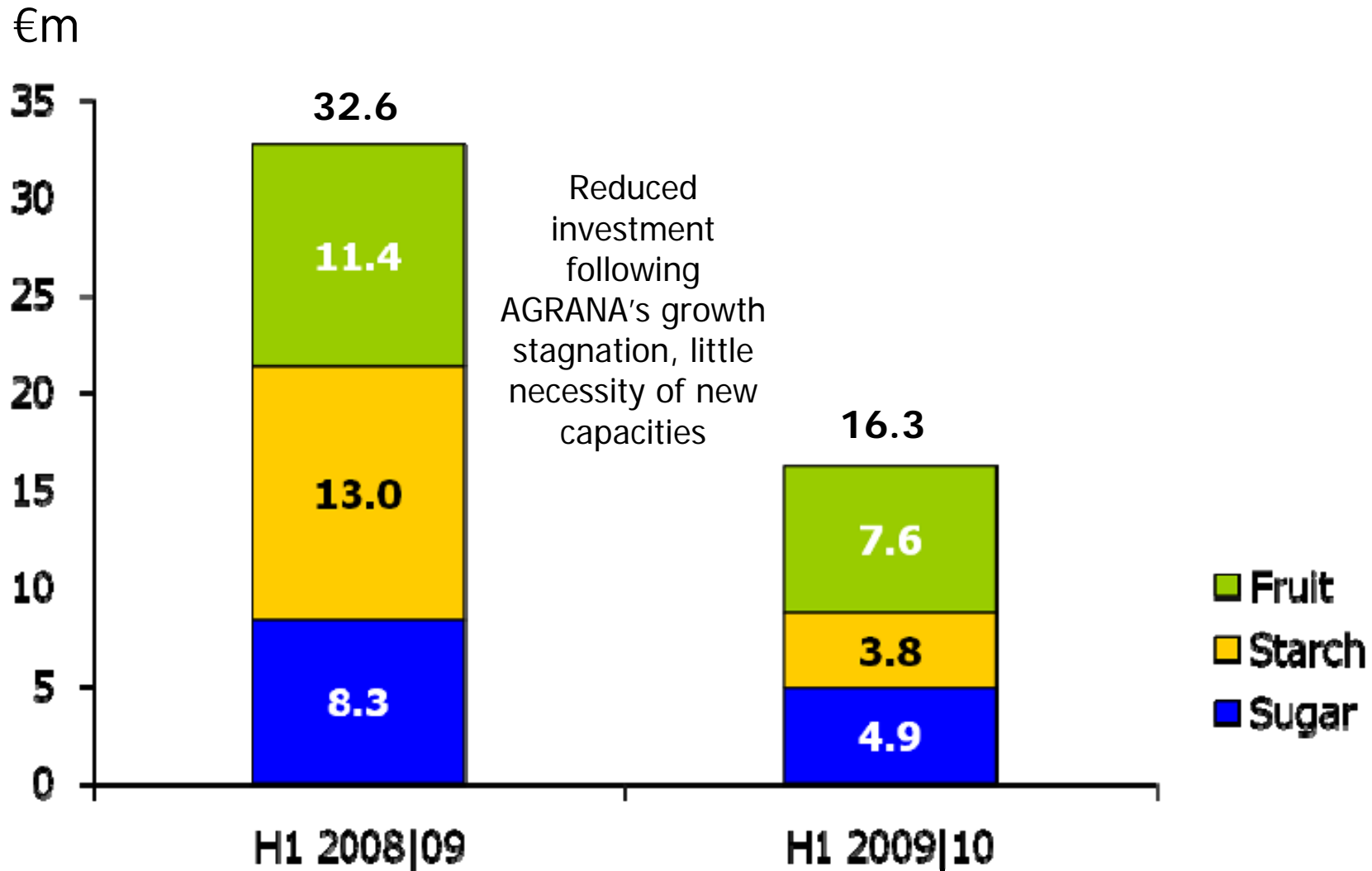


€m	H1 2009 10	H1 2008 09
Net cash from operating activities	122.5	1.6
Net cash (used in) investing activities	(9.9)	(30.8)
Net cash (used in)/from financing activities	(81.3)	4.5
Net increase/(decrease) in cash and cash equivalents	31.3	(24.7)

Net Financial Debt



Total Investment





OUTLOOK



SUGAR. STARCH. FRUIT.



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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