



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

AGRANA Beteiligungs-AG

RS Zürich

RCB (3 February 2010)

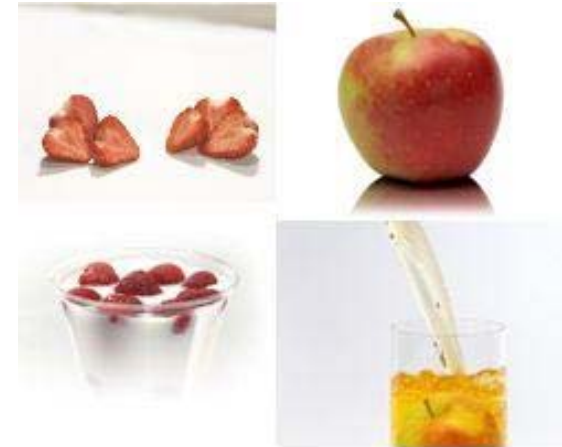


SUGAR. STARCH. FRUIT.

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 drink 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.

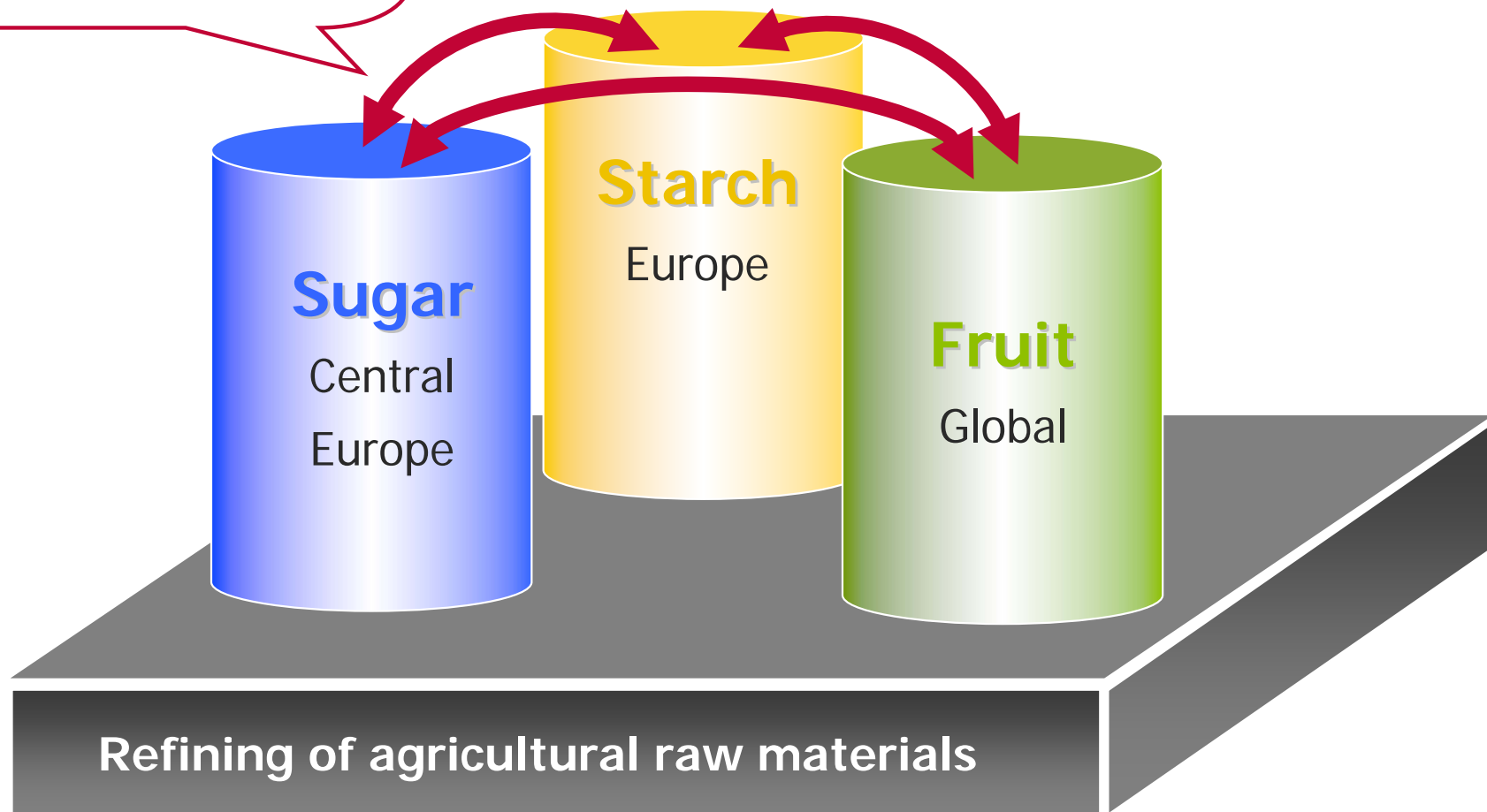
Fruit

- Fruit juice concentrates (20 % of segment revenue) customers are fruit juice and beverage bottlers and fillers.
- Fruit preparations (80 % of segment revenue) are specially 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

Leading producer in Central and Eastern Europe

Main drivers

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



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 PREPARATION:
No. 1 worldwide

FRUIT JUICE
CONCENTRATE: Leading manufacturer of apple juice concentrate with production facilities in Europe and China

- To benefit from the 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

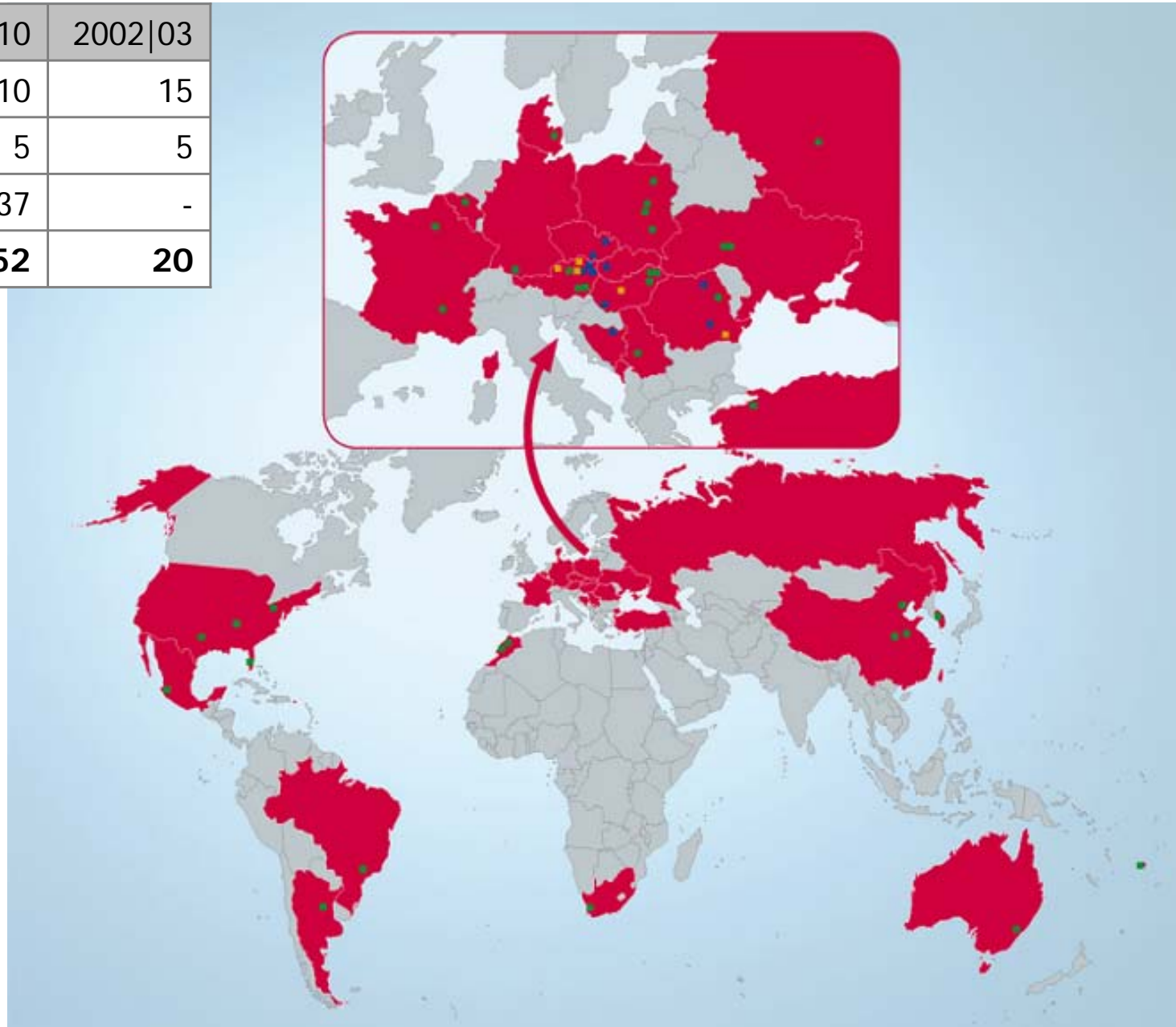


AGRANA – Production Sites



Segment	2009 10	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

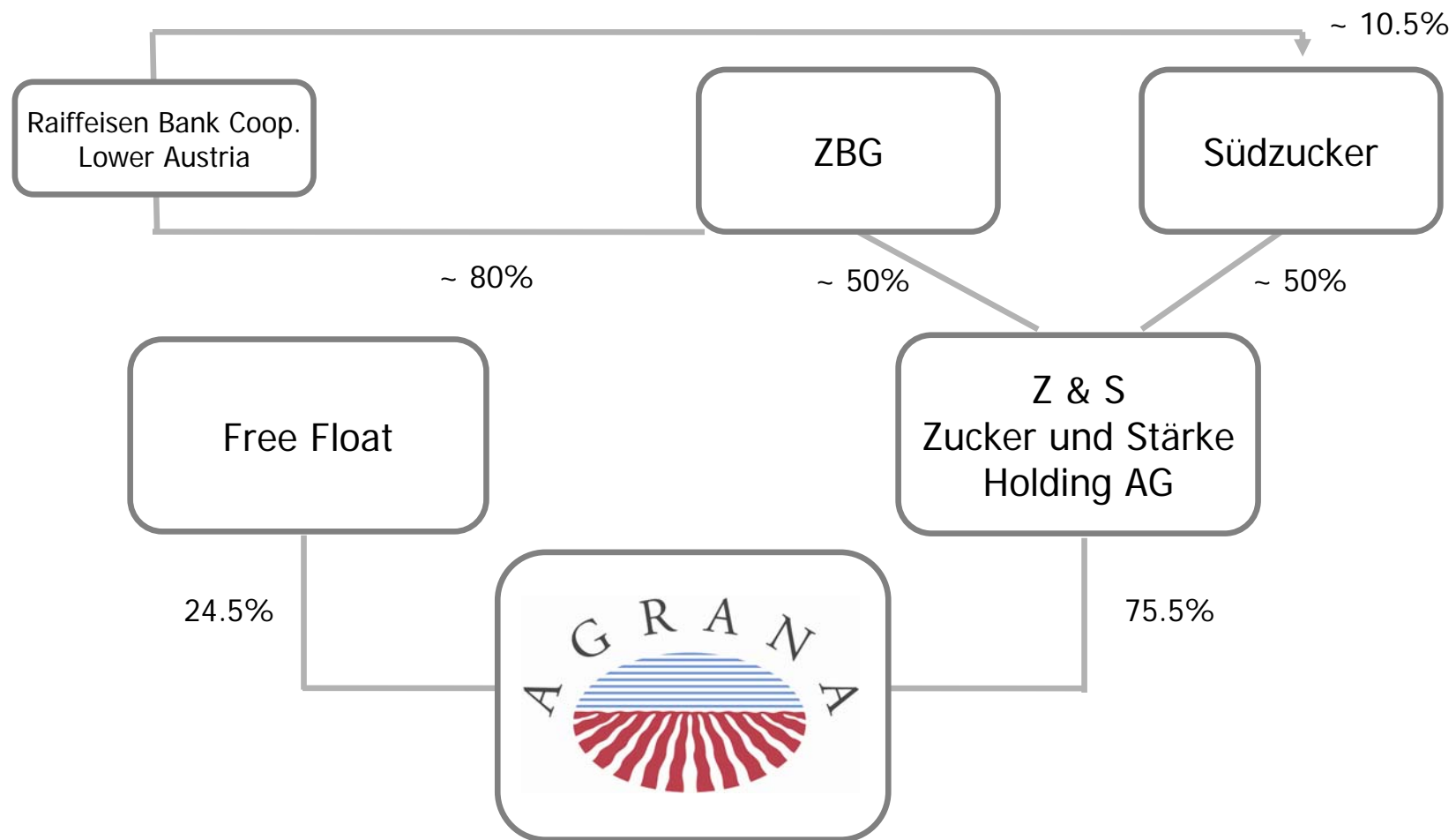


AGRANA's Shareholder Structure



Shares outstanding: 14,202,040

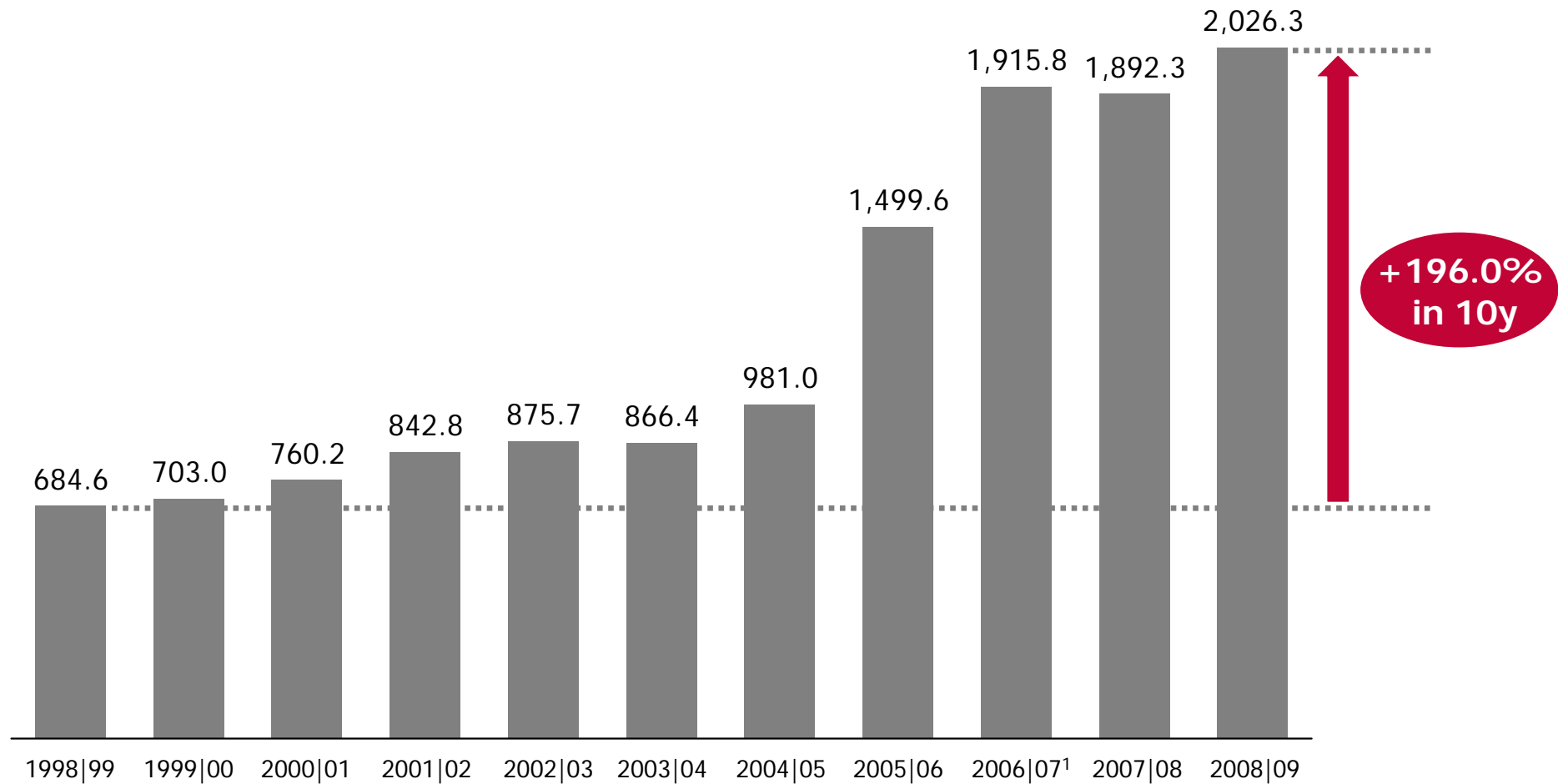
Market capitalisation (as of 29 Jan 2010): € 979.2 million



Revenue 1998|99 to 2008|09



€m



¹) incl. 14 months Fruit Segment



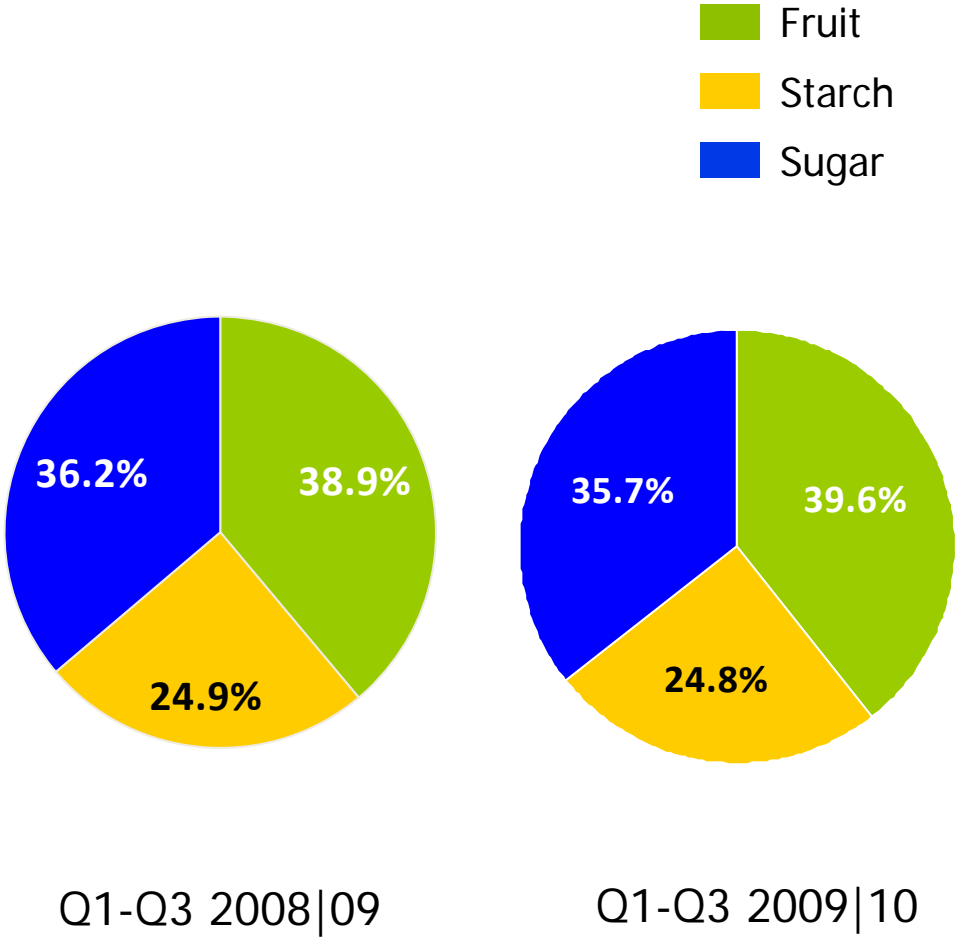
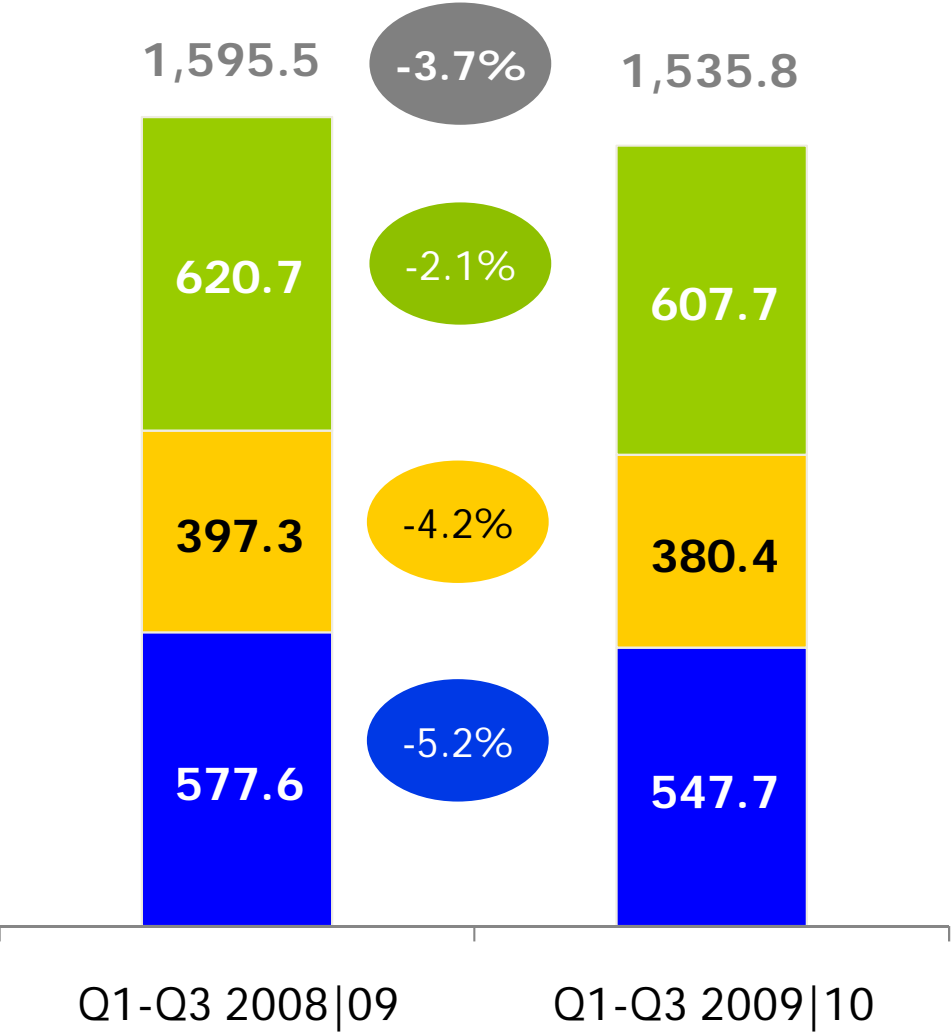
Significant improvement of business performance

- ➔ Group revenue slightly down to € 1,535.8m (prior year: € 1,595.5m)
- ➔ Operating profit after exceptional items climbed to € 78.9m (prior year: € 17.4m)
- ➔ Operating margin rose to 5.1% (prior year: 1.2%)
- ➔ Net profit increased to € 57.8m (prior year: loss of € -16.1m)
- ➔ Reduction of net financial debt by 16.8% to € 391.1m (prior year: € 470.1m)

AGRANA's Revenue by Segment



€m



Key Drivers for Q1-Q3 2009|10



SUGAR Segment

- Decline of quota sugar sales reflecting the surrendered quota and lower prices for quota sugar
- Significant increase in non-quota sugar volumes on new markets

STARCH Segment

- Decrease of starch sales prices due to lower raw material costs
- Increased bioethanol sales

FRUIT Segment

- Stable sales quantities of fruit preparations
- Sales volume growth in fruit juice concentrate business
- Slight recovery of apple juice concentrate prices at low level



SUGAR Segment Market Position



('000 tons)	EU quota	AGRANA sugar beet quota ⁽¹⁾	Market position
Austria	351	351	#1
Hungary	105	105	#1
Czech Republic	372	94	#2
Slovakia	112	44	#2
Romania	105	24	n.a.
Total	1,045	618	
Bosnia-Herzegovina		150 ⁽²⁾	#1

Details:

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

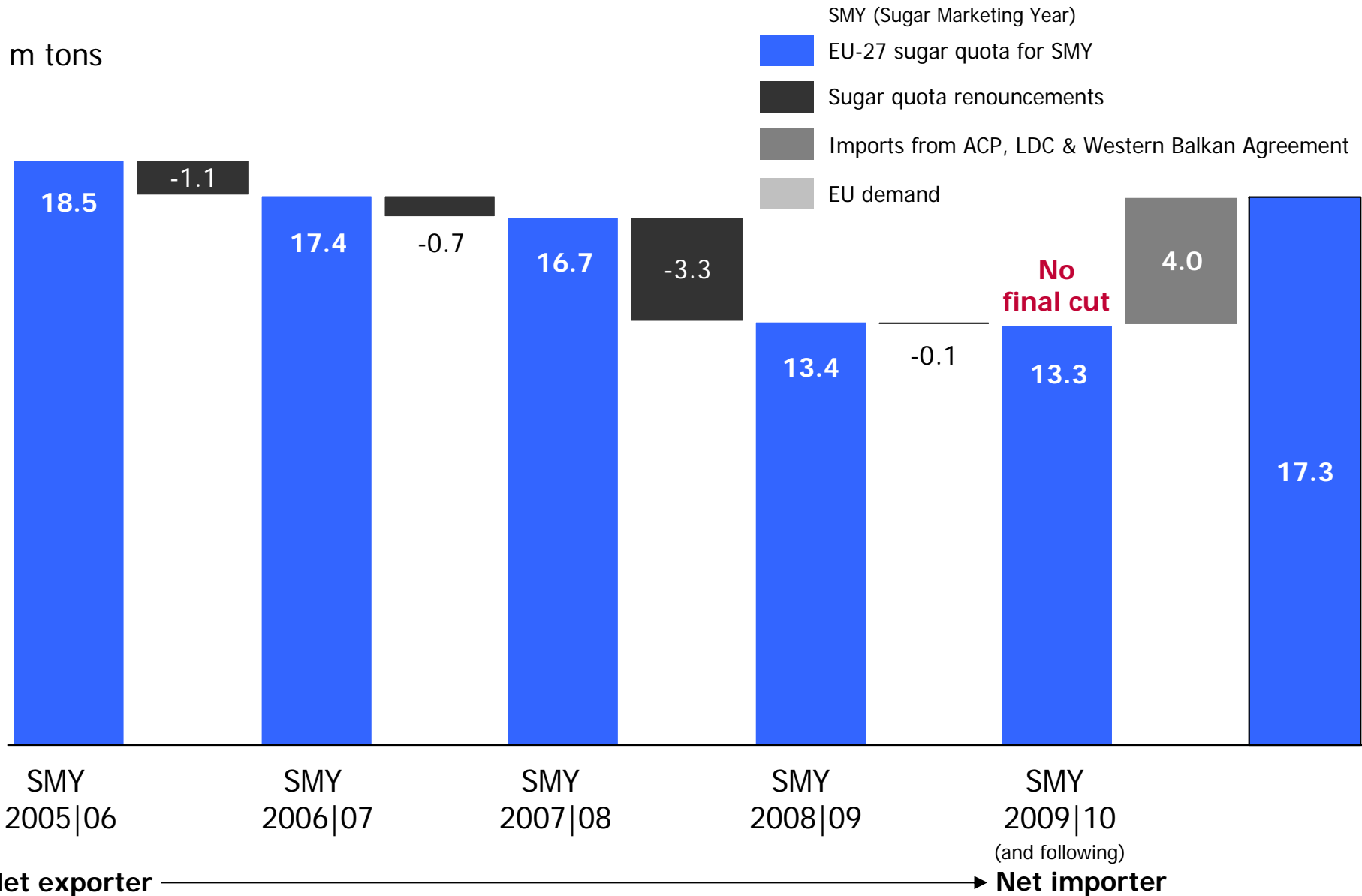
(2) Capacity for refined raw sugar (50:50 joint venture)

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

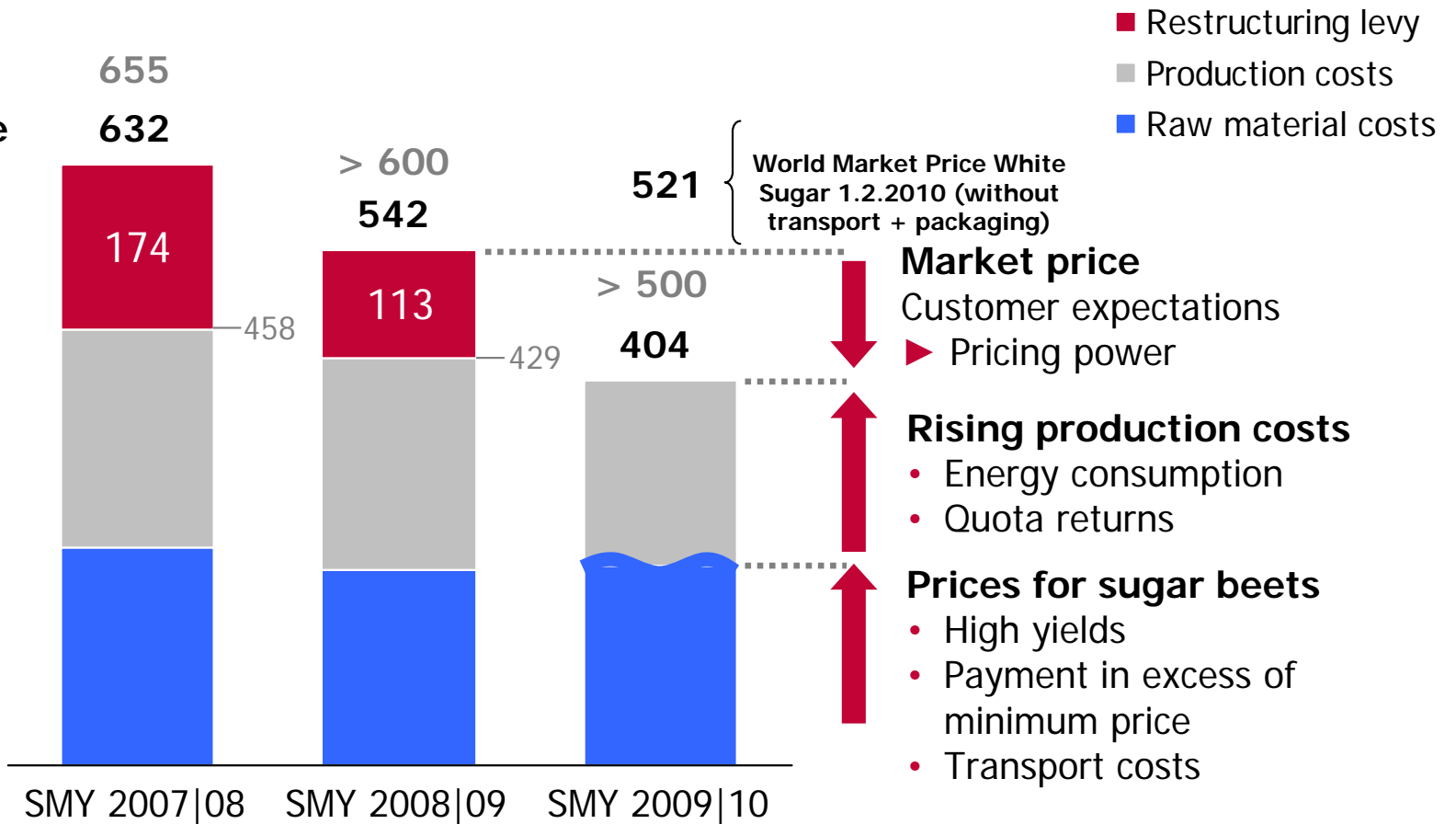


Implementation of EU Sugar Regime

€/ton

(Expected) market price*

Reference price

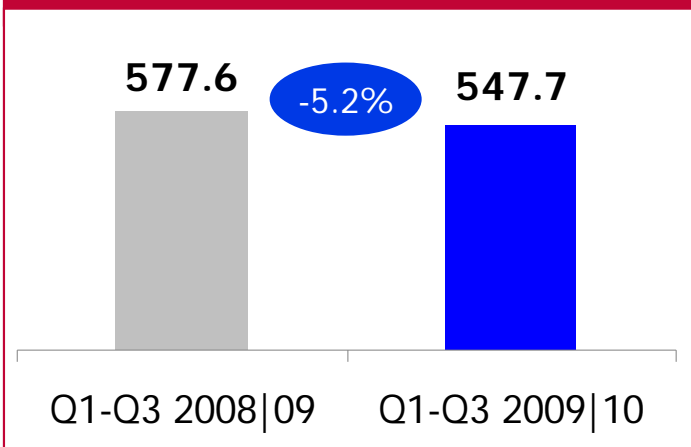


* Ref. to quota sugar sales to industry (bulk)
SMY (Sugar Marketing Year)

SUGAR Segment Highlights



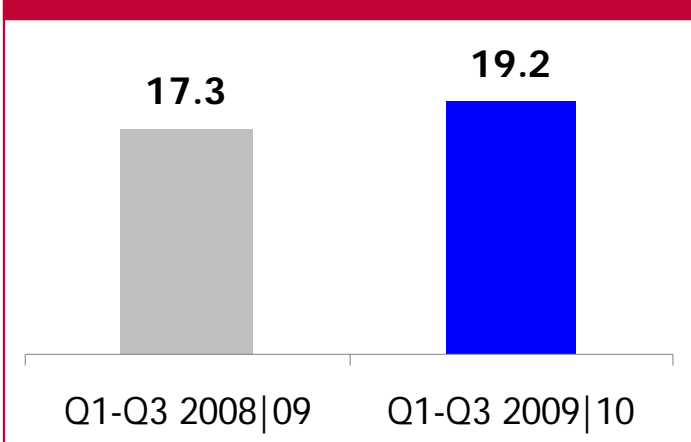
Revenue €m



Revenue € 547.7m

- Lower quota sugar sales and decreased quota sugar sales prices led to a 5.2% decrease in revenue
- Constant sugar sales in the food industry
- Significant increase in non-quota sugar volumes

Operating Profit €m

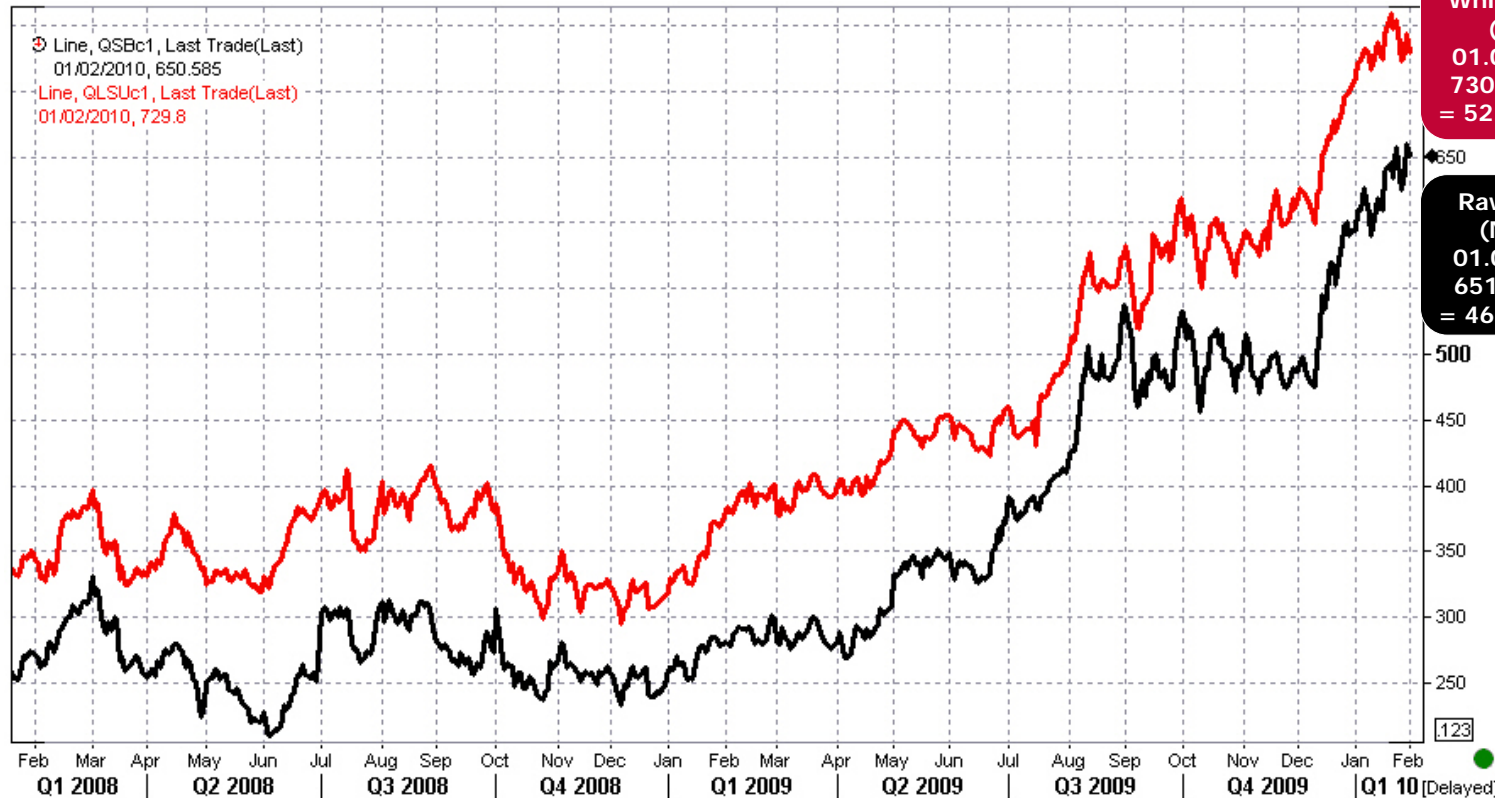


Operating Profit increased to € 19.2m (+11.0%)

- Abolition of restructuring fees as of October 2009
- Cost reductions
- EBIT-Margin increased to 3.5% (prior year: 3.0%)

Quotation for Raw Sugar & White Sugar

January 1, 2008 – February 1, 2010



White sugar (LSE)
01.02.2010
730 USD/to
= 521 EUR/to
⇒ all time high

Raw sugar (NYSE)
01.02.2010
651 USD/to
= 465 EUR/to
⇒ current price level not seen since 1981

- 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 160m tons, on the other hand demand is growing to 165m tons



Decline of global sugar inventory level to 57m tons or 35% of annual consumption leads to increase in world market prices



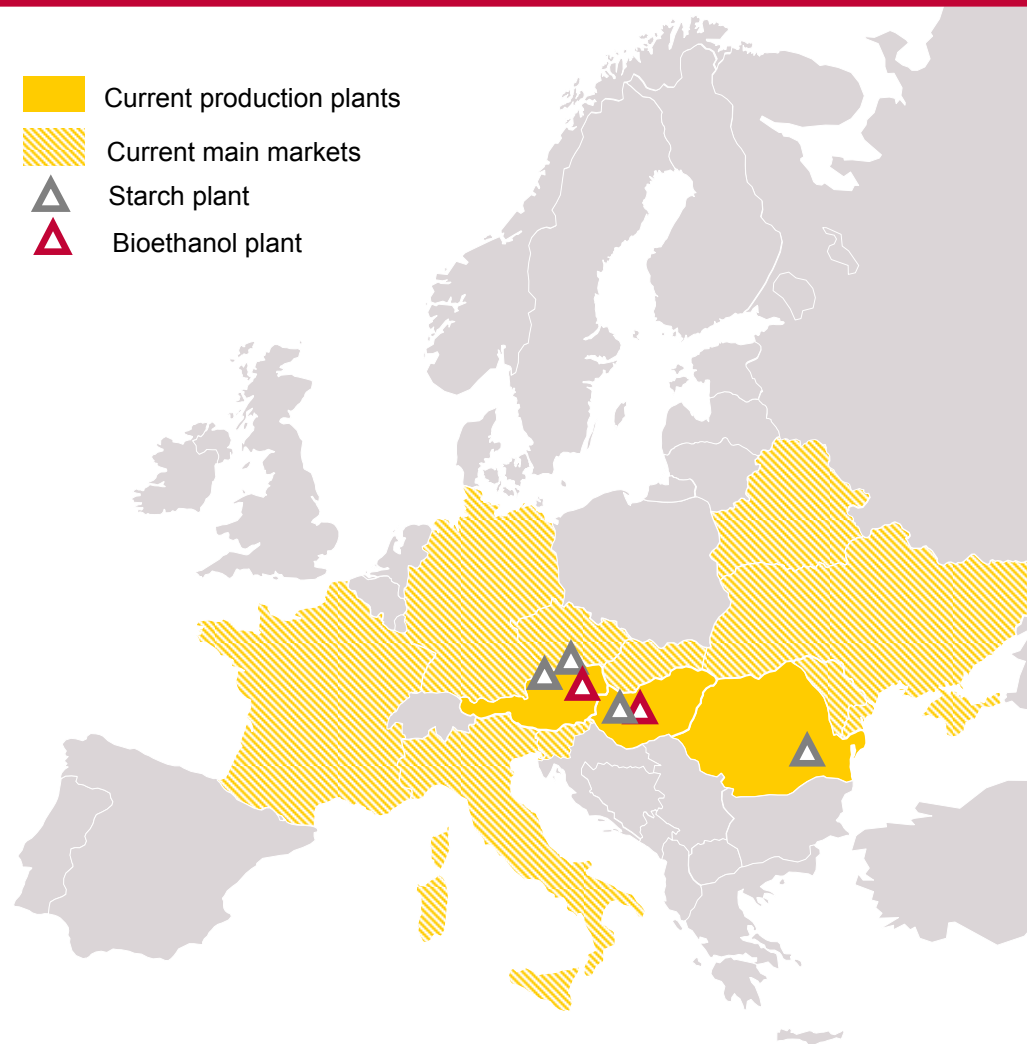
STARCH.

STARCH Segment Market Position

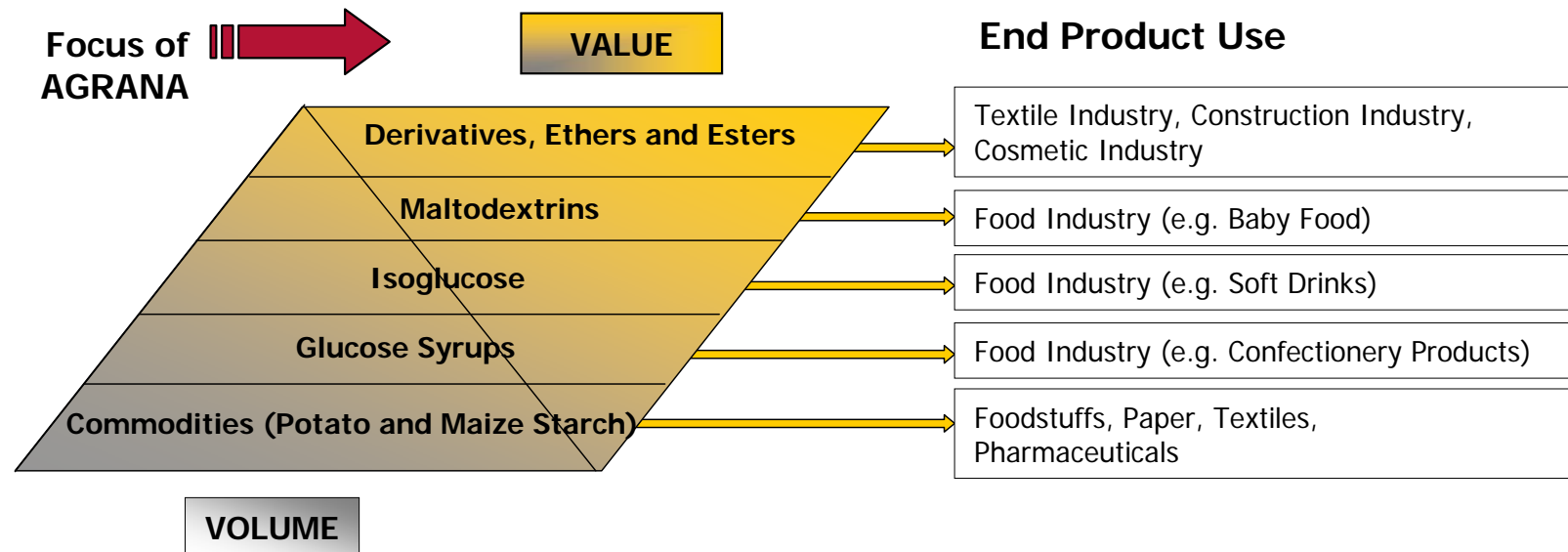


- Organic growth at existing plants (capacity expansion in Austria and Hungary)
- 80% increase in isoglucose production in Hungary as a result of the new EU Sugar Regime
- Sales:
 - 50% domestic sales
 - 50% are exported to neighbouring and other countries

4 Starch plants and 2 Bioethanol plants



STARCH Segment Specialisation strategy

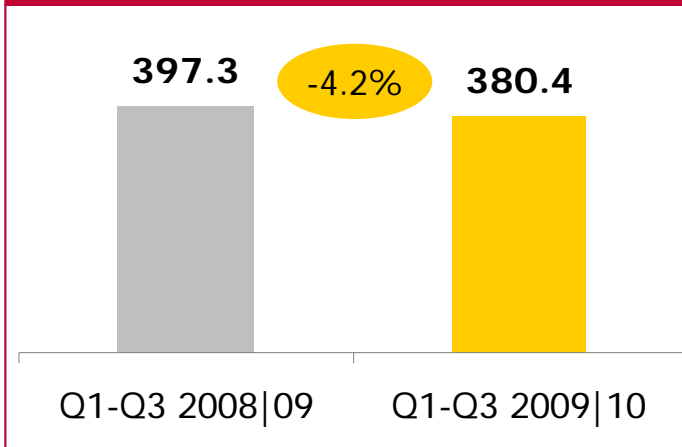


- Food:
 - Growth in products from special raw materials (Market leadership)
 - Growth in starch derivatives for fruit preparations
 - Growth in „High Care“-starches
- Non-Food:
 - Innovation- and Market leadership in
 - Special applications for construction industry
 - Adhesive (sack adhesive)
 - Growth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

STARCH Segment Highlights



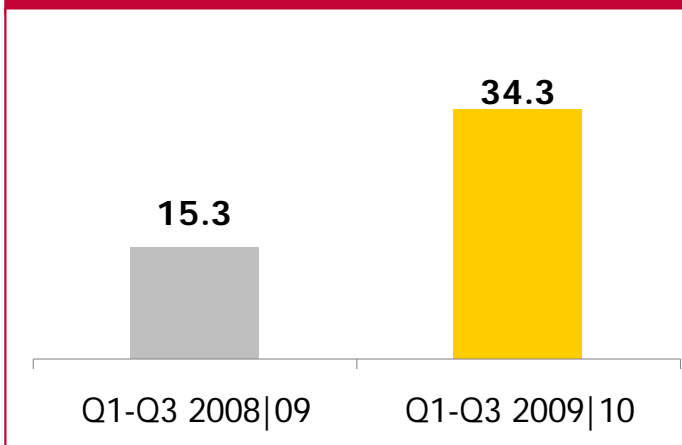
Revenue €m



Revenue € 380.4m

- Adaptation of sales contracts to lower raw material prices led to lower starch sales prices
- Higher sales of native starch and saccharification products
- Increase in bioethanol sales

Operating Profit €m



Operating profit more than doubled to € 34.3m

- Low raw material costs more than compensated declining sales prices
- Favourable production costs due to higher wet corn processing quantities
- EBIT-Margin increased to 9.0% (prior year: 3.9%)

Key Indicators for STARCH Segment



- **Starch**

- Availability and price development of agricultural commodities
- Development of energy costs
- Focus on higher-margin products (specialisation strategy)
- Higher utilisation rate of production capacities

- **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

The Legal Framework for Bioethanol



- „Biofuels-Directive“ 2009/28/EC:

2005 -> 2%

2010 -> 5.75%

2020 -> 10%



- Implementation in Austria:

- Obligatory substitution (energetic):

1. Oct. 2005 -> 2.5%

1. Oct. 2007 -> 4.3%

1. Oct. 2008 -> 5.75%



- Exemption from mineral oil tax since 1 October 2007 in gasoline with a minimum of 4,3 Vol%* and 85 Vol% ethanol content



* corresponds to 3,3 cts/l gasoline

Bioethanol

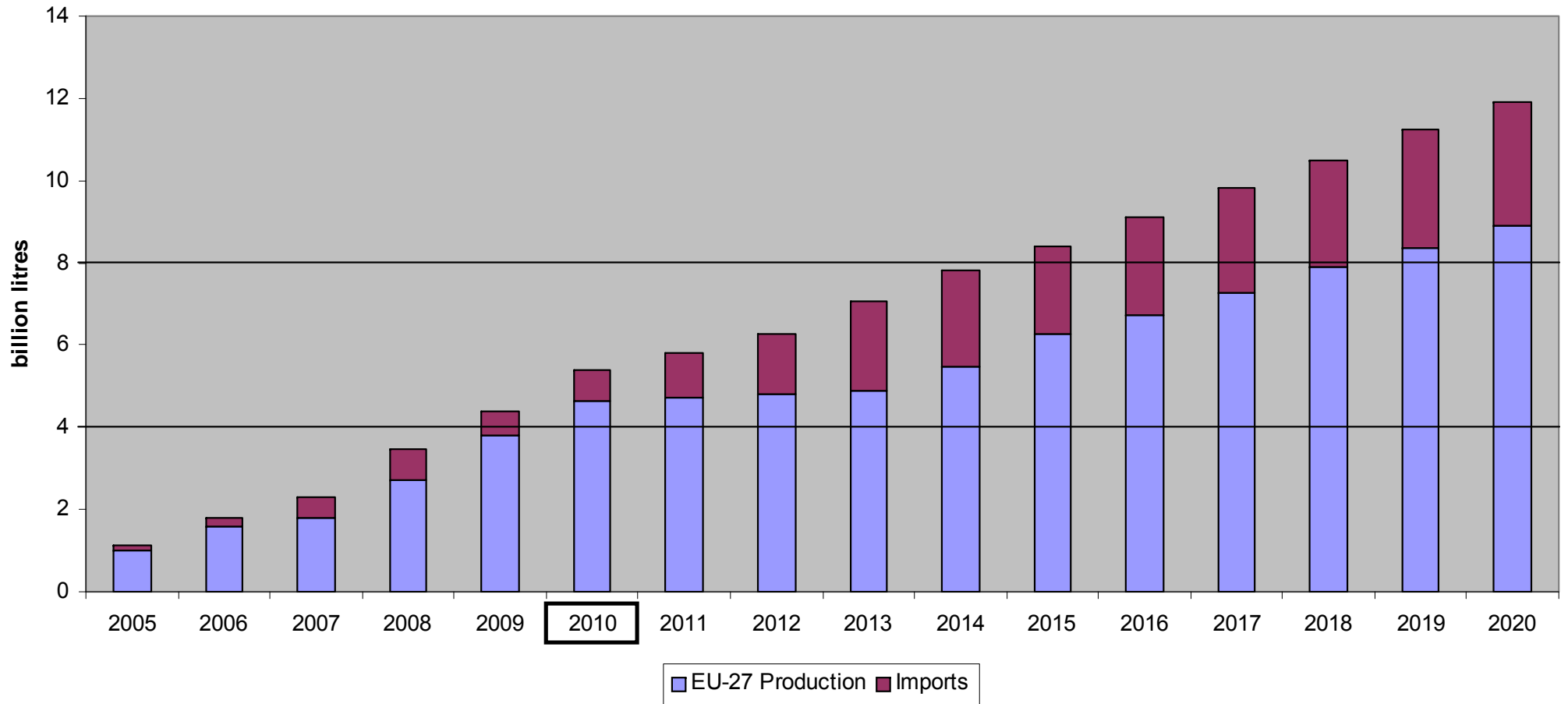


- March 2009: EU Biofuels-Directive to promote renewable energy
- Obligatory percentage of renewable energy of 10% in 2020 is maintained
- Joanneum Research confirms that AGRANA's plants in Austria and Hungary already comply with the EU-greenhouse gas emission standards for 2017 (min. 50% greenhouse gas savings)
- AGRANA is well positioned with an overall bioethanol capacity of about 400,000 m³ in Austria and Hungary

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

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



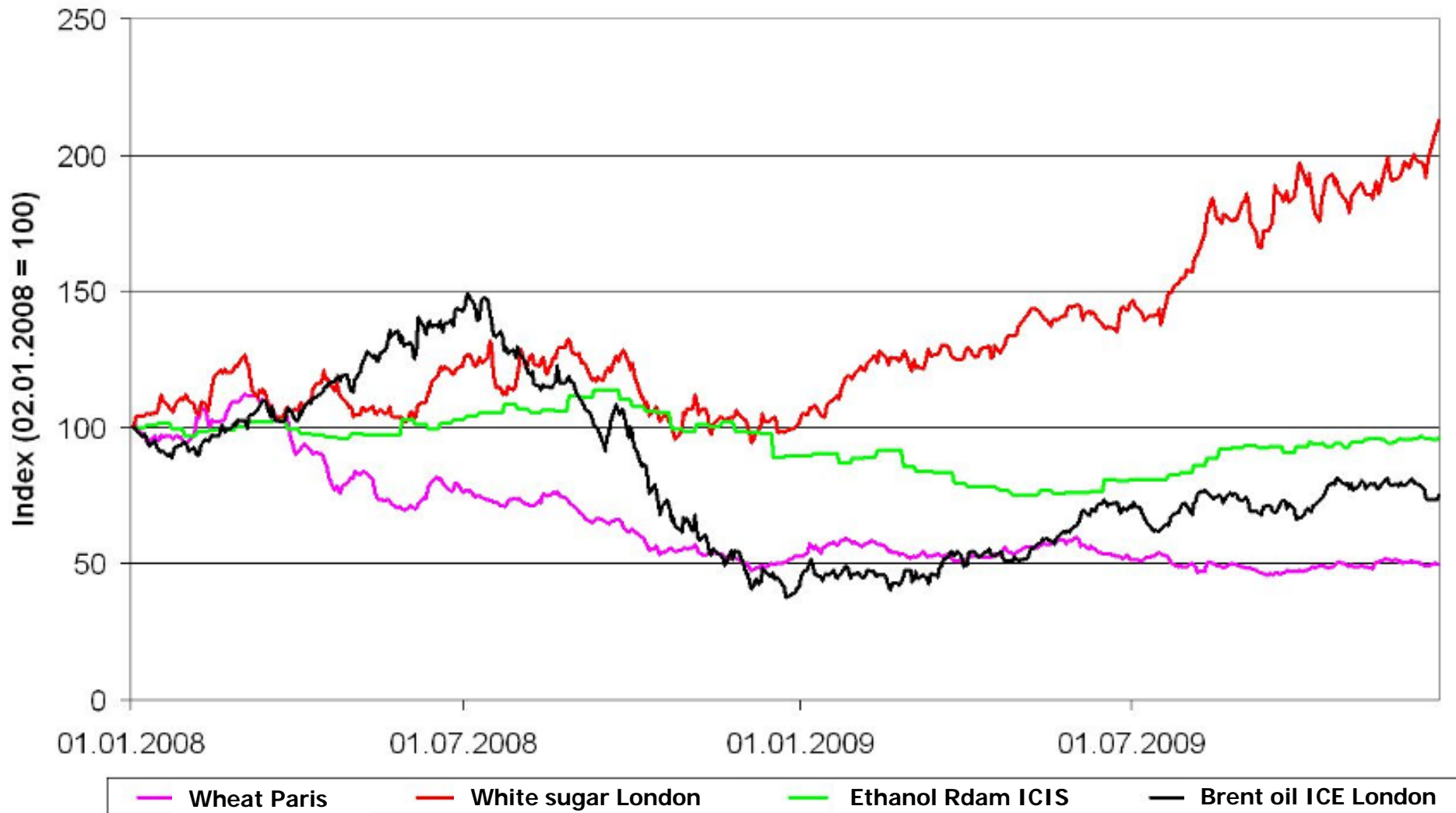
Price Development of Cereals

January 1, 2008 – January 19, 2010



Price Correlation

January 1, 2008 – December 15, 2009

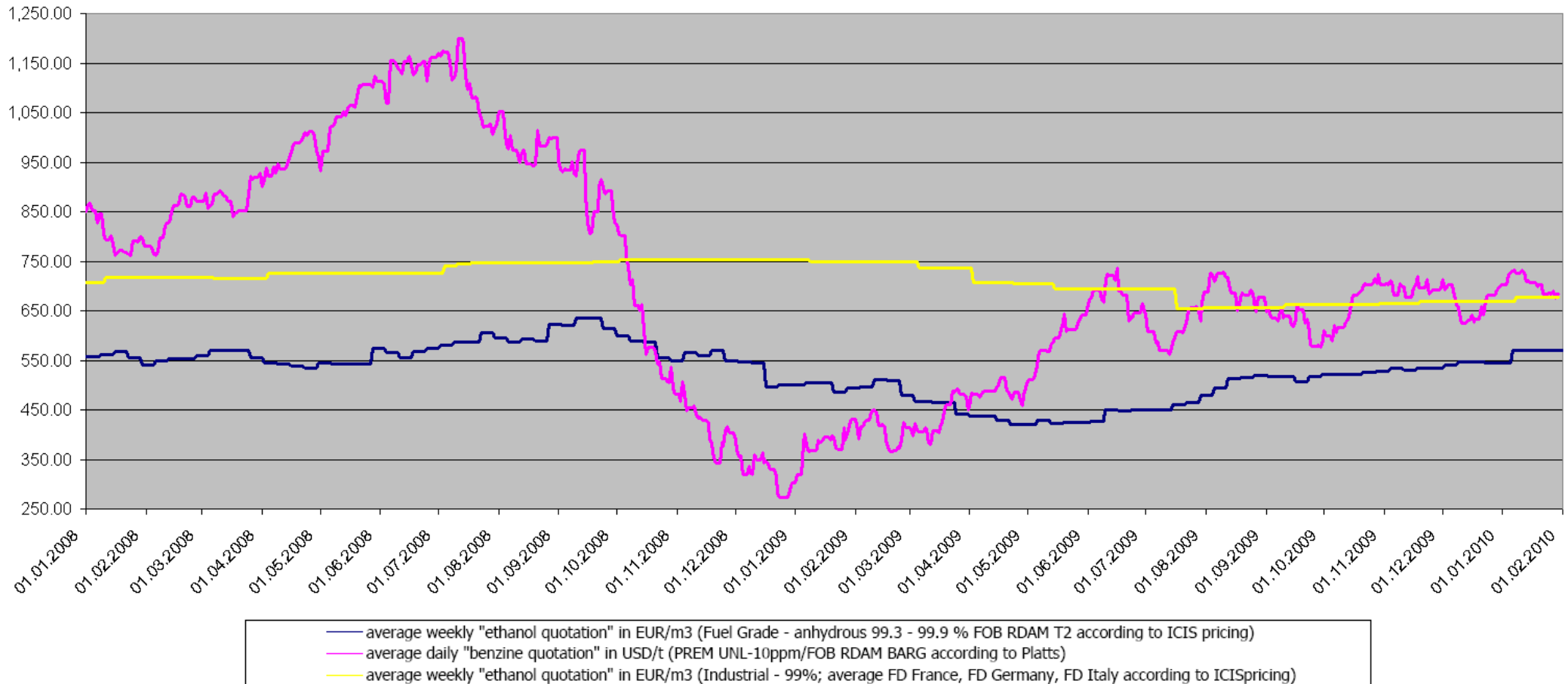


Quotation for Ethanol and Petrol

January 1, 2008 – January 31, 2010



EUR/m³ resp. USD/ton





FRUIT.

FRUIT Segment Market Position



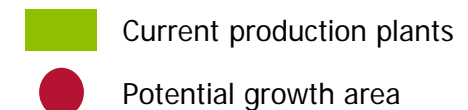
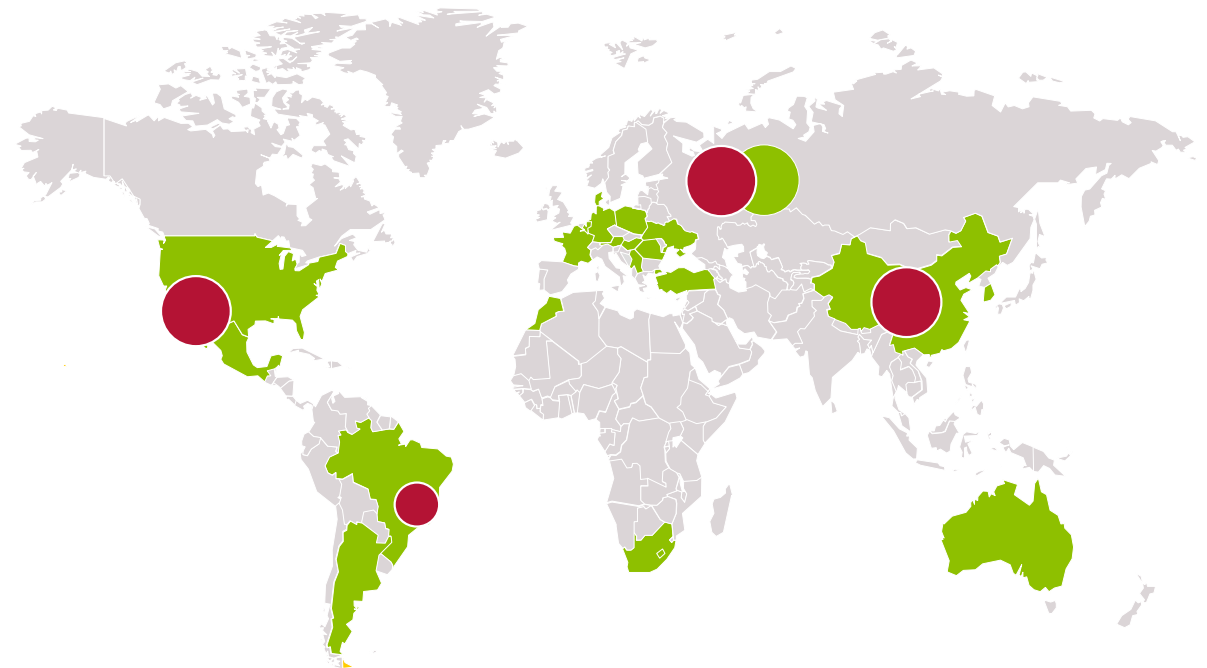
Fruit Preparations

- 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

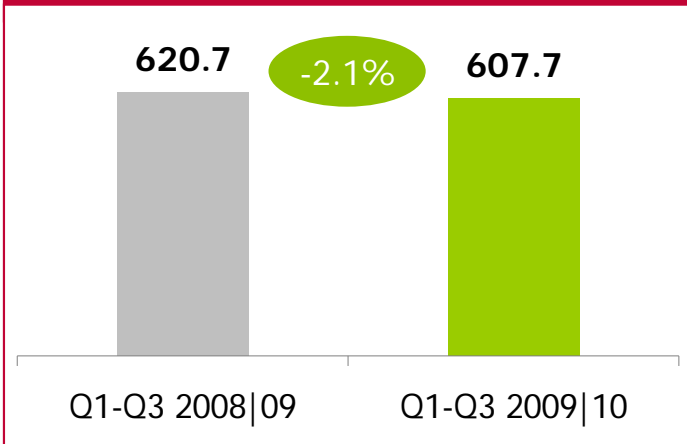


- Based on fresh fruits
- Production in the growing area of the fruits (water content and quality of the fruits don't allow far transports)
- Customers: bottling industry
- Shelf life of fruit juice concentrates ~ 2 years -> can be shipped around the world

FRUIT Segment Highlights



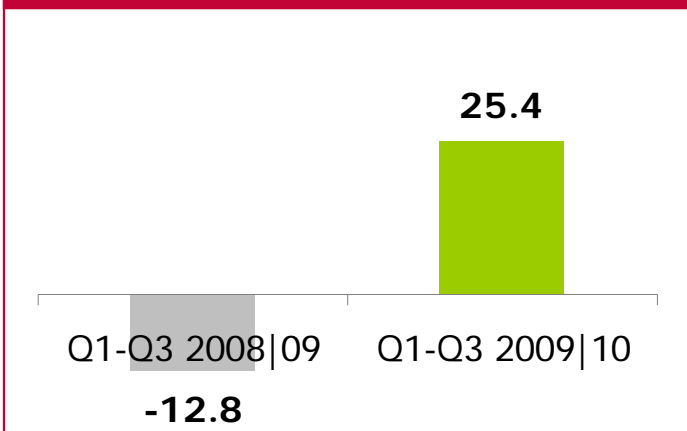
Revenue €m



Revenue € 607.7m

- Stable sales quantities of fruit preparations
- Fruit preparations revenue slightly below last year's level
- Sales volume growth for fruit juice concentrates
- Slight recovery of apple juice concentrate prices at low level

Operating Profit/Loss €m



Operating profit was raised to € 25.4m

- Higher sales quantities and lower raw material prices compensated declining revenue
- Operating loss 2008|09 based on inventory write-down of AJC stock
- EBIT-margin of 4.2%

Key Indicators for FRUIT Segment



Fruit Preparations

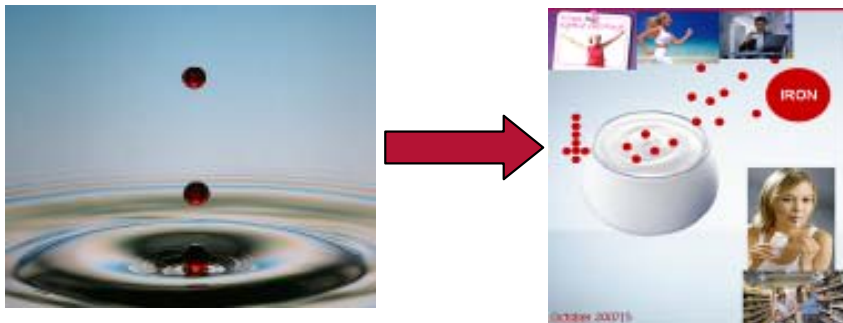
- Consumer habits/Price sensitivity influenced by global economic crisis
- High prices for dairy products stifle demand
- Promising diversification to neighbouring markets like ice cream, bakery etc.
- Synergy potential in the reorganisation of the fruit business (worldwide sourcing; core supplier to global food players)

Fruit 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

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 Q1-Q3 2009|10



SUGAR. STARCH. FRUIT.

Consolidated Income Statement

(based on IFRS)



Key P&L figures €m	Q3 2009 10	Q3 2008 09	Q1-Q3 2009 10	Q1-Q3 2008 09
Revenue	501.6	550.0	1,535.8	1,595.5
Operating profit before exceptional items	35.0	27.5	78.9	19.7
Exceptional items	0	0	0	(2.3)
Operating profit after exceptional items	35.0	27.5	78.9	17.4
Net financial items	(7.4)	(20.8)	(4.9)	(28.8)
Profit/(loss) before tax	27.6	6.8	74.0	(11.4)
Income tax (expense)	(4.6)	(1.5)	(16.2)	(4.7)
Profit/(loss) for the period	23.0	5.3	57.8	(16.1)

Consolidated Balance Sheet



Key figures €m	30 November 2009	28 February 2009
Non-current assets	999.1	1,019.2
Current assets	939.5	977.0
Total equity	871.4	825.9
Non-current liabilities	376.6	346.2
Current liabilities	690.6	824.1
Balance sheet total	1,938.6	1,996.2
Equity ratio (%)	45.0%	41.4%
Net financial debt	391.1	470.1
Gearing (%)	44.9%	56.9%

Consolidated Cash Flow Statement

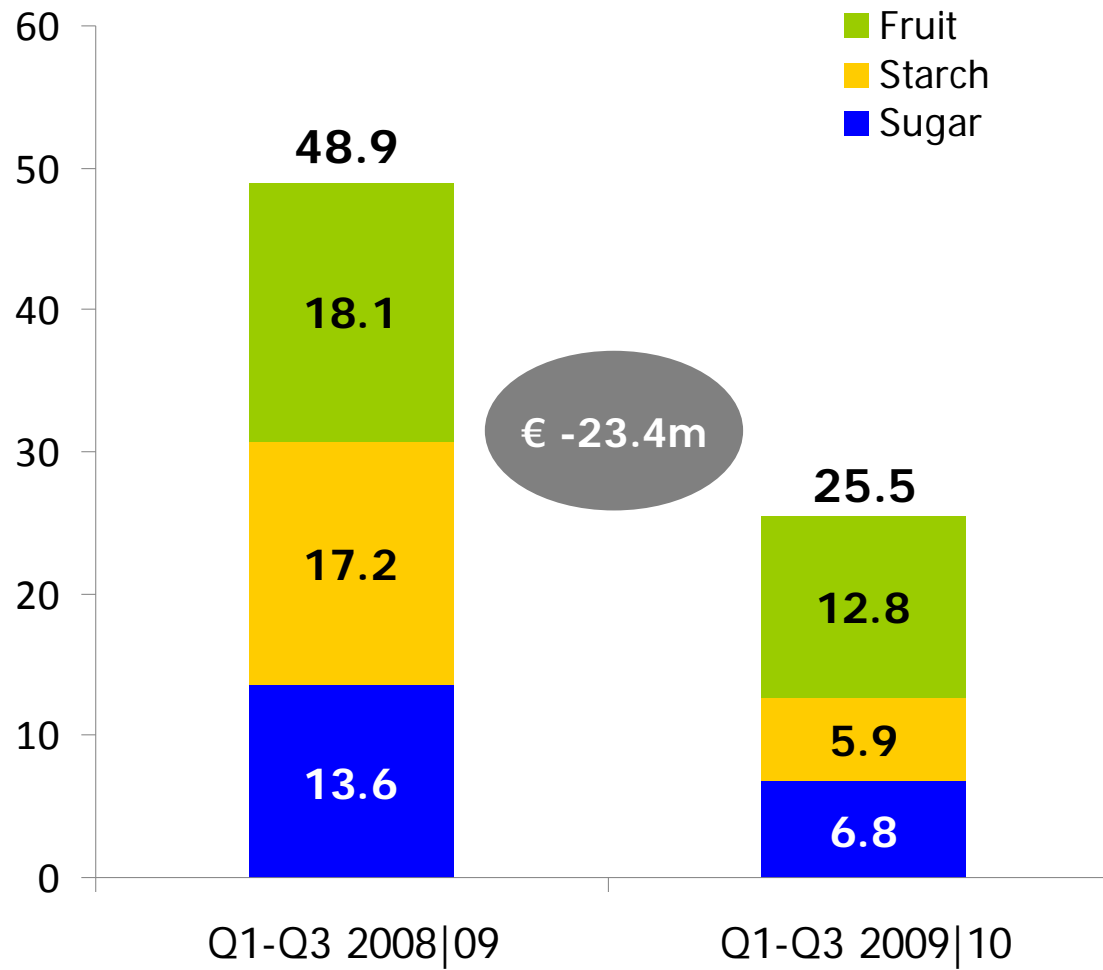


€m	Q1-Q3 2009 10	Q1-Q3 2008 09
Net cash from operating activities	121.6	0.4
Net cash (used in) investing activities	(23.5)	(47.9)
Net cash (used in)/from financing activities	(106.5)	15.8
Net (decrease) in cash and cash equivalents	(8.4)	(31.7)

Total Investment



€m





Outlook



SUGAR. STARCH. FRUIT.

Outlook AGRANA Group FY 2009|10



- Group revenue slightly below € 2.0bn due to lower sales prices
- Significant improvement of operating profit
- Weaker Q4e 2009|10 expected (below last year's Q4 level) due to declining prices of new sales contracts in starch segment as a consequence of reduced raw material prices
- CAPEX of about € 50m

Segment Outlook FY 2009|10



SUGAR Segment

- Further decline in revenue due to lower sales of quota sugar
- Cost saving measures should compensate missing gross margins of lower quota
- Abolition of restructuring fees starting as of October 2009

STARCH Segment

- Decline in revenue due to lower sales prices
- Full utilisation of bioethanol capacities in Austria and Hungary

FRUIT Segment

- Revenue at prior year's level
- Stable quantities of fruit preparations
- Volume growth in the fruit juice concentrate business with reduced sales prices in comparison to last year's level

Priorities for upcoming FY 2010|11



- Focus on risk management in the areas of raw materials and energy, the two largest cost factors
- Implement efficiency improvements
- Initiate further working capital reduction
- Maintain reduced investment program
- Realise further debt reduction
- Ensure a consistent cost management throughout the AGRANA Group
- Develop greater flexibility in the business

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