



**AGRANA**  
**Online Annual**  
**Report 2009 | 10**  
<http://ir.agrana.com>

# AGRANA Beteiligungs-AG

## RS London (Berenberg Bank)

19 May 2010

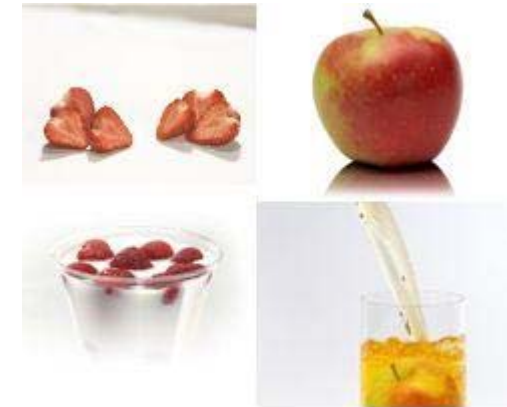


**SUGAR. STARCH. FRUIT.**

# At a glance



## AGRANA's diversified and 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

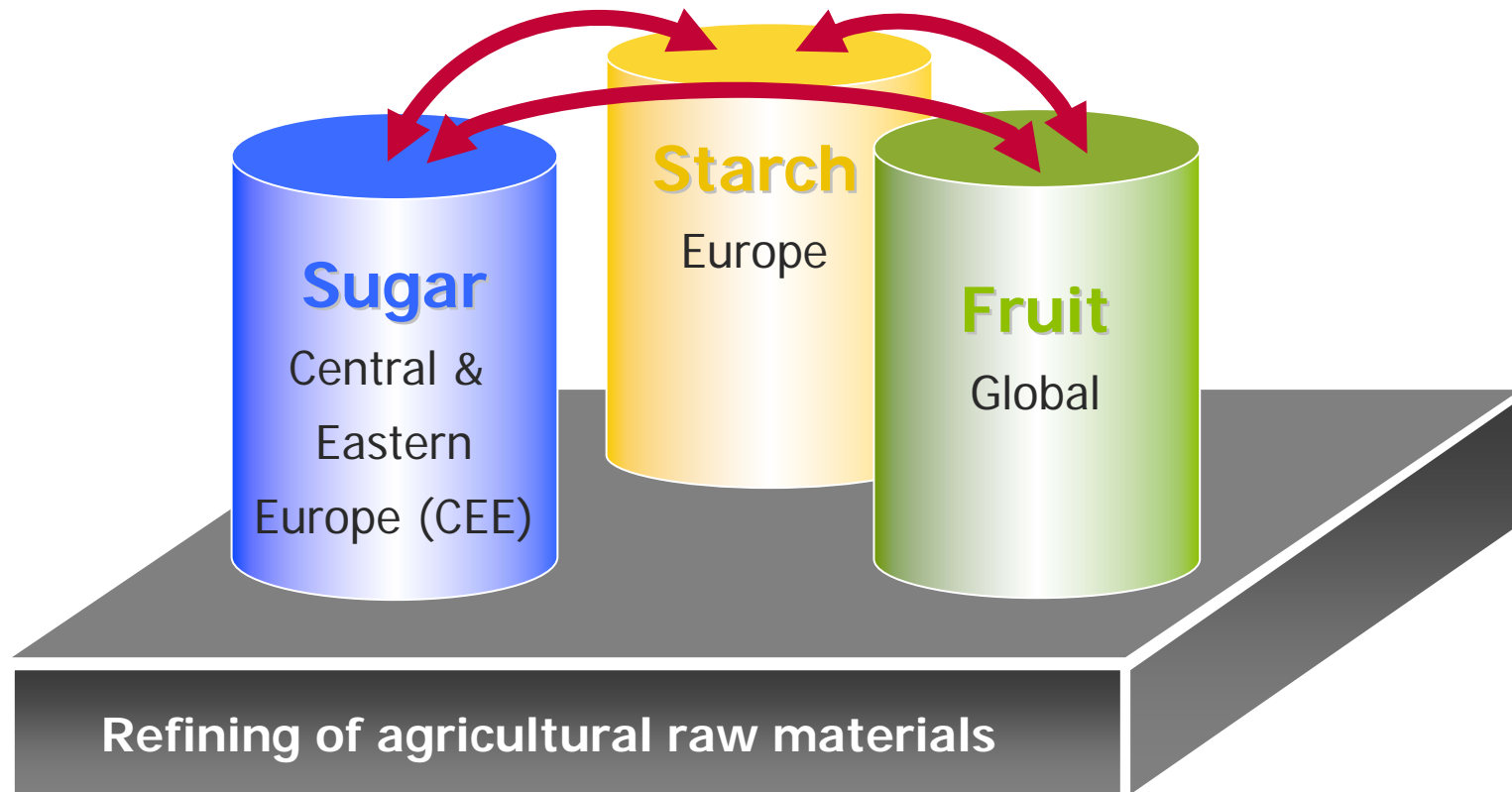
- Fruit juice concentrates (20 % of segment revenue) customers are fruit juice and beverage bottlers and fillers.
- Fruit preparations (80 % of segment revenue) are specially customized products for
  - the dairy industry
  - the baked products industry
  - the ice-cream industry

# Strategy

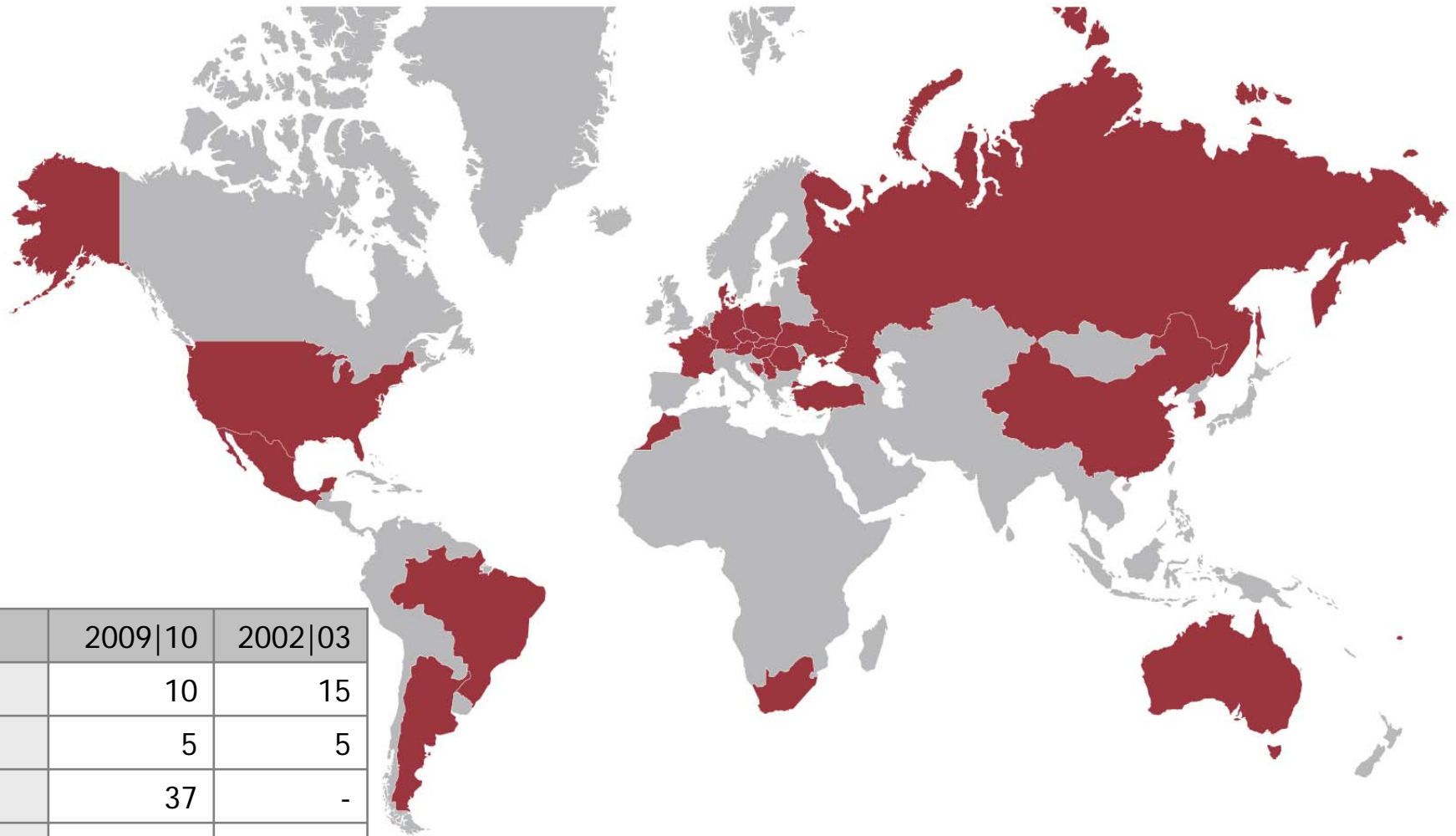


Investor and customer value from:

- Balance of risk
- Exchange of know-how
- Cost savings from synergies



# Production Sites



Segment	2009 10	2002 03
Sugar	10	15
Starch	5	5
Fruit	37	-
<b>TOTAL</b>	<b>52</b>	<b>20</b>

# Market position and main drivers



## Market position

## Main drivers



Leading producer in Central and Eastern Europe

- End of transition period of 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

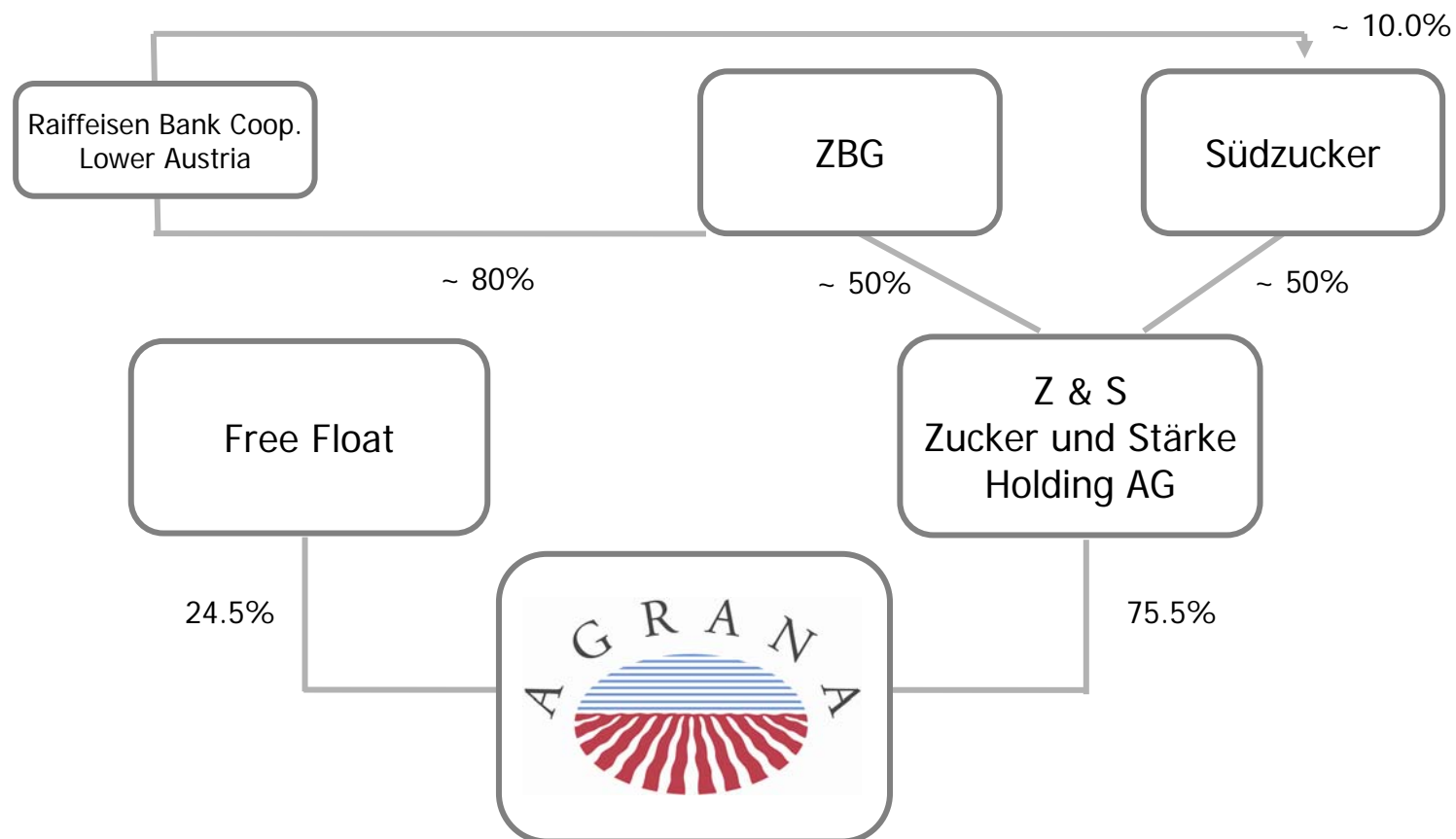
- Global demand for healthy food and up market products e.g. yoghurt drinks, wellness products, convenience food
- Usage of integrated platform to raise synergies in combined global sourcing and distribution

# Shareholder Structure



Shares outstanding: 14,202,040

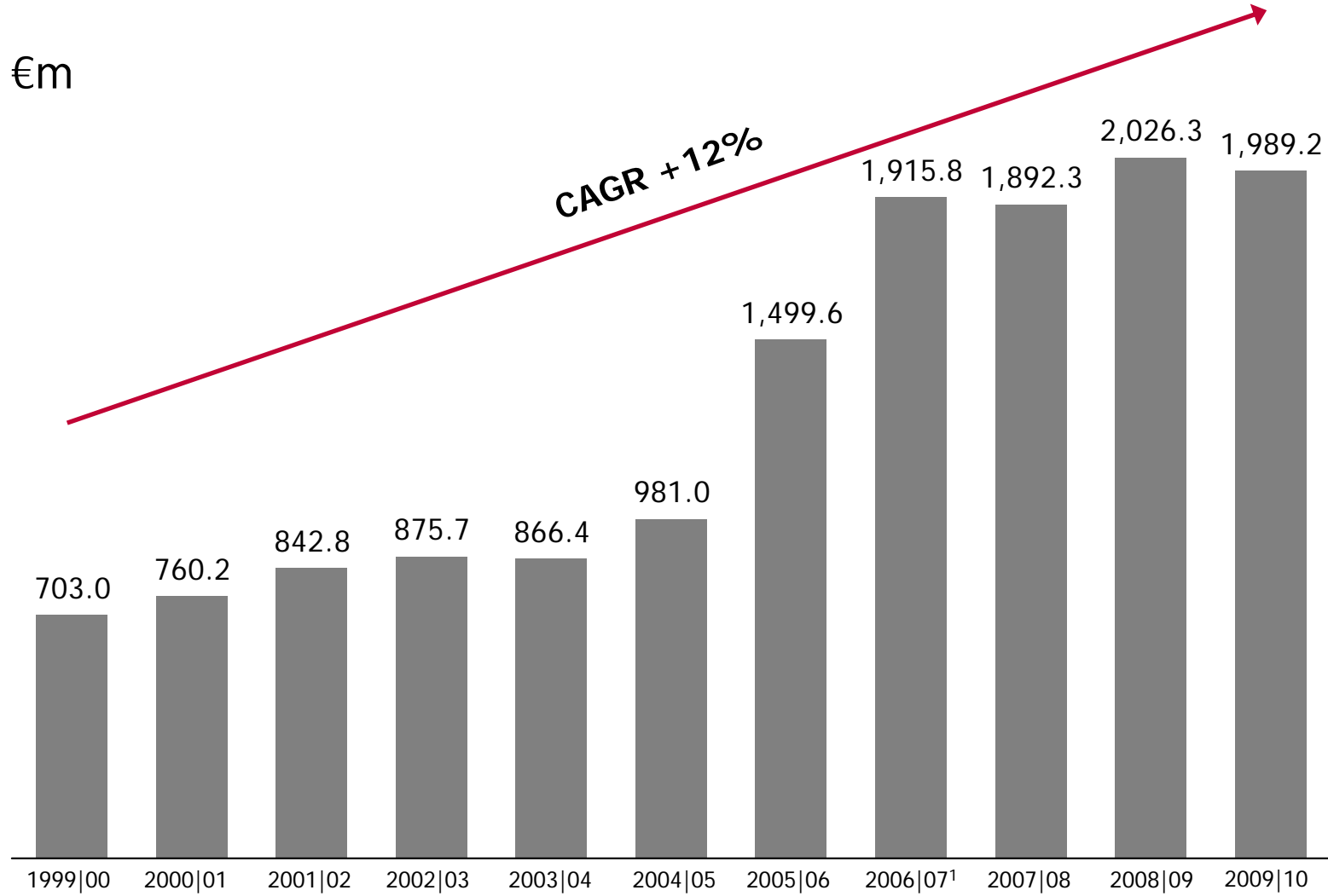
Market capitalisation (as of 17 May 2010): € 1,032.5 million



# Revenue Evolution



€m



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

# Market environment 2009|10



March 09

Aug 09

Feb 10

End of Reform Process of EU Sugar Regime

Peak in Raw Sugar Quotation

All time high of White Sugar Quotation


Good EU cereal harvest led to lower prices

Non-Food (esp. Paper) starch decline due to economic crisis

Pick-up in demand of paper industry

Increased customer volatility (fruit prep business)

Slight recovery of apple juice concentrate prices at low level

 Sugar segment  Starch segment  Fruit segment



# Consolidated Overview



	2009   10	2008   09	Change
Revenue €m	<b>1,989.2</b>	2,026.3	-1.8%
EBITDA €m	<b>176.2</b>	119.2	+47.9%
Operating profit before exceptional items €m	<b>91.9</b>	37.8	+ > 100%
Operating margin %	<b>4.6</b>	1.9	
Profit/(loss) for the period before minority interests €m	<b>72.7</b>	(15.9)	+ > 100%
Dividend €	<b>1.95<sup>1</sup></b>	1.95	
Investment in property, plant and equipment and intangibles €m	<b>48.4</b>	73.8	-34.5%
Staff	<b>7,927</b>	8,244	-3.8%

<sup>1</sup> Proposal to the Annual General Meeting

# Financial Highlights 2009|10






## Significant improvement of business performance

- ➔ Positive net financial items of € 0.5m (prior year: deficit of € 67.1m) due to lower interest costs (lower net debt, lower interest rates) and currency translation gains (prior year: unrealised translation losses due to EUR-borrowings)
- ➔ Earnings per share of € 5.08 (prior year: loss of € 0.82 per share)
- ➔ Remarkable net debt decline by € 93.5m to € 376.6 m (prior year: € 470.1m)
- ➔ Significant Gearing improvement 41.6% (prior year: 56.9%)
- ➔ Strong expansion in free cash flow to € 113.8 million (prior year: EUR 42.9 million)

# Segment Split 2009|10



	Revenue by segment as a % of group revenue	Revenue change vs. 2008 09	Operating profit by segment <sup>1</sup>	Operating margin <sup>1</sup>
 <p>SUGAR</p>	34.4%	- 2.6%	16.5%	2.2%
 <p>STARCH</p>	25.1%	- 3.9%	44.7%	8.2%
 <p>FRUIT</p>	40.5%	+ 0.2%	38.8%	4.4%

<sup>1)</sup> before exceptional items

# Highlights 2009|10



## Sugar Segment

- Further decline in revenue due to lower sales of quota sugar and lower prices
- Cost savings compensate missing gross margins of the lower quota
- Abolition of restructuring fees started as of October 2009

## Starch Segment

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

## Fruit Segment

- Revenue at prior year's level
- Fruit preparations business with stable revenue and slight volume increase
- Volume growth in the fruit juice concentrate business with reduced sales prices in comparison to last year's level



# SUGAR Segment Market Position



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

## Details:

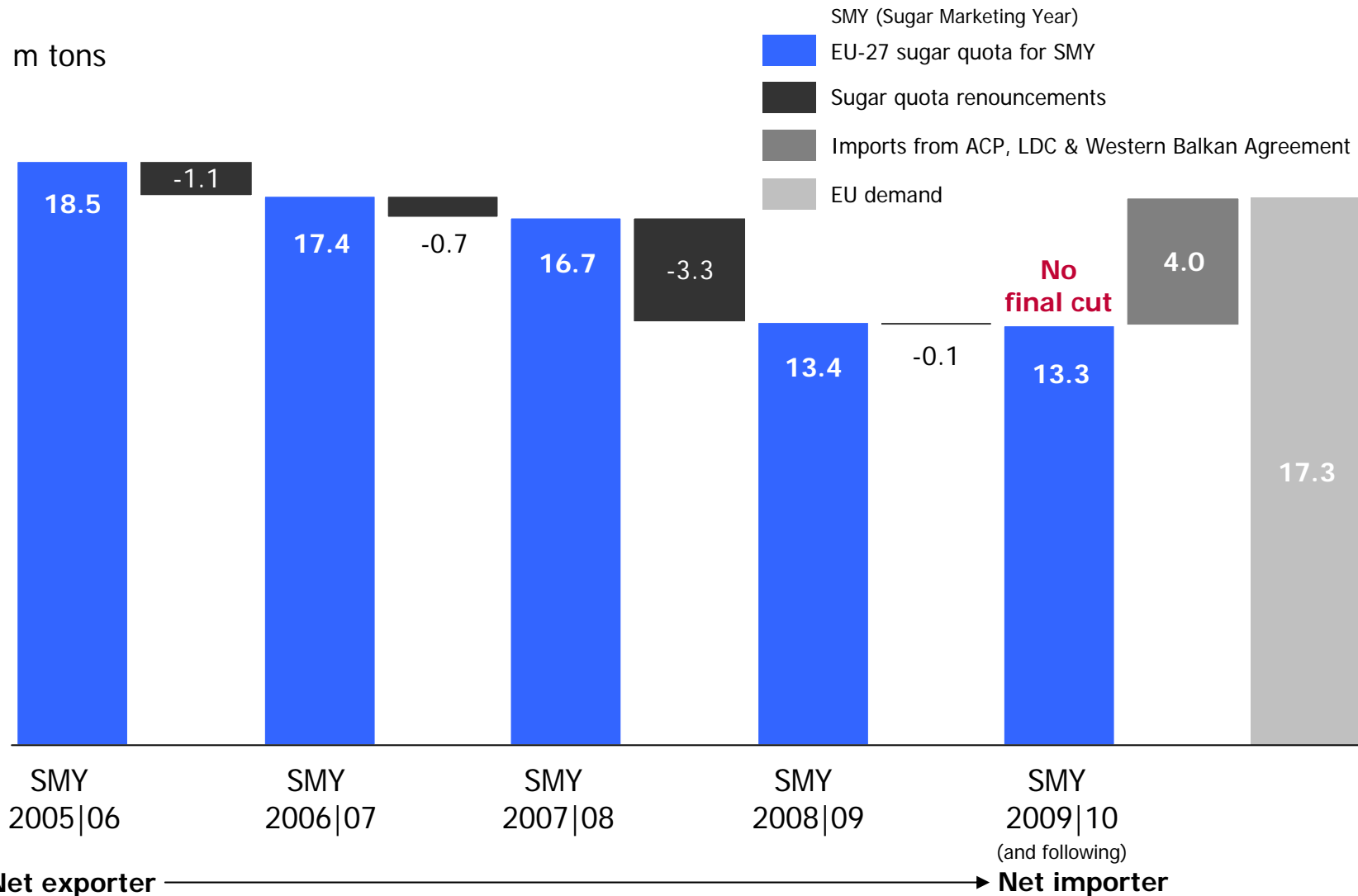
- (1) AGRANA beet quota for 2009|10 Sugar Marketing Year (SMY)
- (2) Capacity for refined raw sugar (50:50 joint venture)

## 7 sugar plants and 2 raw sugar refineries



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

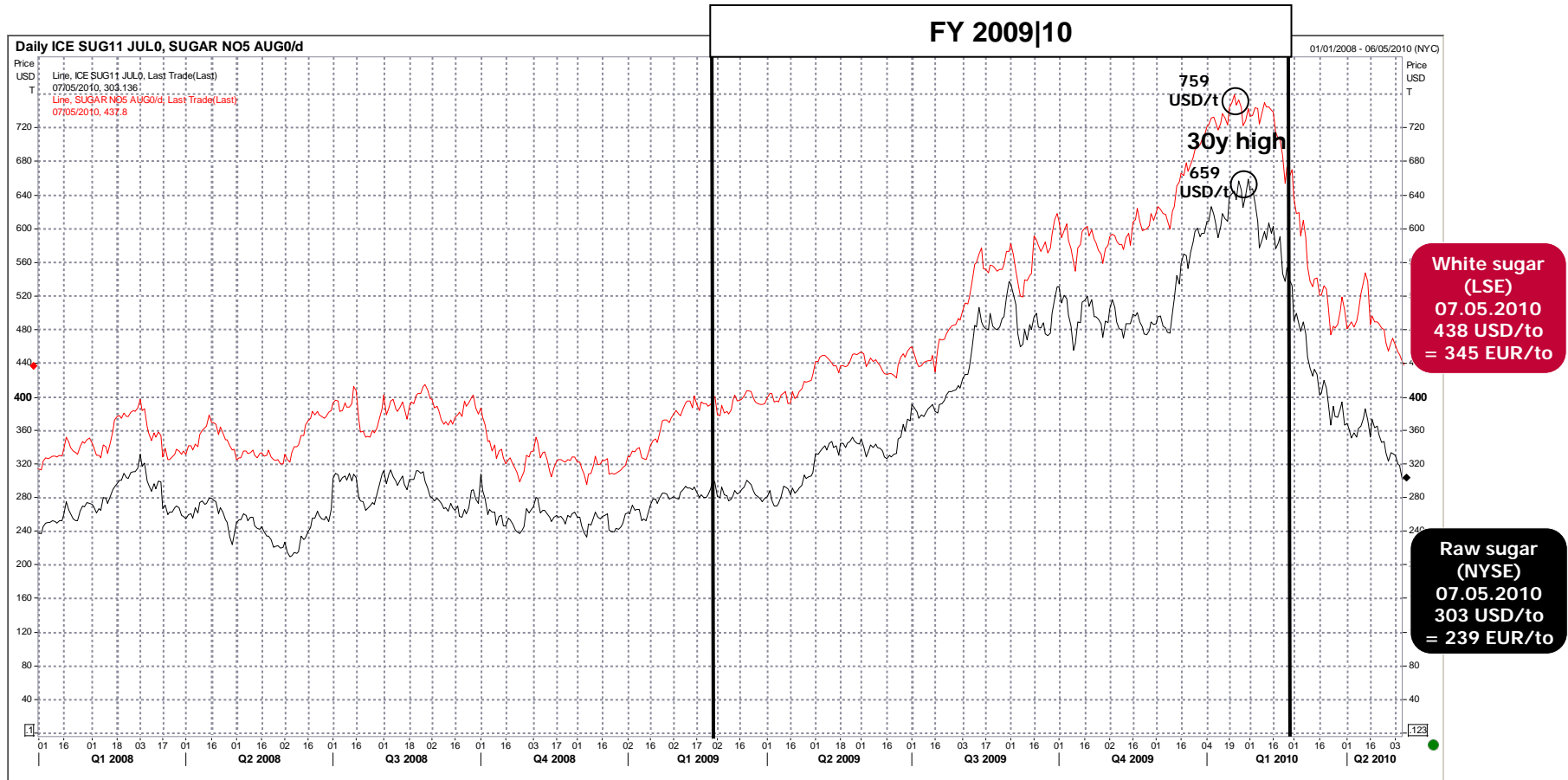
# Reform Process of EU Sugar Regime



May 19, 2010|15

# Quotation for Raw Sugar & White Sugar

January 1, 2008 – May 7, 2010

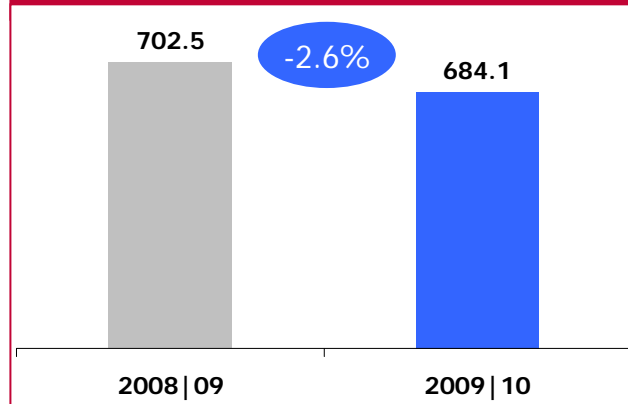




# SUGAR Segment Highlights



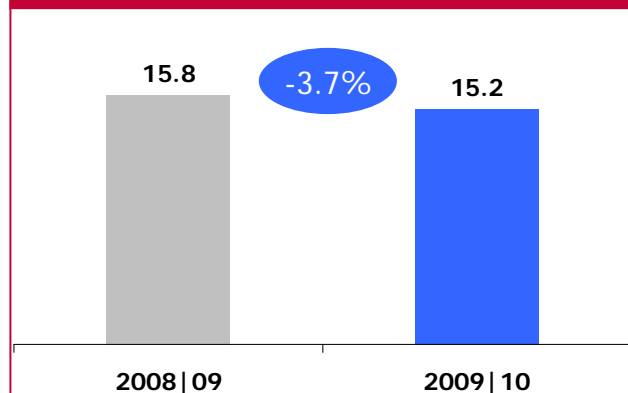
## Revenue €m



## Revenue € 684.1m

- Lower quota sugar revenue and decreased quota sugar sales prices led to a 2.6% decrease in revenue
- Significant increase in non-quota sugar volumes

## Operating Profit €m



## Operating Profit € 15.2m

- Abolition of restructuring fees as of October 2009
- Optimisation of energy procurement for the 2009 campaign
- Utilisation of raw sugar refineries below prior-year level because of the lower availability of raw sugar
- Operating Margin 2.2% (prior year: 2.3%)



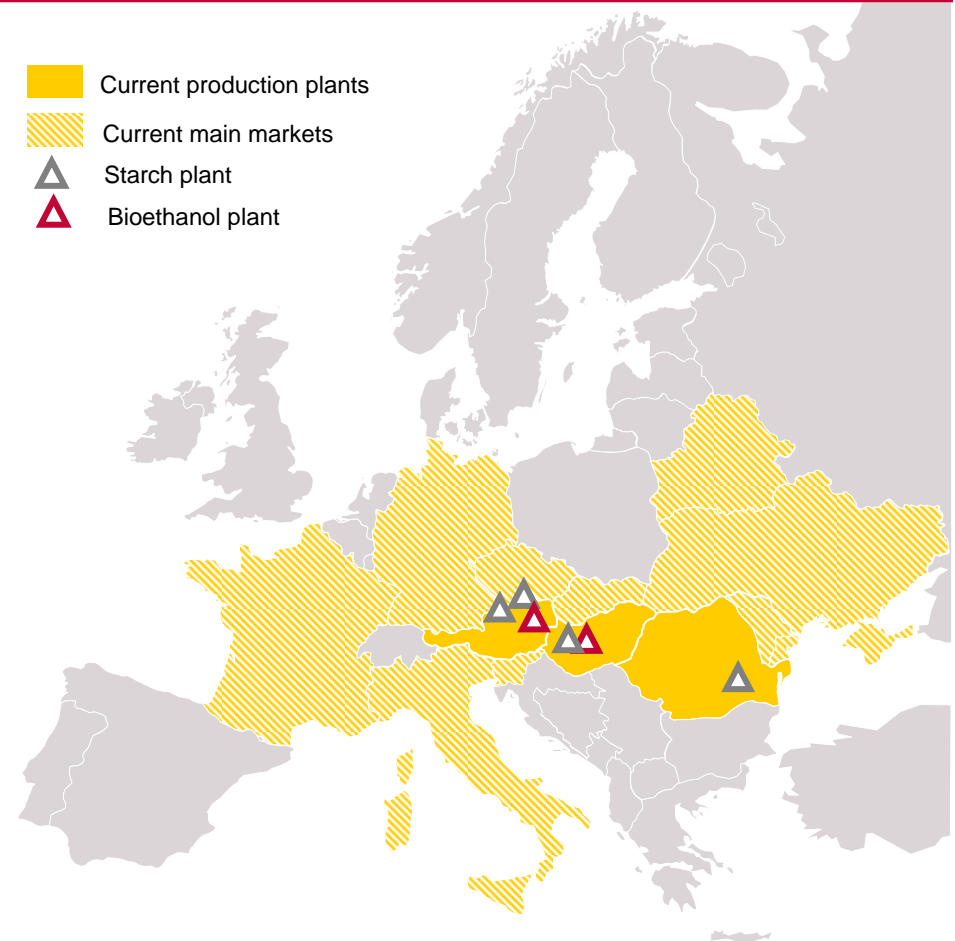
STARCH.

# STARCH Segment Market Position

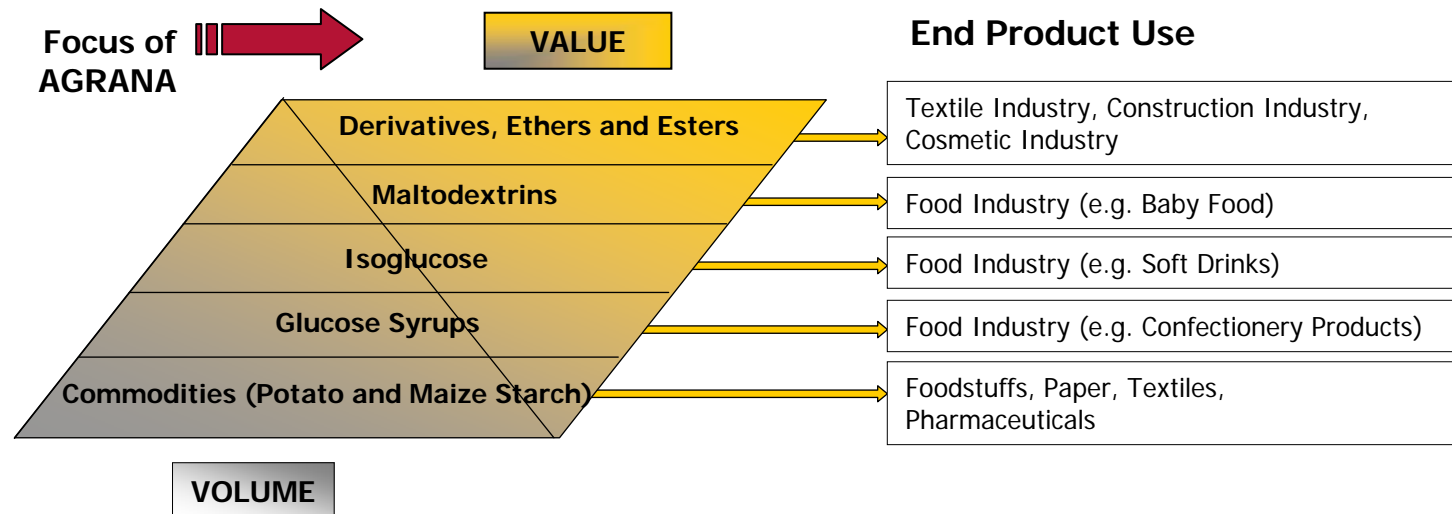


## 4 Starch plants and 2 Bioethanol plants

- 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

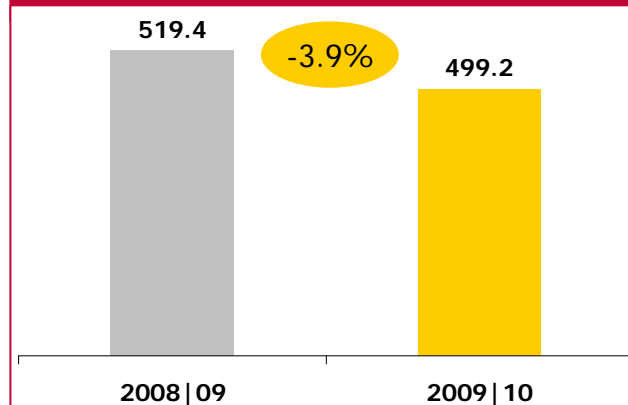


- Food:
  - Growth in products from special raw materials (Market leadership)
  - Growth in starch derivatives for fruit preparations
  - Growth in „High Care“-starches
- Non-Food:
  - Innovation- and Market leadership in
    - Special applications for construction industry
    - Adhesive (sack adhesive)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

# STARCH Segment Highlights



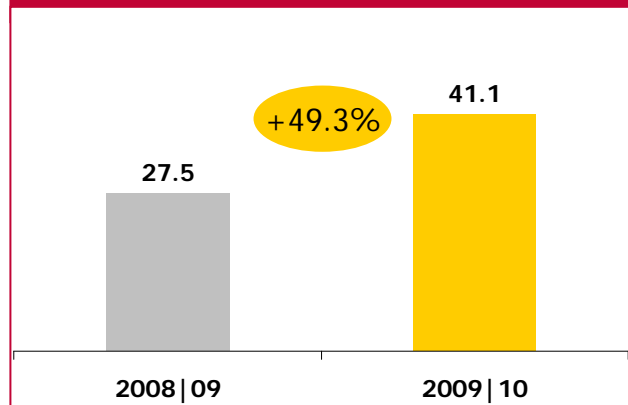
## Revenue €m



### Revenue € 499.2m

- Lower starch sales prices resulting from the raw-material-driven adjustment of sales contracts with customers
- Starch sales volumes were pushed up significantly, esp. native starches and saccharification products
- Full capacity availability increased bioethanol sales

## Operating Profit €m

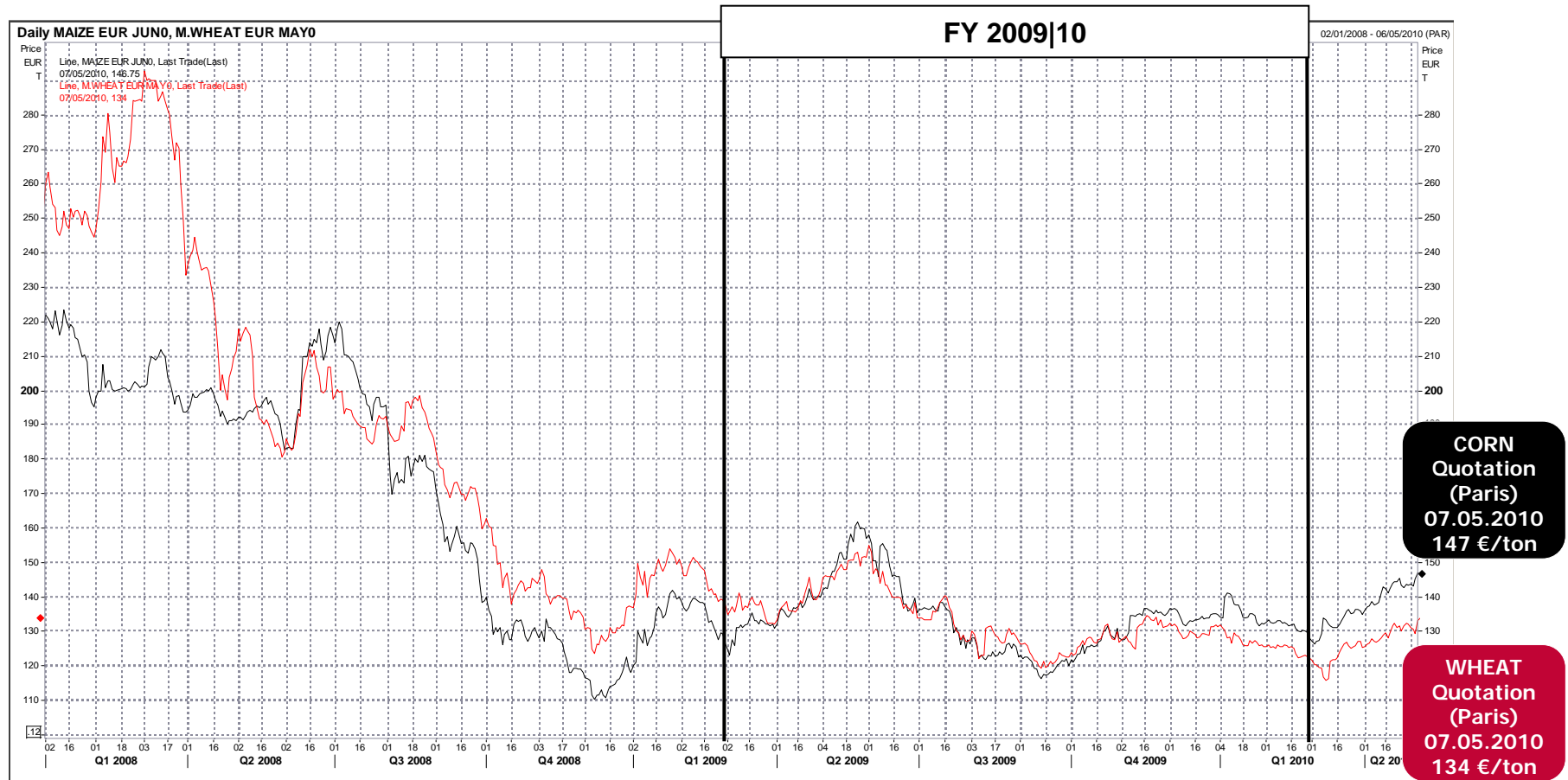


### Operating profit € 41.1m

- Low raw material costs more than compensated declining sales prices
- Beneficial effect on production costs due to overall easing of raw material prices and lower energy costs
- Operating margin reached 8.2% (prior year: 5.3%)

# Price Development of Cereals

January 1, 2008 – May 7, 2010



# 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



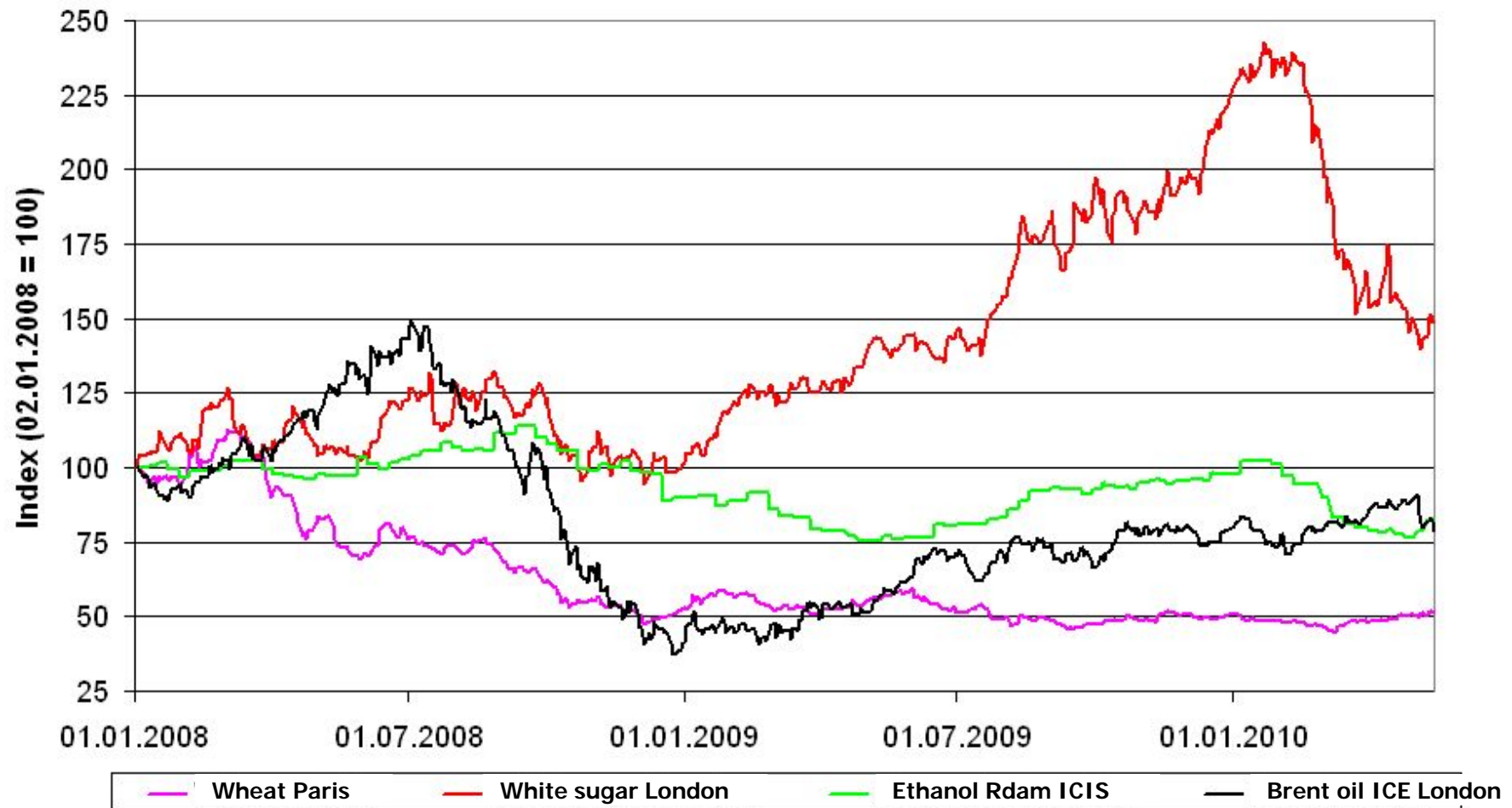
## HUNGRANA (Hungary)

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



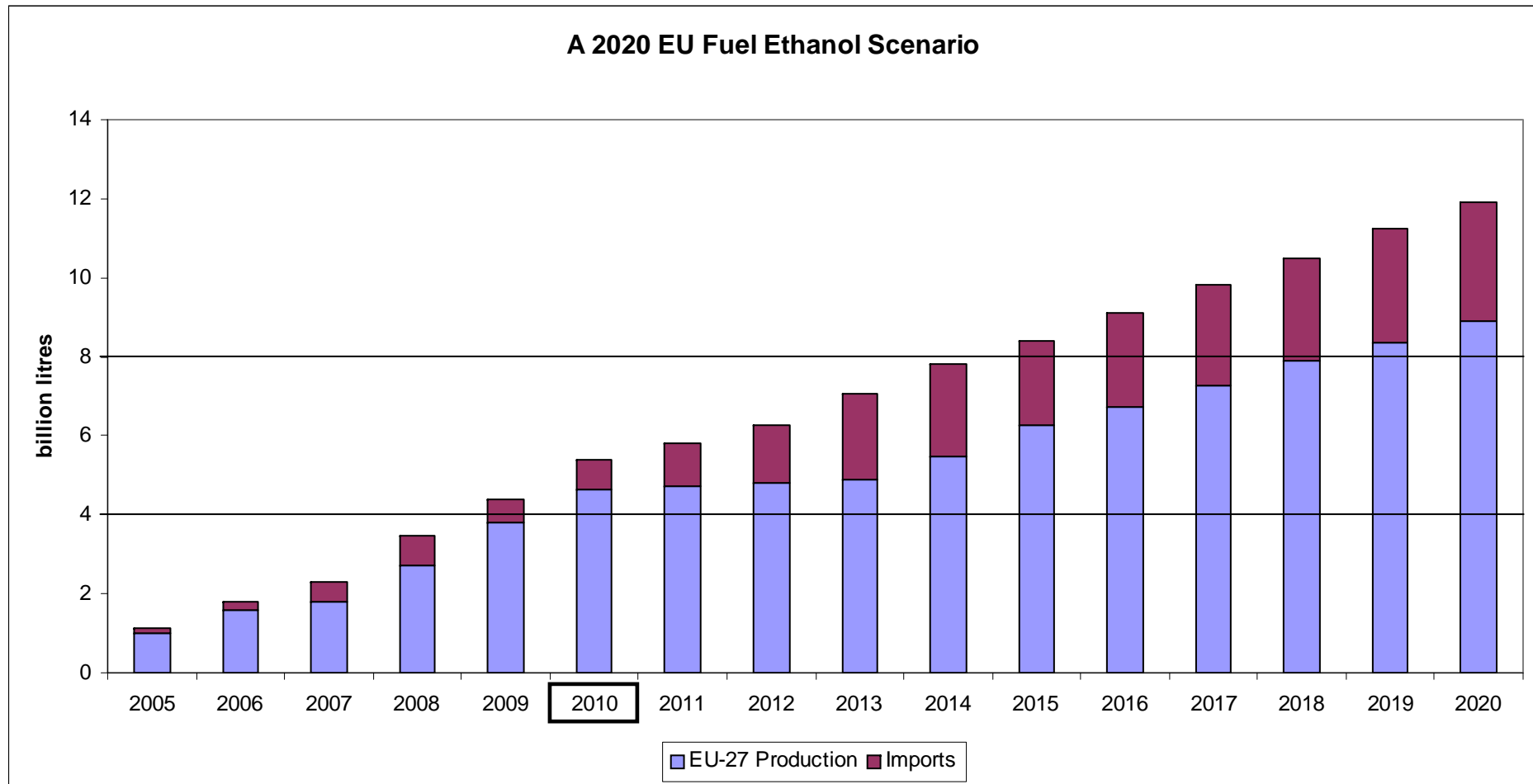
# Price Correlation

January 1, 2008 – May 14, 2010





# Development of Ethanol Demand until 2020



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



FRUIT.

# FRUIT Segment Market Position



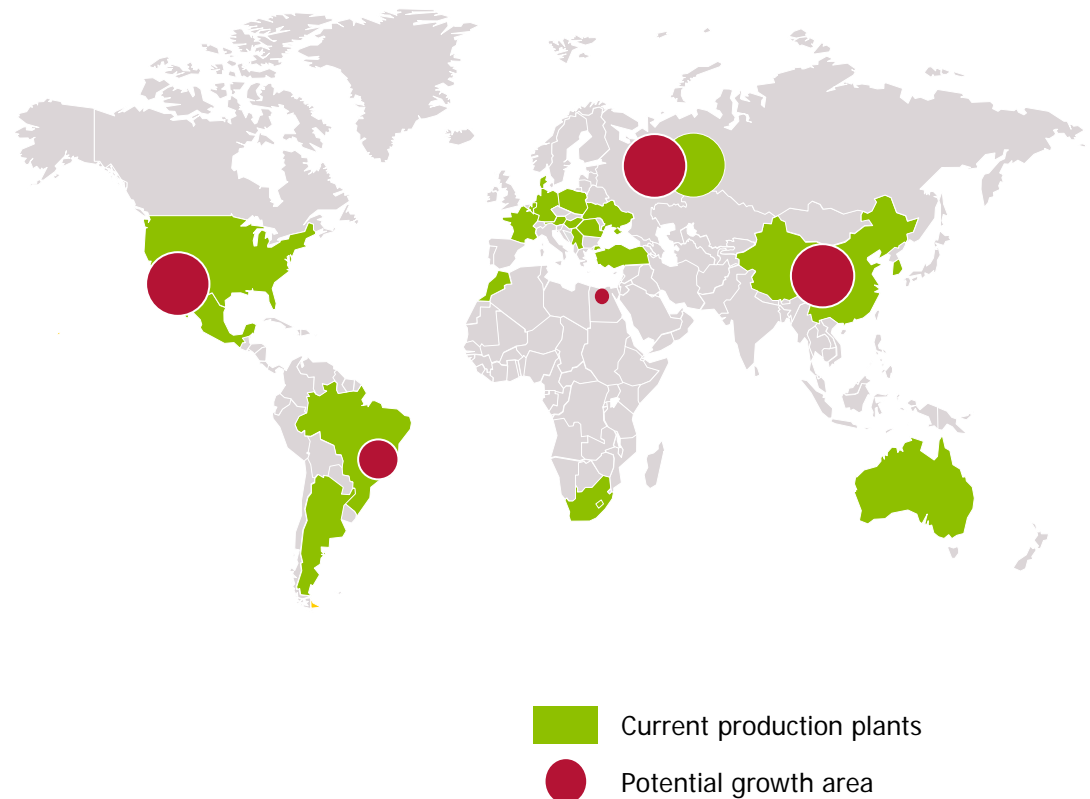
## Fruit Preparations

- 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 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

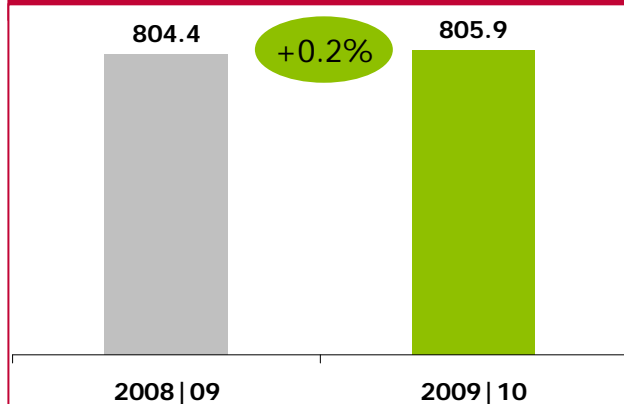


- Based on fresh fruits
- Production in the growing area of the fruits (water content and quality of the fruits don't allow far transports)
- Customers: bottling industry
- Shelf life of fruit juice concentrates ~ 2 years -> can be shipped around the world

# FRUIT Segment Highlights



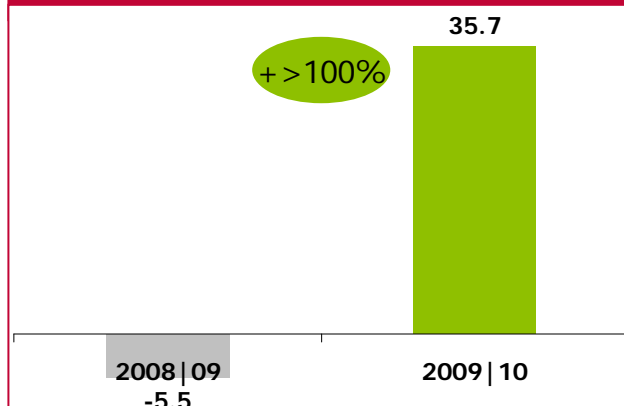
## Revenue €m



### Revenue € 805.9m

- Increases in sales volumes of fruit juice concentrates
- Volume growth in fruit preparations
- Prices for apple juice concentrate decreased to historically lowest level

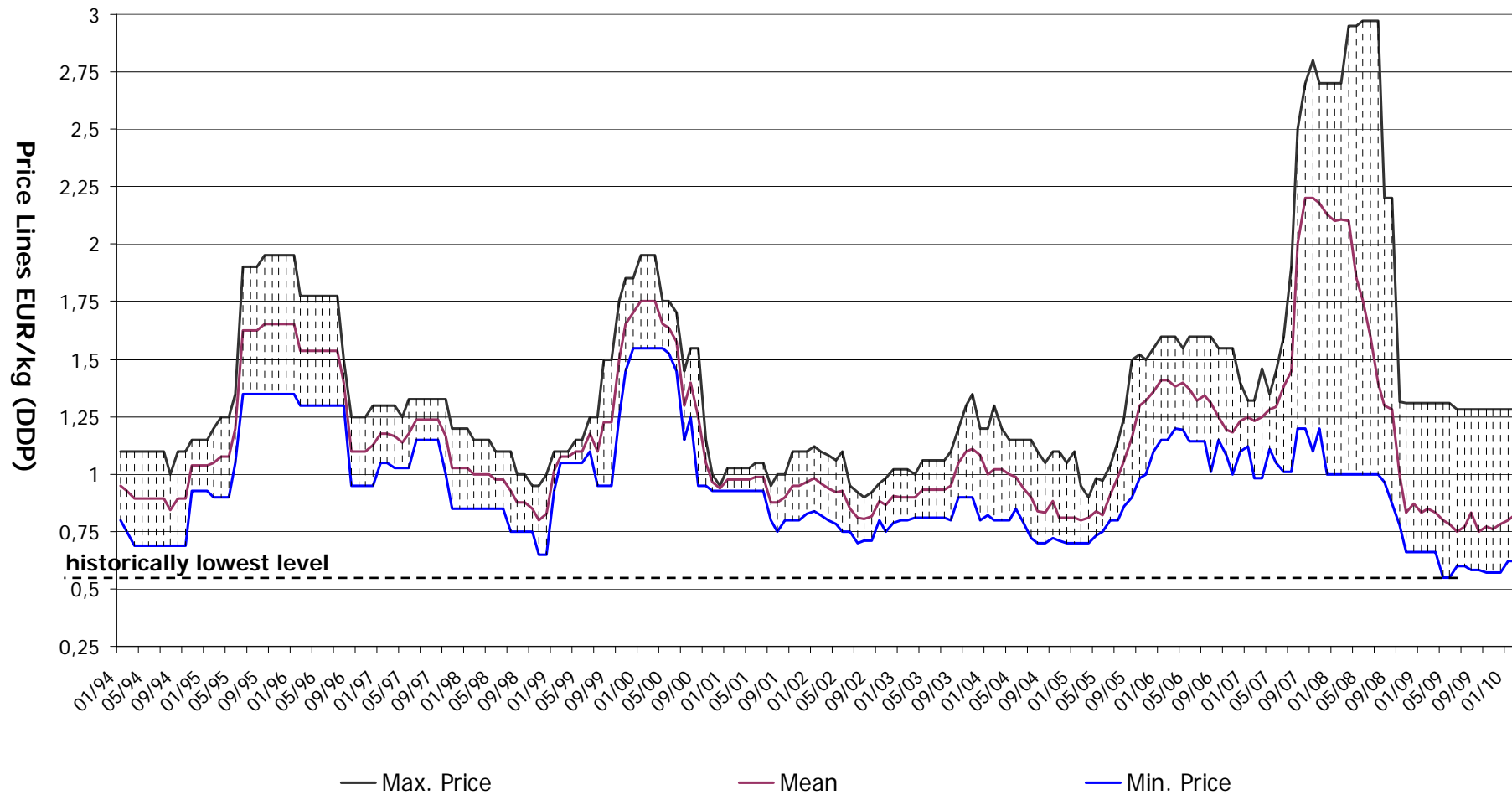
## Operating Profit/Loss €m



### Operating profit was raised to € 35.7m

- Excluding 2008|09 inventory write-down of AJC stock of € 32.4m, operating profit was up € 8.8m
- Higher sales quantities and lower raw material prices compensated declining revenue
- Optimization in cost structures
- Operating margin of 4.4%

# Market Price Report: European AJC (January 1994 – February 2010)



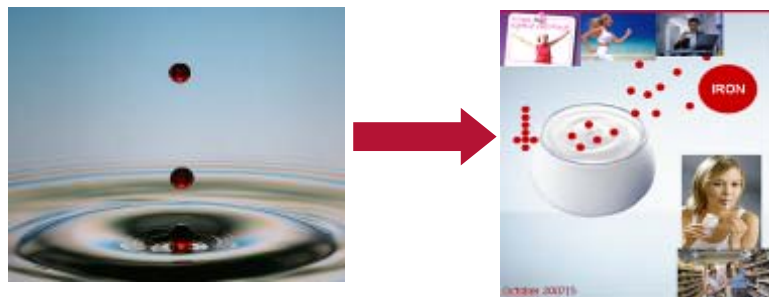
Source: Fruit Processing (confructa medien GmbH)

# Fruit Preparation Innovations



## Magic Drops

- Capsules with a size of a few millimetres in which process-stable, functional substances, e.g. vitamins, antioxidants or omega 3 fatty acids, can be included



## Chocolate Fruities

- Small chocolate particles filled with liquid fruit (fruit puree), for mixing with fruit preparation into yoghurt or ice cream
- Any flavour of puree possible (cherry, coconut, pear, orange, etc.)





## Financial Results 2009|10



SUGAR. STARCH. FRUIT.



# Consolidated Income Statement

(based on IFRS)



Key P&L figures €m	2009   10	2008   09
Revenue	<b>1,989.2</b>	2,026.3
Operating profit before exceptional items	<b>91.9</b>	37.8
Exceptional items	<b>(5.0)</b>	(3.2)
Operating profit after exceptional items	<b>86.9</b>	34.6
Net financial items	<b>0.5</b>	(67.1)
Profit/(loss) before tax	<b>87.4</b>	(32.4)
Income tax (expense)/credit	<b>(14.7)</b>	16.6
Profit/(loss) for the period before minority interests	<b>72.7</b>	(15.9)
Attributable to equity holders of the parent	<b>72.2</b>	(11.6)
Earnings/(loss) per share	<b>€ 5.08</b>	€ (0.82)

# Analysis of Net Financial Items



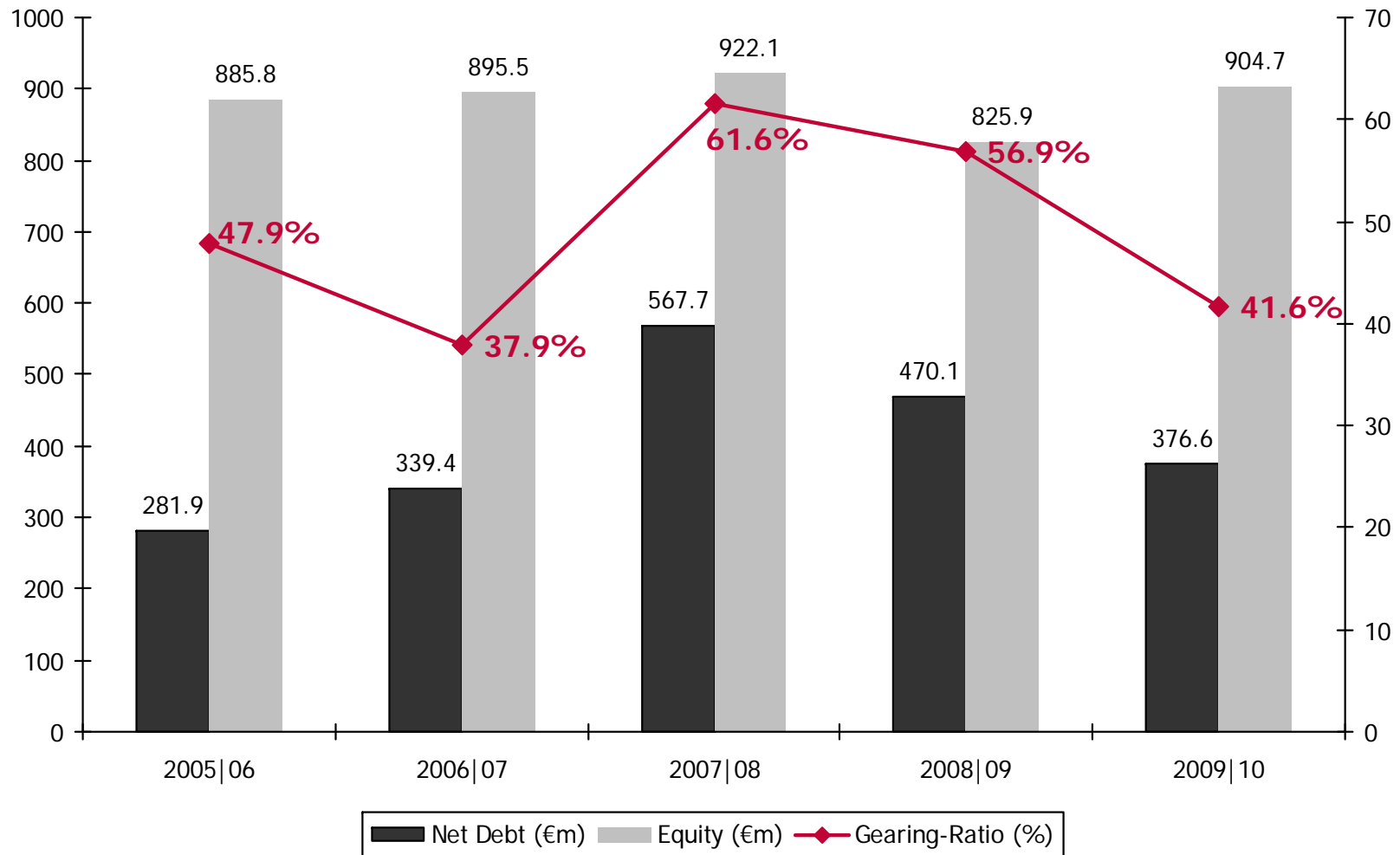
€m	2009   10	2008   09
Net interest (expense)	(21.2)	(32.4)
Currency translation differences	18.9	(39.5)
Other financial items and share of results of non-consolidated subsidiaries	2.8	4.8
<b>Total net financial items</b>	<b>0.5</b>	<b>(67.1)</b>

# Consolidated Balance Sheet



€m	28 February 2010	28 February 2009
Total equity	<b>904.7</b>	825.9
Property, plant and equipment	<b>597.8</b>	609.9
Inventories	<b>468.6</b>	562.1
Balance sheet total	<b>1,887.9</b>	1,996.2
Working capital	<b>474.0</b>	481.6
Net debt	<b>376.6</b>	470.1
Equity ratio	<b>47.9%</b>	41.4%
Gearing	<b>41.6%</b>	56.9%

# Development Gearing-Ratio



# Consolidated Cash Flow Statement

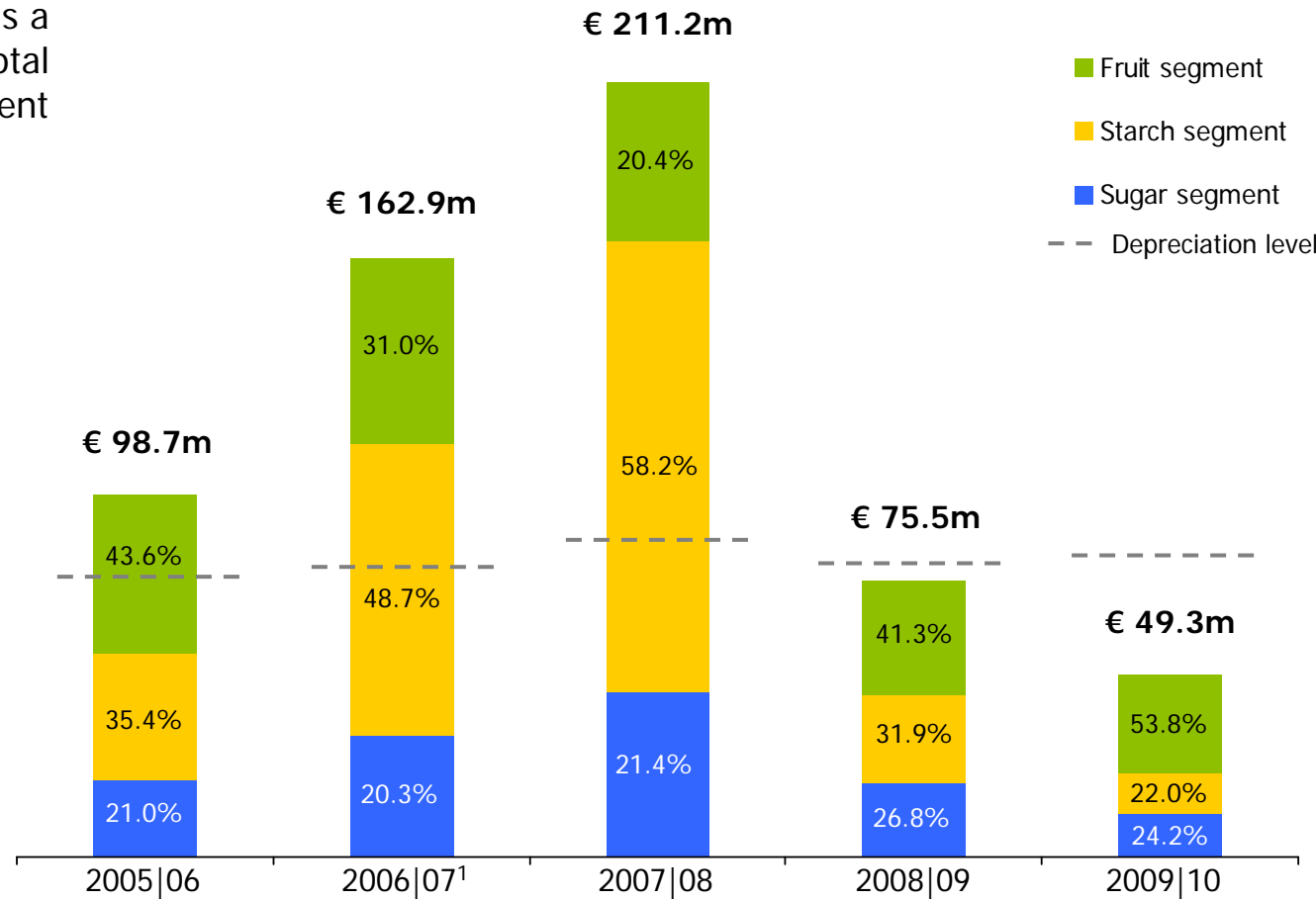


€m	2009   10	2008   09
Net cash from operating activities	<b>162.2</b>	115.0
Net cash (used in) investing activities	<b>(48.4)</b>	(72.1)
Net cash (used in) financing activities	<b>(123.7)</b>	(50.1)
Net (decrease) in cash and cash equivalents	<b>(9.9)</b>	(7.1)
Free cash flow	<b>113.8</b>	42.9

# Total Investment Evolution



€m and as a  
% of total  
investment



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



## Outlook



SUGAR. STARCH. FRUIT.

# Outlook AGRANA Group



- Group revenue 2010|11 to be expected stable with increased sales volumes
- Further improvement of operating profit 2010|11 expected
  - Enhanced purchasing strategy
  - Consistent and sustainable cost management
- CAPEX of about € 55m



# Segment Outlook



## SUGAR Segment

- Limitation in sales of quota sugar due to sugar regime
- Capacity utilisation with production of non-quota sugar
- Expected sales stabilization in Romania and Bosnia-Herzegovina

## STARCH Segment

- Recovery for commodities expected due to business-cycle-driven market trend
- Upward trend for speciality starches (Non-Food)
- Overall expected increase of prices in raw material markets

## FRUIT Segment

- Positive sales volume development for fruit preparations at expected stable prices
- Volume growth at increasing price levels in the fruit juice concentrate business

## Priorities for FY 2010|11



- Focus on risk management in the areas of raw materials and energy (the Group's two largest cost factors)
- Push forward further reorganisation improvements
- Initiate further working capital reduction
- Maintain reduced investment program
- Complete long term refinancing program
- Develop greater flexibility in the business processes
- Evaluate further growth opportunities but having in mind the higher risk volatility

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