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EANS-News: AGRANA reaffirms positive outlook for 2021|22 financial year

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EBIT decrease in first quarter of 2021|22

Quarterly Report

Vienna - Financial first quarter of 2021|22 at a glance

- Revenue: EUR 705.8 million (Q1 prior year: EUR 652.6 million)
- EBIT: EUR 20.9 million (Q1 prior year: EUR 32.0 million)
- EBIT margin: 3.0% (Q1 prior year: 4.9%)
- Profit for the period: EUR 12.1 million (Q1 prior year: EUR 19.2 million)
- Equity ratio: 54.5% (28 February 2021: 53.8%)
- Forecast for the full 2021|22 financial year: significant EBIT growth and moderate rise in revenue

In the first quarter of the 2021|22 financial year (the three months ended 31 May 2021), AGRANA, the fruit, starch and sugar company, saw a reduction in operating profit (EBIT) from EUR 32.0 million to EUR 20.9 million. The Group's sales rose slightly to EUR 705.8 million (Q1 prior year: EUR 652.6 million). AGRANA Chief Executive Officer Markus Mühleisen says: "AGRANA's first quarter of 2021|22 marked a more subdued start to the new financial year than one year earlier. The key reasons for this were declining earnings in the Starch segment due to higher raw material costs, and lower sales volumes in the Sugar segment. The performance of the Fruit segment in the first quarter was stable. Although this new financial year too is characterised by pandemic-driven high volatility and the Covid-19 crisis is not over yet, we expect the full year 2021|22 to bring significant earnings growth from 2020|21. Contributing factors should be a recovery in the Fruit segment's fruit juice concentrate business with the start of the 2021 apple campaign, improved market demand in the Starch segment and rising sugar prices in the Sugar segment."

Results in each business segment for the first quarter of 2021|22

FRUIT segment

Revenue in the Fruit segment, at EUR 320.7 million, was moderately higher than one year earlier. The revenue growth in the fruit preparations business stemmed largely from higher sales volumes. Revenue in the fruit juice concentrate activities saw a slight, price-related decline. EBIT in the Fruit segment as a whole was EUR 15.9 million, and thus steady year-on-year. In fruit preparations, EBIT earnings were up significantly from the year-earlier value, thanks primarily to a positive business performance in the Europe and Russia regions. Contrasting with this, an earnings deterioration in the fruit juice concentrate business resulted from lower delivery volumes in combination with lower contribution margins for apple juice concentrates made from the 2020 crop.

STARARCH segment

Revenue in the Starch segment rose significantly compared to the first quarter of the prior year, to EUR 234.6 million. One year after the onset of the Covid-19 pandemic, signs of recovery were visible in the starch markets. Higher core product and by-product volumes were demanded than in the same period of the previous year. At the same time, the selling prices of most core products remained at the low general level of the prior year. Ethanol prices recovered due to increased petrol demand and averaged EUR 587 per cubic metre, or EUR 95 more than in the 2020|21 comparative period. EBIT amounted to EUR 11.5 million in the first quarter and was thus significantly lower than one year earlier, owing mainly to sharply higher grain prices for the 2020 harvest.

SUGAR segment

The Sugar segment's revenue of EUR 150.5 million in the first quarter was up slightly from one year before. The increase was driven by higher sales of beet seed and other agri-products. The EBIT result fell significantly from the year-ago quarter to a deficit of EUR 6.5 million. This was attributable to significantly lower sugar sales volumes than in the first quarter of the prior year, when purchases in the reseller sector amid Covid-19 had been higher than average as consumers stocked up in anticipation of shortages. In the 2020 sugar campaign last year, AGRANA's own production was again below average due to pest damage, especially in Austria. The resulting lower margin from the necessary compensatory reselling and refining of sugar was another key reason for the weaker Sugar EBIT performance in the first quarter of this financial year.

The detailed financial results are provided in the interim statement for the first quarter of 2021|22 at <https://www.agrana.com/en/investor/> [<https://www.agrana.com/en/investor/>].

Outlook

Despite the continuing substantial challenges resulting from the Covid-19 pandemic, the AGRANA Group expects its EBIT to rise significantly in the 2021|22 financial year. Group revenue is projected to show moderate growth.

Total investment across the Group this year, at approximately EUR 90 million, is to exceed the 2020|21 level, while being significantly below this year's budgeted depreciation of about EUR 121 million.

About AGRANA

AGRANA converts agricultural raw materials into high-quality foods and numerous industrial intermediate products. About 9,000 employees at 56 production sites worldwide generate annual Group revenue of approximately EUR 2.5 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 in German and English at www.agrana.com [<https://www.agrana.com/en/>].

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