



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

# AGRANA Beteiligungs-AG

## RS Brussels|Amsterdam (Berenberg Bank)

10 November 2010

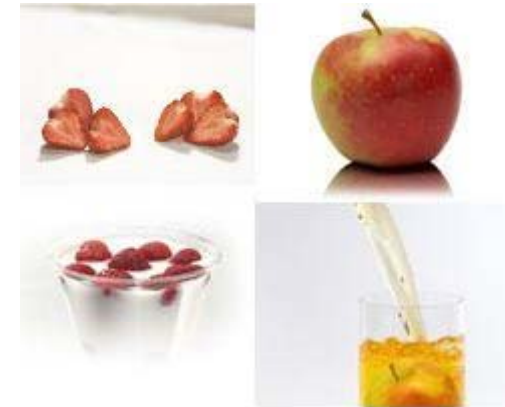


**SUGAR. STARCH. FRUIT.**

# 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

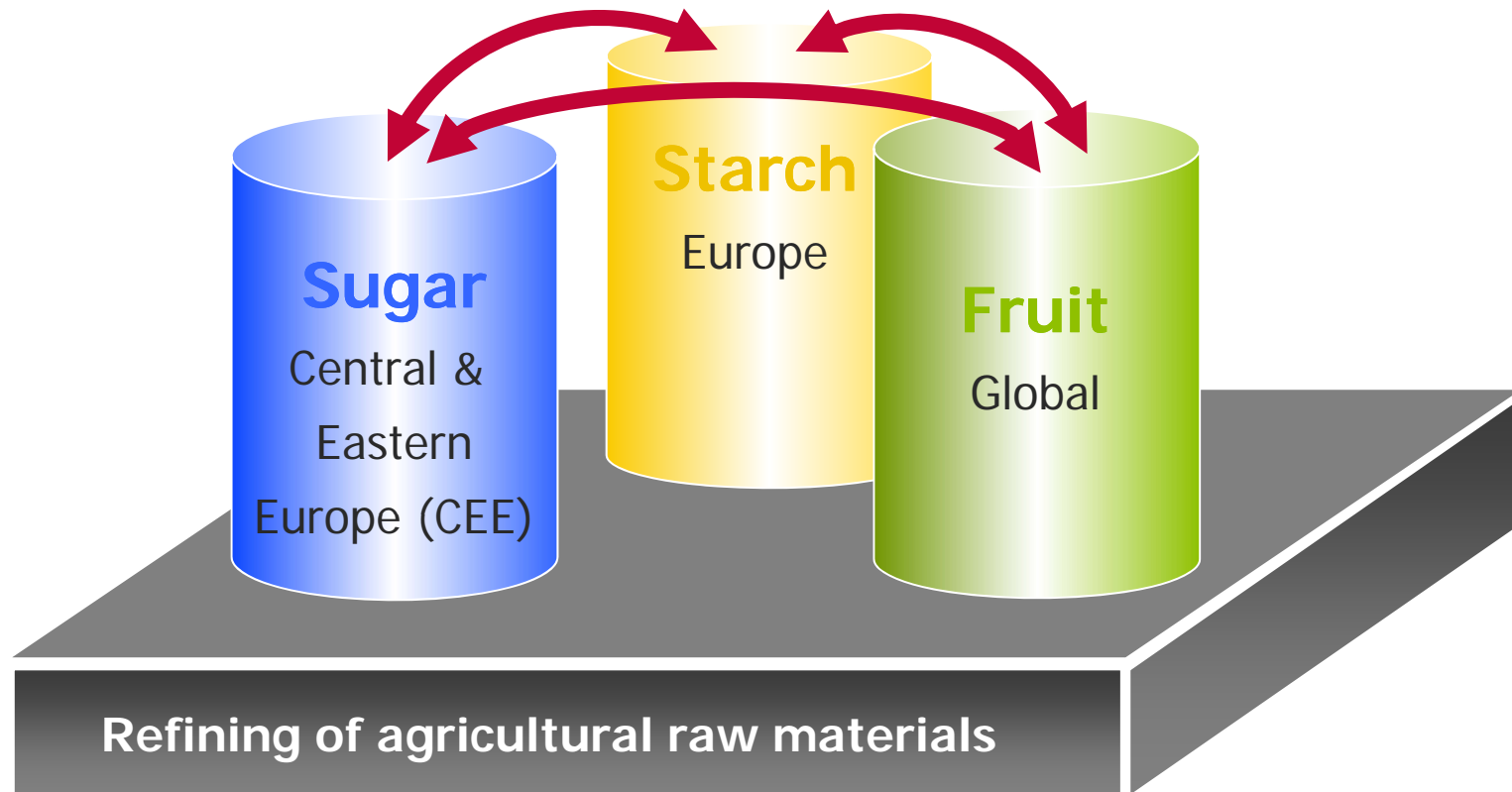
- Fruit juice concentrates (20 % of segment revenue) customers are fruit juice and beverage bottlers and fillers.
- Fruit preparations (80 % of segment revenue) are specially customized products for
  - the dairy industry
  - the baked products industry
  - the ice-cream industry

# Strategy

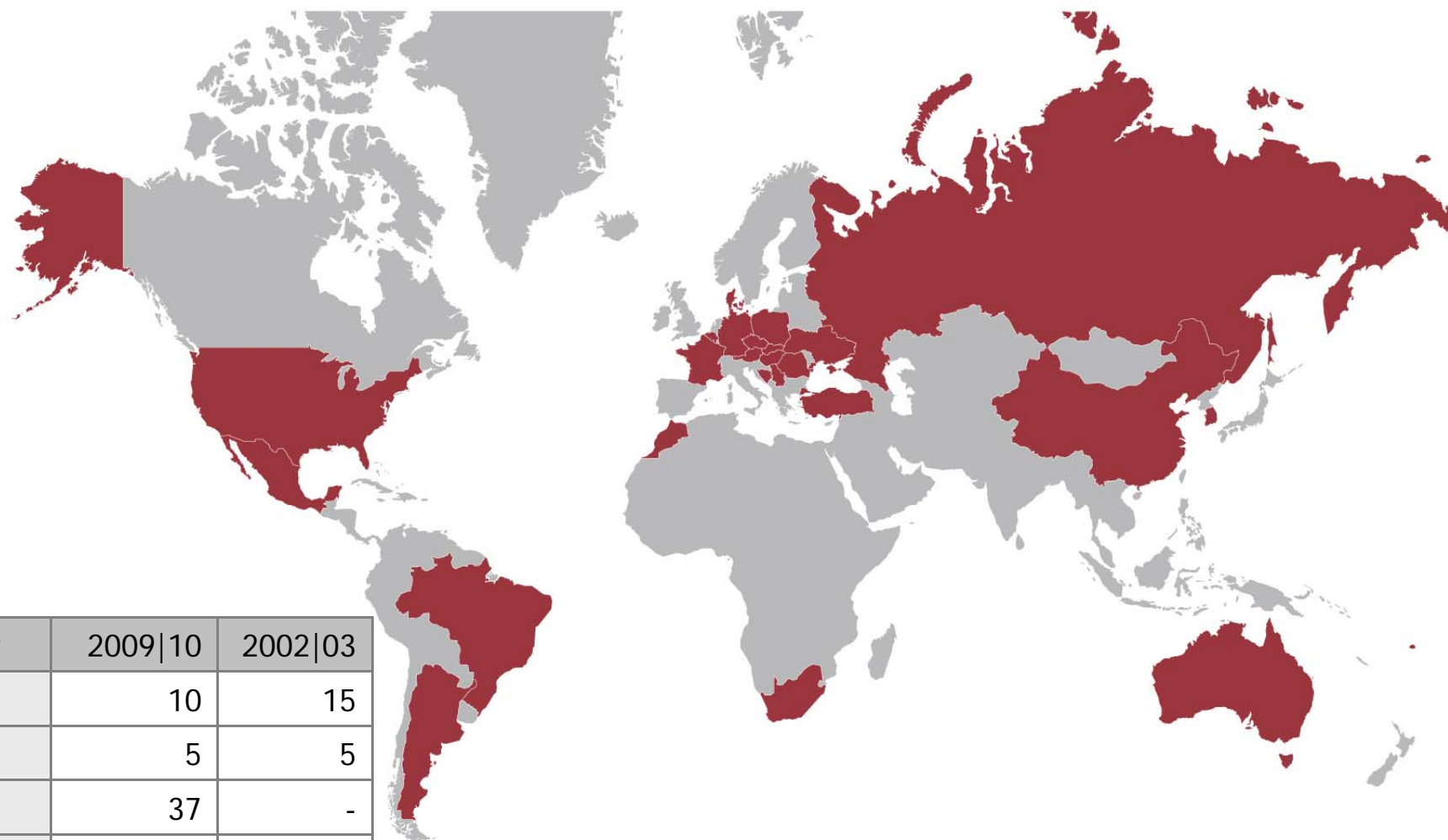


Investor and customer value from:

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



# Production Sites



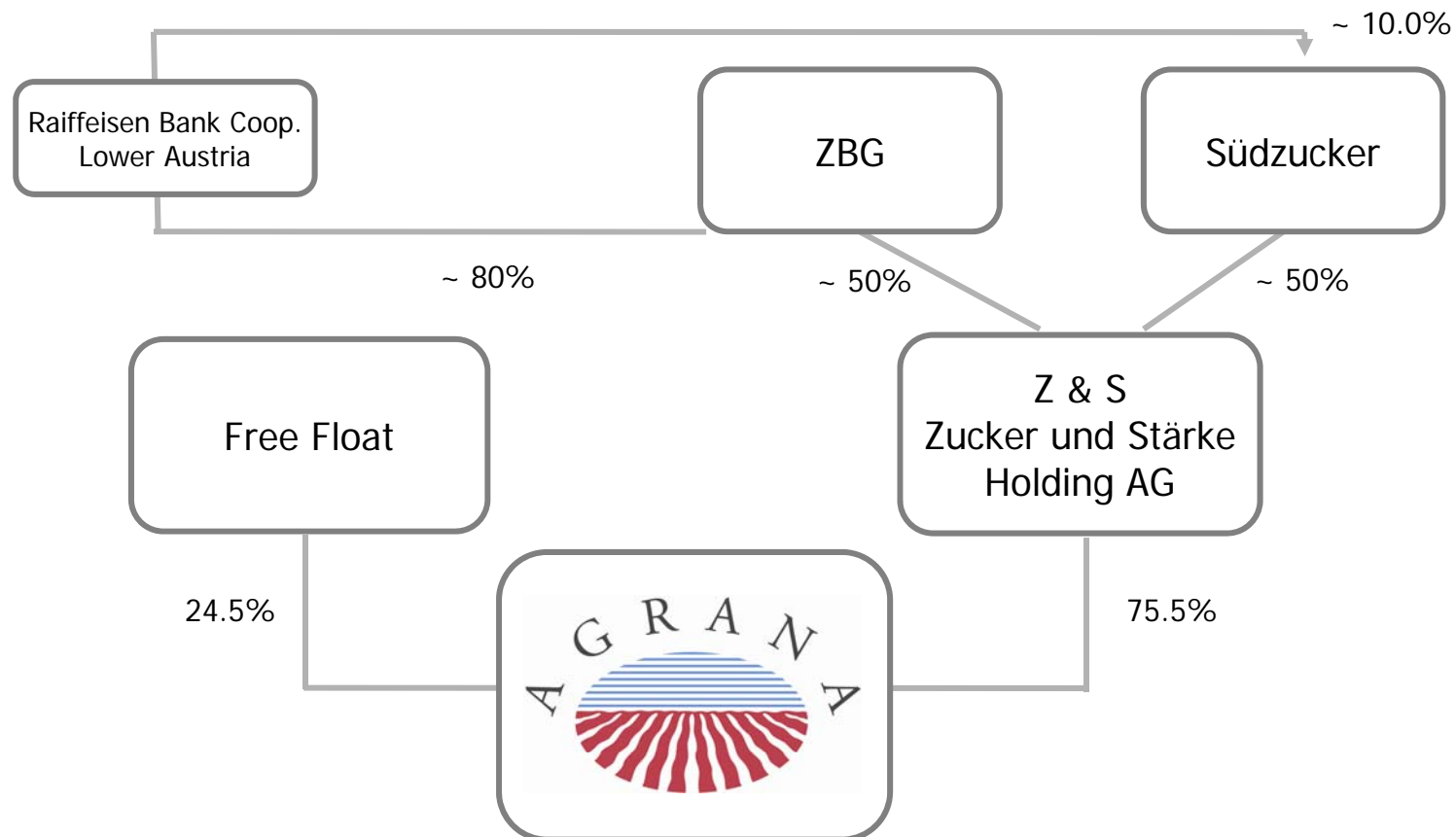
Segment	2009 10	2002 03
Sugar	10	15
Starch	5	5
Fruit	37	-
<b>TOTAL</b>	<b>52</b>	<b>20</b>

# Shareholder Structure



Shares outstanding: 14,202,040

Market capitalisation (as of 8 Nov. 2010): € 1,038.2 million



# Market position and main drivers



## Market position

Leading producer in Central and Eastern Europe



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



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

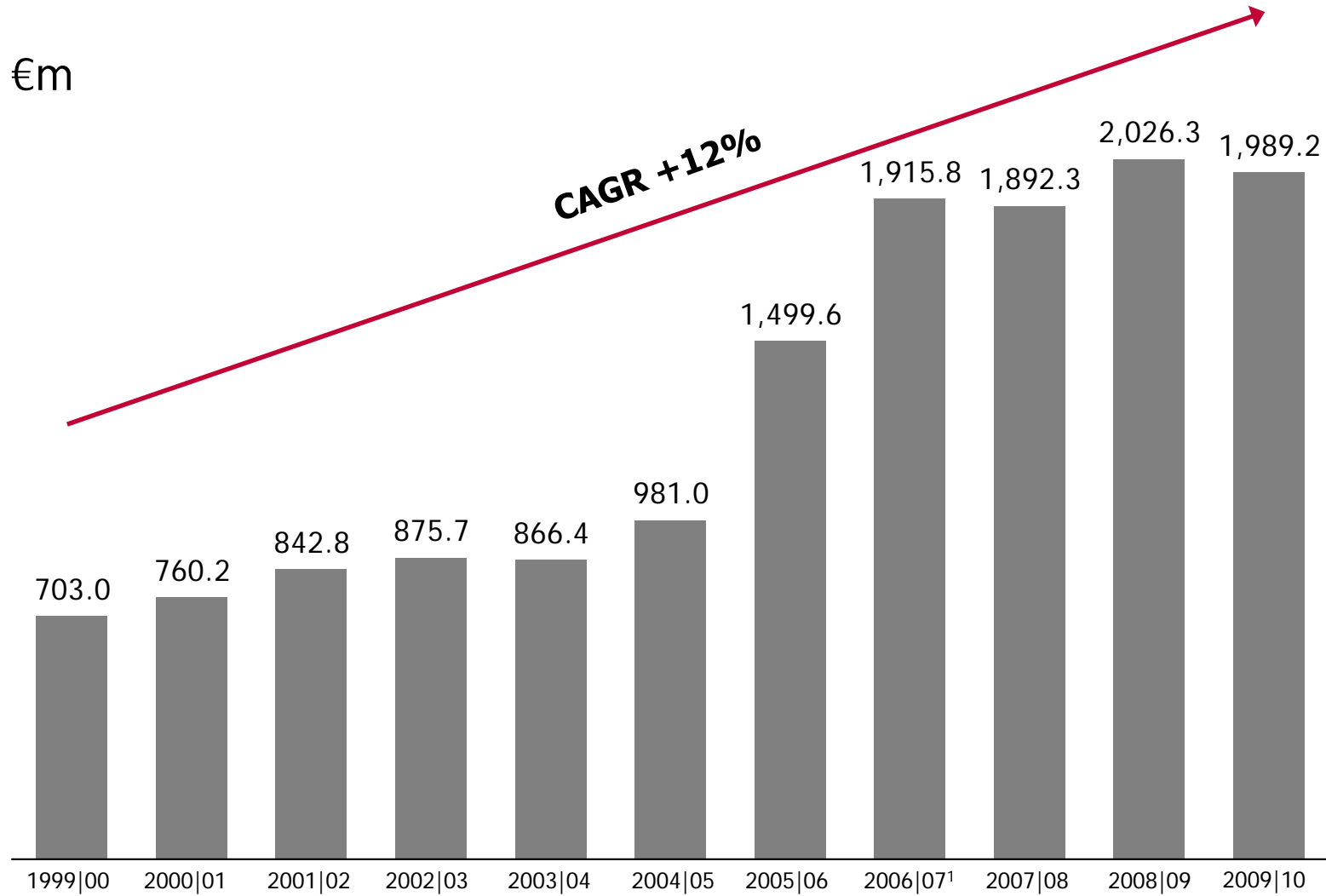
## Main drivers

- End of transition period of the EU sugar regime
- Healthy supply and demand situation within European sugar market
- Full exploitation of installed capacities in starch, isoglucose and bioethanol
- Legal framework for mandatory bioethanol blending triggers market potential and long-term growth
- 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

# Revenue Evolution



€m

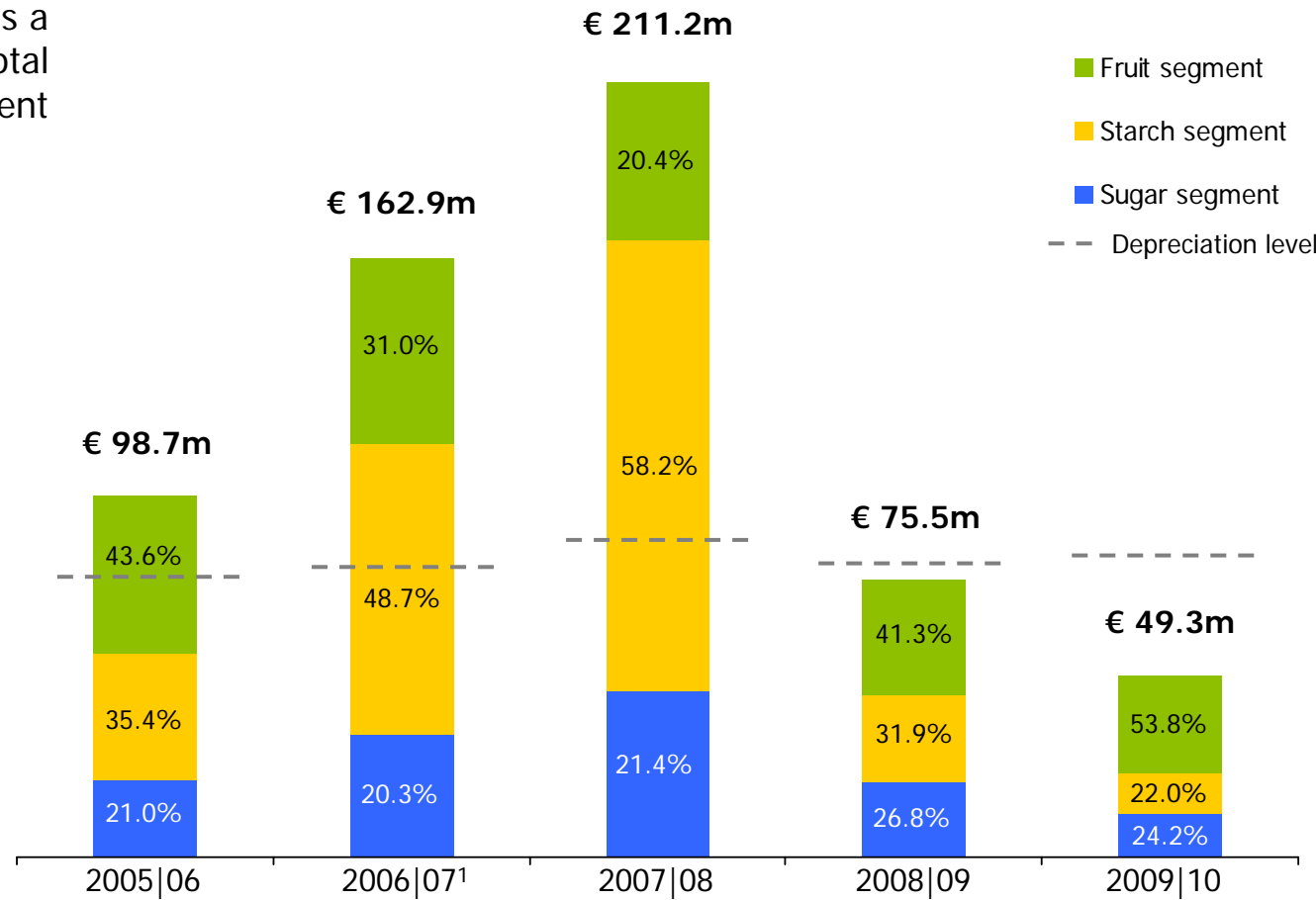


<sup>1</sup>) incl. 14 months Segment fruit

# Total Investment Evolution



€m and as a  
% of total  
investment



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



# Financial Highlights H1 2010|11



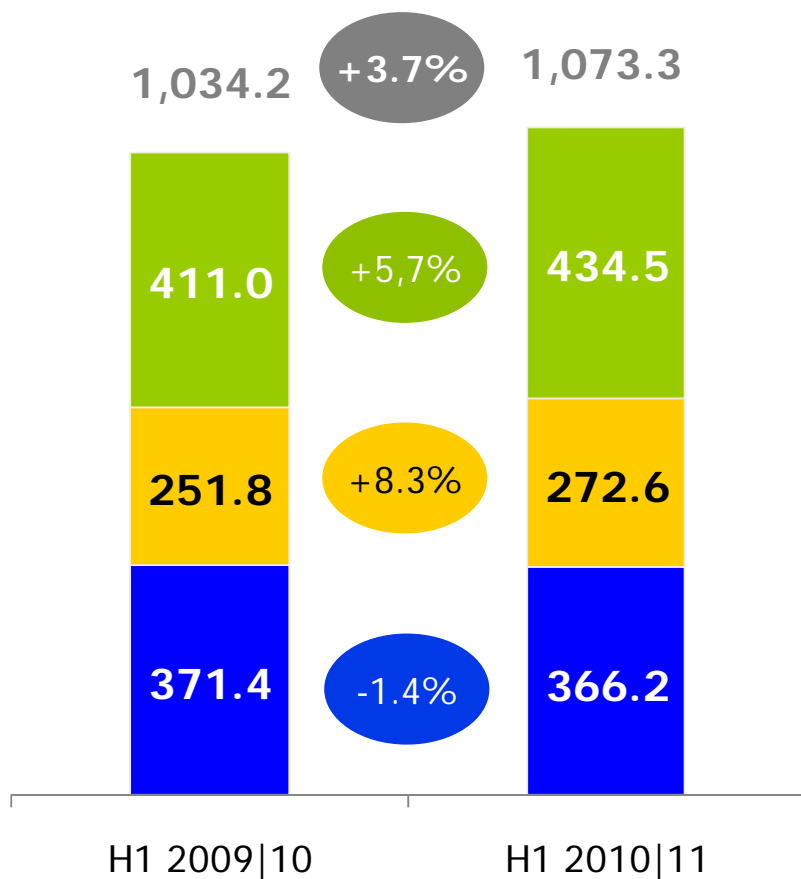
## Further improvement of business performance

- ➔ Group revenue up by 3.8% to € 1,073.3m (H1 2009|10: € 1,034.2m)
- ➔ Operating profit after exceptional items up to € 64.8m (H1 2009|10: € 43.9m)
- ➔ Operating margin rose to 6.0% (H1 2009|10: 4.2%)
- ➔ Equity ratio of 51.4% (YE 2009|10: 47.9%)
- ➔ Reduction of Net debt from € 376.6m (YE 2009|10) to € 300.2m
- ➔ Gearing of 32.8% (YE 2009|10: 41.6%)
- ➔ AGRANA included in the VÖNIX Austrian sustainability index
- ➔ Guidance for FY 2010|11 confirmed -> slight increase of Group revenue and rise of operating profit after exceptional items

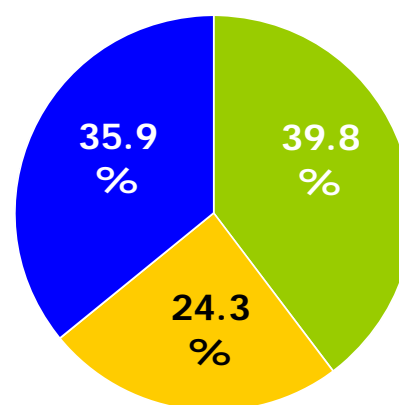
# H1 19|11: AGRANA's Revenue by Segment



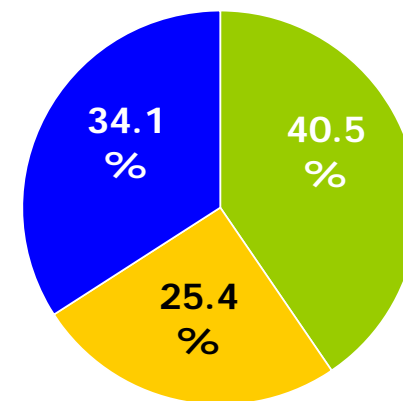
€m



- Fruit
- Starch
- Sugar



H1 2009|10

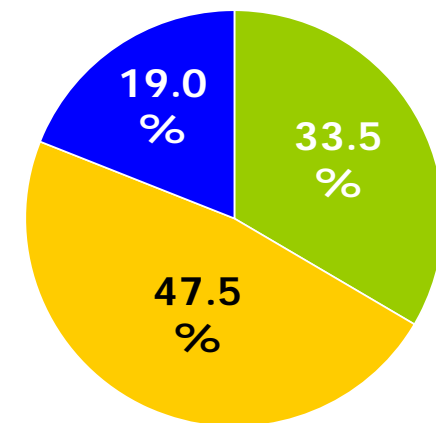
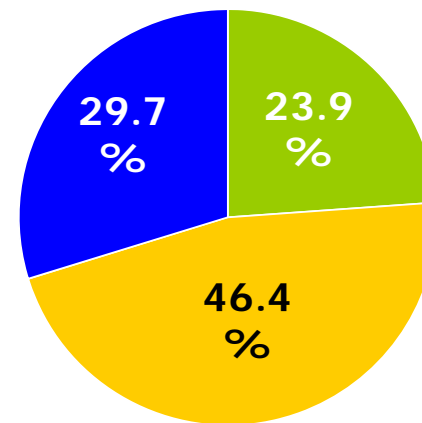
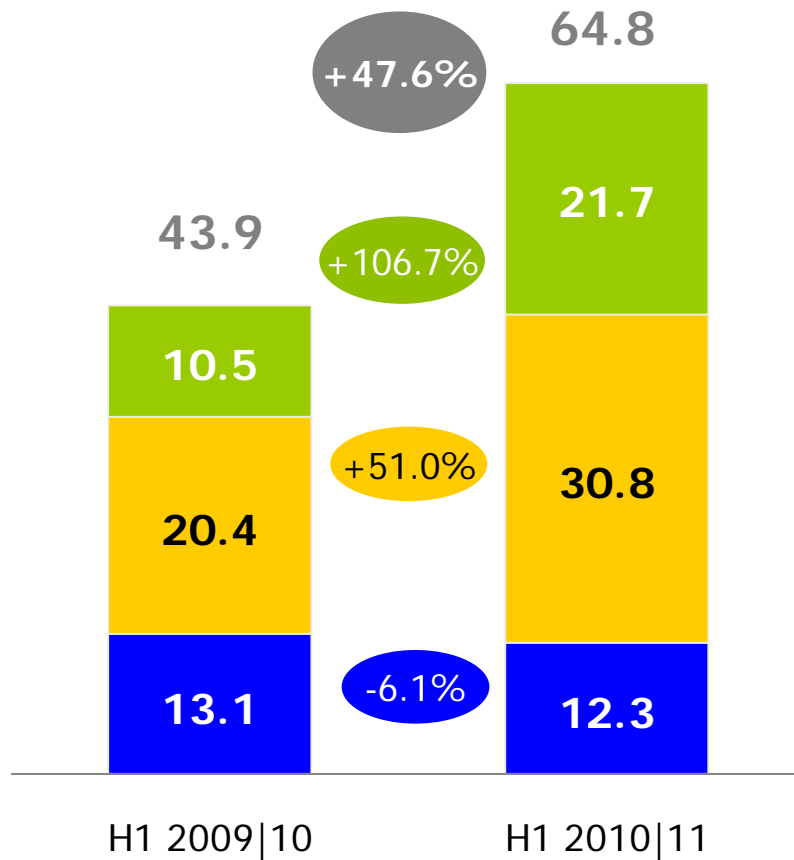


H1 2010|11

# H1 10|11: AGRANA's Operating Profit by Segment



€m



# Key Drivers for H1 2010|11



## SUGAR Segment

- Lower sales prices for quota sugar
- Increase in non-quota sugar revenue
- Raw material cost increases in the refining business

## STARCH Segment

- Higher sales volumes
- Volumes overcompensated lower prices
- Good performance of the bioethanol business

## FRUIT Segment

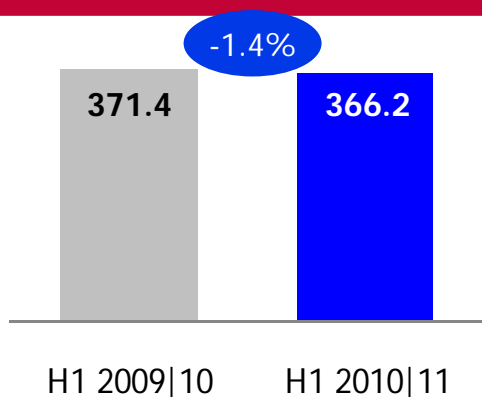
- Increased sales quantities of fruit preparations and juice concentrates
- Higher volumes compensated lower average sales prices
- Profit growth due to increased volumes and cost reductions



# SUGAR Segment Highlights H1 2010|11



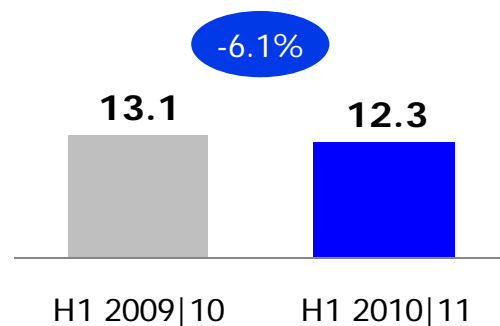
## Revenue €m



### Revenue of € 366.2m

- Slight decrease in sugar revenue
- Prices of quota sugar below prior year
- Increase in non-quota sugar volumes and prices

## Operating Profit €m



### Operating Profit of € 12.3m

- Stable operating margin of 3.4% (H1 09|10: 3.5%)
- Higher world market prices:
  - Positive impact on NQS-sales
  - Negative impact on the costs for the refineries which could not be transferred into a satisfactory product price 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:

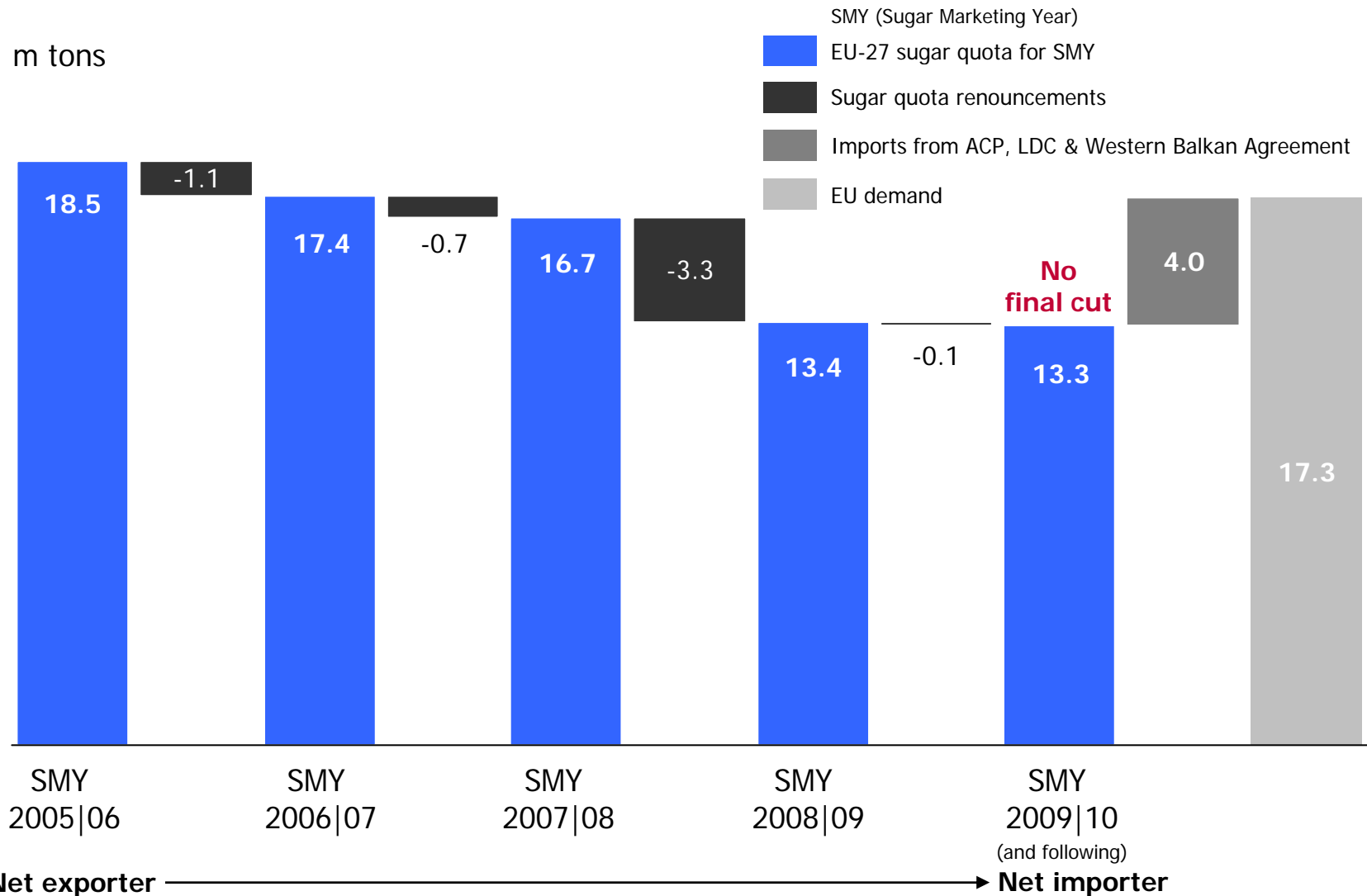
- (1) AGRANA beet quota for 2009|10 Sugar Marketing Year (SMY)
- (2) Capacity for refined raw sugar (50:50 joint venture)

## 7 sugar plants and 2 raw sugar refineries



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

# Reform Process of EU Sugar Regime

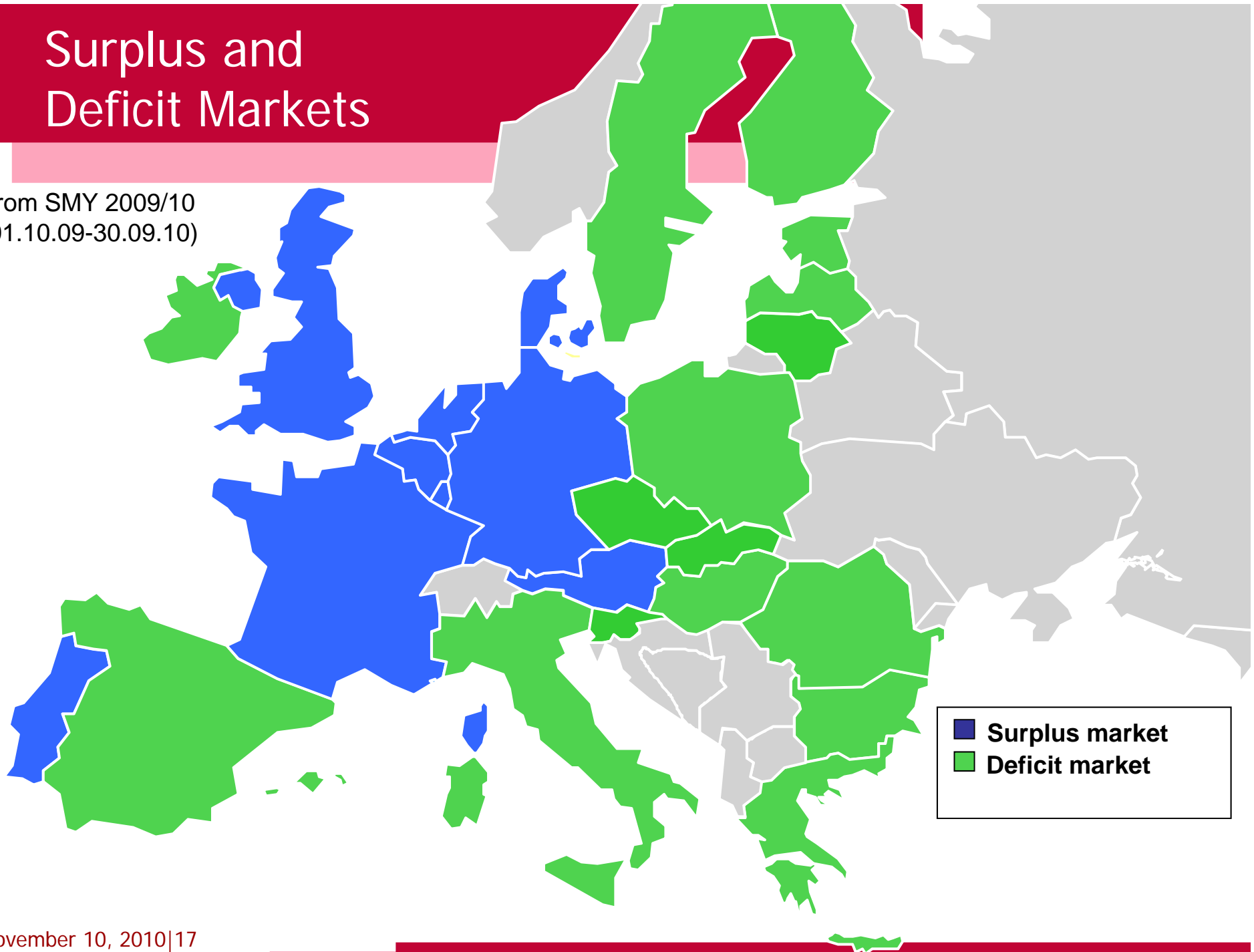


November 10, 2010|16



# Surplus and Deficit Markets

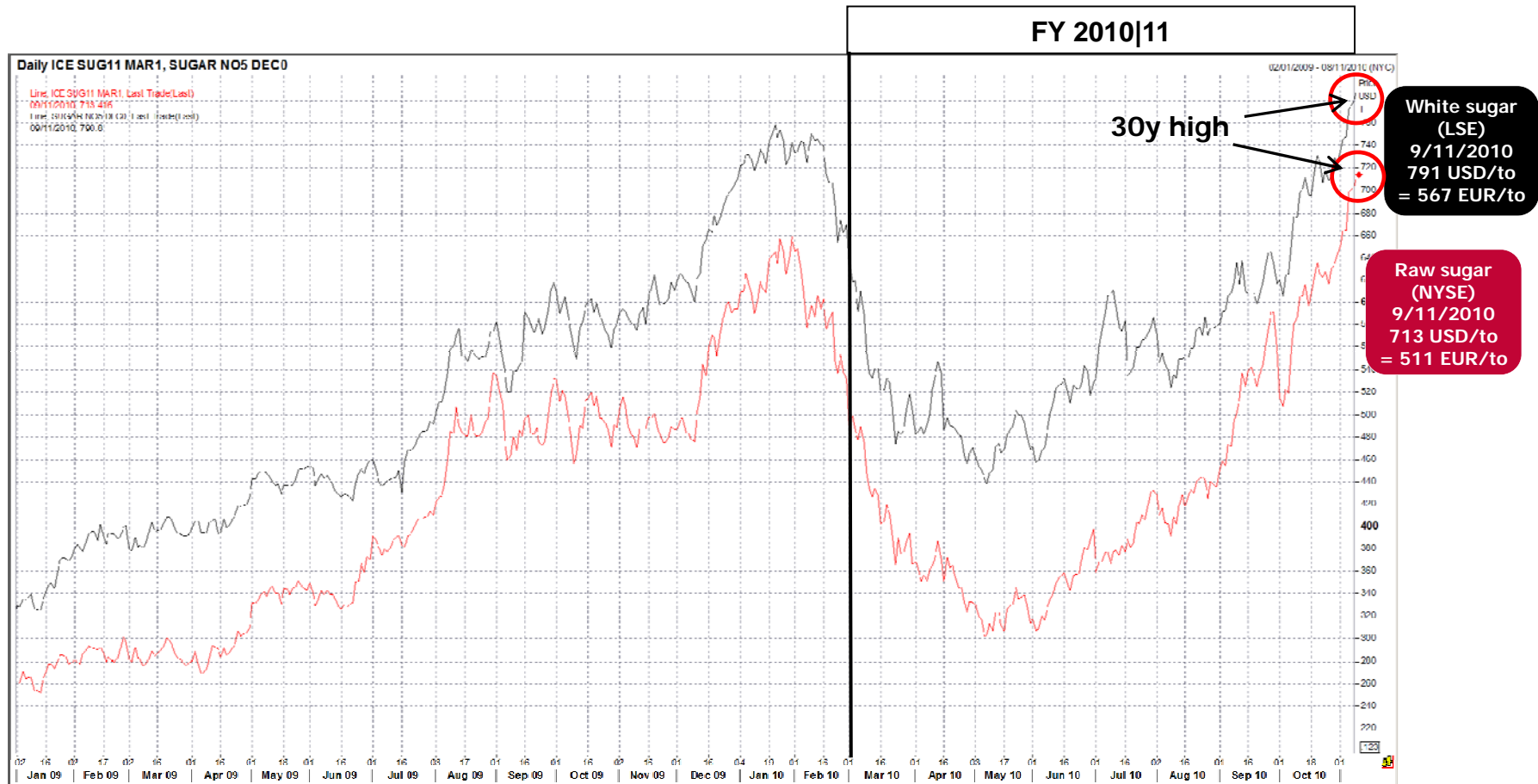
From SMY 2009/10  
(01.10.09-30.09.10)



November 10, 2010|17

# Quotation for Raw Sugar & White Sugar

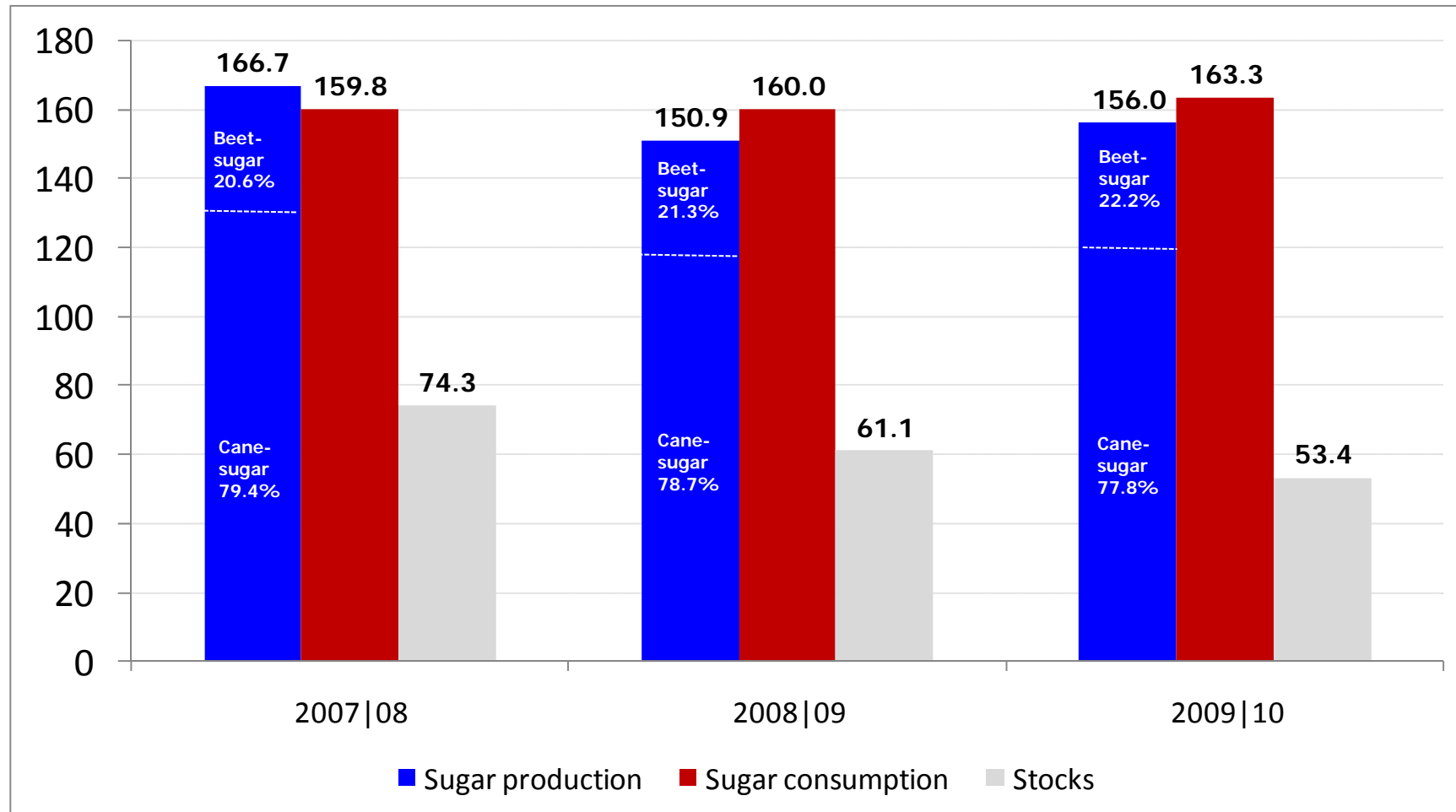
January 1, 2009 – November 9, 2010 (USD)



# World-Sugar-Production & -Consumption



Million tons

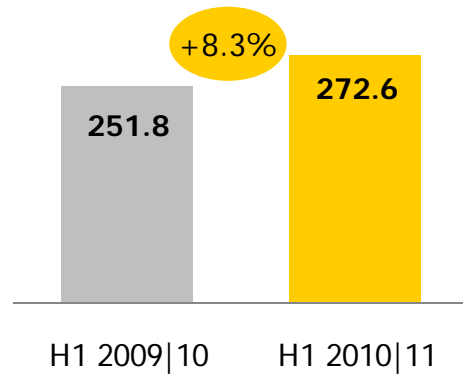




# STARCH Segment Highlights H1 2010|11



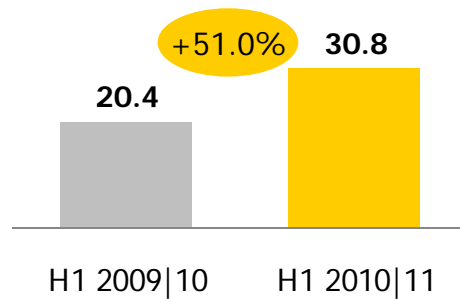
## Revenue €m



### Revenue of € 272.6m

- Sales volumes increase in all product and by-products categories
- Higher sales volumes compensated lower sales prices
- Bioethanol sales volumes and sales prices exceeded last year's level

## Operating Profit €m



### Operating profit increased to € 30.8m

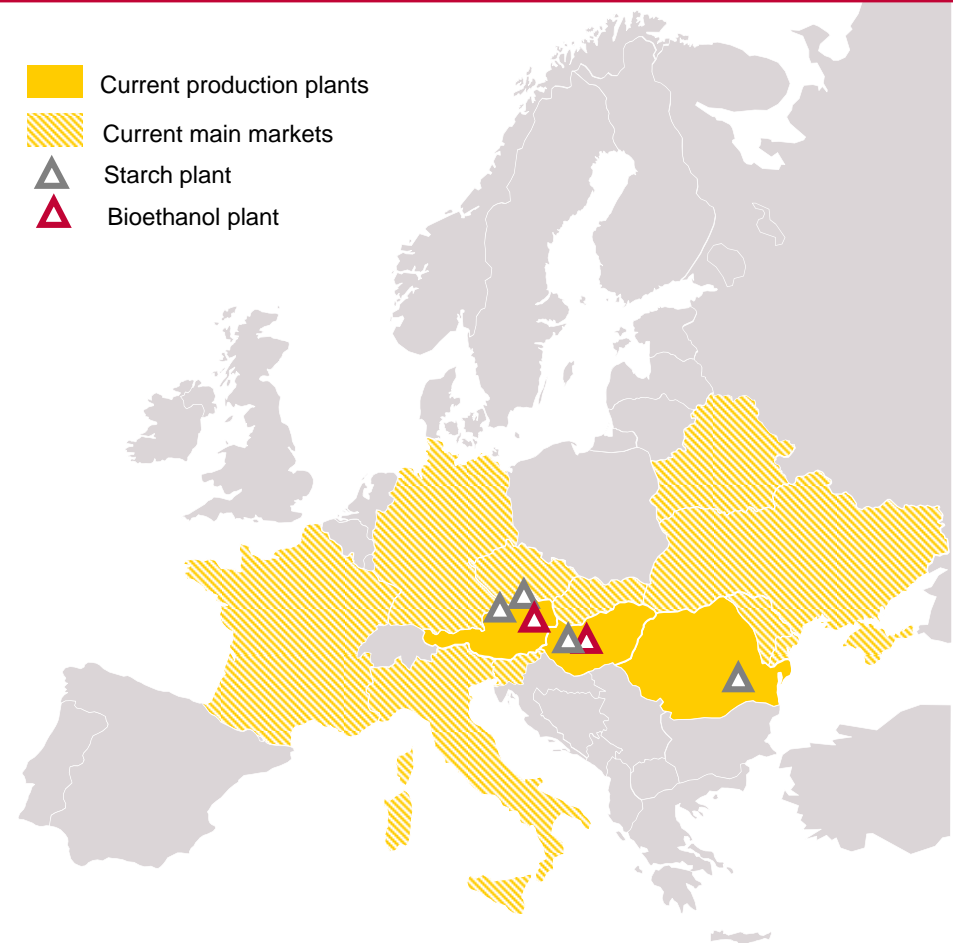
- Rise in volumes and a moderate raw material price level had a positive impact on the operating margin (increase to 11.3% after 8.1% in prior year)
- Increased performance of Bioethanol in Austria

# STARCH Segment Market Position

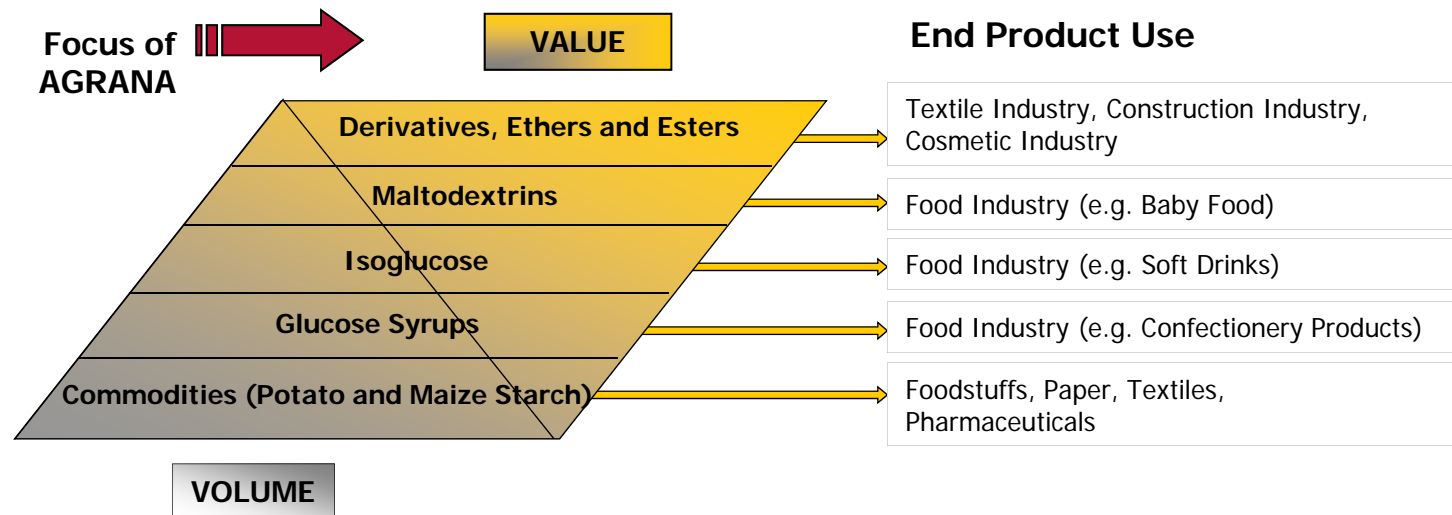


## 4 Starch plants and 2 Bioethanol plants

- 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



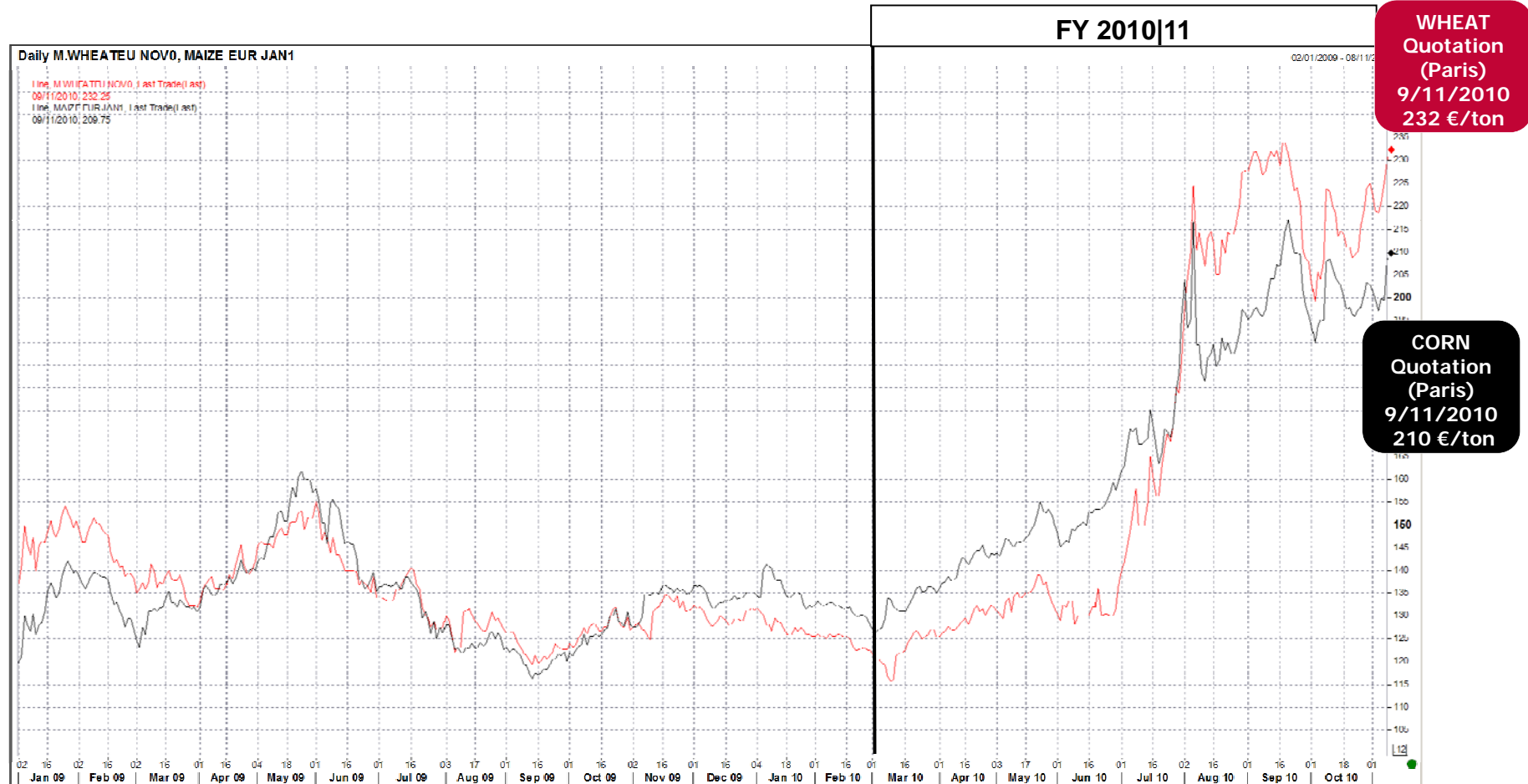
# STARCH Segment Specialisation strategy



- 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

# Price Development of Cereals

January 1, 2009 – November 9, 2010 (EUR)

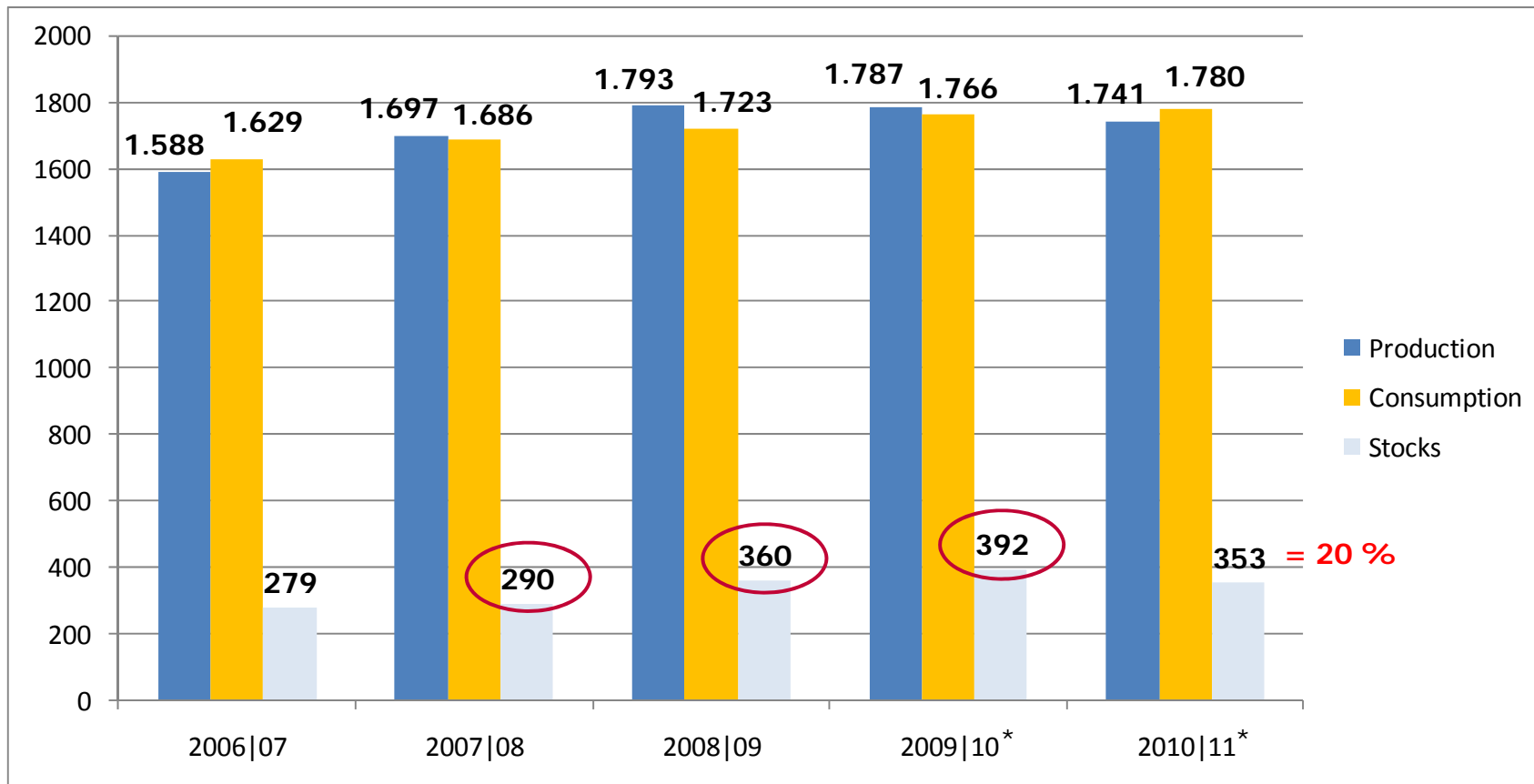




# World-Grain-Production & -Consumption



Million tons



source: IGC, 24 September 2010, \*Forecast

⇒ International grain stocks increased 3 years in row

Critical stocks limit at 20 % of consumption

# 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



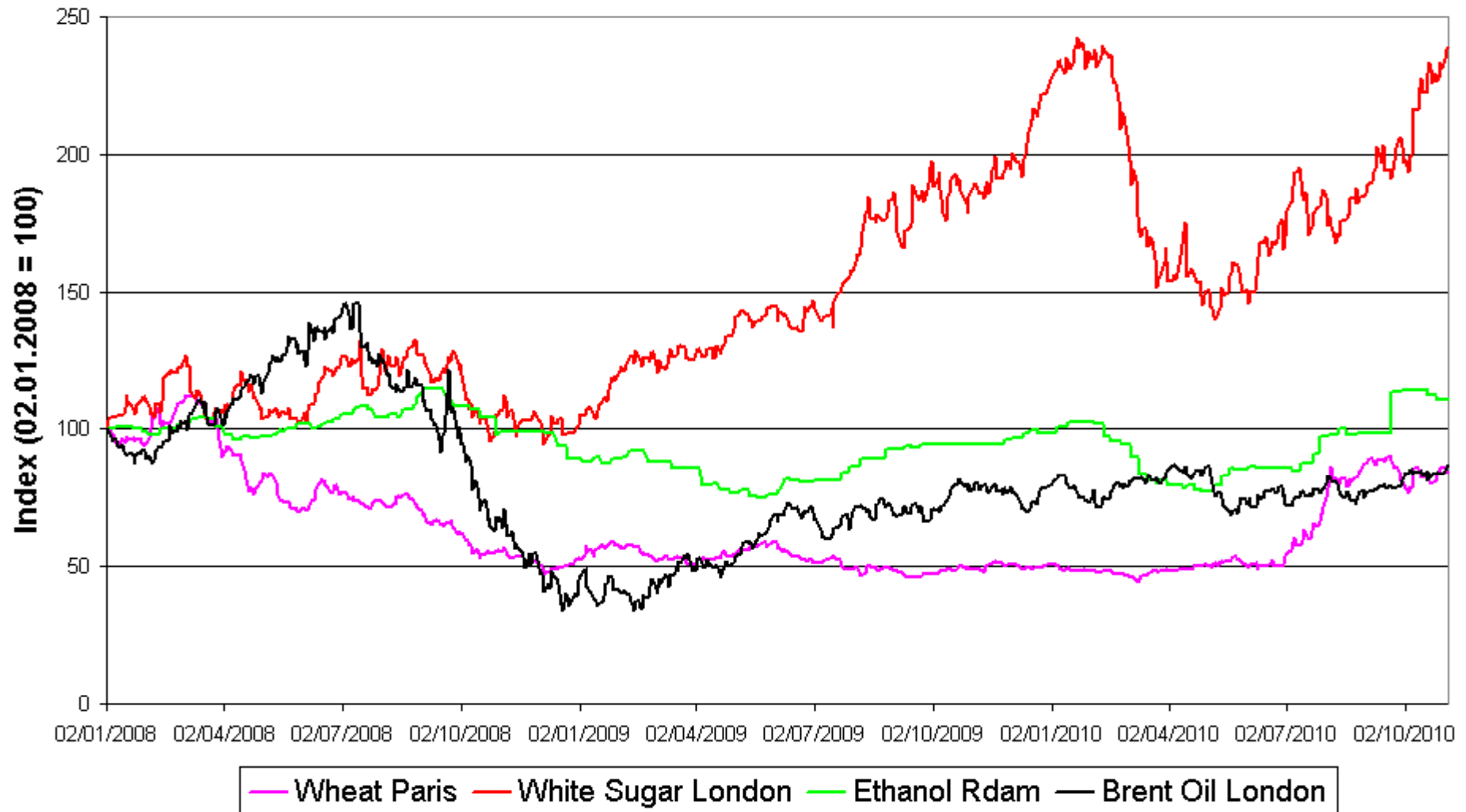
# The Legal Framework for Bioethanol



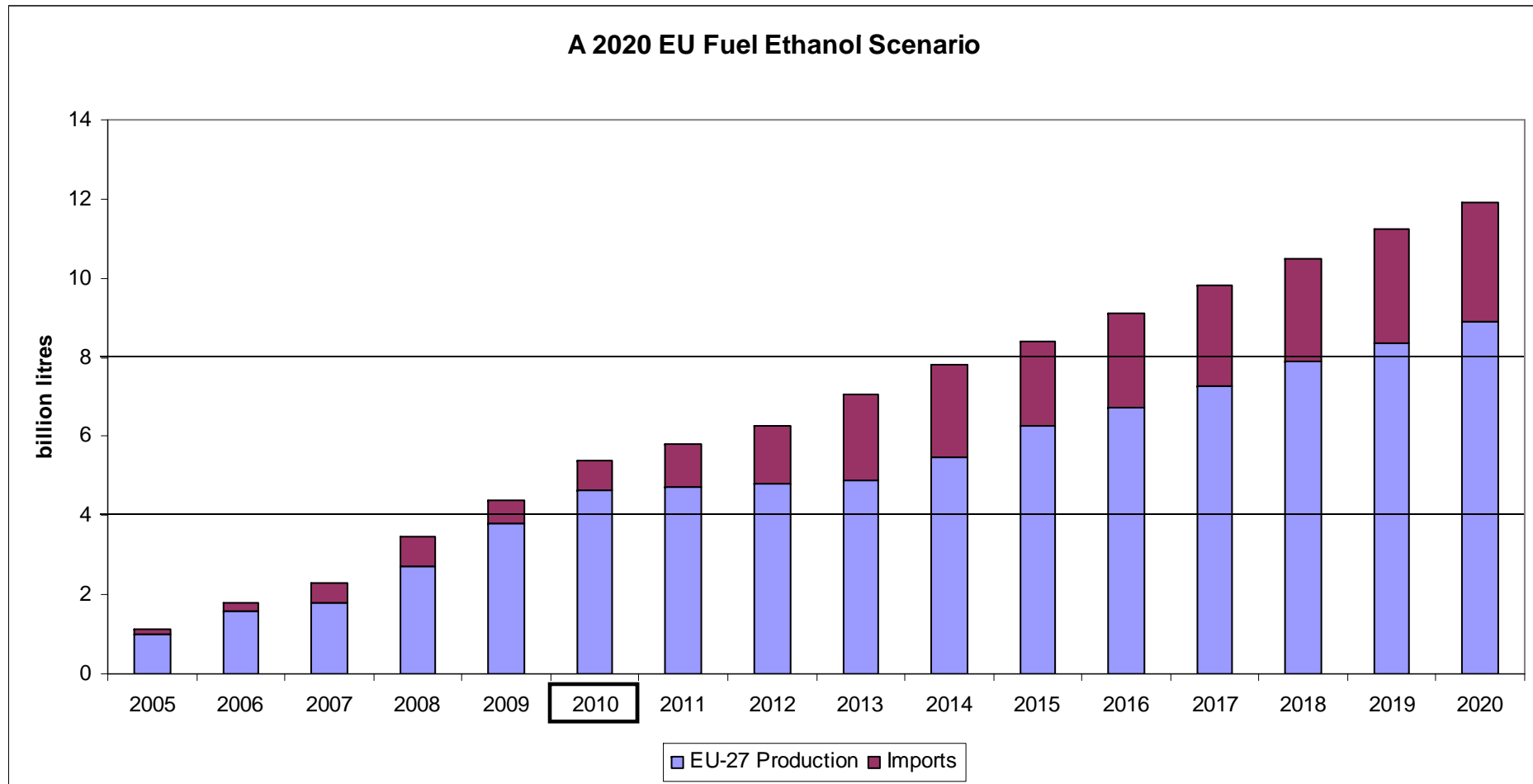
- „Biofuels-Directive“ 2009/28/EC (March 2009):
  - 2005 -> 2%
  - 2010 -> 5.75%
  - 2020 -> 10%
- Implementation in Austria:
  - Obligatory substitution (energetic):
    - 1 Oct. 2005 -> 2.5%
    - 1 Oct. 2007 -> 4.3%
    - 1 Oct. 2008 -> 5.75%
  - Exemption from mineral oil tax since 1 October 2007 in gasoline with a minimum of 4,3 Vol%\* and 85 Vol% ethanol content
    - \* corresponds to 3,3 cts/l gasoline
- 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

# Price Correlation

January 2008 – November 2010



# Development of Ethanol Demand until 2020



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

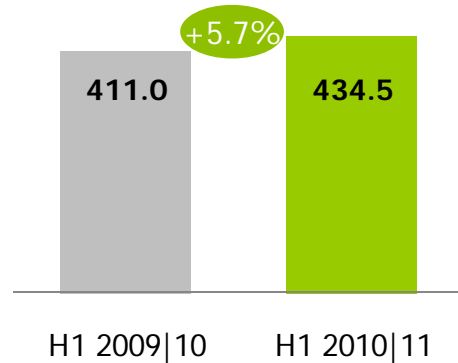


FRUIT.

# FRUIT Segment Highlights H1 2010|11



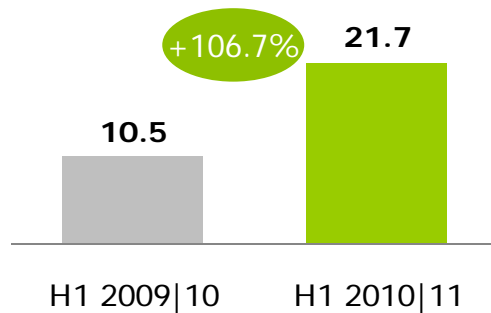
## Revenue €m



### Revenue of € 434.5m

- Increased sales volumes of fruit preparations and juice concentrates more than compensated the lower sales prices
- Growth regions for fruit preparation are Russia, USA and Asia-Pacific
- Apple juice concentrate price slightly up

## Operating Profit €m



### Operating profit raised to € 21.7m

- Increased profitability due to higher sales volumes in combination with further cost improvement measurements
- Operating margin of 5.0% (H1 09|10: 2.6%)

# FRUIT Segment Market Position



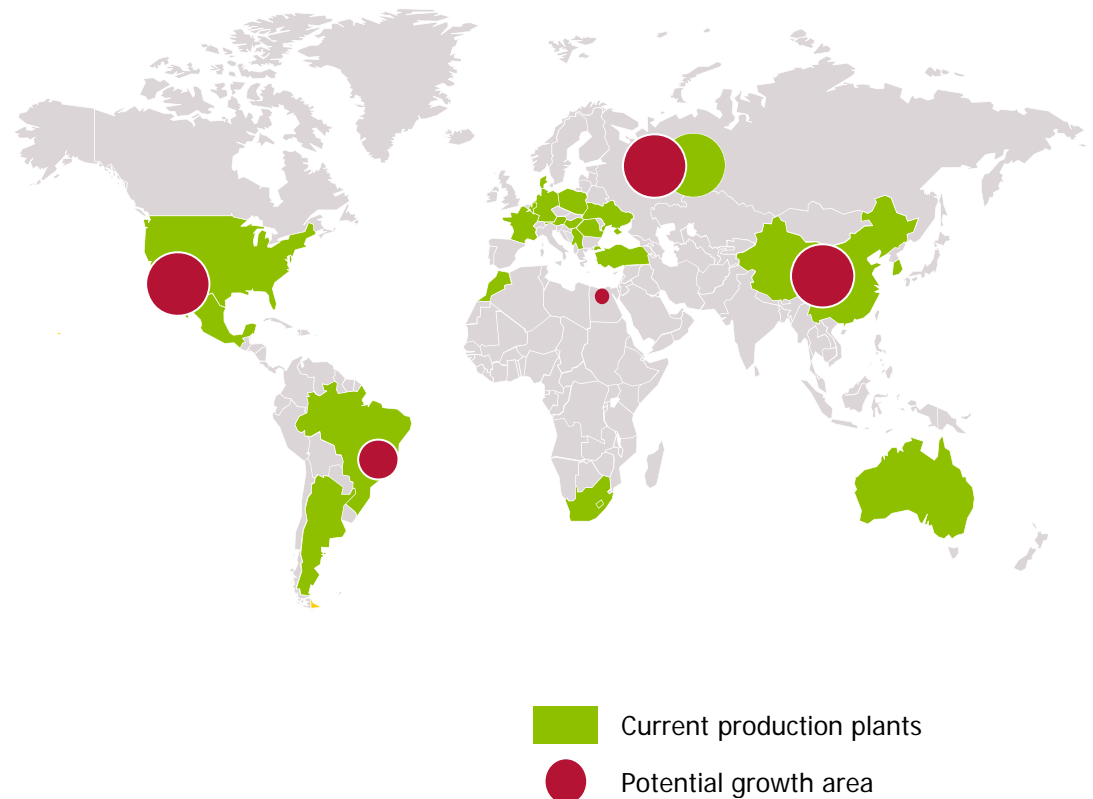
## Fruit Preparations

- 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



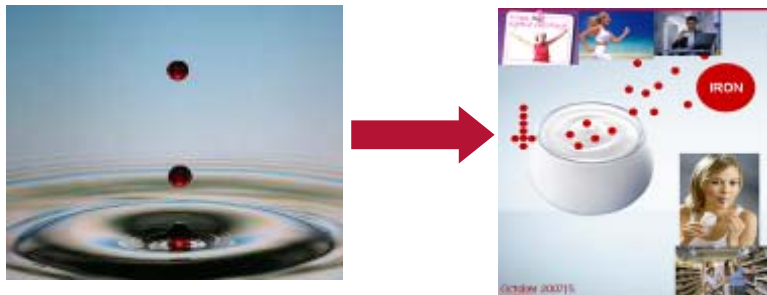
- Based on fresh fruits
- Production in the growing area of the fruits (water content and quality of the fruits don't allow far transports)
- Customers: bottling industry
- Shelf life of fruit juice concentrates ~ 2 years -> can be shipped around the world

# Fruit 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.)



# Growth Projects

## Fruit preparation business



### Egypt

- Market expansion in North Africa & Middle East
- Cooperation with a local company in Cairo (49 %)
- JV-Start Up (51:49) in June 2010
- Planned production start in Q4 2010|11
- Investment in a production line for FP
- Use of existing infrastructure and factory hall of JV Partner



### South Africa (Johannesburg)

- Building a second production plant for fruit preparations
- Securing its market share and expanding the customer portfolio (diversification in beverage industry)
- Market proximity (transportation cost benefit)





## Financial Results H1 2010|11



SUGAR. STARCH. FRUIT.

# Consolidated Income Statement

(based on IFRS)



Key P&L figures €m	Q2 2010   11	Q2 2009   10	H1 2010   11	H1 2009   10
Revenue	<b>532.9</b>	528.0	<b>1,073.3</b>	1,034.2
Operating profit before exceptional items	<b>30.5</b>	23.9	<b>64.8</b>	43.9
Exceptional items	<b>0</b>	0	<b>0</b>	0
Operating profit after exceptional items	<b>30.5</b>	23.9	<b>64.8</b>	43.9
Net financial items	<b>(9.8)</b>	1.5	<b>(16.0)</b>	2.4
Profit before tax	<b>20.7</b>	25.4	<b>48.7</b>	46.4
Income tax (expense)	<b>(3.3)</b>	(7.3)	<b>(11.4)</b>	(11.6)
Profit for the period	<b>17.4</b>	18.1	<b>37.4</b>	34.8

# Consolidated Balance Sheet



Key figures €m	31 August 2010	28 February 2010
Non-current assets	<b>994.1</b>	1,003.7
Current assets	<b>786.2</b>	884.2
Total equity	<b>914.9</b>	904.7
Non-current liabilities	<b>267.7</b>	288.2
Current liabilities	<b>597.7</b>	695.0
Balance sheet total	<b>1,780.3</b>	1,887.9
Equity ratio	<b>51.4%</b>	47.9%
Net financial debt	<b>300.2</b>	376.6
Gearing	<b>32.8%</b>	41.6%

# Consolidated Cash Flow Statement



€m	H1 2010   11	H1 2009   10
Net cash from operating activities	<b>122.9</b>	122.5
Net cash used in investing activities	<b>(14.5)</b>	(9.9)
Net cash used in financing activities	<b>(92.7)</b>	(81.3)
Net increase in cash and cash equivalents	<b>15.8</b>	31.3



## Outlook



SUGAR. STARCH. FRUIT.



# Outlook AGRANA Group FY 2010|11



- Slight increase of Group revenue 2010|11 with higher sales volumes and increased sales prices in H2 2010|11 expected
- Improved operating profit 2010|11 by
  - Savings in purchasing
  - Cost management
  - Sales optimisation
  - Although the increasing cereal prices impact profitability in H2 2010|11
- CAPEX € 60m (vs depreciation of € 80m)

# Segment Outlook FY 2010|11



## SUGAR Segment

- Sugar quotas met
- Out of Quota-sugar available, export licences fixed
- Quota-sugar sales prices stabilise now
- Lower revenue, due to volumes, in the refining countries expected

## STARCH Segment

- Upward trend for speciality starches (Non-Food)
- Rising raw material costs (wheat, corn) put high first half-year's margin under pressure
- Higher sales prices in second half of 2010|11 negotiated

## FRUIT Segment

- Positive sales volume development for fruit preparations
- Increased raw material prices will put pressure on margins in second half of 2010|11 which have to be transferred into new product prices
- Volume growth, increasing cost and price levels in the fruit juice concentrate business

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