



keywords: Financial Figures/Balance Sheet/6-month report

**euro adhoc: AGRANA Beteiligungs-AG / Financial Figures/Balance Sheet / AGRANA - After raw-materials-induced loss in first six months, significant improvement is expected in second half of 2008|09
Good crops in 2008 have put an end to high raw material prices**

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At AGRANA, the international sugar, starch and fruit group, the first half of the 2008|09 financial year was defined by high raw material and energy prices. The resulting decrease in margins, along with one-time expenses for a write-down on apple juice concentrate inventories, led to a loss for the period despite a number of countermeasures taken. For the second half of 2008|09, AGRANA expects a considerable improvement in profitability, driven both by the reduction in raw material prices thanks to the new crops, and by remedial action that is already producing results. From the coming 2009|10 financial year onwards, earnings are expected to return to the stronger levels of the last several years.

The first half of the 2008|09 financial year (1 March to 31 August 2008) saw revenue grow by 12.0% to EUR 1,045.5 million (H1 2007|08: EUR 933.3 million). Despite a decrease of 6.2%, the largest revenue contribution came from the Fruit segment, at EUR 408.3 million, followed by the Sugar segment (with revenue up 4.5% to EUR 383.6 million) and the Starch segment (with a revenue increase of about 93.6% to EUR 253.6 million, from EUR 131 million).

In Fruit and Starch, AGRANA had to source its raw materials at extremely high prices from the poor 2007 crops. The resulting cost increases could not be fully passed through to the market. Additionally, the dramatic erosion in sales prices of apple juice concentrate required a downward revaluation of apple juice concentrate inventories to current market prices. This one-time expense amounted to EUR 32.4 million. Overall, the Group recorded an operating loss of EUR 7.8 million (H1 2007|08: operating profit of EUR 54.4 million) before exceptional items. After exceptional items, the operating loss was EUR 10.1 million (H1 2007|08: operating profit of EUR 52.8 million). Net financial items in the first six months of the year amounted to a net expense of EUR 8.0 million (H1 2007|08: EUR 2.8 million) and the Group registered a loss for the period of EUR 21.4 million (H1 2007|08: profit for the period of EUR 36.6 million).

Johann Marihart, Chief Executive Officer of AGRANA Beteiligungs-AG, commented: "To improve the current difficult situation, we are employing energy efficiency measures, have reduced investment to well below depreciation, and are emphasising rapid utilisation of the newly built production capacity." For the second half of the financial year, raw material prices for grains and fruits have already eased significantly thanks to the outlook for this year's crop. "We believe the bottom of the trough is behind us. Now that the legacy effects in the Juice business have been absorbed, we expect to return to significantly better earnings results in the second half of the year," said Marihart.

First half of the 2008|09 financial year

AGRANA - IFRS results for the six months ended 31 August

	First six months of 2008 09	First six months of 2007 08
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Revenue	EURm	1,045.5	933.3
Operating profit before exceptional items	EURm	(7.8)	54.4
Exceptional items	EURm	(2.3)	(1.6)
Operating profit after exceptional items	EURm	(10.1)	52.8
Profit/(loss) before tax	EURm	(18.1)	50.0
Profit/(loss) for the period	EURm	(21.4)	36.6
Earnings/(loss) per share	EUR	(1.39)	2.55
Staff count		8,617	8,950

Revenue by segment

EURm	First six months of 2008 09	First six months of 2007 08
Sugar segment	402.1	376.2
Starch segment	270.7	154.7
Fruit segment	408.3	435.1
Inter-segment eliminations	(35.6)	(32.7)
AGRANA Group revenue	1,045.5	933.3

Capital expenditure in the first half of 2008|09 was significantly reduced after the completion of the previous years' very large investment programme, to EUR 32.6 million (H1 2007|08: EUR 107.9 million).

Sugar segment

The Sugar segment grew its revenue to EUR 402.1 million, an increase of EUR 25.9 million from the first half of the prior year. The driving factor in the growth was an increase in quota sugar sales in the EU, as well as through exports to countries outside the European Union. At a profit of EUR 13.0 million, Sugar's contribution to operating profit was down slightly from the year-earlier level, as expected. The raw sugar refinery in Brcko, Bosnia, is currently in the process of being brought on stream, which entails corresponding launch costs.

Starch segment

Revenue in the Starch segment for the first six months of 2008|09 was EUR 270.7 million, or almost 75% higher than the year-earlier level of EUR 154.7 million. This growth was propelled by the increase in bioethanol production and also the inclusion of animal feed revenue, which in the prior year was still attributed to the Sugar segment. Operating profit before exceptional items fell to EUR 0.4 million (H1 2007|08: EUR 21.2 million) in the Starch segment. The reason was that the expensive wheat and corn (maize) from the prior-year harvest needed to be processed, yet the associated extra costs could not be passed through to customers for isoglucose and bioethanol.

Fruit segment

Dramatic price erosion in apple juice concentrate in the second quarter of the financial year drove down Fruit segment revenue by 6.2% to EUR 408.3 million. The write-down of apple juice concentrate inventories, combined with reorganisation expenses in the fruit and juice activities, caused a significant deterioration in Fruit segment operating earnings during the first half of this financial year, from the year-earlier profit of EUR 18.7 million to an operating loss of EUR 21.2 million before exceptional items.

Outlook

In its unchanged projection for the full 2008|09 financial year, AGRANA continues to expect an increase in Group revenue to more than EUR 2.1 billion (2007|08: EUR 1.9 billion).

In the Sugar segment, the European sugar regime (with lower quota sugar production and the reduction of the producer margin) makes it likely that operating profit before exceptional items will decrease. For the Starch segment, an improvement in pre-exceptionals operating profit is expected in the

second half of the year compared to the prior year's second half, particularly as the lower grain prices from the 2008 crop greatly improve the production cost structure in the latter half of this year. With the stable performance in fruit preparations and with the improvement in the concentrate business compared to the first half of the year, the Fruit segment, though not matching the prior year, should generate a pre-exceptionals operating profit for the full financial year.

For AGRANA as a whole in 2008|09, the Group is forecasting an operating profit of about EUR 30 million before exceptional items, as well as a solid cash flow trend. In 2009|10, provided that the broad normalisation in raw material prices and in procurement and product markets persists, the performance improvement measures taken by AGRANA will already enable the Group to return to the higher profit level of the 2007|08 financial year.

This press release and the report on the first six months of 2008|09 are available in German and English on the Internet at www.agrana.com.

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