



keywords: Financial Figures/Balance Sheet/Company Information

EANS-Adhoc: AGRANA Beteiligungs-AG / 2008|09 financial year - After a negative first half of the year, a positive second half leads to full-year operating profit of EUR 37.8 million before exceptional items, while currency translation losses weigh on the bottom line

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In the AGRANA Group the 2008|09 financial year (ended 28 February) was defined by volatile energy and raw material prices, depreciation in many Eastern European currencies and the effects of the worldwide economic crisis. With revenue of EUR 2.03 billion (up from EUR 1.89 billion in the prior financial year) AGRANA achieved growth of 7.1%. The revenue increase was driven by the Starch segment, which also includes the new and expanded bioethanol capacity in Austria and Hungary.

Operating profit before exceptional items declined from EUR 111.4 million to EUR 37.8 million, owing largely to one-time write-downs of EUR 32.4 million on apple juice concentrate inventories in the first half of the year, narrower margins as a result of commodity and energy prices, and start-up costs for the additional bioethanol production capacity. Net financial items fell from a net expense of EUR 28.4 million to a net expense of EUR 67.1 million. The reason lay in unrealised losses caused by the declining external value of some Eastern European currencies. The bottom-line result deteriorated to a loss for the period of EUR 15.9 million (prior year: profit for the period of EUR 63.8 million).

"In the first half of the 2008|09 financial year it proved not possible to make up the combined effect of the high prices in raw material markets and low selling prices for apple juice concentrate and we thus had to report a pre-exceptionals operating loss of EUR 7.8 million. In the second half of the year, our business almost fully regained stability, with an operating profit of EUR 45.6 million before exceptional items, bringing the full-year figure to EUR 37.8 million. However, the depreciation in some Eastern European currencies during the last quarter led to a loss for the year of EUR 15.9 million," comments AGRANA Chief Executive Officer Johann Marihart on the completed financial year.

Financial results for the first and second half of 2008|09

		H1 2008 09	H2 2008 09
Revenue	EURm	1,045.5	980.8
Operating (loss)/profit before exceptional items	EURm	(7.8)	45.6
Net financial items	EURm	(8.0)	(59.1)
Loss for the period	EURm	(21.4)	(15.9)

Financial results for the year ended 28 February 2009

		2008 09	2007 08
Revenue	EURm	2,026.3	1,892.3
Operating profit before exceptional items	EURm	37.8	111.4
Exceptional items	EURm	(3.2)	(9.9)
Operating profit after exceptional items	EURm	34.6	101.5
(Loss)/profit before tax	EURm	(32.4)	73.1

(Loss)/profit for the period	EURm	(15.9)	63.8
- Attributable to equity holders of AGRANA Beteiligungs-AG		(11.6)	64.3
- Minority interests		(4.3)	(0.5)
(Loss)/earnings per share	EUR	(0.82)	4.53
Purchases of property, plant and equipment and intangibles*	EURm	73.8	207.7
Staff count		8,244	8,140

*) Excluding goodwill

The Management Board will propose to the Annual General Meeting to pay a constant dividend of EUR 1.95 per share. "Taking into account that the operating business has regained a stable footing and AGRANA's equity position and cash flow situation are sound, we are using the unchanged dividend to signal continuity to our shareholders," says Marihart.

Revenue by segment was as follows:

		2008 09	2007 08
Sugar segment	EURm	702.5	751.7
Starch segment	EURm	519.4	288.1
Fruit segment	EURm	804.4	852.5
AGRANA Group revenue	EURm	2,026.3	1,892.3

Investment (excluding financial investments) in the 2008|09 financial year, at EUR 73.8 million, was well below the prior-year record level of EUR 207.7 million. Most of this capital expenditure was for plant optimisation and energy efficiency improvement. In the Fruit segment, the focus was on capacity expansion in Brazil and the second joint venture in China, as well as on rationalisation projects.

The equity ratio was held almost constant in 2008|09 at 41.4%, compared to the high prior-year level of 41.8%. The Group's net debt of EUR 470.1 million was EUR 97.6 million lower than one year earlier.

"Through measures such as the reduction of current assets and scaling back of investment, we were able to reduce our debt considerably. AGRANA is soundly financed and has the resources for continued growth in the future," points out AGRANA Chief Financial Officer Walter Grausam.

Sugar segment

The Sugar segment's revenue of EUR 702.5 million was 6.5% lower than in the prior year. Its share of Group revenue was approximately 35% (prior year: about 40%). While sales volume grew for quota sugar, prices were down. In the Eastern European countries, the currency depreciation triggered price changes in national currency that detracted from regional margins and sales volumes.

The segment operating profit of EUR 15.8 million before exceptional items (prior year: EUR 32.6 million) included the effects both of the receding prices and the high costs of the prior-year production (caused by the restructuring levy) that was sold at significantly lower prices in 2008|09. The profitability of production was also hurt by significantly higher energy costs. On the other hand, a positive impact came from the market-restructuring proceeds for returned quota under the reform of the EU sugar regime. The new raw sugar refinery in Brcko, Bosnia-Herzegovina, was still in the start-up stage.

Starch segment

The Starch segment's revenue expanded to EUR 519.4 million, well above the prior-year level of EUR 288.1 million. This revenue growth of 80% was driven by higher bioethanol sales thanks to full-scale operations of the bioethanol plant in Pischelsdorf, Austria, since June 2008, and by the new starch and bioethanol capacity in Hungary. Higher trading revenue and co-product sales, in addition to greater volumes of core starch products and baby-food sales, also contributed to the revenue expansion. The share of the Starch segment in Group revenue rose to 25%, from 15% in the prior year.

Starch segment operating profit before exceptional items amounted to EUR 27.5 million; this was below the year-earlier level of EUR 35.3 million. Next to

energy costs, a detrimental factor in the first half of 2008|09 was the processing of high-priced raw materials from inventory. With the start of the new harvest in autumn 2008, raw material prices fell, leading to better profitability in the second half of 2008|09.

Fruit segment

The revenue decrease in the Fruit segment from the prior year's EUR 852.5 million to EUR 804.4 million was attributable to lower sales volume in the fruit juice concentrates activities, combined with drastic price erosion for apple juice concentrate beginning in the second quarter of 2008|09. This led to a write-down of EUR 32.4 million on AGRANA's apple juice concentrate inventories, which was the main factor in the segment's operating loss of EUR 5.5 million before exceptional items (prior year: operating profit of EUR 43.5 million before exceptional items).

The fruit preparations unit was able to raise prices slightly compared to the year before. The crisis in the milk sector and the global economic downturn adversely affected the worldwide fruit yoghurt market and sales quantities of fruit preparations. It is too early to discern whether or to what extent there will be lasting changes in consumer behaviour. The Fruit segment accounted for almost 40% of Group revenue (prior year: 45%).

Outlook

AGRANA expects Group revenue in 2009|10 approximately in line with last year's level. While Sugar revenue is forecast to decrease, Fruit revenue will see slight growth.

Lower commodity and energy prices, together with internal cost savings, should counteract the current downward pressure on sales prices effectively. Based on current information, AGRANA thus expects Group operating profit to recover significantly in the 2009|10 financial year.

AGRANA's funding needs for the 2009|10 financial year are covered by sufficient equity and credit lines. In addition, under the reorganisation of the sugar market regime, restructuring proceeds of about EUR 40 million for the returned quota will be fully received in June 2009. In accordance with the macroeconomic environment, planned investment in the current financial year will be reduced to approximately EUR 50 million.

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