

Press release

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Annual financial statements 2019/20: Results improved

Loss lower than expected - cost reduction takes effect - corona crisis makes outlook difficult

Braunschweig, 27 May 2020

- **Operating loss of minus 14.6 million Euro**
- **Sales increased by 6 percent to 1.439 million Euro**
- **Equity ratio at 58 percent remains at a high level**
- **No dividend payment proposed**
- **Positive result in the current year remains realistic**

Nordzucker closed the 2019/2020 financial year with a slight increase in revenues and an operating loss, which was significantly lower than the previous year's loss and than expected. The realignment of the sales strategy, the significant streamlining of the organization and comprehensive permanent cost reductions contributed to the improved results. The 70 per cent majority stake in Australia's second-largest sugar manufacturer Mackay Sugar Ltd. (MSL) was consolidated for the first time and with a positive contribution. A positive result for Nordzucker AG in the current 2020/2021 financial year remains realistic despite uncertainties arising from the corona crisis.

In the 2019/20 financial year (closing date 29 February) Nordzucker achieved group revenues of 1.439 million Euro, 6 percent above the previous year (1.354 million Euro). Operating profit (EBIT) was minus 15 million euro (previous

year: minus 58 million Euro). The financial year ended with a net loss of minus 15 million Euro (previous year: minus 36 million Euro). For the second year in a row, no dividend payment will be proposed to the Annual General Meeting.

Outlook: Challenges from Corona Pandemic

Sugar prices on the world market and in the EU had recovered during the past financial year. The reasons for this were declining production in Europe and the expectation of a global deficit. However, the corona pandemic has created completely new conditions on the world market since the beginning of March. Together with the massive drop in oil prices, sugar prices collapsed. Brazil is now partly switching from bioethanol to sugar production, which means that higher export volumes are expected on the world market.

In Europe, the demand for sugar products in the retail sector skyrocketed in March 2020, triggered by panic buying. Thereafter, demand in the retail sector fell to a below-average level, but a normalisation can be expected.

"We were able to meet the sudden increase in demand in all our countries. Many of our customers have explicitly thanked us for this," reports Dr Lars Gorissen, CEO, and continues: "Due to the easing, we currently expect that the impact of the corona pandemic on demand in the EU will be relatively small and that prices will remain largely stable. Our clear objective is to return to positive results in the current financial year."

In view of the fundamental data, we can also expect a price development beyond this period that will enable positive company results, attractive beet prices and appropriate dividends. The basis for this is the competitive cost structures that have been created and high beet yields.

Well positioned for the long term

"We assume that sugar consumption will continue to grow worldwide once a corona-related decline has been overcome, and are pursuing the goal of further expanding our cane sugar activities," explains Dr Lars Gorissen.

Nordzucker pays particular attention to the social and political challenges relating to environmental protection. In addition to the successes in energy efficiency and the circulatory economy that have been proven over decades, the company is developing plans to further reduce CO₂ emissions in production. In beet cultivation, the aim is to work on solutions for the reduced use of pesticides and fertilizers in testing and research. The effects of two years of severe drought and an equally dry start to the growing season this year also call for new concepts.

The sugar beet delivery contracts concluded in Germany show that beet cultivation has a future. Beet growers have signed more than 85 per cent of the volume of beets covered by multi-year contracts. This secures the beet supply for the next three years.

The Annual General Meetings of Nordzucker Holding AG and Nordzucker AG have been postponed to 7 and 8 October 2020.

Nordzucker Group

The Nordzucker Group, based in Braunschweig, Germany, is one of the world's leading sugar manufacturers. Our sugar beet and sugar cane product range includes white sugar, raw sugar, refined sugar, specialities and liquid sugar. In addition, the company produces animal feed, molasses, fertilizers and fuels from renewable energies as well as electricity. Sustainability along the entire value chain is a high priority. 3,800 employees in 21 European and Australian production and refining plants across the Group strive towards providing excellent products and services and thus form the basis for further growth.