



Nordzucker Post 5/2020

Lars Gorissen: Foundation for stability is laid



Dear Readers,

Nordzucker is profitable again! This is the key message I had for our shareholders at the annual general meeting in these turbulent times. For the first time, Nordzucker held the annual general meeting in virtual form only. Special times call for special measures and health protection is a top priority.

For the current 2020/21 financial year we expect a positive result with a good profit. We have managed to reduce our costs significantly and with effect on earnings as part of the "Act Now!"-programme. This is a necessary step that lays the foundation for more stability in volatile markets.

We can also see by looking at the corona effects on the world market price that the sugar market is a volatile market. For Nordzucker, this environment requires full focus on costs and excellence in everything we do to ensure a profitable future for the company, for growing beet and for dividends for our shareholders.

While the beet campaign is underway at all our plants, we have already been able to conclude contracts for the coming year of cultivation in most of our European growing regions and, to a large extent, for 2022. This early and comprehensive securing of raw materials shows that beet cultivation for Nordzucker is attractive and that our company is a reliable and good partner. Together, Nordzucker and beet growers compete for customers, and together we are involved in the political debate, which is becoming increasingly sharp and has a growing impact on the agricultural and food industry. Let us continue our proven partnership.

I wish you an interesting and informative reading of this issue of Nordzucker Post.

With all best wishes
Yours Lars Gorissen

Outlook for 2020/21 promises profit

The price level improved significantly and stabilized at the beginning of the 2019/20 sugar marketing year. The effects are clearly visible in the first six months of the 2020/21 financial year.

Overall, revenues rose by around 25 percent compared with the same period in the previous year. About half of this jump in revenues is attributable to the acquisition of the majority stake in Mackay Sugar Ltd. in Australia. The other part reflects the positive price effect on the EU sugar market.

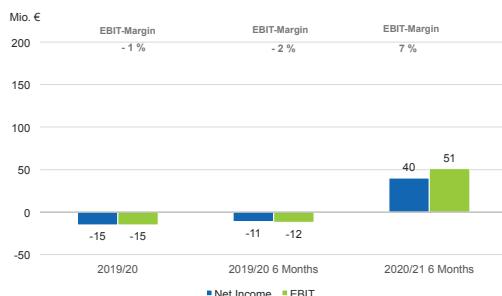
This price effect is also reflected in earnings. "For the first six months we are forecasting a clearly positive result with an EBIT of 51 Million Euro for the Nordzucker Group. This is far better than we had expected", said Alexander Bott, CFO.

In addition to the price recovery in the sugar market, the improvement in earnings is also being driven by positive developments in other products, such as molasses in Australia. "We also see further positive effects from our "Act Now!" transformation program. And this not only in the administrative area, where we have special effects due to Corona, such as very low travel expenses. We were also able to achieve further savings and optimizations in sales and production, which are also reflected in the income statement. All in all, a very pleasing development," Alexander Bott continues.

First six months 2020/21: revenues increased



First six months 2020/21: profit zone reached



Approval in all topics: Nordzucker AG virtual general meeting

This year's Annual General Meeting of Nordzucker AG was held in virtual form due to the corona pandemic. The event was broadcasted on the Internet via an AGM portal, where the voting also took place.

The financial year 2019/20, which was reported to the Annual General Meeting, closed with a loss of 15 million Euro (previous year's loss 36 million Euro). This was significantly lower than in the previous year and than originally expected. The consequently and successfully implemented cost reduction program "Act Now!" and also the acquisition of a majority shareholding in Mackay Sugar Ltd. in Australia contributed to this. As in the previous year, no dividend will be paid.

Outlook for 2020/21 promises profit

"Thus, we will in all likelihood close the current fiscal year with a good profit. We are profitable again. And this is due not only to the general conditions, but also to our decisive cost-cutting measures throughout the Nordzucker Group", Gorissen continued.

For the future, the Group is focusing on excellence along the entire supply chain. "This also includes a leading role in sustainability, new cultivation methods and innovative technologies that make tomorrow's carbon neutrality possible," Gorissen emphasised.

Jochen Johannes Juister, Chairman of the Supervisory Board of Nordzucker AG, emphasised in his presentation: "Growth, transformation and a focus on the targets set have characterised the 2019/20 financial year. This was not an easy path, but it was essential for the future and for strengthening Nordzucker AG. As the owners, we explicitly welcome the successful acquisition of the Australian sugar manufacturer Mackay Sugar. This was an important step for our company".

Voting results

The Annual General Meeting confirmed the company's course and approved the actions of the Executive Board and Supervisory Board with a very large majority.

The Annual General Meeting also elected Dr. Karl-Heinz Engel (Riol), Christoph Friedrich Heins (Uehrde) and Eckhard Hinrichs (Wieren-Wrestedt) as members of the Supervisory Board of Nordzucker AG with a very large majority.

Already in the morning of the same day, the virtual general meeting of Nordzucker Holding AG, largest shareholder of Nordzucker AG with 83.8 percent, had approved the amendments to the articles of association of Nordzucker Holding AG regarding the future contractual basis in beet cultivation. This cleared the way for area-based contracting, which is intended to give farmers and companies more planning security. Details still have to be negotiated.

Constitutive meeting of the Supervisory Board

Following the Annual General Meeting, the newly elected Supervisory Board of Nordzucker AG held its constituent meeting.

Jochen Johannes Juister was confirmed in his position as Chairman of the Supervisory Board of Nordzucker AG. Helmut Bleckwenn was elected as deputy for the shareholder representatives and Sigrun Krussmann for the employee representatives.



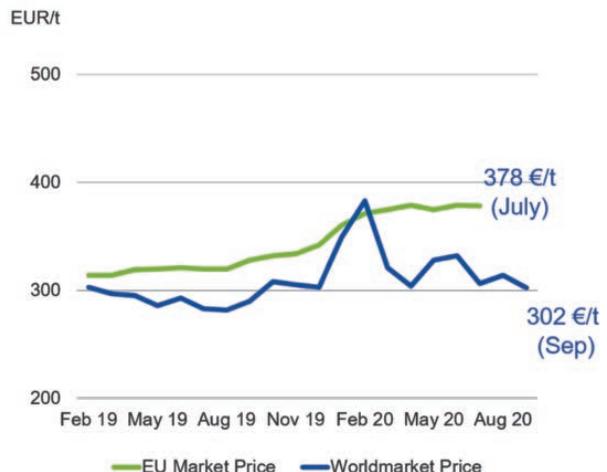
Annual General Meeting in front of empty chairs but with lots of transmission technology.

World market prices remain at a low level – balanced EU market expected

According to higher estimates at the beginning of the year, a global deficit of about 6 million tons is still expected for the past 2019/20 sugar marketing year. For the sugar marketing year 2020/21, analysts' forecasts range from a small deficit to a slight surplus, which is mainly due to an expected increase in production in the two largest sugar producing countries - India and Brazil.

The world market price fell to a level of around € 300/t with the Corona pandemic and has remained at a low level ever since. Prices in the EU have remained relatively stable despite the significant drop in the world market price.

For the sugar marketing year 2020/21, we expect a relatively balanced EU market despite a decline in consumption due to corona, which is difficult to predict.



Source: EU Commission and A. Toepfer Sugar Trading

Campaign start 2020

After the “crushing season” in Australia arrived in the second half, our factories in Europe have now reached the start-up phase. All factories are working close to their target capacity and so we process about 135,000 tons of sugar beets daily in Europe.

However, not all factories went through this start-up phase as in previous years. Nevertheless, after a few starting difficulties in some factories, processing could be brought up to its target level.

In some factories, the campaign started better than in previous years and we are now processing as many sugar beets per day as last year. The further course of the campaign will then also show how well the improvement measures implemented at the factories are working.

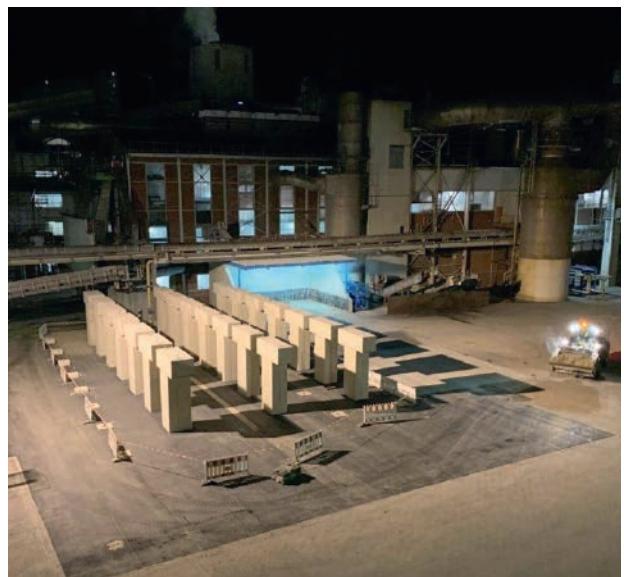


Nordzucker invests in a sustainable future!

Nordzucker has set itself challenging targets with its Sustainability Strategy: phasing out coal by 2030 and converting its plants to renewable energies by 2050! We are thus facing major challenges in realigning our plants in the energy sector. The investments that have now been approved for the coming financial year contribute to these targets. As a first project in the GoGreen area, the Executive Board decided to partially supply the Örtofta plant with steam from the neighboring municipal power plant, which is operated with renewable energies.

The total investments of the Nordzucker Group including its subsidiary Mackay Sugar Ltd. in Australia will amount to around EUR 100 million in the financial year 2021/2022. The share of replacement investments and investments to meet legal requirements is around half of the investment budget. As the largest profitable project, we are continuing the merger of the companies in Sweden. The sugar factory and the speciality location in Arlöv and Örtofta will be gradually merged at the Örtofta location. "I am very pleased that by concentrating on one location, I am making a major contribution to improving our cost structure in Sweden," explains Axel Aumüller, COO. "With this major project, we are continuing to implement our strategic goal of cost leadership in our strategical field Sugar from Beet."

In Nordstemmen, the replacement of the press station will be completed for the campaign in 2021. Further profitable investments are the expansion of the sugar house in Opalonica, Poland, as well as various energetic optimizations.



New construction of the pulp press station in Nordstemmen.

Second pilot project for transport by rail

In the current campaign, a second pilot project for the transport of sugar beets from Schleswig-Holstein to Uelzen will be carried out after 2005. Two reasons have led to this: As Nordzucker, we no longer sell sugar beet to biogas plants in Schleswig-Holstein. This quantity of beet now has to be transported to the Uelzen factory. Secondly, we can use equipment and containers which are generally available in the transport sector, so no special containers are needed. All in all these two points rather lead to a positive economic efficiency.

In this campaign, approximately 45,000 tons of sugar beets are to be transported by private rail. The railway station for reloading in Schleswig-Holstein is in Jübek. There the sugar beets are loaded into a bunker mouse by the truck that took over the beets in the field. This mouse then loads the beets into a standard railroad container open at the top. 70 of these containers form a train. From the 42nd calendar week until the end of the year, sugar beets are transported to the harbour (Elbe Lateral Canal) in Uelzen. There the beets are loaded onto a truck again and driven to the factory. The rest is routine.

With the support of Nordzucker, the Transport Association of Schleswig-Holstein has taken over the organization. In the end, it will be shown whether rail transport of sugar beets from Schleswig-Holstein to Uelzen is profitable and can thus reduce traffic and CO₂ emissions.



Loading of the sugar beets in Jübek onto the railroad.

Well underway: Our “crushing season” 2020 in Australia

After a slight weather-related delay in the start of the season, crushing picked up and the season is now well underway.

MSL is well into the second half of the current crushing season, which is currently scheduled to be finished by first half of December. Following a wet and thereby slower start into the season, weather conditions improved over the European summer, the harvest could continue as planned and crushing capacity picked up.

Initial results of the excellent work over the past year, particularly related to the conditions of the sites are visible. However, as always anticipated the work to bring the company back on track, has just started and needs to continue. As an example, improvements in the mill performance reveal bottlenecks in other parts of the business e.g. such as cane supply.

All in all, we expect for MSL a higher than estimated crop and consequently an increase in sugar production compared to last season.

Looking ahead, MSL employees are already in the preparation of the next maintenance period in parallel to the crushing season which starts right after the end of crush in December. In all areas of the business, priorities have been defined and measures are in place to improve performance and to further develop the company according to initial targets.



Harvest of sugar cane.

Nordzucker and the EU Commission's Green Deal



The Green Deal of the EU Commission is the implementation of the Agenda 2030 of the United Nations (UN) and the 17 Sustainable Development Goals (SDG) to create a more socially, economically and ecologically sustainable world within ten years.

By 2050, climate neutrality is also to be achieved, environmental pollution is to be curbed, and human life and the animal and plant world are to be protected. EU companies are to be world leaders in clean products and technologies and no one is to be left behind along the way. The Green Deal will bring change in all areas of our lives and economies.

The “Farm-to-Fork” strategy, the biodiversity strategy and the mobilization of the industry for a clean and recycling-oriented economy will affect our core areas from beet to sugar. Long before the announcements of EU Commission President Ursula von der Leyen, Nordzucker had already

acknowledged the opportunities in this process. With our Smart Beet Initiative, we are already working intensively to actively address the changing requirements in crop protection, fertilization, water supply and biodiversity and to make sugar beet cultivation sustainably fit for the future. From field robots to ladybugs, we are testing and investigating possible alternatives to the methods used to date.

The EU's greenhouse gas emissions are to be reduced by at least 55 percent by 2030 compared with 1990. In recent years, we have already achieved a great deal by reducing our energy consumption and CO₂ emissions, and have already met these targets at some sites. By 2030 we want to phase out coal, CO₂ neutrality is our goal by 2050 at the latest. Our “Go Green” program to convert all our plants to renewable energies is in the start-up phase. At present, the potential of possible technologies and their applicability are being examined, economically evaluated and brought to the point where they will be ready for use in a few years.

Sustainability is already an integral part of our business activities. Together with our partners in agriculture, production and logistics, we are leading the way in these changes. However, the European Green Deal requires high investments and represents a challenge that requires a level and fair competitive environment in Europe for beet cultivation and sugar production.

rePlan Project in Poland started successfully

The overarching IT-project in Poland, named „rePlan“, made a good start! This is a wonderful message not only in the ears of our colleagues in Poland and clearly is one of the best what we all can get.

For sure – for long period the entire project was in question. Not only the corona-lock-down in Europe was a challenge, also some changes in the staff in Poland increased the pressure for the entire project.

But what is it about with rePlan? In Poland we did not “simply” had a project to introduce a single program, like SAP-system or a new logistic-system. Far more than that. All levels of business were involved. The proven system “Plantator” came to end of lifetime. Plantator covered many tasks: weighbridge system (beet and products), beet logistic system, settlement for beet and products, planning-tool. To replace all this in one shot means to lift up all affected departments and externals to a next level.

Luckily, we have a filled toolbox in our Nordzucker Group. It is full with sufficient and up-to-date-solutions. However, you cannot simply take a tool out of the box and use it like a hammer or screwdriver at home. Our experts have to adapt all our “tools” and adjust it to the specific needs. The employees of IT was strongly engaged to adapt the SAP-programs, QIPS employees had to introduce the own, proven weigh bridge system, connect it to lab and to the complex agrilog-system on RMS-level, agrilog with all its many modules had to be transferred to Polish language including all technical devices and needed trainings for internals and externals. Finally all involved people together had the challenge to connect all ends together into a well operating and data-exchanging new system.

Not so good was the lock-down situation due to corona-pandemic. How can you train colleagues or externals on completely new programs? How can you bring over the border technical devices and explain how to mount – be it at scale or loader-machine. No wonder, that Polish colleagues felt like left alone. What they went through was extremely strange situation. So luckily, borders opened one day and traveling was possible – early enough to continue.

After the first few days of this campaign in Poland we can conclude: it works! And it works very well. Sure, still here and there some bugs and issues. Nevertheless, the various

systems are successfully connected and they communicate correctly! This is a huge success by many departments of our company. Congratulation to all our experts!

It was visible during the project, that a strong motivation and huge dedication by all participants made them all move ahead – despite all disadvantages. Appreciation to all involved colleagues and thanks to their emphasis and high professional acting. This was possible across different mentalities, characters and traditions.

Furthermore a high appreciation to the colleagues in Poland. They were totally depending on the knowhow of others, their promises and experiences. Moreover, this in times, where they felt left alone due to locked borders. They withstand this clearly strange situation. Now they reached to have a modern system on high digital standard. Including the growers App with all modern options to communicate with growers and give them advice even with satellite eyes to their beet.

All in all this experience is a very good example for “one company” and is a very good preparation for the S4-HANA-change which started already.

There is still some job to do in order to finalize rePlan as a real success-story. All the best to those who have to contribute and all the best wishes to all our Polish colleagues for a good campaign.



In Poland, too, the data in the logistics chain is now digitalized.

HEY, ALTER! Nordzucker donates used computers

Helping children and young people from socially disadvantaged families to have more equal opportunities by providing them with computers in Corona times – that is the idea of HEY, ALTER!

Nordzucker liked the idea and has donated numerous discarded computers from the sugar factories and the head office. Nordzucker trainees collected the equipment and handed it in to HEY, ALTER! in Braunschweig.

The computers will be refurbished by the HEY, ALTER! initiative and then given away to needy pupils. Nordzucker,

together with the initiative's founding partners AGV Braunschweig, Gingco communication, TrafoHub and the Technical University of Braunschweig, is pleased to contribute not only to online teaching in the Corona period, but also to facilitate access to computers and notebooks for pupils from low-income families. "Skills in using computers are essential for a later career start - at our company or in other companies," says Dr. Lars Gorissen, CEO of Nordzucker AG.



From left to right: Moritz Tetzlaff from HEY, ALTER!, Dr. Lars Gorissen (CEO of Nordzucker AG), Martin Bretschneider from HEY, ALTER!, Michael Riepshoff (Head of IT Operations Nordzucker AG) und Jörg Homann (ATD Systemhaus).

Nordzucker expands organic product range

SweetFamily from Nordzucker is expanding its successful organic range. The new organic icing sugar, like the SweetFamily organic sugar introduced in 2019, is made from 100 percent North German sugar beet and thus combines two consumer requests: certified organic quality and regionality.

The expansion of the product range is the logical response to the growing demand for organic sugar and offers retailers and consumers even more choice on supermarket shelves.

With the use of regional beet sugar, Nordzucker's SweetFamily brand is a pioneer in the organic icing sugar market. Because so far there was organic icing sugar particularly in the organic specialized trade and on basis of sugar cane, which grows far away overseas and thus brings long

transport routes with itself. With the SweetFamily range of organic beet sugar, the consumer has a literally obvious alternative, which is also available in classic food retail.

