



# Nordzucker Post 1/2021

## Lars Gorissen: On a good way



**Dear readers,**

The campaign in almost all countries has ended and we have achieved good yields! Sugar beet once again proved its potential in the past cultivation year. After a dry summer, late rainfall led to significant yield growth. At the same time, the sugar market in the EU remained stable despite a drop in demand as a result of Corona, meaning that prices were also better than in the previous year.

Sugar beet continue to play an important role for farms. To support this, we are continuing our Group-wide initiatives under the title "Smart Beet Initiative" to research and test environmentally friendly cultivation methods with reduced and suitably dosed use of fertilizers and crop protection products.

It is important and very positive that the company's employees have so far succeeded in "keeping business running" under the increased Corona-related hygiene and health requirements. And not only that, the company is also succeeding in achieving a good result in the current fiscal year. The close of the third quarter already indicates this.

Of course, we will continue to pay special attention to our health and that of our neighbors this year. That is our top priority. At the same time, we are pushing ahead with our issues for the future. Saving energy and CO<sub>2</sub> emissions is on our minds in our Go Green project for the future, as is the Smart Beet initiative for sustainable, successful beet cultivation and safeguarding against the yellowing virus.

With a positive result, good beet prices and a return to dividend capability, we are on the right track in our proven partnership with our farmers and shareholders and will continue to do so for the successful development of Nordzucker as THE Sugar Company.

I wish you an informative reading of the Nordzucker Post.

Yours  
Lars Gorissen

## 2020/21 campaign almost trouble-free - focus on health protection

Nordzucker expects to process more than 16.5 million tonnes of beet (previous year: 15.7 million tonnes) across all 13 European plants at the end of this year's campaign.

Örtofta is the last plant expected to finish processing in the second week of February. Overall, the company expects the campaign to be longer than last year, lasting more than 118 days (110 days). This year, organic beets were again processed into organic sugar at the three plants in Schladen, Nykøbing and Kedainiai.

The conditions of this campaign during the Corona pandemic deserve special mention, emphasizes Axel Aumüller, COO: "We are very pleased and grateful that the health protection measures implemented during the campaign worked. The responsible attitude of our employees was instrumental in keeping the number of infections among our staff to a minimum. Our special thanks go to our colleagues here."

Axel Aumüller goes on to report on the campaign, saying that for the most part the plants have run very reliably and almost trouble-free, and that the investments in environmental measures, efficiency and product quality have proven their worth. For the coming years, Aumüller adds, investments in reduced energy use and lower CO<sub>2</sub> emissions, as well as the performance of our plants, will be the driving forces.

For the third year in a row, the 2020 growing season was characterized by a lack of rainfall in many regions. However, the start of rainfall at the end of the summer provided a boost to sugar beet growth and led to a slightly above-average yield of 69.5 tons of beet per hectare across the Group. At 17.7% sugar content, the five-year average was not quite achieved.



*One of the last beet in the 2020/21 campaign*

Dr. Lars Gorissen, Chairman of the Executive Board and responsible for the Agriculture division in the Nordzucker Group, explains: "This year's result shows once again that beet can still increase yields late in the season and makes very effective use of rainfall. Group-wide, we are satisfied with the result overall," and emphasizes, "Sugar beet is an important component of agricultural crop rotations. Our Group-wide initiatives to research and test more environmentally friendly cultivation methods with reduced and appropriately dosed use of fertilizers and crop protection chemicals will make regional sugar from beet even more attractive."

## After three quarters: Nordzucker back in profit

After two years of losses in the wake of the liberalization of the sugar market in 2017, Nordzucker is posting a clearly positive operating profit of 81 Million Euro after three quarters in the 2020/21 fiscal year, compared to minus 9 Million in the same period of the previous year.

Pronounced price stability in the EU, a realigned sales strategy and a comprehensive and consistently implemented cost reduction program have brought Nordzucker back into the black in the first three quarters of fiscal 2020/21. Revenue increased from 1.120 million euros to 1.256 Million Euro compared to the same period of the previous year.

"We are very pleased with the development on the market and with the fact that our measures have taken effect so quickly and effectively. Now we have to look ahead. The market will continue to be characterized by volatility. Programs to reduce costs and optimize our processes and customer relationships will continue to accompany us," explains Dr. Lars Gorissen, CEO.

The Nordzucker Group, including the majority stake in Australia, continues to stand without debt. Net assets at the end of the third quarter amounted to 84 Million Euro.

"For the full year 2020/21, we expect a clearly positive result. The first three quarters indicate this quite strongly. Our business in Australia continues to be positive and contributes to the Group result," adds Alexander Bott, CFO.



*Positive development of net income and EBIT by end of the 3rd quarter 2020/21*

## Nordzucker Executive Board from 1. March 2021



*Executive Board from March 2021 (from left): Axel Aumüller (COO), Dr. Lars Gorissen (CEO), Alexander Bott (CFO)*

Nordzucker AG will be headed by Dr. Lars Gorissen, CEO, Axel Aumüller, COO, and Alexander Bott, CFO, from 1. March 2021. Erik Bertelsen, CMO, hitherto Chief Sales and Marketing Officer, will leave the company at his own wish on 28 February 2021, when his contract expires, and will move his center of life back to his home country of Denmark. Jochen Johannes Juister, Chairman of the Supervisory Board of Nordzucker AG, thanks Bertelsen: "Erik Bertelsen has consistently driven forward the realignment of sales and customer orientation in the company following the end of the sugar market regime. We are very grateful to him for this and wish him all the best for the future."

His departmental responsibilities will be allocated to the other members of the Executive Board. Dr. Lars Gorissen, CEO, will take over Sales and Marketing, Axel Aumüller, COO, Board Member for Production, will be responsible for Product

Management and the subsidiary in Slovakia. Alexander Bott, CFO, whose contract has been extended by five years, will additionally be responsible for the supply chain.

Supervisory Board Chairman Jochen Johannes Juister: "The Supervisory Board is convinced that the Executive Board with three members is the right and appropriate size for our company in the long term. We are pleased to have been able to extend our successful cooperation with CFO Alexander Bott. The company is thus well positioned to meet the challenges of the years ahead under the leadership of CEO Dr Lars Gorissen."



*Erik Bertelsen is going to leave the company on 28th February 2021*

## Sugar markets remain volatile

After the Corona shock in spring last year, sugar prices on the world market have recovered in recent months and closed the year at 344 Euro per ton. In addition to the continuing high demand for raw sugar from refineries, especially in China and Indonesia, higher ethanol sales in Brazil, a smaller harvest in Thailand and lower export subsidies in India are likely to be responsible for the price increase. According to analysts, a global deficit in the 2019/20 sugar marketing year should be followed by a balanced world market in 2020/21. Both of these factors have a stabilizing effect on prices.

The EU sugar market has responded to the situation on the world market in recent months with a stable price level. The spot markets have meanwhile reacted and are trading at higher level. For sugar production in 2020/21, the EU Commission lowered its own November forecast in December and now only expects production of 15.6 million tons (EU+UK). It remains uncertain what effect a drop in demand due to the Corona pandemic and the lockdown in Europe will have.

The Corona pandemic and the lower beet harvest in some member states show once again that we are dealing with very volatile markets in sugar. CMO Erik Bertelsen is very satisfied with the way the realigned sales strategy has been implemented at Nordzucker: "I am confident that our strategy will help Nordzucker to maintain its position as a leading global sugar supplier in the future and to offer our customers the right level of quality and service."



## Mackay Sugar ends successful 2020 "crushing season"

After a good six months, MSL has completed the 2020 "crushing season" (processing period) in Australia. More than 5.1 million tons of cane were processed.



*Marian Mill had the honour of crushing the last bin of the season. From left: Production Superintendent Paul Stuart and Mill Manager Craig Wood*

After cane processing started in early June, the Farleigh mills successfully completed the crushing season after just over six months on December 7 and Racecourse and Marian on December 10, 2020.

Even though rainfall repeatedly led to short interruptions of up to three days during the processing period, the entire cane could be crushed. Because sugar cane cannot be harvested for stock and cannot be delivered to the mill during heavy rains, such weather-related interruptions, though not desirable, are not unusual. The rainfalls that are currently expected during the rainy season over the summer months (Winter in Europe = Summer in Australia), which this time were intensified by the El Niña phenomenon, have been good for cane growth since the end of processing. These

weeks, after the rain, growers are waiting for the necessary and also announced sunshine with corresponding high temperatures.

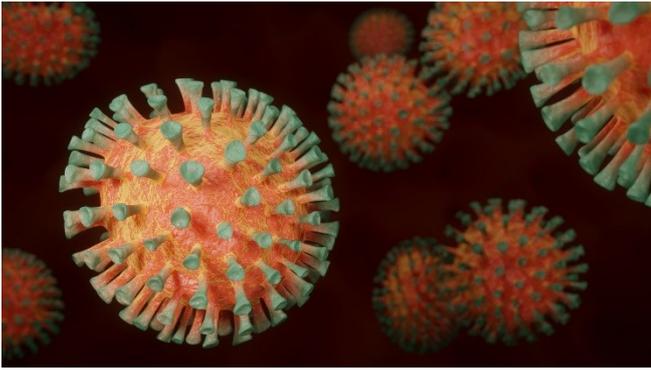
Jannik Olejas, Chief Executive Officer of MSL, states: "On the whole, the crushing season has gone well. Once again, we were able to process the entire cane and did not have to leave any cane unharvested in the fields due to the weather. Efficiency and availability were once again improved, although the targets set here have not yet been reached. We will use the time between the crushing seasons to implement our maintenance and investment measures. Starting the next crushing season on time is important for us and the growers."

Thanks to the improved efficiency of the mills, bagasse available for power generation in the Co-Generation facility has increased significantly compared with the previous year. This enables a significant reduction in coal consumption. A great success!

A total of approximately 5.15 million tons of sugar cane were processed with an average of 14.1% Commercial Cane Sugar (CCS) (comparable to sugar content minus yield loss for sugar beets). Both values are above average and expectations for the season. A very pleasing result for both MSL and the growers.

Looking ahead to the upcoming maintenance season and next crushing season, Michael Gerloff, Chairman on MSL's Board of Directors, states, "In addition to the technical challenges in the mills, we must to continue to work on cane logistics and the attractiveness of sugar cane for our growers. We want to further strengthen our position as a trusted partner for growers and our marketing channels in Australia and Southeast Asia."

## Safety and health are top priority



Special year, special campaign and the virus will continue to be with us. From the beginning, health protection and stopping the spread of the Covid-19 virus have been top priorities at Nordzucker.

"The most important thing for me is to set a good example. No one wants to be infected. The health system has to be relieved and despite all the measures, the campaign had to

run and the business had to be maintained," explains Dr. Lars Gorissen, CEO.

Nordzucker employees have impressively shown how it can be done. For example, a large number of preventive measures were already implemented in the spring of 2020 and strictly followed through the phase of easing in the summer. These included: shift separation, home office, distance & hygiene rules, UVC disinfection and refraining from physical meetings, visits to the plants and business trips.

"Good precautions are one thing; a high sense of responsibility and exemplary cooperation among managers and employees are another. We had a high level of acceptance of the rules right from the start and are very proud to have come through the campaign in all countries without any significant problems," adds Axel Aumüller, COO. The task now is to get through the upcoming maintenance and investment phase in an equally disciplined, effective and, above all, healthy manner.

## Nordzucker Holding appreciates successful campaign in times of pandemic



*Jochen Johannes Juister, Chairman of the Executive Board of Nordzucker Holding AG*

The Executive Board of Nordzucker Holding AG thanks everybody involved for their work under the special conditions of the Corona pandemic. Jochen Johannes Juister, Chairman of the Executive Board, emphasizes: "My colleagues on the Executive Board of Nordzucker Holding and I also followed the campaign intensively and are pleased about every day that remained without infections or quarantine cases thanks to the measures implemented by the Nordzucker Executive Board and the consistent and responsible behavior of all employees. As owners of the company, we are pleased that the campaign has now been successfully concluded almost everywhere. Over many weeks, an important and high-quality foodstuff was obtained from the farmers' sugar beet, contributing to the nutrition and pleasure of many people. For this, our very special thanks."

Nordzucker Holding AG is Nordzucker AG's largest shareholder with a stake of around 84 percent.

## Winter assemblies in a different look in 2021

The good news is that there will still be winter meetings for growers at Nordzucker in 2021. But only under the appropriate conditions. This means that the meetings will be held digitally. Growers in the regions will be invited to various dates. Of course, everyone can also attend other dates in other regions.

The winter meetings are planned to be much shorter and the focus is on the past campaign. About one hour should be the duration of a meeting. The managing director of the respective regional sugarbeet growers' association and the head of Agricenter will essentially present the content. All participants can look forward to welcoming remarks from Dr. Lars Gorissen, CEO and agricultural board member of Nordzucker, and Helmut Bleckwenn, chairman of the DNZ association. Questions from the participants of the digital meeting can be asked in a chat. The speakers will answer questions following the presentations.

The invitation with a link to the respective meeting will be posted in the closed part of the AgriPortal and on the homepage of the associations. In addition, the invitation is sent to all known email addresses of the growers. After a few clicks, the participant is then in the virtual meeting room.

After these significantly shorter winter meetings, in which we largely exclude content on sugarbeet production technology, further invitations will soon follow in this virtual format. Then, for example, also on beet cultivation topics.

We would be pleased if you, as a grower, would also participate in the winter meetings and the following dates in this way. Let's stay in touch!



*Winter assemblies 2021: digital*

## Our commitment to the climate

Nordzucker is already setting standards in terms of energy consumption and CO<sub>2</sub> emissions and is exceeding the legal requirements: Since 1990, energy consumption in sugar production from beets has fallen by 40 percent, and CO<sub>2</sub> emissions reduced by 60 percent.



We need heat, and therefore energy, to evaporate the sugar beet's approximately 75 percent water and crystallize the sugar. Our power plants, which use gas, oil or coal to process sugar beet, produce steam that is used to generate electricity via a turbine and is then used several times in the evaporation and cooking process.

This cogeneration process is particularly efficient. At over 85 percent, the efficiency of energy utilization is significantly better than that of conventional power plants (maximum 50 percent). The Group already uses mainly natural gas as an energy source, which emits only about half the CO<sub>2</sub> of coal and oil.

From today's perspective, however, this is not enough to

protect the climate. That's why our clear goal is:

**Phase out coal by 2030 - CO<sub>2</sub> neutrality by 2050 at the latest.**

Our "Go Green" program to convert all our plants to renewable energies is now in the start-up phase - the idea generation phase. Potential of possible technologies and their applicability in our plants are currently being examined and evaluated. Promising technologies will then be tested in actual production. Groupwide implementation requires substantial investment.

One new and promising technology is a mechanical vapor compressor. The higher steam is compressed, "stressed," the more energy it contains. This technology for compressing steam results in higher electricity requirements, but at the same time saves three to four times the amount of fresh steam.

A few years ago, the introduction of evaporation dryers also led to higher electricity requirements, but at the same time drastically reduced overall heat and thus energy needs. This shows how Nordzucker successfully implemented investments in environmentally friendly technologies at an early stage.

## Being prepared for change



Under the leadership of Christopher Münke-Svendsen, Head of Agri Sustainable Beet Growing, the "Smart Beet Initiative" was launched at Nordzucker at the beginning of 2020. Despite restrictions on crop protection products, profitable sugar beet cultivation is the goal. But where do the new methods come from? "Change in cultivation that has been

practiced for decades requires courage and innovative strength, but also scientific work," says Christopher Münke-Svendsen.

In all Nordzucker countries, therefore, more than 20 additional field trials were running in 2020 to complement the existing research work, from which we were able to learn a lot for practical use. Almost 30 trials are planned for 2021. These will deal, for example, with mechanical weed control, the combination of chemical and mechanical weed control and precision spraying. But questions of cultivation, the use of flowering strips to support beneficial insects will also be further investigated.

What makes the field trials so interesting and challenging for Nordzucker is that our beets are grown under very different geographical and climatic conditions. The trials under the Smart Beet Initiative are therefore being conducted in all our growing countries. Adaptations of the trial questions to regional requirements make the results from the trials valuable for cultivation.

## Sustainable use of packaging material

With the Nordzucker Sustainable Packaging Policy adopted at the end of 2020, Nordzucker acknowledges its responsibility to reduce the environmental impact of its own packaging.

When packaging is necessary, we believe in having the lowest footprint possible, while making sure that the product is safe from contamination and with limited food waste. The policy aims to eliminate unnecessary packaging and source packaging materials with the greatest possible consideration of social and environmental impact. As Nordzucker, we are committed to the principles of prevention, reduction, reuse and recycling.



To support our sustainable packaging principles, we also work with our suppliers and business partners in this regard. Full recyclability of all our plastic packaging must be achieved by 2030, although we are already aiming for this target in 2025. Our primary and secondary paper packaging for consumer goods should be 100% sustainably sourced by 2025, e.g. as FSC certified.

## Derogation rule for Cruiser 600 FS-treated beet seed in Germany

Infection by the virus yellow transmitted by aphids has led to a massive spread of yellowing disease in sugar beet in some beet-growing regions in the 2020 cultivation year, in some cases with considerable yield losses of up to 30 per cent. As no comparably effective plant protection products are available, the Federal Agency of Consumer Protection and Food Safety (BVL) has granted a derogation rule for beet seed treated with the seed dressing Cruiser for cultivation in 2021 on a limited scale for Lower Saxony and Schleswig-Holstein, among others. Cruiser contains the neonicotinoid active ingredient Thiamethoxam.

The approval only covers the regions in which the plant protection services of the federal states recorded an increased proportion of areas with the viral yellowing in 2020. In Niedersachsen, this concerns about 35,000 hectares, about one third of the sugar beet cultivation area, which are located in the chamber districts of Uelzen, Braunschweig and Northeim. In Schleswig-Holstein, the approval applies to 1,500 hectares in the district of Dithmarschen. No derogation was granted for the federal states of Sachsen-Anhalt and Mecklenburg-Vorpommern.

The sowing of seeds treated in this way is only permitted in defined districts and only under certain conditions. The conditions include, among others, that no flowering (intermediate) fruits may be present on the respective sowing area in the same year and in the following year. It is also not permitted to sow treated seed in the outermost row of the field to be cultivated. The regulations of the plant protection authorities and the advisory notes of the Nordzucker cultivation advisory service must be observed.

In total, in Germany, derogations for 126,900 hectares have been applied for by the individual federal states and granted by the BVL.



*Vergilbung nach Virusinfektion durch Blattläuse*

<u>Federal State</u>	<u>area in hectar</u>
Baden-Württemberg	12.000
Bayern	20.600
Hessen	5.400
Niedersachsen	34.700
Nordrhein-Westfalen	40.000
Rheinland-Pfalz	12.700
<u>Schleswig-Holstein</u>	<u>1.500</u>
<b>total:</b>	<b>126.900</b>

Throughout the EU in addition to Germany, Belgium, Finland, France, Croatia, Lithuania, Poland, Romania, Slovakia, the Czech Republic, Hungary and the former EU member state Great Britain have also received a derogation.

## Spontaneous fruit delight for breakfast rolls



With SweetFamily 1-2-3 fruit spread, spontaneous homemade breakfast treats are easy play even for gelling beginners - and the cooking pot can stay in the cupboard!

In line with the growing consumer interest in regionality and do-it-yourself, this practical product from Nordzucker allows you to conjure up a homemade fruit treat in just a few minutes without any cooking at all. Both fresh and frozen fruit can be used for quick and easy enjoyment. Simply puree SweetFamily 1-2-3 fruit spread with your favourite fruit and you have an unbeatable fruity-fresh treat. The spread can be used not only for that special breakfast moment, but also for desserts, sauces or fruit jelly.

The ZipLock bag is resealable thanks to its practical zip principle. This means that the pack can be used up easily and completely as needed. Your own delicious preparations are ready to serve immediately.

[You want to know more about our Sweet Family products? Click here!](#)



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## THE sugar company

Welcome to Nordzucker – one of the world's leading producers of sugar from beet and cane. We are proud to provide the world with our natural product that is produced in harmony with nature and under high social and quality standards.

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