

READY FOR A NEW ERA



DR LARS GORISSEN
Chief Agricultural Officer

Member of the Executive Board of Nordzucker AG since 1 March 2014

HARTWIG FUCHS
Chief Executive Officer

Chairman of the Executive Board of Nordzucker AG since 1 February 2010

AXEL AUMÜLLER
Chief Operating Officer

Member of the Executive Board of Nordzucker AG since 9 November 2009

DR MICHAEL NOTH
Chief Financial Officer

Member of the Executive Board of Nordzucker AG since 16 August 2009

READY

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WE HAVE PREPARED
EXTENSIVELY FOR THE NEW
ERA WHICH WILL BEGIN WHEN
THE QUOTA SYSTEM COMES
TO AN END.

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DEAR SHAREHOLDERS,

In the 2016/2017 financial year, a positive price trend sparked an upswing in the market that we were able to exploit. Moves to step up our sales efforts on the one hand and extensive savings on the other helped us to continually increase our earnings over the twelve-month period.

99.1

million Euro
net income

6%

sales growth

1.10

Euro
dividend per share
(proposal)

This enabled us to report net income of EUR 99.1 million as against EUR 14.9 million in the previous year, a solid operating result of EUR 131.4 million compared with EUR 16.2 million for the comparative period, and sales growth of 6 per cent, bringing total sales to EUR 1,708.2 million compared with EUR 1,607.4 million in the previous year. Together with the Supervisory Board, we are proposing that the dividend be lifted back up to EUR 1.10 per share, compared with EUR 0.10 in the previous year.

Although the result is still down considerably on the outstanding level seen in the years prior to 2014, it is nonetheless pleasing because we were able to earn the cost of capital again and give our shareholders an appropriate share in our earnings. Shares in Nordzucker are worth the investment again.

We have prepared for the new era starting on 1 October 2017 and the end of the quota system. In doing so, we have already been able to demonstrate how well we can adapt to new conditions. The preparation process was extremely labour-intensive and called for a change of mindset, as well as for ideas and courage, in a large number of areas. We are certainly not yet perfectly positioned, but we have already achieved a great deal, and we will continue to work on improving ourselves.

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Our business model is also fit for the future, which is why we are investing a considerable amount in our core business, primarily in the interfaces with our customers: logistics, loading, packaging and storage. After all, these are the areas in which we believe our particular expertise lie: in our ability to supply our customers reliably, flexibly and on time.



sustainability.
nordzucker.com/en/

The second focal point of our investment activity relates to measures to boost our energy efficiency. The sugar production process is an energy-intensive one. Our energy consumption has a direct impact on our costs and our CO₂ emissions. Our sustainability strategy aims to reduce both. Overall, we invested a total of EUR 84 million in our plants in the 2016/2017 financial year, a figure that will rise to EUR 87 million this year.

We are determined to continue optimizing our company so that it can deliver top performance. The targets we have set ourselves are ambitious: we want to boost our performance, cut costs, promote customer loyalty, increase unit sales, attract new customers, exploit export opportunities, improve our beet cultivation yields, and enhance and promote our attractiveness as an employer. In order to achieve this, we have launched numerous projects and measures and have a strong Nordzucker team that sticks together, maintains dialogue and is constantly developing – transcending national borders, factory fences and functional remits.

Nordzucker builds bridges between beet cultivation and the sugar market – between growers and consumers. We know that sugar prices will be subject to greater fluctuation in the future and that the world market price will dominate the EU price to an even greater degree. Dealing with positive and negative surprises and managing the resulting risks will be one of the challenges that we have to overcome.



See page 48 et seq.

The current 2017/2018 financial year will be one of transition. Due to world market prices that have, at times, been higher than the EU prices, sugar imports to the EU have been low in recent months. Nonetheless, the price level in the EU has only risen moderately. The new campaign will fire the starting gun for more intense competition in Europe. The area under cultivation has been expanded, which will – in the case of a regular harvest – result in excess supply. In addition, a number of EU countries are granting their beet growers subsidies that are distorting the competition, slowing down the process of consolidation – i.e. the process by which unproductive regions end up leaving the market – and, as a result, are running contrary to the actual objective, namely to put an end to the old system of regulation.

While EU protection against imports for sugar will not be affected, the maximum volumes for export will cease to apply. We will export in a structured way and in close relationships to our international customers and thereby we will create new sales opportunities. What is more, we offer our customers added value – be it in the form of service, advice, transparency, security or sustainability.

The changes in the market make it much more difficult to predict our future earnings. We expect the current stable market situation to persist until September, with the uncertainty mounting considerably from that point onwards. We should – assuming that nothing unforeseen happens – be able to achieve at least our current earnings of around EUR 100 million in this financial year, too, allowing us to strengthen our stable net assets and financial position even further.

65%

equity ratio

In 2016/2017, we had an equity ratio of almost 65 per cent and only EUR 13.5 million in liabilities to banks as of the reporting date, with net capital investments of EUR 308.3 million and cash flow from operating activities of EUR 267.8 million.

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267.8

million Euro
cash flow from
operating activities

The figures speak for themselves: we are a strong sugar producer in Europe. Our good financial position, well-equipped plants and close relationships with customers and growers alike are the advantages that we will be taking on to the competitive landscape as of October 2017. We will exploit changes in the market to our advantage by continuing to grow and investing in our factories based on market developments.

We would like to thank you, our shareholders, for the trust you have shown in us – and our employees for their tireless dedication.

Nordzucker AG
The Executive Board



Hartwig Fuchs



Axel Aumüller



Dr Lars Gorissen



Dr Michael Noth