



Sustainable management

Annual Financial Report
2018|19

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¹ In German only.



FRUIT. STARCH. SUGAR.

Annual Financial Report 2018 | 19

*of AGRANA Beteiligungs-AG
for the year ended 28 February 2019*

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Group management report 2018|19

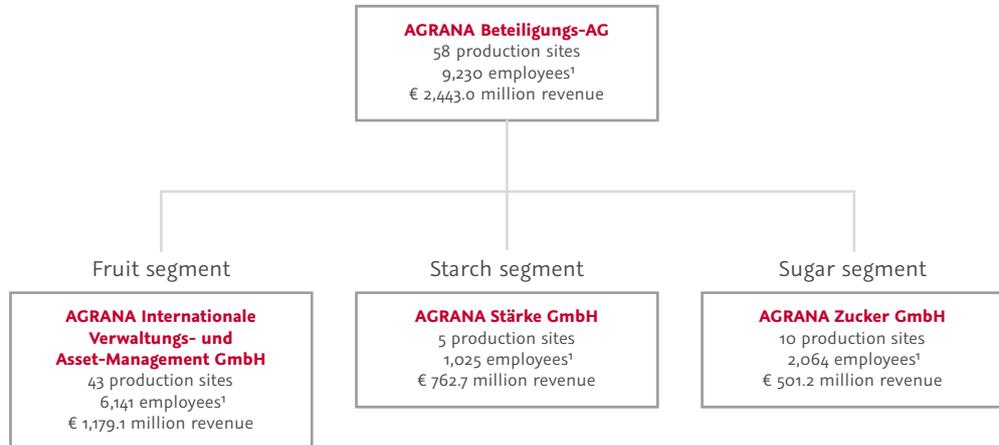
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Organisational structure

AGRANA is a globally operating processor of agricultural raw materials, with its Fruit, Starch and Sugar segments manufacturing high-quality foods and many intermediate products for the downstream food industry as well as for non-food applications. With about 9,200 employees (in FTE) at 58 production sites on six continents, the Group generated revenue of approximately € 2.4 billion in the 2018|19 financial year. AGRANA was established in 1988 and has been quoted on the Vienna Stock Exchange since 1991.



Business segments and procurement models

The **Fruit** segment custom-designs and produces fruit preparations (fruit ingredients) and fruit juice concentrates. AGRANA is the world’s leading manufacturer of fruit preparations for the dairy, bakery, ice cream and food service industries. The fruit used in the fruit preparations is sourced largely from primary processors, in frozen or aseptic form. In some countries, AGRANA operates its own primary processing plants where fresh fruit (in some cases from contract growers) is received and readied for processing into fruit preparations. In the fruit juice concentrate business, at production sites located mainly in Europe, AGRANA produces apple and berry juice concentrates, not-from-concentrate juices, fruit wines, beverage bases and aromas. AGRANA seeks to achieve the most sustainable and complete utilisation of raw materials possible. While fruit preparations production generates very little usable residue, the press cake from apple juice production, known as apple pomace, is utilised by the pectin industry and as a feedstuff.

In the **Starch** segment, AGRANA processes and refines raw materials grown by contract farmers or purchased in the open market – mainly corn (maize), wheat and potatoes – into premium starch products. These products are sold both into the food and beverage industry and the paper, textile, cosmetics and building materials sectors and other non-food industries. The starch operations as well produce fertilisers and high-quality animal feeds. The production of climate-friendly bioethanol for blending with petrol is also part of the Starch segment’s activities.



¹ Average number of full-time equivalents in the financial year.



In the **Sugar** segment, AGRANA processes sugar beet from contract growers and also refines raw sugar purchased worldwide. The products are sold into downstream industries for use in, for example, sweets, non-alcoholic beverages and pharmaceutical applications. Under country-specific sugar consumer brands, AGRANA also markets a wide range of sugars and sugar specialty products to consumers through food retailers. In addition, in the interest of the most complete possible utilisation of its agricultural raw materials, AGRANA produces a large number of fertilisers and animal feedstuffs. These not only help the economic bottom line but also ecologically close the material cycle by returning minerals and other nutrients to the land and the food chain.



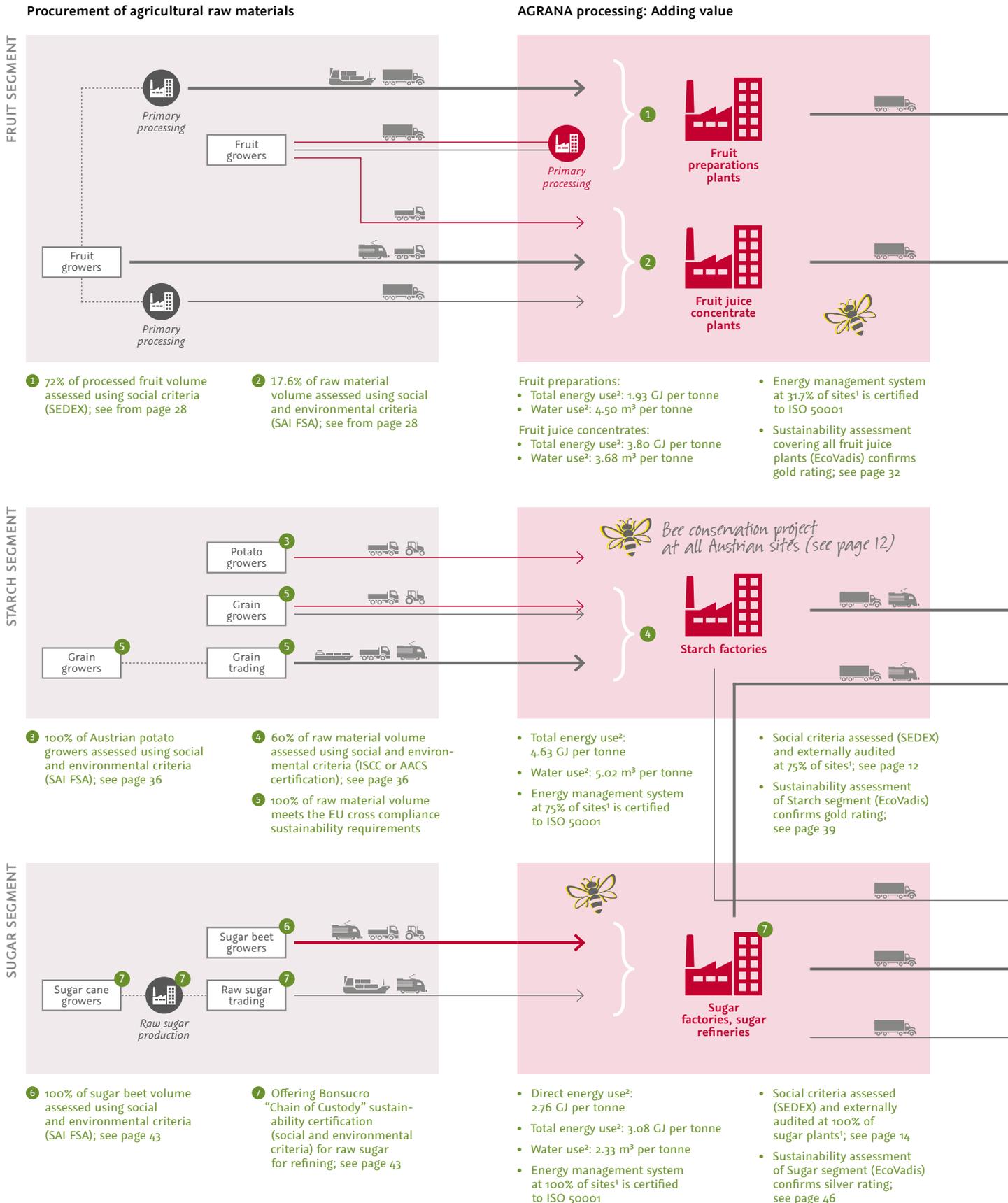
In all three business segments, AGRANA also processes certified organic crops.

In line with its business activities and its sustainability priorities in the areas of energy efficiency, complete raw material utilisation, attention to environmental and social criteria in procurement, and business ethics, AGRANA supports especially the Sustainable Development Goals (SDGs) 8, 13, 15 and 16 adopted in September 2015 by the General Assembly of the United Nations. For the first time, these UN goals also engage the private sector in furthering the achievement of development goals. In addition, AGRANA contributes to the attainment of Goals 2 to 7, 12 and 14.





The sustainable AGRANA value chain¹ in 2018|19



¹ Within the GRI reporting boundaries (see page 10).

² Per tonne of product output (core and by-products).



Customers and consumers



Sustainability targets of AGRANA's business segments

Fruit segment

Fruit preparations business

In the 2018|19 financial year the fruit preparations business launched a revision of its business strategy for the period to 2025. Sustainable management, including social aspects such as diversity, is to form a major, integral part of the strategy. Specific goals and targets will be published in the 2019|20 financial year.

Fruit juice concentrate business

2030 target in the supply chain: 100% sustainable sourcing as defined by the Sustainable Juice Covenant (see page 29)

2020|21 energy and environmental targets:

- ✗ Total energy use² of 3.43 GJ per tonne
- ✓ Water use² of 4.21 m³ per tonne

Starch segment

Energy and environmental targets by 2020|21:

- ✓ Target of cumulative savings of 65 GWh through efficiency measures in plants is already achieved, with savings of 76 GWh since the 2015|16 financial year

Sugar segment

Energy and environmental targets by 2020|21:

- ✗ Direct energy use² of 2.49 GJ per tonne
- ✗ Water use² of 1.92 m³ per tonne

The attainability of these targets is primarily determined by the quantity and quality of raw materials available (see page 44).

Workplace safety targets of the AGRANA Group

For the workplace safety targets of all AGRANA segments, see page 55.

The thickness of lines marking the business relationships represents the relative volume of flows within the respective business segment.

- Contract farming
- Direct business relationship
- No direct business relationship for AGRANA





Non-financial information statement

under section 267a Austrian Commercial Code¹

AGRANA reports non-financial sustainability matters (i.e., topics) that are material to its business activities² by integrating them in the Group management report, with the relevant pages visually marked by a green fingerprint. This non-financial information statement provides an overview of AGRANA's understanding of sustainability, the AGRANA materiality matrix, management approaches for the key non-financial matters, and the organisational and content boundaries of the sustainability reporting. Relevant actions taken, performance indicators as well as goals in the individual areas are presented in the business segment reports, the section "AGRANA's people" and the corporate governance report.

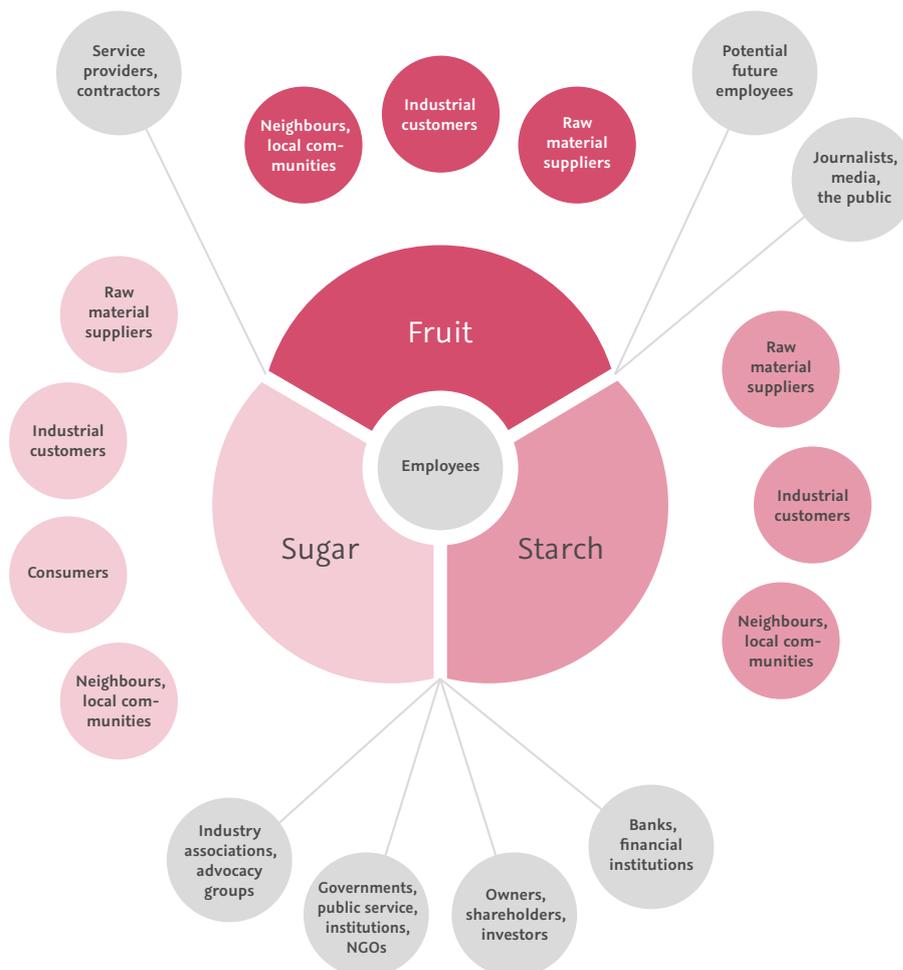
AGRANA's understanding of sustainability

AGRANA as an industrial processor of agricultural raw materials defines sustainability in its business activities as a harmonious balance of economic, environmental and social responsibility. This understanding of sustainability is summed up by three sustainability principles, which serve management and all employees as a practical and intuitive guide to daily sustainable action:

At AGRANA we:

- Utilise almost 100% of our agricultural raw materials and use low-emission technologies to minimise impacts on the environment
- Respect all our stakeholders and the communities where we operate
- Engage in long-term partnerships with suppliers and customers

AGRANA has developed its understanding of sustainability through regular interaction with its stakeholders:



¹ This non-financial information statement by AGRANA under section 267a Austrian Commercial Code is based on the framework of the Global Reporting Initiative (GRI), specifically GRI Standards: Core option.

² For a description of the business model, see the section "Organisational structure", from page 4.



Formats of AGRANA's engagement with stakeholders in 2018|19

Focusing on raw material suppliers

- Regular agricultural advisory conversations (with contract growers in all three segments)
- Group field visits and tours of trials during the growing season (in the Starch and Sugar segments)
- Field days focusing on various subjects
- Contracting events (for contract production of starch potatoes and sugar beet)
- Winter conferences (communication events in the Starch and Sugar segments)
- Agricultural field symposium day of BETAEXPO (with Austria's largest field of demonstration plantings of AGRANA raw material crops) in Tulln, Austria
- AGRANA Sustainability Award presented in the raw material categories of starch potatoes, apples, other fruits, and sugar beets
- "Mont Blanc" programme in all beet-growing countries (for efficiency improvement in sugar beet production, with much advisory and education content)
- "Potato Day" in Waidhofen an der Thaya, Austria, in cooperation with the Austrian Starch Potato Growers Association (VÖSK)
- Day for new contract growers in the Starch segment
- "AGRANA4you" information event for raw material suppliers at the AGRANA starch plant in Aschach, Austria
- Presentation by the AGRANA raw material departments (of the Starch and Sugar segments) at the Austro Agrar trade fair in Tulln, Austria
- One-day organic agriculture conference for all organic crops processed by AGRANA
- Presentation by the AGRANA raw material departments (of the Starch and Sugar segments) at the organic field days at the Esterházy organic farm estate in Donnerskirchen, Austria

Focusing on industrial customers

- In-person visits to customers
- Presentation of the AGRANA Group at six international food fairs (one event in Brazil, two in Germany, one in Dubai and two in the USA)
- Presentation of the AGRANA Group at seven international cosmetics fairs (in Germany, Indonesia, the Netherlands, Thailand and the USA)
- Presentation of the AGRANA Group at five feed fairs (two each in Germany and Austria and one in Thailand)

Focusing on local communities

- Open houses of the combined wheat starch and bioethanol plant in Pischelsdorf, Austria
- BETAEXPO family day
- Personal contacts as part of local community relations

Focusing on investors, the media and general public

- Ongoing media relations and investor relations work (also see the section "AGRANA in the capital market", Annual Report 2018|19 from page 32)
- Press conferences and background briefings
- Road shows in selected European cities for institutional investors

Material non-financial matters/ sustainability topics

In the 2018|19 financial year, AGRANA's Fruit, Starch and Sugar segments processed a worldwide total of approximately 9.0 million tonnes of agricultural raw materials (prior year: 9.7 million tonnes) and sold about 5.4 million tonnes of high-quality products (prior year: 5.8 million tonnes).

Based on its business activities, back in 2012|13 AGRANA identified six sustainability issues of interest along its product value chain:

1. Environmental and social criteria (i.e., labour practices and human rights) in the procurement of agricultural raw materials and intermediate products
2. Environmental and energy topics in AGRANA's production
3. Working conditions and human rights in respect of AGRANA employees
4. Product responsibility and sustainable products
5. Compliance and business conduct
6. Social engagement and stakeholder inclusiveness

As part of a revision of the materiality analysis in the prior, 2017|18 financial year, in which both the AGRANA sustainability core team and selected representative stakeholders¹ participated, the environmental, economic and social impacts of individual sustainability aspects of AGRANA's business activities were assessed. The AGRANA Group's most significant impacts overall arise in the area of environmental and energy topics, as a result of its value-added processing of agricultural raw materials, which is energy-intensive especially in the Starch and Sugar segments. Only in the Fruit segment, due to the global scale of its raw material sourcing, the largest impacts are those of the supplier operations from which AGRANA procures its fruit.

For the stakeholders the issues of product safety, compliance with legal requirements, workplace safety, and energy consumption and emissions were the highest priority across all business segments. Particular significance, especially for the stakeholders of the



¹ Representatives of the following stakeholder groups: customers, suppliers, employees, shareholders and local communities.



globally operating Fruit segment, is also attached to the implementation of uniformly high environmental and social standards both in AGRANA's internal product value chain and in its supply chain. Due to the high expectations under the other issues, the issue of "social engagement and stakeholder inclusion" was of very little significance in the eyes of the stakeholders; for this reason, it is no longer considered a material topic and will continue to be reported only on a voluntary basis.

This report covers all matters under which AGRANA has material impacts or that have high significance for AGRANA's stakeholders (see GRI content index, Annual Report 2018|19 from page 191).

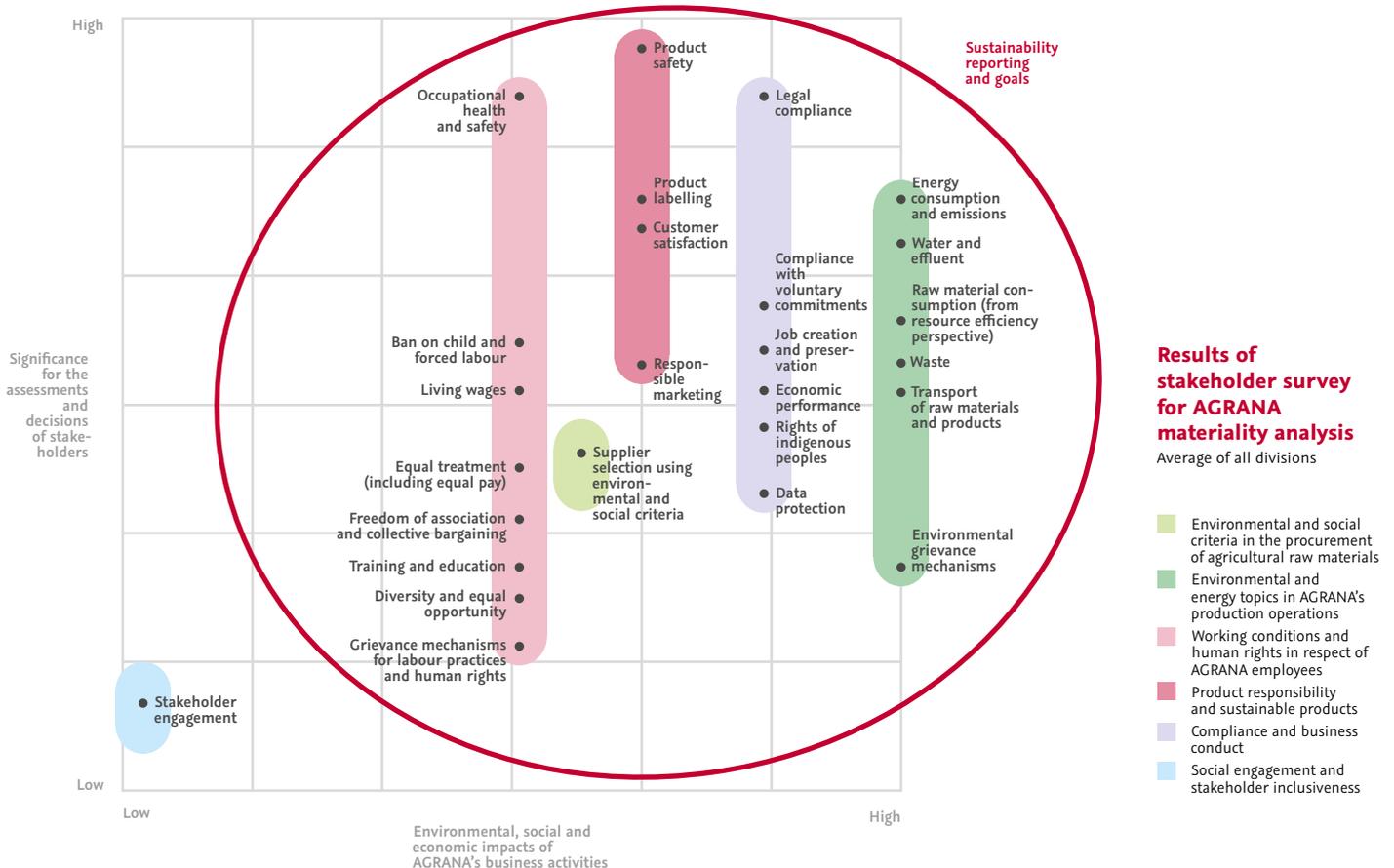
Organisational boundaries of reporting

The organisational boundaries for the reporting of the non-financial (i.e., sustainability) matters integrated in this 2018|19 annual report encompass all AGRANA Group companies worldwide and match the set of companies

included in the Group's financial consolidation, with the exception of the environmental and energy data for the fruit juice concentrate site in Nagykálló, Hungary, acquired only in the course of the 2018|19 financial year, and for the new fruit preparations plant in Changzhou, China, brought on stream towards the end of the financial year, which are excluded.

For organisational boundary reasons, the non-financial (i.e., sustainability) data continue to exclude the equity-accounted joint ventures of the AGRANA Group – the HUNGRANA group (in the Starch segment) and the AGRANA-STUDEN group (in the Sugar segment).

AGRANA's business activities are divided into three business segments. The reporting of non-financial matters and GRI standards follows this structure, as the differences in business processes between these segments could distort, or reduce the significance of, data consolidated at Group level (for example, data on energy consumption and emissions).





Sustainability at AGRANA

Segment-specific targets in the supply chain

See segment reports

Segment-specific environmental targets by 2020|21

Reductions of direct and indirect energy consumption per tonne of product

Reductions of water consumption per tonne of product (see segment reports)

Economic footprint¹

€ 644.1 million of direct gross value-added

€ 1.7 billion of total gross value-added

Approx. 8,700 jobs at AGRANA generated about 31,000 more jobs in other companies

Value chain

wsk.agrana.com/en



Management approaches for material non-financial matters, and resulting content boundaries

For ease of understanding of the reporting scope and the underlying management approaches, a more detailed demarcation in terms of content is necessary for the following matters of particular relevance to AGRANA's stakeholders.

Matters in the supply chain

Environmental and social criteria (i.e., labour practices and human rights) in the procurement of agricultural raw materials and intermediate products

In view of its core business of processing agricultural raw materials and of the associated very significant procurement volumes and costs, as well as the potential for negative environmental and social impacts of crop production, AGRANA's sustainability work in the supply chain focuses on suppliers of agricultural raw materials and intermediate goods (such as frozen fruit pieces) and the non-financial reporting scope is limited to this area of procurement. In accordance with the precautionary principle, AGRANA seeks to avoid or minimise environmental risks from the growing of raw materials (for example, detrimental effects on soil health and retention, water availability and quality, and biodiversity) and social risks (such as negative impacts on working conditions and human rights, and particularly the risk of child labour) by promoting good agricultural practices and compliance with social standards, such as the standards of the International Labour Organization, in its supply chain. Although AGRANA has no direct control over its suppliers' practices, its procurement contributes to the potential for the impacts described and the Group's business relationships thus indirectly link it to effects in the supply chain. AGRANA has set out its requirements for agricultural suppliers in its principles for the procurement of agricultural raw materials and intermediate products, a document which, for the social criteria, incorporates AGRANA's Code of Conduct by reference. The principles for the procurement of agricultural raw materials and intermediate products are incorporated in supply contracts.

Documentation in connection with the Sustainable Agriculture Initiative Platform (SAI)

In order to work on and document sustainability topics in the agricultural supply chain in a structured way regardless of the procurement model, AGRANA Beteiligungs-AG has since July 2014 been an active member of the Sustainable Agriculture Initiative Platform (SAI, a food industry initiative founded in 2002), and, with its Fruit, Starch and Sugar segments, participates in all working groups and committees relevant to its raw materials.

The SAI gives processors of agricultural raw materials like AGRANA several helpful tools particularly for the evaluation and documentation of conformity with good environmental and social practices in the agricultural supply chain and for comparing the value of different documentation types and international certifications.

The underlying tool is always the Farm Sustainability Assessment (FSA) created by the SAI. This assessment is carried out using a 112-point questionnaire covering all features relevant to sustainability, such as farm management, working conditions (including questions on child and forced labour), soil and nutrient management and crop protection. Depending on the fulfilment of the various criteria, each farm receives a sustainability rating designated by a status of "gold", "silver", "bronze", or "not yet bronze".

For procurement sectors without direct access to the agricultural producers of the raw materials, the SAI makes available a very comprehensive benchmarking of the FSA requirements against the national legislation of many countries, against relevant international certification standards (such as Global GAP, Rainforest Alliance, Bonsucro, etc.), and even against some company-specific sustainability programmes. The verified compliance with national legal requirements or the certification to certain international or company standards, as well as the external verification of farm self-assessments under the FSA in conformity with the rules of the SAI Implementation Framework, enable agricultural producers and the processing industry to advertise their FSA sustainability status in the B2B space.

¹ Calculated based on the data for the 2017|18 financial year. Details at www.agrana.com/en/sustainability/profit/footprint



Details on the activities for the implementation of AGRANA's principles for the procurement of agricultural raw materials and intermediate products and regarding the FSA sustainability status in the Fruit, Starch and Sugar segments are presented in the respective segment reports (see pages 28, 36, and 43).

Building awareness of good agricultural practice – BETAEXPO

Awareness-building and ongoing training are key elements of AGRANA's collaboration with its approximately 9,800 contract growers. Besides many training measures in all segments, AGRANA therefore twice annually welcomes growers and others to BETAEXPO, Austria's largest field of demonstration plantings of AGRANA raw material crops. The BETAEXPO field symposium for AGRANA contract growers in June 2018 drew about 3,000 attendees with its wide-ranging technical programme and interesting discussion forums, dedicated to the production challenges in crop-growing.

As sustainable practices are a vital principle for AGRANA that also extends through the supply chain, the company, in the run-up to the June 2018 BETAEXPO, for the fourth time recognised outstanding raw material suppliers with the AGRANA Sustainability Award for especially sustainable farming operations in the categories of sugar beet, potato, fruit and juice.

At the BETAEXPO family day at the end of September 2018, about 3,000 farmers and other visitors with an interest in agriculture or in Tulln as an industry location had the opportunity to see live demonstrations of farm equipment, learn about the latest agricultural insights and receive practical tips on harvest technology from experts. The event also addressed the coming challenges of climate change, and possible ways of adjusting to it; the effects of climate change were clearly felt in European agriculture in the 2018|19 financial year, particularly through drought that was extreme in some regions.

Biodiversity

Biodiversity is significant for AGRANA especially in its upstream value chain, i.e., in the farming landscape. In this annual report, to the extent possible, biodiversity aspects are reported in the section on the respective business segment – specifically, in the respective discussion of raw material procurement from contract growers. AGRANA also carries out some projects at its business locations to protect or increase species diversity. Thus, since 2016 AGRANA maintains a bee conservation project, which involved installing bee hives at all of the Group's Austrian locations. For further projects, see pages 39 and 46.

Water in the upstream value chain

Due to limited data availability and reliability, data on water use in the upstream value chain (i.e., in the production of agricultural raw materials) do not exist for all raw materials used worldwide and are therefore not reported.

Environmental and energy aspects of AGRANA's production operations

The blueprint for AGRANA's management of environmental and energy matters is its environmental policy, which follows the precautionary approach and underpins the avoidance or reduction of negative economic, environmental and social impacts of AGRANA's production and also includes a complaints process.

Energy consumption and emissions

The processing of agricultural raw materials, which is especially energy-intensive in the Starch and Sugar segments, entails economic risks for AGRANA, such as potential scenarios like the prohibition of some or all fossil fuels by law, the loss of operating licences, and a lack of affordable renewable sources of energy. In addition, through greenhouse gases emitted, the production operations can also have social and environmental effects, e.g., in the form of health hazards or commodity scarcity as a result of climate change. These potential impacts are within AGRANA's direct control. AGRANA is committed to operating responsibly and strives to minimise or progressively further reduce actual negative impacts to the extent possible.

In keeping with its environmental policy, AGRANA's goal is therefore to use low-emission sources of energy at all of its production sites, as efficiently as possible. To achieve this, AGRANA has since 2014 been introducing energy management systems. The energy management systems of 46.3% of all AGRANA production sites within the GRI reporting boundaries (see page 10) are certified to ISO 50001.

All AGRANA segments have energy targets, relevant to their business activity, with a current target period that runs to the end of the 2020|21 financial year. The progress towards goals to date is presented in the respective segment reports (see pages 30, 37 and 44).

AGRANA's reporting of energy use and emissions is confined to specific values per tonne of product output (core products and by-products) in its own production operations, and is limited to Scope 1 (direct energy consumption and emissions) and Scope 2 (indirect energy consumption and emissions).





Since as long ago as 2008, AGRANA calculates carbon footprints for a representative selection of its products. However, as the EU still does not have a binding norm for the methodology for calculating the CO₂ footprint of foods and food ingredients such as sugar, starch, fruit preparations and fruit juice concentrates, AGRANA elects not to publish results. For example, the carbon footprint of sugar can vary by plus or minus 50% depending on the calculation method. The European Association of Sugar Manufacturers (CEFS), based on its calculations, cites a carbon footprint range of 242 to 771 grammes of CO₂-equivalent per kilogramme of beet sugar.

For the carbon footprint of bioethanol, however, the application of the EU energy allocation method is mandatory in documenting the energy consumption reductions from biogenic fuels targeted under the EU Renewable Energy Directive (2009/28/EC), which supports the use of energy from renewable resources. The carbon footprint of bioethanol is therefore reported, on AGRANA's website.

Water and effluent (wastewater)

Water, the most important resource globally for the world's population, is one of many inputs in the production processes of the AGRANA Group. General water scarcity and the removal of water in water-stressed regions, as well as poor water quality and too high a temperature of discharged wastewater, frequently represent a significant economic, environmental and social risk. Although scarcity of good-quality water is not an issue at AGRANA's production sites, the sustainable, responsible use and discharge of water, in compliance with all legal standards, is a major aspect of the AGRANA environmental policy. In its quest for efficiency, AGRANA utilises the water contained in the agricultural raw materials for its processes.

AGRANA reports water and wastewater figures solely for its principal business, the processing of agricultural raw materials in its production plants, and on a specific basis, i.e., per tonne of product output (core and by-products), as absolute values do not provide a meaningful measure of water use efficiency, owing to the fact that annual processing quantities fluctuate. Some AGRANA segments have water-related targets, relevant to their business activity, for the target period up to and including the 2020|21 financial year. The progress towards goals to date is presented in the respective segment reports (see pages 31, 38 and 45).

Waste

The economic, environmental and social risks and impacts of waste generation and disposal in AGRANA's business activities are limited thanks to the Group's policy and practice of minimising waste through the virtually complete utilisation of raw materials. For AGRANA as an agricultural processor, its raw materials are far too valuable not to be utilised to the fullest. The Group-wide principle of complete utilisation is entrenched in the environmental policy and is practiced by producing both a wide range of high-quality foods and intermediate products for downstream industries and – particularly in the Starch and Sugar segments – manufacturing a very broad portfolio of by-products, especially feedstuffs and fertilisers. These not only contribute significantly to the economic bottom line but also close nature's material cycle by returning minerals and other nutrients to the land and the food chain.

Based on total product output, hazardous waste in the 2018|19 financial year amounted to about 141 grammes per tonne of product (core and by-products). In accordance with legal requirements, this material was collected and transferred to qualified waste disposal providers for appropriate treatment.

Transport

Although the transport of raw materials and products only represents a comparatively low share of largely less than 10% of the carbon footprint of AGRANA products (varying with the calculation method and country), the Group strives to make transport activities as sustainable as infrastructure and economics will allow.

Thus, in 2018|19 the modal split for inbound and outbound logistics in the AGRANA Group, based on tonne-kilometres, was approximately 74% road, 21.5% rail and 4.5% water.

Employee matters, including working conditions and human rights, in respect of AGRANA employees

The internal normative basis for AGRANA's relationship with its employees is the AGRANA Code of Conduct, which was newly revised in 2018|19. Among other things, it prohibits any discrimination or harassment, forbids child labour and forced labour, and addresses issues of health and safety in the workplace. It also affirms the rights of





free association and collective bargaining. By adhering to its Code of Conduct, the Group expects to avoid or minimise economic risks to AGRANA (for example, difficulties in employee recruitment, inefficient operating processes, strikes and reputational damage) and social risks for employees (e.g., a work environment that is unsafe, hazardous to health, discriminatory or unfair).

The employment relationships of about 71% of AGRANA employees worldwide fall under collective agreements. The interests of approximately 81% of staff are represented by a local employee council or union representative. At those sites where neither of these forms of representation exists, AGRANA has set up complaint boxes as a formal channel available to all employees for reporting grievances regarding labour practices or human rights. A process is in place for the prompt and fair handling of the complaints received.

SEDEX membership and SMETA audits

Since 2009, AGRANA Beteiligungs-AG is a member of the Supplier Ethical Data Exchange (SEDEX). All AGRANA production sites perform an annual SEDEX self-assessment, which focuses primarily on working conditions, workplace safety and human rights (including questions on child labour and forced labour). In the 2017|18 financial year, all Sugar segment plants within the GRI reporting boundaries (see page 10) and all Austrian manufacturing sites of the Starch segment had their self-assessments verified through so-called “4-Pillar SEDEX Members Ethical Trade Audits” (SMETA) performed by independent third parties and valid for three years. Overall, at the balance sheet date in 2019, about 44.4% of the AGRANA production sites within the GRI reporting boundaries had valid SMETA or comparable social audits. No significant violations were found. The SMETA audit reports on the AGRANA plants are available to SEDEX members on the organisation’s online platform.

The areas of focus in 2018|19 regarding working conditions and human rights in relation to AGRANA employees are discussed in the section “AGRANA’s people” (see from page 51).

Anti-corruption and anti-bribery, compliance with laws and regulations, and business conduct

The risks, management approaches and activities in 2018|19 surrounding compliance and business conduct, anti-corruption and anti-bribery are presented in the compliance section (see Annual Report 2018|19 from page 25) of the corporate governance report.

Social matters

Economic footprint of the AGRANA Group

In the area of sustainability, for AGRANA as an energy-intensive industrial company, the ecological aspect of its business operations has been a focus for many years. Besides this, the Group also considered working conditions (both internally and in the supply chain) and compliance aspects. Additionally, in the 2015|16 financial year the Group’s contributions to the economy in terms of value-added and employment were studied more closely for the first time; these calculations¹ were updated in 2018|19.

AGRANA’s total gross value-added contribution

The direct gross value-added effect of the AGRANA Group’s ongoing operations (as distinct from investment effects, discussed below) in the prior, 2017|18 financial year was € 644.1 million (2014|15: € 510.6 million). The total gross value-added contribution² of the AGRANA Group, which consists of direct², indirect² and induced² effects, was approximately € 1.7 billion (2014|15: almost € 1.5 billion). At € 831.8 million or 48% of the Group’s gross value-added, the largest contribution came from the Fruit segment, followed by Starch at € 514.3 million and Sugar at € 376.5 million. The greatest macroeconomic leverage, expressed as a multiplier², is exerted by the Sugar segment: its multiplier of 2.8 means that for every euro of gross value-added generated in the Sugar segment of the AGRANA Group, an additional € 1.8 of value-added was created in other companies worldwide.

In terms of geographic distribution, the EU-28 countries accounted for about 77% of gross value-added, ahead of North America at around 9% and the rest of Europe at about 5% (see map of AGRANA sites, Annual Report 2018|19 from page 28).

Each job at AGRANA created up to five more worldwide

All told, the ongoing operations of the AGRANA Group in 2017|18 supported close to 40,000 jobs around the world: The 8,730 direct jobs in the AGRANA Group were the basis for about 31,000 other positions worldwide. This resulted in the above-average employment multipliers (which are not comparable with other industries) ranging from 6.62 in the Starch segment to 4.53 in the Fruit segment.

More than half of the aggregate effect of 39,506 jobs was attributable to the Fruit segment, with 21,651 direct and supported jobs or about 55% of the total, followed by Sugar at 11,345 (around 29%) and Starch at 6,510 positions (about 16%). Approximately 62% of these jobs were in the 28 EU member countries. The European Union’s relatively higher 77% share of gross value-added reflected the higher productivity in the EU. In terms of employment effects, Asia followed at 3,334 or 8% of jobs, and North America was third at 2,744 positions or 7% (see map of AGRANA sites, Annual Report 2018|19 from page 28).

¹ For the methodology, see glossary, Annual Report 2018|19 on page 183.

² See glossary, Annual Report 2018|19 on page 184.





Investment by AGRANA added a total of 8,296 jobs

Besides the impacts of ongoing operations, AGRANA's capital expenditures gave rise to one-time additional, gross value-added effects. Globally, the total capital expenditures in the 2017|18 financial year of about € 141 million resulted in a total value-added effect of € 290.7 million. The associated employment impact amounted to a total of 8,296 jobs. The largest portion of these beneficial investment effects accrued in the EU, with gross value-added of € 208.3 million (some 72% of the global total). The employment effect of 2,619 supported jobs in the EU economy represents about 32% of the global figure.

Product responsibility and sustainable products

Product safety and quality

The foremost aim of the AGRANA quality policy is to produce foods and feedstuffs that meet customer requirements and are safe for consumption. For AGRANA, adhering to the many applicable national and international regulations for product safety at all production sites worldwide is not just a legal obligation but also a cornerstone of the Group's social responsibility and essential to its sustainable development.

Foods manufactured at facilities within the European Union meet the requirements of the EU's General Food Law Regulation (EC) No 178/2002, as amended. This regulation lays down the general principles and requirements of food law, establishes the European Food Safety Authority and sets out procedures concerning food safety. In addition, AGRANA is guided by the international minimum standards for food safety, such as the Codex Alimentarius (the food code of the Food and Agriculture Organisation of the World Health Organisation). In the Codex Alimentarius, the General Principles of Food Hygiene introduce the so-called Hazard Analysis and Critical Control Point system. The HACCP system permits the analysis of potential hazards to human health, whether chemical, physical or microbial in nature. The principle of an HACCP system is also found, for example, as a legal requirement in the EU hygiene regulation (Reg. (EC) No 853/2005). AGRANA has already been using HACCP systems in its plants for many years, adapted to the particular production processes. The introduction and especially the regular auditing of an HACCP system ensure that only safe products leave the facility.

Animal feeds produced at facilities in the EU meet the requirements of the EU's General Food Law Regulation No 178/2002, its Regulation No 767/2009 on bringing to market and using feeds, and Regulation No 1831/2003 on feed hygiene. Here too, HACCP systems are integral to ensuring product safety.

In its assurance of food and feed safety, AGRANA goes beyond the legal requirements and has implemented internationally recognised standards of product safety, under which it is externally certified.

The AGRANA quality management system seeks to identify and optimally fulfil the expectations and requirements of customers and other interested parties. It is based on the principles of ISO 9001, the international norm for quality management systems. AGRANA's quality management system is supplemented by numerous certifications for food safety and food defence. The most important standards in this respect globally for AGRANA are FSSC 22000 (Food Safety System Certification), ISO 22000 and IFS (International Food Standard). Depending on the country or region and customer demand, additional certifications are also offered, such as Organic, GMO-Free, Kosher (following Jewish dietary laws) and Halal (adhering to Islamic dietary laws). The key standards for feed safety are GMP Feed and the EFISC Feed Standard. Overall in the 2018|19 financial year, 100% of AGRANA's feed production sites held certifications to at least one of these standards or to the locally relevant international ones.

The hygiene and quality standards of the foods and feeds produced by AGRANA are continually raised further through external certifications, customer and supplier audits and an internal audit system. No product recalls affecting consumers were required in 2018|19.

Organic products and sustainable product innovations

AGRANA has the necessary certifications in its plants and supply chain to be able to fill customer needs for organically made foods, feeds and other products. As significant volume of demand for organics is limited mostly to Austria, Germany and the USA, the organic portion of AGRANA's total sales quantities is a percentage in the single digits.

For organic products in high demand, such as organic beet sugar, AGRANA seeks to expand the volume it can supply. In Austria from the 2019 crop year, as an incentive for farmers to venture into the challenging production of organic beet, AGRANA is offering not just a purchasing guarantee with an attractive pricing model, the coverage of the cost of loading the beets onto trucks, and discounts on fertilizers such as Carbokalk and BioAgenasol® but also other organisational support measures such as the provision of camera-controlled finger weeders and multi-worker rolling weeding platforms including personnel. The placement of seasonal workers as part of a working group for organic beet is also being planned. As well, a collaboration was launched between AGRANA and the





company Agropersonal for the placement of seasonal workers. All these measures are designed to help make organic beet cultivation more attractive to farmers.

AGENACOMP® organic plastic, launched on the market in 2018|19, represents AGRANA's most important product innovation of the past financial year. This organic plastic compound consists of 50% thermoplastic starch and 50% biologically degradable polyester. AGENACOMP® is the first product on the organic plastics market with so high a starch content (versus the typical 25%) that is completely home-compostable. TÜV-certified composting tests showed 100% decomposition without microplastic residues, in less than six months. The applications for AGRANA's newly developed bioplastic compound are many, ranging from produce bags for fruit and vegetables, to reusable shopping bags (made from thicker grades of the material), all the way to packaging film.

At the end of the 2018|19 financial year, as part of a € 40 million investment at the site of the potato starch factory in Gmünd, Austria, AGRANA started the value-added processing of potato fibre into a high-quality dietary fibre for calorie reduction in foods. Dietary fibre as a non-digestible component of foods is essential to good nutrition. It is known for providing rapid satiation, lowering blood sugar and blood lipid levels, binding toxins present in the body and promoting a healthy gut flora, and is used in many foods, such as baked goods, soft drinks and meat products. By drying and processing the previously unused spent pulp from potato starch production, AGRANA achieves not only 100% utilisation of the potatoes as a valuable raw material, but also contributes to balanced, high-fibre nutrition.

Disseminating knowledge on nutrition and health

In 2018|19, sugar continued to struggle with a negative image in the public debate and in media reporting on nutrition and health. Frequently, the impression is created that sugar is responsible for most of the ills of our modern society, and none more so than obesity.

Motivated by this media pressure and the 2016 agreement between EU member states that, by 2020, the amount of added sugars in the total food supply is to be reduced by 10% relative to the base year 2015, food manufacturers and retail chains are working on recipe changes for their products. Thus, one retail group displays a chocolate pudding with 30% less sugar than before, but containing only about 6% fewer calories than the original. Or take butter biscuits which are advertised as having "30% less sugar", but ultimately contain only 4% fewer calories; or hazelnut slices containing only 2%

fewer calories despite 46% less sugar. Reformulations that target sugar alone fall short. Ultimately, what is responsible for overweight is not sugar but a positive energy balance, i.e., more calories being taken in than expended. Whether these calories come from fat, protein, sugar or other carbohydrates makes no difference to the energy balance.

AGRANA therefore works to raise the level of public knowledge about nutrition in general, the importance of lifestyle to health, and the properties of sugar. In the 2018|19 financial year, the Group thus continued to support initiatives that communicate nutritional and health knowledge, such as Austria's Forum for Health Today ("Forum Ernährung heute"), the Austrian Nutrition Society ("Österreichische Gesellschaft für Ernährung") and the platform "Land Grows Life" ("Land schafft Leben").

Through its sponsorship of SK Rapid, a Vienna football club, AGRANA strives to motivate the public to adopt a healthy, active lifestyle that includes more exercise in daily life. AGRANA sees young people as a particularly important audience in this regard, as the foundations for a healthy way of life are laid at an early age. As in the previous years, AGRANA supported last year's Wiener Zucker® U9 kids' football tournament, with participation not just by local clubs but also by the U9 teams of big-name, top international franchises such as FC Bayern München, Hertha BSC Berlin, Juventus Turin, AC Milan and FC Barcelona.

In parallel with this, AGRANA helps foster its own employees' knowledge and awareness of balanced nutrition and a healthy lifestyle through a multitude of activities (see the section "AGRANA's people", from page 51).

Social engagement

Memberships in major sustainability-related initiatives

Beyond striving to maximise the environmental and social sustainability of its core business activities, AGRANA is also engaged as a responsible corporate citizen in its host communities. As part of this engagement, the Group is involved in various sustainability-related initiatives and in industry associations and advocacy groups.

Sponsorship engagements

As in the previous years, in 2018|19 the AGRANA Group supported a large number of social projects in the communities where its companies operate, and many cultural events in Austria.



**Memberships in major sustainability-related initiatives**

Initiative	Member companies from AGRANA Group	Since	Initiative's aim and other members
Sustainable Agriculture Initiative Platform (SAI)	AGRANA Beteiligungs-AG ¹	2014	Aim: Develop guidelines for and implement sustainable agriculture practices; Members: Food and beverage industry
Sustainable Juice Covenant	AUSTRIA JUICE GmbH	2018	Aim: global initiative for sustainable production of fruit- and vegetable-based juices, purees and juice concentrates; Members: beverage industry, especially members of the European Fruit Juice Association (AIJN)
Supplier Ethical Data Exchange (SEDEX)	AGRANA Beteiligungs-AG ¹	2009	Aim: Promote sustainable social and environmental practices in the value chain; Members: about 36,000 companies worldwide
EcoVadis	AUSTRIA JUICE GmbH and some sites of Fruit segment; AGRANA Stärke GmbH; AGRANA Zucker GmbH	2013	Aim: Supplier assessment on environmental and social criteria throughout their value chain; Members: about 120 large global companies in a wide range of industries
ARGE Gentechnik-frei (Platform GMO-Free)	AGRANA Beteiligungs-AG ¹	2010	Aim: Promote and safeguard Austrian GMO-free agriculture and food production; Members: entire food value chain, including many retailers
Bonsucro	AGRANA Zucker GmbH	2014	Aim: Improve the sustainability of sugar cane cultivation and of cane sugar production; Members: Producers, resellers, processors
Initiative Donau Soja (Danube Soya Initiative)	AGRANA Stärke GmbH	2013	Aim: Sustainable GMO-free soya production in the Danube region (focus on animal feed); Members: entire value chain, NGOs, etc.

Memberships in industry associations and advocacy groups

Industry association or advocacy group	Member company	Geographic scope
Industriellenvereinigung (Federation of Austrian Industries)	AGRANA Beteiligungs-AG	Austria
Fachverband der Nahrungs- und Genussmittelindustrie (Austrian Food Industry Association)	AGRANA Beteiligungs-AG	Austria
AÖL – Assoziation ökologischer Lebensmittelhersteller (Association of Sustainable Food Producers)	AGRANA Stärke GmbH	Germany
CEFS – Comité Européen des Fabricants de Sucre (European Association of Sugar Producers)	AGRANA Zucker GmbH	European Union
Starch Europe	AGRANA Stärke GmbH	European Union
SGF International E.V.	AUSTRIA JUICE GmbH	Worldwide

¹ AGRANA Beteiligungs-AG, representing all or several AGRANA companies.



Financial results

The consolidated financial statements for the 2018|19 financial year (the twelve months ended 28 February 2019) were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

Changes in the scope of consolidation

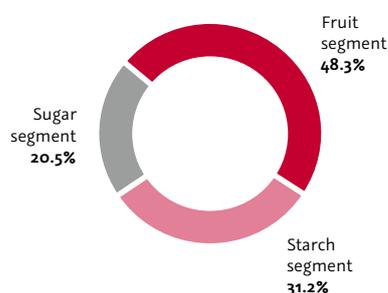
A detailed overview of the additions to and removals from the scope of consolidation is provided in the notes to the consolidated financial statements (page 81). In total in the consolidated financial statements, 62 companies were fully consolidated (28 February 2018 year-end: 62 companies) and twelve companies were accounted for using the equity method (28 February 2018: 13 companies).

Revenue and earnings

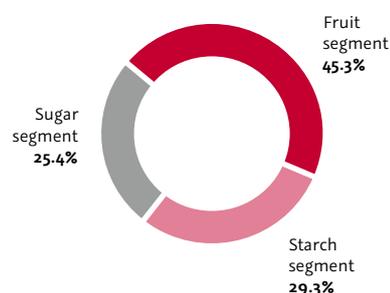
Consolidated income statement (condensed)		2018 19	2017 18	Change % / pp
Revenue	€000	2,443,048	2,566,317	-4.8%
EBITDA ¹	€000	147,738	254,159	-41.9%
Operating profit before exceptional items and results of equity-accounted joint ventures	€000	51,102	164,145	-68.9%
Share of results of equity-accounted joint ventures	€000	12,222	29,395	-58.4%
Exceptional items	€000	3,294	(2,912)	213.1%
Operating profit [EBIT] ²	€000	66,618	190,628	-65.1%
EBIT margin	%	2.7	7.4	-4.7 pp
Net financial items	€000	(15,372)	(14,470)	-6.2%
Income tax expense	€000	(20,860)	(33,513)	+37.8%
Profit for the period	€000	30,386	142,645	-78.7%
Earnings per share	€	0.41	2.24 ³	-81.7%

The AGRANA Group's revenue of € 2,443.0 million in the 2018|19 financial year was off slightly from the prior year. While revenue rose slightly in the Fruit segment (to € 1,179.1 million, up 1.5%) and Starch segment (to € 762.7 million, up 1.4%), revenue declined significantly in the Sugar segment (to € 501.2 million, down 23.2%) due mainly to the further decline in sugar selling prices.

Revenue by segment in 2018|19



Revenue by segment in 2017|18



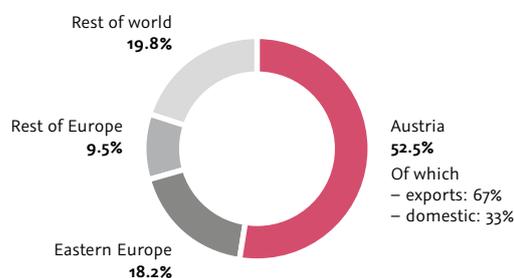
¹ EBITDA represents operating profit before exceptional items, results of equity-accounted joint ventures, and operating depreciation and amortisation.

² Operating profit (EBIT) is after exceptional items and results of equity-accounted joint ventures.

³ Based on the number of shares outstanding at February 28, 2019, which was 62,488,976.

Subsidiaries based in Austria generated 52.5% (prior year: 51.3%) of Group revenue.

Revenue by region in 2018|19



Operating profit (EBIT), at € 66.6 million, was very significantly (65.1%) below the prior year. In the Sugar segment, as expected, EBIT deteriorated very significantly, to a deficit of € 61.9 million (prior year: profit of € 34.8 million), owing to lower selling prices than one year earlier as well as adverse effects of the drought-related smaller harvest in Austria. In the Starch segment, EBIT decreased significantly to € 51.2 million, a reduction of 36.2% driven above all by a weaker performance in the ethanol and saccharification products business. The Fruit segment raised its EBIT by 2.2% to € 77.3 million. Details on the share of results of equity-accounted joint ventures and on exceptional items can be found in the segment reports and the consolidated financial statements.

Net financial items in 2018|19 amounted to a net expense of € 15.4 million (prior year: net expense of € 14.5 million). The prior year's optimisation of the credit and interest rate structure led to a further improvement of € 2.3 million in net interest expense. At the same time, currency translation differences deteriorated by about € 4.1 million, due primarily to negative movements in foreign currency financings in Argentina, Brazil, China, Mexico and Romania (euro and US dollar financings). As a result of lower ancillary expenses, other financial items improved by € 0.9 million.

Net financial items		2018 19	2017 18	Change
				%
Net interest (expense)	€000	(5,513)	(7,832)	+29.6%
Currency translation differences	€000	(7,976)	(3,842)	-107.6%
Share of results of non-consolidated subsidiaries and outside companies	€000	24	34	-29.4%
Other financial items	€000	(1,907)	(2,830)	+32.6%
Total	€000	(15,372)	(14,470)	-6.2%

Profit before tax decreased from the prior year's € 176.2 million to € 51.2 million. After an income tax expense of € 20.9 million based on a tax rate of 40.7% (prior year: 19.0%), the Group's **profit for the period** was € 30.4 million (prior year: € 142.6 million). Profit for the period attributable to shareholders of AGRANA was € 25.4 million (prior year: € 140.1 million); earnings per share decreased to € 0.41¹ (prior year: € 2.24¹).

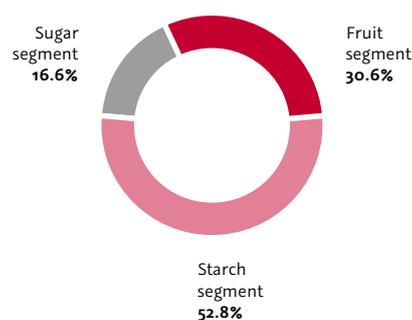
Investment

In 2018|19, AGRANA invested a total of € 183.8 million, or € 42.9 million more than in the prior year. Purchases of property, plant and equipment and intangibles exceeded depreciation by 90.1% (prior year: 56.5%), with the following distribution by business segment:

Investment ²		2018 19	2017 18	Change % / pp
Fruit segment	€000	56,193	49,356	+13.9%
Starch segment	€000	97,011	59,427	+63.2%
Sugar segment	€000	30,549	32,084	-4.8%
Group	€000	183,753	140,867	+30.4%
Depreciation, amortisation and impairment	€000	96,636	90,014	+7.4%
Investment coverage	%	190.1	156.5	+33.6 pp

Investment in the Fruit segment focused mainly on capacity expansions and plant modernisation; in the Sugar segment it centred on improvements in product quality and energy efficiency. The highest capital expenditures in the Starch segment were for the on-going expansion of the wheat starch plant in Pischelsdorf, Austria. The key projects in the individual business segments are described in the segment reports.

Investment by segment in 2018|19



¹ Reflecting the four-for-one stock split performed in July 2018. The value is thus based on the new number of shares outstanding at 28 February 2019, which was 62,488,976.

² Investment represents purchases of property, plant and equipment and intangible assets, excluding goodwill.

Cash flow

Consolidated cash flow statement (condensed)		2018 19	2017 18	Change %
Operating cash flow before changes in working capital	€000	177,546	302,745	-41.4%
Changes in working capital	€000	(5,872)	(43,121)	+86.4%
Interest received and paid and income tax paid, net	€000	(29,965)	(45,762)	+34.5%
Net cash from operating activities	€000	141,709	213,862	-33.7%
Net cash (used in) investing activities	€000	(161,887)	(133,346)	-21.4%
Net cash (used in) financing activities	€000	(18,180)	(153,693)	+88.2%
Net (decrease) in cash and cash equivalents	€000	(38,358)	(73,177)	+47.6%
Effects of movements in foreign exchange rates on cash and cash equivalents	€000	(577)	(4,291)	+86.6%
Cash acquired in initial consolidation of subsidiaries	€000	637	0	-
Effect of IAS 29 on cash and cash equivalents	€000	(81)	0	-
Cash and cash equivalents at beginning of period	€000	120,961	198,429	-39.0%
Cash and cash equivalents at end of period	€000	82,582	120,961	-31.7%
Free cash flow ¹	€000	(20,178)	80,516	-125.1%

Operating cash flow before changes in working capital decreased by € 125.2 million year-on-year to a new total of € 177.5 million. After a significantly lower increase of € 5.9 million in working capital (prior year: increase of € 43.1 million) and a lower income tax expense and interest expense, net cash from operating activities decreased to € 141.7 million (prior year: € 213.9 million). Net cash used in investing activities was € 161.9 million. This significant increase from one year earlier came as a result of higher outflows for purchases of property, plant and equipment and intangibles (prior year: net cash use of € 133.3 million in investing activities). An overall increase in borrowings in 2018|19 (on a net basis across current and non-current borrowings) meant that, despite a higher dividend payment to AGRANA shareholders, net cash used in financing activities was reduced to € 18.2 million (prior year: net cash use of € 153.7 million). Free cash flow in the year under review decreased by more than 100% year-on-year.

Financial position

Consolidated balance sheet (condensed)		28 Feb 2019	28 Feb 2018	Change % / pp
Non-current assets	€000	1,252,148	1,161,001	+7.9%
Current assets	€000	1,137,259	1,195,420	-4.9%
Total assets	€000	2,389,407	2,356,421	+1.4%
Equity	€000	1,409,928	1,453,997	-3.0%
Non-current liabilities	€000	393,046	419,427	-6.3%
Current liabilities	€000	586,433	482,997	+21.4%
Total equity and liabilities	€000	2,389,407	2,356,421	+1.4%
Net debt	€000	322,202	232,493	+38.6%
Gearing ratio ²	%	22.9	16.0	+6.9 pp
Equity ratio	%	59.0	61.7	-2.7 pp

Total assets at 28 February 2019 were € 2,389.4 million, an increase of € 33.0 million from the year-earlier level.

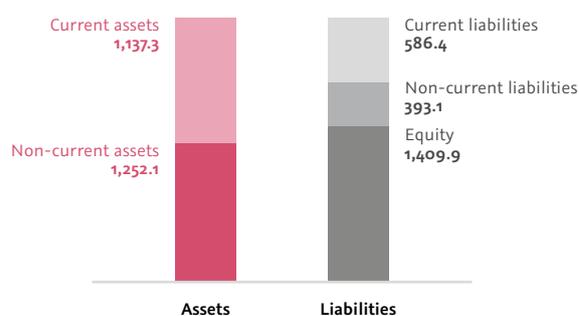
¹ Total of net cash from operating activities and net cash used in investing activities.

² Ratio of net debt to total equity.

An expansion of € 91.1 million in non-current assets was driven especially by a level of investment in property, plant and equipment that exceeded depreciation. Inventories declined for volume and price reasons, by € 35.4 million. In combination with a reduction of € 38.4 million in cash and cash equivalents, this led to a decrease in current assets.

Balance sheet structure at 28 February 2019

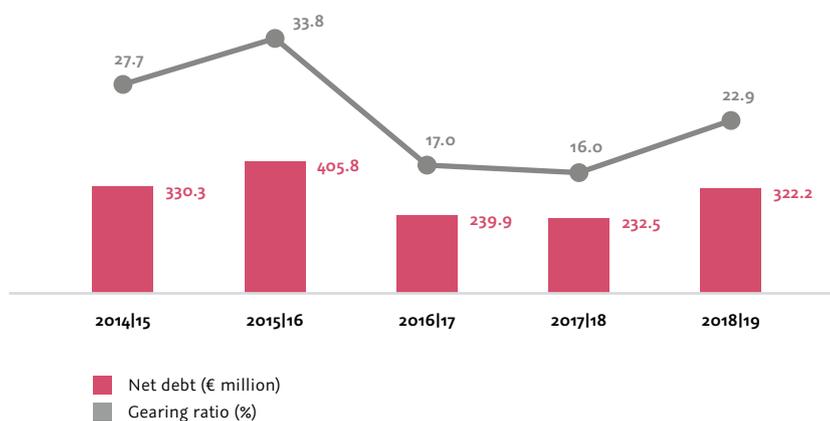
€ million



AGRANA's equity ratio of 59.0% was 2.7 percentage points below that of one year earlier. Non-current liabilities declined, due primarily to a reduction of € 31.6 million in long-term borrowings. Current liabilities rose, reflecting an increase in current borrowings (up € 83.0 million) as well as higher trade payables (up € 25.4 million).

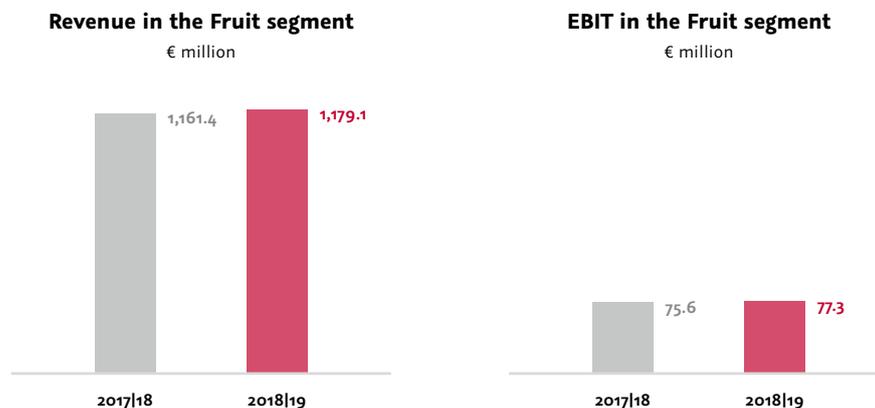
Net debt as of 28 February 2019 amounted to € 322.2 million, up € 89.7 million from the 2017|18 year-end level. The gearing ratio was thus 22.9% at the balance sheet date (28 February 2018: 16.0%).

Net debt and gearing ratio



In November 2018, AGRANA raised a long-term loan of € 40 million with a seven-year term and a fixed interest rate of 1.48%. The proceeds were used for the repayment of maturing bank financings and Schuldscheindarlehen.

Segment financial results



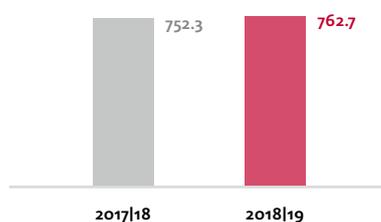
Fruit segment revenue in 2018|19 was € 1,179.1 million, or slightly above the year-earlier level (by 1.5%). In fruit preparations, revenue stagnated despite higher sales volumes; the reason lay mainly in negative currency translation effects, particularly in Argentina, Turkey, Russia, Mexico and the USA. In the fruit juice concentrate business, revenue rose as a result of the high apple juice concentrate prices for product from the 2017 crop. The Fruit segment was responsible for 48.3% of Group revenue (prior year: 45.3%).

EBIT reached a new high of € 77.3 million, rising by 2.2% from the prior year. While the fruit preparations business experienced a mainly currency-related deterioration in earnings (as numerous local currencies weakened against the euro, in some cases sharply), EBIT in the fruit juice concentrate activities grew very significantly. This was due especially to improved contribution margins of apple juice concentrate produced from the 2017 harvest and the increased capacity utilisation in the 2018|19 processing season, as well as, secondarily, to a continued good performance in beverage bases.

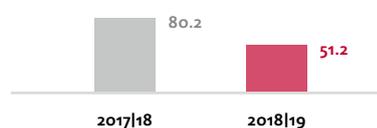
Further details on the results in the Fruit business are given in the segment report from page 26.

Revenue in the Starch segment

€ million

**EBIT in the Starch segment**

€ million



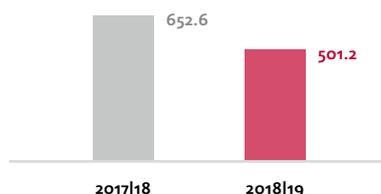
Revenue in the **Starch segment** in 2018|19 was € 762.7 million, up slightly by 1.4% from the previous year. While revenue growth was seen in native and modified starches (mostly for price reasons), significant revenue decreases occurred in saccharification products as a result of the high competitive pressure in the European sugar market. Bioethanol revenue showed a price-driven decrease from the prior year, amid high volatility in the Platts quotations. Positive revenue trends were achieved in organic and specialty products, particularly infant formula. Revenue from animal feed sales rose slightly. The Starch segment accounted for 31.2% of the Group's revenue (prior year: 29.3%).

The segment's EBIT of € 51.2 million was well below the prior year's record result of € 80.2 million and translated into an EBIT margin of 6.7% (prior year: 10.7%). Most of this reduction was attributable to the significantly lower market prices for bioethanol and saccharification products. On the cost side, the significant energy price increases and the higher overall prices of grain from the 2018 crop weighed on earnings. As a result of the strong expansion activities, staff costs and depreciation were also up significantly. The profit contribution from the equity-accounted HUNGRANA facility was € 16.2 million, versus € 30.5 million in the prior year. Volume and margin reductions in saccharification products and bioethanol were the key reasons for this lower result.

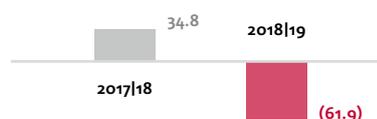
Further details on the results of the Starch business are provided in the segment report from page 33.

Revenue in the Sugar segment

€ million

**EBIT in the Sugar segment**

€ million



The **Sugar segment's** revenue in 2018|19, at € 501.2 million, represented a decrease of 23.2% from the year before. The reasons were the significant year-on-year reduction in sugar sales prices, as well as lower volumes of sugar sold (the latter especially in exports and the non-food sector). Revenue from by-products decreased, driven primarily by a lower sales volume of dried beet pulp, and revenue with ancillary goods (INSTANTINA products, seed, services, etc.) was also off. The Sugar segment accounted for 20.5% of Group revenue (prior year: 25.4%).

EBIT in 2018|19 fell from a profit of € 34.8 million to a deficit of € 61.9 million. The principal driving factor was the much poorer sales price environment compared to the prior year, which also made necessary a (retail method) write-down on sugar inventories. In addition, production costs increased due to the poor beet quality of the 2018 crop (not least as a result of the extreme drought conditions) and the acreage reduction in spring 2018 caused by the beet weevil infestation. Specifically, this resulted in idle-capacity costs of about € 13.2 million. The net exceptional items income in 2018|19 amounted to € 3.3 million and stemmed largely from tax refunds in Romania (prior year: net expense of € 2.9 million, due primarily to restructuring effects).

Further details on the results in the Sugar business are given in the segment report from page 40.

Events after the balance sheet date

No significant events occurred after the balance sheet date of 28 February 2019 that had a material effect on AGRANA's financial position, results of operations or cash flows.

Fruit segment

Basics of the Fruit segment

Marketing relationship

B2B

Products

Fruit preparations, fruit juice concentrates, not-from-concentrate juices, fruit wines, natural flavours and beverage bases

Raw materials processed

Fruits (leading raw material for fruit preparations: strawberry; raw materials for fruit juice concentrates: apples and berries)

Key markets

Marketed worldwide

Customers

Dairy, ice-cream, bakery, food service and beverage industries

Special strengths

Custom-designed, innovative products

AGRANA Internationale Verwaltungs- und Asset-Management GmbH, Vienna, is the holding company for the Fruit segment. The coordination and operational management of the fruit preparations business are provided by the holding company AGRANA Fruit S.A.S., based in Mitry-Mory, France. In the fruit juice concentrate business, the operating holding company is AUSTRIA JUICE GmbH, based in Kröllendorf/Allhartsberg, Austria. At the balance sheet date the Fruit segment as a whole comprised 28 production sites in 21 countries for fruit preparations, and 15 plants in seven countries for the production of apple and berry juice concentrates.

Revenue and earnings

Fruit segment		2018 19	2017 18	Change % / pp
Total revenue	€000	1,179,603	1,161,898	+1.5%
Inter-segment revenue	€000	(453)	(456)	+0.7%
Revenue	€000	1,179,150	1,161,442	+1.5%
EBITDA ¹	€000	114,966	113,218	+1.5%
Operating profit before exceptional items and results of equity-accounted joint ventures	€000	77,265	75,639	+2.1%
Operating profit [EBIT] ²	€000	77,265	75,639	+2.1%
EBIT margin	%	6.6	6.5	+0.1 pp
Investment ³	€000	56,193	49,356	+13.9%
Number of employees (FTE) ⁴		6,141	5,610	+9.5%

In the fruit preparations business, revenue rose by just under 1% on a constant-currency basis, as a result mainly of higher sales volume.

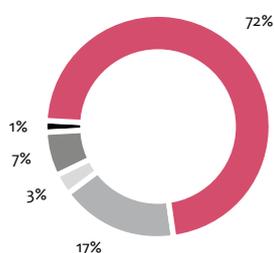
Revenue was up in all AGRANA regions except South America, Russia and the Dira Frost group. The largest percentage gain was made in the India, Middle East and Africa region (IMEA), with growth in South Africa, India and through the acquisition of Elafruits SPA in Algeria (now SPA AGRANA Fruit Algeria). Ukraine also registered a significant revenue increase compared with the prior year. In the EU as well, the most important region in revenue terms, AGRANA sold higher volumes than a year ago, despite the market contraction. Detracting from the revenue growth were foreign currency effects in individual countries, particularly in Argentina, Turkey, Russia, Australia and Mexico.

The diversification in fruit preparations towards an increased focus on the customer segments of food service, bakery and ice-cream continued and sales quantities in these areas rose.

AGRANA improved its market position through gains in market share paralleling the growth of its global key accounts; long-term customer contracts secure this positive evolution for the company. As well, opportunities for sustained future growth lie in the non-dairy product areas (for instance, fruit preparations for global convenience food chains, and ice-cream components for global brands).

Earnings of the fruit preparations division saw a decrease. The variance from the previous, 2017|18 financial year was due mainly to negative currency translation effects and one-off factors such as hyperinflation accounting in Argentina in 2018|19. An EBIT improvement was achieved in the Europe and North America regions and Ukraine, while earnings eased in the South America and Asia regions and Mexico.

Revenue by product group in 2018|19



- Fruit preparations (dairy and non-dairy)
- Fruit juice concentrates
- Other juice core products (NFC, fruit wines, etc.)
- Fruit reselling, frozen fruits, etc.
- Other services

¹ EBITDA represents operating profit before exceptional items, results of equity-accounted joint ventures, and operating depreciation and amortisation.

² Operating profit (EBIT) is after exceptional items and results of equity-accounted joint ventures.

³ Investment represents purchases of property, plant and equipment and intangible assets, excluding goodwill.

⁴ Average number of full-time equivalents in the reporting period.

The 2018|19 EBIT of AGRANA Fruit, the company responsible for the fruit preparations business, is the first to include the acquisition of Elafruits SPA (now SPA AGRANA Fruit Algeria). In China, towards the end of the financial year, the construction of the new plant in Changzhou near Shanghai was completed. Industrial-scale production at the plant started in March 2019.

Revenue in the fruit juice concentrate business was up slightly in the 2018|19 financial year compared to the year before. This was attributable to the high prices for concentrate produced from the 2017 crop and the good sales volume from the 2018 campaign. AUSTRIA JUICE operates globally, with the EU as its core market. Other significant geographic markets are North America, Russia, the Middle East and Far East. The apple juice concentrate made at the Chinese plant is marketed largely in Japan, the USA, Russia and Australia, and to some extent in Europe.

In the 2018 apple campaign, AUSTRIA JUICE benefited from excellent raw material availability in the European main crop production countries, with significantly reduced prices compared to the 2017 campaign.

EBIT in the fruit juice concentrate business was significantly higher than in the previous year thanks to the improved margin and sales volume situation and the high capacity utilisation of the plants in the 2018 processing season.

Market environment

As estimated by Euromonitor, the global market for spoonable flavoured yoghurts (which is addressed by the fruit preparations business) is to grow at an average annual rate of 1.1% to 2023. The markets in the Western Europe and North America regions are predicted to stagnate, while positive sales volume trends are seen in Asia-Pacific at estimated average annual growth of 5% to 2023, and in the Middle East and Africa at 4.1% per year to 2023. Globally, the category of drinkable yoghurts is projected to have significantly higher average annual growth of 6.0% over the same period. Besides the fruit yoghurt market, the bakery and ice-cream sectors are significant to the diversification of the fruit preparations activities. In baked goods, the product group of biscuits, snack bars and fruit snacks is particularly relevant. It is forecast to grow at a moderate rate globally, averaging 1.8% per year to 2023. The ice-cream market too is to grow globally by 1.8% p.a. over the same time span. In the Middle East and Africa, the ice-cream market is predicted to grow at an above-average rate of 5.2% p.a. to 2023.

Current consumer trends for all of the above product categories are naturalness, sustainability, health, pleasure and convenience. Within the megatrend of naturalness, the main driver is the popularity of clean label products, i.e., foods and beverages without certain additives, such as dyes, preservatives or aromas. Sustainability has long been an important theme for the industry. The focus here is currently on the avoidance of food waste and on the topic of the circular economy. Under the health trend, more and more consumers seek out natural plant ingredients to maintain health and wellness, and growing numbers of products containing herbs, spices or blossom ingredients are appearing on the market. In parallel with these trends oriented towards mindful consumption, the pleasure principle is also writ large: Food becomes a feast for the senses – vivid colours, interesting textures, new flavours – everything to surprise today's adventurous consumer with novel experiences. Rounding out the consumer trends is the theme of convenience: In daily life, many consumers no longer take the time for the traditional three meals a day, often substituting small snacks for meals.

The concentrate business remains marked by the trends both towards lower fruit juice content in beverages and towards not-from-concentrate 100% juices. As a consequence, there is growing demand for beverage bases with a reduced fruit juice content. AUSTRIA JUICE addresses this trend with its strategic emphasis on the increased production of beverage bases and aromas. Sales of apple juice concentrate for the production of cider remain stable and cider consumption is growing globally.

In Europe the above-average apple crop in 2018, especially a record harvest in Poland, led to a significant reduction in the prices of apples and apple juice concentrate compared to the previous year (2017). The low European prices coupled with reduced production volumes from China created a good sales opportunity for European product in the USA. The strong outflow of European apple juice concentrate to the USA, combined with steady demand from European consumers, pushed up prices in the course of the harvest.

Apple juice concentrate from China showed a slightly rising price trend compared to the prior year and was thus not very competitive in Europe and the USA.

For all fruits used in berry juice concentrates, larger crops were harvested than in the year before. As a result, the market was characterised by price reductions during the campaign.

Sustainability in the Fruit segment

Targets in the supply chain

Fruit preparations:

- ✓ 2018|19: Determine the sustainability status of fruit suppliers based on specified international certifications

Fruit juice concentrates:

- ✓ SAI FSA audits of Hungarian and Polish growers of pest-resistant apple varieties confirmed FSA silver or better status for all producers

Environmental targets by 2020|21

Fruit juice concentrates:

- ✗ Direct and indirect energy consumption of 3.43 GJ per tonne of product
- ✓ Water consumption of 4.21 m³ per tonne of product

Economic footprint¹

€ 310.7 million of direct gross value-added

€ 831.8 million of total gross value-added

5,613 jobs in AGRANA's Fruit segment generated 16,038 more in other companies

Value chain

wsk.agrana.com/en/fruit



Raw materials and production

The fruit preparations business processed about 375,000 tonnes of raw materials in 2018|19, an increase of 4% year-on-year. Raw material prices overall were below the year-earlier level, with raspberry, cherry, blackberry and tropical fruit coming down in price while strawberry and blueberry prices rose.

As in the previous years, strawberry was the principal fruit for fruit preparations, with a processed volume of approximately 65,500 tonnes. The main strawberry procurement markets for Europe and Eastern Europe are Spain, the Maghreb (i.e., Northern Africa bordering the Mediterranean) and Poland. Strawberry for the USA is sourced primarily from Mexico – predominantly from AGRANA's own production of frozen fruit – but also from Egypt and Morocco. China, Korea and Australia are supplied largely with Chinese product. In order to supply the new plant in China, a project was launched three years ago southwest of Shanghai to grow new, improved varieties of strawberry and thus meet the demand for better texture and higher competitiveness of the raw material. AGRANA Fruit aims to establish greenfield projects with strategic partners in completely new crop production regions such as West Africa in order to minimise procurement risk.

On balance across all procurement markets, strawberry prices increased by about 7% in 2018|19, led by the continental growing regions such as Poland and with smaller increases in Morocco and Egypt.

The second most important fruit by processing volume was peach, at around 17,200 tonnes. Greece and Spain are the top procurement markets, followed by China. The harvests in Europe were favourable and prices stable relative to the prior year.

In the fruit juice concentrate business, available supplies of apples in the foremost European processing regions (Poland and Hungary) were significantly above levels of the year before. The Chinese apple crop was considerably reduced by spring frost; the concentrate production volume in China was thus less than in the prior year and below expectations.

The berry processing season for concentrate production was on the whole marked by good available volumes of the principal fruits. The prices for the most important fruit categories (strawberry, sour cherry and black currant) were below those of the prior year.

Engagement in the upstream value chain

Supplier environmental and social assessment

In the 2018|19 financial year the Fruit segment continued to further the implementation of the AGRANA principles for the procurement of agricultural raw materials and intermediate products.

As in the prior year, 13.7% of the raw materials procured by the purchasing organisation, AGRANA Fruit Services GmbH, for the fruit preparations segment in the year under review had a sustainability certification. Almost all of this quantity represented certified organic raw materials. As organic raw material certification standards focus only on agricultural practices and exclude social criteria, an organic certification alone is not enough to achieve a sufficiently high score in the benchmarking under the Farm Sustainability Assessment (FSA) of the Sustainable Agriculture Initiative Platform (SAI)

¹ Calculated based on the data for the 2017|18 financial year. Details at www.agrana.com/en/sustainability/profit/footprint



(for details on the SAI and FSA, see from page 11). For interested customers, AGRANA also offers the procurement of raw materials with organic and fair trade certification, for which FSA silver status can then be claimed.

To evaluate its suppliers for their adherence to social criteria, AGRANA Fruit Services invites new suppliers to participate in the Supplier Ethical Data Exchange, or SEDEX (for details on SEDEX, see page 14). In the 2018|19 financial year, new suppliers representing about 72% of the purchasing company's procurement volume accepted this invitation and shared their self-assessment and any audit documents with AGRANA Fruit Services.

In response to the demand for regionally and sustainably produced apples for fruit preparations, AGRANA's fruit preparations division last year launched a project in the Mexican state of Puebla to professionalise apple cultivation in this region (where apples have been grown commercially since the 1940s) in line with sustainability criteria. In the three communities of Zaragoza, Zacatlan and San Salvador el Seco, about 200 kilometres east of Mexico City, more than 50% of the 120,000 inhabitants live in poverty. In the past, as it was no longer possible to earn a living with the less professional apple cultivation, existing orchards were cleared and the land used to produce other, less suitable crops such as potatoes. This change in land use led to soil erosion and nitrate pollution of the groundwater, and in addition the required heavy use of pesticides made crop rotation after potatoes difficult.

As part of this project, which is scheduled to run until 2025, AGRANA will support interested farmers by providing know-how and purchase guarantees in order to create jobs and generate income through sustainable apple production that improves the soil and biodiversity. Specifically, training courses in tree pruning, fertilisation and tree health as well as in farm and environmental management will be conducted to prepare the participating growers 2025 to meet the sustainability criteria specified by SAI for FSA silver status (for details of SAI, see from page 11). The crops from the approximately 175 hectares of apple orchards foreseen for the project will directly or indirectly benefit about 5,000¹ people.

The fruit juice concentrate business, as a result of its procurement structures, is confronted with an especially significant challenge in supply chain management, as most of the raw materials it processes are sourced via collection points from dealers. This is a consequence of legacy national structures evolved over time which are focused primarily on the fresh market and retail trade and on fruit exports. Fundamentally, the Group would like to purchase more raw materials directly from farmers in the future, not least in order to be able to improve sustainability aspects together with the growers. In 2018|19, AUSTRIA JUICE joined the Sustainable Juice Covenant, a global initiative aimed at making the procurement, production and marketing of fruit- and vegetable-based juices, purees and concentrates 100% sustainable by the year 2030.

AUSTRIA JUICE currently maintains two projects for direct procurement from growers. In Hungary, since the year 2000, AUSTRIA JUICE has supported local farmers in growing pest-resistant apple varieties that require about 60% to 80% less pesticide than conventional cultivars. Besides financial assistance for the new planting of the trees and ongoing advice over the growing season, the fruit growers also receive purchasing guarantees and a price premium from AUSTRIA JUICE. A further project with contract growers was begun in Poland in 2007. In the financial year about 13.4% of all apples processed by AUSTRIA JUICE into apple juice concentrate worldwide came from these two projects.

In contract crop production, for the documenting of sustainable environmental and social criteria at its suppliers' operations, AUSTRIA JUICE uses the FSA questionnaire provided by the SAI (for details, see from page 11). The prior, 2017|18 financial year was the first in which



¹ Estimate based on local socioeconomic conditions.



Hungarian suppliers of disease- and pest-resistant apple varieties, who were selected according to SAI standards, also participated in the mandatory completion of the FSA questionnaire and the external audits. As a result, AUSTRIA JUICE is entitled under SAI standards to claim silver (and in some cases gold) status for three years for all Hungarian growers of resistant varieties. In the 2018|19 financial year the FSA questionnaire and external verification were also used for the contract growers of resistant apple varieties in Poland. On the strength of the results, AUSTRIA JUICE is able to advertise FSA silver status or better for all Polish contract growers of resistant varieties.

As well, FSA silver status can be claimed under the benchmarking of the FSA requirements against the national legislation of, for example, Poland, Spain and Hungary, when combined with a certification to the Global GAP standard. In total, following the calculation methodology of the Sustainable Juice Covenant and based on the respective juice concentration standards of the European Fruit Juice Association (AIJN), AUSTRIA JUICE is thus able to claim FSA silver or higher status for about 17.6% of its raw material processing volume.

Environmental and energy aspects of AGRANA's production operations

Energy consumption and emissions in processing

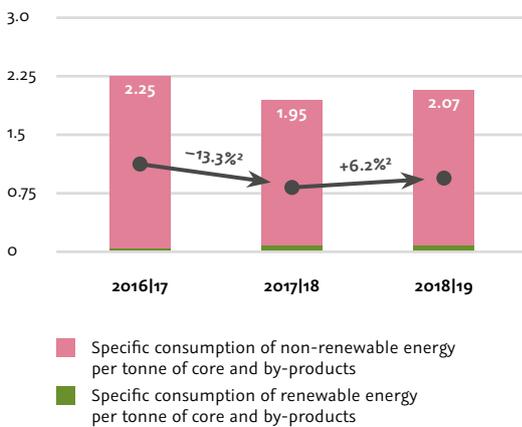
The average specific direct energy consumption per tonne of product (both core and by-products) in the Fruit segment increased in the 2018|19 financial year by about 6.2% compared to the year before.

While the average specific direct energy use in the fruit juice concentrate operations declined by around 7.0% thanks to the high utilisation of the facilities and the substitution of externally procured steam for natural gas at the fruit juice concentrate plant in Ukraine (the latter factor thus representing a shift from direct to indirect energy use), this measure increased by approximately 7.4% in the fruit preparations activities. The consumption increase in the fruit preparations business was explained primarily by the site in Argentina, whose expanded product portfolio makes it inherently more energy-intensive, and by the new, less efficient sites in Algeria and India included in the reporting for the first time.



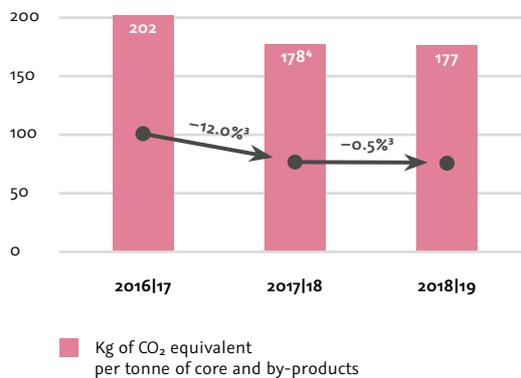
Average specific direct energy consumption in processing operations at AGRANA's fruit plants¹

In gigajoules (GJ) per tonne of core and by-products



Average specific emissions (from direct and indirect energy use) from processing operations at AGRANA's fruit plants¹

In kg of CO₂ equivalent per tonne of core and by-products



¹ See GRI reporting boundaries, page 10.

² Percentage change based on average specific direct energy consumption per tonne of core and by-products.

³ Percentage change based on average specific emissions (from direct and indirect energy use) per tonne of core and by-products.

⁴ The 2017|18 values have been adjusted to correct a data collection error in the fruit preparations business.



Average specific indirect energy consumption in the Fruit segment as a whole rose by about 4.9% from one year earlier. This rise was due to the already cited change in energy mix at the Ukrainian fruit juice concentrate plant.

Overall, the Fruit segment's average specific emissions from direct and indirect energy use per tonne of product rose by about 0.5% from the prior year (see graphic on page 30).

At the balance sheet date, the energy management systems of 31.7% of all production sites of the Fruit segment within the GRI reporting boundaries (see page 10) held a certification under ISO 50001.

Water use and discharge in processing

The average specific withdrawal of water in the Fruit segment fell by 4.2% in the year under review, due mainly to more efficient water use in the fruit juice concentrate plants. The average specific amount of water discharged showed an uptick of 0.7%, owing to the significant increase in raw material processing volume in the fruit juice concentrate business.

Water withdrawal and discharge in processing operations at AGRANA's fruit plants

within the GRI reporting boundaries (see page 10)

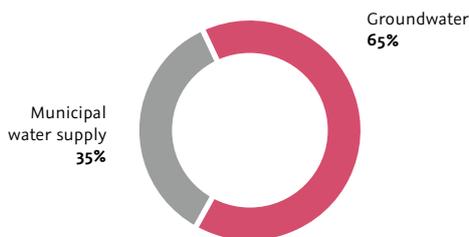
Fruit segment	2018 19	2017 18	2016 17
In m ³ per tonne of core and by-products			
Water withdrawal	4.20	4.39	4.27
Water discharge	4.05	4.03	4.07

Waste from processing

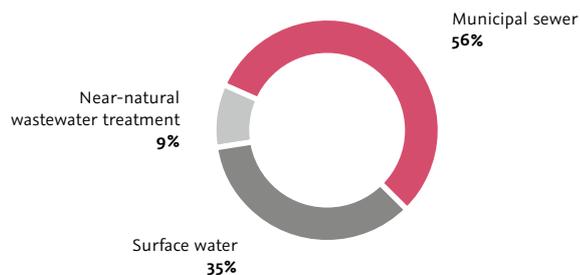
The average specific amount of waste per tonne of product (core and by-products) in the Fruit segment, at about 38 kilogrammes, remained steady compared to the prior year. The generally higher proportion of hazardous waste in the Fruit segment than in the Starch and Sugar segments, at 360 grammes per tonne of product output, and the increase in hazardous waste compared with the previous year were mainly due to the increase in waste at the fruit preparations facility in Russia, where the law classifies an unusually large number of waste categories –



Water withdrawal at AGRANA's fruit plants in 2018|19 by source¹



Receiving waters for the wastewater of AGRANA's fruit plants in 2018|19¹



¹ See GRI reporting boundaries, page 10.

including, for example, all office waste – as hazardous due to a lack of municipal waste separation and treatment facilities.

Waste from processing at AGRANA's fruit plants

within the GRI reporting boundaries (see page 10)

Fruit segment	2018 19	2017 18	2016 17
Tonnes, except percent			
Waste disposed	36,701	31,877	23,038
Of which hazardous waste	343	238	43
Waste			
per tonne of product	3.8%	3.8%	2.7%
Hazardous waste			
per tonne of product	0.036%	0.028%	0.005%
Non-hazardous & hazardous			
Waste disposed by disposal method			
	Non-hazardous	Non-hazardous	Non-hazardous & hazardous
Composting	5,587	2,753	0
Energy recovery	1,035	855	899
Reuse	1,962	2,026	1,985
Recycling	10,023	10,125	9,170
Landfill	16,202	15,454	10,950
Other	1,549	425	33

Biodiversity at production sites

At its divisional headquarters in Kröllendorf/Allhartsberg, Austria, the fruit juice concentrate business as part of its biodiversity activities supports a project of the "Forum for Nature and Species Conservation" aimed at the reintroduction of the little owl. This species, one of the smallest of the owls, is considered endangered as a breeding population in Austria. For its survival it needs a fine-structured landscape (ideally including orchard meadows) with cavity trees in a rural setting – conditions that are common near this AGRANA site.

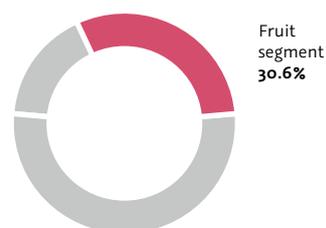
EcoVadis

In the 2018|19 financial year, AUSTRIA JUICE GmbH updated its sustainability data for the purposes of EcoVadis, the international supplier evaluation platform. It again received a gold rating.

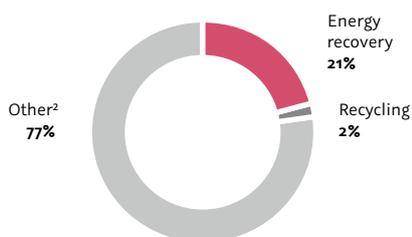
Investment

The capital expenditure of € 56.2 million in the Fruit segment in 2018|19 (prior year: € 49.4 million) represented capacity expansion and plant modernisation projects, among others. It encompassed various projects across all 43 production sites, prominent examples being the construction of the second fruit preparations plant in China and the addition of a carrot juice concentrate production line in Hungary.

Share of Group investment in 2018|19



Disposed hazardous waste of AGRANA's fruit plants in 2018|19 by disposal method¹



¹ Within the GRI reporting boundaries (see page 10).

² Including unknown treatment by waste management contractors.

Starch segment

Basics of the Starch segment

Marketing relationship

B2B

Products

General division into food, non-food and feed sectors; Native and modified starches, saccharification products, alcohols/bio-ethanol, by-products (feedstuffs and fertilisers)

Raw materials processed

Corn (maize), wheat, potatoes

Key markets

Central and Eastern Europe, principally Austria and Germany; also specialty markets, e.g., in USA and UAE

Customers

Food sector: food industry; Non-food sector: paper, textile, construction chemicals, pharmaceutical, cosmetics and petroleum industries; Feed sector: feed industry

Special strengths

GMO-free and strong organic focus

The Starch segment includes the two fully consolidated companies AGRANA Stärke GmbH, Vienna – with the three Austrian plants in Aschach (corn starch), Gmünd (potato starch) and Pischelsdorf (integrated wheat starch and bioethanol plants) – and AGRANA TANDAREI S.r.l. with a plant in Romania (corn processing). AGRANA Stärke GmbH, together with the joint venture partner Archer Daniels Midland Company, Chicago, Illinois, USA, also manages and coordinates the joint ventures of the HUNGRANA group (one plant in Hungary, where starch and saccharification products and bioethanol are manufactured), which are included in the consolidated financial statements using the equity method of accounting.

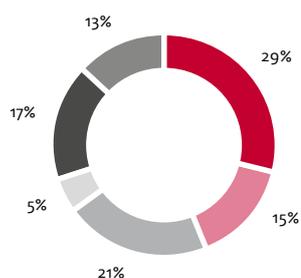
Revenue and earnings

Starch segment		2018 19	2017 18	Change % / pp
Total revenue	€000	772,579	762,308	+1.3%
Inter-segment revenue	€000	(9,898)	(9,993)	+1.0%
Revenue	€000	762,681	752,315	+1.4%
EBITDA ¹	€000	66,459	76,486	-13.1%
Operating profit before exceptional items and results of equity-accounted joint ventures	€000	35,029	49,744	-29.6%
Share of results of equity-accounted joint ventures	€000	16,186	30,486	-46.9%
Operating profit [EBIT] ²	€000	51,215	80,230	-36.2%
EBIT margin	%	6.7	10.7	-4.0 pp
Investment ³	€000	97,011	59,427	+63.2%
Number of employees (FTE) ⁴		1,025	959	+6.9%

In the Starch segment, revenue grew slightly in the 2018|19 financial year. Revenue with core products was stable overall, as growth in native and modified starches and in specialties made up for volume- and price-induced revenue reductions in saccharification products and price-related decreases in bioethanol. Revenue from by-products rose moderately relative to the prior year. Overall, the sales volume of the Starch segment eased by just under 4% from the prior year, driven only by a lower reselling volume. Sales volume from in-house production was steady year-on-year and all facilities had high capacity utilisation despite ongoing construction work due to the investment projects in all three plants.

Market prices for native starches were stable in the 2018|19 financial year. The reduced European sugar prices resulting from the liberalisation of the European sugar market reached new lows in the year. Starch-based saccharification products therefore remained under heavy price pressure. The Platts quotations for bioethanol were highly volatile and, at € 502 per cubic metre, averaged € 20 less for the year than in the year before.

Revenue by product group in 2018|19



- Native and modified starches
- Saccharification products
- Alcohol and ethanol
- Other core products (dairy and instant products, long-life potato products, etc.)
- By-products (protein products, DDGS, etc.)
- Others (soy, dried beet pulp, etc.)

¹ EBITDA represents operating profit before exceptional items, results of equity-accounted joint ventures, and operating depreciation and amortisation.

² Operating profit (EBIT) is after exceptional items and results of equity-accounted joint ventures.

³ Investment represents purchases of property, plant and equipment and intangible assets, excluding goodwill.

⁴ Average number of full-time equivalents in the reporting period.

In the year under review the drought in Europe led to crop failures, particularly for wheat. Grain prices for the 2018 crop therefore rose. The weather conditions also affected logistics. The low river levels reduced the ability to carry freight by barge and increased the cost of transport. Energy costs rose significantly, notably for electric power. As a result of the large expansion projects in the business segment, staff costs and depreciation increased considerably from the prior year. On balance in the financial year, EBITDA decreased by 13.1% to € 66.5 million. Operating profit before exceptional items and results of equity-accounted joint ventures, at € 35.0 million, was down by 29.6% from the prior year.

In 2018|19, revenue of the HUNGRANA group, the joint venture in Hungary, decreased by about 12%. The difficult market environment led to significant declines in sales volume and prices for saccharification products, especially isoglucose. Despite stable sales quantities for the other products, the grinding throughput had to be reduced by about 6%. Price hikes for raw materials and energy could not be passed through to the market. In the year under review, the HUNGRANA group generated EBIT of € 38.7 million (prior year: € 70.9 million). Its profit after tax was € 32.4 million, of which one-half, or € 16.2 million, was attributable to AGRANA; this amount was 46.9% less than in the prior year.

Market environment

Sales volumes of native and modified starches into the food industry were stable. Higher selling prices were realised in the market as a result of cost increases for raw materials and energy.

An upside driver in industrial starches (i.e., non-food starches) remained the lasting high demand from the paper and corrugated board industry. Potato starch has been in short supply throughout Europe since the last campaign.

In the conventional infant formula segment, more volume was sold than in the previous year. Further increases in sales volume are planned through the implementation of several projects in the area of organic and specialty-milk-based infant formula.

The markets for by-products varied, depending on the product category. Prices for high-protein products (corn gluten, vital wheat gluten and potato protein) remained stable overall and in some cases even exceeded the prior year's level. Aside from the bakery industry, impetus for demand in this segment also came from the pet food and fish feed market.

The environment for starch-based saccharification products, especially the isoglucose business, is determined mainly by the trajectory of the sugar market and sugar prices.

The liberalisation of the European sugar market in October 2017 caused significant market disruption not just for sugar but also for isoglucose and starch saccharification products. Historic-low sugar prices and intense competition among starch companies were key parameters in the contract negotiations with customers. Unused capacity at both established and new market participants will continue to keep syrup market prices low.

Spray-dried saccharification products, on the other hand, presented a gratifying picture. Through intensive marketing and customer acquisition programmes, market share was expanded in maltodextrins and dried glucose syrups, particularly in organic grades.

The volatility in the European market for bioethanol remained at a significant level in the 2018|19 financial year. In the first half of 2018|19, ethanol quotations were well below the year-earlier level, as greater supply in the EU and higher imports from overseas coincided with only moderately increased demand. From their low spring levels, ethanol prices then recovered in the summer months as a consequence both of logistical delivery difficulties in Europe that resulted from low river levels on the Rhine and Danube over the summer, and of higher raw material prices for wheat. After a renewed price decline in October, ethanol quotations regained stability at a higher level, thanks especially to capacity reductions in the UK, where one ethanol plant was closed and another temporarily halted production.

More information on the economic policy environment and market conditions for ethanol is provided in the section "Risk management" (subheading "EU renewable energy directive", page 59).

Raw materials and production

World grain production in the 2018|19 grain marketing year (1 July to 30 June) is estimated by the International Grains Council (IGC) at 2.12 billion tonnes¹, which marks a small decrease from the prior year's level and is less than the expected consumption. Global wheat production is forecast at 735 million tonnes (prior year: 764 million tonnes), compared to expected consumption of 744 million tonnes. The world's corn production is projected at 1,109 million tonnes (prior year: 1,090 million tonnes), versus expected consumption of 1,147 million tonnes. Total grain stocks at the end of the marketing year are estimated to decline to about 593 million tonnes, a reduction of 53 million tonnes from one year earlier.

Buoyed by tighter supply, grain futures prices rose strongly in the first half of the financial year. From September to the end of the financial year, futures then moved sideways. On 28 February 2019 the prices on the NYSE Euronext Liffe commodity derivatives exchange in Paris were € 193 per tonne for wheat (prior year: € 167 per tonne) and € 164 per tonne for corn (prior year: € 156 per tonne).

Potatoes

In the 2018|19 campaign the potato starch plant in Gmünd, Austria, in a campaign lasting 172 days (prior year: 164 days), processed about 264,000 tonnes of starch potatoes, slightly more than in the previous year. The processing of approximately 25,000 tonnes of food potatoes for the production of long-life potato products was in line with the prior-year volume.

Corn and wheat

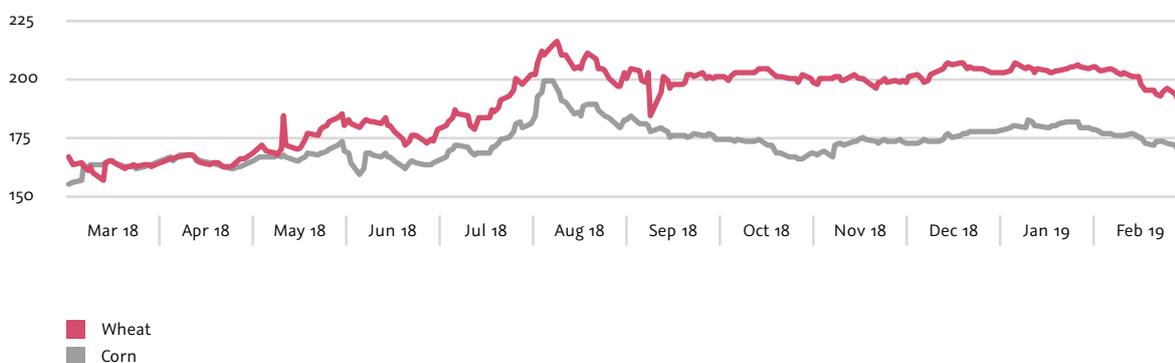
The corn processing volume of AGRANA Stärke GmbH in Austria at the sites in Aschach and Pischelsdorf increased in the 2018|19 financial year to about 763,000 tonnes (prior year: 668,000 tonnes) due to the expansion of the corn processing capacity in Aschach and the relative cost advantage of corn over wheat in bioethanol production. The share of specialty corn (notably waxy corn and organic corn) was about 20%.

Wheat grinding volume at the Pischelsdorf facility for the production of wheat starch and bioethanol was about 541,000 tonnes in 2018|19, or around 7% less than in the year before. Of the 2018 crop, about 83,000 tonnes of ethanol wheat and ethanol triticale were secured in advance through delivery contracts with growers. As in the prior years, cultivation contracts for ethanol grains were offered for the 2019 crop.

At the HUNGRANA plant in Hungary, a total of about 1.0 million tonnes of corn was processed in 2018|19, down moderately from the prior year; the amounts for this equity-accounted joint venture are stated at 100% of the respective total. The plant in Romania processed about 71,000 tonnes of corn, a 2% increase from the year before.

Corn and wheat commodity prices during AGRANA's 2018|19 financial year

€ per tonne (NYSE Euronext Liffe commodity derivatives exchange in Paris)



¹ IGC estimate from 21 February 2019.



Sustainability in the Starch segment

Status in the supply chain

- ✓ SAI FSA audits of contract potato production in Austria confirmed FSA gold or silver status for over 75% of all growers

Environmental targets by 2020¹

- ✓ Cumulative savings target of 65 GWh through efficiency measures in plants

Economic footprint¹

- € 199.2 million of direct gross value-added
- € 514.3 million of total gross value-added
- 983 jobs in AGRANA's Starch segment generated 5,527 more in other companies

Value chain

wsk.agrana.com/en/starch



Engagement in the upstream value chain

Supplier environmental and social assessment

In the year under review the Starch segment too, in accordance with the AGRANA principles for the procurement of agricultural raw materials and intermediate products, which stipulate the use of good agricultural practice (GAP) and fair working conditions, continued to employ the Farm Sustainability Assessment (FSA) of the Sustainable Agriculture Initiative Platform (SAI) for the documentation of sustainable management for its contract potato farmers (for details on the SAI and FSA, see from page 11).

For more than 75% of all its Austrian contract potato growers, AGRANA's Starch segment is entitled to claim FSA gold or silver status under SAI standards, based on the FSA survey and corresponding external audits conducted in the 2017|18 financial year. All Austrian contract potato farmers thus fulfil AGRANA's minimum requirements.

In the sourcing of sustainable raw materials for the production of wheat starch and bioethanol, AGRANA has been relying for years on input materials certified under systems recognised by the European Commission, such as the International Sustainability and Carbon Certification (ISCC) and the Austrian Agricultural Certification Scheme (AACS). Both the ISCC and AACS are accorded silver status in the FSA system.

BETAEXPO – Austria's largest demonstration field for AGRANA raw material crops

The BETAEXPO field symposium in June 2018, Austria's largest demonstration field for AGRANA raw material crops, focused on current crop-growing challenges (for details, see page 12).

Besides organising BETAEXPO, AGRANA also arranged many other dialogue-rich events for its contract growers in the Starch segment. As in the previous years, AGRANA held a one-day session for new growers to provide information on the production of starch potatoes for industrial use, and arranged several field days for potato and ethanol grain suppliers. AGRANA also supported a well-attended knowledge transfer conference of the Austrian Starch Potato Growers Association (VÖSK) with about 300 participants, by providing funding as well as a booth presentation. Seed seminars to build awareness about the value of seed potatoes attracted great interest from growers. At the AGRANA organic agriculture conference in December 2018, information was provided on the contract opportunities for AGRANA organic raw materials in the starch corn and starch potato segments.

Biodiversity in the supply chain

The successful bat conservation project launched in summer 2013 in Austria's Waldviertel district (see annual report 2014|15, page 64) was continued last year. In the spring of 2018, population counts conducted at 108 bat boxes tallied 136 animals, which is considered a good result. Barbastelle bats, a species identified in the Austrian Red List of endangered mammals, have made up more than 60% of the bats tallied over the entire project duration to date, from 2014 to 2018.



¹ Calculated based on the data for the 2017|18 financial year.
Details at www.agrana.com/en/sustainability/profit/footprint



Environmental and energy aspects of AGRANA's production operations

Energy use and emissions in processing

As part of the expansion project at the corn starch plant in Aschach, Austria, a high-efficiency steam boiler and a new power supply line were installed. The reserve capacity created allowed the gas turbines to be permanently shut down. As a result, the average specific direct energy consumption per tonne of core and by-products in the Starch segment fell by about 9.8% in the 2018|19 reporting period compared to one year earlier.

The decommissioning of the gas turbines increased the requirement for – partly externally procured – electricity and was thus reflected in a 2.1% rise in average specific indirect energy consumption per tonne of product in the Starch segment.

Overall, this led to a reduction of about 2.3% in the segment's combined average specific emissions from direct and indirect energy use per tonne of product.

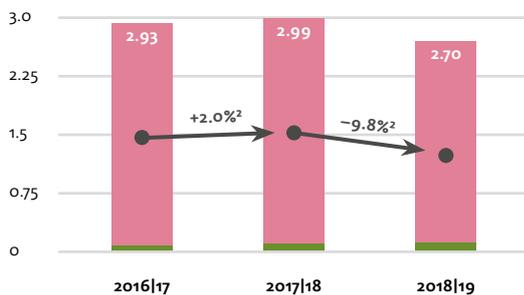
In the year under review the three Austrian starch manufacturing sites held a valid certification under ISO 50001. Aiming for continual and systematic improvement by utilising the insights and data from the energy management system, the Starch segment is targeting site-specific efficiency gains amounting to a cumulative reduction of 65 GWh of energy use by 2020|21 through efficiency-boosting projects in individual sections of the plants.

With the energy-saving projects of the 2018|19 financial year, such as the retirement of the gas turbines, the replacement of compressors and the installation of condensate collection tanks, the savings target has already been surpassed and about 76 GWh have been saved since the 2015|16 financial year.



Average specific direct energy consumption in processing operations at AGRANA's starch plants¹

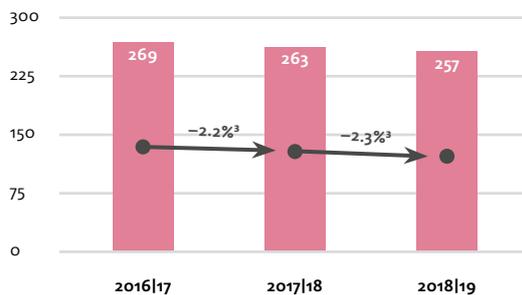
In gigajoules (GJ) per tonne of core and by-products



- Specific consumption of non-renewable energy per tonne of core and by-products
- Specific consumption of renewable energy per tonne of core and by-products

Average specific emissions (from direct and indirect energy use) from processing operations at AGRANA's starch plants¹

In kg of CO₂ equivalent per tonne of core and by-products



- Kg of CO₂ equivalent per tonne of core and by-products

¹ See GRI reporting boundaries, page 10.

² Percentage change based on average specific direct energy consumption per tonne of core and by-products.

³ Percentage change based on average specific emissions (from direct and indirect energy use) per tonne of core and by-products.



Water use and discharge in processing

In keeping with the Group's environmental policy, water use and effluent at the AGRANA starch plants are managed sustainably. Process water in the starch operations is repeatedly recycled and cleaned.

Water withdrawal and discharge in processing operations at AGRANA's starch plants

within the GRI reporting boundaries (see page 10)

Starch segment	2018 19	2017 18	2016 17
In m ³ per tonne of core and by-products			
Water withdrawal	5.02	5.11 ¹	4.47 ¹
Water discharge	4.36	4.69	4.76

The average specific water withdrawal per tonne of product output (core and by-products) in the Starch segment during the financial year was reduced by 1.8% compared to the prior year through the more conscious use of water. Average specific water discharge fell by 6.9% from the prior year, due mainly to the reduced precipitation in the 2018|19 financial year.

Waste from processing

The specific amount of waste from processing per tonne of product output (core and by-products) in the Starch segment remained almost unchanged in 2018|19 at about 22 kilogrammes of total waste and 40 grammes of hazardous waste.

Waste from processing operations at AGRANA's starch plants

within the GRI reporting boundaries (see page 10)

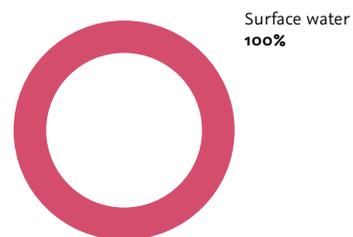
Starch segment	2018 19	2017 18 ²	2016 17
Tonnes, except percent			
Waste disposed	28,474	27,667	22,056
Of which hazardous waste	52	53	96
Waste per tonne of product	2.2%	2.3%	1.9%
Hazardous waste per tonne of product	0.004%	0.004%	0.008%
Waste disposed by disposal method	Non-hazardous	Non-hazardous	Non-hazardous & hazardous
Composting	22,291	21,058	16,684
Energy recovery	1,294	1,742	2,316
Reuse	69	42	24
Recycling	699	562	507
Landfill	66	77	23
Other	4,003	4,133	2,502



Water withdrawal at AGRANA's starch plants in 2018|19 by source³



Receiving waters for the wastewater of AGRANA's starch plants in 2018|19³



¹ A data collection error regarding water withdrawal at one location required a correction of the specific values for 2016|17 and 2017|18.

² The 2017|18 values have been adjusted to correct a data collection error.

³ Within the GRI reporting boundaries (see page 10).

Biodiversity at production sites

At the site of the combined wheat starch and bioethanol factory in Pischelsdorf, Austria, a project was launched in the 2016|17 financial year to return the grounds of the complex to a more natural state. In addition to planting flowering hedges as honey plants for the facility's own bee hives, the meadows are now mowed only once per year. In 2017|18, AGRANA also installed a falcon nest at this location. This led to the introduction of a falcon, which not only contributes to species conservation but is also intended to deter pigeons and thus help protect the production facilities. Owing to the start of the facility's wheat starch capacity expansion, bee hives and flowering hedges had to make room for the building activities in 2018|19 until the construction is completed, but will then be re-established.

EcoVadis

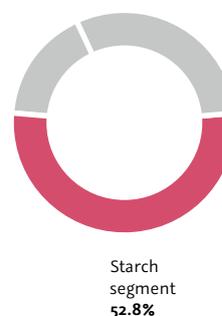
In summer 2018, AGRANA Stärke GmbH updated its sustainability data (first provided in 2014 and updated annually since 2016) for the purposes of EcoVadis, the international supplier evaluation platform. AGRANA Stärke GmbH again achieved a gold rating.

Investment

The Starch segment invested € 97.0 million (prior year: € 59.4 million) during the 2018|19 financial year. The most significant projects included the following:

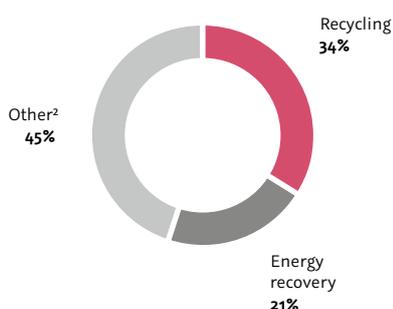
- Expansion of the wheat starch plant in Pischelsdorf, Austria
- Expansion of the starch derivatives plant in Aschach, Austria
- Increase of potato processing capacity through installation of a new potato starch dryer in Gmünd, Austria
- Installation of a potato fibre dryer in Gmünd

Share of Group investment in 2018|19



Additionally, € 19.2 million (prior year: € 14.8 million) was invested in 2018|19 in the HUNGRANA companies (amounts for these equity-accounted entities are stated at 100% of the total).

Disposed hazardous waste of AGRANA's starch plants in 2018|19 by disposal method¹



¹ Within the GRI reporting boundaries (see page 10).

² Including unknown treatment by waste management contractors.

Sugar segment

Basics of the Sugar segment

Marketing relationship

B2B and B2C

Products

Sugars and sugar specialty products, by-products (feedstuffs and fertilisers)

Raw materials processed

Sugar beet, and raw sugar from sugar cane

Key markets

Austria, Hungary, Romania, Czech Republic, Slovakia, Bosnia and Herzegovina (Western Balkans region), Bulgaria

Customers

Downstream manufacturers (particularly confectionery, beverage and fermentation industries), food resellers (for consumer products)

Special strengths

High product quality standards; product offering tailored to customer needs

AGRANA Zucker GmbH, Vienna, as the parent company of the Group's Sugar activities, both has direct Austrian operations and acts as the holding company for the Sugar segment's businesses in Hungary, the Czech Republic, Slovakia, Romania, Bulgaria and Bosnia and Herzegovina. Also assigned to the Sugar segment are INSTANTINA Nahrungsmittel Entwicklungs- und Produktionsgesellschaft m.b.H., Vienna, AGRANA Research & Innovation Center GmbH, Vienna, Österreichische Rübensamenzucht Gesellschaft m.b.H., Vienna, and the Group's holding company, AGRANA Beteiligungs-AG, Vienna. The joint ventures of the AGRANA STUDEN group are included in the consolidated financial statements by the equity method of accounting.

Revenue and earnings

Sugar segment		2018 19	2017 18	Change % / pp
Total revenue	€000	561,424	730,378	-23.1%
Inter-segment revenue	€000	(60,207)	(77,818)	+22.6%
Revenue	€000	501,217	652,560	-23.2%
EBITDA ¹	€000	(33,687)	64,455	-152.3%
Operating profit before exceptional items and results of equity-accounted joint ventures	€000	(61,192)	38,762	-257.9%
Share of results of equity-accounted joint ventures	€000	(3,964)	(1,091)	-263.3%
Exceptional items	€000	3,294	(2,912)	+213.1%
Operating profit [EBIT] ²	€000	(61,862)	34,759	-278.0%
EBIT margin	%	(12.3)	5.3	-17.6 pp
Investment ³	€000	30,549	32,084	-4.8%
Number of employees (FTE) ⁴		2,064	2,109	-2.1%

The overall sales volume of sugar products decreased in 2018|19 compared to the prior year, with differences between markets. While sales quantities with resellers and with industrial customers were up in the domestic markets, there was a decrease in export volumes as well as in the quantities sold to the non-food industry.

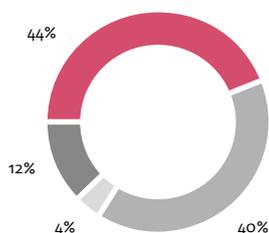
Sugar revenue was below the value of the prior year, which was partly explained by the lower average sales prices in the year under review. The sales price reduction was felt in every market segment. In the financial fourth quarter, there was a perceptible slowing of the price declines compared to the prior year in all areas.

The negative trend in EBIT was driven predominantly by lower sugar sales prices compared to the prior year.

The result of the AGRANA-STUDEN group, which is included in the consolidated financial statements by the equity method of accounting, had a negative effect on the Sugar segment's EBIT in 2018|19. The deterioration of € 2.9 million in the earnings contribution was due above all to the decline in sugar sales prices and volumes, and to greater competition from Serbia and the EU. Relative to the selling prices in Europe, the raw sugar prices on the world market were very high, leading to a reduction in refining compared with the prior year and thus resulting in idle-capacity costs.

Exceptional items in 2018|19, which on balance amounted to net exceptional income of € 3.3 million, consisted largely of tax refunds in Romania of € 5.6 million and restructuring expenses of € 1.8 million. The prior year's net exceptional items expense of € 2.9 million resulted largely from restructuring

Revenue by product group in 2018|19



- Sugar: Industrial customers
- Sugar: Resellers
- By-products (molasses, beet pulp, etc.)
- Others (products of INSTANTINA, seed, services, etc.)

¹ EBITDA represents operating profit before exceptional items, results of equity-accounted joint ventures, and operating depreciation and amortisation.

² Operating profit (EBIT) is after exceptional items and results of equity-accounted joint ventures.

³ Investment represents purchases of property, plant and equipment and intangible assets, excluding goodwill.

⁴ Average number of full-time equivalents in the reporting period.

costs of € 4.1 million, which were partly offset by one-off income of € 1.9 million from the refunding of excess amounts of sugar production levies collected by the EU in the 1999|00 and 2000|01 sugar marketing years.

Market environment

World sugar market

In its estimate of 6 March 2019 of the world sugar balance for the end of the 2018|19 sugar marketing year (SMY, the year from 1 October 2018 to 30 September 2019), the analytics firm F.O.Licht is forecasting a small production surplus. The forecast calls for production of 187.9 million tonnes (SMY 2017|18: 193.7 million tonnes) and growth in consumption to 185.7 million tonnes (SMY 2017|18: 183.4 million tonnes), implying a slight expansion in global sugar stocks to 76.8 million tonnes (SMY 2017|18: 76.4 million tonnes). For the 2019|20 sugar marketing year, a production deficit of 1.7 million tonnes is projected.

World sugar balance ¹	2019 20	2018 19	2017 18
Million tonnes, except %			
Opening stocks	76.8	76.4	68.7
Production	186.9	187.9	193.7
Consumption	(187.9)	(185.7)	(183.4)
Net exports/imports	(0.7)	(1.8)	(2.6)
Closing stocks	75.1	76.8	76.4
In % of consumption	40.0	41.4	41.7

The clear downward trend in the world sugar market price continued from 1 March 2018 in the first seven months of the 2018|19 financial year, which was explained primarily by the anticipation of a significant surplus in the world sugar balance. Despite the increased use of sugar cane for ethanol production in Brazil, very good crop forecasts for India and Thailand and a rise in exports from

Europe led to the expectation of a considerable surplus in global sugar stocks for the end of the 2017|18 sugar marketing year (SMY, October 2017 to September 2018). This drove the world market quotations to a nine-year low for white sugar (in August 2018 at US\$ 303.7 per tonne) and a ten-year low for raw sugar (in September 2018 at US\$ 218.3 per tonne).

Since October the market has rallied again somewhat from its lows, due particularly to lower crop results in Brazil for SMY 2017|18, the effects of the dry weather in Europe on the 2018 campaign, and the current dynamics in the foreign exchange and oil markets. Market movements in recent months were characterised by high volatility. The world sugar price also showed a clear correlation with the oil price in recent months.

At the end of the reporting period (28 February 2019), white sugar quoted at US\$ 348.0 per tonne and raw sugar at US\$ 280.7.

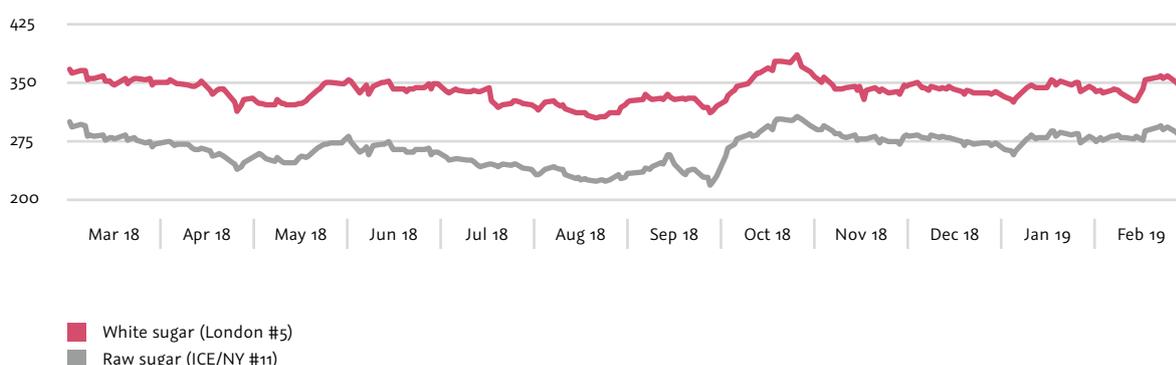
EU sugar market

SMY 2017|18, which ended on 30 September 2018, was the first marketing year after the elimination of the sugar quotas and minimum prices for sugar beet. With very good yields per hectare and with sugar exports unrestricted since the quota abolition, both sugar production and exports increased significantly, while imports declined.

For SMY 2018|19, which began on 1 October 2018, the production expectations are considerably lower than in the prior year, as a result of the drought-related poorer yields in the large European beet growing regions. In its estimate from January 2019, the European Commission, despite similar beet production acreage as in the previous year, projected a production decrease (including isoglucose) to 18.2 million tonnes for this SMY (SMY 2017|18: 21.3 million tonnes).

International sugar prices during AGRANA's 2018|19 financial year

US\$ per tonne



¹ F.O. Licht, Estimate of the World Sugar Balance 2018|19, dated 6 March 2019.

At the beginning of SMY 2017|18 in October 2017, with the sugar quotas newly ended, the EU price for sugar (food and non-food) per bulk tonne ex-factory fell to € 420 per tonne and, in the months that followed, tumbled further to slightly below € 350 per tonne. At the start of the new SMY 2018|19, the quotation lost another € 27, receding to just € 320 per tonne in October 2018. In January 2019 the EU sugar price was at € 312 per tonne (January 2018: € 371 per tonne) and thus about 23% below the EU's regulatory reference threshold of € 404 per tonne.

Customers in industry and resellers

The sales volume trend with industrial customers and with resellers in the 2018|19 financial year was positive. By contrast, volumes declined in the export and the non-food (formerly "non-quota sugar") sectors amid the world market situation and the associated conscious reduction in export activities.

While the first months of this financial year were still defined by high EU sugar inventories, these were largely depleted in the course of mid-summer, especially in the Eastern European countries.

Due to the reduced production of beet sugar, the markets were supplied, and volumes for sales in the 2018|19 sugar marketing year were secured, by purchasing white sugar and by refining raw sugar.

In connection with the strengthening of AGRANA's sugar brands in the retail sector, the Group relaunched its retail products in all AGRANA regions during the year under review.

Due to the oversupply of sugar that prevailed until the summer and the high harvest expectations existing until then, the sales contract prices for SMY 2018|19 are significantly lower than in the previous year, and therefore no significant improvement in the price situation can be expected until the 2019 campaign.

EU sugar policy

Since 1 October 2017 the European sugar industry operates in a new environment. The biggest changes are the end of the production quotas for sugar and isoglucose and the abolition of the minimum beet prices.

However, the use of contracts between the sugar industry and sugar beet growers remains a requirement. In the event of a crisis, the European Commission also retains the option to apply exceptional measures. One of the instruments available to it for this purpose is government-

funded private storage, through which the Commission can temporarily remove sugar from the market.

A key element of the liberalisation of the EU sugar market is that, since 1 October 2017, European sugar manufacturers have unrestricted freedom to export their product.

Protective features remaining in place unchanged for imports to the EU from countries not party to preferential treaties are the duties of € 419 per tonne for white sugar and € 339 per tonne for raw sugar. The preferential agreements (for duty-free access) with the Least Developed Countries and the African, Caribbean and Pacific Group of States remain intact, as do the duty-free or lower-duty preferential imports that are subject to volume limits.

Free trade agreements

The European Commission is currently negotiating the terms of a free trade agreement with Australia and Indonesia. The trade talks with the Mercosur countries (Argentina, Brazil, Paraguay and Uruguay) are currently on hold, as the newly elected president of Brazil has not yet taken a position on Mercosur.

The situation regarding Britain's intended withdrawal from the EU is still unclear at the time of writing. At present, about 0.5 million tonnes of sugar per year is shipped from continental Europe to the UK. A breakdown of preferential imports is included in the draft Brexit agreement.

Raw materials and production

In SMY 2018|19, AGRANA's almost 6,700 contract beet farmers harvested only about 83,200 hectares of sugar beet fields (prior year: approximately 96,300 hectares), as about one-quarter of the beet acreage planted in Austria was destroyed by an insect pest, the beet weevil. Just under 800 hectares (prior year: about 1,700 hectares) of the harvest area represented organic production. From the organic acreage the Group produced around 4,000 tonnes of organic beet sugar (prior year: about 9,000 tonnes).

Due to the long winter, the start of planting was delayed by about one to two weeks compared to the long-term average. Most of the initial planting was completed by mid-April. From the first week of April, severe damage was caused in the Austrian core beet production areas by the beet weevil. A total of approximately 12,000 hectares had to be turned under and only about 30% of this was subsequently replanted to beet. In the other beet-growing regions, outside Austria, further beet production area was lost to mud deposits, soil crusting, hail and animal pests.

Sustainability in the Sugar segment

Status in the supply chain

- ✓ SAI FSA audits of contract beet production in 5 countries in 2017 confirmed FSA gold or silver status for over 75% of all producers

Environmental targets by 2020|21

- ✗ Direct energy consumption of 2.49 GJ per tonne of product
- ✗ Water consumption of 1.92 m³ per tonne of product

Economic footprint¹

- € 134.3 million of direct gross value-added
- € 376.5 million of total gross value-added
- 2,134 jobs in AGRANA's Sugar segment generated
- 9,211 more in other companies

Value chain

wsk.agrana.com/en/sugar



The comparatively very warm months of April to June 2018 led to rapid juvenile growth of the beet stocks. Widespread rain, particularly in the second half of May, also strongly boosted the beet growth.

From July to September, no regular rainfall occurred in many AGRANA regions. Notably in parts of Austria, the southern Czech Republic and also in Romania, this led to serious and extensive drought symptoms in some of the beet stocks. At the beginning of September the situation improved thanks to above-average precipitation. However, this also brought a severe infestation of cercospora leaf spot. Almost the entire rest of autumn was relatively dry, preventing the beet growth from reaching forecast levels, particularly on the less fertile soils. The extreme weather conditions in the summer and autumn ultimately were also responsible for poorer beet quality and associated lower storability of the beet, especially at the start and end of the processing period.

AGRANA's seven beet sugar factories processed a combined daily average of almost 50,000 tonnes of beet during the campaign (prior year: 51,500 tonnes). Over an average campaign length of 106 days (prior year: 120 days), the beet was used to produce approximately 701,000 tonnes of sugar (prior year: about 941,000 million tonnes). Generally speaking, in retrospect the quality of raw materials was below average, which led to an increased need for processing aids (sodium hydroxide) and made processing in the plants more difficult. Unfavourable ratios in raw juice and thick juice resulted in lower white sugar yields.

In the 2018|19 financial year AGRANA also refined approximately 34,000 tonnes of white sugar equivalent from raw sugar (prior year: about 200,000 tonnes). To also assure a sustainable supply chain for raw sugar as an input product, AGRANA since 2014 holds a Chain of Custody certification under the internationally recognised Bonsucro standard for all its refining facilities. The Chain of Custody certificate, which confirms the adherence to high social and environmental standards in the entire value chain, entitles AGRANA's customers to display the Bonsucro logo on their products. Bonsucro is accorded FSA gold status, the highest rating, by the benchmarking tool of the Sustainable Agriculture Initiative Platform (SAI; for details, see from page 11).

For beet purchasing, AGRANA follows a beet price arrangement with a variable price schedule tied to the sugar sales price.

Engagement in the upstream value chain

Supplier environmental and social assessment

The AGRANA principles for the procurement of agricultural raw materials and intermediate products stipulate the use of good agricultural practice (GAP) and fair working conditions. In accordance with these principles, the Sugar segment has elected to use the Farm Sustainability Assessment (FSA) of the Sustainable Agriculture Initiative Platform (SAI) for documenting sustainable management for its sugar beet contract growers (for details on the SAI and FSA, see from page 11).

In the prior, 2017|18 financial year, beet farmers selected by FSA criteria in all five beet-growing countries (Austria, Czech Republic, Hungary, Romania, and Slovakia) participated in the mandatory FSA self-assessment and the external audits to SAI standards. Based on the results of the external verification, which is valid for three years, AGRANA's Sugar segment is entitled to claim FSA gold or silver status under SAI standards for more than 75% of all its sugar beet growers. All contract beet growers thus fulfil AGRANA's minimum requirements. Potential for improvement identified by the audits, such as in the use of personal protective equipment when handling pesticides and the maintaining of well-stocked first aid kits by farmers, were addressed in 2018|19 as part of existing training programmes and supported through the free distribution of such equipment and supplies at events.

¹ Calculated based on the data for the 2017|18 financial year. Details at www.agrana.com/en/sustainability/profit/footprint



Building awareness of good agricultural practice

In the 2018|19 financial year, besides the annual BETAEXPO field symposium, which in 2018 focused on the current challenges in crop-growing (for details, see page 12), AGRANA also again carried out many awareness-building events under its "Mont Blanc" efficiency improvement programme, which aims to increase sugar yield per hectare and reduce production costs. In fields of contract farmers in Austria, AGRANA took about 1,000 soil samples for EUF analysis¹, with the sampling holes mapped by GPS, to support needs-appropriate, precision fertiliser planning. At the 75 demonstration farms across the entire beet-growing region of the AGRANA Group, 150 field tours and seven field days with a total of more than 6,000 participants were held during the growing season. A one-day organic agriculture conference for all organic crops processed by AGRANA, which was organised by the Sugar and Starch segments in collaboration with BIO Austria, also attracted keen audience interest.

Biodiversity in the supply chain

In 2018, about 5,500 hectares were greened in Austria with the catch-crop mix from Österreichische Rübensamen-zucht GmbH, a not-for-profit subsidiary of AGRANA Zucker GmbH that makes GMO-free seed (largely produced in-house) available to the contract farmers. The catch-crop loosens the soil structure, mobilises nutrients, activates soil fauna and improves field biodiversity. In addition, flowered areas of annuals and perennials were

established; together, the flowering fields provide ideal forage for wild animals, offer honey plants for bees, and add to the beauty of the landscape.

Transport

Although the transport of raw materials and sugar products only represents a comparatively low 5% to 10% of the Sugar segment's carbon footprint (depending on the calculation method and country), AGRANA strives to make transport as sustainable as infrastructure and economics will allow. In total across all production countries in the 2018|19 processing season, about 36% of the beet was delivered to the sugar factories by rail, with the proportion highest in Hungary at about 60%.

Environmental and energy aspects of AGRANA's production operations

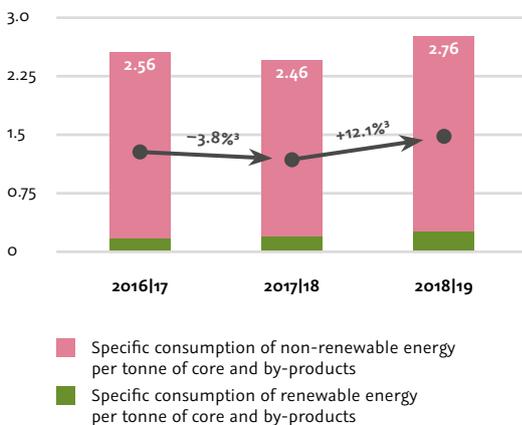
Energy use and emissions in processing

While the absolute consumption of energy and water in the 2018|19 financial year fell at about the same rate as the 17.6% lower beet processing volume, the poorer beet quality (lower sugar content and internal quality, higher weed content), which led to around 24.9% lower product output (main and by-products), caused all average specific consumption values per tonne of product to rise compared with the previous year.



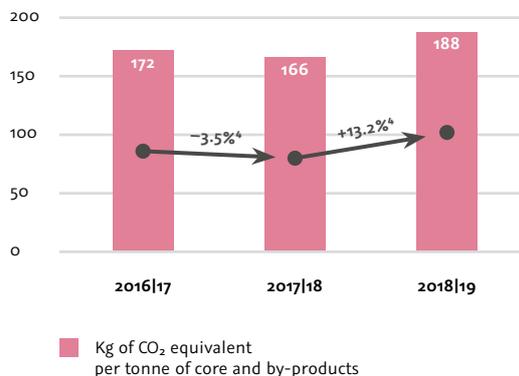
Average specific direct energy consumption in processing operations at AGRANA's sugar plants²

In gigajoules (GJ) per tonne of core and by-products



Average specific emissions (from direct and indirect energy use) from processing operations at AGRANA's sugar plants²

In kg of CO₂ equivalent per tonne of core and by-products



¹ EUF analysis of soil samples: Electro-ultrafiltration is a laboratory method for the analysis of soil substrates for their plant-available nutrients. The EUF method is employed for a practice-oriented fertiliser advisory system.
² See GRI reporting boundaries, page 10.
³ Percentage change based on average specific direct energy consumption per tonne of core and by-products.
⁴ Percentage change based on average specific emissions (from direct and indirect energy use) per tonne of core and by-products.



Thus, the average specific direct energy consumption per tonne of core and by-products in the Sugar segment rose by 12.1% compared to one year earlier (see chart on page 44).

The average specific indirect energy consumption per tonne of product increased by 19.2% compared to the prior year.

Overall, this also led to a rise of about 13.2% from the prior year in average specific emissions from direct and indirect energy consumption per tonne of product (see chart on page 44).

The Kaposvár sugar plant in Hungary generated about 27.4 million cubic metres of biogas from beet pulp in the 2018|19 financial year. This would have been sufficient to cover approximately 86% of the site's primary energy requirement for the 2018|19 beet campaign. About 9.9 million cubic metres of the biogas produced at the facility was sold and most of this was refined by the biogas upgrading plant (installed in autumn 2015) into biomethane for feeding into the local natural gas grid. The biomethane injected into the grid was equivalent to the annual heating requirement of about 2,100 single-family homes.

In 2018|19 the energy management systems of 100% of all production sites of the Sugar segment within the GRI reporting boundaries (see page 10) held a current certification under ISO 50001.

Water use and discharge in processing

Some of the water required by a sugar factory is obtained from the beet itself. Sugar beet has a water content of about 75%, which must be separated from the sugar during the manufacturing process. This water is used both to leach the sugar out of the beet cossettes and to transport and clean the beet. The water is continually cleaned and returned to the process cycle. In-house or municipal wastewater treatment plants at all locations ensure the environmentally responsible treatment of the effluent in compliance with local government requirements. When the cleaned wastewater is discharged into the receiving water, it thus satisfies the applicable environmental standards.

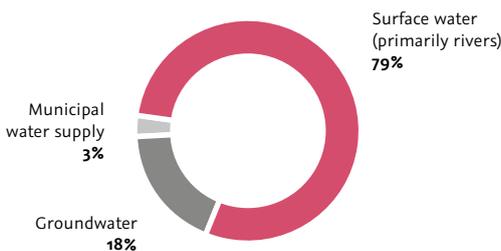
Water withdrawal and discharge in processing operations at AGRANA's sugar plants

within the GRI reporting boundaries (see page 10)

Sugar segment	2018 19	2017 18	2016 17
In m ³ per tonne of core and by-products			
Water withdrawal	2.33	2.14	1.61
Water discharge	3.64	3.19	2.78

The increase in average specific water withdrawal per tonne of product output (core and by-products) of about 8.9% resulted from the lower beet quality and higher weed fraction, which lowered the daily throughput and required more water for processing. Consequently, the average specific amount of wastewater per tonne of product also rose, by 14.2%.

Water withdrawal at AGRANA's sugar plants in 2018|19 by source¹



Receiving waters for the wastewater of AGRANA's sugar plants in 2018|19¹



¹ See GRI reporting boundaries, page 10.

Waste from processing

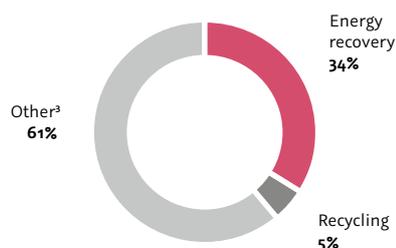
The absolute amount of waste eased by about 2.2% from the previous year. The increase in average specific waste per tonne of product output (core and by-products) reflected the lower production in the year under review.

Waste from processing operations at AGRANA's sugar plants

within the GRI reporting boundaries (see page 10)

Sugar segment	2018 19	2017 18	2016 17
Tonnes, except percent			
Waste disposed	70,837	72,513	75,049
Of which hazardous waste	189	198	153
Waste per tonne of product	3.8%	2.9%	2.8%
Hazardous waste per tonne of product	0.010%	0.008%	0.006%
			Non-hazardous & hazardous
Waste disposed by disposal method	Non-hazardous	Non-hazardous	
Composting	1,753	1,107	1,529
Energy recovery	608	710	486
Reuse	33,975	9,866	14,699
Recycling	7,549	4,045	6,126
Landfill	24,466	39,777	39,279
Other	2,297	16,809	12,930

Disposed hazardous waste of AGRANA's sugar plants in 2018|19 by disposal method²



Biodiversity at (former) production sites

The settling ponds on the grounds of AGRANA's former sugar plant (closed in 2006) in the Austrian town of Hohenau an der March have been repurposed, working together with the AURING conservationist club. Located in an area of high diversity value identified under the RAMSAR Convention on Wetlands¹, the ponds now serve as a staging area for water birds, most notably waders.

EcoVadis

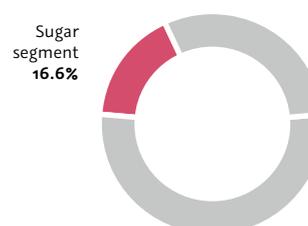
In summer 2018, AGRANA Zucker GmbH again updated its sustainability data (first provided in 2014 and updated annually since 2016) for the purposes of EcoVadis, the international supplier evaluation platform, and again achieved silver status.

Investment

In the Sugar segment, AGRANA invested € 30.6 million during the 2018|19 financial year (prior year: € 32.1 million) in, among other things, product quality and energy efficiency. The most significant projects included the following:

- Installation of an organic sugar line with a big-bag filling station and rail loading facility in Tulln, Austria
- Renewal of the pulp press station in Kaposvár, Hungary
- Replacement investment in two white sugar centrifuges in Opava, Czech Republic
- Project start for construction of a warehouse for finished product in Buzău, Romania
- Renewal of the brick lining of the lime kiln in Leopoldsdorf, Austria

Share of Group investment in 2018|19



¹ See glossary.

² Within the GRI reporting boundaries (see page 10).

³ Including unknown treatment by waste management contractors.

Research and development

Operating in a highly competitive marketplace, it is crucially important for AGRANA to identify market trends early, satisfy the markets' needs through product innovations and develop customised solutions for its clientele. In close partnership with customers, AGRANA's research and development (R&D) teams are always working on new technologies, specialty products and innovative applications for existing products, thus supporting the Group's strategic focus on lasting success.

The AGRANA Research & Innovation Center (ARIC) in Tulln, Austria, is the Group's central research and development hub for the Fruit, Starch and Sugar businesses. It works together with AGRANA's 18 local NPD¹ centres. A key goal of ARIC, which is structured as a separate company wholly owned by AGRANA Beteiligungs-AG, is to develop innovative products from sugar beets, potatoes, corn (maize), waxy corn, wheat and fruits. ARIC is active nationally and internationally as an in-house R&D service provider for sugar technology, food technology, starch technology, microbiology, biotechnology and fruit preparations development. The research center also offers its specialist R&D know-how to third parties and acts as a government-accredited laboratory for sugar beet quality control.

At the end of the 2018|19 financial year, AGRANA intensified its efforts in agricultural research through ARIC's new Agricultural Research department. New solutions to safeguard the success of beet production are required in response to changed conditions in beet cultivation caused both by climate change and greater pest pressure, and in order to adjust to European bans on previously available crop protection products. The experts at the Agricultural Research department are also there to address agricultural research questions in the fruit preparations, fruit juice concentrate and starch activities.

The collaboration of R&D specialists from the different segments (Fruit, Starch and Sugar) under one roof not only drives administrative synergies but also promotes a creative exchange between different groups of researchers, particularly on subjects that cut across segment boundaries. The complementarity between the groups' experience is particularly valuable in cross-segment areas of research, such as technologies, thickeners and aromas, microbiology, product quality and safety, and organic products.

Research and development		2018 19	2017 18
R&D expenditure (internal and external)	€m	18.8	17.0
R&D-to-sales ratio ²	%	0.77	0.66
Number of employees in R&D (headcount)		272	251

Fruit segment

Raw materials

In the Fruit segment, the industrial trials for the reduction of microorganisms on the surface of harvested fruit were successfully completed. The technology will be implemented on an industrial scale from the start of the season.

Technology

Research activities for fruit preparations reflect current trends in the food industry, especially towards naturalness and clean label. AGRANA is developing and perfecting technologies that allow the elimination or reduction of added sugar and stabilisers in recipes.

¹ New Product Development

² R&D expenditure as a share of Group revenue.

AGRANA's Fruit segment was chosen as preferred partner of a large dairy company for the large-scale implementation of an alternative technology for fruit sterilisation. The use of the new technology is expected to lead to significant improvements in the organoleptic properties of fruit. The first pilot trials were carried out as part of a feasibility study.

The know-how for the high-pressure treatment of fruits was further improved and the first prototypes were presented to customers.

An existing technology for the improvement of fruit texture was further refined and its possible applications were developed jointly with the fruit preparations plants.

Based on the partnership with Vienna University of Technology, for the first time the shear forces exerted on fruit preparations by certain plant equipment components in selected process lines were quantified and optimisation measures derived from this.

Product development

Another research focus was the use of natural and artificial sweetening alternatives for use in sugar-reduced dairy products.

A number of different plant proteins were tested in fruit preparations, primarily for milk alternatives. Additional protein enrichment in the end product was achieved with selected proteins.

Fruit juice concentrates

AUSTRIA JUICE continued to successfully expand its businesses of beverage bases, aromas and the production of juice and vegetable concentrates in the past financial year and made strategic investments in these areas, both in infrastructure and human resources.

The in-house production of composite aromas continued to be advanced further in order to build up the growth segment of beverage bases and the aroma business.

A reorganisation of the production plants resulted in a capacity increase both for beverage bases and juice concentrates, such as in the production of carrot juice concentrate.

In another project, a new process was developed to optimize the yield and improve the quality of the aroma extracts obtained from juice concentrates and preliminary production trials were successfully completed. Further investments are planned in this area for the subsequent financial year in order to optimise the quality and quantity of the aroma extracts produced.

In beverage bases, AGRANA invested particularly in the technology of beverage base emulsions and the development of corresponding new products.

To tap new potential markets in the Middle East, the certification of the juice plants to Halal and Kosher standards was continued and the certification of the division's headquarters in Kröllendorf, Austria, was completed.

Through new and asset replacement investment in instrumental analysis in the form of gas chromatography-mass spectrometry (GC/MS), high-performance liquid chromatography (HPLC) and gas chromatography with flame ionization detection (GC/FID), and through the improvement of quality assurance measures, the AUSTRIA JUICE quality system was further optimised so that the company will continue to be able to meet the risen customer and market requirements regarding product quality and product safety going forward (thus addressing the issue of "food fraud", among others).

Starch segment

Raw materials

In raw material research, a project studied the effect of the relative ripeness of waxy corn varieties grown in Austria on their starch properties. One of the requirements for optimal ripening is the accumulation of a certain number of growing degree-days (essentially, cumulative exposure to heat). In order to analyse the impacts of weather on the ripening of waxy corn more specifically, these investigations were expanded to cover several growing seasons.

To diversify the portfolio of input materials, special wheat varieties were studied for use as a new starch raw material. Examination of the wheat starch obtained revealed attractive properties that hold great potential, especially for food products. In order to also investigate the agricultural properties, cultivation trials of these new wheat varieties are being carried out.

Food applications

The expectations of modern, health-oriented consumers with regard to natural, clean label and GMO-free products are becoming an ever-stronger driving force of innovation and product development in the food industry. AGRANA is responding to these demands with new raw materials and comprehensive application tests of newly developed functional ingredients. The development of novel technologies has enabled the Group to create starches with special properties that can be used without declaration as an alternative to chemically modified starches.

In connection with the subject of sustainability, there is also rising demand for products from organic farming. As well, there is growing consumer interest in a vegetarian or vegan diet. Health-conscious consumers also demand foods containing less fat, less sugar or more fibre. Among the innovations developed by AGRANA to meet these demanding expectations are specialty starches for use as fat or gelatine substitutes, a versatile whole-egg substitute, and by-product utilisation for fibre enrichment in a wide variety of foods.

Through intensive cooperation with the production facility in Gmünd, Austria, new fields of research were developed. In the manufacturing of innovative products on a production scale, important priorities were solutions related to hygiene, as well as the stabilisation of product attributes especially in organic production.

Non-food applications

Innovation and research are the most critical success factor in the intensely competitive market for technical (i.e., non-food) starches. As in the prior years, the activities in these areas were driven primarily by trends towards greater sustainability.

The market for biodegradable biopolymers (bioplastics) has become a major focus in recent years. The portfolio of thermoplastic starches has been expanded, with due regard to the legal requirements concerning food contact. In combination with biodegradable polyesters, thermoplastic compounds have been developed (AGENACOMP®) that allow manufacturers to produce bioplastic bags which are not only sustainable but above all home-compostable. AGRANA is thus making a valuable contribution to the reduction of microplastics in the environment.

In the area of adhesives, by developing innovative functional starches, new materials were created as substitutes for petrochemical-based products. In order to meet the market's demand for sustainable solutions, AGRANA developed products with improved bonding properties.

New developments in the emerging technology of 3D printing allow the use of starch in a wide range of applications. In cementitious mortar, a shear-stable solution with improved properties for concrete 3D printing was achieved through the use of appropriate starch esters.

Bioethanol

In the area of bioethanol production, process optimisation is a permanent priority of research and development. The testing of new marketable enzymes to increase yield plays just as important a role as the refining of certain analytical methods for progress evaluation in processes. A further focus was on increasing the quality of the by-products by adjusting production conditions both in the fermentation and drying phases. Significant financial improvements were achieved by combining these measures.

Sugar segment

Raw materials

The Group's R&D in this area focused on the prevention of beet weevil damage in beet production, specifically through mechanical and biological control methods. The development of alternatives to the use of neonicotinoids is a prerequisite for the successful protection of sugar beet against other animal pests such as the beet flea beetle, which also acts as a carrier for various yield-reducing viruses. The prohibition of glyphosate currently being discussed requires a reconfiguration of catch-crop mixes in terms of species and variety in order to assure the best possible establishment of sugar beet seedlings. Attention is also being given to the phosphorus supply of the beet, which is reflected in research projects on the basic provision of this nutrient. Irrigation is an essential tool for safeguarding yields. Through testing of alternative irrigation systems, opportunities are being identified to reduce energy and water consumption.

Technology

The optimization of sugar yield without a negative effect on the drying of cassettes in sugar factories remains a key subject in technology R&D. Alternative methods were investigated with which to continue to achieve a high degree of pressability and thus minimise the energy required for drying the extraction residue. This optimisation work is also being furthered in the context of a dissertation funded by the Austrian Research Promotion Agency (FFG) that evaluates the possibility of expanding existing models for the assessment of sugar losses to include state-of-the-art molecular biology techniques, microbiological and analytical methods.

In the past campaign, juice purification was optimised at several locations, using systems developed at ARIC for the demand-based dosing of alkalizing agents.

Product development

In animal feed R&D, AGRANA responded to rising demand by completing the development of an organic bee feed product based on organic sugar syrup. The new product, named BioVitabee®, offers an optimal carbohydrate distribution for feed acceptance by bees while maintaining storage stability. The manufacturing of BioVitabee® has commenced and the market launch was started.

By-products

Prompted by the debate in the EU on guidelines for the content of nitrate and nitrite in animal feed raw materials produced by the sugar industry, an FFG-funded project was launched in cooperation with Vienna's University of Natural Resources and Applied Life Sciences to develop strategies for the production of molasses with low nitrate and nitrite content.

An alternative group of plastic products (also see Starch segment R&D) is that of polyhydroxyalkanoates (PHA). These can be obtained by fermentation from by-products of sugar production such as molasses residue and pressed beet pulp. A three-year project on this topic, funded by FFG and carried out jointly with the Department of Agrobiotechnology (Tulln campus) of the University of Natural Resources and Applied Life Sciences, was successfully concluded with the production of the first, promising pilot product.



Sustainability at AGRANA

2018|19 workplace safety targets

Fruit segment, fruit preparations business:
 ✓ Target for injury rate¹ reduction achieved

✓ Target for lost day rate¹ reduction achieved

Starch segment:
 ✗ Target for absolute number of accidents not achieved

✓ Injury rate¹ and lost day rate¹ reduced

Sugar segment:
 ✓ Target achieved

In the 2018|19 financial year the AGRANA Group as a whole employed an average of 9,242 people (by headcount; prior year: 8,730). Of this total, 2,358 worked in Austria (prior year: 2,251) and 6,884 were employed in other countries (prior year: 6,479).

The number of employees in each business segment was as follows:

Segment	Average number of employees (headcount) in financial year		Average number of FTE ² in financial year		Number of employees (headcount) at balance sheet date	
	2018 19	2017 18	2018 19	2017 18	28 Feb 2019	28 Feb 2018
Fruit	6,096	5,613	6,141	5,610	6,192	5,651
Starch	1,050	983	1,025	959	1,061	994
Sugar	2,096	2,134	2,064	2,109	1,938	1,958
Group	9,242	8,730	9,230	8,678	9,191	8,603

In the 2018|19 financial year the AGRANA Group employed an average of 9,230 full-time equivalents (prior year: 8,678 FTE). The increase in personnel resulted mainly from a higher requirement for seasonal workers in the Fruit segment and from the expansion of the starch production site in Aschach, Austria.

The average age of permanent employees³ on 28 February 2019 was 41 years (for details on age structure, see GRI content index, Annual Report 2018|19 on page 194). Of the permanent employees, 29.9% (prior year: 29.3%) were women, and 56.4% of salaried staff held an academic degree (prior year: 56.7%). The turnover rate for permanent staff in 2018|19 was 12.9% (prior year: 12.6%). The proportion of employees with a part-time contract was 3.2%. The share of temporary agency staff was 4.7%.

Human resources management

AGRANA's personnel strategy focuses on encouraging sustainable and entrepreneurial thinking and action. The Group attaches great importance to appreciative, respectful and cooperative relations with one another, particularly in view of the international and culturally diverse work environment. Motivation, integrity and social awareness round out the set of values fostered by AGRANA's human resources strategy.



AGRANA employees within the GRI reporting boundaries⁴

at the balance sheet date of 28 February 2019⁵

Segment	Non-permanent staff ⁶		Permanent staff				Managers ⁷		Of whom executive leadership ⁸			
	Total	Female	Blue-collar	Female	White-collar	Female	Total	Female	Total	Female		
Fruit	1,919	72.5%	2,679	23.8%	1,594	47.7%	4,273	32.7%	301	29.9%	13	15.4%
Starch	85	20.0%	635	12.0%	341	43.1%	976	22.8%	58	13.8%	4	25.0%
Sugar ⁹	144	37.5%	1,026	17.2%	768	40.1%	1,794	27.0%	157	26.8%	18	11.1%
Group	2,148	68.1%	4,340	20.5%	2,703	45.0%	7,043	29.9%	516	27.1%	35	14.3%

¹ See definition on page 54.

² Full-time equivalents.

³ Permanent employees of AGRANA Group companies.

⁴ See GRI reporting boundaries, page 10.

⁵ For prior-year values, see GRI content index, Annual Report 2018|19 on page 191.

⁶ Almost all non-permanent positions represent seasonal local workers in the processing campaigns.

⁷ Management positions at reporting levels 2 and 3.

⁸ Reporting level 1 (the reporting level immediately below the Management Board of AGRANA Beteiligungs-AG; level 1 also includes the regional managing directors of the three segments).

⁹ The staff of AGRANA Beteiligungs-AG is counted under the Sugar segment.



Special attention is devoted to employee development. Recognising and promoting employees' potential is indispensable to AGRANA's lasting competitiveness.

The implementation of a global human resource management system continued in 2018|19. The aim of this system is to improve the efficiency of personnel processes, create transparency and increase data security.

Variable compensation

The incentivising and recognition of performance is a major element of the personnel strategy and a significant factor in the Group's success. To help achieve the company's strategic and operational objectives, a Group-wide performance management system is in place for managerial staff. Next to targets related to the corporate financial position and profit, the variable compensation plan also involves personal targets to encourage and honour outstanding individual performance. In the 2018|19 financial year, 8.8% of all employees (prior year: 8.5%) were covered by this performance-related compensation system.

Multiple awards for AGRANA HR team

AGRANA Beteiligungs-AG again placed third in 2018|19 in the BEST RECRUITERS sector ranking for the Austrian food industry and continued to number among the top 100 recruiters in the overall ranking.

BEST RECRUITERS is the largest recruiting study in the German-speaking countries. It annually reviews the quality of recruiting practices of the top employers in Austria, Germany, Switzerland and Liechtenstein. The study considers more than 130 scientific criteria in assessing job advertisements, recruiting presence on various platforms, exhibits at career fairs and the treatment of applicants.

This award recognises AGRANA's commitment to treating potential new employees with appreciation, friendliness and respect. It is also seen as an affirmation of AGRANA's efforts to continually further evolve the quality standards it applies to its process of searching for new talent.

The subsidiary Moravskoslezské Cukrovary A.S. was awarded first place in the Czech Republic as "Employer of the Year 2018".

Training hours of AGRANA employees¹

in the 2018|19 and 2017|18 financial years

Segment	2018 19				2017 18			
	Average training hours per employee			Proportion of employees who received training	Average training hours per employee			Proportion of employees who received training
	Total	Male	Female		Total	Male	Female	
Fruit	31.4	33.4	27.3	94.6%	24.3	23.5	26.2	91.1%
Blue-collar	25.7	28.5	17.0	95.5%	18.6	18.8	17.9	90.9%
White-collar	41.1	45.5	36.2	92.9%	34.5	35.5	33.3	91.4%
Starch	20.0	20.2	19.2	81.2%	22.9	22.5	24.5	93.5%
Blue-collar	18.5	18.1	20.9	76.3%	21.1	20.5	25.9	86.0%
White-collar	22.8	26.2	18.3	90.2%	26.5	28.8	23.7	100.0%
Sugar ²	30.0	29.8	30.6	89.2%	31.0	30.8	31.6	86.3%
Blue-collar	25.4	26.5	20.5	89.6%	30.0	31.1	24.6	79.0%
White-collar	36.3	36.1	36.6	88.6%	32.5	30.2	35.8	96.8%
Group	29.5	30.4	27.2	91.3%	26.0	25.4	27.3	90.1%
Blue-collar	24.6	26.3	18.0	91.3%	21.9	22.3	20.1	87.2%
White-collar	37.4	40.0	34.1	91.3%	32.9	32.9	32.8	95.1%

¹ Permanent staff within the GRI reporting boundaries (see page 10).

² The staff of AGRANA Beteiligungs-AG is counted under the Sugar segment.





Staff development and training

AGRANA systematically supports the steady improvement of its employees' knowledge and the development of their skills. Besides many job skills trainings and personal development offerings, intensive Group-wide programmes were also available. These training courses not only strengthen the Group's competitiveness but also contribute to employee motivation and self-esteem. Every employee matters to AGRANA, and appropriate development opportunities are therefore offered for all levels of staff.

The top training priorities in 2018|19 remained management development and the development of trainings for subject experts in some selected functional areas. AGRANA's staff development programme is rounded out by a range of language courses.

In 2018|19 the Group trained an average of 99 apprentices (number of women: 26, or 26.3%). An average of 63 apprentices (number of women: 8, or 12.7%) were employed in Austria, and an average of 16 apprentices (number of women: 11, or 68.8%) in total in Germany, Slovakia, France and Brazil, which have a dual education system (i.e., combining apprenticeship and vocational school) similar to Austria's. In other educational systems, 20 apprentices (number of women: 7, or 35.0%) were trained in Algeria, Argentina, Mexico and Morocco. The training was provided in areas such as mechanical engineering technology, electrical engineering technology, metalworking technology, chemical lab technology, chemical process engineering technology, food technology, mechatronics, industrial sales and information technology.

In order to increase the attractiveness of apprenticeship professions and to introduce pupils to career opportunities in technology, various initiatives were undertaken at individual locations (creation of information brochures for apprentices, participation in specific events to introduce apprenticeships, special support for apprentices, etc.).

In the 2018|19 financial year, 30 members of staff and managers from across the Group were selected for enrolment in the sixth iteration of the international AGRANA Competencies Training (ACT) programme for prospective new managers. ACT is designed for individuals seen as having high potential, excellent performance and exceptional motivation. The ACT kick-off for this sixth cohort occurred in January 2019 with an AGRANA Development Center.

AGRANA-wide onboarding programmes and welcome days are offered on an on-going basis to give new staff a comprehensive view of the Group as a whole and of their own area of activity. In addition, employees benefit from diverse training and development measures, among them the regular INCA meeting (International Communication at AGRANA) and the AGRANA Development Programme (ADP). These offerings promote a better cross-divisional understanding and support the Group-wide exchange of information. At the same time, such initiatives serve to build synergies across divisional and department lines. Additionally, team-building activities help optimise communication and heighten the effectiveness of collaboration within the various departments.

AGRANA also focuses on training and development of key personnel. Custom-tailored training ensures that employees derive maximum benefit from what they have learned and can put it into practice in their day-to-day work environment. One such pioneering programme, the AGRANA Leadership Academy, to be launched in February 2019, is designed to strengthen future and existing managers for or in their roles.

The Group's expenditure for external training and development in the 2018|19 financial year was about € 3 million (prior year: € 2.9 million), equivalent to 1.2% (prior year: 1.2%) of total wages and salaries.





Workplace health and safety

For AGRANA as a manufacturing company, nothing is more important than workplace safety. To facilitate the comparability and analysis of workplace accidents and enable informed corrective action, AGRANA collects fully standardised worldwide health and safety data.

Health programmes

Under the AGRANA Fit programme, with the goal of maintaining and improving employees' health and wellness, AGRANA in many locations offers preventive health check-ups and/or vaccinations (for influenza, tick-borne encephalitis, titre testing, etc.) as part of the routine occupational health services. As well, some locations have individual arrangements with local fitness facilities and health care organisations.

AGRANA provides a broad sports offering for its employees, such as running groups, back fitness training, badminton, rowing courses, Zumba toning, fitness boxing, Nordic walking, yoga, Pilates and boot camp courses.

A record number of 215 AGRANA employees, in 71 teams of three persons each, took part in the annual Wien Energie Business Run in September 2018. The participation in this event not only nurtures team spirit and a sense of cohesion within AGRANA but has also become an important element of the Group's human resources marketing. As well, it is an opportunity to meet or reconnect with colleagues in the various business areas.

Social consciousness forms an important part of corporate culture at AGRANA. Among other achievements, AGRANA Fruit Mexico was again awarded the ESR¹ seal for its high degree of social engagement.

Workplace safety data for the AGRANA Group²

for the 2018|19 and 2017|18 financial years

Segment	Injury rate ³			Lost day rate ⁴			Absentee rate ⁵		
	Total	Male	Female	Total	Male	Female	Total	Male	Female
2018 19									
Fruit	1.5	1.9	0.9	17.7	20.8	13.3	3,539.7	4,066.4	2,759.2
Starch	2.6	3.3	0.0	32.6	41.3	0.0	7,962.8	8,598.8	5,571.3
Sugar	2.2	2.3	1.7	28.7	32.9	17.4	6,669.6	6,481.4	7,185.9
Group	1.8	2.2	1.0	22.0	26.8	13.0	4,768.9	5,333.4	3,718.2
2017 18									
Fruit	2.0	2.1	1.8	28.3	28.7	27.5	3,922.1	3,779.7	4,171.4
Starch	3.3	3.4	2.8	47.5	48.5	43.7	7,636.8	7,807.4	7,021.5
Sugar	2.7	3.4	0.8	36.5	42.5	19.7	6,579.4	6,448.7	6,945.5
Group	2.3	2.7	1.7	33.0	35.6	27.3	5,111.8	5,147.0	5,036.1

No fatal workplace accident² occurred in the 2018|19 reporting year (prior year: no fatalities); however, there was one fatal travel accident, which in accordance with reporting rules is not included. In the reporting year, there were four accidents of contractors (prior year: 13 accidents), which sadly included two fatal accidents; for organisational reasons these are not included in the workplace safety data.

Type and number of accidents in 2018|19

Business travel accidents (11); slips/falls/falls from heights resulting in injuries (51); bruises, crushing injuries, lacerations (31); cuts and punctures (27); eye injuries (5); burns and scalds (15); injuries from incorrect lifting, carrying or storage (6); others (10)



¹ Empresa socialmente responsable – socially responsible business.

² Non-permanent (i.e., fixed-term or temporary) and permanent employees within the GRI reporting boundaries (see page 10).

³ Injury rate = (total number of accidents⁶ ÷ total paid hours worked⁷) × 200,000⁸

⁴ Lost day rate = (total number of lost days⁹ ÷ total paid hours worked⁷) × 200,000

⁵ Absentee rate = (total number of missed hours due to accident⁶ and sickness ÷ total paid hours worked⁷) × 200,000

⁶ In AGRANA's workplace safety data, injuries are counted as accidents. Days are counted as lost from the first scheduled work day missed after the accident (excluding accidents on the way to or from work).

⁷ Total paid hours worked are defined by AGRANA as contractual work hours plus paid overtime.

⁸ Explanation of the multiplier 200,000: The multiplier is intended to make the Group's internal workplace safety data comparable with other companies. It is based on the assumption of 40 work hours per week and 50 work weeks per year, for 100 employees (40 × 50 × 100). The effect of the multiplier is thus to convert from a company's average number of accidents, lost days or absentee hours (hours missed as a result of accident or illness) per hour of work done in the company, to an annual number per 100 employees.

⁹ An eight-hour work day is assumed.



Alongside numerous health and sports offerings, the Group locations provided many other related opportunities, such as workshops for employee information, sensitisation and continuing development in the areas of work-life balance management, stress reduction, burnout prevention, and for the right ergonomics in the workplace. In the Sugar segment, the two Austrian sites in Tulln and Leopoldsdorf were once again awarded the BGF quality seal for the promotion of workplace health.

Healthful nutrition is a major element of personal well-being, and AGRANA thus also raises its own employees' awareness of the importance of balanced and healthy eating and drinking. Besides holding workshops, this is done through local initiatives such as making free fresh fruit available at work on a self-serve basis. AGRANA Fruit US was again recognised in the year under review as a Gold-Level Fit-Friendly Worksite by the American Heart Association for its work in this sphere.

Balancing work and family

Harmonising the demands of work and family is important to AGRANA from a social responsibility perspective and plays a prominent role in its human resources strategy.

AGRANA therefore joined the "Business for Family" network of the Federal Ministry for Family and Youth, in spring 2016.

Across the Group, this is reflected in several initiatives and offerings for employees. Teleworking, funding or even direct provision of child care in certain locations (including special such services during the holidays), variable working hours, and a parent-child office at the Vienna headquarters are all part of this effort. In addition, employees' families are included in a number of events, group meals and sports activities (also see the corporate governance report, Annual Report 2018|19 on page 27). For example, a week of child care with a varied educational programme combined with sports activities was arranged by the Sugar segment at its site in Tulln, Austria. The fruit preparations plant in Turkey offered employees and family members a communal Ramadan dinner.



Workplace safety targets of the AGRANA Group¹

in the 2018|19 and 2019|20 financial years

Segment	Targets for 2018 19	Target achievement in 2018 19	Targets for 2019 20
Fruit			
Fruit preparations business	Injury rate ² : 1.5 Lost day rate ² : 20	✓ Injury rate ² : 1.4 ✓ Lost day rate ² : 15.4	Injury rate ² : 1.25 Lost day rate ² : 17
Fruit juice concentrate business			Careful documentation and analysis of all workplace accidents; identification of preventive measures and communication of these measures across the business.
Starch			
	Reduction in the number of workplace accidents ² to fewer than twelve in the financial year through implementation of site-specific packages of measures.	✗ In the reporting year there were 27 workplace accidents ² ✓ Injury rate ² and lost day rate ² were reduced from the prior year.	Continuation of the workplace safety initiative started in 2018 19, with the "golden rules for work – safe and healthy together"; awareness-building through training of every employee; implementation of a uniform segment-wide floor marking scheme and safety equipment system.
Sugar			
	Continuing implementation of site-specific measures.	✓ Injury rate ² and lost day rate ² were reduced from the prior year.	Continuing implementation of site-specific measures.

¹ Non-permanent (i.e., fixed-term or temporary) and permanent employees within the GRI reporting boundaries (see page 10).

² See definition on page 54.

Risk management

and system of internal control

The Management Board of the AGRANA Group recognises the importance of active risk management. The basic aim of risk management at AGRANA is to identify risks and opportunities as early as possible and take appropriate measures to safeguard the profitability and continued existence of the Group.

The AGRANA Group uses integrated monitoring and reporting systems that permit regular, Group-wide assessment of the risk situation. For the early identification and monitoring of risks relevant to the Group, two mutually complementary control tools are in place:

- An enterprise-wide, **operational planning and reporting system** forms the basis for the monthly reporting to the appropriate decision-makers. Under this reporting process, a separate risk report is prepared for the Group and for each business segment. Its focus is on the determination of sensitivities to changing market prices for the current and next financial year. The individual risk parameters are assessed on an ongoing basis in relation to the current budget (prepared at the start of the year) or the current forecast (as updated in the course of the year), so as to be able to calculate the impacts on the profit measure "operating profit before exceptional items and results of equity-accounted joint ventures". Besides this ongoing reporting, the risk managers from the business areas regularly discuss the business situation and the use of risk mitigation measures directly with the Management Board.
- The **strategic risk management** aims to identify material individual risks and evaluate their implications for the overall profile of risks and opportunities. Twice every year, the medium- to long-term risks in the individual business areas are analysed by a designated risk management team together with the Group's central risk management function. The process involves risk identification and risk assessment by probability of occurrence and potential magnitude of risk/opportunity, the definition of early warning indicators and the taking of countermeasures. Also, the aggregate risk position of the AGRANA Group is determined for the current financial year using a Monte Carlo simulation (which is an established standard calculation in risk management). This allows a judgement to be made as to whether a combination or accumulation of individual risks could pose a threat to the ability to continue in business as a going concern. The results are reported to the Management Board and the Audit Committee of the Supervisory Board.

Risk management representatives have been designated for the business segments of the AGRANA Group. These representatives are responsible for initiating loss-minimising measures as required, subject to Management Board approval.

The design and implementation of risk management under rule 83 of the Austrian Code of Corporate Governance is evaluated annually by the independent audit firm, which submits the findings in a final report on the viability of the Group-wide risk management.

Risk policy

AGRANA sees the responsible management of business opportunities and risks as an essential basis for purposeful, value-driven and sustainable business management. The Group's risk policy seeks to ensure risk-aware behaviour, sets out clearly defined responsibilities and stipulates independent risk control as well as integrated internal controls.

Throughout the Group, risks may be assumed only if they arise from the core business of the AGRANA Group and if it does not make economic sense to avoid, insure or hedge them. The policy is to minimise risks to the extent reasonably possible while achieving an appropriate balance of risks and returns. The assumption of risks outside the operating business is prohibited without exception.

AGRANA Beteiligungs-AG is responsible for the Group-wide coordination and implementation of risk management arrangements determined by the Management Board. The use of hedging instruments is permitted only to hedge operating business transactions and financing activities, not for speculative purposes outside the core businesses of the AGRANA Group. The positions in hedge contracts and their current value are regularly reported to the Management Board.

Significant risks and uncertainties

The AGRANA Group is exposed to risks both from its business operations and from its national and international operating environment.

Operational risks

Procurement risks

AGRANA is dependent on the availability of sufficient amounts of agricultural raw materials of the necessary quality. Beyond a possible supply shortfall of appropriate raw materials, a risk is also posed by fluctuation in the prices of these inputs (to the extent that the difference cannot be passed through to customers). Major drivers of availability, quality and price are weather conditions in the growing regions, the competitive situation, regulatory and legal requirements, and movements in the exchange rates of relevant currencies.

In the **Fruit** segment, crop failures caused by unfavourable weather and by plant diseases can adversely affect the availability and purchasing prices of raw materials. In the fruit preparations business with its worldwide presence and its knowledge of procurement markets, AGRANA is able to anticipate regional supply bottlenecks and price volatility and take appropriate remedial action in response. Also, where possible, one-year contracts are used both with suppliers and customers.

In the fruit juice concentrate business, the risks related to raw materials, production and sales are managed centrally. Both foreign-currency purchases of raw materials and sales contracts in foreign currency are hedged using derivatives. In these derivatives contracts, no short or long positions are taken that exceed the amount necessary for hedging the underlying transaction.

In the **Starch** segment, the changes in raw material prices relative to the selling prices of the end products vary as a result of the broad product portfolio. In starches and by-products, price changes for raw materials lead to a change in product market prices in the same direction, thus acting as a natural hedge by partly offsetting the raw material price risks. Selling prices of bioethanol in Europe are driven largely by the quotations on the Platts information platform, which do not reflect raw material prices but fluctuations in the ethanol market. The volatility in bioethanol prices is correspondingly high. For saccharification products, the prices are correlated with European sugar prices and are largely unaffected by raw material price movements.

Thanks to the procurement in national and international markets, the raw material supply can largely be regarded as secure. The supply of specialty raw materials is sufficiently secured through contract farming and supply contracts. When economical, raw material prices can also be hedged and/or the supply secured through futures contracts and over-the-counter derivatives, both of which require management approval. The volume and results of these hedges are included in the regular reporting and are reported to AGRANA's Management Board.

In the **Sugar** segment, sugar beet and raw sugar are used as raw materials. Besides weather factors, an important determinant of sugar beet availability is how profitable it is for farmers to grow beet compared to other field crops. The availability of sugar beet is becoming an increasingly significant factor after the completion of the first campaign (2017/18) without the EU sugar quotas, as beet prices now depend on the sales price of sugar. AGRANA has since then been intensifying its efforts regarding the collaboration with beet farmers and beet grower associations in order to contract the required volume of beet. Nonetheless, after the extreme levels of pest infestation in 2018 the beet production acreage in 2019 is expected to be significantly less than the contract acreage in 2018.

At the refining facilities in Bosnia and Herzegovina and in Romania, the basic driver of AGRANA's profitability is how much value can be added by processing the purchased raw sugar given the market prices achievable for white sugar. Next to the risk of high raw sugar purchasing prices, another procurement risk lies in the regulations on the import of white and raw sugar to the European Union. The prices for the required raw sugar are hedged with commodity derivatives where financially appropriate. Additionally, exports of white sugar and contracts with industrial customers are hedged using commodity derivatives. Hedging is performed in accordance with internal policies and must be reported to the Management Board.

The production processes, especially in the Sugar and Starch segments, are energy-intensive. AGRANA therefore continually invests in improving the energy efficiency of its manufacturing facilities and designs them for the most cost-effective use of different sources of energy. The quantities and prices of the required energy are also to some extent secured, for the short and medium term.

Product quality and safety

AGRANA sees the manufacturing and marketing of high-quality, safe products as a fundamental requirement for long-term economic success. The Group applies rigorous quality management that is continually refined and meets the requirements of the relevant food and beverage

legislation, standards and customer specifications. The quality management covers the entire process from raw material procurement, to manufacturing, to the delivery of the finished product. The compliance with legal and other quality standards is regularly verified by internal and external audits. In addition, product liability insurance is carried to cover any remaining risks.

Market risks and competitive risks

In its worldwide operations, AGRANA is exposed to intense competition from regional and supraregional competitors. The market entry of new competitors or the addition of more production capacity by existing rivals may increase competition in the future.

The changes in the European sugar market (including the end of the quotas) and the surplus on the world market have led to sharp declines in sugar selling prices. Going forward, the trend in sugar prices in European markets and outside the EU will continue to have a major influence on the earnings situation in the Sugar segment.

The Group's own market position is continually monitored so that any required corrective action can be rapidly initiated. In response to demand and other factors, AGRANA frequently adjusts its capacity and cost structures in order to maintain its competitiveness in the core markets. The early detection of changes in demand patterns and consumer behaviour is based on the constant analysis of sales variances. In this context, AGRANA also monitors new technological developments and production processes in the market that, in the future, could lead to a partial backward integration on the part of customers into core businesses of individual segments of the AGRANA Group.

To strengthen existing market positions, AGRANA invests extensively in all its business segments. As well, investments in new markets are evaluated and undertaken. The construction of a second fruit preparations plant in China was completed and the production of fruit preparations commenced in India. Through the acquisition of Elafruits SPA (now AGRANA Fruit Algeria SPA) the Group now has a fruit preparations plant in Algeria. An important upcoming challenge will be to integrate these new activities into the Group organisation as rapidly as possible.

The still unstable political situation between Ukraine and Russia could have a negative impact on the market environment of the Fruit segment. Currently, however, the region continues to show a stable earnings situation.

IT risks

AGRANA is reliant on the functioning of a complex information technology infrastructure. Non-availability, data loss or data tampering and breaches of confidentiality in critical IT systems can have significant impacts on business operations. The general trend regarding external attacks on IT systems of organisations implies that the AGRANA Group too is or may increasingly be subject to such threats in the future. The maintenance of IT security is ensured by qualified internal and external experts and by appropriate organisational and technical measures. These include redundant IT systems and security tools that are state-of-the-art. Together with external partners, precautions have been taken to counter possible threats and avert potential damage.

Regulatory risks

Risks from sugar market regulation

As part of the risk management process, potential scenarios and their impacts are examined and assessed from an early stage. Current developments and their implications are also reported from page 41 of this report, in the section on the Sugar segment.

Sugar regime: Since 1 October 2017 there is no longer a minimum beet price and the quota system for sugar and isoglucose is abolished. Both of these sweeteners can now be produced and sold in the EU without quantity restrictions. Even before the end of the quotas in autumn 2017, the anticipation of this change affected the European sugar market through an expansion of the beet planting area in the 2017|18 sugar marketing year (SMY). As well, high crop yields per hectare in SMY 2017|18 increased the supply in the EU area. In SMY 2018|19 the drought and heat wave in all of Europe brought a reduction in supply.

The fact that the quota has expired should lead to continuing high beet sugar production, especially in prime growing regions. The European market prices are likely to correlate more closely with prices on the world market, making it possible that sugar prices will show a wide range of fluctuation. The new sugar market rules also do not provide minimum prices for sugar beet. However, beet prices will continue to be negotiated between the beet producers and the beet-using industry. The reform of the sugar regime does not involve a change in the system of import duties for sugar imports from outside the EU nor in the treatment of imports from LDC/ACP countries (Least Developed Countries and African, Caribbean and Pacific Group of States) with preferential EU agreements.

Free trade agreements: The free trade agreements currently being negotiated by the European Union could have economic impacts on AGRANA. The company is following the ongoing trade talks and analysing and evaluating the individual results.

In addition, national tax and customs regulations and their interpretation by local authorities can lead to further risks in the regulatory environment.

EU Renewable Energy Directive

June 2018 saw the conclusion of the tripartite negotiations between the European Commission, the Council of the European Union and the European Parliament for the revision of the Renewable Energy Directive (RED II) from 2020. The revised directive was published on 21 December 2018. The EU member states must transpose it into national law by 30 June 2021.

The new directive sets a minimum requirement of 14% renewable energy in the transport sector by 2030. The share of cereal-based biofuels was capped at the level of the national share as of 2020, up to a maximum of 7%. Furthermore, a sub-target of at least a 3.5% share by 2030 was set for so-called advanced biofuels ("second-generation" biofuels). The list of raw materials qualifying for advanced biofuels is given in Annex IX of the directive and can be added to by the European Commission.

Biofuels from so-called high ILUC risk¹ raw materials are being capped at their 2019 share and are to be phased out completely from 2023 to 2030. This includes, for example, biodiesel from palm oil.

The share of individual biofuels counted towards the 14% transport target can be increased with the aid of multipliers. Thus, Annex IX biofuels (advanced biofuels) can be double-counted.

In Austria the target for the biofuel share under the fuel regulation currently in force is 5.75% (based on RED I), of which 3.4% is the target for bioethanol (measured by energy content in both cases). The introduction of E10 would raise the biofuel content directly to the 7% target, at existing production capacity. At the national level, this would not only meet the RED II requirements but also allow the demonstrable reduction of particle emissions and enable a further increase in the production of GMO-free protein feed and fermentation-derived CO₂ as by-products.

Legal risks

AGRANA continually monitors changes in the legal setting relevant to its businesses or to their employees that could result in a risk situation, and takes risk management actions as necessary. Areas of law to which particular attention is devoted are anti-trust, food and environmental legislation, as well as data protection, anti-money laundering and anti-terrorism finance provisions. AGRANA maintains dedicated staff positions for matters of compliance, employment law and general areas of law.

There are currently no pending or threatened civil actions against companies of the AGRANA Group that could have a material impact on the Group's financial position, results of operations and cash flows.

As noted in previous annual reports, the Austrian Federal Competition Authority in 2010 sought a fine under an antitrust case for alleged competition-restricting arrangements with respect to Austria filed against AGRANA Zucker GmbH, Vienna, and Südzucker AG, Mannheim, Germany. To date the Cartel Court has not ruled on the case. AGRANA continues to regard the allegation as unfounded and the fine sought as unwarranted.

Financial risks

AGRANA is subject to risks from movements in exchange rates, interest rates and product prices. It also has exposure to risks related to obtaining the financing required by the Group. The Group's financing management is largely provided centrally by the Treasury department, which regularly reports to the Management Board on the movement in and structure of the Group's net debt, the financial risks and the amount and results of the hedging positions taken.

The AGRANA Group operates worldwide and must observe different tax regimes, levy requirements and currency regulations. Changes in provisions of the various legislators and their interpretation by local authorities can have an effect on the financial results of individual Group companies and, consequently, on the Group.

Interest rate risks

Interest rate risks arise from fluctuation in the value of fixed interest financial instruments as a result of changes in market interest rates; this is referred to as interest

¹ High risk of indirect land use change. The term "indirect land use change" (ILUC) refers to situations where, although plants are grown for agrofuels on areas certified as sustainable, the growing of food plants is thereby displaced to forested or fallow land.

rate price risk. By contrast, floating rate investments or borrowings are subject to minimal price risk, as their interest rate is adjusted to market rates very frequently. However, the fluctuation in market interest rates entails risk as to the amounts of future interest payments; this is referred to as interest rate cash flow risk. AGRANA strives to employ interest rate hedging instruments that match the amount and maturity of debt financing. In accordance with IFRS 7, the existing interest rate risks are determined by calculating Cash-Flow-at-Risk and the modified duration and are presented in detail in the notes to the consolidated financial statements.

Currency risks

Currency risks arise mainly from the purchase and sale of goods in foreign currencies and from financing in non-local currencies. For AGRANA, the principal relevant exchange rates are those between the euro and the US dollar, Hungarian forint, Polish złoty, Romanian leu, Ukrainian hryvnia, Russian ruble, Brazilian real, Mexican peso, Argentine peso and Chinese yuan.

As part of its currency management, AGRANA, on a monthly basis for each Group company, determines the net foreign currency exposure arising from the purchasing, sales, and cash and cash equivalent positions, including the hedging positions held. Open purchasing and sales contracts in foreign currencies that have not yet been settled are also taken into account. For the hedging of currency risks, AGRANA primarily employs forward foreign exchange contracts (also known as currency forwards). Through these, the value of cash flows denominated in foreign currencies is protected against exchange rate movements. In countries with volatile currencies, these risks are further reduced through the shortening of credit periods, indexing of selling prices to the euro or US dollar, and similar methods of risk mitigation.

Currency risk is determined using the Value-at-Risk approach and presented in the notes to the consolidated financial statements.

Liquidity risks

The AGRANA Group's objective and policy is to hold sufficient cash and cash equivalents at all times to meet its payment obligations. Liquidity risks at single-company or country level are detected early through the standardised reporting, thus allowing timely mitigative action to be taken as appropriate. The liquidity of the AGRANA Group is sufficiently assured for the long term through bilateral and syndicated credit lines.

Risks of default on receivables

Risks of default on receivables are mitigated by trade credit insurance, strict credit limits, and the ongoing monitoring of customers' credit quality. The residual risk is covered by raising appropriate amounts of impairment allowances.

The financial risks are explained in detail in the notes to the consolidated financial statements, in the section "Notes on financial instruments" (from page 120).

Non-financial risks

Both through its business operations and its national and international operating environment, the AGRANA Group is exposed to non-financial risks and to risks that are not primarily financial. For example, as a globally operating processor of agricultural raw materials, climatic changes and their impacts on the availability of raw materials pose potential risks for AGRANA. With its energy-intensive production activities, particularly in the Sugar and Starch segments, AGRANA is also subject to risks from energy-related and environmental legislation in the various countries. Not least, compliance with sustainable environmental and social criteria in the upstream supply chain is also increasingly gaining significance from a risk perspective, as non-compliance would involve potential quality and reputational risks.

AGRANA has taken appropriate measures to counteract detrimental effects from non-financial risks associated with strategic and operational business conduct. These measures relate to environmental, employee and social matters and are in accordance with national and international standards for the protection of quality and reputation in the interest of the AGRANA Group (see details in the section "Non-financial information statement under section 267a Austrian Commercial Code", from page 8).

Aggregate risk

The Group's aggregate risk exposure was marked by high volatility in selling prices and raw material purchasing prices. In the Sugar segment, the influence of world market prices on prices in Europe has grown in significance. In the bioethanol activities, profitability is critically determined by the future trend in sales prices. The fact that the prices of the corn and wheat used as raw materials can move independently of ethanol prices makes it even more difficult to forecast the earnings trajectory of the bioethanol operations.

Owing to the persistently low selling prices for sugar and isoglucose, the volatile price trend for bioethanol and the fluctuating costs due to the high volatility of raw material prices, the Group's overall risk position is above the average of previous years. However, it is covered by a high equity base and the AGRANA Group is able to balance out risks thanks to the diversification provided by the three business segments.

As before, there are no risks to the AGRANA Group's ability to continue in business (no such risks are currently discernible).

System of internal control and of risk management

Disclosures under section 243a (2) Austrian Commercial Code

The Management Board of AGRANA is responsible for the establishment and design of an internal control system and risk management system in respect of both the accounting process and of compliance with the relevant legal requirements.

The internal control system, standardised Group-wide accounting rules and the International Financial Reporting Standards (IFRS) assure both the uniformity of accounting and the reliability of the financial reporting and externally published financial statements.

Most Group companies use SAP as the primary ERP¹ system. All AGRANA companies send the data from their separate financial statements to the central SAP consolidation module. This ensures that the reporting system operates on the basis of uniform data. The consolidated financial statements are prepared by the Group Accounting department. The department is responsible for ensuring the correct and complete transfer of financial data from Group companies, for carrying out the financial statement consolidation, performing the analytical processing of the data and preparing financial reports. On a monthly basis the Controlling and Group Accounting departments validate and assure the congruence between the internal and external reporting.

The primary control tool for AGRANA's management is the enterprise-wide, uniform planning and reporting system. The system comprises a medium-term plan with a planning horizon of five years, budget planning for the next financial year, monthly reporting including a separate monthly risk report, and, three times per year, a projection for the current financial year that incorporates the significant financial developments. In the event of material changes in the planning assumptions, this system is supplemented with ad-hoc forecasts.

The monthly financial reporting produced by the Controlling department portrays the performance of all Group companies. The contents of this report are standardised across the Group and include detailed sales data, the balance sheet, income statement and the financials derived from them, as well as an analysis of significant variances. This monthly report also includes a dedicated risk report both for each business segment and the whole AGRANA Group in which the risk potential is calculated for the current and next financial year for the key profitability factors, based on the assumption of current market prices for not yet contractually secured volumes versus budgeted prices.

A Group-wide risk management system (see "Risk management" section, from page 56) at both the operational and strategic level, in which all sources and types of risk relevant to AGRANA – such as the regulatory and legal environment, raw material procurement, competitive and market risks, and financing – are analysed for risks and opportunities, enables the management to identify changes in the Group's environment at an early stage and take timely corrective action as required.

Internal Audit monitors all operational and business processes in the Group for compliance with legal provisions and internal policies and procedures, and for the effectiveness of risk management and the systems of internal control. The unit's audit activities are guided by a Management-Board-approved annual audit plan that is based on a Group-wide risk assessment. When requested by the Management Board, Internal Audit also performs ad-hoc audits focusing on current and future risks. The audit findings are regularly reported to AGRANA's Management Board and the respective managers responsible as well as the Supervisory Board (represented by the Audit Committee). The implementation of the actions proposed by Internal Audit is assured by follow-up verifications.

As part of the audit of the financial statements, the external independent auditor annually evaluates the internal control system of the accounting process and of the information technology systems. The audit findings are reported to the Audit Committee of the Supervisory Board.

¹ Enterprise resource planning.

Capital, shares, voting rights and rights of control¹

The share capital of AGRANA Beteiligungs-AG at the balance sheet date of 28 February 2019 was € 113.5 million (28 February 2018: € 113.5 million), divided into 62,488,976 voting ordinary no-par value bearer shares (28 February 2018: 15,622,244 such shares). There are no other classes of shares.

Z & S Zucker und Stärke Holding AG ("Z & S"), based in Vienna, is the majority shareholder, directly holding 78.34% of the share capital of AGRANA Beteiligungs-AG. Z & S is a wholly-owned subsidiary of AGRANA Zucker, Stärke und Frucht Holding AG, Vienna. In this latter company, Zucker-Beteiligungs-gesellschaft m.b.H. ("ZBG"), Vienna, in turn holds 50% less one share (that share being held by AGRANA Zucker GmbH, a subsidiary of AGRANA Beteiligungs-AG) and Südzucker AG ("Südzucker"), Mannheim, Germany, holds the other 50%. The following five Vienna-based entities are shareholders of ZBG: „ALMARA" Holding GmbH (a subsidiary of RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN registrierte Genossenschaft mit beschränkter Haftung); Marchfelder Zuckerfabriken Gesellschaft m.b.H.; Estezet Beteiligungsgesellschaft m.b.H.; Rübenproduzenten Beteiligungs GesmbH; and Leipnik-Lundenburger Invest Beteiligungs AG. Under a syndicate agreement between Südzucker and ZBG, the voting rights of the syndicate partners are combined in Z & S, there are restrictions on the transfer of shares, and the partners in the syndicate have certain mutual rights to appoint members of each other's management board and supervisory board. Thus, Johann Marihart has been nominated by ZBG and appointed as a member of the management board of Südzucker AG, and Thomas Kölbl has been nominated by Südzucker and appointed as a member of the management board of AGRANA Beteiligungs-AG.

The Management Board is authorised until including 4 September 2020 to increase the share capital, subject to the approval of the Supervisory Board, by up to € 4,940,270.20 by issuing up to 679,796 new ordinary bearer shares of the Company against payment in cash or contributions in kind, in one or more tranches, and to determine, in agreement with the Supervisory Board, the issue amount (which shall not be less than the proportionate amount of the share capital), the terms of the issue and the other details of the implementation of the capital increase.

There are no shareholders with special rights of control. Those employees who are also shareholders of AGRANA Beteiligungs-AG exercise their voting rights individually.

The Management Board does not have powers to issue or repurchase shares except to the extent provided by law.

The agreements for the Schuldscheindarlehen (bonded loan) and credit lines (syndicated loans) contain change of control clauses that grant the lenders an extraordinary right to call the loans.

With this exception, there are no significant agreements that take effect, change materially, or end, in the case of a change of control resulting from a takeover offer. No compensation agreements in the event of a public tender offer exist between the Company and its Management Board, Supervisory Board or other staff.

Outlook

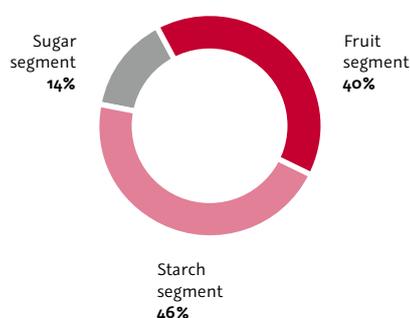
With its diversified business model and sound balance sheet, AGRANA considers itself well positioned for the future. Despite the continuing substantial challenges in the Sugar segment, the Group's **operating profit (EBIT)** is expected to increase significantly in the 2019|20 financial year. **Revenue** is projected to show moderate growth.

AGRANA Group		2018 19 Actual	2019 20 Forecast	
Revenue	€m	2,443.0	Moderate increase	↑
EBIT	€m	66.6	Significant increase	↑↑
Investment ¹	€m	183.8	143	

Total **investment** across the three business segments in the financial year, at approximately € 143 million, is to significantly exceed the budgeted depreciation of about € 108 million.

Planned share of Group investment by segment in 2019|20

(Total: approx. € 143 million)



In the **Fruit** segment, AGRANA expects the 2019|20 financial year to bring growth in revenue and EBIT. For the fruit preparations activities a positive revenue trend is predicted in all business areas, driven by rising sales volumes. Fruit preparations EBIT will reflect the volume and margin growth, resulting in a significant earnings improvement year-on-year. Especially the South America, North America, Europe and Mexico regions are expected to contribute to this uptrend. In the fruit juice concentrate business, revenue and EBIT are projected to be steady this financial year.

Investment of approximately € 57 million is budgeted for the Fruit segment. Its focus is on asset replacement and maintenance investment, production optimisation projects and the continual improvement of product quality.

Fruit segment		2018 19 Actual	2019 20 Forecast	
Revenue	€m	1,179.1	Moderate increase	↑
EBIT	€m	77.3	Significant increase	↑↑
Investment ¹	€m	56.2	57	

For the **Starch** segment, a moderate increase in revenue is forecast for the 2019|20 financial year. No major recovery in prices is expected for starch-based saccharification products, due to the continuing challenging market environment. Specialty products such as infant formula, organic and GMO-free products should continue to generate consistently positive impetus. Assuming an average grain harvest in 2019 and a slight reduction in raw material prices compared to the drought year 2018, EBIT is expected to be constant.

¹ Investment represents purchases of property, plant and equipment and intangible assets (excluding goodwill), including lease liabilities.

Investment of approximately € 66 million is budgeted for the Starch segment, with the largest single share of this allocated to the expansion of the wheat starch plant in Pischelsdorf, Austria.

Starch segment		2018 19 Actual	2019 20 Forecast	
Revenue	€m	762.7	Moderate increase	↑
EBIT	€m	51.2	Steady	→
Investment ¹	€m	97.0	66	

For the **Sugar** segment, AGRANA is projecting consistently low revenue in expectation of a continued challenging sugar market environment. The ongoing cost reduction programmes will only be able to soften the margin reduction to some extent, and EBIT is thus expected to remain negative in the 2019|20 financial year.

Capital expenditures of approximately € 20 million are planned for the Sugar segment. The main focus is on asset replacement and maintenance investment.

Sugar segment		2018 19 Actual	2019 20 Forecast	
Revenue	€m	501.2	Slight increase	↗
EBIT	€m	(61.9)	Moderate improvement	↑
Investment ¹	€m	30.6	20	

The quantitative statements and direction arrows in the “Outlook” section are based on the following definitions:

Modifier	Visualisation	Numerical rate of change
Steady	→	0% up to +1%, or 0% up to -1%
Slight(ly)	↗ or ↘	More than +1% and up to +5%, or more than -1% and up to -5%
Moderate(ly)	↑ or ↓	More than +5% and up to +10%, or more than -5% and up to -10%
Significant(ly)	↑↑ or ↓↓	More than +10% or more than -10%
Very significant(ly)	↑↑↑ or ↓↓↓	More than +50% or more than -50%

Sustainability outlook for 2019|20

In the 2019|20 financial year, AGRANA will continue to work to ensure and document sustainable management in the entire product value chain, which is not only a buying criterion for more and more customers but also an obligation to society.

Thus, as early as 2014|15 and 2015|16, the Group progressively set goals and targets for further improving environmental and social performance in its own production facilities and for sustainability in its supply chain, with a target period running to the end of the 2020|21 financial year.

The annual progress reporting provided since then for the energy and environmental targets also shows the challenges posed by the strong influence of the quantity and quality of raw materials on the achievement of specific energy efficiency targets expressed in relation to product output, particularly in the Sugar segment. In the Fruit segment, the great challenge is to achieve the targets with a view to the annually growing number of sites to be consolidated, which very often do not yet meet AGRANA's standard of sustainable production.

¹ Investment represents purchases of property, plant and equipment and intangible assets (excluding goodwill), including lease liabilities.

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Consolidated financial statements 2018|19

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Consolidated income statement

for the year ended 28 February 2019

Note	€000	2018 19	2017 18
(1)	Revenue	2,443,048	2,566,317
(2)	Changes in inventories of finished and unfinished goods	(53,505)	(26,771)
(2)	Own work capitalised	1,120	1,528
(3)	Other operating income	32,980	32,990
(4)	Cost of materials	(1,647,491)	(1,716,654)
(5)	Staff cost	(323,717)	(308,082)
(6)	Depreciation, amortisation and impairment losses	(96,636)	(90,014)
(7)	Other operating expenses	(301,403)	(298,081)
(8)	Share of results of equity-accounted joint ventures	12,222	29,395
	Operating profit [EBIT]	66,618	190,628
(9)	Finance income	25,464	41,212
(10)	Finance expense	(40,836)	(55,682)
	Net financial items	(15,372)	(14,470)
	Profit before tax	51,246	176,158
(11)	Income tax expense	(20,860)	(33,513)
	Profit for the period	30,386	142,645
	Attributable to shareholders of the parent	25,406	140,071
	Attributable to non-controlling interests	4,980	2,574
(12)	Earnings per share under IFRS (basic and diluted)	€ 0.41	€ 2.24 ¹

Consolidated statement of comprehensive income

for the year ended 28 February 2019

€000	2018 19	2017 18
Profit for the period	30,386	142,645
Other comprehensive income/(expense):		
Currency translation differences and hyperinflation adjustments	2,104	(31,851)
Available-for-sale financial assets (IAS 39), after deferred taxes	0	58
Changes in fair value of hedging instruments (cash flow hedges), after deferred taxes	(613)	1,643
Effects from equity-accounted joint ventures	(521)	(907)
Income/(expense) to be recognised in the income statement in the future	970	(31,057)
Changes in actuarial gains and losses on defined benefit pension obligations and similar liabilities (IAS 19), after deferred taxes	(3,810)	(100)
Changes in fair value of equity instruments, after deferred taxes	788	0
Effects from equity-accounted joint ventures	(3)	(4)
Expense that will not be recognised in the income statement in the future	(3,025)	(104)
Other comprehensive (expense)	(2,055)	(31,161)
Total comprehensive income for the period	28,331	111,484
Attributable to shareholders of the parent	23,687	109,889
Attributable to non-controlling interests	4,644	1,595

Consolidated cash flow statement

for the year ended 28 February 2019

Note	€000	2018 19	2017 18
	Profit for the period	30,386	142,645
	Depreciation, amortisation and impairment of non-current assets	96,636	90,021
	Reversal of impairment losses on non-current assets	0	(7)
	(Gains)/losses on disposal of non-current assets	(194)	348
	Changes in non-current provisions	342	1,123
	Share of results of equity-accounted joint ventures	(12,222)	(29,395)
	Dividends received from equity-accounted joint ventures	15,000	30,000
	Loss on net monetary position under IAS 29	1,302	0
	Non-cash expenses/income and other adjustments	46,296	68,010
	Operating cash flow before changes in working capital	177,546	302,745
	Changes in inventories	19,589	16,749
	Changes in receivables and current assets	(14,326)	14,845
	Changes in current provisions	2,065	(18,748)
	Changes in payables (excluding borrowings)	(13,200)	(55,967)
	Changes in working capital	(5,872)	(43,121)
	Interest received	3,250	4,225
	Interest paid	(7,193)	(10,788)
	Tax paid	(26,022)	(39,199)
(13)	Net cash from operating activities	141,709	213,862
	Dividends received	24	33
	Proceeds from disposal of non-current assets	3,241	627
	Purchases of property, plant and equipment and intangible assets, net of government grants	(161,190)	(132,528)
	Proceeds from disposal of securities	1,374	162
	Purchases of non-current financial assets	0	(1,640)
	Purchase of subsidiaries, net of cash acquired	(5,336)	0
(14)	Net cash (used in) investing activities	(161,887)	(133,346)
	Repayment of current borrowings to affiliated companies in the Südzucker group	(65,000)	(100,000)
	Repayment of Schuldscheindarlehen, or bonded loan	0	(83,500)
	Repayment of non-current loans	0	(25,500)
	Inflows from investment loan of the European Investment Bank	0	41,500
	Proceeds from non-current loans	40,000	100,000
	Proceeds from syndicated loans	75,000	0
	Inflows/(outflows) from bank overdrafts and cash advances	1,219	(16,385)
	Proceeds from ceding of shares of subsidiary without loss of control	2,475	0
	Purchase of non-controlling interests	(411)	0
	Dividends paid	(71,463)	(69,808)
(15)	Net cash (used in) financing activities	(18,180)	(153,693)
	Net (decrease) in cash and cash equivalents	(38,358)	(73,177)
	Effect of movements in foreign exchange rates on cash and cash equivalents	(577)	(4,291)
	Cash acquired in initial consolidation of subsidiaries	637	0
	Effect of IAS 29 on cash and cash equivalents	(81)	0
	Cash and cash equivalents at beginning of period	120,961	198,429
	Cash and cash equivalents at end of period	82,582	120,961

Consolidated balance sheet

at 28 February 2019

Note	€000	28 Feb 2019	28 Feb 2018
ASSETS			
A. Non-current assets			
(16)	Intangible assets	276,740	276,815
(17)	Property, plant and equipment	864,221	768,881
(18)	Equity-accounted joint ventures	69,926	73,228
(18)	Securities	18,843	18,703
(18)	Investments in non-consolidated subsidiaries and outside companies	19	894
(19)	Receivables and other assets	10,090	8,816
(20)	Deferred tax assets	12,309	13,664
		1,252,148	1,161,001
B. Current assets			
(21)	Inventories	619,133	654,537
(19)	Trade receivables and other assets	429,484	415,568
	Current tax assets	6,060	4,310
	Securities	0	44
	Cash and cash equivalents	82,582	120,961
		1,137,259	1,195,420
	Total assets	2,389,407	2,356,421
EQUITY AND LIABILITIES			
A. Equity			
(22)	Share capital	113,531	113,531
	Share premium and other capital reserves	540,760	540,760
	Retained earnings	694,451	742,752
	Equity attributable to shareholders of the parent	1,348,742	1,397,043
	Non-controlling interests	61,186	56,954
		1,409,928	1,453,997
B. Non-current liabilities			
(23a)	Retirement and termination benefit obligations	71,177	68,704
(23b)	Other provisions	23,505	21,607
(24)	Borrowings	278,988	310,572
(25)	Other payables	12,820	10,832
(26)	Deferred tax liabilities	6,556	7,712
		393,046	419,427
C. Current liabilities			
(23b)	Other provisions	31,221	29,337
(24)	Borrowings	144,639	61,629
(25)	Trade and other payables	403,627	378,220
	Tax liabilities	6,946	13,811
		586,433	482,997
	Total equity and liabilities	2,389,407	2,356,421

Consolidated statement of changes in equity

for the year ended 28 February 2019

€000	Attributable to the shareholders					
	Share capital	Share premium and other capital reserves	Reserve for equity instruments ¹	Reserve for hedging instruments (Cash flow hedges)	Reserve for actuarial gains and losses	Retained
						Effects from equity-accounted joint ventures
2018 19						
At 1 March 2018 (as published)	113,531	540,760	3,295	282	(30,234)	(26,043)
Effects of initial application of IFRS 9	0	0	(1,340)	0	0	0
At 1 March 2018 (adjusted)	113,531	540,760	1,955	282	(30,234)	(26,043)
Changes in fair value of equity instruments	0	0	1,051	0	0	0
Changes in fair value of hedging instruments (cash flow hedges)	0	0	0	(806)	0	(92)
Changes in actuarial gains and losses on defined benefit pension obligations and similar liabilities	0	0	0	0	(3,961)	(3)
Tax effects	0	0	(263)	193	207	24
Currency translation gain and hyperinflation adjustments	0	0	0	0	0	(431)
Other comprehensive income/(expense) for the period	0	0	788	(613)	(3,754)	(502)
Profit for the period	0	0	0	0	0	0
Total comprehensive income/(expense) for the period	0	0	788	(613)	(3,754)	(502)
Dividends paid	0	0	0	0	0	0
Transfer to reserves	0	0	0	0	0	0
Changes in equity interests and in scope of consolidation	0	0	0	0	0	0
Other changes	0	0	0	0	0	0
At 28 February 2019	113,531	540,760	2,743	(331)	(33,988)	(26,545)
						694,451
2017 18						
At 1 March 2017	113,531	540,760	3,237	(1,361)	(30,211)	(25,130)
Fair value movements under IAS 39	0	0	63	2,191	0	0
Changes in actuarial gains and losses on defined benefit pension obligations and similar liabilities	0	0	0	0	(385)	(4)
Tax effects	0	0	(5)	(548)	362	1
Currency translation loss	0	0	0	0	0	(910)
Other comprehensive income/(expense) for the period	0	0	58	1,643	(23)	(913)
Profit for the period	0	0	0	0	0	0
Total comprehensive income/(expense) for the period	0	0	58	1,643	(23)	(913)
Dividends paid	0	0	0	0	0	0
Transfer to reserves	0	0	0	0	0	0
Additional contributions by other shareholders	0	0	0	0	0	0
Changes in equity interests and in scope of consolidation	0	0	0	0	0	0
Other changes	0	0	0	0	0	0
At 28 February 2018	113,531	540,760	3,295	282	(30,234)	(26,043)
						742,752

¹ Prior year: "Available-for-sale reserve".

of AGRANA Beteiligungs-AG

earnings

Other retained earnings	Currency translation reserve	Profit for the period	Equity attributable to shareholders of the parent	Non-controlling interests	Total
754,417	(99,036)	140,071	1,397,043	56,954	1,453,997
1,192	0	0	(148)	0	(148)
755,609	(99,036)	140,071	1,396,895	56,954	1,453,849
0	0	0	1,051	0	1,051
0	0	0	(898)	(31)	(929)
0	0	0	(3,964)	(75)	(4,039)
0	0	0	161	26	187
0	2,362	0	1,931	(256)	1,675
0	2,362	0	(1,719)	(336)	(2,055)
0	0	25,406	25,406	4,980	30,386
0	2,362	25,406	23,687	4,644	28,331
0	0	(70,300)	(70,300)	(1,163)	(71,463)
69,771	0	(69,771)	0	0	0
(910)	0	0	(910)	756	(154)
(630)	0	0	(630)	(5)	(635)
823,840	(96,674)	25,406	1,348,742	61,186	1,409,928
705,615	(68,089)	111,314	1,349,666	62,222	1,411,888
0	0	0	2,254	0	2,254
0	0	0	(389)	(104)	(493)
0	0	0	(190)	26	(164)
0	(30,947)	0	(31,857)	(901)	(32,758)
0	(30,947)	0	(30,182)	(979)	(31,161)
0	0	140,071	140,071	2,574	142,645
0	(30,947)	140,071	109,889	1,595	111,484
0	0	(62,489)	(62,489)	(7,319)	(69,808)
48,825	0	(48,825)	0	0	0
0	0	0	0	500	500
(37)	0	0	(37)	(36)	(73)
14	0	0	14	(8)	6
754,417	(99,036)	140,071	1,397,043	56,954	1,453,997

Notes to the consolidated financial statements

AGRANA Beteiligungs-AG (“the Company”) is the parent company of the AGRANA Group and has its registered office at Friedrich-Wilhelm-Raiffeisen-Platz 1, A-1020 Vienna. The Company together with its subsidiaries constitutes an international group engaged mainly in the world-wide industrial processing of agricultural raw materials.

The consolidated financial statements of the AGRANA Group for 2018|19 were prepared in accordance with International Financial Reporting Standards (IFRS) in effect at the balance sheet date and with International Financial Reporting Interpretations Committee (IFRIC) interpretations, as adopted by the European Union, as well as with the additional requirements of section 245a Austrian Commercial Code (UGB).

1. Segment information

The segment reporting, which conforms with International Financial Reporting Standard (IFRS) 8, distinguishes between three business segments – Fruit, Starch and Sugar – and thus follows the AGRANA Group’s internal reporting structure.

The AGRANA Group has the three reportable segments Fruit, Starch and Sugar, which correspond to its strategic businesses. The segments differ in terms of their product portfolios, production technologies, raw material procurement, and sales strategies, and are managed separately. AGRANA Beteiligungs-Aktiengesellschaft (“AGRANA Beteiligungs-AG”), the Group’s holding company, is considered part of the Sugar segment.

The internal reporting for each segment is provided monthly to the Group’s chief operating decision-maker (the CODM). The CODM is the Management Board of AGRANA Beteiligungs-AG. Information on the results of the reportable segments is found in the overviews below. Segment profitability is evaluated primarily on the basis of operating profit (EBIT), which is a key performance indicator in every internal management report.

In the reporting of the reportable segments to the CODM, AGRANA uses the performance indicator “operating profit before exceptional items and results of equity-accounted joint ventures”. This item differs from the metric “operating profit” (EBIT) used in the consolidated income statement in that operating profit (EBIT) reflects the results of equity-accounted joint ventures and exceptional items. Exceptional items are infrequent or non-recurring expenses or income that exceed a defined amount and that do not arise in the ordinary course of business.

1.1. Segmentation by business activity

€000	Fruit	Starch	Sugar	Consolidation	Group
2018 19					
Total revenue	1,179,603	772,579	561,424	(70,558)	2,443,048
Inter-segment revenue	(453)	(9,898)	(60,207)	70,558	0
Revenue	1,179,150	762,681	501,217	0	2,443,048
EBITDA	114,966	66,459	(33,687)	0	147,738
Depreciation, amortisation and impairment of property, plant and equipment and intangibles ¹	(37,701)	(31,430)	(27,505)	0	(96,636)
Operating profit before exceptional items and results of equity-accounted joint ventures	77,265	35,029	(61,192)	0	51,102
Exceptional items	0	0	3,294	0	3,294
Share of results of equity-accounted joint ventures	0	16,186	(3,964)	0	12,222
Operating profit [EBIT]	77,265	51,215	(61,862)	0	66,618
Segment assets	1,182,098	626,060	1,607,119	(1,025,870)	2,389,407
Segment equity	409,320	362,872	989,378	(351,642)	1,409,928
Segment liabilities	772,778	263,188	617,741	(674,228)	979,479

¹ Excluding goodwill.

€000	Fruit	Starch	Sugar	Consolidation	Group
Purchases of property, plant and equipment and intangibles ¹	56,193	97,011	30,549	0	183,753
Purchases of non-current financial assets	0	0	0	0	0
Total capital expenditure	56,193	97,011	30,549	0	183,753
Carrying amount of equity-accounted joint ventures	0	60,302	9,624	0	69,926
Number of employees (average full-time equivalents)	6,141	1,025	2,064	0	9,230
2017 18					
Total revenue	1,161,898	762,308	730,378	(88,267)	2,566,317
Inter-segment revenue	(456)	(9,993)	(77,818)	88,267	0
Revenue	1,161,442	752,315	652,560	0	2,566,317
EBITDA	113,218	76,486	64,455	0	254,159
Depreciation, amortisation and impairment of property, plant and equipment and intangibles ¹	(37,579)	(26,742)	(25,693)	0	(90,014)
Operating profit before exceptional items and results of equity-accounted joint ventures	75,639	49,744	38,762	0	164,145
Exceptional items	0	0	(2,912)	0	(2,912)
Share of results of equity-accounted joint ventures	0	30,486	(1,091)	0	29,395
Operating profit [EBIT]	75,639	80,230	34,759	0	190,628
Segment assets	1,128,678	553,933	1,704,961	(1,031,151)	2,356,421
Segment equity	361,515	368,618	1,075,506	(351,642)	1,453,997
Segment liabilities	767,163	185,315	629,455	(679,509)	902,424
Purchases of property, plant and equipment and intangibles ¹	49,356	59,427	32,084	0	140,867
Purchases of non-current financial assets	140	0	2,000	0	2,140
Total capital expenditure	49,496	59,427	34,084	0	143,007
Carrying amount of equity-accounted joint ventures	0	59,555	13,673	0	73,228
Number of employees (average full-time equivalents)	5,610	959	2,109	0	8,678

The revenue and asset data represent consolidated amounts. Inter-segment charges for products and services are based on comparable market prices.

Exceptional items included tax refunds in Romania and expenses for restructuring measures in the Sugar segment.

The items "segment assets" and "segment liabilities" match the allocation used in internal reporting. The inter-segment consolidation consisted of liability and dividend consolidation of € 674,228 thousand (prior year: € 679,509 thousand) and capital consolidation of € 351,642 thousand (prior year: € 351,642 thousand).

¹ Excluding goodwill.

1.2. Segmentation by region

Companies are assigned to geographic segments based on the location of their registered office.

Revenue €000	2018 19	2017 18
Austria	1,283,665	1,315,930
Hungary	70,439	88,831
Romania	135,450	162,561
Rest of EU	368,215	416,140
EU-28	1,857,769	1,983,462
Rest of Europe (Bosnia and Herzegovina, Russia, Serbia, Turkey, Ukraine)	101,912	101,680
Other foreign countries	483,367	481,175
Total	2,443,048	2,566,317

The revenue generated by the Eastern European companies was € 444,210 thousand (prior year: € 535,040 thousand), or about 18.2% (prior year: 20.8%) of total revenue. The countries defined as Eastern Europe are Bosnia and Herzegovina, Bulgaria, Czech Republic, Hungary, Poland, Romania, Russia, Serbia, Slovakia, Turkey and Ukraine.

Purchases of property, plant and equipment and intangibles ¹ €000	2018 19	2017 18
Austria	120,655	84,253
Hungary	7,353	8,730
Romania	7,843	3,054
Rest of EU	14,976	15,222
EU-28	150,827	111,259
Rest of Europe (Bosnia and Herzegovina, Russia, Serbia, Turkey, Ukraine)	5,245	4,242
Other foreign countries	27,681	25,366
Total	183,753	140,867

Carrying amount of property, plant and equipment and intangibles ¹ €000	2018 19	2017 18
Austria	487,298	416,690
Hungary	69,945	68,912
Romania	39,525	36,402
Rest of EU	108,174	111,208
EU-28	704,942	633,212
Rest of Europe (Bosnia and Herzegovina, Russia, Serbia, Turkey, Ukraine)	23,395	21,698
Other foreign countries	150,732	129,830
Total	879,069	784,740

¹ Excluding goodwill.

2. Basis of preparation

Amounts in the consolidated financial statements are presented in thousands of euros (€000) unless otherwise indicated. As a result of automated calculation, rounding errors may occur in totals of rounded amounts and percentages.

In the presentation of the income statement, the nature of expense method was used. The separate financial statements of the fully consolidated companies represented in the consolidated financial statements are based on uniform accounting policies.

In the 2018|19 financial year, the following standards became effective (i.e., their application became mandatory) for the first time. The changes had no material impacts on the presentation of AGRANA's financial position, results of operations and cash flows.

Standard/Interpretation		Issued by the IASB	Adopted by the EU
IAS 40	Investment Property (amendment)	8 Dec 2016	14 Mar 2018
IFRS 2	Share-based Payment (amendment)	20 Jun 2016	26 Feb 2018
IFRS 4	Insurance Contracts (amendment)	12 Sep 2016	3 Nov 2017
IFRS 9 (2014)	Financial Instruments	24 Jul 2014	22 Nov 2016
IFRS 9	Financial Instruments (amendment)	12 Oct 2017	22 Mar 2018
IFRS 15	Revenue from Contracts with Customers	28 May 2014	22 Sep 2016
IFRS 15	Revenue from Contracts with Customers (amendment)	12 Apr 2016	31 Oct 2017
IFRIC 22	Foreign Currency Transactions and Advance Consideration	8 Dec 2016	28 Mar 2018

The amendments to IAS 40 (Investment Property), IFRS 2 (Share-based Payment), IFRS 4 (Insurance Contracts) and IFRIC 22 (Foreign Currency Transactions and Advance Consideration) had no material impacts on the presentation of AGRANA's financial position, results of operations and cash flows.

IFRS 9 Financial Instruments (amendment)

In accordance with the transition rules of IFRS 9, the transition effects were recognised in “other retained earnings” attributable to the shareholders of AGRANA, at 1 March 2018, using the modified retrospective approach. The Group has applied consequential amendments of IFRS 7 (Financial Instruments: Disclosures) to the disclosures in the notes for the 2018|19 financial year, but not for the comparative information.

The transfer of investment fund units from the available-for-sale category to the category “at fair value through profit or loss”, performed due to non-fulfilment of the cash flow criterion, resulted in reclassifications of € 1,340 thousand after tax from the former available-for-sale reserve to other retained earnings.

Previously, under IAS 39, non-consolidated subsidiaries were classified as available-for-sale (at cost) due to non-materiality. Under IFRS 9, equity instruments as a rule must be measured at fair value through profit or loss. However, for reasons of immateriality the investments in non-consolidated subsidiaries were not measured at fair value. As well, AGRANA elected the option of recognition through other comprehensive income (no recycling). Shares of non-listed companies and other equity instruments were reclassified from “available for sale (at cost)” to securities in the category “fair value through other comprehensive income (no recycling)”.

In the case of uncertificated securities (cooperative shares) that are categorised as at fair value through profit or loss and do not meet the cash flow criterion, the nominal value corresponds to fair value.

Reconciliation of the carrying amounts of financial assets from the measurement categories under IAS 39 to those under IFRS 9:

€000	Measurement category under IAS 39	Measurement category under IFRS 9	Original carrying amount (IAS 39)	Reclassification	Effect of transition	New carrying amount (IFRS 9)
Securities (investment fund units)	Available-for-sale	Fair value through profit or loss	13,361	0	0	13,361
Securities (equity instruments)	Available-for-sale	Fair value through other comprehensive income (no recycling)	4,451	269	0	4,720
Securities (uncertificated securities)	Available-for-sale (at cost)	Fair value through profit or loss	891	0	0	891
Securities (non-current)			18,703	269	0	18,972
Investments in non-consolidated subsidiaries	Available-for-sale (at cost)	Fair value through other comprehensive income (no recycling)	625	0	0	625
Investments in other equity instruments	Available-for-sale (at cost)	Fair value through other comprehensive income (no recycling)	269	(269)	0	0
Equity investments			894	(269)	0	625
Trade receivables	Loans and receivables	At amortised cost	308,294	0	(148)	308,146
Financial other receivables	Loans and receivables	At amortised cost	43,572	0	0	43,572
Derivative financial assets (not hedging instruments)	Held for trading	Fair value through profit or loss	3,486	0	0	3,486
Derivative financial assets (hedging instruments)	Fair value of hedging instruments	Fair value through other comprehensive income (hedging instruments)	803	0	0	803
Derivative financial assets			4,289	0	0	4,289
Securities (current)	Available-for-sale	Fair value through profit or loss	44	0	0	44
Cash and cash equivalents	Loans and receivables	At amortised cost	120,961	0	0	120,961

IFRS 9 largely retains the pre-existing requirements of IAS 39 for the classification of financial liabilities. With the exception of the liabilities from derivative financial instruments, all financial liabilities are measured at amortised cost. Liabilities from derivatives that form an effective part of a hedging relationship are measured at fair value through other comprehensive income, while all other liabilities from derivatives are measured at fair value through profit or loss.

The new accounting approach of recognising impairment for credit risks on receivables in accordance with the length of time past due led to an additional portfolio-based impairment charge of € 148 thousand after deferred taxes, which was recognised in other retained earnings attributable to AGRANA's shareholders (see table below showing the impacts of IFRS 9 and IFRS 15).

Hedging relationships existing at 28 February 2018 (cash flow hedges) were continued as of 1 March 2018 in accordance with IFRS 9 and the transition rules.

In the consolidated statement of comprehensive income, the new line item "changes in fair value of equity instruments, after deferred taxes" was added within the subtotal "expense/income that will not be recognised in the income statement in the future", due to the introduction in IFRS of the category "fair value through other comprehensive income (no recycling)" for the measurement of equity instruments.

The old line item "cash flow hedges (IAS 39) after deferred taxes" in the consolidated statement of comprehensive income was renamed "changes in fair value of hedging instruments (cash flow hedges), after deferred taxes".

In the consolidated statement of changes in equity, within retained earnings, the "available-for-sale reserve" was replaced with the "reserve for equity instruments", the "cash flow hedge reserve" was renamed "reserve for hedging instruments (cash flow hedges)", and the line "fair value movements under IAS 39" was divided into the items "changes in fair value of equity instruments" and "changes in fair value of hedging instruments (cash flow hedges)".

IFRS 15 Revenue from Contracts with Customers (amendment)

As part of the transition to IFRS 15 with effect from 1 March 2018, delivery rights in the amount of € 1,642 thousand previously reported under intangible assets were reclassified to other financial assets. This did not result in a change in equity.

The effects of the initial application of IFRS 9 and IFRS 15 on the consolidated balance sheet are presented in the following table:

€000	At 28 Feb 2018 (as published)	Effects of application of IFRS 9	Effects of application of IFRS 15	At 1 Mar 2018 (adjusted)
ASSETS				
Intangible assets	276,815	0	(1,642)	275,173
Other assets	870,522	0	0	870,522
Deferred tax assets	13,664	49	0	13,713
Non-current assets	1,161,001	49	(1,642)	1,159,408
Inventories	654,537	0	0	654,537
Trade receivables	308,294	(197)	0	308,097
Other assets	232,589	0	1,642	234,231
Current assets	1,195,420	(197)	1,642	1,196,865
Total assets	2,356,421	(148)	0	2,356,273

€000	At 28 Feb 2018 (as published)	Effects of application of IFRS 9	Effects of application of IFRS 15	At 1 Mar 2018 (adjusted)
EQUITY AND LIABILITIES				
Equity attributable to				
shareholders of the parent	1,397,043	(148)	0	1,396,895
Non-controlling interests	56,954	0	0	56,954
Equity	1,453,997	(148)	0	1,453,849
Non-current liabilities	419,427	0	0	419,427
Current liabilities	482,997	0	0	482,997
Total equity and liabilities	2,356,421	(148)	0	2,356,273

The following standards and interpretations will become effective from the 2019|20 financial year or later. For those standards not yet adopted by the EU, the effective year for AGRANA given in the table represents the expected time of adoption. AGRANA has not early-adopted any of the new or changed standards and interpretations cited below. The information provided on the content of the standards depends on whether and to what extent they are relevant to AGRANA. Where accounting rules becoming effective in subsequent periods do not apply to AGRANA's situation, no information on their content is given.

Standard/Interpretation		Issued by the IASB	Effective for AGRANA from financial year	Adopted by the EU
IAS 1	Presentation of Financial Statements (amendment)	31 Oct 2018	2020 21	Not to date
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors (amendment)	31 Oct 2018	2020 21	Not to date
IAS 19	Employee Benefits (amendment)	7 Feb 2018	2019 20	13 Mar 2019
IAS 28	Investments in Associates and Joint Ventures (amendment)	12 Oct 2017	2019 20	8 Feb 2019
IFRS 3	Business Combinations (amendment)	22 Oct 2018	2020 21	8 Feb 2019
IFRS 9	Financial Instruments (amendment)	12 Oct 2017	2019 20	22 Mar 2018

Content and expected impacts on AGRANA

The amendment refines the definition of the term “material”.

The amendment replaces the definition of “material” with a reference to IAS 1.

Under the amended standard, if an amendment, curtailment or settlement occurs in a defined benefit plan, the current service cost and the net interest for the remainder of the reporting period (after the change to the plan) must be recalculated using the actuarial assumptions that were applied in the required remeasurement of the net liability or asset. In addition, the amended standard clarifies how a plan amendment, curtailment or settlement affects the asset ceiling requirements. Provided that no events within this scope occur, the amendments are not relevant to AGRANA.

The amendment clarifies that IFRS 9 (Financial Instruments) applies to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but that are not accounted for using the equity method. The amendment is not relevant to AGRANA.

The amendment clarifies the definition of a business, as distinct from a group of assets, to help distinguish between the two when reporting an acquisition. In the event of business combinations, the amendment may become relevant from the 2020|21 financial year.

The amendment sets out the requirement that certain financial instruments with symmetrical termination and compensation clauses (prepayment features with negative compensation) that otherwise would have to be measured through profit or loss can be measured at amortised cost. The amendment is not relevant to AGRANA.

Standard/Interpretation		Issued by the IASB	Effective for AGRANA from financial year	Adopted by the EU
IFRS 16	Leases	13 Jan 2016	2019 20	31 Oct 2017
IFRS 17	Insurance Contracts	18 May 2017	2021 22	Not to date
Various	Annual Improvements to IFRSs, 2015–2017 Cycle	12 Dec 2017	2019 20	14 Mar 2019
IFRIC 23	Uncertainty over Income Tax Treatments	7 Jun 2017	2019 20	23 Oct 2018
Various	Amendments to references to the Conceptual Framework for Financial Reporting	29 Mar 2018	2020 21	No

Changes in comparative information

At the 31st Annual General Meeting of AGRANA Beteiligungs-AG, Vienna, on 6 July 2018, shareholders approved a four-for-one stock split. With effect from 24 July 2018, this increased the number of shares from 15,622,244 to 62,488,976 no-par value bearer shares. The share capital of € 113,531,274.76 remained unchanged. As a result of the stock split, the prior-year values for earnings per share under IFRS were adjusted in accordance with IAS 33.64.

Content and expected impacts on AGRANA

IFRS 16 establishes new rules for the recognition, measurement and presentation of leases. The standard provides only a single accounting model for the lessee, requiring the right of use to be recognised as the asset, and the obligation to be recognised as a liability, in the balance sheet. Initial recognition will be performed using the modified retrospective approach, according to which the lease liability and the right-of-use asset are recognised at the present value of the outstanding lease payments as determined using the current incremental borrowing rate. For assets of low value and for short-term leases, AGRANA will elect not to capitalise the lease. AGRANA uses leases mainly for long-term rental agreements for land and buildings in administration and production. At the end of the 2018|19 financial year, most leases were operating leases, while the total finance lease liability was € 0.1 million. Based on the current status, the right-of-use assets and the finance liability can be expected to increase by € 27.7 million. For the 2019|20 financial year, this results in estimated depreciation of about € 5.3 million on right-of-use assets and an estimated interest expense of about € 0.8 million on the finance liability. In the balance sheet the right-of-use assets are reported within property, plant and equipment.

The standard is not relevant to AGRANA.

No impacts on the presentation of the financial position, results of operations and cash flows are expected.

IFRIC 23 clarifies the accounting for uncertainties in income taxes. Judgement is to be used in determining whether tax treatments should be considered independently or collectively. No impacts on the presentation of the financial position, results of operations and cash flows are expected.

No impacts on the presentation of the financial position, results of operations and cash flows are expected.

3. Scope of consolidation

The consolidated financial statements include, by full consolidation, all domestic and foreign companies controlled by AGRANA Beteiligungs-AG (i.e., all subsidiaries), except where the subsidiary's effect on the Group's financial position, results of operations and cash flows is immaterial. Control exists when AGRANA Beteiligungs-AG has the power to participate in positive and negative variable returns of a company (an investee) and to affect these returns. This is usually given when AGRANA Beteiligungs-AG owns more than one-half of the voting rights of the investee.

Companies managed jointly with another entity, where control is exercised jointly and the investors have joint rights to the net assets of the investee, are joint ventures and are included in the consolidated financial statements using the equity method of accounting.

At the balance sheet date, 62 companies besides the parent were fully consolidated in the Group financial statements (prior year: 62 companies) and twelve companies were included using the equity method (prior year: 13 companies).

An overview of the fully consolidated entities, equity-accounted joint ventures, and non-consolidated subsidiaries and joint ventures is presented below.

3.1. Subsidiaries and business interests at 28 February 2019

Name of company	Registered office	Country	Equity interest 28 Feb 2019		Equity interest 28 Feb 2018	
			Direct	In-direct ¹	Direct	In-direct ¹
AGRANA Beteiligungs-Aktiengesellschaft (the parent company)	Vienna	Austria	–	–	–	–
I. Subsidiaries						
Fully consolidated subsidiaries						
AGRANA AGRO S.r.l.	Roman	Romania	–	100.00%	–	98.69%
AGRANA BIH Holding GmbH	Vienna	Austria	–	75.00%	–	75.00%
AGRANA BUZAU S.r.l.	Buzau	Romania	–	100.00%	–	98.69%
AGRANA d.o.o.	Brčko	Bosnia and Herzegovina	–	75.00%	–	75.00%
AGRANA Fruit Algeria Holding GmbH	Vienna	Austria	–	55.00%	–	–
AGRANA Fruit Argentina S.A.	Buenos Aires	Argentina	–	– ²	–	99.99%
AGRANA Fruit Argentina S.A. (formerly: Main Process S.A.)	Buenos Aires	Argentina	–	100.00%	–	100.00%
AGRANA Fruit Australia Pty Ltd.	Sydney	Australia	–	100.00%	–	100.00%
AGRANA Fruit Austria GmbH	Gleisdorf	Austria	–	100.00%	–	100.00%
AGRANA Fruit Brasil Indústria, Comércio, Importação e Exportação Ltda.	São Paulo	Brazil	–	100.00%	–	100.00%
AGRANA Fruit Brasil Participações Ltda.	São Paulo	Brazil	–	– ²	–	100.00%
AGRANA Fruit Dachang Co., Ltd.	Dachang	China	–	100.00%	–	100.00%
AGRANA Fruit Fiji Pty Ltd.	Sigatoka	Fiji	–	100.00%	–	100.00%
AGRANA Fruit France S.A.S.	Mitry-Mory	France	–	100.00%	–	100.00%
AGRANA Fruit Germany GmbH	Konstanz	Germany	–	100.00%	–	100.00%
AGRANA FRUIT INDIA PRIVATE LIMITED	Pune	India	–	100.00%	–	100.00%
AGRANA Fruit Istanbul Gida Sanayi ve Ticaret A.S.	Istanbul	Turkey	–	100.00%	–	100.00%
AGRANA Fruit (Jiangsu) Company Limited	Changzhou	China	–	100.00%	–	100.00%
AGRANA Fruit Korea Co. Ltd.	Seoul	South Korea	–	100.00%	–	100.00%
AGRANA Fruit Latinoamerica S. de R.L. de C.V.	Michoacán	Mexico	–	100.00%	–	100.00%
AGRANA Fruit Luka TOV	Vinnytsia	Ukraine	–	99.97%	–	99.97%
AGRANA Fruit Management Australia Pty Ltd.	Sydney	Australia	–	100.00%	–	100.00%
AGRANA Fruit México, S.A. de C.V.	Michoacán	Mexico	–	100.00%	–	100.00%
AGRANA Fruit Polska SP z.o.o.	Ostrołęka	Poland	–	100.00%	–	100.00%
AGRANA Fruit S.A.S.	Mitry-Mory	France	–	100.00%	–	100.00%
AGRANA Fruit Services GmbH	Vienna	Austria	–	100.00%	–	100.00%
AGRANA Fruit Services S.A.S.	Mitry-Mory	France	–	100.00%	–	100.00%
AGRANA Fruit South Africa (Proprietary) Ltd.	Johannesburg	South Africa	–	100.00%	–	100.00%
AGRANA Fruit Ukraine TOV	Vinnytsia	Ukraine	–	99.80%	–	99.80%
AGRANA Fruit US, Inc.	Brecksville	USA	–	100.00%	–	100.00%
AGRANA Group-Services GmbH	Vienna	Austria	100.00%	–	100.00%	–
AGRANA Internationale Verwaltungs- und Asset-Management GmbH	Vienna	Austria	–	100.00%	–	100.00%
AGRANA Juice Sales & Marketing GmbH	Bingen	Germany	–	50.01%	–	50.01%
AGRANA JUICE (XIANYANG) CO., LTD	Xianyang City	China	–	50.01%	–	50.01%
AGRANA Magyarország Értékesítési Kft.	Budapest	Hungary	–	87.64%	–	87.64%
AGRANA Marketing- und Vertriebsservice Gesellschaft m.b.H.	Vienna	Austria	100.00%	–	100.00%	–

¹ Total indirect ownership interest held by the Group.² Merger in 2018/19.

Name of company	Registered office	Country	Equity interest 28 Feb 2019		Equity interest 28 Feb 2018	
			Direct	In-direct ¹	Direct	In-direct ¹
Agrana Nile Fruits Processing SAE	Qalyoubia	Egypt	–	51.00%	–	51.00%
AGRANA Research & Innovation Center GmbH	Vienna	Austria	100.00%	–	100.00%	–
AGRANA Romania S.R.L.	Bucharest	Romania	–	100.00%	–	98.68%
AGRANA Stärke GmbH	Vienna	Austria	98.91%	1.09%	98.91%	1.09%
AGRANA TANDAREI S.r.l.	Țândărei	Romania	–	100.00%	–	98.69%
AGRANA Trading EOOD	Sofia	Bulgaria	–	100.00%	–	100.00%
AGRANA ZHG Zucker Handels GmbH	Vienna	Austria	–	100.00%	–	100.00%
AGRANA Zucker GmbH	Vienna	Austria	98.91%	1.09%	98.91%	1.09%
AUSTRIA JUICE Germany GmbH	Bingen	Germany	–	50.01%	–	50.01%
AUSTRIA JUICE GmbH	Kröllendorf/ Allhartsberg	Austria	–	50.01%	–	50.01%
AUSTRIA JUICE Hungary Kft.	Vásárosnamény	Hungary	–	50.01%	–	50.01%
AUSTRIA JUICE Poland Sp. z o.o	Chełm	Poland	–	50.01%	–	50.01%
AUSTRIA JUICE Romania S.r.l.	Vaslui	Romania	–	50.01%	–	50.01%
AUSTRIA JUICE Ukraine TOV	Vinnitsia	Ukraine	–	50.01%	–	50.01%
Biogáz Fejlesztő Kft.	Kaposvár	Hungary	–	87.64%	–	87.64%
Brix Trade Kft	Nagykálló	Hungary	–	– ²	–	–
Dirafrost FFI N.V.	Lummen	Belgium	–	100.00%	–	100.00%
Dirafrost Maroc SARL	Larach	Morocco	–	100.00%	–	100.00%
Financière Atys S.A.S.	Mitry-Mory	France	–	100.00%	–	100.00%
INSTANTINA Nahrungsmittel Entwicklungs- und Produktionsgesellschaft m.b.H.	Vienna	Austria	66.67%	–	66.67%	–
Koronás Irodaház Szolgáltató Korlátolt Felelősségű Társaság	Budapest	Hungary	–	87.60%	–	87.60%
Magyar Cukorgyártó és Forgalmazó Zrt.	Budapest	Hungary	–	87.60%	–	87.60%
Moravskoslezské Cukrovarý A.S.	Hrušovany	Czech Republic	–	100.00%	–	100.00%
Österreichische Rübensamenzucht Gesellschaft m.b.H.	Vienna	Austria	–	86.00%	–	– ³
o.o.o. AGRANA Fruit Moscow Region	Serpuchov	Russia	–	100.00%	–	100.00%
S.C. A.G.F.D. Tandarei s.r.l.	Țândărei	Romania	–	100.00%	–	100.00%
Slovenské Cukrovarý s.r.o.	Sereď	Slovakia	–	100.00%	–	100.00%
SPA AGRANA Fruit Algeria	Akbou	Algeria	–	26.93%	–	–
Sudinver S.A.	Buenos Aires	Argentina	–	– ²	–	100.00%
Yube d.o.o.	Požega	Serbia	–	100.00%	–	100.00%
Non-consolidated subsidiaries						
AGRANA Amidi srl	Sterzing	Italy	–	100.00%	–	100.00%
Reporting date: 28 Feb 2019 Equity: € 24.4 thousand Profit for the period: € 8.1 thousand						
AGRANA Croatia d.o.o.	Zagreb	Croatia	–	100.00%	–	100.00%
Reporting date: 28 Feb 2019 Equity: € 13.2 thousand Profit for the period: € 3.4 thousand						
AGRANA Makedonija DOOEL Skopje	Skopje	Northern Macedonia	–	100.00%	–	100.00%
Reporting date: 31 Dec 2018 Equity: € 5.1 thousand Profit for the period: € 1.7 thousand						
AGRANA Skrob s.r.o. v likvidaci	Hrušovany	Czech Republic	–	100.00%	–	100.00%
Reporting date: 31 Dec 2018 Equity: € 89.9 thousand Profit for the period: € 4.3 thousand						
Österreichische Rübensamenzucht Gesellschaft m.b.H.	Vienna	Austria	–	– ³	–	86.00%

¹ Total indirect ownership interest held by the Group.

² Merger in 2018/19.

³ Equity-accounted from 2018/19, non-consolidated in 2017/18.

Name of company	Registered office	Country	Equity interest 28 Feb 2019		Equity interest 28 Feb 2018	
			Direct	In-direct ¹	Direct	In-direct ¹
II. Joint ventures						
Equity-accounted joint ventures						
AGRANA-STUDEN group:						
"AGRAGOLD" d.o.o.	Brčko	Bosnia and Herzegovina	–	50.00%	–	50.00%
AGRAGOLD d.o.o.	Zagreb	Croatia	–	50.00%	–	50.00%
AGRAGOLD dooel Skopje	Skopje	Northern Macedonia	–	50.00%	–	50.00%
AGRAGOLD trgovina d.o.o.	Ljubljana	Slovenia	–	50.00%	–	50.00%
AGRANA-STUDEN Albania sh.p.k.	Tirana	Albania	–	50.00%	–	50.00%
AGRANA-STUDEN Beteiligungs GmbH	Vienna	Austria	–	50.00%	–	50.00%
AGRANA-STUDEN Kosovo L.L.C.	Pristina	Kosovo	–	50.00%	–	50.00%
AGRANA Studen Sugar Trading GmbH	Vienna	Austria	–	50.00%	–	50.00%
Company for trade and services AGRANA-STUDEN Serbia d.o.o. Beograd	Belgrade	Serbia	–	50.00%	–	50.00%
STUDEN-AGRANA Rafinerija Secera d.o.o.	Brčko	Bosnia and Herzegovina	–	50.00%	–	50.00%
HUNGRANA group:						
GreenPower Services Kft.	Szabadegyháza	Hungary	–	50.00%	–	50.00%
HUNGRANA Keményítő- és Isocukorgyártó és Forgalmazó Kft.	Szabadegyháza	Hungary	–	50.00%	–	50.00%
HungranaTrans Kft.	Szabadegyháza	Hungary	–	– ²	–	50.00%
Non-consolidated joint ventures						
SCO STUDEN & CO. BRASIL EXPORTAÇÃO E IMPORTAÇÃO LTDA. (Liquidated at 20 Feb 2019)	São Paulo	Brazil	–	– ³	–	50.00%

The number of companies that were fully consolidated or equity-accounted changed as follows in the 2018|19 financial year:

	Full consolidation	Equity method
At 1 March 2018	62	13
Initial consolidation	4	0
Merger	(4)	(1)
At 28 February 2019	62	12

The newly founded AGRANA Fruit Algeria Holding GmbH, Vienna, a wholly-owned subsidiary of AGRANA Internationale Verwaltungs- und Asset-Management GmbH, Vienna, was included in the consolidated financial statements for the first time in the financial first quarter of 2018|19, by full consolidation. Forty-five percent of the shares of AGRANA Fruit Algeria Holding GmbH, Vienna, were ceded to a minority investor in the third quarter of 2018|19, without loss of control.

¹ Total indirect ownership interest held by the Group.

² Merger in 2018|19.

³ Liquidated in 2018|19.

The first quarter of 2018|19 also saw the initial consolidation of Österreichische Rübensamenzucht Gesellschaft m.b.H., Vienna, a company that is 86% owned by AGRANA Zucker GmbH, Vienna, and which until then had been a non-consolidated subsidiary due to its minor significance. A positive effect of € 321 thousand upon initial, full consolidation – the difference between the acquired net assets and the acquisition cost – was recognised in other operating income.

Also in the first quarter of 2018|19, AUSTRIA JUICE Hungary Kft., Vásárosnamény, Hungary, acquired 100% of the shares of Brix Trade Kft., Nagykálló, Hungary. The initial, full consolidation of the company, which distributes and produces fruit juice concentrates, occurred in the first quarter of 2018|19.

Brix Trade Kft., Nagykálló, Hungary, was merged into AUSTRIA JUICE Hungary Kft., Vásárosnamény, Hungary, in the fourth quarter of 2018|19.

As well, the deal to acquire Elafruits SPA, Akbou, Algeria, closed on 2 July 2018. In the transaction, AGRANA Fruit Algeria Holding GmbH, Vienna, acquired 48.97% of the company's shares. Elafruits SPA is fully consolidated in the Group financial statements of AGRANA Beteiligungs-AG, as management agreements give AGRANA a majority of the voting rights. In the financial year, the company was renamed from Elafruits SPA to SPA AGRANA Fruit Algeria. In 2017, with approximately 100 employees, the company achieved revenue of about € 7 million with standard fruit preparations for yoghurts and ice-creams as well as the production of fruit purees and beverage bases. The acquisition expands AGRANA's production capacity near major customers and helps consolidate its global market leadership in fruit preparations.

The impacts of the acquisitions made in 2018|19 on the AGRANA Group were as follows:

€000	Carrying amount at acquisition date
Non-current assets	6,996
Inventories	2,461
Receivables and other assets	2,304
Cash, cash equivalents and securities	519
Total assets	12,280
Less non-current liabilities	(1,627)
Less current liabilities	(2,160)
Net assets (i.e., equity)	8,493
Non-controlling interests	(3,563)
Goodwill	936
Negative goodwill	(11)
Acquisition cost (all in cash)	5,855

In the first half of 2018|19, two mergers were performed: the equity-accounted HungranaTrans Kft., Szabadegyháza, Hungary, was merged with HUNGRANA Keményítő- és Isocukorgyártó és Forgalmazó Kft., Szabadegyháza; and the fully consolidated AGRANA Fruit Brasil Participações Ltda., São Paulo, Brazil, was merged with AGRANA Fruit Brasil Indústria, Comércio, Importação e Exportação Ltda., São Paulo.

Additionally, in the third quarter of 2018|19 the two fully consolidated companies AGRANA Fruit Argentina S.A., Buenos Aires, Argentina, and Sudinver S.A., Buenos Aires, were merged into Main Process S.A., Buenos Aires. Main Process S.A. as the absorbing company was renamed AGRANA Fruit Argentina S.A.

Joint ventures

The information below represents the aggregated financial position and performance of the joint ventures. The joint ventures are listed on page 84.

€000	AGRANA- STUDEN group	HUNGRANA group	Total
28 February 2019			
Non-current assets	37,620	112,783	150,403
Inventories	17,354	50,442	67,796
Receivables and other assets	18,996	33,490	52,486
Cash, cash equivalents and securities	6,624	2,333	8,957
Current assets	42,974	86,265	129,239
Total assets	80,594	199,048	279,642
Equity	20,151	119,636	139,787
Borrowings	376	0	376
Other liabilities	4,896	1,888	6,784
Non-current liabilities	5,272	1,888	7,160
Borrowings	41,988	51,187	93,175
Other liabilities	13,183	26,337	39,520
Current liabilities	55,171	77,524	132,695
Total equity and liabilities	80,594	199,048	279,642
Revenue	118,719	280,090	398,809
Depreciation, amortisation and impairment losses	(3,002)	(10,929)	(13,931)
Other (expense), net	(123,603)	(230,450)	(354,053)
Operating (loss)/profit [EBIT]	(7,886)	38,711	30,825
Interest income	205	0	205
Interest expense	(805)	(707)	(1,512)
Other finance (expense), net	553	(868)	(315)
Profit before tax	(7,933)	37,136	29,203
Income tax expense	5	(4,765)	(4,760)
(Loss)/profit for the period	(7,928)	32,371	24,443
Income or expense, net, recognised directly in equity	(171)	(877)	(1,048)
Total comprehensive (expense)/income for the period	(8,099)	31,494	23,395
28 February 2018			
Non-current assets	40,277	105,103	145,380
Inventories	21,840	58,380	80,220
Receivables and other assets	22,824	32,455	55,279
Cash, cash equivalents and securities	5,530	769	6,299
Current assets	50,194	91,604	141,798
Total assets	90,471	196,707	287,178
Equity	28,251	118,141	146,392
Borrowings	297	0	297
Other liabilities	5,107	2,033	7,140
Non-current liabilities	5,404	2,033	7,437
Borrowings	39,439	48,475	87,914
Other liabilities	17,377	28,058	45,435
Current liabilities	56,816	76,533	133,349
Total equity and liabilities	90,471	196,707	287,178

€000	AGRANA- STUDEN group	HUNGRANA group	Total
Revenue	179,555	319,245	498,800
Depreciation, amortisation and impairment losses	(3,031)	(13,451)	(16,482)
Other (expense), net	(177,739)	(234,890)	(412,629)
Operating (loss)/profit [EBIT]	(1,215)	70,904	69,689
Interest income	1,109	7	1,116
Interest expense	(1,592)	(577)	(2,169)
Other finance (expense), net	(338)	(638)	(976)
Profit before tax	(2,036)	69,696	67,660
Income tax expense	(146)	(8,724)	(8,870)
(Loss)/profit for the period	(2,182)	60,972	58,790
Income or expense, net, recognised directly in equity	12	(1,836)	(1,824)
Total comprehensive (expense)/income for the period	(2,170)	59,136	56,966

The calculation of the carrying amounts of the investments in equity-accounted joint ventures is tabulated below:

€000	AGRANA- STUDEN group	HUNGRANA group	Total
28 February 2019			
Equity	20,151	119,636	139,787
Of which attributable to AGRANA	10,076	59,818	69,894
Value change at time of transition from proportionate consolidation to equity method	(452)	484	32
Investments in equity-accounted joint ventures (carrying amount)	9,624	60,302	69,926
Dividend attributable to AGRANA	0	15,000	15,000
28 February 2018			
Equity	28,251	118,141	146,392
Of which attributable to AGRANA	14,126	59,071	73,196
Value change at time of transition from proportionate consolidation to equity method	(452)	484	32
Investments in equity-accounted joint ventures (carrying amount)	13,674	59,555	73,228
Dividend attributable to AGRANA	0	30,000	30,000

Non-controlling interests

Of the non-controlling interests of € 61,186 thousand (prior year: € 56,954 thousand), most represented the co-owners of the AUSTRIA JUICE group, at € 42,787 thousand (prior year: € 37,523 thousand). AGRANA's total interests in the AUSTRIA JUICE group amounted to 50.01%. Therefore, 49.99% of the equity of the AUSTRIA JUICE group must be reported as a non-controlling interest in AGRANA's consolidated financial statements.

The following table presents the financial position and performance of the AUSTRIA JUICE group:

AUSTRIA JUICE group €000	28 Feb 2019	28 Feb 2018
Non-current assets	131,899	129,161
Current assets	193,351	198,148
Total assets	325,250	327,309
Non-current liabilities	4,613	4,309
Current liabilities	227,765	240,659
Total liabilities	232,378	244,968
Net assets	92,872	82,341
Revenue	243,028	235,208
Operating profit [EBIT]	20,602	8,188
Profit before tax	15,379	4,247
Income tax expense	(2,418)	(1,696)
Profit for the period	12,961	2,551
Other comprehensive (expense)	(1,154)	(259)
Total comprehensive income for the period	11,807	2,292
Net cash (used in)/from operating activities	(13,659)	52,268
Net cash (used in) investing activities	(13,289)	(12,413)
Net cash from/(used in) financing activities	31,147	(39,935)
Net increase/(decrease) in cash and cash equivalents	4,199	(80)

The table below shows the interests of the non-controlling shareholders in the AUSTRIA JUICE group:

AUSTRIA JUICE group €000	28 Feb 2019	28 Feb 2018
Profit for the period	6,479	1,275
Carrying amount of net assets	46,427	41,162
Measurement effect from business combination	(3,639)	(3,639)
Non-controlling interests in net assets	42,787	37,523

3.2. Balance sheet date

The balance sheet date (reporting date) of the consolidated financial statements is the last day of February. Group companies with other reporting dates prepare interim financial statements at the Group reporting date.

4. Consolidation methods

- Acquisitions of companies that are fully consolidated are accounted for using the acquisition method in accordance with IFRS 3. Where a business combination entails the possible recognition of intangible assets not previously recognised in the separate financial statements of the acquired company, such as customer relationships, these are recognised only when the requirements under IAS 38 for capitalisation are met. For acquisitions of a majority interest rather than a 100% stake in a company, IFRS 3 provides an accounting policy choice as to how to measure the resulting non-controlling interests. The non-controlling interests may be measured either at their proportionate share of the fair value of the net assets of the acquiree (partial goodwill method) or at their proportionate share of goodwill (full goodwill method). This choice is available individually for each business combination. The full goodwill method has not been applied in the AGRANA Group to date.
- The investments in joint ventures are accounted for using the equity method and are included in the consolidated financial statements from the time of acquisition, provided that the requirements for the application of IFRS 11 (Joint Arrangements) are met. Profits or losses resulting from transactions of the AGRANA Group with a joint venture are eliminated to the extent of the Group's interest in the joint venture.

- Intragroup revenues, expenses and income and all receivables and payables or provisions between the consolidated companies are eliminated. In assets that arise from intragroup flows of products or services and are included in non-current assets or in inventories, intragroup balances are eliminated.

5. Currency translation

- Financial statements of foreign Group companies are translated into euros in accordance with IAS 21. The functional currency of every Group company is its respective national currency. Assets and liabilities are translated at the ECB reference rates of exchange or other published reference rates at the balance sheet date (i.e., at period-end rates). Foreign currency transactions are translated into the functional currency at the exchange rates prevailing at the transaction date. Expenses and income are translated at annual average rates of exchange (the mean of the daily rates of the ECB and the national banks), with the exception of significant currency translation gains and losses near the balance sheet date from the measurement of receivables and liabilities related to Group financing. Expenses and income of subsidiaries in hyperinflationary economies are translated at the closing rate.

- Differences compared to prior-year amounts arising from the translation of balance sheet items at current balance sheet date exchange rates or arising from the use of average rates in translating expenses and income compared to the use of current balance sheet date rates are recognised in other comprehensive income. Specifically, they are presented in the statement of other comprehensive income as currency translation differences related to consolidation.

- In translating the financial statements of foreign Group companies, the following exchange rates were applied:

€	Currency	Rate at reporting date		Average rate for year		
		28 Feb 2019	28 Feb 2018	2018 19	2017 18	
	Albania	ALL	125.92	132.23	126.14	133.66
	Algeria	DZD	134.73	–	136.85	–
	Argentina	ARS	44.56	24.55	44.56	19.93
	Australia	AUD	1.60	1.56	1.59	1.50
	Bosnia and Herzegovina	BAM	1.96	1.96	1.96	1.96
	Brazil	BRL	4.27	3.96	4.36	3.71
	Bulgaria	BGN	1.96	1.96	1.96	1.96
	China	CNY	7.63	7.73	7.79	7.71
	Croatia	HRK	7.43	7.45	7.42	7.46
	Czech Republic	CZK	25.60	25.42	25.69	26.05
	Egypt	EGP	19.95	21.52	20.68	20.54
	Fiji	FJD	2.42	2.49	2.45	2.38
	Hungary	HUF	315.96	313.93	320.22	309.57
	India	INR	80.89	79.62	81.10	74.64
	Mexico	MXN	21.91	22.94	22.51	21.48
	Morocco	MAD	10.89	11.30	11.01	11.03
	Northern Macedonia	MKD	61.50	61.66	61.51	61.58
	Poland	PLN	4.31	4.18	4.28	4.23
	Romania	RON	4.74	4.66	4.67	4.59
	Russia	RUB	75.09	68.75	75.03	67.03
	Serbia	CSD	118.18	118.06	118.25	120.52
	South Africa	ZAR	15.95	14.37	15.78	15.13
	South Korea	KRW	1,281.07	1,320.25	1,292.87	1,289.34
	Turkey	TRY	6.07	4.65	5.94	4.24
	Ukraine	UAH	30.73	33.15	31.67	30.90
	USA	USD	1.14	1.22	1.17	1.16

6. Financial reporting in hyperinflationary economies

- Financial statements of subsidiaries in hyperinflationary economies are adjusted (restated) in accordance with IAS 29; in the year under review this applied to subsidiaries domiciled in Argentina. Before translation into the Group currency (the euro), non-monetary items of the balance sheet that are measured at cost or amortised cost are adjusted to reflect the price changes that occurred in the financial year, using a suitable price index to measure purchasing power. Monetary items in the balance sheet are not adjusted. All items in the statement of comprehensive income and all components of equity are also adjusted using appropriate price indices. Gains or losses on the net monetary position are reported as a separate line in finance income or expense, in the consolidated income statement. In accordance with IAS 21.42 (b), the prior-year results were not restated.
- The financial statements of the Argentine subsidiaries were prepared based on the historical cost approach. In the 2018|19 financial year they had to be adjusted as a result of changes in the general purchasing power of the functional currency (the Argentine peso) and are thus stated in the measuring unit current at the balance sheet date. The prices used for the adjustment were the consumer prices published by Argentina's Instituto Nacional de Estadística y Censos, the National Institute of Statistics and Census. The price index at 28 February 2019 was at 197.19. The change in the index over the 2018|19 financial year is indicated in the following table:

%	Index change
March 2018	2.3%
April 2018	2.7%
May 2018	2.1%
June 2018	3.7%
July 2018	3.1%
August 2018	3.9%
September 2018	6.5%
October 2018	5.4%
November 2018	3.2%
December 2018	2.6%
January 2019	2.9%
February 2019	4.0%

7. Accounting policies

7.1. Intangible assets (including goodwill) and property, plant and equipment

- Purchased intangible assets (other than goodwill) are capitalised at cost and amortised on a straight-line basis over their expected useful lives of between 5 and 15 years.
- Goodwill is not amortised, but is reviewed at least annually for impairment. This review is performed regularly at 31 August, and additionally whenever there are indications of possible impairment (triggering events). Details on this impairment test are presented in the notes to the balance sheet.
- Items of property, plant and equipment are valued at cost of purchase and/or conversion, less straight-line or campaign-based depreciation and impairment losses. In the conversion costs of internally generated assets, besides materials and labour costs, prorated overheads are capitalised. Borrowing costs directly attributable to the production of an asset that are incurred during the production period are capitalised in accordance with IAS 23. All other borrowing costs are recognised as an expense in the period during which they are incurred. Maintenance costs are expensed as incurred, unless they result in an expansion or significant improvement of the asset concerned, in which case they are capitalised.

■ Where rental agreements or leases transfer all material risks and rewards of ownership to the AGRANA Group (finance leases), the assets rented or leased are recorded as an asset. The asset is initially measured at the lower of its fair value at the inception of the rental period or lease and the present value of the future minimum rental or lease payments. This amount is simultaneously recorded as a liability under borrowings.

■ Depreciation of property, plant and equipment is generally based on the following useful lives:

Buildings	15 to 50 years
Plant and machinery	10 to 15 years
Office furniture and equipment	3 to 10 years

These useful lives are reviewed annually and adjusted as required.

7.2. Government assistance

■ Government assistance to reimburse the Group for costs is recognised as other operating income in the period in which the related costs are incurred, unless the assistance is contingent on conditions that are not yet sufficiently likely to be met.

■ Government assistance to support capital expenditure is recognised as deferred income from the time of the binding award and deducted from the cost of the intangible assets and property, plant and equipment on a straight-line basis over the useful life of the allocated asset through profit or loss. Details are provided on page 110.

7.3. Financial instruments

■ The AGRANA Group distinguishes the following classes of financial instruments:

Financial assets

- Securities, and investments in non-consolidated subsidiaries
- Trade receivables
- Other financial assets
- Cash and cash equivalents

Financial liabilities

- Bank loans and overdrafts, and other loans from non-Group entities
- Borrowings from affiliated companies in the Südzucker group
- Finance lease obligations
- Trade payables
- Financial other payables

Derivative financial instruments

- Interest-rate derivatives
- Currency derivatives
- Commodity derivatives

■ Investment fund units and uncertificated securities (cooperative shares) in the balance sheet item “securities” are classified as at fair value through profit or loss and are measured at fair value on initial recognition. Equity instruments that are to be held for the long term are assigned to the category “fair value through other comprehensive income (no recycling)”. Initial measurement is at fair value, including any transaction costs. Value changes of equity instruments are recognised outside profit or loss (after income tax) in a separate reserve item in equity. Investments in non-consolidated subsidiaries are recognised at cost at the time of acquisition and classified as at “fair value through other comprehensive income (no recycling)”. Their fair value was not determined, as the amount is non-material for the AGRANA Group.

■ Financial assets are recognised at the settlement date.

- Cash and cash equivalents include cash on hand and bank deposits having a remaining term to maturity of up to three months at the time of investment. Cash and cash equivalents in foreign currency are measured at the exchange rates at the balance sheet date.

Derivative financial instruments

- Derivative financial instruments are used to hedge risks from changes in interest rates, exchange rates and commodity prices. Derivatives are carried as an asset or liability and, irrespective of their purpose, are measured at fair value. Changes in their fair value are recognised through profit or loss – either in other operating income/expenses (for commodity derivatives and currency derivatives related to purchase and sales transactions) or in net financial items (for interest rate derivatives and currency derivatives related to financings) – unless the derivatives are used to hedge an underlying transaction (cash flow hedges) and meet the requirements for hedge accounting under IFRS 9. In the latter case, the unrealised effective changes in value are recognised directly in equity. If the hedged expected transaction leads to the subsequent recognition of a non-financial item (such as inventories), the amount accumulated in the “reserve for hedging instruments (cash flow hedges)” is included directly in the acquisition cost of the non-financial item at the time of its recognition. In all other cases, the accumulated amount is transferred to the income statement in the period in which the underlying hedged transaction affects profit or loss. Ineffective portions of the valuation gains or losses on cash flow hedges are recognised in the income statement immediately. Derivative financial instruments are classified as at fair value through profit or loss, except for derivatives with a hedging relationship to an underlying transaction. The latter are allocated to the category “fair value through other comprehensive income (hedging instruments)”. More information on derivative financial instruments is provided from page 121.

Receivables

- Receivables are initially recognised at fair value and subsequently measured at amortised cost. Non-interest-bearing receivables with a remaining maturity of more than one year are recognised at their present value using the effective interest method. For default risks or other risks contained in receivables, sufficient impairment is allowed individually or on a portfolio basis. The portfolio-based impairment is determined using the simplified approach under IFRS 9. Under this approach, expected credit losses over the entire life of the asset are anticipated based on analysis of historical loss rates for different lengths of time past due. The impairment is recognised in separate impairment allowance accounts. The face amounts of the receivables net of the necessary impairment allowance represent the fair values. Irrecoverable receivables are derecognised on an individual case-by-case basis. If the reasons for an impairment charge cease to apply, the impairment loss is reversed, to not more than the asset's historical cost. As the instruments in the item “other financial assets” are not subject to any particular concentrations of risk, and cash and cash equivalents are with minor exceptions payable on demand, an expected impairment loss under IFRS 9 was not calculated for these assets.
- Foreign currency receivables are measured at the exchange rates at the balance sheet date.

Payables

- Borrowings are initially measured at their actual proceeds. Premiums, discounts or other differences between the proceeds and the repayment amount are realised over the term of the instrument by the effective interest method and recognised in net financial items (at amortised cost).
- Trade payables are initially measured (at inception of the liability) at the fair value of the goods or services received. Subsequently these payables are measured at amortised cost. Other payables not resulting from the receipt of goods or services are measured at their payable amount.
- Payables denominated in foreign currencies are recognised at the exchange rates at the balance sheet date.

7.4. Inventories

■ Inventories are measured at the lower of cost of purchase and/or conversion and net selling price. The weighted average cost formula is used. In accordance with IAS 2, the conversion costs of unfinished and finished products include – in addition to directly attributable unit costs – reasonable proportions of the necessary material costs and production overheads inclusive of depreciation of manufacturing plant (based on the assumption of normal capacity utilisation) as well as production-related administrative costs. Financing costs are not taken into account. To the extent that inventories are at risk as a result of prolonged storage or reduced saleability, a write-down is recognised.

7.5. Emission allowances

■ Emission rights are accounted for in accordance with IAS 38 (Intangible Assets), IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance) and IAS 37 (Provisions, Contingent Liabilities and Contingent Assets). Emission allowances are issued for a given calendar year and are intangible assets for the purposes of IAS 38 that, except as noted below, are to be classified as current assets. They are assigned a cost of zero. From the point when emissions exceed allocated allowances (one allowance represents one tonne of carbon dioxide), a provision for CO₂ emissions must be established for actual additional emissions and recognised in the income statement. The provision is calculated by taking into account the cost incurred for purchased emission allowances or any excess of their market value at the measurement date over their cost. CO₂ emission allowances that have already been purchased for use in a subsequent trading period are recorded in non-current assets.

7.6. Impairment

- Assets (other than inventories and deferred tax assets) are tested at every balance sheet date for evidence of impairment. Goodwill and other intangible assets with an indefinite useful life are reviewed for impairment annually at 31 August regardless of whether there is indication of possible impairment.
- The impairment test involves determining the asset's recoverable amount. The recoverable amount is the higher of an asset's value in use and its net selling price. If the asset's recoverable amount is less than its carrying amount, the difference is expensed as an impairment loss in the income statement.
- An asset's value in use is the present value of the estimated future cash flows from the asset's continuing use and from its disposal at the end of its useful life. The discount rate used in determining present value is a pre-tax market rate adjusted for the specific risks of the asset concerned. Where no largely independent cash inflows can be determined, value in use is determined for the next-larger unit (the cash-generating unit) to which the asset belongs and for which largely independent cash inflows can be determined.
- Where an impairment loss later decreases or is eliminated, the amount of the reversal of the impairment loss (except in the case of goodwill) is recognised as income in the income statement up to the lower of amortised original cost and value in use. Impairment losses on goodwill are not reversed.

7.7. Employee benefit obligations

■ The AGRANA Group maintains both defined contribution and defined benefit plans for pensions and termination benefits. Under the defined contribution pension and termination benefit arrangements, AGRANA has no further obligation after paying the agreed premium. Contributions to defined contribution plans are recognised as an expense when they fall due, and are reported in staff costs. Contributions paid to government plans are treated in the same manner as those paid to defined contribution plans. As the Group has no payment obligations beyond making the contributions, no provision is maintained.

- The provisions for defined benefit pension, termination and long-service obligations are calculated using the projected unit credit method in accordance with IAS 19 (Employee Benefits), based on actuarial valuations. This involves determining the present value of the defined benefit obligation and comparing it to the fair value of plan assets at the balance sheet date. In the case of a deficit, a provision is recorded. The defined benefit obligation is measured by the projected unit credit method. Under this method, the future payments determined on the basis of realistic assumptions are accumulated over the period during which the respective beneficiaries acquire the entitlement to these benefits.
- Service cost is recognised in staff costs. Besides the current service cost for the benefits newly earned by staff every year, it may also include past service cost arising from plan curtailments or changes, which is recognised immediately in profit or loss for the period. The net interest cost for the financial year is calculated by applying the discount rate determined at the beginning of the year to the net pension obligation determined at that time, taking into account the expected payment outflows. Net interest is recognised in finance expense.
- Actuarial gains and losses arising from changes in actuarial assumptions or from differences between previous actuarial assumptions and observed outcomes are recognised directly in equity in the period in which they occur, along with their effect on deferred taxes (with the exception of obligations for long-service awards). Correspondingly, the full amount of the obligation is recognised in the balance sheet. The changes in actuarial gains and losses recognised in the respective period are presented separately on the face of the statement of comprehensive income. Actuarial gains and losses previously recognised directly in equity cannot be reclassified to profit or loss in subsequent periods. The recognition in other comprehensive income also includes the differences between (i) the interest income on plan assets based on the discount rate and included in net interest and (ii) the actual return on plan assets determined at the end of the period.
- The calculation is based on extrapolated future trends in salaries, retirement benefits and employee turnover, as well as a discount rate of predominantly 1.55% for the year under review (prior year: 1.70%).
- A portion of pension obligations was transferred to pension funds. The retirement benefit contributions to be paid are calculated so as to fully fund the retirement benefit obligation at the time of retirement. If a plan deficit occurs, there is an obligation to fund the shortfall. The Group also holds benefit insurance policies to secure its ability to meet obligations under pension and termination benefit plans. The individual assets allocated to the pension plan are netted against the present value of the pension obligation to arrive at the net obligation. Likewise, the qualifying insurance policies are treated as plan assets in reducing the present value of the respective pension and termination benefit obligation.

7.8. Other provisions

- Other provisions are recognised where the following conditions are met: the AGRANA Group has a legal or constructive obligation to a third party as a result of a past event, the obligation is likely to lead to an outflow of resources, and the amount of the obligation can be reliably estimated.
- Provisions are measured at the amount representing the best estimate of the expenditure required to settle the obligation. If the present value of the obligation determined on the basis of a market interest rate differs materially from its nominal amount, the present value of the obligation is used.
- The risks arising from contingent liabilities are covered by sufficient provisions.
- Provisions for reclamation comprise obligations for reclamation of properties, emptying and rehabilitation of landfills, remediation or restoration of building structures, legacy soil reclamation and removal of waste residues.

- “Provisions for staff costs including long-service awards” also include provisions for phased retirement, provisions for redundancy benefit plans under restructuring projects, provisions for bonuses and awards, and other personnel-related provisions. Under IAS 19, long-service awards are classified as long-term employee benefits. These are determined by the projected unit credit method. Actuarial gains and losses are reported in the current period in staff costs. Long-service awards are one-time payments dependent on level of salary or wage and length of service and are stipulated under local company agreements or of collective agreements. Obligations for the payment of such service anniversary bonuses exist especially in Austria. In Austria, provisions for phased retirement must be created as a result of labour laws regarding obligations to employees. The legislation concerning phased retirement makes it easier for companies to employ older staff members working reduced hours with substantial financial security until full retirement. Provisions for redundancy benefit plans under restructurings are created only if a formal, detailed restructuring plan has been prepared and communicated.
- Provisions for uncertain liabilities include, among other items, provisions for litigation risks, onerous contracts, costs of beet receiving, loading and storage, and other uncertain liabilities. A provision for onerous (loss-making) contracts is recognised if the expected economic benefit from a contract is less than the unavoidable cost of fulfilling the contract.

7.9. Deferred taxes

- Deferred taxes are recognised on temporary differences between the IFRS carrying amounts of assets and liabilities and the tax base; on consolidation entries; and on tax loss carryforwards expected to be utilised. Significant differences exist between the IFRS carrying amounts and the tax base for property, plant and equipment, inventories and provisions. Deferred tax assets are recognised for unused tax loss carryforwards insofar as these are expected to be utilised within five years.
- Deferred taxes are calculated by the liability method (under IAS 12), based on the pertinent national income tax rates. Consequently, with the exception of goodwill arising on consolidation, deferred taxes are recognised for all temporary differences between the IFRS balance sheet and the tax base, to the extent that deferred tax assets are likely to be realised.
- When income and expenses are recognised directly in equity, the respective deferred tax assets and liabilities are also taken directly to equity. The assessment of the recoverability of deferred tax assets arising from temporary differences and from tax loss carryforwards takes into account company-specific forecasts of, for instance, the future earnings situation in the respective Group company. Deferred tax assets are recognised only if the associated tax benefits are expected to be realisable over a five-year planning horizon. This is the case if sufficient profits can be earned or if there is sufficient taxable income from the reversal of temporary differences previously recognised as liabilities.
- Deferred tax assets are classified as non-current assets; deferred tax liabilities are recorded as non-current liabilities. Deferred tax assets are offset against deferred tax liabilities if they relate to the same tax authority.
- The income tax reported represents the tax levied in the individual countries on taxable income, and the movement in deferred taxes.

7.10. Recognition of revenue and costs

- Revenue represents the fair value of the consideration received or receivable for products and services sold in the course of ordinary business activities. In the AGRANA Group, revenue is recognised in accordance with the five-step model of IFRS 15, and generally at a point in time. Revenue is recognised when control of a product or service passes to a buyer. The timing of the transfer of control to the buyer is typically determined in accordance with INCOTERMS (International Commercial Terms), which govern the transfer of the risks and rewards incident to ownership. Revenue from services is recognised to the extent that they have been provided by the balance sheet date. For variable price agreements, revenue recognition is based on the expected final prices estimated on a contract-specific basis. Revenue is presented net of rebates, discounts and sales tax, and after eliminating intragroup sales. The costs of obtaining sales contracts predominantly have a short-term relationship to revenue and are expensed immediately. Under the usual industry payment terms, there are no financing terms to consider in revenue recognition.

- Operating expenses are recognised in the income statement upon use of the product or service or as incurred.
- Finance expenses comprise the interest expense, similar expenses and transaction costs on borrowings including finance leases; financing-related currency translation gains and losses; and financing-related hedging gains and losses.
- Income from financial investments represents interest, dividend and similar income realised from cash-equivalent investments and investments in other financial assets; gains and losses on the disposal of financial assets; and impairment losses and impairment loss reversals.
- Interest income is recognised on an accrual basis using the effective interest method. Dividend income is recognised at the time of the decision to pay the dividend.

7.11. Critical assumptions and judgements

- The preparation of these consolidated financial statements in accordance with IFRS requires the Company's management to make judgements and to act on assumptions about future developments. These judgements and assumptions can have a material effect on the recognition and measurement of the assets and liabilities, the disclosure of other liabilities at the balance sheet date, and the amounts of income and expenses reported for the financial year.
- The following assumptions involve a not insignificant risk that they may lead to a material change in the carrying amounts of assets and liabilities in the next financial year:
 - The impairment testing of goodwill (carrying amount at 28 February 2019: € 261,892 thousand; at 28 February 2018: € 260,956 thousand), other intangible assets (carrying amount at 28 February 2019: € 14,848 thousand; at 28 February 2018: € 15,859 thousand) and property, plant and equipment (carrying amount at 28 February 2019: € 864,221 thousand; at 28 February 2018: € 768,881 thousand) is based on forward-looking assumptions. The determination of the recoverable amounts for the purpose of the impairment review involves several assumptions, such as regarding future net cash flows and the discount rate. The net cash flows are the amounts in the most current cash flow forecast for the cash-generating units (CGUs) for the next five years (most current at the time of the regular impairment test date of 31 August).
 - It was determined through a simulation that a hypothetical reduction of 5% in sustainable cash flows would not lead to an impairment of goodwill.
 - The discount rate before tax varies by industry, company risk level and specific market environment; in the financial year it ranged from 5.47% to 8.10% (prior year: 5.60% to 8.50%).
 - An increase of 0.5 percentage points in the weighted average cost of capital (WACC) would not lead to impairment.
 - Financial instruments for which no active market exists are reviewed for impairment by using alternative discounting-based valuation methods. The inputs used for the determination of fair value are based in part on assumptions concerning the future.

- The measurement of existing retirement and termination benefit obligations (carrying amount at 28 February 2019: € 71,177 thousand; at 28 February 2018: € 68,704 thousand) involves assumptions regarding discount rate, age at retirement, life expectancy, employee turnover and future increases in pay and benefits.
- The sensitivity analysis below is based on varying one assumption at a time with the other assumptions remaining unchanged from the original calculation. Potential correlation effects between assumptions are thus not taken into account. The changes in assumptions would have the following effects on the present values of the obligations stated in note (23a):

€000	Pension benefits		Termination benefits	
	28 Feb 2019	28 Feb 2018	28 Feb 2019	28 Feb 2018
Change in actuarial assumptions				
Discount rate				
+ 0.5 percentage points	(2,408)	(2,225)	(1,836)	(1,752)
– 0.5 percentage points	2,647	2,443	1,972	1,889
Wage and salary increase				
+ 0.25 percentage points	104	76	949	907
– 0.25 percentage points	(103)	(75)	(915)	(878)
Pension increase				
+ 0.25 percentage points	1,159	1,089	–	–
– 0.25 percentage points	(1,114)	(1,046)	–	–
Life expectancy				
Increase by 1 year	3,906	4,006	–	–
Decrease by 1 year	(3,821)	(4,213)	–	–

- The recognition of deferred tax assets (carrying amount at 28 February 2019: € 12,309 thousand; at 28 February 2018: € 13,664 thousand) is based on the assumption that sufficient taxable profit will be earned over the five-year planning horizon to realise them.
- The off-balance sheet obligations from financial guarantees and from other contingent liabilities, and any reductions in these obligations, are regularly reviewed as to whether they require recognition in the balance sheet.
- In determining the amount of other provisions (carrying amount at 28 February 2019: € 54,726 thousand; at 28 February 2018: € 50,944 thousand), management exercises judgement as to whether AGRANA is likely to incur an outflow of resources from the obligation concerned and whether the amount of the obligation can be estimated reliably.
- The HUNGRANA group and the AGRANA-STUDEN group were classified as joint ventures in accordance with IFRS 11 and the agreements existing at the time. The AGRANA Group holds 50% of the share capital of the joint ventures.
- The AGRANA Group holds 50.01% of the share capital of AUSTRIA JUICE GmbH and its subsidiaries. As a result of the underlying contracts and arrangements, AGRANA exercises control over these companies and fully consolidates them in the Group accounts.

8. Notes to the consolidated income statement

Note (1)

8.1. Revenue

AGRANA is a globally operating processor of agricultural raw materials, with its Fruit, Starch and Sugar segments manufacturing high-quality foods and many intermediate products for the downstream food industry as well as for non-food applications.

Revenue in the Fruit segment is generated with fruit preparations for the dairy, bakery, ice-cream and food service industries and with fruit juice concentrates, such as apple and berry juice concentrates, as well as with not-from-concentrate juices and fruit wines, beverage bases and aromas.

In the Starch segment, AGRANA processes and refines primarily corn (maize), wheat and potatoes into premium starch products for the food and beverage industry, the paper, textile, cosmetics and building materials sectors and other non-food industries. The starch operations also produce fertilisers and high-quality animal feeds. The production of bioethanol is also part of the Starch segment.

The Sugar segment processes sugar beet from contract growers and also refines raw sugar purchased worldwide. The products are sold into downstream industries for use in, for example, sweets, non-alcoholic beverages and pharmaceutical applications. A wide range of sugars and sugar specialty products is also marketed to consumers, through food retailers. In addition, in the interest of optimal utilisation of its agricultural raw materials, the Sugar segment produces a large number of fertilisers and feedstuffs for use in agriculture and animal husbandry.

In all three business segments, revenue is recognised after control of the product passes to the customer, and almost always at a point in time. Of AGRANA's revenue, 93.72% (prior year: 93.69%), or the great majority, is generated with products manufactured by the Group itself. AGRANA's revenue from services, at 0.23% of the total (prior year: 0.35%), and from the reselling of merchandise, at 6.05% (prior year: 5.96%), is of minor significance as a percentage of total revenue.

Within the business segments, revenue is allocated to regions based on the location of the companies' registered office.

€000	2018 19	2017 18
Fruit segment		
EU-28	593,871	578,586
Europe Non-EU	101,912	101,680
North America	276,119	272,910
South America	35,822	46,654
Asia	111,582	105,543
Africa	21,488	15,286
Australia and Oceania	38,356	40,783
	1,179,150	1,161,442
Starch segment		
EU-28	762,681	752,315
	762,681	752,315
Sugar segment		
EU-28	501,217	652,560
	501,217	652,560
Total	2,443,048	2,566,317

The Group's top ten customers accounted for 30% (prior year: 28%) of consolidated revenue. One AGRANA customer accounted for 13.3% (prior year: 12.0%) of consolidated revenue. No other customer represented more than 10% of revenue.

Note (2) 8.2. Changes in inventories and own work capitalised

€000	2018 19	2017 18
Changes in inventories of finished and unfinished goods	(53,505)	(26,771)
Own work capitalised	1,120	1,528

Changes in inventories of finished and unfinished goods amounted to a net decrease of € 53,505 thousand (prior year: decrease of € 26,771 thousand). The changes occurred mainly in the Sugar segment with a decrease of € 46,459 thousand (prior year: decrease of € 33,686 thousand), and the Fruit segment with a decrease of € 20,270 thousand (prior year: increase of € 5,179 thousand).

Note (3) 8.3. Other operating income

€000	2018 19	2017 18
Income from		
Currency translation gains	8,626	7,860
Exceptional income	5,573	1,885
Services rendered to third parties	1,822	1,735
Insurance benefits and payments for damages	1,411	917
Income from research incentive	963	1,048
Income from the release of provisions for impairment of trade receivables	572	1,039
Rent and leases	518	513
Beet and pulp cleaning, transport and handling	490	581
Derivatives	434	3,444
Adjustment of payables from the acquisition of subsidiaries	0	2,460
Disposal of non-current assets other than financial assets	424	428
Other items	12,147	11,080
Total	32,980	32,990

Within other operating income, "other items" represent, among others, revenue from the pass-through of costs for consumables, raw materials and services. The income side of exceptional items, at € 5,573 thousand (prior year: € 1,885 thousand), consisted of tax refunds in Romania in the Sugar segment. In the prior year, exceptional income included refunds of excess amounts of sugar production levies collected by the EU in the 1999|00 and 2000|01 sugar marketing years.

Note (4) 8.4. Cost of materials

€000	2018 19	2017 18
Costs of		
Raw materials	1,051,208	1,126,832
Consumables and goods purchased for resale	520,276	519,103
Purchased services	76,007	70,719
Total	1,647,491	1,716,654

Note (5) 8.5. Staff costs

€000	2018 19	2017 18
Wages and salaries	256,632	243,058
Social security contributions, retirement benefit expenses and other staff costs	67,085	65,024
Total	323,717	308,082

The expense for the unwinding of discount on the pension and termination benefits newly accrued in prior years, less the return on plan assets, is included within net financial items. The interest component, at € 1,156 thousand (prior year: € 1,088 thousand) is included in net financial items. The current and past service costs are included in staff costs.

In the 2018|19 financial year an expense of € 18,484 thousand (prior year: € 18,070 thousand) was recognised for contributions to government pension plans.

€ 1,260 thousand of contributions to a defined contribution termination benefit fund were recognised in the income statement for the year (prior year: € 1,139 thousand).

Average number of employees during the financial year (average full-time equivalents):

	2018 19	2017 18
By employee category		
Wage-earning staff	6,456	6,050
Salaried staff	2,686	2,544
Apprentices	88	84
Total	9,230	8,678
By region		
Austria	2,270	2,171
Hungary	474	435
Romania	566	603
Rest of EU	1,560	1,530
EU-28	4,870	4,739
Rest of Europe (Bosnia and Herzegovina, Russia, Serbia, Turkey, Ukraine)	1,379	1,205
Other foreign countries	2,981	2,734
Total	9,230	8,678

The average number of employees of joint ventures in full-time equivalents over the year was as follows (reported at company totals, not proportionately):

	2018 19	2017 18
By employee category		
Wage-earning staff	336	336
Salaried staff	194	198
Total	530	534

Note (6)

8.6. Depreciation, amortisation and impairment

€000	Total	Amortisation, depreciation	Impairment losses	Reversal of impairment losses
2018 19				
Intangible assets	3,417	3,417	0	0
Property, plant and equipment	93,220	92,501	719	0
Recognised in operating profit after exceptional items and results of equity-accounted joint ventures	96,637	95,918	719	0
2017 18				
Intangible assets	4,531	4,531	0	0
Property, plant and equipment	85,483	85,387	103	(7)
Recognised in operating profit after exceptional items and results of equity-accounted joint ventures	90,014	89,918	103	(7)

Impairment losses and reversals of impairment losses, by segment, were as follows:

€000	Impairment losses	Reversal of impairment losses
2018 19		
Fruit segment	602	0
Starch segment	117	0
Sugar segment	0	0
Group	719	0
2017 18		
Fruit segment	103	0
Starch segment	0	(7)
Sugar segment	0	0
Group	103	(7)

The impairment losses in the Fruit and Starch segments related principally to expenses for retired assets.

Note (7) **8.7. Other operating expenses**

€000	2018 19	2017 18
Selling and freight costs	142,582	143,288
Operating and administrative expenses	103,255	99,534
Rent and lease expenses	10,801	10,073
Advertising expenses	10,384	10,592
Currency translation losses	8,158	7,228
Other taxes	7,232	7,295
Exceptional items	2,279	4,797
Damage payments	1,558	1,198
Research and development expenses (external)	580	785
Derivatives	351	3,122
Losses on disposal of non-current assets	230	776
Other items	13,993	9,393
Total	301,403	298,081

Internal and external R&D costs totalled € 18,765 thousand (prior year: € 17,002 thousand).

Within other operating expenses, "other items" included, for instance, provisions and other purchased services.

Within other operating expenses, exceptional items, both in the year under review and the prior year, consisted of expenses in connection with restructuring measures in the Sugar segment.

The costs incurred in the financial year for the external auditor KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft were € 400 thousand (prior year: € 454 thousand). Of this total, € 331 thousand (prior year: € 363 thousand) related to the audit of the consolidated financial statements (including the audit of the separate financial statements of individual subsidiaries), € 31 thousand (prior year: € 17 thousand) was for other assurance services, and € 38 thousand (prior year: € 74 thousand) represented other non-audit services.

Note (8) 8.8. Share of results of equity-accounted joint ventures

The share of results of equity-accounted joint ventures of € 12,222 thousand (prior year: € 29,395 thousand) included the Group's share of the profits or losses of the joint ventures in the HUNGRANA group and the AGRANA-STUDEN group.

Note (9) 8.9. Finance income

€000	2018 19	2017 18
Interest income	1,623	2,613
Currency translation gains	11,797	11,276
Income of non-consolidated subsidiaries and outside companies	24	34
Gains on derivatives	11,102	26,803
Miscellaneous finance income	918	486
Total	25,464	41,212

Interest income by segment was as follows:

€000	2018 19	2017 18
Fruit segment	857	1,067
Starch segment	24	38
Sugar segment	742	1,508
Group	1,623	2,613

Note (10) 8.10. Finance expense

€000	2018 19	2017 18
Interest expense	7,599	10,959
Net interest on provisions for pensions and termination benefits	1,156	1,088
Currency translation losses	11,198	25,919
Losses on derivatives	16,755	14,400
Loss on net monetary position under IAS 29	1,302	0
Miscellaneous finance expense	2,826	3,316
Total	40,836	55,682

Interest expense by segment was as follows:

€000	2018 19	2017 18
Fruit segment	921	696
Starch segment	48	47
Sugar segment	6,630	10,216
Group	7,599	10,959

Interest expense includes the interest component of € 137 thousand (prior year: € 107 thousand) from the discounting of the non-current obligation for long-service awards.

Net currency translation differences on financing activities amounted to a gain of € 599 thousand (prior year: loss of € 14,643 thousand). This was composed of a realised gain of € 1,728 thousand (prior year: loss of € 2,565 thousand) and an unrealised loss of € 1,129 thousand (prior year: unrealised loss of € 12,078 thousand). The net translation loss was attributable primarily to foreign currency financings in Argentina and Brazil (euro and US dollar financings) and US dollar credit balances in the euro area.

Note (11)

8.11. Income tax expense

Current and deferred tax expenses and credits pertained to Austrian and foreign income taxes and had the following composition:

€000	2018 19	2017 18
Current tax expense	21,087	35,980
Of which Austrian	6,013	14,498
Of which foreign	15,074	21,482
Deferred tax benefit	(227)	(2,467)
Of which Austrian	1,815	(532)
Of which foreign	(2,042)	(1,935)
Total tax expense	20,860	33,513
Of which Austrian	7,828	13,966
Of which foreign	13,032	19,547

Reconciliation of the deferred tax amounts in the balance sheet to deferred tax in the statement of comprehensive income:

€000	2018 19	2017 18
(Decrease) in deferred tax assets in the consolidated balance sheet	(1,355)	(670)
Decrease in deferred tax liabilities in the consolidated balance sheet	1,156	5,390
Total change in deferred taxes	(199)	4,720
Of which changes in scope of consolidation, recognised directly in equity	38	0
Of which initial application of IFRS 9	49	0
Of which recognised in other comprehensive income/(expense)	156	(164)
Of which recognised in the income statement	227	2,467
Of which from currency translation/hyperinflation/other	(669)	2,417

In order to reconcile the amount in other comprehensive income to that in the statement of changes in equity, the tax effects of equity-accounted joint ventures and of their proportionate non-controlling interests – a total amount of € 31 thousand – must be added to the other comprehensive income of € 156 thousand presented in the table above.

Reconciliation of profit before tax to income tax expense

€000	2018 19	2017 18
Profit before tax	51,246	176,158
Standard Austrian tax rate	25%	25%
Nominal tax expense at standard Austrian rate	12,812	44,040
Tax effect of:		
Different tax rates applied on foreign income	1,922	(3,226)
Tax-exempt income and tax deductions, including results of equity-accounted joint ventures	(5,621)	(8,649)
Non-temporary differences from consolidation measures	0	(1,593)
Non-tax-deductible expenses and additional tax debits	3,885	1,920
Effects from other taxes	2,390	2,325
Effects of unrecognized tax loss carryforwards in respect of the financial year	6,335	(493)
Non-recurring tax expenses	(863)	(811)
Income tax expense	20,860	33,513
Effective tax rate	40.7%	19.0%

The nominal tax charge or credit is based on application of the standard Austrian corporation tax rate of 25%.

The Tax Reform Act of 2005 introduced a new concept for the taxation of company groups. In accordance with the provisions of this Act, the AGRANA Group established a group consisting of AGRANA Beteiligungs-AG as the group parent and the following group members: AGRANA Zucker GmbH, AGRANA Stärke GmbH, AGRANA Marketing- und Vertriebs-service Gesellschaft mbH, AGRANA Internationale Verwaltungs- und Asset-Management GmbH, AGRANA Group-Services GmbH, INSTANTINA Nahrungsmittel Entwicklungs- und Produktionsgesellschaft mbH and AUSTRIA JUICE GmbH.

Deferred taxes are recognised on differences between carrying amounts in the consolidated financial statements and the tax bases of the individual companies in their home countries. Deferred taxes take into account carryforwards of unused tax losses.

In the interest of conservative planning, deferred taxes reflect carryforwards of tax losses only to the extent that sufficient taxable profit is likely to be earned over the next five years to utilise the deferred tax assets. € 18,121 thousand (prior year: € 12,586 thousand) of potential tax assets were not recognised. These related to cumulative unused tax loss carryforwards of € 82,159 thousand (prior year: € 53,898 thousand). Of the unused tax loss carryforwards, € 43,497 thousand (prior year: € 31,486 thousand) can be carried forward indefinitely, € 1,763 thousand expire in the subsequent year (prior year: € 0 thousand), € 18,984 thousand (prior year: € 13,538 thousand) expire in two to four years and € 17,915 thousand (prior year: € 8,874 thousand) expire in five to seven years.

At the balance sheet date the deferred tax assets and liabilities recognised directly in equity amounted to a net asset of € 7,860 thousand (prior year: € 7,228 thousand).

For temporary differences on investments in subsidiaries, deferred tax liabilities of € 202,444 thousand (prior year: € 219,864 thousand) were not recognised, as these gains are intended to be reinvested for an indefinite period and these temporary differences are thus not likely to reverse in the foreseeable future.

Note (12)

8.12. Earnings per share

		2018 19	2017 18
Profit for the period attributable to shareholders of the parent (AGRANA Beteiligungs-AG)	€000	25,406	140,071
Average number of shares outstanding		62,488,976	62,488,976 ¹
Earnings per share under IFRS (basic and diluted)	€	0.41	2.24¹
Dividend per share	€	1.00²	1.125¹

Subject to the Annual General Meeting's approval of the proposed allocation of profit for the 2018|19 financial year, AGRANA Beteiligungs-AG will pay a dividend of € 62,489 thousand (prior year: € 70,300 thousand).

¹ The prior-year values have been adjusted in accordance with IAS 33.64. Also see explanations on page 80.

² Proposal to the Annual General Meeting.

9. Notes to the consolidated cash flow statement

The cash flow statement is prepared using the indirect method and in accordance with IAS 7. The statement traces the movements in the AGRANA Group's cash and cash equivalents arising from operating, investing and financing activities.

Cash and cash equivalents, for the purpose of the cash flow statement, represent cash on hand, cheques and bank deposits.

There were no restrictions on access to cash and cash equivalents of subsidiaries as a result of currency legislation.

Cash and cash equivalents do not include current bank borrowings or securities classified as current assets.

The currency translation effects, except those on cash and cash equivalents, are already eliminated in the respective balance sheet items.

Note (13) 9.1. Cash flows from operating activities

Operating cash flow before changes in working capital was € 177,546 thousand (prior year: € 302,745 thousand), or 7.27% of revenue (prior year: 11.80%). Within "non-cash expenses/income and other adjustments", non-cash expenses/income consisted mainly of the unrealised currency translation losses of € 1,129 thousand (prior year: unrealised translation losses of € 12,079 thousand) reflected in net financial items, a non-cash expense of € 558 thousand (prior year: € 589 thousand) for impairment on receivables, and non-cash inventory write-downs of € 23,320 thousand (prior year: € 8,756 thousand). The component "other adjustments" predominantly concerned corrections of the tax expense and net interest expense reflected in the Group's profit for the period, due to the separate presentation of that portion of interest and income taxes which represents cash flows. After changes in working capital and after cash flows from interest and taxes, net cash from operating activities was € 141,709 thousand (prior year: € 213,862 thousand).

Note (14) 9.2. Cash flows from investing activities

Net cash used in investing activities increased by € 28,541 thousand from € 133,346 thousand to € 161,887 thousand. This increase from one year earlier resulted mainly from higher outflows for purchases of property, plant and equipment and intangibles, which rose by € 28,662 thousand from € 132,528 thousand to € 161,190 thousand (prior year: increase of € 9,110 thousand). The highest capital expenditures in the 2018|19 financial year were for the ongoing expansion of the wheat starch plant in Pischelsdorf, Austria, in the Starch segment. Purchases of businesses in the amount of € 5,336 thousand reflected payments for the acquisition of Elafruits SPA, Akbou, Algeria, and Brix Trade Kft., Nagykálló, Hungary, net of their acquired cash and cash equivalents.

Proceeds from the disposal of non-current assets amounted to € 3,241 thousand (prior year: € 627 thousand).

Note (15) 9.3. Cash flows from financing activities

The positive cash flow from borrowings was driven primarily by the raising of a long-term loan of € 40,000 thousand (prior year: € 100,000 thousand) with a term of seven years and the raising of syndicated loans in a total amount of € 75,000 thousand (prior year: raising of a € 41,500 thousand investment loan), which more than offset the repayment of borrowings of € 65,000 thousand to affiliated companies of the Südzucker group (prior year: € 100,000 thousand, and repayment of Schuldscheindarlehen of € 83,500 thousand). Net cash flow from bank overdrafts and cash advances was also positive, at € 1,219 thousand (prior year: negative cash flow of € 16,385 thousand).

Cash flow from financing activities also included dividends paid, which related primarily to the cash dividend paid to the shareholders of AGRANA Beteiligungs-AG, the ceding of 45% of the shares of AGRANA Fruit Algeria Holding GmbH, Vienna, which was newly founded in the financial year, in the amount of € 2,475 thousand to a non-controlling shareholder, and payment outflows for the purchase of a non-controlling interest in the fully consolidated S.C. AGRANA Romania S.A., Bucharest, Romania. On balance, and after adjustment for unrealised currency translation effects, net cash used in financing activities improved substantially to € 18,180 thousand (prior year: net cash use of € 153,693 thousand).

The following table presents the changes in liabilities arising from financing activities:

	Carrying amount at 1 Mar 2018	Changes in maturities	Cash inflows/ (cash outflows)	Currency translation differences	Carrying amount at 28 Feb 2019
€000					
2018 19					
Schuldscheindarlehen, i.e., bonded loan	42,500	(35,500)	0	0	7,000
Borrowings from affiliated companies in the Südzucker group	115,000	0	(30,000)	0	85,000
Investment loan from European Investment Bank	41,500	(4,882)	0	0	36,618
Loans	111,572	(10,520)	49,213	105	150,370
Non-current borrowings	310,572	(50,902)	19,213	105	278,988
Schuldscheindarlehen, i.e., bonded loan	0	35,500	0	0	35,500
Borrowings from affiliated companies in the Südzucker group	35,000	0	(35,000)	0	0
Investment loan from European Investment Bank	0	4,882	0	0	4,882
Bank overdrafts and cash advances	26,629	10,520	67,006	102	104,257
Current borrowings	61,629	50,902	32,006	102	144,639
€000					
2017 18					
Schuldscheindarlehen, i.e., bonded loan	42,500	0	0	0	42,500
Borrowings from affiliated companies in the Südzucker group	115,000	0	0	0	115,000
Investment loan from European Investment Bank	0	0	41,500	0	41,500
Loans	22,995	0	88,727	(150)	111,572
Non-current borrowings	180,495	0	130,227	(150)	310,572
Schuldscheindarlehen, i.e., bonded loan	83,500	0	(83,500)	0	0
Borrowings from affiliated companies in the Südzucker group	135,000	0	(100,000)	0	35,000
Bank overdrafts and cash advances	58,181	0	(30,612)	(940)	26,629
Current borrowings	276,681	0	(214,112)	(940)	61,629

10. Notes to the consolidated balance sheet

Note (16)

10.1. Intangible assets, including goodwill

€000	Goodwill	Concessions, licences and similar rights	Total
2018 19			
Cost			
At 1 March 2018	260,956	102,700	363,656
Currency translation differences and hyperinflation adjustments	0	755	755
Changes in scope of consolidation/other changes	936	102	1,038
Additions	0	3,097	3,097
Reclassifications	0	735	735
Disposals	0	(6,862)	(6,862)
At 28 February 2019	261,892	100,527	362,419
Accumulated amortisation and impairment			
At 1 March 2018	0	86,841	86,841
Currency translation differences and hyperinflation adjustments	0	501	501
Changes in scope of consolidation/other changes	0	40	40
Amortisation for the period	0	3,417	3,417
Reclassifications	0	58	58
Disposals	0	(5,178)	(5,178)
At 28 February 2019	0	85,679	85,679
Carrying amount at 28 February 2019	261,892	14,848	276,740
2017 18			
Cost			
At 1 March 2017	260,974	106,256	367,230
Currency translation differences	(18)	(4,400)	(4,418)
Additions	0	2,398	2,398
Reclassifications	0	(136)	(136)
Disposals	0	(1,418)	(1,418)
At 28 February 2018	260,956	102,700	363,656
Accumulated amortisation and impairment			
At 1 March 2017	0	84,911	84,911
Currency translation differences	0	(1,183)	(1,183)
Amortisation for the period	0	4,531	4,531
Disposals	0	(1,418)	(1,418)
At 28 February 2018	0	86,841	86,841
Carrying amount at 28 February 2018	260,956	15,859	276,815

- Intangible assets consist largely of acquired customer relationships, software, patents and similar rights.
- The additions of € 3,097 thousand (prior year: € 2,398 thousand) of non-goodwill intangible assets related primarily to software.
- Of the total carrying amount of goodwill, the Fruit segment accounted for € 240,175 thousand (prior year: € 239,239 thousand), the Sugar segment for € 20,111 thousand (prior year: € 20,111 thousand) and the Starch segment for € 1,606 thousand (prior year: € 1,606 thousand).

- To meet the provisions of IFRS 3 in conjunction with IAS 36 and allow the calculation of any impairment of goodwill, AGRANA has defined its cash-generating units to match its internal reporting structure. The cash-generating units in the AGRANA Group are the Fruit segment, Starch segment and Sugar segment, consistent with the internal management accounting and reporting processes. All goodwill was allocated to cash-generating units. The addition in the financial year related to the goodwill from the acquisition of Elafruits SPA, Akbou, Algeria.
- To test for impairment, the carrying amount of each cash-generating unit is measured by allocating to it the corresponding assets and liabilities, inclusive of attributable goodwill and other intangible assets. Impairment is recognised in profit or loss when the recoverable amount (value in use) of a cash-generating unit is less than its carrying amount inclusive of goodwill.
- In testing for impairment, AGRANA uses a discounted cash flow method to determine the value in use of the cash-generating units. The determination of expected cash flows from each cash-generating unit is based on business plans that are validated and approved by Supervisory Board committees and have a planning horizon of five years. Projections beyond a five-year horizon are based on the assumption of a constant, inflation-induced growth rate of 1.5% per year (assumption in the prior year: 1.5%). The cost of capital (WACC) is calculated as the weighted average cost of equity and debt capital for each CGU.
- The cost of equity is based on a risk-free rate, a return premium for the business risk, and a premium for country risk and inflation differential. The spot rate of a 30-year zero coupon bond, based on Deutsche Bundesbank data, was used as the risk-free rate of return. Business risk is represented by the product of a general market risk premium of 7.00% (prior year: 6.75%) and a beta factor derived from a peer group of nine companies. The country risk and the inflation differential are assigned a volatility factor of 1.22 (prior year: 1.23).
- The cost of debt capital is calculated as the risk-free rate, the inflation differential, and the credit spread determined by reference to the capital market.

The following table presents the carrying amounts of the goodwill and the respective discount rate (WACC):

	Goodwill		WACC before tax	
	28 Feb 2019	28 Feb 2018	2018 19	2017 18
	€m	€m	%	%
Fruit CGU	240	239	8.10	8.50
Starch CGU	2	2	5.47	5.60
Sugar CGU	20	20	6.39	6.35
Group	262	261	-	-

- The quality of the forecast data is frequently tested against actual outcomes with the help of variance analysis. The insights gained are then taken into account during the preparation of the next annual plan. Projections of value in use are highly sensitive to assumptions regarding future local market developments and volume trends. Value in use is therefore ascertained both on the basis of experience and of assumptions that are reviewed with experts for the regional markets.
- The most important forecast assumptions for the Sugar CGU are the estimates of EU beet sugar production and isoglucose production, of the trajectories of sugar imports and exports, and of sugar prices. The major cost elements for the CGU are raw material and energy costs. Besides the current market developments, these projections also take into consideration internal estimates by the respective businesses.
- The values in use were subjected to a sensitivity analysis. The results are presented from page 96.
- The goodwill is not tax-deductible.
- At the balance sheet date, other intangible assets with an indefinite useful life that were not significant for the AGRANA Group were included.

Note (17) **10.2. Property, plant and equipment**

€000	Land, leasehold rights and buildings	Technical plant and machinery	Other plant, furniture and equipment	Assets under con- struction	Total
2018 19					
Cost					
At 1 March 2018	594,232	1,270,184	212,674	46,738	2,123,828
Currency translation differences and hyperinflation adjustments	1,604	6,014	45	(16)	7,647
Changes in scope of consolidation/ other changes	4,729	6,685	3,593	111	15,118
Additions	16,250	47,830	15,032	101,544	180,656
Reclassifications	7,568	9,058	6,161	(23,522)	(735)
Disposals	(5,670)	(24,903)	(5,290)	(209)	(36,072)
Government grants	(1,809)	0	(2)	0	(1,811)
At 28 February 2019	616,904	1,314,868	232,213	124,646	2,288,631
Accumulated depreciation and impairment					
At 1 March 2018	323,408	865,570	165,610	359	1,354,947
Currency translation differences and hyperinflation adjustments	698	4,258	161	0	5,117
Changes in scope of consolidation/ other changes	1,373	3,217	1,929	0	6,519
Depreciation for the period	17,035	61,525	13,941	0	92,501
Impairment	66	607	46	0	719
Reclassifications	(96)	(2,114)	2,107	45	(58)
Disposals	(5,637)	(24,436)	(5,240)	(22)	(35,335)
At 28 February 2019	336,847	908,627	178,554	382	1,424,410
Carrying amount at 28 February 2019	280,057	406,241	53,659	124,264	864,221
2017 18					
Cost					
At 1 March 2017	583,766	1,177,328	206,368	69,388	2,036,850
Currency translation differences	(15,902)	(18,171)	(4,291)	(799)	(39,163)
Changes in scope of consolidation/ other changes	144	0	0	0	144
Additions	21,718	67,537	11,437	37,777	138,469
Reclassifications	5,702	49,029	4,311	(58,906)	136
Disposals	(1,023)	(4,905)	(5,087)	(722)	(11,737)
Government grants	(173)	(634)	(64)	0	(871)
At 28 February 2018	594,232	1,270,184	212,674	46,738	2,123,828
Accumulated depreciation and impairment					
At 1 March 2017	311,939	825,732	159,178	1,094	1,297,943
Currency translation differences	(4,769)	(9,676)	(3,230)	9	(17,666)
Changes in scope of consolidation/ other changes	94	0	0	0	94
Depreciation for the period	16,843	54,036	14,508	0	85,387
Impairment	80	23	0	0	103
Reclassifications	47	0	0	(47)	0
Disposals	(826)	(4,545)	(4,846)	(690)	(10,907)
Reversal of impairment losses	0	0	0	(7)	(7)
At 28 February 2018	323,408	865,570	165,610	359	1,354,947
Carrying amount at 28 February 2018	270,824	404,614	47,064	46,379	768,881

- Additions (i.e., purchases) of intangible assets (other than goodwill) and property, plant and equipment:

€000	2018 19	2017 18
Fruit segment	55,145	49,356
Starch segment	96,587	59,427
Sugar segment	28,924	32,084
Group	180,656	140,867

- Currency translation differences are the differences between amounts arising from the translation of the opening balances of foreign Group companies at the exchange rates prevailing at the start and at the end of the reporting period. This item also includes the effects of the application of IAS 29 (accounting for hyperinflation).

- Government grants consisted of investment assistance in China related to the new fruit preparations production facility in Jiangsu.

- The AGRANA Group, in addition to operating leases, also employs a small number of finance leases. The major finance lease related to the renting of a building erected on AGRANA land at the site in Kröllendorf/Allhartsberg, Austria. The option to purchase this third-party building was exercised in the 2018|19 financial year. The finance leases for other plant, furniture and equipment are of minor significance and are primarily vehicle leases and technical equipment leases. The movement in property, plant and equipment under finance leases and the reconciliation of future minimum lease payments to their present value are shown below:

€000	2018 19			2017 18		
	Land, leasehold rights and buildings	Technical plant and machinery	Other plant, furniture and equipment	Land, leasehold rights and buildings	Technical plant and machinery	Other plant, furniture and equipment
Cost	0	222	168	3,003	458	173
Less accumulated depreciation and impairment	0	(116)	(32)	(747)	(283)	(30)
Carrying amount	0	106	136	2,256	175	143

€000	2018 19			2017 18		
	Future minimum lease payments	Interest	Present value	Future minimum lease payments	Interest	Present value
In the subsequent year	102	(32)	70	2,464	(31)	2,433
In years 2 to 5	87	(12)	75	202	(25)	177
In more than 5 years	0	0	0	0	0	0
Total	189	(44)	145	2,666	(56)	2,610

- The use of off-balance sheet property, plant and equipment (under operating leases) gives rise to the following obligations under lease, licence and rental agreements:

€000	2018 19	2017 18
In the subsequent year	5,625	4,529
In years 2 to 5	12,145	11,433
In more than 5 years	3,763	4,744

- The AGRANA Group does not act as a lessor.

Note (18)

10.3. Equity-accounted joint ventures, securities, and investments in non-consolidated subsidiaries and outside companies

€000	Equity-accounted joint ventures	Securities (non-current)	Investments in non-consolidated subsidiaries and outside companies	Total
2018 19				
At 1 March 2018	73,228	18,703	894	92,825
Currency translation differences	(429)	67	0	(362)
Changes in scope of consolidation/other changes	0	243	(606)	(363)
Share of results of equity-accounted joint ventures	12,222	0	0	12,222
Impairment	0	0	0	0
Reclassifications	0	269	(269)	0
Disposals, and dividends of equity-accounted joint ventures	(15,000)	(1,330)	0	(16,330)
Other comprehensive (expense)/income	(95)	891	0	796
At 28 February 2019	69,926	18,843	19	88,788
2017 18				
At 1 March 2017	72,745	18,826	1,051	92,622
Currency translation differences	(908)	(199)	0	(1,107)
Additions, including capital increase at joint ventures	2,000	140	0	2,140
Share of results of equity-accounted joint ventures	29,395	0	0	29,395
Disposals, and dividends of equity-accounted joint ventures	(30,000)	(5)	(157)	(30,162)
Other comprehensive (expense)	(4)	(59)	0	(63)
At 28 February 2018	73,228	18,703	894	92,825

Note (19)

10.4. Receivables and other assets

€000	28 Feb 2019	28 Feb 2018
Trade receivables	321,694	308,294
Amounts due from affiliated companies and joint ventures	19,149	23,368
Positive fair value of derivatives	2,125	4,289
Receivable under government grants	617	631
Amounts due from associates in the Südzucker group	222	467
Receivable from EU from production levy	0	5,081
Other financial assets	16,839	14,025
Financial instruments	360,646	356,155
VAT credits and other tax credits	71,012	60,698
Prepaid expenses	5,358	4,982
Accrued income	2,558	2,549
Total	439,574	424,384
Of which due after more than 1 year	10,090	8,816

Amounts due from affiliated companies represent open accounts with non-consolidated subsidiaries, with the Group's parent company Südzucker AG and Südzucker's subsidiaries, and with joint ventures.

Note (20) **10.5. Deferred tax assets**

Deferred tax assets were attributable to balance sheet items as follows:

€000	28 Feb 2019	28 Feb 2018
Deferred tax assets		
Intangible assets and property, plant and equipment	2,447	2,634
Non-current financial assets (primarily "one-seventh" write-downs on non-consolidated subsidiaries and on outside companies)	1,700	4,373
Inventories	3,594	2,897
Receivables and other assets	1,275	679
Carryforwards of unused tax losses	1,579	511
Retirement, termination and long-service benefit obligations	7,474	7,306
Other provisions and liabilities	10,060	12,186
Total deferred tax assets	28,129	30,586
Deferred tax assets offset against deferred tax liabilities relating to the same tax authority	(15,820)	(16,922)
Net deferred tax assets	12,309	13,664

Deferred tax liabilities are detailed in note (26).

Note (21) **10.6. Inventories**

€000	28 Feb 2019	28 Feb 2018
Raw materials and consumables	204,605	197,102
Finished and unfinished goods	397,643	444,038
Goods purchased for resale	16,885	13,397
Total	619,133	654,537

Write-downs of € 23,320 thousand (prior year: € 8,756 thousand) were recognised on inventories, with the Sugar segment accounting for € 21,969 thousand (prior year: € 7,726 thousand) of this total. These impairment charges were attributable to a reduction in net realisable values of sugar at the balance sheet date.

Note (22) **10.7. Equity**

- The share capital at the balance sheet date was € 113,531,275 (prior year: € 113,531,275), divided into 62,488,976 (prior year: 62,488,976¹) voting ordinary bearer shares. All shares were fully paid.
- The movements in the Group's equity are presented from page 70.
- The capital reserves ("share premium and other capital reserves") consist of share premium (i.e., additional paid-in capital) and of reserves resulting from the reorganisation of companies. At the balance sheet date the amount of share premium and other capital reserves was € 540,759,999 (prior year: € 540,759,999).
- Retained earnings consist of the reserve for equity instruments (prior year: "available-for-sale reserve"), the reserve for hedging instruments (cash flow hedges), and the reserves for actuarial gains and losses, effects of equity-accounted joint ventures, effects of consolidation-related foreign currency translation, and accumulated profit for the period.
- Changes in ownership interests and scope of consolidation, amounting to a deduction of € 154 thousand, resulted from the purchase of shares of non-controlling shareholders of the fully consolidated S.C. AGRANA Romania S.A., Bucharest, Romania as well as from the purchase of Elafruits SPA, Akbou, Algeria.

Disclosures on capital management

A key goal of equity management is the maintenance of sufficient equity resources to safeguard the Company's continuing existence as a going concern and ensure continuity of dividends. Equity bore the following relationship to total capital:

€000	28 Feb 2019	28 Feb 2018
Total equity	1,409,928	1,453,997
Total assets	2,389,407	2,356,421
Equity ratio	59.0%	61.7%
Net debt	322,202	232,493
Gearing ratio	22.9%	16.0%

Capital management at AGRANA means the management of equity and of net debt. By optimising these two measures, the Company seeks to achieve the best possible shareholder returns. In addition to the equity ratio, the most important control variable is the gearing ratio (net debt divided by total equity). The total cost of equity and debt capital employed and the risks associated with the different types of capital are continuously monitored.

The sound equity base gives AGRANA strategic flexibility and also demonstrates the Group's financial stability and independence. In addition to its self-financing ability, AGRANA also has access to sufficient, committed credit lines for its overall financing needs.

The approach to capital management was unchanged from the prior year.

Note (23) 10.8. Provisions

€000	28 Feb 2019	28 Feb 2018
Provisions for:		
Retirement benefits	29,533	27,400
Termination benefits	41,644	41,304
Other	54,726	50,944
Total	125,903	119,648

Note (23a) a) Provisions for retirement and termination benefits

Provisions for retirement and termination benefits are measured in accordance with IAS 19, using the projected unit credit method and taking into account future trends on an actuarial basis. For both the retirement and termination benefit obligations, the plans are defined benefit plans.

The present values of the obligations, and the associated plan assets where applicable, were determined based on the following actuarial parameters:

%	28 Feb 2019	28 Feb 2018
Expected rate of wage and salary increases		
Austria and rest of Europe	3.5	3.3
Mexico/USA/South Korea	6.0/3.0/5.0	6.0/3.0/5.0
Expected trend of pension increases		
Austria	2.0	2.0
Mexico	6.0	6.0
Discount rate		
Austria, rest of Europe, and USA	1.55	1.7
Mexico/South Korea	10.25/2.6	7.5/3.4

A discount rate of 1.55% (prior year: 1.70%) was used in almost all cases in the determination of the provisions for pensions and termination benefits. The discount rate is based on the yield of high-quality corporate bonds with a duration matching the average weighted duration of the obligations.

The measurement process also involves other company-specific actuarial assumptions, such as the staff turnover rate. The current mortality tables recognised in the respective country are used as the biometric basis for the calculations – in Austria, this is the version of the computation tables specific to salaried employees (“AVÖ 2018-P-Rechnungsgrundlagen für die Pensionsversicherung”).

Defined benefit plans

Pension plans in the AGRANA Group are based largely on direct defined benefit commitments. The amounts of the pension benefits are usually determined by length of service and by pensionable pay. Termination benefit plans exist mainly as a result of legal requirements or of obligations under collective agreements and the benefits represent one-time, lump sum payments. The amount of the termination benefits typically depends on final pay and length of service.

The provision in the balance sheet (the net liability) for pensions and termination benefits in the AGRANA Group represents the present value of the defined benefit obligation less the fair value of the plan assets:

€ 000	28 Feb 2019	28 Feb 2018
Pension plans		
Present value of defined benefit obligation	43,977	42,852
Fair value of plan assets	(14,444)	(15,452)
Pension provisions (net liability)	29,533	27,400
Termination benefit plans		
Present value of defined benefit obligation	43,329	42,758
Fair value of plan assets	(1,685)	(1,454)
Termination benefit provisions (net liability)	41,644	41,304

In connection with defined benefit pension commitments, the AGRANA Group's major plans are the following:

AGRANA Beteiligungs-AG has direct defined benefit commitments in respect of Management Board members for retirement, disability and survivor pensions based on a fixed percentage of a pension assessment base. All pension benefit obligations are transferred to and administered by an external pension fund. The present value of the obligation was € 24,138 thousand (prior year: € 21,533 thousand) and the plan assets amounted to € 13,983 thousand (prior year: € 14,659 thousand). Further detail is provided in the section “Related party disclosures” in these notes.

In addition, there were direct defined benefit commitments, including for survivor benefits, in respect of retired former employees of AGRANA Zucker GmbH in the amount of € 15,819 thousand (prior year: € 17,021 thousand), of Österreichische Rübensamenzucht Gesellschaft m.b.H. in the amount of € 715 thousand (prior year: € 0 thousand), of AGRANA Stärke GmbH in the amount of € 2,170 thousand (prior year: € 2,399 thousand) and of AUSTRIA JUICE GmbH in the amount of € 209 thousand (prior year: € 206 thousand). The present value of the obligation of AUSTRIA JUICE GmbH is offset by plan assets in the form of pension risk transfer insurance of € 152 thousand (prior year: € 155 thousand).

At AGRANA Fruit Austria GmbH there are pension commitments in respect of active employees for retirement, disability and survivor benefits with a contractual (in some cases length-of-service-dependent) fixed benefit amount, and direct obligations in respect of retired former employees, including survivor benefits. The present value of these obligations was € 495 thousand (prior year: € 1,009 thousand) and there were plan assets in the form of pension insurance of € 231 thousand (prior year: € 565 thousand).

In Mexico there is a contractual obligation in respect of a defined set of recipients in the event of retirement or early retirement to pay a fixed percentage of a specified pensionable pay base in monthly instalments for a period of ten years. Alternatively, the recipient may choose a lump sum payment. The present value of this obligation was € 431 thousand (prior year: € 684 thousand), with plan assets in the form of pension insurance of € 78 thousand (prior year: € 73 thousand).

The pension provisions showed the following movement:

€000	Present value of obligation	Fair value of plan assets	Pension provisions
2018 19			
At 1 March 2018	42,852	(15,452)	27,400
Service cost	535	0	535
Interest expense/(income)	753	(264)	489
Effects of plan curtailments and settlements	(320)	114	(206)
Taxes and administration cost	0	20	20
Total recognised in the income statement (net pension cost)	968	(130)	838
Losses/(gains) from:			
Actual return on plan assets	0	932	932
Changes in demographic assumptions	1,964	0	1,964
Changes in financial assumptions	1,082	0	1,082
Experience adjustments	(533)	0	(533)
Currency translation differences	38	(4)	34
Total remeasurement loss recognised in the statement of comprehensive income	2,551	928	3,479
Changes in scope of consolidation/reclassifications	693	0	693
Settlement payments	(279)	261	(18)
Benefits paid	(2,808)	347	(2,461)
Employer contributions to plan assets	0	(398)	(398)
Other movements	(2,394)	210	(2,184)
At 28 February 2019	43,977	(14,444)	29,533
2017 18			
At 1 March 2017	45,498	(14,380)	31,118
Service cost	595	0	595
Interest expense/(income)	740	(234)	506
Effects of plan curtailments and settlements	5	0	5
Taxes and administration cost	0	19	19
Total recognised in the income statement (net pension cost)	1,340	(215)	1,125
(Gains)/losses from:			
Actual return on plan assets	0	(807)	(807)
Changes in financial assumptions	(1,373)	0	(1,373)
Experience adjustments	342	0	342
Currency translation differences	(55)	8	(47)
Total remeasurement (gain) recognised in the statement of comprehensive income	(1,086)	(799)	(1,885)
Settlement payments	(5)	0	(5)
Benefits paid	(2,895)	345	(2,550)
Employer contributions to plan assets	0	(403)	(403)
Other movements	(2,900)	(58)	(2,958)
At 28 February 2018	42,852	(15,452)	27,400

The AGRANA Group's has the following main termination benefit plans:

The termination benefit plans most significant in amount exist in Austria and France. The plans represent legislated commitments to pay a lump sum benefit on termination of employment (unless terminated by the employee) and in the event of retirement or death. The amount of the benefit depends on final pay and length of service. Termination benefit obligations in Austria and France are funded solely by provisions, in the amount of € 40,590 thousand (prior year: € 39,469 thousand).

In Russia and Ukraine there are termination benefit commitments (either legislated or based on company-wide agreements) that are minor in amount. These are payable as a lump sum on termination of employment (unless terminated by the employee) or on retirement. The benefit amount depends on final pay and length of service. These commitments in the amount of € 184 thousand (prior year: € 127 thousand) are covered solely by provisions. In Romania there are termination benefit obligations of three months' pay in the event of retirement. The amount of the provision is € 193 thousand (prior year: € 0 thousand).

The termination benefit arrangements in the USA consist of contractual commitments in respect of a defined set of recipients, while the commitments in Mexico are legislated obligations to all permanent and full-time employees. In Mexico the termination benefit is paid if the employment relationship is terminated after 15 years or more of service, at retirement or in the event of disability or death. It takes the form of a lump sum in an amount that is based on final salary and length of service. In the USA, the benefit is paid on termination of employment and is based on final salary and length of service. In Mexico, plan assets of € 3 thousand (prior year: € 3 thousand) offset the present value of the obligation of € 124 thousand (prior year: € 134 thousand). In the USA, the commitments of € 0 thousand (prior year: € 1,136 thousand) were funded solely by provisions. The commitment in the USA was fully paid out in the year under review.

The present value of the obligation of the termination benefit plan for South Korea was € 2,238 thousand (prior year: € 1,892 thousand), while the plan assets amounted to € 1,682 thousand (prior year: € 1,451 thousand).

The termination benefit provisions showed the following movement:

€000	Present value of obligation	Fair value of plan assets	Termination benefit provisions
2018 19			
At 1 March 2018	42,758	(1,454)	41,304
Service cost	1,844	0	1,844
Interest expense/(income)	715	(48)	667
Taxes and administration cost	0	3	3
Total recognised in the income statement (net termination benefit cost)	2,559	(45)	2,514
(Gains)/losses from:			
Actual return on plan assets	0	27	27
Changes in demographic assumptions	(158)	0	(158)
Changes in financial assumptions	1,179	0	1,179
Experience adjustments	19	0	19
Currency translations differences	166	(45)	121
Total remeasurement loss/(gain) recognised in the statement of comprehensive income	1,206	(18)	1,188
Changes in scope of consolidation/reclassifications	340	0	340
Benefits paid	(3,534)	140	(3,394)
Employer contributions to plan assets	0	(308)	(308)
Other movements	(3,194)	(168)	(3,362)
At 28 February 2019	43,329	(1,685)	41,644

€000	Present value of obligation	Fair value of plan assets	Termination benefit provisions
2017 18			
At 1 March 2017	39,033	(1,222)	37,811
Service cost	1,732	0	1,732
Interest expense/(income)	608	(26)	582
Taxes and administration cost	0	2	2
Total recognised in the income statement (net termination benefit cost)	2,340	(24)	2,316
Losses/(gains) from:			
Actual return on plan assets	0	11	11
Changes in demographic assumptions	328	0	328
Changes in financial assumptions	1,759	0	1,759
Experience adjustments	548	0	548
Currency translations differences	(392)	119	(273)
Total remeasurement loss recognised in the statement of comprehensive income	2,243	130	2,373
Benefits paid	(858)	21	(837)
Employer contributions to plan assets	0	(359)	(359)
Other movements	(858)	(338)	(1,196)
At 28 February 2018	42,758	(1,454)	41,304

The year's actuarial result on pension and termination benefit provisions, which is recognised directly in equity as the item "changes in actuarial gains and losses on defined benefit pension obligations and similar liabilities", was an actuarial loss of € 4,039 thousand (prior year: actuarial loss of € 493 thousand). The movement resulted primarily from a change in the discount rate, the changes in the mortality tables in Austria, experience adjustments, changes in growth assumptions for the pension assessment base and future salaries, changes in expected retirement age and assumed employee turnover rates. As of 28 February 2019, net cumulative actuarial losses of € 43,176 thousand (prior year: net cumulative losses of € 39,137 thousand) had been offset against retained earnings, not taking into account deferred taxes.

The experience adjustments reflect the impacts on the plan liabilities of differences between the actual movement in the plan obligation during the year and the assumptions made at the beginning of the year. Such differences arise, especially, from actual rates of wage and salary increases, changes in pension benefits, employee turnover and biometric variables such as disability and mortality.

Composition of plan assets

The plan assets consist primarily of investments in an external pension fund and of pension benefit insurance policies. The fundamental objective for the plan assets is to provide, at all times, full coverage of the payment obligations arising from the respective benefit plans. The plan assets include neither financial instruments issued by the Group nor owner-occupied property.

At the balance sheet date the plan assets were invested in the following asset categories:

%	28 Feb 2019	28 Feb 2018
Fixed income securities	51.45	38.19
Equity securities	23.65	36.74
Real estate	4.77	4.24
Other	20.13	20.83

Risks

Defined benefit plans are associated with various risks for the AGRANA Group. Besides general actuarial risks such as discount rate risk and longevity risk, these include the risk that actual outcomes will differ from actuarial assumptions such as rates of wage and salary growth, pension benefit trends, retirement age and employee turnover (early departures). Risks in connection with the plan assets are capital market risks, credit risks and investment risks. Other risks lie in exchange rate fluctuation and changes in inflation rates.

The rate of return on plan assets is assumed to equal the discount rate. If the actual rate of return on plan assets is less than the discount rate used, the respective net liability increases. The net liability is particularly strongly influenced by the discount rate, with the current low market interest rates contributing to a relatively high liability. A further decline in corporate bond yields would lead to a further increase in defined benefit liabilities that can only be off set to a small degree by the increase in market values of the corporate bonds in the plan assets.

Potential inflation risks that may lead to an increase in the defined benefit obligations lie, indirectly, in inflation-driven salary growth during active service and in inflation-induced pension benefit increases.

Duration and future payments

The average weighted duration of the present value of the pension obligations at 28 February 2019 was 12.65 years (prior year: 12.10 years) and that of the termination benefit obligations was 8.87 years (prior year: 8.54 years).

€ 2,004 thousand of contributions are expected to be paid into the plan assets in the subsequent reporting period (prior year: € 817 thousand).

The amounts of pension and termination benefit payments in the next ten years are expected to be as follows:

€000	Pension benefits	Termination benefits
Financial year(s)		
2019 20	2,475	4,027
2020 21	2,435	3,209
2021 22	2,705	4,485
2022 23	2,581	4,110
2023 24	2,558	2,840
2024 25 to 2028 29	11,835	13,430
Total	24,589	32,101

Note (23b)

b) Other provisions

€000	Reculti- vation	Staff costs including long-service awards	Uncertain liabilities	Total
2018 19				
At 1 March 2018	7,243	17,375	26,326	50,944
Currency translation differences	(20)	(213)	(54)	(287)
Changes in scope of consolidation	0	23	71	94
Used	(18)	(2,866)	(4,851)	(7,735)
Released	(136)	(2,791)	(6,958)	(9,885)
Reclassified	0	(195)	0	(195)
Added	1,169	7,110	13,511	21,790
At 28 February 2019	8,238	18,443	28,045	54,726
Of which due within 1 year	783	2,515	27,923	31,221

The provisions for uncertain liabilities included, among other items, provisions for onerous contracts of € 9,775 thousand (prior year: € 7,284 thousand), litigation risks of € 9,032 thousand (prior year: € 8,843 thousand) and for costs of beet receiving, loading and storage of € 1,600 thousand (prior year: € 1,700 thousand).

Of the non-current other provisions of € 23,505 thousand (prior year: € 21,607 thousand), an amount of € 12,598 thousand (prior year: € 11,358 thousand) represented provisions for long-service awards. These are payable under local company agreements or collective agreements and are based on length of service. Phased-retirement provisions of € 920 thousand (prior year: € 813 thousand) are expected to be used in outflows of funds in the next one to three years. For the majority of the non-current provisions of € 7,455 thousand (prior year: € 7,243 thousand) for recultivation, an outflow of funds is likely to occur in more than five years.

Note (24) **10.9. Borrowings**

€000	28 Feb 2019	28 Feb 2018
Bank loans and overdrafts, and other loans from non-Group entities	338,482	219,591
Borrowings from affiliated companies in the Südzucker group	85,000	150,000
Finance lease liabilities	145	2,610
Borrowings	423,627	372,201
Of which due after more than 1 year	278,988	310,572

Details of bank loans and overdrafts are presented in sections 11.1. to 11.4.

At the balance sheet date, the bank loans and overdrafts were secured by liens. The liens related to collateral for an export credit in Austria and loans in Algeria with underlying carrying amounts of € 8,904 thousand (prior year: € 7,800 thousand).

Note (25) **10.10. Trade and other payables**

€000	28 Feb 2019	28 Feb 2018
Trade payables	292,914	256,380
Payables from the acquisition of subsidiaries	16,845	10,021
Amounts due to affiliated companies in the Südzucker group and joint ventures	16,564	28,573
Derivative liabilities	4,588	6,399
Liabilities to beet growers from production levy	0	3,196
Financial other payables	65,033	64,306
Financial instruments	395,944	368,875
Payables: deferred income	3,286	2,386
Payables: prepayments	705	284
Payables: other tax	8,350	10,581
Payables: social security	8,162	6,926
Total	416,447	389,052
Of which due after more than 1 year	12,820	10,832

Trade payables included obligations to beet growers of € 23,747 thousand (prior year: € 60,388 thousand).

Financial other payables included, among other items, liabilities to employees and payroll liabilities.

Note (26)

10.11. Deferred tax liabilities

Deferred tax liabilities were attributable to balance sheet items as follows:

€000	28 Feb 2019	28 Feb 2018
Deferred tax liabilities		
Non-current assets	15,756	16,881
Inventories	373	4
Receivables and other assets	2,731	3,220
Untaxed reserves in separate financial statements	2,015	2,145
Provisions and other liabilities	1,501	2,384
Total deferred tax liabilities	22,376	24,634
Deferred tax assets offset against deferred tax liabilities relating to the same tax authority	(15,820)	(16,922)
Net deferred tax liabilities	6,556	7,712

Deferred tax assets are detailed in note (20).

11. Notes on financial instruments**11.1. Investment and credit transactions (non-derivative financial instruments)**

To cover its overall funding needs, the AGRANA Group, in addition to its self-financing capability, has access to syndicated credit lines and bilateral credit lines from banks.

Financial instruments are generally procured centrally and distributed Group-wide. The principal aims of obtaining financing are to achieve sustained growth in enterprise value, safeguard the Group's credit quality and ensure its liquidity.

To manage the seasonally fluctuating cash flows, the AGRANA Group in the course of its day-to-day financial management uses conventional investments (demand deposits, time deposits and securities) and borrowings (in the form of overdrafts, short-term funds and fixed rate loans).

	Average effective interest rate	At balance sheet date	Of which due in		
			Up to 1 year	1 to 5 years	More than 5 years
	%	€000	€000	€000	€000
28 February 2019					
Fixed rate					
CNY	5.00	7,425	594	6,831	0
DZD	5.69	2,150	1,291	859	0
EUR	1.53	267,022	45,805	164,051	57,166
	1.66	276,597	47,690	171,741	57,166
Variable rate					
ARS	75.00	28	22	6	0
EGP	12.00	432	432	0	0
EUR	0.68	138,558	88,558	50,000	0
HUF	2.00	5,925	5,925	0	0
KRW	3.32	1,204	1,204	0	0
TRY	22.85	297	297	0	0
USD	2.25	441	441	0	0
	0.86	146,885	96,879	50,006	0
Total	1.38	423,482	144,569	221,747	57,166

	Average effective interest rate %	At balance sheet date €000	Of which due in		
			Up to 1 year €000	1 to 5 years €000	More than 5 years €000
28 February 2018					
Fixed rate					
EUR	1.69	262,268	7,438	145,360	109,470
	1.69	262,268	7,438	145,360	109,470
Variable rate					
ARS	30.03	256	205	51	0
EGP	8.50	233	233	0	0
EUR	0.54	99,903	44,383	55,520	0
HUF	2.00	2,442	2,442	0	0
INR	9.75	252	252	0	0
KRW	3.17	2,257	2,257	0	0
USD	2.25	1,980	1,980	0	0
	0.77	107,323	51,752	55,571	0
Total	1.42	369,591	59,190	200,931	109,470

Borrowings (excluding finance leases) consisted of bank loans and overdrafts, and borrowings from affiliated companies in the Südzucker group, in a total amount of € 423,482 thousand (prior year: € 369,591 thousand).

The weighted average interest rate paid on these credits was 1.38% (prior year: 1.42%), with a remaining maturity of 3.5 years (prior year: 4.0 years).

The credit funding of the AGRANA Group consisted primarily of two syndicated credit lines totalling € 450,000 thousand at the balance sheet date (prior year: € 450,000 thousand), a Schuldscheindarlehen (bonded loan) of € 42,500 thousand (prior year: € 42,500 thousand) and a financing from Südzucker AG, Mannheim, Germany, in the amount of € 85,000 thousand (prior year: € 150,000 thousand). The rest of the credit funding consisted of bilateral credit lines.

The fixed interest portion of bank loans and overdrafts and amounts due to affiliated companies was € 276,597 thousand (prior year: € 262,268 thousand). The fair values (i.e., market values) of the variable rate bank loans and overdrafts are equivalent to their carrying amounts. At the balance sheet date, bank loans and overdrafts in the amount of € 8,904 thousand (prior year: € 7,800 thousand) were secured by other liens.

Cash and cash equivalents decreased by € 38,379 thousand from the prior year to a new total of € 82,582 thousand.

11.2. Derivative financial instruments

To hedge part of the risks arising from its operating activities (risks due to movements in interest rates, foreign exchange rates and raw material prices), the AGRANA Group to a limited extent uses derivative financial instruments. AGRANA employs derivatives largely to hedge the following exposures:

- Interest rate risks, which can arise from floating rate borrowings.
- Currency risks, which may arise primarily from the purchase and sale of products in US dollars and Eastern European currencies and from finance in foreign currencies.
- Market price risks, arising especially from changes in commodity prices for sugar in the world market, grain prices, and selling prices for sugar and ethanol.

The Group employs only conventional derivatives for which there is a sufficiently liquid market (for example, interest rate swaps, interest rate options, caps, forward foreign exchange contracts, currency options or commodity futures). The use of these instruments is governed by Group policies under the Group's risk management system. These policies prohibit the speculative use of derivative financial instruments, set ceilings appropriate to the underlying transactions, define authorisation procedures, minimise credit risks, and specify internal reporting rules and the organisational

separation of risk-taking and risk oversight. Adherence to these standards and the proper processing and valuation of transactions are regularly monitored by an internal department whose independence is ensured by its organisational separation from risk origination.

The notional amounts and market values (fair values) of the derivative financial instruments held by the AGRANA Group were as follows:

Purchase	Sale	Notional amount €000	Positive fair values €000	Negative fair values €000	Net fair value €000
28 February 2019					
AUD	EUR	5,213	8	(27)	(19)
CZK	EUR	25,026	203	0	203
EUR	AUD	5,441	46	(5)	41
EUR	CZK	25,841	0	(249)	(249)
EUR	HUF	11,776	0	(245)	(245)
EUR	INR	1,696	2	(3)	(1)
EUR	MXN	6,030	4	(451)	(447)
EUR	PLN	19,553	25	(34)	(9)
EUR	RON	66,923	505	(2)	503
EUR	RUB	1,494	1	(37)	(36)
EUR	USD	117,725	52	(1,470)	(1,418)
EUR	ZAR	2,868	0	(27)	(27)
MXN	EUR	615	55	0	55
PLN	EUR	53,834	93	(18)	75
RON	EUR	32,765	9	(243)	(234)
USD	AUD	2,494	69	0	69
USD	EUR	89,577	581	(266)	315
Currency derivatives		468,871	1,653	(3,077)	(1,424)
Interest rate swaps		108,000	0	(1,419)	(1,419)
Interest cap		50,000	0	0	0
Sugar futures		20,286	218	(92)	126
Wheat and corn futures		38,730	254	0	254
Total		685,887	2,125	(4,588)	(2,463)
28 February 2018					
AUD	EUR	3,403	20	(5)	15
CAD	EUR	149	0	(7)	(7)
CZK	EUR	46,102	210	(17)	193
EUR	AUD	6,273	92	(22)	70
EUR	CZK	24,219	0	(88)	(88)
EUR	GBP	183	0	(3)	(3)
EUR	HUF	8,873	62	(3)	59
EUR	MXN	12,985	151	(7)	144
EUR	PLN	2,139	2	(5)	(3)
EUR	RON	71,421	27	(400)	(373)
EUR	RUB	1,600	7	(17)	(10)
EUR	USD	89,726	2,652	(113)	2,539
EUR	ZAR	4,110	0	(656)	(656)
HUF	EUR	479	0	(2)	(2)
MXN	EUR	5,673	2	0	2
PLN	EUR	23,852	218	(18)	200
RON	EUR	17,316	96	0	96
USD	AUD	1,971	9	(44)	(35)
USD	EUR	19,336	64	(1,095)	(1,031)
Currency derivatives		339,810	3,612	(2,502)	1,110

	Notional amount	Positive fair values	Negative fair values	Net fair value
	€000	€000	€000	€000
Currency derivatives	339,810	3,612	(2,502)	1,110
Interest rate swaps	118,000	185	(2,491)	(2,306)
Interest cap	50,000	8	0	8
Sugar futures	2,177	399	0	399
Wheat and corn futures	23,564	85	(1,406)	(1,321)
Total	533,551	4,289	(6,399)	(2,110)

The currency derivatives and commodity derivatives are used to hedge cash flows over periods of up to one year; the interest rate derivatives serve to hedge cash flows for periods of one to five years.

The notional amount of the derivatives represents the face amount of all hedges, translated into euros as the Group currency.

The fair value of a derivative is the amount which the AGRANA Group would have to pay or would receive at the balance sheet date in the hypothetical event of early termination of the hedge position. As the hedging transactions involve only standardised, fungible financial instruments, fair value is determined on the basis of quoted market prices.

Fair value changes of derivatives that were used to hedge future cash flows and have a hedging relationship to an underlying transaction (cash flow hedges) must initially be recognised directly in equity. Subsequently they are taken to profit or loss only when the cash flows are realised, in revenue (for sales transactions) or cost of materials (for purchase transactions) and in net financial items (for interest rate swaps). The carrying amounts of the derivatives recognised with such a hedging relationship are presented in the following table:

€000	Fair value	
	Positive	Negative
At 28 February 2019		
Currency derivatives	19	(76)
Interest rate swap	0	(555)
Sugar futures	218	(92)
Wheat and corn futures	106	0
Total	343	(723)

The hedge relationships concern the hedging of price risk on raw sugar purchases, sugar sales, wheat and corn purchases, and on corn sales in the case of waxy corn derivatives. Under the risk management strategy, hedging through futures contracts is intended to hedge a certain percentage of the planned commodity quantities. The goal of the risk management strategy is to lock in the price of future purchases and sales at an early stage by entering into corresponding futures contracts. As part of the hedging of price risk, transactions in US dollars are protected against the effects of exchange rate movements through the use of foreign exchange contracts.

To hedge interest rate risk, the Group holds interest rate swaps with a hedging relationship to the underlying transaction. The underlying transaction is considered to consist of the future cash flows from financial liabilities that carry variable interest at 3-month EURIBOR. The hedging of the variable future interest payments on the financial liability leads to the reduction of volatile valuation components in the income statement and enhances the quality of planning and forecasting. The risk management objective is thus to hedge against the risk of fluctuations in variable cash flows.

For the 2018|19 financial year, a loss of € 430 thousand (prior year: gain of € 376 thousand) before taxes, and a tax benefit of € 99 thousand (prior year: tax expense of € 94 thousand), were recognised in other comprehensive income. Both in the year under review and in the prior year, there was no hedge ineffectiveness to be recognised. At the balance sheet date, already realised net derivative gains of € 50 thousand (prior year: net derivative losses of € 990 thousand) remained in the reserve for hedging instruments (cash flow hedges), to be held there until the underlying transaction is fulfilled.

The following table presents the derivatives that have a hedging relationship to an underlying transaction, showing the notional amounts or contract volumes, and the average prices and interest rates, by maturity.

		Remaining maturity		
		Up to 1 year	1 to 5 years	More than 5 years
Currency derivatives				
Notional amount	€000	6,216	–	–
Average hedged price	€	1.157	–	–
Interest rate swap				
Notional amount	€000	50,000	50,000	–
Average interest rate	%	0.245	0.245	–
Sugar futures				
Volume	tonnes	61,827	–	–
Average hedged price	€ per tonne	10.920	–	–
Wheat and corn futures				
Volume	tonnes	78,800	–	–
Average hedged price	€ per tonne	180.802	–	–

The value changes of those derivative positions which do not have a hedging relationship to an underlying transaction are recognised in profit or loss in the income statement. Hedging transactions were carried out to hedge sales revenue and raw material expenses.

The table below shows the periods in which the cash outflows are expected to occur, as well as the carrying amounts of the hedging instruments:

€000	Carrying amount	Total	Contractual cash outflows							More than 5 y
			Up to 3 m	4 to 6 m	7 to 12 m	1 to 2 y	2 to 3 y	3 to 4 y	4 to 5 y	
28 February 2019										
Currency derivatives										
	1,653	1,653	1,371	120	162	0	0	0	0	0
	(3,077)	(3,077)	(2,230)	(360)	(487)	0	0	0	0	0
Interest rate derivatives										
	0	0	0	0	0	0	0	0	0	0
	(1,419)	(1,956)	(402)	(402)	(362)	(283)	(283)	(224)	0	0
Commodity derivatives										
	472	472	230	187	55	0	0	0	0	0
	(92)	(92)	(92)	0	0	0	0	0	0	0
Total	(2,463)	(3,000)	(1,123)	(455)	(632)	(283)	(283)	(224)	0	0
28 February 2018										
Currency derivatives										
	3,612	3,612	3,269	205	138	0	0	0	0	0
	(2,502)	(2,502)	(1,474)	(74)	(954)	0	0	0	0	0
Interest rate derivatives										
	193	201	42	0	0	42	42	42	33	0
	(2,491)	(2,580)	(676)	0	(1,035)	(869)	0	0	0	0
Commodity derivatives										
	484	484	292	124	68	0	0	0	0	0
	(1,406)	(1,406)	(1,406)	0	0	0	0	0	0	0
Total	(2,110)	(2,191)	47	255	(1,783)	(827)	42	42	33	0

In terms of sensitivities, the net combined fair value of the derivative positions held at 28 February 2019 would have changed as follows given a reduction or increase of a half percentage point in the market interest rate, an appreciation or depreciation of 10% in the relevant currencies against the euro, and a reduction or increase of 10% in the prices of wheat, corn and sugar:

€000	Notional amount		Sensitivity (+)		Sensitivity (-)	
	28 Feb 2019	28 Feb 2018	28 Feb 2019	28 Feb 2018	28 Feb 2019	28 Feb 2018
Currency derivatives	468,871	339,810	4,243	8,890	(5,186)	(10,866)
Interest rate derivatives	158,000	168,000	1,112	1,496	(4,045)	(4,333)
Commodity derivatives	59,016	25,741	2,521	1,609	(3,295)	(2,913)

The effect of the changes in fair value on equity, including the tax effect, would have been, for the increase in rates and prices, an equity increase of € 3,146 thousand (prior year: increase of € 1,437 thousand) and for the decrease in rates and prices, an equity decrease of € 5,770 thousand (prior year: decrease of € 2,457 thousand). The effect of the fair value changes on profit before tax would have been, for the increase in rates and prices, a profit increase of € 3,681 thousand (prior year: increase of € 10,079 thousand) and for the decrease in rates and prices, a profit decrease of € 4,833 thousand (prior year: decrease of € 14,836 thousand).

11.3. Additional disclosures on financial instruments

Carrying amounts and fair values of financial instruments

Set out in the table below are the carrying amounts and fair values of the Group's financial assets and liabilities, both by individual item type and by measurement category. The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The table below also shows how the fair values were determined, broken down by category of financial instrument. The fair value measurements were classified into three categories according to how closely the inputs used were based on quoted market data:

The three levels were defined as follows:

- Level 1 consists of those financial instruments for which the fair value represents exchange or market prices quoted for the exact instrument on an active market (i.e., these prices are used without adjustment or change in composition).
- In Level 2, the fair values are determined on the basis of exchange or market prices quoted on an active market for similar assets or liabilities, or using other valuation techniques for which the significant inputs are based on observable market data.
- Level 3 consists of those financial instruments for which the fair values are determined on the basis of valuation techniques using significant inputs that are not based on observable market data.

The fair value of Level 2 currency derivatives is measured based on the exchange rate at the balance sheet date and the underlying currencies' interest rate differential relevant for the remaining maturity. The mark-to-market price is determined and compared with the price of the hedged item or transaction. The input factors for this are the reference rates of the ECB (daily fixing) or selected national central banks, and the daily EURIBOR and LIBOR/IBOR rates.

For Level 2 interest rate derivatives, the measurement of fair value involves comparing the fixed interest rate with the swap rates as at the balance sheet date or with the yield curve relevant for the maturity. The fair value is obtained from a separate calculation provided by banking institutions.

In measuring the fair values of bank loans and overdrafts, other loans from non-Group entities, and borrowings from affiliated companies in the Südzucker group in Level 2, the terms agreed in the existing financing contracts, such as the remaining maturity and interest rate, are compared with the current market terms available at the balance sheet date for new financings with the same remaining maturity. The interest rate differential identified in this comparison determines the difference between the carrying amount and fair value.

The table below does not contain disclosures on the fair value of financial assets and liabilities that do not require measurement at fair value if the carrying amount is a reasonable approximation of fair value. This applies in particular to trade receivables, other financial assets, cash and cash and cash equivalents, trade payables and financial other payables, as a result of the short terms to maturity.

€000	Carrying amount					Fair value			
	Fair value through profit or loss	Fair value through other comprehensive income (no recycling)	Fair value through other comprehensive income (hedging instruments)	At amortised cost	Total	Level 1	Level 2	Level 3	Total
28 February 2019									
Financial assets at fair value									
Securities (non-current)	13,072	5,771	0	0	18,843	12,181	–	6,662	18,843
Equity investments (non-current)	0	19	0	0	19	–	–	19	19
Derivative financial assets	1,782	0	343	0	2,125	472	1,653	–	2,125
	14,854	5,790	343	0	20,987				
Financial assets not at fair value									
Trade receivables	0	0	0	321,694	321,694				
Financial other receivables ¹	0	0	0	36,827	36,827				
Cash and cash equivalents	0	0	0	82,582	82,582				
	0	0	0	441,103	441,103				
Financial liabilities at fair value									
Derivative liabilities	3,865	0	723	0	4,588	92	4,496	–	4,588
	3,865	0	723	0	4,588				
Financial liabilities not at fair value									
Bank loans and overdrafts, and other loans from non-Group entities	0	0	0	338,482	338,482	–	341,127	–	341,127
Borrowings from affiliated companies in the Südzucker Group	0	0	0	85,000	85,000	–	86,404	–	86,404
Lease liabilities	0	0	0	145	145	–	184	–	184
Trade payables	0	0	0	292,914	292,914				
Financial other payables ²	0	0	0	98,441	98,441				
	0	0	0	814,982	814,982				

¹ Excluding other tax receivables, and excluding those prepaid expenses and accrued income not resulting in a cash inflow.

² Excluding payables from other tax, social security, customer prepayments, and deferred income.

€000	Carrying amount						Fair value				
	Available-for-sale	Available-for-sale (at cost)	Held for trading	Fair value of hedging instruments	Loans and receivables	At amortised cost	Total	Level 1	Level 2	Level 3	Total
28 February 2018											
Financial assets											
at fair value											
Securities (non-current)	17,812	0	0	0	0	0	17,812	13,361	–	4,451	17,812
Derivative											
financial assets	0	0	3,486	803	0	0	4,289	484	3,805	–	4,289
Securities (current)	44	0	0	0	0	0	44	44	–	–	44
	17,856	0	3,486	803	0	0	22,145				
Financial assets											
not at fair value											
Securities (non-current)	0	891	0	0	0	0	891				
Investments in											
non-consolidated subsidiaries											
and outside companies	0	894	0	0	0	0	894				
Trade receivables	0	0	0	0	308,294	0	308,294				
Financial other receivables ¹	0	0	0	0	43,572	0	43,572				
Cash and cash equivalents	0	0	0	0	120,961	0	120,961				
	0	1,785	0	0	472,827	0	474,612				
Financial liabilities											
at fair value											
Derivative liabilities	0	0	4,982	1,417	0	0	6,399	1,406	4,993	–	6,399
	0	0	4,982	1,417	0	0	6,399				
Financial liabilities											
not at fair value											
Bank loans and overdrafts,											
and other loans											
from non-Group entities	0	0	0	0	0	219,591	219,591	–	219,008	–	219,008
Borrowings from											
affiliated companies in											
the Südzucker Group	0	0	0	0	0	150,000	150,000	–	150,425	–	150,425
Lease liabilities	0	0	0	0	0	2,610	2,610	–	2,654	–	2,654
Trade payables	0	0	0	0	0	256,380	256,380				
Financial other payables ²	0	0	0	0	0	106,096	106,096				
	0	0	0	0	0	734,677	734,677				

¹ Excluding other tax receivables, and excluding those prepaid expenses and accrued income not resulting in a cash inflow.

² Excluding payables from other tax, social security, customer prepayments, and deferred income.

The fair values of financial instruments were determined on the basis of the market information available at the balance sheet date and using the methods and assumptions outlined below.

Securities of Level 1 classified as at “fair value through profit or loss” included investment fund units of € 12,181 thousand and are measured at current market values obtained from securities account statements. Level 3 securities categorised as at “fair value through other comprehensive income (no recycling)” consist largely of equity instruments in the amount of € 5,502 thousand, for which the market value is determined based on an issuer valuation report. For other securities in Level 3 classified as at “fair value through profit or loss” (uncertificated securities) in the amount of € 891 thousand, the nominal value represents their fair value. For shares of non-listed companies classified as at “fair value through other comprehensive income (no recycling)” in the amount of € 269 thousand and for € 19 thousand of investments in non-consolidated subsidiaries, the Group chose not to determine fair value based on discounted future cash flows, as this item is not material to the Group.

Securities and investments in non-consolidated subsidiaries that are classified as at “fair value through other comprehensive income (no recycling)” are held for the long term for strategic purposes. The following table shows their fair values and associated dividend payments.

€000	Carrying amount 28 Feb 2019	Dividend
RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN regGenmbH	5,503	108
Other	287	24

The change in fair values of Level 3 securities was recognised in other comprehensive income, in the reserve for equity instruments, at an increase of € 1,051 thousand (prior year: increase of € 63 thousand) before tax, and at a tax expense of € 263 thousand (prior year: tax expense of € 5 thousand). There were no other changes in Level 3 financial instruments.

The positive and negative fair values of commodity derivatives relate partly to cash flow hedges. For the interest rate hedges, the fair values are determined on the basis of discounted future cash flows. Forward foreign exchange contracts are measured on the basis of reference rates, taking into account forward premiums or discounts. The fair values of interest rate derivatives are obtained from the bank confirmations as at the balance sheet date. These fair values represent the present values of the future interest payments based on the yield curves used. The fair values of commodity derivatives are based on official quotations on futures exchanges. The market rates (fair values) of currency derivatives are based on the forward rates determined by AGRANA as at the balance sheet date and on the hedged exchange rates. The interest rates and exchange rates used for the determination of the forward rates are based on the reference rates published by the ECB or the national central banks. In some cases, as a result of differences in interest rates, the fair values determined by the Group may differ to an insignificant extent from the fair values calculated by the commercial banks that issue the bank confirmations.

The fair value of fixed interest liabilities is calculated as the present value of expected future cash flows. For variable rate liabilities, the fair value equals the carrying amount.

The net gains and losses on financial instruments are presented by measurement category in the following table:

€000	2018 19	2017 18
Available-for-sale (at cost)	0	0
Held for trading	0	5,599
Fair value through profit or loss	(157)	0
Fair value through profit or loss – derivatives	(552)	0
At amortised cost – financial assets		
Prior year: loans and receivables	(90)	44
At amortised cost – financial liabilities	(1,129)	(12,079)
Net (loss) on financial instruments in the income statement	(1,928)	(6,436)
Fair value through other comprehensive income (no recycling)	1,051	63
Fair value through other comprehensive income (hedging instruments)	(430)	376
Net gain on financial instruments in other comprehensive income	621	439
Net loss on financial instruments overall	(1,307)	(5,997)

The total interest income and expense on financial assets and financial liabilities measured at amortised cost was as follows:

€000	2018 19	2017 18
Total interest income	1,612	2,613
Total interest expense	(5,017)	(7,723)
Net interest expense	(3,405)	(5,110)

11.4. Risk management in the AGRANA Group

The AGRANA Group is exposed to market price risks through changes in exchange rates, interest rates and security prices. In the Group's operating activities, price risks arise largely from the costs of raw materials (mainly sugar beet, sugar purchased in the world market, grains, potatoes, and fruit) and energy, and from selling prices of sugar, starch, ethanol and fruit products. In addition, the Group is exposed to credit risks, associated especially with trade receivables.

AGRANA uses an integrated system for the early identification and monitoring of risks relevant to the Group. The Group's proven approach to risk management is guided by the aim of balancing risks and returns. The Group's risk culture is characterised by risk-aware behaviour, clearly defined responsibilities, independent risk control, and the implementation of internal control systems.

AGRANA regards the responsible management of business risks and opportunities as an important part of sustainable, value-driven corporate governance. Risk management thus forms an integral part of the entire planning, management and reporting process and is directed by the Management Board. The parent company and all subsidiaries employ risk management systems that are tailored to their respective operating activity. The systems' purpose is the methodical identification, assessment, control and documenting of risks.

In a three-pronged approach, risk management at the AGRANA Group is based on risk control at the operational level, on strategic control of Group companies by the Group, and on an internal monitoring system delivered by the Group's internal audit department. In addition, emerging trends that could develop into threats to the viability of the AGRANA Group as a going concern are identified and analysed at an early stage and continually re-evaluated as part of the risk management process.

Credit risk

Credit risk is the risk of an economic loss as a result of a counterparty's failure to honour its payment obligations. Credit risk includes both the risk of a deterioration in customers' or other counterparties' credit quality, and the risk of their immediate default.

The trade receivables of the AGRANA Group are largely with the food, chemical and retail industries. Credit risk in respect of trade receivables is managed on the basis of internal standards and guidelines.

The AGRANA Group applies the following credit risk management principles:

- Credit analysis of prospective customers and ongoing monitoring of existing customers' credit quality
- Use of trade credit insurance in accordance with internal Group regulations and requirements, supplemented where appropriate with additional security such as bank guarantees, letters of credit or prepayments
- Systems-supported credit limit checks
- Standardised dunning

Each operating unit is responsible for the implementation and monitoring of the corresponding processes. As well, a monthly credit risk report is prepared by the operating units and aggregated at Group level. The uniform measures monitored as part of credit risk monitoring include, among others, days sales outstanding (DSO), the ageing schedule for receivables, and the types and amounts of credit security.

In determining possible impairment, in accordance with internal guidelines and IFRS 9, trade receivables are deemed irrecoverable when 90 days past due, unless the operating unit has reasonable and supportable information that demonstrates that a longer period past due is justified. However, should impairment be identified in the course of the credit monitoring, individual impairment is applied. This is also true for trade receivables less than 90 days past due.

Beyond the recognition of individual impairment, the defaults of the past five years were analysed. Based on the results, loss rates were determined, by length of time past due.

The maturity profile of trade receivables, the loss rates and the impairment allowances raised were as follows:

€000	Loss rate %	Gross carrying amount	Impair- ment allowance	Net carrying amount	
				28 Feb 2019	28 Feb 2018
Trade receivables not yet due	0.0414	295,705	(123)	295,582	271,265
Trade receivables past due					
Up to 30 days	0.3330	21,316	(71)	21,245	26,609
31 to 90 days	1.3030	3,527	(46)	3,481	7,662
More than 90 days		1,386	0	1,386	2,758
Individual impairment recognised		7,101	(7,101)	0	0
Total		329,035	(7,341)	321,694	308,294

The allowance for impairment of trade receivables showed the following movements:

€000	28 Feb 2019	28 Feb 2018
Allowance at 1 March	7,243	7,785
Adjustment from initial application of IFRS 9	197	0
Currency translation adjustments/other change	13	(186)
Added	1,130	1,628
Used	(670)	(945)
Released	(572)	(1,039)
Allowance at 28 February	7,341	7,243

The released amount of the allowance included interest income of € 9 thousand (prior year: € 16 thousand).

Liquidity risk

Liquidity risk is the risk that a company will not be able to meet its financial obligations when due or in sufficient measure.

The AGRANA Group generates liquidity with its business operations and from external financing. The funds are used to fund working capital, investment and business acquisitions.

In order to ensure the Group's solvency at all times and safeguard its financial flexibility, a liquidity reserve is maintained in the form of credit lines and, to the extent necessary, of cash.

To manage the seasonally fluctuating cash flows, both short-term and long-term finance is raised in the course of day-to-day financial management.

At the balance sheet date the Group had credit lines with a total limit of € 897,161 thousand (prior year: € 916,228 thousand). The weighted average remaining maturity of the credit lines at the balance sheet date was 2.6 years (prior year: 2.9 years).

The following maturity profile shows the effects of the cash outflows from liabilities as at 28 February 2019 on the Group's liquidity situation. All cash outflows are undiscounted.

€000	Carrying amount	Total	Contractual cash outflows							More than 5 y
			Up to 3 m	4 to 6 m	7 to 12 m	1 to 2 y	2 to 3 y	3 to 4 y	4 to 5 y	
28 February 2019										
Non-derivative financial payables										
Bank loans and overdrafts, and other loans from non-Group entities	338,482	349,078	105,804	14,228	27,481	9,393	10,497	16,598	106,562	58,515
Borrowings from affiliated companies in the Südzucker group	85,000	91,040	319	319	637	1,275	1,275	1,275	85,940	0
Trade payables	292,914	292,914	275,990	14,086	2,838	0	0	0	0	0
Trade payables and amounts due to affiliated companies in the Südzucker group and joint ventures	16,564	16,564	15,908	0	656	0	0	0	0	0
Finance lease liabilities	145	188	25	25	51	76	11	0	0	0
Financial other payables	81,877	81,877	54,412	6,181	8,464	6,941	5,751	57	23	48
	814,982	831,661	452,458	34,839	40,127	17,685	17,534	17,930	192,525	58,563
Derivative financial payables										
Interest rate derivatives	1,419	1,955	402	402	362	283	283	223	0	0
Currency derivatives	3,077	3,077	2,230	360	487	0	0	0	0	0
Commodity derivatives	92	92	92	0	0	0	0	0	0	0
	4,588	5,124	2,724	762	849	283	283	223	0	0

€000	Carrying amount	Total	Contractual cash outflows							More than 5 y
			Up to 3 m	4 to 6 m	7 to 12 m	1 to 2 y	2 to 3 y	3 to 4 y	4 to 5 y	
28 February 2018										
Non-derivative financial payables										
Bank loans and overdrafts, and other loans										
	219,591	227,569	9,286	16,083	1,461	50,425	6,150	6,267	112,764	25,133
Borrowings from affiliated companies										
	150,000	158,973	36,107	326	641	32,053	1,293	1,293	1,293	85,967
	256,380	256,380	223,500	10,568	22,312	0	0	0	0	0
Trade payables										
Trade payables and amounts due to affiliated companies in the Südzucker group and joint ventures										
	28,573	28,573	27,896	0	677	0	0	0	0	0
	2,610	2,666	104	2,278	82	164	38	0	0	0
	77,523	77,523	49,348	3,936	13,407	4,857	5,370	69	69	467
	734,677	751,684	346,241	33,191	38,580	87,499	12,851	7,629	114,126	111,567
Derivative financial payables										
	2,491	2,580	676	0	1,035	869	0	0	0	0
	2,502	2,502	1,474	74	954	0	0	0	0	0
	1,406	1,406	1,406	0	0	0	0	0	0	0
	6,399	6,488	3,556	74	1,989	869	0	0	0	0

The undiscounted cash outflows as presented are based on the assumption that repayment of liabilities is applied to the earliest maturity date. Interest payments on floating rate financial instruments are determined by reference to the most recent prevailing rates.

Currency risk

The Group's international business operations expose AGRANA to foreign exchange risks from financing and financial investment, from trade receivables and trade payables and from future foreign currency cash flows under purchasing and sales contracts. To measure and control these risks, the AGRANA Group uses Value-at-Risk based on the variance-covariance approach at a 95% confidence level. This involves the measurement of the various currency pairs at the given volatilities and takes into account the correlations between them. The result is stated as diversified Value-at-Risk:

€000	Value-at-Risk	
	28 Feb 2019	28 Feb 2018
Sum of absolute net positions of the currency pairs	118,435	107,863
Value-at-Risk diversified	9,848	7,342

The following table gives the foreign currency position by currency pair of the Value-at-Risk calculation. The individual values include both the financing activities and the operating business. This combined presentation allows the quantification of the interactions between these two spheres for each currency pair (natural hedging).

€000	Foreign-currency position	
	28 Feb 2019	28 Feb 2018
Currency pair		
EUR/ARS	8,944	7,223
EUR/CZK	1,059	1,045
EUR/HUF	21,625	3,411
EUR/MAD	3,724	–
EUR/PLN	703	6,169
EUR/RON	35,311	23,483
EUR/RUB	22,861	23,120
EUR/UAH	4,258	1,987
EUR/USD	900	9,432
USD/BRL	1,179	3,075
USD/CNY	386	4,443
USD/MXN	3,573	7,498
Other	13,912	16,977
Total	118,435	107,863

Most of the Group's foreign exchange risk arises in the operating business, when revenues or costs are denominated in a currency other than that of the related costs or revenues, respectively. The AGRANA Group's currency risk from financing arises from borrowings and financial investments not denominated in the local currency of the respective company.

The total foreign currency positions of € 118,435 thousand (prior year: € 107,863 thousand) related primarily to Romania, Russia, Hungary, Argentina and Ukraine, and represented a Value-at-Risk of € 9,848 thousand (prior year: € 7,342 thousand).

In the Sugar segment, Group companies based in the European Union whose local currency is not the euro are exposed to foreign exchange risk between the euro and their respective local currency, as the beet prices for a given campaign are partly set in euros. The subsidiaries in Romania and Hungary are subject to additional currency risk from raw sugar purchases in US dollars, and some companies are exposed to currency risk from the exporting of sugar in US dollars.

In the Starch segment, foreign exchange risks arise from borrowings not denominated in local currency.

In the Fruit segment, foreign exchange risks arise when revenue and materials costs are in foreign currency rather than local currency. In addition, risks arise from borrowings not denominated in local currency.

Interest rate risk

The AGRANA Group is exposed to interest rate risks primarily in the euro zone.

Risks from potential changes in interest rates are reported on an “at risk” basis. AGRANA distinguishes between Cash-Flow-at-Risk (CFaR) for variable rate borrowings and Value-at-Risk (VaR) for changes in market interest rates on fixed rate borrowings.

CFaR: An increase in interest rates would cause an increase in funding costs from variable rate borrowings. The CFaR analysis is based on the volatilities of the individual funding currencies and the correlations between them.

VaR: The analysis examines the implied risk from a decrease in interest rates, as existing fixed rate borrowings would continue to incur interest costs at a constant rate instead of following the market trend. The different maturities of fixed interest borrowings are taken into account through weighted present values and a potential change in variable interest rates under the modified duration approach.

The CFaR and VaR from borrowings were as follows:

€000	28 Feb 2019	28 Feb 2018
Net floating rate borrowings	147,029	109,931
Cash-Flow-at-Risk diversified	319	180
Net fixed rate borrowings	228,908	254,830
Value-at-Risk upon change in interest rates	11,724	11,436

The floating rate borrowings are subject to interest rate risk. To hedge against this risk, interest rate swaps were entered into for a portion of the borrowings, thus achieving fixed interest rates on this portion.

Commodity price risk

AGRANA's business activities expose it to market price risk from purchases of commodities and the sale of finished products (ethanol). This is particularly true in the production of bioethanol, where the most important cost factors by far are the prices of the main inputs, corn and wheat. To a lesser but still significant extent, the Sugar segment has exposure to the purchase prices of raw sugar.

At the balance sheet date the Group had open commodity derivative contracts for the purchase of 61,827 tonnes of raw sugar (prior year: 2,845 tonnes), the purchase of 78,800 tonnes of wheat for the Austrian bioethanol production operations (prior year: 112,900 tonnes) and the sale of 2,000 tonnes of waxy corn derivatives (prior year: 3,250 tonnes). In the prior year, there were also open commodity derivative contracts for the purchase of 20,650 tonnes of corn and the sale of 500 tonnes of white sugar. These positions represented an aggregate contract amount of € 29,017 thousand (prior year: € 21,885 thousand) and, based on the underlying closing prices, had a combined net positive fair value of € 380 thousand (prior year: negative fair value of € 922 thousand).

Legal risks

AGRANA continually monitors changes in the legal setting relevant to its businesses or to their employees that could lead to a risk situation, and takes risk management actions as necessary. Areas of law to which particular attention is devoted are anti-trust, food and environmental legislation, as well as data protection, anti-money laundering and anti-terrorism finance provisions. AGRANA maintains dedicated staff positions for matters of compliance, employment law and general areas of law.

There are currently no pending or threatened civil actions against companies of the AGRANA Group that could have a material impact on the Group's financial position, results of operations and cash flows.

As noted in previous annual reports, the Austrian Federal Competition Authority in 2010 sought a fine under an antitrust case for alleged competition-restricting arrangements with respect to Austria filed against AGRANA Zucker GmbH, Vienna, and Südzucker AG, Mannheim, Germany. To date the Cartel Court has not ruled on the case. AGRANA continues to regard the allegation as unfounded and the fine sought as unwarranted.

11.5. Contingent liabilities and commitments

The guarantees primarily related to bank loans of the joint ventures in the Sugar segment.

€000	28 Feb 2019	28 Feb 2018
Guarantees	43,978	41,633
Warranties, cooperative liabilities	1,365	1,365

The guarantees are not expected to be utilised.

A further contingent liability of € 6,330 thousand (prior year: € 6,371 thousand) related to a claim for recovery of an EU subsidy in Hungary. The management of the company involved deems the likelihood of repayment to be low.

Commitments were as presented in the table below:

€000	28 Feb 2019	28 Feb 2018
Present value of lease payments due within 5 years	17,771	15,962
Commitments for the purchase of property, plant and equipment	77,793	93,111
Commitments	95,564	109,073

12. Events after the balance sheet date

No other significant events occurred after the balance sheet date of 28 February 2019 that had a material effect on AGRANA's financial position, results of operations or cash flows.

13. Related party disclosures

AGRANA Zucker, Stärke und Frucht Holding AG, Vienna, holds 100% of the ordinary shares of Z & S Zucker und Stärke Holding AG, Vienna, which in turn holds 78.34% of the ordinary shares of AGRANA Beteiligungs-AG. Both holding companies are exempt from the obligation to prepare consolidated financial statements, as their accounts are included in the consolidated financial statements of Südzucker AG, Mannheim, Germany.

Related parties for the purposes of IAS 24 are Südzucker AG, Mannheim, Germany, and Zucker-Beteiligungsgesellschaft m.b.H, Vienna, as shareholders of AGRANA Zucker, Stärke und Frucht Holding AG, Vienna. AGRANA's consolidated financial statements are included in the consolidated accounts of Südzucker AG, Mannheim, Germany.

In addition to Südzucker AG, Mannheim, Germany, and its subsidiaries ("Südzucker group"), other related parties are RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN regGenmbH, Vienna, and its subsidiaries ("companies with significant influence").

Equity-accounted joint ventures that are jointly controlled, as well as unconsolidated subsidiaries, are also related parties as defined in IAS 24.

Business relationships with related parties at the balance sheet date can be analysed as follows:

€000	Südzucker group	Companies with significant influence	Joint ventures	Non-consolidated subsidiaries	Total
2018 19					
Revenue	77,605	18,686	19,762	1	116,054
Operating expenses	(62,300)	(522)	(63,919)	(224)	(126,965)
Credit relationships	(85,656)	(41,684)	0	0	(127,340)
Participation capital	0	5,503	0	0	5,503
Bank balances and current receivables	0	2,936	510	0	3,446
Non-current financial receivables	0	0	4,500	0	4,500
Net trade receivables/(payables) for goods	2,742	979	(4,245)	(39)	(563)
Net interest (expense)/income	(1,373)	(570)	404	0	(1,539)
Guarantees issued	0	0	44,000	0	44,000
Guarantees utilised	0	0	41,591	0	41,591

€000	Südzucker group	Companies with significant influence	Joint ventures	Non- consolidated sub- sidiaries	Total
2017 18					
Revenue	110,058	21,628	46,275	1	177,962
Operating expenses	(48,772)	(2,107)	(77,248)	(714)	(128,841)
Credit relationships	(151,325)	(18)	0	0	(151,343)
Participation capital	0	5,342	0	0	5,342
Bank balances and current receivables	0	14,587	1,512	5,602	21,701
Non-current financial receivables	0	0	4,500	0	4,500
Net trade (payables)/receivables for goods	(8,875)	1,130	(3,753)	(47)	(11,545)
Net interest (expense)/income	(4,383)	(209)	1,179	37	(3,376)
Guarantees issued	0	0	42,000	6,000	48,000
Guarantees utilised	0	0	35,687	0	35,687

At the balance sheet date, borrowings from related parties amounted to € 127,340 thousand (prior year: € 151,343 thousand); these borrowings were on normal commercial terms. Of this total, € 85,000 thousand represented non-current borrowings (prior year: € 115,000 thousand).

For fully consolidated subsidiaries, the Group has issued guarantees in favour of companies with significant influence of € 5,000 thousand (prior year: € 5,000 thousand), of which none (prior year: € 209 thousand) was utilised.

The remuneration of the members of the Management Board of AGRANA Beteiligungs-AG totalled € 3,741 thousand (prior year: € 3,488 thousand), consisting of total fixed base salaries of € 1,681 thousand (prior year: € 1,674 thousand), a total performance-based, variable component of € 2,060 thousand (prior year: € 1,778 thousand), and, in the prior year, a long-service award to Fritz Gattermayer of € 36 thousand. The performance-based elements of the compensation are linked to the amount of the dividend paid for the last three financial years. The Management Board member of AGRANA Beteiligungs-AG appointed on the basis of the syndicate agreement between Südzucker AG, Mannheim, Germany, and Zucker-Beteiligungs-gesellschaft m.b.H, Vienna, does not receive compensation for serving on the Management Board.

On 6 July 2018 the Annual General Meeting approved an annual aggregate remuneration for the Supervisory Board of € 325 thousand (prior year: € 250 thousand) and delegated to the Supervisory Board Chairman the responsibility for allocating this sum. The amount paid to the individual Supervisory Board members is tied to their function on the Board. No meeting fees were paid in the year under review.

Post-employment benefits granted to the Management Board members Johann Marihart and Fritz Gattermayer and the former Management Board member Walter Grausam under the Company's plan are pension, disability insurance and survivor benefits. The pension becomes available when the pension eligibility criteria of the Austrian public pension scheme (ASVG) are met. The amount of the pension is calculated as a percentage of a contractually agreed assessment base. In the event of early retirement within ASVG rules, the amount of the pension is reduced. For the pension of Stephan Büttner there is a defined contribution obligation, which can be claimed after the recipient has reached 55 years of age if the employment contract has been terminated by the employer. For the 2018|19 financial year, pension fund contributions of € 350 thousand were paid (prior year: € 352 thousand). A follow-up payment of € 125 thousand was made to former Chief Financial Officer Walter Grausam, who retired on 31 December 2014.

The retirement benefit obligations in respect of the Management Board are administered by an external pension fund. In the balance sheet at 28 February 2019, within the item "retirement and termination benefit obligations", an amount of € 10,155 thousand was recognised for pension obligations (prior year: € 6,874 thousand) and an amount of € 2,468 thousand was recognised for termination benefit obligations (prior year: € 2,283 thousand).

In the event that a Management Board appointment is withdrawn, there are severance pay obligations in accordance with the provisions of the Employees Act or the Occupational Pension Plan Act.

Information on the Management Board and Supervisory Board is provided on page 139.

On 24 April 2019 the Management Board of AGRANA Beteiligungs-AG released the consolidated financial statements for review by the Supervisory Board and the Audit Committee and for presentation to the Annual General Meeting and subsequent publication. The Supervisory Board has responsibility for reviewing the consolidated financial statements and stating whether it approves them.

Vienna, 24 April 2019

The Management Board of AGRANA Beteiligungs-AG



Johann Marihart
Chief Executive Officer



Stephan Büttner
Member of the Management Board



Fritz Gattermayer
Member of the Management Board



Thomas Kölbl
Member of the Management Board

List of members of AGRANA's boards

Management Board

Johann Marihart
Chief Executive Officer

Stephan Büttner
Member

Fritz Gattermayer
Member

Thomas Kölbl
Member

Supervisory Board

Erwin Hameseder
Chairman

Wolfgang Heer
First Vice-Chairman

Klaus Buchleitner
Second Vice-Chairman

Helmut Friedl
Member

Hans-Jörg Gebhard
Member

Ernst Karpfinger
Member

Thomas Kirchberg
Member

Josef Pröll
Member

Employee representatives

Thomas Buder
Chairman of the Group Staff Council
and the Central Staff Council

Andreas Klamler

Gerhard Kottbauer

Stephan Savic

Statement by the members of the Management Board

In accordance with section 124 (1) Austrian Stock Exchange Act, the undersigned members of the Management Board, as the legal representatives of AGRANA Beteiligungs-AG, confirm to the best of their knowledge that:

- the consolidated financial statements of AGRANA Beteiligungs-AG for the year ended 28 February 2019, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, give a true and fair view of the financial position, results of operations and cash flows of the AGRANA Group;
- the Group management report for the 2018|19 financial year presents the business performance, financial results and situation of the AGRANA Group so as to provide a true and fair view of the Group's financial position, results of operations and cash flows, together with a description of the principal risks and uncertainties faced by the Group.

Vienna, 24 April 2019

The Management Board of AGRANA Beteiligungs-AG



Johann Marihart
Chief Executive Officer
Present responsibilities: Business Strategy,
Communication (including Investor Relations),
Production, Quality Management, Human Resources,
Research and Development



Stephan Büttner
Member of the Management Board
Present responsibilities: Finance, Controlling,
Treasury, Information Technology
and Organisation, Mergers & Acquisitions,
Compliance, Legal



Fritz Gattermayer
Member of the Management Board
Present responsibilities: Sales, Raw Materials,
Purchasing & Logistics



Thomas Kölbl
Member of the Management Board
Responsibility on Internal Audit

Independent auditor's report

[Translation]

Report on the Consolidated Financial Statements

Audit Opinion

We have audited the consolidated financial statements of **AGRANA Beteiligungs-Aktiengesellschaft**, Vienna, Austria, and its subsidiaries (the Group), which comprise the Consolidated balance sheet as at 28 February 2019, and the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated cash flow statement and the consolidated statement of changes in equity for the year then ended, and the notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 28 February 2019, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, and the additional requirements pursuant to Section 245a UGB (Austrian Commercial Code).

Basis for our Opinion

We conducted our audit in accordance with the EU Regulation 537/2014 ("EU Regulation") and Austrian Standards on Auditing. These standards require the audit to be conducted in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities" section of our report. We are independent of the audited Group in accordance with Austrian Generally Accepted Accounting Principles and professional regulations, and we have fulfilled our other responsibilities under those relevant ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, however, we do not provide a separate opinion thereon.

Impairment of Goodwill

The Management Board provides an explanation of goodwill and the procedure for performing impairment tests under Point 7.1 and Note 16 of the notes to the consolidated financial statements.

Risk for the Financial Statements

As at 28 February 2019, goodwill in total accounts for EUR 262.0 million or 11.0 percent of the total assets.

Goodwill depicts into the cash generating units (CGUs) Fruit, Sugar and Starch. The Company performs impairment testing on these CGUs whenever triggering events are identified but at least on an annual basis. The annual impairment tests are performed at the end of the second quarter of every financial year (31 August). On a quarterly basis, the Company assesses whether objective evidence of an impairment exists. In those cases where such triggering events are identified additional impairment tests are performed.

The company calculates the values in use based on a discounted cash flow method as benchmark for impairment testing. This valuation method is significantly influenced by the assumptions and estimates in respect of the future cash flows. These are derived from the forecast figures approved by the respective management bodies and may be subject to adjustments if necessary. The discount rates applied in the method are also influenced by future changes in market, economic and legal environment. Consequentially the values in use are based on judgment and associated with estimate uncertainties and thus lead to a risk that the goodwill reported in the financial statements may be overstated.

Our Response

We have assessed the appropriateness of the valuation methods and of the assumption in respect to the forecasts and valuation parameters applied. We hereby consulted with our valuation specialists. When assessing the valuation method applied we followed the model and analysed whether it is adequate for accurately determining the value in use. We further have re-performed the determination of the discount rates and assessed the parameters applied in terms of their appropriateness through comparison with market and industry-specific benchmarks.

The forecasting accuracy has been assessed by the Company by back testing the underlying forecast figures. We have assessed the conclusions drawn with regard to the adequacy of the forecasted figures applied in the impairment tests.

We have reconciled the cash flows used in the impairment tests with the forecasted figures approved by the management bodies, assessed any adjustments made thereto, and analysed their adequacy.

For assessing whether event driven impairment tests are necessary, we have analysed the processes used to identify objective evidence of impairments, as well as the controls established in this connection, as to whether these are appropriate to detect evidence of impairments in a timely manner. Furthermore, we have evaluated the results of the company internal assessment for objective evidence of impairments.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, and the additional requirements pursuant to Section 245a UGB (Austrian Commercial Code) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Management is also responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement – whether due to fraud or error – and to issue an auditor's report that includes our audit opinion. Reasonable assurance represents a high level of assurance, but provides no guarantee that an audit conducted in accordance with the EU Regulation and Austrian Standards on Auditing (and therefore ISAs), will always detect a material misstatement, if any. Misstatements may result from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the EU Regulation and Austrian Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

Moreover:

- We identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, we design and perform audit procedures responsive to those risks and obtain sufficient and appropriate audit evidence to serve as a basis for our audit opinion. The risk of not detecting material misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- We conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the respective note in the consolidated financial statements. If such disclosures are not appropriate, we will modify our audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the consolidated financial statements, including the notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- We communicate with the audit committee regarding, amongst other matters, the planned scope and timing of our audit as well as significant findings, including any significant deficiencies in internal control that we identify during our audit.
- We communicate to the audit committee that we have complied with the relevant professional requirements in respect of our independence, that we will report any relationships and other events that could reasonably affect our independence and, where appropriate, the related safeguards.
- From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit i.e. key audit matters. We describe these key audit matters in our auditor's report unless laws or other legal regulations preclude public disclosure about the matter or when in very rare cases, we determine that a matter should not be included in our audit report because the negative consequences of doing so would reasonably be expected to outweigh the public benefits of such communication.

Report on Other Legal Requirements

Group Management Report

In accordance with the Austrian Generally Accepted Accounting Principles, the group management report is to be audited as to whether it is consistent with the consolidated financial statements and prepared in accordance with legal requirements. It is our responsibility to determine whether the consolidated non-financial statement has been prepared as part of the group management report, to read and assess whether, based on knowledge gained during our audit, it contains any material inconsistencies with the consolidated financial statements or any apparent material misstatement of fact.

Management is responsible for the preparation of the group management report in accordance with the Austrian Generally Accepted Accounting Principles.

We have conducted our audit in accordance with generally accepted standards on the audit of group management reports as applied in Austria.

Opinion

In our opinion, the group management report is consistent with the consolidated financial statements and has been prepared in accordance with legal requirements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Statement

Based on our knowledge gained in the course of the audit of the consolidated financial statements and our understanding of the Group and its environment, we did not note any material misstatements in the group management report.

Other Information

Management is responsible for other information. Other information is all information provided in the annual report, other than the consolidated financial statements, the group management report and the auditor's report. We expect the annual report to be provided to us after the date of the auditor's report.

Our opinion on the consolidated financial statements does not cover other information and we do not provide any kind of assurance thereon.

In conjunction with our audit, it is our responsibility to read this other information as soon as it becomes available, to assess whether, based on knowledge gained during our audit, it contains any material inconsistencies with the consolidated financial statements or any apparent material misstatement of fact.

Additional Information in accordance with Article 10 EU Regulation

At the Annual General Meeting dated 6 July 2018, we were elected as group auditors. We were appointed by the Supervisory Board on 21 December 2018. We have been the Group's auditors from the year ended 30 September 1995, without interruption.

We declare that our opinion expressed in the "Report on the Consolidated Financial Statements" section of our report is consistent with our additional report to the Audit Committee, in accordance with Article 11 EU Regulation.

We declare that we have not provided any prohibited non-audit services (Article 5 Paragraph 1 EU Regulation) and that we have ensured our independence throughout the course of the audit, from the audited Group.

Engagement Partner

The engagement partner is Mr. Wilhelm Kovsca.

Vienna, 24 April 2019

KPMG Austria GmbH

Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed by:

Wilhelm Kovsca

Wirtschaftsprüfer

(Austrian Chartered Accountant)

.....

Parent company: financial statements and management report 2018|19

.....

AGRANA Beteiligungs-AG under Austrian Commercial Code (UGB)

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¹ In German only.

Parent company management report

for the year ended 28 February 2019

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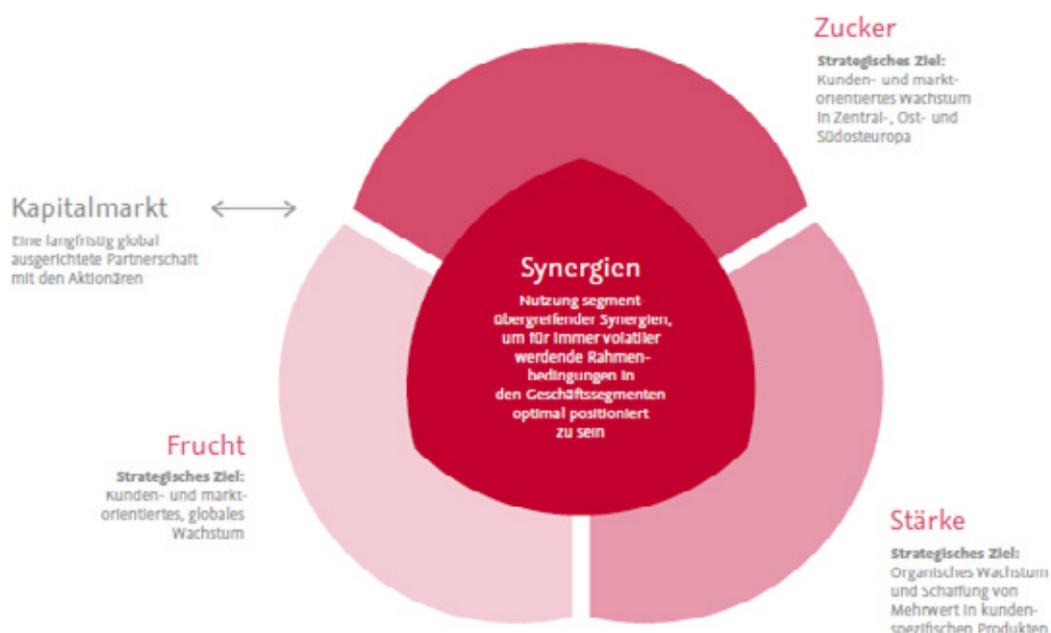
ÜBERBLICK

Die AGRANA Beteiligungs-Aktiengesellschaft ist als international ausgerichtetes österreichisches Industrieunternehmen in ihrer **Konzern­tätigkeit** in den Segmenten Zucker und Stärke hauptsächlich in Europa und im Segment Frucht weltweit tätig und strebt in diesen Märkten eine führende Position in der industriellen Veredelung von agrarischen Rohstoffen an. Damit ist die AGRANA Beteiligungs-Aktiengesellschaft die Holding-Gesellschaft der AGRANA-Gruppe („AGRANA“).

Der Konzern verfolgt einen an den jeweiligen lokalen Marktgegebenheiten ausgerichteten Wachstumskurs. Langfristige und stabile Kunden- und Lieferantenbeziehungen, respektvolles Verhalten gegenüber den Stakeholdern sowie die kontinuierliche Steigerung des Unternehmenswertes sind wichtige Eckpfeiler, die an den Grundsätzen nachhaltigen Wirtschaftens ausgerichteten Unternehmensstrategie.

Ziel von AGRANA ist es, sowohl global agierenden als auch regional tätigen Kunden weltweit hohe Produktqualität, optimalen Service sowie innovative Ideen und Know-how in der Produktentwicklung zu bieten.

Die strategischen Ziele der Konzernsegmente, die sich in der AGRANA Beteiligungs-Aktiengesellschaft in den Beteiligungsverhältnissen widerspiegeln, stehen in einer synergetischen Wechselwirkung:



AGRANA kontrolliert und steuert die produktbezogene Wertschöpfungskette vom Einkauf der agrarischen Rohstoffe bis zu den daraus gewonnenen industriellen Vorprodukten, im Segment Zucker auch bis zum Endprodukt für den Konsumenten.

Das Unternehmen nutzt das konzerneigene strategische Know-how über die Segmente hinweg. Dies betrifft v.a. die landwirtschaftliche Kontraktwirtschaft und Rohstoffbeschaffung, Kenntnisse von Kundenbedürfnissen und Märkten, die Möglichkeiten segmentübergreifender Produktentwicklungen

sowie Synergien in der Logistik, im Einkauf, Verkauf und im Finanzbereich. Damit wird die Basis für eine gute Marktstellung gegenüber den Mitbewerbern in allen Produktgruppen sowie die Innovationskraft und die gute Kostenposition der AGRANA geschaffen.

AGRANA verarbeitet in allen drei Geschäftssegmenten auch agrarische Rohstoffe aus kontrolliert biologischem Anbau und ist damit einer der größten Bio-Produzenten Europas.

Das Segment **Frucht** umfasst für Kunden individuell konzipierte und produzierte Fruchtzubereitungen und Fruchtsaftkonzentrate. AGRANA ist der weltweit führende Hersteller von Fruchtzubereitungen für die Molkerei-, Backwaren-, Eiscreme- und Food-Service-Industrie. Die in Zubereitungen verarbeiteten Früchte werden größtenteils in tiefgefrorener oder aseptischer Form von Erstverarbeitern bezogen. In einigen Ländern betreibt AGRANA eigene Anlagen der ersten Verarbeitungsstufe, in denen frische Früchte teilweise von Vertragsanbauern übernommen und für die Verarbeitung in Fruchtzubereitungen vorbereitet werden. Im Bereich Fruchtsaftkonzentrate werden v.a. an europäischen Produktionsstandorten Apfel- und Beerensaftkonzentrate ebenso wie Direktsäfte und Fruchtweine sowie Getränkegrundstoffe und Aromen hergestellt. AGRANA legt Wert auf eine möglichst nachhaltige, vollständige Verwertung der eingesetzten agrarischen Rohstoffe. Während in der Herstellung von Fruchtzubereitungen kaum weiterverwendbare Reststoffe anfallen, werden die bei der Produktion von Apfelsaftkonzentrat verbleibenden Presskuchen, sogenannte (Apfel-)Trester, von der Pektinindustrie und als Futtermittel genutzt.

Im Segment **Stärke** verarbeitet und veredelt AGRANA sowohl aus Vertragslandwirtschaft stammende als auch über den Handel bezogene Rohstoffe, primär Mais, Weizen und Kartoffeln, zu hochwertigen Stärkeprodukten. Die erzeugten Produkte werden an die Nahrungs- und Genussmittelindustrie und auch an die Papier-, Textil-, Kosmetik-, Baustoffindustrie sowie andere technische Industriezweige geliefert. Auch im Rahmen der Stärkegewinnung werden Dünge- und hochwertige Futtermittel erzeugt. Die Produktion von Bioethanol, das als klimaschonende Komponente Benzin beigemischt wird, ist ebenfalls Teil des Segmentes Stärke.

AGRANA verarbeitet im Segment **Zucker** Zuckerrüben aus Vertragslandwirtschaft und raffiniert weltweit bezogenen Rohzucker. Die Produkte werden an weiterverarbeitende Industrien z.B. für Süßwaren, alkoholfreie Getränke und Pharmaanwendungen geliefert. Zudem vertreibt AGRANA unter länderspezifischen Marken auch eine breite Palette an Zucker- und Zuckerspezialprodukten über den Lebensmittelhandel an Endkonsumenten. Daneben produziert AGRANA im Sinne einer möglichst vollständigen Verwertung der eingesetzten agrarischen Rohstoffe eine Vielzahl an Dünge- und Futtermitteln zum Einsatz in der Landwirtschaft und Nutztierhaltung. Diese leisten nicht nur einen Beitrag zum ökonomischen Erfolg, sondern schließen durch die Rückführung von Nähr- und Mineralstoffen in die Natur auch den ökologischen Kreislauf.

AGRANA verarbeitet in allen drei Geschäftssegmenten auch agrarische Rohstoffe aus kontrolliert biologischem Anbau.

Rund 9.200 Mitarbeiter (FTEs)¹ an 58 Produktionsstandorten auf allen Kontinenten erwirtschafteten im Geschäftsjahr 2018|19 einen Konzernumsatz von rund 2,4 Mrd. €. AGRANA wurde 1988 gegründet und notiert seit 1991 an der Wiener Börse.

¹ Durchschnittlich im Geschäftsjahr beschäftigte Vollzeitäquivalente (FTEs - Full-time equivalents)

GESCHÄFTSVERLAUF UND WIRTSCHAFTLICHE LAGE DER AGRANA BETEILIGUNGS-AKTIENGESELLSCHAFT

basierend auf dem Jahresabschluss nach UGB zum 28. Februar 2019

Geschäftsentwicklung		Veränderung		
		2018/19	2017/18	in %
Umsatzerlöse	t€	32.339	32.079	0,8%
Sonstige betriebliche Erträge	t€	121	81	49,4%
Betriebsleistung	t€	32.460	32.160	0,9%
Operatives Ergebnis (Betriebserfolg)	t€	-14.664	-7.163	-104,7%
Operative Marge ¹	%	-45,2%	-22,3%	
Beteiligungserträge	t€	64.523	76.040	-15,1%
Finanzerfolg	t€	68.122	78.672	-13,4%
Ergebnis der gewöhnlichen Geschäftstätigkeit	t€	53.458	71.509	-25,2%
Jahresüberschuss	t€	53.626	71.624	-25,1%
Investitionen in Sachanlagen und immaterielle Vermögenswerte	t€	1.856	1.383	34,2%
Investitionen in Finanzanlagen	t€	0	0	x

¹ Operative Marge = Operatives Ergebnis / Betriebsleistung

Umsatzerlöse

Die **Umsatzerlöse** der AGRANA lagen im Geschäftsjahr 2018|19 mit 32.339 t€ insgesamt auf dem Vorjahresniveau (+260 t€ bzw +0,8%). Eine positive Entwicklung zeigten die Erträge aus Konzernverrechnungen (+1.528 t€ bzw +9,6%). Bei den Erträgen aus Lizenzeinnahmen verzeichnete man einen Rückgang (-1.289 t€ bzw -8,2%). Die Umsatzrückgänge bei den Erträgen aus Markenlizenzeinnahmen sind auf die Umsatzrückgänge der einzelnen Tochtergesellschaften zurückzuführen. Grundsätzlich war der Umsatz im Segment Zucker preisbedingt deutlich rückläufig und im Segment Stärke und Frucht, aufgrund leicht höherer Hauptproduktmengen, geringfügig steigend. Der Anstieg der Konzernverrechnungen ist grundsätzlich durch die erhöhte projektbezogene Weiterverrechnung der IT Aufwendungen bedingt.

Ertragslage

Der Betriebserfolg (**operatives Ergebnis**) war negativ und lag mit -14.664 t€ um 7.501 t€ bzw 104,7 % deutlich unter dem Ergebnis des Vorjahres. Diese Veränderung ist zum einen durch einen Anstieg der Personalaufwendungen um 4.532 t€ bzw 24,9% und andererseits durch einen Anstieg der sonstigen Aufwendungen um 3.119 t€ bzw 15,5% bedingt.

Die Steigerung der Personalaufwendungen ist durch einen Anstieg der Pensionsaufwendungen bedingt. Die Sonstigen betrieblichen Aufwendungen stiegen unter anderem durch die Erhöhung der Verwaltungs- und IT-Aufwendungen um 3.167 t€ bzw 22,5 %.

Die **Beteiligungserträge** gingen im Geschäftsjahr 2018|19 um 11.517 t€ bzw 15,1% zurück. Dies ist bedingt durch den Rückgang der Dividenden aus dem Zucker Segment um 11.374 t€ bzw 43,4%.

Vermögens- und Finanzlage

Bilanzkennzahlen		2018/19	2017/18	Veränderung in %/pp
Bilanzsumme	t€	816.246	837.531	-2,5%
Grundkapital	t€	113.531	113.531	0,0%
Immaterielle Vermögensgegenstände und Sachanlagen	t€	2.659	2.063	28,9%
Anteile an verbundenen Unternehmen	t€	417.025	417.025	0,0%
Andere Finanzanlagen	t€	42.758	42.758	0,0%
Eigenkapital	t€	745.915	762.589	-2,2%
Eigenkapitalquote ¹	%	91,4	91,1	0,3 pp
Haftungsverhältnisse	t€	252.712	175.037	44,4%

¹ Eigenkapitalquote = Eigenkapital / Gesamtkapital

Die **Immateriellen Vermögensgegenstände und Sachanlagen** erhöhten sich im Vergleich zum Vorjahr um 596 t€. Den Investitionen in Höhe von 1.856 t€ stehen Abschreibungen in Höhe von 1.221 t€ gegenüber. Die wesentlichen Veränderungen betreffen Zu- und Abgänge im Fuhrpark und bei EDV-Anlagen.

Die **Anteile an verbundenen Unternehmen** sind im Vergleich zum Vorjahr unverändert.

Andere Finanzanlagen beinhalten Ausleihungen an verbundene Unternehmen und blieben im Geschäftsjahr 2018|19 unverändert, analog zu den Verbindlichkeiten gegenüber Kreditinstituten.

Die **Eigenkapitalquote** von 91,4 % (Vorjahr: 91,1 %) zeigt eine stabile und solide Eigenkapitalausstattung und Bilanzstruktur der Gesellschaft.

Cashflow

		2018/19	2017/18	Veränderung in %
Cashflow aus laufenden Geschäftstätigkeit	t€	65.593	83.785	-21,7%
Cashflow aus Investitionstätigkeit	t€	-1.798	82.169	-102,2%
Cashflow aus Finanzierungstätigkeit	t€	-70.301	-145.989	51,8%
Veränderung der flüssigen Mittel	t€	-6.506	19.965	-132,6%
Bestand an flüssigen Mittel ¹	t€	256.250	262.756	-2,5%

¹ einschließlich Forderungen gegenüber dem Konzern-Cash-Pooling mit AGRANA Group-Services GmbH
2018/19: t€ 256.217 ; 2017/18: t€ 262.711

Der Cash-Flow aus der **Investitionstätigkeit** veränderte sich um 83.967 t€ auf -1.798 t€. Im Geschäftsjahr 2018|19 ist der negative Cashflow grundsätzlich durch Investitionen im Anlagenvermögen bedingt.

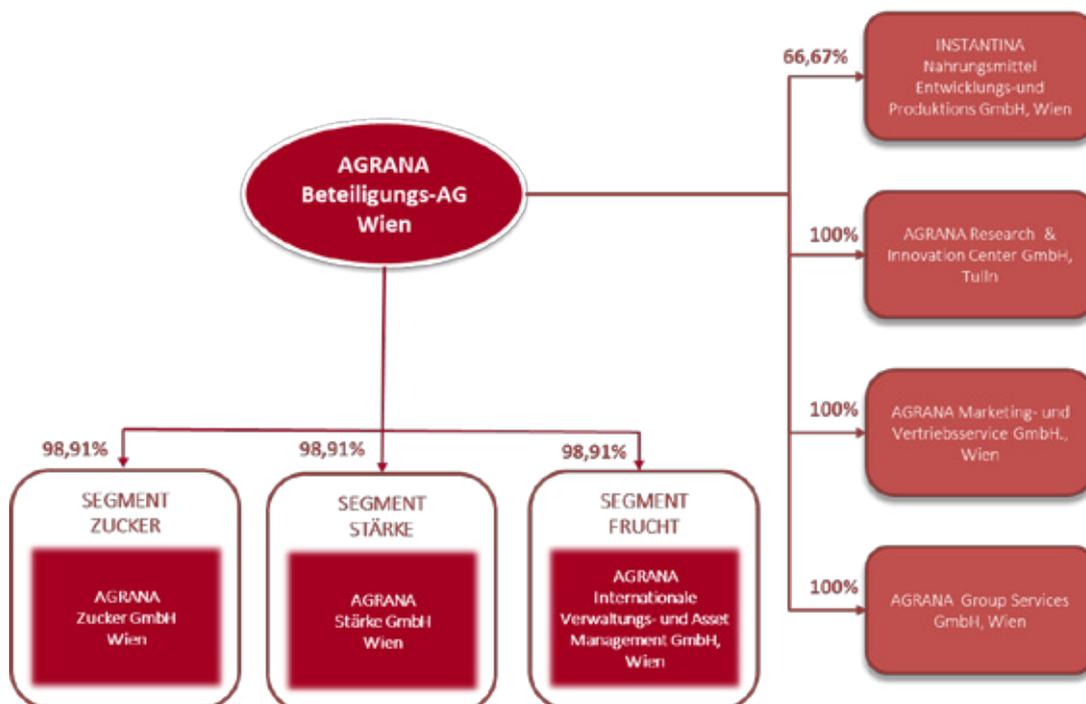
Der Cashflow aus der **Finanzierungstätigkeit** resultiert aus der Dividendenauszahlung von rd. 70.300 t€ (VJ: 62.489 t€). Im Vorjahr erfolgte noch die Tilgung von Teilverbindlichkeiten zum Schuldscheindarlehen in Höhe von 83.500 t€.

BETEILIGUNGEN DER AGRANA BETEILIGUNGS- AKTIENGESELLSCHAFT

Die Segmente der AGRANA-Gruppe spiegeln sich in der AGRANA Beteiligungs-Aktiengesellschaft im Finanzanlagevermögen unter den Beteiligungen wider.

Die weiteren Beteiligungen der AGRANA-Beteiligungs-Aktiengesellschaft werden bis auf die INSTANTINA Nahrungsmittel Entwicklungs- und Produktions GmbH zu 100 % gehalten. Die restlichen Anteile auf 100 % (33,33 %) der INSTANTINA Nahrungsmittel Entwicklungs- und Produktions GmbH werden von der KRÜGER Gesellschaft m.b.H. & Co. KG, Deutschland gehalten.

Die restlichen Anteile auf 100 % der einzelnen „Segment-Gesellschaften“ werden von der Tochtergesellschaft AGRANA Marketing- und Vertriebsservice Gesellschaft m.b.H. gehalten.



AGRANA Zucker GmbH

Die AGRANA Zucker GmbH, Wien, ist als Dachgesellschaft für die Zuckeraktivitäten des Konzerns operativ in Österreich tätig und fungiert gleichzeitig als Holding für die Zucker-Beteiligungen in Ungarn, Tschechien, der Slowakei, Rumänien, Bulgarien und Bosnien und Herzegowina. Dem Segment Zucker werden weiters die INSTANTINA Nahrungsmittel Entwicklungs- und Produktions GmbH, Wien, die AGRANA Research & Innovation Center GmbH, Wien, die Österreichische Rübensamenzucht GmbH, Wien, sowie die AGRANA Beteiligungs-AG, Wien, als Gruppen-Holding zugerechnet.

Geschäftsentwicklung

SEGMENT ZUCKER

		Veränderung		
		2018 19	2017 18	in % / pp
Umsatzerlöse (brutto)	t€	561.424	730.378	-23,13%
Umsätze zwischen den Segmenten	t€	-60.207	-77.818	22,63%
Umsatzerlöse	t€	501.217	652.560	-23,19%
EBITDA ¹	t€	-33.687	64.455	-152,26%
Operatives Ergebnis	t€	-61.192	38.762	-257,87%
Ergebnis aus nach der Equity-Methode einbezogenen Gemeinschaftsunternehmen	t€	-3.964	-1.091	-263,34%
Ergebnis aus Sondereinflüssen	t€	3.294	-2.912	213,12%
Ergebnis der Betriebstätigkeit (EBIT)	t€	-61.862	34.759	-277,97%
EBIT - Marge	%	-12,3	5,3	-17,6 pp
Investitionen ²	t€	30.549	32.084	-4,78%
Mitarbeiter ³		2.064	2.109	-2,13%

¹ Operatives Ergebnis vor operativen Abschreibungen

² In Sachanlagen und immaterielle Vermögenswerte, ausgenommen Geschäfts-/Firmenwerte

³ Durchschnittlich im Geschäftsjahr beschäftigte Vollzeitäquivalente (FTEs - Full-time equivalents)

Der Absatz der Zuckerprodukte im Geschäftsjahr 2018|19 lag unter dem Vorjahresniveau, wobei sich die jeweiligen Märkte unterschiedlich entwickelten. Während die Verkäufe an die Retail- und auch an die Industriekunden in den Heimatmärkten im Plus lagen, gingen die Exportvolumina und die Absätze an die Nicht-Lebensmittelindustrie zurück.

Der Zuckerumsatz lag auch aufgrund der im Jahresdurchschnitt niedrigeren Verkaufspreise unter dem Niveau des Vorjahres. Die Verkaufspreisreduktion war in allen Marktsegmenten spürbar. Im vierten Quartal des Geschäftsjahres konnte ein Abbremsen der Preisrückgänge im Jahresvergleich in allen Bereichen verzeichnet werden.

Die negative Ergebnisentwicklung war im Wesentlichen durch gesunkene Zuckerverkaufspreise im Vergleich zur Vorjahresperiode verursacht.

Das Ergebnis der Gemeinschaftsunternehmen der AGRANA-STUDEN-Gruppe das nach der Equity-Methode in den Konzernabschluss einbezogen wird, wirkte sich 2018|19 negativ auf das EBIT des Segmentes Zucker aus. Die Verschlechterung des Ergebnisbeitrages um 2,9 Mio. € ist v.a. auf den Rückgang der Zuckerverkaufspreise und der abgesetzten Mengen sowie einen verstärkten Wettbewerb aus Serbien und der EU zurückzuführen. In Relation zum Verkaufspreisniveau in Europa waren

die Rohzuckerpreise am Weltmarkt sehr hoch, was zu einer im Vergleich zum Vorjahr geringeren Raffination und in der Folge Leerkosten führte.

Das im Geschäftsjahr 2018|19 ausgewiesene Ergebnis aus Sondereinflüssen in Höhe von 3,3 Mio. € setzte sich im Wesentlichen aus Steuerrückzahlungen in Rumänien (+5,5 Mio. €) und Restrukturierungsaufwendungen (-1,8 Mio. €) zusammen. Im Vorjahr resultierte das negative Ergebnis aus Sondereinflüssen in Höhe von 2,9 Mio. € im Wesentlichen aus Kosten für Restrukturierungsmaßnahmen in Höhe von 4,1 Mio. €, welchen außerordentliche Erträge aus der Rückzahlung der zu hoch erhobenen Zuckerproduktionsabgabe in den Zuckerwirtschaftsjahren 1999|00 und 2000|01 (+1,9 Mio. €) gegenüberstanden.

AGRANA Stärke GmbH

Das Segment Stärke umfasst die beiden vollkonsolidierten Gesellschaften AGRANA Stärke GmbH, Wien, mit den drei österreichischen Fabriken in Aschach (Maisstärke), Gmünd (Kartoffelstärke) und Pischelsdorf (integrierte Weizenstärke- und Bioethanolanlage) sowie die AGRANA TANDAREI S.r.l. mit einem Werk in Rumänien (Maisverarbeitung). Zudem führt und koordiniert die AGRANA Stärke GmbH gemeinsam mit dem Joint Venture-Partner Archer Daniels Midland Company, Chicago|USA, die Gemeinschaftsunternehmen der HUNGRANA-Gruppe (ein Werk in Ungarn; Herstellung von Stärke-, Verzuckerungsprodukten und Bioethanol), die nach der Equity-Methode in den Konzernabschluss einbezogen werden.

Geschäftsentwicklung

SEGMENT STÄRKE

		Veränderung		
		2018 19	2017 18	in % / pp
Umsatzerlöse (brutto)	t€	772.579	762.308	1,3%
Umsätze zwischen den Segmenten	t€	-9.898	-9.993	1,0%
Umsatzerlöse	t€	762.681	752.315	1,4%
EBITDA ¹	t€	66.459	76.486	-13,1%
Operatives Ergebnis	t€	35.029	49.744	-29,6%
Ergebnis aus nach der Equity-Methode einbezogenen Gemeinschaftsunternehmen	t€	16.186	30.486	-46,9%
Ergebnis der Betriebstätigkeit (EBIT)	t€	51.215	80.230	-36,2%
EBIT - Marge	%	6,7	10,7	-4,0 pp
Investitionen ²	t€	97.011	59.427	63,2%
Mitarbeiter ³		1.025	959	6,9%

¹ Operatives Ergebnis vor Abschreibungen

² In Sachanlagen und immaterielle Vermögenswerte, ausgenommen Geschäfts-/Firmenwerte

³ Durchschnittlich im Geschäftsjahr beschäftigte Vollzeitäquivalente (FTEs - Full-time equivalents)

Im Segment Stärke stieg der Umsatz im Geschäftsjahr 2018|19 leicht gegenüber dem Vorjahr. Die Umsatzentwicklung bei den Hauptprodukten blieb insgesamt stabil. Umsatzzuwächse bei nativen und modifizierten Stärken und Spezialitäten glichen mengen- und preisbedingte Umsatzrückgänge bei Verzuckerungsprodukten und preisbedingte Rückgänge bei Bioethanol aus. Die Umsatzerlöse bei den Nebenprodukten stiegen im Vergleich zum Vorjahr moderat. Die Absatzmenge ging insgesamt um knapp 4 % gegenüber dem Vorjahr zurück, was ausschließlich auf ein geringeres Handelsvolu-

men zurückzuführen war. Die Absatzmengen aus Eigenfertigung waren im Vergleich zum Vorjahr gleichbleibend und alle Anlagen waren trotz laufender Bauarbeiten im Zuge der Investitionsprojekte in allen drei Werken auf hohem Niveau ausgelastet.

Die Marktpreise für native Stärken waren im Geschäftsjahr 2018|19 stabil. Das als Folge der Liberalisierung des europäischen Zuckermarktes niedrigere europäische Zuckerpreisniveau erreichte im Geschäftsjahr 2018|19 neue Tiefpunkte. Damit standen auch die stärkebasierten Verzuckerungsprodukte unverändert unter hohem Preisdruck. Bei Bioethanol waren die Platts-Notierungen hoch volatil und lagen mit 502 € pro m³ im Jahresdurchschnitt um 20 € pro m³ unter dem Vorjahr.

Im Berichtsjahr führte die Trockenheit in Europa zu Ernteausfällen, insbesondere bei Weizen, was zu einem Anstieg der Getreidepreise für die Ernte 2018 führte. Betroffen von den Wetterbedingungen war auch die Transportwirtschaft. Auf den Niedrigwasser führenden Flüssen konnten nur geringere Frachtleistungen mit erhöhten Kosten durchgeführt werden. Die Energiekosten stiegen deutlich, insbesondere für elektrischen Strom. In Folge der großen Ausbauprojekte im Segment erhöhten sich die Personalkosten und Abschreibungen gegenüber dem Vorjahr deutlich. Insgesamt ging im Berichtsjahr das EBITDA um 13,1 % oder 10,0 Mio. € auf 66,5 Mio. € zurück. Das operative Ergebnis lag mit 35,0 Mio. € um 29,6 % oder 14,7 Mio. € unter dem Vorjahreswert.

Im Geschäftsjahr 2018|19 sank der Umsatz der ungarischen HUNGRANA-Gruppe um rund 12 %. Das schwierige Marktumfeld führte bei Verzuckerungsprodukten zu deutlichen Absatz- und Preisrückgängen, v.a. bei Isoglukose. Trotz stabiler Verkaufsmengen bei den übrigen Produkten musste die Vermahlungsleistung um etwa 6 % zurückgenommen werden. Preissteigerungen bei Rohstoffen und Energie konnten nicht in den Markt weitergegeben werden. Im Berichtsjahr erzielte die HUNGRANA-Gruppe ein EBIT von 38,7 Mio. € (Vorjahr: 70,9 Mio. €). Das PAT betrug 32,4 Mio. €, womit der Ergebnisbeitrag für das Segment Stärke mit 16,2 Mio.€ um 46,9 % oder 14,3 Mio. € unter dem Vorjahreswert lag.

AGRANA Internationale Verwaltungs- und Asset-Management GmbH

Die AGRANA Internationale Verwaltungs- und Asset-Management GmbH, Wien, ist die Dachgesellschaft für das Segment Frucht. Die Koordination und operative Führung für den Bereich Fruchtzubereitungen erfolgt durch die Holdinggesellschaft AGRANA Fruit S.A.S. mit Firmensitz in Mitry-Mory|Frankreich. Im Bereich Fruchtsaftkonzentrate operiert die AUSTRIA JUICE GmbH mit Sitz in Kröllendorf/Allhartsberg|Österreich als operative Holding. Insgesamt sind dem Segment zum Bilanzstichtag 28 Produktionsstandorte in 21 Ländern für Fruchtzubereitungen und 15 Werke in sieben Ländern für die Herstellung von Apfel- und Beerensaftkonzentraten zuzurechnen.

Geschäftsentwicklung

SEGMENT FRUCHT

		2018 19	2017/18	Veränderung in % / pp
Umsatzerlöse (brutto)	t€	1.179.603	1.161.898	1,5%
Umsätze zwischen den Segmenten	t€	-453	-456	-0,7%
Umsatzerlöse	t€	1.179.150	1.161.442	1,5%
EBITDA ¹	t€	114.966	113.218	1,5%
Operatives Ergebnis	t€	77.265	75.639	2,1%
Ergebnis der Betriebstätigkeit (EBIT)	t€	77.265	75.639	2,1%
EBIT - Marge	%	6,6	6,5	0,1 pp
Investitionen ²	t€	56.193	49.356	13,9%
Mitarbeiter ³		6.141	5.610	9,5%

¹ Operatives Ergebnis vor Abschreibungen

² In Sachanlagen und immaterielle Vermögenswerte, ausgenommen Geschäfts-/Firmenwerte

³ Durchschnittlich im Geschäftsjahr beschäftigte Vollzeitäquivalente (FTEs - Full-time equivalents)

Der Umsatz im Geschäftsbereich Fruchtzubereitungen stieg währungsbereinigt um knapp 1 %, was v.a. auf eine gestiegene Verkaufsmenge zurückzuführen war.

Umsatzsteigerungen gab es in allen AGRANA-Regionen mit Ausnahme von Südamerika, Russland und der Dirafrost-Gruppe. In der Region Indien, Mittlerer Osten und Afrika (IMEA) gab es mit Zuwächsen in Südafrika, Indien und durch den Erwerb von Elafruits in Algerien prozentuell die größte Steigerung. Die Ukraine konnte ebenfalls eine deutliche Umsatzsteigerung im Vergleich zum Vorjahr erzielen. Auch in der EU, als umsatzmäßig bedeutendste Region, konnten trotz des rückläufigen Marktes höhere Absätze verbucht werden. Negativ beeinflussten den Umsatzerlösanstieg Fremdwährungseffekte in einzelnen Ländern; am stärksten in Argentinien, in der Türkei, in Russland, Australien und in Mexiko.

Die Diversifizierung in Richtung Fruchtzubereitungen für Food-Service-, Backwaren- und Eiscreme-Kunden wurde weiter forciert und die Absatzmengen konnten in diesen Bereichen gesteigert werden.

AGRANA verbesserte durch Marktanteilsgewinne im Einklang mit den globalen Großkunden ihre Marktposition; langfristige Kundenverträge sichern hier diese positive Entwicklung ab. Des Weiteren

stellen die Non-Dairy-Produktbereiche (z.B. Fruchtzubereitungen für globale Convenience-Food-Ketten oder Eiscremekomponenten für globale Marken) nachhaltige Wachstumschancen für die Zukunft dar.

Ergebnismäßig verzeichnete der Bereich Fruchtzubereitungen einen Rückgang. Die Abweichung zum Vorjahr 2017|18 ergibt sich hauptsächlich aus negativen Währungsumrechnungseffekten sowie aus Sondereffekten wie dem Hochinflation-Accounting in Argentinien in diesem Geschäftsjahr. Die Regionen Europa, Nordamerika und Ukraine erzielten eine EBIT-Verbesserung, während v.a. in den Regionen Südamerika, Asien und Mexiko schwächere Ergebnisse zu verzeichnen waren.

Das AGRANA Fruit-EBIT 2018|19 beinhaltet erstmalig auch die Akquisition von Elafruits in Algerien. Gegen Ende des Geschäftsjahres 2018|19 wurde der Bau des neuen Werkes in Changzhou bei Shanghai in China fertiggestellt. Die industrielle Produktion startete dort im März 2019.

Die Umsatzerlöse im Bereich Fruchtsaftkonzentrate lagen im Geschäftsjahr 2018|19 leicht über dem Vorjahreswert. Dies war auf die hohen Konzentratpreise aus der Ernte 2017 sowie die guten Absätze aus der Kampagne 2018 zurückzuführen. AUSTRIA JUICE ist global tätig, wobei die EU den Kernabsatzmarkt darstellt. Weitere wesentliche Absatzmärkte sind Nordamerika, Russland sowie der Mittlere und Ferne Osten. Das im chinesischen Werk hergestellte Apfelsaftkonzentrat wird v.a. nach Japan, USA, Russland und Australien, aber auch nach Europa vermarktet.

In der Apfelkampagne 2018 verzeichnete AUSTRIA JUICE eine ausgezeichnete Rohstoffverfügbarkeit in den europäischen Hauptanbauländern bei deutlich reduzierten Preisen im Vergleich zur Kampagne 2017.

Das deutlich über dem Vorjahr liegende EBIT im Fruchtsaftkonzentratgeschäft ist Resultat der verbesserten Margen- und Absatzsituation sowie der hohen Kapazitätsauslastung der Werke in der Verarbeitungssaison 2018.

INSTANTINA Nahrungsmittel Entwicklungs- und Produktions Gesellschaft m.b.H.

Die INSTANTINA Nahrungsmittel Entwicklungs- und Produktions Gesellschaft m.b.H. ist auf die Entwicklung und Produktion von Instantprodukten spezialisiert und ist dem Segment Zucker zugeordnet.

AGRANA Research & Innovation Center GmbH

Bei der AGRANA Research & Innovation Center GmbH, Tulln (vormals Zuckerforschung Tulln Ges.m.b.H.) werden schwerpunktmäßig die Forschungs- und Entwicklungsaktivitäten für Zucker und Stärke der AGRANA-Gruppe gebündelt.

AGRANA Marketing- und Vertriebsservice Gesellschaft m.b.H.

Die AGRANA Marketing- und Vertriebsservice Gesellschaft m.b.H. fungiert als Holding Gesellschaft und hält neben der AGRANA Beteiligungs-Aktiengesellschaft die Anteile an AGRANA Zucker GmbH, AGRANA Stärke GmbH und AGRANA Internationale Verwaltungs- und Asset-Management GmbH.

AGRANA Group Services GmbH

Die AGRANA Group Services GmbH erfüllt im Konzern die Finanzierungsfunktion und betreibt das Cash-Pooling. Sie ist, wie die Holding, dem Segment Zucker zugeordnet.

UMWELT UND NACHHALTIGKEIT

AGRANAs Nachhaltigkeitsverständnis

AGRANA, als industrieller Veredler agrarischer Rohstoffe, versteht im Rahmen ihrer Geschäftstätigkeit unter Nachhaltigkeit die Balance zwischen Ökonomie, Ökologie und Sozialem. Dieses Verständnis von Nachhaltigkeit ist im Rahmen von drei Leitsätzen, die Management und allen Mitarbeitern als praktische und leicht verständliche Anleitung zu täglich nachhaltigem Handeln dienen, zusammengefasst:

Wir bei AGRANA...

- verwerten annähernd 100 % der eingesetzten Rohstoffe und nutzen emissionsarme Technologien, um Auswirkungen auf die Umwelt zu minimieren,
- achten alle unsere Stakeholder und die Gesellschaften, in denen wir tätig sind,
- leben langfristige Partnerschaften mit Lieferanten und Kunden.

AGRANA entwickelte ihr Nachhaltigkeitsverständnis auf Basis der regelmäßigen Interaktion mit ihren Stakeholder-Gruppen.

AGRANA Nachhaltigkeitsaktivitäten im Geschäftsjahr 2018 | 19 und Ziele

Ihre Aktivitäten im Bereich Nachhaltigkeit sind in folgende Handlungsfelder entlang der Wertschöpfungskette gegliedert:

- Umwelt- und Sozialkriterien in der Beschaffung agrarischer Rohstoffe und Vorprodukte
- Umwelt- und Energieaspekte in der AGRANA-Produktion
- Arbeitsbedingungen und Menschenrechte in Bezug auf AGRANA-Mitarbeiter
- Produktverantwortung und nachhaltige Produkte
- Gesetzes- und Regelkonformität sowie Geschäftsgebarung
- Gesellschaftliches Engagement

Um Nachhaltigkeitsaspekte in der agrarischen Lieferkette unabhängig vom Beschaffungsmodell strukturiert bearbeiten und v.a. dokumentieren zu können, ist die AGRANA Beteiligungs-AG bereits seit Juli 2014 aktives Mitglied bei SAI, einer im Jahr 2002 gegründeten Brancheninitiative der Lebensmittelindustrie, und nimmt mit ihren Segmenten Zucker, Stärke und Frucht an allen für ihre Rohstoffe relevanten Arbeitsgruppen und Komitees teil.

SAI bietet industriellen Veredlern landwirtschaftlicher Rohstoffe wie AGRANA mehrere hilfreiche Instrumente v.a. zur Evaluierung und Dokumentation der Einhaltung guter Umwelt- und Sozialkriterien in der agrarischen Lieferkette bzw. zum Vergleich der Wertigkeit unterschiedlicher Nachweise bzw. internationaler Zertifizierungen an.

Im Geschäftsjahr 2017|18 wurden die Energiemanagementsysteme der bereits im Jahr 2014|15 nach ISO 50001 zertifizierten Produktionsstandorte des Segmentes Zucker rezertifiziert, womit 100 % aller Produktionsstandorte in den GRI-Berichtsgrenzen über eine aktuelle Zertifizierung verfügen.

Externe Zertifizierungen im Lebensmittel- und Futtermittelbereich

Die Prinzipien der internationalen Norm für Qualitätsmanagementsysteme ISO 9001 bilden die Basis des AGRANA-Qualitätsmanagementsystems. Ergänzt wird das System durch zahlreiche Zertifizierungen für Lebensmittelsicherheit und Produktschutz. Die weltweit wichtigsten Standards in diesem Bereich bei AGRANA sind FSSC 22000 (Food Safety System Certification), ISO 22000 und IFS (International Food Standard). Je nach Land oder Region sowie Kundennachfrage werden noch zusätzli-

che Zertifizierungen wie Bio, gentechnikfrei, Kosher (nach jüdischen Speisegesetzen) und Halal (nach islamischen Speisegesetzen) angeboten. Die wesentlichen Standards für Futtermittelsicherheit sind der GMP Feed- und der EFISC Feed-Standard. Insgesamt verfügten im Geschäftsjahr 2018|19 100% der Produktionsstandorte über mindestens eine dieser bzw. die jeweils lokal relevanten internationalen Zertifizierungen.

AGRANA Beteiligungs-AG ist seit 2009 Mitglied bei der Supplier Ethical Exchange Database (SEDEX), einer Vereinigung mit 36.000 Mitgliedsunternehmen weltweit, welche das Ziel hat nachhaltige Sozial- und Umweltpraktiken entlang der Wertschöpfungskette zu fördern. Alle AGRANA-Produktionsstandorte nehmen jährlich ein SEDEX Self-Assessment, welches v.a. auf Arbeitsbedingungen, -sicherheit und Menschenrechte (inkl. Fragen zu Kinder- und Zwangsarbeit) abzielt, vor.

Seit 2010 ist die AGRANA Beteiligungs-AG Mitglied des Vereins ARGE Gentechnik-frei, welcher das Ziel hat verlässliche Rahmenbedingungen für Produktion, Kennzeichnung und Kontrolle von Gentechnik-freien Lebensmitteln zu schaffen.

FORSCHUNG UND ENTWICKLUNG

In einem hochkompetitiven Marktumfeld ist es für AGRANA von zentraler Bedeutung, Markttrends zu erkennen, durch Produktinnovationen die Bedürfnisse der Märkte zu erfüllen und maßgeschneiderte Kundenlösungen zu entwickeln. In enger Partnerschaft mit ihren Kunden arbeitet AGRANAs Forschung und Entwicklung (F&E) laufend an neuen Technologien, Spezialprodukten und innovativen Anwendungsmöglichkeiten bestehender Produkte und unterstützt somit ihre auf nachhaltigen Erfolg ausgelegte Unternehmensstrategie.

Das AGRANA Research & Innovation Center (ARIC) in Tulln|Österreich ist neben 18 lokalen NPD²-Centern der zentrale Forschungs- und Entwicklungshub des Konzerns für die Bereiche Zucker, Stärke und Frucht. Das ARIC ist als eigenständiges Unternehmen in der AGRANA-Gruppe organisiert und eine 100%-Tochter der AGRANA Beteiligungs-AG, deren Ziel es ist, innovative Produkte aus den Rohstoffen Zuckerrübe, Kartoffel, Mais, Wachsmais, Weizen und aus Früchten zu entwickeln. Das ARIC ist national und international als Inhouse-F&E-Dienstleister und -Serviceanbieter in den Bereichen Zuckertechnologie, Lebensmitteltechnologie, Stärketechnologie, Mikrobiologie, Biotechnologie und Fruchtzubereitungsentwicklung tätig. Weiters bietet die Forschungsstätte ihr spezielles F&E-Know-how auch Dritten an und fungiert als staatlich akkreditiertes Labor für die Qualitätsprüfung von Zuckerrüben. Zum Ende des Berichtsjahres 2018|19 hat AGRANA mit der neuen ARIC-Abteilung „Agricultural Research“ ihre Anstrengungen in der landwirtschaftlichen Forschung verstärkt.

Die Zusammenarbeit von F&E-Spezialisten aus unterschiedlichen Bereichen (Zucker, Stärke und Frucht) unter einem Dach ermöglicht nicht nur verwaltungstechnische Synergieeffekte, sondern fördert auch den Austausch unterschiedlicher Forschergruppen, insbesondere zu bereichsübergreifenden Themen. Durch die sich ergänzenden Erfahrungen ergeben sich Vorteile bei segmentübergreifenden Forschungsschwerpunkten wie z.B. Technologien, Verdicker und Aromen, Mikrobiologie, Produktqualität und -sicherheit sowie Bio-Produkte.

² New Product Development

F&E-Kennzahlen

	2018 19	2017 18
F&E-Aufwendungen (intern und extern) (Mio. €)	18,8	17,0
F&E-Quote ¹ (%)	0,77	0,66
Mitarbeiter in F&E (Köpfe)	272	251

¹ F&E-Aufwendungen gemessen am Konzernumsatz

PERSONAL- UND SOZIALBERICHT

Die gesamte AGRANA-Gruppe beschäftigte im Geschäftsjahr 2018|19 durchschnittlich 9.242 Mitarbeiter (Vorjahr: 8.730) (Köpfe), davon 2.358 (Vorjahr: 2.251) in Österreich und 6.884 (Vorjahr: 6.479) international.

Im Geschäftsjahr 2018|19 waren im AGRANA-Konzern durchschnittlich 9.230 FTEs (Vorjahr: 8.678 Mitarbeiter) beschäftigt. Die Erhöhung des Personalstandes war v.a. auf einen höheren Bedarf an Saisonarbeitskräften im Segment Frucht sowie auf den Ausbau des Stärke-Produktionsstandortes Aschach|Österreich zurückzuführen.

Die Implementierung eines globalen Personalmanagementsystems wurde im Geschäftsjahr 2018|19 weiter vorangetrieben. Durch dieses System soll die Effizienz der Personalprozesse verbessert, Transparenz geschaffen sowie die Datensicherheit erhöht werden.

Die Förderung und Anerkennung von Leistung ist ein wichtiger Bestandteil der Personalstrategie und stellt einen Beitrag zum Unternehmenserfolg dar. Um die strategischen und operativen Ziele des Unternehmens zu erreichen, kommt bei AGRANA für das Management ein konzernweit implementiertes Performance-Management-System zum Einsatz. Neben Finanz- und Ertragszielen umfasst die variable Vergütung auch individuelle Zielvereinbarungen, um herausragende individuelle Leistungen zu honorieren und zu fördern. Im Geschäftsjahr 2018|19 nahmen 8,8 % (Vorjahr: 8,5 %) aller Beschäftigten an diesem erfolgsorientierten Entlohnungssystem teil.

Die Schwerpunkte im Bereich Aus- und Weiterbildung lagen im Geschäftsjahr 2018|19 wieder in der Führungskräfteentwicklung sowie in der Entwicklung von Fachexpertentrainings einzelner ausgewählter Funktionsbereiche. Das Angebot und die Durchführung von verschiedenen Sprachkursen runden das Weiterbildungsprogramm von AGRANA ab. AGRANA bot im Geschäftsjahr 2018|19 Lehrlingen eine Ausbildungsmöglichkeit – u.a. als Maschinenbautechniker, Elektrotechniker, Elektrobetriebs- und Prozessleittechniker, Metalltechniker, Chemielabortechniker, Lebensmitteltechniker, Mechatroniker, Industriekaufrau/-mann sowie als Informationstechnologietechniker an.

Im Geschäftsjahr 2018|19 wurden 30 Mitarbeiter und Führungskräfte aus dem Konzern für das bereits zum sechsten Mal stattfindende internationale Nachwuchsführungskräfteprogramm AGRANA Competencies Training (ACT) ausgewählt. Es richtet sich an Kollegen, denen hohes Potenzial, ausgezeichnete Leistungen und überdurchschnittlicher Leistungswille attestiert werden. Der Auftakt zum ACT-Programm erfolgte im Jänner 2019 mittels eines AGRANA Development Centers.

Um neuen Mitarbeitern einen Überblick über die gesamte AGRANA-Gruppe und auch den eigenen Arbeitsbereich zu geben, werden laufend konzernweite On-Boarding-Programme und Welcome-Days angeboten. Des Weiteren profitieren Mitarbeiter von diversen Weiterbildungsmaßnahmen, wie dem regelmäßig stattfindenden INCA-Meeting (International Communication at AGRANA) und dem „AGRANA Development Programm“ (ADP).

Die konzernweiten externen Aus- und Weiterbildungskosten beliefen sich im Geschäftsjahr 2018|19 auf rund 3 Mio. € (Vorjahr: 2,9 Mio. €), was 1,2 % (Vorjahr: 1,2%) der Lohn- und Gehaltssumme entspricht.

Arbeitssicherheit und Gesundheit

Arbeitssicherheit ist AGRANA als industriellem Produktionsunternehmen ein besonderes Anliegen. Zur besseren Vergleichbarkeit und Analyse von Arbeitsunfällen sowie zur Umsetzung von Verbesserungsmaßnahmen erhebt AGRANA weltweit einheitlich definierte Kennzahlen zur Arbeitssicherheit und Gesundheit.

Vereinbarkeit von Beruf und Familie

Die Vereinbarkeit von Beruf und Familie ist für AGRANA im Rahmen des sozialen Bewusstseins und der Nachhaltigkeit ein wichtiger Bestandteil der Personalstrategie.

Aus diesem Grund ist AGRANA auch im Frühjahr 2016 dem vom Bundesministerium für Familien und Jugend initiierten österreichischen Netzwerk „Unternehmen für Familien“ beigetreten.

Konzernweit spiegelt sich dies in mehreren Initiativen und Angeboten für die Mitarbeiter wider. Telearbeit, Förderung bzw. auch das Angebot von Kinderbetreuung (inklusive spezieller Angebote in den Ferien), variable Arbeitszeit und auch ein Eltern-Kind-Büro am Standort in Wien sind Bestandteile davon. Weiters werden auch Veranstaltungen, gemeinsame Essen und Sportaktivitäten unter Einbindung der Familien veranstaltet.

RISIKOMANAGEMENT UND INTERNES KONTROLLSYSTEM

Der Vorstand der AGRANA-Gruppe ist sich der Bedeutung eines aktiven Risikomanagements bewusst. Dieses verfolgt das grundsätzliche Ziel, Chancen- und Risikopotenziale ehestmöglich zu erkennen und geeignete Maßnahmen zur Erhaltung der Ertragskraft sowie zur Sicherung des Fortbestandes der Unternehmensgruppe zu setzen.

Die AGRANA-Gruppe bedient sich integrierter Kontroll- und Berichtssysteme, die eine regelmäßige, konzernweite Einschätzung der Risikosituation ermöglichen. Im Rahmen der Früherkennung und Überwachung von konzernrelevanten Risiken wurden *zwei* einander ergänzende Steuerungsinstrumente implementiert:

Ein konzernweites *operatives* Planungs- und Berichtssystem bildet die Basis für die monatliche Berichterstattung an die zuständigen Entscheidungsträger. Im Rahmen dieses Reporting-Prozesses wird für die Gruppe und für jedes Segment ein separater Risikobericht erstellt. Der Fokus liegt dabei auf der Ermittlung von Sensitivitäten in Bezug auf sich verändernde Marktpreise für das gegenwärtige und folgende Geschäftsjahr. Die einzelnen Risikoparameter werden laufend der aktuellen Planung bzw. dem aktuellen Forecast gegenübergestellt, um die Auswirkungen auf das operative Ergebnis berechnen zu können. Neben der laufenden Berichterstattung diskutieren die Verantwortlichen aus den Geschäftsbereichen regelmäßig direkt mit dem Vorstand über die wirtschaftliche Situation sowie den Einsatz risikoreduzierender Maßnahmen.

Das *strategische* Risikomanagement verfolgt die Zielsetzung, wesentliche Einzelrisiken hinsichtlich ihrer Auswirkungen auf das Chancen- und Risikopotenzial zu identifizieren und zu bewerten. Zweimal jährlich werden die mittel- bis langfristigen Risiken in den einzelnen Geschäftsbereichen durch ein definiertes Risikomanagement-Team in Kooperation mit dem zentralen Risikomanagement analysiert. Der Prozess beinhaltet die Risikoidentifikation und deren Bewertung nach Eintrittswahrscheinlichkeit und möglichem Risiko-/Chancenpotenzial, die Definition von Frühwarnindikatoren sowie Maßnahmen zur Gegensteuerung. Zudem wird für das laufende Geschäftsjahr die aggregierte Risikoposition der AGRANA-Gruppe mittels einer im Risikomanagement üblichen Berechnung, der „Monte-Carlo-Simulation“, ermittelt. So kann beurteilt werden, ob ein Zusammenwirken oder die Kumulation von Einzelrisiken ein bestandsgefährdendes Risiko darstellen könnte. Die Ergebnisse werden an den Vorstand sowie den Prüfungsausschuss des Aufsichtsrates berichtet.

Für die Segmente der AGRANA-Gruppe wurden Risikomanagement-Verantwortliche definiert, die in Abstimmung mit dem Vorstand im Bedarfsfall Maßnahmen zur Schadensminimierung einleiten sollen.

Die Funktionsfähigkeit des Risikomanagements gemäß Regel 83 des Österreichischen Corporate Governance Kodex (ÖCGK) wird jährlich vom Wirtschaftsprüfer geprüft und als Ergebnis der Beurteilung ein abschließender Bericht über die Funktionsfähigkeit des unternehmensweiten Risikomanagements erstellt. Für die Überprüfung wurden die Empfehlungen des „Committee of Sponsoring Organizations of the Treadway Commission“ (COSO) als Referenzmodell herangezogen.

Risikopolitik

AGRANA sieht im verantwortungsvollen Umgang mit Chancen und Risiken eine wesentliche Grundlage für eine ziel- und wertorientierte sowie nachhaltige Unternehmensführung. Die Risikopolitik der Unternehmensgruppe zielt auf risikobewusstes Verhalten ab und sieht klare Verantwortlichkeiten, Unabhängigkeit im Risikomanagement und die Durchführung interner Kontrollen vor.

Risiken dürfen konzernweit nur dann eingegangen werden, wenn sie sich aus dem Kerngeschäft der AGRANA-Gruppe ergeben und nicht ökonomisch sinnvoll vermieden oder abgesichert werden können. Sie sind möglichst zu minimieren, wobei auf ein ausgewogenes Verhältnis von Risiko und Chance Bedacht zu nehmen ist. Das Eingehen von Risiken außerhalb des operativen Geschäftes ist ohne Ausnahmen verboten.

Die AGRANA Beteiligungs-AG ist für die konzernweite Koordinierung und Umsetzung der vom Vorstand festgelegten Maßnahmen zum Risikomanagement verantwortlich. Der Einsatz von Hedge-Instrumenten ist nur zur Absicherung von operativen Grundgeschäften und Finanzierungstätigkeiten, nicht jedoch zu Spekulationszwecken, erlaubt. Über den Bestand und die Werthaltigkeit von Hedge-Kontrakten wird regelmäßig an den Vorstand berichtet.

Wesentliche Risiken und Ungewissheiten

Die Unternehmensgruppe ist Risiken ausgesetzt, die sich sowohl aus dem operativen Geschäft als auch von nationalen und internationalen Rahmenbedingungen ableiten.

Operative Risiken

Beschaffungsrisiken

AGRANA ist auf ausreichende Verfügbarkeit agrarischer Rohmaterialien in der benötigten Qualität angewiesen. Neben einer möglichen Unterversorgung mit geeigneten Rohstoffen stellen deren Preisschwankungen, wenn sie nicht oder nicht ausreichend an die Abnehmer weitergegeben werden können, ein Risiko dar. Wesentliche Treiber für Verfügbarkeit, Qualität und Preis sind wetterbedingte Gegebenheiten in den Anbaugebieten, die Wettbewerbssituation, regulatorische und gesetzliche Regelungen sowie die Veränderung der Wechselkurse relevanter Währungen.

Produktqualität und -sicherheit

AGRANA sieht in der Produktion und im Vertrieb von qualitativ hochwertigen und sicheren Produkten eine Grundvoraussetzung für langfristig wirtschaftlichen Erfolg. Das Unternehmen verfügt über ein streng ausgelegtes und laufend weiterentwickeltes Qualitätsmanagement, das den Anforderungen der relevanten lebensmittelrechtlichen Standards und den kundenseitig festgelegten Kriterien entspricht und den gesamten Prozess von der Rohstoffbeschaffung über die Produktion bis zur Auslieferung der gefertigten Waren umfasst. Die Einhaltung der Qualitätsstandards wird regelmäßig durch interne und externe Audits verifiziert. Darüber hinaus sollen abgeschlossene Produkthaftpflichtversicherungen allfällige Restrisiken abdecken.

Markt- und Wettbewerbsrisiken

AGRANA steht im Rahmen ihrer globalen Tätigkeit im intensiven Wettbewerb mit regionalen wie auch überregionalen Mitbewerbern. Der Eintritt neuer Mitbewerber bzw. die Schaffung zusätzlicher Produktionskapazitäten bestehender Konkurrenten kann die Wettbewerbsintensität in Zukunft verstärken.

Die eigene Marktposition wird laufend beobachtet, sodass etwaig notwendige korrigierende Maßnahmen schnell eingeleitet werden können. Entsprechend der Nachfrage und auch aufgrund anderer Einflussfaktoren werden die Kapazitäten und die Kostenstrukturen zur Erhaltung der Wettbewerbsfähigkeit auf den Kernmärkten stetig angepasst. Das frühzeitige Erkennen von Änderungen des Nachfrage- und Konsumverhaltens basiert auf stetigen Analysen von Planabweichungen. In diesem Zusammenhang stehen auch neue technologische Entwicklungen und Produktionsprozesse am Markt unter Beobachtung, die in Zukunft zu einer teilweisen Rückwärtsintegration von Kunden in Kernbereiche einzelner Segmente der AGRANA-Gruppe führen können.

AGRANA tätigt zur Stärkung bzw. zum Ausbau bestehender Marktpositionen umfangreiche Investitionen in allen Segmenten. Darüber hinaus werden Investitionen in neue Märkte evaluiert und vorgenommen.

Die politisch noch instabile Situation zwischen Ukraine und Russland kann sich negativ auf das Marktumfeld im Segment Frucht auswirken. Aus derzeitiger Sicht verzeichnet die Region jedoch nach wie vor eine stabile Ertragslage.

IT-Risiken

AGRANA ist auf die Funktionstüchtigkeit einer komplexen IT-Technologie angewiesen. Die Nichtverfügbarkeit, Datenverlust oder –manipulation und die Verletzung der Vertraulichkeit bei kritischen IT-Systemen können beträchtliche Auswirkungen auf betriebliche Teilbereiche haben. Die allgemeine Entwicklung in Bezug auf externe Angriffe auf IT-Systeme verdeutlicht das Risiko, dass die AGRANA-Gruppe in Zukunft auch zunehmend solchen Risiken ausgesetzt ist/sein kann. Die Aufrechterhaltung der IT-Sicherheit wird durch qualifizierte interne und externe Experten und durch entsprechende organisatorische und technische Maßnahmen gewährleistet. Dazu zählen redundant ausgelegte IT-Systeme und Security Tools, die dem neuesten Stand der Technik entsprechen. Zusammen mit externen Partnern wurden Vorkehrungen getroffen, um möglichen Bedrohungen zu begegnen und potenziellen Schaden abzuwenden.

Regulatorische Risiken

Marktordnungsrisiken für Zucker

Im Rahmen des Risikomanagements werden bereits im Vorfeld mögliche Szenarien und ihre Auswirkungen analysiert und bewertet.

Zuckermarktordnung: Seit 1. Oktober 2017 gibt es keinen Rübenmindestpreis mehr und die Quotenregelung für Zucker und Isoglukose wurde aufgehoben. Beide Produkte können nun in der EU ohne quantitative Beschränkungen erzeugt und verkauft werden. Das Antizipieren der Beendigung der Quotenregelung im Herbst 2017 hat bereits im Vorfeld den europäischen Zuckermarkt durch eine Ausweitung der Anbauflächen im Zuckerwirtschaftsjahr (ZWJ) 2017|18 beeinflusst. Des Weiteren haben hohe Ernteerträge pro Hektar im ZWJ 2017|18 das Zuckerangebot im EU-Raum erhöht. Im ZWJ 2018|19 führte die Trockenheit und Hitzewelle in ganz Europa zu einer Verringerung des Angebotes.

Mit dem Auslaufen der Quotenregelung ist mit einer weiterhin hohen Rübenzuckerproduktion, speziell in Gunstlagen, zu rechnen. Es ist davon auszugehen, dass sich die europäischen Marktpreise stärker am Weltmarktniveau orientieren und somit auch hohe Schwankungsbreiten bei Zuckerpreisen möglich sind. Die neue Regelung der Zuckermarktordnung sieht auch keine Mindestpreise für Zuckerrüben vor. Die Rübenpreise werden jedoch weiterhin zwischen den Rübenproduzenten und der rübenverarbeitenden Industrie ausverhandelt. Die Reform der Zuckermarktordnung beinhaltet keine Veränderung im System der Importzölle für Zuckerimporte von außerhalb der EU sowie in der Behandlung von Importen aus LDC/ACP-Ländern (Least Developed Countries/African, Caribbean and Pacific Group of States) mit EU-Präferenzabkommen.

Freihandelsabkommen: Die derzeit verhandelten Freihandelsabkommen der EU könnten wirtschaftliche Auswirkungen auf AGRANA haben. AGRANA verfolgt die laufenden Verhandlungen und analysiert und bewertet die einzelnen Ergebnisse.

EU-Richtlinie für erneuerbare Energien

Die Trilog-Verhandlungen zur Neugestaltung der Erneuerbaren Energie Richtlinie (RED II – Renewable Energy Directive) ab 2020 zwischen EU-Kommission, EU-Rat und EU-Parlament wurden im Juni 2018 abgeschlossen. Am 21. Dezember 2018 wurde die Richtlinie veröffentlicht. Die EU-Mitgliedstaaten müssen die neue Richtlinie bis zum 30. Juni 2021 in nationales Recht umsetzen.

Diese sieht eine Untergrenze von 14 % erneuerbare Energie im Transportbereich bis zum Jahr 2030 vor. Der Anteil der getreidebasierten Biotreibstoffe wurde mit dem nationalen Beitrag im Jahr 2020, maximal jedoch 7 %, begrenzt. Weiters wurde ein Unterziel für sogenannte fortschrittliche Biokraftstoffe („2. Generation“) in Höhe von mindestens 3,5 % bis zum Jahr 2030 festgelegt. Die Rohstoffliste für die fortschrittlichen Biokraftstoffe wird in Anhang IX der Richtlinie festgelegt und kann durch die EU-Kommission ergänzt werden.

Biokraftstoffe aus sogenannten „High-ILUC-Risk“³-Rohstoffen werden mit dem Beitrag im Jahr 2019 gedeckelt und sollen stufenweise ab 2023 bis 2030 gänzlich auslaufen. Darunter fällt zum Beispiel Biodiesel aus Palmöl.

Rechtliche Risiken

AGRANA verfolgt Änderungen der rechtlichen Rahmenbedingungen, die eines ihrer Geschäftsfelder oder deren Mitarbeiter betreffen und allenfalls zu einer Risikosituation führen könnten, kontinuierlich und trifft gegebenenfalls notwendige Maßnahmen. Die unter besonderer Aufmerksamkeit stehenden Rechtsbereiche sind Kartell-, Lebensmittel- und Umweltrecht, neben Datenschutz, Geldwäschebestimmungen und Terrorismusfinanzierung. AGRANA hat für den Bereich Compliance, Personalrecht und allgemeine Rechtsbereiche eigene Stabsstellen.

Derzeit bestehen keine gerichtsanhängigen oder angedrohten zivilrechtlichen Klagen gegen Unternehmen der AGRANA-Gruppe, die eine materielle Auswirkung auf die Ertrags-, Finanz- und Vermögenslage haben könnten.

Wie in den Vorjahresberichten dargestellt, beantragte die österreichische Bundeswettbewerbsbehörde im Jahr 2010 ein Bußgeld im Rahmen eines Kartellverfahrens wegen des Verdachtes wettbewerbsbeschränkender Absprachen in Bezug auf Österreich gegen die AGRANA Zucker GmbH, Wien, und die Südzucker AG, Mannheim|Deutschland. Bis dato ist dazu keine Entscheidung des Kartellgerichtes ergangen. AGRANA hält die Beschuldigung sowie das beantragte Bußgeld weiterhin für unbegründet.

Finanzielle Risiken

AGRANA ist Risiken aus der Veränderung von Wechselkursen, Zinssätzen und Produktpreisen ausgesetzt. Darüber hinaus bestehen Risiken, die für den Konzern notwendigen Refinanzierungen zur Verfügung gestellt zu bekommen. Die Finanzierungssteuerung der Unternehmensgruppe erfolgt im Wesentlichen zentral durch die Treasury-Abteilung, die dem Vorstand laufend über die Entwicklung und Struktur der Nettofinanzschulden des Konzerns, die finanziellen Risiken und über den Umfang und das Ergebnis der getätigten Sicherungsgeschäfte berichtet.

Die AGRANA-Gruppe ist weltweit tätig und hat unterschiedliche Steuergesetzgebungen, Abgabenregularien sowie devisenrechtliche Bestimmungen zu beachten. Veränderungen von Bestimmungen

³ Hohes Risiko indirekter Landnutzungsänderung (Indirect Land Use Change).. Von ILUC wird gesprochen, wenn Pflanzen für Agro-Kraftstoffe zwar auf Flächen angebaut werden, die als nachhaltig zertifiziert sind, dabei aber den Anbau von Nahrungspflanzen auf Wald- oder Brachflächen verdrängen.

unterschiedlicher Gesetzgeber und deren Auslegung durch lokale Behörden können einen Einfluss auf den finanziellen Erfolg einzelner Konzerngesellschaften und in weiterer Folge auch auf den Konzern haben.

Zinsänderungsrisiken

Zinsänderungsrisiken ergeben sich durch Wertschwankungen von fix verzinsten Finanzinstrumenten infolge einer Änderung des Marktzinssatzes (zinsbedingtes Kursrisiko). Variabel verzinsliche Anlagen oder Kreditaufnahmen unterliegen dagegen keinem Wertrisiko, da der Zinssatz zeitnah der Marktzinslage angepasst wird. Durch die Schwankung des Marktzinsniveaus ergibt sich aber ein Risiko hinsichtlich der künftigen Zinszahlungen (zinsbedingtes Zahlungsstromrisiko). Dabei versucht AGRANA, Zinssicherungsinstrumente dem Finanzierungsbedarf und der Fristigkeit entsprechend einzusetzen. Im Rahmen der Umsetzung von IFRS 7 werden die bestehenden Zinsrisiken durch Berechnung des „Cash Flow at Risk“ bzw. der „Modified Duration“ ermittelt und im Konzernanhang detailliert dargestellt.

Währungsrisiken

Währungsrisiken können aus dem Einkauf von Waren und Verkauf von Produkten in Fremdwährungen sowie aufgrund von Finanzierungen, die nicht in der lokalen Währung erfolgen, entstehen. Für AGRANA sind v.a. die Kursrelationen von Euro zu US-Dollar, ungarischem Forint, polnischem Zloty, rumänischem Leu, ukrainischer Griwna, russischem Rubel, brasilianischem Real, mexikanischem Peso, argentinischem Peso und chinesischem Yuan von Relevanz.

Im Rahmen des Währungsmanagements ermittelt AGRANA monatlich pro Konzerngesellschaft das Netto-Fremdwährungsexposure, welches sich aus den Einkaufs-, Verkaufs- und Finanzmittelpositionen inklusive der im Bestand befindlichen Sicherungsgeschäfte ergibt. Zudem werden bereits kontrahierte, jedoch noch nicht erfüllte Einkaufs- und Verkaufskontrakte in Fremdwährungen berücksichtigt. Als Sicherungsinstrument setzt AGRANA vorrangig Devisentermingeschäfte ein, mit denen die in Fremdwährung anfallenden Zahlungsströme gegen Kursschwankungen abgesichert werden. In Ländern mit volatilen Währungen werden diese Risiken zusätzlich durch eine Verkürzung von Zahlungsfristen, eine Indizierung der Verkaufspreise zum Euro oder US-Dollar und analoge Sicherungsmechanismen weiter reduziert.

Das Währungsrisiko wird durch den „Value at Risk“-Ansatz ermittelt und im Konzernanhang dargestellt.

Liquiditätsrisiken

Das Bestreben der AGRANA-Gruppe ist darauf ausgerichtet, über ausreichend liquide Mittel zu verfügen, um jederzeit den fälligen Zahlungsverpflichtungen nachzukommen. Liquiditätsrisiken auf Einzelgesellschafts- oder Länderebene werden durch das einheitliche Berichtswesen frühzeitig erkannt, wodurch eventuelle Gegenmaßnahmen rechtzeitig eingeleitet werden können. Die Liquidität der AGRANA-Gruppe ist durch bilaterale und syndizierte Kreditlinien langfristig und ausreichend abgesichert.

Risiken aus Forderungsausfällen

Risiken aus Forderungsausfällen werden durch die bestehenden Warenkreditversicherungen, durch strikte Kreditlimits und laufende Überprüfungen der Kundenbonität minimiert. Das verbleibende Risiko wird durch Vorsorgen in angemessener Höhe abgedeckt.

Nicht-finanzielle Risiken

Die Unternehmensgruppe ist nicht-finanziellen bzw. nicht primär finanziellen Risiken ausgesetzt, die sich aus dem operativen Geschäft sowie aus nationalen und internationalen Rahmenbedingungen

ableiten. Im Zuge der Geschäftstätigkeit als weltweit tätiger Veredler agrarischer Rohstoffe stellen z.B. klimatische Veränderungen und deren Auswirkungen auf die Verfügbarkeit der Rohmaterialien potenzielle Risiken für AGRANA dar. Daneben ist AGRANA aufgrund der v.a. in den Geschäftssegmenten Zucker und Stärke energieintensiven Produktion Risiken durch die Energie- und Umweltgesetzgebungen in den verschiedenen Ländern ausgesetzt.

Gesamtrisiko

Die derzeitige Gesamtrisikoposition des Konzerns ist durch hohe Volatilitäten von Verkaufs- und Rohstoffpreisen gekennzeichnet. Aufgrund der anhaltend niedrigen Verkaufspreise für Zucker und Isoglukose, der volatilen Preisentwicklung bei Bioethanol und der schwankenden Kosten durch die hohe Rohstoffpreisvolatilität liegt die Gesamtrisikoposition des Konzerns über dem Durchschnitt der Vorjahre.

Es bestehen nach wie vor keine bestandsgefährdenden Risiken für die AGRANA-Gruppe bzw. sind solche auch gegenwertig nicht erkennbar.

BERICHTERSTATTUNG GEMÄß § 243A ABS. 2 UGB

Der Vorstand der AGRANA verantwortet die Einrichtung und Ausgestaltung eines internen Kontrollsystems (IKS) und Risikomanagementsystems (RMS) im Hinblick auf den Rechnungslegungsprozess sowie die Einhaltung der maßgeblichen gesetzlichen Vorschriften.

Das IKS, konzernweit geltende Bilanzierungs- und Bewertungsrichtlinien sowie die Vorschriften zur Rechnungslegung nach den International Financial Reporting Standards (IFRS) sichern sowohl Einheitlichkeit der Rechnungslegung als auch die Verlässlichkeit der Finanzberichterstattung und der extern publizierten Abschlüsse.

Der überwiegende Anteil der Konzerngesellschaften verwendet SAP als führendes ERP⁴-System. Sämtliche AGRANA-Gesellschaften übergeben die Werte der Einzelabschlüsse in das zentrale SAP-Konsolidierungsmodul. Es kann somit sichergestellt werden, dass das Berichtswesen auf einer einheitlichen Datenbasis beruht. Die Erstellung des Konzernabschlusses erfolgt durch das Konzernrechnungswesen. Es zeichnet für die Betreuung der Meldedatenübernahme der lokalen Gesellschaften, die Durchführung der Konsolidierungsmaßnahmen, die analytische Aufbereitung und Erstellung von Finanzberichten verantwortlich. Die Kontrolle und Abstimmung des internen und externen Berichtswesens werden monatlich durch das Controlling und Konzernrechnungswesen durchgeführt.

Das wesentliche Steuerungsinstrument für das Management von AGRANA ist das konzernweit implementierte einheitliche Planungs- und Berichtssystem. Es umfasst eine Mittelfristplanung mit einem Planungshorizont von fünf Jahren, eine Budgetplanung (für das folgende Geschäftsjahr), Monatsberichte inklusive eines eigenen Risikoberichtes sowie dreimal jährlich eine Vorscheurechnung des laufenden Geschäftsjahres, in dem die wesentlichen wirtschaftlichen Entwicklungen berücksichtigt werden. Im Falle von wesentlichen Änderungen der Planungsprämissen wird dieses System durch Ad-hoc-Planungen ergänzt.

Die vom Controlling erstellte monatliche Finanzberichterstattung zeigt die Entwicklung aller Konzerngesellschaften. Der Inhalt dieses Berichtes ist konzernweit vereinheitlicht und umfasst neben detaillierten Verkaufsdaten, Bilanz, Gewinn- und Verlustrechnung die daraus ableitbaren Kennzahlen und auch eine Analyse der wesentlichen Abweichungen. Teil dieses Monatsberichtes ist auch ein

Enterprise-Resource-Planning

eigener Risikobericht, sowohl für jedes Segment als auch für die gesamte AGRANA-Gruppe, in dem unter Annahme von aktuellen Marktpreisen noch nicht fixierter Mengen bei wesentlichen Ergebnisfaktoren im Vergleich zu geplanten Preisen das Risikopotenzial für das laufende und das nachfolgende Geschäftsjahr errechnet wird.

Ein konzernweites Risikomanagementsystem, sowohl auf operativer als auch strategischer Ebene, in dessen Rahmen alle für das Unternehmen relevanten Risikofelder wie regulatorische und rechtliche Rahmenbedingungen, Rohstoffbeschaffung, Wettbewerbs- und Marktrisiken und Finanzierung auf Chancen und Risiken analysiert werden, ermöglicht es dem Management, frühzeitig Veränderungen im Unternehmensumfeld zu erkennen und rechtzeitig Gegenmaßnahmen einzuleiten.

Die Interne Revision überwacht sämtliche Betriebs- und Geschäftsabläufe in der Gruppe im Hinblick auf die Einhaltung gesetzlicher Bestimmungen und interner Richtlinien sowie auf Wirksamkeit des Risikomanagements und der internen Kontrollsysteme. Grundlage der Prüfungshandlungen ist ein vom Vorstand beschlossener jährlicher Revisionsplan auf Basis einer konzernweiten Risikobewertung. Auf Veranlassung des Managements werden Ad-hoc-Prüfungen durchgeführt, die auf aktuelle und zukünftige Risiken abzielen. Die Ergebnisse der Prüfungshandlungen werden regelmäßig an den AGRANA-Vorstand und an das verantwortliche Management sowie an den Aufsichtsrat (Prüfungsausschuss) berichtet. Die Umsetzung der von der Revision vorgeschlagenen Maßnahmen wird durch Folgekontrollen überprüft.

Im Rahmen der Abschlussprüfung beurteilt der Wirtschaftsprüfer jährlich das interne Kontrollsystem des Rechnungslegungsprozesses und der IT-Systeme. Die Ergebnisse der Prüfungshandlungen werden dem Prüfungsausschuss im Aufsichtsrat berichtet.

KAPITAL-, ANTEILS-, STIMM- UND KONTROLLRECHTE (Angaben gemäß § 243a Abs. 1 UGB)

Das Grundkapital der AGRANA Beteiligungs-AG zum Stichtag 28. Februar 2019 betrug 113,5 Mio. € (28. Februar 2018: 113,5 Mio. €) und war in 62.488.976 (28. Februar 2018: 15.622.244) auf Inhaber lautende Stückaktien (Stammaktien mit Stimmrecht) geteilt. Weitere Aktiengattungen bestehen nicht.

Die Z&S Zucker und Stärke Holding AG (Z&S) mit Sitz in Wien hält als Mehrheitsaktionär direkt 78,34 % des Grundkapitals der AGRANA Beteiligungs-AG. Die Z&S ist eine 100 %-Tochter der AGRANA Zucker, Stärke und Frucht Holding AG, Wien, an welcher die Zucker-Beteiligungsgesellschaft m.b.H. (ZBG), Wien, mit 50 % abzüglich einer Aktie, die von der AGRANA Zucker GmbH, einer Tochter der AGRANA Beteiligungs-AG, gehalten wird, sowie die Südzucker AG (Südzucker), Mannheim|Deutschland, mit 50 % beteiligt sind. An der ZBG halten die „ALMARA“ Holding GmbH, eine Tochtergesellschaft der RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN registrierte Genossenschaft mit beschränkter Haftung, die Marchfelder Zuckerfabriken Gesellschaft m.b.H., die Estezet Beteiligungsgesellschaft m.b.H., die Rübenproduzenten Beteiligungs GesmbH und die Leipnik-Lundenburger Invest Beteiligungs AG, jeweils Wien, Beteiligungen. Aufgrund eines zwischen der Südzucker und der ZBG abgeschlossenen Syndikatsvertrages sind die Stimmrechte der Syndikatspartner in der Z&S gebündelt und es bestehen u.a. Übertragungsbeschränkungen der Aktien und bestimmte Nominierungsrechte der Syndikatspartner für die Organe der AGRANA Beteiligungs-AG und der Südzucker. So ist Dipl.-Ing. Johann Marihart von der ZBG als Vorstandsmitglied der Südzucker AG und Dkfm. Thomas Kölbl seitens Südzucker als Vorstandsmitglied der AGRANA Beteiligungs-AG nominiert und bestellt.

Der Vorstand ist bis einschließlich 4. September 2020 ermächtigt, mit Zustimmung des Aufsichtsrates das Grundkapital um bis zu 4.940.270,20 € durch Ausgabe von bis zu 679.796 Stück neuen auf Inhaber lautenden Stammaktien der Gesellschaft gegen Bar- oder Sacheinlagen auch in mehreren Tranchen zu erhöhen und den Ausgabebetrag, der nicht unter dem anteiligen Betrag des Grundkapitals liegen darf, die Ausgabebedingungen und die weiteren Einzelheiten der Durchführung der Kapitalerhöhung im Einvernehmen mit dem Aufsichtsrat festzusetzen.

Es gibt keine Inhaber von Aktien, die über besondere Kontrollrechte verfügen. Mitarbeiter, die auch Aktionäre der AGRANA Beteiligungs-AG sind, üben ihre Stimmrechte individuell aus.

Der Vorstand verfügt über keine über die unmittelbaren gesetzlichen Regelungen hinausgehenden Befugnisse, Aktien auszugeben oder zurückzukaufen.

In den Verträgen betreffend Schuldscheindarlehen und Kreditlinien („Syndicated Loans“) sind „Change of Control“-Klauseln enthalten, die den Darlehensgebern ein außerordentliches Kündigungsrecht einräumen.

Darüber hinaus bestehen keine bedeutenden Vereinbarungen, die bei einem Kontrollwechsel infolge eines Übernahmeangebotes wirksam werden, sich wesentlich ändern oder enden. Entschädigungsvereinbarungen zwischen der Gesellschaft und ihren Organen oder Arbeitnehmern im Falle eines öffentlichen Übernahmeangebotes bestehen nicht.

CORPORATE GOVERNANCE-BERICHT

AGRANA bekennt sich zu den Regelungen des ÖCGK. Im Geschäftsjahr 2017|18 hat AGRANA den ÖCGK in der Fassung vom Jänner 2015 zur Anwendung gebracht. Der Aufsichtsrat der AGRANA Beteiligungs-AG hat sich in seinen Sitzungen am 10. November 2017 und 22. Februar 2018 mit Fragen der Corporate Governance befasst und einstimmig der Erklärung über die Einhaltung des Kodex zugestimmt.

Die Umsetzung und die Einhaltung der einzelnen Regeln des Kodex wurde im Geschäftsjahr 2017|18 durch die KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft evaluiert. Die Überprüfung erfolgt im Wesentlichen unter Anwendung des Fragebogens zur Evaluierung der Einhaltung des ÖCGK, herausgegeben vom Österreichischen Arbeitskreis für Corporate Governance (Fassung Jänner 2015). Der Bericht über die externe Evaluierung gemäß Regel 62 des ÖCGK ist unter www.agrana.com/ir/corporate-governance abrufbar.

ZWEIGNIEDERLASSUNGEN

Die AGRANA Beteiligungs-Aktiengesellschaft hatte in 2018/19 keine Zweigniederlassungen

PROGNOSEBERICHT

AGRANA sieht sich aufgrund des diversifizierten Geschäftsmodelles und einer soliden Bilanzstruktur für die Zukunft gut aufgestellt. Trotz der weiterhin großen Herausforderungen im Segment Zucker ist für das Geschäftsjahr 2019|20 mit einem deutlichen Anstieg beim **Ergebnis der Betriebstätigkeit (EBIT) zu rechnen**. Beim **Konzernumsatz** wird von einem moderaten Anstieg ausgegangen.

Das **Investitionsvolumen** in den drei Segmenten soll in Summe mit rund 143 Mio. € deutlich über den geplanten Abschreibungen in Höhe von rund 108 Mio. € liegen.

Nachhaltigkeitsausblick 2019 | 20

Auch im Geschäftsjahr 2019|20 wird AGRANA weiter an der Sicherstellung und Dokumentation nachhaltiger Wirtschaftsweise über die gesamte Produktwertschöpfungskette arbeiten, denn sie stellt nicht nur für immer mehr Kunden ein Kaufkriterium dar, sondern ist auch eine gesellschaftliche Verpflichtung.

Aus Sicht der **Einzelgesellschaft**, der AGRANA Beteiligungs-Aktiengesellschaft, wird für das kommende Geschäftsjahr 2019|20 mit einer stabilen Umsatzentwicklung und einem Ergebnis der Geschäftstätigkeit (EGT) auf aktuellem Niveau gerechnet.

Wien, am 24. April 2019

Der Vorstand



Dipl.-Ing. Johann Marihart



Mag. Dipl.-Ing. Dr. Fritz Gattermayer



Mag. Stephan Büttner



Dkfm. Thomas Kölbl

Parent company financial statements

for the year ended 28 February 2019

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Gewinn- und Verlustrechnung

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Erläuterungen zur Bilanz

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Aufwendungen für den Abschlussprüfer

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Ergebnisverwendung

Organe und Arbeitnehmer

Entwicklung des Anlagevermögens

Parent company income statement

for the year ended 28 February 2019

of AGRANA Beteiligungs-AG, under Austrian Commercial Code (UGB)

€000	2018 19	2017 18
1. Revenue	32,339	32,079
2. Other operating income	121	81
3. Staff costs	(22,707)	(18,174)
4. Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	(1,221)	(1,071)
5. Other operating expenses	(23,195)	(20,077)
6. Operating (loss) [subtotal of items 1 to 5]	(14,663)	(7,162)
7. Income from investments in subsidiaries and other companies	64,523	76,040
Of which from subsidiaries	64,499	76,007
8. Income from other securities and loans classified as non-current financial assets	1,864	2,002
Of which from subsidiaries	1,864	2,002
9. Other interest and similar income	2,963	2,464
Of which from subsidiaries	2,906	2,435
10. Interest and similar expense	(1,228)	(1,835)
Of which from subsidiaries	(1,167)	(1,327)
11. Net financial items [subtotal of items 7 to 10]	68,122	78,671
12. Profit before tax [subtotal of items 1 to 11]	53,459	71,509
13. Income tax benefit	168	115
14. Profit for the period	53,627	71,624
15. Retained profit brought forward from prior year	14,140	12,817
16. Retained profit	67,767	84,441

Parent company balance sheet

at 28 February 2019

of AGRANA Beteiligungs-AG, under Austrian Commercial Code (UGB)

€000	28 Feb 2019	28 Feb 2018
ASSETS		
A. Non-current assets		
I. Intangible assets	1,594	810
II. Property, plant and equipment	1,065	1,253
III. Non-current financial assets	459,783	459,783
	462,442	461,846
B. Current assets		
I. Receivables and other assets	353,123	375,027
Of which due in more than 1 year	20,430	23,362
II. Cash and bank balances	33	45
	353,156	375,072
C. Prepaid expenses	59	45
D. Deferred tax assets	589	568
Total assets	816,246	837,531
EQUITY AND LIABILITIES		
A. Equity		
I. Share capital	113,531	113,531
II. Share premium and other capital reserves	550,689	550,689
III. Revenue reserve	13,928	13,928
IV. Retained profit	67,767	84,441
Of which brought forward from prior year	14,140	12,817
	745,915	762,589
B. Provisions		
I. Provisions for retirement, termination and long-service benefit obligations	15,072	11,793
II. Provisions for tax and other liabilities	4,321	11,136
	19,393	22,929
C. Liabilities		
I. Borrowings	42,500	42,500
Of which due in up to 1 year	35,500	0
Of which due in more than 1 year	7,000	42,500
II. Other liabilities	8,438	9,513
Of which due in up to 1 year	41,927	8,034
Of which due in more than 1 year	9,011	1,479
	50,938	52,013
Total equity and liabilities	816,246	837,531

Notes to the parent company financial statements

for the year ended 28 February 2019

A. ALLGEMEINES

Die Erstellung des Jahresabschlusses erfolgte nach den Bestimmungen des Unternehmensgesetzbuches (§ 189 ff UGB) in der geltenden Fassung.

Die Gesellschaft ist als große Kapitalgesellschaft gemäß § 221 UGB einzustufen.

Die Gliederungsvorschriften der §§ 224 und 231 Abs 2 UGB wurden eingehalten, wobei für den Ausweis des Anlagevermögens das Wahlrecht gemäß § 223 Abs 6 UGB zur Verbesserung der Klarheit der Darstellung in Anspruch genommen wurde. Die zusammengefassten Posten sind im Anhang aufgegliedert.

Die zahlenmäßige Darstellung erfolgt in EURO (EUR), jene der Vorjahresbeträge in tausend EURO (TEUR).

Für die Darstellung der Gewinn- und Verlustrechnung wurde das Gesamtkostenverfahren gewählt.

B. BILANZIERUNGS- UND BEWERTUNGSMETHODEN

1. Allgemeine Grundsätze

Der Jahresabschluss wurde unter Beachtung der Grundsätze ordnungsmäßiger Buchführung sowie unter Beachtung der Generalnorm, ein möglichst getreues Bild der Vermögens-, Finanz- und Ertragslage des Unternehmens zu vermitteln, aufgestellt.

Bei der Erstellung des Jahresabschlusses wurde der Grundsatz der Vollständigkeit eingehalten.

Bei der Bewertung der einzelnen Vermögensgegenstände und Schulden wurde der Grundsatz der Einzelbewertung beachtet und eine Fortführung des Unternehmens unterstellt.

Dem Vorsichtsprinzip wurde dadurch Rechnung getragen, dass nur die am Abschlussstichtag verwirklichten Gewinne ausgewiesen wurden. Alle erkennbaren Risiken und drohenden Verluste wurden berücksichtigt.

Schätzungen beruhen auf einer umsichtigen Beurteilung. Soweit statistisch ermittelbare Erfahrungen aus gleich gelagerten Sachverhalten vorhanden sind, wurde dies bei Schätzungen berücksichtigt.

Die bisherige Form der Darstellung wurde bei der Erstellung des vorliegenden Jahresabschlusses beibehalten.

Der Jahresabschluss der Gesellschaft wird beim Firmenbuch des Handelsgerichtes Wien eingereicht.

Der Konzernabschluss der AGRANA Beteiligungs-Aktiengesellschaft, Wien, wird in den Konzernabschluss der Südzucker Aktiengesellschaft Mannheim, Deutschland, aufgenommen und dieser beim Handelsregister des Amtsgerichtes Mannheim hinterlegt. Der Konzernabschluss der AGRANA Beteiligungs-Aktiengesellschaft wird beim Handelsgericht Wien hinterlegt.

2. Anlagevermögen

a. Immaterielle Vermögensgegenstände

Die immateriellen Vermögensgegenstände werden zu Anschaffungskosten bewertet, die um die planmäßigen Abschreibungen vermindert sind.

Die planmäßige Abschreibung wird linear vorgenommen.

Folgende Nutzungsdauer wird der planmäßigen Abschreibung zugrunde gelegt:

	Jahre	Prozent
Markenrechte	10	10
EDV-Software	3	33,33

Außerplanmäßige Abschreibungen auf einen zum Abschlussstichtag niedrigeren beizulegenden Wert werden vorgenommen, wenn die Wertminderungen voraussichtlich von Dauer sind.

b. Sachanlagevermögen

Das Sachanlagevermögen wird zu Anschaffungskosten bewertet, die um die planmäßigen Abschreibungen vermindert sind.

Die planmäßige Abschreibung wird linear vorgenommen.

Folgende Nutzungsdauern werden der planmäßigen Abschreibung zugrunde gelegt:

	Jahre	Prozent
Gebäude	40 - 50	2,5 - 2
Geschäftsausstattung	5-10	20 - 10
EDV-Ausstattung	3	33,33
Gebrauchte Geschäftsausstattung und EDV	1 - 5	100 - 20

Gemäß Strukturanpassungsgesetz 1996 ergibt sich eine steuerliche Abschreibungsdauer für Personenkraftfahrzeuge von 8 Jahren. Unternehmensrechtlich wird eine Nutzungsdauer von 5 Jahren zugrunde gelegt.

Außerplanmäßige Abschreibungen auf einen zum Abschlussstichtag niedrigeren beizulegenden Wert werden vorgenommen, wenn die Wertminderungen voraussichtlich von Dauer sind.

c. Finanzanlagen

Die Anteile an verbundenen Unternehmen und Beteiligungen werden zu Anschaffungskosten oder zu dem niedrigeren Wert, der ihnen gemäß § 204 (2) UGB beizulegen ist, bewertet.

Gemäß Strukturanpassungsgesetz 1996 werden Abschreibungen bzw. Verluste aus Beteiligungen steuerrechtlich auf 7 Jahre verteilt angesetzt. Unternehmensrechtlich wird dieser Aufwand im Entstehungsjahr zur Gänze geltend gemacht.

Die Ausleihungen werden zum Nennwert bewertet. Im Falle einer dauerhaften Wertminderung werden außerplanmäßige Abschreibungen auf den beizulegenden Zeitwert vorgenommen.

d. Zuschreibungen und andere Angaben

Zuschreibungen zu Vermögensgegenständen des Anlagevermögens werden vorgenommen, wenn die Gründe für die außerplanmäßige Abschreibung weggefallen sind. Die Zuschreibung erfolgt auf maximal den Nettobuchwert, der sich unter Berücksichtigung der Normalabschreibungen, die inzwischen vorzunehmen gewesen wäre, ergibt.

Geringwertige Vermögensgegenstände (Einzelanschaffungswert unter je EUR 400,00) werden aktiviert und sofort abgeschrieben.

Gemäß den steuerrechtlichen Vorschriften wird für Zugänge im ersten Halbjahr eine volle Jahresabschreibung, für Zugänge im zweiten Halbjahr eine halbe Jahresabschreibung vorgenommen.

3. Umlaufvermögen

a. Forderungen und sonstige Vermögensgegenstände

Die Forderungen und sonstigen Vermögensgegenstände sind mit dem Nennwert angesetzt, soweit nicht im Fall erkennbarer Einzelrisiken der niedrigere beizulegende Wert angesetzt wird.

Zuschreibungen zu Vermögensgegenständen des Umlaufvermögens werden vorgenommen, wenn die Gründe für die Abschreibung weggefallen sind.

b. Latente Steuern

Für Unterschiede zwischen unternehmensrechtlichen und steuerrechtlichen Wertansätzen bei Vermögensgegenständen, Rückstellungen, Verbindlichkeiten und Rechnungsabgrenzungen, die sich in späteren Geschäftsjahren abbauen, wird in Höhe der sich insgesamt ergebenden Steuerbelastung eine Rückstellung für passive latente Steuern gebildet. Führen diese Unterschiede in Zukunft zu einer Steuerentlastung werden aktive latente Steuern in der Bilanz angesetzt. Aktive und passive latente Steuern werden saldiert. Für steuerliche Verlustvorträge wird keine aktive latente Steuer gebildet. Latente Steuern werden auf Basis des aktuellen Körperschaftsteuersatz von 25 % gebildet. Der gemäß § 198 (10) UGB aktivierbare Betrag in der Höhe von TEUR 588 (im Vorjahr 568 TEUR) wurde in die Bilanz aufgenommen.

4. Rückstellungen

a. Rückstellungen für Abfertigungen und Jubiläen

Die Rückstellungen für Abfertigungen und Jubiläen wurden im Einklang mit der „AFRAC-Stellungnahme 27 Personalrückstellungen (UGB) (Juni 2016)“ nach versicherungsmathematischen Grundsätzen bewertet. Diese werden gemäß den International Accounting Standards IAS 19 mit der versicherungsmathematischen Bewertungsmethode der laufenden Einmalprämien ermittelt. Als Rechnungszinssatz wurde der Stichtagszinssatz von 1,55 % (VJ 1,7 %) herangezogen, die künftigen Gehaltssteigerungen wurden mit 3,5 % (VJ 3,3 %), und Fluktuationsabschläge je nach Dienstangehörigkeit von 0-1,65 % (im Vorjahr 0-1,89 %) für Abfertigungen und von 0-12,79% (im Vorjahr 0-12,21%) für Jubiläen angesetzt. Der Effekt aus der Umstellung auf die neuen biometrischen Rechnungsgrundlagen beträgt insgesamt EUR 34.064,63 und wurde sofort aufwandsmäßig erfasst.

Als Rechnungsgrundlagen wurden die „AVÖ 2018-P – Rechnungsgrundlagen für die Pensionsversicherung“ (Vorjahr: „AVÖ 2008-P Rechnungsgrundlagen für die Pensionsversi-

cherung Pagler & Pagler“) in der Ausprägung für Angestellte herangezogen. Als Fluktuation wurden neben Invalidisierungs- und Sterberaten und der Beendigung des Dienstverhältnisses mit dem Erreichen des Pensionsalters jährliche dienstzeitabhängige Raten für vorzeitige Beendigungen des Dienstverhältnisses angesetzt. Das Pensionseintrittsalter für Frauen und Männer wurde mit 65 Jahren gemäß Übergangsregel der Pensionsreform ermittelt.

b. Rückstellung für Pensionen

Die Rückstellungen für Pensionen wurden im Einklang mit der „AFRAC-Stellungnahme 27 Personalrückstellungen (UGB) (Juni 2016)“ nach versicherungsmathematischen Grundsätzen bewertet. Diese werden gemäß den International Accounting Standards IAS 19 mit der versicherungsmathematischen Bewertungsmethode der laufenden Einmalprämien ermittelt. Als Rechnungszinssatz wurde der Stichtagszinssatz 1,55 % (VJ 1,7 %) herangezogen, die künftigen Gehaltssteigerungen für Aktive wurden mit 1,92 % angesetzt. Als Rechnungsgrundlagen wurden die „AVÖ 2018-P – Rechnungsgrundlagen für die Pensionsversicherung“ (Vorjahr: „AVÖ 2008-P Rechnungsgrundlagen für die Pensionsversicherung Pagler & Pagler“) in der Ausprägung für Angestellte herangezogen. Über die Ausscheideursachen Tod und Invalidisierung und der Beendigung des Dienstverhältnisses mit dem Erreichen des Pensionsalters wurden keine weiteren Ausscheideursachen wie Fluktuation berücksichtigt. Der Effekt aus der Umstellung auf die neuen biometrischen Rechnungsgrundlagen beträgt insgesamt EUR 1.267.400,39 und wurde sofort aufwandsmäßig erfasst.

Die Pensionsverpflichtungen sind seit 2002 leistungsorientiert an eine Pensionskasse ausgelagert. Es wurde der Gesamtbetrag der rückgestellten Pensionsansprüche an die Kasse übertragen.

Die bilanzierte Rückstellung für Pensionen setzt sich aus dem Barwert abzüglich des beizulegenden Zeitwertes des Planvermögens zusammen:

Pensionspläne	Stand 28.02.2019 EUR	Stand 28.02.2018 EUR
Barwert der leistungsorientierten Verpflichtung	24.137.669,93	21.532.813,33
Beizulegender Zeitwert des Planvermögens	13.982.781,29	14.658.604,39
Rückstellung für Pensionen	10.154.888,64	6.874.208,94

c. Sonstige Rückstellungen

In den sonstigen Rückstellungen werden unter Beachtung des Vorsichtsprinzips alle zum Zeitpunkt der Bilanzerstellung erkennbaren Risiken und der Höhe sowie dem Grunde nach ungewisse Verbindlichkeiten mit den Beträgen berücksichtigt, die nach vernünftiger kaufmännischer Beurteilung erforderlich sind. Langfristige Rückstellungen bestehen nicht.

Die Rückstellungen für nicht verbrauchte Urlaube wurden in voller erforderlicher Höhe passiviert.

Die sonstigen Rückstellungen beinhalten auch Verpflichtungen betreffend kollektivvertragliche Verpflichtungen zur Zahlung von Jubiläumsgeldern. Diese Rückstellungen werden nach den für Abfertigungsrückstellungen angewandten Berechnungsmethoden (IAS19) ermittelt.

5. Verbindlichkeiten

Die Verbindlichkeiten sind mit dem Erfüllungsbetrag angesetzt. Fremdwährungsverbindlichkeiten sind mit dem höheren Devisenbriefkurs am Bilanzstichtag bewertet.

C. ERLÄUTERUNGEN ZUR BILANZ

(1) Anlagevermögen

Die Entwicklung der einzelnen Posten des Anlagevermögens ist im Anlagespiegel (Anlage 1) dargestellt.

Der Anteilsbesitz gemäß § 238 Abs 1 Z 4 UGB (mindestens 20 % Kapitalanteil) stellt sich wie folgt dar:

Beteiligungsunternehmen	Höhe des Anteils %	Eigenkapital gem. § 229 UGB EUR	Geschäftsjahr	Jahresüberschuss/fehlbetrag EUR
Anteile an verbundenen Unternehmen:				
AGRANA Marketing- und Vertriebsservice Ges.m.b.H, Wien	100	10.484.834,97	2018/19	843.687,39
AGRANA Int.Verw.u.Asset Managem. GmbH, Wien*)	98,91	268.738.397,19	2018/19	11.595.540,30
AGRANA Zucker GmbH., Wien *)	98,91	298.522.205,30	2018/19	8.854.877,30
AGRANA Stärke GmbH., Wien *)	98,91	321.232.413,31	2018/19	41.783.272,60
AGRANA Group-Service GmbH	100	3.583.549,85	2018/19	3.503.756,58
INSTANTINA Nahrungsmittel Entwicklungs- und Produktions- GesmbH, Wien	66,67	8.090.595,29	2018/19	516.089,78
AGRANA Research & Innovation Center GmbH, Tulln	100	4.196.107,12	2018/19	322.000,78

*) Die restlichen Anteile auf 100 % werden von Tochtergesellschaften gehalten.

Die Ausleihungen an verbundene Unternehmen betreffen die AGRANA Group-Services GmbH, Wien. Davon haben € 35.500.000,00 eine Restlaufzeit von bis zum einem Jahr und € 7.000.000,00 eine Restlaufzeit von 1 bis 5 Jahren.

(2) Forderungen und sonstige Vermögensgegenstände

in EUR (Vorjahr in TEUR)	Restlaufzeit bis 1 Jahr	Restlaufzeit von mehr als 1 Jahr	Bilanzwert
Forderungen gegenüber verbundenen Unternehmen (28.02.2018)	332.612.210,09 (348.632)	20.413.152,83 (23.340)	353.025.362,92 (371.972)
Sonstige Forderungen und Vermögensgegenstände (28.02.2018)	80.705,16 (3.034)	16.453,27 (22)	97.158,43 (3.056)
Summe (28.02.2018)	332.692.915,25 (351.666)	20.429.606,10 (23.362)	353.122.521,35 (375.028)

Die Forderungen gegen verbundene Unternehmen betreffen in Höhe von EUR 349.487.729,03 (im Vorjahr 369.227 TEUR) sonstige Forderungen und in Höhe von EUR 3.537.633,89 (im Vorjahr 2.746 TEUR) Forderungen aus Lieferungen und Leistungen.

Die sonstigen Forderungen und Vermögensgegenstände enthalten im Wesentlichen Salden der debitorischen Kreditoren (EUR 34.747,89; Vorjahr TEUR 44), Forderungen aus Kapitalertragsteuer gegenüber dem Finanzamt Wien 1/23 in Höhe von EUR 24.222,50 (im Vorjahr 2.969 TEUR) und andere kurzfristige Forderungen.

In den sonstigen Forderungen sind keine wesentlichen Erträge, die erst nach dem Bilanzstichtag zahlungswirksam werden, enthalten.

(3) Grundkapital

In der 31. ordentlichen Hauptversammlung der AGRANA Beteiligungs-AG, Wien, am 6. Juli 2018 wurde ein Aktiensplit im Verhältnis 1:4 beschlossen. Dadurch stieg die Anzahl der Aktien mit Wirksamkeit am 24. Juli 2018 von bisher 15.622.244 auf 62.488.976 auf Inhaber lautende Stückaktien. Das Grundkapital von 113.531.274,76 € blieb unverändert.

(4) Kapitalrücklagen

Kapitalrücklagen	Stand 01.03.2018 EUR	Veränderung EUR	Stand 28.02.2019 EUR
Gebundene	505.122.085,57	0,00	505.122.085,57
Nicht gebundene	45.566.884,45	0,00	45.566.884,45
Summe	550.688.970,02	0,00	550.688.970,02

(5) Gewinnrücklagen

	Stand 01.03.2018 EUR	Veränderung EUR	Stand 28.02.2019 EUR
Gesetzliche Rücklage	47.964,07	0,00	47.964,07
Andere Rücklagen (freie Rücklagen)	13.880.000,00	0,00	13.880.000,00
Summe	13.927.964,07	0,00	13.927.964,07

(6) Rückstellungen

Die Berechnung der Rückstellungen für Abfertigungen, Pensionen und der sonstigen Rückstellungen wird unter den Bilanzierungs- und Bewertungsgrundsätzen erläutert.

Die Effekte aus Personalrückstellungsänderungen werden im Personalaufwand erfasst.

Die Abfertigungs-, Pensions- und sonstigen Rückstellungen gliedern sich wie folgt:

	Stand 28.02.2018 in EUR	Verbrauch in EUR	Auflösung in EUR	Zuweisung in EUR	Stand am 28.02.2019 in EUR
Abfertigung	4.516.356,73	303.498,59	0,00	288.177,72	4.501.035,86
Pensionsansprüche	6.874.208,94	0,00	0,00	3.280.679,70	10.154.888,64
Jubiläumsgelder	402.373,71	26.919,93	0,00	40.425,86	415.879,64
Nicht konsumierte Urlaube	1.446.141,00	68.374,40	0,00	83.601,67	1.461.368,27
Sonderzahlungen	348.798,11	0,00	0,00	5.741,28	354.539,39
Prüfungsaufwand	174.000,00	174.000,00	0,00	163.000,00	163.000,00
Veröffentlichungsaufwand	137.500,00	134.889,54	2.610,46	140.000,00	140.000,00
Kosten der Hauptversammlung	50.000,00	50.000,00	0,00	57.000,00	57.000,00
Kosten Bilanzpresse- konferenz	3.800,00	1.447,97	2.352,03	2.000,00	2.000,00
Aufsichtsratsvergütungen	250.000,00	250.000,00	0,00	325.000,00	325.000,00
Pensionskasse	33.046,00	33.046,00	0,00	32.700,00	32.700,00
Sonstige ausstehende Eingangsrechnungen	542.300,00	449.937,77	92.362,23	655.280,00	655.280,00
Summe	14.778.524,49	1.492.114,20	97.324,72	5.073.606,23	18.262.691,80

Die Rückstellung für ausstehende Eingangsrechnungen betrifft im Wesentlichen offene Leistungen für IT-Projekte und Abrechnungen.

(7) Verbindlichkeiten

	28.02.2019 in EUR	28.02.2018 in TEUR
Verbindlichkeiten gegenüber Kreditinstituten	42.500.000,00	42.500
davon mit RLZ von bis 1 Jahr	(35.500.000,00)	(0)
davon mit RLZ von 1 bis 5 Jahren	(7.000.000,00)	(42.500)
davon mit RLZ von mehr als 5 Jahren	(0,00)	(0)
Verbindlichkeiten aus Lieferungen und Leistungen	910.800,13	746
davon mit RLZ von bis 1 Jahr	(910.800,13)	(746)
davon mit RLZ von 1 bis 5 Jahren	(0,00)	(0)
davon mit RLZ von mehr als 5 Jahren	(0,00)	(0)
Verbindlichkeiten gegenüber verbundenen Unternehmen	2.603.421,91	3.562
davon mit RLZ von bis 1 Jahr	(590.101,97)	(2.083)
davon mit RLZ von mehr als 1 Jahr	(2.013.319,94)	(1.479)
Sonstige Verbindlichkeiten	4.924.168,00	5.206
davon mit RLZ von bis 1 Jahr	(4.924.168,00)	(5.206)
Summe	50.938.390,04	52.013
davon mit RLZ von bis 1 Jahr	(41.927.077,06)	(8.035)
davon mit RLZ von 1 bis 5 Jahren	(9.011.312,98)	(43.979)
davon mit RLZ von mehr als 5 Jahren	(0,00)	(0,00)

RLZ = Restlaufzeit

Die Verbindlichkeiten gegenüber Kreditinstituten enthalten ein Schuldscheindarlehen über EUR 42.500.000,00, welches zur Gänze konzernintern mit gleicher Kondition und Laufzeit an die für Finanzierungen zuständige AGRANA Group-Services GmbH weitergeleitet wurde.

In den sonstigen Verbindlichkeiten sind die Abgrenzungen für erfolgsabhängige Personalprämien in Höhe von EUR 3.181.201,99 (im Vorjahr 3.455 TEUR) und Verbindlichkeiten aus Steuer und im Rahmen der sozialen Sicherheit in Höhe von EUR 797.477,78 (im Vorjahr 859 TEUR) enthalten.

In den Verbindlichkeiten gegenüber verbundenen Unternehmen sind sonstige Verbindlichkeiten in Höhe von EUR 2.603.421,91 (im Vorjahr 3.562 TEUR) enthalten, welche fast ausschließlich die Verrechnungen aus der Gruppenbesteuerung betreffen.

Die Miete im Raiffeisenhaus für das Geschäftsjahr 2018/19 beträgt EUR 1.597.514,04 (im Vorjahr 1.551 TEUR). Für fünf Jahre beträgt die Miete aus heutiger Sicht insgesamt EUR 7.987.570,20.

**(8) Haftungsverhältnisse, sonstige Verpflichtungen
(§ 237 Abs 1 Z 2)**

	28.02.2019 in EUR	28.02.2018 in TEUR
Haftungen aus Wechselobligo	7.800.000,00	7.800
Haftungen aus Zahlungsgarantien	244.912.248,00	167.237
Zwischensumme	252.712.248,00	175.037
	252.712.248	175.037
davon gegenüber verbundenen Unternehmen	202.945.713	127.591

D. ERLÄUTERUNGEN ZUR GEWINN- UND VERLUSTRECHNUNG

Die Gewinn- und Verlustrechnung umfasst im Berichtsjahr den Zeitraum vom 01. März 2018 bis 28. Februar 2019, im Vorjahr jenen vom 01. März 2017 bis 28. Februar 2018.

(9) Umsatzerlöse

Die Umsatzerlöse in Höhe von EUR 32.339.459,91 (im Vorjahr 32.079 TEUR) beinhalten im Wesentlichen Erträge aus der Konzernverrechnung und Erträge für die Nutzung der Lizenzen für Markenrechte (Royalties).

(10) Die **Erträge aus dem Abgang von Anlagevermögen mit Ausnahme der Finanzanlagen** belaufen sich auf EUR 21.832,42 (im Vorjahr 40 TEUR).

(11) Die **Erträge aus der Auflösung von Rückstellungen** von EUR 97.324,72 (im Vorjahr 39 TEUR) beinhalten im Wesentlichen die Auflösung von Rückstellungen für ausstehende Eingangsrechnungen betreffend IT-Leistungen, Veröffentlichungsaufwand und Konzernkommunikation.

(12) Die **übrigen sonstigen betrieblichen Erträge** von EUR 1.923,83 (im Vorjahr 2 TEUR) enthalten Erträge aus realisierten Gewinnen aus Kursdifferenzen und Erträge aus Versicherungsansprüchen.

(13) Personalaufwand

	2018/19 in EUR	2017/18 in TEUR
Gehälter	15.204.616,45	15.547
Aufwendungen für Abfertigungen	396.198,31	437
Leistungen an betriebliche Mitarbeitervorsorgekassen (MVK)	169.132,61	163
Aufwendungen für Altersversorgung	3.777.531,76	-1.140
Sozialabgaben und Personalnebenkosten	2.902.086,37	2.900
Sonstige Sozialaufwendungen	256.948,08	267
Summe	22.706.513,58	18.174

davon entfallen

	Abfertigungen und Leistungen an betriebliche Mitarbeitervorsorgekassen		Pensionen (Rückstellungen)	
	2018/19 EUR	2017/18 TEUR	2018/19 EUR	2017/18 TEUR
Vorstand u. Personen lt. § 80 AktG	221.817,44	168	3.755.504,54	-1.161
andere Arbeitnehmer	343.513,48	432	22.027,22	21
Summe	565.330,92	600	3.777.531,76	-1.140

Die durchschnittliche Zahl der Arbeitnehmer (Headcount, ohne Vorstandsmitglieder) während des Geschäftsjahres betrug 156 Angestellte dies entspricht 144,4 FTE (im Vorjahr 157 Headcount entspricht 146,7 FTE).

Die Gesamtbezüge der Vorstandsmitglieder betragen im Berichtsjahr EUR 3.740.791,00 (im Vorjahr 3.488 TEUR). An die Pensionskasse wurden an laufenden Beiträgen EUR 475.180,84 (im Vorjahr 460 TEUR) für die Vorstandsmitglieder bezahlt. Weiters wurde bei der Vorsorge für künftige Pensionsansprüche ein Betrag in Höhe von EUR 3.280.679,70 (im Vorjahr 1.622 TEUR Auflösung) zugeführt.

Die Mitglieder des Aufsichtsrates erhielten für ihre Tätigkeit im Geschäftsjahr 2018/19 eine Vergütung von EUR 325.000,00 (im Vorjahr 250 TEUR).

In den Löhnen und Gehältern sind Dotierungen der Rückstellungen für Jubiläumsgelder in Höhe von EUR 34.815,88 (Vorjahr: TEUR 39) enthalten

Im Posten „Sonstige Verbindlichkeiten“ sind Aufwendungen in Höhe von EUR 3.763.553,55 (Vorjahr: TEUR 4.014) enthalten, die erst nach dem Bilanzstichtag zahlungswirksam werden.

(14) Sonstige betriebliche Aufwendungen

Die **übrigen sonstigen betriebliche Aufwendungen** betragen EUR 23.196.980,49 (im Vorjahr 20.078 TEUR) und umfassen im Wesentlichen EDV-Aufwand inkl. EDV Beratung von EUR 10.655.254,20 (im Vorjahr 7.639 TEUR), Rechts-, Prüfungs- und Beratungsaufwendungen von EUR 1.807.109,65 (im Vorjahr 1.749 TEUR), Leasing, Mieten und Pachten von EUR 2.295.068,49 (im Vorjahr 2.144 TEUR), Werbeaufwendungen von EUR 1.664.687,60 (im Vorjahr 1.805 TEUR), Bankgebühren EUR 100.353,72 (im Vorjahr 78 TEUR) sowie andere Aufwendungen in Höhe von EUR 6.674.506,83 (im Vorjahr 6.663 TEUR).

(15) Erträge aus Beteiligungen

	2018/19 in EUR	2017/18 in TEUR
Erträge von verbundenen Unternehmen	64.499.004,32	76.007
Erträge von sonstigen Beteiligungen	23.670,00	33
Summe	64.522.674,32	76.040

(16) Steuern vom Einkommen

	2018/19 in EUR	2017/18 in TEUR
Körperschaftsteuer	-3.785.600,00	-10.955
Körperschaftsteuer Vorperioden	796.740,87	-2.915
Steuerumlagen	3.246.632,47	14.010
Lat. Ertragsst. a. Bewertungsdiff.	20.833,25	3
nicht abzugsfähige Quellensteuer	-110.139,51	-28
Summe	168.467,08	115

Mit dem Steuerreformgesetz 2005 wurde ein neues Konzept der Besteuerung von Unternehmensgruppen eingeführt. Die AGRANA-Gruppe hat entsprechend dieser Bestimmungen eine Unternehmensgruppe bestehend aus AGRANA Beteiligungs-Aktiengesellschaft als Gruppenträger und AGRANA Zucker GmbH, AGRANA Stärke GmbH, AGRANA Marketing- und Vertriebsservice Gesellschaft m.b.H., AGRANA Internationale Verwaltungs- und Asset-Management GmbH, AUSTRIA Juice GmbH, AGRANA Group-Services GmbH, INSTANTINA Nahrungsmittel Entwicklungs- und Produktionsgesellschaft m.b.H. als Gruppenmitglieder gebildet. Zwischen den Gruppenmitgliedern und dem Gruppenträger erfolgt eine Steuerumlagenverrechnung.

F. SONSTIGE ANGABEN

1. Beziehungen zu verbundenen Unternehmen (§ 238 Abs. 1 Z 20 UGB)

AGRANA AGRO SRL, Roman, Rumänien
 AGRANA BiH Holding GmbH, Wien, Österreich
 AGRANA BUZAU SRL, Buzau, Rumänien
 AGRANA d.o.o., Brčko, Bosnien-Herzegowina
 AGRANA Fruit Algeria Holding GmbH, Wien, Österreich
 AGRANA Fruit Argentina S.A., Buenos Aires, Argentinien
 AGRANA Fruit Australia Pty Ltd, Sydney, Australien
 AGRANA Fruit Austria GmbH, Gleisdorf, Österreich
 AGRANA Fruit Brasil Indústria, Comércio, Importacao e Exportacao Ltda., São Paulo, Brasilien
 AGRANA Fruit Brasil Participacoes Ltda., São Paulo, Brasilien
 AGRANA Fruit Dachang Co., Ltd, Dachang, China
 AGRANA Fruit Fiji Pty. Ltd, Sigatoka, Fidschi
 AGRANA Fruit France S.A., Mitry-Mory, Frankreich
 AGRANA Fruit Germany GmbH, Konstanz, Deutschland
 AGRANA FRUIT INDIA PRIVATE LIMITED, Pune, Indien
 AGRANA Fruit Istanbul Gida Sanayi ve Ticaret A.S., Istanbul, Türkei
 AGRANA Fruit (Jiangsu) Company Limited, Jiangsu, China
 AGRANA Fruit Korea Co. Ltd, Seoul, Südkorea
 AGRANA Fruit Latinoamerica S. de R.L de C.V, Michoacán, Mexico
 AGRANA Fruit Luka TOV, Winniza, Ukraine
 AGRANA Fruit Management Australia Pty Ltd., Sydney, Australien
 AGRANA Fruit México, S.A. de C.V., Michoacán, Mexico
 AGRANA Fruit Polska SP z.o.o., Ostrołęka, Polen
 AGRANA Fruit S.A.S., Mitry-Mory, Frankreich
 AGRANA Fruit Services GmbH, Wien, Österreich
 AGRANA Fruit Services S.A.S., Mitry-Mory, Frankreich
 AGRANA Fruit South Africa (Proprietary) Ltd, Johannesburg, Südafrika
 AGRANA Fruit Ukraine TOV, Winniza, Ukraine
 AGRANA Fruit US, Inc , Brecksville, USA

AGRANA Group-Services GmbH, Wien, Österreich
AGRANA Internationale Verwaltungs- und Asset-Management GmbH, Wien, Österreich
AGRANA Juice Sales & Marketing GmbH, Bingen, Deutschland
AGRANA JUICE (XIANYANG) CO.,LTD, Xianyang City, China
AGRANA Magyarország Értékesítési Kft., Budapest, Ungarn
AGRANA Marketing- und Vertriebsservice Gesellschaft m.b.H., Wien, Österreich
AGRANA Nile Fruits Processing (SAE), Qalyoubia, Ägypten
AGRANA Research & Innovation Center GmbH, Wien, Österreich
AGRANA Romania S.R.L., Bukarest, Rumänien
AGRANA Stärke GmbH, Wien, Österreich
AGRANA TANDAREI SRL, Țândărei, Rumänien
AGRANA Trading EOOD, Sofia, Bulgarien
AGRANA ZHG Zucker Handels GmbH, Wien, Österreich
AGRANA Zucker GmbH, Wien, Österreich
AUSTRIA JUICE GmbH, Kröllendorf/Allhartsberg, Österreich
AUSTRIA JUICE Germany GmbH, Bingen, Deutschland
AUSTRIA JUICE Hungary Kft., Vásárosnamény, Ungarn
AUSTRIA JUICE Poland Sp.z.o.o., Chelm, Polen
AUSTRIA JUICE Romania SRL, Vaslui, Rumänien
AUSTRIA JUICE Ukraine LLC, Winniza, Ukraine
Biogáz Fejlesztő Kft., Kaposvár, Ungarn
Brix Trade Kft., Nagykálló, Ungarn – Verschmelzung in 2018/19
Dirafrost FFI N.V., Lummen, Belgien
Dirafrost Maroc SARL, Laouamra, Marokko
Financière Atys S.A.S., Mitry-Mory, Frankreich
INSTANTINA Nahrungsmittel Entwicklungs- und Produktionsgesellschaft m.b.H., Wien, Österreich
Koronás Irodaház Szolgáltató Korlátolt Felelősségű Társaság, Budapest, Ungarn
Magyar Cukorgyártó és Forgalmazó Zrt., Budapest, Ungarn
Moravskoslezské Cukrovarý A.S., Hrušovany, Tschechien
o.o.o. AGRANA Fruit Moscow Region, Serpuchov, Russland
AGRANA Amidi srl, Sterzing, Italien

AGRANA Croatia d.o.o., Zagreb, Kroatien
 AGRANA Makedonija DOOEL Skopje, Skopje, Nordmazedonien
 AGRANA Skrob s.r.o. v likvidaci, Hrusovany, Tschechien
 Österreichische Rübensamenzucht Gesellschaft m.b.H., Wien, Österreich
 S.C. A.G.F.D. Tandarei s.r.l., Tăndărei, Rumänien
 Slovenské Cukrovary s.r.o., Sered', Slowakei
 SPA AGRANA Fruit Algeria, Akbou, Algerien
 Sudinver S.A., Buenos Aires, Argentinien
 Yube d.o.o., Požega, Serbien

SÜDZUCKER Aktiengesellschaft Mannheim/Ochsenfurt, Mannheim, Deutschland
 mit ihren Tochtergesellschaften

2. Beziehungen zu assoziierten Unternehmen

"AGRAGOLD" d.o.o., Brčko, Bosnien-Herzegowina
 AGRAGOLD d.o.o., Zagreb, Kroatien
 AGRAGOLD dooel, Skopje, Nordmazedonien
 AGRAGOLD trgovina d.o.o. , Ljubljana, Slowenien
 AGRANA STUDEN Albania sh.p.k., Tirana, Albanien
 AGRANA-STUDEN Beteiligungs GmbH, Wien, Österreich
 AGRANA-STUDEN Kosovo L.L.C., Pristina, Kosovo
 AGRANA-STUDEN Sugar Trading GmbH, Wien, Österreich
 Company for trade and services AGRANA-STUDEN Serbia d.o.o. Beograd, Belgrad, Serbien
 GreenPower Services Kft, Szabadegyháza, Ungarn
 HUNGRANA Keményítő- és Isocukorgyártó és Forgalmazó Kft., Szabadegyháza, Ungarn
 HungranaTrans Kft., Szabadegyháza, Ungarn
 STUDEN-AGRANA Rafinerija Secera d.o.o., Brčko, Bosnien und Herzegowina

G. Aufwendungen für den Abschlussprüfer (§ 238 ABS 1 Z18 UGB)

	2018/2019 Jahres- abschluss EUR	Andere Bestätigungs- leistungen EUR	sonstige Leistungen EUR	Gesamt EUR	2017/2018 Jahres- abschluss TEUR	Andere Bestätigungs- leistungen TEUR	sonstige Leistungen TEUR	Gesamt TEUR
KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft	35.200,00	201.223,02	38.200,00	274.623,02	31	193	74	298
Summe	35.200,00	201.223,02	38.200,00	274.623,02	31	193	74	298

H. Wesentliche Ereignisse nach dem Bilanzstichtag

Nach dem Bilanzstichtag sind keine wesentlichen Ereignisse eingetreten.

I. Ergebnisverwendung

Es wird vorgeschlagen, aus dem Bilanzgewinn in Höhe von EUR 67.766.778,08 eine Dividende von EUR 1,00 je Aktie, das sind in Summe EUR 62.488.976,00 auszuschütten und den Restbetrag auf neue Rechnung vorzutragen.

J. ORGANE UND ARBEITNEHMER (§ 239 UGB)

Aufsichtsrat:

Mag. Erwin HAMESEDER, Mühldorf	Vorsitzender
Dr. Wolfgang HEER, Mannheim	Stellvertreter des Vorsitzenden
Mag. Klaus BUCHLEITNER, MBA, Wien	Stellvertreter des Vorsitzenden
Dr. Hans-Jörg GEBHARD, Eppingen	
Dipl.Ing. Josef PRÖLL, Wien	
Dipl. Ing. Ernst KARPFFINGER, Oberweiden	
Dr. Thomas KIRCHBERG, Ochsenfurt	
Dipl.-Ing. Helmut FRIEDL, Egling a.d.Paar	

Vom Betriebsrat delegiert:

Dipl.Ing. Stephan SAVIC, Wien
Andreas KLAMLER, Gleisdorf
Thomas BUDER, Katzelsdorf
Gerhard KOTTBAUER, Aschach (ab 12. Februar 2019)
Gerhard Glatz, Hohenberg (bis 11. Februar 2019)

Vorstand:

Dipl.-Ing. Johann MARIHART, Limberg	Vorsitzender
Mag. Dipl.-Ing. Dr. Fritz GATTERMAYER, Klosterneuburg	
Mag. Stephan BÜTTNER, Wien	
Dkfm. Thomas KÖLBL, Speyer	

Wien, am 24. April 2019

Der Vorstand:



Dipl.-Ing. Johann Marihart



Mag. Dipl.-Ing. Dr. Fritz Gattermayer



Mag. Stephan Büttner



Dkfm. Thomas Kölbl

ENTWICKLUNG DES ANLAGEVERMÖGENS IM WIRTSCHAFTSJAHR 2018|19

ANLAGEVERMÖGEN	Anschaffungskosten			
	Stand 01.03.18	Zugang	Abgang	Stand 28.02.19
<u>I. Immaterielle Vermögensgegenstände</u>				
1. Markenrechte	611.300,93	0,00	0,00	611.300,93
2. EDV-Software	9.587.607,72	1.469.680,63	0,00	11.057.288,35
3. Geringwertige Vermögensgegenstände	0,00	12.645,60	12.645,60	0,00
	10.198.908,65	1.482.326,23	12.645,60	11.668.589,28
<u>II. Sachanlagen</u>				
1. Betriebs- und Geschäftsausstattung	4.822.667,69	312.176,36	229.965,36	4.904.878,69
2. Geringwertige Vermögensgegenstände	0,00	61.146,75	61.146,75	0,00
	4.822.667,69	373.323,11	291.112,11	4.904.878,69
<u>III. Finanzanlagen</u>				
1. Anteile an verbundenen Unternehmen	424.145.490,31	0,00	0,00	424.145.490,31
2. Ausleihungen an verbundene Unternehmen	42.500.000,00	0,00	0,00	42.500.000,00
3. Beteiligungen	258.620,00	0,00	0,00	258.620,00
	466.904.110,31	0,00	0,00	466.904.110,31
Gesamtsumme	481.925.686,65	1.855.649,34	303.757,71	483.477.578,28

Abschreibungen				Buchwerte	
Stand 01.03.18	Jahres- abschreibung	Abgang	Stand 28.02.19	Stand 28.02.19	Stand 28.02.18
601.828,93	7.267,00	0,00	609.095,93	2.205,00	9.472,00
8.787.461,72	678.431,63	0,00	9.465.893,35	1.591.395,00	800.146,00
0,00	12.645,60	12.645,60	0,00	0,00	0,00
9.389.290,65	698.344,23	12.645,60	10.074.989,28	1.593.600,00	809.618,00
3.569.174,51	461.663,37	191.455,37	3.839.382,51	1.065.496,18	1.253.493,18
0,00	61.146,75	61.146,75	0,00	0,00	0,00
3.569.174,51	522.810,12	252.602,12	3.839.382,51	1.065.496,18	1.253.493,18
7.120.724,48	0,00	0,00	7.120.724,48	417.024.765,83	417.024.765,83
0,00	0,00	0,00	0,00	42.500.000,00	42.500.000,00
0,00	0,00	0,00	0,00	258.620,00	258.620,00
7.120.724,48	0,00	0,00	7.120.724,48	459.783.385,83	459.783.385,83
20.079.189,64	1.221.154,35	265.247,72	21.035.096,27	462.442.482,01	461.846.497,01

Statement by the members of the Management Board

In accordance with section 124 (1) Austrian Stock Exchange Act, the undersigned members of the Management Board, as the legal representatives of AGRANA Beteiligungs-AG, confirm to the best of their knowledge that:

- the separate financial statements for the year ended 28 February 2019 give a true and fair view of the financial position, results of operations and cash flows of the parent company as required by the applicable accounting standards;
- the management report for the 2018|19 financial year presents the business performance, financial results and situation of AGRANA Beteiligungs-AG in such a way as to provide a true and fair view of AGRANA's financial position, results of operations and cash flows, together with a description of the principal risks and uncertainties faced by the company.

Vienna, 24 April 2019

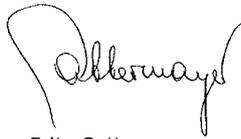
The Management Board of AGRANA Beteiligungs-AG



Johann Marihart
Chief Executive Officer
Present responsibilities: Business Strategy,
Communication (including Investor Relations),
Production, Quality Management, Human Resources,
Research and Development



Stephan Büttner
Member of the Management Board
Present responsibilities: Finance, Controlling,
Treasury, Information Technology
and Organisation, Mergers & Acquisitions,
Compliance, Legal



Fritz Gattermayer
Member of the Management Board
Present responsibilities: Sales, Raw Materials,
Purchasing & Logistics



Thomas Kölbl
Member of the Management Board
Responsibility on Internal Audit

Independent auditor's report

[Translation]

Report on the Financial Statements

Audit Opinion

We have audited the financial statements of **AGRANA Beteiligungs-Aktiengesellschaft, Vienna, Austria**, which comprise the Balance Sheet as of 28 February 2019, the Income Statement for the year then ended, and the Notes.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 28 February 2019 and its financial performance for the year then ended, in accordance with Austrian Generally Accepted Accounting Principles.

Basis for our Opinion

We conducted our audit in accordance with Regulation (EU) 537/2014 ("EU Regulation") and Austrian Standards on Auditing. These standards require the audit to be conducted in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities" section of our report. We are independent of the Company, in accordance with Austrian Generally Accepted Accounting Principles and professional regulations, and we have fulfilled our other responsibilities under those relevant ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. These matters were addressed in the context of our audit of the financial statements as a whole, however, we do not provide a separate opinion thereon.

We have determined that there are no Key Audit Matters to be reported in our opinion.

Responsibilities of Management and Audit Committee for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Austrian Generally Accepted Accounting Principles and other legal or regulatory requirements and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Management is also responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement – whether due to fraud or error – and to issue an auditor's report that includes our audit opinion. Reasonable assurance represents a high level of assurance, but provides no guarantee that an audit conducted in accordance with the EU Regulation and Austrian Standards on Auditing (and therefore ISAs), will always detect a material misstatement, if any. Misstatements may result from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the EU Regulation and Austrian Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

Moreover:

- We identify and assess the risks of material misstatements in the financial statements, whether due to fraud or error, we design and perform audit procedures responsive to those risks and obtain sufficient and appropriate audit evidence to serve as a basis for our audit opinion. The risk of not detecting material misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- We conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the respective note in the financial statements. If such disclosures are not appropriate, we will modify our audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the notes, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with the audit committee regarding, amongst other matters, the planned scope and timing of our audit as well as significant findings, including any significant deficiencies in internal control that we identify during our audit.
- We communicate to the audit committee that we have complied with the relevant professional requirements in respect of our independence, that we will report any relationships and other events that could reasonably affect our independence and, where appropriate, the related safeguards.
- From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit i.e. key audit matters. We describe these key audit matters in our auditor's report unless laws or other legal regulations preclude public disclosure about the matter or when in very rare cases, we determine that a matter should not be included in our audit report because the negative consequences of doing so would reasonably be expected to outweigh the public benefits of such communication.

Report on Other Legal Requirements

Management Report

In accordance with the Austrian Generally Accepted Accounting Principles, the management report is to be audited as to whether it is consistent with the financial statements and prepared in accordance with legal requirements.

Management is responsible for the preparation of the management report in accordance with the Austrian Generally Accepted Accounting Principles.

We have conducted our audit in accordance with generally accepted standards on the audit of management reports as applied in Austria.

Opinion

In our opinion, the management report is consistent with the financial statements and has been prepared in accordance with legal requirements. The disclosures pursuant to Section 243a UGB are appropriate.

Statement

Based on our knowledge gained in the course of the audit of the financial statements and our understanding of the Company and its environment, we did not note any material misstatements in the management report.

Additional Information in accordance with Article 10 EU Regulation

At the Annual General Meeting dated 6 July 2018, we were elected as auditors. We were appointed by the supervisory board on 21 December 2018. We have been the Company's auditors from the year ended 30 September 1995, without interruption.

We declare that our opinion expressed in the "Report on the Financial Statements" section of our report is consistent with our additional report to the audit committee, in accordance with Article 11 EU Regulation.

We declare that we have not provided any prohibited non-audit services (Article 5 Paragraph 1 EU Regulation) and that we have ensured our independence throughout the course of the audit, from the audited Company.

Engagement Partner

The engagement partner is Mr. Wilhelm Kovsca.

Vienna, 24 April 2019

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed by:

Wilhelm Kovsca
Wirtschaftsprüfer
(Austrian Chartered Accountant)

Proposal for the appropriation of profit

of AGRANA Beteiligungs-AG
under Austrian Commercial Code (UGB)

	2018 19
	€
The financial year to 28 February 2019 closed with retained profit of	67,766,778
The Management Board proposes to the Annual General Meeting to allocate this retained profit as follows:	
Distribution of a dividend of € 1.00 per ordinary no-par value share on 62,488,976 participating ordinary shares, that is, a total of	62,488,976
Retained profit to be carried forward	5,277,802
	67,766,778

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Forward-looking statements

This annual report contains forward-looking statements, which are based on assumptions and estimates made by the Management Board of AGRANA Beteiligungs-AG. Although these assumptions, plans and projections represent the Management Board's current intentions and best knowledge, a large number of internal and external factors may cause actual future developments and results to differ materially from these assumptions and estimates. Some examples of such factors are, without limitation: negotiations concerning world trade agreements; changes in the overall economic environment, especially in macroeconomic variables such as exchange rates, inflation and interest rates; EU sugar policy; consumer behaviour; and public policy related to food and energy. AGRANA Beteiligungs-AG does not guarantee in any way that the actual future developments and actual future results achieved will match the assumptions and estimates expressed or made in this annual report, and does not accept any liability in the event that assumptions and estimates prove to be incorrect.

The quantitative statements and direction arrows in the "Outlook" section of this report are based on the following definitions:

Modifier	Visualisation	Numerical rate of change
Steady	→	0% up to +1%, or 0% up to -1%
Slight(ly)	↗ or ↘	More than +1% and up to +5%, or more than -1% and up to -5%
Moderate(ly)	↑ or ↓	More than +5% and up to +10%, or more than -5% and up to -10%
Significant(ly)	↑↑ or ↓↓	More than +10% or more than -10%
Very significant(ly)	↑↑↑ or ↓↓↓	More than +50% or more than -50%

For financial performance indicators not defined in a footnote, please see the definitions in Annual Report 2018|19 on page 196.

In the interest of readability, this document may occasionally use language that is not gender-neutral. Any gender-specific references should be understood to include masculine, feminine and neuter as the context permits. As a result of the standard round-half-up convention used in rounding individual amounts and percentages, this report may contain minor, immaterial rounding errors. No liability is assumed for misprints, typographical and similar errors.

This English translation of the AGRANA annual report is solely for readers' convenience and is not definitive. In the event of discrepancy or dispute, only the German version shall govern.



AGRANA 2018|19 Online
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